

Result Update

Q4 FY26

GHCL Ltd.

Institutional
Research

Stable earnings amid pricing headwinds, supported by cost efficiency

Result Highlights

GHCL Ltd reported a revenue increase of 1.2% YoY / up 4.5% QoQ to Rs. 7,905mn, reflecting sequential improvement supported by better domestic volumes and realisations. EBITDA for the quarter decreased 19.5% YoY / up 10.7% QoQ to Rs. 1,756mn, while EBITDA margin expanded by 124bps QoQ to 22.20%, led by improved domestic soda ash realisations, better operating leverage, cost optimisation initiatives, and operational efficiencies despite continued pressure from elevated coal, limestone, energy, and freight costs. Net profit for the quarter decreased 21.4% YoY / up 13.2% QoQ to Rs. 1,200mn, while PAT margin improved to 15.2% versus 14.0% in the previous quarter. Domestic soda ash demand remained healthy, particularly in the solar glass segment, while higher shipping costs and rupee depreciation reduced import competitiveness and supported domestic realisations. Management also highlighted that the industry-wide inventory correction in March aided pricing recovery, while proactive raw-material inventory planning ensured supply stability amid ongoing geopolitical disruptions.

Valuation and Outlook

GHCL Ltd. reported a steady Q4FY26 performance, with a sequential improvement in profitability. EBITDA margin expanded, driven by better domestic realisations, healthy volume growth, easing inventory pressure, and continued cost optimisation despite elevated coal, limestone, and freight costs. Management indicated that domestic soda ash demand remains robust, particularly from the solar glass segment, while reduced import competitiveness due to higher shipping costs and rupee depreciation has supported the Indian market. The company also maintained strong balance-sheet discipline, distributing nearly 87% of FY26 PAT through dividends and buybacks while continuing to invest in future growth projects. Looking ahead, management remains cautiously optimistic. Full commissioning of the high-margin Bromine and Vacuum Salt projects in Q1FY27 is expected to create a new earnings layer with EBITDA margins of 40%- 45%, supporting profitability diversification, margin expansion, and earnings growth. Additionally, ongoing efforts to improve the dense soda ash production mix from existing assets without significant incremental capex are expected to improve operational efficiency and return ratios. Although global soda ash markets continue to face oversupply and pricing pressure driven by elevated Chinese inventories, management believes the domestic industry is approaching an inflexion point, with improving realisations, healthier demand trends, and easing import pressures. At the same time, the long-term growth outlook remains supported by the planned green-field soda ash expansion project.

Key Highlights

Particulars (Rs. mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Net Sales	7,905	7,815	1.2%	7,565	4.5%
Gross Profit	4,995	5,404	-7.6%	4,669	7.0%
Gross Margin (%)	63.2%	69.2%	-597bps	61.7%	148bps
EBITDA	1,756	2,182	-19.5%	1,587	10.7%
OPM (%)	22.2%	27.9%	-570bps	21.0%	124bps
Net Profit	1,200	1,526	-21.4%	1,060	13.2%
PAT Margin (%)	15.2%	19.5%	-435bps	14.0%	116bps

Source: Company, BP Equities Research

Sector Outlook

Neutral

Stock

CMP (Rs.)	527
BSE code	500171
NSE Symbol	GHCL
Bloomberg	GHCL IN
Reuters	GHCH : BO

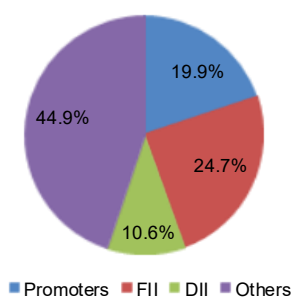
Key Data

Nifty	25321
52 Week H/L (Rs.)	667/419
O/s Shares (Mn)	92
Market Cap (Rs. bn)	48
Face Value (Rs.)	10

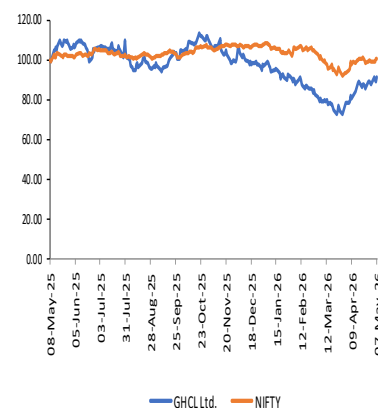
Average Volume

3 months	144,919
6 months	154,072
1 year	152,340

Share Holding Pattern (%)



Relative Price Chart



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Key Concall Highlights

Soda Ash Market Outlook:

The global soda ash market continues to face headwinds from persistent oversupply and elevated Chinese inventories, which have kept international pricing under pressure over the past 2 to 3 years. However, management indicated that the Indian soda ash market is witnessing relatively positive trends, supported by healthy domestic demand growth, particularly from the rapidly expanding solar glass segment. Higher shipping costs, geopolitical disruptions, and rupee depreciation have reduced import competitiveness into India, easing domestic inventory levels and improving local realizations.

