



SANGHVI
FORGING & ENGINEERING LTD



**Annual Report
2017-18**

**MOVING TOWARDS
BETTER FUTURE**



CORPORATE INFORMATION

Board of Directors

Shri Babulal S. Sanghvi

(Chairman & Wholetime Director)
(Till 4/08/2018)

Shri Jayantilal B. Sanghvi

(Chairman & Managing Director)

Mrs. Aruna S. Khasgiwala

(Independent Director)

Shri Baba K. Pai

(Independent Director)

Shri Naresh B. Sanghvi

(Wholetime Director)

Shri Ram S. Kaushal

(Independent Director)

Shri Ram C Prasad

(Independent Director)

Shri Shantaram S Yarlagadda

(Independent Director)
(Till 30/05/2018)

Shri Vikram B. Sanghvi

(Wholetime Director & CFO)

Company Secretary

CS Deepika Agrawal

(From 30/05/2018)

CS Harish Punwani

(Till 30/05/2018)

Statutory Auditor

M/s. V. K. Shastri & Co.,

Chartered Accountants

Internal Auditor

M/s. Dhirubhai Shah & Co., LLP

Chartered Accountants

Secreterial Auditor

**M/s. Samdani Shah & Kabra
Associates,**

Company Secretaries

Registered Office

244/6-7, G.I.D.C Industrial Estate,
Waghodia- 391760, Dist : Vadodara
Gujarat, India
Tel: 91-2668-673100
Fax: 91-2668-673135
Email : ho@sanghiviforge.com
Web : www.sanghiviforge.com
CIN : L28910GJ1989PLC012015

Bankers

State Bank of India
Bank of Baroda

Works Office

Unit 1:

244/6-7, G.I.D.C. Industrial Estate,

Waghodia, Dist :

Vadodara -391760, Gujarat, India

Unit 2:

