



# **ORIENTAL CARBON & CHEMICALS LTD**

**Providing Solutions...**

**...Creating Innovations**



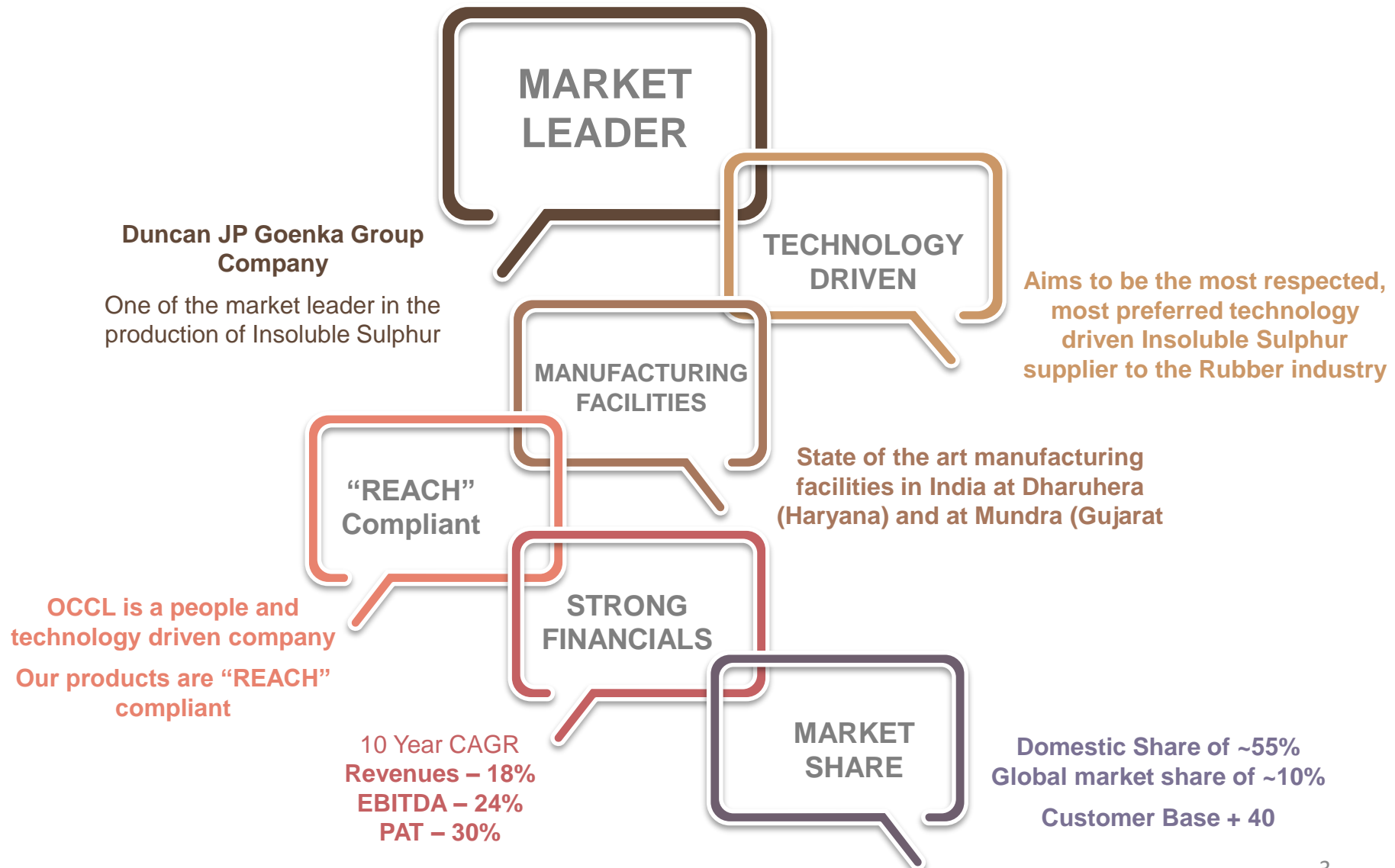
**Investor Presentation – November 2017**

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# Company Overview



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, grooves, and small circular features. The lighting creates a bokeh effect with many bright, out-of-focus spots. The text "KEY STRENGTHS" is overlaid on the right side of this image.

# **KEY STRENGTHS**

# Key Strengths

One of the market leader in the production of Insoluble Sulphur having  
**Domestic Share of ~55%**  
**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

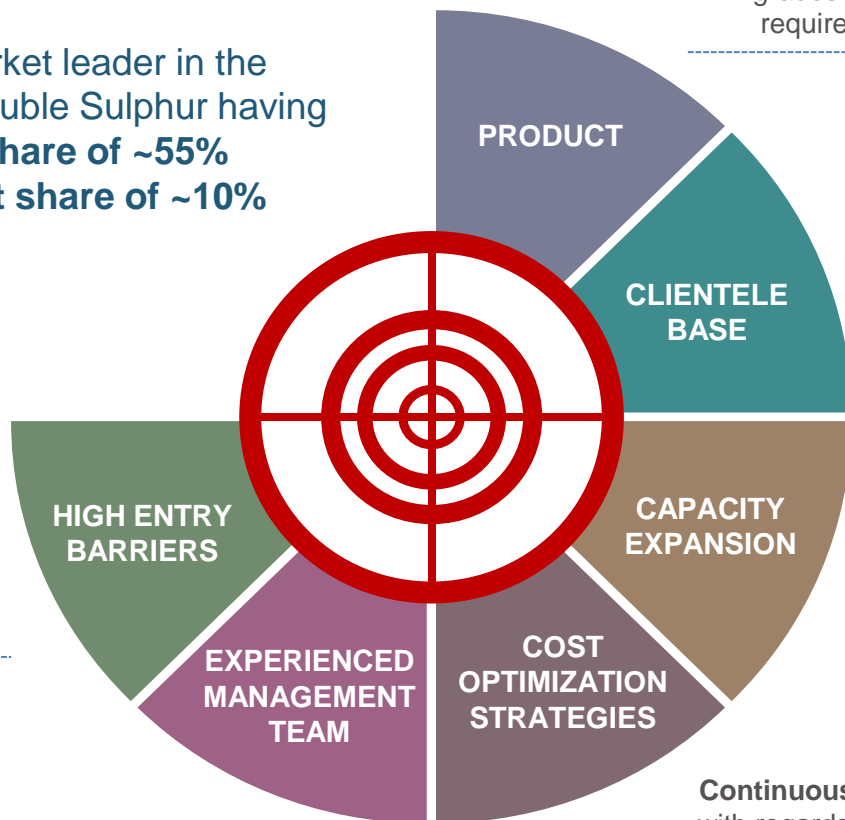
**Continuous Expansion of Capacities** of Insoluble Sulphur have taken place from 3,000 MT in 1994 to 28,500 MT currently

