

Result Update

Q1 FY26

GHCL Ltd.

Institutional
Research

Steady margin despite pricing pressure, future growth levers to capacity addition

Result Highlights:

GHCL reported a revenue decline of 4.2% YoY / up 1.8% QoQ to Rs. 7,959mn, primarily due to lower soda ash realizations despite stable volumes. The company soda ash production volumes were broadly stable compared to last year, with a slight increase sequentially, though the company is already operating near its rated capacity. EBITDA for the quarter decreased 9.0% YoY / down 9.6% QoQ to Rs. 1,972 mn, and EBITDA margin contraction by 314 bps QoQ to 24.8%, on account of reduced price spread and seasonal factors, partly offset by operating efficiencies. Net profit for the quarter decreased 4.3% YoY / down 4.1% QoQ to Rs. 1,441 mn, while the PAT margin came at 18.1% versus 19.2% in the previous quarter. reflecting effective cost control despite softer pricing. Management highlighted a challenging global soda ash environment with oversupply and price pressure expected to persist for the next 2–3 quarters, while Indian demand remains strong at 5–6% growth. Bromine and vacuum salt projects are on track for commissioning in late FY26, with meaningful contributions expected from FY27.

Valuation and Outlook

GHCL Ltd quarterly revenue performance reflects the impact of persistent global oversupply and muted Chinese demand, with stable soda ash volumes unable to offset pricing pressure. On the margin front, GHCL maintained healthy profitability despite pricing headwinds, with Q1FY26 EBITDA margin at 27.3%, only slightly lower annually, though down sequentially due to a narrower spread between realizations and costs as well as seasonal factors. As we advance, management expects the next two to three quarters to remain challenging due to global soda ash oversupply, muted Chinese demand, and pricing pressure, though domestic demand is projected to grow 5–6% in FY26, led by glass, detergent, and solar sectors. Capacity utilization remains high at 90–95%, limiting near-term volume growth until new capacities come on stream. The bromine and vacuum salt projects are on track for commissioning in late FY26, with meaningful contributions expected from FY27, while the greenfield soda ash expansion is expected to drive long-term growth and cost competitiveness. The company remains focused on operational efficiencies, product diversification, and prudent capital allocation to navigate the downcycle and capture opportunities from India's renewable energy and infrastructure growth.

Key Highlights

Particulars (Rs. mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Net Sales	7,959	8,305	-4.2%	7,815	1.8%
Gross Profit	5,249	5,321	-1.4%	5,404	-2.9%
Gross Margin (%)	66.0%	64.1%	188bps	69.2%	-321bps
EBITDA	1,972	2,168	-9.0%	2,182	-9.6%
OPM (%)	24.8%	26.1%	-133bps	27.9%	-314bps
Net Profit	1,441	1,506	-4.3%	1,503	-4.1%
PAT Margin (%)	18.1%	18.1%	-3bps	19.2%	-112bps

Source: Company, BP Equities Research

Sector Outlook

Neutral

Stock

CMP (Rs.)	562
BSE code	500171
NSE Symbol	GHCL
Bloomberg	GHCL IN
Reuters	GHCH : BO

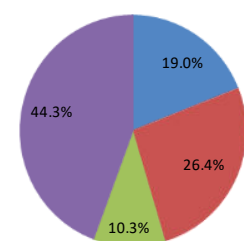
Key Data

Nifty	24,574
52 Week H/L (Rs.)	779/511
O/s Shares (Mn)	95
Market Cap (Rs. bn)	54
Face Value (Rs.)	10

Average Volume

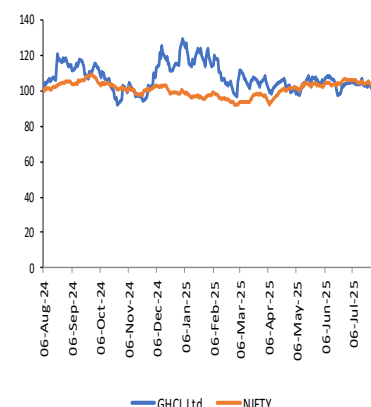
3 months	167,210
6 months	176,930
1 year	329,970

Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

Relative Price Chart



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Key Concall Highlights

Soda Ash Market Outlook:

The global soda ash market remains under pressure due to significant capacity additions over the past two years, particularly in China, leading to persistent oversupply and softer international prices. Demand recovery in China has been slower than anticipated, keeping export pressure high, while elevated inventories in key markets continue to weigh on realizations. In India, the market remains relatively resilient with expected demand growth of 5–6% in FY26, driven by detergents, container glass, and the rapidly expanding solar glass segment under the green energy push. However, domestic prices are likely to stay under pressure in the near term due to cheaper imports and global market weakness.