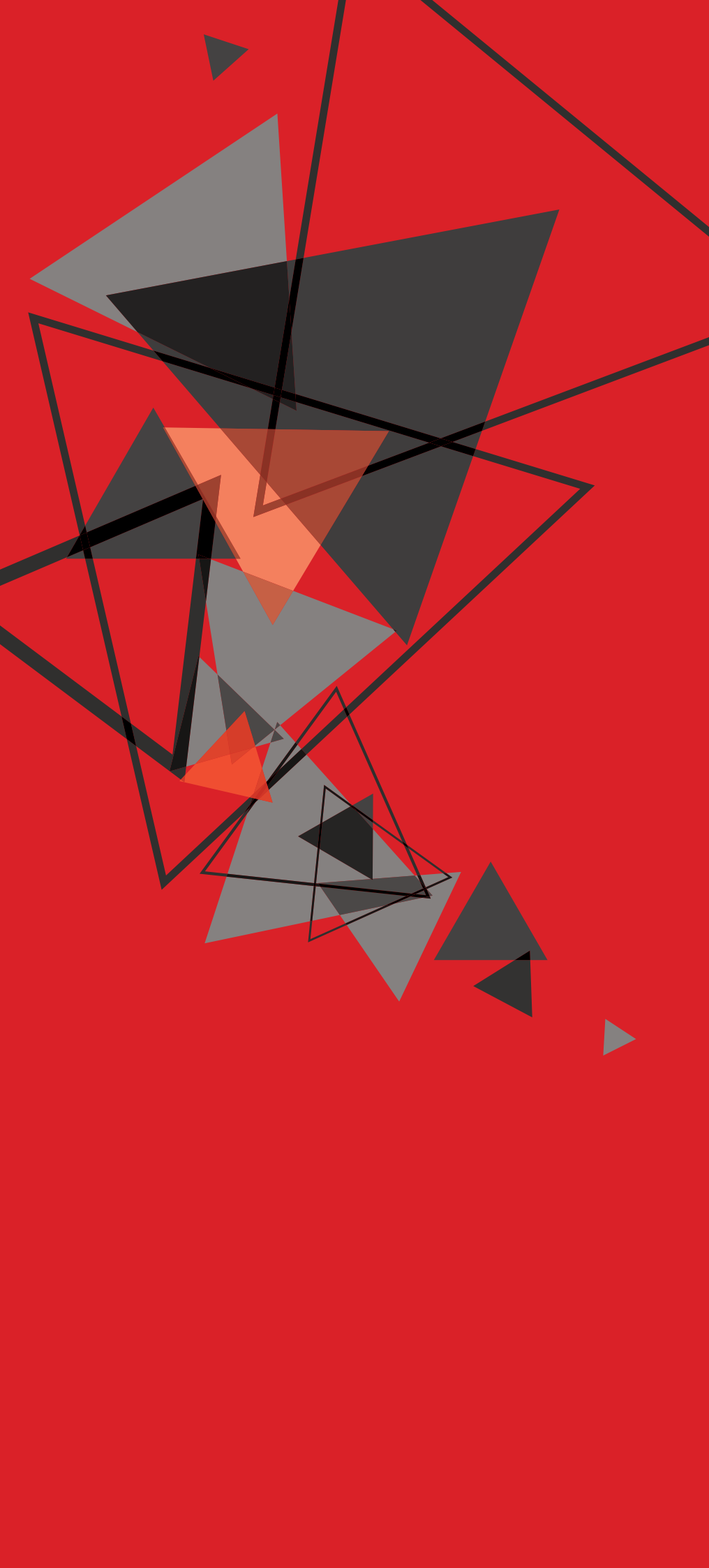
1401, 1402, 1403, G.I.D.C. Industrial

Estate, Waghodia, Dist :

Vadodara -391760, Gujarat, India

Company's R&T Agent

Bigshare Services Private Ltd.
1st Floor, Bharat Tin Works Building, Opp.
Vasant Oasis
Apartments (next to Keys hotel), Marol
Maroshi Road,
Andheri (East), Mumbai 400059
Contact NO: 022 - 62638200



