



36th ANNUAL REPORT 2018-19

Business Excellence

Traceability

Sustainability

Giving Back To Society



Creating Value Responsibly

Company Information

— BOARD OF DIRECTORS —

Mr. Sanjay Dalmia – Non-Executive Chairman
Mr. Anurag Dalmia – Non-Executive Vice Chairman
Mr. Neelabh Dalmia – Non-Executive Director
Smt. Vijaylaxmi Joshi – Independent Director
Mr. K C Jani - Independent Director
Justice Ravindra Singh - Independent Director
Mr. Arun Kumar Jain - Independent Director
Dr. Manoj Vaish – Independent Director
Mr. Lavanya Rastogi - Independent Director
Mr. R S Jalan – Managing Director
Mr. Raman Chopra – CFO & Executive Director (Finance)

— SECRETARY —

Mr. Bhuwneshwar Mishra
Sr. General Manager & Company Secretary

REGISTERED OFFICE

“GHCL HOUSE”
Opp. Punjabi Hall
Navrangpura
Ahmedabad – 380009 (Gujarat)

CORPORATE OFFICE

“GHCL HOUSE”
B-38, Institutional Area,
Sector-1, Noida – 201301 (U.P.)
Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in
Website: <https://www.ghcl.co.in>

SUBSIDIARIES

1. Grace Home Fashions LLC
2. Dan River Properties LLC

COMPANY IDENTIFICATION NO.

CIN – L24100GJ1983PLC006513

STATUTORY AUDITORS

S.R. Batliboi & Co. LLP

— PLANT LOCATIONS —

Inorganic Chemical Division:

Soda Ash Plant:

Village: Sutrapada Near Veraval,
Distt.: Gir Somnath, Gujarat – 362275

Salt works:

Port Albert Victor, Via Dungar,
Distt.: Amreli, Gujarat - 364555

Lignite Mines:

713/B, Deri Road, Near Diamond Chowk, Krishnanagar,
Bhavnagar, Gujarat - 364001

Consumer Products Division

Salt Works & Refinery:

(a) Kadinal Vayal, Vedaranyam, Distt. Nagapattanam,
Tamil Nadu – 614707

(b) Nemeli Road, Thiruporur, Distt.: Kancheepuram,
Tamilnadu – 603110

Textile Division:

Plant – Yarn Division

(a) Paravai, Samayanallur P.O, Distt.: Madurai,
Tamil Nadu – 625402

(b) Thiagesar Alai P.O, Manaparai, Distt.: Trichy,
Tamil Nadu – 621312

Plant - Home Textile Division

S. No. 191 & 192, Mahala Falia, Village - Bhilad,
Distt.: Valsad, Vapi, Gujarat - 396191

Wind Energy Division

(a) Muppandal, Village: Irukkandurai, Post: Sankaneri,
Taluk: Radhapuram, Distt.: Tirunelveli, Tamil Nadu

(b) Village: Chinnaputhur, Taluk: Dharapuram,
Distt.: Erode, Tamil Nadu

(c) Village: Kayathar, Distt.: Tuticorin, Tamilnadu.

— BANKERS / FINANCIAL INSTITUTIONS —

State Bank of India
Export Import Bank of India
IDBI Bank
Canara Bank
Oriental Bank of Commerce
Union Bank of India
Dena Bank
HDFC Bank
Axis Bank
Bank of Bahrain & Kuwait
IDFC First Bank
Shinhan Bank

DETAILS OF REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited,
C101, 247 Park, L. B. S. Marg, Vikhroli (West),
Mumbai 400083.
Tel No: +91 22 49186270
Fax: +912249186060
(Email : rnt.helpdesk@linkintime.co.in)

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Annual General Meeting

Thursday, May 30, 2019

Time

9:30 A.M.

Venue

The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad - 380 006 (Opp. Gajjar Hall)

Book Closure Date

From Friday, May 24, 2019 to Thursday, May 30, 2019 (Both days inclusive)

Important Communication to Members

Ministry of Corporate Affairs had announced "green initiatives in the Corporate Governance" and permitted companies to service notices/documents including Annual Report to the members of the company on their email addresses.

All those Shareholders who have not yet registered their email ids or holding shares in physical form are requested to register their email ids with NSDL/CDSL and/or our RTA.



