



May 2, 2019

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National Stock Exchange of India Limited
"Exchange Plaza"
Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051
NSE Code: GHCL

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring, Rotunda Building,
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Dalal Street, Fort, Mumbai – 400 001
BSE Code: 500171

Dear Sir / Madam,

Subject: Filing of Transcript regarding Investors' conference held on April 26, 2019

In continuation to our earlier communication dated April 22, 2019 & April 26, 2019 regarding Investors' conference on April 26, 2019. We are pleased to attach copy of the transcript regarding said Investors' conference held with the management on April 26, 2019 for your reference and record.

You are requested to kindly acknowledge the receipt and please also take suitable action for dissemination of this information.

Thanking you

Yours truly

For GHCL Limited

Bhuneshwar Mishra
Sr. General Manager & Company Secretary



“GHCL LIMITED
Q4 FY2019 Earnings Conference Call”

April 26, 2019



ANALYST: MR. AMAR MOURYA - EMKAY GLOBAL FINANCIAL SERVICES

MANAGEMENT: MR. R. S. JALAN - MANAGING DIRECTOR - GHCL LIMITED
MR. RAMAN CHOPRA - CHIEF FINANCIAL OFFICER & EXECUTIVE DIRECTOR FINANCE - GHCL LIMITED
MR. SUNIL GUPTA - FINANCE - GHCL LIMITED
MR. ABHISHEK CHATURVEDI – FINANCE - GHCL LIMITED



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Moderator: Ladies and gentlemen, good day and welcome to the GHCL Limited Q4 FY2019 Earnings Conference Call hosted by Emkay Global Financial Services. We have with us today Mr. R.S. Jalan, Managing Director and Mr. Raman Chopra, Chief Financial Officer and Executive Director of Finance. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amar Mourya from Emkay Global Financial Services. Thank you and over to you, Sir!

Amar Mourya: Good evening everyone. I would like to welcome the management and thank them for giving us this opportunity. I would now hand over the call to the management for opening remarks. Over to you gentlemen!

R.S. Jalan: Thank you Amar. Good evening all of you. It is my pleasure to welcome you all on today’s earnings call for Q4 FY2019. I have Raman, our CFO along with Sunil and Abhishek from finance team.

I am happy to inform that GHCL has performed well during the quarter with 44% growth in PAT and annual performance is also in line with our expectation. Global soda ash market has remained balanced during the quarter. Chinese economic activity has reported a slowdown; however, same has been duly compensated with lower availability of Chinese products due to maintenance shutdown. U.S. and Europe market remain positive. On the global front, no major new incremental capacities are expected in the near terms.

Coming to Indian market, the domestic demand is about 4 million metric ton and registered a growth of 4% during the year. The downstream sectors of detergent and glass are growing which gives us a confidence that soda ash demand is likely to grow in the range of 4% to 5% over the next two to three years; however, as indicated during last call as well domestic supplies are likely to go up by 4 lakh tons in FY2020. We have been able to complete our Brownfield expansion much before schedule that has enabled us to take some advantage during the year. Full benefit of this will be achieved in the coming year.

Indian textile industry is now showing gradual sign of revival leading to stability in the margin and volume increase. GHCL on its path has continued to improve its marketing and product innovation, capabilities which has been duly recognized by the customers. In the recently concluded a market week which has been done in March 2019, we have launched Nile Harvest using the proven integrated technology from Tailorlux, in Munster, Germany certifying traceability. We have also launched Meditasi, sleep and heel such initiatives are now placing us



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at appropriate platform to gain right customer attention. Raman, will you now take through a more detailed quarterly financial performance. Thank you.

Raman Chopra:

Thank you Mr. Jalan and good evening to all of you. I welcome all of you on our Q4 FY2019 earning call.

I would now take you through a quick performance walk for the quarter. The revenue for the quarter is Rs.915 Crores as compared to Rs.726 Crores of Q4 FY2014 registering a growth of 26%.

The EBITDA has increased from Rs.185 Crores in Q4 FY2018 to Rs.241 Crores in the current quarter, registering a healthy growth of 31%. This has been our highest ever EBITDA for any quarter so far. Our EBITDA margin improved to 26.4% during the quarter as compared to 25.5% in Q4 FY2018.

The profit after tax increased by 44% that is Rs.119 Crores during the quarter as compared to Rs.82 Crores of the same quarter last year.

EPS for the quarter is 36.88 per share and we have maintained a dividend payout of 16% for the FY2018-2019 whereas our chemical division has continued to outperform, our textile division is also improving as envisaged earlier and now more stable.

In our inorganic chemical segment as indicated last time we have been able to prepone our Brownfield expansion thus resulting an increased production of 2.59 lakh tons during the quarter as compared to 2.43 lakh tons in Q4 FY2018. Consequently the sales volumes have also increased to 2.57 lakh tons as compared to 2.41 lakh tons of the same quarter last year.

Revenue from the Inorganic segment has increased from Rs.507 Crores to Rs.607 Crores during the quarter, registering a growth of 20%. Increased revenue is mainly attributable to higher sales volume and improved realization and higher trading sales.

EBITDA for the quarter has increased to Rs.212 Crores as compared to Rs.173 Crores in Q4 FY2018. EBITDA margin for the segment excluding trading business improved to 40% as compared to 37% in Q4 of FY2018. This has been made possible due to higher volumes and improved realization over cost.

Textile business is now moving towards stability and growth in both topline and EBITDA inline with our expectation. Revenue has grown by 41% during the quarter at Rs.308 Crores as compared to Rs.219 Crores in Q4 FY2018. EBITDA for the quarter rose to Rs.29 Crores compared to Rs.12 Crores in the same quarter of last year thereby registering a growth of 134%.



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The EBITDA margin for the quarter stood at 9.4% as compared to 5.7% in the corresponding quarter.

Despite a capital spend of Rs.284 Crores during the year our total debt is at Rs.1292 Crores as compared to Rs.1314 Crores in the end of March 2018. With the debt equity ratio of 0.65, the ROCE is for the quarter is 19% and ROE is 18%.

I would now request the house for discussion. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Viraj Kacharia from Premji Invest. Please go ahead.

Viraj Kacharia: Thank you for the opportunity. Congratulations on a good set of numbers. Sir, I just had couple of questions. One is, just wanted to clarify first approximately 16000 metric ton of volume was basically from preonement of the Brownfield expansion which we did am I right thinking?

R.S. Jalan: Yes.

Viraj Kacharia: Sir my first question if you look at per ton realization they have largely been flat for the last couple of quarters, so it is around Rs.23500 per tonne, so now despite this we have seen a significant expansion in EBITDA per tonne in this quarter, so what is guiding this profit expansion on per ton basis, which is like the highest in last more than eight quarters now?

