



ORIENTAL CARBON & CHEMICALS LTD

Investor Presentation – May 2016

Safe Harbor

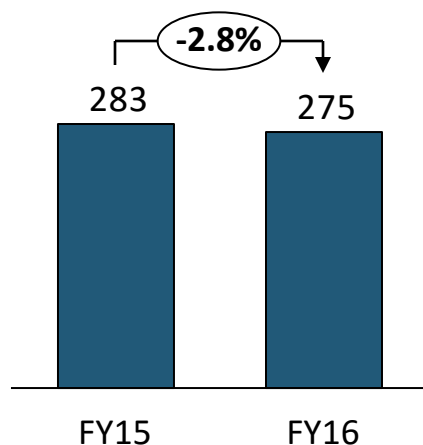
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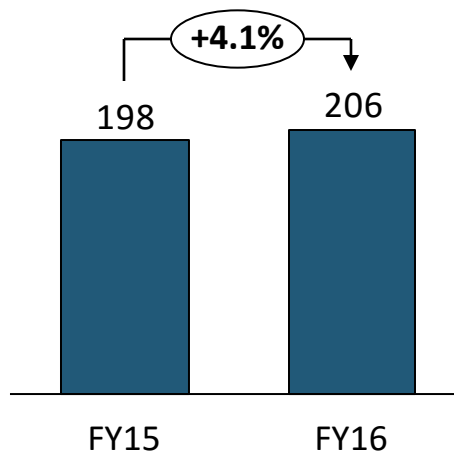
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Highlights: FY16 Performance

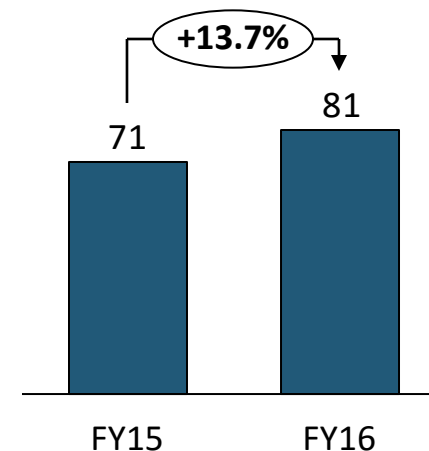
Revenue (Rs. Crs)



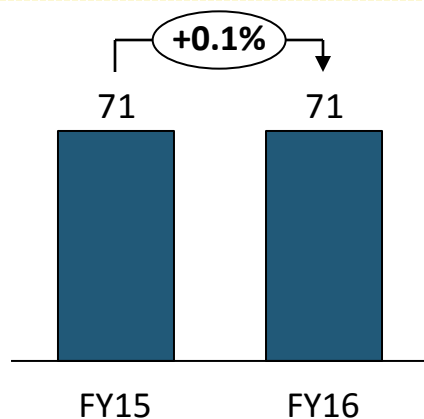
Gross Profit (Rs. Crs)



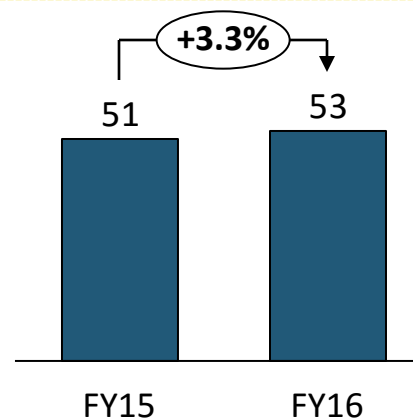
EBITDA (Rs. Crs)



EBIT (Rs. Crs)



PAT (Rs. Crs)



Financial Performance

EBIT Y-o-Y Growth (%)

12.4%

0.1%

Incl. Other Income

Excl. Other Income

PAT Y-o-Y Growth (%)

