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

GHCL Limited

Investor Presentation

September 2016

Business segments overview

Inorganic Chemicals

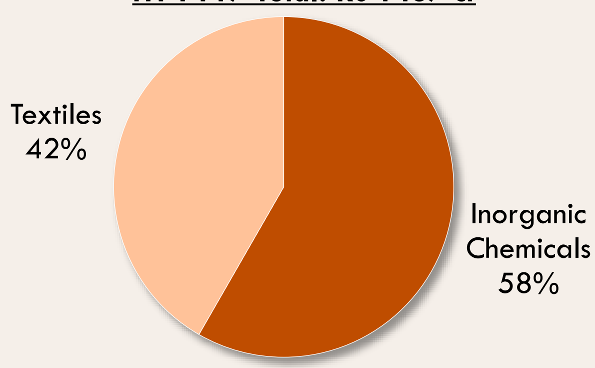
- Leading producer of soda ash in India which find use in detergents & glass industries
- Specializes in manufacturing Sodium Bicarbonate
- Annual production capacity of 850,000 MT of soda ash, ~23% of annual domestic requirement
- Manufacturing plant at Sutrapada, Gujarat
- Preferred supplier to HUL,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

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, Myers, House of Fraser and Hudson Bay Co.

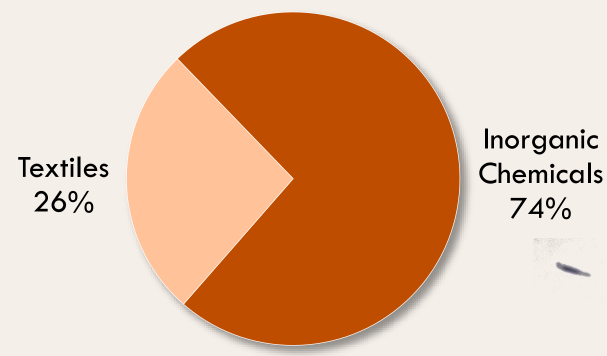
Revenue Break-up*

H1 FY17 Total: Rs 1437 cr



EBITDA Break-up*

H1 FY17 Total: Rs 377 cr



** As per IGAAP*

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

SVP, Home Textiles

Mr. Neeraj Jalan

18+ years experience

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

COO, Soda Ash

Mr. N N Radia

30+ years experience

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

SVP, Spinning

Mr. M. Sivabalasubramanian

20+ years experience

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

- Q2 FY17 Financial Highlights
- Our Business Philosophy
- Inorganic Chemical Segment
- Textiles Segment
- Financial Annexure

Robust year-on-year growth in Q2 FY17

1% ↑
Revenue
Rs 705 crore

20% ↑
EBITDA
Rs 180 crore

407 bps ↑
EBITDA Margin
26%

42% ↑
Profit Before Tax
Rs 122 crore

79% ↑
Profit After Tax
Rs 90 crore

Rs. 4 ↑
EPS
Rs. 9/Share

Standalone Financials based on IndAS

… with improving financial indicators

dun & bradstreet
211
246
India's 500

Net Debt / EBITDA

1.69

From 1.90 in Mar'16

Net Debt / Equity

1.01

From 1.17 in Mar'16

Total Debt (Rs crore)

1,219

From 1,244 cr in Mar'16

Return on Capital Employed*

24%

Q2 FY 17

Return on Equity*

29%

Q2 FY 17

Cash Profit after Cash tax (Rs crore)

119

Q2 FY 17

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

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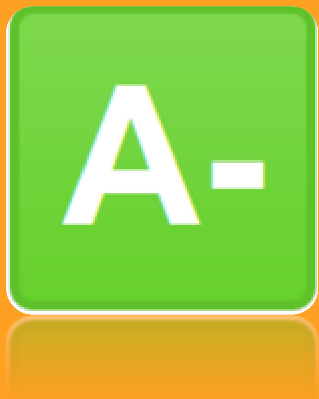
Major Achievements during the quarter…



Credit Rating Upgraded to A - from BBB +.

- Our two Spinning units were conferred with prestigious SIMA award for the year 2015-16.
- Units were ranked 2nd and 4th position.
- Selected out of 100+ Mills across the country.

- Spinning division 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.

