GHCL Limited

October 24, 2017

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra - Kurla Complex,
Bandra (E),
Mumbai - 400 051

BSE Limited
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers, Dalal Street,
Fort, Mumbai - 400 001

Dear Sir / Madam,

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

Subject: Investors' Presentation – Q2FY 18 Business Update

As informed on October 18, 2017 that a conference call to discuss the Q2FY18 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 Tuesday, October 24, 2017 at 4.30 PM (IST). In this regard, copy of the financials and other business details for Q2FY 18 (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In line with the terms of Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information read with the SEBI (Prohibition of Insider Trading) Regulations, 2015, we shall post relevant information, if any, on the website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

Bhuwneshwar Mishra
General Manager & Company Secretary

GHCL House, B-38, Institutional Area, Sector-1, Noida-201301 (U.P.) India. Ph. : 91-120-2535335, 3358000, Fax . 91-120-2535209, 3358102
CIN : L24100GJ1983PLC006513, E-mail : ghclinfo@ghcl.co.in, Website : www.ghcl.co.in
Regd. Office : GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad-380009

GREAT PLACE TO WORK CERTIFIED DEC 2016 - NOV 2017 INDIA
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ISO 9001 ISO 14001 DNV REGISTERED DNV REGISTERED

GHCL LIMITED

INVESTOR PRESENTATION
October 2017

Setting new milestones: Winner of Golden Peacock Award for Corporate Governance

Safe harbor

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Financial Snapshot on Q2FY18 performance

Revenue	Increased by 8% from Rs. 665 crore to Rs. 717 crore
EBITDA	Decreased by 23% from Rs. 180 crore to Rs. 139 crore (Entire drop is attributable to Textile Segment)
EBITDA Margins	Dropped from 26% to 19%
Profit after Tax	Decreased from Rs. 90 crore to Rs. 53 crore

Note :- Figures are recasted to consider impact of Excise/GST accounting treatment

Key financial indicators for Q2 FY18

Net Debt/ EBITDA	Increased to 2.06 as compared to 1.93 in Mar 17
Net Debt/ Equity	Improved to 0.92 as compared to 1.04 in Mar 17
Total Debt	Decreased to Rs. 1360 crore as compared to Rs. 1431 crore in Mar 17
ROCE*	19%
ROE*	28%

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

Recent Recognitions

GREAT PLACE TO WORK®
BEST COMPANIES TO WORK

Won **Gold award** in Allied Quality Concepts from

Quality Circle Forum of India

PROCUREMENT EXCELLENCE Awards

Winner:
Sectoral Procurement Excellence - Chemical

ARCHITECTURE WORLD '17
11 - 12 SEP, WASHINGTON D.C.

Winner of India Architecture Excellence Award in "Business Intelligence and Analytics"

Our two Spinning units were conferred with SIMA award for 2016

CARE Credit Ratings

Winner of Gold award in international convention on Quality control circle 2016

Golden peacock award – Corporate governance

GHCL Ltd

Wins

Special Commendation for Golden Peacock Award for Excellence in Corporate Governance – 2017" in its first attempt. Excellence in Corporate Governance

Enhanced Credit Ratings – Upgraded to A with Stable outlook

BBB — FY 2012

BBB+ — FY 2014

A- — FY 2016

A — FY 2017

Achieved continuous rating upgrades in last few years

Agenda

01 Business Overview

02 Inorganic Chemicals Segment

03 Textiles Segment

04 Financials

05 Business Philosophy

01

Business Overview

History and Milestones

1988 - 2000

- Production of Soda Ash commences with an installed capacity of 420,000 tons/year which increased to 525,000 tons/year
- Production of Edible Salt commences and Launch of 'Sapan' salt

2001- 2006

- Soda Ash production capacity increased to 850,000 tons/year
- Entered into Spinning business with 65,000 spindles which increased to 83,000
- Home Textile production commences with 36 mn metres processing capacity and 96 air jet looms

2007 - 2008

- Refined Sodium Bicarbonate plant commissioned
- Spindles capacity increased to 140,000

2010 - 2015

- Spindles capacity increased to 175,000
- Launch of 'i-FLO' salt and 'i-Flo Honey'
- Air jet looms capacity increased to 162

2016 - 2017

- Launched 'i-FLO' spices
- Soda Ash production capacity increased to 950,000 tons / year

Business overview

Cost leadership in the industry

Inorganic Chemicals (59%*)

- **Among top 3 soda ash players with 9.75 Lakh 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

*FY17 Revenue contribution

02

Inorganic Chemicals

Leading manufacturer of soda ash

9.75L MT
Soda cash 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
- Innovatively replaced imported met coke with in-house developed briquette coke.
- Other captive raw materials - salt and limestone
  - All limestone mines located within 40 km distance from the plant

Captive Consumption	Salt 40%	Limestone 25%	Briquette 65%	Lignite 15%

Clients – major FMCG/ glass cos.

