



GHCL Limited

Q2FY16 Business Update



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Q2FY16 Highlights

Robust year-on-year growth in Q2 FY16..

11%↑

Revenue

Rs 657 crore

35%↑

EBITDA

Rs 151 crore

400bps↑

EBITDA Margin

22.9%

70%↑

Profit Before Tax

Rs 87 crore

66%↑

Profit After Tax

Rs 51 crore

260bps↑

PAT Margin

7.8%

... with improving financial indicators



Net Debt / EBITDA

2.24 ↓

Sept'15 from 2.48 in
Mar'15

Net Debt / Equity

1.53 ↓

Sept'15 from 1.72 in
Mar'15

Net Debt (Rs crore)

1,348 ↑

Sept'15 from 1324 cr in
Mar'15

Return on
Capital Employed*

21%

Q2FY16

Return on Equity*

23%

Q2FY16

Cash Profit after tax
(Rs crore)

71

Q2FY16

Standalone Financials

- ROCE calculated as - Trailing 12 Months (TTM) EBIT/ (Total Debt + Shareholders Equity)
- ROE calculated as - Trailing 12 Months (TTM) PAT/ Shareholders Equity

Profitability highlights

| In Rs Crore | Q2 FY 16 | Q2 FY15 | YoY % | H1 FY 16 | H1 FY15 | YoY % |
|--|--------------|--------------|---------------|--------------|--------------|---------------|
| Revenues | 657 | 593 | 11% | 1,245 | 1,156 | 8% |
| Cost of Material Consumed | 255 | 256 | 0% | 461 | 470 | -2% |
| Utility Cost | 94 | 95 | -1% | 182 | 186 | -2% |
| Man Power Cost | 35 | 32 | 9% | 68 | 63 | 7% |
| Other Operating Expenses | 122 | 98 | 24% | 232 | 190 | 23% |
| Total Cost | 506 | 481 | 5% | 942 | 909 | 4% |
| EBITDA | 151 | 112 | 35% | 302 | 247 | 22% |
| EBITDA Margin | 22.9% | 18.9% | 400BPS | 24.3% | 21.4% | 290BPS |
| Depreciation | 20 | 19 | 5% | 40 | 38 | 6% |
| Interest | 44 | 42 | 4% | 86 | 84 | 3% |
| Profit Before Exceptional Items | 87 | 51 | 70% | 176 | 125 | 40% |
| Exceptional Items | 0 | 0 | | 13 | 0 | |
| Profit Before Tax | 87 | 51 | 70% | 163 | 125 | 30% |
| Tax Expense | 36 | 20 | 77% | 50 | 34 | 46% |
| Net Profit | 51 | 31 | 66% | 113 | 91 | 23% |
| Net Profit Margin | 7.8% | 5.2% | 260BPS | 9.0% | 7.9% | 110BPS |
| Earning Per Share (EPS) | 5.12 | 3.07 | | 11.25 | 9.14 | |

Consistent growth in both the segments has led to improvement in topline and EBITDA margins

Both the segment have contributed equally to the increase in EBITDA over last year's quarter

Profitability highlights

Revenue Growth 11% YoY

| Rs Crore | Q2 FY 16 | Q2 FY 15 | YoY |
|-------------|------------|------------|------------|
| Inorganic | 374 | 343 | 9% |
| Textiles | 284 | 250 | 13% |
| GHCL | 657 | 593 | 11% |

- ▶ Robust growth driven by :-
 - ▶ Healthy sales volume riding on higher productivity, with stable pricing in inorganic segment
 - ▶ Strong presence in USA with new orders drover growth in textile segment

EBITDA Growth 34% YoY

| Rs Crore | Q2 FY 16 | Q2 FY 15 | YoY |
|-------------|------------|------------|------------|
| Inorganic | 113 | 94 | 21% |
| Textiles | 38 | 18 | 108% |
| GHCL | 151 | 112 | 35% |

- ▶ Improvement in margins led by :-
 - ▶ Focus on cost optimization, reduction in utility cost in inorganic segment
 - ▶ Higher value added products and customer rationalization in textile segment

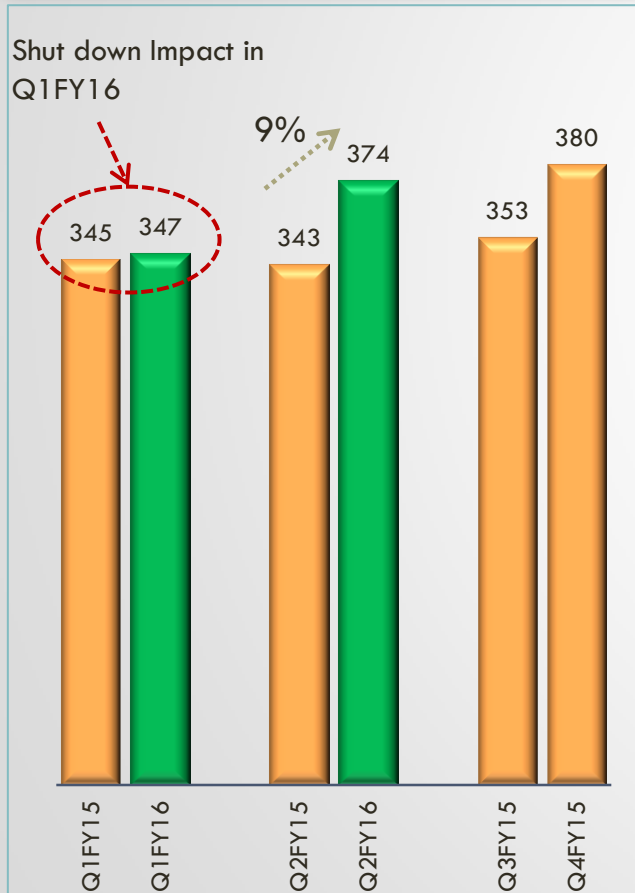
Balance sheet

| In Rs Crores | Sept-15 | Mar-15 |
|--------------------------------|-------------|--------------|
| Shareholder's Fund | 882 | 770 |
| Share capital | 100 | 100 |
| Reserves & Surplus | 782 | 670 |
| Non-current liabilities | 919 | 965 |
| Long term borrowings | 732 | 784 |
| Other non-current liabilities | 187 | 181 |
| Current liabilities | 1081 | 1,056 |
| Short term borrowings | 536 | 454 |
| Other current liabilities | 545 | 602 |
| TOTAL LIABILITIES | 2882 | 2,791 |

