GHCL Limited

August 10, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	825.00	CARE AA-; Stable / CARE A1+	Reaffirmed
Long-term bank facilities	RBI	54.95 (Reduced from 85.65)	CARE AA-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of GHCL Limited (GHCL) continue to derive strength from its established position as India's second-largest soda ash manufacturer in the oligopolistic domestic industry, supported by partial captive availability of key raw materials, captive renewable power sources to an extent, and long-standing relationships with leading glass and detergent manufacturers. Ratings also factor in GHCL's large scale of operations, consistent healthy capacity utilisation, high operating efficiencies, comfortable leverage, and debt coverage indicators, and strong liquidity, considering healthy operating cash flows and sizeable liquid investments. Stable domestic demand prospects of soda ash and the expected commissioning and ramp-up of bromine and vacuum salt businesses provide further support to the company's business profile.

These rating strengths are partially offset by GHCL's weaker-than-envisaged operating performance in FY26 (FY refers to period April 01 to March 31). Despite healthy production and sales volume, profit before interest, lease rentals, depreciation, and tax (PBILDT) margin declined in FY26, considering lower soda ash realisations and elevated freight-related input costs. Sales realisation remained under pressure as domestic prices largely track landed import price in absence of import duty or import quota. Ratings also remain constrained, considering profitability susceptible to volatile raw-material prices, freight rates, and foreign exchange movements, continued import pressure, and execution and funding risks associated with the proposed large-size greenfield soda ash project. Project-related risks are partly mitigated by the proposed phased implementation, strong cash accruals, sizeable liquidity, and low existing debt, with initial expenditure expected to be funded through internal resources and term debt drawn as the project implementation progresses.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely completion and stabilisation of its planned greenfield project and realisation of envisaged returns from the project.
- Growth in its scale of operations with total operating income (TOI) of more than ₹5,000 crore along with a PBILDT margin of 25% on a sustained basis while maintaining strong leverage and debt coverage indicators.

Negative factors

- Deterioration in the total debt (TD)/PBILDT beyond 2x on a sustained basis.
- Significant deviation in the size of its planned greenfield soda-ash project and departure from the stated staggered implementation timeline, which could have an adverse impact on its leverage and debt coverage indicators.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) adopted the 'Consolidated' analytical approach for GHCL's ratings, considering business synergy and common management of GHCL with its only subsidiary "Dan River Properties LLC". Details of the same has been placed under Annexure-5.

Outlook: Stable

CareEdge Ratings believes that GHCL will continue to maintain its strong position in domestic soda-ash industry and healthy profitability margins. GHCL's financial risk profile is likely to remain comfortable in the medium term supported by its steady cash flow and lower reliance on external debt.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key strengths

Established position in oligopolistic domestic soda-ash industry

GHCL has an established position in the oligopolistic domestic soda ash industry, where top four manufacturers, including GHCL, account for ~85% of total domestic production capacity. The company is India's second-largest soda ash manufacturer, with a market share of ~26%. Its operating profile benefits from partial captive availability of key raw materials, such as lignite, limestone, and salt, providing a degree of cost competitiveness. GHCL also has long-standing relationships with leading domestic glass and detergent manufacturers, while the diversified application of soda ash across traditional and emerging end-user industries supports its business profile.

Large scale of operations with healthy profitability despite moderation in FY26

GHCL is one of the leading domestic soda ash manufacturers, with an installed capacity of 12 lakh metric tonne per annum (MTPA). Its soda ash facility has consistently operated at healthy utilisation levels, with capacity utilisation improving to ~96% in FY26 (FY25: ~95%) while sales volume grew by ~3%. The PBILDT margin moderated in FY26, although continued to remain healthy at 22.58% (FY25: 27.56%), considering 7% decline in average soda ash realisation to ₹23,709 per MT, and elevated freight-related input costs amid the West Asia conflict. The operating profitability remained healthy, considering high-capacity utilisation and high operating efficiencies.

With existing soda ash facility operating at near-peak utilisation, the scope for significant volume-led growth remains limited. GHCL's TOI is expected to grow at compounded annual growth rate (CAGR) of ~4-5% p.a. in the medium term, considering marginal sales-volume growth, higher realisations in line with rising import-parity prices, and incremental revenue from new businesses. GHCL is expected to commission bromine and vacuum salt plants in Q2FY27, which is expected to provide marginal support to scale of operations and operating profit margin. PBILDT is expected to remain broadly stable at ~₹750-850 crore per annum in the medium term. Sustenance of soda ash realisations and profitability, together with the timely commissioning, ramp-up, and stabilisation of new businesses, remains a key monitorable.

The management has indicated that landed price of imported soda ash has increased in past few months, considering depreciation of rupee and higher logistics cost amid West Asia crisis for bulky product, such as soda ash. Given partial captive source of key materials and rupee linked fixed costs, sharp jump in landed import price of soda ash will lead to sizable growth in scale of operations and profitability.

