

Sarthi Capital Advisors Private Limited
Bridging the Gaps



Aarvi Encon Ltd

Investor Presentation

February, 2019
Privileged and Confidential

Index



Content	Page
Corporate Overview	3 – 9
Operational Overview	10 – 17
Industry & Business Outlook	18 – 22
Financials Half yearly & Annually	23 – 29



Corporate Overview



Company Overview



About the Company

Business of the Company

Aarvi Encon Ltd was incorporated in the year 1987 head quartered at Mumbai, company is engaged in providing technical man power and support services to Oil & Gas sector, Refinery Pipelines, Petrochemicals, Power, Infrastructure, Ports & Terminals, Telecom, Fertilizers, Cement, Automobile, Specialty Chemicals, Drugs & Intermediates.

Services Offered

Company offers technical man power services to the clients for Detailed Engineering, Construction Supervision, Inspection, Pre-commissioning activities.

Corporate Clients

Company has deployed more than 3500 technical manpower for various projects and services. Aarvi has provided services to the big corporates such as Reliance Petroleum, HPCL, Cairn, Reliance Industries, L & T are the few names among the esteem clientele.

CRISIL Rating

Company is awarded with CRISIL SME-1 Rating which indicates "Highest Creditworthiness"

Leadership

Aarvi is one of the market leader in their field of technical manpower followed by other companies such as Brunel International, Orion Group, Bonace Engineering etc.

Company Overview



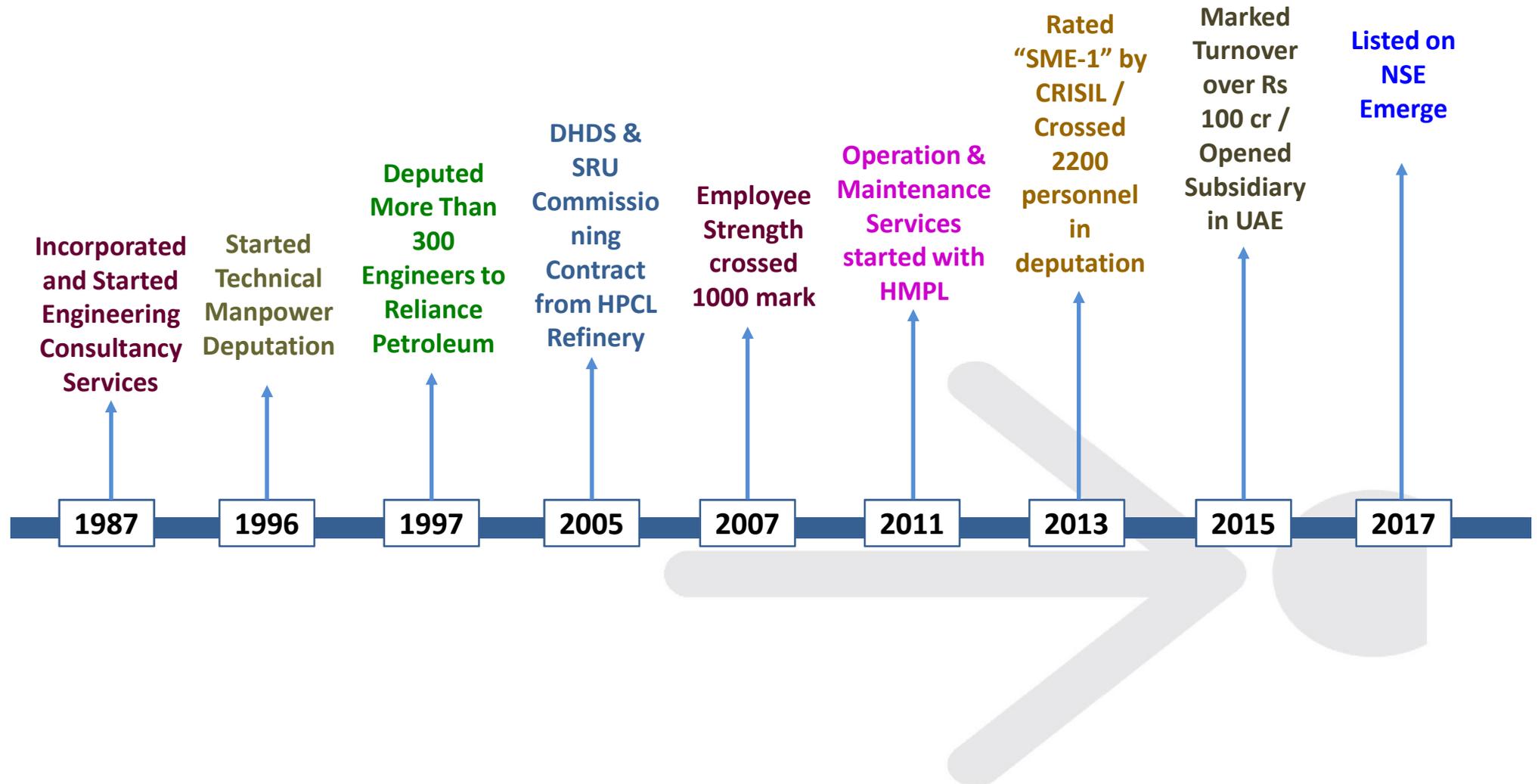
Technical Manpower Sourcing for the Services Such as:

Project & Engineering Design	Start up Pre-Commissioning, Commissioning	Shutdowns / Turn Around	Computer Aided Design - CAD	Operation & Maintenance
<ul style="list-style-type: none"> ▪ Process ▪ Civil & Structural ▪ Electrical ▪ Instrumentation & Control ▪ Mechanical (Static & Rotary) ▪ Material Handling Equipment's ▪ Piping & Stress ▪ Project / Site Engineering ▪ Planning ▪ QA/QC (CSWIP / AWS) ▪ Procurement & Expediting ▪ HVAC / MEP ▪ HSE 	<ul style="list-style-type: none"> ▪ Commissioning Engineer ▪ Commissioning Supervisor ▪ DCS / Panel Operator ▪ Plant & Process Operator 	<ul style="list-style-type: none"> ▪ Commissioning Engineer ▪ Commissioning Supervisor ▪ DCS / Panel Operator ▪ Plant & Process Operator 	<ul style="list-style-type: none"> ▪ AutoCAD ▪ Micro station ▪ PDS / PDMS / SP3D ▪ X-Steel ▪ Smart Plant 	<ul style="list-style-type: none"> ▪ Process ▪ Mechanical ▪ Electrical & Instrumentation ▪ QA / QC ▪ Lab ▪ Process & Plant operator ▪ Maintenance Technician

Company Overview



Milestone



Company Overview



Clientele



IndianOil



HMEL



MATIX GROUP



TOYO INDIA

TOYO ENGINEERING INDIA LTD



Bharat Petroleum



ENGINEERS INDIA LIMITED
(A Govt. of India Undertaking)



Punj Lloyd



TATA POWER
Lighting up Lives!



