



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 THIRD (33RD) ANNUAL GENERAL MEETING (AGM) OF AARVI ENCON LIMITED HELD ON THURSDAY, JULY 29, 2021 AT 11:00 AM IST, THROUGH VIDEO CONFERENCING MODE.

SHAREHOLDERS PRESENT THROUGH VC:

19 Shareholders holding 1,09,74,042 shares were present at the 33rd Annual General Meeting (Fourth AGM Post IPO of the Company).

DIRECTORS PRESENT THROUGH VC:

DIRECTOR(S)	DESIGNATION	Committees
Mr. Virendra D. Sanghavi	Managing Director	Corporate Social Responsibility 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
Mrs. Sonal N. Doshi	Independent Director	Stakeholders Relationship Committee – Chairperson Audit Committee & Nomination and Remuneration Committee and Corporate Social Responsibility Committee – Member
Dr. (Mrs.) Padma V. Devarajan	Independent Director	Audit Committee & Nomination and Remuneration Committee and Corporate Social Responsibility Committee – Member

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

KMP(S)	DESIGNATION
Mr. Virendra D. Sanghavi	Managing Director
Jaydev V. Sanghavi	Executive Director & CFO
Leela S. Bisht	Company Secretary & Compliance Officer

AUDITORS PRESENT THROUGH VC:

AUDITORS	DESIGNATION
Siddharth Shah	Representative of 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 – Leela Bisht – Company Secretary & Compliance Officer of the Company.

Very Good Morning Everyone..!!

I welcome you all to this 33rd Annual General Meeting (4th AGM Post – IPO) of the Company which is being conducted through Video Conference Mode or Other Audio Visual Means.

My Name is Leela Bisht and I am Company Secretary and Compliance Officer of your Company.

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. As on date we did not receive any request from members to register themselves to speak in this AGM. Except one member who has raised her query via email further, if any shareholder have any query pertaining to Annual Report, they may write to us at cs@aarviencon.com.

Now I would request all the members, directors and all the other participants to keep one minute silence for Late Mrs. Niranjana V. Sanghavi, wife of Mr. Virendra D. Sanghavi, part of promoter group and an ex director of the Company who left for her heavenly abode on December 15, 2020 showing a gesture of respect for her contribution to the Company.

Now we proceed further for election of the Chairman of the Meeting. Would request Mr. Devendra Sir 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.

Leela Bisht, Company Secretary & Compliance Officer:

Now, I would request Mr. Sanghavi, the Chairman of the Meeting to apprise all the members about the Company performance during the previous FY 2020-21.

Virendra D. Sanghavi, Chairman & Managing Director:

Dear Shareholders,

A Very Good Morning to all of you.

It's a pleasure to welcome you all to this 33rd Annual General Meeting of Aarvi Encon Ltd. It is my privilege to address to you as a 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 last year. Accordingly, MCA vide its circular dated January 13, 2021 extended the same circular for holding AGM in 2021 via VC/OAVM means up to December 31, 2021. Therefore 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.

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

As the requisite quorum is present, I call the meeting to order.

I would now like to introduce you to the Directors and Officials present in the meeting:

Mr. Jaydev Sanghavi, Executive Director & CFO and Member of Audit Committee and Stakeholder Relationship Committee of the Company.

Mr. Jaydev Sanghavi: Present

Mr. Devendra Shrimanker, Independent Director & Chairman of the Audit Committee and Nomination and Remuneration Committee.

Mr. Devendra Shrimanker: Present

Dr. Padma Devarajan, Independent Director and Member of Audit Committee & Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

Dr. Padma Devarajan: Present

Mrs. Sonal Doshi, Independent Director & Chairman of the Stakeholder Relationship Committee and Member of Audit Committee & Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

Mrs. Sonal Doshi: Present

Due to personal reason Mr. Sharad Sanghi, Independent Director, had applied for leave of absence, which is granted.

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

I would also like to inform you that we have our Statutory Auditors and Secretarial Auditors present in the meeting.