**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

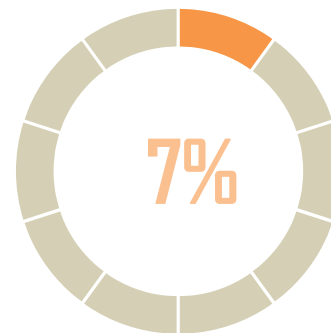


# We deliver a Niche Product Portfolio...



## 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...

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

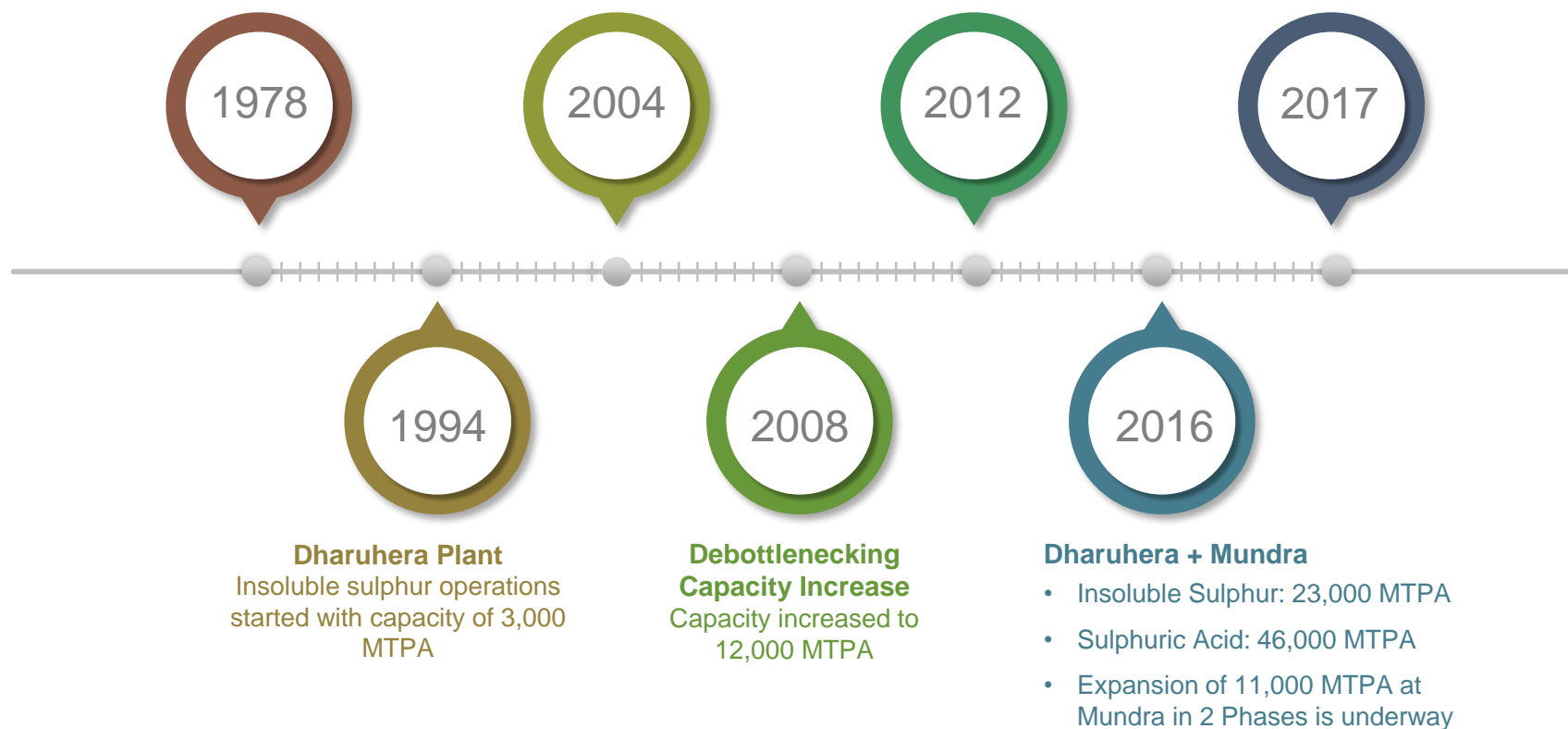
**Dharuhera Plant – EOU**  
Set up 2nd line of Insoluble Sulphur with capacity of 4,000 MTPA

## Mundra Plant – Phase I & II

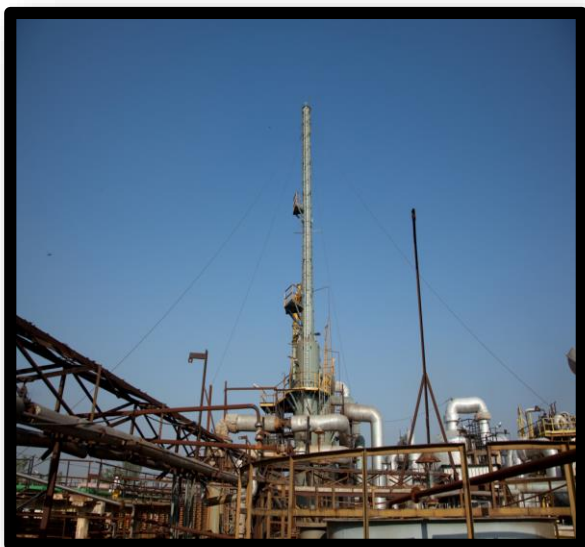
- Set up Insoluble Sulphur Capacity of 11000 MTPA
- Acquired 50% Equity shares of Schrader Duncan Ltd.

