



ASTRAL POLY TECHNIK LIMITED ***Investor Presentation***

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About The Company



- ❑ Astral Poly Technik Ltd. (“Astral”) is a diversified building materials company with a strong position in the CPVC market in India
- ❑ Products include various types of CPVC / PVC pipes & fittings for various applications, adhesives, soil/water drainage & noise reduction systems, bathroom fittings, fire resistant fittings and environment friendly solvent cements / primers
- ❑ Tie-up for supply of key raw material for manufacture of CPVC with Lubrizol, a dominant player in the global CPVC market
 - Lubrizol’s first customer in India and currently licensee for four products
- ❑ Four manufacturing locations – Santej, Dholka, Baddi, Hosur
- ❑ Extensive distribution network, with ~400 distributors & ~18,000 dealers across India by the end of FY14
- ❑ Significant focus on brand building through print media, electronic media, exhibitions and outdoor promotions
- ❑ Consolidated revenue of INR 10,796 mn and EBITDA of INR 1,551 mn (FY14) (Not including Seal it)
- ❑ Strong management team, led by MD Mr. Sandeep Engineer

Corporate Structure



Astral Poly Technik Ltd.*

Market Cap: INR 40,435 mn
Revenue: INR 10,732 mn
EBITDA: INR 1,557 mn
PAT: INR 772 mn

100%

Astral Biochem Private Limited ("ABPL")

Has not commenced business activity as of end of FY14

85%

Advanced Adhesives Limited ("AAL")

Revenue: INR 230 mn
EBITDA: INR 42 mn
PAT: INR 26 mn

37.5%

Astral Pipes Ltd. ("APL") - Kenya

Revenue: INR 44 mn**

80%

Seal It Services Ltd.

Revenue: INR 1,329 mn
EBITDA: INR 79 mn
PAT: INR 46 mn

Note: All financials for FY14

** Standalone financials for FY14;; Revenue includes other operating income; Consolidated financials for FY14 does not include revenue from Seal it (acquired in August 2014)*

*** Astral Pipes Ltd , Kenya is a December year ending company.*

- Exchange Rate: 1 GBP = 100 INR
- Market Cap as of October 28, 2014

Industry Overview

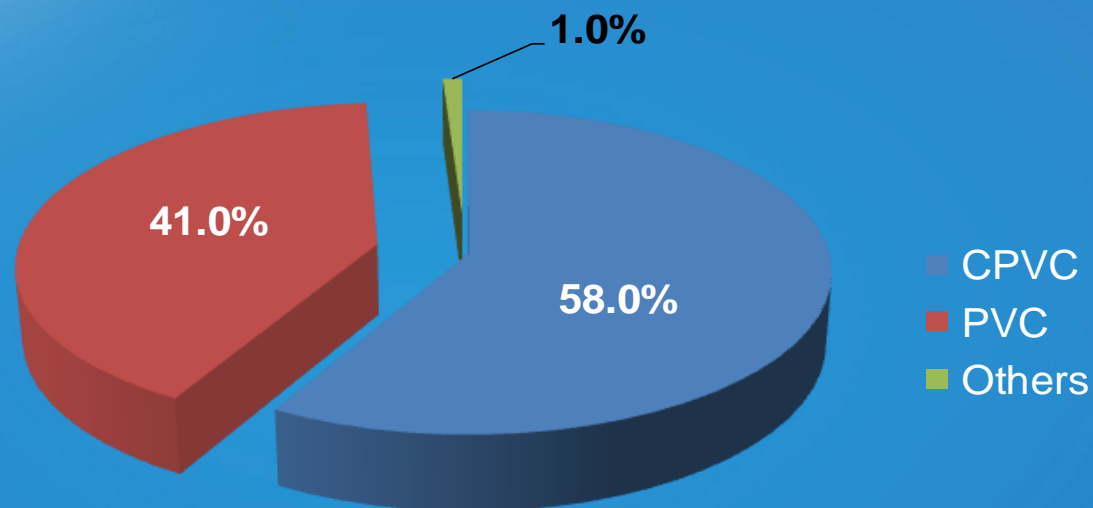


- ❑ Shift from unbranded to branded pipes and metal to plastic pipes
 - CPVC Fire sprinkler to add onto offering in fire pipe category and expected to take sizable market share from metal pipes
- ❑ Increase in demand for infrastructure in coming years will add lot of opportunities in piping industry
 - Revival of Capex cycle to also add demand for piping
- ❑ Growth opportunities for PVC pipes
- ❑ Scarcity of water to result in a fillip to growth in column pipes; Opportunity for branded players

