

August 1, 2024

श्रावण-कृष्ण पक्ष, द्वादशी
विक्रम संवत्, २०८१

National Stock Exchange of India Limited
“Exchange Plaza”
Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051
NSE Code: GHCLTEXTIL

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring, Rotunda Building,
P.J. Towers,
Dalal Street, Fort, Mumbai – 400 001
BSE Code: 543918

Dear Sir/Madam,

Subject: Investors’ Presentation – Q1FY25 Business Update

In continuation to our earlier communication dated July 27, 2024 that a conference call to discuss the Q1FY25 result with Mr. R S Jalan, Non-Executive Director, Mr. Raman Chopra, Non-Executive Director, Mr. R Balakrishnan, Chief Executive Officer and Mr. Gaurav V., Chief Financial Officer is scheduled to be held on **Friday, August 2, 2024 at 3.00 PM (IST)**, please find enclosed herewith copy of the financials and other business details for Q1FY25 (i.e. Business Update), which is going to be circulated for the scheduled investors’ conference for your reference and record.

Please note that copy of this communication shall also be available on the website of the company (www.ghcltextiles.co.in), BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com).

You are requested to kindly note the same.

Thanking you

Yours faithfully

For GHCL Textiles Limited



Lalit Narayan Dwivedi
Company Secretary and Compliance officer
Membership No.: FCS10487

Encl: as above

Respect • Trust • Ownership • Integrated Team Work



GHCL TEXTILES LIMITED

Q1 FY25 Investor Presentation

August 2024

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Commenting on
the performance,
Mr. R. S. Jalan, said

GHCL Textiles is a leading yarn manufacturer and exporter in India, with advanced facilities in Tamil Nadu specializing in high-quality, finer count yarns. Recently, we expanded into the fabric segment, leveraging our expertise in cotton coverage and maintaining a lean cost structure. With 62MW of green assets meeting 72% of our energy needs, we emphasize efficiency and sustainability.

The textile industry has faced demand headwinds, with international cotton prices dropping more sharply than domestic prices. The duty structure on imported cotton is a competitive disadvantage for the Indian industry in the exports market. While Bangladeshi exporters struggle, India's textile industry stands to gain, despite some capacity challenges. There's a widespread belief that the sector is poised for recovery, though the timing remains uncertain.

With a robust balance sheet, we have committed over Rs. 1,000 crores in investments, of which Rs. 350 crores have already been deployed. Our expansion includes adding 25,000 spindles with a capital outlay of Rs. 215 Crores. This expansion is expected to be completed by May-2025, along with further investments in knitting, weaving, and dyed fabric production. We want to provide ready to cut fabric to our end customers.

Driven by operational excellence and strong customer relationships, our consistent performance positions us advantageously. These initiatives will further broaden our product portfolio, enhance margins, and boost returns for our shareholders.



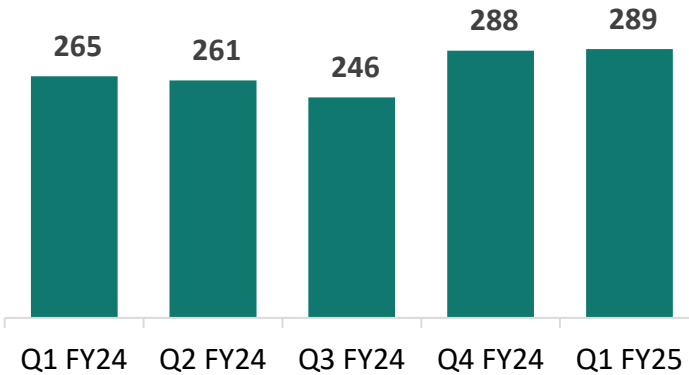
- 1 Catering to strategic customers to meet their specific requirements.
- 2 Gradually shift from commodity yarn to value added yarn segments.
- 3 Industry leading productivity with utilization of over 99% even in adverse market conditions.
- 4 Deep understanding of cotton crop and its coverage.
- 5 Lean cost structure with focus on power, labour and admin expenses.
62MW renewable energy assets catering to 72% of energy requirements.
80% trained and committed women work force.
- 6 Strong Balance Sheet to support sustainable and inclusive growth

