

January 31, 2022

माघ- कृष्णपक्ष- चतुर्दशी,  
विक्रम सम्वत २०७८

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

**BSE Limited**  
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1<sup>st</sup> 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 January 27, 2022**

In continuation to our earlier communication dated January 24, 2022 and January 27, 2022 regarding Investors' conference on January 27, 2022 and pursuant to requirement of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to attach copy of the transcript regarding said Investors' conference held with the management on January 27, 2022 for your reference and record.

Please note that copy of this intimation is also available on the website of BSE Limited ([www.bseindia.com/corporates](http://www.bseindia.com/corporates)), National Stock Exchange of India Limited ([www.nseindia.com/corporates](http://www.nseindia.com/corporates)) and website of the Company ([www.ghcl.co.in](http://www.ghcl.co.in)).

You are requested to kindly take note of the same.

Thanking you

Yours truly

**For GHCL Limited**



**Bhuwneswar Mishra**  
**Sr. GM-Sustainability & Company Secretary**



**“GHCL Limited  
Q3 FY2022 Earnings Conference Call”**

**January 27, 2022**



**ANALYST: MR. ROHIT NAGRAJ – EMKAY GLOBAL FINANCIAL SERVICES**

**MANAGEMENT: MR. R S JALAN - MANAGING DIRECTOR – GHCL LIMITED**  
**MR. RAMAN CHOPRA, CFO AND EXECUTIVE DIRECTOR - FINANCE – GHCL LIMITED**  
**MR. MANU JAIN - FINANCE – GHCL LIMITED**  
**MR. ABHISHEK CHATURVEDI - FINANCE – GHCL LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to GHCL Limited Q3 FY2022 Earnings Conference Call hosted by Emkay Global Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. 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 Nagraj from Emkay Global Financial Services. Thank you and over to you Sir!

**Rohit Nagraj:** Thanks. Good evening everyone and I hope everyone is in good health. I would like to welcome the management team of GHCL and thank them for this opportunity. We have with us today, the Senior Management Team of GHCL represented by Mr. R S Jalan, Managing Director and Mr. Raman Chopra, CFO and Executive Director - Finance along with the finance team. I shall now hand over the call to the management for their opening remarks. Over to you, Sir!

**R S Jalan:** Thank you everyone and warm welcome to the GHCL earnings call for the quarter ended December 31, 2021. Our CFO, Raman along with Manu and Abhishek from the finance team accompany me today. Our results and analyst presentation has been uploaded on the stock exchange and company's website. Concerns related to COVID-19 pandemic are not yet over and we would keep our guard up; however, the massive vaccination program in India has been effective against the pandemic and the impact of Omicron virus is expected to be lower than the previous virus. Economy has revived and we expect this positive development to continue going forward. Globally, soda ash trend is strong, demand has bounced back strongly and prices are firm. Supply has been constrained due to increase in the input cost and supply chain challenges.

China has now become a net importer of soda ash. In the Indian market, overall demand scenario has improved. Demand for flat glass, container glass and solar glass is strong. Detergent segment was slightly sluggish, which is now recovering. Supply was impacted as import into India has reduced drastically. As a result of this demand supply situation and the higher input cost, soda ash prices have gone up. We have been able to achieve higher realization and better margins. We expect the positive trend to continue through 2022. In the spinning business, demand for yarn remains strong, supported particularly by the garment segment. As a result, spinning mills are able to pass the highest cotton prices with healthy yarn spread. We have also benefited by our focus on customers product market expansion and value added products.



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On December 6, 2021, we have announced the sale of home textile business on a slump sale basis. This process is on track and we expect the transaction to complete on or before April 1, 2022. Post completion, we will be able to reallocate this capital to our core business with higher return profile. Our earlier scheme of the de-merger has been withdrawn with the decision of the sale of homes textile business. We have filed fresh scheme of demerger for chemical and spinning business. We expect this new scheme to be completed by around September 2022. We are committed to sustainable growth for our core businesses, chemical and textiles. In the chemical business, key drivers will be Greenfield expansion of soda ash capacity by 0.5 million tonne, a new bulk chemical at our Greenfield location. In specialty chemical to double, the sodium bicarbonate capacity to 120000 metric tonnes by September 2022 and debottlenecking through plant balancing, we are also focused on augmenting backward capabilities and digital journeys through AI and ROT. The spinning business, we are adding 40000 new spindle by June 2022, which will increase the volume by 20%. We plan to further add another 20% volume growth in the near future. We are also adding solar energy of 10 megawatts now and another 12 megawatts in the near future. With our existing wind energy of 25 megawatts, our total green energy footprint will hence enhance to 47 megawatts. This will lead to the cost competitiveness and better margin. Overall, we are well poised to capitalize various emerging opportunities across our businesses. I would now request Raman to share the quarterly financial performance.

