

# ORIENTAL CARBON & CHEMICALS LIMITED

[Corporate Identity Number (CIN) - L24297WB1978PLC031539]

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11th February 2016

**The Secretary**

The Calcutta Stock Exchange Ltd.

7 Lyons Range

Kolkata-700 001

**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: [cmllist@nse.co.in](mailto:cmllist@nse.co.in)

Dear Sir/Madam,

**Re: Investor Presentation for the nine months ended 31<sup>st</sup> December, 2015**

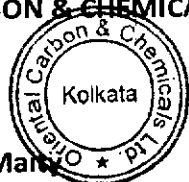
Pursuant to the provision of the Listing Regulations, 2015 enclosed please find herewith a copy of the Investor Presentation for the nine months ended 31<sup>st</sup> December, 2015.

Thanking you,

Yours Faithfully,

**ORIENTAL CARBON & CHEMICALS LTD.**

  
**Pranab Kumar Maity**  
**Company Secretary &**  
**Senior Manager-Legal**



Encl: As above.

# ORIENTAL CARBON & CHEMICALS LTD

Investor Presentation – February 2016

# Safe Harbor

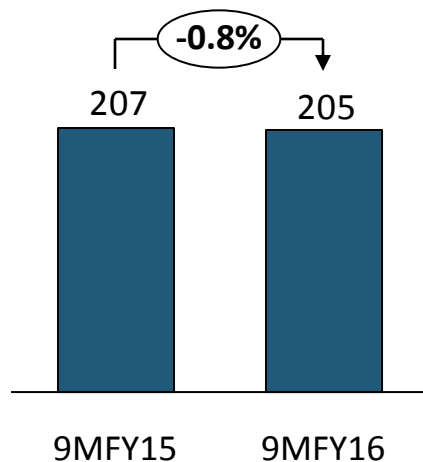
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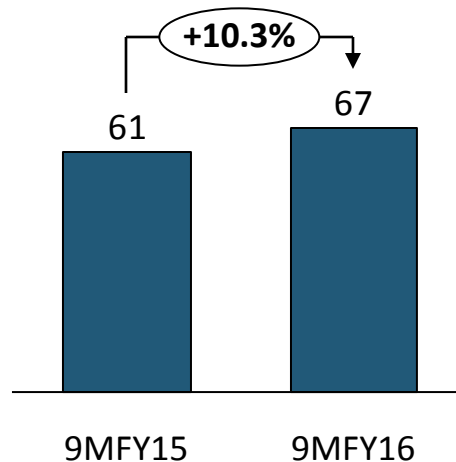
Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known 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.

# Highlights: 9M FY16 Performance

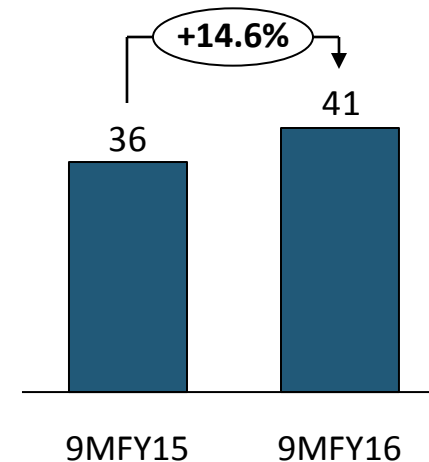
## Revenue (Rs. Crs)



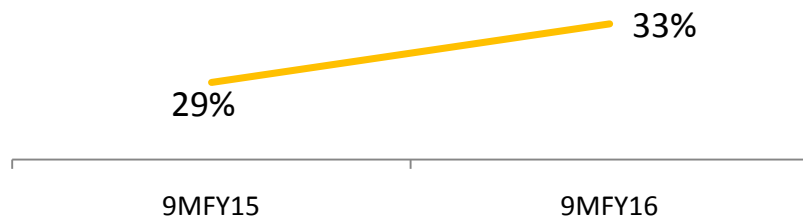
## EBITDA\* (Rs. Crs)



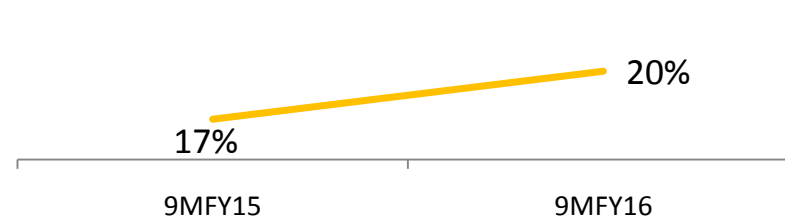
## PAT (Rs. Crs)



