

GHCL LIMITED

Q1 FY20 Investor Update - July 2019





Safe Harbour

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Quarterly Update Q1 FY20



Management Commentary

Commenting on the Q1 FY20 performance,

Mr. R. S. Jalan, MD at GHCL said:

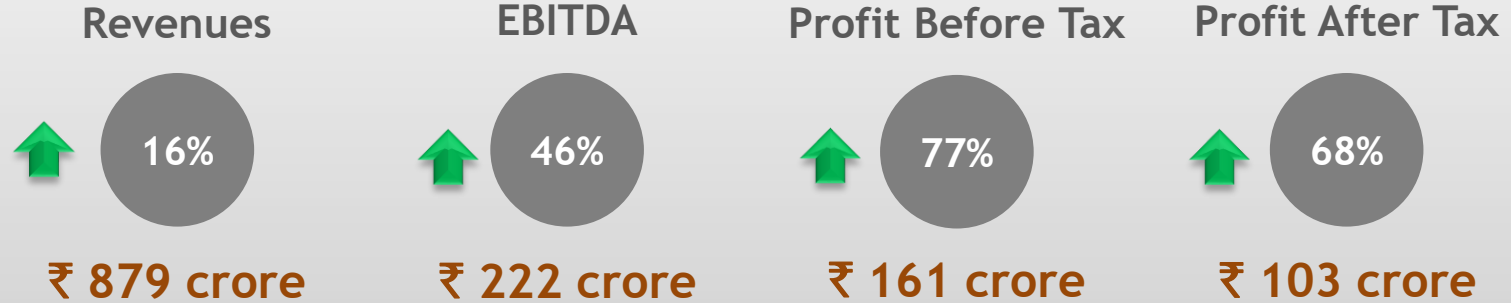


“IMF has recently reinforced our positive outlook on India when it said that despite weaker-than expected outlook for domestic demand, India will still be the fastest growing major economy of the world”

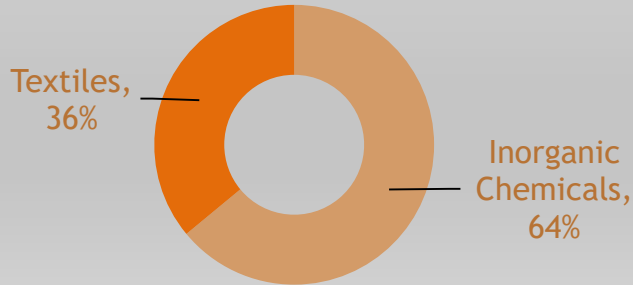
- **A Splendid growth continuing, with 68% PAT growth** during the current quarter with **Rs.103 crore** from **Rs.62 crore** in **Q1 FY19**.
 - **Inorganic** - Benefited from Volume growth and higher realization due to price increase taken in last year.
 - **Textile** - Focus on Operational excellence, introduction of Innovative Product and restructuring of customer mix.
- Soda Ash Brownfield expansion ensured volume growth with matching Q4 production levels.
 - 30K MT Higher sales as compared to Q1FY19
- In Home Textiles, despite tough times continued to improve our performance with 10% revenue growth and margin growth.
 - New Initiatives REKOOP and Circularity are well recognized in market place.
 - REKOOP is expected to be on shelves with beginning of calendar year.
- Global economic slowdown is impacting Soda Ash. Lower demand growth and increased supplies are putting pressure on pricing.



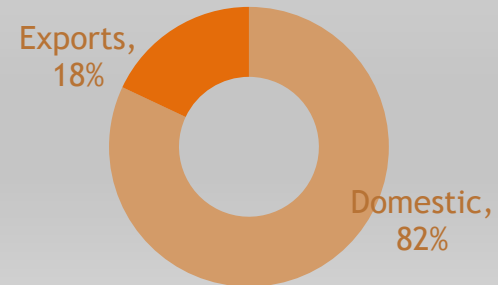
Performance Highlights - Q1 FY20



Segment-wise Revenue break-up*



Domestic : Exports Revenue break-up*

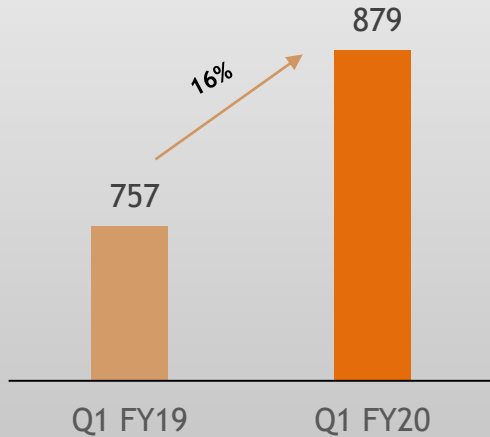


*Based on FY19 financials



Q1 FY20 - Financial Update

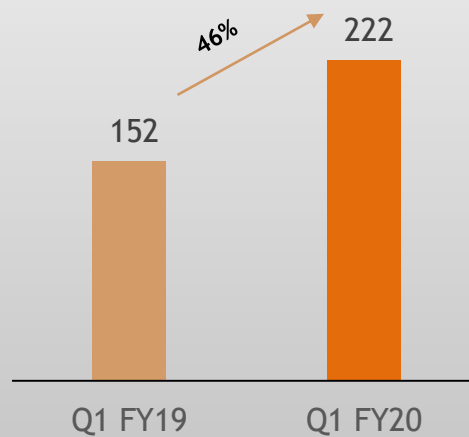
Revenue (Rs. crore)



Segment wise

- Chemicals - 20% growth
- Textile - 10% growth

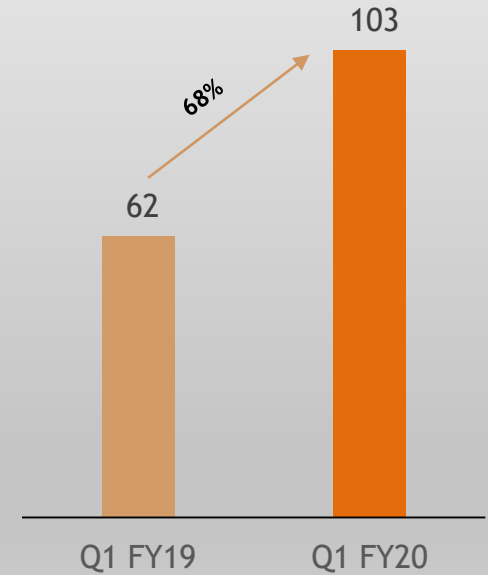
EBITDA (Rs. crore)



Segment wise

- Chemicals - 40% growth
- Textile - 91% growth

Profit After Tax (Rs. crore)





Profit & loss Statement

Rs. In Crore

Particulars	Q1 FY20	Q1 FY19	YoY	Q4 FY19	QoQ
Sales	879	757	16%	915	-4%
Operating Expenses	657	604	9%	673	-2%
EBITDA	222	152	46%	241	-8%
EBITDA Margin	25.2%	20.1%	512 BPS	26.4%	-120 BPS
Depreciation	31	27	14%	30	4%
EBIT	191	125	53%	211	-10%
Interest	30	34	-12%	31	-2%
Profit Before Tax	161	91	77%	181	-11%
Tax	57	29	97%	62	-8%
Profit After Tax	103	62	68%	119	-13%