**Raman Chopra:**

Thank you very much, Sir. Good evening everyone and a very warm welcome to all of you in our Q3 earning call for FY2022. I will share the financial highlights and segmental performance for the quarter ended December 31, 2021. The results of the home textile business have been disclosed as profit from the discontinuing business according to the figures for all the prior periods have also been reclassified and disclosed separately. So, revenue for the Q3 FY2021 from the continuing business came in at 1006 Crores as compared to 709 Crores in the corresponding quarter of last year. This is a growth of 42% on year-on-year basis. On a sequential basis, the revenue increased by 25% from 805 Crores in Q2 FY2022. EBITDA for the quarter stood at 251 Crores, which is a significant increase of 38% from 183 Crores in Q3 FY2021 and by 47% from 171 Crores in Q2 FY2022.

This represents an EBITDA margin of 24.9% for the current quarter as compared to 25.6% in Q3 FY2021 and 21.2% in Q2 FY2022. Profit after tax for the quarter stood at 163 Crores inclusive of discontinued business of Rs.10 Crores compared to 111 Crores in Q3 FY2021 and 109 Crores in Q2 FY2022 and this represents a jump of almost 48% compared to corresponding quarter of last year. This demonstrates a very strong performance across all the financial parameters due to strong beat in the underlying business. Let me know share the segmental perspective. In the inorganic chemical segment, we have reported revenue of 765



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Crores during the quarter, which is up by 45% as compared to 528 Crores in the corresponding quarter of last year.

EBITDA for the quarter stood at 182 Crores versus 148 Crores in Q3 FY2021, which translates into EBITDA margin of 23.8% for Q3 FY2022 as compared to 28% in Q3 FY2021. The reason for this strong performance in soda ash business is due to combination of volume growth by 12% and also due to price increases undertaken in the last few months. This led to a better margin increase in prices have more than offset the increase in input costs. The performance of textile business continues to be robust. As a result, revenue from the current quarter stood at 241 Crores as compared to 180 Crores in the corresponding quarter of last year and 233 Crores in Q2 FY2022. This translates into a growth of 34% on a year-on-year basis and 3% on a sequential basis. EBITDA came in at 69 Crores compared to 34 Crores in Q3 FY2021 and 65 Crores in last quarter.

This translates to a record EBITDA margin of 28.4% compared to 18.8% in Q3 FY2021. This is also due to strong demand for the yarn and high spreads despite elevated cotton prices. We have been able to achieve better realization due to our focus on product basket expansion and value added products. For the quarter, we generated 197 Crores in cash profit after tax. Our gross debt stands at December end stood at 618 Crores compared to 768 Crores at the end of FY2021. This represents a net debt to equity ratio of 0.2 times only. With this I conclude my comments and would now request the moderator to open the forum for questions and answers. 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 Resham Jain from DSP Investment Manager. Please go ahead.

**Resham Jain:** Thank you and good evening, Sir. First of all congratulations on great set of numbers. I had a couple of questions, so first is on the realization of soda ash, on an average versus Q2 to Q3, what has been our average increase in the realization of soda ash, if you can give a number?

**R S Jalan:** Approximately around 6000.

**Resham Jain:** In terms of the realizations increase which we have taken during Q3 because this will be average so some of this will be visible in Q4 as well, right?

**R S Jalan:** Yes, Resham, like I had said in the past also that the full benefit of the price increase, which we have taken, will be visible only in Q4 2022.



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- Resham Jain:** Understood, and Sir, just on the capex side FY2022 what will be your cash capex FY2022 and if you can what will be that amount?
- R S Jalan:** In capex approximately at around 400 Crores in FY2022.
- Resham Jain:** And 2023, Sir?
- R S Jalan:** Approximately around 300 Crores to 400 Crores.
- Resham Jain:** That is it because your Greenfield will start from FY2023, right?
- R S Jalan:** No, the process will start in FY2023; however, at least from now onwards it will 3 years, so real expenditure on the capex will start only after 2 years.
- Resham Jain:** In 2025, is it?
- R S Jalan:** 2024 onwards, the capex will be 2024 onwards.
- Resham Jain:** Does this mean with this kind of capex in the current cash addition on the balance sheet you will practically become like net cash because you will reduce your debt to the transaction which you have done?
- R S Jalan:** Yes, Resham, you are right on that.
- Resham Jain:** Perfect, Sir. Thank you very much and all the best.
- Moderator:** Thank you. The next question is from the line of Umesh from Kotak. Please go ahead.
- Umesh:** Sir, thanks for taking my question. First of all congratulations on a great set of numbers. Sir, just wanted to understand, now we are seeing a really strong prices of soda ash and we are getting benefit from both the demand is really strong as well as the supplies kind of restricted, can you give us some sense with regards to what capacity addition pipeline which is there in the global front as well as in India?
- R S Jalan:** See, globally we do not see any major capacity coming in near future at least in 2022 we do not see any, in 2023 some marginal expansion will take place in Saudi Arabia we are looking at one possibility 300000 tonnes, so broadly if I take all the global scenario 2023 probably will be in that range of around 500000 to 700000 tonnes which will be nowhere near to the



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demand growth so therefore even 2023 also we see a very strong year for soda ash demand like situation or the prices.