## EBITDA\* Margin (%)



## PAT Margin (%)



# About The Company

01

# A Duncan JP Goenka Group Company



CAPACITY

INCREASE

**7.5x** ↑

CUSTOMER  
BASE

**+40** ↑

MARKET

SHARE

**10 %** ↑



REVENUE

10 Years CAGR

**21 %** ↑

EBITDA

10 Years CAGR

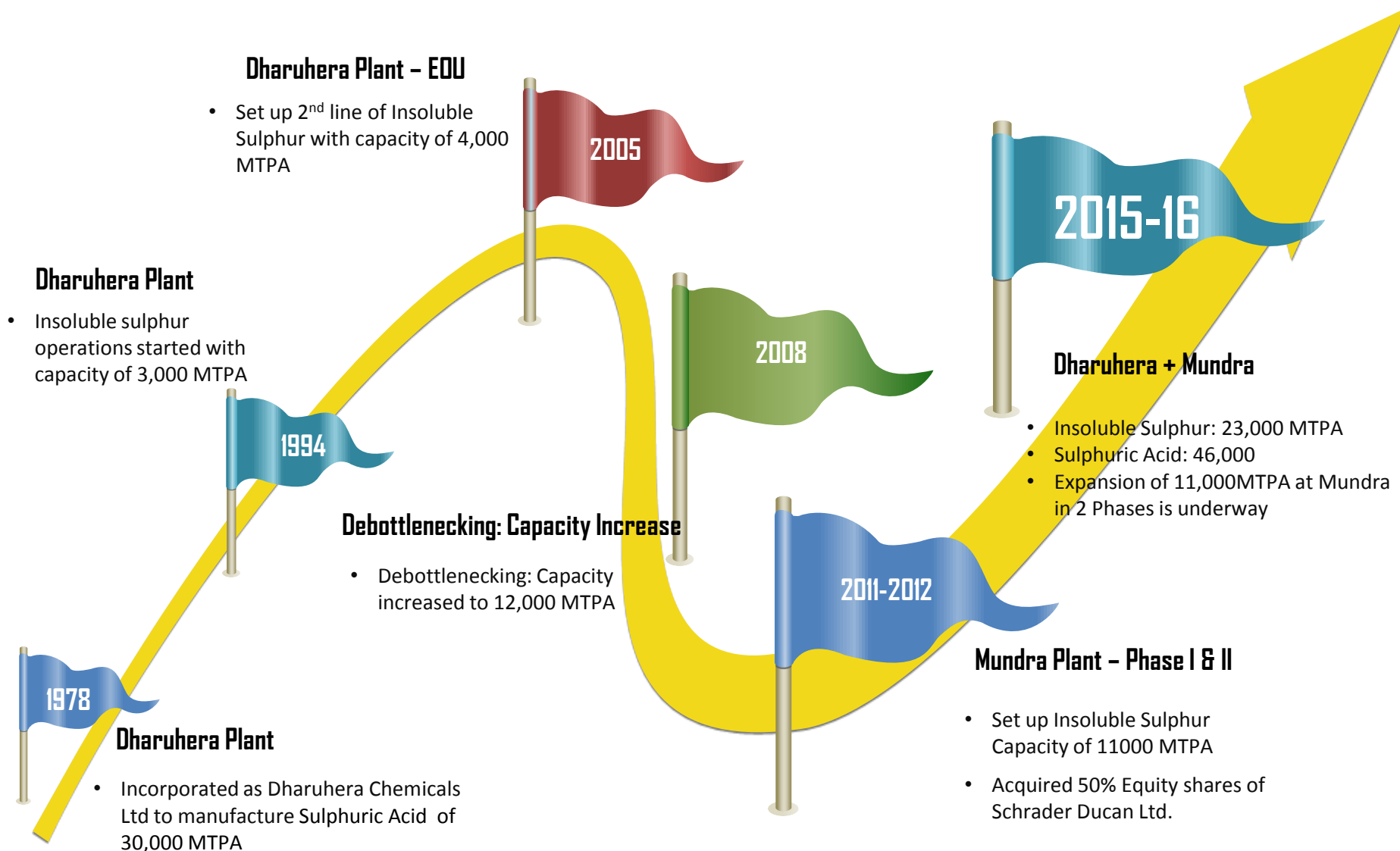
**31 %** ↑

PAT

10 Years CAGR

**41 %** ↑

# Ongoing Capacity Expansion



# 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. Arvind Goenka: Promoter & Managing Director

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

## 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. 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. Vijay Sabbarwal: Sr. Vice 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. 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            |

