

Environment is our identity



37<sup>th</sup> Annual Report 2009-10



**Gujarat Alkalies and Chemicals Limited**

(Promoted by Govt. of Gujarat)



## MAIN PRODUCTS AND PRINCIPAL USES

SR. NO.	PRODUCTS	PRODUCTION (MT)		INCREASE/ (DECREASE)%	PRINCIPAL USES
		2009 - 2010	2008-2009		
1.	Caustic Soda Lye	*4,14,094	3,78,276	9.47	Soaps and Detergents, Rayon, Textiles, Pulp and Paper, Chemicals.
2.	Caustic Soda Flakes / Prills	*1,87,798	1,55,914	20.45	
3.	Potassium Hydroxide	*21,121	17,206	22.75	
4.	Potassium Carbonate	11,002	6,297	74.72	
5.	Caustic Potash Flakes	10,315	10,900	(5.37)	
6.	Chlorine Gas	*3,80,236	3,46,027	9.89	Plastics (including PVC), Chlorinated Paraffins, Pesticides and other chemicals, Hydrochloric Acid, Chloromethanes and Water Treatment.
7.	Hydrochloric Acid (30%)	3,13,810	3,25,379	(3.56)	Chemicals, Fertilizers, Water Treatment and Phosphoric Acid..
8.	Chloromethanes	*34,558	31,773	8.77	Solvent, Fluro-Carbon refrigerants, Pharmaceuticals, Aerosol Propellants.
9.	Sodium Cyanide	*2,802	2,039	37.42	Metal and mineral extraction, Dyes, Electroplating, Metal Cleaning and Hardening and Insecticides.
10.	Phosphoric Acid (85%)	21,386	24,160	(11.48)	Phosphate salts and phosphating of metals, Pharmaceuticals, Sugar refining and Fine Chemicals.
11.	Hydrogen Peroxide (100%)	*26,804	24,359	10.04	Textiles, Pulp and Paper, Chemicals, Pharmaceuticals, Pesticides, Dyes and Effluent Treatment.
12.	Aluminium Chloride	*19,891	18,464	7.73	Pesticides and Pharmaceuticals, Aromatic Chemicals, Reforming Hydrocarbons, Electrolysis Production of Aluminium.
13.	Calcium Chloride	*8,762	6,768	29.46	Oil well drilling, Ice melter, Road stabilizer and Dust suppressant.
14.	Poly Aluminium Chloride	*22,786	18,714	21.76	Water Treatment, Separation of slurry, Sizing in Paper Industry, Decolorisation & Decontamination of Dyes in Textile Industry and Sewage Water Treatment.
15.	Chlorinated Paraffin Wax	*7,780	4,833	60.98	Secondary Plasticiser in PVC compounding for Pipes, Hoses, Cables, etc., Additive in Lubricating Oils and Paints.
	<b>TOTAL (1) to (15)</b>	<b>14,83,145</b>	<b>13,71,109</b>	<b>8.17</b>	
16.	Power (KWH) (MU)	*911.96	697.65	30.72	Captive consumption for production of (1) to (14) above.

\* Highest ever production.



## BOARD OF DIRECTORS

**Shri A. K. Joti, IAS** ..... *Chairman*

*(From 19.02.2010)*

**Shri D. Rajagopalan, IAS (Retd.)**

*(Up to 18.02.2010)*

**Shri D. J. Pandian, IAS**

*(From 18.12.2009)*

**Shri S. Jagadeesan, IAS**

*(Upto 01.12.2009)*

**Shri M. M. Srivastava, IAS**

*(From 29.10.2009)*

**Shri G. C. Murmu, IAS**

**Shri G. M. Yadwadkar**

*Padma Bhushan, Dr. Sukh Dev*

**Shri J. N. Godbole**

**Shri Guruprasad Mohapatra, IAS** ..... *Managing Director*

## COMPANY SECRETARY

Shri V. L. Vyas

### AUDITORS

Messrs Prakash  
Chandra Jain & Co.  
Chartered Accountants  
Vadodara

### SOLICITORS

Messrs Amarchand  
& Mangaldas &  
Suresh A. Shroff & Co.  
Mumbai

### COST AUDITORS

**For Financial Year 2009-10**  
Messrs Diwanji & Associates  
Cost Accountants  
Vadodara

**For Financial Year 2010-11**  
Messrs R. K. Patel & Co.  
Cost Accountants  
Vadodara

### BANKERS

State Bank of India  
IDBI Bank Ltd.  
HDFC Bank Ltd.  
Central Bank of India  
AXIS Bank Ltd.  
UCO Bank  
Indian Bank

## REGISTERED OFFICE AND VADODARA COMPLEX :

P.O. : Petrochemicals : 391 346  
Dist. : Vadodara,  
GUJARAT (INDIA)  
Phone : (0265) – 2232681-82/2232981-82/2232701

## DAHEJ COMPLEX :

Village : Dahej – 392 130  
Tal. : Vagra, Dist. : Bharuch,  
GUJARAT (INDIA)  
Phone : (02641) – 256315-16-17/256235

## REGISTRAR & SHARE TRANSFER AGENTS :

MCS Ltd. (Unit : GACL)  
Neelam Apartment, 1<sup>st</sup> Floor  
88, Sampatrao Colony, Productivity Road, Vadodara – 390 007  
GUJARAT (INDIA)  
Phone : (0265)-2339397, 2314757, 2350490  
E-mail : mcsbaroda@yahoo.com

**Website** : <http://www.gacl.com>



### Vision

To continue to be identified and recognized as a dynamic, modern and ecofriendly chemical company with enduring ethics and values.

### Mission

- To manage our business responsibly and sensitively, in order to address the needs of our Customers and Stakeholders.
- To strive for continuous improvement in performance, measuring results precisely, and ensuring GACL's growth and profitability through innovations.
- To demand from ourselves and others the highest ethical standards and to ensure products and processes to be of the highest quality.

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## NOTICE

**NOTICE IS HEREBY** given that the Thirty Seventh Annual General Meeting of the Shareholders of **GUJARAT ALKALIES AND CHEMICALS LIMITED** will be held in the premises of the Company at P.O. : Petrochemicals : 391 346, Dist. : Vadodara on Tuesday, the 28<sup>th</sup> September, 2010 at 4.00 P.M. to transact the following Ordinary and Special Business.

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend for the Financial Year ended on 31<sup>st</sup> March, 2010.
3. To appoint a Director in place of Shri G C Murmu, IAS, who retires by rotation at this Meeting and being eligible offers himself for reappointment.
4. To appoint Auditors of the Company to hold office up to the conclusion of the next Annual General Meeting and to fix their remuneration and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

**“RESOLVED THAT** M/s. Prakash Chandra Jain & Co., Chartered Accountants, Vadodara, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration and service tax, traveling, lodging, boarding and other out of pocket expenses actually incurred by them as may be recommended by the Audit Committee and approved by the Board of Directors of the Company in connection with the audit of Accounts of the Company for the year ending 31<sup>st</sup> March, 2011.”

### SPECIAL BUSINESS :

5. To appoint Shri M M Srivastava, IAS as a Director of the Company who was appointed as an Additional Director by the Board of Directors on 29<sup>th</sup> October,

2009 pursuant to Section 260 of the Companies Act, 1956 and holds office up to this Annual General Meeting and to pass the following resolution as an **Ordinary Resolution** of which the prescribed Notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company from a Member.

**“RESOLVED THAT** Shri M M Srivastava, IAS be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation pursuant to the provisions of Sections 255 and 256 of the Companies Act, 1956.”

6. To appoint Shri D J Pandian, IAS as a Director of the Company who was appointed as an Additional Director by the Board of Directors on 18<sup>th</sup> December, 2009 pursuant to Section 260 of the Companies Act, 1956 and holds office up to this Annual General Meeting and to pass the following resolution as an **Ordinary Resolution** of which the prescribed Notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company from a Member.

**“RESOLVED THAT** Shri D J Pandian, IAS be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation pursuant to the provisions of Sections 255 and 256 of the Companies Act, 1956.”

**By Order of the Board**  
for **GUJARAT ALKALIES AND CHEMICALS LIMITED**

**V L VYAS**  
Company Secretary &  
General Manager (Legal)

Place : Vadodara  
Date : 30<sup>th</sup> July, 2010



## NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**

Please bring your copy of Annual Report and attendance slip at the Meeting. Persons other than Members or Proxy will not be allowed to attend the Meeting.

2. Arrangement of buses from and to Vadodara city and the place of the Meeting will be made by the Company on the day of the Meeting. The starting places and timing of buses will be published in local vernacular newspapers on or before 27<sup>th</sup> September, 2010.

3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item Nos.: 4 to 6 is annexed hereto.

The particulars of qualification, experience and other Directorships etc. of the Directors proposed to be appointed/reappointed are given in the Annexure forming part of this Notice.

4. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 16<sup>th</sup> September, 2010 to Tuesday, the 28<sup>th</sup> September, 2010 (both days inclusive).

5. The dividend declared at the Annual General Meeting, will be paid on equity shares of the Company on or after 4<sup>th</sup> October, 2010 to those shareholders holding shares in physical form and whose names appear on the Register of Members of the Company on 28<sup>th</sup> September, 2010. In respect of shares held in electronic form, the dividend will be payable to those who are the beneficial owners of shares after close of business hours on 15<sup>th</sup> September, 2010 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The dividend warrants will be dispatched from 30<sup>th</sup> September, 2010 onwards.

6. a) Members holding shares in electronic form may please note that their bank details as may be furnished to the Company by respective Depositories will only be considered for remittance of dividend through NECS at RBI clearing centers or through Dividend Warrants. Beneficial holders holding Shares in demat form are requested to get in touch with their Depository Participants (D.P.) to update / correct their NECS/ECS details – bank code (9 digit) and bank account no. (12 to 16 digit) to avoid any rejections and also give instructions regarding change of address, if any, to their D.P. It should be advisable to attach a photocopy of a cancelled cheque with your instructions to your DP.

b) Members holding shares in physical mode are requested to notify immediately any change in their addresses, the Bank mandate or Bank details along with photocopy of the cancelled cheque to the Company's Registrar and Share Transfer Agents, M/s. MCS Ltd., Neelam Apartments, 88, Sampatrao Colony, R. C. Dutt Road, Vadodara : 390 007.

c) Members holding Shares both in electronic form and also in physical form, shall give written instruction regarding change of address, bank account details, nomination etc. giving their client ID/DPID Nos. or L.F. No. as the case may be, separately to their Depository Participant and to the Company's Registrar & Share Transfer Agent.

7. The Shareholders are advised to encash their dividend warrants within validity period. Thereafter the payment of unencashed dividend warrants shall be made after receipt of final list of unclaimed dividend warrants and reconciliation of Dividend Account with Bank. The payment of unclaimed dividend will be made by DDs/ Cheques payable at par upon furnishing Indemnity-cum-Request letter by the Shareholder and verification by the Company.

8. The Shareholders who have not encashed dividend warrant(s) for the years 2003-04, 2004-05, 2005-06, interim and final dividend of 2006-07, 2007-08 and 2008-09 are requested to claim payment immediately by presenting dividend warrant(s) or by writing to the Company's Registrar & Transfer Agents, M/s. MCS Limited at the address given above. No claims can be entertained by the Company or the Investors Education & Protection Fund (IEPF) in respect of the Dividend amounts, which remain unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment can be made by the Company in respect of any such claims.

9. As on 31.03.2010, Share Certificates for 9970 shares of 302 shareholders/ allottees returned undelivered by Post are lying with the Company. The Company has sent several reminders to the said shareholders / allottees and they are requested to write to the Registrar & Transfer Agents of the Company M/s. MCS Limited for getting delivery of their Share Certificates.

10. Pursuant to the provisions of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of the shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which is available on the Company's website 'www.gacl.com') to the Registrar & Transfer Agents, M/s. MCS Limited at the address given above.

11. Relevancy of question/s and the order of speakers at the meeting will be decided by the Chairman. Proxy can attend and vote but can not speak at the meeting.



## ANNEXURE TO THE NOTICE OF THE 37<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON TUESDAY, THE 28<sup>TH</sup> SEPTEMBER, 2010.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956

### Item No. 4

As per the provisions of Sections 224 and 224 A of the Companies Act, 1956, the shareholders of the Company shall be required to pass a Special Resolution at the Annual General Meeting (AGM) as set out at Item No.4 of the Notice to appoint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next AGM, since not less than 25% of the Subscribed Share Capital is held by the Government of Gujarat, Government Companies or Boards, Public Financial Institutions and Nationalised Banks.

None of the Directors of the Company is concerned or interested in the said Resolution.

### Item No. 5

Shri M M Srivastava, IAS was appointed as an Additional Director by the Board of Directors of the Company on 29<sup>th</sup> October, 2009 pursuant to Section 260 of the Companies Act, 1956 ("the Act") and he holds office up to the date of this Annual General Meeting. The Company has received a Notice in writing under Section 257 of the Act alongwith deposit of ₹500/- from a Member signifying his intention to propose the appointment of Shri M M Srivastava, IAS as Rotational Director. Shri M M Srivastava, IAS is a Senior IAS Officer and Principal Secretary, Finance Department, Government of Gujarat. He has considerable experience of Administration, Management, Industries, Finance and various departments in the Government. His additional information in respect of Qualifications, Experience etc. are shown in the annexure attached.

It is considered desirable that the Company should continue to avail the services of Shri M M Srivastava, IAS and accordingly, your Directors recommend his appointment as a Rotational Director pursuant to Sections 255 and 256 of the Act and the Resolution at Item No. 5 of the Notice for your approval.

None of the Directors of the Company except Shri M M Srivastava, IAS is concerned or interested in the said Resolution.

### Item No. 6

Shri D J Pandian, IAS was appointed as an Additional Director by the Board of Directors of the Company on 18<sup>th</sup> December, 2009 pursuant to Section 260 of the Companies Act, 1956 ('the Act') and he holds office up to the date of this Annual General Meeting. The Company has received a Notice in writing under Section 257 of the Act alongwith deposit of ₹500/- from a Member signifying his intention to propose the appointment of Shri D J Pandian, IAS as Rotational Director. Shri D J Pandian, IAS is a Senior IAS Officer and Principal Secretary, Energy & Petrochemicals Department, Government of Gujarat. He has considerable experience of Administration, Management, Finance and various departments in the Government. His additional information in respect of Qualifications, Experience etc. are shown in the annexure attached.

It is considered desirable that the Company should continue to avail the services of Shri D J Pandian, IAS and accordingly, your Directors recommend his appointment as a Rotational Director pursuant to Sections 255 and 256 of the Act and the Resolution at Item No. 6 of the Notice for your approval.

None of the Directors of the Company except Shri D J Pandian, IAS is concerned or interested in the said Resolution.

### Inspection of documents :

All documents referred to in this Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 9.30 a.m. and 12.30 p.m. and between 2.30 p.m. and 4.30 p.m. on any working day of the Company prior to the date of the Meeting.

By Order of the Board  
for **GUJARAT ALKALIES AND CHEMICALS LIMITED**

**V L VYAS**  
Company Secretary &  
General Manager (Legal)

Place : Vadodara  
Date : 30<sup>th</sup> July, 2010



**DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT BY THE SHAREHOLDERS OF THE COMPANY AT THE ENSUING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)**

Name of Director	Shri G C Murmu, IAS	Shri M M Srivastava, IAS	Shri D J Pandian, IAS
Date of Birth	21.11.1959	23.07.1952	11.05.1955
Date of appointment	11.12.2004	29.10.2009	18.12.2009
Qualifications	M.A. M.B.A.	M.Sc. M.B.A.	B.A. M.B.A.
Nature of Expertise/ Experience	He is a Senior IAS Officer of Government of Gujarat and he is the Managing Director of Gujarat Industrial Investment Corporation Ltd. (GIIC). He has a very rich and varied experience of more than 27 years of Banks, Administration, Finance, Corporate Management and various Departments of Government of Gujarat.	He is a Senior IAS Officer of Government of Gujarat and he is the Principal Secretary, Finance Department, Government of Gujarat. He has rich and varied experience of more than 32 years of Finance, Industries, Administration & Corporate Management etc. and various departments in the Government of Gujarat and Government of India.	He is a Senior IAS Officer of Government of Gujarat and he is the Principal Secretary, Energy & Petrochemicals Department, Government of Gujarat. He has a very rich and varied experience of more than 32 years of Administration, Management, Finance and various departments in the Government of Gujarat and Government of India. He was the Managing Director of Gujarat State Petroleum Corporation Ltd; for 9 years.
Names of other Companies in which Directorship is held	<ol style="list-style-type: none"> <li>1 Gujarat Industrial Investment Corporation Ltd.</li> <li>2 Gujarat Venture Finance Ltd.</li> <li>3 Gujarat State Machine Tools Corporation Ltd.</li> <li>4 Gujarat Port Infrastructure &amp; Development Co. Ltd.</li> <li>5 Gujarat Chemical Port Terminal Co. Ltd.</li> <li>6 Infrastructure Finance Co. Gujarat Ltd.</li> <li>7 Gujarat State Investment Ltd.</li> <li>8 Gujarat Siddhee Cements Ltd.</li> <li>9 Haldyn Glass Gujarat Ltd.</li> <li>10 Alcock Ashdown Gujarat Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1 Gujarat State Investment Ltd.</li> <li>2 Gujarat State Petroleum Corpn. Ltd.</li> <li>3 Gujarat International Fin. Tech. City Ltd.</li> <li>4 Gujarat State Financial Services Ltd.</li> <li>5 GSFS Caps Ltd.</li> <li>6 Sardar Sarovar Narmada Nigam Ltd.</li> <li>7 Gujarat State Fertilizers &amp; Chemicals Ltd.</li> <li>8 Gujarat Narmada Valley Fertilizers Co. Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1 Gujarat Urja Vikas Nigam Ltd.</li> <li>2 Gujarat State Electricity Corporation Ltd.</li> <li>3 Gujarat Energy Transmission Corpn. Ltd.</li> <li>4 GSPC Pipavav Power Co. Ltd.</li> <li>5 Gujarat Industries Power Company Ltd.</li> <li>6 Gujarat State Energy Generation Ltd.</li> <li>7 Gujarat Power Copn. Ltd.</li> <li>8 GSPC Gas Company Ltd.</li> <li>9 Gujarat State Petroleum Corpn. Ltd.</li> <li>10 Gujarat Narmada Valley Fertilizers Co. Ltd.</li> <li>11 Gujarat State Fertilizers &amp; Chemicals Ltd.</li> <li>12 Gujarat State Petronet Ltd.</li> <li>13 Mahaguj Collieries Ltd.</li> </ol>
Names of the Committees of the Board of Companies in which Membership / Chairmanship is held	<p><b>Gujarat Alkalies and Chemicals Ltd.</b></p> <ol style="list-style-type: none"> <li>1 Project Committee</li> <li>2 Personnel Committee</li> <li>3 Remuneration Committee</li> <li>4 Shares/Debentures Transfers and Investors' Grievance Committee</li> </ol> <p><b>Gujarat Chemical Port Terminal Co. Ltd.</b></p> <ol style="list-style-type: none"> <li>1 Audit Committee –Chairman</li> </ol>	<p><b>Gujarat International Fin. Tech. City Ltd.</b></p> <ol style="list-style-type: none"> <li>1 Audit Committee</li> </ol> <p><b>Sardar Sarovar Narmada Nigam Ltd.</b></p> <ol style="list-style-type: none"> <li>1 Audit Committee</li> </ol>	<p><b>Gujarat Alkalies and Chemicals Ltd.</b></p> <ol style="list-style-type: none"> <li>1 Shares/Debentures Transfers and Investors' Grievance Committee - Chairman</li> <li>2 Project Committee – Chairman</li> <li>3 Personnel Committee – Chairman</li> <li>4 Audit Committee</li> </ol>





## DIRECTORS' REPORT

To

The Members,

Your Directors present this 37<sup>th</sup> Annual Report on the business and operations of the Company together with Audited Balance Sheet and Profit & Loss Account for the Financial Year ended 31<sup>st</sup> March, 2010 and the report of the Auditors thereon.