Pricing Outlook:

The company expects pricing to remain subdued over the next two to three quarters, weighed down by persistent global oversupply, muted Chinese demand, and competitive import pressures in the Indian market. While domestic demand growth of 5–6% provides some support, the supply-demand imbalance globally is likely to cap any near-term upside in realizations. Prices may stabilize gradually once high-cost producers begin restraining output and incremental capacity absorption improves, with a more meaningful recovery anticipated from FY27 as structural demand from solar glass, lithium carbonate, and other value-added applications gains traction.

Cost Optimization:

The company continues to focus on cost optimization through improved operational efficiencies, enhanced raw material sourcing strategies, and process improvements aimed at reducing energy and logistics costs. The company's integrated manufacturing setup and access to low-cost raw materials provide a structural cost advantage over peers, helping sustain healthy margins even in a weak pricing environment. Ongoing debottlenecking, technology upgrades, and waste heat recovery initiatives are expected to further lower unit production costs, ensuring competitive positioning and profitability resilience during the current soda ash downcycle.

"GHCL growth plan execution remains on track, with several projects expected to contribute to growth from FY '26."

End-user Segment:

The company soda ash caters primarily to the detergent industry, container and flat glass manufacturers, and the fast-growing solar glass segment, with smaller contributions from chemicals and other industrial applications. In India, detergents remain the largest consumption segment, providing stable base demand, while glass applications particularly solar glass are emerging as a high-growth driver under the country's renewable energy expansion. Additional demand is supported by lithium carbonate production, benefiting from the global shift towards electric vehicles and energy storage.

Capex

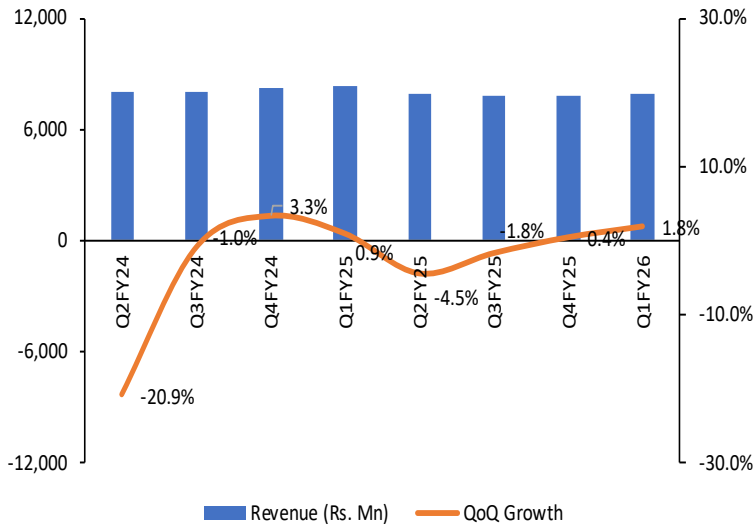
The company is progressing with its strategic capex plans, which include the bromine and vacuum salt projects slated for commissioning in late FY26, both expected to contribute meaningfully from FY27. Additionally, the company is advancing its large-scale greenfield soda ash expansion, to be executed in phased commissioning by FY29–30, with minimal gap between phases to optimize capital efficiency and meet long-term demand growth.

Key Growth Areas:

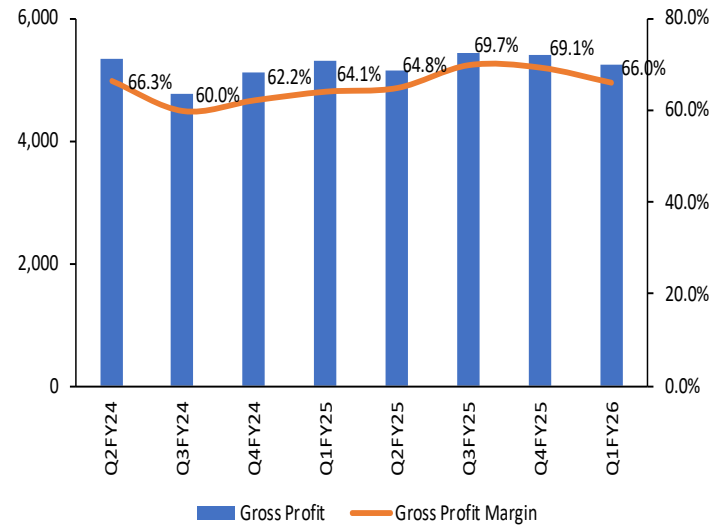
The company growth will be driven by strategic diversification into higher-value products and tapping emerging demand sectors. The bromine and vacuum salt projects, expected to come onstream in late FY26, will open new revenue streams with attractive margin profiles. Rising consumption from the solar glass industry, lithium carbonate applications, and steady growth in detergent and container glass segments provide strong end-market support.

