

February 6, 2025

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 February 3, 2025

In continuation to our earlier communication date January 14, 2025 and January 31, 2025 regarding Investors' conference on February 3, 2025 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 February 3, 2025 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
Vice President - Sustainability & Company Secretary
(Membership No.: FCS 5330)



“GHCL Limited Q3 FY25 Earnings Conference Call”

February 03, 2025



MANAGEMENT: MR. R. S. JALAN – MANAGING DIRECTOR
MR. RAMAN CHOPRA – CFO & EXECUTIVE DIRECTOR
OF FINANCE
MR. MANU JAIN – GENERAL MANAGER, INVESTOR
RELATIONS AND FINANCE

MODERATOR: MR. MEET VORA – EMKAY GLOBAL FINANCIAL
SERVICES



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Moderator: Ladies and gentlemen, good day and welcome to the GHCL Limited Q3 FY25 Earnings Conference Call hosted by Emkay Global Financial Services.

As a reminder, all participants' lines will remain 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 the operator by pressing “*”, then “0” on your touchtone telephone. Please note that this conference is being recorded.

I now have 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 Q3 FY25 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; Mr. Raman Chopra - CFO and Executive Director of Finance; Mr. Manu Jain, General Manager, Investor Relations and 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 and over to you, sir.

R. S. Jalan: Thank you, Meet. Thank you very much. Good afternoon, everyone. Welcome to the GHCL Earnings Conference Call for the third quarter ended 31st December 2024. Our results and presentations are available on the Stock Exchange. Along with me, I have Raman - Executive Director and CFO and Manu Jain in Finance and Investor Relations.

Q3 has been healthy operational performance as we deliver in a moderating external environment. Our business approach prioritizes the operational excellence across procurement, production and marketing. We have reported better production volume and have seen better cost control outcomes following our focus on efficiency. This has transpired into healthy financial performance in Q3.

Let me share a brief perspective on the environment:

In India, demand growth for Soda Ash has been better than the global markets. Concurrently, we have seen higher volume of cheaper imports coming into India. We expect the domestic demand and pricing scenario to be at bottom. And demand should improve going forward due to the combination of following factors; MIP, minimum import price on soda ash, which will provide price protection from unchecked cheaper import coming into India; the second,



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imposition of duty on import, price of solar glass boosting domestic production; and the third growing force for renewable energy Union budget 25-26 has increased allocation towards solar power sector. This has benefited the demand of soda ash, which is an essential for manufacturing solar glass.

In the external context, the Western Economy faces suppressed demand for soda ash owing to the adverse consumption spend and poor business sentiments. China has witnessed strong demand growth of 10% in 2023 and 19% in 11 months of 2024. This has now started moderate. As a result, prices have been subdued. Through all of this, we continue to focus on our strength in order to deliver optimized performance. We are confident that the GHCL is well positioned for the future and as the industry and economic activity picks up, our performance will further improve.

On the growth initiative, our strategic projects are progressing well. We have received environmental clearances for the Greenfield project. Work on this and our new salt field in Gujarat is underway. This project will take around 3 years of completion. Commissioning of both our vacuum salt and the initial bromine project is as per plan. In 2026, it will get completed which will diversify our product mix. These programs has been planned to strengthen our ability to deliver a healthy performance in all operating environments and to drive predictable momentum. As always, we are committed to driving shareholder's value through strategic action and consistent execution of our plan.

Thank you for your continued support and confidence in GHCL. I will now invite Raman to provide further details on our financial performance.

Raman Chopra:

Thank you, sir. Good evening, everyone and a warm welcome to our earning call for the third quarter ended 31st December 2024.

We have reported strong results on the back of higher utilization, operational excellence and cost control measures. This has resulted in better margins, higher profitability and a strong and healthy balance sheet.

Revenue for the quarter came in at around Rs. 807 crores, which is more or less the same as compared to Rs. 813 crores in the corresponding quarter of last year and Rs. 810 crores compared to Q2 of this year. The operating revenues were impacted by cheaper imports into India. EBITDA for the quarter stood at Rs. 259 crores as compared to Rs. 165 crores in Q3 of FY24 and Rs. 228 crores in Q2 of this year. For the quarter, EBITDA margin came in at 32% compared to 20.3% in Q3 of last year and 28.2% in Q2 of FY25. Our margins increased due to higher production, operational efficiency, reduction in input costs resulting in overall lower costs.

PAT from continuing operations increased from Rs. 168 crores compared to Rs. 100 crores in corresponding quarter of last year and Rs. 155 crores in Q2 of this year.