The performance of the Company in 2009-10 has been as follows:

### FINANCIAL RESULTS :

(₹ in Lakhs)

Particulars	2009-10	2008-09
<b>Sales ( excluding Excise Duty ) and Other Income</b>	<b>1,33,991</b>	1,43,007
<b>Profit before Interest, Depreciation and Taxation (PBITD)</b>	<b>29,019</b>	40,191
Less: Interest	<b>1,748</b>	2,459
<b>Profit before Depreciation and Taxation (PBDT)</b>	<b>27,271</b>	37,732
Less: Depreciation	<b>12,155</b>	10,943
<b>Profit of the year</b>	<b>15,116</b>	26,789
<b>Provision for Impaired assets</b>	-	471
<b>Prior Period Adjustment [ Net Debit / (Credit) ]</b>	<b>488</b>	188
<b>Profit before Taxation (PBT)</b>	<b>14,628</b>	26,130
Less: Provision for Taxation (Including Deferred Tax Liability, Wealth Tax, Fringe Benefits Tax, etc.)	<b>(2,556)</b>	6,903
<b>Profit after Taxation (PAT)</b>	<b>17,184</b>	19,227
Add: P&L A/c Balance brought forward from Previous Year	<b>29,102</b>	22,066
<b>Amount available for appropriations</b>	<b>46,286</b>	41,293
<b>Your Directors recommend the following Appropriations:</b>		
<b>Proposed Dividend</b>	<b>2,203</b>	2,203
<b>Tax on Proposed Dividend</b>	<b>366</b>	374
<b>Transferred to General Reserve</b>	<b>8,593</b>	9,614
<b>Balance Carried to Balance Sheet</b>	<b>35,124</b>	29,102
Earning per Share	<b>₹23</b>	₹26
Dividend per Share	<b>₹3.00</b>	₹3.00
Book Value per Share	<b>₹ 185</b>	₹ 164

### DIVIDEND:

Your Directors are glad to recommend a Dividend @ ₹3.00 per share on 7,34,36,928 Equity Shares of ₹10/- each fully paid up for the year ended 31<sup>st</sup> March, 2010.

### ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION:

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is given in the **Annexure - 1** to this report.

### INSURANCE:

The Company has taken adequate insurance for all its properties. The Company has also taken necessary insurance cover as required under the Public Liability Insurance Act, 1991.

### PUBLIC DEPOSITS:

During the year 2009-10, the Company has not accepted / renewed any Fixed Deposit. The Company has repaid all the Fixed Deposits with interest up to the date of repayment. As at the date of this report only 1 (one) deposit of ₹10,000/- has remained un-encashed / unclaimed.

### LISTING AGREEMENT COMPLIANCE:

The Company's Equity Shares are listed on The Bombay Stock Exchange Ltd. (BSE), National Stock Exchange of India Ltd. (NSE) and Vadodara Stock Exchange Ltd. (VSE) and their listing fees for the Financial Year 2010-11 has been paid and the conditions of Listing Agreement have been complied with.

### DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to any material departure;
- that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and



- iv) that the annual accounts have been prepared on a going concern basis.

#### **CORPORATE GOVERNANCE :**

The Company has been following the principles and practices of good Corporate Governance and has ensured compliance of the requirements stipulated under Clause – 49 of the Listing Agreement with the Stock Exchanges.

A detailed report on Corporate Governance along with Certificate dated , 26<sup>th</sup> May, 2010 issued by Practicing Company Secretaries in terms of Clause – 49 of the Listing Agreement is attached forming part of this Report.

#### **MANAGEMENT DISCUSSION AND ANALYSIS:**

A report on Management Discussion and Analysis forms part of this Report and it deals with the Operations and Business Performance, Expansion & Diversification, Research & Development, Marketing Strategy of GACL, Safety & Environment, Corporate Social Responsibility, Human Resources Development etc.

#### **DIRECTORS:**

The Government of Gujarat has appointed Shri A K Joti, IAS, as Government Nominee Director and Chairman on the Board of Directors of the Company w.e.f. 19<sup>th</sup> February, 2010 vice Shri D Rajagopalan, IAS (Retd.).

Shri S Jagadeesan, IAS has resigned as Director w.e.f. 1<sup>st</sup> December, 2009.

The Board places on record their appreciation of the valuable services rendered by Shri D. Rajagopalan, IAS (Retd.) and Shri S.Jagadeesan, IAS to the Company during their tenure as Directors of the Company.

Shri M M Srivastava, IAS and Shri D J Pandian, IAS, have been appointed as Additional Directors by the Board of Directors on 29<sup>th</sup> October, 2009 and 18<sup>th</sup> December, 2009 respectively and they hold office as Directors up to the ensuing Annual General Meeting.

Shri G C Murmu, IAS, Director will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

The Directors recommend for your approval the appointment of Shri M M Srivastava, IAS and Shri D J Pandian, IAS and reappointment of Shri G C Murmu, IAS as Rotational Directors at the ensuing Annual General Meeting.

#### **PARTICULARS OF EMPLOYEES :**

The information, as required under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, as amended, forms part of this Report. Any shareholder interested in seeking this information

may write to Company Secretary of the Company at the Registered Office of the Company. Further, there was no employee holding 2% or more of the equity shares of the Company during the year 2009-10.

#### **INTERNAL AUDITORS :**

M/s K.C. Mehta & Co., Chartered Accountants, Vadodara have been appointed as Internal Auditors for conducting Internal Audit of the Company for Vadodara and Dahej Complexes. The Internal Auditors independently evaluate the internal controls, adherence to and compliance with the procedures, guidelines and statutory requirements. The Audit Committee of Directors periodically reviews the reports of the internal auditors.

#### **AUDITORS :**

The Company's Auditors M/s. Prakash Chandra Jain & Co., Chartered Accountants, Vadodara retire and are eligible for reappointment. You are requested to appoint Statutory Auditors and authorise your Directors to fix their remuneration.

#### **COST AUDITORS :**

The Government of India, Ministry of Finance has issued Cost Audit Order under Section 233(B) of the Companies Act, 1956 to appoint Cost Auditors to audit the Cost Accounting Records and Books of Accounts maintained by the Company in respect of "Caustic Soda" and "Chloromethanes" Products. Accordingly, the Board of Directors had appointed M/s Diwanjee & Associates, Vadodara as Cost Auditors for Financial Year 2009-10 to conduct the Cost Audit of Caustic Soda products in both the plants at Vadodara and Dahej Complexes and for Chloromethanes products at Vadodara Complex of the Company.

The Board of Directors has appointed M/s R K Patel & Company, Vadodara, as Cost Auditors of the Company to conduct the Cost Audit of the aforesaid Products for the Financial Year 2010-11.

#### **ACKNOWLEDGEMENTS :**

The Board expresses its gratitude and appreciation to the Government of India, Government of Gujarat, Financial Institutions, Insurance Companies, Banks, other business associates, Promoters, Shareholders and employees of the Company for their continued support.

**For and on behalf of the Board**

**A K JOTI**  
CHAIRMAN

Place : Vadodara  
Date : 30<sup>th</sup> July, 2010



## ANNEXURE – 1 TO DIRECTORS' REPORT

### PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

#### A. CONSERVATION OF ENERGY :

##### (a) ENERGY CONSERVATION MEASURES TAKEN :

1. Installation of wind farm of additional 21 MW capacity for utilizing renewable energy to cater Vadodara complex power requirement. Out of 21 MW capacity wind farm, 16.5 MW wind mills have been commissioned during FY 2009-10. Hence total wind farm capacity available as on 31.03.2010 is 79.25 MW.
2. Replacement of 206 Nos. 1<sup>st</sup> generation elements with 5<sup>th</sup> generation elements in MC-I.
3. Addition of one electrolyser (RA-10) in MC-II out of good quality spare old elements.
4. Replacement of one old rectifier with BHEL make energy efficient rectifier.
5. KOH capacity enhanced from 53 TPD to 61 TPD in MC-II which ultimately reduced auxiliary power consumption.
6. 13 Nos. of cell racks 'n' busbar have been modified to reduce busbar loss and to accommodate more number of elements in electrolyser to reduce current density and so as to power.
7. Total 100 Nos. of old elements have been added to the existing electrolysers which has reduced operating current density and hence to power.
8. Water sealing and insulation provided to old clarifier to reduce heat loss.
9. Chloromethanes production increased from 95 TPD to 98 TPD with same infrastructure which reduced the specific power consumption.
10. Variable Frequency Drive (VFD) installed for Catholyte pump, Pure brine pump, Filtered brine pump and 2 Nos. of Chlorine compressors.
11. Replacement of 1 no. 30 KW motor with 7.5 KW motors for Sodium Hypo circulation pumps.
12. Better utilization of Hydrogen as fuel in CCU furnaces.
13. STG overhauling and Steam path cleaning in power plant.

14. HRSG – 1 modification (CPH installation) to recover heat energy by reducing stack temperature from 150 deg. cent. to 120 deg. cent.

15. Installation of 2 × 75 KW frequency drives for Rectifier cooling pumps.

16. In place of Pressure Reduction Valve in steam line, a Steam Turbine of 140 KW Capacity installed to generate power.

##### (b) ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.

1. Replacement of one existing old rectifier (no.-2) with high efficient rectifier in Caustic Soda Plant (MC-I) at Vadodara Complex.

2. Procurement of Variable Frequency Drives.

3. Procurement action completed for 38 Nos. 5<sup>th</sup> generation elements.

4. 20 Nos. of cell racks 'U' busbar are to be removed to reduce busbar loss and to accommodate more number of elements in electrolyser to reduce current density and so as to power.

5. Procurement action started for energy efficient 180 Nos. of 5<sup>th</sup> generation elements for Vadodara Complex and 150 numbers elements for Dahej Complex.

6. Remembraning of 270 elements for MC-I Plant for Vadodara Complex and 560 elements for Caustic Soda plant at Dahej Complex.

7. Addition of 2 Nos. of electrolysers in MC-II to reduce operating current density resulting in power reduction with old elements.

8. Enhancement of KOH production from 61TPD to 100TPD.

9. Addition of 120 Nos. Elements in existing electrolysers to reduce current density.

10. Procurement of 2 Nos. VAM Systems for chilled water.

11. Procurement of higher capacity and efficient chlorine compressor (100TPD).



12. 2 Nos. of RCC structured shell addition in existing cooling tower located in brine house.
13. Energy efficient equipment installation in Existing Caustic Concentration Unit.
14. Installation of Chlorine Recuperator in KOH chlorine system to recover heat from Chlorine.

**(c) IMPACT OF THE MEASURES AT (A) AND (B) ABOVE AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS :**

As all items are consuming energy round the clock, the above measures saves / shall save energy in large quantity. Also installation of higher efficiency equipments as planned above will result in lower power consumption per unit of production.

**(d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION:**

As per Form-A annexed.

**B. TECHNOLOGY ABSORPTION :**

**(e) EFFORTS MADE IN TECHNOLOGY ABSORPTION :**

As per Form – B annexed.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

**(f) ACTIVITIES RELATING TO EXPORTS, INITIATIVES TAKEN TO INCREASE EXPORTS, DEVELOPMENT OF NEW EXPORT MARKETS FOR PRODUCTS AND SERVICES AND EXPORT PLANS:**

The Company exported Caustic Soda Flakes, Caustic Soda Prills, Caustic Potash Flakes, Potassium Carbonate, Methylene Chloride, Phosphoric Acid, Hydrogen Peroxide, Aluminum Chloride, Calcium Chloride Powder, CPW, PAC (30) to various countries during the year. In the current financial year, the Company targets at wider markets for export of various products. With Company's accreditation with IS/ISO 9001:2000, 14001:1996 and IS 18001:2000, the exports are likely to improve further.

**(g) TOTAL FOREIGN EXCHANGE USED AND EARNED :**

- (i) Foreign Exchange Used - ₹ 16,698.08 Lakhs  
(ii) Foreign Exchange Earned - ₹ 10,445.33 Lakhs

**FORM-A ( See Rule - 2 )  
Form for disclosure of particulars with respect to conservation of energy**

No.	Particulars	2009-10	2008-09
<b>(A) Power &amp; Fuel Consumption :</b>			
<b>1 Electricity :</b>			
a)	1) Purchased unit (kwh) (in Lakhs) from state grid for Vadodara Complex	435.313	1518.86
	Total Amount in ₹ ( in Lakhs )	3904.2659	9092.93
	Rate / Unit - Rs per kwh including demand charges	8.9688	5.9867
	2) Purchased unit (kwh) (in Lakhs) as participating unit (GIPCL)	3436.897	2761.644
	Total Amount in ₹ (in Lakhs)	11300.194	12024.158
	Rate / Unit - ₹	3.2879	4.353
b)	Own Generation		
	i) Through Wind Farm	1148.53	441.45
	Wind Farm Power Receipt (units in Lakhs)		
	Cost per Unit - ₹/kwh	2.08	1.92
	ii) Through GT/STG:		
	Units ( KWH) ( in Lakhs )	7833.651	6512.768
	Natural Gas ( SM <sup>3</sup> in Lakhs )	1907.74	1653
	Unit per SM <sup>3</sup> ( kwh / sm <sup>3</sup> ) Gas	4.1063	3.94
	Cost per unit in ₹ inclusive energy charges of state grid for Dahej Complex	3.8935	4.1005
<b>2 Coal :</b>			
	Quantity ( Tonnes )	NIL	NIL
	Total Cost	NIL	NIL
	Average Rate ₹	NIL	NIL
<b>3 Fuel oil &amp; LDO/HSD :</b>			
	Total quantity (K.Ltrs.)	49.9611	546.382
	Total Amount ₹	1499000	6926000
	Average Rate ₹ per KL	30003.34	12676.113
<b>4 Other - natural gas : (Gas used other than power plant) :</b>			
	Total quantity (SM <sup>3</sup> )	41587472	37429600
	Total cost	342700000	286937000
	Rate per SM <sup>3</sup> in ₹	8.2405	7.666
<b>(B) Consumption per unit of production :</b>			
	Caustic Soda Lye	Kwh per MT	Kwh per MT
	Electricity	2468	2461
	Standards	2582	2582
	Furnace Oil ( Standard )	NIL	NIL
	Coal ( Standard )	NIL	NIL
	Others ( Standard )	NIL	NIL

The rate of NG based on actual calorific value available.



## FORM – B (See Rule - 2)

### Form for disclosure of particulars with respect to Technology Absorption in 2009-2010

#### A Research & Development (R&D)

##### 1. Specific Areas in which R&D carried out by Company

- (i) Standardization of the laboratory scale process for preparing high purity synthetic Vanillin – a high valued specialty chemical.
- (ii) Further scale up of the economical and environment friendly process for Sodium Percarbonate in the Pilot plant.
- (iii) Exploration & development of the various products based on Phosphoric Acid.
- (iv) Development of import substitutes for the imported raw materials used in the different plants.
- (v) Process improvement including cost reduction.
- (vi) Cooling water tretment including the development of new formulations, corrosion & biological growth monitoring.
- (vii) Developmental work on the existing products.
- (viii) Specific studies on the plant related problems, waste generated / effluent control.
- (ix) Technical support to the operations & marketing.
- (x) Technical services to M/s. GIPCL on cooling water treatment.

