SANGHVI FORGING & ENGINEERING LTD.

FULLY GEARED FOR FABULOUS FUTURE

ANNUAL REPORT

2018-2019

TARGETING NEW
PEAKS OF PERFORMANCE

CREATING INFINITE
OPPORTUNITIES

CORPORATE INFORMATION

Board of Directors

Mr. Babulal S. Sanghvi
(Chairman & Wholetime Director)
(Till 04/08/2018)

Mr. Jayantilal B. Sanghvi
(Chairman & Managing Director)

Mrs. Aruna S. Khasgiwala
(Independent Director)

Mr. Baba K. Pai
(Independent Director)

Mr. Naresh B. Sanghvi
(Wholetime Director & COO)

Mr. Ram S. Kaushal
(Independent Director)

Mr. Ram C Prasad
(Independent Director)
(Till 14/09/2018)

Mr. Ruchit Bhatnagar
(Director)
(From 12/08/2019)

Mr. Shantaram S Yarlagadda
(Independent Director)
(Till 30/05/2018)

Mr. Vikram B. Sanghvi
(Wholetime Director & CFO)

Company Secretary

CS Deepika Agrawal

Statutory Auditor

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

Internal Auditor

M/s. Ambalal M Shah & Co.,
Chartered Accountants

Secretarial Auditor

M/s Samdani Shah & Kabra Associates,
Company Secretaries

Bankers

State Bank of India
Bank of Baroda

Registered Office

244/6-7, GIDC Industrial Estate,
Waghodia-391760, Dist.
Vadodara
Gujarat, India

Works Office

Unit 1:
244/6-7, GIDC Industrial Estate,
Waghodia-391760, Dist.
Vadodara
Gujarat, India

Unit 2:
1401, 1402, 1403, GIDC Industrial Estate,
Waghodia-391760, Dist.
Vadodara

Gujarat, India

R & T Agents
Bigshare Services Private Ltd.

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai 400059
Maharashtra, India

BOARD OF DIRECTOR'S PROFILE

Shri Jayantilal Babulal Sanghvi, aged 43, he is Chairman & Managing Director of the Company. He is a gold medalist from Sardar Patel University in Bachelor of Business Administration. He has over 22 years of experience in manufacturing and retailing of flanges and other forging items and has been instrumental in driving the growth of our business. He leads the domestic marketing, finance and sales functions of the Company.

Shri Naresh B. Sanghvi, aged 42 years, he is Wholetime Director of the Company and has more than 22 years of experience in forging industry. He handles domestic market as well as all export related activities of the Company and identification of growth potentials in various overseas markets.

Shri Vikram Babulal Sanghvi, aged 37, he is Wholetime Director & CFO, a gold medalist from Sardar Patel University in Bachelor of Business Administration and has completed his Master degree in Business Administration from the ICFAI University. He has completed a course of Chartered Financial Analyst from ICFAI University. He has over 14 years of experience in the field of forging industry.

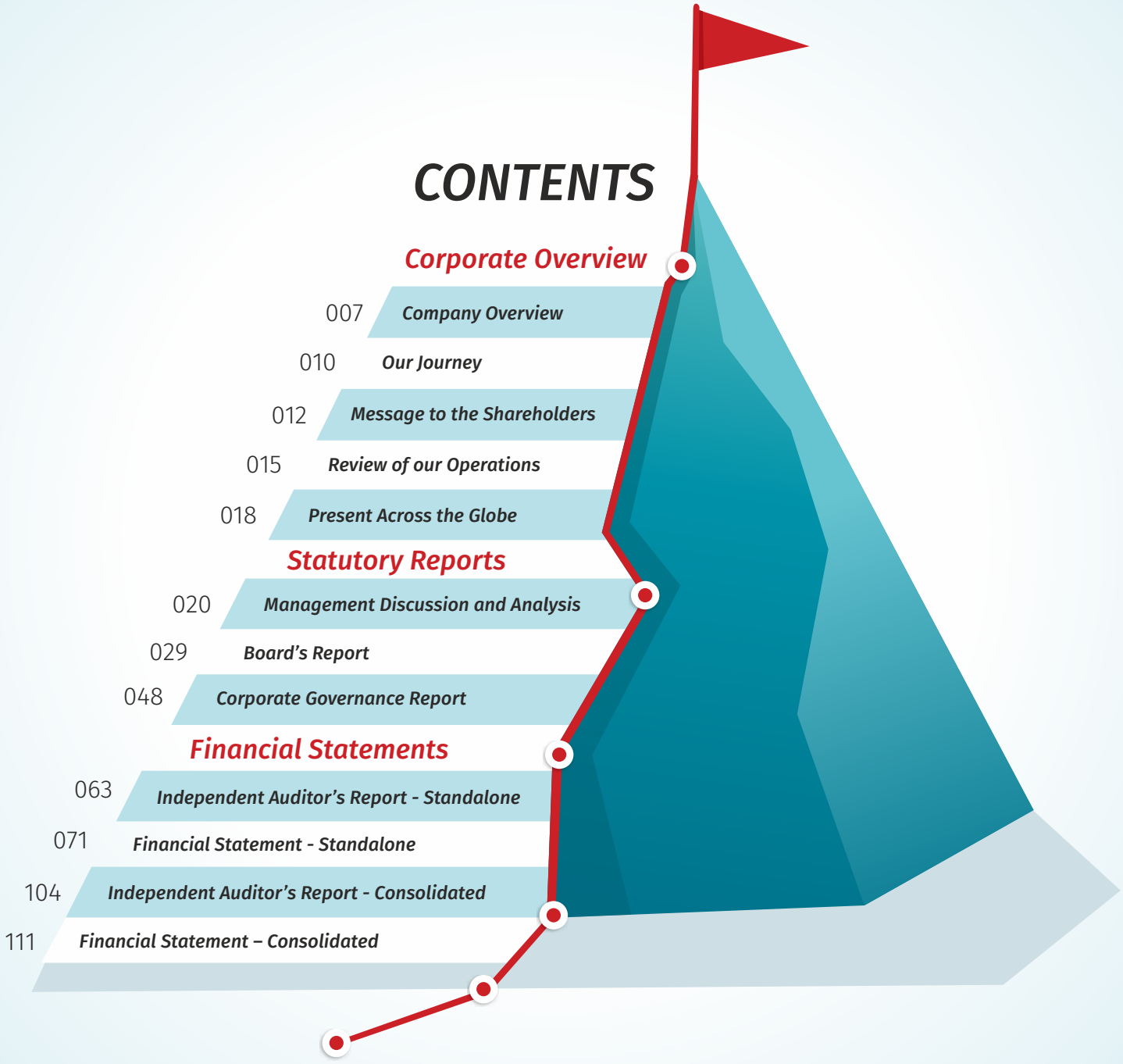
Dr. Baba Karnire Pai, aged 65, he is Independent Director of the Company and holds a doctorate in metallurgical engineering from the Indian Institute of Technology Bombay. He was Professor and the Head of Metallurgical and Materials Engineering faculty of Technology and Engineering at MS University Kalabhavan, Vadodara. He is currently Director of Institute of Technology & Management University, Vadodara. He has 37 years of Teaching & 28 years of professorship & 5 years of Research experience.

BOARD OF DIRECTOR'S PROFILE

Shri Ram Swaroop Kaushal, aged 72, he is Independent Director of the Company and a banker by profession and holds a Master's degree in Arts. He was previously employed with State bank of India. He has vast years of experience in the Banking sector. He is a certified Associate of the Indian Institute of Bankers. He is presently working as an Advisor (Learning & Development) with SBI Mutual Fund. He has 39 years of rich experience in the Banking Sector.

Dr. Aruna Khasgiwala, aged 68, she is Independent Director of the Company and a Retd. Professor, former DEAN (2003-2010), former head (2003-2008) faculty of Social Work in the M. S. University of Baroda. She holds degree of M.A. (Social Work) specialization, Medical & Psychiatric Social Work, Delhi University, Doctorate (Social Work) M.S. University of Baroda. She has over 41 years of experience in teaching and field.

Dr. Ruchit Bhatnagar, aged 45, he is Additional Director (Independent) of the Company. A commerce graduate from Delhi University, with post graduations in management, finance and real estate & Doctorate in real estate finance and derivatives. He is Qualified Finance and Real Estate professional with over 24 years of rich experience in Business Planning, Marketing, Project Management, Business Systems, Risk Management, Costing, Pay roll Accounting, Derivative Finance, Public Issue, Land Acquisition, Joint Ventures, Mergers, Land Development, Mall Operations, New Project Development, Earthwork, Infrastructure, People Leadership, CSR Venture capitalist & Entrepreneur in Energy/Power Projects.



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SANGHVI
FORGING & ENGINEERING LTD.

COMPANY OVERVIEW

COMPANY OVERVIEW

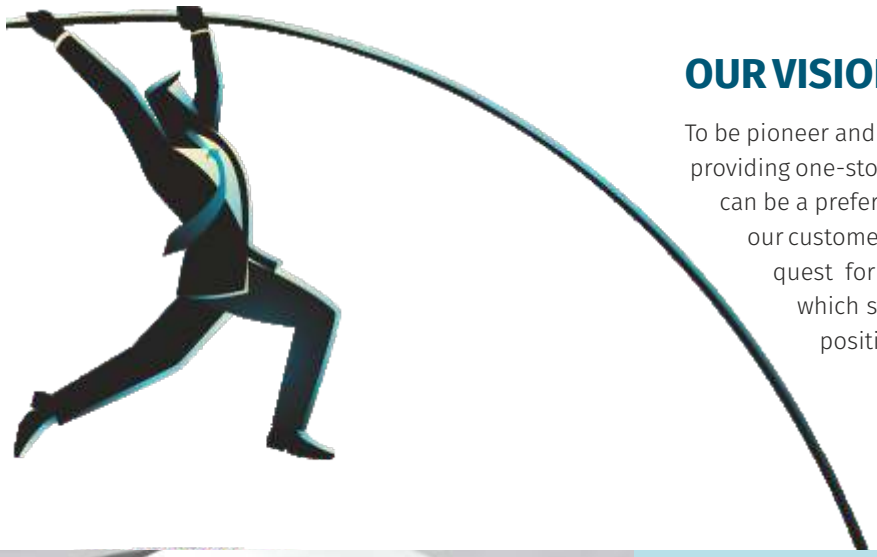
"I have miles to go before I sleep" - Robert Frost

We at Sanghvi look our journey through the prism of these beautiful lines. We have since our inception strived to become one of India's coveted forging companies. We are marching strongly with our expertise which we have built through years of hard work and passion. We have remained steadfast and held on to our mission even in the times of distress, which has honed our capabilities and strengthened our endurance. We believe that the future of forging industry is promising and bright filled with exciting opportunities and growth prospects. We are confident of fulfilling the future demand of the industry with our strong foundation, domain expertise and innovation capabilities.

We foresee ourselves as partners in the nation building process by becoming a part of the next wave of economic and industrial growth through "Make in India". We are the only Company in forging domain capable & handling products from 500gms to 40000kg.

Since its commencement in 1989, SFEL has achieved several milestones and is amongst leading forging suppliers for the Core Sector in various grades of steel. Company is recognized by reputed customers and Inspection Agencies for its quality products. Company has always focused on state of the art technology for delivering better products year after year.

Since its commencement in 1989, SFEL has achieved several milestones and is amongst leading forging suppliers for the Core Sector in various grades of steel. Company is recognized by reputed customers and Inspection Agencies for its quality products. Company has always focused on state of the art technology for delivering better products year after year.



OUR VISION

To be pioneer and leading supplier in Forging Industry by providing one-stop solution for forged product where we can be a preferred product development partner with our customer. To be focused on high quality through quest for perfection and innovative approach which shall help us in maintaining leadership position in business.

OUR VALUES

We at Sanghvi Forging & Engineering Ltd. believe in the following principles.

- 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 main focused efforts towards pursuing our long term objectives. Our strengths in the areas of forging, part design, global foot-print and skilled talent base remain the focal points around which we continue to invest.

We continue to demonstrate our commitment & responsibility towards sustainable growth of stakeholder. We have embedded sustainability in all our actions with principles & strategies drafted to ensure safety of people.

"OUR CORE CUSTOMER FOCUS & WORK EXCELLENCE THROUGH OUR ENERGETIC TEAM RESULTS INTO PRODUCT PERFORMANCE AND QUALITY STANDARDS WHICH RESULTS INTO CULTIVATING CUSTOMER SATISFACTION & CONFIDENCE."

SANGHVI
FORGING & ENGINEERING LTD.

OUR JOURNEY

TOWARDS EXCELLENCE

OUR JOURNEY TOWARDS EXCELLENCE

1989

We were incorporated during the year

1992

We had set up a factory in Vadodara 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 provisions in Canada

2003

We expanded our capacity for closed die forging to 1200 MTPA

2006

We established a new open die forgings 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.

2012

We successfully completed our Initial Public Offer

2013

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

2015

Our R&D centre developed Nickel Alloy forgings for strategic sectors application for indigenous products

2016

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

2018

We developed critical forging for Space Program.

2019

We successfully developed & supplied critical forging for Defence & Nuclear sectors.

SANGHVI FORGING & ENGINEERING LTD.

MESSAGE TO THE SHAREHOLDERS

MESSAGE TO THE SHAREHOLDERS

It is my privilege as the Chairman and Managing Director, to report the Company's performance and share the key highlights of FY 2019 and the strategic roadmap going forward. As a Company, we have always strived to better our past by continually deepening our domain expertise, adding value and expanding our product portfolio.

Also, our steadfast focus on innovation and Metallurgical Technology has helped us evolve into a trusted engineering and technology solution partner to leading global companies.

Macro-economic scenario

In global macro-economic terms, CY 2018 was an eventful year. Despite a growth of 7% in GDP terms, the industrial growth remains subdued. Factors including concern over trade wars, weak financial markets sentiments lagging investment cycle by Government and Private enterprise. Having said that, CY 2018 was a relatively better year for the Company's main segments catering to industrial sectors.

In India, the economic scenario improved, on the back of strong household spending and corporate fundamentals. Sustained spending on infrastructure for revamp of oil refineries for meeting Bharat VI requirements and defence supported by the 'Make in India' movement kept the economy buoyant, besides unlocking a virtuous cycle of selective investment opportunities.

Mr. JAYANTILAL B. SANGHVI
Chairman & Managing Director

Performance review for the year

Your Company has achieved a growth in Turnover & EBITDA showcasing the commitment to grow. The good progress we witnessed in each of our businesses was gratifying. Turnover has increased by 8% to **₹ 6144.04 Lakh** for the financial year ended March 31, 2019 as against a turnover **₹ 5663.30 Lakh** respectively during the previous year. FY 2019 proved to be hopeful year for the Company, thanks to robust demand from the domestic markets across several sectors. Despite facing some macro challenges in the latter part of the year, we recorded improved EBITDA to ₹ 436.21 Lakh for the financial year ended March 31, 2019 as against EBITDA **₹ 263.16 Lakh** respectively during the previous year i.e. 65% increase from the previous year.

Establishing new engines of growth

As a constantly-evolving organization, we leverage our existing competencies in technology and engineering to explore new growth opportunities. This is an essential process to create additional revenue streams, amplify growth, and de-risk the business. To achieve the same we are focusing on **New Engines of Growth:**

- Focus on existing Niche Markets aligned with Macro Economic Development
- Developing Futuristic products with Complete complexity of Application & Services.
- Implement Innovative Technology for product development through Digital Transformation.

Sustainability

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

We have presence in Industrial Sectors Oil & Gas, Defence, General Engineering & Tools Steel. These segments provide more resilence & stability to the business, enabling it to effectively, diversify & grow.

Our special emphasis on processes and hiring the right man-power ensures we deliver the solutions for our clients and exceed their satisfaction levels. With a deep-rooted commitment to serve the customers with the best of its abilities, Steel Forgings has evolved as a renowned entity trusted implicitly by its customers.

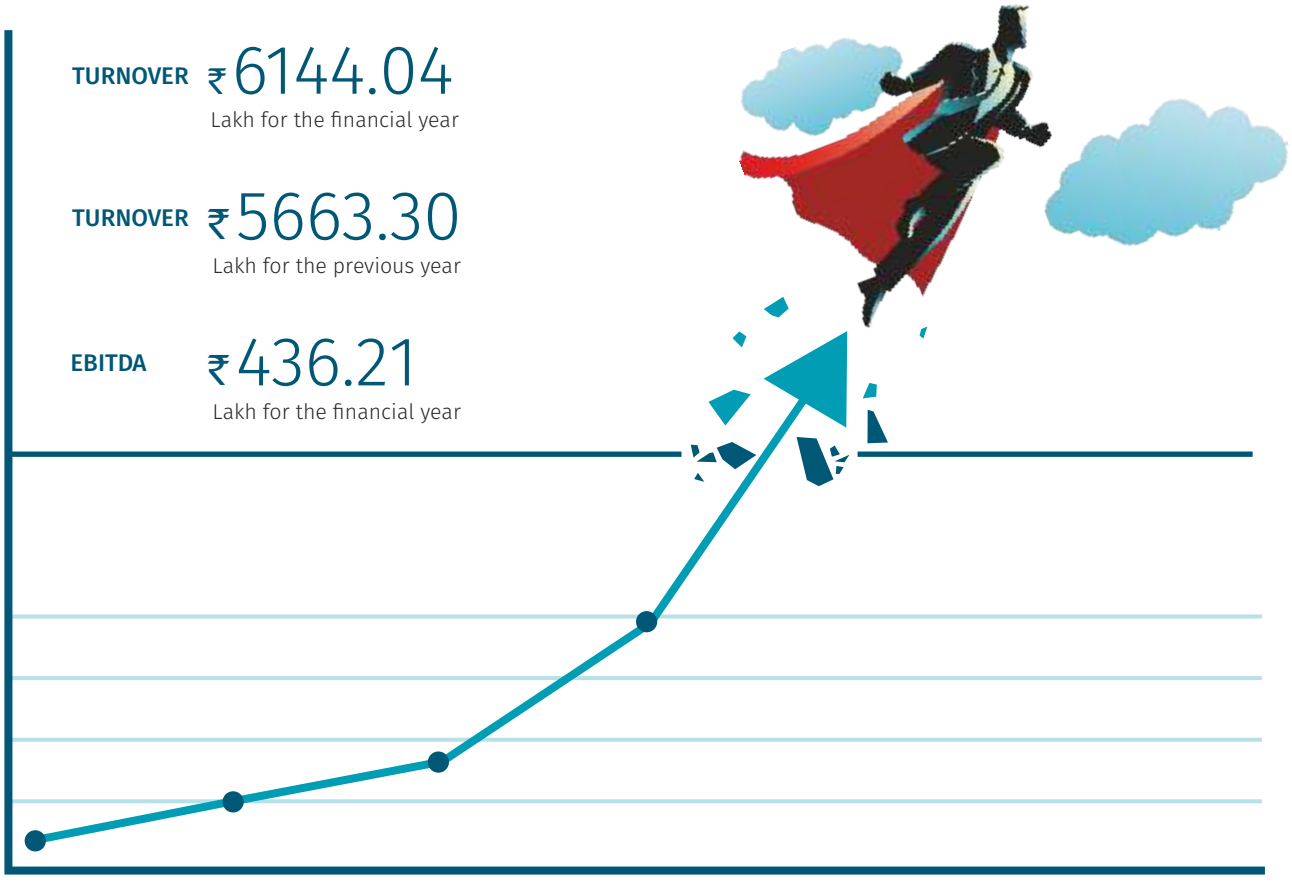
Our constant efforts to evolve from our present situation have enabled us to be creative and competent in every industry.

We at SFEL have put in every effort to maintain a greener planet and leave as less carbon foot print as possible. 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

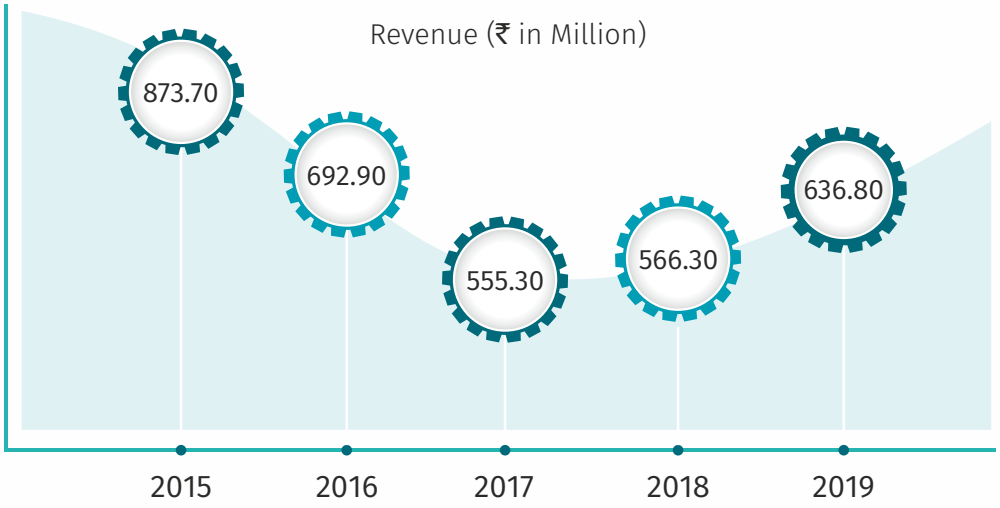


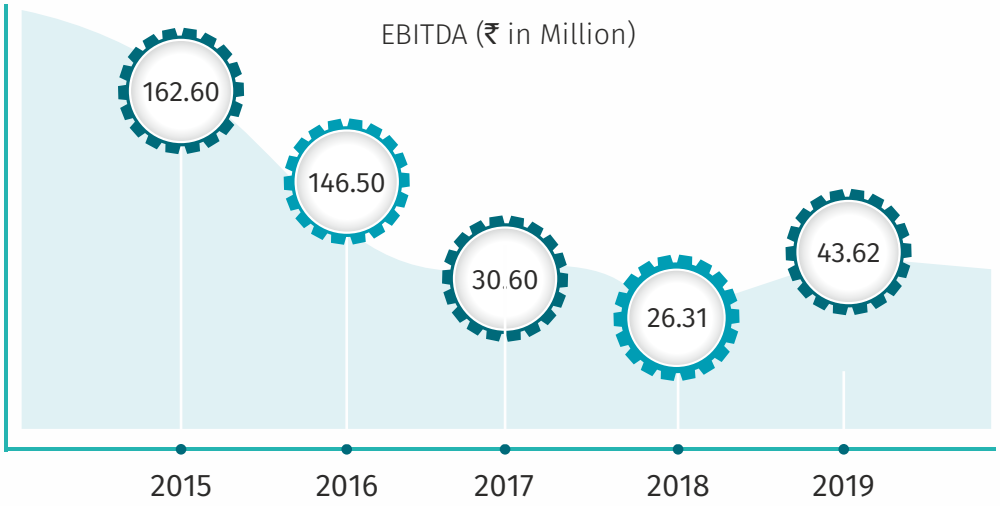
SANGHVI FORGING & ENGINEERING LTD.

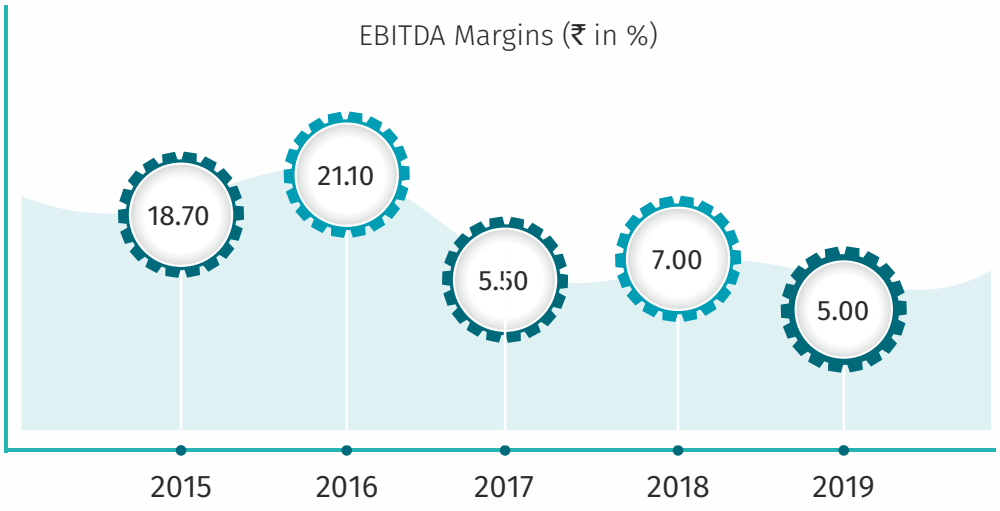
REVIEW OF OUR OPERATIONS

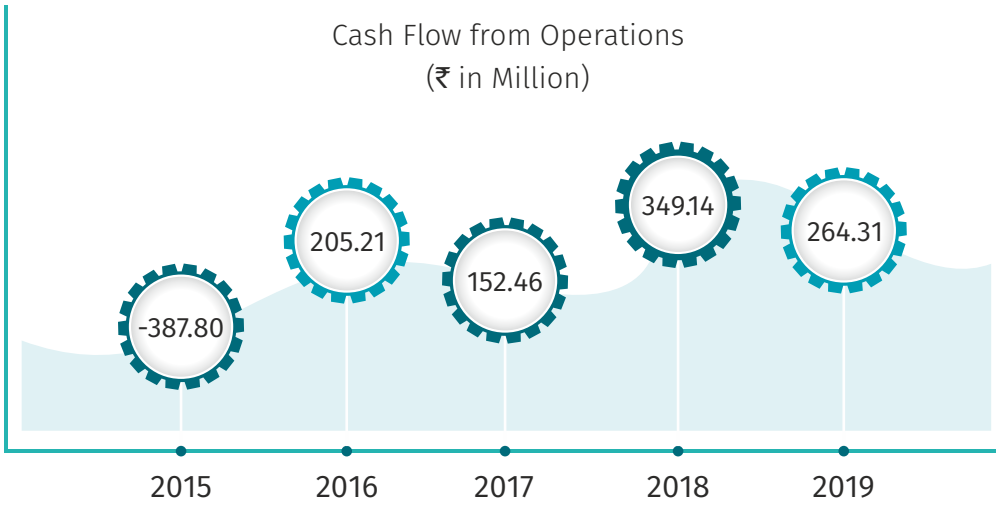
REVIEW OF OUR OPERATIONS

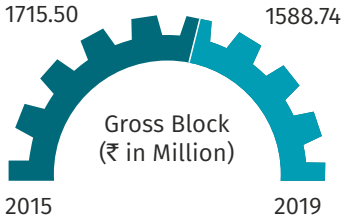
Financial Capital

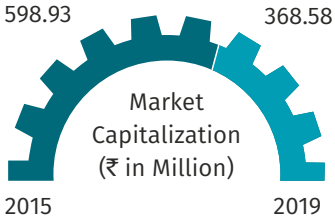


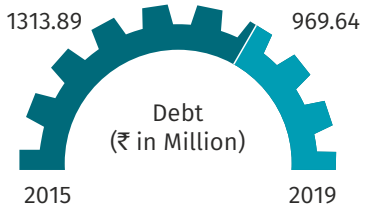












225 TEAM
Size as on 31st March 2019

TWO SEPARATE PLANT:
- HEAVY FORGING DIVISION (HFD)
- FLANGE & COMPONENT DIVISION (FCD)
Number of Manufacturing facilities

18600 MTPA
Manufacturing Capacity
as on 31st March 2019

30 YEARS
of industry experience

300+
Number of customers
as on 31st March 2019

SANGHVI FORGING & ENGINEERING LTD.

PRESENT ACROSS THE GLOBE

PRESENT ACROSS THE GLOBE

At Sanghvi, over the years we have expanded our presence from Vadodara to more than 20 countries across the globe. Every year we participate in International exhibitions to establish new customers and expand our presence. We aim to deliver quality products to our customers, ensuring that our products are accepted both in India as well as other countries.

20+ **Number of countries we export our products to**
Countries are present in

- Australia
- Bahrain
- Brazil
- Canada
- Columbia
- France
- Germany
- Indonesia
- Italy
- Kuwait
- Malaysia
- Middle East
- Oman
- Russia
- The Netherland
- UAE
- UK
- USA

SANGHVI FORGING & ENGINEERING LTD.

MANAGEMENT DISCUSSION

AND ANALYSIS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Economy

According to the International Monetary Fund (IMF) the global expansion has weakened. Global growth for 2018 is estimated at 3.7%, despite weaker performance in Europe and Asia. The global economy is projected to grow at 3.5 percent in 2019 and 3.6 percent in 2020, because of the negative effects of tariff increases enacted in the United States and China. During the year 2018, the global economy continues to expand, but third-quarter growth has disappointed in some economies. Idiosyncratic factors (new fuel emission standards in Germany, natural disasters in Japan) weighed on activity in large economies. But these developments occurred against a backdrop of weakening financial market sentiment, trade policy uncertainty, and concerns about China's outlook. Crude oil prices have been volatile since August 2018, reflecting supply influences, including US policy on Iranian oil exports and, more recently, fears of softening global demand.

Financial conditions in emerging markets have tightened modestly since the fall, with notable differentiation based on country-specific factors. Emerging market equity indices have sold off over this period, in a context of rising trade tensions and higher risk aversion.

Indian economy

Fiscal 2018-19 belied expectations. For a period, which started out with the promise of robust economic growth (GDP growth in Q1 was 8%) ended on a suboptimal note as India's GDP growth slid to under 7% in 2018-19 against 7.2% in 2017-18 and considerably lower than the 7.4% estimate set out by the Government agencies at the year-start.

This was primarily owing to the lack lustre performance of the economy in the second half of the fiscal (Oct'18-Mar'19) – GDP growth under 7%. This was mainly due to the poor performance of farm, mining, and manufacturing sectors.

India's Industrial Production (IIP) growth slowed to a three-year low of 3.6% in 2018-19 as against 4.4% in the previous fiscal. However, behind this subdued performance, there were some important positives

- Improvement in investment rate was the most positive development in 2018-19, increasing by 0.3 percentage points to 28.9%.
- Continued improvement in the fiscal discipline has been another major positive of 2018- 19. Although government consumption increased in relation to GDP, the combined fiscal deficit of central and state governments is projected to reduce by 0.6 percentage points to 5.8% of GDP in 2018-19.
- The Ministry of Finance in its Monthly Economic Report of March 2019 warned that India's economy appears to have slowed down in 2018-19. The proximate factors responsible for this slowdown include declining growth of private consumption, a tepid increase in fixed investment, and muted exports.
- Economy experts are also of the same opinion owing to a drop in several key economic indicators.
- Household savings have declined; these have pulled down investments by ten basis points during the period 2012-2018.
- Direct tax collections fell short by`50,000 crore on account of poor personal income tax collections, thereby failing to meet the revised target of ₹12 lakh crore for 2018-19
- IIP contracted by 0.1% in March 2019, the lowest in 21 months, mainly due to the manufacturing sector slowdown.
- Sale of passenger vehicles in the domestic market declined by 2.96% on a year-on-year basis in March to 291806 units
- Foreign Direct Investment (FDI) into India contracted by 1% to US$ 44.4 billion during fiscal 2018-19 – the first-time in six years.
- While the performance indicators may appear dismal, the prospects for the Indian economy have considerably improved considering the resounding victory of the incumbent party at the Centre because it suggests the continuing of favorable policies which will fuel economic progress.

Industry Overview

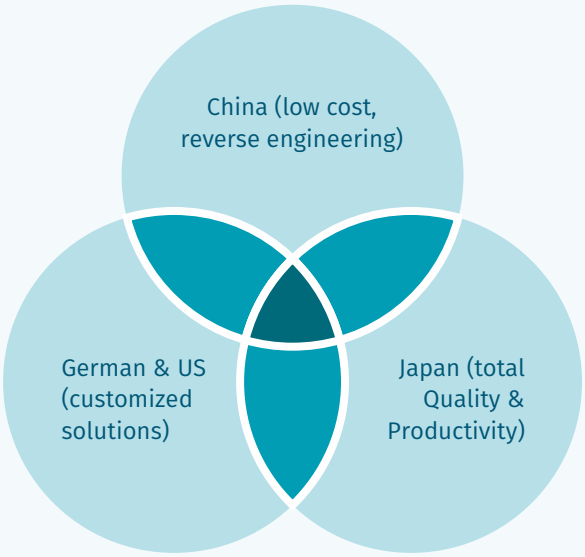
Global Forging Industry

According to a research report by Technavio on global forging industry, the market will exhibit a healthy CAGR and expected to reach at USD 9 million tons by 2022. But with the automotive industry reaching a mature stage in the forging market, it is expected that other non-automotive sectors will mostly contribute to the growth of the global forging market until 2020. The introduction of hybrid forging techniques will drive the growth prospects for the global forging market in the forthcoming years. Hybrid forgings is basically using the advantages of open die forging combined with the near-net shape capability of closed die forging, wherein the forging process can be tailored to optimize time and cost savings. Also, with the growing use of computer-aided designing (CAD) and innovations, the costs as well as the time is optimized, which, in turn, further increases the demand for hybrid forging techniques in the market. In terms of geography, APAC (Asia Pacific) accounts for the maximum market share in 2019 and will continue to dominate the market for the next few years. One of the major factors responsible for the market's growth in the region is the increasing outsourcing of forging activities to developing countries, which results in the low cost of labour and raw materials.

The global forging market is fragmented and dominated by large international players. The small vendors find it difficult to compete against international vendors in terms of quality, features, functionalities, and services. The global forging industry is oscillating between low cost manufacturing and differentiated solution manufacturing is going on continuously with each one going up and down.

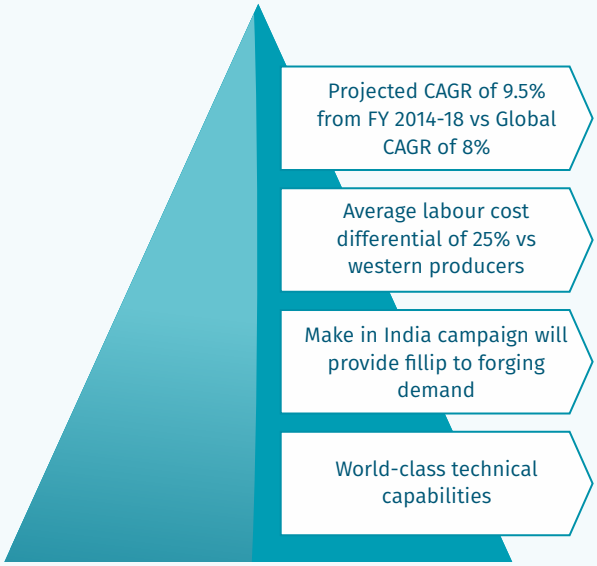
One side we have low cost manufacturing like China with huge spare capacities and capability to do reverse engineering, then we have Japan competing with total quality and productivity and then we have Germans and the Americans who are changing the part configuration all together so that manufacturing of those components will require a specific technology which may not be affordable by low cost countries. Indian forging industry is tactically positioned with lost cost and high technical capabilities

GLOBAL FORGING SCENARIIO



China & Eastern Europe not preferred suppliers due to lack of high quality products

INDIAN FORGING ADVANTAGES



Source: Spark Capital AIFI

SANGHVI FORGING & ENGINEERING LTD.