## Business Overview

**02**

# 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

# 1



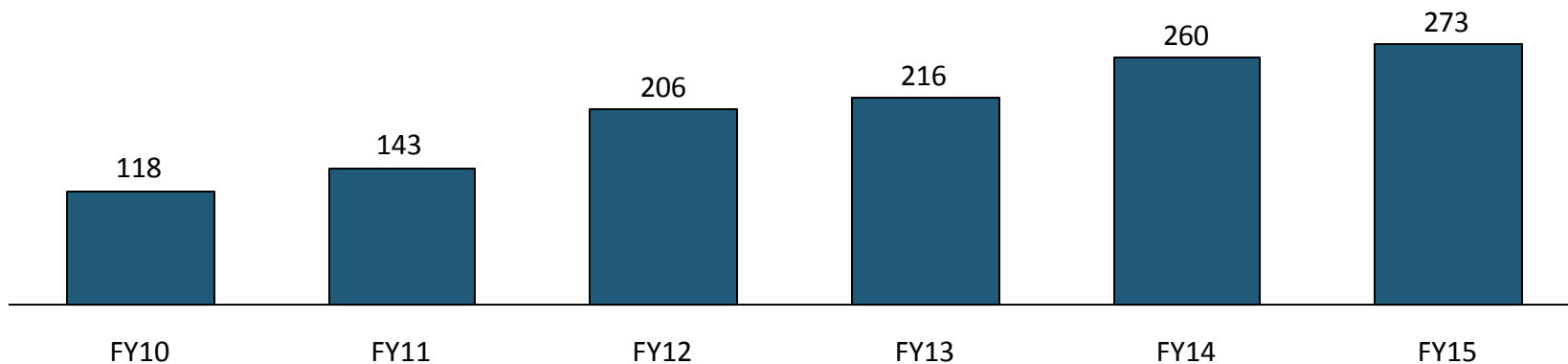
## Sulphuric Acid

- 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

# 2

# Product Performance

## Insoluble Sulphur (Revenue Rs. Crs)



## Sulphuric Acid (Revenue Rs. Crs)



# Cost Optimization Strategy

## Raw Material

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

## Freight

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

## Power Cost

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

## 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

## Tax Exemption

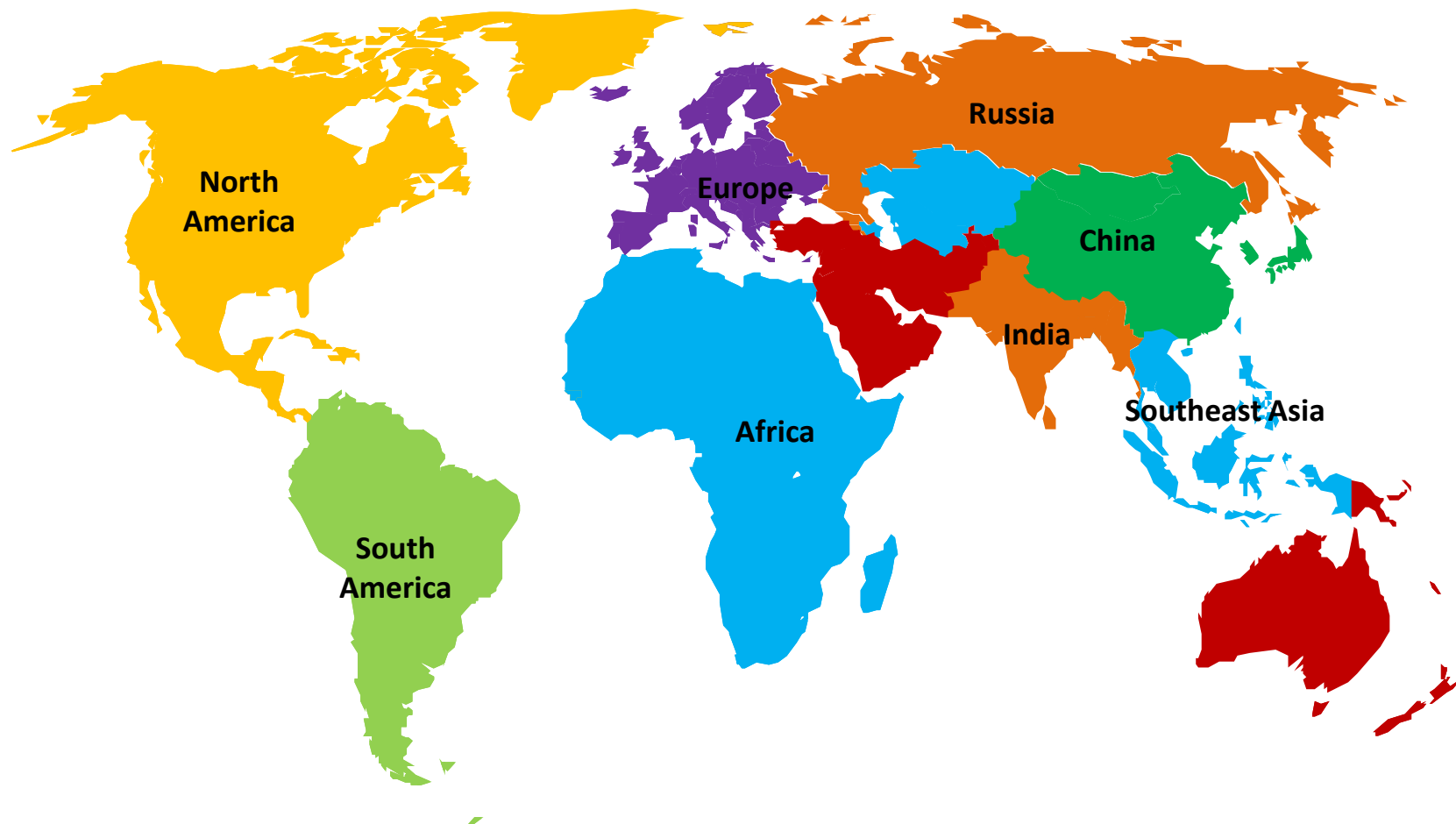
- SEZ location of Mundra Plant - Income Tax Exemption benefit

# Global Customer Relationships



# Global Sales Network

**Presence in 21 Countries across the World**



# Opportunities

03

# Key Growth Drivers

## Radialisation

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

## Product Portfolio

- To shift to 100% Production of High Stability, High Dispersion & Special grades of Insoluble Sulphur