##### 2. Benefits derived as a result of above R&D

- (a) There has been a net saving of ₹20.0 lacs by production of cooling water treatment chemicals / formulations at R&D Centre for corrosion, scale & microbiological growth control.
- (b) Saving of chemicals worth ₹20.0 lacs, which otherwise would have been required for cyanide destruction in Sodium Cyanide Plant.
- (c) There has been a net saving of ₹5.00 lacs by the production of antifoaming formulation & subsequent use in the Phosphoric Acid plant.
- (d) There has been a net saving of ₹15.00 lacs with the preparation of a stabilizer – 2-methyl – 2-Butene by the R&D developed process.
- (e) There has been a net saving of ₹10.0 lacs for carrying out the specialized analysis of the plant samples and corrosion & microbiological growth monitoring in the cooling water systems.

Total savings of ₹ 70 lacs have been achieved due to the R & D efforts listed above.

- (f) Successful development of laboratory scale economical & environment friendly process for high purity synthetic Vanillin – a high valued specialty chemical.
- (g) Successful scale up of the process in the Pilot plant for Sodium Percarbonate.
- (h) Successful exploration & development of laboratory scale process for Mono, Di & Tri Sodium & Potassium Phosphates.
- (i) Successful development of the new Biocide, scale & corrosion inhibition formulations.

##### 3. Future plan of action

- (a) To further scale up the process for Vanillin in the Pilot plant.
- (b) To further optimize the process of Sodium Percarbonate.
- (c) To continue the work towards the development of the indigenous substitute of the imported raw materials used in the different plants.
- (d) To continue giving all technical support to the operations & marketing.
- (e) Developmental work on the existing products.
- (f) Strengthening of the scientific manpower and upgradation of laboratory, pilot plant & library facilities.

##### 4. Expenditure on R&D (₹ in lacs)

a. Capital	—
b. Recurring	661.89
c. Total	<u>661.89</u>
d. Total R&D Expenditure as a percentage of turnover.	0.46%

#### B. Technology absorption, adaptation and Innovation

##### 1. Efforts in brief made towards technology absorption, adaptation and innovation :

- (a) Studies on the various streams of the Phosphoric Acid plant with respect to Heavy metal analysis.
- (b) Studies on the catalyst.
- (c) Studies on Aluminium Chloride & Poly Aluminium Chloride with respect to Heavy metal analysis.

##### 2. Benefits derived as a result of the above efforts :

- (i) Use of Rock Phosphate from the different sources in the Phosphoric Acid plant.
- (ii) Better process control & cost reduction.

##### 3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information is furnished.

- Technology Imported – PAC & Hydrogen Peroxide
- Year of import – 2006
- Has technology absorbed ? - Yes



## MANAGEMENT DISCUSSION AND ANALYSIS

### INTRODUCTION:

The Company was established in 1973 and over a period of time, it has emerged as the largest producer of Caustic Soda in India with present installed production capacity of 429000 MT of Caustic Soda as on 31<sup>st</sup> March, 2010 and enjoys the economies of scale. The Company has about 18% share in the domestic Chlor-Alkali market.

Your Company has achieved IS/ISO 9001:2000, ISO 14001:2004, IS 18001:2007 OHSMS Management Systems in its pursuit for excellence and sustainable growth. The Quality Policy of the Company reflects its emphasis and commitments. Since inception the Company has continuously expanded its operations in Chlor-Alkali Sector and also diversified into several higher end products, through forward/backward integration.

GACL has always ensured upgrading and adapting eco friendly and green technologies while it outpaced the industry average capacity utilization of 80% with its 99.80% capacity utilization. Contrary to the common belief that chemical manufacturing companies spoil environment, GACL carries its passion for protecting the environment at every stage of its operations. It is a Company that manages its business conscientiously and thoughtfully, keeping interest of customers, shareholders, employees, society, stakeholders and Mother Nature in sight.

The Company product basket includes various basic chemicals namely Chloromethanes, Potassium Hydroxide, Potassium Carbonate, Phosphoric Acid (85%) Sodium Cyanide, Sodium Ferro Cyanide, Hydrogen Peroxide, Poly Aluminum Chloride, Anhydrous Aluminum Chloride, Toluene based chemicals and Chlorinated Paraffin Wax etc. The Company derives around 65% of its revenues from Chlor-Alkali business and 35% of its revenues from the other value added products.

The Company's products are used by various end user industries viz. Textiles, Pulp & Paper, Soaps & Detergents, Alumina, Water Treatment, Petroleum Fertilizers, Pharmaceuticals, Agrochemicals, Plant Protection, Dyes & Dyes Intermediates, etc. and it has marked its presence across the globe even against stiff international competition by exporting its products viz., Aluminium Chloride, Hydrogen Peroxide, Caustic Soda Flakes and Prills, Polyaluminium Chloride and Chlorinated Paraffin Wax to USA, Europe, Australia, Africa, Far & Middle East Countries, China and South Asian Markets.

Power being the major input for production of Caustic Soda, the Company devised a novel strategy to meet its growing energy demands. Besides a 90MW gas based captive power plant and participation in 140MW Joint Captive Power Plant (GIPCL), the Company has taken a major initiative for green

energy by setting up three wind farms for a total installed capacity of 83.75MW. The Company is aiming towards achieving self reliance to meet its power requirements to achieve sustainable performance in the long run through alternative environment friendly renewable energy sources.

### AN OVERVIEW OF INDIAN ECONOMY:

Indian economy expanded at 7.4% in 2009-10 helped by strong growth in manufacturing and agriculture. The country's gross domestic output grew by 8.7% in the fourth fiscal quarter as agriculture grew 0.7% and manufacturing cruised at 16.3%. The strong performance boosted by economic stimulus measures taken by the Government, may not be enough to tackle high inflation as the global outlook remains bleak due to Europe's debt troubles and soaring input prices back home.

Persistent high food inflation remains a cause of concern. With India's increasing integration with the global economy, Indian companies become more susceptible to the volatilities in the world markets for currency, commodity and finance. Our prognosis of the overall economic scenario should therefore be assessed with due consideration being given to certain developments - domestic as well global. The guarded outlook stems from the uncertain global economic outlook due to the crisis in Greece and now in Italy and Spain, igniting fears that Europe's debt crisis will hurt the global economy.

One of the key focus areas of Chemical Industry is the sustainable growth and essential part of the growth strategy in today's competitive environment that expands beyond the boundaries. Globally, the Chemical Industry is facing the challenge to reduce the carbon footprint and gradually adopting green technologies and renewable energy to mitigate the impact on the environment. At the same time, the industry has to be cost competitive and at par on scales of economy with the global industry.

It has become imperative for businesses to track the economic environment on an ongoing basis when changes come in such a dynamic fashion; when perceptions on where macroeconomic risks lie are so numerous and changing so often; when the immediate business environment becomes so closely linked with events that are largely beyond our immediate control.

### FINANCIAL PERFORMANCE:

Your Company during the year 2009-10 has achieved highest ever production in its history. Despite volatility in market and slowdown in economy, your Company has achieved highest ever sales volume in respect of Caustic Soda Group, Sodium Cyanide Group, Chloromethanes Group, KOH Group, Hydrogen Peroxide, Calcium Chloride, Aluminium Chloride, Poly Aluminium Chloride and Chlorinated Paraffin Wax products.



The sales realisation of Chloromethanes, Sodium Cyanide, Poly Aluminium Chloride and Aluminium Chloride product groups have improved. However, during the year 2009-10, the Company faced severe industry slow down particularly in Caustic Soda / Caustic Potash Group, which have a major share in the product basket, with global negative correction giving rise to many adversities and barriers to growth.

For the year ended 31.03.2010, your Company achieved a turnover (including Excise duty) of ₹1,384.44 Crore, as against ₹1,564.13 Crore in the previous year.

The Other Income, for the financial year 2009-10 had been ₹61.84 Crore, as compared with ₹43.25 Crore for the previous year. The Other Income inter-alia includes ₹ 16.64 Crore interest, ₹13.58 Crore VAT credit under Sales Tax incentive scheme of Government of Gujarat, ₹3.29 Crore compensation for CTC Phase out under Montreal Protocol, ₹5.87 Crore monetization of Certified Emission Reduction (CERs) and ₹6.88 Crore dividend.

With the concerted efforts, your Company has achieved almost 100% operational efficiency of all the plants and exercised adequate cost control measures. Earning Per Share has been achieved to ₹23.40 per share as on 31.03.2010, as compared to ₹26.18 per share as on 31.03.2009. Cash Earning Per share has been achieved to ₹36.47 as on 31.03.2010, as compared to ₹50.48 per share as on 31.03.2009. Book value of Share has improved to ₹185 per share as on 31.03.2010, as compared to ₹164 per share as on 31.03.2009. The Return on Capital Employed remained at 11.24% as on 31.03.2010, as compared to 14.05% as on 31.03.2009. The Company has reduced its total debts level to ₹323.24 Crore as on 31.03.2010 despite new projects funding during the year as compared to ₹338.73 Crore as on 31.03.2009. This has resulted into the Debt : Equity ratio to 0.17 : 1 as on 31.03.2010, as compared to 0.21 : 1 as on 31.03.2009. The Debt Service Coverage ratio has remained to 3.08 times as on 31.03.2010, as compared to 3.16 times as on 31.03.2009. The Interest Coverage ratio has maintained to 16.61 times as on 31.03.2010, as compared to 16.34 times as on 31.03.2009.

The Raw Material expenses have increased by 10.70% to ₹577.91 Crore from ₹522.03 Crore of the previous year, mainly due to increase in production and increase in the procurement cost of various raw materials like Common Salt, Alumina Powder, ISO Amyl Alcohol, Alfa-cellulose, other auxiliary chemicals, Natural Gas and imported materials like Potassium Chloride etc. Electricity charges have decreased by 36.45% to ₹133.67 Crore in the current financial year from ₹210.34 Crore during the previous year. Manufacturing and operating costs have increased in the F.Y. 2009-10 by 2.66% to ₹159.62 Crore from ₹155.48 Crore in the previous year. Employees' remuneration has increased by 32.35% to ₹119.91 Crore from ₹90.60 Crore during the previous year mainly on account of salary revision. Administration, General and

Marketing expenses have reduced by 26.66% to ₹52.34 Crore in the current financial year from ₹71.37 Crore in the previous year. The interest and financial charges in F.Y. 2009-10 reduced by 28.91% to ₹17.48 Crore from ₹24.59 Crore in the previous year.

Gross profit has reduced to ₹290.19 Crore in F.Y. 2009-10 from ₹401.91 Crore in the previous year. The Profit after interest but before depreciation (Cash Profit) has reduced to ₹272.71 Crore in F.Y. 2009-10 from ₹377.32 Crore in the previous year. The Profit Before Tax reduced to ₹146.28 Crore from ₹261.30 Crore in the previous year mainly due to impact of erosion in price realizations for Caustic Soda and Caustic Potash Group products in particular. However, the Company received refund of Income Tax during the year and the Profit After Tax for the year has been ₹171.84 Crore as compared to ₹192.27 Crore in the previous year.

#### OPERATIONS / BUSINESS PERFORMANCE :

The Company has achieved highest production in Caustic Soda Lye, Flakes/ Prills, Caustic Potash Lye, Chloromethanes, Hydrogen Peroxide, Sodium Cyanide, Aluminium Chloride, Calcium Chloride and Poly Aluminium Chloride.

The Production of Caustic Soda Lye has been 4,14,094 MT during 2009-10 an increase of 9.47% as compared to 3,78,276 MT in 2008-09.

The production of Caustic Potash Lye has increased at 21,121 MT during 2009-10 as compared to 17,206 MT during the previous year, an increase of 22.75%.

Caustic Potash Flakes production was 10,315 MT during 2009-10 a reduction of 5.37% as compared to last year production of 10,900 MT.

The production of Potassium Carbonate has been 11,002 MT during 2009-10 as compared to 6,297 MT in 2008-09, an increase of 74.72%.

The production of Chloromethanes (CLM) reached to a level of 34,558 MT during 2009-10, which shows increase of 8.77% as compared to last year's production of 31,773 MT.

Hydrogen Peroxide (H<sub>2</sub>O<sub>2</sub>) production has been 26,804 MT during this year an increase of 10.04% as compared to 24,359 MT (100% basis) during 2008-09.

The production of 2,802 MT of Sodium Cyanide was achieved during 2009-10, an increase of 37.42% as compared to 2,039 MT production during previous year.

21,386 MT of Phosphoric Acid produced during the year 2009-10 a reduction of 11.48% as compared to 24,160 MT during the previous year because of poor demand of the product.

The power generation had increased from 651.28 Million Units in 2008-09 to 783.37 Million Units in 2009-10 which shows 20.28% increment.



128.59 Million Units power has been generated from the Wind base renewable energy source this year. The Company has started full fledged power generation from 23.75 MW and 39 MW Wind Farms. New Wind Farm with the capacity of 21 MW has been commissioned in the month of March, 2010 at Maliya, Dist. Rajkot, Gujarat.

The production of Aluminium Chloride had been 19,891 MT in 2009-10 compared to 18,464 MT during the previous year, which shows an increase of 7.73%. All 24 Nos. of Aluminium Chloride reactors have been commissioned at Dahej Complex.

The production of Calcium Chloride has reached to 8,762 MT during the year 2009-10 which is increased by 29.46% as compared to last year's production of 6,768 MT.

There has been an increase of 21.76% in the production of Poly Aluminium Chloride (as PAC-18%), which has been 22,786 MT during 2009-10 as compared to last year's production of 18,714 MT.

#### RESEARCH AND DEVELOPMENT:

The R & D activities are directed on the specific areas like the development of new products with emphasis on the specialty chemicals, process improvement, cost reduction, import substitutes, cooling water treatment including the new formulations, effluent treatment and to facilitate the absorption of new technologies.

The process of Sodium Percarbonate has been successfully scaled up in the Pilot plant. The exploration and developmental work on the various products based on Phosphoric Acid have also been carried out.

The process for preparing high purity synthetic Vanillin – a high value specialty chemical has been successfully standardized. It has been planned to further scale up the process in the Pilot plant.

R & D has successfully developed various new cooling water treatment formulations found to be effective in the field trials.

Technical support has been provided to the operations and marketing on regular basis. In this direction, the work has been pursued on the specialized analysis of plant samples, cooling water treatment including the corrosion and microbiological growth monitoring in the cooling water systems of all the plants, specific need based studies on the technical aspects of different plants and developmental work on the existing products like Aluminium Chloride, Poly Aluminium Chloride.

#### EXPANSION AND DIVERSIFICATION:

##### 21 MW Wind Farm Power Project

As a step towards Company's commitment towards environment protection and green energy development and to become self-reliant for power requirement, the Company has successfully commissioned a 21 MW Wind Farm Power

Project at Maliya, Dist. Rajkot, Gujarat. With this the total wind energy generation capacity of the Company has now gone to 83.75 MW.

##### 50 TPD Caustic Soda Expansion Project

Expansion of Caustic Soda plant by 50 TPD through debottlenecking has been successfully completed at Dahej Complex in February, 2010 as per the schedule.

##### Hydrogen Peroxide Expansion Project

The Company has taken up expansion of its existing Hydrogen Peroxide Project at Dahej to increase the capacity by 14000 TPA (100% basis). The project is scheduled for commissioning in March, 2011. With this expansion, the Company's total capacity for Hydrogen Peroxide, will be 39080 MTA on 100% H<sub>2</sub>O<sub>2</sub> basis.

##### Calcium Chloride Project

For value addition of Hydrochloric Acid generated at Vadodara Complex, the Company is putting up facilities for manufacturing of 25 MTPD of Calcium Chloride. The project is scheduled to be commissioned by September, 2010.

##### Stable Bleaching Powder Project

For value addition of Chlorine, the Company has taken up a project to manufacture 15000 TPA Stable Bleaching Powder. The project is scheduled to be commissioned by October, 2010.

##### DOW-GACL Joint Venture

'Dow-GACL SolVenture Limited' the Joint Venture with DOW Europe GmbH for setting up a 2,00,000 TPA Chloromethanes Plant at Dahej at an estimated Cost of ₹750 Crore with 50:50 Equity partnership is progressing as per schedule and the engineering activities of this project are going on at full stream. The project is expected to be commissioned in 2013.

##### Other projects

The Company is also considering putting up a 600 TPD Chlor-Alkali Project, 20000 TPA Sodium Chlorate Project, 100 MW Captive Co-generation Power Plant, 8000 TPA Hydrazine Hydrate Project and 150 KTPA Polyols project at an investment aggregating to about ₹2,600 Crores over a period of next three to four years. Further a mega project for Phenol/Acetone/Poly Carbonate is being envisaged in the form of a Joint Venture company of GSFC, GNFC and GACL.

#### RISK MANAGEMENT:

Various risks associated with the business are being analysed and evaluated by the Management of your Company on a continuous basis and appropriate risk management practices are adopted to minimize the adverse impact of such risks. Both external and internal factors leading to an uncertain environment and having probable material effect on business goals are identified, analyzed and where internal forces are





perceived to be the drivers, adequate policy – procedures, checks and balances are put in place and steps are taken for earlier recognition and corrective measures to overcome the same. In case of external drivers, a continuous cost benefit analysis is done to take a proactive approach and safeguard the business outcome on a substantial basis.

