

# ORIENTAL CARBON & CHEMICALS LIMITED

[Corporate Identity Number (CIN) - L24297WB1978PLC031539]  
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November 07, 2016

**The Manager**

BSE Limited

Department of Corporate Services

Floor 25, P. J. Towers, Dalal Street

Mumbai – 400 001

Fax No. 022-2272-3121/1278/1557/3354

Email: [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)

**The Manager**

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex

Bandra (E)

Mumbai – 400 051

Fax No. 022-2659-8237/8238/8347/8348

Email: [cmlist@nse.co.in](mailto:cmlist@nse.co.in)

**Scrip Code: NSE – OCCL, BSE-506579 and CSE-25065**

Dear Sir/Madam,

**Re: Investor Presentation for the half year ended 30<sup>th</sup> September, 2016**

Pursuant to the provision of the Listing Regulations, 2015 enclosed please find herewith a copy of the Investor Presentation for the half year ended 30<sup>th</sup> September, 2016.

Thanking you,

Yours Faithfully,

**ORIENTAL CARBON & CHEMICALS LTD.**



**Pranab Kumar Maity**

**Senior Manager Legal & Company Secretary**

Encl: a/a

# ORIENTAL CARBON & CHEMICALS LTD



Investor Presentation – November 2016



# Safe Harbor

This presentation and the accompanying slides (the “Presentation”), which have been prepared by Oriental Carbon & Chemicals Limited (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment what so ever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

01

## Performance Highlights

02

Company Overview

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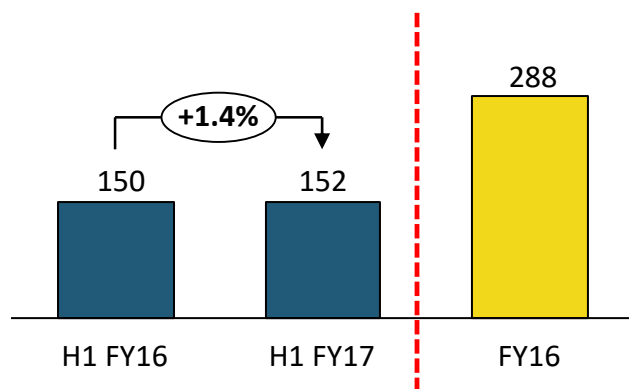
Growth Opportunities

04

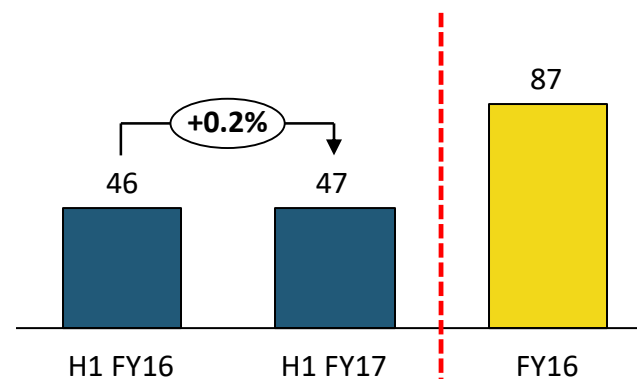
Financials

# Result Highlights: Y-o-Y Performance

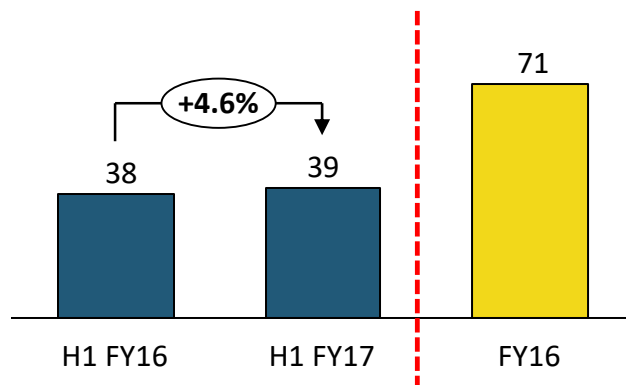
## Revenue (Rs. Crs)



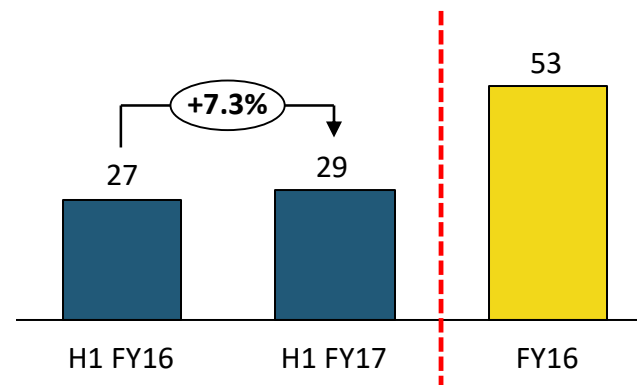
## EBITDA\* (Rs. Crs)



## EBIT (Rs. Crs)

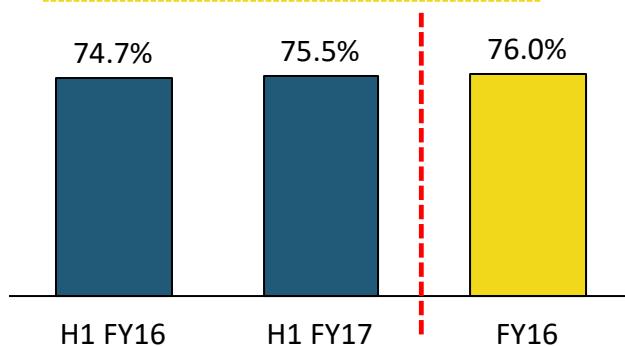


## PAT (Rs. Crs)

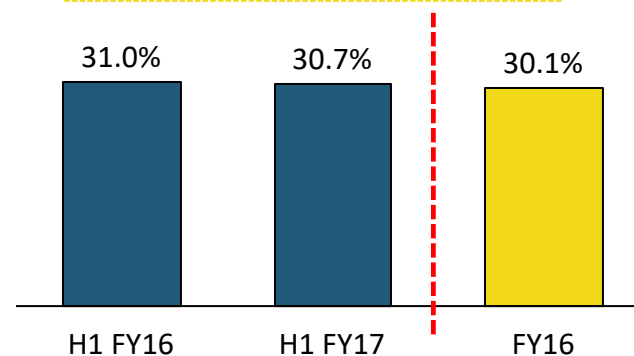


# Margin Profile

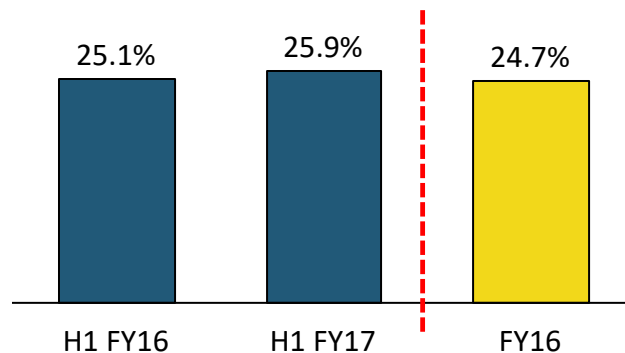
## Gross Profit (%)



