



# GHCL Limited

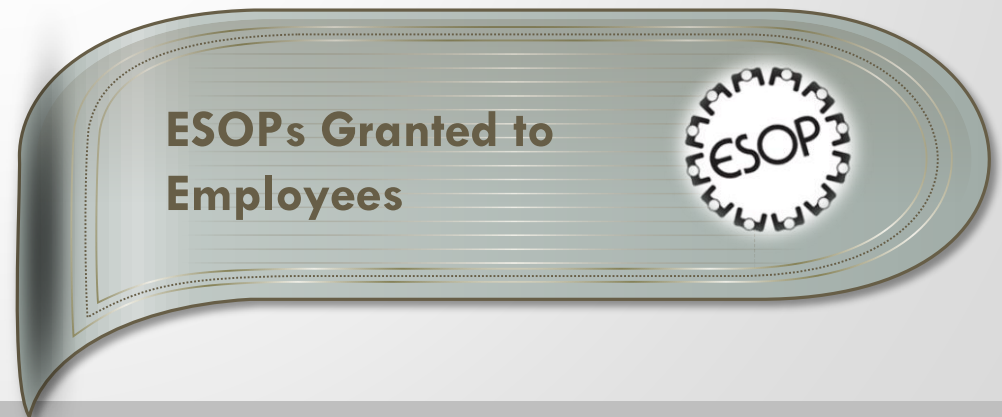
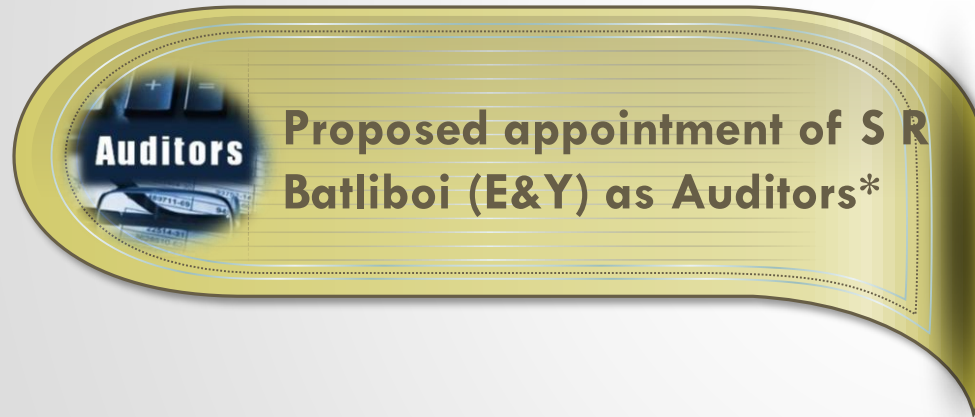
Q4FY16 Business Update



# Safe Harbor

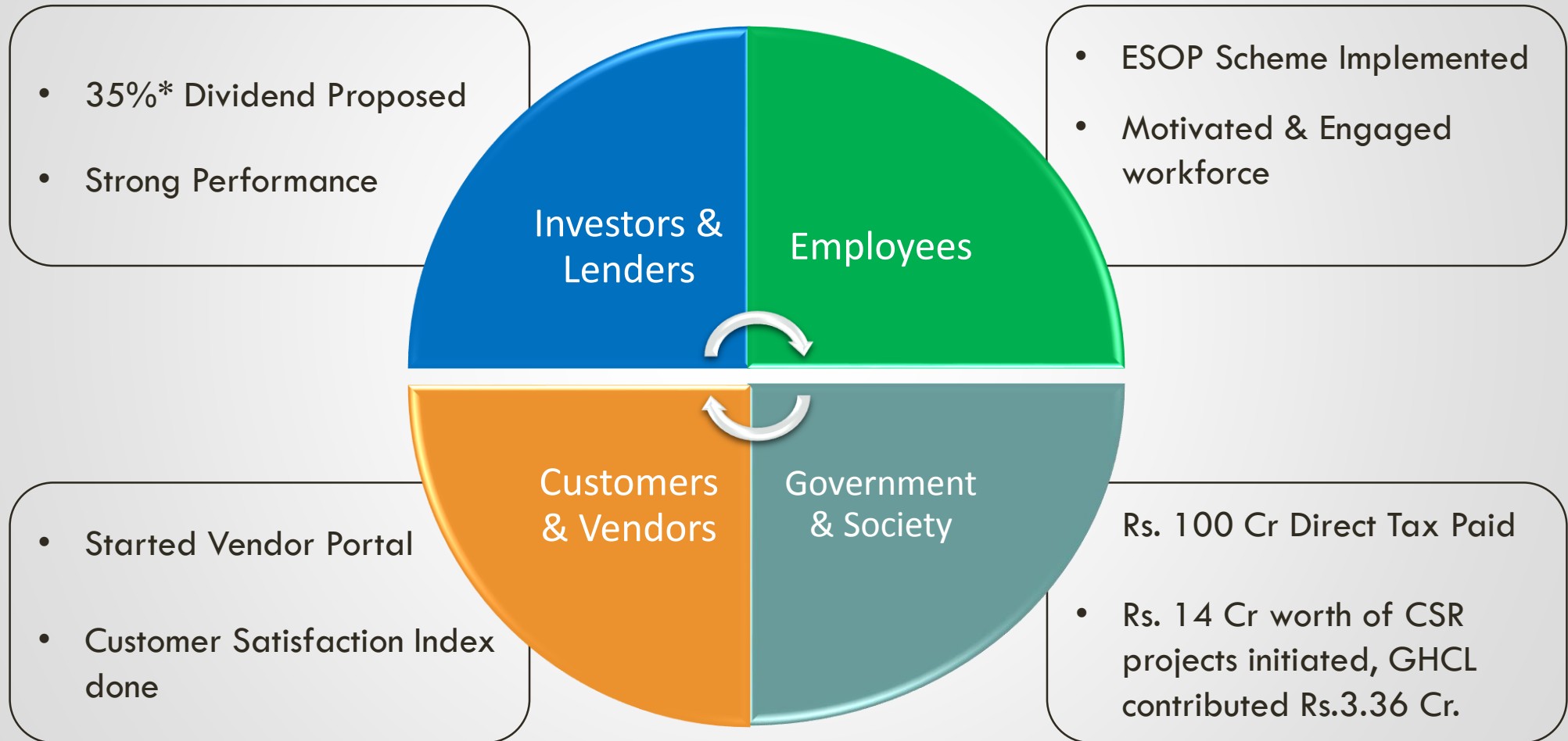
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# Key Initiative



