*We believe – Respect, Trust, Ownership and Integrated Team Work leads to Business Success*

# GHCL Limited

## Investor Presentation

**January 2017**

# Business Segments Overview

**Revenue Contribution** | **EBITDA Contribution**

## Inorganic Chemicals

Revenue Contribution: **59 %**

EBITDA Contribution: **75 %**

### Inorganic Chemicals Segment

- Among Top 3 Soda Ash Players with 8.50 MT Capacity and RBC of 0.30 Lakh MT
- Catering 1/4th of Indian Soda Ash Demand
- Strong FMCG presence in South India with edible salt. Expanding market reach by adding new geographies and product basket.

## Textiles


Revenue Contribution: **41 %**

EBITDA Contribution: **25 %**

### Textiles Segment

**Spinning**

175,000 Spindles
3,340 Rotors

**Weaving/ Knitting**

12 million meters pa
162 air jet looms

**Processing**

36 million meters pa

**Finished product**

30 Million meters pa

* Based on 9M FY 17

# Professional management…

### Managing Director

**Mr. R. S. Jalan**

**30+ years experience**

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

### CFO & Executive Director

**Mr. Raman Chopra**

**25+ years experience**

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

### Marketing Head, Soda Ash

**Mr. Sunil Bhatnagar,**

**30+ years experience**

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

### SVP, Home Textiles

**Mr. Neeraj Jalan**

**18+ years experience**

- A self motivator, he is instrumental in building this vertical
- Qualified Chartered Accountant

### COO, Soda Ash

**Mr. N N Radia**

**30+ years experience**

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

### SVP, Spinning

**Mr. M. Sivabalasubramanian**

**20+ years experience**

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


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» Q3 FY17 Financial Highlights
» Inorganic Chemical Segment
» Textiles Segment
» Financial Annexure

# Major Achievements during the quarter…

GREAT PLACE TO WORK®

- In Survey 2016, GHCL has been certified as "Great place to work".
- Scored immensely in all 5 categories (Credibility, Respect, Fairness, Pride and Camaraderie
- In Some of its scores we have exceeded the score of the average of the India Top 50 companies as well


- Awarded "SILVER category" in Manufacturing Excellence Award 2016 conducted by Frost & Sullivan
- The award aims to recognize the efforts of Indian manufacturing companies in enhancing their manufacturing and supply chain excellence to meet global standards.

dun & bradstreet

GROWING RELATIONSHIPS THROUGH DATA

Top 500 Indian Companies

- Moved to 211 Ranking against last year 246 in Top 500 Indian companies.

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# Moving ahead on path of wholistic growth

| Growth Momentum | Rewarding Stakeholders | |
|---|---|---|
| **Soda Ash**<br>Capacity expansion by 1.25 Lakh MT | Share Buyback | Maximum Size : Rs. 80 crore<br>Maximum Price : Rs. 315/-Share<br>Mode : Open Market Route |
| **Textile**<br>Processing Capacity 25% expansion along with modernization in Spinning | Interim Dividend | Rs. 1.5/- Per Share |

# Year-on-year growth in Q3 FY17

**-7%** ↓
**Revenue**
Rs 662 crore

**3%** ↑
**EBITDA**
Rs 163 crore

**230bps** ↑
**EBITDA Margin**
25%

**9%** ↑
**Profit Before Tax**
Rs 109 crore

**21%** ↑
**Profit After Tax**
Rs 81 crore

**EPS**
Rs. 8/Share

Based on Standalone Financials

# Year-on-year growth in 9M FY17

**4%** ↑
**Revenue**
Rs 2,100 crore

**17%** ↑
**EBITDA**
Rs 540 crore

**300bps** ↑
**EBITDA Margin**
25.7%

**42%** ↑
**Profit Before Tax**
Rs 372 crore

**53%** ↑
**Profit After Tax**
Rs 274 crore

**EPS**
Rs. 27/Share

Based on Standalone Financials

# … with improving financial indicators

| Net Debt / EBITDA | Net Debt / Equity | Total Debt (Rs crore) |
|---|---|---|
| 1.77 ↓ | 1.00 ↓ | 1,276 ↑ |
| From 1.90 in Mar'16 | From 1.17 in Mar'16 | From 1,244 cr in Mar'16 |

| Return on Capital Employed* | Return on Equity* | Cash Profit after Cash tax (Rs crore) |
|---|---|---|
| 23% ↑ | 28% ↑ | 351 ↑ |
| Q3 FY 17 | Q3 FY 17 | 9M FY 17 |

