ORIENTAL CARBON & CHEMICALS LTD

Investor Presentation – November 2015

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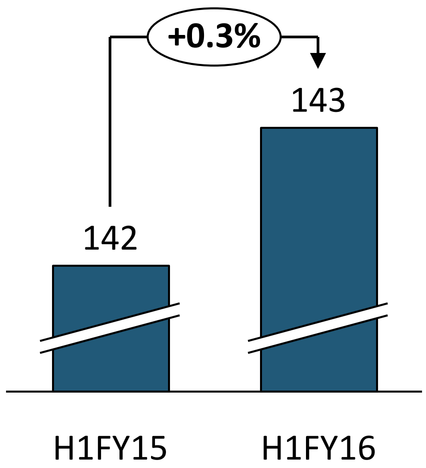
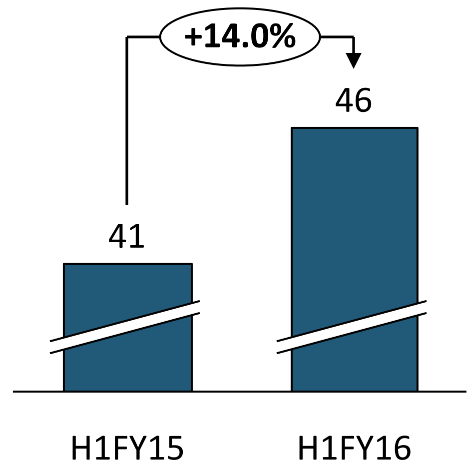
Highlights: Half Year Performance

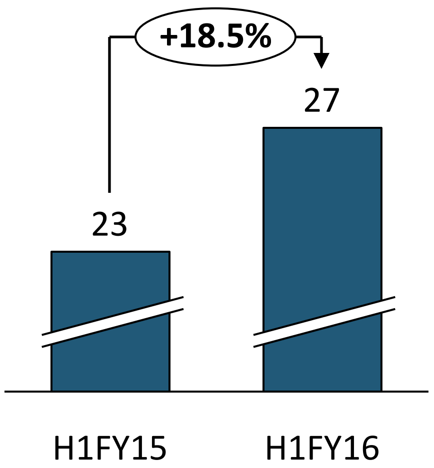
Revenue (Rs. Crs)



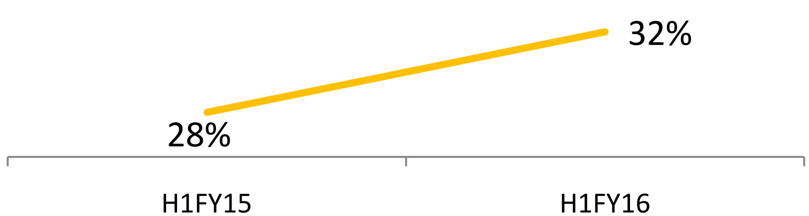
EBITDA* (Rs. Crs)



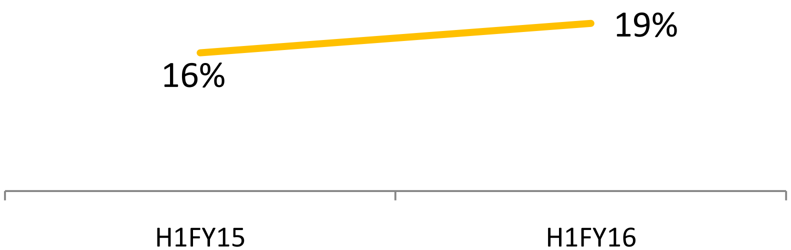
PAT (Rs. Crs)



EBITDA Margin (%)



PAT Margin (%)



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

* incl. Other Income

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About The Company

01

A Duncan JP Goenka Group Company

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CAPACITY INCREASE

7.5x ↑

CUSTOMER BASE

+40 ↑

MARKET SHARE

11 % ↑

REVENUE

10 Years CAGR

21 % ↑

EBITDA

10 Years CAGR

31 % ↑

PAT

10 Years CAGR

41 % ↑

Ongoing Capacity Expansion

1978

Dharuhera Plant

- Incorporated as Dharuhera Chemicals Ltd to manufacture Sulphuric Acid of 30,000 MTPA

1994

Dharuhera Plant

- Insoluble sulphur operations started with capacity of 3,000 MTPA

2005

Dharuhera Plant – EOU

- Set up 2nd line of Insoluble Sulphur with capacity of 4,000 MTPA

2008

Debottlenecking: Capacity Increase

- Debottlenecking: Capacity increased to 12,000 MTPA

2011-2012

Mundra Plant – Phase I & II

- Set up Insoluble Sulphur Capacity of 11000 MTPA
- Acquired 50% Equity shares of Schrader Ducan Ltd.

