

ORIENTAL CARBON & CHEMICALS LTD



Investor Presentation – November 2016



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01

Performance Highlights

02

Company Overview

03

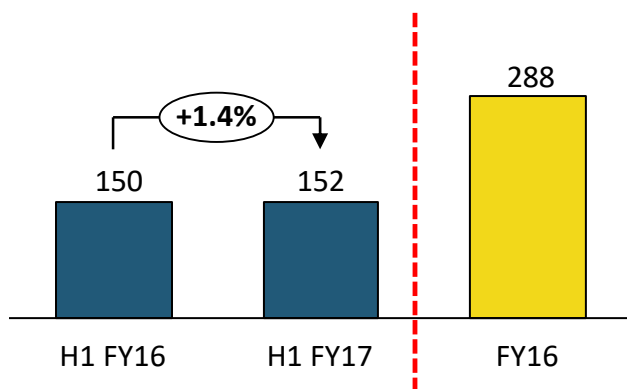
Growth Opportunities

04

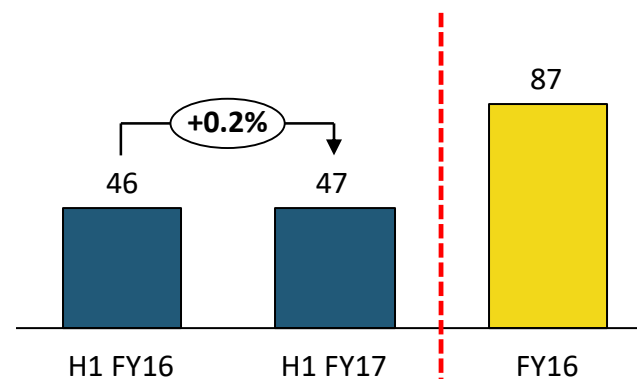
Financials

Result Highlights: Y-o-Y Performance

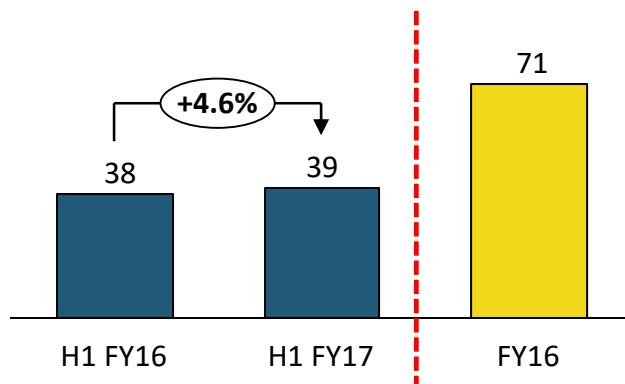
Revenue (Rs. Crs)



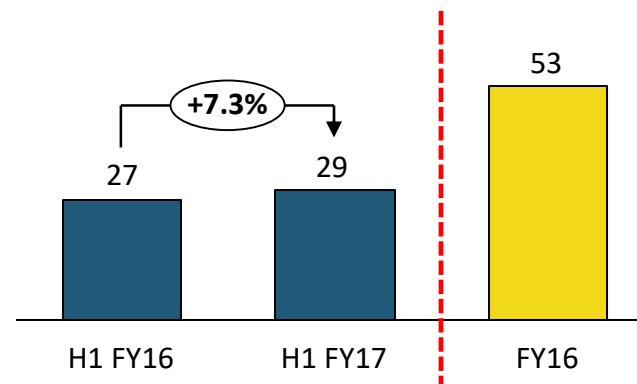
EBITDA* (Rs. Crs)



EBIT (Rs. Crs)

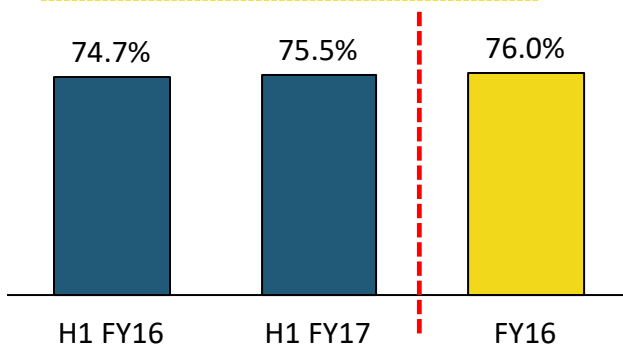


PAT (Rs. Crs)