**Umesh:** Understood, so this basically 500000 to 700000 tonnes of capacity will start in 2023 and probably it will take about 18 to 20 months to operationalize, is that correct understanding?

**R S Jalan:** No, I am saying that maybe the new production may come in into 2023 may be around 500000 to 700000 tonnes , however, the total demand even if I say 2% of the demand growth which is a major demand growth, it requires 1.2 million tonnes extra production and on the other side, in the China there is a plant of 1.3 million has been just stopped, so overall like I said the way I look at 2023 is also going to be stronger.

**Umesh:** Understood and also capacity addition is happening on the India front?

**R S Jalan:** India front, right now we are not looking at many maybe some of the competitor maybe marginal de-bottlenecking may happen, but that will also happen in 2023 onwards only, in 2022 we are not seeing any new capacity committed.

**Umesh:** Understood, this is really helpful. Thank you.

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

**Kaushal Shah:** Thank you very much, Sir, for the opportunity. Sir, if you can throw some light on the spinning business, we were sharing that because of high cotton prices there was a little pressure from the buyers and there was some likely postponement even on the export front so even the yarn manufacturers were a little shaky about placing orders for the new cotton and we are waiting for possible cut in import duty in the current budget, so any colour on that, Sir?

**R S Jalan:** No, you are right on couple of thing and as we mentioned this in the past also currently, as Raman has said the margin of 9 months period in this year, the margin of spinning business were 28% and in a longer term perspective if you look at 28% is not a sustainable margin, so therefore surely the margin pressure is going to be visible going forward and probably the best way could look at around 18% to 20% margin in this business, this is what we are also expecting other business going forward, of course there are lot of volatility in the situation and we are also very careful about our cotton coverage and our selling of the yarn and therefore at this point of the time for me to say that how the cotton scenario will shape up,





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will be difficult, but my understanding is cotton this year is not likely to be very significantly down than the current prices which are happening right now because overall the crop price in India is around 7% lower than the last year, demand for the garment segment is significantly higher, lot of business from China is getting shifted to India because of that the garments is really doing well on that, so therefore the yarn demand is also good, so overall the yarn demand is good, cotton prices are very high and even the global cotton prices is also very high, so I do not see any reduction in the cotton prices even if the duty of 11%, which has been imposed in last budget even if that goes down I do not see any major reduction in the cotton prices. I hope I have been able to clarify your point.

**Kaushal Shah:** Yes, just going forward for the next let us say one year or so, do you expect us to move down to that number around 20% or our margins for the next one year or so if not at 28% we sustain at around 25% or so?

**R S Jalan:** I think you are right on that, I should not expect margin more than 20% and achieving 20% for the industry also will be a good number.

**Kaushal Shah:** Right, that was helpful, Sir. Thank you.

**Moderator:** Thank you. The next question is from the line of S. Ramesh from Nirmal Bang. Please go ahead.

**S. Ramesh:** Thank you and good evening. Hope all is well with you and your colleagues. Sir, first thing is just to understand the demand prospects and demand balance, can you explain the growth potential and incremental demand if you are looking at 2% growth, where do you see the incremental demand coming from for the global market and do see the demand supply in India because we understand that there is some additional capacity coming online in the detergent markets, so can give some perspective?

**R S Jalan:** See, if you look at from Indian perspective capacity hike already been absorbed by the market and today there is a tight situation, import had gone down to 50% and we in the near future we are not seeing that the import will go back to the normal level because globally there is a demand supply mismatch, so capacity has been absorbed, and frankly speaking today there is a shortage of supplies. In terms of the global scenario if I can say two things, one the 2% demand primarily comes from your glass and is bottle as well as flat glass and second also comes from the solar glass and it is a very conservative number if you look at last 15 years of the number also we will see that the growth will be more than 2%, technically conservative number even if the 2% demand growth is there the total requirement increase will be roughly



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around 1.2 million to 1.3 million tonnes. Like I said in India I completely clearly seeing the 2022 is going to be a very robust demand and supply restrictions will be there and prices will remain firm, prices can be firmer than what it is today and globally also I see based on our understanding that the price will be firm and demand supply situation will be in favor of the supply.

**S. Ramesh:** So, can you just confirm what is the current global production based on whatever information you had in terms of the capacity utilization or the actual production, we have done 60 million tonnes on a capacity of 71 million tonnes odd?

**R S Jalan:** Yes, 71 million tonnes is the total capacity, generally it is around 80% to 85% of average utilization comes in the global arena, so you can calculate of that basis that number of the production.

**S. Ramesh:** Sir, one last thought in terms of ratio between the textile division and your existing of chemical business based on our understanding of the chemical business seems to be a little more profitable, what is the rationale for 1:1 swap ratio unless you are expecting the textile business to be more profitable in future, what the kind of rationale for that?

