



GHCL Limited

Creativity at Core, *Values* at the Front

Business Update- Q3FY18

February 2018



Soni
1/2/2018

Chemicals

Soda Ash
Sodium Bi Carbonate



Textiles

Yarns



Textiles

Home Textile



Consumer Products

'i-FLO'



Safe harbor



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Financial Snapshot

Revenue*

EBITDA

PAT

Q3 FY 18

Rs. 738 Cr

+ 19% Y-o-Y

+ 3% Q-o-Q

Rs. 158 Cr

EBITDA Margin 21.5%

- 3 % Y-o-Y

+ 14% Q-o-Q

Rs. 71Cr

PAT Margin 10%

- 12 % Y-o-Y

+ 33 % Q-o-Q

9M FY18

Rs. 2209 Cr

+ 12% Y-o-Y

Rs. 464 Cr

EBITDA Margin 21%

-14 % Y-o-Y

Rs. 282 Cr

PAT Margin 13%

+ 3 % Y-o-Y

Note * :- Revenue Figures are recasted to consider impact of Excise/GST accounting treatment based on Ind AS and SEBI regulations

Key financial indicators for 9M FY18

Total Debt

Decreased to Rs. 1314 crore as compared to Rs. 1431 crore in Mar 17

**Net Debt/
Equity**

Improved to 0.85X as compared to 1.04X in Mar 17

**Net Debt/
EBITDA**

2.0X as compared to 1.93X in Mar 17

ROCE*

18%

ROE*

26%

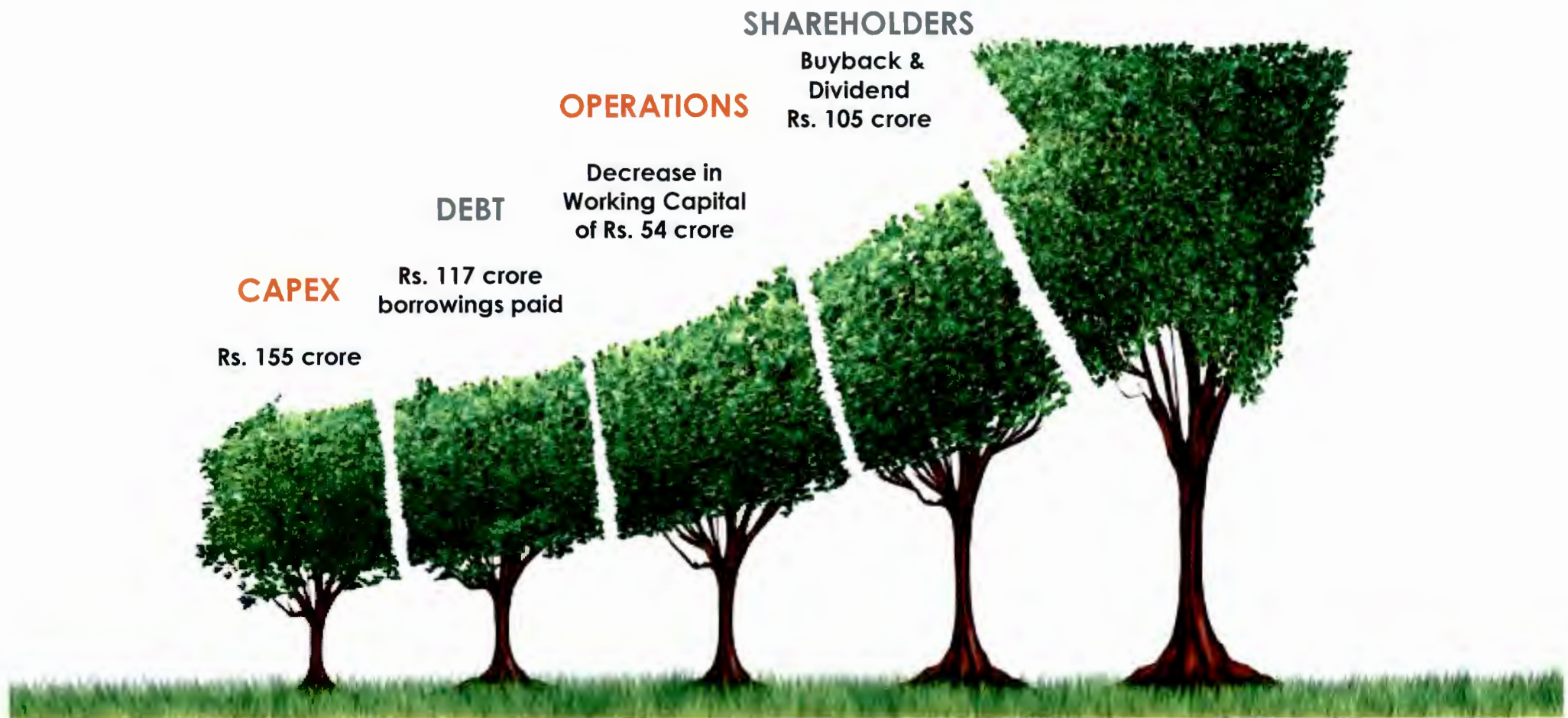
EPS

29.15 (9M FY 18)

- ROCE calculated as - Trailing 12 Months (TTM) EBIT/ (Total Debt + Shareholders Equity).
- ROE calculated as - Trailing 12 Months (TTM) PAT/ Shareholders Equity

..leading to efficient cash flow management

Generated Cash Profits (net of Tax) of Rs. 323 Crores



Segment Results – Q3 FY 18

Inorganic Segment

Particulars	Q3 FY 18	Q3 FY 17	Y-o-Y	Q2 FY 18	Q-o-Q
Production (Lac MT)	2.43	1.91	28%	2.26	8%
Sales (Lac MT)	2.33	1.78	31%	2.14	9%
Revenue (Rs. Crores)*	497	361	37%	444	12%
EBITDA (Rs. Crores)	157	128	23%	136	16%
EBITDA %	32%	35%	-3%	31%	1%

- ✓ Achieved ever highest production and sales in a quarter.
- ✓ Recorded Highest EBITDA in any quarter.
- ✓ Increased Soda ash market share from 23.5% to 24.5%.
- ✓ Doubled RBC expansion from 30K MT to 60K MT in Dec, benefit to come from next quarter.
- ✓ Global Markets stable, Indian markets remain buoyant with strong demand growth of 10%.