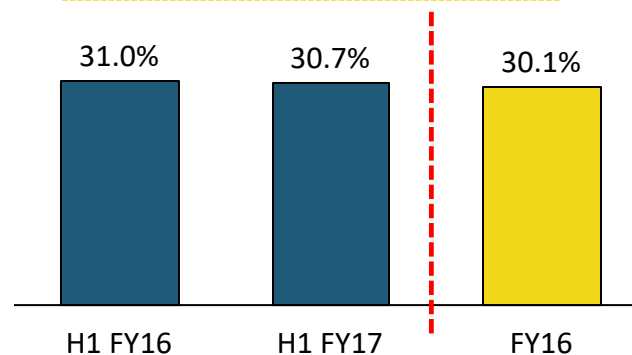


Margin Profile

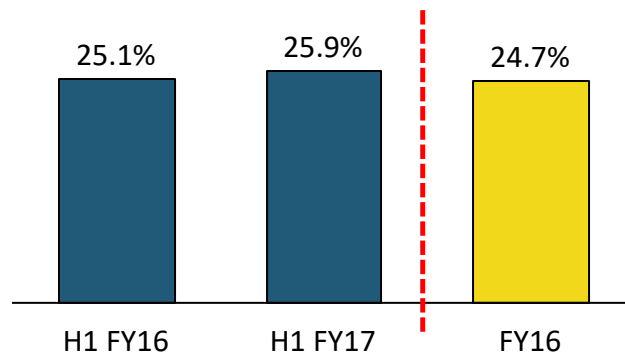
Gross Profit (%)



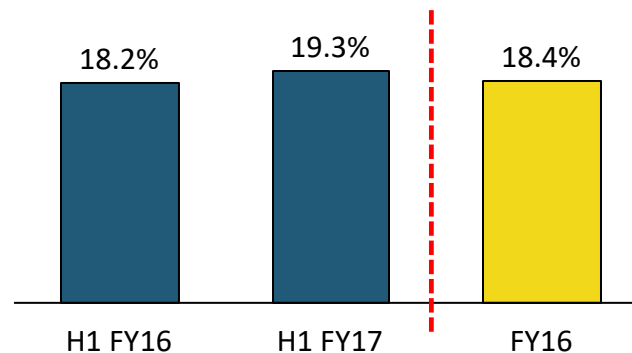
EBITDA* (%)



EBIT (%)



PAT (%)



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

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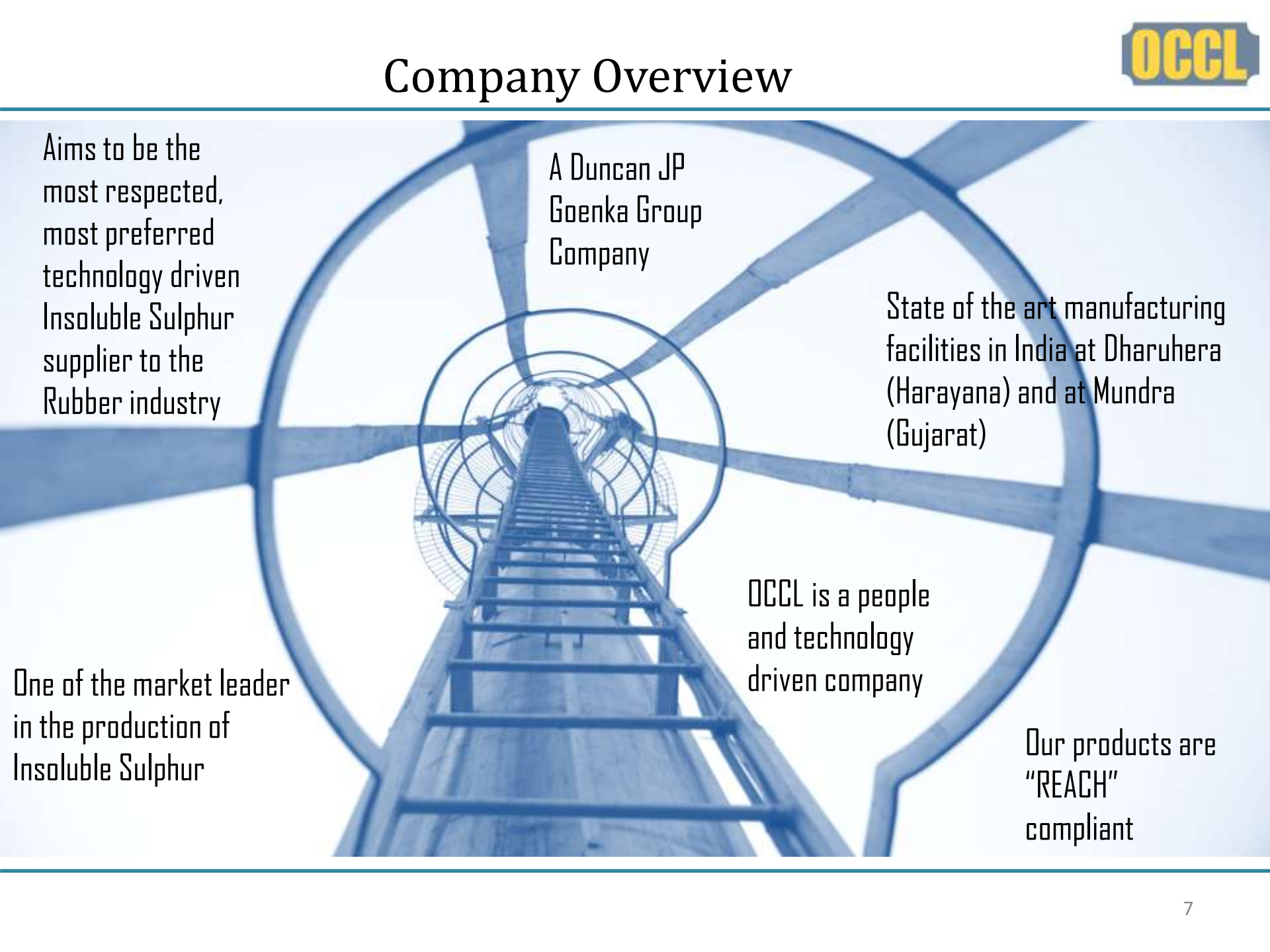
03

