

Soaring New Peaks with **Innovations**

Speech of
Shri Pankaj Kumar, IAS
Chairman

49th ANNUAL GENERAL MEETING

Thursday, 29th September 2022
at 11:30 a.m.



Registered office:
Gujarat Alkalies and Chemicals Limited
Regd. Office : P. O. Ranoli - 391 350, Dist. Vadodara, Gujarat, INDIA.

Dear Shareholders,

I extend a warm welcome to all of you at the 49th 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 2021-22 are already with you and with your permission, I shall take them as read.

ECONOMIC OUTLOOK

India is estimated to be the fastest growing economy at 8.2 percent in 2022 and 6.9 percent in 2023 as per IMF latest estimates. As per IMF's World Economic Outlook (WEO) April 2022, global growth is projected to slow down from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023 amid ongoing geopolitical conflict, accompanying sanctions and resulting international spillovers through global commodity prices, trade and financial linkages, labour supply etc. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies.⁽ⁱ⁾

Following more than two years of pandemic, war between Russia-Ukraine has led to high commodity prices, adding to supply disruptions, increasing food insecurity and poverty, aggravating inflation contributing to tighter financial conditions, magnifying financial vulnerability and heightening international policy uncertainty. Growth in emerging markets and developing economies (EMDEs) this year has been downgraded to 3.4 percent. Despite the negative shock to global activity in 2022, there is essentially no rebound projected next year. Global growth is forecast to edge up only slightly to a still-subdued 3 percent in 2023, since many headwinds in particular, high commodity prices and continued monetary tightening are expected to persist.⁽ⁱⁱ⁾

The growth in GDP of India at constant prices (2011-12), also known as real GDP, during Financial Year 2022 is estimated to attain a level of INR 147.36 trillion (US\$1.90 trillion), as against the First Revised Estimate of INR 135.58 trillion (US\$1.75 trillion) for Financial Year 2021. The growth in GDP during Financial Year 2022 is estimated at 8.7 percent as against contraction of 6.6 percent in the previous fiscal.⁽ⁱⁱ⁾

Manufacturing in India grew by 9.9 percent during the year against a contraction of 0.6 percent in the previous year. Construction showed a growth of 11.5 percent during the financial year against a contraction 7.3 percent in

the previous fiscal. Contact-intensive sectors like trade, hotels, and transport grew 11.1 percent compared to a contraction of 20 percent in previous year. The services sector had earlier suffered a major blow in Financial Year 2021 due to pandemic-related restrictions and grew by 4.2% compared to 2.2% in previous fiscal. The agriculture sector slowed to 3 percent in Financial Year 2021-22, as compared to a growth of 3.3 percent in the previous fiscal.⁽ⁱⁱⁱ⁾

In 2021-22, India exported goods worth over Rs 31 lakh crores. At the same time, its import goods were worth over Rs. 38 lakh crores which is 22 percent higher. This gap was about 12 percent last year and 18 percent in 2019-20. The Rupee's depreciation of nearly 4% against the dollar this year has also made imported items costlier, prompting the government to restrict wheat and sugar exports and cut fuel taxes, joining the RBI in the battle against inflation.⁽ⁱⁱⁱ⁾

Among major countries, the World Economic Outlook projects India to be the fastest growing economy at 8.2 percent in 2022-23. The fiscal year 2022-23 has begun with a strong growth in economic activity in April 2022 as seen in the robust performance of e-way bill generation, Electronic Toll Collection, electricity consumption, PMI manufacturing and PMI services. The GST collection for March transactions going up to Rs.1.68 lakh crore, the highest monthly collection, further bodes well for high economic activity in 2022-23. Notwithstanding the presence of inflationary headwinds, the capex driven fiscal path of the Government, as laid down in Fiscal Budget 2022-23, will help the economy post a near 8 percent growth in real GDP for the current year.^(iv)

India is ranked 63 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of India improved to 63 in 2019 from 77 in 2018.

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 "Atmanirbhar Bharat" vision of our Hon'ble Prime Minister.

GACL'S PERFORMANCE

Your 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 present installed production capacity of 4,12,500 Metric Ton Per Year of Caustic Soda as on 31st March, 2022 and enjoys economies of scale. Your Company has about 11% share in the domestic Caustic Soda market.

With commissioning of expanded Caustic Soda capacity by 525 Metric Ton per day at Dahej, the installed capacity would go up to 5,85,750 Metric Ton Per Year, with corresponding rise in the market share of Caustic Soda.

Since its inception, your Company has from time to time, expanded its operations in Chlor-Alkali Sector and also diversified into several higher end products, through forward & backward 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. Your Company's products basket comprises of more than 37 products. The Company's products are used by various diverse industries in India and abroad.

