



February 11, 2016

**Mr. Hari K**  
Vice President  
National Stock Exchange of India Limited  
"Exchange Plaza"  
Bandra – Kurla Complex,  
Bandra (E), Mumbai – 400 051  
Fax # 022 26598237/38

**Mr. S Subramanian**  
BSE Limited  
DCS - CRD  
1<sup>st</sup> Floor, New Trading Ring, Rotunda Building,  
P.J. Towers,  
Dalal Street, Fort, Mumbai – 400 001  
(Fax: 022 2723121/2037/2041/3714/2039/2061)

Dear Sirs,

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

**Subject: Filing of Transcript regarding Investors' conference held on February 1, 2016**

In continuation to our earlier communication dated January 21, 2016 & January 29, 2016 regarding Investors' conference on February 1, 2016. We are pleased to attach copy of the transcript regarding said Investors' conference held with the management on February 1, 2016, for your reference and record.

You are requested to kindly acknowledge the receipt of this communication and also let us know in case you need any other information.

Thanking you

Yours truly

For GHCL Limited

**Bhuwleshwar Mishra**  
**General Manager & Company Secretary**



“GHCL Limited Q3 FY2016  
Results Conference Call”

February 01, 2016



**ANALYST: MR. PRATIK THOLIYA – EMKAY GLOBAL  
FINANCIAL SERVICES**

**MANAGEMENT: MR. R.S. JALAN - MANAGING DIRECTOR - GHCL  
LIMITED  
MR. RAMAN CHOPRA – CHIEF FINANCIAL OFFICER  
AND EXECUTIVE DIRECTOR (FINANCE) - GHCL  
LIMITED  
MR. SUNIL GUPTA –FINANCE – GHCL LIMITED  
MR. ABHISHEK CHATURVEDI – FINANCE – GHCL  
LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 FY2016 results 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. If you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pratik Tholiya from Emkay Global. Thank you and over to you!

**Pratik Tholiya:** Thank you, Aman. Good evening ladies and gentlemen. On behalf of Emkay Global Financial Services I welcome all the participants who have logged in for the conference call of GHCL Limited to discuss Q3 FY 2016 results. From management, we have Mr. R.S. Jalan and Mr. Raman Chopra, CFO and Executive Director, Finance. Good evening Sir. At the outset, I would like to thank the management for giving us your valuable time and the opportunity to host this conference call. I would like to first request Mr. Jalan to give us a brief overview about the quarterly results and then if you can just help us understand the key industry developments during the quarter. Thank you and over to you Sir!

**R.S. Jalan:** Good evening ladies and gentlemen. On behalf of GHCL, I welcome you all to this call. I have with me Mr. Raman Chopra, our CFO and Executive Director (Finance) along with Mr. Sunil Gupta and Mr. Abhishek Chaturvedi from Finance Team.

First of all for all the new participants, who have joined first time, I would like to start with a brief introduction. We are having two business activities, one is inorganic chemical and textile. Our total topline last year was 2400 Crores, inorganic chemical contributed to 60% and balance 40% from textile.

Our soda ash facility is located in Gujarat and textile division is located in Gujarat and Tamil Nadu. This quarter has been extremely good for us. We have posted a very robust financial performance for the third quarter.

Our topline had grown by 14%, EBITDA by 27%, and we have achieved an impressive growth of 58% in the PAT. This growth has been contributed by growth in both the business segments that is inorganic chemical and textile.

Now let me take you through the performance of inorganic segment. With our production of 1.9 lakh during this quarter we have achieved capacity utilization of 89% in our soda ash



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business. Also we have achieved record sales during the quarter at 1.83 lakh tonnes being higher by 12000 tonnes.

This has led to a revenue growth of 9% due to our focus on raw material quality with distinct cost advantage. In terms of the captive control on raw material confined with the high efficiency enabled us to enjoy highest margin in the soda ash business. This has led to margin improvements from 30% to 32% on year-on-year basis resulting in a growth of 17% in EBITDA.

This remarkable performance is despite drop in soda ash prices both domestic as well as international. In the last concall, I had indicated a possibility of price softening whereas the price has softened by around 1.5% on year-on-year basis, we have still been able to improve our margin due to better efficiency and cost control. Globally the demand of soda ash remains slightly sluggish mainly due to China factor. However, Indian Rupee has also depreciated thus neutralizing the majority of the impact on import price drop.

Import volumes have been dropped by 3% in the last nine months. China accounts only for 3% to 4% of our total Indian demand. We therefore do not see any major impact of global scenario on domestic soda ash industry going forward. Our capacity expansion of 1 lakh metric tonnes is progressing as per schedule and will be completed by March 2017.

This quarter for textile segment reported a very healthy revenue growth of 22% on year-on-year basis along with a growth of 83% in EBITDA. We are glad to say that EBITDA margin has improved to 12% compared to 8% in Q3 FY2015. However, as compared to previous quarter there is a slight drop, which is due to non-availability of wind season in Q3. For the nine months we have achieved 13% margins as compared to 9% margins in FY 2015. This is despite a challenging spinning sector.

We have moved higher on our processing capacity, utilization to 85% in nine months as compared to 70% in FY 2015. This has made possible due to our increasing foothold in overseas market resulting in new client additions and increasing orders from our existing clients. This resulted in increase in exports turnover by 35%. That is around 137 Crores in nine months.

We expect softness in spinning to continue for the next two to three quarters; however, with the higher volume in sheeting business along with the benefit of entire 25 megawatt wind capacity, we expect a good year ahead.



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Our strategy going forward is to commit ourselves to growth capex in addition to this we would continue to emphasize our deleveraging which has already resulted in our debt equity ratio going down from 1.72x to 1.37x.

I would also like to clarify about the recent news published in the Business Standards regarding GHCL planning to enter retail. Our statement has been miscommunicated and I would categorically deny any plan to enter into retail; however, we plan to gradually establish GHCL in a branded segment by developing our own brands to capture higher premium in the home textile market.

Now I would like to hand over to Mr. Raman Chopra for Q3 performance.

**Raman Chopra:**

Thank you very much Mr. Jalan. Good afternoon to you all. I welcome you all on today's call. I take this opportunity to apprise you on a very strong performance of Q3 ended December 2015 on a standalone basis,

Our revenue for this quarter has increased from Rs.585 Crores to Rs.668 Crores, registering a growth of 14%. Our EBITDA has grown by 27% that is by Rs.33 Crores from Rs.124 Crores in Q3 of last year, to Rs.157 Crores in this quarter. Our EBITDA margin for the same period has increased by 230-basis points and that is 23.5% versus 21.2% last year.

