



GHCL LIMITED

INVESTOR PRESENTATION MAY 2017



We believe – Respect, Trust, Ownership and Integrated Teamwork lead to Business Success



Safe harbor



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Agenda

01

Business Overview

02

Business Philosophy

03

Inorganic Chemicals Segment

04

Textiles Segment

05

Financials



— Zorah Khan

01

Business Overview

— Zorich

➤➤ Cost leadership in the industry

Inorganic Chemicals (59%*)

- **Among top 3 soda ash players with 9.50 MT capacity**
 - Catering 1/4th of Indian soda ash demand
 - Margin leader in the industry; one of the highest capacity utilizations
- **Sodium Bicarbonate of 0.30 Lakh MT**
- **Strong FMCG presence in South India with edible salt**
 - Expanding market reach by adding new geographies and product basket

➤➤ Presence across the value chain

Textiles Segment (41%*)



Spinning

1,75,000 Spindles

3,340 Rotors



Weaving/Knitting

12 Mn metres pa

162 air jet looms



Processing

36 Mn metres pa



Finished Product

30 Mn metres pa

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Professional management



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.



Sunil Bhatnagar

Marketing Head, Soda Ash

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



Neeraj Jalan

SVP, Home Textiles

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



NN Radia

COO, Soda Ash

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



M. Sivabalasubramanian

SVP, Spinning

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

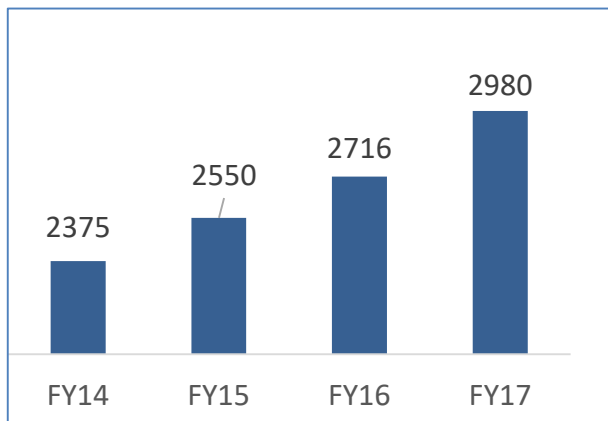
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Robust growth with improving profitability

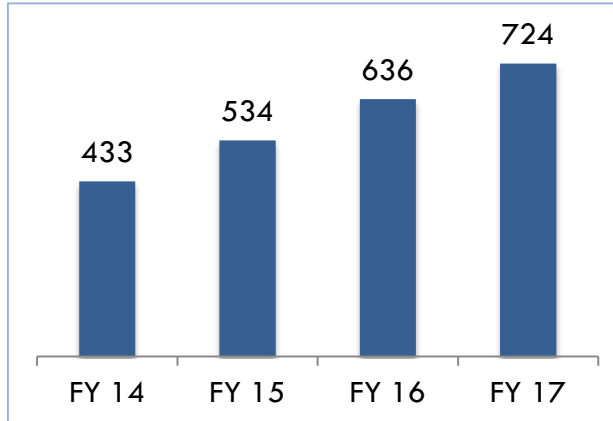


Rs Crs

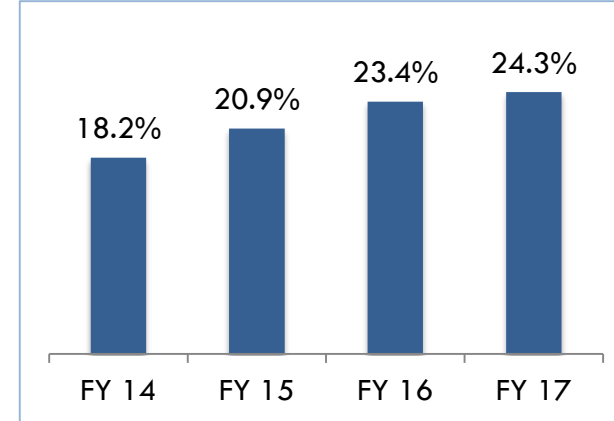
Revenue (8% CAGR)



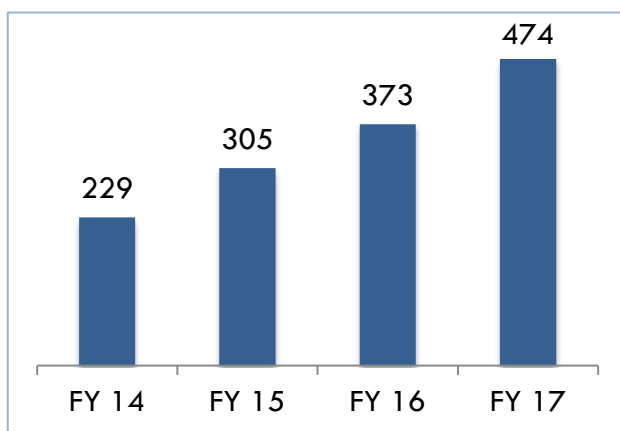
EBITDA (19% CAGR)



