



Aarvi Encon Limited

CIN : L29290MH1987PLC045499

(ISO 9001 & 14001 & ISO 45001)

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



AEL/NSE/2024-25/15

Date: July 10, 2024

To,

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G,

Bandra Kurla Complex,

Bandra (E), Mumbai – 400051.

Kind Attention: Head – Listing

Symbol: AARVI

Sub: Notice of the 36th Annual General Meeting of the Members of the Company and the Annual Report for the FY 2023 – 24

Dear Sir/Madam,

This is to inform that 36th Annual General Meeting (AGM) of the Company will be held on **Friday, August 02, 2024** at 11.00 A.M (IST) through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM"), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

In compliance with the relevant circulars, the Annual Report for the financial year 2023 – 24, comprising the Notice of the AGM and the standalone and consolidated financial statements for the financial year 2023 – 24, along with Board's Report, Auditors' Report and other documents required to be attached thereto, will be sent to all the members of the Company whose email addresses are registered with the Depository Participant(s)/ Registrar and Share Transfer Agent of the Company.

The Notice of 36th AGM and Annual Report for the FY 2023 – 2024 are also available on the website of the Company, i.e. www.aarviencon.com.

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

Thanking You,

Yours Faithfully,

For Aarvi Encon Limited

Leela Bisht

Company Secretary & Compliance Officer



NOTICE OF 36TH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY

Notice is hereby given that 36th Annual General Meeting of the members of the Aarvi Encon Limited ("the Company") will be held on Friday, August 2, 2024 through video conference ("VC") / other Audio-Visual means ("OAVM") at 11:00 A.M. (IST), to transact the following business:

ORDINARY BUSINESS(S):

1. ADOPTION OF AUDITED STANDALONE FINANCIAL STATEMENTS:

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2024, together with the Reports of the Board of Directors and Auditors thereon.

2. ADOPTION OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS:

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2024, together with the Reports of Auditors thereon.

3. DECLARATION OF DIVIDEND

To declare a final dividend of Rs. 2/- per Equity share for the Financial Year ended March 31, 2024.

4. TO RE-APPOINT MR. JAYDEV V. SANGHAVI AS A DIRECTOR, LIABLE TO RETIRE BY ROTATION

To consider appointment of a Director in place of Mr. Jaydev V. Sanghavi (DIN: 00759042) who retires by rotation and being eligible, offers himself re-appointment.

Registered Office:

603, B1 Wing, Marathon Innova,
Marathon Nextgen Complex,
Lower Parel (West), Mumbai – 400 013.

CIN: L29290MH1987PLC045499

Tel: 022-4049 9999

Email: info@aarviencon.com

By Order of the Board of Directors

Aarvi Encon Limited

Sd/-

Leela S. Bisht

Date: July 03, 2024

Place: Mumbai

Company Secretary &

Compliance Officer

NOTES:

1. The Ministry of Corporate Affairs ("MCA"), vide its General circular nos. 14/2020 dated April 8, 2020, 20/2020 dated May 5, 2020 and 09/2023 dated

September 25, 2023 (collectively "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CFD-PoD-2/P/ CIR/2023/167 dated October 7, 2023 (collectively "SEBI Circulars"), have permitted companies to conduct AGM through VC or other audio visual means, subject to compliance of various conditions mentioned therein. In compliance with the aforesaid MCA and SEBI Circulars, applicable provisions of the Companies Act, 2013 ("Act") and rules made thereunder, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the 36th AGM of the Company is being convened and conducted through VC. The registered office of the Company shall be deemed to be the venue for the AGM.

2. The Notice calling the AGM has been uploaded on the website of the Company at www.aarviencon.com. The Notice can also be accessed from the website of the Stock Exchange where the shares of the Company are listed i.e. National Stock Exchange of India Limited www.nseindia.com and the AGM Notice is also available on the website of NSDL at www.evoting.nsdl.com.
3. Since this AGM is being held through VC/ OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with, accordingly, the route map, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the Proxy Form and Attendance Slip are not Annexed hereto. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, MCA Circulars and Regulation 44 of Listing Regulations, the Company has provided the facility to Members to exercise their right to vote by electronic means both through remote-voting and e-voting during the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited ("NSDL") for facilitating voting through electronic means, as the authorized agency. The process and instructions for remote e-voting are provided in the subsequent paragraphs. Such remote e-voting facility is in addition to voting that will take place at the 36th AGM being held through VC.
7. The dividend on equity shares as recommended by the Board of Directors, if declared, at the meeting shall be paid to the members whose names are registered in the Register of Members / Beneficial owners as on July 26, 2024. Members may please note for shares held in electronic form and / or physical form, complete the bank details as registered with the depository participants / Company as the same shall be used for the payment of dividend. Members are hereby requested to register / update (in case of any change) complete bank account details with the depository participants for shares in dematerialized mode by submitting requisite documents.
8. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2023/37 dated March 16, 2023 (subsumed as part of the SEBI Master Circular No. SEBI/HO/ MIRSD/POD-1/P/CIR/2024/37 dated May 17, 2024), in supersession of earlier Circular(s) issued on the subject, has prescribed common and simplified norms for processing investor service requests by RTAs and norms for furnishing PAN, KYC (contact details, bank details and specimen signature), and nomination details.

As per the said Circular, it is mandatory for the shareholders holding securities in physical form to, inter alia, furnish PAN, KYC, and nomination details. Physical folios wherein the said details are not available would be eligible for lodging grievance or any service request only after registering the required details. Any payments including dividend in respect of such folios shall only be made electronically with effect from April 1, 202 upon registering all the required details.

Further, relevant FAQs published by SEBI on its website can be viewed at the following link: https://www.sebi.gov.in/sebi_data/faqfiles/jan-2024/1704433843359.pdf.

The necessary forms in this regard have been made available on the website of the RTA at <https://www.bigshareonline.com/Resources.aspx>. Accordingly, the members are advised to register their details with the RTA or DPs, in compliance with the aforesaid SEBI guidelines for smooth processing of their service requests and trading without any hindrance.

9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.
 - a. For shares held in electronic form: to their Depository Participants ("DPs")
 - b. For shares held in physical form: to the Company/ RTA in prescribed Form ISR-1 and other forms pursuant to SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/ CIR/2023/169 dated October 12, 2023.

To mitigate unintended challenges on account of freezing of folios, SEBI vide its Circular No. SEBI/HO/ MIRSD/POD-1/P/ CIR/2023/181 dated November 17, 2023, has done away with the provision regarding freezing of folios not having PAN, KYC, and Nomination details.

10. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated the Listed Companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the website of the Company's RTA, Big Share at <https://www.bigshareonline.com/Resources.aspx>. It may be noted that any service request can be processed only after the folio is KYC Compliant.
11. In terms of the SEBI Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from April 01, 2019.

- In view of the above, Members are advised to dematerialize shares held by them in physical form.
12. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the the RTA's website <https://www.bigshareonline.com/Resources.aspx>. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to RTA in case the shares are held in physical form.
 13. All documents referred to in the accompanying Notice and the Statements, Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act are available electronically for inspection by the members. Any member seeking inspection of such documents may write an email to cs@aarviencon.com.
 14. Members who hold shares physically or who have not registered / updated their email address with the Company are requested to register/update the same by sending an email with a copy of self-attested PAN and folio number at cs@aarviencon.com. Members holding shares in dematerialized mode are requested to notify immediately in case of any change in their email addresses and other communication details to the depository participant to send you the quarterly reports and other communications via email.
 15. Corporate Members are required to send to the Company a certified true copy of Board resolution pursuant to section 113 of the Act together with the specimen signature authorizing their representative to attend the meeting through VC / OAVM and to vote on their behalf at the meeting or through remote e-voting.
 16. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member at the earliest. Members are also advised not to leave their demat account(s) dormant for long. Periodic Statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
 17. Details under Regulation 36(3) of the Listing Regulations and pursuant to Secretarial Standard – 2 issued by the Institute of the Company Secretaries of India (ICSI) in respect of the Directors seeking re-appointment at the AGM is provided in “Annexure A” to the notice and forms integral part of the notice.
 18. Non-resident Indian members are requested to inform the Company on cs@aarviencon.com or its RTA or to the concerned DPs, as the case may be, immediately the change in the residential status on return to India for permanent settlement.
 19. 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.
 20. This notice is being sent to all members of the Company whose name appears in the Register of Members/ list of beneficiaries received from the depositories on the end of July 05, 2024.
 21. Members are requested to note that dividend which has been declared but not paid and / or claimed within thirty days from declaration shall be transferred to “Unpaid Dividend Account” of the Company in seven days from expiry of said thirty days in accordance with section 124 of the Act. Further, Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years shall be transferred to the IEPF as per Section 124 of the Act, read with applicable IEPF rules.
 22. Members who wish to claim dividend, which remain unclaimed, are requested to correspond with the Registrar and Share Transfer Agent of the Company viz. M/s. Bigshare Services Private Limited, at their registered address or email id: charmi@bigshareonline.com; investor@bigshareonline.com.

Instructions for joining the AGM through VC/ OAVM:

23. The Company has obtained services from NSDL for conducting AGM through VC and for providing e-voting facility during the AGM and remote e-voting facility. Facility of e-voting at the AGM is a two way teleconferencing or WebEx for ease of participation.
24. Members who seeks technical assistance with using of technology before or during the meeting may contact NSDL e-voting helpdesk. Kindly quote your folio no. / DP ID-client ID and e-voting event number in all your communications.

25. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
 26. The facility of joining the AGM through VC / OAVM shall be kept open for at least 15 minutes before the time schedule of the meeting and shall not be closed till expiry of 15 minutes after such schedule time by following the procedure mentioned in the Notice.
 27. Members who would like to express their views/ ask questions during the Meeting may register themselves as a speaker by sending their request in advance atleast 3 (three) days prior to Meeting i.e. on or before Tuesday, July 30, 2024 mentioning their name, demate account number/folio number, email id, mobile number at cs@aarviencon.com. The Members who do not wish to speak during the AGM but have queries may send their queries in advance atleast 5 (five) days prior to Meeting i.e. on or before Friday, July 26, 2024 mentioning their name, demat account number/folio number, email id, mobile number at cs@aarviencon.com. These queries will be replied to by the Company suitably by email. Only those Members who have registered themselves as a speaker will be allowed to express their views/ ask questions during the Meeting. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the meeting.
- Facility of joining the AGM through Video Conference (VC/ OAVM) shall be available for all members of the Company as on the cut-off date for e-voting including, the large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, if any, directors, key managerial personnel, the chairpersons of Audit committee, Nomination and Remuneration committee and stakeholders relationship committee, auditors, etc. Members under category of Institutional investors, if any, are encouraged to attend and vote at the AGM.
- Instructions for Remote e-voting and e-voting at the AGM:**
28. In accordance with the provisions of Section 108 and all other applicable provisions of the Act, if any, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of Listing Regulations, the Company is offering e-voting facility to all the members of the Company and business may be transacted through such remote e-voting. Members can cast their votes online from 10:00 A.M (IST) on Tuesday, July 30, 2024.
 29. After the said time, the remote e-voting facility shall be disabled by NSDL and the Members will not be able to cast their vote electronically beyond the date and time mentioned above.
 30. A person, whose name is recorded in Register of Members or in Register of Beneficial Owners (in case of electronic shareholding) maintained by the Depositories as on the cut – off date which is Friday, July 26, 2024 shall be entitled to avail the facility of remote e-voting and/or e-voting at the AGM. Once the Members have cast their vote through remote e-voting and e-voting at the AGM, he/she shall not be allowed to change it subsequently or cast vote again. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
 31. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. Any person who is not a member as on the cut-off date shall treat this notice for information purpose only.
 32. In case of joint shareholders, the members whose name appears as the first holder as per the Register of members of the company shall be entitled to vote at the AGM.
 33. Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC/ OAVM but shall not be entitled to cast their vote again.
 34. In accordance with the MCA and SEBI circulars, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
 35. The Board of Directors has appointed Mr. Aashish K. Bhatt, Designated Partner of M/ s. Bhatt & Associates Company Secretaries LLP, Practising Company Secretaries, to act as the Scrutinizer for conducting the remote e-voting and electronic voting process at the AGM in a fair and transparent manner.
 36. Procedure and instructions of remote e-voting are detailed below:

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

The remote e-voting period begins on July 30, 2024 at 10:00 A.M. and ends on August 1, 2024 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. July 26, 2024, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being July 26, 2024.

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

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





Step 1: Access to NSDL e-Voting system

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

	<p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p> <div style="display: flex; justify-content: space-around;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

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

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

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

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

4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on **“Forgot User Details/Password?”**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?”** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

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

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

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

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mail@aashishbhatt.in with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on “Upload Board Resolution / Authority Letter” displayed under “e-Voting” tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Veena Suvama at evoting@nsdl.co.in

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

1. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self -attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to (cs@aarviencon.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
2. Alternatively shareholder/members may send a

request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

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

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

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

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM" placed under **"Join meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at cs@aarviencon.com. The same will be replied by the company suitably.
37. In case of any queries or issues regarding e-voting, you may contact to NSDL e-voting helpdesk for any grievances connected to e-voting before or during the AGM.
38. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. July 10, 2024 obtain their User ID and Password from NSDL helpdesk provided above and vote electronically by following the aforementioned procedure. Any person who is not a member as on the cutoff date shall treat this notice for information purpose only.
39. The Scrutinizer will after the conclusion of the e-voting at the AGM, scrutinize the votes cast at the AGM and votes cast through remote e-voting and prepare a consolidated report. The resolutions shall be deemed to be passed on the date of meeting i.e. August 2, 2024, subject to the receipt of the requisite number of votes.
40. The Scrutinizer shall submit his consolidated report to the Chairman or any person authorized by him. The results shall be announced within two working days from the conclusion for the AGM. The results of AGM along with the consolidated scrutinizer's report shall be submitted to the stock exchange where its shares are listed at www.nseindia.com and uploaded on the website of the Company at <https://www.aarviencon.com/announcements>.

For and on behalf of Aarvi Encon Limited

**Sd/-
Leela Bisht
Company Secretary and Compliance Officer**

Annexure-A

PROFILE OF DIRECTOR

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on General Meetings]

Name of the Director	Mr. Jaydev V. Sanghavi
DIN	00759042
Age	50 years
Date of Birth	17/05/1971
Nationality	Indian
Qualifications	Chemical Engineering Graduate from Mumbai University.
Experience including expertise in specific functional areas / Brief Resume	<p>A Chemical Engineering graduate from Mumbai University, he joined Aarvi Encon Pvt. Ltd. in 1992. Over the years, he has taken on various roles, including Project Coordinator, Business Development Manager, General Manager (Operations), and now Executive Director. His contributions have been pivotal in forging strategic business partnerships and successfully delivering numerous large and complex projects.</p> <p>In 1996, he identified a niche opportunity in project consulting for HR, leading to the establishment of the company's Manpower Supply division, which he currently heads. His efforts have been instrumental in the division's growth, making Aarvi Encon the largest technical staffing company in India, with offices in key locations nationwide. Additionally, he has played a significant role in expanding the company's presence internationally, setting up offices in Qatar, UAE, and Saudi Arabia.</p> <p>With over 25 years of experience in Sales, Marketing, Operations, and Finance, his leadership has been a cornerstone of Aarvi Encon's success and expansion.</p>
Terms and conditions of appointment or re- appointment along with details of remuneration sought to be paid	As per the Board Resolution dated July 17, 2017 and Members Resolution dated July 24, 2017.
Remuneration last drawn	1.68 Cr. P.A. (Rupees One Crore Sixty Eight Lakhs Only)
Date of first appointment on the Board	November 09, 2005
Shareholding in the company	21,82,500 (14.76%)
relationship with other Directors, Manager and other Key Managerial Personnel of the company	He is the son of Mr. Virendra D. Sanghavi, Managing Director of the Company. Except Mr. Virendra D. Sanghavi, he is not related to any other director and/or KMP of the company.
Number of Meetings of the Board attended during the year	There were total 6 (Six) board meetings held during the year and he attended all the meetings.

Other Directorships, Membership/ Chairmanship of Committees of other Boards *	He is a Director in the following Companies: 1. Process Plant And Machinery Association of India 2. Aarvi Engineering & Consultants Pvt. Ltd. 3. Beetle Ventures Private Limited 4. Energyjobz Services Private Limited
* Directorships include directorships of other Indian Public Companies and Committee memberships include only Audit Committee and Stakeholders' Relationship Committee (whether listed or not)	

For and on behalf of Aarvi Encon Limited

Sd/-

LEELA S. BISHT

COMPANY SECRETARY AND COMPLIANCE OFFICER

DIRECTORS' REPORT

Dear Shareholders,

It is our pleasure in presenting the 36th Annual Report of Aarvi Encon Limited ("the Company" or "Aarvi") on business and operations of the Company along with the Audited Standalone and Consolidated Financial Statements and the Auditor's Report for the year ended March 31, 2024.

Corporate Overview: -

The Company, established in 1987, has been a cornerstone in providing exceptional Engineering and Manpower Outsourcing Services both in India and internationally. Known for its innovative problem-solving capabilities, the Company consistently delivers high-quality services punctually, earning trust and satisfaction from clients worldwide. Many of these relationships span decades, underscoring our commitment and reliability.

In 2017, the Company successfully debuted on the SME platform of the National Stock Exchange of India Limited through an Initial Public Offering (IPO). Subsequently, on June 24, 2020, the trading of Equity Shares transitioned from the SME EMERGE platform to the Main Board of NSE, marking a significant milestone in our growth trajectory.

Headquartered in Mumbai, with branch offices strategically located across India and abroad, we maintain a robust presence to cater to diverse client needs. Our dedication to cultivating a positive workplace culture was recognized during the year, as we were honoured with the "Certified Great Place to Work Award" by the Great Place to Work organization.

1. FINANCIAL HIGHLIGHTS/PERFORMANCE OF THE COMPANY

The key highlights of the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2024 in comparison with the previous financial year ended March 31, 2023 are summarized below:

Particulars	Consolidated (Rs.in Lakhs)		Standalone (Rs.in Lakhs)	
	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Net Revenue from Operations	40,614.66	43,652.19	37,764.92	38,269.49
Other Income	232.79	131.33	272.44	160.98
Total Income	40,847.45	43,783.52	38,037.36	38,430.47
Total Expenses	39,636.74	42,129.85	36,934.34	36,900.71
Profit before tax	1,210.71	1,567.66	1,103.02	1,529.76
Tax	76.35	116.51	68.40	118.09
Profit after taxes	1,134.36	1,451.15	1,034.62	1,411.66
EPS				
- Basic	7.67	9.82	7.00	9.55
- Diluted	7.65	9.79	6.98	9.52

Standalone And Consolidated Financial Statements

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2024 has been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of The Companies Act, 2013 (hereinafter referred to as "the Act") read with the Companies (Accounts) Rules, 2014 as amended from time to time. The estimates and judgments relating to the Financial Statements are made on a prudent basis, to reflect in a true and fair manner, the form and substance of transactions and reasonably

present the Company's state of affairs, profits and cash flows for the year ended March 31, 2024. The Notes to the Financial Statements adequately cover the standalone and consolidated Audited Statements and form an integral part of this Report.

2. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS / STATE OF AFFAIRS:

The Board of Directors of the Company wish to present the details of Business Operations carried out during the year under review:

Standalone Performance

The Company has reported a slight decrease in revenue from operations at Rs. 377.65/- Cr. as against Rs. 382.69/-Cr. of previous year and Net profit at Rs. 10.35/- Cr. as against Rs. 14.12/- Cr. of previous year.

Consolidated Performance

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

The Company has reported a slight decrease in revenue from operations at Rs. 406.15/- Cr. as against Rs. 436.52/- Cr. of previous year and Net Profit at Rs. 11.34/- Cr. as against Rs. 14.51/- Cr. of previous year.

The reduction in Profit After Tax (PAT) can be attributed to several key factors across different regions where the company operates:

Increase in employee cost:

As a part of its strategy of business expansion, the Company has increased its team size across India, UK, Indonesia, Qatar, leading to high employee cost.

Competitive Pricing

In order to penetrate the market, we have taken up new projects at competitive pricing giving us an opportunity build our brand and trust with our clients. This has led to reduction in margins.

Termination of a few projects

The Company has strategically closed several projects that were contributing to stagnant sales figures and did not offer good margins, with high liability.

This move, although affecting short-term profitability, is likely aimed at improving long-term financial health and sustainability by focusing on more profitable and growth-oriented projects.

3. SHARE CAPITAL

The Total Paid-up Capital of the Company as on March 31, 2024, is Rs. 14,78,40,000/- divided into 1,47,84,000 equity shares of Rs.10/- each. There has not been any new issue of share during the year under review.

4. DIVIDEND

The Board of Directors of the Company at its meeting held on June 3, 2021, voluntarily adopted a Dividend

Distribution Policy ("DDP") of the Company, which sets out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders.

Based on the Company's performance, DDP and keeping in mind the shareholders' interest, the Board of Directors of the Company at its meeting held on May 13, 2024, has recommended a Final Dividend of 20 % i.e. Rs. 2/- per fully paid-up Equity Share of the face value of Rs. 10/- each for the year ended March 31, 2024, subject to the approval of the Members at the ensuing AGM. The dividend once approved by the Shareholders will be paid within 30 days.

The dividend on Equity Shares, if approved by the Members, would involve a cash outflow of Rs. 2.96 Crores reflecting pay out of 28.6% of the Net Profit and shall be paid out of profits of the Company for previous financial years i.e. FY 2023-24 forming a part of retained earnings pursuant to Section 123 (1) of the Act.

In view of the provisions of the Income Tax Act, 1961, the dividend, if declared at the ensuing AGM will be taxable in the hands of the shareholders of the Company.

5. RESERVES

The Balance in Reserves & Surplus stands at Rs 101.92 /- Crores in comparison with the previous year's balance of Rs. 93.28/- Crores. As per Consolidated financials, the net movement in the reserves of the Company are as follows:

(Rs. in Crores)

Particulars	As on March 31, 2024	As on March 31, 2023
Securities Premium	14.92	14.92
General Reserve	6.90	6.90
Retained Earnings	77.46	69.21

6. DEPOSITS

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

7. AARVI ENCON LIMITED EMPLOYEE STOCK OPTION PLAN, 2022

At Aarvi, we believe that the employees are the key

pillar of strength to any organizational growth. In order to retain and incentivize key talent, for driving long term objectives of the Company and ensuring that employee payoffs match the long gestation period of certain key initiatives whilst simultaneously fostering ownership behavior and collaboration amongst employees, the members of the Company at the Annual General Meeting held on July 29, 2022, adopted Aarvi Encon Limited Employee Stock Option Plan, 2022 ("Plan").

The Nomination and Remuneration Committee of the Company, inter alia, administers and monitors this Plan in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 ("SEBI SBEB Regulations").

The details of the Plan pursuant to Section 62 of the Act read with Rules made thereunder and SEBI SBEB Regulations are annexed to this report as Annexure 2 and is also available on website of the Company at <https://aarviencon.com/investors/shareholders-information-and-announcements>.

The Company has also received a certificate from the Secretarial Auditor of the Company confirming that the Plan is implemented in line with the SEBI SBEB Regulations. The certificate of the secretarial auditor can be accessed on the following website <https://aarviencon.com/investors/shareholders-information-and-announcements>.

8. CREDIT RATING

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

9. INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has put in place an adequate internal financial control system, commensurate with the size, scale and complexity of its operations.

The Company also has in place a mechanism to identify, assess, prioritize, monitor and mitigate/ absorb various risks to key business objectives.

The Internal Audit Team plays crucial role in ensuring the financial control systems and setting up the risk management framework along with the statutory auditors. While the routine controls are validated

by the internal audit team, the crucial audit plan is aligned and approved by the Audit Committee to ensure independence.

The risk management policy and framework are approved by Audit Committee basis the industry, size and complexity of the business. Major risks identified by the business and functions are systematically addressed through mitigation action on a continuing basis.

The Internal Controls and the Risks Framework are routinely tested and certified by Statutory as well as Internal Auditors.

The audit observations on internal financial controls and actions on identified risks are periodically reported to/ reviewed by the Audit Committee.

10. SUBSIDIARY, ASSOCIATES AND JOINT VENTURES COMPANIES

AARVI ENCON LIMITED (Parent Company)

Aarvi Encon FZE - United Arab Emirates - UAE Wholly Owned Subsidiary

- Bon Accord Employment Services (Owned by Local Emairates, managed by Aarvi Encon FZE)
- Aarvi Encon LLC, Oman (Associates Company)
- PT Aarvi Encon Services (Associate Company)
- MNR Technologies Services LLC, (Subsidiary Company)

Aarvi Engineering and Consultants Private Limited - India

Wholly Owned Subsidiary

Aarvi Encon Resources Limited - United Kingdom; Wholly Owned Subsidiary

Aarvi Encon Staffing Services W.L.L. - Qatar. Associate Company

Aarvi Energy Company – Saudi

Wholly Owned Subsidiary
Incorporated on April 30, 2024

The group structure showcasing the subsidiaries, partnerships, joint ventures etc is provided below: The Company has formulated a Policy for determining 'Material' Subsidiaries pursuant to Regulation 16 of The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). This policy is available on the Company's website <https://aarviencon.com/investors/policies>

Aarvi Encon FZE, a wholly owned subsidiary, continues to be a material subsidiary of the Company as its net worth exceeds 10% of the total consolidated net worth of the Company.

Aarvi Encon FZE, located in the SAIF Zone, Sharjah, UAE, and incorporated on October 13, 2015, Aarvi Encon FZE is a wholly owned subsidiary that partnered with Bon Accord Employment Services in 2018 to develop manpower and consultancy services in the UAE. The Company has successfully executed valuable projects in Abu Dhabi with the Bon Accord and expects more projects in the upcoming year.

Aarvi Encon FZE acquired MNR Technologies Services LLC on June 14, 2023 which now operates as a wholly owned Subsidiary of Aarvi Encon FZE.

Aarvi Encon LLC—An Associate Company incorporated on January 15, 2021, in the Sultanate of Oman.

PT Aarvi Encon Services – An Associate Company incorporated on June 10, 2021, in Jakarta, Indonesia, through its wholly owned subsidiary Aarvi Encon FZE located in the UAE.

Aarvi Engineering & Consultants Private Limited, a wholly owned subsidiary engaged in consultancy services, Aarvi Engineering & Consultants Private Limited had no operations during the year under review. Its accounts are consolidated with the Company's accounts as per the provisions of the Act, the Income Tax Act, 1961, and applicable "Accounting Standards" issued by ICAI.

Aarvi Encon Resources Ltd (AERL) incorporated on March 07, 2018, in the United Kingdom (UK), AERL is a wholly owned subsidiary of the Company. Despite appointing a manager and efforts over the past six months, operations did not yield the expected opportunities, resulting in significant expenditures. Therefore, the decision has been made to temporarily pause operations.

Aarvi Encon staffing Services W.L.L. (Qatar), An Associate Company, located at Qatar incorporated on January 24, 2022.

**Aarvi Energy Company, A newly incorporated, wholly owned subsidiary in Saudi Arabia and it is expected to commence operations soon. **

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

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

11. BOARD OF DIRECTORS, COMMITTEES OF BOARD AND KEY MANAGERIAL PERSONNEL

A. Board of Directors

Your Company's Board of Directors as on the financial year end March 31, 2024, comprises of two Executive Directors, out of which one is a Managing Director and the other is a Whole-time Director and Chief Financial Officer, and four Independent Directors including two Women Directors and the same is disclosed in the Report on Corporate Governance as set out separately in this annual report.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees or reimbursement of expenses, if any incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

During the year under review, Mr. Sharad S. Sanghi (DIN: 00265977), Non-executive, Independent Director of the Company, had tendered his resignation, vide resignation letter dated November 23, 2023, due to personal commitments and other pre-occupations. He further confirmed there are no material reasons for his resignation.

B. Number of Board Meetings During the Year

During the year, 6 meetings of the Board of Directors were held. The details of the same are mentioned in the Corporate Governance Report.

C. Committees of the Board

The Board has formed four Committees viz.

- Audit Committee.
- Nomination and Remuneration Committee.
- Stakeholders' Relationship Committee.
- Corporate Social Responsibility Committee (Dissolved by the Board w.e.f. April 08, 2024) and.

The Board decides the terms of reference of these Committees and the appointment of members to various Committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

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

During the year, all recommendations of the Audit Committee were accepted by the Board.

D. Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, the Company has the following Whole time Key Managerial Personnel (KMP):

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

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

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

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

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

The overall remuneration payable to them is subject the maximum limit of Rs. 1.68 Crores. Further, Mr. Virendra D. Sanghavi and Mr. Jaydev V. Sanghavi did not draw any remuneration and /or commission from its subsidiaries.

12. DECLARATION BY INDEPENDENT DIRECTORS

The Board took on record all declarations and

confirmations submitted by Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16 (1) (b) and 25 of the Listing Regulations, and there has been no change in the circumstances which may affect their status as an independent director during the year.

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

In the opinion of the Board, the Independent director re-appointed during the tenure possesses the requisite expertise and experience, (including proficiency) and is a person of high integrity and fulfils the conditions as specified in the Act and the rules made thereunder and is independent of the management.

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

13. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The Company has in place robust mechanism for familiarization of Directors including Independent Directors. The familiarization programmes generally include update on the business, strategy, general operations of the Company, out- side in perspective, new technology, innovation etc. A detailed note on familiarization is provided in Corporate Governance Section and the details of familiarization programmes conducted for Independent Directors is provided on the website at <https://aarviencon.com/investors/policies>

14. NOMINATION AND REMUNERATION POLICY

A structured and diversified Board provides the right direction and supports in organizational growth through structured discussions, deliberations, guidance and strategies at the Board level. Considering its importance, the Board on recommendation of Nomination and Remuneration Committee has formulated "Nomination and Remuneration Policy" containing criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of the Act for selection of any Director, Key Managerial Personnel and Senior Management Employees.

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

15. ANNUAL EVALUATION BY THE BOARD

The Nomination and Remuneration Committee (NRC) has approved a framework / policy for performance evaluation of the Board, Committees of the Board and the individual members of the Board (including the Chairperson) that includes criteria for performance evaluation, which is reviewed annually by the Committee. A questionnaire for evaluation of the performance of Board, its Committees and the individual members of the Board (including the Chairperson), is designed in accordance with the said framework and covering various aspects of the performance of the Board and its Committees, including composition and quality, roles and responsibilities, processes and functioning, adherence to Code of Conduct and Ethics and best practices in Corporate Governance as mentioned in the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017 was circulated to the Directors.

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

The performance of the Committees was evaluated by the Board of Directors on input received from all Committee members after considering criteria as mentioned aforesaid.

Pursuant to Listing Regulations, performance evaluation of independent director was done by the entire Board, excluding the independent director being evaluated.

The performance evaluation of non-independent directors and the Board as a whole and Chairman of the Board and assessed the quality, quantity and timeliness of the flow of information between the Management and the Board, which is necessary for the Board to effectively and reasonably perform its duties was also carried out by the Independent Directors of the Company through separate meeting on March 29, 2024.

16. VIGIL MECHANISM

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

Pursuant to the Regulation 22 of Listing Regulation and the provision of Section 177(9) of the Act 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.

The Code also provides for adequate safeguard against victimization of person who use such mechanism and provision for direct access to the chairperson of the Audit Committee of the Company for redressal. 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 at <https://aarviencon.com/investors/policies>

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Act, the Directors 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.

18. AUDITORS

A. Statutory Auditors

As per the provision of Section 139, 141 of the Act and rules made thereunder, at the 34th AGM held on July 29, 2022, the Members had approved the appointment of M/s. Jay Shah & Associates, Chartered Accountants (Firm Registration No. 136424W) as the Statutory Auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 34th AGM till the conclusion of the 39th AGM.

Auditor's Report

The Auditor's Report on the Financial Statements of the Company for the Financial year ended March 31, 2024, is unmodified i.e., it does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the Financial Statements forming part of the Annual Report.

Details Of Fraud Reported By Auditors

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

B. Internal Auditor And Internal Audit Systems

Pursuant to the provisions of Section 138 of the act and the Companies (Accounts) Rules, 2014, your Company has appointed M/s. Natwarlal Vepari & Co., Chartered Accountants, to conduct internal audit across the organization. We have strengthened the in-house internal audit and compliance team to supplement and support the efforts of M/s. Natwarlal Vepari & Co.

C. Secretarial Auditor

Section 204 of the Act, inter-alia, requires every listed Company to annex with its Board's Report, a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form. The Board of Directors appointed M/s. Bhatt & Associates, Company Secretaries, LLP, Mumbai, as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2023-24 and their Report is annexed to this Board Report (Annexure 4).

