June 12, 2015

1. BSE Ltd. (022) 2272 3121/1278/1557/3354/3577
   Corporate Relationship Department, 1st Floor,
   New Trading Ring, Rotunda Building,
   P.J. Towers, Dalal Street, Fort,
   Mumbai 400 001 **Code No. 533411**

2. The Manager (022) 2659 8237/8238
   Listing Department,
   National Stock Exchange of India Ltd.,
   Exchange Plaza, 5th Floor, C/1, Block G,
   Bandra-Kurla Complex,
   Bandra (E),
   Mumbai 400 051 **Symbol "SANGHVIFOR"**

Dear Sir,

Re: Transcript of conference call with Analysts and Investors.

With reference to above subject, conference call was held on June 10, 2015 at 4:00 p.m. A Transcript of the conference call held with Analysts and Investors are attached.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Sanghvi Forging and Engineering Limited

SP Pandya
Sagar Pandya
Company Secretary

SANGHVI FORGING & ENGG. LTD.
Waghodia

Head Office : A-8, Parvati Chamber, Opp. Apsara Cinema, Pratapnagar Road, Vadodara - 390 004. Ph. : +91-265-2580644 / 2581658 • Fax : +91-265-2581126
Regd. Office : 244/6-7, G.I.D.C. Ind. Estate, Waghodia - 391 760. Dist. Vadodara, India. Ph. : +91-2668-263020 / 264100 • Fax : +91-2668-263411
CIN : L28910GJ1989PLC012015 • Email : contact@sanghviforge.com • Web : www.sanghviforge.com

"Sanghvi Forging and Engineering Limited Annual Conference Call"

June 10, 2015

ANALYST:	**MR. SUNIL MUDGAL - DIRECTOR - KIRIN ADVISORS PRIVATE LIMITED**
MANAGEMENT:	**MR. JAYANTI SANGHVI - MANAGING DIRECTOR - SANGHVI FORGING AND ENGINEERING LIMITED**

Moderator: Ladies and gentlemen, good evening and welcome to Sanghvi Forging and Engineering Limited Annual Conference Call hosted by Kirin Advisors Private Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "*"then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sunil Mudgal. Thank you and over to you Sir!

Sunil Mudgal: Hi, welcome all the analysts present in the Conference Call of Sanghvi Forging and Engineering Limited. I welcome the management Mr. Jayanti Sanghvi, MD of Sanghvi Forging and Engineering Limited for the conference call of financial year ended 2015. Jayanti Bhai is going to give you brief about the quarter numbers and as well as annual numbers and the forward things also. Jayanti Bhai over to you sir!

Jayanti Sanghvi: Good afternoon everybody I welcome all of you to the conference call of Sanghvi Forging. First of all I would just brief you the numbers for the company for last quarter and the last full year.

In March 31, 2015 last quarter total sales of the company was 25.85 Crores the net loss of 1.65 Crores as compared to last year our sales has grown on quarterly basis by 34% on a annualized basis our sales for full year of March 31, 2015 is 87.13 Crores which compared to last year of 63.81 Crores shows growth of around 61.97%. On the full year, company has recorded the loss of 7.94 Crores as compared to last year the total loss of 7.78 Crores. On a whole year basis company has done a cash profit basis it has done a total cash profit of 0.21 Crores versus the cash loss of last year of 0.63 Crores.

Our total EBITDA margin has improved from 11.48% last year to 18.40% this year. So in a whole year we had grown our sales by 61.97% and EBITDA margin has also grown substantially. Also our exports have grown from 10.25 Crores to 15 Crores which shows a total quantum jump of 47%.

