



# **ORIENTAL CARBON & CHEMICALS LTD**

**Providing Solutions...**

**...Creating Innovations**



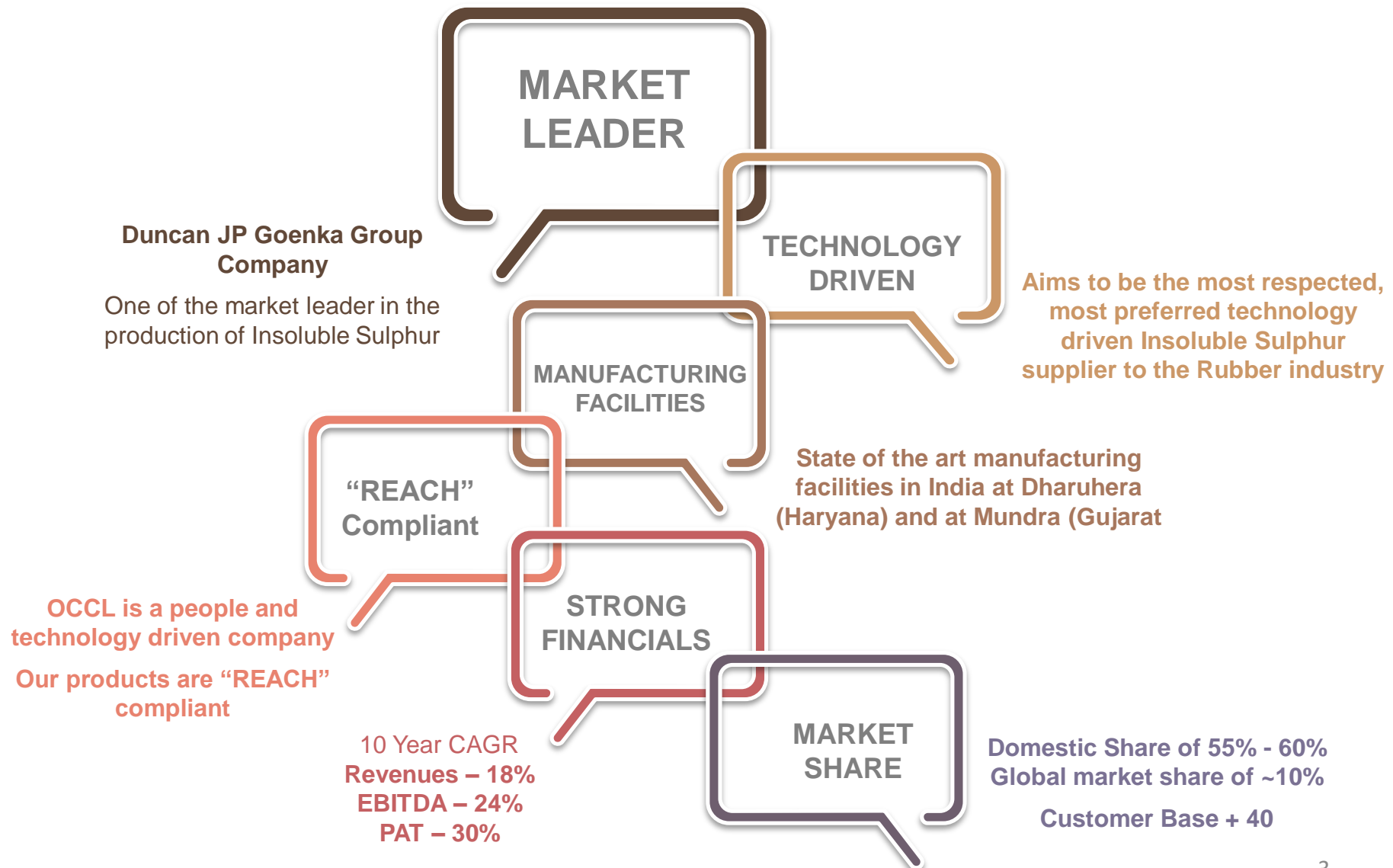
**Investor Presentation – November 2018**

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# Company Overview





# KEY STRENGTHS

# Key Strengths

One of the market leader in the production of Insoluble Sulphur having  
**Domestic Share of 55% - 60%**  
**Global market share of ~10%**

**Niche Product Portfolio of Insoluble Sulphur, Sulphuric Acid & Olems** offered in various grades to satisfy diverse compounding requirements majorly for Tire industry

The Company has **Strong Relationships with over 40+ Customers** having presence in 21 countries across the globe

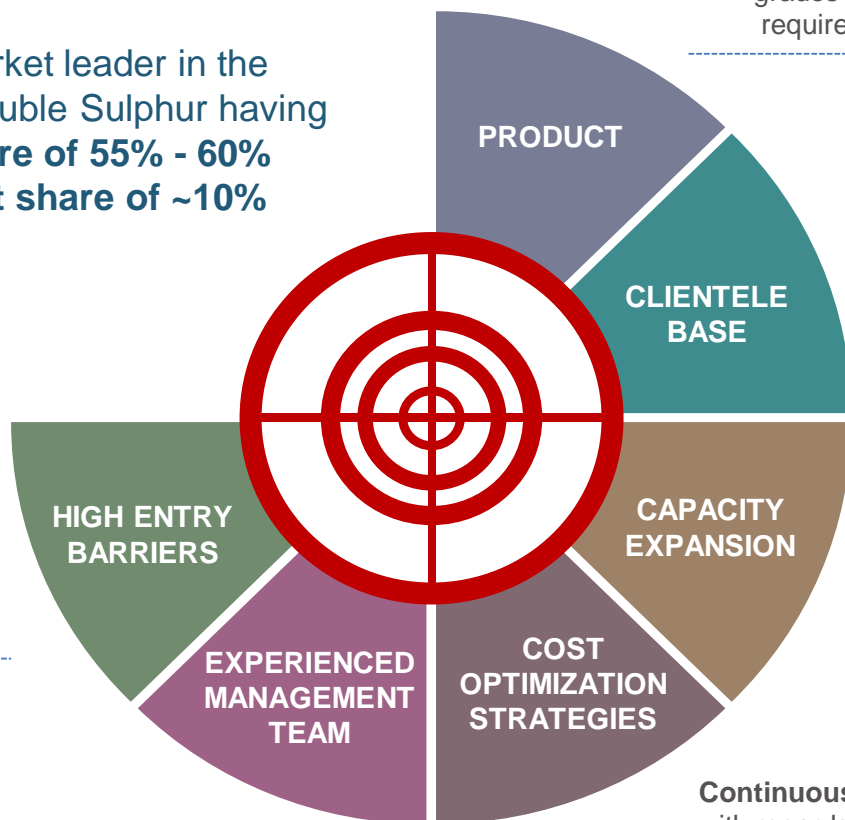
**Continuous Expansion of Capacities** of Insoluble Sulphur have taken place from 3,000 MT in 1994 to 34,000 MT currently

