

FAITH AND STRENGTH KEEP US AHEAD



Greetings,

Recently, I came across this beautiful quote by our country's nation builder Sardar Vallabhbhai Patel, "Faith is of no avail in absence of strength. Faith and strength, both are essential to accomplish any great work." As I was pondering over the words, it struck me that these could apply to both our country as well as our company. It was particularly appropriate that the quote was by none other than the one who knitted together this great nation of ours, because we firmly believe our company is ultimately helping build a greater India. It was also fortuitous that the Sardar was called the Iron Man of India, because iron is the base metal in Steel Pipes and Tubes – the Industry we are in.

As a nation, India is known for its faith in every sense of the term. Stepping away from its religious flavour, we think of faith more as belief, trust and confidence.

We think of faith as a spiritual force that could move mountains. If we Indians didn't have faith in our sense of purpose and abilities, there wouldn't be an India standing shoulder to shoulder with the World's biggest economies today. That's our source of strength now.

And there are clear signs that it is this strength that is catapulting our country to even bigger things.

Our country grew the fastest among the major economies in the fourth quarter (Q4) of financial year 2017-18 (FY18) at 7.7%, leading to an upward revision in the GDP growth projection for the full year to 6.7%. This was driven in large parts by Q4 growth of 9.1% in manufacturing and 11.5% in construction sectors. Gross fixed capital formation, a proxy for the amount of investment in the economy, grew strongly at 7.6% in 2017-18 indicating a turnaround in the economy. Sequential growth in manufacturing that picked up in Q3 and Q4 of FY18, suggests that the initial dampening effect of GST on the economy is going away. With the contribution of net export growth being negative in all four quarters of 2017-18, growth has clearly been driven by domestic factors. According to Deloitte India, currently, the Indian economy is in a sweet spot, with most macro-prints on the upside, especially seen in terms of broad-based industry growth, improving sales data and positive sentiment. Of course, a note of caution is that the economy remains vulnerable to external risks, key among them is the anticipated rise in crude price and input costs.

They say India's massive population base that provides a large domestic market, is the Country's strength. That's only a partial view. Yes, we are a nation of a billion people, but we are also a nation of a billion dreams.

It is the people turning their dreams into reality in every nook and corner of our country that is making our nation great. We too started out with a modest dream in 1983; we wanted to make the best quality Pipes and Tubes. It was just faith then; today it has become our strength. Today, a typical pipe-making lifecycle consists of a series of about 200 rigorous tests at NABH Accredited Labs, right from the raw material to the finished product testing. Today, we have the Country's largest production facility in SS Pipes and Tubes, creating the widest range of products under one roof. Today, our pipes and tubes can stand on their own with the best in the world and make any Indian proud. Call it faith in our strength.

Pride is one thing; economics is another. Our products are contributing to the Country in more concrete and pragmatic ways too.

Take our ongoing capacity expansion program for the production of large diameter Stainless Steel (SS) Seamless Pipes. Presently the requirements of such pipes have to be met through costly imports. The additional capacity of 20,000 tonnes will be able to substitute all imports in this niche segment, thus saving the Country valuable foreign exchange. By being the first and the largest in the Country to manufacture SS Seamless Tubes and Pipes in the size ranging up to 10 inch NPS, we will also be able to further strengthen our leadership position in SS Pipes and Tubes.

We are not only saving foreign exchange through import-substitution, but are also earning it through exports. We achieved highest ever export of above Rs. 450 crores in F.Y. 2018. We have a presence in 37 countries, with major project-prints in Nigeria, Middle-East, Japan, South Korea, Europe and the US. Moreover, we are approved by major global entities in the oil & gas and power sectors.

The health of our economy is critically dependent on core sectors like oil & gas, refinery, petrochemicals,

power, energy, water, fertilizers, chemicals, defence, automobiles, among others. By serving the majors in these sectors, we believe that we are serving the Nation.

We believe that the future of profit is purpose. The environment and community will always remain an integral part of our production plans.

We take great pride in such efforts. Reflecting that pride, we have our state-of-the-art zero-discharge effluent plant and the artificial channel to hold 87,000 litres of rainwater runoff from adjoining areas at our Kutch plant. The humble sparrow, hitherto endangered by urban sprawl, is slowly making a comeback in many areas of Gujarat thanks to our 'Save the Sparrow' Campaign and the efforts of a very dedicated and passionate team. Since education is the master key to upliftment in backward areas, we are setting aside a good sum to improve enrolments and assume complete responsibility of the free education and stay of deserving students at the Ratnamani Education Campus. We also have several initiatives underway in the areas of women empowerment, healthcare and Swachh Bharat.

We are sure that faith and strength will keep us moving from strength to strength. We are thankful to our stakeholders, our investors, our clients, our partners, our suppliers, our people and our well-wishers for joining along with us for the journey. Your faith in us is our greatest strength. We vow to give our very best in order to live up to it.

With warm regards,

Prakash M Sanghvi

Chariman and Managing Director