\*Joint auditors

# Growth for all stakeholders

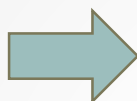


\*35% Dividend is on Capital against last year of 22%



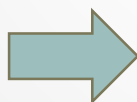
# Dividend distribution policy

## Dividend Distribution Policy



To maintain 15%-20% Gross Payout\* of Standalone Profit after Tax

## FY15-16 Proposed Dividend



- Rs. 3.5 Pre Equity Share against Rs. 2.2 per share last year.
- Gross Payout : Rs. 42 Cr
- Gross Payout % : 16.42%

\* Gross Payout = Dividend + Dividend Distribution Tax

## ESOP scheme for employees



Allocation at Rs.  
100/share

Granted to wider  
base of  
employees

1.2% of share  
capital allocated  
in 1<sup>st</sup> year

Inclusive and Participative Growth

# CSR – Inclusive growth and value creation





A photograph of a bright, modern bedroom. In the center is a large bed with a white headboard, covered in white linens and several pillows. To the left of the bed is a dark wood side table with a lamp and a vase of yellow flowers. To the right is a dark wood desk with a chair and another lamp. The room has large windows and a light-colored floor.

**GHCL**

# FY16 Financial Highlights



## Robust financial performance in FY 16

**EBITDA**  
**Rs.635cr**

Increased by Rs. 101 cr : 19% Growth  
Higher Margins @ 24.8% : up 242 BPS

**CASH  
PROFIT\***

Doubled operating cash profit in 2 years to  
Rs. 460 cr

**PAT**  
**Rs.257cr**

Increased by Rs. 74 cr : 40% Growth  
Higher PAT Margins @ 10% : up 233 BPS

\* Operating Cash flow = PBT + Depreciation

Standalone Financials

# Robust year-on-year growth in Q4 FY16

**8%** ↑

**EBITDA**

Rs 176 crore

**178bps** ↑

**EBITDA Margin**

27%

**62%** ↑

**Profit Before Tax**

Rs 116 crore

**56%** ↑

**Profit After Tax**

Rs 78 crore

**421bps** ↑

**PAT Margin**

12%

**Robust year-on-year growth in FY16..**

**19%**↑

**EBITDA**

Rs 635 crore

**240bps**↑

**EBITDA Margin**

24.8%

**47%**↑

**Profit Before Tax**

Rs 378 crore

**40%**↑

**Profit After Tax**

Rs 257 crore

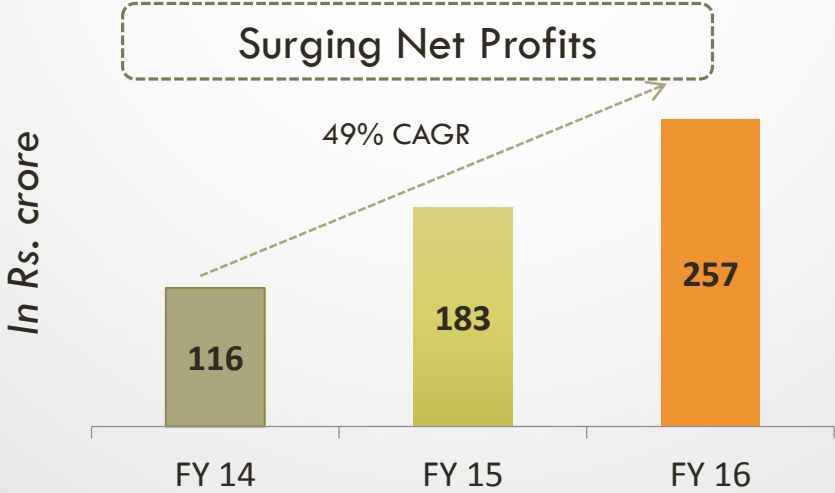
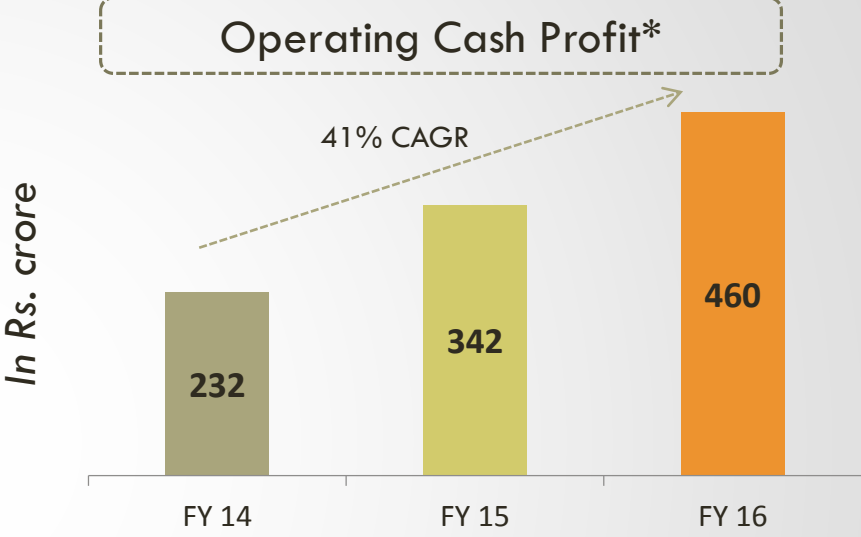
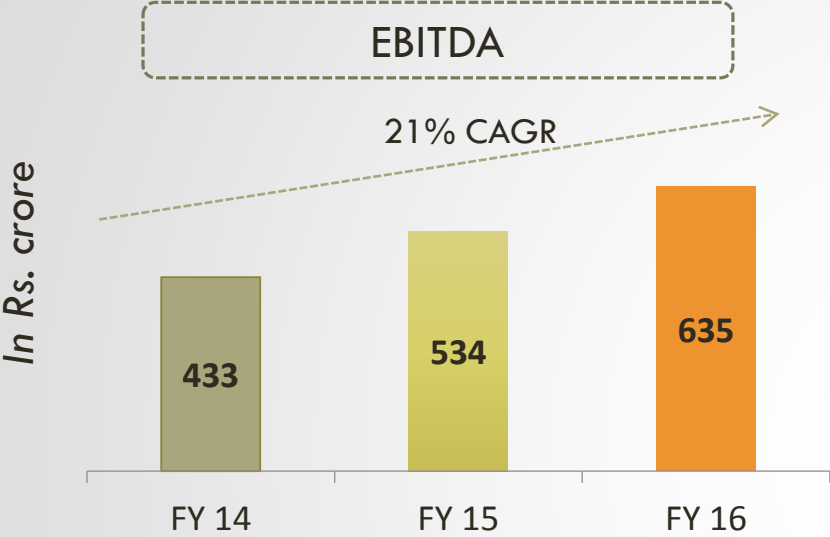
**233bps**↑