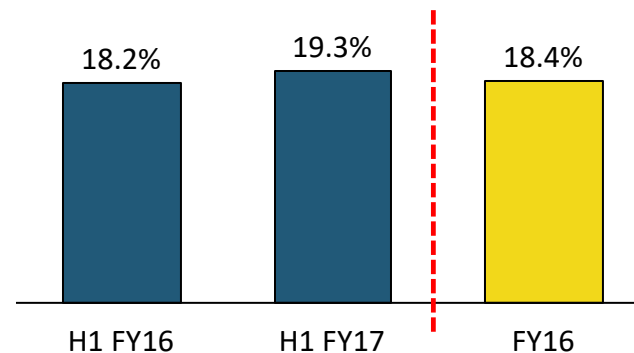
## EBITDA\* (%)



## EBIT (%)



## PAT (%)



**Board declared Interim Dividend of Rs. 3/- per equity share (i.e. 30% of FV of Rs. 10)**

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**Company Overview**

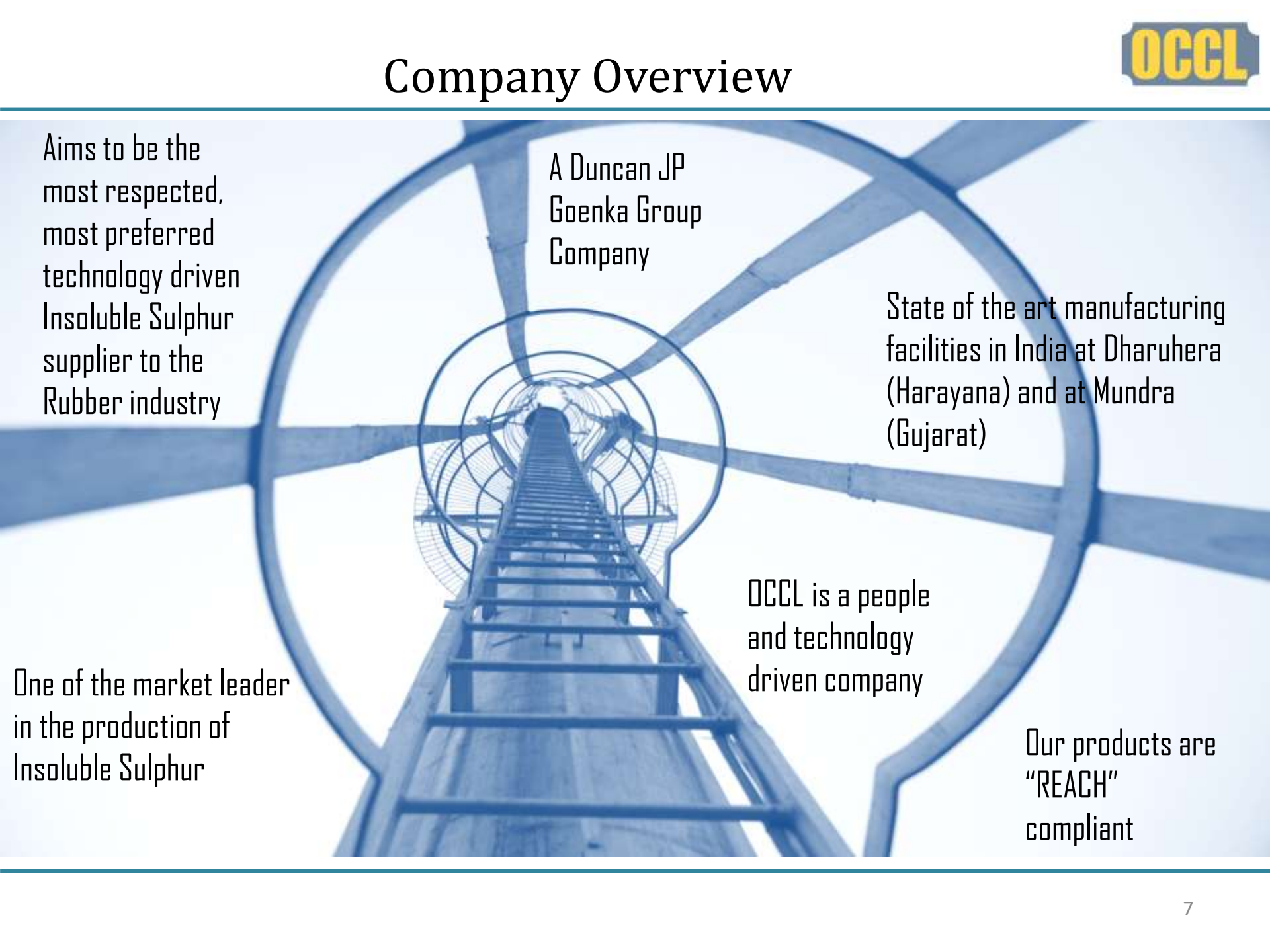
03

Growth Opportunities

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Financials

# Company Overview

The background of the slide is a blue-tinted photograph of a large industrial structure. It features a massive circular wheel with several thick spokes. In the center of the wheel is a long, straight metal ladder or walkway that extends from the bottom towards the center of the wheel, creating a strong sense of perspective.