**Continuous Focus on Cost Optimizations** with regards to Raw Material, Freight, Power and other Fixed Costs

Have an Experienced Management Team with over **3 decades of experience** in this field

**High Entry Barriers with regards to**

- Customer Approvals
- Technology
- Capital Intensive

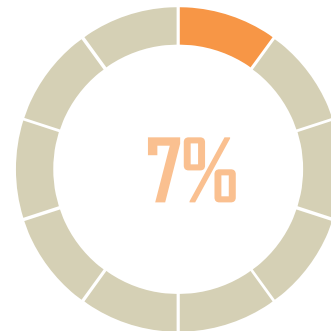


# We deliver a Niche Product Portfolio...



## INSOLUBLE SULPHUR

- **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 & OLEUMS

- **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**
  - Grades of exact purity : Storage battery, rayon, dye, Detergent and pharmaceutical industries
  - Grades of less specifications : Steel, heavy chemical and superphosphate industries



...With Strong Customer Relationship...

OCCL



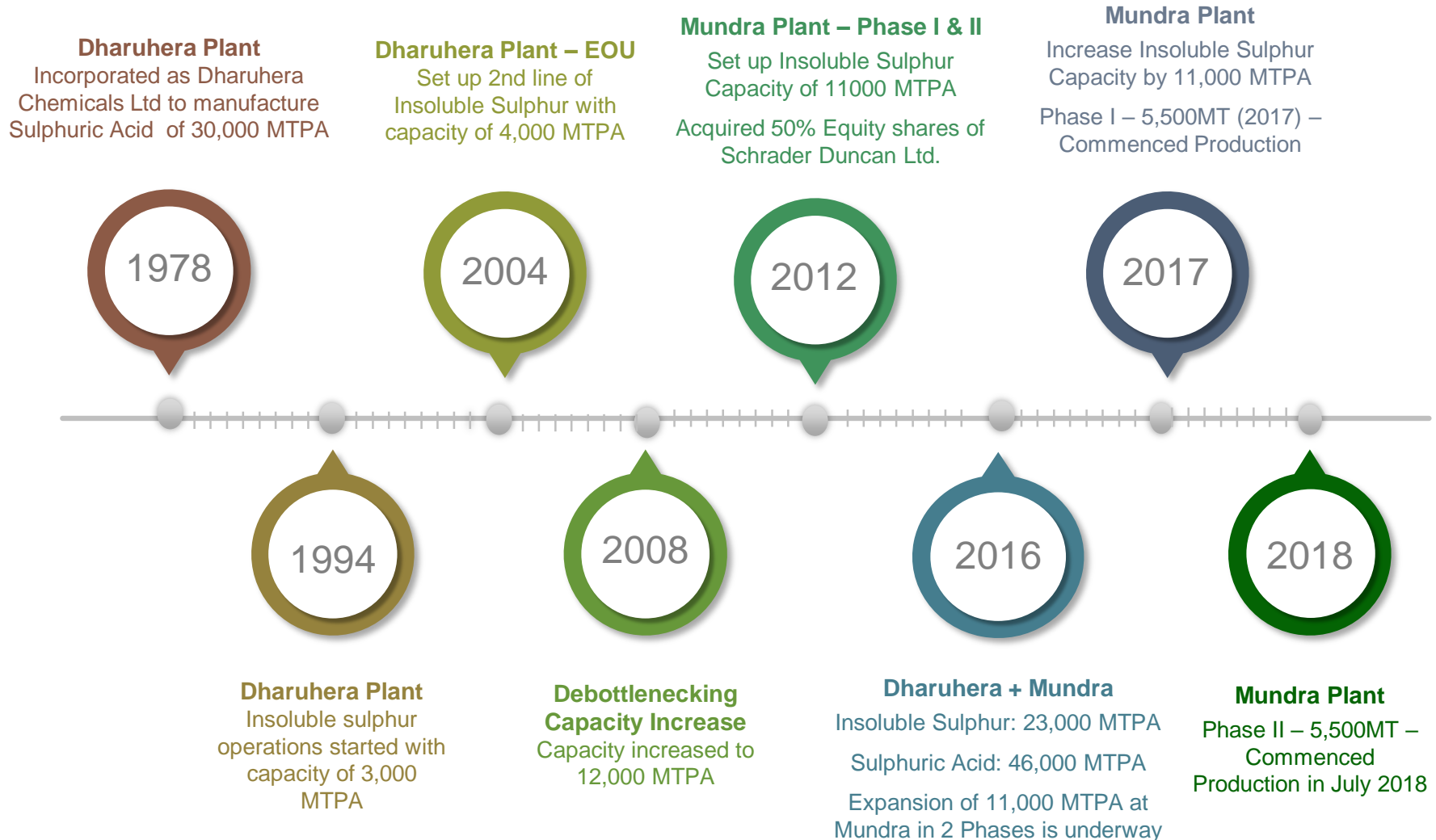
# ...Having Presence in 21 Countries...



