



apcotex industries ltd.

Investor Presentation

MAY, 2016



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# Our Introduction



## apcotex industries limited

One of the leading producers of Performance Emulsion Polymers in India

**DIVERSIFIED PRODUCTS**

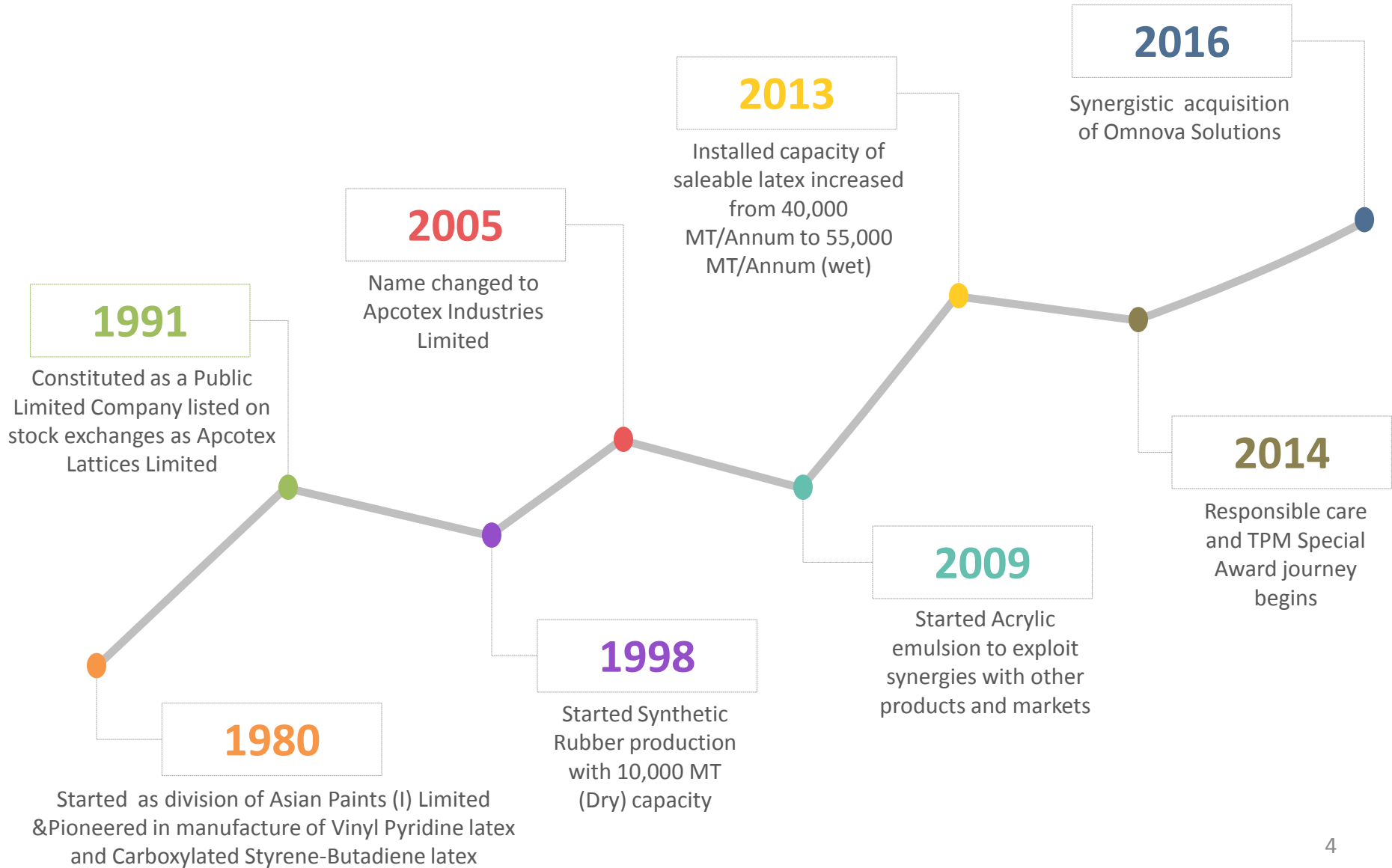
**DIVERSIFIED INDUSTRIES**

**DIVERSIFIED PRESENCE**





# Our Evolution





# Our Performance



Rs in Crores	FY09	FY16*	CAGR
Revenue	100	268	15%
EBIDTA	9	37	23%
PAT	4	25	28%
ROE	8%	22%	
ROCE	12%	28%	

\*FY16 figures are on standalone basis.



# Performance Drivers



01

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**DIVERSIFIED PRODUCTS**

05

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**R&D AND QUALITY CONTROL**

02

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**DIVERSIFIED INDUSTRIES**

06

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**QUALITY CERTIFICATIONS**

03

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**DIVERSIFIED PRESENCE**

07

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**EXPERIENCED BOARD OF DIRECTORS**

04

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**STRATEGICALLY LOCATED FACILITIES**

08

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**PROFESSIONAL MANAGEMENT TEAM**



# apcotex industries



Nitrile Latex

High Styrene Rubber

Carboxylated SB Latex

SB / Styrene Acrylic Latex

Vinyl Pyridine Latex



# apcotex solutions<sup>+</sup>

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



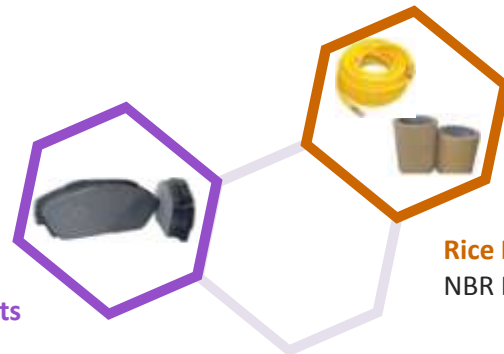
**Footwear & Shoe Sole**  
High Styrene Rubber



