



apcotex industries ltd.

Investor Presentation

NOVEMBER, 2016



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Key Updates



The Board of Directors of the Company, at its meeting held on 22nd April 2016, have approved the Scheme of Amalgamation of Apcotex Solutions India Private Limited (earlier known as OMNOVA Solutions India Private Limited), a wholly owned subsidiary of the Company with itself. **The Hon'ble High Court of Judicature at Bombay ('High Court') on October 27, 2016 has approved the Scheme of Amalgamation.**

a) Name of the entities forming part of the amalgamation:

| | |
|--------------------|---|
| Transferor Company | Apcotex Soutions India Private Limited (earlier known as OMNOVA Solutions India Private Limited) |
| Transferee Company | Apcotex Industries Limited |
| Appointed Date | 31 st March, 2016 |

b) Details in brief of the companies involved in the scheme as on 31st March, 2016 are as under

| Rs. Crores | Transferor Company | Transferee Company |
|------------|--------------------|--------------------|
| Networth | Rs. 113.19 | Rs. 94.68 |



Key Updates



- Transfer of High Styrene Rubber Production to Valia
 - Shut down for few months for major repair works
 - Manufacture & Sale of High Styrene Rubber was met from Company's wholly owned subsidiary's (Apcotex Solutions India Private Limited) plant at Valia, Gujarat
 - Higher conversion cost at Valia plant affected margins
- Product Rationalization
 - Manufacture & Sale of one grade of Latex was transferred to Company's wholly owned subsidiary's plant at Valia, Gujarat
- Increased Export Performance
 - Exports up by ~52% YoY in H1 FY17 and ~30% QoQ in Q2 FY17
- Increasing Market Share in Tyre Industry
 - VP Latex volume up by ~73% YoY in H1 FY17 and ~61% QoQ in Q2 FY17
- Lower Volumes in Paper & Paper Board Industry
 - Slow down in business due to temporary shut down in of one of the largest customer
- Raw Material Cost
 - Increasing raw material cost suppressed margins



Key Updates



- Key initiatives taken in recently acquired company Apcotex Solutions (Erstwhile Omnova Solutions)
 - Reduction in Fixed Overheads
 - Lowered fixed expenses by ~ 30% YoY in H1 FY17
 - Better Working Capital Management
 - Finished Goods Inventory lower by ~40% as on Sept'16 compared to Mar'16 by adopting flexi inventory policy over static inventory policy
 - Receivable days down to 64 days from 84 days in Mar'16
 - Improving quality of NBR to strengthen market share
 - Strict Credit Policy
 - Efficient Raw Material Management to tackle volatility
 - Management of Distribution Network - Increased Sales & Better Working Capital
 - Conversion of Consignment Agents to Distributors
 - Appointment New distributors
 - Product Mix Rationalization – to focus on High Yield Products
 - Modernisation & Efficiency improvement to reduce operating cost through capex of ~Rs. 30 Crs has started



Profit & Loss Statement – Quarter



| Rs. Crores | Standalone | | | Consolidated |
|-------------------------|--------------|---------------|----------------|--------------|
| | Q2FY17 | Q2FY16 | Y-o-Y | Q2FY17 |
| Total Revenue | 47.33 | 67.84 | -30.23% | 92.46 |
| Operating Expenses | 33.41 | 45.71 | | 65.32 |
| Employees Expenses | 3.76 | 3.76 | | 7.68 |
| Other Expenditure | 7.41 | 8.85 | | 14.84 |
| EBITDA | 2.75 | 9.52 | -71.11% | 4.62 |
| EBITDA Margin | 5.81% | 14.03% | | 5.00% |
| Other Income | 2.47 | 0.63 | | 2.84 |
| Depreciation | 2.26 | 2.47 | | 3.06 |
| Interest | 0.68 | 0.54 | | 0.72 |
| PBT | 2.28 | 7.14 | -68.07% | 3.68 |
| Tax | -0.46 | 1.82 | | 0.12 |
| Profit After Tax | 2.74 | 5.33 | -48.59% | 3.56 |
| PAT Margin | 5.79% | 7.85% | | 3.85% |



Profit & Loss Statement – Half yearly



| Rs. Crores | Standalone | | | Consolidated |
|-------------------------|---------------|---------------|----------------|---------------|
| | H1FY17 | H1FY16 | Y-o-Y | H1FY17 |
| Total Revenue | 108.46 | 134.71 | -19.49% | 198.90 |
| Operating Expenses | 76.15 | 89.81 | | 139.13 |
| Employees Expenses | 7.58 | 7.52 | | 15.30 |
| Other Expenditure | 15.50 | 18.33 | | 29.16 |
| EBITDA | 9.23 | 19.05 | -51.55% | 15.31 |
| EBITDA Margin | 8.51% | 14.14% | | 7.70% |
| Other Income | 4.46 | 1.88 | | 4.93 |
| Depreciation | 4.48 | 4.52 | | 6.03 |
| Interest | 1.26 | 0.96 | | 1.36 |
| PBT | 7.95 | 15.45 | -48.54% | 12.85 |
| Tax | 0.65 | 4.01 | | 2.44 |
| Profit After Tax | 7.30 | 11.43 | -36.13% | 10.41 |
| PAT Margin | 6.73% | 8.49% | | 5.23% |



Balance Sheet Statement - Standalone



| Rs. Crores | Sep - 16 | Mar - 16 |
|---------------------------------------|---------------|---------------|
| Shareholders Fund | 120.50 | 113.19 |
| Share Capital | 10.41 | 10.41 |
| Reserves & Surplus | 110.09 | 102.78 |
| Total Non Current Liabilities | 7.56 | 7.39 |
| Long Term Borrowings | 0.00 | 0.00 |
| Deferred Tax liabilities | 4.30 | 4.68 |
| Other Long Term Liabilities | 1.41 | 1.38 |
| Long Term Provision | 1.85 | 1.33 |
| Total Current Liabilities | 58.68 | 71.76 |
| Short Term Borrowings | 32.36 | 16.88 |
| Trade Payables | 14.25 | 23.01 |
| Other Current Liabilities | 12.07 | 17.58 |
| Short term provision | 0.00 | 14.29 |
| TOTAL EQUITY & LIABILITIES | 186.74 | 192.34 |

| Rs. Crores | Sep - 16 | Mar - 16 |
|---------------------------------|---------------|---------------|
| Total Non Current Assets | 119.14 | 117.33 |
| Fixed Assets | 62.38 | 62.69 |
| Non Current Investments | 50.28 | 47.72 |
| Deferred Tax Assets (Net) | 0.00 | 0.00 |
| Long term loans & advances | 6.21 | 6.65 |
| Other Non Current assets | 0.27 | 0.27 |
| Total Current Assets | 67.60 | 75.01 |
| Inventories | 14.43 | 20.00 |
| Trade Receivables | 44.05 | 46.19 |
| Cash & Cash Equivalents | 3.70 | 4.82 |
| Short Term loans & Advances | 4.36 | 2.70 |
| Other current asset | 1.07 | 1.29 |
| TOTAL ASSETS | 186.74 | 192.34 |