Note :- Revenue Figures are recasted to consider impact of Excise/GST accounting treatment based on Ind AS and SEBI regulations

Segment Results – Q3 FY 18

Textiles Segment

Particulars	Q3 FY 18	Q3 FY 17	Y-o-Y	Q2 FY 18	Q-o-Q
Revenue (Rs. Crores)*	241	257	-6%	274	-12%
EBITDA (Rs. Crores)	1	35	-96%	3	-67%
EBITDA %	1%	14%	-13%	1%	-

- ✓ Decline in revenue is primarily due to reorganisation of customer mix in home textiles.
- ✓ EBITDA for Q3 FY 18 is impacted due to low wind season (Impact : 7 Cr).
- ✓ Ready to launch environment friendly “Certain T® recycled PET” in bedding products in association with Reliance Industries.
- ✓ Yarn demand in domestic market is looking to be buoyant.
- ✓ Air jet spinning project is likely to complete by March 18, benefit to accrue in next year.

Note :- Revenue Figures are recasted to consider impact of Excise/GST accounting treatment based on Ind AS and SEBI regulations

Profit & loss statement



Rs. In Crores

Particulars	Q3 FY18	Q3 FY17	% Change	Q2 FY18	9M FY18	9M FY17
Sales*	738	618	19.4%	717	2,209	1,966
Operating Expenses	580	455	27%	578	1,745	1,426
EBITDA	158	163	-2.8%	139	464	540
EBITDA Margin	21.5%	26.4%		19%	21%	27.5%
Depreciation	25	22	15.8%	25	76	65
EBIT	133	141	-5.7%	114	388	475
Interest	28	32	-11.5%	35	93	100
Exceptional Items	--	--		-	-	3
Profit Before Tax	105	109	-4%	79	295	372
Tax	34	28	17.4%	26	13	98
Profit After Tax	71	81	-11.6%	53	282	274
PAT Margin	10%	13%		7%	13%	14%

*Note :- Revenue Figures are recasted to consider impact of Excise/GST accounting treatment based on Ind AS and SEBI regulations

Recent Recognitions



Won Golden Peacock Award Special commendation for Corporate governance 2017



Amongst 100 companies in First Attempt, Ranking 16th in manufacturing industry.



Won Golden Peacock Award for Corporate Social Responsibility 2017



Mr. R S Jalan,
MD GHCL

Ranked 29th in the "India's Best CEOs" ranking by Business Today

(8th in Sectoral ranking)



Agenda



1. Business Overview
2. Inorganic Chemicals Segment
3. Textiles Segment
4. Business Philosophy
5. Financial Annexures



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Business Overview

Buni

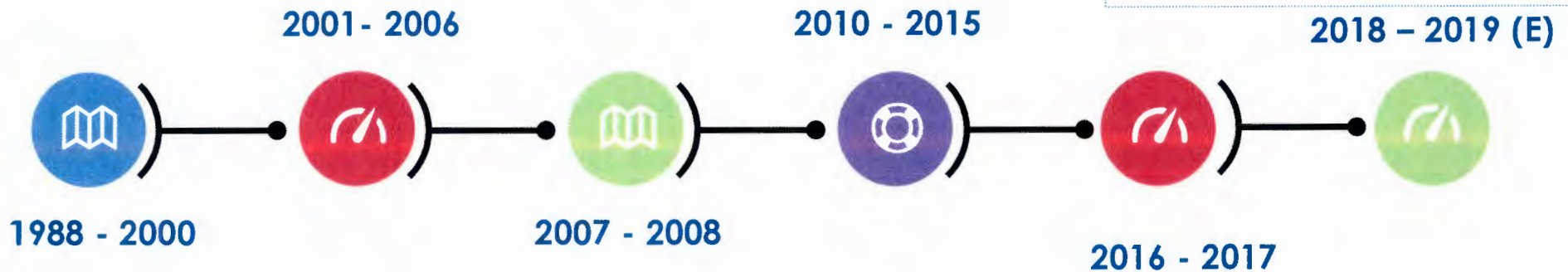


History, Milestones & Way forward

- Soda Ash capacity increased to 850,000 tons/year
- Entered into Spinning business with 65,000 spindles which increased to 83,000
- Home Textile production commences with 36 mn metres processing capacity and 96 air jet looms

- Spindles capacity increased to 175,488, Installed 3,320 rotors
- Launch of 'i-FLO' salt and 'i-Flo Honey'
- Air jet looms capacity increased to 162

- Soda Ash production capacity will be increased to 11,00,000 tons / year.
- Doubled Sodium bicarbonate capacity to 60,000 tons/year.
- Spindles increased to 1,76,488. Air jet spinning facility will be operational by Mar'18
- Home textiles, Processing capacity will be increased to 45 Mn meters with total 190 Air jet spinning looms .