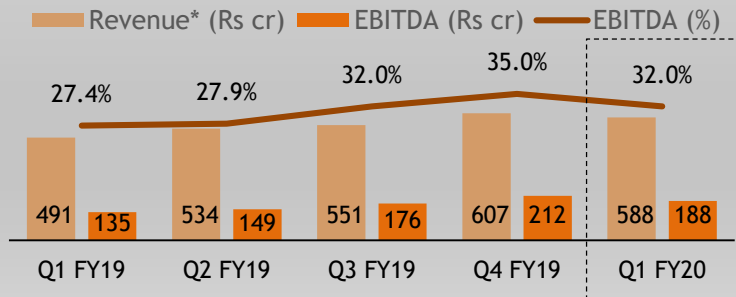
Q1 FY20 Segment Highlights - Inorganic Chemicals

Particulars	Q1 FY20	Q1 FY19	YoY	Q4 FY19	QoQ
Net Soda Ash Production (Lac MT)	2.49	2.09	19%	2.49	--%
Sales (Lac MT)	2.46	2.16	14%	2.57	-4%
Revenue (Rs. Crores)*	588	491	20%	607	-3%
EBITDA (Rs. Crores)	188	135	40%	212	-12%
EBITDA %	32%	27.4%	460 BPS	35%	-299 BPS
EBITDA % (Excluding Trading)	36%	31%	500 BPS	40%	-400 BPS

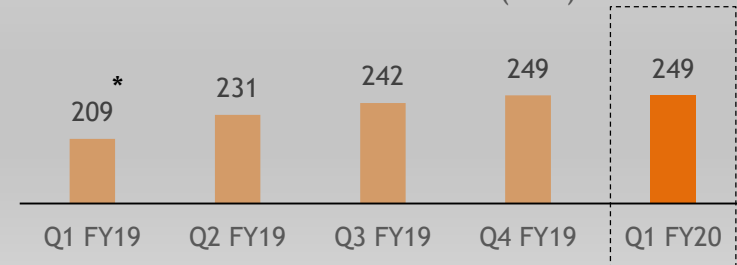
Performance Insights

- Production increased by 40,000 MT in quarter including Brownfield benefit and shutdown impact in corresponding qtr.
- Revenue growth by 20%, mainly due to higher volumes and realization improvement in H2FY19
- EBITDA growth by 40% compared to Q1FY19 primarily due to improvement in pricing over cost and higher volume.
- EBITDA per ton has improved Y-o-Y basis for the quarter.
- Softer market conditions ahead due to economic slowdown

Chemicals - Quarterly Trend



Net Production in MT ('000)



* Note :- Annual Shut down impact of 15K



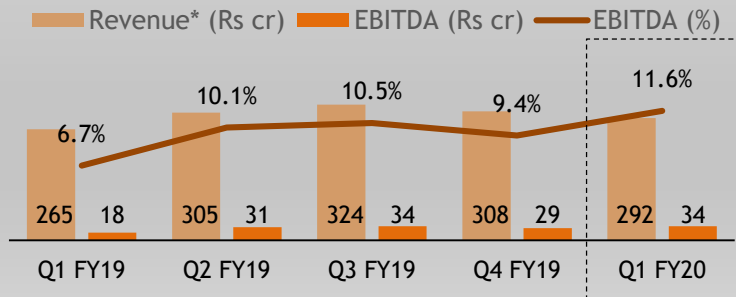
Q1 FY20 Segment Highlights - Textiles

Particulars	Q1 FY20	Q1 FY19	YoY	Q4 FY19	QoQ
Revenue (Rs. Crores)*	292	265	10%	308	-5%
EBITDA (Rs. Crores)	34	18	91%	29	16%
EBITDA %	11.6%	6.7%	490 BPS	9.4%	220 BPS

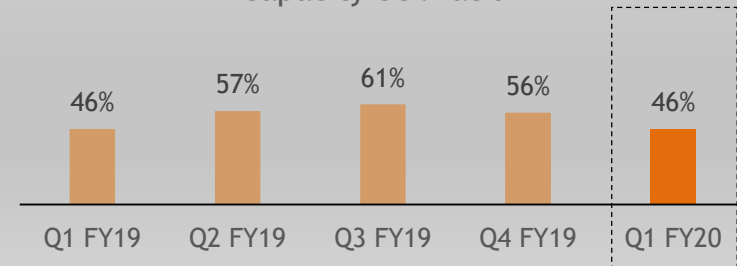
Performance Insights

- Revenue increased by 10% as compared to Q1FY19, which is due to better realization in Q1 over corresponding last qtr.
- EBITDA Growth - Due to reorganization of customer mix and better product positioning.
- EBITDA Margins - 490 BPS higher compared to Q1FY19 in line with our previous guidance.
- Challenging times for textiles
 - Weak Yarn demand and subdued pricing.
 - Demand slowdown in US and shift in demand pattern from conventional stores to online retail.