Standalone Financials

- ROCE calculated as - Trailing 12 Months (TTM) EBIT/ (Total Debt + Shareholders Equity)
- ROE calculated as - Trailing 12 Months (TTM) PAT/ Shareholders Equity
- March figures reclassified based on opening Balance sheet under Ind AS

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# Sustainable inclusive growth

**Enabling Healthy Agricultural Practices**

- 650+ farmers in 43 villages were provided organic manure at 50% of cost.
- We make sure more than 1,600 hectare of land is free from harmful chemical.
- Drip/Sprinkler Irrigation implemented in 44 villages benefiting 1120 families.
- Promoting SYM Biogas units for renewal energy along with slurry for farming.

Skill India
कौशल भारत - कुशल भारत

**Women Empowerment & Skill Development**

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

स्वच्छ भारत
एक कदम स्वच्छता की ओर

**Village Sanitation**

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

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# Sustainable inclusive growth

**Education**

- More than 4500 students being educated in 27 Villages from Pre-school to Graduation.
- Motivating masses to pursue regular attendance in schools.
- Under Vidya Jyot Project,  promoting education for village kids with LEP inputs

**Promoting Rural Health**

- Impacted over 50000 lives through various heath initiatives like Eye Camps, Cataract, Spectacles consultation and medicines
- Creating awareness for Cancer detection along with Gujarat Cancer Research Institute.
- Free Medical checkups every Sunday for rural health awareness.
- Dedicated Mobile Ambulance Vans are run at various villages.

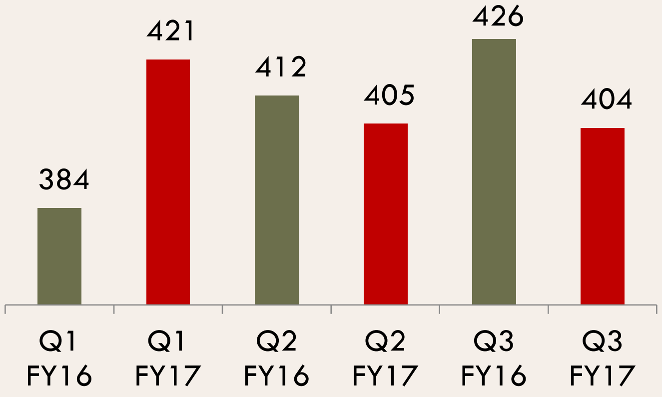
**Environment & Sustainability**

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

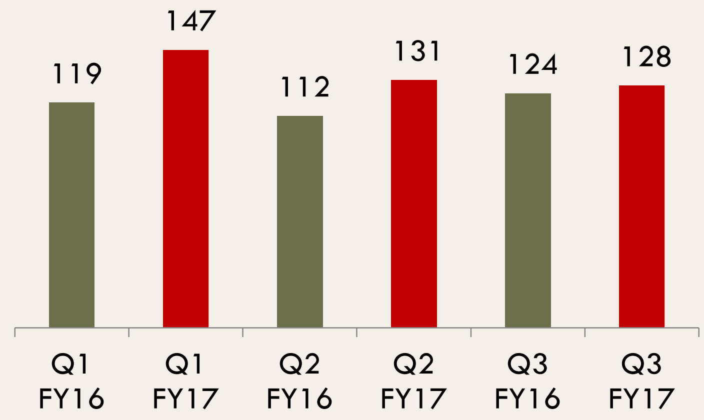
- Q3 FY17 Financial Highlights
- **Inorganic Chemical Segment**
- Textiles Segment
- Financial Annexure