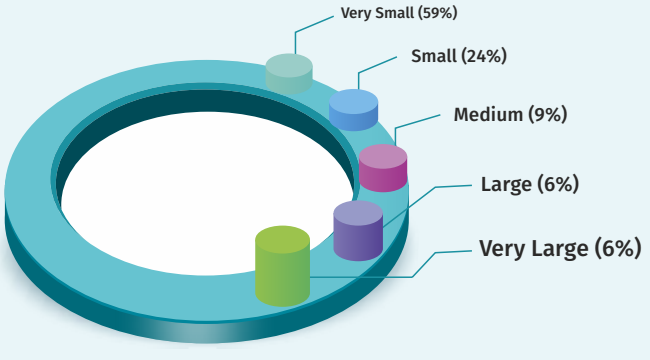
Indian Forging Industry

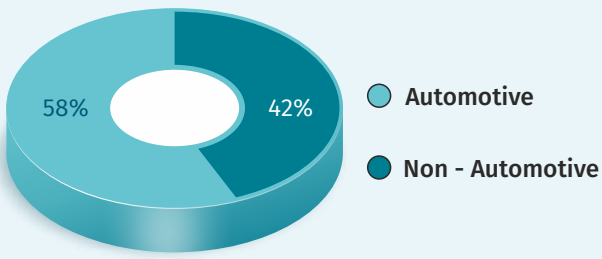
The Indian forging industry is one of the key contributors to the manufacturing sector of the Indian Economy. It's of strategic importance in the growth of the Indian automobile industry as well as other industries such as general engineering, construction equipment, oil, gas and power. With an installed capacity of 38.5 lakh MT, Indian forging industry has a capability to forge variety of raw materials like Carbon steel, Alloy steel, Stainless steel, Super Alloy, Titanium, Aluminium, etc. Automotive industry is the main user segment which commands the lion's share of 58% of total production while the remaining 42% is the diversified non-auto segment.

Government's impetus on manufacturing sector with initiatives like 'Make in India' and 'Skill India' has generated strong long-term positive economic sentiments amongst the business community. Many global OEMs and Tier-I players are setting up purchasing offices in India and looking at procuring high standard quality products, which will open many avenues to the Forging Industry. Indian forging industry which was initially labour intensive; is rapidly adapting itself to the changes in requirement of the end user industries is now investing heavily in capital intensive manufacturing technologies, consequent to which quality standards in the industry have improved significantly and the sector is now well known globally for its high quality.

Over the years, the Indian forging industry has evolved from being a labour-intensive industry to capital-intensive manufacturing sector. The current investment in the plant and machinery by Indian forging companies is worth of INR 27,833 Crore.

Based on their installed capacity, the forging units may be classified as very large (capacity above 75,000 MT), large (capacity above 30,000 to 75,000 MT), medium (capacity above 12,500 to 30,000 MT), small (capacity above 5,000 to 12,500 MT) and very small (capacity up to 5,000 MT). Based on this classification it is seen that about 83% of the total number of units are small and very small, while only about 8% can be classified as very large and large units; the balance about 9% constitute the medium sized units.





Steadily Growing end markets

On the demand front, US and European CV (commercial vehicle) outlook continues to be stable; similarly, domestic CV (commercial vehicle) outlook too continues to be sturdy characterized by consistent sequential growth. With the revival in domestic auto market and higher export sales, the forging component sector prospects look promising

Indian Government's renewed thrust on manufacturing sector with initiatives like 'Make in India' and 'Skill India' has definitely created positive economic sentiments amongst the Indian as well as global business community, which will be a major fillip to the non-automotive forging markets like Defense, Oil & Gas , Railways, Power Ship-building etc. with the automotive industry reaching a mature stage in the forging market, it is expected that other non-automotive sectors will mostly contribute to the growth of the global forging market in the coming years. **Sanghvi Forging is one of the preferred supplier of critical components in Power, Defence, Aerospace, Oil & Gas, Tool Steel & Engineering Items.**

Make in India Initiative - A big push...

Make in India Initiative will position India as global manufacturing hub by encouraging multiple new Initiatives, promoting foreign direct Investment, Implementing Intellectual property rights and developing the manufacturing sector

DEFENSE

- **Contractual offset** obligations worth approximately **4.5$ Bn**
- **60% of defense** related equipment are met by imports which offer a huge opportunity for **import substitution**
- Defence allocation in the Union budget is approx **$35 Bn, 1/3rd** of which would be spent on **capital acquisitions.**

OIL & GAS

- 60% of the prognosticated reserves of **28000 MMT** are yet to be harnessed
- Investment opportunities are in **upstream, gas pipeline, city gas distribution network,** LNG terminal, petrochemical & refinery
- Completion of national gas grid by construction of another **15000 km of gas pipeline network.**

POWER

- Indian Govt. has a target of adding **175 GW** of **renewable energy** by 2022
- Small hydro has installed capacity of **8.062** GW with potential of **22.5** GW
- Govt. of India has taken initiatives to set up **Ultra Mega Power Projects of 4000MW capacity**

Source: Make in India

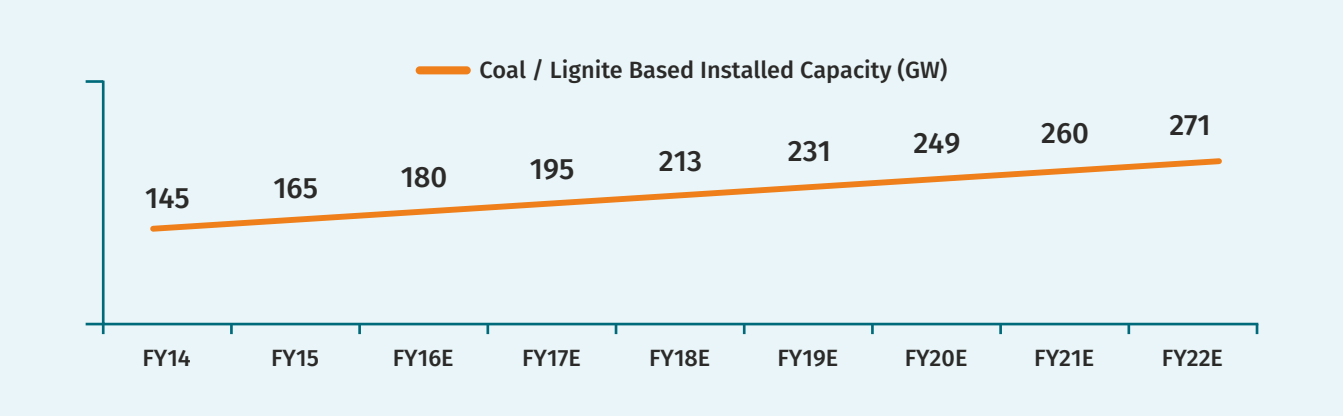
SANGHVI FORGING & ENGINEERING LTD.

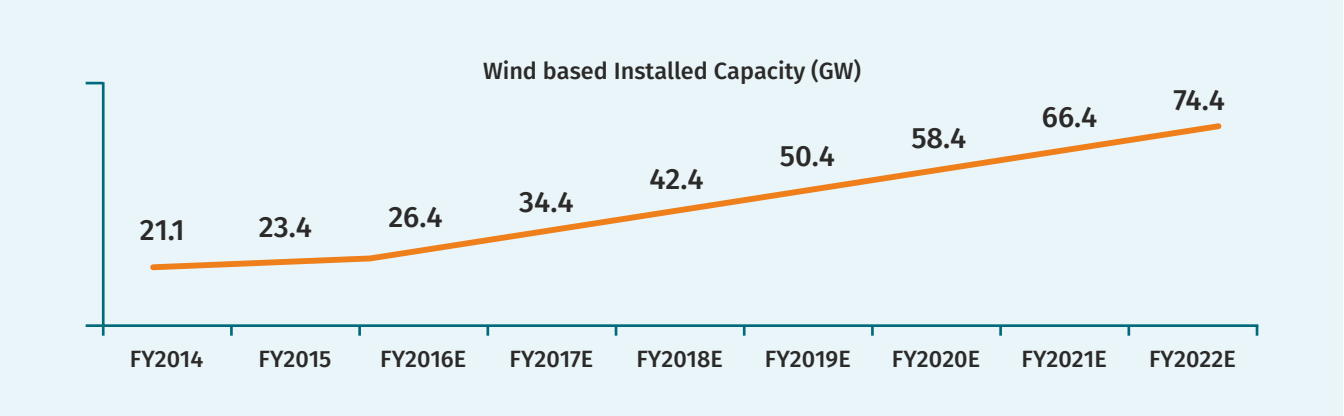
Power:

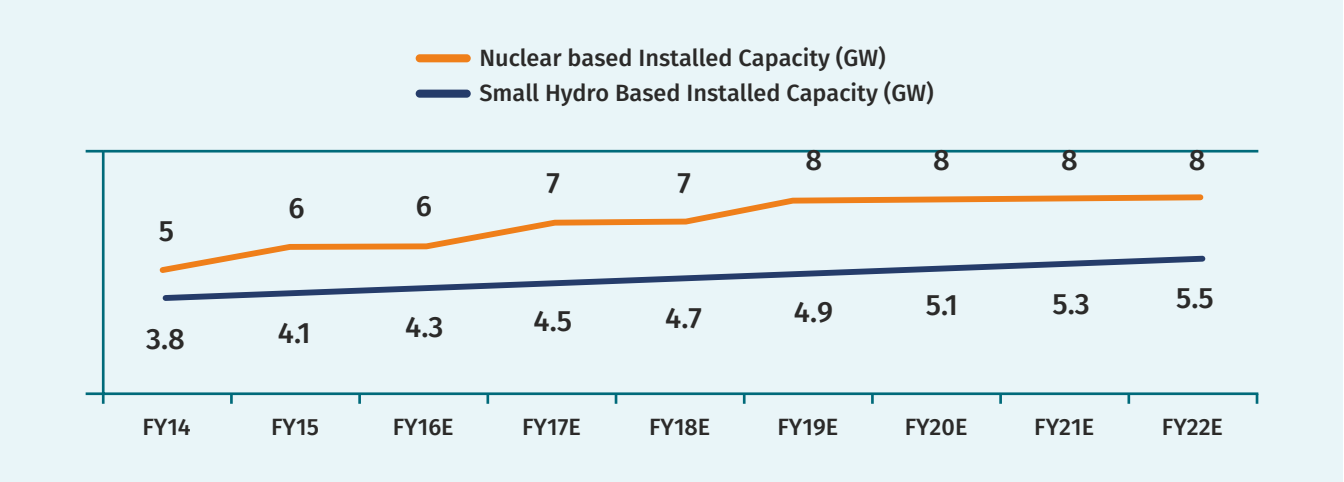
Indian power sector is undergoing a significant change that has redefined the industry outlook over the long term. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. Expected growth in the global economy is driven by emerging economies, with China and India accounting for half of the increase. Energy Consumption is expected to grow less quickly (1.3 p.a.) than in the past (2.2% p.a. 1995 to 2015). The demand for energy is set to increase significantly driven by increases in prosperity in the developing world. Around 293 global and domestic companies will generate 266 GW of solar, wind, hydel and biomass-based power in India over the next 10 years. Share of renewable in India's electricity demand to rise from 4% currently to 13% by 2022. India is expected to double its nuclear power generation capacity to more than 10,000 MW over the next five years. Nuclear Power Plant and Advanced Ultra Super Critical Power Projects will require Large number of critical forgings.

Sanghvi Forging has its strong presence in the Nuclear Hydro & Thermal Power markets in India. However the shift in market from conventional to Nuclear and Renewable source of energy will give major growth to the Company.

Government focus of Hydro Power will further help the Company in increasing the Product market share.





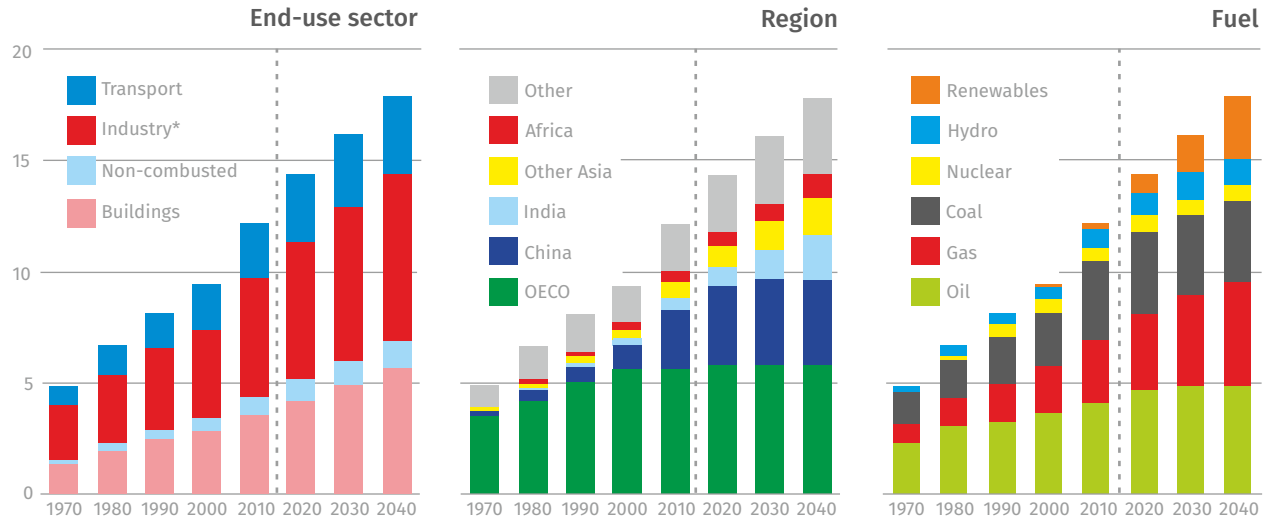


Source: BP Energy Outlook 2019

The Outlook Considers the energy transition through three different lenses: Sectors, regions and fuels

Primary energy demand

Billion toe

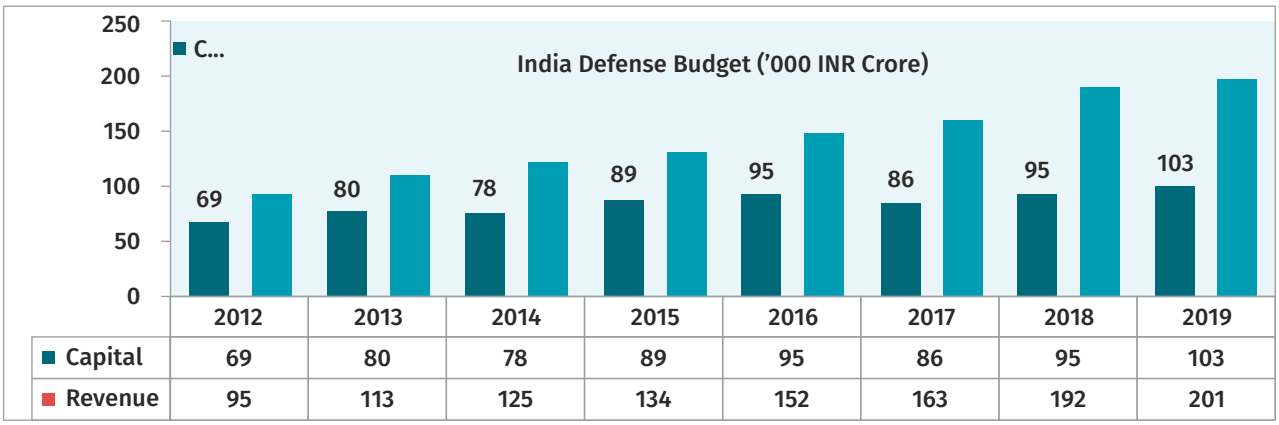


Source: BP Energy Outlook 2019

Defence & Aerospace:

India has been rapidly augmenting its spending on defence year on year. India stands as the third largest defence spender in the world after US and China. Equipment spending by Ministry of Defence has increased 15-20% over the last five years and is projected grow at a much higher pace in the future. With importing nearly USD 5.5 Billion worth of military hardware, India has emerged as the largest arms importer in the globe accounting nearly 15% of such imports internationally. This has created an urgent need to achieve self-reliance to sustain the needs of Indian defence sector is of vital importance for strategic and economic reasons. The government has been assiduously working upon building the defence manufacturing capabilities over the years. "Make in India" has triggered the positive sentiments for making India to stand at par with its global counterparts with respect to its in house defence manufacturing competencies. The government has introduced compulsory industrial licensing for most of the components and raw materials used in defence production has been scrapped which means such components or raw materials required in castings, forgings, production machinery, testing equipment have been taken out of the purview of industrial licensing. At present, about 50% of the defence manufacturing in India is dominated by the international players (via imports). With enhancing the participation of domestic players in the defence space, the share of imports is projected to drip down by 20-25% in 4-5 years down the line. The government has introduced compulsory industrial licensing for most of the components and raw materials used in defence production has been scrapped which means such components or raw materials required in castings, forgings, production machinery, testing equipment have been taken out of the purview of industrial licensing. Indian private sector has also been allowed to receive maintenance transfer of technology (MToT) in 'Buy (Global)' cases. Overseas defence companies are required to discharge offsets of at least a minimum of 30 percent of the total value of the defence contract. These obligations can be fulfilled either through transfer of technology, direct purchase of components and systems from the defence industry, or by creating specific manufacturing facilities and investing in skill development and training.

India Defense Budget



	2012	2013	2014	2015	2016	2017	2018	2019
Capital	69	80	78	89	95	86	95	103
Revenue	95	113	125	134	152	163	192	201

Source: Défense Service - Mckinsey analysis

Our Company has developed many products in coordinate with the R & D and Testing laboratories of Defence procurement. This developed product gives a huge annual potential for the company seeing the focus on import substitution and exporting this products to the International Market.

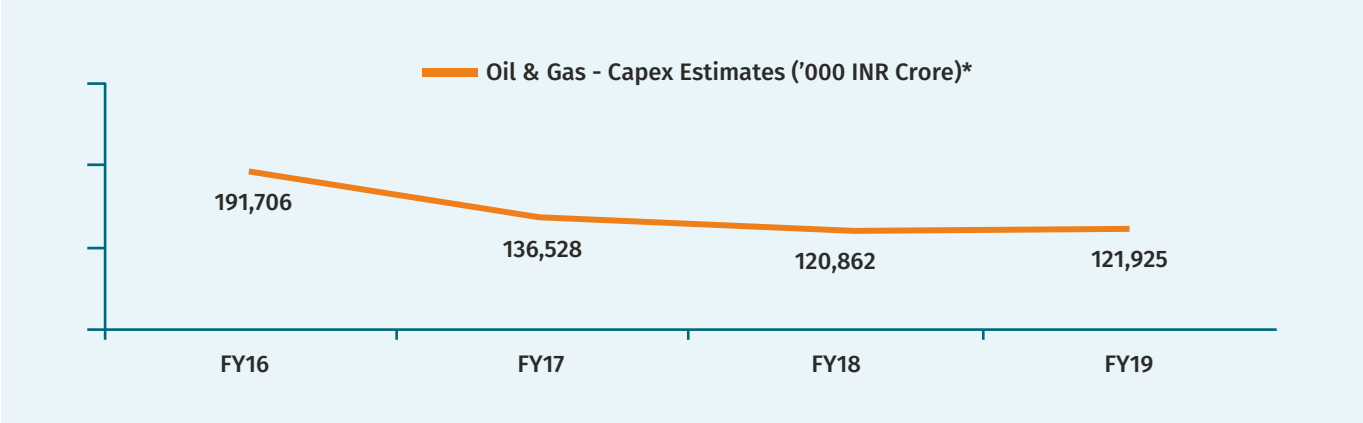
The introduction of new DIPP by government for Defence procurement will further help the company in fast tracking the new product development and indigenous of products. By 2025, India is expected to become the "third largest" aviation market and supply about 478 million passengers by 2036. There could be a demand for more than 2,000 new aircraft in India over the next two decades, which would be dominated by single-aisle aircraft.

Oil &Gas:

The oil and gas sector is among the six core industries in India and Government of India has adopted several policies to fulfil the increasing demand. It has allowed 100 per cent Foreign Direct Investment (FDI) in many segments of the sector, including natural gas, petroleum products, and refineries, among others. The country's gas production is expected to touch 90 Billion Cubic Metres (BCM) in 2040 from 23.09 BCM in FY2016-17 (till December 2016). Gas pipeline infrastructure in the country stood at 15,808 km in December 2015. 22 % of the country's sedimentary basins have been explored, series of large deep water blocks untouched. Government has awarded 247 total blocks over the last 13 years; only 16 of the blocks have been developed. New projects are also expected in Middle East region. State-owned Oil and Natural Gas Corporation (ONGC) dominates the upstream Investments in India's oil and gas sector will likely touch ₹ 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 per cent by 2030, as per British multinational oil and gas company BP Group. The Government of India plans to merge state oil companies to create integrated oil major that could compete globally, and utilise the synergy between various state entities for achieving efficiency and cost competitiveness to create more value for all shareholders. The Government of India plans to unveil a new policy for renewing and extending the lease of 28 oil and gas blocks in the country, with a view to attract more investments into these fields.

Our Company is well positioned to get bulk order from top oil drilling and exploration companies. With the current stability in crude oil price in range of 55.60 dollar per barrel has ensured continuation drilling in US shale gas which becomes one of the most important market.

Company is also present in downstream and refining business through various client and successful completion of contracts.



Source: BNP Paribas * Includes figures for Reliance Jio , Estimates for major Indian upstream companies

Outlook

The future of the Indian forging industry looks promising and optimistic, driven primarily by the lucrative export prospects, backed by a unique mix of the cost arbitrage offered by India's lower labour costs and its technical capabilities. Forging is becoming increasingly uneconomical & unviable in the West because of imposition of prohibitive labour and environmental compliances which has led to sharp rise in costs, characterized by slowing capacity additions. India has a significant cost edge whereby average labour costs in India are 25% of the labour costs in the West and countries like Korea, who also possess forging technical capabilities, enabling Indian companies to gain a strong cost arbitrage.

There lies a significant opportunity for domestic forging companies, who have taken far sighted decision of bringing on-stream additional capacities, through significant investment in capex over 5 years through FY16; the commissioning of which is expected to coincide with the revival in demand in key domestic and overseas markets. While execution will remain a crucial success factor, higher capacity presses would improve product mix, value add potential and new customer acquisitions.

Operational Overview:

Unutilized plant capacities and intermittent plant shutdowns are two major stumbling blocks in achieving our true potential and we are unabatedly working towards on improving the capacity utilizations at our new plant through timely and successful execution of our orders. We are also trying to augment and diversify our order book across different sectors, which will further improve and optimise the plant operations. Company Strategy to improve the capacity utilization through various tie ups has paid dividend and moving forward.

Risk & Mitigation:

Sanghvi's risk management policies are dynamic and proactive and are designed in such a manner that the company can respond swiftly to the risks and implement necessary mitigation activities. A prudent risk management framework has been developed, which helps us identify and analyze internal and external risks and minimize its impact on operations and financials.

Industry & Market Risk: Forging activities are ancillary to manufacturing industry and any downturn in the manufacturing activity directly affects the demand in the forging industry. Any downturn in the industry thus affects our order book position and leads to unutilized plant capacities and shutdowns.

- **Mitigation Strategy:** We have diversified our product portfolio across different sectors in the manufacturing sector which shall help the company in serving customers with new approvals.

Raw Material Price Volatility Risk: It's the risk associated with regards to the volatility in the price of raw material costs steel, energy and freight, which has direct impact on its production costs and profitability.

- **Mitigation Strategy:** Company has developed alternate raw material sources ensuring smooth flow of raw material as per requirements. Further import options have also been evaluated and buying decisions are made on landed cost comparison basis.

Technological Risk: Forging is a complex process which relies heavily on technology heavy industry. Forging of critical components in key sectors requires massive investment in new technologies, which we source from international markets at significant costs. Use of obsolete technologies can lead to compromise in the quality of products and loss of productivity.

- **Mitigation Strategy:** We have invested more than ₹ 150 crore in last five years in setting up and modernizing our technology. Further we are investing in developing or expertise through material science in meeting the challenging and changing customer requirements.

  Company is now evaluating to implant mechanism to comment shop floor productivity and operational effectiveness through Artificial Intelligence and Data analytics.

Human Resource Capital

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

Human Capital is the most crucial asset of any company and no organization A cannot sustain without wholehearted people's participation. We at Sanghvi have continued to invest in developing our teams to enhance their efficiency and with strong focus on developing skills and capabilities of our employees. Employee motivation is one of our key HR focus areas, where we regularly conduct workshops and training sessions for the overall holistic development of our people.

Company's headcount stood at 225 as on March 31, 2019 and the average age of employees was 30 which is an indicator that our resource pool is young and dynamic and capable of adapting itself in the ever-changing environment. The Company is focused on creating a competitive but cordial working environment for the development of a talented and loyal workforce.

Internal Control Systems and their Adequacy

"The Company has, since inception, laid down a system of internal control which is commensurate with the size and nature of the business. Adequate and effective checks are in place to ensure that financial data is accurate and reliable. The internal control systems also ensure that the assets and interest of the Company are well protected. The internal audit is carried out throughout the year based on a systematic procedure covering all functions and aspects of the business. The internal audit reports are reviewed by the senior management and are placed before the audit committee of the Board of Directors along with actions taken. The audit committee undertakes a detailed review of the audit observations and actions to ensure that the internal audit system is effectively functioning. The recommended actions by audit are monitored and improvements are implemented which are regularly reviewed by the senior management. The IT system of the Company is based on a robust ERP system SAP ECC 6.0 which was implemented in 2008 for ensuring seamless connectivity of plants, sales offices and head office for better control facilitating faster and more reliable processing of transactions as well as generating accurate reports for faster decision-making. The Company also has a strong control system and management reporting system which serves as the backbone of the monitoring system of operations to ensure that business results are achieved and continuous improvement projects are undertaken".

SANGHVI FORGING & ENGINEERING LTD.

BOARD'S REPORT

BOARD'S REPORT

To,
The Members of
Sanghvi Forging & Engineering Limited

Your Directors take pleasure in presenting the 31st Annual Report of the Company along with the Audited financial statements for the year ended March 31, 2019, for your perusal, consideration and adoption.

Financial Highlights

The financial performance for the fiscal year 2019is summarized in the following table

(₹ in lakhs)

Particulars	Standalone	
	2018-19	2017-18
Income from Operations	6029.56	5433.09
Other Operating Income	88.60	128.13
Other Income	25.88	102.08
Total Income	6144.04	5663.30
Operating & Administrative Expenses	5707.83	5400.14
Operating Profit before Interest, Depreciation and Tax	436.21	263.16
Interest and Financial Charges	1572.48	1689.93
Depreciation and Amortization	859.09	883.31
Profit Before Tax	(1995.36)	(2310.08)
Tax Expenses	NIL	NIL
Short Provisions for Taxes	NIL	NIL
Profit After Tax	(1995.36)	(2310.08)

Financial and Operational Performance

Your Company has achieved a turnover of **₹ 6144.04 lakh** and incurred net loss of **₹ 1995.36 lakh** for the financial year ended March 31, 2019 as against a turnover **₹ 5663.30 lakh** and net loss of **₹ 2310.08 lakh** respectively during the previous year.

Depreciation and amortization charge was decreased from **₹ 883.31 lakh** to **₹ 859.09 lakh** during the financial year 2018-19.

Interest charges were decreased from **₹ 1689.93 lakh** to **₹ 1572.48 lakh** during the financial year 2018-19.

Outlook

The Company has taken a number of steps to sustain its leadership position in the market and has been strengthening its relationships with its customers. In addition it is also making constant efforts to add new customers and widen its customer base.

The combination of additional capacity of our second plant i.e. 15000 MTPA and integration has had a positive impact on the Company's operating margins. Your Company believes to strengthen its topline and margins in the coming years. We have received all approvals from different customers that validate our product quality.

The Company continued its focus on strengthening local manufacturing capabilities. However, it also analyzed the trends in the steel industry and adapted to rapid development occurring in the world of steel. The Company has adopted strategic measures to minimize the adverse macro-economic implications.

Share Capital

No new Share Capital has been issued by the Company in the Fiscal Year 2018 -19.

Dividend

No Dividend has been declared in the Fiscal year 2018-19.

Credit Rating

Your company has no Credit rating for its long-term and short-term-bank facilities. There was no revision in the ratings signifies that company is somehow managing things even if delay and cost overruns in the new projects. The Company expects to improve its ratings in the coming year through capacity utilization with substantial marketing efforts. The Company faced liquidity constraints rendering its account as NPA in November 2016. We working closely with our both the Bankers for the resolution for the same.

Investors' Relations and Grievances

All the shareholders'/investors' complaints/grievances received during the financial year have been resolved and there were no investor grievances pending, as on March 31, 2019. A confirmation to this effect has been obtained from the Company's Registrar and Share Transfer Agent and authentication of the same can be verified from the SCORES website at http://scores.gov.in. The details regarding investor complaints received and resolved during the year are mentioned in the report on Corporate Governance annexed to this report.

Management Discussion and Analysis Report

A detailed review of operations, performance and future outlook of the Company is covered under a separate Annexure to this report as Management's Discussion & Analysis.

Directors

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri Naresh Babulal Sanghvi, Director of the Company will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Necessary resolution is being proposed for his appointment as Director at the ensuing Annual General Meeting of the Company. A brief resume and particulars relating to him are given separately under the report on Corporate Governance.

Key Managerial Personnel

Shri Jayantilal Babulal Sanghvi, Chairman & Managing Director, Shri Babulal Sagarmal Sanghvi, Whole Time Director(till 04/08/2019), Shri Naresh Babulal Sanghvi, Whole Time Director, Shri Vikram Babulal Sanghvi, Whole Time Director & CFO, Mr. Harish Punwani (till 30/05/2018), Company Secretary & Ms. Deepika Agrawal (w.e.f. 30/05/2018) Company Secretary are Key Managerial Personnel of the Company.

Meetings of The Board Of Directors

During the year from April 2018 to March 2019, 4 Board Meetings were convened and held. The details of the Board Meeting with regards to their dates and attendance of each of the Directors thereat have been provided in the Corporate Governance Report that forms part of Annual Report. The intervening gap between the Two Meetings was within the period prescribed under the Companies Act, 2013.

Amount Transferred To Reserves

The Board of Directors has not recommended transfer of any amount of profit to reserve.

Declaration Given By Independent Directors

The Independent Directors of the Company have given the declarations to the Company that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of the Directors individually as well as evaluation of the working of the Board and of the Audit, Nomination & Remuneration and Compliance Committees.

Evaluation Criteria:

a. For Independent Directors :-
   - Professional conduct
   - Duties, Role, integrity and functions
   - Knowledge and Skills

b. For Executive Directors :-
   - Professional Conduct and Integrity
   - Sharing of Information with the Board
   - Key Performance in achievement of Goals

The Directors expressed their satisfaction with the evaluation process.

Composition Of Audit Committee

Pursuant to the provision of Section 177 (8) of the Companies Act, 2013, Audit Committee consists of theMajority of Independent Directors as mentioned in the below table. The Committee interalia reviews the Internal Control System, Reports of Internal Auditors and Compliance of various regulations. The Committee also reviews at length the financial statements before they are placed before the Board.

Composition of the Committee is as below:

Name	Designation	Category
Shri Ram Swaroop Kaushal	Chairman	Non-Executive and Independent
Shri Baba Karnire Pai	Member	Non-Executive and Independent
Shri Vikram Babulal Sanghvi	Member	Executive and Non-Independent

Vigil Mechanism / Whistle Blower

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

Pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Vigil Mechanism or 'Whistle Blower Policy' for directors, employees and other stakeholders to report genuine concerns has been established. The same is also uploaded on thewebsiteoftheCompanyi.e.http://www.sanghviforge.com/pdf/whisler_blower_policy.pdf

Internal Financial Control

The Company's internal control procedure which includes internal financial controls, ensure compliance with various policies, practices and statutes and keeping in view the organization's pace of growth and increasing complexity of operations. The internal auditor's team carries out extensive audits throughout the year across all locations and across all functional areas and submits its reports to the Audit Committee of the Board of Directors.

Corporate Social Responsibility

The Company, having regard to its size and scope, is generally compliant with relevant guidelines on Corporate Social Responsibility (CSR), even though not presently applicable to the Company. The Board has also constituted a committee at their Board Meeting held on May 26, 2014 in accordance with Section 135 of the Companies Act 2013 to mentor and monitor CSR activities.

The call of fulfilling our CSR activities has sincerely been taken by us and we accord as much significance to CSR as any business project and the results are there for everyone to see. Dedicated need-based interventions have been initiated in areas where we operate. Enabling local people by fostering self-reliance is the motive behind our community development efforts.

Therefore, our interventions are structured around promoting education as well as informal education of Tribal Children, generating livelihood, empowering women and overall, social mobility.

Your Company is also constantly making efforts to maintain a greener planet and reduce its carbon footprint as much as possible. Through financial contributions and active participation of employees, your Company provides support to non-profit organisation that addresses community sustainability. Your Company contributed through donations, rain water harvesting sponsorship and by participating in various activities.

Composition of the Committee is as below:

Name	Designation	Category
Shri Jayantilal B Sanghvi	Chairman	Managing Director
Shri Baba Pai	Member	Non-Executive and Independent
Shri Ram S Kaushal	Member	Non-Executive and Independent

Policy on Nomination and Remuneration

The contents of Nomination and Remuneration Policy of the Company prepared in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in the Corporate Governance Report.

Composition of the Committee is as below:

Name	Designation	Category
Shri Baba Karnire Pai	Chairman	Non-Executive and Independent
Shri Ram Swaroop Kaushal	Member	Non-Executive and Independent
Mrs. Aruna Khasgiwala	Member	Non-Executive and Independent

Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained during the year for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval. The Company has developed a Related Party Transactions policy for purpose of identification and monitoring of such transactions.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website i.e. http://www.sanghviforge.com/pdf/related_party_transaction.pdf

Report on Corporate Governance

A separate Section on Corporate Governance is forming part of the Annual Report and the Certificate from M/s. Samdani Shah and Kabra, Company Secretaries, Vadodara, the Company's Secretarial Auditors confirming the compliance of conditions on Corporate Governance as stipulated under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to the report on corporate governance.

