Aarvi Encon Limited

COMPANY BACKGROUND……………………………………………………..

- Incorporated in 1987, Aarvi Encon is India's leading engineering services company, which specializes in providing expert engineering solutions across multiple business segments.
- Starting from humble beginnings it is now one of the largest Technical staffing solutions company with more than 5,000 engineers on payroll and working at the client location.
- The company offers end to end solutions for its clients, from basic engineering to services across disciplines such as Piping, Mechanical, Process, Civil, Electrical, Instrumentation, Electronics, Telecommunication and Information Technology and also various project services like Project Management, Construction Supervision, CAD, Inspection Services, Procurement Assistance, Expediting, Commissioning, Operation and Maintenance.

BUSINESS MIX (As on Q1-FY25)…………………………………………….

- **Manpower Outsourcing (84%):** Aarvi provides manpower deputation since 1996 & has completed large requirements of engineers and technicians all over the world. Aarvi has a Technical Manpower of about more than 5,000 qualified and experienced engineers in various fields like project management, construction, planning, safety, procurement, inspection, testing and commissioning.
- **Operations and Maintenance (16%):** Aarvi Encon is the leading company in India for providing O&M Services & Solutions. The company takes care of all the required tools and tackles for the project and total technical manpower required for the smooth working of the processing unit. It also maintains necessary inventory for the consumables and also keeps track of the spares.

KEY STRENGTHS………………………………………………………………..

- Strong clientele across the Globe
- World class Engineering & Operational Standards
- Management expertise of more than 30 years
- End to End Solution providers to renowned Industrial Clients
- Positioned as Best Engineering Recruitment Agency to Manpower Outsourcing Services across diversified sectors
- Asset Light Model
- Government Statutory Compliant

FINANCIAL HIGHLIGHTS……………………………………………………..

(INR Mn)	Op. Income	EBITDA	EBITDA%	PAT	PAT%	EPS
FY22	2,885	127	4.40%	121	4.19%	8.16
FY23	4,365	183	4.19%	145	3.32%	9.79
FY24	4,061	126	3.10%	113	2.78%	7.65
Q1-FY25	1,133	33	2.91%	26	2.29%	1.76

Key Data	
BSE Code	NA
NSE Code	AARVI
Reuters	AARI.NS
Bloomberg	AARVI:IN

Market Data (INR) As on 30TH June, 2024	
Face Value	10.00
CMP	140.62
52 Week H/L	184.25/112.95
MCAP (Mn)	2,078.93
Shares O/S (Mn)	14.78
1 Yr Avg. Vol. ('000)	38.90

Performance
As on 30TH June, 2024

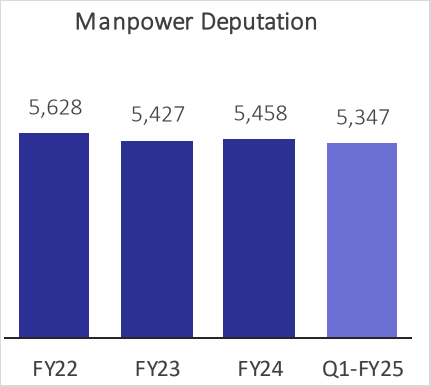
	3M	6M	12M
Aarvi	17.5%	-12.1%	-0.6%
NIFTY 50	6.9%	10.5%	24.8%
NIFTY SmallCAP	18.3%	21.5%	61.4%

Shareholding Pattern As on 30TH June, 2024	
Promoters	73.54%
Public	26.46%

BUSINESS SEGMENTS…………………………………………………………………….

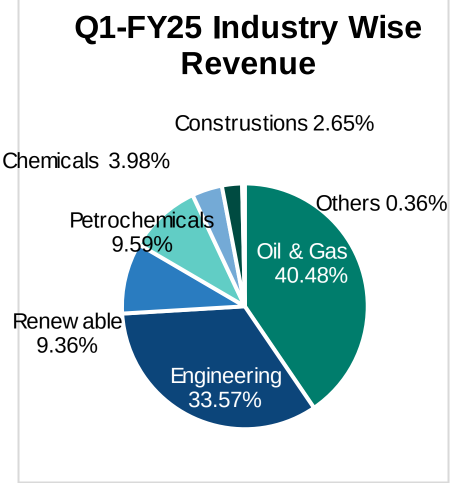
Manpower Outsourcing – 84% :

- Aarvi pioneered the concept of Technical staffing services in India. It started with humble beginning and is now largest Technical staffing company with more than 5,000 engineers on payroll and working at clients location.
- Has accomplished trust and strong reputation from esteemed clients to garner long standing repeat business.
- Aarvi has deployed Technical Manpower in various fields like project management, construction, planning, safety, procurement, inspection, testing and commissioning.
- Aarvi has a large in-house database i.e. more than 800,000 resume data base and a very strong referral program to attract talent from the industry. It's recruiters are well trained and can identify the candidates meeting the client's project requirements.