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For the 9-month period ended 31st December 2024, we generated Rs. 556 crores in cash profit after tax. Out of this, we have spent around Rs. 240 crores on CAPEX, around Rs. 114 crores on dividend to the shareholders, around Rs. 82 crores towards the repayment of loans while working capital released around Rs. 20 crores. We are a debt free company with our cash and investments stood at around Rs. 1,036 crores and a net cash surplus of Rs. 920 crores as at the end of the quarter.

With this, I conclude my comments and would now request the moderator to open the forum for questions and answers. Thank you.

Moderator: The first question comes from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: Yes, hello, sir, and thanks for the opportunity. Sir, my first question was on to the soda ash side. As there is an imposition of MIP into the domestic soda ash market, sir, if you can help us understand out of the total imports, how much imports like were below the MIP and with this imposition, you think like the pricing itself will come up or the imports quantum also can go down?

R. S. Jalan: Yes, Aditya, you have two questions. One is that whether any import which was coming below the MIP price, number one? Number two, whether this will help to improve the price or that will improve the quantum of reduction into the import of the volume. See, at this point of the time, our understanding is that definitely this MIP will help to kind of taper down the import volume. And this will be getting reflected in next maybe one or two months because some of the import which has already been kind of a contracted, some of the country from where this volumes are coming cheaper than this MIP prices will definitely get kind of reduced. I personally believe that improvement in the price may take little longer time, but the volume benefit should start accruing going forward, maybe in a month or two.

Aditya Khetan: And how much proportion of the total imports was below the MIP earlier?

R. S. Jalan: Aditya, at this point of time, we don't have a data that whether the volume was kind of below the MIP price, how much volume was there because these prices were very volatile and therefore it is very difficult to predict that how much volume was there below the MIP price. The benefit which we will be getting because of this MIP, the price will get stabilized now.

Aditya Khetan: Sure, sir. Sir, on to the numbers, if you look so, this quarter, improvement in your gross margins and the EBITDA margins is largely led by the reduction in the raw material prices only. Any ideas are like which is the major raw material, like I believe salt is the major raw material and is there are others like, so which raw material has seen a big dip in this quarter?



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R. S. Jalan: See, Aditya, there are two or three reasons for this improvement in the margin. One is that if you look at quarter-on-quarter as compared to the last quarter to this quarter, one is the volume of production has gone up. That is number one. Second, it is not the price of the raw material, this is all our operational efficiency, which we have been able to build. Though it is not a question of price reduction in the raw material, it is primarily because of the efficiency of the operation and the various measures which we have taken in improving our cost efficiency.

Aditya Khetan: But sir, the volume jump is not reflected in the topline? I believe topline is subdued only when we look on Y-o-Y and quarter-on-quarter basis, but the raw material definitely like there is some change which has happened. Is it largely because the improvement in the product mix you mean to say like the product mix towards sodium carbonate has improved, bicarbonate and that is why it has improved?

R. S. Jalan: No, Aditya. Like I said, if the volume of production goes up, obviously, the efficiency and the other measures which we have taken for improvement into the efficiency had led to the deduction in the cost. However, the volume, as you rightly said, volume quarter-to-quarter, small variation will be there, and volume has not dropped also. This is primarily because of the cost reduction measures, the margin has improved.

Aditya Khetan: Just one last question, on to the Bromine business, sir, we are maintaining from the salt, so from the recently acquired salt parcel that would be completely used for captive and what is the outlook on to the bromine business for the next 2 years?

R. S. Jalan: At this point of the time, we have the process of the new land which has been allotted to us. The work has started on the survey side, and it will take around 3 years of time to get completed that project and this will primarily being used for our captive consumption. Then number two, you said bromine outlook. See bromine, at this point of the time, our bromine setup, which is a very small volume of approximately around 2500-2800 tons which will start by September, October. We are in the process of marketing of those products and obviously we will be selling mostly into the export market.

Aditya Khetan: Got it. Thank you, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Nasir Hussain from Fintrek Research Advisors Private Limited. Please go ahead.

Nasir Hussain: Hi, sir. Thank you for taking my question. I just had two questions. One is, could you help me with EBITDA per ton for this quarter and capacity utilization?

R. S. Jalan: See, Nasir, broadly, we are almost 95%-97% kind of utilization and EBITDA per ton, we don't have a specific number of EBITDA per ton. We have given the numbers on the basis of on the percentage of EBITDA, Nasir.



