

INFORMATION MEMORANDUM

Prepared by Ruby Consulting

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EXECUTIVE SUMMARY

GROWTH OPPORTUNITIES IN NON-WOVEN INDUSTRY

- Global consumption of Technical Textiles, which are used for their functional properties, than their aesthetic traits, has grown with development and industrialization. In 2010 it was estimated to be ~23.8 mn tonnes and growing at 4% p.a. Technical textiles could be woven (73%) , nonwoven (20%), knitted and other (7%) etc.
- While USA, Western Europe consume with over 23% and 22% of global technical textiles produced respectively, China consumes ~13%. The importance of emerging markets (BRICS countries, Middle East, South East Asia, Africa, Latin America) is rising due to continued industrialization and increasing income.
- The Indian Technical Textiles industry has grown to Rs. 63,000 crore (USD 11 bn) in 2011-12 from Rs. 41,000 crore (USD 8.2 bn) in 2007-08 at 11 % growth p.a. It is expected to grow to Rs. 1,58,000 crore (USD 29.3 bn) by 2017, with a projected CAGR of ~20%.
- In India, woven technical textiles are more common, with nonwovens amounting to a small 5% of the overall Technical textiles market (Vis-à-vis global average of 20%), this represents low penetration. Indian nonwovens market size is estimated to be about USD 550 mn (1,400 mn sq. m) in 2012.
- Strong governmental support, a growing middle class and a large textile infrastructure already in place provide India with a natural advantage as its nonwoven industry develops. The industry in India is growing in terms of both production and consumption (at 13% p.a.). Yet apart from the large MNCs, many foreign nonwoven producers have yet to establish themselves in India.
- Amongst durable and disposable nonwovens consumption in India, durables account for >80%, and are likely to constitute significant percentage in the near term.

ABOUT PURE FILTERS PRIVATE LIMITED (PURE)

- PURE, founded in 2002, is a leading company in non-woven products. It manufactures non-woven fabrics and value-added products using multiple technologies, sells to domestic & global customers.
- PURE is led by a polymer engineer & first generation entrepreneur, Mr. XXXX XXXX, and backed by an expert management team with over 100 years of cumulative work experience.
- PURE started with manufacturing of filtration products, and has now produces a range of nonwoven products for filtration (air & liquid), cleaning & oil absorbents, automotive & in-house décor, healthcare & medical, fashion, apparel & accessories and packaging applications.
- PURE has two manufacturing facilities near Pune in the state of Maharashtra, which is an automobile manufacturing hub in India.
- PURE's clientele includes reputed names such as Grupo Antolin, 3M, Visteon, Fleetguard Filters, Pusula, amongst others. It has entered in long term supply contracts / agreements with many such clients for their specialty product needs. This provides PURE with significant competitive advantage over its peers in the nonwovens space.
- Significantly, till 2011, combined revenues of company's client base was about USD 9-10 mn. Over a period of last 2 years, there has been phenomenal shift in the Company's growth strategy and a combined topline of its customer base now totals up to USD 900-1,000 mn. This indicates a huge target market for its products.
- In 2007, the company joined hands with I- Ventures, a growth capital fund, seeking funds for growth & expansion. ABC provides inputs to PURE to secure key strategic, banking relationships and financing arrangements.
- PURE achieved a revenue CAGR of ~20% from FY10 to FY13, with 25% EBITDA margin and about 9% net margin for FY13.

EXECUTIVE SUMMARY

MANUFACTURING OF NON-WOVENS INDIA

- A global company has to understand local culture, invest time and incur costs for development of the local market through education and awareness campaigns and design products accordingly. Few global multinationals are present in India.
- On the other hand, Supreme Nonwovens, Obetee Textiles, Pacific Nonwoven, Vardhman, Unitex, Alpha Foam are large nonwovens players in India. Supreme group dominates the production by domestic players with a turnover of ~USD 40 mn in FY 2010.
- In India, nonwovens are mainly manufactured through Spun-Bonding. It has adequate (about 50) manufacturers of roll goods, but not of high quality.
- While there is an immediate need for the converting sector in India, it is a highly capital intensive sector with need for continuous innovation. The margins are dependent upon novelty of product and its quality, which is driven by the production line.
- The industry at present is reluctant to invest in high-end machinery as the domestic market is not fully established. In addition to continued knowledge of end-customers' usage pattern and market understanding, Know-how on converting roll -goods to finished products is needed. This also includes knowledge on finishing and formulation.

PURE'S FOCUS ON SPECIALTY NONWOVEN PRODUCTS

- For an Indian company to successfully foray in products, options such as exporting to global B2B clients or supplying to Indian arms of global nonwoven companies (B2B) could be explored. However, this requires a long time and efforts for approval of products by the multinational clientele. This is where PURE is positioning itself. Approval of PURE's products by global clients has built high entry barriers for competition to follow. This builds a case for PURE to invest in high-end conversion lines.
- PURE pioneered the Bi-Component melt-blown technology in nonwoven product manufacturing in India and installed India's 1st Bi-Co Melt-blown Line.

- PURE has strong in-house R&D capabilities, extensive domain knowledge of non-wovens and high-end technology has enabled PURE to continuously deliver on innovation. Company's focus is to provide innovative products to manufacture specialty, high-margin products and differentiating itself.
- In 2012, PURE entered into a licensing agreement with BASF SE for a unique patented product called STERON® to manufacture artificial leather with improved properties such as moisture permeability (breathability). This is expected to open up some marquee business relationships with manufactures of luxury cars, high-street fashion and accessories.

PURE'S GROWTH STRATEGY

- PURE is now exploring a strategic partnership with Fiberweb Plc, a leading global nonwoven player to access global market knowledge and technical knowhow and also address the funding constraints for R&D, conversion lines and market development. Over long term, PURE targets to emerge as a preferred partner for Fiberweb to convert and export their products from PURE's low cost manufacturing base in India and exploring the Indian market's growing appetite for its products.
- In the near term, PURE will focus on Automotive (Filtration, Insulation, Interiors), Filtration (Air & Liquid), Medical technology (Respiratory , Infection control), Oil absorption, Vacuum cleaner, Interlinings (Full products) and products from the STERON® line. This will be achieved through more product approvals from domestic and international customers. In the domestic market, PURE plans to focus on the durable nonwovens in the near term.
- PURE plans to align its focus to the customer-end of the value chain. It plans to focus on conversion, which results in more asset efficiency, higher value addition and higher margins.
- PURE has a near term capex plan to invest Rs. 39 crore (USD 7.2 mn) over 2 years i.e. FY 2013 – 2014 which includes a new single-roof integrated manufacturing facility near Pune and adding key conversion lines and improving its testing facilities. PURE targets to achieve revenue of USD 20 mn by FY17.

1. COMPANY OVERVIEW

COMPANY OVERVIEW

BUSINESS OVERVIEW

PURE Filters manufactures synthetic nonwoven fabrics and value-added products. These have specific functional properties and are used in varied sectors. The foundation of PURE's business was laid a decade back, in year 2002 by Mr. XXXX XXXX, a Polymer Engineer who after working with Reifenhäuser, a leading German nonwoven technology company.

XXXX started the business of manufacturing intermediate filter components used in air filtration and HVAC systems. PURE imported nonwoven fabrics, finished them and exported the finished products. The user industries catered by PURE were Hospitals, Pharmaceuticals, Organized Retail (shopping malls). PURE later integrated backwards in the filtration space, to produce filter fabrics. The business firm was later converted to a private limited company in 2008.

The size of Indian Technical Textiles industry was estimated to be Rs. 63,000 crore(USD 11 bn) in 2011-12 and is slated to grow at a CAGR of ~20% over next 5 years. Though, the manufacturing of technical textiles in India is commoditized. Many nonwoven products are imported and there is dearth of indigenous innovation.

More recently, PURE has aligned its focus to become a leading nonwoven products company. Its focus is on conversion of commodities into innovative products, than manufacturing the commodities. In line with this vision, it set-up a Bi-Component melt-blown technology plant in FY 2009 at Pimple Jagtap, near Pune (Maharashtra), first such plant in India. It can manufacture fibers that range from 1 to 15 microns and 5 to 500 GSM.

PURE'S MISSION STATEMENT

"To deliver greater value to our customers by providing complete competitive solutions through technological leadership and manufacturing excellence that are responsive to dynamic market needs".

PURE'S VISION

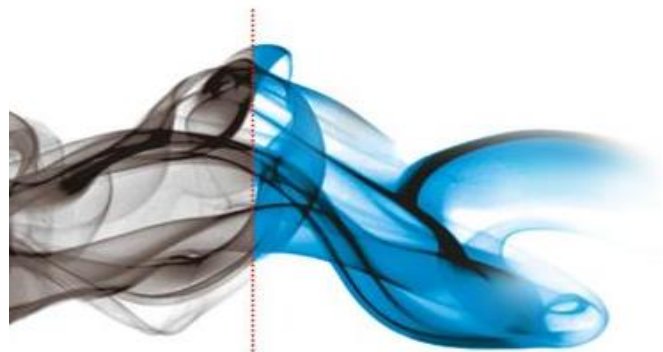
"To develop as a premier company in the nonwovens industry with a focus on producing state of the art nonwovens using novel technologies and emerge as India's premier nonwoven company".

This facility, with an installed capacity of 1,000 tonnes provides PURE with deep product innovation capabilities that allow it offer customized solutions to its clientele.

In addition to Pimple Jagtap, PURE has set up one more facility at Koregaon Bhima, 30 km from Pune for various nonwoven converting machines. The Company has a team of 55 people, including engineers, managers and skilled workers. The Company is now planning to consolidate the manufacturing facilities into one state-of-the-art facility and targets to have an installed capacity of 2,500 tonnes by December, 2013. It has also qualified for Technology Upgradation Fund Scheme (TUFS) scheme of the Govt. of India.

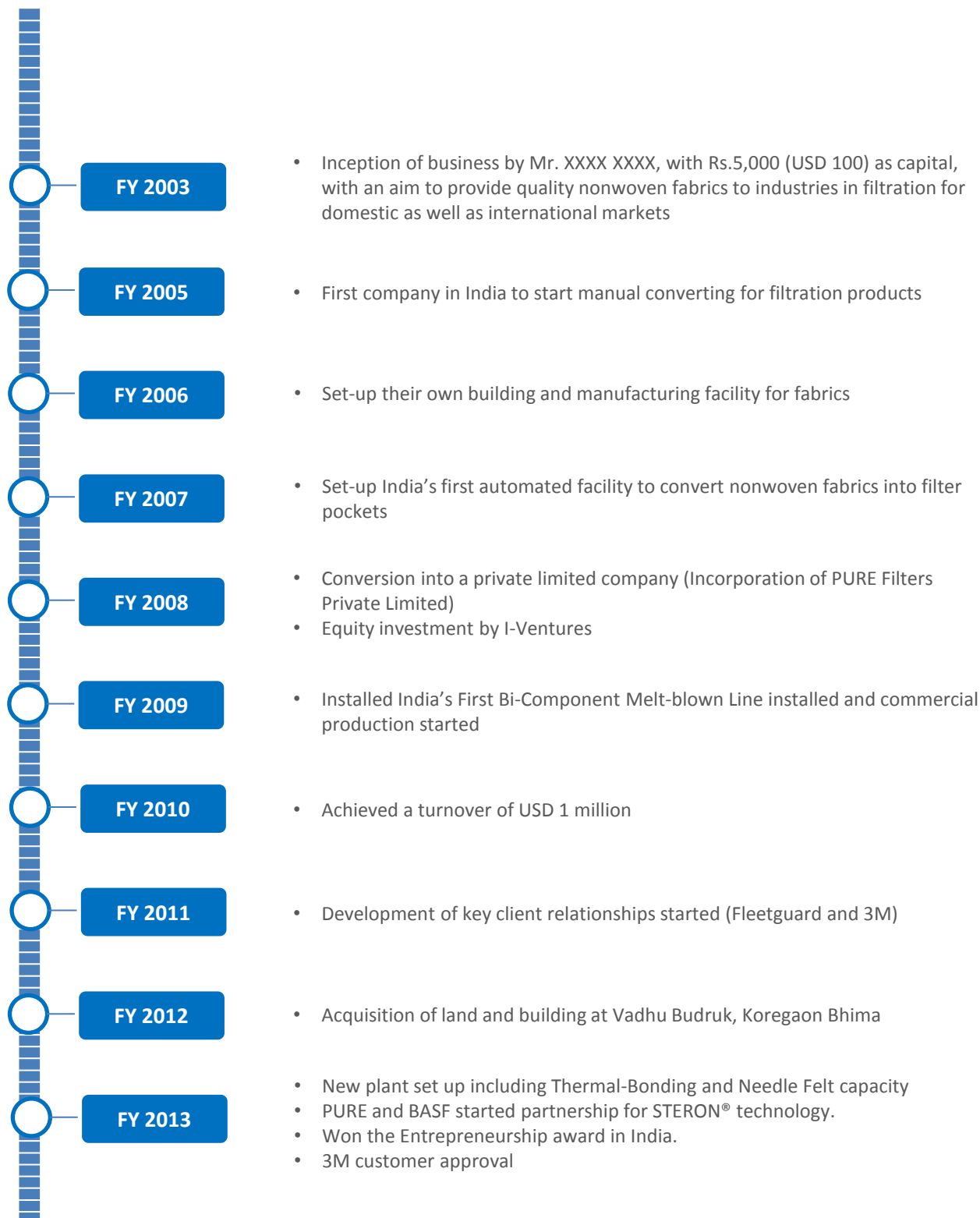
In addition to filtration products, it forayed in more nonwoven products with applications for wider set of sectors. Aim has expanded to several areas of business apart from filtration like oil spill control, sound Insulation for automotive and diesel engine filtration, face masks, respirators for healthcare applications. It also manufactures filtration products including bags for the bag filters, pleat insert for panel filters, media for air filtration and air filters.

PURE's caters to multitude of industries including Automotive, Fashion accessories, Hospitals, Pharmaceuticals, Retail, offices etc. It exports about 60% of its products to UK, USA, Australia, Malaysia, Middle East & Europe. Company's Net Revenue for FY12 was USD 2.67 million at a 10.3% net profit margin. The Company has grown at a compounded annual growth rate of 24% since FY10.



Impurity is a passé, we only look forward to purity

BUSINESS EVOLUTION

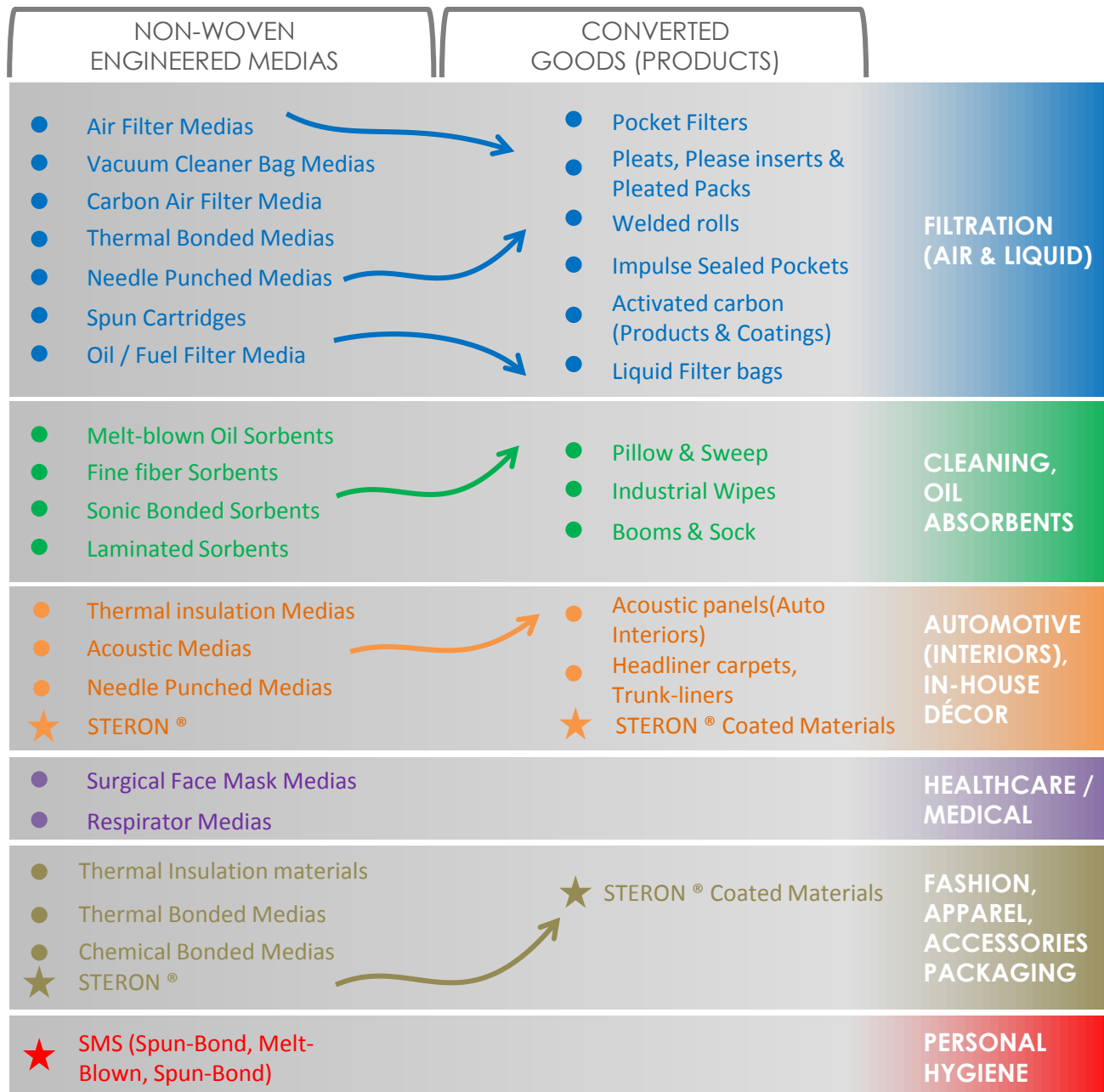


PURE'S PRODUCT MATRIX

UTILITY ACROSS SECTORS

PURE's manufactures nonwoven fabrics and products using multiple technologies. These products have applications across various industries as identified in the Product Matrix below.

While filter media and oil absorbents make up around 80% of PURE's net sales (40% each). Other products including face masks, respirators contribute the balance.



● Existing Products

★ Future (Planned) Products

PRODUCT PORTFOLIO

AIR & LIQUID FILTER MEDIA

1. FINE DUST POCKET FILTER MEDIA

These products are manufactured from polypropylene using the melt-blown process. These could be Bags (Pockets) and Welded Rolls. Its multi-layer structure guarantees very high separation efficiency throughout the life of the filter. They have low pressure drop & particularly high dust holding capacity. They are also environment friendly and easily disposable.



2. PLEAT INSERTS FOR PANEL FILTERS

These are in the form of laminated rolls and pleats. Filter Medias are generally used with metal mesh backings and / or plastic mesh for production of Panel filters.



3. SELF SUPPORT PLEATS FOR PANEL FILTERS

They are designed to do away with wire mesh backings. These are innovative products that PURE manufactures



4. MINIPLEATS FOR V-CELL FILTERS

These are used for high flow rates and a long durability. They are available in various sizes



5. AUTOMOTIVE FILTRATION (AIR)

They are available in Polypropylene (PP). They are used in Cabin Air Filter and Engine Air Filters etc.

PURE's Advantages

- PURE products consist of a melt-blown (fine) fibers and electrostatic charge that increase sub micron particle retention with reduced pressure drop.
- This material has superior fractional efficiency, good processability, and stable performance in high temperature and humidity. This increases protection for drivers and passengers.



6. VACUUM CLEANER BAG MEDIA

They are used for filtration in Vacuum Cleaning machines from Course, Fine levels to Hepa level.