Pricing Outlook:

Pricing trends are expected to remain gradually constructive in the domestic market, although global geopolitical developments and energy cost volatility may continue to create near-term fluctuations.

Cost Optimization:

The company continued to focus on cost optimization and operational efficiency initiatives to safeguard profitability amid a challenging pricing environment and elevated input cost pressures. Despite higher coal, limestone, freight, and energy costs driven by geopolitical disruptions, the company delivered sequential margin improvement supported by tighter cost controls, improved operating efficiencies, and disciplined raw material management. Management also maintained adequate raw material inventory covering nearly four to five months to ensure supply stability and mitigate procurement volatility, while selectively passing on a portion of the increased input costs to customers, thereby supporting margin resilience during the quarter.

End-user Segment Trends:

Healthy demand trends across key end-user segments, with the solar glass industry emerging as the primary growth driver for domestic soda ash demand. Management indicated that incremental demand from newly commissioned solar glass capacities is ramping up steadily, contributing several thousand tons of additional monthly consumption, with further upside expected going forward.

Capex:

The company incurred capital expenditure of Rs. ~265 crores in FY26, largely directed toward the Bromine and Vacuum Salt projects, which are in the final stages of commissioning and are expected to be fully operational in Q1FY27. The company's capital work-in-progress stood at nearly Rs. 450 crores, with around Rs. 300 crores likely to be capitalized in Q1FY27, indicating the commencement of a new earnings stream from FY27 onward. Management also reiterated its long-term growth strategy through the proposed greenfield soda ash expansion project, although execution timelines remain subject to land acquisition progress.

Key Growth Areas:

Management identified multiple growth drivers for the medium to long term, led by robust domestic soda ash demand from the fast-growing solar glass segment and improving demand trends across the broader glass industry. The upcoming Bromine and Vacuum Salt projects, fully commissioned in Q1FY27, are expected to create a new high-margin earnings stream and support profitability diversification beyond the core soda ash business.

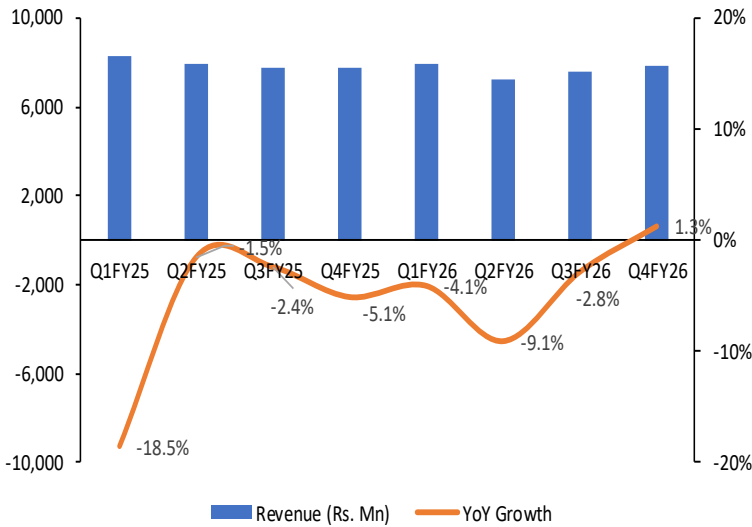
Other Highlights:

Demand from the broader glass industry remains stable, supporting healthy domestic volume growth despite weak global market conditions.

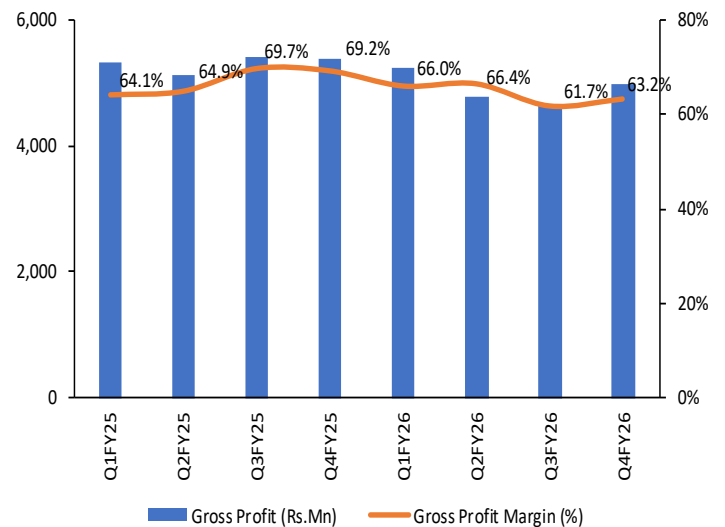
“The company highlighted continued growth potential in the sodium bicarbonate segment, where utilisation levels have already reached 80%–85% following recent capacity expansion.”