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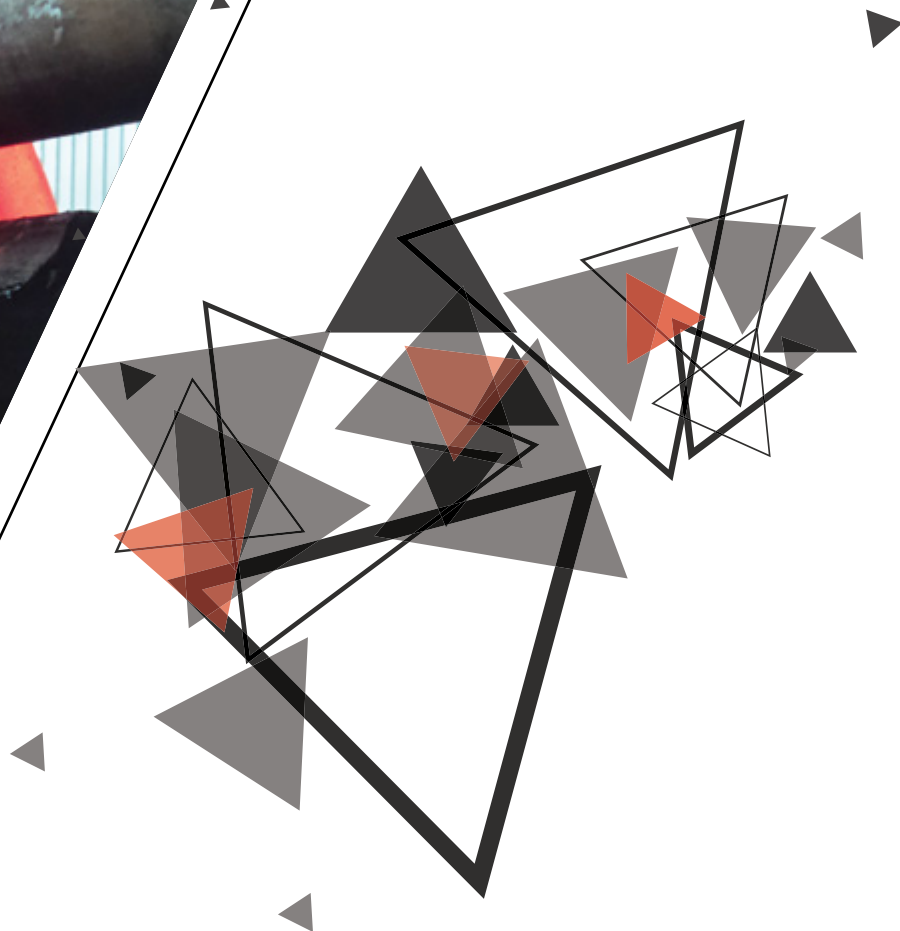
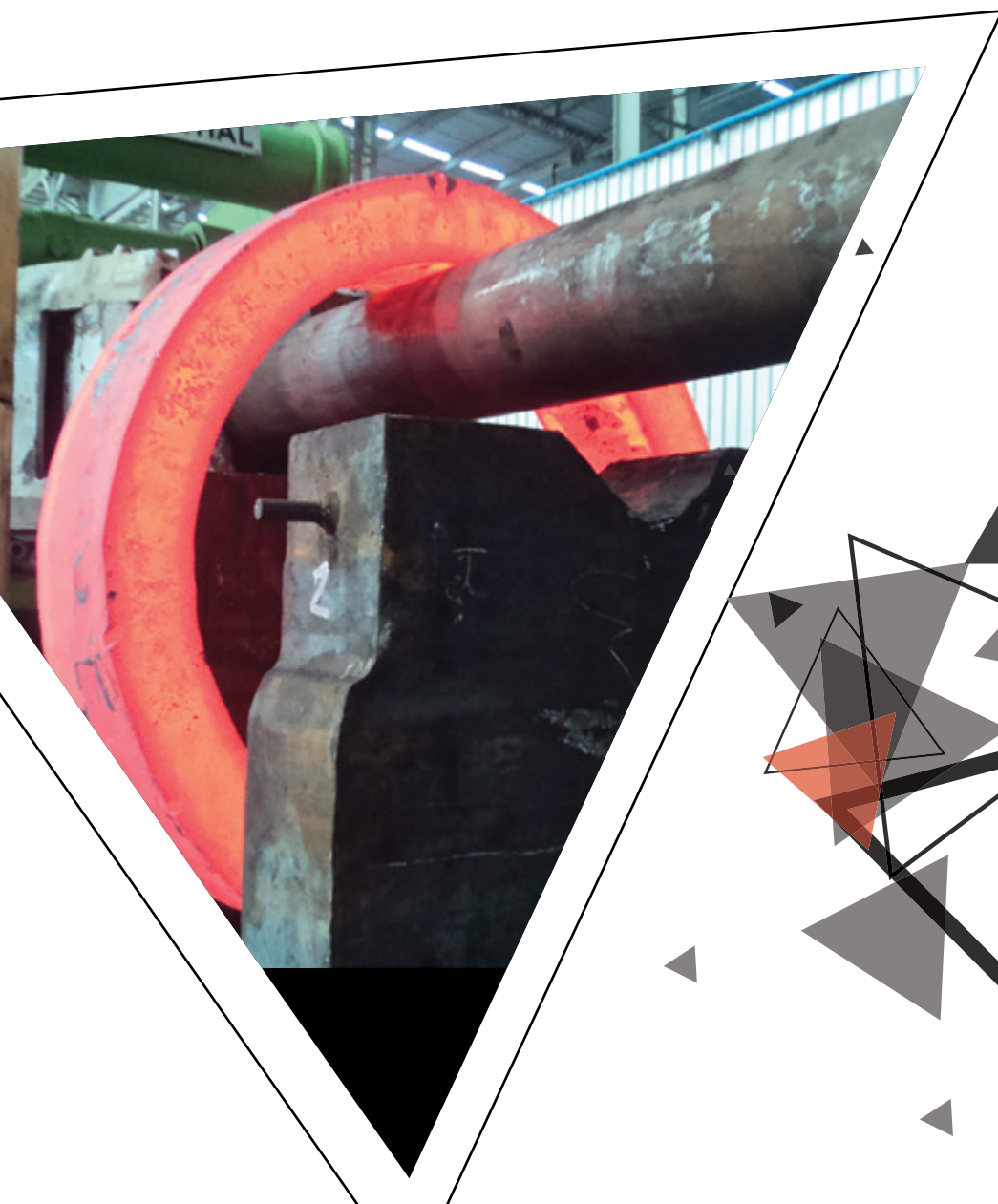
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SFEL AT A GLANCE

Sanghvi Forging and Engineering Limited (hereinafter referred as 'SFEL') is one of the fastest growing forging Company of India with the focus on meeting the challenges faced for forged products.