Balance Sheet Statement - Consolidated



| Rs. Crores | Sep - 16 | Mar - 16 |
|---------------------------------------|---------------|---------------|
| Shareholders Fund | 197.63 | 187.22 |
| Share Capital | 10.41 | 10.41 |
| Reserves & Surplus | 187.22 | 176.81 |
| Total Non Current Liabilities | 5.60 | 3.37 |
| Long Term Borrowings | 0.00 | 0.00 |
| Deferred Tax liabilities | 0.00 | 0.00 |
| Other Long Term Liabilities | 3.08 | 1.38 |
| Long Term Provision | 2.51 | 1.99 |
| Total Current Liabilities | 85.67 | 97.47 |
| Short Term Borrowings | 32.36 | 17.05 |
| Trade Payables | 29.10 | 34.13 |
| Other Current Liabilities | 24.07 | 31.85 |
| Short term provision | 0.15 | 14.44 |
| TOTAL EQUITY & LIABILITIES | 288.90 | 288.06 |

| Rs. Crores | Sep - 16 | Mar - 16 |
|---------------------------------|---------------|---------------|
| Total Non Current Assets | 134.43 | 135.95 |
| Fixed Assets | 94.24 | 94.74 |
| Non Current Investments | 20.37 | 17.81 |
| Deferred Tax Assets (Net) | 5.32 | 6.73 |
| Long term loans & advances | 8.46 | 10.62 |
| Other Non Current assets | 6.05 | 6.05 |
| Total Current Assets | 154.47 | 152.11 |
| Inventories | 35.59 | 43.34 |
| Trade Receivables | 79.32 | 83.84 |
| Cash & Cash Equivalents | 24.99 | 9.81 |
| Short Term loans & Advances | 7.66 | 7.41 |
| Other current asset | 6.91 | 7.72 |
| TOTAL ASSETS | 288.90 | 288.06 |



Our Introduction



apcotex industries limited

One of the leading producers of Performance Emulsion Polymers in India

DIVERSIFIED PRODUCTS

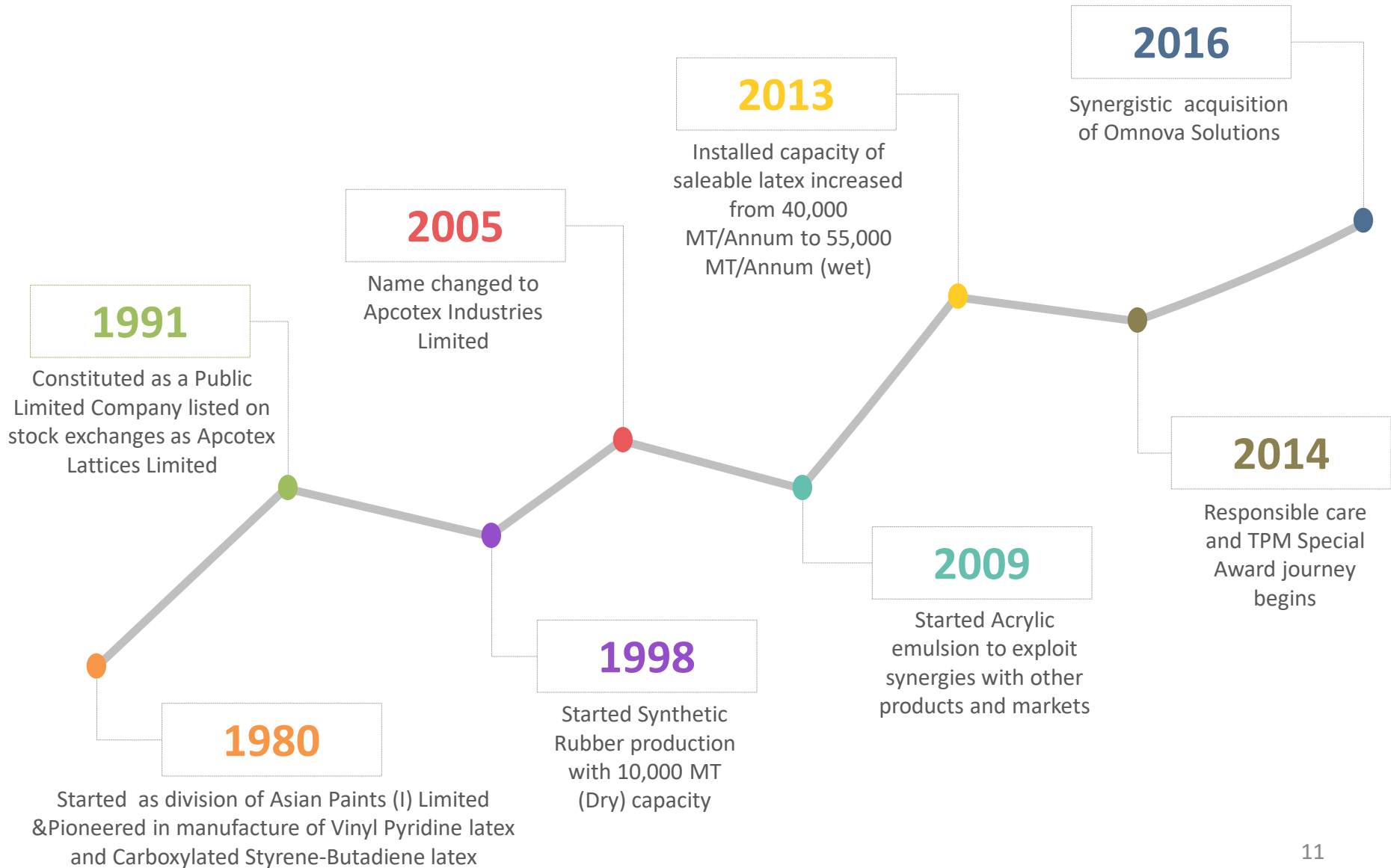
DIVERSIFIED INDUSTRIES

DIVERSIFIED PRESENCE





Our Evolution





Our Performance



| Rs in Crores | FY09 | FY16* | CAGR |
|--------------|------|-------|------|
| Revenue | 100 | 296 | 17% |
| EBIDTA | 9 | 39 | 24% |
| PAT | 5 | 39 | 36% |
| ROE | 8% | 21% | |
| ROCE | 13% | 19% | |

*FY16 figures are on consolidated basis.



Performance Drivers



01

DIVERSIFIED PRODUCTS

05

R&D AND QUALITY CONTROL

02

DIVERSIFIED INDUSTRIES

06

QUALITY CERTIFICATIONS

03

DIVERSIFIED PRESENCE

07

EXPERIENCED BOARD OF DIRECTORS

04

STRATEGICALLY LOCATED FACILITIES

08

PROFESSIONAL MANAGEMENT TEAM



apcotex industries

Nitrile Latex

High Styrene Rubber

Carboxylated SB Latex

SB / Styrene Acrylic Latex

Vinyl Pyridine Latex



apcotex solutions⁺

NBR Bale Rubbers

NBR PVC Polyblends

Powdered NBR

Hot Polymers

Carboxylated NBRs

Oil extended Nitrile rubbers



apcotex industries

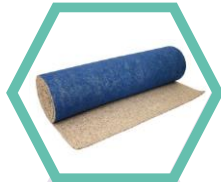
Paper & Paper Board Coating
Carboxylated SB Latex / Styrene Acrylic Latex