**PAT Margin**

10%



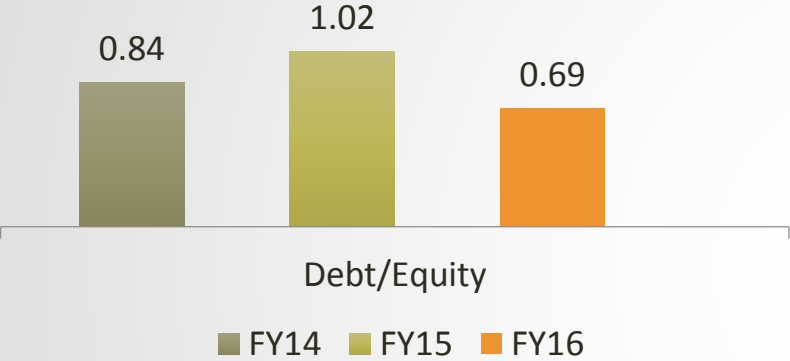
# Strong growth and better margins...



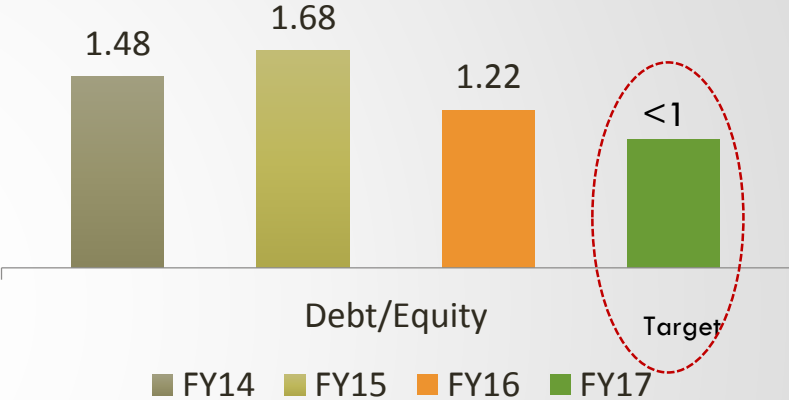
\* Operating Cash flow = PBT + Depreciation

....With focus on deleveraging

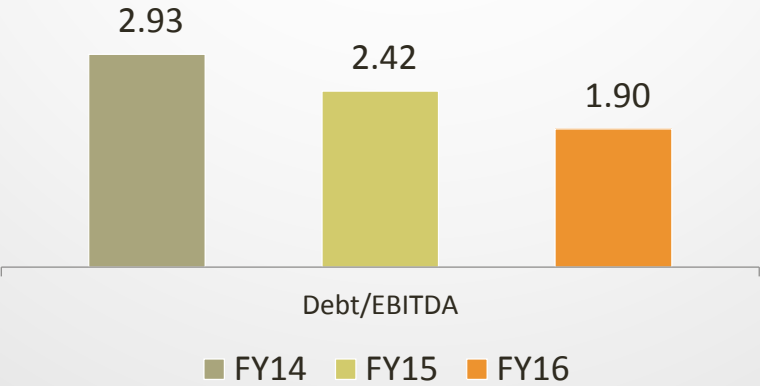
Long Term Debt : Equity



Net Debt : Equity

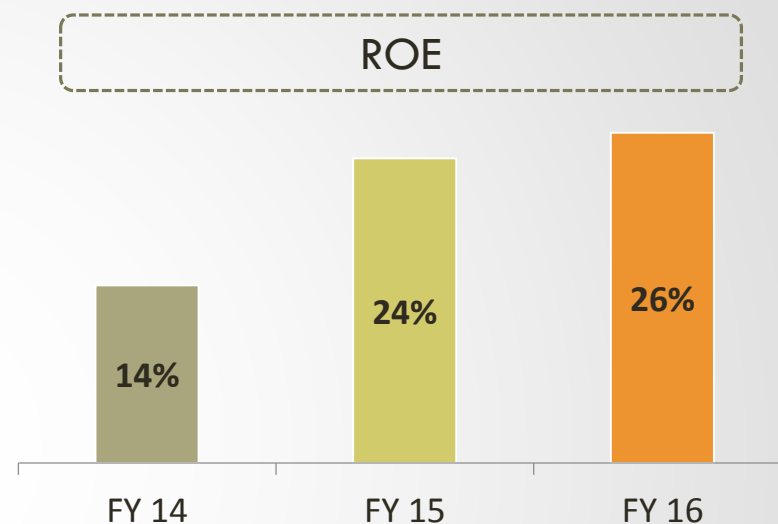
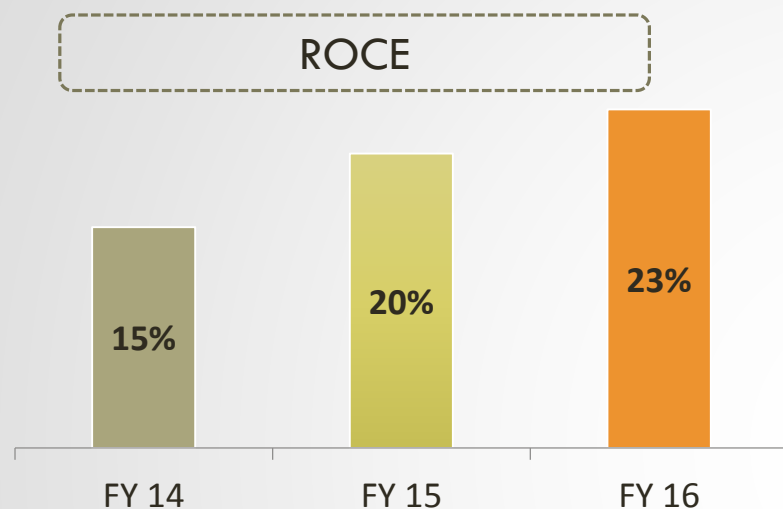