Fixed Deposits

Your Directors report that the Company has not accepted any deposits during the current financial year.

Insurance

Your Directors confirm that all the properties and insurable interests of the Company, including buildings, plant and machinery and stocks have been adequately insured.

Loan, Guarantee or Investment

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Listing of Shares

The Equity Shares of the Company are listed on the BSE Limited (BSE) with scrip code No. 533411 and on the National Stock Exchange of India Limited (NSE) with scrip code of SANGHVIFOR. The Company confirms that the annual listing fees to both the stock exchanges for the financial year 2018-19 has been paid.

Subsidiary Company

Company has its Wholly Owned Subsidiary Company in Netherlands in the name of "Sanghvi Europe BV".

Statement containing salient features of the financial statement of subsidiaries/associate companies / joint ventures is attached in Form AOC-I in Separate Section of this Annual Report.

Familiarisation Programme for Independent Directors

The details of programmes for familiarization of Independent Directors and training with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Companyi.e.http://www.sanghviforge.com/pdf/familiarisation_program.pdf

Auditors

Statutory Auditor

In compliance with the Companies (Audit and Auditors) Rules, 2014, the Company has appointed M/s. V. K. Shastri & Co., Practicing Chartered Accountants, as Statutory Auditors of the Company at the 29th Annual General Meeting held on September 28, 2017 to hold office till the conclusion of the 34th Annual General Meeting of the Company.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Samdani Shah & Kabra, Practicing Company Secretary, Vadodara, to undertake Secretarial Audit of the Company for the Financial Year2019-20. The Audit Report is unqualified and without reservation or adverse comment on compliance. The report of Secretarial Audit is annexed as **"Annexure A"**.

There have been no qualifications, reservations, adverse remarks or disclaimers in the auditor's reports, requiring explanation or comments by the Board.

Internal Auditor

M/s.Dhirubhai Shah & Co. LLP, Chartered Accountants, the existing Internal Auditors of the Company for the F.Y. 2018-19. Pursuant to the provisions of Section 138 of the Companies Act, 2013 and The Companies (Accounts) Rules, 2014 the Board of Directors has appointed M/s. Ambalal M. Shah & Co., Chartered Accountants, for the FY 2019-20.

There is no qualification, reservation, adverse remark or disclaimer by the Statutory Auditors in their report, by the Internal Auditors in their report or by the Secretarial Auditor in their Secretarial Audit Report and hence no explanation or comments of the Board is required in this matter.

Report of Fraud by Auditors

During the year under review, the statutory Auditors, Internal Auditors and Secretarial Auditors have not reported any instance of fraud committed under Section 143(12) of the Companies Act, 2013 details of which needs to be reported.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

(a) that in the preparation of the annual financial statement for the year ended March 31, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any

(b) that the accounting policies to the financial statement have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2019 and of the profit and loss of the company on that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) that the annual financial statement on a going concern basis; and

(e) that the proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively.

(f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Human Resources

Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programmes which has helped the Organization achieve higher productivity levels. A significant effort has also been undertaken to develop leadership as well as technical/ functional capabilities in order to meet future talent requirement.

The Company's HR processes such as hiring and on-boarding, fair transparent online performance evaluation and talent management process, state-of-the-art workmen development process, and market aligned policies have been seen as benchmark practices in the Industry.

Pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 notified on December 9, 2013, the Company has set up a Committee to look into complaints under the said Act. The Company has not received any complaints relating to sexual harassment at work place from any woman employee during the year. The report of Particulars of employees and related disclosureis annexed in**"Annexure C".**

Disclosure by Senior Management Personnel I.e. one level below the Board Including all HODS

None of the senior management personnel have undertaken financial and commercial transactions with the Company, where they have personal interest that would have a potential conflict with the interest of the Company at large.

Disclosure

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on theseitems during the year under review:

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Material Changes and Commitments

Your Directors are of the opinion that there are no material changes and commitments affecting financial position of the Company which have occurred between end of financial year of the Company and the date of this report.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **"Annexure B"**.

Conservation of Energy

The Company has taken several steps towards conserving energy through its 'Sustainability' initiatives, disclosed separately in the Annual Report. The information on Conservation of Energy as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is provided in **"Annexure D"** of this Annual Report.

Safety, Health and Environment

The Company has continuously exercised effective safety, health and environment policies. Water and air pollution control measures are successfully operated and industrial trade effluents are used for gardening. The tree plantation at the factory site is maintained properly and the same shall be duly taken care of at our second plant.

Ratio of Remuneration of Director

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Compliance of Secretarial Standards

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

Risk Management

The Constitution of Risk Management Committee is not applicable to the company however the company has voluntarily constituted Risk management Committee to monitor the risk and to take actions on deviations. No orders passed by Regulators or the Courts or the Tribunals.

Acknowledgement

Your Directors express their sincere appreciation for the wholehearted and continued support assistance and cooperation extended by the shareholders banks, suppliers, customers, employees, and all concerned towards the Company during the year under review.

On the behalf of the Board of Directors

Jayantilal Babulal Sanghvi
Chairman & Managing Director
DIN:00291657

Place: Vadodara
Date: August 12, 2019

ANNEXURE A

Secretarial Audit Report

for the Financial Year ended March 31, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9
of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014]

To,

The Members,
Sanghvi Forging and Engineering Limited
244/6, 7, GIDC Industrial Estate,
Waghodia,
Vadodara – 391 760,
Gujarat.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sanghvi Forging and Engineering Limited** (hereinafter referred to as 'the company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, and Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2019, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We report that, there were no actions / events in pursuance of the following regulations requiring compliance thereof by the company during the period of this report:-

(a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the followings:

(i) The company has generally complied with the Secretarial Standards issued by The Institute of Company Secretaries of India; and

(ii) The Listing Agreements entered into by the Company with BSE Ltd and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that;

A. The Board of directors of the company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review, if any, were carried out in compliance with the provisions of the Act.

B. Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting.

C. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

D. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with all the applicable laws, rules, regulations and guidelines.

E. During the audit period there were no specific instances / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Suresh Kumar Kabra
Partner

Samdani Shah & Kabra
Company Secretaries
ACS No. 9711
CP No. 9927

Place: Vadodara
Date: August 12, 2019

This Report is to be read with our letter of even date annexed as Appendix A and forms part of this report.

APPENDIX A

To

The Members,
Sanghvi Forging and Engineering Limited
244/6, 7, GIDC Industrial Estate,
Waghodia,
Vadodara – 391 760,
Gujarat.

Our Secretarial Audit report of even date is to be read along with this letter, that:

- Maintenance of Secretarial records and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records and we believe that the processes and practices we followed provide a reasonable basis for our opinion.
- Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Suresh Kumar Kabra
Partner

Samdani Shah & Kabra
Company Secretaries
ACS No. 9711
CP No. 9927

Place: Vadodara
Date: August 12, 2019

ANNEXURE-B

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I Registration & Other Details:

i	CIN	L28910GJ1989PLC012015
ii	Registration Date	16.03.1989
iii	Name of the Company	SANGHVI FORGING AND ENGINEERING LIMITED
iv	Category / Sub-category of the Company	COMPANY LIMITED BY SHARES
v	Address of the Registered office &	244/6 & 7 GIDC ESTATE, WAGHODIA, 391760, DIST: VADODARA.
	Contact details	Contact No. :-02668-673100
vi	Whether listed company Yes / No	YES
vii	Name, Address & Contact details of the	BIGSHARE SERVICES PVT. LTD. E/2-3, ANSA INDUSTRIAL ESTATE,
	Registrar & Transfer Agent, if any.	SAKIVIHAR ROAD, SAKI NAKA, ANDHERI (E), MUMBAI 400 072.
		Contact No: 022-28470652

II Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name & Description of main products/services	NIC Code of the Product / Service	% to total turnover of the company
1	Forging, pressing, stamping and roll-forming of metal; powder metallurgy	3440	99%

III Particulars of Holding , Subsidiary & Associate Companies

Sl. No.	Name & Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1	SANGHVI EUROPE B.V.	8712423033771	Subsidiary	100	2 (87)
	LAGE DIJK 31-F, 5705 BX HELMOND, THE NETHERLANDS.				

IV Shareholding Pattern (Equity Share capital Break up as % to total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the Beginning of the year as on 01.04.2018				No. of Shares held at the end of the year as on 31.03.2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	10073303	-	10073303	67.64	10076103	-	10076103	67.66	0.02
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total: (A) (1)	**10073303**	**-**	**10073303**	**67.64**	**10076103**	**-**	**10076103**	**67.66**	**0.02**
(2) Foreign									
a) NRI - Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	**-**	**-**	**-**	**-**	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	**10073303**	**-**	**10073303**	**67.64**	**10076103**	**-**	**10076103**	**67.66**	**0.02**

Category of Shareholders	No. of Shares held at the Beginning of the year as on 01.04.2018				No. of Shares held at the end of the year as on 31.03.2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
j) Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
k) Alternate Investment Fund	-	-	-	-	-	-	-	-	-
Sub Total (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non Institutions									
(A) Bodies Corporate									
i) Indian	268874	-	268874	1.81	280032	-	280032	1.88	0.07
ii) Overseas	-	699981	699981	4.70	-	699981	699981	4.70	-
B) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	2141323	3	2141326	14.38	2024801	3	2024804	13.60	(0.78)
ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakhs	1623602	-	1623602	10.90	1751809	-	1751809	11.76	0.86
C) Any Others (Specify)									
i) Trusts	-	-	-	-	-	-	-	-	-
ii) Clearing Member	22503	-	22503	0.15	6385	-	6385	0.04	(0.11)
iii) Non Resident Indians (NRI)	-	-	-	-	3700	-	3700	0.02	0.02
iv) Non Resident Indians (Repat)	54587	-	54587	0.37	41807	-	41807	0.28	(0.09)
v) Non Resident Indians (Non Repat)	7266	-	7266	0.05	6821	-	6821	0.05	-
vi) Directors Relatives	-	-	-	-	-	-	-	-	-
vii) Employee	-	-	-	-	-	-	-	-	-
ix) Unclaimed Suspense Account	-	-	-	-	-	-	-	-	-
x) IEPF	-	-	-	-	-	-	-	-	-
D) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
E) Corporate Body NBFC	825	-	825	0.01	825	-	825	0.01	-
Sub Total (B)(2):	**4118980**	**699984**	**4818964**	**32.36**	**4116180**	**699984**	**4816164**	**32.34**	**(0.02)**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**4118980**	**699984**	**4818964**	**32.36**	**4116180**	**699984**	**4816164**	**32.34**	**(0.02)**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**14192283**	**699984**	**14892267**	**100.00**	**14192283**	**699984**	**14892267**	**100.00**	**-**

(ii) Share Holding of Promoters

Sl. No.	Shareholders Name	Shareholding at the end of the year as on 31.03.2018			Shareholding at the end of the year as on 31.03.2019			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	JAYANTILAL BABULAL SANGHAVI	1925591	12.9301	79.2272	1925591	12.9301	79.2272	-
2	NARESH BABULAL SANGHAVI	1806931	12.1334	77.8630	1806931	12.1334	77.8630	-
3	BABULAL SAGARMAL SANGHAVI	1714283	11.5112	76.6666	1714283	11.5112	76.6666	-
4	VIKRAM BABULAL SANGHVI	1505682	10.1105	73.4340	1505682	10.1105	73.4340	-
5	SANGHAVI BHAMRIDEVI BABULAL	662451	4.4483	-	662451	4.4483	-	-
6	SANGHVI MEENA JAYANTILAL	623300	4.1854	-	623300	4.1854	-	-
7	SANGHVI KIRAN NARESH	572407	3.8437	-	572407	3.8437	-	-
8	SANGHVI SHEETAL VIKRAM	280526	1.8837	-	280526	1.8837	-	-
9	SANGHVI BABULAL SAGARMAL	262857	1.7651	-	262857	1.7651	-	-
10	MAHESH BABULAL SANGHAVI	253894	1.7049	-	253894	1.7049	-	-
11	SANGHVI NARESH BABULAL	112000	0.7521	-	112000	0.7521	-	-
12	SANGHVI JAYANTILAL BABULAL	112000	0.7521	-	112000	0.7521	-	-
13	VIKRAM BABULAL SANGHVI	83394	0.5600	-	83394	0.5600	-	-
14	BABITADEVI LAXMICHAND MEHTA	30488	0.2047	-	30488	0.2047	-	-
15	NARESH BABULAL SANGHVI	26000	0.1746	90.2778	28800	0.1934	90.2778	0.0188
16	BHAMRIDEVI BABULAL SANGHAVI	24183	0.1624	-	24183	0.1624	-	-
17	JITENDRA JUGALKISHOR MUNOT	24032	0.1614	-	24032	0.1614	-	-
18	ANILA JUGALKISHOR MUNOT	20984	0.1409	-	20984	0.1409	-	-
19	PIYUSH LAXMICHAND MEHTA	11149	0.0749	-	11149	0.0749	-	-
20	VIKRAM LAXMICHAND MEHTA	10000	0.0671	-	10000	0.0671	-	-
21	MEENA JAYANTILAL SANGHVI	6000	0.0403	-	6000	0.0403	-	-
22	LALITKUMAR MISHRIMAL BHANSALI	4328	0.0291	-	4328	0.0291	-	-
23	PUKHRAJ HANZARIMAL BHANSALI	823	0.0055	-	823	0.0055	-	-
	Total	**10073303**	**67.6412**	**53.3786**	**10076103**	**67.6600**	**53.3786**	**0.0188**

(iii) Change in Promoters' Shareholding (Specify if there is no change)

Sl No.	Name	Date	Increase / Decrease in Shareholding	Reason	No. of Shares	% total Shares of the Company
1	NARESH BABULAL SANGHVI	1-Apr-2018	NA	NA	26000	0.17
		15-Mar-2019	1800	Buy	27800	0.19
		22-Mar-2019	1000	Buy	28800	0.19
		31-Mar-2019				

*None of the other Directors and Company Secretary holds any shares in the Company.

(iv) Shareholding Pattern of top ten Shareholders (other than Direcors, Promoters & Holders of GDRs & ADRs)

Sl No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the Beginning (01.04.2018 / end of year 31.03.2019)	% total Shares of the Company				No. of Shares	% total Shares of the Company
1	M/S Dango & Dienenthal	699981	4.70	1-Apr-2018	NA	NA	699,981	4.70
	Gmbh & Co Kg	699981	4.70	31-Mar-19				
2	Sanghavi Tinadevi Mahesh	177169	1.19	1-Apr-2018	NA	NA	177169	1.19
				27-Jul-2018	500	Buy	177669	1.19
				30-Nov-2018	(177669)	Sell	0	0.00
				8-Feb-2019	(177669)	Buy	177669	1.19
		177669	1.19	31-Mar-2019				
3	Snehal Bhupendra Shah	155000	1.04	1-Apr-2018	NA	NA	155000	1.04
		155000	1.04	31-Mar-2019				
4	Sanghvi Pyaridevi Mohanlal	137837	0.93	1-Apr-2018	NA	NA	137837	0.93
		137837	0.93	31-Mar-2019				
5	Raajratna Stockholding	81366	0.55	1-Apr-2018	NA	NA	81366	0.55
				25-May-2018	1,985	Buy	83351	0.56
				01-Jun-2018	7,093	Buy	90444	0.61
				15-Jun-2018	12548	Buy	102992	0.69
				22-Jun-2018	25540	Buy	128532	0.86
				13-Jul-2018	4,203	Buy	132735	0.89
				24-Aug-2018	(25000)	Sell	107735	0.72
		107735	0.72	31-Mar-2019				
6	Mahesh B. Sanghvi	100000	0.67	1-Apr-2018	NA	NA	100000	0.67
		100000	0.67	31-Mar-2019				
7	Nitin Kapil Tandon	95999	0.64	1-Apr-2018	NA	NA	95999	0.64
				15-Jun-2018	(61800)	Sell	34199	0.23
				22-Jun-2018	(34199)	Sell	-	0.00
		-	-	31-Mar-2019				
8	Surabhi Shah	95000	0.64	1-Apr-2018	NA	NA	95000	0.64
		95000	0.64	31-Mar-2019				
9	Babulal Sanghvi	35609	0.24	1-Apr-2018	NA	NA	35609	0.24
				6-Apr-2018	25521	Buy	61130	0.41
				20-Apr-2018	12006	Buy	73136	0.49
				27-Apr-2018	14813	Buy	87949	0.59
				4-May-2018	101	Buy	88z050	0.59
		88050	0.59	31-Mar-2019				
10	Harsha Hitesh Javeri	-	-	1-Apr-2018	NA	NA	-	-
				26-Oct-2018	4262	Buy	4262	0.03
				9-Nov-2018	8021	Buy	12283	0.08
				16-Nov-2018	5841	Buy	18124	0.12
				23-Nov-2018	13336	Buy	31460	0.21
				30-Nov-2018	37725	Buy	69185	0.46
				7-Dec-2018	5,815	Buy	75000	0.50
				18-Jan-2019	2000	Buy	77000	0.52
		77000	0.52	31-Mar-2019				

(v) Shareholding of Directors & Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning / end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Jayantilal Babulal Sanghvi - Chairman & Managing Director	1925591	12.93	1925591	12.93
2	Shri Naresh Babulal Sanghvi - Wholetime Director & COO	1832931	12.13	1835731	12.33
3	Shri Babulal Sagarmal Sanghvi - Wholetime Director*	1714283	11.51	1714283	11.51
4	Shri Vikram Babulal Sanghvi - Wholetime Director& CFO	1505682	10.11	1505682	10.11
5	Shri Ram Swaroop Kaushal - Independent Director	-	-	-	-
6	Shri Baba K Pai - Independent Director	-	-	-	-
7	Smt. Aruna S. Khasgiwala - Independent Director	-	-	-	-
8	CS Deepika H. Agrawal	-	-	-	-

*Shri Babulal Sagarmal Sanghvi - Wholetime Director resigned from 4th August' 2018

V Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	8413.35	1199.00		1199.00
ii) Interest due but not paid	224.32	23.53		23.53
iii) Interest accrued but not due	1836.73	-		10474.40
Total (i+ii+iii)	**10474.40**	**1222.53**	**-**	**11696.93**
***Change in Indebtedness during the financial year**				
Additions	2853.53	400.94		3254.47
Reduction	(1490.72)	(604.12)		(2094.84)
Net Change	**1362.81**	**(321.05)**		**1159.63**
Indebtedness at the end of the financial year				
i) Principal Amount	8571.35	992.19		992.19
ii) Interest due but not paid	224.32	27.16		27.16
iii) Interest accrued but not due	3041.54	-		-
Total (i+ii+iii)	**11837.21**	**1019.35**	**-**	**1019.35**

*includes exhange difference, repayment and interest movement

VI Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole time director and/or Manager:

(₹ in lakhs)

Sl No.	Particulars of Remuneration	Name of the MD / WTD / Manager				Total Amount
		Mr. Babulal Sanghvi - WTD (till 4th August, 2018)	Mr. Jayantilal B. Sanghvi - CMD	Mr. Naresh B. Sanghvi - WTD & COO	Mr. Vikram B. Sanghvi - WTD & CFO	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	8.33	22.76	22.76	22.76	76.62
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.01	0.40	4.26	2.24	6.91
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission as % of profit others (specify)	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	**8.34**	**23.16**	**27.02**	**25.00**	**83.53**
	Ceiling as per the Act	-	-	-	-	-

B. Remuneration to other directors:

(₹ in lakhs)

Sl No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Mr. R.S.Kaushal	Mr. Baba Pai	Mrs. Aruna Khasgiwala	Mr. R.C. Prasad	
1	**Independent Directors**					
	(a) Fee for attending Board / Committee meetings	1.00	1.00	0.75	0.25	3.00
	(b) Commission	-	-	-	-	-
	(c) Others, please specify					
	Total (1)	**1.00**	**1.00**	**0.75**	**0.25**	**3.00**
2	Other Non Executive Directors	-	-	-	-	-
	(a) Fee for attending board committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (2)					
	Total (B) = (1+2)	**1.00**	**1.00**	**0.75**	**0.25**	**3.00**
	Total Managerial Remuneration	**-**	**-**	**-**	**-**	**-**
	Overall Cieling as per the Act.	**-**	**-**	**-**	**-**	**-**

C. Remuneration To Key Managerial Personnel other than MD / Manager / WTD

(₹ in lakhs)

Sl No.	Particulars of Remuneration	Ms. Deepika Agrawal - Company Secretary (From May 29, 2018)	Mr. Harish Punwani - Company Secretary (till June 7, 2018)	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	3.50	0.40	3.90
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Medical reimbursement	-	-	-
	Total	**3.50**	**0.40**	**3.90**

VII Penalties / Punishment / Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

There has been No Penalty or Punishment or Compounding of Offences against by the Company, Directors & Other Officers in default under the provisions of the Companies Act, 2013 during the F.Y. 2018-19.

For and on behalf of Board of Directors

Place: Vadodara
Date: August 12, 2019

Jayantilal Babulal Sanghvi
Chairman & Managing Director

ANNEXURE C

Details pertaining to remuneration as required under section 197(12) of the companies act, 2013 read with rule 5(1) of the Companies (Appointment and remuneration of managerial personnel) rules, 2014.

I) The ration of remuneration of each Director to the median remuneration of the employee of the Company for the financial year 2016-17. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19 is as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2017-18 (Rs. In Lacs)	Ratio of remuneration of each Director/to median remuneration of employee	% increase in Remuneration in the Financial Year
1.	Shri. Babulal S. Sanghvi - Wholetime Director	8.34	3:1	0.00%
2.	Shri. Jayantilal B. Sanghvi -	23.16	9:1	0.00%
3.	Shri. Naresh B. Sanghvi - Wholetime Director	27.02	11:1	0.00%
4.	Shri. Vikram B. Sanghvi - Wholetime Director and CFO	25.00	10:1	0.00%
5.	Ms. Deepika H. Agrawal(from May 2018)	3.50	-	-
6.	Mr. Harish Punwani(till May 2018)	0.40	-	-

Note: No other Director other than Whole-time Director and Managing Director received any remuneration

ii) The median remuneration of employee of the Company during the financial year 2018-19 was Rs.2.40 Lacs

iii) In the financial year, there was an increase of percentage % in the median remuneration of employees. –20%

iv) There were 188 permanent employees on the rolls of the Company as on March 31, 2019.

v) Relationship between average increase in remuneration and company performance:

There is no direct relationship with Company performance in view of the loss incurred. Routine increments, cost of living and employee retention are as per policy of the Company.

vi) Comparison of remuneration of the Key Managerial Personnel against the performance of the Company:

The Company reported a loss during the year. Remuneration of Key Managerial Personnel has been detailed in MGT-9 Extract of Annual Return.

vii) Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2018-19 was 10%

viii)The key parameters for the variable component of remuneration availed by the directors and considered by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee as per Remuneration Policy for Directors and Senior Management.

ix) The ratio of the remuneration of the highest paid director to that of the employee who are not directors but receive remuneration in excess of the highest paid director during the year: The Directors Mr. Jayantilal Sanghvi, Shri Naresh Sanghvi & Shri Vikram Sanghvi is the highest paid Director. No employee received remuneration higher than the Directors.

x) It is hereby affirmed that the remuneration paid during the year ended March – 2019 is as per Remuneration policy of the Company.

ANNEXURE D

TO BOARD'S REPORTCONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO
[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

A. Conservation of Energy

(i) Steps taken or impact on conservation of energy;

- Energy saving in terms of electricity consumption is our prime concern. The Company utilizes several systems to conserve energy.
- Well planned preventive maintenance measures improved our operational efficiency.

(ii) Steps taken by the company for utilizing alternate sources of energy;

- Rain Water Harvesting Techniques
- Zero Discharge Plant where Water and air pollution control measures are in place and industrial trade effluents are used for gardening after adjusting the PH.
- Wind mill of 3500 KWA Capacity installed for Generating power thus reducing our demand of Conventional Power.

The Tree plantation at the factory site is maintained properly.

(iii) Capital investment on energy conservation equipments;

- We have Commissioned India's largest capacity Polymer Quenching Tank using Polymer mixed in water in place of using oil, which can be Safety Hazard.

B. Technology Absorption

(I) Efforts made towards technology absorption;

- Continuous emphasis on significant upgrading of manufacturing facility to improve product quality.

(ii) Benefits derived in placed like product improvement cost reduction, product development or import substitution;

- Overall annual production increased through maximum utilization of production capacity.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- Not applicable

(iv) Expenditure incurred on Research and Development- Not applicable

C. Foreign Exchange Earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

- Earnings in foreign currency (on receipt basis)

(₹ in lakhs)

Particulars	Amount 2018-19	Amount 2017-18
F.O.B. value of export	85.78	1274.76
TOTAL	85.78	1274.76

- Expenditure in foreign currency (on payment basis)

(₹ in lakhs)

Particulars	Amount 2018-19	Amount 2017-18
CIF value of import	19.24	121.72
Other miscellaneous	-	63.87
TOTAL	19.24	185.59

For Sanghvi Forging and Engineering Limited

Place: Vadodara
Date: August 12, 2019

Shri Jayantilal B. Sanghvi
Chairman & Managing Director

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sr. No.	Particulars	Details
1.	Sl. No.	1
2.	Name of the subsidiary	Sanghvi Europe B.V.
3.	Date since when subsidiary was acquired	May 27, 2014
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	January to December 2018
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Currency : EURO Exchange rate : 78.06
6.	Share capital	EURO 100
7.	Reserves & surplus	(6863257.20)
8.	Total assets	8765482.00
9.	Total Liabilities	8765482.00
9.	Investments	-
10.	Turnover	30420371.06
11.	Profit before taxation	(5313749.80)
12.	Provision for taxation	-
13.	Profit after taxation	(5313749.80)
14.	Proposed Dividend	-
15.	% of shareholding	100 %

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations: NA
2. Names of subsidiaries which have been liquidated or sold during the year: NA

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: - NA

For Sanghvi Forging and Engineering Limited

Shri Jayantilal B. Sanghvi
Chairman & Managing Director

Place: Vadodara
Date: August 12, 2019

SANGHVI FORGING & ENGINEERING LTD.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019.

Company's Philosophy on Corporate Governance

SFEL's philosophy on Corporate Governance is embedded in the rich legacy of ethical governance practices, most of which were implemented before they were mandatorily prescribed. Integrity, transparency, accountability and compliance with laws which are the columns of good governance are cemented in the Company's robust business practices to ensure ethical and responsible leadership both at the Board and at the Management level. The Company's Code of Business Conduct and its well-structured internal control systems which are subjected to regular assessment for its effectiveness, reinforces integrity of Management and fairness in dealing with the Company's stakeholders. This, together with meaningful CSR activities and sustainable development policies followed by the Company has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates. Your Company has complied with the requirements of Corporate Governance as laid down SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Governance Structure

SFEL's Governance structure broadly comprises the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

Board of Directors:

(A) Composition of the Board

(i) The management of your Company is entrusted to the Managing Director, who is assisted by a core management team and senior executives having rich experience and expertise in their respective fields.

(ii) None of the Directors on the Board is a member of more than 10 committees or a chairman of more than 5 committees as specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, across all the Indian Public Companies, in which he is a Director. The necessary disclosure regarding the committee position has been made by the Directors.

(iii) The names and categories of the Directors of the Board, their attendance at Board Meetings held during the year and the number of directorships and committee chairmanship/ membership held by them in Indian Public Companies are given herein below. Directorships do not include alternate directorship, directorships of private limited companies, Section 8 companies under Companies Act, 2013 (Section 25 under Companies Act, 1956) and of companies incorporated outside India. For reckoning the maximum number of chairmanships / memberships, only two committees viz, Audit Committee and Shareholders' / Investors' Grievance Committee of the Board are considered.

Sl No.	Name of the Directors	Category	No. of directorship in other public limited company	Number of committee positions held in other public limited company		No. of Board Meetings		The last AGM attended: 'Yes' or 'No'
				Member	Chairperson	Held	Attended	
1	Shri Babulal S Sanghvi, Chairman*	Promoter & Executive	Nil	Nil	Nil	1	1	Yes
2	Shri Jayantilal B Sanghvi, Chairman & Managing Director	Promoter & Executive	Nil	Nil	Nil	4	4	Yes
3	Shri Naresh B Sanghvi, Wholetime Director	Promoter & Executive	Nil	Nil	Nil	4	4	Yes
4	Shri Vikram B Sanghvi, Wholetime Director	Promoter & Executive	Nil	Nil	Nil	4	4	Yes
5	Shri Ram C Prasad, Director*	Non-Executive and Independent	Nil	Nil	Nil	2	1	No
6	Shri Baba Pai, Director	Non- Executive and Independent	Nil	Nil	Nil	4	4	Yes
7	Shri Ram S Kaushal, Director	Non- Executive and Independent	Nil	Nil	Nil	4	4	Yes
8	Smt. Aruna S Khasgiwala, Director	Non- Executive and Independent	Nil	Nil	Nil	4	3	Yes

*ShriBabulal S Sanghvi resigned from the Board of Directors with effect from 04/08/2018.
*Shri Ram C Prasad resigned from the Board of Directors with effect from 17/09/2018.

The Company did not have any material pecuniary relationship or transactions with the Independent Non-Executives Directors during the year 2018-19. No Director have any Directorships in any listed companies. No Non-Executive Directors has any shares in the Company.

Disclosure of relationships between directors inter-se

Shri Jayantilal Sanghvi, Chairman & Managing Director is the son of Shri Babulal Sanghvi. Shri Naresh Sanghvi, Wholetime Director and Shri Vikram Sanghvi, Wholetime Director & CFO of the Company are the Brothers of Shri Jayantilal Sanghvi. None of the other Directors are related to each other.

There were 4 Board meetings held during the financial year starting from April 1, 2018 to March 31, 2019. These were on May 30, 2018, August 12, 2018, November 14, 2018 and February 12, 2019.

Details of the Directors being appointed/ reappointed

Director Retires by Rotation

In terms of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 effective from April 1, 2014, Independent Directors shall not be counted for the purpose of determining the directors liable to retire by rotation. ShriNareshBabulal Sanghvi accordingly retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Shri Naresh Babulal Sanghvi, aged 42 years, he is Wholetime Director of the Company and has more than 22 years of experience in forging industry. He handles domestic market as well as all export related activities of the Company and identification of growth potentials in various overseas markets. He holds 18,35,731 (12.33%) equity shares of ₹ 10/- each in the Company. He is Member of Stakeholder Relationship Committee of the Company.

The brief resume of Directors with regard to appointment / re-appointment at 31st Annual General Meeting is annexed to the Notice convening the 31st Annual General Meeting, which forms the integral part of this Annual Report.

Except for the appointee, Shri Naresh B. Sanghvi his relative i.e. Shri Babulal S. Sanghvi, Shri Vikram B. Sanghvi and Shri Jayantilal B. Sanghvi, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the aforesaid Resolution.

Board of Director's Profile

Shri Babulal Sagarmal Sanghvi, aged 68, he has more than 35 years of experience in the forging industry. He was Chairman & Wholetime Director of the Company. He was responsible for implementing the overall business strategy of the Company. He holds 1714283 (11.51%) equity Shares of ₹ 10/- each in the Company. He is the Chairman of the Board of the Board of Directors. (Shri Babulal S Sanghvi resigned from the Board of Directors with effect from 04/08/2019).

Shri Jayantilal Babulal Sanghvi, aged 43, he is Chairman & Managing Director of the Company. He is a gold medalist from Sardar Patel University in Bachelor of Business Administration. He has over 22 years of experience in manufacturing and retailing of flanges and other forging items and has been instrumental in driving the growth of our business. He leads the domestic marketing, finance and sales functions of the Company. He holds 1925591 (12.93%) Equity Shares of ₹ 10/- each in the Company. He hold Chairmanship in Management Committee, Allotment Committee, and Corporate Social Responsibility Committee of the Company.

Shri Vikram Babulal Sanghvi, aged 37, he is Wholetime Director & CFO, a gold medalist from Sardar Patel University in Bachelor of Business Administration and has completed his Master degree in Business Administration from the ICFAI University. He has completed a course of Chartered Financial Analyst from ICFAI University. He has over 14 years of experience in the field of forging industry. He is looking after overall supervision of the operations and administration activities in the Company. He holds 1505682 (10.11%) equity Shares of ₹ 10/- each in the Company. He is Member of Audit Committee and Share Transfer Committee of the Company.

Shri Naresh B. Sanghvi, aged 42 years, he is Wholetime Director of the Company and has more than 22 years of experience in forging industry. He handles domestic market as well as all export related activities of the Company and identification of growth potentials in various overseas markets. He holds 1835731 (12.33%) Equity Shares of ₹ 10/- each in the Company. He is Member of Stakeholder Relationship Committee of the Company.

Shri Shantaram Surya Prakasarao Yarlagadda, aged 79, he was Independent Director of the Company and holds degree in mathematics and mechanical engineering. He has worked as scientific officer at the Department of Atomic Energy, Government of India. He has worked in various capacities at the Rajasthan Atomic Power Project, Madras Atomic Power Project, Kakrapar Atomic Power Project, Kaiga Atomic Power Project and Tarapur Atomic Power Project. He finally retired as a Director after 40 years of service in the Department of Atomic Energy Government of India. He is also a member emeritus of the India Nuclear Society. He was a member of Audit Committee and Nomination and Remuneration Committee of the Company (till 30/05/2018). He does not hold any Directorship and Membership in any other company. Shri Yarlagadda does not hold any Shares in the Company. (*Shri Shantaram Yarlagadda resigned from the Board of Directors with effect from 30/05/2018.)

Dr. Ram Chandra Prasad, aged 70, he is Independent Director of the Company and holds a doctorate in metallurgical engineering from the Indian Institute of Science, Bangalore. He has worked as assistant professor at the National Institute of Foundry and Forge Technology, Ranchi and as professor at the Indian Institute of Technology, Bombay since 1986. He has been honoured with the Distinguish Alumnus Award at BIT Sindri in the year 2002. He was chairman of IIM Mumbai chapter during the period from 1999 and 2000. He was a

member of Audit Committee, Stakeholder Relationship Committee and Nomination and Remuneration Committee of the Company He does not hold any Directorship and Membership in any other company. Dr. Prasad does not hold any Shares in the Company. (*Dr. Ram Chandra Prasad resigned from the Board of Directors with effect from 17/09/2018.)

Dr. Baba Karnire Pai, aged 65, he is Independent Director of the Company and holds a doctorate in metallurgical engineering from the Indian Institute of Technology Bombay. He was Professor and the Head of Metallurgical and Materials Engineering faculty of Technology and Engineering at MS University Kalabhavan, Vadodara. He is currently Director of Institute of Technology & Management University, Vadodara. He does not hold any Directorship and Membership in any other company. He is Chairman of Nomination and Remuneration Committee and Member of Audit Committee and Stakeholders Relationship Committee. Dr. Pai does not hold any Shares in the Company. He has 37 years of teaching & 28 years of professorship & 5 years of Research experience.

