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## Aarvi Encon Limited

Formerly known as Aarvi Encon Private Limited

CIN : L29290MH1987PLC045499

(ISO 9001 : 2015 & OHSAS 18001 : 2007)

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



### TRANSCRIPT OF THE THIRTY SECOND ANNUAL GENERAL MEETING (AGM) OF AARVI ENCON LIMITED HELD ON TUESDAY, SEPTEMBER 22, 2020 AT 11:00 AM IST, THROUGH VIDEO CONFERENCING MODE.

#### SHAREHOLDERS PRESENT THROUGH VC:

10 Shareholders holding 70,37,250 shares were present at the 32nd Annual General Meeting (Third AGM Post IPO of the Company).

#### DIRECTORS PRESENT THROUGH VC:

DIRECTOR(S)	DESIGNATION	
Mr. Virendra D. Sanghavi	Managing Director	CSR Committee - Chairman
Mr. Jaydev V. Sanghavi	Executive Director & CFO	Audit Committee and Stakeholder Relationship Committee - Member
Mr. Devendra J. Shrimanker	Independent Director	Audit Committee & Nomination and Remuneration Committee – Chairperson
Mr. Sharad S. Sanghi	Independent Director	-
Mrs. Sonal N. Doshi	Independent Director	Stakeholders Relationship Committee – Chairperson Audit Committee & Nomination and Remuneration Committee – Member
Dr. (Mrs.) Padma V. Devarajan	Independent Director	Audit Committee & Nomination and Remuneration Committee – Member

#### KEY MANAGERIAL PERSONNEL(S) (KMPS) PRESENT THROUGH VC:

KMP(S)	DESIGNATION
Jaydev V. Sanghavi	Executive Director & CFO
Jay H. Shah	Company Secretary & Compliance Officer

**AUDITORS PRESENT THROUGH VC:**

<b>AUDITORS</b>	<b>DESIGNATION</b>
Arvind H. Shah	Proprietor, M/s Arvind H. Shah & Co., Statutory Auditors.
Aashish Bhatt	Partner, M/s. Bhatt & Associates Company Secretaries LLP, Scrutinizer for E-voting and Secretarial Auditor.

Other key executives and senior management of the Company had also attended the AGM. The AGM commenced at 11:00 AM (IST) and concluded at 11:50 PM (IST).

**Welcome Address – Aashish Bhatt – Practicing Company Secretary, Secretarial Auditors of the Company.**

Very Good Morning Everyone!

I welcome you all to this 32<sup>nd</sup> Annual General Meeting (3rd AGM Post – IPO) of the Company which is being held through Video Conference Mode or Other Audio Visual Means.

My Name is Aashish Bhatt, Partner of M/s. Bhatt & Associates Company Secretaries LLP, Secretarial Auditors of the Company conveying this AGM.

I would like to take you through on certain points regarding the participation at this meeting. All Members who have joined this meeting are by default being put on mute mode by the host to avoid any disturbance arising from background noise and to ensure smooth and seamless conduct of the meetings. Once the Question and Answers starts, the Chairman will announce the name of the members who have registered as speaker shareholder one by one. The Speaker shareholder will thereafter be unmuted by the host. To start speaking, Shareholders are requested to click a video on button. If the shareholder is not able to join through video mode for any reason, he or she may continue speaking through audio mode. While Speaking, we request the shareholders to use the earphone so that they are clearly audible, minimize any noise that arises in the background, ensure that wifi is not connected to any other device. No other background apps are running.

Now we proceed further for the election of the Chairman of the Meeting. I would request Mr. Devendra Shrimanker, Independent Director to initiate the process...

**Devendra Shrimanker, Independent Director:**

I request Mr. Virendra D Sanghavi to act as Chairman of the Meeting. All the members of Board of Directors seconded the same.

Aashish Bhatt : Now I would request Mr. Virendra D. Sanghavi to chair this meeting.

**Virendra D. Sanghavi, Managing Director:**

Dear Shareholders,

A Very Good Morning to all of you.

It's a pleasure to welcome you all to this 32nd Annual General Meeting of Aarvi Encon Ltd. It is my privilege to address you as Managing Director of the Company.