Net Debt : EBITDA

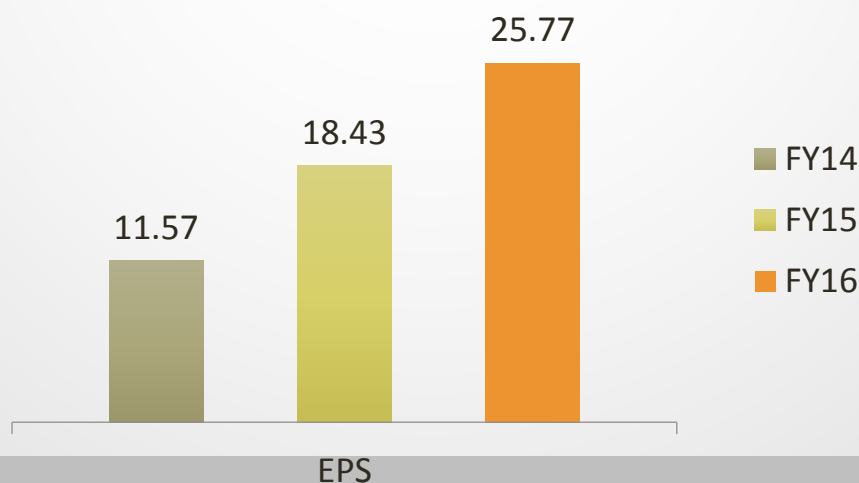


\* Net Total Debt = Total Debt – Cash in Hand  
Standalone Financials

# Strengthening return ratios

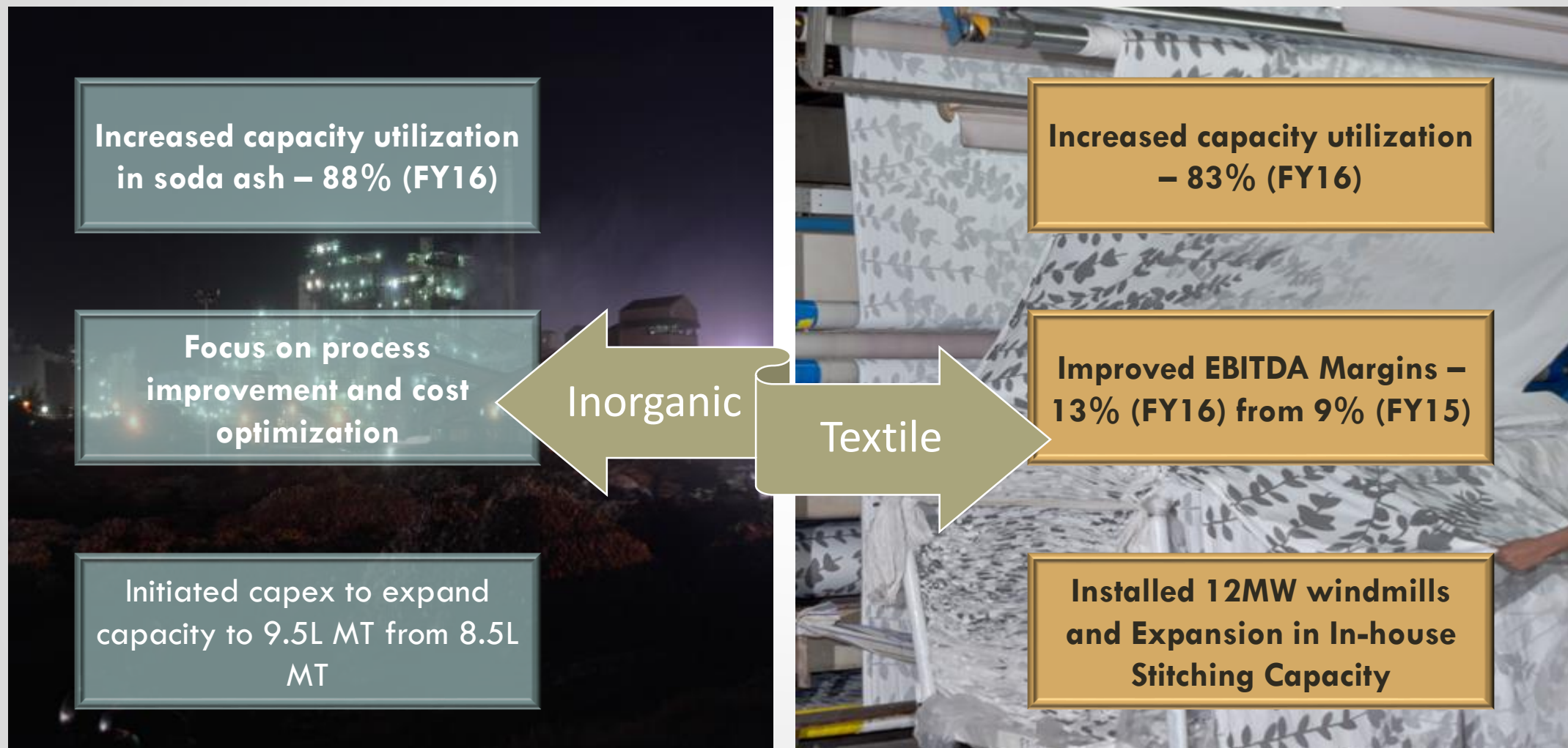


**2.2x EPS Growth in 2 years**





# Improving operating parameters



# Profitability highlights

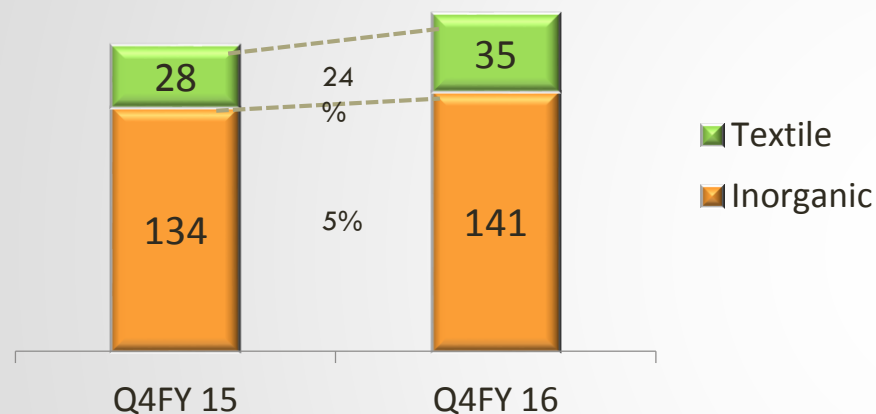
In Rs. Crore

Particulars	FY2014	FY2015	FY2016	CAGR
Sales	2,229	2,385	2,564	7%
<b>EBITDA</b>	<b>433</b>	<b>534</b>	<b>635</b>	<b>21%</b>
EBITDA %	19.4%	22.4%	24.8%	
Depriciation	82	84	82	
<b>EBIT</b>	<b>351</b>	<b>449</b>	<b>554</b>	<b>26%</b>
Interest	170	164	162	
Exceptional Items	31	27	14	
<b>Profit before Tax</b>	<b>150</b>	<b>258</b>	<b>378</b>	<b>59%</b>
Tax	34	75	122	
<b>Profit After Tax</b>	<b>116</b>	<b>183</b>	<b>257</b>	<b>49%</b>
PAT %	5.2%	7.7%	10.0%	