Financial Performance

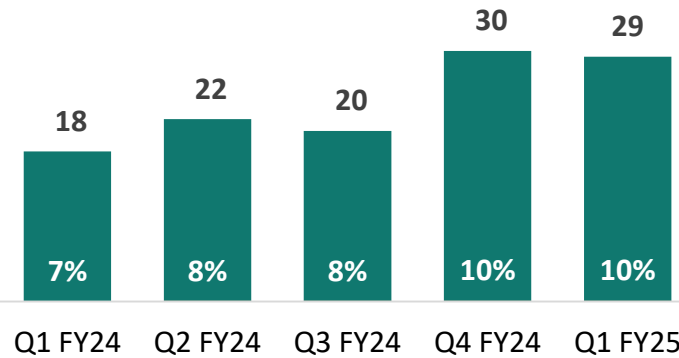


Revenue

Quarterly Trend

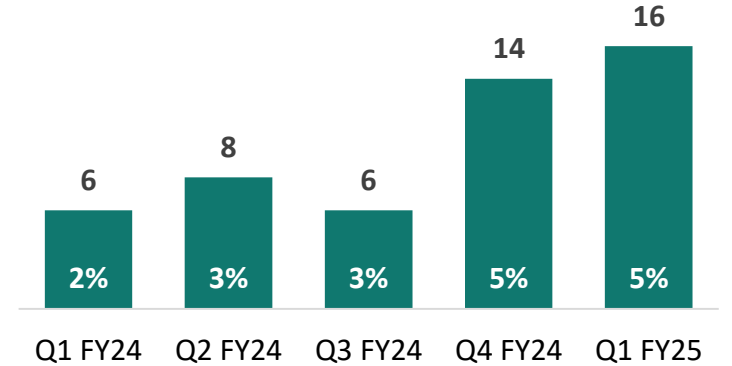


EBITDA & Margin (%)

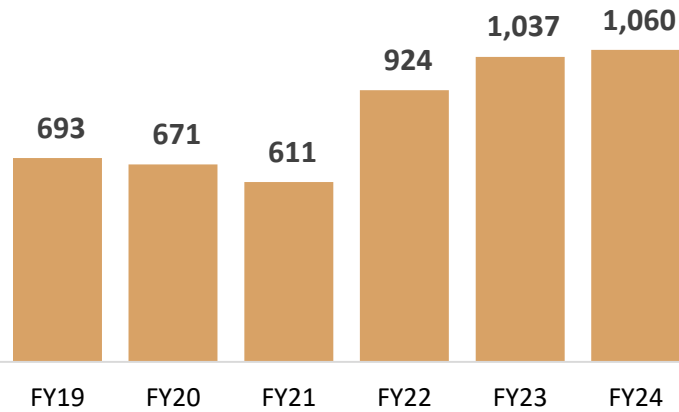


PBT & Margin (%)

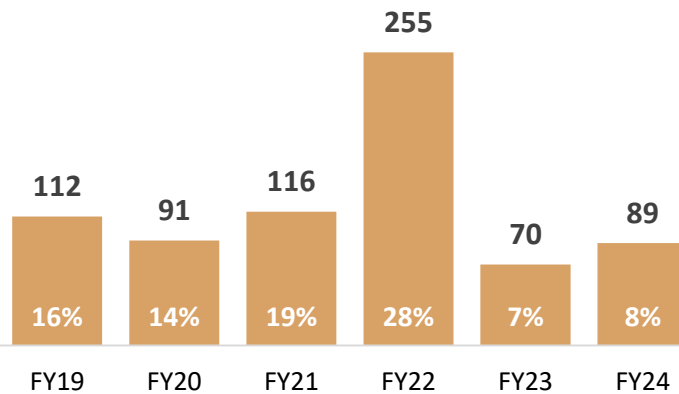
In Rs. Cr



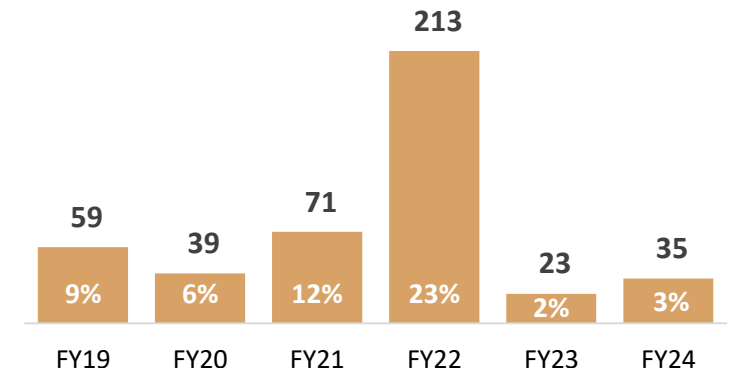
Long Term Trend



Avg. Revenue of 5 Years: Rs. 861 Cr



Avg. EBITDA of 5 Years: Rs. 124 Cr (14%)