## Mundra Plant

- Increase Insoluble Sulphur Capacity by 11,000 MTPA
- Phase I – 5,500MT (2017) – Commenced Production
- Phase II – 5,500 MT (2018)



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



Product name	Annual Capacity (MT)	Location	No. Of Lines
Insoluble Sulphur	12,000	Dharuhera (Haryana)	2
Insoluble Sulphur	16,500	SEZ Mundra (Gujarat)	3
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

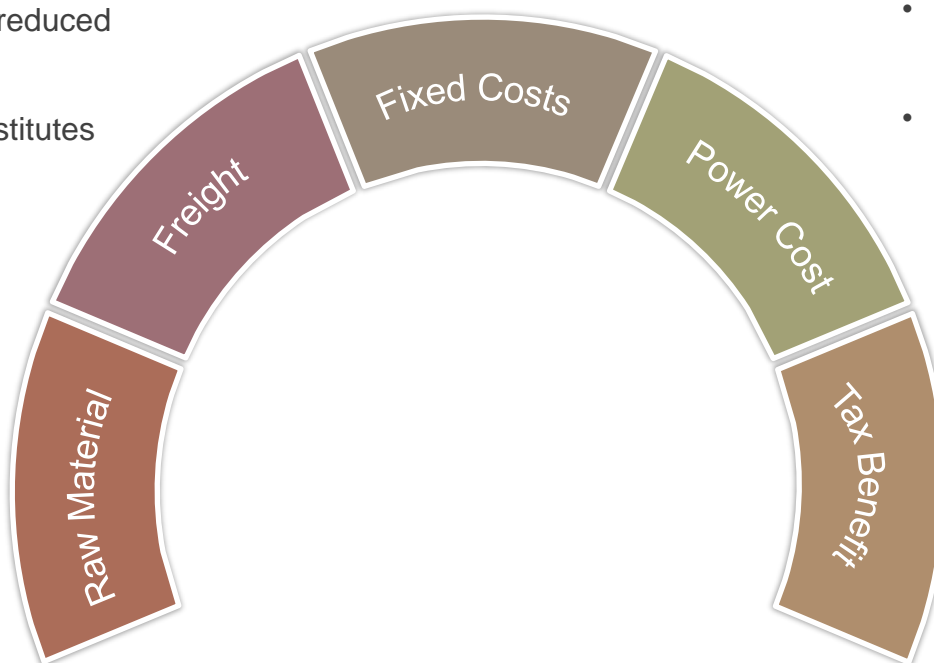
- Presence at the Port gives Location Advantage of reduced Logistic & Freight Cost
- ~71 % of the sales constitutes Exports

## 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

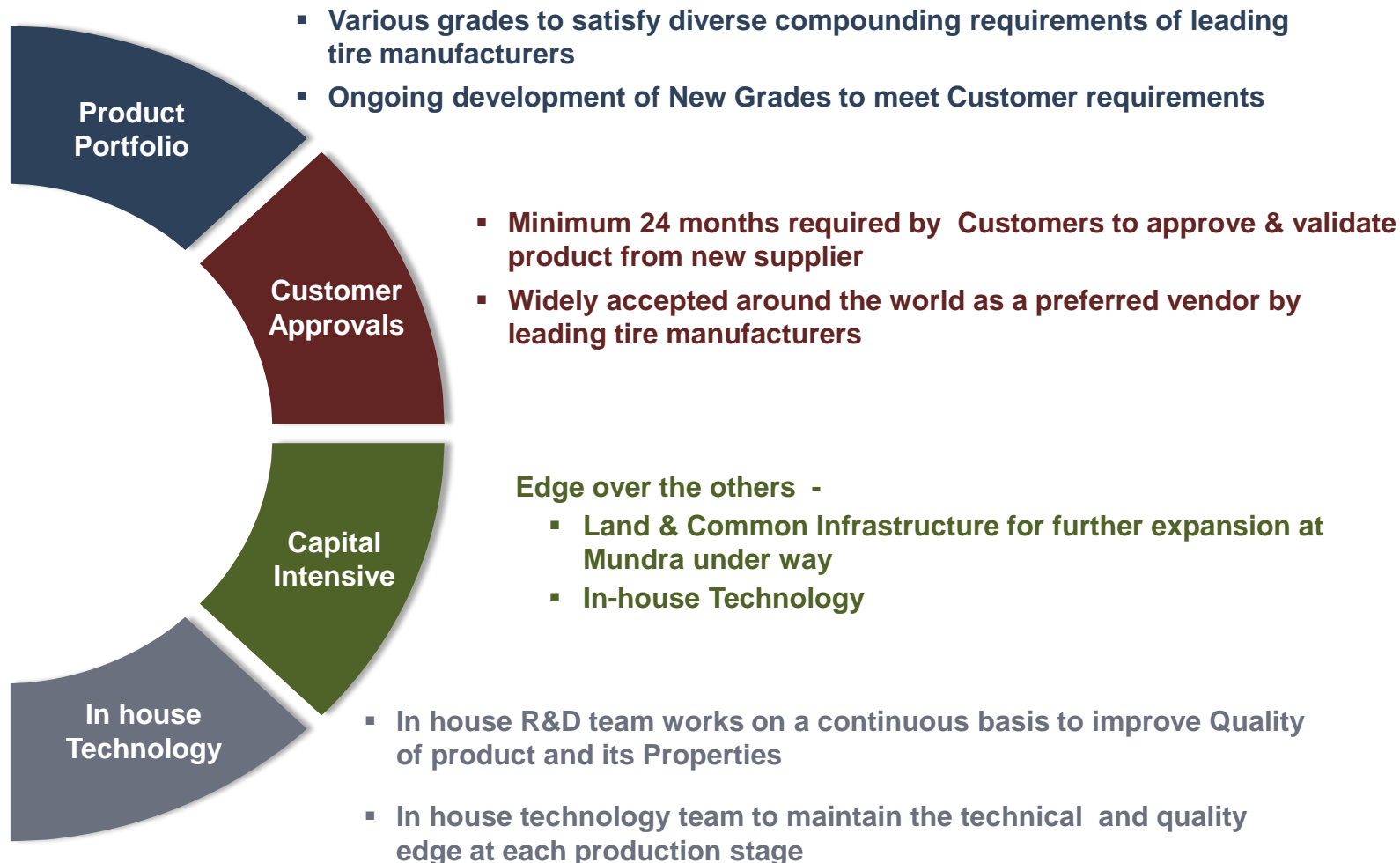
## Mr. Vijay Sabbarwal: President (Operations)