R.S. Jalan: First of all in terms of the realization per ton has improved over the period of last four quarters and even the cost side also though there is increase in the powers and utility cost, but I think our overall cost remains at the same level.

Raman Chopra: Compared to previous quarter cost has come down by around Rs.500.

R.S. Jalan: As compared to the previous quarter, it has come down by around Rs.500. So basically primarily I would say that this margin expansion on the per ton realization or per tonne contribution is primarily because of your realization per ton has improved.

Viraj Kacharia: Because if I look at even sequentially compared to Q3 from Rs.23800 per ton, the realization is down to Rs.23500, still our profit margin per EBITDA per ton or EBIT per ton is upwards of expanded by almost like Rs.1100 or Rs.1200 per ton, so realization while has some moderately slightly flattish, the profit margin expansion is quite high, so just trying to understand what exactly are the reasons?



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- R.S. Jalan:** If you look at our realization per ton has improved. Probably you must be looking at the gross number and we are looking at ex-factory number. In ex-factory numbers, it has improved by over 9% as compared to last year.
- Viraj Kacharia:** Incrementally how are we seeing the key raw material prices is behaving for soda ash, I mean what is the trend we are seeing in those raw material prices?
- R.S. Jalan:** In commodity prices, if we look at the utility cost, which is more likely coal, we are seeing stability in the coal prices and balance on the limestone and the salt also we are seeing in the stability.
- Viraj Kacharia:** So the peak which we have seen in September or December, are we seeing any moderation from those levels or they by and large?
- R.S. Jalan:** Coal prices have slightly moderated in the last three months and probably we believe that the current prices more stability should be seen in these prices.
- Viraj Kacharia:** Sir second one question was if you look at one of our key consumers on Ghari, they recently commissioned half million tons soda ash facility, so what is the sense we are getting on pricing when we talked consumers in domestic market, so price trends generally how has it been in Q1 so far and going forward what kind of indication we are getting?
- R.S. Jalan:** Currently the prices are stable, because there are the two reasons. You rightly said on one side Ghari is coming up with volume and this year probably our estimation is that they will be producing something around 250000 tons and of course we have also expanded and the volume of 100000 tons is coming from our side and one of the competition will be coming with 100000 tons capacity, so there will be approximately around 400000 tons of the extra supply. Our understanding is in the first two quarters we are seeing a kind of a price stability and may be after six months, so probably some softness can be seen; however, the rider is on the globally the soda ash which is in enough firm mode, so probably that can protect the price softness after six months, but it all depends on how the things shape up in another six months.
- Viraj Kacharia:** Just last question was if we see globally also there are talks of approximately 3 million tons of Chinese soda ash capacity which was kind of shutdown because of the environmental restrictions, it is expected to resume and come back on stream, at the same time if you see the incentives that the Chinese government has offered to soda ash that has increased so in terms of reduction of VAT and increased rates on exports, so one is how do we see the overall demand supply eventually impacting us and where would we be vis-à-vis say the Chinese in terms of cash cow, so at what level price levels one should see a negative cash earning for a Chinese player?



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- R.S. Jalan:** As you rightly said, Chinese some environmental concerns are being raised last year and we believe that the same concern will continue this year as well. We are not seeing any major growth in the production of Chinese going forward as well and if you look at the same concern what was being raised two years back on Turkey coming into stream with a 3 million tons of extra volume, but our understanding is that market is going to be remain balanced and we are not seeing in coming few quarters or may be in a few years some new growth or new volumes are coming and you know that overall there is a 2% growth in demand and that requires almost around a million-and-a-half tons of extra requirements into the market. Our understanding is that soda ash market will continue to be firm.
- Viraj Kacharia:** At what soda ash price level one you would expect negative earnings for Chinese facility?
- R.S. Jalan:** On the current prices also as I said if you look at the Chinese production, I think because they have another around 50% of their total production is coming from HOU process and in that HOU process ammonium chloride with the one byproduct all you can say co-product and prices of the ammonium chloride is very, very low at this point of time and that is giving a kind of it margin pressure to that kind of HOU process which is around 45% of the total volume. Overall my understanding is that on these current prices we are not seeing any big incentive for the Chinese to go for a major expansion or major capacity utilization.
- Viraj Kacharia:** That is it from my side. Thank you very much.
- Moderator:** Thank you very much. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Good evening friends. Sir, congratulations for a very tight neat set of numbers on the continuity path. Firstly Sir, what is our expanded capacity as of March 31, 2019?
- R.S. Jalan:** 11 lakh tons which is 1.1 million tons.
- Saket Kapoor:** 1.1 million tons and what is in the anvil in terms of expansion that will kick for the next year?
- R.S. Jalan:** We are looking at two modular expansions of 50000 each for the next two years.
- Saket Kapoor:** 50000 for FY2020 and 50000 for FY2021?
- R.S. Jalan:** Yes.
- Saket Kapoor:** What is the capex we are going to spend on this 50000 each?
- R.S. Jalan:** Both put together will be 100000 tons roughly around Rs.300 Crores.



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- Saket Kapoor:** Lastly when we have expanded our capacity by 1.25, what was the capex that we incurred with this our capacity reach 1.1?
- R.S. Jalan:** Around Rs.325 Crores.
- Saket Kapoor:** For 1.25, it was Rs.325 Crores, if I am not mistaken it was Rs.300 Crores for Rs.1.25 lakhs. Just wanted to understand that extra money to be spent has the cost gone up or what is the math we are working out here?
- R.S. Jalan:** Generally for 100000 tonnes in the Brownfield expansion approximate cost is coming to around Rs.300 Crores and like you said for sometime on the balancing part which we keep for this expansion, the balancing which you are putting in sometimes the equipment, one equipment could be less, sometimes one equipment could be more. It is not something we are putting a new, what we are doing in the current facility, we are adding some equipment and we are enhancing your production capabilities.
- Saket Kapoor:** As now with an installed capacity of 1.1 million as on March 31, 2019, what are the production numbers we are looking for this year, we are working with what number Sir, since we are working with 95%, 96% utilization level, so that should be the math for this year also?
- R.S. Jalan:** You can always calculate, you have already said both the things.
- Saket Kapoor:** No Sir, I just wanted to endorse your views on the same?
- R.S. Jalan:** Like I said our endeavor is that we should achieve in 95% utilization and definitely we will try for that.
- Saket Kapoor:** What is the maintenance capex for this year Sir and the capex figures if I am not wrong in the slide we have not mentioned the figures I think a cross mark has been mentioned for both home textile as well as the breakup is not there, so how much are we going to spend this year Sir?
- R.S. Jalan:** First of all, all the maintenance expenditures we are charging to the profit and loss account. We are not capitalizing any of the maintenance expenditures to the capex, whatever the capex we are doing that it is only for the purpose of either capacity expansion or productivity improvements or the infrastructure improvement or the quality improvements and things like that.
- Saket Kapoor:** What is the capex figure for FY2020?
- Raman Chopra:** FY2020 both for the company as a whole we should be approximately Rs.350 Crores, for which soda will be around Rs.300 Crores and the rest will be textile approximately and that includes our land also which we are buying for a future expansion?