## Geographical Penetration

- 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

## Capacity Expansion

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

# Trends driving Insoluble Sulphur Demand

01

## Increase in Automation in Tire Industry



02

## Higher Performance Expectation from Tires



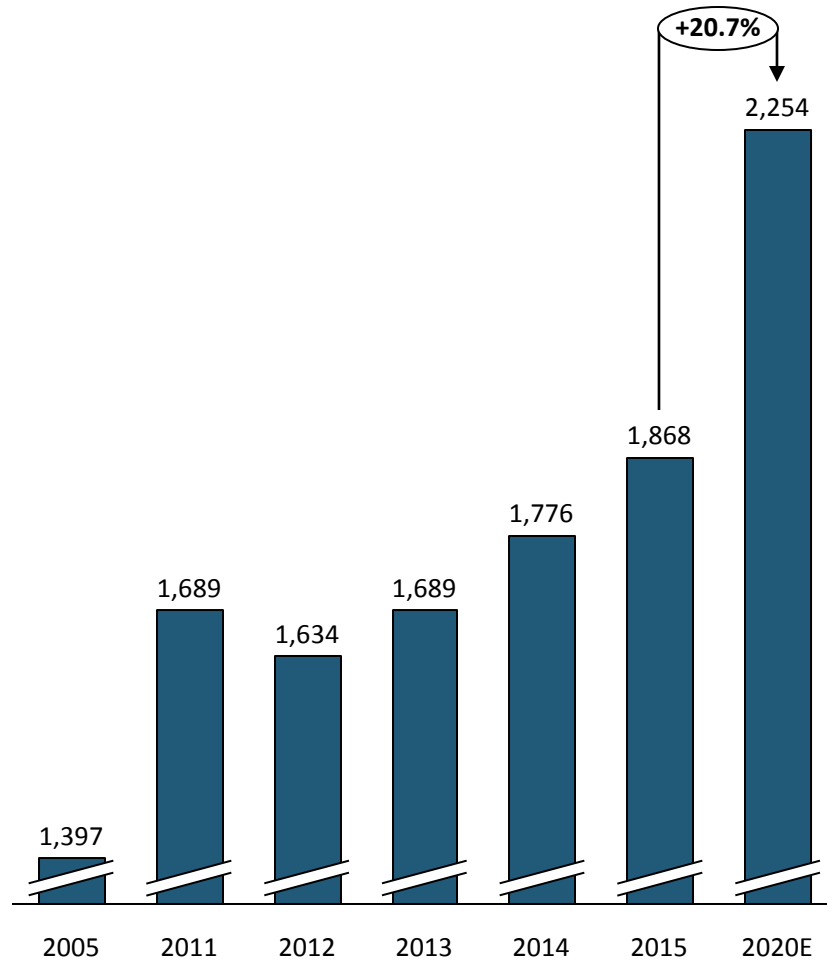
03

## Radial Revolution

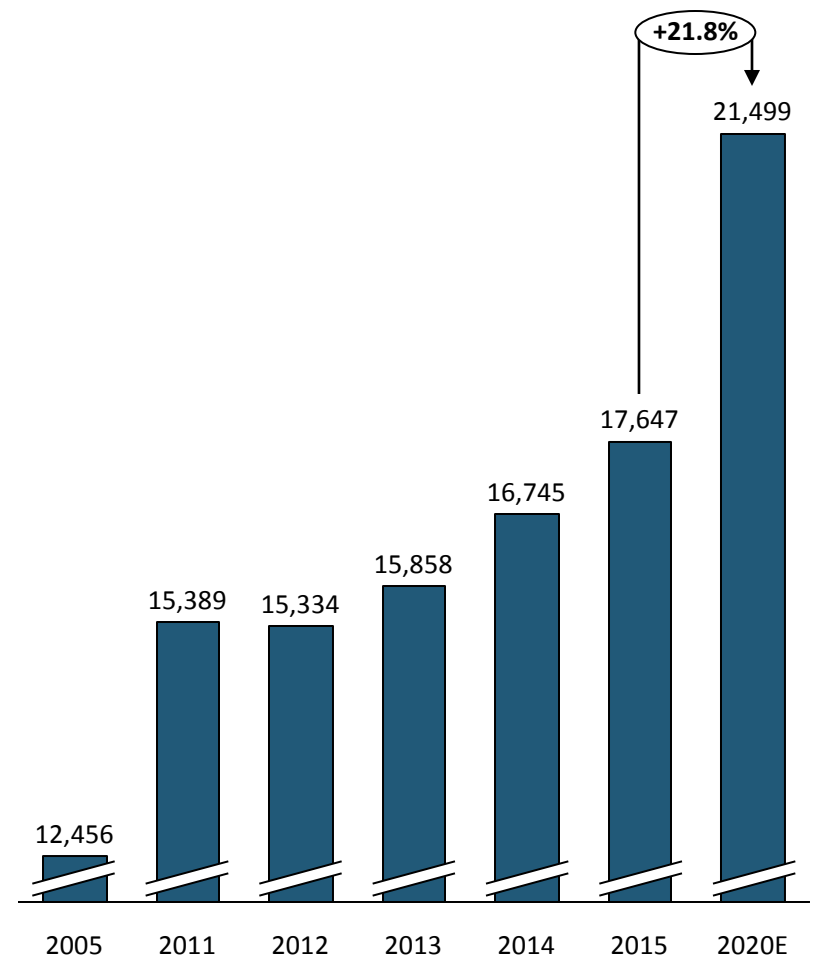
Radialization in Asia  
Fast Growing Market