It involves prioritization and assessment of risks, which hinder the achievement of the Company's goals and to devise appropriate controls to mitigate these risks, then evaluating and renewing the control mechanism and redesigning it from time to time in the light of its effectiveness. The Company ensures sensitivity to detect risks ensuring flexibility to respond to risk and ensuring capability of resources to mitigate risk. The Board reviews the Risk Management Reports on quarterly basis.

#### **STRENGTHS, OPPORTUNITIES & THREATS AND RISKS & CONCERNS:**

The strengths of the Company are economies of scale, state of the art eco-friendly technologies, economical and uninterrupted power from GIPCL at Vadodara and Captive co-generation plant at Dahej, extensive usage of renewable energy, Integrated down stream plants, strong network for Marketing and Distribution, In-house Research and Development facilities, Proximity to Raw material source and markets etc.

The Company has grown rapidly and sustained its performance. The Company has adopted it's a strategy to concentrate both on top and bottom lines. The contributing factors to Company's success are optimizing of operations, better marketing, close monitoring and control of financial cost, increase in efficiency of plants, timely and successful completion of expansion projects/manufacturing of new products etc. The manpower of the Company with high morale and motivation always endeavours to bring better results. Keeping in view, the current trends of Indian and global economy, the time ahead may prop-up newer hurdles. To overcome such hurdles, the Company has planned new projects involving investments of over ₹2,600 Crores during next 3 to 4 years, to diversify, add new products, enlarge portfolio and expand its existing capacities. It will also enable us to consolidate and maintain our leadership in Chlor-Alkali and other integrated downstream products. Our continuous efforts to upgrade the technology has enabled us to optimize the cost of production and increasing revenues. Our commitment to deliver quality products to the customers has ensured that its products are well accepted, both in India and world over. The customers are assured of prompt delivery of quality products through its well-established network of dealers and consignment stockists.

The Company is operating in a competitive market both in domestic and international sector. However, the increasing cost of gas and power, rock-phosphate and Potassium Chloride etc. are the areas of concern. The Company's total Wind Energy Generation Capacity has now gone up to 83.75 MW in Gujarat, to augment its power requirement. Some of

our competitors also have locational advantages. In the international market, the Company competes with manufacturers in China and Middle East, who have their own typical advantages. Domestically, the Import of several items is becoming cheaper with reduction in custom duty.

Alkali products have to face competition from imports with reduction in custom duty. To protect from unfair competition for products like Caustic Soda Lye/Flakes and Potassium Carbonate, the Indian manufacturers had approached the Designated Authority to impose Anti-dumping duty against such imports and Anti-dumping duty has been imposed on imports of these products from various countries.

The Company also produces Carbon Tetrachloride (CTC) at Vadodara Plant. The product comes under Ozone Depletion Substance (ODS) Rules (2000) as per the guidelines under the Montreal Protocol framed by Government of India. Under these Rules, CTC for non-feed stock application is to be phased out by 2010, however, production of CTC for feed stock application shall continue. The Company has taken adequate steps to meet the said guidelines.

Key inputs required for power plant and Vadodara Plant for process and steam generation is NG/RLNG. The Government of India has appointed the Tariff Commission to fix the price of NG/RLNG. The Company has entered into contracts for supply of NG/RLNG with M/s. GAIL and GSPC. M/s. GAIL has been substantially and unilaterally raising the price of RLNG, which has increased the cost of our power generation.

All Chemical products generally pass through cyclic phase. While some products are in short supply, some others do not move satisfactorily. Owing to availability of 26 products in its basket, the Company continuously endeavours to leverage products in short supplies against slow moving products.

Your Company's products / product groups viz., Phosphoric Acid and Potassium group (Potassium Hydroxide, Potassium Flakes, Potassium Carbonate- $K_2CO_3$ ) are under threat of rise in raw material prices due to its scarcity in the global market. The Company has only single channel procurements for the raw materials for the above finished goods, namely Rock Phosphate from Jordan and Potassium Chloride from Canada. Efforts are on to search for other suppliers of these materials of technical suitability for the designed plant at present, through domestic dealers / foreign suppliers.

#### **INDIAN CHLOR-ALKALI INDUSTRY AT A GLANCE:**

There are 37 Chlor-Alkali Units in India. The actual production of Caustic Soda during the Financial Year 2009-10 has been 23.06 Lakh MT. The products from the alkali industry are the basic raw materials for industries like Alumina, Paper & Pulp, Soaps & Detergents, Pharmaceuticals, Dyes, Pesticides and water treatment etc. The capacity expansion during 2009-10 was about 2,72,600 Lac MT in India mainly because of expansion of existing Plants and commissioning of new Plants. (Source: AMAI Report 2008-09 and 2009-10).



However, due to global melt down and dumping of material at low price, the country's Alkali Industry was affected to a large extent in terms of production and price realization. Your Company continues to be the leader in Caustic – Chlorine and has been able to maintain optimum capacity utilization of its Caustic Soda plant under the circumstances.

#### **CAUSTIC SODA MARKET SCENARIO:**

We are a multi-product Company, having more than 27 products in our product portfolio, yet the major revenues are coming from Caustic Soda Group and therefore Caustic Soda and Chlorine market scenario are of utmost importance to us.

The installed capacity of Caustic Soda in the Country is about 31.96 Lakh MT / Annum whereas, the demand is around 23.06 Lakh MT / Annum. Out of the installed capacity of 31.96 Lakh MT / Annum, about 2.32 Lakh MTs on Mercury Cells and remaining 29.64 Lakh MT / Annum is on Membrane Cells and the rest is on chemical process. The Membrane Cell process is energy efficient as the power requirement is much less in the range of 2400-2650 KWH per MT as compared to Mercury Cell where it is around 3150-3300 KWH per MT. GACL has the advantage of having its entire production from Membrane Cells. (Source: AMAI Report 2009-10).

#### **MARKETING STRATEGY OF GACL:**

Your Company deals in marketing of Caustic Soda (Lye, Flakes and Prills), Chlorine, Hydrochloric Acid, Chloromethane, Hydrogen Peroxide, Sodium Cyanide, Sodium Ferro cyanide, Caustic Potash Lye and Flakes, Potassium Carbonate, Aluminum Chloride, Phosphoric Acid, Calcium Chloride Powder, Chlorinated Paraffin Wax, Poly Aluminum Chloride and Toluene based Chemicals etc.

Most of the plants are integrated in such a way that part of finished product of one plant is consumed as a raw material for the other plant. Your Company enjoys some leverage over its competitors due to its integration philosophy.

As a value addition to Hydrochloric Acid (HCL), your Company has commissioned our Poly Aluminum Chloride and is able to capture sizable domestic market for various grades of Poly Aluminium Chloride. Further, your Company is putting up a Calcium Chloride Plant at Vadodra Complex also, which shall also add value to HCL.

Your Company is also putting up Stable Bleaching Powder Plant as a value addition to Chlorine and Hydrazine Hydrate Plant as a value addition to Hydrogen Peroxide. Further, your Company is putting up Sodium Chlorate Facility, which finds applications primarily in Paper and Pulp industry.

Gujarat is predominantly an industrial state, which contains a number of large businesses in Chemical, Petrochemical, Plastics, Textile and Fertilizer Industries. Due to the hazardous nature of some of the Company's products and its location in the State of Gujarat, it is able to service Gujarat based customers more effectively than others.

As a part of market development, the emphasis is to interact with customers and develop new market potential for the products. After sales service is provided as and when required. As part of this strategy, this is helping us to increase our volume especially for new products.

Your Company is also exporting some of its products viz., Caustic Soda Flakes, Caustic Soda Prills, Potassium Carbonate, Potassium Hydroxide Flakes, Hydrogen Peroxide, Liquid Chlorine, Phosphoric Acid, Aluminum Chloride, Poly Aluminium Chloride and Chlorinated Paraffin Wax to Europe, West Asia, South East Asia, Africa etc.

The Company is facing import threat and dumping of various products at low prices, which affects the capacity utilization, prices etc., and is taking corrective action for imposition of Anti Dumping Duty within the WTO Guidelines.

#### **SAFETY & ENVIRONMENT:**

Your Company's commitment to safety and preservation of environment has been encompassed in its "Safety, Health and Environment" (SHE) Policy. The Company has achieved a new record of more than 2442 Accident Free Days at Vadodara and 1828 Accident Free Days at Dahej as on 31.03.2010.

Your Company has implemented elaborate Environment Management System (EMS) and Occupational Health & Safety (OH & S) plan and has embarked on continual improvement. The Bureau of Indian Standards (BIS) has granted ISO 9001:2000, ISO 14001: 2004 and IS 18001: 2007 (OHSMS) certificates to the Company. The Company has continued its emphasis on safety awareness for its employees, contract labourers, drivers of vehicles handling our products and among villagers in neighbourhood of our plants. The Company organizes Safety Exhibition and audio-visual safety awareness programme for the employees. To spread the message of safety and create awareness a film "SALAMATI CHHE TO JINDGI CHHE" based on Gujarati Folk Art "BHAVAI" has been prepared and shown in the nearby villages and to the employees.

Adequate steps have been taken for Pollution Control, Green Belt Development besides due compliance with statutory requirements for the protection of environment. In Vadodara Complex, green belt has been developed and maintained in 29 acres of land having about 30,000 plus trees of various varieties. The Company has also developed and maintained 30000 sq. mts. area of green lawns in the Complex.

A recharge Borewell and Check Dam have been made for harvesting rainwater to effectively recharge ground water table have helped substantially in raising the ground water level.

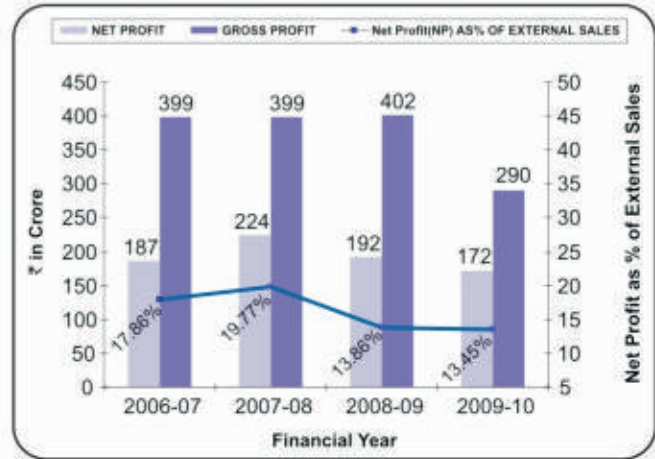
In the Dahej Complex of the Company, large area has been covered by development and maintenance of green belt, landscaping, Flora & fauna, rainwater harvesting and natural ponds. The Company has undertaken water conservation by channelising cooling tower blow down, treated sewage and drip

## Financials

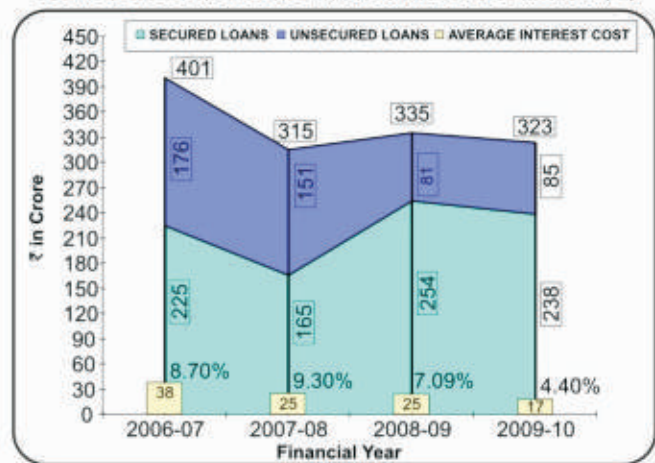
**Share Capital, Reserves & Surplus, Net Worth, Book Value and EPS**



**Gross Profit - Net Profit(NP) and NP as % of External Sales**



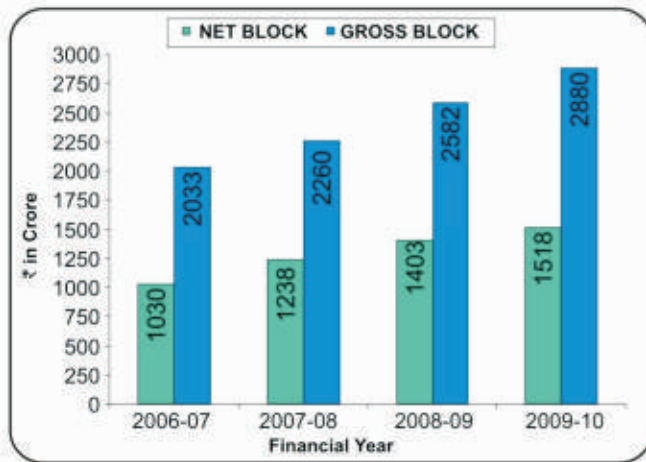
**Secured-Unsecured Loans, Interest and Rate of Interest (%)**



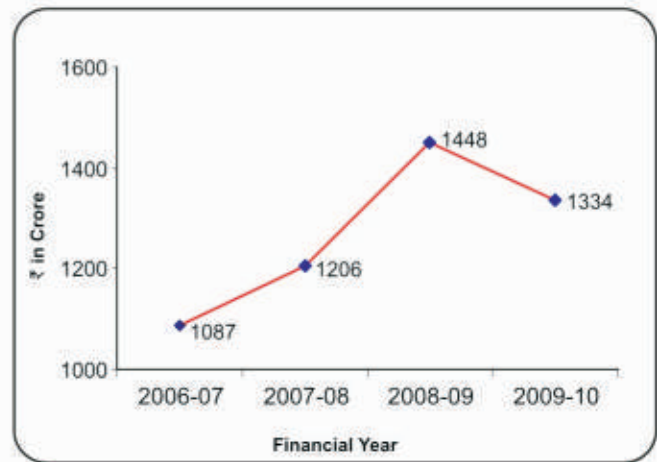


## Financials

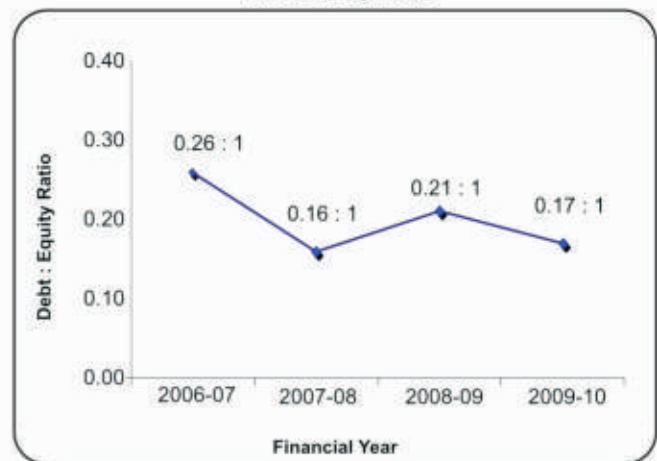
**Gross & Net Block**



**Gross Income**



**Debt : Equity Ratio**





## QUANTITATIVE DATA FOR TEN YEARS:

PARTICULARS	UNIT	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>PRODUCTION :</b>											
CAUSTIC SODA LYE	MT	<b>*414094</b>	378276	398499	354266	310470	305930	280850	277984	261474	263518
CAUSTIC SODA FLAKES	MT	<b>*169594</b>	137012	151761	135061	134346	121461	115270	103507	97858	81660
CAUSTIC SODA PRILLS	MT	<b>18204</b>	18902	13760	15118	11629	9788	9927	9541	11745	27507
CHLORINE GAS / LIQUID	MT	<b>*380236</b>	346027	363911	325893	286995	283062	260509	256539	242094	242470
HYDROCHLORIC ACID (30%)	MT	<b>313810</b>	325379	331295	322009	303674	283290	267457	256280	246429	264273
CAUSTIC POTASH LYE	MT	<b>*21121</b>	17206	17153	19008	18858	19000	18475	16210	16500	14230
POTASSIUM CARBONATE	MT	<b>11002</b>	6297	6546	9925	11046	13010	14285	11547	11079	11825
CAUSTIC POTASH FLAKES	MT	<b>10315</b>	10900	9940	9598	7066	6090	4825	4800	4450	1699
CHLOROMETHANES	MT	<b>*34558</b>	31773	30914	27268	26166	25844	25734	25481	24605	25914
SODIUM CYANIDE	MT	<b>*2802</b>	2039	2271	2457	2318	2512	2340	2190	1277	2080
PHOSPHORIC ACID (85%)	MT	<b>21386</b>	24160	28286	25928	24730	23900	23030	20590	19120	18910
HYDROGEN PEROXIDE (100%)	MT	<b>*26804</b>	24359	17393	13126	13225	13551	13631	13421	13621	11778
ALUMINIUM CHLORIDE	MT	@ <b>*19891</b>	18464	10558	9366	7638	5247	1739	-	-	-
CALCIUM CHLORIDE	MT	<b>*8762</b>	6768	6621	4266	6105	7585	-	-	-	-
POLY ALUMINIUM CHLORIDE	MT	<b>*22786</b>	18714	13564	5226	-	-	-	-	-	-
CHLORINATED PARAFFIN WAX	MT	@ <b>*7780</b>	4833	4381	906	-	-	-	-	-	-
BENZYL CHLORIDE	MT	<b>91</b>	-	-	-	-	-	-	-	-	-
POWER GENERATION	MU KWH	<b>*783.37</b>	651.28	703.62	737.42	722.34	704.66	638.27	767.77	650.97	667.73
POWER GENERATION - WIND FARM	MU KWH	<b>128.59</b>	46.37	4.94	-	-	-	-	-	-	-
<b>SALES :</b>											
CAUSTIC SODA LYE	MT	<b>211977</b>	209965	218923	192536	154755	168000	149460	157106	139837	147129
CAUSTIC SODA FLAKES	MT	<b>169356</b>	138172	151576	135094	133316	122891	116530	104308	93688	81732
CAUSTIC SODA PRILLS	MT	<b>18194</b>	19059	13942	14759	11540	9917	9996	9801	11346	27703
CHLORINE GAS / LIQUID	MT	<b>296665</b>	259057	272446	237476	207788	212469	198999	197477	188136	180918
HYDROCHLORIC ACID (30%)	MT	<b>273983</b>	291302	298472	284021	270564	255873	242687	230086	222200	241397
CAUSTIC POTASH LYE	MT	<b>2161</b>	1916	2409	1710	2904	2205	1762	2026	2792	2598
POTASSIUM CARBONATE	MT	<b>10550</b>	6524	6512	9634	11126	12820	14106	12303	10116	13497
CAUSTIC POTASH FLAKES	MT	<b>10170</b>	11384	9554	9603	6937	6318	4578	5037	4228	1543
CHLOROMETHANES	MT	<b>34719</b>	32663	30174	27184	26143	25741	25816	25562	24433	26980
SODIUM CYANIDE	MT	<b>2637</b>	1994	2270	2458	2361	2543	2318	2162	1401	2009
PHOSPHORIC ACID (85%)	MT	<b>21633</b>	21690	29015	27019	22963	23618	23883	19709	19548	19459
HYDROGEN PEROXIDE (100%)	MT	<b>26981</b>	24382	20433	13269	13455	13170	13714	13708	13234	11843
ALUMINIUM CHLORIDE	MT	<b>22455</b>	16618	10953	9225	7758	5309	1551	-	-	-
CALCIUM CHLORIDE	MT	<b>8398</b>	6802	7080	5622	9357	7535	-	-	-	-
POLY ALUMINIUM CHLORIDE	MT	<b>23956</b>	22701	14598	5251	-	-	-	-	-	-
CHLORINATED PARAFFIN WAX	MT	<b>7800</b>	4603	4502	764	-	-	-	-	-	-
HYDROCHLORIC ACID - CP	MT	<b>12912</b>	8225	7493	1546	-	-	-	-	-	-
POWER TO GUVNL	MU KWH	<b>44.99</b>	7.60	4.13	54.16	179.35	165.37	54.04	154.35	40.68	61.38
SALES VOLUME (EXCL. INTER-UNIT)	₹/ Cr.	<b>1278.08</b>	1386.82	1133.63	1044.84	944.10	902.88	698.03	662.58	568.81	607.65