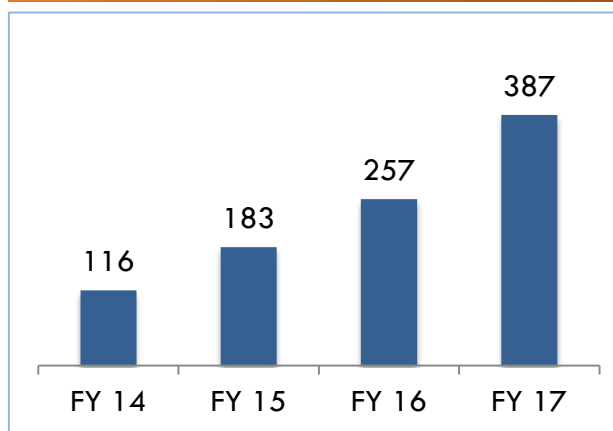
EBITDA Margin



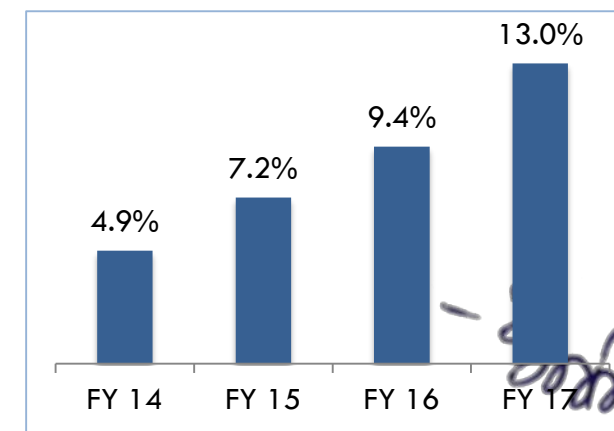
Cash Profit (28% CAGR)



PAT (49% CAGR)



PAT Margin

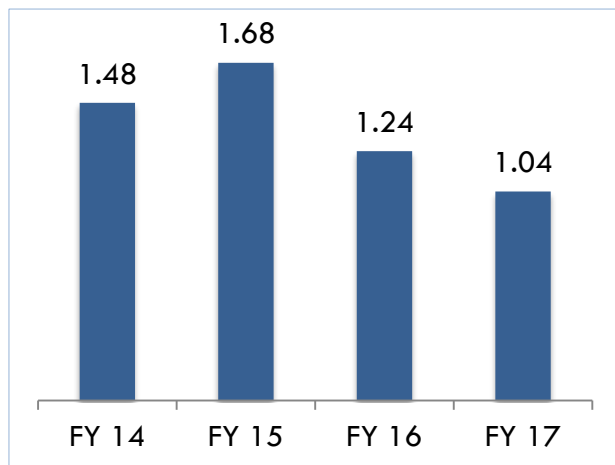


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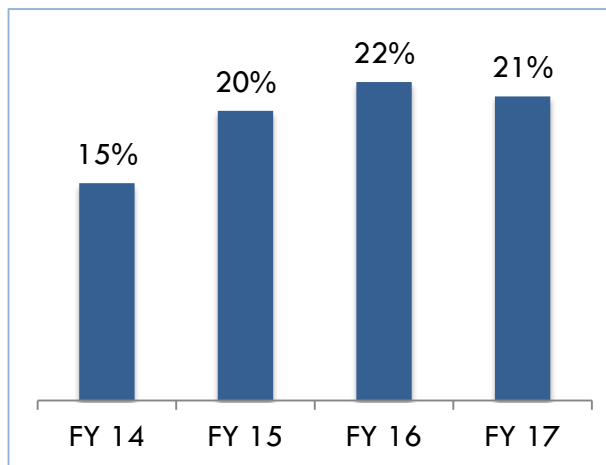
And improving return ratios