**Bonding & Waterproofing in Construction**  
SB / Styrene Acrylic Latex



**Brakes & Jointing Sheets**  
NBR Bale Rubbers



**Rice Roll & Hoses**  
NBR PVC Polyblends



## apcotex solutions<sup>+</sup>





## apcotex industries

### Paper

- ITC Ltd
- BILT
- JK PAPER
- NR Group

### Carpet

- Obeetee Industries
- ABC Industries

### Rubber

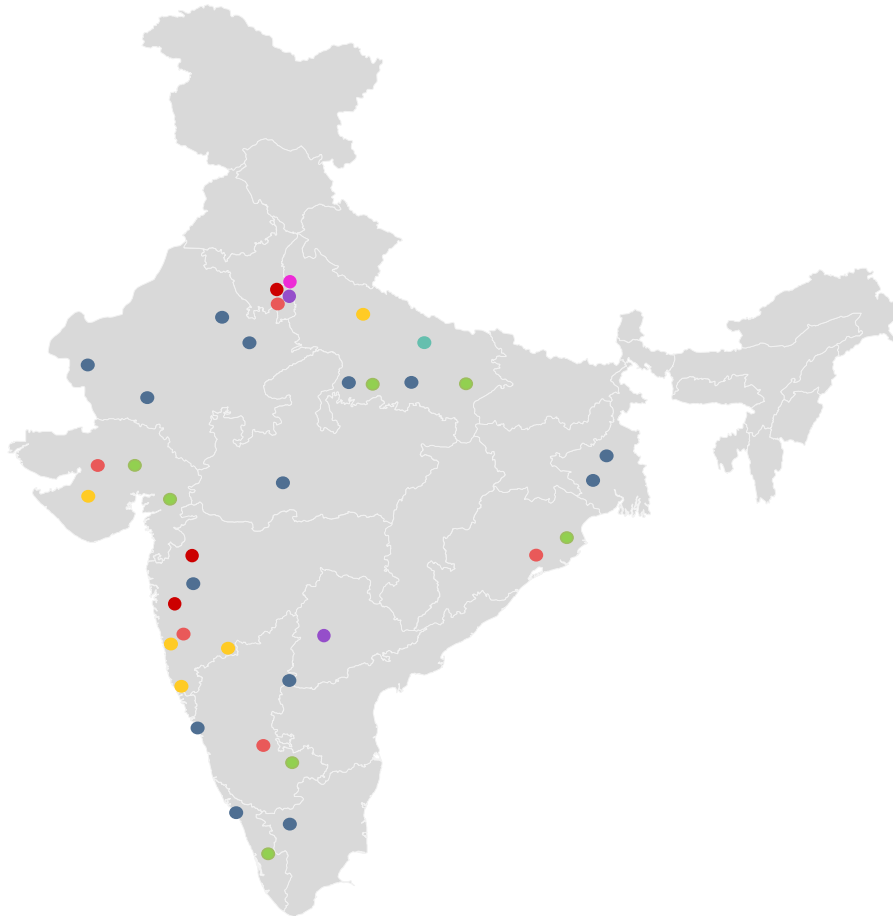
- Paragon Footwear
- Relaxo Footwear
- Banik Rubber
- Distributors all over India