7. ACCOMPLISHED MEDIAS

PURE has developed synthetic medias as per new EN 779-2012 standards

PRODUCT PORTFOLIO

LIQUID FILTRATION – PRODUCT DETAILS

1. SPUN CARTRIDGES

Aquasorb is the latest development in nominal rated meltblown filter cartridge design. It is produced with 100% pure FDA complaint polypropylene with continuous grade density. Meltblown manufacturing method is used for improvement of mechanical strength and steady maintenance of filtering accuracy by 3D polymeric fibrous structures

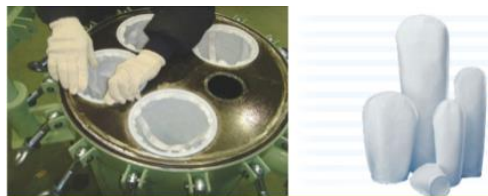


Advantages

- High flow rate, low pressure drop and longer life service
- Self bonded with no chemical binder
- Applications – Food and beverage industry, chemical industry, RO plants, pharmaceutical, etc.

2. LIQUID FILTER BAGS

It's an economical filtration solution for a wide range of applications. Highly controlled manufacturing procedures ensure consistent quality and no contamination. The unique bag designs provide added strength and avoid risk of bypass. Our filter bags will fit all industry standard bag housings.



Advantages

- The outer layers of the fiber provide a highly uniform barrier for final particle filtration
- This construction results in very high dirt loading capacity, even at a high flow rates
- There are no sewn seams used any of the filtering layers, thus allowing high filtration efficiencies for fine particles

3. AUTOMOTIVE FILTRATION (LIQUID)

PURE produces composite Medias using Polybutylene Terephthalate (PBT) and cellulose paper for fuel water separation, oil filtration. Use of this media ensures removal of moisture from fuel and improves life of engine.



4. ACTIVATED CARBON PRODUCTS (PROPOSED)

- Laminated Activated Carbon medias are made with a combination of activated carbon granules (GAC), power and /or rayon fiber which is laminated to Spun-Bonded, melt-blown or other carriers that can be pleated, having permeable structure. These products can be thermally bonded or needle punched to prevent fiber or carbon shedding.
- Activated Carbon Fabric (ACF) is made from a rayon precursor by a high temperature carbonization and activation process under controlled conditions. It is highly micro porous in nature and lends itself to air phase adsorption applications as well as some water phase applications to improve the taste of water. It is available in various specifications.

Properties of ACF

- Absorption of organic and non-organic gases
- Quick adsorption kinetics (2x-3x GAC)
- Easily regenerated with low temperatures
- Acid and alkali proof
- Good electrical conductivity, chemical stability



Utility (Application)

- Pre-treatment of process water, filtering of liquid effluents
- Reclamation of metals and elements
- Filtering environmentally hazardous elements from industrial wastes
- Pharmaceutical industries, oil and petrochemical industry, foundries, water treatment plants, effluent treatment plants and chemical refineries

PRODUCT PORTFOLIO

OIL ABSORBENTS & WIPES

1. OIL ABSORBENTS: FINE FIBER ABSORBENTS

These products are used to contain and absorb splashes and spills under and around machinery.

PURE's Advantages & Specifications

- The outer layers of sorbents are made from small diameter densely woven PP fibers. These layers are then ultrasonically bonded to a high loft melt-blown core. These are premium grade fine fibers of Melt-blown and have high loft and highest absorbency. The smooth fine fiber surface adds the strength needed for high traffic areas. Using small diameter strands of fiber increases surface area, which enables to grip surfaces securely.



Utility

- While pads are economical, easy to apply, and easily picked up after spills, rolls are best used for large spills and high traffic areas.

2. SONIC BONDED ABSORBENTS

These sorbents are the mainstay of the melt-blown sorbent industry. They are constructed from single layer of high-quality uniform PP fibers.

PURE's Advantages & Specifications

- These fibers are then sonically bonded together for added strength, durability and reduced linting.
- This process creates a higher surface area and along with low-linting property that offers better and quick absorbency at good value.
- These pads or rolls are perforated for easy and exact use. Available in heavy, medium and light weights



Utility

- They are mainly used for absorbing oil leakages in industrial indoor locations as well as splashes, drips and overspray in working areas like under or around machines for improved safety at the workplace.

3. LAMINATED ABSORBENTS

- These sorbents are non-linting, tough and durable. They offer extreme softness and drapability. These are used where soft and drapable Melt-Blown sorbents are required. They have higher durability which in turn reduces cost. These are best used for rough and/or irregular surfaces. These pads or rolls are perforated for easy and exact use. Available in heavy and medium weights.



PRODUCT PORTFOLIO

OIL ABSORBENTS & WIPES

4. MELT BLOWN ABSORBENTS

- These are best in oil-spill clean up whether the oil spill is large or small, on land or on water. They have fastest absorbing capacity, highly versatile and have good oil retention.
- These are most cost-effective sorbents made from a single layer of strong uniform PP fibers. Hydrocarbon fluids stick to these fibers where as these fibers are hydrophobic (water repellent).
- They feature high loft and fast wicking action. They are ideal for large marine oil-spill clean up as they don't mildew and they will float indefinitely.



5. HAZARDOUS MATS

- Hazmats are ideal for responding to spills with unknown liquids. These pads and rolls will absorb virtually all acid and base liquids. These products are quickly deployed and recovered in hazardous spill applications. They are available in Fine Fiber and Sonic Bonded formats. These pads or rolls are perforated for easy and exact use. Available in heavy, medium and light weights.



6. BOOMS & SOCK

- Booms and Socks are for spill containment on water and land, or around drains and equipment. These can be used on the water to clean large surfaces like rivers, canals, wharfs and harbors or on the floor at the base or around of the machinery



7. PILLOWS AND SWEEP

- Pillows are used to absorb or block spills in confined areas or in a hole like pipes or in tanks. Due to higher surface areas they absorb more oil and faster clean up time. They absorb spills which are too large for a pad.
- Sweeps are double layer sorbents composed of heavy layer of Meltblown polypropylene that is ultrasonically welded to a layer of Spun-Bond fabric. They are ideal for removing oil from water surface and to be used together with booms.



PRODUCT PORTFOLIO

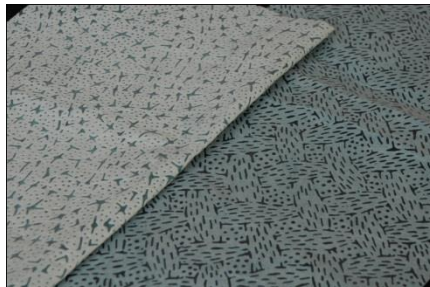
OIL ABSORBENTS & WIPES

WIPES: MELT-BLOWN WIPES

- Melt-blown wipes are made with extremely fine fibers of highly advanced technology. It has excellent moisture absorbency, superior cleaning power and quick drying property. Due to fine fiber structure it rapidly absorbs water and has high absorbency than general cotton products. We can also offer anti-microbial and anti-bacterial wipes as per the requirement.

Characteristics

- Excellent absorbency and quick drying property due to fine fiber structure
- Melt-blown wipes quickly absorb large quantity of moisture rapidly because of capillary action resulting from fine pores inside the product. Besides, their fast drying speed enables convenience in use. It also has superior cleaning power.
- We can offer these wipes in sheet and rolls form. Perforation and Slitting service is also available.



Utility

- Pharmaceutical Industry (Class IV)
- Electronics Industry
- Chemical Industry
- Cleaning of optical products such as eye glasses, glass, mirror, camera etc.
- For removing contamination of accessories such as gem, precious stones
- For removing pollutants of computer, monitor, telephone, mobile phones

PRODUCT PORTFOLIO

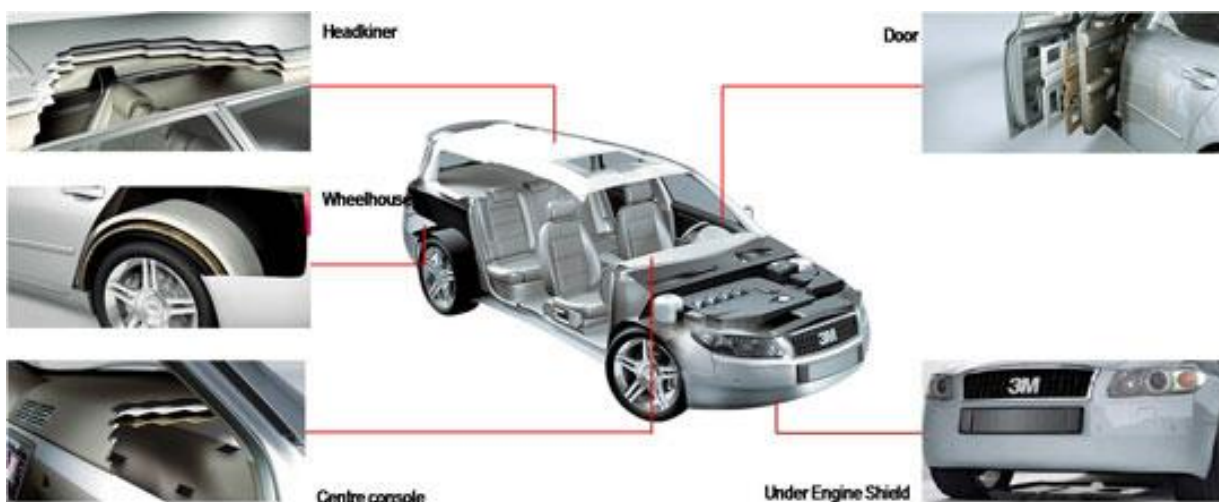
AUTOMOTIVE INTERIORS & IN-HOUSE DÉCOR

1. NVH APPLICATIONS: SOUND ABSORPTION AND THERMAL INSULATION

- These materials are made for thermal insulation and sound absorption (NVH) applications like inner linings for carpets, roof liners, door trims, A/B/C pillars, wheel wells, Lining for IP console etc.
- Uses of these materials make car quieter, lighter and fuel efficient.
- The product finds application in Automotive Interiors, Engine Guards and Sound proof partitions

PURE's Advantages & Specifications

- The materials are lightweight, water repellant and has effective sound absorption properties due to fine fiber structure
- It also has low flammability, high loft Doesn't contain any carcinogenic/restricted substances
- Meets conductance index as per ASTM C518-2004



2. NEEDLE PUNCHED NON-WOVEN FABRICS

- PURE has state-of-the-art line to produce needle-punched fabrics for applications like automotive carpets, headliners, exhibition carpets, trunk-liners etc.
- Capability to produce materials in 2.4 m width and 80 to 500 gsm in white as well as various other colors as per client's requirement. The basic fibers used in the process range from PET, PP and low melt fibers.



Utility

- **Automotive Interiors:** Needle punched fabrics are used to make auto headliners and carpets for the automotive industry

PRODUCT PORTFOLIO

HEALTHCARE

1. FACE MASKS, RESPIRATOR MEDIAS (MEDICAL)

- In the recent times of swine flu, avian flue and other such pandemics, the need for high efficiency filter media was realized. Filter medias are typically used in both flat as well as molded masks.

PURE's Advantages & Specifications

- PURE's media's adhere to the highest US and European respiratory standards. The media is characterized by exceptional uniformity and high bacterial and particle filtration efficiency (BFE & PFE) which enables the user to prepare respirators and masks of highest quality.
- PURE's respirator media exhibits excellent efficiencies and penetration values for NaCl, DOP and paraffin oil. It provides low breathing resistance measurements for easy breathability and excellent mask comfort. It offers exceptional product uniformity and is economic and cost effective.
- Respirators are lightweight, water repellant, disposable, relatively comfortable, and inexpensive.



Utility

- Respirators can be used for protection from most air contaminants. by doctors, patients in hospitals.
- They can also be used for protection against non-toxic particles and nuisance dusts, such as workshop, cleaning, pollen, sweeping, gardening, farm work, construction work

2. MEDIAS FOR BLOOD FILTRATION (PROPOSED)

As the world's concern for pure blood increases, PURE has developed capacity to supply melt-blown blood filter medias

PRODUCT PORTFOLIO

GARMENTS

1. THERMAL INSULATION MATERIALS FOR TEXTILES

- PURE produces melt-blown materials which has superfine fibers. These materials are produced using Polypropylene and Polyester materials.

Advantages

- Light weight hence reducing overall weight of the product by 40 to 50% against traditional felt materials to achieve the same warmth
- Water repellant & Non-Allergic
- Extremely soft and has excellent draping quality
- Highly insulating
- Breathable hence doesn't produce sweat-like feeling
- Can be machine washed @ 40 degrees Celsius



Utility

- They are used as thermal insulating materials in jackets, sleeping bags, hand gloves, shoes, and quilts as interlining materials.

2. THERMAL BONDED NONWOVENS

- PURE has a state-of-the-art line to produce Thermo-bonded nonwovens. The line is capable of producing materials using low melt fibers.

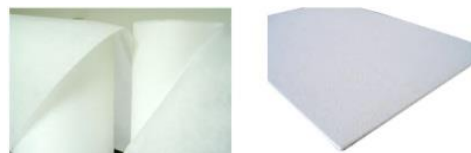


Utility

- Thicker materials for furniture industry as well as quilt manufacturing
- Silica gel packing materials
- Backing layer for various applications
- Used along with scatter coating as fusible materials

3. CHEMICAL BONDED MATERIALS

- PURE's chemical bonded nonwoven fabrics are widely used in collars, plackets, cuffs, flaps and belt linings for trousers.
- These are also used as alternate linings in leather and cotton garments.
- This material can be porous or dense, hard or soft, absorbent or water repellant depending on requirements.



Utility

- Garment Interlining – Fabrics are used as fusible materials (scatter coated) or non-fusible materials

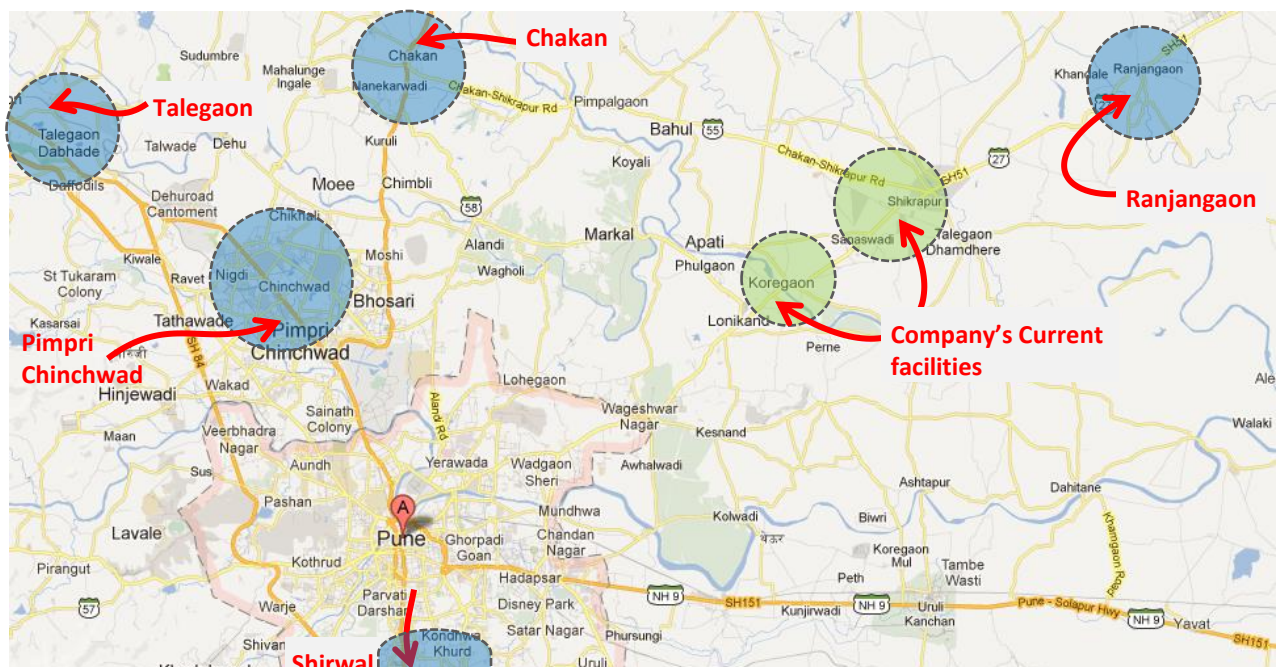
PURE'S LOCATION: PUNE

Pune, is the 7th largest metropolis in India, the 2nd largest in the state after Mumbai. It is located at around 200 km from Mumbai and is well-connected (both rail and road) to nearest port, Jawaharlal Nehru Port Trust (JNPT). Regions around Pune i.e. Pimpri, Chinchwad, Ranjangaon have evolved as automotive clusters since early 1990s with leading automobile players including Tata Motors, Bajaj Auto, Force Motors, Fiat, Mercedes Benz, Cummins, Premier Motors setting up their plants. In addition, several large auto-component manufacturers and ancillary units are also present here.

The city is long known for its educational facilities and offers highly skilled workforce for various industries. It has also emerged as a preferred destination for global IT companies. Over last decade, many IT clusters have developed around Pune and as a result, real estate & construction have witnessed high growth.



AUTOMOTIVE HUBS AROUND PUNE



MANUFACTURING CAPABILITIES

PURE'S FACILITIES

PURE's presence in this hub of industrial activity provides it ready access to infrastructure, suppliers and global clients including export markets

PURE is equipped with high class manufacturing facilities, first of their kind in India. Their facilities are located at around 30-40 km from Pune, on the Pune-Ahmednagar Highway.

Pimple Jagtap Facility

This facility was set up in financial year 2009 for the Bi-Component Melt-Blown line of the company. It has an area of about 15,000 sq. ft. and is set-up on a site leased by the Company. This facility is located at around 40 km from Pune at: Gat No. 55/2 and 56/3, Chakan Shikrapur Road, Pimple Jagtap, Shirur, Pune – 412 208, Maharashtra



Koregaon Bhima Facility

This new site was recently acquired and is owned by the Company. In line with its vision of converting Non-Woven media into value-added products, PURE has set up Chemical bonding, Thermo bonding and Needle Felt lines here. It is located at around 30 km from Pune at: Gat No. 1264, Grampanchayat Property No. 921, 921A-B, Vadhu Budruk – Koregaon Bhima, Shirur, Pune – 412 216, Maharashtra. It has an area of 55,000 sq. ft.. and scheduled to commence full-scale operations in April, 2013.



The Company has global leading nonwoven players and automotive component players as its clients. PURE typically supplies to the Indian units of these clients. In order to integrate its operations and to cater to these clients seamlessly, PURE is contemplating a single large manufacturing site around Pune.

The corporate and administrative office is in a rented premise in Pune. PURE is planning to lease a larger corporate office on Pune – Ahmednagar Highway for better coordination between the manufacturing facilities and the corporate office. The new office will also be closer the Pune airport.



MANUFACTURING CAPABILITIES

PURE'S FACILITIES

Melt-blown Line in Operation

Company's focus is to provide innovative melt-blown products to create a niche, high-margin category for itself and set itself apart from competition. As a result, in FY 2009, PURE installed India's First Bi-Component Melt-blown Line at its facility in Pimple Jagtap. The state-of-the-art line has a width of 1.6 meters. The Company has ability to spin various types of fiber from PP/PE/PBT/NYLON/TPE.

It has sourced technology from Hills Inc, USA. The benefit of buying the Hills Technology is that it gives feasibility to do research and development on various different types of melt-blown products that could be possible for the future. It has the ability to produce finest fiber possible for the best filtration performance in terms of uniformity and consistency.



Converting Lines

The Company has a range of in-house nonwoven converting equipment. These allow it to offer value added customized products to its customers. PURE will soon commission thermo-bonding and needle-punch technology at its new facility at Koregaon Bhima. It has also established scattered coating line, impregnation line which are essential key converting technologies for products such as Activated Carbon Medias.

Converting Lines

1. Scatter Coating Line
2. Impregnation Line
3. Ultrasonic Bonding Line
4. Thermal Embossing and Perforation Line
5. Hot Melt Lamination Line – 2 No's
6. Pleating Line – 2 No's
7. Auto Sheet Cutting Line
8. Ultrasonic Lace Machine – 4 No's

Testing Equipment

PURE's in-house testing facilities ensures stringent checks and high quality products, leading to repeat business from its clients and new business volume. Testing equipment include state-of-the-art German equipment for nonwovens.