- Q2 FY17 Financial Highlights
- **Our Business Philosophy**
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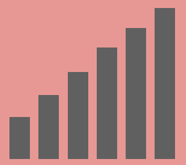
Business philosophy going forward…

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

1 Robust and profitable growth

49% Bottom line Growth in 2 Yrs

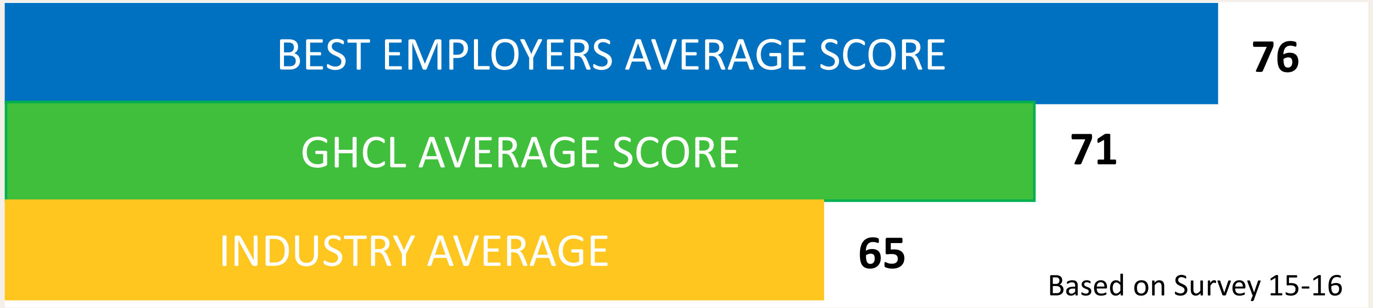
- Volume Growth through surpassing globally benchmarked Utilisation Rate.
- Margin Leadership through Optimisation of resources

- Increased Capacity Utilisation from 70% to 83%
- Established Strong foothold in Market Place
- Achieving energy efficiency through Wind Energy

i-FLO

- Expanding Product Basket in Consumer Products from Salt to Honey & Spices.
- From Regional Brand, moving towards PAN India presence by entering new geographies.

2 Focus on Value systems



- We, at GHCL aim to create a unique culture based on our Core values of **Respect**, **Ownership**, **Trust** and **Integrated Team work**.
- Conducts 360° Adherence survey (half yearly) for alignment with the value system.
- Average Core Value scores surged from 49 to 64 in last 5 years.

- Established Compensation philosophy which clearly focuses on "**Pay for Performance – Pay for Behaviour**".
- Instituted a Comprehensive system for personal learning & Development needs for career aspiration through a unique policy named **"VIKAS"**. (Around 21% employee start earning points on their non-functional activities.

3 Sustainable inclusive growth

Promoting Organic Manure

- 650+ farmers in 43 villages have adopted organic manure
- We make sure more than 1,600 hectare of land is free from harmful chemical
- 500+ Farmers planted 31,000 horticultural sampling

Women Empowerment & Education

बेटी बचाओ बेटी पढ़ाओ

Skill India
कौशल भारत - कुशल भारत

- 100+ women from 6 villages, taken to district level women empowerment seminar organized by WASMO
- Under Vidya Jyot Project, promoting education for village kids
- Empowering girls in Madurai through Skill Development Program

Village Sanitation

स्वच्छ भारत
एक कदम स्वच्छता की ओर

- “1 Day 1 Village Campaign” conducted in 5 villages along with Tata Water Mission
- Constructed 5316 toilet units in 66 villages
- Around 100 toilets under process in 30 villages

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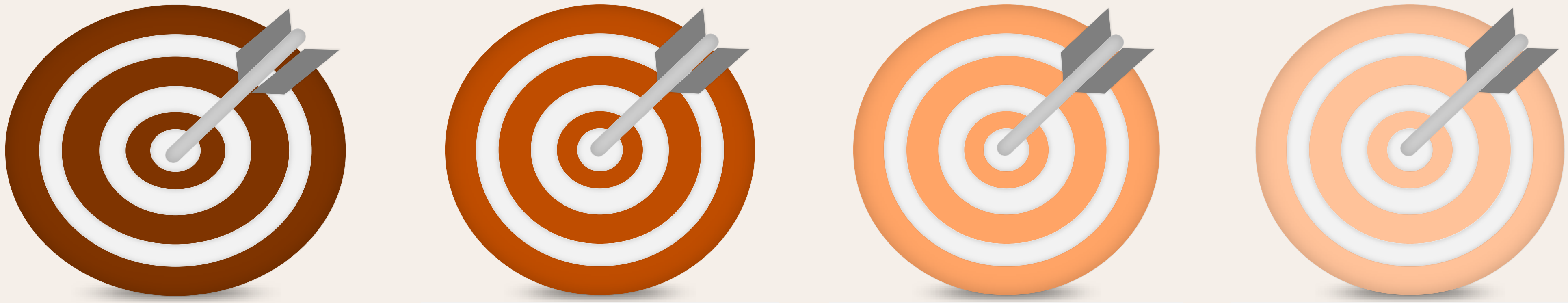
Way forward