### Construction

- Pidilite Industries
- Sika
- Fosroc

### Tyre/Cord Dipper

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



## apcotex solutions<sup>+</sup>

### 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

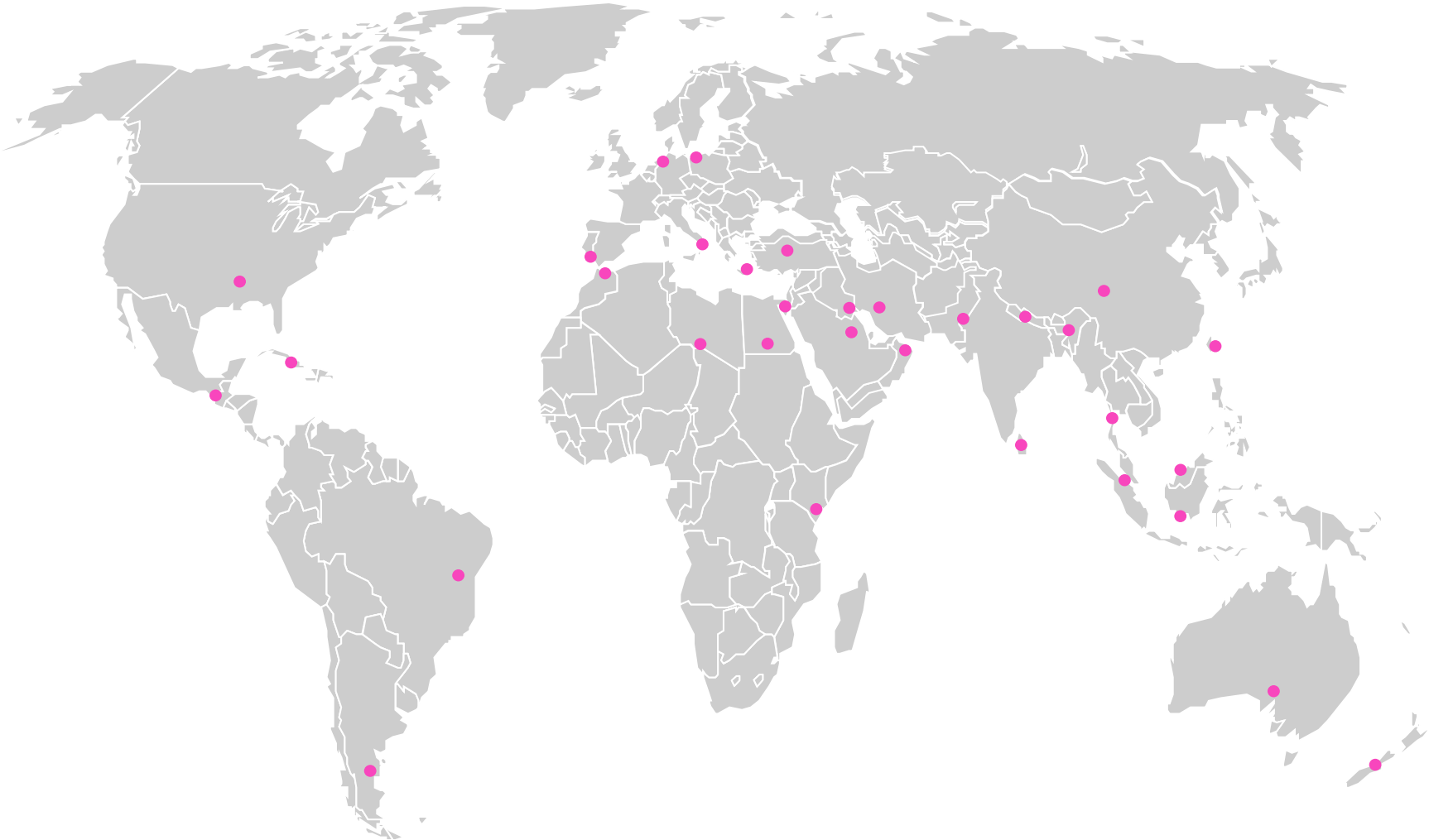
- Shaktiman
- Hindustan Rubber Industries (RR)
- Golden Rolls Pvt Ltd/Cable Corp