- 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**

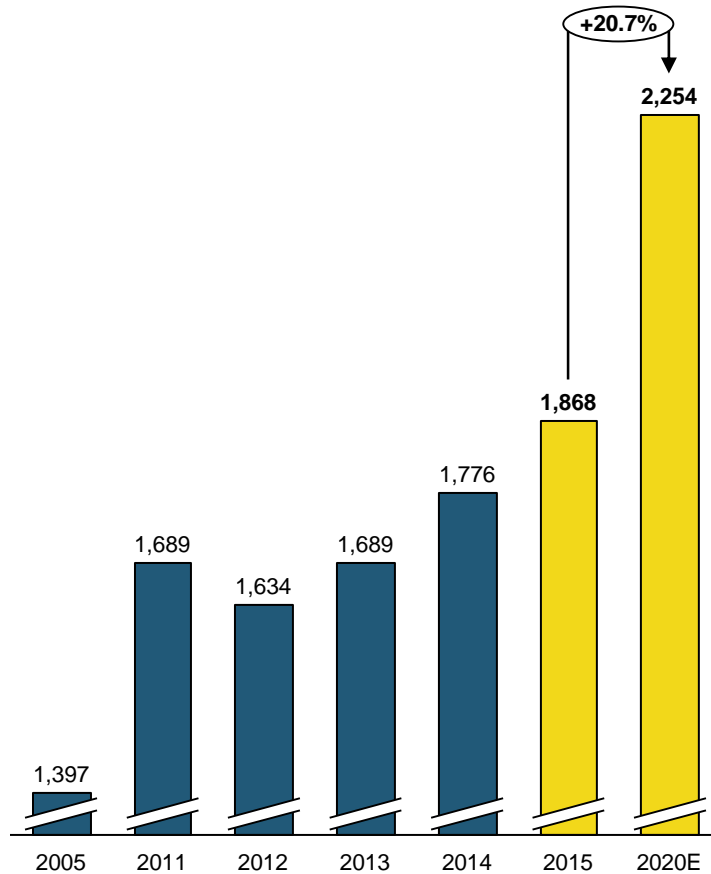
The background of the slide is a grayscale, high-magnification photograph of a microchip. The image shows the intricate patterns of the chip's surface, including various lines, pads, and small components. The lighting creates a bokeh effect with many bright, out-of-focus spots. Overlaid on this background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

# **KEY GROWTH OPPORTUNITIES**

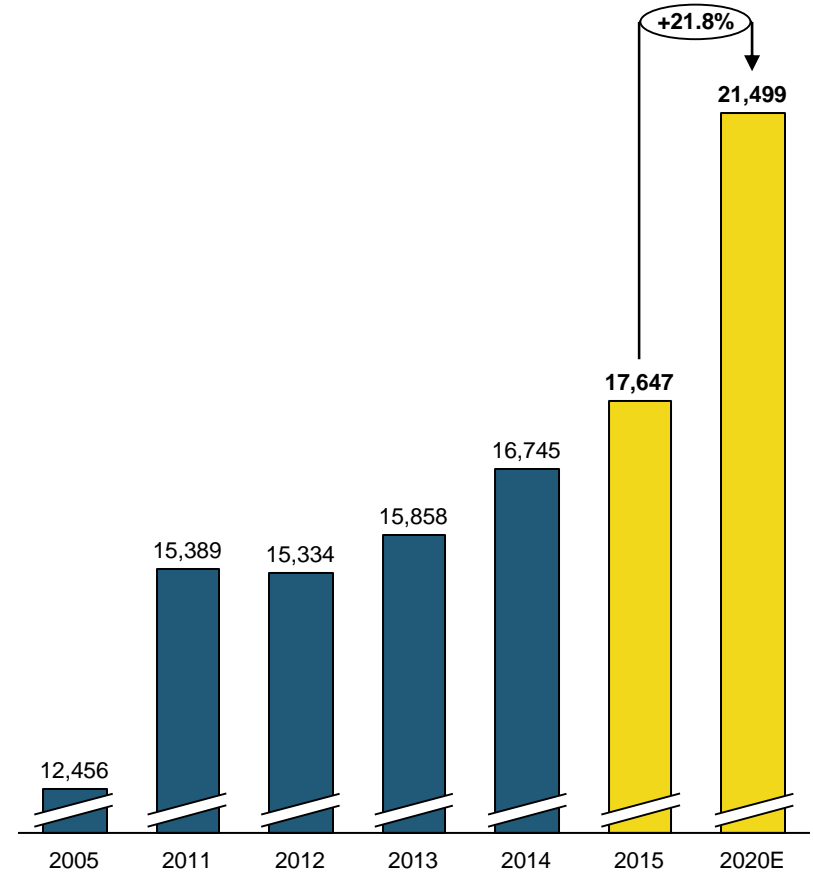


# Global Tire Industry

## Tire Production (mn units)



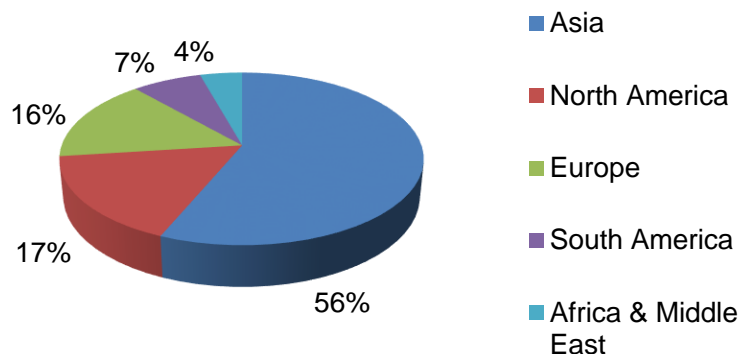
## Tire Rubber Consumption (‘000 tonnes)