Aims to be the most respected, most preferred technology driven Insoluble Sulphur supplier to the Rubber industry

A Duncan JP  
Goenka Group  
Company

State of the art manufacturing facilities in India at Dharuhera (Harayana) and at Mundra (Gujarat)

OCCL is a people and technology driven company

Our products are "REACH" compliant

One of the market leader in the production of Insoluble Sulphur



# OCCL - A Duncan JP Goenka Group Company



MARKET SHARE

**10 %**

CAPACITY INCREASE

**7.5x**

CUSTOMER BASE

**+40**

REVENUE - 10 Years CAGR

≡ **+18 %**

EBITDA - 10 Years CAGR

**+24 %**

PAT - 10 Years CAGR

**+30 %**

# Management Team



## Mr. J. P. Goenka: Promoter & Chairman

- Graduate from Kolkata University – An Industrialist associated with the renowned multi-Industry group name Duncan
- Having 55 years of Experience in the industries of diverse business interests such as Jute & Cotton Textiles, Wool-Tops, Industrial Explosives, Rubber Chemicals & Engineering products

## Mr. Akshat Goenka: Promoter & Jt. Managing Director

- Graduate in Economics & International Relations from University of Pennsylvania, USA
- Lead the team for setting up new Plant for manufacturing Insoluble Sulphur at SEZ Mundra, Gujarat

## Mr. Vijay Sabbarwal: President (Operations)

- He is an IIT graduate & heading the Operations of the company from 2014
- Has over 25 years of experience in divers Industrial segments like Chemicals, FMCG, Consumer Durables, Auto etc

## Mr. Arvind Goenka: Promoter & Managing Director

- Commerce Graduate from Kolkata University with 30 years of Experience in managing jute, lubricants and carbon black industry with expertise in finance & international marketing
- Responsible for the Long-term Goal Setting & Monitoring the progress of the Company

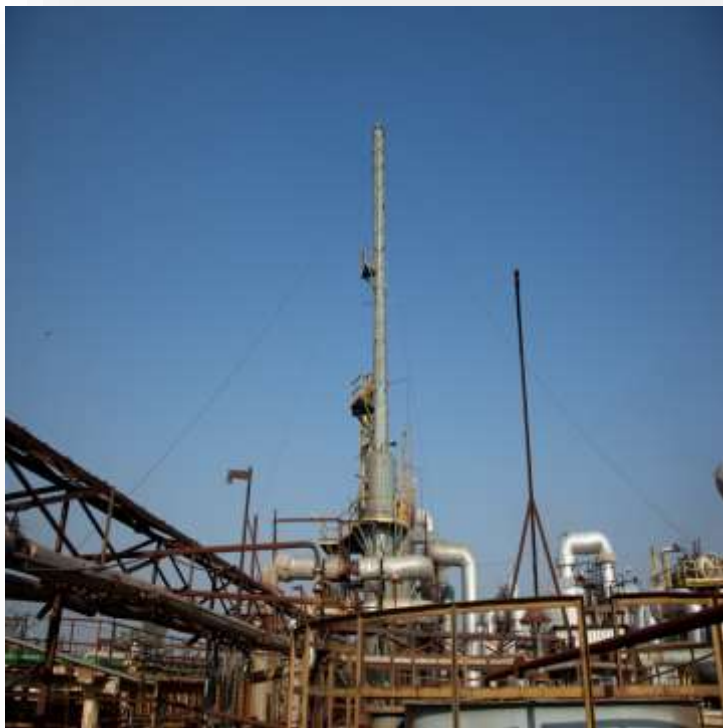
## Mr. Anurag Jain: Chief Financial Officer (CFO)

- Part of the company from last 24 years
- He brings dynamism to the Financial & Commercial Operations of the company & has played a key role in the Growth and Restructuring of the company over the years

## Mr. Muneesh Batta: Vice President (Marketing)

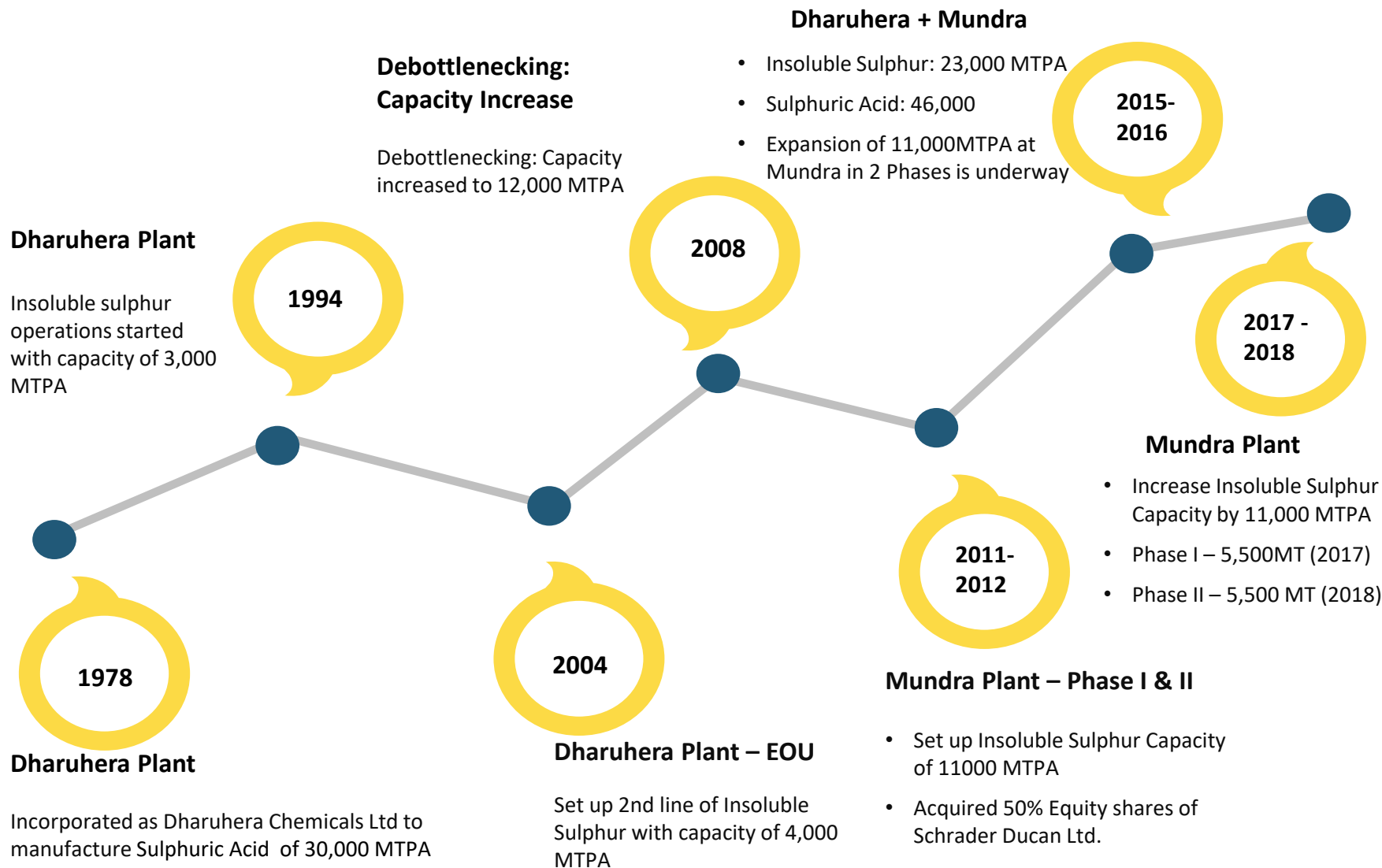
- An M.B.A (International Business) with over 14 years of experience in International business
- Responsible for international marketing of Insoluble Sulfur & increasing market share of Diamond Sulf overseas