**EBITDA :**  
 Margin improved by 534 BPS over 2 years by higher capacity utilization and operating efficiencies

# Improving profitability across segments

Q4 FY16 EBITDA Growth 8% YoY



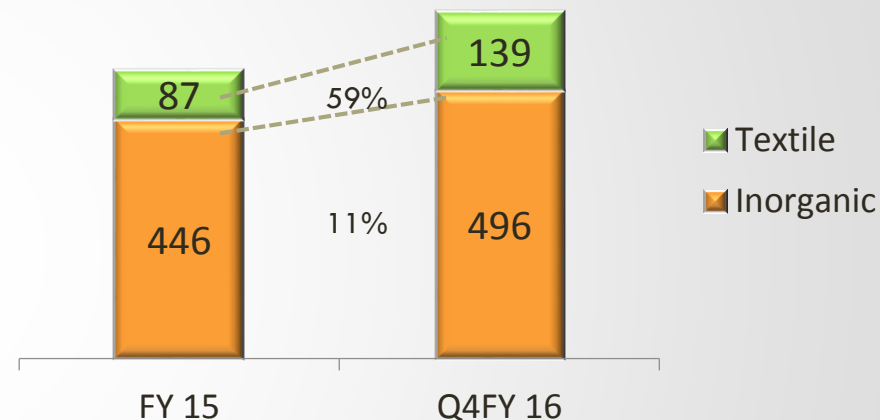
## Inorganic – EBITDA Increase by Rs. 7 crore

- ❖ Higher sales volume of 6438 MT over FY15
- ❖ Improved Margin from 35% to 36%

## Textile – EBITDA Increased by Rs. 7 crore

- ❖ Improved Margin from 11% to 13%

FY 16 EBITDA Growth 19% YoY



## Inorganic – EBITDA Increase by Rs. 50 crore

- ❖ Higher sales volume of 15423 MT over FY15
- ❖ Improved Margin from 31% to 33%

## Textile – EBITDA Increased by Rs. 52 crore

- ❖ Higher sales volume of 5.4 mn mtrs (21%)
- ❖ Improved Margin from 9% to 13%



# Balance sheet

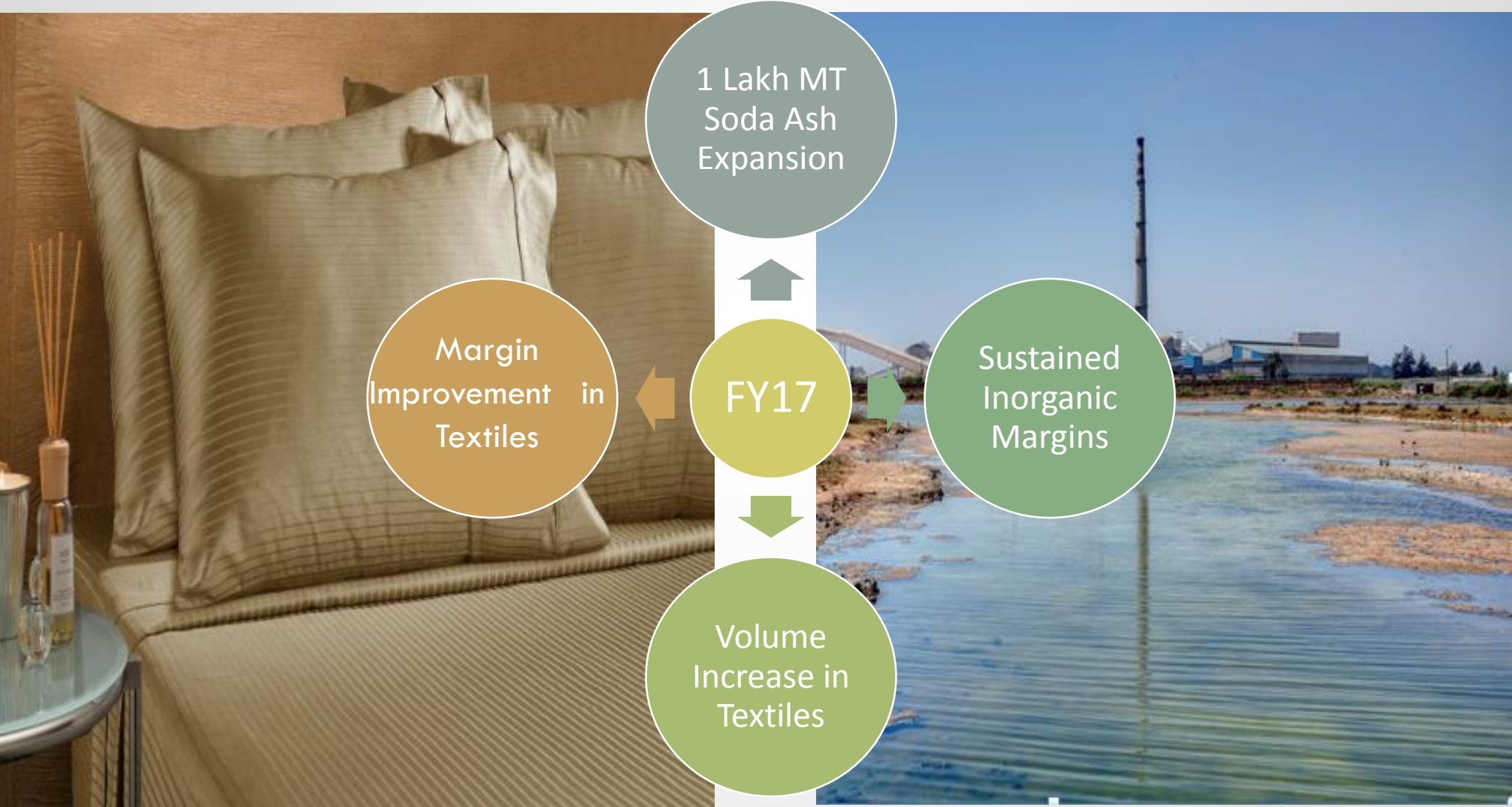
Particulars	Mar-15	Mar-16	Change
<b>Net Fixed Assets and other Non current assets (A)</b>	<b>1955</b>	<b>2128</b>	<b>173</b>
Current Assets	836	777	-59
Less : Current Liabilities	516	466	-50
<b>Working Capital (B)</b>	<b>320</b>	<b>311</b>	<b>-9</b>
<b>Capital Employed (A+B)</b>	<b>2274</b>	<b>2439</b>	<b>164</b>
Share Capital	100	100	0
Reserves & Surplus	670	885	216
<b>Net worth (A)</b>	<b>770</b>	<b>985</b>	<b>216</b>
<b>Deferred Tax &amp; Ors (B)</b>	<b>181</b>	<b>205</b>	<b>24</b>
Long Term Debt	784	677	-107
Short Term Debt	454	490	36
Due in 1 Yr	86	81	-4
<b>Total Debt (C)</b>	<b>1324</b>	<b>1248</b>	<b>-76</b>
<b>Total (A+B+C)</b>	<b>2274</b>	<b>2439</b>	<b>164</b>