\* Highest ever production @ on Jobwork basis



irrigation. 70,000 plus trees of wide variety have been grown and maintained, approximately 65000 sq. mts. of Garden area has been developed and maintained at Dahej Complex. Company has also signed and MOU with GIDC and developed a green belt outside the plant boundary. Thousands of plants and trees are planted outside the periphery of the complex.

The canteen and garden waste is being converted in to the best organic manure through vermin- composting facility on regular basis at both the Complexes.

The Company produces Carbon Tetrachloride (CTC) at Vadodara Plant. The product comes under Ozone Depletion Substance (ODS) Rules (2000) as per the guidelines of Montreal Protocol framed by Government of India. Under these Rules, CTC for non-feed stock application is to be phased out by 2010, however, production of CTC for feed stock application shall continue. The Company has taken adequate steps to meet the said guidelines.

The Company has registered three Clean Development Mechanism (CDM) Projects under Kyoto Protocol and during the Financial Year 2009-10, has earned ₹5.87 Crore by monetization of Certified Emission Reduction (CERs).

#### **CORPORATE SOCIAL RESPONSIBILITY:**

The Company believes in inclusive growth and has continued to remain at the forefront in fulfilling Corporate Social Responsibilities during the year under review.

With a view to uplift the communities in the surrounding areas and other places of Gujarat, your Company regularly promotes and contributes towards activities of SVADES (Society for Village Development in Petrochemical Area). Various projects on socio-economic development have been initiated in a number of villages surrounding Vadodara and Dahej Complexes and at Windmill Sites of Kachchh District. Construction of Aanganwadis and School, renovation of school buildings, providing Household Sanitary Latrine (HSL) to BPL families and Project Affected Families of 'Sardar Sarovar Punarvasvat Agency', construction of RCC Roads have been done and the work of construction and renovation of Public Health Centre (PHC), Maternity home, Community Hall, excavation to deepen Rainwater Harvesting Ponds, under ground drainage project etc. are being taken up for implementation.

Your Company has provided High-Mast Lighting System and Traffic Island and undertook its maintenance responsibilities at Bharuch District. Apart from this, the Company has also contributed to bridge the shortfall amount of 'Lok Falu' (Public Contribution) for drinking water scheme under Coastal Area Developing Programme (CADP). To supplement the Government initiatives in various thematic areas; the Company has sponsored treeplantation and beautification of 'GH' Road in the state capital - Gandhinagar.

With a view to provide nutritive and hygienic Mid Day Meal to 50,000 children of about 185 Government Schools and

Government aided schools of Vadodara District, the Company has formed a consortium along with GSFC and GIPCL. The project is implemented and monitored by 'The Akshaya Patra Foundation'. They have set up and run a modern centralised kitchen and distribute the meals to the schools in specially designed delivery vans. The Company has also sponsored Health Survey of beneficiary children through Foods & Nutrition Department of The M.S. University of Baroda. Efforts were also made by the Company to spread and improve education in rural areas. Support was also extended for 'Kanya Kelavani Mahotsav - 2009' and contribution ₹ 1 Crore was made towards 'Kanya Kelavani Nidhi'.

Supplementing education related activities, the Company has sponsored two tribal students of Vivekananda Gramin Takniki Kendra run by SEWA (Self Employed Woman Association) Rural, Bharuch and supported various educational seminars and events related to salt, chemical, law, technology, safety, corporate governance etc.

As a proud Indian Corporate, the Company has participated in State level Independence Day celebration and contribution for the welfare of disabled soldiers / wives and dependents of Martyrs and Ex-Servicemen and their families.

Addressing the needs of differently abled citizens, the Company has sponsored a team to participate in National Cricket Tournament of deaf and supported Special Olympics for physically challenged individuals organized by 'Kalrav Charitable Trust', Bharuch. To encourage physical development in the Society, the Company has co-sponsored Vadodara Marathon – 2009 and promoted 'Lakulish World Open Yogasana Championship-2010'. Support was also extended to organize State level Table Tennis Championship and promote the game of Chess.

Efforts to uphold the cultural legacy were also embarked upon to preserve our cultural heritage. The Company has contributed to organize Navratri Mahotsav – 2009 celebrations. Support was also extended to organize 'Komal Nishad' event on cultural plays and for 'Swar Vilas' – an Indian Classical Music Concert.

As a part of its commitment towards environment protection, the Company has contributed towards celebration of 60<sup>th</sup> 'State Level Van Mahotsav' held at Shamlaji Dist. Himmatnagar. The Company has also distributed saplings and environment friendly cotton bags amongst its employees as a part of environment protection campaign. To power progress in environment friendly way, the Company has added a 21 MW Wind Farm to its existing wind energy setup. With this, the total wind energy generating capacity of the Company has reached to 83.75 MW.

Through Job Working, the Company is adding ancillary products, and providing impetus to the industrial development and employment generation in rural areas.



## HUMAN RESOURCES DEVELOPMENT :

Employees are key resources of competitive advantage of GACL aiding in its continued high growth and ability to compete with other companies in the country. The Company is the proud possessor of its Human Capital for success in all spheres of its business operations and sustained competitiveness. GACL is supported by 1563 employees in the Vadodara and Dahej Complexes. A career at GACL is about realizing one's potential as a professional and a person by driving growth in one's career, building a strong performance ethic across the Organisation and living our values.

To enhance the effectiveness of our Human Capital, GACL has taken various HR initiatives and introduced a number of Organizational Developmental Activities like stabilizing the recently introduced Performance Management System, Career Development and Job Enrichment initiatives.

The Company has developed and streamlined a modernized group of policies and procedures linked to the achievement of corporate targets which recognizes an employee's performance and contribution through the new Performance Management System.

For the continuous development of Human Resources, the Company has organized 309 internal and external training programs during the year 2009-10.

The Human Resource Development function of the Company is guided by the spirit of Corporate Team Building with dedication towards strengthening the Company's systems thereby improving efficiency and registering growth. All personnel continue to have a healthy, cordial and harmonious approach in problem solving and in enhancing Company's Values at all levels.

## AWARDS:

The Company is a proud recipient of the following recognitions and awards during the year :

1. BMA Business Excellence Award, for undisputable track record of growth and results for both financial and non financial performance in Large Scale Organizations.
2. CHEMEXCIL Award from Export Promotion Council, Govt. of India for Outstanding Export Performance for the year 2005 – 06 received in July, 2009.
3. National Safety Award -2007 by Government of India, Ministry of Labour & Employment received in September, 2009.
4. NSCI Safety Award -2008 Appreciation Letter by National Safety Council established by Ministry of Labour & Rehabilitation, Government of India received in September, 2009.

5. Indian Chemical Council Award for Excellence in Energy Conservation and Management-2008 received in December, 2009.
6. The Gujarat Safety Council Award for 'Zero Accident during the year 2008' for Vadodara and Dahej Complexes received in December, 2009.
7. Certificate of Honour for achieving more than 30 lakh accident free man hours of operation in Vadodara Complex from The Gujarat Safety Council received in December, 2009.
8. Certificate of Appreciation for achieving 10 lakh accident free man hours of operation in Dahej Complex from The Gujarat Safety Council received in December, 2009.
9. Century International Quality ERA Awards for the year 2009 by Business Initiative Directions received in December, 2009.
10. Gujarat Chemicals Association - Excellent achiever Award for valuable contribution in Chemical Industry received in February, 2010.
11. Certificate of Merit for Export Performance and Promotion for the year 2009 received from Federation of Gujarat Industries, Vadodara.

## INFORMATION TECHNOLOGY :

Your Company believes that Information Technology (IT) is an important enabler for integration of all activities, ensuring transaction efficiency, integrity, transparency and control. The Company has implanted its IT initiatives to corroborate its Vision and Business Plan.

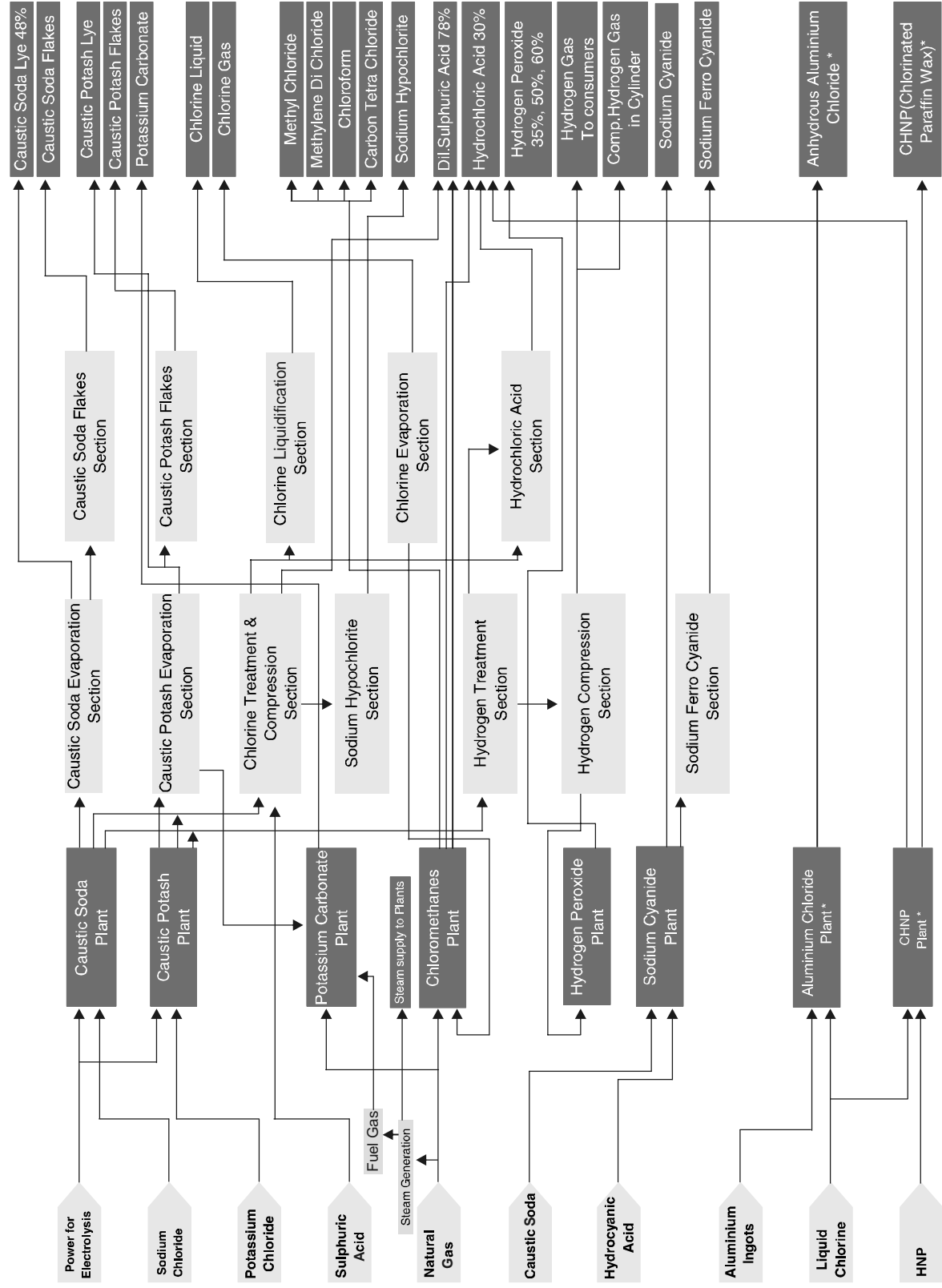
The Company has Enterprise Resource Planning (ERP) in place, which is backbone for its information base. The Vadodara and Dahej Complexes of the Company are well connected through WAN connectivity. A Decision Support System (DSS) is also implemented in addition to ERP, which helps top management in taking strategic and timely business decisions. The Management has adopted a total transparent system of business with optimal use of the state of art technologies and IT tools. It also provides information required by its various stake holders through website: '<http://www.gacl.com>'.

## CAUTIONARY STATEMENT:

The Company assumes no responsibility in respect of forward looking statements, expectations and assumptions herein which may undergo changes in future on the basis of subsequent development, information, or unforeseen circumstances or force majeure events. The readers are advised to make their own independent assessment and judgment.



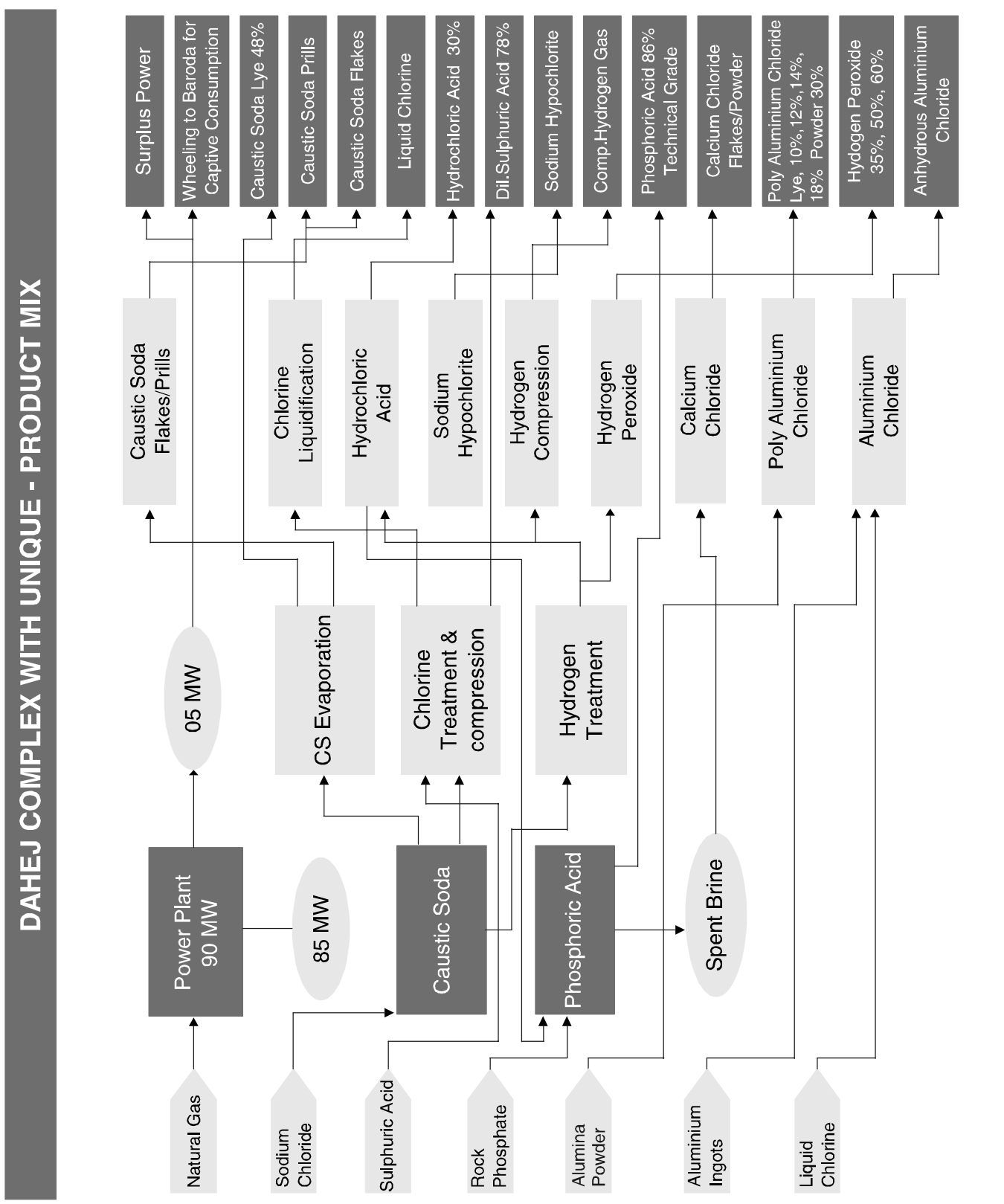
**VADODARA COMPLEX WITH UNIQUE - PRODUCT MIX**