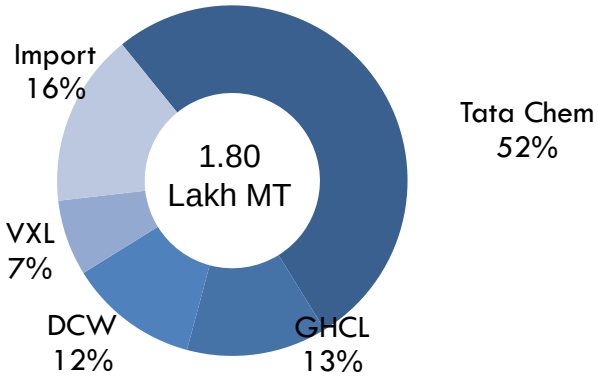
Hindustan Unilever Limited
P&G
MODIGUARD GLASS · MIRROR
HNG
SAINT-GOBAIN
GUJARAT BOROSIL LIMITED
FENA BETTER PRODUCTS, CLEANER WORLD
PATANJALI

* *Based on last 3 year's average*

Other products

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

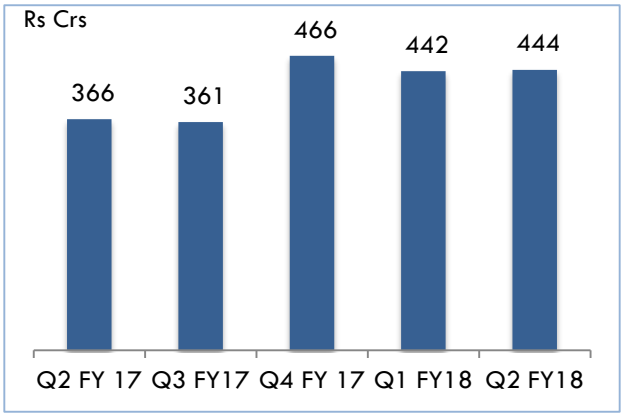


FMCG

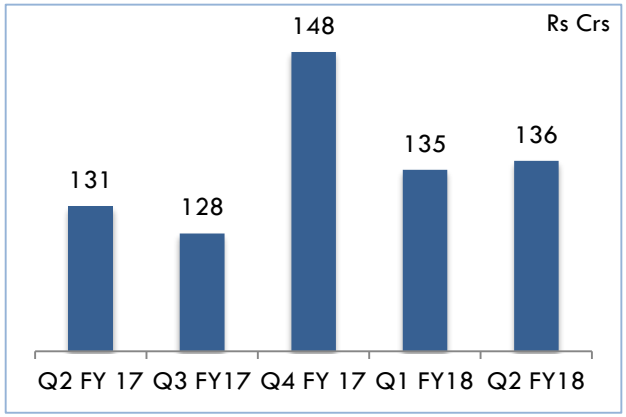
- Premium edible Salt Manufacturer in South India
- Size raw salt capacity is 1.50 Lakh MT spread over 3500 acres in Tamil Nadu; Refined Salt Capacity is 0.75 Lakh MT near Chennai
- ☐ Brands: Sapan & i-FLO which are well accepted among Category A stores in Major Southern cities
- ☐ Only company to launch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