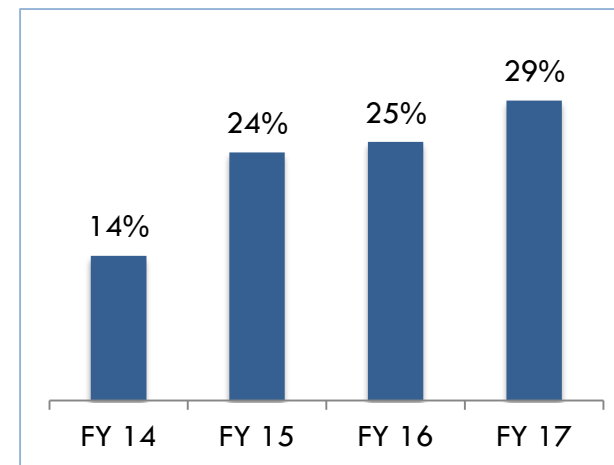
Net Debt/Equity



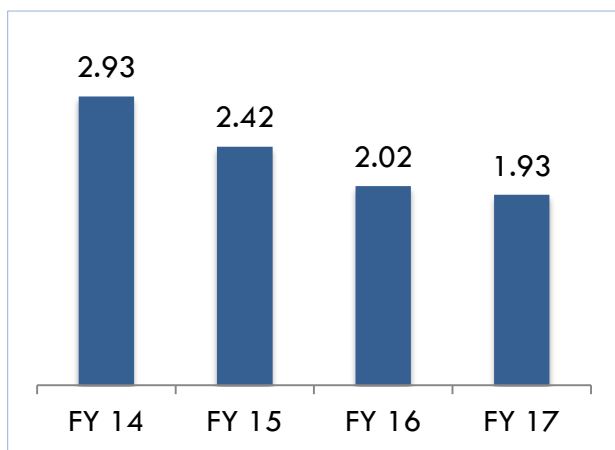
ROCE



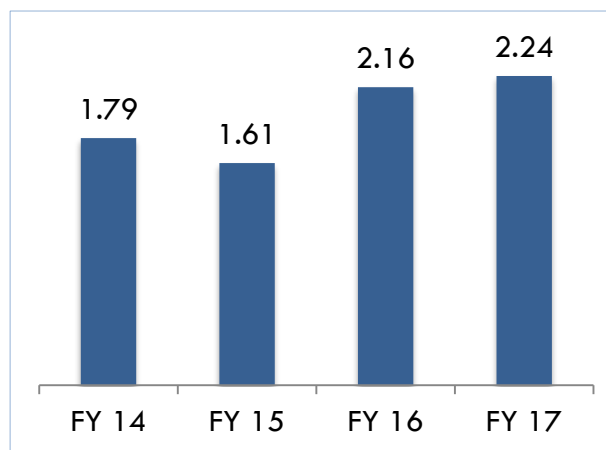
ROE



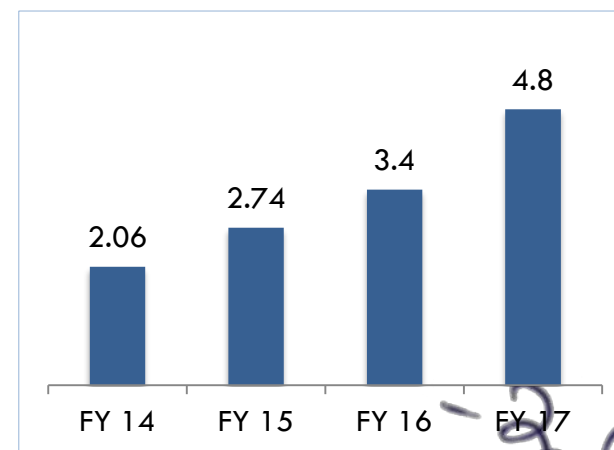
Net Debt/EBITDA



Current Ratio



Interest Coverage Ratio



Standalone Financials

- ROCE calculated as - Trailing 12 Months (TTM) EBIT/ (Total Debt + Shareholders Equity); ROE calculated as - Trailing 12 Months (TTM) PAT/ Shareholders Equity;
- Debt under IND AS is Rs. 1431 crore which would have been Rs.1309 crore under IGAAP. The increase is mainly due to classification of items like bill discounting/vendor finance as debt under IND AS.

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- 50% Dividend Proposed (15.27% of PAT) in line with Dividend Policy of 15%-20% on PAT Rolled out last year.
 - In addition, Upto Rs. 80 crore allocated towards Share buyback
 - Bought Back 18.72 Lakh Shares till 19th May 2017 – amount spent : Rs. 49 crore
-

- Investment Plan of 700 crore in core business of Soda Ash for 2.5 Lakh MT expansion – Already spent Rs. 300 crore (completed 1 Lakh MT)
- Expanding in Spinning in Value added segment
- Processing Capacity expansion of 9 Mn Mtr under implementation. To be completed



financial

Discipline

- Investing for Growth
 - Higher Payout to shareholders in terms of Dividend and Buyback
 - Maintaining financial ratios - Debt : Equity/Debt : EBITDA by focus on borrowing levels
-

Prashant

Business Philosophy

02

— 2024/2025

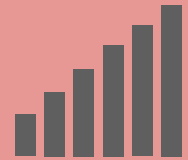
Business philosophy going forward...



01

Robust and Profitable Growth

To grow profits at CAGR 20%



02

Focus on Value Systems

To create a value systems that defines our Culture



03

Sustainable Inclusive Growth

Business Philosophy of “Sustainable Inclusive Growth” involving all the stakeholders



— 2023/24

Sustainable Inclusive Growth



Education

- More than 4500 students being educated in 27 villages from pre-school to graduation
- Under Vidya Jyot Project, promoting education for village kids with LEP inputs

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

Promoting Rural Health

- Impacted over 50000 lives through various health 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.



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.

Women

Empowerment

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

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.

अनुसंधान



**Dun & Bradstreet
Top 500 Indian companies
2017**

- » Moved to 211 Ranking against last year 246 in Dun & Bradstreet's publication "Top 500 Indian companies 2017"
- » Been consistently included in Top 500 Companies since many years.



**Great Place to Work
Certification**

- » In Survey 2016, GHCL has been certified as "Great place to work"
- » Scored immensely in all 5 categories (Credibility, Respect, Fairness, Pride and Camaraderie)
- » Exceeded the score of the average of the India Top 50 companies in some criteria



**Frost & Sullivan
India Manufacturing Excellence
Awards - 2016**

- » 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

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Recognitions (Continued..)



A-

Credit Rating
Upgraded to A -
from BBB +.



- Our two Spinning units were conferred with prestigious SIMA award for the year 2015-16 for best operating units in south.
- One of the Unit in our textile/spinning was ranked 2nd position.
- Selected out of 100+ Mills across the country.



- Spinning unit received **“GOLD Award”** in International convention on **Quality Control Circles 2016** held in Thailand.
- Apprentice rural girls presented this project on global platform in English which was highly appreciated.

— 2015/16

03

Inorganic Chemicals

- 2007/08

Leading manufacturer of soda ash



9.5L MT

Soda ash capacity;
25%+ market share
of domestic demand

**Cost
leadership**
Captive sources
of raw material

90%+
Capacity utilization;
amongst highest in
industry

30%+
EBITDA Margins;
consistent high
margins

Captive sources of raw materials

- Captive control on fuel (largest cost component)
 - Only company having its own lignite mines
 - Coal /lignite ratio at 30:70, one of the best in industry
- Innovatively replaced imported met coke with in-house developed briquette coke: Briquette costs 46% lower than coke cost
- Other captive raw materials - salt and limestone
 - All limestone mines located within 40 km distance from the plant

Captive
Consumption

Salt
45%

Limestone
30%

Briquette
75%

Lignite
30%

Clients – major FMCG/ glass cos.



GUJARAT
BOROSIL
LIMITED

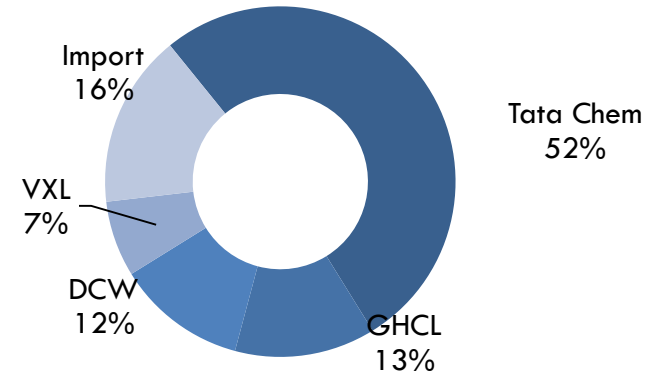


PATANJALI

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Sodium Bicarbonate

- » 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
- » Capacity of 30,000 MTP