2015

Dharuhera + Mundra

- Insoluble Sulphur: 23,000 MTPA
- Sulphuric Acid: 46,000

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)

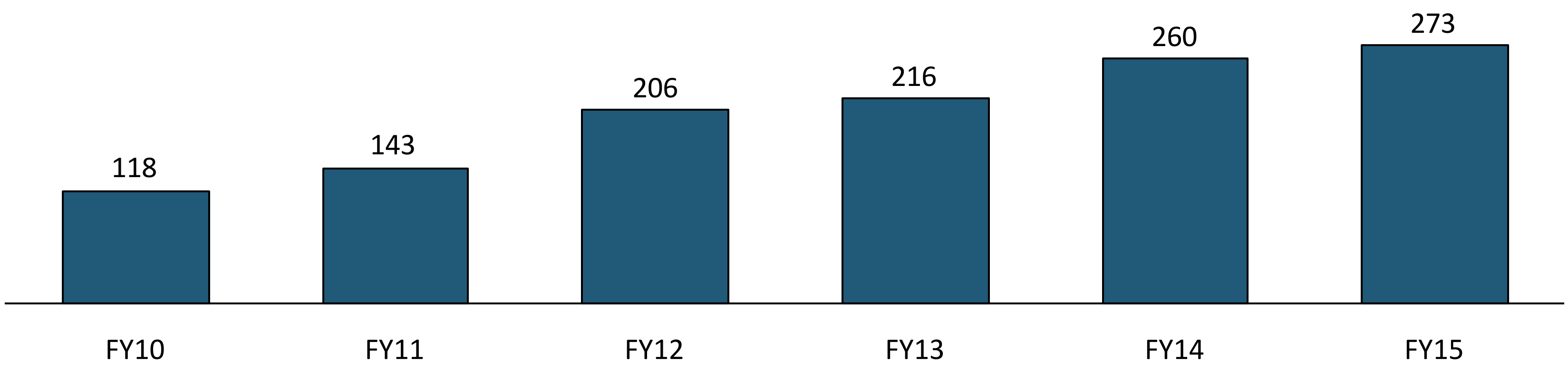
- Insoluble Sulphur is sold under the brand “DIAMOND SULF”
- Application : Used as vulcanising agent in application where sulphur loading levels are required above the sulphur solubility rating of particular elastomers
- DIAMOND SULF is offered in various grades to satisfy diverse compounding requirements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

Sulphuric Acid

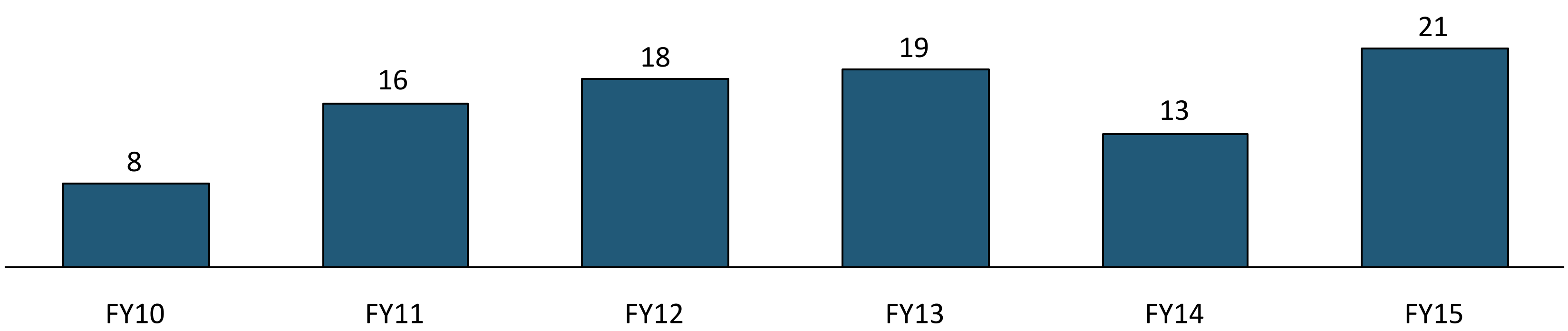
- Manufactures both Commercial Grade and Battery Grade Sulphuric Acid and Oleums
- Application : Dehydrating agent, catalyst, active reactant in chemical processes , solvent , detergents and absorbent
- Offered in following Grades
    1. Grades of exact purity : Storage battery ,rayon, dye, Detergent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