Shri Ram Swaroop Kaushal, aged 72, he is Independent Director of the Company and a banker by profession and holds a Master's degree in Arts. He was previously employed with State bank of India. He has vast years of experience in the Banking sector. He is a certified Associate of the Indian Institute of Bankers. He is presently working as an Advisor (Learning & Development) with SBI Mutual Fund. He is Chairman of Audit Committee and Stakeholders Relationship Committee and Member of Nomination and Remuneration Committee, Allotment Committee, Management Committee and Corporate Social Responsibility Committee of the Company. He does not hold any Directorship and Membership in any other company. Shri Kaushal does not hold any Shares in the Company. He has 39 years of rich experience in the Banking Sector.

Dr. Aruna Khasgiwala, aged 68, she is Independent Director of the Company and a Retd. Professor, former DEAN (2003-2010), former head (2003-2008) faculty of Social Work in the M. S. University of Baroda. She holds degree of M.A. (Social Work) specialization, Medical & Psychiatric Social Work, Delhi University, Ph.D. (Social Work) M.S. University of Baroda.She has over 41 years of experience in teaching and field. She does not hold any Chairmanship and Membership of the Company or any other Company. She is member of Nomination and Remuneration Committee of the Company. Dr. Aruna Khasgiwala does not hold Shares in the Company.

Dr. Ruchit Bhatnagar, aged 45, he is Additional Director (Independent) of the Company. A commerce graduate from Delhi University, with post graduations in management, finance and real estate & Doctorate in real estate finance and derivatives. He is Qualified Finance and Real Estate professional with over 24 years of rich experience in Business Planning, Marketing, Project Management, Business Systems, Risk Management, Costing, Pay roll Accounting, Derivative Finance, Public Issue, Land Acquisition, Joint Ventures, Mergers, Land Development, Mall Operations, New Project Development, Earthwork, Infrastructure, People Leadership, CSR Venture capitalist & Entrepreneur in Energy/Power Projects. His vast and varied experience in the business and corporate world justify his appointment as an Director. He holds Directorship in other 12 private companies. He does not hold any Shares in the Company.

Board Procedure

The annual calendar of meeting is agreed upon at the beginning of each year. Board Meetings are held at least once in every quarter. In addition to this, Board Meetings are convened to transact special businesses, as and when necessary. The meetings are governed by a detailed agenda. All major issues included in the agenda are backed up by comprehensive background information to enable the Board to take informed decisions.

The agenda papers, containing detailed notes on various agenda items and other information, which would enable the Board to discharge its responsibilities effectively, are circulated in advance to the Directors. The Board is briefed on all the matters of the Company at its meeting.

The Board has complete access to all the information of the Company.

The following information is provided to the Board as and when occasion arises:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
10. Details of any joint venture or collaboration agreement.

11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant Labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Board Training and Induction

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the compliances required from him under the Companies Act, Listing Regulations and other related regulations and his affirmation taken with respect to the same.

Committees of Board of Directors

The Company has formed an Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Allotment Committee, Management Committee and Risk Management Committee. The details of these committee meetings are mentioned here in below:

A. Audit Committee

Audit Committee comprises of experts specialized in accounting/financial management. The Chairman of the Audit Committee is a Non-Executive and Independent Director. Details of the meetings of the Audit Committee held during the FY 2018-19 are as under:

Name	Designation	Category	Attendance			
			May 30, 2018	August 12, 2018	November 14, 2018	February 12, 2019
Shri Ram S Kaushal	Chairman	Non-Executive and Independent	Yes	Yes	Yes	Yes
Shri Baba Pai	Member	Non-Executive and Independent	Yes	Yes	Yes	Yes
Shri Vikram B Sanghvi	Member	Executive and Non-Independent	Yes	Yes	Yes	Yes
Shri Ram C Prasad	Member	Non-Executive and Independent	Yes	-	-	-

*Shri Ram C Prasad resigned from the Board of Directors with effect from 17/09/2018.

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Whole time Director and the Statutory Auditors are permanent invitees to the Meetings. The terms of reference of the Audit Committee are in accordance with the Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies. The Chairman of the Audit Committee was present at the Annual General Meeting to answer the shareholders queries.

Terms of reference: The terms of reference of the Audit Committee are as under:

a) Power of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

b) The Role of Audit Committee includes

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of any related party transactions
   g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditor's adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. Nomination and Remuneration and Committee

Nomination and Remuneration Committee pursuant to Section 178 of the Companies Act, 2013 has been constituted to recommend the remuneration package of the Managing Director and Whole time Directors based on the performance and defined criteria.

Role of the Nomination and Remuneration Committee are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Composition of Nomination and Remuneration Committee and its meeting held during financial year 2018-19 are as under:

Name	Designation	Category
Shri Baba Pai	Chairman	Non-Executive and Independent
Shri Ram S Kaushal	Member	Non-Executive and Independent
Mrs. Aruna Khasgiwala	Member	Non-Executive and Independent

Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria's for Independent Directors are disclosed in the Board's Report.

Remuneration to Directors

a. Non-Executive and Independent Directors

The Non-Executive and Independent Directors do not draw remuneration other than sitting fees. The Company pays the sitting fees to all the Non-Executive Directors at the rate of ₹ 15,000 for attending each Meeting of the Board and ₹ 10,000 for every other Committee meeting attended by him. The sitting fees paid to Non-Executive cum Independent Directors for attending Board and Committee Meetings during the F.Y. 2018-19 is as follows:

Name of Directors	Sitting fees (₹ in Lacs)
Shri Ram C Prasad	₹ 0. 25
Shri Ram S Kaushal	₹ 1.00
Shri Baba Pai	₹ 1.00
Mrs. Aruna S Khasgiwala	₹ 0.75

b. Executive Directors

The remuneration payable to the Managing Director, Wholetime Directors as recommended by the Nomination and Remuneration Committee and was approved by the Board of Directors in its Meeting when all the Directors were present. The salary paid during the year to the Managing Director is within the ceiling prescribed by provisions of the Companies Act, 2013.

The following remuneration paid to the Directors during the year ended March 31, 2019.

Name of Director	Designation	Salary and Perquisites ₹ in Lacs	Variable Performance Bonus	Commission	Total
Shri Babulal S Sanghvi*	Chairman & Director	8.34	-	-	8.34
Shri Jayantilal B Sanghvi	Chairman & Managing Director	23.16	-	-	
Shri Naresh B Sanghvi	Wholetime Director	27.02	-	-	27.02
Shri Vikram B Sanghvi	Wholetime Director	25.00	-	-	25.00

*Shri Babulal S Sanghvi has resigned from August 4, 2018

Policy for selection and appointment of Directors and their Remuneration

The Nomination and Remuneration (N&R) Committee has adopted a Policy which, inter alia, deals with the manner of selection of Board of Directors, Managing Director and their remuneration. Particulars of the Policy are accordingly as under:

1. Criteria of selection of Non-Executive Directors

a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

b. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

c. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

d. The N&R Committee shall consider the following attributes /criteria, whilst recommending to the Board the candidature for appointment as Director.

i. Qualification, expertise and experience of the Directors in their respective fields;

ii. Personal, Professional or business standing;

iii. Diversity of the Board.

e. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

2. Remuneration

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings.

Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

3. Managing Director/Whole Time Directors - Criteria for selection / appointment

For the purpose of selection of the MD/WTD, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

4. Remuneration for the Managing Director/Whole Time Directors

i. At the time of appointment or re-appointment, Managing Director/ Whole Time Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Managing Director/ Whole Time Directors within the overall limits prescribed under the Companies Act, 2013.

ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

C. Stakeholders Relationship Committee

The Stakeholders' Relationship Committee comprises of 3 Directors viz.

Composition of Corporate Stakeholders Relationship Committee is as under:

Name	Designation
Shri Ram S Kaushal	Chairman
Shri Naresh B Sanghvi	Member
Shri Baba Pai	Member

Shri R S Kaushal, Independent Non-Executive Director is Chairman of the Stakeholders' Relationship Committee. Shri R S Kaushal was present at the last Annual General Meeting held on 28th September, 2018. The Company Secretary and Compliance Officer of the Company acts as a Secretary of the Committee.

The Primary Objective of the Stake holders Relationship Committee is to oversee all matters concerned with the securities and to look in to shareholders complaints relating to transfer of shares, Non-receipt of Annual Report, Non-receipt of Dividend etc.

The terms of reference committee are in line with the requirement of Companies Act and SEBI Listing Regulations.

During the financial year 2018-19 the Company has not received any complaints from any shareholders.

No. of Complaints not solved to the satisfaction of shareholders: **NIL**

No. of pending Complaints: **NIL**

In addition to the above committees, the Board has constituted the following committees:

D. Corporate Social Responsibility Committee

Composition of Corporate Social Responsibility Committee is as under:

Name	Designation
Shri Jayantilal B. Sanghvi	Chairman
Shri Ram S Kaushal	Member
Shri Baba Pai	Member

E. Allotment Committee

Composition of Allotment Committee is as under:

Name	Designation
Shri Jayantilal B. Sanghvi	Chairman
Shri Baba Pai	Member
Shri Ram S. Kaushal	Member

F. Management Committee

Composition of Management Committee is as under:

Name	Designation
Shri Jayantilal B. Sanghvi	Chairman
Shri Baba Pai	Member
Shri Ram S. Kaushal	Member

G. Risk Management Committee

Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

Risk Management Committee is not applicable to the Company however the company has voluntarily constituted Risk Management Committee.

Composition of Risk Management Committee is as under:

Name	Designation
Shri Jayantilal B. Sanghvi	Chairman
Shri Baba Pai	Member
Shri Ram S. Kaushal	Member

Independent Directors' Meeting:

During the year, the Independent Directors met on February 12, 2019, inter alia, to discuss:

- Evaluation of the Performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the Performance of Chairman of the Company, taking into accounts the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

Code of Conduct

i) For prevention of Insider Trading

The Company has a comprehensive Code of Conduct bid down for its employees and Directors for the prevention of insider trading. The Code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautioning them on the consequence of non-compliances. The Company Secretary has been appointed as a Compliance Officer and is responsible for adherence to Code for Prevention of Insider Trading.

ii) For Board of Directors and Employees

The Board of Directors of the Company has laid down a Code of Conduct for all Board Members and employees of the Company. It also includes practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information. The Code of Conduct is posted on the website of the Company, www.sanghviforge.com. The Board members and employees have affirmed compliance with the 'Code of Conduct' for the year ended March 31, 2019.

Website

In accordance with requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 information about the Company is stored on the Company's website i.e. www.sanghviforge.com in a separate dedicated section titled Investor Relations and is updated regularly.

General Body Meeting

The details of the last three AGM / EOGM of the Company are as under:

Year	AGM / EOGM	Location	Date	Time	No. of Special Resolutions
2017-18	AGM	244/6-7, G.I.D.C Industrial Estate, Waghodia, Vadodara-391760	September 28, 2018	4 p.m.	2
2016-17	AGM	244/6-7, G.I.D.C Industrial Estate, Waghodia, Vadodara-391760	September 28, 2017	4 p.m.	0
2015-16	AGM	244/6-7, G.I.D.C Industrial Estate, Waghodia, Vadodara-391760	September 27, 2016	5 p.m.	1

Special Resolutions were Approved at the AGM / EOGM

The details of the last three AGM / EOGM of the Company are as under:

AGM/EOGM	Date	Particulars
AGM	September 28, 2018	Re-appointment of Independent Directors
AGM	September 28, 2017	No Special Resolution was passed by the Company
AGM	September 27, 2016	Approval to invite / accept / renew from time to time unsecured / secured deposits from members of the Company upto permissible limits as prescribed under Companies (Acceptance of Deposits) Rules, 2014.

Postal Ballot

No Special Resolution was passed by the Company last year through Postal Ballot. No Special Resolution is proposed to be passed through Postal Ballot as on the date of this report.

Disclosures

a. Related Party Transactions, comprising of contracts or arrangements with the related parties / entities in which Directors are interested, are entered in the Register of Contracts as per section 189 of the Act. None of the transactions with any of the related parties were in conflict with interest of Company as per requirements of Accounting Standard 18, they have been disclosed in notes to accounts annexed to the financial statements.

b. None of the Non-Executive Directors has any material pecuniary relationship or transaction with the Company.

c. The Independent Directors have confirmed that they meet the criteria of independence as stipulated under Section 149(6) of the Act, and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

d. There were no instances of non-compliance and no restrictions and penalties have been imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter related to capital market, during last three years.

e. The Company has policy on Whistle Blower/ Vigil Mechanism which is also posted on the website of the Company no personnel has been denied to access the Audit Committee.

f. There is no amount pending for transfer to the Investor Education and Protection Fund under Section 125 of the Act.

g. Website Linkage for Policies:

1) Familiarisation Program of Independent Directors: http://www.sanghviforge.com/policies.php

2) Related Party Transaction Policy : http://www.sanghviforge.com/policies.php

3) Whistler Blower Policy/Whistler Blower Policy: http://www.sanghviforge.com/policies.php

Mandatory Requirements

The Company has complied with the Mandatory Requirement of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Non Mandatory Requirements

The Company has not complied with Non Mandatory Requirements as specifically provided in Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Disclosure of the compliance with corporate governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), 2015:

Regulation No.	Particulars	Compliance Status (Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	NA
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the Company	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46 (2)(b) to (i)	Website as applicable	Yes

Means of Communication

The Annual and Quarterly Results are regularly published in Financial Express (Both in English and Gujarati), The News Papers, News Release & Presentation to Investors as per requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are also been displayed on our website viz. www.sanghviforge.com.

General Shareholder Information

A. Annual General Meeting	
Day and date of AGM	27th September 2019, Friday
Venue	At Registered office of the Company - 244/6-7, G.I.D.C. Industrial Estate, Waghodia-391760, Dist. Vadodara
Dividend Payment Date	Not Applicable
B. Registered office	244/6-7, G.I.D.C. Industrial Estate, Waghodia-391760, Dist. Vadodara
C. Book closure date	September 20, 2019 to September 27, 2019
D. Listing of Equity Shares	1) National Stock Exchange of India Limited Exchange Plaza, 5th Floor, C/1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

	2) BSE Limited Corporate Relationship Department, 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Mumbai - 400 001
E. Stock Code	NSE :- SANGHVIFOR BSE :- 533411
F. ISIN of NSDL and CDSL	INE263L01013
G. Present Financial Year	April 01, 2018 to March 31, 2019
H. Registrar and Share transfer agent	Big Share Services Pvt. Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments (next to keys hotel), MarolMaroshi Road, Andheri East, Mumbai 400059 Phone No:022 – 62638200 Email: info@bigshareonline.com
I. Share Transfer System	Share Transfers and all other investor related activities are attended to and processed at the Registered office of our Registrars and Transfer Agent (R&T). For lodgment of transfer deeds and any other documents or for any grievances/complaints kindly contact any of the offices of Big Share Services Pvt. Limited which are open from 10.00 a.m to 3.30 p.m between Monday to Friday (Except on bank holidays).
J. Dematerlisation of shares and liquidity	As on March 31, 2019, 14,192,283 shares were in dematerialised form representing 95.30% of total shares of the Company.
K. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity	Not Applicable
L. commodity price risk or foreign exchange risk and hedging activities	Not Applicable

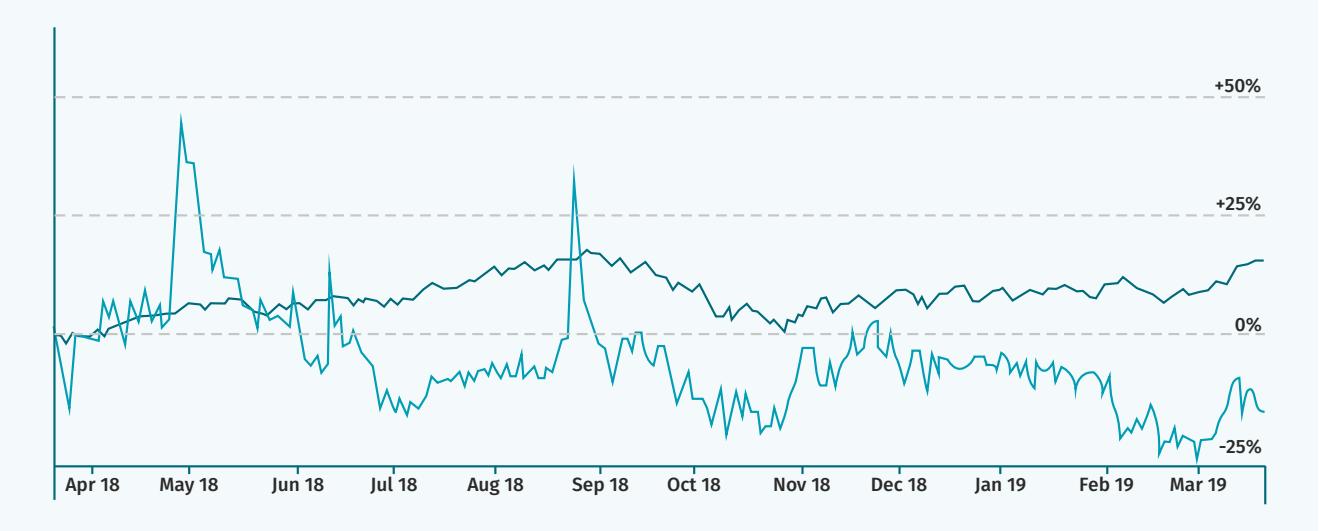
M. Performance of equity shares during the FY 2018-19

Monthly share price movement during the FY 2018-19 at BSE and NSE

Months	BSE			NSE		
	High Price (₹)	Low Price (₹)	Close Price (₹)	High Price (₹)	Low Price (₹)	Close Price (₹)
April-18	42.90	27.00	39.65	43.00	28.20	39.95
May-18	41.75	28.00	30.70	41.00	28.60	31.80
June-18	33.80	24.55	26.60	33.85	24.70	25.35
July-18	29.00	23.85	27.60	29.40	23.30	27.50
August-18	40.35	25.50	29.60	40.90	25.10	28.75
September-18	31.00	24.25	24.35	30.40	24.15	25.45
October-18	27.85	21.20	25.30	27.10	22.60	27.10
November-18	30.70	24.20	27.25	30.80	25.20	27.50
December-18	29.40	24.55	25.90	30.40	25.00	27.00
January-19	29.90	24.10	26.60	28.85	24.75	25.90
February-19	27.00	22.35	23.60	27.40	20.75	21.60
March-19	28.90	22.50	28.90	28.50	21.95	24.75

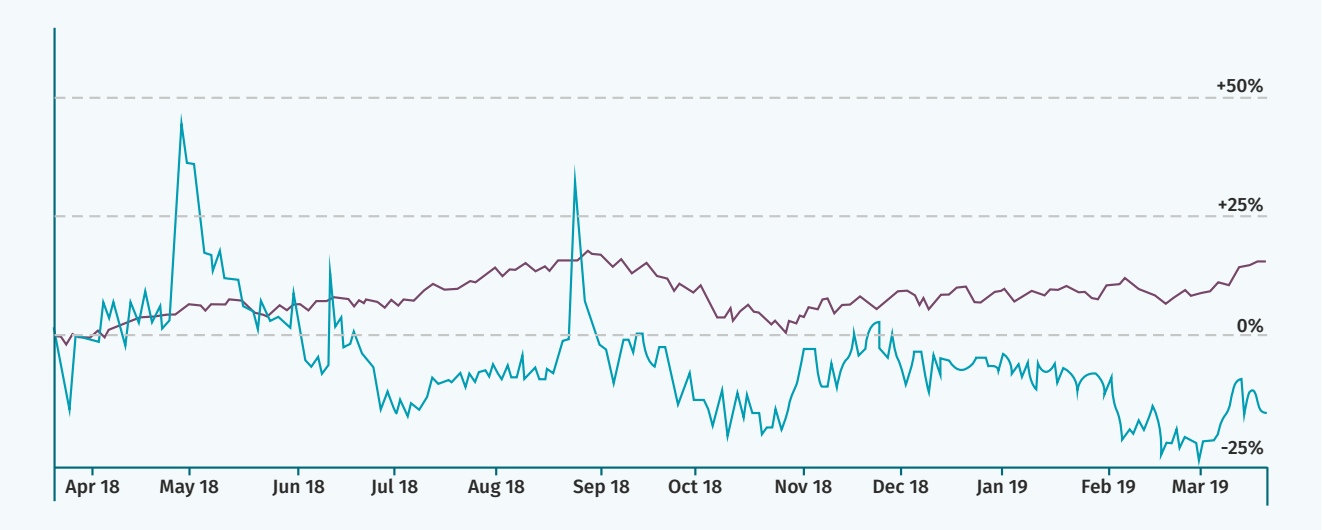
N. Sanghvi Forging & Engineering Limited vs BSE SENSEX Share Price

SANGHVI FORGING | SENSEX



O. Company vs Nifty

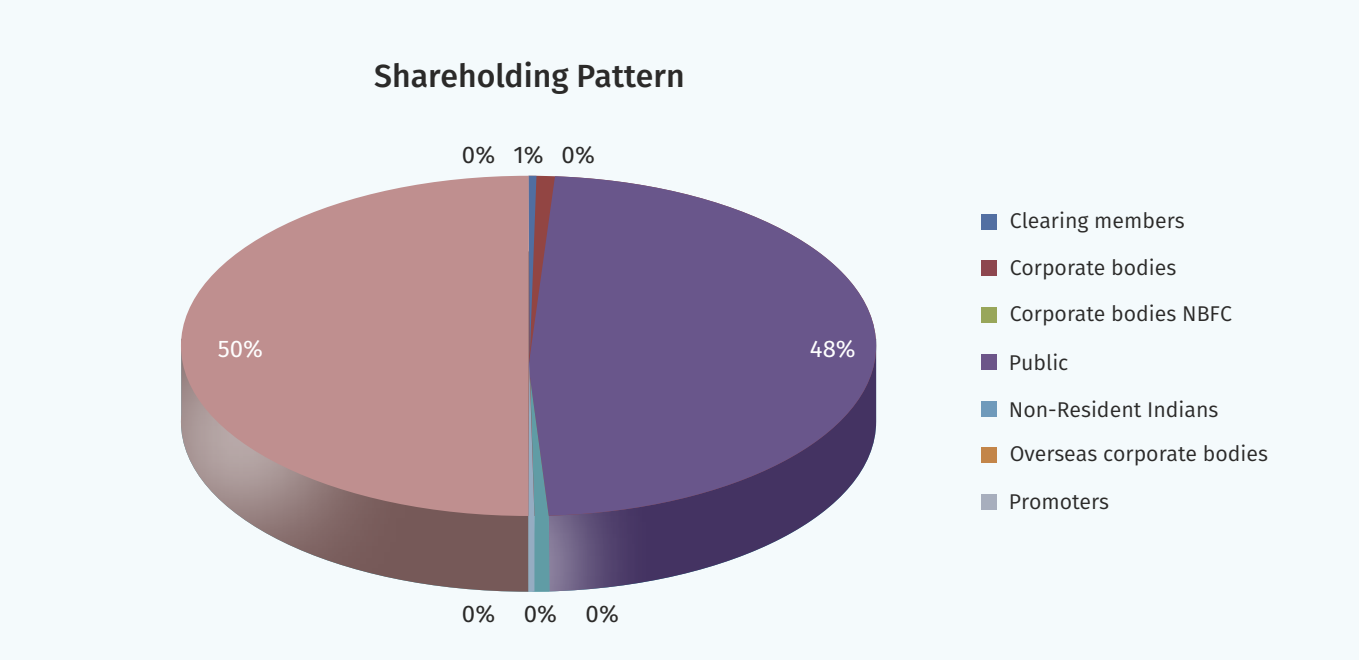
SANGHVI FORGING | NIFTY



P. Shareholding Pattern as on March 31, 2019

Category	No. of shareholders		No. of shares	
	Total shareholders	% of shareholder	Total share	%
Clearing members	10	0.21%	6385	0.04%
Corporate bodies	76	1.63%	280032	1.88%
Corporate bodies NBFC	1	0.03%	825	0.01%
Non-Resident Indians	47	1.01%	52328	0.35%
Overseas corporate bodies	2	0.04%	699981	4.70%
Promoters	23	0.49%	10076103	67.66%
Public	4494	96.58%	3776613	25.35%
Total	**4653**	**100%**	**14892267**	**100%**

Q. Shareholding Pattern as on March 31, 2019



R. Distribution of Shareholding as on March 31, 2019

Category		No. of shareholders	%	No. of shares	%
1	5000	3788	81.4098%	5357420	3.5975%
5001	10000	396	8.5106%	3278820	2.2017%
10001	20000	163	3.5031%	2563820	1.7216%
20001	30000	80	1.7193%	2016340	1.3540%
30001	40000	36	0.7737%	1235780	0.8298%
40001	50000	56	1.2035%	2647920	1.7781%
50001	100000	62	1.3325%	4781920	3.2110%
100001 and above		72	1.5474%	127040650	85.3000%
Total		**4653**		**148922670**	**100.0000%**

S. Plant Location : Plant # 1
244/6-7, G.I.D.C. Industrial Estate, Waghodia, Dist: Vadodara-391860

Plant # 2
1401, 1402, 1403, G.I.D.C. Industrial Estate, Waghodia, Dist: Vadodara-391860

T. Address for Correspondence:

The shareholders may address their communications/ suggestions/grievance/queries to:
Deepika Agrawal
Company Secretary & Compliance Officer
Sanghvi Forging and Engineering Limited
244/6-7, G.I.D.C. Industrial Estate, Waghodia, Vadodara-391860
Email: cs@sanghviforge.com
Phone: +91-2668-264100 Fax: +91-2668-263411

CORPORATE GOVERNANCE CERTIFICATE

To the Members of Sanghvi Forging and Engineering Limited

We have examined the compliance of the conditions of Corporate Governance by Sanghvi Forging and Engineering Limited for the year ended March 31, 2019 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Governance. It is neither an audit nor an expression of an opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We state that in respect of investor grievances received during the year ended March 31, 2019, no investor grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Suresh Kumar Kabra
Partner

Samdani Shah & Kabra
Company Secretaries
ACS No. 9711
CP No. 9927

Place: Vadodara

Date: August 12,2019

Declaration on Compliance with the Code of Conduct

I, Jayantilal Babulal Sanghvi, Chairman of Sanghvi Forging & Engineering Ltd hereby declare that all the Board members and senior managerial personnel have affirmed for the year ended March 31, 2019 compliance with the code of Conduct laid down for them.

For **Sanghvi Forging and Engineering Limited**

Shri Jayantilal Babulal Sanghvi
Chairman & Managing Director

Place: Vadodara
Date : August 12, 2019.

CEO AND CFO CERTIFICATION

We Jayantilal B Sanghvi, Managing Director and Vikram B Sanghvi, Executive Director and CFO, responsible for the finance function, certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of their knowledge and belief:

   1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of their knowledge and belief, no transactions entered into by the company during the year ended March 31, 2019 which was fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of which such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee:

   1. Significant changes in internal control over financial reporting during the year ended March 31, 2019;

   2. Significant changes in accounting policies during the year ended March 31, 2019 and that the same have been disclosed in the notes to the financial statements; and

   3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **Sanghvi Forging and Engineering Limited**

Place: Vadodara
Date: August 12, 2019

Jayantilal B Sanghvi
Chairman & Managing Director

Vikram B Sanghvi
Whole Time Director & CFO

SANGHVI FORGING & ENGINEERING LTD.

INDEPENDENT
AUDITOR'S REPORT
STANDALONE

INDEPENDENT AUDITOR'S REPORT

To the members of
SANGHVI FORGING & ENGINEERING LIMITED

Report on the Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Sanghvi Forging & Engineering Limited ("the Company")** which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss including Other Comprehensive Income, the statement of Changes in Equity and the statement of Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of Loss and other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters..

Key Audit Matters	How our Audit addressed the Key audit Matter
1. Revenue recognition and Measurements ▸ Refer to Note 2 (e) (Accounting policies) for revenue recognition and measurement, Note 21 of the standalone financial statements for aggregate revenue from sale of goods recognised as required by the applicable Ind AS. The Company recognises revenue from sale of goods when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the products have been delivered to the customer. ▸ Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties.	Our audit procedures included the following: ▸ Understood the Company's established processes and control mechanism for revenue recognition process, evaluated the key financial controls around such process. ▸ Performed tests of details, on a sample basis, and inspected the underlying, sales order, invoice copy terms of delivery, lorry receipt, bill of lading, invoice, collection to assess whether revenue recorded is as per the contract. ▸ Performed test of controls, over revenue recognition with specific focus on testing management controls on accuracy and timing of revenue recognition through inspection of evidence of performance of management controls. ▸ Considered the appropriateness of the Company's revenue recognition accounting policies in terms of Ind AS 115. ▸ Tested sales transactions near year end date as well as credit notes issued after the year end date. ▸ Verified that the revenue for the year are appropriately presented and disclosed in the Ind AS standalone financial statements.

2. Onerous obligations in respect of contracts and its recoverability of assets. ▪ Refer to Note(s) 8 to the standalone financial statements. The company has varied duration of receivables based upon individual contracts and historic obligations. A review was undertaken to ascertain the reasonableness of the amounts expected to fulfil such obligations and recoverability of outstanding / financial assets.	Our audit procedures included the following: ▪ Sample review of material contracts, ▪ Controls regarding review by management based upon function head feedback. ▪ Discussions with the management and responsible team members to evaluate the estimated recovery and time of collection.

Information other than the Standalone financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c. the Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the statements Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   e. On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in Note No. 30 of the standalone financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **V.K. SHASTRI & CO**
Chartered Accountants
FRN: 113325W

(CA. V.K.SHASTRI)
Partner
Membership No.: 042774

Place: Vadodara
Date: May 30, 2019

"ANNEXURE A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2019:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

   (b) As explained to us, the Fixed Assets are physically verified by the management at the year end, which in our opinion, is reasonable having regard to the size of the company and nature of its business and no material discrepancies have been noticed between the books records and the physical fixed assets.

   (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company. The title deeds of immovable properties are Leasehold rights of Factory Land and Building held by the company.

2. (a) The management has conducted the physical verification of inventory at reasonable intervals.

   (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.

4. In our opinion and according to the information and explanations given to us, and as per the expert legal opinion obtained by the Company, the Company has not granted any loans, or provided any guarantees or security to the parties covered under section 185 and 186 of the Companies Act, 2013.

5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. As per information& explanation given by the management, maintenance of cost records has been prescribed by the Central Government under- sub-section (1) of Section 148 of the Act, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally not regular in depositing undisputed statutory dues in respect of Provident Fund, Employee State Insurance Fund, Goods and Service Tax, Professional Tax, Income Tax-TDS and TCS with the appropriate authorities and following undisputed dues were outstanding for more than six months

   Income Tax – TDS ₹ 1681284/-, ESIC- ₹ 100657/-, Professional Tax – ₹ 186110/-

   Except this, there are no undisputed amounts payable in respect of Provident Fund, employee state Insurance, Income-Tax, Sales tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues which were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable

   (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute **except** for the details stated below. According to the information and explanations given to us and the records of the company examined by us, the particulars of disputed dues of Income Tax, Excise, Service Tax and Sales Tax as at March 31, 2019 details of which is as follows:

Name of Statue	Name of Dues ₹	Amount (₹ in '000)	Period to which amount relates (FY)	Forum where dispute is pending
Income Tax Act, 1961	Income tax Tax	5282.61	P.Y. 10-11 A.Y. 11-12	ITAT, Ahmedabad
Central Excise Act, 1944	Service Tax	5165.93	2011-12 to 2015-16	CESTAT Ahmedabad
Central Excise Act, 1944	Service Tax	6335.02	2011-2014	CESTAT Ahmedabad
Central Excise Act, 1944	Excise	2979.31	2011-12 to 2014-15	CESTAT Ahmedabad
Central Sales Tax Act, 1956	Sales Tax	7049.21	2010-11 to 2011-12	Asst. CCT (Appeal)
Central Sales Tax Act, 1956	Sales Tax	2306.69	2014-15	Asst. CCT (Appeal)

8. Based upon the audit procedures performed and the information and explanations given by the management, the company has defaulted in repayment of its loan and interest to the banks. Estimated instalments and interest due but not paid to the banks as at March 31, 2019 aggregated to ₹ 38,31,45,580 (P.Y. ₹ 21,82,72,680) & interest thereon ₹ 32,65,86,710 (P.Y. ₹. 20,68,09,060) since July 2016.

9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals and resolutions mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS standalone financial statements as required by the applicable accounting standards.

14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **V.K. SHASTRI & CO**
Chartered Accountants
FRN: 113325W

(CA. V.K.SHASTRI)
(Sole-Proprietor)
Membership No.: 042774

Place: Vadodara
Date: May 30, 2019

"ANNEXURE B" to the Independent Auditors' Report

of even date on the Standalone financial statements of Sanghvi Forging & EngineeringLimited for the year ended March, 31 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sanghvi Forging & Engineering Limited ("the Company")as of March 31, 2019 in conjunction with our audit of the Ind AS standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential Components of Internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accountants of India.

For **V.K. SHASTRI & CO**
Chartered Accountants
FRN: 113325W

(CA. V.K.SHASTRI)
(Sole-Proprietor)
Membership No.: 042774

Place: Vadodara
Date: May 30, 2019

SANGHVI
FORGING & ENGINEERING LTD.