Robust financial performance

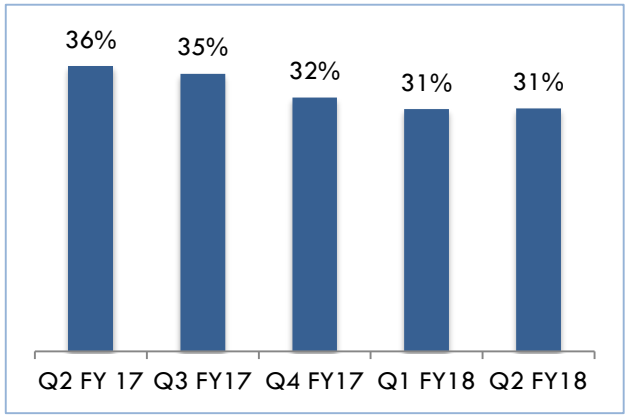
Revenue



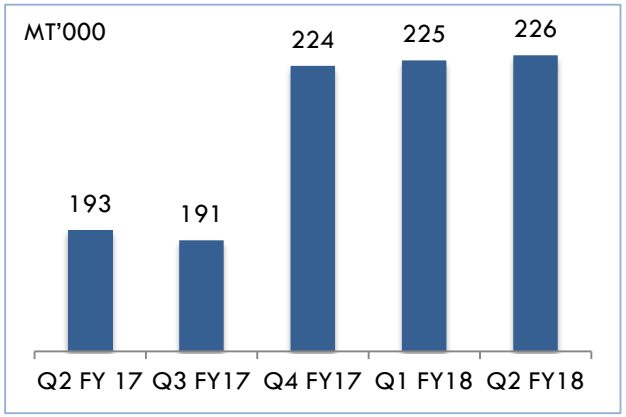
EBITDA



EBITDA Margin



Production in MT

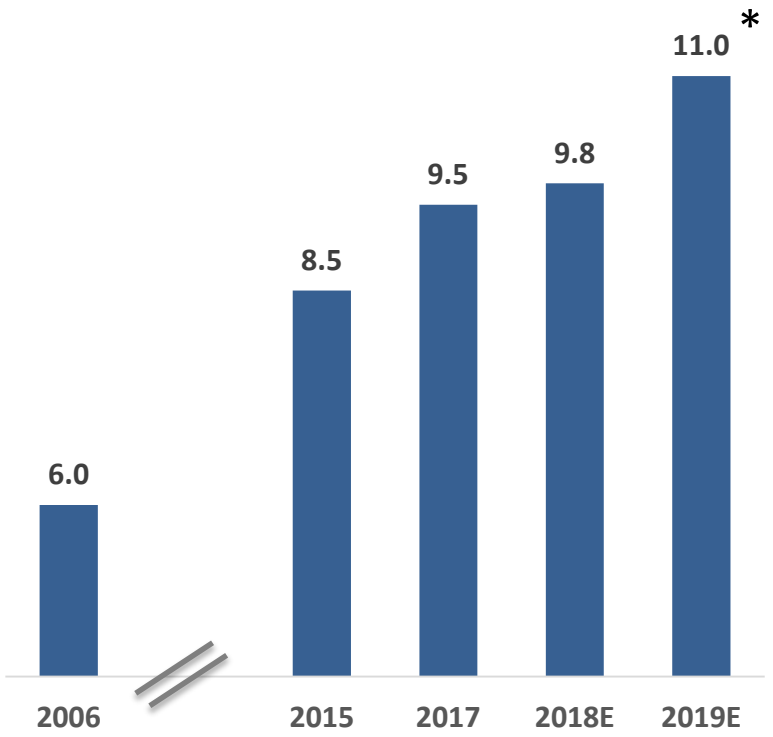


Key performance highlights

- Revenue growth of 21% for Quarter ended Sept 2018 Y-o-Y led by expansion benefit leading to higher volumes.
- Achieved 95% utilization in Q2 inspite of historically a lean season due to monsoon effect.
- Consistent Volumes of 2.25 Lakh MT (95% utilization) in last 3 quarters.
- Stable EBITDA margins at 31 % for Q2 FY18.
- Taken upward Price revision
  - Soda Ash - Rs. 500 per MT in Sept 2017
  - RBC – Rs. 400 per MT in Sept 2017 and Rs. 700 per MT in Oct 2017.

Capacity additions to spur growth

Steady capacity additions



Capacity in lakh MT

* 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

Debottlenecking – By FY18

» Next phase of Capex (Phase-II) by FY18

- Debottlenecking in Soda Ash by 25K MT completed during the quarter
- RBC by 30K MT expected by end of Q3 FY18

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)

