

ORIENTAL CARBON & CHEMICALS LTD



Investor Presentation – July 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

03

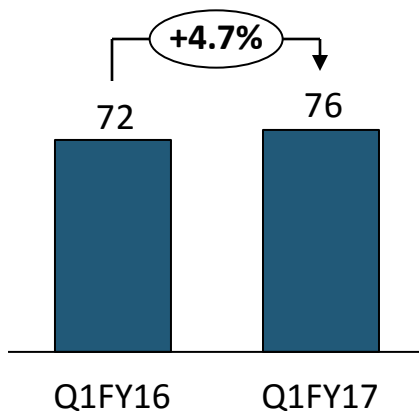
Growth Opportunities

04

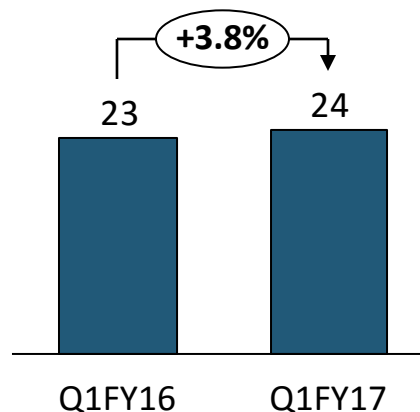
Financials

Result Highlights: Y-o-Y Performance

Revenue (Rs. Crs)



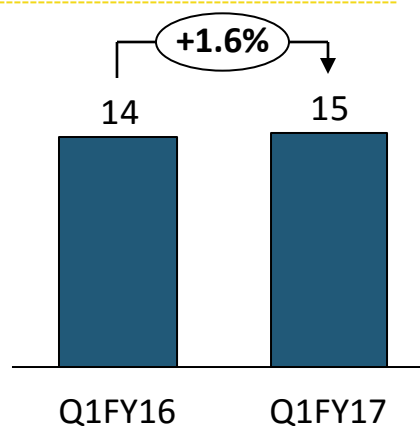
EBITDA* (Rs. Crs)



EBIT (Rs. Crs)

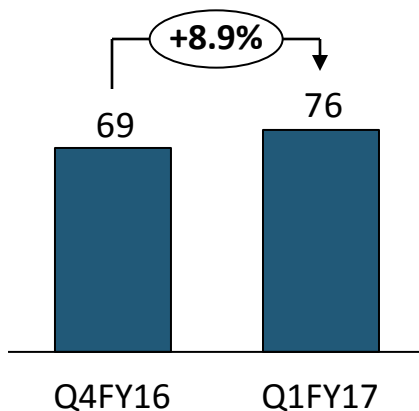


PAT (Rs. Crs)

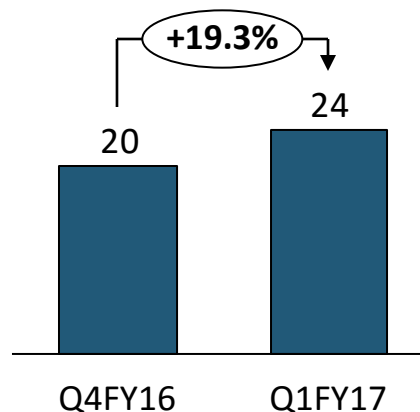


Result Highlights: Q-o-Q Performance

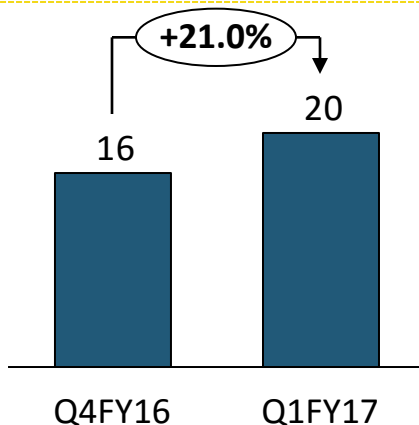
Revenue (Rs. Crs)



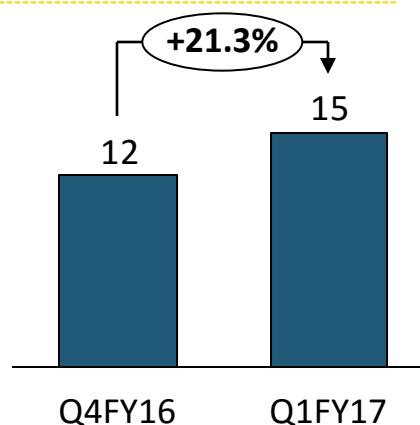
EBITDA* (Rs. Crs)