23.0%

3.3%

Incl. Other Income

Excl. Other Income

Other Income - Largely Foreign Exchange Fluctuations

Margin Profile – FY16

➤ Gross Profit

Margin Improved from 69.9% in FY15 to 74.8% in FY16

➤ EBITDA

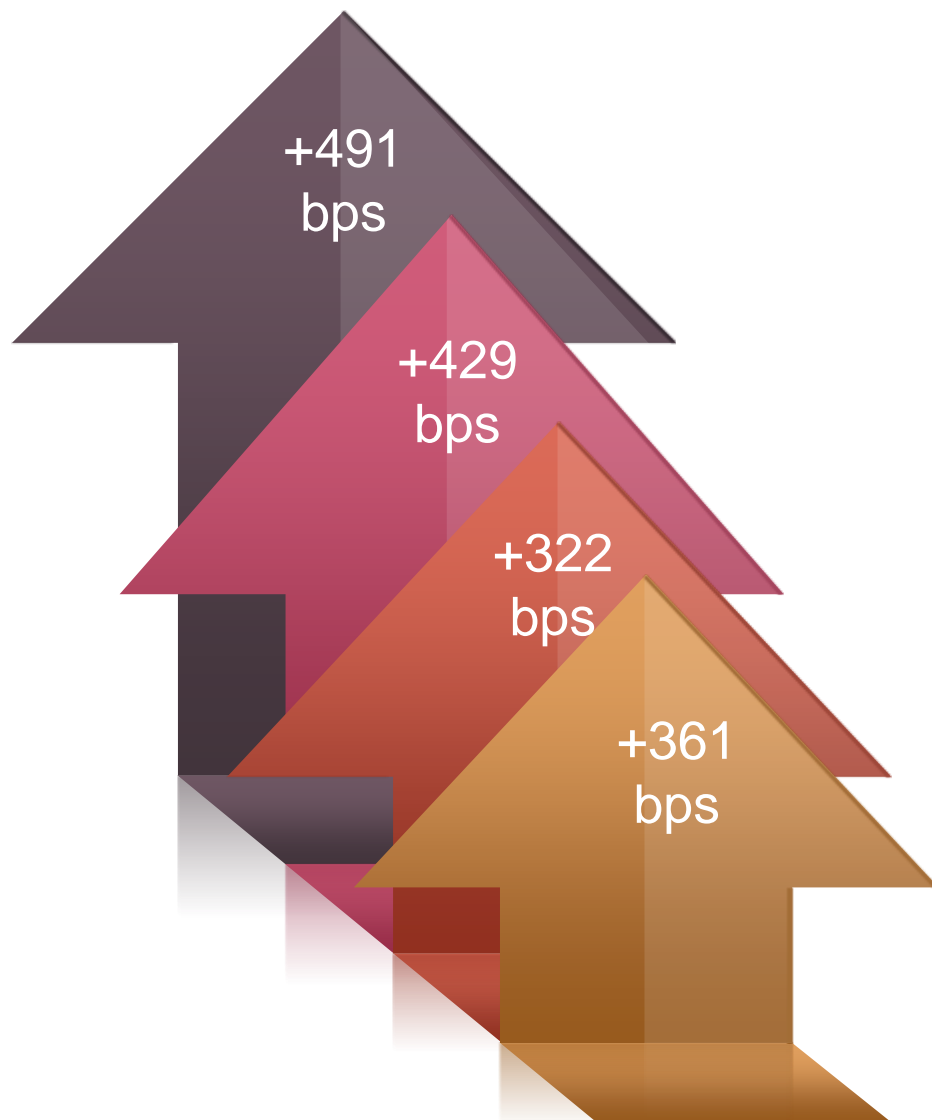
Margin Improved from 25.2% in FY15 to 29.5% in FY16