In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs has permitted the holding of the Annual General Meeting through video conferencing / Other Audio Visual Means, without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Act and MCA circulars, SEBI Listing Regulations, this AGM of the Company is being held through Video Conference Mode or other Audio Visual Means for the first time.

I thank all the members for joining this meeting and hope all of you are safe and doing well.

I have been informed that the requisite quorum is present, and I call the meeting to order.

The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, had been made available electronically for inspection by the members. Members seeking to inspect such documents can access the same on the website of the Company i.e [www.aarviencon.com](http://www.aarviencon.com)

I now call all the directors who are present in this AGM to introduce themselves...

Mr. Jaydev V Sanghavi, Executive Director and CFO of the Company.

**Jaydev V. Sanghavi - Executive Director & CFO**

Hello Everyone, I am Executive Director of the Company.

**Devendra J. Shrimanker – Independent Director and the Chairman of the Audit Committee and Nomination and Remuneration Committee of the Company.**

“Hello everyone, Very Good Morning ! I am Devendra Shrimanker. I am attending this AGM today through VC from my residence in Mumbai”

**Padma V. Devarajan - Independent Director**

“Good Morning everybody, this is Dr. Padma Devarajan and I am attending this meeting from my residence in Mumbai through VC.

**Sonal N. Doshi - Independent Director & Chairman of the Stakeholder Relationship Committee**

“Good Morning Everyone, I am Sonal Doshi, I am attending this meeting today through VC from my home in Mumbai”

**Sharad S. Sanghi - Independent Director**

**Virendra D. Sanghavi:** Mr. Sharad Sanghi is New Independent Director, Mr. Sanghi is the Managing Director and CEO of Netmagic, an organization that he founded in July 1998. Mr. Sanghi is considered a pioneer in the Indian cloud computing space, and his vision has helped Netmagic become a leader in the Public Cloud services market in India.

**Sharad Sanghi :** Thank you so much Sir ! Good Morning Everyone, I am Sharad Sanghi, I recently joined the board of Aarvi Encon Ltd and attending this meeting through VC from my home in Mumbai.

**Virendra D. Sanghavi, Managing Director:**

Apart from Directors, we have all the senior management team, business heads, finance heads attending this meeting from their residence or their respective offices.

As you all are aware that the Indian Economy is facing slowdown due to nationwide lockdown to combat Covid-19 Pandemic. The June, 2020 quarter GDP data is the worst contraction in the history of the Indian economy mainly because the central government on March 25 had ordered a complete lockdown of most of the manufacturing and service sectors owing to the spread of COVID-19.

In the digitized world, labor reforms have become the need of the hour especially after various schemes launched by the government to make India a preferred investment destination.

We firmly believe that the economy will recover fast and India is going to emerge as the strongest Country post Covid-19 pandemic in the world.

Indian talent has tremendous demand worldwide and we wish to inform you that your Company had successfully executed a project with one big offshore Company wherein 52 expatriates were deployed on rigs.

With India being a talent house, your Company would focus on International Business and wish to open offices in Oman, Indonesia and also look for partners in Kuwait.

During the F.Y. 2019 - 20, the Company recorded total revenue of Rs. 218.64 Crs against 206.03 Crs. in the previous year, Net Profit stands at 7.17 Crs. in the previous year on a consolidated basis and to reward the shareholders, the Board of Directors have recommend a final dividend of Rs. 1 per Equity Share for the financial year ending on 31st March, 2020.

The Company's accounts for the year ended March 31, 2020, along with the Directors' and Auditors' report and Management's Discussion and Analysis have already been circulated to you.

With your permission, I would like to take them as read.

For the financial year 2019-20, the Statutory Auditor and the Secretarial Auditor have issued a report without any qualification.

Since the AGM is being held through Video Conference Mode and Other Audio/Visual Means and the resolution mentioned in the notice convening this AGM have already been put to vote through remote e-voting.