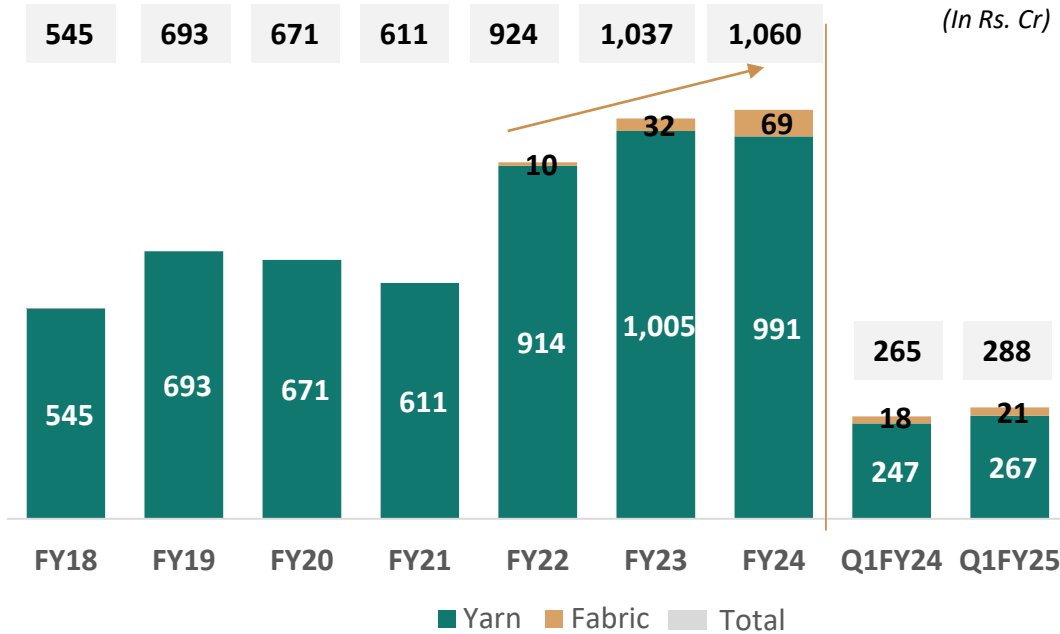


Avg. PBT of 5 Years: Rs. 76 Cr (9%)

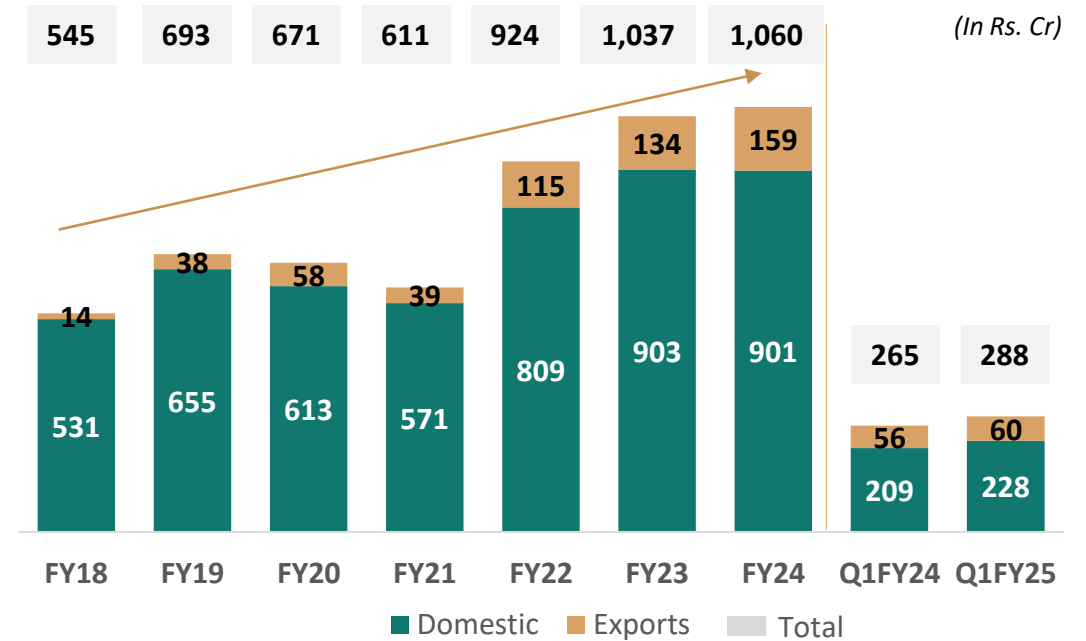
Note: (1) Before demerger, GHCL Textile was part of the merged entity. (2) Revenue and EBITDA numbers include other income.

