



October 21, 2016

National Stock Exchange of India  
Limited  
"Exchange Plaza"  
Bandra - Kurla Complex,  
Bandra (E), Mumbai - 400 051  
Fax# 022 26598237/38

BSE Limited  
1st Floor, New Trading Ring,  
Rotunda Building,  
P.J. Towers, Dalal Street,  
Fort, Mumbai - 400 001  
(Fax:022 22723121/2037/2041/3714/2039/2061)

Dear Sir / Madam,

**Re.: GHCL Limited (BSE Code: 500171 & NSE Code: GHCL)**

**Subject: Investors' Presentation – Q2FY 17 Business Update**

As informed on October 15, 2016 that a conference call to discuss the Q2FY17 results of the company with Mr. R S Jalan, Managing Director and Mr. Raman Chopra, CFO & Executive Director (Finance) is scheduled to be held on Monday, October 24, 2016 at 4.00 PM (IST). In this regard, copy of the financials and other business details for Q2FY 17 (i.e. Business Update), which is going to be circulated for the scheduled investors' conference, is enclosed herewith for your reference & record.

In line with the terms of Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information read with SEBI (Prohibition of Insider Trading) Regulations, 2015, we shall post relevant information, if any, on the website of the company promptly after the meeting and also send copy of the same to the stock exchanges.

You are requested to kindly acknowledge the receipt and please also take suitable action for dissemination of this information through your website at the earliest. In case you need any other information, please let us inform.

Thanking you

Yours truly

For GHCL Limited

**Bhuneshwar Mishra**  
**General Manager & Company Secretary**

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



**GHCL Limited**



**Investor Presentation  
September 2016**

*— Zorishah*

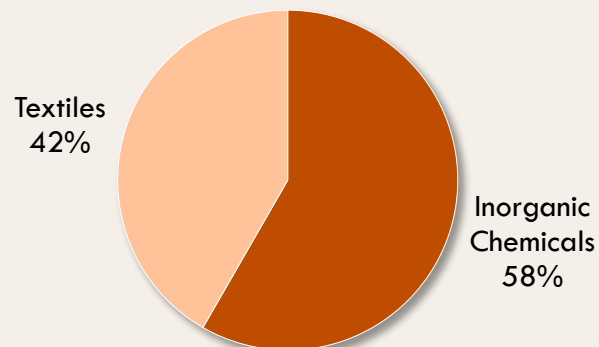
# Business segments overview

## 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\*

**H1 FY17 Total: Rs 1437 cr**

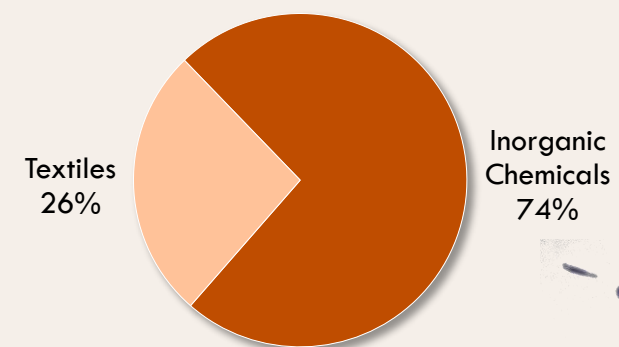


## Textiles

- 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, Myers, House of Fraser and Hudson Bay Co.

## EBITDA Break-up\*

**H1 FY17 Total: Rs 377 cr**



*Signature*  
GHCL

# 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





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

*— Zorishah*

# 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

# ... with improving financial indicators



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

# Major Achievements during the quarter...

A-

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 2<sup>nd</sup> and 4<sup>th</sup> 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**
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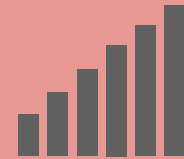
*— Zorishah*