1. PALAS Flat Sheet Test Rig – MFP2000
2. GSM Tester as per ASTM D:3776
3. Ashrae 52.5 / EN779 Test Rig for Air Filter Media
4. Optical Microscope
5. Air Permeability Tester as per IS 11056:84
6. Tensile Tester as per ASTM D:5035
7. Thickness Tester as per ASTM D:1777
8. Opacity Tester as per IS 11056:84



Welded Rolls (above)

SHAREHOLDING HISTORY & STRATEGIC PARTNERSHIPS

Inception

The business was started with a modest seed capital of Rs. 5,000 (\$100) in year 2002 by Mr. XXXX XXXX. The firm was converted into a private limited company, PURE Filters Private Limited in year 2008.

Strategic Partnership with I-Ventures

In year 2007, in line with the need for growth capital of the business, the company joined hands with I-Ventures (IV). IV is a growth capital fund sponsored by first generation entrepreneur, Mr. CC. Mr. C is the promoter & chairman of ABC Ltd, a renowned engineering group with revenues of ~USD 150 million.

ABC is a multiproduct company catering to applications in diverse sectors such as automobile, boiler & heat exchangers, energy, oil and general engineering. It specializes in processing various types of steel and engineering faster development cycles, flexible production systems, effective supply chain solutions.

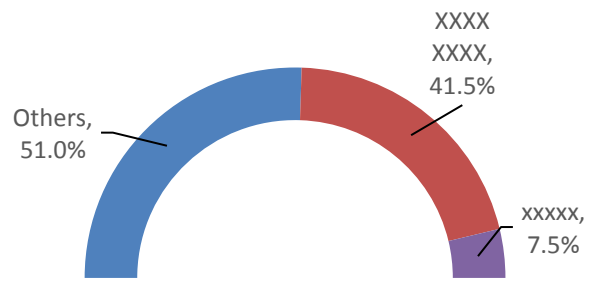
The common characteristic between Venture group and PURE is that both organizations are driven by innovation in product applications. I-Ventures acquired a significant minority stake in the Company and provided critical funds and support for PURE's growth strategies.

The funds invested by IV have been deployed by PURE to set up the Melt-blown line at Pimple Jagtap and also acquire and set-up facility at Koregaon Bhima.

I-Venture helps the company to secure key banking relationships, strategic financing arrangements and provides necessary strategic inputs, time to time.

The current shareholding structure is as follows:

CURRENT SHAREHOLDING PATTERN



Proposed Strategic Partnership with Fiberweb Plc

As it takes this giant leap to completely focus on converting of nonwovens into products, PURE is now looking for a leading global nonwoven player as a strategic partner. PURE needs continued access to global market knowledge and technical knowhow, which are necessary for innovation. Further, it also looks to address the funding constraints for R&D initiatives, high-end conversion lines and marketing spend.

Partnership with a leading international player like Fiberweb Plc will bring in operational and management best practices to PURE, and may also provide it with flexibility in sourcing of raw materials, sourcing of low-cost funds.

The equity funds raised through this means shall be utilized for putting up the STERON[®] line, land and building for the new integrated facility, new Needle punch line, and repaying a portion of the debt.

Win-Win for all Stakeholders

Over long term, PURE targets to emerge as a preferred partner for Fiberweb to convert and export Fiberweb's products from India and seek the benefits of local lower manufacturing cost. PURE could also be a partner for Fiberweb for exploring the Indian market's growing appetite for Fiberweb's products.

KEY RELATIONSHIPS

BASF SE

Licensing Agreement

In 2012, PURE entered into a licensing arrangement with BASF, the world's leader company in chemicals, for a unique patented product called STERON®. STERON® is useful for manufacturing artificial leather with improved properties such as moisture permeability (breathability).

Artificial leather finds application in footwear, automobile seats, upholstery, furnishings, sports, apparel, women bags, and a host of fashion accessories and it is used as a substitute for natural leather. The products are customized for various applications. It is available in a very wide price range depending on application, inputs that goes into it, order size etc.

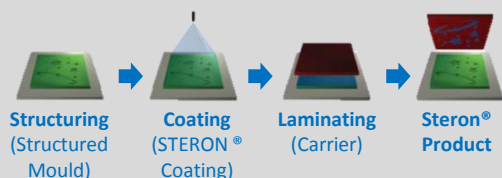
The Company intends to manufacture coated synthetic materials like artificial leather by using the STERON® technology of BASF. Under the licensing agreement, the royalty to be paid for coated material is €3 per sq. meter. PURE will also pay a lump sum license fee of € 35,000 p.a. to BASF. This agreement is valid for 7 years

About STERON®

STERON® is a new patented transfer coating technology. Leather coated with STERON® remains permeable to air. Practically all natural and synthetic surfaces can be created on a wide range of materials with the same permanent color effects i.e. perfect interpretations of leather surfaces with impressive look and feel. Intricate designs and quick motif changes are just as possible as visible and invisible branding.

STERON® offers a new dimension of design freedom, coupled with ecological and economic advantages in the production for materials used in the automotive industry for car interior, fashion and accessories industry, upholstery, and high end packaging industry.

Process of Transfer Coating



Business Expectations

PURE will supply fabrics and intermediate converted products using STERON® to clients that will be jointly acquired by PURE and BASF. PURE has accordingly decided to invest ~Rs. 13.5 crore (USD 2.5 mn) in Coating Line with a capacity of 1,000,000 sq. meter p.a.

In the near future, at peak capacity, this could go up to Rs. 56 crore (USD 10.5 mn) in terms of potential annual order.

The domestic market size is estimated to be about Rs. 3,000 - 4,000 crore (USD 550 to 750 mn) for artificial leather. Mayur Uniquoters is a leading company with a capacity of 1.8 million meters and estimated revenue of USD 65 mn in FY 2013. There are other companies like Rishabh Velveleen, Vasanti Textiles, Manish Vinyl.

Potential Customers

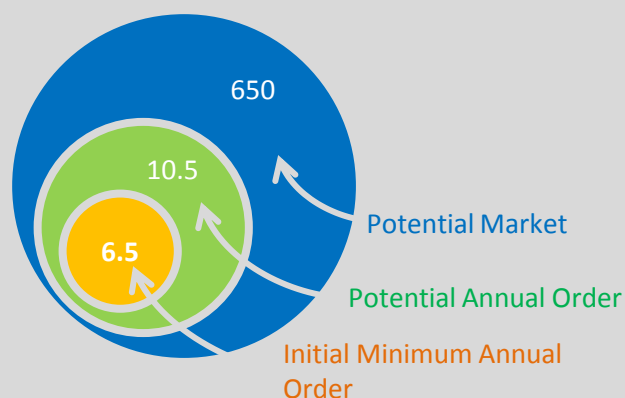
Automotive



Fashion



POTENTIAL BUSINESS ANALYSIS (USD mn)



KEY CLIENT RELATIONSHIPS



FLEETGUARD FILTERS PRIVATE LIMITED (FLEETGUARD)

About Fleetguard

Established in 1987, it is India's leading manufacturer of filtration systems / products for industrial applications. It manufactures heavy duty air, fuel, lube and hydraulic filters, air intake systems, coolants, chemical products for highway applications.

Fleetguard is a Cummins group company with a turnover of over USD 103 mn. It is an OEM (Original Equipment Manufacturer) for renowned automotive and industrial engine and equipment manufacturers.

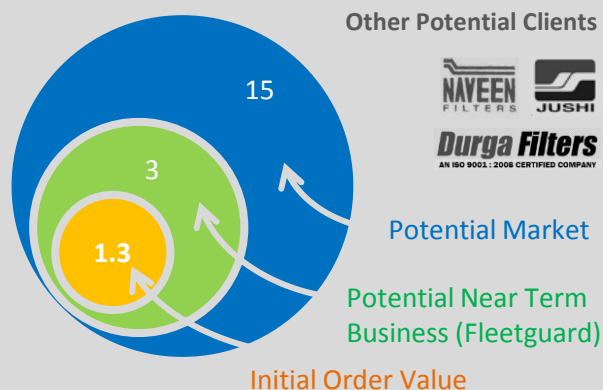
Fleetguard has its manufacturing facility at Hosur, Jamshedpur, Pune and Sitarganj (Uttarakhand).

Business with PURE

PURE has entered into a business agreement with Fleetguard for long term supply Fuel Water Separator Media and Oil Filtration Medias. PURE has invested ~USD 75,000 in Embossing Machine for supply to Fleetguard, thereby establishing a direct vendor

relationship. Fleetguard has committed to a initial order quantity that will result in a revenue of USD 1.3 mn for PURE. PURE targets a potential near term business of USD 3 mn from Fleetguard, as a result of strengthening of trust & relationship as well as new product innovations at PURE

POTENTIAL BUSINESS ANALYSIS (USD mn)



GRUPO ANTOLIN



About Grupo Antolin

Based in Burgos (Spain) is a full service supplier and leading company in design, development and manufacture of multi-technological solutions for modular automobile interior parts. It focuses on 4 main functions: Overhead, Door, Seat, Lighting.

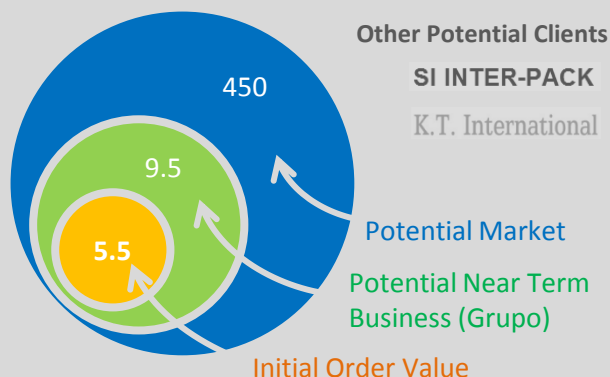
It ranks 55th amongst the most important suppliers in the automotive industry worldwide, and has more than 100 plants and 22 technical-commercial offices in 25 countries. Directly or indirectly, Grupo Antolin products feature in practically every car in the world.

Business with PURE

PURE has entered into a 2-year business agreement with Grupo Antolin to supply fabrics for headliners. PURE has accordingly decided to invest ~USD 750,00 in Needle Punching Line.

As per the agreement, Grupo Antolin will order a initial quantity of 1,000 tons, resulting in a revenue of ~USD 5.5 mn for PURE. PURE targets a potential business of USD 9-10 mn in near future.

POTENTIAL BUSINESS ANALYSIS (USD mn)



KEY CLIENT RELATIONSHIPS



COACH, INC

About Coach

Coach, Inc. is a marketer of fine accessories and gifts for women and men. Its product offerings include women's and men's bags, accessories, footwear, jewelry, watches and fragrance. It sells its products through ~1,000 department and outlet stores (in US and over 20 other countries), catalogs, and its website. It also runs more than 830 retail and factory outlet stores in North America, Japan, and China. Its revenues for 2012 were over USD 4.7 billion.

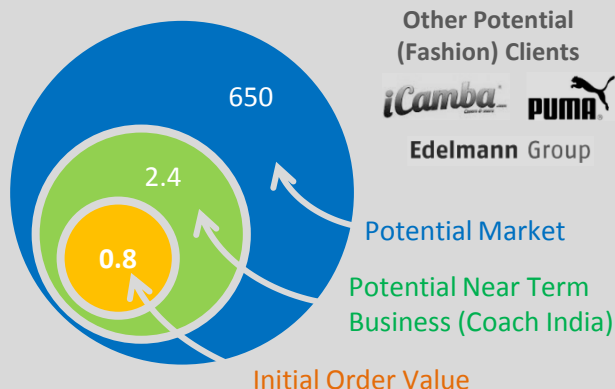
Business with PURE

Coach will source breathable leather fabrics and intermediate converted products using STERON® for its Bags, wallets. PURE plans to invest ~USD 2.5 mn in a Coating Line with a capacity of 1,000,000 sq. meter p.a.

PURE expects initial business of USD 0.8 mn from Coach India with an order quantity of around 65,000 sq. meter

PURE also targets a potential business of over USD 2.4 mn from Coach India, in the near term.

POTENTIAL BUSINESS ANALYSIS (USD mn)



3M COMPANY (3M)



About 3M

Based in Minnesota in US, 3M is global innovation company that has operations in more than 70 countries, with its products sold in nearly 200 countries. It employs 88,000 people globally.

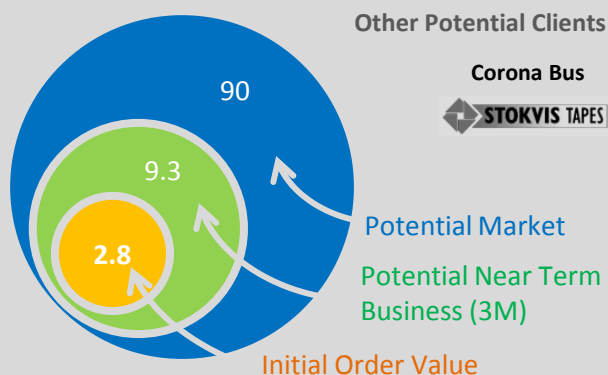
It produces over 55,000 products, including adhesives, abrasives, laminates, passive fire protection, dental products, electronic circuits & electronic materials, medical products, car care products (such as sun films, polish, wax, car shampoo, exterior treatment, interior and under chassis rust protection), and optical films.

Business with PURE

PURE has entered into a 4-year business agreement with 3M India to supply various nonwoven products for automotive. PURE is investing ~USD 1.3 mn in new Melt-blown (Staple Fiber insertion) Line for supply of the products to 3M.

PURE estimates 3M will place product orders for 350 tons initially, resulting in a revenue of USD 1.8 mn for PURE. PURE targets a potential annual order of USD 9.3 mn from 3M India.

POTENTIAL BUSINESS ANALYSIS (USD mn)



KEY DIFFERENTIATORS

OPERATIONAL ADVANTAGES & INNOVATIONS

Over last 5 years, PURE has transformed from a small converting shop into a focused Non-woven Products company with approvals from key global names and a fully integrated high-end manufacturing line in place. This provides PURE with significant operational advantage vis-à-vis competition. It usually takes a few years to develop markets and receive approvals from large MNC clients.

Over next few years, PURE plans to evolve its product matrix and diversity its customer base across industries. It plans to move from a pure filtration products company to supply to automotive and hygiene industries and in the long run, even to apparel and fashion players.

The global nonwovens sector is extremely competitive and requires continuous innovation to survive. Companies with superior R&D capabilities, market knowledge and high-end technology that quickly offer high quality, novel products are able to maintain their margins. PURE has consistently demonstrated its innovation capabilities with a capable management team and technological set up

Certain Firsts for PURE

PURE Filters is the first company in India to have:

- Set up state-of-the-art Bi-Component melt-blowing technology for Filtration
- Received SME funding from Exim bank of USA
- Produced HVAC filter medias in India
- Developed Acoustic materials for cars
- Developed Engine shield insulation materials in association with 3M worldwide
- Produced PBT fuel filter media for diesel separation in Euro 4 cars and oil filter medias
- Been approved to set-up commercial production line for BASF's STERON® Technology (PURE is first company to be approved by BASF in India as well as the World)



The Company is planning a major thrust on developing and implementing world-class policies in Quality Control, Employee Health & Safety Systems (EHSS) and regulatory compliance.

It is slated to implement ISO/TS 16949 and 5S Quality Management Systems. It is also scheduled to implement 'Safety First' EHSS norms.

PURE's innovative products (recent & pipeline) include

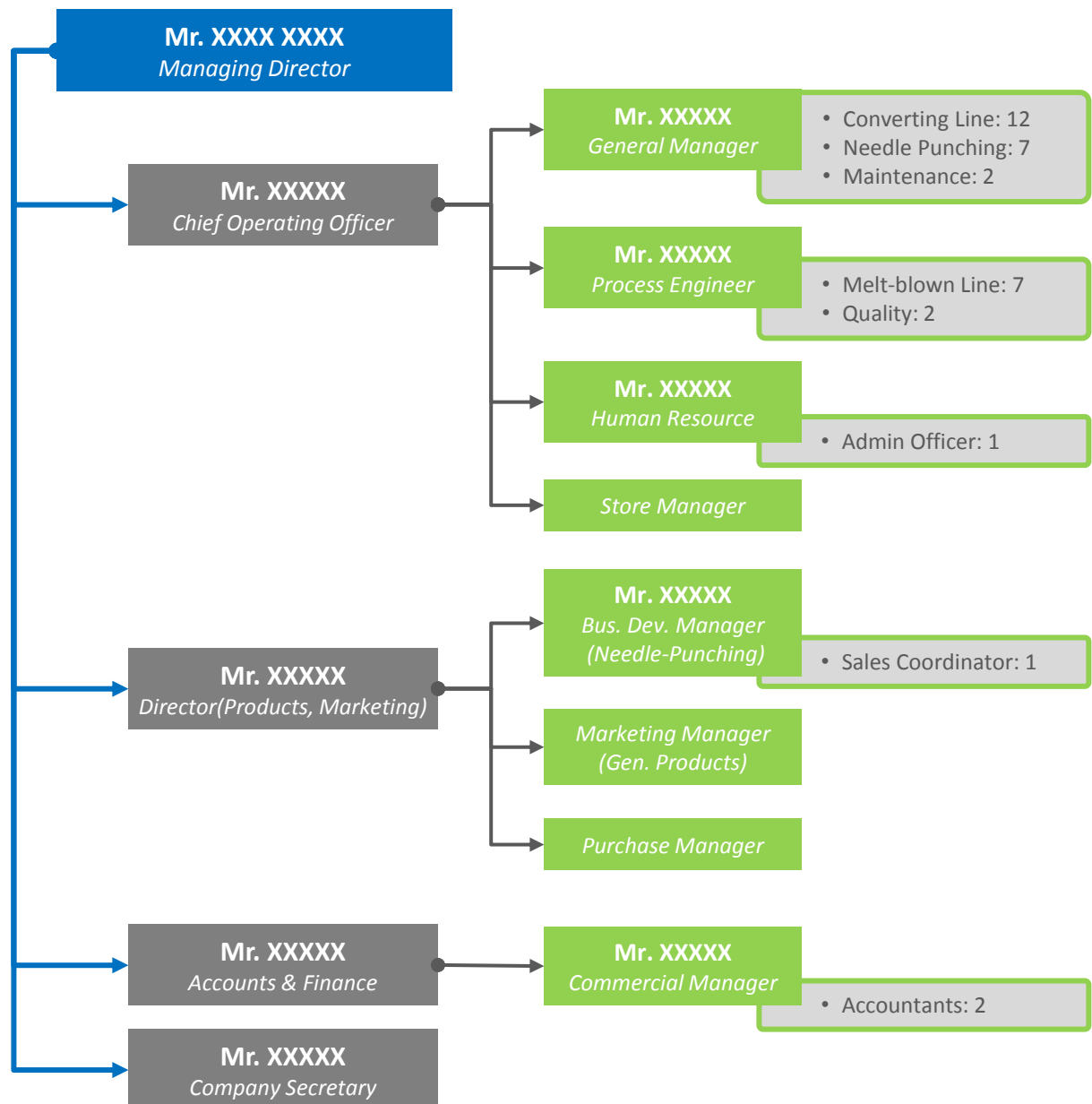
- Melt-blown needle-felt composites which can be ultrasonically sealed
- PBT and PP Bi-Component Melt-blowns (MB)
- Nano fibers production using melt-blowing
- Blood filter medias and components
- MB from PET bottle waste (sustainable filtration)
- Acquisition and distribution layers for hygiene markets

ORGANISATION STRUCTURE

PURE has a staff strength of ~55 people. KA (COO) and PP (Director, Marketing & Product Development) report directly into Mr. XXXX XXXX. Cumulative experience of management along with Dr. NV (Advisor) and Mr. CC (Strategic investor) is ~100 years.

PURE's management team is relatively younger with

average age of [---] and drives its product customization and product innovation. In line with its growth strategy, PURE is planning to strengthen the Research & Development (R&D), Quality Assurance, Project Management Finance & Accounts teams further.



MANAGEMENT BIOS

KEY MANAGERIAL PERSONNEL

MR. XXXX XXXX

Promoter & Managing Director

He has a Bachelors degree in Engineering in Polymer Science from Maharashtra Institute of Technology, University of Pune. He has over 13 years of rich work experience in marketing of filtration products at local and international levels.. In 1998, XXXX joined German company Reifenhauer, which is engaged in manufacturing of nonwoven filter products. XXXX, a first generation entrepreneur, started the business of manufacturing and promoting intermediate filter components used in air filtration and HVAC systems in 2002 which later became PURE Filters.

