

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



GHCL Limited



**Investor Presentation
June 2016**



- » **Company Overview**
- » **Q1 FY17 Financial Highlights**
- » **Inorganic Chemical Segment**
- » **Textiles Segment**
- » **Financial Annexure**

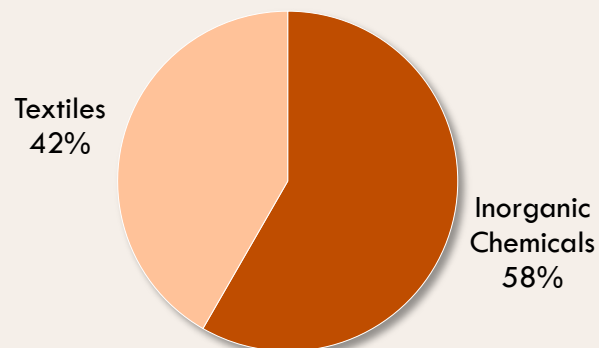
Business segments overview

Inorganic Chemicals

- Leading producer of soda ash in India which find use in detergents & glass industries
- Specializes in manufacturing Sodium Bicarbonate
- Annual production capacity of 850,000 MT of soda ash, ~23% of annual domestic requirement
- Manufacturing plant at Sutrapada, Gujarat
- Preferred supplier to HUL, Ghari, P&G, HNG, Piramal Glass, St Gobain and Phillips

Revenue Break-up*

FY16 Total: Rs 2,564 cr

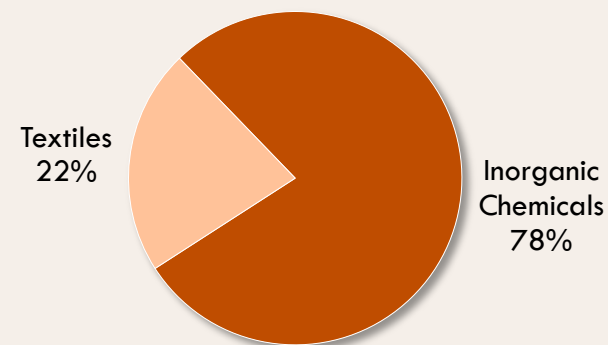


Textiles

- Integrated home textile manufacturer in India
- Presence across spinning, weaving, continuous fabric processing, and cut & sew for premium quality bed linen
- Spinning capacity of ~ 175,000 spindles; Processing capacity of ~ 36 million meters
- State of the art manufacturing facilities: Spinning plant - Madurai, TN; Home textile - Vapi, Gujarat
- Preferred supplier to Bed Bath & Beyond, Target, Sears, JC Penny, House of Fraser and Kmart