# Margin leadership in the industry

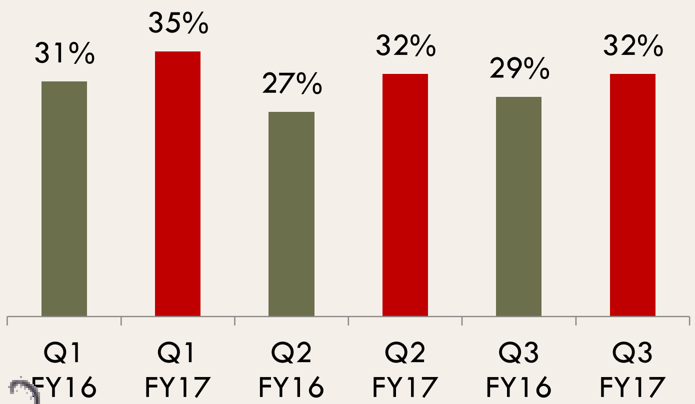
## Revenue (Rs Cr)



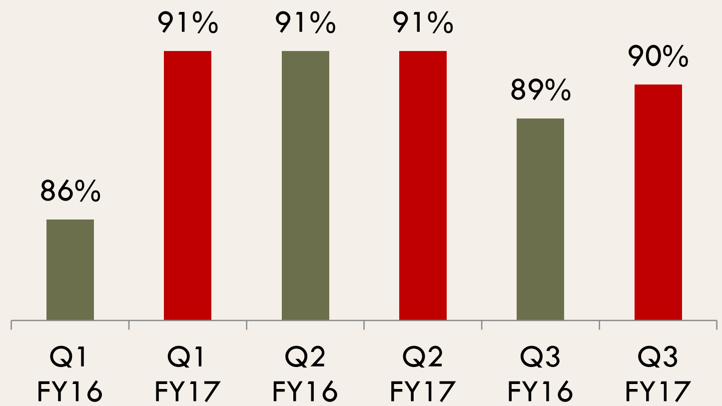

## EBITDA (Rs Cr)




## EBITDA Margin




## Capacity Utilization




**Production**

- Achieved 90% Capacity Utilization despite Annual Shutdown
- Impact of Shutdown is around 15000 MT

**Revenue**

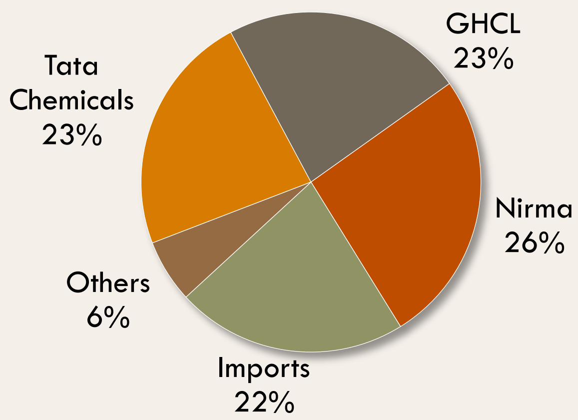
- Demonetization impacted Volumes by about 11000 MT
- Built in Inventory to be realized in Q4 FY17

# Leading manufacturer of soda ash with 8.5 L MT capacity

## Key Highlights

- *Capacity of 8.5 Lakh MT (27% of domestic capacity)*
- *Highest capacity utilization – 90% in Q3 FY17 (Considering Shutdown)*
- *Best EBITDA margins in industry*
- *Building operational efficiencies through Six Sigma projects, Cost reduction initiatives, Process Innovation methods*
- *Brownfield expansion of 1 Lakh MT in progress to complete by Q4FY17 , 12% volume growth for next year*