It is XXXX's vision, passion for polymer products and customer-oriented approach that has taken PURE to new heights. He has been instrumental in forging new partnerships, bringing latest technologies for the Company and building a global client pool. He drives the strategic decisions at PURE and steers the company in the capacity of Managing Director

MR. XXXXX

Director – Marketing & Product Development

He has a Bachelors degree in Engineering in Polymers from University of Pune. He also holds a Masters in Plastics Engineering from University of Massachusetts, Lowell (UMass, Lowell), USA

He has 14 years of experience, including 6 years in USA in packaging, disposable medical devices, and specialty applications such as insulation tapes for sub-sea oil drilling. He developed three products for sub-sea application at various depths. Earlier, he also led the exports project team at Tata Auto Plastics Systems Limited. He has handled projects for customers like Ford – Germany, John Deere. Since 2008, he has been leading the Marketing & Product Development team at PURE.

MR. XXXXX

Chief Operating Officer

He is a highly experienced and qualified executive manager with over 3 decades of experience at various management levels in manufacturing Industry, of which over 20 years are spent in leadership roles

He has proven capabilities of turning around, non-profitable businesses. He has excellent management skills and experience in identifying and eliminating the obstacles in organic growth by team building, leadership and excellence. His professional experience spans across marquee corporates like TELCO (now Tata Motors), Alfa Laval India Ltd., Indo Schottle Auto Parts Pvt. Ltd. and Bran Engineering Private Ltd.

He holds a Bachelors degree in Mechanical Engineering from University of Nagpur, and has also completed Management Development Program from IIM-Ahmedabad. He also holds a Green Belt in Six Sigma Lean Management from Crane University

MR. XXXXX

Advisor & Consultant

Dr. AB is a world class professional in the field of fiber sciences with over 35 years of experience in research. He is a PhD. from University of Delaware in material sciences, Master in Chemicals Engineering from University of Delaware. He is a Graduate from UDCT, Mumbai University. Currently he is an advisor and mentor to Aim and helps Aim in establishing and developing new technologies. He has served various companies like Reliance, Du Pont and others in senior positions.

In addition, PURE receives continuous strategic inputs from the founders and management I-Ventures



TECHNICAL TEXTILES & NON-WOVEN INDUSTRY

TECHNICAL TEXTILES: OVERVIEW

GLOBAL CONSUMPTION TRENDS

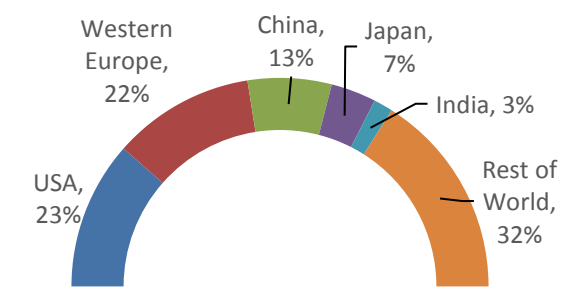
Consumption Trends

Technical textiles are defined as textile materials and products used primarily for their technical performance and functional properties than their aesthetic traits.

The application of Technical Textiles is in multiple sectors from agriculture, healthcare and filtration to personal hygiene, construction and aerospace. It is the end use that drives selection of fiber, method of processing, new product development. Over years, their global consumption has grown with development and industrialization. In 2010 it was estimated to be ~23.8 mn tonnes and had been growing at 4% p.a.

While developed countries i.e. USA, Western Europe consume with over 23% and 22% of global technical textiles produced, China consumes around 13%.

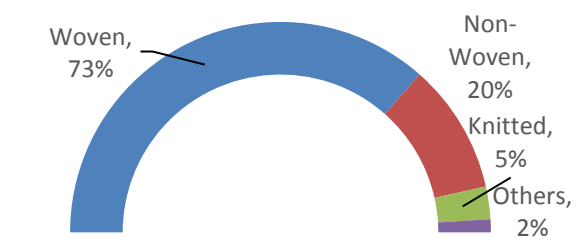
REGION WISE CONSUMPTION



Processes Used

Technical textiles in their end-use form such as fabric / sheets, are manufactured using alternative processes i.e. either conventional weaving or composite layers or nonwoven fabrics. Significantly, Non-woven and composite production have considerable market share.

PROCESS USED TO MANUFACTURE



Source: ICRA study sponsored by Government of India

Application of Technical Textiles

Technical textiles have been slowly gaining user preference owing to one or more of their characteristics such as functional requirement, health & safety, cost-effectiveness, durability, high strength; light weight, versatility, customization, user friendliness, logistical convenience etc

Technical textiles are used either individually, or as a component/part of another product. They are used individually for specific functions such as fire retardant fabric for uniforms of firemen or coated fabric to be used as awnings. As a component of another product, they are used to enhance the strength, performance or other functional properties of that product E.g. tyre cord fabrics in tyres, interlining in shirt collars.

Depending on the product characteristics, functional requirements and end-use applications, these have been grouped into 12 segments ¹

Segments of Technical Textiles (Application wise):

1. Agrotech - Agriculture, Horticulture and Forestry
2. Buildtech - Building and Construction
3. Clothtech - Shoes and Clothing
4. Geotech - Geotextiles, Civil Engineering
5. Hometech - Furniture, Upholstery, Interior Furnishing, Household Textiles, Floor Covering
6. Indutech - Filtration, Cleaning, other industrial uses
7. Medtech - Medical, Healthcare and Hygiene
8. Mobiltech - Automobiles, Shipping, Rail, Aerospace
9. Oekotech - Environmental Protection
10. Packtech - Packaging
11. Protech - Person and Property Protection
12. Sporttech - Sport and Leisure

A simple segmentation is also prevalent in the industry i.e. based on application of nonwovens in disposable products or durable products.

TECHNICAL TEXTILES: OVERVIEW

INDIAN MARKET

India vs. World, the Need for Product Manufacturers

In many developed countries (e.g. USA and Japan) technical textiles account for over 35% of the textile industry's output as against 19 % for China and 5 % for India.

In India, owing to overall increase in income-levels and corresponding rise in living-standards, the domestic consumption is growing. However, unlike the conventional textile industry in India, the technical textile industry is an import intensive industry. Though consumption is high, many products like sanitary napkins, diapers, wipes, protective clothing, webbings for seat belts are imported to a very large extent. Hence, the need for low-cost domestic manufacturing of these consumer products is increasing exponentially.

Indian technical textile players are primarily active in the clothtech, packtech and sporttech sectors and limited to commodities. They have very little presence in high-tech, R&D intensive segments. These segments include downstream conversion industries, use of commodities to manufacture of value-added products.

Players in Domestic Market

Over years, a few large multinational companies like Ahlstrom, Johnson & Johnson, Du Pont, Procter & Gamble, 3M, SKAPs, Kimberly Clark have set up their units in India. There are some domestic players like SRF, Entremonde Polycoaters, Kusumgarh Corporates, Garware Wall Ropes, Century Enka, Techfab India, on the woven and knitted side. On the other hand, Supreme Nonwovens, Obetee Textiles, Pacific Non Woven, Vardhman, Unitex, Alpha Foam are large players on the nonwoven side.

Currently, this segment is highly unorganized, and the size of units that manufacture 'products' varies to a large extent. There is significant number of small scale units manufacturing products. Although there are various large players present, the production of certain goods is still concentrated in the small scale segment like canvas tarpaulin, carpet backing, woven sacks, soft luggage, zip fasteners, stuffed toys, fabrication of awnings, canopies and blinds etc.

Source: Ministry of Textiles, India and FICCI-Wazir Advisors-Ernst & Young Knowledge joint paper

India Growth Outlook and Needs of the Sector

The Indian Technical Textiles industry has grown to Rs. 63,000 crore (USD 11 billion) in 2011-12 from Rs. 41,000 crore (USD 8.2 billion) in 2007-08 at 11 % growth p.a. ¹. It is expected to grow so fast as to be worth Rs. 1,58,000 crore (USD 29.3 billion) by 2017, with a projected growth rate of ~20%.

At the same time, India also has competitive advantage to be developed as an export oriented supply (production) base, with availability of low cost skilled labour.

Regulatory Government Policy

Government of India has allowed 100% Foreign direct investment (FDI) in the textiles sector through the automatic route.

Additionally, Government has taken various initiatives to promote the growth of this industry including Technology Upgradation Fund Scheme (TUFs), Scheme for Integrated Textile Park (SITP) and Integrated Skill Development Scheme (ISDS). Further, Export Oriented Units (EOUs) that are set-up in Special Economic Zones (SEZs) can avail additional tax exemptions

A major support scheme has been the launching of the National Technology Mission for Technical Textiles by the Honorable Prime Minister of India, to be implemented during the 11th 5-year plan to promote the development of the technical textile industry base in India with a budget of USD 170 million.

In order to develop the nonwoven technical textiles (NWTT) sector, Government has also allocated funds for development of four Centers of Excellence (CoEs) in Technical Textiles. The upcoming CoEs and those established very recently, are for

1. Non-wovens & Medical (Ichalkaranji, Maharashtra)
2. Sports (Mumbai, Maharashtra)
3. Composites (Ahmedabad, Gujarat)
4. Industrial Applications (Coimbatore, Tamil Nadu)

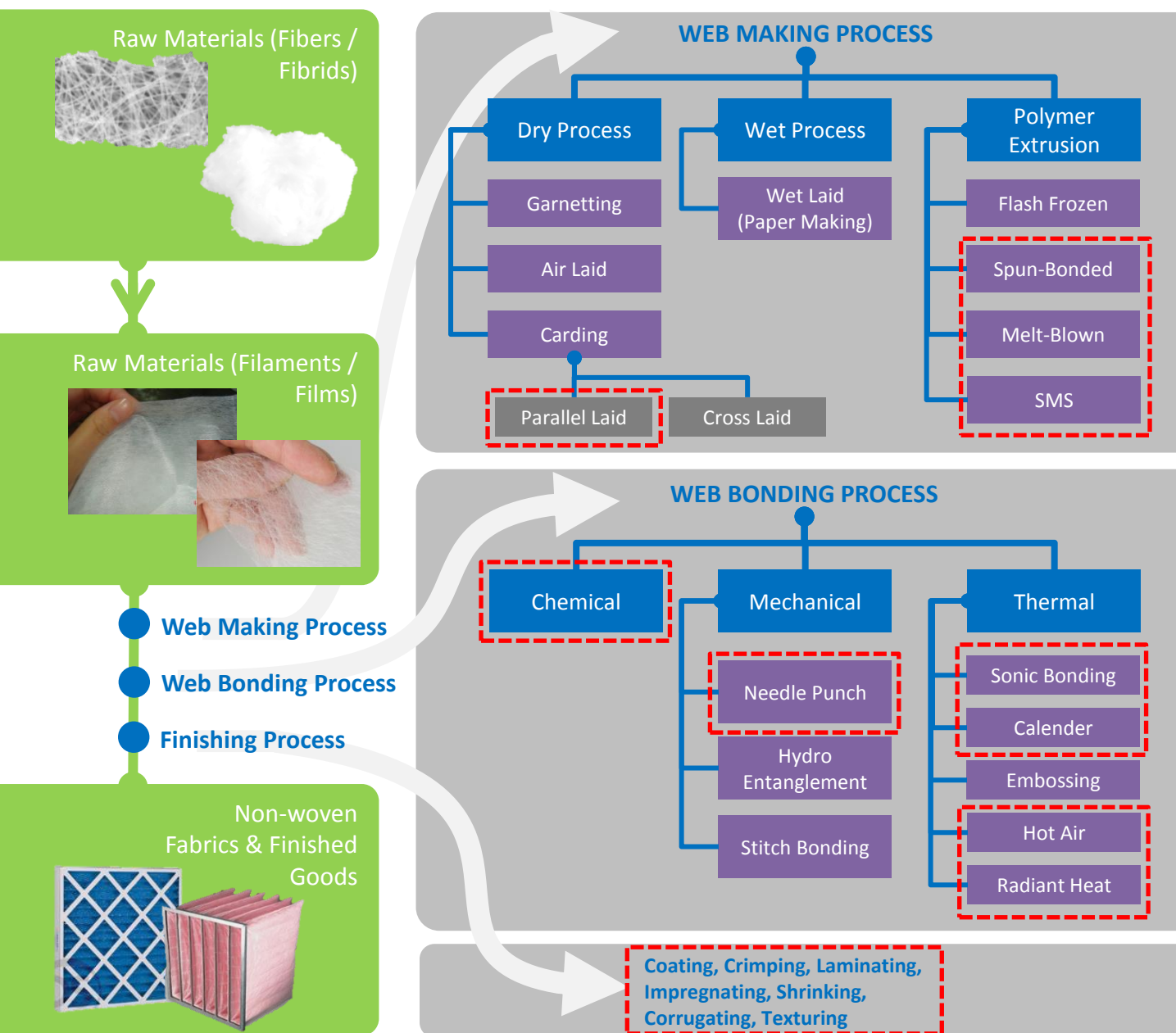
NONWOVEN PRODUCTS

MANUFACTURING PROCESS

Basic concept of making a nonwoven fabric is to convert fiber directly to high performance fabric without using conventional processes i.e. spinning, weaving, processing. Fabric is manufactured by putting small fibers together in the form of a sheet and then binding them either through thermal bonding, mechanically (as

in case of felt), with an adhesive, or by interlocking them with serrated needles such that the inter-fiber friction results in a strong fabric. Nonwovens can be single use (disposable) products or durables.

This diagram represents Supply chain of Non-wovens



NONWOVENS MANUFACTURING

MELT-BLOWN PROCESS

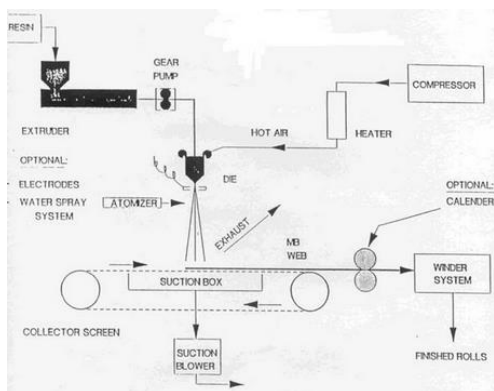
Overview

Melt blowing (MB) is a process for producing fibrous webs or articles directly from polymers or resins using high-velocity air or another appropriate force to attenuate the filaments. The MB process is one of the newer and least developed nonwoven processes. This process is unique because it is used almost exclusively to produce microfibers rather than fibers the size of normal textile fibers. Differences between MB nonwoven fabrics and other nonwoven fabrics, such as degree of softness, cover or opacity, and porosity can generally be traced to differences in filament size

Processing

The most commonly accepted and current definition for the MB process is: a one-step process in which high-velocity air blows a molten thermoplastic resin from an extruder die tip onto a conveyor or take-up screen to form a fine fibrous and self-bonding web.

The MB process is similar to the Spun-Bond (SB) process which converts resins to nonwoven fabrics in a single integrated process. The schematic of the process is shown MB in figure 1. A typical MB process consists of the following elements: extruder, metering pumps, die assembly, web formation, and winding



Web Characteristics & Properties

The uniformity of the web is controlled by two important parameters: uniform distribution of fiber in the air stream and proper adjustment of the vacuum level under the forming wire or belt.

Web Characteristics & Properties

1. Random fiber orientation.
2. Lower to moderate web strength, deriving strength from mechanical entanglement, frictional forces.
3. Generally high opacity (having a high cover factor)
4. Fiber diameter ranges from 0.5 to 30 μ m, but typically from 2-7 μ m.
5. Basis weight ranges from 8-350 g/m², but typically 20-200 g/m².
6. Microfibers provide a high surface area for good insulation and filtration characteristics.
7. Fibers have a smooth surface texture and are circular in cross-section.
8. Most melt-blown webs are layered / shingled in structure, layers increases with basis weight.

Applications

Filtration media: The best known application is surgical face mask filter media. The applications include both liquid filtration and gaseous filtration. Some of them are found in cartridge filters, clean room filters and others.

Medical fabrics: Major segments are disposable gown & drape market and sterilization wraps.

Sanitary products like feminine sanitary napkin, Spun-Bond-MB diaper top sheet, and disposable adult incontinence absorbent products.

Oil adsorbents: To pick up oily materials like sorbents to pick up oil from the surface of water, such as encountered in an accidental oil spill and for mats in machine shops and in industrial plants.

Apparel applications fall into three market segments: thermal insulation, disposable industrial apparel and substrate for synthetic leather.

Hot-melt adhesives

Electronic specialties: As the liner fabric in computer floppy disks and also as battery separators and as insulation in capacitors.

Miscellaneous: Tents and Elastomeric nonwoven fabrics which have the same appearance as continuous filament Spun-Bonded products.

NONWOVENS MANUFACTURING

NEEDLE-PUNCHED PROCESS

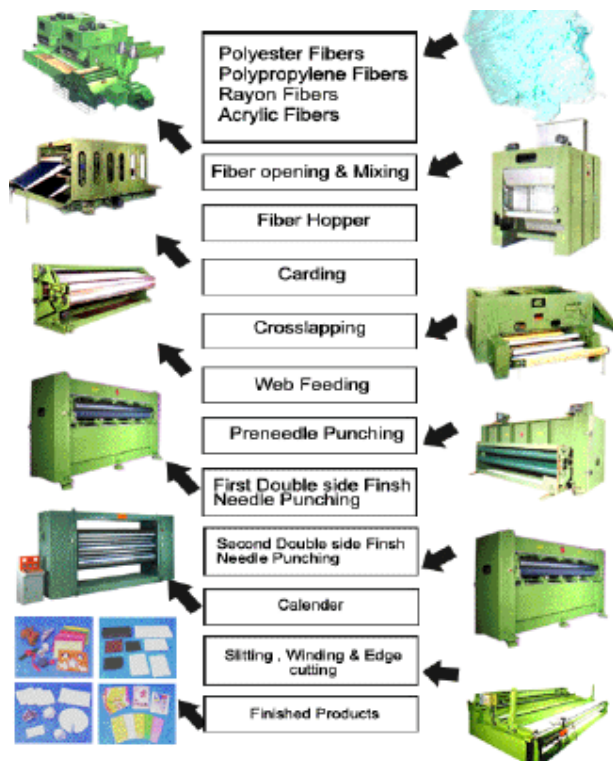
Overview

The nonwoven manufacturing process consists of web laying and web bonding. Among the web bonding methods, needle punching is a very exciting and diverse trade involving technology for natural, synthetic fibers and their blends. Needle-punching is a physical method of mechanically interlocking fiber webs by using barbed needles to reposition some of the fibers from a horizontal to a vertical orientation. Thousands of needles interlock fibers in a web.

Raw Materials Used

1. **Natural:** Cotton, Wool, Sesal, Jute, Hemp, Others
2. **Synthetic:** Polyester, Polypropylene, Nylon, Other Synthetic Fibers for Specialty End Uses
3. **Recycled Fiber:** Recycled clothing, fiber waste
4. **Others:** Acrylic, Aramids, Flame retardant fibers

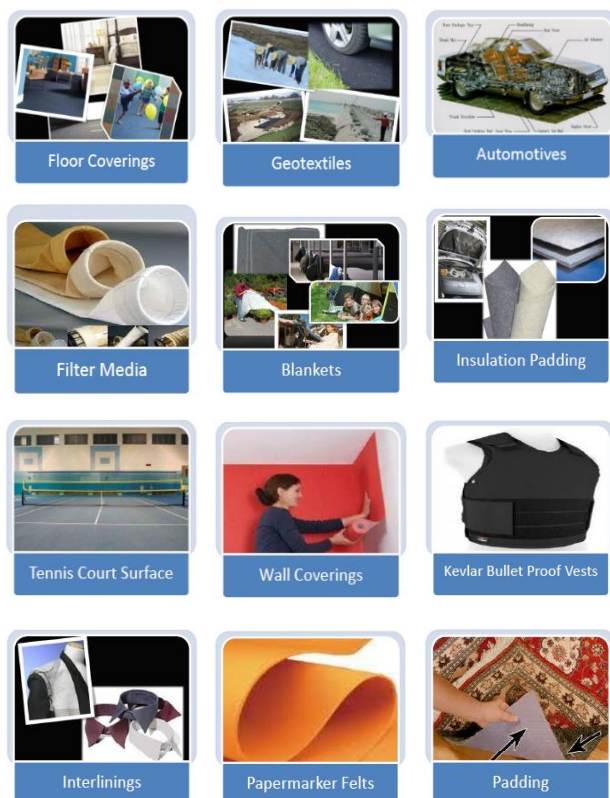
Manufacturing Processing



Web Characteristics & Properties

1. Longer fiber lengths result in higher strength, higher felt density and less air permeability.
2. Finer fibers lead to smaller felt thickness and to lower air permeability. Needling of finer fibers requires inevitably also the use of finer needles to achieve sufficient strength characteristics.
3. Higher crimp results in a higher tear resistance and elongation and a better dimensional stability of the needle felts.
4. Machine oriented web results in a high strength in the longitudinal direction and predominantly cross oriented webs result in a high strength in cross direction.
5. The web area mass has a great influence on air permeability.