Paradeep Phosphates Limited
Enabling Farming, Enriching Farmers



Engineers & Constructors



Private and Confidential

Company Overview



Awards and Certifications



NOCIL Award from Indian Institute of Chemical Engineers - 1993



CDC National Award for Excellence in Consultancy Services from Consultancy Development Centre - 1997



Crisil SME-1 Rating indicates "Highest Creditworthiness" - 2013



Star SME Award from Business Today - 2011



Small Business Awards from Franchise India Holdings Limited - 2012



HSE Excellence Award in recognition for Safe Contractor from Cairn India Limited - 2013



SME Business Excellence Award 2014 from Times Group, Dun & Broadcasting and Federal Bank - 2014



CFBP Jamnalal Bajaj Awards for Business Practices from Council for Fair Business Practice - 2015

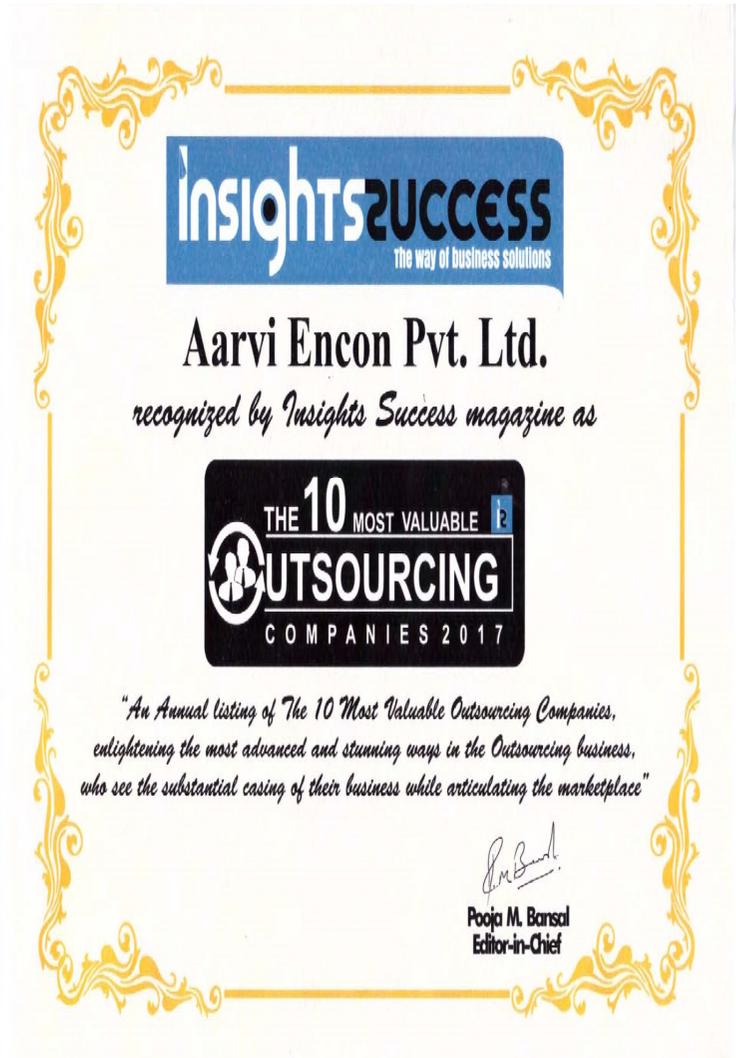
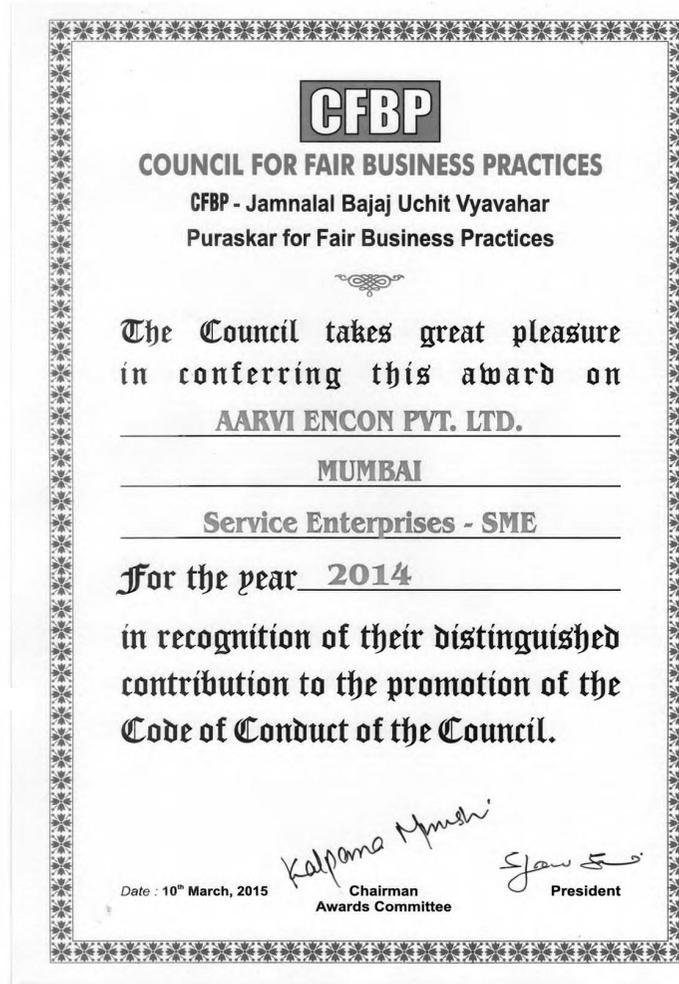


India Business Excellence from Worldwide Business Review - 2017

Certifications



CFBP – Jamnalal Bajaj Award for Fair Business Practices in 2014 Presented by Dr. Abdul Kalam, Former President of India





Operational Overview

The diagram features a blue rounded rectangular box containing the text 'Operational Overview'. Below this box is a large, light gray arrow pointing to the right, which terminates in a light gray semi-circle.

