



DRIVING EXCELLENCE

GHCL LIMITED

Q3 FY22 Investor Update



January 2022

Safe Harbour

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Quarterly Update



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“Moving forward with strategic growth plans and sustainability targets to create the value for our stakeholders ”

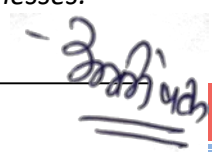
Commenting on the Q3 FY22 performance, Mr. R. S. Jalan, MD said:

“Following easing of lockdown restrictions and improving macro trends, we witnessed enhanced traction across industries, almost back to pre-pandemic levels. Moreover, we observed sequential improvement during the quarter supported by favorable demand supply dynamics backed by positive pricing scenario.

In the Inorganic Chemical segment, we reported solid performance momentum with 12% volume growth in Soda Ash in Q3 of FY22 along with healthy realisation gains backed by strong demand from key end user industries. Spinning segment continued to do well, driven by higher demand off take and firm yarn prices. Our focus on value-added products is yielding profitability gains on a higher base.

On a strategic note, we have proposed to divest our home textile business, while retaining the highly profitable spinning business. The divestment proceeds will be prudently utilized across growth initiatives outlined in both Chemicals and Spinning Businesses. On the other hand, GHCL is continuing with its objective of having separate entities for each business verticals with a limited change that instead of entire Textiles Business, only Spinning Division of GHCL is now proposed to be demerged to the GHCL Textiles Limited.

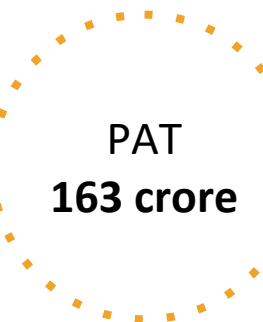
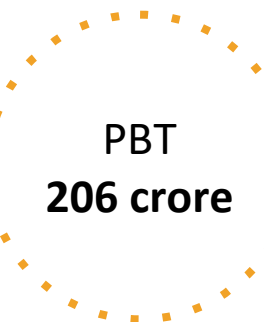
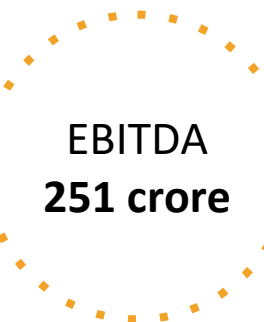
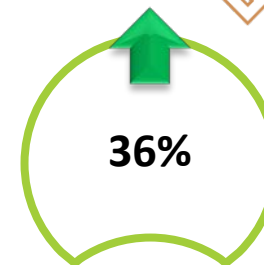
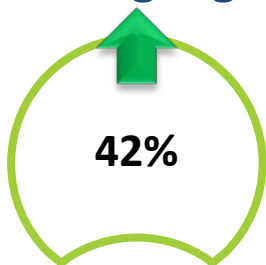
Overall, we are very well poised to capitalize on the emerging opportunities across our businesses.”



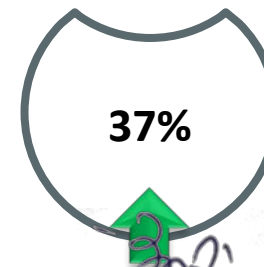
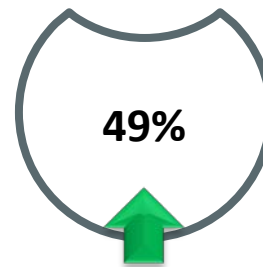
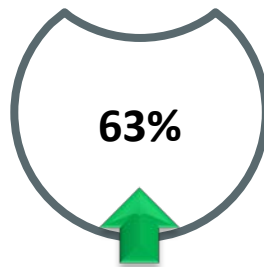
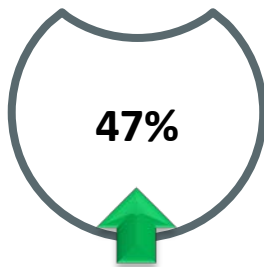
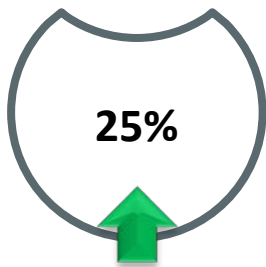
Performance Highlights – Q3 FY22



Q3 FY22
Vs
Q3 FY21
(Y-o-Y)



Q3 FY22
Vs
Q2 FY22
(Q-o-Q)

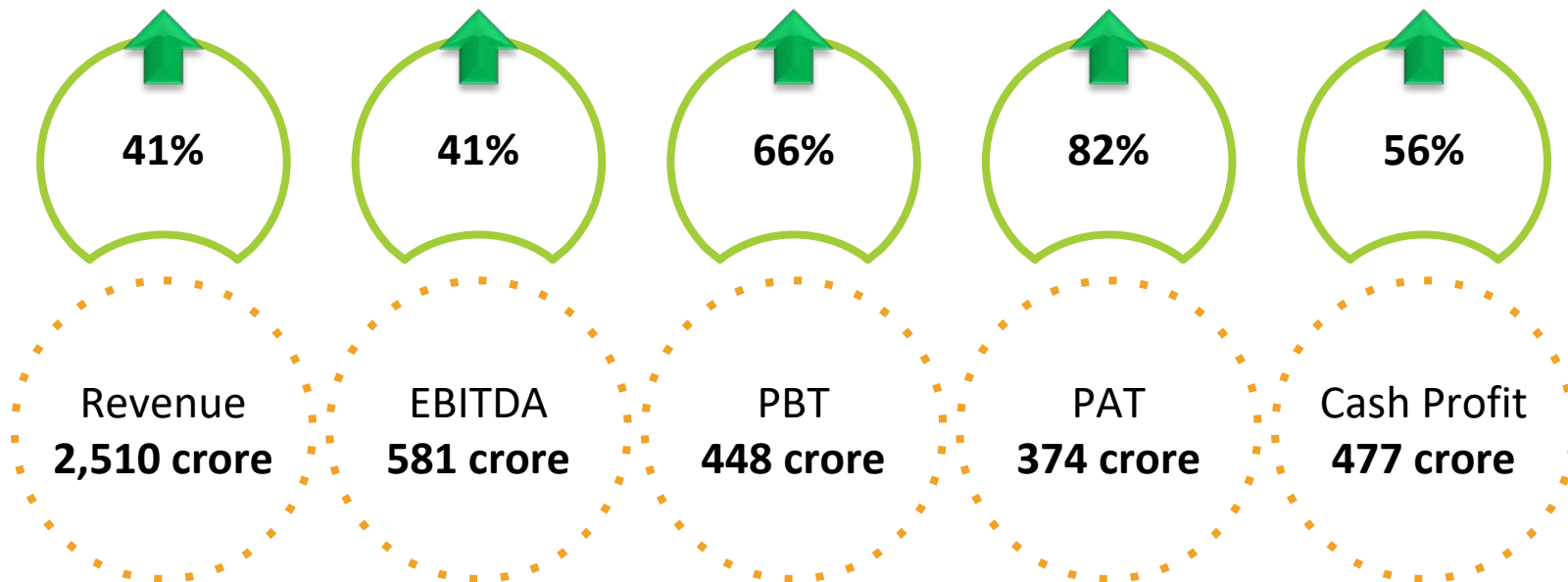


Note: Revenue, EBITDA and PBT are from continuing operations of Inorganic chemicals and Spinning. PAT and Cash profit includes profits from discontinued operations of Rs.10 Cr and Rs. 14 Cr. respectively