Growth Opportunities

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Company Overview

The background of the slide is a blue-tinted photograph of a large industrial structure. It features a large circular wheel with several spokes, and a long, straight metal ladder or walkway that runs through the center of the wheel, receding into the distance towards a bright light source at the horizon.

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

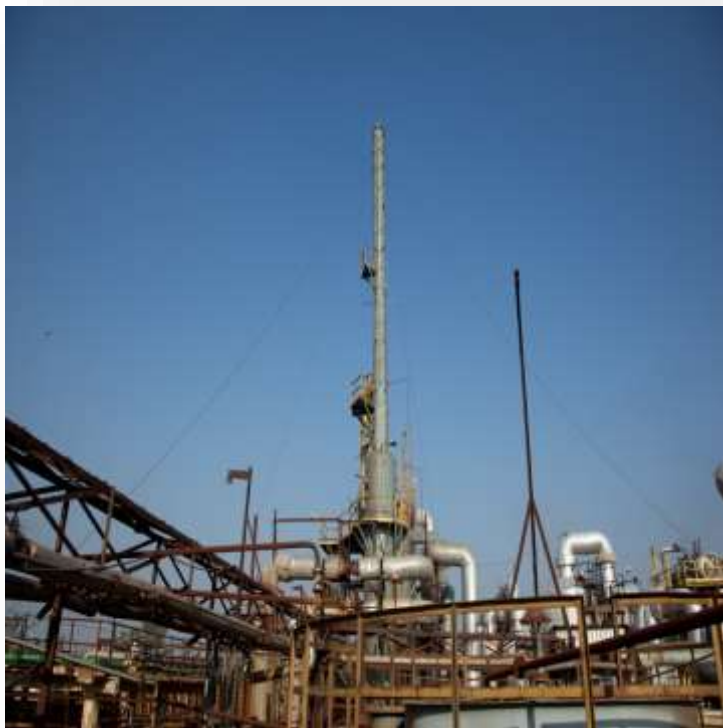
Mr. Anurag Jain: Chief Financial Officer (CFO)

- 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)

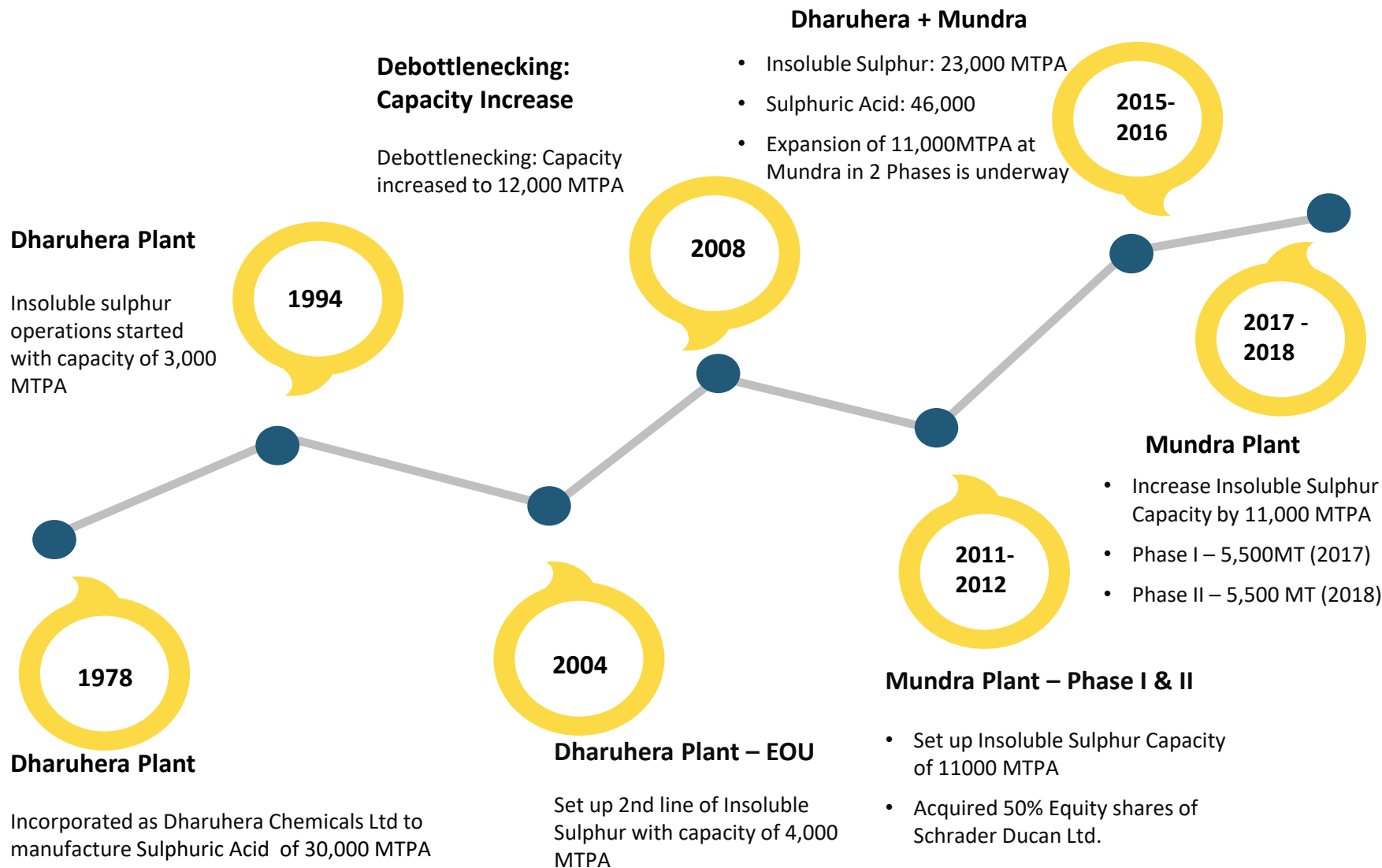
- An M.B.A (International Business) with over 14 years of experience in International business
- Responsible for international marketing of Insoluble Sulfur & increasing market share of Diamond Sulf overseas