**R S Jalan:** See, what we are doing, we are doing a vertical split and it is swap ratio for mirror holding, it is a every investor or every shareholder will get one share of textile and one share of chemical business will remain with them, so it is not a swap ratio per se, it is basically vertically split of the company.

**S. Ramesh:** Take care and all the best. Thank you.

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

**Riddhesh Gandhi:** Sir, congratulations on your numbers. Sir, you know with the amount of free cash flow we are generating combined with our asset sale for our textile business, we have been hearing with regards to the expansion and probably if you could maybe outline the plans for the utilization of the cash flow or then is the plan then to return the excess capital to the shareholders through dividend and buyback, so we are highly under leveraged in terms of our balance sheet?

**R S Jalan:** Your 100% right, at just point of a time we are highly under leveraged and in 2023 likely we will be net cash on the balance sheet, you are right, the allocation of these resources is very



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important and just in a profitable manner or in a responsible manner for us it is very, very important because you would have seen our last 10 years, so we want to be very responsible in our capital allocation and we want to be very careful of going for any new investments, having said that couple of things which are in our pipeline, one Greenfield project expansion, as you remember we very clearly articulated that we will never go more than 1:1 equity ratio, one of the largest capacity of planning is the soda ash expansion which is around 3000 Crores that is number one, second is sodium bicarbonate expansion we are doing, a continuous investment into the spinning business because you would have seen, historically if you look at our margins making phenomenally good in the spinning business, in the last say half years average is also around 18%, so we will continue to grow our business on the spinning, investment is through the green energy, soda ash backward integration, we have a lot of discussion going on, on the backward integration of the raw material, you have seen that the salt prices had gone up, so we are looking at some investment which is a salt, so that in future we secure the salt profit. Over and above two of the world's experts are engaged on identifying some of the biochemical as well chlorine and caustic soda base project, so these are the investment, which we are exploring and I can assure all the investors that we are very clear in our understanding is that under leveraging matter is the right thing, responsible growth is very, very important and you will see going forward the growth will come into the business.

**Riddhesh Gandhi:** Sir, the other question was with regards to you know we have been reading from actually press around sodium ion technology which could potentially replace lithium ion, etc., is this also another area, which we were looking at all or it not something we are looking at on the battery space?

**R S Jalan:** We are right now, like I said two of the experts we have engaged and they are looking at all the possibilities and we are in a very advanced stage of the discussion and once that is finalized then only we will be able to comment at which area we are finally going.

**Ritesh Gandhi:** Understood, Sir. Thank you and all the best.

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

**Rohit Sinha:** Thank you for taking my question and congratulations for the good set of numbers. So, some of my questions were already answered, so like on the power side what you are talking about there will be add in solar capacity so obviously our power cost has been increasing significantly last few quarters so post completion of the solar capacity, what sort of you can



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say margin improvement we could be expecting from this and where we are actually looking at the power cost to be stabilized for us going forward?

**R S Jalan:**

See, two things, one in both the business we handle separately, in soda ash the major increase in the power cost is in the soda ash, which is primarily because of the very high energy prices which is the coal prices or the coke prices, so the solar energy investment, which we are now talking about is not related to the chemical business and therefore this cost reductions or the increase will entirely depends on the energy prices globally, now having said that the investment in the solar energy, which we are talking about is only in the spinning business where currently we are almost around, I will give you some breakup of the number, overall we have almost around 47%, I am talking about spinning 42% of our current energy in the spinning it on the renewable energy adjacent to that we are also looking at another 20 megawatt if that happens it will become 54% that means after this 10 megawatt, which we have just recently approved it will become 54%, in adjacent to that we are almost around 12%, we are also securing wind energy on fixed price from the market on the long-term, our plan is we want to have 80% to 85% of the energy on the renewable basis and that will freeze our electric cost inflation, I hope I was able to answer your question on this.

**Rohit Sinha:**

Yes, Sir, so that means our soda ash business more or less will remain linked with the global coal prices or coke prices?

**R S Jalan:**

Yes, in that only the small investment we are envisaging on the solar energy or the hybrid energy, it will not be very significant and therefore that will surely be dependent on the global energy cycle.

**Rohit Sinha:**

Fair enough and secondly on this spinning business or the spindle capacity is right now around 185000 and 40000 is what we are going to add, so potentially and just to look at the numbers after adding this capacity, what sort of peak revenue would be expecting from this business?

**R S Jalan:**

See, my understanding like I had said just now if you look at this year in this 12 months period of this year likely revenue from spinning business. So 900 Crores in the spinning business revenue this year, now we are adding another 20% next year, which will be competing by June 2022 so that will add another 20% and in addition to that we are also exploring the possibility of another investment into this, to gradually first our plans is that we need to go to the level of around 1500 Crores to 2000 Crores in 3 years of time.

**Rohit Sinha:**

And Sir, in terms price pass on in this spinning business, how it works?