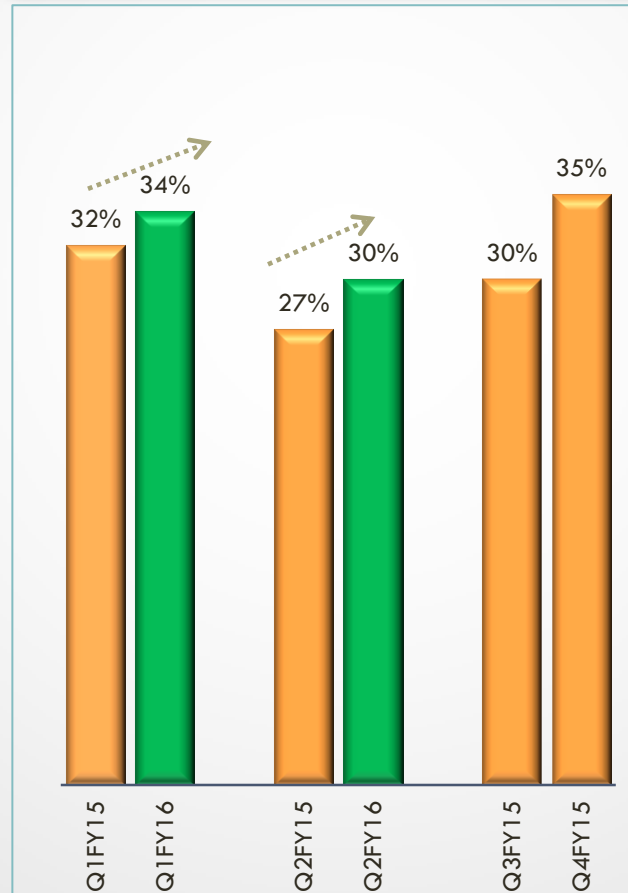
| In Rs Crore | Sept-15 | Mar-15 |
|---------------------------|-------------|-------------|
| Non-current assets | 2013 | 1955 |
| Fixed assets | 1986 | 1932 |
| Other Non-current assets | 27 | 23 |
| Current assets | 869 | 836 |
| Current Investment | 0 | 0 |
| Inventories | 437 | 417 |
| Trade receivables | 327 | 268 |
| Cash and bank balances | 8 | 32 |
| Other current assets | 97 | 119 |
| TOTAL ASSETS | 2882 | 2791 |

Inorganic Chemicals – consistently improving margins

Sales (Rs crore)



EBITDA Margin



87%

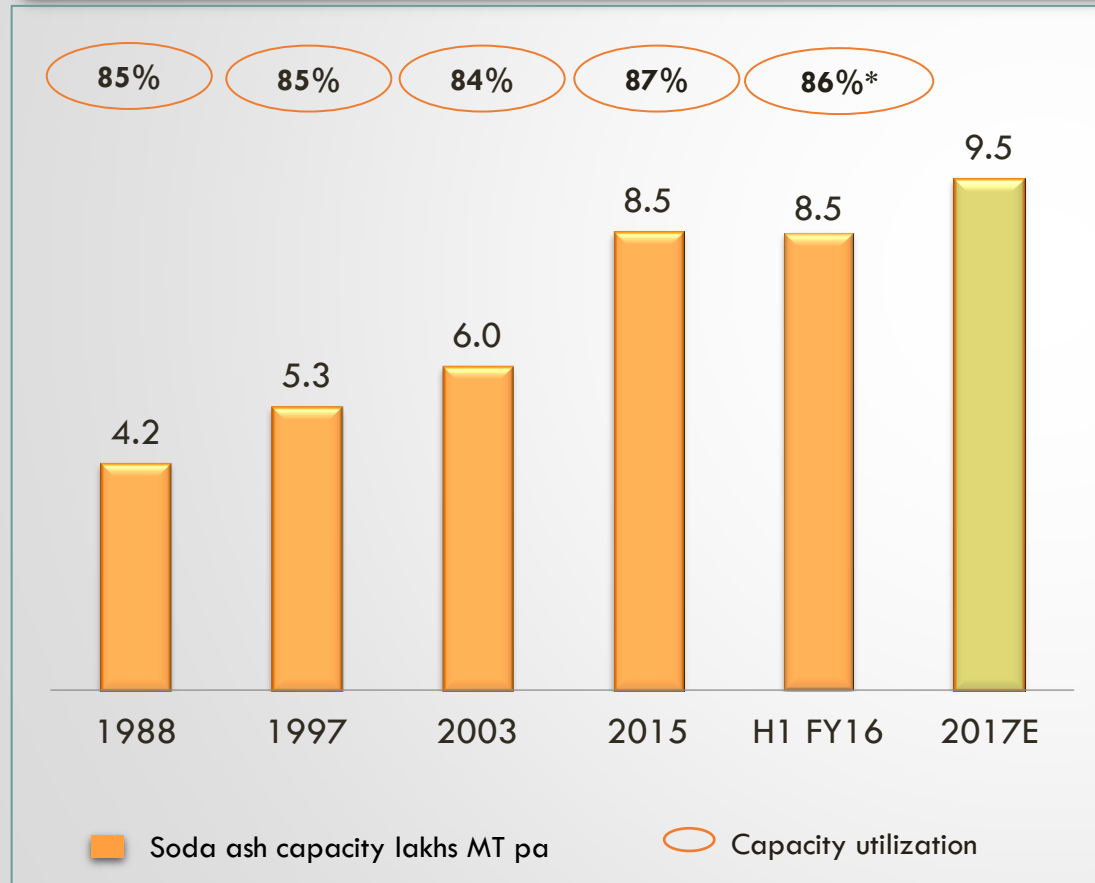
Capacity utilization in soda ash; highest in the industry