- Production of Soda Ash commences with an installed capacity of 420,000 tons/year which increased to 525,000 tons/year
- Production of Edible Salt commences and Launch of 'Sapan' salt

- Refined Sodium Bicarbonate plant commissioned
- Spindles capacity increased to 140,000

- Launched 'i-FLO' spices, Honey with increased geographical spread
- Soda Ash production capacity increased to 950,000 tons / year
- Added TFOs for value added yarn.

Business overview

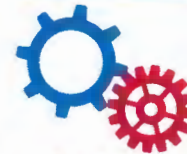
Inorganic Chemicals (63%*)



Margin leadership in the industry

- » Among top 3 soda ash players with 9.75 Lakh MT capacity
 - Catering 1/4th of Indian soda ash demand
 - Margin leader in the industry; with highest capacity utilizations
- » Sodium Bicarbonate of 0.60 Lakh MT
- » Strong FMCG presence in South India with edible salt, Honey & Spices
 - Expanding market reach by adding new geographies and product basket

Textiles Segment (37%*)



Presence across the value chain



Spinning

1,76,488 Spindles
3,320 Rotors



Weaving/Knitting

12 mn metres pa
166 air jet looms



Processing

36 mn metres pa



Finished Product

30 mn metres pa

*9M FY18 Revenue contribution

Creativity at Core, **Values** at the Front





Inorganic Chemicals

Bunil

Leading manufacturer of soda ash

9.75L MT

Soda ash capacity;
25% market share of
domestic demand

**Margin
leadership**
Captive sources of
raw material

**95% Capacity
utilization; Highest in
industry**

+30%*
EBITDA Margins;
consistent high
margins

Captive sources of raw materials

- » **Captive control on fuel (largest cost component)**
 - Only company having its own lignite mines
- » **Innovatively replaced imported met coke with in-house developed briquette coke**
- » **Other captive raw materials - salt and limestone**
 - All limestone mines located within 40 km distance from the plant

**Captive
Consumption**

**Salt
40%**

**Limestone
25%**

**Briquette
65%**

**Lignite
15%**

Clients – major FMCG/ Glass cos.


Hindustan Unilever Limited

P&G


MODIGUARD
GLASS-MIRROR



**HNG
HMC**


SAINT-GOBAIN

**GUJARAT
BOROSIL
LIMITED**


FENA
BETTER PRODUCTS, CLEANER WORLD


PATANJALI

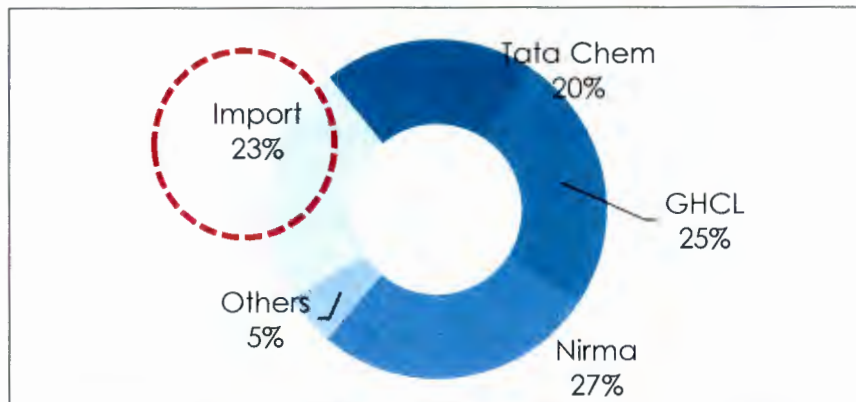
* Based on last 3 year's average

Creativity at Core, **Values** at the Front

Bunil

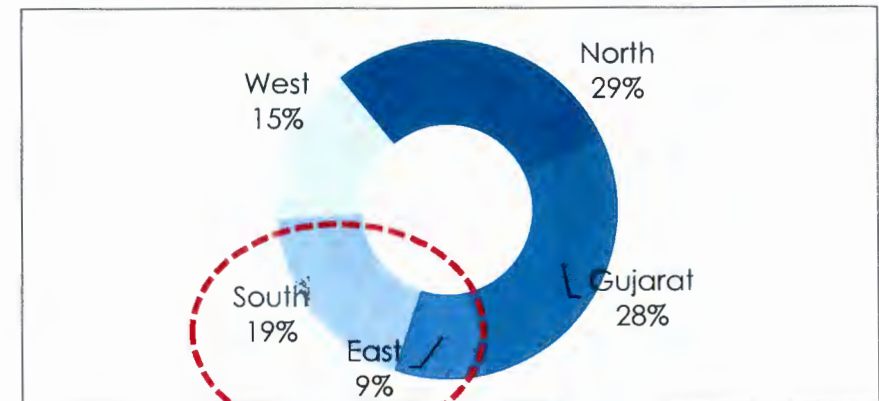
Soda Ash Dynamics (Domestic Industry)

Domestic market share.* (up by 1%)