Performance Highlights – 9M FY22



9M FY22
Vs
9M FY21



Note: Revenue, EBITDA and PBT are from continuing operations of Inorganic chemicals and Spinning. PAT and Cash profit includes profits from discontinued operations of Rs.44 Cr and Rs. 60 Cr. respectively

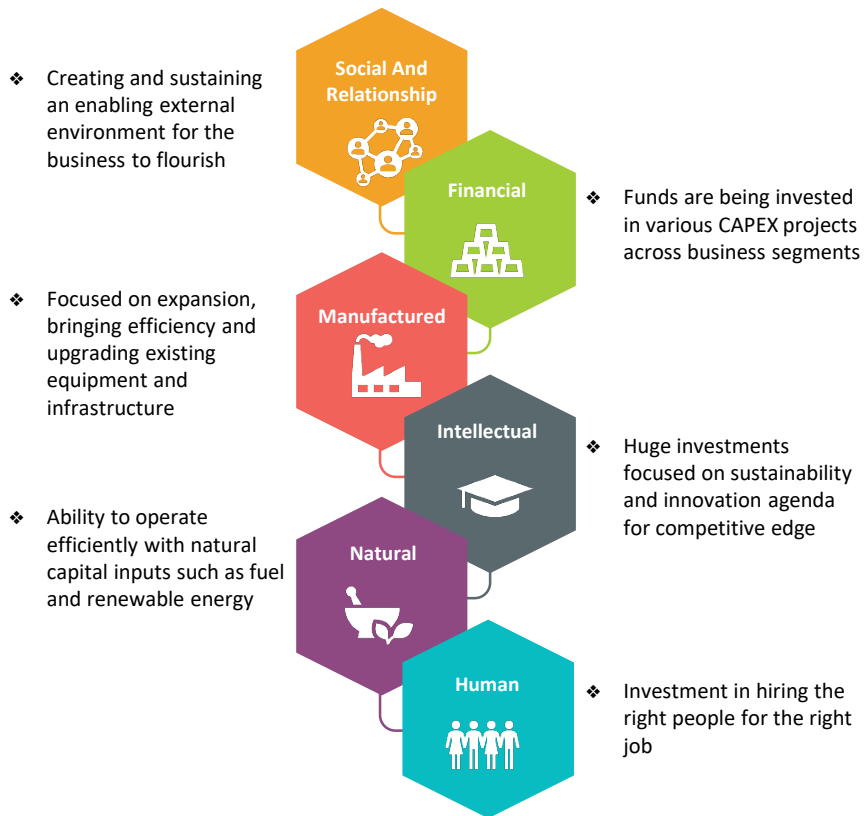
Profit & Loss Statement



(Rs. In Crore)

Particulars	Q3 FY22	Q3 FY21	Y-o-Y	Q2 FY22	Q-o-Q	9M FY22	9M FY21	Y-o-Y
Revenue from continued operations	1,006	709	42%	805	25%	2,510	1,775	41%
Operating Expenses of continued operations	755	527	43%	634	19%	1,929	1,364	41%
EBITDA from continued operations	251	183	38%	171	47%	581	411	41%
EBITDA Margins of continued operations	24.9%	25.6%	(70BPS)	21.2%	3.7%	23.2%	23.2%	--
Depreciation of continued operations	30	30	4%	30	1%	88	84	5%
EBIT from continued operations	221	153	45%	141	56%	494	328	51%
Interest of continued operations	15	16	(6%)	15	(1%)	45	58	(22%)
Exceptional Item of continued operations	--	--	--	--	--	--	--	--
Profit Before Tax from continued operations	206	137	51%	126	63%	448	270	66%
Tax of continued operations	53	36	49%	34	58%	118	71	67%
Profit After Tax from continued Operations	153	101	51%	92	65%	330	199	66%
Profit After Tax from discontinued Operations	10	10	--	17	(39%)	44	7	529%
Profit After Tax	163	111	48%	109	49%	374	206	82%

Resource allocation & Key financial ratios



Efficient Capital Allocation



Key Ratio's

Gross Debt	Net Debt	
Rs. 618 cr.	Rs. 573 cr.	
Net Debt/Equity	ROCE *	ROE*
0.20x	19%	17%

* ROCE and ROE post tax are calculated based on trailing 12 months.

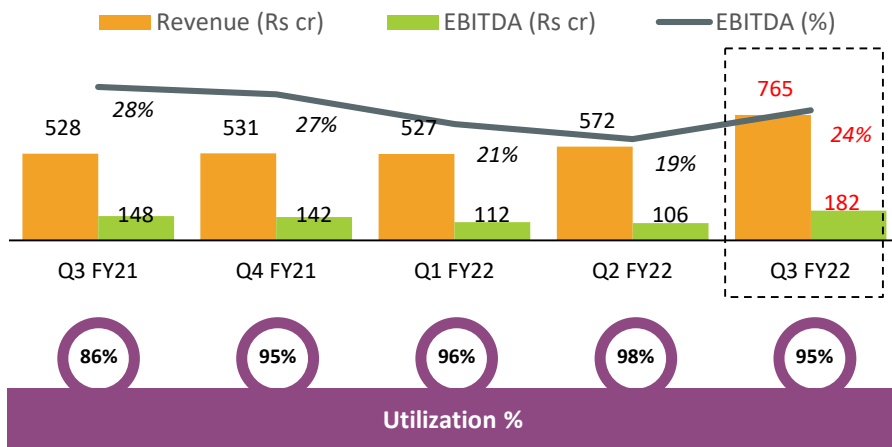
Q3 FY22 Segment Highlights – Inorganic Chemicals



(Rs. In Crore)

Particulars	Q3 FY22	Q3 FY21	Y-o-Y	Q2 FY22	Q-o-Q
Revenue	765	528	45%	572	34%
EBITDA	182	148	23%	106	73%
EBITDA %	23.8%	28.0%	(4.2%)	18.5%	5.4%

Inorganic Chemicals – Quarterly Trend



Performance Highlights

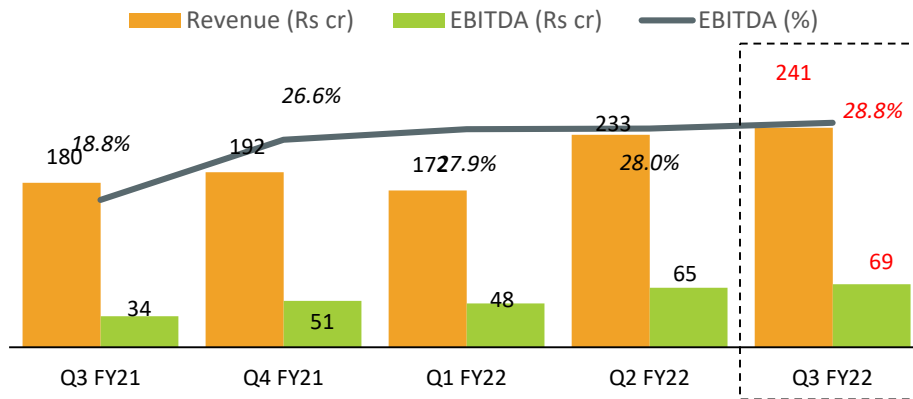
- ❖ Revenues expanded by 45% supported by 12% growth in volumes. Market trend continues to be robust with incremental demand from key industries
- ❖ Realisations improved during the quarter backed by positive demand supply dynamics.
- ❖ EBITDA % performance has to be seen in light of higher Realizations base and corresponding increase in costs, including power and fuel.