Profit before tax has shown a phenomenal growth of 64%, which is up by Rs.39 Crores to close to Rs.100 Crores for this quarter versus Rs.61 Crores for the same quarter last year. In the first nine months itself, we have been able to surpass our last year's profit before tax of Rs.258 Crores in our first nine months, our PBT was Rs.262 Crores versus Rs.258 Crores for full year of last year.

Our PAT has increased by Rs.24 Crores from Rs.42 Crores in Q3 FY2015 to Rs.66 Crores this quarter achieving a significant growth of 58%. Now on a segment wise insight, both the businesses have done remarkably well in the current quarter and posted a strong growth. In the inorganic chemical segment, the revenue has grown from Rs.353 Crores to Rs.385 Crores during the quarter with a growth of 9%. This is despite a drop in soda ash prices as Mr. Jalan has just indicated.

We have been successful in augmenting our sales volume by 12000 tonnes from 1.71 lakh tonnes to 1.83 lakh tonnes during the quarter. EBITDA has increased to Rs.124 Crores in the inorganic segment in the current quarter as compared to 106 Crores in Q3 of last year. The increase in EBITDA is mainly contributed by in EBITDA margin by 210 basis points



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from 30.1% to 32.2% which is mainly due to lower operating costs and higher sales. Our textile segment has also contributed considerably with a topline growth of 22% increasing from Rs.232 Crores in Q3 FY 2015 to Rs.283 Crores in the current quarter. Our exports during the quarter have increased to Rs.191 Crores as against Rs.142 Crores in the corresponding quarter.

EBITDA in Q3 FY 2016 has also shown a robust growth of 83% increasing by Rs.15 Crores from 18 Crores to 33 Crores with EBITDA margin improvement of 12% against 8% for the corresponding quarter. On the balance sheet side, we have reduced our debt by Rs.51 Crores during the quarter with a gross debt of 1297 Crores thus lowering our debt equity from 1.53 in the last quarter to 1.37 in Q3 FY 2016. We have also reduced our working capital deployment by Rs.20 Crores during the quarter. Our current assets have increased by Rs.17 Crores and current liabilities have increased by 37 Crores so net there is a 20 Crores reduction in working capital deployment.

I would now open the house for discussion and any questions that you may have. Thank you very much.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

**Saket Kapoor:** Namaskar Jalan Sir. The numbers are very encouraging and congratulations to the entire team. Sir, the very first point about, I would come to the debt portion, which has been stated, the net debt stands at 1297 Crores. Sir, could you split it up for the soda ash and the home textile business. How much those entities are carrying?

**R.S. Jalan:** Saket, just for a second. Saket, in the meantime, do you have any other questions?

**Saket Kapoor:** Coming to the soda ash production and precise number you have already informed. Sir, it would be very handy also if you could provide us with the production in the dispatch number for the fourth quarter of the last financial year because as far as the soda ash industry we find the fourth quarter being the best quarter so just wanted to have an understanding also the last quarter of the last financial year fared up. So, that also you can provide me later on.

**R.S. Jalan:** Q4 2015 if you look at our production was 191000 you can say and my sales was 182000.



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**Saket Kapoor:** Sir, in the last concall, regarding the inventory built up was one of the issues, which you had highlighted. How are things looking up?

**R.S. Jalan:** The inventory has come down in this quarter.

**Saket Kapoor:** Sir, from 12 days it is now back to the normalcy or it is still hovering around some region?

**R.S. Jalan:** Yes roughly you can say right now inventory is around five days.

**Saket Kapoor:** Roughly around to five days sir now in the hindsight just to have an understanding Sir, margins in the soda ash business as a whole are they peaking up or just have understand is the soda ash industry seen the best in terms of the margins because the input cost benefit although percolated into the system will be receding out forward as prices cannot continue to be on the sliding side for greater period of time, so are the margins saturated or we still have the options from getting this trend maintained?

**R.S. Jalan:** Basically if I can answer to this question like this that there is a possibility of approximately around 2% drop in the prices further and I think the margin which we had been achieving probably we will be able to maintain the margin in spite of this reduction of the 2% prices.

**Saket Kapoor:** So because, if I remember March 31 quarter for 2015 the margins were 35%, so that was a tall task I think so, considering the current scenario and with the 2% reduction in the prices going forward, which you are envisaging is it correct on our part to hold that, we can hold on to those margins?

**R.S. Jalan:** I think yes.

**Saket Kapoor:** We can hold on to them. Now coming to be soda ash just to have better understanding of the nature of this commodity because crude prices cleared up, they remained in those levels and then just fall down like nine pins, how have soda ash traditionally moved over the last five to eight years because you are veteran in the industry and you would be recollecting the trend also, if you could throw some light what is the nature of this commodity, how it moves and what are the trend, if you are able tell by looking at the history?

**R.S. Jalan:** Soda ash if you look at the last 10 years, I would say demand is almost on a CAGR growth of around 5% and as you know that the major consumption of that is in the detergent and glass, generally what we seen is that glass in last seven, eight years is going by double digit, 8 to 10% and detergent is going by around 5% to 6% and overall if you look at the other



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consumption centres as well it is around 5% on CAGR growth is being seen in the soda ash business, if you look at last year in FY2015 the growth was around 9%, whereas this year the growth is not that significant, it is roughly around 2%.

**Saket Kapoor:** The growth for which segment Sir?

**R.S. Jalan:** I am talking about FY2015 and 2016 the growth in the consumption of soda ash is around 2% till now whereas it was 9% last year, so this kind of a fluctuation takes place but overall it is around 5% on the CAGR basis.

**Saket Kapoor:** Coming to the price trend, how the price trends have fared up over the years?

**R.S. Jalan:** Price trend I would say that if you look at again eight to 10 years you will find that same kind of 5% to 6% of the price has been increasing on the thing, barring one year there was a drop in the prices otherwise always it has been seen the prices has always been growing by around on an average of 5%.

**Saket Kapoor:** Sir the 2% drop I am told is on the basis of the Chinese devaluation or the freight cost being lower and then from January onwards?

**R.S. Jalan:** All put together.

**Saket Kapoor:** Sir effecting all things?

**R.S. Jalan:** If you look at this quarter vis-à-vis last quarter the price drop is around 1.5% or 2%, between 1.5% and 2%, I am talking about Q2 2016 versus Q3 2016, the price drop is around 2%, we believe that the same 2% should be drop going forward; however, after that we do not see drop in the prices that means prices are more or less stability side we can say.

