

August 6, 2024

**श्रावण - शुक्ल पक्ष, द्वितीया
विक्रम सम्वत् २०८१**

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

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring, Rotunda Building, P.J
Towers,
Dalal Street, Fort, Mumbai – 400 001
BSE Code: 500171

Dear Sir / Madam,

Subject: Filing of Transcript regarding Investors' conference held on August 2, 2024

In continuation to our earlier communication date July 27, 2024 and August 1, 2024 regarding Investors' conference on August 2, 2024 and pursuant to requirement of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to attach copy of the transcript regarding said Investors' conference held with the management on August 2, 2024 for your reference and record.

Please note that copy of this intimation is also available on the website of BSE Limited (www.bseindia.com/corporates), National Stock Exchange of India Limited (www.nseindia.com/corporates) and website of the Company (www.ghcl.co.in).

You are requested to kindly take note of the same.

Thanking you

Yours truly

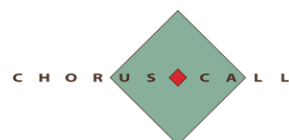
For GHCL Limited



Bhwneshwar Mishra
VP-Sustainability & Company Secretary
Membership No.: F5330



“GHCL Limited
Q1 FY'25 Earnings Conference Call”
August 02, 2024



MANAGEMENT: **MR. R.S. JALAN – MANAGING DIRECTOR – GHCL LIMITED**
MR. RAMAN CHOPRA – CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR, FINANCE – GHCL LIMITED
MR. MANU JAIN – GENERAL MANAGER, INVESTOR RELATIONS AND FINANCE – GHCL LIMITED

MODERATOR: **MR. MEET VORA – EMKAY GLOBAL FINANCIAL SERVICES**



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Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY'25 Results Conference Call of GHCL Limited, hosted by Emkay Global Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Meet Vora from Emkay Global Financial Services. Thank you, and over to you, sir.

Meet Vora: Thank you. Good afternoon, everyone. Thank you for joining us on GHCL's Q1 FY'25 Results Conference Call. I would like to welcome the management and thank them for giving us this opportunity to host them. We have with us today Mr. R.S. Jalan, Managing Director; and Mr. Raman Chopra, CFO and Executive Director of Finance.

Before we begin this call, I would like to point out that some statements made in this call may be forward-looking, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I shall now hand over the call to the management for their opening remarks. Thank you. Over to you, sir.

R.S. Jalan: Thank you very much. Good afternoon everyone and welcome to GHCL Earnings Conference Call for the First Quarter of FY 2025. Kindly note that our results and investor presentation has been uploaded on the stock exchange. I'm joined by Raman Chopra, ED and CFO; and Manu Jain from Finance and IR.

We believe we have delivered an operationally strong performance where volumes continue to grow, and we continue to increasingly have better cost efficiency. As you are aware that soda ash and various other chemicals have seen moderation in pricing given the global dynamics at play. But within that, we remain encouraged with our performance.

Going forward, as an industry, scenario stabilized and pricing revert to the normal range, we believe our strong operational performance will be supplemented by strong financial performance. While in the short to medium-term, the current operating environment may continue, we remain encouraged with the volume outlook, cost outlook and the growth initiatives that we have planned.

In the mid to long term, we are developing a greenfield soda ash plant with a 500,000 metric-ton capacity. We continue to work towards increasing manufacturing productivity through various initiatives lined up. To reiterate, we will benefit from completed sodium bicarbonate capacity expansion and ongoing salt yield improvement in the present year, whereas over the next year, we shall be seeing the contribution from vacuum salt and bromine-related projects.



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Beyond 2026, we are on track to commissioning the first phase of our greenfield facility for which significant groundwork and approval are in place. In addition, we have been allotted 6,449 hectares of lease land at Zara Zumara, Kutch for salt production for a period of 30 years. This is a significant milestone for GHCL and will cater to our salt requirement and also for the bromine expansion.

I would like to spend a few moments to cover my thoughts on the prevailing industry situation. The global demand scenario for soda ash remained mixed. While in certain pockets, demand had stayed strong, the pricing overall is moderated. In India, we continue to see Y-o-Y increase in consumption, whereas in the consumption of volume, import is declining due to supply chain disturbance.

Despite the global and domestic challenges, our Q1 FY'25 results demonstrate our operational excellence performance was better on a sequential basis on the back of higher volume and lower input costs. I believe that the GHCL is well positioned for the future. We believe our initiatives will enhance our growth metrics and lend support to the profitable performance in varying market environments.

Now I will hand over to Raman, who will provide you further details on our financial performance. Following that, I look forward to addressing any questions you may have. Thank you.

Raman Chopra:

Good afternoon, everyone, and a warm welcome to our Q1 FY'25 earning call. We have maintained focus on operating excellence, given the scale of our operations. There is a consistent, constant focus on driving better utilization and more efficiency. This is visible in the profitability traction in the business. This will become clear as I share thoughts on the financial highlights.

Revenue for the quarter came in at INR849 crores compared to INR840 crores in Q4 of last year. Last year first quarter was exceptionally strong, and we reported a revenue of INR1,029 crores in the corresponding quarter of last year.

EBITDA for the quarter stood at INR235 crores and margins at 27.7%. This is an increase of nearly 4% from Q4 of last year. In the value terms, this is a jump of 17% improvement in EBITDA compared to Q4 of last year. This increasing trend is visible from the last two quarters. And this is mainly due to higher volume and reduced cost impact. We believe that this trend will sustain in the current year.