Applications



NONWOVENS MANUFACTURING

THERMO BONDING PROCESS

Overview

There are three major bonding types: chemical bonding, thermal bonding & mechanical bonding. Share of thermally bonded webs is growing steadily over past few years.

The first thermally bonded nonwovens were produced in 1940s. Initial products used rayon as the carrier fiber and plasticized cellulose acetate (PCA) or vinyl chloride (PVC) as the binder fiber. The viability of the thermal bonding process is rooted in the price advantage obtained by lower energy costs. However, the thermal bonding process also addresses the demanding quality requirements of the market place. The development of new raw materials, better web formation technologies and higher production speeds have made thermal bonding a viable process for the manufacture of both durable and disposable nonwovens.

Binders

The materials that can be used as a binder for thermally bonded nonwovens are:

- Binding fibers
- Binding powder
- Binding web

The following are the essential characteristics of the binder polymer:

- Efficient melt flow
- Good adhesion to the carrier fiber
- Lower melting point than the carrier fiber
- Desired stiffness or elasticity

Main Methods of Thermal Bonding

1. Hot calendering
2. Belt calendering
3. Through-air thermal bonding
4. Ultrasonic bonding
5. Radiant-heat bonding

Advantages and Energy Comparison

Compared to other bonding processes, thermal bonding and the products thus obtained offer a number of advantages :

1. Quality of product is soft and textile-like.
2. High economic efficiency as compared to chemical bonding with binder agents because no water evaporation is required, i.e., considerable energy saving results. In comparison with chemical bonding, thermal bonding only has a heat energy requirement of 1/4 to 1/6 (also in this respect ecologically beneficial).
3. Less expensive machinery. The capital expenditure, maintenance and operating costs are often lower because no binder preparation station and no binder application units are required.
4. It is possible to bond even thicker webs uniformly and thoroughly to the core that cannot be achieved by spraying. While a regular bonding effect across the web cross- section can be achieved for a web with a homogeneous distribution of the binding fibers, spraying only produces a bonding effect in the outer layers of the web.
5. No binder agents are required and no curing process is needed. Hence, there is no exhaust air or wastewater problem. Objections against certain chemicals can be dropped. Thus, thermal bonding is non-polluting.
6. As pure polymer fibers or blends can be used for thermal bonding processes, recyclability is 100% in practice.
7. Fiber properties can be influenced in an ideal manner (e.g. flame-retardence, nonwovens with high bulk and excellent resilience owing to fiber crimping, heat-insulating characteristics due to hollow fiber, etc.)

NONWOVENS: OVERVIEW

GLOBAL & INDIAN TRENDS

Global Markets

Globally, the Non-woven fabric and products industry is estimated to be USD 26.7 billion (2010) registered a CAGR of around 6% over 2005-10¹. The traditional markets, Europe and North America constitute over 53% of the global market with high consumption per capita. However, over last 5-7 years, these markets have been growing at < 4%p.a. owing to issues ranging from saturated demand and slowing population growth to reduced infrastructure investment.

However, there is growing importance of emerging markets (BRICS countries, Middle East, South East Asia, Africa, Latin America) to global manufacturers, owing to continued industrialization and increasing income.

The global market is dominated by 7 players with annual turnover of USD 650 million to 1.4 billion

• Fruedenberg	USD 1.4 billion
• Du Pont	USD 1.3 billion
• Kimberly Clark Corp	USD 1.2 billion
• Ahlstorm	USD 1.1 billion
• Polymer Group Inc	USD 1.0 billion
• Fiberweb LLC	USD 0.9 billion
• Johns Manville	USD 0.7 billion

Further, there are >30 players (USD 100-250 million).

Rapid growth in demand in emerging markets is driving nonwovens investment in the entire nonwoven supply chain: Raw materials, roll goods and end products.

Key nonwoven technologies such as spun-bond PP, spun-laced and needle-punched are expected to lead the way in this growth. These technologies supply the growing markets of diapers, feminine hygiene, wet and dry wipes, medical and automotive.

India as Market for Non-wovens

It is estimated to be about USD 550 mn (1,400 mn sq. m) in 2012. In India, woven technical textiles are more common, with nonwovens amounting to a small 5% of the overall Technical textiles market (Vis-à-vis global average of 20%), this represents low penetration.

According to estimates by INDIA and EDANA, the current per capita consumption of nonwovens in India is less than the meager amount of 100 grams, whereas the per capita consumption of nonwovens in developed markets such as US and Western Europe is around 3-3.5 kilograms.

India's nonwoven fabrics industry is growing much faster (at 13%) than its GDP growth, almost 1.5 times.

On a significant note, in any economy, the durable technical textiles market develops first and is much larger than the disposable market. Consumer spending on disposables commences to grow once the per capita income reaches a critical level. The reason is obvious as income rises and people are working, disposable products like baby diapers and wipes become affordable. Durable nonwovens account for more than 80% of the consumption in India currently and are likely to constitute significant percentage of the overall nonwovens in the near term. This is exactly reverse in a mature market.

Amongst the existing domestic non-wovens,

Major durables consumed: Major durables durable markets are interlinings, bedding and upholstered furnishings, automotive, geotextiles, building construction, agriculture and landscape, carpet components and coated/laminated substrates.

Major disposables consumed: absorbent hygiene products, pre-moistened wipes and medical / surgical products

Niche Markets (Disposables): Air filtration, liquid filtration, protective apparel, fabric softener, sorbents, envelopes and packaging materials and table top items made of air-laid pulp nonwovens

Source:

1. Nonwovens Industry Magazine
2. ICRA Research
3. INDIA Report on Outlook & prospects for nonwovens in India

NONWOVENS: OVERVIEW

INDIAN TRENDS & KEY GROWTH DRIVERS

Nonwovens Consumption in India by Technology

Technology	(Tonnes)	Growth (07-12)
Carded Thermal/Resin Bonded	10,540	5.9
Needle-punched	38,000	10.5
Spun-laid (incl. Spun-bond PP, PE & Melt-Blown)	23,200	15.9
Spun-laced	9,300	High
Air-laid Pulp	4,100	High
Wet Laid/Other	507	10.5
Total	85,647	12.7

Following are products that use these technologies

Carded Thermal: Interlining, pre-moistened wipes and core materials used in baby diapers, adult incontinence products

Needle-punched : Automotive interior, carpeting, roofing and geotextiles

Spun Laid: Absorbent hygiene, bedding, upholstered furnishings, agriculture and medical

Spun-laced: Medical, pre-moistened wipes and coated/laminated substrate

Air Laid: pulp wipes and absorbent cores in feminine care products and adult incontinence products

Manufacturing in India

Strong governmental support, a growing middle class and a large textile infrastructure already in place provide India with a natural advantage as its nonwoven industry develops. The industry in India is growing in terms of both production and consumption. Yet apart from the large MNCs, many foreign nonwoven producers have yet to establish themselves in India.

A global company has to understand local culture, offer long term commitment, investment for development of the local market through education and awareness campaigns and design products accordingly.

Few global nonwoven multinationals are present in India. While Supreme Nonwovens, Obetee Textiles, Pacific Non Woven, Vardhman, Unitex, Alpha Foam are large nonwovens players in India, Supreme group dominates the production by domestic players with a turnover of ~USD 40 mn in FY 2010.

In India, nonwovens are mainly manufactured through Spun-Bonding. It has adequate (~50) manufacturers of roll goods, but not of high quality, with predominantly Chinese, Korean, Taiwanese machinery.

Real Opportunity: Conversion in Products

While there is an immediate need for the converting sector in India, it is a highly capital intensive sector with need for continuous innovation. The margins are dependent upon novelty of the fabric and its quality, which in turn is driven by the production line.

The industry at present is reluctant to invest in high-end machinery as the domestic market is not fully established. In addition to continued knowledge of end-customers' usage pattern and market understanding, Know-how on converting roll -goods to finished products is needed. This also includes knowledge on chemical finishing and formulation developments.

In the products segment, players need to have novelty and high quality in their products. Further, owing to its dependence on high-technology capital intensive assets, high operating efficiency, continuous innovation, machinery upgrades are extremely critical for survival.

PURE's Positioning

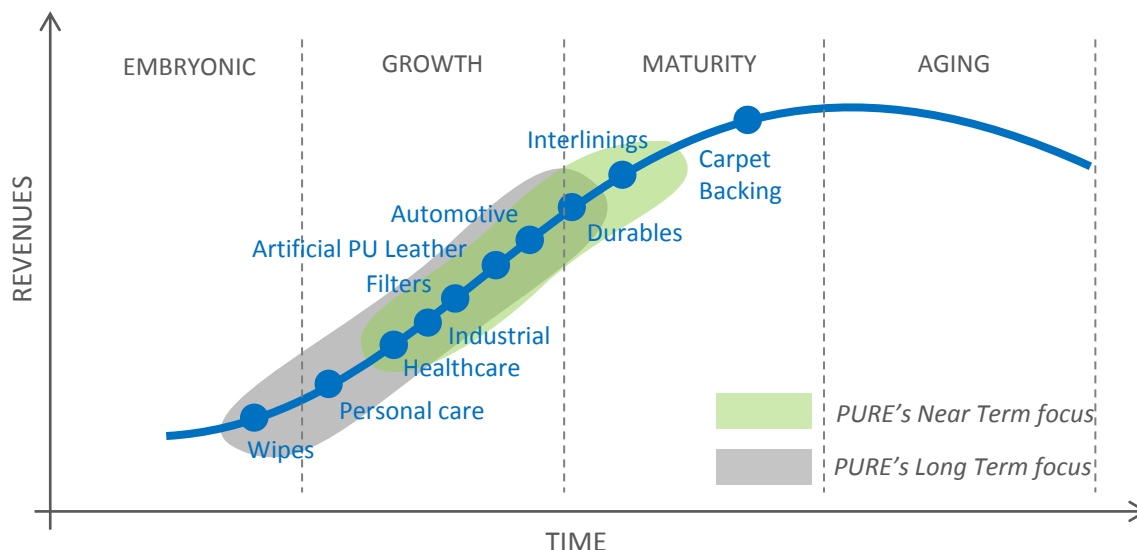
For an Indian company to successfully foray in products, options such as exporting to global B2B clients or supplying to Indian arms of global nonwoven companies (B2B) could be explored. However, this requires a long time and efforts for approval of products by the multinational clientele. This is where PURE is positioning itself. PURE's products have been approved by clients like Grupo Antolin, 3M, KCC, BASF. This has built high entry barriers for competition to follow. This builds a case for PURE to invest in high-end conversion lines.

In the domestic market, PURE plans to focus on the durable nonwovens in the near term.



BUSINESS STRATEGY

STATE OF NON-WOVENS IN INDIA & PURE'S FOCUS AREAS



In the near term, PURE will focus on the following industries.

- Automotive (Filtration, Insulation, Interiors).
- Filtration (Air & Liquid)
- Medical technology (Respiratory , Infection control)
- Oil absorption, Vacuum cleaner, Interlinings (Full products)
- Products from the STERON® line

It is significant to note that, in addition to filtration, enhancing focus on the automobile industry, the target client list for PURE increases by over 10 times.

PURE may remain more export driven in the near term. However, it targets to achieve a balanced revenue mix in the long run.

Strategic Customer Tie-ups

Leveraging its existing client relations to develop new products for them, will be a priority for PURE.

PURE plans to align its focus to the customer-end of the value chain. This results in more asset efficiency, higher value addition and higher margins. In addition, it plans to establish strategic, long-term tie-ups with both i.e. global MNCs and large domestic buyers of Non-woven products in these sectors.

Domestic Market Strategy

In the domestic market, the Company plans to concentrate on nonwoven durables in line with the consumption trend in India.

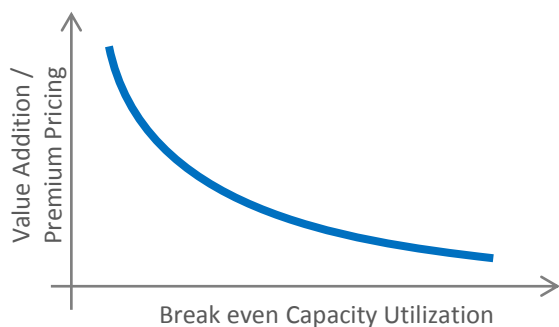
The domestic market for disposable products is still taking off and may see exponential growth after 5-7 years. Till that time, PURE plans to understand the local market more closely, enhance its innovation capabilities and build a foundation for entry in disposables at appropriate time.

BUSINESS STRATEGY

Focus on Conversion & More Asset Productivity

PURE plans to focus on value-added, high quality, specialty nonwoven products by using high-end technology oriented conversion. It already has a macro-economic advantage of lower labour costs. It plans to filter-out supply chain & operational inefficiencies.

This business model is significantly different from other Indian / Chinese players, whose margins are based on higher scale or capacity utilization, sometimes, at the cost of quality. This will create more scope for higher value addition and automatically lead to improve return on assets.



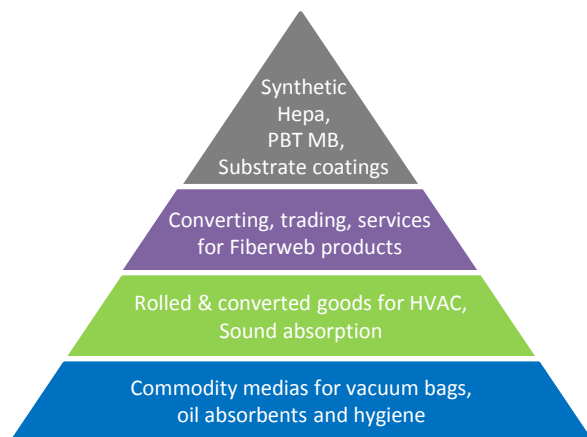
Accordingly, PURE is acquiring more conversion lines and testing machinery.

Integrate the value chain, Move closer to clients with complementary products & services

Considering PURE's experience with filter medias, the focus now is to move closer to the end customers by higher value addition in conversion. This will also enable PURE to improve its profit margin by capturing part of the value chain from intermediate to the finished products.

This includes value-addition to various medias in filtration, oil absorbents, automotive filters and interiors and healthcare segments to products such as liquid filter bags, Pleated packs, pillow and sweep, acoustic panels, face masks etc.

PURE's perceived evolution in the Value Chain



Become research oriented, Continue to innovate for new product applications

PURE plans to develop new fabrics and novel applications through continuous innovation and remain relevant in the market place, command healthy margins.

As the commercial acceptance of output from the Bi-Component Melt-Blown technology gains strength, consistent research & testing of output from this line could lead PURE to develop product solutions for new applications for various industries including healthcare, filtration, hygiene:

- Specialty fibers required in surgeries
- Anti-microbial fabrics for gowns and drapes
- Possibility of manufacturing of commercial Nano fibers
- Filtration of only specific contaminants. Fine fiber composites can remove smoke, biological pathogens and even odor
- Improved raw-material efficiency in hygiene sector
- Improved performance properties in textile lamination

PURE plans to incur majority of capex on upgrading its testing facilities and acquiring more high-end lines including the BASA STERON® line, which provide it an ability to consistently innovate new applications. This will provide it with significant competitive advantages over peers.

CAPEX PLAN

PURE has a near term capex plan to invest Rs. 39 crore (USD 7.2 mn) over 2 years i.e. FY 2013 - 2014. This includes capital expenditure towards construction of a new consolidated facility (land and building), new BASF STERON® Coating Line (Capacity of 1 million sq. meter p.a.), new Staple fiber insertion line (Capacity 1,000 tonnes p.a.), needle punch line (1,000 tonnes).

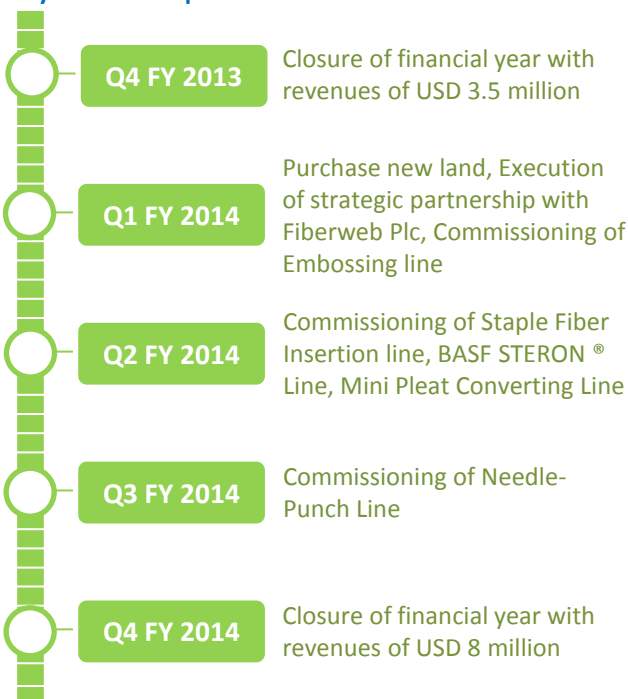
Over 5 years from FY 2014 to FY 2019, it estimates a further capex of about Rs. 5 crore (USD 0.9 mn) p.a. towards installing various converting lines and upgrading them. Part of this capex will also go to significantly augment PURE's in-house testing facilities.

PURE's existing and planned converting lines specifically include: Ultra Sonic Embossing machine, Non Woven Cutting Punching Machine For Car Parts, Mini Pleating And Testing Machinery, Slitting & Rewinding Ultrasonic, Thermal Bonded pocket Line, Stretch Wrap Packaging Machine, Water Jet Cutting Lines, Chemical Bonding Lines, Coating lines for Aluminum and Acrylic coatings, Fluoride Coating and Activated Carbon Lines

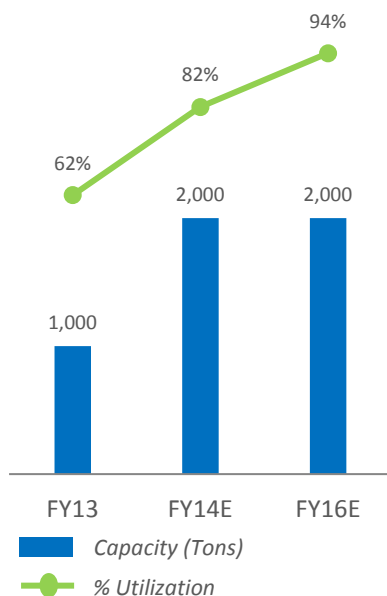
Following charts represent the estimated capacity utilization for some the key lines that the Company

plans to install.