Now just I will brief you about the company. We are a forging company mainly focused on the industrial segment of the forging. We do the forging from single piece of 1kg and it goes up to single piece up to 40 tonnes, the majority of application of this type of forgings are in various industrial segments like power equipments, oil & gas, ship building, defence and general engineering sector. All these business is driven by the various approvals because the application of this forgings are very critical from the customer end point of view, if we want to sell some forgings to the nuclear industry we should be approved by the Nuclear

Power Corporation of India similarly each industry or segment has the various approval processes. So in the last couple of years, we are consistently gaining more and more approvals and in total we have obtained approximately 30 approvals for our new heavy forging plant. These approvals as we increase more and more approvals that increases our various addressable market sizes and going forward we will get good orders from the various segments.

Currently our major focus market was oil & gas which contribute around 55% of our sales and second is power generation then shipbuilding and then defence sector.

Now I will just give you little bit about the overall scenario of our industry or the segment. Currently most of the oil & gas projects globally are getting slowed down because of the reduced crude prices, lot of projects are finding it difficult to go forward and the viability of the projects at the current crude price levels are in questions for some of the projects and some of the projects are going on, but overall sentiment is very weak in oil & gas segment. At the same time in India also lot of things are at various stages in bidding stages but no major projects are awarded or once it is awarded it takes around two quarters to get finalization for the heavy forging type of components. So overall scenario is very weak at the movement, and slowly we feel it will improve in next couple of quarters. Also as there is less and less business, there is increasing pressure on the pricing because the competition is becoming very hard to take the jobs available in the market. Also as a company we face a big challenge to manage our debt also; we have around 100 Crores of debt which we raised to put up our new heavy forging facility with a total investment of around 160 Crores. On few positive sides what we feel it the raw material prices and the energy cost which is the major cost for the forging in industries are coming down also slowly the interest rates are coming down, which will be a beneficial to the company going forward also and we are getting more and more approvals once the market picks up definitely we will get good amount of work in the various industrial segments. Also we think there is good momentum in India in the power equipment as well as the mining sector, so big orders are being awarded to the big power equipment manufacturers and slowly that will in turn get us the good orders for the heavy forgings also. Also in the defence segment there are good momentum coming up, there are various tenders which are coming for participation and we are participating into the various tenders, but generally the finalization time in defence sector is normally long as compared to other sectors, but we are very positive on the Make In India campaign and slowly that will shows the results in increasing the capacity utilization of Indian manufacturing companies.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Chintan Seth from SKS Capital & Research. Please go ahead.

Chintan Sheth: Thank you and congratulations on a very good set of numbers. Just on your debt side you mentioned 100 Crores this is only long-term debt right what could be the entire long-term and short-term put together?

Jayanti Sanghvi: Long-term is 100 Crores and short-term is around 25 Crores.

Chintan Sheth: Sir for the quarter your depreciation rate has increased little bit from 2 odd Crores to 2.4 Crores so what kind of because of the new plant I guess the incremental depreciation has come in?

Jayanti Sanghvi: It is because of the new company law which was implemented from 2014 so on the whole year basis we had given the effect into the last quarter basis only.

Chintan Sheth: So going forward what will be run rate for the quarterly depreciation rate?

Jayanti Sanghvi: It will be similar to the last quarter basically.

Chintan Sheth: 2.4 right.

Jayanti Sanghvi: Yes approximately.

Chintan Sheth: What is the cost of debt sir for current year?

Jayanti Sanghvi: Cost of debt is approximately in the 12% to 13% range.

Chintan Sheth: And post our expansion we have total capacity installed is within 18500 metric tonnes per annum right?

Jayanti Sanghvi: Yes correct.

Chintan Sheth: Of which how much is the heavy forging?

Jayanti Sanghvi: No, heavy forging capacity is 15000 tonnes and small forging capacity is 3600 tonnes.

Chintan Sheth: And what will be the capacity for this year what we have clocked effectively?

Jayanti Sanghvi: In 2014-2015 for the small forging we had operated at the capacity utilization of around 70% and for the heavy forging side we had operated at the capacity utilization level of 25%.