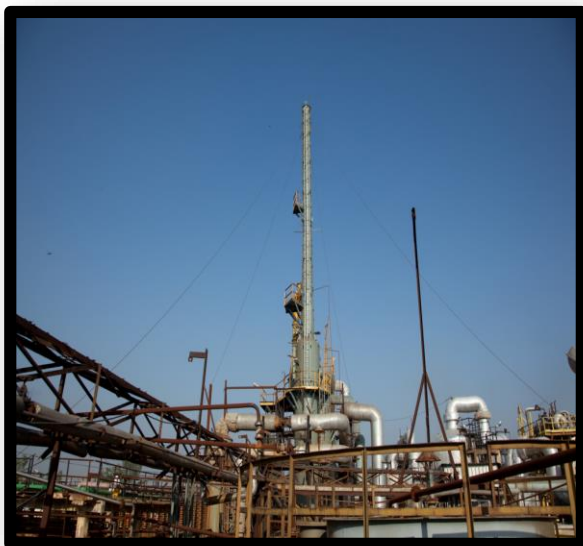
...across the globe



# We have Continuously Expanded...



## ...Having State-of-the-Art...



Product name	Annual Capacity (MT)	Location	No. Of Lines
Insoluble Sulphur	12,000	Dharuhera (Haryana)	2
Insoluble Sulphur	22,000	SEZ Mundra (Gujarat)	4
Sulphuric Acid / Oleum	46,000	Dharuhera (Haryana)	1

## ...Manufacturing Facilities

# We use Cost Optimization Strategies

## Low 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

## Logistical Advantage

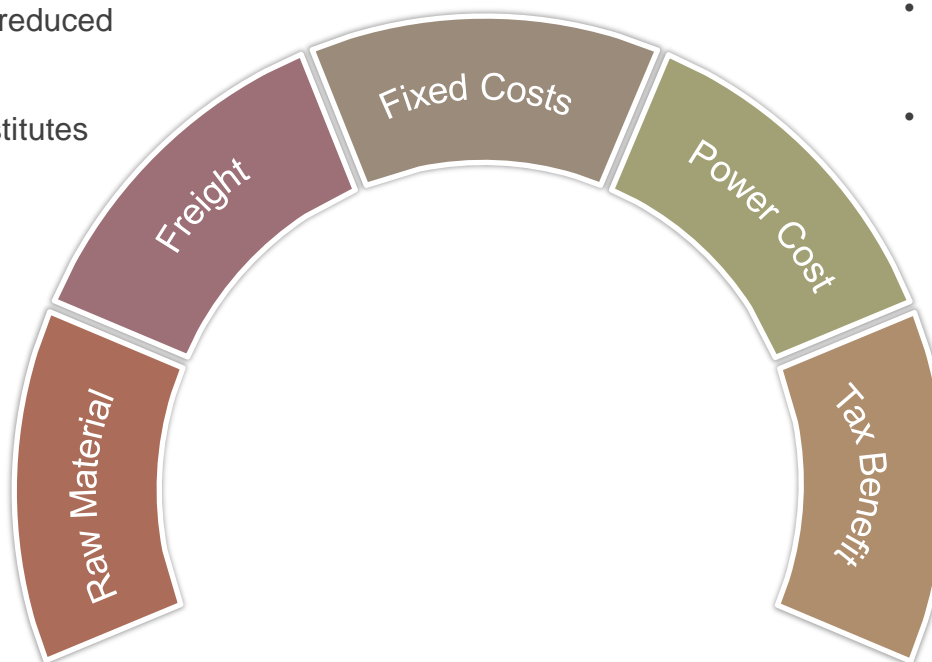
- Presence at the Port gives Location Advantage of reduced Logistic & Freight Cost
- ~67% of the sales constitutes Exports

## Savings in Power Cost

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

## Key Raw Materials

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



## Tax Benefit

- SEZ location of Mundra Plant - Income Tax Exemption benefit

# Experienced 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 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. 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 26 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