Board Members



Virendra Sanghvi – Managing Director

He has more than 45 years experience and excellent track record in design, development, construction and operation of process plants in India and Internationally. Prior to Aarvi he was working with various Engineering, Lubricant, Petrochemical, and Pharmaceutical companies such as Merck Sharp & Dohme India Ltd.



Jaydev Sanghavi – Executive Director and CFO

He is a Chemical Engineering Graduate from Mumbai University and joined Aarvi 25 years ago. He has played a crucial role in developing strategic Business Tie-ups and delivering several large & complex projects successfully. In 1996 he identified a niche Business Opportunity in the project consulting of HR and thus came about a Manpower (Temp) Supply division which he heads today.



Devendra Jashwantraai Shrimanker – Independent Director

Devendra is a chartered accountant and a fellow member of Institute of Chartered Accountants of India. He has more than 28 years of experience in the field of accounting, auditing, taxation and advisory services. He has served as advisors to many PSU's and private ltd companies, HNI's and family managed business groups.

Board Members



Sonal Nitin Doshi – Independent Director

She is a solicitor practicing mainly in civil and corporate laws since 1991. Mrs. Doshi is a part of the external committee of Larsen & Toubro Limited, L & T Infotech, Thyssenkrup India Pvt. Ltd and Macleods Pharmaceuticals Ltd to deal with complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.



Niranjana Virendra Sanghavi – Non Executive Director

Mrs. Niranjana Virendra Sanghavi is a graduate in Economics from Gujarat University. She looks after overall management activities including managerial decisions, finance and HR activities of the company.



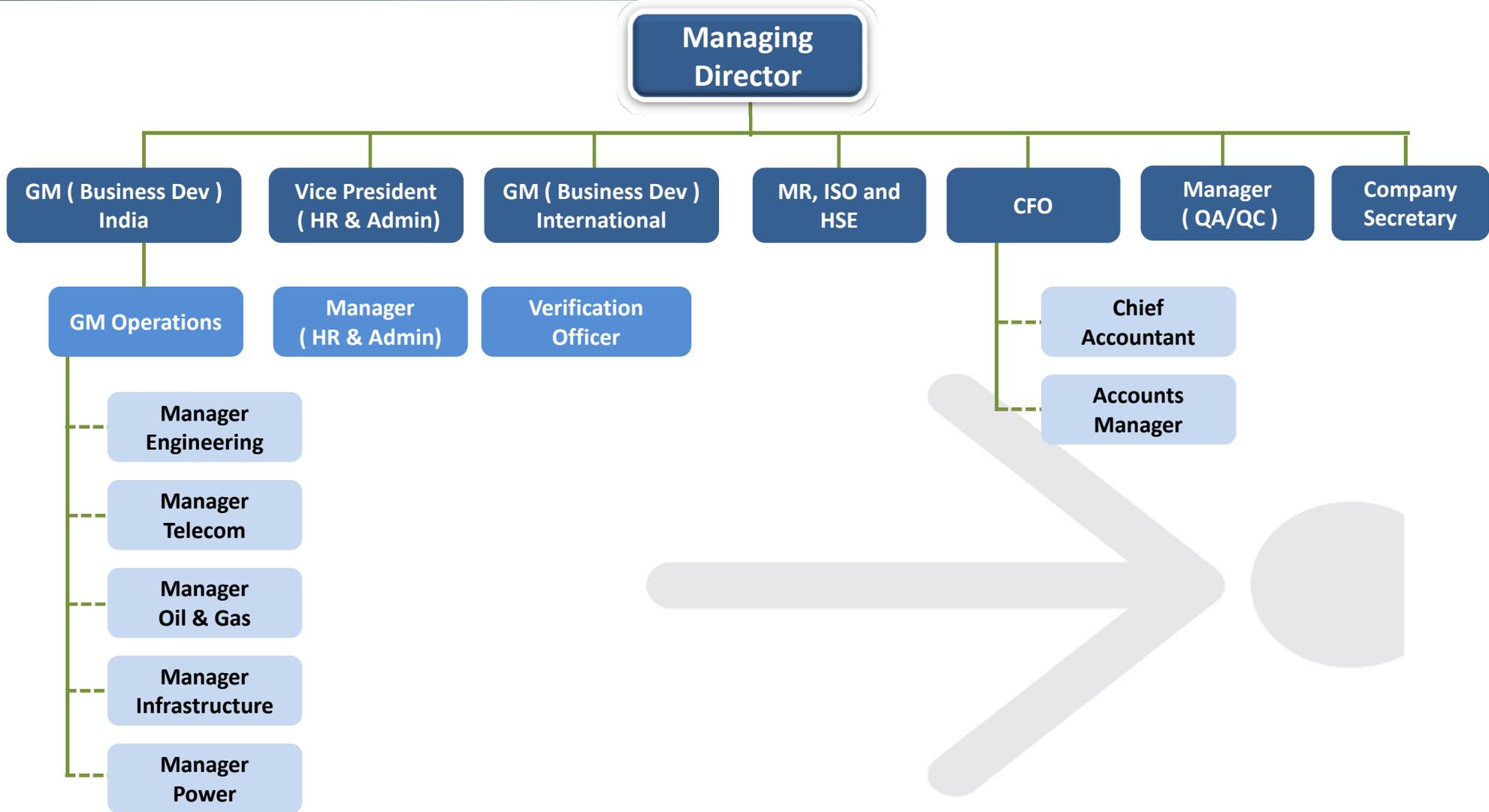
Dr. Padma Devarajan – Independent Director

Dr. Padma Devarajan, PhD (Tech), is Professor in Pharmacy and former Head, Department of ICT, Mumbai, India. She is consultant to the Pharmaceutical and Allied Industry both national and international, and also on the Advisory board of Pharmaceutical Companies. She has filed number of patents, has seven granted patents and has licensed technologies to industry

