

## Dear Shareholders,

I am pleased to report that we have won over worlds during the year under review, which incidentally is also the theme of this year's report.

We started 2007-08 with a manufacturing presence in a single country; we finished the year with a presence in seven.

We started 2007-08 with nine global units; we finished the year with 30.



## Acquisitions

During the course of the year under review, we acquired two companies in the US, one in Europe and one in India. These acquisitions enabled us to leverage complementary technologies, capitalize on rich intellectual capital, outsource product manufacture to our Indian facilities and enhance our organizational value.

More importantly, these acquisitions helped us achieve a diverse geographic footprint, a widening customer base and an 'economies of scale' that can finally be termed as world class.

## Rationale for being a global company

For a number of years, Sintex has been a global company from the perspective of marketing and technology. What then was the rationale and urgency to acquire companies abroad?

In my opinion, Sintex's decision to acquire global assets was not only prudent, but absolutely necessary for a number of reasons.

- It got progressively cheaper to acquire global assets, especially in dollar terms, accelerating our projected payback
- Our focus is the substitution of expensive steel with alternative lower cost materials; our global acquisitions will provide us with the understanding of what products represent the best value from a global and enduring perspective
- We didn't just need a rich insight into products that we could re-engineer; we also needed to accelerate our entry into customers and markets, which each of our acquisitions has provided
- We needed to enrich our technology repository to graduate into a research driven organization with deep innovation skills provided by our acquisitions
- In the competitive business of steel-substituting plastic and composite materials, we needed scale that an average exclusively Indian presence wouldn't have been able to provide
- In a progressively de-tariffed and borderless world, we needed stronger derisking through a manufacturing presence proximate to the markets being served, a critical success driver in the processed polymer business
- Our business is particularly marked by consumer preferences, which can often shift based on cost and convenience. This makes it imperative to be present across large and diverse market stretches, which our international presence will facilitate
- We see distinctive high-cost structure of the developed West, eroding its cost competitiveness. On the contrary, we see the East-West convergence as an effective strategy to leverage scale to negotiate better for raw material costs and to segregate product manufacture based on what units are best equipped to address them

- The successful companies of the future will be those that can integrate people of different cultures and nationalities, understand their aspirations and reconcile with their global vision
- It is my conviction that people within companies need ongoing challenges, where by they can extend their professional competencies; merely enhancing market shares within established geographic pockets of the same country would have led to a satiation, disappointment and attrition. On the contrary, our extension into a number of countries is now being perceived as a learning opportunity, attracting the best talent
- A globalised manufacturing base represents effective economic and political derisking from an excessive dependence on one or few countries

We also acquired the automotive products division of Bright Brothers in 2007-08, which will facilitate our entry into the manufacture of plastic automotive components for the passenger car segment.

### Challenges

It would be simplistic to assume that our global acquisitions will be the sesame to robust and sustainable growth. At Sintex, we recognize we will need to extend our managerial bandwidth to ensure the cultural integration of the subsidiaries into our quintessential Sintex way of doing things.

### Outlook

I'm optimistic of our prospects for the following reasons;

- We enjoy our downstream presence across the automotive, electrical, wind energy, mass transit, aerospace, defence and related sectors
- We enjoy a leadership in water storage solutions, pre-fabricated building systems and composites, as well as an entrenched global presence in the area of composites and high-value structured shirting
- Our businesses are aligned to the high-growth sectors of infrastructure, telecom, capital expenditure projects and power, riding on growing government spending in the area of healthcare, education and sanitation on the one hand and the private spending in the country's infrastructure, on the other
- Our strategy to address the niche continues to be relevant in the textile industries where we continue to enjoy highest EBIDTA margins
- In plastics, we expect to drive volume growth through a blend of acquisitions, new products and technologies, aligned to high-growth segment resulting in higher margins

As a result, at Sintex, I am optimistic that our WOW strategy will translate into revenues of USD 2 bn by 2011-12.

Sincerely

**Dinesh B. Patel**  
Chairman