

Result Update

Q3 FY26

GHCL Ltd.

Institutional
Research

Stable earnings amid pricing headwinds, supported by cost efficiency

Result Highlights

GHCL reported revenue of Rs. 7,565mn, reflecting a sequential increase from Q2FY26. However, it remained lower than the corresponding quarter of the previous year due to lower market realizations. EBITDA for the quarter decreased 31.0% YoY / up 0.9% QoQ to Rs. 1,587 mn, while EBITDA margin contracted by 83bps QoQ to 21.0%, impacted by lower realizations due to increased imports and weak global pricing. Net profit for the quarter decreased 37.1% YoY / down 0.6% QoQ to Rs. 1060 mn, while the PAT margin came at 14.0% versus 14.8% in the previous quarter. The domestic soda ash market continues to navigate significant headwinds, primarily driven by a persistent influx of cheap imports and aggressive global pricing strategies. Despite continued soda ash exports to the Indian market, GHCL has maintained its industry-leading margins. The bromine and vacuum salt projects are in the final stages of completion, with commissioning expected by the end of Q4FY26, offering new avenues for diversification and higher margins.

Valuation and Outlook

GHCL Ltd reported a steady quarterly performance amid a challenging global soda ash environment, supported by healthy volume growth despite a planned maintenance shutdown, while EBITDA margins reflecting pressure from lower realizations and elevated imports, partly mitigated by strong cost controls and operational efficiencies. The company remains focused on diversifying beyond soda ash through value-accretive projects such as the bromine and vacuum salt capacities, expected to be commissioned by end-FY26, which should gradually improve product mix and margin profile, while its robust net cash position provides balance sheet strength. While the greenfield soda ash expansion faces regulatory and land-related delays, management's long-term growth vision remains intact, with commissioning now pushed towards the end of the decade. As we advance, the outlook remains cautiously optimistic, with earnings expected to improve in H2FY26 and FY27 led by normalization in global supply-demand dynamics, benefits from cost efficiencies, incremental contribution from new projects, and sustained domestic demand, though near-term realizations and import intensity remain key monitories.

Key Highlights

Particulars (Rs. mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Net Sales	7,565	7,787	-2.8%	7,213	4.9%
Gross Profit	4,669	5,425	-13.9%	4,791	-2.6%
Gross Margin (%)	61.7%	69.7%	-795bps	66.4%	-471bps
EBITDA	1,587	2300	-31.0%	1,572	0.9%
OPM (%)	21.0%	29.5%	-857bps	21.8%	-83bps
Net Profit	1,060	1,684	-37.1%	1,067	-0.6%
PAT Margin (%)	14.0%	21.6%	-762bps	14.8%	-78bps

Source: Company, BP Equities Research

Sector Outlook

Neutral

Stock

CMP (Rs.)	572
BSE code	500171
NSE Symbol	GHCL
Bloomberg	GHCL IN
Reuters	GHCH : BO

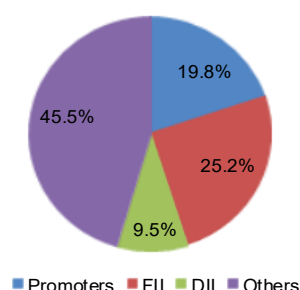
Key Data

Nifty	25321
52 Week H/L (Rs.)	779/511
O/s Shares (Mn)	92
Market Cap (Rs. bn)	48
Face Value (Rs.)	10

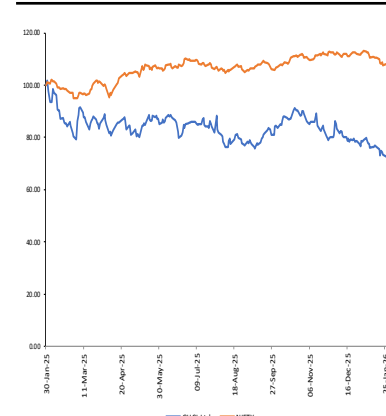
Average Volume

3 months	168,275
6 months	153,227
1 year	170,117

Share Holding Pattern (%)



Relative Price Chart



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Key Concall Highlights

Soda Ash Market Outlook:

Management highlighted that Indian soda ash demand remains structurally strong, growing at ~5% in FY26, with expectations of 5.5–6% growth in FY27, supported by steady demand from detergents, chemicals and flat glass, and a sharp acceleration in solar glass demand. Solar glass demand alone is expected to rise from ~11,000 tonnes/month currently to ~28,000 tonnes/month by March 2027, implying incremental demand of ~2.4–2.5 lakh tonnes annually. Globally, the market remains oversupplied due to large natural soda ash capacity additions in China, while Europe and the US continue to see muted demand.