Revenue Diversification

Revenue by Products



Revenue by Geography



- Strategically increased the revenue mix of value-added products such as knitted and grieve fabric, and exports
- This strategic move is to effectively mitigate market fluctuations and enable a stable margin visibility.
- Endeavour is to continue this diversification going forward as well.

Note: Before demerger, GHCL Textile was part of the merged entity.

Q1 FY25 Performance - Results

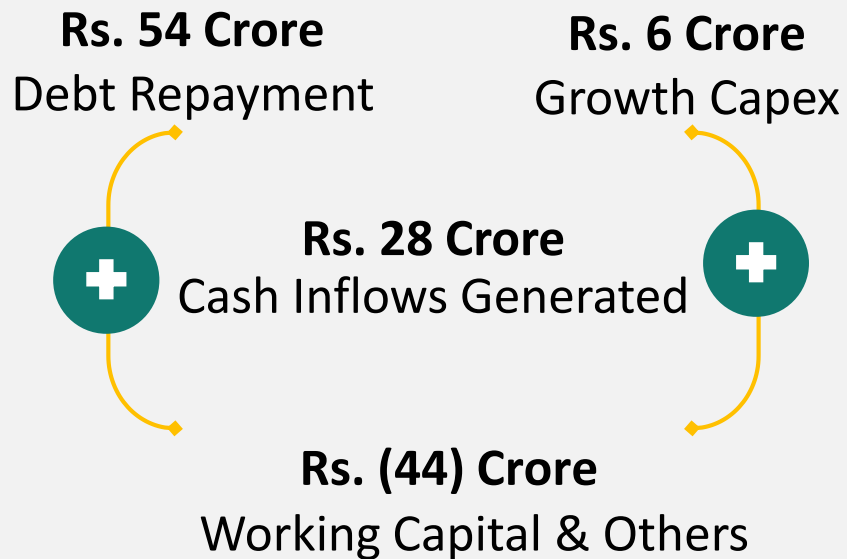


In Rs. Cr

Particulars	Q1FY25	Q4FY24	QoQ	Q1FY24	YoY
Total Income	289	288	0.4%	265	9%
COGS	193	194	(1%)	188	3%
Gross Profit	96	94	2%	77	25%
<i>Gross Profit (%)</i>	33%	33%	41 bps	30%	393 bps
Employee Cost	17	17	2%	15	15%
Power, Fuel & Water Expense	18	17	6%	22	(19%)
Other Expenses	31	31	2%	22	39%
Total Expenditure	66	64	3%	59	12%
EBIDTA	29	30	(1%)	18	65%
<i>EBIDTA Margin (%)</i>	10%	10%	20 bps	7%	340 bps
Interest	1	2	(56%)	2	(36%)
Depreciation	13	13	(4%)	11	19%
PBT	16	14	10%	6	179%
Tax Expense	4	4	(5%)	1	163%
PAT	12	10	15%	4	185%
<i>PAT Margin (%)</i>	4%	4%	53 bps	2%	250 bps

Note: Before demerger, GHCL Textile was part of the merged entity.

