



# Corporate Presentation

October, 2017

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## Kolsite Group



**Kabra Extrusiontechnik  
Limited (KET)**

### Extrusion Machinery

- One of the largest players in the plastic extrusion machinery
- Known for its innovative offerings
- Machinery for manufacturing pipes and films
- Listed on NSE and BSE



**Plastiblends India  
Limited**

### Master Batches

- Largest manufacturer and exporter of Colour & Additive Master Batches and Thermoplastic Compounds for Plastic Processing Industry
- Annual manufacturing capacity more than 1,00,000 MT
- Listed on NSE and BSE



**Maharashtra Plastic &  
Industries**

### Secondary packaging

- Largest manufacturer and exporter of various box strappings.
- Brand Names: MAHASTRAP & MAHAPET

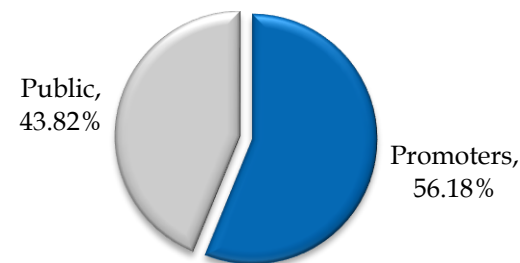
## Company Overview

- ▶ Incorporated in 1982, Kabra Extrusiontechnik Limited ("KET") is a part of the Kolsite Group.
- ▶ KET is engaged in manufacturing plastic extrusion machinery. It offers a wide range of hi-tech single and twin-screw extrusion lines for pipes, profiles, pellets, teleduct and mono and multilayer blown film plants.
- ▶ Enjoys leadership position in the extrusion market. The Company has set benchmarks in plastics extrusion industry by modern R & D techniques.
- ▶ Presence in more than 85 countries across the globe.
- ▶ Exports accounts for 31% of the total turnover.
- ▶ Owns two State-of-the art manufacturing facilities in Daman, India with a combined area of 1,00,000 Sq. m.
- ▶ Technical collaboration with Battenfeld Extrusionstechnik GmbH, Germany, and American Maplan Corp, USA, a leading manufacturer of plastic processing machinery in the world which is valid upto 2026
- ▶ Has Global Collaborations with the leading companies in plastics industry:
  - ✓ Battenfeld-Cincinnati | Germany-Austria-USA
  - ✓ Unicor | Germany
  - ✓ Penta S.r.l. | Italy
  - ✓ Extron Mecanor | Finland
  - ✓ Metzerplas | Israel

## Financial Performance (INR Crores)

Particulars	FY15	FY16	FY17
Revenue	271	299	276
%growth		10.2%	-7.7%
EBIDTA	30	38	29
%margin	10.9%	12.7%	10.5%
PAT	22	22	28
%margin	8.0%	7.0%	9.5%
Net worth	143	156	184
Total Debt	21	17	8