Pricing Outlook:

Soda ash realizations declined ~3% QoQ in Q3FY26 amid elevated imports and global oversupply. Management indicated that current prices appear close to the bottom of the cycle, as prevailing prices are uneconomical for several global producers, particularly synthetic soda ash players.

Cost Optimization:

Despite pricing pressure, GHCL maintained stable margin, supported by sustained operational efficiencies and cost control initiatives. Management emphasized that cost optimization is an ongoing cultural focus, with continued opportunities across raw material consumption, power, steam efficiency, and operational processes.

End-user Segment Trends:

Demand from solar glass is emerging as a key structural growth driver, aided by removal of duty exemptions on imported solar glass and commissioning of new domestic capacities. Traditional end-user segments such as detergents, chemicals, and flat glass continue to grow steadily at ~4–5%. Management noted that Indian demand remains far more resilient compared to Europe and China, positioning domestic producers favorably over the medium term.

“Despite a planned maintenance shutdown resulting in ~20,000 tonnes of production loss, GHCL delivered healthy sales volumes, aided by inventory liquidation and stable domestic demand.”

Capex:

During 9MFY26, GHCL incurred ~Rs. 226 crores of Capex, primarily towards the bromine and vacuum salt projects, along with routine maintenance capex for existing soda ash operations. Both bromine and vacuum salt projects are in the final stages and are expected to be commissioned by end-Q4FY26. Greenfield soda ash expansion has been delayed due to land acquisition challenges, with commissioning now targeted around FY30, subject to regulatory progress.

Key Growth Areas:

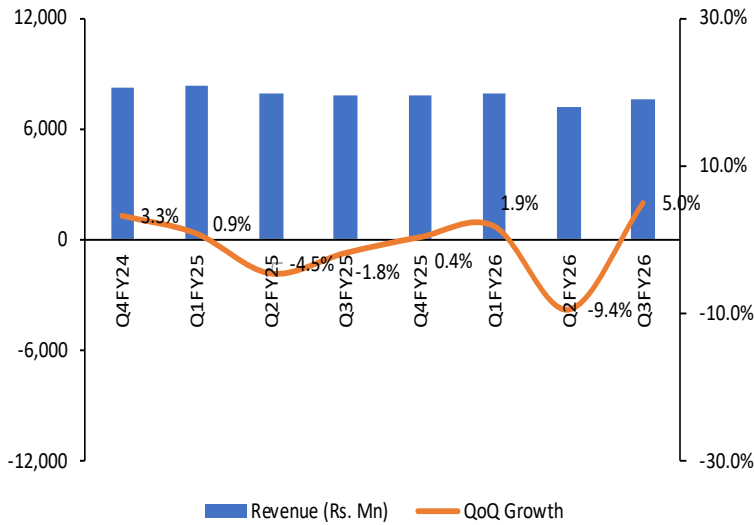
Management identified product diversification as a strategic priority. Bromine and vacuum salt will add high-margin incremental earnings, though revenue contribution will remain modest in the near term. Bromine margins are expected to be structurally superior due to integration with existing salt operations and low incremental cost.

Other Highlights:

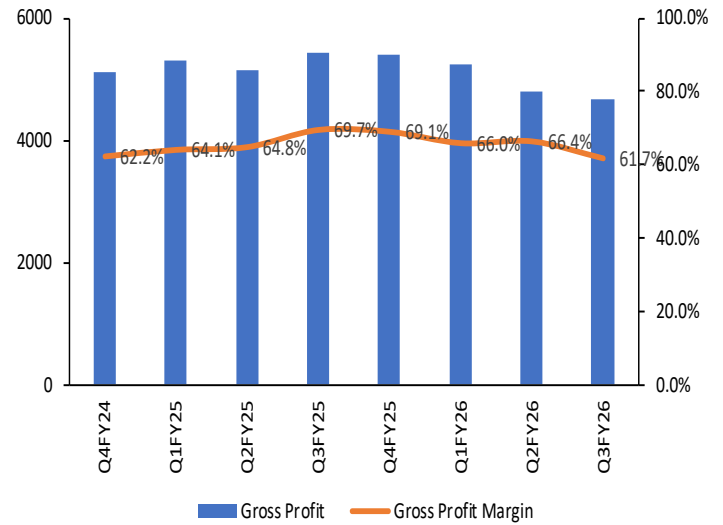
- Plant operations have since stabilized, and management expects normalized utilization levels in H2FY26.
- Management clarified that no anti-dumping duty has been imposed so far, and near-term relief from imports remains uncertain.
- India continues to remain supply-constrained structurally, with domestic capacity additions lagging demand growth.