Efficient Capital Allocation – Q1 FY25



Increase in cash & cash equivalents*
Rs. 11 Crore

Gross Debt
Rs. 18 Crore

Net Cash Surplus
Rs. 5 Crore

Net Debt to Equity
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Closing cash & cash equivalents*
Rs. 23 Crore

*Note: *Cash and cash equivalents consists of cash, bank and current investments.*

- **Vertical integration** of the yarn manufacturing to include knitted, weaving and dyed fabrics, which yields superior margins and integration with existing business.
- **Enhancement of Green energy** portfolio to 75 MW (from 62 MW currently) to cater up to 85% of our energy requirement.
- These initiatives will be margin and Return accretive. **Long term EBITDA margins** shall be in 17-20% range.



Innovation



Sustainability



Traceability



Giving back to the society

Future Expansion Plan



Capex

Project Description	Current Status	Project Cost (Rs. Cr)	Timeline	Implication
25k Spindles capacity addition	Ongoing	215	Q2 FY2026	Expected to generate revenue of Rs. 250 Cr

- Signed MoUs for Rs. 1035 Cr investment with the Government of Tamil Nadu.
- Of this, Rs. 360 Cr has already been invested in building new capacity of modern 40k spindles along with solar power.
- Now 25k spindles expansion project is underway with a capex outlay of Rs. 215 Cr.
- Thereafter, plan to setup knitting, weaving, and dyed fabric production capacities.
- We want to cater the requirements of our customers such that the ready to cut fabric can be delivered to them.
- These initiatives will significantly expand our product portfolio, leading to higher scale, better margins and increased returns on capital, ultimately resulting in better returns for our shareholders.

“ We strive to become a responsible steward and aim to reduce the overall environmental footprint of the organisation and will continuously monitor our journey ”

Several Initiatives Focused on ESG:

- **Renewable Energy:** caters to 72% of energy consumption
- **Environment:**
 - Significant savings in purchased electricity through usage of renewable electricity
 - Saving from water recycling and rain water harvesting
- **Impactful CSR Initiatives by GHCL Foundation Trust:**
 - Promoting sustainable Agriculture and Animal Husbandry practices.
 - Prioritizing Health initiatives for community well-being.
 - Dedicated to Women Empowerment and Education.



Union Budget 2024

Commerce and Industry Ministry

Higher Allocation

Higher allocation for the Ministry of Textiles from Rs 3400 Crore in FY24 to Rs 4400 Crore in FY25 to stipulate government focus on expanding and strengthening the textile and garment sector

Skill & Innovation

Enhanced allocations to specialised programmes aim to boost skills and innovation, driving the development of high-value textile products

Custom Duty

Reduction of custom duty on Methylene Diphenyl Diisocyanate (MDI) for the manufacture of spandex yarn to 5.0% from 7.5%

Infrastructure

“The government is setting up 12 new industrial parks across the country and has 5-6 mega textile parks lined up.” Minister of Commerce and Industry Piyush Goyal, 30-Jul-2024

We believe that the Union Budget has several measures aimed at enhancing competitiveness, boosting exports and modernizing the industry, which will have long term positive impact on the Indian textile sector.

COMPANY OVERVIEW



An Introduction to GHCL Textiles



FY24
Revenue: ₹ 1060 Cr
Gross Margin: 31%
EBITDA Margin: 8%
5 Yr Avg. Margins: 14%