→ Inorganic : Rs. 50cr

→ Textile : Rs. 123cr

**Committed  
towards  
Deleveraging  
and Growth  
Capex**

# What is in store for FY17





## Inorganic Chemical Segment





## Cost Leader in the industry... setting new benchmarks

### Highest Capacity Utilization

- FY 15 87%
- FY16\* 88%

### Best Margins in Industry

- FY 15 31%
- FY16 33%

### Built Operational Efficiencies

- Six Sigma Projects
- Cost Reduction Project
- Process Innovation

### Innovative Company

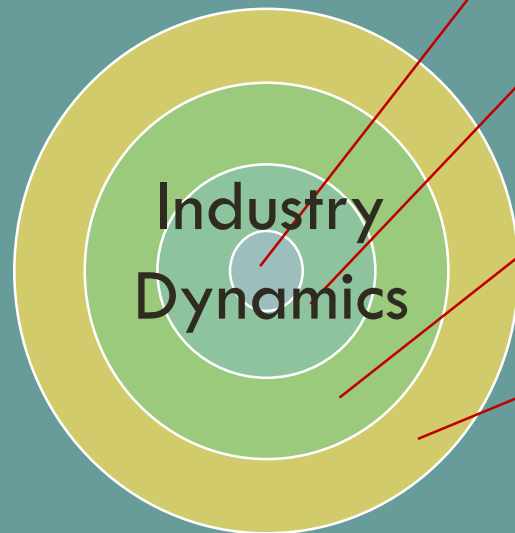
- ▶ Improved Carbonation Towers yielding higher production
- ▶ Reducing moisture in filtration resulting in reduction in utility cost
- ▶ Focus on raw material quality resulting 5000 MT additional Soda Ash
- ▶ Waste Management - Making bricks from fly ash

### Brownfield Expansion of 1 Lakh MT in progress

- ▶ Expansion to complete in Q4FY17
- ▶ 12% Volume growth in FY 18 to match demand growth.
- ▶ Additional volumes to fetch higher Margins with little incremental fixed cost.

*\*Despite Shutdown in FY16 having impact of about 1.5%*

## Soda ash industry perspective... unlike commodity!



Supply follow Demand – No Major Mismatch

High Logistic Cost Compared to Pricing- Distant travel becomes uneconomical

Most of the Produce is consumed either locally or in natural markets

Capital Turnover Ratio unfavorable

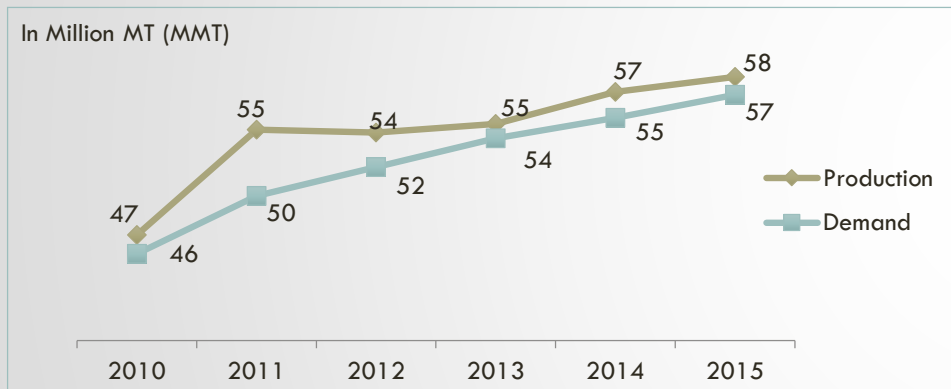
**Thus Industry not affected by Price Volatility like other commodities**

# Soda ash industry perspective... unlike commodity!

## Global market

### Stable Demand and Supply

Production Growth : -4% CAGR  
Demand Growth :- 4% CAGR

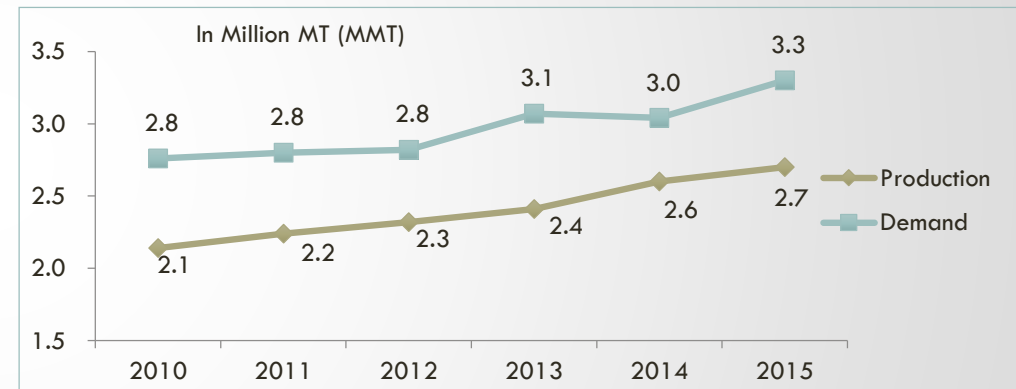


- No major capacity additions expected this year
  - Turkey adding 1.5 Mn that may come in FY18.
- Demand growing steadily
- US has announced increase of US\$ 10-15 PMT in new contracts.