The resolutions mentioned in the Notice of 32<sup>nd</sup> AGM as under:

**A. ORDINARY BUSINESSES:**

Item Number(s)	Agenda
1.	To consider and adopt: (a) the audited standalone financial statement of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the report of Auditors thereon
2.	To Appoint a Director in place of Mr. Jaydev V. Sanghavi (DIN: 00759042), Executive Director of the Company, who retired by rotation and being eligible, offered himself for re-appointment.
3.	To Declare Dividend on equity shares for the financial year ended March 31, 2020

**B. SPECIAL BUSINESSES:**

4.	To Appoint Mr. Sharad S. Sanghi (DIN: 00265977) as a Director of the Company.
5.	To Approve the Remuneration of Mr. Virendra D. Sanghavi (DIN: 00759176), Managing Director of the Company for the FY 2020-21 and 2021-22.

The Company is offering e-voting facility to all the members of the Company and business may be transacted through such remote e-voting. The Company has appointed Bhatt & Associates Company Secretaries LLP as scrutinizer to scrutinize the remote e-voting process.

Now I would like to hand it over back to Aashish Bhatt, Practicing Company secretary for the rest of the proceedings.

**Aashish Bhatt – Practicing Company Secretary**

Thank you Chairman!

**Aashish Bhatt :** Now I would like to update you all about the voting process.

In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its various circular permits the holding of the Annual General Meeting (AGM) through video conferencing (VC) without the physical presence of the Members at a common venue. In compliance with the aforesaid MCA circulars and SEBI circular the notice of AGM along with Annual Report for the financial year 2019 - 20 is being sent only through electronic mode to all the members whose email IDs are registered with the Company/ Depository Participant(s). Members may note that the Notice and Annual report for financial year 2019- 20 will also available on the company’s website i.e [www.aarviencon.com](http://www.aarviencon.com) and on website of the Stock Exchange i.e. National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com).

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 August 28, 2020.

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 September 11, 2020.

In accordance with the provisions of the Companies Act 2013 and Regulation 44 of SEBI Listing Regulations, the Company has provided e-voting facility to all the members of the Company to cast their votes through remote e-voting. Members must have submitted their votes through this system during the e-voting period i.e from 10.00 A.M (IST) on Thursday, September 17, 2020 to 5.00 P.M (IST) on Monday, September 21, 2020.

Facility of voting through electronic voting system would also be available at the AGM and members, who are present in the meeting through Video Conference or Other Audio Visual Means and have not cast their vote on resolutions through remote e-voting, shall be allowed to vote through e-voting system during the course of this meeting.

The Company has appointed Bhatt & Associates Company Secretaries LLP, as a scrutinizer for conducting the remote e-voting and electronic voting process at the AGM in a fair and transparent manner.

Now would request all the members present here if you have any queries, on the financial statement or Annual Report of the Company for the F.Y. 2019-20. You may please note that if any queries remain unsolved then you may write it to us via email on [jay.shah@aarviencon.com](mailto:jay.shah@aarviencon.com) we will strive to solve the same at the earliest.

Now, I would invite the speakers who are registered with the Company.

First Mr. Amit Bageria.

**Amit Bageria :** First of all thank you so much for doing fantastic work during this difficult time, Secondly you are paying dividend in real tough time where liquidity is the problem. It speaks a lot about how you treat minority shareholders that is fantastic and commendable. I just hope that you continue paying and increasing the dividend. Thirdly I would like to welcome Mr. Sanghi on board with his deep domain knowledge of IT. I am sure it will help us tremendously in increasing IT Business.

Fourthly I have few questions 1) How Covid-19 has impacted the business of the Company.? 2) Has the nature of the contract with clients got shorter or longer due to the current situation? 3) Which are the new areas we look to grow in the upcoming times. Where do we want to be internationally in the coming 3 or 4 years. The margin would be similar to the last year as they were better than the domestic business. On the domestic side, How are we looking at Healthcare, pharma and aviation sectors becoming a decent contributing part of our business.?

**Jaydev Sanghavi :** During Covid-19 Scenario, we are working with the clients who are into essential services and which are running at 100% capacity. Due to the lockdown situation, there were few people working from home however we continued serving them smoothly.

