May 27, 2020

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,
P.J. Towers,
Dalal Street, Fort, Mumbai – 400 001
BSE Code: 500171

Dear Sir / Madam,

Subject: Filing of Transcript regarding Investors' conference held on May 21, 2020

In continuation to our earlier communication dated May 16, 2020 and May 20, 2020 regarding Investors' conference on May 21, 2020. We are pleased to attach copy of the transcript regarding said Investors' conference held with the management on May 21, 2020 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

Bhuwneshwar Prasad Mishra
Digitally signed by Bhuwneshwar Prasad Mishra
Date: 2020.05.27 10:16:15 +05'30'

Bhuwneshwar Mishra
Sr. General Manager & Company Secretary

“GHCL Limited
Q4 FY2020 Results Call”

May 21, 2020

ANALYST: **MR. ROHIT SINHA – 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 - FINANCE TEAM – GHCL LIMITED
MR. ABHISHEK - FINANCE TEAM – GHCL LIMITED

Moderator: Ladies and gentlemen good day and welcome to the Q4 FY2020 Results Call of GHCL Limited hosted by Emkay Global Financial Services. As the 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 would now like to hand the conference over to Mr. Rohit Sinha of Emkay Global. Thank you and over to you Sir!

Rohit Sinha: Thank you. Good evening everyone. I would like to welcome the management and thank them for giving us this opportunity. We have with us today Mr. R.S. Jalan, Managing Director and Mr. Raman Chopra, CFO and Executive Director, Finance. I would now hand over the call to them for the opening remarks. Over to you gentlemen!

R.S. Jalan: Thank you, Rohit. Good evening all of you. It is my pleasure to welcome you all on today's earning call for Q4 FY2020. Raman, our CFO, along with Sunil and Abhishek from Finance Team joins me in today's call.

I wish safety and health to all of you and your families as we collectively battle the COVID-19 outbreak, which has created unprecedented conditions that further heightened due to nationwide lockdown announced by the government from March 22, 2020.

We have taken due measures to ensure that GHCL as a responsible corporate citizen abides by the government guidelines accordingly soda ash plants remain closed till April 19, 2020 and textile units until first week of May 2020 though the plants has reopened, however their operating rates are deeply impacted due to the downstream, demand and availability of labor.

Soda ash market around the world were hugely impacted by COVID-19 globally glass which is largest consuming sector is the hardest hit as both construction activity and automakers struggle.

Container glass got affected on account of lockdowns and consequent demand erosion. Chinese soda ash industries faced closure as it was impacted first with other geographies reporting production cuts. China has started back though at lower capacity as demand size continues to struggle especially from glass segment.

Turkey and US which are other major producers are also running at lower rates facing similar demand erosion issue.

In India the detergent sector which constitutes almost 40% of the total market saw the fastest revival and had reached to a level of around 80% utilization; however, flat glass remains the most impacted and indications are that production losses in this segment maybe the highest.

Currently, the flat glass segment is struggling to start back though container glass is operating at about 20% level. The chemical and silicate segments are also witnessing a slow start back.

On an overall basis on the demand side, currently markets are operating about 55% to 60% which is expected to progressively grow in the next two quarters led by detergent. Glass will remain the subdued with only marginal revival in Q2 and then some ramp up in the last two quarters.

As per our estimate, Indian industry will see an overall demand reduction of about 12%-15% compared to last year. Textile was already facing headwinds and COVID outbreak both volume and pricing has come under pressure.

US and Europe are the biggest market for India where COVID has impacted much severely due to which export demand is likely to remain weak for the initial quarters and orders are getting postponed for subsequent quarters. We are watchful for the situation emerging out of these geographies with regular contacts with our customers.

With India continue to remain in lockdown for more than two months now with restriction gradually easing out domestic apparel and Home Textiles industry got expected to witness demand drop over next two quarters.

Q1 FY2020 will be severely impacted due to no major operation in April and plants expected to operate at 50% to 60% utilization for the balance period. We however believe that operating level will definitely improve by 15%-20% by next quarter. We are also currently focus and agile for all the possible option to optimize our production with cost rationalization. It is critical to manage liquidity and therefore we are deferring all our capex and becoming frugal in committing expenditure. Our low cost hedge and strong operational capabilities makes us confident to sail through these challenging times. Let Raman now takes you through the financial performance. Thank you.

Raman Chopra: Thank you very much Mr. Jalan. Good morning everyone and welcome you all in our Q4 FY2020 earning call. I wish all of you to stay safe and healthy in the current COVID-19 situation. Let me now start with a walk through for the performance for Q4 FY2020.

Revenue for the quarter is Rs.734 Crores as compared to Rs.915 Crores of Q4 FY2019, down by almost 20% mainly due to lower selling prices and COVID-19 impact. EBITDA for the quarter is 161 Crores as compared to 241 Crores of Q4 FY2019 and it is down by 33%. This drop is largely on account of again lower selling prices in both soda ash and spinning Lockdown impact and onetime marked down of Rs.20 Crores due to COVID in textiles. Consequently EBITDA margin for the quarter is 22% as compared to 26% for the same quarter last year.

The profit after tax for the quarter is 80 Crores as compared to 119 Crores of Q4 FY2019. EPS for the quarter stood at Rs.8.16 per share.

In the chemical segment we have recorded a net soda ash production of 2.5 lakhs tons during the quarter as compared to 2.59 lakhs tons in Q4 FY2019 which was mainly due to lockdown impact towards second fortnight of March.

Further due to oversupply and demand slowdown the soda ash pricing was down by 11% compared to Q4 FY2019. This has led to decline in revenue from 607 Crores in Q4 FY2019 to 519 Crores during the current quarter.

EBITDA for the quarter is 162 Crores in chemical segment as compared to 212 Crores in Q4 FY2019 owing to a drop in prices and COVID-19. EBITDA margin for the segment has come down to 31% as compared to 35% of the same quarter last year.

The textile segment was having improved performance due to Home Textile but spinning industry was impacted to US China trade war; however, Q4 FY2020 was impacted due to Covid outbreak. Revenue for the quarter is Rs. 214 Crores as compared to Rs. 308 Crores in Q4 FY2020. Revenue is down because of lower prices and Covid impact.

EBITDA for the quarter was negative 1 Crores as compared to 29 Crores in Q4 FY2019 this is mainly due to forex fluctuation and onetime cost considered for the potential markdown on a prudent basis.