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- Saket Kapoor:** That breakup how much will be land I think we have spent Rs.100 Crores earlier?
- Raman Chopra:** We have not spent so far. We have taken approval. The spent so far has only been around Rs.12 Crores, so may be around Rs.80 Crores, Rs.85 Crores we will be spending this year to conclude that and the rest is for the soda ash expansion which you were talking about and around Rs.50 Crores will be towards the textile.
- Saket Kapoor:** Raman Sir, can you explain the cash flow for this year, how was the cash been?
- Raman Chopra:** For the year gone by?
- Saket Kapoor:** Yes for the full year.
- Raman Chopra:** I think we have already covered in our investor presentation, but just to elaborate that. We have made around Rs.537 Crores cash profit of which approximately Rs.285 Crores was spent towards capex around Rs.60 Crores towards the payout to the shareholders and around Rs.180 Crores towards the working capital requirement and there is a debt reduction of around Rs.22 Crores approximately that is what the breakup is.
- Saket Kapoor:** Sir working capital requirement has gone up, any specific reason for the same?
- R.S. Jalan:** There are two strategic calls we have taken and that has added to our working capital. One, the cotton coverage this time is much higher as compared to the last year, because we could visualize that the cotton prices are going to go up and you will be happy to know that the cotton prices in last one month has gone up by almost around 10% or more than 10%. Now we have been benefitted because of that that is the one reason. Second in the soda ash business also, we have built inventory of salt, because last year the salt season was very good, the prices were cheaper or you can say competitive, we have built a huge inventory of salt in our strategy which was one of the biggest advantage we will have going forward.. In addition to that for our dot-com business, we have shift some product to the US, because we are going very aggressive beyond the dot-com business of textile, so we have built some inventory into the U.S. market for the dot-com that is also added to our working capital. So these are the three major reasons of our working capital expansion.
- Saket Kapoor:** Raman Sir, what has been average ROCE and ROE for the last three year Sir, how has been the trend?
- Raman Chopra:** I think the ROCE is around 19% to 22% range and ROE is approximately 18% to 20% range.
- Saket Kapoor:** So this has been constant ROCE and ROE which we have projected this year?



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R.S. Jalan: I just wanted to highlight two things here. One, in last five years, our PBT growth is more than 25% that is number one. Second, if you look at our debt equity that also has been significantly improved over the period of last five years. In terms of return on capital employed like Raman rightly said it is ranging around 19% to 20%. As you know that textile had some headwinds in the last two years, because of that ROCE had definitely dropped in the last two years, but now sign of improvement has been seen. We believe that the ROCE will also improve going forward.

Saket Kapoor: Last two questions, if I take your attention to slide #29, therein you are showing the domestic demand and the growth trend that has fallen from 2018-2019, how do you explain this one or is there any anomaly in it, page number 29, slide 29?

R.S. Jalan: Let me open that. If you look at 2007 onwards, we have given domestic demand growth and you will see there is always sometimes which is 11%, sometimes it is 4%, sometimes in the muted demand, on an average the demand of soda ash has been 5% on a CAGR basis, so this happens, whenever there is a new glass plant comes all of a sudden you will see in a spike in the demand like last year in 2018 we had 10% demand, if you look at 2016, it was only 3% demand, so this fluctuation will continue to happen.

Saket Kapoor: What was the key event? There was a new glass plant for 2018 the new capacity?

R.S. Jalan: Sometimes new glass plant come, sometime detergents demand going up, so these kind of fluctuation, because last year in 2018, there are two new glass plants has come. This happens every one or two years.

Saket Kapoor: Any new capacity coming up, you must be aware of the same?

R.S. Jalan: 5% of the growth we are talking for this year. We are talking only 4% to 5% growth. We are always taking a consecutive number of 4% to 5%.

Saket Kapoor: Sir, coming to the bookkeeping question, when we take the consolidated number at the balance level, we find the trade receivables getting knocked up at standalone levels from 380 to 290 levels?

Raman Chopra: Basically this is as per accounting when we are supplying overseas to own subsidiary whatever receivables are outstanding from that subsidiary that gets knocked over.

R.S. Jalan: Let me clarify this point. We have subsidiary in U.S. which is only for the purpose of servicing to the customer in the U.S. which is the largest market, so I just explained to you in the inventory part. Some of the inventory we have moved from India for a dot-com business to the US and that inventory when we have done the consolidation that have been translated into the inventory and the receivables has been received.



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Saket Kapoor: Last point on shareholder value creation Sir. You have embarked the journey for the last three, four, five years, where there has been continuous growth, a very stable growth in all sphere and you have looked for value for all stakeholders, so just wanted your understanding Sir, what steps are you going to take for creating shareholders value lastly Sir we did a buyback also earlier, so what is your understanding on the sense?

R.S. Jalan: See this time I think one of the few companies are in the size which we are, we are coming up with integrated reporting and once the balance sheet reaches to you, you will find all these, what are the things, which we are doing for the value creation of all other stakeholders as well as all our capital, be it intellectual capital, be it financial capital, be it manufacturing capital, I think we are probably saying that in this side probably we will be the first company to have an integrated reporting along with the balance sheet so probably once you read that before you will find the answer of all those initiatives. In terms of buyback, buyback is one thing which we have done when appropriate time was there and the rest assured whenever the appropriate time is there will definitely look into it.

Saket Kapoor: Can we assume this is not the appropriate time meaning, what indication should?

R.S. Jalan: Saket, management has to look at many things. They have to look at capex plans, they have to look at many other things, so you are seeing that the last three years we have been expanding our business on soda ash, third level of or I would say third in the lower in terms of the size, we have now number one on the single location for that plant and that has been getting benefited by seeing the revenue numbers or by seeing the bottomline numbers. I think the priority needs to be set where to lead the investment is required because this money goes to the shareholders, there is a return for them, but if that money can be deployed more efficiently in the management by giving the better return to the shareholders, you need to debate on this thing and we are debating on that and as the right time we will take right decision.

Saket Kapoor: You are absolutely right Sir but 0.65 debts to equity ratio you are well placed to take advantage of the market mixed pricing that is saying on continuous basis?