## Shareholding Pattern

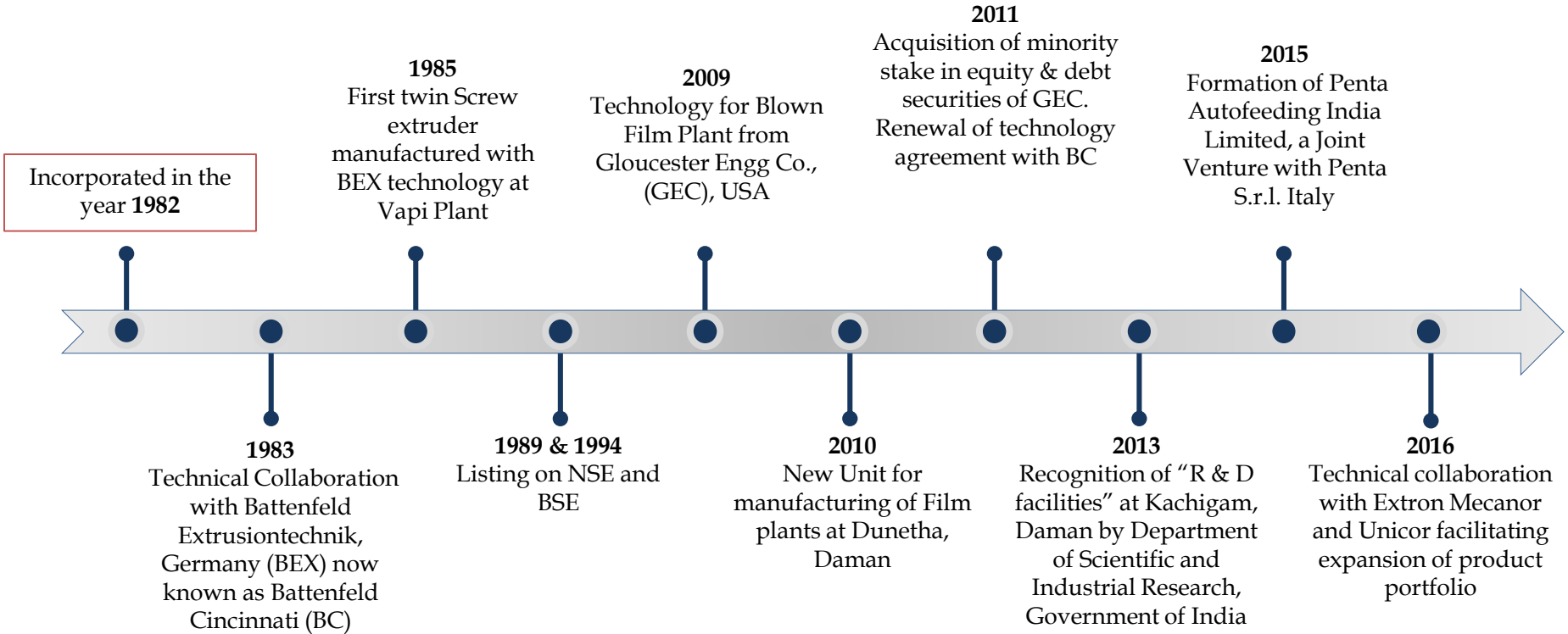


## Highlights

- ★ R&D Department recognized by DSIR, Govt. of India
- ★ National Award for Technology Innovation – 2015, 2016
- ★ Coveted 2 Star Export House Status
- ★ ISO 9001, CE, UL-CSA certified company
- ★ More than 14,000 installations worldwide

## Marquee Clients





# Kabra: Management Team



**Mr. Shreevallabh G. Kabra**

## *Chairman & Managing Director*

- ▶ Over the last 5 decades, SV Kabra has been the driving force behind the growth of Kolsite Group
- ▶ He began this business in early 1960s and has guided the company to be the flag -bearer of Plastics Extrusion in India & overseas
- ▶ In 2013, he was awarded with the *Outstanding Achievement Award* at Vinyl India 2013 conference



**Mr. Satyanarayan G. Kabra**

## *Co-founder, Vice Chairman & Managing Director*

- ▶ Mr. SN Kabra holds a degree in Mechanical Engineering from Mumbai University and has strong techno-commercial experience.
- ▶ Since 1960s, he has been instrumental in defining company's strategies, business goals and overall development initiatives.
- ▶ Mr. SN Kabra is actively associated with many social organizations, educational institutions & charitable trusts



**Mr. Anand S. Kabra**

## *Managing Director*

- ▶ Mr. Anand Kabra is a Mechanical Engineer and a Silver Medallist of Mumbai University's 1996 batch.
- ▶ He has received a Master's degree in Business Administration from S P Jain's Institute of Management and Research.
- ▶ In 2014, Anand successfully completed the Owners President Program (OPM) from Harvard Business School.
- ▶ He plays an important role in technical developments, project execution and plant management, quality systems & standards development and exploring new avenues.



**Mrs. Ekta A. Kabra**

## *Director - Strategy*

- ▶ She holds degree of B.A. - Economics, Delhi University and MBA - Family Business from S.P. Jain Institute of Management and Research
- ▶ She has over 11 years of professional experience in the management of the operations, materials planning & procurement

## Product Portfolio



### Pipe Extrusion Lines

- Twin Screw PVC Pipe Lines
- PO Pipe Extrusion Lines
- Controls and Automation Systems
- Downstream Equipment



### Blown Film Lines

- Multilayer Blown Film Lines
- Controls and Automation Systems
- CoEX Blown Film Lines
- Monolayer Film Plant