Operational Overview



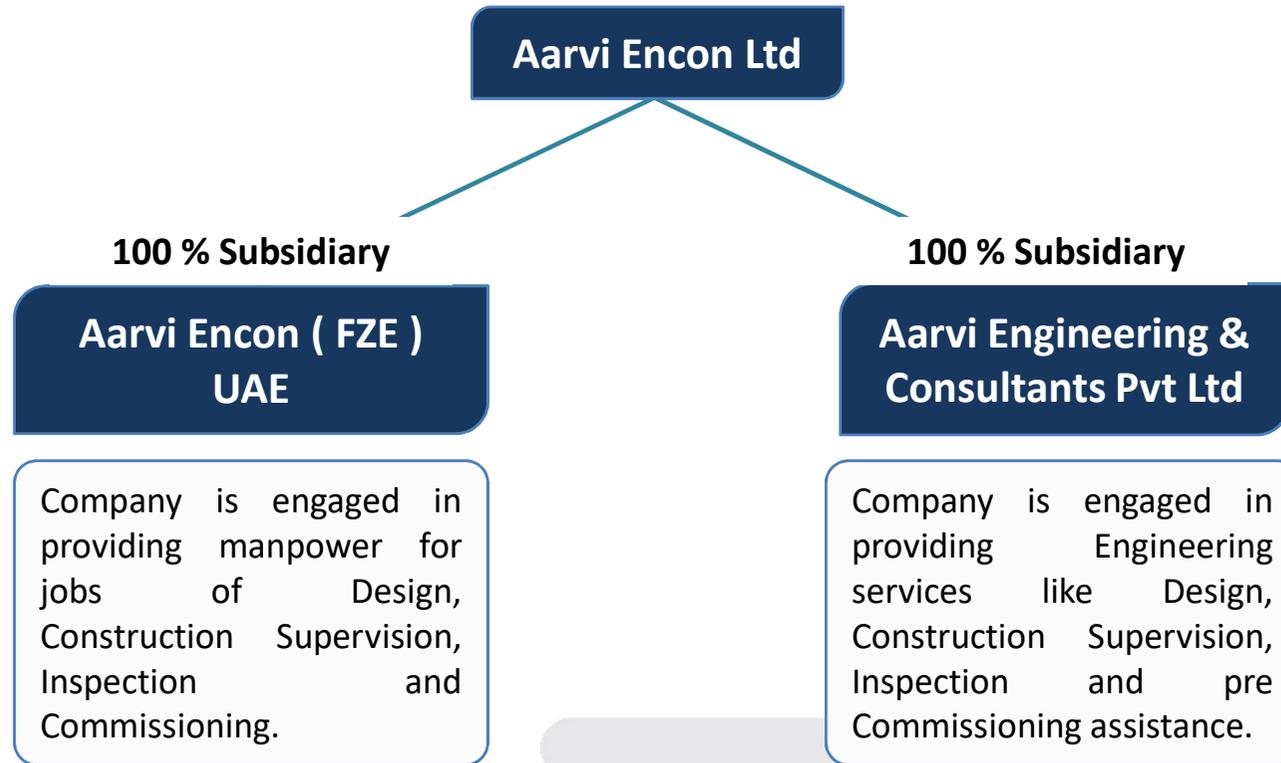
Organisation Structure



Operational Overview



Group Structure



Offices and Places of Manpower Deployment

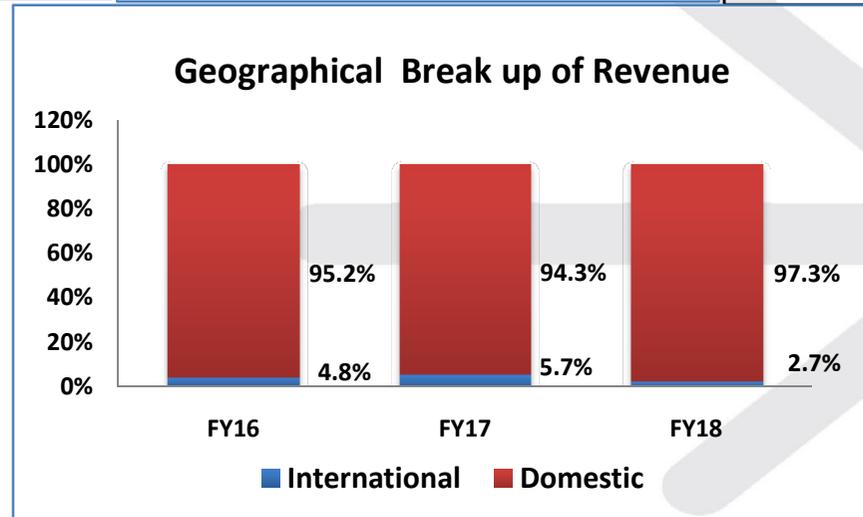
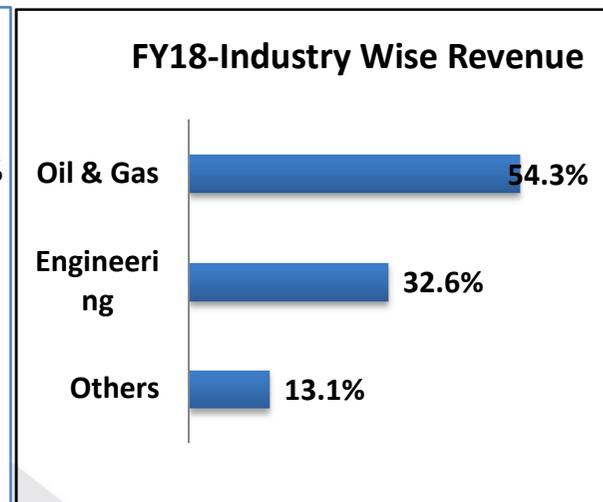
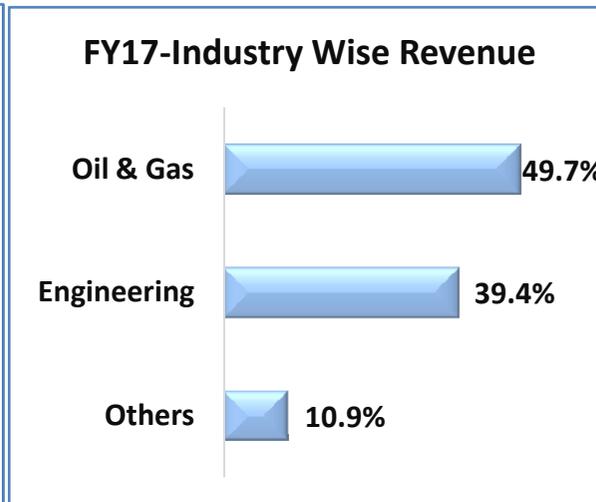
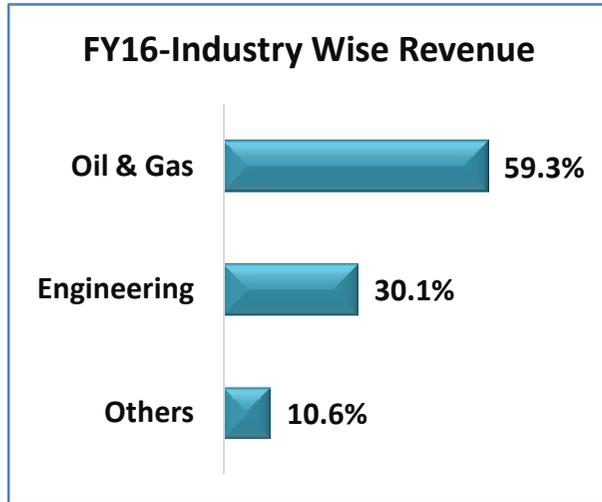
1. Bhatinda - Punjab
2. New Delhi
3. Ahmedabad - Gujarat
4. Baroda - Gujarat
5. Jamnagar - Gujarat
6. Mumbai - Maharashtra
7. Pune - Maharashtra
8. Kochi - Kerala
9. Chennai – Tamil Nadu
10. Vizag – Andhra Pradesh
11. Kolkata – West Bengal



