



“Oriental Carbon & Chemicals Limited Q3 FY 16
Earnings Conference Call”

February 12, 2016



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*Oriental Carbon & Chemicals Ltd.
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Moderator: Ladies and gentlemen good day and welcome to the Oriental Carbon & Chemicals Limited Q3 FY16 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Akshat Goenka – Promoter & Joint Managing Director at OCCL. Thank you and over to you Sir.

Akshat Goenka: Good afternoon and a very warm welcome to everyone. Along with me I have Mr. Anurag Jain, CFO and SGA our Investor Relations Advisor. I hope you have received our results and investor presentations by now, for those who have not you can view them on our website. I will give you a very quick update on the tyre industry. As we all know China is not doing that well it is down, Europe is also down, however, the domestic market has been growing this year. In addition, the removal of sanctions over Iran was the positive news for us. We are already doing business there and we hope that industry will grow more after removal of sanction and that should be helpful to our sales as well. However, in spite of the current slowdown in the global tyre industry it is still looking promising for the years to come as we are aware that big tyre players have announced huge CAPEX plan. For example, Continental Tyres have announced a new truck tyre plant and a total long-term investment of around \$ 1.4 billion in the next few months. They aim to start the production by end of 2019. Bridgestone in America is expanding its tyre capacity and has a five-year CAPEX plan of investing around \$ 164 million. Likewise other tyre companies globally and domestically have declared their CAPEX plan to grab these opportunities.

Coming to the domestic tyre industry the Indian tyre industry has been witnessing tremendous scope for growth in the past three years on account of growth in automotive demand, especially in passenger vehicles and two wheeler segments. In fact, availability of raw material and ultramodern production facilities has helped the country to emerge as one of the world's most competitive tyre markets. India's market for the radial tyres in commercial vehicles is still in its infancy. As we said earlier number of times, the radialization rate in commercial vehicles would probably in the late 20s. The passenger car segment switched to radial tyres very quickly and there radial tyre penetration level is reaching 100%. This segment of the commercial vehicles should see the largest growth over the next few years as increased radialization takes place. Thus, this gives a positive outlook for the demand of insoluble sulphur in the Indian market for the next few years which we expect to grow in double digits.

Lastly, a very quick update on our project; it is progressing as per schedule, it is within budget. The Coal Fired Boiler is expected to be operational from April this year which will result in savings in our power and fuel cost. Phase-1 of our expansion is also on track and expected to be commissioned in April 2017.

Now I would like to hand over the line to Mr. Anurag Jain to update you on the operational performance of the company for the December quarter. Thank you.



Anurag Jain:

Thank you Akshat. Good afternoon ladies and gentlemen, I will take you all through the financials of the company. Revenue for Q3 FY 16 is Rs. 62.57 crores which has declined about 3% on YoY basis compared to the corresponding quarter last year. This is mainly due to sustained reduction in input cost leading to correction in sales prices from last year as also the decrease in value of Euro compared to the same quarter last year. For nine month of FY 16 the revenue from operation was same as last year at Rs. 205 crores. We see steady increase in off take in volumes in domestic industry in spite of the cheap Chinese dumping of tyres and we expect the insoluble sulphur market to grow at double digits as indicated earlier.

For the quarter-ended December EBITDA stood at Rs.20.5 crores compared to the Rs. 19.9 crores in Q3 FY 15 which is a growth of 3%, the EBITDA margin improved by about 2% to 32.8%. The improvement is on the back of operational efficiency, increasing utilization of our existing capacities and lower cost of power and fuel and raw material. EBITDA for nine months FY 16 stood at Rs. 67 crores as against Rs. 60.7 crores in nine-month FY 15, YoY growth of 10.3% with margin expansion of 3.3%. Profit after tax for Q3 FY 16 is Rs. 13.6 crores compared to Rs. 12.7 crores in Q3 FY 15, a YoY growth of 7.6%. The net profit margin for the year is 21.9% as against 19.7% in the corresponding quarter previous year. For the nine-month FY 16 PAT is Rs. 40.97 crores YoY growth of 14.6% and margin expansion of 268 bps.

With this I would like to open the floor for questions and answers.

Moderator:

Thank you very much Sir. Ladies and gentleman, we will now begin with the question and answer session. The first question is from the line of Abhishek Jain of India Nivesh. Please go ahead.

Abhishek Jain:

What was the volume growth in nine-month FY 16?