EBIT (Rs. Crs)



PAT (Rs. Crs)



01

Performance Highlights

02

Company Overview

03

Growth Opportunities

04

Financials

Company Overview

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)

One of the market leader in the production of Insoluble Sulphur

OCCL is a people and technology driven company

Our products are "REACH" compliant

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

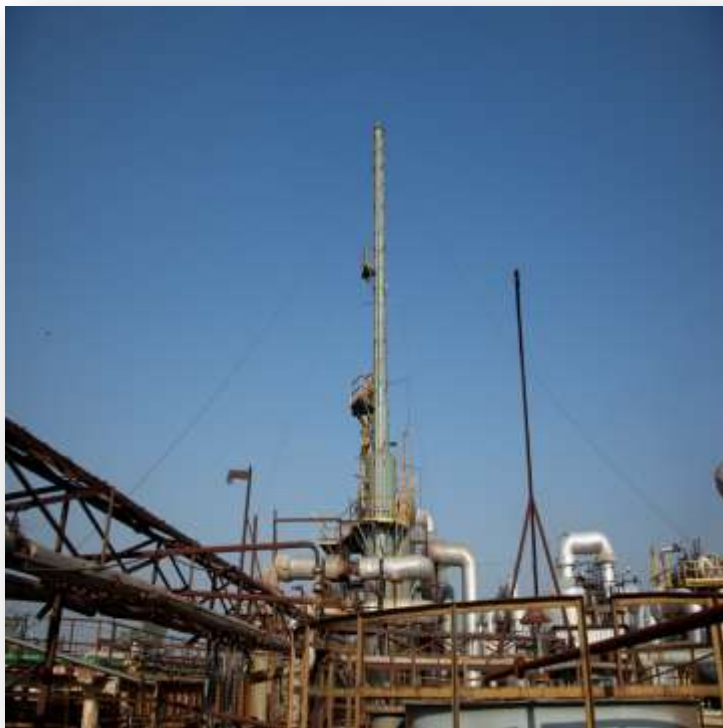
Mr. Anurag Jain: Chief Financial Officer (CFO)

- 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)

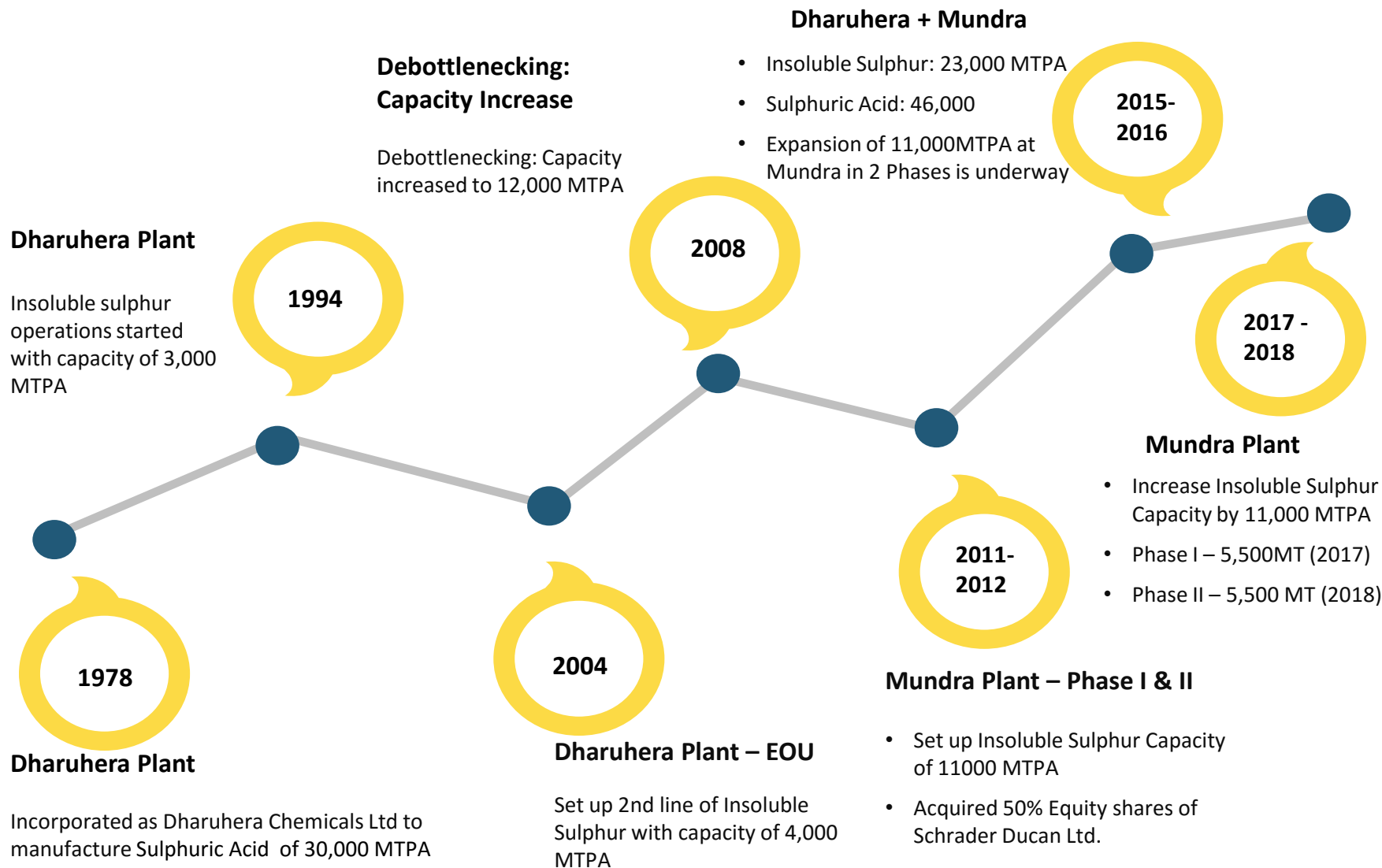
- An M.B.A (International Business) with over 14 years of experience in International business
- Responsible for international marketing of Insoluble Sulfur & increasing market share of Diamond Sulf overseas