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

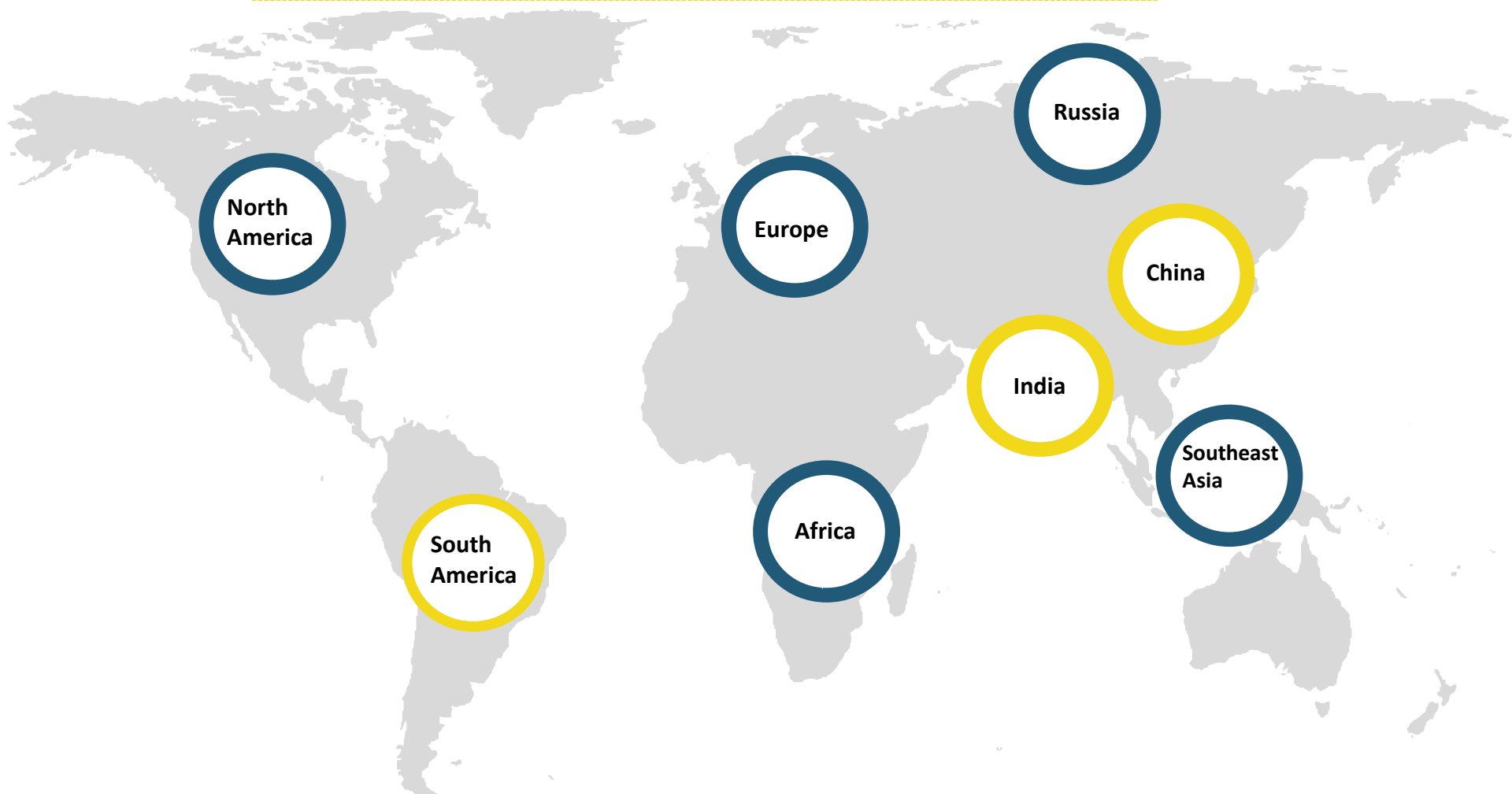
nokian
TYRES

BIRLA
TYRES
Unbeatable!