Chintan Sheth: Sir the approvals you talked about till date 30 approvals you have received so far, what kind of opportunity it will post for Sanghvi Forging going ahead what kind of revenues we can expect?

Jayanti Sanghvi: It depends upon overall industrial scenario, for example we have been approved by BHEL and BHEL should have the jobs to award to us it is like that so overall momentum picks up definitely we will be having good advantage of that.

Chintan Sheth: It is a prequalification kind of stuff.

Jayanti Sanghvi: Yes, prequalification so they do the complete audits and approve the plant for particular category of the components.

Chintan Sheth: And you got that approval?

Jayanti Sanghvi: Yes we got approvals like from various leading companies like BHEL, Alstom, Siemens, Nuclear Power Corporation, ISRO, BARC et cetera.

Chintan Sheth: Sir you have guided earlier in last call that your new plant heavy forging plant your utilization will inch up from 25% to 55% you stood by that guidance or?

Jayanti Sanghvi: Depending upon the current scenario we feel the utilization level will be lower than that what we have projected earlier.

Chintan Sheth: So it will be lower.

Jayanti Sanghvi: Yes it will be lower percentage.

Chintan Sheth: How much like any ballpark number you are going to provide?

Jayanti Sanghvi: It depends upon this; it will be in the range of around 40%.

Chintan Sheth: What will be the breakeven for that plant, breakeven utilization for the plant?

Jayanti Sanghvi: At the utilization level of 25% here breaking even in cash profit, but on net profit level if we do 35% to 40% we are hopeful that will achieve net profit even from this.

Chintan Sheth: So at 40% capacity anticipation we expect that your heavy forging will be profitable next year.

Jayanti Sanghvi: Yes it will be profitable next year.

Moderator: Thank you. The next question is from the line of Saurabh Jain from Sushil Finance. Please go ahead.

Saurabh Jain: Sir, my first question is as you mentioned exports have fared quite well during the year, so could you please throw some light on how margins and realization differ from domestic market and also if you can comment upon the outlook and who are our international clients?

Jayanti Sanghvi: See margin wise more or less it is similar in domestic market as well as export markets and major areas currently we are focusing for exports to Middle East and Canada. We are getting the good momentum and slowly we are entering into the United Sates also.

Saurabh Jain: Who are our international clients' sir, if you can name the company?

Jayanti Sanghvi: It is clients are like big oil & gas drilling companies some EPC companies like that about companies.

Saurabh Jain: Sir recently the players in our key focus areas like IOC and ONGC, BHEL they have all announced good expansion plans for next couple of years, so what can one expect from the company. How are we placed in terms of capacity?

Jayanti Sanghvi: We are approved by all these companies and we were working whenever there were good projects we were working with them but normally from announcements to the project procurement it is the lead time of six months to one year depending upon the size of the projects.

Saurabh Jain: Sir if you can give me breakup of revenues in terms of both the plants and if possible if you can provide me the tonnage details as well?

Jayanti Sanghvi: Presently the turnover from our old plant is the small forging is 47 Crores and the turnover from the heavy forging division is 40 Crores.

Saurabh Jain: Sir how much of the order book of 36 Crores are from exports and how is the enquiry level looking up for the near future?

Jayanti Sanghvi: See currently the new order booking for last few months is very big but going forward we are hoping that from third quarter onwards there will be very good momentum in the order booking and currently we are bidding at the various stages but normally in past it used to get finalized in three months, now it is taking six months to nine months to finalize the orders.

Saurabh Jain: Sir one last question, you mentioned about the addressable markets in terms of sectors, like oil & gas, power, shipbuilding, defence so if you can provide any ballpark figure for the addressable market size?

Jayanti Sanghvi: See total market size of India is in the range of 8000 to 10000 Crores but which is mainly met by the imports of forging in India basically, currently.

Moderator: Thank you. The next question is from the line of Samarth Sanghavi from Phillip Capital India Private Limited. Please go ahead.