### Diverse Product Lines

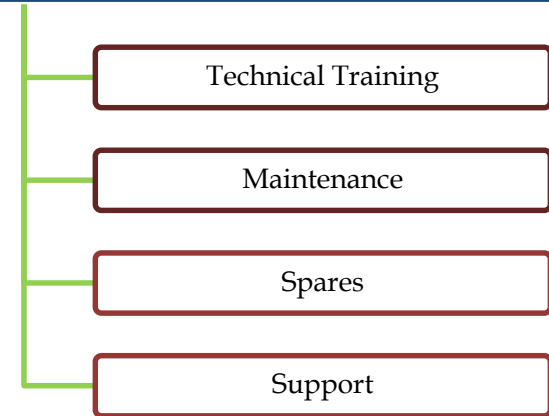
- High Speed Inline Flat & Round Drip Tube Lines
- High Speed Twin Strand PVC Conduit Line
- High Speed Telecom Micro-Duct Extrusion Line
- Twin Screw PVC Profile Extrusion Line
- Twin Screw PVC Pelletizing Line
- Microduct Bundled Sheathing Line
- PVC Compounding Mixer-Coolers



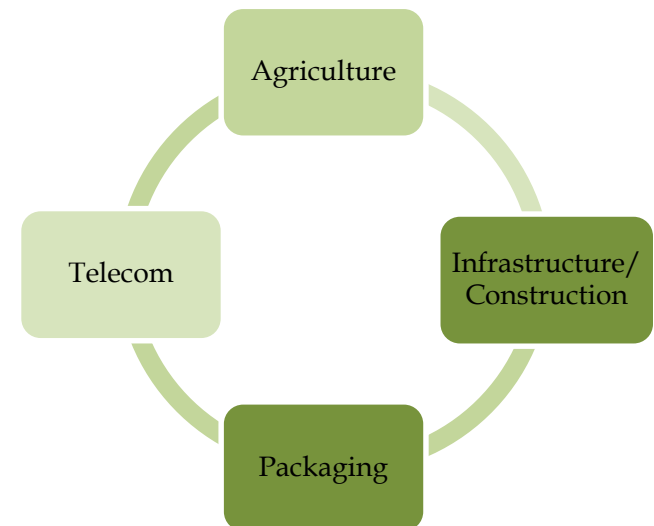
### Others

- Sheet Extrusion Lines
- Autofeeding Systems

## Services Offered



## Market Solutions







- ❖ KET has been in technical tie-up with Battenfeld-Cincinnati since 1982. This ensures continuous flow of latest technology.
- ❖ In March 2016, the Collaboration agreement was extended till March 2026.
- ❖ This long standing cooperation provides customers high end technology and optimal solutions.



- ❖ In 2014, KET & Metzterplas formed a technology partnership to jointly develop drip irrigation machinery, seeing opportunities in supplying the water-saving equipment to farmers in developing countries.
- ❖ Together, the two companies developed a new technology capable of manufacturing flat drip line tubing at speeds up to 250 meters per minute.



- ❖ KET & Extron Mecanor announced a collaboration in Oct,16 to provide an integrated approach to extrusion solutions for the global plastics processing industry.
- ❖ The joint venture combines the global resources and technical expertise of KET and Extron Mecanor from Finland – a pioneer in pipe socketing & bellng solutions.



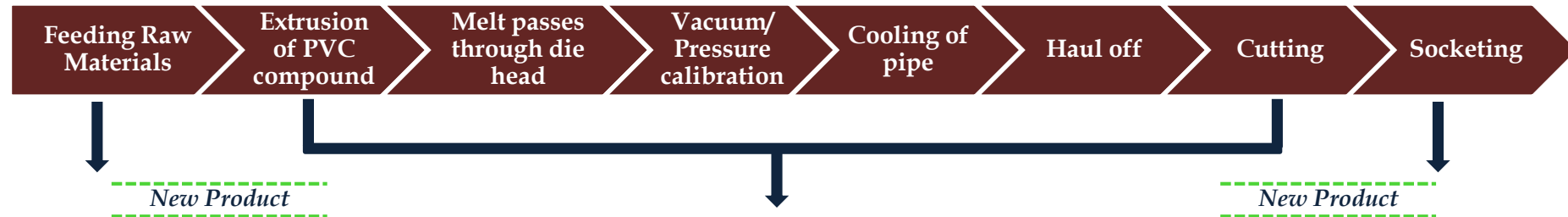
- ❖ In June 2015, KET entered into a 50:50 joint venture with Italy-based Penta SRL.
- ❖ Penta Systems India Ltd is involved in manufacturing and trading (including the supply of after-sales services) of auto feeding systems for the plastics and food processing industries.