The ROCE for the quarter is 17% and ROE is 19% on the trailing tweleve month basis. With our low debt equity ratio and strong cash flows we are confident to navigate this tough time in a comfortable manner. The house is now open for discussion and questions that you may have. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Thank you Sir. Question number 1 Sir regarding page number 26 presentation I am referring. Sir my prayer for good health of all our dignitaries, Sir I will request while starting my first question that all dignitaries if possible to present at the AGM that is we are the shoulders of the company, we have met in the previous AGM Mr. Jalan our Honorable Chairman Sir and Mr. Chopra and we wish that in the upcoming AGM if possible all the gentlemen whose photo you have given on page number 26 to be present on the AGM if it is possible keeping track on the COVID-19 situation so this was first request. Question number 2 Sir regarding page number 22 Sir promoter shareholding Sir what is their planning as far as increasing shareholding is concerned?

R.S. Jalan: Saket did you have some more questions.

Saket Kapoor: No there are 2-3, if you say I can give all the questions. **R.S. Jalan:** No if you want I can answer one by one and then you raise the question again.

Saket Kapoor: Yes Sir. Please go ahead Sir kindly.

R.S. Jalan: First one you said the presence of all the dignitaries or all the directors on the board to be on the AGM. Yes I would raise that and so that this time as the situation looks like this time the AGM will be on WebEx or on the not on the physical AGM probably every board member will be present on the platform. We have tentatively set a date of AGM on July 6, 2020 and hopefully everyone will be present in there. Coming back to point number 2, I think on the promoter holding I have been answering this question for a long period of time that probably this is the right question for the promoters, we as a management does not have any role to play in the promoters holding.

Saket Kapoor: Sir question is regarding our research and development cost as compared to total revenue, Sir if you can throw some light on it?

R.S. Jalan: Ms. Saket our research and development cost at this point of a time is not very significant as compared to our revenue because if you look at the basket of the product what we have if you look at the chemical though we have a small team of people to look at the various process improvements or those kinds of things that cost optimization and things like that, but we do not see any major possibility of a new product development into the soda ash space. On the Home Textiles surely as you have been noticing for the last 2-3 quarters you will see that lot of innovative product has been launched, but we are not booking those expense which are into the research and development, that expenditure goes into the normal expenditures.

Saket Kapoor: Right so on the fixed cost expense side, what is our fixed cost if we take soda as a Home Textile separately, what are our Sir on a monthly basis?

R.S. Jalan: If you look at the numbers, the numbers are in front of you so probably you can pick up the numbers from there and if any further details required on the fixed cost, we can have an offline discussion on that.

Saket Kapoor: Sir I think that the advantage of raw material lower raw material benign raw material prices have been purculated in the numbers so since the demand destruction has been clarified by your presentation in soda ash how are you seeing the raw material trends being?

R.S. Jalan: Very important question and before I answer this question, let me slightly take you the number which Raman has presented though when we compare this number of chemical vis-à-vis the same quarter last year you will see that there is a margins of around 4% against 35% of the EBITDA margin in Q4 FY2019 versus Q4 FY2020 the margin was 31%; however, if you compared this single margin vis-à-vis a Q3 2020 you will find slightly there is improvement in to the margin and this is primarily because of though on one side as our realization has gone down, but the cost has also gone down. Keeping that in my mind, my estimation is with the next quarter which is a Q1 FY2021 you will see that on one side this is the marginal drop in the prices of soda ash again; however, overall the gross margin on the soda ash will be slightly on the better side because raw material prices are slightly on the lower side. However because of capacity utilization EBITDA margin may be impacted because other fixed cost remains. Our focus at this point of a time is more on to look at the cost both, variable cost as well as the fixed cost and just to inform here to the participant that as on a prudent basis, management has taken a salary cut at the senior most level ranging from 30% to 10%; however, 92% of the people has not been impacted but 8% of the people which are the senior management, we have taken the salary cuts just to control the cost and similar exercises has been done in other cost as well.

Saket Kapoor: Congratulations on leading from the very front. Sir I was coming to this price trend. Sir if you could give some idea or color on the price trend from the December to the March quarter and then the trend currently prevailing in the soda ash?

R.S. Jalan: If you look at December 2019 quarter I have given that in that call itself that there will be approximately around 4%-5% price drop will be there; however, still be there will be able to maintain the margin I think that had become reality in March quarter. My estimation at of course as you know that the industry has just opened up in 10-20 days back gradually things are shaping up. At this point of a time, very clearly we cannot say but I do not see it is much reduction in the prices, possible if 2%-3% reduction of the prices will be there that will definitely be compensated from the cost of raw material.

Saket Kapoor: Last point on this expansion part Sir, so we were talking about this Greenfield expansion of 5 million going forward for which land was also acquired. What is the status on the same, how are we going to proceed their Sir?

R.S. Jalan: See first of all I wish that it should be 5 million it is 5 million it is 500,000 which is the India total demand itself is around 4 million so the Greenfield project which we were talking about for a half a million. Obviously because of this COVID situation, the entire plan will get postponed and like I said in my presentation that at this point of a time cash preservation is going to be most important and therefore probably the project of a Greenfield project will definitely take little longer time. In longer run yes that project will be completely viable but probably it will get delayed at least by year, year and-a-half. We will review this position after a year how to go about it depending upon how the situation shapes up.

Moderator: Thank you. The next question is from the line of Rajeev Agrawal from DoorDarshi Advisors. Please go ahead.

Rajeev Agrawal: Thank you for taking my question. My question is given the very cautious commentary that we have giving on soda ash and textile can you give some guidance especially in Q1 what should one expect for Q1 just so that we have a better understand of what to expect?

R.S. Jalan: Like I said Rajeev that in current situation the plant of chemical is roughly around where we had around 55% to 60% and the run rate of demand is also in that same range. Our expectation is in the month of June as well the situation will continue to be same range maybe 5% to 7% higher from here, so probably for the Q1 my understanding is you can see a kind of scenario in the chemical where demand or the production range will be around

55% to 60% kind of thing. Of course that will have some impact on overall EBITDA but in terms of gross margin, margin will better but because of the low run rate EBITDA margin should come down by around 4% to 5% this is what my initial guess. Of course very at this point of a lot of uncertainty there but this is what my best judgment will be there at this point of time. When I come to textile side as we all know the major markets for both spinning as well as for Home Textile because spinning is somewhere linked with the garments or the apparel or the Home Textile, so this segment will have slightly longer term impact probably you will not say very healthy numbers, in the Q1. Q1 and Q2 my understanding where the challenge in the textile will be slightly bigger but Q3 and Q4 thing should significantly improve. This is what my guess at this point of a time.

Rajeev Agrawal: That is very helpful. Would you say that for textile we will be EBITDA positive just to get a sense or will it be some of the breakeven like what is your expectation there?