Creating Value Responsibly - Supporting the Balance of Life

At GHCL, we believe in a stakeholder centric, holistic approach based on the four pillars of Business Excellence, Traceability, Sustainability and Giving back to society. These four pillars enable and guide us towards making responsible and informed choices. We chose the honey bee to represent this philosophy and the work ethos at GHCL. The Honeybee is an industrious, highly social insect operating within a teamwork-based community, to ensure a healthy planet which allows a diverse number of different species to co-exist. There is no doubting the contribution of bees. Without them, our gardens would be bare and our plates empty.

Though tiny in size, these pollinators are impossible to ignore. Maintaining a green earth, they support the growth of trees, flowers, and other plants, which serve as food and shelter. A perfect example of harmonious co-existence and tireless work ethic, we owe these astonishing yet often unappreciated creatures a lot.

The leadership team at GHCL believes that as an organisation, we can be viable only if our operating context is sustainable and the basic needs of all involved parties are taken into account. It is imperative that we acknowledge the interests of all our stakeholders as well as the future generations. The honeybee philosophy ensures, that we care for and develop our people, protect the interests of local communities, create value, in various ways, for our customers, suppliers and investors while trying to protect the planet and enhance our brand image through ethical behaviour.



Basis of presentation of the Report

We present GHCL Limited's first Integrated Annual Report for FY 2018-19, which has been prepared in alignment with the <IR> Framework laid down by the International Integrated Reporting Council (IIRC). In preparing the non-financial information in the Report, GRI (Global Reporting Initiative) Standards, National Voluntary Guidelines and United Nations Global Compact principles were considered. The financial and statutory data is based on the requirements of the Companies Act, 2013 (including the Rules made thereunder and Accounting Standards), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards.

Reporting Period

The Report covers all material financial and non-financial issues relating to GHCL Limited for the period April 1, 2018 to March 31, 2019.

Assurance on financial statements has been provided by independent auditors S.R. Batliboi & Co. LLP and non-financial statements by Ernst & Young Associates LLP.

Independent Assurance

Forward looking statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements that involve risks and uncertainties. When used in this discussion, the words “anticipate”, “believe”, “estimate”, “intend”, “will”, and “expected” and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements and risks and opportunities could differ materially from those expressed or implied in such forward-looking statements. The important factors that would make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets, raw material prices, changes in the Governmental regulations, labour negotiations, tax laws and other statutes, economic development within India and the countries within which the Company conducts business and incidental factors. The Company undertakes no obligation to publicly amend, modify or revise any forward-looking statements on the basis, of any subsequent developments, information or events.



Chairman's message

Dear Shareholders,

It gives me immense pleasure to share our performance for the fiscal year 2018-19 and prospective for the ensuing year.

In the last fiscal ended March 2019, the Indian economy reportedly grew at 7.3% due to an upswing in consumption and investments especially during the second half of the year. Despite higher oil prices and rupee depreciation putting pressure on demand, positives like lower inflation, structural reforms including the new Insolvency and Bankruptcy Code, smoother implementation of the Goods and Services Tax (GST), and bank recapitalization is aiding higher growth prospects. In fact for the first time, India is expected to record fastest growth in economy at 7.5% as compared to 6.2% for China.



In the same fiscal, your company delivered a heartening performance as a result of continued focus on growth momentum, value-addition, contemporary product ranges and creating shareholder value. In FY19, GHCL registered a revenue of around Rs. 3385 Crore as against Rs. 2968 Crore in FY18, profit before financial expenses and depreciation for FY19 is Rs. 784 Crore as compared to Rs. 649.17 Crore for FY18. PBT (profit before tax) for FY19 is at Rs. 541 Crore compared to Rs. 415 Crore in FY18. In accordance with our objective of increasing shareholder value and best corporate governance practices, the company has declared a dividend of Rs. 5 per share at a healthy dividend payout of 16.38%.

The last fiscal witnessed a healthy growth in the demand for Soda Ash globally, except for China where there was a slowdown. The domestic Soda Ash market witnessed a growth in demand of around 5% in FY19. Your company successfully completed its brownfield capacity expansion increasing the current capacity to 11 Lakh tonnes during FY 19. Your company produced 9.7 Lakh tonnes of soda ash in fiscal year 2018-19 and achieved highest sales at 9.3 Lakh tonnes. The next fiscal indicates stable demand for soda ash with the main drivers being strong growth in detergent and float glass, and silicate and chemical sectors. In order to responsibly maximize value for stakeholders, your company has strengthened its Research and Development (R & D) activities so as to improve operational efficiency and productivity, and introduced innovative solutions, by focusing on environmental sustainability and energy conservation projects among other measures.