FMCG

- » Premium edible Salt Manufacturer in South India
- » Size raw salt capacity is 1.50 Lakh MT spread over 3500 acres in Tamil Nadu; Refined Salt Capacity is 0.75 Lakh MT near Chennai
- » Brands: Sapan & i-FLO which are well accepted among Category A stores in Major Southern cities
- » Only company to launch Herbal Salt
- » Pioneering Initiative in securing Halal Certification

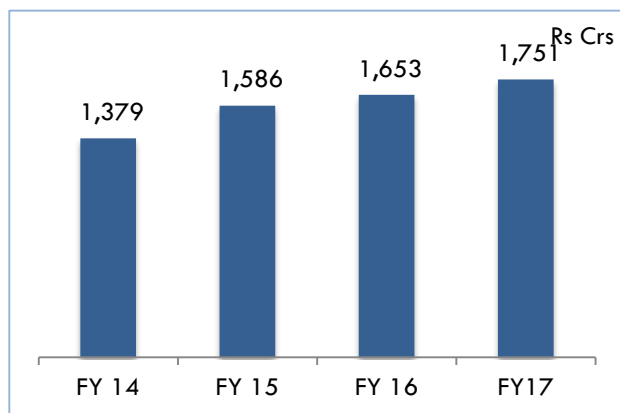


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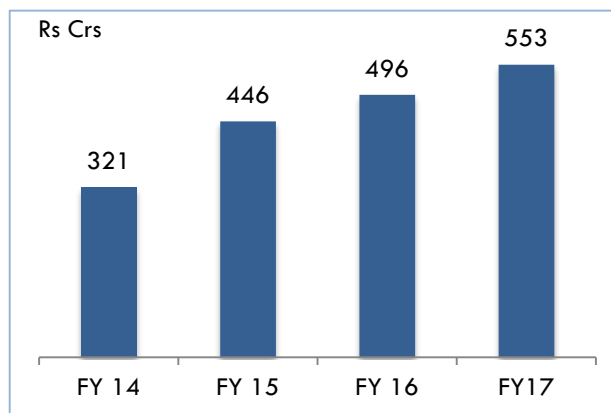
Robust financial performance



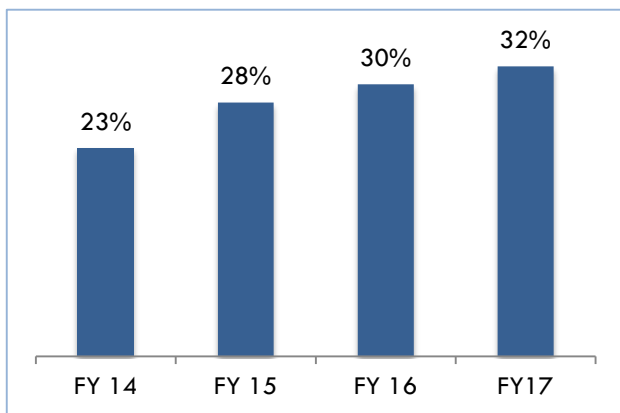
Revenue



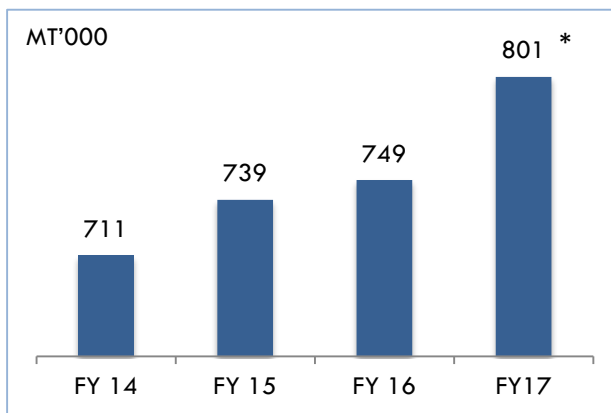
EBITDA



EBITDA Margin



Production in MT



Key performance highlights

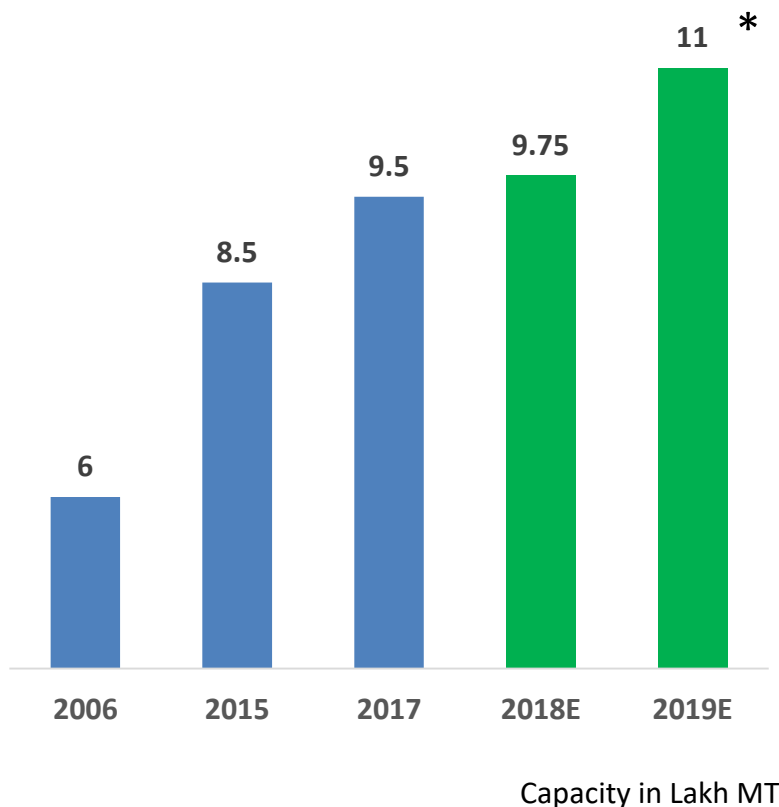
- » Revenue growth of 21% for Quarter ended March 2017 led by
 - 12% Volume Growth in the quarter
 - 7% Volume Growth for the year (Better than Industry Average)
- » EBITDA up by Rs. 57 crore in FY17 (11% YoY growth)
 - » For the Quarter EBITDA up by Rs. 7 Crore registering a growth of 5%
- » EBITDA margins up from 30% to 32% for the year.