Rs 113 cr

EBITDA; 20% Growth YoY

Soda ash capacity expansion on track

Steadily expanding capacity



12%

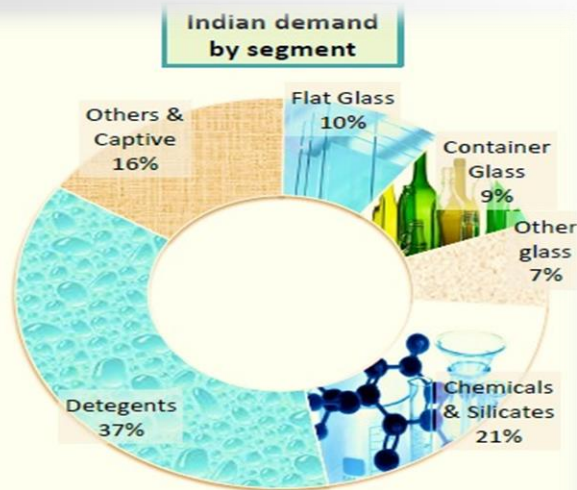
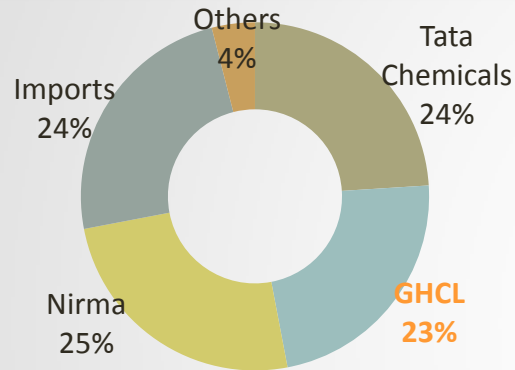
**Capacity expansion by FY17;
1 lac MT additional capacity
to boost revenues**

- ▶ Brownfield expansion at existing location with estimated outlay of Rs. 375 crore
- ▶ Orders for major equipment placed
- ▶ Engineering & civil contracts awarded
- ▶ Project progress as per schedule

*Despite considering Annual Shutdown in Q1FY16(1.5%), which was not in 2015

Soda ash industry outlook

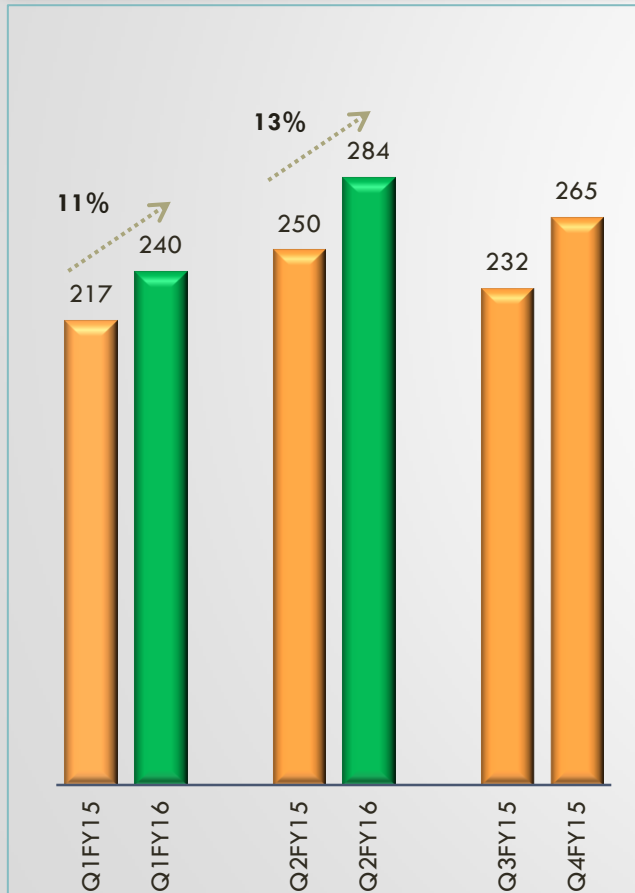
3.3MMT Domestic Demand



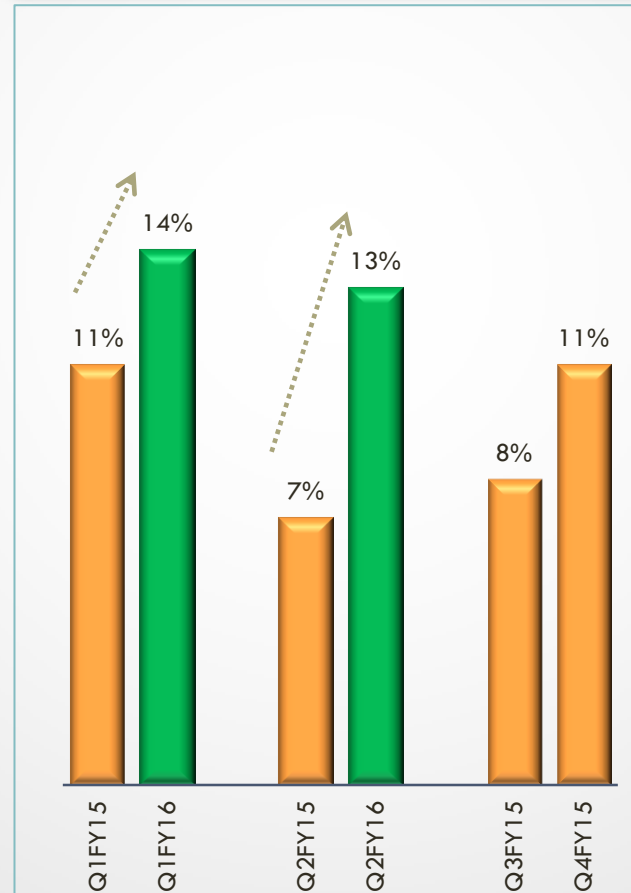
- ▶ Global Demand is expected to grow by 2%-2.5%
 - China has witnessed a slowdown in demand thus pushing exports.
 - Lower global demand growth coupled with lower container freight has resulted in decline in International prices
- ▶ A temporary slowdown is witnessed in detergent industry
 - Demand growth likely to be around 3-4% against previous projections of 5%
- ▶ Utility cost is expected to be lower owing to drop in coal prices

Textiles – higher margins with improved capacity utilization

Sales (Rs crore)



