

ALWAYS STRIVING  
FOR ALL-ROUND GROWTH

Speech of  
**Shri Pankaj Kumar, IAS**  
Chairman

## 48<sup>th</sup> ANNUAL GENERAL MEETING

Thursday, 23<sup>rd</sup> September 2021  
at 11:00 a.m.



Registered office:  
**Gujarat Alkalies and Chemicals Limited**  
Regd. Office : P. O. Ranoli - 391350, Dist. Vadodara, Gujarat, INDIA.

## Dear Shareholders,

I extend a warm welcome to all of you at the 48<sup>th</sup> Annual General Meeting of your Company. The Board's Report, the Standalone and the Consolidated Audited Financial Statements of the Company for the Financial Year 2020-21 are already with you and with your permission, I shall take them as read.

## ECONOMIC OUTLOOK

Worldwide COVID-19 pandemic led to global economic downturn, the most severe one since the Global Financial Crisis. The global economy contracted by 3.3% in year 2020. All the major economies except China slipped into recession due to Covid-19 lockdowns. India imposed a stringent nation-wide lockdown during the initial phase of the pandemic in March-April, 2020, followed by gradual unlocking and phasing out of the containment measures.

With additional fiscal support in a few large economies, the anticipated vaccine-powered recovery and continued adaptation of economic activity to subdued mobility, International Monetary Fund (IMF) is expecting global growth at approx. 6.0% in 2021.

Measures taken by the Government on the fronts of Foreign Direct Investment (FDI) policy reforms, investment facilitation and ease of doing business have resulted in increased FDI inflows into the Country. India has attracted highest ever total FDI inflow of US\$ 81.72 billion during the Financial Year 2020-21 which is 10.0% higher as compared to the last Financial Year 2019-20 (US\$ 74.39 billion). FDI equity inflow grew by 19.0% in the Financial Year 2020-21 (US\$ 59.64 billion) compared to the previous Financial Year 2019-20 (US\$ 49.98 billion).

Covid-19 pandemic accelerated adoption of digital solutions in India. India has witnessed one of the highest adoptions of digital technologies by health and human services (HHS) organizations. On innovation front, India entered the top-50 innovating countries for the first time in 2020 since the inception of the Global Innovation Index in 2007, ranking first in Central and South Asia, and third amongst lower middle-income group economies.

The stimulus package announced by the Governments backed by the Reserve Bank of India's (RBI) rate cut and liquidity measures provided critical support to the economy. RBI maintained the liquidity surplus through various monetary measures to ease the funding in the markets.

The impact during the second wave has been more pronounced on consumer sentiment and mobility rather than economic activity. The rebound in consumer spending would henceforth be more gradual than the first wave with vaccination being the key driver.

As per the data of Ministry of Health and Family Welfare, Government of India, the cumulative COVID-19 Vaccination Coverage in India has crossed 79 crores of landmark milestone by third week of September. Such continuous pace of vaccination coverage in India shall certainly help the nation to heal and regain the momentum of economic recovery.

### **GUJARAT – A ROLE MODEL FOR OTHERS**

Over the years the Gujarat model of all round development, success, growth and inclusive progress has been appreciated all over the Country. Gujarat is recognized for its vibrancy and entrepreneurial spirit. Investors' confidence for investment in Gujarat has grown manifold. Everyone at national and international level has recognized this. The State has been providing adequate power and infrastructure for the industry and agriculture, which is the key to economic progress. Gujarat houses an impressive industrial belt including a hub of chemical and petrochemical industries that makes Gujarat a major contributor to the national economy. The significant contribution of Gujarat to Indian Economy has made India visible to a competitive market in spite of the downturn in World Economy. Inferring from the present scenario where our economy has begun to rebound, Gujarat assumes a pivotal role in the fast changing business dynamics of India. Gujarat's Industrial Policy is geared for catalyzing robust, sustainable and inclusive growth. I am sure with all these efforts, Gujarat will guide others in achieving the "Atma Nirbhar Bharat" vision of our Hon'ble Prime Minister.

Almost 3.96 crores of eligible beneficiaries in Gujarat have been given the first dose of COVID-19 vaccine while people receiving both the doses stand at more than 1.63 crores by the third week of September, as per the data of Ministry of Health and Family Welfare, Government of India. Such swift coverage of vaccination in the State will play a pivotal role for safeguarding the people and will improve economic activities in the State.