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

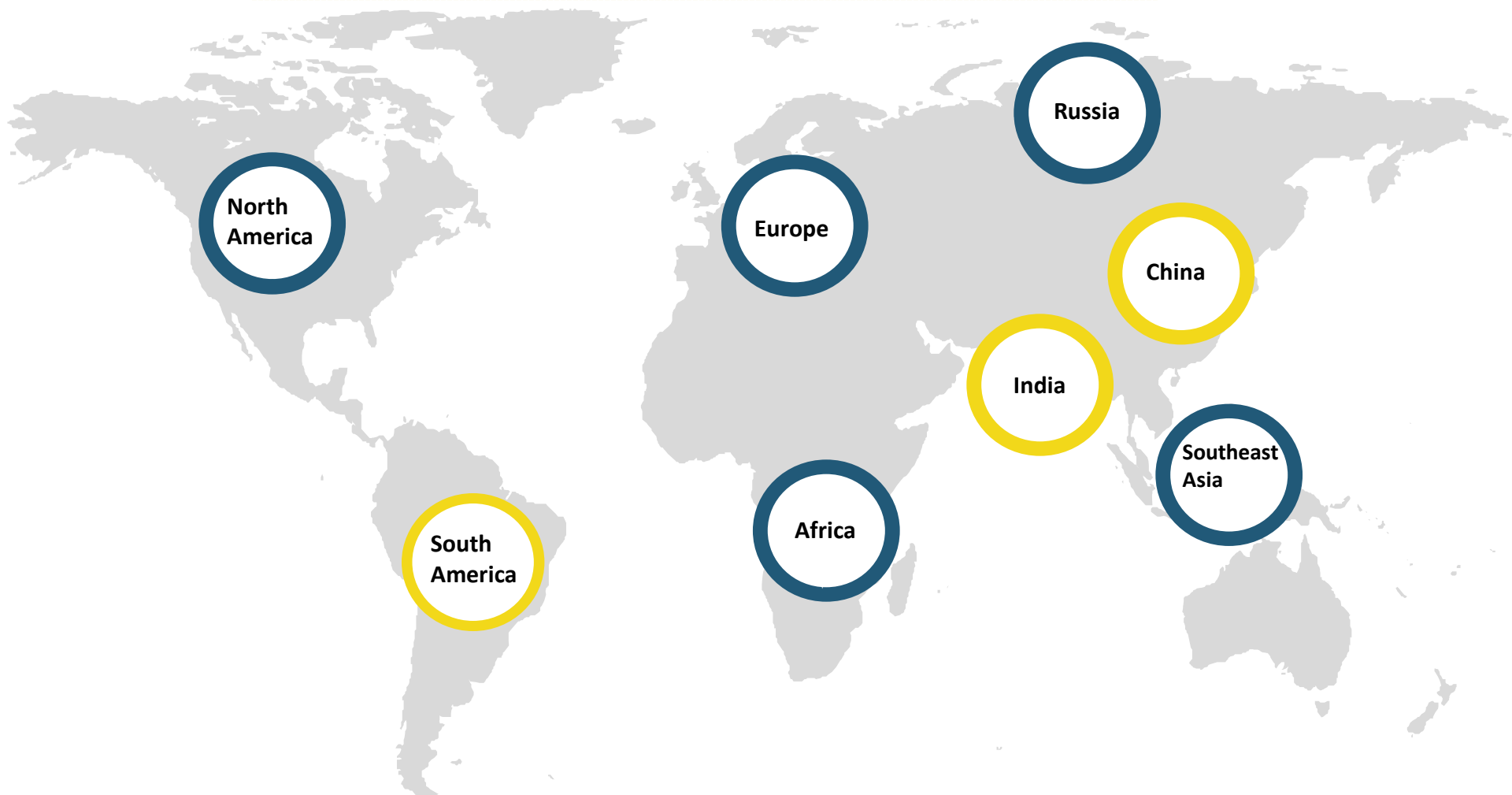


apollo



Global Sales Network

Presence in 21 Countries across the World



01

