

Augmenting new horizon for pipes and fitting industry

An overview on pipes and fitting industry



Infrastructure development and urbanisation in India has given a dynamic shape to the Indian construction industry. Various government initiatives like Smart City Mission, Housing for All, and Swachh Bharat Abhiyaan is creating business opportunities for construction industry. Pipes and fittings is one such essential part of the construction industry that is expected to gain momentum in the coming days due to faster developments. This industry has been segmented on the basis of types of PVC pipes and fittings (RPVC, PVC and CPVC pipes and fittings).

As per a report, PVC pipes and fittings market in India has grown at a Compound Annual Growth Rate (CAGR) of 12.5 per cent during the period from FY2009–FY2014. The PVC pipes and fittings market in India is poised to register a double digit growth over the period FY2014–FY2019 and is expected to reach Rs 391 billion in FY 2019 as compared to FY 2014. To achieve this growth, not only infra development but also progress in irrigation, waste water management, water supplies, sewage and plumbing etc is expected to play a huge role and are to be major growth drivers to spur the opportunities for pipes and fitting industry. Sharing his views about pipes and fittings industry market size and growth rate Rajesh Pajnoo, President of Hindware Pipes Division, HSIL Ltd



Rajesh Pajnoo
President of Hindware Pipes Division
HSIL Ltd

says, "The plastic pipe and fittings industry is Rs 23,000 crore in size with a growth rate of 17 per cent in the last 7 years. With the impetus given for Real Estate/Infrastructure development and conversion from Galvanised Iron (GI), the growth rate will improve to 20 per cent."

Impact of GST, Demonetisation, RERA on pipes and fittings Industry

Goods and Services Tax (GST), is hailed as most important tax system in India. With its implementation it has driven up the efficiencies by cutting out the multiple taxes that are charged. It has also got much ease and transparency in the business and also has been fair enough to curb down the unethical practices. The GST

is an indirect tax levied on goods and services in India wherein the goods and services are divided into five tax slabs that is 0, 5, 12, 18, and 28 per cent.

On the other hand, the announcement Demonetisation made by the government created a big hullabaloo, prolonged cash shortages etc, which slowed down various markets and sectors. However, with time the impact of the same is reduced and the money circulation is in line. Briefing on the impact of Demonetisation, GST and Real Estate Regulatory Authority (RERA) on pipes and fittings industry Pajnoo states, "Demonetisation affected the money circulation which in turn slowed down the markets in most categories, which phase is over now. GST is a positive step and a major systemic change, the impact of this is felt in real estate sector too, but we are hopeful it will settle soon. RERA will benefit the Real Estate Industry in the long run. It will attract more investment by large players and this in turn will benefit the home buyers at large."

Opportunities for the pipes and fittings segment from Budget 2018

During the budget 2017-18 for the infrastructure sector, the total allocation for the infrastructure development in 2017-18 was Rs 3, 96, 135 crore. For irrigation sector, the government

PIPES-FITTING

announced Rs 20,000 crore to NABARD for long term irrigation funds, and 5000 crore for setting up of dedicated micro irrigation fund. On the other hand, Under Swachh Bharat Mission (rural) the government prioritised pipe water supply for open defecation free villages and safe sanitation.



Subhash Sethi
Chairman, SPML Infra Ltd

The budget of this year is good for the infrastructure sector, specially water and energy. The Rs.19,428 core allocation for water supply projects under AMRUT schemes will help in providing drinking water facilities to urban and semi urban households. The increase from Rs. 20,000 crore to Rs 40,000 crore for irrigation projects and dedicated micro irrigation fund of Rs 5,000 crore will help the agriculture sector to grow and have good production that will contribute to the growth in our economy. "These projects will require huge quantity of bulk pipeline to be laid for transporting water from source to destinations thus having opportunities for pipe manufacturers in India. The demand for

pipes from oil and gas sector will also increase with the several development schemes by the government comes under implementation," says Subhash Sethi, Chairman, SPML Infra Ltd.

This year's Budget will encourage economy and also will have positive impact believes Pajnoo. On the budget expectations he states, "We expect a business friendly budget which will spur economic growth and bring a positive impact on most/all industries."

This year's budget with progressive thinking will lead India to an inclusive growth path with clear focus to develop robust infrastructure and lift the economy to achieve the target for next fiscal.

Imported or indigenous pipes

Like in any other country, India also has different quality of pipes and other mechanical fittings available across the market. There are good manufacturers who produce quality products which are priced comparatively higher than other manufacturers and also the Chinese imports available freely. Over the past few months, global steel prices have jumped by nearly 30 per cent thus putting pressure on pipe manufacturers. Apart from rising cost, India has also witnessed growing imports of steel and pipes from countries like China, South Korea and Ukraine despite it has got the surplus steel production. After the New Steel Policy rolled out by the government in May 2017, it helped in keeping a check on imports which reduced to only 10.9 per cent during April-December 2017.