## India market

### Supply follows demand...

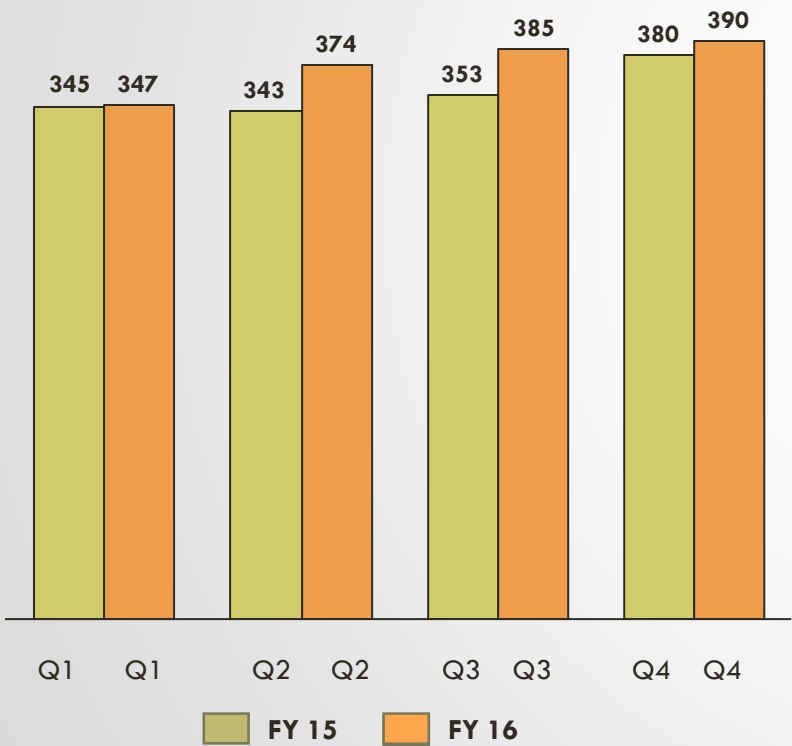
Production Growth : -4% CAGR  
Demand Growth :- 4% CAGR



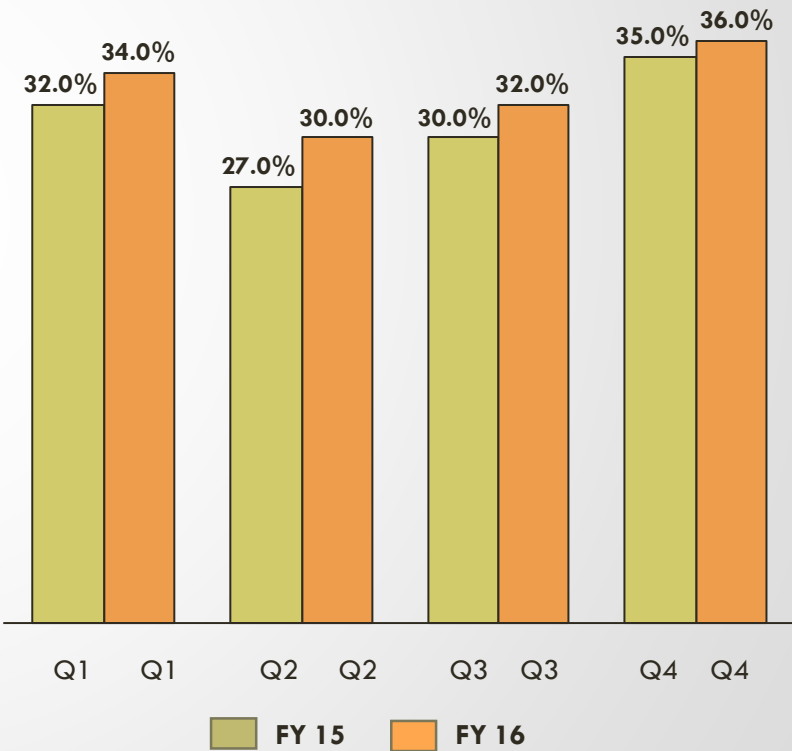
- New Capacity of 2 Lakh MT from Nirma coming this year, followed by 1 Lakh of GHCL next year.
- Demand growth of 4-5% will absorb additional volumes.
- Pricing looks stable

# Inorganic Chemicals – consistently improving margins

Turnover (Rs crore)

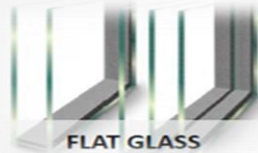


EBITDA Margin



# User Segment/Reputed companies being served

## Soda Ash applications



## ....Some marquee clients







**GHCL**

**Textiles Segment**

# Textile Segment....Making big leap

## Improved Capacity Utilization

- FY 15 70%
- FY16 83%

## Improved Margins

- FY 15 9%
- FY16 13%

## Building Efficiencies

- 12MW Windmills installed
- 400 stitching Machines installed

## Journey of Margin Improvement to continue

- ▶ Improved customer mix for higher volumes and margins
- ▶ Benefit of Wind power - Reduction in power cost
- ▶ Focus on brand tie ups and private labels
- ▶ Positive outlook towards domestic market with established retailers