## Market Share (Total Demand 3.3MMT)




## Clients

Hindustan Unilever Limited

P&G

MODIGUARD GLASS - MIRROR

HNG

FENA BETTER PRODUCTS, CLEANER WORLD

SAINT-GOBAIN

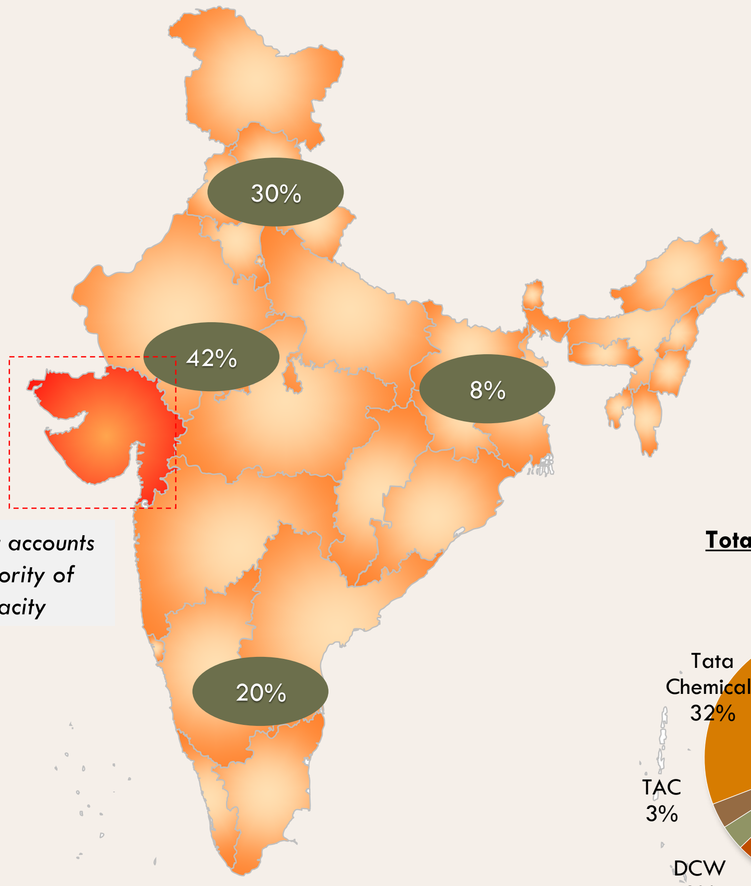
GUJARAT BOROSIL LIMITED

PATANJALI

# Soda ash industry overview

## Domestic Demand and Supply

**72 % of demand from North and West India**

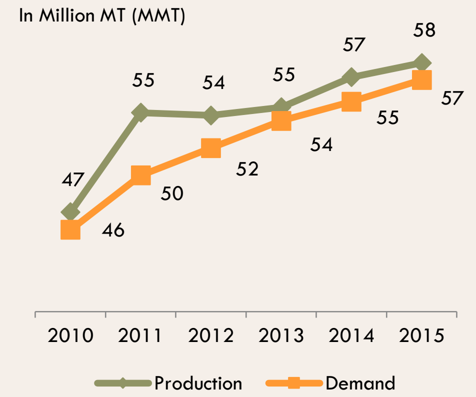



*Gujarat accounts for majority of the capacity*

## Unlike Commodity

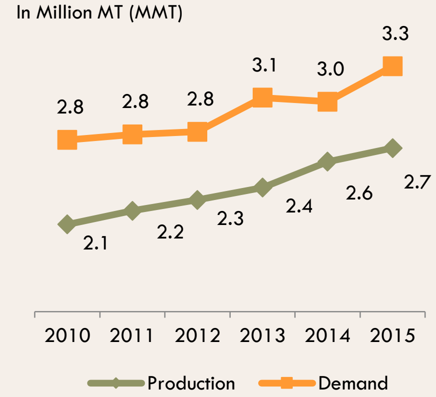
**Global Market**

Production: 4% CAGR
Demand: 4% CAGR

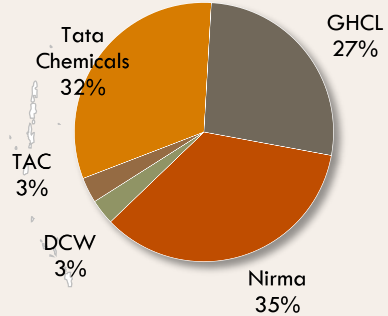



**Indian Market**

Production: 4% CAGR
Demand: 4% CAGR




**Total Capacity 3.1MMT**




- *New Capacities of 0.5 MMT are coming in next 2-3 years.*
- *0.3 Mn MT from GHCL and Nirma to begin in Q4 FY17.*
- *Expected soda ash demand growth of 4-5% to absorb additional supplies*