Sethi adds, "When SPML Infra received order for phase 1 of Saurashtra

Narmada Avtran Irrigation (SAUNI Yojana) in Gujarat, which required procuring high capacity 3000 mm dia MS pipes with 17.5 mm thickness, no manufacturer was having the production capacity to provide such pipes which ultimately they upgraded their facilities to manufacture and supply."

India has about six million tonnes of pipe making capacity and imports 50-60 per cent of its raw material. China has started focusing on Indian market for pipes (after Europe imposed anti-dumping duty and the US started investigation on their exports for a possible trade barrier) and has managed to get good amount of Indian business with value-added steel pipes which are 20 per cent cheaper than Indian producers. China is able to manage the cheaper rates due to special incentives provided by their government for exports besides they enjoy lower interest and logistic costs compared to their Indian counterpart. Though the New Steel Policy mandates use of 'Made in India' steel for pipe manufacturing, but it still requires lot of clarifications and faces big challenges on implementation due to limited resources available.

Sharing his views on SPML Infra's preference on indigenous pipes Sethi says, "As an Indian Company working in infrastructure sector for past over three decades, SPML Infra is mainly using pipes and fitting manufactured in India. The preference is purely based on quality either for imported or indigenously manufactured with proper delivery commitment by the supplier as per our project execution schedules. We



<p>EARTH MOVING EQUIPMENT</p>		
<p>HIGHWAY EQUIPMENT</p>		
<p>MINING EQUIPMENT</p>		

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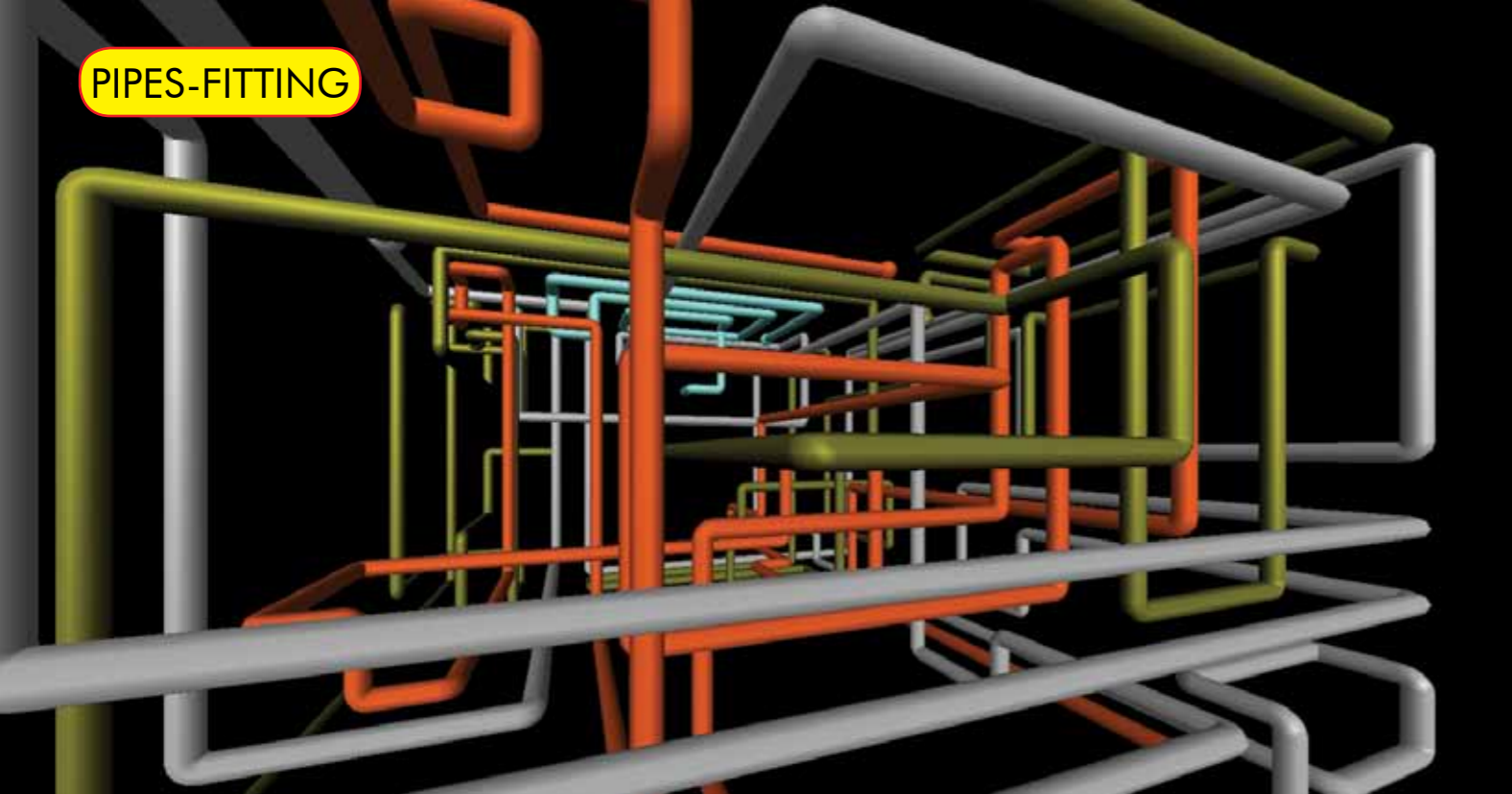
The Infrastructure Equipment Skill Council (IESC) is a 'Not for Profit' sustainable organisation promoted by the Indian Construction Equipment Manufacturers Association (ICEMA) and supported by the Confederation of Indian Industry (CII) and funded by the National Skill Development Corporation (NSDC) to spearhead the skilling of workforce in the Infrastructure Equipment Sector with primary focus on training and certification of operators and mechanics.