Capacities
Ring Spindles: 2.25 lac
Rotors: 3,320
Vortex: 480
TFO Spindles: 5,760

~50%
Revenue from Value
Added Products

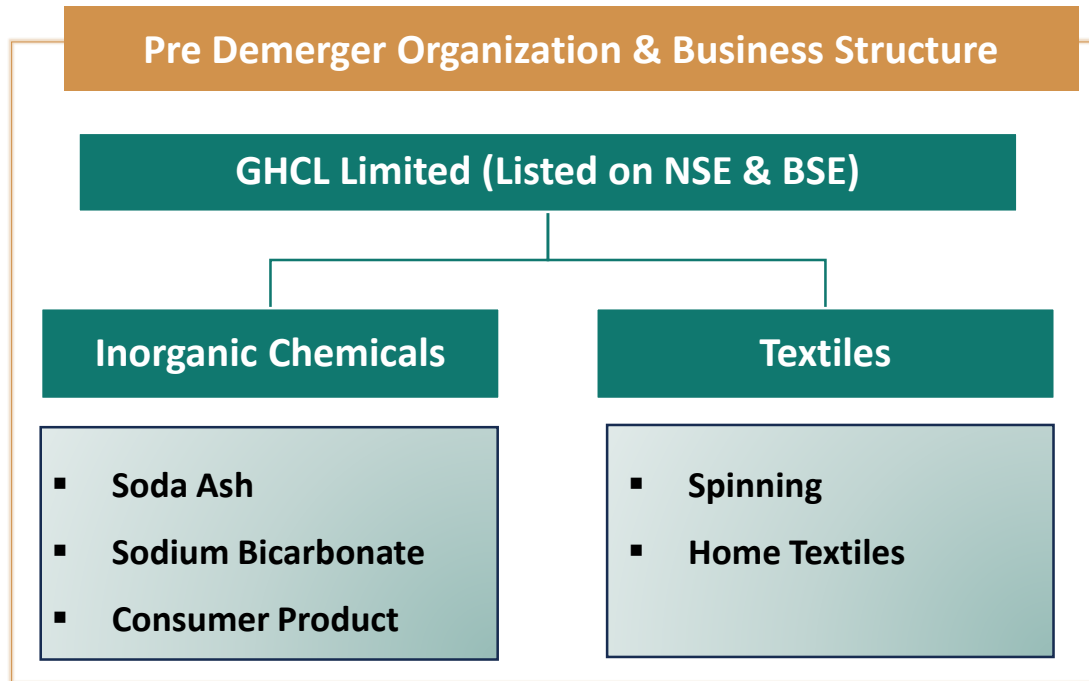
98%+
Capacity Utilisation

300+
Customers

₹ 60 Cr Net Debt
₹ 1586 Cr Capital Employed
(Mar-24)

- Journey started with acquisition of sick spinning unit in 2002, turnaround to one of the most reputed mills in southern India.
- 2 State-of-the-art manufacturing infrastructure with cutting-edge textile machinery located in the state of Tamil Nadu.
- Producers of high-quality tailor made yarns, including GIZA, SUPIMA, Australian, and CmiA Yarn, catering to domestic and international markets.
- Committed to sustainability with substantial green energy assets providing cost benefits as well.





Demerger Rationale

- Simplified Corporate Structure
- Maximizing Shareholders Value
- Focused Growth Prospects