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

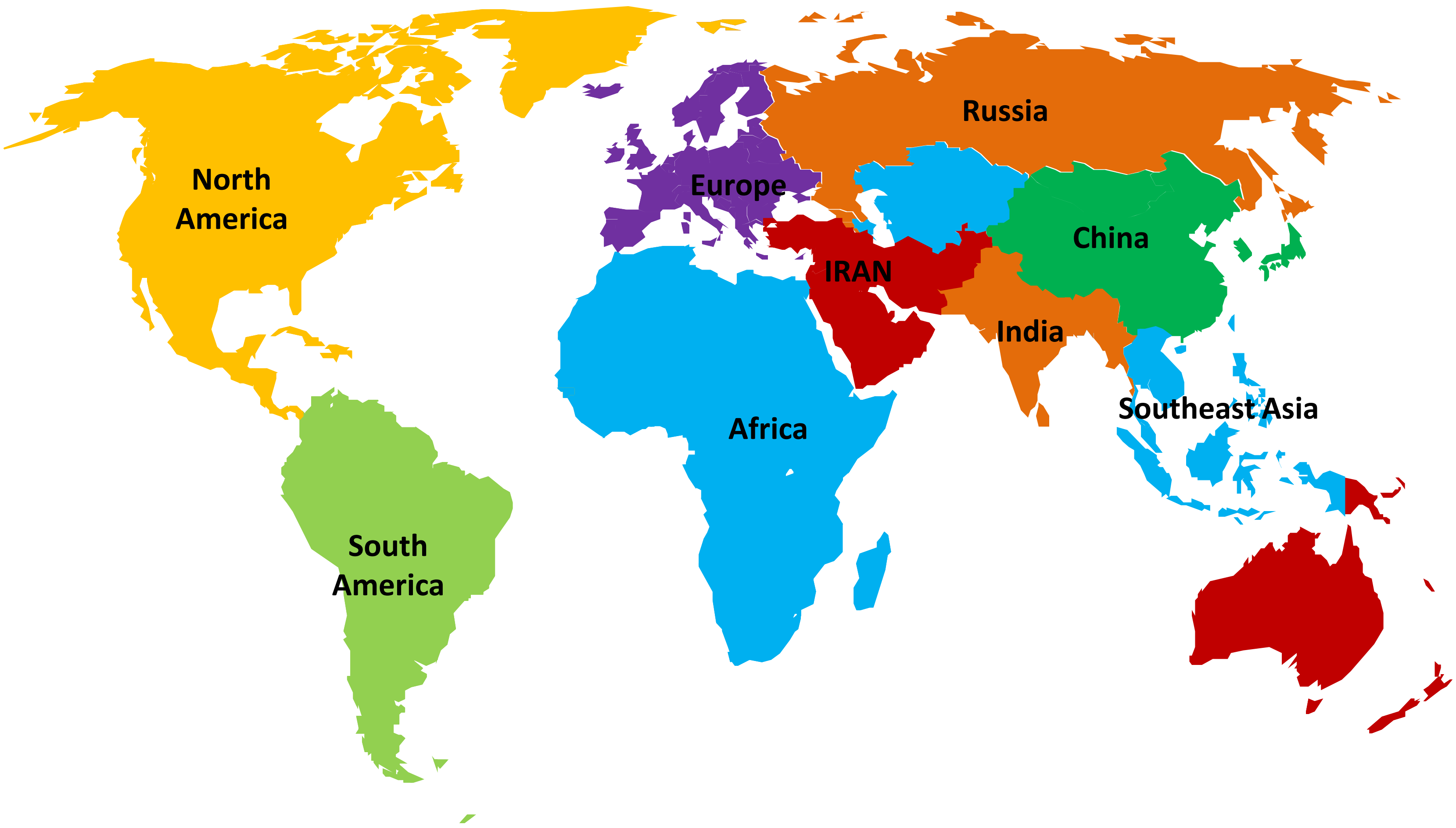
- SEZ location of Mundra Plant - Income Tax Exemption benefit

Global Customer Relationships

- Continental
- Bridgestone
- JK Tyre – Total Control
- Pirelli
- CEAT
- Cooper Tires
- Hankook – driving emotion
- Sumitomo Rubber Industries
- MRF
- apollo
- Nokian Tyres
- Goodyear
- Birla Tyres – Unbeatable!