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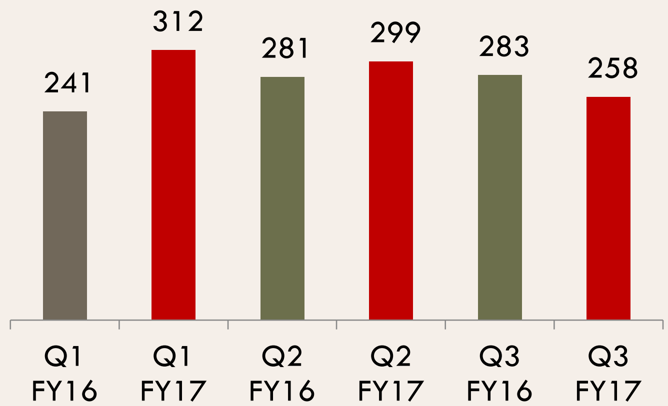
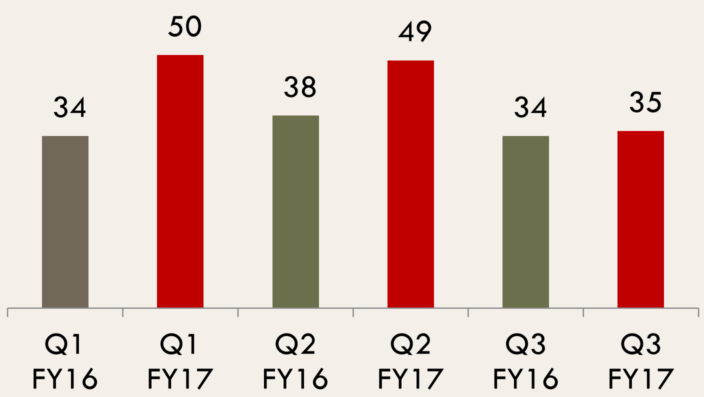
- Q3 FY17 Financial Highlights
- Inorganic Chemical Segment
- **Textile Segment**
- Financial Annexure

# Consistently improving margins

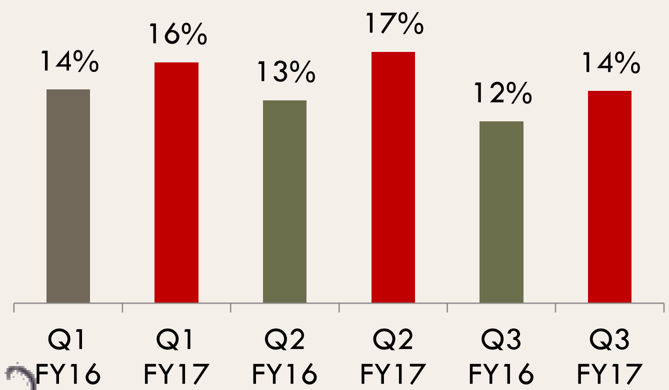
## Revenue (Rs Cr)