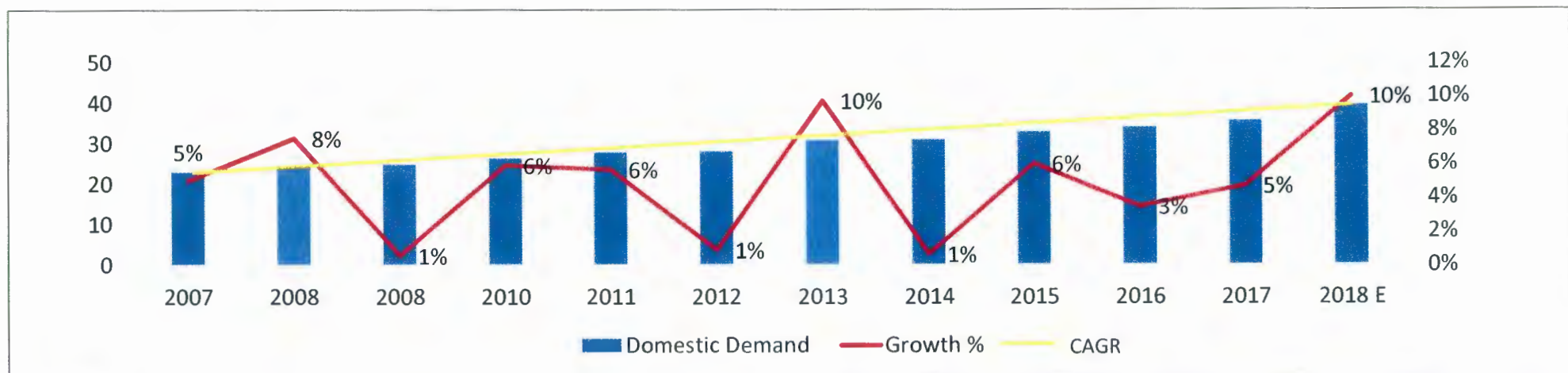


* Based on External demand (Source : IMA)

Domestic Demand Concentration.



Domestic Demand & growth trend.



Inorganic Chemicals - Other products

Sodium Bicarbonate

- » Doubled capacity from 30,000 to 60,000 MT in December 2017, Our market share will accordingly go up from current market share of 13%
- » Generally named as baking soda, bread soda, cooking soda and bicarbonate of soda
- » Used in Cooking, Pharmaceuticals, Fire Extinguishers, pH balancer, and Cleaning agent
- » Specialization and experience in manufacturing of around a decade

FMCG

- » Premium edible Salt Manufacturer in South India.
- » Expanding product basket with inclusion of honey & spices.
- » Entered into Maharashtra and Goa market.
- » Brands: Sapan & i-FLO which are well accepted among Category A stores in Major Southern cities
- » Only company to launch Herbal Salt.
- » Pioneering Initiative in securing Halal Certification.



Robust financial performance – Inorganic Chemicals



Revenue*



EBITDA



EBITDA Margin*



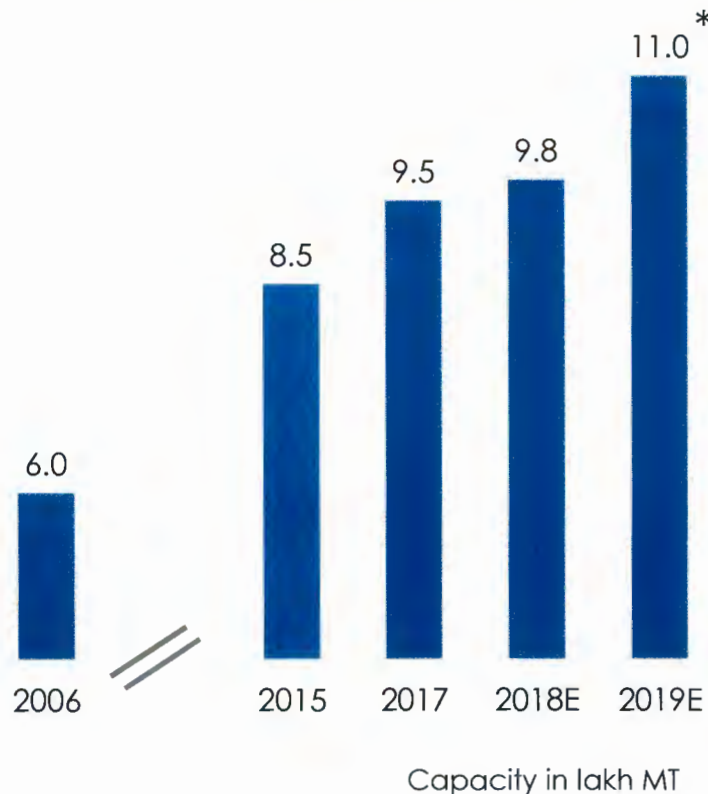
Production in MT



Note :- Revenue Figures are recasted to consider impact of Excise/GST accounting treatment based on Ind AS and SEBI regulations

Capacity additions to spur growth

Steady capacity additions



* Will propel volume growth FY2020

1.25 Lacs Brownfield SA – By FY19

- » Next phase of Capex expansion (Phase-II) to be completed by March 2019
 - Brownfield expansion of 1.25 Lakh MT
 - Estimated capex outlay Rs. 300 Crores (24K/MT)

Greenfield Inorganic Complex

- » Likely to come up by FY 2022.
 - Moving ahead as per schedule.
 - Will act as a major catalyst in growth Journey.

Global outlook on the soda ash industry



INDIA

CAPACITY : 3.5 MMT

PRODUCTION : 3.2 MMT



CHINA

CAPACITY : 30.0 MMT

PRODUCTION : 26.0 MMT



GLOBAL CAPACITY

CAPACITY : 66 MMT

PRODUCTION : 59 MMT



EUROPE

CAPACITY : 13.0 MMT

PRODUCTION : 12.0 MMT



AMERICA

CAPACITY : 12.7 MMT

PRODUCTION : 12.2 MMT



ROW

CAPACITY : 7.3 MMT

PRODUCTION : 5.3 MMT

GLOBAL

- » Global markets remained tight majorly due to lower availability of Chinese product.
- » EU market is showing positive trends.
- » Turkey's additional 2.5 mn MT is now expected to arrive in phased manner. Only major capacity expansion in world
- » Prices remained stable during the quarter.