# Insoluble Sulphur - Demand Forecast

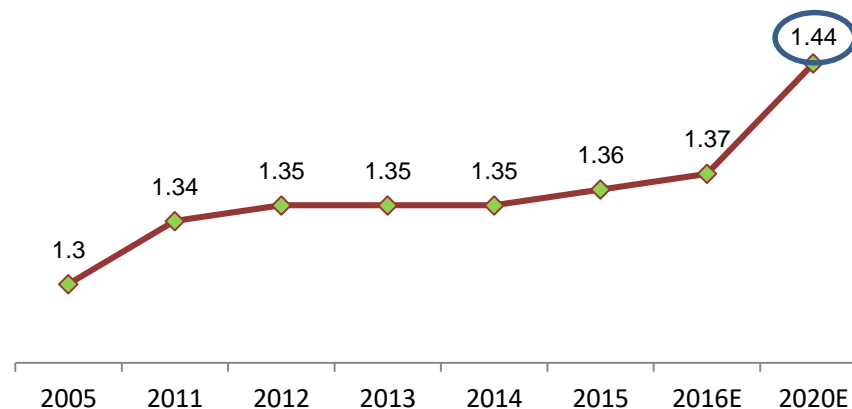
## Geographical Breakup

\$28 bn Investment

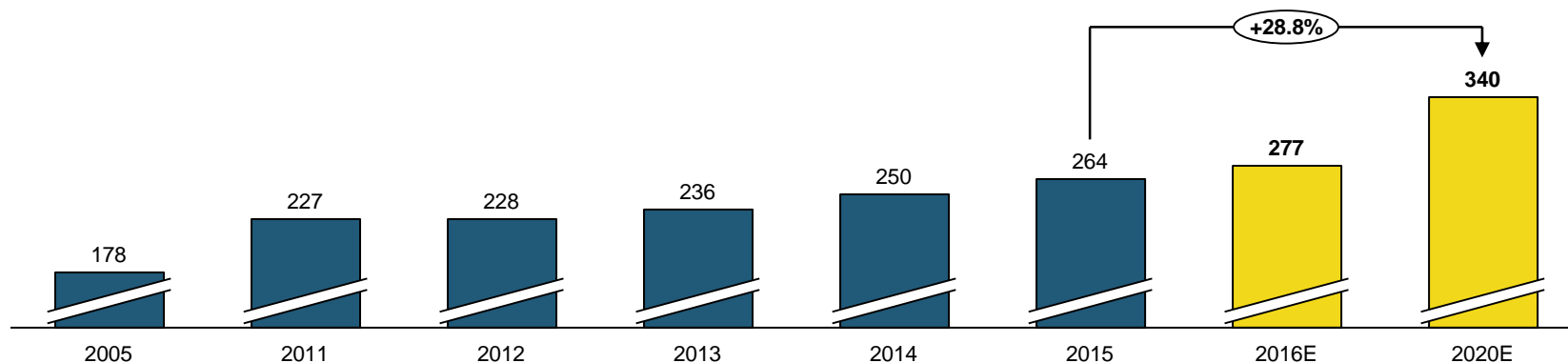


## Radialisation Effect

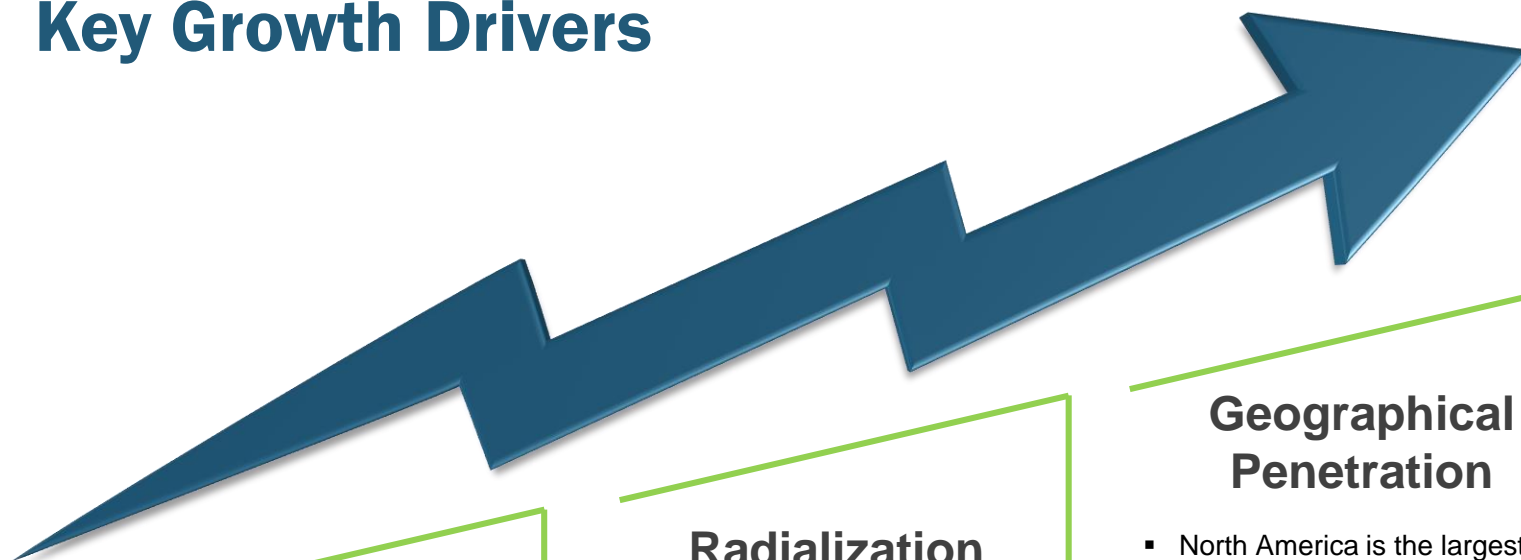
Insoluble Sulphur to Tire Rubber Ratio



## \*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

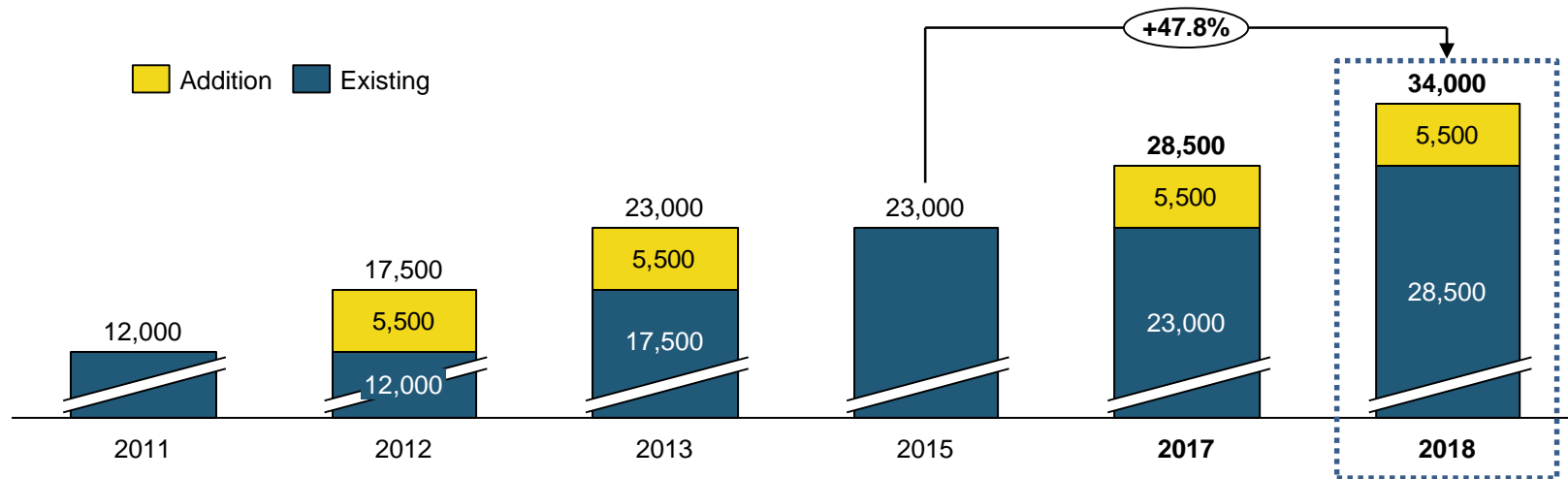
An increase in rate of Radialisation in Commercial Vehicles in India will lead to an increase in requirement of Insoluble Sulphur