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Capacity additions to spur growth



Steady capacity additions



* Will propel volume growth FY2020

Phase 1 expansion

- » Capacity expansion by 1 Lac MT of Soda Ash completed during March FY17
 - » Completion within timeframe and lower cost than expected, thus improving ROCE of the investment.

Debottlenecking – By FY18

- » Next phase of Capex (Phase-II) by FY18
 - » Debottlenecking in Soda Ash by 25K MT
 - » RBC by 30 KMT expected in Middle of FY18
 - » Estimated capex outlay Rs. 50 Crores.

Phase 2 – By FY19

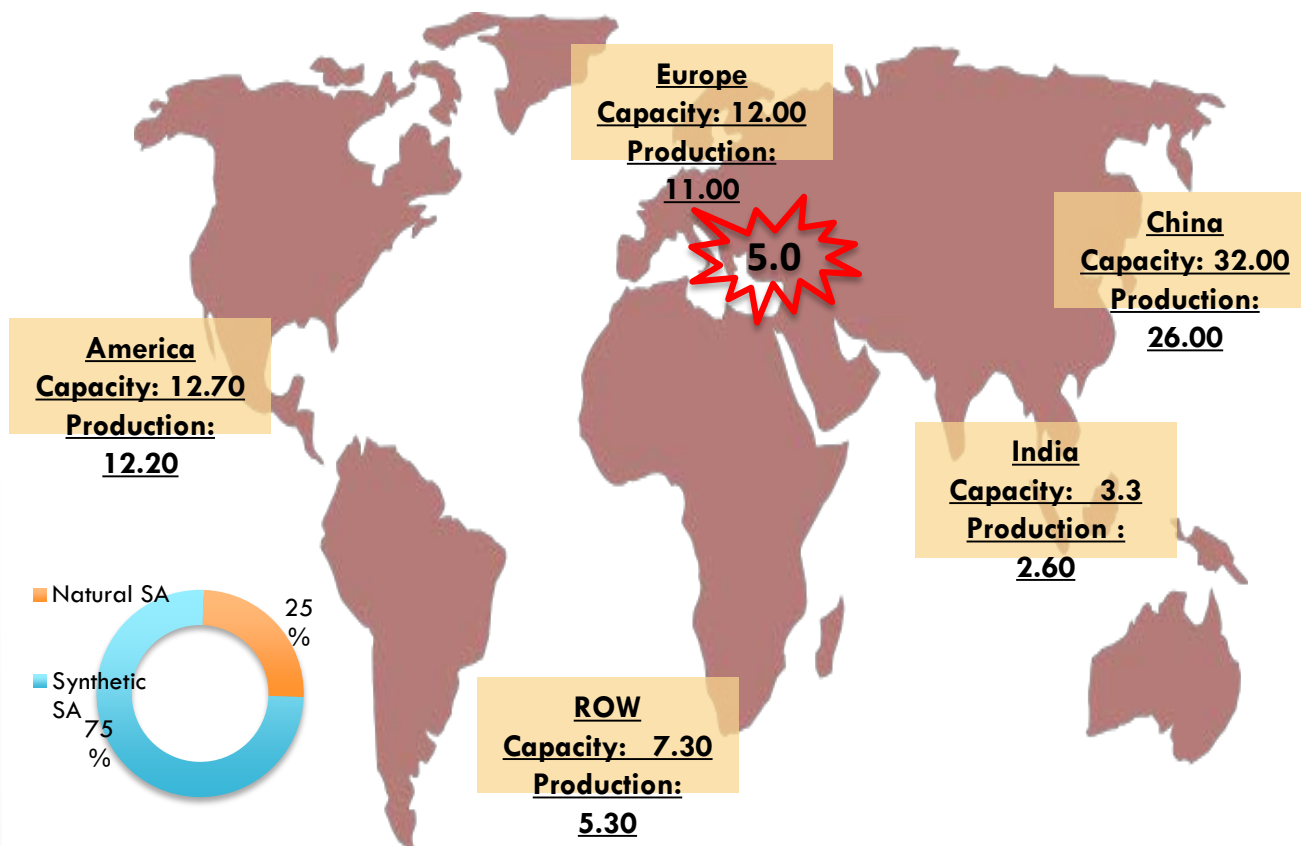
- » Next phase of Capex Expansion (Phase-II) to be completed by March 2019.
 - » Brownfield expansion of 1.25 Lakh MT
 - » Estimated capex outlay Rs. 300 Crores (24K/MT)

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Global Soda Ash Scenario



Global Capacity: 67 MMT, Global Production: 57 MMT



- » Half of the global capacity is present in China.
 - » Balanced demand supply scenario observed in china last year.
 - » Settled a natural market as south east Asia in absence of major manufacturing capability in said region.
 - » Huge decline of around 75% in import from china observed in India during FY 17
- » Stable US demand and Supply.
- » New capacities of 5Mn Mt in Turkey
 - » 0.5 Mn MT started and rest 2.5 Mn MT will be operative in second half of FY 18.