EBITDA Break-up*

FY16 Total: Rs 635 cr



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

COO, Soda Ash

Mr. N N Radia

30+ years experience

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

SVP, Home Textiles

Mr. Neeraj Jalan

18+ years experience

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

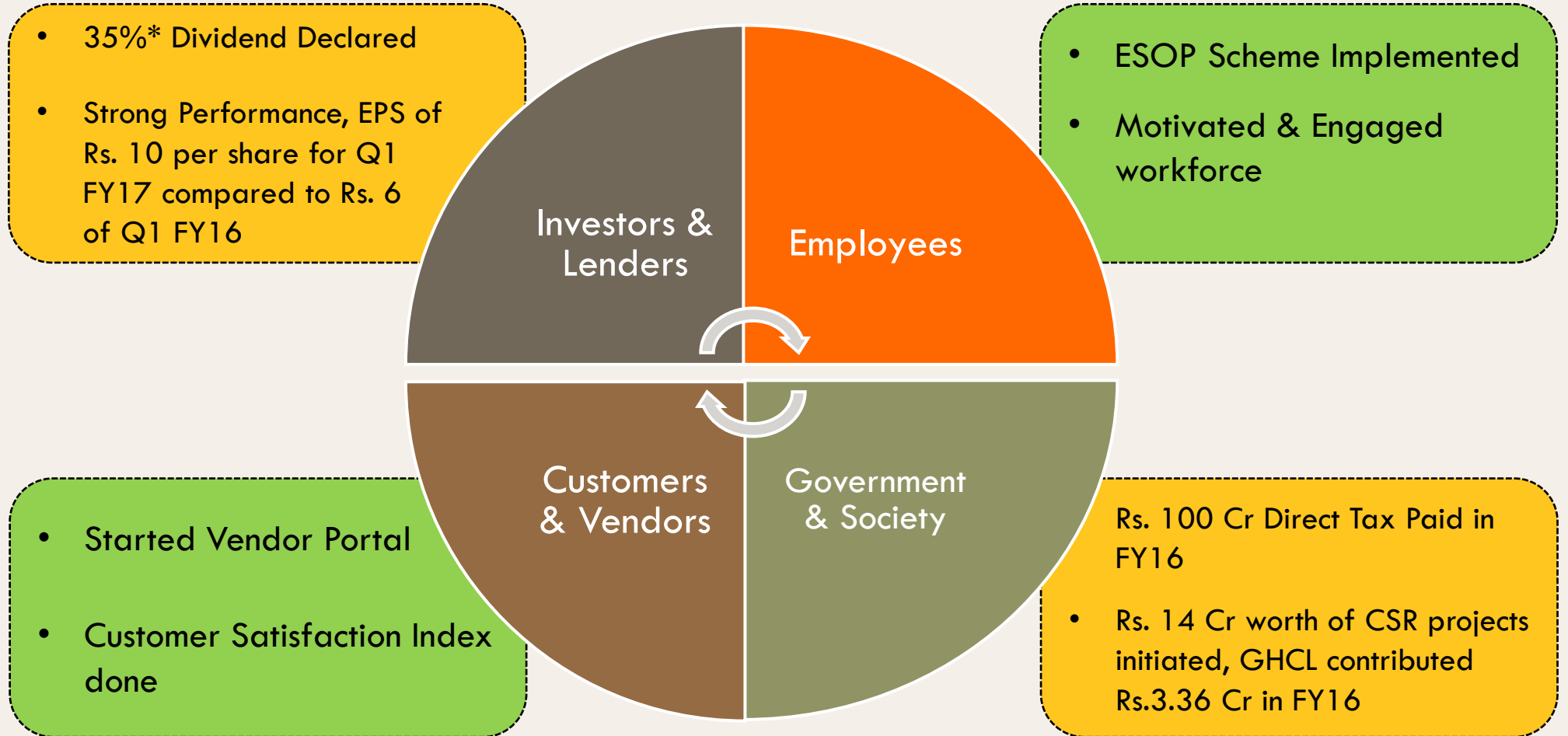
SVP, Spinning

Mr. M. Sivabalasubramanian

20+ years experience

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

Committed towards growth of all stakeholders



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



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Robust year-on-year growth in Q1 FY17

17% ↑

Revenue

Rs 734 crore

29% ↑

EBITDA

Rs 196 crore

231 bps ↑

EBITDA Margin

27%

86% ↑

Profit Before Tax

Rs 140 crore

67% ↑

Profit After Tax

Rs 103 crore

Rs. 4 ↑

EPS

Rs. 10.25/Share

... with improving financial indicators



Net Debt / EBITDA

1.72 ↓

From 1.90 in Mar'16

Net Debt / Equity

1.03 ↓

From 1.17 in Mar'16

Total Debt (Rs crore)

1,180 ↓

From 1,248 cr in Mar'16

Return on
Capital Employed*

24%

Q1FY17

Return on Equity*

26%

Q1FY17

Cash Profit after Cash
tax (Rs crore)

