

14 March 2017

CMP: Rs. 918.0

Industry: Chemicals

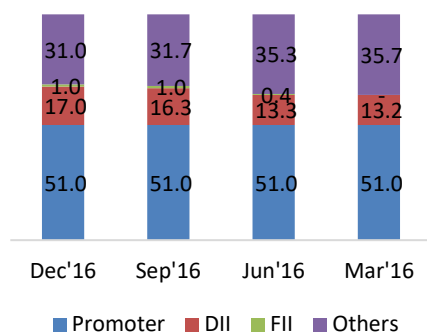
BSE group: S&P BSE SmallCap

Promoters

Duncan JP Goenka Group

Key Data

BSE	506579
ISIN	INE321D01016
Face Value (Rs.)	10.00
Mkt Cap (Rs. mn)	9,451.8
Current P/E	16.8
Current P/BV	2.9
52 week high-low	950-421.1
30 days avg. daily trading volume (shares)	186,944
Equity capital (Rs mn)	103.0
Net worth (Rs mn)	3,264.0

Shareholding Pattern (%)


[Click here for: Initiation Report](#)

[Write to us at: equity.research@outlook.com](mailto:equity.research@outlook.com)

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.

Recent Development

The company's board on 6 October 2016, accorded their consent to acquire 74% stake in Bhilai Jaypee Cement Ltd. for a consideration of Rs. 14.5 bn and Nigrie Cement Grinding unit of Jaiprakash Power Ventures Ltd. for a total consideration of Rs. 5.0 bn.

Financials

Particulars (Rs. mn)	Dec'16	Dec'15	% Change ¹	Sep'16	% Change ²
Total income	723.4	653.3	10.7%	714.5	1.2%
Total expenditure	509.9	448.0	13.8%	485.1	5.1%
EBITDA	213.4	205.2	4.0%	229.4	-7.0%
EBITDA margin (%)	29.5%	31.4%	-	32.1%	-
PBT	170.5	155.3	9.8%	183.9	-7.3%
PAT (after extraordinary items)	148.7	136.8	8.7%	146.9	1.2%
PAT margin (%)	20.6%	20.9%	-	20.6%	-
EPS (Rs.)	14.4	13.3	8.7%	14.3	1.2%

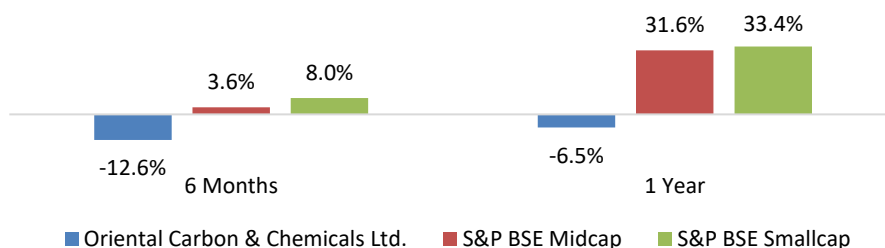
¹ compared to corresponding quarter in the previous year

Source: ACE Equity, Company

² sequential comparisons

Financial Performance

The company's income was up 10.7%, while the net profits increased by 8.7% over the corresponding quarter last year. The company's EBITDA margin has decreased from 31.4% last year to 29.5% this year, while PAT margin has marginally reduced from 20.6% to 20.9% for quarter ending December 2016.

Share Price Performance


Financials

P&L (Rs. mn)	2014	2015	2016
Total income	2,651.9	2,954.3	2,804.0
EBITDA	716.4	841.4	867.6
EBITDA margin (%)	27.0%	28.5%	30.9%
Depreciation	104.3	130.8	156.5
EBIT	612.1	710.6	711.1
Interest	110.5	81.0	63.5
PBT (before exceptional items)	501.6	629.6	647.6
Exceptional items	-	-	-
PAT	404.4	513.2	529.9
PAT margin (%)	15.2%	17.4%	18.9%
Dividend	84.3	105.2	105.3
Dividend payout (%)	20.9%	20.5%	19.9%
Cash Flow (Rs.mn)	2014	2015	2016
PBT (after exceptional items)	501.6	629.6	647.6
CF from operations	515.3	699.7	684.0
CF from investing	(232.4)	(313.9)	(420.6)
CF from financing	(316.9)	(315.6)	(350.2)
Inc/(dec) in cash	(34.0)	70.2	(86.8)
Closing Balance	55.0	125.2	38.3

Balance Sheet (Rs. mn)	2014	2015	2016
Equity Share Capital	103.0	103.0	103.0
Preference Share Capital	-	-	-
Share Warrants	-	-	-
Reserves & Surplus	1,935.5	2,338.7	2,763.3
Net worth	2,038.5	2,441.7	2,866.2
Borrowings	1,038.8	906.5	726.2
Current Liabilities & Provisions	302.2	351.6	369.3
Total liabilities	3,379.6	3,699.9	3,961.9
Net fixed assets	1,934.3	1,875.8	1,828.2
Capital WIP	22.7	41.7	395.1
Investments	576.7	832.9	784.5
Inventories	379.2	372.6	386.7
Sundry Debtors	471.2	514.9	480.5
Cash & Bank	102.2	177.2	100.0
Other Current Assets	48.5	50.3	63.7
Loans and Advances	29.3	45.6	134.6
Miscellaneous Expenses not w/off	-	-	-
Deferred Tax Assets/(Liabilities)	(184.4)	(211.2)	(211.4)
Total assets	3,379.6	3,699.9	3,961.9

Disclaimer

The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Our company shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation which may affect their investment in the securities of companies referred to in this document (including the merits and risks involved). The discussions or views expressed may not be suitable for all investors. This information is strictly confidential and is being furnished to you solely for your information.