Comfortable leverage and debt coverage indicators

Despite share buyback of ~₹300 crore in FY26, GHCL's tangible net-worth base stood strong at ₹3,535 crore as on March 31, 2026 supported by accretion of profits. GHCL's capital structure remained comfortable, with overall gearing (gross debt basis) and total outside liabilities to tangible net worth (TOL/TNW; gross debt basis) at 0.02x and 0.14x, respectively, as on March 31, 2026 (FY25: 0.03x and 0.13x respectively). The company's low debt level and healthy cash accruals supported strong debt coverage, with total gross debt/PBILDT remaining comfortable at 0.12x in FY26 (FY25: 0.13x).

Despite the envisaged term-debt drawdown for the proposed greenfield soda ash project, GHCL's capital structure is expected to remain comfortable in the medium term, with overall gearing and TOL/TNW are projected remain below 0.35x. However, considering the sizeable project expenditure, adherence to the envisaged phased implementation and funding mix remains crucial.

Efficient working capital management leading to strong operating cash flow

GHCL's efficient working capital management, and healthy operating profitability, has supported consistent cash flow generation. Operating cycle improved to 96 days from 107 days, while cash flow from operations increased to ₹719 crore in FY26 (FY25: ₹604 crore). Consequently, cash and liquid investments increased to ~₹1,113 crore as on March 31, 2026 (FY25: ₹1,073 crore), providing a strong liquidity cushion.

CareEdge Ratings expects the company to maintain its working capital cycle at broadly existing levels and continue generating healthy operating cash flows in the medium term, supporting its liquidity position and partly funding the proposed capital expenditure.

Stable domestic demand prospects, exposed to import pressure

India is expected to emerge as the world's third-largest consumer of soda ash. The domestic industry had an installed capacity of ~4.85 MMT, against estimated production of 3.92 MMT.

Domestic soda ash demand has historically grown by ~5% annually and is expected to grow by 6-7% through 2031, led by solar glass and flue-gas treatment applications, and steady consumption from flat and container glass, soaps and detergents, sodium bicarbonate and other chemical products. Globally, soda ash demand is expected to grow by ~2.25-2.50% annually through 2031, resulting in incremental annual demand of ~2 MMT, supported by sustainability-linked applications, such as solar glass and lithium carbonate. However, industry realisations remain exposed to global surplus capacity, import competition, international prices, and freight rates. Geopolitical disruptions in West Asia may constrain imports and support domestic realisations in the near term, although higher logistics and imported input costs may partly offset the benefit.

Key weaknesses

Weaker than envisaged operating performance in FY26

CareEdge Ratings had envisaged GHCL to report revenue growth of ~4-6% and earn PBILDT of ~₹800-900 crore in FY26 . However, GHCL's revenue and PBILDT remained lower than envisaged, considering decline in landed soda ash prices in FY26, which resulted in ~7% lower sales realisation per tonne (year-over-year [y-o-y]) for GHCL. Furthermore, PBILDT also declined by ~21% (y-o-y) and remained lower than envisaged in FY26, as elevated freight related input costs and adverse impact of operating leverage.

Risks associated with implementation of a large-sized greenfield soda ash project in the medium term

With the healthy capacity utilisation at GHCL's existing soda ash facility and limited scope for material brownfield expansion at the current location, the company is setting up 11 lakh MTPA greenfield soda ash facility in two phases of 5.50 lakh MTPA each. Phase I (~45% of the existing installed capacity) is estimated to cost ~₹4,000 crore and will include common utilities and infrastructure required for both phases. Phase II is expected to entail an additional investment of ~₹1,000 crore, primarily towards mechanical and electrical equipment for the balance 5.50 lakh MTPA capacity. Basic engineering, including the plant plan and layout, has been completed.

The project is proposed to be funded through a combination of internal accruals, available liquidity and term debt of ~₹2,000-2,500 crore, although financial closure is awaited. Initial expenditure is expected to be funded through internal accruals and existing liquidity, with term debt likely to be drawn during later stages of implementation. GHCL's sizeable cash and liquid investments of ~₹1,113 crore as on March 31, 2026, low TD of ₹83 crore and healthy cash flow from operations of ₹719 crore in FY26, provide financial flexibility for funding the initial project expenditure.

The management intends to implement the project in a staggered manner while maintaining a moderate project debt-equity mix, containing the impact on GHCL's leverage and debt coverage indicators. Considering the large project size relative to the company's existing asset base and cash accruals, timely receipt of approvals, achievement of financial closure, and adherence to the envisaged cost, funding mix, and implementation schedule remain crucial.

Profitability susceptible to volatile raw material prices, freight rates, and foreign exchange rate fluctuations

GHCL's profitability remains exposed to volatility in prices of key inputs, including salt, limestone, coal, coke, lignite and power, and fluctuations in freight rates. In FY26, moderation in average coal and lignite prices partly cushioned the impact of lower soda ash realisations, although coke and salt prices increased. Freight rates also remained elevated amid the West Asia crisis, increasing the landed cost of imported raw materials, particularly limestone, and exerting pressure on operating profitability. These risks are partly mitigated through diversified sourcing, contractual arrangements, staggered procurement, maintenance of adequate inventory, and partial captive availability of limestone and lignite. GHCL also remains exposed to foreign exchange fluctuations owing to its net import position, although the risk is partly mitigated by hedging import payables for the ensuing three months through forward contracts.