131

Q1FY17

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

Way forward



Continue profitable growth

- 1 lakh soda ash capacity expansion by FY17; sustained margins
- Volume growth in home textiles due to bottlenecking; margins to improve with capacity and cost optimization



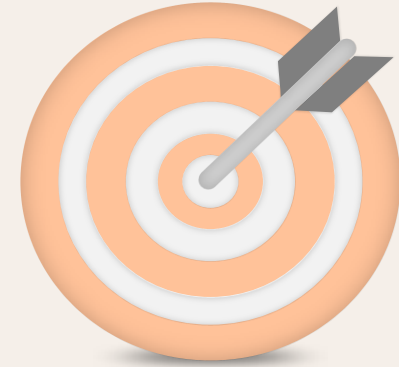
Sweat existing assets

- Focus on optimally utilizing capacities
- Operational efficiencies to improve return ratios
- Significant operating cash profit



Focus on Textile marketing

- Strengthen presence in new geographies for home textiles like India, Australia, etc.
- Improve customer mix for higher volumes and better margins
- Value added products



Strengthen balance sheet

- Improve debt/equity ratio with target to bring it down to less than 1 by FY17
- Robust free cash flow generation

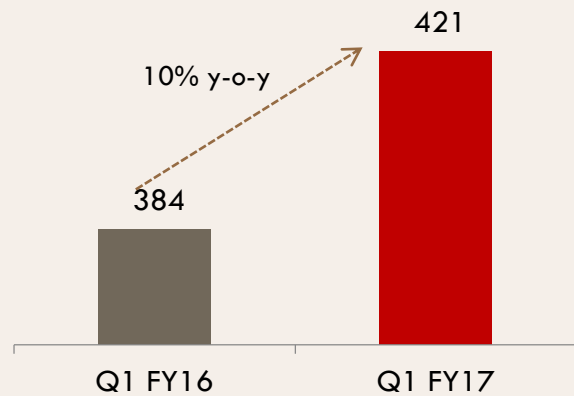
Committed to driving consistent growth for all stakeholders



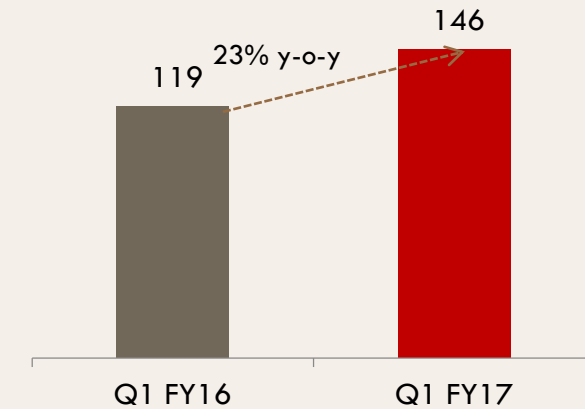
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Margin leadership in the industry