Textile - Quarterly Trends



Capacity Utilization

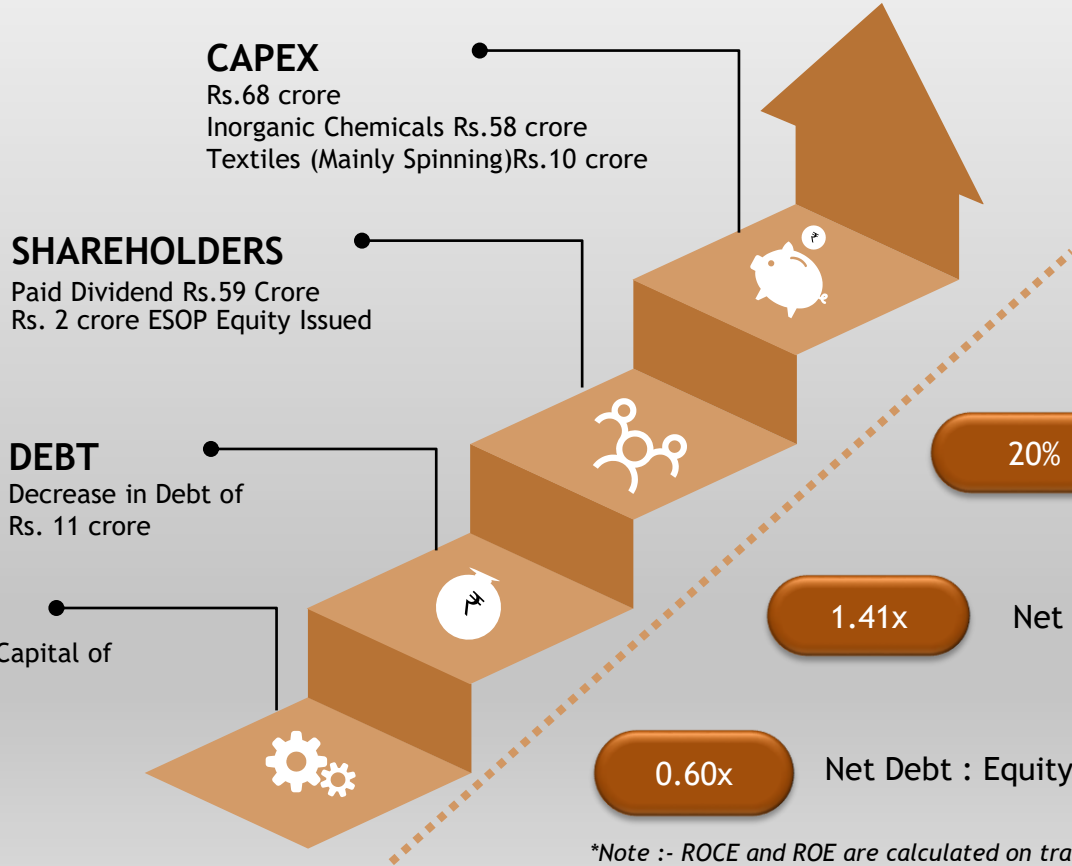


*Note :- FY19 Capacity Utilization based on expanded capacity of 45Mn Mtr/pa



Capital Allocation & Key Ratio's

Generated Cash Profits (net of Tax) of Rs. 142 crore



Key Financial Ratios

20% ROCE*

20% ROE*

1.41x Net Debt / EBITDA

0.60x Net Debt : Equity

*Note :- ROCE and ROE are calculated on trailing 12month numbers..



Company Overview



GHCL - An Introduction



Best in class

- Operations management
- CAPEX planning and execution
- Financial management



Day to day management and strategy led by professional management team



Targeting

- To grow profits at a CAGR 20% on a long term horizon
- To create value systems that defines our Culture
- To drive sustainable inclusive growth involving all stakeholders

11.00

Lac MT
Soda Ash
capacity

2nd

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

90%+

Capacity
utilisation in
Soda Ash

1.85L

Spinning
Capacity

45

MN MT
Processing
Capacity

20%*

Return on
Capital Employed
(ROCE)

XX%

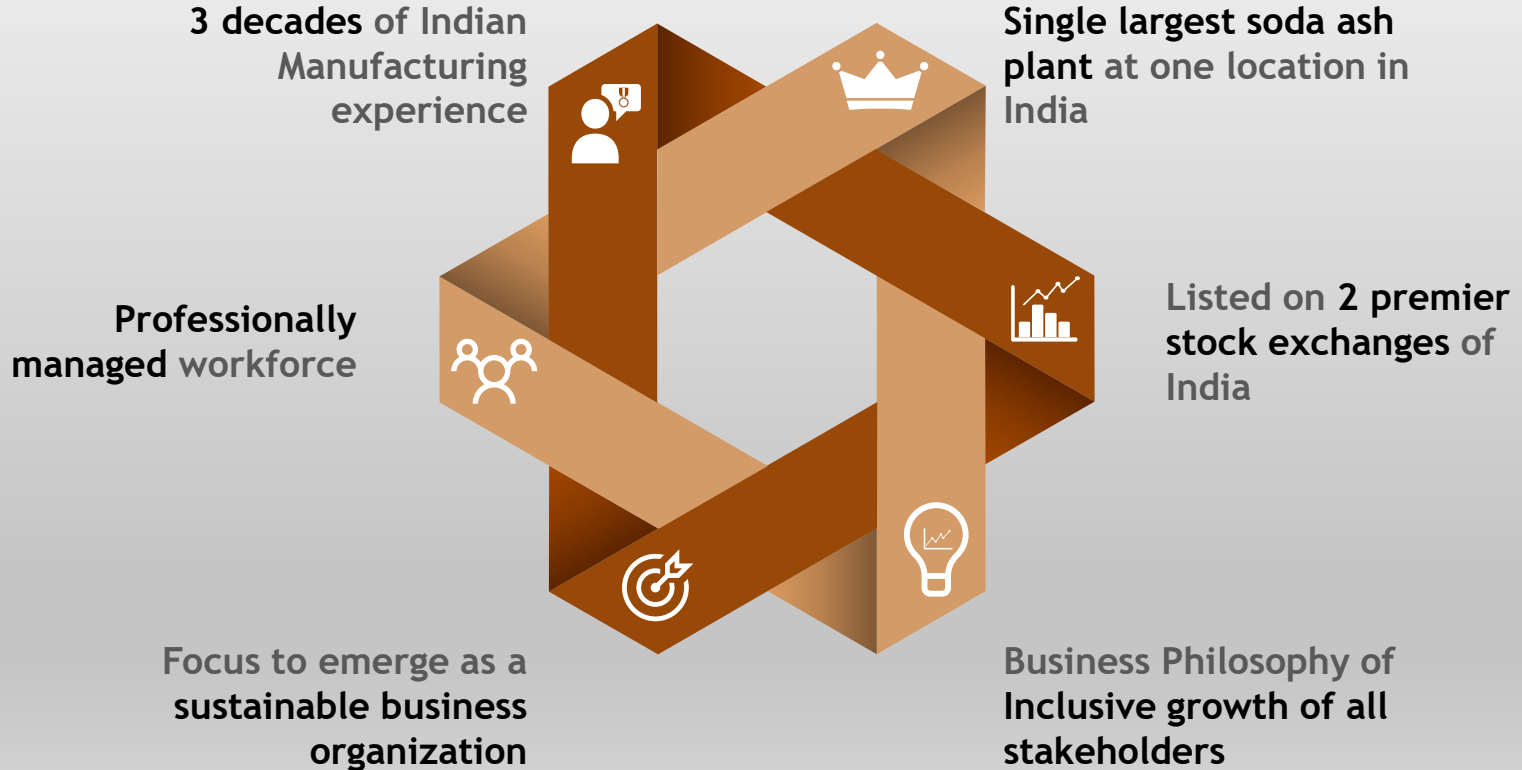
3-Year Revenue
CAGR in
Consumer
Products
Business

25%

5-Year PAT CAGR



GHCL Overview



Balanced growth opportunities across businesses



Inorganic
Chemicals (64 %*)
Margin leadership
in the industry

- Among top 3 soda ash players.
 - Catering 1/4th of Indian soda ash demand
 - Margin leader in the industry; with highest capacity utilization of 90%+
- Sodium Bicarbonate of 0.60 Lakh MT
- Strong FMCG presence in South India with edible salt, Honey & Spices
 - Expanding market reach by adding new geographies and product basket



Textiles Segment
(36 %*) - Presence
across the value
chain

- Spinning
 - 1,85,712 Spindles
 - 3,320 Rotors
 - 5,760 Drums
 - 5 Air jet Spinning Machine
- Weaving
 - 12 mn meters pa
- Processing
 - 45 mn meters pa
- Finished Product
 - 30 mn meters pa



Evolution of GHCL through the years

Soda Ash capacity increased to 8.5 Lakh MTPA

Entered Spinning business with 65 K spindles subsequently increased to 140 K

Commissioned Home Textile plant with 36 mn meters processing capacity and 96 air jet looms

Commissioned Refined Sodium Bicarbonate plant

Soda Ash production capacity increased to 9.75 Lacs MTPA.