### **GACL'S PERFORMANCE**

The Company was established in 1973 and over a period of time, it has

emerged as one of the largest producers of Caustic Soda in India with presently installed production capacity of 4,12,500 Metric Ton Per Annum of Caustic Soda as on 31<sup>st</sup> March, 2021 and enjoys economies of scale. The Company has about 11% share in the domestic Caustic Soda market.

Since its inception, the Company has from time to time, expanded its operations in Chlor-Alkali Sector and also diversified into several higher end products, through forward integration. GACL was the first Indian Company to replace the Mercury Cell Technology with environment friendly and energy efficient Membrane Technology way back in the year 1989. The Company's products basket comprises of more than 36 products. The Company's products are used by various diverse industries in India and abroad.

GACL has always ensured upgrading and adapting to eco-friendly and green technologies while ensuring optimum capacity utilization during the Financial Year 2020-21 at its Vadodara and Dahej Complexes. The Company has achieved capacity utilization of more than 100% in some of the products viz. Caustic Soda Lye, Chloromethanes, Caustic Potash Flakes and Hydrogen Peroxide.

Production of Caustic Soda by electrolysis process is highly power intensive and the Company devised a sustainable strategy to meet its growing energy demands. Besides 90 MW Gas based Captive Co-generation Power Plant and participation in a 145 MW Joint Captive Gas based Power Plant of GIPCL, your Company has taken major initiative for green energy by setting up Wind Farms for a total installed capacity of 171.45 MW as on 31<sup>st</sup> March, 2021. Your Company has also installed 35 MW of Solar Power Plant. With this, the aggregate renewable energy capacity is 206.45 MW. Your Company has also installed floating solar installation having capacity of 732 KW at Dahej Complex for captive consumption and Renewable Purchase Obligation requirement, which also conserves water by minimizing the losses through evaporation.

## **FINANCIAL PERFORMANCE OF THE COMPANY**

Despite the interruption in the Operations and the Supply Chain during the year, your Company has achieved External Sales Turnover of Rs. 2,344 Crores, Profit Before Tax of Rs.236 Crores and Profit After Tax of Rs.167 Crores. Your Company has been consistently striving towards cost reduction. Your Company has been able to maintain production levels and sell its quality products at very competitive rates.

In the F.Y. 2020-21, the Earning Per Share was Rs.22.72 for the year as against Rs.45.32 per share in the previous year. The Book value of share increased to Rs.557 per share as on 31<sup>st</sup> March, 2021 as against Rs.541 per share at the end of previous year, registering a growth of Rs.16 per share.

During the First Quarter of current Financial Year, your Company has achieved External Sales Turnover of Rs.702 Crores. Your Company has achieved Profit Before Tax of Rs.93 Crores and Profit After Tax of Rs.64 Crores.

## **DIVIDEND**

The Board of Directors of the Company is glad to recommend a Dividend of Rs.8.00 per share (i.e.80%) on Equity Shares for the Financial Year ended 31<sup>st</sup> March, 2021.

## **MARKETING**

Your Company's product profile includes a wide range of products. The Caustic Soda group remained a major revenue earner. Therefore, Caustic Soda and Chlorine market scenario have a wide impact on the Company's performance.

As a value addition to Hydrochloric Acid, the Company has commissioned Poly Aluminum Chloride (PAC) at Vadodara (Coelho) Complex and has captured a sizable domestic market for various grades of PAC. The export of PAC (Powder) has also been increased, wherein realizations are promising.

The Company is facing import threats and dumping of various products at low prices, affecting its capacity utilization, prices etc. The Company is Pro-actively taking protective measures by campaigning for imposition of Anti-dumping Duty as per the WTO guidelines.

The Company has successfully continued to serve the Eastern part of India and has executed supplies to M/s. National Aluminium Company Ltd. (NALCO) and M/s. Vedanta.

## **COST CONTROL MEASURES**

Your Company takes various innovative measures to reduce the cost of procurement and to improve the profitability.

The Company has taken following measures during the Financial Year:

- 1) Despite all the challenges in Supply Chain in local & international market due to COVID-19 pandemic your Company has efficiently managed all

required Raw Materials, Chemicals, Equipment & Spares etc. and ensured that all plants are operated at full capacity. Certain raw materials which are useful for manufacturing of disinfectant & sanitizing agents are supplied by small scale industry. With the support of local authority, during the challenging period, your Company could get its plants restarted to ensure the availability of required raw materials.