Anurag Jain:

As we have said earlier we do not talk about quantities, what we can say is that our sales and production has been in the 90% bracket of our capacity, however, in terms of volume I would like to say that growth was not as much as we envisaged mainly due to the slowdown in Europe.

Abhishek Jain:

What kind of topline growth we can assume in the next two years as we have seen a very muted topline growth?

Anurag Jain:

Next two years; once our project comes up in 2017 then we should see a very healthy growth, the topline growth we cannot talk about as we have said in our earlier conferences also because it is a product of so many things, it's a product of exchange etc.. What we do like to talk about is the EBITDA levels. We had indicated earlier that our EBITDA level should grow in double digits for the current year and even for nine months it is 10.3%.

Abhishek Jain:

So what is your margin guidance for medium to long-term, it would be around 25% or it will improve further?



Anurag Jain: Currently margin guidance is about this percentage, we expect to maintain the margins at the current level in the next 3 to 4 months.

Abhishek Jain: One more question on SDL what kind of strategy you have to make it profitable?

Akshat Goenka: Regarding Schrader Duncan we have always said that our target is that next financial year it is going to be profitable, we will take whatever steps we need to do that, we have already taken a lots of steps and lot of restructuring is going on. At this stage I would not like to divulge any details of exactly what steps we are taking but we are on track to be profitable next year.

Abhishek Jain: Q2 FY 16 EBITDA was positive but during this quarter EBITDA was negative so what was the reason?

Akshat Goenka: That was temporary thing; also a lot of our restructuring activities were done during Q3, apart from that in our FPA business the project orders were taken up in January so the revenue was recognized in the month of January not in the Q3. So I would not worry that much of stand-alone Q3 numbers.

Moderator: Mr. Ayush Mittal please go ahead with your question.

Ayush Mittal: We have mentioned about the price reduction that we have seen and that is the reason behind the de-growth in revenues if you look on QoQ basis but if we check the pricing of Solutia the insoluble sulphur being supplied by the leader in the industry I think the prices are very much stable so why did we have to reduce the prices?

Akshat Goenka: How do you say the prices are stable for Solutia?

Ayush Mittal: We can see the pricing from Zauba website and all the import landed price which seems to stable over last 3-4 months?

Anurag Jain: First of all if you are looking at our numbers we have to recognize that we report the numbers in Rupees and there has been a substantial correction in Euro vis-à-vis last quarter same year if you compare it with the current quarter. When we said that we have corrected some prices, it is basically to recognize the long term spend in raw material. As far as you are talking about Solutia numbers we do not see that happening. We have seen that there has been similar kind of correction in Solutia also. You do not have the quantities of Solutia so you cannot fathom what their prices have come down or not.

Ayush Mittal: The currency has not come down on QoQ basis like if we compare from the Q2 and this quarter Euro hasn't correct again I think.

Anurag Jain: No but we are also not saying it's corrected on QoQ basis.

Ayush Mittal: By why is there a 10% dip on QoQ basis, the volumes have not changed?



- Akshat Goenka:** If you look at Q3 even last year at that time also we said that in this Christmas period lot of European plants take a shut down and we also end up taking shut down for our plants -the annual shutdowns, that is why Q3 is always slightly weaker in terms of offtake than the other quarters. So if you compare Q2 to Q3 that is the reason I was answering from an overall perspective.
- Ayush Mittal:** My question was more from the Q2 because I used to think that especially when we are almost at full capacity and the market is stable and we also mentioned about our new customer, I think we are tied up for the shortfall in quantities last year and all those things were there, so I thought the volume should have been pretty stable for you.
- Akshat Goenka:** If you compare Q3 this year to Q3 last year you would see there is some growth.
- Ayush Mittal:** Any idea about the volume growth that you must have seen YoY?
- Akshat Goenka:** No volume growth has been muted. That is the nature of industry, Europe, China, Asia everything.
- Ayush Mittal:** Are you seeing some change in the competitive intensity due to these things like any pricing pressures?
- Anurag Jain:** Pricing pressure is more a function of the fact that in general costs of everything have come down worldwide, so naturally in this kind of an environment we can't make abnormal market profits.
- Ayush Mittal:** Are we not getting any benefit due to the Rupee fall and the commodity softening, we are not able to retain the margins at our end?
- Anurag Jain:** But if you look at our bottom line it is better.
- Ayush Mittal:** But that is also due to interest cost reduction?
- Anurag Jain:** Look at EBITDA level.
- Ayush Mittal:** That is marginal, if we see that much of volatility has always been there in your margins.
- Anurag Jain:** When you say marginal again you are looking at Q2 and Q3.
- Ayush Mittal:** Even YoY it is almost similar.
- Anurag Jain:** Looking at it on a percentage terms it is much better.
- Ayush Mittal:** So you expect the margins to remain healthy and you should benefit due to these softening of commodity prices?