Continue profitable growth

- 1 lakh soda ash capacity expansion by FY17; sustained margins
- 0.25 Lakh soda & 0.30 Bicarb expansion by FY18
- 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
- Improve Credit Rating to optimize interest cost.
- Robust free cash flow generation

Committed to driving consistent growth for all stakeholders

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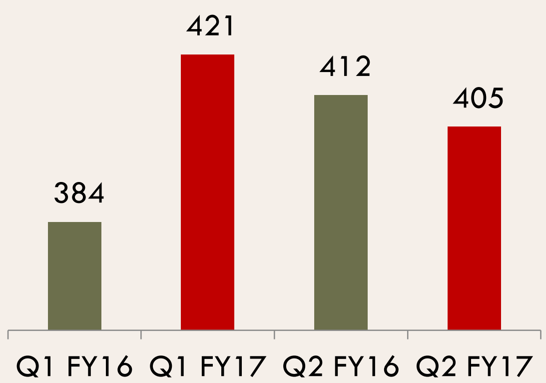
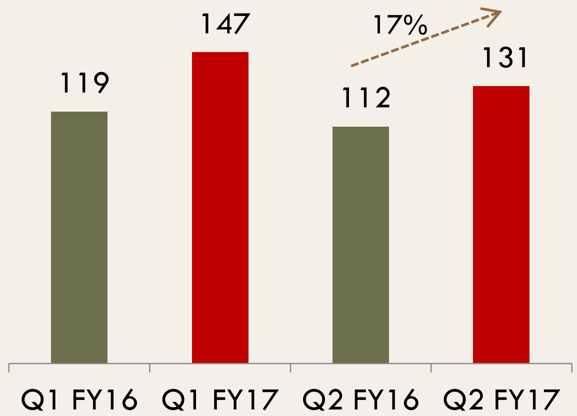
Margin leadership in the industry

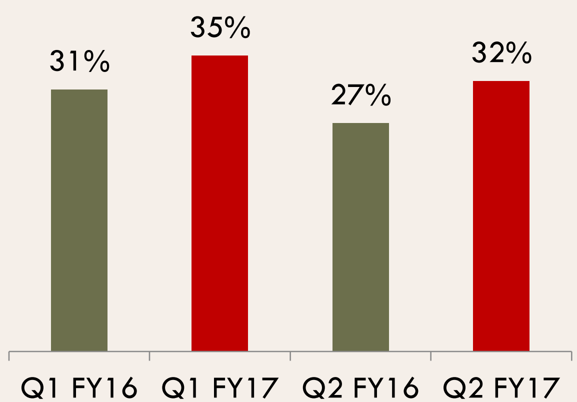
Revenue



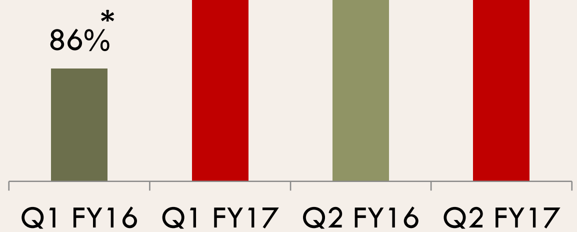
EBITDA



EBITDA Margin



Capacity Utilization



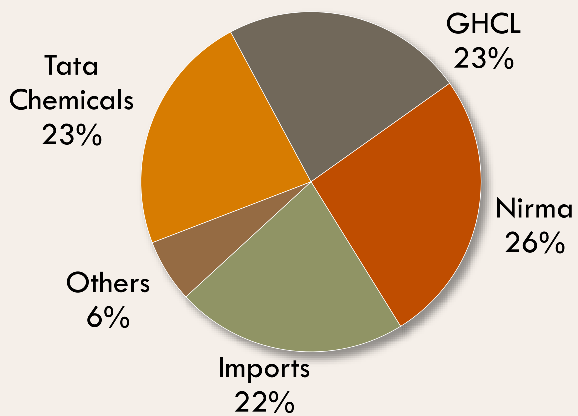
* Excluding shutdown effect for "Like for Like" comparison