FINANCIAL STATEMENT
STANDALONE

BALANCE SHEET As at March 31, 2019

(₹ in '000)

Sr.	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I.	**ASSETS**			
	(1) Non - Current Assets:			
	(a) Property, Plant and Equipment	3	1322990.96	1398153.35
	(b) Capital Work-in-Progress		240.83	-
	(c) Intangible Assets	3	1808.02	2209.57
	(d) Investment in Subsidiary	4	6.75	6.75
	(e) Financial Assets :			
	(i) Other Financial Assets	5	14404.02	4461.31
	(f) Other Non-Current Assets	6	9606.19	16068.75
	(2) Current Assets:			
	(a) Inventories	7	213678.92	225175.50
	(b) Financial Assets			
	(i) Trade Receivables	8	196295.58	194297.72
	(ii) Cash or Cash Equivalent	9	5238.98	2385.11
	(iii) Other Bank Balance	10	5443.23	11570.52
	(iv) Other Financial Assets	11	1420.58	403.74
	(c) Other Current Assets	12	41082.45	29045.93
	Total		**1812216.50**	**1883778.26**
II.	**EQUITY AND LIABILITIES**			
	Shareholders' Funds :			
	(a) Share Capital	13	148922.67	148922.67
	(b) Other Equity	14	(365858.49)	(166562.79)
	(1) Non-Current Liabilities:			
	(a) Financial Liabilities			
	(i) Borrowings	15	448169.69	571566.69
	(b) Provisions	16	3446.44	3013.73
	(2) Current Liabilities:			
	(a) Financial Liabilities :			
	(i) Borrowings	17	393717.03	384487.84
	(ii) Trade Payables	18		
	- Trade Payables for Others		224711.93	243344.04
	- Trade Payables for Micro, Small and Medium Enterprises		930.64	454.14
	(iii) Other Financial Liabilities	19	853790.00	607794.26
	(b) Other Current Liabilities	20	75829.10	66665.58
	(c) Provisions	21	28557.49	24092.10
	Total		**1812216.50**	**1883778.26**

Significant Accounting Policies
The accompanying Notes are integral Part of Financial Statements 1 - 42
As per our report of even date

For **V.K. Shastri & Co.**
Chartered Accountants
FRN No 113325W

CA V. K. Shastri
Proprietor
Membership No - 042774

For and on behalf of Board of Directors

Jayantilal Sanghvi
Chairman & Managing Director

Naresh Sanghvi
Director & COO

Vikram Sanghvi
Director & CFO

Deepika Agrawal
Company Secretary

Vadodara, dated May 30, 2019

PROFIT & LOSS STATEMENT For the year ended on March 31, 2019

(₹ in '000)

Sr.	Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I.	**INCOME :**			
	(a) Revenue from Operations (Gross)	22	611816.43	556122.06
	Net Revenue from Operations		**611816.43**	**556122.06**
	(b) Other Income	23	2587.60	10208.28
	Total Revenue		**614404.03**	**566330.34**
II.	**EXPENSES**			
	(a) Cost of Material Consumed	24	321182.18	296274.26
	(b) Changes in Inventory of Finished Goods and Work in Progress	25	(4276.09)	2515.23
	(c) Excise Duty on Sales		-	8996.81
	(d) Employee Benefits Expense	26	59843.09	66601.08
	(e) Finance Costs	27	157247.90	168992.66
	(f) Depreciation and Amortization Expense	28	85909.20	88331.17
	(g) Other Expenses	29	194034.08	165626.99
			813940.38	**797338.20**
III.	**PROFIT (LOSS) BEFORE EXCEPTIONAL ITEM & TAX (I-II)**		**(199536.35)**	**(231007.86)**
IV.	**EXCEPTIONAL ITEM**			
V.	**LOSS BEFORE TAX (III-IV)**		**(199536.35)**	**(231007.86)**
VI.	**TAX EXPENSES**			
	- Current Tax		-	-
	- Deferred Tax		-	-
	- (Excess) / Short Provision for tax relating to prior years		-	10.00
VII.	**LOSS FOR THE YEAR (V-VI)**		**(199536.35)**	**(231017.86)**
VIII.	**OTHER COMPREHENSIVE INCOME (NET OF TAX)**		240.65	(1473.70)
IX.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**		**(199295.70)**	**(232491.56)**
	Basic Earning Per Share(Face Value of ₹ 10 Per Share)		(13.40)	(15.51)
	Diluted Earning Per Share(Face Value of ₹ 10 Per Share)		(13.40)	(15.51)
	[Refer to Note No. 36]			

Significant Accounting Policies
The accompanying Notes are integral Part of Financial Statements 1 - 42
As per our report of even date

For **V.K. Shastri & Co.**
Chartered Accountants
FRN No 113325W

CA V. K. Shastri
Proprietor
Membership No - 042774

For and on behalf of Board of Directors

Jayantilal Sanghvi
Chairman & Managing Director

Naresh Sanghvi
Director & COO

Vikram Sanghvi
Director & CFO

Deepika Agrawal
Company Secretary

Vadodara, dated May 30, 2019

CASH FLOW STATEMENT For the year ended on March 31, 2019

(₹ in '000)

Sr.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A.	**Cash Flow From Operating Activities:**		
	Net Profit Before Tax	**(199536.35)**	**(231007.86)**
	Adjustment for:		
	Depreciation /Amortization /Impairment	85909.20	88331.17
	Interest Expense / Finance Cost	144788.64	159754.77
	Interest Income	(1956.53)	(869.72)
	Loss / (Profit) on sale of Fixed Assets	-	-
	Government Grant Received	205.91	205.91
	Bad debts/ advance written off	-	684.00
	Operating Profit Before Working Capital Changes	**29410.87**	**17098.27**
	Adjustment for (increase)/decrease in Operating assets:		
	Inventories	11496.58	(19883.04)
	Trade Receivables	(1997.86)	14936.75
	Short Term Loan & Advances	(1016.84)	(155.83)
	Other Current Assets	(12036.52)	(2295.25)
	Other non-current financial assets	(9942.71)	(1983.49)
	Other Non-Current Assets	6462.56	3653.65
		(7034.79)	**(5727.21)**
	Adjustment for (increase)/decrease in Operating liabilities:		
	Trade Payable	(18155.61)	47031.66
	Non-Current Liabilities-Provisions	432.71	1134.80
	Other financial Liabilities	246030.52	276111.03
	Other Current Liabilities	9163.52	13258.44
	Short Term Provisions	4465.39	247.88
		241936.53	**337783.81**
	Cash Generated From Operation	**264312.62**	**349154.86**
	Income Tax Expense	-	10.00
	Net Cash Generated From Operating Activities	**264312.62**	**349144.86**
B.	**Cash Flow From Investing Activities**		
	Purchase of property, plant and equipment/Intangible assets	(10345.29)	(10086.80)
	Change in CWIP	(240.83)	3554.85
	Sales / Devaluation of Assets	-	-
	Proceed from Sale of Fixed Assets	-	-
	Fixed Deposit / Margin Money with Bank	6127.29	(3771.30)
	Interest Received	1956.53	869.72
	Net Cash Used in Investing Activities	**(2502.29)**	**(9433.53)**

CASH FLOW STATEMENT For the year ended on March 31, 2019

(₹ in '000)

Sr.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
C.	**Cash Flow From Financing Activities**		
	Increase in Share Capital	-	-
	Security Premium	0.01	0.01
	Non - Current Investment	-	-
	Long Term Loan from Bank	(123397.00)	(209873.09)
	(Repayments) / Short Term Borrowing from Bank	9229.19	31175.43
	Finance Cost (Interest & Bank Charges)	(144788.64)	(159754.77)
	Net Cash used in Financing Activities	**(258956.45)**	**(338452.42)**
	Net Increase /(Decrease)in Cash and Bank Balance (A+B+C)	**2853.87**	**1258.91**
	Opening Balance of Cash & Cash Equivalent	**2385.11**	**1126.20**
	Closing Balance Cash & Cash Equivalent #	**5238.98**	**2385.11**
	# Comprises of,		
	Cash on Hand	1547.53	1523.05
	Balance with Bank - Current Accounts	3691.45	862.06
		5238.98	**2385.11**

As per our report of even date

For **V.K. Shastri & Co.**
Chartered Accountants
FRN No 113325W

CA V. K. Shastri
Proprietor
Membership No - 042774

Vadodara, dated May 30, 2019

For and on behalf of Board of Directors

Jayantilal Sanghvi
Chairman & Managing Director

Naresh Sanghvi
Director & COO

Vikram Sanghvi
Director & CFO

Deepika Agrawal
Company Secretary

STATEMENT OF CHANGES IN EQUITY

(A) Equity Share Capital

(₹ in '000)

Notes	Amount
As at March 31, 2017	**148922.67**
Change in equity share capital	-
As at March 31, 2018	**148922.67**
Change in equity share capital	-
As at March 31, 2019	**148922.67**

(B) Other Equity

(₹ in '000)

	Securities Premium	General Reserve	Retained Earnings	Total
As at April 1, 2017	**404967.97**	**3987.14**	**(343026.33)**	**65928.78**
Profit for the year	-	-	(231017.86)	(231017.86)
Other Comprehensive Income for the year	-	-	(1473.70)	(1473.70)
Total Comprehensive Income for the year	**-**	**-**	**(232491.56)**	**(232491.56)**
As at March 31, 2018	**404967.97**	**3987.14**	**(575517.90)**	**(166562.79)**
Profit for the year	-	-	(199536.35)	(199536.35)
Other Comprehensive Income for the year	-	-	240.65	240.65
Total Comprehensive Income for the year	**-**	**-**	**(199295.70)**	**(199295.70)**
Dividends	-	-	-	-
Tax on dividends	-	-	-	-
Transfer to general reserve	-	-	-	-
As at March 31, 2019	**404967.97**	**3987.14**	**(774813.60)**	**(365858.49)**

As per our report of even date

For **V.K. Shastri & Co.**
Chartered Accountants
FRN No 113325W

CA V. K. Shastri
Proprietor
Membership No - 042774

Vadodara, dated May 30, 2019

For and on behalf of Board of Directors

Jayantilal Sanghvi
Chairman & Managing Director

Naresh Sanghvi
Director & COO

Vikram Sanghvi
Director & CFO

Deepika Agrawal
Company Secretary

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

1. CORPORATE INFORMATION:

Sanghvi Forging & Engineering Limited (SFEL) is an ISO 9001:2008 Certified Indian Company engaged in the manufacturer of open and closed die forging products for the oil & gas, defense, ship building, power & other sectors. It also exports products to various foreign countries over the last two decades.

The Company has set up additional 15000 MTPA Heavy Forging Division in recent years (with single piece forging up to 40 MT) to manufacture proof machined products viz. stepped shafts, bars & hollows, blocks, flanged shafts, gear blanks, shells, tube sheets, forging items etc at GIDC Industrial Estate (at plot no. 1401, 1402 & 1403), Waghodia Dist: Vadodara.

2. SIGNIFICANT ACCOUNTING POLICIES TO FINANCIAL STATEMENTS:

2.1 Basis for preparation of financial accounting

(i) Statement of Compliance

The financial statement of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified pursuant to Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

(ii) Historical cost conversion

The Financial Statements have been prepared on historical cost conventions basis, except for the following:

- Certain financial instruments that are measured at fair value at the end of each reporting period;
- Defined benefit plans – plan assets measured at fair value.

(iii) Current and Non-Current classification

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classifications of its assets and liabilities as current and non-current.

(iv) Rounding of amounts

All amounts disclosed in the financial statement and notes have been rounded off to the nearest thousands as per the required of Schedule III, unless otherwise stated.

2.2 Use of estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statement.

The company has consistently applied following accounting policies to all the period presented in these financial statements.

a) Property, plant and equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its tangible and intangible assets recognised as of April 1, 2016(transition date) measured as per the previous GAAP and use that carrying value as its deemed cost of the transition date.

Leasehold land having lease of 99 years or more is treated as free hold land which is carried at cost. All other items of Property, Plant and Equipment are recorded at their cost of acquisition, net of taxes, less accumulated depreciation and impairment losses, if any. The cost thereof comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost for bringing the asset to its working condition for its intended use.

Borrowing costs on Property, Plant and Equipment's are capitalised when the relevant recognition criteria specified in Ind AS 23 Borrowing Costs is met.

Significant spares which have a usage period in excess of one year are also considered as part of Property, Plant and Equipment and are depreciated over their useful life.

Decommissioning costs, if any, on Property, Plant and Equipment are estimated at their present value and capitalised as part of such assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Subsequent cost is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset, is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation:

The Company depreciated its property, plant and equipment over the useful life in the manner prescribed in Schedule II of the Companies Act 2013 for the proportionate period of use during the year. The depreciation on assets is provided on the straight-line method considering the useful life and residual value of respective asset. The residual values are not more than 5% of the original cost of the asset. Depreciation on assets purchased / installed during the year is calculated on a pro-rata basis from the date of such purchase / installation.

The useful life considered for calculation of depreciation for various asset classes are as follows:

Particulars	Useful Life
Leasehold Land	20
Building (Factory)	30
Building (Residential)	60
Building (Fences, Wells, etc)	5
Road	5 to 10
Plant and Machinery	15
Plant and Machinery (Heavy Forging Process Machinery)	20 to 25*
Electrically Operated Vehicles	8
Electrical Installations	10
Laboratory Equipment	10
Windmill	22
Computers, Server & Networking Device	3
Furniture	10
Office equipment	5
Vehicles - Four Wheeler	8
Vehicles - Two Wheeler	10

*Based on an internal technical evaluation made by the company and on past experience, estimated useful life of Plant and machinery listed above best represent the period over which the management expects to use these assets. However, the useful lives for these assets are different from that prescribed in schedule II of the Act.

b) Intangibles

Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

Derecognition of intangible assets

Intangible assets are derecognised either on their disposal or where no future economic benefits are expected from their use. Gain or loss arising on such derecognition is recognised in profit or loss and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of derecognition.

c) Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost Comprise all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw Materials are valued at the lower of cost and net realizable value. Cost is ascertained on a moving weighted average basis.

Work-in-progress, finished goods and traded goods are carried at the lower of cost and net realizable value. Cost is determined on a weighted average basis. In case of work-in-progress and manufactured finished goods, cost includes material, labour and production overheads. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

d) Impairment of non-financial assets

Assets subject to amortisation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. These are treated as impaired when the carrying cost thereof exceeds its recoverable value. Recoverable value is higher of the asset's net selling price or value in use. Value in use is

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount receivable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and taxes, revenue from sale of goods is recognised on transfer of significant risk and rewards of ownership of products to the customers, which is generally on dispatch of goods.

Revenue from job charges is recognised on completion of job work. Interest incomes are recognised on time proportion basis.

Dividend

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

f) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of noncash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

g) Leases

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

Company as a lessee-

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.

Company as a lessor-

Rental income from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

h) Foreign Currency Transactions

On initial recognition, transactions in currencies other than the Company's functional currency (foreign currencies) are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous period are recognised in profit or loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

i) Taxation

▸ Current Income Taxes:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

▸ Deferred Tax:

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

▸ MAT Credit:

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as a deferred tax asset only to the extent that there is reasonable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The MAT credit to the extent there is reasonable certainty that the Company will utilise the credit is recognised in the Statement of profit and loss and corresponding debit is done to the Deferred Tax Asset as unused tax credit.

j) Employee Benefits

▸ Short term employee benefits:

Employee benefits payable wholly within twelve months of rendering the service the service are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service.

▸ Post-Employment benefits:

Defined benefit plans: All employees are covered under Employees' Gratuity Scheme, which is a defined benefit plan. The Company contributes to a fund maintained with Life Insurance Corporation of India (LIC) on the basis of the year-end liability determined based on actuarial valuation using the

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Projected Unit Cost Method. Re-measurement of the net defined benefit liability, which comprise actuarial gains/losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised in Other Comprehensive Income. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

Defined contribution plans: All employees are covered under contributory provident fund benefit of a contribution of 12% of basic salary. Contributions to defined contribution scheme is charges to the Statement of Profit and Loss of the year, on due basis. There are no obligations other than the contributions payable to the respective funds.

Long-term employee benefits: Provision for long-term employee benefits comprise of compensated absences. There are measured on the basis of year-end actuarial valuation in line with the Company's rules for compensated absences. Re-measurement gains or losses are recognised in profit or loss in the period in which they arise.

k) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are considered as a part of cost of such assets less interest earned on the temporary investment. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are charged to Statement of Profit & Loss in the year in which they are incurred.

l) Provisions and contingent liabilities

▸ Provisions:

The Company recognises a provision when: it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

▸ Contingent Liability and Contingent Assets:

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

▸ Onerous Contract:

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognises impairment on the assets with the contract.

m) Earnings Per Share (EPS)

Basic earnings per Share are computed by dividing the net profit or loss for the year attributable to equity share holders, by the weighted average number of equity share outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted number of equity and equivalent diluted equity shares outstanding during the year except where the results would be antidilutive.

n) Government Grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic basis over the expected useful life of the related asset.

o) Cash and cash equivalents

Cash and cash equivalents include cash at bank and deposit with banks having original maturity of not more than three months. Bank deposit with original maturity period of more than three months but less than twelve months are classified as other bank balances.

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and fixed deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

p) Investments in the nature of equity in subsidiaries, joint venture and associates

The Company has elected to recognise its investments in equity instruments in subsidiaries, joint venture and associates at cost in the separate financial statements in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

q) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement-

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent measurement-

For purposes of subsequent measurement, financial assets are classified in Three categories:

i. Financial assets measured at amortised cost
ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. A financial asset that meets the following two conditions is measured at amortized cost.

- **Business Model test:** The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- **Cash flow characteristics test:** Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

ii. A financial asset that meets the following two conditions is measured at fair value through OCI.

- **Business Model test:** The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- **Cash flow characteristics test:** The contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

iii. All other financial assets are measured at fair value through profit and loss.

Equity instruments

All equity instruments in scope of Ind AS 109 - [] are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

Derecognition-

A financial asset is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The contractual rights to receive cash flows from the asset have expired, or
- The Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and

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for the year ended March 31, 2019

receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Impairment of financial assets-

In accordance with Ind AS 109, The company assesses impairment based on expected credit losses (ECL) model at an amount equal to:-

- 12 months expected credit losses, or
- Lifetime expected credit losses depending upon whether there has been a significant increase in credit risk since initial recognition.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Financial liabilities-

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative entered into by the Company that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Derecognition-

A financial liability is de recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability de recognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments-

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, full currency swap, options and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

r) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

t) Recent accounting pronouncements

Application of New Indian Accounting Standards

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 has notified the new Ind AS and certain amendments to existing Ind ASs. They shall come into force on 1st April, 2019 and therefore, the company shall apply the same with effect from that date.

(a) New Indian Accounting Standard (Ind AS 116) "Leases":

Ind AS 116 will replace the existing leases standard, Ind AS 17 "Leases" w.e.f. April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as prescribed in Ind AS 17. The effect on the Financial statements on adoption of Ind AS 116 is being evaluated by the Company.

(b) Other Amendments:

Several other Indian Accounting Standards have been amended on various issues with effect from April 1, 2019. The following amendments are relevant to the company:

- Ind AS 12 "Income Taxes"- Income tax consequences of dividend and uncertainty over income tax treatments;
- Ind AS 19 "Employee Benefits"- Accounting for plan amendment, curtailment or settlement;
- Ind AS 109 "Financial Instruments"- Measurement of prepayment features with negative compensation in case of debt instruments;

None of these amendments are expected to have any material effect on the Company's financial statements.

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

as on March 31, 2019

Notes: 3 - Property, Plant & Equipment

(₹ in '000)

Particulars	Freehold Land	Leasehold Land	Buildings	Buildings-Residential	Roads	Plant & Equipment	Electrical Installation	Office Equipment	Computers	Furniture & Fixture	Vehicles	Lab Equipment	Total
Cost													
As at April 1, 2017 (Deemed Cost)	**25393.00**	**171.41**	**243444.69**	**204.97**	**65.61**	**1226403.51**	**63487.74**	**1427.11**	**1499.34**	**1386.87**	**2904.69**	**-**	**1566388.94**
Additions	246.28	-	3632.41	-	-	2,330.40	27.40	91.60	310.42	1629.58	-	7.55	8,275.63
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	**25639.28**	**171.41**	**247077.10**	**204.97**	**65.61**	**1228733.91**	**63515.13**	**1518.71**	**1809.76**	**3016.45**	**2904.69**	**7.55**	**1574664.57**
Additions	-	-	1000.38	-	-	8575.39	576.07	61.20	27.14	85.60	-	-	10325.78
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	**25639.28**	**171.41**	**248077.48**	**204.97**	**65.61**	**1237309.30**	**64091.20**	**1579.91**	**1836.90**	**3102.05**	**2904.69**	**7.55**	**1584990.35**
Accumulated Depreciation													
As at April 1, 2017	**-**	**14.28**	**10849.27**	**3.66**	**-**	**66405.14**	**8945.73**	**521.73**	**611.50**	**428.85**	**868.76**	**-**	**88648.94**
Depreciation For the year 2018	-	14.28	10847.80	3.66	-	66584.98	8576.72	416.40	565.05	178.08	674.73	0.58	87862.28
Deletions/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	**-**	**28.57**	**21697.08**	**7.33**	**-**	**132990.12**	**17522.44**	**938.13**	**1176.55**	**606.93**	**1543.49**	**0.58**	**176511.22**
Depreciation For the year 2018	-	14.28	10700.10	3.66	-	64882.94	8,580.92	180.25	141.51	326.48	657.29	0.72	85488.14
Deletions/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	**-**	**42.85**	**32397.17**	**10.99**	**-**	**197873.06**	**26103.36**	**1118.38**	**1318.06**	**933.41**	**2200.78**	**1.29**	**261999.36**
Net Block													
As at March 31, 2018	**25639.28**	**142.84**	**225380.02**	**197.64**	**65.61**	**1095743.79**	**45992.69**	**580.58**	**633.21**	**2409.51**	**1361.20**	**6.97**	**1398153.35**
As at March 31, 2019	**25639.28**	**128.56**	**215680.31**	**193.98**	**65.61**	**1039436.24**	**37987.84**	**461.53**	**518.84**	**2168.64**	**703.91**	**6.26**	**1322990.99**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 3 - Property, Plant & Equipment (contd..)

(₹ in '000)

Intangible assets	Software
Cost	
As at April 1, 2017 (Deemed Cost)	**3155.86**
Additions	575.73
Disposals	-
As at March 31, 2018	**3731.59**
Additions	19.51
Disposals	-
As at March 31, 2019	**3751.10**
Accumulated Depreciation	
As at April 1, 2017	**1115.17**
Depreciation For the year 2018	406.84
Deletions/Adjustments	-
As at March 31, 2018	**1522.01**
Depreciation For the year 2018	421.06
Deletions/Adjustments	-
As at March 31, 2019	**1943.07**
Net Block	
As at March 31, 2018	**2209.57**
As at March 31, 2019	**1808.03**

Notes: 4
Investments (In the Nature of Equity in Subsidiaries)

(₹ in '000)

	Particulars	As at March 31, 2019	As at March 31, 2018
	Investments in Subsidiary - Sanghvi Europe B.V. (Having 100 Shares of Face Value of Euro 1 each fully paid)	6.75	6.75
	Total	**6.75**	**6.75**

Notes: 5
Financial Assets

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Other Financial Assets		
	(a) Security Deposits	14404.02	4461.31
	(b) Other Loans & Advances #	-	-
	# Includes primarily Gratuity Payable (Dr. Bal) etc.		
	Total	**14404.02**	**4461.31**

Notes: 6
Other Non-Current Assets

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Balance with Revenue Authorities	9606.19	16068.75
(b)	Advances for Capital Goods	-	-
	Total	**9606.19**	**16068.75**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 7
Inventories

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Raw Materials	36216.66	62265.53
(b)	Work-in-Progress	149546.39	149935.13
(c)	Stores & Spare Parts	18379.29	9376.55
(d)	Packing Materials	1629.15	355.70
(e)	Scrap	7907.42	3242.59
	(For mode of valuation of inventories, refer note no. 2.2(c)		
	Total	**213678.92**	**225175.50**

Notes: 8
Trade Receivables

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	- Unsecured		
	(i) Considered good	196295.58	194297.72
	Total	**196295.58**	**194297.72**

Notes: 9
Cash & Cash Equivalent

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Cash on Hand	1547.53	1523.05
(b)	Balance with Banks :		
	In Current Accounts	3691.45	862.06
	Total	**5238.98**	**2385.11**

Notes: 10
Other Bank Balance

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Other Balance with Bank - Fixed deposit as Margin Money under bank lien (Balance with banks to the extent held as Margin Money having maturity less than 12 month)	5443.23	11570.52
	Total	**5443.23**	**11570.52**

Notes: 11
Other Financial Assets

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Accrued Interest on Deposits	1420.58	403.74
(b)	Other Receivables	-	-
	Total	**1420.58**	**403.74**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 12
Other Current Assets

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Balance with Revenue Authorities	33225.93	18385.48
(b)	Pre - Paid Expense	1601.66	689.24
(c)	Advance to Suppliers	3967.10	5794.40
(d)	Export Incentive Receivables	2287.70	4176.81
	Total	**41082.45**	**29045.93**

Notes: 13
Share Capital

Particulars	As at March 31, 2019 Nos.	As at March 31, 2019 (₹ in '000)	As at March 31, 2018 Nos.	As at March 31, 2018 (₹ in '000)
Equity Share Capital				
(a) Authorised :				
20,000,000 No. of Equity Shares Of ₹ 10 each	20000000	200000.00	20000000	200000.00
(b) Issued, Subscribed & Paid up Share Capital :				
1,48,92,267 No. of Equity Shares of ₹ 10 Each	14892267	148922.67	14892267	148922.67
(P.Y. 1,48,92,267 No. of Equity Shares of ₹ 10 Each)				
Total	**14892267**	**148922.67**	**14892267**	**148922.67**

(a) Right to vote, dividend and restriction attached to each class of issued capital to be disclosed.

All the Shareholders whose name is entered in the Registered of Members of the Company shall enjoy the same voting rights and be subject to the same liabilities as all other shareholder of the same class.

(b) Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As on March 31, 2019 Nos.	As on March 31, 2019 (₹ in '000)	As on March 31, 2018 Nos.	As on March 31, 2018 (₹ in '000)
Equity Share Capital				
At the beginning of the year	14892267	148922.67	14892267	148922.67
Issued during the year				
(a) Preferential Issue by conversion of warrant				
Outstanding at the end of the year	**14892267**	**148922.67**	**14892267**	**148922.67**

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company (Equity Shares of ₹ 10 each fully paid)

Sr.	Name of the Shareholder	As on March 31, 2019 No. of shares	As on March 31, 2019 % of holding	As on March 31, 2018 No. of shares	As on March 31, 2018 % of holding
1	Shri Jayantilal B. Sanghvi	1925591	12.93	1925591	12.93
2	Shri Babulal S. Sanghvi	1714283	11.51	1714283	11.51
3	Shri Naresh B. Sanghvi	1835731	12.33	1832931	12.33
4	Shri Vikram B. Sanghvi	1505682	10.11	1505682	10.11
	Total	**6981287**	**46.88**	**6978487**	**46.88**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 14
Other Equity

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	**Securities Premium**		
	As per last balance sheet	404967.97	404967.97
	Add : Premium of Shares Issued during the year	-	-
	Closing Balance	**404967.97**	**404967.97**
(ii)	**General Reserve**	**3987.14**	**3987.14**
(iii)	**Retained Earnings**		
	As per last balance sheet	(575517.90)	(343026.34)
	Add : Loss for the Year	(199536.35)	(231017.86)
	Other Comprehensive Income for the year	240.65	(1473.70)
	Closing Balance	**(774813.60)**	**(575517.90)**
	Total	**(365858.49)**	**(166562.79)**

Nature and purpose of each reserve

(a) Securities premium reserve - The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Companies Act 2013.

(b) General reserve: The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Notes: 15
Financial Liabilities

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	**Borrowings**		
	(a) Term Loan from Banks	346235.11	455984.77
	- Secured against all fixed assets (existing & proposed) and Equitable Mortgage over Leasehold Land & Personal Guarantees of Directors including pledge of their shares		
	(b) Unsecured Loans		
	- Loans & Advances from Related Parties	80110.37	99163.61
	- From Inter Corporate Deposits	21824.20	16418.31
	Total	**448169.69**	**571566.69**

Notes: 16
Provisions

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Gratuity Payable-Long Term	3034.63	2396.01
(ii)	Deferred Government Grant	411.81	617.72
	Total	**3446.44**	**3013.73**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 17
Financial Liabilities

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	**Borrowings**		
	(a) Working Capital Loan from Banks	393717.03	384487.84
	(Against Hypothecation of Entire Current Assets - Stock of Raw Material, Work-in-Progress, Finished Goods, Stores & Spares, Trade Receivables, etc.)		
	Total	**393717.03**	**384487.84**

Notes: 18
Trade Payables

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Trade Payables For Others	224711.93	243344.04
(b)	Trade Payables For Micro, Small & Medium Enterprises	930.64	454.14
	Total	**225642.57**	**243798.18**

Notes: 19
Other Financial Liabilities

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Current Maturity of long term Loan	127755.00	167077.70
	(Secured against all fixed assets (existing & proposed) and Equitable Mortgage over Leasehold Land. Personal Guarantees of Directors including pledge of their shares)		
(b)	Term Loan Installment due remain unpaid	383145.58	218272.68
(c)	Interest Accrued and Due - Not Debited by Bank	304153.80	184376.15
(d)	Interest Debited by bank but remains unpaid	22432.91	22432.91
(e)	Payable - For Capital Goods	16074.80	15406.91
(f)	Other Outstanding Liabilities	227.91	227.91
	Total	**853790.00**	**607794.26**

Notes: 20
Other Current Liabilities

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Advance from Customers	15303.33	47833.02
(b)	Duties & Taxes Payable	60525.77	18832.56
	Total	**75829.10**	**66665.58**

Notes: 21
Provisions

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	For Employee Benefit Expenses	2692.82	2058.76
(b)	For Other Expenses	25864.67	22033.34
	Total	**28557.49**	**24092.10**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 22
Revenue from Operations

(₹ in '000)

Sr.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	**Sale of Flanges, Fittings, Forged Bars & Scrap**		
	(i) Finished Goods #		
	Sales - Domestic	521046.12	375210.51
	Sales - Export	35873.02	116680.35
	Total	**556919.14**	**491890.86**
	(ii) Manufacturing Scrap #	46037.07	51418.39
		602956.21	**543309.25**
(b)	**Other Operating Revenues**		
	Duty Draw Back & Other Export Incentive	1748.52	2839.77
	Power Generation	2310.54	2076.28
	Other Operating Revenues	4801.16	7896.76
		8860.22	**12812.81**
	Net Revenue from Operations	**611816.43**	**556122.06**

In accordance with the requirements of IND AS 115, Revenue from Operations for the year ended March 31, 2019 is shown net of Goods and Service Tax (GST).

Notes: 23
Other Income

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest From Bank & Other	1956.53	869.72
Exchange Fluctuation gain/(loss)(Net)	(1003.98)	4569.18
Misc. Income	1635.05	4769.38
Total	**2587.60**	**10208.28**

Notes: 24
Cost of Material Consumed

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Steel Consumed		
Opening Balance	62265.53	43372.00
Add : Purchase	295133.31	315167.79
	357398.84	**358539.79**
Less : Closing Stock	36216.66	62265.53
Raw Material Consumed	**321182.18**	**296274.26**

Information Relating to Consumption of Material
Consumption of Imported & Indigenous Materials

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Imported Items	15997.54	11232.63
	4.98%	3.79%
Indigenous Items	305184.64	285041.63
	95.02%	96.21%
	321182.18	**296274.26**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 25
Changes in Inventories of Finished Goods and Work in Progress

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(Increase) / Decrease in		
Closing Stock		
- Finished Goods	-	-
- Work - in - Progress	149546.39	149935.13
- Scrap	7907.42	3242.59
	157453.81	**153177.72**
Opening Stock		
- Finished Goods	-	-
- Work - in - Progress	149935.13	149146.41
- Scrap	3242.59	6546.54
	153177.72	**155692.95**
(Increase) / Decrease in Stock	**(4276.09)**	**2515.23**

Notes: 26
Employees Benefit Expense

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salary & Wages & Bonus	55167.72	61916.53
Contribution to Provident & Other Funds	3918.00	3743.95
Staff Welfare Expense	757.38	940.59
Total	**59843.09**	**66601.08**

Notes: 27
Finance Cost

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expense	144788.64	159754.77
Bank Charges	12459.26	9237.89
Total	**157247.90**	**168992.66**

Notes: 28
Depreciation and Amortization Expense

(₹ in '000)

Sr.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1	Depreciation & Amortization on Tangible Assets	75622.52	77531.02
2	Amortization on Intangible Assets	10286.69	10800.15
	Total	**85909.20**	**88331.17**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 29
Other Expenses

(₹ in '000)

Sr.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	**Manufacturing Expense :**		
	Power Consumed	31440.38	24140.74
	Fuel Consumed	74545.44	47044.79
	Stores Consumed	14973.14	17055.40
	Wages - Job Work Charges	23444.84	22098.18
	Repairs and Maintenance - Buildings	464.08	349.55
	Repairs and Maintenance - Plant & Machinery	2172.63	1886.68
	Total (a)	**147040.51**	**112575.34**
(b)	**Administrative & Other Expense :**		
	Payment to Auditors		
	- Audit Fees	375.00	325.00
	- Certification and Other matters	-	122.50
	Director Sitting Fees	300.00	450.00
	Insurance Expense	727.17	888.08
	Professional Fees	5786.74	6357.25
	Rates & Taxes	4535.57	3676.11
	Rent Expense	868.22	750.25
	Repairs and maintenance - Others	2043.80	1719.84
	Bad debts	-	684.00
	Miscellaneous Expense	32348.05	38078.62
	Total (b)	**46993.55**	**53051.65**
	Total (a+b)	**194034.08**	**165626.99**

Notes: 30
Contingent Liabilities

A. Disputed Liabilities - In Appeal

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
- Income Tax on Accounts of Disallowance	5282.69	5282.69
- Service Tax on Account of Cenvat Credit	11500.95	11500.95
- Excise on Account of Cenvat Credit	2979.31	2979.31
- Central Sales Tax Demand on Account of 'C' Form	9355.90	7049.21

The future cash flows in respect of the above, if any, is determinable only on receipt of judgments/decisions pending with relevant authorities. The company does not expect the outcome of matters stated above to have a material adverse effect on the Company's financial conditions, result of operation or Cash Flow.

B. Guarantee Given By Bankers on Behalf of Company

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
- Bank Guarantee	6157.15	2300.61

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 31

C.I.F. Value of Imports

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Capital Goods	-	-
Raw Material	1924.39	12171.72

Notes: 32

(a) Expenditure in Foreign Currency

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Commission on Export Sales	235.99	51.11
Finance Cost	7964.60	5849.59
Exhibitions & Sales Promotion	-	-
Foreign Travel Expenses	40.51	485.85

(b) Earnings in Foreign Currency

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
F.O.B. value of exports	8578.10	127475.80

Notes: 33

Exchange difference Gain/(Loss) on account of fluctuations in foreign currency rates

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Relating to Exports during the year as part of Sales	(2173.76)	(792.97)

(a) Recognized in Profit and Loss Account

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
On settlement / revaluation of current assets	(2258.17)	(3468.32)
On settlement / revaluation of current liabilities	(919.57)	(320.89)

Notes: 34

Details of amount Capitalised during the year to Fixed Assets

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Interest & Other Finance Charges	-	-
Foreign Exchange (Gain) / Loss (Net)	8708.83	1689.12
Total	**8708.83**	**1689.12**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 35

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2019. The disclosure pursuant to the said Act is as under

(₹ in '000)

	Particulars	March 31, 2019	March 31, 2018
(a)	The Principal amount and the interest due thereon remaining unpaid to any supplier as	-	-
	- Principal amount due to micro and small enterprises	930.64	485.78
	- Interest due on above	140.31	6.53
(b)	The amount of interest paid by the buyer in terms of section 16 of the Micro and Small Enterprises Development Act, 2006, along with the amounts of the payments made to supplier beyond the appointed day during each accounting year.	5.03	9.99
(c)	The amount of interest sue and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	141.81	33.65
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of Micro and Small Enterprises Developments Act, 2006.	-	-

The Company has initiated the process of identification of suppliers registered under Micro and Small Enterprises Developments, Act 2006 by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received.

