

CELEBRATING
50TH
YEAR OF LEADERSHIP
1971-2021



SANGHVI
FORGING & ENGINEERING LTD.



SANGHVI FORGING & ENGINEERING LTD. – (UNDER CIRP) INVESTMENT TEASER

July 2020

VALUATION | INVESTMENT BANKING | TRANSACTION SERVICES | TRANSACTION TAX | RESTRUCTURING | RISK CONSULTING

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COMPANY OVERVIEW

Company Background

- Established in 1989, Sanghvi Forging and Engineering Limited ('SFEL' or 'the Company') is engaged in the business of manufacturing open and closed die forging products for oil and gas, defense, ship building, power and other sectors.
- The Company manufactures various forging and machined components for process and heavy industrial applications.
- The Company's plant has capacity of 18,600 TPA and is located in Waghodia near Vadodara in Gujarat.
- The Company caters to both domestic and international markets.
- It is listed on BSE and NSE.

Location

Registered Office and manufacturing units in Waghodia, Vadodara, Gujarat

<i>Nearest Airport</i>	Vadodara Airport at 22 kms
<i>Nearest State Highway</i>	GJ SH 158 at 1.5 kms
<i>Nearest National Highway</i>	NH 48 at 15 kms
<i>Nearest Railway station</i>	Vadodara 18.4 kms
<i>Nearest Port</i>	Hazira Port - 189 kms



Product Profile

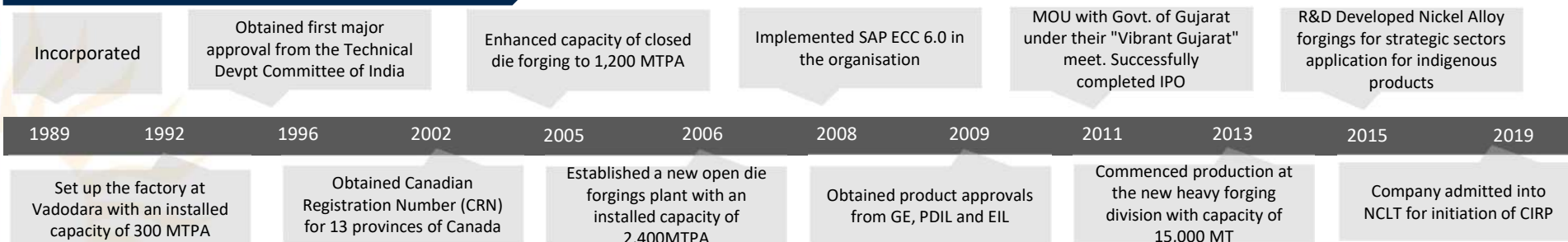
Heavy Forging

- Forged Bars
- Shaft & Step Shafts
- Tube Sheets
- Shell Forging
- Forged Pipe & Hollow Shaft Forgings
- Rings
- Die Blocks & Round
- BOP & Valve Body
- Heavy Machined Products

Forged Flanges and Components

- Forged Flanges
- Open Die Flanges
- Instrument Forging
- Ball Forging
- Components

Company Evolution



Source: Company Website

COMPANY OVERVIEW

Quick Facts

Capacity	18,600 TPA
Company's experience	30+ years
Number of Customers	300+
Export Sales in last 3 years	Range between 5% to 25% of total revenue
Current Capacity Utilisation	Approximately 20%

Facility Profile

Manufacturing Units

Unit 1 : Heavy Forging Division	Unit 2 : Flange and Component Division
<p>Heavy Forging – In house facilities</p> <ul style="list-style-type: none"> • Heating of Ingot / Bloom • Forging • Heat Treatment • Cutting • Machining • Dispatch 	<p>Forged Flanges – In house facilities</p> <ul style="list-style-type: none"> • Open and closed dye forging • Heat Treatment • Conventional and CNC Machining • Inspection and QC • Packing and Disptach

Source: Company Website

Industries Served

Industry	Products sold	Key Clients (Domestic and International)
Oil and Gas	Tee-connectors, Y-connectors, Lateral Trees X-mas Tree Forgings, Casing Heads, Wellhead Forgings	
Power- Hydro, Wind, Thermal, Nuclear	Turbine Shaft, Rings, Trust Blocks, Yoke Ring, Pelton Runner, Fan Shafts	
Defence – Aerospace, Ordnance	Landing Gear, Nozzle, Armour Plate, Gun Barrel, Shaft, Drive Shaft, Propeller, Rudder, Propeller ach block	
Other Sectors	<ul style="list-style-type: none"> • Propeller Shaft, Intermediate Shaft, Thrust Bearing Components Of Marine, Diesel Engines • Rims, Couplings, Rolls, Shafts • Fly Wheel, Shaft, Stepped Shaft, Columns for Presses, Die Blocks, Components for Extrusion Equipment such as Castings, Cylinder liners • Leg Mating Unit, Deck Support Unit, Propeller Shaft 	

FINANCIAL OVERVIEW

Financial Highlights (Consolidated)

Amount in INR Crores

Particulars	2016	2017	2018	2019	9Mo Dec 2020
Total Income	72	63	61	64	14
EBITDA	14	3	3	4	0
PAT	-10	-23	-23	-20	-2
Tangible Assets	157	148	140	132	-
Total Assets	200	197	189	180	-
Borrowings (LT+ST)	115	114	96	84	-
Net Worth	44	21	-2	-22	-