Operational Overview



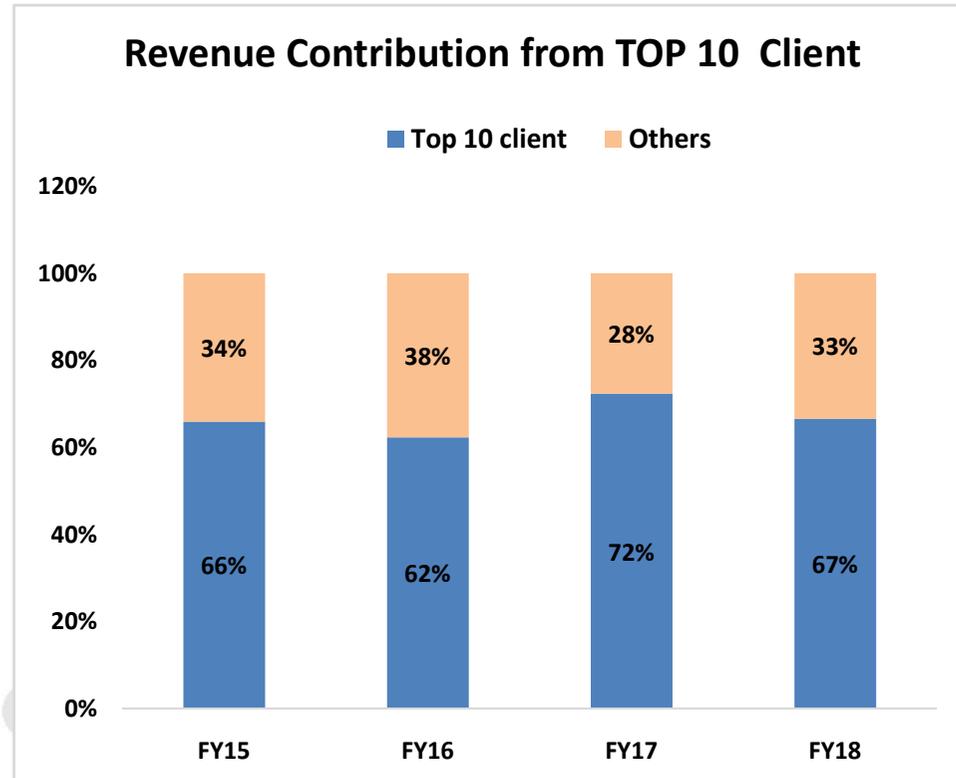
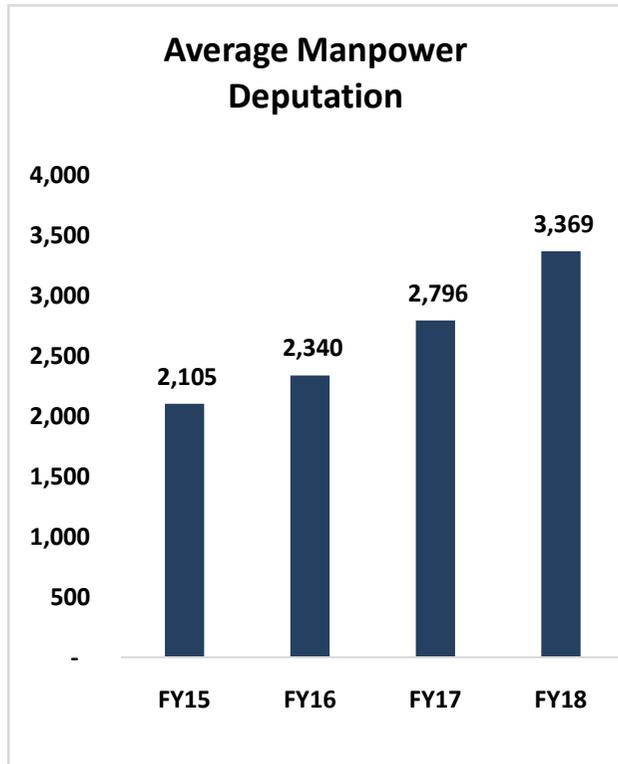
Revenue Break up



Operational Overview



Manpower Deputation and Contribution of Top Ten Client to Revenue



Top 10 client includes names such as Reliance, HPCL, Cairn, L&T, Technimont, Bechtel, Gamesa etc diversified across the industry like Oil & Gas, Manufacturing, Engineering & Construction and Engineering Consulting.

**Industry Overview
&
Business Outlook**



Engineering Services to Drive the Growth



- Investments in India's oil and gas sector is likely to touch Rs 2.5-3 trillion (US\$ 37.5-45 billion) over the next few years, which will help raise the share of gas in the country's primary energy mix to 15% by 2030, as per British multinational oil and gas company BP Group.
- Indian Oil Corporation (IOC) Indian Oil Corporation (IOC) plans to invest around Rs 40,000 crore (US\$ 5.9 billion), ONGC to invest Rs 78,000 cr and ESSAR projects,



- The engineering sector in India attracts immense interest from foreign players as it enjoys a comparative advantage in terms of manufacturing costs, technology and innovation.
- The engineering sector is a growing market. Spending on engineering services is projected to increase to US\$ 1.1 trillion by 2020.