Global Sales Network

Presence in 21 Countries across the World



Opportunities

03

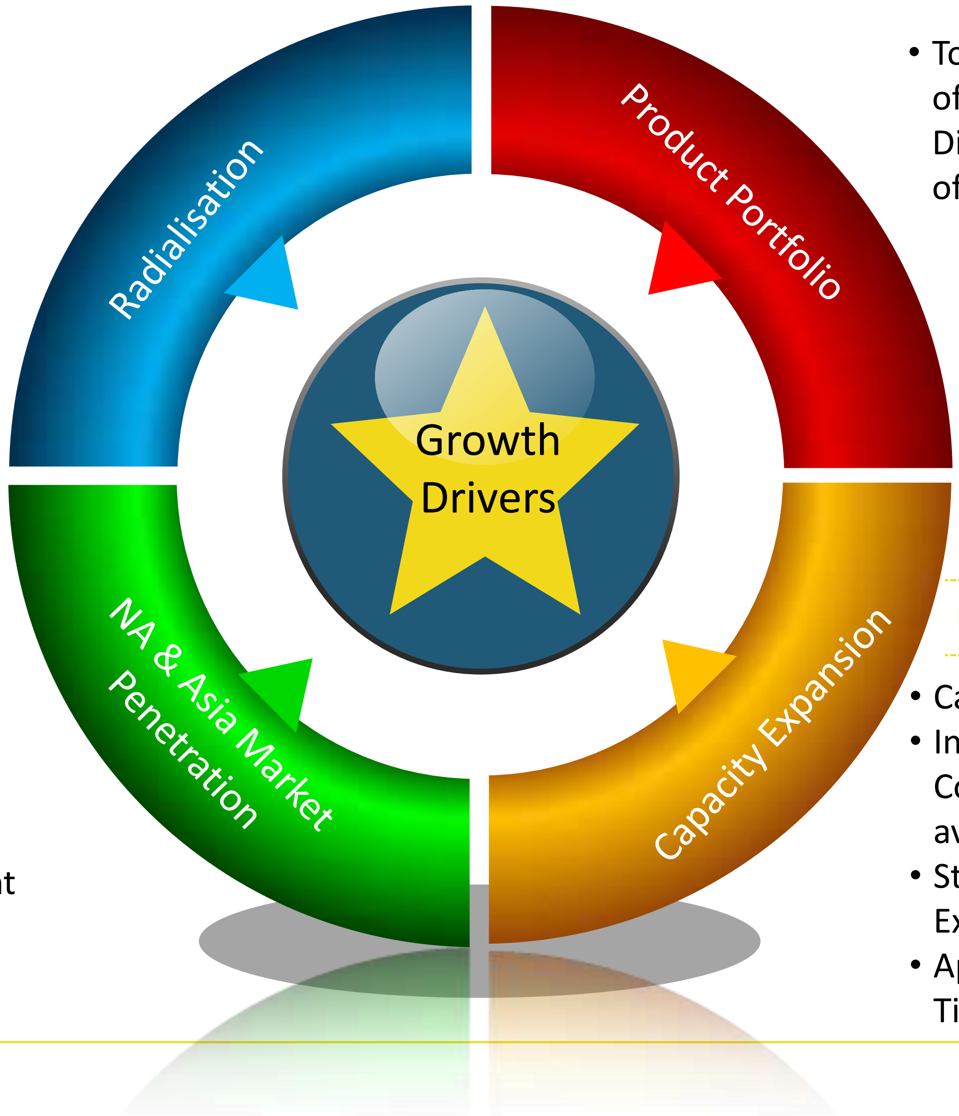
Key Growth Drivers

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

Capacity Expansion in Tire Industry

World Investment
$ 28 bn

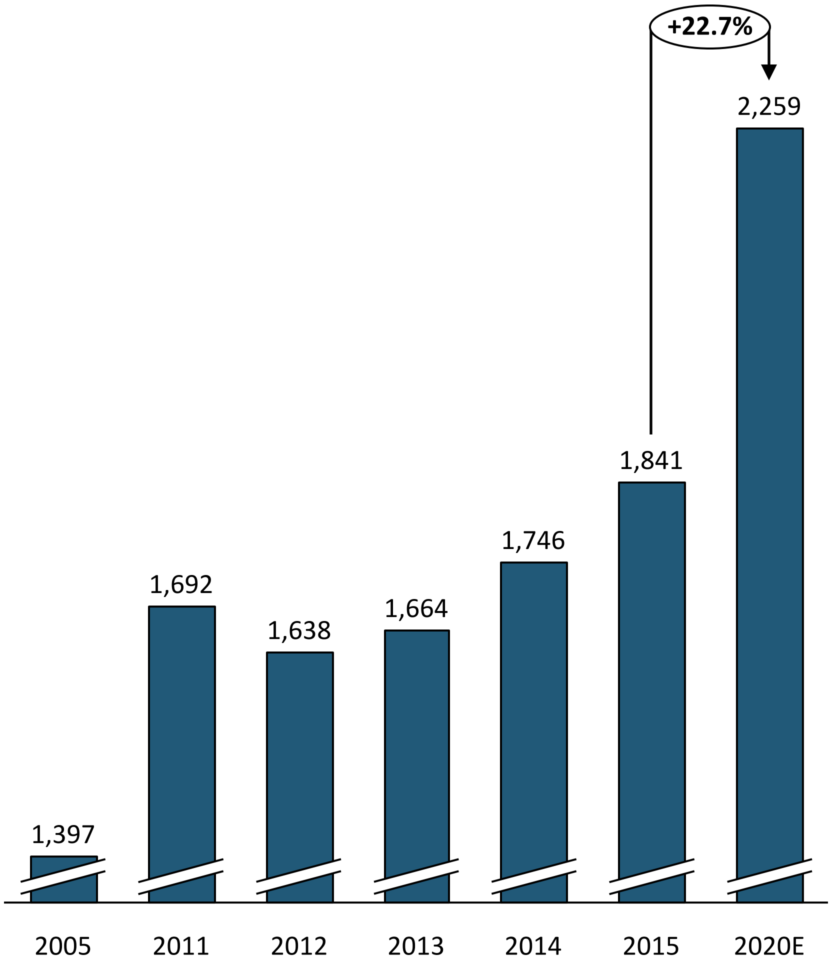
Radial Revolution

Radialization in Asia
Fast Growing Market

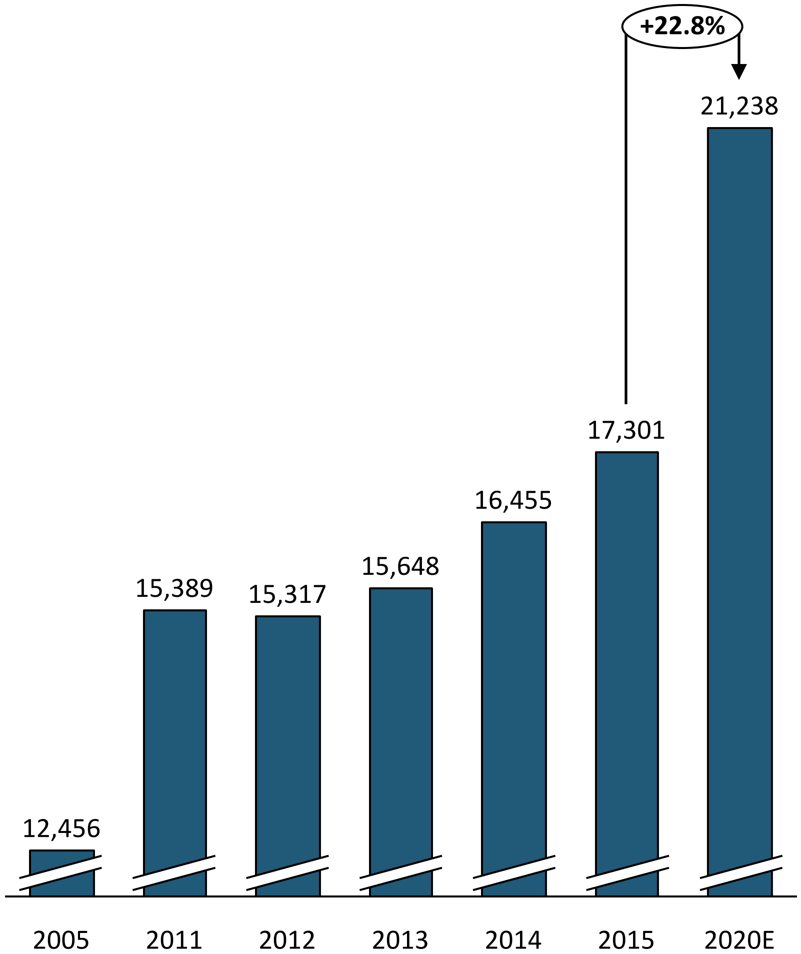
Source: Notch Report

Global Tire Industry – Growth Projections

Tire Production (mn units)