Dipping of Nylon, Rayon, Polyester Tyre Cord
Vinyl Pyridine Latex



Carpet Backing
Carboxylated SB / Styrene Acrylic Latex



Textile Finishing & Non Woven
Carboxylated SB Latex



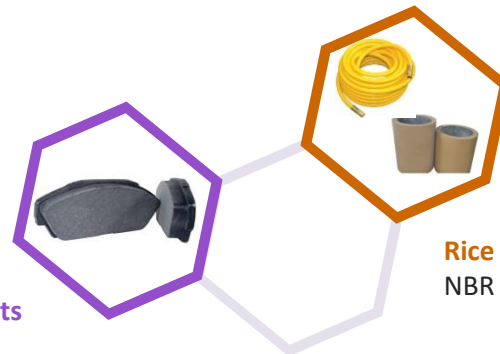
Footwear & Shoe Sole
High Styrene Rubber



Bonding & Waterproofing in Construction
SB / Styrene Acrylic Latex



Brakes & Jointing Sheets
NBR Bale Rubbers



Rice Roll & Hoses
NBR PVC Polyblends



apcotex solutions⁺



Diversified Presence



apcotex industries

Paper

- ITC Ltd
- BILT
- JK PAPER
- NR Group

Carpet

- Obeetee Industries
- ABC Industries

Rubber

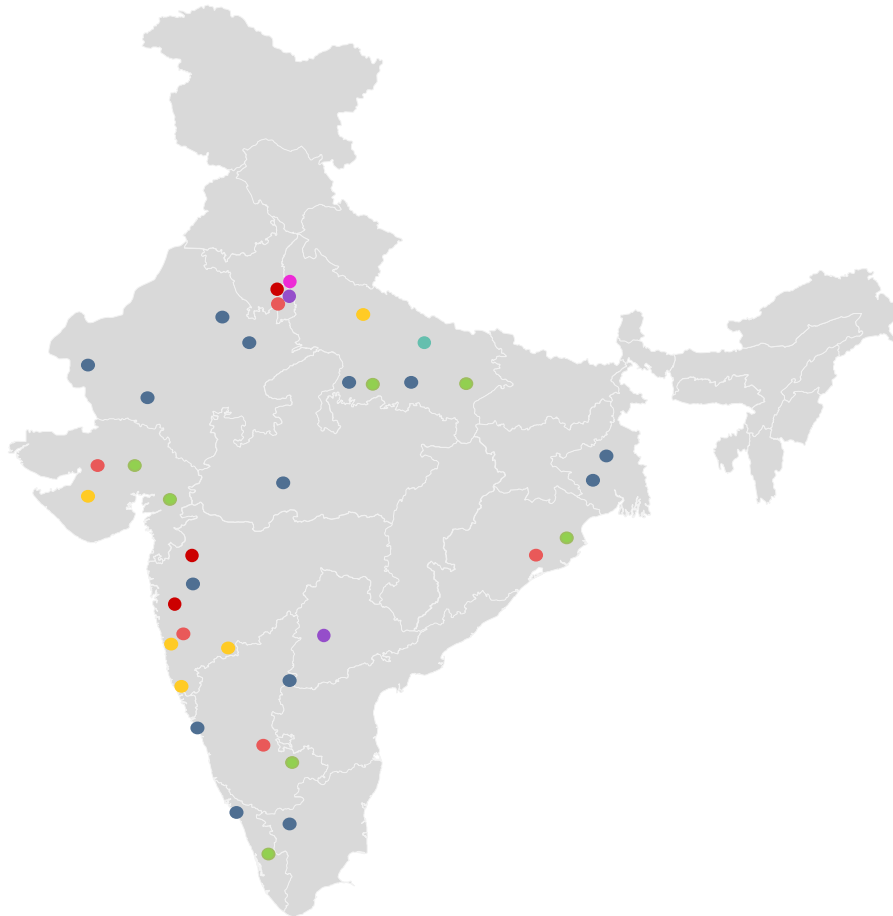
- Paragon Footwear
- Relaxo Footwear
- Banik Rubber
- Distributors all over India

Construction

- Pidilite Industries
- Sika
- Fosroc

Tyre/Cord Dipper

- MRF
- SRF
- Rajshree Polyfill (Century Enka)
- Madura



apcotex solutions⁺

Auto & Industrial

- Unique Auto Rub Udyog Pvt Ltd
- Varroc Elast
- G.B. Rubber
- Jayashree Polymers

Hoses & LPG

- Vansh Industries
- Super Hoze
- Jugaltara
- Parker Hannifin India

Rice Rolls

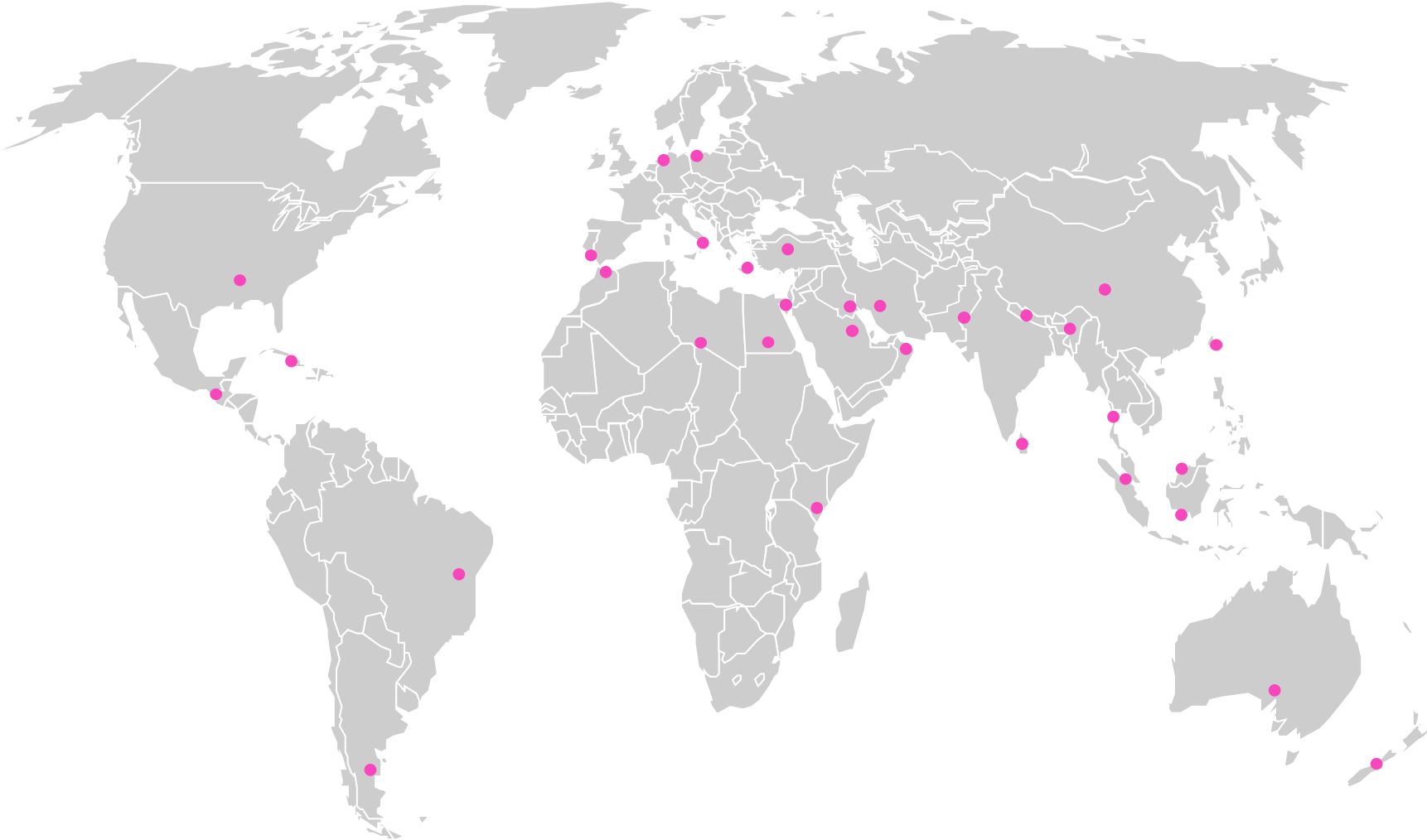
- Shaktiman
- Hindustan Rubber Industries (RR)
- Golden Rolls Pvt Ltd/Cable Corp