- 2) Your Company has started availing services of Indian Railway for transportation of Salt from Maliya area to Dahej & Baroda Complexes which was usually done by road transportation. This has improved the logistics and bulk transportation has been done in a short duration. It would help in reducing the Carbon emissions while supporting the Company's Philosophy viz. "Promoting Green Technology."
- 3) Your Company has continued to follow Reverse Auction process for procurement of materials. Reverse Auction encourages healthy competition, transparency in the procurement and ensures the best price.
- 4) Your Company has procured raw material, Aluminium Ingots under Advance License scheme with zero custom duty, thereby reducing the cost of procurement. To fulfil export obligations under this scheme, your Company has exported finished products and earned foreign currency also.
- 5) Your Company always explores innovative measures in procurement to reduce the cost, to improve quality & to ensure timely availability of materials. Your Company has undertaken VMI (Vendor Managed Inventory) and long term contracts for certain raw materials & consumables.
- 6) Your Company is a responsible and caring business house and emphasizes sustainable sourcing. As a part of sustainable sourcing improved quality Salt was used for manufacturing of Caustic Soda. Improved quality Salt has the benefit of low sludge generation in the process and leads to reduction in chemical consumption. This has a direct impact on reducing the cost of manufacturing and increasing the life of the Membrane which is a critical part in the process of Caustic Soda manufacturing. With this initiative of your Company, majority of the salt manufacturers in the surrounding areas have installed salt washeries which have benefitted both.
- 7) Your Company has reviewed certain long term service contracts and outsourced the services in Materials Management Department, substantially reducing the cost.

## **EXPANSION AND NEW PROJECTS**

As a part of its ambitious growth plan, the Company has taken up various projects, which include adding a new product in the product portfolio as well as expanding the current product lines by putting up additional capacities through new plants.

Two of the major projects, viz. Hydrazine Hydrate & Chloromethanes, being put up at two different locations at Dahej, are expected to be operational by the third quarter of 2021-22. Hydrazine hydrate is a new, import substitute product, whereas in case of Chloromethanes, it is a capacity addition to the similar products being manufactured at Vadodara. The other two major Projects viz. Purified Phosphoric Acid and Caustic Soda Expansion are expected to be operative during the first quarter of 2022-23.

COVID-19 pandemic continued posing huge challenges in the implementation of ongoing projects. The Company took several proactive steps for overcoming the hurdles and, thereby, minimizing the adverse impact. The completion schedules of the projects, however, have been delayed by about 3-4 months. All efforts are being made to minimize the delays.

Your Company looks forward to significant progress towards its goal of achieving a quantum leap in its revenues and earnings with the commissioning of its new projects during the period starting from the third quarter of the current financial year to the first quarter of the next financial year.

## **RENEWABLE ENERGY**

Your Company has further reinforced its commitment towards promoting green technology, your Company has installed 35 MW of Solar Power Plant and 171.45 MW of Wind Power Plants, with an aggregate renewable energy capacity of 206.45 MW. Your Company has also installed floating solar installation having capacity of 732 KW at Dahej Complex for captive consumption. The captive use of the power from these installations has been providing benefits in terms of incurring lower power cost to the Company for its power intensive operations in addition to helping the Company in meeting its Renewable Purchase Obligation requirement.

## **PROJECT BY GNAL – A JV COMPANY WITH NALCO**

The project for establishment of 800 TPD Caustic Soda Plant integrated with 130 MW Coal based Power Plant at Dahej, as a Joint Venture with NALCO, is

also well underway at the new Complex, D-II/9. The plant is expected to be operational during the third quarter of 2021-22.

## **RESEARCH & DEVELOPMENT**

The R&D efforts are directed on the specific areas strategically linked with the need of the organization. The work is being pursued on the development of new products / processes, import substitutes, process improvement / cost reduction, cooling water treatment chemicals / formulations, effluent treatment / control, waste utilization, developmental work on the existing products for improving the quality & marketability and to facilitate the absorption of new technologies.

During the year under review, a Patent on Vanillin Process for which an application was filed earlier, was granted by Indian Patent office. We have also developed a product viz. crystalline Calcium Nitrate Tetrahydrate from liquid waste generated from Phosphoric Acid Plant, and have filed the Patent on the same. The R&D Department of the Company is working on waste utilization projects like, regeneration of Spent Alumina Catalyst generated from Hydrogen Peroxide Plant, Spent Alumina generated from Phosphoric Acid Plant to get dual benefits in terms of environment protection as well as cost reduction. The R&D Department of the Company is also working on the development of indigenous raw materials to replace imported materials in order to have better control on the business processes.