Q3 FY22 Segment Highlights – Textiles (Spinning)

(Rs. In Crore)

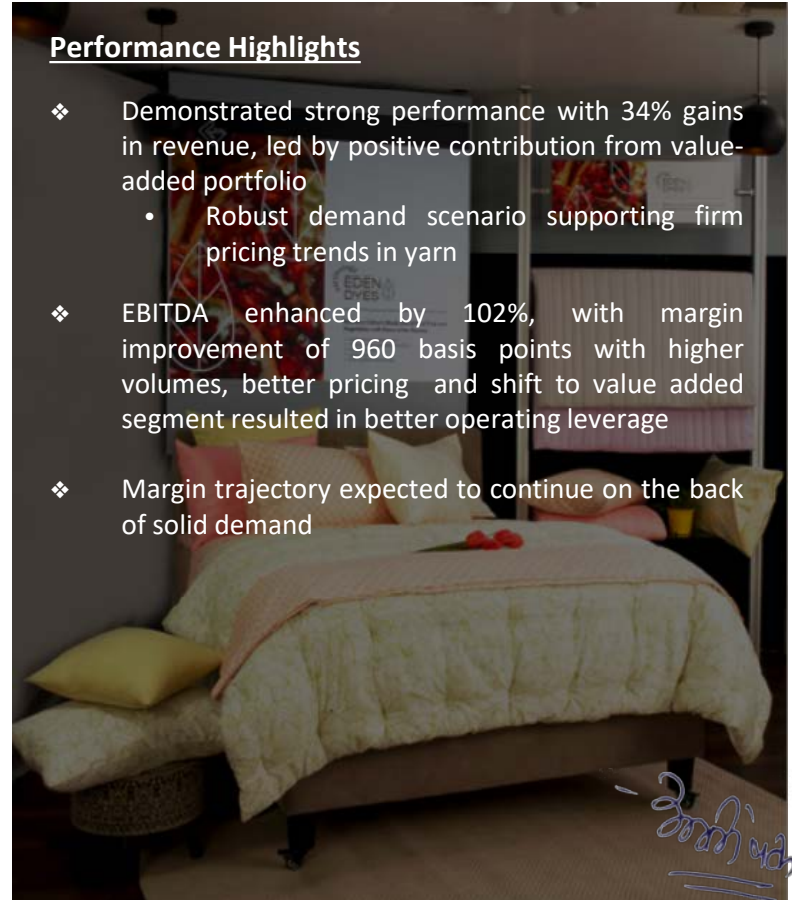
Particulars	Q3 FY22	Q3 FY21	Y-o-Y	Q2 FY22	Q-o-Q
Revenue	241	180	34%	233	3%
EBITDA	69	34	102%	65	5%
EBITDA %	28.4%	18.8%	9.6%	28.0%	40BPS

Spinning – Quarterly Trend



Performance Highlights

- ❖ Demonstrated strong performance with 34% gains in revenue, led by positive contribution from value-added portfolio
 - Robust demand scenario supporting firm pricing trends in yarn
- ❖ EBITDA enhanced by 102%, with margin improvement of 960 basis points with higher volumes, better pricing and shift to value added segment resulted in better operating leverage
- ❖ Margin trajectory expected to continue on the back of solid demand



Divestment of HT Business and Demerger of Spinning Business



Key features of the transaction

- ❖ Divestment of Home Textiles Business by the Company and Sale of Identified Assets of US based wholly owned subsidiary, Grace Home Fashions LLC (GHF), to Indo Count Industries Limited and its US based Subsidiary for a consideration of INR 596 crores (subject to certain adjustments) in the following manner;
 - ❖ This is to include INR 539 crore across INR 340 crore in fixed assets and INR 199 crore towards net realizable current assets (subject to closing adjustments) as slump sale consideration towards Indian Home textiles business.
 - ❖ Grace Home Fashions to transfer inventories and IP to the US based subsidiary of Indo Count for INR 37 crore (subject to closing adjustments).
 - ❖ Additionally, GHCL/ Grace Home Fashions expects to realize INR 20 crore on their own account.
- ❖ Highly profitable Spinning business will be retained by GHCL Ltd.
- ❖ To be concluded by the end of March 2022 subject to regulatory, shareholders and other approvals.
- ❖ Continuing with its objective of having separate entities for each business verticals to unlock the value for its all stakeholders with a limited change that instead of entire Textiles Business, only Spinning Division of GHCL is now proposed to be demerged to the GHCL Textiles Limited.



Divestment of
Non Strategic
Business



Transaction at
Fair Value



Highly
profitable
Spinning
business to
endure.

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Demerger of the Spinning business of GHCL



Fine prints of demerger

- ❖ The Board approved a scheme of demerger where **Spinning business of GHCL will be demerged into a GHCL Textiles Limited.**
- ❖ Shareholders of GHCL will be allotted shares in GHCL textiles Limited in the **swap ratio of 1:1, one share of Rs. 2 each for every share of Rs. 10 held in the GHCL**
- ❖ The resulting company will takeover **all the assets and liabilities of the Textile business and will be listed on NSE and BSE.**
- ❖ **No change in the shareholding pattern** of the Demerged Company.



Focused growth

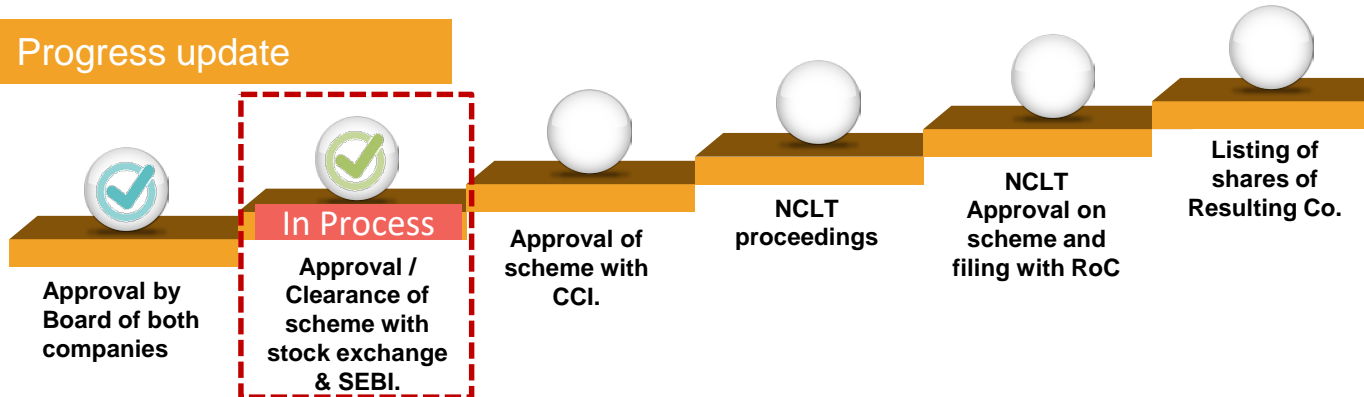


Concentrated approach



Business synergies

Progress update



Scheme is expected to be concluded by end of H1 FY23.