Samarth Sanghavi: Sir just a couple of questions which we wanted to understand is with respect to the oil & gas sales particularly we have seen yo-yoing of the oil price sales but at what price do you think that your clients or customers would be comfortable in order to once again begin their capex cycle that would result in order for us?

Jayanti Sanghvi: See oil at $65 per barrel if that remains consistent for three to six months it is good to start the projects.

Samarth Sanghavi: Sir would this push up a lot if oil reaches $65 a barrel would it push up your international demand or would it push up more domestic demand sir.

Jayanti Sanghvi: It works both basis, it will give us good demand in international market, also there are few companies in India who work in industrial segment they also buy the forgings, so both way it helps.

Samarth Sanghavi: Sir with respect to the industry currently if we were to look at the forging industry at what kind of capacity utilizations do you think some of your competitors would be operating at that would everybody be at a very low capacity utilization level?

Jayanti Sanghvi: That I cannot comment but for us it is very challenging to achieve the good capacity utilization.

Samarth Sanghavi: Could you share some light as to why would that be a problem you also mentioned in your opening comments that competition is also extremely difficult for us to handle so who would be your competitors and could you shed some point as to why it would be?

Jayanti Sanghvi: See our major competitors for heavy forging will be the companies like Bharat Forge, L&T and some international players and most of these companies are very busy in oil & gas exports for US market for last couple of years, but as the market has dropped in USA everybody will have enough capacity to face, in the Indian market they have to find the jobs basically, so it will be increase the competition.

Samarth Sanghavi: So sir just more from a strategic perspective, 55% of our revenues are oil & gas maybe could you shed some light as to how this revenue mix can change over two to three years because since we are diversifying and getting a lot of approvals.

Jayanti Sanghvi: No, but see our total size is also increasing so what we believe is revenue from oil & gas will remain more or less constant.

Samarth Sanghavi: Sir just one final question what would be our debt repayment in the current year?

Jayanti Sanghvi: Current year our total debt repayment will be around 10 Crores.

Moderator: Thank you. The next question is from the line of Pankaj Gupta from Kredent Research. Please go ahead.

Pankaj Gupta: Sir actually I just wanted to understand our debtor cycle in this quarter our debtors and working capital have increased so can you just tell that this is the normal one?

Jayanti Sanghvi: See normally what happens lot of sale happens in the month of March basically so that reflects the figure because lot of customers and government sector list the material in March basically because of that various budget requirements, so in March we always see the extended letter basically.

Pankaj Gupta: But on average what would be our and inventory put together it would be three months, four months, two months generally.

Jayanti Sanghvi: It will be around four months basically.

Pankaj Gupta: Both inventory and debtors put together.

Jayanti Sanghvi: Yes.

Pankaj Gupta: Sir you have said that right now our new plant is having a turnover of 40 Crores and old plant at 70% at 47 Crores I believe that the optimum capacity utilizations in our customized kind of order book would be 70% - 75%.

Jayanti Sanghvi: No if you do 70 that should be considered good enough because this is all customized parts.

Pankaj Gupta: So sir in new plant can we assume that our peak turnover can be 120 Crores?

Jayanti Sanghvi: No new plant the peak turnover can be around 200 to 250 Crores depending upon the grade of material we process basically.

Pankaj Gupta: In new plant what can be our sustainable EBITDA margin?

Jayanti Sanghvi: Sustainable EBITDA should be around 22% to 24% for new and old both plants combined together.

Pankaj Gupta: We are also bidding for export orders where our export sales last year was 15 Crores so on what parameters we scale or compete whether it is our cost of production is lesser or quality?

Jayanti Sanghvi: No there are two three, the first thing coming to picture is the approvals that you are approved or not and once you are approved then the price and the delivery period play a big role in this sector.

Pankaj Gupta: Price and delivery period.