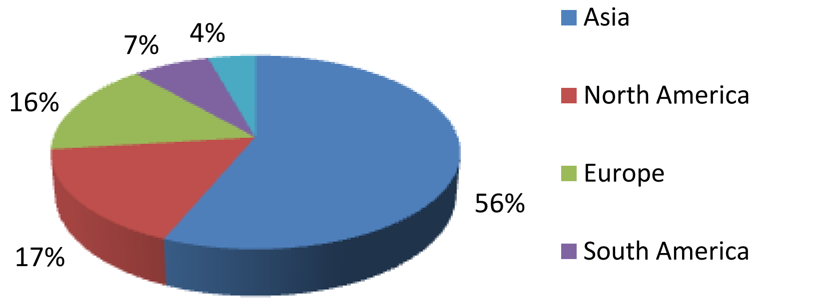
Tire Rubber Consumption ('000 tonnes)



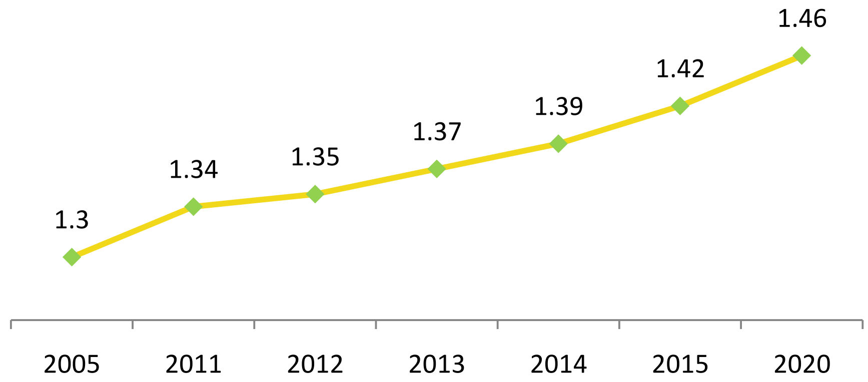
Source: Notch Report

Insoluble Sulphur - Demand Forecast

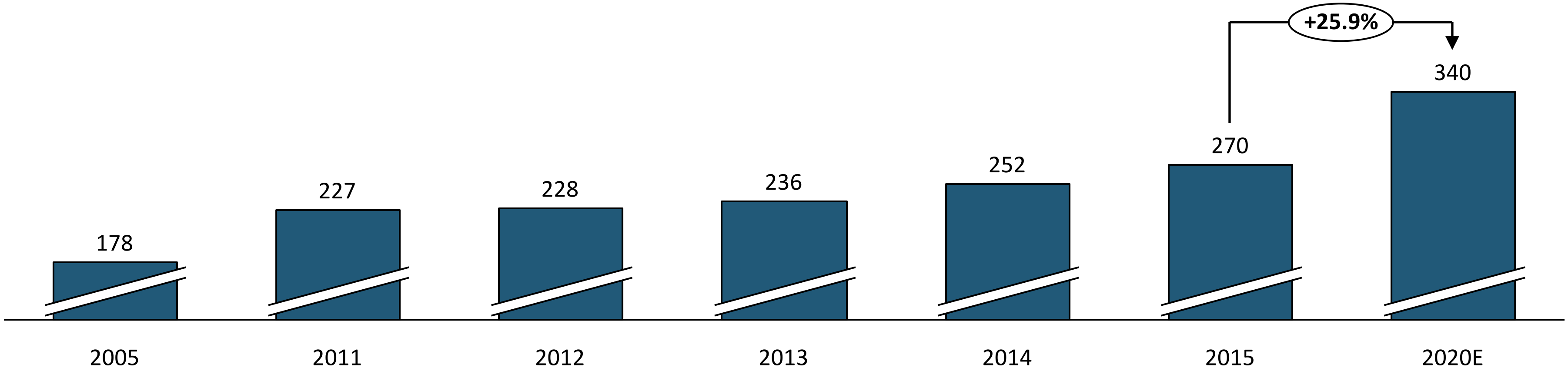
Geographical Breakup - $28 bn Investment



Radialisation: Insoluble Sulphur to Tire Rubber Ratio



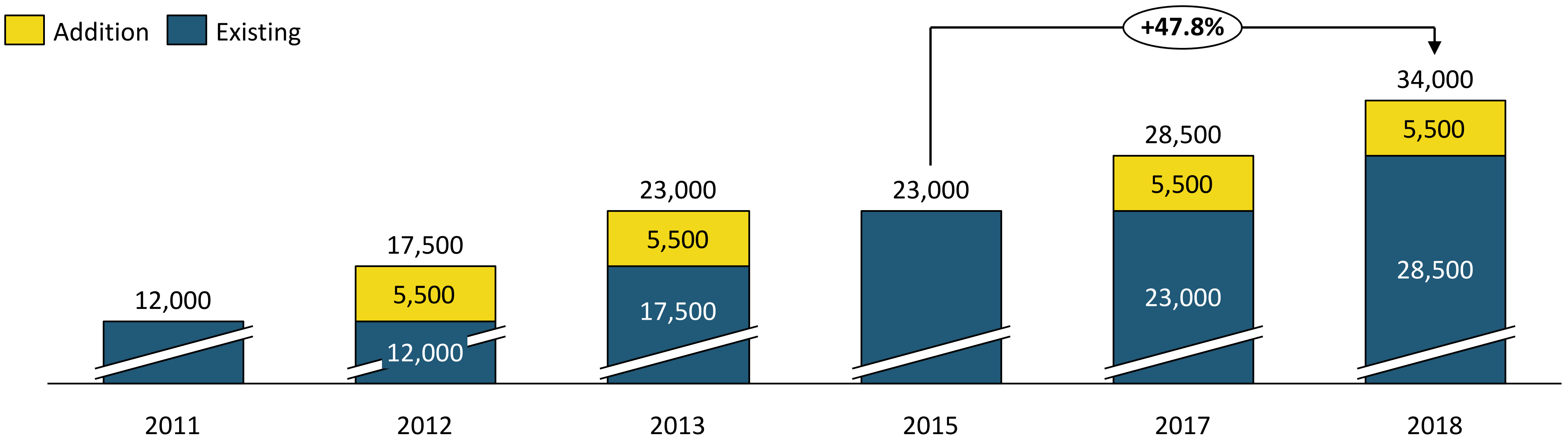
*Insoluble Sulphur Demand ('000 tonnes)