Revenue Break-up








Revenue Break-up Of Astral Poly Technik Ltd as on FY14



Note: For financial year ending FY14

Product Lines








	Product	Brief Overview
CPVCs		<ul style="list-style-type: none"> ❑ Manufactured using CPVC; Introduced in the Indian market under license from Lubrizol ❑ Key Applications: Domestic plumbing for hot & cold water
		<ul style="list-style-type: none"> ❑ Piping system manufactured using CPVC ❑ Mostly used for industrial applications
		<ul style="list-style-type: none"> ❑ Multi-layer construction of CPVC & Aluminum, corrosion and kink resistant due to CPVC, while being flexible and tough at the same time, due to aluminum ❑ Key Applications: High pressure & high temperature applications as well as under-slab applications for plumbing and gas distribution
		<ul style="list-style-type: none"> ❑ CPVC piping system for fire sprinklers ❑ Ignition and burn resistant, with low friction cost and lower cost
PVCs		<ul style="list-style-type: none"> ❑ Manufactured using un-plasticized PVC (uPVC), which is non-toxic and hence favoured for applications including potable water pipes ❑ Key Applications: Domestic plumbing for cold water, swimming pools, salt water lines, industrial process lines, and coal washing & ash handling

 Old Products

 Newly Launched Products

Product Lines (Cont'd)



Product	Brief Overview
	<ul style="list-style-type: none"> ❑ Piping systems for submersible pumps with fast and easy installation ❑ Heavy metal & lead free and hence, absolutely safe for drinking water ❑ Chemical resistant & corrosion resistant, resulting in a relatively longer life span and lower friction loss
	<ul style="list-style-type: none"> ❑ Multiplayer pipes with outer and inner layers of conventional PVC and middle layer of foamed PVC ❑ Used primarily for underground applications
	<ul style="list-style-type: none"> ❑ Made up of uPVC foam core pipes and uPVC click-ring type fittings ❑ Used primarily for sewerage and drain water
	<ul style="list-style-type: none"> ❑ Has high chemical and corrosion resistance properties ❑ Key Applications: Ventilation, rain water applications, soil/ water discharge applications
	<ul style="list-style-type: none"> ❑ Pipes and fittings for agricultural applications ❑ Chemical and corrosion resistant, odorless & hygienic with a smooth bore giving a high flow rate ❑ Light welded & economical, with low maintenance requirements







PVCs

Old Products

Newly Launched Products

Product Lines (Cont'd)



	Product	Brief Overview
PVCs		<ul style="list-style-type: none"> ❑ High performance drainage systems for the drain and sewer market ❑ Key user segments: Residential complexes, Commercial/ office space, Resorts, Hospitals
		<ul style="list-style-type: none"> ❑ Light-weight but tough wire guard for electrical cables ❑ It has high heat deflection temperature and ductile behavior even at low temperatures
Special Products		<ul style="list-style-type: none"> ❑ Used to reduce noise levels in soil & waste systems
		<ul style="list-style-type: none"> ❑ Channel drains used for indoor and outdoor bathroom fittings
Adhesives & Sealants		<ul style="list-style-type: none"> ❑ Environment friendly solvent cements and primers for CPVC and PVC Pipes ❑ NSF,UPC & CSA approved, with high quality performance ❑ Plumber friendly, with reduced fumes & odour during installation
		<ul style="list-style-type: none"> ❑ In August of this year, we have acquired UK-based Seal It Services Ltd, a manufacturer of various type of sealants & adhesives under the brand name "Bond-it" ❑ Seal It produces high quality silicone products, sealants , construction adhesives, building chemicals, bitumen compounds, tile adhesives, polyurethane foams and cleaning products