INDIA

- » Healthy demand growth absorbed the additional volumes from domestic manufactures.
- » Prices remained firm with little inventory/pipeline stocks.
- » Market demand is expected to remain buoyant over 12-15 months.

Globally market is growing @ 2.5% pa requiring around 1.5Mn MT additional supplies every year



Home Textile Segment



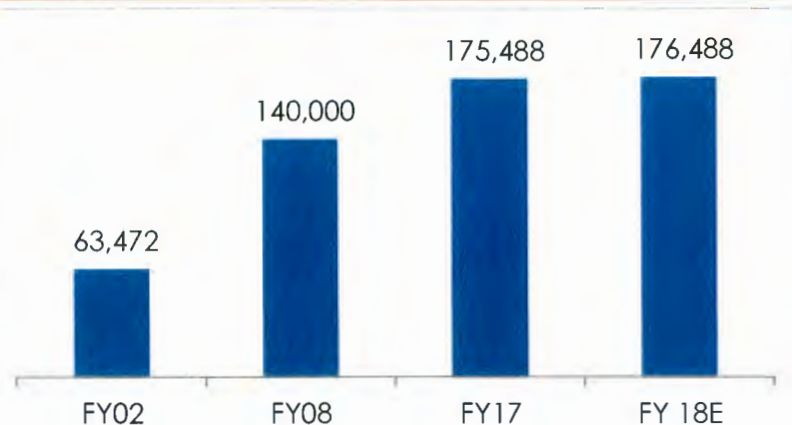
Bunil

Integrated home textile player

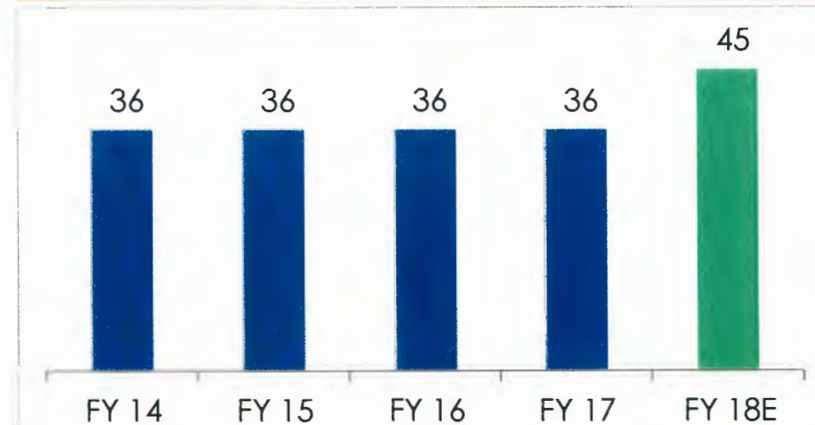
Integrated Home Textile Player

- » Best in class spinning integration with close to double the requirement of home textile giving an opportunity to benefit from expansion of sheeting capacity
 - Spinning unit is located near Madurai in Tamil Nadu
 - Manufactures multiple varieties of yarn ranging from 16s to 32s in open end, 30s to 120s in ring spun compact counts in 100% cotton and 24s to 70s counts in blended yarns
 - Compact spinning and valued added yarn capacity
 - 27.2 MW windmill capacity
- » State-of-the-art home textiles facility at Vapi with weaving, processing and made ups
 - Best of plants and equipment sourced from Germany and Japan - Beninger, Kuster, Monforts
 - Flexibility to process both cotton and blended fabrics

Spindles Capacity



Sheeting Capacity (mn metres)



Diversified product portfolio with global clientele

Product Range

» Sheeting

- Sheets
- Duvet
- Bed Skirt

» Filled Articles

- Quilted Flat Sheets
- Comforter and
- Comforter Shells

» Pillows

- Pillows
- Shams
- Cushions

Innovative Products



- » Perfect fit sheets fit perfectly to the size of the bed
- » Reduces Bed making Process