D. Secretarial Compliance Report of Aarvi Encon Limited for the Financial year ended March 31, 2024

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

The Secretarial Compliance Certificate has been issued by the M/s. Bhatt & Associates, Company Secretaries, LLP, after independent verification of the records, books, papers and documents as maintained by the Company as per all the applicable SEBI laws, Regulations and circulars/ guidelines issued thereunder. The same was submitted to the Stock Exchange(s) within the stipulated date and a copy of the same is hosted at our website at <https://aarviencon.com/investors/secretarial-compliance-report> and annexed also to this Board Report (Annexure 5).

19. CORPORATE SOCIAL RESPONSIBILITY

The Company's CSR Policy provides guidelines to conduct CSR activities of the Company, which can be accessed on the Company's website at <https://aarviencon.com/investors/policies>. All the CSR Activities are aligned to Company's values for contributing to the community and in line with CSR policy of the Company.

During the year the Company has spent Rs. 20,88,132/- on the CSR expenditure as against the mandated spend of Rs. 19,37,535/-. In terms of the provisions of the Act read with amended Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Report for the financial year 2023-24 forms part of the Board's Report and is annexed as Annexure 3 to this report.

The Board in its meeting held on April 08, 2024, dissolved the Corporate Social Responsibility Committee of the Board in accordance with Section 135 of the Act, as the Company was exempted from the requirement of constituting a CSR Committee. The Annual CSR Expenditure did not exceed Rs. 50 Lakhs in the preceding Financial Year and thus, the Company was exempted from forming the CSR Committee as per CSR (Amendment Rules), 2021. Alternatively, as per the provisions of section 135(9), on dissolution of the CSR Committee, all powers,

duties, and responsibilities formerly assigned to the CSR Committee, were approved to be discharged directly by the Board of Directors of the Company.

The Composition of Committee before dissolution is provided below:

Sr. No.	Name of the Member	Designation
1.	Mr. Virendra D. Sanghavi	Chairperson – Managing Director
2.	Mrs. Sonal N. Doshi	Member (Independent Director)
3.	Mrs. Padma V. Devarajan	Member (Independent Director)
4.	Mr. Ramamoorthy Ramachandran (Appointed w.e.f. May 03, 2023)	Member (Independent Director)
5.	Mr. Sharad S. Sanghi*	-

*Resigned from the Committee with effect from November 23, 2023, due to personal commitments and other pre-occupations.

20. RISK MANAGEMENT

The Company has adopted a Risk Management Policy which lays down the framework to define, assess, monitor, prioritize and mitigate/absorb the business, operational, financial and other risks associated with the business of the Company. The Risk Management Policy enables for growth of

Company by helping its business to identify risks, assess, evaluate and monitor risks continuously and undertake effective steps to manage these risks.

21. COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD - 1 (SS-1) AND SECRETARIAL STANDARD - 2 (SS-2)

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively. The Company has complied with SS-1 and SS-2.

22. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has no employee who is in receipt of remuneration of Rs. 8,50,000/- per month and / or Rs. 1,02,00,000 per annum and hence the Company is not required to give information under the said rules. Further, Company has not posted any of the Employees in a country outside India, not being directors or their relatives, drawing more than sixty lakh rupees per financial year or five lakh rupees per month during the year.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and provided below:

Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- (a) Ratio of the remuneration of each Director, Chief Financial Officer and Company Secretary of the Company and
b) ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2023 - 24:

Name of the Directors	Designation	Remuneration of the Directors	% Increase in the Remuneration	Ratio of Remuneration of each Director/ to median remuneration of employees.	Increase/ (Decrease) in Median Remuneration as compared to Previous Year
Mr. Virendra D. Sanghavi	Managing Director	1,68,00,000	-	30.00	(2.85)
Mr. Jaydev V. Sanghavi	Executive Director & CFO	1,68,00,000	-	30.00	(2.85)

Mr. Devendra J. Shrimanker*	Independent Director	-	-	NA	-
Mrs. Sonal N. Doshi*	Independent Director	-	-	NA	-
Dr. Padma V. Devarajan*	Independent Director	-	-	NA	-
Mr. Sharad S. Sanghi*	Independent Director	-	-	NA	-
Ms. Leela S. Bisht	Company Secretary	-	-	1.01	-

* Entitled for Sitting fees of 20,000 for attending each Board and Audit Committee and 7,500 for attending all other Committee Meetings for the Financial Year 2023-24.

Revision on sitting fees (w.e.f. April 08, 2024): Board and Audit Committee - Rs. 30,000;

Nomination and Remuneration Committee - Rs. 20,000; Stakeholder Relationship Committee - 15,000 and Independent Director Meeting to Rs. 15,000

(b) Number of Employees on rolls of the Company:

Permanent: 205

Contract: 5253

(c) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Not Applicable, since there is no change in the remuneration paid to the Executive Directors of the Company.

(d) It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and other Employees is as per the remuneration policy of the Company.

Omnibus approval was obtained for the transactions of repetitive nature. In compliance with the requirement of Listing Regulations, names of related parties and details of transactions with them have been included in notes to the financial statements provided in this Annual Report. The Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board are available on the Company's website at <https://aarviencon.com/investors/policies>.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large and thus, a disclosure in the prescribed Form AOC-2 in terms of Section 134 of the Act is not required.

23. DISCLOSURE OF RELATED PARTY TRANSACTIONS

The Company has formulated Policy on Materiality of Related Party Transactions, which provides for the process to be followed for approval of any transactions with related parties and mandate for directors/KMPs to provide disclosure of interest in any of the transactions amongst the others.

All the related party transactions entered into during the financial year were on an arm's length basis and in the ordinary course of the Company's business. All such contracts or arrangements were entered into only with prior approval of the Audit Committee.

24. ANNUAL RETURN

As required under Section 92(3) of the Act, the Annual Return as on March 31, 2024, is available on the Company's website on at www.aarviencon.com

25. MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) REPORT

Pursuant to the provisions of Regulation 34(e) read with "Schedule V" of the Listing Regulations, the Management Discussion and Analysis capturing your Company's performance, industry trends and other material changes with respect to your Companies and its subsidiaries, is presented in a separate section forms part of this Report.

26. CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of corporate governance. We believe sound corporate governance is critical to enhance and retain investor trust. Our disclosures seek to attain the best practices in corporate governance. We always strive to implement several best corporate governance practices in the Company to enhance long-term shareholder value and respect minority rights in all our business decisions. Corporate Governance Report in terms of regulation 34(3) read with "Schedule V" of the Listing Regulations, for financial year 2023-24 is presented in separate section forming part of this Annual Report. A Certificate from M/s. Bhatt & Associates, Company Secretaries, LLP, confirming compliance to the conditions of Corporate Governance as stipulated under Para E of Schedule V of the Listing Regulations, is enclosed with this Report.

27. CHANGE IN THE NATURE OF BUSINESS

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

28. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company is committed and dedicated in providing a healthy and harassment free work environment to every individual of the Company, a work environment that does not tolerate sexual harassment. We highly respect the dignity of everyone involved at our workplace, whether they are employees, suppliers or our customers. We require all employees to strictly maintain mutual respect and a positive attitude towards each other.

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

The following is the summary of Sexual Harassment complaints received and disposed of during the year 2023-24.

Number of complaints pending as on the beginning of the financial year – Nil

Number of complaints filed during the financial year- Nil

Number of complaints pending at the end of the financial year- Nil

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

29. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company is committed towards energy conservation. We recognize energy efficiency plays a central role in lowering your Company's operational Green House Gas emissions. Various improvements and initiatives are implemented to enhance efficiency through technological upgrades and effective monitoring of operational and maintenance activities. Your Company has been able to reduce the electricity consumption and carbon footprint over the years through effective energy management and sustainable initiatives. The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under Section 134 (3) (m) of the Act 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 a 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 to save energy.

2. The steps taken by the Company for utilizing alternate sources of energy:

The Company has not taken any such steps as we are in the service sector and consume only electricity to operate laptop and maintain server.

3. The Capital Investment on Energy Conservation Equipment:

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

B) Technology Absorption

Particulars relating to technology absorption are not applicable.

C) Foreign Exchange Earnings and Outgo

(Amount in Rs.)

Particulars	2023 – 24	2022 – 23
Foreign Exchange Earnings in terms of actual inflows	91,11,287.00	4,76,483.00
Foreign Exchange outgo in terms of actual outflow	13,13,943.00	21,12,853.00

30. PARTICULARS OF LOAN, GUARANTEE OR INVESTMENTS

The particular of loans given, guarantees provided and investments made are given in the notes to the Financial Statements.

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

There were no material changes or commitments affecting the financial position of the Company which occurred between the end of the financial year of the Company to which the financial statements relate and till the date of this Report.

32. 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' operation in future.

33. INSIDER TRADING REGULATIONS

Based on the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Insider Trading Policy as approved by the Board is in force in the Company. The Company also adopts the concept of Trading Window Closure, to prevent and regulate its Directors, Officers, designated employees, their relatives, other connected employees and other connected persons from trading in the securities of the Company at the time when there is access to Unpublished Price Sensitive Information (UPSI).

For more details, please refer Corporate Governance Section of the Annual Report.

34. LISTING ON STOCK EXCHANGE

The Equity shares of the Company got listed on The National Stock Exchange of India Ltd (NSE) SME Emerge Platform in the year 2017 and it has migrated the trading of its equity shares to the Main Board of NSE Ltd. (Capital Market Segment) on June 24, 2020.

35. ANNUAL LISTING FEES TO THE STOCK EXCHANGES

Aarvi Encon Limited have listed its equity shares on the Main Board of NSE India Limited. The listing fees have been duly paid to the exchange and annual custodial fees have been paid to CDSL and NSDL for the F.Y. 2023-24.

36. DEPOSITORY SYSTEM

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

37. HUMAN RESOURCES

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

38. COST RECORDS

The maintenance of Cost Records as specified by the Central Government under sub-section (1) of the Section 148 of the Act are not applicable to the Company.

39. STATUTORY DISCLOSURES

None of the Directors of your Company are disqualified as per the provisions of Section 164(2) of the Act. Your Directors have made necessary disclosures, as required under various provisions of the Act and Listing Regulations. The Company has received a Certificate pursuant to Schedule V(10)(i) of SEBI LODR Amendment Regulations 2018 from Bhatt & Associates Company Secretaries LLP, Mumbai, having certificate of practice no. 7023 stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority during the period under review.

The certificate is attached to this Report as Annexure 6.

40. DECLARATION ON CODE OF CONDUCT

The Company has adopted the Code of Conduct for all its Senior Management Personnel and Directors and the same is affirmed by all the Board Members and Senior Management Personnel as required under Regulation 36 read with Part D of Schedule V of the Listing Regulations. A declaration signed by Mr. Virendra D. Sanghavi, Managing Director of the Company, affirming the compliance with the Code of Conduct of the Company for the financial year 2023-24 as set separately in this annual report.

41. INTERNATIONAL STANDARDS

The Company successfully completed the annual ISO surveillance audit and retained the enterprise-wide ISO certification for ISO 9001:2015, ISO 45001:2018 and ISO 14001:2015.

42. DISCLOSURE UNDER RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

During the year under review the Company has not made any application nor are any proceedings pending against the company under the Insolvency and Bankruptcy Code, 2016. Further there were no instances of one-time settlement for any loans taken from the Banks or Financial Institutions.

43. CAUTIONARY STATEMENT

The Statements in this Directors' Report and Management Discussion and Analysis Report

describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include changes in Government regulations, Tax regimes, economic developments within India and other ancillary factors.

44. ACKNOWLEDGEMENT

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

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

**Sd/-
Virendra D. Sanghavi
Managing Director**

**DIN: 00759176
Date: July 03, 2024
Place: Mumbai**

**Sd/-
Jaydev V. Sanghavi
Executive Director & Chief
Financial Officer
DIN: 00759042**

ANNEXURE - 1

Form AOC-1

Statement containing Salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures.

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Rs. In Lakhs

Sr. No.	Particulars	Name of the Companies		
		Aarvi Encon FZE, UAE ⁽³⁾	Aarvi Engineering and Consultants Private Limited, India	Aarvi Encon Resources Limited, UK
1	Reporting Currency	1 AED = Rs. 22.69	INR.	1 GBP = Rs.105.23
	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-	-
2	Equity Share Capital	27.07	20.00	10.52
3	Reserve and Surplus	1,683.84	53.38	(77.16)
4	Total Assets	2,360.35	88.83	21.57
5	Total Liabilities	2,360.35	88.83	21.57
6	Investments	-	39.74	-
7	Turnover ⁽⁴⁾	2,726.76	79.05	(0.79)
8	Profit Before Tax ⁽⁴⁾	263.87	15.33	(72.63)
9	Provision for Tax ⁽⁴⁾	-	0.00	-
10	Deferred Tax ⁽⁴⁾	-	7.95	-
11	Profit After Tax ⁽⁴⁾	263.87	7.39	(72.63)
14	Proposed Dividend	-	-	-
15	% of Shareholding	100%	100%	100%

- Names of subsidiaries which are yet to commence operations: *Aarvi Energy Company, a newly incorporated wholly owned subsidiary in Saudi Arabia is expected to commence operations soon.*
- Names of subsidiaries which have been liquidated or sold during the year: *There are no Subsidiaries which have been liquidated or sold during the year.*
- In case of Aarvi Encon FZE, UAE the figures reported are based on the Consolidated Financial Statement of the said subsidiary.
- Converted at monthly average exchange rates.

Part “B”: Associates and Joint Ventures**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.**

Name of Associates/Joint Ventures	Aarvi Encon Staffing Services, Qatar
1. Latest audited Balance Sheet Date	-
2. Shares of Associate/Joint Ventures held by the company on the year end	
No. of Shares	98 Shares
Amount of Investment in Associates/Joint Venture	98,000 Qatari Riyals
Extend of Holding %	49
3. Description of how there is significant influence	There is a significant influence by virtue of Control
4. Reason why the associate/joint venture is not consolidated	NA
5. Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs. (96.45) Lakhs
6. Profit / (Loss for the year)	
i. Considered in Consolidation	1,134.36
ii. Not Considered in Consolidation	-

- Names of Associates or Joint ventures which are yet to commence operations: *There are no Associates or Joint Ventures which are yet to commence its operations.*
- Names of Associates or Joint Ventures which have been liquidated or sold during the year: *There are no Associates or Joint Ventures which have been liquidated or sold during the year.*

Virendra D. Sanghavi**Jaydev V. Sanghavi**

Sd/-
Managing Director
DIN:00759176

Sd/-
Executive Director & CFO
DIN:00759042

Sd/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748
Place: Mumbai
Date: July 3, 2024

ANNEXURE 2

The Disclosures Pursuant to Regulation 14 of The SEBI (Share Based Employee Benefits) Regulations, 2021 read with SEBI Circular dated August 13, 2021

As on May 26, 2022, the Company has in place the 'Aarvi - Employee Stock Option Plan 2022' ("Aarvi ESOP Plan 2022"). All the relevant details as prescribed under above Rule and Regulation are provided below and the same is also available on the website of the Company at <https://aarviencon.com/>

- A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

Please refer Note 31 - Share Based Payment, of Notes to the Standalone Financial Statements forming part of the Annual Report.

- B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with 'Indian Accounting Standard (Ind AS) - 33 - Earnings Per Share' or any other relevant accounting standards as prescribed from time to time.

Fully diluted EPS pursuant to issue of Equity Shares on exercise of stock options calculated in accordance with Ind AS - 34 Earning Per Share' (Consolidated): Basic: 7.67 , Diluted: 7.65

- C. Other Details relating to Aarvi ESOP Plan 2022.

- (a) Date of shareholders' approval: 29 July, 2022.
- (b) Total number of options approved: 7,39,200 shares
- (c) Total number of options granted: Nil
- (d) Vesting requirements:

Number of Options vested	Vesting Schedule
20% of the Options Granted	One year from the date of Grant
Another 20% of the Options Granted	Two years from the date of Grant
Next 20% of the Options Granted	Three years from the date of Grant
Next 20% of the Options Granted	Four years from the date of Grant
Balance 20% of the Options Granted	Five years from the date of Grant

- (e) Exercise price or pricing formula: Rs. 25/- per share
- (f) Maximum term of options granted: Options granted under ESOP 2009 shall be capable of being exercised within a period of five years from the date of Vesting of the Aarvi ESOP Plan 2022.
- (g) Source of shares (primary, secondary or combination): Primary
- (h) Variation in terms of options: None
 - i. Method used to account for ESOS: NA
 - ii. Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed: NA
 - iii. Option movement during the year: NA
 - iv. Weighted-average exercise prices and weighted-average fair values of options: NA
 - v. Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted method and significant assumptions used during the year to estimate the fair value of options: NA
 - vi. A description of the method and significant assumptions used during the year to estimate the fair value of options including the related information: NA

Sd/-

Leela S. Bisht

Company Secretary & Compliance Officer

Date: July 3, 2024

COMPLIANCE CERTIFICATE

[Pursuant to Regulation 13 of the Securities Exchange Board of India
(Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,

The Members,

Aarvi Encon Limited,

603, B1 Wing, Marathon Innova,
Marathon Nextgen Complex,
Lower Parel (W), Mumbai – 400013.

I, Aashish K. Bhatt, Designated Partner of Bhatt & Associates Company Secretaries LLP, have been appointed as the Secretarial Auditor vide a resolution passed by the Board of Directors of the Company at their meeting held on May 26th, 2022, having CIN L29290MH1987PLC045499 and having its registered office at 603, B1 Wing, Marathon Innova, Marathon Nextgen Complex, Lower Parel (W), Mumbai - 400013. This Certificate is issued under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as “the Regulations”), for the year ended March 31, 2024.

Management Responsibility:

It is the responsibility of the Management of the Company to implement the scheme(s) including designing, maintaining records and devising proper systems and effective internal controls to ensure compliance with the provisions of all applicable laws and regulations.

Verification:

The members of the Company in the 34th Annual General Meeting held on July 29th, 2022 have passed Special Resolution, approving the Aarvi Employee Stock Option Plan 2022 (hereinafter after referred as ‘Scheme’).

For the purpose of verifying the compliance of the Regulations, we have examined the following documents:

1. Scheme received from/furnished by the Company;
2. The Articles of Association of the Company;
3. Minutes of the meeting of the Board of Directors;
4. Resolution for approving the scheme;
6. Minutes of the meetings of the Nomination and Remuneration Committee;

8. Detailed Terms and Conditions of the scheme as approved by Nomination & Remuneration Committee;
9. Relevant provisions of the Regulations, Companies Act, 2013 and Rules made thereunder;
10. Other relevant document/ filing/ records/ information as sought and made available to us and the explanations provided by the Company.

Certification:

In my opinion and to the best of my knowledge and according to the verifications as considered necessary and explanations furnished to me by the Company and its Officers, I certify that the Aarvi Employee Stock Option Plan 2022, is in compliance with the applicable provisions of the Regulations.

Assumption & Limitation of Scope and Review:

1. Ensuring the authenticity of documents and information furnished is the responsibility of the Board of Directors of the Company.
2. Our responsibility is to give certificate based upon our examination of relevant documents and information. It is neither an audit nor an investigation.
3. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for obtaining in principal approval from recognised stock exchange(s) in accordance with Regulation 10(b) of the Regulations.

For **Bhatt & Associates Company Secretaries LLP**

Aashish K. Bhatt

Designated Partner

ACS No.: 19639, COP No. 7023

UDIN: A019639F000660873

Peer Review Certificate No.: 2959/2023

Place: Mumbai

Date: 03.07.2024

Annexure 3

Report on Corporate Social Responsibility Activities for Financial Year 2023 -24

1. A brief outline on CSR policy of the Company:

Aarvi Encon Limited is deeply committed to enhancing the quality of life in the communities surrounding our operations, with a focus on social responsibility. Our approach prioritizes local areas and aims for long-term stakeholder value creation. We are dedicated to respecting and responding to the interests of key stakeholders, particularly those from socially and economically disadvantaged groups, including Scheduled Castes and Scheduled Tribes, as well as the broader society.

Our Corporate Social Responsibility (CSR) initiatives are centered on health, education, and environmental interventions, targeting diverse and deserving communities in both rural and urban areas. Our philosophy, 'More from Less for More People,' drives us to maximize the impact of our CSR projects through efficient use of financial and human resources. We seek to create meaningful partnerships with like-minded stakeholders to expand our reach and benefit more lives.

By focusing on these areas, Aarvi Encon Limited aims to leverage the demographic dividend of our country, ensuring that our CSR efforts contribute significantly to the well-being of the underprivileged and marginalized sections of society.

Guiding Principles

Aarvi Encon Limited's social investment strategy is guided by the following principles:

Benefit Generations: We believe in 'investment in resource creation' that serves multiple generations. Our focus is on identifying sustainable projects that provide long-term benefits to society.

Educate for Self-Reliance and Growth: Education is the cornerstone of a prosperous and growth-oriented society. We aim to empower every Indian with education to foster self-reliance and national growth.

Promote Health: Good health is essential for both education and productivity. Our initiatives prioritize health promotion as a foundation for overall societal well-being.

Encourage Self-Help: We are committed to guiding and supporting individuals and groups towards self-help. Our goal is to foster excellence both individually and collectively.

Be Focused: Our activities are concentrated around our operational locations. This proximity allows us to effectively guide, monitor, and implement specific projects with a higher impact.

Target Those Who Need It Most: We are dedicated to caring for the most disadvantaged sections of society. Our efforts transcend religious, caste, linguistic, and color boundaries, focusing on those at the lowest social rung.

These principles underpin our commitment to driving sustainable social impact, ensuring that our CSR efforts contribute meaningfully to the betterment of society.

These Projects align with the ESG framework and support 7 of the UN SDG Goals.



2. Composition of CSR Committee:

Sl. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Virendra D. Sanghavi	Chairperson / Managing Director	1	1
2	Mrs. Sonal N. Doshi	Member /Independent Director	1	1
3	Mrs. Padma Devarajan	Member /Independent Director	1	1
4	Mr. Ramamoorthy Ramachandran (Appointed w.e.f. May 03, 2023)	Member -Independent Director	1	1
4	Mr. Sharad S. Sanghi (Resigned w.e.f. November 23, 2023)	Member /Independent Director	1	0

The Board in its meeting held on April 08, 2024, dissolved the Corporate Social Responsibility Committee of the Board in accordance with Section 135 of the Companies Act, 2013, (Act) as the Company was exempted from the requirement of constituting a CSR Committee.

Alternatively, as per the provisions of Section 135(9) of the Act, on dissolution of the CSR Committee, all powers, duties, and responsibilities formerly assigned to the CSR Committee, was approved to be discharged directly by the Board of Directors of the Company.

3. Web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

- **Composition of CSR Committee:** - aarviencon.com/our-people
- **CSR Policy:**
<https://aarviencon.com/storage/app/uploads/public/630/5eb/5fd/6305eb5fd4f16762907343.pdf>
- **CSR Projects**

4. Executive summary along with web-link(s) of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable:

Not applicable, since the Company did not meet the criteria specified under Section 135(5) of the Act.

5. (a) Average net profit of the company as per sub-section (5) of section 135: **INR 12,91,34,728 /-**
 - (a) Two percent of the average net profit of the Company as per Section 135 (5): **INR 25,82,695 /-**
 - (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**
 - (c) Amount required to be set off for the financial year, if any: **INR 6,45,160 /-**
 - (d) Total CSR obligation for the financial year [b+c-d]: **INR 19,37,535 /-**
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **INR 20,88,132 /-**
 - (b) Amount spent in Administrative Overheads: **Nil**
 - (c) Amount spent on Impact Assessment, if applicable: **Nil**
 - (d) Total amount spent for the Financial Year [a+b+c]: **INR 20,88,132/-**

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year 2022-23	Amount Unspent (INR)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
INR 20,88,132 /-	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
	Not Applicable				

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (INR)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	25,82,695
(ii)	Total CSR obligation for the financial year (Refer Note 1)	19,37,535
(iii)	Total amount spent for the Financial Year	20,88,132
(iv)	Excess amount spent for the Financial Year [(iii)-(ii)]	1,50,597
(v)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(vi)	Amount available for set off in succeeding Financial Years [(iv)+(v)]	1,50,597

Note 1: The total CSR obligation for the company is Rs. 19,37,535 as mentioned in point 5(e). This point is not part of the statutory format and has been voluntarily added to reflect the correct calculation on excess amount available for set-off. The excess amount for set-off should be calculated by subtracting the total amount spent on CSR projects from the total CSR obligation.

- Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:** Not Applicable
- Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** No
- Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):** Not Applicable

For Aarvi Encon Limited

Sd/-

Virendra D. Sanghavi
Managing Director and
Chairman of the CSR Committee
DIN: 00759176

Date: July 3, 2024

Place: Mumbai

Annexure 4
Form No. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

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

To,
 The Members,

Aarvi Encon Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by **Aarvi Encon Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There was no External Commercial Borrowings during the year under review;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018– Not Applicable;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - Not Applicable;
 - f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client - Not applicable;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not applicable; and
 - h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 - Not applicable.
- vi. Taking into consideration, business activities of the Company and confirmation received from the Management,

there are no specific regulator / law whose approval is required for undertaking business operations of the Company and hence no comment is given in respect of the same. We have in-principally verified existing systems and mechanism which is followed by the Company to ensure compliance of other applicable laws and have relied on the representation made by the Company and its Officers in respect of aforesaid systems and mechanism for compliances of other applicable acts, laws and regulations and found the satisfactory operation of the same.

We have also examined compliances with applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of the Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has complied with the provisions of the Regulation and circulars/guidelines issued thereunder.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 is given to all Directors to schedule the Board and committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance including shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views were expressed.

We have relied on the representation made by the Company and its Officers for adequate systems and processes in the company commensurate with its size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has following specific event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz:

- (i) Resignation of Non- Executive Independent Director;
- (ii) Declaration of Final Dividend for the Financial Year 2022-23;
- (iii) Adoption and revision of various policies;
- (iv) Grant of ESOP's pursuant to Aarvi Employee Stock Option Plan 2022 (ESOP 2022);
- (v) Constitution and Reconstitution of Committees;
- (vi) Approval of the Board of Directors for payment of commission to Executive Directors;
- (vii) Approval for listing the Equity Shares of the Company on the Bombay Stock Exchange (BSE) and authorization to Executive Directors and/or Company Secretary for applying for BSE DIRECT LISTING on behalf of the Company;
- (viii) Appointment of Nodal officer under Investor Education and Protection Fund.

For Bhatt & Associates Company Secretaries LLP

Aashish K. Bhatt
Designated Partner

Place: Mumbai
Date: July 03, 2024

ACS No.: A19639 COP No.: 7023
UDIN: A019639F000660675

This Report is to be read with our letter annexed as Appendix A, which forms integral part of this report.

APPENDIX A

To,
The Members

Aarvi Encon Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Bhatt & Associates Company Secretaries LLP

Place: Mumbai
Date: 14.08.2023

Bhavika A. Bhatt
Designated Partner
ACS No.: A36181 COP No.: 13376
UDIN: A036181E000798679

Annexure - 5
SECRETARIAL COMPLIANCE REPORT OF
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[Pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated 08th February, 2019]

To,

Aarvi Encon Limited

We have examined:

- a) all the documents and records made available to us and explanation provided by **Aarvi Encon Limited (“the listed entity”)**,
- b) the filings / submissions made by the listed entity to the Stock Exchange,
- c) website of the listed entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2024 (Review Period) in respect of compliance with the provisions of:
 - a) The Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
 - b) The Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”);
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – Not Applicable;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – Not Applicable;
- e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 – Not Applicable;
- g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and circulars/ guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period:

- a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below: -

Compliance Requirement (Regulations / circulars / guidelines including specific clause)	Regulation / Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
NA									

b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr No	Observations / Remarks of the Practicing Company Secretary in the previous reports (PCS)	Observations made in the secretarial compliance report for the year ended March 31, 2023	Compliance Requirement (Regulations / Circulars / guidelines including specific clause)	Details of violation / deviations and actions taken / penalty imposed, if any, on the listed entity	Remedial actions, if any, taken by the listed entity	Comments of the PCS on the actions taken by the listed entity
1	Non-disclosure of Dividend payment date in General shareholder information in Corporate Governance Report forming part of Annual Report for the financial year ended 2022.	Non-disclosure of Dividend payment date in General shareholder information in Corporate Governance Report forming part of Annual Report for the financial year ended 2022.	Para 9(c) of Part C of Schedule V of the Listing Regulation	As stated, no penalty has been levied.	Noted for future reference	NA
2	Non-disclosure of the proposed fees payable to the statutory auditor and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change in the explanatory statement to AGM Notice.	Non-disclosure of the proposed fees payable to the statutory auditor and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change in the explanatory statement to AGM Notice.	Para 10(k) of Part C of Schedule V of the Listing Regulation	As stated, no penalty has been levied.	Noted for future reference	NA
3	Delay in submission of SDD compliance certificate for quarter ended September 30, 2022	Delay in submission of SDD compliance certificate for quarter ended September 30, 2022	Regulation 3(5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015	As stated, no penalty has been levied.	Due to medical emergency, the compliance officer was on leave. Therefore, a delay in submitting SDD report.	Noted

(c) I hereby report that, during the review period the compliance status of the listed entity with following requirements:

Sr No.	Particulars	Compliance Status (Yes / No / NA)	Observation / Remarks by PCS
1.	Secretarial Standards: The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI).	Yes	
2.	Adoption and timely updation of the Policies: <ul style="list-style-type: none"> All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities All the policies are in conformity with SEBI Regulations and have been reviewed & updated on time, as per the regulations/circulars/ guidelines issued by SEBI 	Yes	

3.	Maintenance and disclosures on Website: <ul style="list-style-type: none"> The Listed entity is maintaining a functional website Timely dissemination of the documents/ information under a separate section on the website Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website 	Yes	
4.	Disqualification of Director: None of the Director of the Company is/are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	
5.	Details related to Subsidiaries of listed entities: <p>(a) Identification of material subsidiary companies</p> <p>(b) Requirements with respect to disclosure of material as well as other subsidiaries</p>	NA	
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under the Listing Regulations.	Yes	
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations	Yes For the financial year 22 – 23, at the start of the year and for 23 – 24, the Company will undertake performance evaluation in the upcoming Board meeting.	
8.	Related Party Transactions: <p>(a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or</p> <p>(b) In case no prior approval has been obtained, the listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee.</p>	Yes	
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of the Listing Regulations within the time limits prescribed thereunder.	Yes	
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes The Compliance officer have filed quarterly certificate with stock Exchanges.	

11.	Actions taken by SEBI or Stock Exchange(s), if any: No actions has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.	Yes	
12.	Resignation of statutory auditors from the listed entity or its material subsidiaries In case of resignation of statutory auditor from the listed entity or any of its material subsidiaries during the financial year, the listed entity and / or its material subsidiary(ies) has / have complied with paragraph 6.1 and 6.2 of section V-D of chapter V of the Master Circular on compliance with the provisions of the LODR Regulations by listed entities.	NA	
13.	Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulation/ circular/ guidance note etc.	Yes	

Assumptions & limitation of scope and review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial records and books of account of the listed entity.
4. This report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the Listing Regulations and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

For Bhatt & Associates Company Secretaries LLP**Aashish K. Bhatt**

Place: Mumbai
Date: 13.05.2024

ACS No.: 19639, COP No. 7023
UDIN: A019639F000356195
Peer Review Certificate No.: 2959/2023

Annexure - 6

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,

**The Members,
Aarvi Encon Limited,**
603, B1 Wing, Marathon Innova,
Marathon Nextgen Complex,
Lower Parel (W), Mumbai - 400013.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Aarvi Encon Limited having CIN L29290MH1987PLC045499 and having registered office at 603, B1 Wing, Marathon Innova, Marathon Nextgen Complex, Lower Parel (W), Mumbai - 400013 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Directors	DIN	Date of appointment in Company	Date of Cessation
1.	Virendra Sanghavi	00759176	03.12.1987	
2.	Jaydev Sanghavi	00759042	09.11.2005	
3.	Devendra Shrimanker	00385083	03.06.2017	
4.	Sonal Doshi	06672497	03.06.2017	
5.	Padma Devarajan	08064987	01.02.2018	
6.	Sharad Sanghi	00265977	03.06.2020	23.11.2023
7.	Ramamoorthy Ramachandran	07049995	23.01.2023	

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on my verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Bhatt & Associates Company Secretaries LLP

Aashish K. Bhatt
Designated Partner
Membership No.: 19639
UDIN: A019639F000660807

Place: Mumbai
Date: 03.07.2024

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Economy:

The global economy has demonstrated remarkable resilience in the face of last year's shocks. This resilience can be attributed to robust macroeconomic fundamentals in most advanced and emerging market economies, alongside strong consumer and government spending. The United States has successfully navigated recessionary pressures, while Europe has exhibited economic resilience that exceeded earlier projections. Conversely, China has encountered significant challenges in regaining its economic momentum.