# Global Tire Industry – Growth Projections

## Tire Production (mn units)

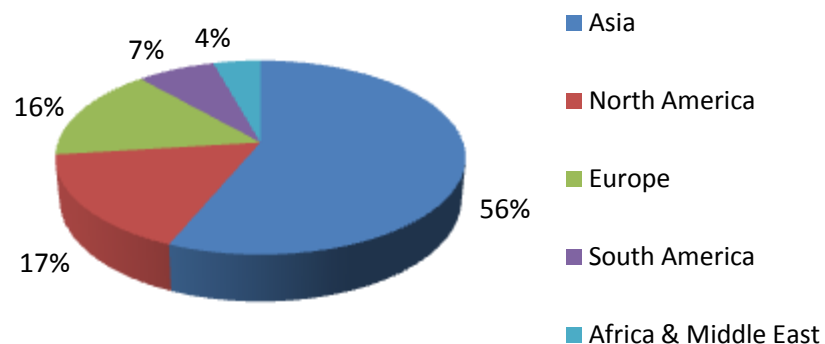


## Tire Rubber Consumption ('000 tonnes)

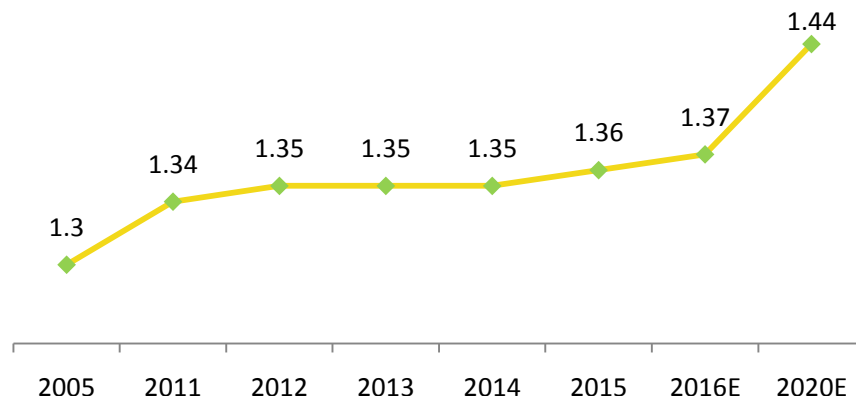


# Insoluble Sulphur - Demand Forecast

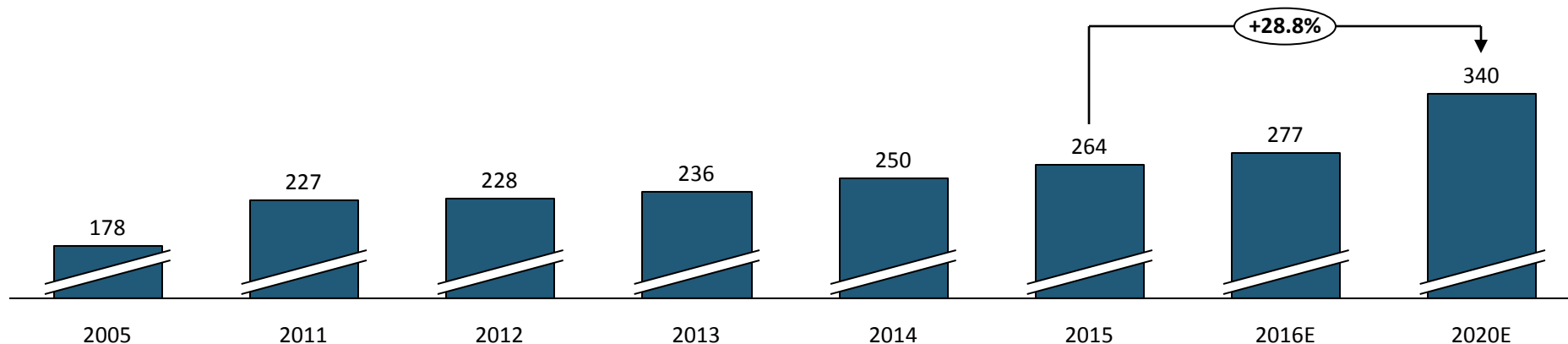
## Geographical Breakup - \$28 bn Investment



## Radialisation: Insoluble Sulphur to Tire Rubber Ratio



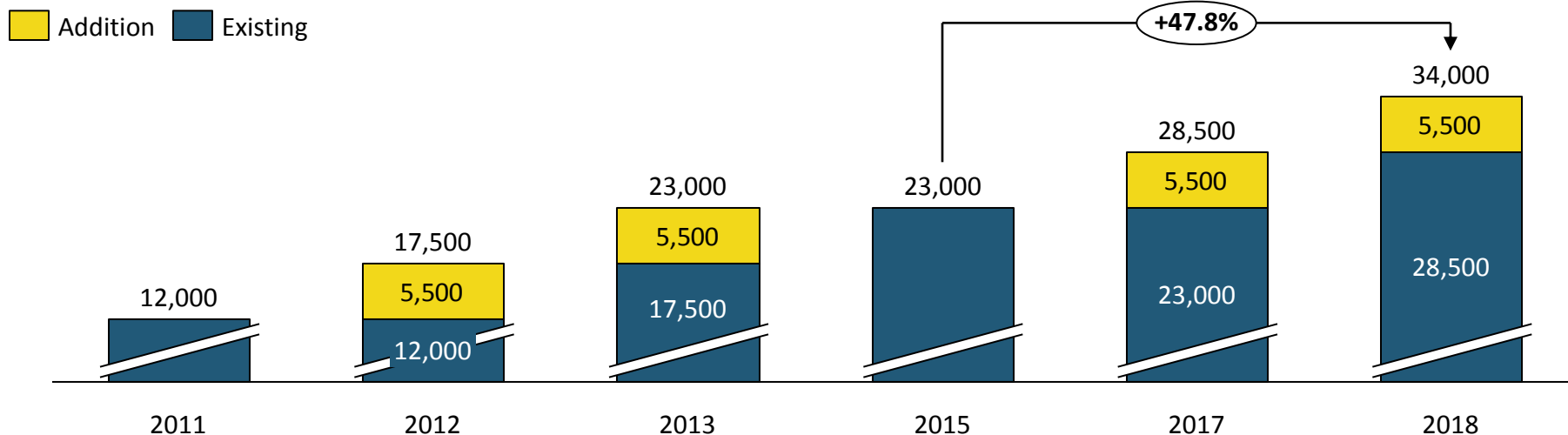
## \*Insoluble Sulphur Demand ('000 tonnes)



Source: Notch Report

\* Also incl. Insoluble Sulphur used for Non-Tire Goods

# 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
  - Rs.7 crs for Working capital margin
  - Rs.15 crs for Coal Fired Boiler expected to be operational by April '16; Resulting in savings in Power & Fuel cost at Mundra Plant
  - 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

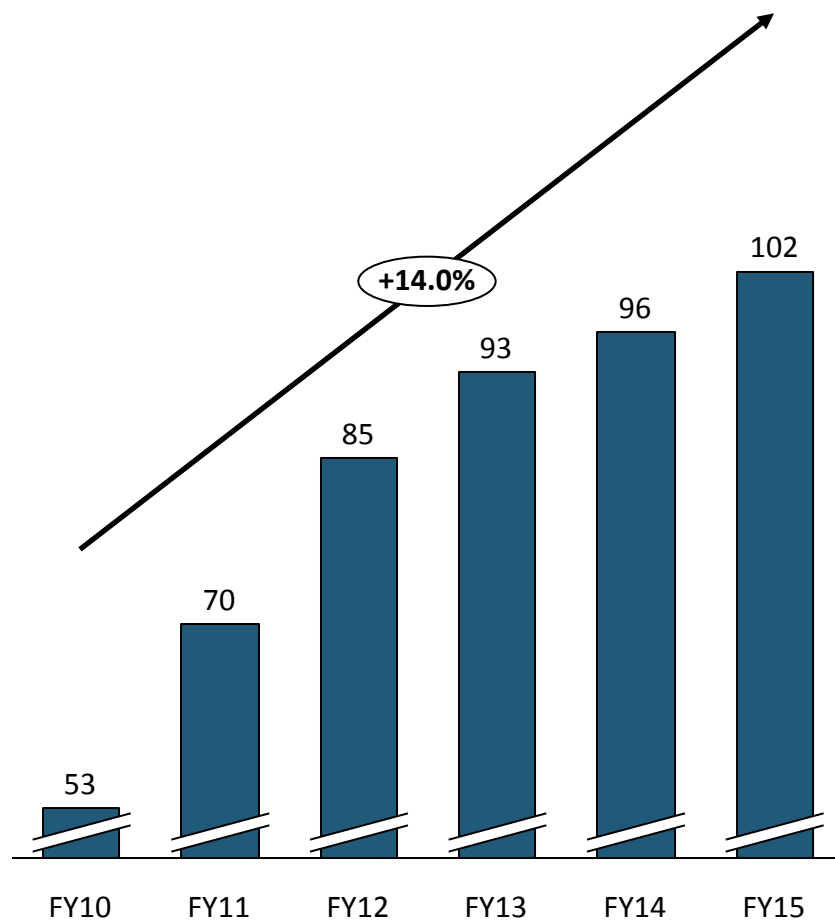
- Edge over the others -
  - Land & Common Infrastructure available for further expansion at Mundra
  - In-house Technology