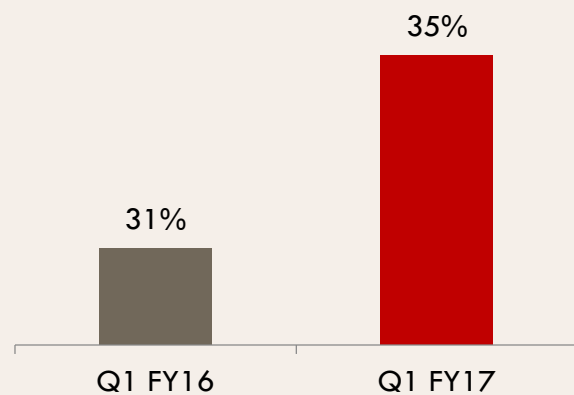
Revenue



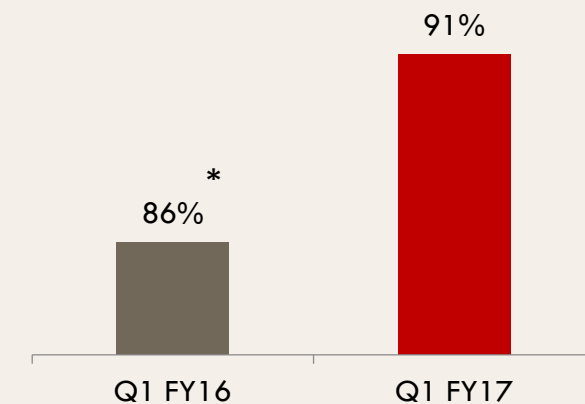
EBITDA



EBITDA Margin



Capacity Utilization



**Higher Capacity Utilization
(91%)**

**Higher Production by 21,500 MT
Higher Sales by 23,300 MT**

**Operational Efficiencies Leading to
Margin Improvement**

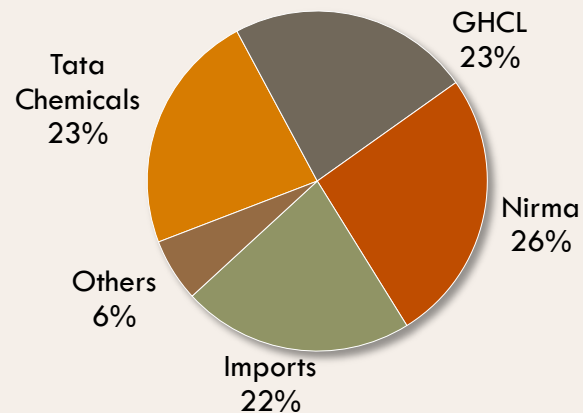
* Excluding shutdown effect for "Like for Like" comparison

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 – 88% (91% in Q1 FY16)
- ✓ Best EBITDA margins in industry
- ✓ Built operational efficiencies – six sigma projects, cost reduction initiatives, process innovation methods
- ✓ Brownfield expansion of 1 Lakh MT in progress to complete by Q4FY17 - 12% volume growth at higher margins

Market Share (Total Demand 3.3MMT)