Although inflation remains above target in many countries, it continues to ease across all major economies. The situation in Asia is more nuanced, with inflation not rising as steeply as in the West and declining more rapidly. Consequently, interest rates in Asia have not risen as much. Global inflation is anticipated to decrease faster than previously expected, reaching 5.8 percent in 2024 and 4.4 percent in 2025, driven by alleviating supply-side issues and tighter monetary policies.

The recovery in global economic growth is facing headwinds from multiple crises, including high debt levels, an energy crisis, and geopolitical tensions. The Red Sea crisis has disrupted global trade routes, resulting in increased transit times, shipping costs, and insurance premiums.

According to the International Monetary Fund (IMF), the global economy is projected to grow by 3.1% in 2024 and 3.2% in 2025. This growth is attributed to the resilience of the United States and certain emerging markets, along with anticipated fiscal support in China. However, this growth rate remains below the historical average, primarily due to elevated central bank policy rates aimed at combating inflation, reduced fiscal support, and sluggish productivity growth.

Sources:

<https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>

<file:///C:/Users/User/Downloads/text.pdf>

<https://en.vietnamplus.vn/top-10-defining-events-of-global-economy-in-2023/275388.vnp>

Indian Economy:

Despite the uncertainty stemming from adverse geopolitical developments and expansionary fiscal measures taken during the COVID-19 pandemic, the Indian economy has showcased remarkable resilience and maintained robust

macroeconomic fundamentals. Strong domestic demand for consumption and investment, coupled with the government's unwavering focus on capital expenditure, has been the principal economic driver in FY24. India has recorded the highest growth among major advanced and emerging market economies and is poised to become the third-largest economy in USD terms by 2027. Projections also indicate that India's contribution to global growth will increase by 200 basis points over the next five years.

The IMF forecasts India's GDP to expand by 6.7% in 2024 and 6.5% in 2025, driven by vigorous domestic demand and substantial government spending. The country's economic fundamentals are on an upward trajectory, characterized by declining inflation, a robust financial ecosystem, improved fiscal management, and increasing foreign reserves.

The massive tripling of capital expenditure outlay over the past four years has generated a significant multiplier effect on economic growth and job creation. Growth in the manufacturing sector is accelerating, bolstered by government policies and initiatives, while the services sector is increasingly adopting new technologies to enhance global competitiveness. Timely interventions by the government and the Reserve Bank of India have facilitated India's swift recovery from recent global shocks. Reforms in taxation, banking, and ease of doing business, along with substantial infrastructure investments, are set to enhance the country's long-term economic growth potential.

Sources:

<https://www.worldbank.org/en/country/india/overview>

[https://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=22315#:~:text=Recent%20growth%20outturns%20have%20surprised,National%20Statistical%20Office%20\(NSO\).](https://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=22315#:~:text=Recent%20growth%20outturns%20have%20surprised,National%20Statistical%20Office%20(NSO).)

<https://www.ibef.org/economy/indian-economy-overview>

<https://www.thehindu.com/business/Economy/economy-to-grow-by-73-in-current-fiscal-against-72-expansion-in-fy23/article67709699.ece>

<https://www.cnbctv18.com/economy/imf-raises-india-growth-world-economic-outlook-18925721.htm>

https://www.business-standard.com/world-news/world-bank-lifts-india-s-economic-growth-forecast-for-fy25-to-6-6-124040201133_1.html

<https://www.fortuneindia.com/macro/ahead-of-budget-imf-raises-indias-gdp-growth-projection-to-65-for-fy25/115537>

<https://www.imf.org/en/Search?q=india&sort=relevancy>

Global Staffing

The global staffing and recruitment market size is projected to grow from USD 757.56 billion in 2023 to USD 2,031.34 billion by 2031, with an estimated CAGR of 13.1% during this period. A key trend in this market is the increasing adoption of automation and AI-driven recruitment models. The growing number of job vacancies worldwide is driving the adoption of staffing and recruitment solutions across various organizations.

According to an April 2023 report by the World Economic Forum, over 803 companies in 45 economies collectively employ more than 11.3 million workers in 27 industries. This surge in employment activity is fueled by factors such as increased investment in the green transition of businesses, the broader application of ESG standards, and the localization of supply chains, all of which are enhancing employment rates globally. Additionally, entrepreneurs in developing countries are expanding their businesses, leading to the creation of new job opportunities around the world.

<https://www.theinsightpartners.com/reports/staffing-and-recruitment-market>

Recruitment Trends evolving in 2024

- 1. Technological Integration:** Technological advancements, including artificial intelligence, machine learning, and data analytics, are reshaping the recruitment and staffing landscape. Automated resume screening, chatbots for initial candidate interactions, and predictive analytics are becoming integral to streamline processes and improve efficiency.
- 2. Remote Workforce Management:** The rise of remote work, accelerated by global events, has led to a surge in demand for virtual recruitment and staffing solutions. Companies are leveraging digital platforms for seamless candidate sourcing, interviewing, and onboarding, fostering a more flexible and adaptive workforce.
- 3. Diversity and Inclusion:** Organizations are increasingly prioritizing diversity and inclusion in their hiring processes. Recruitment and staffing agencies are playing a crucial role in assisting companies to build diverse teams, ensuring a wide range of perspectives and skill sets.
- 4. Gig Economy Influence:** The gig economy is impacting the way companies approach staffing. Temporary and freelance workers are sought after for short-term projects, driving the demand for flexible staffing solutions.

<https://www.linkedin.com/pulse/global-recruitment-staffing-market-set-expand-295-i9myf>

Indian Staffing

The India staffing and recruitment market was valued at US\$ 18.06 billion in 2022 and is projected to reach US\$ 48.53 billion by 2030; it is expected to grow at a CAGR of 13.2% from 2022 to 2030. This substantial growth is driven by the increasing adoption of flexible workforce solutions and skill development initiatives spearheaded by staffing companies. According to recent reports, more than 5% of individuals are advancing in their careers annually through these staffing channels, indicating a robust and dynamic job market.

In 2023, flexible staffing as an employment format saw a 5 percent year-on-year growth compared to other employment formats, according to a report by the Indian Staffing Federation. India's flexible (contract) staffing sector is valued at \$16 billion, contributing approximately ₹40,760 crores annually to social security and GST.

According to Lohit Bhatia, President of the Indian Staffing Federation, highlighted the growing trust in flexible employment. This trust is underpinned by the tangible benefits provided to workers, including social security, continuous job opportunities, and avenues for upskilling. These advantages have positioned flexible staffing as a preferred employment model for both employers and employees.

The adoption of flexible staffing solutions by both employers and employees highlights their effectiveness in meeting the evolving needs of today's labour market. Over the past few years, there has been a 10 percent increase in the age group of 25–30 years moving towards the flexible workforce, indicating a trend of young individuals increasingly choosing this employment model. This diversity across age groups underscores its widespread appeal and accessibility, catering to individuals at different career stages.

Gender-specific data reveals that women consistently make up 25 percent of the flexible workforce, showcasing impressive diversity. Various sectors, including FMCG, e-commerce, manufacturing, healthcare, retail, logistics, banking, and energy, actively embrace general staffing services to fulfil their workforce requirements.

<https://www.thehindubusinessline.com/economy/flexi-staffing-continues-to-be-popular-choice-of-employment-format/article67438299.ece>

Gig Workers

The emergence of the gig economy is reshaping the landscape of employment, and the projections

underscore its significant growth trajectory. By 2025, India anticipates an expansion of its gig workforce by over 110 lakh workers, a testament to the transformative power of this evolving employment model. Urbanization, coupled with the availability of a talented younger demographic and widespread technology access, has provided fertile ground for the proliferation of gig opportunities, emphasizing flexibility as its primary allure across diverse professions.

The latest insights from the NITI Aayog June 2022 report project a substantial surge in the gig workforce, potentially reaching 2.35 crore by 2030. Notably, gig or contractual hiring is poised to increase to 9% of the total workforce hiring in 2023, up from 8% in 2022. Key sectors driving this trend include automotive, engineering & manufacturing, GIC, and IT. Moreover, the distribution of gig force workers across expertise levels reveals a diversified landscape, with 31% engaged in low-skilled work, 47% in medium-skilled work, and 22% in high-skilled work, as reported by NITI Aayog.

Recognizing the evolving nature of gig employment, platforms are increasingly prioritizing the well-being and professional development of gig workers. Initiatives such as health benefits, including comprehensive coverage for medical expenses and paid leaves, underscore a commitment to worker safety and welfare. Moreover, platform-led upskilling endeavours are instrumental in facilitating the transition of informal sector workers into the gig economy, fostering career progression through certifications and skill enhancement opportunities. Additionally, advocating for adequate legal protection and rights for gig workers is imperative, ensuring fair wages and dispute resolution mechanisms to uphold their dignity and security in the workforce.

While the gig economy offers unprecedented professional autonomy, the unorganized sector remains a cornerstone of employment in India, albeit fraught with challenges. Accounting for approximately 45% of the nation's GDP and employing around 90% of the workforce, the unorganized sector is a vital contributor to the economy. However, pervasive issues such as inadequate social security, poor working conditions, and limited access to education and training persistently plague this sector, hindering upward mobility and economic empowerment for workers.

In response to these challenges, the Indian government has embarked on significant policy initiatives aimed at enhancing the welfare of informal sector workers. The implementation of the National Policy for Informal Sector Workers and plans for a national floor level minimum wage signify proactive steps towards addressing social security gaps and ensuring fair compensation for workers. These

measures, coupled with ongoing efforts to improve access to education and training, underscore a commitment to fostering inclusive growth and improving the livelihoods of workers in the unorganized sector.

In conclusion, while the gig economy presents exciting opportunities for flexible employment, the enduring significance of the unorganized sector underscores the multifaceted nature of India's employment landscape. By addressing the systemic challenges facing informal sector workers and embracing policy reforms aimed at enhancing social security and livelihoods, India can pave the way for a more equitable and inclusive workforce ecosystem.

<https://ciiblog.in/future-of-gig-workforce-in-india/>

COMPANY OVERVIEW

Aarvi Encon, a leading Technical Manpower Supply company, provides permanent and temporary manpower services in a variety of industries. It has been providing industrial solutions to the organized sector for over 36 years. Aarvi adds value to various verticals by providing technical staffing solutions and qualified engineers in areas such as electrical- instrumentation services, erection & commissioning, operation & maintenance, instrument calibration, plant shutdown, equipment services & support for O&Ms, airport maintenance, and so on.

Aarvi is one of the most well-known workforce outsourcing firms, providing temporary staffing to a wide range of industries, including EPC firms, power plants, oil and gas refineries, chemicals and petrochemicals, construction, infrastructure projects, renewable energy, ports, terminals, telecom, fertilizers, cement, automation, automobile, aviation, metro & monorail, railway, metals, minerals and so on. Throughout the year, the company successfully welcomed and integrated several new clients into its portfolio.

The company has added O&M services to its service offering. O&M activities currently account for 17% of our revenue. Aarvi Encon has become the preferred partner for O&M services.

The Company is moving towards Aarvi's Green Transformation, whereby our manpower outsourcing services in the renewable sector accounted for an impressive 9% of the total revenue.

Aarvi has established a significant presence not only in the Indian market but also in several Middle Eastern countries, including the UAE, UK, Indonesia, Oman, and Qatar. Additionally, a new company has been incorporated in Saudi Arabia, where operations are set to commence soon.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has in place adequate Internal Financial Controls with reference to financial statements, and these internal financial controls are operating effectively. Your company has adopted policies and procedures to ensure the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial statements.

To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Auditors monitor and evaluate the efficacy and adequacy of the company's internal control systems, ensuring compliance with applicable laws, regulations, accounting procedures, and policies. Based on the reports from the Internal Auditors, corrective actions were undertaken, and controls were thereby strengthened. Significant audit observations and action plans are presented to the Audit Committee of the Board.

Results of our operations:

The function-wise classification of the Consolidated Statement of Profit and Loss is as follows:

(Amount in Crores)

Particulars	2024	%	2023	%	Remarks
Revenue from Operations	406.15	100	436.52	100.00	-7.0
Employee Benefit Expenses	293.47	72.26	291.61	66.80	0.6
Other Expenses	100.16	24.66	126.71	29.03	-21.0
Total Expenditure	393.63	96.92	418.32	95.83	-5.9
EBITDA	12.52	3.08	18.2	4.17	-31.2
Finance Cost	1.47	0.36	1.75	0.40	-16.0
Depreciation and amortisation expense	1.27	0.31	1.23	0.28	3.3
Other Income	2.33	0.57	1.31	0.30	77.9
Profit before tax	12.11	2.98	15.67	3.59	-22.7
Current Tax	0.76	0.19	1.17	0.27	-35.0
Profit for the year	11.35	2.79	14.5	3.32	-21.7

Consolidated Performance

- Revenue from operations at Rs. 406.15 Crore as against Rs. 436.52 Crore of previous year shows the decrease in revenue by 7% than the previous year.
- The Net profit after tax for the year decrease by 21.78% to Rs. 11.35 Crore from Rs. 14.51 Crore.
- The Working capital (Net current assets) increased by Rs. 18.20 Crore i.e. from Rs. 63.80 Crore to Rs. 82.00 Crore.

Significant changes in key financial ratios as compared to the previous year:

Particulars	2023-24	2022-23	Y-o-Y change (%)	Reasons for the Increase/ Decrease.
Debtors turnover (days)	74.57	79.46	(6.15)	The company's efficient recovery process is credited for this positive change, demonstrating enhanced effectiveness in managing outstanding debts and improving cash flow.
Interest Coverage Ratio	9.25	10.40	(11.05)	Interest coverage ratio reduced due to decrease in financial cost.
Net capital turnover ratio	4.95	6.84	(27.63)	Net capital turnover ratio decreased in line with the decrease in the Revenue from operations of the Company.

Particulars	2023-24	2022-23	Y-o-Y change (%)	Reasons for the Increase/ Decrease.
Current Ratio	2.56	2.29	11.79	The Current Ratio has risen due to the Company's augmentation of Current Assets and reduction in Current Liabilities.
Debt : Equity Ratio	0.08	0.03	166	Debt Equity Ratio increased due to the increase in the debt levels of the Company.
Operating profit margin (%)	3.34	4.19	(20.28)	The Company's Operating Profit Margin experienced a reduction due to elevated Employee and Finance Costs.
Net profit margin (%)	2.79%	3.32%	(15.96)	The Company's Net Profit Margin saw a slight decrease attributed to the rise in Employee and Finance Costs.
Return on Net worth/ Return on Capital Employed (%)	10.71%	16.36%	(34.53)	The decrease in the Company's EBITDA has resulted in a parallel decrease in Return on Net Worth/ Return on Capital Employed.
Return on investment (%)	9.57%	14.84%	(35.51)	The decrease in the Company's Net Profit has correspondingly reduced the Return on Investment.

Standalone Performance

- Revenue from operations at Rs. 377.65 Crore as against Rs. 382.70Crore of previous year which is decrease by 1.3 %.
- The Net profit after tax for the year reduced by 26.7% to Rs 10.35 Crore from Rs. 14.12 Crore.
- The Working capital (Net current assets) increased by Rs. 15.32 Crore i.e. from Rs. 46.76 Crore to Rs. 62.08 Crore.

Significant changes in key financial ratios as compared to the previous year:

PARTICULARS	2023-24	2022-23	Y-o-Y change(%)	Reasons for the Increase/ Decrease.
Debtors turnover (days)	69.35	75.09	(7.64)	The Company's robust and efficient recovery process has led to a reduction in debtor turnover days.
Interest Coverage Ratio	8.52	9.70	(12.16)	Interest coverage ratio reduced due to decrease in financial cost
Net capital turnover ratio	6.08	8.19	(25.76)	Net capital turnover ratio decreased in line with the decrease in the Revenue from operations of the Company.
Current Ratio	2.26	2.03	11.33	The Current Ratio has risen due to the Company's augmentation of Current Assets and reduction in Current Liabilities.
Debt : Equity Ratio	0.10	0.04	150	Debt Equity Ratio increased due to the increase in the debt levels of the Company.
Operating profit margin (%)	3.31	4.46	(25.78)	The Company's Operating Profit Margin experienced a reduction due to elevated Employee and Finance Costs.

PARTICULARS	2023-24	2022-23	Y-o-Y change(%)	Reasons for the Increase/ Decrease.
Net profit margin (%)	2.74	3.69	(25.74)	The Company's Net Profit Margin saw a slight decrease attributed to the rise in Employee and Finance Costs.
Return on Net worth/ Return on Capital Employed (%)	11.23	17.49	(35.79)	The fall in the Company's EBITDA has resulted in a parallel decrease in Return on Net Worth/ Return on Capital Employed.
Return on investment (%)	9.32	14.53	(35.85)	The decrease in the Company's Net Profit has correspondingly reduced the Return on Investment.

Material Developments in Human Resources / Industrial Relations Front

The Company believes that Human Resources are its key assets. The total number of employees and consultant of the Company is 5458. The Company's HR policy focuses on developing the skill and competencies of all the employees, facilitating team work and total employee involvement, providing a happy work environment to the employees and support to their families and remaining a socially responsible Company contributing to the society.

Learning is given the utmost importance in the Company. Training programs focus on improving employees' current skills and competencies as well as developing them for their future roles as part of their career development. The Company ensures overall development of every employee and all inputs are provided to reach the expert level of their skill and competency.

In the Company, HR processes are aligned to make employees feel that they are a part of the Company family. The Company creates the platform for employees to voice their opinion and make suggestions to improve the working environment. The Company maintains regular communication with employees to make them feel connected with the Company and perform their jobs most effectively.

The Company focuses on inculcating the habit of continuous improvement and motivating employees to participate in improvement activities for the organization. The Company continues to maintain its record of industrial harmony.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE

The Corporate Governance philosophy of the Company is based on the core values which ensure transparency, integrity, ethics in all dealings and in the functioning of the management and the Board. All the policies are derivatives of our Corporate Governance Philosophy which 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 the relationship between itself and its stakeholders.

The principles of Corporate Governance are integrated into our business operations viz ethical, accountable, transparent and fair way, with a blend of both legal and management practices, which are embedded in the decision making process of the Company, and communicated accurately and timely, in such a way that both stakeholders' expectations and legal standards are not only met, but the corporation tries to exceed them. By adopting these best-in-class ESG practices, the Company aims to comply with all the requirements of law in true letter and spirit.

The Code of Conduct adopted by the Company is a principal document capturing the core Corporate Governance and ESG principles and reflects our commitment to conduct business in line with the spirit of the Corporate Governance Philosophy and long term sustainability of all our stakeholders. The Code of Conduct and the vigil mechanism enables all our

employees to voice their concern openly without any fear or inhibition.

2. BOARD OF DIRECTORS

The Board of Directors consists of members from different background, industry experience, expertise, knowledge etc. The diverse Board helps shaping up the Company's strategy in line with its business objectives, vision and purpose, and also provides guidance to the management under its supervision, thereby creating long term value for its stakeholders.

Composition, Category of Directors and Size of Board

The Board is headed by an Executive Chairman and has an optimum combination of Executive and Non-Executive Directors including Independent Directors and is in conformity with the requirement of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

As on date of this Report, the Board consists of 6 (Six) Directors comprising of 1 (One) Managing Director (Executive cum Chairman), 1 (One) Whole Time Director (Executive) and 4 (Four) Non-Executive Independent Directors including 2 (Two) Independent Woman Directors. All the 4 (Four) Independent Directors of the Company are free from any business or other relationship that could materially influence their judgment. All the Independent Directors satisfy the criteria of independence as defined under Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013 (hereinafter referred to as "the Act").

Name of the Director	Category	No. of Directorship(s) in other Public Companies *(1&3)	No. of Committee Positions held in Public Companies *(2&3)		Name of other listed entities where the Directors of the Company are Director and the category of their Directorship	
			Member-ship	Chairman-ship	Other Directorship	Category
Mr. Virendra Sanghavi (00759176)	Promoter, Managing Director	1	0	0	-	-
Mr. Jaydev Sanghavi (00759042)	Promoter, Executive Director	1	2	0	-	-

Name the Director	Category	No. of Directorship(s) in other Public Companies *(1&3)	No. of Committee Positions held in Public Companies *(2&3)		Name of other listed entities where the Directors of the Company are Director and the category of their Directorship	
			Member-ship	Chairman-ship	Other Directorship	Category
Mr. Devendra Shrimanker (00385083)	Non-Executive Independent	3	2	3	1.Citadel Realty and Developers Limited 2.Pentokey Organy (India) Limited	Non-Executive Independent Non-Executive Independent
Mrs. Sonal Doshi (06672497)	Non-Executive Independent	1	1	1	-	-
Mrs. Padma Devarajan (08064987)	Non-Executive Independent	1	1	0	-	-
Mr. Ramamoorthy Ramachandran (07049995)	Non-Executive Independent	1	1	0	-	-

*Notes

- Excluding Directorships on the Board of Private Companies, Foreign Companies, and Alternate Directorship, Companies which are struck off / is in the process of striking off.
- Membership in only Audit Committee and Stakeholders Relationship Committee is considered.
- Includes Company registered under Section 8 of the Act.
- None of the Directors is a director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies.
- As mandated by Regulation 26 of the Listing Regulations, none of the Director acts as a member of more than 10 committees or acts as a chairperson of more than 5 committees across all Public Limited Companies.
- Relationships between Directors inter-se:** Mr. Virendra D. Sanghavi is the father of Mr. Jaydev V. Sanghavi. None of the other Directors except as aforementioned are related to each other.
- Shareholding of Non - Executive Independent Directors as on March 31, 2024:** None of the Non-Executive Independent Directors hold Equity Shares of the Company.

Skill matrix

As stated before, the Directors of the Company come from diverse fields and have expertise and long-standing experience and expert knowledge in their respective fields which are relevant and of considerable value by contributing in all key decisions viz Company's strategy, guidance, strengthening of the policies and processes of the Company, for long term sustainability of the Company. The Core Skills / Expertise / Competencies required in the Board in the context of the Company's Business and sectors functioning effectively as mapped against the individual Board members of the Company is tabulated below:

Core Skills / Expertise / Competencies	Mr. Virendra Sanghavi	Mr. Jaydev Sanghavi	Mr. Devendra Shrimanker	Mrs. Sonal Doshi	Mrs. Padma Devarajan	Mr. Sharad Sanghi ¹	Mr. Ramamoorthy Ramachandran
Leadership / Operational expertise	√	√	√	√	√	√	√
Strategic planning	√	√	√	√	√	√	√
Sector / Industry Knowledge & Experience, Business Strategy, Financial Control	√	√	√	√	√	√	√
Financial, Regulatory / Legal & Risk Management	√	√	√	√	√	√	√
Corporate Social Responsibility and Corporate Governance	√	√	√	√	√	√	√

Note

1. Mr. Sharad Sanghi, resigned from the position of Non-Executive Independent Director w.e.f. November 23, 2023, due to preoccupation and personal commitments as mentioned in the resignation letter along with a confirmation that there are no other material reasons other than those provided.

Details of Board Meetings and Directors' attendance at Board Meetings and the last Annual General Meeting (AGM)

The Board met Six (6) times during the year, May 3, 2023, May 29, 2023, August 14, 2023, August 25, 2023, November 8, 2023, and February 7, 2024. The gaps between two meetings did not exceed 120 days.

The necessary quorum was present for all the meetings. The names of the Directors on the Board, their attendance at the Board Meetings and at the Annual General Meeting held during the year, are given herein below:

P - Present A - Absent

Name of the Member	No. of Meetings Entitled to Attend	Board Meetings (2023-2024)						No. of Meetings Attended	Attendance at the last AGM held on September 23, 2023
		May 3, 2023	May 29, 2023	Aug 14, 2023	Aug 25, 2023	Nov 8, 2023	Feb 7, 2024		
Mr. Devendra Shrimanker	6	P	P	P	P	P	P	6	P
Mr. Jaydev Sanghavi	6	P	P	P	P	P	P	6	P
Ms. Sonal Doshi	6	P	P	P	P	P	P	6	P
Mr. Virendra Sanghavi	6	P	P	P	P	P	P	6	P
Ms. Padma Devarajan	6	P	P	P	P	P	P	6	P

Name of the Member	No. of Meetings Entitled to Attend	Board Meetings (2023-2024)						No. of Meetings Attended	Attendance at the last AGM held on September 23, 2023
		May 3, 2023	May 29, 2023	Aug 14, 2023	Aug 25, 2023	Nov 8, 2023	Feb 7, 2024		
Mr. Sharad Sanghi (Resigned 23.11.2023)	5	A	P	A	A	A	NA	1	A
Mr. Ramamoorthy Ramachandran	6	P	P	P	A	P	A	4	P

Notes:

- The Board meetings of the Company were conducted through Video Conferencing / Other Audio-Visual Means, except the meeting held on 07.02.2024, which was held through Physical Mode.
- In addition to other items discussed at the Board Meeting, the Company Secretary ensured compliance of placing mandatory matters before the Board in terms of Regulation 17 Listing Regulations and Section 179 of the Act read with Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014.

Independent Directors

The Independent Directors are professionals, with expertise and experience in general corporate management, legal, public policy, finance, banking and other allied fields. The knowledge of their fields of expertise as well as the boardroom practices helps foster varied, unbiased, independent and experienced perspectives, thereby contributing to organizational growth while working in best interest of the Company and its stakeholders.

Term of Independent Director:

As per the provisions of Section 149 of the Act, 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.

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

Separate Meeting of Independent Directors:

In accordance with the provisions of Schedule IV of the Act, a separate meeting of the Independent Directors of the Company was held on March 29, 2024. All Independent Directors were present at the meeting with no presence of Non-Independent Directors and Members of the Management for

transacting the following agenda:

- Review the performance of Non-Independent Directors and the Board as a whole.
- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors were satisfied with the overall performance of Non- Independent Directors, Chairpersons, Executive Directors and flow of information between the Company Management and the Board.

Familiarization Programme for Independent Directors:

All the Independent Directors inducted on the Board are given an orientation program which inter-alia encapsulates around Company's business model, group structure, and organization structure, policies, Memorandum of Association and Articles of Association of the Company. These programs also intend to improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company and enable them to make

effective contribution and discharge their functions effectively, as a Board Member.

In addition, regular updates on the innovation, business, strategy, digitization, industry trends etc are provided to all Directors including the Independent Directors to keep them updated on the ever changing industry dynamics.

The details on the Company's methodology of the Familiarization Program for IDs can be accessed at: <https://aarviencon.com/storage/app/uploads/public/646f25/334/646f25334d00a502727677.pdf>

The Independent Directors of the Company furnished a declaration at the time of their appointment and annually that they meet the criteria of Independence as required under law. The Board reviews the same and is of the opinion, that the Independent Directors fulfill the conditions specified in the Act and the Listing Regulations and are independent of the management.

3. BOARD COMMITTEES

In compliance with the requirements of the Act and the Listing Regulations, the Board of Directors have constituted various Committees. These Committees are entrusted with such powers and functions as detailed in its respective terms of reference. Besides, the Committees help focus attention on specific matters of the organization. These committees prepare the groundwork for decision making and report the same to the Board at the subsequent meetings.

There have been no instances during the year where recommendations of the Committees of the Board were not accepted by the Board.

Details of the Committees of the Board and other related information are as follows:

Audit Committee

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is, inter alia, to oversee the accounting and financial reporting process of the Company, the audit of the Company's financial statements, the appointment, independence and performance of the statutory auditors, the performance of internal auditors, the Company's risk management policies, and effectiveness of systems required under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") etc.

Composition, Name of the Members and Chairperson

The Composition of the Audit Committee is in accordance with the Regulation 18 of Listing Regulations read with Section 177 of the Act comprising of 4 (Four) qualified members (i.e. 3 Independent Directors and 1 Executive Director). All the members have financial and accounting knowledge and Mr. Devendra Shrimanker, Chairman of the Audit Committee is a qualified Chartered Accountant and has excellent knowledge, experience and expertise in accounts and finance. The Company Secretary is the Secretary of the Audit Committee.

The Audit Committee met Six (6) times during the year, May 3, 2023, May 29, 2023, August 14, 2023, August 25, 2023, November 8, 2023, and February 7, 2024. The gaps between two meetings did not exceed 120 days.

The Composition and the attendance of the Audit Committee meetings held during the year is as under:

P - Present A - Absent

Name of the Member	Category	No. of Meetings Entitled to Attend	Audit Committee Meetings (2023-2024)						No. of Meetings Attended
			03-May-23	29-May-23	14-Aug-23	25-Aug-23	08-Nov-23	07-Feb-24	
Mr. Devendra Shrimanker	Chairman, Non- Executive Independent Director	6	P	P	P	P	P	P	6
Mr. Jaydev Sanghavi	Member, Executive Director & CFO	6	P	P	P	P	P	P	6

Name of the Member	Category	No. of Meetings Entitled to Attend	Audit Committee Meetings (2023-2024)						No. of Meetings Attended
			03-May-23	29-May-23	14-Aug-23	25-Aug-23	08-Nov-23	07-Feb-24	
Ms. Sonal Doshi	Member, Non-Executive Independent Director	6	P	P	P	P	P	P	6
Ms. Padma Devarajan	Member, Non-Executive Independent Director	6	P	P	P	P	P	P	6
Mr. Ramamoorthy Ramachandran*	Member, Non-Executive Independent Director	5	NA	P	P	A	P	A	3

* Mr. Ramamoorthy Ramachandran is appointed on the Audit Committee w.e.f. May 16, 2023.

Terms of Reference

The terms of reference of the Audit Committee include following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of statutory auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditors report before submission to the board for approval, with particular reference to:
 - Matters required being included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Modified opinion(s) / Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly /half yearly and annual financial statements and auditors limited review reports before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- Approval of any transactions of the Company with Related Parties, including any subsequent modification thereof;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance

- of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. Discussion with internal auditors on any significant findings and follow up there on;
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review the functioning of the Whistle Blower mechanism;
 19. Approval of appointment of CFO or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background etc. of the candidate;
 20. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders
 21. To investigate into any matter in relation to the items specified above or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
 22. Reviewing the efficacy of systems in compliance with requirements of PIT Regulations
 23. Reviewing the utilization of loans and/ or advances from/ investment by the holding Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
 24. Carrying out any other functions as may be stipulated by any law or regulation or any Government guideline or the Board of Directors, from time to time.
- Nomination and Remuneration Committee**
- Composition, Name of the Members and Chairperson**
- The composition of the Nomination & Remuneration Committee is in accordance with Regulation 19 of Listing Regulations read with Section 178 of the Act comprising of 3 (Three) qualified members (i.e. 3 Independent Directors only). The Company Secretary is the Secretary to the Nomination & Remuneration Committee.
- The Nomination and Remuneration Committee met 3 (Three) times during the year, May 3, 2023, May 29, 2023, and November 8, 2023.
- The Composition and the attendance of the Nomination & Remuneration Committee meetings held during the year is as under:
- P - Present A - Absent

Name of the Member	Category	No. of Meetings Entitled to Attend	Nomination and Committee Meetings (2023-2024)			No. of Meetings Attended
			03-May-23	29-May-23	08-Nov-23	
Mr. Devendra Shrimanker	Chairman, Non-Executive Independent Director	3	P	P	P	3
Ms. Sonal Doshi	Member, Non-Executive Independent Director	3	P	P	P	3
Ms. Padma Devarajan	Member, Non-Executive Independent Director	3	P	P	P	3
Mr. Sharad Sanghi (Resigned 23.11.2023)	Member, Non-Executive Independent Director	3	A	A	A	0

Terms of Reference

The terms of reference of the Nomination and Remuneration Committee include following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
2. For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and based on such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may,
 - a. Use the services of an external agencies, if required;
 - b. Consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. Consider the time commitments of the candidates.
3. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
4. Devising a policy on diversity of Board of Directors;
5. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
6. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
7. Recommend to the board, all remuneration, in whatever form, payable to senior management;
8. To perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021.
9. To administer the employee stock option scheme/ plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("ESOP Scheme").

10. To construe and interpret the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the ESOP Scheme;
11. Such other matters required from time to time by any statutory, contractual or other regulatory requirements by such Committee.

Performance Evaluation

The performance evaluation framework and criteria for the Board, Committee, Individual Directors including the Chairman, Executive Director and Independent Directors are approved by the Nomination and Remuneration Committee. During Financial Year 2023-24, a detailed questionnaire was circulated to all the Board members depending on the designation and committee membership in the Committee. The Board and Committees were generally evaluated on its efficacy, diversity, timeliness and quality of agendas, communication by the management, contribution of Board/Committee in strategy and growth of the Company. The Committees were additionally evaluated on the performance against its terms of reference. The Executive Directors and Chairman were evaluated on their leadership skills, contribution to the brand reputation, meeting targets, strategy, people management etc. The Independent Directors were additionally evaluated on their knowledge, skills, contribution at the Board, bringing outside-in perspective, independent judgement, independence etc.