- ❖ KET entered into a strategic partnership with Unicor GmbH in October 2016 .
- ❖ The collaboration plans to make corrugated pipe machines in India using Unicor’s expertise along with KET’s manufacturing capabilities to offer solutions in India as well as other strategic markets.



## Overall Process of Manufacturing PVC pipe



### Autofeeding Systems

- ❖ KETs JV-Penta Autofeeding India offers latest solutions and auto-feeding systems for PVC & Profile applications
- ❖ Penta specializes in the design, manufacturing and installation of large-scale systems for storage and handling of raw materials and ingredients in powdered form used mainly in the plastics and food and beverage industries
- ❖ The JV is also going to supply high speed mixer coolers

*New Product*

In technical partnership with Battenfeld - Cincinnati, KET has been bringing the most modern technology to pipe processors. While offering cost effective solution, KET has a great understanding of processors' needs.

- ❖ Twin Screw PVC Pipe Extrusion Lines
- ❖ Die Heads
- ❖ PO Pipe Extrusion Pipes
- ❖ Vacuum Calibrators
- ❖ Water Spray Bath
- ❖ Pipe Haul Off Units
- ❖ Pipe Cut Off Units

### Belling & Socketing Machines

- ❖ The association with Extron Mecanor (a global pioneer in belling & socketing solutions) has given the company access to resources and technical expertise.
- ❖ This new product is one of the recent efforts of KET to expand its product range across the value chain.

*New Product*

### Corrugated Pipe Extrusion Lines

- ❖ This is also a **new product** range by KET in collaboration with Unicor.
- ❖ Corrugated pipes provide several benefits over cement pipes in drainage and sewage applications. So in its continuous efforts to tailor products to processors' needs and to add value across the production process the company has ventured into this new product category.

### Other New Products

- ❖ Pipe Extrusion Lines for Foam Core Pipes
- ❖ Pipe Extrusion Lines for lead free compounds and processing applications
- ❖ Co-rotating Twin Screw Extruders and Compounding Lines

# Potential in the Corrugated Pipes Segment

- ▶ KET's recent strategic partnership with Unicor GmbH plans to make corrugated pipe machines in India and offer solutions in domestic as well as other strategic markets.
- ▶ A corrugated pipe is a tube with a series of parallel ridges and grooves on its surface. The pipe can be manufactured of steel or plastic such as high-density polyethylene (HDPE) or PVC and can be coated or lined.
- ▶ Govt. projects/contractors are already specifying DWC pipes in their tenders as optional material for sewer and other pipes replacing concrete pipes.
- ▶ The cement pipes industry is largely unorganized structure and it leaves a huge potential for growth in this segment.
- ▶ Prominent pipe manufactures like Supreme, Prince Pipes, Jain Irrigation Systems, Alom, Rex Polyextrusion etc. already have some manufacturing capacities in this segment

## Advantages



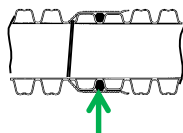
High resistance to chemicals & abrasions



Flexibility helps deflect the load and prevents cracking.



Weight saving & higher output benefits



Consistent tolerances due to manufacturing techniques



Easy handling & no special lifting devices required



Logistic advantage, five times faster to lay & less fittings



Very durable - average life ranges from 50-100 yrs



Low installation costs & material savings ensure economic viability

## Applications

### Applications: Technical pipes



- ▶ Cable protection systems, industrial applications, automotive, medical application etc.

### Cable protection systems



- ▶ House installations, machinery technology, cable protection for ground installations etc.

### Large & Mid sized Pipes



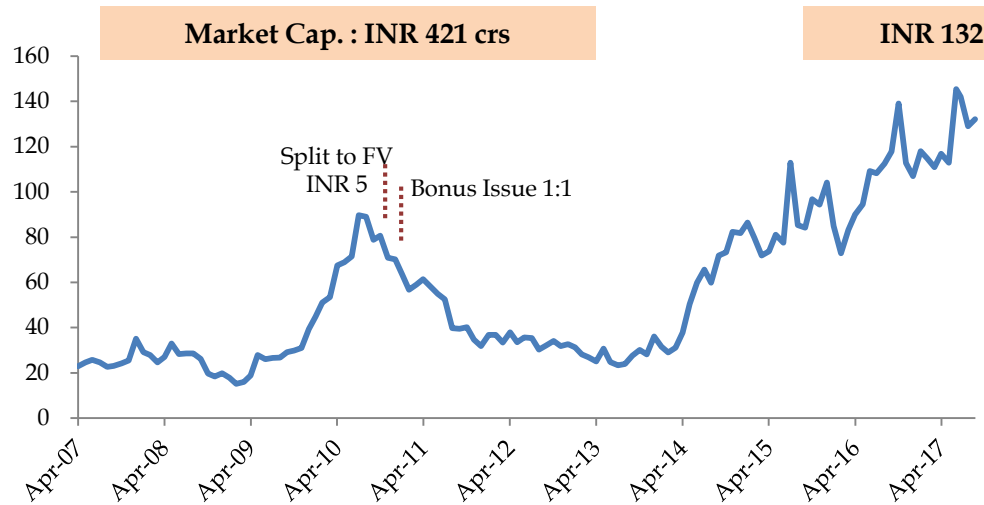
- ▶ Cable protection pipes, drainage pipes, sewage pipes, technical pipes, conveyor pipes etc.