Performance Highlights

02

Company Overview

03

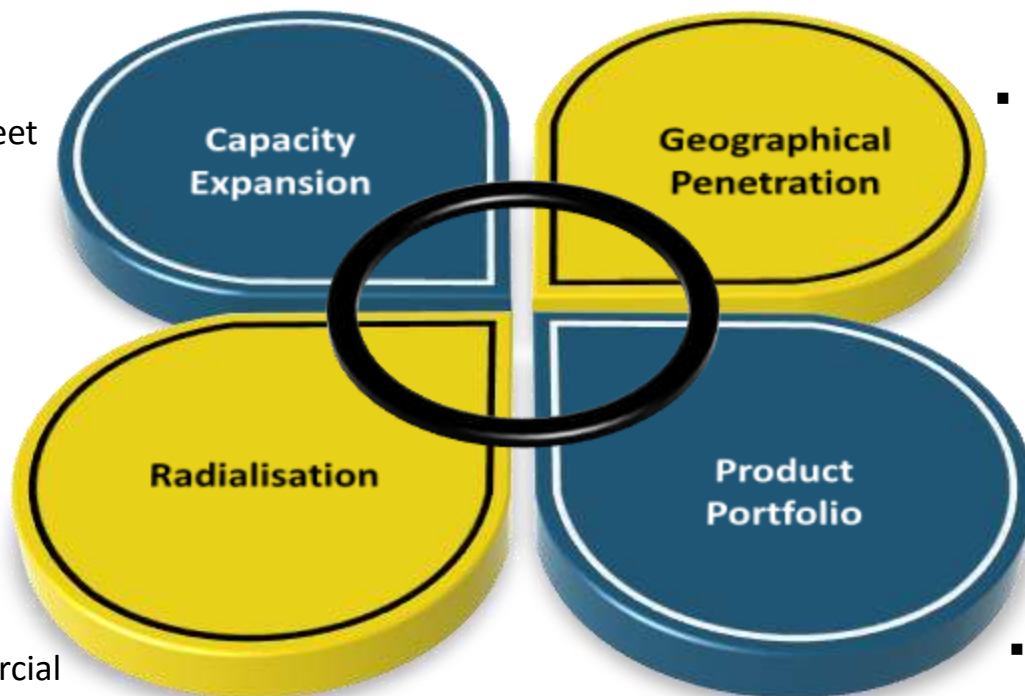
Growth Opportunities

04

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

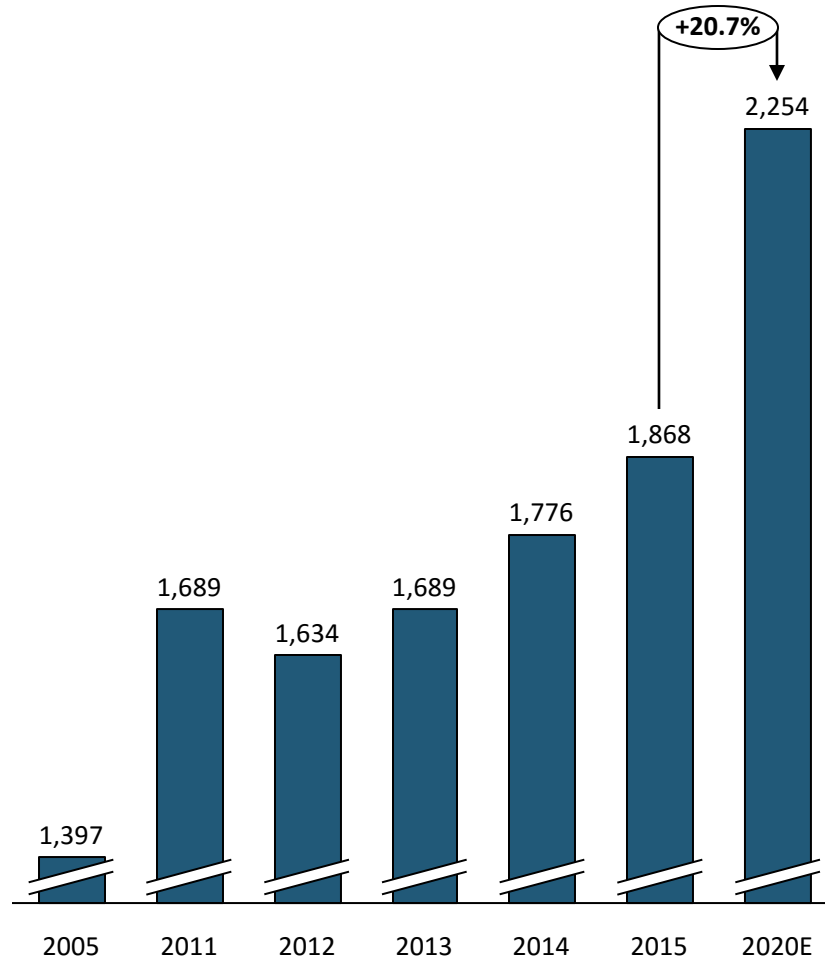