EBITDA Margin



13%

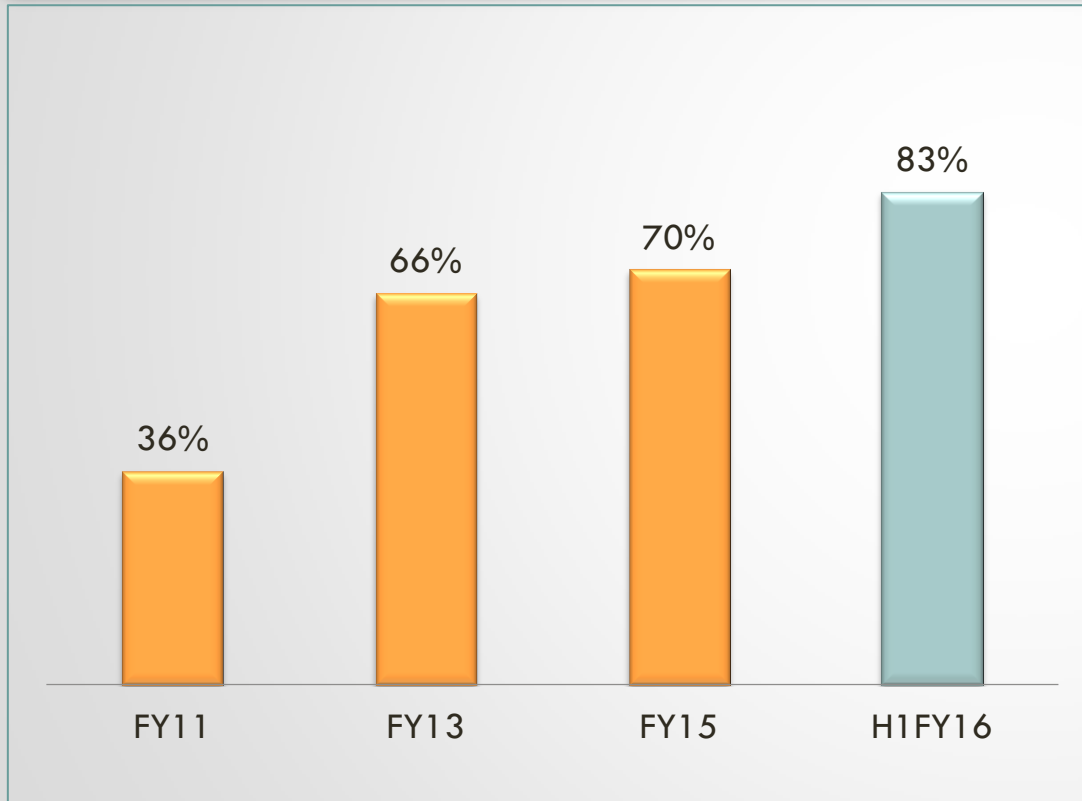
Improving EBITDA margin on back of optimizing capacity utilization; up from 7% in Q2FY15

Rs 38 cr

EBITDA; 108% Growth YoY

Capacity optimization in home textiles

Increasing capacity utilization



83%

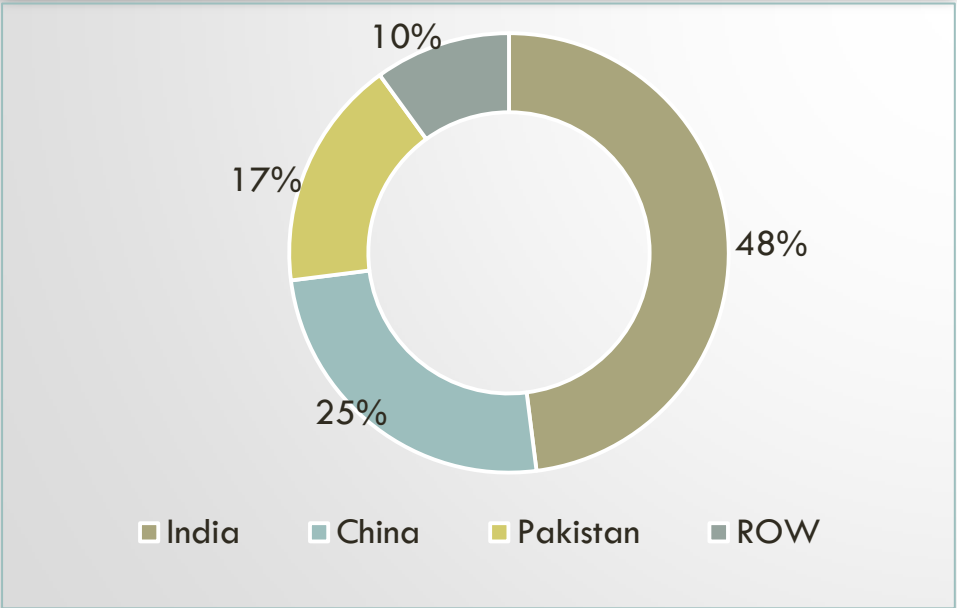
Capacity utilization up from 70% in FY15; 36mm processing capacity

- ▶ Initiated capacity expansion in stitching capacity to be completed by Mar'16
- ▶ Green energy initiatives – 4.2 MW Windmills added in addition to 6.3 MW installed in last 9 months
 - Order for another 6.3 MW placed
- ▶ By Mar'16, 55% (current 40%) of the power requirement in spinning to be met through Green energy

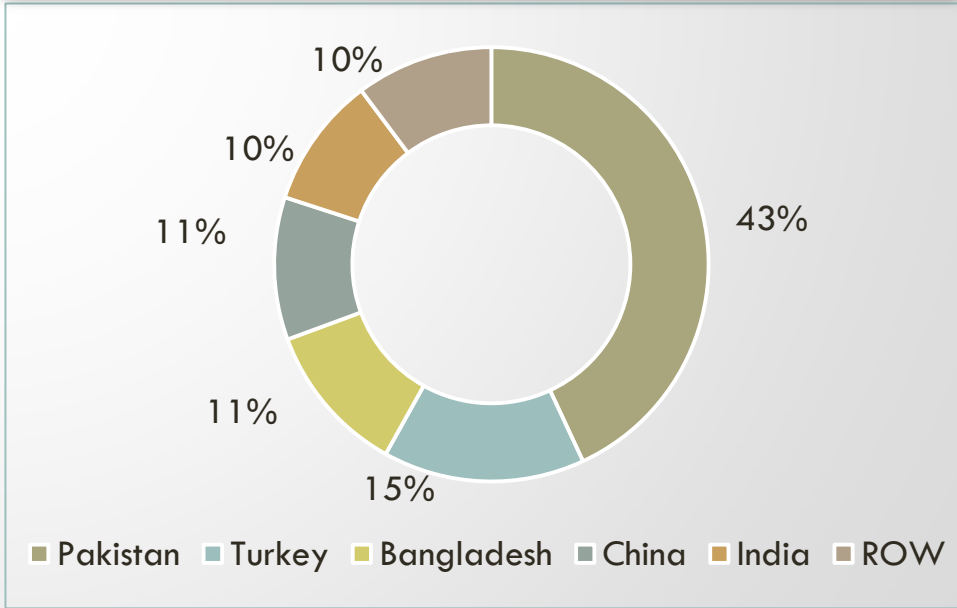
Home textile market outlook

- ▶ Global Bed Linen & Bath constitutes US\$ 45 Bn, Bed linen accounts for 62%
- ▶ Major Markets being US, Europe & Japan