Segments

- Yarn
- Knitted Fabric
- Griege Fabric

Decade-long Expertise in Spinning: Focused on Value Creation



2002 - 2008

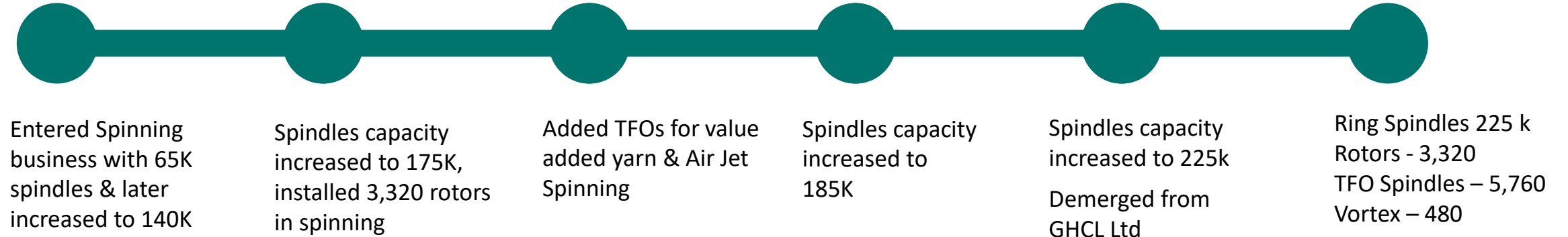
2009-2015

2016-2018

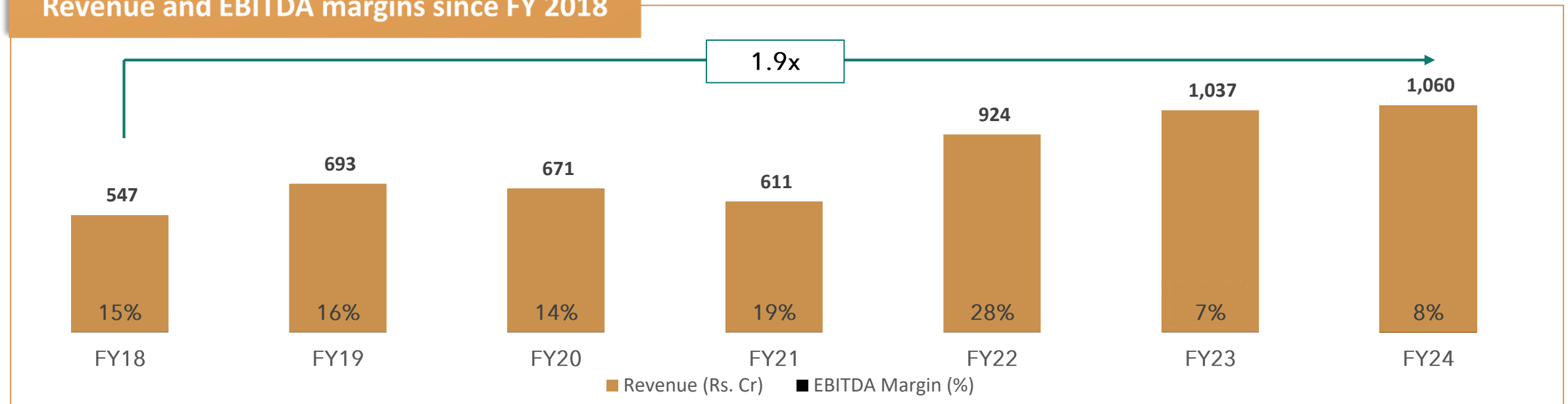
2019-2020

2022-2023

Current Capacities



Revenue and EBITDA margins since FY 2018



Note: EBITDA margins in FY22 was robust at 28% while in FY23 and FY24 was lower on account of headwinds faced by the industry.

Note: Before demerger, GHCL Textile was part of the merged entity.

10+ Years

Long Standing Relationship
with Several Key Customers

Fully Equipped

- 38,000 MTPA yarn production
- Culture for developing value-added products leading to value creation
- Cost benefits driven by a deeply ingrained cost-conscious culture

Product Basket

- Wide range of products form commodity to value-added
- Tailor-made products to suit specific applications
- Further expanding product portfolio to be one stop shop

Premium Quality

- Producers of high-quality yarns, including GIZA, SUPIMA, Australian, & CmiA Yarn, catering to domestic & international markets.
- Adhering to global standards & international best practices

Quality Assurance

- Machines equipped with latest on-line quality monitoring systems
- Certified member of USTERIZED brand which is a symbol of excellence in spinning

Serviceability

- Single-step service process for Customers while following the problem through to its resolution
- Outstanding customer service experience to build trusting relationships

Traceability

- Developed a traceability platform for premium products, offering details on source locations, environmental and social impact to customers.