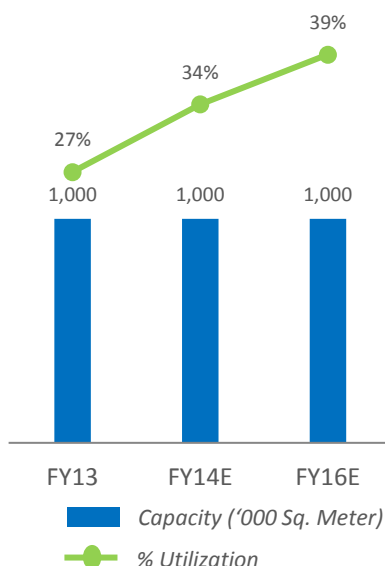
Key Milestones planned for FY 2014



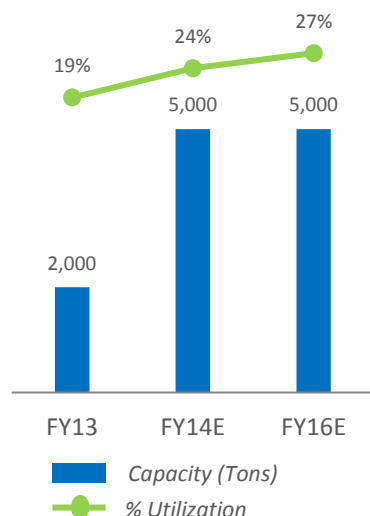
Melt-Blown Lines



STERON® Line

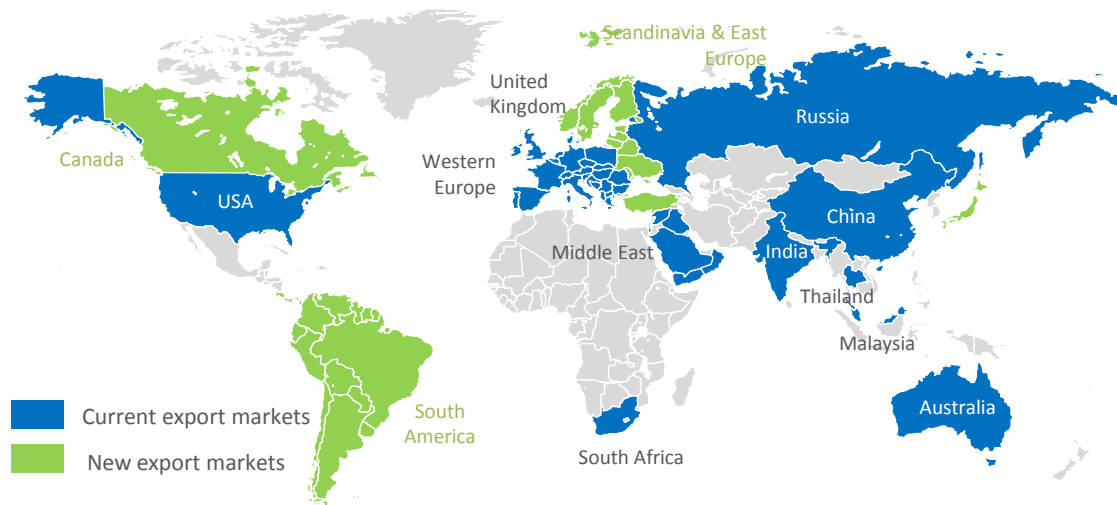


NW Needle-felt Thermal Bonding

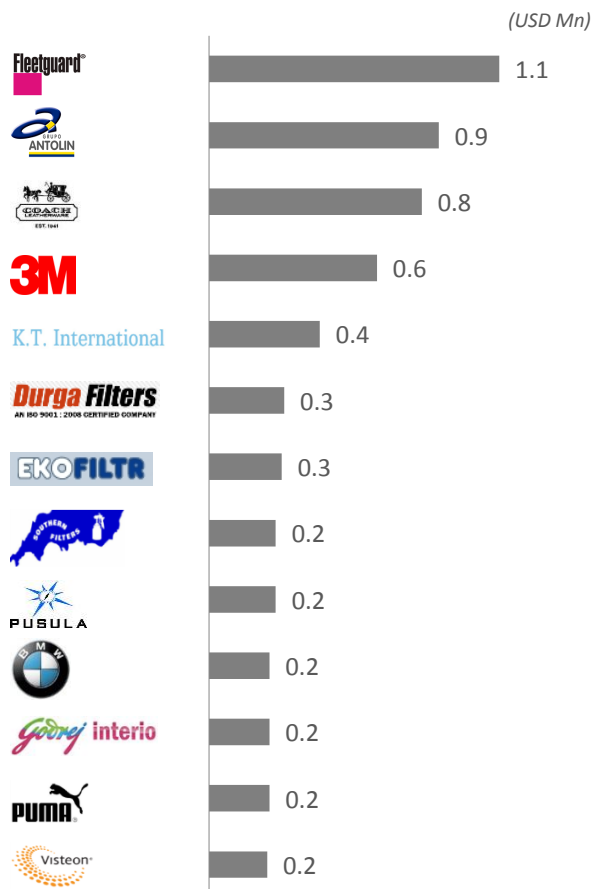


REVENUE VISIBILITY: ORDER BOOK

PURE'S EXISTING & TARGET MARKETS



TOP CLIENTS BY ESTIMATED ORDER VALUE



Note: Based on Order Book for FY 2014 (Orders > USD 200,000)
Figures are based on Existing business, LOIs or Agreements

PURE has deep product innovation capabilities that allow it offer customized solutions to its clientele. PURE caters to multitude of industries including Automobile, Fashion accessories, Hospitals, Pharmaceuticals, Retail.

Currently, PURE exports ~60% of its products to UK, USA, Australia, Russia, Malaysia, Middle East & Europe. With its foray into new product segments and owing to approval of its products from large multinational clients like 3M, BASF, Grupo Antolin, PURE estimates to increase the reach of its products to more regions like South America, Scandinavia and East Europe, Canada.

Significantly, till 2011, combined revenues of company's client base was about USD 9-10 mn. Over a period of last 2 years, there has been phenomenal shift in the Company's growth strategy and a combined topline of its customer base now totals up to USD 900-1,000 mn. This indicates a huge target market for its products.

For FY 2014, top 5 customers i.e. Fleetguard, Grupo Antolin, Coach, 3M and KT International are expected to contribute almost 50% of PURE's revenues.

This indicates immense possibilities for PURE to explore innovation and value-addition by leveraging on the macro-economic and specific advantages available to it. In addition to continuously acquiring new customers, PURE can count on these customers to foray into converted and complementary products for these customers.

SWOT ANALYSIS

In view of virgin Indian (consumption) market for nonwoven products and reluctance of existing Indian manufacturers to enter into the high-end conversion space, PURE has an advantageous position. It has developed the export market for its products with

approvals from large nonwoven MNCs. Its existing fully-integrated facilities and future capex is aligned to cater to this clientele as well as offer more value-added products in near future. Further, it can also explore the domestic market for nonwoven durables.





FINANCIAL ANALYSIS

HISTORICAL FINANCIALS

HIGHLIGHTS OF THE P&L ACCOUNT

Particulars	FY10	FY11	FY12
Net Revenue	9.31	10.06	14.40
<i>Growth %</i>		8.1%	43.1%
Gross Profit	3.84	4.13	4.77
<i>Margin %</i>	41.3%	41.1%	33.1%
EBITDA	2.43	2.77	3.60
<i>Margin %</i>	26.1%	27.5%	25.0%
EBIT (Operating Profit)	2.02	2.28	2.38
<i>Margin %</i>	21.7%	22.7%	16.5%
Profit Before Tax	1.97	1.85	1.82
<i>Margin %</i>	21.1%	18.4%	12.6%
Profit After Tax	1.33	1.66	1.47
<i>Margin %</i>	14.3%	16.5%	10.2%

COMMENTARY

Revenue

Revenue CAGR of PFPL is ~24% over past two years. Company achieved an impressive 43.1% revenue growth in FY12. Company also added increased list of its esteemed clients during the year, leading to reducing client concentration which is one of the focus areas for the company.

Gross Profit

The company's gross profit margin declined from 41.1% in FY11 to 33.1% primarily due to change in the product mix.

EBITDA

However, the company managed to cut the drop in EBITDA margin. It only declined by 2.5% from 27.5% in FY11 to 25% in FY12, due to lower operating expenses

PAT

Company net margin has reduced in line with the gross margin reduction. As the company is currently under growth mode, depreciation & interest expenses are relatively higher and as a result a drag on the net margins.

HISTORICAL FINANCIALS

HIGHLIGHTS OF THE BALANCE SHEET

SUMMARY BALANCE SHEET (LAST 3 YEARS)

Particulars	FY10	FY11	FY12
Net worth (Shareholders Funds)	3.25	5.00	9.05
<i>Growth %</i>		54.1%	81.0%
Total Debt (Loan Funds)	8.30	10.09	13.28
Debt to Equity Ratio	2.56	2.02	1.47
Fixed Assets (Net Block)	8.96	9.36	15.73
<i>Growth %</i>		4.4%	68.1%
Net Current Assets	2.88	6.29	5.63

KEY FINANCIAL RATIOS

Particulars	FY10	FY11	FY12
Debt to Equity Ratio	2.56	2.02	1.47
Return on Equity	41.0%	33.3%	16.3%
Return on Capital Employed (Pre-Tax)	17.5%	15.1%	10.7%
Current Ratio	2.48	3.32	1.91

COMMENTARY

Share Capital

The company's nominal share capital increased by USD135,000 in FY12 due to fund infusion, resulting in an increase in securities premium & overall net worth. Also as a result of this, there is a sharp drop in the RoE % for FY12. The RoE reduced from 33.3% in FY11 to 16.3% in FY12. Also the debt to equity ratio dipped to 1.5x in FY12 from 2.0x in FY11.

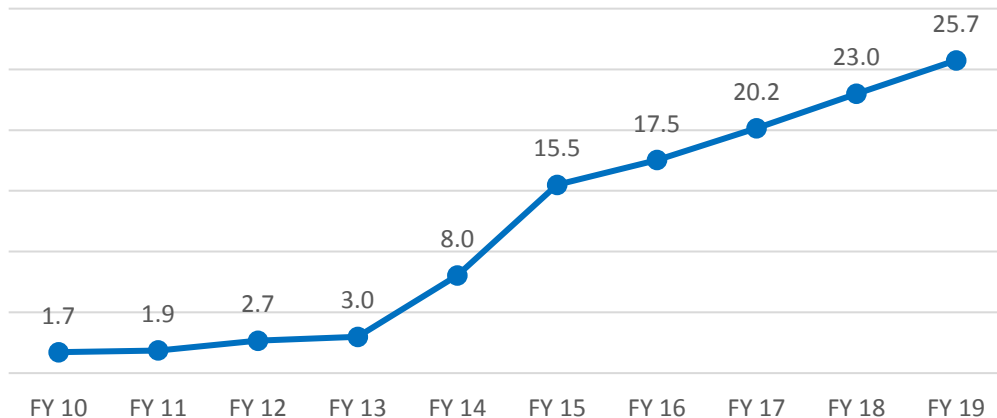
Loan Funds

As the company is in an expansionary phase, it has levered its balance sheet to meet part of the planned capex. Also company has borrowed funds to meet its long term working capital requirements.

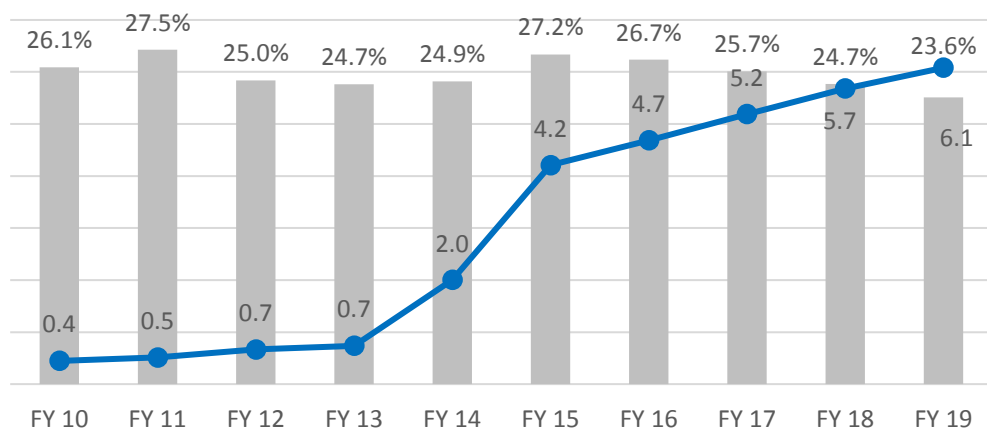
FINANCIAL PROJECTIONS

PROFIT & LOSS TRENDS

REVENUE (USD MILLION)



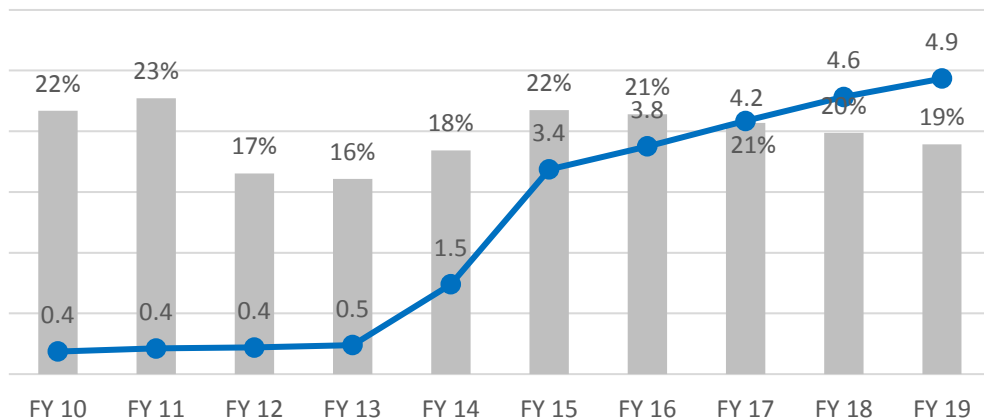
EBITDA (USD MILLION) & EBITDA MARGINS (%)



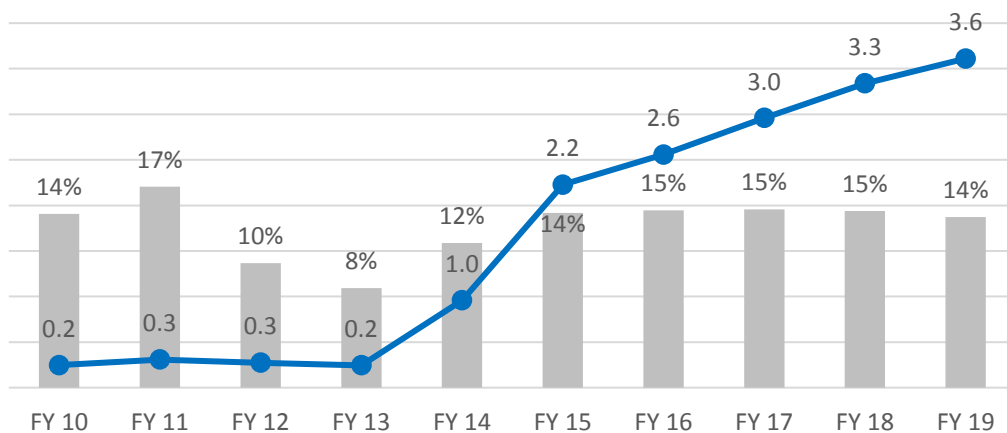
FINANCIAL PROJECTIONS

PROFIT & LOSS TRENDS

EBIT (USD MILLION) & EBIT MARGINS (%)



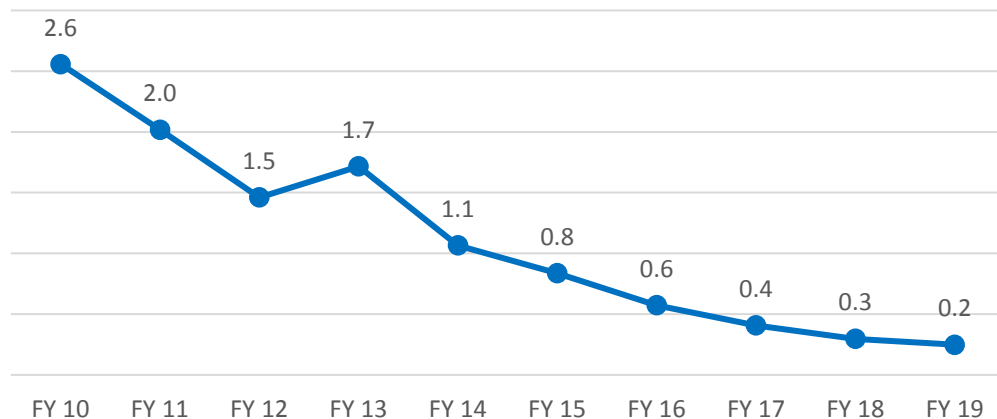
PAT (USD MILLION) & PAT MARGINS (%)



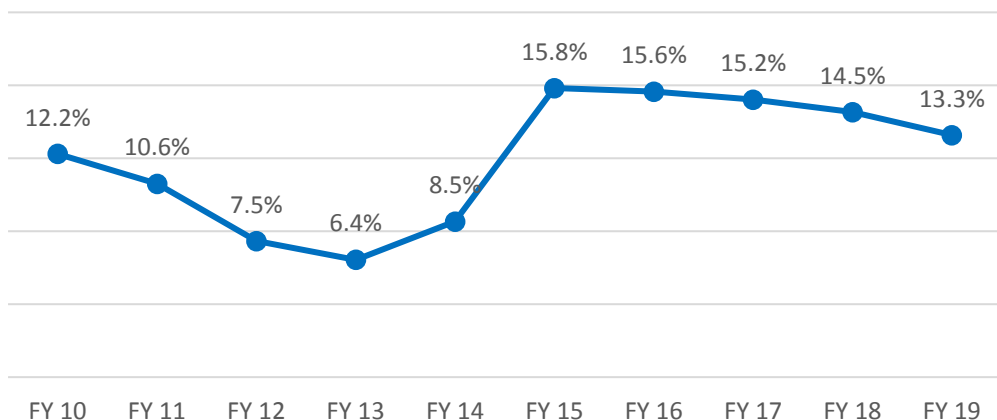
FINANCIAL PROJECTIONS

BALANCE SHEET & RATIOS TRENDS

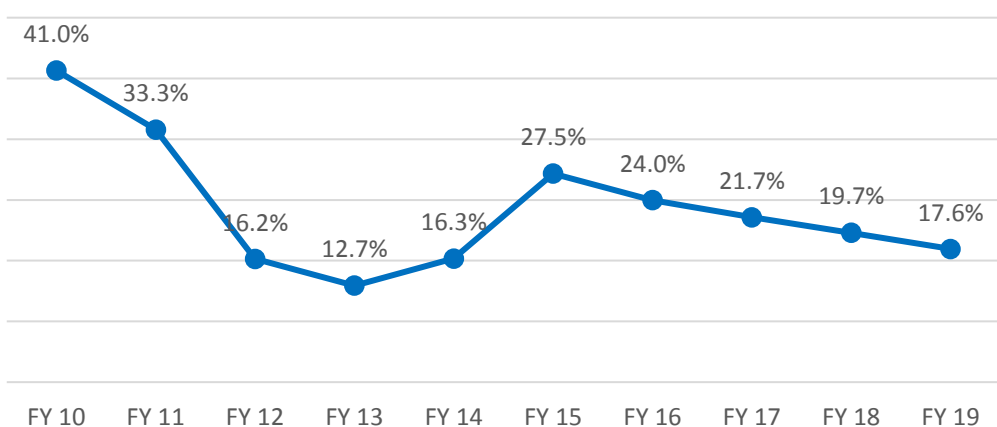
DEBT TO EQUITY RATIO (x)