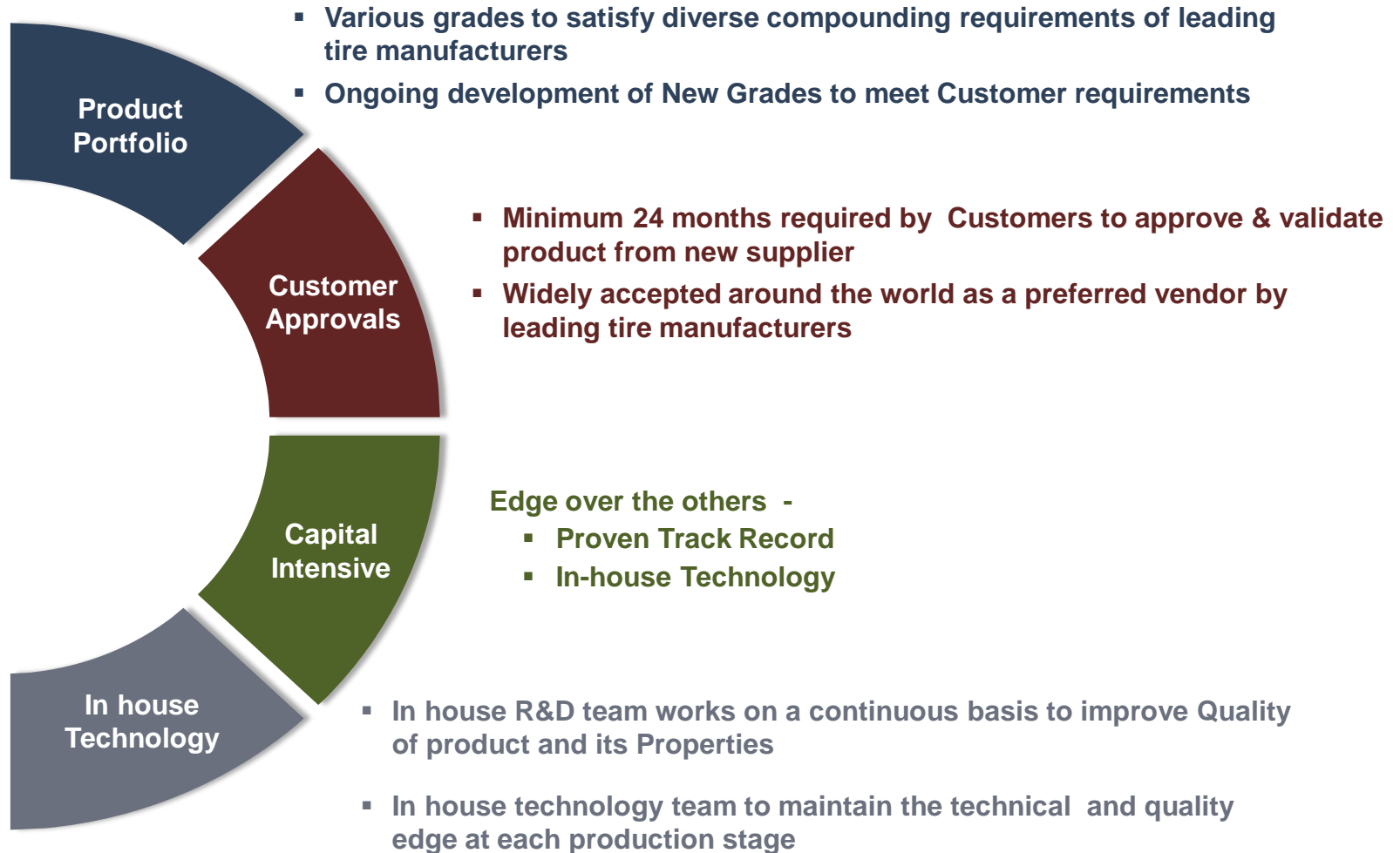
## Mr. Vijay Sabbarwal: President (Operations)

- 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 20 years of experience in International business
- Responsible for marketing of Insoluble Sulphur & increasing market share of Diamond Sulf overseas

# Having High Entry Barriers



**OCCL has successfully implemented its In-house Technology which has been approved by all our Customers across the globe**

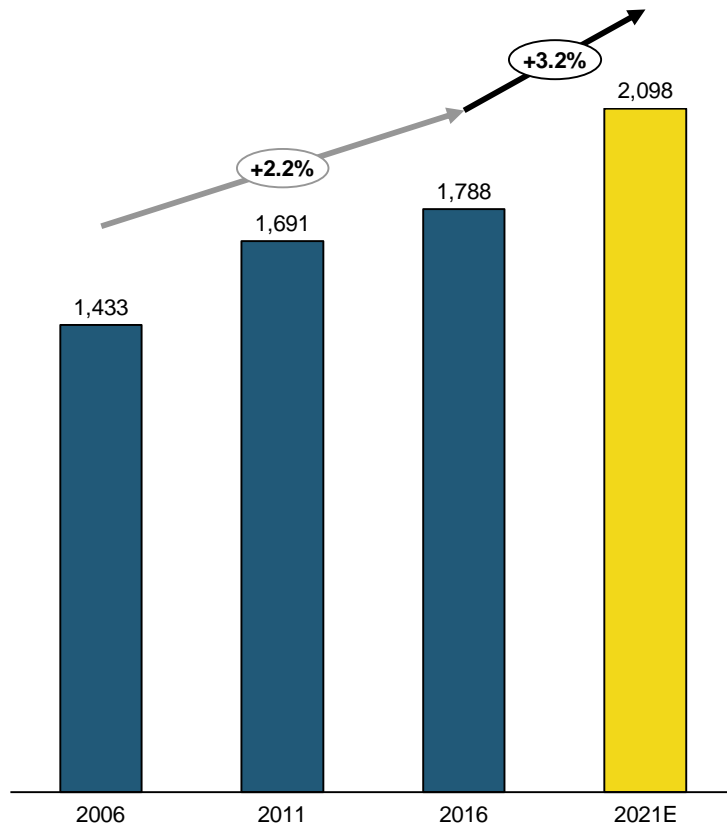
The background of the slide is a grayscale, high-magnification photograph of a microchip. The image shows the intricate patterns of the chip's surface, including various lines, pads, and small components. The lighting creates a bokeh effect with many bright, out-of-focus spots. Overlaid on this background is the text "KEY GROWTH OPPORTUNITIES" in a large, bold, black, sans-serif font.