## 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

## Capital Investment - 2018

Capital investment would be of ~Rs. 63 crs funded with debt equity ratio of 2:1. It includes

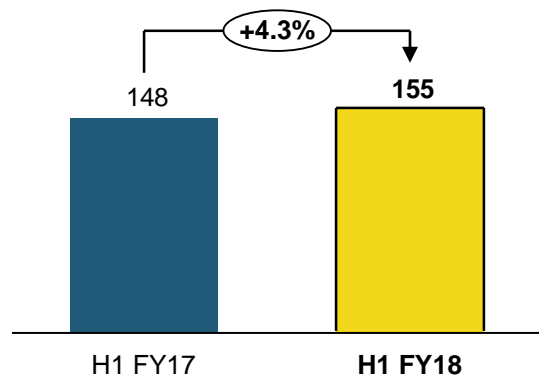
- Working capital margin
- Expected Project IRR is in excess of 25% and projected payback ~4 years

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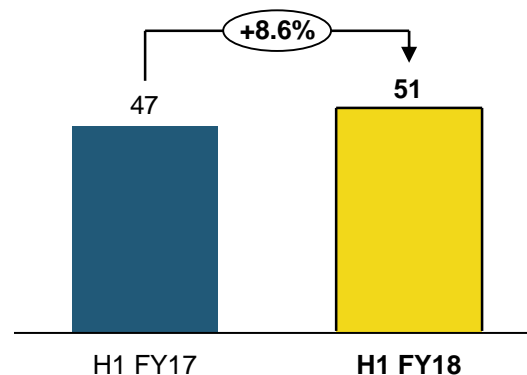
# **FINANCIALS**

# Result Highlights: H1 FY18

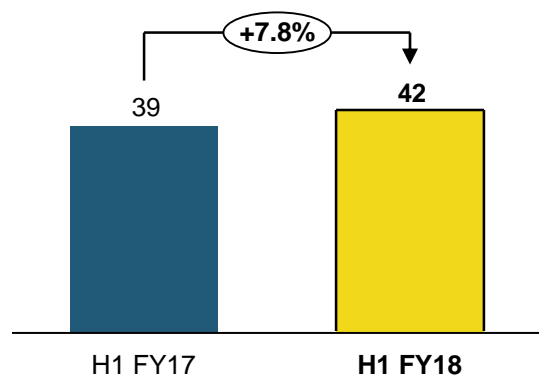
## Revenues<sup>^</sup> (Rs. Crs)