- Akshat Goenka:** We have always given a guidance that EBITDA margins in the late 20s is sustainable and we are sticking by that, so our EBITDA margin has been higher in Q3 but we are not talking about that, we still maintain the late 20s.
- Ayush Mittal:** Second query is most of our customers are from Europe and if we see the dumping intensity which has increased quite a lot China has been a center for the production where most of the ramp up is happening. Is this negative for our business that we are not present in other geographies and we are more present in geographies which are becoming uncompetitive?
- Akshat Goenka:** It is positive because that shows the headroom for growth.
- Ayush Mittal:** But we are not entering China, we are not targeting....
- Akshat Goenka:** We are supplying in China, we have started supplying in China, so that's fine.
- Ayush Mittal:** Any major success or any material quantities that that we are doing to China or any major project that we are looking to do?
- Akshat Goenka:** Yes, it has started off.
- Ayush Mittal:** That we have been trying for quite some time, the China market.
- Akshat Goenka:** This time it seems more positive.
- Anurag Jain:** This is the way the product is.
- Akshat Goenka:** China market as we always said is volatile, it is never going to be a stable market like America or Europe or India, so China will be a little up and down.
- Ayush Mittal:** But if our customers who are based in Europe are to reduce their production do we face a risk due to that?
- Akshat Goenka:** Well if they reduce production then naturally that much quantity we will have to find other avenues.
- Ayush Mittal:** But we are not targeting more customers or trying to do something to maintain our volumes?
- Akshat Goenka:** Yes, we are in North America and even in Europe we are targeting other customers that we are not supplying to and we are targeting to get the market share but if the overall capacity and requirement comes down then it becomes a more challenging environment, but we are still trying to increase our market share there and we are targeting North America and China.
- Ayush Mittal:** Any other major initiatives that we are thinking or doing something as we are on a steady state since quite some time and the expansion is a year away?



- Akshat Goenka:** At this moment this is it, the Coal Fire Boiler will add something to the bottom-line .
- Moderator:** Thank you. Our next question is from the line of Pritesh Chheda of Emkay Global. Please go ahead.
- Pritesh Chheda:** Just wanted to know if we have registered volume growth in the nine month or we have not?
- Anurag Jain:** Yes.
- Anurag Jain:** There is volume growth but not what we would have anticipated.
- Pritesh Chheda:** On the realization side and on the export side, if you could give what kind of exposure do we have, what would be your top currency exposure, in which countries actually we land up exporting?
- Anurag Jain:** As we have already said earlier that our currency exposure is more or less divided between Euro and Dollar so that is the position which remains today also.
- Anurag Jain:** **which is** More or less divided between Euro and DOLLar.
- Pritesh Chheda:** Which means the current countries where we largely export is European countries?
- Anurag Jain:** As I said it is more or less divided it means that we export to many places, of course, Europe if you look at it continent-wise then Europe would be the highest of all the continents.
- Pritesh Chheda:** When you are referring to realization drop you were actually referring to Rupee realization drop, when you were translating from Euro to Rupee that is how it is?
- Anurag Jain:** I said that there are many factors one of the factors is that. But it does not affect our contribution and bottom-line that was what I was trying to make a point.
- Pritesh Chheda:** So corresponding because you have some benefit that I see on account of power and fuel which you are suggesting over the last 2-3 quarters is there a corresponding benefit in the input price also and when we look at your contribution or EBITDA per kg that number is intact?
- Anurag Jain:** That number may be intact, if you look at the current EBITDA levels the last nine month EBITDA was around 29% and this time it is excess of 32%.
- Pritesh Chheda:** I was actually looking at from absolute per kg because percentage might look really different, so absolute EBITDA per kg on the business of...
- Anurag Jain:** Yes it is maintained.
- Pritesh Chheda:** Lastly, when your capacities come up in which quarter they are expected to come up?