# Financial Highlights

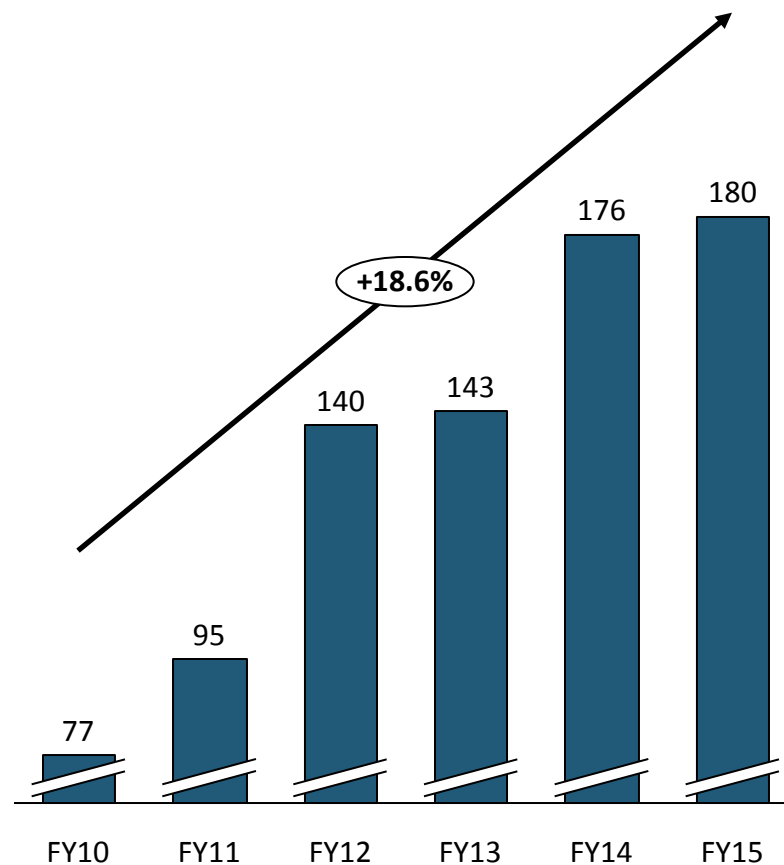
**04**

# Revenue Breakup

## Domestic (Rs. Crs)



## Exports (Rs. Crs)



# Profit & Loss Statement - Quarterly

| Particulars (Rs. In Crs)            | Q3FY16       | Q3FY15       | Y-o-Y     |
|-------------------------------------|--------------|--------------|-----------|
| Sales from Operations               | 61.64        | 64.56        |           |
| Other Operating Income              | 0.93         | 0.05         |           |
| <b>Total Income from Operations</b> | <b>62.57</b> | <b>64.61</b> |           |
| Other Income                        | 2.76         | 1.82         |           |
| <b>Total Income</b>                 | <b>65.33</b> | <b>66.43</b> |           |
| Total Raw material                  | 15.47        | 16.19        |           |
| Power & Fuel Cost                   | 7.90         | 10.22        |           |
| Employee Cost                       | 8.06         | 6.94         |           |
| Other Expenses                      | 13.37        | 13.13        |           |
| <b>EBITDA</b>                       | <b>20.52</b> | <b>19.94</b> | <b>3%</b> |
| <b>EBITDA (%)</b>                   | <b>32.8%</b> | <b>30.9%</b> |           |
| Depreciation                        | 3.37         | 3.25         |           |
| <b>EBIT</b>                         | <b>17.15</b> | <b>16.69</b> | <b>3%</b> |
| <b>EBIT (%)</b>                     | <b>27.4%</b> | <b>25.8%</b> |           |
| Interest                            | 1.62         | 1.83         |           |
| <b>Profit Before Tax</b>            | <b>15.53</b> | <b>14.86</b> | <b>5%</b> |
| Provision for Tax                   | 1.85         | 2.15         |           |
| <b>PAT</b>                          | <b>13.68</b> | <b>12.71</b> | <b>8%</b> |
| <b>PAT (%)</b>                      | <b>21.9%</b> | <b>19.7%</b> |           |