# Diversified Presence



## INTERNATIONAL CUSTOMER BASE





# Strategically Located Facilities



Taloja  
Facility

*Maharashtra*

Valia  
Facility

*Gujarat*





## Product Development Lab



## Product Application Lab



## DCS Process Control



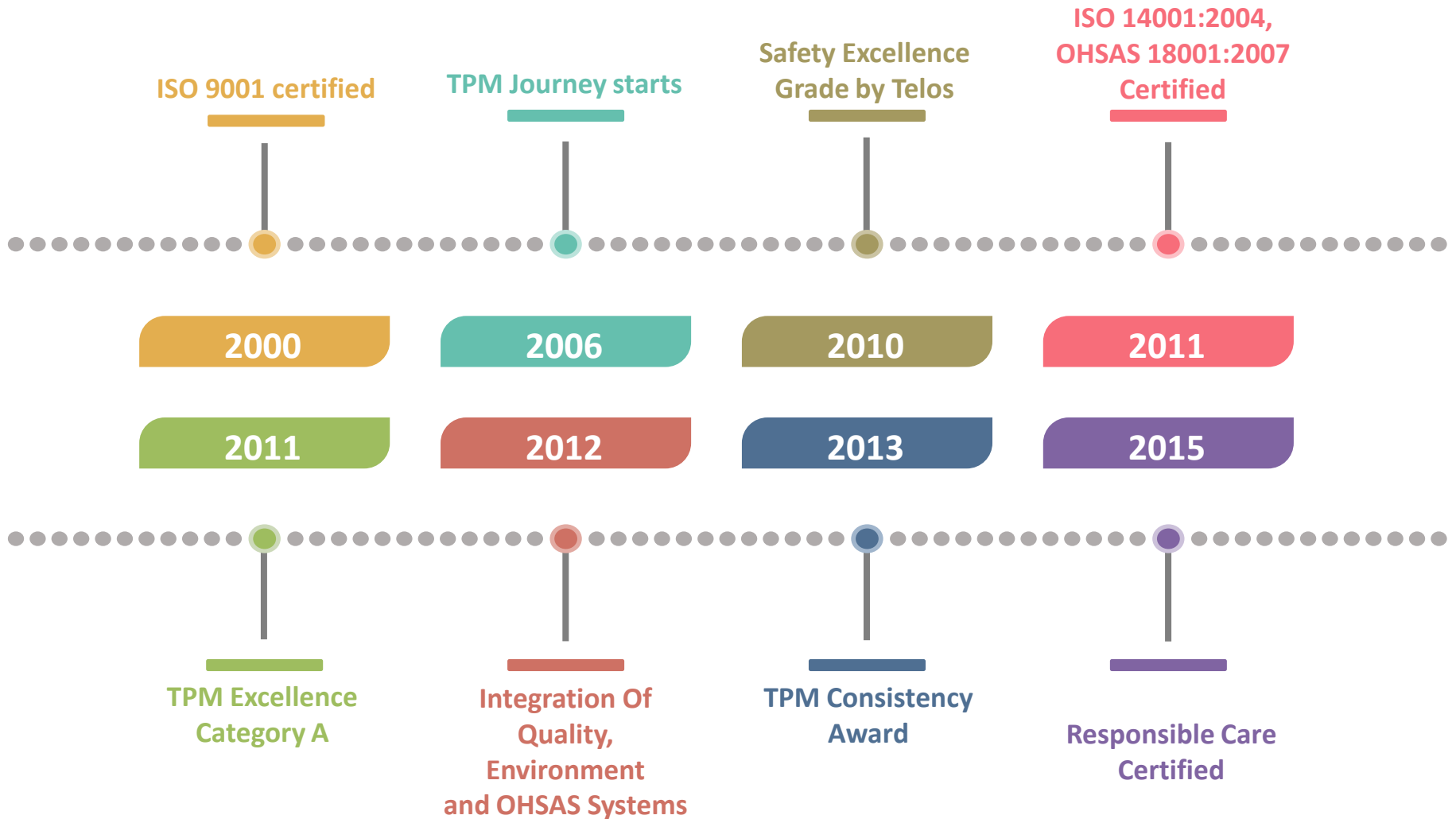
## Quality Assurance Lab



*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

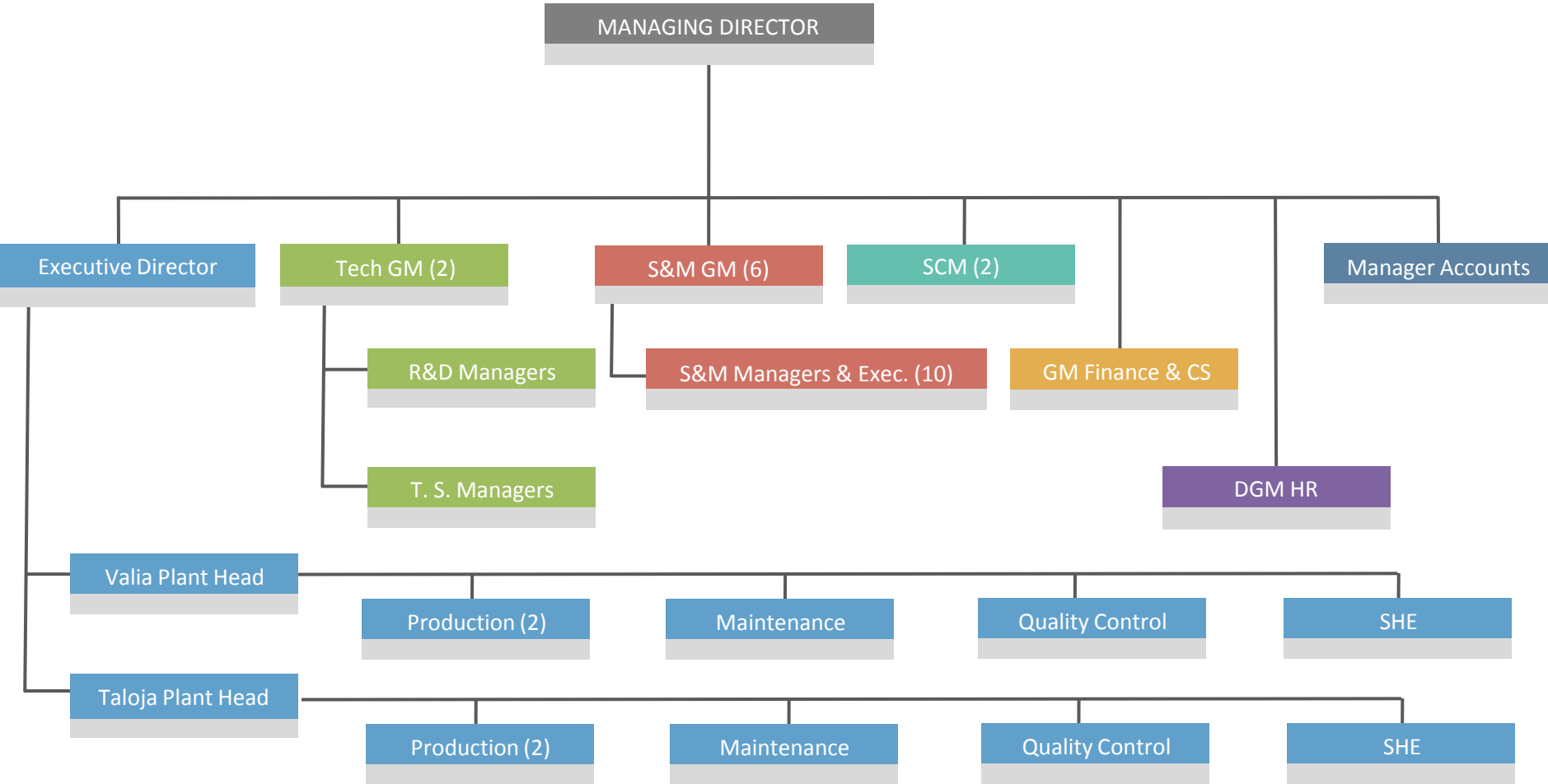
He is a Bachelor of Chemical Engineering and has worked with Asian Paints and Apcotex Industries since 1981. Currently he is Vice President – Operations and in-charge of production, engineering, projects, supply Chain (till 2015), stores, IR and general Factory administration.