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- Nasir Hussain:** Alright, sir. Another question is that since we are already maxing out our current capacity, when can we expect to further expansion or is there any plan for debottlenecking?
- R. S. Jalan:** Yes, the plans are already there, like I said, Bromine project is there, the Vacuum Salt project is there. In terms of the soda ash also, we are trying to maximize the volume if it is possible. The team is working on that and hopefully, something will come out of that and as soon as it comes out, we will report back to the shareholders.
- Nasir Hussain:** Thank you. That is it for my side.
- Moderator:** Thank you. The next question comes from the line of Saket Kapoor from Kapoor and Company. Please go ahead.
- Saket Kapoor:** Namaskar, sir.
- R. S. Jalan:** Namaskar, Saketji.
- Saket Kapoor:** In your presentation, you have alluded to the key drivers going ahead, growth drivers, if you could dwell more further into the same, what are they and how are they going to improve the EBITDA in the long run, presentation page number 12, you have spoken about Vacuum Salt, Bromine project, the Greenfield project and the Raw Salt production, if you could just spare a minute and explain the benefits which the company and organization would derive going ahead in the near future?
- R. S. Jalan:** Saketji, as you rightly said, the Vacuum Salt and the Bromine project, we have already explained in the earlier calls as well that these are the two value drivers which are in the near future. Particularly, if you look at the Vacuum Salt, we are going to produce this Vacuum Salt from a waste energy that means the convergent cost of that where lot of energy is required will not be there. The margins are reasonably good in that. So, as far as the Bromine project is concerned, that also work has started, that also on the existing location, which is kind of, I would say, either trying to take gold out of the existing processes. So, that project also will add to the kind of a good EBITDA margin or addition to the total value. Of course, the Greenfield and Rock Salt production is a slightly longer-term view and that will happen in next 3 years of time. And all put together, definitely this will improve the margin, and overall business margin will improve. How much it will all depend on, when this gets executed and how much kind of a market situation at the time, all this will get added, but definitely this will give you a better basket of the product and this will also add some additional margin to the business.
- Saket Kapoor:** Sir, for Vacuum Salt and the Bromine project, just to conclude for this part, for Vacuum Salt, that will get commissioned for FY25-26 itself or both these projects will be benefited in FY26?



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- R. S. Jalan:** No, both the projects will get commissioned in FY25-26. One will be approximately around July and the second one approximately around September.
- Saket Kapoor:** Like 25 and September 25.
- R. S. Jalan:** Yes.
- Saket Kapoor:** Sir, and when you are making about the efficiencies that had been factored into our numbers and the improved EBITDA, so first you said, these are the permanent efficiencies that we have built into the system or there is any one-off because we see our other income also contributing significantly. On a Q-on-Q basis, it has gone up from Rs. 17-Rs. 29 crores. So, this is actually used for the operations?
- R. S. Jalan:** Yes, you are right on that. Let me explain two points, one, like I said, the cost initiatives, lot of work has been done and you know that last couple of years, the way the management has worked on the cost efficiencies, that has definitely given us a benefit on overall our margins. And that journey or the sustainability of those cost initiative will be permanent in nature. In terms of the other income, as you rightly said, other income has two components, one is what you call, one office in what you call in Mumbai we had that we have sold that added to 1% on the EBIDA margin. So, that is one time. The second is your treasury income and that was also added. Treasury income will be more like a kind of, it will continue for the time being till the new Greenfield project comes in. So, maybe you can say 1% of the other income which is a onetime can be lower on this. But other cost initiatives will continue. How much that will get translated into the margin and how the market dynamics will be there in the coming quarters that we have to watch out. You know the volatility in the market overall, but our execution and our initiative on the efficiencies will continue.
- Saket Kapoor:** Just to complete it, for the Mumbai office, how much have you realized and what have been the gain?
- R. S. Jalan:** There was a small office which I think around Rs. 8-Rs. 9 crores kind of a number we have got what you call benefit out of that right, Raman?
- Raman Chopra:** Right. Approximately around.
- Saket Kapoor:** Rs. 8 crores, we have realized out of the field?
- R. S. Jalan:** No, Rs. 8 crores is the benefit we got.
- Raman Chopra:** It is gain.
- R. S. Jalan:** It is gain.