The work on cooling water treatment including the technical support in respect of corrosion and microbiological growth monitoring was carried out successfully. The R&D Department prepared and supplied disinfectant solutions (Hypo. base) during the COVID-19 spread, to sanitize the premises of the organization and also provided to our customers as per their needs. The R&D Department provided necessary technical support to the various Departments, resulting in to overall fruitful benefits.

## **SAFETY AND ENVIRONMENT**

The Policy, Principles and Safety & Environment Management Statements are consistently implemented in practice with continuous monitoring. The Company's principles of Occupational Health, Safety and Environment are intertwined in our corporate culture through various measures including special housekeeping drive and Plant Healthiness drive.



For the safe transportation of finished products, your Company has arranged refresher training for drivers at a regular interval. Water conservation is part of our culture. Water conservation is being achieved through various reuse and recycle measures. Water sprinkler system is implemented for watering the plants in garden areas. Your Company also recycles water as a part of water saving drive.

## **CORPORATE GOVERNANCE**

Sound and efficient Corporate Governance practices are the basis for stimulating the performance of the Company, maximizing its operational efficiency, achieving sustained productivity as well as ensuring protection of stakeholders' interests. GACL always ensures to follow Good Corporate Governance practices, essential to ensure inclusive growth, wherein the society also enjoys the fruits of the Corporate Growth.

## **CORPORATE SOCIAL RESPONSIBILITY**

At GACL, we are committed towards creating value for our stakeholders and believe that through various CSR initiatives the value is reflected in their quality of life. Our initiatives are mainly categorized into Promotion of Education, Special Children, Healthcare, Sanitation and Hygiene, Livelihood Generation and Skill Development Activities, Art, Culture and Heritage, Water Conservation and Environmental activities.

The CSR activities are strategically aligned with the Company's Policy, Philosophy and Development Goals of the Government and are implemented through GACL Education Society. These are designed through a participatory approach, keeping in mind the requirements of the community. It helps us to nurture long lasting and strong relationships with our stakeholders. Promoting inclusive growth has been a priority for GACL from both the social and business perspective. In its commitment to the underprivileged communities, your Company has engaged and partnered with some of the distinguished Non-Governmental Organizations (NGOs) and the Government at the grass root level. The focus is on identifying, sharing and building upon good practices that help foster a culture of learning, collaborative working and innovations.

All our projects are implemented in the communities we operate in, with stringent Due Diligence, displaying a sense of responsibility and offering

support to a diverse segment of the community, which we believe brings positive impact in their lives.

## **HUMAN RESOURCES AT GACL**

At GACL, Human Resource Department formulates strategies and executes human resource policies that enhances the employee's competencies and productivity. Human Resources improves the Company's bottom line with its knowledge and innovation resulting into organizational success.

During this unprecedented period of Corona pandemic, the Company's HR department is having People first philosophy, it has supported employees and their families for the treatment of COVID affected employees and family members, all the required safety norms were adhered to carry out business operations. HR focuses on acquiring the right talent and providing career development opportunities to right talent. It brought procedural changes encouraging innovations in operations. For the year 2020-21, all the interviews were conducted on a virtual platform and continued with hiring for the positions required to run the business seamlessly by adopting virtual hiring and training arrangements.

HR focuses on developing new skillsets like critical thinking and problem solving, taking new initiatives, resilience, soft skills and analytical skills. During the Financial Year 2020-21, all the training programs were conducted online. Renowned medical experts were invited to educate the employees and spread awareness on the precautions to be taken during the COVID-19 Pandemic. The Company achieved remarkable record of 12,125 training hours during the year under review.

Managing Employee Relations was very critical during the COVID-19 pandemic. With the support of all the employees, smooth operations were carried out during the pandemic.

## **INFORMATION TECHNOLOGY**

It has always been endeavor of GACL to continuously thrive by aligning and using Information Technology to achieve excellence in Business Operations and Company's strategies. For better integration of its Business Processes and Controls, the Company has in place a benchmarking ERP – "SAP Systems". We have built a robust and secured IT infrastructure enabling availability of required information for decision making to all its stakeholders. IT Systems are

constantly updated, upgraded and expanded to facilitate the ease of doing business for all its stakeholders.