R.S. Jalan: I understand your desire so rest assure we will be in position to take this final call at the appropriate time. I cannot be going beyond this to tell you.

Saket Kapoor: I will not be seeking anymore understanding on the same. Sir lastly on the dividend part that these times although we are staying in that bracket of 15% to 20% with our depreciation and all covering around Rs.116 Crores, Rs.117 Crores, Sir we would have easily upped our dividend by a rupee and that would have given a very good message to the shareholders community that was my observation. Thank you and I would be in the queue.

R.S. Jalan: I understand.



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- Saket Kapoor:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Sachin Kasera from Lucky Investment Managers. Please go ahead.
- Sachin Kasera:** Good afternoon Sir and congrats for the good set of numbers. Sir what I understand this quarter EBITDA per tons is approximately Rs.8200 in soda ash?
- Raman Chopra:** Yes.
- Sachin Kasera:** Is this like sustainable amount?
- R.S. Jalan:** I think so. Sachin if you look at average for FY2019 this number comes to Rs.7200 Crores.
- Sachin Kasera:** Because number is higher but almost Rs.1000?
- R.S. Jalan:** But let me tell you this seasonality also plays a major role in per ton. Like the Q 4 and Q3 are the highest in terms of because their productivity is higher because of the seasonality and everything is fine at the time right, but the Q1 and Q2 the margins will be lower, overall maintaining Rs.7200 or better than Rs.7200 will be possible, I can only tell you this year probably because of our growth in the volume our number will be much better as compared to last year.
- Sachin Kasera:** When we look at least incrementally under a lakh tons because of the new capex Sir in FY2020 or FY2019 in terms of volumes?
- R.S. Jalan:** Out of these 100000 tons we have already achieved 30000 tonnes we have already achieved so probably the balance will be achieving everything.
- Sachin Kasera:** Okay because I thought we can achieve around 94% or 95% on 11 lakh tons, so that comes to 94% to 95%.
- R.S. Jalan:** Our endeavor is to on 11 lakh tons, is to make around 95% capacity utilization. That will happen.
- Raman Chopra:** That will happen.
- Sachin Kasera:** Sure Sir. Sir secondly on textile if it give us some more update on how do because this year we have seen some improvement but even today the return capital is quite low so what are the thoughts from textile business going forward? How are looking FY2020 and FY2021? When do we again see going back to 18%, 20% ROCE company level, ROCE for textile?
- R.S. Jalan:** If you remember my conversation on this call at least I would say two to three years, I have always been saying in this business maintaining a margin of around 15% to 18% will the ideal



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numbers, we cannot expect more than that. My understanding at this point of time is that this business we should expect combined margins from both the business is put together, spinning and the home textile should be in the range of around 16%.

Sachin Kasera: Today, we report around 9.5% but so should we look at into 15% to 16% as a journey over the next two years?

R.S. Jalan: For a minute let me first explained you about the EBITDA margin, I was just talking about the EBITDA margin. EBITDA margin our expectation is around 9.5% to 10% right now so it should move to around 15% going forward. We had huge opportunity on this account and that is where I think going forward we will have great job to be done. Fortunately, in last one year, we have been able to position ourselves differently than the competition. We are being recognized as the most innovative company today, we have launched 17 brands or 17 new innovative products last year and these are all these recognized by the consumers or the customers now so probably in this business of course it slightly takes longer time to get penetrated into the big retailers, but journey has started and my understanding is we will see some uptrend during FY2019-2020. Our margin expansion took place is 2019-2020, but I have a big expectation out of this business in next two years time. 9.5% to 10% to 15% I think in next two years we should be in a position to achieve, because the game here is and this become capital just to address return on capital employed it will automatically improve significantly the moment our volume increases happen today we are almost around 59% of the capacity utilization.

Sachin Kasera: Sir what type of topline growth can we look in textile business at least 8% to 10% next two years?

R.S. Jalan: Yes surely. My understanding it should be if we do everything right so probably 15% of topline growth should happen. And we are not justifying ourselves.

Sachin Kasera: Sir on this working capital you mentioned some increase in cotton working capital inventory in US and also some salt so how much of this is like reset of the cycle and how much is like one time it will normalize about the next of course three, four or five months?

R.S. Jalan: If you look at cost on which I said it is more of one time because now the consumption of this inventory will take place and we have been benefited hugely by covering this cotton, so this is one-time, this will get reduced. Similarly the inventory, which we have built in the US for the dot.com business it will be a drop or will be reduction in that inventory also going forward that is also one time because say that way. However, the salt inventory, which we have built probably that will stay because that is the strategic call we have taken because one of the key raw material for the soda ash is salt and originally I would say for the last many years, we have also been struggling on the salt inventory or salt, if suppose there is a production of the salt because of the rain is less, the price shoots up and at that time since we did not have the inventory we have not



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been able to control the pricing so this time I think after many years we have been able to build the inventory and that I would say is a huge advantage, which soda ash will have going forward, but this inventory will continue.

Sachin Kasera: So out of of Rs.178 Crores increase around Rs.50 Crores will be remain, and Rs.125 Crores will normalize over the next few months and remaining structure increase?

R.S. Jalan: That is only one thing, because of the volume increase whatever the increase has happened that will continue like suppose next year we are increasing our volume on the chemical or on the spinning or the home textile to that extent the working capital increase will happen; however, these two one-time definitely will come down.

Sachin Kasera: Sir my last question is may be repeat of what the last query regarding the capital allocation on may be looking at option of buyback so if I look at the last buyback that we did our book value was close to Rs.110, our debt to EBIT was much higher, for this year you are guiding for capex of Rs.350 Crores very, very comfortable by the type of outlook we are having so it little puzzles make if we across the board, lot of companies blocked one year because of this correction in the stock market small and midcap companies, which are having strong balance sheet have gone for buybacks so I am not able to comprehend why despite such improvement in terms of your book value now is Rs.170, which was Rs.110, debt to EBIT which was 3 is now become 1.6 so it makes eminent sense for the board to look at buyback the serious option?

R.S. Jalan: Surely, we take your feedback and surely we will look at seriously on this.

Sachin Kasera: Sir last one question on finance cost and the rating do we see some improvement on it. This year it has been flat. Do we see some improvement in the finance cost next year and are we probably looking at one more rating upgrade this year, possible?

R.S. Jalan: Last year we had one upgradation in the rating and surely we are looking at one more in this year and surely this year the interest cost should come down that is our target and we are working on that and surely we will see a downfall on the interest cost.

Sachin Kasera: Thank you very much and all the best Sir.