RETURN ON CAPITAL EMPLOYED POST TAX (ROCE) %



RETURN ON EQUITY (ROE) %





ANNEXURES

1: GLOSSARY OF TERMS

LIST OF ACRONYMS USED

ACF	Activated Carbon Fabric
PFPL	PURE Filters Private Limited
PURE	PURE Filters Private Limited
ASTM	American Society for Testing and Material
BFE	Bacterial Filtration Efficiency
BRICS	Brazil, Russia, India, China, South Africa
CAGR	Compound Annual Growth Rate
CoEs	Centers of Excellence
DOP	Diocetyl Phthalate
EDANA	Europe based International Association for nonwovens, related industries
EHSS	Employee Health & Safety Systems
EN Standards	European Standard
EOUs	Export Oriented Units
FDA	Food and Drug Administration
FDI	Foreign Direct Investment
GAC	Granular Activated Carbon
GDP	Gross Domestic Product
GSM	Gram per Square Meter
HVAC systems	Heating, Ventilation and Air Conditioning systems
INDA	A global association of the nonwoven fabrics industry
ISDS	Integrated Skill Development Scheme
IV	I-Ventures
JNPT	Jawaharlal Nehru Port Trust
KCC	Kimberly Clark Corporation
MB	Melt-Blown
MD	Managing Director
MNC	Multi National Companies
NaCl	Sodium chloride
NVH	Noise, Vibration & Harshness
NWTT	Non-woven Technical Textiles
OEM	Original Equipment Manufacturer
PBT	Polybutylene Terephthalate
PCA	Plasticized Cellulose Acetate
PE	Polyester
PET	Polyethylene Terephthalate
PFE	Particle Filtration Efficiency
P&G	Proctor & Gamble
PP	Polypropylene
PVC	Polyvinyl Chloride
R&D	Research & Development
RO plants	Reverse Osmosis plants
SB	Spun-Bond
SEZ	Special Economic Zone
SITP	Scheme for Integrated Textile Park
SMS	Spun-bond, Melt-Blown, Spun-bond
TUFS	Technology Upgradation Fund Scheme
UDCT	University Department of Chemical Technology

2: HISTORICAL P&L ACCOUNT

DETAILED

USD Million

Particulars	FY10	FY11	FY12
Net Revenue [A]	1.72	1.86	2.67
Raw Material & Consumable	0.72	0.77	1.38
Power & Fuel	0.08	0.09	0.07
Other Manufacturing Cost	0.21	0.23	0.33
Total Manufacturing Expenses [B]	1.01	1.10	1.78
Gross Profit [C = A – B]	0.71	0.76	0.88
Personnel Expenses	0.13	0.11	0.12
Administrative Expenses	0.13	0.14	0.10
Total Operating Expenses [D]	0.26	0.25	0.22
EBITDA [E = C – D]	0.45	0.51	0.67
Depreciation [F]	0.08	0.09	0.23
EBIT (Operating Profit) [G = E – f]	0.37	0.42	0.44
Interest Expense	0.10	0.12	0.17
Interest Income	0.09	0.04	0.06
Net Interest Expense [H]	0.01	0.08	0.10
Profit Before Tax [I = G – H]	0.36	0.34	0.34
Income Tax (Current Tax / MAT) [J]	0.12	0.03	0.06
Profit After Tax [K = I – J]	0.25	0.31	0.27

3: HISTORICAL BALANCE SHEET

DETAILED

USD Million

Particulars	FY10	FY11	FY12
Share Capital	0.05	0.05	0.19
Reserves & Surplus	0.55	0.87	1.49
Shareholders Funds	0.60	0.93	1.68
Term Loan	0.56	0.49	0.99
Working Capital Loan	0.31	0.47	0.53
Unsecured Loans	0.66	0.91	0.63
Loan Funds	1.54	1.87	2.15
Deferred Tax Liability	0.06	0.11	0.13
Total Liabilities	2.19	2.90	3.96
Fixed Assets: Gross Block	1.74	1.90	3.31
Less: Accumulated Depreciation	0.08	0.16	0.39
Fixed Assets: Net Block	1.66	1.73	2.91
Inventories	0.33	0.37	1.00
Sundry debtors	0.31	0.52	0.70
Cash and bank	0.01	0.52	0.13
Loans and advances	0.11	0.22	0.30
Other Current Assets	0.13	0.04	0.05
Total Current Assets	0.89	1.67	2.19
Sundry Creditors	0.26	0.40	0.71
Other Current liabilities	0.02	0.02	0.05
Current maturities of long term borrowings	-	-	0.31
Provisions	0.07	0.08	0.08
Total Current Liabilities	0.36	0.50	1.14
Net Current Assets	0.53	1.16	1.04
Total Assets	2.19	2.90	3.96

4: FINANCIAL PROJECTIONS

DETAILED P&L STATEMENT

AIM FILTERTECH PRIVATE LIMITED										USD Mn
Financial Year Ended 31 March										
PROFIT & LOSS ACCOUNT	Historicals			Mar-14 E	Mar-15 E	Mar-16 E	Mar-17 E	Mar-18 E	Mar-19 E	
	Mar-11 A	Mar-12 A	Mar-13 E							
Sales	1.86	2.67	2.99	8.04	15.50	17.53	20.16	22.98	25.73	
Net Revenue	1.86	2.67	2.99	8.04	15.50	17.53	20.16	22.98	25.73	
Growth	8%	43%	12%	169%	93%	13%	15%	14%	12%	
Cost of Sales										
Raw Matrial (Incl. wastage)	0.77	1.38	1.56	4.22	8.26	9.33	10.79	12.36	13.93	
Increase in Stock	-	-	-							
Materials Consumed (A)	0.77	1.38	1.56	4.22	8.26	9.33	10.79	12.36	13.93	
Power & Fuel	0.09	0.07	0.09	0.31	0.57	0.65	0.77	0.90	1.03	
Labour Cost (Manpower)				0.14	0.25	0.29	0.35	0.42	0.50	
Packaging Cost				0.06	0.12	0.14	0.18	0.23	0.28	
Other Manufacturing Cost	0.23	0.33	0.38	0.64	1.32	1.58	1.91	2.30	2.70	
Total Direct Expenses (B)	0.32	0.40	0.47	1.16	2.26	2.66	3.22	3.85	4.52	
Cost of Goods Sold (A+B)	1.10	1.78	2.03	5.38	10.52	11.98	14.00	16.21	18.44	
Gross Profit	0.76	0.88	0.96	2.66	4.97	5.54	6.15	6.76	7.29	
Margin	41.1%	33.1%	32.3%	33.1%	32.1%	31.6%	30.5%	29.4%	28.3%	
Personal Expense	0.12	0.12	0.13	0.36	0.41	0.47	0.54	0.62	0.72	
Administrative Expenses	0.14	0.10	0.10	0.30	0.35	0.39	0.42	0.46	0.50	
Total Operating Expenses	0.25	0.22	0.23	0.65	0.76	0.86	0.97	1.08	1.21	
EBITDA	0.51	0.67	0.74	2.00	4.21	4.68	5.19	5.68	6.08	
Margin	27.5%	25.0%	24.7%	24.9%	27.2%	26.7%	25.7%	24.7%	23.6%	
Depreciation	0.09	0.23	0.26	0.52	0.84	0.93	1.02	1.11	1.21	
EBIT (Operating Profit)	0.42	0.44	0.48	1.48	3.37	3.75	4.17	4.57	4.87	
Margin	23%	17%	16%	18%	22%	21%	21%	20%	19%	
Interest Expense	0.12	0.17	0.16	0.28	0.59	0.56	0.47	0.39	0.35	
Interest Income	(0.04)	(0.06)	-							
Profit Before Tax	0.34	0.34	0.32	1.20	2.78	3.20	3.70	4.17	4.52	
Margin	18%	13%	11%	15%	18%	18%	18%	18%	18%	
Income Tax (Current Tax /MAT)	0.03	0.06	0.08	0.24	0.56	0.64	0.74	0.83	0.90	
Profit After Tax	0.31	0.27	0.24	0.96	2.23	2.56	2.96	3.34	3.61	
Margin	17%	10.2%	8.2%	11.9%	14.4%	14.6%	14.7%	14.5%	14.0%	

4: FINANCIAL PROJECTIONS

DETAILED BALANCE SHEET

AIM FILTERTECH PRIVATE LIMITED										USD Mn
Financial Year Ended 31 March	Historicals									
BALANCE SHEET	Mar-11 A	Mar-12 A	Mar-13 E	Mar-14 E	Mar-15 E	Mar-16 E	Mar-17 E	Mar-18 E	Mar-19 E	
SOURCES OF FUNDS										
Shareholders' Funds										
Share capital	0.05	0.19	0.19	3.19	3.19	3.19	3.19	3.19	3.19	
Reserves & surplus	0.87	1.49	1.74	2.69	4.92	7.48	10.44	13.78	17.39	
Shareholders Funds	0.93	1.68	1.92	5.88	8.11	10.67	13.63	16.96	20.58	
Loan Funds										
Term loan	0.49	0.99	1.98	4.08	3.11	2.15	1.20	0.85	0.85	
Working capital loan	0.47	0.53	0.56	1.23	2.35	2.66	3.06	3.50	3.92	
Unsecured Loans	0.91	0.63	0.49	0.35	0.35	0.35	0.35	0.35	0.35	
Loan Funds	1.87	2.15	3.03	5.66	5.81	5.16	4.61	4.70	5.12	
Deferred tax liability	0.10	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	
TOTAL SOURCES OF FUNDS	2.90	3.96	5.08	11.67	14.05	15.95	18.36	21.79	25.83	
APPLICATIONS OF FUNDS										
Fixed assets										
Gross block	1.90	3.31	4.18	11.53	12.45	13.38	14.30	15.23	16.16	
Less: Accumulated depreciation	0.17	0.39	0.65	1.17	2.01	2.94	3.96	5.08	6.29	
Net block	1.73	2.91	3.53	10.35	10.44	10.43	10.34	10.15	9.87	
Capital WIP			-	-	-	-	-	-	-	
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Current assets, loans & advances										
Inventories	0.37	1.00	1.10	0.79	1.54	1.75	2.04	2.35	2.66	
Sundry debtors	0.52	0.70	0.77	1.32	2.55	2.88	3.31	3.78	4.23	
Cash and bank	0.52	0.13	0.45	0.27	1.51	3.01	4.99	7.43	10.82	
Loans and advances	0.22	0.30	0.33	0.05	0.06	0.06	0.07	0.08	0.09	
Other Current Assets	0.04	0.05	0.06	0.06	0.06	0.06	0.06	0.06	0.06	
Sub total	1.67	2.18	2.71	2.49	5.71	7.77	10.47	13.69	17.86	
Less: Current liabilities and provisions										
Sundry Creditors	0.40	0.71	0.75	0.27	0.53	0.60	0.71	0.82	0.94	
Other Current liabilities	0.02	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	
Current maturities of LT borrowin	-	0.31	0.28	0.61	0.97	0.96	0.96	0.34	-	
Provisions	0.08	0.08	0.08	0.24	0.56	0.64	0.74	0.83	0.90	
Sub total	0.50	1.14	1.16	1.17	2.11	2.25	2.46	2.05	1.90	
Net current assets	1.17	1.04	1.55	1.32	3.61	5.52	8.02	11.64	15.96	
Misc Expenses (not w.off)	0.00	0.00	0.00	-	-	-	-	-	-	
TOTAL APPLICATIONS OF FUNDS	2.90	3.96	5.08	11.67	14.05	15.95	18.36	21.79	25.83	

4: FINANCIAL PROJECTIONS

DETAILED CASH FLOW STATEMENT

AIM FILTERTECH PRIVATE LIMITED									USD Mn	
Financial Year Ended 31 March		Historicals								
CASH FLOW STATEMENT		Mar-11 A	Mar-12 A	Mar-13 E	Mar-14 E	Mar-15 E	Mar-16 E	Mar-17 E	Mar-18 E	Mar-19 E
CASH FLOW FROM OPERATING ACTIVITIES										
Net Profit				0.24	0.96	2.23	2.56	2.96	3.34	3.61
Add: Depreciation				0.26	0.52	0.84	0.93	1.02	1.11	1.21
Add: Interest Expense				0.16	0.28	0.59	0.56	0.47	0.39	0.35
Less: Changes in Working Capital										
(Increase)/Decrease in Inventory				(0.10)	0.31	(0.75)	(0.21)	(0.29)	(0.31)	(0.31)
(Increase)/Decrease in Sundry Debtors				(0.07)	(0.55)	(1.23)	(0.33)	(0.43)	(0.46)	(0.45)
(Increase)/Decrease in Loans & Advances				(0.03)	0.28	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
(Increase)/Decrease in Other Current Assets				(0.01)	-	-	-	-	-	-
Increase/(Decrease) in Sundry Creditors				0.04	(0.48)	0.26	0.08	0.11	0.12	0.12
Increase/(Decrease) in Other Current Liabilities				0.00	-	-	-	-	-	-
Increase/(Decrease) in Provisions				0.01	0.15	0.32	0.08	0.10	0.09	0.07
				(0.15)	(0.29)	(1.42)	(0.39)	(0.52)	(0.57)	(0.59)
CASH FROM OPERATING ACTIVITIES				0.51	1.48	2.24	3.66	3.93	4.27	4.59
CASH FLOW FROM INVESTING ACTIVITIES										
Capex				(0.88)	(7.34)	(0.93)	(0.93)	(0.93)	(0.93)	(0.93)
Investments				-	-	-	-	-	-	-
CASH FLOW FROM INVESTING ACTIVITIES				(0.88)	(7.34)	(0.93)	(0.93)	(0.93)	(0.93)	(0.93)
CASH FLOW FROM FINANCING ACTIVITIES										
Loans Taken / (Repaid)				0.83	2.30	(0.61)	(0.97)	(0.96)	(0.96)	(0.34)
Interest Expense				(0.16)	(0.28)	(0.59)	(0.56)	(0.47)	(0.39)	(0.35)
Changes in Working Capital Loan				0.02	0.67	1.13	0.31	0.40	0.43	0.43
New Equity Raised				-	3.00	-	-	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES				0.69	5.69	(0.08)	(1.22)	(1.02)	(0.92)	(0.27)
NET CASH GENERATED				0.32	(0.18)	1.23	1.51	1.98	2.43	3.39
OPENING CASH BALANCE				0.13	0.45	0.27	1.51	3.01	4.99	7.43
CLOSING CASH BALANCE				0.45	0.27	1.51	3.01	4.99	7.43	10.82

5: COMPETITIVE LANDSCAPE

NON WOVEDS INCLUDING NEEDLE PUNCHED

SUPREME GROUP

- Founded in 1987, it is the largest and most diversified nonwovens group in India. It operates through group companies, Supreme Non Woven Industries Private Limited (SNIPL) (Erstwhile Bhilad Textile Industries Pvt Ltd (BTI)) and Supreme Treaves Private Limited (STPL). The group is promoted by Mr. Mohan Kavrie, who is a 1st generation entrepreneur and a technocrat (B. Tech from IIT, Mumbai an M.S. from USA)
- STPL is a Joint Venture of Supreme Group (51%) with Etablissement Treves SA, France (49%). It is a leading Automotive Tier-1 supplier of interior trims and NVH solutions. STPL is focusing on innovative uses of reclaimed and recycled materials to develop eco-friendly and cost-effective components.
- It provides offers products (including carpets, insulation (noise & heat), door linings for automobile and industrial filters, garment interlining, geo-textiles. The Group's revenues for FY 2010 were estimated to be USD 40 mn

BAJAJ NON WOVEDS

- Bajaj Carpet Industries Ltd a closely held public limited company formed in the year 1985. It manufactures various carpets including nonwoven, machine tufted, machine tufted graphic loop pile, printing loop pile, printed cut pile, wall to wall, etc.
- In 1994, it installed a Tufting unit which was only 2nd Tufting unit in India to cater to the growing demand from corporates, hotels and multinational companies. The company is located close to the northern automobile manufacturing hub.
- Its major OEM customers include Maruti Suzuki, Tata Motors, Hindustan Motors, Hyundai Motors

HITKARI HITECH FIBRES LTD

- Founded in the year 1985. Their products include Leading manufacturer and supplier of automotive carpets, insulation felts to major automobile manufacturers as well as nonwoven fabrics such as blankets, carpets, upholstery, floor coverings, etc.

- Their production of Synthetic Floor Covering was~ 520,000 sq. meter in 2010
- Client base is mainly dominated by automobile giants like Maruti Suzuki, Toyota Motors, Tata Motors, Hyundai, General Motors, Mahindra. FY 2010 revenues were estimated to be USD 2.4 mn

OBEETEE TEXTILES

- Established in 1998, it is focused on Non Woven Fabrics and Technical Textiles. It has capacity to produce more than 25 million square meters of non woven textile products p.a.
- It manufactures floor coverings, automotive felts, industrial filters and geo textiles.

USD Mn	Mar '10	Mar '11	Mar '12
Sales	10.50	13.39	N/A
EBITDA	2.72	3.28	N/A
EBIT	1.76	2.17	N/A
EBIT Margin	16.80%	16.20%	N/A
Net Profit/(Loss)	0.33	0.54	N/A
Net Margin	3.20%	4.00%	N/A

UNIPRODUCTS INDIA LTD (UNITEX)

- Is a leader in the Indian carpets market and is a favored supplier of most domestic carpet retailers.
- Mr. Ashwan Kapoor (MD), started the production of crowded carpets in 1986 and later forayed into chemical connection coverings. Innovation and technological advancements in the manufacturing techniques have given it a leadership position. Its products includes carpet tiles, cut pile carpets, modular carpets, loop pile carpets, molded carpets and trimmings, automotive carpets.
- Revenues in FY 2009 estimated to be USD 22 mn
- Apart from carpet dealers, client in automotive industry include Maruti Suzuki, Honda, Fiat, Renault, Nissan, Tata Motors, Mahindra, Ford, Toyota, Ashok Leyland.

5: COMPETITIVE LANDSCAPE

ARTIFICIAL LEATHER (BASF STERON® LINE)

MAYUR UNIQUOTERS

- It is a listed company, incorporated in 1994, manufactures artificial leather (PVC Vinyl). It has a market cap of USD 84 mn. Its products are mainly used in automotive, footwear's, garments, luggage, sports goods, upholstery.
- The company possesses fully equipped physical, chemical and product development laboratories capable of testing nearly all the properties of artificial leather for different segments and applications. The company's existing capacity is 1.90 million linear meters p.m. It plans a capex of ~USD 9 mn, to increase its capacity to 2.50 million linear meters p.m. by FY 2014.
- Mr. Suresh Kumar Poddar, Managing Director, is widely recognized for his pioneering triumph in the synthetic leather industry India.
- Mayur's clients include names like Ford, Chrysler, Suzuki India, Honda Motorcycles & Scooters, Bata, Liberty, Paragon etc. It is also on verge of adding global auto majors like BMW & Mercedes and General Motors
- Historical Financials:**

USD Mn	Mar '10	Mar '11	Mar '12
Sales	30.59	46.19	59.11
Operating profit	4.94	7.43	9.87
Operating Margin	16.20%	16.10%	16.70%
EBIT	4.65	7.11	9.48
Net Profit / (Loss)	2.72	4.46	6.19
Net Margin	8.90%	9.70%	10.50%

- In the FY 2012, its synthetic leather segment revenue was USD 11.6 mn as compared to USD 12.1 mn in the previous year. The segment EBIT was USD 0.6 mn in FY 2012 vs. USD 0.7 mn in FY 2011.

FENOPLAST LTD

- It is a public listed company (Market Cap USD 2.4 mn) incorporated in 1975 and is mainly engaged in the manufacturing of PVC leather cloth and PVC Films. It has 2 transfer coating lines from Stork (Holland) and RCM (Italy), for manufacturing coated PVC leather. It also has a calendar line imported from Batten field Extrusionstechnik (Germany), for manufacturing PVC Films. Nearly 30 % of its volumes produced are exported to ~28 countries.
- It is an approved supplier for automobile majors like Suzuki India, Hyundai Motors, Mahindra & Mahindra, Daimler Benz, Toyota Motors and also other clients like Bata, Titan Industries, Pfizer, Merck
- Historical Financials:**

USD Mn	Mar '10	Mar '11	Mar '12
Sales	26.69	32.65	36.35
Operating Profit	2.70	2.67	3.28
Operating Margin	10.10%	10.00%	12.30%
EBIT	2.50	2.57	2.94
Net Profit / (Loss)	0.41	0.46	0.50
Net Margin	1.50%	1.70%	1.90%

JASCH INDUSTRIES

- It is a listed company, incorporated in 1985, and has division that manufactures PU/PVC coated fabric / synthetic leather products (Market cap USD 2.6 mn).
- Almost 75% of its products are used mostly by the footwear industry. Their client list includes names like Bata, Liberty, Reebok, Lakhani and Nike. The company is also making effort to increase its product usage in industries such as automobiles and general purpose upholstery, sports goods and garments.