Jayanti Sanghvi: Delivery lead times for example if I am working for some project at Middle East my transit time from India to Middle East is one week whereas from Europe it takes four to five weeks. If I am able to deliver it quickly the customer will place more order on me.

Pankaj Gupta: Sir on a like-to-like basis our cost of production would be what similar, lesser to our MNC counterparts?

Jayanti Sanghvi: More or less it will be similar because we have low labor cost but then we have a high interest cost so more or less it will be in the same range.

Pankaj Gupta: Sir one last thing is there any duty advantage or disadvantage if we export vis-à-vis other players?

Jayanti Sanghvi: No see the only disadvantage we feel is there is not a big approved steel mill in India because for our material also we need to buy materials which is approved by our customers, so sometimes that becomes disadvantage otherwise from duty point of view there is no disadvantage.

Pankaj Gupta: So whatever the import duty we are paying we can have offset against our exports.

Jayanti Sanghvi: Yes we can have offset or if it is for exports we can import without paying the duties also.

Pankaj Gupta: Just one last question sir I was saying the credit rating by CARE Ratings on April so can you just tell me why they have done this credit rating and this year the debt repayment would be 10 Crores what would be in FY17 and et cetera so can you give some kind of light on this?

Jayanti Sanghvi: See our debt repayment is in the ballooning time and total repayment period available eight years with us so this year we have 10 Corers next year we have 12 Crores then 15 Crores like that, this is the rating because they feel that with the current level of capacity utilization it will be a difficult for company to meet the debt obligations, but from company point of view we are confident enough to meet their debt requirement and that capacity utilization is also increasing say last year we had spent 25 this year we are planning to be in the range of 40% and we are able to achieve 40% we will be able to meet all our debt obligations without much problems and we are reasonably confident for achieving that.

Pankaj Gupta: Sir our order book as of now is 32 Crores.

Jayanti Sanghvi: Correct.

Pankaj Gupta: And breakup between domestic and export?

Jayanti Sanghvi: Export is around 7 Crores and 25 Crores is domestic.

Moderator: Thank you. The next question is from the line of Chintan Sheth from SKS Capital & Research. Please go ahead.

Chintan Sheth: When you mentioned that your capacity utilization is 25% for the new plant tonnage basis it comes to around 3750 tonnes for the new plant and 2520 for the old plant and when I compute a per tonnage revenue from old and new there is a vast difference between the number.

Jayanti Sanghvi: In our case we do not make only one grade of steel. There are different sets of steel like in new plant currently we are doing more on carbon steel and alloy steel, in old plant we are doing more on stainless steel side. So it depends upon which segment of steel you are operating and the price of the steel is accordingly your sales price and your procurement price also.

Chintan Sheth: But we are confident about the margin even though the realization varied depending on the input the material what you are using.

Jayanti Sanghvi: Yes but overall margins remain more or less same in the various grades but you get the higher sales figure and higher profitability in the high value rate grades basically.

Chintan Sheth: So it is more about passthrough, your margin are capped at say you mentioned 22% to 24% on a sustainable basis, 18% we did this year so going forward with a better utilization or operational efficiency you will improve your margin irrespective of the material you use.

Jayanti Sanghvi: Correct.

Chintan Sheth: That is the way the thinking is.

Jayanti Sanghvi: Yes.

Chintan Sheth: Sir last quarter our order book was 36 Crores and this quarter it declined to 32 Crores so order booking you mentioned that last few months has been very dismal in terms of order inflow, but Q3 when you look at optimistically where the bulk of orders will come in with the approvals you have currently Q3 that is second half.

Jayanti Sanghvi: Yes.

Chintan Sheth: Any number you want to guide on the order book side?

Jayanti Sanghvi: At the movement we are not able to guide anything in that.

Moderator: Thank you. We have a follow up question from the line of Samarth Sanghavi from Phillip Capital India Private Limited. Please go ahead.