Doubled Sodium bicarbonate capacity to 60 K MTPA.

Added TFOs for value added yarn and Air jet Spinning

Home textiles, Processing capacity increased to 45 Mn meters with total 190 Air jet weaving looms.

Scheduled to Increase Soda Ash production by another 50 K MT by Mar'21

Exploring Soda Ash Greenfield project, development of which will be done in a modular way.

1988-2000



Commenced Soda Ash Production with 4.2 Lakh MTPA which was further increased to 5.25 Lakh MTPA

Commenced Edible Salt Production and Launched 'Sapan' salt

2001-2008



Spindles capacity increased to 175 K, Installed 3320 rotors in spinning.

Launch of 'i-FLO' salt and 'i-Flo Honey'

Air jet looms capacity increased to 162

2009-2015



2016-2018



2019-2020



Soda Ash production capacity increased to 11 Lacs MTPA tons / year in FY2019.

GHCL is now the single largest manufacturer of soda ash in India at a single location.

Scheduled to Increase Soda Ash production by another 50 K MT by Mar'20

2021-2022





Spearheaded by Pre-eminent Professionals

RS Jalan
Managing Director



Unique leadership style with endeared managerial abilities drives all businesses alike

Qualified Chartered Accountant, profess deep business understanding and excellent analytical skills.

Raman Chopra
CFO & Executive Director



Spearheading GHCL's Finance and IT functions

Qualified Chartered Accountant with sharp financial acumen, negotiation skills and a great passion for technological advancements and specialization in Greenfield expansion

NN Radia
President & COO,
Soda Ash



Associated with the Company since 1986

Bachelor in mechanical engineering

Strong technical expertise alongwith people management.

Sunil Bhatnagar
President Marketing,
Soda Ash



Associated with the Company for over 22 years

Degree in law and diploma in management

Manu Kapur
President & CEO,
Home Textiles



Industry veteran with more than 2 decades experience

His vast experience in Home Textiles Sourcing in previous assignments with Ikea and J C Penny

M. Sivabalasubramanian
CEO, Spinning



Vast experience in cotton procurement and manufacturing operations

Bachelor in textile engineering



Experienced and accomplished Board of Directors

Mr. Sanjay Dalmia (Chairman)

Mr. Anurag Dalmia (Vice Chairman)

Mr. Neelabh Dalmia (Director)

Mrs. Vijaylaxmi Joshi (Independent Director)

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

Justice (Retd.) Ravindra Singh (Independent Director)

Dr. Manoj Vaish (Independent Director)

Mr. K.C. Jani (Independent Director)

Mr. Lavanya Rastogi (Independent Director)

Mr. R.S. Jalan (Managing Director)

Mr. Raman Chopra (CFO & Executive Director)



Core values at forefront..

Thoughtful and show regards for another person.



Each person to work towards larger group objectives.

Confidence in each others capabilities and intentions.

Take Responsibilities of own decisions and actions.

GHCL is an unique work place 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.

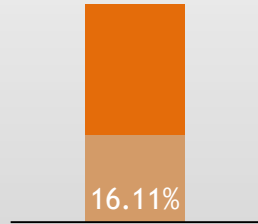
In FY2018, more than 500 employees are beneficiaries and rewarded for core values.



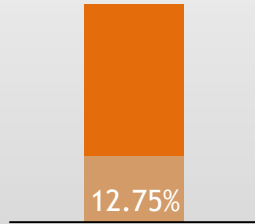
Strong Institutional & HNI** Holding - 37.16%

Institutional Holding - 32.29%, HNI's**- 4.87%

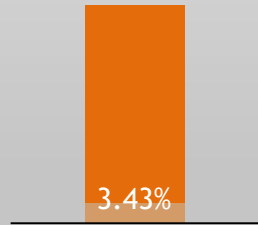
Non-Institutional Holding - 43.97%



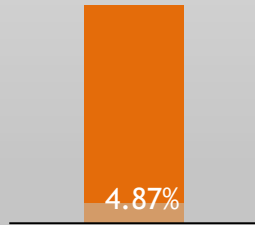
Foreign Portfolio Investors



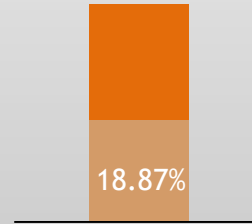
Mutual Funds



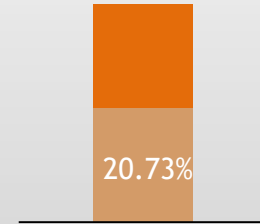
Insurance Companies/
Financial Institutions /
Banks