## **ACKNOWLEDGEMENTS**

I would like to take this opportunity to welcome Shri Tapan Ray, IAS (Retd.) as Director and Shri Milind Torawane, IAS as Managing Director of the Company. On behalf of the Board of Directors, I would like to thank Shri Anil Mukim, IAS (Retd.), Chairman and Shri P K Gera, IAS (Retd.), Managing Director of the Company, whose rich experience benefited the Company in its development and growth.

With a sad note, I express deepest condolences on the untimely sad demise of Shri Rohitbhai J Patel, Independent Director of the Company on 10<sup>th</sup> November, 2020. The Board placed on record a deep appreciation for the valuable services rendered by Shri Rohitbhai Patel during his tenure and conveyed deep sympathy, sorrow and condolences to his family members.

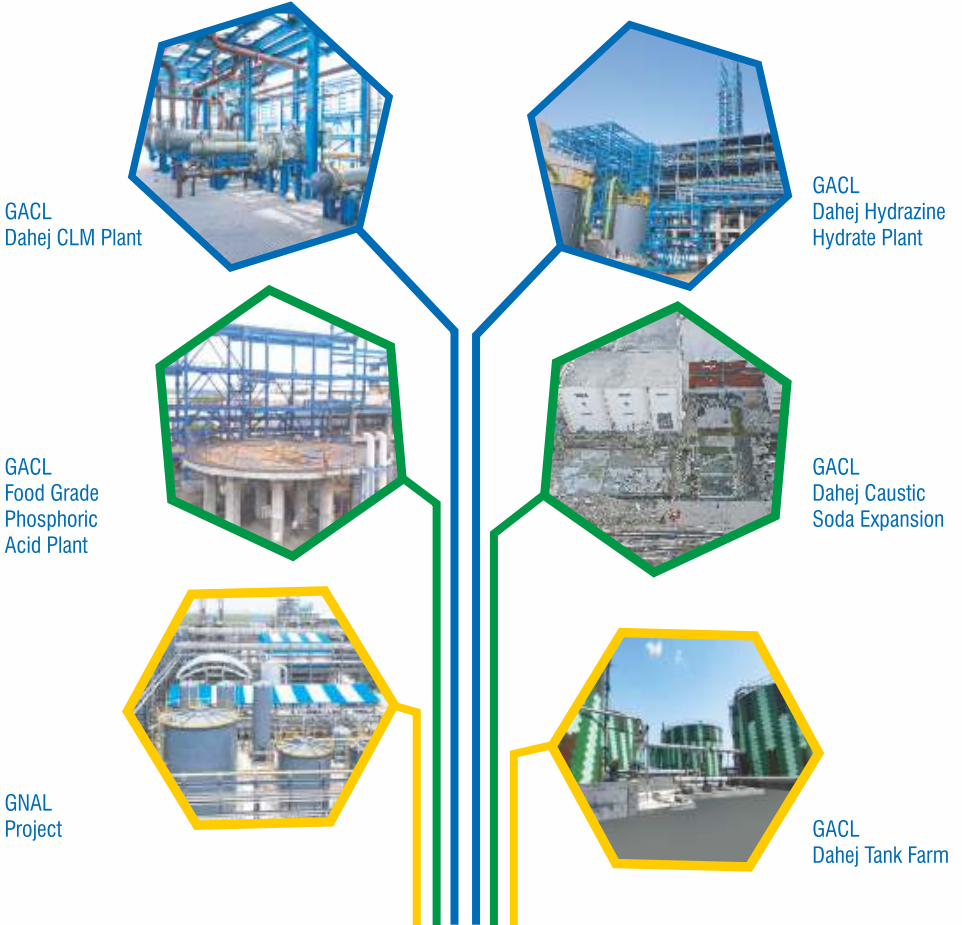
I express my sincere gratitude to my colleagues on the Board for their valuable guidance and contribution in the management of the Company.

I also thank all the Shareholders of the Company for the confidence reposed in us. I would like to acknowledge the valuable contribution of the employees of the Company through their dedication and commitment.

On behalf of the Board of Directors and on my personal behalf, I extend sincere thanks to the Central Government and the Government of Gujarat, in particular the Department of Energy & Petrochemicals, Promoters, Bankers, Auditors, Customers, Agents, Dealers, Suppliers and other Stakeholders who have continued to extend their precious support and co-operation to the Company at all times.

# **JAI HIND**

## Glimpses of GACL Ongoing Projects



**Gujarat Alkalies and Chemicals Limited**  
(An ISO Certified Company) (Promoted by Govt. of Gujarat)

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