**Main Raw Materials**      **Main Plants**      **Intermediate Plants**      **Finished Products**

\* By Job Work





Finished Products

Intermediate Plants

Main Plants

Main Raw Materials



## Financial Highlights of Ten Years

PARTICULARS	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>OPERATING RESULTS</b>										
	[₹ in Lakhs]									
GROSS INCOME	1,33,371	1,44,810	1,20,586	1,08,698	97,713	91,098	70,097	67,186	59,421	61,703
GROSS PROFIT	29,019	40,191	39,884	39,880	41,252	40,500	24,586	22,702	16,319	18,262
INTEREST	1,748	2,459	2,532	3,773	3,936	5,976	7,913	9,315	12,418	14,236
DEPRECIATION	12,155	10,943	9,896	8,732	7,847	7,683	7,782	7,910	7,865	7,336
PROFIT/(LOSS) BEFORE INVESTMENT-ALLOWANCE RESERVE & TAXATION	15,116	26,789	27,456	27,375	29,469	26,841	8,891	5,477	(3,964)	(3,310)
PROVISION FOR IMPAIRMENT OF ASSET	-	471	-	-	-	-	-	-	-	-
PRIOR PERIOD ADJUSTMENTS(NET)	488	188	(95)	26	(1)	85	(55)	(149)	(114)	-
PROFIT/(LOSS) BEFORE TAX	14,628	26,130	27,551	27,349	29,468	26,926	8,836	5,328	(4,078)	(3,310)
<b>PROVISION FOR TAXATION :</b>										
- CURRENT INCOME TAX-MAT	2,370	2,885	-	-	-	2,130	688	446	-	-
- DEFERRED INCOME TAX	3,848	3,980	1,788	809	2,866	10,368	1,833	2,078	-	-
PROVISION FOR TAXATION INCLUDING WEALTH TAX	-	-	3,312	7,849	6,666	-	-	-	-	-
UNDER FRINGE BENEFIT TAX	-	38	43	35	139	-	-	-	-	-
MAT CREDIT ENTITLEMENT	(2,369)	-	-	-	-	-	-	-	-	-
EXCESS PROVISION FOR INCOME TAX OF EARLIER YEARS WRITTEN BACK	(6,405)	-	-	-	-	-	-	-	-	-
PROFIT/(LOSS) AFTER TAX	17,184	19,227	22,408	18,656	19,797	14,428	6,315	2,804	(4,078)	(3,310)
DIVIDEND	2,203	2,203	2,570	1,836	1,469	1,102	551	-	-	-
TAX ON DIVIDEND	366	374	437	279	206	154	71	-	-	-
RETAINED EARNINGS/(LOSS)	14,615	16,650	19,401	16,541	18,122	13,172	5,693	2,804	(4,078)	(3,310)
<b>SOURCES AND APPLICATION OF FUNDS</b>										
	[₹ in Lakhs]									
<b>SOURCE OF FUNDS :</b>										
SHARE CAPITAL	7,344	7,344	7,344	7,344	7,344	7,344	7,344	4,591	4,591	4,591
RESERVES & SURPLUS	1,31,764	1,17,149	1,00,499	81,504	64,964	46,841	33,671	27,288	28,154	32,194
LOANS (NET)	32,324	33,523	31,547	40,062	47,260	53,981	77,078	88,782	1,02,794	99,486
DEFERRED TAX (NET)	31,757	27,909	23,928	22,141	21,332	18,466	8,098	6,265	-	-
TOTAL FUNDS EMPLOYED	2,03,189	1,85,925	1,63,318	1,51,051	1,40,900	1,26,632	1,26,191	1,26,926	1,35,539	1,36,271
<b>APPLICATION OF FUNDS :</b>										
FIXED ASSETS (GROSS)	2,87,996	2,58,220	2,26,049	2,03,253	1,87,648	1,67,554	1,61,951	1,61,219	1,59,247	1,48,909
DEPRECIATION	1,27,100	1,09,518	99,668	89,923	81,314	73,485	65,788	58,034	49,703	40,619
FIXED ASSETS (NET)	1,60,896	1,48,702	1,26,381	1,13,330	1,06,334	94,069	96,163	1,03,185	1,09,544	1,08,290
CONTRIBUTION TOWARDS SUPPLY OF POWER, WATER AND SERVICES	-	-	-	-	-	-	-	-	-	2,137
INVESTMENTS	14,051	11,728	12,051	12,232	12,249	6,251	5,846	5,849	5,988	6,016
CURRENT ASSETS (NET)	28,242	21,806	20,952	22,561	20,349	23,568	21,325	15,410	18,193	17,333
MISC. EXP. TO BE WRITTEN OFF	-	3,689	3,934	2,928	1,968	2,744	2,857	2,482	1,814	2,495
TOTAL FUNDS APPLIED	2,03,189	1,85,925	1,63,318	1,51,051	1,40,900	1,26,632	1,26,191	1,26,926	1,35,539	1,36,271
DEBT EQUITY RATIO	0.17 : 1	0.21 : 1	0.16 : 1	0.26 : 1	0.53:1	1.02:1	1.62:1	2.23:1	2.39:1	2.05:1
<b>AMOUNT PER EQUITY SHARE OF RS.10/-</b>										
	[In ₹]									
EARNING PER SHARE	23	26	30	25	27	20	9	6	(9)	(7)
SALES PER SHARE	174	189	154	142	160	155	131	201	179	194
DIVIDEND	3.00	3.00	3.50	2.50	2.00	1.50	0.75	-	-	-
BOOK VALUE	185	164	141	117	96	70	55	64	67	75
<b>MARKET PRICE :</b>										
HIGH	156	204	275	255	168	88	57	28	15	24
LOW	59	53	112	107	120	68	40	20	12	10



## CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance in the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below :

### A. MANDATORY REQUIREMENTS

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

At GACL, the Corporate Governance philosophy stems from the belief that good and sound Corporate Governance practices are sine qua non for sustainable business that aims at generating long-term value for all stake holders. As a value-driven organization, it has adopted a transparent, ethical and robust Governance framework, which helps enhance efficiency as an important catalyst in driving business growth across parameters and boost investors' confidence. Our Corporate Governance principles are fairness, transparency, ethical processes and good practices. The Core values of the organization include Safety & Environment, Quality, Trust, Social Responsibility, Leadership and Excellence.

The Company has inter-twined the ethical and social elements with its operating philosophy business model. The Corporate Social Responsibility of the Company is the unmistakable deliberate inclusion of public interest into corporate decision making and honoring the mother Nature besides the interests of the other stakeholders. The Company achieves its objective of being socially responsible through sustainable business practices, by meeting or exceeding the expectations of all its stakeholders.

#### 2. BOARD OF DIRECTORS:

##### (1) COMPOSITION OF THE BOARD :

The Board of Directors comprises of total eight (8) Directors as on 31<sup>st</sup> March, 2010. The Managing Director is an Executive and Non Independent Director, all other Directors are Non Executive and Independent.

##### (2) BRIEF RESUME OF DIRECTORS UNDER APPOINTMENT / REAPPOINTMENT :

The resume of Shri G C Murmu, IAS, Shri M M Srivastava, IAS and Shri D J Pandian, IAS are given in the Explanatory Statement annexed to the Notice convening 37<sup>th</sup> Annual General Meeting of the Company, forming part of this Annual Report.

##### (3) NUMBER OF BOARD MEETINGS HELD AND DATES THEREOF :

During the year 2009-10, six (6) Board Meetings were held viz. 29.06.2009, 27.07.2009, 25.09.2009, 29.10.2009, 21.11.2009 and 25.01.2010.

##### (4) ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS, LAST ANNUAL GENERAL MEETING AND THEIR DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS IN OTHER COMPANIES :

Name	No. of Board Meetings of GACL attended	Attendance at last AGM of GACL held on 25.09.2009	Director -ships in other Companies	Audit Committee and Shares / Debentures Transfers and Investors' Grievance Committee	
				Membership	Chairmanship
Shri D Rajagopalan, IAS (upto 18.02.2010 )	5	Yes	4	NIL	NIL
Shri A K Joti, IAS (from 19.02.2010)	N.A.	N.A.	4	NIL	NIL
Shri M M Srivastava, IAS (from 29.10.2009)	2	N.A.	8	2	NIL
Shri D J Pandian, IAS (from 18.12.2009)	1	N.A.	13	2	1



Name	No. of Board Meetings of GACL attended	Attendance at last AGM of GACL held on 25.09.2009	Director -ships in other Companies	Audit Committee and Shares / Debentures Transfers and Investors' Grievance Committee	
				Membership	Chairmanship
Shri S Jagadeesan, IAS (upto 01.12.2009)	3	No	14	2	1
Shri G C Murmu, IAS	1	No	10	2	1
Shri G M Yadwadkar	5	No	2	2	NIL
<i>Padma Bhushan</i> , Dr. Sukh Dev	4	Yes	NIL	1	NIL
Shri J N Godbole	5	Yes	10	7	3
Shri Guruprasad Mohapatra, IAS	6	Yes	9	3	NIL

Shri Guruprasad Mohapatra, IAS, Managing Director, has been holding 1100 Equity Shares of the Company. Except him, none of the other Directors hold any Equity Share of the Company as on 31<sup>st</sup> March, 2010. The shareholding of relatives of Directors as on that date was 100 Equity Shares of the Company.

### 3. GENERAL BODY MEETINGS :

The details as to the timings, date and venue of the last three Annual General Meetings (AGM) of the Company held are as under :

Financial Year	Annual General Meeting		
	No.	Date, Time and Venue	Special Resolution passed
2008-09	36 <sup>th</sup> AGM	25.09.2009 At 3.00 p.m. In the premises of the Company at P.O. : Petrochemicals:391 346, Dist. : Vadodara	Appointment of M/s. Prakash Chandra Jain & Company, Chartered Accountants as Statutory Auditors of the Company.
2007-08	35 <sup>th</sup> AGM	26.09.2008 At 3.00 p.m. In the premises of the Company at P.O. : Petrochemicals : 391 346, Dist. : Vadodara	Appointment of M/s. Prakash Chandra Jain & Company, Chartered Accountants as Statutory Auditors of the Company.
2006-07	34 <sup>th</sup> AGM	21.09.2007 At 3.00 p.m. In the premises of the Company at P.O.: Petrochemicals : 391 346, Dist. : Vadodara	Appointment of M/s. Prakash Chandra Jain & Company, Chartered Accountants as Statutory Auditors of the Company.

### POSTAL BALLOT

During the year 2009-10, the Company has not passed any Resolution by Postal Ballot.

### 4. BOARD COMMITTEES :

(i) **The Board of Directors of the Company has constituted following Committees in which the Directors are Members.**

- (A) Audit Committee
- (B) Shares / Debentures Transfers and Investors' Grievance Committee
- (C) Remuneration Committee
- (D) Project Committee
- (E) Personnel Committee



**(ii) COMMITTEE MINUTES**

Minutes of all the said Committees of Directors of the Board are prepared by the Company Secretary of the Company, approved by the Chairman of the Committee / Meeting, circulated to the Board in the agenda for the succeeding Meeting and recorded thereat.

**(A) AUDIT COMMITTEE :**

**(i) BROAD TERMS OF REFERENCE**

The scope of the functions and broad terms of reference of the Audit Committee are commensurate with provisions of Section 292A of the Companies Act, 1956 and the requirements prescribed by SEBI under the Listing Agreements. It includes review of the reports and performance of Internal Auditors, actions taken by concerned departments on report of internal auditors, legal cases, review of the Corporate Budget, review of the Cost Audit Report with the Cost Auditors, review of the Quarterly and Annual Financial Results with the Statutory Auditors, to review adequacy of internal control system and procedures with the Internal Auditors and to recommend appointment of Statutory Auditors, Cost Auditors and Internal Auditors for approval of the Board.

**(ii) COMPOSITION**

As at 31.03.2010, the Audit Committee comprised of four (4) Non Executive, Independent Directors viz. Shri J N Godbole as the Chairman; Shri G M Yadwadkar; *Padma Bhushan*, Dr. Sukh Dev and Shri D J Pandian, IAS.

The Company Secretary acts as the Secretary to the Audit Committee.

**(iii) MEETINGS AND ATTENDANCE**

During the year 2009-10, five (5) Meetings of Audit Committee were held viz. 28.05.2009, 29.06.2009, 27.07.2009, 28.10.2009 and 25.01.2010.

Name	No. of Meetings attended
Shri J N Godbole, Chairman	5
<i>Padma Bhushan</i> , Dr. Sukh Dev	3
Shri G M Yadwadkar	4
Shri S Jagadeesan, IAS (up to 01.12.2009)	1
Shri D J Pandian, IAS (from 18.12.2009)	1

**(B) SHARES / DEBENTURES TRANSFERS AND INVESTORS' GRIEVANCE COMMITTEE :**

**(i) BROAD TERMS OF REFERENCE**

The Committee considers and approves all securities related transactions and also looks into the redressal of the Investors' complaints, review the redressal mechanism and recommends measures to improve the level of Investor related services.

The Board has designated Shri V L Vyas, Company Secretary as the Compliance Officer and his contact address is :

**Gujarat Alkalies And Chemicals Ltd.**  
**P.O. Petrochemicals - 391 346**  
**Dist : Vadodara**  
**Phone : (0265) – 2230212, Fax : (0265) – 2231208**  
**e-mail : investor\_relations@gacl.co.in, cosec@gacl.co.in**

**(ii) COMPOSITION**

As at 31.03.2010, the Committee comprised of four (4) Members viz. Shri D J Pandian, IAS as the Chairman; Shri G C Murmu, IAS; Shri G M Yadwadkar and Shri Guruprasad Mohapatra, IAS.



### (iii) MEETINGS AND ATTENDANCE

During the year 2009-10, four (4) Meetings of the Committee were held viz. 28.05.2009, 27.07.2009, 29.10.2009 and 25.01.2010.

Name	No. of Meetings attended
Shri D J Pandian, IAS (from 18.12.2009)	1
Shri S Jagadeesan, IAS (up to 01.12.2009)	2
Shri G C Murmu, IAS	2
Shri G M Yadwadkar	3
Shri Guruprasad Mohapatra, IAS	4

### (iv) Details of Shareholders' Complaints received and resolved or pending during the year 2009-10:

Nature of complaints	2009-10	
	Received	Resolved
Non receipt of Share Certificates / Demat	01	01
Letters/Complaints from SEBI / Stock Exchanges	13	13
Non receipt of Dividend	244	244
Non Receipt of Annual Reports	52	52
Others	-	-
<b>Total .....</b>	<b>310</b>	<b>310</b>

No. of pending Share Transfer as on 31.03.2010 - NIL

## (C) REMUNERATION COMMITTEE :

### (i) REMUNERATION POLICY

Pursuant to the Articles of Association of the Company, the Managing Director is nominated / appointed by the Government of Gujarat. He is being paid remuneration as per the terms and conditions prescribed by the Government.

### (ii) DETAILS OF REMUNERATION PAID TO DIRECTORS

#### EXECUTIVE DIRECTOR

Shri Guruprasad Mohapatra, IAS, was appointed as the Managing Director of the Company for a period of two years w.e.f. 06.11.2006 and reappointed for a further period till his services are withdrawn by the Government of Gujarat subject to limit of five years pursuant to provisions of Section 317 of the Companies Act, 1956.

The details of remuneration paid to the Managing Director during the year 2009-10 :

Remuneration	₹
Salary	16,40,733/-
Contribution to Pension Fund & Leave salary	4,51,736/-
Perquisites	3,20,667/-
<b>TOTAL.....</b>	<b>24,13,136/-</b>



### NON-EXECUTIVE DIRECTORS

The Company pays Sitting Fees of ₹5,000/- w.e.f. 01.11.2005 to each Non Executive Director for each meeting of the Board or Committee thereof attended by them.

Details of Sitting Fees paid to Directors during 2009-10 :

Name	Relation-ship with other Directors	Business relationship with the Company, if any	Sitting Fees paid		
			For Board Meetings (₹)	For Committee Meetings (₹)	Total (₹)
Shri D Rajagopalan, IAS *	No	No	25,000/-	-	25,000/-
Shri D J Pandian, IAS*	No	No	5,000/-	20,000/-	25,000/-
Shri M M Srivastava, IAS *	No	No	10,000/-	-	10,000/-
Shri S Jagadeesan, IAS *	No	No	15,000/-	15,000/-	30,000/-
Shri G C Murmu, IAS **	No	No	5,000/-	10,000/-	15,000/-
Shri G M Yadwadkar @	No	Nominee of IDBI Ltd.	25,000/-	55,000/-	80,000/-
<i>Padma Bhushan</i> , Dr. Sukh Dev	No	No	20,000/-	25,000/-	45,000/-
Shri J N Godbole	No	No	25,000/-	40,000/-	65,000/-
<b>TOTAL.....</b>			<b>1,30,000/-</b>	<b>1,65,000/-</b>	<b>2,95,000/-</b>

\* Fees deposited in Government Treasury

\*\* Fees deposited with Gujarat Industrial Investment Corporation Ltd. (GIIC)

@ Fees deposited with Industrial Development Bank of India Ltd. (IDBI)

#### (iii) COMPOSITION

As at 31.03.2010, the Committee comprised of three (3) Members viz. *Padma Bhushan*, Dr. Sukh Dev as the Chairman; Shri G M Yadwadkar; and Shri G C Murmu, IAS.