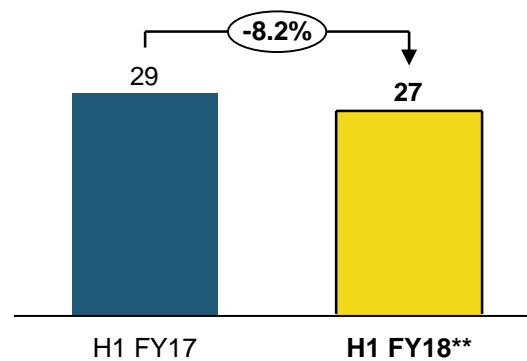
## EBITDA<sup>^</sup> (Rs. Crs)



## EBIT (Rs. Crs)



## PAT\* (Rs. Crs)



\* Excludes Other Comprehensive Income

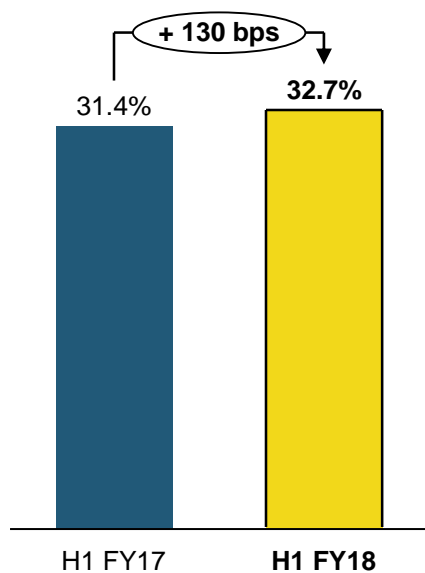
<sup>^</sup>incl. Other Income

\*\* The taxes were higher on account of increase in deferred tax attributable to the new capacity added

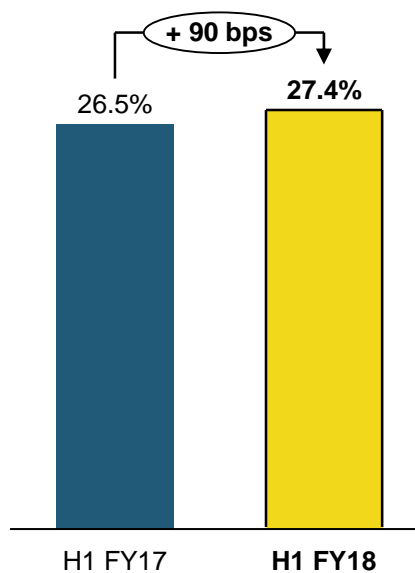


# Result Highlights: H1 FY18

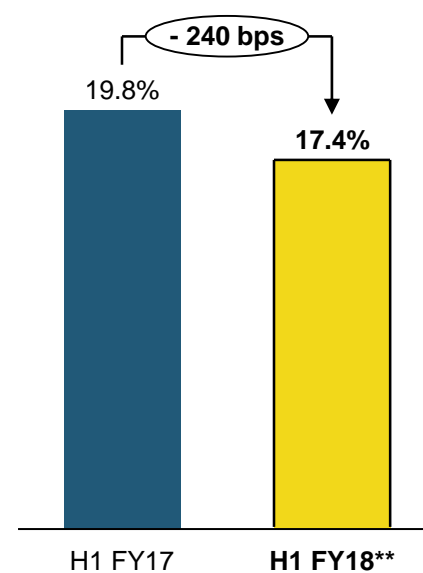
## EBITDA^ (%)



## EBIT (%)



## PAT\* (%)



\* Excludes Other Comprehensive Income

^incl. Other Income

\*\* The taxes were higher on account of increase in deferred tax attributable to the new capacity added

# Profit & Loss Statement – Standalone

Particulars (Rs. Crs)	Q2 FY18	Q2 FY17	Y-o-Y	H1 FY18	H1 FY17	Y-o-Y
<b>Total Income from Operations</b>	<b>76.1</b>	<b>71.7</b>	<b>6%</b>	<b>154.7</b>	<b>148.3</b>	<b>4%</b>
Raw Material*	15.4	14.8		28.6	37.0	
Employee Expenses	9.8	9.4		19.6	18.3	
Other Expenses	26.9	24.2		55.9	46.5	
<b>EBITDA</b>	<b>24.0</b>	<b>23.2</b>	<b>3%</b>	<b>50.6</b>	<b>46.6</b>	<b>9%</b>
<b>EBITDA Margin (%)</b>	<b>31.5%</b>	<b>32.4%</b>		<b>32.7%</b>	<b>31.4%</b>	
Depreciation	4.1	3.5		8.2	7.3	
<b>EBIT</b>	<b>19.9</b>	<b>19.7</b>	<b>1%</b>	<b>42.4</b>	<b>39.3</b>	<b>8%</b>
<b>EBIT Margin (%)</b>	<b>26.2%</b>	<b>27.5%</b>		<b>27.4%</b>	<b>26.5%</b>	
Finance Cost	2.0	1.1		3.9	2.1	
<b>Profit before Tax</b>	<b>17.9</b>	<b>18.7</b>	<b>-4%</b>	<b>38.4</b>	<b>37.2</b>	<b>3%</b>
Tax	5.5	3.8		11.5	7.8	
<b>Profit After Tax</b>	<b>12.4</b>	<b>14.9</b>	<b>-16%</b>	<b>27.0</b>	<b>29.4</b>	<b>-8%</b>
<b>PAT Margin (%)</b>	<b>16.3%</b>	<b>20.8%</b>		<b>17.4%</b>	<b>19.8%</b>	
Other Comprehensive Income	1.7	0.9		1.6	0.8	
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>14.1</b>	<b>15.7</b>	<b>-10%</b>	<b>28.5</b>	<b>30.2</b>	<b>-6%</b>
EPS	12.07	14.45		26.21	28.55	

The Financial Results for Q2 & H1 FY18 have been prepared in accordance with the Indian Accounting Standards (Ind AS)