Quarterly Snapshots

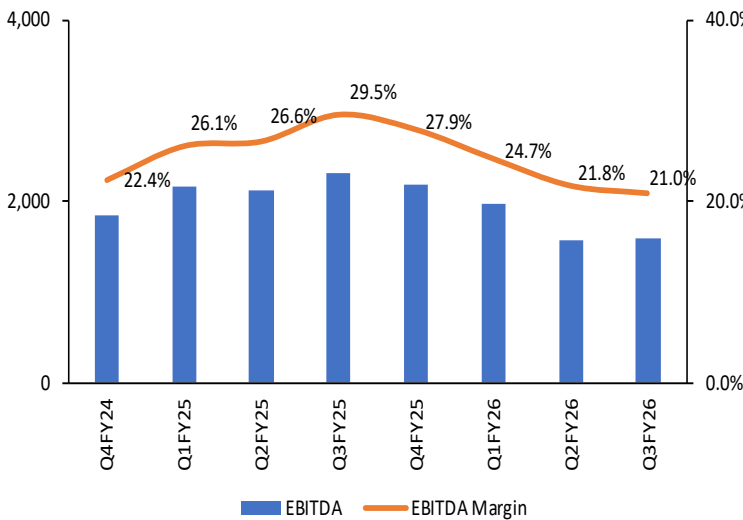
Revenues to Grow at a Healthy Pace (Rs. Mn)



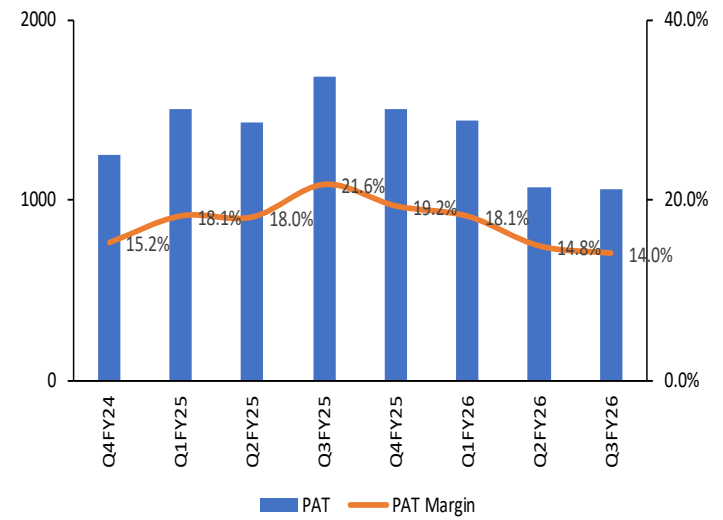
Gross Margin to Remains Stable Rs. Mn



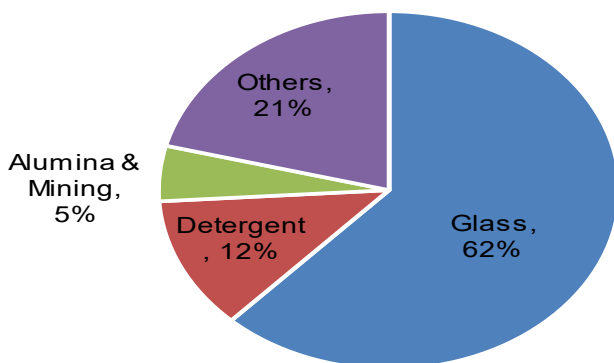
Operating Margin to Witness Recovery Rs. Mn



PAT Margin to Improve Going Ahead 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	35,216	37,978
Growth %	48.9%	-24.2%	-7.7%	10.6%	7.8%
EBIDTA	14814	8,510	8,770	8,972	10,514
Growth%	103.3%	-42.6%	3.1%	2.3%	17.2%
Net Profit	11167	7,940	6,240	6,307	7,019
Growth %	75.2%	-28.9%	-21.4%	1.1%	11.3%
Diluted EPS	116.8	82.9	65.2	66.0	73.4

Profitability & Valuation

EBIDTA (%)	32.6%	24.7%	27.6%	25.5%	27.7%
NPM (%)	24.6%	23.0%	19.6%	17.9%	18.5%
ROE (%)	28.2%	26.7%	17.9%	17.2%	18.2%
ROCE (%)	33.3%	23.4%	20.9%	21.4%	20.9%
P/E (x)	4.5	6.4	8.1	8.0	7.2
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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