R.S. Jalan: At this point of a time Rajeev, because it is very difficult for me to talk on the numbers but we are trying our best in that range of like you said. Just give a second to me if I could give you mild sense on this numbers which broadly we have kind of a chalked down. Probably I would say EBITDA will be in the range amount of kind of a break even kind of it.

Rajeev Agrawal: Now we also had a new domestic player coming with half a million capacity and this will scaling it up gradually what is the status on that player, how much have they have scaled up and how much additional capacity of soda ash do you think they will bring in financial 2021?

R.S. Jalan: Rajeev, if you look at the new players which have come in last year they produced something around 250000 tones so probably my sense is this year they will not be producing more than this. Reason is like I said overall the total there will be demand reduction of around 12% to 15% everybody including all the players will require to be kind of a scale down, currently like if you look at like we are running at 55% to 60% similarly those people the new player also running something in the same range, so I do not see there will be a major increase in the production during the year 2021.

Rajeev Agrawal: Got it. Did we request government around the ADD and especially on the soda ash, has been anything new development on that?

R.S. Jalan: Rajeev very, very valid point. Frankly speaking today morning itself we had a webinar with Commence Department of Government of India and we are pushing for many of the support for us as well as for the some of the consuming industries like as you know that the glass industry is really severely facing a brunt of construction and automobile so today we have a very fruitful discussion with the government officials where we are pushing few things. One we are pushing for ADD, which we have filed and early implementation of the ADD. We have also filed a subsidy application against Turkey. We have also filed a safeguard application to the government along that we also are pushing for the government for some kind of a restrictions either on the import or some kind of a tax on the import on certain based because as you rightly said some kind of because of the demand going down by 12% to 15% it will be imperative for the government to look at the support to the domestic interest and they are very considerate I would say that of course as you know that the government takes little time but hopefully things will be in place soon.

Moderator: Thank you. The next question is from the line of Aman Sethi individual investor. Please go ahead.

Aman Sethi: Thank you for taking my question. My question pertains to the soda ash and textile industry outlook as well as the sodium bicarbonate how does the management view on the demand recovery going forward and even some color on EBITDA per ton in this year as well as coming next year along with that I wanted to clarify the soda ash sales and production volumes this year versus the last year?

R.S. Jalan: Just to answer your questions in terms of overview of the soda ash as well as textile. I just said in my initial comments. Currently, the run rate of soda ash consumption is around 55% to 60% which will gradually ramp up, second quarter probably you will see 10% to 15% higher and the third quarter and fourth quarter it should be around 90% kind of rating. Overall, if you look at year as a whole of 2020-2021 we are estimating that the demand will be in the range of around 85% to 88% of the demand which has happened in the last year. This is the overview of soda ash. In terms of the price as I said, we expect that the prices should be slightly lower but not too much significant and to that extent the raw material prices should also go down. The margin gross margin should be in the same range as we have achieved in the last quarter FY2020. Coming back to the textile as I said first two quarters textile per say overall as an industry we definitely see a challenge, currently, our textile plants are running at around 50% and other than demand side given the labors availability also is an issue in the textile piece. Having said that my suggestion is the first two quarter will be challenging in this segment but next last two quarters should be much better than the first two quarters. How the number will shape out it is very difficult at this point of a time because you know the situation how the US opens up, how much the demand comes, because this is not normal situation, we cannot predict beyond the point. Have I left any questions which I need to answer?

Aman Sethi: Soda ash sales and production volumes Sir?

R.S. Jalan: If you look at the soda ash volume, we can give you soda ash volume what we have achieved FY2019 versus FY2020, which is roughly around if I look for year as a whole we have achieved roughly around 10,00,000 a million and I think GHCL is first time touched a million ton production against last year of 931000, that is almost around 70000-75000 ton which we expanded last year if you remember FY2019 we got almost around 80% of that had this impact of COVID-19 had not happened in the last two weeks of March, probably this number could have been in the range of around 90,000 tonnes.

Aman Sethi: Specifically on the Q4 FY2019 the soda ash sales production this year presentation is showing 2.59, last year's presentation is 2.59 and this year it is showing 2.49?

R.S. Jalan: I will clarify that. what we were doing was that we were showing the internal consumption, you see for producing soda ash you need to consume some soda ash for the various processes. Earlier what we were showing is we were showing the gross production and internal consumption was being shown as a cost. Now what we did is we have removed this and we have not, whatever saleable production that is only getting reported and just to give you the numbers against 249 of the production Q4 2019 in this quarter the production is 241, so 8000 ton is shortfall that is primarily adjusted because of the last two weeks of March 2020, because of this lockdown we have to taper down the production and from March 28, 2020 complete plant was shut down.

Aman Sethi: Okay that is it from my end. Thank you so much.

Moderator: Thank you. The next question is from the line of Andre Purushottam from Cogito Advisors. Please go ahead.

Sangeeta Purushottam: Good afternoon. This is actually Sangeeta Purushottam. My question was that given that soda ash is an import substitute have we seen a substantial part which was of the market which was led through imports, have you seen a substantial drop in the imports and is that anyway likely to benefit the domestic industry? Second question was that with this whole turmoil are there any insufficient capacities either in India or abroad that you expect to shutdown so that which may lead to existing players gaining share as we will go along?

R.S. Jalan: First of all let me give you the data for the last year. Last year the total import into India was around 940000 ton which is roughly around 23% to 24% of the total demand of India, which is quite significant. Going forward my understanding is the import is going to stay. import will continue; however, what is happening is now globally like China which is the largest producer in the world of out of the 70 million of the total production worldwide 30 million roughly around 28 million to 30 million gets produced only in China because their demand is tapering down, they are also reducing the production so they are trying to balance the moment they produce more and they want to dump in some other country they have a two threats one the price realization will be impacted and which impact their margin and similarly they can have a challenge antidumping or the government protections as you know this is COVID-19 lot of globalization issues are getting postponed and the countries are going to protectionism situation in the country wise, so every country producing countries they are trying to balance their demand and supply not trying to dump too much of material into the other markets. Similarly if you look at turkey where they produce something around both the plants put together they are roughly around 6 million ton. They are also exporting a large sum of that money. They are also trying to cut their production. I personally feel that this demand supply balancing will play in a reasonable manner which will not leads to any kind of dumping from one country to another country, that is going to be safe.

Sangeeta Purushottam: Are all the existing producers that we are affected by which is domestic as well as around the countries that India imports are all of them likely to survive?

R.S. Jalan: See it is very early to say speak about the global players, very, very difficult at this point of a time we are not aware about how the situation pans out in their country but in India all the players are very strong and I do not think any challenge in their survival.