Since our incorporation in 1989, we have recorded various achievements and expanded ourselves to become one of the leading forging suppliers across the globe. Our state-of-the-art technology along with quality products helps us to cater our products to some of the reputed customers and get recognized by Inspection Agencies for quality of our products. We manufacture open die and closed die forgings and flanges which are supplied proof machined or finished on request, from all grades of steels under both National and International standards for our customers. We are one of the largest manufacturers of high quality open and closed die forging from 1 Kg to 40 ton weight in all grades of steel, for core sector industries.





Vision



We envision being a pioneer and leading supplier in Forging industry by providing end to end solutions for forged product where we can be preferred product development partner with our customer. We also aim to focus on high quality through perfection and innovative approach which shall help us in maintaining leadership position in business.

Values

- ▶ We must constantly strive to achieve the highest possible standards in day-to-day work and in the quality of goods we provide.
- ▶ We must work cohesively with our colleagues across the company and are honest and straight forward to all stakeholders.
- ▶ We accept personal accountability to meet our business needs, improve our systems and help others improve their effectiveness.
- ▶ We believe that people work best when there is a foundation of trust.
- ▶ We have a compelling desire to lead the change and win in the marketplace.

OUR JOURNEY TOWARDS EXCELLENCE

1989

We were incorporated during the year

1992

We had set up a factory in Vadodra with an installed capacity of 300 MTPA for closed die forgings

1996

We obtained our first major approval from the Technical Development Committee of India

2002

We obtained Canadian Registration Number (CRN) for 13 provinces in Canada

2003

We expanded our capacity for closed die forging to 1200 MTPA

2006

We established a new open die forging plant with an installed capacity of 2400 MTPA

2008

We implemented SAP ECC 6.0 in our organization

2009

We obtained product approvals from GE, PDIL and EIL

2011

We signed a Memorandum of Understanding with Government of Gujarat under their Vibrant Gujarat Meet.

We successfully completed our Initial Public Offer

2013

We commenced production at the new heavy forging division with capacity of 15000 MT

2014

Successful Commissioning of Heavy Forging Plant & Achieve Quality Approval from renowned OEMs.

2015

Our R&D Centre developed Nickel Alloy forgings for strategic sectors application for indigenous products & started exporting to various countries like Malaysia, Italy, USA, Bahrain, etc.

2016

We developed forging in Special Grade such Inconel 617M, Inconel 625 and Inconel 825.

2018

We developed critical forging for Space Program.

BUSINESS REVIEW

Our Products

1. Heavy Forgings

- ▶ Rings
- ▶ Forged Bars
- ▶ Blocks and Plates
- ▶ Shafts and step shafts
- ▶ Tube Sheets / Gear Blanks
- ▶ Engineering Forging including Cylinders & RAM

2. Tool Steel

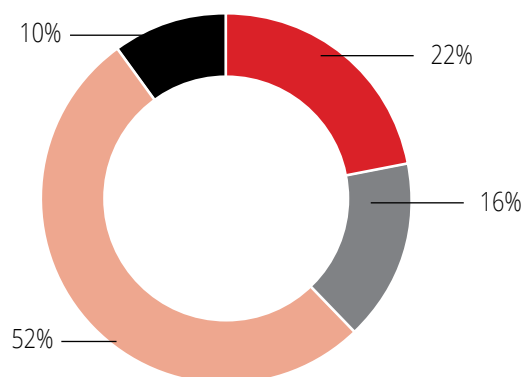
3. Forged Flanges

4. Machined Forgings

5. Valve Forging

Sector-wise revenue breakup

- Power
- Oil & Gas
- Defence
- General Engineering



MESSAGE TO THE SHAREHOLDERS



► **Mr. Jayantilal B. Sanghvi**
Chairman & Managing Director



Confidence... thrives on honesty, on honor, on the sacredness of obligations, on faithful protection and on unselfish performance. Without them it cannot live.