Global outlook on the soda ash industry

INDIA

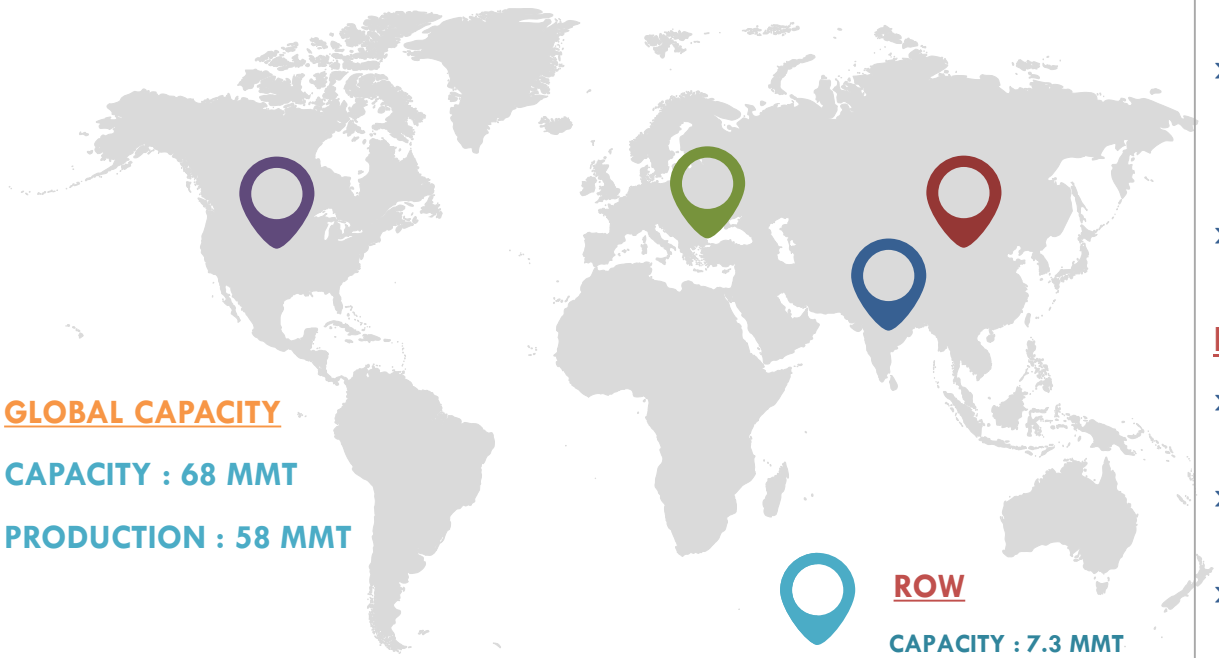
CAPACITY : 3.4 MMT

PRODUCTION : 3.0 MMT

CHINA

CAPACITY : 32.0 MMT

PRODUCTION : 26.0 MMT



GLOBAL CAPACITY

CAPACITY : 68 MMT

PRODUCTION : 58 MMT

ROW

CAPACITY : 7.3 MMT

PRODUCTION : 5.3 MMT

EUROPE

CAPACITY : 13.0 MMT

PRODUCTION : 12.0 MMT

AMERICA

CAPACITY : 12.7 MMT

PRODUCTION : 12.2 MMT

GLOBAL

- Healthy demand growth is observed in world soda ash consumption.
- Turkey's additional 2.5 mn MT is now expected to arrive in phased manner. Only major capacity expansion in world.
- Environmental Issues and Margin over Volume theory in China has shrinked supplies in the region balancing Turkey's expansion thus fading the concerns of oversupply and pricing pressure.
- Price increase has been witnessed on all Global counters recently.

INDIA

- Healthy demand growth expected during the year and next year.
- New Supplies from GHCL and Nirma has been well absorbed.
- Inline with International trend, Domestic players have also taken upward price revisions due to rising cost pressures.
- 3 New Glass plants are expected to be commissioned over next 4-5 Months, adding new soda ash demand.
- Soda ash market is likely to maintain buoyancy over next year.

Globally market is growing @ 2.5% pa requiring around 1.5Mn MT additional supplies every year.

Home Textile Segment

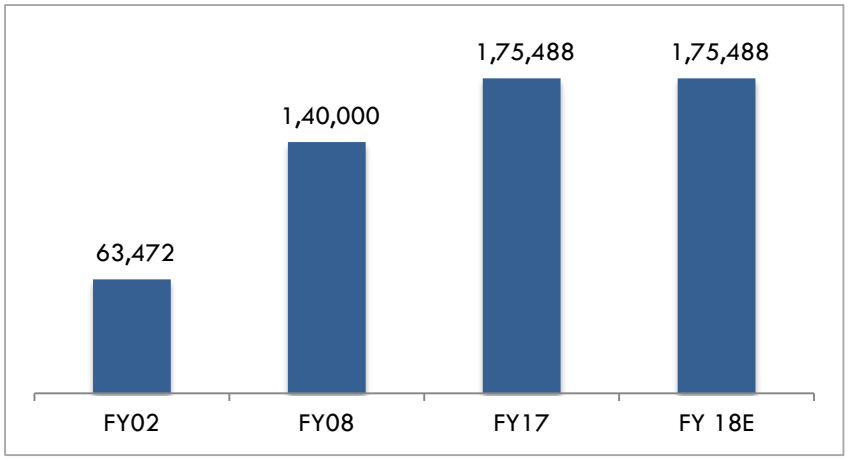
03

Integrated home textile player

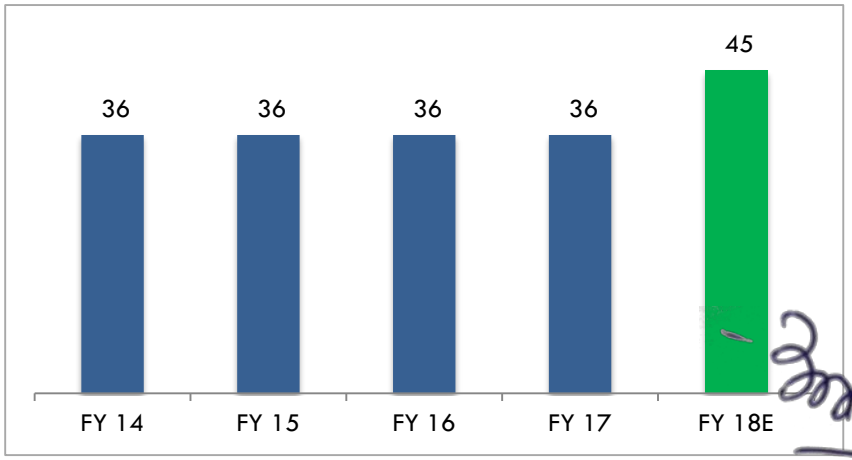
Integrated Home Textile Player

- Best in class spinning integration with close to double the requirement of home textile giving an opportunity to benefit from expansion of sheeting capacity
  - Spinning unit is located near Madurai in Tamil Nadu
  - Manufactures multiple varieties of 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
  - Compact spinning and valued added yarn capacity
  - 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

Spindles Capacity



Sheeting Capacity (mn metres)