Notes: 36 - Computation of Earnings per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

(₹ in '000)

	Particulars	March 31, 2019	March 31, 2018
a)	**Basic Earnings Per Share**		
	From continuing operations attributable to the equity shareholders of the company	(13.40)	(15.51)
	From discontinued operations	-	-
	Total basic earnings per share attributable to the equity shareholders	**(13.40)**	**(15.51)**

(₹ in '000)

	Particulars	March 31, 2019	March 31, 2018
b)	**Diluted Earnings Per Share**		
	From continuing operations attributable to the equity shareholders of the company	(13.40)	(15.51)
	From discontinued operations	-	-
	Total diluted earnings per share attributable to the equity shareholders	**(13.40)**	**(15.51)**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 36 - Computation of Earnings per Share (EPS) (contd..)

(₹ in '000)

	Particulars	March 31, 2019	March 31, 2018
c)	**Reconciliation of earnings used in calculating earnings per share**		
	Basic Earnings Per Share	(13.40)	(15.51)
	Profit attributable to the equity shareholders of the company used in calculating basic and diluted earnings per share:	(199,536.35)	(231,017.86)
	From continuing operations	(199,536.35)	(231,017.86)
	From discontinued operations	-	-

Notes: 37 - Related Party Details

(a) Related Party Disclosure

Key Management Personnel	Mr. Jayantilal B. Sanghvi
	Mr. Naresh B. Sanghvi
	Mr. Vikram B. Sanghvi
	Mr. Ram Chandra Prasad
	Mr. Baba Karnire Pai
	Mr. Ram Swaroop Kaushal
	Smt. Aruna Sunilkumar Khasgiwala
Relative of Key Management Personnel	Mr. Babulal S. Sanghvi
	Smt. Bhamridevi B. Sanghvi
	Smt. Meena J. Sanghvi
	Smt. Kiran N. Sanghvi
	Smt. Sheetal V. Sanghvi
	Mr. Mahesh B Sanghvi
Enterprises under Significant Influence of Key Management Personnel or their Relatives	Babulal Sanghvi (HUF)
	Jayantilal Sanghvi (HUF)
	Naresh Sanghvi (HUF)
	Vikram Sanghvi (HUF)
	Babulal Sanghvi (HUF))
	Gautam Stainless Pvt. Ltd.
	Sanghvi Exim LLP
	Labdhi Forging
Subsidiary Company	Sanghvi Europe B V

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 37 - Related Party Details (contd..)

(b) Related Party Transaction

(₹ in '000)

Particulars	Subsidiary Company		Key Management Personnel		Relative of Key Management Personnel		Enterprises under Significant Influence of Key management Personnel or their Relatives		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Purchase of Goods/DEPB	**-**	**-**	**-**	**-**	**-**	**-**	**6329.54**	**512.47**	**6329.54**	**512.47**
Gautam Stainless Pvt. Ltd.	-	-	-	-	-	-	217.93	512.47	217.93	512.47
Sanghvi Exim LLP	-	-	-	-	-	-	3664.74	-	3664.74	-
Labdhi Forging	-	-	-	-	-	-	2446.87	-	2446.87	-
Purchase of Tangible Assets	**-**	**186.59**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**186.59**
Sanghvi Europe B.V.	-	186.59	-	-	-	-	-	-	-	186.59
Receiving of Services	**-**	**-**	**-**	**-**	**-**	**-**	**500.00**	**231.47**	**500.00**	**231.47**
Gautam Stainless Pvt. Ltd.	-	-	-	-	-	-	500.00	231.47	500.00	231.47
Sale of Goods	**5489.86**	**29241.32**	**-**	**-**	**-**	**-**	**7289.62**	**2689.49**	**12779.48**	**31930.80**
Gautam Stainless Pvt. Ltd.	-	-	-	-	-	-	1874.84	541.30	1874.84	541.30
Sanghvi Europe B.V.	5489.86	29241.32	-	-	-	-	-	-	5489.86	29241.32
Sanghvi Exim LLP	-	-	-	-	-	-	5414.78	2148.19	5414.78	2148.19
Interest paid	**-**	**-**	**-**	**-**	**-**	**-**	**204.15**	**917.63**	**204.15**	**917.63**
Gautam Stainless Pvt. Ltd.	-	-	-	-	-	-	204.15	917.63	204.15	917.63
Loans - Repaid / Converted	**-**	**-**	**39921.08**	**6630.46**	**1376.00**	**1235.00**	**9362.74**	**8454.66**	**50659.82**	**16320.12**
Babulal S. Sanghvi	-	-	1420.00	200.00	-	-	-	-	1420.00	200.00
Jayantilal B. Sanghvi	-	-	10786.08	560.46	-	-	-	-	10786.08	560.46
Naresh B. Sanghvi	-	-	9965.00	750.00	-	-	-	-	9965.00	750.00
Vikram B. Sanghvi	-	-	14285.00	5120.00	-	-			14285.00	5120.00
Bhamridevi B. Sanghvi	-	-	-	-	-	500.00	-	-	-	500.00
Meena J. Sanghvi	-	-	-	-	151.00	300.00	-	-	151.00	300.00
Kiran N. Sanghvi	-	-	-	-	225.00	435.00	-	-	225.00	435.00
Sheetal V. Sanghvi	-	-	-	-	1000.00	-	-	-	1000.00	-
Jayantilal B. Sanghvi (HUF)	-	-	520.00	-	-	-	-	-	520.00	-
Naresh B. Sanghvi (HUF)	-	-	2785.00	-	-	-	-	-	2785.00	-
Vikram Sanghvi (HUF)	-	-	160.00	-	-	-	-	-	160.00	-
Gautam Stainless Pvt. Ltd.	-	-	-	-	-	-	9362.74	8454.66	9362.74	8454.66
Loans - Received / Taken	**-**	**-**	**12086.08**	**235.02**	**2055.00**	**500.00**	**4320.29**	**2083.87**	**18461.36**	**2818.89**
Babulal Sanghvi	-	-	1975.00	200.00	-	-	-	-	1975.00	200.00
Jayantilal B. Sanghvi	-	-	4551.08	34.01	-	-	-	-	4551.08	34.01
Vikram B. Sanghvi	-	-	4380.00	1.01	-	-	-	-	4380.00	1.01
Kiran N. Sanghvi	-	-	-	-	800.00	-	-	-	800.00	-
Bhamridevi B. Sanghvi	-	-	-	-	-	500.00	-	-	-	500.00
Sheetal V. Sanghvi	-	-	-	-	1175.00	-	-	-	1175.00	-
Meena J. Sanghvi	-	-	-	-	80.00	-	-	-	80.00	-
Babulal Sanghvi (HUF)	-	-	450.00	-	-	-	-	-	450.00	-
Jayantilal Sanghvi (HUF)	-	-	185.00	-	-	-	-	-	185.00	-
Naresh Sanghvi (HUF)	-	-	180.00	-	-	-	-	-	180.00	-
Vikram Sanghvi (HUF)	-	-	365.00	-	-	-	-	-	365.00	-
Gautam Stainless Pvt. Ltd.	-	-	-	-	-	-	4320.29	2083.87	4320.29	2083.87
Sanghvi Europe B.V.	-	-	-	-	-	-	-	-	-	-
Investment	**7.81**	**6.75**	**-**	**-**	**-**	**-**	**-**	**-**	**7.81**	**6.75**
Sanghvi Europe B.V.	7.81	6.75	-	-	-	-	-		7.81	6.75

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 37 - Related Party Details (contd..)

(₹ in '000)

Particulars	Subsidiary Company		Key Management Personnel		Relative of Key Management Personnel		Enterprises under Significant Influence of Key management Personnel or their Relatives		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Rental Paid	**-**	**-**	**38.90**	**36.00**	**569.67**	**308.00**	**-**	**-**	**608.57**	**344.00**
Bhamridevi B. Sanghvi	-	-	-	-	569.67	308.00	-	-	569.67	308.00
Jayantilal B. Sanghvi	-	-	38.90	36.00	-	-	-	-	38.90	36.00
Director's Remuneration	**-**	**-**	**7471.00**	**9252.41**	**-**	**-**	**-**	**-**	**7471.00**	**9252.41**
Balance Outstanding - (Receivables)/Payables (Net)										
Loans & Advances	**-**	**-**	**24344.76**	**49894.76**	**14042.17**	**13363.17**	**40292.44**	**47415.75**	**78679.37**	**110673.69**
Babulal S. Sanghvi	-	-	5112.10	4557.10	-	-	-	-	5112.10	4557.10
Jayantilal B. Sanghvi	-	-	8630.86	14865.86	-	-	-	-	8630.86	14865.86
Naresh B. Sanghvi	-	-	8607.09	18572.09	-	-	-	-	8607.09	18572.09
Vikram B. Sanghvi	-	-	1994.71	11899.71	-	-	-	-	1994.71	11899.71
Bhamridevi B. Sanghvi	-	-	-	-	2622.30	2622.30	-	-	2622.30	2622.30
Meena J Sanghvi	-	-	-	-	129.00	200.00	-	-	129.00	200.00
Kiran N Sanghvi	-	-	-	-	4899.74	4324.74	-	-	4899.74	4324.74
Sheetal V Sanghvi	-	-	-	-	6391.14	6216.14	-	-	6391.14	6216.14
Babulal Sanghvi (HUF)	-	-	-	-	-	-	5475.00	5025.00	5475.00	5025.00
Jayantilal Sanghvi (HUF)	-	-	-	-	-	-	14867.51	15202.51	14867.51	15202.51
Naresh Sanghvi (HUF)	-	-	-	-	-	-	11606.77	14211.77	11606.77	14211.77
Vikram Sanghvi (HUF)	-	-	-	-	-	-	8343.16	8138.16	8343.16	8138.16
Gautam Stainless Pvt. Ltd.	-	-	-	-	-	-	-	4838.31	-	4838.31
Trade Payable / Receivable	**12705.67**	**29927.76**	**-**	**-**	**-**	**-**	**7052.00**	**2879.09**	**19757.67**	**32806.85**
Gautam Stainless Pvt. Ltd. (Service Vendor)	-	-	-	-	-	-	59.50	343.32	59.50	343.32
Gautam Stainless Pvt. Ltd. (Material Vendor)	-	-	-	-	-	-	-	-	-	-
Gautam Stainless Pvt. Ltd. (Customer)	-	-	-	-	-	-	1297.01	387.59	1297.01	387.59
Sanghvi Exim LLP (Customer)	-	-	-	-	-	-	4261.38	2148.19	4261.38	2148.19
Labdhi Forging (Vendor)	-	-	-	-	-	-	1434.12	-	1434.12	-
Sanghvi Europe B.V. (Customer)	11744.14	28966.23	-	-	-	-	-	-	11744.14	28966.23
Sanghvi Europe B.V. (Vendor)	961.53	961.53	-	-	-	-	-	-	961.53	961.53

Notes: 38

Contributions are made to Recognized Provident Fund/ Government Provident Fund which covers all employees. While both the employees and the Company make predetermined contributions to the Provident Fund .The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans.

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Contribution to Provident Fund	42363.57	3537.79

In respect of Gratuity, Contributions are made to LIC's Recognized Group Gratuity Fund Scheme based on amount demanded by LIC of India. Provision for Gratuity is based on actuarial valuation carried by independent actuary as at the year end. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Employee Benefits commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 38 (contd..)

Category of Plan Assets: The Company's Plan Assets in respect of Gratuity are funded through the Group Scheme of the LIC of India

In respect of gratuity (funded):

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Amounts to be recognised in the Balance Sheet		
Amounts recognised in the Balance Sheet:		
Liabilities	4330.63	4040.71
Assets	727.41	1169.65
Net Liability	**3603.22**	**2871.06**
P/L Account		
Current Service Cost	752.84	747.87
Net Interest on net Defined Liability / (Asset)	238.10	63.29
Total	**990.94**	811.16
Other Comprehensive Income		
Actuarial (Gains) / Losses on Liability	(278.57)	1622.82
Return on Plan Assets Excluding Amount included in Net Interest on	37.93	(149.11)
Net Defined Liability / (Asset) above		
Total	**(240.64)**	**1473.71**
Table Showing Change in Benefit Obligation		
Opening Defined Benefit Obligation	4022.67	1834.68
Service Cost for the year	752.84	747.87
Interest Cost for the year	309.75	141.27
Actuarial Losses (Gains)	(278.57)	1622.82
Benefits Paid	(476.04)	(305.93)
Closing Defined Benefit Obligation	4330.65	4040.71
Bifurcation of Actuarial Losses (Gains)		
Actuarial Losses (Gains) arising from change in financial assumptions	-	(131.84)
Actuarial Losses (gains) arising from change in demographic assumptions	-	-
Actuarial Losses (Gains) arising from experience adjustments	(278.58)	1754.65
Actuarial Losses (Gains) - Total	**(278.58)**	**1622.81**
Sensitivity Analysis of Defined Benefit Obligation with references to		
Key Assumptions		
Discount Rate		
One Percentage Increase	3833.03	3617.54
One Percentage Decrease	4934.01	4550.46
Salary Escalation Rate		
One Percentage Increase	4926.09	4543.79
One Percentage Decrease	3830.07	3615.01
Withdrawal Rate		
One Percentage Increase	4323.51	4034.80
One Percentage Decrease	4338.25	4047.05
Expected (Undiscounted) Benefit Payments in Future Years		
(Projections are for current members and their currently accumulated benefits)		
Year 1	568.59	475.06
Year 2	124.29	180.92
Year 3	120.01	130.80
Year 4	141.25	125.53
Year 5	117.65	607.83
Year 6 to Year 10	773.48	474.74

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 38 (contd..)

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Tables of Fair Value of Plan Assets		
Opening Fair value of plant assets	**1169.65**	**1083.01**
Expected return	71.74	77.98
Actuarial Gains and (Losses)	(37.93)	149.11
Contributions by Employer	-	165.47
Benefits paid	(476.04)	(305.93)
Closing Balance of Fund	**727.42**	**1169.64**
Table Showing Surplus / (Deficit)		
Defined Benefit Obligation	4330.63	4040.71
Plan Assets	727.41	1169.65
Surplus / (Deficit)	3603.22	(2871.06)
Table Showing Bifurcation of Present Benefit Obligation at the end of year		
Current Liability (Amount due within one year)	568.59	475.06
Non-Current Liability (Amount due over one year)	3762.62	3565.66

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense.

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.70%	7.70%
Expected return on plan Assets	7.70%	7.70%
Annual Increase in Salary Costs	8.00%	8.00%
Attrition Rate	5%	5%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Notes: 39

The Company has entered into lease agreements for certain properties including director's accommodation which are cancellable at the option of the Company or as per agreed terms. The total rent charged to the Statement of Profit and Loss for the year towards such leases amount to ₹ 868.22 thousands (P.Y. ₹ 721.463 thousands).

Notes: 40 - Segment disclosures

(A) Description of segments and principal activities

The company's strategic steering committee, consisting of the chief executive officer, the chief financial officer and the manager for corporate planning, examines the group's performance both from a product and geographic perspective and has identified only one reportable segment of its business.

a) Business Segment:

The company has only one reportable business segment of Forging & Fitting as the primary reportable Business segment for disclosure. The business segments are business of Forging & Fitting and wind energy business.

b) Geographical Segment:

The company has exported during the year and it does require disclosure as a separate reportable segment of Domestic Sales and Export Sale.

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 40 - Segment disclosures (contd..)

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018	Total
Domestic	567083.19	417632.08	**984715.27**
Export	35873.02	116680.35	**152553.37**

Notes: 41 - Financial Risk Management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

A) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of following financial assets represents the maximum credit exposure:

(i) Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However credit risk with regards to trade receivable is almost negligible in case of its residential sale and lease rental business as the same is due to the fact that in case of its residential sell business it does not handover possession till entire outstanding is received. No impairment is observed on the carrying value of trade receivables.

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	104345.63	105276.03
180 - 365 days	25891.79	24769.42
beyond 365 days	66058.16	64252.28

(ii) Cash and Cash Equivalents

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of surplus funds, bank overdrafts, bank loans, debentures and inter-corporate loans.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 41 - Financial Risk Management (contd..)

The table below provides details regarding the contractual maturities of significant financial liabilities :

(₹ in '000)

Particulars	Less than 1 Year	1 - 3 Years	More than 3 Years	Total As at March 31, 2019
Borrowings	448169.69	393717.03	-	841886.72
Trade payables	225642.57	-	-	225642.57
Other financial liabilities	853790.00	-	-	853790.00
Total	**1527602.26**	**393717.03**	**-**	**1921319.29**

(₹ in '000)

Particulars	Less than 1 Year	1 - 3 Years	More than 3 Years	Total As at March 31, 2019
Borrowings	579265.14	384487.84	-	963752.98
Trade payables	243798.18	-	-	243798.18
Other financial liabilities	607794.26	-	-	607794.26
Total	**1430857.58**	**384487.84**	**-**	**1815345.42**

(C) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to commodity prices and the market value of its investments.

(D) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

(E) Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of forging products, including the raw material components for such forging products. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's forging products business are generally more volatile. Cost of raw materials forms the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2019, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

(F) Foreign exchange risk

The Company's foreign exchange risk arises from foreign currency borrowings (primarily in US Dollars) As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's expenses measured in Indian rupees may decrease or increase and vice-versa.

(i) Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents, borrowings and trade payables

(₹ in '000)

Particulars	March 31, 2019			
	Euro	US Dollar	Others	Total
Financial assets				
Trade receivables	14805.41	15236.78	-	30042.19
Cash and cash equivalents	-	-	-	-
Financial liabilities				
Borrowings	-	142034.63	-	142034.63
Trade payables	10614.66	2438.29	-	13052.95
Total	**4190.75**	**(129236.13)**	**-**	**(125045.39)**

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended March 31, 2019

Notes: 41 - Financial Risk Management (contd..)

(₹ in '000)

Particulars	March 31, 2018			
	Euro	US Dollar	Others	Total
Financial assets				
Trade receivables	32812.65	21765.38	-	54578.03
Cash and cash equivalents	618.09	82.27	-	700.36
Financial liabilities				
Borrowings	-	126194.07	-	126194.07
Trade payables	10828.45	14581.20	-	25409.64
Total	**22602.29**	**(118927.62)**	**-**	**(96325.33)**

(ii) Sensitivity

For the years ended March 31, 2019 and March 31, 2018 every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial liabilities would decrease the Company's loss and increase the Company's equity by approximately ₹ 6252269 and 4851284 respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Notes: 42 - Capital management

The company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Gross Debt	841886.70	962726.30
Less: -		
Cash and Cash Equivalent	5239.00	2,385.10
Other Bank Balance	5443.20	11570.50
Net debt (A)	**831204.50**	**948770.70**
Total Equity (B)	**(216935.80)**	**(17640.10)**
Net debt to equity ratio	**(3.80)**	**(53.80)**

As per our report of even date

For **V.K. Shastri & Co.**
Chartered Accountants
FRN No 113325W

CA V. K. Shastri
Proprietor
Membership No - 042774

Vadodara, dated May 30, 2019

For and on behalf of Board of Directors

Jayantilal Sanghvi
Chairman & Managing Director

Naresh Sanghvi
Director & COO

Vikram Sanghvi
Director & CFO

Deepika Agrawal
Company Secretary

SANGHVI
FORGING & ENGINEERING LTD.

INDEPENDENT
AUDITOR'S REPORT
CONSOLIDATED

INDEPENDENT AUDITOR'S REPORT

To the members of
SANGHVI FORGING & ENGINEERING LIMITED

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **Sanghvi Forging & Engineering Limited** ("the Holding Company" or "the Company") and it's subsidiary (the Holding Company and its subsidiary collectively referred as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Incomes), the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement for the year then ended, and notes thereon and a summary of significant accounting policies and other explanatory information.(hereinafter referred to as "the Consolidated financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS) and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2019, its Consolidated losses, Consolidated total Comprehensive Incomes, Consolidated Changes in Equity and it's Consolidated cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the Consolidated financial Statements in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated financial Statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our Audit addressed the Key audit Matter
1. Revenue recognition and Measurements ▸ Refer to Note 2 (e) (Accounting policies) for revenue recognition and measurement, Note 21 of the Consolidated Financial Statements for aggregate revenue from sale of goods recognised as required by the applicable Ind AS. The Company recognises revenue from sale of goods when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the products have been delivered to the customer. ▸ Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties.	Our audit procedures included the following: ▸ Understood the Company's established processes and control mechanism for revenue recognition process, evaluated the key financial controls around such process. ▸ Performed tests of details, on a sample basis, and inspected the underlying, sales order, invoice copy terms of delivery, lorry receipt, bill of lading, invoice, collection to assess whether revenue recorded is as per the contract. ▸ Performed test of controls, over revenue recognition with specific focus on testing management controls on accuracy and timing of revenue recognition through inspection of evidence of performance of management controls. ▸ Considered the appropriateness of the Company's revenue recognition accounting policies in terms of Ind AS 115. ▸ Tested sales transactions near year end date as well as credit notes issued after the year end date. ▸ Verified that the revenue for the year are appropriately presented and disclosed in the standalone Ind AS financial statements.

2. Onerous obligations in respect of contracts and its recoverability of assets. ▸ Refer to Note(s) 7 to the consolidated financial statements. The company has varied duration of receivables based upon individual contracts and historic obligations. A review was undertaken to ascertain the reasonableness of the amounts expected to fulfil such obligations and recoverability of outstanding / financial assets.	Our audit procedures included the following: ▸ Sample review of material contracts, ▸ Controls regarding review by management based upon function head feedback. ▸ Discussions with the management and responsible team members to evaluate the estimated recovery and time of collection.

Information other than the Consolidated financial statements and auditors' report thereon

The Holding Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report Corporate Governance and Shareholder's Information but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of theconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, (refer Paragraph at Other Matter of Reporting Below) subject to we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, including Other Comprehensive Incomes, Consolidated Changes in Equity, the Consolidated Cash Flow of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated financial statements by the Directors of the Holding Company as aforesaid.

In preparing the Consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. For the Other entity included in the consolidated financial statements, which are Not Audited the concerned Board of Directors remains responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial. We remain Solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters of Reporting :

We did not audit the financial statements of the subsidiary nor any audit report of subsidiary audited by their auditors have been forwarded to us. The financial statements of the Subsidiary reflect Total Assets of ₹ 8765.48 (in'000) as at 31st March, 2019, Total revenue of ₹ 30420.37 (in'000) and net cash flows amounting to ₹ 442.68 (in'000) for the year ended on that date, as considered in the consolidated financial statements. These financial statements being unaudited have been certified by the Board of Directors and our opinion on consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) and (11) of section 143 of the Act , in so far as it relates to aforesaid subsidiary, is based on statement of Board of Directors of the Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirement below, is not modified in respect of the above matter with respect to our reliance on statement of Board of Directors of the Holding and subsidiary Company.

Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, based on our audit and as noted in “Other Matters of Reporting” stated above, to we report to the extent applicable, that:
   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid the consolidated financial statements;

b. in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

c. the Consolidated Balance, the Consolidated Statement of Profit and Loss (including Other Comprehensive Incomes), the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements;

d. in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India, is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations on its consolidated financial position in Note No. 30 of the consolidated financial statements.

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For **V.K. SHASTRI & CO**
Chartered Accountants
FRN: 113325W

(CA. V.K.SHASTRI)
Partner
Membership No.: 042774

Place: Vadodara
Date: May 30, 2019

"ANNEXURE A" to the Independent Auditors' Report

of even date on Consolidated Financial Statements of Sanghvi Forging & EngineeringLimited for the year ended March31, 2019

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sanghvi Forging & Engineering Limited of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sanghvi Forging & Engineering Limited ("the Holding Company" or "the Company") and it's subsidiary as of March 31, 2019 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company's and it's subsidiary Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company's and it's subsidiary Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential Components of Internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accountants of India.

For **V.K. SHASTRI & CO**
Chartered Accountants
FRN: 113325W

(CA. V.K.SHASTRI)
(Sole- Proprietor)
Membership No.: 042774

Place: Vadodara
Date: May 30, 2019

SANGHVI
FORGING & ENGINEERING LTD.

FINANCIAL STATEMENT
CONSOLIDATED

CONSOLIDATED BALANCE SHEET As at March 31, 2019

(₹ in '000)

Sr.	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I.	**ASSETS**			
	(1) Non - Current Assets:			
	(a) Property, Plant and Equipment	3	1322990.96	1398153.32
	(b) Capital Work-in-Progress		240.83	-
	(c) Intangible Assets	3	1808.02	2209.58
	(d) Investment in Subsidiary		-	-
	(e) Financial Assets :	4		
	(i) Other Financial Assets		14404.02	4648.76
	(f) Other Non-Current Assets	5	9606.19	16068.75
	(2) Current Assets:			
	(a) Inventories	6	218578.42	240917.79
	(b) Financial Assets			
	(i) Trade Receivables	7	183344.46	187386.38
	(ii) Cash or Cash Equivalent	8	5681.67	2513.86
	(iii) Other Bank Balance	9	5443.23	11570.52
	(iv) Other Financial Assets	10	1420.58	447.28
	(c) Other Current Assets	11	41082.65	29045.93
	Total		**1804601.05**	**1892962.17**
II.	**EQUITY AND LIABILITIES**			
	Shareholders' Funds :			
	(a) Share Capital	12	148922.67	148922.67
	(b) Other Equity	13	(373723.50)	(173527.76)
	(1) Non-Current Liabilities:			
	(a) Financial Liabilities			
	(i) Borrowings	14	448169.68	571566.69
	(b) Provisions	15	3446.44	3013.73
	(2) Current Liabilities:			
	(a) Financial Liabilities :			
	(i) Borrowings	16	393702.28	384525.41
	(ii) Trade Payables	17		
	- Trade Payables for Others		224536.52	256521.99
	- Trade Payables for Micro, Small and Medium Enterprises		930.64	454.14
	(iii) Other Financial Liabilities	18	854100.61	607858.19
	(b) Other Current Liabilities	19	75958.22	69161.97
	(c) Provisions	20	28557.49	24465.14
	Total		**1804601.05**	**1892962.17**

Significant Accounting Policies
The accompanying Notes are integral Part of Financial Statements 1 - 44
As per our report of even date

For **V.K. Shastri & Co.**
Chartered Accountants
FRN No 113325W

CA V. K. Shastri
Proprietor
Membership No - 042774

For and on behalf of Board of Directors

Jayantilal Sanghvi
Chairman & Managing Director

Naresh Sanghvi
Director & COO

Vikram Sanghvi
Director & CFO

Deepika Agrawal
Company Secretary

Vadodara, dated May 30, 2019

CONSOLIDATED PROFIT & LOSS STATEMENT For the year ended on March 31, 2019

(₹ in '000)

Sr.	Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I.	**INCOME :**			
	(a) Revenue from Operations (Gross)	21	636853.22	601395.58
	Net Revenue from Operations		**636853.22**	**601395.58**
	(b) Other Income	22	2587.60	10208.28
	Total Revenue		**639440.82**	**611603.86**
II.	**EXPENSES**			
	(a) Cost of Material Consumed	23	321182.18	296274.26
	(b) Purchase of Stock in Trade	24	7820.91	25607.64
	(c) Changes in Inventory of Finished Goods and Work in Progress	25	6566.69	9909.87
	(d) Excise Duty on Sales		-	8996.81
	(e) Employee Benefits Expense	26	63883.90	71505.72
	(f) Finance Costs	27	157247.90	168992.66
	(g) Depreciation and Amortization Expense	28	85909.20	88331.17
	(h) Other Expenses	29	197447.49	173449.34
			840058.28	**843067.49**
III.	**PROFIT (LOSS) BEFORE EXCEPTIONAL ITEM & TAX**		**(200617.46)**	**(231463.63)**
IV.	**EXCEPTIONAL ITEM**			
V.	**PROFIT (LOSS) BEFORE TAX**		**(200617.46)**	**(231463.63)**
VI.	**TAX EXPENSES**			
	- Current Tax			
	- Deferred Tax			
	- (Excess) / Short Provision for tax relating to prior years		-	10.00
VII.	**PROFIT (LOSS) FOR THE PERIOD**		**(200617.46)**	**(231473.63)**
VIII.	**OTHER COMPREHENSIVE INCOME (NET OF TAX)**		240.65	(1473.70)
IX.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**		**(200376.81)**	**(232947.33)**
	Basic Earning Per Share(Face Value of ₹ 10 Per Share)		(13.47)	(15.54)
	Diluted Earning Per Share(Face Value of ₹ 10 Per Share)		(13.47)	(15.54)
	[Refer to Note No. 2.25 (8)]			

Significant Accounting Policies
The accompanying Notes are integral Part of Financial Statements 1 - 44
As per our report of even date

For **V.K. Shastri & Co.**
Chartered Accountants
FRN No 113325W

CA V. K. Shastri
Proprietor
Membership No - 042774

For and on behalf of Board of Directors

Jayantilal Sanghvi
Chairman & Managing Director

Naresh Sanghvi
Director & COO

Vikram Sanghvi
Director & CFO

Deepika Agrawal
Company Secretary

Vadodara, dated May 30, 2019

CONSOLIDATED CASH FLOW STATEMENT For the year ended on March 31, 2019

(₹ in '000)

Sr.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A.	**Cash Flow From Operating Activities:**		
	Net Profit Before Tax	**(200617.46)**	**(231463.63)**
	Adjustment for:		
	Depreciation /Amortization /Impairment	85909.20	88331.17
	Interest Expense / Finance Cost	144788.64	159754.77
	Interest Income	(1956.53)	(869.72)
	Loss / (Profit) on sale of Fixed Assets	-	-
	Government Grant Received	205.91	205.91
	Bad debts/ advance written off	-	684.00
	Effect of foreign Exchange rate variations during the year	181.06	(264.34)
	Operating Profit Before Working Capital Changes	**28510.82**	**16378.16**
	Adjustment for (increase)/decrease in Operating assets:		
	Inventories	22339.37	(12487.92)
	Trade Receivables	4041.92	12305.23
	Short Term Loan & Advances	(973.30)	(199.37)
	Other Current Assets	(12036.72)	(2295.25)
	Other non-current financial assets	(9755.26)	(2170.94)
	Other Non-Current Assets	6462.56	3653.65
		10078.55	**(1194.60)**
	Adjustment for (increase)/decrease in Operating liabilities:		
	Trade Payable	(31508.97)	38163.35
	Non-Current Liabilities-Provisions	432.71	1134.80
	Other financial Liabilities	246277.16	276174.96
	Other Current Liabilities	6796.25	15672.56
	Short Term Provisions	4092.35	355.01
		226089.51	**331500.68**
	Cash Generated From Operation	**264678.88**	**346684.24**
	Income Tax Expense	-	10.00
	Net Cash Generated From Operating Activities	**264678.88**	**346674.24**
B.	**Cash Flow From Investing Activities**		
	Purchase of property, plant and equipment/Intangible assets	(10345.29)	(10086.80)
	Change in CWIP	(240.83)	3554.85
	Sales / Devaluation of Assets	-	-
	Proceed from Sale of Fixed Assets	-	-
	Fixed Deposit / Margin Money with Bank	6127.29	(3771.30)
	Interest Received	1956.53	869.72
	Net Cash Used in Investing Activities	**(2502.30)**	**(9433.53)**

CONSOLIDATED CASH FLOW STATEMENT For the year ended on March 31, 2019

(₹ in '000)

Sr.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
C.	**Cash Flow From Financing Activities**		
	Security Premium	-	-
	Long Term Loan from Bank	(123397.01)	(209873.09)
	(Repayments) / Short Term Borrowing from Bank	9176.87	30792.39
	Finance Cost (Interest & Bank Charges)	(144788.64)	(159754.77)
	Net Cash used in Financing Activities	**(259008.78)**	**(338835.47)**
	Net Increase /(Decrease)in Cash and Bank Balance (A+B+C)	**3167.80**	**(1594.76)**
	Opening Balance of Cash & Cash Equivalent	**2513.86**	**4108.62**
	Closing Balance Cash & Cash Equivalent #	**5681.67**	**2513.86**
	# Comprises of,		
	Cash on Hand	1547.53	1523.05
	Balance with Bank - Current Accounts	4134.14	990.81
		5681.67	**2513.86**

As per our report of even date

For **V.K. Shastri & Co.**
Chartered Accountants
FRN No 113325W

CA V. K. Shastri
Proprietor
Membership No - 042774

Vadodara, dated May 30, 2019

For and on behalf of Board of Directors

Jayantilal Sanghvi
Chairman & Managing Director

Naresh Sanghvi
Director & COO

Vikram Sanghvi
Director & CFO

Deepika Agrawal
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(A) Equity Share Capital

(₹ in '000)

Notes	Amount
As at March 31, 2017	**148922.67**
Change in equity share capital	-
As at March 31, 2018	**148922.67**
Change in equity share capital	-
As at March 31, 2019	**148922.67**

(B) Other Equity

(₹ in '000)

	Securities Premium	General Reserve	Retained Earnings	Total
As at April 1, 2017	**404967.97**	**2989.77**	**(350084.87)**	**57872.88**
Profit for the year	-	(1799.06)	(231473.63)	(233272.69)
Other Comprehensive Income for the year	-	-	(1738.03)	(1738.03)
Total Comprehensive Income for the year	**-**	**-**	**(233211.67)**	**(233211.67)**
Transfer to general reserve	-	-	(1811.02)	(1811.02)
As at March 31, 2018	**404967.97**	**1190.73**	**(581485.51)**	**(175326.81)**
Profit for the year	-	-	(200617.46)	(200617.46)
Other Comprehensive Income for the year	-	-	421.71	421.71
Total Comprehensive Income for the year	**-**	**-**	**(200195.75)**	**(200195.75)**
Transfer to general reserve	-	-	(1799.06)	(1799.06)
As at March 31, 2019	**404967.97**	**1190.73**	**(779882.21)**	**(373723.51)**

As per our report of even date

For **V.K. Shastri & Co.**
Chartered Accountants
FRN No 113325W

CA V. K. Shastri
Proprietor
Membership No - 042774

Vadodara, dated May 30, 2019

For and on behalf of Board of Directors

Jayantilal Sanghvi
Chairman & Managing Director

Naresh Sanghvi
Director & COO

Vikram Sanghvi
Director & CFO

Deepika Agrawal
Company Secretary

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

1. CORPORATE INFORMATION:

Sanghvi Forging & Engineering Limited (SFEL) is an ISO 9001:2008 Certified Indian Company engaged in the manufacturer of open and closed die forging products for the oil & gas, defense, ship building, power & other sectors. It also exports products to various foreign countries over the last two decades.