The Council was formed in August 2014 and commenced operations during November 2014, is governed by 18 member Governing Body from various segments of the Industry along with representatives from Department of Heavy Industries, Academia and National Skill Development Corporation.

MISSION

- To train over million Operators & Mechanics in ten years
- To have 5000+ Certified Trainers in over next decade
- To accredit 400 Training Organizations meeting Global Standards Pan India

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have seen Indian pipe manufacturers transformed from their conventional pipe making methods to adopting technology and modern technique to implementing stringent quality control for producing high capacity advanced pipes like MS and HDPE with large diameters. Earlier we used to lay PSC and RCC pipes which have given way to modern HDPE, DI and MS pipes with high tensile strengths. Sometimes the home grown manufacturers are not able to meet the committed dates due to their limited production capacities and gap between demand and supply. In such cases, companies like us have to look for other options in line with quality and quantity requirements."

SPML Infra has extensive experience in laying, jointing, testing and commissioning of bulk and distribution pipeline network for domestic and industrial water supply, treating water for reuse from sewage, effluent, irrigation, institutional, power etc. It has achieved a major position in the segment and already laid more than 10,000 km of pipeline up to 3,500 mm diameters in different geographical regions of India. It has developed expertise for both the business and technical management of large pipe networks with planning, laying and managing cross-country pipelines of any length and size (up to 4000 mm diameter) in all terrain conditions for drinking water, wastewater, irrigation, power and flood water transportation and management.

SPML Infra has earlier completed laying of 41 km of 3000 mm dia MS

pipeline with 17.5 mm thickness with external 3LPE coating and internal food grade epoxy coating under the Saurashtra Narmada Avtran Irrigation (SAUNI Yojana) in Gujarat. It is currently executing another package for laying of 36 km pipeline with same specifications. It has also executed 21 km of 2764 mm MS pipes with 18 mm shell thickness under Cauvery Water Supply Scheme for water supply augmentation to Bangalore city.

The over 9 km 2,420 mm to 3,100 mm dia MS pipeline was laid by the company in Delhi to improve raw water supply arrangement for the treatment plant at Wazirabad.

While stating on whether the industry imports only components of the product or the entire product Pajnoo says, "Few MNCs which are importing their products, but the volumes are low. In addition on suggesting how to avoid imports he says, "We are focussed on giving the Best Quality products manufactured here, given the low volumes of imported products, it is not a worry for us."

New venture in pipes and fitting segment

It is very important that India has good number of manufacturers and HSIL Ltd who has recently ventured into the household plumbing pipes segment with the inauguration of their manufacturing facility in village Isnapur, District Medak, Telangana. The move is aimed at providing integrated solution for home building, enhancing customer convenience, facilitating

cross-sale and extending the existing building products distribution chain to the hardware channel distribution chain for the pipes sub-segment.

Briefing about the facility's production capacity Pajnoo says, "The HSIL plant currently has a total production capacity of 30,000 metric tonne with plans to scale up the production capacity to up to 60,000 metric tonne by 2020 in order to emerge as a key player in the CPVC and UPVC pipes and fittings segment. This plant is the epitome of the best manufacturing practices accumulated and market understanding from HSIL's existing operations."

The plant will manufacture all types of CPVC and UPVC pipes and fittings, suitable for potable water transportation, water harvesting and sanitation applications, primarily in building construction segment.

Pajnoo adds, "We are extremely excited to launch our manufacturing plant in Isnapur, Telangana. To ensure product and technological supremacy we have entered into an alliance with Japan's Sekisui Chemical Co. Ltd. which is a 70 year old \$9 billion turnover company, for the supply of chlorinated polyvinyl chloride (CPVC) compound under their brand name Durastream, which is NSF certified. We are confident that our legacy of over five decades and this strategic partnership will enable us to provide better quality heat-resistant pipes and fittings and offer best in class products to the Indian market." ■



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