# **KEY GROWTH OPPORTUNITIES**

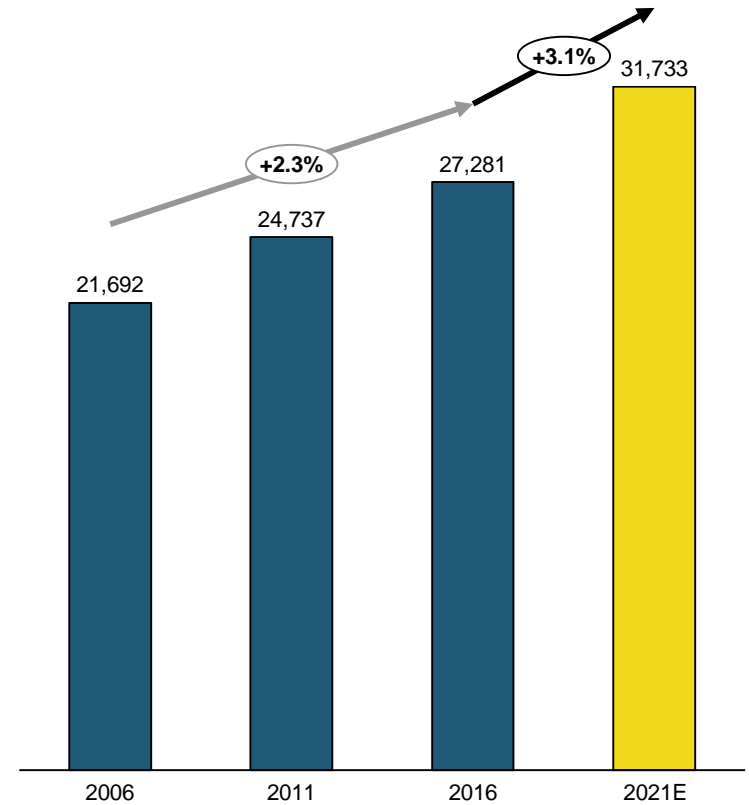


# Global Tire Industry

## Tire Production (mn units)



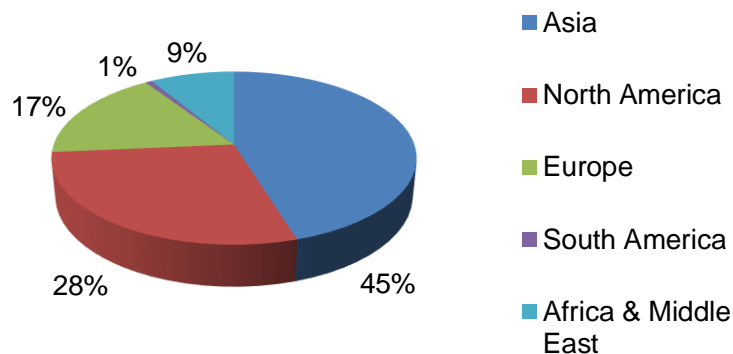
## Tire Rubber Consumption (‘000 tonnes)