- Anurag Jain:** Our capacities, as we have declared, will come up Q1 2017-18, that is April 2017.
- Pritesh Chheda:** This capacity which you have today which you are operating at 90% utilization till what level you can ramp it up to?
- Anurag Jain:** 100%.
- Pritesh Chheda:** So you have the room there. And when that capacity comes up though it is Brownfield in nature does it bring in any higher fixed costs by any nature?
- Anurag Jain:** Nothing proportionate much less than proportionate.
- Pritesh Chheda:** But it would add fixed costs?
- Anurag Jain:** Obviously it will add marginal fixed cost, because if you put up a plant then you need people to run the plant, to that extent some marginal fixed cost will be there but not in the same proportion.
- Pritesh Chheda:** Lastly I want to check this expanded capacity, what is the strategy of selling the output of that capacity?
- Anurag Jain:** I think Akshat in the previous question has outlined our strategies in a very lucid manner, that this strategy we have, we have new geographies and we are adding some customers, we are actively looking at new geographies, I think he has explained that in detail.
- Moderator:** Thank you. The next question is from the line of Pawan Ahluwalia of Laburnum Capital. Please go ahead.
- Pawan Ahluwalia:** Wanting to understand if we look at the geographies that we are present and this goes to I think our usual point on the Zaubas data, is the competitive intensity more in certain geographies than in others, so it's possible that Solutia is not lowering that price in India, the fact that elsewhere they are being competitive lower prices?
- Anurag Jain:** Sorry Pawan, I didn't get the whole of your question, can you repeat?
- Pawan Ahluwalia:** Ayush Mittal had pointed out 10-15 minutes back that he checked the zauba.com data on the imports into India then it does not appear that Solutia is lowering its price. I just wanted to check is it possible that the competitive intensity in India has not increased so there is no reason for them to lower the prices here but that in other geographies where we play, there is a greater increase in competitive intensity and therefore there is more downward pressure on pricing there? Is that in fact the case and if so in which geographies is competitive intensity increasing and where is it kind of stable?



- Anurag Jain:** The competitive intensity is not a product of Solutia alone and there are other players as you know that Shikoku is also there in the market and when we were looking at numbers what we saw was that all of us were currently operating at 90% or thereabouts capacities, so there is no pressure on these guys to sell quantities per se. However, having said that there has been a little competitive intensity around the world but I think that is more from the buyer side in terms of trying to rationalize the prices because there has been a long-term decrease in raw material cost. As we have said earlier the short term raw material cost does not have an effect but now because it has been continuing for about a year so there has been some rationalization on that account.
- Moderator:** Thank you. Our next question is from the line of Pratik Chaudhary, he is an Individual Investor. Please go ahead.
- Pratik Chaudhary:** Could you tell me what would be Shikoku's and Eastman's total capacity?
- Akshat Goenka :** Approximately Shikoku would be around us that would be around 30,000-35,000, maybe little bit more and Eastman could be maybe around 150,000. These are all estimates
- Pratik Chaudhary:** If you look at the market in terms of different continents and if you could approximately give the market sizes of various continents for insoluble sulphur?
- Akshat Goenka:** North America is around 35,000 to 40,000 tons, China of the kind of quality sulphur that we manufacture would also be 35,000 to 40,000 tons, India would be roughly around 12,000 to 13,000 tons, Japan would be in the 20s, Europe would be around 40,000 tons and the rest of Asia would again be 30,000 to 40,000 tons.
- Pratik Chaudhary:** You previously communicated that your major sales are from Europe continent would you be able to give a percentage number for that as in percentage of your sales going to say Europe or Asia?
- Akshat Goenka:** No we do not want to give that out.
- Moderator:** Thank you. Our next question is from the line of Yash Mehta of SAM India. Please go ahead.
- Yash Mehta:** Just wanted to ask about the working capital cycle of your company, so last year I think the working capital days has increased a bit how do you see your work capital going forward?
- Anurag Jain:** I think working capital going forward would be at the same level as it has been earlier there is no significant change in the working capital metrics.
- Yash Mehta:** This new capacity that we are building are we primarily looking to target Indian markets, is the Indian CV industry is growing a lot or are we looking to enter other geographies as well?