Kabra Extrusionstechnik's presence spans over 85 Countries with over 14,000 installations



- ❖ KETs rich experience and technical partnerships offer stability, security, proven cultural and linguistic knowledge, and an understanding of local contexts, essential for managing a project.
- ❖ Kabra Extrusionstechnik has one of the largest sales & services network in India and equally efficient agencies in South Africa, Turkey, Middle East, South East Asia & Latin America.
- ❖ This enables it to cater to diverse and broader spectrum of clients and enhance its capabilities as a manufacturing company.

## Kabra's Share Price Performance - Adjusted

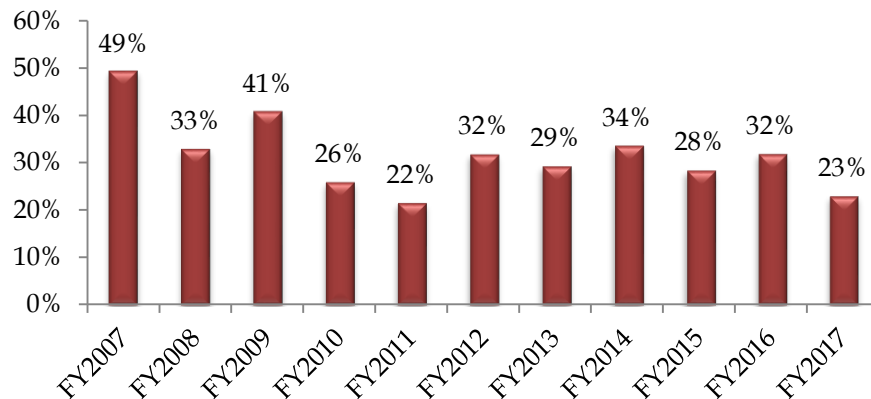


## Appreciation of investment made in Kabra Shares

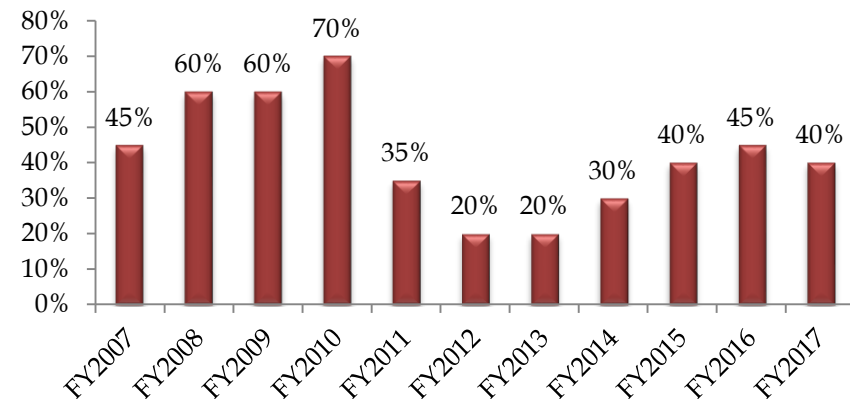
Initial Investment in 1989 (IPO) (Rs.)	100,000
No. of shares subscribed	10,000
No. of shares after Bonus 1:1 in 2004	20,000
No. of shares after Split in 2010 to FV 5 INR	40,000
No. of shares after Bonus 1:1 in 2010	80,000
Closing Price per share as at 30 Sep 2017 (Rs.)	132
Total Market Value of shares subscribed during IPO (Rs.)	1,05,60,000
Dividend Recd since IPO (Rs.)	19,72,900
<b>Total Value Derived from Investment (Rs.)</b>	<b>1,25,32,900</b>

**CAGR: 19%**

## Dividend Payout Ratio (% of PAT)



## Declared Dividend (% of FV)



*"Constant efforts along with positive market outlook to further enhance value"*

## Expansion of product portfolio

The company has expanded its product portfolio from mainly extrusion machinery to **corrugation and pipe socketing machinery as well as compounding lines**, thereby providing solutions across the entire value chain.