Samarth Sanghavi: Sir just some questions just wanted to understand, sir if you could give me the range in terms of what could your top-line be, currently at 25% utilization in the new plant we assume that we can hit a 125 to 150 Crores at top. Would that be a right assumption?

Jayanti Sanghvi: No, we feel that we will be able to grow somewhere in the range of 40% to 50% for this current year as compared to last year.

Samarth Sanghavi: It is a top-line increment.

Jayanti Sanghvi: Yes top-line increment.

Samarth Sanghavi: But sir if I want to understand if we are operating at peak capacity in terms of highest realizations what kind of numbers could be budget in sir could you give us the range at lower realization versus the higher realization what kind of range we can fluctuate in terms of revenue in terms of top-line.

Jayanti Sanghvi: The top-line will mainly depend on the grades of steel we will be operating. We operate at the full capacity, therefore 70% for the new plant and 70% for the old plant, this can be anywhere between from 200 Crores to 300 or 350 Crores.

Samarth Sanghavi: Sir just one book keeping question, this last year other current liabilities have reduced from 59 Crores to 22 Crores there is a 27 Crores reduction sir.

Jayanti Sanghvi: Yes.

Samarth Sanghavi: Could you guide and throw some light on it?

Jayanti Sanghvi: At that point of time when we imported on the machines in the project that are under the LC, the LC has not crystallized in the form of term-loan.

Moderator: Thank you. We have another question from the line of Shrikanth T., from Bellwether capital, please go ahead.

Shrikanth T.: I just wanted to find out if you have any maintenance capex that we need to do for our old facility for the current year and do we plan to raise any further debt through other sources or promoter funding into the company to soften or give comfort to the bank on the debt repayment schedules?

Jayanti Sanghvi: See maintenance is always required for the new plants and old plants but then that will be approximately 1 Crore or 2 Crores a year which depends on specific requirements of the various operating plants and for the capital already we had issued the Warrants which we are planning to convert in this financial year which will increase additional equity into the company.

Shrikanth T.: And wanted to find out the Make in India opportunity also from the railways and the defence side how have things been panning out and have been a part of any of this dialogue?

Jayanti Sanghvi: We are already working very closely with various defence organizations in India like ISRO, Vikram Sarabhai Space Center and DRDO, Mazagon Dock et cetera and everywhere there is specific direction from the government to give them more and more opportunities to the Indian company and as we are qualified vendors definitely we are very optimistic on this but normally defence is the long-term subject, nothing happens in the three months or six months timeframe in defence sector but if I take a view of two three years or four years definitely these will be a key company who will get lot of orders then approval from this sector basically.

Shrikanth T.: But what is the potential from defence I am not even talking from 16 or 17 looking at 18 and 19 what are the potential?

Jayanti Sanghvi: Potential is very huge, it depends upon the policies how they want to frame because if I talk about navy or army there are specific equipment or component which are worth hundreds of Crores but then it is up to the government or organization how they want to run the procurement of that component basically and we are with help of our new plants and equipment we are capable enough to manufacture the components within India.

Shrikanth T.: Have you seen any improvement in the power sector side because the government has been pushing the coal reforms?

Jayanti Sanghvi: See power sector last six to nine months power sector was very slow but in last couple of months we have seen slow traction is coming already BHEL is getting some good amount of new orders within India and other power sectors equipments companies are also getting good orders, so once they have the orders going forward maybe three months or six months once their engineering is completed they will start buying for the heavy forge components.

Moderator: Thank you. The next question is from the line of Neeraj Saxena from BNP Paribas Mutual Funds. Please go ahead.

Neeraj Saxena: Sir I would like to understand in defence what sort of product we can cater to?

Jayanti Sanghvi: See we can make a single piece forging from 1kg up to 40 tonnes. So that type of forgings are normally required for all big heavy equipment, for power sector for oil & gas sector, in oil & gas also for drilling application or for refinery then engineering industry like all big capital equipment or machinery needs these type of forgings and normally in India there are only limited two or three players who have these type of infrastructure to manufacture such heavy forging. In India most of the forging were imported earlier from Korea or Italy or Germany where they have a huge base of manufacturing of heavy forging.