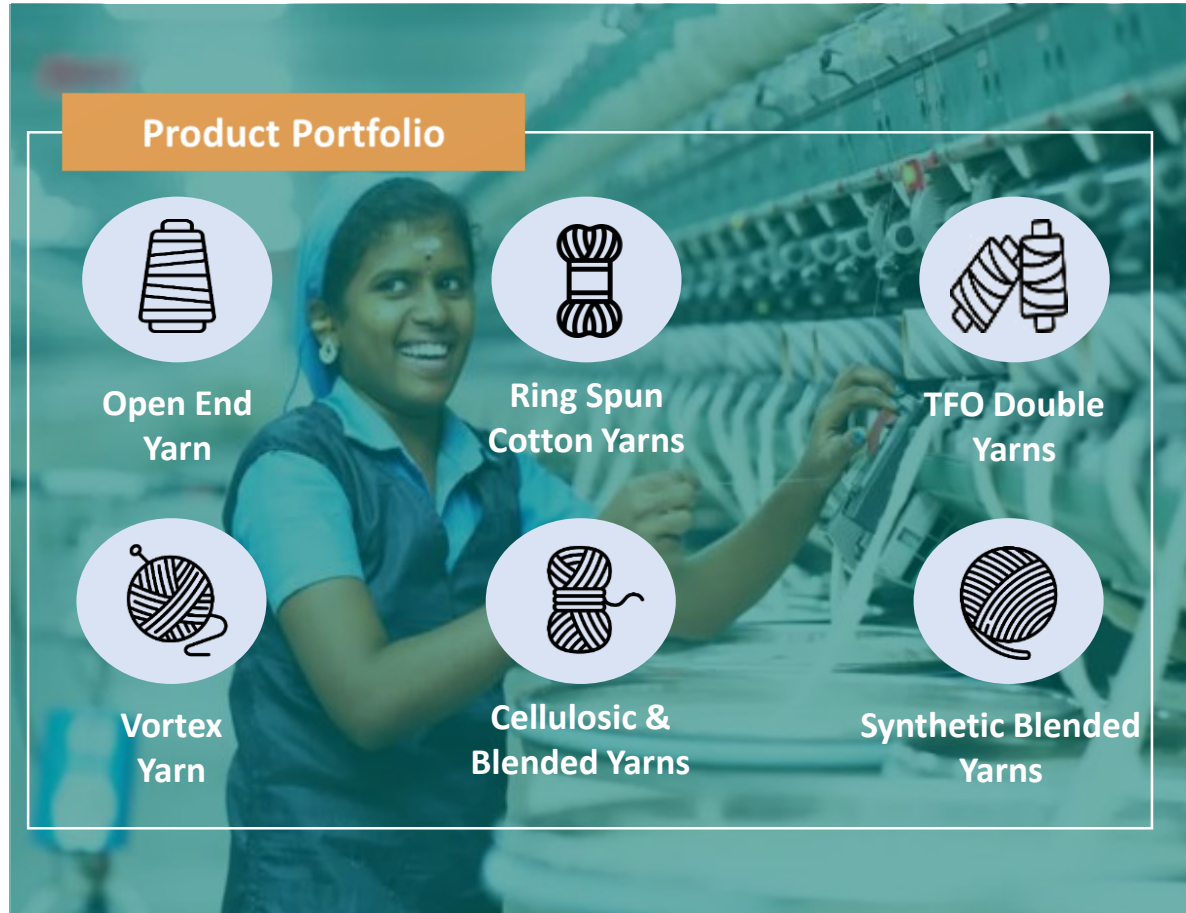
Superior Customer Base



Superior Credibility Through Several Certifications



Key Product Offerings



Yarn Type	Range	End Use
100% cotton combed Compact Hosiery yarn from Indian, US and Australian Mix	25s to 60s	Knitting
100% cotton combed compact yarn from Indian, US, Australian, Supima and Giza Mix	30s to 170s	Weaving
Polyester /Cotton & Cotton/Polyester blended Hosiery yarn	25s to 40s	Knitting
PV/PC/100% Polyester normal and Fancy Yarns	25s to 70s	Weaving
100% cotton open end Indian/Contamination Free Yarn	10s to 32s	Knitting / Weaving
100% VSF Vortex and Ring Spun Yarn	30s to 40s	Knitting / Weaving
Micro Modal, Tencel SIRO and its blend yarn	40s to 80s	Knitting / Weaving
100% Cotton TFO yarn in all Mix	2/30s to 2/170s	Weaving

Preferred supplier to premium customers both at domestic and international level with varied portfolio offerings

Resilient and Skilled Management Team



MR. R. BALAKRISHNAN
CEO



MR. GAURAV V
CFO



MR. D. RAMESH BABU
OPERATIONAL HEAD



MR. N. RAJAGOPAL
TECHNICAL HEAD



MR. LALIT DWIVEDI
COMPANY SECRETARY

Experienced and Accomplished Board of Directors

MR. ANURAG DALMIA
CHAIRMAN

MR. R. S. JALAN
NON- EXECUTIVE DIRECTOR

MR. RAMAN CHOPRA
NON- EXECUTIVE DIRECTOR

MR. NEELABH DALMIA
NON- EXECUTIVE DIRECTOR

MR. ARUN KUMAR JAIN (Ex-IRS)
INDEPENDENT DIRECTOR

DR. MANOJ VAISH
INDEPENDENT DIRECTOR

MR. RAVINDRA SINGH (Justice Rtd.)
INDEPENDENT DIRECTOR

MRS. VIJAYLAXMI JOSHI (Ex-IAS)
INDEPENDENT DIRECTOR

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Investor Relations

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THANK YOU