# Insoluble Sulphur - Demand Forecast

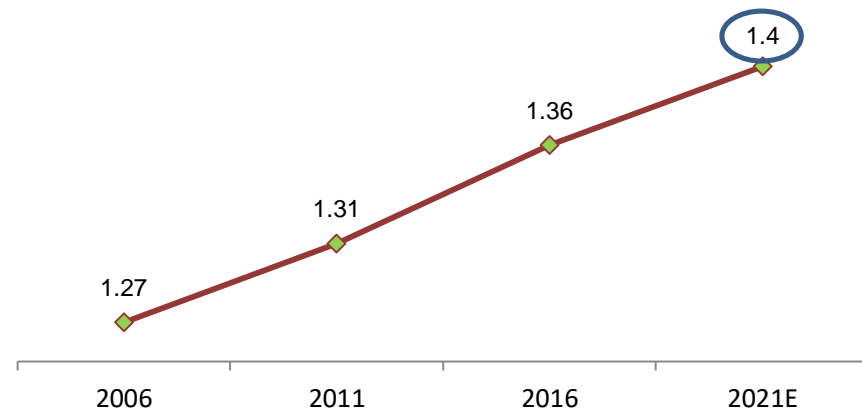
## Geographical Breakup

\$22 bn Investment

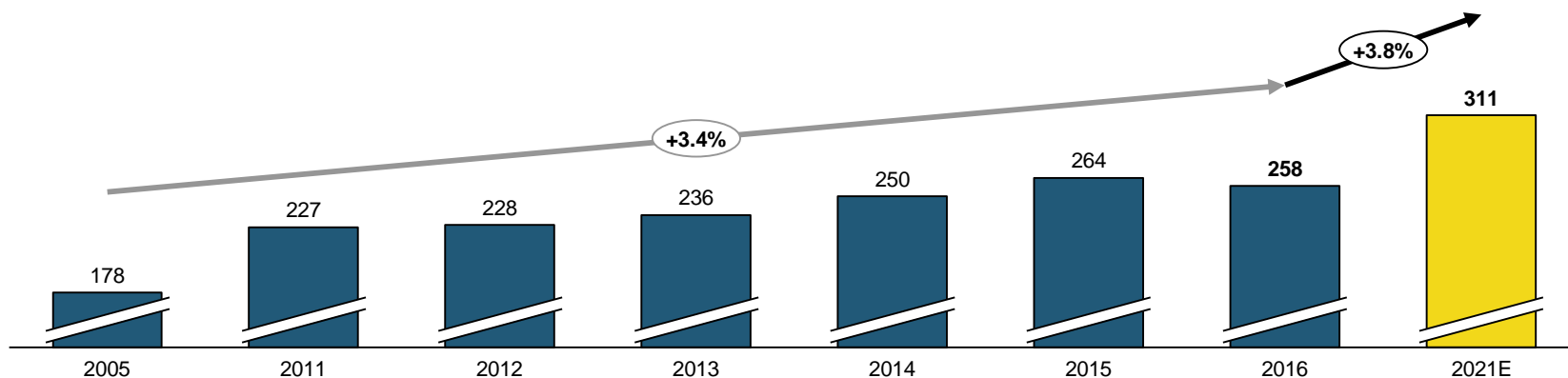


## Radialisation Effect

Insoluble Sulphur to Tire Rubber Ratio



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



# Key Growth Drivers



## 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

## Radialization

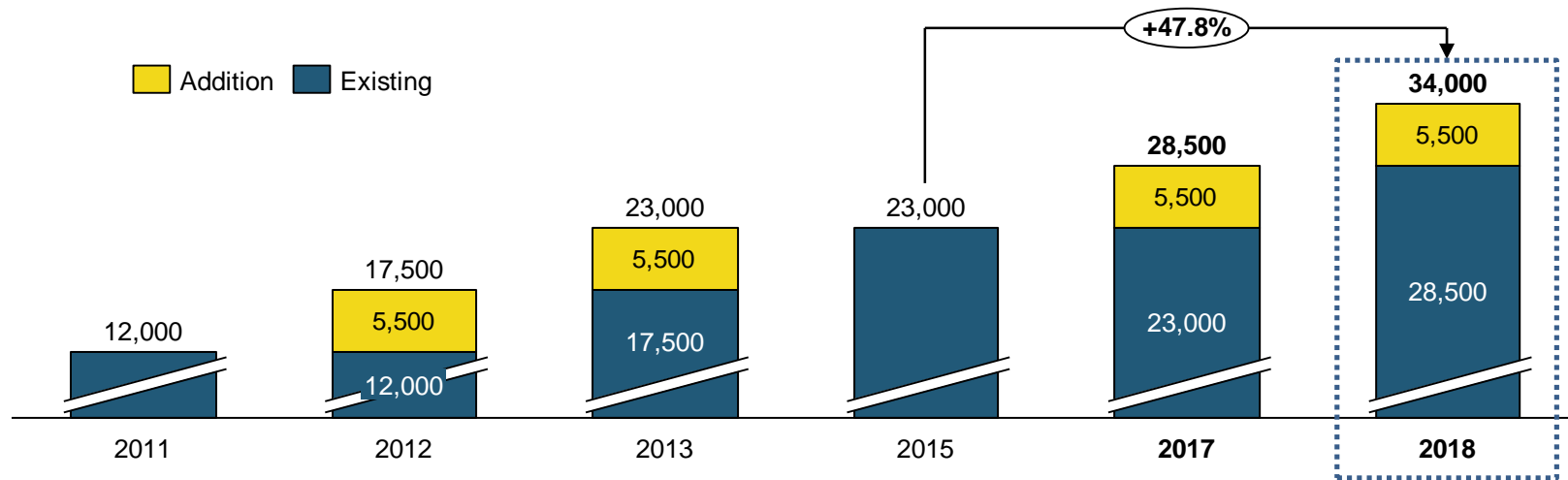
An increase in rate of Radialisation in Commercial Vehicles in India will lead to an increase in requirement of Insoluble Sulphur

## 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

**Increase in Automation in Tire Industry and Higher Performance Expectation from Tires will also drive the demand of Insoluble Sulphur**

# Capacity Expansion.... ....ready for future growth



## Brownfield Expansion To cater to the Growth in Insoluble Sulphur Demand

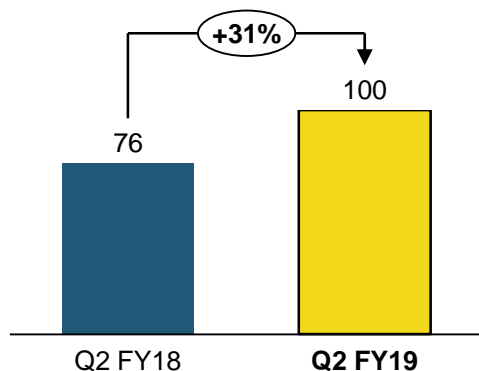
- Large Tire manufacturers expanding their business in Asia – High Growth Market
- Grabbing opportunities of increasing Radialisation in India
- Strong R&D and in house Technology to support future expansion
- Increase in market share in the Domestic & International market
- Increase presence in North American Market
- Increase from Natural Growth of Existing Customers



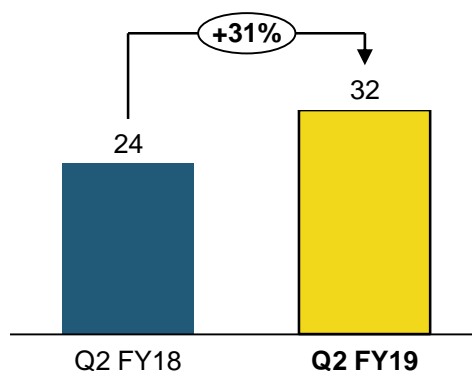
# FINANCIALS

# Result Highlights: Q2 FY19

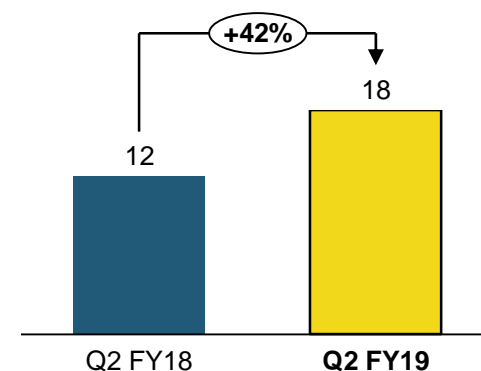
## Revenues^ (Rs. Crs)



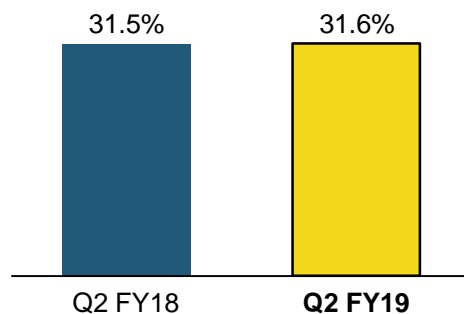
## EBITDA^ (Rs. Crs)



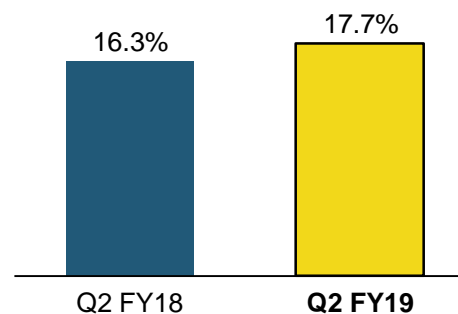
## PAT (Rs. Crs)