**Saket Kapoor:** Sir if you could throw light also on, how is our selling pattern Sir, it is a long-term based what portion is, and what is on the spot and how are the price escalation clause being implemented, if you can make me understand?

**R.S. Jalan:** It is a mix of both, we sell on the long-term basis also and we sell on the spots also, but the percentage of long-term sale is not that high, basically, I would say roughly around 30% is the contractual volume you can say between six months and one year and balance 70% is on our spot prices only.





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**Saket Kapoor:** Could you throw some light on the duty protection that that industry is enjoying and when are those expiring Sir?

**R.S. Jalan:** This is up to May 2017.

**Saket Kapoor:** What is the percentage Sir?

**R.S. Jalan:** Depending upon the different countries like Pakistan is only few dollars, \$2, \$3 something.

**Saket Kapoor:** It is a China problem only that is I am asking?

**R.S. Jalan:** China is around \$36 to \$38 duty and US is again same amount and Europe is around \$9 to \$10.

**Saket Kapoor:** What is the price of soda ash I am not aware?

**R.S. Jalan:** Approximately you can take, if I look at roughly around \$280, if you look at it in dollar terms.

**Saket Kapoor:** It is \$280 Sir?

**R.S. Jalan:** Approximately yes.

**Saket Kapoor:** Sir now coming back to this home textile segment Sir just to have an understanding Sir, have you got that debt figures split up between soda ash and home textiles?

**R.S. Jalan:** Yes I got the number, if you look at soda ash 739 and textile is 558.

**Saket Kapoor:** So the majority is on the soda ash part sir, this has been drawn, this is a long-term debt and the working capital both mixed I think so?

**R.S. Jalan:** Yes all put together.

**Saket Kapoor:** Sir coming to the home textile segment, I will take a last few two questions Sir just to have an understanding how mature is your home textile business become because although the margins are improving and on a constant terms also if you take the turnover is also up, but just wanted to understand had the business reached in terms of scalability because now also there are odd places, like you were telling that we have about 87% utilization levels now and you are hoping to bring some efficiency then moving to 100% going forward, Sir on a



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revenue booking what projections you can have because the business which you have you have predictability that is better because you have replacement orders, and other things, where you can look forward into the future and can guide us about the nature of the business and going forward what is the understanding here?

**R.S. Jalan:** I mentioned already that I see a good opportunity in the textile business going forward, 87%, 88% capacity utilization to 95% or 100% is feasible next year and even the customer mix and the replenishment program all put together, we will definitely look a good numbers next year.

**Saket Kapoor:** So this year what is the average utilization level?

**R.S. Jalan:** It is around 85%.

**Saket Kapoor:** So we are going to be in the 100% band coming next year.

**R.S. Jalan:** 95% to 100%.

**Saket Kapoor:** 95% to 100% and for the margins also Sir, is this 11%, 12% should be the horizon we can better that going forward?

**R.S. Jalan:** No, definitely we are looking much better margin next year.

**Saket Kapoor:** Sir wind energy contribution could you state what was in the second quarter because you have mentioned that wind energy contribution was less for this quarter?

**R.S. Jalan:** In EBITDA it was almost negligible. If I can give you the breakup of this number contribution in the margin of textile, wind energy contribution in Q3 was 0%, for last year is Q2 2016 it was 2.7%, which has now reached 0.1%.

**Saket Kapoor:** The nature is like that only, for the second quarter it is peak.

**R.S. Jalan:** It is seasonality.

**Saket Kapoor:** It is seasonality. Could you throw some light on the order book position also on the home textile segment and what is the executable period?

**R.S. Jalan:** No I have already given the guidance that next year the business booking looks to be good and we believe that we will be able to achieve that 95%.



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**Saket Kapoor:** I just wanted to have an order book position as on December 2015, what was the order book position?

**R.S. Jalan:** Order book position in this programs like I said approximately around 50% if the order is generally being booked.

**Saket Kapoor:** In Crores term Sir how many Crores of order book do you have, if you can tell us?

**R.S. Jalan:** Saket, we do not normally have in Crores, as earlier we had explained you, when we have customers always give you a projection of that this program you are going to run, depending upon their demand and their offtake from their stores you keep on replenish their program and in terms of the Crores like I said dollars whether you take 64 or you take 68 or you take 70, it is difficult, like I said the visibility looks to be good next year.

**Saket Kapoor:** Sir but other players in the home textile segment are giving their order book positions and also that was the reason why I put forward the question to you?

**R.S. Jalan:** I do not know other people but I think from our side like I said the order book position looks good and we believe that next year 95% capacity utilization will be possible.

**Saket Kapoor:** Sir my last question before I come in the queue just having an understanding on now that since now you have opened the floor the investor to communicate through the conference call and frequent interactions with us, I cannot follow why mutual funds are not a buyer of our growth story, foreigners have increased their stakes to above 15% whereas none of the domestic institutions invested barring LIC which is a long-term investor for a very longer period, none of the mutual fund have bought the growth story where we are letting that the mutual fund or the PMS houses also taking interest in the growth story which is generating ROEs of 27% and all, what all tips are there, wherein we need to instill in where we can also map and point at that, where are we lacking?

**R.S. Jalan:** Saket, our work is to give performance, and to drive the business. The shareholders that we have they are all welcome, mutual fund we do not do, I do not think I am the right person to answer that.