Your Company has always ensured upgrading and adapting to eco-friendly and green technologies while ensuring optimum capacity utilization during the Financial Year 2021-22 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, Hydrogen Peroxide, Phosphoric Acid, Aluminium Chloride and Sodium Chlorate Granules.

Production of Caustic Soda by electrolysis process is highly power intensive.

Your 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 31st March, 2022. Your Company has already installed 35 MW of Solar Power Plant. With this, the aggregate renewable energy capacity is 206.45 MW including 171.45 MW of Wind Power capacity. Your Company has also installed floating Solar Power Plant having capacity of 640 kw and Solar Rooftop installations having 220 kw at Dahej complex.

FINANCIAL PERFORMANCE OF THE COMPANY

During the Financial Year 2021-22, your Company has achieved the External Sales turnover of Rs. 3,683 crores, Gross Profit of Rs. 1033 crores, Profit Before Tax of Rs.829 Crores and Profit After Tax of Rs.562 Crores.

In the Financial Year 2021-22, the Profit After Tax Ratio for the year stands increased to 15.26% from 7.12% in the previous year. The Earning per Share was Rs.76.53 per share for the year 2021-22 as against Rs.22.72 per share in the previous year. The Book value of share increased to Rs.624 per share as on 31st March 2022 as against Rs.557 per share at the end of previous year, registering a growth of Rs.67 per share.

During the year, the Company could achieve very good Performance through the Cost Control Measures, Consistent Review of the Pricing Strategy and other measures. Our thrust on the Cost Control continues in the current financial year also.

During the first quarter of the current Financial Year 2022-23, your Company has achieved External Sales turnover of Rs. 1,107 crores. Your Company has achieved the Profit Before Tax of Rs.336 crores and Profit After Tax of Rs.222 crores.

DIVIDEND

I am happy to inform you that the Board of Directors of the Company has recommended 100% Dividend this year i.e., a Dividend of Rs.10.00 per share on Equity Shares for the Financial Year ended 31st March, 2022.

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 had 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 proactively 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 Limited (NALCO), M/s. Vedanta Limited and M/s. Utkal Alumina International Limited. In addition to this, we have exported Caustic Soda during Financial Year 2021-22.

Your Company's product "Ortho Phosphoric Acid" has been granted License by Bureau of Indian Standards, with effect from 24th November 2021. Your Company is the first Indian Company to get license for Ortho Phosphoric Acid as required under the compulsory BIS certification under Indian Standard IS 798: 2020 as per the Bureau of Indian Standards (Conformity Assessment) Regulations, 2018.

COST CONTROL MEASURES

Supply Chain was totally disrupted during the year 2021-22 and despite of many challenges, your Company had taken 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, your Company has efficiently managed all required Raw Materials, Chemicals, other materials and ensured that all plants were operated at full capacity to cater to timely requirement of our valued customers.

- 2) Major quantity of Salt was transported by Railways from Maliya & Gandhidham to Dahej & Baroda Complexes as an economical mode of transport for bulk movement. This has also helped in reducing Carbon emissions while supporting the Company's philosophy viz. "Promoting Green Technology."
- 3) Taking advantage of digital technology, your Company has continued to follow Reverse Auction process which is a convenient mode of commercial finalization for procurement of materials. Reverse Auction encourages healthy competition, transparency in the procurement and ensures the best price.
- 4) Apart from innovative method of procurement from local market your Company has procured raw material, Aluminum Ingots under Advance License Scheme with zero custom duty, thereby, reducing the cost of procurement. To fulfil export obligations under this scheme, your Company had exported finished products and earned foreign currency also.
- 5) Your Company jointly with other companies of similar business in surrounding areas had imported certain raw materials together for taking advantage of higher volume for negotiating better price for Material and Logistics.
- 6) Your Company supports small vendors in surrounding areas and adheres to all the guidelines laid down by Government for MSME vendors thus supporting their businesses and generating employment.

EXPANSION AND NEW PROJECTS

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

I am glad to inform that 1,05,000 Tons Per Year Chloromethanes plant, put up at plot D-II/9 at Dahej, has been successfully commissioned on 15th August 2022, and commercial production commenced on 17th August 2022. I am also glad to inform that Caustic Soda Expansion Project at the existing complex at

Dahej is also commissioned earlier this month. The entire expanded capacity of 525 Metric Ton Per Day is expected to be operational by November, 2022.