## EBITDA^ (%)



## PAT (%)



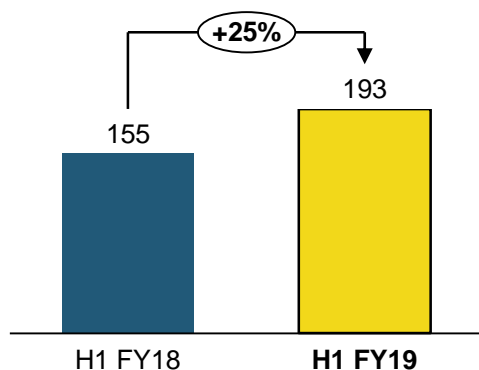
^incl. Other Income, net of excise

The Financial Results have been prepared in accordance with the Indian Accounting Standards (Ind AS)

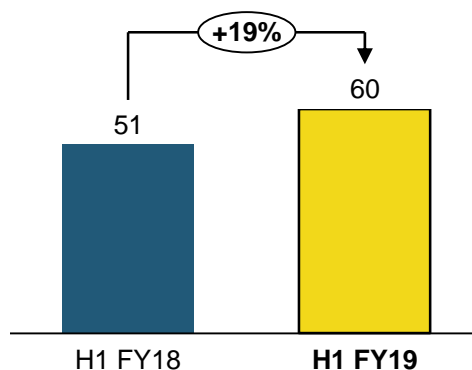


# Result Highlights: H1 FY19

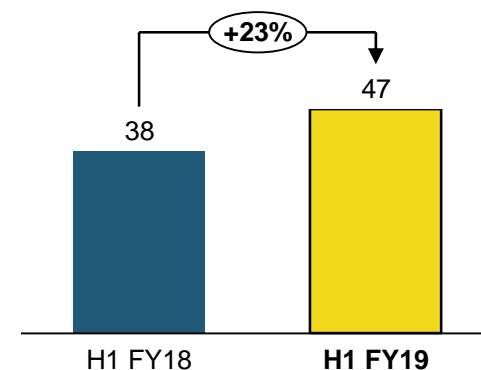
## Revenues^ (Rs. Crs)



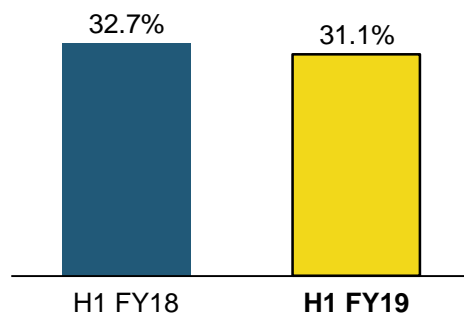
## EBITDA^ (Rs. Crs)



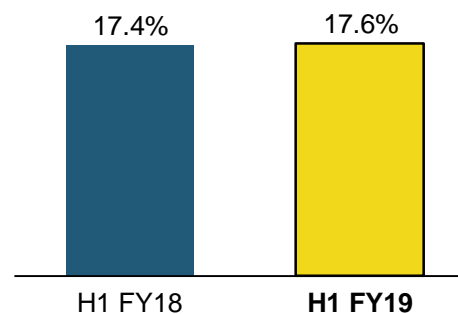
## PAT (Rs. Crs)



## EBITDA^ (%)



## PAT (%)



^incl. Other Income, net of excise

The Financial Results have been prepared in accordance with the Indian Accounting Standards (Ind AS)

# Profit & Loss Statement – Standalone

Particulars (Rs. Crs)	Q2 FY19	Q2 FY18	Y-o-Y	H1 FY19	H1 FY18	Y-o-Y
<b>Total Income from Operations^</b>	<b>99.7</b>	<b>76.1</b>	<b>31%</b>	<b>193.3</b>	<b>154.7</b>	<b>25%</b>
Raw Material*	25.6	15.4		47.1	28.6	
Employee Expenses	11.1	9.8		22.1	19.6	
Other Expenses	31.5	26.9		63.9	55.9	
<b>EBITDA</b>	<b>31.6</b>	<b>24.0</b>	<b>31%</b>	<b>60.1</b>	<b>50.6</b>	<b>19%</b>
<b>EBITDA Margin (%)</b>	<b>31.6%</b>	<b>31.5%</b>		<b>31.1%</b>	<b>32.7%</b>	
Depreciation	4.7	4.1		8.9	8.2	
<b>EBIT</b>	<b>26.8</b>	<b>19.9</b>	<b>35%</b>	<b>51.2</b>	<b>42.4</b>	<b>21%</b>
<b>EBIT Margin (%)</b>	<b>26.9%</b>	<b>26.2%</b>		<b>26.5%</b>	<b>27.4%</b>	
Finance Cost	2.1	2.0		3.8	3.9	
<b>Profit before Tax</b>	<b>24.7</b>	<b>17.9</b>	<b>38%</b>	<b>47.4</b>	<b>38.4</b>	<b>23%</b>
Tax	7.1	5.5		13.3	11.5	
<b>Profit After Tax</b>	<b>17.7</b>	<b>12.4</b>	<b>42%</b>	<b>34.1</b>	<b>27.0</b>	<b>26%</b>
<b>PAT Margin (%)</b>	<b>17.7%</b>	<b>16.3%</b>		<b>17.6%</b>	<b>17.4%</b>	
Other Comprehensive Income	0.2	1.7		-0.1	1.6	
<b>TOTAL INCOME</b>	<b>17.9</b>	<b>14.1</b>		<b>34.0</b>	<b>28.5</b>	
EPS	17.15	12.07		33.07	26.21	

The Financial Results have been prepared in accordance with the Indian Accounting Standards (Ind AS)