The Board was overall satisfied with performance of the Board, its Committees, Individual Directors including the Independent Directors and Executive Directors. The suggestion of the Board in enhancing the Board practices was taken on record and put to action by the management.

Stakeholders Relationship Committee

Composition, Name of the Members and Chairman

The composition of the Stakeholders Relationship Committee is in accordance with Regulation 20 of Listing Regulations read with Section 178 of the Act comprising of 3 (Three) qualified members (i.e. 2 Independent Directors and one Executive Director). The Company Secretary is the Secretary to the Stakeholders Relationship Committee.

The Committee met once during the year on March 29, 2024. All the members were present at the meeting.

The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

Name	Designation in Committee	Nature of Directorship	No. of Committee Meetings	
			Held	Attended
Mrs. Sonal Doshi	Chairperson	Non-Executive and Independent Director	1	1
Mr. Jaydev Sanghavi	Member	Executive Director	1	1
Mr. Devendra Shrimanker	Member	Non-Executive and Independent Director	1	1

Terms of reference

Stakeholders' Relationship Committee has been constituted as per the provisions of Section 178 of the Act. The Committee shall oversee all matters pertaining to investors in the Company.

The terms of reference of the committee are:

1. To consider and resolve the grievances of security holders of the Company;
2. To approve Transmission / Dematerialisation / Rematerialisation of Equity Shares of the Company;
3. To approve issue of new / duplicate / consolidated / split share certificate(s);
4. To carry out such functions for redressal of shareholders' and investors' complaints, including but not limited to matters relating to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividend and any other grievance that a shareholder or investor of the Company may have against the Company;
5. To oversee the performance of the Registrar and Transfer Agents of the Company and recommend measures for overall improvement in the quality of investor services; and
6. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
7. To carry out any other function as may be stipulated by any law or regulation or any Government guideline or the Board of Directors, from time to time.
8. To do all other acts, deeds and things or otherwise deal with all matters in relation to the Shareholders and other Stakeholders;

Compliance Officer

Ms. Leela S. Bisht, is the Company Secretary and Compliance Officer of the Company. The contact details

of Ms. Bisht is provided below:

Address: B1-603, Marathon Innova, Marathon Nextgen Complex, Lower Parel (West), Mumbai – 400013.

Tel: 022 – 4049 9907

Email: cs@aarviencon.com

Investor Grievance Redressal

The Committee has not received any shareholders' complaint during FY 2023-24.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent (R & T Agent), M/s. Bigshare Services Private Limited, are authorized to take up all the grievances of the shareholders and investors received directly or through SEBI (SCORES), Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

The Company maintains continuous interaction with the said R & T Agent and takes proactive steps and actions for resolving complaints/queries of the shareholders/investors and takes initiatives for solving critical issues.

SEBI through its circular dated May 30, 2022 provided an option for arbitration as a Dispute Resolution Mechanism for investors. As per this Circular, investors can opt for arbitration with Stock Exchanges in case of any dispute against the Company or its RTA. The link of ODR portal is available at the website of the Company at <https://aarviencon.com/investors/shareholders-information-and-announcements>.

4. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Remuneration paid to directors and key managerial personnels are in line with the Nomination and Remuneration Policy approved by the Board on the recommendation of the Nomination and Remuneration Committee. The Policy is available at the website of Company at <https://aarviencon.com/storage/app/uploads/public/630/5ed/1c8/6305ed1c86d59931166703.pdf>

The brief of remuneration criteria for each category of Directors and Key Managerial Personnel is provided

hereinafter:

Managing Director & Whole-Time Director

The remuneration/compensation/commission etc. to the Managing Director, Whole time Director is determined by the Nomination and Remuneration Committee and recommended to the Board for its approval which is subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The overall 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 Act, and Schedule V to the Act and other applicable rules made thereunder.

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

If any Managing Director/Whole-time Director/ Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act, he/she

shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

The Promoter Directors shall not be entitled to any stock options of the Company.

Non-Executive Directors & Independent Directors

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

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 Act.

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

Details of Remuneration

Remuneration paid to Executive Directors & Non-Executive Directors and sitting fees for attending Board / Committee Meetings and profit related commission paid to Executive Directors, during the year ended March 31, 2024, are as under:

Directors	Sitting Fees (Rs)	Salary & Allowances (Rs)	Perquisites (Rs)	Commission (Rs)	Share Holding as on 31-03-2023 (in Nos.)
Mr. Virendra D. Sanghavi	-	1,18,80,000	-	49,20,000	75,95,000 (51.37%)
Mr. Jaydev V. Sanghavi	-	92,40,000	-	75,60,000	21,82,500 (14.76%)
Mr. Devendra J. Shrimanker	2,77,500	-	-	-	-
Mrs. Sonal N. Doshi	2,85,000	-	-	-	-
Dr. (Mrs.) Padma V. Devarajan	2,77,500	-	-	-	-
Mr. Sharad S. Sanghi	20,000	-	-	-	-
Mr. Ramamoorthy Ramachandran	1,55,000	-	-	-	-

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

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

Loan to Senior Management (other than Managing Director and Whole-Time Director) and other employees of the company:

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

5. GENERAL BODY MEETINGS

Annual General Meeting

The details of Annual General Meetings during the last three years are given below:

Financial Year	Meeting details	Date and Time of the Meeting	Venue
2022-23	35 th Annual General Meeting	September 23, 2023, at 11.00 A.M	Videoconferencing/ Other Audio-Visual Means
2021-22	34 th Annual General Meeting	July 29, 2022, at 11.00 A.M	Videoconferencing/ Other Audio-Visual Means
2020-21	33 rd Annual General Meeting	July 29, 2021, at 11.00 A.M	Videoconferencing/ Other Audio-Visual Means

The details of Special Resolutions passed and Resolutions requiring requisite majority in the previous Annual General Meetings held in last three years are given below:

Meeting details	Date and Time of the Meeting	Special Resolutions passed at the Meeting
35 th Annual General Meeting	September 23, 2023, at 11.00 A.M	-
34 th Annual General Meeting	July 29, 2022, at 11.00 A.M	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Virendra D. Sanghavi (Din: 00759176) as Managing Director of the Company. 2. Re-appointment of Mr. Devendra J. Shrimanker (DIN: 00385083) as a Non-Executive Independent Director of the Company 3. Re-appointment of Ms. Sonal N. Doshi (DIN: 06672497) as a Non-Executive Independent Director of the Company 4. Re-appointment of Mr. Jaydev V. Sanghavi (DIN: 00759042), Executive Director & CFO of the Company and fixation of remuneration thereof. 5. Approval of Aarvi Employee Stock Option Plan 2022 6. Approval for Issue and Allotment of equity shares to employees of holding (if any, in future) and subsidiary Company(ies) under the AARVI ESOP 2022
33 rd Annual General Meeting	July 29, 2021, at 11.00 A.M	<ol style="list-style-type: none"> 1. Re-appointment of Dr. Padma V. Devarajan (DIN: 08064987) as a Non-Executive Independent Director of the Company for a Second term of Five consecutive years. 2. To Approve Remuneration of Mr. Jaydev V. Sanghavi (DIN: 00759042), Executive Director & CFO of the Company for the Financial Year (FY) 2020-21 and 2021-22. 3. To Approve Remuneration payable to Executive Directors under Reg. 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Extraordinary General Meeting:

No Extraordinary General Meeting of the members was held during the year 2023 - 24.

Postal Ballot

During the year, no transaction was approved by postal ballot by the members of the Company.

6. MEANS OF COMMUNICATION

Quarterly/ Half yearly/Annual Results: During the year 2023-24, the Company has followed Regulation 47 of Listing Regulations and has published its quarterly, half yearly and annual financial results in an English language newspaper and in a Marathi language newspaper (local vernacular language) and has submitted the same to the stock exchange. The financial results and the official news releases are also displayed on the Company's website: www.aarviencon.com

Website: The Company's website: www.aarviencon.com contains a separate section under the name of 'Investors' where shareholders' information is available. The Company's Financial Results and Annual Reports are also available on the Company's website in a downloadable form.

Official media releases are sent to the Stock Exchange before their release to the media for wider dissemination. Presentations made to the media, analysts, institutional investors, etc., if any, are posted on the Company's website.

The publication as required under Regulation 47 for the FY 2023-24 has been done in Business Standard (All India Edition) and Mumbai Loksakta (Marathi Edition).

The newspaper publication as required under Regulation 47 has also been published on the website of the Company.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for Corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Press Releases and others are filed electronically on NEAPS. The Company is regular in posting its Shareholding Pattern, Corporate Governance Report and Corporate Announcements electronically at Welcome to NSE

Electronic Application Processing System (nseindia.com)

SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a centralized web-based complaints redress system. It is a Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

The Investors presentations are also available on the website of the Company.

7. GENERAL SHAREHOLDER INFORMATION

36th (Thirty Sixth) Annual General Meeting

Day, Date and Time: August 2, 2024, Friday, 11.00 am

Venue: Meeting will be held through VC/OAVM

Financial Year: 1st April 2023 to 31st March 2024

Payment of Dividend: on or before August 10, 2024

Listing on Stock Exchanges

The Company's equity shares are actively traded on National Stock Exchange of India Limited (NSE)

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051,

Website: www.nseindia.com.

Payment of listing fees:

The Company has paid the annual listing fees to the stock exchange for the FY 2023-24.

Stock code

National Stock Exchange of India Limited	AARVI
ISIN for equity shares	INE754X01016

Market price data- high, low during each month in last Financial Year

High, Low during each month and trading volumes of the Company's Equity Shares during the Financial Year 2023-24 at NSE are given below

2023-24	National Stock Exchange of India Limited (NSE)		
	Month's High Price (Rs.)	Month's Low Price (Rs.)	No. of Shares traded
April 2023	153.70	102.10	7,40,113
May 2023	149.00	123.25	6,42,373
June 2023	147.95	135.00	5,21,510
July 2023	160.00	126.55	6,12,889
August 2023	135.00	122.35	3,75,955
September 2023	134.00	122.50	3,48,990
October 2023	144.00	123.70	5,28,819
November 2023	161.00	113.00	12,57,591
December 2023	183.90	130.10	19,55,509
January 2024	173.00	144.05	8,74,186
February 2024	153.80	132.00	3,89,660
March 2024	140.60	116.15	3,06,872

Performance in comparison to broad-based indices such as NSE NIFTY with AARVI Script.



Registrar & Share Transfer Agent:

Bigshare Services Pvt. Ltd.
Office No S6-2, 6th Floor, Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves Road,
Andheri (East) Mumbai – 400093
Board No: 022 – 62638200
Email: ujata@bigshareonline.com | www.bigshareonline.com

Distribution of Shareholding

Statement showing Shareholding Pattern as on 31st March 2024.

Category of Shareholders	Number of shares	%of Shareholding
Shareholding of Promoter and Promoter Group	1,08,72,500	73.54
Mutual Funds	0	0.00
Central Government/state Government(s)	0	0.00
Financial Institutions / Banks	0	0.00
Foreign Institutional Investors (Including FPI)	0	0.00
NBFC Registered with RBI	0	0.00

Category of Shareholders	Number of shares	%of Shareholding
Bodies Corporate	94,239	0.64
Individual shareholders holding nominal share capital up to Rs. 2 lakhs	19,16,259	12.96
Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	10,93,189	7.39
Clearing Members	2,236	0.02
Non-Resident Indians	1,29,462	0.88
Foreign Companies	0	0.00
Other Directors	0	0.00
HUF	6,76,115	4.57
Trusts	0	0.00
IEPF	0	0.00
TOTAL	1,47,84,000	100.00

Distribution of Shareholding by Size as on 31st March 2024

No. of Shares held	No. of shareholder	% to no. of shareholders	No. of shares	% to no. of shares
1 – 500	10134	93.3751	703361	4.7576
501 – 1000	316	2.9116	243797	1.6491
1001 – 2000	204	1.8797	334976	2.2658
2001 – 3000	55	0.5068	141596	0.9578
3001 – 4000	44	0.4054	159305	1.0776
4001 – 5000	20	0.1843	93706	0.6338
5001 – 10,000	39	0.3593	280201	1.8953
> 10,001	41	0.3778	12827058	86.7631
TOTAL	10853		14784000	100.0000

Share Transfer System

In terms of the amended Regulation 40(1) of Listing Regulations, with effect from April 1, 2019, securities of listed companies can be transferred only in dematerialised form (except transmission of securities or transposition in the name(s) of holding). Accordingly, the shares held in physical form will not be transferred unless they are converted into dematerialized form. Transfers of equity shares in electronic form are effected through the depository system with no involvement of the Company.

Pursuant to Regulation 40(9) of the Listing Regulations, the Company obtain certificates from a practicing Company Secretary on a yearly basis to the effect that all the transfers are completed within the statutory stipulated period. A copy of the certificates so received are submitted to the Stock Exchange viz. NSE

Dematerialization of shares as on 31st March 2024

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India - National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Particulars of Shares	Equity Shares of Rs. 10/- each	
Dematerialised form	Number	% of total
CDSL	1,29,46,706	87.57
NSDL	18,37,294	12.43
Total	1,47,84,000	100

Liquidity

Shares of the Company are actively traded on NSE as seen from the volume of shares indicated in the table containing stock market data and hence ensure good liquidity for the investors.

Outstanding GDRs/ADRs/Warrants or any convertible instruments

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments as of March 31, 2024.

Dividend Distribution Summary

Financial Year	Amount of Dividend (Rs)	Date of payment	Dividend tax / (TDS) (Rs)	%
2022-23	2,95,68,000	29/09/2023	2764429	20
2021-22 (Final)	2,21,76,000	03/08/2022	21,07,076	15
2021-22 (Interim)	73,92,000	01/12/2021	6,86,840	5
2020-21	2,21,76,000	05/08/2021	20,33,572	15
2019-20	1,47,84,000	01/10/2020	10,68,470	10
2018-19	1,47,84,000	19/08/2019	30,38,895	10
2017 -18	73,92,000	04/09/2018	15,04,837	5
2016-17	31,00,000	01/03/2017	6,29,222	10
2015-16	62,00,000	19/02/2015	12,62,174	20
2014-15	62,00,000	26/09/2014	10,53,690	20

Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

Risk Management with respect to the Commodities and Forex:

Risk Management only pertains to forex transactions pursued by the Company in the normal course of business. The Company has formed strategies for dealing with the same. There is no commodity price risk.

Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:

The Company does not have any exposure hedged through commodity during the Financial Year 2023- 24.

Plant Locations: Not Applicable as the Company is in service sector.

Address for Correspondence

Queries may be addressed to:

Jaydev Sanghavi,

Chief Financial Officer,

Aarvi Encon Limited,

B1-603, Marathon Innova, Marathon Nextgen Complex, Lower Parel (West), Mumbai – 400013.

Tel: 022 – 4049 9999

Email: info@aarviencon.com/mathew@aarviencon.com

Leela Bisht

Company Secretary and Compliance Officer

Aarvi Encon Limited,

B1-603, Marathon Innova, Marathon Nextgen Complex, Lower Parel (West), Mumbai – 400013.

Tel: 022 – 4049 9907

Email: cs@aarviencon.com

Shareholders' correspondence should be addressed to Company's Registrar & Share Transfer Agent at the below mentioned address

Bigshare Services Pvt. Ltd.

Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093

Board No.: 022 – 62638200

Email: charmi@bigshareonline.com

www.bigshareonline.com

Credit Ratings

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

8. OTHER DISCLOSURES

Policy on materially significant Related Party Transactions

The Company has formulated a policy on dealing with related party transactions. This policy provides for process to be followed for identification, approval and monitoring of transactions with the Related Parties. The Policy mandates that the transactions with Related Parties shall be approved by the Audit Committee. If it does not meet the criteria of arm's length and in ordinary course of business, additional approval of the Board is also required. Additionally, if it cross the threshold prescribed under Section 188 Act and/or Regulation 23 of the Listing Regulations, approval of the shareholders shall also be required. It mandates the Board and the Key Managerial Personnel to disclose about their interest in any transactions to ensure proper tracking of the transactions with the Related Party. The policy is placed on the Company's website <https://aarviencon.com/investors/policies>

During the Financial Year 2023-24, no transactions of material nature had been entered into by the Company that may have a potential conflict of interest of the Company at large. Refer to Note 23 to the Financial Statements for disclosure of related parties.

Whistle Blower Policy

The Company has formulated Vigil Mechanism / whistleblower policy with an aim to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy system which is embedded in its Code of Conduct. The Code of Conduct of the Company serves as a guide for daily business interactions, reflecting the Company's standard for appropriate behavior and living Corporate Values. This policy is placed on the Company's website www.aarviencon.com

It is affirmed that no person has been denied direct access to the chairperson of the Audit committee.

Policy on Insider Trading

The Company has formulated a Code of Conduct for Prevention of Insider Trading (Code) in accordance with the guidelines specified under the PIT Regulations.

The Board has appointed the Company Secretary as the Compliance Officer under the Code responsible for complying with the procedures, monitoring

adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board.

The Company's Code, inter alia, prohibits the purchase and/or sale of shares of the Company by an insider, while in possession of Unpublished Price Sensitive Information in relation to the Company during certain prohibited periods.

It also provides for the period during which the trading window shall remain closed thereby prohibiting the Designated Person to trade in securities of the Company during trading window closure.

Policy on Material Subsidiary

The Company has adopted policy for determining Material Subsidiary in accordance with Regulation 24 of the Listing Regulations; the said policy is placed on the Company's website <https://www.aarviencon.com/assets/img/determination-of-material-subsidaries.pdf>

The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. A report on significant developments of the unlisted subsidiary companies is periodically placed before the Board of Directors of the Company.

The Company has three subsidiary Companies and one Associate Company as on March 31, 2024:

Aarvi Encon FZE located at United Arab Emirates (UAE)

Aarvi Engineering and Consultants Private Limited located in India

Aarvi Encon Resources Limited located at United Kingdom (UK)

Aarvi Encon Staffing Services W.L.L., Qatar

Aarvi Energy Company, Saudi (Incorporated on July 30, 2024)

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

Policy for Selection and Appointment of Directors, Key Managerial Personnels and Senior Mangement

The Board understands the importance of a diversified board and its impact on the performance of the Company. Given the positive attributes of having

a diversified Board, 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. The brief of the policy is provided below:

Managing Director & Whole-Time Director

The Managing Director & Whole-Time Director shall be appointed on the basis of their qualification, expertise and experience in the Business of Aarvi Encon Limited. The term of the appointment or re-appointment of Managing Director & Whole-Time Director shall be for the period of five years. Aarvi Encon Limited shall not appoint or continue the employment of any person as Managing Director or Whole-Time Director who has attained the age of seventy 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 years.

Non-Executive Directors & Independent Directors

The appointment of Non- Executive Directors or Independent Director will be dependent on the requirements, current board composition, experience and expertise required at the Board and Committee level.

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 Act.

Key Managerial Personnel (KMP) and Senior Management

A person to be appointed as a KMP or Senior Management should possess adequate qualifications, knowledge and expertise. The Nomination and Remuneration Committee has discretion to decide whether qualification, knowledge and expertise possessed by a person is sufficient/satisfactory for the concerned position.

The Nomination and Remuneration Policy is available at the website of the Company at <https://aarviencon.com/storage/app/uploads/public/630/5ed/1c8/6305ed1c86d59931166703.pdf>

Details of Non-Compliance

The Company has complied with the requirements of regulatory authorities on capital markets; hence there are no non-compliances for which penalty/stricture was imposed by the stock exchange(s) or SEBI or any other statutory Authority or any other matter related to capital markets on the Company during the last three years except the following.

Qualifications for 3 years – refer audit reports/ compliance reports

FY	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Observations/ Remarks of the Practicing Company Secretary	Details of action taken E.g. fines, warning letter, debarment, etc.
2022-23	As per regulation 34 read with Schedule V of Listing Regulations, the Annual Report shall contain Corporate Governance Report which shall disclose the Dividend payment date in General shareholder's information.	Non-disclosure of Dividend payment date in General shareholder information in Corporate Governance Report forming part of Annual Report for the financial year ended 2022.	NA
2022-23	Pursuant to regulation 36(5) of Listing Regulations following disclosures as a part of the explanatory statement are to be disclosed - Proposed fees payable to the statutory auditor along with terms of appointment - In case of a new auditor, any material changes in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change	Non-disclosure of the proposed fees payable to the statutory auditor and in case of a new auditor, any material changes in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change in the explanatory statement to AGM Notice.	NA

FY	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Observations/ Remarks of the Practicing Company Secretary	Details of action taken E.g. fines, warning letter, debarment, etc.
2022-23	As per NSE Circular dated 28.10.2022, the companies were required to submit SDD Compliance Certificate by November 18, 2022, for quarter ended September 2022	Delay in submission of SDD compliance certificate for quarter ended September 30, 2022	NA
2021-22	As per regulation 30 of SEBI Listing Regulation read with Para A Part A of Schedule III, Outcome of meeting of Board of Directors in which Financial Results have been approved are to be disclosed to Stock Exchange within 30 minutes of the closure of meeting.	Delay in submission of Outcome of Board meeting held on 03.06.2021 during the period under review.	NA

Statement of Utilization of funds

During the year, the Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the listing regulation.

Certificate of Non – Disqualification of Directors

Based on the declaration / confirmation made by the Director, the Company has obtained a Certificate from M/s. Bhatt & Associates Company Secretaries LLP, Practicing Company Secretaries confirming that none of the Directors of the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The copy of the same forms part of this Annual Report.

Statutory Auditor Fee

The total fees for all services paid by the Company and its subsidiaries to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part on consolidated basis for the Financial Year 2023-24 is Rs. 16,01,437/-/. (Refer Note No. 13 as notes to Consolidated Audited Financial Statements).

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company is committed to uphold and maintain the dignity of woman employees and it has in place a policy which provides protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year, no such complaints were received. The

Company has also constituted an Internal Complaints Committee under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. The disclosure in the required format is provided below:

Particulars		No. of Complaints
a.	Number of complaints filed during the Financial Year	0
b.	Number of complaints disposed of during the Financial Year	0
c.	Number of complaints pending as on end of the Financial Year	0

Compliance with mandatory Requirements

During the period under review, your Company has complied with all the mandatory requirements of Listing Regulations. In terms of Corporate Governance, the Company has complied with the applicable requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

Compliance with the Discretionary Requirements under the Listing Regulations

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of the Listing Regulations and requirements as specified in Part E of Schedule II.

In addition, the Company has also adopted the following non-mandatory requirements to the extent

mentioned below:

- The Company's financial statements are unqualified.
- The Chairman is an executive chairman and is entitled to maintain chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of duties.

Loans and Advances

The Company and its subsidiaries have not advanced any 'Loans and advances' in nature of loans to firms/companies in which Directors are interested.

Compliance as per Listing Regulations

During the year under review, there were no instances of non-compliance of any requirement of corporate governance report as mentioned in sub-paras (2) to (10) of Part C of Schedule V to the Listing Regulations.

Accounting Standards

The Company has followed Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs in the preparation of its financial statements.

Affirmation of Compliance with Code of Conduct

The Company has adopted the Code of Conduct for Directors and senior management personnel. The

Code has been circulated to all the members of the Board and senior management personnel and the same has been posted on the Company's website. As a part of Disclosure and consents at the time of appointment, the Directors are required to sign the Code. Additionally, they also have to provide an annual confirmation on adherence to the Code on an annual basis.

A declaration by the Managing Director, regarding affirmation of the compliance with the Code of Conduct by Board Members and Senior Management for the financial year ended March 31, 2024, is annexed to this report

Certificate on Corporate Governance

A Certificate from Practicing Company Secretary, M/s. Bhatt & Associates Company Secretaries LLP, confirming compliance with the conditions of Corporate Governance as stipulated under Schedule V part C of Listing Regulations, is attached to the Directors' Report forming part of the Annual Report.

For and on behalf of the Board of Directors

Aarvi Encon Limited.

Virendra D. Sanghavi

Managing Director

DIN: 00759176

Date: July 3, 2024

Place: Mumbai

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct

This is to confirm that the Company has adopted the Code of Conduct for its Board Members including Independent Directors and Senior Management. This Code is posted on the Company's website.

I confirm that the Company has, in respect of the financial year ended March 31, 2024 received from the senior management team of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them

For and on behalf of the Board of Directors

Aarvi Encon Limited

Virendra D. Sanghavi

Managing Director

DIN: 00759176

Date: July 3, 2024

Place: Mumbai

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members,
Aarvi Encon Limited,
603, B1 Wing, Marathon Innova,
Marathon Nextgen Complex,
Lower Parel (W), Mumbai – 400013.

I have examined the compliance of conditions of Corporate Governance by **Aarvi Encon Limited** ('the Company') for the year ended March 31, 2024, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations, 2015") as referred to in Regulation 15(2) of the SEBI Listing Regulations, 2015 for the period from April 1, 2023 to March 31, 2024.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management and my examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For Bhatt & Associates Company Secretaries LLP
Aashish K. Bhatt
Designated Partner
Membership No.: 19639
UDIN: A019639F000661271

Place: Mumbai
Date: 03.07.2024

INDEPENDENT AUDITOR'S REPORT

To The Members of,

AARVI ENCON LIMITED

Report on Consolidated Financial Statements

Opinion

We have audited accompanying consolidated financial statements of **Aarvi Encon Limited** (the "Holding Company") and its subsidiaries, a list of the same is annexed herewith by way of an Annexure 2 to this report (collectively the company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2024, the consolidated Statement of Profit and Loss including other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of Reports of other Auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated financial statement give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31st 2024, and profit including other comprehensive income, their Consolidated

Cash Flows and the Consolidated Statement of Changes in Equities for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statement of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Responses
<p>1. Revenue Recognition</p> <p>The Company's contracts with customers include contracts with multiple services. The Company derives revenues from manpower supply and related services. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables involves significant judgement.</p> <p>As certain contracts with customers involve management's judgment in (1) identifying distinct performance obligations, (2) determining whether the Company is acting as a principal or an agent, revenue recognition from these judgments were identified as a key audit matter and required a higher extent of audit effort.</p>	<p>Principal Audit Procedures</p> <p>Our audit procedures related to the (1) identification of distinct performance obligations, (2) determination of whether the Company is acting as a principal or agent included the following among others:</p> <ul style="list-style-type: none"> We tested the effectiveness of controls relating to the- <ul style="list-style-type: none"> (a) identification of distinct performance obligations, (b) determination of whether the Company is acting as a principal or an agent and We selected a sample of contracts with customers and performed the following procedures: <ul style="list-style-type: none"> – Obtained and read contract documents for each selection, including master service agreements, and other documents that were part of the agreement. – Identified significant terms and deliverables in the contract to assess management's conclusions regarding the- (i) identification of distinct performance obligations (ii) whether the Company is acting as a principal or an agent

Key Audit Matter	Auditor's Responses
2. Evaluation of Uncertain Tax Positions The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.	Principal Audit Procedures Obtained details of completed tax assessments and demands upto the year ending March 31, 2024 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.

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

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

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

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

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

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, Consolidated cash flows and consolidated Statement of Changes in Equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (IND AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the Company included in the Group are responsible for maintenance of adequate accounting records in accordance with the

provision of the Act for safeguarding of the assets of the Group and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation by the Consolidated Financial Statements by the directors of the Holding Companies as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the Company included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As a part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due

to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements, including the disclosure, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other Auditors, such other Auditors remain responsible for the directions, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings. Including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

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

Other Matters

The unaudited Consolidated financial statements of foreign subsidiary Aarvi Encon (FZE), whose financial statements reflect total assets of Rs. 2,360.35 Lacs (AED 1,04,02,587/-) as at 31st March, 2024, total revenue of

Rs. 2,726.06 Lacs (AED 1,21,02,796/-) and net cash inflow of Rs. 609.11 Lacs (AED 26,84,490/-) for the year then ended. The unaudited financial statements of other foreign subsidiary Aarvi Encon Resources Ltd whose financial statements reflect total assets of Rs.21.55 Lacs (GBP 20,495/-) as at 31st March, 2024, total revenue of Rs. (0.79) Lacs (GBP -762.40) and net cash outflow of Rs. 29.13 Lacs (GBP 27,681/-) is not required to be audited as per the statutory requirements of the respective country. Also, the unaudited financial statements of associate entities, Aarvi Encon Staffing Services W.L.L. reporting total assets of Rs. 57.31 Lacs (QAR 352,280/-), total revenue of Rs. 44.73 Lacs (QAR 196,786/-) and net cash inflow of Rs. 26.39 Lacs (QAR 1,15,255).

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

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraph 3(xxi) of the Order.
2. A) As required by section 143(3) of the Act, based on our audit and the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries as noted in the other matters paragraph we report to the extent applicable, that:
 - a) We / the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief was necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion proper books of account as required by law relating to preparations of the aforesaid Consolidation of the Financial Statements have been kept so far as it appears from our examinations of those books except for the matters stated in para 2(B)(f) below on reporting under rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 and reports of the other auditors;
 - c) The consolidated Balance Sheet, the consolidated Statement of Profit and loss including the statement of other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement and Changes in Equity dealt with by this Report are in agreement with the books of accounts maintained for the

purpose of preparation of Consolidated Financial Statements;

- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.
 - e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2024 and taken on record by the Board of Directors of the holding company and the report of the Statutory Auditors who are appointed under section 139 of the Act of its subsidiaries, none of the directors of the group companies incorporated in India is disqualified as on 31 March, 2024, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(A)(b) above on reporting under Section 143(3)(b) of the Act and para 2(B)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in 'Annexure 3', which is based on the auditors' reports of the subsidiary companies incorporated in India.
- B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The group does not have any pending litigations which would impacts its financial position.
 - ii. The group did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the group.
 - iv. a) The respective managements of the Holding Company and its subsidiaries whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other

sources or kind of funds) by the Holding Company or any of such Subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The respective managements of the Holding Company and its subsidiaries whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the Holding Company or any of such Subsidiaries from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The dividend declared/paid during the year and subsequent to the year-end by the Holding Company and subsidiary companies, as and where dividend declared/paid, is in compliance with Section 123 of the Act.
- vi. The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023.

Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account,

which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the response software.

- (i) In case of the Holding company and its subsidiary company incorporated in India, the feature of recording audit trail (edit log) facility has not been enabled at the database level to log any direct data changes for the accounting softwares used for maintaining the records relating to payroll.
- (ii) In case of the Holding company and its subsidiary company incorporated in India, the feature of recording audit trail (edit log) facility has not been enabled at the database level to log any direct data changes for the accounting softwares used for maintaining the records relating to Consolidation.
- (iii) In case of the Holding company and its subsidiary company incorporated in India, the feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting softwares relating to payroll for the period 1 April 2023 to 31 March 2024. Further, in case of subsidiary incorporated in India, the feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting softwares relating to revenue, Trade Receivables and general ledger for the period 01 April 2023 to 31 March, 2024.

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

- C. Companies Act the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For Jay Shah & Associates.
Chartered Accountants
Firm Reg. No. 135424W

CA. Jay Shah
(Proprietor)
Membership No. 134334
UDINo. : 24134334BKBEEA3412

Place : Mumbai
Date : 13th May, 2024

Annexure to the Independent Auditors' Report of Consolidated Financial Statements

Annexure – 1: Referred to In Paragraph 1 under the Heading “Report on Other Legal and Regulatory Requirements” Of Our Report of Even Date

In Case of subsidiaries incorporated in India, there are no instances of qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order, 2020 (“CARO”) reports of the companies included in the consolidated financial statements of the companies. Accordingly, the requirement to report under Clause 3(xxi) is not applicable to the company.

Annexure – 2: Details of the Group

A. Parent Company;

Sr. No.	Name of the Parent Company
1.	Aarvi Encon Limited

B. Subsidiaries held directly

Sr. No.	Name of the Subsidiary
1.	Aarvi Engineering and Consultants Private Limited
2.	Aarvi Encon (FZE)
3.	Aarvi Encon Resources Limited

C. Subsidiaries held indirectly

Sr. No.	Name of the Subsidiary
1.	Aarvi Encon LLC, Muscat Sultanate of Oman [Subsidiary of Aarvi Encon (FZE)] w.e.f. 13 th January, 2021.
2.	MNR Technical Services LLLC [Subsidiary of Aarvi Encon (FZE)] w.e.f. 14th June, 2023

D. Associate Entities

Sr. No.	Name of the Entity
1.	PT. Aarvi Encon Services, Indonesia [Associate entity of Aarvi Encon (FZE) – Stake held 49%] w.e.f. 10th June, 2021.
2.	Aarvi Encon Staffing Services W.L.L., Qatar [Joint Venture – Stake held 49%] w.e.f. 02 nd March, 2022.