Moderator: Thank you. The next question is from the line of Kaushal Shah from Dhanki Securities Private Limited. Please go ahead.

Kaushal Shah: Thank you Sir for the opportunity and congratulations for the great set of numbers. Sir if I look at the soda ash business on the EBITDA per ton, we are at best number in the last many quarters so the question was that is this sustainable number or are we looking at some kind of moderation or may be even drop going forward in the next let us say three to four quarters?



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- R.S. Jalan:** In terms of the absolute numbers, we are definitely looking at a much better number than what the number today because of the volume expansion and yes sometime in the periodical and short period of time some kind of per ton realization may drop; however, like I said but we are seeing next two years at least we are seeing the soda ash market is going to be firm globally, if the soda ash market remains firm globally we do not see any reason of seeing that the margins can drop on a longer term basis.
- Kaushal Shah:** Alright Sir. The rest of my questions have been answered. Thank you.
- Moderator:** Thank you. The next question is from the line of Madhav Marda from Fidelity Investments. Please go ahead.
- Madhav Marda:** Good evening. Just one question from my side; do you think the global soda demand, we see clearing of the auto in the few more cases some sort of challenges and since how does the soda ash sale globally are linked to auto demand, do we see any sort of demand soda from that factor, or demand at 2%, 3% should be okay for the next couple of years?
- R.S. Jalan:** I think globally demand of 2% should be okay going forward because historically if we look at last year demand growth was around 2.5% so we are already talking about 2% and 2% means you need around 1.5 million tons of extra demand of soda ash whereas we are not seeing any major investment coming into the soda ash business at least for the next two years.
- Madhav Marda:** Adjusted for this auto weakness etc., 2% should be possible that is outlook right?
- R.S. Jalan:** Yes 2% should be okay.
- Madhav Marda:** That was my only question. Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Jatin Damania from Kotak Securities. Please go ahead.
- Jatin Damania:** Sir just wanted to confirm as you said that the realization has increased 9% on the soda ash year-on-year, but if I am looking on the sequential basis, the realization was largely flat so it will be great if you can explain the expansion in the EBITDA per ton on a sequential basis and what was the reduction in the cost and which raw materials helped us in achieving the improvement in the EBITDA per ton?
- R.S. Jalan:** Of course I do not have the breakup of the cost at this point of time, but I can give you a broader number and the broader number is if you look at FY2019 versus 2018 overall margin has improved per ton EBITDA margin has improved by 9% so that is primarily because of the price



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increase, last year in the last time if I am talking about 2018-2019 we have taken two price increase.

Jatin Damania: I totally agree on the year-on-year part, but I am just looking from Q4 as compared to last previous quarter, which is Q3 because if you look we have not taken any price hike in Q4 realization was largely flat if I compare from Q4 to Q3 and EBITDA per ton, jump in per ton is substantially if we have been able to..

R.S. Jalan: Let me answer you this question. You are right in terms of if you look at the realization per ton because it gone up by around Rs.140, this is last year December quarter versus March quarter. Balance expansion which was seeing primarily because of higher production and also the cost reduction.

Jatin Damania: What is the cost reduction if you can highlight pertaining into the last quarter, which is Q3 and not a Q4 of FY2019?

R.S. Jalan: Cost wise if you look at in this business if the volume is higher that helps in reducing the per ton cost, very simple first, because last quarter we had a production of only 250000 to 259000 so there are 7000 ton of extra production, sales has improved from 230000 tons to 257000 tons and the cost had come down by around Rs.500 per ton on a sequential basis. So these three combinations have given this improvement in the margin.

Jatin Damania: And how do we see cost moment going ahead in the coming two quarters?

R.S. Jalan: Overall, the prices of various raw material, I do not see any upward trend going forward because there is biggest cost was the energy cost and we are seeing that prices has slightly softened as compared to three months back. Australian and Chinese companies who are there because of the prices of the coal have softened. So my understanding is the prices could be range bound only going forward.

Jatin Damania: That means the margin that we are making around the 40%, which we made a margin excluding the trading sales, is it possible to maintain or with the incremental supply coming from Ghari and Nirma in this coming financial year, we might see the EBITDA per tonne of Rs.8200 falling back to Rs.7000 odd levels in the second half?

R.S. Jalan: Like I said before the seasonality also plays a role into the per ton contribution of per ton. Being January-March quarter is the highest in terms of the productivity or is the best in terms of the production. This margin of Rs.8200 should not be maintained in all the four quarters. You should compare this with the last year holistically which is Rs.7200 probably the Rs.7200 and beyond that Rs.7200 is possible but not to the extent of Rs.8200.



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- Jatin Damania:** Okay anywhere between 7200 and 7500 can be the range?
- R.S. Jalan:** Range should be seen something of that range.
- Jatin Damania:** Second thing, I think the current quarter volume of 2.57, which we did how much are contributed from the Brownfield capacity?
- R.S. Jalan:** We said approximately around 30000 tons in the last six months we have gained because of our new capacity.
- Jatin Damania:** Sir, the question, which I asked because if you look see last quarter we had said we had made about 20000 tons of inventory piling on our book so just wanted to check with we have any liquidation of the inventory taken during this quarter or it was the new capacity which has been consumed?
- R.S. Jalan:** Both.
- Jatin Damania:** What is the current inventory in the system in soda ash for us?
- R.S. Jalan:** We have approximately around 21000 inventories including the inventory which are in warehouses or in the material in transit and things like that.
- Jatin Damania:** Sequentially it has remained the same right.
- R.S. Jalan:** It has gone down by 4000 tons.
- Jatin Damania:** So it is a liquidation of 4000 tons of inventory?
- R.S. Jalan:** Yes.
- Jatin Damania:** Second as you said you have near 4000 tonnes of capacity is going to hit the market in domestic and domestic market likely to grow at 4% or 5% which will bring an incremental demand of 200000 tons so do not you think there will be demand-supply mismatch in the domestic market to the tune of 200000 tons?
- R.S. Jalan:** You are right that is mismatch of around 200000 tons but on other side there is supply of around 900000 tons coming from the imports. That is 900000 tons and second time I also said that there is firmness in the global market. So definitely we will be in position to either replace those 200000 tons of the import or we have to export these 200000 tons for a short period of time.
- Jatin Damania:** That is all from my side. Thank you and all the best.