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**R S Jalan:** The spinning business is not that simple if I can say so, because entirely depends on the demand supply situation because we have seen that the margins, which in a typical way used to be around for us 15% to 18% and now gone to 28%, that is we have been to pass more of that increase in the cost, similarly it can also go down so that is what I would not say there will be linking between passing of the cost to the consumer in this business, but yes, one thing also looks to me the spinning business for the next few quarters or at least one or two years I see a strong demand and strong performance could be seen from the spinning business, but not to that kind of 28%, I said 20% to 22% kind of a margin should be expected out of this.

**Rohit Sinha:** That is all from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Anish Jobalia from Banyan Capital Advisors. Please go ahead.

**Anish Jobalia:** Sir, good evening. Thank you for the opportunity. In terms of the installed capacity of the total spindles in the industry, what is our GHCL's market share position, how would that be, how should we look at that?

**R S Jalan:** I do not think any percentage we can calculate easily because there are a large number of investments are there across India, but yes, I can say that if you look at 100 spinning mills, we will be one among the 25 top mills in India, we will be in the first 15, 16 the spinning mills our capacity will be captured there, but yes, larger player is 12 lakhs spindle also and we are only 2 lakhs spindles.

**Anish Jobalia:** Sir, what is the percentage of revenues in the spinning between quarter on quarter on synthetic yarn?

**R S Jalan:** That number I do not have right now, offline we can give it to you because we have the product basket, which are multiple of this, so at this point of time I do not have the number.

**Anish Jobalia:** Sir, moving to the chemical side, we had a fantastic performance in terms of EBITDA per tonne, so just wanted to understand it terms of the spot prices of the soda ash, you mentioned that what was average that we realized in the last quarter back of the calculation showed that it was close to 26000 to 28000 and also if you could comment on if the cost per tonne increase that we were seeing until the last quarter that has stabilized and given that how do we see the EBITDA per tonne panning out in the next quarter?



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**R S Jalan:** See like I just said in the beginning of the call, the realization is up by around Rs.6000 and overall EBITDA also higher, however, going forward this number will be better than this number, I can say to that extent because the full benefit of the price increase we have taken in the month of November will also be get reflected, there is a lot of annual contract or monthly contract, from January the new contracts has been done on a revised price, so you will see a good increase in the realization in the next quarter, and largely the EBITDA margin will also be better than what we have seen in this quarter.

**Anish Jobalia:** Sir, really good hear that, but as the cost inflation subsided or that continues what we saw in this quarter?

**R S Jalan:** See, my understanding at this of a point it is very typical to predict if this stabilize because energy prices are very volatile, but I do not see too much of impact happening in the third quarter as on fourth quarter because those raw materials at the great extend had been secured but there is some marginal impact because of the spot prices, but still the margin will be much better than this margins we have seen in this quarter.

**Anish Jobalia:** Sir, fantastic and all the very best for the next quarter followed by. Thank you.

**Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

**Saket Kapoor:** Sir, firstly thank you to the investor team for giving us a very revamp presentation at this time. The first point is about this debottlenecking exercise that we are going through and there would be an addition of I thing 50000 tonnes of soda ash, so that will happen in this quarter itself, the benefit will start flowing into our volumes or will it happen in the next year?

**R S Jalan:** No, it will happen in this quarter, Mr. Saket, in the fourth quarter and some benefit has already accrued in the third quarter also, just to share with the investors community that in the month of December we had the highest production of 100000 tonnes in the plant which were the highest in the history of the GHCL and I am sure that going forward also we will be able to demonstrate those kind of performance, so overall the benefits of the debottlenecking some had already come into the third quarter and full benefit will be coming in the fourth quarter.

**Saket Kapoor:** Right, Sir, you have spoken about the higher energy costs and then the impact from China, so barring these factors what are the factors that are supporting these prices and what according to you are the sector that will keep supporting them and key risk to them?



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**R S Jalan:** In terms of the support primarily the demand supply gap globally that is number one, second the supply chain cost of moving the material from one geography to another geography, these are the two factors which is supporting this demand supply or better realization at the better price, like I had said at this of a time in 2022 or 2023, we do not see too much of disruption happening in this. In terms of energy prices like I said that has already been passed on to the customer and hopefully in the future also we will be in a position to pass on this cost if there is any increase to the customers, hopefully, my understanding is 2022 is going to be stronger.

**Saket Kapoor:** Right, Sir and another point was that when we envisage this Greenfield project at that time the return ratios and soda ash realization and today's realization there is a change in terms of the factors was also supporting them with the solar panels demand coming up, which fuel gas demand also going to nurture out going forward, so how does the return ratio change today for a new Greenfield project, I mean to say new players moving into the sector going forward and are we taking too long for this project to happen or is that this generally happens for these large projects?