# Profit & Loss Statement – Half Yearly

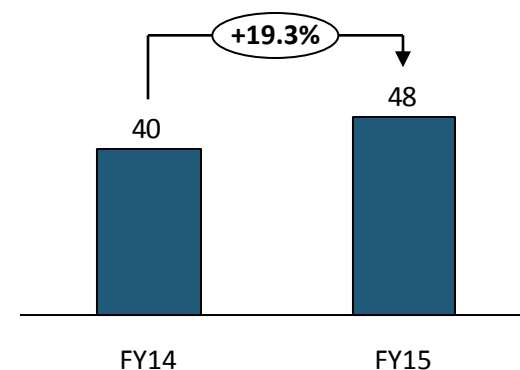
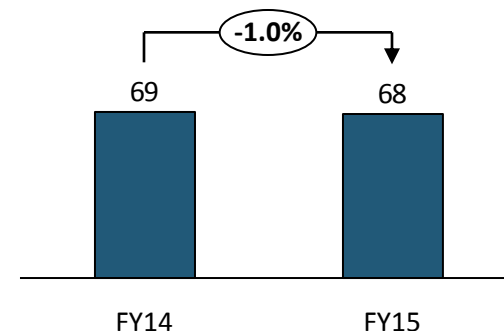
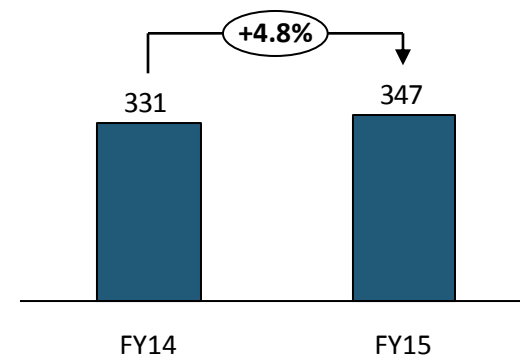
| Particulars (Rs. In Crs)            | 9MFY16        | 9MFY15        | Y-o-Y      |
|-------------------------------------|---------------|---------------|------------|
| Sales from Operations               | 202.76        | 206.57        |            |
| Other Operating Income              | 2.59          | 0.38          |            |
| <b>Total Income from Operations</b> | <b>205.35</b> | <b>206.95</b> |            |
| Other Income                        | 4.98          | 7.66          |            |
| <b>Total Income</b>                 | <b>210.33</b> | <b>214.60</b> |            |
| Total Raw material                  | 53.33         | 60.78         |            |
| Power & Fuel Cost                   | 26.27         | 32.01         |            |
| Employee Cost                       | 23.08         | 20.78         |            |
| Other Expenses                      | 40.67         | 40.32         |            |
| <b>EBITDA</b>                       | <b>66.98</b>  | <b>60.70</b>  | <b>10%</b> |
| <b>EBITDA (%)</b>                   | <b>32.6%</b>  | <b>29.3%</b>  |            |
| Depreciation                        | 12.28         | 9.67          |            |
| <b>EBIT</b>                         | <b>54.71</b>  | <b>51.03</b>  | <b>7%</b>  |
| <b>EBIT (%)</b>                     | <b>26.6%</b>  | <b>24.7%</b>  |            |
| Interest                            | 4.59          | 6.01          |            |
| <b>Profit Before Tax</b>            | <b>50.12</b>  | <b>45.02</b>  | <b>11%</b> |
| Provision for Tax                   | 9.15          | 9.27          |            |
| <b>PAT</b>                          | <b>40.97</b>  | <b>35.75</b>  | <b>15%</b> |
| <b>PAT (%)</b>                      | <b>20.0%</b>  | <b>17.3%</b>  |            |

# Balance Sheet - Standalone

| Particulars (Rs. Crs)          | Sep-15        | Mar-15        | Particulars (Rs. Crs)        | Sep-15        | Mar-15        |
|--------------------------------|---------------|---------------|------------------------------|---------------|---------------|
| <b>Shareholder's Fund</b>      | <b>271.47</b> | <b>244.18</b> | <b>Non-current assets</b>    | <b>251.91</b> | <b>248.43</b> |
| Share capital                  | 10.31         | 10.31         | Fixed assets (inc. CWIP)     | 193.77        | 191.75        |
| Reserves & Surplus             | 261.16        | 233.87        | Non-current Investments      | 14.71         | 14.71         |
| <b>Non-current liabilities</b> | <b>54.10</b>  | <b>66.49</b>  | Long Term Loans & Advances   | 43.44         | 41.97         |
| Long term borrowings           | 31.60         | 44.09         | <b>Current assets</b>        | <b>147.01</b> | <b>142.68</b> |
| Deferred Tax liabilities (net) | 21.12         | 21.12         | Current Investments          | 31.85         | 26.61         |
| Other Long term liabilities    | 1.38          | 1.29          | Inventories                  | 44.18         | 37.26         |
| <b>Current liabilities</b>     | <b>73.34</b>  | <b>80.43</b>  | Trade receivables            | 45.62         | 51.49         |
| Short term borrowings          | 20.98         | 25.73         | Cash and bank balances       | 14.55         | 17.72         |
| Trade payables                 | 18.99         | 15.35         | Short term loan and advances | 7.28          | 5.16          |
| Other current liabilities      | 33.38         | 39.35         | Other current assets         | 3.54          | 4.44          |
| <b>Total Liabilities</b>       | <b>398.92</b> | <b>391.10</b> | <b>Total Assets</b>          | <b>398.92</b> | <b>391.10</b> |