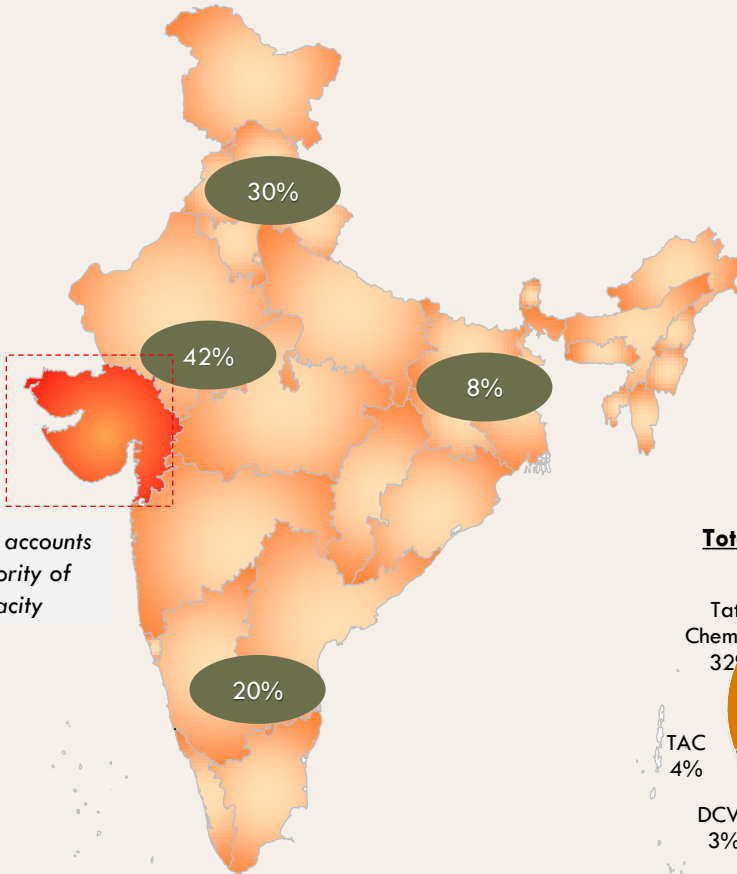
Clients



Soda ash industry overview

Domestic Demand and Supply

72 % of demand from North and West India



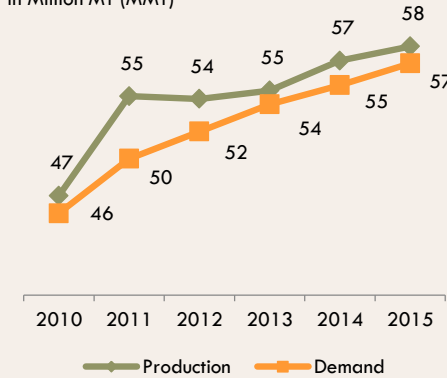
Gujarat accounts for majority of the capacity

Unlike Commodity

Global Market

Production: 4% CAGR
Demand: 4% CAGR

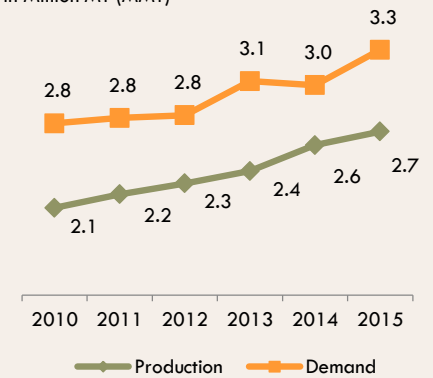
In Million MT (MMT)



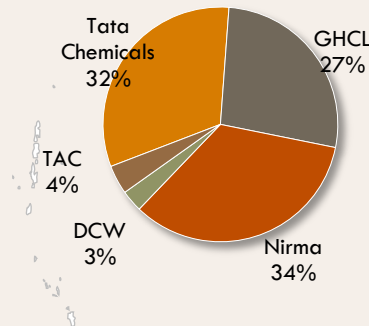
Indian Market

Production: 4% CAGR
Demand: 4% CAGR

In Million MT (MMT)



Total Capacity 3.1MMT



New Capacities of 0.8 MMT are coming in next 3-4 years.

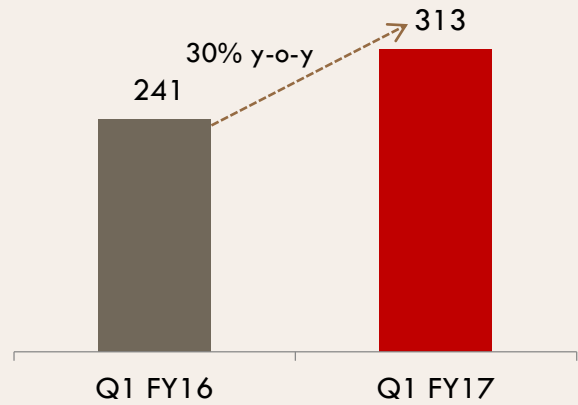
Expected soda ash demand growth of 4-5% to absorb additional supplies



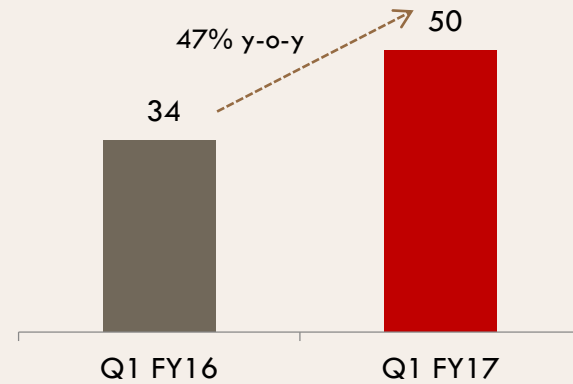
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Consistently improving margins