Major Exporters to US Market

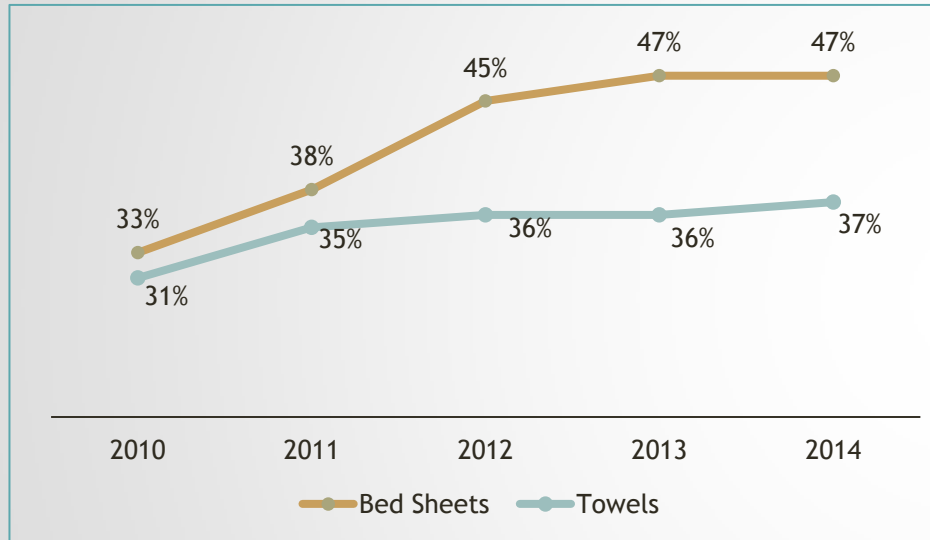


EU 27 Bed Linen Market

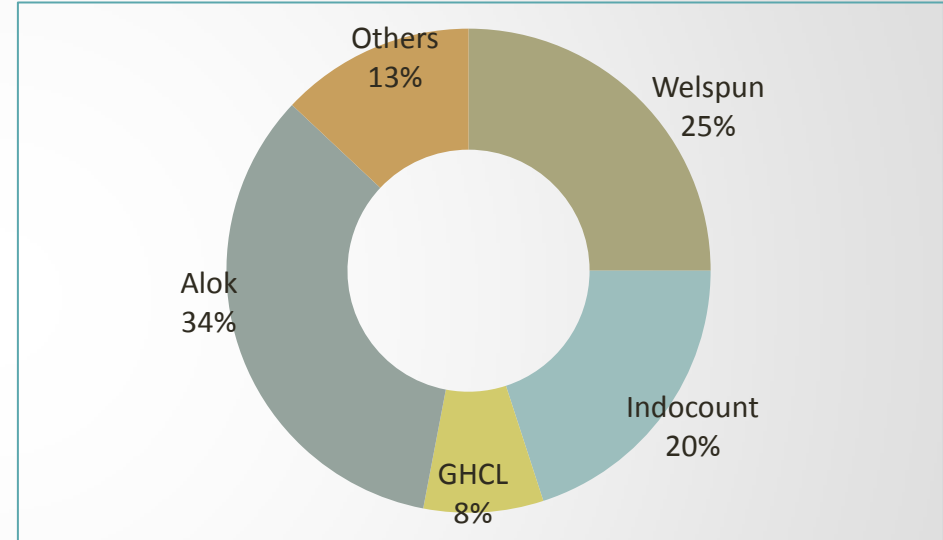


US home textile market – increasing share of India

India's Increasing Share in US Textile Market



GHCL among major suppliers to US Market

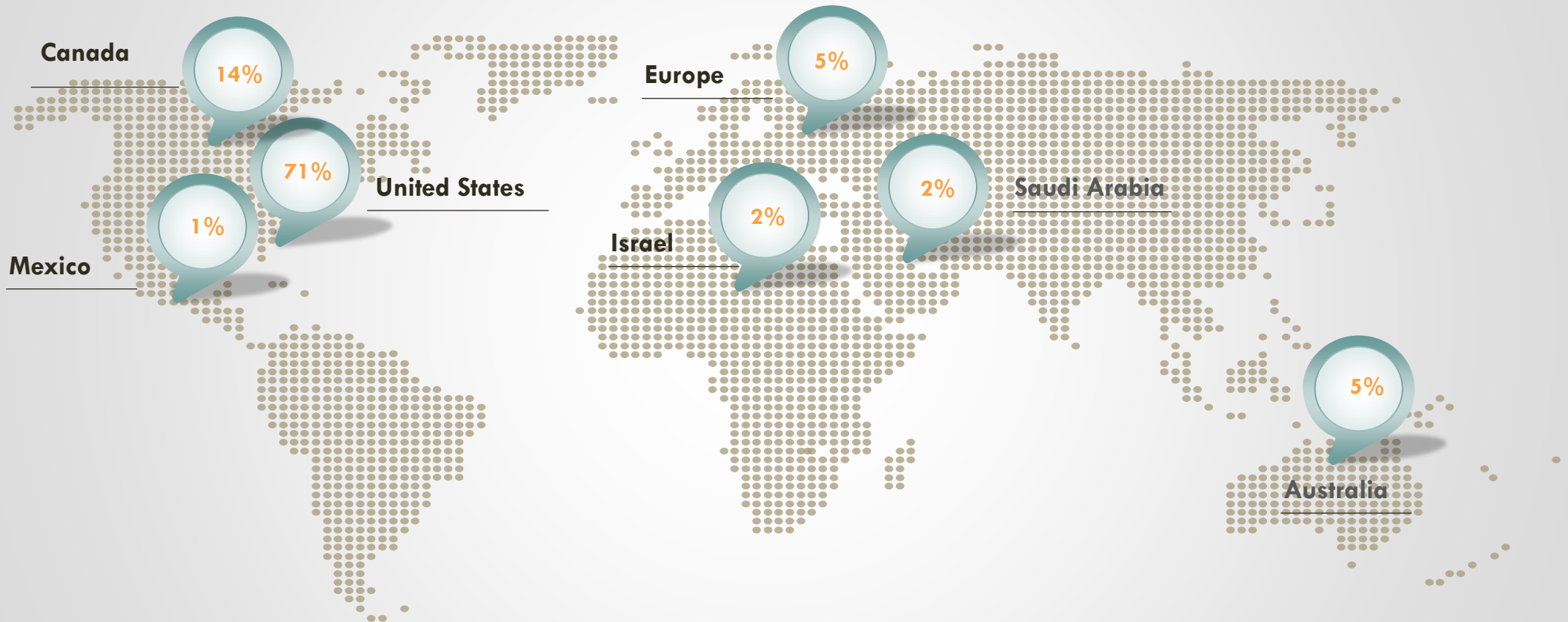


India Advantage

- **Biggest Cotton Producer**
- **2nd Largest Exporter of Cotton**
- **Major Yarn Exporter**