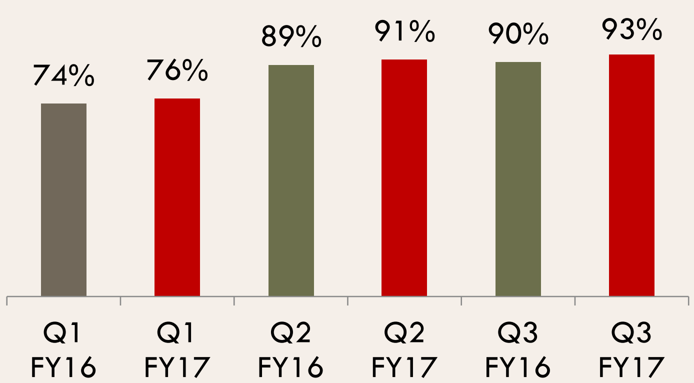

## EBITDA (Rs Cr)




## EBITDA Margin




## Capacity Utilization (Processing)




**Revenue**

- Rescheduling of a shipment resulted in lower revenue by Rs. 26 crore.
- Material to be dispatched during Q4 FY17

**EBITDA**

- 2% Margins increase as compared to Q3FY16.
- Drop in Margin as compared to Q2FY17 is mainly due to benefit of Wind power not available this quarter

# Emerging home textiles player

## Vertically Integrated

- Presence across the value chain from spinning to processing
- State-of-the-art home textiles facility at Vapi
  - Best of plants and equipment sourced from Germany and Japan - Beninger, Kuster, Monforts
  - Flexibility to process both cotton and blended fabrics
- Integrated with best in class spinning facility and captive power
  - Compact spinning and valued added yarn capacity
  - 175k spindles
  - 25MW windmill capacity

## Diversified Product Range

**Sheeting**

- Sheet
- Duvet
- Bed Skirt

**Filled Articles**

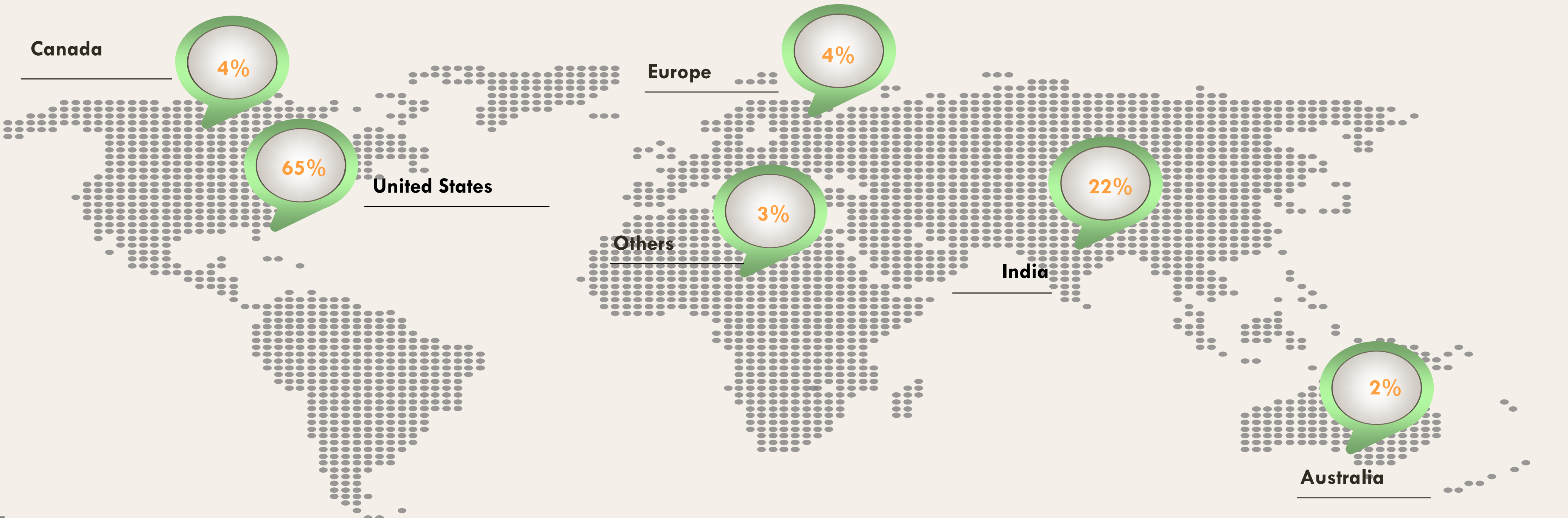
- Quilted Flat Sheets
- Comforter and Comforter Shells