Radial Revolution:

Radialization in Asia
Fast Growing Market

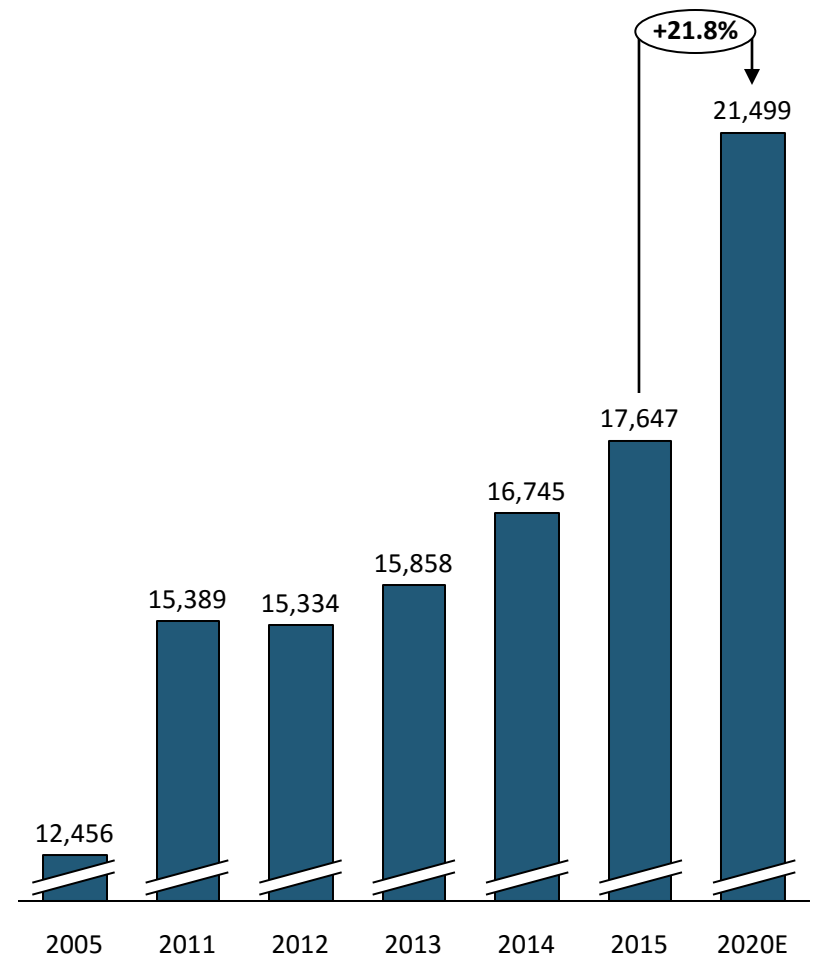


Global Tire Industry – Growth Projections

Tire Production (mn units)