# 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**

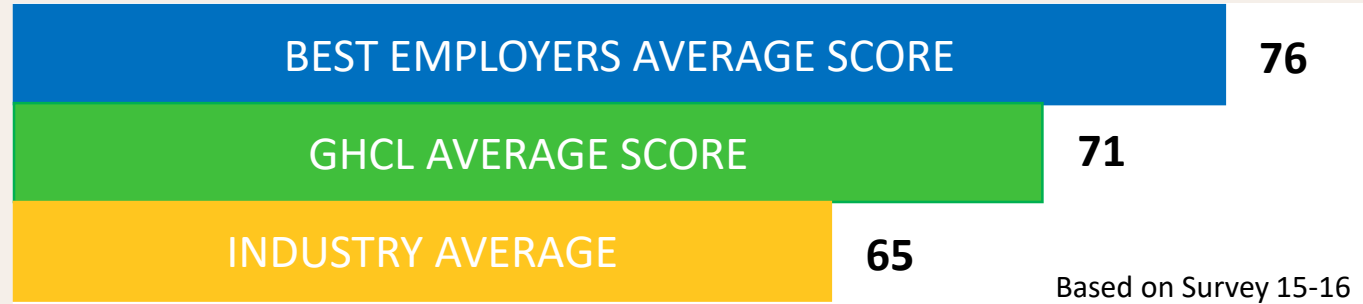
- **Increased Capacity Utilisation from 70% to 83%**
- **Established Strong foothold in Market Place**
- **Achieving energy efficiency through Wind Energy**



- **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.

# 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

- 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

- “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

# 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



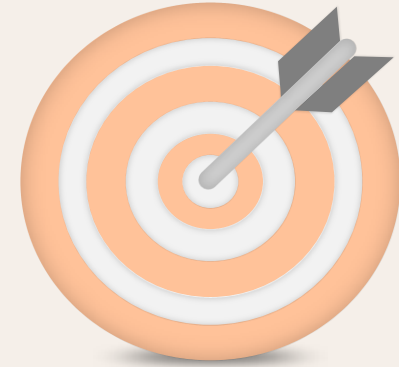
## Sweat existing assets

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



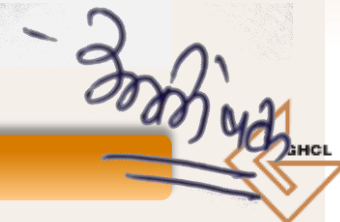
## Focus on Textile marketing

- 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



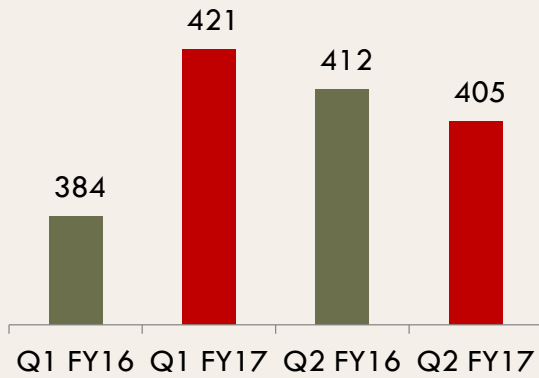


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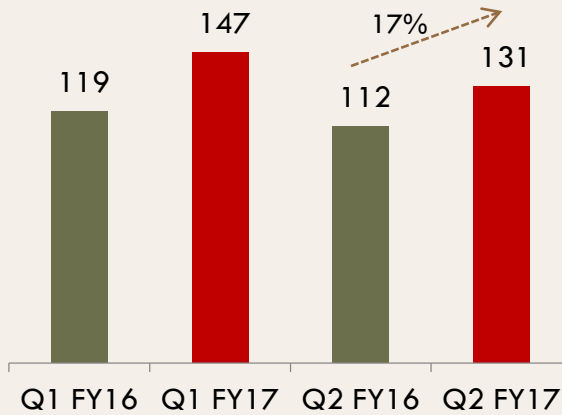
*— 2017/18*