PAT before exceptional items stood at INR151 crores compared to INR125 crores in Q4 of FY'24 and INR207 crores of Q1 FY'24. Our balance sheet remains robust with gross debt of INR177 crores and a cash surplus of INR853 crores, thus leaving us with a net cash surplus of INR676 crores.



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For the quarter, 30th June 2024, we generated INR209 crores of cash inflow after tax which was utilized towards capex of INR121 crores -- INR141 crores and a loan repayment of INR20 crores. Capex includes expenditure on greenfield project for acquiring government land and for vacuum salt to a tune of almost INR90 crores.

These initiatives that we have lined up address both our long-term and short-term strategy goals. India remains a market that will sustain healthy growth of soda ash while providing us opportunities towards scaling of ancillary products in which we are carrying out capex. We are looking at higher pace of execution in these areas, and therefore, once these investments start contribution, our bottom line will show the results for these initiatives.

With this, I conclude my comments. And I would now request the moderator to open the forum for question-and-answer.

Moderator: Our first question is from the line of Jainam from Svan Investments.

Jainam: Sir, could you please quantify in percentage terms the volume growth that we've seen this quarter?

R.S. Jalan: In terms of the volume growth as compared to the same quarter last year, around 8%.

Jainam: Sir, what is the imports for this quarter and the previous quarter, please?

Raman Chopra: If you look at the Q4, is approximately around the GAAP is something around 15% -- minus 15%.

Jainam: So sir since you're already operating at our optimum utilization, in terms of incremental volume, could you please guide us for revenue growth for FY'25 and '26?

R.S. Jalan: See, as I said in my opening remarks, in terms of the volume growth, definitely, we will have something around 5% to 6% volume growth in terms of your, what you call, in the chemical soda ash. As long with that, we will also have some volume growth into the sodium bicarbonate. Sodium bicarbonate volume growth in terms of the tonnage will be very significant. It will be something around 20%, 25%.

Jainam: Sir given the current oversupply in the global market and subdued demand, sir do we -- where do we see the prices moving forward?

R.S. Jalan: See it's a very dynamic situation at this point of time because you see that in the globally, you know so much of volatility is happening. On one side, China growth are phenomenal in the soda ash demand side, whether it's Europe and U.S., the demand has slowed down. So all depends on how the dynamic situation changes. And therefore it's very difficult at this point of the time to predict in this current year.



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However, personally, what I believe is that the India will have a significant advantage next year, primarily because of a lot of this solar glass investments are getting planned into India. Now the government, as you must have noticed in the budget earlier, there was a duty exemption for the soda -- for solar glass imports. Now that duty has been reinforced at 10%, that will encourage the investment into the solar glass investment. So that will lead to kind of a good amount of growth next year.

Jainam: So in the last quarter, you had mentioned that a few facilities in China had shut down. So if you could just -- in the current status of their operations and given the sharp reduction in the profitability, have you seen any rationalizations in the capacities globally?

R.S. Jalan: See, there are w things I just want to highlight one is in the China, in spite of that, the new investment, which came into the Mongolian location, in the Mongolia because of the demand and because of that they have been able to just manage the balance between the demand and supply, they are almost like a net importer. They have been net importer in 2023.

Even in the first quarter also, there were the net importer of soda ash. Now how would this pan out in the -- going forward will largely depend on two things. One, how does the growth of the significant growth continues. And second, again, this will be very important. It's how the housing sector -- some signs of recovery we are seeing in the housing sector also. So if these two things happen, probably, I think the journey of very relevant into the export market of soda ash should not be seen much on that.

Jainam: Sir we have commissioned a sodium bicarbonate capacity last year. So sir, what could be the capacity utilization at peak levels? And what could be the peak revenue contribution from the same?

R.S. Jalan: See if you look at in terms of, as I said, my growth into this revenue this year would be something around 25%, okay? But still, we will have a headroom for -- on this. Approximately from here also, we will be looking at something around 20% to 25% further growth going forward into, probably that should happen in next year.

And in terms of -- because this is happening because of now what we have been talking over the last couple of years about this flue gas treatment, a lot of plants have started using the sodium bicarbonate for the flue gas treatment. And because of this demand growth, which you are seeing into the sodium bicarbonate. We have a headroom of 25% this year and maybe 25% next year on this growth.

Jainam: Just one last question. So what is the IRR that we are expecting on our greenfield project? And what is the expected time line of commissioning for Phase 2?

R.S. Jalan: See, at this point of time, I will give you -- based on the long-term view which we have taken, the IRR, which is coming something around 16% to 17%, of course, it will depend on the



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quarter-to-quarter how the dynamics of the pricing happens. But we have taken a longer-term view and very -- in a way, I would say a little conservative or the realistic number.

Probably the [6 to 7] 16% to 17% through the IRR. Phase 1, as I said, the initial hiccups brought there gradually getting resolved. And we are more or less in a kind of a planning stage at this point of time on the second phase. For first phase, we will be going for the 0.5 million ton. And in the second phase, we will be going for another 0.5 million ton. Our vision at this point of time is by 2030, we should be having a capacity of around 1.1 million ton there. Now all this, all depends on how the -- it's a long periods of time, but that's the way that GHCL is planning at this point of time.

Moderator: Our next question is from the line of Rohit from Sunidhi Securities.