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Key developments



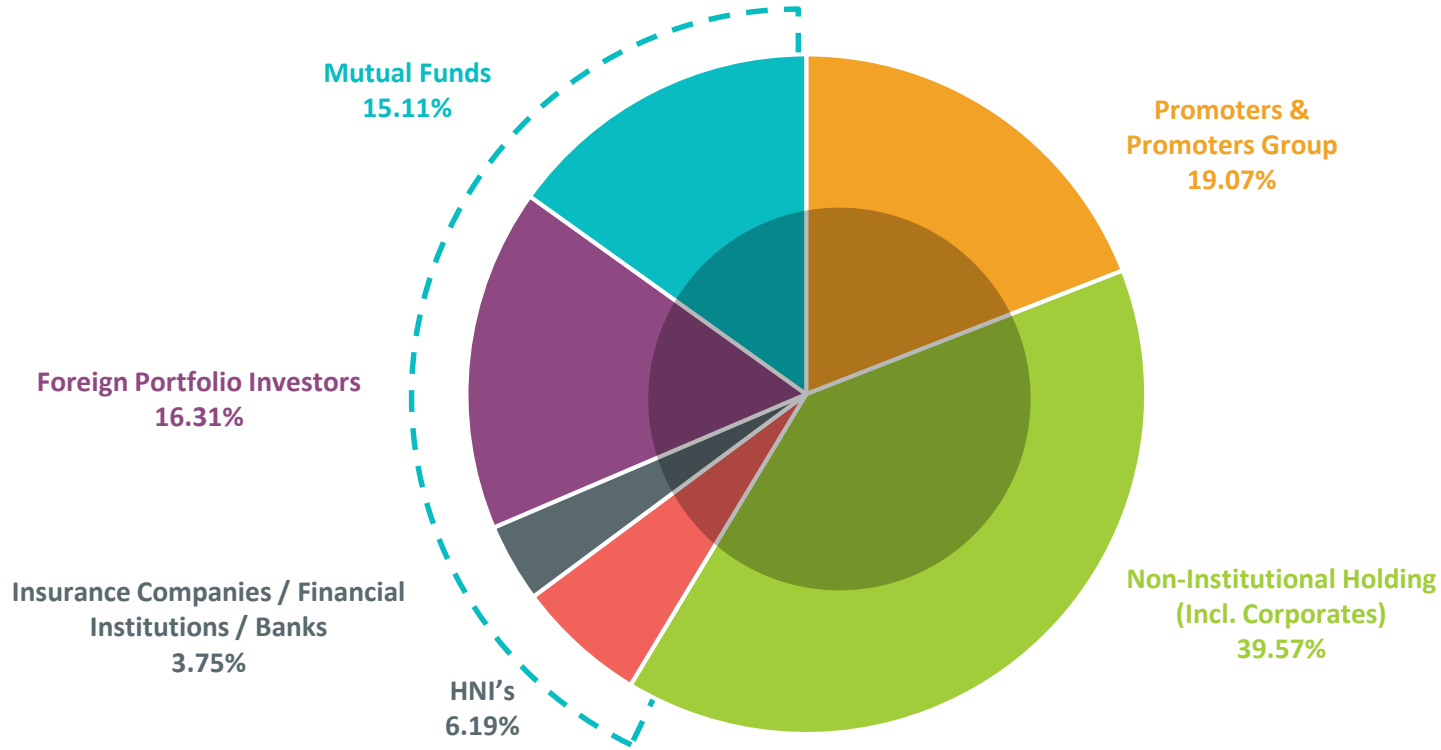
GHCL Limited signed a MoU (Memorandum of Understanding) with the Government of Tamil Nadu for investing INR 500 crore in the state

- As per the MoU, GHCL will set up 40,000 ring spindles in Manaparai, Tiruchirappalli district to produce synthetic and synthetic blended yarn to cater to knitting and weaving segments
- It will also install another 40,000 Ring Spindles with 24 Knitting Machines in Paravai, Madurai district to produce 100% cotton yarn and knitted fabrics. The Company also plans to develop an EHT (extra high tension) power transmission facility in Manaparai location to ensure uninterrupted Power supply
- In order to fulfill its commitment towards sustainable business practices and reduce its carbon footprint, GHCL Ltd. has proposed to set up a 32 MW Solar Power in Tattayangarpettai, Devanoor Village, Tiruchirappalli district
- Currently, 55% of the energy requirements of GHCL's yarn business is fulfilled from renewable resources (including third party sourcing of 13%). Once the projects are completed, almost 85% of GHCL's Energy requirement for the spinning business will be from renewables (including third party sourcing of 13%).



செனிபி

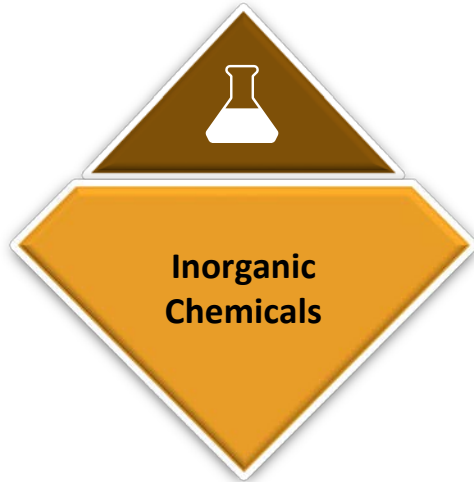
Strong Institutional & HNI Holding – ~41.4%



Note: Shareholding as of December 31, 2021; HNI - Individuals holding share capital in excess of Rs. 2 lakhs.

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Focus on driving responsible future growth



- ❖ Debottlenecking of existing soda ash facility by 50k MT, along with modular greenfield project.
- ❖ Doubling RBC Capacity from 60k to 120K MT.
- ❖ Augmenting our backward integration of raw material for control on cost.
- ❖ Inducting AI & IoT 4.0 at plant level for manufacturing excellence which can enable immense efficiencies.
- ❖ Exploring product basket expansion
 - ❖ Caustic and chlorine derivatives.
 - ❖ Value added bulk chemicals



- ❖ Expansion of Spinning facility by 40k spindles.
- ❖ Focus on green energy-10 MW implemented and additional 12 MW under implementation.
- ❖ Total Renewable energy (owned) – 47MW.
- ❖ Product basket expansion and Value added segment growth.
- ❖ Customer realignment and operating excellence.
- ❖ Emphasis on sustainability and innovation as core planks.