Sangeeta Purushottam: Thank you.

Moderator: Thank you. The next question is from the line of Jatin Damania from Kotak Security. Please go ahead.

Jatin Damania: Now you have already clarified that 940000 tonnes import has come in India in FY2020 and you see the import trend continue. Do we think that the domestic capacity will further moderate like you said 55% to 60% will be operating the first quarter and if the situation does not ramp up as you are expecting do we see that the same situation continues in the second quarter also?

R.S. Jalan: No not really. I do not see that situation because you see if the demand coming down, obviously the import will also come down and one more thing I just want to highlight in the import the primarily the import which are coming in the other side which is huge in the glass segment and the hardest hit is the glass segment so obviously the import numbers will also come down, so I do not see any major twist on the projection which I just said to you are happening.

Jatin Damania: Sir on the pricing point as you said that there is further 3%-4% price reduction assuming that the detergent demand continues to grow I mean what we have seen because of the lower value trading probably which used to be higher content of the soda ash. If that demand ramp up is this feasible to see that prices that we have reported in this current quarter -3% will be a sustainable for the long-term or is there we see a further risk to it, because other than detergent we have not seen any significant improvement on the container glass also in the month of May?

R.S. Jalan: Two things. First that as you rightly said detergent side so we are seeing a ramp up in the demand because of the value detergents are getting more sold where the soda ash is higher side, that is why I said very quickly the entire apparel the production or the sale of detergent or the production of detergent quite low, but very quickly this has ramped up and now which has come to the level of 80% and we see very quickly this is going to around 100%. In terms if I look at the glass and I separate the glass in to two parts. One is a flat glass and the one is a container glass. Now the way that opening up is happening government has started opening the markets, we see that reasonably container glass demand will come in. we do not see a major reason that container glass demand will not come in, but flat glass as I said in my initial comments, flat glass will take some time because of the construction, because of the migrant labor issue, labor availability plus automobile these are two areas which will take some longer time and probably this will lead to kind of a slightly longer time will be required for the flat glass to ramp up. That is why I have given my estimation that overall in this 2021 the demand should be lower by around 12%-15%.

Jatin Damania: If you can help us in classifying the bifurcation in terms what is your proportion which goes to a detergent, glass the flat or container?

R.S. Jalan: If you look at the total soda ash demand roughly around 40% goes into the detergent. Glass all put together all three glasses one is a flat glass, container glass and bangles and other small, small things this put together around 29% all of this 29% roughly you can say 10% will be in the range of flat glass, roughly around 12%-13% in container glass. You can say and roughly around 2%-3% will be other bangles. Chemical which is again a very largest segment around 21% and this 21% is also gradually ramping up. There also we do not see a slow recovery. I will see a pretty fast recovery going forward in this segment, so reasonably my understanding is the demand ramp up will happen in the second quarter and surely in the third and fourth quarter significant improvement will be there in the demand barring flat glass.

Moderator: Thank you. The next question is from the line of Sachin Kasera from Swan Investments. Please go ahead.

Sachin Kasera: Good afternoon Sir. I had couple of question from textiles. One is this 10 Crores write off in US subsidiary. Can you explain what exactly is this?

R.S. Jalan: Sachin Ji surely we would like to explain you, very valid question. Raman can you explain this point?

Raman Chopra: Basically what has happened is as you must have seen there has been an overall impact due to COVID which has impacted the textile industry both India as well as overseas and our larger exposure is in the US market where there has been a severe impact of that so on a prudent basis what we have decided because of the overseas entities we have been making investment in our overseas subsidiary which is catering to some of the customers as well as the dot.com business in the USA. There has been a losses if you see in the consolidated accounts now to have a real evaluation we thought this is right time we should recognize the impact of that investment which we have made in that subsidiary and on a prudent basis we have got evaluation done and on a prudent basis we have taken knock down of Rs.10 Crores out of Rs.35 Crores which we had invested there and in addition to that we have done one more knock off on a prudent basis in textile, this is a 20 Crores one time knock off due to COVID impact and these are all write downs. There is no cash out flow as of now. This is done based on the prudent accounting norms.

R.S. Jalan: I just want to add what Raman says. I just want to highlight. At this point of time that we have started getting a demand from the consumers that we need to reduce the price and things like that is not, but however what we thought is that the way we see the business and the way we see the situation going forward, it is prudent at this time that whatever industry we have we should take a kind of provision 20 crores on that therefore this particular provision we have taken and this 10 Crores we have taken in the investment write off primarily because as Raman rightly said the investment which we made in our subsidiary and there is a loss in that subsidiary so we thought that it is prudent at this point of a time that we should make the account more logical from the valuation point of view.

Sachin Kasera: Basically there is a total 30 Crores write off in textiles, 10 Crores is below EBITDA which is the write off of the subsidiary and this 30 Crores which is above EBITDA, so this 20 Crores which is above EBITDA is netted off from revenue or it is raw material or it is part from other expenditure if you could just tell?

Raman Chopra: It is in the raw material cost.

Sachin Kasera: Raw material cost. Secondly Sir as you mentioned that for textile it will be more challenging at least for the next two quarters and we already announced the scheme of demerger so do you think that there could be some problem in that in the sense because the unit will be not doing well and maybe hardly break even and the debt that will get transferred so the bankers could have some objection to the demerger in the sense as of now, because of the huge cash flow in soda ash debt servicing is not an issue at all for us, but once demerged and if the textile is not doing well, then debt servicing of the textile unit would be issue and hence the banker could have some objection to demerger scheme?

R.S. Jalan: Personally my belief is we are definitely committed to this demerger and like because of this COVID we have not been able to properly go and represent to the banks, but my personal belief is that we are reasonably confident that we will be able to do this demerger. Maybe some challenge could be raised by the banker but totally because of the overall our situation in the chemical and textile probably we will be able to convince the bankers to accept this proposal.

Raman Chopra: Secondly Sir may I add here, when we talked about this EBITDA then that is only we are talking about in the first quarter that it would be kind of a neutral or break even EBITDA in the first quarter. We are not talking about that EBITDA will be for the year as a whole, for the year as a whole, will have significant EBITDA positive.

Sachin Kasera: Second question you mentioned that the top management has taken some pay cuts and all, so one if you quantify what is the type of saving the company could have from that and apart from this what are the initiatives that the company has taken in terms reducing fixed costs and if you could quantify that would be very helpful?