➤ EBIT*

Margin Improved from 20.6% in FY15 to 23.8% in FY16

➤ PAT*

Margin Improved from 13.6% in FY15 to 17.2% in FY16



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

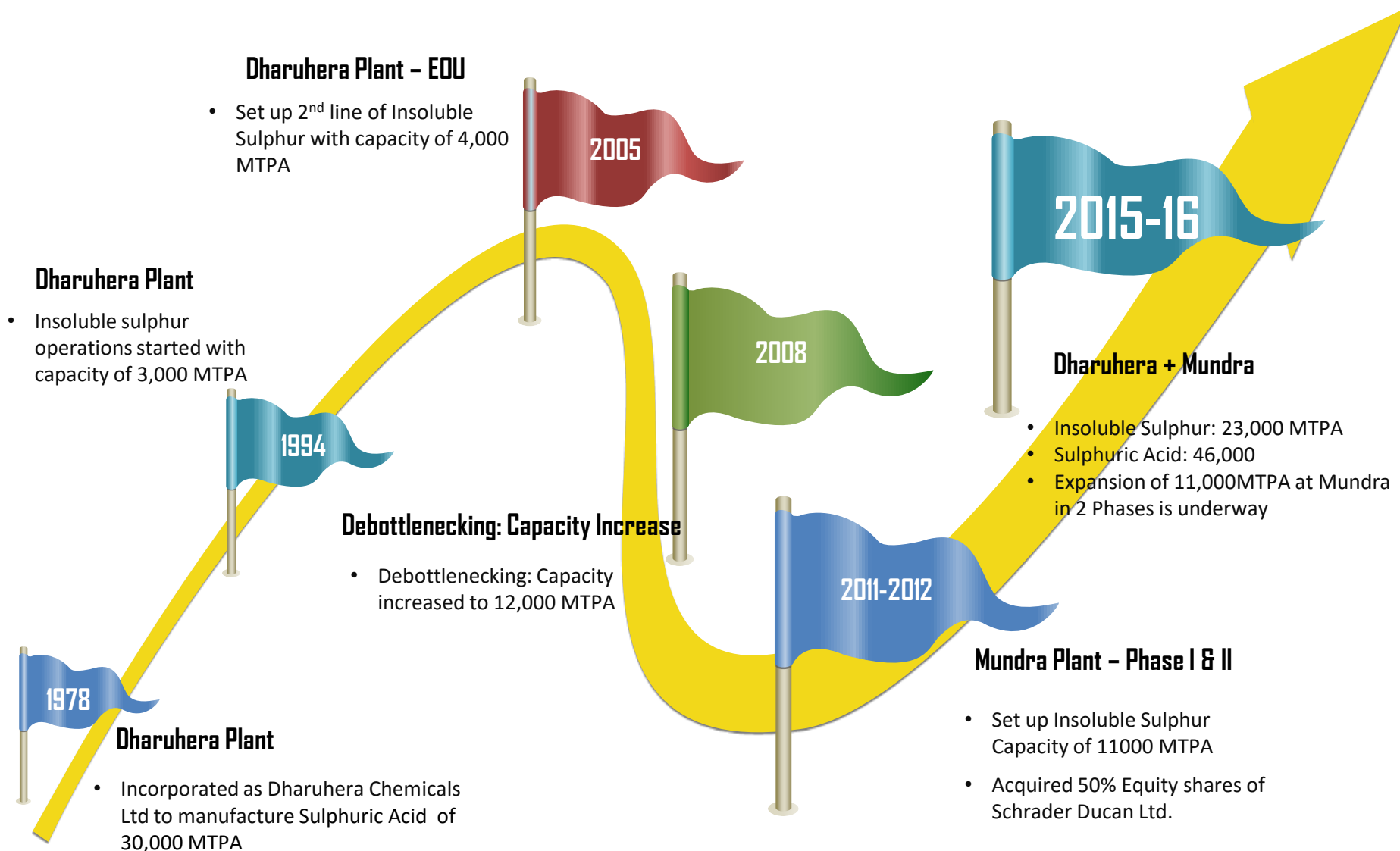
31 % ↑

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

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



A world map with the seven continents labeled and color-coded. North America is yellow, South America is green, Europe is purple, Africa is blue, Asia is orange, Australia is red, and Antarctica is white. The labels are placed on their respective continents in a bold, black, sans-serif font.