**Saket Kapoor:** We do not have anybody from the management or from the promoter side on call Sir?

**R.S. Jalan:** Saket, as told before also, company is a professionally managed company and we manage the business.



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- Saket Kapoor:** I am coming in the queue.
- Moderator:** Thank you. The next question is from the line of Rahul Bhangadia from Lucky Investments. Please go ahead.
- Rahul Bhangadia:** Congratulations gentlemen on a very good set of numbers. Sir if you could just, I am sorry if I missed this out, but briefly explain us to what is the reason for the quarter-on-quarter EBITDA margin drop in the home textile business?
- R.S. Jalan:** Like I said this quarter if you look at Q2 versus Q3 primarily the reason is the wind seasonality. I will give you the breakup of that number. If you look at without wind our margin in last quarter was 10.6% and Q3 it is 11.6% but without wind the margin has improved by 1%.
- Rahul Bhangadia:** The home textile business, if you could just give me a slightly broader perspective on this on basically three challenges, one is the depreciation or the possibility of a very high depreciation in the Chinese Yuan and the competition, second is the market share that the Indian home textile companies have already gained in the US in a non-growing or a very small growing segment 50% or so and thirdly are there any price wars by the existing Indian players because there is a lot of capacity coming up in India itself.
- R.S. Jalan:** Now let me answer this like Chinese Yuan, which you said, I think, if you look at the past last one year Chinese Yuan has depreciated and vis-à-vis Indian rupees has also depreciated. We believe that this kind of parity should continue, so we do not see major impact because of that number one. Number two we also believe that the buyer of US does not shift from one vendor to the another vendor for just few percentage point margin difference or the price difference, they look at many other things, we do not see that major shift will take place from India to China in near future.
- Rahul Bhangadia:** What about the competition from the Indian players within themselves Sir?
- R.S. Jalan:** Like I said if you look at an Indian player also there also you will not find too much shift taking place from one vendor to the another vendor, again it takes long time for them because this is the program which runs on a continuous basis unless there is a very significant price difference when we significant means really significant then only the possibility of shifting takes place and I think I have answered your question.



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**Rahul Bhangadia:** Yes definitely and the last question is Sir, what is the reason for EBITDA margin of 11 odd percent in your case and 25% EBITDA margin for another player in the home textile space?

**R.S. Jalan:** As said last time also let me repeat this we are not been able to benchmark ourselves yet or we are not been able to reach that level of competition margin and we have said that our target is around 18% of EBITDA margin, we believe that 18% EBITDA margin on this business is a sustainable margin and we are aiming to achieve this next year.

**Rahul Bhangadia:** Thank you Sir.

**Moderator:** Thank you. Next question is from the line of Ritesh Gandhi from Discovery Capital. Please go ahead.

**Ritesh Gandhi:** Congratulations on your numbers. Just had another question on your soda ash business, how do you see the impact of pricing pressure in the event that the antidumping duties go away, I mean how much of an impact actually would you end up seeing and is there a case which can be made as to the reason, the antidumping duty should actually going to continue?

**R.S. Jalan:** See I would at this point of the time, if you look at our antidumping duty definitely the antidumping duty goes away, there will be a pressure on the margins for sure, and at this point of a time May 2017 onwards whether the antidumping duty will continue or not needs to be evaluated. Still time is there and this is of course of judicial process, it takes time to go forward on this.

**Ritesh Gandhi:** But in the event that they can do go away, how much of an impact do you see on the exiting prices of current \$280. How low they could actually end up going to in the event that antidumping goes away given existing prices and existing kind of conveyance, nor the logistics cost?

**R.S. Jalan:** If you look at our total imports, which is happening which is happening in India at this point of time, out of that Chinese and US imports are approximately if I could take this number will be roughly around 10%, and the major duty or antidumping duty is only on these two countries. So, balance if you look at the major import is coming from Europe. Europe the duty is only to the extent of around \$10. \$10 if you look at a scenario of \$280 is 3.5% it is around 3.5%.

**Ritesh Gandhi:** But I am assuming that after antidumping goes away the high duty countries of China specifically, which becomes significantly comparative in the Indian market, so any



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estimates you all have made as to how much the impact would be in the existing scenario assuming there was no antidumping as \$280 would go to like \$250 to \$240 how much it would go to?

**R.S. Jalan:** I do not think to that extent of the drop will take place. If you look at the Indian rupee terms, of course anybody's guess, on this number will be but I do not think overall the prices should be less by around 5% to 6%.

**Ritesh Gandhi:** In the impact of additional capacity coming online do you just see there being a pressure and how much RSPL of your existing client base because I know that they are coming up with incremental capacity so I am assuming they will move to inhouse, so how much of RSBL is existing business?

**R.S. Jalan:** See overall the demand growth is approximately around 5%, if you take the 5% the additional demand every year coming to India is approximately around 150000 tonne to 175000 tonnes, by the time RSPL comes, by the time already there will be a demand growth of more than around the capacity, which they are bringing, so therefore, because they will take at least three years time, by the time they come with 500000 which initially they may be producing 400000, so that demand growth will take care of the extra production.

**Ritesh Gandhi:** Okay and how much of your current business is actually RSPL as a client?

**R.S. Jalan:** RSPL we have something around 20%, approximately around 100000, 14% around.

**Ritesh Gandhi:** The last question is around capex over the, actually in a next couple of years, how much do you expect it to be including the capex of the Rs.375 Crores for existing capacity?

**R.S. Jalan:** Rs.375 Crores we are going to spend during this year and next year, by FY2017 we will be completing 100000 tonnes of that production.

**Ritesh Gandhi:** Any other capex in terms of home textiles and how much would be your actual maintenance of capex?

**R.S. Jalan:** Overall capex for the next two years will be something 525 to 550 including this 375.

**Ritesh Gandhi:** By next two years, you mean FY2016 and 2017 or FY2017 and 2018?



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- R.S. Jalan:** No up to March 2017. We have said that we are going to see that the debts are lower than what it is today and overall our debt equity ratio should go down to around 1 at least by March 2017.
- Ritesh Gandhi:** Got I understood. Thank you. I will go back.
- Moderator:** Thank you. The next question is from the line of Dinesh Sharraf from Ambit Capital. Please go ahead.
- Dinesh Sharraf:** Thanks a lot for taking of my question. As you mentioned in the introduction that you are committed to growth, so what was the growth outlook for the home textile business would you been increasing capacity?
- R.S. Jalan:** We are having a debottlenecking, which will be completed by March 2016 and that will give us around 4 million of extra capacity next year. In addition to that wind energy we have already said, we are completing 25 megawatts of the wind energy by March 2016 and that will take care of around 55% of our total wind requirement for our spinning division.
- Dinesh Sharraf:** Okay anything else?
- R.S. Jalan:** On the textile side not much, we are already doing this cut and sew facility, which will also be completed by March 2016. March 2016-2017 it will be only the marginal capex, which is required on a day-to-day basis, not in a major capex.
- Dinesh Sharraf:** What is the increase in cut and sew capacity?
- R.S. Jalan:** Our capacity of cut and sew we will be able to make around 80%, currently is around 50%, the total requirement is being met from the in-house, balance 50% goes outside for the job work after this it will become 80% will be in-house cut and sew facility.
- Dinesh Sharraf:** Thank you.
- Moderator:** Thank you. Next question is from the line of Vaibhav Baid from Motilal Oswal. Please go ahead
- Vaibhav Baid:** Sir on the soda ash side, how much is our capacity currently?
- R.S. Jalan:** 850,000 tonne.