The expansion of the product portfolio will ensure KET gets a larger share of business in new contracts.

## Favourable Industry dynamics

KET mainly caters to the pipe and packaging films industry.

Both industries have seen double digit growth in the past and the momentum is expected to sustain in the coming years.



## New product development in line with change in consumer behavior and regulatory environment

Sheet extrusion lines are widely used in the packaging industry globally which is expected to be replicated in India and the company is already developing a product to be ready to go to market

Corrugated pipes are finding wide application in drainage and sewage. Some government agencies have already started large scale procurement of these pipes. This product will significantly drive growth as the market sees increased demand for the product

## State-of-art Technology through collaborations

KET has access to world class technology with tie-ups and has JVs with leading global players.

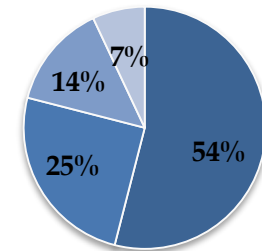
The ability to consistently add new technologies and tie up with global players gives Kabra an edge over competition.

Balance Sheet (INR Crores)	FY15	FY16	FY17
Share Capital	16	16	16
Reserves & Surplus	127	140	168
<b>Net worth</b>	<b>143</b>	<b>156</b>	<b>184</b>
Long Term Borrowings	-	-	-
Short Term Borrowings	21	17	8
Deferred tax liabilities (net)	5	4	6
Trade Payables	33	30	33
Short term provisions	14	5	6
Other Current Liabilities	45	35	29
<b>Total Liabilities</b>	<b>261</b>	<b>248</b>	<b>266</b>
Fixed Assets (incl. CWIP)	70	107	114
Loans and Advances	32	19	27
Investments	42	16	22
Inventories	62	61	66
Sundry Debtors	54	40	36
Cash & Cash Equivalents	2	4	2
<b>Total Assets</b>	<b>261</b>	<b>248</b>	<b>266</b>

Income Statement (INR Crores)	FY15	FY16	FY17
<b>Revenue</b>	<b>271</b>	<b>299</b>	<b>276</b>
COGS	174	189	175
<i>% of sales</i>	<i>64%</i>	<i>63%</i>	<i>63%</i>
Employee expenses	26	29	32
<i>% of sales</i>	<i>9%</i>	<i>10%</i>	<i>12%</i>
Other Expenses	42	43	40
<i>% of sales</i>	<i>15%</i>	<i>14%</i>	<i>15%</i>
<b>EBITDA</b>	<b>30</b>	<b>38</b>	<b>29</b>
<i>Margin(%)</i>	<i>11%</i>	<i>13%</i>	<i>11%</i>
Other Income	9	22	12
<b>EBITDA (incl. other income)</b>	<b>38</b>	<b>61</b>	<b>41</b>
<i>Margin(%)</i>	<i>14%</i>	<i>19%</i>	<i>14%</i>
Finance costs	3	2	2
Depreciation	8	9	7
<b>PBT</b>	<b>27</b>	<b>50</b>	<b>32</b>
<i>Margin(%)</i>	<i>10%</i>	<i>16%</i>	<i>11%</i>
Exceptional Item	--	19	--
<b>PAT</b>	<b>22</b>	<b>22</b>	<b>28</b>
<i>Margin(%)</i>	<i>8%</i>	<i>7%</i>	<i>10%</i>

- ▶ The Indian plastic pipes industry is a INR 220 Bn industry which has grown at a ~15% CAGR in the FY10-15 period and is expected to continue this pace over FY15-20E pegging the overall industry at ~INR330bn by FY20, aided by shift from the unorganized segment and government focus on irrigation as well as low cost housing projects.
- ▶ The organized industry constitutes an average of ~60% pipes market share and is expected to grow faster than the overall industry as it enjoys strong competitive advantages.
- ▶ Given the secular growth opportunities available in agriculture and housing segment, the plastic piping industry as a whole has a huge scope to capture this opportunity.