At the initial stage (Before Lockdown) we were expecting the lockdown type situation may come up and hence we had issued the laptops, data cards to all our employees to make sure the efficiency of the employee is maintained. We have been able to serve most of the clients at a proper level.

Secondly we are looking at aviation as new vertical. We have been associated with few projects in aviation. There were a couple of tenders quoted for the Airport Authority of India, and are looking forward to getting some job. We are working with Bangalore International Airports, there was a slowdown due to this pandemic however we expect it to get normalized soon.

In regards to Healthcare, and IT Sectors, we are revamping the team and hopefully in the next couple of years, will be able to do much better in these both growing sectors.

For International Business, This year we will be setting up offices and may not be able to generate more revenue from those places. Depending on the expertise of our Company i.e Oil & Gas, We are focusing on Middle East Countries, Oman & Qatar. We believe that if the manufacturing facilities come out from China to India, Indonesia and Vietnam are countries that would benefit. We are keeping a close watch on these countries, if we can see the opportunities in those countries then we will be able to work on it. International Sales was around 25 Cr in the previous year. It may reduce this year. Presently we are at 10% of the consolidated turnover, however in the next 3 years we may achieve 20 to 30% of the turnover.

**Amit Bageria** : Thanks one more question on the working capital side, Has it got tightened or gone back to pre-covid level?

**Jaydev Sanghavi** : On working capital Side, we are at much better level, I would say thanks to the senior management team Tushar Shah, VP - Business Development, R Manoj, VP - Business Development and Mathew Eappen - VP - Finance & Accounts. They really worked hard in Covid times and make sure that funds were collected from all the customers and at the same time the Company has received Income Tax refund of around 6.5 Crs which has helped us in reducing the bank facilities. As on today, we are hardly utilizing 2 to 3 Crs out of total 25 Cr. facilities available by the Company. So we are much more comfortable in that manner.

**Amit Bageria**: Okay thanks and Best of Luck.

**Aashish Bhatt** : Moving on to Next Speaker Ms. Neha Idnany.

**Neha Idnany** : Hi Good Afternoon ! Am I Audible ?

**Virendra Sanghavi** : Yes

**Jaydev Sanghavi** : Yes

**Neha Idnany** : Good Afternoon Mr. Jaydev and Mr. Virendra Sanghavi, Hope everything is going well ! Thank you for the efforts taken during these times. So I have a couple of questions. Firstly being on Acquisitions, I know we were supposed to do acquisitions, where are we on that and what is the thought process on the same.

Secondly we have been trying to grow the IT staffing business and with the new team coming in, what is it we think needs to change and how are we ensuring that we will be successful this time. Third Question I have is on the International Part of Business, we lost a big order in the International Company, What was the reason behind it. By when can we expect further orders



from the client. Further this time receivables were pretty high on the International Company side? how are we managing the receivables on the international business. Also International Business seems way more profitable so if you could help us understand as the international Business scales up to 30% of the sales, what kind of profitability can we expect for the entire business.? Lastly What is our stated Dividend Policy and if you could introduce your team, the second layer comes in after Mr. Virendra Sanghavi and Mr. Jaydev Sanghavi. So if you can introduce us to them so that we can see them and can appreciate the work done by them that's my suggestion.

**Jaydev Sanghavi :** In regards to major order received internationally, we haven't lost the order, The initial order was upto April 2020 and might have got extended. In March/April, 2020, the oil prices crashed to \$20 and it is unviable for a lot of drilling rigs to work in that situation. Hence the order was not extended. Unfortunately they have stopped their workings for the time being due to Covid-19, they have not yet started operations. At the moment it is difficult to predict the situation however our Company is in regular touch with them and we hope that it turns out to be in favour of the Company.

Secondly, As we are in the People's Business and the IT staffing will go well only if we have the right kind of people. We have not been fortunate to get a good team to execute IT staffing orders. We have made our interview process more stringent to identify and mobilize the head for IT Staffing. We will keep you updated on the developments. Thirdly we are open for acquisition and we have seen a couple of opportunity on and off. The UK opportunity was kept on hold due to the current covid scenario. We have visited UK parties before lockdown and are in constant touch. In the current scenario UK parties business have also been impacted and our travel got restricted. Therefore It is kept on hold for the time being. In India, we are looking for acquisitions and if we find the opportunity in right price then we will surely look into it.