The Hydrazine Hydrate Plant, with a capacity to produce 10,000 Tons Per Year at the existing complex at Dahej is at advanced stage of commissioning. This is an import substitute product. The technology for manufacturing this product has been developed by the Company in collaboration with CSIR-IICT, Hyderabad. Joint patents have been granted for this process by Indian and US patent authorities. The production process has commenced in this plant, and stable commercial production is expected within next 4 to 6 weeks. The Company is also putting up a 33,870 TPA Food Grade Phosphoric Acid plant. The construction of this plant is going on in full swing. The plant is expected to go under commissioning stage by February 2023.

Your Company, as a long-term strategic measure, to enhance its in-house chlorine consumption, has planned to put-up a 30,000 TPA Chlorotoluene Project at Dahej to produce benzyl chloride, benzaldehyde and benzyl alcohol, which is planned to be made operational during the Financial Year 2024-25.

With new plants becoming operational during the current Financial Year, your Company looks forward to significant progress towards its goal of achieving a quantum leap in its revenue earnings.

RENEWABLE ENERGY

Your Company has continued reaping benefits from the green energy sourced from its 171.45 MW wind power capacity, 35 MW solar power capacity and 732 KW floating solar power capacity installed earlier. Further, during the current Financial Year, your Company has made operative 630 KW roof-top solar power capacity at its Vadodara Complex and 260 KW roof-top solar power capacity at its Dahej Complex. As its commitment to promote green technologies, company is jointly working with NTPC Renewable Energy Limited (NTPC REL) for synthesizing Green Methanol and Green Ammonia, in addition to sourcing upto 100 MW Renewable Energy on round the clock basis from NTPC REL. The Company is also putting up a 500 KLD bio-ethanol plant jointly with GAIL India Limited, as its contribution to the Hon'ble Prime Minister's drive towards cleaner energy and 'Atmanirbhar Bharat'.

PROJECT BY GNAL – A JV COMPANY WITH NALCO

The Company has put-up a 800 Tons Per Day Caustic Soda Plant integrated with a 130 MW Coal based power plant at a new complex in Dahej as a joint venture with NALCO. GNAL had successfully commissioned Caustic Soda Evaporation Units (CEU) along with Boiler and required utilities in the Cogeneration Captive Power plant in March 2022, and had commenced production of Rayon Grade Caustic Soda Lye. GNAL had also successfully commissioned Caustic Soda plant and started production of Caustic Soda in May 2022, with two out of eight electrolyzers along with commissioning of Unit #1 of 2x65 Captive Power Plant. I am happy to inform that, GNAL had dispatched 1,300 Dry Metric Tons of Caustic Soda to National Aluminium Company Limited through rail on 20th August, 2022 from Ankleshwar.

RESEARCH & DEVELOPMENT

Your Company is having a very strong R&D function. Your Company took up a project to develop Hydrazine Hydrate technology in close association with CSIR-Indian Institute of Chemical Technology (CSIR-IICT), Hyderabad, one of the flagship CSIR laboratories. GACL & CSIR-IICT have achieved success in developing indigenous environment friendly technology to manufacture super speciality chemical Hydrazine Hydrate. I am happy to inform you that the Patent Office, Government of India has awarded a joint patent for 20 years to CSIR and GACL for invention entitled as “An improved process for production of Hydrazine Hydrate”. The Patent has also been granted to your Company jointly with CSIR-IICT for the same process by the United States Patent & Trademark Office.

10,000 TPA Hydrazine Hydrate Project, with forward integration to Hydrogen Peroxide, for the manufacturing of an import substitute at Dahej, is under implementation. This is a major step towards "Atmanirbhar Bharat" - vision of the Hon'ble Prime Minister of India for making the India a self-reliant nation, in Chemical Sector.

The various R&D efforts lead to improved productivity that helps increase margins, further creating an edge in outpacing competitors. 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.

Your Company has distinguished itself with its focus on R&D. It has improved product and production processes with its R&D initiatives. Focus on greener and cleaner technologies is another important aspect of this ISO certified organisation. With this strong foundation and recently awarded Hydrazine Hydrate patent, your Company aspires to take lead in development and manufacturing of downstream speciality chemicals.

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 regular intervals. 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

Your Company has always been a Socially Responsible Corporate committed to integrate social and environmental concerns into its business activities. 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, Care for 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

Harnessing the incredible power of chemistry & people, GACL has embarked on a mission to produce the best quality chemical products in the country along with eco-friendly technology that provides value to the Industrial productions and common lives every day. The Company's Human Resources Department identifies itself as the Process Department of People, it formulates strategies, executes human resource policies and practices which directly contribute to enhancing employee competencies and behaviours which the company needs to reach greater heights.