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**

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**KEY PERFORMANCE  
INDICATORS**

**02**

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**PROFIT & LOSS STATEMENT**

**03**

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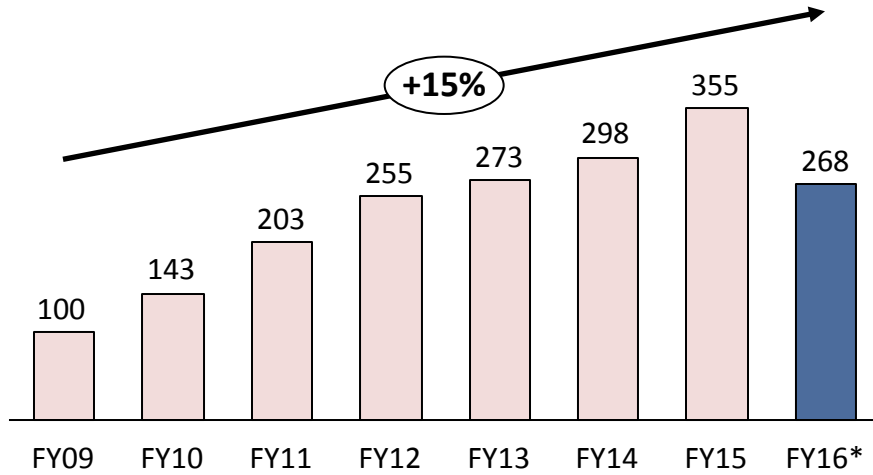
**BALANCE SHEET STATEMENT**



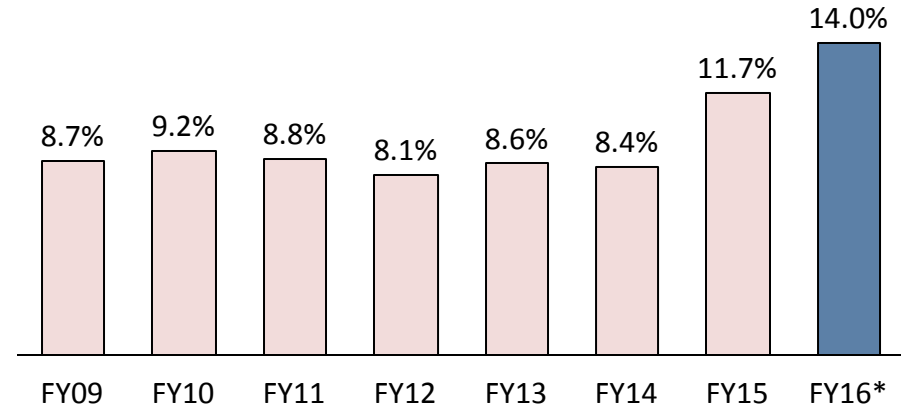
# Key Performance Indicators



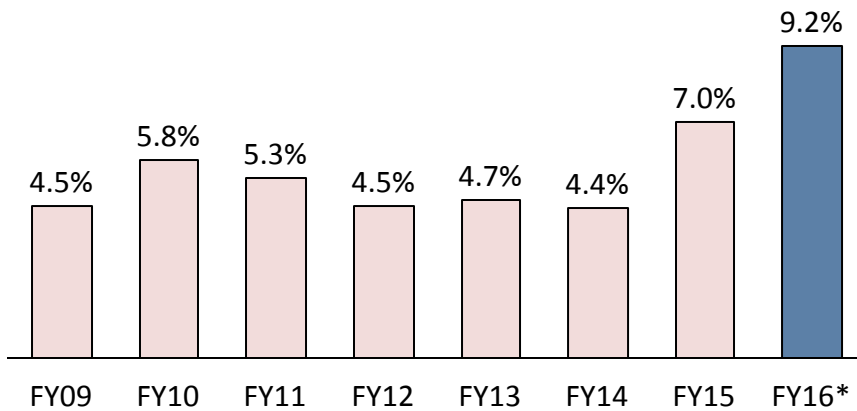
## Revenue ( In Crs )



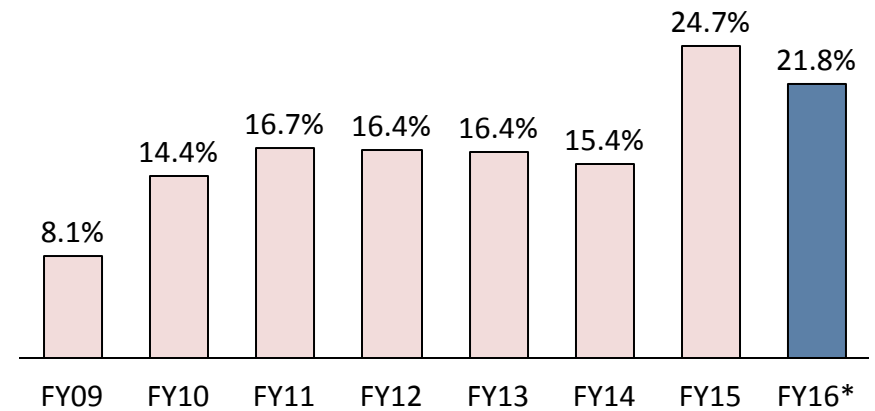
## EBIDTA Margin



## PAT Margin



## ROE



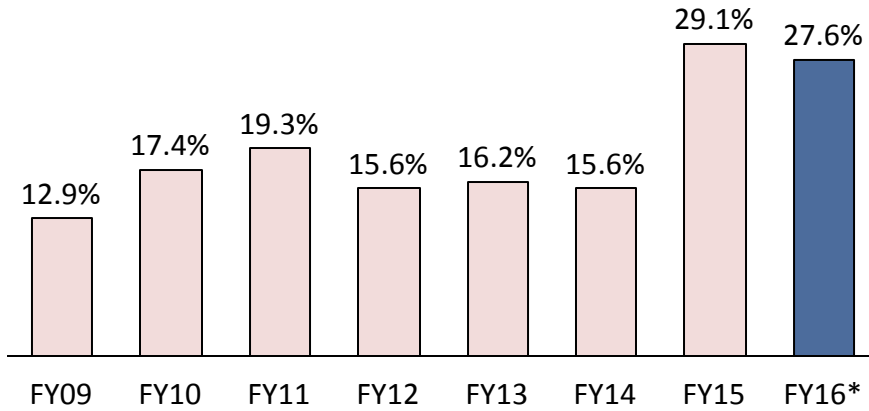
\*FY16 figures are on standalone basis.