Share Performance over last 5 years



Source: Company Website, Venture Intelligence, Moneycontrol, Data from Company's register

Key Machineries in use

Asset description
Open Die Forging Press (45MN)
DDS Railbound Forging Manipulator SSM 1000-SF02
HTF1 –Gas fired heat treatment Furnace
HTF2 –Gas fired heat treatment Furnace
Quenching Tank - Polymer - SF02
RH2 -Gas fired heat treatment Furnace
Furnace- Slow cooling gas fired furnace
RH1 –Gas fired reheating furnace
Quenching Tank - Water - SF02
Horizontal Bandsaw Machine Gantry (2000*2000*8000)
EOT Crane 80*20 MT SF02- 1
EOT Crane 80*20 MT SF02- 2
EOT Crane 60*20 MT - SF02
Mounded Bullets

Latest Claims Information (Amt in INR Crs)

Particulars	Amount Claimed	Amount Admitted
Financial Creditors	178	178
Operational Creditors excluding workman and employee	48	45
Total	226	223

Bankruptcy Proceedings

Sanghvi Forging & Engineering Limited, has been admitted under the provisions of The Insolvency Bankruptcy Code, 2016 ('IBC') in term of order dated August 30th, 2019 passed by Hon'ble National Company law Tribunal, Special Bench ('NCLT'), pursuant to an application filed by the Bank of Baroda under Section 7 of IBC.

Pursuant to order dated 26th May, 2020 (Order published and made available on 29th May, 2020) passed by Hon'ble NCLT, Ahmedabad Bench Mr. Parthiv Parikh (having registration no. IBBI/IPA-002/IP-N00369/2017-2018/11063) as Resolution Professional (RP)

END INDUSTRY GROWTH PROSPECTUS

Oil and Gas

As of May 01, 2020, India's oil refining capacity stood at 249.9 million metric tonnes (MMT), making it the second largest refiner in Asia. Private companies own about 35.36 per cent of the total refining capacity in FY20.

Growing Demand

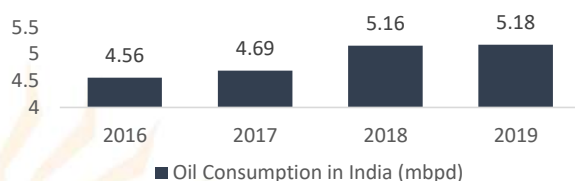
- Diesel demand is expected to double to 163 MT by 2029-30
- Consumption of Natural Gas in India is expected to increase three folds in next 10 years

Rapid Expansion

- Industry is expected to attract USD 25 Bn investment in exploration and production by 2022
- Refining capacity expected to increase to 667 MTPA by 2020

Support from Government

- FDI upto 100% in upstream and private sector refining projects
- FDI upto 49% allowed in public sector refining projects



Oil demand is expected to rise by 5.8 mbpd by 2040 from 5.18 mbpd in 2019. Oil demand increased 3.21 percent to 4.88 mbpd in 2019 from 4.73 mbpd during the previous year.

Source : IBEF Report – Oil and Gas – May 2020, IBEF Report – Power – May 2020, Investindia.gov.in (defence)

Power

India has been the third largest producer and third largest consumer of electricity in the world with an installed power capacity reaching 370.34 GW as of April 2020. The country also has the fifth largest installed capacity in the world.

Growing Demand

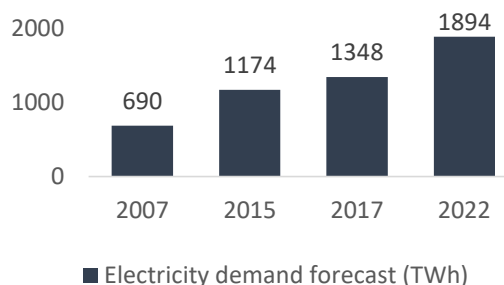
- Power consumption is estimated to reach 1,894 TWh in 2022
- India ranked sixth in list of countries to make significant investment in clean energy by allotting US\$ 90 billion.

Rapid Expansion

- Industry is expected to attract USD 25 Bn investment in exploration and production by 2022
- As per Economic Survey 2018-19, additional investment in renewable plants till 2022 would be about US\$ 80 billion.

Support from Government

- 100% FDI allowed in the power sector has boosted FDI inflow in this sector.
- In June 2019, GoI launched US\$ 5 billion of transmission line tenders in phases to reach 175 GW target by 2022.



Defence

Government Impetus

- India plans to spend \$130 bn on military modernization in the next 5 years, as achieving self-reliance in defence production is a key target for the Government of India. The Government has opened up the Defence industry for private sector participation to provide impetus to indigenous manufacturing.

Foreign Investment

- 100% FDI is allowed in Defence industry; wherein 49% is allowed under automatic route and beyond 49% through Government route.

Expanding sector

- The opening up of the industry also paves the way for foreign original equipment manufacturers to enter into strategic partnerships with Indian companies.
- Annual Turnover by Private sector in Defence and Aerospace sector in 2018-19 is \$2.4 bn.
- A Defence export strategy has been formulated with a view of facilitating Defence Public Sector Enterprises (DPSUs) and private defence players in exploring business opportunities abroad.

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