\*Total Raw material cost incl. change in Inventories

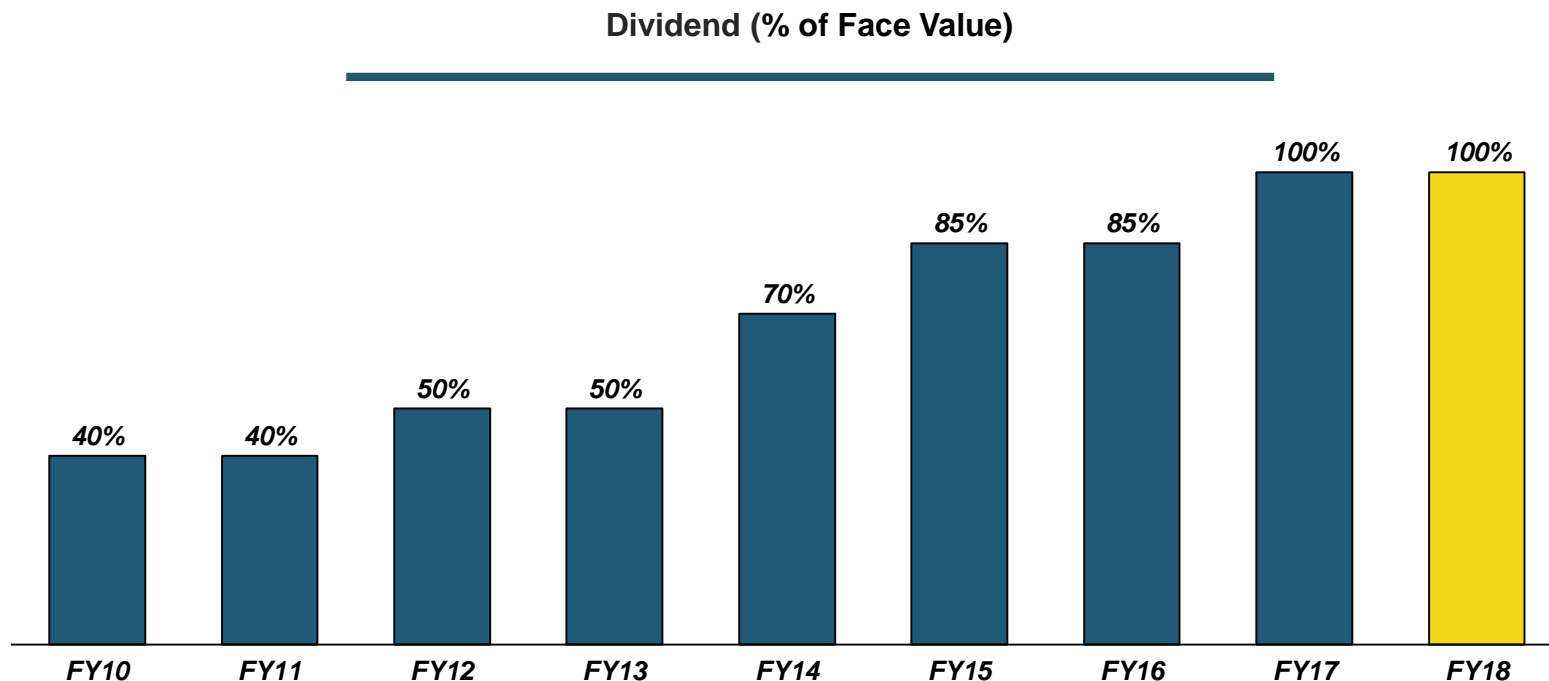
^incl. Other Income, net of excise

# Balance Sheet– Standalone

EQUITY & LIABILITIES (Rs. Crs.)	Sept-18	Mar-18
Equity Share Capital	10.3	10.3
Other Equity	402.8	377.5
<b>Total Equity</b>	<b>413.1</b>	<b>387.8</b>
Financial Liabilities		
Borrowings	71.8	68.7
Other Financial Liabilities	0.3	0.3
Provisions	2.6	2.4
Deferred Tax Liabilities (Net)	23.7	20.6
<b>Total Non-Current Liabilities</b>	<b>98.3</b>	<b>91.9</b>
Financial Liabilities		
Borrowings	23.7	29.0
Trade Payables	19.6	21.2
Other Financial Liabilities	42.3	38.9
Other Current Liabilities	4.0	2.6
Provisions	1.0	1.3
<b>Total Current Liabilities</b>	<b>90.5</b>	<b>93.0</b>
<b>Total Equity and Liabilities</b>	<b>602.0</b>	<b>572.8</b>

ASSETS (Rs. Crs.)	Sept-18	Mar-18
Property, Plant and Equipment	347.9	307.7
Capital Work-in-progress	2.6	40.4
Other Intangible Assets	0.5	0.6
Financial Assets		
Investments	22.9	23.0
Loans	0.3	0.4
Others	2.4	1.8
<b>Total Non-Current Assets</b>	<b>376.7</b>	<b>373.8</b>
Inventories	46.5	38.6
Financial Assets		
Investments	68.4	52.8
Trade Receivables	79.2	75.6
Cash and Cash Equivalents	7.5	9.6
Bank balances	5.9	6.0
Loans	3.6	5.0
Others Financial Assets	1.4	0.7
Other Current Assets	12.8	10.7
<b>Total Current Assets</b>	<b>225.3</b>	<b>198.9</b>
<b>Total Assets</b>	<b>602.0</b>	<b>572.8</b>

# Consistent Dividend Record



The Board has approved Interim Dividend for the Financial Year 2018-19 of Rs. 4/- per equity share of Rs. 10/- each (40% of FV)

The Board has approved the buy-back of shares through the open market mechanism to the extent of Rs. 35 crores at a Maximum price of Rs. 1,150/-

## For further information, please contact:

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Company :

Investor Relations Advisors :

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