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



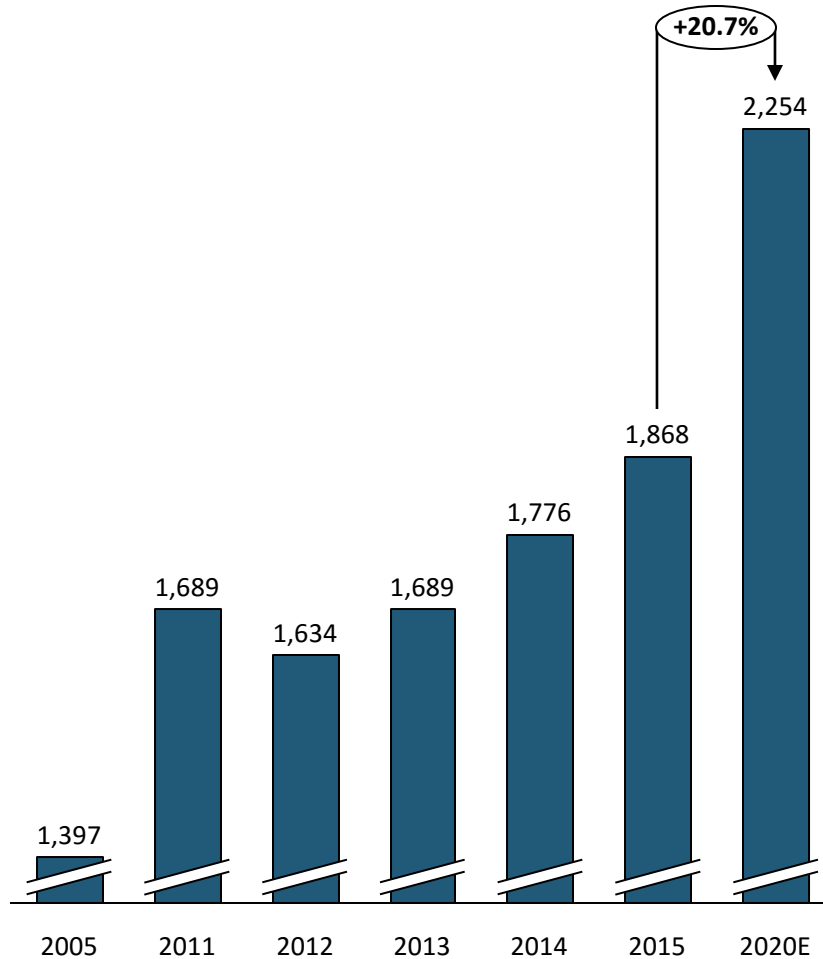
03

Radial Revolution

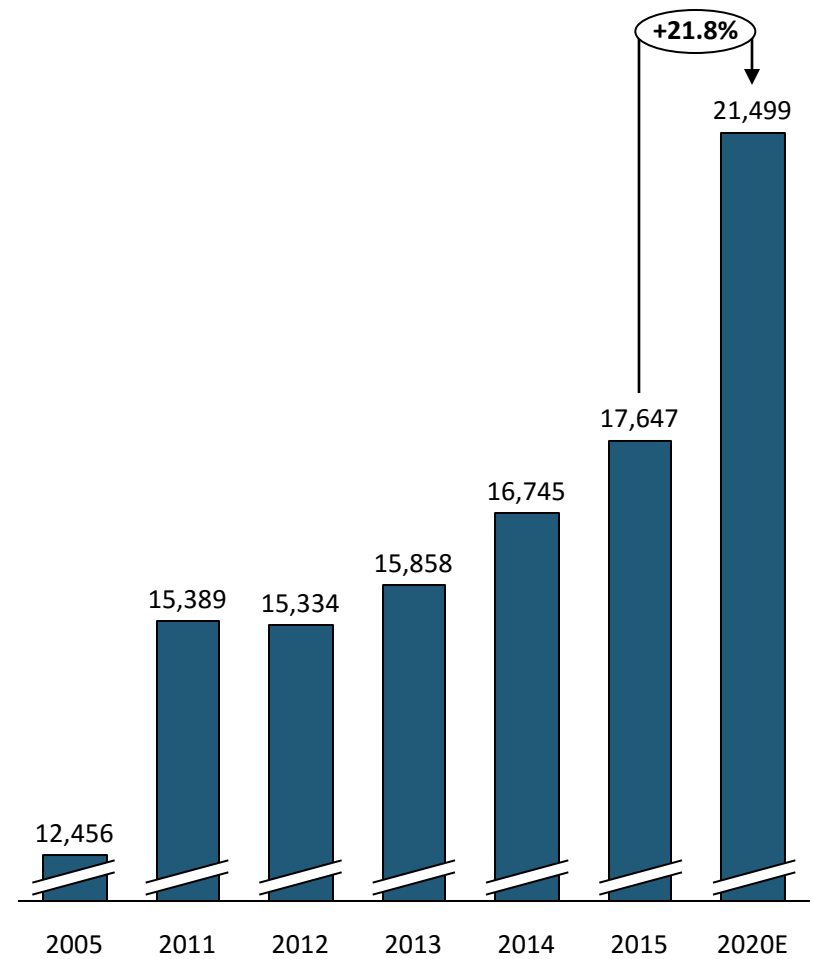
Radialization in Asia
Fast Growing Market

Global Tire Industry – Growth Projections

Tire Production (mn units)

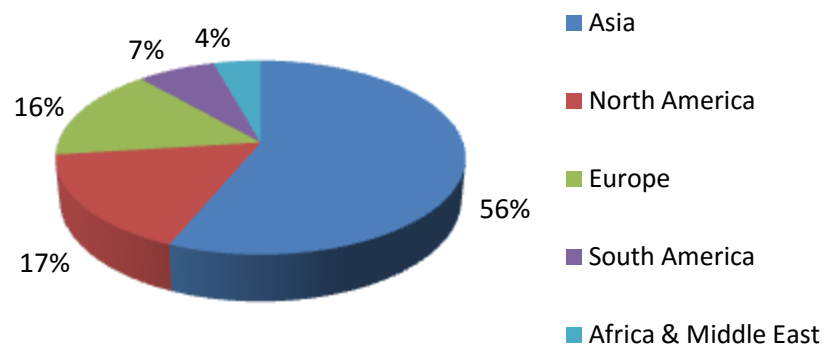


Tire Rubber Consumption ('000 tonnes)

