



apcotex industries limited



Date: February 5, 2016

**The Manager - Listing Department,
The National Stock Exchange of India Ltd**
Exchange Plaza, 5th Floor, Plot No. C/1,
"G" Block,
Bandra-Kurla Complex, Mumbai-400051
Security Code: 523694

**Manager- Department of Corporate Services
Bombay Stock Exchange Ltd.**
Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400001
Symbol: APCOTEXIND

Dear Sir,

Sub : Media Release on Acquisition and Disclosure under Regulation 30 (4) of the SEBI (LODR) Regulations, 2015.

We are pleased to inform you that the Board of Directors in the meeting held today have approved acquisition of 100% stake in Omnova Solutions India Private Limited (OSIPL). In this regard, please find enclosed herewith the following:

- 1) Media Release
- 2) Disclosure in terms of Regulation 30 (4) of the SEBI (LODR) Regulations, 2015.

This is for your information and records.

Thanking you.

Yours truly,

For apcotex industries limited

**Anand V Kumashi
Company Secretary**

Encl : a/a

PLEASE REPLY TO

REGD. OFFICE & FACTORY : Plot No.3/1, MIDC Industrial Area, Talaja - 410 208, Dist. Raigad, Maharashtra. India.
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CORPORATE OFFICE : N. K. M. International House, 178, Backbay Reclamation, Babubhai M. Chinai Marg, Mumbai - 400 020, Maharashtra, India.
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Website : www.apcotex.com
CIN NO. L99999MH1986PLC039199



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Apcotex makes a synergistic bolt-on acquisition in Emulsion Polymers

Apcotex Industries Ltd. ("Apcotex") today announced that it has acquired 100% of the equity capital of **Omnova Solutions India Private Ltd.** ("OSIPL") in an all cash deal. This is aligned to Apcotex's long term strategy to tap the full potential of the Emulsion Polymers industry, through organic & inorganic growth.

OSIPL is the only Producer of Nitrile Rubber in India and only the second producer of High Styrene Rubber after Apcotex. It has a factory in Valia, Gujarat.

The acquired business will add muscle to Apcotex through additional gross revenue of around Rs. 200cr. Apcotex reported gross revenue of Rs. 391cr, EBITDA of Rs. 47cr and PAT of about Rs. 25cr for the financial year ended March 31, 2015.

The acquired business made a marginal surplus on cash basis for the latest accounting year. Apcotex is confident of improving its performance in the future. This is expected through the synergy that will flow on account of significant commonality of raw materials, cost optimization, similar chemistry, plant set-up, production processes, R&D facilities and human resources. Apcotex will also explore rationalizing of the asset base of the acquired business.

The acquisition gives Apcotex an opportunity to grow in new adjacencies in Emulsion Polymers such as Nitrile Rubber, Nitrile Powder and Nitrile/PVC Blends, which find application in automotive components, rice de-husking rolls, rubber hoses, moulded rubber products, and other industrial products.

The enterprise value of this transaction is Rs. 36cr. Additional deployment of around Rs. 40cr is planned in the acquired business in the short to medium term. The acquisition has been funded entirely through internal accruals.

Mr Abhiraj Choksey, Managing Director, Apcotex, expressed his delight at this acquisition and stated:

"This sizeable bolt-on acquisition bolsters our optimism about the long term value creation potential of Apcotex. We gain access to new product lines, new technologies and new processes with a potential to scale up significantly. We will continue to focus on improving market share in India, improving capacity utilization, reducing high cost structures and optimizing usage of capital. We believe this acquisition will yield a superior value to all our stakeholders."

About Apcotex

Apcotex Industries Ltd. (Apcotex) is one of the leading producers of Performance Emulsion Polymers in India. The products are used in industries such as Paper, Carpet, Construction, Footwear, Tyre, Automotive Components, Textile and Non-woven products. Apcotex has a highly-automated, world-class plant at Talaja that manufactures a range of emulsion polymers like SBR Latex, VP Latex, High Styrene Synthetic Rubber, Acrylic Latex and Nitrile Latex.

Apcotex is an ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified company, with high standards for quality, safety and environmental impact. It has received awards for TPM Excellence (2011) and Excellence in Consistent TPM Commitment (2013) from the Japan Institute of Plant Maintenance (JIPM). It has also received Responsible Care certification (2015) from the Indian Chemical Council (ICC). Apcotex stays committed to providing specialized high-quality products through its state of the art plants and unparalleled technical services through its strong sales and technical team. There is always a continuous drive to adhere to the highest standards of safety and environmental compliances.

Apcotex reported gross revenue of Rs. 391cr, EBITDA of Rs. 47cr and PAT of about Rs. 25 cr for the financial year ended March 31, 2015. It is listed on the BSE (523694) and NSE (APCOTEXIND) and had a market capitalisation of Rs. 408 cr as on February 4, 2016.

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Disclosure requirement - under Regulation 30 of SEBI (LODR) Regulations

SEBI circular no. CIR/CFD/CMD/4/2015 dated 9th September 2015

Name of the target entity, details in brief such as size, turnover etc.;	Omnova Solutions India Private Limited Omnova is manufacturer of Nitrile Rubber (NBR), Nitrile Powder and Nitrile/PVC Blends and High Styrene Rubber. Gross Turnover of about Rs.200 cr, net asset block of about Rs.41 cr., for the year ended 30 November 2015
Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arms length";	Promoters are NOT interested in this transaction, except to the extent of their shareholding in Apcotex Industries Limited (AIL).
Industry to which the entity being acquired belongs;	Emulsion Polymers Industry
Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);	Gives an opportunity to the Company to grow in adjacencies in Emulsion Polymers such as Nitrile Rubber, Nitrile Powder and Nitrile/PVC Blends which find application in the automotive components, rice de-husking rolls, rubber hoses, moulded rubber products and other industrial applications.
Brief details of any governmental or regulatory approvals required for the acquisition;	Not applicable
Indicative time period for completion of the acquisition;	Simultaneous signing and closing.
Nature of consideration - whether cash consideration or share swap and details of the same;	AIL will be acquiring 100% outstanding shares of the company.
Cost of acquisition or the price at which the shares are acquired;	The total cash consideration for acquiring Omnova is Rs.36. cr, including settlement of liabilities.
Percentage of shareholding / control acquired and / or number of shares acquired;	Acquiring 100% outstanding shares of the Company.
Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);	Background: Plant was established during 1992 by Apar Industries Ltd, which was taken over by Eliokem International, France during 2008. During December 2010, Eliokem was takeover worldwide by Omnova Solutions Inc., an American company producing emulsion polymers and specialty chemicals. Date of Incorporation: Omnova Solutions India Pvt Ltd was incorporated during 2007. Key products: (a) Nitrile Rubber (NBR) - bale and powder form used in automotive components, rice de-husking rolls, rubber hoses and other industrial applications. (b) NBR/PVC Blends used in LPG tubing, wire & cables, conveyor belts, door seals, moulded auto parts. (c) High Styrene Rubber used in hawaii slippers, footwear, microcellular sheets and abrasion resistant rubber products. History: Gross Sales turnover November 2015 - Rs. 204 cr (Un-audited), November 2014 - Rs.231 cr (Audited), and November 2013 - Rs. 242 cr (Audited). Plant is located in Valia, Gujarat, India.

[Explanation: For the purpose of the above disclosures the term 'acquisition' shall have the same meaning as defined in explanation of sub-para (1) of Para (A) of Part (A) of Schedule III of Listing Regulations].

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