# Profit & Loss Statement - Consolidated

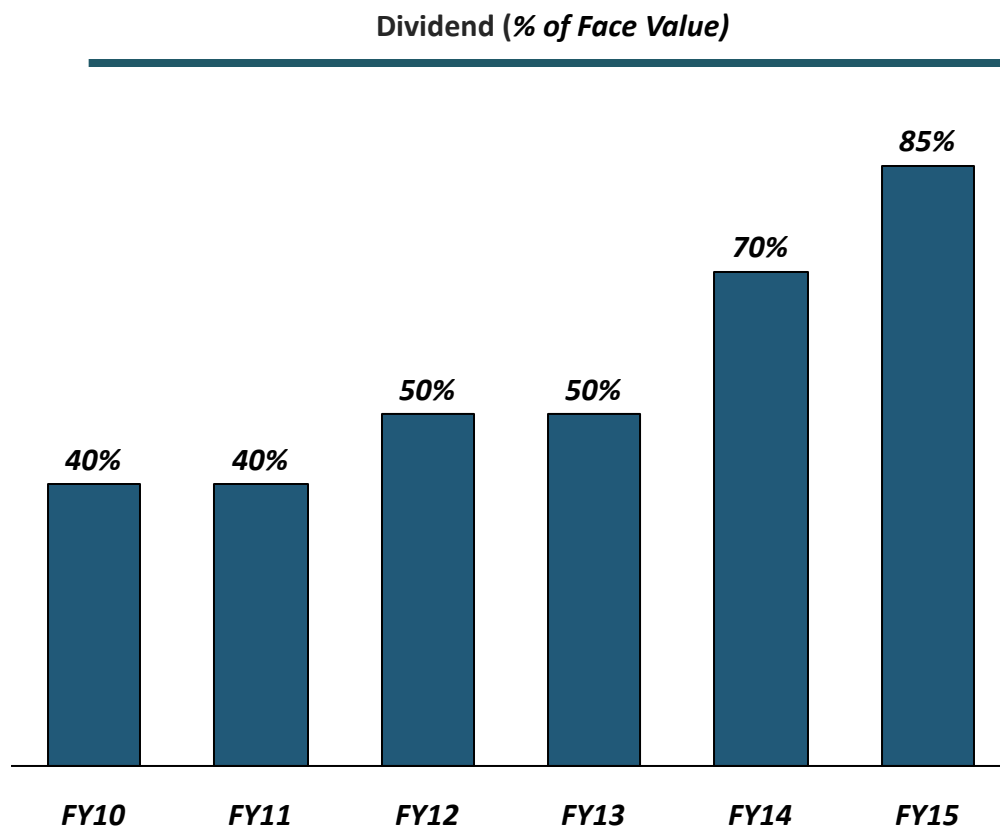
| Particulars (Rs. Crs)                  | FY15          | FY14          |
|----------------------------------------|---------------|---------------|
| <b>Total Income from Operations</b>    | <b>346.80</b> | <b>330.82</b> |
| Total Raw material                     | 129.29        | 115.83        |
| Power & Fuel Cost                      | 42.01         | 44.25         |
| Employee Cost                          | 39.41         | 33.43         |
| Other Expenses                         | 67.91         | 68.39         |
| <b>Operating EBITDA</b>                | <b>68.19</b>  | <b>68.92</b>  |
| <b>Operating EBITDA (%)</b>            | <b>19.7%</b>  | <b>20.8%</b>  |
| Other Income                           | 13.63         | 5.03          |
| Depreciation                           | 16.38         | 12.94         |
| Exceptional item                       | 0.00          | 2.70          |
| <b>EBIT</b>                            | <b>65.43</b>  | <b>63.70</b>  |
| <b>EBIT (%)</b>                        | <b>18.9%</b>  | <b>19.3%</b>  |
| Interest                               | 10.35         | 13.54         |
| <b>Profit Before Tax</b>               | <b>55.08</b>  | <b>50.16</b>  |
| Provision for Tax                      | 9.82          | 9.63          |
| <b>PAT before Minority Interest</b>    | <b>45.27</b>  | <b>40.54</b>  |
| Minority Interest                      | -3.02         | 0.05          |
| <b>PAT after Minority Interest</b>     | <b>48.29</b>  | <b>40.49</b>  |
| <b>PAT after Minority Interest (%)</b> | <b>13.9%</b>  | <b>12.2%</b>  |



# Balance Sheet - Consolidated

| Particulars (Rs. Crs)          | FY15          | FY14          | Particulars (Rs. Crs)        | FY15          | FY14          |
|--------------------------------|---------------|---------------|------------------------------|---------------|---------------|
| <b>Shareholder's Fund</b>      | <b>244.22</b> | <b>206.93</b> | <b>Non-current assets</b>    | <b>262.40</b> | <b>257.79</b> |
| Share capital                  | 10.31         | 10.31         | Fixed assets (inc. CWIP)     | 219.12        | 224.37        |
| Reserves & Surplus             | 233.91        | 196.62        | Non-current Investments      | 0.18          | 0.31          |
| <b>Minority Interest</b>       | <b>14.57</b>  | <b>17.59</b>  | Long Term Loans & Advances   | 43.10         | 33.11         |
| <b>Non-current liabilities</b> | <b>66.92</b>  | <b>86.36</b>  | <b>Current assets</b>        | <b>176.92</b> | <b>147.44</b> |
| Long term borrowings           | 44.09         | 66.33         | Current Investments          | 26.61         | 11.16         |
| Deferred Tax liabilities (net) | 21.12         | 18.44         | Inventories                  | 53.03         | 49.71         |
| Other Long term liabilities    | 1.72          | 1.59          | Trade receivables            | 67.58         | 64.65         |
| <b>Current liabilities</b>     | <b>113.61</b> | <b>94.33</b>  | Cash and bank balances       | 18.25         | 12.36         |
| Short term borrowings          | 39.79         | 30.08         | Short term loan and advances | 6.90          | 5.25          |
| Trade payables                 | 29.65         | 23.09         | Other current assets         | 4.54          | 4.32          |
| Other current liabilities      | 44.17         | 41.16         | <b>Total Assets</b>          | <b>439.32</b> | <b>405.22</b> |
| <b>Total Liabilities</b>       | <b>439.32</b> | <b>405.22</b> |                              |               |               |

# Consistent Dividend Record



Interim Dividend of Rs.3 per equity share (i.e. 30% of FV of Rs.10)

## For further information, please contact:

---

### 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.  
CIN: U74140MH2010PTC204285  
Ms. Payal Dave / Ms. Neha Shroff  
[dpayal@sgapl.net](mailto:dpayal@sgapl.net) / [sneha@sgapl.net](mailto:sneha@sgapl.net)

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