Note: Market Cap based on trading data as on February 25, 2013

5: COMPETITIVE LANDSCAPE

ARTIFICIAL LEATHER (BASF STERON® LINE)

RISHABH VELVELEEN

- The company, established in 1988, is one of the biggest producers of PU Leather, PVC Leather, Wet PU Leather, Dry Leather, Flocked Velvets, Suede Velvets, Woven Velvets & Knitted Velvets. It uses German technology and has a manufacturing capacity to produce 1 million meter p.m.
- Its products are exported to Indian Subcontinent, North America, North Africa, East & North Europe, East Asia, Middle East.
- Rishabh Jain (MD), has studied Textile Engineer from Bolton University, England and MBA (Fin) from Kogod School of Business, Washington DC. U. C. Jain, Chairman, is first generation entrepreneur with over 35 years experience of. He is also is the member, executive committee of the American and European Flock Association, Associate Chamber of Commerce and Industry.
- Revenues is estimated to be between USD 9 to 13 mn.

VASANTI TEXTILES

- Established in 1960, manufacturing and trading of knitted fabrics, artificial leather cloth, laminated fabrics. Mainly domestic business with exports forming <10% of overall revenue.
- Revenues are estimated to be approximately USD 2.2 mn.

MANISH VINYL

- The company manufactures PVC leather cloth in a wide variety and for different uses like upholstery (automotive and furniture), footwear (shoes, sandals, linings), belts, luggage, accessories with a manufacturing capacity of over 900,000 meter p.m.
- Their clientele includes names like Action Group of Industries, Liberty, Lakhani, Escorts Group. The company is also a registered supplier to State Transports (ASRTU), Railways & Defense supplies.
- Its annual revenue is ~USD 17 mn and it exports 80% of its production to US, UK, Europe and Africa (Source: Economic Times, India)

POLYNOVA INDUSTRIES

- It started operations in 1988 and is part of Lupin Group. It manufacturers of PU/PVC coated fabrics & synthetic rubber coated products. It supplies its products to automotive, tarpaulin and footwear industry. It has an installed capacity to manufacture coated fabrics of 1 million meter per month.
- Exports about 60% of its production to UK, France, Germany and USA. Annual Sales are estimated to be around USD 1.8 mn

5: COMPETITIVE LANDSCAPE

SMS HYGIENE, MELTBLOWN & SPUNBOND

ALPHA FOAM INDIA

- It was incorporated in 1991 and manufactures non-wovens, spun-bond, spun-lace and SMS products. It is involved in plastic products ranging from PU, automobile sheets, plastic sheets, vacuum form parts, PE foam and its products. It has developed a unique, first-of-its-kind process to make PE foam by using carbon dioxide instead of LPG as the blowing agent. The foam made by this process is of a superior quality compared to other Indian products.
- The company is led by Mr. Rajiv Rankav (MD), who has vast experience of 20 years and has held very senior positions in the leading Automobile and Chemical industries.

KT INTERNATIONAL

- Established in 1995, it manufactures products like tarpaulins and has diversified into PP/PE spun bond nonwoven, PP woven sacks / sheets, woven PP fabric, burlaps, FIBC, PE extruded nets, etc. They have introduced PP needle punched geotextiles made on state-of-the-art FEHRER Line from Germany with 6 meters width. Also recently the company has introduced a new line for making PET Spun-bond Continuous Filament Needle-punch Nonwoven on the latest ORV Line from Italy having a maximum width of 5.6 meters.
- Its current capacity is ~14,000 tons of Fibers and ~6,000 tons geotextiles p.a.
- Its products include geotextiles, ground covers, nonwovens, crop protection fabric, weed control fabric, micropure products and adult diapers. They sell geotextiles in USA, UK, Europe and India.

AHLSTROM FIBERCOMPOSITES INDIA PVT LTD

- Finland based Ahlstrom is one of the world's leading producers of nonwovens. In India, it has its manufacturing facility in Mundra, Kutch (Gujarat) and sales office in Delhi. Its nonwovens and specialty

papers are used in a many day-to-day products, such as filters, wipes, flooring, labels, and tapes. Based upon its unique fiber expertise and innovative approach, the company has a strong market position in several business areas in which it operates. Main geographic markets in terms of net sales are Europe (62%), North America (23%), Asia Pacific (7%), South America (6%) and the rest of the world (2%).

- Its products find applications in industries such as Building & Utilities, Food & Retail, Household & Consumer, Medical & Healthcare, etc.

FIBERWEB INDIA

- Established in 1985, as PVD Plast Mould Industries Ltd. Its manufacturing activities include mono layer and multiplayer films, garbage bags, carrier bags. The Company has also established its flagship unit for Spun Bond Nonwoven Fabrics, being the first of its kind in India. It has three manufacturing units including two 100% EOUs.
- Products include
 - Hygiene usage: Cover stock for baby diapers, sanitary products
 - Agriculture: crop covers, ground covers
 - Medical: Made-ups, bed linen
 - Others: Filtration media, industrial work clothing, head covers, disposable table wipes and mats
- It has been pioneer of spun bond non-woven fabric production in India. Market Cap is USD 1.67 mn.

USD Mn	Mar '10	Mar '11	Mar '12
Sales	5.59	8.33	8.15
Operating Profit	0.44	0.52	0.54
Operating Margin	8.00%	6.30%	6.70%
EBIT	0.11	0.22	0.46
Net Profit/(Loss)	0.07	0.24	0.46
Net Margin	1.40%	2.90%	5.60%

Note: Market Cap based on trading data as on February 25, 2013

6: PRODUCTION CAPACITY CHART

EXISTING MACHINES

Sr. No.	Asset	No. of M/C	Production Capacity		
			Per Hour	Per Month	Unit of Material
1	Melt-blown Line	1	150	90,000	Kg
2	Needle-punching Line	1	50	30,000	Kg
3	Chemical Bonding Line	1	50	30,000	Kg
4	Water filter Line	1	10	6,000	Kg
5	Welded Roll Line	1	25	15,000	Kg
6	Pleating + Lamination	2	40	24,000	Kg
7	Scatter Coating Line	1	50	30,000	Kg
8	Exact Machine	1	17	10,200	Kg
9	Aglo Machine	1	17	10,200	Kg
10	Shredder Machine	1	17	10,200	Kg

NEW MACHINES

Sr. No.	Asset	No. of M/C	Production Capacity		
			Per Hour	Per Month	Unit of Material
1	PU Coating For Textiles	1	120	72,000	SQM
2	Spun-Bond Line	1	500	300,000	KGS
3	Staple Fiber Insertion Line	1	120	72,000	KGS
4	Needle Punch Line	1	250	150,000	KGS
5	Ultra Sonic Embossing	1	60	36,000	KGS
6	Non Woven Cutting Punching Machine For Car Parts	1	10	6,000	KGS
7	Mini Pleating And Testing Machine	1	20	12,000	KGS

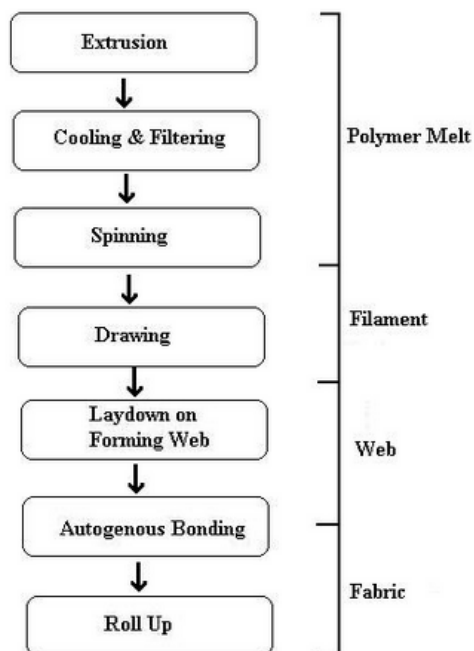
7: THE SPUNBOND OPTION

THE SPUNBOND PROCESS

Overview

Spun-bond fabrics are produced by depositing extruded, spun filaments onto a collecting belt in a uniform random manner followed by bonding the fibers. The fibers are separated during the web laying process by air jets or electrostatic charges. The collecting surface is usually perforated to prevent the air stream from deflecting and carrying the fibers in an uncontrolled manner. Bonding imparts strength and integrity to the web by applying heated rolls or hot needles to partially melt the polymer and fuse the fibers together. Since molecular orientation increases the melting point, fibers that are not highly drawn can be used as thermal binding fibers. Polyethylene or random ethylene-propylene copolymers are used as low melting bonding sites. Spun-bond products are employed in carpet backing, geotextiles, and disposable medical/hygiene products. Since the fabric production is combined with fiber production, the process is generally more economical than when using staple fiber to make nonwoven fabrics

Spun-bonding Process:



Web Characteristics & Properties

1. Random fibrous structure
2. Web is white with high opacity per unit area
3. Most spunbond webs are layered or shingled structure, the number of layers increases with increasing basis weight
4. High strength-to-weight ratios compared to other nonwoven, woven, and knitted structures
5. High tear strength (for area bonded webs only)
6. Planar isotropic properties due to random lay-down of the fibers
7. Good fray and crease resistance
8. High liquid retention capacity due to high void content
9. High in-plane shear resistance, and low drapeability.

Applications

- i) Automotive: As a backing for tufted automobile floor carpets, for trim parts, trunkliners, interior door panel, and seat covers.
- ii) Civil Engineering: The largest single market spunbond webs, constituting over 25% of the total. Used for erosion control, revestment protection, railroad beds stabilization, canal and reservoir lining protection, highway and airfield black top cracking prevention, roofing, etc.
- iii) Sanitary and medical: As a coverstock for diapers and incontinence devices. Medical applications include: disposable operating room gowns, shoe covers and sterilizable packaging.
- iv) Packaging: Examples include: metal-core wrap, medical sterile packaging, floppy disk liners, high performance envelopes and stationery products.

7: THE SPUNBOND OPTION

PURE'S STRATEGY FOR SPUNBOND

Domestic Market for Spunbond

Aim proposes to set up new line from Hills Inc. or similar other marquee company to support a new Spunbond line, subject to agreement on this strategy with strategic investors.

In India, the primary demand for such lines comes from hygiene products as well as packaging applications, which may be a mono component. PURE needs to have Bi-component capabilities to start developing markets for Spunbonds.

PURE's Strategy

Accordingly, PURE initially plans to set up a line that can do SMS for Hygiene products and then gradually move towards specialty Spunbond. It will set up a 3,500 ton line with advanced capabilities of a Bi-component specialty. This will be a 1.6 meter of 3.2 meter SMS line with an initial capex of ~USD 4 mn.

Revenue Visibility

PURE currently has a 1,500 tons order visibility for hygiene fabrics from Kimberly Clark Corp (KCC). To utilize the capacity on the packaging side, PURE plans to focus on the rice packaging market for the base demand for such products, where PURE's key target will be to supply good quality and consistent products. The line's better quality and consistent throughput will provide the product with the initial advantage.

PURE will then add substrates, backing and polyesters as alternatives. A flexible line with good capabilities is what PURE is targeting.

The final decision whether to set up the Spunbond line in the next year (FY 2014) will be taken subject to further research and after a consensus with the strategic partners.

KEY CLIENT RELATIONSHIP - KIMBERLY-CLARK WORLDWIDE INC. (KCC)



About Kimberly-Clark

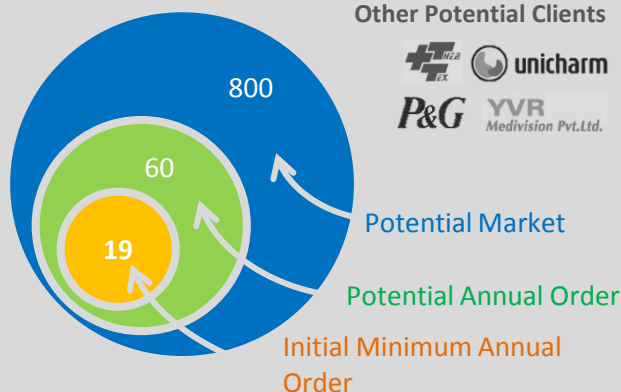
Headquartered in Dallas (Texas) with ~58,000 employees worldwide, KCC is a global leader in personal care & hygiene products. With brands like Kleenex, Scott, Huggies, Pull-Ups, Kotex, Poise and Depend, KCC holds the No. 1 or 2 brand share in over 80 countries.

Business with PURE

PURE is discussions with Kimberly-Clark (KCC) to supply Spun-Bond products for the hygiene segment. PURE is contemplating investment in the Spun-bond Lines for supply to KCC.

PURE expects initial business of ~Rs. 19 crore from KCC with a initial minimum order quantity of 1,500 tons p.a. PURE targets a potential annual order of Rs. 60 crore.

POTENTIAL BUSINESS ANALYSIS (RS. CRORE)



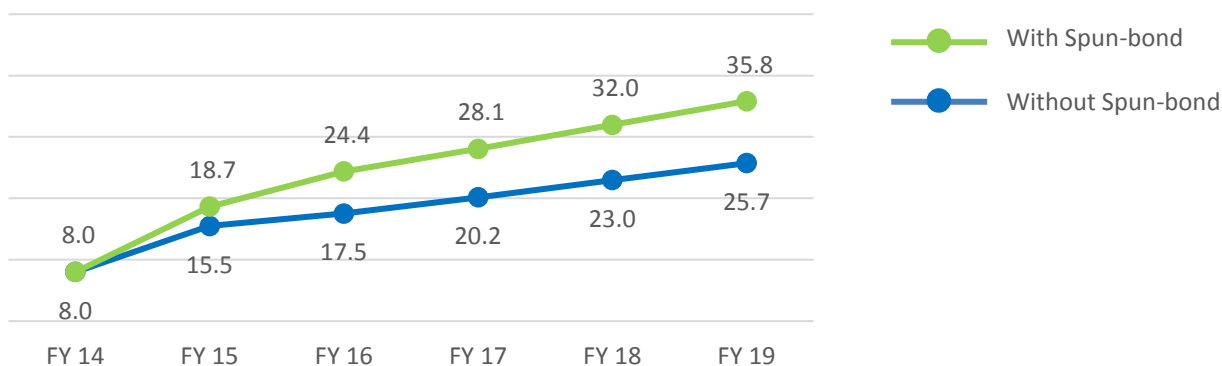
7: THE SPUN-BOND OPTION

FINANCIAL IMPACT

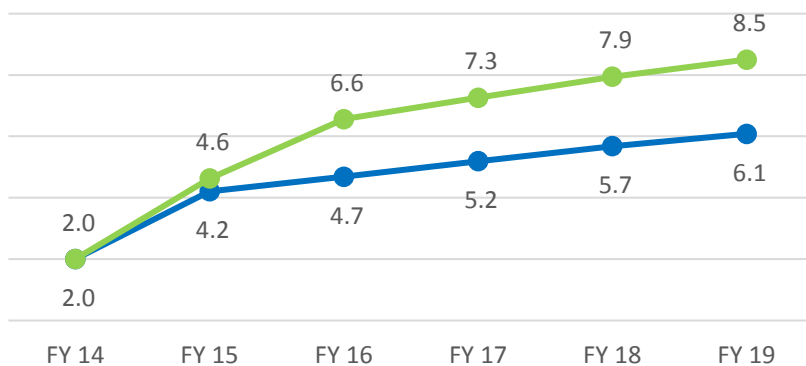
The absolute profitability is higher in case of running the business with Spunbond line. However, there is a slight drop in margins in the Spunbond option,

- Average estimated EBITDA margins are 0.3% lower than 25.5% under the without Spunbond option
- Average estimated PAT margins are 0.5% lower than 14% under the without Spunbond option

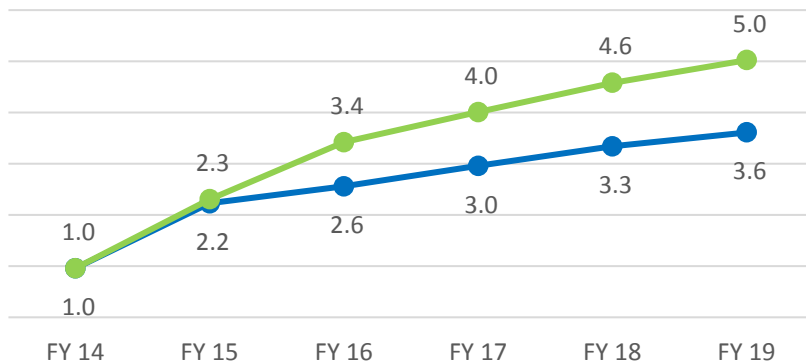
PROJECTED REVENUES (USD mn)



EBITDA (USD mn)



PAT (USD mn)



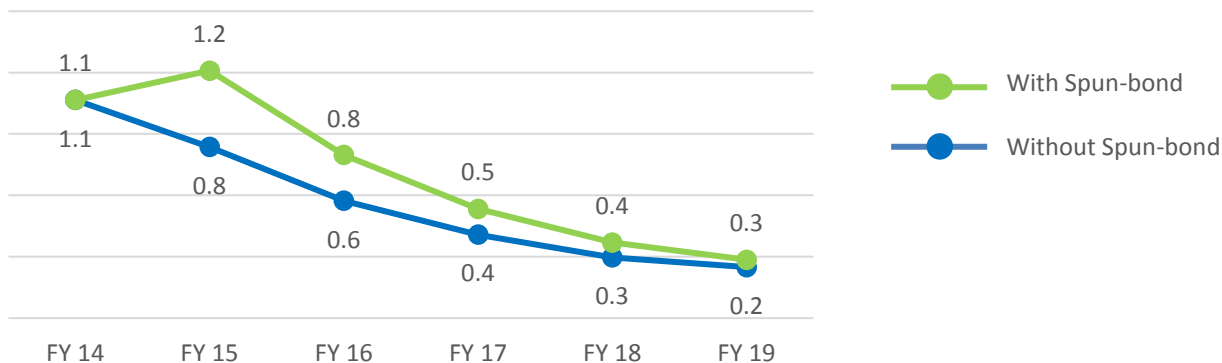
7: THE SPUN-BOND OPTION

FINANCIAL IMPACT

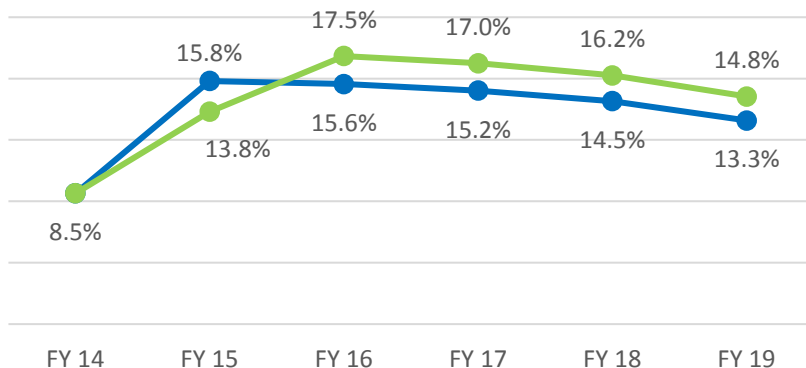
While the Spunbond option has slightly higher leverage, the impact is minimal in the long run.

The Return on Capital Employed (RoCE) and Return on Equity (RoE) improve by around 2% in case of including the Spunbond option

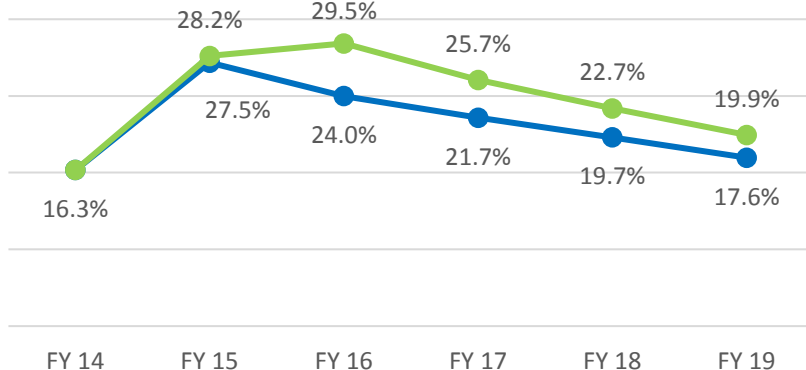
DEBT TO EQUITY RATIO (x)



RETURN ON CAPITAL EMPLOYED POST TAX (ROCE) %



RETURN ON EQUITY (ROE) %



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