Diversified Presence



INTERNATIONAL CUSTOMER BASE





Strategically Located Facilities



Taloja
Facility

Maharashtra

Valia
Facility

Gujarat





Product Development Lab



Product Application Lab



DCS Process Control



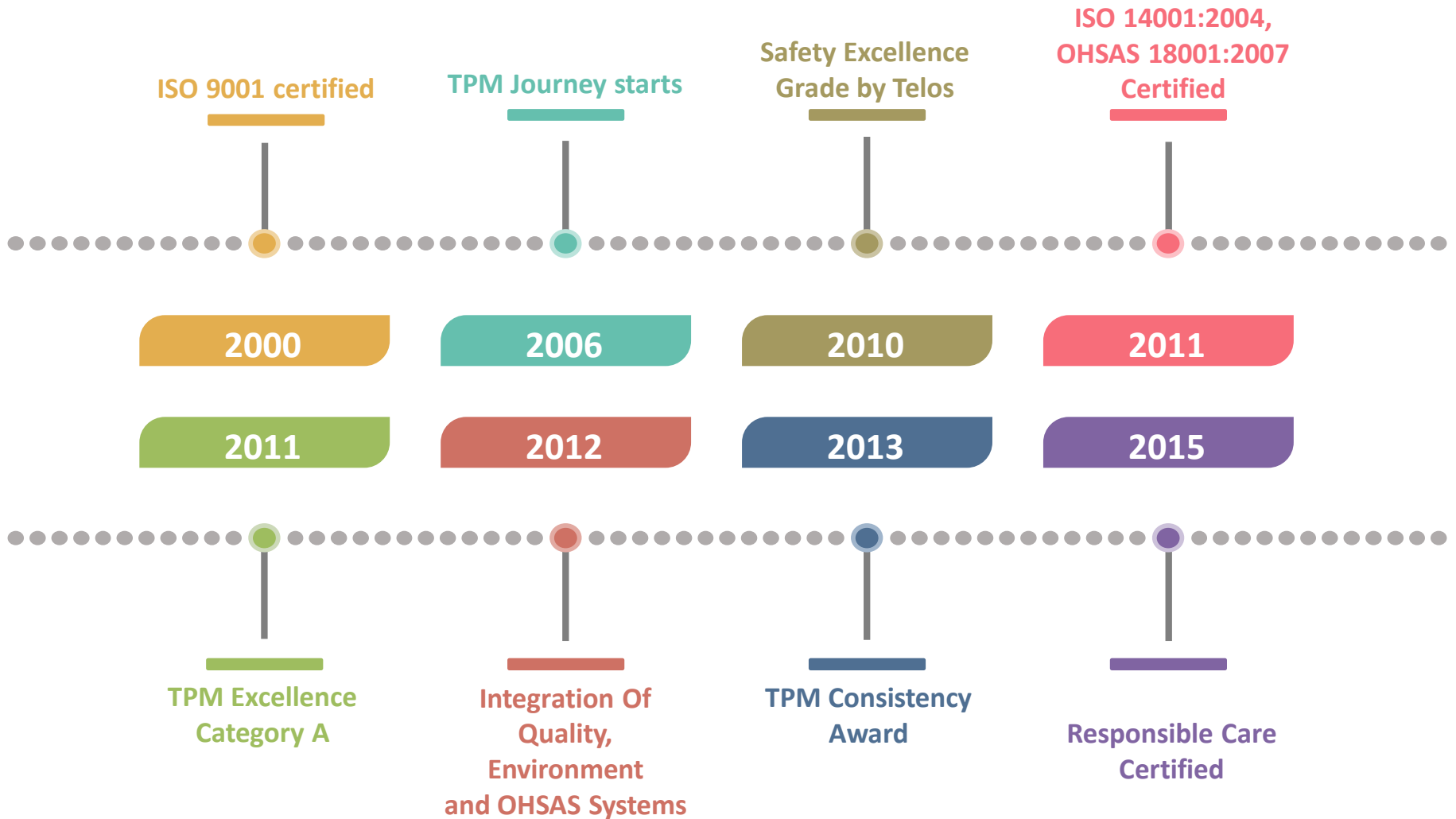
Quality Assurance Lab



We have been continuously upgrading our own technology through in house research & development efforts to meet the changing needs of customers



Quality Certifications





MR. ATUL CHOKSEY

Chairman

He is a Chemical Engineer from Illinois Institute of Technology, Chicago, USA and has more than three decades of experience in managing the affairs of the Company. He is on the board of various reputed companies like Marico, Ceat and Finolex Cables.

He has served on the Managing Committee of Bombay Chamber of Commerce & Industry, Mumbai and Associated Chamber of Commerce & Industry, New Delhi and was President of Bombay Chamber of Commerce. He is also associated with Cricket Club of India Ltd, Standard Chartered Assets Management Company Private Limited and various other reputed Companies.

MR. ABHIRAJ CHOKSEY

Managing Director

He is a Bachelor of Science in Economics from Wharton Business School and also Bachelor of Science in Engineering from the Engineering School, both of University of Pennsylvania in U.S.A.

He has several years of experience in the field of finance, system engineering, strategy formulation and administration.



MR. AMIT C. CHOKSEY

Director

He is a Bachelor in Commerce and has over 30 years of experience in managing industries manufacturing various types of construction chemicals, specialty water proofing compounds and inorganic pigments.

He is the Chairman and Managing Director of Mazda Colours Ltd.

MR. GIRISH C. CHOKSEY

Director

He has over four decades experience in managing the industries dealing with various types of minerals and chemicals.

He is past president of Mineral Merchants Association and Pesticides Formulators Association of India.

MR. MANUBHAI G. PATEL

Independent Director

He is a Chartered Accountant with more than 40 years of experience in the field of accounts, finance and taxation.

He was a member of Central Council of ICAI from 1980 to 1988 and member of various committees. He was the President of Income Tax Appellate Tribunal Bar Association, Ahmedabad and was also a Member of Central Direct Tax Advisory Committee, New Delhi

MR. SHAILESH S. VAIDYA

Independent Director

He is a law graduate from Government Law College and became Solicitor in the year 1983 and has been practicing as Advocate and Solicitor.

He has been partner of M/s. Kanga & Company, a firm of Advocate's and Solicitors and presently serving as member of the managing committee of Indian Merchant Chamber and as chairman of Law, Review, Reforms and Rationalization Committee.