- **Franklin D. Roosevelt**

Dear Shareholders,

It gives me immense pleasure to present you the Annual Report 2017-18 of Sanghvi Forgings and Engineering Limited. We are one of the leading forging players in India serving to some of the reputed clients across the globe. In FY 2018, we continued to focus on increasing our capacity utilization as well as exports while aiming towards improving our margins.

'Continuous Improvement' is a corporate strategy that we have always followed diligently. Our challenge has been to adapt to the changing landscape as swiftly as possible, while continuing to accelerate the growth engine. It is encouraging for me to see every member of our family rising to the challenge and making SFEL stronger and more sustainable. Continuous learning and innovation has enabled us to think faster than the industry, evolve with smarter solutions for discerning customers and seek newer growth markets across geographies.

It was a transformative year with the introduction of the Goods and Services Tax (GST), an important development that has created a single national market that would benefit the industry. While trade conditions remained volatile during early implementation, it has since stabilized and there is a gradual improvement in overall industry.

During the year, the global economy strengthened owing to increase in economic activities, rise in the global demand and improvement in market sentiments. As a result, the economy grew at a rate of 3.8% in CY 2017 as against that of 3.2% in CY 2016. The growth of world economy was primarily driven by growth of emerging markets and developing economies including India and Brazil.

Emerging markets in Asia continue to be the primary growth driver globally. However, uncertainties surrounding the business environment preclude optimism, as monetary easing in some countries, protective policies in developed nations and sluggish growth of the Chinese economy require close monitoring.

The Indian forging industry experienced a growth of 12% during FY 2018 and the total production increased from 23.98 lakh tons in FY 2017 to 25.24 lakh tons in FY 2018. During the year, the growth of Indian forging industry was mainly driven by rise in sales of automobiles of different categories. The industry grew despite the rise in steel price that affected the export competitiveness in the global market of the players in



Never give up, & be Confident in What You Do. There may be Tough times, but the Difficulties which you face make you more determined to achieve your Objectives and to win against all the odds.

- **Marta**

forging industry. In FY 2019 the industry is expected to grow further at a rate of 10% with increase in demand by the automobile industry.

Performance

We received various order from different sector during quarter four of FY 2018. This will help us to increase our sales, improve our realizations and our efficiency. It will also help us to strengthen our position in domestic oil and gas sector while attaining the position of one of the leading players in the industry.

We believe with entry in new markets, we are now better placed to serve our Defence and Space Programme.

Strategic initiatives

As we embark upon another transformation year, I would like to take this opportunity to look back at what we accomplished so far; and address the key changes we are envisaging over the coming years. The preceding business transformations focused on technology up gradation, foraying into new sectors, widening of customer base, and more importantly, resulted in building a sound knowledge base about metallurgy and metal forming.

Expanding product portfolio:▶ **Opportunities in Space Program:**

This sector continues to be of importance, despite its slower than anticipated pace of progress. We are confident of growing this business through new product development and customer acquisitions. This business has a long gestation period and does take time before seeing any major momentum.

- ▶ **Defence components:** The business primarily focuses on supplying critical components to various defence agencies. With the Government's enhanced focus on indigenization, we expect this business to grow at a healthy pace, driven by new products and systems development. We are making steady progress in the business, and we are encouraged by the response of the defence establishment.

Over the past few years, we have developed a host of products with a significant level of indigenization, with the capability to scale up very fast as soon as a major maiden order comes our way.

Value Added Process

We aim to deliver quality products to our customers and continued to focus in this direction. Over the years, we have received various approvals and certification from both national as well as international institutions for the quality of our product.

We have Presence in more than 20 Countries and Having Subsidiary in Netherland to help us to make strong Market Presence in Europe.

People

We believe that people work best when there is a foundation of trust.

For Sanghvi, our most valuable assets



Don't lower your expectations to meet your performance. Raise your level of performance to meet your expectations. Expect the best of yourself, and then do what is necessary to make it a reality.

- Ralph Marston

are our employees. Their commitment to excellence, innovation and making the world a better and safer place is a key reason for our success.