**Pillows**

- Pillows
- Shams
- Cushions

- *Capacity - 36 mn meters of processing; 12 mn meters of weaving; 30 mn meters of cut & sew*
- *Improving capacity utilization – 86% in 9MFY17 from 83% in FY16*
- *Improving EBITDA margins – 15% in 9M FY17 up from 13% in FY16*
- *Adding Prominent Customers to our Marquee Clientele and building strong Presence in Market Place*
- *Focus on de-bottlenecking, increase in in-house cut & sew capacity for capacity and margins optimization*
- *Strengthening Organization Structure to accelerate growth and build operating efficiencies.*

# Geographical spread in Sheeting Business




## Marquee Home Textile Clients across Globe

BED BATH & BEYOND
HOUSE OF FRASER SINCE 1849
Revman International Great Brands, Real Lifestyles, Quality Product for the Home.
Walmart Canada
THE WHITE COMPANY LONDON
JCPenney
TARGET
Sears
canningvale
Tuesday Morning
amazon.com
Gallery
AUSTRALIAN WEAVING

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

* Based on 9M FY17 sales mix

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» Q2 FY17 Financial Highlights

» Our Business Philosophy

» Inorganic Chemical Segment

» Textiles Segment

» **Financial Annexure**

# Profitability highlights

*In Rs crore*

| Particulars | Q3 FY17 | Q3 FY16 | % Change | 9M FY17 | 9M FY16 | % Change |
|---|---|---|---|---|---|---|
| Sales | 662 | 708 | -7% | 2100 | 2026 | 4% |
| Operating Expenses | 499 | 550 | -9% | 1560 | 1564 | 0% |
| **EBITDA** | **163** | **158** | **3%** | **540** | **461** | **17%** |
| *EBITDA Margin* | *24.6%* | *22.3%* | *230BPS* | *25.7%* | *22.8%* | *295BPS* |
| Depreciation | 22 | 20 | 9% | 65 | 60 | 3% |
| **EBIT** | **141** | **138** | **2%** | **475** | **401** | **18%** |
| Interest | 32 | 38 | -16% | 100 | 125 | -20% |
| Exceptional Items | - | - | | 3 | 14 | |
| **Profit Before Tax** | **109** | **100** | **9%** | **372** | **262** | **42%** |
| Tax | 29 | 33 | -14% | 98 | 83 | 18% |
| **Profit After Tax** | **81** | **67** | **21%** | **274** | **179** | **53%** |
| *PAT Margin* | *12%* | *9%* | *277 BPS* | *13%* | *9%* | *422BPS* |

Standalone Financials

# Efficient cash flow management

## Achieved a Cash Profit of Rs. 351 crore in 9M FY17

Increase in Working capital (74 crore)



SHAREHOLDERS

सत्यमेव जयते

- **Spent Rs. 268 Crore on growth projects**
  - **Inorganic – 206cr**
  - **Textiles - 62cr**
- **Soda Ash expansion is progressing as per schedule (March 17)**

- **Increased debt by Rs. 32 Crore compared to March 16, which is mainly due to working capital increase**
- **Achieved Debt : Equity ratio of 1**

- **Paid Rs. 42 Crore as dividend to Shareholders**
- **Payout of 16.42% as per our Dividend Payout Policy of 15% - 20%**

- **Contributed Rs. 86 Crore to Government exchequer as direct taxes**
- **Among the highest tax payer in Gujarat Region**

*Based on 9M FY17

# Major Capex for Growth in FY18

**Inorganic Chemicals**

- 1 Lacs MT Soda Ash capacity expansion on track, will complete by Q4 FY 17.
- Debottlenecking in Soda Ash by 25K MT, and RBC by 30 KMT expected in Middle of FY18.

**Textiles**

- Processing Capacity expansion by 25% (i.e 45 Mn Meter from 36 Mn Meter) by Q3 FY18
- Modernisation of spinning unit along with enhancement of Value Added Spinning capabilities

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