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Home Textile Segment

04

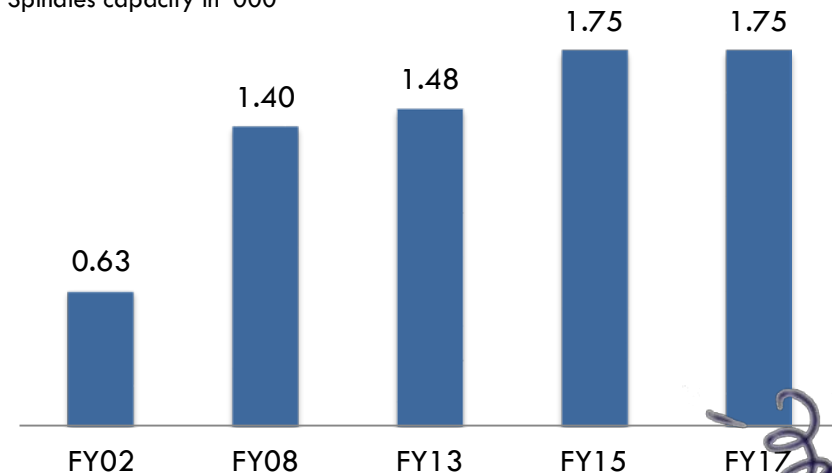
— 2024/24

Integrated Home Textile Player

- » 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
- » Best in Class spinning integration with close to double the requirement of home textile giving an opportunity to benefit from expansion of sheeting capacity
 - Compact spinning and valued added yarn capacity
 - 175k spindles
 - 27.2 MW windmill capacity



Spindles capacity in '000



Pravin

Diversified product portfolio



Product Range

» Sheeting

- Sheets
- Duvet
- Bed Skirt

» Filled Articles

- Quilted Flat Sheets
- Comforter and
- Comforter Shells

» Pillows

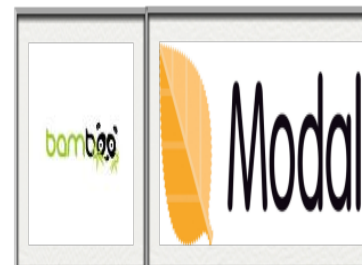
- Pillows
- Shams
- Cushions



Innovative Products



- » Perfect fit sheets fit perfectly to the size of the bed
- » Reduces Bed making Process



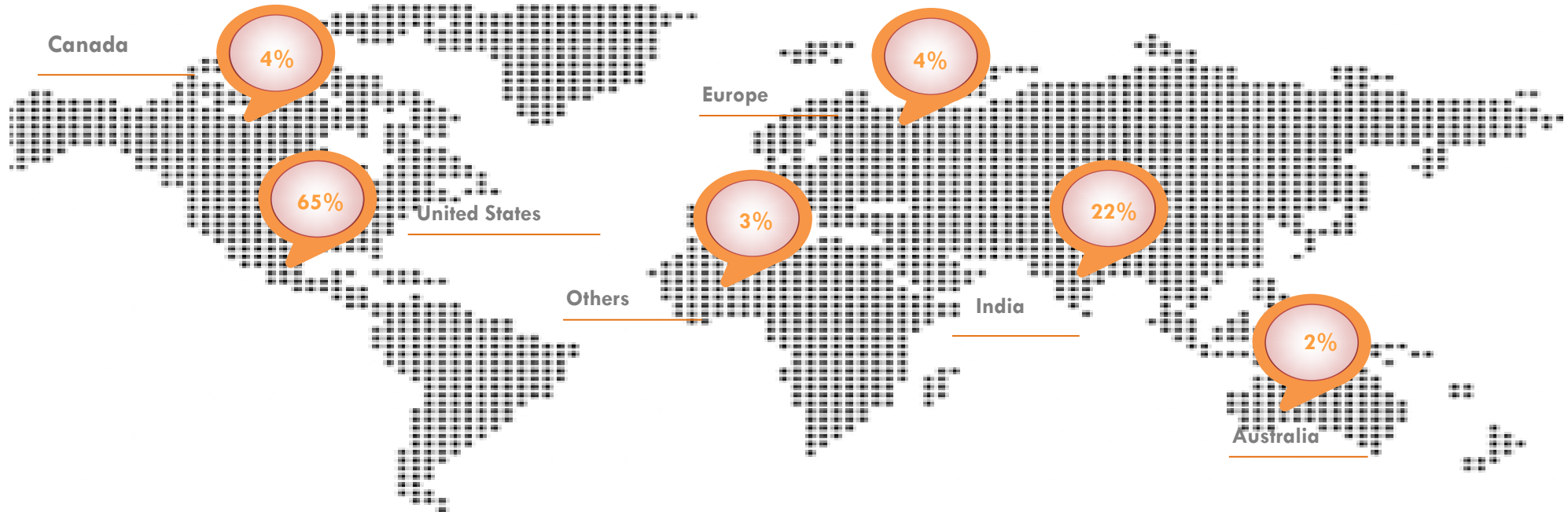
- » Softer than cotton
- » Better moisture absorption and ventilation