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

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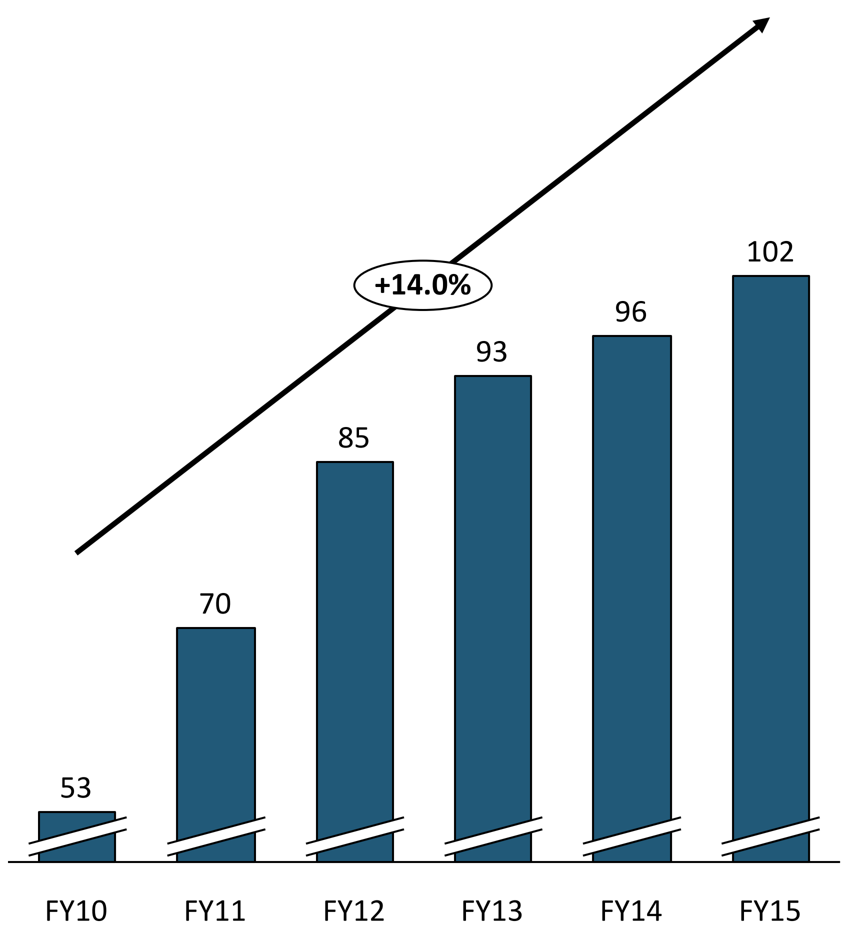
Financial Highlights

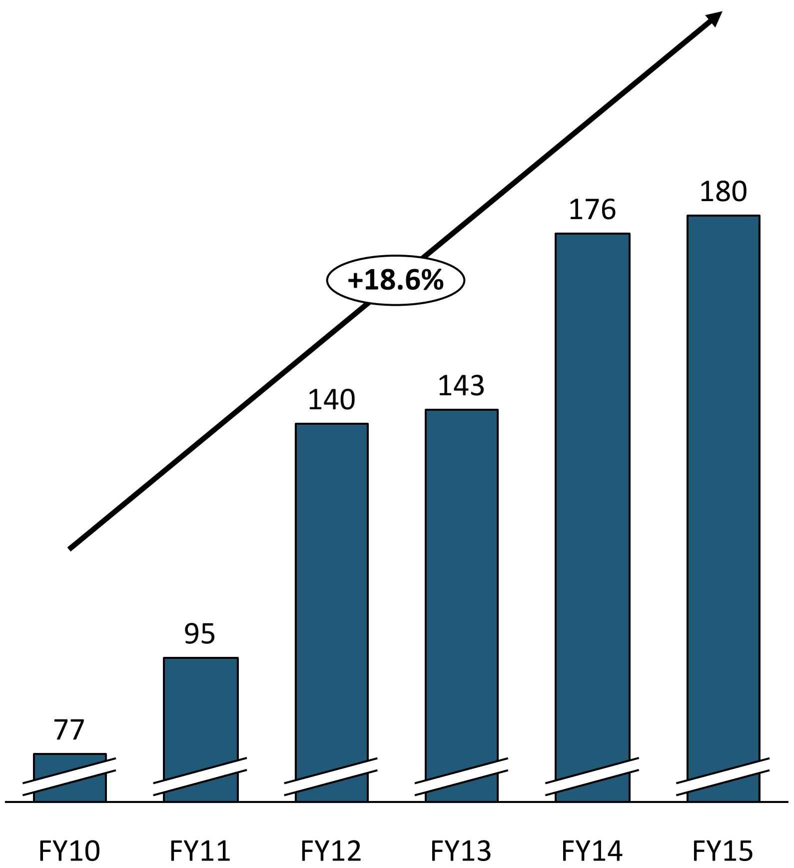
04

Revenue Breakup

Domestic (Rs. Crs)