Annexure – 3:

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

In conjunction with our Audit of the consolidated Financial Statements of the holding Company as of and for the year ended 31st March, 2024, we have audited the internal financial controls over financial reporting of **Aarvi Encon Limited** (hereinafter referred to as “the holding company”) and its subsidiaries (the holding company and its subsidiaries together referred as to “the Group”), as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its Subsidiary companies which are incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting commensurate to its size and nature of business and such internal financial controls over financial reporting were operating effectively as at 31st March, 2024, 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 **Jay Shah & Associates.**
Chartered Accountants
Firm Reg. No. 135424W

CA. Jay Shah
(Proprietor)
Membership No. 134334
UDINo. : 24134334BKBEEA3412

Place : Mumbai
Date : 13th May, 2024

Consolidated Balance Sheet as at March 31, 2024

(All amounts are Rupees in lakhs unless otherwise stated)

Particulars	Note Ref	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	4A	903.04	959.45
(b) Goodwill on Consolidation	5	25.34	20.12
(c) Other Intangible Assets	4B	37.16	30.77
(d) Intangible Asset Under Development	4C	-	-
(e) Investment in equity accounted joint venture		-	-
(f) Financial Assets	6		
(i) Loans and Advances	6.3	235.55	226.58
(ii) Others	6.5	1,547.46	1,448.90
(g) Deferred Tax Asset, Net	7	10.61	18.56
(g) Other non current assets	8	887.97	1,804.48
		3,647.14	4,508.85
(2) Current Assets			
(a) Financial Assets	6		
(i) Investments	6.1	39.74	37.16
(ii) Trade Receivable	6.2	8,297.16	9,502.64
(iii) Cash and cash equivalents	6.4	1,068.45	438.55
(iv) Other Bank Balances	6.4	1,264.79	228.56
(v) Loans and Advances	6.3	189.32	84.76
(vi) Others	6.5	2,260.12	807.93
(b) Other current assets	8	335.39	236.18
		13,454.97	11,335.78
Total Assets		17,102.11	15,844.63
EQUITY & LIABILITIES			
Equity			
(a) Equity Share capital	9	1,478.40	1,478.40
(b) Other Equity	10	10,191.68	9,327.56
Equity attributable to owners of Holding Company		11,670.08	10,805.96
Liabilities			
Non-current liabilities			
(a) Financial Liabilities	11		
(i) Borrowings	11	-	-
(ii) Lease Liability	11	-	-
(iii) Others	11.3	149.19	45.80
(b) Provisions	14	-	-
(c) Deferred Tax Liabilities (Net)	12	26.37	37.06
(d) Other Non-current liabilities	13	-	-
		175.56	82.86
Current liabilities			
(a) Financial Liabilities	11		
(i) Borrowings	11.1	975.11	340.30
(ii) Lease Liability	11	-	-
(iii) Trade payables	11.2	-	-
- Total outstanding dues of micro enterprises and small enterprises		2.74	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		792.97	1,021.47
(iv) Others	11.3	2,372.50	2,125.52
(b) Other current liabilities	13	1,076.72	1,458.67
(b) Provisions	14	36.44	9.85
(c) Liabilities for current tax (net)	15	-	-
		5,256.47	4,955.81
Total Equity and Liabilities		17,102.11	15,844.63

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For Jay Shah & Associates
Firm Registration No. 135424W
Chartered Accountants

Sd/-
Jay Shah
Proprietor
M.No. 134334
UDIN : 24134334BKBEEA3412
Place : Mumbai
Date : 13th May, 2024

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/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748

Place : Mumbai
Date : 13th May, 2024

Consolidated Statement of Profit and Loss for the year ended March 31, 2024

(All amounts are Rupees in lakhs unless otherwise stated)

Particulars	Note Ref	Year ended March 31, 2024	Year ended March 31, 2023
I Revenue from Operations	16	40,614.66	43,652.19
II Other Income	17	232.79	131.34
III Total Revenue (I + II)		40,847.45	43,783.52
IV Expenses:			
Employee Benefit Expenses	18	29,347.27	29,160.52
Finance Cost	19	146.80	175.90
Depreciation and amortisation expense	20	126.78	122.83
Other Expenses	21	10,015.89	12,670.60
Total Expenses (IV)		39,636.74	42,129.85
V Profit/(Loss) before exceptional item and Tax (III-IV)		1,210.71	1,653.68
VI Exceptional items:			
Exceptional items/Tax Recovery of earlier years		-	86.01
VII Profit/(Loss) Before Tax (V-VI)		1,210.71	1,567.66
VIII Tax Expense	22		
1. Current Tax		79.09	111.25
2. Short/Excess Provision of Tax		-	-
3. Deferred Tax (Credit)/Charge		(2.74)	5.27
Total Tax Expenses (VIII)		76.35	116.52
IX Profit/(Loss) for the year (VII-VIII)		1,134.36	1,451.15
X Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(13.81)	2.31
tax effect thereon			
(ii) Items that will be reclassified to profit or loss			
Changes in foreign currency translation reserve		10.86	105.29
tax effect thereon			
Other Comprehensive Income for the year, net of tax		(2.95)	107.60
XI Total comprehensive income for the year		1,131.42	1,558.75
XII Net Profit attributable to:			
Owners of the Holding Company Profit / (Loss)		1,134.36	1,451.15
Non-Controlling Interest Profit /(Loss)		-	-
		1,134.36	1,451.15
XIII Other Comprehensive Income attributable to:			
Owners of the Holding Company		(2.95)	107.60
Non-Controlling Interest		-	-
		(2.95)	107.60
XIV Total Comprehensive Income attributable to:			
Owners of the Holding Company		1,131.42	1,558.75
Non-Controlling Interest Profit /(Loss)		-	-
		1,131.42	1,558.75
XV Earnings per Share			
Basic	23	7.67	9.82
Diluted/Diluted(Restated)		7.65	9.79
Nominal Value per share of Rs.10 each			

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For Jay Shah & Associates
Firm Registration No. 135424W
Chartered Accountants

Sd/-
Jay Shah
Proprietor
M.No. 134334
UDIN : 24134334BKBEEA3412
Place : Mumbai
Date : 13th May, 2024

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/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748

Place : Mumbai
Date : 13th May, 2024

Statement of Changes in Equity

(All figures are in lakhs unless otherwise stated)

A Equity

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of INR 10 each issued, subscribed and fully paid				
Balance at the beginning of the reporting period	14,784,000	1,478.40	14,784,000	1,478.40
Changes in equity share capital during the year	-	-	-	-
Balance at the end of Reporting period	14,784,000	1,478.40	14,784,000	1,478.40

B Other Equity

Particulars	Retained Earnings	Securities Premium	OCI - Exchange differences on translation of Foreign Operations	General Reserve	Equity Stock Option	Total
Balance as at 31 March 2022	5,689.72	1,492.29	118.04	690.46	-	7,990.51
Profit/(Loss) for the year	1,451.15	-	-	-	-	1,451.15
Dividend paid during the year	(221.76)	-	-	-	-	(221.76)
Less : Transferred to General Reserve	-	-	-	-	-	-
Less : Deferred tax liability on above	-	-	-	-	-	-
Exchange differences on translation of Foreign Operations	-	-	105.35	-	-	105.35
Defined Benefit Obligation	2.31	-	-	-	-	2.31
Balance as at 31 March 2023	6,921.42	1,492.29	223.39	690.46	-	9,327.56
Profit/(Loss) for the year	1,134.36	-	-	-	-	1,134.36
Dividend paid during the year	(295.68)	-	-	-	-	(295.68)
Less : Transferred to General Reserve	-	-	-	-	-	-
Less : Deferred tax liability on above	-	-	-	-	-	-
Exchange differences on translation of Foreign Operations	-	-	10.86	-	-	10.86
Share based payments expense (Refer Note No 37)	-	-	-	-	28.38	28.38
Defined Benefit Obligation	(13.81)	-	-	-	-	(13.81)
Balance as at 31 March 2024	7,746.30	1,492.29	234.25	690.46	28.38	10,191.68

Retained Earnings

Retained earnings are profits that the Company has earned till date, less dividends or other distributions paid to the shareholders. It also includes remeasurement gain/loss of defined benefit plans.

Securities Premium

Premium received on equity shares issued are recognised in the securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is to be utilised in accordance with the provisions of Section 52 of Companies Act, 2013.

During FY 2017 -18, the Company had come up with the Initial Public Offer (IPO) and raised 21.24 Crores, out of which Security Premium of Rs. 17.30 Crores was raised.

Share based payments expense

Employee stock options is used to record the share based payments, expense under the scheme as per SEBI regulations. The reserve will be used for the settlement of ESOP. (refer note 31)

Foreign currency translation reserve (FCTR)

Exchange differences on translating the financial statements of foreign operations.

The General Reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

As per our report of even date

For Jay Shah & Associates
Firm Registration No. 135424W
Chartered Accountants

Sd/-
Jay Shah
Proprietor
M.No. 134334
UDIN : 24134334BKBEEA3412
Place : Mumbai
Date : 13th May, 2024

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/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748

Place : Mumbai
Date : 13th May, 2024

Consolidated Cash Flow Statement for the period ended March 31, 2024

(All amounts are Rupees in lakhs unless otherwise stated)

Particulars	2023-24	2022-23
Cash flows from operating activities		
Profit /(loss) before tax	1,210.71	1,567.66
Adjustments:		
Depreciation & amortisation	126.78	122.83
Re-measurement of defined benefit obligation	(13.81)	2.31
Interest expense	138.41	179.93
Interest expense on Lease Liability	-	-
Interest income	(196.80)	(80.97)
Liabilities no longer required written back	-	-
Expected Credit Loss	95.65	95.67
Profit on sale of property, plant and equipment	-	-
Exchange (gain) / loss	3.18	1.26
Interest Income on Financial Assets at FVTPL	(2.59)	(1.42)
Share based payments expenses	28.38	-
Loss on sale of property, plant and equipment	-	(1.05)
	179.20	318.56
Operating cash flows before working capital changes and other assets	1,389.91	1,886.23
Decrease/ (increase) in Trade receivables	1,119.00	(1,393.17)
Decrease/ (increase) in Financial Assets	(2,739.30)	867.53
Decrease/ (increase) in Other Assets	(99.60)	(58.91)
(Decrease)/increase in Trade Payables	(225.45)	(0.38)
(Decrease)/increase in Financial Liabilities	379.78	(432.20)
(Decrease)/increase in Other Liabilities	(347.39)	348.66
	(1,912.94)	(668.45)
Cash generated from operations	(523.03)	1,217.77
Income taxes refund / (paid), net	837.41	(544.46)
Net cash generated from in operating activities	314.38	673.32
Cash flows from investing activities		
Purchase of property, plant and equipment and CWIP	(76.77)	(118.35)
Proceeds from sale of property, plant and equipment	-	-
Purchase of intangible assets	-	-
Loan to Joint venture	-	-
Investment in Joint Venture	-	-
Movement in other bank balance	-	-
Movement in term deposits	-	-
Investment in Mutual funds	-	-
Interest Received	196.80	80.97
Goodwill paid during the year	(5.22)	-
Investment in shares Capital	-	-
Cash flows from investing activities	114.81	(37.38)
Proceeds from /(Repayment of) Short-term borrowings	634.80	(302.73)
Net Proceeds from short -term borrowings	(0.00)	-
Proceeds from long -term borrowings	(0.00)	-
Lease Liability:	-	-
Principal	-	-
Interest	-	-
Dividend paid during the year	(295.68)	(221.76)
Interest paid	(138.41)	(179.93)
Net cash used in financing activities	200.71	(704.43)
Net increase / decrease in cash and cash equivalents	629.90	(68.49)
Cash and cash equivalents at the beginning of the period	438.55	507.04
Cash and cash equivalents at the end of the period	1,068.45	438.55
	629.90	(68.49)

As per our report of even date

For Jay Shah & Associates
Firm Registration No. 135424W
Chartered Accountants

Sd/-
Jay Shah
Proprietor
M.No. 134334
UDIN : 24134334BKBEEA3412
Place : Mumbai
Date : 13th May, 2024

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/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748

Place : Mumbai
Date : 13th May, 2024

Statement of Significant Accounting policies and Other Explanatory Notes

1 Corporate Information

Aarvi Encon Limited (the “Company”) is a Human Resource Services Company incorporated as Aarvi Encon Private Limited on 03 December 1987 and the registered office is located at 603, B1 Wing, Marathon Innova, Marathon Nextgen Complex, Lower Parel (W) Mumbai 400013.

2 Significant Accounting Policies

I) Basis of Preparation

The Company is listed on the Main Board of National Stock Exchange of India Ltd w.e.f. 24th June, 2020: The Company has completed the migration of its shares from National Stock Exchange (NSE) Emerge (SME segment) platform to the Main Board of National Stock Exchange of India Ltd w.e.f. 24th June, 2020.

These financial statements are Consolidated Financial Statements as per Ind AS 110 - Separate Financial Statements and are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These consolidated financial Statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

II) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

III) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are entities controlled by the Group. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of each of the subsidiaries used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March 2024.

(i) Consolidation Procedure

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's

portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full, except as stated below Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(ii) Non-controlling interests in the net assets of consolidated subsidiaries consists of :

- a) The amount of equity attributed to non controlling interests at the date on which investment in a subsidiary relationship came into existence;
- b) The non-controlling interest share of movement in equity since the date parent subsidiary relationship came into existence;
- c) Non-controlling interest share of net profit/ (loss) of consolidated subsidiaries for the year is identified and adjusted against the profit after tax of the Group.

(iii) The following entities are considered in the Consolidated Financial Statements listed below:

Sr. No.	Name of the Entity	Principal place of business	Proportion of ownership interest either directly or indirectly	Proportion of ownership interest either directly or indirectly
			As on March 31, 2024	As on March 31, 2023
1	Subsidiary :-			
	Aarvi Engineering & Consultants Private Limited	India	100%	100%
	Aarvi Encon FZE	UAE	100%	100%
	Aarvi Encon Resources Limited	UK	100%	100%
	Aarvi Encon Staffing Services W.L.L - QATAR	Qatar	100%	100%
2	Entities significantly controlled			
	PT Aarvi Encon Services, Indonesia	Indonesia		
	Aarvi Encon LLC, Oman	Oman		

3 Summary of significant accounting policies

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle

(a) Current and non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when :

- It is expected to be realised or intended to be sold or consumed in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Property, Plant and Equipment

- i) Property, plant and equipment (PPE) are measured at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of PPE includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of those PPE. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the year the asset is derecognized.
- ii) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repairs and maintenance costs are recognised in statement of profit and loss as incurred.
- iii) The charge in respect of periodic depreciation is derived after estimating the asset's expected useful life and the expected residual value at the end of its life. The depreciation method, useful lives and residual values of Group's assets are estimated by Management at the time the asset is acquired and reviewed during each financial year.
- iv) Depreciation on all assets of the Group is charged on written down method over the useful life of assets mentioned in Schedule II to the Companies Act ,2013 or the useful life previously assessed by the management based on technical review whichever is lower for the proportionate period of use during the year. Intangible assets are amortised over the economic useful life estimated by the management.
- v) Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are shown as capital advances under long-term loans and advances and the cost of property, plant and equipment not ready for their intended use before such date are disclosed under capital work-in-progress.

c) Intangible Assets

- i) Intangible assets are recorded at the consideration paid for cost of acquisition or development less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.
- ii) Intangible assets under development are capitalized only if the Group is able to establish control over such assets and expects future economic benefit will flow to the Group.
- iii) Intangible assets are amortised over their estimated useful life, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset.

d) Business Combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group. Acquisition costs

are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values.

Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred, the amount recognized for non-controlling interests and fair value of any previous interest held, over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

Business combinations involving entities or businesses under common control have been accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments have been made to reflect fair values, or to recognize any new assets or liabilities.

e) Borrowings

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

f) Impairment of Assets

Assets subject to amortization/depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher between an asset's fair value less sale costs and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which impairment losses have been recognized are tested at each balance sheet date in the event that the loss has reversed.

g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits in banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank borrowings in current liabilities on the balance sheet.

h) Provisions

The Group recognizes a provision when it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

i) Fair Value Measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ♦ In the principal market for the asset or liability, or
- ♦ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

j) Financial Instruments

(i) Financial Assets & Financial Liabilities

Initial recognition and measurement

All financial assets and liabilities are recognised initially at fair value.

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset is treated as cost of acquisition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- ♦ Debt instruments at amortised cost
- ♦ Debt instruments at fair value through other comprehensive income (FVTOCI)
- ♦ Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- ♦ Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Explanatory Notes details how the entity determines whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial instruments

A financial asset is derecognised only when

- * The Group has transferred the rights to receive cash flows from the financial asset or
- * retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

(ii) Investments in associates

Investments in associates are carried at cost in the Separate Financial Statements.

k) Revenue Recognition

- i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Manpower Services

Revenue from manpower services is accounted at a point in time on accrual basis on performance of the services agreed in the contract with the customers.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit or loss.

Dividends

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

l) Taxes

Tax expenses comprise Current Tax and Deferred Tax.:

- i) Current Tax:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

- ii) Deferred Tax:

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

iii) **MAT Credit:**

The Company has opted for income tax under Section 115BAA of the Income tax act, 1961. As per provisions of the Act, the domestic companies opting for section 115BAA will not be able to claim MAT credits for taxes paid under MAT during the tax holiday period. The companies would not be able to reduce their tax liabilities under section 115BAA by claiming MAT credits.

Therefore, the Company has reversed all the MAT credit during the year 2020-21.

m) Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss before OCI for the year by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) Dividend Distribution

Dividend distribution to the Group's equity holders is recognized as a liability in the Group's annual accounts in the year in which the dividends are approved by the Group's equity holders.

o) Foreign exchange transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognised in the statement of profit and loss.

p) Employee benefits

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and other benefits. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post-employment benefits

i. **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan where the Group makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

ii. **Defined benefit plans -Gratuity**

In accordance with the applicable Indian laws, the Group provides for gratuity, defined benefit retirement plan ("the Gratuity plan") covering eligible employees. The Gratuity plan provides a lump-sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each reporting date using the projected unit credit method. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Current service cost and the interest cost on obligation related to defined benefit plans are recognised in the statement of profit or loss.

q) Share based payments**Equity settled share-based payment transactions:**

The Company operates equity settled share-based remuneration plans for its employees. All services received in exchange for the grant of any share-based payment are measured at their fair values on the grant date and is recognised as an employee expense, in the profit or loss with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "Employee stock options / Employee stock appreciation rights". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

Grant date is the date when the Company and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth). All share-based remuneration is ultimately recognised as an expense in the profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period. Market conditions are taken into account when estimating the fair value of the equity instruments granted. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

r) Leases

The following is the summary of the new and/or revised significant accounting policies related to Leases.

The Group, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

4A Property, Plant and Equipment

Details of Additions, Adjustments, Depreciation and Net Block Asset Class Wise-2023-24

Tangible Assets

Particulars	Office Premises	Plant & Machinery	Electrical Installation	Furniture & Fixtures	Office Equipments	Computers	Vehicles	Total
Cost								
As at 31st March 2022	1,133.25	115.31	38.77	91.09	77.52	72.96	139.60	1,668.50
Additions	-	13.77	-	8.86	21.17	23.99	35.56	103.35
Disposals/Adjustments	-	2.98	-	0.17	4.48	-	48.53	56.15
As at 31st March 2023	1,133.25	126.10	38.77	99.78	94.21	96.95	126.63	1,715.69
Additions	-	-	-	2.35	15.35	28.58	16.11	62.39
Disposals/Adjustments	-	-	-	-	-	-	-	-
As at 31st March 2024	1,133.25	126.10	38.77	102.13	109.56	125.53	142.74	1,778.08
Depreciation								
As at 31st March 2022	309.99	71.24	31.54	65.27	48.46	38.67	122.10	687.27
Charge for the Year	40.07	9.51	1.86	6.73	16.21	29.30	10.94	114.61
Disposals	-	0.74	-	0.06	0.21	-	44.62	45.63
As at 31st March 2023	350.05	80.01	33.39	71.94	64.46	67.97	88.42	756.25
Charge for the Year	38.96	8.62	1.28	6.87	16.26	30.90	15.91	118.80
Disposals	-	-	-	-	-	-	-	-
As at 31st March 2024	389.02	88.62	34.67	78.81	80.72	98.87	104.33	875.05
Net Block								
As at 31st March 2024	744.23	37.48	4.10	23.32	28.84	26.66	38.41	903.04
As at 31st March 2023	783.19	46.09	5.38	27.84	29.75	28.98	38.21	959.45

- The group has carried out the exercise of assessment of any indications of impairment to its fixed assets as on the Balance Sheet date. Pursuant to such exercise it is determined that there has been no impairment to its fixed assets during the year.
- There are no changes proposed to the previously assessed residual useful life of the assets.

4B Intangible Asset

Particulars	Software
Cost	
As at 31st March 2022	23.01
Additions	30.00
Disposals/Adjustments	3.43
As at 31st March 2023	49.59
Additions	14.37
Disposals/Adjustments	-
As at 31st March 2024	63.96
Depreciation	
As at 31st March 2022	10.62
Charge for the Year	8.20
Disposals	-
As at 31st March 2023	18.82
Charge for the Year	7.97
Disposals	-
As at 31st March 2024	26.79
Net Block	
As at 31st March 2024	37.17
As at 31st March 2023	30.77

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

		As at March 31, 2024	As at March 31, 2023
5	Goodwill on Consolidation	25.34	20.12
		25.34	20.12

6 Financial Assets**6.1 A Other Investments (At FVTPL)**

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
Mutual Funds	-	-	39.74	37.16
Total	-	-	39.74	37.16

A Quoted

In Mutual Funds	March 31, 2024		March 31, 2023	
	No of units	Amount	No of units	Amount
Axis Banking & PSU Debt-G	551.47	13.17	551.47	12.32
IDFC Banking & PSU Debt Reg-G	59,745.72	13.35	59,745.72	12.48
IDFC Corporate Bond Reg-G	76,107.56	13.22	76,107.56	12.36
	136,404.74	39.74	136,404.74	37.16

6.2 Trade Receivables

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
(Unsecured at Amortised Cost)				
i) Considered good	-	-	8,581.28	9,701.41
ii) Considered doubtful	-	-	29.62	21.95
Less : Expected credit Loss	-	-	(313.74)	(220.72)
	-	-	8,297.16	9,502.64

A Expected Credit Loss:

Trade receivables and unbilled revenue are unsecured and are derived from revenue earned from customers primarily located in India. Periodically, the Group evaluates all customer dues to the Group for collectability. The need for impairment is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customers operates, general economic factors, which could affect the customer's ability to settle. More than 95% of the Group's customers have been transacting with the Group for over five years and none of these customers' balance are credit impaired. An impairment analysis is performed at each reporting date on invoice wise receivable balances. The Life time credit loss write off during the year arises more out of the disputes or charges rather than credit impairment.

Since the Group Calculates impairment under the simplified approach the Group does not track the changes in credit risk of trade receivables the impairment amount represents lifetime expected credit loss. Hence the additional disclosures in trade receivables for changes in credit risk and credit impaired trade receivable are not disclosed.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Movement in the expected credit loss allowance

Particulars	March 31, 2024	March 31, 2023
Balance at the beginning of the period	220.72	225.09
Impairment loss recognised	94.41	95.67
Amount written off during the period	(1.39)	(100.05)
Provision at the end of the period	313.74	220.72

Aging of Trade receivables as at 31st March 2024

Particulars	Unbilled/ Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Receivables							
- considered good	5,733.19	1,834.13	357.50	247.02	86.48	323.54	8,581.86
- considered doubtful	-	-	-	-	-	-	-
ii) Disputed Trade Receivables							
- considered good	-	-	-	-	-	-	-
- considered doubtful	-	-	-	-	-	29.62	29.62
	5,733.19	1,834.13	357.50	247.02	86.48	353.16	8,611.48
Less : Expected credit Loss							313.74
							8,297.74

Aging of Trade receivables as at 31st March 2023

Particulars	Unbilled/ Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Receivables							
- considered good	6,693.49	2,474.86	115.63	92.06	35.02	290.35	9,701.41
- considered doubtful	-	-	-	-	-	-	-
ii) Disputed Trade Receivables							
- considered good	-	-	-	-	-	-	-
- considered doubtful	-	-	-	-	-	21.95	21.95
	6,693.49	2,474.86	115.63	92.06	35.02	312.30	9,723.36
Less : Expected credit Loss							220.72
							9,502.64

6.3 Loans and Advances

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
(Unsecured Considered goods)				
i) Rent Deposits	-	-	32.20	30.95
ii) Earnest Money Deposits	99.61	92.62	-	-
iii) Other Security Deposits	2.04	2.04	-	-
iv) Loans to others	133.90	131.92	157.12	53.81
	235.55	226.58	189.32	84.76

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

6.4 Cash and Bank Balances

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
A Cash and cash equivalents				
i) Balances with banks	-	-	1,063.83	436.09
ii) Cash on hand	-	-	4.62	2.46
iii) Cheques in hand	-	-	-	-
iv) Fixed Deposits with Bank	-	-	-	-
	-	-	1,068.45	438.55
B Other Bank Balances				
i) In Earmarked Accounts (*)	-	-	-	1.35
ii) Term Deposits with Banks (**)	-	-	1,264.79	227.20
Total	-	-	1,264.79	228.56

(*) These are held as margin money or security against borrowings, guarantees and other commitments

(**) These are lien and/or pledged against short term credit facilities with banks

6.5 Others

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
Unsecured Considered Good				
i) Contract Asset				
- Security Deposit and Retentions	574.11	634.14	-	-
- Unbilled Revenue	-	-	1,893.00	624.26
ii) Reimbursement Right for Gratuity-Contract Staff	149.19	45.80	19.29	57.40
iii) Interest Accrued On Deposits	-	-	26.20	12.60
iv) Term Deposits with Banks	824.17	768.97	-	-
v) Other Receivables	-	-	321.63	113.67
	1,547.46	1,448.90	2,260.12	807.93

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

7 Deferred Tax Asset

	As at	
	March 31, 2024	March 31, 2023
a) Deferred Tax Asset on account of :		
i) Depreciation due to timing difference	-	1.06
ii) Unabsorbed depreciation	1.54	1.07
iii) Business Loss	9.08	16.44
	10.61	18.56

8 Other Assets

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
i) Capital Advances	59.85	59.85	-	-
ii) Prepaid Expenses	-	-	164.42	145.49
iii) Prepaid Taxes (Net of Provision of Tax)	828.13	1,744.63	-	-
iv) Advance to suppliers	-	-	43.78	28.04
v) Balances with Tax Authorities	-	-	64.04	39.85
vi) Staff Advances	-	-	63.16	22.79
vii) Prepaid Gratuity	-	-	-	-
Total	887.97	1,804.48	335.39	236.18

9 Equity Share capital

	As at	
	March 31, 2024	March 31, 2023
i) Authorised shares :		
March 31, 2024: 2,00,00,000 Equity shares of Rs 10/- each	2,000.00	2,000.00
March 31, 2023: 2,00,00,000 Equity shares of Rs 10/- each		
Total	2,000.00	2,000.00
ii) Issued and subscribed and Paid-up shares :		
March 31, 2024: 1,47,84,000 Equity shares of Rs 10/- each	1,478.40	1,478.40
March 31, 2023 : 1,47,84,000 Equity Shares of Rs. 10/- each		
Total	1,478.40	1,478.40
Total paid-up share capital	1,478.40	1,478.40

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	As at			
	March 31, 2024		March 31, 2023	
	Number	Amount	Number	Amount
Balance, beginning of the year	14,784,000	1,478.40	14,784,000	1,478.40
Issued during the year	-	-	-	-
Balance, end of the year	14,784,000	1,478.40	14,784,000	1,478.40

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The shareholders are entitled to dividend in the proportion of their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

	As at			
	March 31, 2024		March 31, 2023	
	Number	%	Number	%
Equity Shares				
Mr. Virendra Dalpatram Sanghavi	7,595,000	51.37%	7,595,000	51.37%
Mr. Jaydev Virendra Sanghavi	2,182,500	14.76%	2,182,500	14.76%
	9,777,500	66.14%	9,777,500	66.14%

- d) As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownerships of the shares.

e) Shares held by Promoters

Promoter Name	As at 31 March 2024		As at 31 March 2023		% of change during the year
	No of Shares	% of total Shares	No of Shares	% of total Shares	
Mr. Virendra Dalpatram Sanghavi	7,595,000	51.37%	7,595,000	51.37%	0.00%
Mr. Jaydev Virendra Sanghavi	2,182,500	14.76%	2,182,500	14.76%	0.00%
Ms. Naini Kulkarni	651,000	4.40%	651,000	4.40%	0.00%
Mr. Aditya Sanghavi	162,750	1.10%	162,750	1.10%	0.00%
Ms. Ami Sanghavi	271,250	1.83%	271,250	1.83%	0.00%
Ms. Nirali Sanghavi	10,000	0.07%	-	0.00%	0.07%
Total	10,872,500	73.54%	10,862,500	73.47%	0.07%

10 Other Equity

	As at	
	March 31, 2024	March 31, 2023
i) Retained Earnings	7,746.30	6,921.42
ii) Securities Premium Account	1,492.29	1,492.29
iii) General Reserve	690.46	690.46
iv) Other Comprehensive Income	234.25	223.39
v) Employee stock options	28.38	
	10,191.68	9,327.56

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

11.1 Short Term Borrowings (at amortised cost)

	As at	
	March 31, 2024	March 31, 2023
(Secured)		
Cash Credit Facility	975.10	340.30
Total	975.10	340.30
Breakup of Cash Credit Facilities		
HSBC Bank Limited	161.62	10.53
Yes Bank Limited	813.48	306.86
HDFC Bank Limited	-	22.90
Total	975.10	340.30

Security for loans and Terms of payment

In respect of Cash Credit, working capital demand loan and Bank guarantees from HSBC Bank Limited

- Pari Passu charge on Current Assets and fixed assets.
- Exclusive Charge over Property situated at Office no. 901, 9th floor, B2, Marathon Nextgen Innova, Lower Parel, Mumbai 400013.
- Personal Guarantee from Mr. Jaydev Sanghavi and Mr. Virendra Sanghavi
- 15% Deposits under lien

In respect of Cash Credit, working capital demand loan and Bank guarantees from Yes Bank Limited

- Pari Passu charge with HDFC Bank and HSBC on Current Assets and movable fixed assets.
- Equitable mortgage of commercial properties located at Shah & Nahar Industrial Estate, Lower Parel (Mumbai) and Marathon Nextgen Realty Limited, Lower Parel (Mumbai).
- Unconditional and Irrevocable Personal guarantees of Mr Jaydev Sanghavi, Mr Virendra Sanghavi.
- Rs. 73.50 lakhs in the form of fixed deposit receipt placed under bank lien.

In respect of Cash Credit, working capital demand loan and Bank guarantees from HDFC Bank Limited

- First charge on Pari Passu basis with HSBC and Yes Bank by the way of Hypothecation on all present and future book debts of the Company.
- Fixed Deposit of Rs. 382.59 lakhs under lien
- Exclusive charge on Flat No 11 & 11A, Building O, 4th Floor, Konark Campus Co-operative Housing Society, Lohegaon Village, Taluka Haveli, Pune.

11.2 Trade Payables (at amortised cost)

	As at	
	March 31, 2024	March 31, 2023
i) Trade payables - Micro, small and medium enterprises	2.74	-
ii) Trade payables - Others	792.97	1,021.47
Total	795.71	1,021.47

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

a) Amounts due to Micro, Small and Medium Enterprises

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

Trade Payables aging schedule as at 31st March 2024

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Payables					-
MSME	2.74	-	-	-	2.74
Others	787.14	1.67	2.81	0.04	791.66
ii) Disputed Trade Payables					-
MSME	-	-	-	-	-
Others	-	-	-	-	-
Total	789.88	1.67	2.81	0.04	794.40

Trade Payables aging schedule as at 31st March 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Payables					-
MSME	-	-	-	-	-
Others	914.30	105.60	1.57	-	1,021.47
ii) Disputed Trade Payables					-
MSME	-	-	-	-	-
Others	-	-	-	-	-
Total	914.30	105.60	1.57	-	1,021.47

Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006

	As at	
	March 31, 2024	March 31, 2023
A. (i) Principal amount remaining unpaid	1.42	-
A. (ii) Interest amount remaining unpaid	1.32	-
B. Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
C. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	1.26	-
D. Interest accrued and remaining unpaid	0.06	-
E. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

11.3 Other Financial Liabilities (At Amortised Cost)

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
i) Current Maturities of Long term Borrowings	-	-	-	-
ii) Advance from Customers	-	-	-	-
iii) Employee Liabilities	-	-	2,332.65	2,037.99
iv) Employee Benefit Liability-Contract Staff	149.19	45.80	19.29	57.40
v) Others	-	-	20.56	30.12
	149.19	45.80	2,372.50	2,125.52

12 Deferred Tax Liability

	As at	
	March 31, 2024	March 31, 2023
a) Deferred Tax Liability on account of :		
i) Depreciation due to timing difference	48.84	49.82
b) Deferred Tax Asset on account of :		
i) Disallowance due to Non-deduction of TDS	0.30	0.30
ii) Employee Benefits	22.17	12.46
	26.37	37.06

13 Other Liabilities

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
i) Duties and Taxes payable	-	-	1,076.72	1,458.67
Total	-	-	1,076.72	1,458.67

14 Provisions

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
i) Provision for Employee Benefits				
Provision for Gratuity	-	-	36.44	9.85
	-	-	36.44	9.85

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

- a) Disclosure in accordance with Ind AS – 19 “Employee Benefits”, of the Companies (Indian Accounting Standards) Rules, 2015.