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- Vaibhav Baid:** Could you explain as to how big is our market currently in India and how many players are there?
- R.S. Jalan:** The total demand of India of around 3.3 million tonnes. There are three major players, Nirma, Tata and GHCL then there are two small players, DCW and TAC.
- Vaibhav Baid:** DCW and TAC, so these are Indian players?
- R.S. Jalan:** All are Indian players.
- Vaibhav Baid:** Someone on the call said RSPL is getting into it?
- R.S. Jalan:** RSPL is coming with a new facility, which will come may be in next another three years time.
- Vaibhav Baid:** So this is a client of ours like he is your competitor?
- R.S. Jalan:** Right now he is our customer and it is a customer for all the producer of soda ash in India, so they will be having their own soda ash facility.
- Vaibhav Baid:** They will having their own soda ash, so our incremental capacity would take a capacity to how much Sir, one lakh tonne?
- R.S. Jalan:** It will become 9.5 lakh tonnes.
- Vaibhav Baid:** 9.5 lakh tonne, Sir also on the customers for us, it is entirely domestic or are we exporting also?
- R.S. Jalan:** Mostly domestic.
- Vaibhav Baid:** Domestic so how much would be the working capital for this business Sir, I mean the entire cash conversion cycle?
- R.S. Jalan:** Cash conversion cycle of this business will be 60 days.
- Vaibhav Baid:** 60 days and Sir just wanted to ask you in this business like I mean if the margins are around 30%, is there some difficulty that probably not other companies are getting into it or anything that is there that probably restricts companies from getting into this business?





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**R.S. Jalan:** The entry barrier in this business is very high, one is the capital turnover ratio is unfavorable in this.

**Vaibhav Baid:** Assets turnover you mean?

**R.S. Jalan:** Yes. You need to put Rs.50000 to Rs.60000 per tonne of soda ash production, capital cost whereas your turnover is Rs.20000. Second it takes around 5 tonne of the raw material means you need to have 5 tonnes of raw material to produce one tonne of soda ash and the control on the raw material is very important of our sustaining margin in this business.

**Vaibhav Baid:** Okay, so 5 tonne of raw material for one tonne of soda ash.

**R.S. Jalan:** This out of the total six plants in India, five plants in Gujarat, you need to be closer to the raw material, you need to be closer to the even say customer base, you need to be closer to the port, it has been very important, so going to one location and creating all these infrastructures is a challenge.

**Vaibhav Baid:** So a player no one can manufacture this thing outside Gujarat right?

**R.S. Jalan:** No, people can make.

**Vaibhav Baid:** But it is not cost effective, or the dynamics are not there, okay. Sir, this business will grow by approximately like we are doubling our capacities now, so do we see major growth happening?

**R.S. Jalan :** We are not doubling our capacity. We are going only from 850000 tonnes to 950000 tonnes.

**Vaibhav Baid:** I just got it wrong.

**R.S. Jalan :** And growth in this business is 5% on a CAGR basis and demand of total 3.3 million tonnes, so you can say 150000 to 175000 tonnes is the total incremental demand every year.

**Vaibhav Baid:** Incremental demand, okay. Sir, on the price front, I mean the prices what are the major factors of reflecting in prices of soda ash. Globally how does the price get changed, any insights on that Sir?

**R.S. Jalan :** One demand supply and second is cost. Two factors.



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- Vaibhav Baid:** Excess capacities elsewhere how does that effect the entire?
- R.S. Jalan :** Excess capacity definitely will make the demand supply unfavorable.
- Vaibhav Baid:** Out of the entire market in India how much is being imported currently?
- R.S. Jalan :** Approximately around 24% which is around 700000 tonnes.
- Vaibhav Baid:** Sir, now on the textile front, what would be your capacities currently?
- R.S. Jalan :** In the spinning we have 175000 spindles, on home textiles we have 36 million meters.
- Vaibhav Baid:** This is processing?
- R.S. Jalan :** Yes.
- Vaibhav Baid:** So, are we planning to expand the processing facility?
- R.S. Jalan :** 4 million, which we are doing.
- Vaibhav Baid:** 4 million, okay.
- R.S. Jalan :** By debottlenecking.
- Vaibhav Baid:** By debottlenecking. Not another facility or something?
- R.S. Jalan :** No.
- Vaibhav Baid:** Sir, the other players are expanding by almost doubling the capacity. So any insight on that why there could be a big market opportunity. Why are we not looking at that kind? I mean, is the clientele different for the other Indian players and for you all?
- R.S. Jalan :** First of all, we want to our current capacities should be utilized fully. So, next year our target is to utilize our capacity fully. Going forward then only we will be looking at any major expansion.
- Vaibhav Baid:** Sir, 50% of our capacities are booked, right Sir?
- R.S. Jalan :** Yes.



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- Vaibhav Baid:** Sir, we are exporting only to US? This is entirely export-oriented unit?
- R.S. Jalan :** Mostly exports. 71% goes to US, 14% to Canada and balance goes to other places, Europe, Mexico, Israel, Saudi Arabia, Australia.
- Vaibhav Baid:** Sir, on the margins are around 11% and compared to other guys who are at 25%, so is there some part of the process, which is being outsourced and that is why our margins are getting affected?
- R.S. Jalan :** Two reasons, one our capacity utilization is low as compared to people, second is our customer mix, which like I said, we are improving the margins. Last year it was 8% and it has improved now and we have a target next year to improve further on this.
- Vaibhav Baid:** Sir, how many clients do we have currently in the US at least US markets?
- R.S. Jalan :** There are many clients, but if you look at our top five customers, it is around 48% of our total production.
- Vaibhav Baid:** Sir, those would be big retailers like Wal-Mart, JC Penny?
- R.S. Jalan :** Yes.
- Vaibhav Baid:** Okay and Sir, how difficult it is to actually get into a guy like Wal-Mart or if you want to increase your clientele to other big stores then how much time would it take?
- R.S. Jalan :** It takes time. It depends on how aggressive you are, it takes time.
- Vaibhav Baid:** Sir, are we currently pitching to increase the customers, because if other guys are doubling their capacity there is a huge market that has opened up maybe?
- R.S. Jalan :** Definitely for anybody in the business will definitely like to pitch with all the customers. We are also doing.
- Vaibhav Baid:** Sir, what is the working capital cycle like how are we?
- R.S. Jalan :** It is improving significantly. If you look at last quarter versus this quarter and it is approximately around four months.
- Vaibhav Baid:** Around four months?