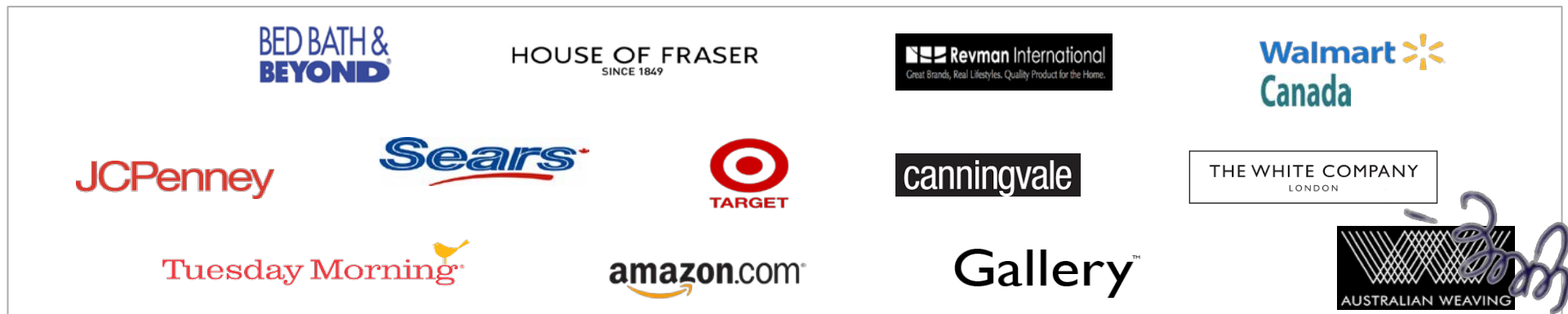
- » 100% cotton
- » Fitted

— 2023/24

Global presence in sheeting



Marquee home textile clients across the globe



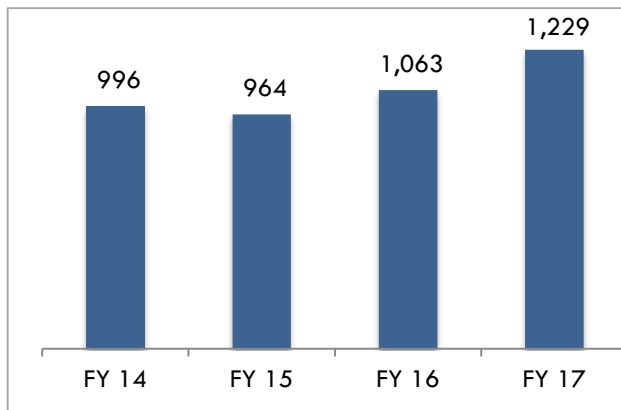
* Based on FY17 sales mix

Consistently improving utilization and margins

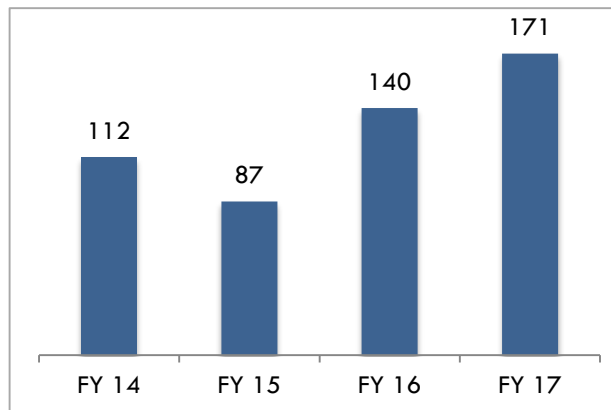


Rs Crs

Revenue



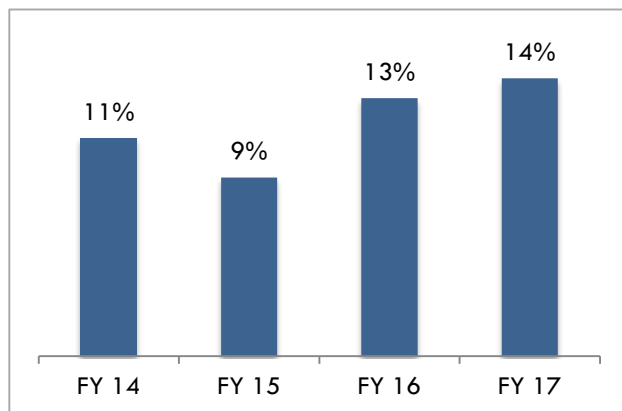
EBITDA



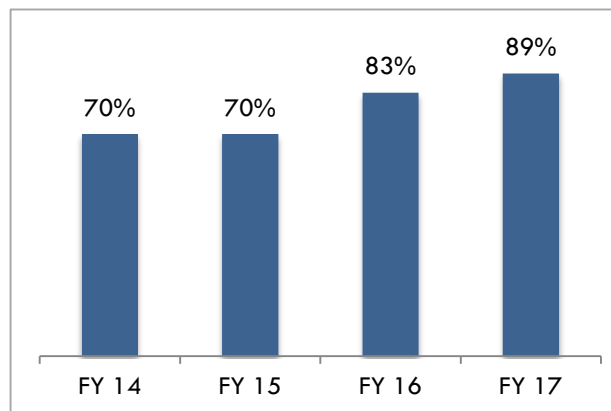
Key performance highlights

- » Revenue growth of 16% in FY17 led by higher volumes.
- » EBITDA up by Rs. 32 crore in FY17 (23% YoY growth)
- » EBITDA margins up from 13% to 14%

EBITDA Margin



Capacity Utilization

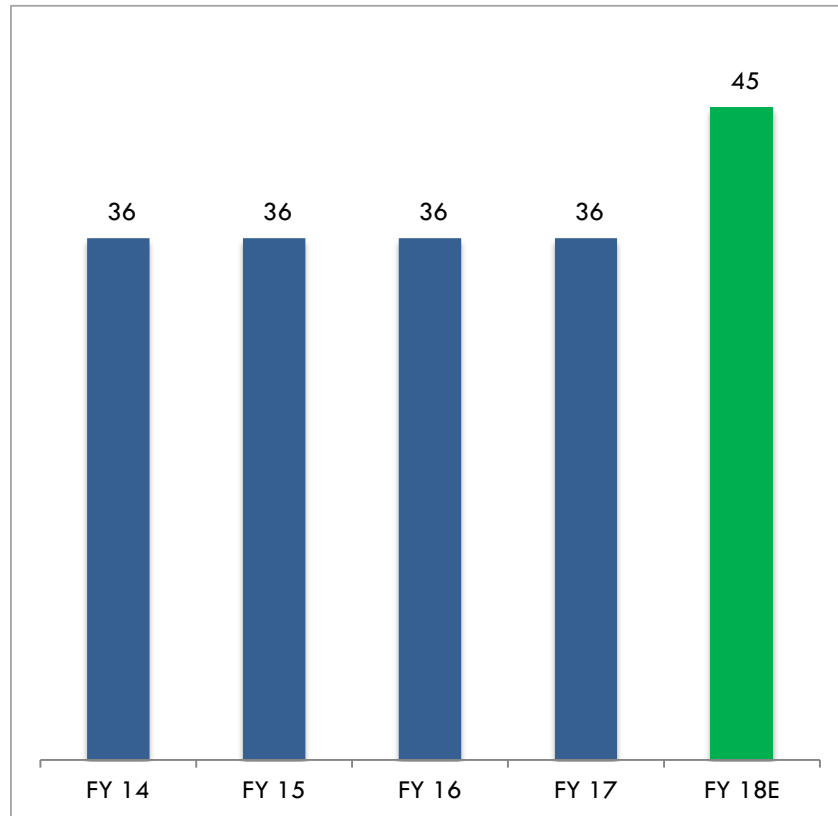


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Growth to be led by capacity addition