# Margin leadership in the industry

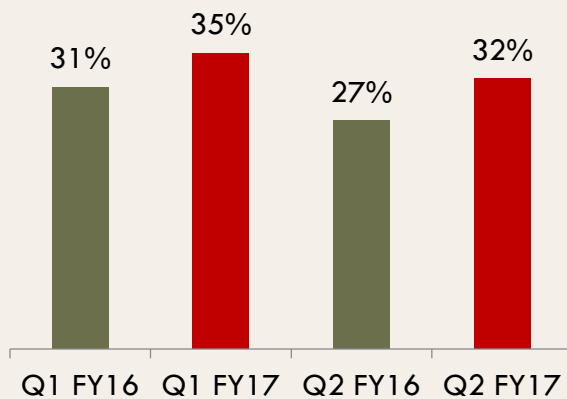
## Revenue



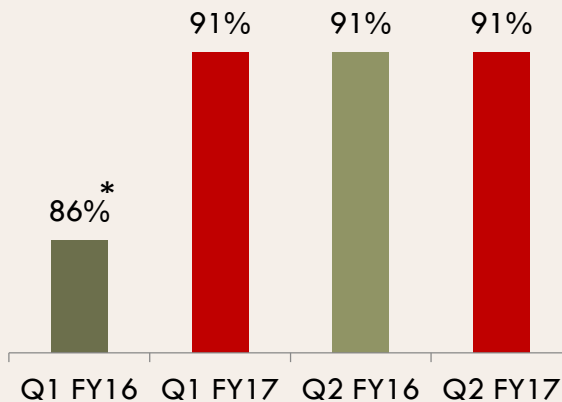
## EBITDA



## EBITDA Margin



## Capacity Utilization



\* Excluding shutdown effect for "Like for Like" comparison



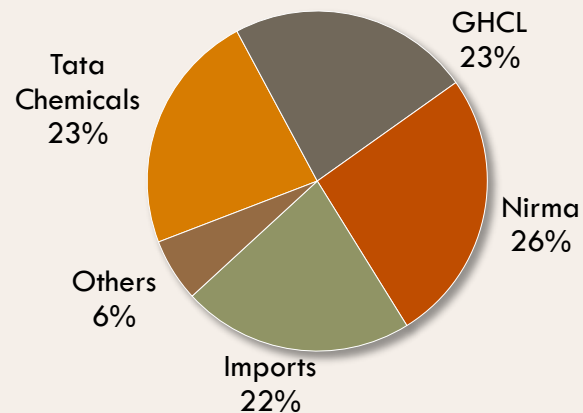


# Leading manufacturer of soda ash with 8.5 L MT capacity

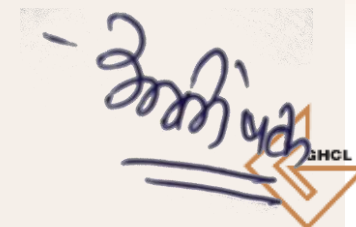
## Key Highlights

- ✓ 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)