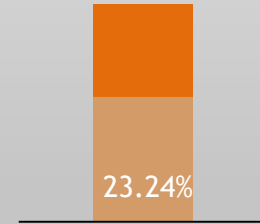
HNI's**



Promoter &
Promoter Group



Body Corporates



Others

*As on 30th June 2019

** HNI- Individuals holding share capital more than 1%



Inorganic Chemicals



Commanding a leadership in manufacturing of Soda Ash

+90%

Capacity utilization;
Highest in industry

11.00L MT

Soda ash capacity;
25% market share of
domestic demand

Margin
Leadership

+30%*

EBITDA Margins;
consistent high
margins

Key Differentiators

Single largest Soda ash plant in India at a single location

Best in class productivity

Soda Ash B2B to B2C with supply chain existence

Focus on cost competitiveness with Quality circle

Expertise and Specialisation of 30 years

Strategic control over key raw materials

Innovated from coke to briquette for cost optimisation



Marquee Clients



Hindustan Unilever Limited



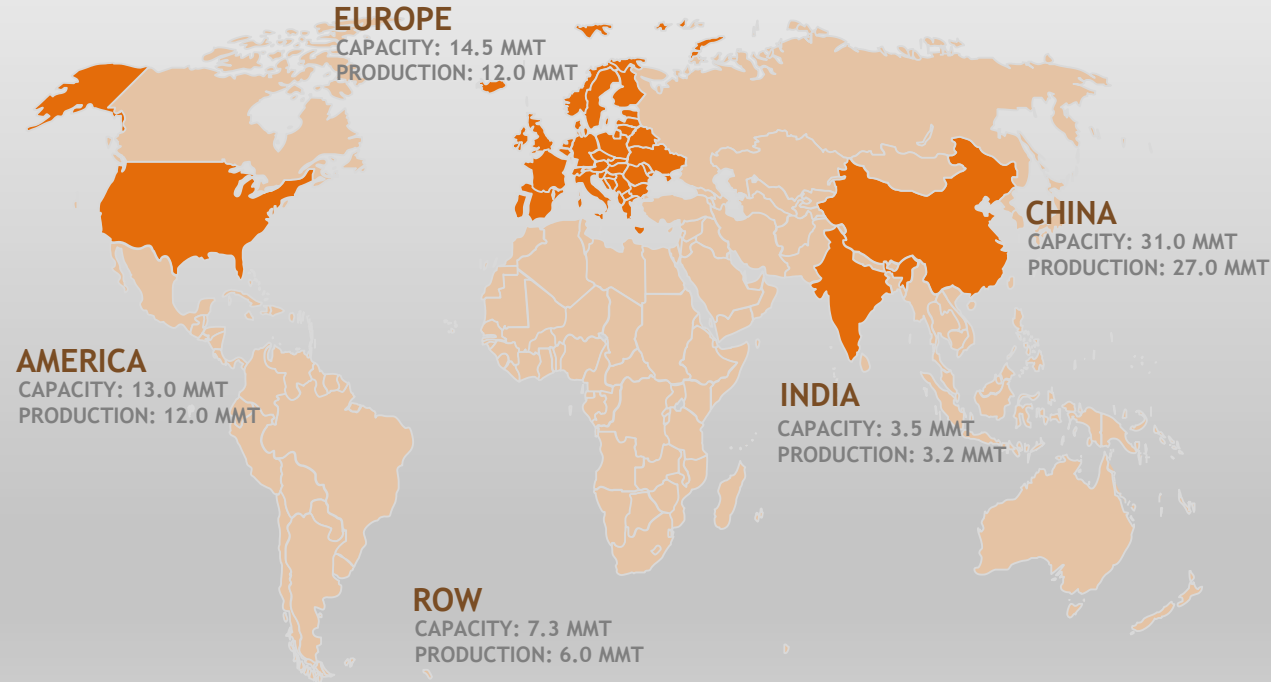
GUJARAT
BOROSIL
LIMITED





Global outlook on the soda ash industry

GLOBAL SIZE: CAPACITY-69 MMT, PRODUCTION-60 MMT



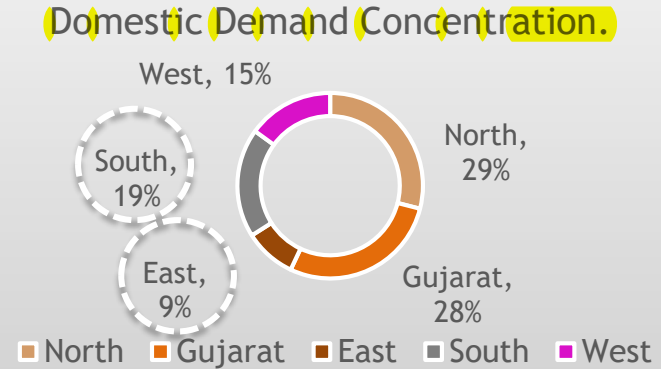
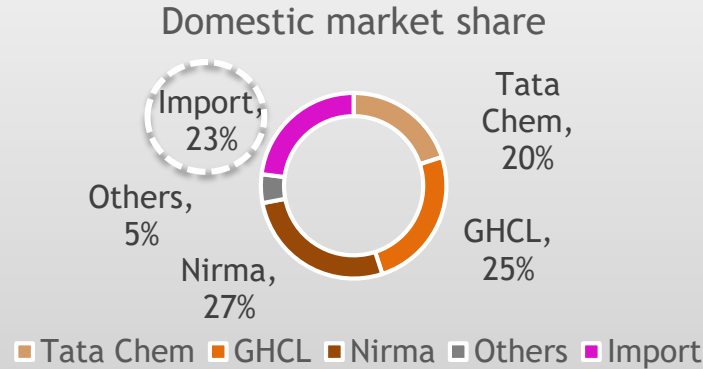
Global

- Global economic weakness has resulted in softness in Soda Ash market.
- China continue to face economic slowdown. Reported high Soda Ash production and dull domestic markets resulting in significant drop in prices
- **Europe** : Slightly easing markets due to slowdown in automobile sector. Turkey has become largest supplier to India.
- US overall Production at normal levels, with steady domestic consumption and exports

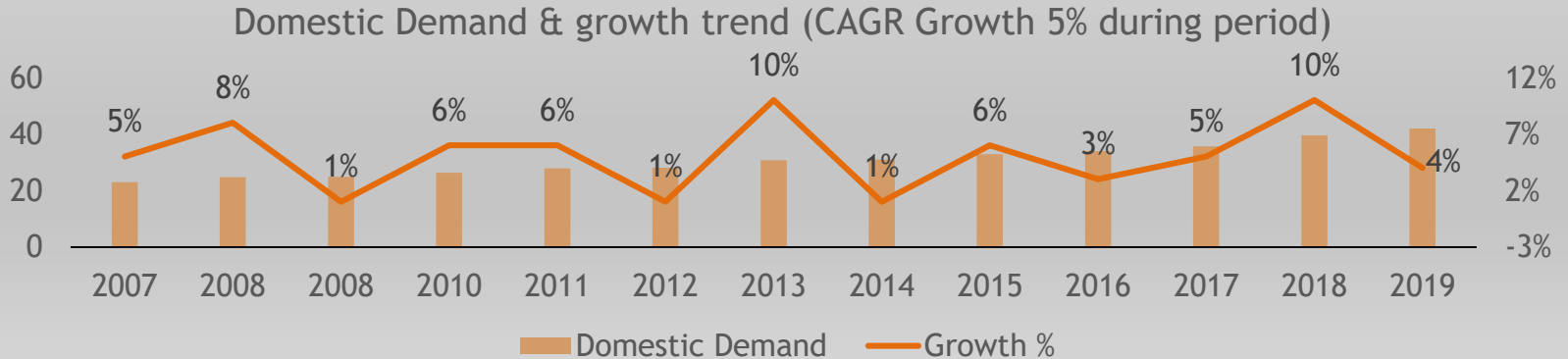
Globally market is growing @ 2.0% pa requiring around 1.2Mn MT additional supplies every year