# Manufacturing Facilities



Product name	Annual Capacity (MT)	Location	No. Of Lines
Insoluble Sulphur	12,000	Dharuhera (Haryana)	2
Insoluble Sulphur	11,000	SEZ Mundra (Gujarat)	2
Sulphuric Acid / Oleum	46,000	Dharuhera (Haryana)	1

# Ongoing Capacity Expansion



# Product Profile



## Insoluble Sulphur (IS)

- Insoluble Sulphur is sold under the brand “DIAMOND SULF”
- Application : Used as vulcanising agent in application where sulphur loading levels are required above the sulphur solubility rating of particular elastomers
- DIAMOND SULF is offered in various grades to satisfy diverse compounding requirements majorly for Tire industry
  1. High Dispersion Grades
  2. High Stability Grades
  3. Special Grades

## Sulphuric Acid

- Manufactures both Commercial Grade and Battery Grade Sulphuric Acid and Oleums
- Application : Dehydrating agent, catalyst, active reactant in chemical processes , solvent , detergents and absorbent
- Offered in following Grades
  1. Grades of exact purity : Storage battery , rayon, dye, Detergent and pharmaceutical industries
  2. Grades of less specifications : Steel, heavy chemical and superphosphate industries



# Cost Optimization Strategy

01

## Raw Material

- Key Raw Materials :
  - Sulphur available easily due to ample supply
  - Naphthenic Oil is procured from domestic as well as international players

02

## Freight

- Presence at the Port gives Location Advantage of reduced Logistic & Freight Cost
- ~71 % of the sales constitutes Exports

03

## Fixed Costs

- With increase production at the plants Operating Leverage to play out
- Future Expansion will result in reduced Fixed cost/ Overheads per MT as R&D and Utilities will be shared

04

## Power Cost

- Self-Sufficiency of steam for Plant at Dharuhera
- Benefits from Lower Power Cost in SEZ Gujarat

05

## Tax Exemption

- SEZ location of Mundra Plant - Income Tax Exemption benefit

# Global Customer Relationships

**BRIDGESTONE**

**Continental**

**JK TYRE**  
TOTAL CONTROL

**PIRELLI**

**CEAT**

**COOPERTIRES**

**Hankook**  
driving emotion

**SUMITOMO**  
RUBBER INDUSTRIES

**MRF**

**apollo**

**GOODYEAR**

**nokian**  
**TYRES**

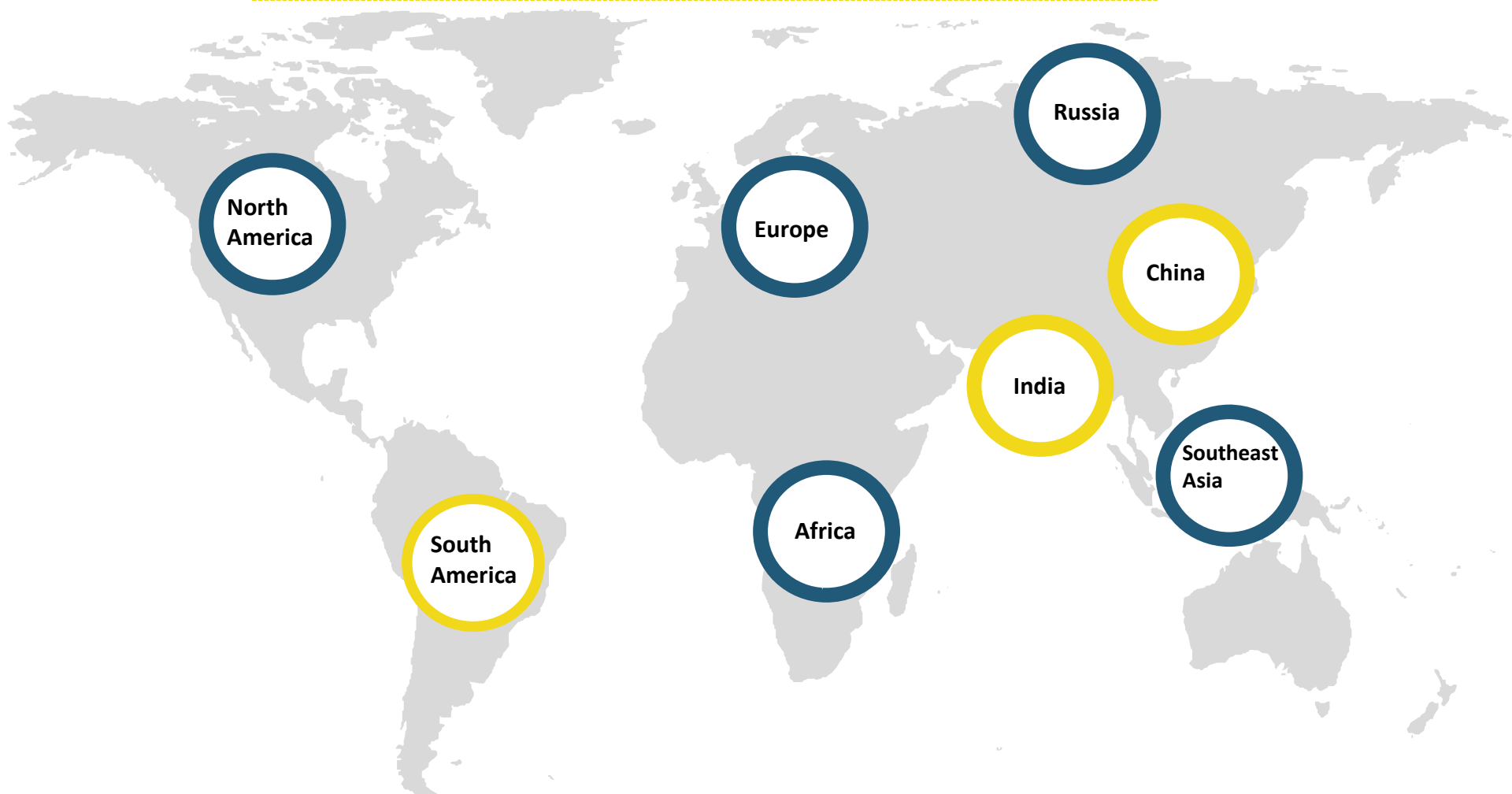
**BIRLA**  
**TYRES**  
Unbeatable!