Signature

Company Overview



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GHCL – An Introduction



Best-in-class

- ❖ Operations management
- ❖ CAPEX planning and execution
- ❖ Financial management



- ❖ Focused management approach
- ❖ Strategy led by professional management team



Targeting

- ❖ To grow profits at a CAGR 15%-18% on a long-term horizon
- ❖ To inculcate value systems that defines our culture
- ❖ To drive sustainable inclusive growth involving all stakeholders



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Lac MT Soda Ash Capacity

2nd

Largest manufacturer
of Soda Ash in India,
with 25% market
share

Capacity Utilisation of Soda Ash

90%+

2.0

Lac Spindle Capacity

Capacity Utilization of Spinning

99%+

<1.0

Debt to equity ratio maintained over
the last 3 years

Return on Capital Employed (ROCE)

14%

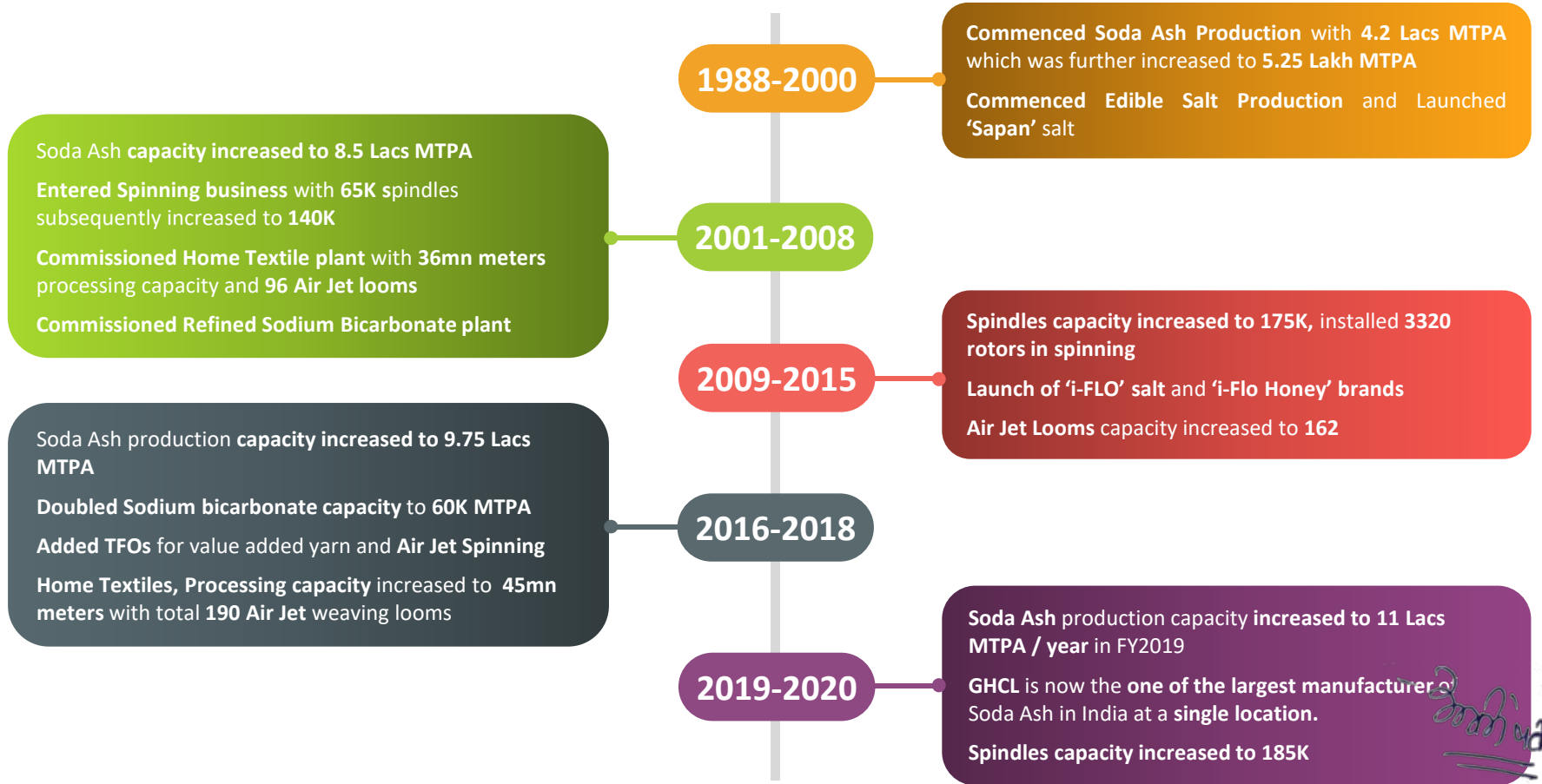


GHCL Overview



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Evolution of GHCL through the years



Sumit

Sustainability Vision 2023

GHCL's business goals include sustainability. To embed sustainability in business and operations, concentrating attention on material concerns like environmental management, culture, and employee health and engagement, in order to ensure long-term success while still living up to core



Zero harm

- ❖ Zero reportable injuries
- ❖ Zero environmental incidences

Responsible steward

- ❖ 20% specific freshwater consumption reduction
- ❖ 10% specific energy consumption reduction
- ❖ Green building certification for Noida office

Climate warrior

- ❖ 20% GHG emission reduction
- ❖ Implement ICP

Stakeholder centric

- ❖ 30% reduction of high-risk suppliers in supply chain
- ❖ Trusted CSR brand
- ❖ To be among Top 100 Great Places To Work (GPTW)
- ❖ Single digit overall attrition rate
- ❖ 25% female employees' representation in overall headcount & 10% in executive cadre
- ❖ Increased employment of specially-abled candidates by 50%

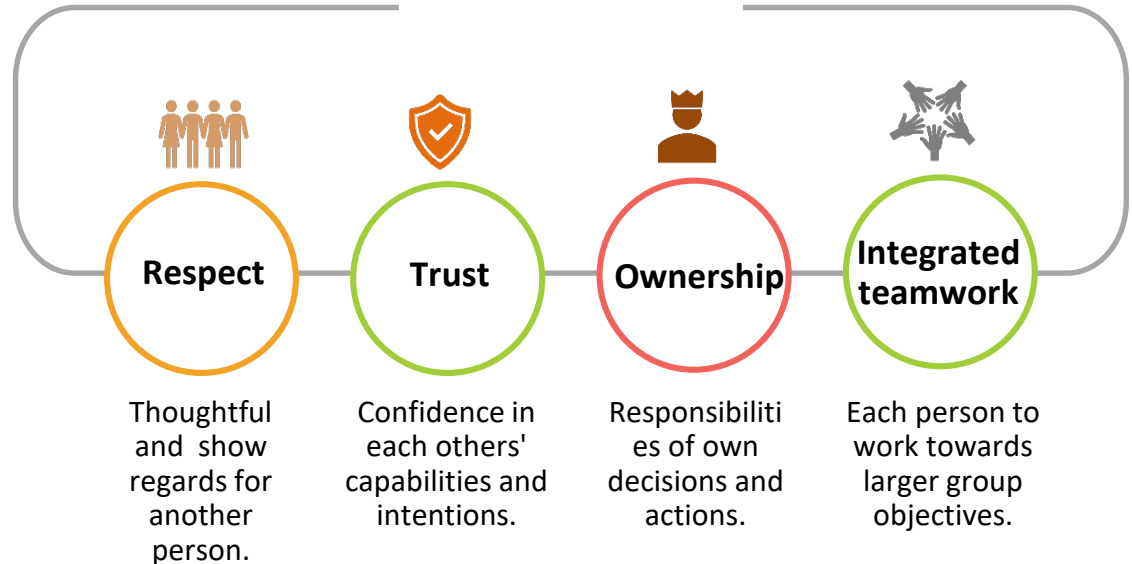


GROWTH. ACCOUNTABILITY. RESPONSIBILITY

गोपाल

Core Values at forefront

- ❖ GHCL is a unique workplace which is dotted with its Core Values, defining its culture.
- ❖ Every employee in the Company is expected to imbibe its Core Values and interact within the business ecosystem with all its stakeholders accordingly.
- ❖ Here we have established the link for performance appraisals of every employee with core value surveys conducted twice a year.