Quarterly Snapshots

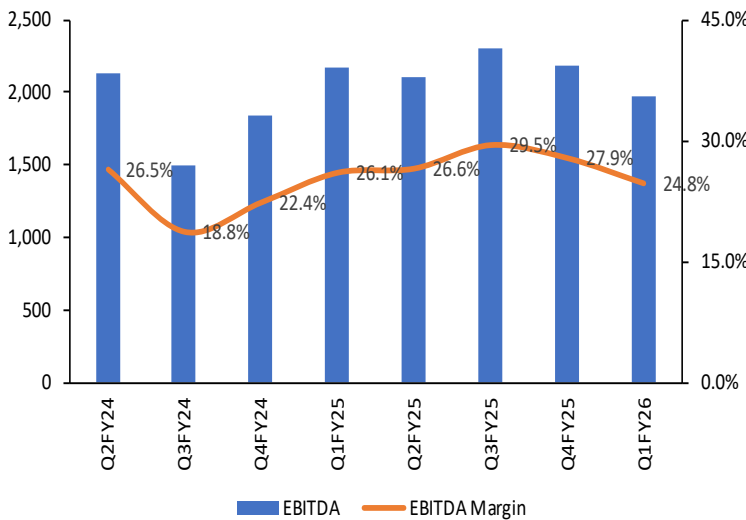
Revenues to grow at a healthy pace (Rs. Mn)



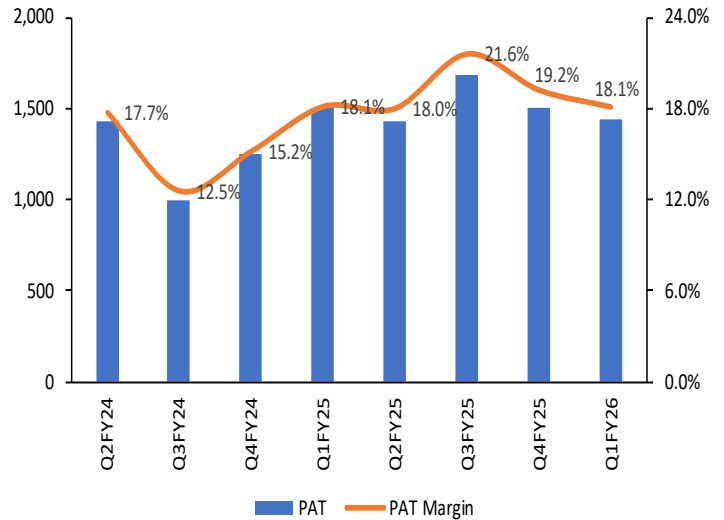
Gross Margin to remains stable (Rs. Mn)



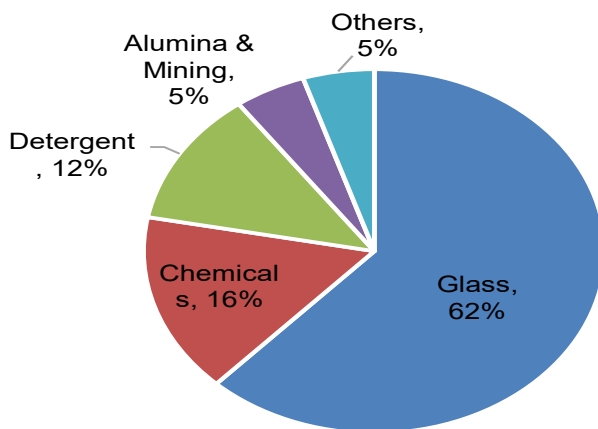
Operating Margin remains healthy (Rs. Mn)



PAT Margin remains steady (Rs. Mn)



Global Demand by User Segment



Global Soda Ash Industry Size

Plants	Capacity (MMT)	Production MMT
USA	14	11
China	39	39
Europe& Turkey	15	12
India	4.5	3.9
ROW	7	5

Source: Company, Bpwealth Research

Key Financials

YE March (Rs. mn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	45,454	34,470	31,830	33,215	36,850
Growth %	48.9%	-24.2%	-7.7%	4.4%	10.9%
EBIDTA	14,814	8,510	8,760	9,240	10,650
Growth%	103.3%	-42.6%	2.9%	5.5%	15.3%
Net Profit	11,167	7,940	6,240	6,450	7,250
Growth %	75.2%	-28.9%	-21.4%	3.4%	12.4%
Diluted EPS	116.8	82.9	65.2	66.8	75.1

Profitability & Valuation

EBIDTA (%)	32.6%	24.7%	27.5%	27.8%	28.9%
NPM (%)	24.6%	23.0%	19.6%	19.4%	19.7%
ROE (%)	28.4%	26.7%	17.9%	15.7%	15.2%
ROCE (%)	33.3%	20.9%	24.5%	21.4%	20.6%
P/E (x)	4.8	6.8	8.6	8.4	7.5
EV/EBITDA (x)	4.0	6.4	6.4	6.3	5.3
Net Debt/ EBITDA (x)	0.1	-0.3	-0.3	-0.2	-0.1

Source: Company, Bloomberg Estimates

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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