Diversified product portfolio with global clientele

GHCL

Product Range

» Sheeting
- Sheets
- Duvet
- Bed Skirt

» Filled Articles
- Quilted Flat Sheets
- Comforter and
- Comforter Shells

» Pillows
- Pillows
- Shams
- Cushions

Innovative Products

fits perfectly the PERFECTFIT

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

bamboo Modal

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

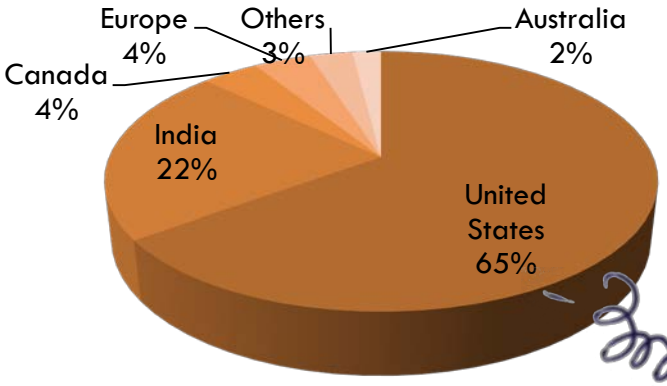
EASYSHEET® featuring the patented fitted top sheet

- » 100% cotton
- » Fitted

Marquee home textile clients across the globe

BED BATH & BEYOND
HOUSE OF FRASER SINCE 1849
Revman International Great Brands, Real Lifestyles. Quality Product for the Home.
THE WHITE COMPANY LONDON
JCPenney
Sears
canningvale
AUSTRALIAN WEAVING
TARGET
Tuesday Morning
amazon.com
Walmart Canada
Gallery

Global presence in sheeting

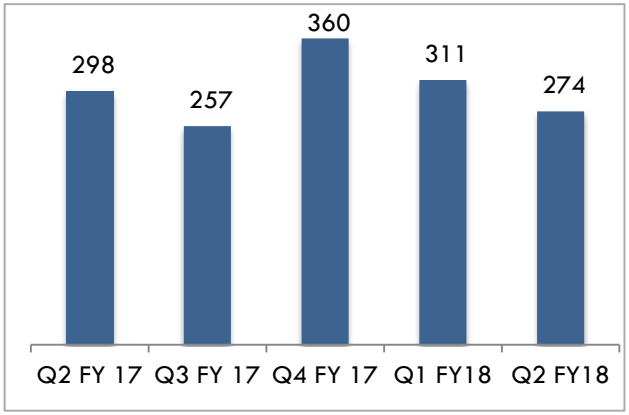


* Based on FY17 sales mix

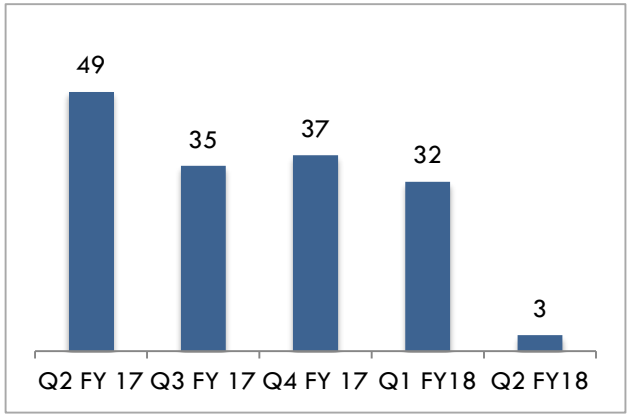
Textile Segment - Quarterly Performance

Rs Crs

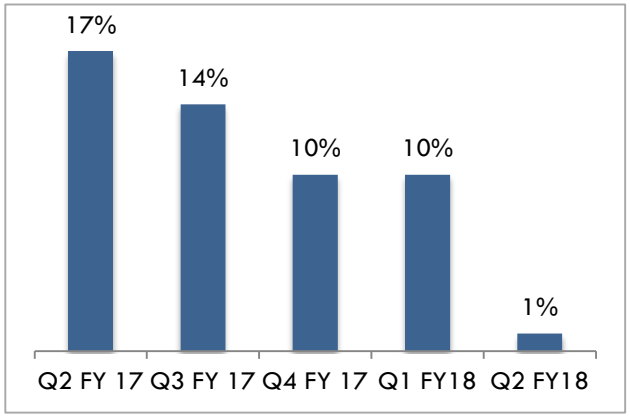
Revenue



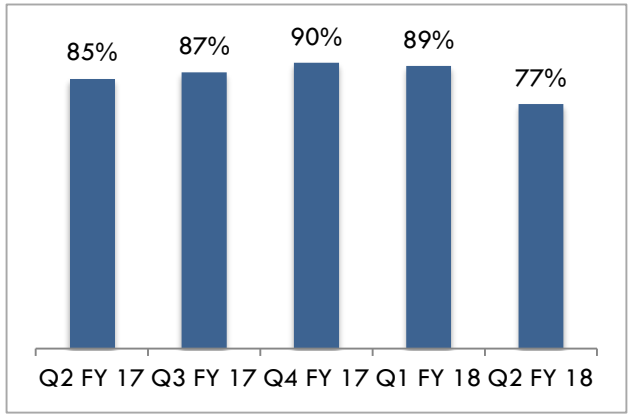
EBITDA



EBITDA Margin



Capacity Utilization



Key performance highlights

- Textile industry is witnessing headwinds due to :
  - Dollar devaluations.
  - Uncertainty due to GST.
  - Oversupply situations.
  - Stiff competition in US between Brick n 'Motor stores with E-commerce
- Revenue
  - Drop by Rs. 25 crore mainly due to lower sales in sheeting segment.
- EBITDA Margins
  - Significant drop due to loss of high margin business and certain customers facing financial stress