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 – 91% in Q1 FY17*
- *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

Hindustan Unilever Limited

P&G

MODIGUARD GLASS - MIRROR

HNG

FENA BETTER PRODUCTS, CLEANER WORLD

SAINT-GOBAIN

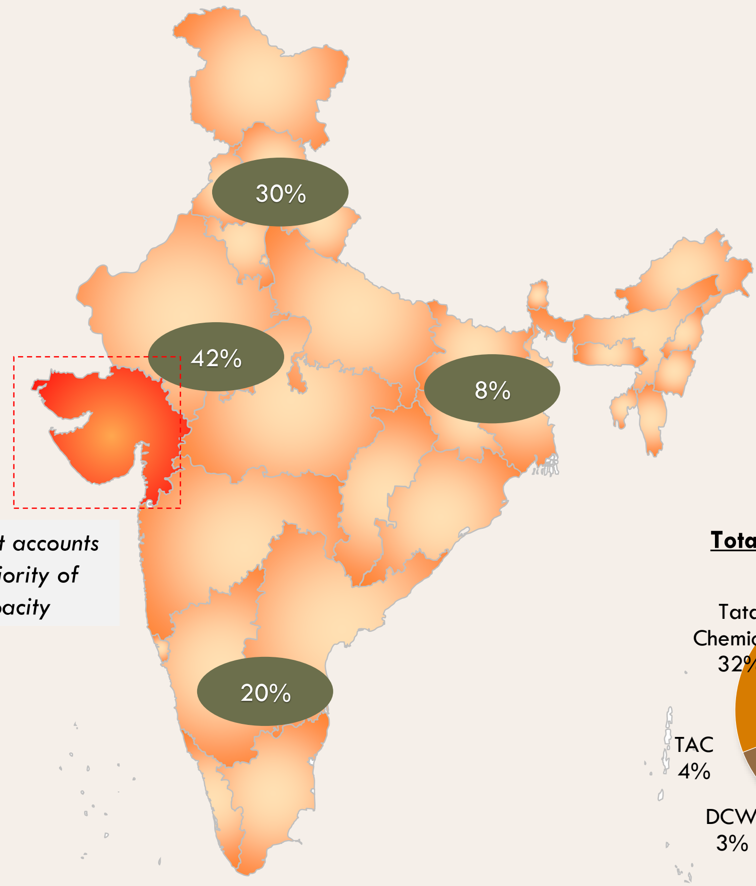
GUJARAT BOROSIL LIMITED

PATANJALI

Soda ash industry overview

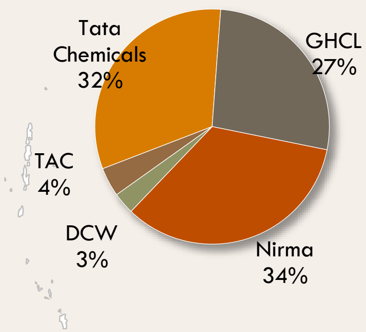
Domestic Demand and Supply

72 % of demand from North and West India



Gujarat accounts for majority of the capacity

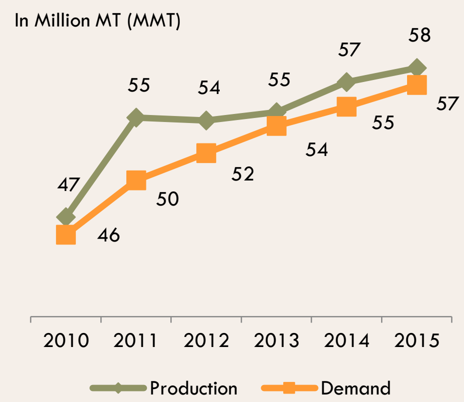
Total Capacity 3.1MMT



Unlike Commodity