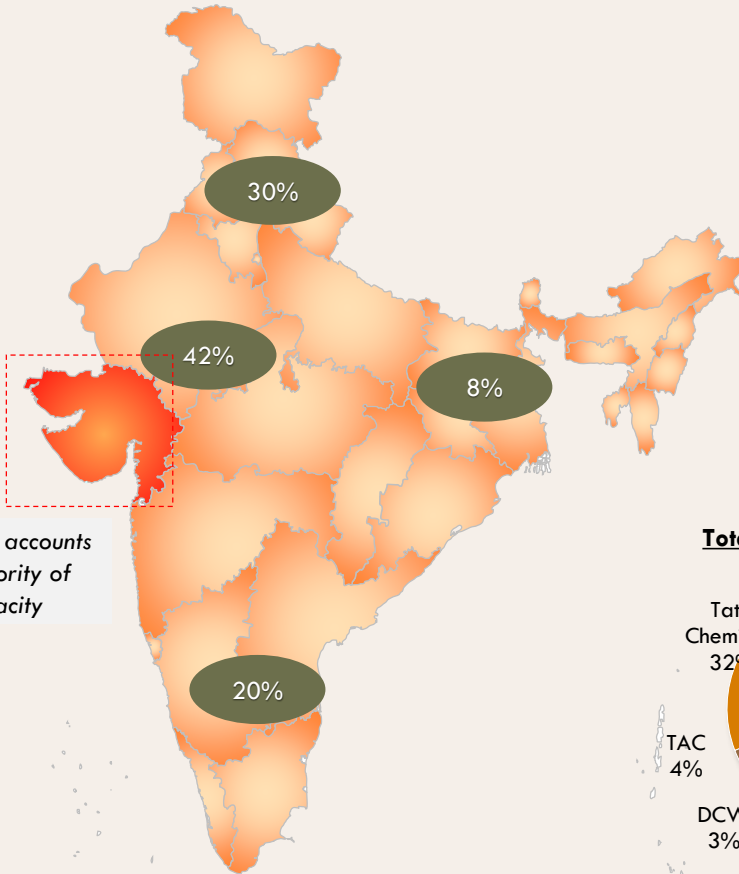
## Clients



# Soda ash industry overview

## Domestic Demand and Supply

**72 % of demand from North and West India**

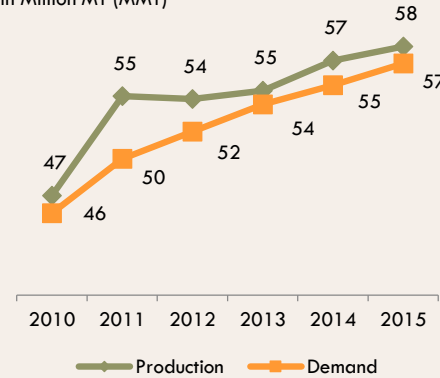


## Unlike Commodity

### Global Market

Production: 4% CAGR  
Demand: 4% CAGR

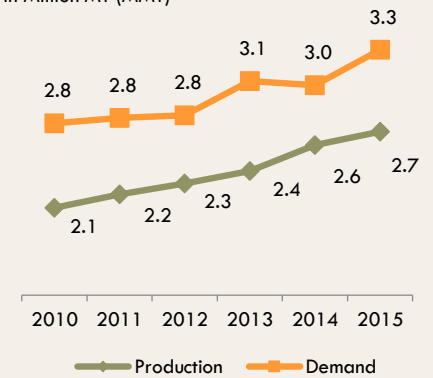
In Million MT (MMT)



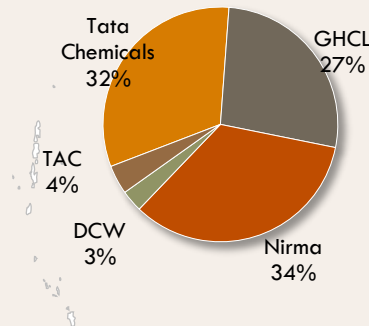
### Indian Market

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**



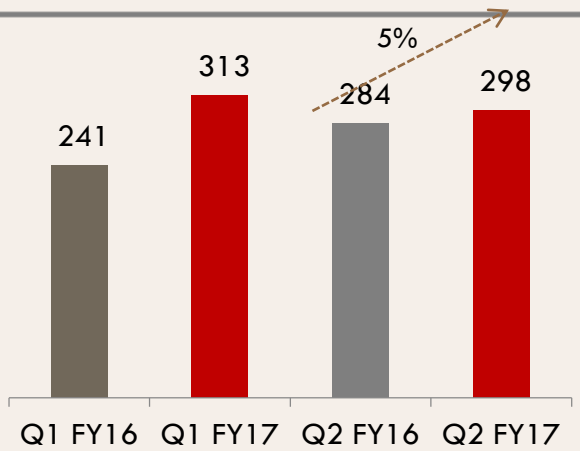


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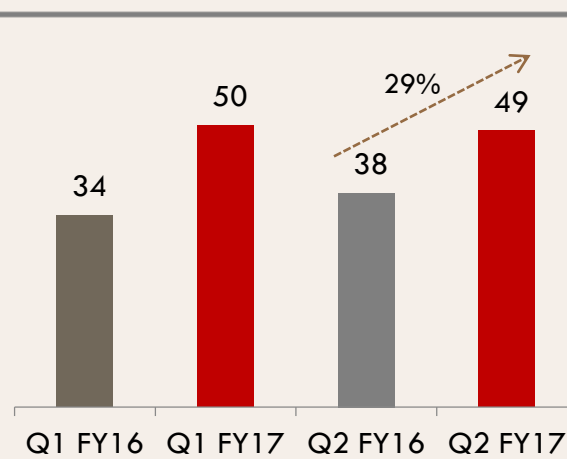
*— Zorishah*