- » Softer than cotton
- » Better moisture absorption and ventilation

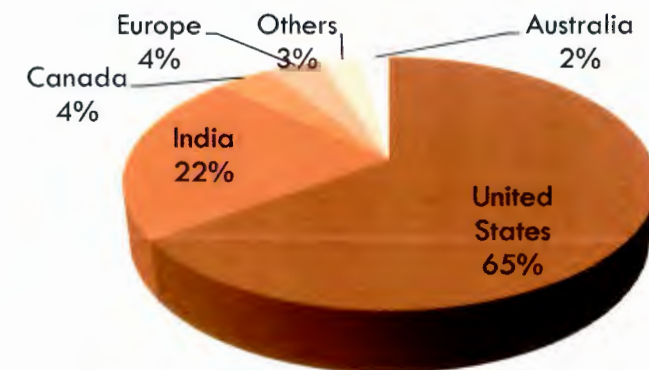


- » 100% cotton
- » Fitted

Marquee home textile clients across the globe



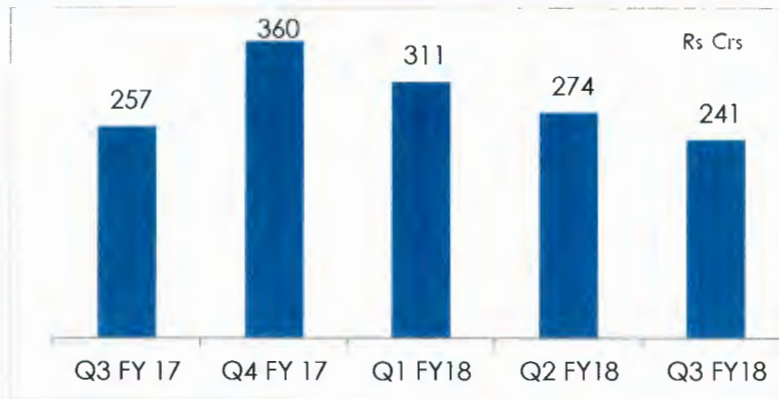
Global presence in sheeting



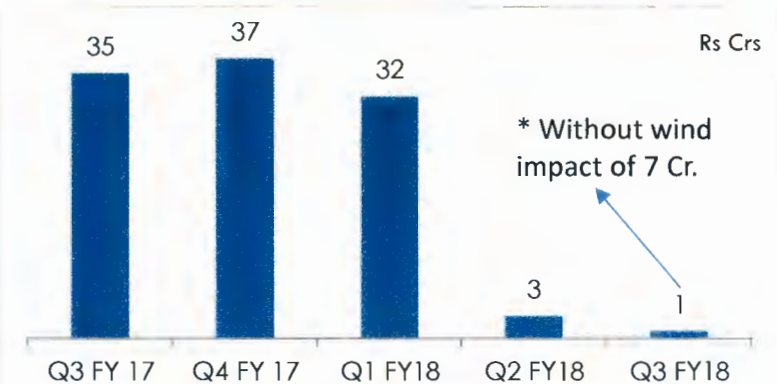
* Based on FY17 sales mix

Quarterly Performance - Textile Segment

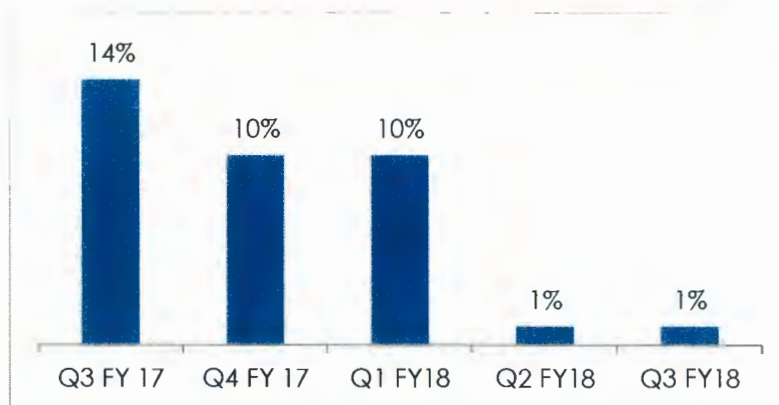
Revenue



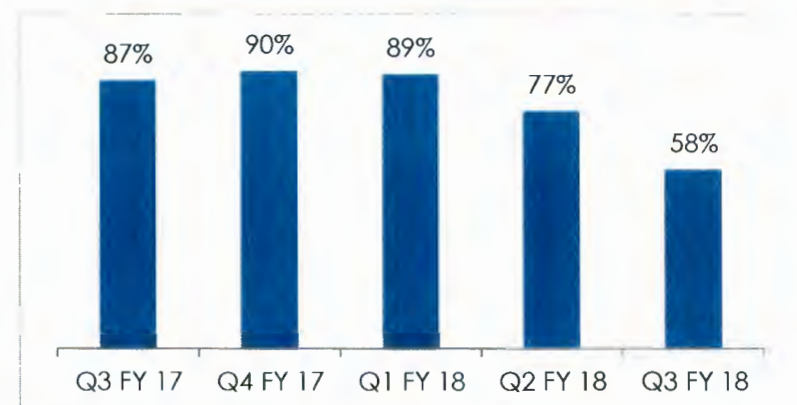
EBITDA



EBITDA Margin



Capacity Utilization



* Revenue no. are recasted to exclude GST/Excise effect.

Creativity at Core, **Values** at the Front



Business Philosophy

Bunil

Professional management



RS Jalan

Managing Director

- Unique leadership style with endeared managerial abilities drives all businesses alike
- Qualified Chartered Accountant, profess deep business understanding and excellent analytical skills.



Raman Chopra

CFO & Executive Director

- Spearheading GHCL's Finance and IT functions
- Qualified Chartered Accountant with sharp financial acumen, negotiation skills and a great passion for technological advancements and specialization in Greenfield expansion



Sunil Bhatnagar

Marketing Head, Soda Ash

- Associated with the Company for over 22 years
- Degree in law and diploma in management



Manu Kapur

President & CEO, Home Textiles

- Industry veteran with more than 2 decades experience
- his vast experience in Home Textiles Sourcing in previous assignments with Ikea and J C Penny



NN Radia

COO, Soda Ash

- Associated with the Company since 1986
- Bachelor in mechanical engineering



M. Sivabalasubramanian

SVP, Spinning

- Vast experience in cotton procurement and manufacturing operations
- Bachelor in textile engineering

Business philosophy going forward...

01

Robust and Profitable Growth

To grow profits at CAGR 20%



02

Focus on Value Systems

To create a value systems that defines our Culture



03

Sustainable Inclusive Growth

Business Philosophy of "Sustainable Inclusive Growth" involving all the stakeholders



Bunil

Sustainable Inclusive Growth

Education

- More than 4500 students being educated in 27 villages from pre-school to graduation
- Under Vidya Jyot Project, promoting education for village kids with LEP inputs

Environment & Sustainability

- Reclaimed more than 350 Hectares of waste lands.
- Creating water reservoirs on mined lands through water harvesting
- Creating agricultural growth through land refill on waste/mined land

Promoting Rural Health

- Impacted over 50000 lives through various health initiatives like Eye Camps, Cataract, Spectacles consultation and medicines
- Creating awareness for Cancer detection along with Gujarat Cancer Research Institute.
- Free Medical checkups every Sunday for rural health awareness.