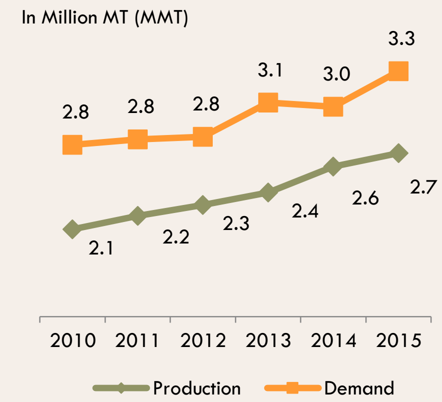
Global Market

Production: 4% CAGR
Demand: 4% CAGR



Indian Market

Production: 4% CAGR
Demand: 4% CAGR



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

- Q2 FY17 Financial Highlights
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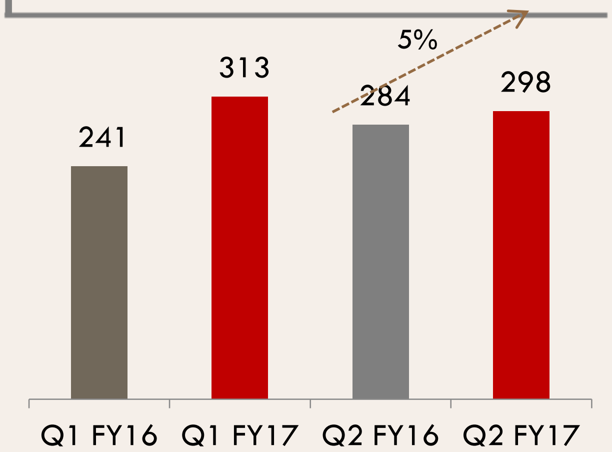
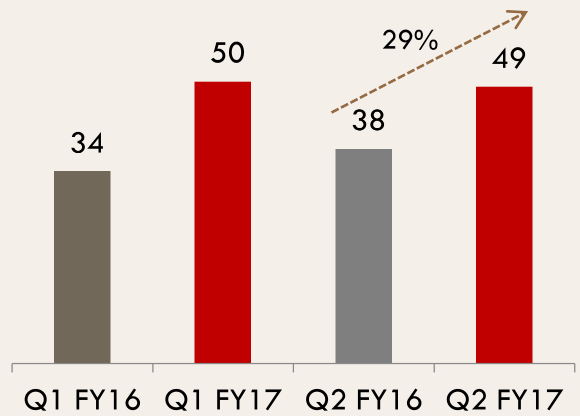
- Inorganic Chemical Segment
- **Textiles Segment**
- Financial Annexure

Consistently improving margins

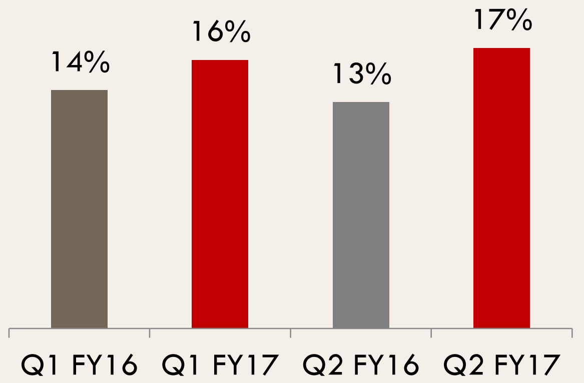
Revenue



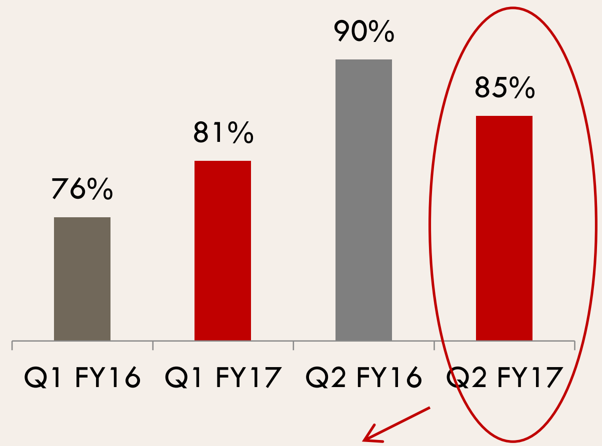
EBITDA



EBITDA Margin



Capacity Utilization (Sheeting)