## Market Segment



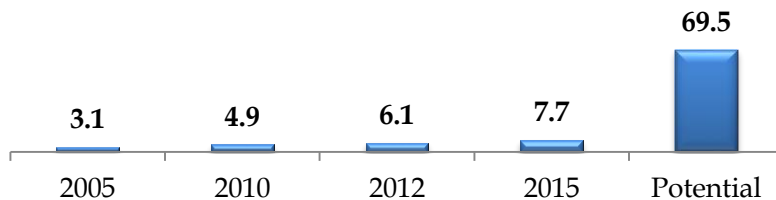
■ PVC Agriculture ■ PVC Household  
■ CPVC ■ Others

## Segment wise Demand Growth

### Agriculture and Irrigation

- ▶ With growth in Micro Irrigation (MI), demand for PVC pipe is set to grow. Typically PVC pipes constitute 25-30% by value of the MI system and thus with rising focus of government towards MI penetration, PVC pipe demand would also get enhanced in turn.
- ▶ As farm incomes increase (due to reducing dependency on monsoons, government support), the demand for agricultural pipes would remain healthy ahead as more arable land gets irrigated.

Area under MI (MN ha)



### Infrastructure

- ▶ The housing related plastic piping market size is close to INR 80 Bn.
- ▶ Replacement market for housing related plastic piping is valued at ~INR60bn (~25% of total plastic pipe demand) which is fast moving away from cast and galvanized iron pipes towards plastic-based PVC/CPVC pipes.
- ▶ With the government focused towards low cost urban housing and improvement in rural infrastructure and assuming that ~3-5% of total real estate cost accrues to piping systems, it translates into a healthy growth opportunity for the pipes industry.
- ▶ Government initiatives which envisions sanitary facilities to be developed for every household opens up a huge market potential for plumbing and sewage pipes.



## Overview

- ▶ Indian packaging industry (valued at ~\$52 billion in FY17) is the sixth largest in the world and it accounts for 4% of global packaging industry. The industry is one of the fastest growing, posting a healthy CAGR of 30% over FY12-17.
- ▶ It is expected that improvement in consumer demand and industrial growth will increase the current value of Indian packaging market from ~\$52 Bn to ~\$70 Bn by FY 2020.
- ▶ The Indian market for flexible packaging is estimated to have reached USD 12 billion in FY17 and has increased by a CAGR of 34% during FY12-17 driven by strong growth of the Indian retail market and other end-users. Flexible packaging segment accounts for approximately 20– 25% of total packaging industry.

## Outlook

- ▶ Food packaging, which is the largest consumer of flexible packaging products, is expected to play a vital role in the growth of this industry. Convenience, versatility and superior protection when compared to rigid packaging would help improve the share of flexible packaging products.
- ▶ Backed by this strong demand for food packaging sector as well as continuing demand from personal care and pharmaceutical sector, market for flexible packaging materials in India would reach approximately USD 23 Bn by FY 2020.