Quarterly Snapshots

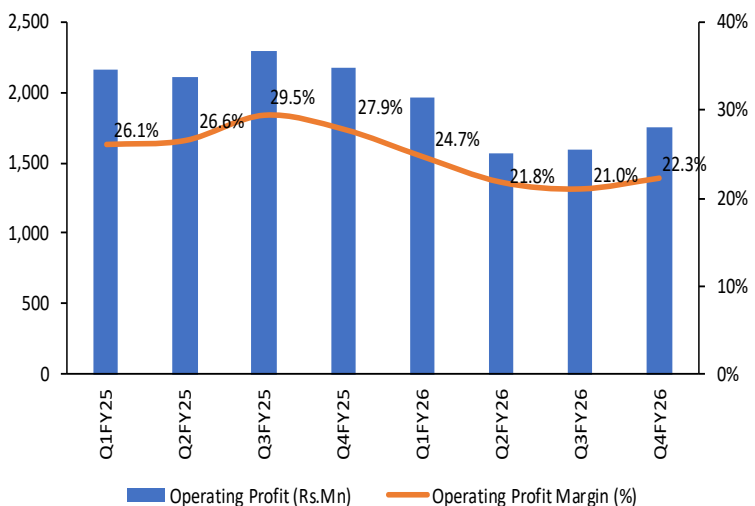
Revenues witnessed a positive growth trend



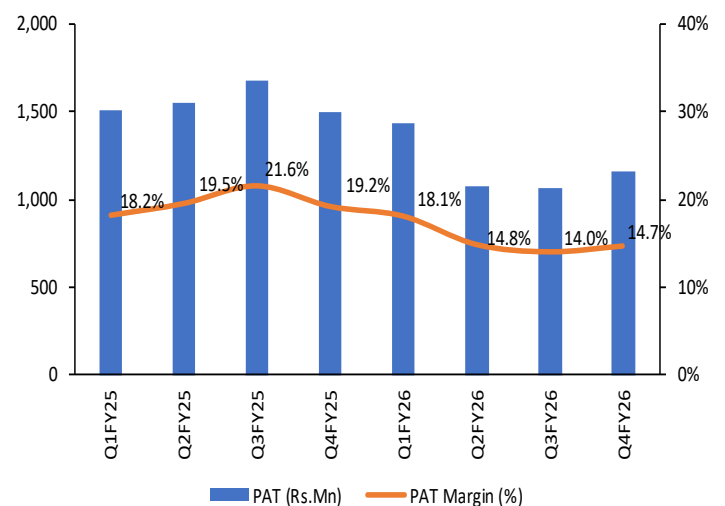
Gross margin remained stable



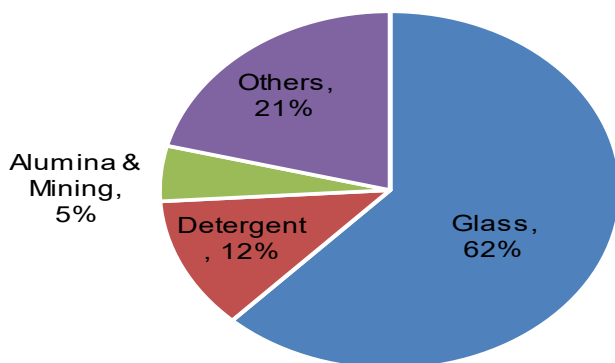
Operating margins improved



PAT margins remained sustained



Global demand by user segment



End user segment demand

End User Segment	India	Global
Glass	31%	62%
Detergent	34%	12%
Bi-Carbonate	10%	5%
Other	25%	21%

Source: Company, Bpwealth Research

Key Financials

YE March (Rs. mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	45,454	34,470	31,830	30,640	33,014	36,269
Growth %	48.9%	-24.2%	-7.7%	-3.7%	7.7%	9.9%
EBIDTA	14,970	8,510	8,770	6,890	8,225	10,699
Growth%	52.4%	-43.2%	3.1%	-21.4%	19.4%	30.1%
Net Profit	11,167	7,940	6,240	4,720	5,532	6,763
Growth %	75.2%	-28.9%	-21.4%	-24.4%	17.2%	22.3%
Diluted EPS	116.8	82.9	65.2	51.4	68.6	76.4

Profitability & Valuation

EBIDTA (%)	32.9%	24.7%	27.6%	22.5%	24.9%	29.5%
NPM (%)	24.6%	23.0%	19.6%	15.4%	16.8%	18.6%
ROE (%)	28.2%	26.7%	17.9%	13.3%	13.5%	14.1%
ROCE (%)	32.5%	23.5%	21.2%	15.9%	16.1%	18.9%
P/E (x)	4.5	6.4	8.1	10.3	7.7	6.9
EV/EBITDA (x)	3.3	5.2	5.0	6.8	5.9	4.5
Net Debt/ EBITDA (x)	0.1	-0.3	-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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