R.S. Jalan: Sachin, this is a very, very valid question. First initial numbers for the salary cuts which we had roughly around 10 Crores impact on year as a whole and this was only kind of a process by which we thought that some lead by example should be there. Similarly on the fixed cost like on the recruitment we have completely frozen. No recruitment. Even if some people are going or leaving we are not replacing those people. Complete ban on the travel at this point of a time. Similarly on the other overheads we are renegotiating all the contracts what we have on the fixed cost either on security or any cost fixed cost. So every cost wherever we have, we are giving a relook at and critically examine what is the possibility we have. This is on the fixed, similarly on this interest side. There also we are very aggressively working like the last loan which by taken by 7%. Interest cost as well as overheads everywhere we are focusing, we are there also, we are looking at to kind of reduce the number of people required particularly on the textile side. Everywhere where the possibility is there, we are reducing the cost. In terms of if I look at the major cost which is gross cost or the raw material cost, many initiatives we have taken of usage of that cheaper raw material in the soda ash production. Even on the textiles side, the renegotiating the yarn prices from the vendors, even packing material, everywhere wherever there is an opportunity we are looking every cost. There is a complete team focused on all the cost and day to day they are seeing to reduce the cost.

Moderator: Thank you. The next question is from the line of Madhav Marda from Fidelity Investments. Please go ahead.

Madhav Marda: Good evening. Sir just wanted to understand you said that demand could be down 15% approximately for the year, but our gross margin could still be better so I mean you are saying basically industry might not fight for market share, they are going to more disciplined is that what the outlook is?

R.S. Jalan: You see in a difficult time definitely self-discipline will be very, very important but this is what my understanding is that everybody understands because everybody has a fixed cost and everything probably we will understand that no point of fighting for the market at this point of the time. Like I said second quarter onwards improvement will start, third and fourth quarter normalcy will come, so I do share this point of a time there will be grab for such market share is my understanding.

Madhav Marda: Sir with the rupee depreciating are not imports getting disadvantaged so we should probably be gaining on them right, but you are saying that imports could just stay at the same level as a domestic producer do we have a big cost linked to US dollar or what has happened there?

R.S. Jalan: You are right. Two things on the rupee depreciation definitely that becomes the imports becomes costly and so surely that will have some advantage for the domestic player. Even frankly speaking here one thing also I am noticing at this point of a time even the consumers they are reluctant to import because they are so much uncertainty into the market that they do not want to commit for a long period because if you want to import you have to at least plan for two three months so that is also one of the reasons because of this probably the imports could definitely have some challenge. Coming to the second point what you said about cost yes. Like our energy is primarily coming from coal, outside India there definitely the cost will go up.

Madhav Marda: That would be for all the soda ash producers in India which should have this cost linked to dollar based coal is it or people local uset of raw material?

R.S. Jalan: Mostly, I would say this will have an impact on all some percentage here and there, but mostly it will be to everyone.

Madhav Marda: Sir if the antidumping duty does come in could that mean I do not what quantum it comes in at, but could that mean that imports sort of go in a way that could be possible right, then we just sort of ramp up and go to 100% or how would that work?

R.S. Jalan: If the antidumping duty comes, definitely that will help the domestic industry because that will definitely have an import parity or the import cost will be higher and this will definitely have an advantage to the domestic player because then they will be able to, import will come down and domestic players would be able to ramp up their production.

Madhav Marda: Any timeline on this? Antidumping duty you think by the end of decision could be made, any idea?

R.S. Jalan: Very difficult to at this point of time to comment the timeline, but we are very vigorously pursuing as I said in the call. Today morning itself we had a call with the Commerce Ministry. We are pushing from our side from the government to have early decision on this.

Madhav Marda: Got it. Okay. Thank you.

Moderator: Thank you. The next question is from the line of Resham Jain from DSP Investment manager. Please go ahead.

Resham Jain: Thank you for the opportunity. I had couple of questions basically on textile. We had seen this cotton price has continuously coming down in the domestic market, so started with around 40000 per candy and I think now it has 32000 to 33000 also, so this provision which we have taken this quarter around 20 Crores how much of it is because of the cotton price fall.?

R.S. Jalan: Very rightly you said in terms of the cotton prices had gone down from 40000 to around 33000-34000 candy and surely we have certain coverage of the cotton, but not 100% but we have certain coverage of the cotton. While taking this number of 20 Crores, we have not looked at item by item. On a prudent basis, we have taken the entire inventory of cotton, we have taken the inventory of finished goods, we have taken the inventory of Home Textile, everything put together we thought that it is on a prudent basis is 20 Crores frankly speaking, we believe it is reasonably okay of what we have provided.

Resham Jain: But Sir, this will be what percentage of the total? This is basically the inventory which you are carrying at all the stages within the company including the yarn business? Is it fair to assume that?

R.S. Jalan: But primarily the focus is more towards the Home Textiles, because the markdown and all those things are primarily being concerned from the Home Textile. So the major focus of 20 Crores is more towards the Home Textile.

Resham Jain: Because by March the prices were not down to this extent, has it further come down in this quarter from April and till now. In Yarn business do you expect to take MTM loss on the cotton which you are carrying?

R.S. Jalan: Surely, there will be because whatever the cotton we have covered, up to March, surely there will be an MTM loss. That is why I said this number when we have taken this 20 Crores where the major portion obviously from the Home Textile but still some portion of the cotton will also be there. My understanding is our confidence is not as high as that we have covered for the whole year and therefore includes a lot on the cotton, we do not see that.

Resham Jain: Sir, my second question is on the customer’s side on the Home Textile business. What we are seeing from the results which are coming from the US companies is that the large box retailers like Wal-Mart, Target, COSTCO, they are actually doing much better while the smaller departmental stores are closed and they are not doing well, so how are we placed on the Home Textile side in terms of the kind of clients which we are having because some clients are presumed might have a good traction, while some clients may not have so if you can give some colour on what is happening in the US market that would help us?

R.S. Jalan: Very rightly you said that to keep the retailers probably they are reasonably doing well during this lockdown, Target, Wal-Mart and COSTCO. Obviously these are the three players because of the food items into their stores and general merchandise in their stores they have remained opened and they are doing better than other players. All other players like discount stores or the other brick and mortar stores they are all having problems. We are not present in these three customers, Wal-Mart, Target and COSTCO. So our presence is more towards the other segment of the market like Kohl's, Bed Bath & Beyond, Europe like Sainsbury is one customer which is in the first category, so that way some Europe customers are in the first category but major portion is the US market, we are more towards the other leaders.

Resham Jain: Overall, with the kind of traction which we see the similar will not be applicable to GHCL is what you are saying?