Sheeting Capacity (Mn metres)



Phase 1 - Completed

- » Modernisation of spinning unit along with enhancement of value added spinning capabilities
- » Investment in cut and sew facility
- » Wind mill capacity enhanced to 27 MW

Phase 2 – By FY 18

- » Board approved processing capacity expansion by 25% (i.e 45 Mn Meter from 36 Mn Meter) by FY18
 - » Volume & margin improvements
- » Total capex of XX crs

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05

Financials

- Zorich

Profit & loss statement



Rs. In Crores

Particulars	FY 16	FY 17	% Change	Q4FY16	Q4FY17	%Change
Sales	2716	2980	9.5%	690	881	27%
Operating Expenses	2080	2256	8.4%	515	696	34%
EBITDA	636	724	13.7%	175	185	4.5%
<i>EBITDA Margin</i>	23.4 %	24.3 %	0.9%	25.4%	21.0%	- 4.4%
Depreciation	82	85	4.9%	22	21	9%
EBIT	554	639	15%	153	164	6.5%
Interest	163	134	-17%	37	34	5.5%
Exceptional Items	14	3	-78%	-	-	-
Profit Before Tax	377	502	32%	116	130	10.1%
Tax	121	115	5.7%	38	17	56%
Profit After Tax	256	387	50%	78	113	43%
<i>PAT Margin</i>	9.4%	13%	3.6%	11.3%	12.8%	1.7%

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Balance sheet



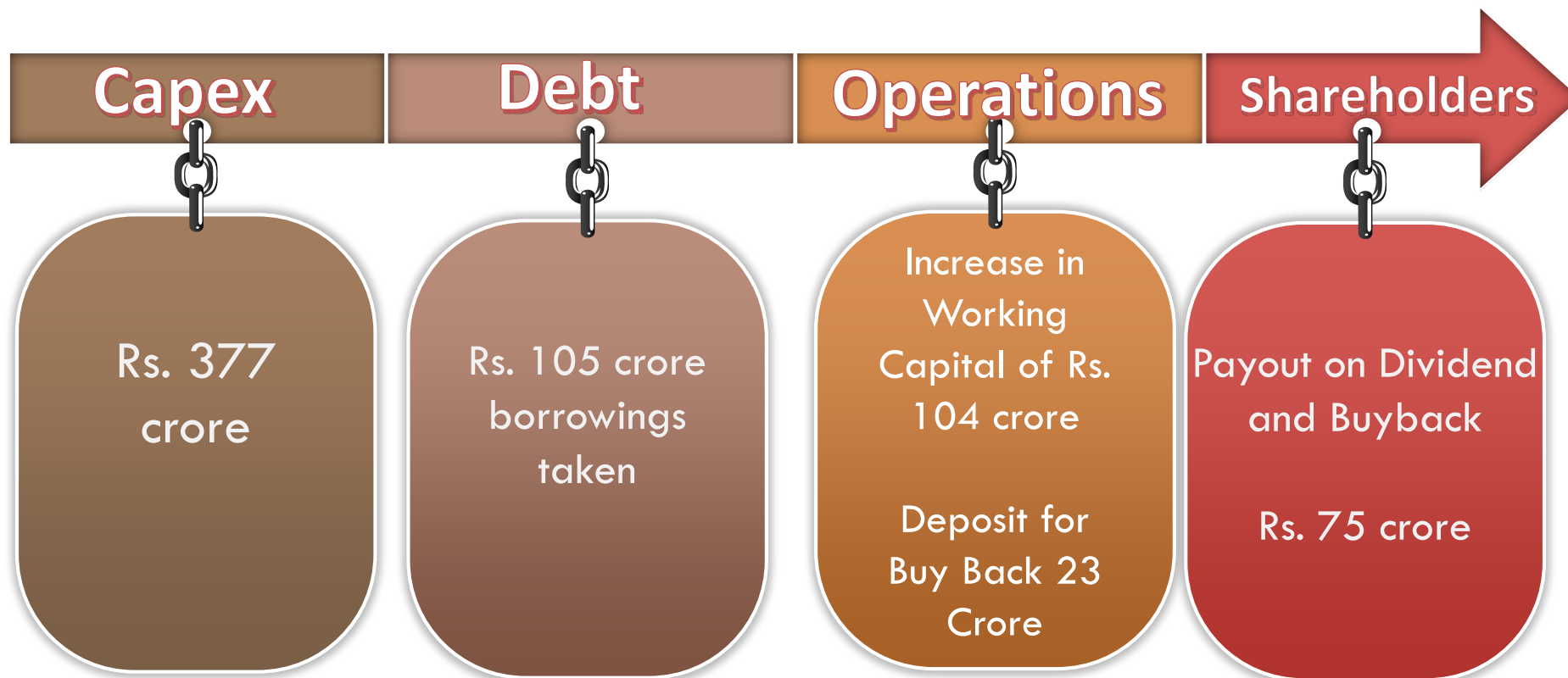
Particulars	Mar-16	Mar-17	Change
Net fixed & other non current assets (A)	2,151	2,472	321
Current Assets	757	995	238
Less: Current Liabilities	349	443	95
Working Capital (B)	408	552	144
Capital Employed (A+B)	2,559	3,024	465
Share Capital	100	99	- 1
Reserves & Surplus	933	1,252	319
Net Worth (A)	1,033	1,351	318
Deferred Tax & ORS (B)	201	242	42
Long Term Debt	675	698	23
Short Term Debt (Including Buyer Credit)	408	514	106
Due in 1 Yr	242	219	-23
Total Debt (C)	1,325	1,431	106
Total (A + B + C)	2,559	3,024	465

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Efficient cash flow management



Generated Cash Profits of **Rs 474 Cr.**



WORKINGCAPITAL





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

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