MR. KAMLESH S. VIKAMSEY

Independent Director

He is a Chartered Accountant and a Senior Partner in reputed firm of Khimji Kunverji & Co. He was member of the Central Council of ICAI from 1998 to 2007 and held the post of president in 2005.

In past he has been associated with organizations such as Confederation of Asia & Pacific Accountants Vice President and President, United Nations as Steering Committee Member etc.

MS. PRIYAMVADA BHUMKAR

Independent Director

She is a graduate in Chemistry and MBA in Finance from Mumbai University having 25 years of rich experience in the field of colour dispersions. She is Managing Director of Soujanya Color Pvt. Ltd., the well-known Indian colorant manufacturing company.

She was the chairperson of the IPA (Indian Paint Association) Western Region in the year 2010-2011 and is currently on the Governing Body of the IPA.

DR. S. SIVARAM

Independent Director

He is a M.Sc. From Indian Institute of Technology and has done his PHD from Purdue University, W. Lafayette, USA and Research.

He is presently working with National Chemical Laboratory as its director and has over 30 years of experience in research on polymer synthesis, high performance polymers and surface chemistry of polymers and has to his credit various awards.

MR. YASHODHAN B GADGIL

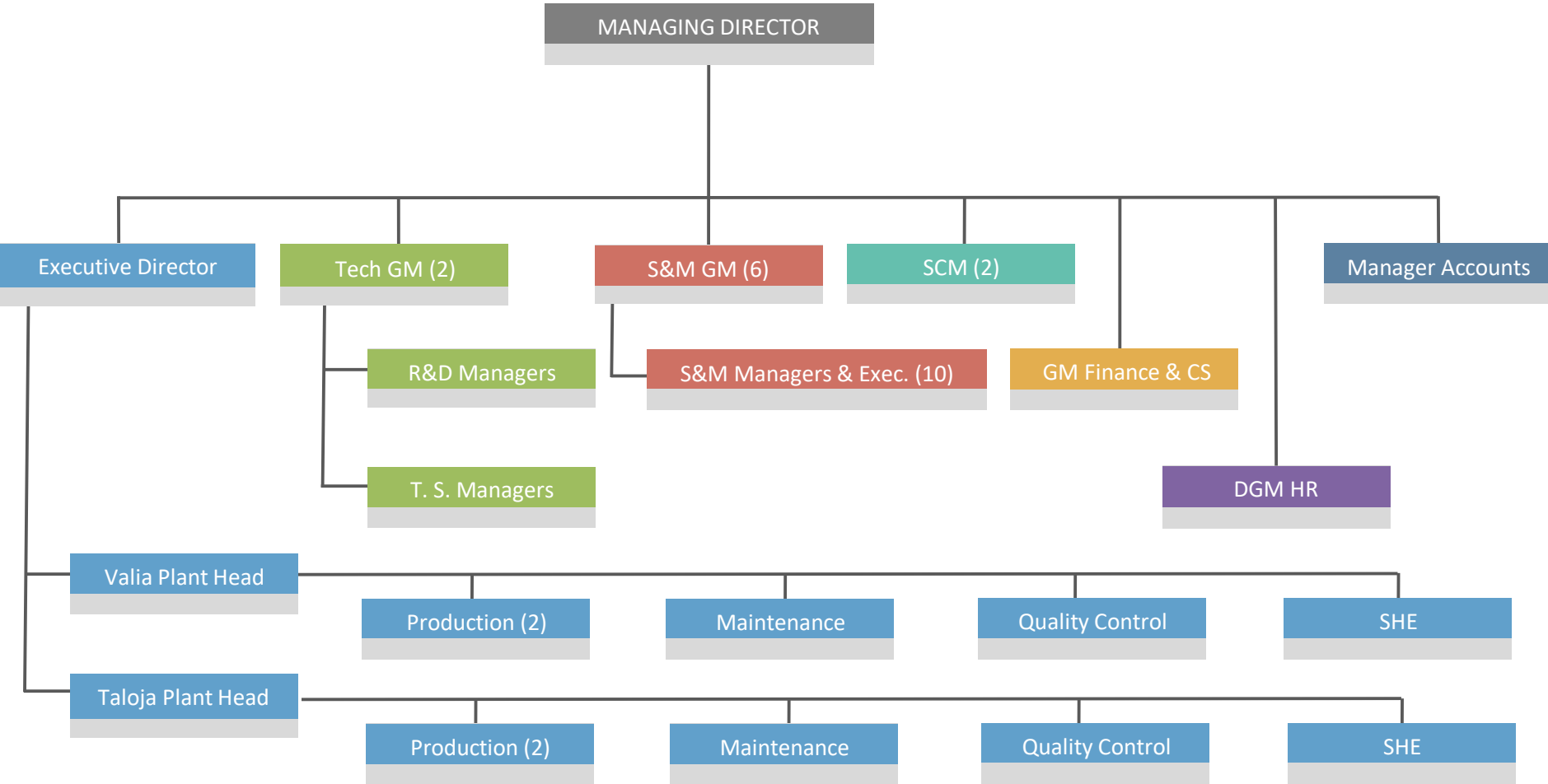
Executive Director

He is a Bachelor of Chemical Engineering and has worked with Asian Paints and Apcotex Industries since 1981. Currently he is Vice President – Operations and in-charge of production, engineering, projects, supply Chain (till 2015), stores, IR and general Factory administration.

He is Member of the strategy team and worked with different local and International Management Consultants as well as Technical consultants for working out Business Development and Improvement plans.