The Company has set up additional 15000 MTPA Heavy Forging Division in recent years (with single piece forging up to 40 MT) to manufacture proof machined products viz. stepped shafts, bars & hollows, blocks, flanged shafts, gear blanks, shells, tube sheets, forging items etc at GIDC Industrial Estate (at plot no. 1401, 1402 & 1403), Waghodia Dist: Vadodara.

2. SIGNIFICANT ACCOUNTING POLICIES TO FINANCIAL STATEMENTS:

2.1 Basis for preparation of financial accounting

(i) Statement of Compliance

The financial statement of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified pursuant to Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

For all period up to and including the year ended March 31, 2019, the Company prepared its financial statement in accordance with the accounting standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements of the year ended March 31, 2018 are first financial statements, the Company has prepared in accordance with Ind AS. The transition date is 01 April, 2016. Refer Note 41 for information on first time adoption of Ind AS and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(ii) Historical cost conversion

The Financial Statements have been prepared on historical cost conventions basis, except for the following:

- Certain financial instruments that are measured at fair value at the end of each reporting period;
- Defined benefit plans – plan assets measured at fair value.

(iii) Current and Non-Current classification

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classifications of its assets and liabilities as current and non-current.

(iv) Rounding of amounts

All amounts disclosed in the financial statement and notes have been rounded off to the nearest thousands as per the required of Schedule III, unless otherwise stated.

2.2 Use of estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statement.

The company has consistently applied following accounting policies to all the period presented in these financial statements.

a) Principle of Consolidation

The consolidated financial statements of the group for the year ended March 31, 2019 are prepared in accordance with generally accepted accounting principles applicable in India, and the Accounting Standard 21 (AS-21) on 'Consolidation of Financial Statements', notified by Companies (Accounting Standards) Rules, 2006, (as amended) (“Accounting Standards”) by and to the extent possible in the same format as that adopted by the group for its separate financial statements.

The financial statements of the group have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

cost cannot be recovered. The unrealized profits or losses resulting from the intra group transactions and balances have been eliminated.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements. The consolidated financial statements are presented in the same manner as the Company's unconsolidated financial statements. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The subsidiary company considered in consolidated financial statements is as follows:

Name of the subsidiary	Ownership Percentage as at March 31, 2019	Country of incorporation	Consolidated as
Sanghvi Europe B.V.	100%	Netherland	Subsidiary

b) Property, plant and equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its tangible and intangible assets recognized as of April 1, 2016(transition date) measured as per the previous GAAP and use that carrying value as its deemed cost of the transition date.

Leasehold land having lease of 99 years or more is treated as free hold land which is carried at cost. All other items of Property, Plant and Equipment are recorded at their cost of acquisition, net of taxes, less accumulated depreciation and impairment losses, if any. The cost thereof comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost for bringing the asset to its working condition for its intended use.

Borrowing costs on Property, Plant and Equipment's are capitalised when the relevant recognition criteria specified in Ind AS 23 Borrowing Costs is met.

Significant spares which have a usage period in excess of one year are also considered as part of Property, Plant and Equipment and are depreciated over their useful life.

Decommissioning costs, if any, on Property, Plant and Equipment are estimated at their present value and capitalised as part of such assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Subsequent cost is included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset, is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation:

The Company depreciated its property, plant and equipment over the useful life in the manner prescribed in Schedule II of the Companies Act 2013 for the proportionate period of use during the year. The depreciation on assets is provided on the straight-line method considering the useful life and residual value of respective asset. The residual values are not more than 5% of the original cost of the asset. Depreciation on assets purchased /installed during the year is calculated on a pro-rata basis from the date of such purchase /installation.

The useful life considered for calculation of depreciation for various asset class are as follows:

Particulars	Useful Life
Leasehold Land	20
Building (Factory)	30
Building (Residential)	60
Building (Fences, Wells, etc)	5
Road	5 to 10
Plant and Machinery	15
Plant and Machinery (Heavy Forging Process Machinery)	20 to 25*
Electrically Operated Vehicles	8
Electrical Installations	10
Laboratory Equipment	10
Windmill	22
Computers, Server & Networking Device	3
Furniture	10
Office equipment	5
Vehicles - Four Wheeler	8
Vehicles - Two Wheeler	10

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

*Based on an internal technical evaluation made by the company and on past experience, estimated useful life of Plant and machinery listed above best represent the period over which the management expects to use these assets. However, the useful lives for these assets is different from that prescribed in schedule II of the Act.

c) Intangibles

Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

Derecognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Gain or loss arising on such de-recognition is recognised in profit or loss and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

d) Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost Comprise all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw Materials are valued at the lower of cost and net realizable value. Cost is ascertained on a moving weighted average basis.

Work-in-progress, finished goods and traded goods are carried at the lower of cost and net realizable value. Cost is determined on a weighted average basis. In case of work-in-progress and manufactured finished goods, cost includes material, labour and production overheads. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

e) Impairment of non-financial assets

Assets subject to amortisation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. These are treated as impaired when the carrying cost thereof exceeds its recoverable value. Recoverable value is higher of the asset's net selling price or value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount receivable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

f) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and taxes, revenue from sale of goods is recognized on transfer of significant risk and rewards of ownership of products to the customers, which is generally on dispatch of goods.

Revenue from job charges is recognized on completion of job work. Interest incomes are recognised on time proportion basis.

Dividend

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

g) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of noncash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

the Company are segregated based on the available information.

h) Leases

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

Company as a lessee-

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.

Company as a lessor-

Rental income from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

i) Foreign Currency Transactions

On initial recognition, transactions in currencies other than the Company's functional currency (foreign currencies) are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous period are recognised in profit or loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

j) Taxation

Current Income Taxes:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax:

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

MAT Credit:

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as a deferred tax asset only to the extent that there is reasonable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The MAT credit to the extent there is reasonable certainty that the Company will utilise the credit is recognised in the Statement of profit and loss and corresponding debit is done to the Deferred Tax Asset as unused tax credit.

k) Employee Benefits

Short term employee benefits:

Employee benefits payable wholly within twelve months of rendering the service the service are classified as short-term employee benefits and are recognized in the period in which the employee renders the related service.

Post-Employment benefits:

Defined benefit plans: All employees are covered under Employees' Gratuity Scheme, which is a defined benefit plan. The Company contributes to a fund maintained with Life Insurance Corporation of India (LIC) on the basis of the year-end liability determined based on actuarial valuation using the Projected Unit Cost Method. Re-measurement of the net defined benefit liability, which comprise actuarial gains/losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized in Other Comprehensive Income. Net interest expense and other expenses related to defined benefit plans are recognized in the Statement of Profit and Loss.

Defined contribution plans: All employees are covered under contributory provident fund benefit of a contribution of 12% of basic salary. Contributions to defined contribution scheme is charges to the Statement of Profit and Loss of the year, on due basis. There are no obligations other than the contributions payable to the respective funds.

Long-term employee benefits: Provision for long-term employee benefits comprise of compensated absences. There are measured on the basis of year-end actuarial valuation in line with the Company's rules for compensated absences. Re-measurement gains or losses are recognized in profit or loss in the period in which they arise.

l) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are considered as a part of cost of such assets less interest earned on the temporary investment. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are charged to Statement of Profit & Loss in the year in which they are incurred.

m) Provisions and contingent liabilities

Provisions:

The Company recognizes a provision when: it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent Liability and Contingent Assets:

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

▸ **Onerous Contract:**

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

n) Earnings Per Share (EPS)

Basic earnings per Share is computed by dividing the net profit or loss for the year attributable to equity share holders, by the weighted average number of equity share outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted number of equity and equivalent diluted equity shares outstanding during the year except where the results would be antidilutive.

o) Government Grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic basis over the expected useful life of the related asset.

p) Cash and cash equivalents

Cash and cash equivalents include cash at bank and deposit with banks having original maturity of not more than three months. Bank deposit with original maturity period of more than three months but less than twelve months are classified as other bank balances.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and fixed deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Investments in the nature of equity in subsidiaries, joint venture and associates

The Company has elected to recognise its investments in equity instruments in subsidiaries, joint venture and associates at cost in the separate financial statements in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

r) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

▸ **Financial assets**

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in Three categories:

i. Financial assets measured at amortised cost
ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. A financial asset that meets the following two conditions is measured at amortized cost.

- **Business Model test:** The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- **Cash flow characteristics test:** Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

ii. A financial asset that meets the following two conditions is measured at fair value through OCI.

- **Business Model test:** The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- **Cash flow characteristics test:** The contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

iii. All other financial assets are measured at fair value through profit and loss.

Equity instruments

All equity instruments in scope of Ind AS 109 - [] are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

Derecognition-

A financial asset is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The contractual rights to receive cash flows from the asset have expired, or
- The Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Impairment of financial assets

In accordance with Ind AS 109, The company assesses impairment based on expected credit losses (ECL) model at an amount equal to:-

- 12 months expected credit losses, or
- Lifetime expected credit losses depending upon whether there has been a significant increase in credit risk since initial recognition.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Financial liabilities-

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative entered into by the Company that are not designated and effective as hedging instruments in

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Derecognition

A financial liability is de recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability de recognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, full currency swap, options and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

s) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

t) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

u) Recent accounting pronouncements

Application of New Indian Accounting Standards

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 has notified the new Ind AS and certain amendments to existing Ind ASs. They shall come into force on 1st April, 2019 and therefore, the company shall apply the same with effect from that date.

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

(a) New Indian Accounting Standard (Ind AS 116) "Leases":

Ind AS 116 will replace the existing leases standard, Ind AS 17 "Leases" w.e.f. April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as prescribed in Ind AS 17. The effect on the Financial statements on adoption of Ind AS 116 is being evaluated by the Company.

(b) Other Amendments:

Several other Indian Accounting Standards have been amended on various issues with effect from April 1, 2019. The following amendments are relevant to the company:

- Ind AS 12 "Income Taxes"- Income tax consequences of dividend and uncertainty over income tax treatments;
- Ind AS 19 "Employee Benefits"- Accounting for plan amendment, curtailment or settlement;
- Ind AS 109 "Financial Instruments"- Measurement of prepayment features with negative compensation in case of debt instruments;

None of these amendments are expected to have any material effect on the Company's financial statements.

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS as on March 31, 2019

Notes: 3 - Property, Plant & Equipment

(₹ in '000)

Particulars	Freehold Land	Leasehold Land	Buildings	Buildings-Residential	Roads	Plant & Equipment	Electrical Installation	Office Equipment	Computers	Furniture & Fixture	Vehicles	Lab Equipment	Total
Cost													
As at April 1, 2017 (Deemed Cost)	**25393.00**	**171.41**	**243444.69**	**204.97**	**65.61**	**1226403.51**	**63487.74**	**1427.11**	**1499.34**	**1386.87**	**2904.69**	**-**	**1566388.94**
Additions	246.28	-	3632.41	-	-	2330.40	27.40	91.60	310.42	1629.58	-	7.55	8275.63
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	**25639.28**	**171.41**	**247077.10**	**204.97**	**65.61**	**1228733.91**	**63515.13**	**1518.71**	**1809.76**	**3016.45**	**2904.69**	**7.55**	**1574664.57**
Additions	-	-	1000.38	-	-	8575.39	576.07	61.20	27.14	85.60	-	-	10325.78
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	**25639.28**	**171.41**	**248077.48**	**204.97**	**65.61**	**1237309.30**	**64091.20**	**1579.91**	**1836.90**	**3102.05**	**2904.69**	**7.55**	**1584990.35**
Accumulated Depreciation													
As at April 1, 2017	**-**	**14.28**	**10849.27**	**3.66**	**-**	**66405.14**	**8945.73**	**521.73**	**611.50**	**428.85**	**868.76**	**-**	**88648.94**
Depreciation For the year 2018	-	14.28	10847.80	3.66	-	66584.98	8,576.72	416.40	565.05	178.08	674.73	0.58	87862.28
Deletions/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	**-**	**28.57**	**21697.08**	**7.33**	**-**	**132990.12**	**17522.44**	**938.13**	**1176.55**	**606.93**	**1543.49**	**0.58**	**176511.22**
Depreciation For the year 2018	-	14.28	10700.10	3.66	-	64882.94	8580.92	180.25	141.51	326.48	657.29	0.72	85488.14
Deletions/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	**-**	**42.85**	**32397.17**	**10.99**	**-**	**197873.06**	**26103.36**	**1118.38**	**1318.06**	**933.41**	**2200.78**	**1.29**	**261999.36**
Net Block													
As at March 31, 2018	**25639.28**	**142.84**	**225380.02**	**197.64**	**65.61**	**1095743.79**	**45992.69**	**580.58**	**633.21**	**2409.51**	**1361.20**	**6.97**	**1398153.35**
As at March 31, 2019	**25639.28**	**128.56**	**215680.31**	**193.98**	**65.61**	**1039436.24**	**37987.84**	**461.53**	**518.84**	**2168.64**	**703.91**	**6.26**	**1322990.99**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 3 - Property, Plant & Equipment (contd..)

(₹ in '000)

Intangible assets	Software
Cost	
As at April 1, 2017 (Deemed Cost)	**3155.86**
Additions	575.73
Disposals	-
As at March 31, 2018	**3731.59**
Additions	19.51
Disposals	-
As at March 31, 2019	**3751.10**
Accumulated Depreciation	
As at April 1, 2017	**1115.17**
Depreciation For the year 2018	406.84
Deletions/Adjustments	-
As at March 31, 2018	**1522.01**
Depreciation For the year 2018	421.06
Deletions/Adjustments	-
As at March 31, 2019	**1943.07**
Net Block	
As at March 31, 2018	**2209.57**
As at March 31, 2019	**1808.03**

Notes: 4
Financial Assets

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Other Financial Assets		
	(a) Security Deposits	14404.02	4648.76
	(b) Other Loans & Advances #	-	-
	# Includes primarily Gratuity Payable (Dr. Bal) etc.		
	Total	**14404.02**	**4648.76**

Notes: 5
Other Non-Current Assets

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Other Non Current Assets	9606.19	16068.75
(b)	Advances for Capital Goods	-	-
	Total	**9606.19**	**16068.75**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 6
Inventories

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Raw Materials	36216.66	62265.53
(b)	Work-in-Progress	149546.39	149935.13
(c)	Stores & Spare Parts	18379.29	9376.55
(d)	Packing Materials	1629.15	355.70
(e)	Scrap	7907.42	3242.59
(f)	Finished Goods	5902.54	19695.12
	Less: Unrealised Profit / Stock Reserve	(1003.03)	(3952.83)
	(For mode of valuation of inventories, refer note no. 2.2(c)		
	Total	**218578.42**	**240917.79**

Notes: 7
Trade Receivables

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	- Unsecured		
	(i) Considered good	198715.83	210212.78
	Less: Netting off Receivable and Payable (Inter Company)	(15371.36)	(22826.40)
	Total	**183344.46**	**187386.38**

Notes: 8
Cash & Cash Equivalent

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Cash on Hand	1547.53	1523.05
(b)	Balance with Banks :		
	In Current Accounts	4134.14	990.81
	Total	**5681.67**	**2513.86**

Notes: 9
Other Bank Balance

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Other Balance with Bank - Fixed deposit as Margin Money under bank lien (Balance with banks to the extent held as Margin Money having maturity less than 12 month)	5443.23	11570.52
	Total	**5443.23**	**11570.52**

Notes: 10
Other Financial Assets

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Accrued Interest on Deposits	1420.58	403.74
(b)	Other Receivables	-	43.54
	Total	**1420.58**	**447.28**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 11
Other Current Assets

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Balance with Revenue Authorities	33225.93	18385.48
(b)	Pre - Paid Expense	1601.66	689.24
(c)	Advance to Suppliers	3967.10	5794.40
(d)	Export Incentive Receivables	2287.70	4176.81
	Total	**41082.45**	**29045.93**

Notes: 12
Share Capital

	Particulars	As at March 31, 2019 Nos.	As at March 31, 2019 (₹ in '000)	As at March 31, 2018 Nos.	As at March 31, 2018 (₹ in '000)
	Equity Share Capital				
	(a) Authorised :				
	20,000,000 No. of Equity Shares Of ₹ 10 each	20000000	200000.00	20000000	200000.00
	(b) Issued, Subscribed & Paid up Share Capital :				
	1,48,92,267 No. of Equity Shares of ₹ 10 Each	14892267	148922.67	14892267	148922.67
	(P.Y. 1,48,92,267 No. of Equity Shares of ₹ 10 Each)				
	Total	**14892267**	**148922.67**	**14892267**	**148922.67**

(a) Right to vote, dividend and restriction attached to each class of issued capital to be disclosed.

All the Shareholders whose name is entered in the Registered of Members of the Company shall enjoy the same voting rights and be subject to the same liabilities as all other shareholder of the same class.

(b) Reconciliation of shares outstanding at the beginning and at the end of the year

	Particulars	As on March 31, 2019 Nos.	As on March 31, 2019 (₹ in '000)	As on March 31, 2018 Nos.	As on March 31, 2018 (₹ in '000)
	Equity Shares				
	At the beginning of the year	14892267	148922.67	14892267	148922.67
	Issued during the year				
	(a) Preferential Issue by conversion of warrant				
	Outstanding at the end of the year	**14892267**	**148922.67**	**14892267**	**148922.67**

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company (Equity Shares of ₹ 10 each fully paid)

Sr.	Name of the Shareholder	As on March 31, 2019 No. of shares	As on March 31, 2019 % of holding	As on March 31, 2018 No. of shares	As on March 31, 2018 % of holding
1	Shri Jayantilal B. Sanghvi	1925591	12.93	1925591	12.93
2	Shri Babulal S. Sanghvi	1714283	11.51	1714283	11.51
3	Shri Naresh B. Sanghvi	1832931	12.33	1832931	12.33
4	Shri Vikram B. Sanghvi	1505682	10.11	1505682	10.11
	Total	**6978487**	**46.88**	**6978487**	**46.88**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 13
Other Equity

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	**Securities Premium**		
	As per last balance sheet	404967.97	404967.97
	Add : Premium of Shares Issued during the year	-	-
	Closing Balance	**404967.97**	**404967.97**
(ii)	**General Reserve**	**2989.79**	**4800.80**
	(At Commencement & At End)		
	Add : Transfer from Profit & Loss Account	(1799.06)	(1811.03)
	Closing Balance	1190.73	2989.77
(iii)	**Retained Earnings**		
	As per last balance sheet	(581485.52)	(350084.87)
	Add : Loss for the Year	(200617.46)	(231473.63)
	Other Comprehensive Income for the year	240.65	(1473.70)
	Effect of Foreign Exchange rate variations during the year	181.06	(264.33)
	Less: Transfer to General Reserve	(1799.06)	(1811.02)
	Add : Unrealised Profit on Inventory	-	-
	Closing Balance	**(779882.21)**	**(581485.52)**
	Total	**(373723.50)**	**(173527.76)**

Nature and purpose of each reserve

(a) Securities premium reserve - The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Companies Act 2013.

(b) General reserve: The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Notes: 14
Financial Liabilities

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	**Borrowings**		
	(a) Term Loan from Banks	346235.11	455984.77
	- Secured against all fixed assets (existing & proposed) and Equitable Mortgage over Leasehold Land & Personal Guarantees of Directors including pledge of their shares		
	(b) Unsecured Loans		
	- Loans & Advances from Related Parties	80110.37	99163.61
	- From Inter Corporate Deposits	21824.20	16418.31
	Total	**448169.69**	**571566.69**

Notes: 15
Provisions

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Gratuity Payable-Long Term	3034.63	2396.01
(ii)	Deferred Government Grant	411.81	617.72
	Total	**3446.44**	**3013.73**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 16
Financial Liabilities

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(I)	**Borrowings**		
	(a) Working Capital Loan from Banks	393702.28	384525.41
	(Against Hypothecation of Entire Current Assets - Stock of Raw Material, Work-in-Progress, Finished Goods, Stores & Spares, Trade Receivables, etc.)		
	Total	**393702.28**	**384525.41**

Notes: 17
Trade Payables

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Trade Payables For Others	239907.89	279348.38
	Less: Netting off Receivable and Payable (Inter Company)	(15371.36)	(22826.39)
(b)	Trade Payables For Micro, Small & Medium Enterprises	930.64	454.14
	Total	**225467.16**	**256976.13**

Notes: 18
Other Financial Liabilities

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Current Maturity of long term Loan	127755.00	167077.70
	(Secured against all fixed assets (existing & proposed) and Equitable Mortgage over Leasehold Land. Personal Guarantees of Directors including pledge of their shares)		
(b)	Term Loan Installment due remain unpaid	383145.58	218272.68
(c)	Interest Accrued and Due on Borrowing - [Refer Notes 2.25 (13)]	304153.80	184376.15
(d)	Interest Debited by bank but remains unpaid	22432.91	22432.91
(e)	Payable - For Capital Goods	16074.80	15406.91
(f)	Other Outstanding Liabilities	538.52	291.84
	Total	**854100.61**	**607858.19**

Notes: 19
Other Current Liabilities

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Advance from Customers	15303.33	47833.02
(b)	Duties & Taxes Payable	60654.89	21328.95
	Total	**75958.22**	**69161.97**

Notes: 20
Provisions

(₹ in '000)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	For Employee Benefit Expenses	2692.82	2058.76
(b)	For Other Expenses	25864.67	22406.38
	Total	**28557.49**	**24465.14**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 21
Revenue from Operations

(₹ in '000)

Sr.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	**Sale of Flanges, Fittings, Forged Bars & Scrap**		
	(i) Finished Goods #		
	Sales - Domestic	551466.49	449001.96
	Sales - Export	35873.02	116680.35
	Total	**581955.93**	**537164.38**
	(ii) Manufacturing Scrap #	46037.07	51418.39
		627993.00	**588582.77**
(b)	**Other Operating Revenues**		
	Duty Draw Back & Other Export Incentive	1748.52	2839.77
	Power Generation	2310.54	2076.28
	Other Operating Revenues	4801.16	7896.76
		8860.22	**12812.81**
	Net Revenue from Operations	**636853.22**	**601395.58**

In accordance with the requirements of IND AS 115, Revenue from Operations for the year ended 31st March, 2019 is shown net of Goods and Service Tax (GST).

Notes: 22
Other Income

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest From Bank & Other	1956.53	869.72
Exchange Fluctuation gain/(loss)(Net)	(1003.98)	4569.18
Misc. Income	1635.05	4769.38
Total	**2587.60**	**10208.28**

Notes: 23
Cost of Material Consumed

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Steel Consumed		
Opening Balance	62265.53	43372.00
Add : Purchase	295133.31	315167.79
	357398.84	**358539.79**
Less : Closing Stock	36216.66	62265.53
Raw Material Consumed	**321182.18**	**296274.26**

Consumption of Imported & Indigenous Materials

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Imported Items	15997.54	11232.63
Indigenous Items	305184.64	285041.63
Total	**321182.18**	**296274.26**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 24
Changes in Inventories of Finished Goods and Work in Progress

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(Increase) / Decrease in		
Closing Stock		
- Finished Goods	5902.54	19695.12
Less: Stock Reserve / Profit Margin	(1003.03)	(3952.83)
- Work - in - Progress	149546.39	149935.13
- Scrap	7907.42	3242.59
	162353.32	**168920.01**
Opening Stock		
- Finished Goods	15742.29	23136.93
- Work - in - Progress	149935.13	149146.41
- Scrap	3242.59	6546.54
	168920.01	**178829.88**
(Increase) / Decrease in Stock	**6566.69**	**9909.87**

Notes: 25
Purchase of Stock in Trade

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Stock in Trade	21613.49	34345.59
Total	**21613.49**	**34345.59**

Notes: 26
Employees Benefit Expense

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salary & Wages & Bonus	59208.53	66821.17
Contribution to Provident & Other Funds	3918.00	3743.95
Staff Welfare Expense	757.38	940.60
Total	**63883.90**	**71505.72**

Notes: 27
Finance Cost

(₹ in '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expense	144788.64	159754.77
Bank Charges	12459.26	9237.89
Total	**157247.90**	**168992.66**

Notes: 28
Depreciation and Amortization Expense

(₹ in '000)

Sr.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1	Depreciation & Amortization on Tangible Assets	75622.52	77531.02
2	Amortization on Intangible Assets	10286.69	10800.15
	Total	**85909.20**	**88331.17**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 29
Other Expenses

(₹ in '000)

Sr.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	**Manufacturing Expense :**		
	Power Consumed	31440.38	24140.74
	Fuel Consumed	74545.44	47044.79
	Stores Consumed	14973.14	17055.40
	Wages - Job Work Charges	23444.84	22098.18
	Repairs and Maintenance - Buildings	464.08	349.55
	Repairs and Maintenance - Plant & Machinery	2172.63	1886.68
	Total (a)	**147040.51**	**112575.34**
(b)	**Administrative & Other Expense :**		
	Payment to Auditors		
	- Audit Fees	375.00	325.00
	- Certification and Other matters	-	122.50
	Director Sitting Fees	300.00	450.00
	Insurance Expense	727.17	888.08
	Professional Fees	5786.74	6357.25
	Rates & Taxes	4535.57	3676.11
	Rent Expense	868.22	750.25
	Repairs and maintenance - Others	2043.80	1719.84
	Bad debts	-	684.00
	Miscellaneous Expense	35761.45	45900.98
	Total (b)	**50406.95**	**60874.01**
	Total (a+b)	**197447.49**	**173449.34**

Notes: 30
Contingent Liabilities

A. Disputed Liabilities - In Appeal

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
- Income Tax on Accounts of Disallowance	5282.69	5282.69
- Service Tax on Account of Cenvat Credit	11500.95	11500.95
- Excise on Account of Cenvat Credit	2979.31	2979.31
- Central Sales Tax Demand on Account of 'C' Form	9355.90	7049.21

The future cash flows in respect of the above, if any, is determinable only on receipt of judgments/decisions pending with relevant authorities. The company does not expect the outcome of matters stated above to have a material adverse effect on the Company's financial conditions, result of operation or Cash Flow.

B. Guarantee Given By Bankers on Behalf of Company

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
- Bank Guarantee	6157.15	2300.61

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 31
C.I.F. Value of Imports

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Capital Goods	-	-
Raw Material	1924.39	12171.72

Notes: 32
(a) Expenditure in Foreign Currency

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Commission on Export Sales	235.99	51.11
Finance Cost	7964.60	5849.59
Exhibitions & Sales Promotion	-	-
Foreign Travel Expenses	40.51	485.85

(b) Earnings in Foreign Currency

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
F.O.B. value of exports	4349.45	104649.40

Notes: 33
Exchange difference Gain/(Loss) on account of fluctuations in foreign currency rates

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Relating to Exports during the year as part of Sales	(2173.76)	(792.97)

(a) Recognized in Profit and Loss Account

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
On settlement / revaluation of current assets	(2258.17)	(3468.32)
On settlement / revaluation of current liabilities	(919.57)	(320.89)

Notes: 34
Details of amount Capitalised during the year to Fixed Assets

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Interest & Other Finance Charges	-	-
Foreign Exchange (Gain) / Loss (Net)	8708.83	1689.12
Total	**8708.83**	**1689.12**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 35

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2019. The disclosure pursuant to the said Act is as under

(₹ in '000)

	Particulars	March 31, 2019	March 31, 2018
(a)	The Principal amount and the interest due thereon remaining unpaid to any supplier as	-	-
	- Principal amount due to micro and small enterprises	930.64	485.78
	- Interest due on above	140.31	6.53
(b)	The amount of interest paid by the buyer in terms of section 16 of the Micro and Small Enterprises Development Act, 2006, along with the amounts of the payments made to supplier beyond the appointed day during each accounting year.	5.03	9.99
(c)	The amount of interest sue and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	141.81	33.65
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of Micro and Small Enterprises Developments Act, 2006.	-	-

The Company has initiated the process of identification of suppliers registered under Micro and Small Enterprises Developments, Act 2006 by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received.

Notes: 36 - Computation of Earnings per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

(₹ in '000)

	Particulars	March 31, 2019	March 31, 2018
a)	**Basic Earnings Per Share**		
	From continuing operations attributable to the equity shareholders of the company	(13.47)	(15.54)
	From discontinued operations	-	-
	Total basic earnings per share attributable to the equity shareholders	**(13.47)**	**(15.54)**

(₹ in '000)

	Particulars	March 31, 2019	March 31, 2018
b)	**Diluted Earnings Per Share**		
	From continuing operations attributable to the equity shareholders of the company	(13.47)	(15.54)
	From discontinued operations	-	-
	Total diluted earnings per share attributable to the equity shareholders	**(13.47)**	**(15.54)**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 36 - Computation of Earnings per Share (EPS) (contd..)

(₹ in '000)

	Particulars	March 31, 2019	March 31, 2018
c)	**Reconciliation of earnings used in calculating earnings per share**		
	Basic Earnings Per Share	(13.47)	(15.54)
	Profit attributable to the equity shareholders of the company used in calculating basic and diluted earnings per share:	(200617.46)	(231473.63)
	From continuing operations	(200617.46)	(231473.63)
	From discontinued operations	-	-

Notes: 37 - Related Party Details

(a) Related Party Disclosure

Key Management Personnel	Mr. Jayantilal B. Sanghvi
	Mr. Naresh B. Sanghvi
	Mr. Vikram B. Sanghvi
	Mr. Ram Chandra Prasad
	Mr. Baba Karnire Pai
	Mr. Ram Swaroop Kaushal
	Smt. Aruna Sunilkumar Khasgiwala
Relative of Key Management Personnel	Mr. Babulal S. Sanghvi
	Smt. Bhamridevi B. Sanghvi
	Smt. Meena J. Sanghvi
	Smt. Kiran N. Sanghvi
	Smt. Sheetal V. Sanghvi
	Mr. Mahesh B Sanghvi
Enterprises under Significant Influence of Key Management Personnel or their Relatives	Babulal Sanghvi (HUF)
	Jayantilal Sanghvi (HUF)
	Naresh Sanghvi (HUF)
	Vikram Sanghvi (HUF)
	Babulal Sanghvi (HUF))
	Gautam Stainless Pvt. Ltd.
	Sanghvi Exim LLP
	Labdhi Forging

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 37 - Related Party Details (contd..)

(b) Related Party Transaction

(₹ in '000)

Particulars	Key Management Personnel		Relative of Key Management Personnel		Enterprises under Significant Influence of Key management Personnel or their Relatives		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Purchase of Goods/DEPB	**-**	**-**	**-**	**-**	**6329.54**	**512.47**	**6329.54**	**512.47**
Gautam Stainless Pvt. Ltd.	-	-	-	-	217.93	512.47	217.93	512.47
Sanghvi Exim LLP	-	-	-	-	3664.74	-	3664.74	-
Labdhi Forging	-	-	-	-	2446.87	-	2446.87	-
Receiving of Services	**-**	**-**	**-**	**-**	**500.00**	**231.47**	**500.00**	**231.47**
Gautam Stainless Pvt. Ltd.	-	-	-	-	500.00	231.47	500.00	231.47
Sale of Goods	**-**	**-**	**-**	**-**	**7289.62**	**2689.49**	**7289.62**	**2689.49**
Gautam Stainless Pvt. Ltd.	-	-	-	-	1874.84	541.30	1874.84	541.30
Sanghvi Exim LLP	-	-	-	-	5414.78	2148.19	5414.78	2148.19
Interest paid	**-**	**-**	**-**	**-**	**204.15**	**917.63**	**204.15**	**917.63**
Gautam Stainless Pvt. Ltd.	-	-	-	-	204.15	917.63	204.15	917.63
Loans - Repaid / Converted	**39921.08**	**6630.46**	**1376.00**	**1235.00**	**9362.74**	**8454.66**	**50659.82**	**16320.12**
Babulal S. Sanghvi	1420.00	200.00	-	-	-	-	1420.00	200.00
Jayantilal B. Sanghvi	10786.08	560.46	-	-	-	-	10786.08	560.46
Naresh B. Sanghvi	9965.00	750.00	-	-	-	-	9965.00	750.00
Vikram B. Sanghvi	14285.00	5120.00	-	-			14285.00	5120.00
Bhamridevi B. Sanghvi	-	-	-	500.00	-	-	-	500.00
Meena J. Sanghvi	-	-	151.00	300.00	-	-	151.00	300.00
Kiran N. Sanghvi	-	-	225.00	435.00	-	-	225.00	435.00
Sheetal V. Sanghvi	-	-	1000.00	-	-	-	1000.00	-
Jayantilal B. Sanghvi (HUF)	520.00	-	-	-	-	-	520.00	-
Naresh B. Sanghvi (HUF)	2785.00	-	-	-	-	-	2785.00	-
Vikram Sanghvi (HUF)	160.00	-	-	-	-	-	160.00	-
Gautam Stainless Pvt. Ltd.	-	-	-	-	9362.74	8454.66	9362.74	8454.66
Loans - Received / Taken	**12086.08**	**235.02**	**2055.00**	**500.00**	**4320.29**	**2083.87**	**18461.36**	**2818.89**
Babulal Sanghvi	1975.00	200.00	-	-	-	-	1975.00	200.00
Jayantilal B. Sanghvi	4551.08	34.01	-	-	-	-	4551.08	34.01
Vikram B. Sanghvi	4380.00	1.01	-	-	-	-	4380.00	1.01
Kiran N. Sanghvi	-	-	800.00	-	-	-	800.00	-
Bhamridevi B. Sanghvi	-	-	-	500.00	-	-	-	500.00
Sheetal V. Sanghvi	-	-	1175.00	-	-	-	1175.00	-
Meena J. Sanghvi	-	-	80.00	-	-	-	80.00	-
Babulal Sanghvi (HUF)	450.00	-	-	-	-	-	450.00	-
Jayantilal Sanghvi (HUF)	185.00	-	-	-	-	-	185.00	-
Naresh Sanghvi (HUF)	180.00	-	-	-	-	-	180.00	-
Vikram Sanghvi (HUF)	365.00	-	-	-	-	-	365.00	-
Gautam Stainless Pvt. Ltd.	-	-	-	-	4320.29	2083.87	4320.29	2083.87

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 37 - Related Party Details (contd..)