Rohit: Congratulations for this land allotment. So first question is just on the sodium bicarb. Currently, what percentage of our total revenue is coming from sodium bicarb. And basically, is there also pricing pressure as we are seeing in soda ash segment?

R.S. Jalan: See, if you look at -- in terms of the percentage, I don't think it's a very significant percentage at this point of time. It is almost, I would call it as a 6% to 7% kind of right now, okay? And this will gradually increase, like I said just now, 25% increase will happen this year and the next 25% should happen next year so gradually this -- because this sector is now opening up, okay?

And we are also looking at a possibility of how can we expand on this asset. Even in the greenfield project, we have a plan for a significant amount of growth into this segment as well. Second, you said about pricing pressure. I think prices are now more or less stabilized, okay, or even on this side also. Of course, these prices are -- adding the soda ash, these prices are also lower than the long-term average. But if the soda ash situation improves, this situation will also improve going forward.

Rohit: And secondly, on this land allotment. So as we are planning for the salt and bromine expansion, so how basically and when we should be expecting the progress to basically look into shape in next 1, 2 years, especially from the bromine side?

R.S. Jalan: I think, as I said, it's a significant milestone for the GHCL history, because this is the large parcels of land, approximately around we can convert into the acres is something around 16,000 acres of land. And this will definitely help us in a big way in terms of our capital consumption of salt. So this is going to be a very significant milestone on that.

And along with that, this will also help us to kind of expand our bromine project, as you know, that next year, we are opening on our existing salt field the bromine project. So this will add to our -- in our basket of a significant amount of bromine capacity. Now as we know, and we are seeing a good amount of growth because of the global situation in growth into the bromine project -- bromine demand going forward. This will definitely help us in a big way.



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In terms of the time line, as announced in the stock exchange, we have got yesterday only this approval, the plants are getting ready. But yes, likely it will take 2 to 3 years of time to kind of develop, because a large portion of land, you have to develop the salt field and infrastructure will be required. So if we -- and we will try to build some kind of a benchmark in this industry as this will require some kind of a time on that.

Moderator: Next question is from the line of Riya Mehta from Aequitas.

Riya Mehta: I am Riya from Aequitas Investment. So my first question is in terms of the industry. So how has the glass demand being this quarter? And could you specify in terms of specific flag, solar and how was the industry dynamics?

R.S. Jalan: See, at this point of time, the Indian demand for glass, I would say, is not a very significant growth is happening and including the solar glass also because a lot of import is coming from China because of this the import exemption -- import duty exemption. But now from 1st of October, this duty is getting reinforced. So that will help with investing.

And similarly, there are many, many large players are coming into the solar glass. As you know, that green hydrogen is one of the big ticket kind of investment which is happening in India, and that will require the solar glass. So a lot of new investments are coming into this. So hopefully, you will find a significant amount of growth into the solar glass next year. But this year, we are not seeing that big demand from the solar. Similarly, for the glass side also, things are improving now. But in this year, in the first quarter, the demand growth of Indian soda ash is around 2% to 3% only.

Riya Mehta: And in terms of imports, sorry, if I missed out, what was the reduction in imports that happened this quarter?

R.S. Jalan: We have said, I think, around 16% compared to the Q4 of last year.

Riya Mehta: So now how much tons of imports are happening? And do you see the oversupply situation still there?

R.S. Jalan: Very difficult, Riya, at this point of the time to predict because there are a lot of things, global dependency there. As I said, 3 things which are important. One, on one side, how the China works out to be; second, the supply chain disturbance, which is happening. And the third, how the global demands are getting shaped up, like I said, Europe and U.S. and South America also on the path of recovery. If that recovery happens then this situation will drastically change. But at this point of time, if you talk to me today, the way we look at that the surge in the import is not likely to happen at least for next 2, 3 months. To that extent, I can tell you.

Riya Mehta: And in terms of total amount, could you help me what would be the total quantity imported by India?



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R.S. Jalan: Import, you're talking about?

Riya Mehta: Yes.

R.S. Jalan: I give you the number. Largely, the numbers are around 16% drop into the import. And in the similar range of the imports would likely to happen.

Riya Mehta: Okay. And in terms of realization, have you seen any realization growth this quarter on a Q-o-Q basis?

R.S. Jalan: Not really. Of course, there are some positive indications are there. But because of -- I would say that this quarter, it's almost as compared to the last quarter, it's almost flattish.

Riya Mehta: Q1 is similar to Q4?

R.S. Jalan: Yes.

Riya Mehta: And going forward, also you anticipate more or less this aims to consolidate at these levels?

R.S. Jalan: I think I said it's a very global dynamic situation. It's very difficult to kind of predict. Like I said, we believe that it's more like a bottom out situation.

Riya Mehta: And there will be Europe and U.S., you mentioned that the demand has slowed. So what kind of growth percentage are we seeing there?

R.S. Jalan: See, right now, the demand are on a negative zone. But now how the things shape up and when it shape-up, it has to be watched out. See actually Riya, I would like to focus more on only one thing. Our focus is on the three things. One is, how do I become more cost competitive? How do I -- my efficiencies, our productivity, our cost measures are there.

In spite of such a difficult market situation, we've seen our results in the first quarter. I was -- one -- because other things are all depends on which are not -- we don't have much of the control. The second is, how do we grow from here? And that's why I said, we -- our capital allocation is more focused towards on how do we grow from here? And that said a lot of projects we have in our hands.