Village Sanitation

- Promoting Tata Water Mission with "1 Day 1 Village Campaign".
- Constructed 5316 toilet units in 66 villages.
- Around 100 toilets under process in 30 villages.

Women Empowerment

- 100+ women from 6 villages, taken to district level women empowerment seminar organized by WASMO
- Organizing Industrial Tailoring Training in Bhilad, for skill development and better livelihood

Healthy Agricultural Practices

- 650+ farmers in 43 villages were provided organic manure at 50% of cost.
- We make sure more than 1,600 hectare of land is free from harmful chemical.
- Drip/Sprinkler Irrigation implemented in 44 villages benefiting 1120 families.



Financial Annexures

Bonil



Balance Sheet



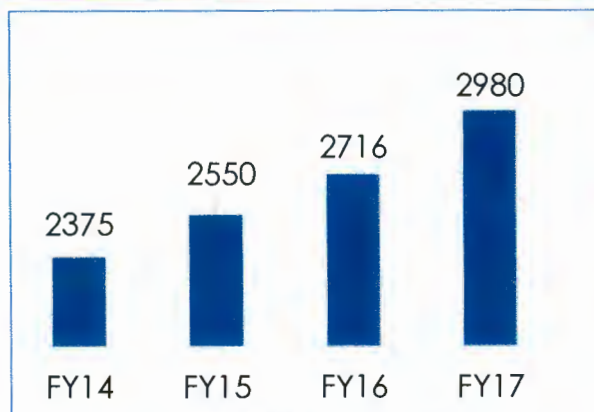
Rs. In Crores

Particulars	Sept-17	March-17
Net fixed & other non current assets (A)	2508	2472
Current Assets	924	995
Less: Current Liabilities	454	444
Working Capital (B)	470	552
Capital Employed (A+B)	2978	3024
Share Capital	97	100
Reserves & Surplus	1362	1251
Net Worth (A)	1459	1351
Deferred Tax & ORS (B)	160	242
Long Term Debt	660	698
Short Term Debt (Including Buyer Credit)	542	514
Due in 1 Yr	158	219
Total Debt (C)	1360	1431
Total (A + B + C)	2978	3024

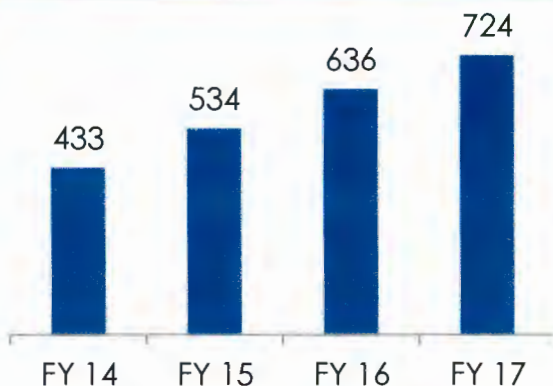
Robust growth with improving profitability

Rs Crs

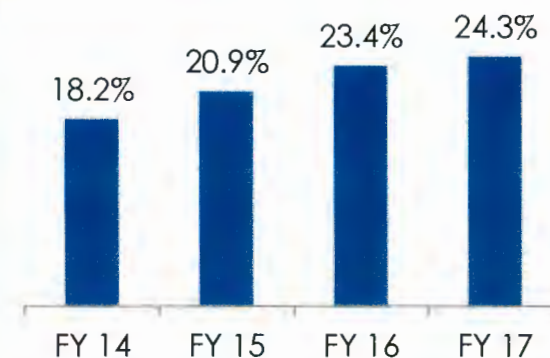
Revenue (8% CAGR)



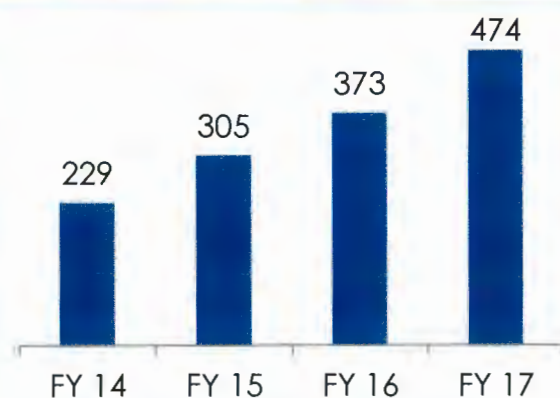
EBITDA (19% CAGR)



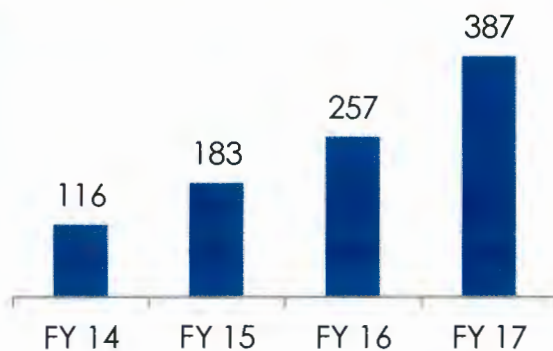
EBITDA Margin



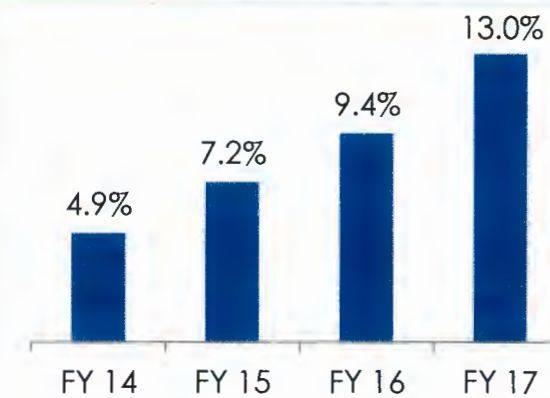
Cash Profit (28% CAGR)