R.S. Jalan: If the situation remains the same way what you just said that only these three players remain because after the lockdown will open and when all the stores get opened the scenario will be different. In the lockdown these two people were doing better. In my understanding once the lockdown is over and these people start opening the advantage to these three players probably will narrow down.

Resham Jain: Sir, one final bookkeeping question, the total debt which we are having, how much will be soda ash and how much will be textiles?

Raman Chopra: Let me just open the data. The total debt of 1240 Crores, the chemical side is around 770 Crores and the textile is around 470 and then we have a net debt on the net debt because we had almost 90 Crores balance, cash balance with us as of March 31, 2020 organic chemicals had around 665 Crores and the textile is around 460 Crores.

Resham Jain: Thank you very much. All the best.

Moderator: Thank you. The next question is from the line of Ridhesh Gandhi from Discovery Capital. Please go ahead.

Ridhesh Gandhi: Just a couple of questions; when you said that there is a slighter reduction in prices of soda ash, is this in rupee terms or in dollar terms?

R.S. Jalan: Certainly Sir, it will be on rupee terms, but not very significant as I said.

Ridhesh Gandhi: So effectively speaking, obviously the near term, you would see the impact being slightly higher because a lot of the consuming industries are not consuming, do you expect this to maybe normalized by let us say Q3, Q4?

R.S. Jalan: Certainly, like I said, first quarter the impact will be slightly on the larger side, gradually this will taper down, the demand will start improving in the second quarter, but I think the third and fourth quarter things should be normal.

Ridhesh Gandhi: Understood. The other question was that given that effectively it is an expensive commodity to effectively speaking imports and the percentage of imports is reasonably high, would not you and our ability to in an environment where overall… The question was given effectively it is an expensive commodity to actually import, would not you expect all of the reduction in demand effectively to be importers to take the hit on that?

R.S. Jalan: Mr. Gandhi probably I think what you are saying will be possible if some antidumping duty comes into play. Because globally also the demand is coming down, so the global players also at this point of a time, would not like to significantly exit from the Indian market because the strategic reason also like US. If you look at the current imports the major portion comes from US, and Turkey and these are the two countries which almost accounts for more than 50% of the total imports. For strategic reasons for them not to significantly exist from the Indian market unless there is a push because of the antidumping duty and things like that. The imports will come down, but not to the extent that they will completely exit from the market.

Ridhesh Gandhi: Sir, the last question on the write off of the 20 Crores which we have taken above the EBITDA line, so effectively on just being extra prudent and we do not expect any incremental and the write offs to happen in the coming year?

R.S. Jalan: Mr. Sanghvi, as you know that we have always been conservative in our approach on our accounting part because if you remember last quarter the MEIS benefit though that matter was not yet decided but on a prudence basis we removed that from our balance sheet. Similarly what we thought that there is a likely chance that some markdown maybe required by the customers on a prudent basis have taken that. Now at this point of a time, we think this is reasonably okay but as you never know that how the situation moves, but we have generally been conservative in our approach of accounting or taking care of the costs. I hope I have been able to answer your question, Mr. Gandh.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal Financial Services. Please go ahead.

Sumant Kumar: My question is regarding soda ash. So, what is the mix of your contract and spot sales mix for soda ash?

R.S. Jalan: Generally, out of the total demand, I would say that around 20% or 25% kind will be in the contracting demand, balance 70% to 75% will be in the range of around spot basis.

Sumant Kumar: Is the pricing steady for this contractual basis or how do we revise the quarterly basis or annual basis?

R.S. Jalan: It all depends on the customer to customer. There are some customers who have annual contracting is there and there are some customers where it is on a six monthly basis. Even some of the customers are on the quarterly basis. But major I would say six months and one year.

Sumant Kumar: This is across industry the contractual percentages vary across player to player?

R.S. Jalan: Yes, it varies from players to player, but not very significantly I would say because suppose if a customer because the large players they generally contracts with all two or three players they have a contractual obligation they state the same contracting for all the players, so support for Hindustan Lever, they will also go for buying from all the producers and their contracting conditions are the same. So, I would not say much difference between the various players in the contracting percentage. But yes sometimes 10% here and there could be possible.

Sumant Kumar: What is the debt repayment in FY2021?

R.S. Jalan: You are talking about debt repayment in FY2021? Raman do you have the data?

Raman Chopra: Around 160 Crores approximately.

R.S. Jalan: For the whole year?

Sumant Kumar: Yes.

R.S. Jalan: For the whole year, yes. Let me highlight here that in the last year we have reduced our debt by 137 Crores (net of cash) as today we have in the balance sheet roughly around 100 Crores cash to preserve the cash for the unprecedented COVID situation.

Sumant Kumar: Thank you.

Moderator: Thank you. The next question is from the line of Rohit Nagaraj from Sunidhi Securities. Please go ahead.

Rohit Nagaraj: Thanks for taking my question. Sir, in terms of inventory measurements, what is the current inventory in the system and will that have any impact on the subsequent demand for the quarter and going ahead?

R.S. Jalan: Like I said, if you look at the soda ash, we do not see any impact because of the inventory write down, but on the Home Textile as I said, we have already taken a prudent provision of around 20 Crores, so I do not see any major impact of the inventory in the subsequent quarters.

Rohit Nagaraj: No, I was talking about the soda ash inventory in the overall chemicals as far as the last quarter has gone by we were expecting in domestic inventory levels will reduce in FY2021 so have they gone up during the last three months wherein the demand was relatively weak or so?

R.S. Jalan: See, in terms of the inventory as on March 31, 2020 versus the inventory today I do not see any major reduction in the inventory.

Rohit Nagaraj: Sir, second question is in terms of the capex for FY2021. If we are undergoing reduction in the capex so what is the ballpark number that we are looking at?

R.S. Jalan: At this point of a time, I do not have a ready answer to this because like I said we will defer all the capex and we are shifting that capex wherever it is can be deferred. So probably the number will not be very significant. However, whatever the costs which we have already committed and the project is under implementation that will continue.

Rohit Nagaraj: So, what would be the maintenance capex because you will be deferring all the expansion capex, so maintenance capex for both the segments, approximately?

R.S. Jalan: At this point of a time, I do not think, because as I said the projections we have not been able to make and therefore at this point of a time, for me to commit any number on the maintenance side maybe the Q1 call when we have by the time we will have more certainty and then we will come back to you with this specific number.

Moderator: Thank you. The next question is from the line of Prerna Jhunjhuwala from B&K Securities. Please go ahead.

Prerna Jhunjhuwala: Thank you for the opportunity. Sir, wanted to understand the capacity utilization separately between spinning and Home Textile segments?