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- Saket Kapoor:** Sir, although it is evident that the cost efficiencies for which we are working perpetually, we have started reaching benefit, but when we look at the power and fuel, what all expensive line item, there is fluctuations in the same, sir, if our volumes have remained flat Q-on-Q what excludes the?
- R. S. Jalan:** Saketji, number has to be looked at from the production perspective. Production in this quarter has gone up.
- Saket Kapoor:** Okay, so that is if you are getting inventory currently then, sir because the inventory side has gone up, that understanding is correct?
- R. S. Jalan:** Yes.
- Saket Kapoor:** And lastly, sir, you have.
- Moderator:** Saket, I am sorry to interrupt you, if you can please rejoin the queue.
- Saket Kapoor:** I will join the queue again.
- Moderator:** Thank you. The next question comes from the line of Sangeeta from Cogito. Please go ahead.
- Sangeeta:** Yes, hi. Good afternoon and thank you for taking my question. And sir, what I wanted to understand is that our Greenfield soda ash project will I think commission in about 5-6 years, right? Is that correct?
- R. S. Jalan:** No, it is 3 years.
- Sangeeta:** 3 years, and Raw Salt will be in 3 years also?
- R. S. Jalan:** Yes.
- Sangeeta:** So, for the next 3 years, therefore, our volume growth drivers are going to be any bottlenecking that we do in our existing capacity plus the Vacuum Salt and the Bromine projects, right?
- R. S. Jalan:** Yes.
- Sangeeta:** So, sir, is there any indication you could give as to how much, let us leave the debottlenecking aside because that may be difficult to predict immediately, but how much is the Vacuum Salt and Bromine likely to add to our EBITDA will be commissioned fully?



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R. S. Jalan: See, our understanding at this point of the time is that the Bromine will give us approximately around 40%-50% EBITDA margin in the revenue of the bromine. The revenue will be in the range of around Rs. 60 crores, broadly, I am just giving, Rs. 50-Rs. 60 crores kind of a number.

Sangeeta: Rs. 50-Rs. 60 crores per annum or per quarter?

R. S. Jalan: No, per annum. This is a small volume, 2800 tons. We are talking about only for this existing 2800 tons what we are planning to produce in the current year 25-26. Vacuum Salt will give approximate around Rs. 100-Rs. 120 crores once the fully operations are being established, around Rs. 100-Rs. 120 crores and the EBITDA will be in the range of around 30%-40% on this volume.

Sangeeta: 30%-40%, okay. So, that means roughly we are looking at, say Rs. 40 crores coming in from the Vacuum Salt project and maybe about Rs. 20-Rs. 25 crores coming in from the Bromine project?

R. S. Jalan: I think so, yes, broadly.

Sangeeta: So, that means our growth in our profit is really going to be dependent on the price increases that happen in the soda ash, right, largely, is it?

R. S. Jalan: Yes.

Sangeeta: And sir, compared to where we were a year ago and 2 years ago, if our prices of soda ash are say 100 today, what was the price a year ago and what was it about 2 years ago?

R. S. Jalan: See, Sangeeta, if I can say, in terms of the soda ash since you are talking about little bit of a medium term, let me give you some perspective of how do we look at this business and how the margin has been over a period of last many years. First and foremost, EBITDA per ton has been growing every year by year, except maybe in last one or two years is because of the volatility in 2022-23. Because of that abnormal situation, the EBITDA percentage of EBITDA per ton was significantly higher. But if you look at FY22 versus FY24, we are significantly higher in terms of the absolute EBITDA, in terms of the percentage of EBITDA also. In FY22, our EBITDA was approximately around Rs. 740 crores. Roughly, I am just giving the number. In FY24, it was Rs. 900 crores. And if you look at FY21, it was Rs. 400 roughly, I am giving again numbers, roughly around Rs. 500 crores, so Rs. 500 crores to Rs. 750 crore and then to Rs. 900 crores. That will be the number. If I remove this FY23, which was an abnormal period, this is the way the number has gone.

Sangeeta: Right.

R. S. Jalan: I hope I am clear on this.



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Sangeeta: Yes. So, sir, here, there was also some element of volume growth that you would have seen right in this period. My question was that now, we are at about 90%-95% capacity utilization, so whatever volume growth we get from here cannot be very large, right? Because we are going to try to get back some brownfield expansion or efficiencies, etc., so it is likely to be I am just guessing, maybe 2%, 3%, 4% or under 5%. So, our key driver and given the fact that we have seen pricing pressure on the soda ash also, would it be fair to say that our main driver will now be a recovery in soda ash prices?

R. S. Jalan: Ma'am, there will be two possibility and there are two points where the recovery will happen. One, as you rightly said, recovery in the pricing of the soda ash which likely should happen because overall globally the way the pricing at this point of the time will not be a long-term sustainable prices. That is number one, but the second, which is again very important, which is in our hand, which we have been driving for over a period of time, like you have seen in this quarter also there was a kind of significant cost optimization and that will be another area of kind of expanding your margin per ton or the percentage of margin.

