

**30 May 2016**
**CMP:** Rs. 467.3

**Industry:** Chemicals

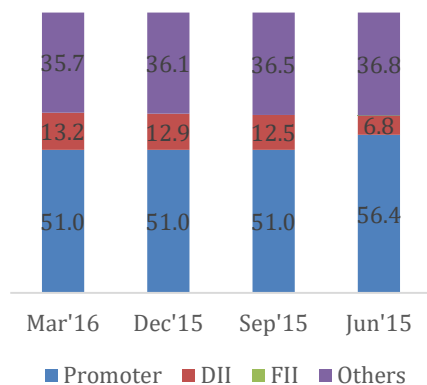
**BSE group:** S&P BSE SmallCap

**Promoters**

Duncan JP Goenka Group

**Key Data**

BSE	506579
ISIN	INE321D01016
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	4810.8
Current P/E	8.5
Current P/BV	1.7
52 week low-high	385.0-675.0
30 days avg daily trading volume	2.1
Net worth (Rs mn)	2807.8

**Shareholding Pattern (%)**


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**Company business**

Oriental Carbon & Chemicals (OCCL) was incorporated in 1978 as Dharuhera Chemicals Limited (DCL) and in 1983 was merged with Oriental Carbon Limited (OCL), a group company engaged in the production of Carbon Black, to form OCCL. In 1994, OCCL set-up a manufacturing facility for the production of Insoluble Sulphur, which is now the flagship product of the company. The company has undertaken capacity expansion over the past few years in order to satisfy the increasing customer requirements. The company is currently engaged in the production of Insoluble Sulphur, Sulphuric Acid and Oleum.

The company used to enter into 5 year agreements with client due to which it faced pressure on its margins due to volatile Sulphur prices restricting its ability to pass on increase in raw material cost to customers. However, the company has shifted to entering into quarterly contracts which leads to a one quarter lag in the company passing on any increase in raw material prices to end customers.

**Financials**

Particulars (Rs in mn)	Oct '15 to Dec '15	Oct '14 to Dec '14	% Change <sup>1</sup>	Jul '15 to Sep '15	% Change <sup>2</sup>
Total income	653.3	664.3	-1.7	714.3	-8.5
Total operating expenditure	448.0	464.9	-3.6	477.0	-6.1
EBIDTA	205.2	199.4	2.9	237.3	-13.5
EBIDTA margin	31.4	30.0		33.2	
PBT	155.3	148.6	4.5	181.2	-14.3
PAT	136.8	127.1	7.6	129.4	5.7
PAT margin	20.9	19.1		18.1	
EPS	13.3	12.3	7.6	12.5	5.7

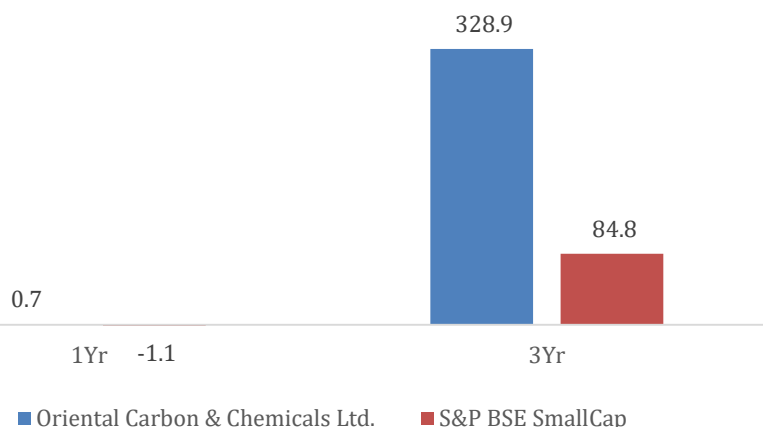
<sup>1</sup> compared to corresponding quarter in the previous year

Source: ACE Equity, Company

<sup>2</sup> sequential comparisons

**Financial Performance**

On a year on year basis, the company's profitability increased by ~8%. However, on a quarter on quarter basis, while revenues decreased by ~9%, profitability improved owing to lower financing costs.

**Share Price Performance**


**Financials**

<b>Income Statement</b> (Year ended 31 March)	<b>2013</b>	<b>2014</b>	<b>2015</b>
Total Income	2931.49	3358.47	3604.31
EBIDTA	624.26	716.41	841.42
EBIDTA margin	21.29	21.33	23.34
Depreciation	120.51	129.42	163.81
EBIT	503.75	586.98	677.62
Interest	154.59	135.38	103.51
PBT	378.29	501.65	550.83
Tax	99.36	96.28	98.15
PAT	278.93	405.37	452.67
PAT margin	9.52	12.07	12.56
Dividend (Rs.mn)	60.07	84.32	105.22
Dividend Payout	18.63	17.80	18.12
<b>Cash Flow Statement</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
PBT	378.29	501.65	550.83
CF from Operations	323.11	527.15	703.42
CF from Investing	-41.16	-210.09	-312.37
CF from Financing	-286.15	-337.33	-337.61
Inc/(Dec) in Cash	-128.53	-83.69	15.98
<b>Closing Balance</b>	<b>93</b>	<b>72</b>	<b>126</b>

<b>Balance Sheet (Year ended 31 March)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Share Capital	103.11	103.11	103.11
Share Application Money	0.00	0.00	0.00
Pending allotment			
Reserves & Surplus	1646.47	1966.17	2339.10
<b>Net worth</b>	<b>1750</b>	<b>2069</b>	<b>2442</b>
Borrowings	1342.99	1201.55	1070.23
Current Liabilities & Provisions	431.95	420.96	523.87
<b>Total liabilities</b>	<b>3700</b>	<b>3868</b>	<b>4182</b>
Net fixed assets	2177.48	2220.72	2147.24
Capital WIP	32.25	22.95	43.92
Investments	54.44	114.65	267.84
Inventories	505.27	497.07	530.30
Sundry Debtors	566.21	646.46	675.83
Cash & Bank	138.31	123.61	182.52
Other Current Assets	87.91	53.19	54.81
Loans and Advances	301.08	373.49	490.68
Miscellaneous Expenses not w/off			
Deferred Tax Assets/(Liabilities)	-163.02	-184.45	-211.16
<b>Total assets</b>	<b>3700</b>	<b>3868</b>	<b>4182</b>

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