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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.

AEL/NSE/2020-21/34 Date: October 13, 2020

To,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

Kind Attention: Head – Listing
Symbol: AARVI

Sub: An Article of Mr. Jaydev V. Sanghavi, Executive Director & CFO of the Company published in Dalal Street Investment Journal, Mumbai on the performance of the Company.

Dear Sir/Madam,

Please find enclosed a copy of the article which has been published in the Dalal Street Investment Journal in the month of October, 2020. Mr. Jaydev V. Sanghavi spoke on the various issues including, but not limited to:

- How, despite lockdown, the performance of Aarvi Encon Limited was impressive and how he was able to achieve that?
- What is his outlook on major revenue segments of Aarvi Encon Limited ?

This is for your information and dissemination purpose.

Thanking You.

Yours Faithfully,
For **Aarvi Encon Limited**

Jay Harish Shah
Digitally signed by Jay Harish Shah
Date: 2020.10.16 11:53:45 +05'30'

Jay H. Shah
Company Secretary
Membership No.: A45556

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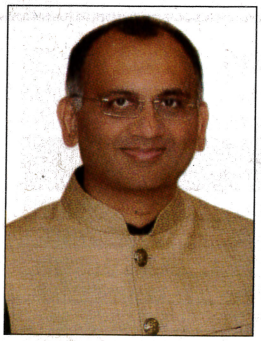
US $ 10.15 UK £ 5.05 Sing $ 10.60 Euro € 6.13



Change Is Inevitable : Aarvi Encon

Jaydev Sanghavi
Executive Director, Aarvi Encon Limited

Despite the lockdown your performance in the first quarter was very impressive. How have you been able to achieve that?

Aarvi Encon provides technical manpower and engineers to various companies in India. We have more than 3,500 engineers on our rolls working at various locations in India and abroad. Regarding our performance, there have been multiple factors leading to posting good results in the first quarter. Our client base is largely in sectors providing essential services like CGD, LPG, refinery, etc. These services were 100 per cent operational during the lockdown. There have been instances where we have been asked to mobilise additional resources during the lockdown. This has been an incremental business with the existing clients. We also have multiple international projects that are ongoing.

As we have a large database across different countries and expertise in deputing engineers, we were able to support our clients by deputing local manpower and also of different nationalities. It enabled us to support our clients by mobilising manpower even during the lockdown period without disruption caused by various restrictions, as for example, air travel, visa etc. We had sensed the possibility of lockdown and provided necessary support for our employees to work from home seamlessly. In additional to the operational efficiency, our cash flow positions have improved on receipt of a major Income Tax refund order.

What is your outlook on major revenue segments of Aarvi Encon?

The company has a diversified industrial portfolio. We provide services to various EPC, PMC and operations and maintenance clients in oil and gas, refinery, petrochemical, pipeline, CGD, renewable energy, infrastructure, etc. Oil and gas though still remains number one. We continuously look for new verticals and geographies. In fact, we are hopeful of adding revenues from new verticals in the coming years. We deal with more than 140 clients across India and abroad and our network is widely spread across sectors and customers.

Can you throw some light on the key growth drivers for Aarvi Encon going ahead?

While there would be a continuous focus on existing sectors which had been the engine of growth for Aarvi Encon, the focus would be to build organic and inorganic growth through entry into new verticals or sectors across manifold locations. The four fundamental pillars on which the organisation is built i.e. people technology, ethics and client base will continue to add value to our growth aspirations. We have long-standing relationship with most of the clients. In fact, our clients consider Aarvi Encon as their business partner. Quality and speed of delivery are the key drivers at Aarvi Encon.

In our company, ethics plays a vital role and we ensure it is uncompromised at all levels. We are the proud recipient of CFBP Jamnalal Bajaj Award for Fair Business Practices presented by A P J Abdul Kalam, the former president of India. We have implemented multiple IT projects like data management with artificial intelligence, digitization of data, payroll and HRMS products. This gives us an edge over our competitors. People are the biggest assets of our organisation. Most of our key employees have a long association with the organisation. Each individual takes ownership of the assigned tasks and has a sense of pride in achieving things.

What are the challenges and risks faced by you in achieving growth targets?

Challenges are in the form of labour issues, new entrants into the industry competing without long-term objectives, increasing compliance, margins, etc. Disruptive innovation through technology induction will continue to be a challenge. Change is inevitable and so are the emerging opportunities. We are keeping ourselves abreast with the changing environment to address challenges that confront us from time to time. Technology may take away some of the jobs. Robots will take over many functions. At the same time newer jobs will emerge. For example, drones will be used to check the top of columns or tanks. Humans will not be made to climb atop towers. This will quicken the process and there will be loss of jobs but then you will need people to fly drones.

What is your outlook for Aarvi Encon and the overall industry?

Taking into account Prime Minister Narendra Modi's call for developing self-reliance, we strongly believe that investors across the globe will see India as a growing opportunity for investments. India will emerge as a manufacturing hub for chemicals, petrochemicals, mobile phones, electronics and active pharmaceutical ingredients, among others. Over the next few years we expect several projects to come up in India, especially in energy and infrastructure such as renewable energy, road projects, pipelines, railways, airports, etc. With these new projects we are confident in generating huge job opportunities in India. We are very positive about India as well Aarvi Encon for the future. Further, with the new changes and stringent rules of labour and statutory laws, we are sure organised competition complying with statutory requirements in the industry will have sustainable competitive advantage.