 Old Products

 Newly Launched Products

Collaborations / Tie-ups



Lubrizol

- ❑ Dominant player in the global CPVC market, with high brand recall globally
- ❑ Astral holds four product licenses from Lubrizol - Corzan, Bendable Composite (Only global licensee), Blaze Master (Exclusive licensee in India) and Flowguard
- ❑ Was Lubrizol's first licensee in India



- ❑ Technological collaboration for solvent cement



- ❑ Distributor of indoor and outdoor bathroom fittings



- ❑ Exclusive distributor of Wavin AS low-noise systems in India



- ❑ Tie-up for plastic pipe fittings and valves

Pan-India Manufacturing & Distribution Network



Well positioned to use its widespread distribution network to introduce new ancillary products in the Indian market

Global Manufacturing Locations Overview



Santej, Gujarat,
India



Baddi, Himachal
Pradesh, India



Dholka, Gujarat,
India



Global Manufacturing Locations Overview (Cont'd.)



Hosur, Tamil
Nadu, India



Seal It, UK
(Recently
Acquired)



Nairobi, Kenya
(Joint Venture)



Well Diversified Marquee Customer Base



Have supplied / have relationships with every construction house in India

Construction Houses`



Industries



Well Diversified Marquee Customer Base (Cont'd.)



Corporate Houses



Hotels & Resorts



Hospitals



Government



British
High Commission
New Delhi



The Canadian Embassy

Academic Institution



Branding Activities



Branding Channels

Outdoor Promotions

- ❑ Signed on Salman Khan as its brand ambassador recently
- ❑ Advertised by wrapping trams in Kolkata and local trains in Mumbai

Print Media

- ❑ Advertise regularly in newspapers, magazines and other print media

Electronic Media

- ❑ In-film marketing: e.g. in Dabangg 2
 - Around 56,000 people from amongst the Company's target segment including plumbers, dealers, architects, and consultants were given free tickets

Exhibitions

- ❑ Holds exhibitions from time to time to showcase its product capabilities

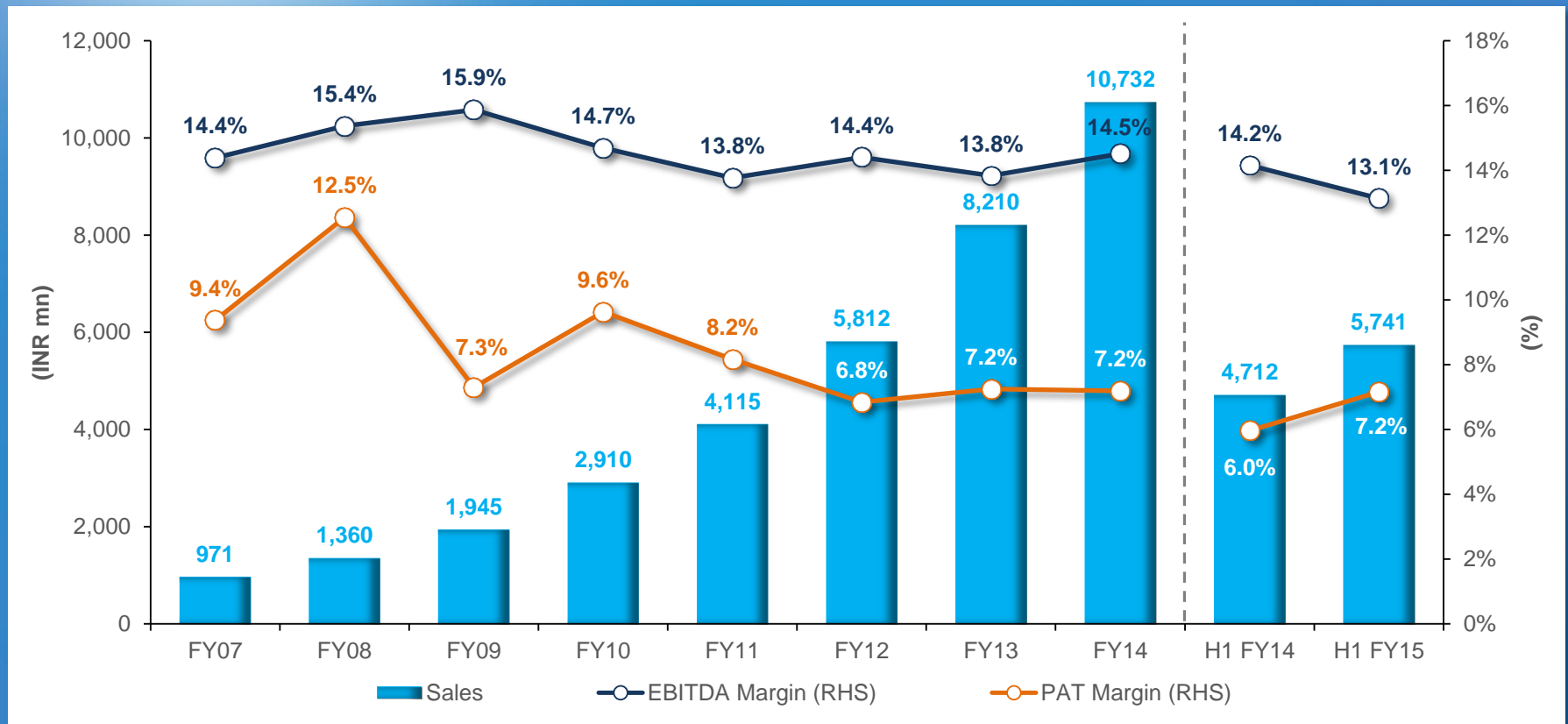
Branding Activities (Cont'd)