We have a vacuum salt which is coming next year, then we have a bromine coming next year, then we have -- now it is the salt field, which we have got an allotment, where we will be having a significant cost advantage then other areas of the cost optimization, greenfield project. So these are the areas where our focuses are, and predicting how the things will happen into the global state will be very difficult at this point of time because you know that dynamics are changing every day...



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- Riya Mehta:** And what kind of revenue potential do you see to vacuum salt project?
- R.S. Jalan:** Sorry, Riya?
- Riya Mehta:** On the vacuum salt project, what kind of revenue potential do we anticipate in FY'26?
- R.S. Jalan:** FY'26, that will happen in the, I think, second quarter of next year. And after that, gradually that will happen, and we are roughly around -- approximately now INR100 crores kind of -- on the peak level, we will have INR100 crores kind of a top line on that.
- Riya Mehta:** And bromine will also come Q2 FY'26.
- R.S. Jalan:** Sorry.
- Riya Mehta:** Bromine will also come Q2 FY'25 -- sorry '26?
- R.S. Jalan:** What -- your voice is not very clear, Riya. I'm sorry...
- Riya Mehta:** Bromine. The bromine will also come at a similar time that Q2 FY'26?
- R.S. Jalan:** I think that will come into Q3 of next year.
- Moderator:** Our next question is from the line of Rohit from Sunidhi Securities.
- Rohit:** Just missed out on this margin side from Q3, Q4 was better and Q1 was better than Q4 also. So now we are around 26% kind of EBITDA margin. So going forward for the rest of this quarter, can we expect 25% to 28% to sustain? Or is it still -- because last 2 quarters were somehow impacted by some shutdowns and issues. So I hope no shutdowns are expected for rest of the quarter. So this kind of -- 26% plus kind of margin would be sustainable?
- R.S. Jalan:** So Rohit, I think it's very difficult at this point of a time to predict what will be likely to happen because of so much of dynamic changes in the global scale. When this supply chain -- how the situation of supply chain will continue, whether it will continue, not continue, we don't know right now, okay? But I would say that at least we believe that the prices are kind of a bottom out. This is what our belief is. But again, very difficult at this point of a time. Costs are almost like kind of a flattish situation. In the way you can say that situation should not -- should be better than this kind of situation.
- Rohit:** So in terms of volume, we are pretty much sustaining and realization, we don't see any further correction. So ideally, I think margins should sustain as coal prices are also not that much on the higher side. So if sort of margin should sustain that is what, broadly, I was expecting.
- R.S. Jalan:** I think that we have already concluded it.



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Rohit: And next thing, just on the volume side, I mean, for FY'25, you have guided for the a 5% to 6% kind of volume growth. So for '26 since no addition in capacities there, so in '26 also we would be low single-digit kind of number? Or can expect around 8% to 10% kind of volume growth.

R.S. Jalan: Rohit, I've already said that a couple of things will happen. So it's very difficult to talk about the number. Sodium bicarbonate growth will happen next year. You will see that bromine will be coming into the line. You'll see that the vacuum salt will be coming into line. And those things will happen, okay? And how much this percentage will be that has to be kind of seen.

Rohit: But in soda ash, especially on soda ash, I mean volume of soda ash should be a bit higher from FY'25 or it will remain in that kind of range only?

R.S. Jalan: My understanding it should be the same flattish kind of a situation. I don't think it is -- because we are almost full capacity utilization. Like I said '24-'25 -- it will be there as I told you in the '24, '25 growth will be there, which I have already said to you. In terms of '25-'26, I think the growth will be coming from sodium bicarbonate. The growth will be coming from vacuum salt, growth will be coming from higher bromine.

Moderator: Our next question is from the line of Vignesh Iyer from Sequent Investment.

Vignesh Iyer: Regarding the salt projects. So I remember back, if I'm not wrong, quarter 2 FY'23 or quarter 3 FY'23, you have guided of around INR100 crores that will be spending on salt project. So I mean, now we have a very large line partner. So what has changed from then to now when it comes to this specific project and what would be the total spend that we will be doing for this project?

R.S. Jalan: Two things, Vignesh. One, this is -- the project which you're talking about INR100 crores that is on the existing salt field we were, and we are getting the advantage of that. The cost -- competitive advantage is coming because of that. Last year also so we got some advantage and this year also we'll be getting that advantage.

The productivity enhancement on those projects on the existing salt field. So that was the one. So that's a different. And that is we are going as per the -- it is completely as per the schedule and we are getting the benefit also. This project is in addition to that, we have got this land, which, as I said in my earlier answer, that we will require 2 to 3 years of time to kind of double up this.

And once that happens, today, we are buying a lot of salt and the new greenfield projects also we did not have a kind of a captive facilities to supplement that project from the salt requirement. So this land will help us to kind of mitigate those 2 things and make us more cost competitive.

In addition to that, on this project, on this land, we will have a significant amount of growth opportunity on our bromine project. In terms of the cost and in terms of -- it will require some



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time limit to kind of work out how much cost, because like I said, yesterday only, we got the final approval on that. Now the team will be working on that, and we will be implementing it.

Vignesh Iyer: So what is our captive percentage as of -- for salt? As of now, it is around 40%, 45% for our existing projects?