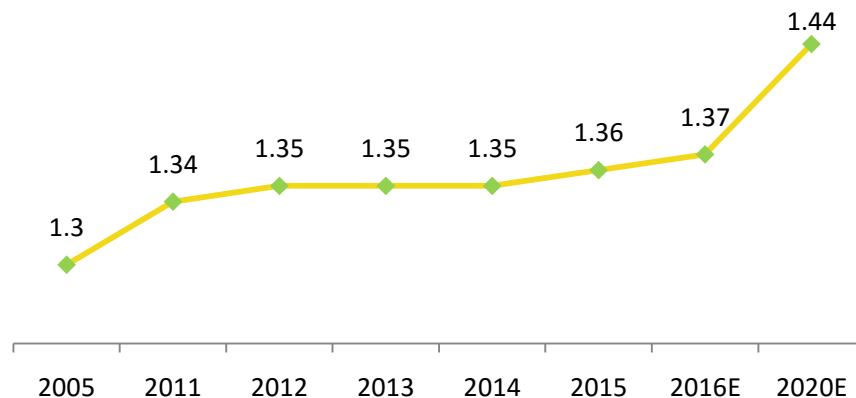


Insoluble Sulphur - Demand Forecast

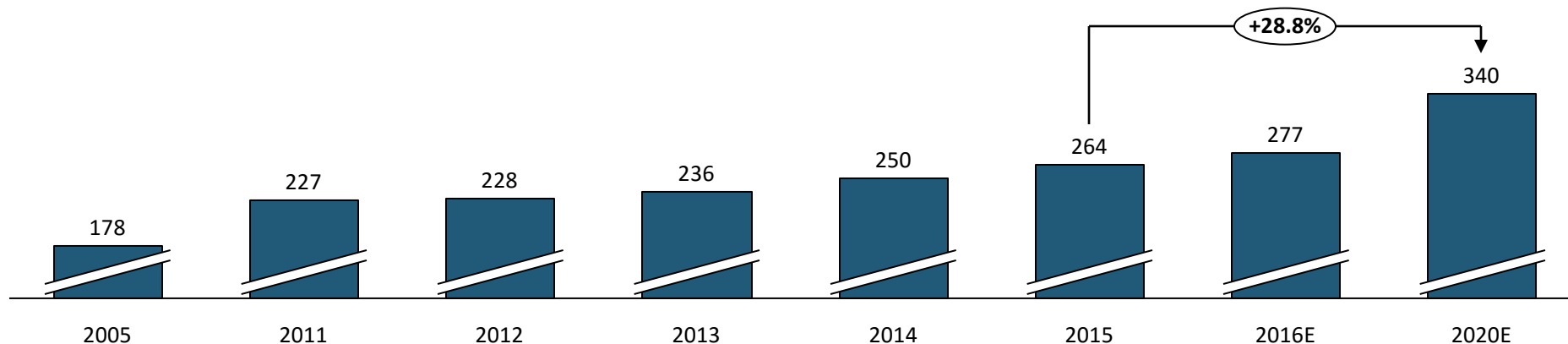
Geographical Breakup - \$28 bn Investment



Radialisation: Insoluble Sulphur to Tire Rubber Ratio



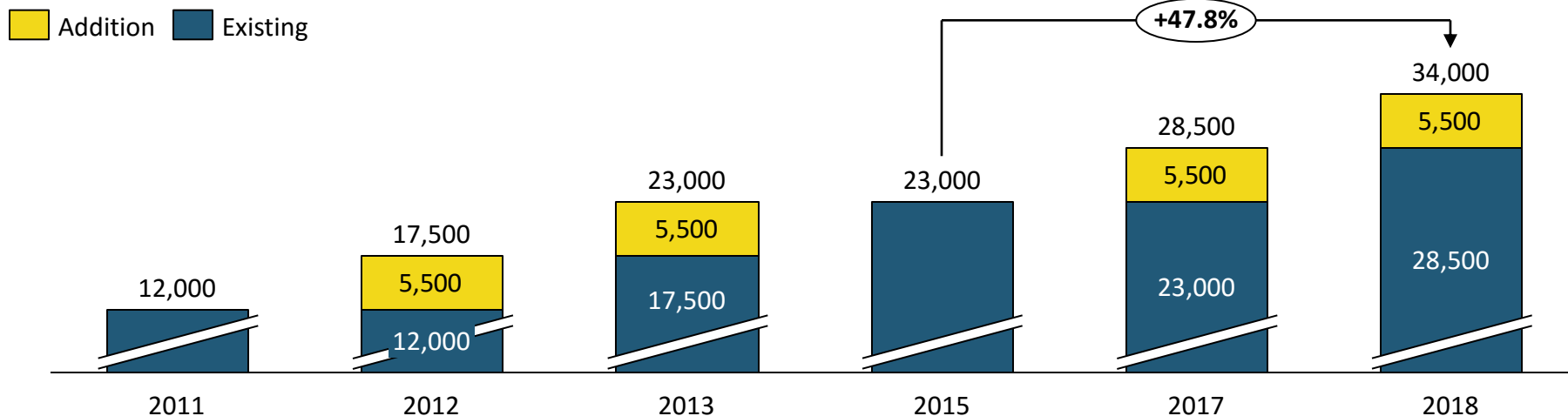
*Insoluble Sulphur Demand ('000 tonnes)