Sangeeta: Right. No, that I appreciate, and I think congratulations to your team that you have been doing this consistently year after year. So, I do understand that. What I was trying to understand was that see, from an external environment point of view, if say the volumes recover hugely in soda ash, we may not be able to participate completely because we are kind of maxed out on our capacity, right, so what benefits us from any improvement in the external environment is really the pricing?

R. S. Jalan: Yes, very right.

Sangeeta: And when prices go up, does that also lead to a commensurate increase in raw material prices?

R. S. Jalan: No, these are not the two interrelated things. Cost has a different what you call different equation, and the pricing of soda ash has a different equation.

Sangeeta: Right.

R. S. Jalan: Two things like one of the understanding what we have is today, the Chinese sodas ash prices are below the cost of production of China.

Sangeeta: Right.

R. S. Jalan: So, this is a kind of understanding that the recovery in the soda ash prices should happen and the benefit to us will definitely come. Of course, in terms of the volume, it will not come, but in the overall margin, definitely this will happen.



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- Sangeeta:** Right. And sir, what about the imports Turkey remained sort of subdued right? And that is where a lot of the imports were also happening, so how do you see the scenario from those markets?
- R. S. Jalan:** See, our understanding is that at this point of time the imports are happening in a major way. And as I mentioned in my opening remarks, this MIP definitely will put a kind of a roadblock on the larger volume. Of course, the volume will be coming in, but overall, if the global soda ash price is because China is a kind of 40%-45% of the volume, right.
- Sangeeta:** Right.
- R. S. Jalan:** China has a kind of some recovery into the pricing. Definitely, that will have an impact on the global pricing and that will help us.
- Sangeeta:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Gaurav from Capital Farming Consultants. Please go ahead.
- Gaurav:** Thank you for giving me an opportunity. I hope my voice is audible.
- R. S. Jalan:** Yes, Gaurav, we can hear you loud and clear.
- Gaurav:** Thanks a lot for confirmation. So, just building on the last question that member was asking, so if we say that the current ongoing prices in the Chinese market is far below the cost of production and as a supplier, as a manufacturer, you also feel that the ongoing prices are not sustainable in the medium to long term, so just a hypothetical question, just to get a sense of the expectation and as a producer, what do you think that the sustainable prices could be vis-a-vis the ongoing prices? That is my first question.
- R. S. Jalan:** So, Gaurav, I don't think I will be able to answer these questions in a rightful manner because hypothetical question, I would be restrained to kind of answer that question, but like I said, hopefully the things should start recovering because of the overall one scenario in India as I mentioned, the demand growth likely in 25-26 should be significantly higher because of the solar glass consumption will increase, the overall demand in India should increase significantly and even globally since the soda ash are being sold at this point of a time below the cost in China, that should also lead to kind of some increase in the pricing. But how much, I don't think we will be in the position to answer that.
- Gaurav:** No worries. Thanks a lot. Sir, my second question is, since most of our production is being sold in domestic market only, right and now MIP in place, right so based in your study, how much more market share we can gain because now since you are saying that MIP being in place,



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probability of imports in our country would go down right and there might be an opportunity that we might gain the market. So, what is our current market share and to what level it can go?

R. S. Jalan: Gaurav, as you rightly said, our volumes are not going to go up and therefore the market share cannot increase. The market share will remain almost same.

Gaurav: So, volume wise, you are saying that market share wise due to this MIP, no much benefit is expected to us. Only benefit that we can expect is that increase in price, right?

R. S. Jalan: Right.

Gaurav: That is great. Last question from my side. Since we have expanded our capacity of sodium bicarbonate from 60,000 ton per annum to 120,000 ton per annum last financial year, so in current financial year reporting 9 months numbers, what would be the revenue contribution from sodium bicarbonate capacity in terms of percentage?

R. S. Jalan: Like you rightly said, our number will be likely to be around 100,000 this year in terms of the volume.

Gaurav: In terms of percentage of revenue share?

R. S. Jalan: I don't have a ready number right now.

Raman Chopra: Around 9%-10%.

Gaurav: Last one, just to understand, in the emerging applications, we have also mentioned that the battery manufacturing for electrical vehicles, but we have seen that most of the electrical vehicle batteries are around the lithium-ion technology only, right, so any major development or research that is happening or which gives us a promising maybe for somewhere down the line, 1 year, 2 year, 3 year down the line that which can boost consumption of soda ash in a significant manner. And any such thing you have heard about, and you would like to share with the investors and analysts on this call?