R.S. Jalan: Yes. In a way, I would say that approximately based on the current number, it should be something around 35%, roughly -- 35% to around 37%, broadly which we have a plan to increase to around 40%, 45%, like I said, on the expansion or the productivity improvement that is underway. And -- but this -- once this happens, this project happens, probably we will have a very significant amount of -- again, this will be very difficult at this point to time to what percentage. But yes, definitely, there is a significant amount of capacity will increase.

Vignesh Iyer: Sir, to your earlier comment to one of the analysts asking, you said around INR100 crores of top line probably is expected starting from Q2 of FY'26. So this is like external things, understand to what some amount that would come to captive, right?

R.S. Jalan: This project is completely different, because that's what we were talking about your vacuum salt or the bromine or this captive expansion or the productivity enhancement which is salt field. These are completely different projects and this project is a completely different again. So definitely, this project, which is, yesterday, we have announced will add to our cost competitiveness and also to our bromine footprint, and that will have a significant amount of value creation. So that's a specific chemical we will be moving to of.

Vignesh Iyer: So basically, there is an exclusively towards vacuum salt and bromine. And I mean, not related to the current structure, right?

R.S. Jalan: Yes.

Moderator: Our next question is from the line of Saket Kapoor from Kapoor Company.

Saket Kapoor: Congratulations, sir, firstly on a very improved set of numbers, steady set of numbers, and we are back on the track and hope for the continuity. Sir, firstly, on this salt allotment that -- which we have got, sir, this will attribute as explained by you, firstly, to our bromine project. and also will be our backward integration for the greenfield for which the final load is pending. Is that understanding correct?

R.S. Jalan: Yes, Saketji, I would say that this new salt field, which we have got will also to a great extent will support to the existing soda ash plant as well. It will support the existing plant as well as it will support the greenfield project. And it should also -- we will have a kind of a bromine opportunity there.



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Saket Kapoor:

And sir, how much and for what percentage integration will it add up to? Or what is our plan cropped out with this land being allotted? What are we eyeing in terms of the salt, the raw materials have been integrated with the 2 facilities?

R.S. Jalan:

That is a little bit too early to speak about that. Like I just said that the land has been allotted only after a long time. So we are working on this, and it will all depend on, first, we have to see that how the development takes place. And it is -- like I said, two, three years of time. So it is too early to speak about the percentage and the capital cost and all this little too early.

But yes, like I said, it had a significant amount of cost competitive advantage for us and it will have a significant amount of growth opportunity on its bromine, which is kind of a --. Our journey towards a specific chemical we are moving towards. But we have started this bromine project and the existing location. And now that we are increasing our footprint into that line. And gradually, we will build that portfolio for our bromine footprint.

Saket Kapoor:

Sir, just to drag more, two points. Firstly, sir, is this the precursor to the green -- the nod, which we are -- which is pending from the environment ministry. It's the first allotment and now we will be expecting the nod going head and secondly, the bromine portfolio, which you have articulated earlier, had a very small proportion. So with this land allotment for salt, are we concentrating a bigger price in the bromine project?

R.S. Jalan:

That's what I said, Saket, I said that this bromine project on this new location will definitely have a significant amount of footprint it is the bromine portfolio. Scale will be much larger than what currently we are talking about.

And the second one is that environmental clearances in terms of the bromine project yes, environmental clearances will require, not for the salt production, but -- as per my understanding, but bromine project, definitely the environment clearances both the locations are required. And hopefully, we will get, because that is a chemical, which you are expecting out of the sea water and that helps to kind of grow your footprint into the green initiated sort of this bromines are required in many chemicals. That is required. So I think -- I don't think any major terms would be there in getting the environmental clearance.

Saket Kapoor:

No, sir, my question was the environmental clearance for the greenfield soda ash project that is pending till now, is it the precursor move now with salt brand allotment, the next step would be the final go for the soda ash plant 5 million -- sorry, 0.5 million tons, which we are emphasizing as of today?

R.S. Jalan:

Saket, you are right. The environment clearance on the green soda ash project still had not been the same, but we are very close, I would say that, we are very close to get it. And this project, like we are talking about the salt field is a completely different project, and this has nothing to



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do with that project. It's a completely different location. And different salt means -- everything will be different -- separate.

Saket Kapoor: Sorry to hop upon it, but the release mentioned that it is contemplating with the greenfield project, that was my reason why I have been asking, the release...

R.S. Jalan: No, release strategy is talking about this will help in augmenting that salt requirement of the greenfield project. Hypothetically, you are saying that the support we don't get the approval. This salt will be there. That salt will be -- can be used for somewhere else.

Saket Kapoor: God forbid, sir, that happen, but it is -- I got your point. And sir, lastly, about the -- you mentioned that, volumes have remained in similar from what Q4 and Q1 is. So our utilization is also in the higher 90% level? Or are we less than the 90%?

R.S. Jalan: And the prices are 90-plus.

Saket Kapoor: Utilization levels of 90% plus?

R.S. Jalan: Yes.

Saket Kapoor: So the bottom line has increased only because of the imports that has gone down? Because I think last quarter, we also did export some of the material at lower prices and before which we have also incurred some shipping costs, if I'm -- correct me there. So I was just trying to understand what has led to this improvement in margins? And are these factors sustainable?

R.S. Jalan: Saket, two things. One, as I said, this margin expense is primarily because of our various initiatives on the cost measures, right? The volume growth as compared to the Q4 of last year versus this year, it is not very significant investment. Even our realization person is also on almost flattish kind of a situation, okay? So this -- all this has happened because of our various initiatives on the cost.