THE WHITE COMPANY  
LONDON

LAUNDRY

AUSTRALIAN WEAVING

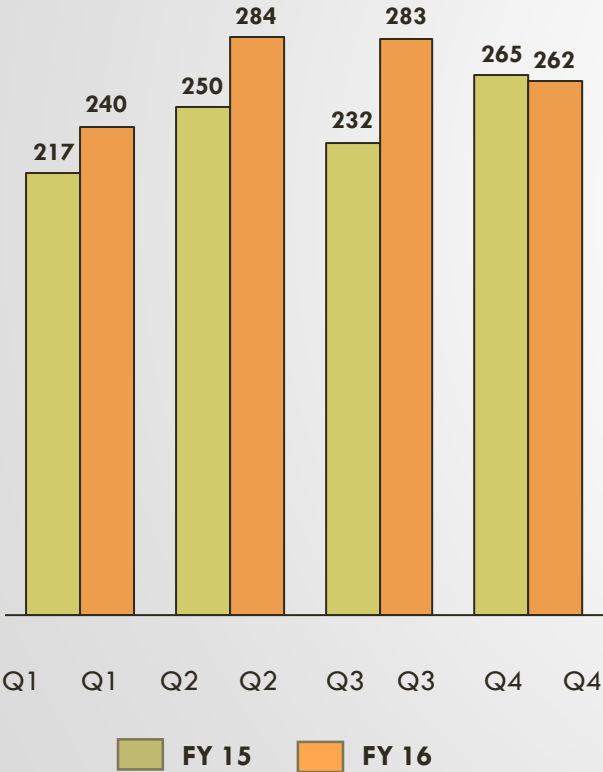
canningvale

PERCALE

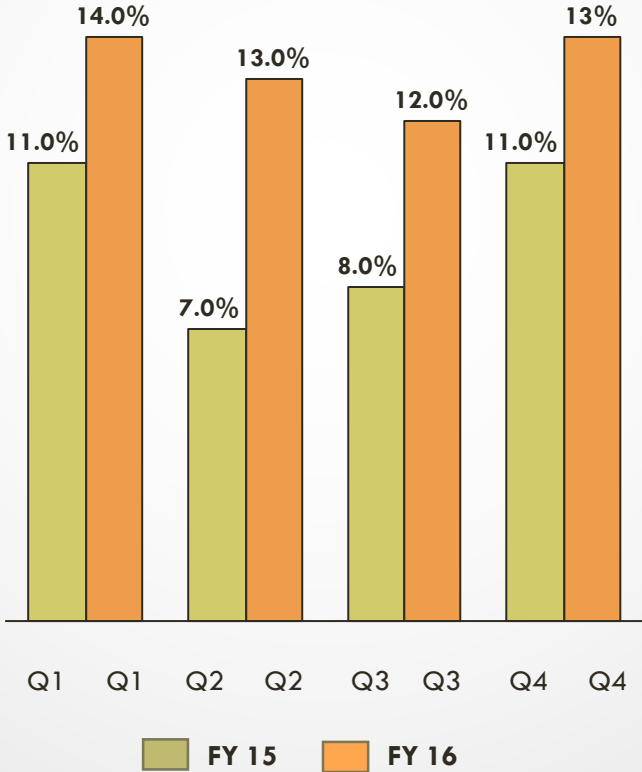
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# Textiles – Improving Margins Qtr on Qtr

Turnover (Rs crore)



EBITDA Margin



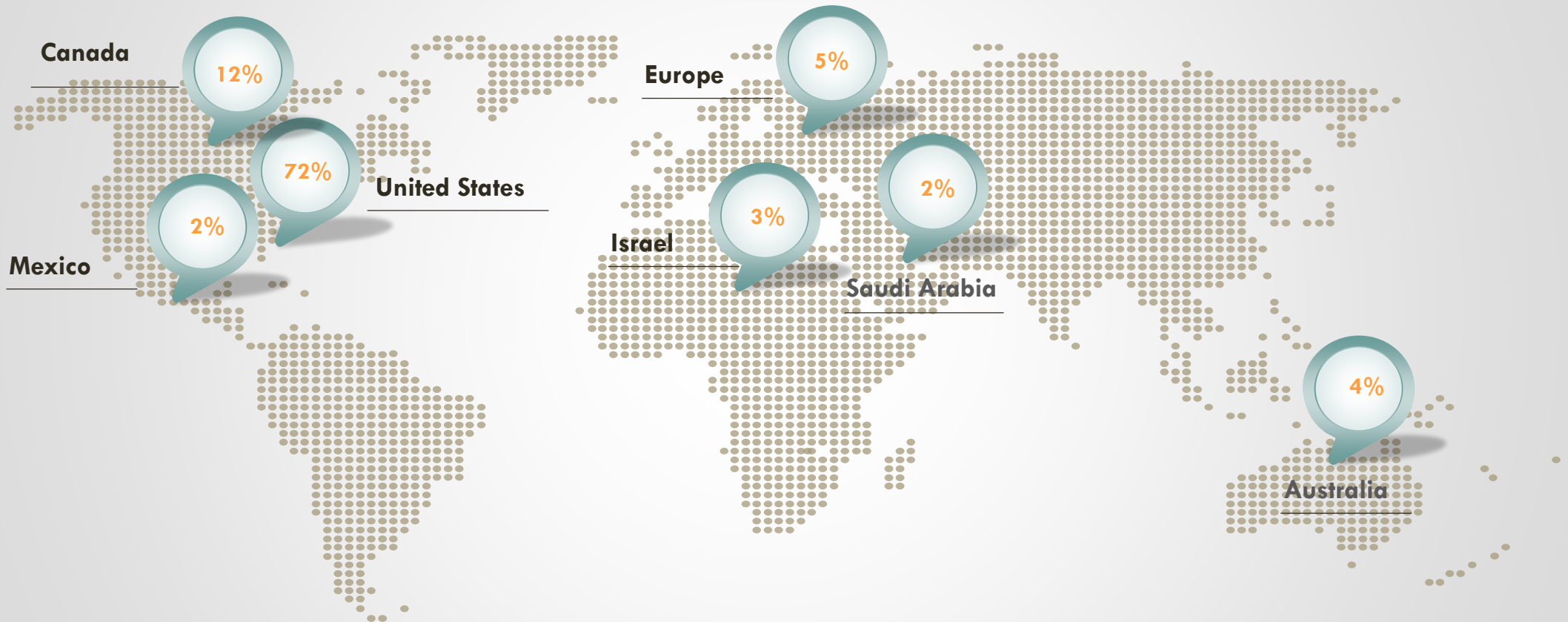
13% ↑

EBITDA Margin in FY16; up from 9% in FY15

Rs 35cr ↑

FY16 EBITDA; 24% Growth YoY

## GHCL home textiles – Geographical Spread (Exports)



- ▶ With continued focus in US Market, target to expand in other geographies like Australia and Europe
- ▶ Plan to realign customer mix and introduce value added products

## Supplying to marquee home textile customers

**BED BATH &  
BEYOND®**

HOUSE OF FRASER  
SINCE 1849

**Walmart**   
**Canada**

**Sears** 

**JCPenney**



**Gallery™**

**Tuesday Morning®** 

**amazon.com®** 

 **Revman International**  
Great Brands, Real Lifestyles. Quality Product for the Home.



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