Salman Khan Signed On As Brand Ambassador

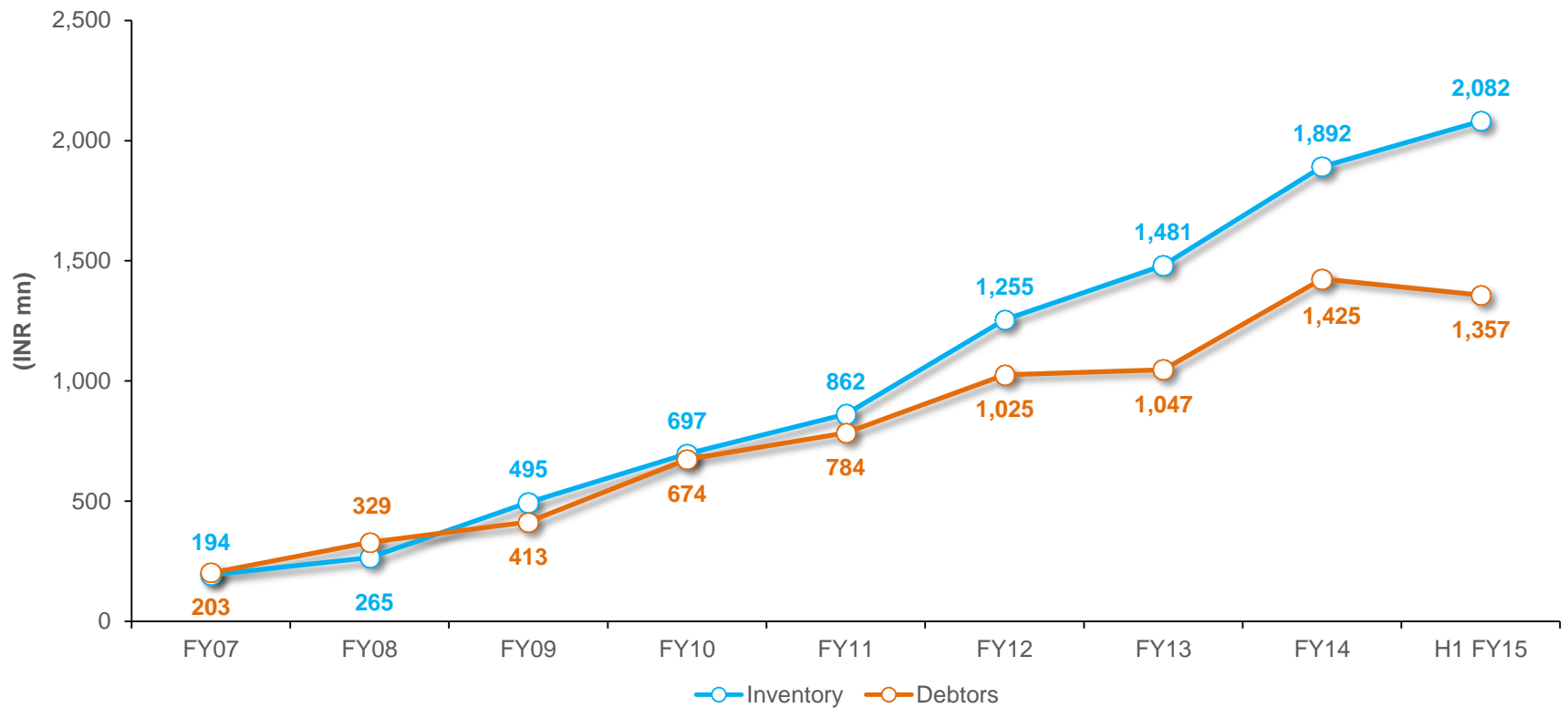


Financials – P&L



Note: Financials are based on standalone audited financials ; Revenues include other operating income