04

Financials

Profit & loss statement

Rs. In Crores

Particulars	Q2FY18	Q2FY17	% Change	Q1FY18	6MFY18	6M FY 17
Sales	717	665	7.8%	753	1471	1347
Operating Expenses	578	484		586	1165	970
EBITDA	**139**	**180**	**-23%**	**167**	**306**	**377**
EBITDA Margin	19%	27%		22%	21%	28%
Depreciation	25	22		25	51	43
EBIT	**114**	**158**	**-28%**	**142**	**255**	**334**
Interest	35	33		31	65	68
Exceptional Items	-	3		-	-	3
Profit Before Tax	**79**	**122**	**-35%**	**111**	**190**	**262**
Tax	26	32		-47	-21	69
Profit After Tax	**53**	**90**	**-43%**	**158**	**211**	**193**
PAT Margin	7%	14%		20%	14%	14%

Balance Sheet

Rs. In Crores

Particulars	Sept-17	March-16	Change
Net fixed & other non current assets (A)	**2508**	**2472**	**35**
Current Assets	924	995	-71
Less: Current Liabilities	454	444	10
Working Capital (B)	**470**	**552**	**-82**
Capital Employed (A+B)	**2978**	**3024**	**-46**
Share Capital	97	100	-3
Reserves & Surplus	1362	1251	111
Net Worth (A)	**1459**	**1351**	**108**
Deferred Tax & ORS (B)	**160**	**242**	**-82**
Long Term Debt	660	698	-38
Short Term Debt (Including Buyer Credit)	542	514	28
Due in 1 Yr	158	219	-61
Total Debt (C)	**1360**	**1431**	**-71**
Total (A + B + C)	**2978**	**3024**	**-46**

..leading to efficient cash flow management

Generated Cash Profits (net of Tax) of Rs 200 Cr.

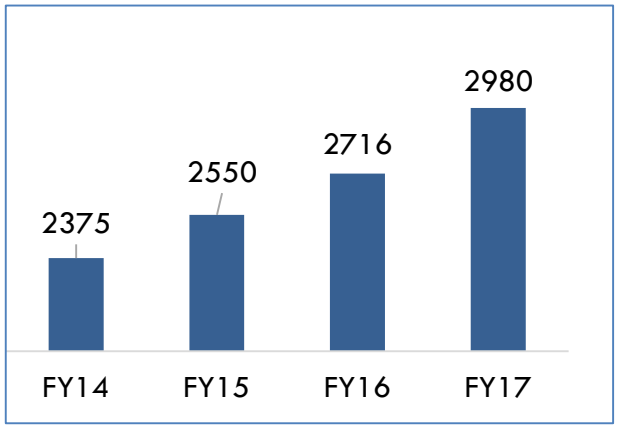
Capex	Debt	Operations	Shareholders
Rs. 85 crore	Rs. 71 crore borrowings paid	Increase in Working Capital of Rs. 61 crore	Buyback & Dividend Rs. 106 crore

WORKINGCAPITAL

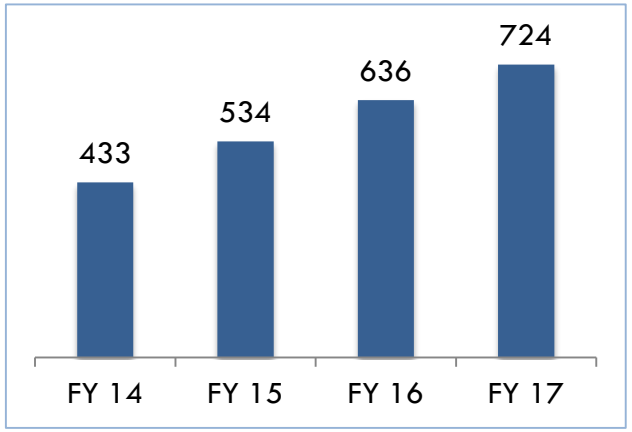
Robust growth with improving profitability

Rs Crs

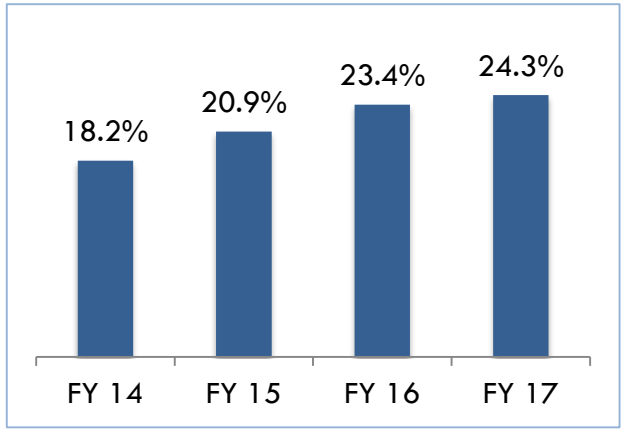
Revenue (8% CAGR)