R.S. Jalan: If you look at today, frankly speaking spinning is roughly around 50% to 60% and Home Textile because of the labour issues it is fluctuating. So, roughly around 40% is the number but it is fluctuating.

Prerna Jhunjhuwala: Sir, in spinning which domestic is driving the demand to 50% or 60% or is it the export driven demand and similarly if it is Home Textile I would like to understand how is the order book position for the segment because as most of the stores that we are catering to as you said in the previous most of the supplies to departmental stores those stores are actually closed, so what is driving that 40% capacity utilization, I would like to understand that?

R.S. Jalan: In spinning the major focus is both on export as well as domestics because Bangladesh is one of our major markets and even Europe because Europe is also opening up, so we have focus on the Export market as well as the domestic market. All put together in spinning the combination of this export as well as the domestic market this is driving to capacity utilization. On the Home Textile front, as you very rightly said at this point of a time, the demand fluctuation is there but what we have seen is that in the initial beginning of the month some of the customers which have kind of postponed their supplies, not in the anticipation that stores are going to open they have started reviving those, cancelled or postponement order. I think because of this we see some improvement in the demands coming up and because of that the orders are coming from the export market.

Prerna Jhunjhuwala: So, this capacity utilization is order driven and not in anticipation?

R.S. Jalan: No, in the Home Textile we cannot afford to have order anticipation. We always do on a smaller thing, but let me clarify this point again in the Home Textile this percentage, which I said to you 40% is fluctuating quite a bit sometimes it is 20%, sometimes it is 50% depending upon, this is the current how these things will shape up in the next few weeks or next two months has to be seen.

Moderator: Thank you. The next question is from the line of Avinash Nahata from Aditya Birla Capital. Please go ahead.

Avinash Nahata: Thanks for the opportunity. My question is regarding the gross margin per tonnes and EBITDA per tonnes, so if I were to ask you for the last let us say 3 year for a period of 5-6 months on a stretch and where you are operating at a near optimum capacity so what has been the range of gross margin and EBITDA per tonnes on the higher side and lower side?

R.S. Jalan: Sorry we will not be able to share with you the EBITDA per tonnes because of obvious reasons. If any specific numbers required we can always look at an offline call. I can give you a kind of an EBITDA margin percentage. You must have seen that the margin is ranging from 28% to roughly around 35%. Q4 FY2019 our margin was around 35% on EBITDA margin, whereas in this quarter the EBITDA margins is 31% and if I take slightly longer period as you asked for the quarter by quarter it ranged from 27% to 30% to 32% to 35% in the last years and then started tapering down and it had gone as low as around 29% and now it is again around 31%, so it is ranging between 27% to 28% to 30% to 33%. If I take year as a whole because let me also clarify this margin percentage do fluctuate quarter by quarter but if you look at in terms of the year as whole last year our margin was roughly around 31% and this year also the margin is around 31% overall if half a percent here and there.

Avinash Nahata: Give me a sense on pricing since January till date for this calendar year 2020 where were the prices sometime in January when actually Chinese had problem with manufacturing and what was sometime in between when the consumers like Europe and US has problems and sometime now may when the recovery has started?

R.S. Jalan: I can give you a broader number on this again. In terms of realizations, if you look at year as a whole, first give me the year as a whole, it has gone down FY2019 versus FY2020 the prices had gone down by 2%. However if you look at the number today vis-à-vis the Q4 2019 the realization had gone down by 11%, huge drop. It was approximately in the range of around 21000 in Q4 2019 whereas now it is in the range of around 18500, so that means there is roughly around 11% drop in the sales realization. During this year every quarter the price drop was there and if you remember the last call which I had, I had indicated that in the January-March quarter there will be roughly around 4% to 5% drop and that has happened. I can just again give you Q3 2020 the numbers was roughly around 19400 now it is roughly around 18500, so that range of 5% drop has been noticed in the Q3 versus Q4. I think I was able to answer your question.

Avinash Nahata: So you are saying that across FY2020 it was an almost linear Rs. 500 a quarter fall ever since Q1, Q2 into Q4?

R.S. Jalan: I would not say that in the first two quarters the drop was not that significant. The drop has started in the third quarter and the fourth quarter.

Raman Chopra: Yes absolutely right and as you are rightly said for the year as a whole FY2020 versus FY2019 the drop is only 2%.

Avinash Nahata: Yes so that is in average realization basis so what are the prices now?

R.S. Jalan: As I said it is not very significantly different than the Q4 2020, but yes 2% to 3% drop is expected because this market has opened things will shape up, so maybe 2% to 3% further drop on Q4 versus Q1 FY2021 you can see a 3% drop again. But still I want to again highlight this drop will definitely be duly compensated by the cost reduction as well.

Moderator: Thank you. The next question is from the line of Ayush Mittal from Mittal Analytics. Please go ahead.

Ayush Mittal: Good afternoon Sir. Sir it is very appreciable to see that we have been able to maintain our margin despite the price fall and all those, but however when we see the stock price and whatever has happened in the market there has been a lot of value destruction because the promoter holding was less and it was pledged and earlier participant had also asked this question are there any thoughts to strengthen this part because this has been a big negative part of our company?

R.S. Jalan: Let me clarify this point. Let me clarify first this point. Promoter has not pledged as far as my understanding. I am not fully familiar but Raman can comment on this, but promoter has not pledged and there was no sale of the promoter shares. Raman is my understanding is correct or something?

Raman Chopra: Absolutely correct.

Ayush Mittal: In between there was an open market transaction I mean, shares were sold?

R.S. Jalan: No there was nothing relating to promoters. That is number one. Second is that you must have seen that come even a small buying promoter has done some small buying whatever I see from Banpose report. The promoter has bought some little bit volume on that. In terms of increasing the holding like I said in my earlier question also that is not our jurisdiction as a management. Our jurisdiction is primarily on how do I run the plant, how do we take care of our bottomline and I think there our responsibility lies and we will continue to do our job on that area.

Ayush Mittal: Given this concern which has been and the low valuation the stock has is it a more prudent thing that all the capex should be deffered for the next 2-3 years and the cash flow should be used to make higher payouts and do buybacks?

R.S. Jalan: You see in this year itself if you look at we have done one buyback and we have done earlier also one buyback, so surely we are looking at this potential and when there is a restriction from the SEBI that from one buyback to another buyback, there is a time gap is required, so surely that is a priority area for us and whenever the opportunity comes surely we are going to encash that opportunity of for creating the value for our shareholders.

Raman Chopra: To add to what you just said, this year along there is a payout to stockholders by around 158 Crores in the form of dividend and buyback.

Ayush Mittal: I appreciate that but given the low valuation the stock is I believe this has to further accelerated going forward as and when the longer disconnect remains given our performance?