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- Moderator:** Thank you. The next question is from the line of Vihang Subramanian from Ambit Capital. Please go ahead.
- Vihang Subramanian:** Thanks for taking my question. Firstly just wanted a quick data point so could you tell me what was the realization growth in FY2019 versus FY2018 like domestic soda ash?
- R.S. Jalan:** It is around 9%.
- Vihang Subramanian:** Secondly in FY2020, are there any glass lines coming up?
- R.S. Jalan:** Right now we do not have any such knowledge.
- Vihang Subramanian:** So you would say there are no glass manufacturers are in adding any lines then?
- R.S. Jalan:** Not very significant, I mean flat glass we are not seeing, but on the other side there is a good improvement in the bottle glass industry so there will be a demand pickup into the bottle glass industry.
- Vihang Subramanian:** So the demand growth that we will see in next year will be more from bottle glass and detergents than flat glass?
- R.S. Jalan:** Yes.
- Vihang Subramanian:** Okay and China Sir I read somewhere that Chinese soda ash player, they are like consolidating right now so would not that like increase their cost competitiveness and probably improve their cost position vis-à-vis Indian players?
- R.S. Jalan:** I do not think so and let me tell you today, we are globally competitive in the soda ash in cost, Indian producers are globally competitive. Now second thing in China, there is no major new growth or new capacity is coming and on other side just I said HOU process, we are seeing a kind of margin pressure on to the HOU process. Our understanding is that the Chinese threat to the Indian industry should not be there going forward.
- Vihang Subramanian:** Sir, no new suppliers coming in China like that I agree but then even but existing supply like some of it is coming back right, with the capacity which got shut down earlier some of it is coming back. I think earlier participant had also asked the same question so just wanted your sense on that like are not you seeing any incremental supply coming in from China?
- R.S. Jalan:** No. We are not seeing any incremental supply coming in from China because they have also understood that there is a need for balancing between the demand and supply because ultimately that helps them to improve the bottomline. We do not see any threat or any supply coming from China in a major way.



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Vihang Subramanian: Sir, then with respect to pricing of soda ash in the domestic market so last year I think when like the INR was depreciating against the USD since prices were based on import parity you were able to take I think one or two price hikes so just wanted your sense on what happens when that reverses like do customers ask you to take a reduction in prices?

R.S. Jalan: Do you think that rupee is going to be stronger than what it is today?

Vihang Subramanian: I do not know Sir. That is an external factor so I was just wanted to know that?

R.S. Jalan: That is the point I am trying to tell you. Our understanding is that we do not see the rupee getting significantly appreciated going forward so therefore there is no reason of worry for soda ash prices softening because of the rupee dollar parity.

Vihang Subramanian: Okay but then if it does appreciate you have to take some right?

R.S. Jalan: I can only give you past data which probably can help you, in last 15 years soda ash prices has never fallen except 2 years. I think that data could be enough to understand in this business always the demand supply situation is always balance. In 15 years the soda ash prices has not fallen except one or 2 years with very small percentage has fallen because the year before there was a very significant increase in the soda ash prices. There is no reason of worry on the soda ash prices softening drastically.

Vihang Subramanian: Sir so that is what FY2018 was a very good year right, so that is why I was thinking probably there might be some moderation in FY2019?

R. S. Jalan: I do not think so.

Vihang Subramanian: Thank you so much.

Moderator: Thank you very much. The next question is from the line of Ritesh Gandhi from Discovery Capital Management. Please go ahead.

Ritesh Gandhi: Congratulations on your numbers. Given the long lead times effectively speaking to put up new capacity and the new capex has actually been announced globally, I mean, given the incremental demand that we are seeing of about, is there a chance that the prices actually increase materially as well? The question is so far has there been around the price reduction, is there a possibility of an increase in prices given the overall tightness in the market?

R. S. Jalan: Mr. Gandhi I think your point is very, very valid point and let me give you this point in a slightly with a different context. Today if you look at the Greenfield project on the current pricing or the current margin, no soda ash new business or new plants will be viable, so this justifies that the



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soda ash prices should go up. Ultimately the new capacity that do not come and if the demand goes up by around 1.2 million every year then what happens, who will supply that product, so your point is valid that in a slightly longer term horizon I am seeing higher prices in this business.

Ritesh Gandhi: Just to understand how much higher due to the prices actually they need to be to kind of justify let us say 15% to 16% ROCE on a Greenfield capacity?

R. S. Jalan: Your numbers will be quite long. I do not want to talk about the numbers now. This numbers will be, probably you will put that number into our Excel sheet, so that number will be dealt.

Ritesh Gandhi: Okay, so it is extremely high to effectively, you expect the Greenfield, so actually until then effectively speaking we expect it to continue to be tight and that is the reason that the prices are have not ever come down in terms of soda ash?

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R. S. Jalan: Very valid point.

Raman Chopra: Completely agree with you.

Ritesh Gandhi: Sir and the other question was in terms of this Rs.300 Crores of incremental capex which we are doing effectively on the incremental capex how much is our incremental EBITDA margin, which we make given the fixed costs are already there and in turn how much is our estimated ROCE on incremental capex?

Raman Chopra: Basically when we say 8000 probably it will be in the vicinity of around 47%, 48% kind of gross margins that we make, so EBITDA should be in that range on the incremental capital and I would say the ROCEs would be in the range of around 20% to 21% on the Brownfield expansion.

Ritesh Gandhi: It could actually be higher right because if you take, your asset turnover is how much roughly asset turns?

Raman Chopra: Asset turn will be in this case let us say Rs.30000 in the capex and we make around net to as around 21000 for every tonne, so you can 0.7 approximately on the Brownfield.

Ritesh Gandhi: Against 0.3 on the Greenfield?

Raman Chopra: On the brownfeild, so that kind of differentiation is there, so yes we have done a math, roughly it will be in the range of, ROCEs will be in the range of 20% to 22%, 23% kind of numbers, but these are very sure numbers, we do not have any business risk, so anything which helps you to do that your returns are very positive.



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- Ritesh Gandhi:** ROEs would then be about 28% to 29%?
- Raman Chopra:** Yes, you are absolutely right.
- Moderator:** Thank you. The next question is from the line of Dixit Mittal from Subhkam Ventures. Please go ahead.
- Dixit Mittal:** Congratulations on good set of numbers. Just one question Sir, I missed the textile growth guidance that you gave, is it 15% that you mentioned?
- R. S. Jalan:** Yes, my understanding is that in this business we have a huge opportunity going forward and I think gradually we should be in the position to improve our revenue and we are expecting this year, we should be in a position to grow by around 15%.
- Dixit Mittal:** Sir secondly just a clarification you mentioned on 11 lakh tons of capacity next year you will be doing 95% utilization right, so that translates to around 10.3 lakhs to 10.4 lakhs tons kind of production?
- R. S. Jalan:** That we can round it up also to the higher side.
- Dixit Mittal:** Thank you Sir.
- Moderator:** Thank you. The next question is from Ritesh Gandhi from Discovery Capital Management. Please go ahead.
- Ritesh Gandhi:** Just a quick question, so actually part of the uptake in our EBITDA margin that we are seeing in Q4, so potentially also linked to the incremental capacity which has come online, which is obviously materially higher EBITDA margins, therefore, the blended number also increases and that combined with Rs.500 decrease in cost has led to this increase in EBITDA margin?
- R. S. Jalan:** Mr. Gandhi, we as a management always believe in to give a kind of some number, which are more of a conservative number, so our guidance at this point of time is that we will be in a position to maintain the margins, which we have achieved last year 2019. If we achieve better than that it is always better, so we will try to achieve more than what we have given guidance.
- Ritesh Gandhi:** Got it, perfect Sir. Thank you so much. Appreciate it.
- Moderator:** Thank you. The next question is from the line of Ayush Mittal from Mittal & Company. Please go ahead.