The Group has carried out the actuarial valuation of Gratuity liability under actuarial principle, in accordance with Ind AS 19 - Employee Benefits.

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service restricted to Rs 20 lacs. The Company's gratuity liability is Funded.

- i) The amount recognised in the balance sheet and the movements in the net defined benefit obligation of Gratuity over the year for Core Staff is as follow:

Particulars	As on March 31, 2024	As on March 31, 2023
(a) Reconciliation of opening and closing balances of Defined benefit Obligation		
Defined Benefit obligation at the beginning of the year	108.26	101.93
Current Service Cost	22.38	12.52
Interest Cost	7.33	6.32
Actuarial (Gain) /Loss-Other Comprehensive Income	18.55	(5.66)
Benefits paid	(1.49)	(6.84)
Defined Benefit obligation at the year end	155.03	108.26
(b) Reconciliation of opening and closing balances of fair value of plan assets		
Fair Value of plan assets at the beginning of the year	98.41	97.18
Adjustment to the Opening fund	-	-
Expected return on Plan Assets	4.75	(3.35)
Interest Income	7.08	6.42
Employer Contribution	9.85	5.00
Benefits Paid	(1.49)	(6.84)
Fair Value of Plan Assets at the year end	-	-
Actual Return on Plan Assets	118.59	98.41
(c) Reconciliation of fair value of assets and obligations		
Fair Value of Plan Assets	118.59	98.41
Present value of Defined Benefit obligation	155.03	108.26
Liability recognized in Balance Sheet	36.44	9.85
(d) Expenses recognized during the year (Under the head “ Employees Benefit Expenses)		
Current Service Cost	22.38	12.52
Net Interest Cost	0.25	(0.11)
Total Included in Employees Benefit Exp	22.63	12.41
(e) Actuarial (Gain)/Loss- Other Comprehensive Income		
Components of actuarial gain/losses on obligations:	1.91	(4.23)
Due to Change in financial assumptions	16.65	(1.44)
Return on plan assets excluding amounts included in interest income	(4.75)	3.35
Amounts recognized in Other Comprehensive (Income) / Expense	13.81	(2.31)
(f) Net liabilities / (Assets) recognised in the balance sheet		
Long-term provisions	36.44	9.85
Short-term provisions/(Loans and Advances)	(0.00)	(0.00)
	36.44	9.85

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

ii) Actuarial Assumptions

Particulars	As on March 31, 2024	As on March 31, 2023
Discount rate (per annum)	7.20%	7.40%
Rate of escalation in salary (per annum)	7.00%	7.00%
Attrition Rate		
Younger Age	50%	50%
Older Age	5%	5%
Rate of return on plan assets (per annum)	7.20%	7.40%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

There is no minimum funding requirement for a gratuity plan in India and there is no compulsion on the part of the Group fully or partially pre-fund the liabilities under the plan. Since the liabilities are unfunded there is no asset liability matching strategy devised for the plan.

iii) Sensitivity analysis

A quantitative Sensitivity analysis for significant assumption

Particulars	Discount Rate	Salary Growth Rate	Attrition Rate
Changes in Assumption			
31-Mar-24	0.50%	0.50%	10.00%
31-Mar-23	0.50%	0.50%	10.00%
Increase in assumption			
31-Mar-24	(150.35)	158.88	155.41
31-Mar-23	(104.96)	111.07	108.58
Decrease in assumption			
31-Mar-24	160.00	(151.31)	(154.58)
31-Mar-23	111.76	(105.39)	(107.89)

(iv) Actuarial Risk:

A Actuarial Risk

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C Liquidity Risk

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Group there can be strain on the cashflows.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

15 Current Tax Liabilities (Net)

	As at	
	March 31, 2024	March 31, 2023
a) Provision for Tax (Net of Taxes Paid)	-	-
	-	-

16 Revenue from Operations

	Year Ended March 2024	Year Ended March 2023
i) Revenue from Manpower Services		
Supply of Manpower and Consultancy Fees	39,976.43	42,999.06
Fees for Business Consultancy	-	-
Fees for Placement Services	-	-
ii) Other Operating Revenue	638.24	653.12
	40,614.66	43,652.19

- I Disclosure in accordance with Ind AS - 115 "Revenue Recognition Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015

- a) Revenue disaggregation based on Service Type and Customer type:

(i) Revenue disaggregation by type of Service is as follows:

Major Service Type	2023-24	2022-23
Manpower Supply and Consultancy Fees	39,976.43	42,999.06
Fees for Business Consultancy	-	-
Reimbursement Income for Services Provided	638.24	653.12
	40,614.66	43,652.19

(ii) Revenue disaggregation by Customer Type is as follows:

Customer Type	2023-24	2022-23
Government Companies	8,695.25	8,810.47
Non Government Companies	31,919.42	34,841.72
	40,614.66	43,652.19

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

(iii) Movement in Contract Balances

Particulars	Opening	Billed for the Financial Year	Addition during the year	Closing
Advance from Customers				
March 2024	-	-	-	-
March 2023	-	-	-	-

Particulars	Opening	Billed/ Reversed for the Financial Year	Addition during the year	Closing
Unbilled Revenue				
March 2024	624.26	624.26	1,893.00	1,893.00
March 2023	700.00	700.00	624.26	624.26

(iv) Performance Obligation

Performance obligation is satisfied on rendering of services and as agreed in the contract with the customers. The payment is generally due within 0-30 days.

17 Other Income

	Year Ended March 2024	Year Ended March 2023
i) Interest Income on Financial Assets at FVTPL	2.59	1.42
ii) Interest Income on Fixed Deposits	67.81	75.85
iii) Interest Income on Loans and Advances	128.98	0.24
iv) Profit on Sale of Property, Plant and Equipment	-	4.48
v) Reversal of Provision for Expected Credit Loss	-	-
vi) Interest Income on Financial Assets at amortised cost	-	-
vii) Interest Income on Income Tax Refund	0.01	-
viii) Sundry Balance written Back	-	(0.00)
ix) Foreign Exchange Gain	2.48	23.08
ix) Miscellaneous income	30.92	26.27
	232.79	131.34

18 Employee Benefit Expenses

	Year Ended March 2024	Year Ended March 2023
i) Salaries & Wages, Bonus, Perquisites, etc	27,473.02	27,271.52
ii) Contribution to Provident, Gratuity funds	1,217.32	1,313.98
iii) Share based payments expense (Refer note no. 37)	28.38	-
iv) Managerial Remuneration	336.00	336.00
v) Staff Insurance	260.35	209.99
vi) Staff Welfare	32.20	29.03
	29,347.27	29,160.52

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

19 Finance Cost

	Year Ended March 2024	Year Ended March 2023
i) Interest Expense on Lease Liability	-	-
ii) Interest on Borrowings	141.38	171.31
iii) Other Finance Cost	1.32	-
iv) Interest on Indirect Taxes	4.10	4.59
	146.80	175.90

20 Depreciation and Amortization

	Year Ended March 2024	Year Ended March 2023
i) Depreciation on Property, Plant & Equipment	126.78	122.83
ii) Depreciation on Right of Use Assets	-	-
Total	126.78	122.83

21 Other expenses

	Year Ended March 2024	Year Ended March 2023
Assets Scrapped	-	3.43
Remuneration to Auditor	16.01	12.20
Remuneration to Component Auditors	6.81	0.53
Director's Sitting Fees	10.15	7.33
Travelling Expenses	887.65	690.08
Expected Credit Loss	94.41	95.67
Site related Expenses	991.96	892.80
Consumables purchased	126.66	188.38
Professional Fees - Project	6,492.58	9,417.12
Rates and Taxes	-	3.40
Power and Fuel	36.35	62.36
Rent	218.06	181.97
Membership & Subscription	50.92	38.20
Health and Safety Expenses	141.62	106.08
Housekeeping Expenses	28.74	27.77
Insurance Charges	3.62	4.78
Advertisement Expenses	14.04	17.70
Donation	5.10	11.99
Motor Car Expenses	9.30	6.86
Food and Accommodation Expenses	252.90	395.77
Printing and Stationery Expenses	30.71	26.61

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

	Year Ended March 2024	Year Ended March 2023
Legal & Professional Charges	198.41	132.14
Business Promotion Expenses	6.31	12.72
Telephone Charges	35.67	25.58
Bank Charges	39.90	36.61
Corporate Social Responsibility Expenses	20.88	16.94
Water Charges	6.97	7.44
Repairs and Maintenance Expenses	23.55	20.65
Foreign Exchange Loss	-	-
Loss on disposal of Fixed Assets	-	-
Office Maintenance Expenses	16.06	12.16
Other Expenses (None of which individually forms more than 1% of the Operating Revenue)	250.57	215.37
Total	10,015.89	12,670.60

a) Payment to auditors	Year Ended March 2024	Year Ended March 2023
Audit fee	11.00	10.10
Tax Matters	2.80	2.10
Others	2.21	-
Total payments to auditors	16.01	12.20

b) Payment to Component auditors	Year Ended March 2024	Year Ended March 2023
Audit fee	6.81	0.53
Tax Audit	-	-
Tax Matters	-	-
Total payments to Component auditors	6.81	0.53

22 Tax Expense	Year Ended March 2024	Year Ended March 2023
a) Income tax expense in the statement of profit and loss consists of:		
Current Tax	79.09	111.25
Short/Excess Provision of Tax	-	-
Minimum alternative tax entitlement	-	-
Deferred Tax	(2.74)	5.27
Income tax recognised in statement of profit or loss	76.35	116.52

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

- b) The reconciliation between the provision of income tax of the Group and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows :

Particulars	Year Ended March 2024	Year Ended March 2023
A Current Tax		
Accounting Profit Before Income Tax	1,210.71	1,653.68
Less : Non taxable profit or Loss of Subsidiaries	107.69	123.91
Taxable Profit or loss	1,103.02	1,529.77
Enacted tax rates in India (%)	25.168%	25.168%
Computed expected tax expenses	277.61	385.01
Effect of non- deductible expenses	37.72	84.48
Effects of deductible Expenses	(236.24)	(358.24)
Income tax expenses - Net	79.09	111.25
Tax liability as per Minimum Alternate Tax on book profits		
Minimum Alternate Tax rate	0.00%	0.00%
Computed tax liability on book profits		
Tax effect on adjustments:		
1/5 portion of Opening IND AS Reserve as on April 1, 2018		
Effect of non deductible expense		
Differential MAT Provided in Subsequent year		
Minimum Alternate Tax on Book Profit	-	-
Higher of A or B	79.09	111.25

Note: The Company has opted for income tax under Section 115BAA of the Income tax act, 1961. As per provisions of the Act, the domestic companies opting for section 115BAA will not be able to claim MAT credits for taxes paid under MAT during the tax holiday period. The companies would not be able to reduce their tax liabilities under section 115BAA by claiming MAT credits.

Therefore, the Company has reversed all the MAT credit during the year 2020-21

B Deferred Tax				
Deferred tax assets/(liabilities) in relation to:-				
Particulars	Opening	Recognised in P&L	Recognised in OCI	Closing
As at March 31, 2022	(15.92)	2.68	-	(13.23)
Property, Plant and Equipment	(47.05)	(1.70)	-	(48.75)
Employee benefits	17.51	(4.75)	-	12.76
Business loss & unabsorbed depreciation	16.32	1.18	-	17.49
As at March 31, 2023	(13.23)	(5.27)	-	(18.50)
Property, Plant and Equipment	(48.75)	(0.98)	-	(49.73)
Employee benefits	12.76	9.71	-	22.47
Business loss & unabsorbed depreciation	17.49	(5.99)	-	11.50
As at March 31, 2024	(18.50)	2.74	-	(15.76)

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

23 Disclosure as required by Accounting Standard – IND AS 33 “Earning Per Share” of the Companies (Indian Accounting Standards) Rules 2015.

Net Profit / (loss) attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:

Particulars	Year Ended March 2024	Year Ended March 2023
Net profit attributable to owners of the Holding Company	1,134.36	1,451.15
Outstanding equity shares at period end - Nos	14,784,000	14,784,000
Weighted average Number of Shares outstanding during the period – Basic	14,784,000	14,784,000
Weighted average Number of Shares outstanding during the period - Diluted / Diluted (Restated)	14,823,000	14,823,000
Earnings per Share - Basic (Rs.)	7.67	9.82
Earnings per Share - Diluted / Diluted (Restated) (Rs.)	7.65	9.79

Reconciliation of weighted number of outstanding during the period:

Particulars	Year Ended March 2024	Year Ended March 2023
Nominal Value of Equity Shares (Rs per share)	10	10
For Basic EPS :		
Total number of equity shares outstanding at the beginning of the period	14,784,000	14,784,000
Add : Issue of Equity Shares	-	-
Total number of equity shares outstanding at the end of the period	14,784,000	14,784,000
Weighted average number of equity shares at the end of the period	14,784,000	14,784,000
For Dilutive EPS :		
Weighted average number of shares used in calculating basic EPS	14,784,000	14,784,000
Weighted average number of equity shares used in calculating diluted EPS	14,823,000	14,823,000

24 Contingent Liabilities

Particulars	March 31, 2024	March 31, 2023
Bank Guarantees	1,285.20	1,543.60
Total	1,285.20	1,543.60

25 Commitments

Particulars	March 31, 2024	March 31, 2023
Capital Commitments:		
Estimated amount of contracts remaining to be executed on capital account. (Net of Capital Advances)	-	-
Total	-	-

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

26 Disclosure in accordance with Ind AS – 108 “Operating Segments”, of the Companies (Indian Accounting Standards) Rules, 2015.

Based on the “management approach” as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Group’s performance In accordance with IND AS “Operating Segment”, The Group has only one reportable operating segment i.e. Manpower Supply and Consultancy Services.

Additional disclosure required as per Ind AS 108

Particulars	March 31, 2024	March 31, 2023
Revenue from geographical segment		
-Within India	40,544.19	43,652.19
-Outside India	2,770.70	5,373.60
Total	43,314.89	49,025.78

a) The non-current assets attributable to any particular geographical segment is not material for disclosure.

b) Major Customers

The top 1 customers account for 20% of the total revenue earned during the year ended March 31, 2024 (March 31, 2023: Top 1 customers accounted for 17% of the total revenue earned).

27 Disclosure of interest in other entities as per Ind AS 112

I Consolidated financial statements comprises the financial statements of Aarvi Encon Limited, its subsidiaries as listed below:

S. No.	Name of Entity	Principal place of business	Principal Activities	Proportion of ownership (%) as at March 31, 2024	Proportion of ownership (%) as at March 31, 2023
(i) Subsidiary companies					
1	Aarvi Engineering & Consultants Private Limited	India	Manpower and Consultancy Service	100.00	100.00
2	Aarvi Encon FZE	UAE		100.00	100.00
3	Aarvi Encon Resources Limited - UK	UK		100.00	100.00
(ii) Entities significantly controlled					
1	Aarvi Encon Staffing Services W.L.L - QATAR	Qatar	Manpower and Consultancy Service		
2	PT Aarvi Encon Services, Indonesia	Indonesia			
3	Aarvi Encon LLC, Oman	Oman			
4	MNR Technical Services LLP	UAE			

II The entity does not have any subsidiaries that have non controlling interests.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

28 Disclosure in accordance with Ind AS - 24 “Related Party Disclosures”, of the Companies (Indian Accounting Standards) Rules, 2015

Name of the related parties and related party relationships

A List of related parties

i Key Management Personnel

Mr. Virendra Sanghavi, Managing Director

Mr. Jaydev Sanghavi, Executive Director & CFO

Ms Leela S. Bisht, Company Secretary & Compliance Officer

ii Entities significantly influenced or controlled by Key Management Personnel or their relatives

Eneryjobz Services Private Limited

Aarvi Encon Employees Group Gratuity Fund

iii Relatives of Key Management Personnel

Mr. Ninad Kulkarni (son in law of Managing Director)

Mrs. Naini Kulkarni, Proprietor of M/s Aarvi IT Services (daughter of Managing Director)

Mrs. Ami J. Sanghavi (wife of Executive Director)

Mr. Aditya J. Sanghavi (son of Executive Director)

Ms. Nirali J. Sanghavi (Daughter of Executive Director)

Particulars	Entities where control exists	KMP	Relatives of KMP	Total
Remuneration to Key Management Personnels (KMP)				
Mr. Virendra Sanghavi	-	168.00	-	168.00
	-	(168.00)	-	(168.00)
Mr. Jaydev Sanghavi	-	168.00	-	168.00
	-	(168.00)	-	(168.00)
Ms Leela Bisht	-	5.68	-	5.68
	-	(5.39)	-	(5.39)
Rent				
Ms. Nirali J. Sanghavi	-	-	4.20	4.20
	-	-	(4.20)	(4.20)
Salaries and wages				
Mrs. Naini N. Kulkarni	-	-	29.50	29.50
	-	-	(27.14)	(27.14)
Mrs. Ami J. Sanghavi	-	-	14.95	14.95
	-	-	(9.49)	(9.49)
Mr. Aditya Sanghavi	-	-	4.25	4.25
	-	-	(5.20)	(5.20)
Director sitting fees				
Mr. Devendra J Shrimanker, Independent Director	-	2.77		2.77
		(2.35)		(2.35)
Mrs. Sonal N Doshi, Independent Director	-	2.85		2.85
		(2.43)		(2.43)

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Mrs. Padma V Devarajan, Independent Director	-	2.78		2.78
		(1.80)		(1.80)
Mr. Sharad Sanghi, Independent Director		0.20		0.20
		(0.35)		(0.35)
Mr. Ramamoorthy Ramachandran, Independent Director		1.55		1.55
		(0.40)		(0.40)
Dividend paid				
Mr. Virendra Sanghavi	-	151.90	-	151.90
		(113.93)		(113.93)
Mr. Jaydev Sanghavi	-	43.65	-	43.65
		(32.74)		(32.74)
Mrs. Ami Jaydev Sanghavi	-	-	5.42	5.42
			(4.07)	(4.07)
Mr. Aditya Jaydev Sanghavi	-	-	3.25	3.25
			(2.44)	(2.44)
Mrs. Naini Ninad Kulkarni	-	-	13.02	13.02
			(9.77)	(9.77)
Rent Deposit				
Mr. Virendra Sanghavi	-	-	-	-
		(0.70)		(0.70)
Outstanding				
Mr. Virendra Sanghavi	-	55.05	-	55.05
		(55.53)		(55.53)
Mr. Jaydev Sanghavi	-	79.82	-	79.82
		(80.85)		(80.85)
Mrs. Naini N. Kulkarni	-	-	1.92	1.92
			(1.65)	(1.65)
Mrs. Ami J. Sanghavi	-	-	1.02	1.02
			(0.70)	(0.70)
Mr. Aditya J. Sanghavi	-	-	-	-
			(0.40)	(0.40)
Ms Nirali J. Sanghavi	-	-	0.31	0.31
			(0.31)	(0.31)

Figures above do not include IND AS Adjustments

For KMP Reimbursement of Expenses is not reported above

(Previous years figures are in bracket)

* Expenses towards gratuity and compensated absences has not been considered in above information as a separate actuarial valuation is not available. Remuneration reported pertains to the amount paid including variable pay of previous year but does not include provisions towards variable pay, share based payment expenses as per Ind AS 102 etc.

All transactions with these related parties are priced on an arm's length basis. None of the balance is secured.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

29 Corporate Social Responsibility

For 2023-24

- a Gross amount required to be spent by the Company during the year : Rs. 25.83 Lacs
- b Excess amount spent for the Financial Year 22-23 (Amount Allowed to be set off against CSR Expenditure of the Current Year) : Rs 6.45 Lacs
- c Amount to be spent in F.Y. 2023-24 : Rs 19.38 Lacs
- d Actual Amount spent by the Company during the year is as follows ;

Activity	Paid in Cash	Yet to be Paid in Cash	Total
1. Eradicating hunger, poverty and malnutrition, [“promoting health care including preventive health care”] and promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	20.88	-	20.88
2. Rural development projects, Disaster management, including relief, rehabilitation and reconstruction activities.			
3. Contribution to the prime minister’s national relief fund or any other fund set up by the central govt. or state govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;			
Total	20.88	-	20.88

For 2022-23

- a Gross amount required to be spent by the Company during the year : Rs. 16.35 Lacs
- b Excess amount spent for the Financial Year 21-22 (Amount Allowed to be set off against CSR Expenditure of the Current Year) : Rs 5.86 Lacs
- c Amount to be spent in F.Y. 2022-23 : Rs 10.49 Lacs
- d Actual Amount spent by the Company during the year is as follows ;

Activity	Paid in Cash	Yet to be Paid in Cash	Total
1. Eradicating hunger, poverty and malnutrition, [“promoting health care including preventive health care”] and promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	16.94	-	16.94
2. Rural development projects, Disaster management, including relief, rehabilitation and reconstruction activities.			
3. Contribution to the prime minister’s national relief fund or any other fund set up by the central govt. or state govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;			
Total	16.94	-	16.94

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

30 Derivative Instruments and Unhedged Foreign Currency Exposure

- (i) There are no derivative instruments outstanding as at March 31, 2024 and March 31, 2023.
- (ii) Unhedged foreign currency exposure towards receivables outstanding as at March 31, 2024 and March 31, 2023 is as under:

Particulars	As at			
	March 31, 2024		March 31, 2023	
	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
Trade Receivables				
a) USD	-	-	-	-

31 Significant accounting judgements, estimates and assumptions

The financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the grouping disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods .

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

32 Financial Instruments

- i) **The carrying value and fair value of financial instruments by categories as at March 31, 2024 and March 31, 2023 is as follows:**

	Carrying Value		Fair Value	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
a) Financial Assets				
Amortised Cost				
Trade Receivable	8,297.16	9,502.64	8,297.16	9,502.64
Loans and Advances	424.87	311.34	424.87	311.34
Cash and cash equivalents	1,068.45	438.55	1,068.45	438.55
Other Bank balances	1,264.79	228.56	1,264.79	228.56
Other	3,807.57	2,256.83	3,807.57	2,256.83
Total Financial Assets	14,862.85	12,737.92	14,862.85	12,737.92
b) Financial Liabilities				
Amortised Cost				
Borrowings	975.10	340.30	975.10	340.30
Trade payables	-	-	-	-
Others	2,521.69	2,171.32	2,521.69	2,171.32
Total Financial Liabilities	3,496.78	2,511.61	3,496.78	2,511.61

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

33 Fair Value Hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2024 and March 31, 2023.

Particulars	Fair Value measurement using			
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value				
Mutual funds - Growth plan	31-Mar-24	39.74	-	-
Total financial assets		39.74	-	-
Financial assets measured at fair value				
Mutual funds - Growth plan	31-Mar-23	35.74	-	-
Total financial assets		35.74	-	-

34 Financial risk factors

Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk that counterparty will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and loans receivables, investments and other financial instruments.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its risk of a shortage of funds on a regular basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

(c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risks include trade receivable and trade payable.

i. Interest rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group does not have significant debt obligation with floating interest rates, hence is not exposed to any significant interest rate risks.

ii. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Group does not have significant foreign currency exposure and hence is not exposed to any significant foreign currency risks.

The Working Capital Position of the Group is given below:

	March 31, 2024	March 31, 2023
Current Assets		
Investment	39.74	37.16
Trade receivable	8,297.16	9,502.64
Cash and Cash Equivalent	1,068.45	438.55
Bank Balance	1,264.79	228.56
Loans and Advances	189.32	84.76
Other Financial Asset	2,260.12	807.93
Other Current Assets	335.39	236.18
Total	13,454.97	11,335.78
Less:		
Current Liabilities		
Borrowings	975.10	340.30
Lease Liability	-	-
Trade Payables	-	-
Others	3,485.66	3,594.04
Total	4,460.75	3,934.34
Net Working Capital	8,994.22	7,401.44

The table below provides details regarding the contractual maturities of significant financial liabilities :

As at March 31, 2024	Less than 1 year	2-5 years	Total
Borrowings	975.10	-	975.10
Trade Payables	-	-	-
Other Financial Liabilities	2,372.50	149.19	2,521.69
Total	3,347.60	149.19	3,496.78
As at March 31, 2023			
Borrowings	340.30	-	340.30
Trade Payables	-	-	-
Other Financial Liabilities	2,125.52	45.80	2,171.32
Total	2,465.82	45.80	2,511.61

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

35 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, short term borrowings, trade and other payables, less cash and cash equivalents.

Particulars	March 31, 2024	March 31, 2023
Gross Debt	975.10	340.30
Less:		
Cash and Cash Equivalent	1,068.45	438.55
Other Bank Balances	1,264.79	228.56
Net debt (A)	(1,358.14)	(326.82)
Total Equity (B)	11,670.08	10,805.96
Gearing ratio (A/B)	(0.12)	(0.03)

36 Transactions with companies struck off

There are no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

37 Share based payments

The expense recognised for employee services received during the year is shown in the following table:

Particulars	For the year ended 31st march , 2024	For the year ended 31st march , 2023
Expense arising from equity settled share based payment transactions (ESOP)	28.38	-
	28.38	-

The Company has implemented Employee Stock Option Scheme 2022 ('ESOP 2022') as approved by the shareholders on 29th July, 2022. The ESOP 2022 Scheme covers the permanent employees of the Company and its subsidiaries and directors (excluding promoter directors) [collectively "eligible employees"]. The nomination and remuneration committee of the Board of AARVI ENCON LIMITED administers the ESOP 2022 Scheme and grants stock options to eligible employees.

Details of the options granted during the year ended 31st March, 2024 under the Scheme(s) are given below:

Scheme details	Grant date	No. of options granted	Exercise price (Rs.) per option	Vesting period	Exercise period
ESOP 2022	1-Jan-24	38,500	25.00	1 Year	1 year from Vesting date
ESOP 2022	1-Jan-24	38,500	25.00	2 Year	2 years from Vesting date
ESOP 2022	1-Jan-24	38,500	25.00	3 Year	3 years from Vesting date
ESOP 2022	1-Jan-24	38,500	25.00	4 Year	4 years from Vesting date
ESOP 2022	1-Jan-24	38,500	25.00	5 Year	5 years from Vesting date

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of face value each.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Stock option activity under the scheme(s) for the year ended 31st March, 2024 is set out below:

ESOP 2022

Particulars	No of options	Weighted average exercise price (Rs.) per option	Range of exercise price (Rs.) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	192,500.00	25.00	25.00	-
Forfeited/cancelled during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	192,500.00	25.00	25.00	2.75
Exercisable at the end of the year	-	-	-	-

38 Financial Ratios

Particulars	March 31, 2024	March 31, 2023	% Variance	Reasons
a) Current ratio				
Current Assets	13,454.97	11,335.78	11.91%	
Current Liabilities	5,256.47	4,955.81		
Current ratio	2.56	2.29		
b) Debt-Equity ratio				
Debt	975.10	340.30	165.33%	Due to increase in usage of cash credit facility during the year.
Equity	11,670.08	10,805.96		
Debt-Equity ratio	0.08	0.03		
c) Debt service coverage ratio				
EBIDTA	1,484.29	1,952.41	-7.89%	
Debt service	141.38	171.31		
Debt service coverage ratio	10.50	11.40		
d) Return on equity ratio				
Net Profits after taxes	1,134.36	1,451.15	-29.49%	Due to decrease in profits as compared to previous year.
Average Shareholder's Equity	11,238.02	10,137.43		
Return on equity ratio	0.10	0.14		
e) Inventory turnover ratio				
sales	Not applicable	Not applicable		
Average Inventory	Not applicable	Not applicable		
	Not applicable	Not applicable		
f) Trade receivables turnover ratio				
Net Credit Sales	40,614.66	43,652.19	-7.98%	
Average Accounts Receivable	8,899.90	8,801.85		
Trade receivables turnover ratio	4.56	4.96		

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Particulars	March 31, 2024	March 31, 2023	% Variance	Reasons
g) Trade payables turnover ratio				
Net Credit Purchases	Not applicable	Not applicable		
Average Trade Payables	Not applicable	Not applicable		
Trade payables turnover ratio	Not applicable	Not applicable		
h) Net capital turnover ratio				
Net Sales	40,614.66	43,652.19	-27.60%	Due to decrease in sales and increase in unbilled revenue as compared to previous year.
Working Capital	8,198.51	6,379.97		
Net capital turnover ratio	4.95	6.84		
i) Net profit ratio				
Net Profit	1,134.36	1,451.15	-15.98%	
Net Sales	40,614.66	43,652.19		
Net profit ratio	2.79%	3.32%		
j) Return on capital employed				
Earning before interest and taxes	1,357.51	1,829.58	-34.52%	Due to decrease in profits as compared to previous year.
Capital Employed	12,671.55	11,183.32		
Return on capital employed	10.71%	16.36%		
k) Return on investment				
Net Profit	1,210.71	1,653.68	-35.47%	Due to decrease in profits as compared to previous year.
Net Investment	12,645.17	11,146.26		
Return on investment	9.57%	14.84%		

39 Disclosure as required under Schedule III of the Companies Act, 2013

The disclosure of breakup of net assets and profit after tax, entity wise is given in Statement 2 attached.

40 The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Group for the year ended March 31, 2024.

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For Jay Shah & Associates
Firm Registration No. 135424W
Chartered Accountants

Sd/-
Jay Shah
Proprietor
M.No. 134334
UDIN : 24134334BKBEEA3412
Place : Mumbai
Date : 13th May, 2024

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/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748

Place : Mumbai
Date : 13th May, 2024

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Statement 2
Disclosure as per Schedule III of Companies Act, 2013

(Rs. in lakhs)

Name of the entity	2023-24						2022-23					
	Share in profit or loss			Share in OCI			Share in profit or loss			Share in OCI		
	Net Assets, i.e. total assets minus total liabilities	Amount (Rs.)	As % of consolidated profit or loss	Net Assets, i.e. total assets minus total liabilities	Amount (Rs.)	As % of consolidated profit or loss	Net Assets, i.e. total assets minus total liabilities	Amount (Rs.)	As % of consolidated profit or loss	Net Assets, i.e. total assets minus total liabilities	Amount (Rs.)	As % of consolidated profit or loss
a) Parent												
Aarvi Encon Limited	86.79%	10,128.88	91.21%	1,034.62	(13.81)	86.76%	9,375.37	97.28%	1,411.67	2.15%	2.31	
b) Subsidiaries												
Aarvi Engineering & Consultants Private Limited	0.46%	53.37	0.65%	7.39	-	0.43%	45.98	-0.09%	(1.27)	0.00%	-	
Aarvi Encon FZE	14.43%	1,683.67	23.26%	263.87	12.98	13.02%	1,406.66	3.72%	53.92	98.51%	106.00	
Aarvi Encon Resources Limited - UK	-0.66%	(77.32)	-6.40%	(72.63)	(1.43)	-0.03%	(3.11)	-0.20%	(2.90)	-0.09%	(0.10)	
Aarvi Encon Staffing Services W.L.L - QATAR	-1.02%	(118.51)	-8.72%	(98.89)	(0.69)	-0.18%	(18.94)	-0.71%	(10.27)	-0.57%	(0.61)	
Grand Total	100.00%	11,670.08	100.00%	1,134.36	(2.95)	100.00%	10,805.96	100.00%	1,451.15	100.00%	107.60	

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To The Members of

Aarvi Encon Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited accompanying standalone financial statements of **Aarvi Encon Limited** (the "company"), which comprise the standalone Balance Sheet as at March 31, 2024, the standalone Statement of Profit and Loss, including the statement of Other Comprehensive Income, the standalone statement of Cash Flow Statement and the standalone Statement of Changes in Equity for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Responses
<p>1. Revenue Recognition</p> <p>The Company's contracts with customers include contracts with multiple services. The Company derives revenues from manpower supply and related services. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables involves significant judgement.</p> <p>As certain contracts with customers involve management's judgment in (1) identifying distinct performance obligations, (2) determining whether the Company is acting as a principal or an agent, revenue recognition from these judgments were identified as a key audit matter and required a higher extent of audit effort.</p>	<p>Principal Audit Procedures</p> <p>Our audit procedures related to the (1) identification of distinct performance obligations, (2) determination of whether the Company is acting as a principal or agent included the following among others:</p> <ul style="list-style-type: none"> We tested the effectiveness of controls relating to the- <ul style="list-style-type: none"> (a) identification of distinct performance obligations, (b) determination of whether the Company is acting as a principal or an agent and We selected a sample of contracts with customers and performed the following procedures: <ul style="list-style-type: none"> – Obtained and read contract documents for each selection, including master service agreements, and other documents that were part of the agreement. – Identified significant terms and deliverables in the contract to assess management's conclusions regarding the- (i) identification of distinct performance obligations (ii) whether the Company is acting as a principal or an agent

Key Audit Matter	Auditor's Responses
2. Evaluation of Uncertain Tax Positions The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.	Principal Audit Procedures Obtained details of completed tax assessments and demands upto the year ending March 31, 2024 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.