- **Cost Competitive**
- **Supportive Government Policies**

GHCL home textiles export – expanding reach



- ▶ 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 H1FY16 Export mix



Company Overview



Business segments overview

Inorganic Chemical (60%*)

- ❑ 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

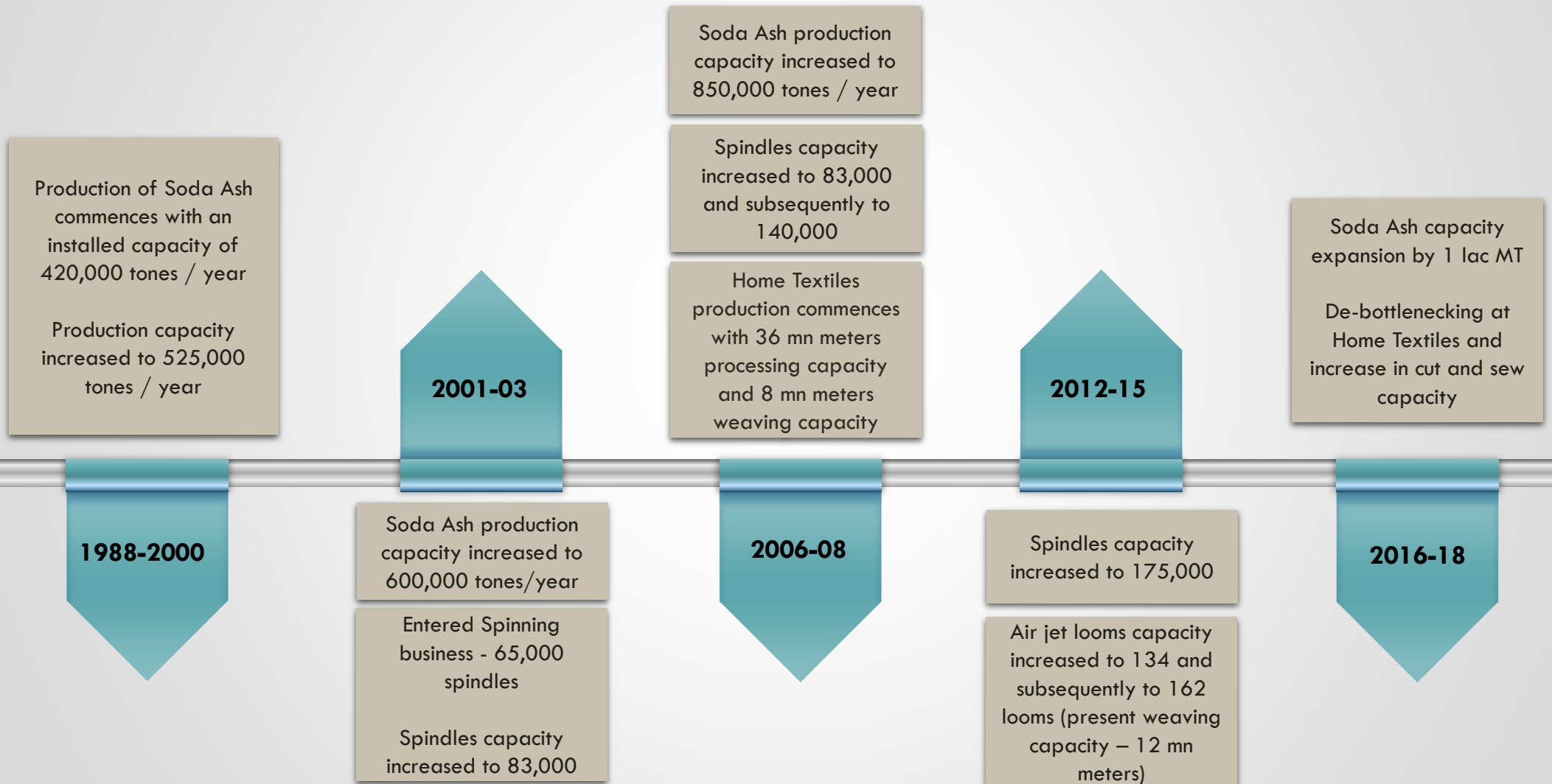
Home Textile (40%*)

- ❑ 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

*FY15 Revenue contribution



Steadily expanding capacity across segments



Professional management

Mr. R. S. Jalan, Managing Director



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

Mr. Raman Chopra, CFO & Executive Director



- Spearheading GHCL's Finance and IT functions
- Experience of 25 years in Merger & Acquisitions, Taxation, Finance and Project implementation
- Qualified Chartered Accountant with sharp financial acumen, negotiation skills and a great passion for technological advancements and specialisation in Greenfield expansion

Mr. Sunil Bhatnagar, Marketing, Soda Ash

- Three decades of marketing experience.
- Associated with the Company for over 22 years
- Degree in law and diploma in management

Mr. N N Radia, COO, Soda Ash

- Three decades of experience in soda ash operations.
- Associated with the Company since 1986
- Bachelor in mechanical engineering

Mr. Neeraj Jalan, SVP, Home Textiles

- A self motivator, he is instrumental in building this vertical
- Associated with Company for over 17 years
- Qualified Chartered Accountant