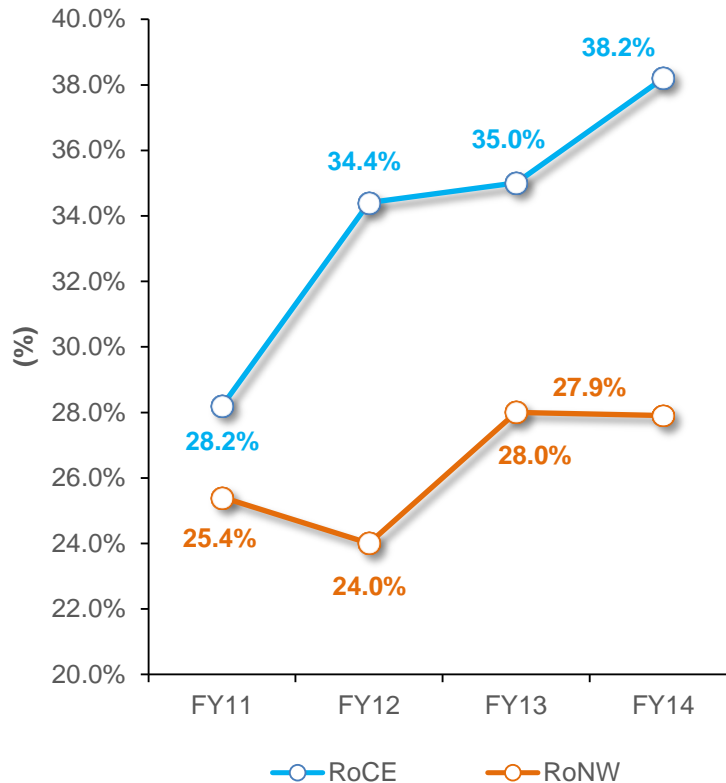
Financials – Working Capital



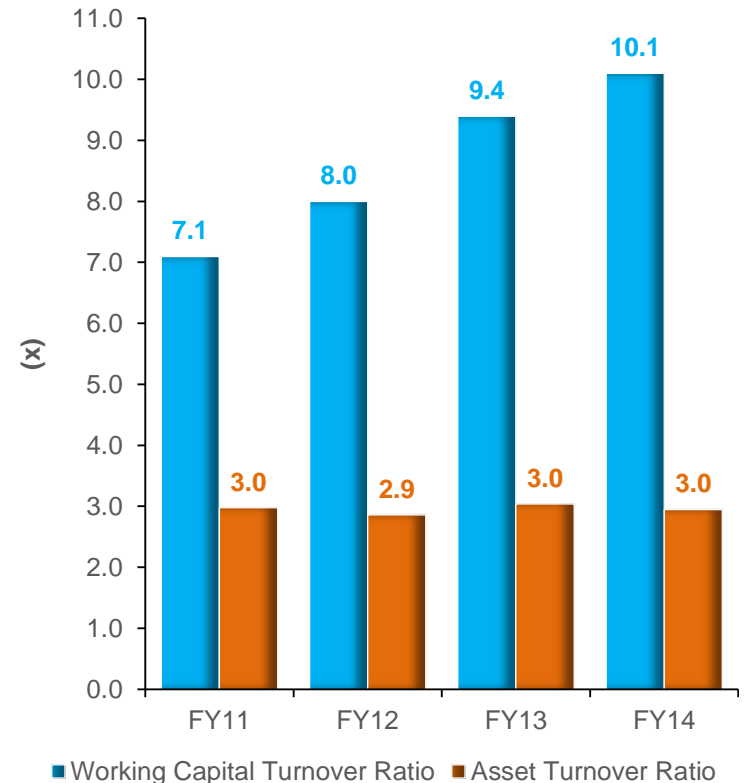
Financials – Return & Operational Ratios