Moderator: Ladies and gentlemen, we have lost the line of the management. Please stay connected while I rejoin the management. Ladies and gentlemen, we have the management reconnected. Gaurav, if you can please ask your question once again. Thank you.

Gaurav: Yes, sure. Thanks. Sir, I was asking like in emerging applications we have mentioned that soda ash is also used in battery manufacturing for electrical vehicles, but most of the batteries used in electrical vehicles, specifically in India are around lithium-ion technology. So, any major development or research that you have heard about which can boost significant consumption of soda ash in electrical vehicle batteries in maybe 1 year, 2 year, 3 year down the line?



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- R. S. Jalan:** Gaurav, I would say that the two things, I would like to comment on this, one, this lithium-ion major consumption will be globally. India at this point of the time, we don't see any major this thing, but however, this time in the Government of India, the budget, they did announce some incentive for the lithium-ion battery. How that will pan out, we have to see that. But, if the lithium-ion battery consumption globally improves significantly, that will also help in its better demand supply balance globally and that will have an ultimately impact on what you call the benefit to the Indian producer as well.
- Moderator:** Thank you. The next question comes from the line of Jainam Ghelani from Svan Investments. Please go ahead.
- Jainam Ghelani:** Hi, sir. Thanks for this opportunity. Sorry, I joined the call a bit late, so pardon me if my questions are repetitive. Sir, what is the volume sold during this quarter in terms of growth?
- R. S. Jalan:** See, we normally don't give the number of the volume sold, we only give the revenue.
- Jainam Ghilani:** Yes, but sir, in terms of the year-on-year, if you look at our revenue per se which we repeated at most?
- R. S. Jalan:** Yes, I am saying this numbers are almost flat. That is the point I am trying to say. The revenue numbers are flat.
- Jainam Ghilani:** Yes, the numbers are flat in terms of quarter-on-quarter, so are probably if you look on the year-on-year also, we are down by Rs. 27-Rs. 30 odd crores. So, can you help us understand whether this decline in the revenue by Rs. 30 odd crores is largely due to volume, or it was because of bit of realization?
- R. S. Jalan:** Primarily because of realization, primarily in the realization.
- Jainam Gilani:** The volume has largely remains flat?
- R. S. Jalan:** Yes.
- Jainam Ghilani:** Now, with the MIP in place and the new segment of the soda ash consumables coming up in place, how do you see your volume growth going up from the current level?
- R. S. Jalan:** So, obviously in this quarter, some improvements should happen, but yet to be kind of the impact of this MIP will take few, maybe 1 or 2 months and after that definitely some improvements will happen in the budget. However, we have a limited volume, so therefore there cannot be a very significant improvement in the volume.



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- Jainam Ghilani:** But sir, it is back to 29%-30% margin, is this margin a sustainable margin for us now, we can see some pressure here as well?
- R. S. Jalan:** See, depending upon the volatility, you know the volatility in the market, our efforts are there on the what you call cost optimization that we are doing very nicely, and that journey will continue marginal here and there. Margin can happen on a quarter-to-quarter basis, but in a longer term, if you look at definitely this margin should improve.
- Jainam Ghilani:** And sir, any update on the Greenfield CAPEX as to when do we expect it to commence operations?
- R. S. Jalan:** We have started the initial work on the CAPEX after the environmental clearance has been received and the things will progress now.
- Jainam Ghilani:** Sir, thank you.
- Moderator:** Thank you. The next question comes from the line of Sanjana from FWC. Please go ahead.
- Sanjana:** Hello, sir, thank you for taking my question. So, tentatively, our completion date for the Greenfield project is somewhere around Feb or March of 2028. Can you give us a CAPEX schedule till then? Like what will be our annual CAPEX number?
- R. S. Jalan:** Sanjana, at this point the time, I will not have the answer on this, but overall in 3 years of time, approximately the number will be and that will be largely in the 26-27 and 27-28, the medial portion, I would say 80% of volume will be, the number will be coming from that. Is it Raman?
- Raman Chopra:** Yes, actually right.
- R. S. Jalan:** 80% will be coming from that number, but the number in the 25-26 will be in the range of around Rs. 300 crores.
- Sanjana:** Understood. Sir, one more question I had on the MIP is the government exploring an extension for the MIP considering that it was announced in such a short period of time?
- R. S. Jalan:** See, generally what happens they announce for a period of time and then we have to apply for another extension and generally you get that extension.
- Sanjana:** So, when do we apply for this extension?
- R. S. Jalan:** After maybe 2-3 months, because this period is up to June, so we have to apply maybe in April, May.