Mr. M. Sivabalasubramanian, SVP, Spinning

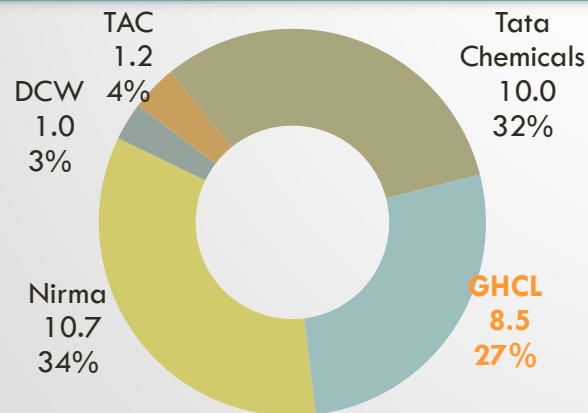
- Vast experience in cotton procurement and manufacturing operations
- Associated with Company for over 20 years
- Bachelor in textile engineering

Leading manufacturer of soda ash with 8.5 L MT capacity

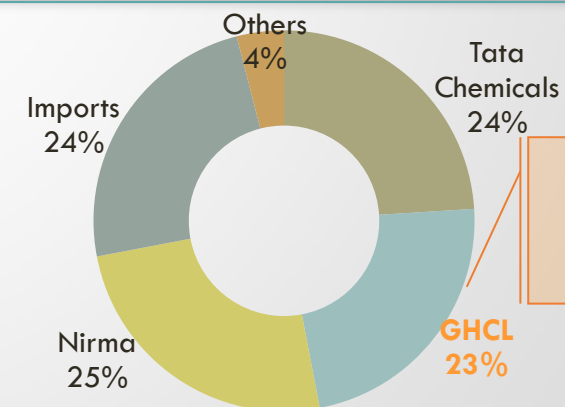
Presence in light and dense soda ash

- ▶ Soda Ash manufacturing experience of more than 25 years
- ▶ Flexible manufacturing facilities provides shifting possible between **dense and light soda ash**
- ▶ **The Gujarat advantage:**
 - ▶ 53% of India's manufacturing capacity of chemicals
 - ▶ Closer to sources of raw material, business friendly, good infrastructure

3.1MMT capacity in India....



3.3MMT demand



Highest capacity utilization in industry

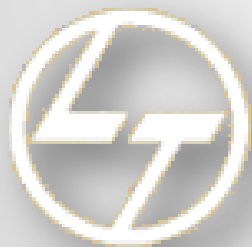
Lowest cost of production in the industry

Captive control of raw material and fuel

- ▶ Captive control on fuel (largest cost component)
 - ▶ Only company having its own lignite mines
 - ▶ Ensures cost advantage in utilities
- ▶ Innovatively replaced imported met coke with in-house developed briquette coke
 - ▶ Briquette cost is lower than coke cost
- ▶ Other captive raw materials - salt and limestone
 - ▶ All limestone mines located within 40 km distance from the plant



Catering to reputed companies across end user segments



GUJARAT
BOROSIL
LIMITED



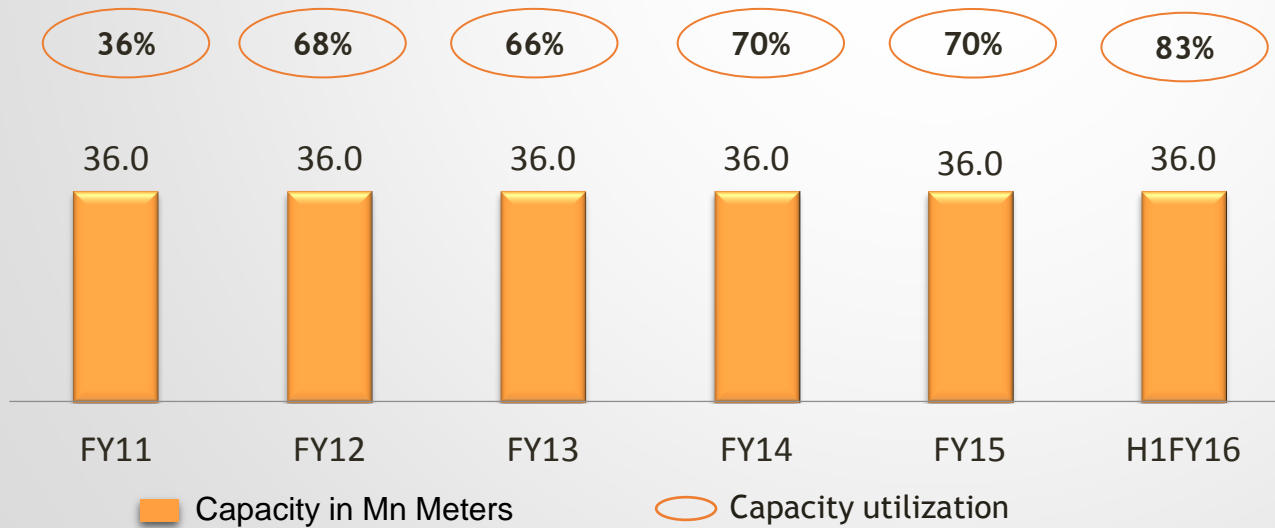
Presence across the textile value chain



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
- ▶ 36 mn meters of dyeing and printing capacity of wide width fabric; In-house weaving facility of 12 mn meters; Cut & Sew capability of 30 Mn meters