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Spearheaded by distinguished management



R S Jalan
Managing Director



Raman Chopra
CFO & Executive Director

Experienced and accomplished Board of Directors

Mr. Sanjay Dalmia
(Chairman)

Mr. Anurag Dalmia
(Vice Chairman)

Neelabh Dalmia
(Executive Director, Textiles)

Dr. Manoj Vaish
(Independent Director)

Justice (Rtd.) Ravindra Singh
(Independent Director)

Mr. Arun Kumar Jain
(Ex-IRS) (Independent Director)

Mrs. Vijaylaxmi Joshi
(Independent Director)

Mr. Lavanya Rastogi
(Independent Director)

Resilient Operational Team

NN Radia
President & COO, Soda Ash

M. Sivabalasubramanian
CEO, Spinning

Sunil Singh
VP, Marketing (Soda Ash)

MV Murlikrishna
CEO, Consumer Products

Biswarup Goswami
CHRO

Bhawneshwar Mishra
*Sr. GM Sustainability &
Company Secretary*

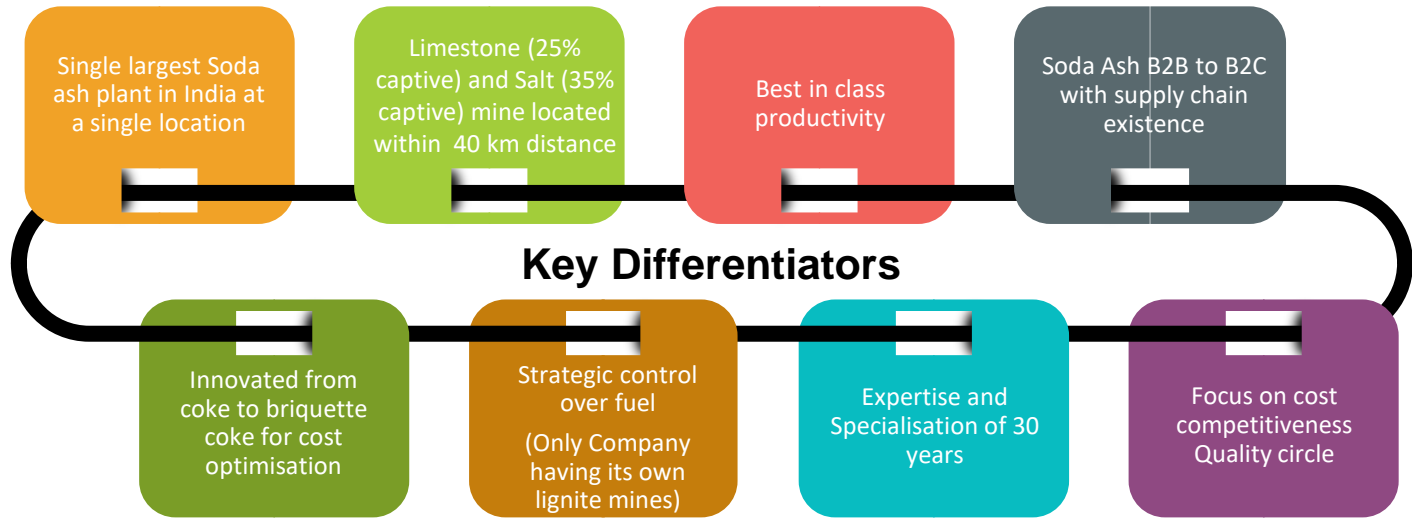
Inorganic Chemicals



The choice of a healthy family!

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Commanding leadership in Soda Ash manufacturing



Margin Leadership

* Based on last 5 year's average EBITDA Margin.

+90%

Capacity utilization;
Highest in industry

11 L MT

Soda ash capacity;
25% market share of
domestic demand

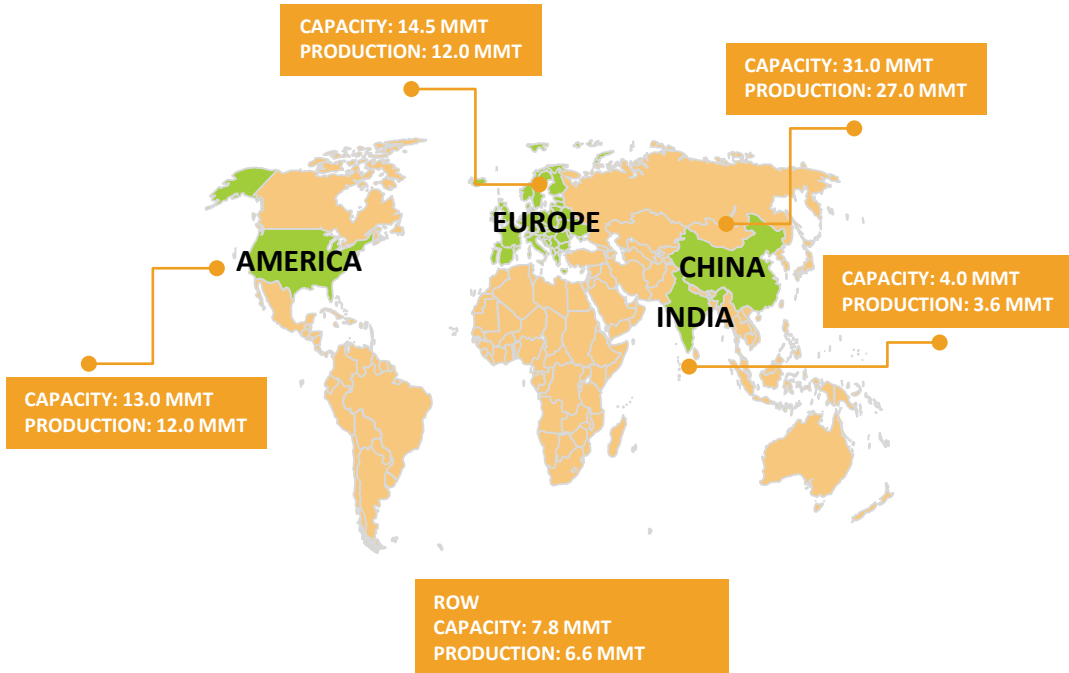
+30%*

EBITDA Margins;
consistent high
margins

Global outlook on the Soda Ash industry



GLOBAL SIZE: CAPACITY-70 MMT, PRODUCTION-61 MMT



Soda Ash Market Outlook

Globally, demand and prices of SA have improved in Q3 over last year. Cost pressures led by energy price increases impact manufacturers around the world.

China: Domestic demand is slightly slow and restricted supplies due to environmental sanctions and closure of a 1.3 million plant. Prices significantly moderated due to higher inventories. No impact on global prices as logistics cost are very high.