Management Team





01

**KEY PERFORMANCE
INDICATORS**

02

PROFIT & LOSS STATEMENT

03

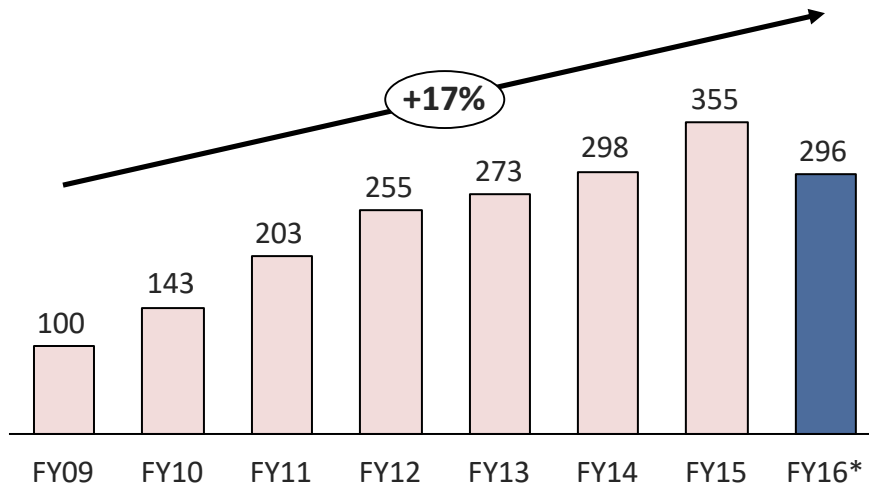
BALANCE SHEET STATEMENT



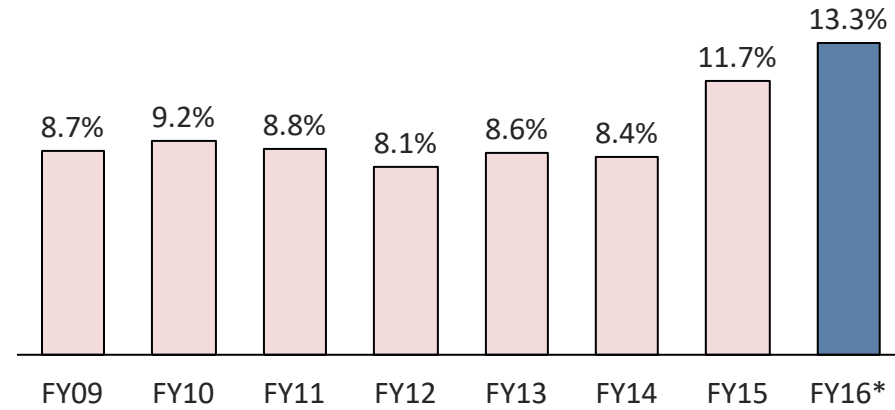
Key Performance Indicators



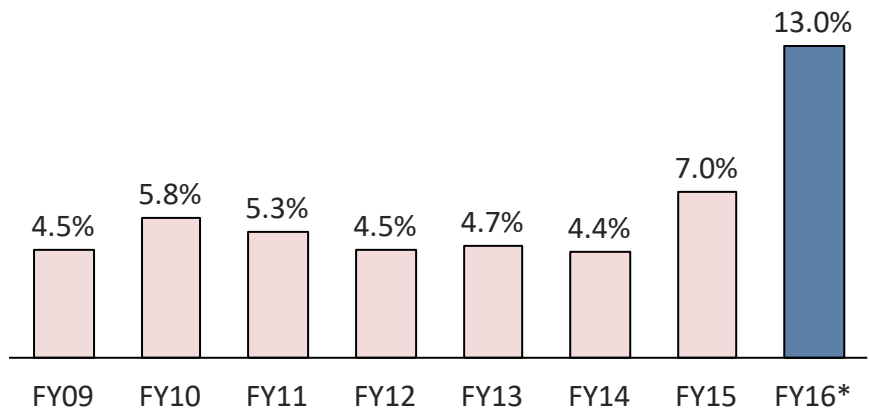
Revenue (In Crs)



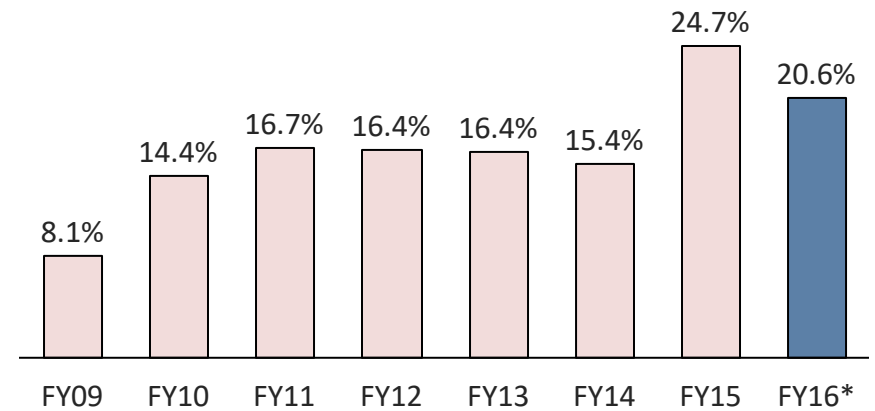
EBIDTA Margin



PAT Margin



ROE



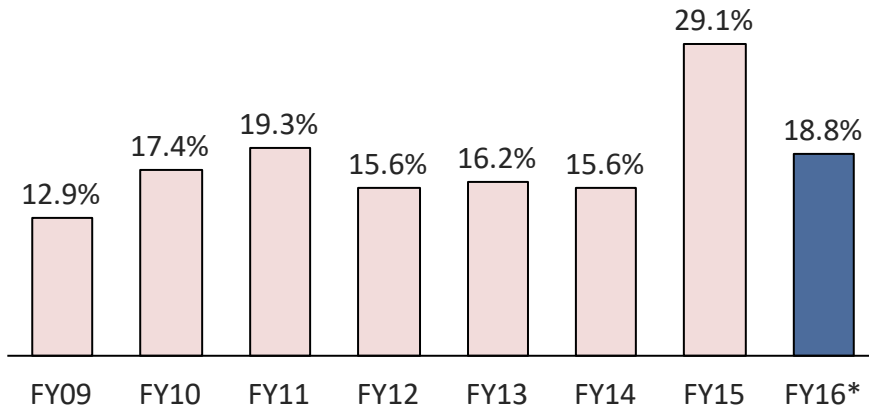
*FY16 figures are on consolidated basis.



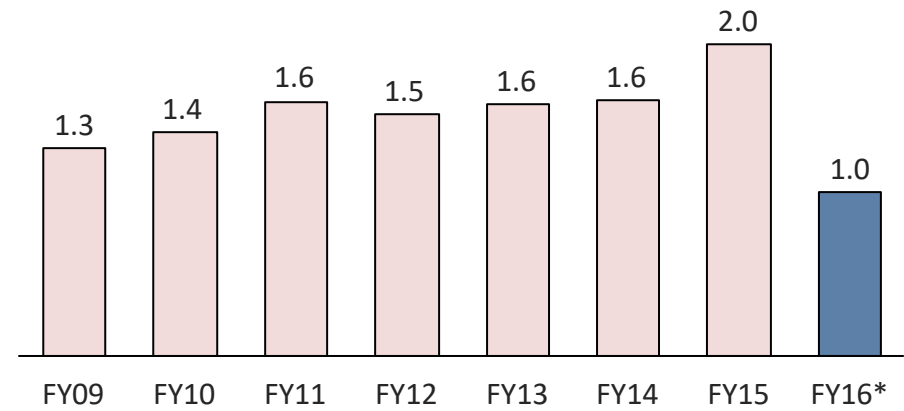
Key Performance Indicators



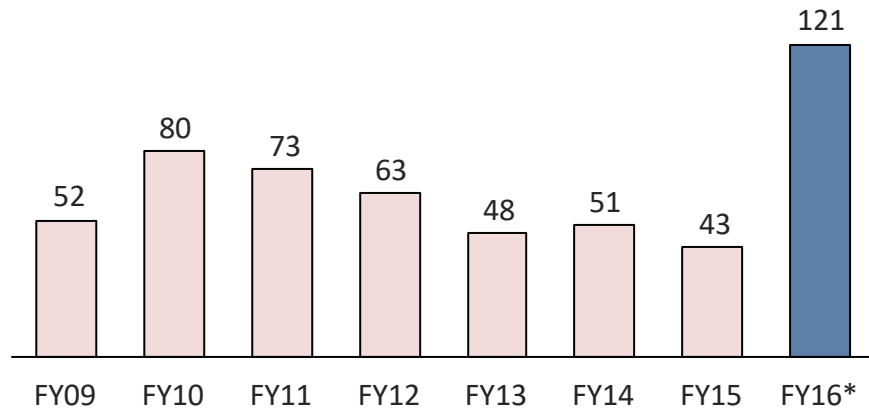
ROCE



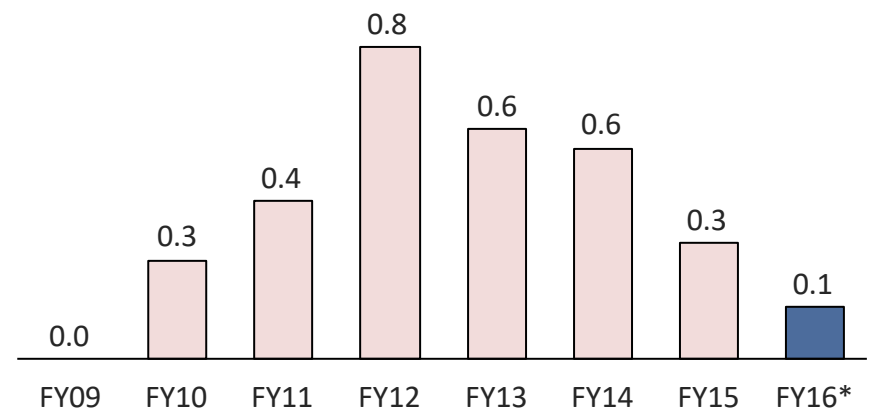
Asset Turnover Ratio



Net Operating Working Capital Days



Debt to Equity Ratio



*FY16 figures are on consolidated basis.