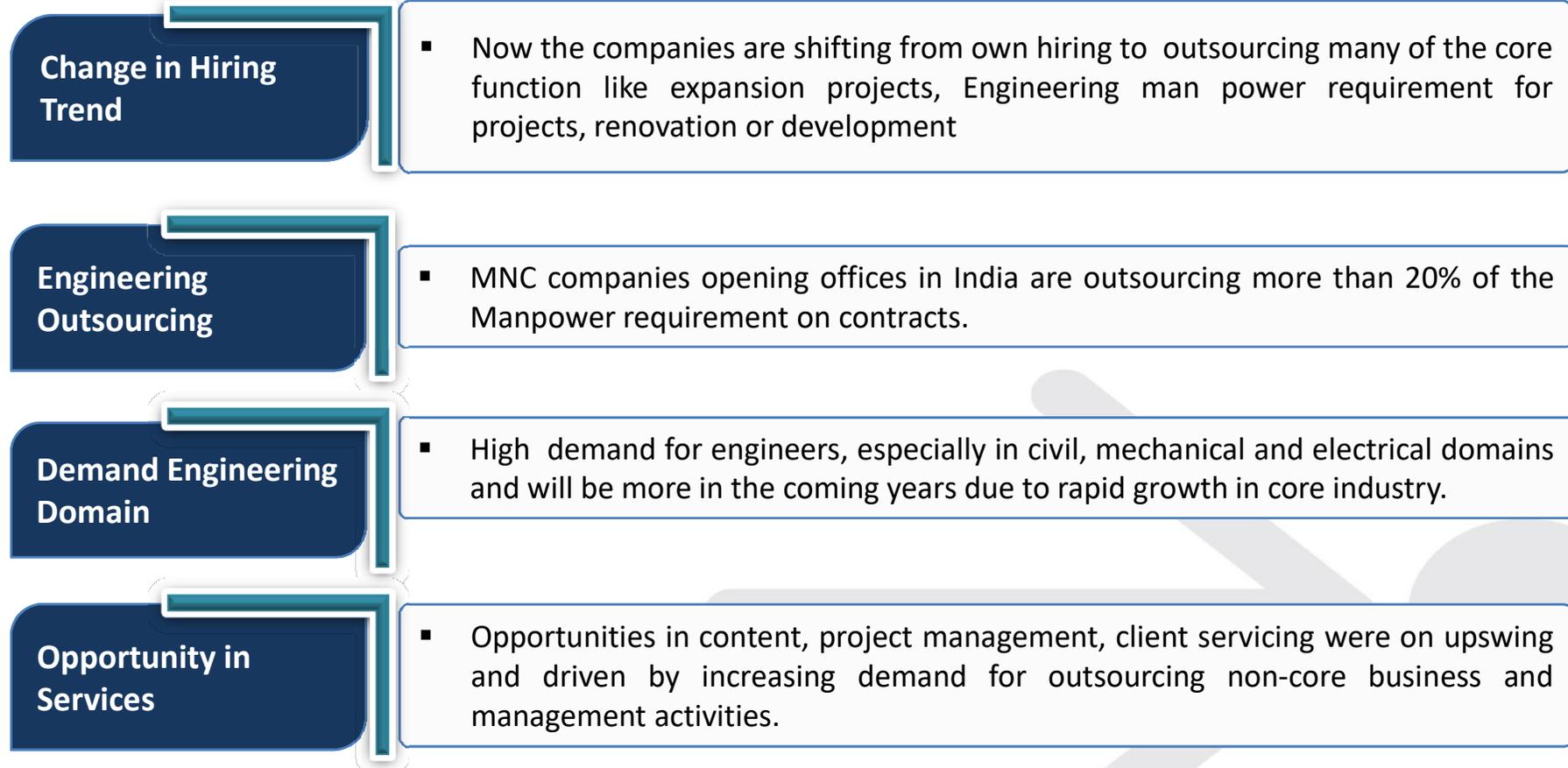
- Infrastructure investments are expected to increase by Rs. 50.2 trillion in FY18-22, which will provide a significant boost to demand for capital goods.
- Government targets Rs 25 trillion (US\$ 376.53 billion) investment in infrastructure over a period of three years, which will include Rs 8 trillion (US\$ 120.49 billion) for developing 27 industrial clusters.



- India's manufacturing sector has the potential to touch US\$ 1 trillion by 2025. There is potential for the sector to account for 25-30 per cent of the country's GDP and create up to 90 million domestic jobs by 2025. Business conditions in the Indian manufacturing sector continue to remain positive.
- Cumulative Foreign Direct Investment (FDI) in India's manufacturing sector reached US\$ 76.82 billion during April 2000-June 2018.

Industry Analysis and Business Outlook

Key Trends in Technical Manpower Hiring



Opportunities and the Growth Strategies

Euro Six Projects by Down Stream Companies

- India plans to shift to Euro-VI emission compliant petrol and diesel by 2020 to cut carbon pollution.
- Oil refineries Investing to the tune of Rs 80,000 crore to implement the Euro Six norms

Infrastructure Turnaround

- Central and state government has dedicated plan regarding Metro rail, Freight Corridor, Railways and Road ways project.
- These project will create huge demand for contractual and technical staff.

Operation and Maintenance

- Entering in to operation and maintenance business will generate the recurring cash inflow to the revenue.

Renewable Energy

- Renewable energy projects generally needs 4 – 6 months period and is growing sector with lots of Government emphasis on green and clean energy.

Expanding to New Geography

- In 2015 company has set a subsidiary in UAE, marking entry to international market.
- Company has plans to enter Saudi Arabia, Kuwait and middle east.