Europe: Demand has been recovering well and major SA producers reported good sales growth.

Turkey: Exports grew compared to last year, gaining in Europe / SEA / Middle east. Turkey also exported small volumes to China.

US: Domestic demand and exports increase in Q3 over last year benefiting from China's vacation of the market. Price increase seen in major contracts compared to end 2020

Middle East & Africa: Demand recovery is strong. However, new wave of pandemic has disrupted trade as all businesses are adversely affected.

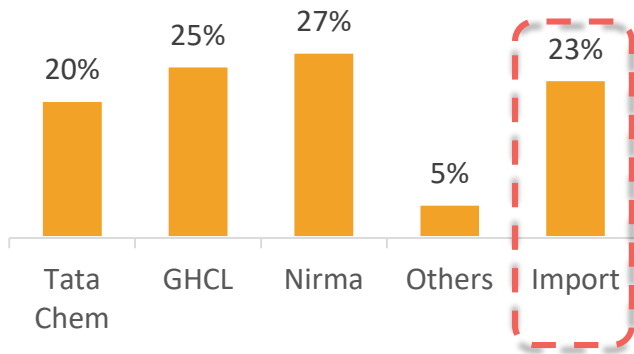
Globally market is growing @ 2.0% pa CAGR requiring around 1.2Mn MT additional supplies every year

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Soda Ash Dynamics (Domestic Industry)

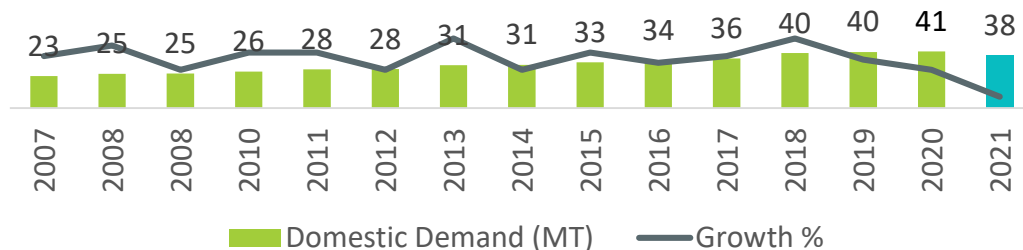


Domestic Market Share

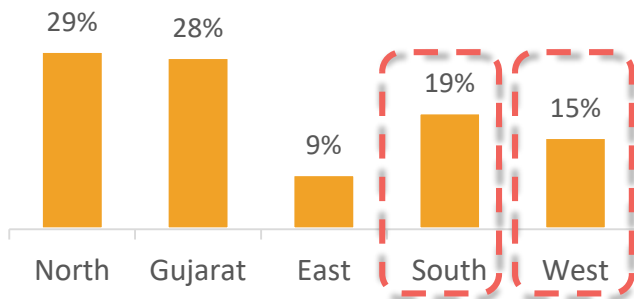


Domestic Demand & Growth Trend

(CAGR Growth of 5% during period upto FY 21)

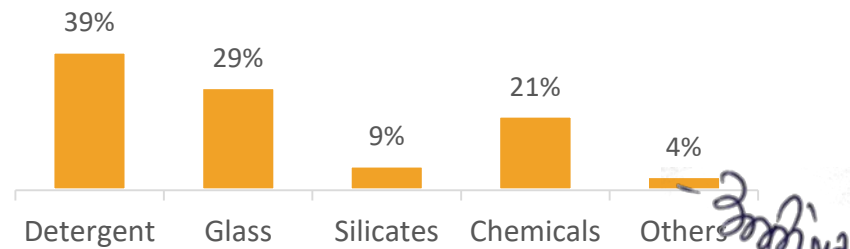


Domestic Demand Concentration



Domestic Demand Concentration

(User Segment)



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At GHCL, Soda Ash is managed unlike any commodity



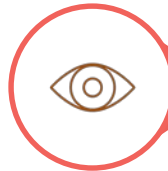
Balanced Demand & Supply Scenario

Historically, no mismatches in Demand supply as supply always followed demand globally



Excellence in Execution

Sustaining high utilization rates while maintaining periodic enhancement in capacities. Achieved through better planning and maintenance practices



Visibility of Earnings

Soda Ash business has consistently performed well with steady realizations and margins

Assured visibility on growth through managed execution of highly efficient capacities

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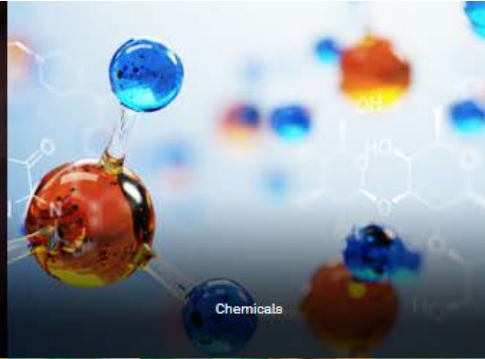
Application diversity of Soda Ash across end-user industries



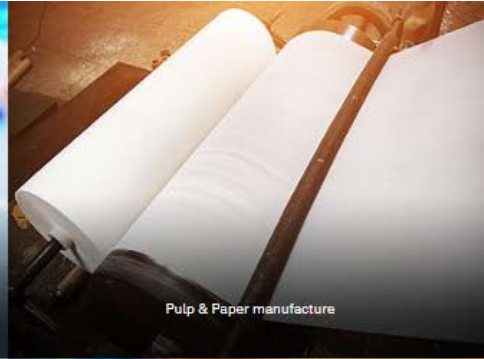
Soap & Detergents



Glass Manufacturing



Chemicals



Pulp & Paper manufacture



Textile Industry



Non- Ferrous Metallurgy



Water Treatment



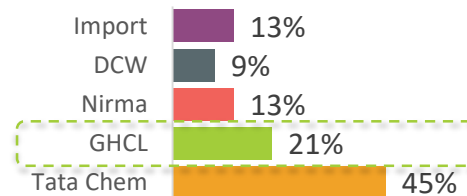
Mining



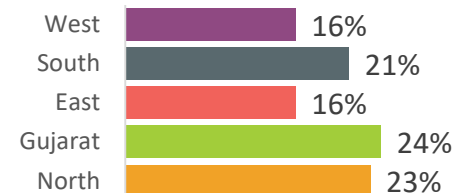
Inorganic Chemicals – Sodium Bicarbonate



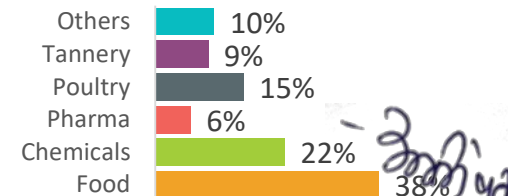
Domestic Demand Share



Domestic Demand Concentration



User Segment spread



Key Application of Sodium Bicarbonate

Tannery



Pharma



Food



Animal Feed



Chemicals

Potential application of Sodium bicarbonate in flue gas treatment which is under trial phase; could be a game changer

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Marquee Clients



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Textiles Segment (Spinning)



— 2021/2022

Spinning performance at a glance

- ❖ Remarkable performance over the time horizon; Poised to take leap in different league.
- ❖ Revenue contribution from value added yarn 40%.
- ❖ Best in class capacity utilisation~99%.