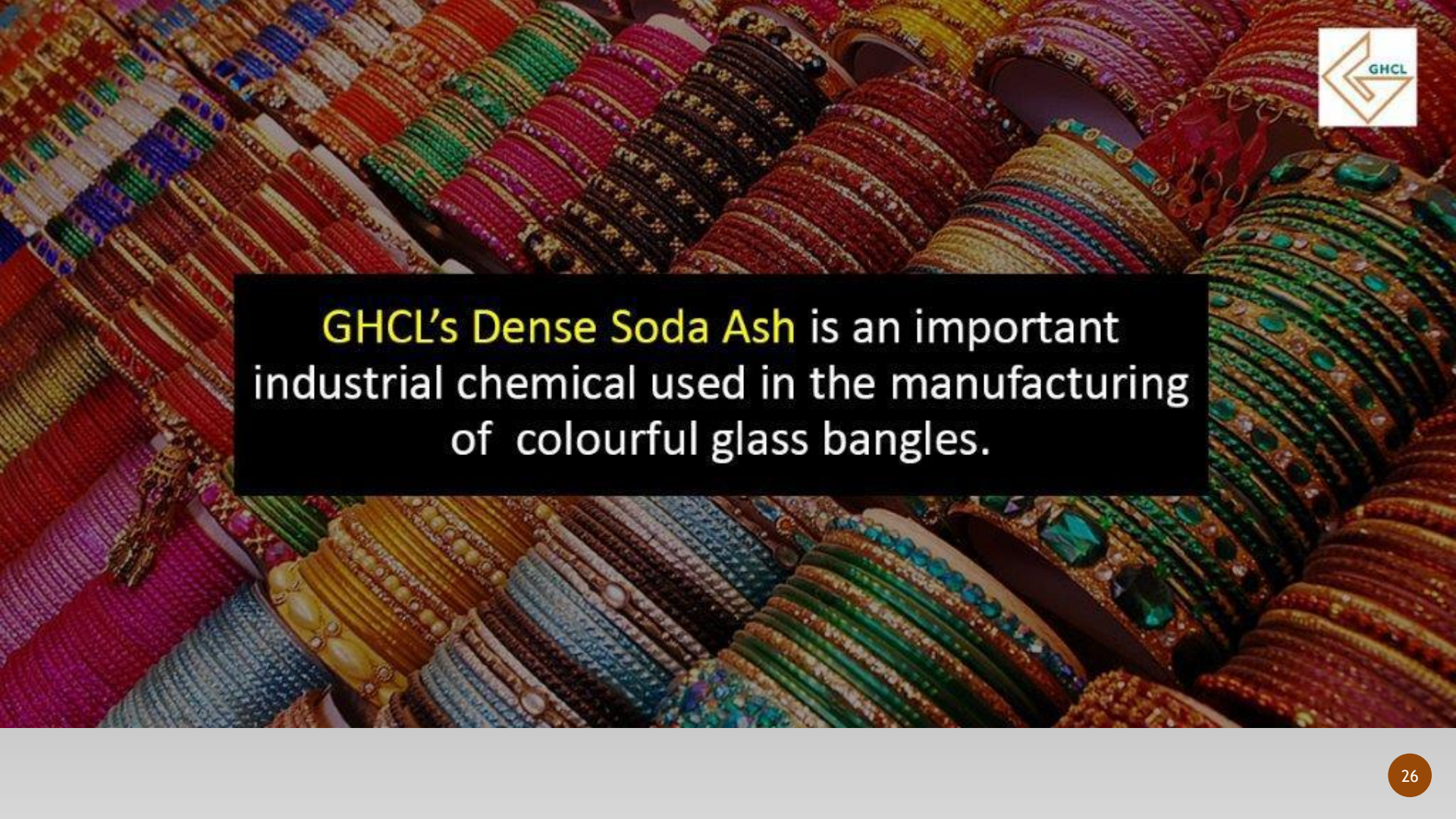


Soda Ash Dynamics (Domestic Industry)



* Based on External demand for FY19 (Source : IMA)



The background of the slide is a close-up photograph of numerous colorful glass bangles. The bangles are arranged in rows, showing a variety of colors including red, orange, yellow, green, blue, and purple. Some bangles are plain, while others are decorated with small gold-colored beads or larger, faceted gemstones like emeralds and rubies.

GHCL's Dense Soda Ash is an important industrial chemical used in the manufacturing of colourful glass bangles.

Every cloth tells a story...
And we want to be the part
of that story...

Our **Soda Ash**
is used in soaps and
detergents to improve their
cleaning properties.



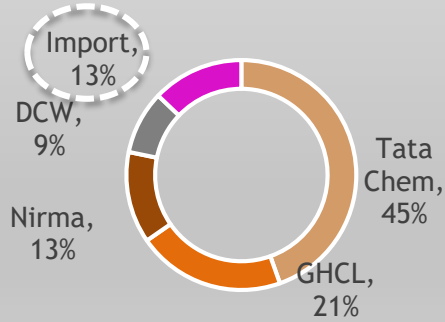


Inorganic Chemicals - Sodium Bicarbonate

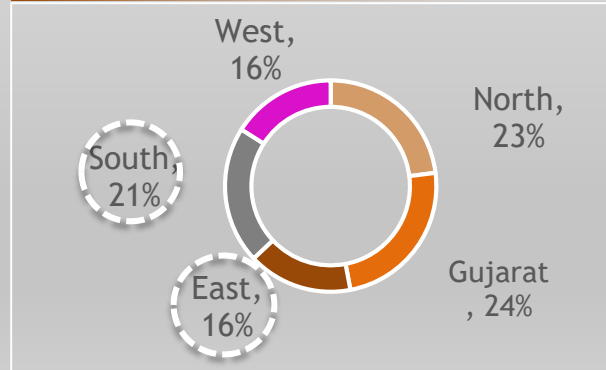


- Doubled capacity from 30,000 to 60,000 MT in December 2017, Our market share will accordingly go up from current market share of 13%
- Generally named as baking soda, bread soda, cooking soda and bicarbonate of soda
- Used in Cooking, Pharmaceuticals, Fire Extinguishers, pH balancer, and Cleaning agent
- Specialization and experience in manufacturing of around a decade

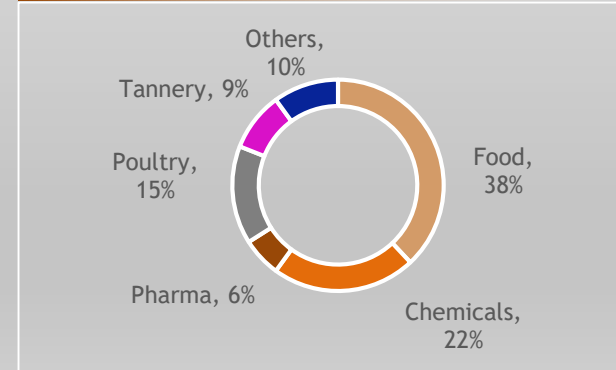
Domestic Demand Share



Domestic Demand Concentration



User Segment spread



Inorganic Chemicals - Consumer Products

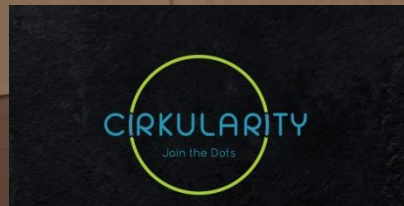
- Premium edible Salt Manufacturer in South India
- Expanding product portfolio i.e. Salt, Honey, Spices and Powder Spices under the brand i-FLO.
- Ventured into the Premium Honey Category by pioneering the entry of Jujube Honey
- Under powdered spices category, Turmeric, Chilli, Coriander & Black Pepper Powder SKUs were introduced.
- Now adding complete basket of Blended spices in powder category
- Entered into Maharashtra and Goa market.
- Brands: Sapan & i-FLO which are well accepted among Category A stores in Major Southern cities.