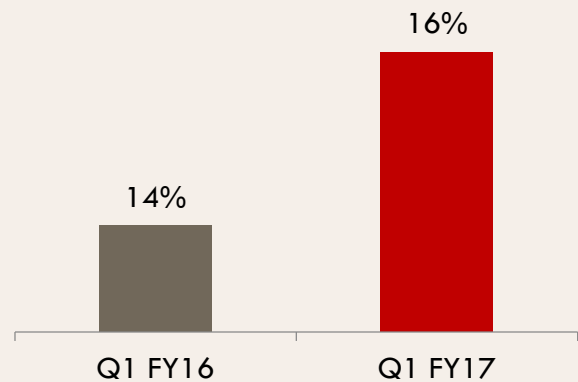
Revenue



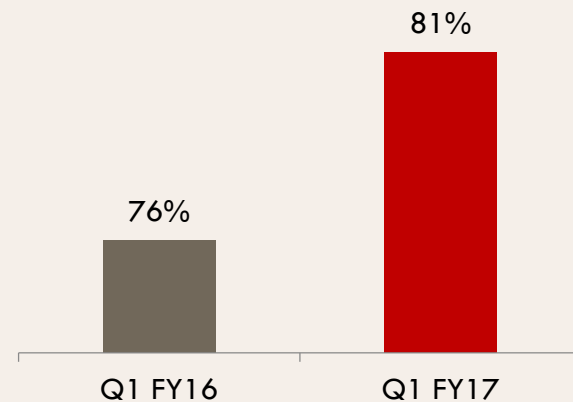
EBITDA



EBITDA Margin



Capacity Utilization (Sheeting)



30% volume growth due to capacity optimization

Benefiting from cotton coverage and investment in wind turbine lowering the cost

Emerging home textiles player

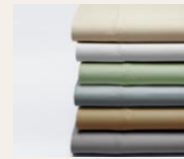
Vertically Integrated

- 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 – 83% in FY16 from 70% in FY15