- Anurag Jain:** It is a mixture of both because for even catering the growth in Indian market since our quantities are nearly distributed we would need fresh capacities but obviously Indian market growth in the short term will not be enough to consume those capacities so we are looking at 2-3 different areas as mentioned by Mr. Akshat Goenka earlier also, so, Indian market, Americas and China and growth in other markets.
- Yash Mehta:** Just trying to get a sense, so in Indian markets will you be more dominant, will the other big industry players also have equal market share?
- Anurag Jain:** We continue to have between 50-60% of the Indian market; normally what we are looking at is to maintain our market share, if we do increase it that will be better. That will be a bonus for us.
- Yash Mehta:** So overall market share globally we have around 10% and in India will have 50-60% market share, right?
- Anurag Jain:** That is right.
- Yash Mehta:** When we talk about 10% market share globally is that ex-China or does that include China as well?
- Anurag Jain:** It includes that part of China which is catered by the top three, China has about 70,000 tons consumption of insoluble sulphur, out of this 35,000-40,000 tons is of the kind that is manufactured by the global manufacturers and then there is another 35,000 odd tons which is for the other kind of insoluble sulphur which is manufactured locally. So when we say that we have this kind of market share we are talking about that 35,000 odd tons of China and not the full China.
- Moderator:** Thank you. We have next question is from the line of Harsh Raj Agarwal of India Nivesh Securities. Please go ahead.
- Harsh Raj Agarwal:** I wanted a clarification on the North American market as to what kind of growth we are expecting in a couple of years?
- Anurag Jain:** That is a nascent market for us and we are looking at that market primarily for our expansion and so therefore in terms of growth we are going to grow from negligible to some percentage.
- Harsh Raj Agarwal:** One more on the depreciation side we have revised our depreciation and we have also reported in the notes that there was a higher depreciation charge?
- Anurag Jain:** That is because of component account coming in.
- Moderator:** Thank you. Our next question is from the line of Ayush Mittal of Mittal & Co. Please go ahead.



- Ayush Mittal:** I wanted to check on the loans that we would be having and the plans of repayment if any due to the cash flows we are generating?
- Anurag Jain:** The loans that we are having are being repaid as per the repayment plan, and they have come down significantly and they will be continued to repaid as per the repayment plan.
- Ayush Mittal:** I think as per the September balance sheet if we check loans were about Rs. 50 crores odd and Rs. 40 crores odd were the investments we were having on balance sheet. Is this expected to remain the same like the investments are being held...?
- Anurag Jain:** We are under expansion so there is much money being spent on the expansion also and we would like to have some surplus in the kitty. We are repaying the term loans, we are spending money on the expansion project and what we normally do is first we spend from our own pocket, the promoter contribution, and then we go for the loans.
- Ayush Mittal:** But the expansion, the majority of the CAPEX that will come up in the second half of next year or it's a uniform spend.
- Anurag Jain:** A lot of money has already been spent it's a uniform kind of a thing.
- Ayush Mittal:** How much would be the investment in the upcoming boiler plant that is expected by April this year?
- Anurag Jain:** It would be around Rs. 15-16 crores.
- Ayush Mittal:** And how much of saving are we looking to generate from that?
- Anurag Jain:** The saving will depend, frankly earlier we were looking at huge savings one year back, now the saving has come down because the fuel cost has come down, in furnace oil.
- Akshat Goenka:** There will be saving but fixed saving that had predicted last year of around Rs. 1.2 crores per line and that time that was naturally based on the prevailing furnace oil and HSD prices. So saving is a function of alternate. Now that the oil prices having crashed naturally that kind of arbitrage is no longer going to be there.
- Anurag Jain:** That saving has anyway come in.
- Ayush Mittal:** How many lines we have in total?
- Anurag Jain:** This Coal Fired Boiler that we are putting in will be for all the four lines. Unit 1 and unit 2 that is already running and then unit 3 that is coming up in a year's time and then unit 4 that will come up after that.