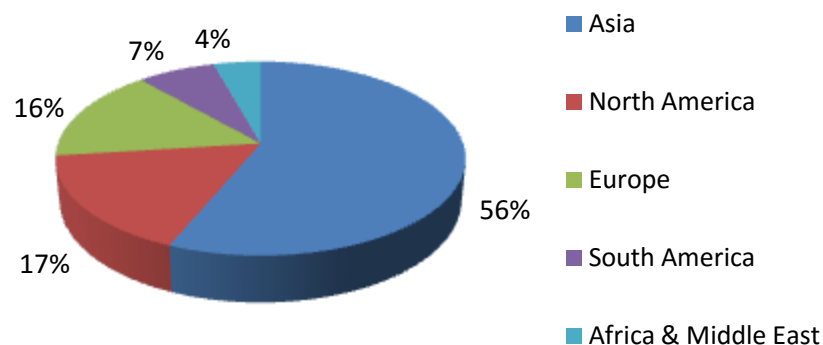


Tire Rubber Consumption ('000 tonnes)

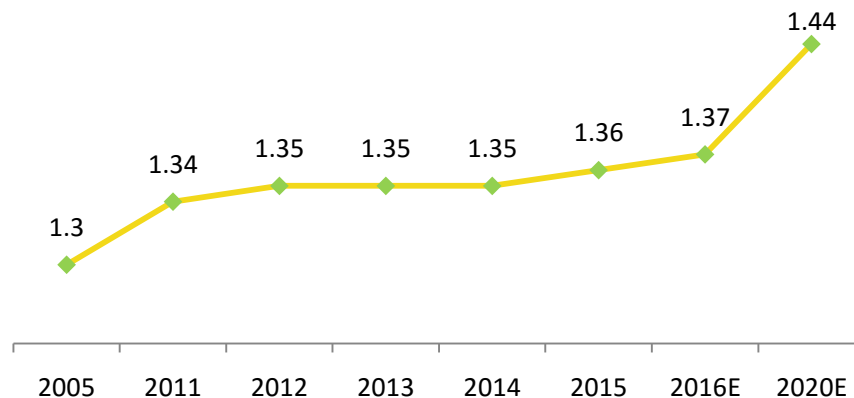


Insoluble Sulphur - Demand Forecast

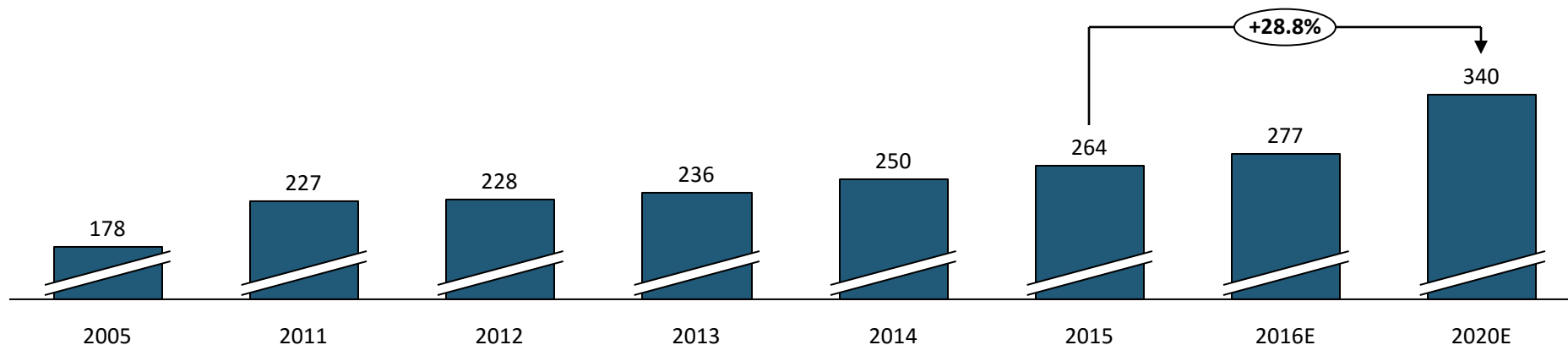
Geographical Breakup - \$28 bn Investment