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- Ayush Mittal:** Good afternoon Sir. First of all congratulation on such as a consistent and good performance. Sir couple of questions, first wanted to just clarify that is there still any antidumping duty or any preferential thing for the Indian market in soda ash?
- R. S. Jalan:** Very valid question. All the antidumping duty, which was there, has gone. Now there is no antidumping duty from any country; however, except on Pakistan, which was there was almost no duty, around \$2 was the antidumping duty. Now there is a 200% duty on that, so that import which was coming from Pakistan has actually stopped.
- Ayush Mittal:** There is a total parity with the international prices irrespective of the market?
- R. S. Jalan:** Yes.
- Ayush Mittal:** Okay and as we can see in China there was some softening in the soda ash prices, was there any affect in the Indian markets?
- R. S. Jalan:** If you look at the Chinese prices in last six months there was volatility in that market and they are not in a position to supply any extra volume to the Indian consumers, so price does not matter to them because there is no volume they have, which they can offer to Indian consumer.
- Ayush Mittal:** Great. Second question is around the shutdown, any plant shutdown that we would be having going ahead?
- R. S. Jalan:** Yes, this year we will have a shutdown because last year we had this shutdown in April. This year most likely we will have a shutdown. This year probably we will have in October.
- Ayush Mittal:** We had it in Q1 last year I believe?
- R. S. Jalan:** We had done in Q1 last year, we take the shutdown in 18 months, and we will a shutdown in October.
- Ayush Mittal:** So next shutdown will be?
- R. S. Jalan:** October 2019.
- Ayush Mittal:** Sir, I am not very clear about one more product caustic soda, is there any correlation with this product also to your product in terms of pricing or anything or any process? I just get confused with this?
- R. S. Jalan:** I know that you are tempted with the caustic soda because there is a huge margin in the caustic soda, but unfortunately we do not have any relationship with the caustic soda.



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- Ayush Mittal:** That is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Saurav Jain from HSBC. Please go ahead.
- Saurav Jain:** Thanks. Most of my questions have been answered. Just confirming some data points; can you share the revenue from the trading business for this quarter and same quarter last year?
- R. S. Jalan:** We have almost around a trading turnover roughly around 200. For the full year is around 212 Crores as compared to around Rs.130 Crores last year.
- Saurav Jain:** And in 4Q?
- R. S. Jalan:** Q4 it was around Rs.51 Crores, Q4 2018 it was Rs.29 Crores and Q3 was almost same Rs.53 Crores.
- Saurav Jain:** Rs.51 Crores you said in Q4 right?
- R. S. Jalan:** Q4 2019.
- Saurav Jain:** What about the consumer revenue?
- R. S. Jalan:** Consumer revenue was roughly during this year was around Rs.68 Crores for the full year.
- Saurav Jain:** And also 4Q?
- Raman Chopra:** Is around Rs.17 Crores.
- Saurav Jain:** Same quarter last year?
- Raman Chopra:** Rs.14 Crores.
- Saurav Jain:** Just wanted to clarify the sales that you give out, so 2.57 this includes everything so basically trading sales and consumers sales would be a part of those?
- R. S. Jalan:** Trading is not on the soda ash, trading is for the other chemicals, so this 257, which we have given was the soda ash sales.
- Saurav Jain:** Thank you so much.



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- Moderator:** Thank you. The next question is from the line of Rohan Gupta from Edelweiss Financial Services. Please go ahead.
- Rohan Gupta:** Good evening. Congrats on a very excellent set of number. Sir just one thing on this soda ash additional production which we are going to have, so are we looking exports for this additional production or you think that you will be able to consume that in a domestic market?
- R. S. Jalan:** Our first effort will be that we replace the imported soda ash, if suppose after that of some surplus is leftover then surely we will have to do export to the natural market.
- Rohan Gupta:** When you are replacing the imported products it means that we are travelling south, so that will lead to higher logistics cost?
- R. S. Jalan:** Yes, it is not only that into the south, some volume comes to the west as well and some volume comes even for Gujarat as well, so our first priority will be we replace the nearby volumes and if that does not happen then probably we have to travel to south as well, so there can be some higher logistic cost on the volumes, which goes to the south, yes.
- Rohan Gupta:** Okay, but as of now, the current quarter you need not to do anything exports you have been able to do it in domestic market?
- R. S. Jalan:** Yes, this quarter we do not see any that kind of thing. Any such kind of softening can happen; I think September onwards or October onwards.
- Rohan Gupta:** Okay because in your initial remarks you mentioned roughly 4 lakh tons, which additionally will be coming and would not be able to absorb completely by the domestic consumption, so as you also said that either you have to look for exports or replacement of imports, I mean substituting the imports that is probably you meant to say?
- R. S. Jalan:** Yes.
- Rohan Gupta:** Thanks Sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Rohit Nagraj from Sunidhi Securities & Finance Limited. Please go ahead.
- Rohit Nagraj:** Thanks. Congrats for a great set of numbers. Sir one question is on the global soda ash capacity, so you said that there are no announcements yet and it seems that the product prices are at peak, the demand is also stable, so why players are not coming out with new capacity and obviously there is a gestation period of three to four years, so any specific reason the global players are not putting up plants?