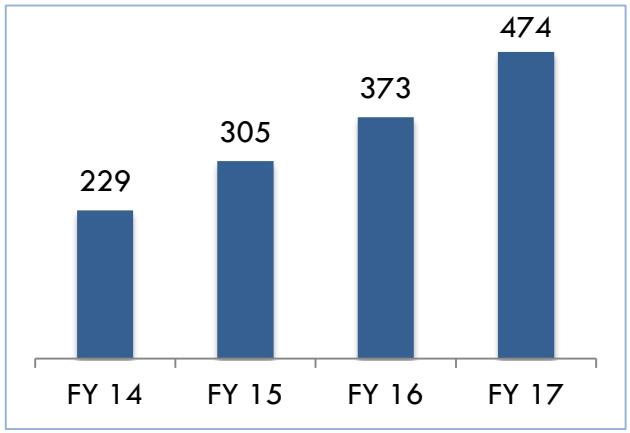
EBITDA (19% CAGR)



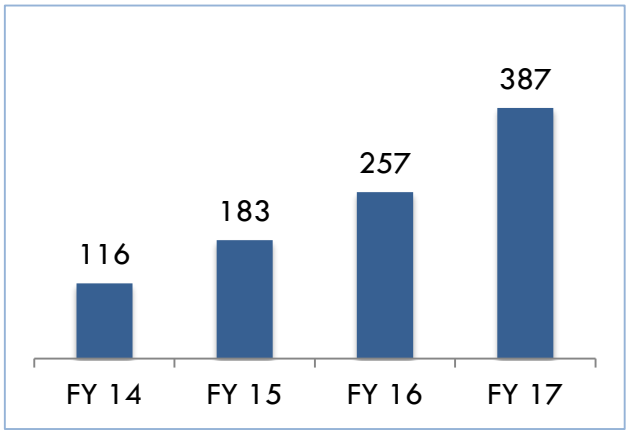
EBITDA Margin



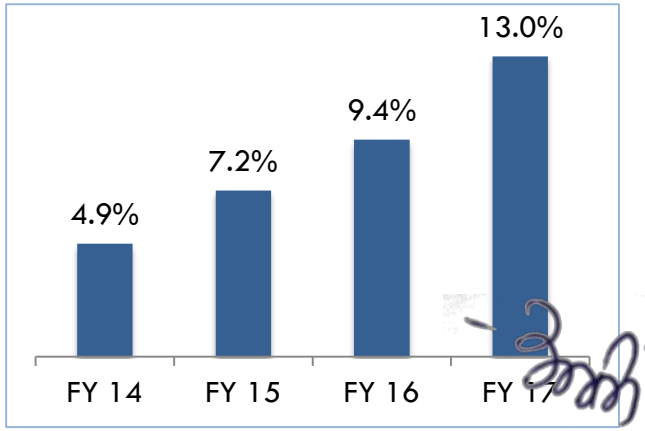
Cash Profit (28% CAGR)



PAT (49% CAGR)