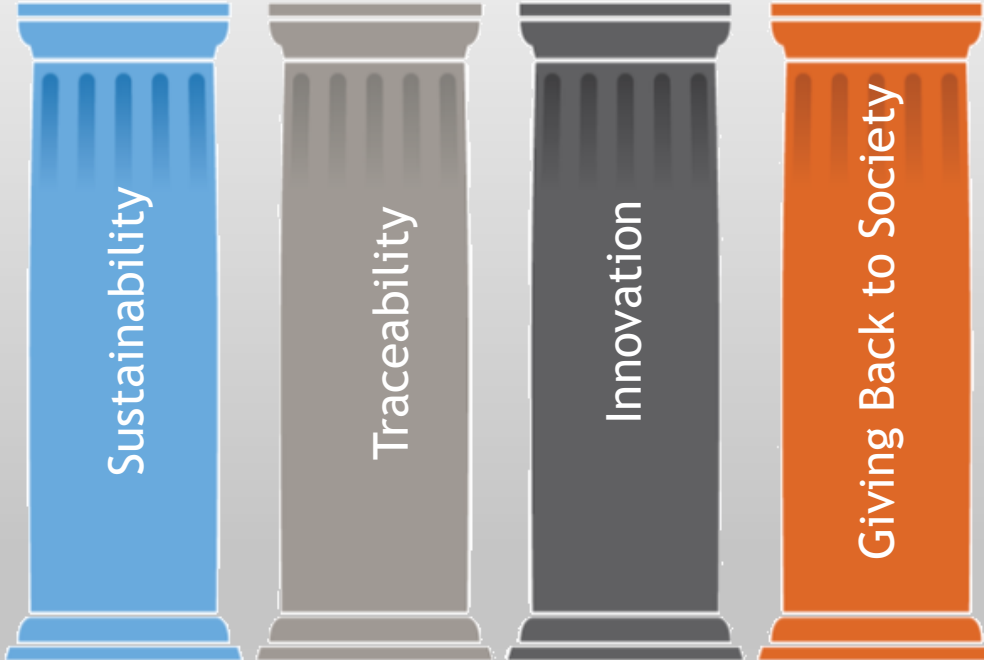
Home Textile Segment

REKÖÖP
RECYCLED WITH CERTAINTY





GHCL's Home Textile 4 Pillar Strategy



THE DERMA-GLOSS RANGE
80% BCI Cotton, 20% Cupro. With Aloe Vera.

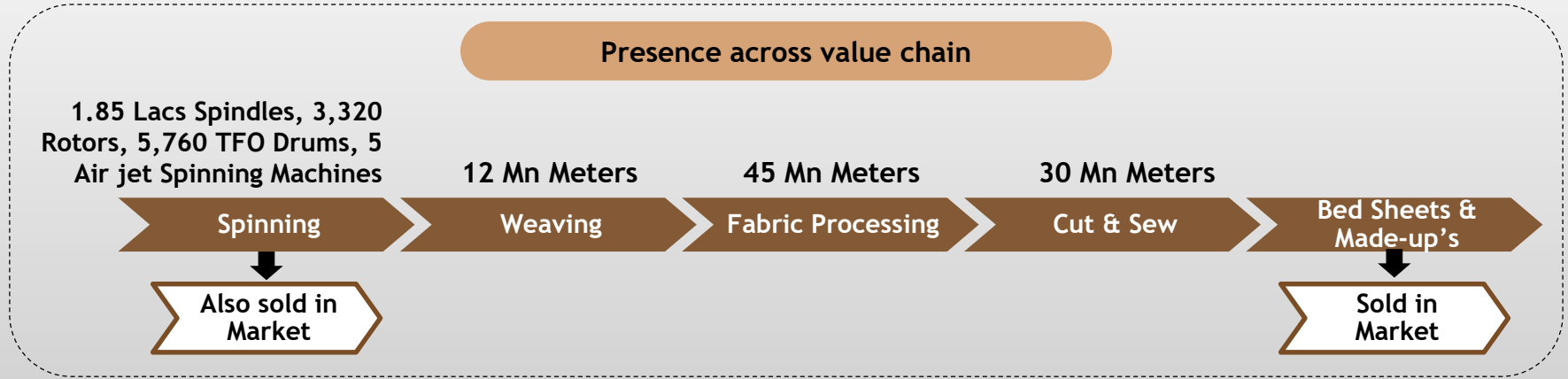
Meditasi

SLEEP AND HEAL

GHCL's innovative
"health and wellness"
bedding collection



Complete Integration improving the efficiency



- **Spindle capacity close to double of home textile requirement giving an opportunity to benefit from expansion of sheeting capacity**
 - Spinning unit located near Madurai in Tamil Nadu
 - Yarn ranging from 16s to 32s in open end, 30s to 120s in ring spun compact counts in 100% cotton and 24s to 70s counts in blended yarns
 - 27.2 MW windmill capacity
- **State-of-the-art home textiles facility at Vapi with weaving, processing and made ups**
 - Best of plants and equipment sourced from Germany and Japan - Beninger, Kuster, Monforts
 - Flexibility to process both cotton and blended fabrics.



Marquee Clients



KOHL'S



Sainsbury's

JCPenney

Dillard's

canningvale



amazon.com

Walmart.com



Ultimately it all comes back

Less than a tenth of all plastic produced globally is recycled. A vast majority of the rest is dumped in landfills and in the oceans.

Small plastic pieces of less than 5 mm size or micro plastics, are major ocean pollutants. They are ingested by aquatic micro organisms which then get into food chain.

Ultimately, this plastic comes back in the food we eat.





Cirkularity is a range of bedding from GHCL that supports the Circular Economy and centers around 'Reduce, Reuse and Recycle'



THE SPIN WIN COLLECTION

51% COMBER NOIL, 49% ORGANIC COTTON

Upcycled as a result of the reuse of Comber Noil, a wasted by-product of the yarn spinning process.

Using Comber Noil instead of Cotton reduces the consumption of water by around 3200 gallons per set.

Global Recycled Standard certified.

THE NEFERITI COLLECTION

50% COTTON, 35% LYOCCELL, 15% LINEN PERCALE

Made with 'more sustainable' BCI Cotton, which significantly reduces the consumption of water, chemical fertilizers and pesticides.

Lyocell fibers, of botanic origin, are truly sustainable and totally biodegradable.

Linen fibers are cellulosic and are derived from the Flax plant. The fibers are completely natural and are totally biodegradable.

Garment Washed for an ultra soft feel.

THE VELVETTE COLLECTION

70% TENCEL™ LYOCCELL 30% COTTON TWILL

TENCEL™ Lyocell cellulosic fibers of botanic origin define a new standard of sustainability.

Supersoft touch | Excellent drape | Quick wicking provides luxurious comfort | Inhibits bacterial growth

THE SYLVA-CEL COLLECTION

60% TENCEL™ LYOCCELL 40% RECYCLED POLYESTER PERCALE

TENCEL™ Lyocell fibers are derived from sustainable wood sources. These fibers are completely biodegradable and compostable.

Recycling PET helps reduce landfill space, crude oil consumption and CO2 emissions.

Made using VORTEX spun yarn.

THE WOOD WHEEL COLLECTION

100% REFIBRA™ PERCALE

REFIBRA™ technology involves **upcycling** of post industrial cotton scraps, in addition to wood pulp.

REFIBRA™ fibers are identifiable in products due to the special technology designed to confirm fiber origin.

Supersoft | Comfortable | Inhibits bacterial growth

THE NATURLIG COLLECTION

100% ORGANIC COTTON NATURAL, SCOURED DOBBY

Natural scoured dobby.

No chemical processing.

Lower usage of chemical auxiliaries.

Significant reduction in water, steam and electricity consumption.

Reduction in environmental pollution.