Due to maintenance shutdown for 5 days

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

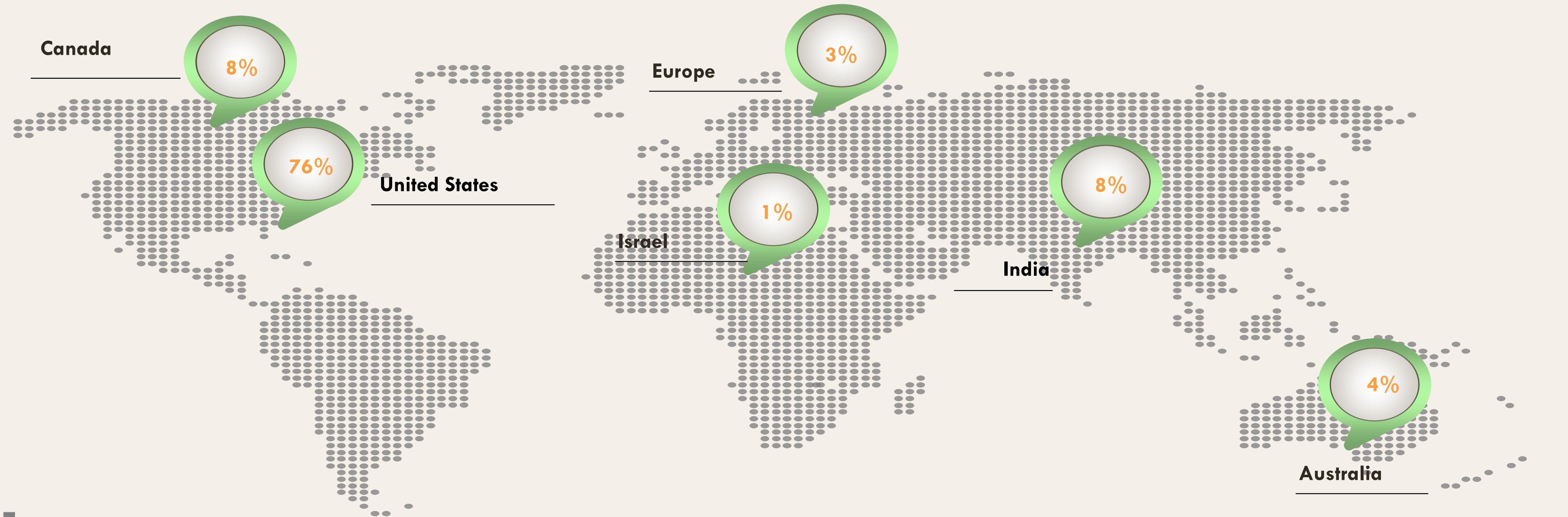
- Quilted Flat Sheets
- Comforter and Comforter Shells

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 in Sheeting Business



Marquee Home Textile Clients across Globe

BED BATH & BEYOND | HOUSE OF FRASER SINCE 1849 | Revman International Great Brands, Real Lifestyles. Quality Product for the Home. | Walmart Canada

JCPenney | TARGET | Sears | canningvale | THE WHITE COMPANY LONDON

Tuesday Morning | amazon.com | Gallery | AUSTRALIAN WEAVING

- ✓ *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 H1 FY17 sales mix

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Profitability highlights

In Rs crore

Particulars	Q2 FY17	Q2 FY16	% Change
Sales	705	694	1%
Operating Expenses	525	544	
EBITDA	**180**	**150**	**20%**
EBITDA Margin	*25.6%*	*21.6%*	*407BPS*
Depreciation	22	20	10%
EBIT	**158**	**130**	**23%**
Interest	33	44	-24%
Exceptional Items	3	--	--
Profit Before Tax	**122**	**86**	**42%**
Tax	32	36	-11%
Profit After Tax	**90**	**50**	**79%**
PAT Margin	*13%*	*7%*	*559 BPS*

Standalone Financials

Efficient cash flow management

- Spent Rs. 180 Crore on growth projects
  - Inorganic – 143cr
  - Textiles - 37cr
- Soda Ash expansion is progressing as per schedule (March 17)

- Reduced debt by Rs. 25 Crore compared to March 16
- On track to achieve Debt : Equity ratio of 1 by March 17

- Paid Rs. 42 Crore as dividend to Shareholders
- Payout of 16.42% as per our Dividend Payout Policy of 15% - 20%

- Contributed Rs. 56 Crore to Government exchequer as direct taxes
- Among the highest tax payer in Gujarat Region

*Based on H1 FY17

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