Neeraj Saxena: So sir in this if we talk about heavy forging whether we will be catering to the guns or tanks or what. I very clearly want to know what is the product category we can get and what is our capability and what is the opportunity?

Jayanti Sanghvi: We have already been qualified and just bidding for the jobs for gun barrels for army, similarly there are components for missile application, similarly there are components for satellite applications where we have been already qualified and started participating in various tenders now with various departments.

Neeraj Saxena: So you want to regularly we have the capability to cater to guns as well as missiles.

Jayanti Sanghvi: Correct and similarly we are focusing on the propulsion shafting lines for ships.

Neeraj Saxena: So today all the things are either imported, is the entire product, and if they will be made in India then there is an opportunity, so if we look in another coming five years then what can be the opportunity size?

Jayanti Sanghvi: I will say only for gun barrels that the requirement of Indian army is to the tune of 4000 to 5000 Crores in next five to eight, ten years timeframe, probably one component of it, but how much they buy and how is their planning that we can never determine.

Neeraj Saxena: But for gun barrel and other things bigger companies, your competitors, do not you think that they are more because they are into the market for a very long time and they have better capacity and track record do not you think that they have a better chance to win the project?

Jayanti Sanghvi: No normally the procurement system in government is like this, whenever there is a big requirement they always prefer to have two or three vendors and it is a tendering system, they cannot award to single company directly so first anybody has to come in L1 in tender and in case I am not L1 somebody else is still for the stake of competition they will always have a second vendor whom they will ask to match the price of L1 vendor, so once you match definitely you are in the competition.

Neeraj Saxena: Sir you want to say even suppose you are not an L1 and someone wins an order then if I have to look then will he have enough capacity to cater to the project or he has to come back to you because you have specialized forging capacities?

Jayanti Sanghvi: I will tell you in detail, now what happens is for this specific component forging is the first operation and there will be a subsequent operation which you have to customize according to the components like for example if I talk about gun barrel gun barrel is a long piece of 10 meters where you have to do a inside hole which we call it gun drilling basically, so for doing that you should have specific equipment and without that equipment nobody can do this gun barrel operation. So similarly for missile component you will need something else, third component so each company has to focus on two or three or four segments where they can build their capacity and competitiveness similarly we are focusing on some space components, some gun barrels so in different, different segments we have to customize what is suitable and where we can get maximum advantage of our infrastructure.

Neeraj Saxena: I just wanted to understand in case if we are not able to win the tender then what are the chance that we will still get some orders because the person who has won the tender probably he might not have the enough capacity to fulfill it, then probably he can sub contract it.

Jayanti Sanghvi: That is already in effect.

Neeraj Saxena: Yes this is from just a worst case scenario analysis.

Jayanti Sanghvi: I said that is also happening for example there are companies like L&T with whom we are working on some other projects not gun barrel but some other projects like that it is always possible to work with other companies also.

Neeraj Saxena: So you still believe even if you do not win them probably your hands will be full regarding the defence.

Jayanti Sanghvi: Yes, see sometimes what happens, there are lot of qualifying criteria, there is one tender from Nuclear Power Corporation, the qualification criteria we should have a 500 Crores net worth because the job itself is 500 Crores, so I cannot meet it at the moment but I am able to manufacturer it so if the company agrees we will work together for some particular portion of that job like that we have to work.

Moderator: Thank you. The next question is from the line of Pankaj Gupta from Kredent Research. Please go ahead.

Pankaj Gupta: Sir continuing with the previous question sir you have said about mining also, do we cater to mining industries also and what do we do?

Jayanti Sanghvi: We do not directly supply to the mining industry, we supply lot of forgings to the mining equipment manufacturers so we supply to the companies like McNally Sayaji or Helicon the companies will get mining equipment basically, they buy forgings from us and already in that set up slowly now traction is coming and people have started buying the various forging from us also.

