

## MANAGEMENT DISCUSSION AND ANALYSIS

This section contains certain forward-looking statements which are based on certain assumptions and expectations of certain future events.

### Overall Review:

The Company is engaged in the manufacturing of stainless steel pipes and tubes through the state of art production units situated at Survey No. 284/1,2,3,4, ( New Survey No. 1581,1582,1583 and 1584 ) Talod - Ujediya Road, Toraniya, Talod, Dist: Sabarkantha (Gujarat) with the total installation capacity of 3600 MTPA as on 31<sup>st</sup> March, 2020. The Company started with the production capacity of 2040 MTPA in the year 2013-14.

Currently, the Company is manufacturing stainless steel decorative tubes and pipes which relies heavily on impeccable engineering and precision based manufacturing. The diameter of these pipes ranges between 9.52 mm to 76.2 mm, the thickness on the other hand ranges from 0.4 mm to 3.00 mm. The Company aspires to design and manufacture such pipes and tubes that find applications in various industries. The Company specializes in meeting specific requirement of customers and offers complete solution for stainless steel pipes and tubes.

The Company is located in the state of Gujarat and supplying the produce in different states of India. Now Company is planning to explore the international market.

### Industry Structure:

India is among the fastest growing steel tubes and pipes manufacturers in the world with production estimated at about 10-12 million tonnes a year. Over the period, India has emerged as the global pipe manufacturing hub due to lower costs, superior quality and geographical advantages. The Indian steel pipes industry, comprising seamless SAW and ERW pipes, addressed a vast global and domestic opportunity, as a result of which this industry aggressively expanded capacity. Our Company operates in ERW Steel/Tubes segment and over a period of time we have emerged as consistent manufacturer on the strength of our high quality standards and ability to customize products as per specific customer requirements. The sectors in which we are present are considerably under served in India and other parts of the emerging world but with more Government focus and investments, there are reasons for optimism. This reality creates significant headroom for growth.

### Financial Performance with respect to Operational Performance:

The gross turnover of the Company was Rs. 76,086,793 during the year 2019-20 compared to Rs. 154,352,619 in the year 2018-19. After providing for Taxation (mainly, deferred tax liability), the Company has made profit of Rs. 1,755,652 in current year (2019-20) as compared to profit of Rs. 1,152,394 of last year (2018-19) which has been transferred to the Balance Sheet. During the current year, the Company attempted to reduce its debt. The Company also attempted to reduce its debtor level. The Company also planned to increase its dealer network. Due to strategic reasons, the Company has stopped trading activities which also resulted into reduction in turnover. The Company also plan to shift towards high value grade production like 304 which may give more conversion as compared to 202.

### Internal Control Systems and their adequacy:

The Company practices an internal control system which ensures proper handling and management of its assets. The internal control system of the Company is geared towards achieving efficiency in operations, effective monitoring and compliances with all applicable laws and regulations. The Company regularly conducts internal audit programs. The internal control department of the Company functions under the guidelines of the Audit Committee of the Company.

The Company regularly reviews the adequacy and effectiveness of the internal control system and suggests improvement for strengthening them.

### Opportunities, Risks and Concerns:

While the domestic and International economic conditions continue to remain challenging and are expected to remain for some more time, we expect that with wide range of products, quality standards and team efforts, your Company will be in a position to wither this situation. Your Company has continued to be the preferred supplier of many leading Companies and has been successful in expanding its approval base, adding leading players from the industry. Therefore, we expect that your Company will continue to be in a position to gradually expand its market reach and market share as per opportunities.

The Company regularly insures all its assets to enable itself in case of any mis-happening. The Company has framed a risk management team which constantly monitors the Indian and international markets and guides the management of any sort of prevailing risk to the company. The commodities prices being internationally traded are affected by the global market demand and supply forces and the dollar rate. The risk management team plays a major role here. Moreover, the industry is labour

oriented and business operations of the Company may be materially affected by strikes, lock outs or work stoppage. The management is regularly keeping watch on the international trade policy also.

**Material Developments in Human Resources and Industrial Relations Front:**

As the Company continues to grow, the focus has been on enhancing morale and capabilities of employees. The staff and workers are provided orientation and training for the development of soft and hard skills on a regular basis. Human Resource is a precious asset of your Company. Efforts are made to improve the performance, providing work satisfaction and performance based increments, safety and social status. The Industrial relations remained cordial at all organizational levels and work places. The Company makes regular efforts to maintain relation with Stakeholders by transparency, good governance, regular communication and effective transactions.

**Environment and Safety:**

The Company is committed to comply with the statutory requirements related to environment, health, safety and to prevent pollution through continuous improvement in processes, practices and EHS awareness. Your Company not only cares for compliances in this aspect but also contributes towards society health, safety and green environment.

**Cautionary Statement:**

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

**For and on behalf of the Board**

**Place : Gandhinagar  
Date : 29<sup>th</sup> June, 2020**

**Saurabhkumar R. Patel  
(DIN:06964670)  
Chairperson and Managing Director**