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- R. S. Jalan:** Very interesting question and let me answer this question. If you remember a year, year-and-a-half or may be two years back everybody was worried including our investors that there is a 5 million tons of the new capacity is coming in or a 3 million tons of the capacity coming in and that oversupply situation will be there in the market and everybody got panicked with that and keeping that into mind nobody has thought of expanding except few players like us and now if you want to setup a new infrastructure, it takes time, it does not happen in one or two years. Even if somebody thinks of expanding it is going to take time.
- Rohit Nagraj:** In the next three to four years except for few Brownfield capacity expansion there would not be any new capacities coming in, which may signify that the price rate should remain firm?
- R. S. Jalan:** Our understanding is that there will be some debottlenecking may happen in some of the production globally and that can give a kind of some comfort to the supply line. However, overall yes, you are right in next two years we are clearly seeing that there should not be any reason of worry on the pricing going down.
- Rohit Nagraj:** Sir next question is on the project management, so just to understand the timeline in terms of phases, so from land acquisition to environmental clearance and then the lead time in terms of procuring equipments and putting up the capacity, what are the general timelines that we usually look for from a Greenfield perspective?
- R. S. Jalan:** There are no such guidelines for this because it depends on the company to company, like one of our competition, which has just come, they have taken seven years. However, our estimation, which we are looking for the Greenfield project on a modular form probably our timeline, is three to four years.
- Rohit Nagraj:** And that includes all the aspects like land procurement plus environment clearances and others?
- R. S. Jalan:** Yes.
- Rohit Nagraj:** Thank you Sir. Thank you very much. Best of luck.
- Moderator:** Thank you. The next question is from the Jayesh Gandhi from Harshad Gandhi Securities Limited. Please go ahead.
- Jayesh Gandhi:** I have a bookkeeping question. First of all congratulations for good numbers. Sir in the balance sheet, we have deferred tax liabilities, which have gone up from Rs.194 Crores to Rs.253 Crores in the current March 31, 2019, so can you give me a flavour, what is the reason for this building up of deferred tax liability?



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- Raman Chopra:** Our total tax outgo although we have to provide for the complete taxation, which is approximately 33% of the profit, but since there is a timing difference between the capex that we are doing mostly is because of that and this year have you see that we have done more than Rs.250 Crores capex, so largely it is because of that and then there is permanent difference because the wind mills, which we are having on that we have got a tax holiday for 10 years, like of which on the five years have gone by, so there is a permanent difference, so this is the two reasons because of which the deferred tax during the year is Rs.25 Crores, Rs.26 Crores and the rest of because of the depreciation differential, these are two things, which add to the kitty of cumulative deferred tax that you are seeing and our current outgo of taxes at the MAT level, which is approximately Rs.120 Crores for this year.
- Jayesh Gandhi:** When can we expect substantial reversal from two years down the line or three years down the line, if you can give us?
- Raman Chopra:** Till the time we are keeping our capex going on at least for the next couple of years we do not see this reversal happening.
- Jayesh Gandhi:** Not on next two years, after three or four years?
- Raman Chopra:** After that probably it can come down, but then we will see what kind of other capex we have for this division, so as of now for the next two, three years we do not see that reversal happening.
- Jayesh Gandhi:** Okay. That is all from my side Sir, best of luck for the future.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from Individual Investor. Please go ahead.
- Mohit Kumar:** Thanks for the opportunity. Most of my questions have been answered. Just wanted to check if you have ever done any analysis regarding the landed cost for a Turkish soda ash in India?
- R. S. Jalan:** We always do that because ultimately that is our competition, so we have to do that every time because we are in a commodity business and for any product, which is coming as compared to our product we have to do that analysis.
- Mohit Kumar:** Is there any kind of difference between the London price of a Turkish soda, soda ash and what we are able to provide to our customers over here in India?
- Raman Chopra:** Obviously, there is some premium you always get over the imported product primarily because of your serviceability and inventories and things like that; however, you cannot go beyond a point on the premium.



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- Mohit Kumar:** Understood. Thank you.
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor Stock Broking Private Limited. Please go ahead.
- Saket Kapoor:** Thank you for the opportunity again. Sir for the textile segment when is our duty benefits going to get over Sir and what is the current duty benefit that we are getting Sir?
- R. S. Jalan:** That is an export incentive that I do not think we have any vision of that it will be going away. What the government is giving to you is various taxes, which they are collecting in the input cost like one of the benefit, which is coming in the form of ROSL, so I think basically the benefit which government is passing on to you to compensate on your taxes, which have been on the input, state tax and the central tax. I do not think there will be such any removal of these benefits would be there. Whatever the benefits they were supposed to take away, they have already taken at the time of GST.
- Saket Kapoor:** How much it is there ROSL, what is the percentage?
- R. S. Jalan:** I think various schemes are there; very specifically it is very difficult to tell you.
- Saket Kapoor:** For us Sir blended I just wanted to understand what is the benefit we are getting for our bedsheet, home textile segment?
- R. S. Jalan:** I do not think I would be like to share that numbers specifically online.
- Saket Kapoor:** I will take that offline, but what message I got from your conversation in this time if I can summarize for the textile segment is that we are just like two years, three years ago just on the soda ash business when you were envisaging for expanding the capacity when can we look, whatever disturbances we had in the home textile segment, whatever due to the brick and mortar part and all that is all our way behind and now the field is may be in business you cannot predict, but the field is clear for us to grow on what we have done and that too on a profitable growth that we can expect on the home textile segment also going forward. Because on soda ash we are on a very solid pitch, on a very strong pitch but it is the home textile that has deferred the growth number for one year, so my understanding on that is correct Sir?
- R. S. Jalan:** That is our endeavour Saket Ji. Just want to share one data because lot of discussion has happened on the textile business. In last 13 years in textile we have grown a CAGR growth of 19% on the revenue side and on the EBITDA side we have grown by around 41%, so 41% CAGR growth on the EBITDA side, so overall except last two years, which was bad because of the industry headwinds, we have been fairly doing good into the textile business and as you rightly said our journey is very promising going forward.



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- Saket Kapoor:** So lastly to conclude Sir, the mix is 65:35 I think?
- R. S. Jalan:** Yes 65:35.
- Saket Kapoor:** 65:35, so if you can assume that three years down the line with our modular capex on stream and the way we are trying to do the work in the home textile segment, is this mix going to stay same or it will be further skewed down to the inorganic chemical segment if I may?
- R. S. Jalan:** I do not think, I think we will be in position to maintain the similar kind of a mix.
- Saket Kapoor:** 65:35 only Sir?
- R. S. Jalan:** May be it kind of 60:40 or 65:35 that range.
- Saket Kapoor:** Thank you for all elaborate answers and all the best for the next year. Thank you.
- Moderator:** Thank you very much. As there are no further questions, I will now hand the conference over to the management for closing comments.
- R. S. Jalan:** Thank you all the participants. Your inputs has always helped us to improve our performance and your tough questions always encourages us to perform better and I can only assure you on behalf of the entire management team that we are doing everything best possible to give the value to our investors. Like I said in last five years has been satisfying to us of a 29% CAGR growth on the PBT and our endeavor is in the long run, we should maintain this 20% on the PBT basis bottomline and we will do our best on to achieve that.
- Moderator:** Thank you. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us, you may now disconnect your lines.