Saket Kapoor: And these are sustainable. These initiatives are the -- only cater momentum going ahead?

R.S. Jalan: Initiatives are sustainable.

Saket Kapoor: And last point is...

R.S. Jalan: In this quarter, I want to clarify Rakeshji -- sorry, Saketji, I want to clarify this July to September is a rainy season, okay, historically, the chemical out of soda ash plant. This quarter, because of the rainy season, always the utilization is down, your raw material consumption is also on the side. That is historical train, and that may get some kind of an impact on our the norm. But whatever the initiatives we have taken, that initiative will have a perpetual advantage to us.



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- Saket Kapoor:** And sir, you have been speaking about sodium bicarbonate investment, and now we will be accruing the benefit of it. So one can state this understanding that sodium bicarbonate, where the raw material is soda has. So we can only see our margins expanding with higher contribution from sodium bicarb. This understanding is correct?
- R.S. Jalan:** 100%, you're right on this.
- Saket Kapoor:** Okay, sir. And last point, one more point was about the -- I spoke about the other expenses part to that INR15 crores reduction is also sustainable because I think it was one-off item only for the March quarter?
- R.S. Jalan:** Of this -- Saketji these other costs are depending upon on various previous things. At this point of time, it is very difficult to kind of comment on this. But I can only assure you and all the investors, our big focus are there on the cost control.
- Moderator:** Our next question is from the line of Riya Mehta from Aequitas.
- Riya Mehta:** My question have been answered.
- Moderator:** Our next question is from the line of Shubh from Ratna Capital.
- Shubh:** So I have broadly two sets of questions. First is on the capex. So number one, for the greenfield capacity expansion the -- it's a huge number, INR3,500 crores, INR4,000 crores. When will this expenses or capex come? And number two, how will this be financed?
- R.S. Jalan:** I think, Shubh, two things we have said in the past also. We have a very strong balance sheet. Right now, we have almost around INR1,000 crores of cash sitting on the balance sheet. We are a completely debt-free company. And you know that our cash generations or the bottom line generation every year how the number is. We personally believe that keeping that discipline of 1:1 debt, equity ratio will have a large resources to kind of decline into the growth gap.
- Shubh:** Okay, sir. And when do you plan to spend this money?
- R.S. Jalan:** Sorry when do you plan? So see depending on like I say progress on the project. All this progress which is happening like greenfield project just now we spoke about the environmental clearances and similarly, like I said, in this new salt field, which we have got allotted, we have to plan it. And so that will also require kind of a time frame and things like that. But whenever -- the other two capital projects like the vacuum salt and -- this is underway, we have already spent some amount of that and a significant amount will get spent during this year. And similarly, the next year also, the balance amount will get spent on that.
- Shubh:** And second is, sir, again, on the margins front. As I understand, you mentioned the margin improvement is primarily because of some of the cost initiatives we have taken. And it's still



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closer or slightly lower than your long-term average EBITDA margins. So that should imply that these margins are sustainable. Is my understanding correct?

R.S. Jalan: Shubh I think to clarify this, so far as our initiative on the cost competitiveness, the journey continues. We have done some good amount of progress in last year as well as in the first quarter itself and we'll continue this journey. So that benefit will be there. How do market shape up, how the global situation happens? This all will depend on ultimately that will add on to your overall margin.

But like I said in the earlier comments also, the way though in spite of that, the global market is very volatile. But the way we look at this point of a time, if everything remains the same as it is today, I think this kind of a bottom line or this kind of a margin or this kind of what you call pricing stability so this should be visible.

Moderator: Next question is from the line of Ankur from Axis Capital.

Ankur: First question on the cost-cutting initiatives, which you alluded to in the earlier remarks. So is large part of these cost-cutting benefits already there in Q1? Or there are more that you are working on going ahead?

R.S. Jalan: So Ankur this is one thing which will continue. The journey will continue. There are many opportunities which is coming in, in our line. As a culture, we challenge our all cost every day basis. And like I said, last quarter also, we got some advances. Still the journey is on, on various cost initiatives, and this journey will continue. And I personally believe that this is a kind of an endless journey. That is the reason, we are a market leader in this business. And this journey will continue.

Ankur: Sure, sir. And just a clarification, I think you did mention earlier, the percentage of captive salt that we are using currently. I missed that number. If you can repeat that one, please?

R.S. Jalan: I think I said around 35% is the number at this point of time. We are working towards making to around 40%, 42% from this number because of our initiatives on your new -- sorry, the old productivity improvement into our salt field and subsequently, when we get this land doubled up -- the land, which has been allotted, this number should be significantly increased. How that number, how much percentage will be there at this point of time, it will be difficult.

Ankur: Second bit on the cost curve and the capacity shutdowns or maybe some scale down in production on the soda ash side globally. Any thoughts there at the current realizations? How should one look at it? You did mention that pricing has largely bottomed out. Where does this confidence comes from? Is the cost curve taking in? Or any insight there would be helpful?

R.S. Jalan: Two things, Ankur. A very valid question. Two things, on these cost or -- on these margins, a lot of expansion will not happen. Because as you rightly said, the margins are at this point of a



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time, based on the capital costs, which we are going to incur for the new expansion will definitely have a kind of a rethink on the decision.