Home textiles - increasing capacity utilization



Product range

Sheeting

- ▶ Sheet
- ▶ Duvet
- ▶ Bed Skirt



Filled Articles

- ▶ Quilted Flat Sheets
- ▶ Comforter and Comforter Shells



Pillows

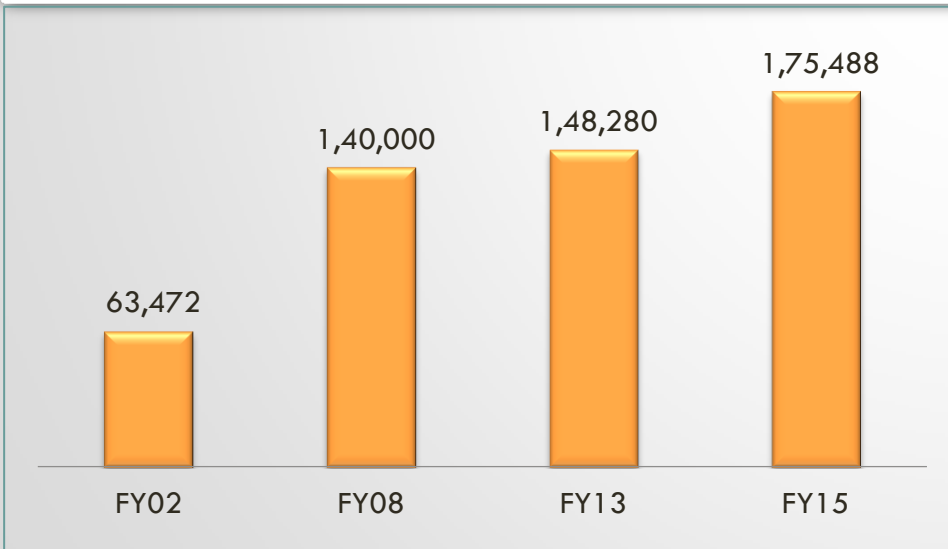
- ▶ Pillows
- ▶ Shams
- ▶ Cushions



Integrated with best in class spinning facility and captive power

- ▶ Installed one of the best yarn manufacturing facility in the country with compact spinning and valued added yarn capacity
- ▶ 50% of the capacity is for Compact Spinning
- ▶ In last 2 years, added 34,000 spindles and open end with 1000 rotors
- ▶ Installed 2 windmills of 4.2 MW in FY 15 followed by 6.3 MW installed in H1FY16 towards green energy initiative. 40% of power requirement met through this, which will further enhance to 55%

Spindles capacity



Supplying to marquee home textile customers

**BED BATH &
BEYOND**

HOUSE OF FRASER
SINCE 1849

Walmart
Canada

Sears

JCPenney



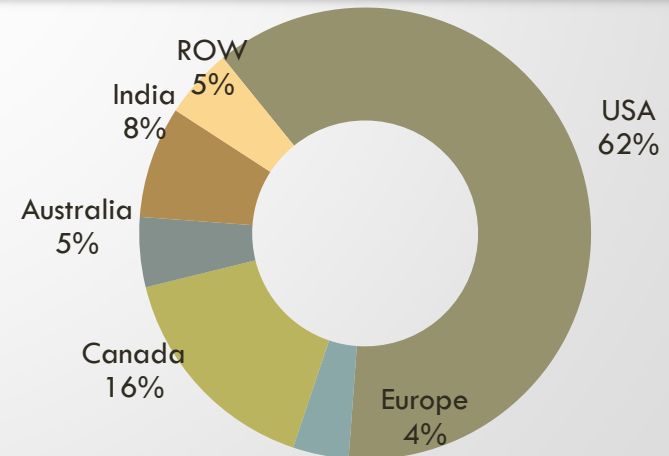
amazon.com

Gallery

Tuesday Morning

Revman International
Great Brands, Real Lifestyles. Quality Product for the Home.

GHCL - Market mix



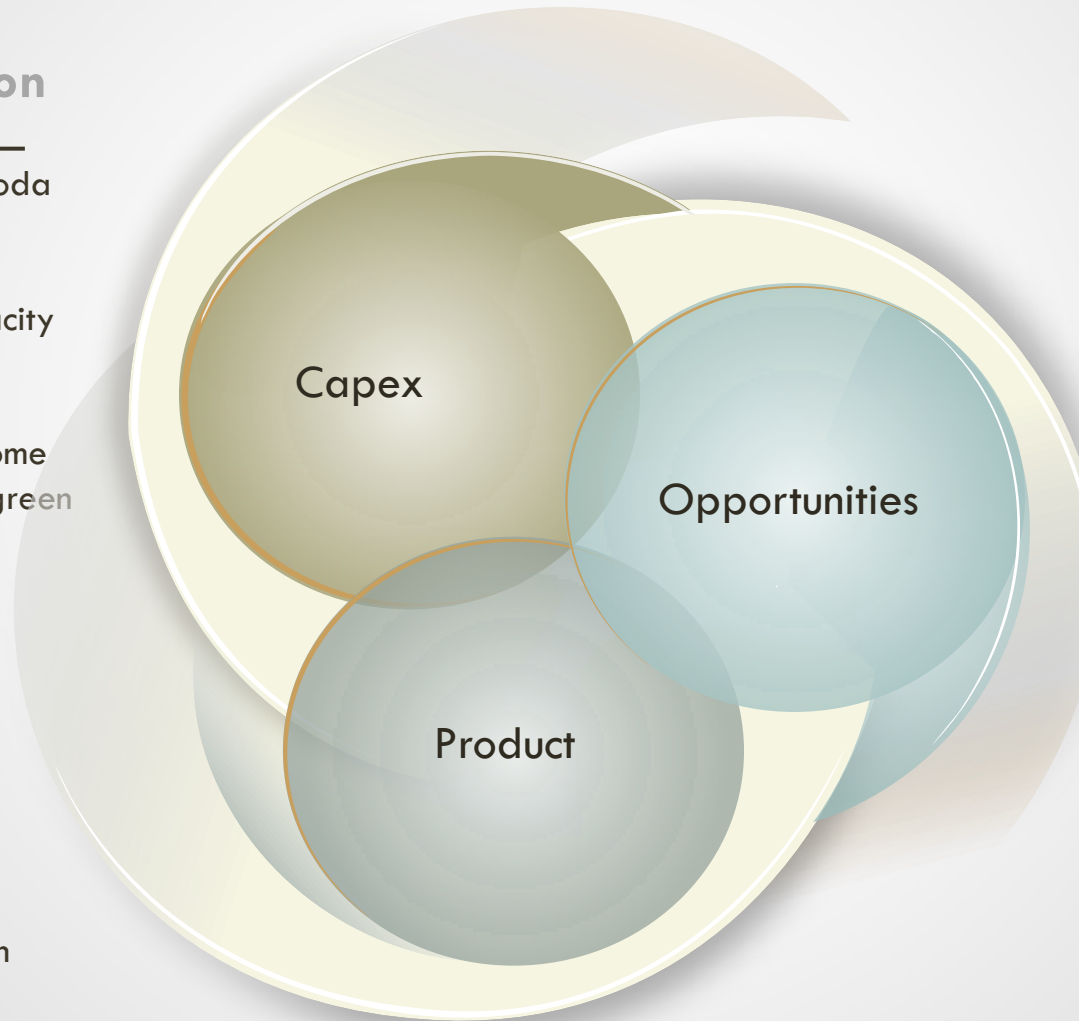
Well planned growth strategy across segments

Capex for expansion

- Capacity expansion in Soda ash by 1 lac MT
- Increase in stitching capacity
- De-bottlenecking of processing capacity in home textiles and investing in green energy

Product development

- Creating Value added products to cater niche client
- Continuous product innovation



New opportunities

- Venture into new global geography for home textiles
- Improve customer mix for better margins
- Capacity optimization to 100% in home textiles

For more information, please contact

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