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- R.S. Jalan :** Yes.
- Vaibhav Baid:** Sir, are we doing the spinning entirely in-house or are we outsourcing it to other lower spinners in India?
- R.S. Jalan :** We do both. Our spinning total production is higher than our total requirement of home textile. However, out of the total production of spinning, some percentage we take for our own consumption and balance we sell. So definitely in the home textile some production we buy from the market and some we take from the in-house spinning.
- Vaibhav Baid:** Basically for the production of home textile, the yarn is bought and also in-house production. That is what, right?
- R.S. Jalan :** Yes.
- Vaibhav Baid:** So, going forward the spinning will stay as it, and the processing will increase, right Sir?
- R.S. Jalan :** Yes.
- Vaibhav Baid:** Overall, next two years, what would be the indicative numbers that we can look at?
- R.S. Jalan :** Guidance we have never given, but we have given the scenario of the soda ash and we have given the textile scenario also. I think that is sufficient from our side.
- Vaibhav Baid:** Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Rajesh Kothari from Alpha Advisors. Please go ahead.
- Rajesh Kothari:** Good evening Sir. My question is basically you are targeting an improvement in operating profit margin next year in your home textile segment. What are the steps, which you are going to take, which will lead to improvement in margins?
- R.S. Jalan :** Three things. One capacity utilization going up, customer profile, customer's mix and third is power cost.
- Rajesh Kothari:** Sir, can you just elaborate all three of these points?



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- R.S. Jalan :** Customer mix, which I said the current customer mix what we have right now, our customer mix will improve next year. That will improve our overall margins.
- Rajesh Kothari :** So currently what is the mix right now and what you target?
- R.S. Jalan :** Approximately our top five customer is around 44%, which we are planning to take it to 53%. Second capacity utilization means add volume that will also improve our margins. Operational efficiency is the one thing and the fourth is wind energy, which was 13 megawatt in FY 2015 we will be going to 25 megawatt that will also add to our margins.
- Rajesh Kothari:** So your total power cost is basically as a percentage of revenue or in absolute basis can you give highlight? What is your last year total power cost?
- R.S. Jalan :** I need to work out that numbers.
- Rajesh Kothari:** Because I thought that that will be also actually make it more depreciation, right. So actually on net basis, it may not add much, your power cost in particular?
- Raman Chopra:** Depreciation will not come in the books. Depreciation will not come on the books. That will save you on the taxation, within the books that will be the same. Net debt you will have a saving because we expect to add almost 1% to 1.5% of margins approximately 1.5% to our bottomline because of additional wind investments.
- Rajesh Kothari:** I think the toughest of these three steps will be the how you improve your customer profile and since textile business works on seasonal basis I am sure you would have visibility of this because as the next season I am sure you would have already have the current order book in your hand so do you think this 44 to 53 in terms of your order book etc., is it showing the same thing what is the trend?
- R S Jalan:** Yes, we are reasonably confident to achieve this.
- Rajesh Kothari:** Because this quarter margins were slightly lower am I right compared to probably what you are guiding for the full year basis if you look at it then all of a sudden it becomes little bit tall task, am I right because your margins?
- R S Jalan:** No as I just mentioned our margin is not lower than last quarter because of the wind which I said because of the seasonality the margin looks to be lower; however, the margin is higher by 1% as compared to Q2 FY2016.



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- Rajesh Kothari:** But this seasonality is going to be there, am I right so if you look it on the full year basis whether on full year basis can you get?
- R S Jalan:** I will give you the full year basis. If you look at nine months period our margin in this year is 12.9% overall as compared to last year was 9.1%.
- Rajesh Kothari:** Correct. So on full year basis FY2016 do you think you can achieve 14%?
- R S Jalan:** Yes.
- Rajesh Kothari:** Okay so to that extent therefore you have to improve your fourth quarter?
- R S Jalan:** Like I mentioned before also in the earlier calls that our acute margin of home textile will be around 14% to 15% and weighted average basis it should be around 13% to 14%.
- Rajesh Kothari:** Sir basically 13.5% -14% was full year it means fourth quarter you need to reasonably further improve correct?
- R S Jalan:** Yes it should be around 14%.
- Rajesh Kothari:** Okay and next year when you are looking at 16% plus margin that is on full year basis am I right considering seasonal effect because season is going to be there every year am I right?
- R S Jalan:** I am talking about overall year we are looking at that margins.
- Rajesh Kothari:** Okay and yarn how much will be the yarn captive as you move forward in the next year?
- R S Jalan:** Yarn captive currently is roughly around 40%.
- Rajesh Kothari:** So next year as you improve your capacity utilization and overall volumes your captive yarn from 40% how much you get further increase?
- R S Jalan:** It should be in the same range.
- Rajesh Kothari:** Basically you are saying captive is 40% since the yarn pricing are also under pressure whether it is adversely impacting your margins how is it that doing on the net basis, yarn business contribution?



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- R S Jalan:** Spinning margins are lower in last couple of quarters and we believe that next two three quarters should also remain under pressure because of China destocking of the cotton and export to China has come down, we believe that next couple of quarters the yarn margins should be under pressure. However we believe that the current margin on the spinning should be minimum there should not be any further drop from here.
- Rajesh Kothari:** What is the current margin right now on spinning?
- R S Jalan:** We do not look at separately but on the overall basis if you can say if I take spinning margin without wind is around 9%.
- Rajesh Kothari:** At operating level right?
- R S Jalan:** I am talking the EBITDA level.
- Rajesh Kothari:** Okay and how is your working capital in the current quarter in your textile business?
- R S Jalan:** Current quarter working capital total overall is approximately 339 Crores.
- Rajesh Kothari:** So in terms of your cycle how is it?
- R S Jalan:** 60 days.
- Rajesh Kothari:** What is your cotton policy are you storing cotton?
- R S Jalan:** We always cover the cotton in season most part of our cotton requirement.
- Rajesh Kothari:** So basically right now you have cotton more than what you required because there are some players they have already done inventory assuming next quarter it may go up?
- R S Jalan:** We build the inventory in the season starting from October to March we build the inventory of cotton.
- Rajesh Kothari:** Okay for the full year for next full year am I right?
- R S Jalan:** October or November next year, because next season starts with October or November so we cover the costs up to October – November.
- Rajesh Kothari:** Great thank you Sir. Wish you all the best.