Improving EBITDA margins – 13% in FY16 up from 9% in FY15

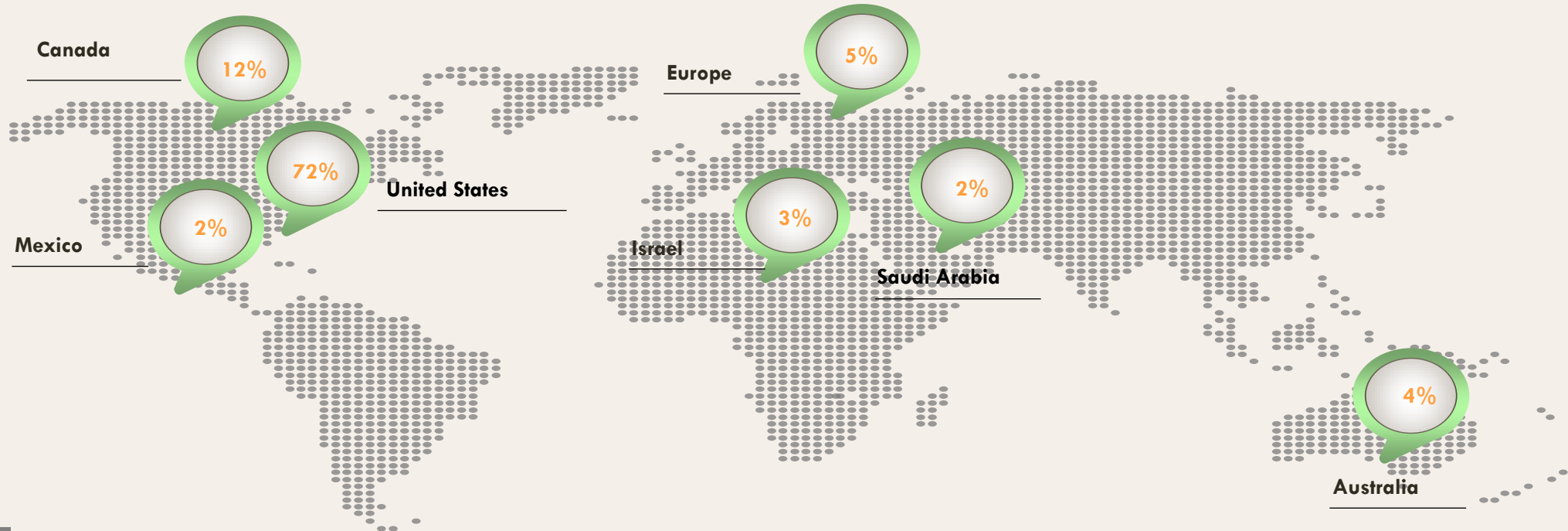


Building operational efficiencies – 12MW windmills installed, 400 stitching machines installed



Focus on de-bottlenecking, increase in in-house cut & sew capacity for capacity and margins optimization

Geographical spread (exports)



Marquee Home Textile Clients across Globe



HOUSE OF FRASER
SINCE 1849



THE WHITE COMPANY
LONDON



canningvale



Gallery™



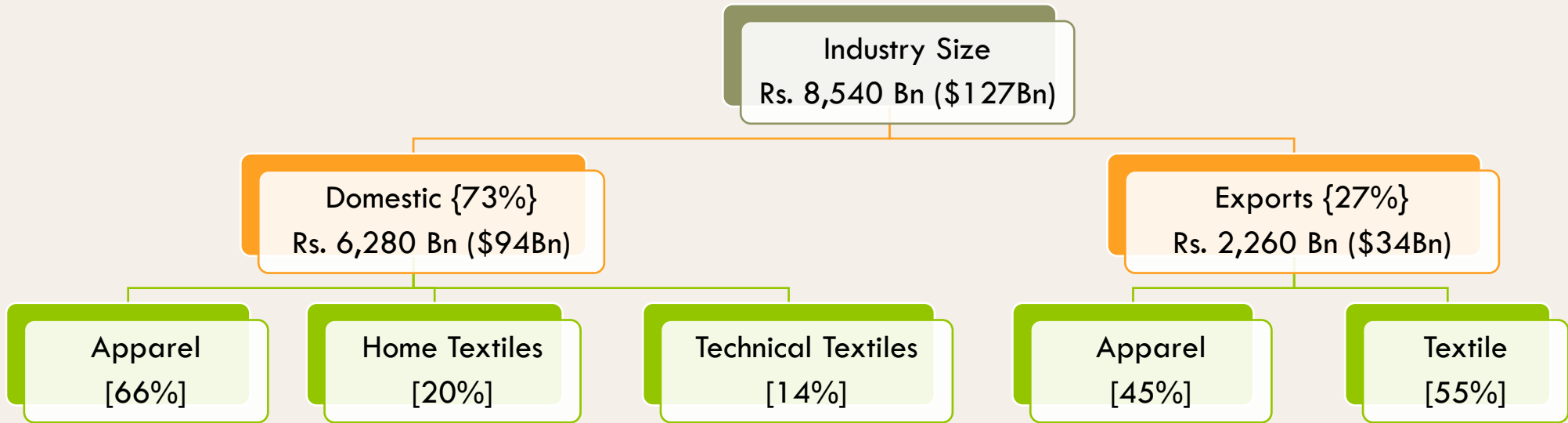
✓ With continued focus in US Market, target to expand in other geographies like Australia and Europe

✓ Plan to realign customer mix and introduce value added products



* Based on FY16 sales mix

Indian textile industry



- ✓ 2nd Largest Employer in India, Employs > 35 Million Workforce.
- ✓ 14% Contribution to Industrial production in India.
- ✓ 4% Contribution to GDP, 17 % Contribution to export earnings.
- ✓ 22% of Global Spindle capacity , Highest # of looms in the World.
- ✓ World largest producer of cotton and Jute, 2nd Largest producer of Silk.