The Audited Financial Statements, the Board's Report, Auditors' Report, and the Register of Directors' shareholdings and Register of Contracts and arrangements are also available for inspection. The members seeking to inspect such documents can send an e-mail to cs@aarviencon.com.

I trust all of you and your family are keeping well in the midst of unprecedented pandemic COVID-19. India and many other parts of the world are in the grip of second or even third waves of the pandemic, which is much fiercer than anything we saw last year. The Government and every sector of Economy is fighting to revive and rebuild the economy in this challenging situation.

During the F.Y. 2020 - 21, the Company recorded total revenue of Rs. 204.08 Crs against 218.64 Crs. in the previous year, Net Profit stands at 10.46 Crs. as against 7.17 Crs. in the previous year. The Net profit margin stands at 5.12% as against 3.28% in the previous year on a consolidated basis and to reward the shareholders, the Board of Directors have recommend a final dividend of Re. 1.50/- per Equity Share for the financial year ending on March 31, 2021.

After successful implementation of UAE branch, your Company evaluated Opportunities in Oman, Indonesia, Kuwait, and Qatar for extending Company's services in those Countries as well. I am glad to announce that your Company has incorporated a step down subsidiary "Aarvi Encon LLC" at Oman through its wholly owned subsidiary Aarvi Encon FZE in the United Arab Emirates. Similarly, the Company has incorporated its Second Step down Subsidiary by the name of "PT Aarvi Encon Services" at Indonesia to expand the network in South East Asia as well.

The Notice of the 33rd AGM, Financial Statements of the Company for the year ended March 31, 2021 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.

The Company has already offered remote 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. All the resolutions mentioned in the notice convening this AGM have already been put to vote through remote e-voting.

Members who are present at the meeting but who had not cast their votes earlier through remote e-voting can cast their votes in AGM. Please note the Voting line will remain open from now and up to the 15 mins after the conclusion of the meeting.

Now I would like to hand it over back to Ms. Leela Bisht, Company Secretary for the rest of the proceedings.

Leela Bisht - Company Secretary & Compliance Officer

Thank you Sir!

Now I would like to update you all about the voting process.

In compliance with the applicable MCA circulars and SEBI circulars the notice of the AGM along with Annual Report for the financial year 2020 - 21 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 2020 – 21 will also be available on the company's website i.e. www.aarviencon.com and website of the Stock Exchange i.e. National Stock Exchange of India Limited at www.nseindia.com.

This notice is being sent to all the members of the Company whose name appears in the Register of Members / list of beneficiaries received from the depositories on the end of July 23, 2021.

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 17, 2021.

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 Monday, July 26, 2021 to 5.00 P.M (IST) on Wednesday, July 28, 2021.

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. 2020-21? You may please note that if any queries remain unsolved then you may write it to us via email on cs@aarviencon.com, we will strive to solve the same at the earliest.

Now, I would request Mr. Jaydev Sanghavi, Executive Director and CFO of the Company to answer the questions raised by shareholders.

Jaydev Sanghavi: Ms. Neha Idnany, Shareholder has raised few question via Email.

1. What is the sales target for 2025? From current sales of 200cr - can we be 500cr?

Mr. Jaydev Sanghavi replied: That's our thought process and the Company is working towards that direction and within next four years I think we should achieve the numbers as suggested by you.

2. Since now international operations are going to contribute higher to the sales, will margins be better than current levels and what % margin we see by 2025. Can we be 7-8% net profit margins?

Mr. Jaydev Sanghavi replied: For current financial year, idea for us is to set up different offices. Still most of borders are closed. We have got requirements but we are unable to mobilize the people because closure of borders. In 2025, I presume we will definitely have a better margin from today, it should be anything between 6% to 8% as internationally we have margin in range of 15 to 20%.

3. Since we have got the IT refund and we have 20cr cash balance, can we look at one time special dividend, unless we have plans to utilize the cash in the business? Do you e have any buy back plans?

Mr. Jaydev Sanghavi replied: We are evaluating Companies for inorganic growth, this includes an IT Staffing & Pharma Staffing Company. We are at early stage of discussion with them. Personally, we would like to utilize the fund for growth of the Company.