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

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

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

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

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

Management's Responsibility for the Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of

the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility

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

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As a part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements, including the disclosure, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

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

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. A. 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 except for the matters stated in the paragraph 2B(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;
- c) The standalone Balance Sheet, the standalone Statement of Profit and Loss including the Statement of Other Comprehensive Income, the standalone statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounts Standard) Rules, 2015, as amended.
- e) On the basis of written representations received from the directors as on 31 March 2024, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024, from being appointed as a director in terms of Section 164(2) of the Act.
- f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(A)(b) above on reporting under Section 143(3)(b) of the Act and para 2(B)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls refer to our separate report in 'Annexure 2'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.
- B. 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 has disclosed the impact of pending litigations as at 31 March, 2024 on its financial position in its standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv.
 - a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The dividend declared/paid during the year and subsequent to the year-end by the Company is in compliance with Section 123 of the Act.
- vi. The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023.

Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the response software.

- (i) The feature of recording audit trail (edit log) facility has not been enabled at the database level to log any direct data changes for the accounting softwares used for maintaining the records relating to payroll.
- (ii) The feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting softwares relating to payroll for the period 1 April 2023 to 31 March 2024.

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

- C. Companies Act the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For Jay Shah & Associates.
Chartered Accountants
Firm Reg. No. 135424W

CA. Jay Shah
(Proprietor)
Membership No. 134334
UDINo. : 24134334BKBEDZ5841

Place : Mumbai.
Date : 13th May, 2024.

Annexure – 1 to the Independent Auditor's Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2024, we report that

- (I) (a) [A] The company is in process of maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- [B] The company is in process of maintaining proper records showing full particulars of Intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has a regular program of physical verification of its property, plant and equipment by which property, plant and equipment are verified in a phased manner over a period of three years. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information & explanations given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (II) (a) The Company being in service sector, does not hold any physical inventories. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned and disbursed working capital limits of seven crore rupees during the year, in aggregate, from the banks or financial institutions on the basis of security of current assets and fixed assets. In our opinion, the statements filed by the

company with such banks or financial institutions are in agreement with the books of account of the Company.

- (III) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments and also provided advances in the nature of loans to companies, firms, limited liability partnerships or any other parties during the year.

Particulars	Investment (Rs.)	Advances in the nature of Loan (Rs.)
Aggregate Amount During the Year		
- Subsidiary Companies	10,43,064/-	52,68,500/-
- Associate Company	Nil	91,42,900/-
Amount Outstanding at the Balance Sheet date		
- Subsidiary Companies	77,86,392/-	4,44,47,640/-
- Associate Company	22,05,973/-	93,73,511/-

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the guarantees provided during the year and the terms and conditions of the grant of loans and advances in the nature of loans during the year are not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, in the case of loans and advances in the nature of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans and advances in the nature of loans given.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loans granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the over dues of existing loans or advances in the nature of loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, to

Annexure – 1 to the Independent Auditor's Report

following Promoters, related parties as defined in the clause (76) of section 2 of the Companies Act, 2013.

- (IV) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (V) The Company has not accepted deposits from the public during the year and does not have any unclaimed deposits as at March 31, 2024 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
- (VI) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.
- (VII)(a) According to the information and explanation given to us and on the basis of our examination of books of accounts and records, the Company has been regular in depositing the statutory dues applicable to the company with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Service tax, provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, value added tax were in arrears, as at March 31, 2024 for a period of more than 6 months from the date on when they became payable, however an amount of Rs.5,21,370/- towards outstanding demand for TDS which is undisputed is unpaid for a period of more than 6 months as at 31st March 2024.
- (c) According to the information and explanation given to us, there are no dues of sales tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax outstanding on account of any dispute subject to dues as per Income Tax Act, 1961 as given below :

Name of the Statute	Nature of Dues	Amounts (In Rs.)	Period to which the amount relates	Forum Where the dispute is pending
Income Tax Act, 1961	Income tax	Nil	A.Y-2018-19	CIT (Appeal)
Income Tax Act, 1961	Income tax	Nil	A.Y. 2020-21	CIT (Appeal)

- (VIII) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no such transactions

found unrecorded in the books of accounts of the company which have been surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961.

- (IX) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, the reporting under clause 3(x)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that no funds raised on short term basis have been utilized for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries
- (X) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (x)(a) of the Order is not applicable.
- (b) Further according to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year.
- (XI) (a) A case involving embezzlement of funds to the extent of Rs. 7,00,000/- (Rupees Seven Lakhs

Annexure – 2 to the Independent Auditor's Report

- only), by the employee of the company, by falsification of records and documents reported during the year, out of which an amount of Rs. 6,00,000/- (Rupees Six Lakhs only) is outstanding as on date of this report. Apart from the above, during the course of our examination of books of accounts carried out by us in accordance with the generally accepted auditing practice in India, prima-facie no other instances of fraud on or by the company was noticed or reported during the year.
- (b) According to the information and explanation given to us no report under section 143(12) of Companies Act, was required to be filed by the Auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit & Auditors) Rules 2014, with the Central Government.
- (c) As per information and explanation given by management and/or audit committee there were no whistle blower complaints received by the company during the year.
- (XII) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (XIII) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (XIV) (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- (XV) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (XVI) (a) & (b) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Hence reporting under clause 3 (xvi)(a) and clause 3 (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi) (c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CICs.
- (XVII) The company is generally profit-making company and there was no cash loss in the last financial year also.
- (XVIII) There has been no resignation of the statutory auditors of the company during the year and hence reporting under clause 3(xviii) of the Order is not applicable.
- (XIX) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans based on our examination of evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of audit report that Company is not capable of meeting its liabilities existing as at the balance date as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give no guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (XX) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For Jay Shah & Associates.
Chartered Accountants
Firm Reg. No. 135424W

CA. Jay Shah
(Proprietor)
Membership No. 134334
UDINo.: 24134334BKBEDZ5841
Place : Mumbai.
Date : 13th May, 2024

Annexure – 2 to the Independent Auditor’s Report

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

We have audited the internal financial controls over financial reporting of **Aarvi Encon Limited** (“the Company”) as of 31 March 2024 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

Annexure – 2 to the Independent Auditor's Report

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 2024, 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 **Jay Shah & Associates.**

Chartered Accountants

Firm Reg. No. 135424W

CA. Jay Shah

(Proprietor)

Membership No. 134334

UDINo. : 24134334BKBEDZ5841

Place: Mumbai

Date : 13th May, 2024

Balance Sheet as at March 31, 2024

(All amounts are in Rupees Lakhs unless otherwise stated)

Particulars	Note Ref	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	900.26	955.85
(b) Other Intangible Assets	2	37.16	30.76
(c) Intangible Asset Under Development		-	-
(d) Financial Assets	3		
(i) Investments	3.1	99.92	89.49
(ii) Loans and Advances	3.3	639.86	472.62
(iii) Others	3.5	1,532.10	1,430.07
(e) Other non current assets	4	885.60	1,803.98
		4,094.90	4,782.77
(2) Current Assets			
(a) Financial Assets	3		
(i) Investments	3.1	-	-
(ii) Trade Receivable	3.2	7,174.99	7,873.50
(iii) Cash and cash equivalents	3.4	44.05	21.49
(iv) Other Bank Balances	3.4	1,264.79	227.20
(v) Loans and Advances	3.3	31.86	30.95
(vi) Others	3.5	2,298.22	826.60
(b) Other current assets	4	322.79	225.98
		11,136.70	9,205.72
Total Assets		15,231.60	13,988.49
EQUITY & LIABILITIES			
Equity			
(a) Equity Share capital	5	1,478.40	1,478.40
(b) Other Equity	6	8,650.48	7,896.97
		10,128.88	9,375.37
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
Others	7.3	149.19	45.80
(b) Provisions	10	-	-
(c) Deferred Tax Liabilities (Net)	8	26.37	37.06
(d) Other Non-current liabilities	9	-	-
		175.56	82.86
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	7.1	975.10	340.30
(ii) Lease Liability		-	-
(iii) Trade payables	7.2		
- Total outstanding dues of micro enterprises and small enterprises		2.74	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		508.27	623.51
(iv) Others	7.3	2,340.92	2,103.30
(b) Other current liabilities	9	1,063.69	1,453.30
(b) Provisions	10	36.44	9.85
(c) Liabilities for current tax (net)	11	-	-
		4,927.16	4,530.26
Total Equity and Liabilities		15,231.60	13,988.49

The accompanying notes form an integral part of the consolidated financial statements
As per our report of even date

For Jay Shah & Associates
Firm Registration No. 135424W
Chartered Accountants

Sd/-
Jay Shah
Proprietor
M.No. 134334
UDIN : 24134334BKBEEA3412
Place : Mumbai
Date : 13th May, 2024

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/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748

Place : Mumbai
Date : 13th May, 2024

Statement of Profit and Loss for the year ended March 31, 2024

(All amounts are in Rupees lakhs unless otherwise stated)

Particulars	Note Ref	Year ended March 31, 2024	Year ended March 31, 2023
I Revenue from Operations (Gross)	12	37,764.92	38,269.49
II Other Income	13	272.44	160.98
III Total Revenue (I + II)		38,037.36	38,430.47
IV Expenses:			
Employee Benefit Expenses	14	28,797.15	28,858.18
Finance Cost	15	146.70	175.90
Depreciation and amortisation expense	16	125.03	119.07
Other Expenses	17	7,865.46	7,747.56
Total Expenses (IV)		36,934.34	36,900.71
V Profit/(Loss) Before Tax (III-IV)		1,103.02	1,529.76
VI Tax Expense	18		
1. Current Tax		79.09	111.25
2. Short/Excess Provision of Tax		-	-
3. Deferred Tax (Credit)/Charge		(10.69)	6.84
4. MAT Credit			-
Total Tax Expenses (VI)		68.40	118.09
VII Profit/(Loss) for the period (V-VI)		1,034.62	1,411.67
VIII Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(13.81)	2.31
(ii) Income Tax relating to items that will not be reclassified to statement of profit and loss			
Other Comprehensive Income for the year, net of tax		(13.81)	2.31
XIV Total comprehensive income for the year		1,020.80	1,413.98
Earnings per Share			
Basic	19	7.00	9.55
Diluted/Diluted(Restated)		6.98	9.52
Nominal Value per share of Rs.10 each			

The accompanying notes form an integral part of the consolidated financial statements
As per our report of even date

For Jay Shah & Associates
Firm Registration No. 135424W
Chartered Accountants

Sd/-
Jay Shah
Proprietor
M.No. 134334
UDIN : 24134334BKBEEA3412
Place : Mumbai
Date : 13th May, 2024

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/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748
Place : Mumbai
Date : 13th May, 2024

Statement of Changes in Equity

(All figures are in lakhs unless otherwise stated)

A Equity

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of INR 10 each issued, subscribed and fully paid				
Balance at the beginning of the reporting period	1,47,84,000	1,478.40	14,784,000	1,478.40
Changes in equity share capital during the year	-	-	-	-
Balance at the end of Reporting year	1,47,84,000	1,478.40	14,784,000	1,478.40

B Other Equity

Particulars	Retained Earnings	Securities Premium	General Reserve	Equity Stock Option	Total
Balance as at April 1 2022	4,521.99	1,492.29	690.46	-	6,704.75
Profit/(Loss) for the year	1,411.67	-	-	-	1,411.67
Dividend paid during the year	(221.76)	-	-	-	(221.76)
Less : Transferred to General Reserve	-	-	-	-	-
Less : Deferred tax liability on above	-	-	-	-	-
Defined Benefit Obligation	2.31	-	-	-	2.31
Balance as at 31 March 2023	5,714.22	1,492.29	690.46	-	7,896.97
Profit/(Loss) for the year	1,034.62	-	-	-	1,034.62
Dividend paid during the year	(295.68)	-	-	-	(295.68)
Less : Transferred to General Reserve	-	-	-	-	-
Less : Deferred tax liability on above	-	-	-	-	-
Share based payments expense (Refer Note No 32)	-	-	-	28.38	28.38
Defined Benefit Obligation	(13.81)	-	-	-	(13.81)
Balance as at 31 March 2024	6,439.35	1,492.29	690.46	28.38	8,650.48

The General Reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

Securities premium reserve is used to record the premium on issue of shares. The reserve is to be utilised in accordance with the provisions of Section 52 of Companies Act, 2013.

During Financial Year 2017 -18, the Company had come up with the Initial Public Offer (IPO) and raised 21.24 Crores, out of which Security Premium of Rs. 17.30 Crores was raised.

Retained Earnings represents undistributed accumulated earnings of the Company as on the balance sheet date.

Employee stock options is used to record the share based payments, expense under the scheme as per SEBI regulations. The reserve will be used for the settlement of ESOP. (refer Note 31)

As per our report of even date

For Jay Shah & Associates
Firm Registration No. 135424W
Chartered Accountants

Sd/-
Jay Shah
Proprietor
M.No. 134334
UDIN : 24134334BKBEEA3412
Place : Mumbai
Date : 13th May, 2024

For and on behalf of the Board of Directors

Sd/-
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Sd/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748

Place : Mumbai
Date : 13th May, 2024

Standalone Cash Flow Statement for the Year ended March 31, 2024

(All amounts are in Rupees lakhs unless otherwise stated)

Particulars	2023-24	2022-23
Cash flows from operating activities		
Profit /(loss) before tax	1,103.02	1,529.76
Adjustments:		
Depreciation & amortisation	125.03	119.07
Re-measurement of defined benefit obligation	(13.81)	2.31
Interest expense	146.70	175.90
Interest income	(236.23)	(105.98)
Share based payments expenses	28.38	
Expected Credit Loss	94.41	95.67
Loss on sale of property, plant and equipment	-	(1.05)
	144.49	285.93
Operating cash flows before working capital changes and other assets	1,247.49	1,815.68
Decrease/ (increase) in Trade receivables	604.10	(1,045.59)
Decrease/ (increase) in Financial Assets	(2,779.39)	542.84
Decrease/ (increase) in Other Assets	(96.81)	(58.79)
(Decrease)/increase in Trade Payables	(112.50)	59.64
(Decrease)/increase in Financial Liabilities	341.01	(450.25)
(Decrease)/increase in Other Liabilities	(363.02)	354.42
	(2,406.62)	(597.74)
Cash generated from /used in operations	(1,159.12)	1,217.95
Income taxes refund / (paid), net	839.29	(544.10)
Net cash generated from / used in operating activities	(319.83)	673.85
Cash flows from investing activities		
Purchase of property, plant and equipment and CWIP	(75.83)	(117.65)
Investment in Shares of Wholly Owned Subsidiary	(10.43)	(22.06)
Interest Received	236.23	105.98
Net cash generated from investing activities	149.97	(33.73)
Cash flows from financing activities		
Repayment of short -term borrowings	634.80	(302.73)
Dividend & Dividend Distribution tax	(295.68)	(221.76)
Interest paid	(146.70)	(175.90)
Net cash used in financing activities	192.42	(700.39)
Net increase / decrease in cash and cash equivalents	22.56	(60.27)
Cash and cash equivalents at the beginning of the period	21.49	81.76
Cash and cash equivalents at the end of the period	44.05	21.49
	22.56	(60.27)

As per our report of even date

For Jay Shah & Associates
Firm Registration No. 135424W
Chartered Accountants

Sd/-
Jay Shah
Proprietor
M.No. 134334
UDIN : 24134334BKBEEA3412
Place : Mumbai
Date : 13th May, 2024

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/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748

Place : Mumbai
Date : 13th May, 2024

Statement of Significant Accounting policies and Other Explanatory Notes

(A) Corporate Information

Aarvi Encon Limited (the “Company”) is a Human Resource Services Company incorporated as Aarvi Encon Private Limited on 03 December 1987 and the registered office is located at 603, B1 Wing, Marathon Innova, Marathon Nextgen Complex, Lower Parel (W) Mumbai 400013.

(B) Significant Accounting Policies

I) Basis of Preparation

The Company is listed on the Main Board of National Stock Exchange of India Ltd w.e.f. 24th June, 2020: The Company has completed the migration of its shares from National Stock Exchange (NSE) Emerge (SME segment) platform to the Main Board of National Stock Exchange of India Ltd w.e.f. 24th June, 2020.

These financial statements are Separate Financial Statements as per Ind AS 27 - Separate Financial Statements and are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial Statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

II) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

III) Summary of significant accounting policies

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle

(a) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when :

- It is expected to be realised or intended to be sold or consumed in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle or
- It is held primarily for the purpose of trading or

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Property, Plant and Equipment

- i) Property, plant and equipment (PPE) are measured at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of PPE includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of those PPE.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the year the asset is derecognized.

- ii) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. All other repairs and maintenance costs are recognised in statement of profit and loss as incurred.
- iii) The charge in respect of periodic depreciation is derived after estimating the asset's expected useful life and the expected residual value at the end of its life. The depreciation method, useful lives and residual values of Company's assets are estimated by Management at the time the asset is acquired and reviewed during each financial year.
- iv) Depreciation on all assets of the Company is charged on written down method over the useful life of assets mentioned in Schedule II to the Companies Act, 2013 or the useful life previously assessed by the management based on technical review whichever is lower for the proportionate period of use during the year. Intangible assets are amortised over the economic useful life estimated by the management.
- v) Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are shown as capital advances under long-term loans and advances and the cost of property, plant and equipment not ready for their intended use before such date are disclosed under capital work-in-progress.

c) Intangible Assets

- i) Intangible assets are recorded at the consideration paid for cost of acquisition or development less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.
- ii) Intangible assets under development are capitalized only if the Company is able to establish control over such assets and expects future economic benefit will flow to the Company.
- iii) Intangible assets are amortised over their estimated useful life, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset.

d) Borrowings

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

e) Impairment of Assets

Assets subject to amortization/depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An

impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher between an asset's fair value less sale costs and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which impairment losses have been recognized are tested at each balance sheet date in the event that the loss has reversed.

f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits in banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank borrowings in current liabilities on the balance sheet.

g) Provisions

The Company recognizes a provision when: it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

h) Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ♦ In the principal market for the asset or liability, or
- ♦ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

i) Financial Instruments

(i) Financial Assets & Financial Liabilities

Initial recognition and measurement

All financial assets and liabilities are recognised initially at fair value.

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset is treated as cost of acquisition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- ♦ Debt instruments at amortised cost
- ♦ Debt instruments at fair value through other comprehensive income (FVTOCI)
- ♦ Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- ♦ Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Explanatory Notes details how the entity determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial instruments

A financial asset is derecognised only when

- * The Company has transferred the rights to receive cash flows from the financial asset or
- * retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

(ii) Investments in associates

Investments in associates are carried at cost in the Separate Financial Statements.

j) Revenue Recognition

- i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Manpower Services

Revenue from manpower services is accounted at a point in time on accrual basis on performance of the services agreed in the contract with the customers.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit or loss.

Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

k) Taxes

Tax expenses comprise Current Tax and Deferred Tax.:

i) Current Tax:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred Tax:

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

iii) Minimum Alternate Tax (MAT) Credit:

The Company has opted for income tax under Section 115BAA of the Income tax act, 1961. As per provisions of the Act, the domestic companies opting for section 115BAA will not be able to claim MAT credits for taxes paid under MAT during the tax holiday period. The companies would not be able to reduce their tax liabilities under section 115BAA by claiming MAT credits. Therefore, the Company has reversed all the MAT credit during the year 2020-21.

l) Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss before OCI for the year by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m) Dividend Distribution

Dividend distribution to the Company's equity holders is recognized as a liability in the Company's annual accounts in the year in which the dividends are approved by the Company's equity holders.

n) Foreign exchange transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognised in the statement of profit and loss.

o) Employee benefits

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and other benefits. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post-employment benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan where the company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

ii. Defined benefit plans -Gratuity

In accordance with the applicable Indian laws, the Company provides for gratuity, defined benefit retirement plan ("the Gratuity plan") covering eligible employees. The Gratuity plan provides a lump-sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each reporting date using the projected unit credit method. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Current service cost and the interest cost on obligation related to defined benefit plans are recognised in the statement of profit or loss.

p) Share based payments

Equity settled share-based payment transactions:

The Company operates equity settled share-based remuneration plans for its employees. All services received in exchange for the grant of any share-based payment are measured at their fair values on the grant date and is recognised as an employee expense, in the profit or loss with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "Employee stock options / Employee stock appreciation rights". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

Grant date is the date when the Company and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth). All share-based remuneration is ultimately recognised as an expense in the profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

1 Property, Plant and Equipment

Details of Additions, Adjustments, Depreciation and Net Block Asset Class Wise-2023-24

Tangible Assets

Particulars	Office Premises	Plant & Machinery	Electrical Installation	Furniture & Fixtures	Office Equipments	Computers	Vehicles	Total
Cost								
As at 1st April 2022	1,133.25	115.31	38.77	78.31	75.90	61.68	139.61	1,642.85
Additions	-	13.77	-	8.86	21.17	23.28	35.56	102.64
Disposals/Adjustments	-	2.98	-	0.17	4.48	-	48.53	56.16
As at 31st March 2023	1,133.25	126.10	38.77	87.00	92.59	84.96	126.63	1,689.34
Additions	-	-	-	2.35	14.84	28.15	16.11	61.45
Disposals/Adjustments	-	-	-	-	-	-	-	-
As at 31st March 2024	1,133.25	126.10	38.77	89.35	107.43	113.11	142.74	1,750.79
Depreciation								
As at 31st March 2022	309.99	71.24	31.54	53.13	47.12	33.14	122.10	668.25
Charge for the Year	40.07	9.51	1.86	6.73	16.12	25.64	10.94	110.88
Disposals	-	0.74	-	0.06	0.21	-	44.62	45.64
As at 31st March 2023	350.06	80.00	33.39	59.80	63.03	58.77	88.43	733.49
Charge for the Year	38.96	8.62	1.28	6.87	16.06	29.36	15.91	117.07
Disposals	-	-	-	-	-	-	-	-
As at 31st March 2024	389.02	88.62	34.67	66.67	79.08	88.13	104.34	850.53
Net Block								
As at 31st March 2024	744.23	37.48	4.10	22.68	28.35	24.99	38.41	900.26
As at 31st March 2023	783.19	46.10	5.38	27.20	29.56	26.19	38.21	955.85

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

2 Intangible Asset

Particular	Software
Cost	
As at 31st March 2022	17.94
Additions	30.00
Disposals/Adjustments	3.43
As at 31st March 2023	44.51
Additions	14.37
Disposals/Adjustments	-
As at 31st March 2024	58.88
Depreciation	
As at 31st March 2022	5.55
Charge for the Year	8.20
Disposals	-
As at 31st March 2023	13.75
Charge for the Year	7.97
Disposals	-
As at 31st March 2024	21.72
Net Block	
As at 31st March 2024	37.16
As at 31st March 2023	30.76

3 Financial Assets**3.1 A Investments in equity instruments - carried at cost**

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
Investments in Subsidiaries	99.92	89.49	-	-
Total	99.92	89.49	-	-

I Details of Investments

Particulars	March 31, 2024		March 31, 2023	
	Nos	Amount	Nos	Amount
A Unquoted				
(Fully paid-up unless otherwise stated)				
In Wholly Owned Subsidiaries				
Equity shares of Aarvi Engineering & Consultants Private Limited of Rs 100 each	20,000	40.12	20,000	40.12
Equity share of Aarvi Encon FZE of UAE Dirham 150000 each	1	27.23	1	27.23
Equity shares of Aarvi Encon Resources Limited, UK of GBP 1 each	10,000	10.52	100	0.09
Equity shares of Aarvi Encon Staffing Services W.L.L - Qatar of Qatari Riyals 1000 each	98	22.06	98	22.06
Total		99.92		89.49

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

3.2 Trade Receivables

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
(Unsecured at Amortised Cost)				
i) Considered good	-	-	7,459.11	8,072.27
ii) Considered doubtful	-	-	29.62	21.95
Less : Expected credit Loss	-	-	(313.74)	(220.72)
	-	-	7,174.99	7,873.50

A Expected Credit Loss:

Trade receivables and unbilled revenue are unsecured and are derived from revenue earned from customers primarily located in India. Periodically, the Company evaluates all customer dues to the Company for collectability. The need for impairment is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customers operates, general economic factors, which could affect the customer's ability to settle. More than 95% of the Company's customers have been transacting with the Company for over five years and none of these customers' balance are credit impaired. An impairment analysis is performed at each reporting date on invoice wise receivable balances. The Life time credit loss write off during the year arises more out of the disputes or charges rather than credit impairment.

Since the Company Calculates impairment under the simplified approach the Company does not track the changes in credit risk of trade receivables the impairment amount represents lifetime expected credit loss. Hence the additional disclosures in trade receivables for changes in credit risk and credit impaired trade receivable are not disclosed.

Movement in the expected credit loss allowance

Particulars	March 31, 2024	March 31, 2023
Balance at the beginning of the year	220.72	225.09
Impairment loss recognised	94.41	95.67
Amount written off during the year	(1.39)	(100.05)
Provision at the end of the period	313.74	220.72

Ageing of Trade receivables as at 31st March 2024

Particulars	Unbilled/ Not due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Receivables							
- considered good	5,733.19	969.08	332.51	247.02	86.48	90.83	7,459.11
- considered doubtful	-	-	-	-	-	-	-
ii) Disputed Trade Receivables							
- considered good	-	-	-	-	-	-	-
- considered doubtful	-	-	-	-	-	29.62	29.62
	5,733.19	969.08	332.51	247.02	86.48	120.45	7,488.73
Less : Expected credit Loss							313.74
							7,174.99

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Ageing of Trade receivables as at 31st March 2023

Particulars	Unbilled/ Not due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Receivables							
- considered good	6,693.50	1,076.06	115.63	92.06	24.78	70.24	8,072.27
- considered doubtful	-	-	-	-	-	-	-
ii) Disputed Trade Receivables							
- considered good	-	-	-	-	-	-	-
- considered doubtful	-	-	-	-	-	21.95	21.95
	6,693.50	1,076.06	115.63	92.06	24.78	92.19	8,094.22
Less : Expected credit Loss							220.72
							7,873.50

3.3 Loans and Advances

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
(Unsecured Considered goods)				
i) Rent Deposits	-	-	31.86	30.95
ii) Earnest Money Deposits	99.61	92.62	-	-
iii) Other Security Deposits	2.04	2.04	-	-
iv) Loans to Related Parties	538.21	377.96	-	-
	639.86	472.62	31.86	30.95

a) The break-up of Loans granted by the Company to related parties is as under :

Company Name	As at	
	March 31, 2024	March 31, 2023
Considered Good		
Aarvi Encon FZE	359.45	351.31
Aarvi Encon Resources Ltd	85.03	26.65
Aarvi Encon Staffing Services - Qatar	93.74	-
	538.21	377.96

The Company has granted loan for Business purposes to its wholly owned subsidiary and interest at the rate of 10% is charged on the loan.

b) Investment by the loanee in the shares of the Company:

None of the loanees have, per se, made investments in the shares of the Company.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

3.4 Cash and Bank Balances

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
A Cash and cash equivalents				
i) Balances with banks	-	-	40.73	20.36
ii) Cash on hand	-	-	3.31	1.13
	-	-	44.05	21.49
B Other Bank Balances				
i) Term Deposits with Banks (*)	-	-	1,264.79	227.20
Total	-	-	1,264.79	227.20

(*) These are lien and/or pledged against short term credit facilities with banks

3.5 Others

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
Unsecured Considered Good				
i) Contract Asset				
- Security Deposit and Retentions	558.75	615.30	-	-
- Unbilled Revenue	-	-	1,893.00	624.26
ii) Reimbursement Right for Gratuity-Contract Staff	149.19	45.80	19.29	57.40
iii) Interest Accrued On Deposits	-	-	26.20	12.60
iv) Term Deposits with Banks	824.17	768.97	-	-
v) Other Receivables	-	-	359.73	132.34
	1,532.10	1,430.07	2,298.22	826.60

4 Other Assets

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
i) Capital Advances	59.85	59.85	-	-
ii) Prepaid Expenses	-	-	151.81	135.38
iii) Prepaid Taxes (Net of Provision of Tax)	825.76	1,744.14	-	-
iv) Advance to suppliers	-	-	43.78	28.00
v) Balances with Tax Authorities	-	-	64.04	39.80
vi) Staff Advances	-	-	63.16	22.79
Total	885.60	1,803.98	322.79	225.98

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

5 Equity Share capital

	As at	
	March 31, 2024	March 31, 2023
i) Authorised shares :		
March 31, 2024 : 2,00,00,000 Equity shares of Rs 10/- each	2,000.00	2,000.00
March 31, 2023: 2,00,00,000 Equity shares of Rs 10/- each		
Total	2,000.00	2,000.00
ii) Issued and subscribed and Paid-up shares :		
March 31, 2024: 1,47,84,000 Equity shares of Rs 10/- each	1,478.40	1,478.40
March 31, 2023 : 1,47,84,000 Equity Shares of Rs. 10/- each		
Total	1,478.40	1,478.40
Total paid-up share capital	1,478.40	1,478.40

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the period**As at**

	March 31, 2024	March 31, 2024	March 31, 2023	March 31, 2023
	Number	Amount	Number	Amount
Balance, beginning of the year	1,47,84,000	1,478.40	14,784,000	1,478.40
Issued during the year	-	-	-	-
Balance, end of the year	1,47,84,000	1,478.40	14,784,000	1,478.40

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The shareholders are entitled to dividend in the proportion of their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

	As at			
	March 31, 2024		March 31, 2023	
	Number	%	Number	%
Equity Shares				
Mr. Virendra Dalpatram Sanghavi	75,95,000	51.37%	75,95,000	51.37%
Mr. Jaydev Virendra Sanghavi	21,82,500	14.76%	21,82,500	14.76%
	97,77,500	66.14%	97,77,500	66.14%

d) As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownerships of the shares.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

e) Shares held by Promoters

Promoter Name	As at 31 March 2024		As at 31 March 2023		% of change during the year
	No of Shares	% of total Shares	No of Shares	% of total Shares	
Mr. Virendra Dalpatram Sanghavi	7,595,000	51.37%	7,595,000	51.37%	0.00%
Mr. Jaydev Virendra Sanghavi	2,182,500	14.76%	2,182,500	14.76%	0.00%
Ms. Naini Kulkarni	651,000	4.40%	651,000	4.40%	0.00%
Mr. Aditya Sanghavi	162,750	1.10%	162,750	1.10%	0.00%
Ms. Ami Sanghavi	271,250	1.83%	271,250	1.83%	0.00%
Ms. Nirali Sanghavi	10,000	0.07%	-	0.00%	0.07%
Total	10,872,500	73.54%	10,862,500	73.47%	0.07%

6 Other Equity

	As at	
	March 31, 2024	March 31, 2023
i) Retained Earnings	6,439.35	5,714.22
ii) Securities Premium Account	1,492.29	1,492.29
iii) General Reserve	690.46	690.46
iv) Employee Stock Options	28.38	-
	8,650.48	7,896.97

7 Financial Liabilities (at amortized cost)

	March 31, 2024	March 31, 2023
7.1 Short Term Borrowings (at amortised cost)		
(Secured)		
Cash Credit Facility	975.10	340.30
Total	975.10	340.30

Breakup of Cash Credit Facilities

	As at	
	March 31, 2024	March 31, 2023
HSBC Bank Limited	161.62	10.53
Yes Bank Limited	813.48	306.86
HDFC Bank Limited	-	22.90
Total	975.10	340.30

Security for loans and Terms of payment

In respect of Cash Credit, working capital demand loan and Bank guarantees from HSBC Bank Limited

- Pari Passu charge on Current Assets and Fixed Assets.
- Exclusive Charge over Property situated at Office no. 901, 9th floor, B2, Marathon Nextgen Innova, Lower Parel, Mumbai 400013.
- Personal Guarantee from Mr. Jaydev Sanghavi and Mr. Virendra Sanghavi
- 15% Deposits under lien

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

In respect of Cash Credit, working capital demand loan and Bank guarantees from Yes Bank Limited

- a. Pari Passu charge with HDFC Bank and HSBC on Current Assets and movable Fixed Assets.
- b. Equitable mortgage of commercial properties located at Shah & Nahar Industrial Estate, Lower Parel (Mumbai) and Marathon Nextgen Realty Limited, Lower Parel (Mumbai).
- c. Unconditional and Irrevocable Personal guarantees of Mr Jaydev Sanghavi, Mr Virendra Sanghavi.
- d. Rs. 73.50 lakhs in the form of fixed deposit receipt placed under bank lien.