Exports(Rs. Crs)



Profit & Loss Statement - Quarterly

Particulars (Rs. In Crs)	Q2FY16	Q2FY15	Y-o-Y
Sales from Operations	69.75	74.34	
Other Operating Income	0.92	0.15	
Total Income from Operations	**70.67**	**74.49**	**-5.1%**
Other Income	0.75	3.78	
Total Income	**71.42**	**78.28**	
Total Raw material	17.11	23.61	
Power & Fuel Cost	9.04	11.40	
Employee Cost	7.72	7.16	
Other Expenses	13.82	14.54	
EBITDA	**23.73**	**21.56**	**10.1%**
EBITDA (%)	***33.2%***	***27.5%***	
Depreciation	4.18	3.36	
EBIT	**19.56**	**18.21**	**7.4%**
EBIT (%)	***27.4%***	***23.3%***	
Interest	1.44	2.00	
Profit Before Tax	**18.12**	**16.20**	**11.8%**
Provision for Tax	5.18	3.10	
PAT	**12.94**	**13.11**	**-1.2%**
PAT (%)	***18.1%***	***16.7%***	

Profit & Loss Statement – Half Yearly

Particulars (Rs. In Crs)	H1FY16	H1FY15	Y-o-Y
Sales from Operations	141.13	142.01	
Other Operating Income	1.66	0.33	
Total Income from Operations	**142.78**	**142.34**	**0.3%**
Other Income	2.22	5.80	
Total Income	**145.00**	**148.13**	**-2.1%**
Total Raw material	37.85	44.59	
Power & Fuel Cost	18.37	21.79	
Employee Cost	15.02	13.84	
Other Expenses	27.30	27.15	
EBITDA	**46.46**	**40.76**	**14.0%**
EBITDA (%)	***32.0%***	***27.5%***	
Depreciation	8.91	6.42	
EBIT	**37.55**	**34.33**	**9.4%**
EBIT (%)	***25.9%***	***23.2%***	
Interest	2.97	4.18	
Profit Before Tax	**34.59**	**30.15**	**14.7%**
Provision for Tax	7.30	7.12	
PAT	**27.29**	**23.03**	**18.5%**
PAT (%)	***18.8%***	***15.5%***	

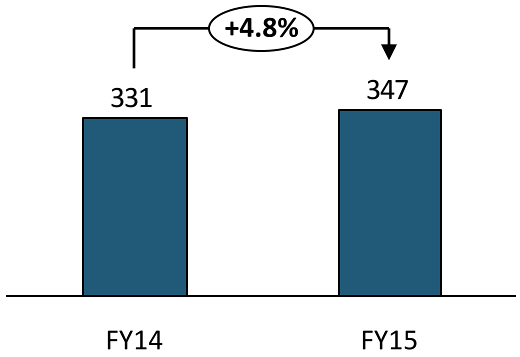
Balance Sheet - Standalone

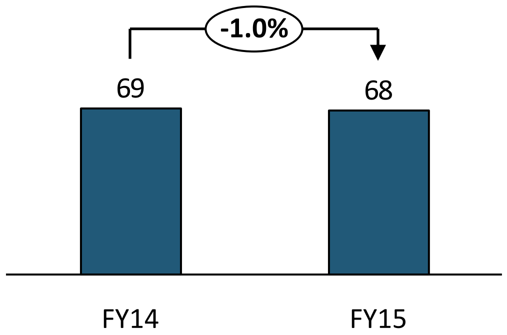
Particulars (Rs. Crs)	Sep-15	Mar-15
Shareholder's Fund	**271.47**	**244.18**
Share capital	10.31	10.31
Reserves & Surplus	261.16	233.87
Non-current liabilities	**54.10**	**66.49**
Long term borrowings	31.60	44.09
Deferred Tax liabilities (net)	21.12	21.12
Other Long term liabilities	1.38	1.29
Current liabilities	**73.34**	**80.43**
Short term borrowings	20.98	25.73
Trade payables	18.99	15.35
Other current liabilities	33.38	39.35
Total Liabilities	**398.92**	**391.10**

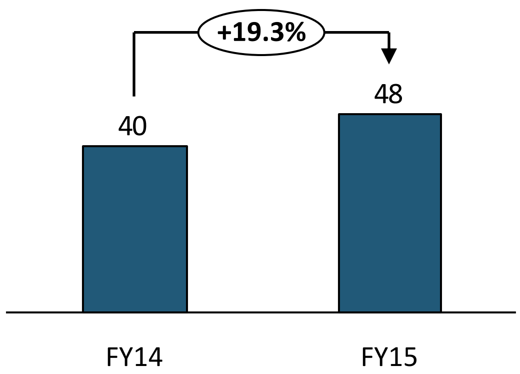
Particulars (Rs. Crs)	Sep-15	Mar-15
Non-current assets	**251.91**	**248.43**
Fixed assets (inc. CWIP)	193.77	191.75
Non-current Investments	14.71	14.71
Long Term Loans & Advances	43.44	41.97
Current assets	**147.01**	**142.68**
Current Investments	31.85	26.61
Inventories	44.18	37.26
Trade receivables	45.62	51.49
Cash and bank balances	14.55	17.72
Short term loan and advances	7.28	5.16
Other current assets	3.54	4.44
Total Assets	**398.92**	**391.10**