**R S Jalan:** It is, like I said it the pass also sometimes, it is not easy for a new entrant to come into this business because there is a lot of complexity in this business, raw material security, one project takes 5 to 7 years and the new competition, which are coming in the RSPL they took 7 years to complete the project, it is a long gestation period, in the beginning it takes lot of time to stabilize the plant, all those things are happening, it is not very easy for new players to come in very quickly into this business that is number one, second in terms of the timeline, since this kind of a project requires a lot of land, lot of approvals, long delivery period for the equipment, so generally these kind of a project take 5 years of time like you see in our case almost one-and-a-half to 2 years we have already spent on acquisitions of the land itself because we require 1000 acres of the land, still some portion of the land is still pending, some of the lands are still to be transferred in our name, and lot of approvals required from the government, keeping that into mind I think we are on a perfect timeline on implementation of this.

**Saket Kapoor:** Sir, if come to page #26 of your presentation, wherein for soda ash market outlook under the China it is mentioned that the price is significantly moderated due to higher inventory, no impact on global prices as logistic cost are very high, so what has been the price trends in China and if you could give the comparison between the Chinese prices and today's the landed prices for us?

**R S Jalan:** Two things, Saket, on one side Chinese scenarios have changed in few weeks and again it has changed again, latest information today is that it has gone down again, the prices was 2



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months back prices were much above than the prices which we have been selling into the Indian market, they were all almost around \$500 plus, moderately it has gone down to the level of where we are selling, so in terms of landed costs of Chinese product, we are at least for the time I do not see the feasibility happening at all, like I said China is less importer at this point of a time, so I do not see any possibility of a Chinese business coming into India, the logistic cost on China to India is more than \$100 to \$110 so Chinese product is absolutely not feasible to come to India.

**Saket Kapoor:**

Right, Sir and when you have spoken about this to capitalize on emerging opportunities across our businesses so for the soda ash we are looking for this flue gas and the solar panels, are these the only two big opportunities that we should be able to hold onto or are there any other segment also when we have used the phrase emerging opportunities?

**R S Jalan:**

See, sodium bicarbonate is being used in the flue gas statement, and that opportunity probably is gradually going to be exploded if I can say so, but it will take sometime recently NTPC has started the trial because the COVID that was stopped, they have started the trial and gradually this will start happening, we are also looking at creating a separate team for making the sodium bicarbonate at this facility chemical and the solution based supply to the customers, like I said these are the emerging opportunity, it will take time, it will not happen in one day. In terms of the solar glass, solar glass demand has already expanded in India, a lot of new capacity is coming into the solar glass and that will have a direct benefit to the soda ash, so there it is the demands scenario of the soda ash will change and that will help a better realization, better demand, and better margin. We have said that one is the soda ash expansion, sodium bicarbonate we are doubling the capacity, we are also looking at caustic soda and chlorine based solution, some bulk chemicals there are a lot opportunities we are looking at, but like again I am repeating we want to do the things in a more mature manner, more responsible manner and we will not look at one or two year scenario, we will be looking at a longer term scenario because the investment will be large and we have to look at in the longer term, which will make sense for the GHCL and we will remain within our core competency of chemical and spinning.

**Saket Kapoor:**

Sir, on ESG front lot of work I think had been done and you have also spoken in your presentation, annual report also, so are we looking for any ESG rating because now they are dedicated front that are technically bound to invest in high scoring ESG company, so where do GHCL stand on the same and on your vision part also, correct me earlier we have also came up with this idea of something like market cap vision also for 2023-2024, so are we sticking to any point on that front because I think this could be the best period for the soda





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ash players to achieve whatever vision we would have thought earlier, if you could throw some light and then my last one was in page #36?

**R S Jalan:**

See, on the two points, which you said on ESG, yes, our focus is there on compliance, we have done a complete scanning by some of the experts on our various parameters of the ESG as well as on the compliance, we have also hired expert on our climate change and like I said, ESG also we are focus on that, when this was get listed on that, that is the only way we will be seeing what we have any particular stage of listing, but yes, journey is there, because we are very clear and very focused on that for the success of the business for a longer term perspective, it is very important that we should be on the ESG side or on the compliance side which would be far above the normal law requirement, so that was one thing, second your question was on, what was the second question, Saket?

**Saket Kapoor:**

Market cap vision for 2023-2024, earlier we have envisaged something?

**R S Jalan:**

Saket, when we talk about the market capitalization, the two things which are required in the business and if you do that rightly automatically the shareholders like you will be rewarded by the company in terms the market capitalization, so market capitalization is the output of what we do and there are two thing, which are important and we are working on that and you have seen in over a period of last few years, 4, 5 years, we have delivered what we have promised, we have delivered performance more than what you people have expected that is one, second is growth, like I said we are focused on the growth in a very, very dedicated manner, the third, the overall creating and trust and respect for the organization and the compliance and the high standard of government, so this is that one area you have seen, there also we have scored over a period of time and our journey continues on that so we will deliver on compliance, we will deliver on the performance, on the growth and surely you people will see the vision of the company of creating a benchmark of market capitalization.