In respect of Cash Credit, working capital demand loan and Bank guarantees from HDFC Bank Limited

- a. First charge on Pari Passu basis with HSBC and Yes Bank by the way of Hypothecation on all present and future book debts of the Company.
- b. Fixed Deposit of Rs. 382.59 lakhs under lien
- c. Exclusive charge on Flat No 11 & 11A, Building O, 4th Floor, Konark Campus Co-operative Housing Society, Lohegaon Village, Taluka Haveli, Pune.

7.2 Trade Payables (at amortised cost)

		As at	
		March 31, 2024	March 31, 2023
i)	Trade payables - Micro, Small and Medium Enterprises	2.74	-
ii)	Trade payables - Others	508.27	623.51
Total		511.01	623.51

- a) Amounts due to Micro, Small and Medium Enterprises

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

Trade Payables aging schedule as at 31st March 2024

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Payables					
MSME	2.74	-	-	-	2.74
Others	503.75	1.67	2.81	0.04	508.27
ii) Disputed Trade Payables					
MSME	-	-	-	-	-
Others	-	-	-	-	-
Total	506.49	1.67	2.81	0.04	511.01

Trade Payables aging schedule as at 31st March 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Payables					
MSME	-	-	-	-	-
Others	516.34	105.60	1.57	-	623.51
ii) Disputed Trade Payables					
MSME	-	-	-	-	-
Others	-	-	-	-	-
Total	516.34	105.60	1.57	-	623.51

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006

	As at	
	March 31, 2024	March 31, 2023
A. (i) Principal amount remaining unpaid	1.42	-
A. (ii) Interest amount remaining unpaid	1.32	-
B. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
C. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	1.26	-
D. Interest accrued and remaining unpaid	0.06	-
E. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

7.3 Other Financial Liabilities (At Amortised Cost)

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
i) Advance from Customers	-	-	-	-
ii) Employee Liabilities	-	-	2,311.07	2,015.78
iii) Employee Benefit Liability-Contract Staff	149.19	45.80	19.29	57.40
iv) Others	-	-	10.56	30.12
	149.19	45.80	2,340.92	2,103.30

8 Deferred Tax Liability

	As at	
	March 31, 2024	March 31, 2023
a) Deferred Tax Liability on account of :		
Depreciation due to timing difference	48.84	49.82
b) Deferred Tax Asset on account of :		
Disallowance due to Non-deduction of TDS	0.30	0.30
Employee Benefits	22.17	12.46
	26.37	37.06

9 Other Liabilities

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
i) Duties and Taxes payable	-	-	1,063.69	1,453.30
Total	-	-	1,063.69	1,453.30

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

10 Provisions

	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Non- Current		Current	
i) Provision for Employee Benefits				
Provision for Gratuity	-	-	36.44	9.85
	-	-	36.44	9.85

- a) Disclosure in accordance with Ind AS – 19 “Employee Benefits”, of the Companies (Indian Accounting Standards) Rules, 2015.

The company has carried out the actuarial valuation of Gratuity liability under actuarial principle, in accordance with Ind AS 19 - Employee Benefits.

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service restricted to Rs 20 lacs. The Company's gratuity liability is Funded.

- i) **The amount recognised in the balance sheet and the movements in the net defined benefit obligation of Gratuity over the year for Core Staff is as follow:**

Particulars	As on March 31, 2024	As on March 31, 2023
(a) Reconciliation of opening and closing balances of Defined benefit Obligation		
Defined Benefit obligation at the beginning of the year	108.26	101.93
Current Service Cost	22.38	12.52
Interest Cost	7.33	6.32
Actuarial (Gain) /Loss-Other Comprehensive Income	18.55	(5.66)
Benefits paid	(1.49)	(6.84)
Defined Benefit obligation at the year end	155.03	108.26
(b) Reconciliation of opening and closing balances of fair value of plan assets		
Fair Value of plan assets at the beginning of the year	98.41	97.18
Adjustment to the Opening fund	-	-
Expected return on Plan Assets	4.75	(3.35)
Interest Income	7.08	6.42
Employer Contribution	9.85	5.00
Benefits Paid	(1.49)	(6.84)
Fair Value of Plan Assets at the year end	-	-
Actual Return on Plan Assets	118.59	98.41
(c) Reconciliation of fair value of assets and obligations		
Fair Value of Plan Assets	118.59	98.41
Present value of Defined Benefit obligation	155.03	108.26
Liability recognized in Balance Sheet	36.44	9.85
(d) Expenses recognized during the year (Under the head “Employees Benefit Expenses”)		
Current Service Cost	22.38	12.52
Net Interest Cost	0.25	(0.11)
Total included in ‘Employee Benefit Expense’	22.63	12.41

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Particulars	As on March 31, 2024	As on March 31, 2023
(e) Actuarial (Gain)/Loss- Other Comprehensive Income		
Components of actuarial gain/losses on obligations:	1.91	(4.23)
Due to Change in financial assumptions	16.65	(1.44)
Return on plan assets excluding amounts included in interest income	(4.75)	3.35
Amounts recognized in Other Comprehensive (Income) / Expense	13.81	(2.31)
(f) Net liabilities(Asset) recognised in the balance sheet		
Long-term provisions	36.44	9.85
Short-term provisions/(Loans and Advances)	(0.00)	(0.00)
	36.44	9.85

ii) Actuarial Assumptions

Particulars	As on March 31, 2024	As on March 31, 2023
Discount rate (per annum)	7.20%	7.40%
Rate of escalation in salary (per annum)	7.00%	7.00%
Attrition Rate		
Younger Age	50%	50%
Older Age	5%	5%
Rate of return on plan assets (per annum)	7.20%	7.40%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

There is no minimum funding requirement for a gratuity plan in India and there is no compulsion on the part of the company fully or partially pre-fund the liabilities under the plan. Since the liabilities are un funded there is no asset liability matching strategy devised for the plan.

iii) Sensitivity analysis

A quantitative Sensitivity analysis for significant assumption

Particulars	Discount Rate	Salary Growth Rate	Attrition Rate
Changes in Assumption			
March 31, 2024	0.50%	0.50%	10.00%
March 31, 2023	0.50%	0.50%	10.00%
Increase in assumption			
March 31, 2024	(150.35)	158.88	155.41
March 31, 2023	(104.96)	111.07	108.58
Decrease in assumption			
March 31, 2024	160.00	(151.31)	(154.58)
March 31, 2023	111.76	(105.39)	(107.89)

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

(iv) Actuarial Risk:**A Actuarial Risk**

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C Liquidity Risk

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

11 Current Tax Liabilities (Net)

	As at	
	March 31, 2024	March 31, 2023
a) Provision for Tax (Net of Taxes Paid)	-	-
	-	-

12 Revenue from Operations

	Year Ended March 2024	Year Ended March 2023
i) Revenue from Manpower Services		
Supply of Manpower and Consultancy Fees	37,126.68	37,616.36
ii) Other Operating Revenue	638.24	653.12
	37,764.92	38,269.49

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

- I Disclosure in accordance with Ind AS - 115 "Revenue Recognition Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015

a) Revenue disaggregation based on Service Type and Customer type:

(i) Revenue disaggregation by type of Service is as follows:

Major Service Type	2023-24	2022-23
Manpower Supply and Consultancy Fees	37,126.68	37,616.36
Reimbursement Income for Services Provided	638.24	653.12
	37,764.92	38,269.49

(ii) Revenue disaggregation by Customer Type is as follows:

Customer Type	2023-24	2022-23
Government Companies	8,695.25	8,810.47
Non Government Companies	29,069.67	29,459.02
	37,764.92	38,269.49

(iii) Movement in Contract Balances

Particulars	Opening	Billed for the Financial Year	Addition during the year	Closing
Advance from Customers				
March 2024	-	-	-	-
March 2023	-	-	-	-

Particulars	Opening	Billed/ Reversed for the Financial Year	Addition during the year	Closing
Unbilled Revenue				
March 2024	624.26	624.26	1,893.00	1,893.00
March 2023	700.00	700.00	624.26	624.26

(iv) Performance Obligation

Performance obligation is satisfied on rendering of services and as agreed in the contract with the customers. The payment is generally due within 0-30 days.

13 Other Income

	Year Ended March 2024	Year Ended March 2023
i) Interest Income on Fixed Deposits	67.81	75.85
ii) Interest Income on Loans and Advances	168.42	30.13
iii) Profit on Sale of Property, Plant and Equipment	-	4.48
iv) Foreign Exchange Gain	5.50	24.26
v) Miscellaneous Income	30.71	26.26
	272.44	160.98

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

14 Employee Benefit Expenses

	Year Ended March 2024	Year Ended March 2023
i) Salaries & Wages, Bonus, Perquisites, etc	26,928.72	26,980.59
ii) Contribution to Provident, Gratuity funds	1,214.11	1,312.29
iii) Share based payments expense (Refer note no. 31)	28.38	-
iv) Managerial Remuneration	336.00	336.00
v) Staff Insurance	257.74	200.48
vi) Staff Welfare	32.20	28.82
	28,797.15	28,858.18

15 Finance Cost

	Year Ended March 2024	Year Ended March 2023
i) Interest on Borrowings	141.29	171.31
ii) Interest on Indirect Taxes	4.10	4.59
iii) Other finance cost	1.32	-
	146.70	175.90

16 Depreciation and Amortization

	Year Ended March 2024	Year Ended March 2023
i) Depreciation on Property, Plant & Equipment	125.03	119.07
Total	125.03	119.07

17 Other expenses

	Year Ended March 2024	Year Ended March 2023
Assets Scrapped	-	3.43
Auditors Remuneration	16.01	12.20
Director's Sitting Fees	10.15	7.33
Travelling Expenses	539.01	531.24
Expected Credit Loss	94.41	95.67
Site related Expenses	991.96	892.80
Consumables purchased	126.66	188.38
Professional Fees - Project	4,898.20	4,808.88
Rates and Taxes	-	1.40
Power and Fuel	36.35	62.36
Rent	210.93	180.08
Membership & Subscription	50.92	36.58
Health and Safety Expenses	141.62	106.08
Housekeeping Expenses	28.74	27.77

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

	Year Ended March 2024	Year Ended March 2023
Insurance Charges	3.62	4.78
Advertisement Expenses	14.04	17.70
Donation	5.10	11.99
Motor Car Expenses	5.15	6.86
Food and Accommodation Expenses	252.90	395.12
Printing and Stationery Expenses	30.71	26.61
Legal & Professional Charges	112.50	105.73
Business Promotion Expenses	6.31	12.72
Telephone Charges	35.52	25.02
Bank Charges	39.90	36.21
Corporate Social Responsibility Expenses	20.88	16.94
Water Charges	6.97	7.44
Repairs and Maintenance Expenses	23.55	20.65
Office Maintenance Expenses	16.06	11.74
Other Expenses (None of which individually forms more than 1% of the Operating Revenue)	147.29	93.87
Total	7,865.46	7,747.56

a) Payment to auditors	Year Ended March 2024	Year Ended March 2023
Audit fee	11.00	10.10
Tax Matters	2.80	2.10
Others	2.21	-
Total payments to auditors	16.01	12.20

18 Tax Expense

	Year Ended March 2024	Year Ended March 2023
a) Income tax expense in the statement of profit and loss consists of:		
Current Tax	79.09	111.25
Short/Excess Provision of Tax	-	-
Minimum alternative tax entitlement	-	-
Deferred Tax	(10.69)	6.84
Income tax recognised in statement of profit or loss	68.40	118.09

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

- b) The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Particulars	Year Ended March 2024	Year Ended March 2023
A Current Tax		
Accounting Profit Before Income Tax	1,103.02	1,529.76
Enacted tax rates in India (%)	25.168%	25.168%
Computed expected tax expenses	277.61	385.01
Effect of non- deductible expenses	37.72	84.48
Effects of deductible Expenses	(236.24)	(358.24)
Income tax expenses - Net	79.09	111.25
Tax liability as per Minimum Alternate Tax on book profits		
Minimum Alternate Tax rate	0.00%	0.00%
Computed tax liability on book profits	-	-
Tax effect on adjustments:		
1/5 portion of Opening IND AS Reserve as on April 1, 2018	-	-
Effect of non deductible expense	-	-
Differential MAT Provided in Subsequent year	-	-
Minimum Alternate Tax on Book Profit	-	-
Higher of A or B	79.09	111.25

Note: The Company has opted for income tax under Section 115BAA of the Income tax Act, 1961. As per provisions of the Act, the domestic companies opting for section 115BAA will not be able to claim MAT credits for taxes paid under MAT during the tax holiday period. The companies would not be able to reduce their tax liabilities under section 115BAA by claiming MAT credits.

Therefore, the Company has reversed all the MAT credit during the year 2020-21

B Deferred Tax

Deferred tax assets/(liabilities) in relation to:-

Particulars	Opening	Recognised in P&L	Recognised in OCI	Closing
As at April 1, 2022	32.89	(2.67)	-	30.22
Property, Plant and Equipment	47.73	2.09		49.82
Employee benefits	(17.51)	4.75		(12.76)
Right of Use Asset	-			-
As at March 31, 2023	30.22	6.84	-	37.06
Property, Plant and Equipment	49.82	(0.98)		48.84
Employee benefits	(12.76)	(9.71)		(22.47)
Right of Use Asset	-			-
As at March 31, 2024	37.06	(10.69)	-	26.37

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

19 Disclosure as required by Accounting Standard – IND AS 33 “Earning Per Share” of the Companies (Indian Accounting Standards) Rules 2015.

Net Profit / (loss) attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:

Particulars	Year Ended March 2024	Year Ended March 2023
Net Profit / (Loss) as per Statement of Profit and Loss	1,034.62	1,411.67
Outstanding equity shares at year end - Nos	14,784,000	14,784,000
Weighted average Number of Shares outstanding during the year – Basic	14,784,000	14,784,000
Weighted average Number of Shares outstanding during the year - Diluted / Diluted (Restated)	14,823,000	14,823,000
Earnings per Share - Basic (Rs.)	7.00	9.55
Earnings per Share - Diluted / Diluted (Restated)(Rs.)	6.98	9.52

Reconciliation of weighted number of outstanding during the year:

Particulars	Year Ended March 2024	Year Ended March 2023
Nominal Value of Equity Shares (Rs per share)	10	10
For Basic EPS :		
Total number of equity shares outstanding at the beginning of the year	14,784,000	14,784,000
Add : Issue of Equity Shares	-	-
Total number of equity shares outstanding at the end of the year	14,784,000	14,784,000
Weighted average number of equity shares at the end of the year	14,784,000	14,784,000
For Dilutive EPS :		
Weighted average number of shares used in calculating basic EPS	14,784,000	14,784,000
Weighted average number of equity shares used in calculating diluted EPS	14,823,000	14,823,000

20 Contingent Liabilities

Particulars	March 31, 2024	March 31, 2023
Bank Guarantees	1,285.20	1,543.60
Total	1,285.20	1,543.60

21 Commitments

Particulars	March 31, 2024	March 31, 2023
Capital Commitments:		
Estimated amount of contracts remaining to be executed on capital account. (Net of Capital Advances)	-	-
Total	-	-

22 Disclosure in accordance with Ind AS – 108 “Operating Segments”, of the Companies (Indian Accounting Standards) Rules, 2015.

Based on the “management approach” as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company’s performance In accordance with IND AS “Operating Segment”, The Company has only one reportable operating segment i.e. Manpower Supply and Consultancy Services.

a) Major Customers

The top 1 customers account for 20% of the total revenue earned during the year ended March 31,2024 (March 31,2023:Top 1 customers accounted for 17% of the total revenue earned).

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

b) Information about Geographical areas

Company's operation are confined in India only. All its revenue are generated in the said geographical location.

23 Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015

Name of the related parties and related party relationships

A List of related parties**i Entities where control exists**

Aarvi Engineering and Consultants Private Limited
Aarvi Encon FZE
Aarvi Encon Resources Limited, UK
Aarvi Encon Staffing Services, Qatar (Joint Venture)
PT Aarvi Encon Services, Indonesia (Step down subsidiary)
Aarvi Encon LLC, Oman (Step down subsidiary)
MNR Technical Services LLC (Step Down Subsidiary)

ii Key Management Personnel

Mr. Virendra Sanghavi, Managing Director
Mr. Jaydev Sanghavi, Executive Director & CFO
Ms Leela S. Bisht, Company Secretary & Compliance Officer

iii Entities significantly influenced or controlled by Key Management Personnel or their relatives

Energyjobz Services Private Limited
Aarvi Encon Employees Group Gratuity Fund

iv Relatives of Key Management Personnel

Mr. Ninad Kulkarni (son in law of Managing Director)
Mrs. Naini Kulkarni, Proprietor of M/s Aarvi IT Services (daughter of Managing Director)
Mrs. Ami J. Sanghavi (wife of Executive Director)
Mr. Aditya J. Sanghavi (son of Executive Director)
Ms. Nirali J. Sanghavi (Daughter of Executive Director)

Particulars	Entities where control exists	KMP	Relatives of KMP	Total
Remuneration to Key Management Personnels (KMP)*				
Mr. Virendra Sanghavi	-	168.00	-	168.00
	-	(168.00)	-	(168.00)
Mr. Jaydev Sanghavi	-	168.00	-	168.00
	-	(168.00)	-	(168.00)
Ms Leela Bisht	-	5.68	-	5.68
	-	(5.39)	-	(5.39)
Rent				
Ms. Nirali J. Sanghavi			4.20	4.20
			(4.20)	(4.20)
Salaries and wages				
Mrs. Naini N. Kulkarni	-	-	29.50	29.50
	-	-	(27.14)	(27.14)

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Particulars	Entities where control exists	KMP	Relatives of KMP	Total
Mrs. Ami J. Sanghavi	-	-	14.95	14.95
	-	-	(9.49)	(9.49)
Mr. Aditya Sanghavi	-	-	4.25	4.25
	-	-	(5.20)	(5.20)
Interest Income				
Aarvi Encon FZE	32.54	-	-	32.54
	(29.02)	-	-	(29.02)
Aarvi Encon Staffing Services - Qatar	2.14	-	-	2.14
	-	-	-	-
Aarvi Encon Resources Ltd - UK	4.75	-	-	4.75
	(0.86)	-	-	(0.86)
Loan Given				
Aarvi Encon FZE	359.45	-	-	359.45
	(351.31)	-	-	(351.31)
Aarvi Encon Resources Ltd - UK	85.02	-	-	85.02
	(26.65)	-	-	(26.65)
Aarvi Encon Staffing Services - Qatar	93.74	-	-	93.74
	-	-	-	-
Investment in Equity Share Capital				
Aarvi Encon Staffing Services - Qatar	-	-	-	-
	(22.06)	-	-	(22.06)
Aarvi Encon Resources Ltd - UK	10.43	-	-	10.43
	-	-	-	-
Reimbursement of Expenses				
Aarvi Encon Resources Ltd - UK	0.49	-	-	0.49
	(0.48)	-	-	(0.48)
Aarvi Encon Staffing Services - Qatar	37.61	-	-	37.61
	(18.20)	-	-	(18.20)
Director sitting fees				
Mr. Devendra J Shrimanker, Independent Director	-	2.77	-	2.77
	-	(2.35)	-	(2.35)
Mrs. Sonal N Doshi, Independent Director	-	2.85	-	2.85
	-	(2.43)	-	(2.43)
Mrs. Padma V Devarajan, Independent Director	-	2.78	-	2.78
	-	(1.80)	-	(1.80)
Mr. Sharad Sanghi, Independent Director	-	0.20	-	0.20
	-	(0.35)	-	(0.35)
Mr. Ramamoorthy Ramachandran, Independent Director	-	1.55	-	1.55
	-	(0.40)	-	(0.40)
Dividend paid				
Mr. Virendra Sanghavi	-	151.90	-	151.90
	-	(113.93)	-	(113.93)
Mr. Jaydev Sanghavi	-	43.65	-	43.65
	-	(32.74)	-	(32.74)
Mrs. Ami Jaydev Sanghavi	-	-	5.42	5.42
	-	-	(4.07)	(4.07)
Mr. Aditya Jaydev Sanghavi	-	-	3.25	3.25
	-	-	(2.44)	(2.44)

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Particulars	Entities where control exists	KMP	Relatives of KMP	Total
Mrs. Naini Ninad Kulkarni	-	-	13.02	13.02
	-	-	(9.77)	(9.77)
Balances outstanding at the end of the year				
Loans and advances				
Aarvi Encon FZE	359.45	-	-	359.45
	(351.31)	-	-	(351.31)
Aarvi Encon Staffing Services - Qatar	93.74	-	-	93.74
	-	-	-	-
Aarvi Encon Resources Ltd - UK	85.02	-	-	85.02
	(26.65)	-	-	(26.65)
Reimbursement of Expenses				
Aarvi Encon Resources Ltd - UK	0.50			0.50
	(0.48)			(0.48)
Aarvi Encon Staffing Services - Qatar	37.54			37.54
	(18.20)			(18.20)
Rent Deposit				
Mr. Virendra Sanghavi	-	-	-	-
	-	(0.70)	-	(0.70)
Outstanding				
Mr. Virendra Sanghavi	-	55.05	-	55.05
	-	(55.53)	-	(55.53)
Mr. Jaydev Sanghavi	-	79.82	-	79.82
	-	(80.85)	-	(80.85)
Mrs. Naini N. Kulkarni	-	-	1.92	1.92
	-		(1.65)	(1.65)
Mrs. Ami J. Sanghavi	-	-	1.02	1.02
	-	-	(0.70)	(0.70)
Mr. Aditya J. Sanghavi	-	-	-	-
	-	-	(0.40)	(0.40)
Ms Nirali J. Sanghavi	-	-	0.31	0.31
	-	-	(0.31)	(0.31)

Figures above do not include IND AS Adjustments

For KMP, Reimbursement of Expenses is not reported above.

(Previous years figures are in bracket)

* Expenses towards gratuity and compensated absences has not been considered in above information as a separate actuarial valuation is not available. Remuneration reported pertains to the amount paid including variable pay of previous year but does not include provisions towards variable pay, share based payment expenses as per Ind AS 102 etc.

All transactions with these related parties are priced on an arm's length basis. None of the balance is secured.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

24 Corporate Social Responsibility

For 2023-24

- a Gross amount required to be spent by the Company during the year : Rs. 25.83 Lacs
- b Excess amount spent for the Financial Year 22-23 (Amount Allowed to be set off against CSR Expenditure of the Current Year) : Rs 6.45 Lacs
- c Amount to be spent in F.Y. 2023-24 : Rs 19.38 Lacs
- d Actual Amount spent by the Company during the year is as follows ;

Activity	Paid in Cash	Yet to be Paid in Cash	Total
1. Eradicating hunger, poverty and malnutrition, ["promoting health care including preventive health care"] and promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	20.88	-	20.88
2. Rural development projects, Disaster management, including relief, rehabilitation and reconstruction activities.			
3. Contribution to the prime minister's national relief fund or any other fund set up by the central govt. or state govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;			
	-	-	-
Total	20.88	-	20.88

For 2022-23

- a Gross amount required to be spent by the Company during the year : Rs. 16.35 Lacs
- b Excess amount spent for the Financial Year 21-22 (Amount Allowed to be set off against CSR Expenditure of the Current Year) : Rs 5.86 Lacs
- c Amount to be spent in F.Y. 2022-23 : Rs 10.49 Lacs
- d Actual Amount spent by the Company during the year is as follows ;

Activity	Paid in Cash	Yet to be Paid in Cash	Total
1. Eradicating hunger, poverty and malnutrition, ["promoting health care including preventive health care"] and promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	16.94	-	16.94
2. Rural development projects, Disaster management, including relief, rehabilitation and reconstruction activities.			
3. Contribution to the prime minister's national relief fund or any other fund set up by the central govt. or state govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;			
	-	-	-
Total	16.94	-	16.94

25 Derivative Instruments and Unhedged Foreign Currency Exposure

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

- (i) There are no derivative instruments outstanding as at March 31, 2024 and March 31, 2023.
- (ii) Unhedged foreign currency exposure towards receivables outstanding as at March 31, 2024 and March 31, 2023 is as under:

Particulars	As at			
	March 31, 2024		March 31, 2023	
	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
Trade Receivables				
a) USD	-	-	-	-

26 Significant accounting judgements, estimates and assumptions

The financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods .

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

27 Financial Instruments

- i) The carrying value and fair value of financial instruments by categories as at March 31, 2024 and March 31, 2023 is as follows:

	Carrying Value		Fair Value	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
a) Financial Assets				
Amortised Cost				
Trade Receivable	7,174.99	7,873.50	7,174.99	7,873.50
Loans and Advances	671.72	503.57	671.72	503.57
Cash and cash equivalents	44.05	21.49	44.05	21.49
Other Bank balances	1,264.79	227.20	1,264.79	227.20
Other	3,830.32	2,256.67	3,830.32	2,256.67
Total Financial Assets	12,985.87	10,882.43	12,985.87	10,882.43
b) Financial Liabilities				
Amortised Cost				
Borrowings	975.10	340.30	975.10	340.30
Lease Liability	-	-	-	-
Trade payables	-	-	-	-
Others	2,490.11	2,149.10	2,490.11	2,149.10
Total Financial Liabilities	3,465.20	2,489.39	3,465.20	2,489.39

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, book overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

28 Fair Value Hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

During the year, the Company has no financial assets and liabilities which are measured at fair value.

29 Financial risk factors

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk that counterparty will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and loans receivables, investments and other financial instruments.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities.

(c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risks include trade receivable and trade payable.

i. Interest rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company does not have significant debt obligation with floating interest rates, hence is not exposed to any significant interest rate risks.

ii. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company does not have significant foreign currency exposure and hence is not exposed to any significant foreign currency risks.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

The Working Capital Position of the Company is given below:

	March 31, 2024	March 31, 2023
Current Assets		
Trade receivable	7,174.99	7,873.50
Cash and Cash Equivalent	44.05	21.49
Bank Balance	1,264.79	227.20
Loans and Advances	31.86	30.95
Other Financial Asset	2,298.22	826.60
Other Current Assets	322.79	225.98
Total	11,136.69	9,205.72
Less:		
Current Liabilities		
Borrowings	975.10	340.30
Trade Payables	-	-
Others	3,441.04	3,566.45
Total	4,416.14	3,906.74
Net Working Capital	6,720.55	5,298.98

The table below provides details regarding the contractual maturities of significant financial liabilities :

	Less than 1 year	2-5 years	Total
As at March 31, 2024			
Borrowings	975.10	-	975.10
Trade Payables	-	-	-
Other Financial Liabilities	2,340.92	149.19	2,490.11
Total	3,316.02	149.19	3,465.20
As at March 31, 2023			
Borrowings	340.30	-	340.30
Trade Payables	-	-	-
Other Financial Liabilities	2,103.30	45.80	2,149.10
Total	2,443.60	45.80	2,489.39

30 Capital management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, short term borrowings, trade and other payables, less cash and cash equivalents.

Particulars	March 31, 2024	March 31, 2023
Gross Debt	975.10	340.30
Less:		
Cash and Cash Equivalent	44.05	21.49
Other Bank Balances	1,264.79	227.20
Net debt (A)	(333.73)	91.61
Total Equity (B)	10,128.88	9,375.37
Gearing ratio (A/B)	(0.03)	0.01

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

31 Share based payments

The expense recognised for employee services received during the year is shown in the following table:

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Expense arising from equity settled share based payment transactions (ESOP)	28.38	-
	28.38	-

The Company has implemented Employee Stock Option Scheme 2022 ('ESOP 2022') as approved by the shareholders on 29th July, 2022. The ESOP 2022 Scheme covers the permanent employees of the Company and its subsidiaries and directors (excluding promoter directors) [collectively "eligible employees"]. The nomination and remuneration committee of the Board of AARVI ENCON LIMITED administers the ESOP 2022 Scheme and grants stock options to eligible employees.

Details of the options granted during the year ended 31st March, 2024 under the Scheme(s) are given below:

Scheme details	Grant date	No. of options granted	Exercise price (Rs.) per option	Vesting period	Exercise period
ESOP 2022	1-Jan-24	38,500	25.00	1 Year	1 year from Vesting date
ESOP 2022	1-Jan-24	38,500	25.00	2 Year	2 years from Vesting date
ESOP 2022	1-Jan-24	38,500	25.00	3 Year	3 years from Vesting date
ESOP 2022	1-Jan-24	38,500	25.00	4 Year	4 years from Vesting date
ESOP 2022	1-Jan-24	38,500	25.00	5 Year	5 years from Vesting date

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of face value each.

Stock option activity under the scheme(s) for the year ended 31st March, 2024 is set out below:

ESOP 2022

Particulars	No of options	Weighted average exercise price (Rs.) per option	Range of exercise price (Rs.) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	192,500.00	25.00	25.00	-
Forfeited/cancelled during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	192,500.00	25.00	25.00	2.75
Exercisable at the end of the year	-	-	-	-

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

32 The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Company for the year ended March 31, 2024.

33 Transactions with companies struck off

There are no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

34 Financial Ratios

Particulars	March 31, 2024	March 31, 2023	% Variance	Reasons
a) Current ratio				
Current Assets	11,136.70	9,205.72	11.23%	
Current Liabilities	4,927.16	4,530.26		
Current ratio	2.26	2.03		
b) Debt-Equity ratio				
Debt	975.10	340.30	165.23%	Due to increase in usage of cash credit facility during the year.
Equity	10,128.88	9,375.37		
Debt-Equity ratio	0.10	0.04		
c) Debt service coverage ratio				
EBIDTA	1,374.75	1,824.73	-8.65%	
Debt service	141.29	171.31		
Debt service coverage ratio	9.73	10.65		
d) Return on equity ratio				
Net Profits after taxes	1,034.62	1,411.67	-34.02%	Due to decrease in profits as compared to previous year.
Average Shareholder's Equity	9,752.12	8,779.25		
Return on equity ratio	0.11	0.16		
e) Inventory turnover ratio				
sales	Not applicable	Not applicable		
Average Inventory	Not applicable	Not applicable		
Inventory turnover ratio	Not applicable	Not applicable		
f) Trade receivables turnover ratio				
Net Credit Sales	37,764.92	38,269.49	-2.97%	
Average Accounts Receivable	7,524.24	7,398.54		
Trade receivables turnover ratio	5.02	5.17		
g) Trade payables turnover ratio				
Net Credit Purchases	Not applicable	Not applicable		
Average Trade Payables	Not applicable	Not applicable		
Trade payables turnover ratio	Not applicable	Not applicable		
h) Net capital turnover ratio				
Net Sales	37,764.92	38,269.49	-25.70%	Due to decrease in sales and increase in unbilled revenue as compared to previous year.

Notes to financial statements as at and for the year ended March 31, 2024

(All figures are in Lakhs unless otherwise stated)

Particulars	March 31, 2024	March 31, 2023	% Variance	Reasons
Working Capital	6,209.54	4,675.46		
Net capital turnover ratio	6.08	8.19		
i) Net profit ratio				
Net Profit	1,034.62	1,411.67	-25.73%	
Net Sales	37,764.92	38,269.49		
Net profit ratio	2.74%	3.69%		
j) Return on capital employed				
Earning before interest and taxes	1,249.72	1,705.66	-35.80%	Due to decrease in profits as compared to previous year.
Capital Employed	11,130.35	9,752.73		
Return on capital employed	11.23%	17.49%		
k) Return on investment				
Net Profit	1,034.62	1,411.67	-35.87%	Due to decrease in profits as compared to previous year.
Net Investment	11,103.98	9,715.66		
Return on investment	9.32%	14.53%		

35 The figures for the previous year are re-arranged/ re-grouped, wherever necessary.

As per our report of even date

For Jay Shah & Associates
Firm Registration No. 135424W
Chartered Accountants

Sd/-
Jay Shah
Proprietor
M.No. 134334
UDIN : 24134334BKBEEA3412
Place : Mumbai
Date : 13th May, 2024

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/-
Leela S. Bisht
Company Secretary & Compliance Officer
Membership No. ACS 59748

Place : Mumbai
Date : 13th May, 2024



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Branches: Baroda / Chennai / Kolkata / Delhi NCR / Pune / UAE / Oman

Website : www.aarviencon.com