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**Moderator:** Thank you. Next question is from the line of Suyash Kapoor from Mapel Vypar Private Limited. Please go ahead.

**Suyash Kapoor:** Good evening Sir. It is a privilege speaking to you. My first question is can you kindly do the SWOT analysis at this stage as on somewhat December 31, 2015 that is your strength, weakness, opportunities and threat of GHCL this is my first question if you can kindly doing nutshell SWOT analysis of the company?

**R S Jalan:** SWOT analysis if you look I would say that one is, great team, professionally managed company in a stable business of soda ash, which is matured business, a growth opportunity in the textile business and decent cash generation, strong cash flow.

**Suyash Kapoor:** The threat which you are facing in your soda ash business?

**R S Jalan:** Soda ash business if you look at the threat I would say that threat will be I would say maybe antidumping duty can be one threat, second could be if the raw material prices changes unfavorably but in terms of the threat if I look at the ten years data, ten years of our experience we see that margin has not been very significantly been moved on the negative side or positive side too much means margin has always been 28% to 32% kind of a margin, so very pretty stable business on this.

**Suyash Kapoor:** If you can just add something on as far as Chinese devaluation and dumping of soda ash in, which may happen in the future, if you can give, some steps on this point Sir?

**R S Jalan:** I said that antidumping duty can be the only one factor, which can change the scenario, balance, Yuan devaluation which has happened Indian rupee has also depreciated and today Chinese import to India is only 3% to 4%. A lot of plants in China is closing down so their supply is also getting restricted. Some other competitions also are vacating the market. Some of the other players which were importing like US was importing to India that has been reduced so overall there is a drop of if you since last nine-months there is a drop of import by 3% instead of going up that import has gone down by 3%.

**Suyash Kapoor:** So that means they are producing at their end, is it?

**R S Jalan:** Are producing at their end, certainly they must be producing that in their end but they might be getting the other market and because of that the import to India has come down by 3%. Our perception at this point of time with that because of the Chinese devaluation, Chinese





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demand growth being lower there is lot of dumping can take place in India which has not been proven right in last nine-months. Chinese import has come down frankly.

**Suyash Kapoor:** Sir second question is on the point of the debt, debt level at which the company will be comfortable can we become a debt free company five years down the line can we imagine that we can become a debt free company the way we are performing?

**R S Jalan:** It is a judicious call we have to take on the growth and debt free, but we are very conscious on that we have to have an optimum mix of both we need to have a growth also we need to have a manageable debt, manageable debt when I say always our wish and which we are going to try for less than one debt equity.

**Suyash Kapoor:** Sir you have in the past also mentioned regarding this question has been repeated. I am again repeating Sir can you please give your view on the dividend policy of the company and as well as if you can on it you can had about your the buyback policy of the company and the ESOP policy of the company, employee stock option policy of the company have you categorically mentioned that this is a professionally driven company which means that it is professionally driven and the management that is executives are taking the call as far as business expansion or the business plans are concerned, so in that light please give your ESOP policy, dividend policy and buyback policy what is your view on the ESOP policy, dividend policy and buyback policy?

**R S Jalan:** On January 28, we had a board meeting and we have put the proposal of dividend policy which has been accepted by the board principally they have agreed to come out with a dividend policy. We are working out drafting the policy and we are going to put to the next board meeting and after that we are going to announce the dividend policy.

**Suyash Kapoor:** Since you have done almost Rs.18 in this nine-months that is why I has asked the question as compared to the entire year you have earned Rs.18.43 that is why I have asked this question what is your dividend policy because in last year you have given only Rs.2.20 this year what dividend can be anticipate as an investor of the company?

**R S Jalan:** As you mentioned and the investors wanted to have a clear-cut dividend policy we have put up the proposal to the board and board has accepted in the principal that we will come out with a transparent dividend policy.

**Suyash Kapoor:** By when Sir, by when we can anticipate?



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**R S Jalan:** Principally like I said we are drafting the policy and in the next board meeting we are going to put this policy and after that we are going to announce the policy.

**Suyash Kapoor:** So time of three months can be assume within three months to six months it will be likely?

**R S Jalan:** Yes it will be.

**Suyash Kapoor:** Sir what is your view or rather what is the board's view if you can say on ESOP policy because you are saying that it is a professionally run company so now we can see the company is growing, company is growing at a very good rate. Thanks to the efforts, which we are giving so ESOP policy like in pharmaceutical company, software companies of repute like TCS and Infosys, they all have an ESOP policy where employees stock option scheme is given because the company is growing so the employees were giving their hard work they are also participating the growth of the company. So keeping into in that context does the management who is taking the call of the company as any ESOP policy in mind, employee stock option policy?

**R S Jalan:** Thank you for showing a concern for the management. We have taken the approval of the shareholders in the last AGM for the ESOP policy and they were completing the possibilities of the stock exchange for necessary approvals, which has been received now, and now we are going to take up the matter with the board for the ESOP. So ESOP is there. Now we have to only allot this ESOP numbers to the people depending upon the performance of particular individual employee.

**Suyash Kapoor:** As far as companies performance is concerned it is very good. There is no doubt about it. As shareholders basically returns comes as far as rest of the company is concerned and as far as the equity structure of the company is concerned if this structure gets captured, restructuring is done in the company then the benefits of the growth of the company will be enjoyed everybody, it will be enjoyed by the shareholders, it will be enjoyed by the management who is taking the call. You are having a capital of 100 Crores previously also in the previous concall I have categorically asked that does the management have any buyback policy now you are coming categorically and saying that yes we are going for a dividend policy. We are going to announce a dividend policy in future. That is very nice of you but are you having any plan as far as having a buyback policy because it is shareholders who are the ultimate owner of the company. Now the company is performing very well so can we have a buyback policy also since by buyback the number of equity shares will get reduced and we will have EPS earnings per share?



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**R S Jalan:** Right now we do not have any plans for the buyback. Dividend policy I have clarified and we said for the ESOP we are already the scheme is in place so out of your three, which you said dividend policy, yes, for the ESOP yes, on buyback right now there is no such, plan.

**Suyash Kapoor:** Sir the two business which we are in inorganic chemicals and home textiles, what is the link between two segments. Is there any link between this segment like any of the product and you see the final product of inorganic chemical is used in textiles. Is anything of that sort happens?