Particulars	9M FY22	FY 21	5 Years Avg	10 Years Avg
Revenue	646	611	613	509
EBITDA	181	116	101	74
EBITDA Margins	28.1%	19%	16.5%	14.5%



Our offerings



Preferred supplier to premium buyers both at domestic and international level with its varied offerings.

Yarn Type	Range	End Use
100% cotton combed Compact Hosiery yarn from Indian, US and Australian Mix	25s to 60s	Knitting
100% cotton combed compact yarn from Indian, US, Australian, Supima and Giza Mix	30s to 170s	Weaving
Polyester /Cotton & Cotton/Polyester blended Hosiery yarn	25s to 40s	Knitting
PV/PC/100% Polyester normal and Fancy yarns	25s to 70s	Weaving
100% cotton open end yarn	10s to 32s	Weaving
100% VSF Vortex and Ring Spun Yarn	30s to 40s	Knitting/Weaving
Micro Modal, Tencel and its blend yarn	40s to 80s	Weaving
100% Cotton TFO yarn in all Mix	2/30s to 2/170s	Weaving



Spinners are likely to remain in sweet spot

Second largest player with 22% of spindles capacity globally.

- ❖ Top player China with 40% capacity facing challenges with ban on Xinjiang (producing 70% of china supplies)

With trending #China plus 1# sourcing strategy, Indian players are getting better prospects.

- ❖ Monthly cotton yarn exports are trending on highest levels in last 24 months.

Profitable expansion horizon, as insignificant spindles additions over last 3-4 years in India.

- ❖ Government has notified new incentive of 3.8% on export of cotton yarn

Cotton continues to remains cheaper in global scenario.

- ❖ Average India and US cotton price difference is ~Rs. 57.5/KG, (10 Year average Rs. 57.8/KG)
- ❖ Average India and China cotton price difference is ~ Rs. 8/KG, (10 Year average Rs. 9.5/KG)

Cheaper labor availability and domain experience.

Stable business with extending opportunities going forward..

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Marquee Clients



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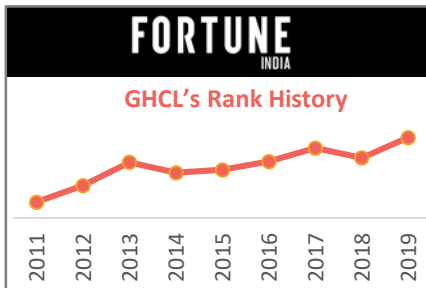
Awards & Recognitions



Referred as **Great Place to work** in five consecutive years of participation



Awarded trio of Golden Peacock awards for **Corporate Governance, Corporate social responsibility** and **National Quality**



Mine Award

GHCL Limestones Mines received Mine award under A2 category at 26th Mines Environment and Mineral Conservation week



SIMA Technofacts Award

GHCL Yarn division received SIMA Technofacts Award at the 13th CEO Conference



Par Excellence Award

Won 'Par Excellence Award' at the 6th National Conclave on 5S, Ankleshwar Chapter, Quality Circle Form of India (QCFI)

About Us



GHCL Limited was incorporated on 14th October 1983. The Company has established itself as a well-diversified group with an ascertained footprint in chemicals, textiles and consumer products segments. In chemicals, the Company mainly manufactures Soda Ash (Anhydrous Sodium Carbonate) that is a major raw material for detergents & glass industries; and Sodium Bicarbonate (baking soda). Its Textiles operations is an integrated set up which commences right from spinning of fiber (yarn), weaving, dyeing, printing till the finished products, like sheets & duvets, take shape which are primarily exported worldwide. GHCL's Home Textiles products are predominantly exported worldwide to countries like United Kingdom, United States of America, Australia, Canada, Germany and other European Union countries as well. Consumer Products operation is another business for GHCL where it is a leader in manufacturing and selling edible salt, industrial grade salt and jujube honey in the country under the brand name of I-Flo.

At GHCL Ltd., sustainability is a core element of the business strategy as defined under the aegis of 'GHCL Way' which has four pillars i.e., Responsible Stewardship, Social Inclusiveness, Promoting Relationship and Adding Value. GHCL is committed to working closely with all stakeholders at various plant locations for promoting the agenda of sustainability underpin on GHCL Ltd. core values (Respect, Trust, Ownership and Integrated Teamwork).

For more information, please visit us at www.ghcl.co.in

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A handwritten signature in black ink, appearing to read 'Siddharth Rangnekar'.



Thank You

— 2021/2022

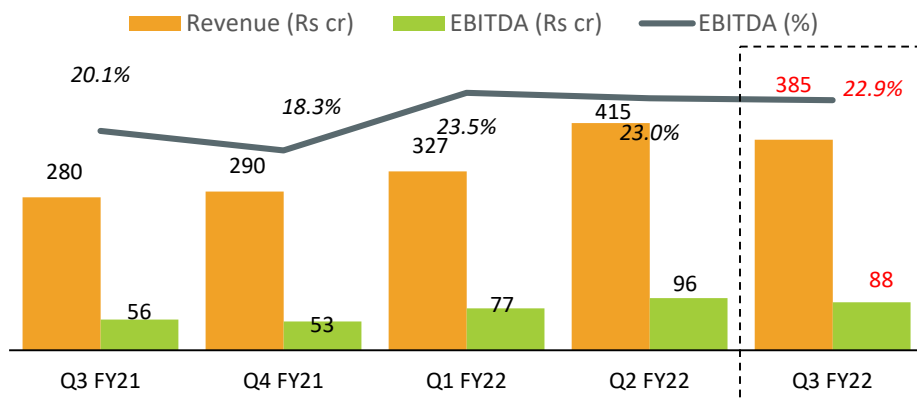
Annexure 1- Q3 FY22 Segment Highlights – Textiles Including HT



(Rs. In Crore)

Particulars	Q3 FY22	Q3 FY21	Y-o-Y	Q2 FY22	Q-o-Q
Revenue	385	280	37%	415	(7%)
EBITDA	88	56	56%	96	(8%)
EBITDA %	22.9%	20.1%	2.8%	23.0%	(10BPS)

Textile – Quarterly Trend



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Annexure -2 Profit & Loss Statement – Including HT



(Rs. In Crore)

Particulars	Q3 FY22	Q3 FY21	Y-o-Y	Q2 FY22	Q-o-Q	9M FY22	9M FY21	Y-o-Y
Revenue	1,150	809	42%	987	16%	2,992	2,028	47%
Operating Expenses	880	605	46%	786	12%	2,331	1,577	48%
EBITDA	270	204	32%	201	34%	660	451	47%
EBITDA Margin	23.5%	25.3%	(1.7%)	20.4%	3.1%	22.1%	22.2%	(10BPS)
Depreciation	34	34	(1%)	35	(3%)	103	100	2%
EBIT	236	170	39%	166	42%	558	351	59%
Interest	16	20	(18%)	17	(5%)	50	72	(30%)
Exceptional Item	--	--	--	--	--	--	--	--
Profit Before Tax	220	150	47%	149	47%	508	279	82%
Tax	57	39	45%	40	42%	134	73	83%
Profit After Tax	163	111	48%	109	49%	374	206	82%

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