Today all organizations are struggling to deal with external pressures such as globalization, aggressive competition and the increasing pace of change. This is compounded by internal pressures to lower costs, ability to strategize effectively, demonstrate business impact and maintain accountability for results. The only way to counter all of this is by developing a talent and leadership pool that acts as a path paver for achieving greater results. For this,

your Company has Succession Planning in place for its Senior Management Personnel.

As the organization gets older, clock begins to tick for the old generation of employees to retire and a new generation of employees to step in. This comes with a lot of challenges — along with that of retention — as the Nextgen performers are eager to expand their horizons and enhance their capabilities. Hence, we at GACL have developed an indigenous platform of Learning Management System (LMS), customised to cater organisational needs for skill development through upskilling and reskilling at all levels. This platform provides knowledge sharing opportunities from experienced technocrats and enables young entrants to gain life-long learning opportunities with innovation.

GACL HR operates in allyship at workplace, for every employee-oriented processes there is a committee consisting of members from all category of employees from helpers to Executive Director level to collaborate and maintain harmonious Industrial Relations, with this philosophy Management entered in to Long Term settlement with the Union and amicably disbursed the benefits to Non-Management employees, also revised Salary of Management personnel during the Financial Year 2021-22 to meet with the market trend and attract talent.

HR Digitization, HR policies, transparency and active participation of employees has made it possible for GACL to keep the pace of exponential growth and establish a culture of pride and loyalty for the organization. Even at the time of adversity of pandemic, Business Operations were running with the same zeal of catering to the customer's need & society at large. Your Company also achieved remarkable record of nearly 15,000 training hours (Virtual & Offline) during the year under review, which reflects its people orientation and its aim to become a learning organization and market leader.

INFORMATION TECHNOLOGY

It has always been an endeavor of your Company 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, your Company has a benchmarking ERP – "SAP Systems" in place. 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 J. P Gupta, IAS, Shri Nitin Shukla and Smt. Shridevi Shukla as Directors and Shri Swaroop P. IAS as Managing Director of the Company. On behalf of the Board of Directors, I would like to thank Shri Pankaj Joshi, IAS, Shri Tapan Ray, IAS (Retd.), Smt. Vasuben Trivedi, Directors, Shri Milind Torawane, IAS, Managing Director and Shri Harshad R Patel, IAS, Managing Director of the Company, whose rich experience benefited the Company in its development and growth.

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

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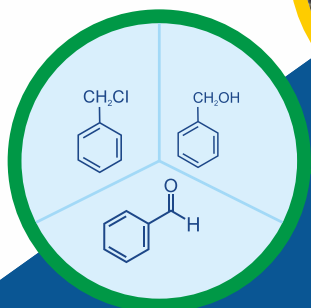
(i) International Monetary Fund Report April, 2022, (ii) World Bank Group Flagship Report, June 2022 – Global Economic Prospects, (iii) Press Note – National Statistical Office & Programme Implementation, Government of India, (iv) Monthly Economic Review April, 2022 – Department of Economic Affairs

Shaping the future

Projects that will take the
Company to new heights

10,000 TPA
Hydrazine Hydrate Plant, Dahej

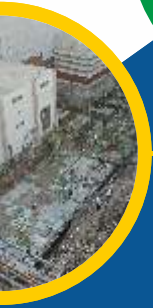
33,870 TPA
Food Grade Phosphoric Acid Plant, Dahej



Coming up 30,000 TPA
Chlorotoluenes Plant at Dahej



105,000 TPA
Chloromethanes Plant, Dahej



Caustic Soda Expansion from
785 TPD to 1310 TPD, Dahej

GNAL 800 TPD Caustic Soda Plant
integrated with a 130 MW Coal based
Power Plant, Dahej

Tank Farm, Dahej

SETTING INDIGENOUS LANDMARKS

India's first indigenous **Hydrazine Hydrate**



GACL and the Indian Institute of Chemical Technology (IICT), Hyderabad, has successfully bagged a patent from India and the United States of America for an improved process for the manufacturing of Hydrazine Hydrate. Currently, India is importing all of its Hydrazine Hydrate from Europe and other countries. GACL's Hydrazine Hydrate is an import substitute product with world-class quality. It will help in reducing the country's dependency on imports, thereby saving valuable foreign exchange. It will also strengthen India's quest to become 'Atmanirbhar Bharat'.

Based on this indigenous and environment-friendly technology, GACL is setting up a commercial-scale plant at its Dahej site at an estimated cost of Rs.405 Crores to manufacture 10,000 MTA of Hydrazine Hydrate. Commissioning of this plant is expected in near future.



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

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