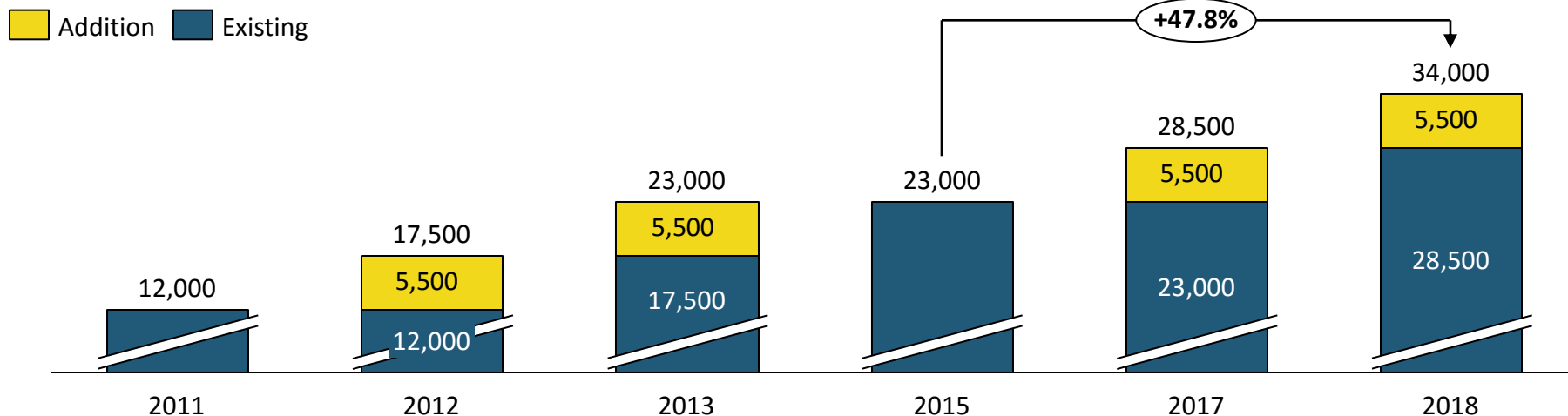
Radialisation: Insoluble Sulphur to Tire Rubber Ratio