Liquidity: Strong

GHCL's liquidity remains strong, supported by cash and liquid investments of ~₹1,113 crore as on March 31, 2026. The company is expected to generate annual gross cash accruals of ~₹600-700 crore in the medium term, against modest scheduled term-debt repayments of ~₹30 crore, providing comfortable debt-servicing coverage. In FY27, GHCL is expected to incur capex of ~₹150 crore towards efficiency improvements and value-added products and ~ ₹100 crore towards the greenfield project, proposed to be funded through internal accruals and available liquidity. Its low overall gearing also provides sufficient financial flexibility to raise additional debt for the proposed capital expenditure. Average utilisation of fund-based working capital limits remained negligible for 12 months ended June 2026, with unutilised bank lines of over ₹450 crore as on June 30, 2026, providing adequate cushion for incremental working capital requirements.

Environment, social, and governance (ESG) risks

Parameter	Compliance and action by the company
Environmental	• GHCL implemented advanced technologies and processes to minimise the carbon footprint. The company is increasing its reliance on solar and wind power, demonstrating its commitment to clean energy. It has installed 6.7MW of renewable energy capacity. • GHCL implemented waste management practices to collect and safely dispose of its plastic waste. 99.9% of waste is recycled/reused. • All suppliers and vendors who work with GHCL are required to sign the Supplier Code of Conduct. GHCL has implemented a supply chain risk reduction programme to reduce risk in supply chain. As a part of the programme, GHCL assess suppliers based on ESG standards and then work with them to bring them up to the expectations of GHCL's requirements.
Social	• The sector's social impact is characterised by health hazards, leading to higher focus on employee safety and well-being; and the impact on local community considering its operations. • Continuous on the job training is provided to employees, with average 19 hours of training per employee. • GHCL actively encourages and supports the unionisation of employees as a means of safeguarding their labour rights. By providing a platform for free expression and supporting collective bargaining, GHCL demonstrates its commitment to fostering a fair and inclusive workplace that respects and protects the rights of its workforce.
Governance	• Governance structure is characterised by 50% board comprising independent directors, a dedicated investor grievance redressal system and extensive disclosures.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals and petrochemicals	Commodity chemicals

Incorporated in 1983, GHCL is one of the leading manufacturers of soda ash in India. The company operates an integrated manufacturing facility at Sutrapada, Gujarat, with an installed soda ash capacity of 12 lakh MTPA, salt production capacity of 3 lakh MTPA and refined sodium bicarbonate (RBC) capacity of 1.20 lakh MTPA. The company also had an installed renewable energy capacity of 6.70 MW as on March 31, 2026. Promoters held a 19.81% equity stake in GHCL as on June 30, 2026.

Brief Financials – Consolidated (₹ crore)	FY25 (A)	FY26 (A)
Total operating income	3,183	3,067
PBILDT	877	693
Profit after tax (PAT)	624	472
Overall gearing (x)	0.03	0.02
Interest coverage (x)	54.87	70.82

A: Audited; Note: These are latest available financial results.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-LT/ST	RBI	Simple	-	-	-	-	450.00	CARE AA-; Stable / CARE A1+
Fund-based/Non-fund-based-LT/ST	RBI	Simple	-	-	-	-	75.00	CARE AA-; Stable / CARE A1+
Non-fund-based-LT/ST	RBI	Simple	-	-	-	-	300.00	CARE AA-; Stable / CARE A1+
Term Loan-Long Term	RBI	Simple	-	-	-	30-06-2028	54.95	CARE AA-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Term Loan-Long Term	LT	54.95	CARE AA-; Stable	-	1)CARE AA-; Stable (07-Aug-25)	1)CARE AA-; Stable (06-Aug-24)	1)CARE AA-; Stable (24-Jul-23)
2	Fund-based-LT/ST	LT/ST	450.00	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (07-Aug-25)	1)CARE AA-; Stable / CARE A1+ (06-Aug-24)	1)CARE AA-; Stable / CARE A1+ (24-Jul-23)
3	Non-fund-based-LT/ST	LT/ST	300.00	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (07-Aug-25)	1)CARE AA-; Stable / CARE A1+ (06-Aug-24)	1)CARE AA-; Stable / CARE A1+ (24-Jul-23)
4	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (07-Aug-25)	1)CARE AA-; Stable (06-Aug-24)	1)CARE AA-; Stable (24-Jul-23)
5	Fund-based/Non-fund-based-LT/ST	LT/ST	75.00	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (07-Aug-25)	1)CARE AA-; Stable / CARE A1+ (06-Aug-24)	1)CARE AA-; Stable / CARE A1+ (24-Jul-23)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Dan River Properties LLC	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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