**Saket Kapoor:**

Thank you for answering all the points, last one point was also the raw materials security, how are we planning by, what percentage should be captive going forward in terms of both salt, limestones and other variables and the impact of the power and fuel on margins, which will be in a way going forward with the price hike and any price hikes we have taken for this month?

**R S Jalan:**

Two things, at this part of a time, in the month of January, we have not taken any price hike, on terms of the energy like I said energy very volatile, it is very difficult at this point of a time to say that how this will pan out, however, like I said this all cost increase has been passed on and our margins are better, in terms of backward integration of security to the raw



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material we are working on that, at this point of a time we have certain discussion which are happening, but nothing is concrete which we can share with you, but yes, focus is on that area.

**Saket Kapoor:** Right, all the best and also for the Greenfield projects, we hope to hear something more about it, more concrete about it in the near future and many people in the state of Gujarat are also moving into the ethanol story, so going forward how do our management team look our diversification for that, if not part of the story also. **Moderator:** Thank you. The next question is from the line of Andharey Purushutam from Cogito Advisors. Please go ahead.

**Andharey Purushutam:** Mr. Jalan and Mr. Raman first of all congratulations for a great set of performance which you have been putting in, you have our investors appreciation.

**R S Jalan:** Thank you.

**Andharey Purushutam:** Sir, I missed out a few minutes because I got disconnected from the call, but this is a bit of a follow up question on the global supply demand scenario, and I wanted you to comment specifically on whether, A. What is the export opportunity to China, B. What is the situation in terms of meeting demand from Southeast Asia and what is the situation in Turkey with respect to supply demand if you could give us some additional flavor on this and how it affects your business?

**R S Jalan:** See, in terms of I will go last question first in the Turkey, what has happened because the China was one of the big exporter to Southeast Asian market and the Middle East market and they have vacated that market and that has just captured by the Turkey people, second in Europe also the Turkish people had been able to capture some of the market because the demand growth is there, there is no new suppliers coming from the European market as well and they have exported some of the quantity to China as well, even US has also exported some of the quantity to the China as well, so in terms of the overall if you look at, of course some quantity of that will continue to be coming to India, but like I said we do not see any volume coming in from China, some of the volume is coming from Russia and Iran also to India and some of the volume coming from the US also, but overall which was around a million tonnes 2 years back or 900000 tones it is not almost 40% to 50% so because of this overall no new capacity coming in and the demand is growing, there is the overall globally demand supply situation, lot of exports and imports are not happening, in terms of your question about our possibility of export to Southeast Asia, in a smaller volume we are doing it, we are doing to Bangladesh also, we are doing to Southeast Asia, also we are doing to



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Nepal also, but our productions are in a way, we have to first service our domestic customers, what I say that is the last 2, 3 months we have been able to somehow make sure that the customers are being serviced in a manner so that they do not face any difficulty in the domestic space so keeping that into mind at this point of a time, I do not see any major exports required or should be done by the company to these market because your production will be fully consumed by the domestic consumers and that will continue to 2022 and like I said even 2023 also I see a similar kind of situation in 2023.

**Andharey Purushutam:** I was just curious that Turkey is so far logistically from China and Southeast Asia, how they still manage to profitably export to them?

**R S Jalan:** See, first of all let you know that they do not have their own consumption, they are to export, not they have to decide, which one is more profitable to them and where they can get a better realization, keeping that into mind, as they cannot dump everything in one market, so they are distributing something to China, something to Southeast Asia and Europe, and things like that. Two years ago they were supplying almost around 150000 tonnes to India as well, so depending upon the realization, depending upon the strategic call, they are distributing those product to the various market.

**Andharey Purushutam:** And just one final question, did you mention in the early part of the call that you are going to launch another chemical, which we has been in discussion, is there any flavor you can give us on this, the nature of this chemical, by when, etc., or it is too early to ask?

**R S Jalan:** It is too early to ask honestly because like I said some of the experts are working on that and probably in next few months we will be discussing with them and after that we will take a call on that and then once we take a call we will let you know.

**Andharee Purushutam:** Thank you very much, Sir.

**Moderator:** Thank you. The next question is from the line of S. Ramesh from Nirmal Bang. Please go ahead.

**S. Ramesh:** Thank you once again, Mr. Jalan, if you look at the demand from soda ash, glass, can you quantify the consumption and how you see the growth rate in the solar glass panels for the soda ash segment?



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**R S Jalan:** See, like I said I see a very significant demand growth in the solar because a lot of new investment into the solar glass is coming in and overall if I can say in the solar panel the demand in the next 2 years is going to be more than double.

**S. Ramesh:** Can we get some number?

**R S Jalan:** Right now I do not have the numbers, Ramesh, offline I can give you the details, on the glass side also, flat glass side also, like I said overall demand is very robust and every glass manufacturers are running at their full capacity and new plants of the glass are also coming into the market, keeping that into mind, my guess is around 6% to 7% minimum growth in the glass segment you can visualize going forward.