* Converted at US \$ 1 = INR 67, Source : ICRA

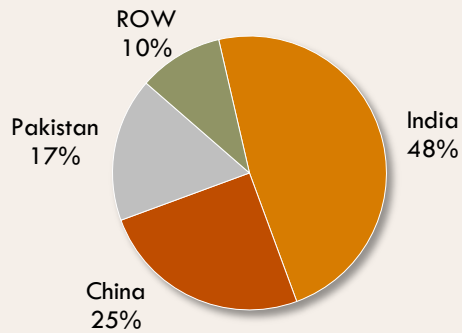
Home textile market overview

Global Market

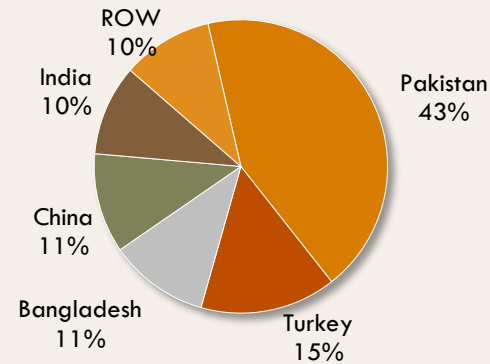
Global home textile market totals \$45Bn

Bed linen & bath constitutes \$27Bn (60%)

Major Exporters to US Market

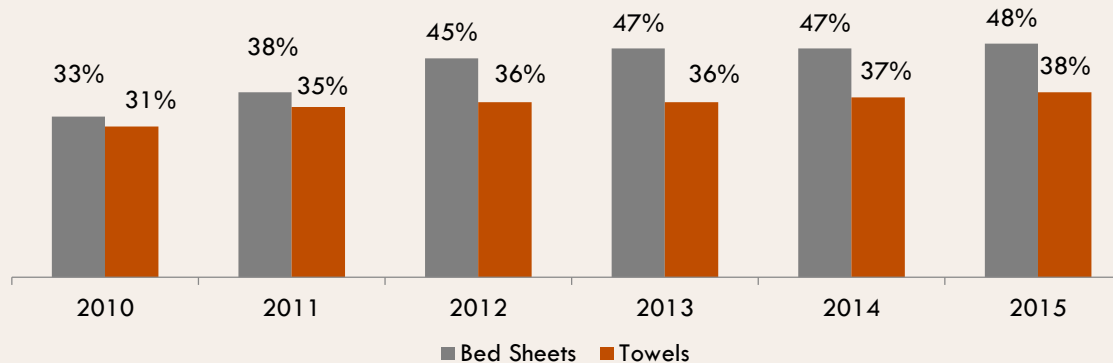


EU 27 Bed Linen Market



US Home Textile Market – Increasing Share of India

US & Europe accounts for 65% of global demand



India, China & Pakistan accounts for 55% of world supply



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Profitability highlights

In Rs crore

Particulars	Q1 FY17	Q1 FY16	% Change
Sales	734	625	17%
Operating Expenses	537	472	
EBITDA	196	153	29%
<i>EBITDA Margin</i>	26.8%	24.5%	231BPS
Depreciation	21	20	5%
EBIT	175	133	32%
Interest	35	43	-20%
Exceptional Items	--	14	-100%
Profit Before Tax	140	76	86%
Tax	38	14	169%
Profit After Tax	103	62	67%
<i>PAT Margin</i>	14%	10%	415 BPS

Efficient cash flow management



Soda Ash : Rs. 49 cr
Textiles : Rs. 14 cr
Total : Rs. 63 cr

Long Term : Rs. 28 cr
Short Term: Rs. 40 cr
Total : Rs. 68 cr

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