# Global Sales Network

## Presence in 21 Countries across the World





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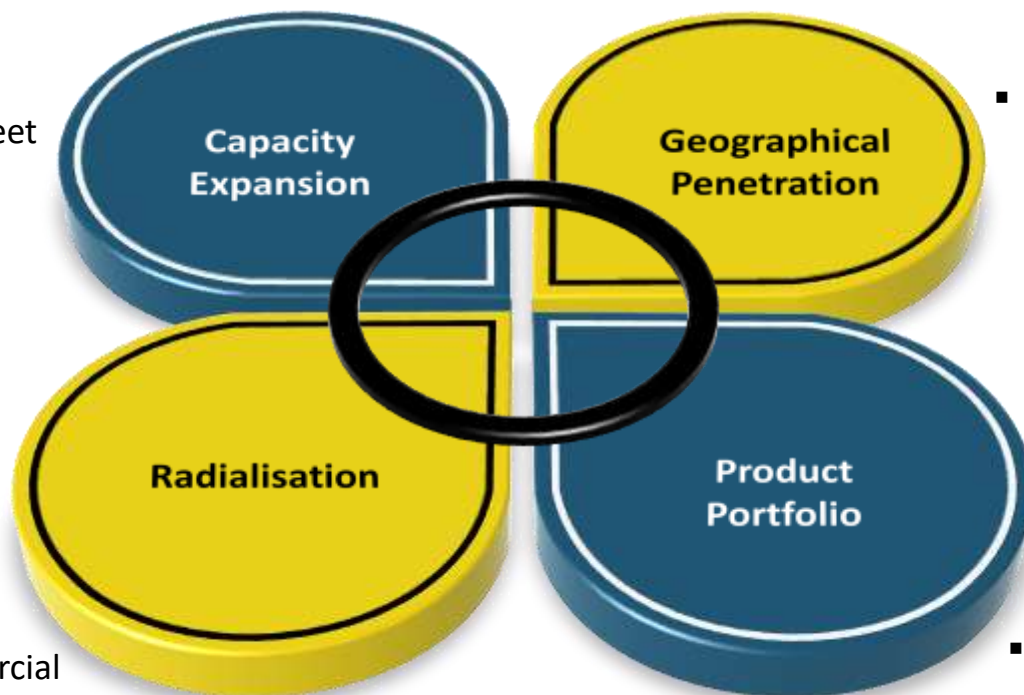
**Growth Opportunities**

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Financials

# Key Growth Drivers

- Capacity expansion at Mundra
- In-house technology and Common Infrastructure available
- Strategic Location to meet Exports demand
- Approval from all Large Global Tire Companies



- North America is the largest market for Insoluble sulphur with potential for growth to increase share
- Insoluble sulphur requirement increasing at a fast pace in Asia – High Growth Market
- 100% Production of High Stability, High Dispersion & Special grades of Insoluble Sulphur

- An increase in rate of Radialisation in Commercial Vehicles in India will lead to an increase in requirement of Insoluble Sulphur

# Trends driving Insoluble Sulphur Demand

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## Increase in Automation in Tire Industry



02

## Higher Performance Expectation from Tires

03

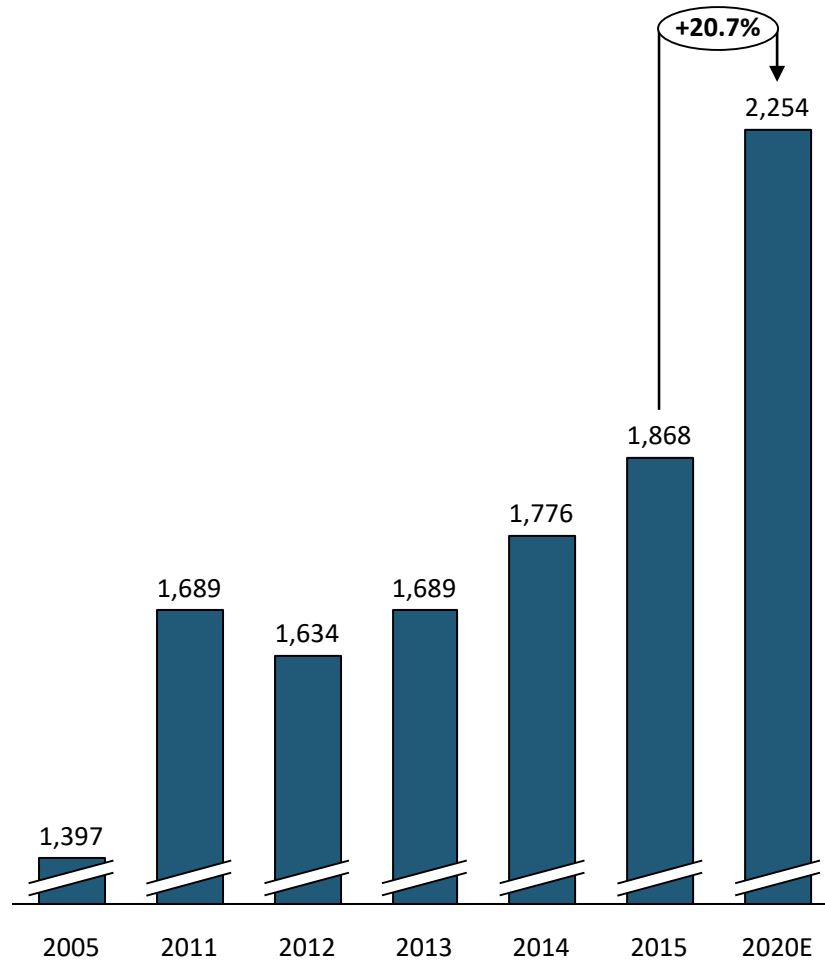
## Radial Revolution:

Radialization in Asia  
Fast Growing Market

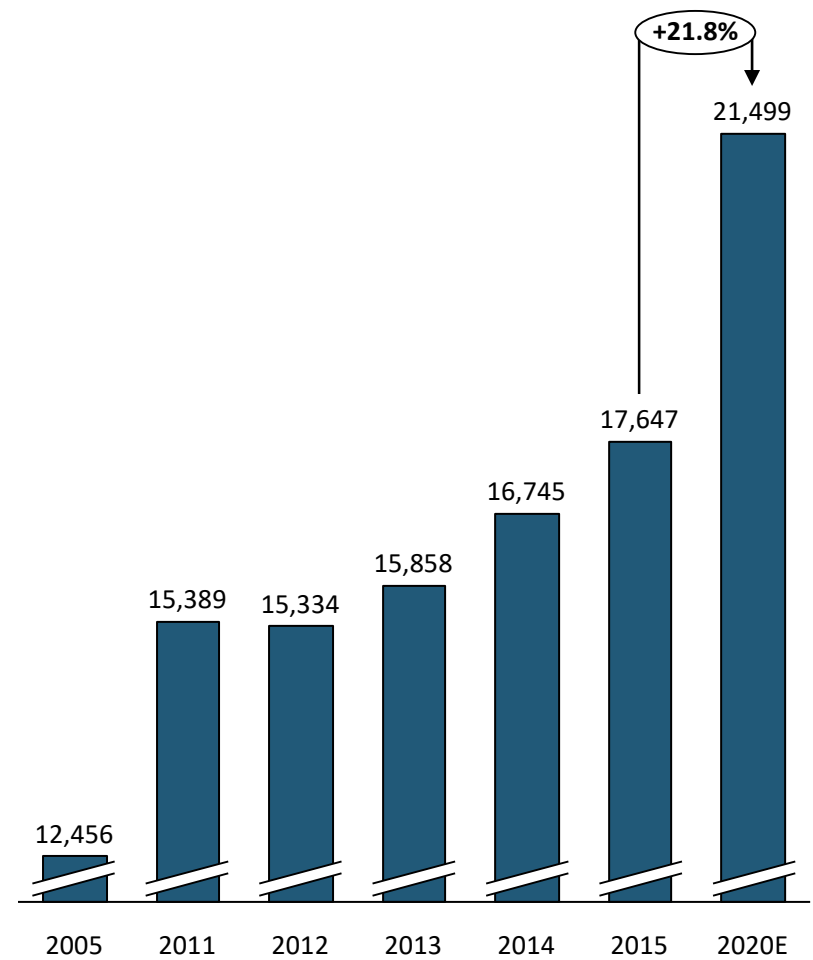


# Global Tire Industry – Growth Projections

## Tire Production (mn units)

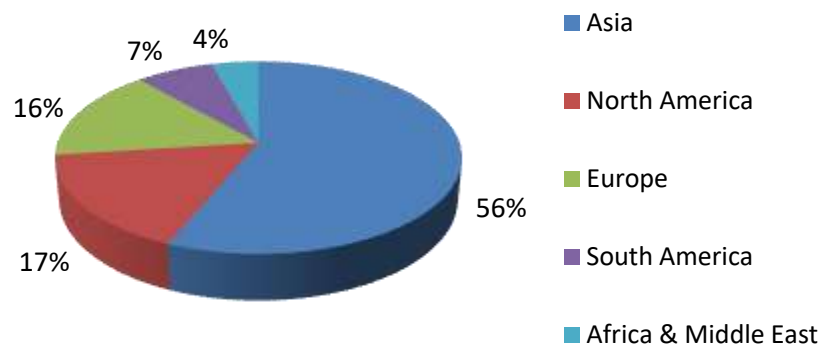


## Tire Rubber Consumption ('000 tonnes)

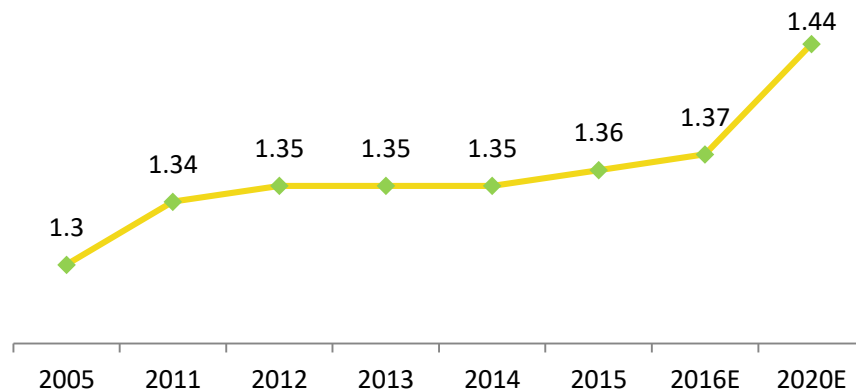


# Insoluble Sulphur - Demand Forecast

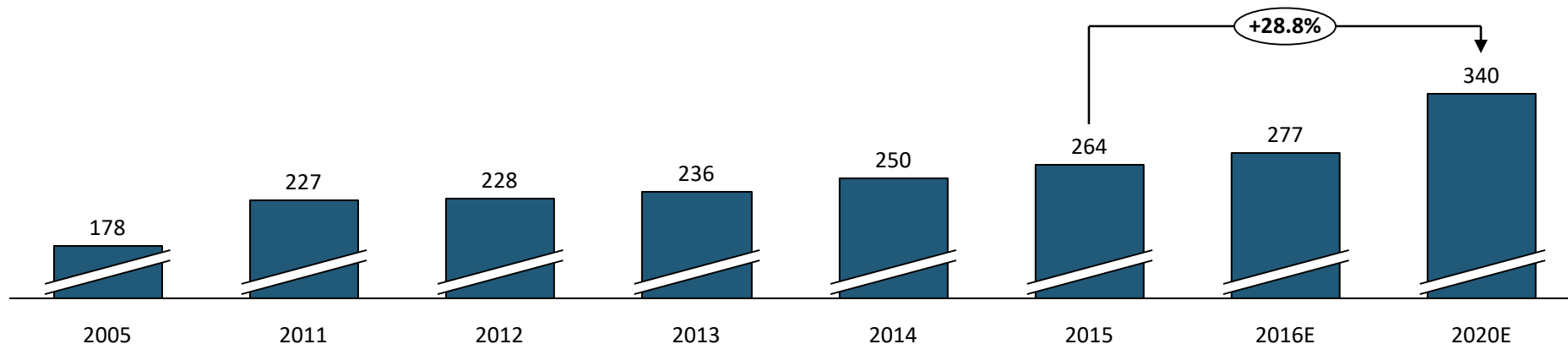
## Geographical Breakup - \$28 bn Investment