## Key Demand Drivers

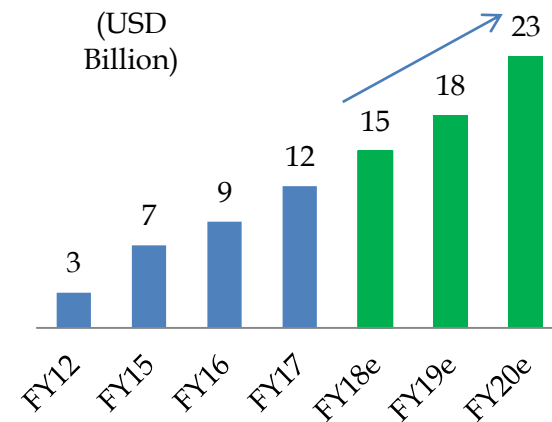
Packaged Food Products

Personal Care Products

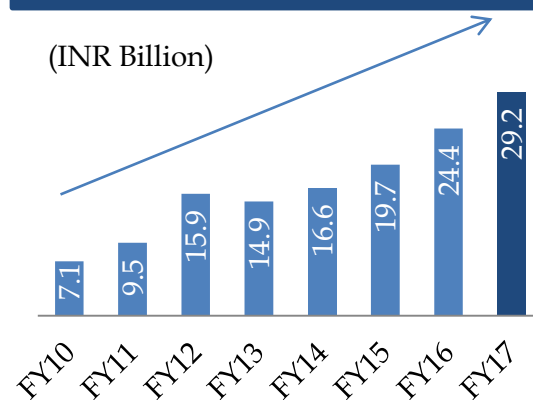
Pharmaceuticals

Export Demand

## Demand for Flexible Packaging to remain strong



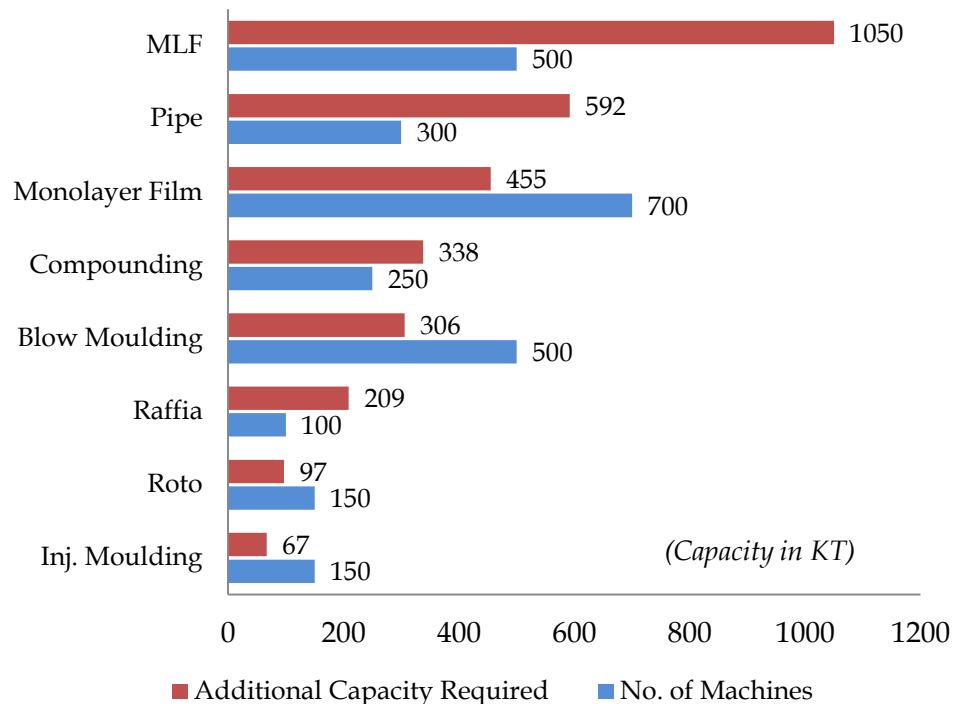
## Flexible Packaging Exports Trends



# Industry Trends



## Additional Investments 2016 - 2020



## Market Development Potential for various product lines (PE)

Product	Potential (KT)
Drip Irrigation	800
Mulch Films	1,000
Green House Films	100
Silage Films	50
DWC PE Pipes	600
Spiral Wound Pipes	100
Food Grade Vacuum Packaging	100
Film Packaging	1,000
PE Foam	100

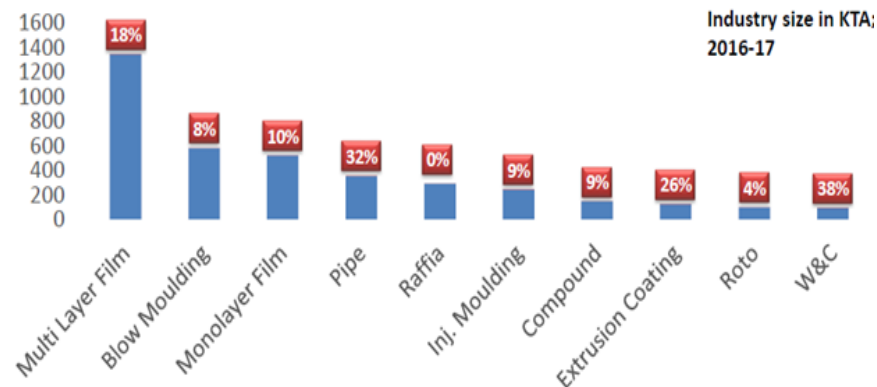


## Growth Trends of Major RM used by customers

Product	FY14	FY15	FY16	FY17	FY18e
PP	5%	8%	19%	8%	9%
PE	1%	6%	15%	8%	11%
PVC	2%	6%	10%	10%	10%
<b>Total</b>	<b>2%</b>	<b>7%</b>	<b>15%</b>	<b>9%</b>	<b>12%</b>



## Industry Showing Strong Growth (PE)



*Thank You!*