We are fortunate to have so many talented people with different backgrounds, interests and skills who come together to make Sanghvi a strong and thriving company. Together, we develop the technologies, products and offerings of the future. Sanghvi is a place where teamwork is essential. Yet our employees also maintain the freedom to work on their own, be creative and make their own decisions. And, most of all grow both personally and professionally.

The collective capabilities of our people have taken us far, and we will continue to invest in developing our team to sharpen their capabilities and introduce industry-leading practices. We are also working to instill a corporate culture that enables teams to take initiatives and explore new opportunities. It is only through consistent innovation and empowerment of our people that we will be able to sustain our leadership in our focus areas. Our people are passionate about thinking ahead of the curve and accelerating the pace of innovation in this period of dramatic change.

We value each other's individuality and system of beliefs and work together to

enhance their own capabilities. It is this environment that enables us to incubate new ideas that can change the future.

Sustainability

The need for truly sustainable business model for twenty first century life remains one of the most critical challenges facing the global community. As an Engineering company, Sanghvi has the experience and expertise to put our work in ways that can executed timely with care of safety and the environment. We believe this is a direct route to a successful, profitable business that adds value to our customers, their customers, consumers, and the planet.

Sanghvi Forging & Engineering Ltd. believes that the day-to-day actions taken by each Sanghvi's employee will ultimately demonstrate our commitment and progress towards sustainable growth. Our actions are driven by our partnerships and voluntary initiatives as well as by our policies, principles and positions. All are critical to integrating sustainability into our strategies and practices.

Our constant efforts to evolve from our present situation have enabled us to be creative and competent in every industry. We at SFEL have put in every effort to maintain a greener planet and leave as less carbon foot print as possible can.

In the coming years we will continuously work towards expanding our presence and improve our financial performance. On behalf of my colleagues on the Board of Directors, I would like to thank our employees for their hard work, our shareholders to put their trust and faith upon us, our customers to appreciate our products and our management for their coordination and support. We hope for a better year ahead.

Regards,

Mr. Jayantilal B. Sanghvi

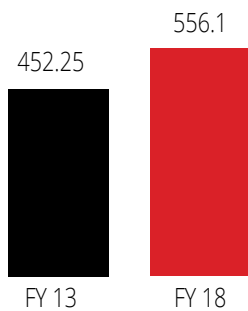
Chairman & Managing Director

REVIEW OF OUR OPERATIONS

Revenue

(₹ in Million)

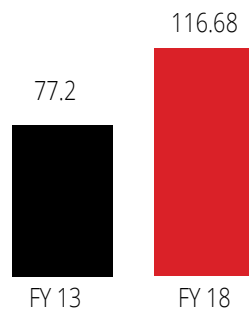
4.22% ▲
5-year CAGR



Exports

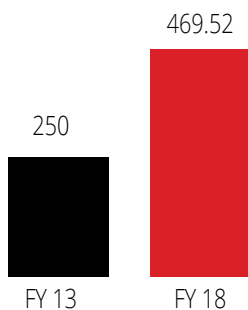
(₹ in Million)

8.61% ▲
5-year CAGR



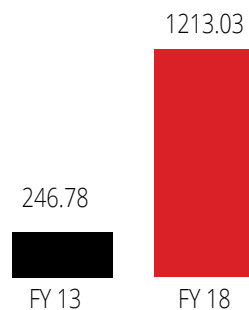
Order Book

(₹ in Million)



Debt

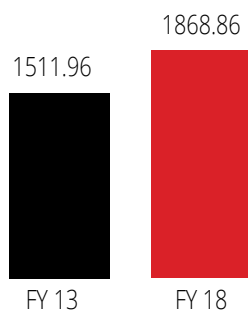
(₹ in Million)



Gross Block

(₹ in Million)

4.33% ▲
5-year CAGR



227 Employees

Team Size as on 31st March 2018

Two separate plant :
Heavy Forging Division
(HFD) and Flange &
Component Division(FCD)

Number of Manufacturing facilities

18600 MTPA

Manufacturing Capacity as on
31st March 2018

28 years (since 1989)

Years of industry experience

300+

Number of customers as on
31st March 2018

200+

Number of people benefited through CSR
activities in the past five years