Pertaining to buyback, we will take up at Board Meeting and discuss with the Board Members.

4. There were some tax related issues with 80JJA for another listed manpower outsourcing company. Have we gotten a legal opinion on the same?

Mr. Jaydev Sanghavi replied: We have verified our documents in regards to the tax benefit taken as per 80JJA with our Statutory Auditors. We have also asked our Internal Auditor to re-verify the numbers so that we don't get into problem what other staffing Companies have gone through. I don't see any problems.

Mr. Jaydev Sanghavi: I think I have replied to all questions. Is there any more question from Shareholders?

Meanwhile Mr. Amit Bagaria, Shareholder raised a question.

Mr. Amit Bagaria, Shareholder:

1. What percentage of our revenue would be from Operations and Management with today and how do we see that will be going forward because I assume margin from O & M is slightly better than Manpower? Is it so?

Mr. Jaydev Sanghavi replied: I agree with you Amit we have been quoting multiple places for O & M at a moment we have around 6 major projects for O & M activity currently. I don't have exact percentage with me right now, but our idea is to grow more on O & M piece because it is more long term projects. Long term assignments which definitely help us to understand our order book and O&M also gives better margin.

2. Internationally do we go O & M there also or we start with manpower than we go for O & M. How does it work the whole piece internationally?

Mr. Jaydev Sanghavi Replied: Instead of changing too many dynamics, in terms of location, in terms service profile, I would prefer to stay with manpower than move to O & M. If I say UAE we know the Manpower subject much better. We have asked our tender Manager to look at the international tender especially in UAE and if there is opportunity available then we should quote for the O & M tender. We would prefer to quote for O&M in tank terminal space as where we have done multiple projects. We have good experienced people to implement them.

Amit Bagaria, Shareholder: Thank you so much!! And best of luck..!!

Leela Bisht: Mr. Abhijeet Sinha, Shareholder has a question that what kind of growth are we looking for Financial Year 2022?

Mr. Jaydev Sanghavi Replied: We have got Q1 results coming soon, and looks like if lockdown doesn't happen and project continues than we expect somewhere around 15% growth.

Amit Bagaria, Shareholder: Jaydev, I have one suggestion, that we are paying Re. 1.5/- dividend this year it is suggested we can divide the dividend into parts yearly, we have enough cash flow and it also gives a good message across to the community that we are on continue process of part of sharing proceeds with shareholders.

Mr. Jaydev Sanghavi Replied: This sounds good to me, I am sure our Independent Directors would agree for that and we would like to implement the same going further.

Leela Bisht: Mr. Abhijeet Sinha, Shareholder has one more question, When do we expect the inorganic deals to get completed by?

Mr. Jaydev Sanghavi Replied: It is an early stage we have been evaluating various Companies for last three years, unfortunately we have not been so lucky in that aspects because peoples expectation and the price at which deal is supposed to happen is miles apart.

Leela Bisht: I hope Question raised by Mr. Sinha is answered by Mr. Jaydev Sanghavi.

I will now handover the proceedings to the Chairman Mr. V.D. Sanghavi.

Virendra D. Sanghavi, Managing Director:

Thank you Leela.

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 poll voting results on the resolution 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 I would like to invite Mr. R. Manoj – Vice President to give vote of thanks.

Mr. R. Manoj: Vice President

It is a great honour and privilege to propose the vote of thanks on this memorable occasion. This is the Fourth AGM post IPO of the Company and the level of engagement with the stakeholders have really increased from then. Their timely guidance and support is really commendable.

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

I express my heartfelt thanks to our valued shareholders for valuable 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 and Executive Director, Mr. Jaydev Sanghavi for giving an excellent coverage on company's growth. I would like to draw your attention here that "AARVI" has been recognized as the Leading Technical Staffing Company during MSME West 2020 Industry Leaders Event organized by Economic Times which felicitates the Business Entrepreneurs for their achievement through intelligence, smart & hard work. 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.....!!!!!!

Leela Bisht: With this the 33rd AGM of the Company stands concluded here. Thanks Shareholders, Directors, Auditors and everyone present in the meeting.