Return Ratios

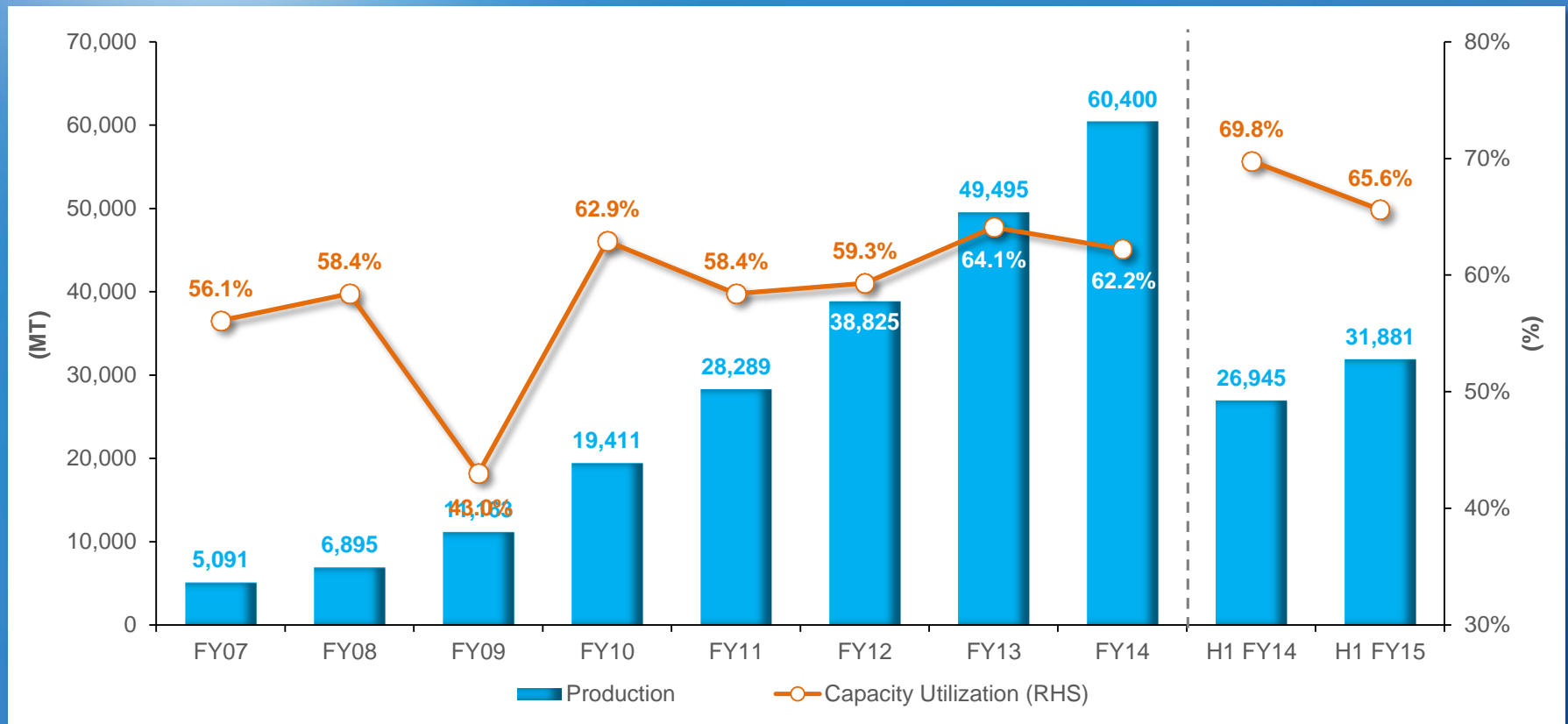


Operational Ratios



Note: RONW and ROCE calculated over Average Network and Average Capital Employed

Production & Utilization



Experienced Management Team



Mr. Sandeep Engineer
*Managing Director,
Astral Poly Technik Ltd.*

- ❑ Mr. Sandeep Engineer has high visibility and a track record in the PVC and CPVC pipe industry
- ❑ Has been conferred with several awards:
 - Outstanding Entrepreneur Award from Ahmedabad Management Association (AMA) (2012-13)
 - Among top 15 out of 350 nominees for the prestigious E&Y “Entrepreneur Of The Year” award (2013)
- ❑ In addition, under Mr. Engineer’s leadership, Astral has also been conferred with several awards:
 - Business Standard Star SME of the year-2013
 - India Inc. Innovative 100 Award for smart innovation under the category “Technology” (2013)

Board Of Directors

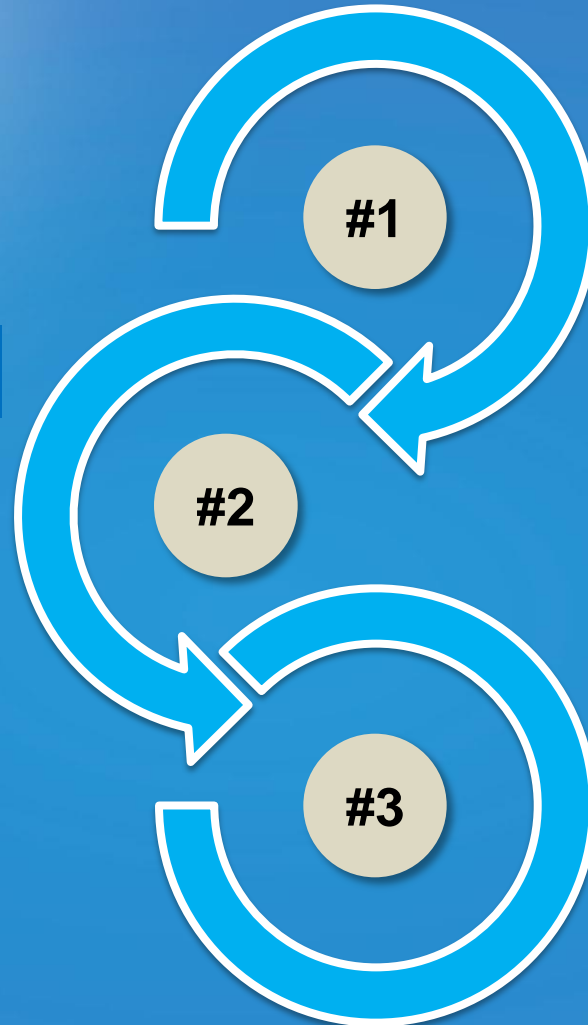
Position Held	Person In Charge
Chairman (Non Executive & Independent)	Mr. K Raghunath Shenoy
Managing Director	Mr. Sandeep Engineer
Executive Director	Mrs. Jagruti Engineer
Independent Director	Mr. Pradip Desai
Non Executive Director	Mr. Kyle Thompson

Strategic Initiatives



Astral's manufacturing facility in Hosur, Tamil Nadu

- Expected to give pricing advantage to Astral in the Southern market



Lubrizol's upcoming manufacturing facility in Dahej, Gujarat

- According to public sources, Lubrizol is expected to be setting up a manufacturing unit for the CPVC compound in Dahej, close to Astral's manufacturing units in Gujarat
- This facility is expected to potentially reduce the raw material inventory (thus reducing the working capital requirement) and currency volatility for Astral

To produce agri-pipes

- During low capacity utilization periods, Astral to produce agri-pipes in its manufacturing units
- Expected to improve capacity utilization and add another revenue stream

Strategic Initiatives (Cont'd.)