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- Sanjana:** Understood. Thank you, sir.
- Moderator:** Thank you. The next question comes from the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** Thank you for the opportunity, sir. I wanted to understand what percentage of limestone and salt have you backward integrated for the soda ash facility as of now, what percentage if backward integrated and what percentage do we procure from outside?
- R. S. Jalan:** See if you look at the salt it is around 30%, we have backward integrated and one, the new land which has been allotted that number will significantly go up. In terms of the limestone, I would say it is probably around maybe 20% approximately around 20%-25%.
- Vignesh Iyer:** And when does this new salt capacity start? When will the new salt capacity start and how much percentage of our older facility of soda ash that is 12 lakh ton would be shattered into from the new capacity?
- R. S. Jalan:** At this point of the time, our understanding is that approximately another around 30%-35% of the current capacity will get feed up from the new salt field and the balance will go to the new soda ash plant which we are putting in the Kutch area.
- Vignesh Iyer:** And for limestone, do we have a long-term contract to procure it or is it on, how is the arrangement with the supplier?
- R. S. Jalan:** It generally happened on a year-to-year basis.
- Vignesh Iyer:** Fine, sir. That is all from my side. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we have the next question from the line of Khushwant Pahwa from KPAC. Please go ahead.
- Khushwant Pahwa:** Yes, hi. Thanks for the opportunity. Am I audible?
- R. S. Jalan:** Yes, good.
- Khushwant Pahwa:** Yes, so I have a couple of questions. The first is around cost optimization. I see margin improvements quarter-on-quarter happening because of cost optimization and that is good to see. I just wanted to understand that if I keep the price fluctuation aside, purely from a cost optimization perspective, do you think we will continue to see benefits flowing through in the quarters ahead or are we largely there in terms of the journey where we wanted to reach? So, that is my first question, just some trajectory on more on cost optimization we can see over the next 2 to 3, 4 quarters?



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R. S. Jalan: See, first and foremost, Khushwant giving a number will be very difficult because this is a journey.

Khushwant Pahwa: I am not asking exact numbers, but I am saying generally, are we there in terms of whatever the management aspiration was? Are we there largely or we have midway through, just some perspective?

R. S. Jalan: So, Khushwant, our aspiration changes every year. Once we achieve one milestone, we go to the another milestone and we keep on shifting our goal post on the higher side and this journey will continue. And you must have seen in last many quarters that has been delivered by the management and that is where our strength is. And that strength we are leveraging to the maximum extent, and we will continue to have that.

Khushwant Pahwa: Understood. So, you say that current level of margin keeping the price fluctuations aside are maintainable?

R. S. Jalan: It should be.

Khushwant Pahwa: My second question is, I remember the last conference call, you had mentioned that as the expansionary monetary policy cycle starts there should be some improvement in the prices that we should see. I am not asking for any quantum, I don't want any specific guidance there, but in your experience, we have seen US embark on the expansionary monetary policy cycle, there have been rate cuts. So, in your opinion, typically how much lag is there before we start seeing some improvements in pricing? Again, I don't want any numbers. I am just saying in terms of timelines, what is your thought process broadly?

R. S. Jalan: Khushwant, as you know that the way that overall the world is in such a volatile scenario at this point of the time and you have seen in a couple of policy decisions which has happened in the recent past after the leadership change into the US, how that will shape up into the global market? It is very kind of unpredictable at this point of the time. But as I just said logically, it looks to be that once the demand scenario improves overall and since ultimately the business makes sense only when you have a margin or your prices are lower than the cost, like in China, I said that the people are selling at this point of the time lower than the cost. So, this lead to kind of a belief that some improvement will happen. How much it will happen and when it will happen, it is very difficult at this point of the time to kind of guess on that.

Khushwant Pahwa: Understood. If I can just ask one more question, in terms of cost of production vis-a-vis China, purely from a cost of production perspective, how much does it vary in India vis-a-vis China, means do they have a significant advantage over us in terms of the cost of production?

R. S. Jalan: Khushwant, I would like to put the two kind of process of production, one is the natural soda ash. Natural soda ash in terms of the cost of production, they are cheaper whereas the synthetic



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soda ash, in China particularly there are two what you call processes, one is the Hou process, and one is the Solvay process. Hou processes are costlier than the Solvay process at this point of the time because there is pricing of the ammonium chloride, which is a fertilizer, is much below and therefore, the net soda ash cost is much higher. We as India vis-a-vis China, our costs are very significantly competitive in terms of China that means they don't have any major advantage in terms of the cost of production in the Solvay process.