Profit & Loss Statement



| Rs. Crores | Standalone | | | Consolidated |
|-------------------------|---------------|---------------|----------------|---------------|
| | FY16 | FY15 | Y-o-Y | FY16 |
| Total Revenue | 268.35 | 355.08 | -24.43% | 296.46 |
| Operating Expenses | 175.53 | 250.20 | | 193.81 |
| Employees Expenses | 15.22 | 14.10 | | 17.08 |
| Other Expenditure | 40.17 | 49.30 | | 46.15 |
| EBITDA | 37.44 | 41.47 | -9.72% | 39.43 |
| EBITDA Margin | 13.95% | 11.68% | | 13.30% |
| Other Income | 7.35 | 5.58 | | 8.28 |
| Depreciation | 8.94 | 8.98 | | 9.40 |
| Interest | 2.42 | 3.24 | | 2.43 |
| PBT | 33.43 | 34.83 | -4.02% | 35.88 |
| Tax | 8.76 | 10.15 | | -2.65 |
| Profit After Tax | 24.67 | 24.68 | -0.04% | 38.53 |
| PAT Margin | 9.19% | 6.95% | | 13.00% |



Balance Sheet Statement



| Rs. Crores | Consol | Standalone | |
|---------------------------------------|---------------|---------------|---------------|
| | Mar - 16 | Mar - 16 | Mar - 15 |
| Shareholders Fund | 187.22 | 113.19 | 99.75 |
| Share Capital | 10.41 | 10.41 | 5.22 |
| Reserves & Surplus | 176.81 | 102.78 | 94.53 |
| Total Non Current Liabilities | 3.37 | 7.39 | 17.05 |
| Long Term Borrowings | 0.00 | 0.00 | 8.36 |
| Deferred Tax liabilities | 0.00 | 4.68 | 5.59 |
| Other Long Term Liabilities | 1.38 | 1.38 | 1.33 |
| Long Term Provision | 1.99 | 1.33 | 1.78 |
| Total Current Liabilities | 97.47 | 71.76 | 63.85 |
| Short Term Borrowings | 17.05 | 16.88 | 14.39 |
| Trade Payables | 34.13 | 23.01 | 20.26 |
| Other Current Liabilities | 31.85 | 17.58 | 19.86 |
| Short term provision | 14.44 | 14.29 | 9.34 |
| TOTAL EQUITY & LIABILITIES | 288.06 | 192.34 | 180.66 |

| Rs. Crores | Consol | Standalone | |
|---------------------------------|---------------|---------------|---------------|
| | Mar - 16 | Mar - 16 | Mar - 15 |
| Total Non Current Assets | 135.95 | 117.33 | 102.46 |
| Fixed Assets | 94.74 | 62.69 | 65.13 |
| Non Current Investments | 17.81 | 47.72 | 30.76 |
| Deferred Tax Assets (Net) | 6.73 | 0.00 | 0.00 |
| Long term loans & advances | 10.62 | 6.65 | 6.30 |
| Other Non Current assets | 6.05 | 0.27 | 0.27 |
| Total Current Assets | 152.11 | 75.01 | 78.20 |
| Inventories | 43.34 | 20.00 | 15.22 |
| Trade Receivables | 83.84 | 46.19 | 48.70 |
| Cash & Cash Equivalents | 9.81 | 4.82 | 4.43 |
| Short Term loans & Advances | 7.41 | 2.70 | 5.47 |
| Other current asset | 7.72 | 1.29 | 4.37 |
| TOTAL ASSETS | 288.06 | 192.34 | 180.66 |



01

CONTOURS OF THE DEAL

02

ACQUISITION RATIONALE

03

ACQUISITION ASSETS & OPPORTUNITIES



Long Term Strategy to tap Full Potential of Emulsion Polymers Industry

Apcotex Industries Ltd acquires 100% of Equity Capital of Omnova Solutions India Private Limited in all Cash deal

Enterprise Value of the Deal – Rs 36 Crs

Equity - Rs 30 Crs

Loan Given to Omnova - Rs 6 Crs

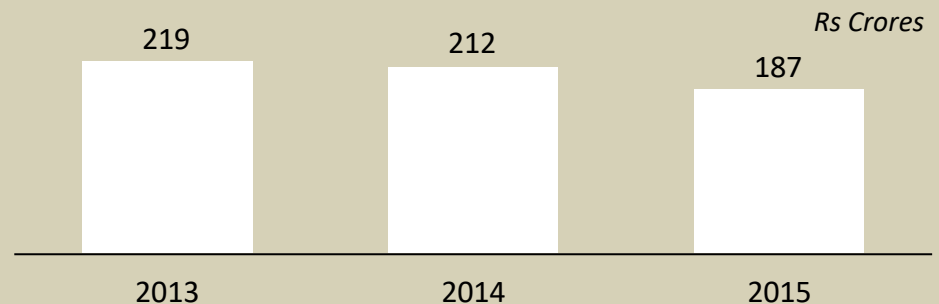
Additional Deployment

Additional deployment of Rs 25 – 30 Crores is planned in the acquired business in Short & Medium Term