In International Business, the margins are better for us, the margin would be similar as we got in the past. Manoj is that correct?

**R Manoj :** Yes Sir.

**Jaydev Sanghavi :** So I think we'll be able to maintain the international business and you want to meet our team I will ask my managers to switch on their cameras. 1) R Manoj, VP - Business Development 2) Tushar Shah - VP, Business Development 3) Reyaz Khan - General Manager, Business Development 4) Mathew Eappen - VP - Finance & Accounts 5) Santosh Kondam - HR Manager 6) Rakesh Samant - Deputy General Manager - HR. Okay thank you very much everyone. Neha I hope I have addressed all the questions.

**Neha Idnany :** Yes, if you could give a kind of background of the team in the next year's annual report that would be really great. if you could give organization structure.

**Jaydev Sanghavi** : Noted.

**Aashish Bhatt** : Next Speaker Mr. Tejas Shah

**Tejas Shah** : Thank you everybody, Jaydev and Mr. Sanghavi for letting me speak. I believe a lot of the shareholders are recently associated with the Company. The Company probably reflects what the management speaks and I would like to speak on my experience with the Management for the last 30 years. I am not talking finance, projections and for that all other people on the board are experts on it and tackle it. Let's go back 30 years and Jaydev and Me started engineering together and at every exam a friend in me lends up at his house and seeks guidance over some subjects and not once Jaydev has turned away and shown that I have encroached his time. He solved the problem and said in the next exam you will be better than me but that never happened. Nasta was always ready at home for me and it was free education and food for me. Few years back, we were together with family and went on an International holiday. Midway Jaydev got the call from his office about an overseas client who is interested in meeting immediately for a large contract. I told Jaydev we can't cancel the holiday and let the client wait for some time and in a next minute Jaydev decided that they are going back to Mumbai. I felt it was a right decision and his Company is public and mine is not. So in short what I am trying to tell everyone is that this is the management of compassion and commitment and we are in safe hands.

**Jaydev Sanghavi** : Thank Tejas !

**Virendra Sanghavi** : Thank you !

**Aashish Bhatt** : Thanks Tejash Bhai ! Any other speaker would like to raise any queries then please come forward.

**Aashish Bhatt** : Okay I now handover the proceedings to the Chairman.

**Virendra Sanghavi** : Thank you Aashish Bhai !

I thank all of you for your participation in the meeting.

I authorize the Company Secretary to receive the Scrutinizer report and countersign the same and disclose the same for remote e-voting results on the resolutions put forth in the notice convening this AGM of the Company.

The Voting Results will be disseminated to the stock exchange and will be placed on the website of the Company within 48 hours from the conclusion of the Meeting.

With this I conclude this meeting and request all of you to say "Bharat Mata ki Jay".

I would like to invite Mr. R. Manoj – Vice President to give a vote of thanks.

**R Manoj :** Thank you Sir ! It is a great honour and privilege to propose the vote of thanks on this memorable occasion. This is the Third AGM post IPO of the Company and the level of engagement with the stakeholders have really increased. Their timely guidance and support is really commendable.

First and foremost, I thank the Board of Directors of Aarvi Encon for their valuable contribution in the growth of the Company.

I express my heartfelt thanks to our valued shareholders for your contribution and continued support which will help the Company to reach new heights in the coming years.

I would also like to express our sincere thanks to our Managing Director, Mr. Virendra Sanghavi for giving excellent coverage on the company's growth. Would like to draw your attention here that Mr. Sanghavi was recently felicitated at the Great Managers People Award ceremony in association with Forbes India at Mumbai which reflects his ability, vision and leadership in the Company. Would request for a round of applause on this achievement.

Would really appreciate all the employees of the Company for their dedication, passion and commitment towards your company's growth.

I thank our statutory Auditors, Company Secretaries, Merchant Banker and RTA and all other stakeholders for their valuable guidance and support throughout the years.

THANK YOU !

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