Meeting of the Committee is held only as and when necessary for considering remuneration of Directors. No Meeting of the Committee was held in the year 2009-10.

#### (D) PROJECT COMMITTEE :

##### (i) BROAD TERMS OF REFERENCE

The Committee meets as and when proposals for new projects, expansions and debottlenecking etc. are to be considered and recommended to the Board for approval and to review the progress of various projects on hand for timely implementation.

##### (ii) COMPOSITION

As at 31.3.2010, the Committee comprised of six (6) members viz. Shri D J Pandian, IAS as the Chairman, Shri G C Murmu, IAS, Shri G M Yadwadkar, *Padma Bhushan*, Dr Sukh Dev, Shri J N Godbole and Shri Guruprasad Mohapatra, IAS.

During the year 2009-10, three (3) Meetings of the Committee were held viz. 29.06.2009, 28.10.2009 and 25.01.2010.

#### (E) PERSONNEL COMMITTEE :

##### (i) BROAD TERMS OF REFERENCE

The Committee meets as and when proposals and recommendations of the Selection Committee are to be considered for approval of appointments and promotions of Senior Executives and to make recommendations to the Board in Personnel and HR related policies / matters.

##### (ii) COMPOSITION

As at 31.03.2010, the Committee comprised of four (4) members viz. Shri D J Pandian, IAS as the Chairman, Shri G C Murmu, IAS, Shri G M Yadwadkar and Shri Guruprasad Mohapatra, IAS.

During the year 2009-10, one (1) Meeting of the Committee was held on 25.01.2010.

#### 5. DISCLOSURES :

- a) Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.



The Company does not have any related party transaction, which may have potential conflict with the interest of the Company at large.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/ strictures have been imposed against it during the last three years.

- c) Disclosure pursuant to Clause 5A of the Listing Agreement in respect of Unclaimed Shares lying with the Company in physical mode - 2009-10 :

Particulars	Shareholders (Nos.)	Outstanding Shares (Nos.)
At the beginning of the year	353	12227
No. of Shareholders who approached during the year	51	2257
No. of Shareholders to whom Shares are dispatched	51	2257
No. of Shareholders and unclaimed Shares at the end of the year	302	9970

#### 6. QUARTERLY COMPLIANCE REPORT :

The Company has submitted Corporate Governance Compliance Report in the prescribed format for each quarter during the year 2009-10 to Vadodara, Mumbai and National Stock Exchanges where the Company's Securities are listed, within fifteen (15) days from the close of respective quarter.

#### 7. QUARTERLY FINANCIAL RESULTS - 2009-10 :

(₹ in Lakhs)

PARTICULARS	QUARTER			
	I	II	III	IV
Total Income	33,597	34,336	32,330	33,728
Total Expenditure	(24,511)	(27,055)	(26,587)	(26,819)
Profit Before Interest, Depreciation and Tax	9,086	7,281	5,743	6,909
Interest	(591)	(419)	(394)	(344)
Depreciation	(3,001)	(3,083)	(3,082)	(2,989)
Prior Period Adjustments (Net (-)Debit) / +Credit	(465)	(19)	(1)	(4)
Exceptional Item – Impaired Assets	-	-	-	-
Profit Before Tax	5,029	3,760	2,266	3,572
Less : Provision For Tax	(1,238)	(861)	(335)	4,991
Profit After Tax	3,791	2,899	1,931	8,563
Earning Per Share (Not Annualized)	5.16	3.95	2.63	11.66

#### 8. CODE OF CONDUCT :

The Board of Directors of the Company has approved and adopted 'Code of Conduct' for the Directors as well as Senior Management Personnel of the Company. It has also been placed on Company's website : <http://www.gacl.com>.

All the Board Members and Senior Management Personnel have affirmed compliance with the 'Code of Conduct' during the year 2009-10. A Declaration by the Managing Director to this effect is provided at **Annexure 'I'** which forms part of this Report.

#### 9. DISCLOSURE OF ACCOUNTING TREATMENT :

The Company has followed all the applicable mandatory Accounting Standards prescribed under the Companies Act, 1956 in the preparation of its annual Financial Statements.





#### 10. CEO AND CFO CERTIFICATION :

Chief Executive Officer (CEO) and Chief Finance Officer (CFO) have issued necessary certificate pursuant to the provisions of Clause 49 of the Listing Agreement and the same is annexed and forms part of this Report.

#### 11. INSIDER TRADING :

The Company has framed a 'Code of Conduct for prevention of Insider Trading' based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This Code is applicable to all Directors and Designated Employees. Trading Window would remain closed for them during the period when sensitive information is unpublished. The "Closed Period" for this purpose is seven (7) days before the date of Board Meeting and one (1) day after the Board Meeting as stipulated under above Regulations.

The Company Secretary is designated as the Compliance Officer for this purpose.

#### 12. BOARD DISCLOSURE – RISK MANAGEMENT :

The Company has laid down procedures to inform to the Board on quarterly basis about the risk assessment and minimization procedure. A report on the Risk Management procedures identified and adopted by the Company was placed before the Board of Directors at its meetings held on 29.06.2009, 27.07.2009, 29.10.2009 and 25.01.2010.

#### 13. DISCLOSURE OF MATERIAL TRANSACTIONS TO THE BOARD BY SENIOR MANAGEMENT :

The senior management personnel gives disclosure on annual basis to the Board of all the material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large. As per the disclosures received, no such transaction has taken place during the year 2009-10.

#### 14. MEANS OF COMMUNICATION :

Financial Results of the Company are published in the following newspapers :

Period	Date of approval by the Board	Date of Publication	Newspapers
Unaudited Financial Results for 1 <sup>st</sup> Quarter ended on 30.06.2009	27.07.2009	28.07.2009	<b>In prescribed format (Full) and Highlights (Abridged)</b> Times of India – Ahmedabad Business Standard – All editions The Indian Express – Ahmedabad, Vadodara Financial Express (Gujarati) – Ahmedabad Business Line – The Hindu – All editions Gujarat Samachar Sandesh Divya Bhaskar Loksatta – Jansatta Vadodara Ahmedabad Surat
Unaudited Financial Results for 2 <sup>nd</sup> Quarter ended on 30.09.2009	29.10.2009	30.10.2009	
Unaudited Financial Results for 3 <sup>rd</sup> Quarter ended on 31.12.2009	25.01.2010	26.01.2010	
Unaudited Financial Results for the 4 <sup>th</sup> quarter and Audited Financial Results for the year ended on 31.03.2010	26.05.2010	27.05.2010	

Full Annual Report is sent to each shareholder at his registered address. The List of Directors, Pattern of Shareholding, the last Annual Report and the Quarterly Financial Results are made available on the Company's Website : <http://www.gacl.com>

#### 15. SUBSIDIARY COMPANIES :

The Company has no subsidiary company.

#### 16. GENERAL SHAREHOLDERS INFORMATION :

Detailed information in this regard is provided hereafter in the 'General Information for Members' section which forms part of this Report.

#### B. NON-MANDATORY REQUIREMENTS

##### 1. CHAIRMAN OF THE BOARD :

The Chairman of the Board is a non executive Chairman. He does not maintain Chairman's Office at the Company's expense.

2. The Company has adopted 'Whistle Blower Policy.' Its adoption and existence has been appropriately communicated within the Company and is also placed on the Company's website : <http://www.gacl.com>

It is hereby affirmed that the Company has not denied to any personnel, access to the Audit Committee and that it has provided protection to whistle blower from adverse personnel action.



## ANNEXURE 'I'

### Declaration by CEO regarding Compliance of Code of Conduct by Directors and Senior Management Personnel of the Company

The Company has adopted 'Code of Conduct' for Directors and Senior Management Personnel as per the provisions of Clause - 49 of the Listing Agreements relating to Corporate Governance.

The Directors and Senior Management Personnel have affirmed compliance with the said code during the Financial Year 2009-10.

For **GUJARAT ALKALIES AND CHEMICALS LIMITED**

Place : VADODARA  
Date : 28<sup>th</sup> April, 2010

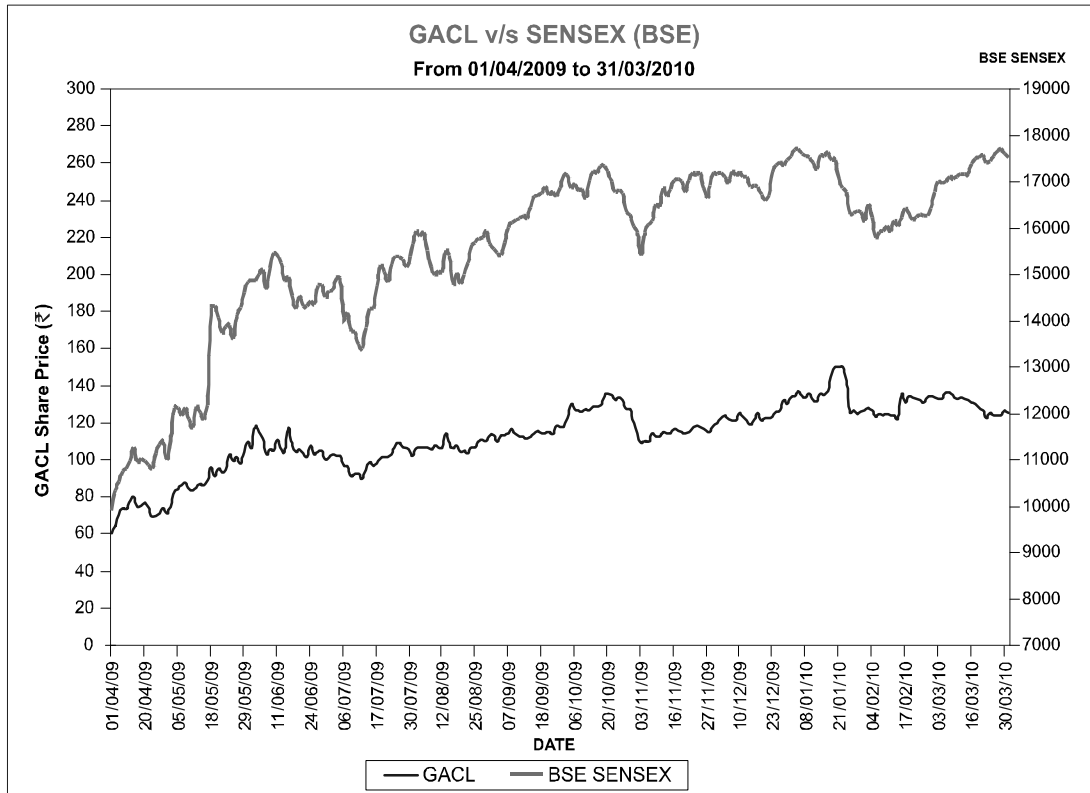
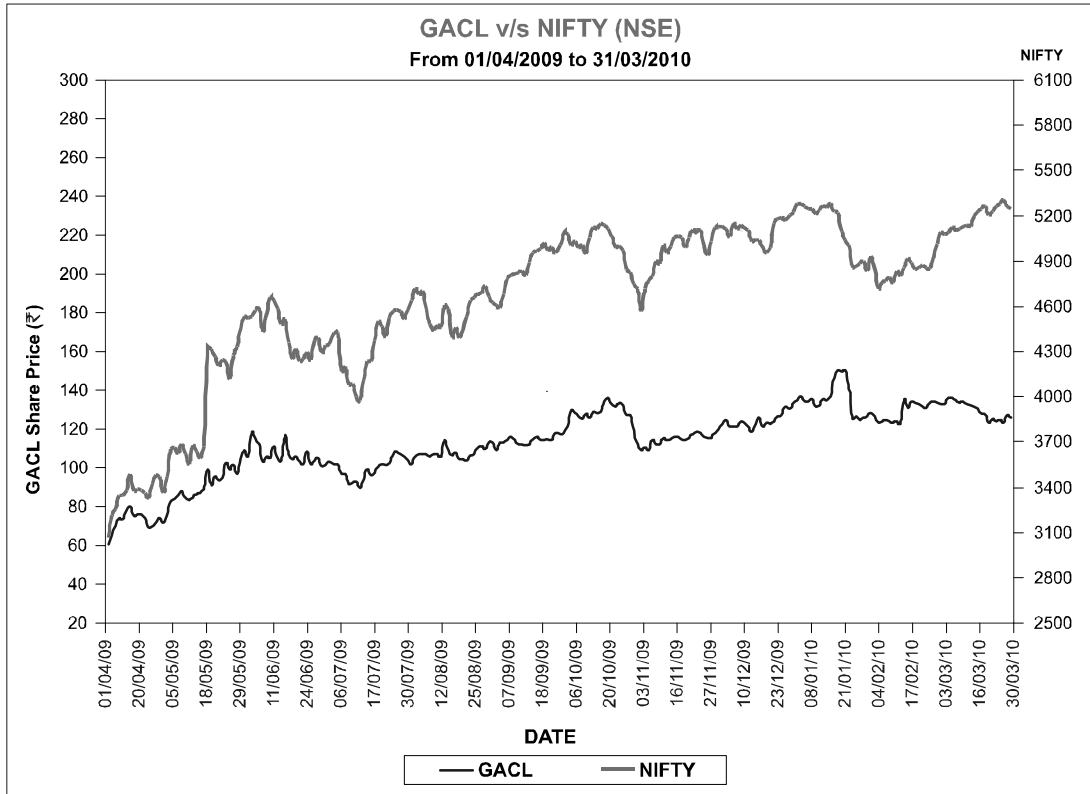
**Guruprasad Mohapatra, IAS**  
Managing Director

### GENERAL INFORMATION FOR MEMBERS

1. **Day, Date and Time of 37<sup>th</sup> AGM** : Tuesday, 28<sup>th</sup> September, 2010 at 4.00 p.m.
2. **Venue of AGM** : In the premises of the Company at  
P.O. Petrochemicals – 391 346, Dist.Vadodara
3. **Dates of Book Closure** : 16<sup>th</sup> September,2010 to 28<sup>th</sup> September, 2010  
(Both days inclusive)
4. **Dividend payment date** : On or after 4<sup>th</sup> October, 2010
5. **Listing on Stock Exchanges** :
 

<b>Bombay Stock Exchange Ltd.</b> Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai – 400 001 (Scrip Code : 530001) (Scrip ID : GUJALKALI)	<b>National Stock Exchange of India Ltd.</b> "Exchange Plaza" Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051. (Scrip Symbol : GUJALKALI)	<b>Vadodara Stock Exchange Ltd.</b> Fortune Towers Dalal Street, Sayajigunj Vadodara-390 005 (Scrip Code : 30001)
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6. **Company's ISIN No. with NSDL & CDSL** : **INE 186A01019**
7. **No. of Employees** : 1563
8. **Stock Market Data** : Monthly high and low market price and the volume of shares traded at the Bombay Stock Exchange and National Stock Exchange are as follows.

Month	Bombay Stock Exchange			National Stock Exchange		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
April, 2009	82.90	59.05	1760905	82.95	59.00	3844169
May, 2009	108.00	75.55	4108543	107.70	75.90	8195163
June, 2009	124.90	99.00	6205055	123.95	99.35	12331855
July, 2009	109.80	89.00	1635767	109.65	89.00	3084997
August, 2009	116.95	102.00	1983743	116.90	102.00	3341013
September, 2009	122.30	109.00	2725469	121.90	108.50	4166969
October, 2009	139.70	112.00	3944171	139.80	112.00	6130878
November, 2009	120.50	107.20	911107	120.10	107.60	1964645
December, 2009	135.00	115.00	1214770	134.90	115.15	1835191
January, 2010	160.00	119.65	4209884	155.80	120.10	6479287
February, 2010	138.00	121.25	1416257	146.75	121.10	2628129
March, 2010	139.80	122.40	441038	139.50	116.95	971560
<b>Total</b>			<b>30556709</b>			<b>54973856</b>
<b>Average 2009-10</b>	<b>124.82</b>	<b>102.59</b>		<b>124.99</b>	<b>102.22</b>	
Average 2008-09	135.43	101.98		135.64	101.68	





9. Shareholders holding shares in **Physical mode** should communicate to the R&T Agent of the Company at the following address, for Transfer, Transmission, Transposition, Deletion of Name, Consolidation, Sub-division, Issue of Duplicate Share Certificates, Nomination, Change of Address & Bank details etc. :

**MCS LTD. (Unit : GACL),**  
**Neelam Apartment, 1<sup>st</sup> Floor,**  
**88, Sampatrao Colony, Productivity Road,**  
**VADODARA - 390 007.**  
**Phone : 0265-2339397/2314757/2350490. Fax : 0265-2341639**  
**E-mail : mcsbaroda@yahoo.com**

**10. Share Transfer System :**

With a view to expedite the Share Transfer Procedure, the Board of Directors has delegated the powers to the Company Secretary and other Officers to consider and approve the requests received in respect of Securities related transactions upto One Thousand (1000) shares, whereas such requests for more than 1000 shares and issue of duplicate share certificates in lieu of lost one are required to be considered and approved by Shares / Debentures Transfers and Investors' Grievance Committee of Directors. Duly transferred share certificates are normally returned within a period of 20-25 days from the date of receipt, provided all the documents are in order in all respects. The total number of shares transferred, dematerialized and rematerialized during the year 2009-10 were 13,53,474 Nos.