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

Coal – Fired Boiler was commissioned in April-16

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

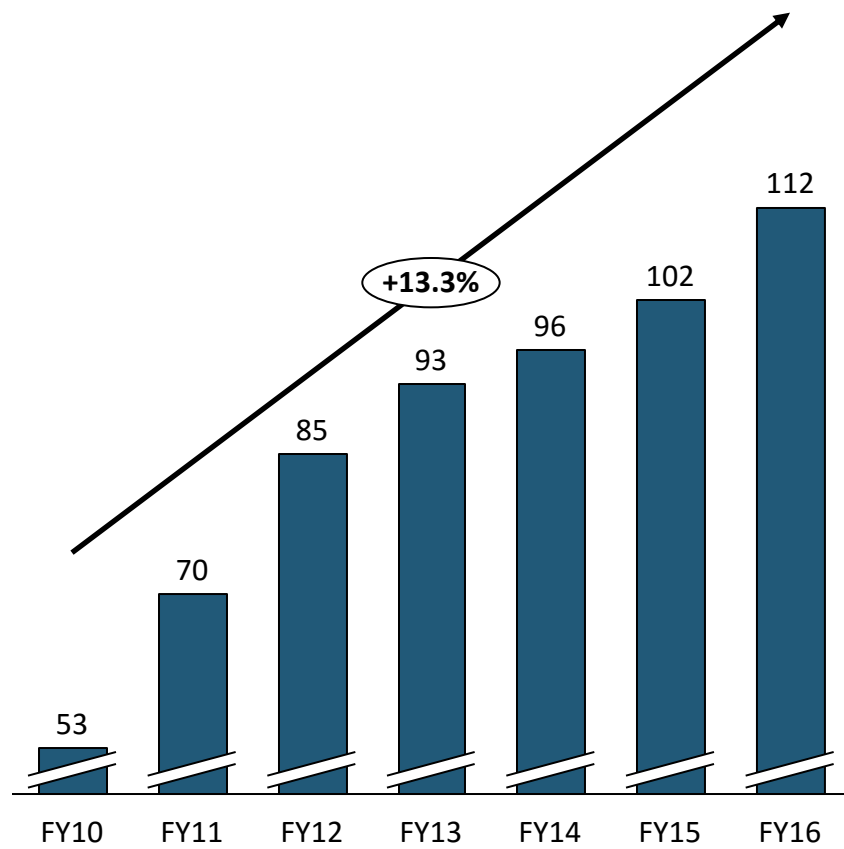
- Edge over the others -
 - Land & Common Infrastructure available for further expansion at Mundra
 - In-house Technology

Financial Highlights

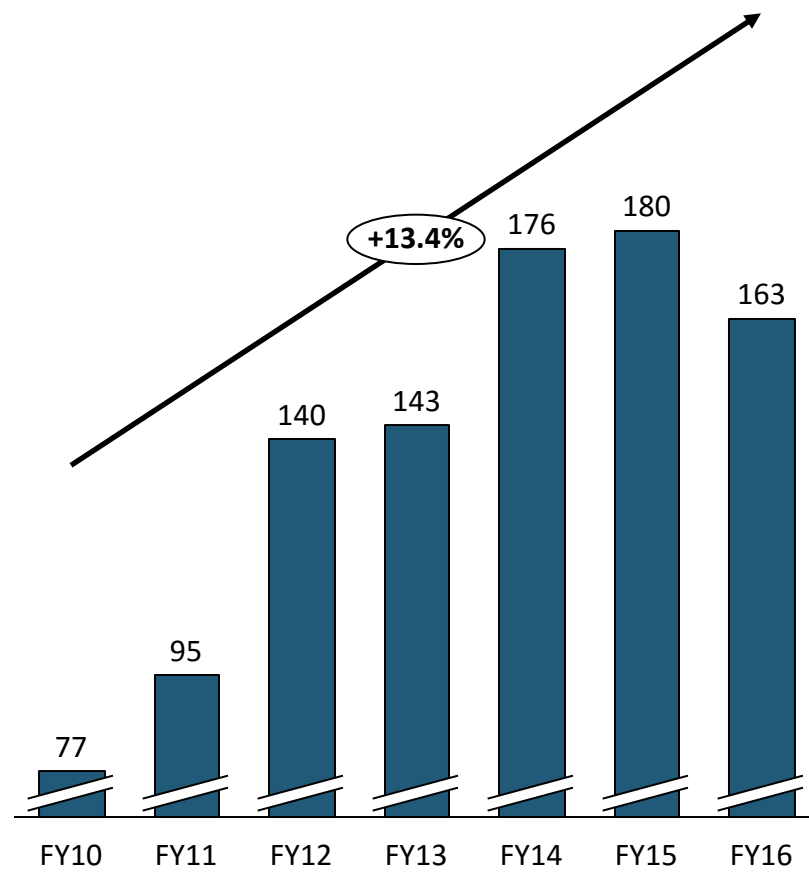
04

Revenue Breakup

Domestic (Rs. Crs)



Exports (Rs. Crs)