PAT (49% CAGR)



PAT Margin



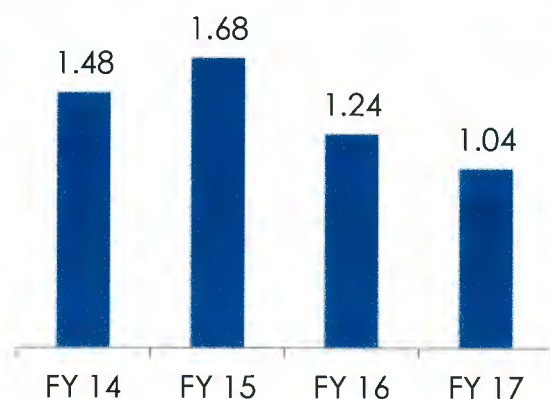
Standalone Financials not recasted for GST/Excise impact.

Creativity at Core, **Values** at the Front

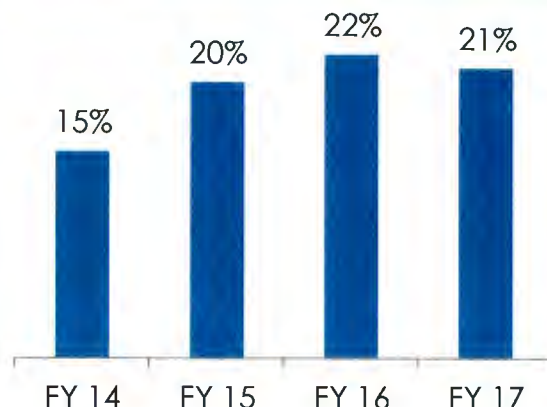
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And improving return ratios

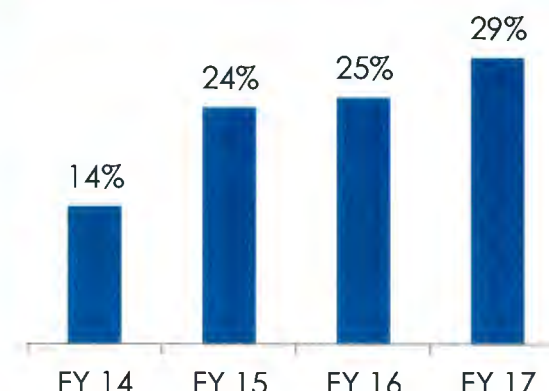
Net Debt/Equity



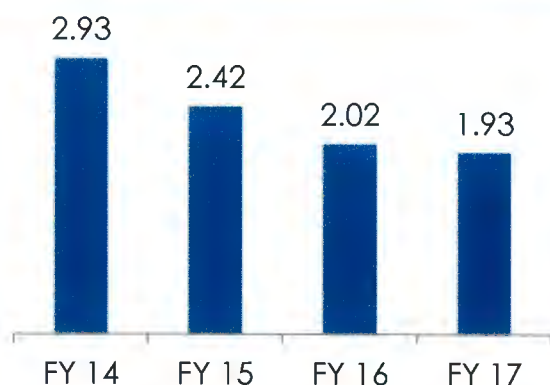
ROCE



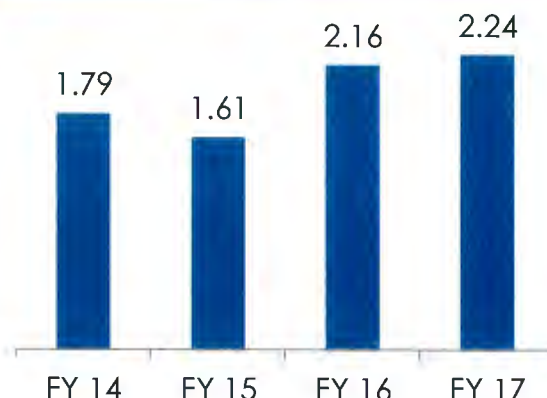
ROE



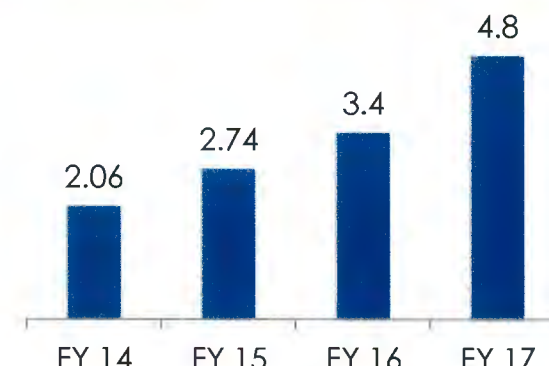
Net Debt/EBITDA



Current Ratio



Interest Coverage Ratio



Standalone Financials

- ROCE calculated as - Trailing 12 Months (TTM) EBIT/ (Total Debt + Shareholders Equity); ROE calculated as - Trailing 12 Months (TTM) PAT/ Shareholders Equity;

Creativity at Core, **Values** at the Front





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Sunil
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