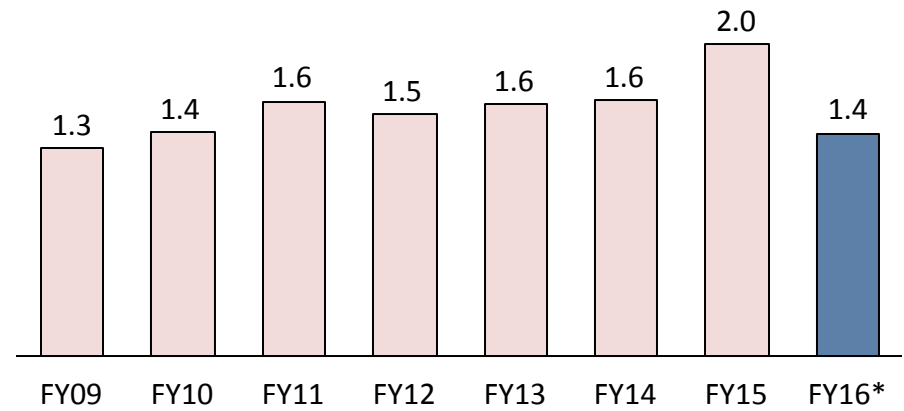
# Key Performance Indicators



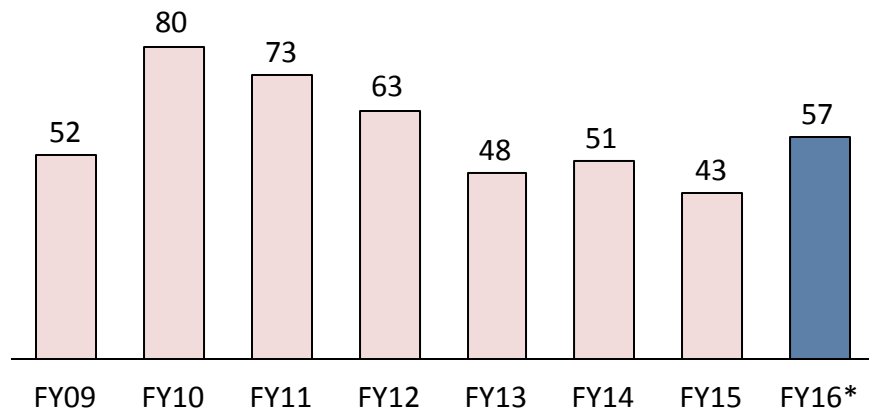
## ROCE



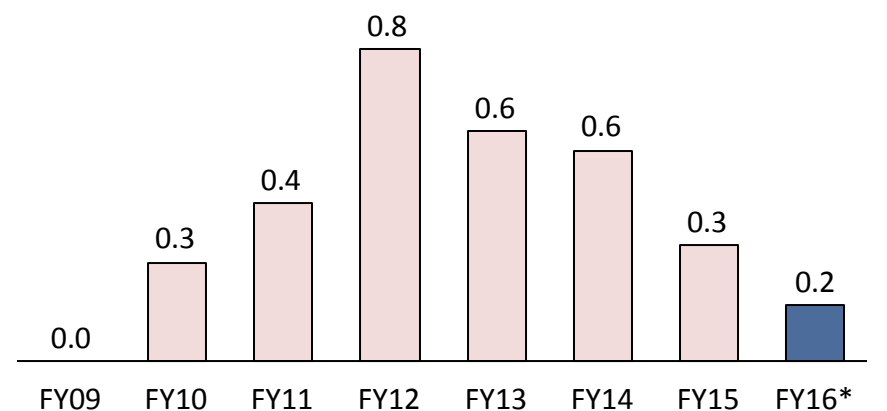
## Asset Turnover Ratio



## Net Operating Working Capital Days



## Debt to Equity Ratio



\*FY16 figures are on standalone basis.



# Profit & Loss Statement –Quarter



Rs. Crores	Standalone			Consolidated
	Q4FY16	Q4FY15	YoY	Q4FY16
<b>Total Revenue</b>	<b>67.95</b>	<b>77.12</b>	<b>-11.89%</b>	<b>96.06</b>
Operating Expenses	43.55	48.29		61.84
Employees Expenses	3.83	3.49		5.69
Other Expenditure	11.69	14.39		17.67
<b>EBITDA</b>	<b>8.88</b>	<b>10.95</b>	<b>-18.92%</b>	<b>10.87</b>
<b>EBITDA Margin</b>	<b>13.07%</b>	<b>14.20%</b>		<b>11.31%</b>
Other Income	5.16	0.63		6.09
Depreciation	2.20	2.22		2.65
Interest	0.71	0.56		0.72
<b>PBT</b>	<b>11.14</b>	<b>8.80</b>	<b>26.57%</b>	<b>13.59</b>
Tax	2.57	3.03		-8.84
<b>Profit After Tax</b>	<b>8.56</b>	<b>5.77</b>	<b>48.36%</b>	<b>22.42</b>
<b>PAT Margin</b>	<b>12.60%</b>	<b>7.48%</b>		<b>23.34%</b>