- Ayush Mittal:** But then shouldn't we scrap this project and not go forward for it if it is not expected to result a substantial savings?
- Akshat Goenka:** There are two things; projects are put for very long term they are not put for short term. A lot of money has been invested and in any case nobody can predict the oil price so in the long term it is definitely a good plan and it is still going to save money even over and above what we are seeing today.
- Ayush Mittal:** Any estimate in today's terms what kind of savings are looking at?
- Akshat Goenka:** No at this stage very difficult to give an estimate. Because the price has been fluctuating so widely, so what base to take?
- Ayush Mittal:** Any plans on increasing the dividend payout?
- Akshat Goenka:** It's going to be in line of what we have been doing basically. Not looking at increasing the percentage for dividend payout.
- Ayush Mittal:** We have also talked about some acquisitions or some new business areas to go into, any update or any progress on that?
- Akshat Goenka:** Nothing major to report right now.
- Moderator:** Thank you. The next question is from the line of G. Vivek of G.S. Investment. Please go ahead.
- G. Vivek:** Sorry for joining the conference late. Just wanted an update on the status of your Mundra plant expansion and foray into the US market and the current situation in the Indian tyre market?
- Anurag Jain:** The Mundra expansion plant is on schedule and within the budget and we are pretty sure of meeting the target of starting it in April 2017. As far as our foray into American market is concerned that is also on schedule. We are in talks with all the big tyre companies and the progress is happening as we would desire it to happen in terms of looking at our target of orders coming in line with the new capacities. As far as the Indian market is concerned we believe that demand in Indian market should grow in double digits for insoluble sulphur. It is still doing so and we are very hopeful that it will continue to do so in the near future also.
- G. Vivek:** Come again sir. Indian market there is no problem in demand part?
- Anurag Jain:** I said we have been maintaining that in Indian market insoluble sulphur demand should grow in double digits and it has done so now and we are hopeful of that growth to be there in future also.



G. Vivek: There was a recent notification by NHAI regarding that banning of overloading by the trucks and the responsibility being shifted to the toll operator and the consignee, there was also a provision of tolling away that overloaded trucks and the maximization of the penalty so any progress on the ground on that regard and what could be the implication for us in terms of...?

Anurag Jain: The implication is only going to be very positive for us because that would mean more truck rounds that would also mean earlier utilization of radials. Though that has not resulted in immediate impact but we are seeing growing impact in many areas for example in Delhi also they have banned entry of overloaded trucks and in many states baby steps have been taken in this direction and we are seeing the impact, everywhere around us,. So that's a good sign.

G. Vivek: Basically the new Transport Minister, Mr. Gadkari, what is the impact he's having on the scenario?

Anurag Jain: I think the impact on our scenario is going to be very positive in terms of compliance of laws and that is why when I said that I thought your next question would be China, what about tires coming from China and this would have been my answer that even if there are imports from China, there are many mitigating factors in India which will ensure that the insoluble sulphur demand remains robust.

G. Vivek: All in all, the story remains positive and everything is on track.

Anurag Jain: As far as India is concerned we are quite hopeful of this kind of growth.

G. Vivek: What about abroad?

Anurag Jain: Abroad currently there is stagnation in Europe, there has been some issues in China also because of anti-dumping duties levied by America but we have not been impacted so much, though growth has been dented a bit because of that, let us see how it pans out in the next 3-4 months. Long-term story remains intact.

G. Vivek: The situation is quite bad in the current scene abroad in Europe specially?

Anurag Jain: It is not very bad in terms of our market the only thing is that the kind of growth we envisage in Europe has not been there.

Moderator: Thank you. We will take the next question which is a follow-up from the line of Pratik Chaudhary who is an individual investor. Please go ahead.

Pratik Chaudhary: Have you seen any changes in your market share in the European market or any other major world global market?

Anurag Jain: I cannot answer that question very much, very sensibly because then it means that we have to get the idea of total how much Europe market has moved, as far as European market all we can



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say is that we have not lost quantities in any markets and if there has been subdued growth in spite of that we have not lost market it will be safe to say that we're not losing share.

Pratik Chaudhary: What about Indian market any changes in the last few months or quarter?

Anurag jain: No I think it has been quite steady.

Pratik Chaudhary: Europe and the other global markets basically you are saying that the slowdown or the stagnation is largely from the demand side?

Anurag Jain: Yes.

Pratik Chaudhary: And now it is specifically that you are losing market share to Shikoku?

Anurag jain: No. I would not like to name competitor but we are maintaining our market share that is what I would like to say.

Moderator: Thank you. Ladies and gentlemen that was the last question, I now hand the floor back to Mr. Akshat Goenka for closing comments. Over to you Sir.

Akshat Goenka: Thank you everyone for joining this call, I hope we have been able to address all your queries for any further information kindly get in touch with me or Strategic Growth Advisor or Anurag Jain. Thank you once again.

Moderator: Thank you. On behalf of Oriental Carbon & Chemicals Ltd that concludes this conference. Thank you for joining us and you may now disconnect your lines.