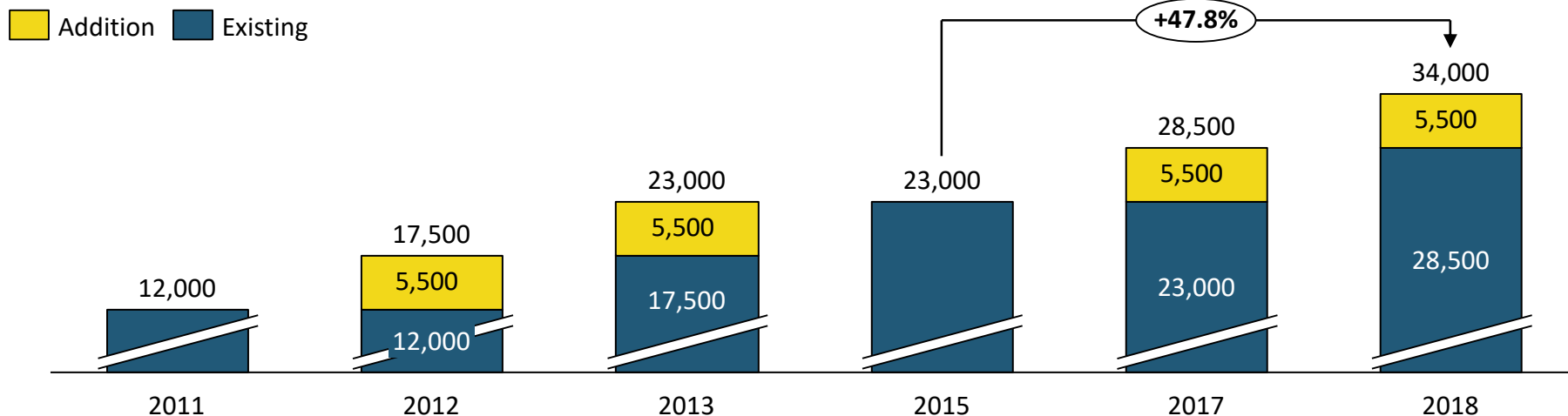
## Radialisation: Insoluble Sulphur to Tire Rubber Ratio



## \*Insoluble Sulphur Demand ('000 tonnes)



# Planned Capacity Expansion



## Brownfield Expansion – To cater to the Growth in Insoluble Sulphur Demand

- ✓ Large Tire manufacturers expanding their business in Asia – High Growth Market
- ✓ Grabbing opportunities of increasing Radialisation in India
- ✓ Strong R&D and in house Technology to support future expansion
- ✓ Increase in market share in the Domestic & International market
- ✓ Increase presence in North American Market
- ✓ Increase from Natural Growth of Existing Customers

## Capital Investment till 2018

- ✓ Capital investment would be of ~Rs.159 crs : funded with debt equity ratio of 2:1. It includes
  - Working capital margin
  - Coal Fired Boiler at Mundra Plant which was commissioned in April-16
  - Expected Project IRR is in excess of 25% and projected payback ~4 years

# Entry Barriers: An Advantage

## Product Portfolio

- Various grades to satisfy diverse compounding requirements of leading tire manufacturers
- Ongoing development of New Grades to meet Customer requirements

## Customer Approvals

- Minimum 24 months required by Customers to approve & validate product from new supplier
- Widely accepted around the world as a preferred vendor by leading tire manufacturers

## In house Technology

- In house R&D team works on a continuous basis to improve Quality of product and its Properties
- In house technology team to maintain the technical and quality edge at each production stage

## Capital Intensive

Edge over the others -

- Land & Common Infrastructure available for further expansion at Mundra
- In-house Technology

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# Profit & Loss Statement – Standalone

Particulars (Rs. In Crs)	Q2 FY17	Q2 FY16	Y-o-Y	H1 FY17	H1 FY16	Y-o-Y	FY16
Sales from Operations	72.1	73.2		149.4	148.0		284.7
Other Operating Income	0.8	0.9		2.4	1.7		3.4
<b>Total Income from Operations</b>	<b>73.0</b>	<b>74.1</b>	<b>-1.6%</b>	<b>151.7</b>	<b>149.7</b>	<b>1.4%</b>	<b>288.2</b>
Other Income	1.8	0.8		3.3	2.2		5.7
<b>Total Income</b>	<b>74.8</b>	<b>74.9</b>		<b>155.1</b>	<b>151.9</b>		<b>293.9</b>
Total Raw material*	14.4	17.1		37.2	37.9		69.2
Power & Fuel Cost	8.5	9.0		16.5	18.4		34.0
Employee Cost	9.5	7.7		18.4	15.0		32.8
Excise Duty	3.3	3.4		6.6	6.9		13.5
Other Expenses	16.1	13.8		29.9	27.3		57.6
<b>EBITDA</b>	<b>22.9</b>	<b>23.7</b>	<b>-3.3%</b>	<b>46.5</b>	<b>46.5</b>	<b>0.1%</b>	<b>86.8</b>
<b>EBITDA (%)</b>	<b>31.4%</b>	<b>32.0%</b>		<b>30.7%</b>	<b>31.0%</b>		<b>30.1%</b>
Depreciation	3.5	4.2		7.3	8.9		15.7
<b>EBIT</b>	<b>19.4</b>	<b>19.6</b>	<b>-0.7%</b>	<b>39.3</b>	<b>37.6</b>	<b>4.6%</b>	<b>71.1</b>
<b>EBIT (%)</b>	<b>26.6%</b>	<b>26.4%</b>		<b>25.9%</b>	<b>25.1%</b>		<b>24.7%</b>
Interest	1.0	1.4		2.3	3.0		6.3
<b>Profit Before Tax</b>	<b>18.4</b>	<b>18.1</b>	<b>1.5%</b>	<b>37.0</b>	<b>34.6</b>	<b>7.0%</b>	<b>64.8</b>
Provision for Tax	3.7	5.2		7.7	7.3		11.8
<b>PAT</b>	<b>14.7</b>	<b>12.9</b>	<b>13.5%</b>	<b>29.3</b>	<b>27.3</b>	<b>7.2%</b>	<b>53.0</b>
<b>PAT (%)</b>	<b>20.1%</b>	<b>17.5%</b>		<b>19.3%</b>	<b>18.2%</b>		<b>18.4%</b>
EPS	14.3	12.6		28.4	26.5		51.5