# Profit & Loss Statement–Annual



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



# Balance Sheet Statement



Rs. Crores	Consol	Standalone	
	Mar - 16	Mar - 16	Mar - 15
<b>Shareholders Fund</b>	<b>187.22</b>	<b>113.19</b>	<b>99.75</b>
Share Capital	10.41	10.41	5.22
Reserves & Surplus	176.81	102.78	94.53
<b>Total Non Current Liabilities</b>	<b>3.37</b>	<b>7.39</b>	<b>17.05</b>
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
<b>Total Current Liabilities</b>	<b>97.47</b>	<b>71.76</b>	<b>63.85</b>
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
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>288.06</b>	<b>192.34</b>	<b>180.66</b>

Rs. Crores	Consol	Standalone	
	Mar - 16	Mar - 16	Mar - 15
<b>Total Non Current Assets</b>	<b>135.95</b>	<b>117.33</b>	<b>102.46</b>
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
<b>Total Current Assets</b>	<b>152.11</b>	<b>75.01</b>	<b>78.20</b>
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
<b>TOTAL ASSETS</b>	<b>288.06</b>	<b>192.34</b>	<b>180.66</b>



01

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CONTOURS OF THE DEAL

02

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ACQUISITION RATIONALE

03

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ACQUISITION ASSETS & OPPURTUNITIES





# Contours of the Deal



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

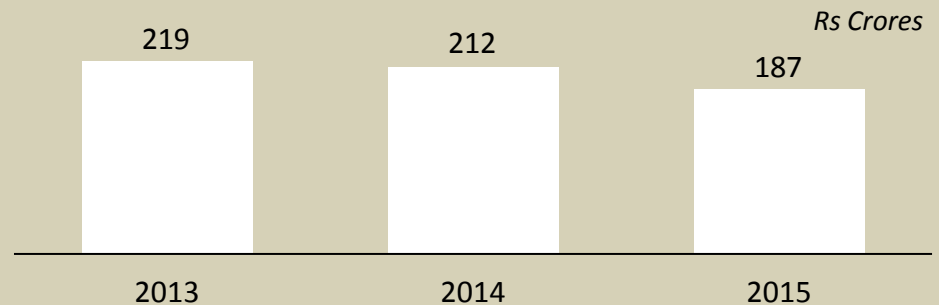
### Additional Deployment

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

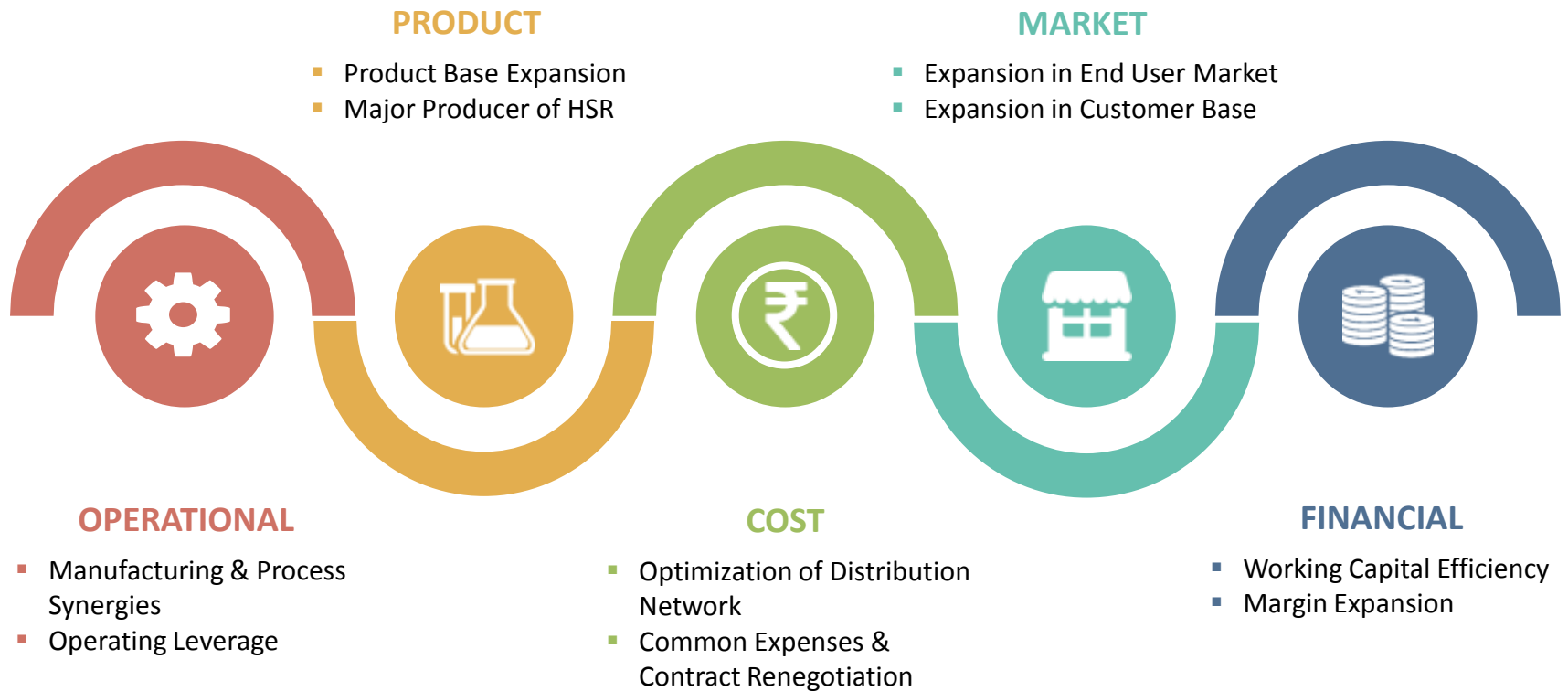
### Funding

The acquisition has been funded through internal accruals

### Omnova Solutions India Private Limited – Sales Performance\*



\* Financial year ending month- November





# Acquisition Assets & Opportunities



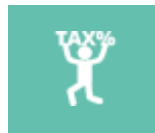
## BUSINESS OPPORTUNITIES



## 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

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ENTRY BARRIERS

02

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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