Profit & Loss Statement – Standalone

| Particulars (Rs. In Crs) | FY16 | FY15 | Y-o-Y |
|-------------------------------------|---------------|---------------|--------------|
| Sales from Operations | 271.29 | 282.13 | |
| Other Operating Income | 3.43 | 0.44 | |
| Total Income from Operations | 274.72 | 282.57 | -2.8% |
| Other Income | 5.69 | 12.86 | |
| Total Income | 280.40 | 295.43 | -5.1% |
| Total Raw material* | 69.21 | 85.07 | |
| Power & Fuel Cost | 34.03 | 40.38 | |
| Employee Cost | 32.78 | 27.95 | |
| Other Expenses | 57.62 | 57.89 | |
| EBITDA | 86.76 | 84.14 | 3.1% |
| EBITDA (%) | 30.9% | 28.5% | |
| Depreciation | 15.65 | 13.08 | |
| EBIT | 71.11 | 71.06 | 0.1% |
| EBIT (%) | 25.4% | 24.1% | |
| Interest | 6.35 | 8.10 | |
| Profit Before Tax | 64.76 | 62.96 | 2.9% |
| Provision for Tax | 11.78 | 11.65 | |
| PAT | 52.99 | 51.32 | 3.3% |
| PAT (%) | 18.9% | 17.4% | |

*Total Raw material cost incl. change in Inventories

Profit & Loss Statement – Standalone

| Particulars (Rs. In Crs) | Q4FY16 | Q4FY15 |
|-------------------------------------|--------------|--------------|
| Sales from Operations | 68.52 | 75.57 |
| Other Operating Income | 0.84 | 0.06 |
| Total Income from Operations | 69.37 | 75.63 |
| Other Income | 0.71 | 5.25 |
| Total Income | 70.08 | 80.87 |
| Total Raw material* | 15.88 | 24.29 |
| Power & Fuel Cost | 7.77 | 8.37 |
| Employee Cost | 9.70 | 7.16 |
| Other Expenses | 16.95 | 17.61 |
| EBITDA | 19.78 | 23.44 |
| EBITDA (%) | 28.2% | 29.0% |
| Depreciation | 3.38 | 3.41 |
| EBIT | 16.41 | 20.03 |
| EBIT (%) | 23.4% | 24.8% |
| Interest | 1.76 | 2.09 |
| Profit Before Tax | 14.64 | 17.95 |
| Provision for Tax | 2.63 | 2.38 |
| PAT | 12.02 | 15.57 |
| PAT (%) | 17.1% | 19.3% |

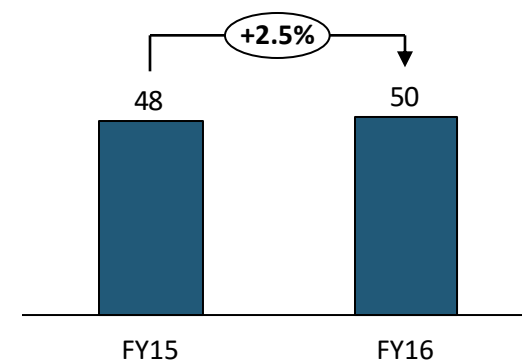
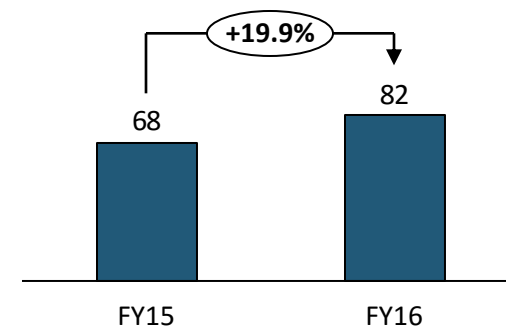
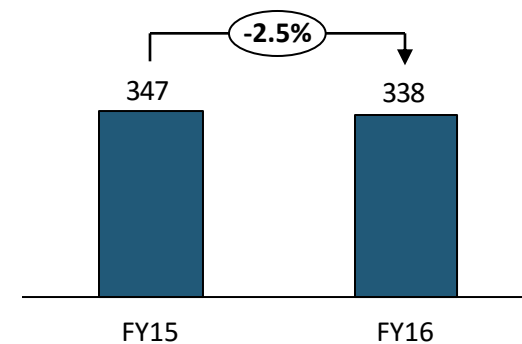
*Total Raw material cost incl. change in Inventories

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 |

Profit & Loss Statement - Consolidated

| Particulars (Rs. Crs) | FY16 | FY15 |
|--|---------------|---------------|
| Total Income from Operations | 338.13 | 346.67 |
| Total Raw material* | 113.46 | 129.86 |
| Power & Fuel Cost | 35.51 | 42.01 |
| Employee Cost | 43.56 | 39.41 |
| Other Expenses | 63.83 | 67.21 |
| Operating EBITDA | 81.77 | 68.19 |
| Operating EBITDA (%) | 24.2% | 19.7% |
| Other Income | 5.68 | 13.63 |
| Depreciation | 20.34 | 16.38 |
| EBIT | 67.10 | 65.43 |
| EBIT (%) | 19.8% | 18.9% |
| Interest | 8.41 | 10.35 |
| Profit Before Tax | 58.69 | 55.08 |
| Provision for Tax | 12.63 | 9.82 |
| PAT before Minority Interest | 46.06 | 45.27 |
| Minority Interest | -3.46 | -3.02 |
| PAT after Minority Interest | 49.52 | 48.29 |
| PAT after Minority Interest (%) | 14.6% | 13.9% |