Seal It acquisition will help Astral gain its strong R&D capabilities, enabling it to launch “Bond it” products in India through its own distribution network

To progressively grow the Adhesives Business through both organic & inorganic means

Organic

- ❑ Set up a 85% JV ‘Advanced Adhesives Ltd’ with IPS Corp., a leading US-based manufacturer of solvent cements and adhesives
 - JV to manufacture solvent cement, which is used as glue in PVC/CPVC pipes in FY12
 - IPS providing technical knowhow and brand name
 - JV pays royalty to IPS

Inorganic

- ❑ Recently acquired 80% stake in UK-based “Seal It Services Ltd.” (SISL), a manufacturer of various type of Sealants & Adhesives under the brand name “Bond-it”
- ❑ Operates through a 40,000 sq. ft. state-of-the-art manufacturing and distribution unit in Elland, UK
- ❑ Products include a comprehensive range of silicones, sealants, adhesives, bitumens, PU foams and chemicals
- ❑ Global customer base, with products being currently exported throughout Europe, Africa and the Middle East
- ❑ Strong quality control practices through strict enforcement of ISO 9001 protocol and dedicated customer sales team, both field and office based

Seal It Product Portfolio

Silicone Sealants

Wood Glues

Industrial Adhesives

Tile Adhesives

Water Proofing

Cleaning Products

Plumbing Solution

Cement Dyes

#4

Key Takeaways



Attractive Industry Proposition

- ❑ Industry on the verge of rapid growth on back of strong demand from key customer sectors
- ❑ Change in industry structure, with branded & plastic pipes increasing market share, creating opportunities for well-positioned players



Strategic Tie-ups in place with Global Leaders

- ❑ Tie-ups in place with a number of global majors to introduce better processes and wider range of products in the Indian market
- ❑ Key tie-ups: Lubrizol, IPS Corp, Wavin, Alca Plast, First Plast, Spears and NIBCO



Comprehensive Product Portfolio

- ❑ Existing portfolio include various types of CPVC / PVC pipes & fittings for various applications as well as soil/water drainage & noise reduction systems
- ❑ Exhibited a consistent track record of new product introduction, with seven new products being introduced recently, including corrosion resistant and light but tough piping systems, environment friendly solvent cements and bathroom fittings

Key Takeaways (Cont'd.)



Pan India Manufacturing & Distribution Network

- ❑ Four manufacturing plants and seven depots across North, Western and Southern India



Marquee Clients

- ❑ Distributes products to a wide range of clients including corporate houses, hospitals, academic institutions, hotels and resorts, government organizations, industries and construction houses
- ❑ Uses include residential, commercial, and industrial applications



Branding Initiatives

- ❑ Strong focus on branding, with various channels employed, including print media, electronic media, outdoor promotions and exhibitions
- ❑ Salman Khan recently signed on as the brand ambassador for the brand

Key Takeaways (Cont'd.)



Strong Financials

- ❑ Strong track record of growth, with Sales and EBITDA growing at a CAGR of >40% over FY07 – FY14
- ❑ Highly efficient operations, with >60% capacity utilization and asset turnover at ~3x (FY14)
- ❑ High returns, with an RoCE of ~38% and RoNW of ~28% (FY14)



Experienced management team and blue chip investors

- ❑ Mr. Sandeep Engineer, MD of the Company, has high visibility and a track record in the PVC and CPVC pipes industry and has won several performance awards
- ❑ Marquee Investor, Westbridge Capital, is the largest non-promoter shareholder, holding 10%



Focusing on Strategic initiatives to improve competitive advantage going forward

- ❑ According to public sources, Lubrizol is expected to be setting up a facility close to Gujarat plants, potentially reducing the working capital requirement
- ❑ Astral has set up a manufacturing unit in Hosur, giving it a pricing advantage in the Southern market
- ❑ Initiative to improve utilization by producing agri-pipes during low utilization periods
- ❑ To progressively grow the Adhesives Business through both organic & inorganic means



Thank You