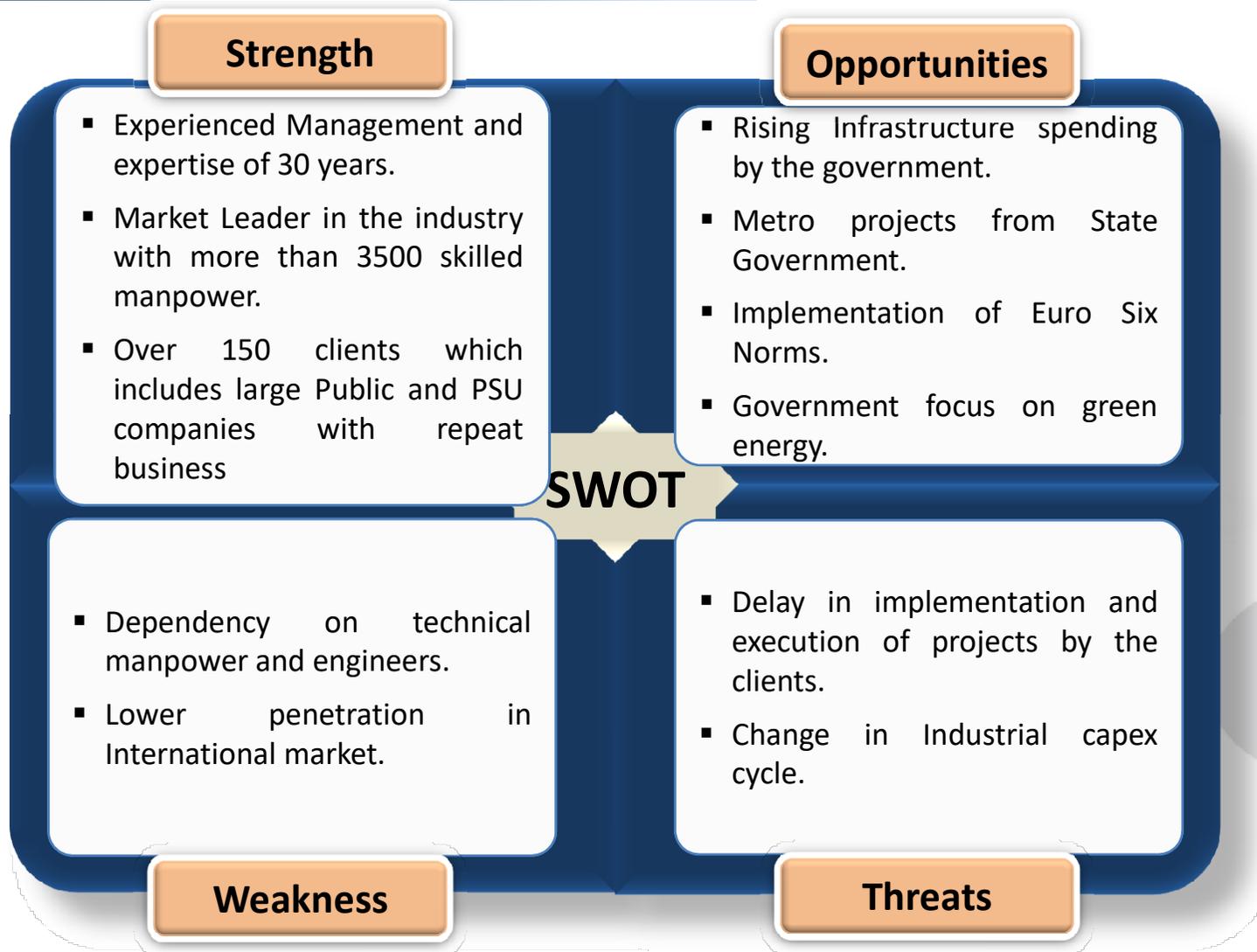
Diversification

- Planning to add automotive as a new vertical for revenue on the back of rising demand for automobile in India / Euro VI emission and new investment inflow in the sector.

New Training Centers

- To cater to the need of growing engineering professionals in Oil & Gas, infrastructure and Power, company plans to set up training centres to deliver highly skilled manpower.

SWOT Analysis



**Financials Half yearly
& Annually**



Highlights

H1FY19 Vs H1FY18



Revenue
Rs. 99.4 Crs

10.7%



EBITDA
Rs. 6.12 Crs

0.2%



EBIT
Rs. 5.8 Crs

1.1%



PAT
Rs. 5.3 Crs

49.4%

Income Statement & Balance Sheet –Half Yearly

in Rs crore

Income Statement	H1FY18	H1FY19	Y-o-Y%	Balance Sheet	H1FY19	FY18
Revenue from operations	89.8	99.0		Share Capital	14.7	14.9
Other income	0.0	0.4		R & S	52.4	47.8
Sales	89.8	99.4	10.7%	Net Worth	67.2	62.6
Expenditure:				Long Term Debt	0.2	0.3
Direct Expenses	78.5	87.0		Deferred Tax Liabilities	0.1	0.1
Employee Benefit Exp	3.5	4.1			67.6	62.9
Other Expenses	1.7	2.1		Short Term Borrowings	6.4	3.5
Total Expenditure	83.7	93.3		Trade Payables	16.5	8.8
EBITDA	6.1	6.1	0.2%	Other Current Liabilities	3.5	7.5
Depreciation	0.4	0.3		Total Current Liabilities	26.5	19.8
EBIT	5.7	5.8	1.1%	Total Liabilities	94.2	82.8
Finance Cost	0.9	0.4		Fixed Assets	11.3	6.6
EBT before exceptional Item	4.8	5.4		Loans & Advances	19.7	15.8
Exceptional Item *		0.5		Other non Current Assets	2.5	7.4
Taxes	1.3	0.6		Receivables	52.3	41.0
PAT	3.6	5.3	49.4%	Cash & Bank	2.3	8.7
EPS	2.41	3.60		Other Assets	6.1	3.1
				Total Current Assets	60.6	52.8
				Total Assets	94.2	82.8