THE CRATUS COLLECTION

65% SUPIMA COTTON 35% MICRO TENCEL™ LYOCCELL

Uses American grown, extra long staple Supima Cotton. Supima is part of the Cotton LEADS Program, which fosters efforts in sustainable cotton production.

Twice as strong as regular cotton, Supima makes for extraordinarily resilient products.

Micro TENCEL™ Lyocell fibers are derived from sustainable wood sources and are known to be super absorbant and ultra soft.

THE COMALL COLLECTION

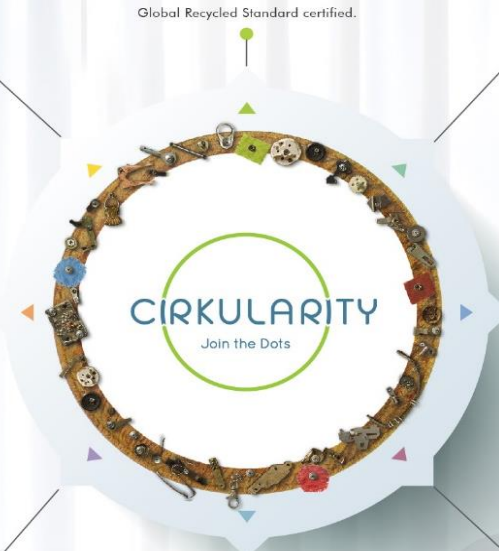
80% COTTON 20% MICRO TENCEL™ LYOCCELL PERCALE

Uses 'more sustainable' BCI Cotton which reduces the consumption of water, chemical fertilizers and pesticides.

The Micro TENCEL™ wood based fiber is biodegradable and compostable.

Peached, for a supersoft luxurious feel.

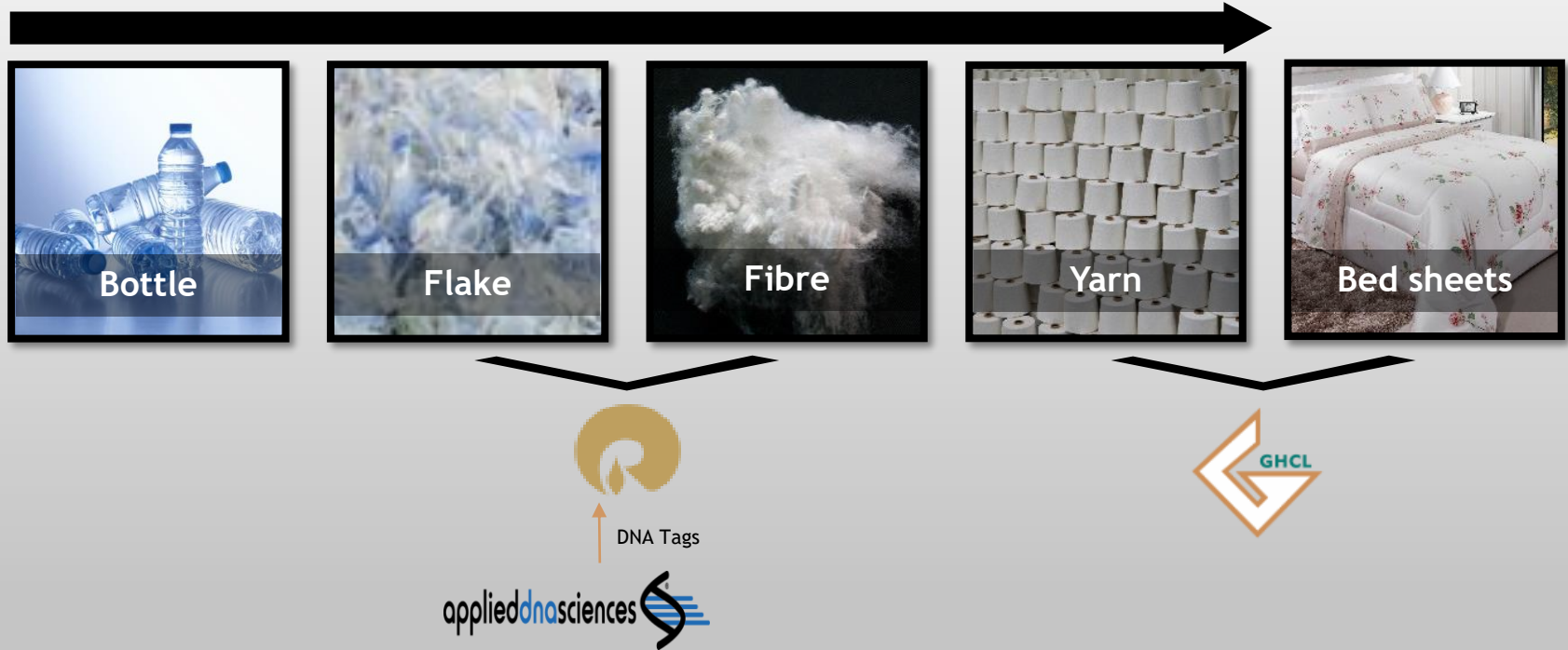
Cool comfort | Inhibits bacterial growth





Reinventing with REKOOP

REKOOP
RECYCLED WITH CERTAINTY



Patented technology developed in association with Applied DNA Sciences(ADNAS) & GHCL

Fibre to be manufactured and supplied by Reliance Industries

Manufactured and Sold by GHCL under REKOOP brand



Focus on driving profitable growth

- Modular, phase-wise capex to give sustained volume growth
- Emphasis on high efficiency in operations
- Exploring Modular Greenfield Soda Ash expansion

- Continuing to drive performance in spinning. Value-added products to be in focus
- With sustainability and innovation as core planks, home textiles to chart margin expansion



- Expanding product portfolio and geographic footprint remains the key objective
- Cash flows redeployed towards gaining scale



Awards & Recognitions

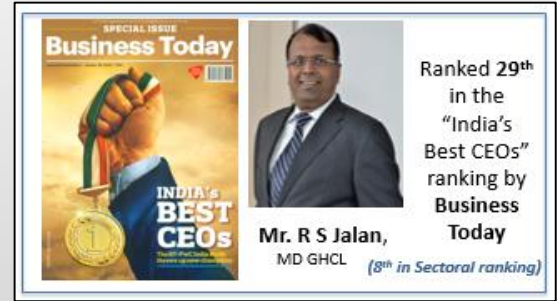


Referred as **Great Place to work** in three consecutive years of participation

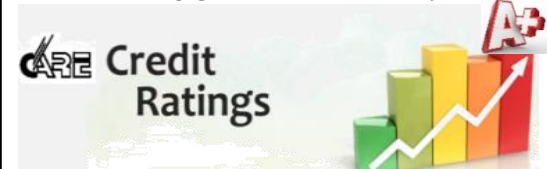
Amongst top 25 ranking for manufacturing industry.



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



4 Notch Upgrades in last 4 years



Enhanced Credit Ratings - Upgraded to **A+** with Stable outlook,



About Us

GHCL Limited was incorporated on 14th of October 1983. The company has established itself as a well-diversified group with an ascertained footprint in chemicals, textiles and consumer products segment. 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 Team work).

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

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Thank You