(₹ in '000)

Particulars	Subsidiary Company		Key Management Personnel		Relative of Key Management Personnel		Enterprises under Significant Influence of Key management Personnel or their Relatives		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Rental Paid	**-**	**-**	**38.90**	**36.00**	**569.67**	**308.00**	**-**	**-**	**608.57**	**344.00**
Bhamridevi B. Sanghvi	-	-	-	-	569.67	308.00	-	-	569.67	308.00
Jayantilal B. Sanghvi	-	-	38.90	36.00	-	-	-	-	38.90	36.00
Director's Remuneration	**-**	**-**	**7471.00**	**9252.41**	**-**	**-**	**-**	**-**	**7471.00**	**9252.41**
Balance Outstanding - (Receivables)/Payables (Net)										
Loans & Advances	**-**	**-**	**24344.76**	**49894.76**	**14042.17**	**13363.17**	**40292.44**	**47415.75**	**78679.37**	**110673.69**
Babulal S. Sanghvi	-	-	5112.10	4557.10	-	-	-	-	5112.10	4557.10
Jayantilal B. Sanghvi	-	-	8630.86	14865.86	-	-	-	-	8630.86	14865.86
Naresh B. Sanghvi	-	-	8607.09	18572.09	-	-	-	-	8607.09	18572.09
Vikram B. Sanghvi	-	-	1994.71	11899.71	-	-	-	-	1994.71	11899.71
Bhamridevi B. Sanghvi	-	-	-	-	2622.30	2622.30	-	-	2622.30	2622.30
Meena J Sanghvi	-	-	-	-	129.00	200.00	-	-	129.00	200.00
Kiran N Sanghvi	-	-	-	-	4899.74	4324.74	-	-	4899.74	4324.74
Sheetal V Sanghvi	-	-	-	-	6391.14	6216.14	-	-	6391.14	6216.14
Babulal Sanghvi (HUF)	-	-	-	-	-	-	5475.00	5025.00	5475.00	5025.00
Jayantilal Sanghvi (HUF)	-	-	-	-	-	-	14867.51	15202.51	14867.51	15202.51
Naresh Sanghvi (HUF)	-	-	-	-	-	-	11606.77	14211.77	11606.77	14211.77
Vikram Sanghvi (HUF)	-	-	-	-	-	-	8343.16	8138.16	8343.16	8138.16
Gautam Stainless Pvt. Ltd.	-	-	-	-	-	-	-	4838.31	-	4838.31
Trade Payable / Receivable	**-**	**-**	**-**	**-**	**-**	**-**	**7052.00**	**2879.09**	**7052.00**	**2879.09**
Gautam Stainless Pvt. Ltd. (Service Vendor)	-	-	-	-	-	-	59.50	343.32	59.50	343.32
Gautam Stainless Pvt. Ltd. (Customer)	-	-	-	-	-	-	1297.01	387.59	1297.01	387.59
Sanghvi Exim LLP (Customer)	-	-	-	-	-	-	4261.38	2148.19	4261.38	2148.19
Labdhi Forging (Vendor)	-	-	-	-	-	-	1434.12	-	1434.12	-

Notes: 38

Contributions are made to Recognized Provident Fund/ Government Provident Fund which covers all employees. While both the employees and the Company make predetermined contributions to the Provident Fund .The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans.

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Contribution to Provident Fund	42363.57	3537.79

In respect of Gratuity, Contributions are made to LIC's Recognized Group Gratuity Fund Scheme based on amount demanded by LIC of India. Provision for Gratuity is based on actuarial valuation carried by independent actuary as at the year end. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Employee Benefits commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 38 (contd..)

Category of Plan Assets: The Company's Plan Assets in respect of Gratuity are funded through the Group Scheme of the LIC of India

In respect of gratuity (funded):

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Amounts to be recognised in the Balance Sheet		
Amounts recognised in the Balance Sheet:		
Liabilities	4330.63	4040.71
Assets	727.41	1169.65
Net Liability	**3603.22**	**2871.06**
P/L Account		
Current Service Cost	752.84	747.87
Net Interest on net Defined Liability / (Asset)	238.10	63.29
Total	**990.94**	**811.16**
Other Comprehensive Income		
Actuarial (Gains) / Losses on Liability	(278.57)	1622.82
Return on Plan Assets Excluding Amount included in Net Interest on	37.93	(149.11)
Net Defined Liability / (Asset) above		
Total	**(240.64)**	**1473.71**
Table Showing Change in Benefit Obligation		
Opening Defined Benefit Obligation	4022.67	1834.68
Service Cost for the year	752.84	747.87
Interest Cost for the year	309.75	141.27
Actuarial Losses (Gains)	(278.57)	1622.82
Benefits Paid	(476.04)	(305.93)
Closing Defined Benefit Obligation	4330.65	4040.71
Bifurcation of Actuarial Losses (Gains)		
Actuarial Losses (Gains) arising from change in financial assumptions	-	(131.84)
Actuarial Losses (gains) arising from change in demographic assumptions	-	-
Actuarial Losses (Gains) arising from experience adjustments	(278.58)	1754.65
Actuarial Losses (Gains) - Total	**(278.58)**	**1622.81**
Sensitivity Analysis of Defined Benefit Obligation with references to		
Key Assumptions		
Discount Rate		
One Percentage Increase	3833.03	3617.54
One Percentage Decrease	4934.01	4550.46
Salary Escalation Rate		
One Percentage Increase	4926.09	4543.79
One Percentage Decrease	3830.07	3615.01
Withdrawal Rate		
One Percentage Increase	4323.51	4034.80
One Percentage Decrease	4338.25	4047.05
Expected (Undiscounted) Benefit Payments in Future Years		
(Projections are for current members and their currently accumulated benefits)		
Year 1	568.59	475.06
Year 2	124.29	180.92
Year 3	120.01	130.80
Year 4	141.25	125.53
Year 5	117.65	607.83
Year 6 to Year 10	773.48	474.74

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 38 (contd..)

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Tables of Fair Value of Plan Assets		
Opening Fair value of plant assets	**1169.65**	**1083.01**
Expected return	71.74	77.98
Actuarial Gains and (Losses)	(37.93)	149.11
Contributions by Employer	-	165.47
Benefits paid	(476.04)	(305.93)
Closing Balance of Fund	**727.42**	**1169.64**
Table Showing Surplus / (Deficit)		
Defined Benefit Obligation	4330.63	4040.71
Plan Assets	727.41	1169.65
Surplus / (Deficit)	3603.22	(2871.06)
Table Showing Bifurcation of Present Benefit Obligation at the end of year		
Current Liability (Amount due within one year)	568.59	475.06
Non-Current Liability (Amount due over one year)	3762.62	3565.66

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense.

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.70%	7.70%
Expected return on plan Assets	7.70%	7.70%
Annual Increase in Salary Costs	8.00%	8.00%
Attrition Rate	5%	5%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Notes: 39

The Company has entered into lease agreements for certain properties including director's accommodation which are cancellable at the option of the Company or as per agreed terms. The total rent charged to the Statement of Profit and Loss for the year towards such leases amount to ₹ 868.22 thousands (P.Y. ₹ 721.46 thousands).

Notes: 40 - Segment disclosures

(A) Description of segments and principal activities

The company's strategic steering committee, consisting of the chief executive officer, the chief financial officer and the manager for corporate planning, examines the group's performance both from a product and geographic perspective and has identified only one reportable segment of its business.

a) Business Segment:

The company has only one reportable business segment of Forging & Fitting as the primary reportable Business segment for disclosure. The business segments are business of Forging & Fitting and wind energy business.

b) Geographical Segment:

The company has exported during the year and it does require disclosure as a separate reportable segment of Domestic Sales and Export Sale.

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 40 - Segment disclosures (contd..)

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018	Total
Domestic	592119.98	462905.60	**1055025.58**
Export	35873.02	116680.35	**152553.37**

Notes: 41

The subsidiary company is incorporated in Netherkand on 27th of May 2014. The financial of the subsidiary end on 31 st December and the financial statements of the said subsidiary to be audited unde Dutch law; hence un-audited financials are only consolidated. The said accounts are certified by management and relied upon by the auditors.

Notes: 42 - Disclosure in terms of schedule III of the Companies Act, 2013

Sr.	Particulars	Net Assets (i.e. Total assets minus total liabilities)		Share in profit/(loss)	
		As a % of consolidated net assets	Amount	As a % of consolidated profit/(loss)	Amount
1.	**Parent**				
	Sanghvi Forging and Engineering Limited	96.50	(216935.82)	99.46	(199536.35)
2.	**Subsidiary (Foreign)**				
	Sanghvi Europe B.V.	3.05	(6855.45)	2.01	(4030.92)
	Add/(Less) Inter - Company Eliminations	0.45	(1009.56)	(1.47)	2949.81
	Total	100.00	(224800.83)	100.00	(200617.46)

Notes: 43 - Financial Risk Management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

A) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of following financial assets represents the maximum credit exposure:

(i) Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However credit risk with regards to trade receivable is almost negligible in case of its residential sale and lease rental business as the same is due to the fact that in case of its residential sell business it does not handover possession till entire outstanding is received. No impairment is observed on the carrying value of trade receivables.

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	91394.51	98364.68
180 - 365 days	25891.79	24769.42
beyond 365 days	66058.16	64,252.28

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 43 (contd..)

(ii) Cash and Cash Equivalents

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of surplus funds, bank overdrafts, bank loans, debentures and inter-corporate loans.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

The table below provides details regarding the contractual maturities of significant financial liabilities :

(₹ in '000)

Particulars	Less than 1 Year	1 - 3 Years	More than 3 Years	Total As at March 31, 2019
Borrowings	448169.68	384487.84	-	832657.52
Trade payables	225467.16	-	-	225467.16
Other financial liabilities	854100.61	-	-	854100.61
Total	**1527737.45**	**384487.84**	**-**	**1912225.29**

Particulars	Less than 1 Year	1 - 3 Years	More than 3 Years	Total As at March 31, 2019
Borrowings	578238.45	384525.41	-	962763.86
Trade payables	256976.13	-	-	256976.13
Other financial liabilities	607858.19	-	-	607858.19
Total	**1443072.77**	**384525.41**	**-**	**1827598.18**

(C) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to commodity prices and the market value of its investments.

(D) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

(E) Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of forging products, including the raw material components for such forging products. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's forging products business are generally more volatile. Cost of raw materials forms the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2019, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 43 (contd..)

(F) Foreign exchange risk

The Company's foreign exchange risk arises from foreign currency borrowings (primarily in US Dollars) As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's expenses measured in Indian rupees may decrease or increase and vice-versa.

(i) Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents, borrowings and trade payables

(₹ in '000)

Particulars	March 31, 2019			
	Euro	US Dollar	Others	Total
Financial assets				
Trade receivables	-	15236.78	-	15236.78
Cash and cash equivalents	-	-	-	-
Financial liabilities				
Borrowings	-	142034.63	-	142034.63
Trade payables	11180.62	2438.29	-	13618.91
Total	**(11180.62)**	**(129236.13)**		**(140416.75)**

(₹ in '000)

Particulars	March 31, 2018			
	Euro	US Dollar	Others	Total
Financial assets				
Trade receivables	9986.25	21765.38	-	31751.63
Cash and cash equivalents	618.09	82.27	-	700.36
Financial liabilities				
Borrowings	-	126194.07		126194.07
Trade payables	10828.45	14581.20		25409.65
Total	**(224.11)**	**(118927.62)**	**-**	**(119151.73)**

(ii) Sensitivity

For the years ended March 31, 2019 and March 31, 2018, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial liabilities would decrease the Company's loss and increase the Company's equity by approximately ₹ 7558495 and ₹ 5992605 respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Notes: 44 - Capital management

The company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2019

Notes: 44 (contd..)

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
Gross Debt	841871.96	962763.86
Less: -		
Cash and Cash Equivalent	5681.67	2513.86
Other Bank Balance	5443.23	11570.52
Net debt (A)	**830747.05**	**948679.48**
Total Equity (B)	**(224800.83)**	**(24605.09)**
Net debt to equity ratio	**(3.70)**	**(38.56)**

As per our report of even date

For **V.K. Shastri & Co.**
Chartered Accountants
FRN No 113325W

CA V. K. Shastri
Proprietor
Membership No - 042774

Vadodara, dated May 30, 2019

For and on behalf of Board of Directors

Jayantilal Sanghvi
Chairman & Managing Director

Naresh Sanghvi
Director & COO

Vikram Sanghvi
Director & CFO

Deepika Agrawal
Company Secretary

NOTES

OUR WINNING STRIDE CONTINUES...

SANGHVI FORGING & ENGINEERING LTD.

244/6&7 GIDC Estate, Waghodia, Gujarat 391760 India
Tele: 026 6867 3100 www.sanghviforge.com

Designed by: www.rightalign.in

Disclaimer: Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

SANGHVI FORGING & ENGINEERING LTD.

Registered Office: 244/6-7, G.I.D.C. Industrial Estate, Waghodia-391760 Dist. Vadodara,
Ph:02668-673100 Fax: 02668-673135
Email :cs@sanghviforge.com Web : www.sanghviforge.com
CIN : L28910GJ1989PLC012015

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of **SANGHVI FORGING AND ENGINEERING LIMITED** will be held at the Registered Office of the Company at **244/6-7, GIDC Industrial Estate, Waghodia, Dist. Vadodara 391 760** at 4:00 p.m. on Friday, 27th day of September, 2019 to transact the following business :

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 together with the Reports of the Board of Directors and the Auditors Report thereon.**
2. **To appoint a Director in place of Mr. Naresh Babulal Sanghvi (DIN: 00291869), who retires by rotation and being eligible, offers himself for reappointment.**

SPECIAL BUSINESS:

3. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

   To appoint Mr. Ruchit Bhatnagar (DIN: 07793686) as an Independent Director for the first term of Five consecutive years

   "RESOLVED THAT, in accordance with the provisions of Section 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded to the appointment of Mr. Ruchit Bhatnagar (DIN: 07793686), who was appointed as an Additional Director (Independent) of the Company by the Board of Directors upon the recommendation of Nomination and Remuneration Committee of the Company w.e.f. 12th August, 2019 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, for his first term of five consecutive years with effect from 12th August, 2019 upto 11th August, 2024." "RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

   Re-appointment of Mrs. Aruna Khagiwala (DIN: 07197210) as an Independent Director of the Company

   "RESOLVED THAT, in accordance with the provisions of Section 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded to the re-appointment of Mrs. Aruna Khagiwala (DIN: 07197210) as an Independent Director of the Company, not liable to retire by rotation, for her second term of five consecutive years with effect from 29th May, 2020."

By Order of the Board of Directors
For Sanghvi Forging & Engineering Limited

Vadodara, 12th August, 2019

Sd/-
Deepika Agrawal
Company Secretary
ICSI Membership No: 55217
e-mail: cs@sanghviforge.com
Web:www.sanghviforge.com
Ph:02668-264100

Registered Office:
244/6 & 7, GIDC Industrial Estate,
Waghodia, Dist. Vadodara 391 760
CIN: L28910GJ1989PLC012015
Fax: 02668-263411

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (the "Meeting") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   The instrument appointing a proxy should, however, be deposited at the Company's Registered Office at 244/6 & 7, GIDC Industrial Estate, Waghodia, Dist. Vadodara 391 760 (Gujarat) not less than 48 hours before the commencement of the aforesaid meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th day of September, 2019 to 28th day of September, 2019 (both days inclusive).
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
4. Members/ Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
5. Members desiring any information as regards the Accounts are requested to write to the Company Secretary at an early date so as to enable the Management to reply at the Meeting.
6. Members holding shares in physical form are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses. Members holding shares in demat form are requested to notify their respective Depository Participant of any change in their addresses.
7. Members are requested to kindly bring their copies of the Annual Report to the Meeting.
8. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as detailed below:

Name Of Director	Mr. Naresh Babulal Sanghvi	Mrs. Aruna S. Khasgiwala	Mr. Ruchit Bhatnagar
Date of Birth	09/12/1977	22/05/1950	06/01/1974
Date of appointment on the Board	01/04/2000	29/05/2015	12/08/2019
No. Of Meeting Attended	4/4	3/4	NA
Qualification, Expertise and portfolio Handled	He is having experience of more than 2 decades is instrumental in driving the growth of company. He holds Diploma in Mechanical Engineering. His able leadership, courage and foresight have been the driving force in the overall development of the company. His vast and varied experience in the business and corporate world justify his appointment as a Director. Further his contribution towards deliberations in the Board/Committee Meeting would be in the best interest of the Company. He plays a vital role in managing manufacturing and retailing of flanges and other forging items and has been instrumental in driving the growth of our business. He leads the domestic & International marketing and sales functions of the Company. He is Executive Director & Chief Operating Officer of the Company and provides guidance to the Board of Directors.	She holds degree Ph.D. (Social Work) M.S. University of Baroda, M.A. (Social Work) specialization, Medical & Psychiatric Social Work, Delhi University. She is Retd. Professor, former DEAN (2003-2010), former head (2003-2008) faculty of Social Work in the M. S. University of Baroda. She has over 41 years of experience in teaching and field. She was appointed on our Board as an Independent Director on May 29, 2015. She is Independent Director of the company and provides guidance to the Board of Directors. Her vast and varied experience in the business and corporate world justify her appointment as a Director. Further her contribution towards deliberations in the Board/Committee Meeting would be in the best interest of the Company	A commerce graduate from Delhi University, with post graduations in management, finance and real estate & Doctorate in real estate finance and derivatives. He is Qualified Finance and Real Estate professional with over 24 years of rich experience in Business Planning, Marketing, Project Management, Business Systems, Risk Management, Costing, Pay roll Accounting, Derivative Finance, Public Issue, Land Acquisition, Joint Ventures, Mergers, Land Development, Mall Operations, New Project Development, Earthwork, Infrastructure, People Leadership, CSR Venture capitalist & Entrepreneur in Energy/Power Projects. He is appointed as Independent Director of the company and provides guidance to the Board of Directors. His vast and varied experience in the business and corporate world justify his appointment as an Independent Director. Further his contribution towards deliberations in the Board/Committee Meeting would be in the best interest of the Company.

Directorship in other Companies	Rajeshwari Forgings Private Limited	NA	1. Sixth Element Infraventures Private Limited 2. Bansal Oil Extraction Private Ltd 3. Spectra Luminaires Private Limited 4. AR Morgan Hydrosolar Energy Private Limited 5. APC Polymers Private Limited 6. RBEM Private Limited 7. Evoke Investment and Holding Private Limited 8. Refulgent Renewable Energy Private Limited 9. JDEE Investment and Holdings Private Limited 10. Ashmeena Securities Private Limited 11. Mikkymegha Hospital Private Limited 12. Eventus Infraventures Private Limited
Chairman/Membership of other committees of Company as on March 31, 2019	Stakeholders Relationship Committee- Member	Nominations& Remuneration Committee- Member	NA
Terms and Conditions of Re-appointment	As per the resolution passed by Shareholders at the Annual General Meeting to be held on September 27th, 2019 in which Shri Naresh B Sanghvi will be re-appointed as a Director and Chairman of the Company.	NA	NA
Remuneration last drawn	27.02 Lacs	NA	NA
Remuneration Proposed	As per excising terms and conditions	NA	NA
Shareholding as on March, 2019	12.33%	NA	NA
Relationship with Directors	Mr. Naresh Sanghvi is brother of Mr. Vikram Sanghvi and Mr. Jayantilal Sanghvi.	NA	NA

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company.

10. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

11. Electronic copy of the Annual Report for Financial Year 2018-19 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for Financial Year 2018-19 is being sent in the permitted mode.

12. Members who have not registered their email address, physical copies of the Notice of the 31st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

13. Members may also note that the Notice of the 31st Annual General Meeting and the Annual Report for the F.Y. 2018-19 will also be available on the Company's website www.sanghviforge.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Waghodia, Vadodara for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: cs@sanghviforge.com.

14. **Voting through electronic**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members holding shares either in physical form or in dematerialized form the facility to exercise their right to vote at the General Meeting by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). The instructions for e-voting are as under:

In case of members receiving e-mail:

E-voting Particulars

EVSN	USER ID

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders" tab.

(iii) Now, select the "SANGHVI FORGING AND ENGINEERING LIMITED" from the drop down menu and click on "SUBMIT"

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant SANGHVI FORGING AND ENGINEERING LIMITED on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If demat account holder has forgotten the password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii)Shareholders can also use Mobile app. "m-Voting" for e-voting. M-voting app is available on IOS, Android & Windows based mobile. Shareholders may log into m-Voting using their credentials to vote for the Company resolution(s).

(xix) Non-Individual Shareholders and Custodians.

- Non-individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The remote e-voting period begins on September 24th, 2019 (9:00 a.m.) and ends on September 26th, 2019 (5:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 20th, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

© In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

1. M/s Samdani Shah & Kabra, Practicing Company Secretaries, Vadodara, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the general meeting unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
2. The Results shall be declared at the AGM of the Company or thereafter. This Notice as well as the Results declared along with the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL and communicated to the NSE and BSE.
3. The facility for voting, either through electronic voting system or ballot or polling paper shall be available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
4. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

15.All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days up to and including the date of the Annual General Meeting of the Company.

Explanatory Statement as required under section 102 of the Companies Act, 2013

Item No. 3:

The Members may note that the Board of Directors of the Company upon the recommendation of Nomination and Remuneration Committee, has appointed Mr. Ruchit Bhatnagar (DIN: 07793686) as an Additional Director (Independent) w.e.f. 12th August, 2019 for the first term of five consecutive years subject to the approval of Members.

In terms of the provisions of Section 161(1) of the Companies Act, 2013 ('the Act'), Mr. Ruchit Bhatnagar holds office up to the date of this ensuing Annual General Meeting as an Additional Independent Director.

Mr. Ruchit Bhatnagar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. Mr. Ruchit Bhatnagar is not debarred from holding the office of Director, pursuant to any SEBI order or any other such authority. The Company has received a declaration from Mr. Ruchit Bhatnagar that he meets with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Act and

Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), In the opinion of the Board, Mr. Ruchit Bhatnagar fulfills the conditions for appointment as an Independent Director specified in the Act and rules made thereunder and Listing Regulations. Mr. Ruchit Bhatnagar is independent to the management.

Mr. Ruchit Bhatnagar is a commerce graduate from Delhi University, with post graduations in management, finance and real estate & Doctorate in real estate finance and derivatives. He is Qualified Finance and Real Estate professional with over 24 years of rich experience in Business Planning, Marketing, Project Management, Business Systems, Risk Management, Costing, Pay roll Accounting, Derivative Finance, Public Issue, Land Acquisition, Joint Ventures, Mergers, Land Development, Mall Operations, New Project Development, Earthwork, Infrastructure, People Leadership, CSR Venture capitalist & Entrepreneur in Energy/Power Projects. His vast and varied experience in the business and corporate world justifies his appointment as an Independent Director. Further his contribution towards deliberations in the Board/Committee Meeting would be in the best interest of the Company

The resolution seeks the approval of members for appointment of Mr. Ruchit Bhatnagar as an Independent Director pursuant to Section 149 and other applicable provisions of the Companies Act. 2013 and rules made thereunder to hold office for a first term of five consecutive years w.e.f. 12th August, 2019 up to 11th August, 2024.

The Board recommends the Ordinary Resolution set out at Item NO.3 of the Notice for approval by the members.

Copy of the draft letter for appointment of Mr. Ruchit Bhatnagar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company between 11.00 A.M. to 3.00 PM. on all working days from the date hereof up to the date of the Annual General Meeting and also at the venue at the Annual General Meeting.

Details of Mr. Ruchit Bhatnagar are provided in the Notice pursuant to the provisions of (i) the SEBI LODR Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Mr. Ruchit Bhatnagar is concerned or interested in the resolution of the accompanying notice relating to his appointment and his relatives are concerned or interested to the extent of their shareholding, if any, in the Company. None of the other Directors, Key Managerial Personnel of tile Company, and/or their relatives is, in any way, concerned or interested financially or otherwise, in the proposed Resolution.

Item No. 4:

The Members at the 27th Annual General Meeting of the Company held on 29th September, 2015 approved the appointment of Mrs. Aruna Khagiwala (DIN: 07197210) as an Independent Director of the Company for a period of five years and her first term of five consecutive years will complete on 29th May, 2020.

She holds degree of Ph.D. (Social Work) from M.S. University, Baroda, M.A. (Social Work) specialization, Medical & Psychiatric Social Work, Delhi University. She is a Retired Professor, former DEAN (2003-2010), former head (2003-2008) faculty of Social Work of M. S. University, Baroda. She has over 41 years of experience in teaching field. The Board of Directors of the Company ('the Board') at the meeting held on 30th May, 2019, on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, the re-appointment of Mrs. Aruna Khagiwala as an Independent Director of the Company, not liable to retire by rotation, with effect from 29th May, 2020, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), or any amendment thereto or modification thereof for a second term of consecutive five years.

The Board evaluated the performance of Mr. Ruchit Bhatnagar on the basis of criteria laid down in the Nomination and Remuneration Policy of the Company and expressed their satisfaction over his performance as an Independent Director of the Company. The Board is of the view that the continued association of Mrs. Aruna Khagiwala would benefit the Company, given the knowledge, experience and performance of Mrs. Aruna Khagiwala and contribution to Board processed by her.

In the opinion of the Board, Mrs. Aruna Khagiwala fulfills the conditions specified in the Act, the Rules thereunder and the Listing Regulations 2015 for re-appointment as an Independent Director and that he is independent of the management of the Company, and thus the Board recommends the resolution at Item No. 4 for your approval.

None of the Directors, Key Managerial Personnel and relative thereof except Mrs. Aruna Khagiwala, has any concern or interest, financial or otherwise, in the resolution at Item No. 4 of this Notice.

By Order of the Board of Directors
For Sanghvi Forging & Engineering Limited

Sd/-
Deepika Agrawal
Company Secretary
ICSI Membership No: 55217
e-mail: cs@sanghviforge.com
Web:www.sanghviforge.com
Ph:02668-264100
Fax: 02668-263411

Vadodara, 12th August, 2019

Registered Office:
244/6 & 7, GIDC Industrial Estate,
Waghodia, Dist. Vadodara 391 760
CIN: L28910GJ1989PLC012015

SANGHVI FORGING & ENGINEERING LTD.

Registered Office: 244/6-7, G.I.D.C. Industrial Estate, Waghodia-391760 Dist. Vadodara,
Ph:02668-673100 Fax: 02668-673135
Email :cs@sanghviforge.com Web : www.sanghviforge.com CIN : L28910GJ1989PLC012015

ATTENDANCE SLIP

Annual General Meeting on Friday, September 27, 2019 at 4:00 PM

I /We hereby record my presence at the Annual General Meeting of the Company at Registered Office of the Company situated at 244/6-7, G.I.D.C. Industrial Estate, Waghodia – 391760 Dist. Vadodara, Gujarat

Folio No./ DP ID & Client ID No _____ No. of Shares Held _____

Name of Member _____ Signature _____

Name of Proxy holder _____ Signature _____

IMPORTANT NOTE

Members/Proxy holders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.

SANGHVI FORGING & ENGINEERING LTD.

Registered Office: 244/6-7, G.I.D.C. Industrial Estate, Waghodia-391760 Dist. Vadodara,
Ph:02668-673100 Fax: 02668-673135
Email :cs@sanghviforge.com Web : www.sanghviforge.com CIN : L28910GJ1989PLC012015

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
E-mail Id	
Folio No/Client Id & DP Id	

I/ We being the member of _____ shares of the above named above company, hereby appoint

1. Name: _____
   Address: _____
   E-mail Id: _____ Signature: _____, or failing him

2. Name: _____
   Address: _____
   E-mail Id: _____ Signature: _____, or failing him

3. Name: _____
   Address: _____
   E-mail Id: _____ Signature: _____, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 31st Annual General Meeting of members of the Company, to be held on Friday, September 27, 2019 at the 244/6-7, G.I.D.C. Industrial Estate, Waghodia-391760 Dist. Vadodara registered office of the Company at 4:00 pm, and at any adjournment thereof in respect of such resolutions as are indicated below:

Attention Members!

Arrangements have been made for transport to and from the registered office of the Company so as to make it convenient for the Members to attend the 30th Annual General Meeting schedule to be held on Friday, September 27, 2019 at 4:00 pm

- Pick-up time will be 3:00 p.m. on Friday, September 27, 2019 and Route for Pick-up Location will start from Pandya Bridge to Fatehgunj Circle to Airport Circle to Sardar Estate to Waghodia Crossing to the Registered office of the Company.
- In case Members wish to avail this facility, they are requested to register their availability and above mentioned pickup locations by calling on Ph No. 02668-673100 and e-mail at cs@sanghviforge.com during 10:00 a.m. to 5:00 p.m. before September 26, 2019.
- Your Cooperation in this regard is highly solicited as this will help to ensure that the Company is able to effectively service from pick-up locations.
- Members are requested to arrive at the pick-up location well in advance so that they can reach at the Registered office of the Company prior to the meeting.
- Company Pick-up Vehicle available in the name of the Company **"SANGHVI FORGING AND ENGINEERING LIMITED"** to enable the Members to easily identify them.
- The return transport from the registered office of the Company shall follow the same route.
- Please be informed that no reimbursement shall be made for any expenses incurred to attend the meeting.

Resolution No.	Description
1	Adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 together with the Reports of the Board of Directors and the Auditors Report thereon.
2	Appointment of a Director in place of Mr. Naresh Babulal Sanghvi (DIN: 00291869), who retires by rotation and being eligible, offers himself for reappointment
3	Appointment of Mr. Ruchit Bhatnagar (DIN: 07793686) as an Independent Director of the Company.
4	Re-appointment of Mrs. Aruna Khagiwala (DIN: 07197210) as an Independent Director of the Company

Signed this_____day of_____2019

Signature of Shareholder_____ Signature of Proxy holder(s)_____

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, before the commencement of the Meeting.
2. For the resolutions, Explanatory Statement and Notes please refer notice of the Annual General Meeting.

Affix Revenue Stamp of Rs.1

SANGHVI FORGING & ENGINEERING LTD.

Registered Office: 244/6-7, G.I.D.C. Industrial Estate, Waghodia-391760 Dist. Vadodara,
Ph:02668-673100 Fax: 02668-673135
Email :cs@sanghviforge.com Web : www.sanghviforge.com
CIN : L28910GJ1989PLC012015

Form No. MGT – 12

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration Rules, 2014]

BALLOT PAPER

Sr. No.	Resolution No.	Details
1	Name of the first Named Shareholder (In block letters)	
2	Postal address	
3	Registered folio No. / *Client ID No. (*Applicable to investors holding share in dematerialized form)	
4	Class of Share	

I hereby exercise my vote in respect of Ordinary / Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

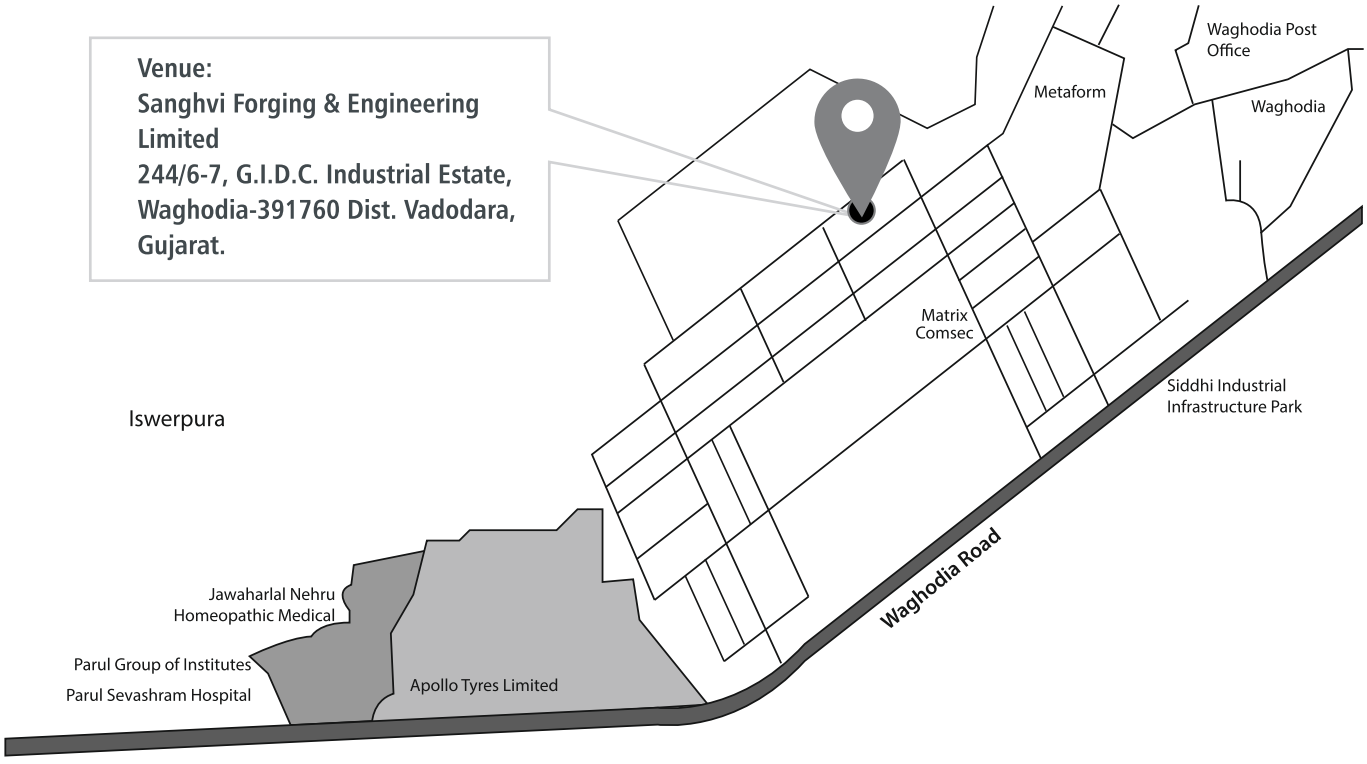
Item No.	Description	No. of Equity Shares held by me	I Assent to the Resolution (YES)	I Dissent from the Resolution (NO)
1	Adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 together with the Reports of the Board of Directors and the Auditors Report thereon.			
2	Appointment of a Director in place of Mr. Naresh Babulal Sanghvi (DIN: 00291869), who retires by rotation and being eligible, offers himself for reappointment			
3	Appointment of Mr. Ruchit Bhatnagar (DIN: 07793686) as an Independent Director of the Company.			
4	Re-appointment of Mrs. Aruna Khagiwala (DIN: 07197210) as an Independent Director of the Company			

Place:

Date:

(Signature of the Shareholder)

ROUTE MAP


Venue:
Sanghvi Forging & Engineering Limited
244/6-7, G.I.D.C. Industrial Estate,
Waghodia-391760 Dist. Vadodara,
Gujarat.
Waghodia Post Office
Metaform
Waghodia
Matrix Comsec
Siddhi Industrial Infrastructure Park
Iswerpura
Waghodia Road
Jawaharlal Nehru Homeopathic Medical
Parul Group of Institutes
Parul Sevashram Hospital
Apollo Tyres Limited

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