**S. Ramesh:** If you look at sodium bicarbonate, on the flow glass segment some sense in terms of what was the growth we can expect here for your sodium bicarbonate business?

**R S Jalan:** The sodium bicarbonate I said to you, that on one side sodium bicarbonates normal growth will be there number one, but flue glass treatment is one of the potential area which will explode if I use the right word, but it will take sometime because across the globe the people are using the sodium bicarbonate for flue gas treatment, however, India it has just started by NTPC and we are also working on the solution based offering to the customers and that yes, it will take sometime, but surely that will give a phenomenal growth in the sodium bicarbonate and that would become a more like a specialty chemical solution based chemical, and we are doubling the capacity which will happen in next 9 months from now.

**S. Ramesh:** Thank you very much and have a good day, thanks.

**Moderator:** Thank you. The next question is from the line of Chintan Chheda from Quest Investment Advisors. Please go ahead.

**Chintan Chheda:** Thanks for the opportunity and congrats on a great set of numbers. Sir, my first question is about export, what export that we have done during the quarter and what is the volume?

**R S Jalan:** Right now I do not have a specific number, but it will not be very significant.

**Chintan Chheda:** And secondly Sir, what is our total power capacity as of date and post demerger how will this power capacity split up between your textile and chemical business?

**R S Jalan:** See, power capacity of every unit has a separate power capacity, like if you look at in soda ash it is a 100% own generation of power in the soda ash plant which is a captive generation



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and spinning had its own power like I just said we are largely on the green energy where approximately our requirements is around 15 Crores unit and out of that like I said after this 12 megawatt we will be around 54% will be our own generation and textiles has separate power these are nothing to do with interdependent of any unit with anyone.

**Chintan Chheda:** So, for soda ash everything is coal base, right?

**R S Jalan:** Yes, everything is coal base, coal are ignited.

**Chintan Chheda:** And how much would be back capacity?

**R S Jalan:** Raman, can you answer this question?

**Raman Chopra:** Around 40 megawatt is the current capacity, we will see from debottlenecking some more will be added, so all in all probably we will reach around 45 megawatts.

**Chintan Chheda:** And this is sufficient for 100% utilization of our soda ash plant, Sir?

**R S Jalan:** Yes, 100%.

**Chintan Chheda:** Thanks for answering my questions.

**Moderator:** Thank you. The next question is from the line of Arvind an Individual Investor. Please go ahead.

**Arvind:** Sir, just one question, if the shipping transport normalizes will import also normalize and it will go back to the normal imports that we had earlier or there is some change where import will always be lower than what it was pre-COVID?

**R S Jalan:** See, Mr. Arvind, two things I just want to highlight, like I said just now, this overall demand growth in the globe and the supply, no new supply is coming in and that will definitely will reduce the import to India in spite of that the supply chain cost comes down that is number one, second yes, in India also the demand growth will happen so even if some volume growth or import increases that also will not impact the overall supplies or better pricing from the Indian manufacturers, overall at least like I said we do not know for a longer period of time, but at least for 2022-2023, we see a phenomenal growth in soda ash demand and overall pricing.



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**Arvind:** Sir, is it possible to indicate various source of imports in India and percentage wise, which is the largest source of import?

**R S Jalan:** Readily I do not have number, but I can give you the country wise, country like I said some of the quantity is coming from Iran, some of the quantity is coming from Russia, some of the quantity is coming from Turkey, some of the quantity is coming from Europe and some of the quantity is coming from the US and approximately our estimation this year the volume will be the range of around 400000 to 500000, which is almost around 50% of the normal volume.

**Arvind:** But generally the largest contributor of imports pre-COVID, which country was the biggest to India?

**R S Jalan:** Pre-COVID, it was Turkey and US.

**Arvind:** And this will be around 50% probably or any ballpark?

**R S Jalan:** I do not want to guess the number, I can give you offline the number, specific number I do not want to guess the number.

**Arvind:** Great. Thank you very much.

**Moderator:** Ladies and gentlemen, due to time constraints, we take that as the last question. I now hand the conference over the management for their closing comments. Over to you!

**R S Jalan:** Thank you Rohit and overall as I said we are always going to work on 3 pillars, one the growth which like I said we are already working on various possibilities, second is performance because one thing, which is in our control is basically to improve our cost structure, lot of work to be done on the cost efficiency and like I said IOT based technology, so our focus is always going to be becoming more competitive be it soda ash, in the spinning like I said, two things we are working, one is value added product and the second we are also working on volume growth there also and green energy, everywhere our focus is more to become more competitive and our growth revenue. Your questions and your support is always help us to improve over a period of time and we will continue to do our journey and create our trust and your respect will be much valuable to us. Thank you very much.



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**Moderator:**

Thank you. Ladies and gentlemen, on behalf of Emkay Global Financial Services, that concludes this conference. We thank you all for joining us. You many now disconnect your limes.