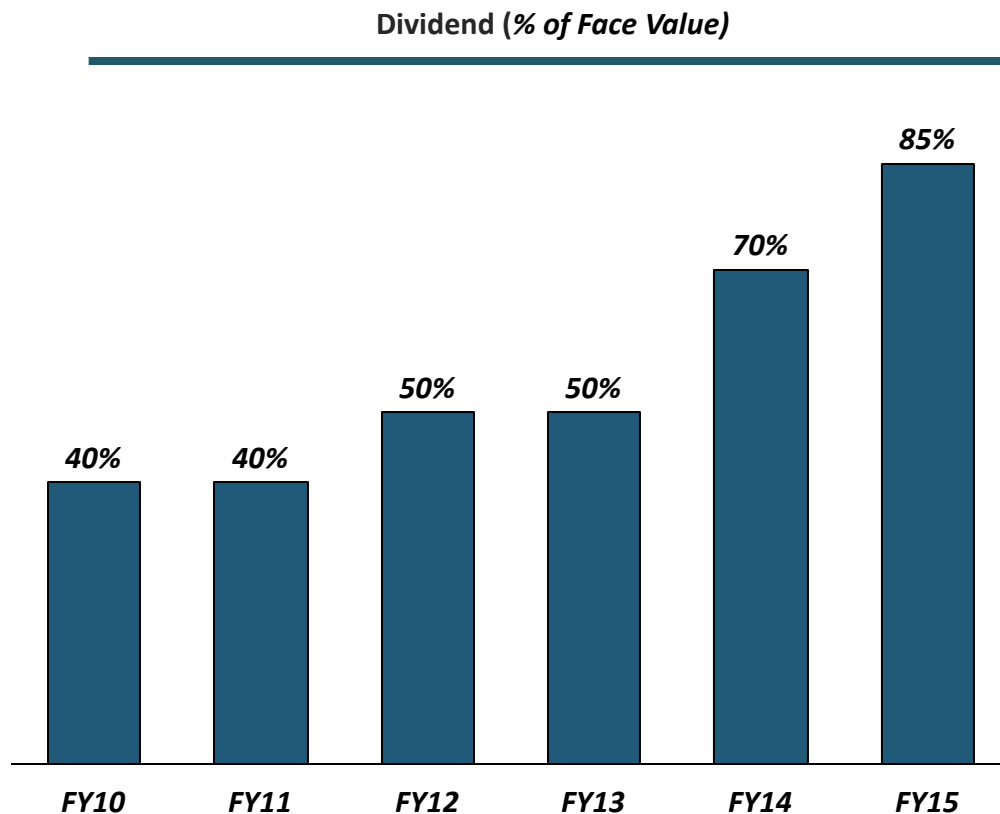


*Total Raw material cost incl. change in Inventories

Balance Sheet - Consolidated

| Particulars (Rs. Crs) | Mar-16 | Mar-15 | Particulars (Rs. Crs) | Mar-16 | Mar-15 |
|--------------------------------|---------------|---------------|------------------------------|---------------|---------------|
| Shareholder's Fund | 283.21 | 244.22 | Non-current assets | 295.12 | 262.40 |
| Share capital | 10.31 | 10.31 | Fixed assets (inc. CWIP) | 246.31 | 219.12 |
| Reserves & Surplus | 272.90 | 233.91 | Non-current Investments | 0.18 | 0.18 |
| Minority Interest | 11.10 | 14.57 | Long Term Loans & Advances | 48.63 | 43.10 |
| Non-current liabilities | 44.94 | 66.92 | Current assets | 156.26 | 176.92 |
| Long term borrowings | 21.39 | 44.09 | Current Investments | 15.48 | 26.61 |
| Deferred Tax liabilities (net) | 21.14 | 21.12 | Inventories | 50.81 | 53.03 |
| Other Long term liabilities | 2.42 | 1.71 | Trade receivables | 60.91 | 67.58 |
| Current liabilities | 112.12 | 113.61 | Cash and bank balances | 10.97 | 18.25 |
| Short term borrowings | 41.08 | 39.79 | Short term loan and advances | 12.79 | 6.90 |
| Trade payables | 19.80 | 29.65 | Other current assets | 5.29 | 4.54 |
| Other current liabilities | 51.25 | 44.17 | Total Assets | 451.38 | 439.31 |
| Total Liabilities | 451.38 | 439.31 | | | |

Consistent Dividend Record



Interim Dividend of Rs.3 & Final Dividend of Rs. 5.5 per equity share of FV of Rs. 10

For further information, please contact:

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