



Aarvi Encon Limited

CIN : L29290MH1987PLC045499

(ISO 9001 : 2015 & ISO 45001 : 2018)

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



TRANSCRIPT OF THE THIRTY FOUR (34TH) ANNUAL GENERAL MEETING (AGM) OF AARVI ENCON LIMITED HELD ON FRIDAY, JULY 29, 2022 AT 11:00 AM IST, THROUGH VIDEO CONFERENCING MODE.

SHAREHOLDERS PRESENT THROUGH VC:

26 Shareholders were present at the 34th Annual General Meeting (Fifth 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

Mr. Jaydev V. Sanghavi	Executive Director & CFO
Ms. Leela S. Bisht	Company Secretary & Compliance Officer

AUDITORS PRESENT THROUGH VC:

AUDITORS	DESIGNATION
Arvind 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 11:28 PM (IST).

Welcome Address – Leela Bisht – Company Secretary & Compliance Officer of the Company.

Very Good Morning Everyone!

I welcome you all to this 34th Annual General Meeting (5th AGM Post – IPO) of the Company which is being conducted through Video Conference Mode or Other Audio Visual Means.

My Name is Leela Bisht, 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 have received request from members to register themselves to speak in this AGM. Further, if any shareholder have any query pertaining to Annual Report, they may write to us at cs@aarviencon.com.

Now we proceed further for election of the Chairman of the Meeting. Would request Ms. Sonal N. Doshi to initiate the process...

Sonal N. Doshi, 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 2021-22.

Virendra D. Sanghavi, Chairman & Managing Director:

Dear Shareholders,

A Very Good Morning to all of you.

On behalf of the Board of Directors It gives me a great pleasure to welcome you all to this 34th Annual General Meeting of Aarvi Encon Ltd. It is my privilege to address to you as a Managing Director of the Company. I thank all the members, Directors, auditors for taking your time and joining this meeting and hope you and your family members are in good health.

MCA vide its circular dated May 5, 2022 extended the circular for holding AGM via VC/OAVM means up to December 31, 2022. 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.

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 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 unavoidable circumstances 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 through Virtual Mode.

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 am happy to share that your company has performed well and I believe that there is always a space to improve for the betterment for the Company and the Stakeholders and we are working on it.

I consider my privilege to address you all today and to give you the insight of performance of your Company for the Year 2022.

You will be glad to know that your Company's performance during this year has been good.

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

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

Internationally, the Company is expanding at Indonesia, Oman and Qatar by incorporating subsidiary / Associate / Joint Venture Company.

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

Your Company being a corporate citizen, is not only looking to grow in terms of Profit but also working towards the betterment of Society by Contributing towards Corporate Social Responsibility for Education Support, Providing Food to Poor People and Support of Health Care. The work of Aarvi towards Society was recognized by CSR Journal Excellence, 2021 and awarded Aarvi as a 2nd Runner-up at under the category of Health and Sanitation.

The Notice of the 34th AGM, Financial Statements of the Company for the year ended March 31, 2022 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 2021 - 22 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 2021 – 22 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 1, 2022.

The Dividend on equity shares as recommended by the Board of Directors, if declared, at the meeting shall be paid to the members whose names are registered in the Register of Members / Beneficial owners as on July 22, 2022.

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, 2022 to 5.00 P.M (IST) on Wednesday, July 28, 2022.

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.

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. 2021-22?

Now, we shall begin with Question and Answers round.

I request Mr. Jaydev Sanghavi, Executive Director & Chief Financial Officer of the Company to answer the Shareholder Question.

Jaydev Sanghavi: Ms. Padmini Oza, Shareholder has raised few question via Email.

1. What is staffing market size in India, what is Aarvi's market share and which are the top companies in this space?

General Staffing size can be more than 5,00,000/- Cr large players.... However, Aarvi plays in niche space of Technical Staffing. The industry is highly fragmented with multiple Pop & Mom Shop Players along with large players the Size of these Companies may be approx. 10,000 Cr. for Technical Staffing.

2. Last 5 years Indian staffing industry grew at 20-25% while Aarvi's Revenue growth was 15%. What is the reason for underperformance?

Aarvi is into Niche market of Outsourcings only Technical Manpower i.e. Engineers. Therefore, it's not correct to compare Aarvi with General Staffing Business.

Revenue wise, Company has grown from approx. 190 cr. to 280 cr. Further, when we evaluate FY 2021 with FY 2022 the growth has increased by 40%.

3. What is the rationale behind opening International Office, how does that benefit us?

Strategy was to remain in niche space i.e. Technical Manpower Outsourcing. It is always good to expand and explore International Market so we get a foot into the international market which helps us to get Global Recognition. Also International Market help us in Price Arbitrage and have better Profit Margin these were the rationale behind opening International Offices.

4. What is the retention rate for last 3 years, wanted to know if we are loosing clients. What are the other metrics to track the staffing industry and understand Aarvi better?

Retention rate is nearly 60-80%. Majority of big clients who are contributing to major sales are retained. Most of the customer are with Aarvi for more than 10 years. Company's first client which was Reliance is also associated with us till present.

Number of Deployment can be good metric, spread in the Industry, in terms of the Average man month rate would be few other metrics to evaluate Company.

5. Is FY22 growth sustainable going ahead in FY23?

Yes, we are very confident, we have good Plans, Strategies, good personnel in place and customer base is strong so we are bullish about FY 23.

6. What EBITDA margins are we targeting and how will we achieve them?

Industry EBITDA Margin is in range of 3% to 5% we are in upper Band and will try to maintain it.

7. What are the future ROCE targets, in 2-3 years?

Current ROCE is in range of 12 to 15%. More or less and it will be maintained for coming years.

Mr. Saket Kapoor had requested to ask questions but he was not present during the meeting.

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

Mr. Jaydev Sir thanked the Shareholders and handed over to Ms. Leela Bisht.

Leela Bisht: I hope all the questions are answered.

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.

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 honor and privilege to propose the vote of thanks on this memorable occasion. This is the Fifth 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 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.

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, Bankers and RTA and all other stakeholders for their valuable guidance and support throughout the years.

THANK YOU.....!!!!!!

Leela Bisht: With this the 34th AGM of the Company stands concluded here. Thanks Shareholders, Directors, Auditors and everyone present in the meeting.