Global Sales Network

Presence in 21 Countries across the World



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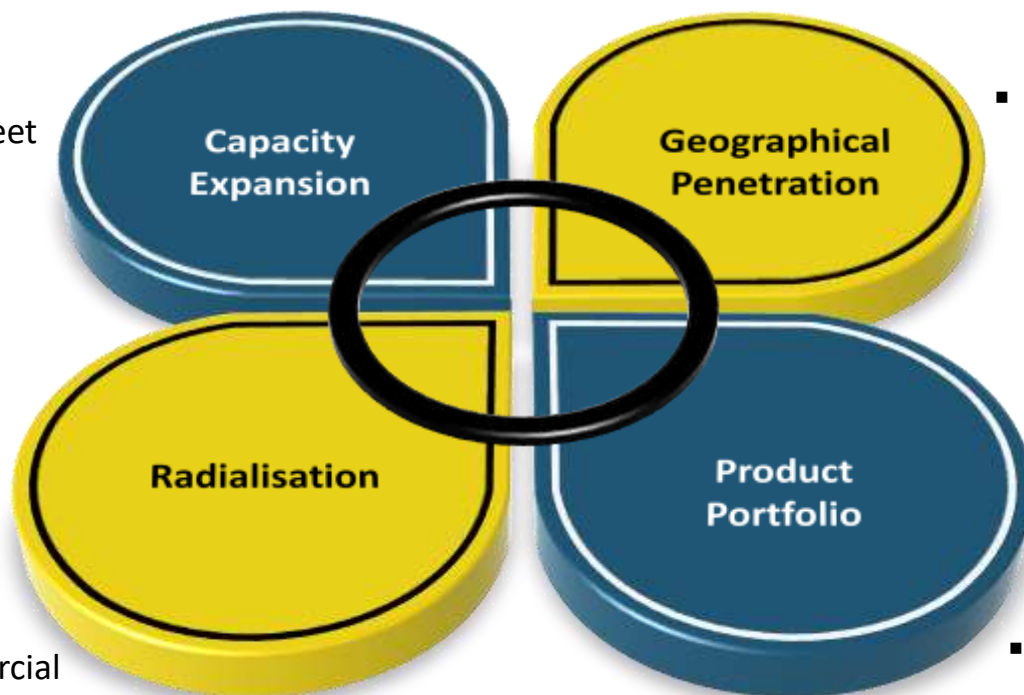
Growth Opportunities

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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

01

Increase in Automation in Tire Industry



02

Higher Performance Expectation from Tires

03

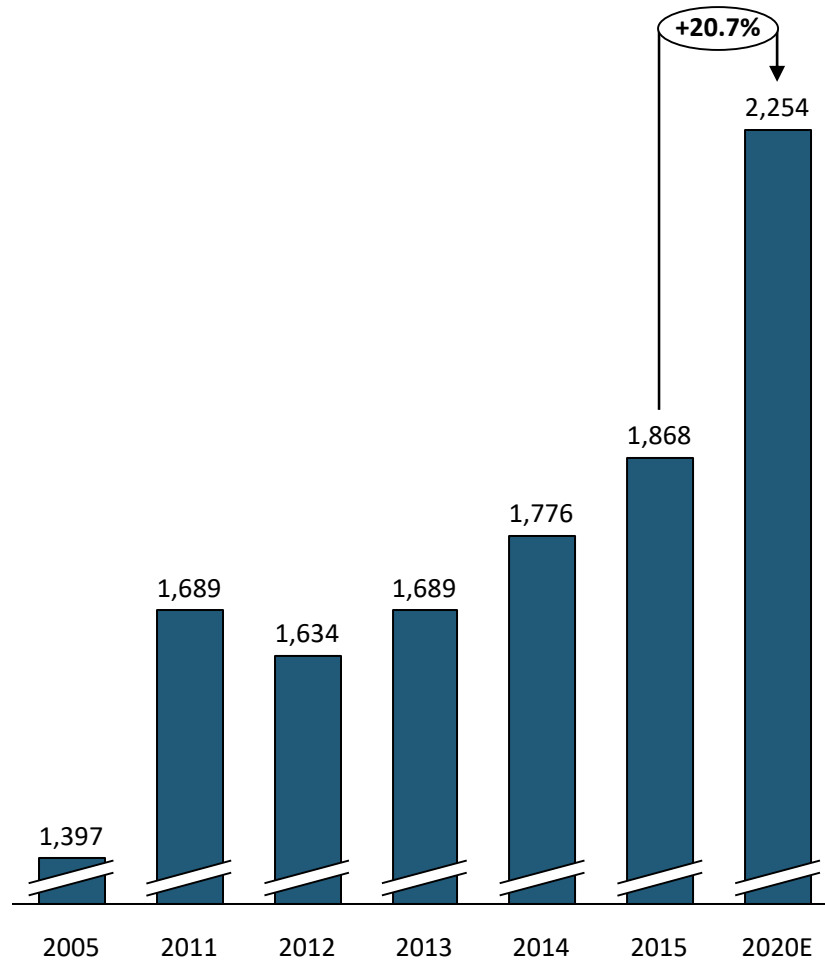
Radial Revolution:

Radialization in Asia
Fast Growing Market

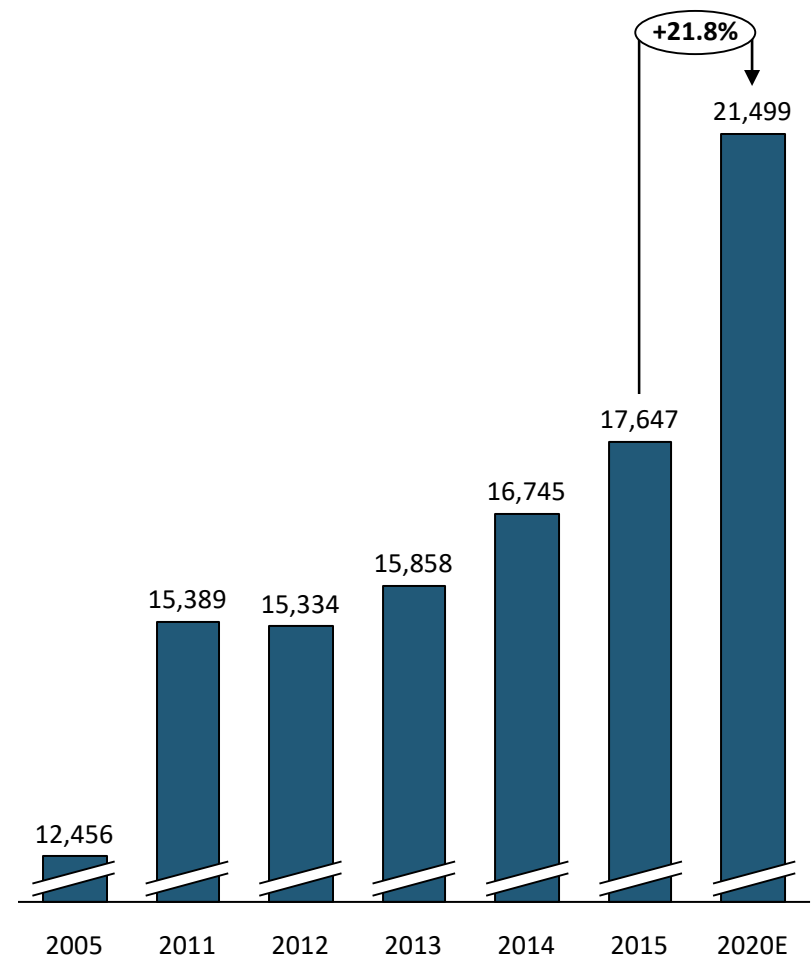


Global Tire Industry – Growth Projections

Tire Production (mn units)

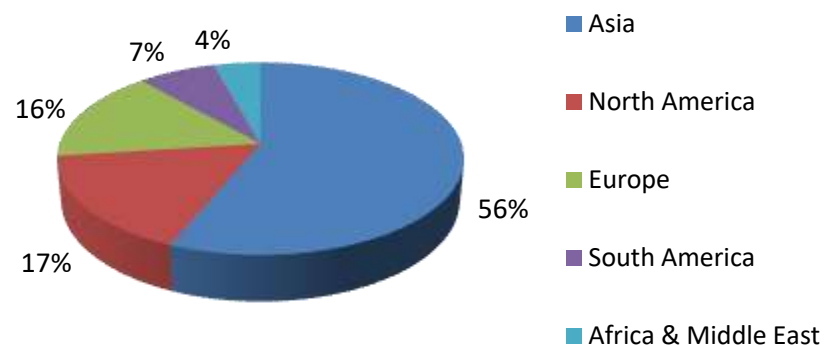


Tire Rubber Consumption ('000 tonnes)