Consumer Products Division, under the brand I-FLO, expanded its product portfolio and increased the number of SKUs to more than 60. With improved market reach, distribution, and an integrated approach to marketing, it aims to consolidate its business in all operating locations.

The Textiles business, despite global headwinds has registered a Revenue of Rs. 1202 Crores as compared to Rs. 1046 Crores for FY18. The headwinds were mostly caused by a surge in online sales coupled with a shift in the wallet spends by the millennial customer which led to several retailers in the US filing for bankruptcy and rampant store closures. We were able to avert this situation due to our strategic focus on the four pillar strategy which revolves around sustainability, traceability, innovation and giving back to society. The competitive advantage of strengthening the marketing, product development and operating teams is now evident and is likely to result in huge improvement in the proliferation of business across geographies, with better margins, in times to come. In September 2018, “CIRKULARITY”, a brand that supports the Circular Economy and focusses on the 3 R's – Reduce, Reuse and Recycle was launched. MEDITASI, a unique range of bedding that promotes “health and wellness”, and NILE HARVEST a range of completely traceable Egyptian cotton bedding was launched in March 2019.

GHCL has also stepped up its focus on the e-commerce business in the US and is working with major retailers like Amazon, Walmart, J C Penney etc. The company has launched its own Dot Com brand called AURAA, which sells primarily on Amazon and is getting good reviews and ratings. The Yarn division's performance bettered further compared to 2017-18 which is mostly attributable to introduction of Air jet spinning and addition of value added yarn segment. Both these initiatives have evoked a positive response from the customers.

In FY19, your company was recognized as one of the “Best Workplaces in Manufacturing Sector” by Great Place to Work Institute, consecutively for the second year in a row. GHCL also won the Dun & Bradstreet Corporate Award, 2018 for its outstanding performance. A Gold Award for quality control by International Convention on Quality Concept Circle (ICQCC) and Singapore and India and Manufacturing Excellence (IME) Awards 2018 award by Frost & Sullivan are a few more recognitions received by GHCL.

Sustainability is a core element of your Company's four pillar business strategy based on Responsible Stewardship, Social Inclusiveness, Promoting Relationship and Adding Value. As a proponent of inclusive growth, GHCL believes in giving back to the society, thus undertaking projects for overall development and welfare. Through its “GHCL Foundation Trust” the Company spent Rs. 9.10 cr on CSR activities in FY19.







In order to support your company's belief in sustainable development through harmonious economic growth, social inclusion and environment protection, your company has decided to adopt governance based reporting and the <IR> framework developed by the International Integrated Reporting Council. I present to you, the first Integrated Report as a part of this Annual Report

I conclude by thanking all of you for supporting GHCL in its Mission to responsibly maximize value for all its stakeholders.

Sanjay Dalmia
Chairman



Performance snapshot

| | Inputs |
|---|---|
| Financial Capital  | <ul style="list-style-type: none"> -INR 3385 crore revenue generated -INR 361 crore Profit after tax (PAT) -19% CAGR growth in net profit since FY'15 |
| Manufactured Capital  | <ul style="list-style-type: none"> -Highest ever Soda ash production of 9.7 lakh MT with preponement of brownfield expansion -27k MT Yarn production -25 Million meter sheeting production in Home Textiles |
| Intellectual Capital  | <ul style="list-style-type: none"> -17 New products launched during the year by Textile division -Over 1100 kaizens identified during the year -9.5% revenue share of new products for CPD |
| Human Capital  | <ul style="list-style-type: none"> -Among top 25 organizations to work for in the Manufacturing sector in India -5,000+ permanent workforce -70 k Man-hours of formal training |
| Social & Relationship Capital  | <ul style="list-style-type: none"> -INR 25.88 crores worth CSR projects executed -INR 9.10 crore CSR contribution by GHCL -Over 1 lakh beneficiaries of CSR projects |
| Natural Capital  | <ul style="list-style-type: none"> -7% share of bio-degradable cloth packaging in HT Division -27.3 MW of installed renewable power generation capacity -Around 1,00,000 tons of fuel replaced through briquetting of coke fines |



Honours, Awards & Certifications



Some of our Products

Home Textile Division- Innovative Concepts



Consumer Product Division



The choice of a healthy family





Following The Revolutionary Path of Purity

www.iflo.co.in | Toll Free No: 1800 2700 445