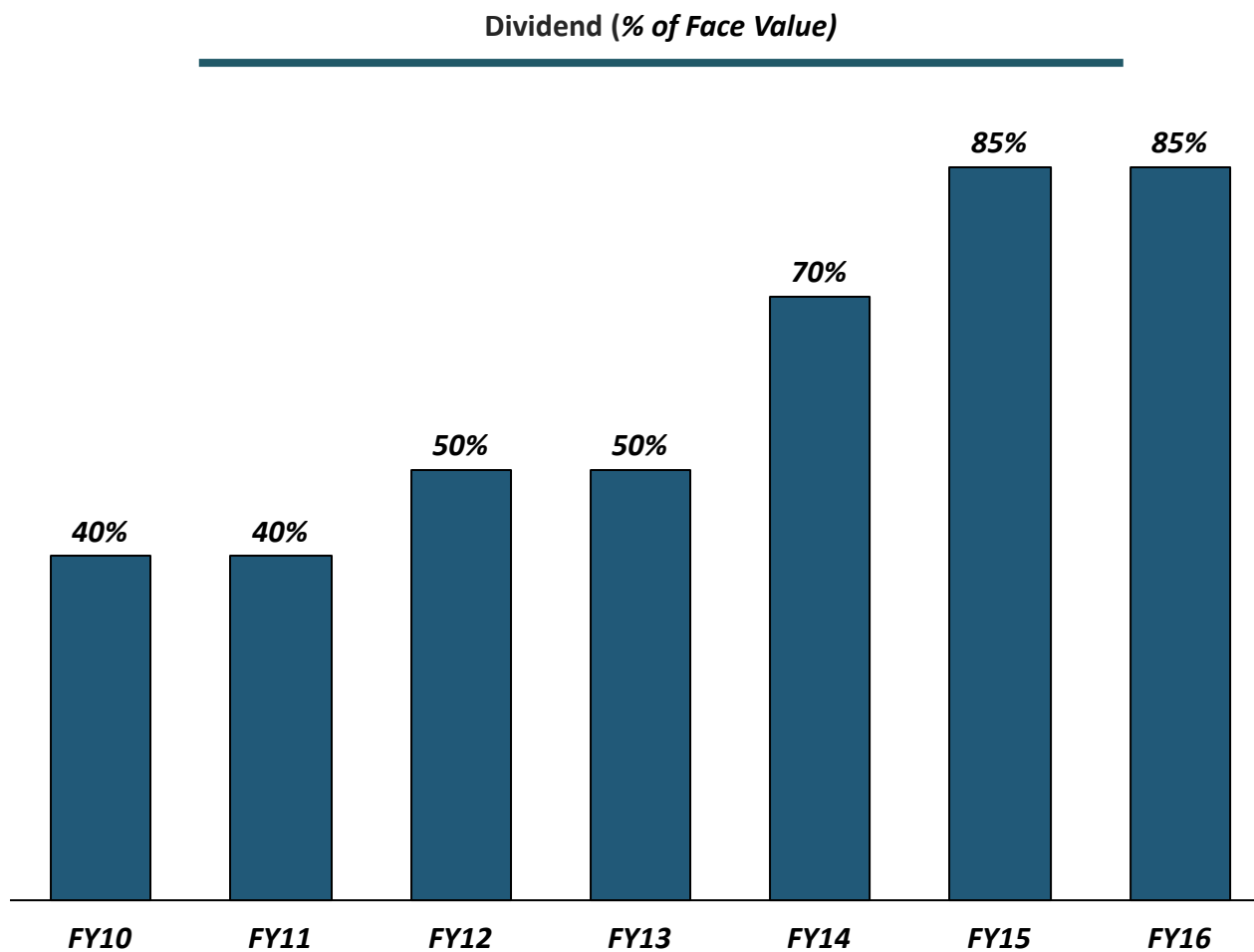
\*Total Raw material cost incl. change in Inventories

# Balance Sheet - Standalone

Particulars (Rs. Crs)	Sept-16	Mar-16
<b>Shareholder's Fund</b>	<b>312.2</b>	<b>286.6</b>
Share capital	10.3	10.3
Reserves & Surplus	301.9	276.3
<b>Non-current liabilities</b>	<b>75.1</b>	<b>44.4</b>
Long term borrowings	51.1	21.4
Deferred Tax liabilities (net)	22.0	21.1
Other Long term liabilities	2.1	1.9
<b>Current liabilities</b>	<b>70.2</b>	<b>86.3</b>
Short term borrowings	15.2	27.7
Trade payables	12.5	10.2
Other current liabilities	42.5	48.3
<b>Total Liabilities</b>	<b>457.5</b>	<b>417.3</b>

Particulars (Rs. Crs)	Sept-16	Mar-16
<b>Non-current assets</b>	<b>327.4</b>	<b>285.3</b>
Fixed assets (inc. CWIP)	267.3	222.3
Non-current Investments	14.7	14.7
Long Term Loans & Advances	45.4	48.3
<b>Current assets</b>	<b>130.1</b>	<b>132.0</b>
Current Investments	15.8	15.5
Inventories	31.7	38.7
Trade receivables	52.1	48.1
Cash and bank balances	7.4	10.0
Short term loan and advances	15.1	14.6
Other current assets	8.0	5.2
<b>Total Assets</b>	<b>457.5</b>	<b>417.32</b>

# Consistent Dividend Record



## For further information, please contact:

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### Company :

Oriental Carbon & Chemicals Ltd.  
CIN: L24297WB1978PLC031539  
Mr. Anurag Jain - CFO  
[anuragjain@occlindia.com](mailto:anuragjain@occlindia.com)

<http://www.occlindia.com/>

### Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.  
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Ms. Payal Dave / Ms. Neha Shroff  
[payal.dave@sgapl.net](mailto:payal.dave@sgapl.net) / [neha.shroff@sgapl.net](mailto:neha.shroff@sgapl.net)

[www.sgapl.net](http://www.sgapl.net)