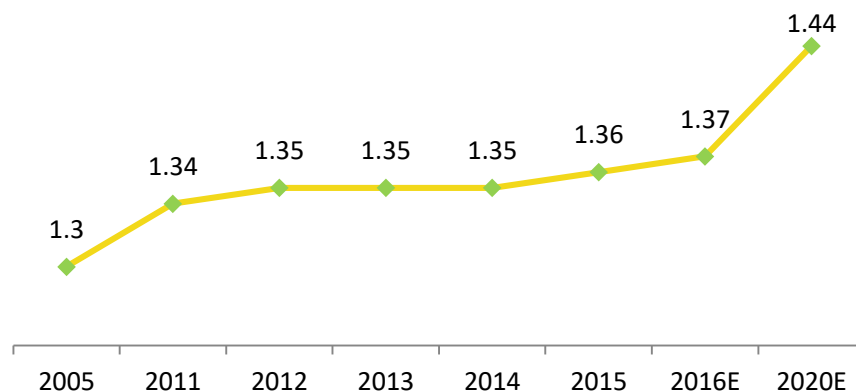


Insoluble Sulphur - Demand Forecast

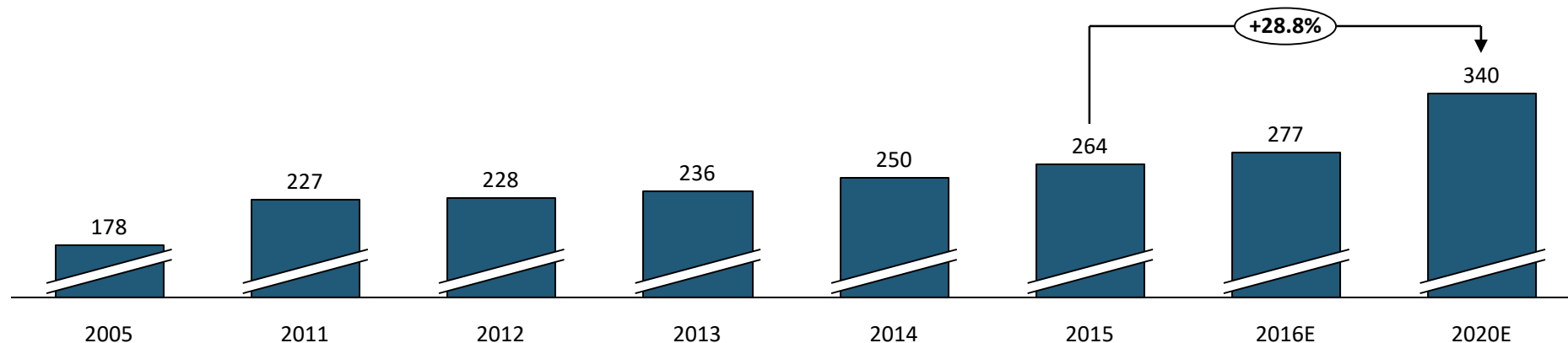
Geographical Breakup - \$28 bn Investment



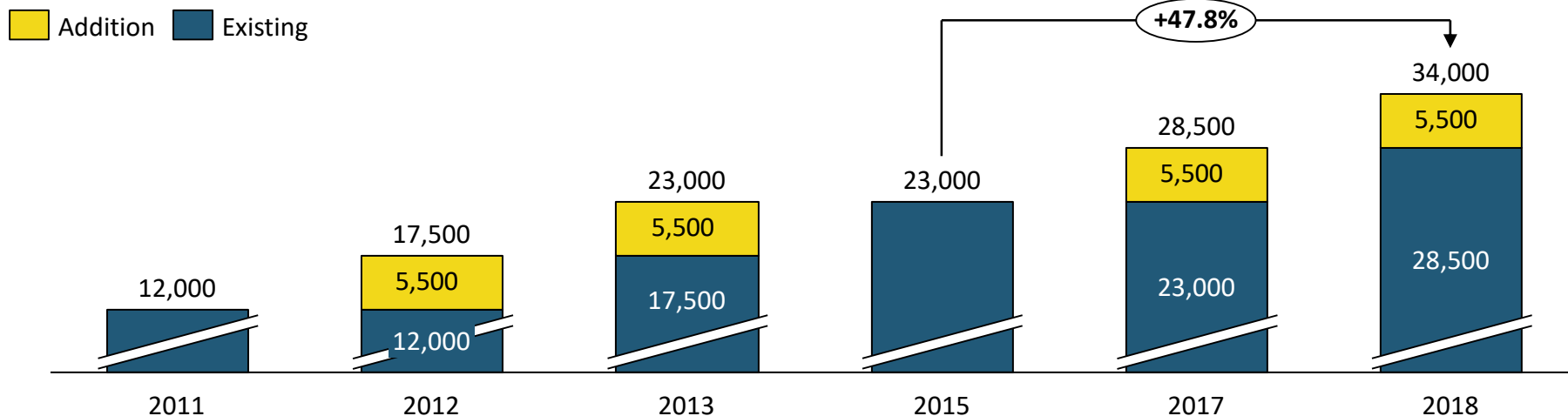
Radialisation: Insoluble Sulphur to Tire Rubber Ratio



*Insoluble Sulphur Demand ('000 tonnes)



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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Financials