Operations and Maintenance – 16% :

- Aarvi Encon is the leading O&M company in India for providing O&M Services & Solutions for Solar Energy, Pipeline & Oil & Gas industry. O&M activities, garners a higher margin.
- The company understands the specific requirements and challenges of various industries that it has experience in deploying manpower for and hence has become the preferred partner for O&M services for many of its clients.
- By continuously being updated on the latest technologies being implemented in the Solar Energy, Pipeline & Oil & Gas industry, so that it can successfully identify and hire professionals who have mastered these technologies and have implemented them in their previous projects.
- The Company's clientele in O&M services include esteemed companies like HPCL, GSPC, Cairn, GSPL among others.



GROWTH DRIVERS………

- Increase the wallet share of business from existing clients by supplying additional manpower and identifying cross-selling and up-selling opportunities
- Digitalisation of various processes to have contactless operations management
- Venture into new industry verticals like Automobile, Marine, Airports, Ports, Defense, Healthcare
- Provide manpower services to new clients in existing verticals
- Constant efforts on better talent Acquisition to attract and retain talented professionals
- Diversifying expertise and service offering across the engineering value chain
- Dedicated international sales team focusing on international deputation of manpower to develop a stronger international presence
- Constant focus on meeting quality standards and compliance
- Improving efficiencies by enhancing domain knowledge and achieving operational excellence

PEER COMPARISON (TRAILING 12 MONTHS) INR MN…………………………………………………………………

Company (INR Mn)	Op. Income	EBITDA	EBITDA%	PAT	PAT%	Market Cap
Aarvi Encon	4,185	117	2.80%	106	2.53%	2,079
ANI Integrated Services	1,876	90	4.80%	55	2.93%	1,288
Teamlease Services	94,694	1,163	1.23%	1,040	1.10%	49,563
Quess Corp	1,95,030	7,234	3.71%	3,440	1.76%	89,440

INCOME STATEMENT (CONSOLIDATED)

Particulars (INR Mn)	FY22	FY23	FY24	Q1 FY25
Operating Income	**2,885**	**4,365**	**4,061**	**1,133**
Total Expenses	2,758	4,182	3,935	1,100
EBITDA	**127**	**183**	**126**	**33**
EBITDA Margins (%)	*4.40%*	*4.19%*	*3.10%*	*2.91%*
Depreciation	10	12	13	3
Interest	7	18	15	7
Other Income	12	13	23	5
Exceptional Items	-	9	-	-
PBT	**122**	**157**	**121**	**28**
Tax	1	12	8	2
Profit After tax	**121**	**145**	**113**	**26**
PAT Margins (%)	*4.19%*	*3.32%*	*2.78%*	*2.29%*
Other Comprehensive Income	5	11	-	(1)
Total Comprehensive Income	**126**	**156**	**113**	**25**
Diluted EPS (INR)	8.16	9.79	7.65	1.76

BALANCE SHEET (CONSOLIDATED)

Particulars (INR Mn)	FY22	FY23	FY24
EQUITY AND LIABILITIES			
Equity			
Share Capital	148	148	148
Other Equity	799	933	1,019
Total Equity	**947**	**1,081**	**1,167**
Non Current Liabilities			
(A) Financial Liabilities			
(i) Others	16	4	15
(B)Deferred Tax Liabilities (net)	3	4	3
Other Non Current-Liabilities	-	-	-
Sub-Total Non-Current Liabilities	**19**	**8**	**18**
Current Liabilities			
(A) Financial Liabilities			
(i)Borrowings	65	34	97
(ii) Lease Liability	-	-	-
(iii) Trade Payables	102	102	80
(iv) Others	245	212	237
(B) Other Current Liabilities	112	146	107
(C) Provisions	-	1	4
Sub-Total Current Liabilities	**524**	**495**	**525**
Sub-Total Liabilities	**543**	**503**	**543**
TOTAL EQUITY AND LIABILITIES	**1,490**	**1,584**	**1,710**

Particulars (INR Mn)	FY22	FY23	FY24
ASSETS			
Non-Current Assets			
(A) Property, Plant & Equipment	98	96	90
(B) Goodwill on Consolidation	2	2	3
(C) Other Intangible Assets	1	3	4
(D) Intangible Asset Under Development	-	-	-
(E) Financial Assets			
(i) Loans and Advances	24	23	24
(ii) Others	183	145	155
(F) Deferred Tax Asset	2	2	1
(G) Other Non-Current Assets	137	180	88
Sub-Total Non-Current Assets	**447**	**451**	**365**
Current Assets			
(A) Financial Assets			
(i)Investments	3	4	4
(ii)Trade Receivables	810	950	830
(iii)Cash and Cash Equivalents	51	44	107
(iv)Others Bank Balances	22	23	126
(v) Loans and Advances	4	8	19
(vi) Others	135	80	226
(B) Other Current Assets	18	24	33
Sub-Total Current Assets	**1,043**	**1,133**	**1,345**
TOTAL ASSETS	**1,490**	**1,584**	**1,710**

INVESTOR RELATIONS TEAM AT VALOREM ADVISORS ……………………………………………………………………

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