Profit & Loss Statement - Consolidated

Particulars (Rs. Crs)	FY15	FY14
Total Income from Operations	**346.80**	**330.82**
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
Operating EBITDA	**68.19**	**68.92**
Operating EBITDA (%)	***19.7%***	***20.8%***
Other Income	13.63	5.03
Depreciation	16.38	12.94
Exceptional item	0.00	2.70
EBIT	**65.43**	**63.70**
EBIT (%)	***18.9%***	***19.3%***
Interest	10.35	13.54
Profit Before Tax	**55.08**	**50.16**
Provision for Tax	9.82	9.63
PAT before Minority Interest	**45.27**	**40.54**
Minority Interest	-3.02	0.05
PAT after Minority Interest	**48.29**	**40.49**
PAT after Minority Interest (%)	***13.9%***	***12.2%***





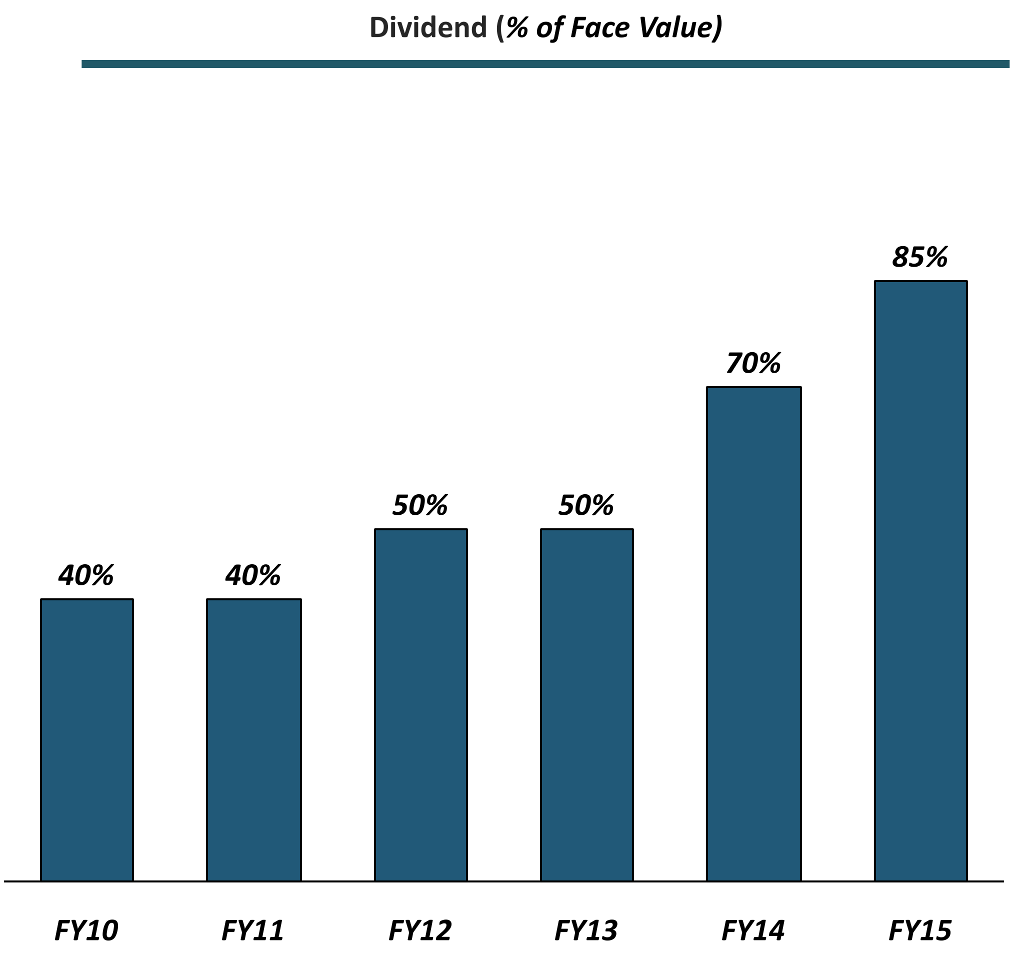


Balance Sheet - Consolidated

Particulars (Rs. Crs)	FY15	FY14
Shareholder's Fund	**244.22**	**206.93**
Share capital	10.31	10.31
Reserves & Surplus	233.91	196.62
Minority Interest	**14.57**	**17.59**
Non-current liabilities	**66.92**	**86.36**
Long term borrowings	44.09	66.33
Deferred Tax liabilities (net)	21.12	18.44
Other Long term liabilities	1.72	1.59
Current liabilities	**113.61**	**94.33**
Short term borrowings	39.79	30.08
Trade payables	29.65	23.09
Other current liabilities	44.17	41.16
Total Liabilities	**439.32**	**405.22**

Particulars (Rs. Crs)	FY15	FY14
Non-current assets	**262.40**	**257.79**
Fixed assets (inc. CWIP)	219.12	224.37
Non-current Investments	0.18	0.31
Long Term Loans & Advances	43.10	33.11
Current assets	**176.92**	**147.44**
Current Investments	26.61	11.16
Inventories	53.03	49.71
Trade receivables	67.58	64.65
Cash and bank balances	18.25	12.36
Short term loan and advances	6.90	5.25
Other current assets	4.54	4.32
Total Assets	**439.32**	**405.22**

Consistent Dividend Record



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