Second, it is very important. And this is again our understanding. The way we look at the China, because they're global players and they were kind of disturbing the market, which we are seeing, this is getting in spite of more than 6 million tons of the new capacity coming in, they are not disturbing the market. Because on these prices, they would also like to kind of have a reasonable return on their capital. And therefore, they are balancing. The third again, and this is again our thoughts. The way the -- what you call -- there's a new -- all the technology in China, which is called Hou process.

Gradually, whatever we are understanding from the experts is that, that segment it's primarily a little bit kind of -- having a lesser margin than the Solvay process. Probably -- and the fourth, which is again very important. In China, there are a lot of capacities, which are very old. And probably, the talk is there that how do we kind of make those irrelevant for the -- in the supply chain. So these are the few initiatives which is happening should help to kind of continue. And that is the way I consider kind of our confidence. But short term turn, as you rightly said Ankur, short-term that's kind of more dumping can happen in any part of the world. But in the medium- to long-term, I don't see such kind of situation happening.

Ankur: Sir, just one data point there. The Inner Mongolia capacity from China, where -- what is the number right now? And any time lines if the next phase when they are getting it commissioned?

R.S. Jalan: Right now, whatever we are hearing you know that it's not too much of data that are available from that plant, but whatever we are hearing at this point of a time, around 6 million -- approximately around 5 million to 6 million is already online. And I think next 2, 3 years -- after 2, 3 years, they will be coming first, another, I think 5...

Ankur: 2.5 million.

R.S. Jalan: 2.5 million.

Ankur: So 5 million to 6 million already operational and another 2.5 million maybe in the next 2 to 3 years?

R.S. Jalan: We are hearing. So like I said, it's very hard to kind of validate those numbers.

Ankur: And just last question. For us specifically, what sort of capex are we looking up over the next, let's say, '25, '26, '27 over the next 3 years? That would be helpful.

R.S. Jalan: Ankur, like I said, a couple of things will depend on how the new greenfield projects gets shaped up. And of course, there are three things which are very -- which are under already under implementation. And in the greenfield project also, the large portion of the capital allocation will



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be more towards the end of the period. So if I can tell you, broadly my understanding is that in next 5 to 6 years, the way we are looking at is your 1 million ton. So probably INR7,000 crores to INR8,000 crores kind of a number should be visible on the overall 6 years' time. And how this will shape up in year wise is bit difficult to think about.

Ankur: And INR8,000 crores will include the INR3,500 crores, INR4,000 crores capex for the greenfield, which will be back ended as you suggested?

R.S. Jalan: It will be complete like 1 million ton of the plant in, what you call, in the new location. And plus along with that what I said, the bromine and greenfield, new salt field, which we have been allotted. I'm talking about everything put together kind of..

Moderator: Next question is from the line of Nirav from Anvil Research.

Nirav: I have one question. So basically, when we speak that we have achieved some sort of cost benefits in Q1 and some more to follow. Was it more towards the improvement in the yields for our soda ash production like predominantly for the limestone and the salt what we consume for soda ash? Or was it more because of the mix of power which we have used this quarter and one of the statements what you have mentioned in our investor presentation is that we have innovated to briquette coal instead of the pet-coke, which we were earlier using on and some mix of renewable power also coming into our kitty. So if you can just help us understand this and how much of the cost benefit is still left to be accrued based on the kind of initiatives we have taken?

R.S. Jalan: Two things. Let me clarify this, and I have been saying this. It is very difficult to kind of aggregate the segment-wise, segment-wise benefits. There are many uses and everything is interlinked with each other. Now like I said, one is like salt yield improvement. That's the cost competitive advantage.

Talk about power consumption, production of soda ash is in consumption or production of soda ash or the usage of the production of raw materials like your salt, limestone. Mix of the -- as you are right, it's a mix of the energy is required. Now again, like you said, how do we convert our waste, like you said, anthracite, briquette, which we are -- earlier not been -- briquette we were making for long years. But all these challenging -- innovation cost challenge, all these mix are leading you towards the kind of cost advantage. We cannot segregate these few things, all these things.

The second, like I said in the earlier answer, this is a journey, this journey continues. We continue to challenge our costs. We continue to focus on every cost which we are incurring, be it the fixed cost, be it a variable cost and we continue to do that, and that will definitely bring sometimes a little lesser advantage, sometimes more advantage. Sometimes we get a break like you said, anthracite, we got a breakthrough advantage. We go that advantage. But this definitely will



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continue. And that will lead us to categorize more cost competitive or more margin leader into this industry going forward also.

Nirav: And just a small clarification, sir. Based on our current capacity of soda ash, our requirement of power will be close to 45, 50-megawatt?

Management: Yes, current is around 41 megawatts. For the new, it will be around...

R.S. Jalan: Currently it's around 41 kind of megawatt.

Nirav: An entire lease to the captive source?

R.S. Jalan: Yes, everything is captive.

Moderator: Our next question is from the line of S. Ramesh from Nirmal Bang Equities.

S. Ramesh: Sir, if you're looking at global capacities now on U.S. capacity utilization is in that 82% range, and that seems to be a challenge. And if you look at the plans announced by CCM, they are talking about in another 4 million tons in the next three, four years. So you're talking about 85%.

So in terms of growth and demand, which is only where you can see capacity utilization go up to levels where margins can improve. What is the kind of realistic percentage growth you can expect, say, in the next 3 years? And what is the kind of capacity utilization you will see for the industry globally in the next 3 years?