# Consistently improving margins

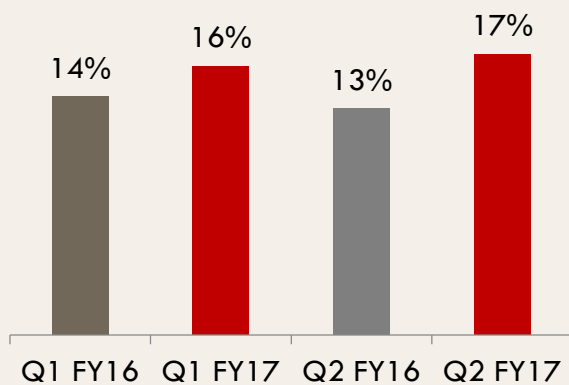
## Revenue



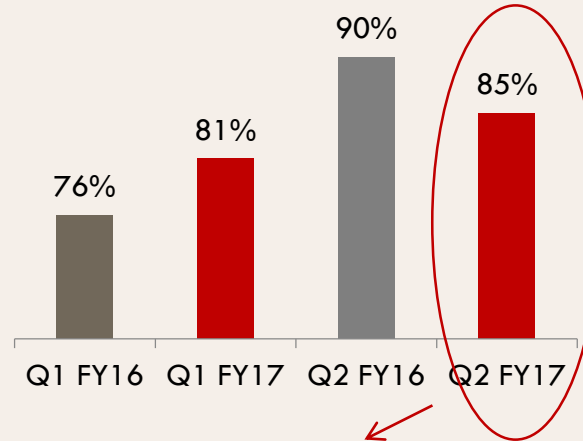
## EBITDA



## EBITDA Margin



## Capacity Utilization (Sheeting)



Due to maintenance shutdown for 5 days



# Emerging home textiles player

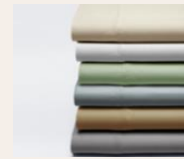
## Vertically Integrated

- 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**

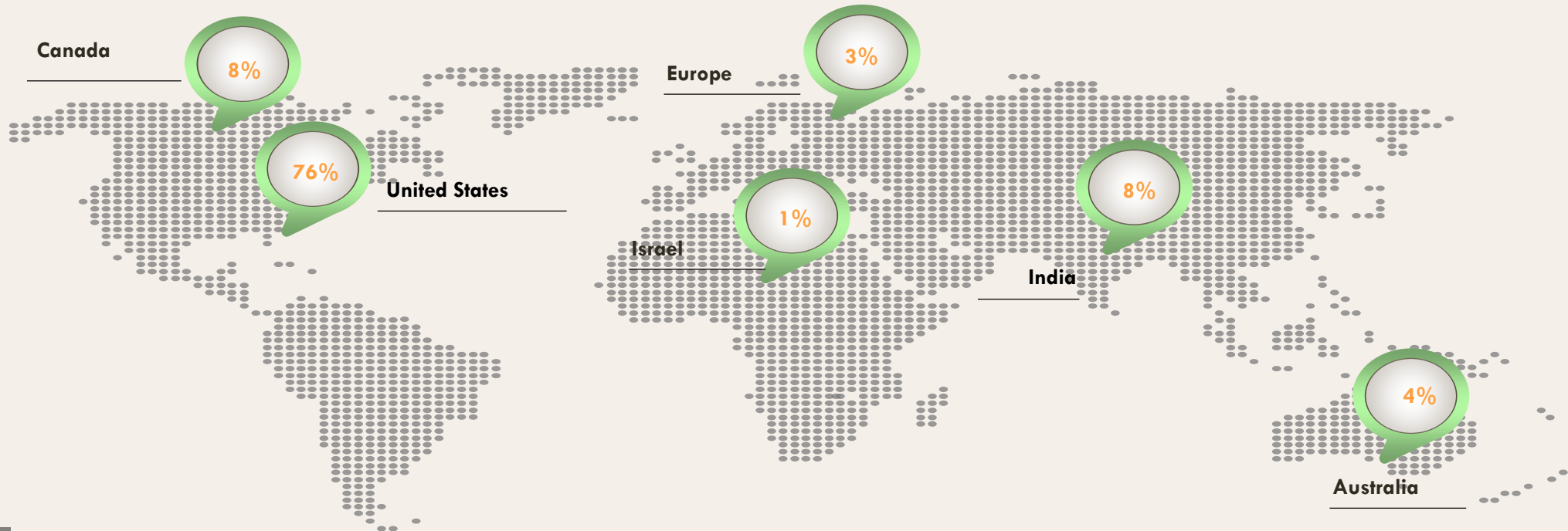


**Building operational efficiencies – 12MW windmills installed, 400 stitching machines installed**



**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



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 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	
<b>EBITDA</b>	<b>180</b>	<b>150</b>	<b>20%</b>
<i>EBITDA Margin</i>	<i>25.6%</i>	<i>21.6%</i>	<i>407BPS</i>
Depreciation	22	20	10%
<b>EBIT</b>	<b>158</b>	<b>130</b>	<b>23%</b>
Interest	33	44	-24%
Exceptional Items	3	--	--
<b>Profit Before Tax</b>	<b>122</b>	<b>86</b>	<b>42%</b>
Tax	32	36	-11%
<b>Profit After Tax</b>	<b>90</b>	<b>50</b>	<b>79%</b>
<i>PAT Margin</i>	<i>13%</i>	<i>7%</i>	<i>559 BPS</i>



# Efficient cash flow management



Capex



SHAREHOLDERS



सत्यमेव जयते

- 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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