- Khushwant Pahwa:** Understood. Thank you so much, sir, and I wish you all the best.
- R. S. Jalan:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Saket Kapoor from Kapoor and Company. Please go ahead.
- Saket Kapoor:** Thank you, sir once again for the opportunity. Sir, as mentioned in our presentation also and earlier announcement also that the global market for soda has grown at a rate of 2.5%-3%. That is generating the incremental demand of 2 million metric ton per year. So, sir, currently what kind of capacity addition globally are we looking into the various geographies, who are the major players?
- R. S. Jalan:** Saketji, the new global capacity has almost come in, like the Mongolia plant has come in. In China, another soda ash plant has also come in. We are not seeing very significant amount of new investment coming in near future. Of course, in the longer term, some of the plants have been announced in US and hopefully I think that will kind of lead to some new.... but that will take few years of time, so it is not likely to happen in one or two years.
- Saket Kapoor:** And sir, your presentation also speaks about the capacities getting reorganized in Europe? So, there will be some capacity that will be off the table because of the high cost, it will be a balanced market going forward, or maybe a deficit market also, sir, if the demand outlook was --
- R. S. Jalan:** Let us hope Saketji that happens.
- Saket Kapoor:** And sir, as you mentioned that MIP part being imposed on soda ash, there is also some duty protection for solar glasses, I think so. So, that is also going to be, for anti-dumping duty for texture, tempered, coated and uncoated glasses from China and Vietnam was also imposed in the month of December for another six months?
- R. S. Jalan:** So, Saketko, two developments has happened on this glass, as you rightly said, there is anti-dumping duty on China and Vietnam and that is very significantly higher and that will definitely give a much better levy to the solar producers in India and that is the reason we see a good amount of growth in 25-26. And in terms of earlier, basic duty was removed on the import of solar glass that has been re-imposed a few months back and that will also, so overall solar glass



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environment in India has been significantly improved. And that will definitely improve the soda ash consumption going forward.

Saket Kapoor: Sir, just to conclude on the point of solar glass production. You earlier also alluded in 2024 also that a lot of capacity are in the annual from the large corporate who are trying to set up big solar lines in the country. So, where are we in terms of the incremental demand that was envisaged from them? Where are we in midst of their capacity coming up, they were boosting the demand and then the ecosystem getting a boost in terms of pricing?

R. S. Jalan: They are happening as per the plan Saketji and hopefully you will see that the benefit of that will be coming in the next year.

Saket Kapoor: And lastly, sir, this Rs. 350 crores CAPEX for the salt field work, sir if you could just explain, this is because of the reasons for that raw material security that we alluded earlier to and also for the Bromine project or what is the significance of this Rs. 350 crore CAPEX for the salt field and when are we going to spend this money, sir?

R. S. Jalan: Saketji, this is for the new salt field, which we have been allotted. This amount is only for that and that will get spent over a period of next 3 years.

Saket Kapoor: And that could be taken to our requirement for salt or for the bromine project, this is pertaining to which project, sir, the new one or the existing soda ash facility?

R. S. Jalan: This salt will be consumed for both the allocations.

Saket Kapoor: Right. And thank you, sir, once again for elaborating and answering to our questions. And so just to conclude, sir the EBITDA jump which we have seen Q-on-Q even excluding the other income impact, these numbers on the consistent environment and the factors that contributed to it are looking sustainable going ahead and quarter 4 being a very strong quarter in terms of demand and signally also good quarter, a reasonable understanding that the investors can take into account that these EBITDA numbers are sustainable at least for the near future?

R. S. Jalan: Saketji, I have very clearly articulated this that we are working towards the cost optimization or on the efficiency improvement. In terms of the volatility, in this current market scenario, it will be very difficult to predict what is the sustainable margin will be there going forward, and in the longer term, I have already said things are looking better.

Saket Kapoor: Correct, sir. Thank you and all the best to the team, sir.

R. S. Jalan: Thank you.



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Moderator: Thank you. Ladies and gentlemen, that was the last question and we conclude the question and answer session. I now have the conference over to the management for their closing comments.

R. S. Jalan: Thank you very much. Thank you very much all shareholders and the participants into this call. We draw a lot of strength from our investors and our journey towards cost optimization will continue and we will ensure that our executions are being done in appropriate way and create a value for our shareholders. That is the endeavor of the management, and we will try and deliver on this day in day out. Thank you very much for participation.

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