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
Total Income from Operations	73.0	74.1	-1.6%	151.7	149.7	1.4%	288.2
Other Income	1.8	0.8		3.3	2.2		5.7
Total Income	74.8	74.9		155.1	151.9		293.9
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
EBITDA	22.9	23.7	-3.3%	46.5	46.5	0.1%	86.8
EBITDA (%)	31.4%	32.0%		30.7%	31.0%		30.1%
Depreciation	3.5	4.2		7.3	8.9		15.7
EBIT	19.4	19.6	-0.7%	39.3	37.6	4.6%	71.1
EBIT (%)	26.6%	26.4%		25.9%	25.1%		24.7%
Interest	1.0	1.4		2.3	3.0		6.3
Profit Before Tax	18.4	18.1	1.5%	37.0	34.6	7.0%	64.8
Provision for Tax	3.7	5.2		7.7	7.3		11.8
PAT	14.7	12.9	13.5%	29.3	27.3	7.2%	53.0
PAT (%)	20.1%	17.5%		19.3%	18.2%		18.4%
EPS	14.3	12.6		28.4	26.5		51.5

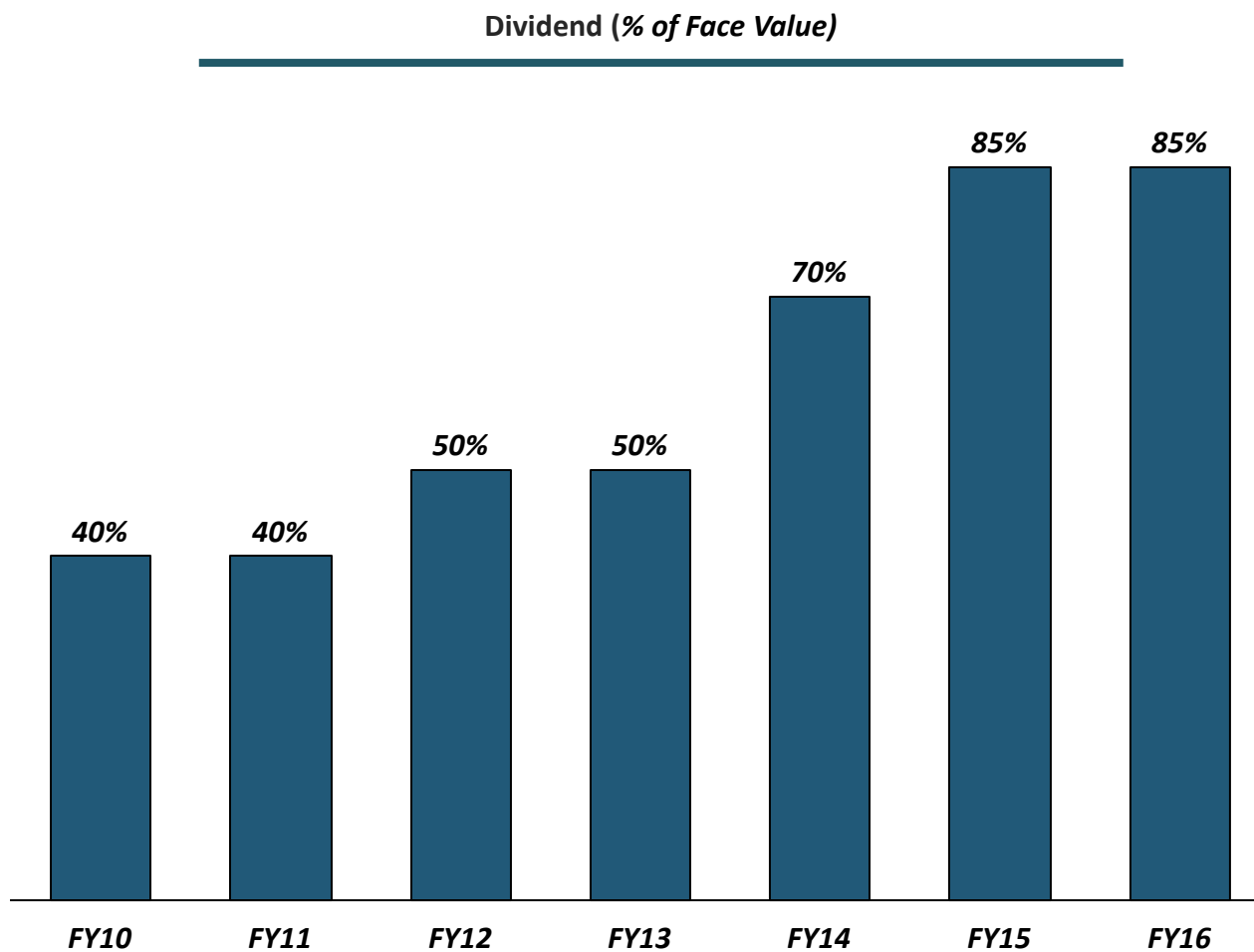
*Total Raw material cost incl. change in Inventories

Balance Sheet - Standalone

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

Particulars (Rs. Crs)	Sept-16	Mar-16
Non-current assets	327.4	285.3
Fixed assets (inc. CWIP)	267.3	222.3
Non-current Investments	14.7	14.7
Long Term Loans & Advances	45.4	48.3
Current assets	130.1	132.0
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
Total Assets	457.5	417.32

Consistent Dividend Record



For further information, please contact:

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