Private and Confidential

Highlights

FY18 Vs FY17



Revenue
Rs. 175.01 Crs

14.0%



EBITDA
Rs. 11.34 Crs

17.5%



EBIT
Rs. 10.58 Crs

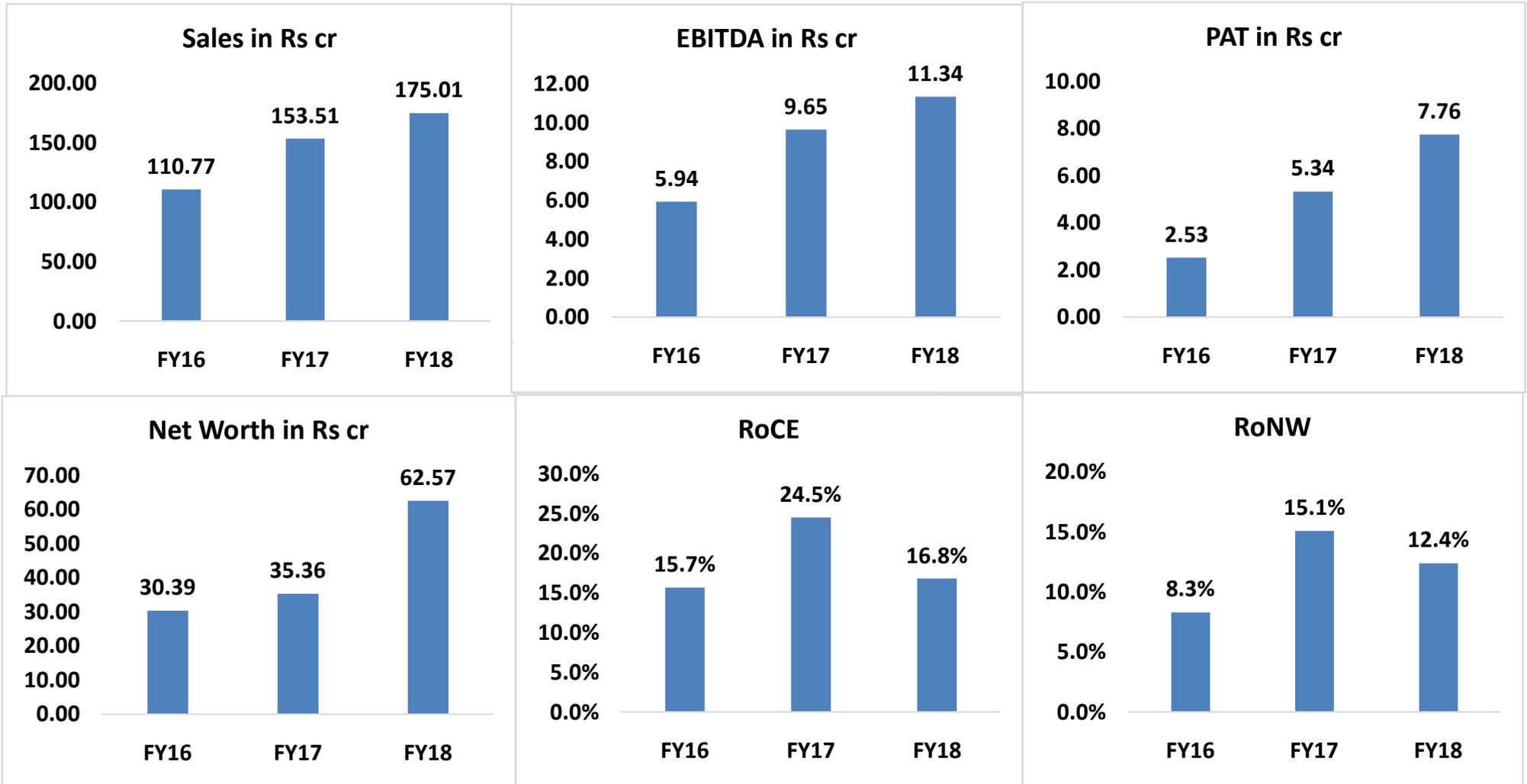
21.8%



PAT
Rs. 7.76 Crs

45.4%

Financial Snapshot



Financials



Consolidated Financial Statements in Rs crore

Income Statement	FY16	FY17	FY18
Total Revenue	110.8	153.5	175.0
Expenses			
Direct Expenses	86.8	122.0	148.3
Employee Cost	13.2	17.5	11.1
Other Expenses	4.8	4.4	4.3
Total Expenses	104.8	143.9	163.7
EBITDA	5.9	9.7	11.3
Depreciation	1.1	0.9	0.8
EBIT	4.8	8.8	10.6
Interest	1.2	1.6	1.0
EBT	3.7	7.1	9.6
Tax	1.1	1.8	1.8
PAT	2.5	5.3	7.8

Balance Sheet	FY16	FY17	FY18
Share Capital	3.10	3.1	14.7
R & S	27.2	32.4	47.7
Net Worth	30.3	35.5	62.5
Long Term Debt	0.4	0.3	0.2
Deferred Tax Liabilities	0.1	0.1	0.1
Short Term Borrowings	8.2	12.7	3.4
Trade Payables	8.3	13.1	8.8
Other Current Liabilities	4.1	5.2	7.4
Total Current Liabilities	20.7	31.1	19.7
Total Liabilities	51.7	67.1	82.7
Fixed Assets	7.4	7.2	6.6
Loans & Advances	11.3	12.2	15.8
Other non Current Assets	1.7	2.6	7.3
Receivables	27.6	35.5	41.0
Other Assest	3.5	9.4	11.8
Total Current Assets	31.1	45.6	52.8
Total Assets	51.7	67.1	82.7

Financials



Consolidated Financial Statements in Rs crore

Ratio	FY16	FY17	FY18
EBITDA Margin	5.4%	6.3%	6.5%
EBIT Margin	4.4%	5.7%	6.0%
EBT Margin	3.3%	4.6%	5.5%
PAT Margin	2.3%	3.5%	4.4%
EPS	81.5	172.1	5.2
Book Value	980.5	1140.5	42.3
RoCE	15.7%	24.5%	16.8%
RoNW	8.3%	15.1%	12.4%

**FY16 & FY17 EPS and book value is based on is based on face value of Rs 100 per equity shares

Disclaimer

All data and information is provided for informational purposes only and is not intended for any factual use. It should not be considered as an offer of sale of services mentioned in this information memorandum. Neither Sarthi Capital Advisors Pvt. Ltd. (SCAPL) nor any of its group companies, directors, or employees shall be liable for any of the data or content provided for any actions taken in reliance thereon. Sarthi Capital Advisors Pvt. Ltd. is SEBI registered Category-1 Merchant Banker.

This document has been prepared by Sarthi Capital Advisors Pvt. Ltd. as a part of research only. In rendering this information, we assume and relied upon without independent verification, the accuracy and completeness of all information that was publicly available, the information has been obtained from the sources we believe to be reliable as to the accuracy or completeness. This information is given in good faith and we make no representations or warranties, express or implied as to the accuracy or completeness of the information and shall have no liability to you or your representatives resulting from use of this information.

This document contains certain “forward-looking statements”. These forward-looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar meaning. Similarly, statements that describe strategies, objectives, plans or goals are also forward-looking statements. Sarthi Capital Advisors Pvt. Ltd. cannot assure investors that the expectation reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

HAPPY TO HELP....



SARTHI CAPITAL ADVISORS PRIVATE LIMITED
Bridging the Gap

Corporate Headquarters:

Mumbai

401, 4th Floor, Manek Plaza,
167, Vidyanagari Marg, Kalina,
Santacruz (E), Mumbai – 400098
Landline: (022) 26528671-72, Fax: (022) 26528673

Regional Office:

New Delhi

411, Pratap Bhawan, 5 Bahadurshah Zafar Marg,
New Delhi - 110002
Landline: (011) 23739426 – 27, Fax: (011) 23739424