Pankaj Gupta: So we are seeing traction in that area.

Jayanti Sanghvi: Yes sure.

Pankaj Gupta: Sir do we do also some sort of finishing or is finishing done by some other guy?

Jayanti Sanghvi: No, it depends upon components and the sectors so in few cases we supply the finished stuffs and few cases we supply rough machine parts where they do the finishing by themselves.

Pankaj Gupta: Sir you have said that majority of your clients are government clients where most of it is being done by tendering. So you have mentioned that you and BHEL and in some cases L&T are the major players generally I just wanted to understand the competitive intensity in terms of generally how many players are there in your average tender order?

Jayanti Sanghvi: It depends upon tender-to-tender and company-to-company but on an average there will be three to four participants in various tenders in various organizations.

Pankaj Gupta: Sir three to four would be mostly Indians.

Jayanti Sanghvi: In every case there will be one foreigner, two three Indians like that.

Pankaj Gupta: Sir according to your experience do we see a wide variation in L1 and L2 or the variations are…

Jayanti Sanghvi: That also varies case-to-case means how desperate, suppose I am very desperate my price will be very low if I have enough orders so my price will be moderate so it depends on various company to company and their position of order booking.

Pankaj Gupta: Sir we do not face major issues or in terms of our net worth criteria or till what order we can have a bid?

Jayanti Sanghvi: No, see the example what I gave was an one-off case, most of the cases we are able to participate but in some cases where there where currently they are not able to participate because of the various qualifying criteria.

Pankaj Gupta: Sir if I can ask that what would be the maximum single order value which we have received what place would be in terms of both.

Jayanti Sanghvi: Till now the single order were we had received is around 10.5 Crores.

Pankaj Gupta: That will be the maximum.

Jayanti Sanghvi: That is the single largest quarter that coming in this year.

Moderator: Thank you. The next question is from the line of Shrikanth T from Bellwether Capital. Please go ahead.

Shrikanth T: Sir I just wanted to understand the opportunity in railways because the much of this Make in India one part of it is defence but are we currently catering to railways are we a registered vendor and there has been a lot of new innovative policies, so could we get a part of all this.

Jayanti Sanghvi: See railway currently we are not approved and till now we had not supplied anything to railway and in near future we are not planning to enter in to railway for anything at the moment.

Moderator: Thank you. The next question is from the line of Udit Khanna from Sagacious Financial Services Private Limited. Please go ahead.

Udit Khanna: Sir just wanted to understand how long does it takes for an approval, suppose from Nuclear Power Corporation what is the process involved how many people would they be entertaining at a time and how long has it take to the approval?

Jayanti Sanghvi: See I will tell you the approval process is a very lengthy process and it depends and it varies company to company depending upon the criticality of the application so the minimum timeframe required for approval is six months and in few cases it can go up to three years also, it is not that approval process is like this they came for audit then they qualify the facilities sometimes they do not qualify they give you the areas of improvement so you have to improve and call them again for audit after six months or once you are ready. Few sectors like for example nuclear power they are very stringent, they say you should have past experience of three years so unless and until your three years is completed you cannot go for the approval then so each and every industry has a specific requirements and you have to meet the requirements and apply and then slowly move forward for the approval.

Moderator: Thank you. As there are no further questions I would now like to hand the floor over to Mr. Sunil Mudgal for closing comments.

Sunil Mudgal: Thank you all for the attending the conference call of Sanghvi Forging and Engineering Limited if you have any further queries please drop in a mail at sunil@kirinadvisors.com that is sunil@kirinadvisors.com. Thank you once again, thank you Jayanti Bhai.

Jayanti Sanghvi: Thank you everybody for participating. Thank you.

Moderator: Ladies and gentlemen on behalf of Kirin Advisors Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.