Funding

The acquisition has been funded through internal accruals

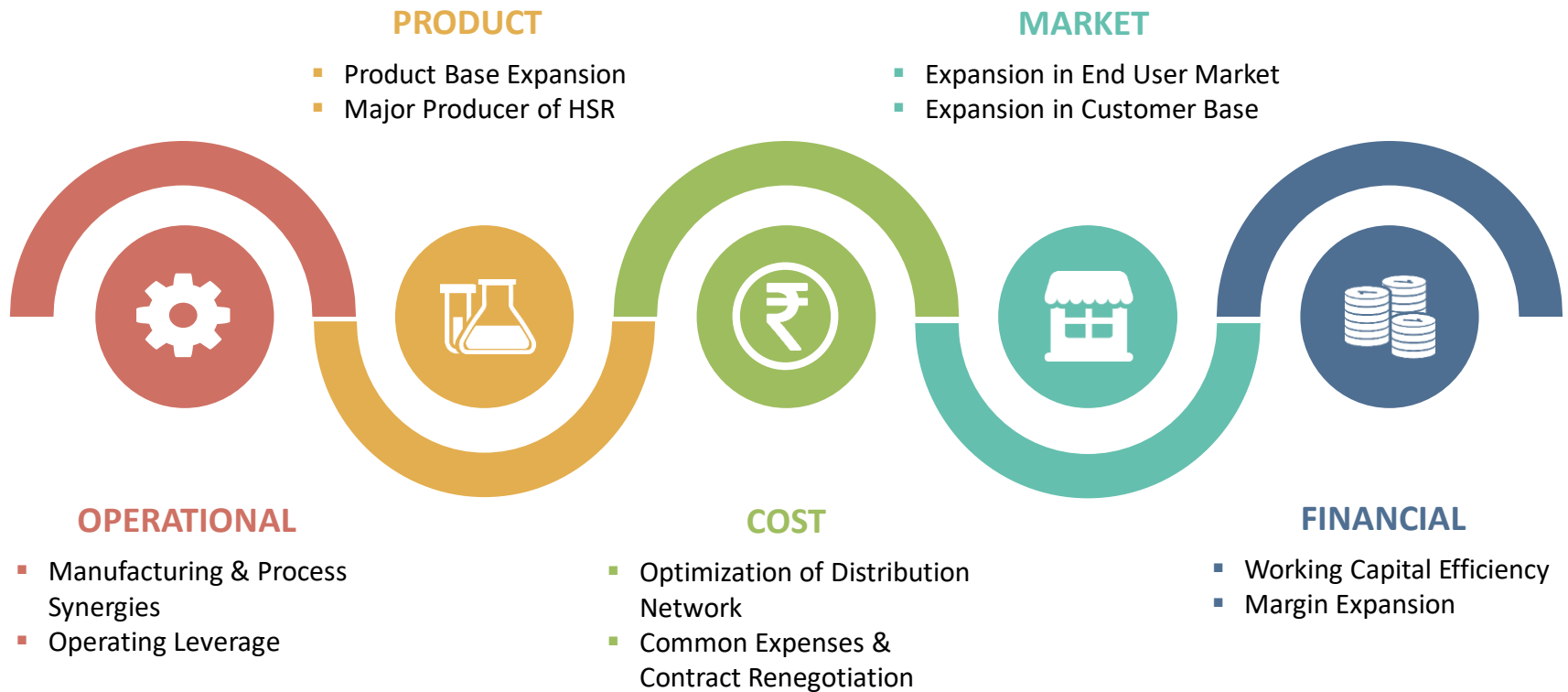
Omnova Solutions India Private Limited – Sales Performance*



* Financial year ending month- November



Acquisition Rationale





Acquisition Assets & Opportunities



BUSINESS OPPORTUNITIES



ADDITIONAL BENEFITS

Tax Benefits

Tax Benefits of
~Rs. 10 - 14
Crores



Working Capital

Better working capital
efficiency will release
~Rs. 12-15 Crores



Land

115 Acres of Land at
Valia - ~23 Kms from
Ankleshwar, Gujarat



*Incremental Capex of Rs 25- 30 Crores for modernisation & de bottlenecking
Accretive Acquisition – Operating Benefits will significantly improve Margins*



01

ENTRY BARRIERS

02

BUSINESS OUTLOOK



Handling of Raw Materials

- Ability to handle raw material which are explosive, toxic and inflammable
- Butadiene, Acrylic Acid Acrylonitrile, Styrene and 2 VP Monomer needs special handling

Customer Approvals

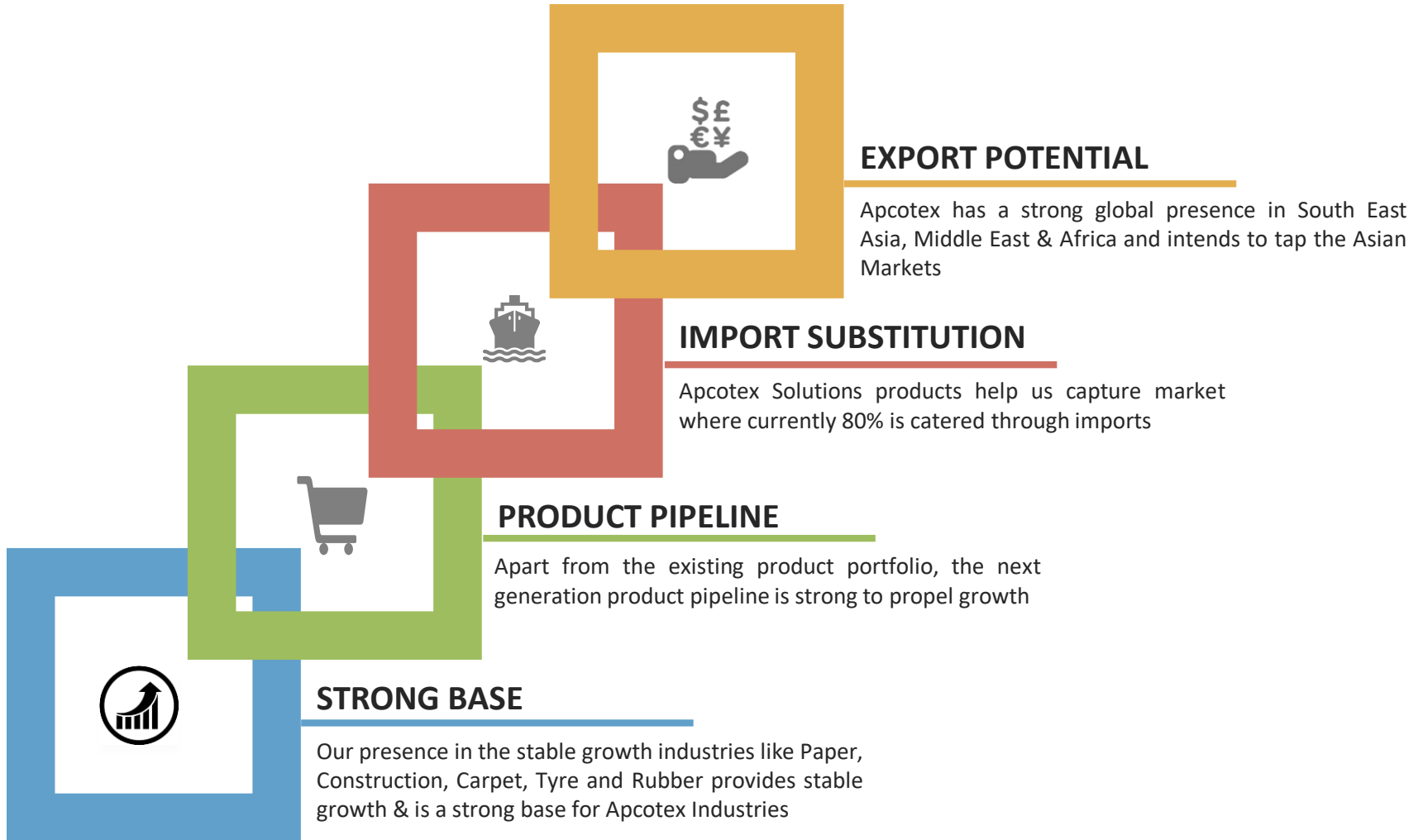
- Average customer approval cycle is from 6m to 3yrs
- The Approval Process ensures the stickiness of the Customer

Technology

- Technology is available with handful players only
- Technical service & product customization to customers

Plant Automation

- The new entrants in the industry will not be able to replicate automated plant setup
- Automation – Only way to scale operations





For further information, please contact:

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CIN: L99999MH1986PLC039199

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