**R S Jalan:** No, there is no linkage. Only linkage is one, both the businesses required the cost leadership and that is the culture and that cost leadership is the linkage between both the businesses otherwise product wise no there is no correlation between this business and that business.

**Suyash Kapoor:** That means they are not complementary product, they are independent returns they have no?

**R S Jalan:** Yes independent business.

**Suyash Kapoor:** Sir then in that same context, I want to ask what is preventing the management for going for a demerger when there is no link as such like you can separate name one is Ram another is Shyam then what is preventing for a demerger?

**R S Jalan:** See we are currently discussing this possibility; however, currently there is no concrete action plan or timeline was till now. We will update you at a appropriate time.

**Suyash Kapoor:** Sir final question on my end Sir if you can categorically candidately rather, explain that why the management that is the promoters are having such a low stake in the company like have this been put before the board that the shareholders have also going their concern because they are having a shareholding pattern, and if you analyze your shareholding pattern and I would request to comment on the shareholding pattern like who is the majority shareholder of our company. Promoters are having 18%, 19% and in the previous concalls also various analysts have put this point in the limelight that the promoters are holding a mere 18% and they are running their company you have said that professionally run company but Sir certain calls such as expansion, diversification demerger, buyback policy if promoters have substantial stake of 40% to 45% stake in the company these calls are taken at a steady pace as compared to professionally driven company because all the needs to be shown to the board then the board need to say hit to it, it will work at its own pace so Sir can you please comment at what is the promoters view on the company that they are



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showing up confidence of 18% or may be 19% stake in the company and they are the owners and if you can keep comment on the shareholding pattern of the company who are the majority shareholders and do they have any space in the day-to-day affairs of the company? Do they give their view even in the AGM?

**R S Jalan:** Shareholders like I said this is a professionally managed company, promoters have particular percentage of holdings. There are other major players also like FIIs are also the shareholders. There are large other corporates bodies are also shareholders on that and this company has been professionally managed from ages and how much the promoters have an holding and what they have a plan to increase I do not think I will be the right person to answer on that but yes like you said in terms of the promoter's confidence on the company like you are happy with the overall performance of the company they are also happy with the performance of the company. At the board level when we interact they are happy with the overall performance of the company.

**Moderator:** Thank you. The next question is from the line of Dhiresh Pathak from Goldman Sachs. Please go ahead.

**Dhiresh Pathak:** I would like to know when was the antidumping on soda ash was introduced in the country?

**R S Jalan:** Five years back now you can say that total period is five years and that five years it is going to be over on May 2017.

**Dhiresh Pathak:** Now I would assume in that environment you industry as a whole would be making either losses or very low profits and now when I look at lower performance and if I take that as a representative of industry performance then you are making very high EBITDA in dollar per tone, so in most likely scenario the assumption should be that this will go away, because there is no genuine reason for it to stay?

**R S Jalan:** I do not think so because as I said if you look at the ten years data of the Soda Ash business the margin has been between 28% and 32%, 33% even the peak period is 32%, 33% so you can say the margin if I history is any basis of any assumption the margin should go down to 28%.

**Dhiresh Pathak:** Margin, I am not talking about margin. I am just talking about the logic for the antidumping duty to be there or not, so when you are making \$100 per tonne EBITDA and Tata is also making similar number then what is the logic for the industry to argue for an antidumping duty, I am just asking?



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**R S Jalan:** The answer to this is like I said today all the plant of soda ash is a depreciated plant, so if you want to setup a plant today, the total capital cost of one tonne of soda ash production is along Rs.50000 and if you take the margin on current even selling price of current scenario still you will not be able to make any major margin after the interest and depreciation, so this margin which you are seeing is not only because of the higher, better efficiency and things like that, it is also because of the plant has depreciated, all the plants are depreciated, so from that logic antidumping duty if you want to a make in India or you want to have growth to coming in India and not the shift to the import, you need to protect the industry based on the replacement cost of the plant and the replacement cost of our plant will be something around may be five times than what it is today and if you would calculate on that basis you can imagine the margin.

**Dhires Pathak:** Just to understand, I would assume that nobody because India is importing 24% of it is requirement, so we probably getting import parity price, but hypothetically if one were to let us say export what would be today's if let us see if you were to export to the best market possible that you could export to, what would be your export realization?

**R S Jalan:** Two things I would like to mention this business per se if you look at globally other than US, China is exporting only 10% of the total production. They are 32-million production world largest production and they only export 10%. Globally you go anywhere you will find that export from the producing country is not more than 10% because this product is not suitable for export in terms of the cost competitiveness, logistic cost as I mentioned if you bring this export the metal from here to any part of the world depending upon where you export, if you export to US, it will be almost around \$80 will be your logistic cost, whereas if US material is coming here, they also spend a similar kind of amount, so there will not be competitive and that is the reason today the 24% of import, which is happening in India primarily because of the two reasons; one is the south and east are the two market where the cost of logistic from Gujarat is higher than the import material, so they become cost competitive in these two region of India. Second, the country which is exporting they have surplus quantity and they sell on a marginal cost basis, they will never be able to make a cost competitiveness on this business based on the export model, so this business is primarily on the domestic demand always. I hope I have cleared your point.

**Dhires Pathak:** But would you have a sense of free on board I do not know whether they are easily available on Bloomberg or not, but free on board price of the port on the China from where they are coming to India what would be that price?

**R S Jalan:** It will be if you look at roughly around, it will be something around \$180 to \$190.



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- Dhires Pathak:** So on that basically you are saying freight cost plus any import duty in India?
- R S Jalan:** \$40 would be roughly around \$30 to \$40 would be the freight cost plus your duty, antidumping duty other handling costs and all those things put together.
- Dhires Pathak:** All right thank you.
- Moderator:** Ladies and gentlemen due to time constraints that was the last question. I now hand the conference over to Mr. Pratik Tholiya for closing comments. Thank you and over to you!
- Pratik Tholiya:** Thank you Aman. On behalf of Emkay Global Financial Services, I would like to thank the entire management team of GHCL for their detailed discussion about the company as well as the industry. Thank you Sir and I would like also thank all the participants who joined us today on the conference call. Sir, would you like to make any final comments Mr. Jalan.
- R S Jalan:** Thank you very much to all of you and we can continue to give a better performance going forward.
- Moderator:** Thank you very much. Ladies and gentlemen on behalf of Emkay Global Financial Services that concludes this conference call. Thank you joining us. You may now disconnect your lines.