R.S. Jalan: Surely we will do it.

Ayush Mittal: Rather than going for growth this should be more prioritized?

R.S. Jalan: Surely. Understand one thing, which is very important the ship on which we all of us arriving the growth of that ship is also very, very essential because if the ship does not grow probably that will not right, but yes a prudent mix of a reward to the shareholder and payout along with the debt. You see last year we made a cash profit of 520 Crores after the tax out of the 520 Crores how did we going to allocate on one side we reduce a debt by 137 Crores, we paid around 158 Crores for the shareholders and we also did a capex of around 237 Crores. We have done a fine optimization between these three things. Going forward like I said the way we look at so probably the priority to payout can be given slightly more.

Moderator: Thank you. The next question is from the line of Srinivas Seshadri from Mirabilis. Please go ahead.

Srinivas Seshadri: Thank you for the opportunity Sir. The first question pertains to your value added products within the chemical segment, you can just breakup of the 2200 roughly Crores of the chemical segment how much com from the sodium bicarb, salt and the other value added products, maybe some split between them sir and how they are growing and maybe what is the strategy to grow the value added products that is the first question?

R.S. Jalan: Very valid question that you raised about the sodium bicarbonate. Sodium bicarbonate if you look at two years back and now almost we have added a capacity something around 60% to 70%; however, if you look at in terms of the percentage of the overall the percentage of sodium bicarbonate is not very significant because we produce a million tonnes of soda ash whereas that we produce something around 60,000 tons so the percentage if you calculate it comes to only 6%, but definitely once we are selling the sodium bicarbonate which is now being also used as a cleaning agent for all fruits and vegetables the demand growth is likely to happen in the sodium bicarbonate and we are ready for the growth in that business but in terms of if you look at the percentage still it will take long to have a significant percentage in the total revenue of the sodium bicarbonate. When it comes to the other salt which you said as salt which is another division we have, which is again a very small division in our total scheme of things and I do not think that will also add up to a very significant percentage of salt business to overall turnovers of the GHCL or for the soda ash.

Srinivas Seshadri: What is the go forward strategy over two, three years because I mean ultimately the core business is very capital intensive to very good margins etc., while the downstream business may require some upfront working capital other investments but maybe over the long-term can be a good kind of a cash flow generator which can offset the capital requirement, so how is the management thinking on those lines from a long range planning perspective that was the second part of the question Sir? I will just finish with my question so that you can respond. On the demerger side, if I understood correctly about 700 Crores is the attributable debt which will go to the chemical part of the business just wanted confirmation on that and also whether after the demerger will there be any kind of related balance sheet funding arrangement between the two divisions any type of that sort or will they financially operate very independently with each other? That is all my questions Sir. Thank you.

R.S. Jalan: Very right Sir. Very, very valid question. First let me tell you in terms of the sodium bicarbonate I told you depending up on demand we will keep on adding the capacity in the sodium bicarbonate. In terms of the other consumer products where we have salt, which is a southern based manufacturing hub and we have certain other products where we market those products like honey and spices. We are growing that business. In terms of the percentage if you look at the percentage are very healthy of growth. However In overall percentage, that percentage is very, very low. We are not committing a large capital on building that brand for those products. We are trying to see that that business growth at their own so whatever the cash generates they generate and very small sourcing support from us, they gradually growth that, so we do not have any major aggressive plans of building that brand for a big volume now, we do not have honestly. Our focus will be more to utilize the cash like the previous question has been asked. How do we create a value by better payout, by better reduction of the debt and things like that? Now coming back to the second fund, which is said after the demerger we are clear in our mind on two things that after the demerger both the entities run completely independently. There are no baggage to each other in terms of the funding and things like that. In terms of the debt how much debt will get transferred to the demerged company? It will entirely depend at the time when the demerger gets impacted. At the time whatever the debt is there on that balance sheet on the textile business that will get transferred, but numbers depending upon when this approval takes place may change. Raman you would like to add anything in this?

Raman Chopra: You are absolutely right. What basically you asked is whether debt of 700 Crores will go to the chemical business? As I said as on March 31, 2020 the debt was around 665 Crores so whatever will be debt on chemical will remain in chemical and whatever debt is there in textile that will go in the textile as and when the approval takes place and there will be absolutely independently run. There will not be any financial arrangement to support the textile business

R.S. Jalan: Because the purpose of this demerger is also one of them that every business has to stand on their own feet.

Moderator: Thank you. The last question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: First question Sir is at the competitor had also posted the financials. Now for Q4 FY2020 if compare Q4 to Q4, I am seeing similar sort of a revenue drop in the range of 15% to 20% and I am referring to soda ash business, but the kind of drop that we had in our profitability seems to be much steeper compared to the competitor which has largely been able to maintain the absolute level of EBITDA so wanted to get your comments on that and then I will post another question?

R.S. Jalan: You see of course we have not yet done a comparison deep comparison of what exactly has happened, but the larger comparison once we have done because see my competition also had a various segment also right, so if I look at the chemical which is representing us, there EBIT margin is also dropped by 31% and whether it is our margin has dropped EBIT I am talking about by 27%. Our EBIT margin has dropped by 5% and their EBIT margin is also dropped by 5%. We are at 27% whereas they are at 23%. This number could be wrong as I told. This is our initial comparison which we have. I do not see that there is a kind of too much gap between their performance and our performance. We are still a margin leader and we continue to be a margin leader.

Sarvesh Gupta: Secondly on the again if I take the full year for FY2021 now if the antidumping duty does not come, is the understanding right that our volumes can drop by around 12% to 15% in the same range as the drop in the overall consumption or we will be able to garner more market share?

R.S. Jalan: No I think if the antidumping does not come, I think probably everybody has to take this brunt of 12% to 15% and you are right. You see today in the first quarter itself we will see a drop in the overall percentage, because they are currently running at only 60% and we estimate that in the next month we will be in the same range 60% to 70% kind of a range so these three months because April is also gone, because without any production in the month of, small production in the month of April, all these three months put together probably some drop you will see in the three month itself so 12% to 15% just to conclusion I would say 12% to 15% brunt will be there to everyone.

Moderator: Thank you. Due to time constraint I now hand the conference over to the management for closing comments.

R.S. Jalan: Thank you very much to every participant. Lot of valid questions and like I always been saying your questions definitely gives us a lot of outlook which gives us an opportunity of looking at the business slightly differently. Our endeavor is always try to be give you the answer which is we believe is the right answer and try to learn from you people to improve on our performance going forward. Thank you for participation.

Moderator: Thank you. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.