R.S. Jalan: So Mr. Ramesh, you very rightly said, in terms of the overall, you look at the new capacity, which we have said in the past also, the new capacities are getting announced into the U.S. But look at the demand which grows as this -- in the kind of a pessimistic situation also, there are 2 million to 2.5 million tons of the demand every year growth is happening, number one.

Number two, solar investment and I'm talking more on the domestic side and even on the global side also. The way the green energy initiatives are happening globally and more particularly in India. So this will lead to kind of my believe this growth of the 2 million to 2.5 million should also expand it. The same way, lithium carbonate, batteries also, the way we look at that also will grow. So even in the 5 million to 7 million getting added and this lesser utilization, we personally believe this will balance out.

China, which is a very significant part of the mobile global demand supply situation, they are in a range bound of -- but they are not disturbing the global market on the front.

Last but not the least, which is again very, very important, reliability and the cost -- loss of the cost of supply chain. India, one of the biggest challenge at this point of time Mr. Rameshji, we are not fully -- we don't have a full capacity to kind of meet the demand of the Indian consumers.



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And the way the Indian demands are likely to grow up because of green hydrogen. So this kind of growth will be required into the Indian space as well. And that's the reason we are going on our plan of this 1.1 million tons.

S. Ramesh: So in terms of the Indian realization and margins, do you see any strength coming back, say, by the second half of this year, assuming that you've not taken any pricing in the last few months, and what is the outlook you see for the Indian demand supply, say, for FY'26? And can you see some improvement in the overall realization in margins next year?

R.S. Jalan: Mr. Ramesh, if you talk about the demand growth, I am very positive on that. And I talked about next year, I said in my earlier answer also because of a lot of new work is coming on, in solar investments and the kind of inquiry we are getting from the solar glass investment. So we are confident that the next year, things will be in terms of -- and at least, we can talk about 5% to 6% demand recovery or maybe more than that recovery will happen next year.

In terms of the pricing, Mr. Ramesh, like I said, it all depends on how the global situation happens and how the new capacity coming in, very difficult to tell. But like I said in my earlier answer again is that we, as for our understanding, these are the prices which are bottom out prices, things would be looking at from here better. How much better, we don't know.

S. Ramesh: Just one last thought, if I squeeze in. Just talk about the auto sector seeing some slowdown. So do you think that will kind of be an overhang for the growth in demand from the auto glass segment?

R.S. Jalan: Mr. Ramesh, I personally believe no, because somewhere, the demand slowdown is there, somewhere the demand growth is there. So these kind of things such as change will happen. But overall, you see is in the real estate. Real estate, the demand goes up and India is good. These kind of a segmental ups and downs will happen. But medium to long-term, I don't see any concern on this.

Moderator: Our next question is from the line of Saket Kapoor from Kapoor Company.

Saket Kapoor: I got cut out. Sir, if we take firstly, the demand destruction that is -- the permanent demand destruction that has happened in the European geography. And I think so there -- then the gap of 1 million tons where it was alluded to has been there, that is the spare capacity, and that is where Turkey and other geographies, which have expanded are pushing their material into the Asian country. So what is the scenario likelihood from Europe demand fall out? And how will this get invested and balance get utilized going ahead? What's the thought process?

R.S. Jalan: See Saketji, as I've been saying that, again, this all depends on how the -- and very difficult to kind of predict, okay? However, currently, at this point of time, I would say that as you rightly said. But currently, the natural market is in Europe. Two things likely to happen as for my understanding, again, is all subject to kind of how the things shape up, I don't know.



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One in Europe, demand should gradually improve. Second, it does not improve the pressure on the European manufacturers to kind of a scale down, like you know that in the recent past, Solvay has announced one closure in Europe. So those kinds of scenarios should come, because they are highly cost -- costly operations there. So these kind of restructuring could happen. And again, it is my understanding how much is going to happen, we don't know.

Saket Kapoor:

Thank you for all the elaborate answers. We hope for the green now coming soon and be embarking on the new journey, the extended journey of higher capacities, which we have been articulating or in the drawing board for a very long time. And I wish the best the team going ahead. A lot of hard work has gone into the efficiency building partners, which you have stressed upon in this call also, and we can get an understanding that these are the measures that will be there for our margins to remain in this level even if there is a volatility in the soda ash market. I hope my understanding is correct, sir.

R.S. Jalan:

Saketji, thank you very much. Let me kind of to sum up the whole thing. Sum up -- basically in terms of the demand supplier, the industry timings will keep on changing. In the long run, we believe that this is the one business will continue to drive the performance depending upon how you manage your business. And we have been a track record of highly efficiently managing our business, and we will continue to do this journey.

Now our journey is more towards the growth. Now as you rightly said, we are -- we had built up over a period of time, our strong foundation in all the fronts, which we have been able to build and now our journey of capital allocation towards the growth is happening.

A lot of new excitements are there, bromine, vacuum salt, new greenfield projects -- expanding the new greenfield project to the second level, new salt field, bromine expansions, lot of things are under consideration. And these things will definitely add to kind of a value for our stakeholders. And we are trying our best. And we will always remain competitive and we will always try to challenge our costs, challenge our performance day in, day out to remain leader in this business.

Saket Kapoor:

Thank you for summing up the thing and guiding us, giving us an idea of how the trajectory for our company looks going ahead and all the best, sir. Namaskar and thank you, sir.

R.S. Jalan:

Thank you.

Moderator:

On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.