\*Total Raw material cost incl. change in Inventories

# Balance Sheet– Standalone

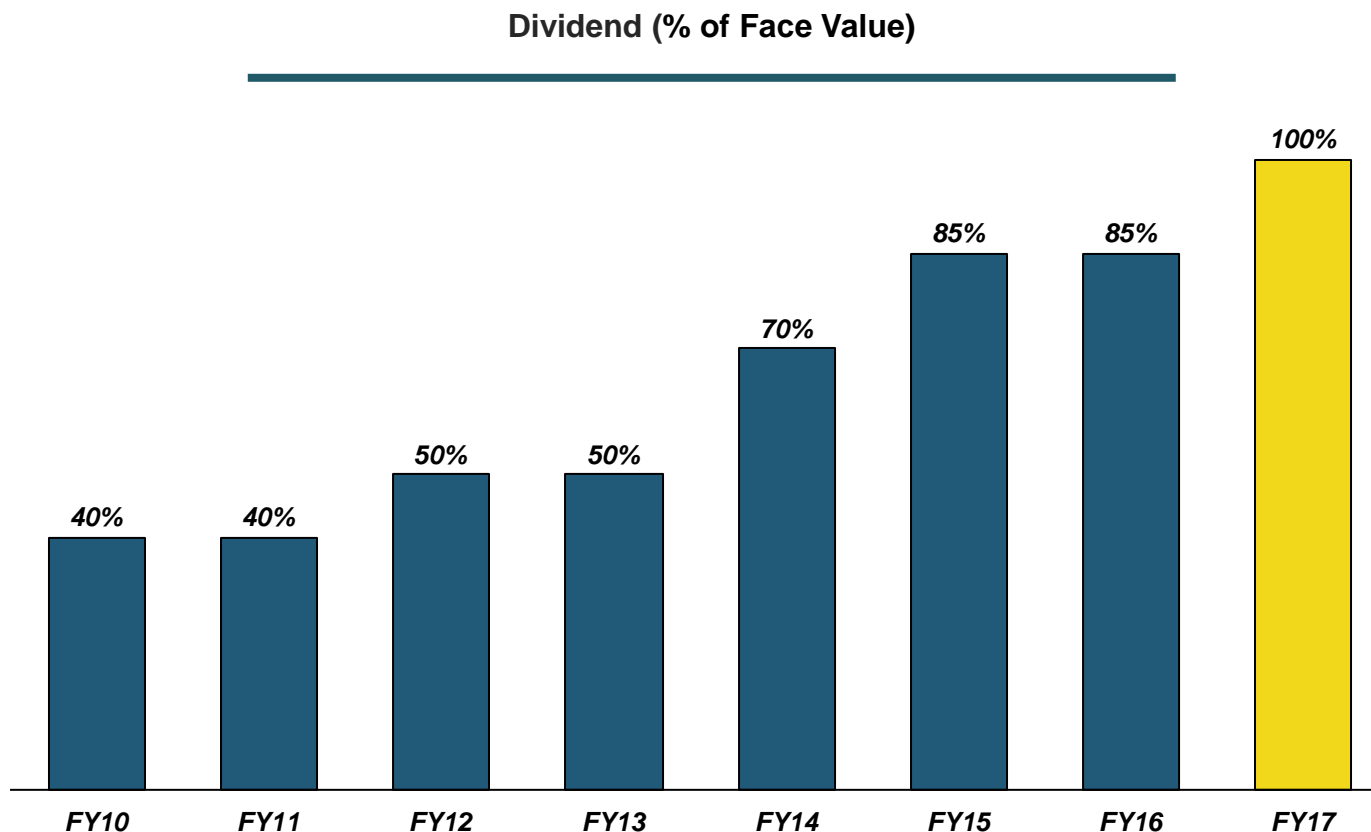
EQUITY AND LIABILITIES (Rs. Crs.)	30-Sept-17
Equity Share Capital	10.3
Other Equity	352.4
<b>Total Equity</b>	<b>362.7</b>
Financial Liabilities	
Borrowings	62.4
Other Financial Liabilities	0.5
Provisions	2.5
Deferred Tax Liabilities (Net)	17.2
<b>Total Non-Current Liabilities</b>	<b>82.6</b>
Financial Liabilities	
Borrowings	25.5
Trade Payables	17.6
Other Financial Liabilities	24.8
Other Current Liabilities	22.4
Provisions	1.6
<b>Total Current Liabilities</b>	<b>92.0</b>
<b>Total Equity and Liabilities</b>	<b>537.3</b>

ASSETS (Rs. Crs.)	30-Sept-17
Property, Plant and Equipment	302.4
Capital Work-in-progress	12.5
Other Intangible Assets	0.5
Intangible Assets under development	0.1
Financial Assets	0.0
Investments	24.8
Loans	0.3
Other Non Current Assets	12.8
<b>Total Non-Current Assets</b>	<b>353.4</b>
Inventories	39.7
Financial Assets	0.0
Investments	43.7
Trade Receivables	69.4
Cash and Cash Equivalents	2.6
Bank balances	10.8
Loans	6.7
Others	0.7
Other Current Assets	10.3
<b>Total Current Assets</b>	<b>184.0</b>
<b>Total Assets</b>	<b>537.3</b>

The Financial Results for Q2 & H1 FY18 have been prepared in accordance with the Indian Accounting Standards (Ind AS)

\*Total Raw material cost incl. change in Inventories

# Consistent Dividend Record



The Board has approved Interim Dividend for the Financial Year 2017-18 of  
Rs. 3.00/- per equity share of Rs. 10/- each (30%)

## For further information, please contact:

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Company :

Investor Relations Advisors :

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**Oriental Carbon & Chemicals Ltd.**

CIN: L24297WB1978PLC031539

**Mr. Anurag Jain - CFO**

[anuragjain@occlindia.com](mailto:anuragjain@occlindia.com)

<http://www.occlindia.com/>

**Strategic Growth Advisors Pvt. Ltd.**

CIN: U74140MH2010PTC204285

**Ms. Neha Shroff / Mr. Deven Dhruva**

[neha.shroff@sgapl.net](mailto:neha.shroff@sgapl.net) / [deven.dhruva@sgapl.net](mailto:deven.dhruva@sgapl.net)

+91 7738073466 / +91 9833373300

[www.sgapl.net](http://www.sgapl.net)