*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

01

Performance Highlights

02

Company Overview

03

Growth Opportunities

04

Financials

Profit & Loss Statement – Standalone

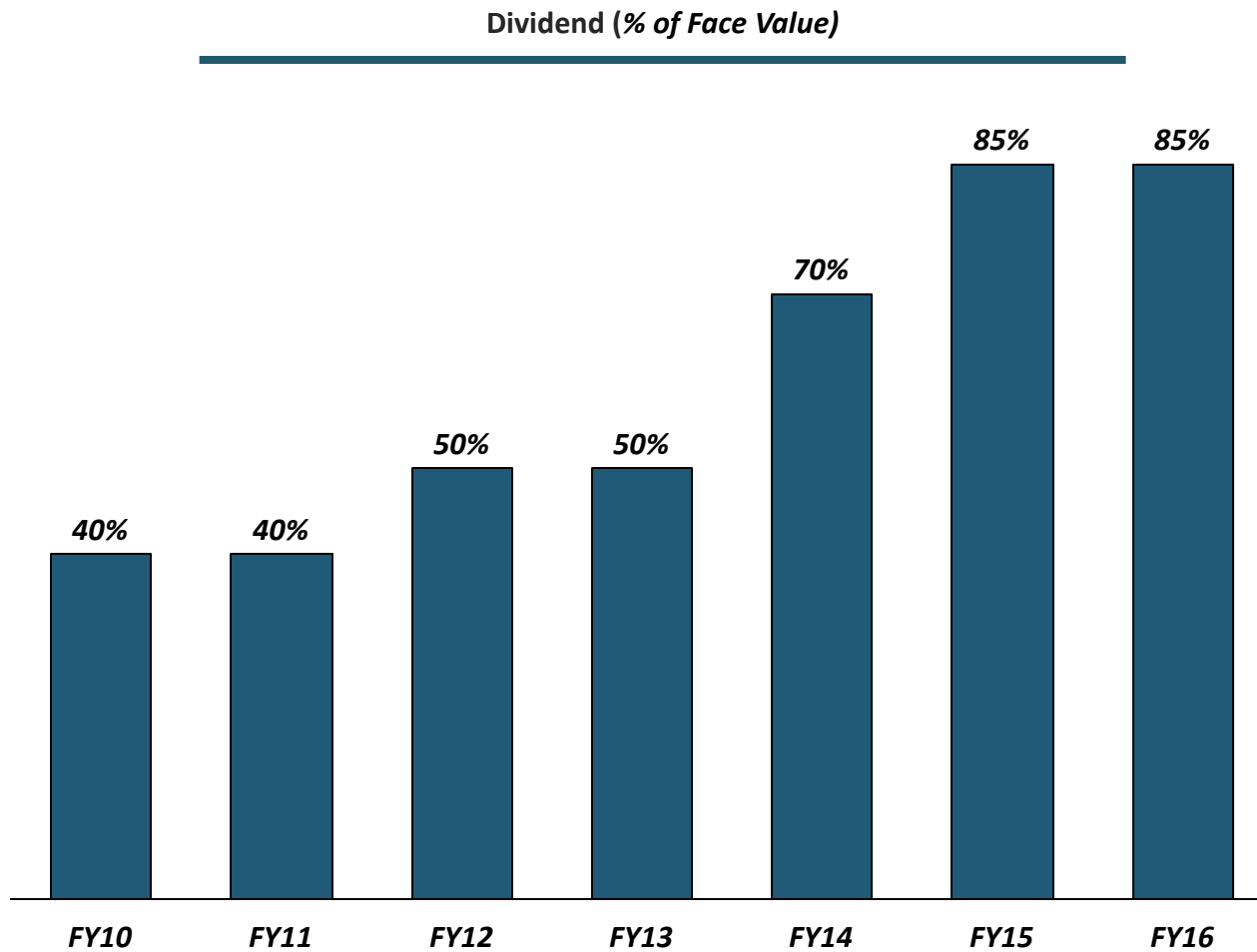
Particulars (Rs. In Crs)	Q1FY17	Q1FY16	Y-o-Y	Q4FY16	Q-o-Q	FY16
Sales from Operations	73.94	71.38		68.52		271.29
Other Operating Income	1.56	0.73		0.84		3.43
Total Income from Operations	75.51	72.11	4.7%	69.37	8.8%	274.72
Other Income	1.50	1.46		0.71		5.69
Total Income	77.01	73.58	4.7%	70.08	9.9%	280.40
Total Raw material*	22.80	20.74		15.88		69.21
Power & Fuel Cost	7.94	9.33		7.77		34.03
Employee Cost	8.92	7.30		9.70		32.78
Other Expenses	13.75	13.48		16.95		57.62
EBITDA	23.59	22.73	3.8%	19.78	19.2%	86.76
EBITDA (%)	30.6%	30.9%		28.2%		30.9%
Depreciation	3.74	4.73		3.38		15.65
EBIT	19.85	18.00	10.3%	16.41	21.0%	71.11
EBIT (%)	25.8%	24.5%		23.4%		25.4%
Interest	1.24	1.53		1.76		6.35
Profit Before Tax	18.61	16.47	13.0%	14.64	27.1%	64.76
Provision for Tax	4.03	2.12		2.63		11.78
PAT	14.58	14.35	1.6%	12.02	21.3%	52.99
PAT (%)	18.9%	19.5%		17.1%		18.9%
EPS	14.16	13.94		11.67		51.46

*Total Raw material cost incl. change in Inventories

Balance Sheet - Standalone

Particulars (Rs. Crs)	Mar-16	Mar-15	Particulars (Rs. Crs)	Mar-16	Mar-15
Shareholder's Fund	286.64	244.18	Non-current assets	285.29	248.4
Share capital	10.31	10.31	Fixed assets (inc. CWIP)	222.33	191.7
Reserves & Surplus	276.33	233.87	Non-current Investments	14.71	14.7
Non-current liabilities	44.40	66.49	Long Term Loans & Advances	48.26	42.0
Long term borrowings	21.39	44.09	Current assets	132.03	142.70
Deferred Tax liabilities (net)	21.14	21.12	Current Investments	15.48	26.6
Other Long term liabilities	1.87	1.29	Inventories	38.67	37.3
Current liabilities	86.29	80.43	Trade receivables	48.05	51.5
Short term borrowings	27.74	25.73	Cash and bank balances	10.00	17.7
Trade payables	10.21	15.35	Short term loan and advances	14.60	5.2
Other current liabilities	48.34	39.35	Other current assets	5.23	4.4
Total Liabilities	417.32	391.10	Total Assets	417.32	391.10

Consistent Dividend Record



For further information, please contact:

Company :

Oriental Carbon & Chemicals Ltd.
CIN: L24297WB1978PLC031539
Mr. Anurag Jain - CFO
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 / sneha@sgapl.net

www.sgapl.net