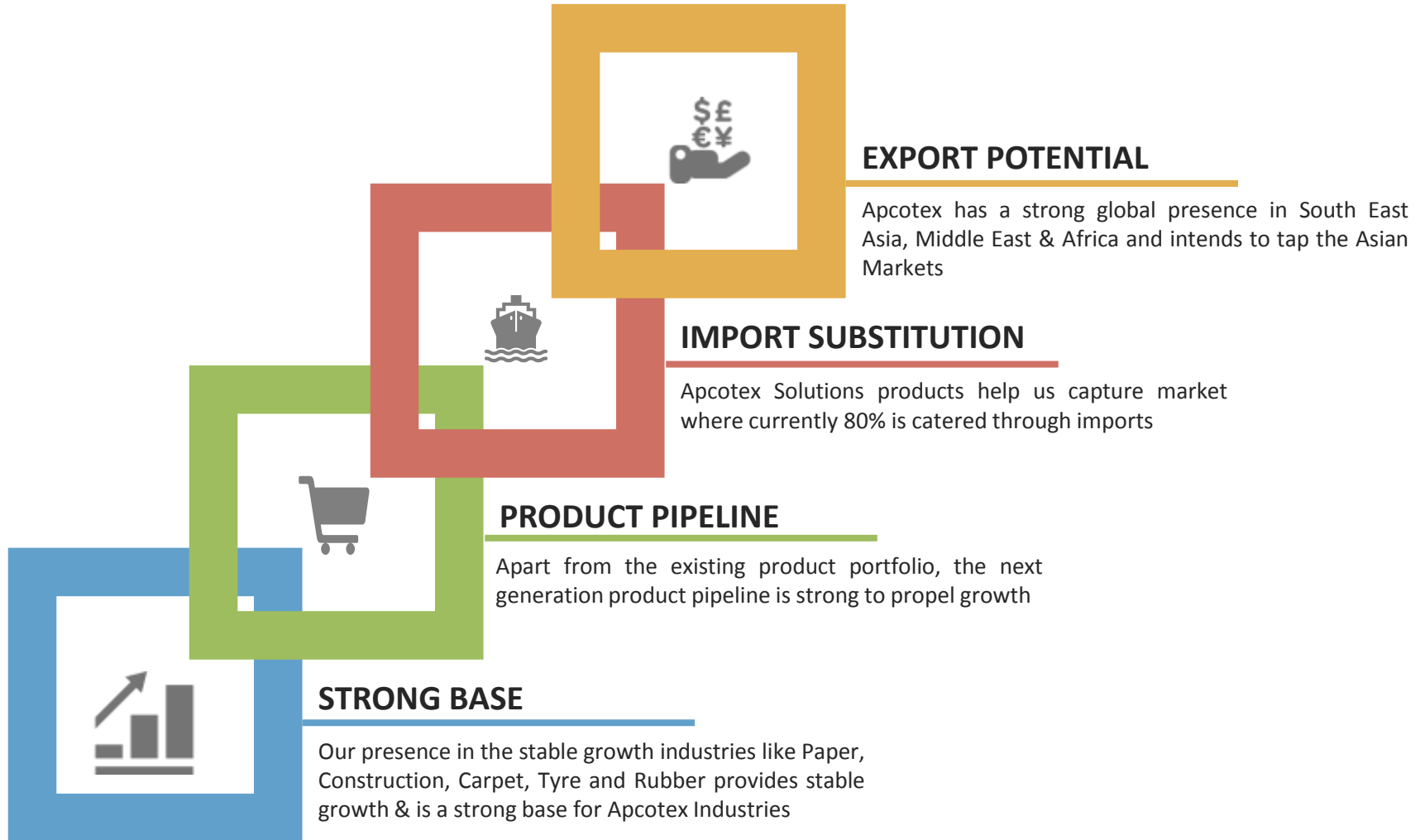
- Average customer approval cycle is from 6m to 3yrs
- The Approval Process ensures the stickiness of the Customer

## 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





The Board of Directors of the Company, at its meeting held on 22<sup>nd</sup> 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 scheme shall be subject to the approval / sanction by the Hon'ble High Court of Judicature at Bombay and such other authorities, as may be necessary.

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

Transferor Company	Apcotex Solutions India Private Limited (earlier known as OMNOVA Solutions India Private Limited)
Transferee Company	Apcotex Industries Limited
Appointed Date	31 <sup>st</sup> March, 2016

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

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



**For further information, please contact:**

**Company :**

**Apcotex Industries Limited**  
CIN: L99999MH1986PLC039199

Mr. Anand Kumashi  
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[www.apcotex.com](http://www.apcotex.com)

**Investor Relations Advisors :**

**Strategic Growth Advisors Pvt. Ltd.**  
CIN: U74140MH2010PTC204285

Mr. Ayush Jain / Ms. Payal Sheth  
[jayush@sgapl.net](mailto:jayush@sgapl.net) / [ps@sgapl.net](mailto:ps@sgapl.net)

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