PAT Margin

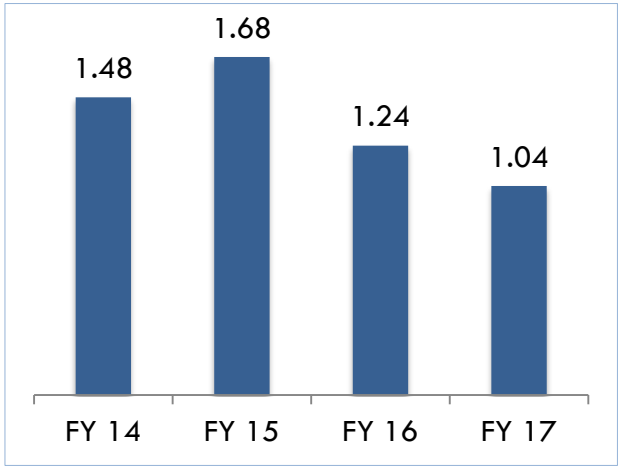


Standalone Financials

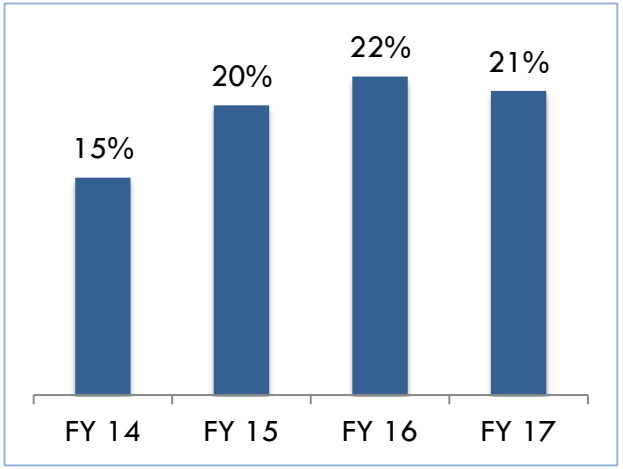
And improving return ratios

Rs Crs

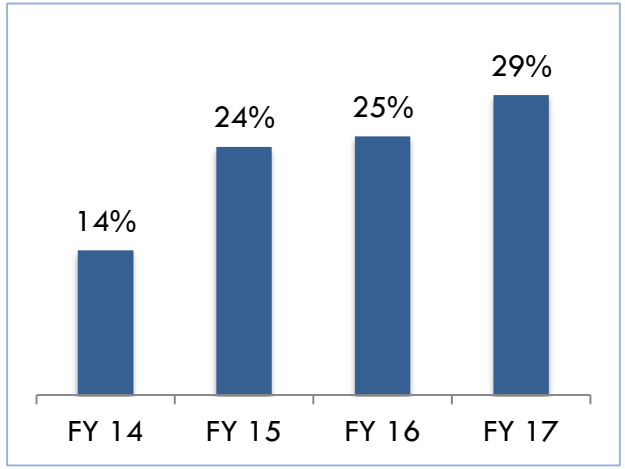
Net Debt/Equity



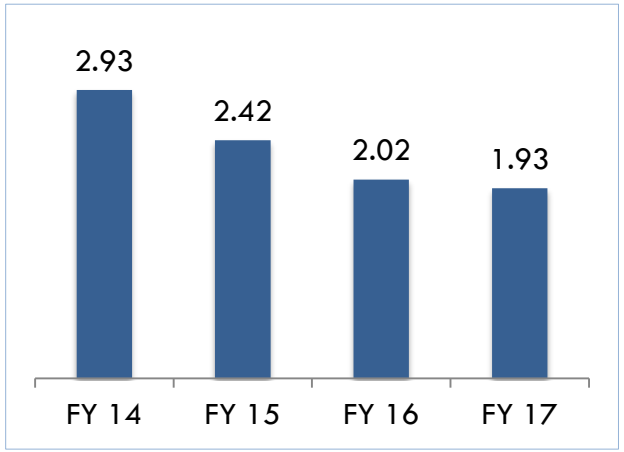
ROCE



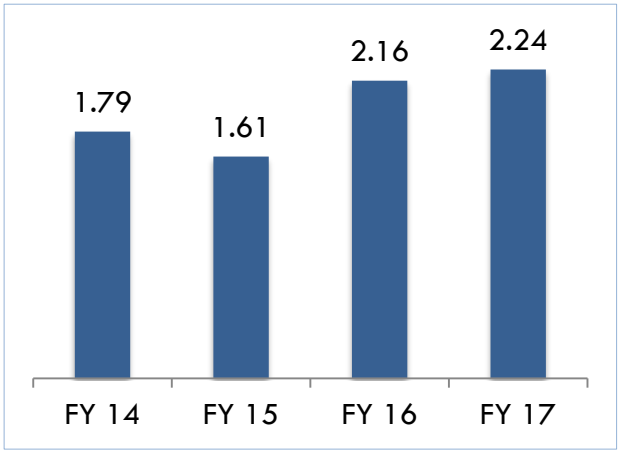
ROE



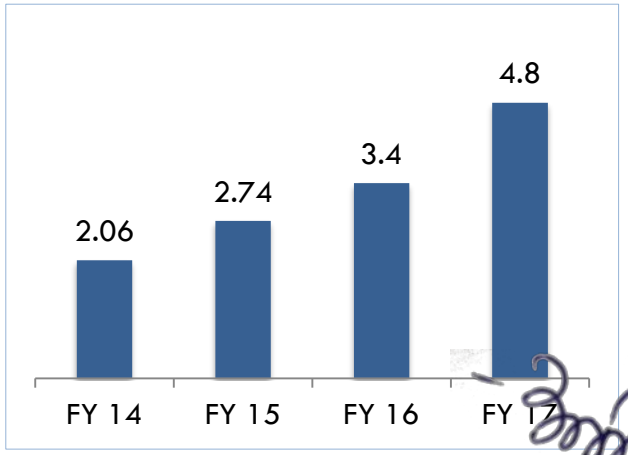
Net Debt/EBITDA



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;

Business Philosophy

05

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

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.

NN Radia

COO, Soda Ash

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

M. Sivabalasubramanian

SVP, Spinning

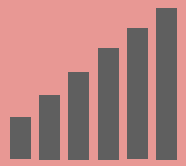
- Vast experience in cotton procurement and manufacturing operations .
- Bachelor in textile engineering.

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

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

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.

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

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.

Promoting Rural Health

- Impacted over 50000 lives through various heath 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.

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.

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

CIN: L24100GJ1983PLC006513

Mr. Raman Chopra
rchopra@ghcl.co.in
Mr. Sunil Gupta
sgupta@ghcl.co.in
Mr. Abhishek Chaturvedi
abhishekchaturvedi@ghcl.co.in

CIN: U74900MH2014PTC259212

Ms. Pooja Dokania
dpooja@stellar-ir.com
Mr. Rajeev Menon
mrajeev@stellar-ir.com