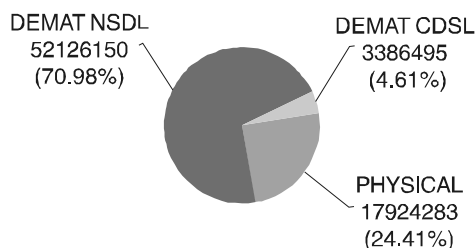
**11. (A) Distribution of Shareholding as on 31<sup>st</sup> March, 2010. :**

No. of Equity Shares held	No. of Shareholders		Total Shareholders	% of Shareholders	No. of Shares		Total Shareholding	% of Share capital
	Physical	Electronic			Physical	Electronic		
Upto 500	10682	14575	25257	37.26	215266	428419	643685	0.87
501 to 1000	4135	10592	14727	21.73	325533	947265	1272798	1.73
1001 to 2000	2932	8420	11352	16.75	437466	1380774	1818240	2.48
2001 to 3000	1023	3528	4551	6.72	253784	925223	1179007	1.61
3001 to 4000	665	2196	2861	4.22	231163	788335	1019498	1.39
4001 to 5000	380	2165	2545	3.76	170759	1036683	1207442	1.64
5001 to 10000	576	3379	3955	5.83	393703	2579513	2973216	4.05
10001 and above	175	2354	2529	3.73	15896609	47426433	63323042	86.23
<b>Total as on 31-3-2010</b>	<b>20568</b>	<b>47209</b>	<b>67777</b>	<b>100.00</b>	<b>17924283</b>	<b>55512645</b>	<b>73436928</b>	<b>100.00</b>
Total as on 31-3-2009	21438	47566	69004	100.00	19186431	54250497	73436928	100.00

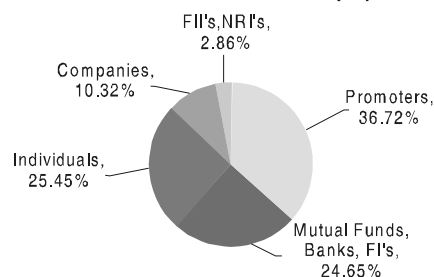
**(B) Summary of Shareholders & shares held in Physical and Demat mode as on 31<sup>st</sup> March, 2010 :**

Particulars	Physical	Demat		Total
		NSDL	CDSL	
Total shareholders (No.)	20568	35310	11899	67777
Percentage (%)	30.35	52.09	17.56	100.00
Total shares (No.)	17924283	52126150	3386495	73436928
Percentage (%)	24.41	70.98	4.61	100.00

**Shares held in Demat / Physical form as on 31.03.2010**



**Shares held by Shareholders as on 31.03.2010 (%)**





## 12. Category of Shareholders as on 31<sup>st</sup> March, 2010 :

Category	Shareholders	Percentage %	Physical Holding	Electronic Holding	Total Shares	Percentage %
Promoters	7	0.01	15578459	11386508	26964967	36.72
Directors & their relatives	2	—	—	1200	1200	—
Mutual Funds, Banks, FI's	75	0.11	4390	18101726	18106116	24.65
Individuals	66032	97.43	2267360	16419177	18686537	25.45
Companies	1057	1.56	68081	7507684	7575765	10.32
FII's, NRI's	604	0.89	5993	2096350	2102343	2.86
<b>Total</b>	<b>67777</b>	<b>100.00</b>	<b>17924283</b>	<b>55512645</b>	<b>73436928</b>	<b>100.00</b>

## 13. List of shareholders holding more than 1 % of the total Share Capital of the Company as on 31<sup>st</sup> March, 2010.

Sr.No.	Name	No. of Shares held	Percentage (%)
1	Gujarat State Investments Limited	12513438	17.04
2	Gujarat Industrial Investment Corporation Limited	7119028	9.69
3	Life Insurance Corporation of India	7055538	9.60
4	Sundaram BNP Paribas Mutual Fund	4681473	6.37
5	Gujarat Mineral Development Corporation Limited	3268480	4.45
6	Gujarat Industrial Development Corporation	1888000	2.57
7	Gujarat Maritime Board	1883200	2.56
8	Lok Prakashan Limited	1781807	2.43
9	Gujarat State Fertilizers & Chemicals Limited	1655040	2.25
10	DSP Black Rock Balance Fund	1511337	2.06
11	Shreyans Shantilal Shah	1195790	1.62
12	General Insurance Corporation of India	1150279	1.56
13	Gujarat Industries Power Company Limited	1103360	1.50
14	SBIMF – Magnum Sector Fund	900000	1.22
15	SBIMF – Magnum Coma Fund	844844	1.15

### PLANT LOCATIONS :

(1) P.O Petrochemicals – 391 346  
Dist. Vadodara, GUJARAT (INDIA)

(2) Village : Dahej – 392 130  
Taluka : Vagra Dist. : Bharuch, GUJARAT (INDIA)



## CERTIFICATE ON COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Gujarat Alkalies and Chemicals Ltd.

We have examined the compliance of conditions of Corporate Governance by Gujarat Alkalies and Chemicals Ltd. for the year ended 31<sup>st</sup> March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2010, no grievances are pending for a period of exceeding one month against the Company as per the records maintained by the Company and presented to the Shares / Debentures Transfers and Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**S. Samdani**

*Practicing Company Secretary*

**S. Samdani & Associates**

*Company Secretaries*

CP No. 2863

Place : Vadodara

Date : 26<sup>th</sup> May, 2010

## CERTIFICATION BY CEO AND CFO TO THE BOARD OF DIRECTORS

- a) We have reviewed the Balance Sheet and Profit And Loss Account and all the Schedules and Notes on Accounts as well as the Cash Flow Statement for the year and certify that to the best of our knowledge and belief :
  - i) these statements do not contain any materially untrue statement or omit any material fact nor contain statement that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing Accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative to the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and that we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of which such internal controls, if any, of which we are aware, and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
  - i) significant changes in internal controls over financial reporting during the year;
  - ii) significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**GURUPRASAD MOHAPATRA**  
*MANAGING DIRECTOR*

**Dr. H.B. PATEL**  
*CHIEF FINANCE OFFICER*

Date : 26-05-2010



## AUDITORS' REPORT TO THE MEMBERS OF GUJARAT ALKALIES AND CHEMICALS LIMITED

We have audited the attached Balance Sheet of **Gujarat Alkalies and Chemicals Limited** as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year ended on that date, annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred above, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of these books.

- c. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion and to the best of our information, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e. On the basis of the written representations received from the Directors as at 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
- ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iii. in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **Prakash Chandra Jain & Co.**  
Chartered Accountants

**P. C. Nalwaya**  
Partner

Place : Gandhinagar  
Date : 26-05-2010

Membership No. 033710



## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 2 of our report of even date on the accounts of Gujarat Alkalies and Chemicals Limited as at 31<sup>st</sup> March, 2010)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Company has a programme of physical verification of all its fixed assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified by the management during the year and according to the information and explanations given to us, no material discrepancies have been noticed on such verification.
- c) During the year, the Company has not disposed off a substantial part of its fixed assets.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) According to the information and the explanations given to us, there are no loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b), (c) and (d) of the order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
- b) According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services aggregating during the year to ₹ 500000/- or more in respect of each party, as per the register maintained under section 301 of the Companies Act, 1956.
- vi) The Company has not renewed / accepted any deposit during the year from public and shareholders within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed, without carrying out detailed examination of the books of account maintained by the Company pursuant to the order made by the Central Government of the maintenance of Costs records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix) a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales-tax, Wealth Tax, Service Tax, Custom duty, Excise duty, Cess and other material statutory dues as applicable with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales-tax, Wealth Tax, Service Tax, Custom duty, Excise duty, Cess and other statutory dues outstanding as at 31.03.2010 for a period of more than six months from the date they became payable.





- b) According to the information and explanations given to us and records of the Company examined by us there are no dues of Sales tax, Income tax, Custom tax / Wealth tax, Excise duty/Cess which have not been deposited on account of any dispute pending except as under:-

Sr. No.	Name of The statute	Nature of the dues	Amount (₹ in Lakhs)	Period to which the Amount relates	Forum where dispute is pending
1.	Gujarat Sales Tax, 1969	Tax, Interest & Penalty	Interest & Penalty on purchase tax ₹453.04	Second Appeal cum Revision Application for the F.Y. 1998-1999	Gujarat Sales Tax Tribunal, Ahmedabad.
2.	Gujarat Sales Tax, 1969	Tax, Interest & Penalty	Purchase tax / Additional tax of ₹ 2,060.89 plus Interest and Penalty of ₹ 1,938.77	Appeal preferred for the F.Y. 2000-01.	Jt. Commissioner of Appeals, Baroda.
3.	Gujarat Sales Tax, 1969	Tax, Interest & Penalty	Purchase tax of ₹ 1,803.31 plus Interest and Penalty of ₹ 4,038.61	Appeal preferred for the F.Y. 2001-02	Jt. Commissioner of Appeals, Baroda.
4.	Gujarat Sales Tax, 1969	Tax, Interest & Penalty	Purchase tax of ₹ 1638.95 plus Interest and Penalty of ₹ 3,456.31	Appeal preferred for the F.Y. 2002-03	Jt. Commissioner of Appeals, Baroda.
5.	Gujarat Sales Tax, 1969	Tax, Interest & Penalty	Sales Tax and Purchase tax of ₹ 1,343.74 plus Interest and Penalty of ₹ 2,977.51	Appeal preferred for the F.Y. 2003-04	Jt. Commissioner of Appeals, Baroda.
6.	Gujarat Sales Tax, 1969	Tax, Interest & Penalty	Sales Tax and Purchase tax of ₹ 693.67 plus Interest and Penalty of ₹ 277.84	Appeal preferred for the F.Y. 2004-05	Jt. Commissioner of Appeals, Baroda.
7.	Gujarat Sales Tax, 1969	Tax, Interest & Penalty	Purchase tax of ₹ 279.67 plus Interest and Penalty of ₹ 223.38	Appeal preferred for the F.Y. 2005-06	Jt. Commissioner of Appeals, Baroda.

- x) The Company has no accumulated losses as at March 31, 2010 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) The Company has not made any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by employees of the Company from bank(s) and financial institutions are not prejudicial to the interest of the Company.
- xvi) In our opinion, the term loans availed by the Company have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix) According to the information and explanations given to us the Company has not issued any debentures during the year and no debentures are outstanding and therefore, no securities are required to be created.
- xx) The Company has not raised any money by way of Public / Rights / Preferential issue during the year.
- xxi) Based upon audit procedures performed and information and explanation given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Prakash Chandra Jain & Co.**  
Chartered Accountants

**P. C. Nalwaya**  
Partner

Place : Gandhinagar  
Date : 26-05-2010

Membership No. 033710



# Balance Sheet

as at 31<sup>st</sup> March, 2010

[₹ in Lakhs]

Particulars	Schedule	₹	31.03.2010 ₹	31.03.2009 ₹
<b>SOURCES OF FUNDS :</b>				
<b>Shareholders' Funds :</b>				
Share Capital	1	7,343.84		7,343.84
Reserves and Surplus	2	1,31,764.11		1,17,148.75
			1,39,107.95	1,24,492.59
<b>Loan Funds :</b>				
Secured Loans	3	23,797.95		25,784.15
Unsecured Loans	4	8,525.86		8,088.79
			32,323.81	33,872.94
			31,757.03	27,908.89
<b>Deferred Tax (Net)</b> <i>(Ref. Note No. 3 (i) &amp; (ii) of Schedule 22)</i>				
<b>Total :</b>			2,03,188.79	1,86,274.42
<b>APPLICATION OF FUNDS :</b>				
<b>Fixed Assets :</b>				
Gross Block	5	2,78,899.07		2,58,073.16
Less : Depreciation		1,27,099.94		1,14,067.96
Net Block			1,51,799.13	1,44,005.20
Capital Work-in-Progress			9,097.35	8,385.44
			1,60,896.48	1,52,390.64
<b>Investments</b>				
	6		14,050.58	11,727.52
<b>Current Assets, Loans and Advances :</b>				
Inventories	7	14,024.88		17,057.29
Sundry Debtors	8	26,355.19		24,810.49
Cash and Bank Balances	9	1,260.88		2,646.92
Loans and Advances	10	36,665.68		30,963.59
		78,306.63		75,478.29
	11	50,064.90		53,322.03
			28,241.73	22,156.26
<b>Less : Current Liabilities and Provisions</b>				
<b>Miscellaneous Expenditure</b> <i>(To the extent not written off or adjusted)</i>				
			-	-
<b>Total :</b>			2,03,188.79	1,86,274.42
<b>Significant Accounting Policies</b>	21			
<b>Notes on Accounts</b>	22			

As per our attached Report of even date  
For **Prakash Chandra Jain & Co.**  
Chartered Accountants

**V. L. Vyas**  
Company Secretary  
& General Manager (Legal)

For and on behalf of the Board  
**A. K. Joti**  
Chairman

**P. C. Nalwaya**  
Partner  
Membership No. 033710  
Place : Gandhinagar  
Dated : 26<sup>th</sup> May, 2010

**Dr. H. B. Patel**  
Chief Finance Officer

**Guruprasad Mohapatra**  
Managing Director

Place : Gandhinagar  
Dated : 26<sup>th</sup> May, 2010



# Profit and Loss Account

for the year ended 31<sup>st</sup> March, 2010

[ ₹ in Lakhs ]

Particulars	Schedule	₹	2009-2010 ₹	2008-2009 ₹
<b>INCOME :</b>				
Sales (Including Excise Duty)	12	1,38,444.30		1,56,412.58
Less : Excise Duty		10,636.37		17,730.47
		1,27,807.93		1,38,682.11
Other Income	13	6,183.56		4,325.27
Increase/(Decrease) in Stock of Finished Goods & Process Stock	14		1,33,991.49 (620.12)	1,43,007.38 1,802.12
			1,33,371.37	1,44,809.50
<b>EXPENDITURE :</b>				
Raw Materials Consumed	15	57,790.78		52,202.62
Manufacturing and Operating Expenses	16	29,328.69		36,582.27
Difference of Excise Duty on Opening and Closing Stock		7.70		106.72
Employees' Remuneration and Benefits	17	11,990.79		9,059.51
Administration, General and Marketing Expenses	18	5,234.01		7,137.21
Interest	19	1,747.60		2,459.40
Depreciation		12,155.27		10,943.31
<b>Profit</b>			1,18,254.84	1,18,491.04
<b>Prior Period Adjustments (Net) Debit / (Credit)</b>	20		15,116.53	26,318.46
<b>Profit before Taxation</b>			488.63	188.06
<b>Provision for Taxation</b>			14,627.90	26,130.40
Provision for Taxation		2,368.93		2,883.53
Deferred Income Tax (Net)		3,848.14		3,980.39
Wealth Tax		1.07		0.95
Fringe Benefits Tax		-		38.26
MAT Credit Entitlement		(2,368.93)		-
Excess Provision for Income Tax of earlier years written back (Ref. Note No. 4 of Schedule 22)		(6,405.69)		-
<b>Profit after Taxation</b>			(2,556.48)	6,903.13
<b>Surplus Balance Brought forward from Previous Year</b>			17,184.38	19,227.27
<b>Amount Available for Appropriations</b>			29,101.99	22,066.25
<b>APPROPRIATIONS :</b>			46,286.37	41,293.52
Proposed Final Dividend			2,203.11	2,203.11
Tax on Proposed Dividend			365.91	374.42
Transferred to General Reserve			8,593.00	9,614.00
Balance Carried to Balance Sheet			35,124.35	29,101.99
			46,286.37	41,293.52
<b>Earnings Per Share (Face Value of ₹10/- each)</b>				
- Basic			23.40	26.18
- Diluted			23.40	26.18
<b>Significant Accounting Policies</b>	21			
<b>Notes on Accounts</b>	22			

As per our attached Report of even date  
For **Prakash Chandra Jain & Co.**  
Chartered Accountants

**V. L. Vyas**  
Company Secretary  
& General Manager (Legal)

For and on behalf of the Board  
**A. K. Joti**  
Chairman

**P. C. Nalwaya**  
Partner  
Membership No. 033710  
Place : Gandhinagar  
Dated : 26<sup>th</sup> May, 2010

**Dr. H. B. Patel**  
Chief Finance Officer

**Guruprasad Mohapatra**  
Managing Director

Place : Gandhinagar  
Dated : 26<sup>th</sup> May, 2010



# Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2010

[₹ in Lakhs]

P A R T I C U L A R S	2009-2010 ₹	2008-2009 ₹
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>28,601.32</b>	33,789.78
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(25,910.27)</b>	(33,703.35)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(4,077.09)</b>	(2,887.07)
<b>D CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>2,646.92</b>	5,447.56
<b>E CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>1,260.88</b>	2,646.92
<b>F TOTAL CASH FLOW DURING THE YEAR (A+B+C) or (E-D)</b>	<b>(1,386.04)</b>	(2,800.64)
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>14,627.90</b>	26,130.40
<b>ADJUSTMENTS FOR :</b>		
<b>ADDITION / (DEDUCTION)</b>		
DEPRECIATION (Includes Prior Period ₹ 23.43 lakhs, Previous Year ₹3.63 lakhs)	<b>12,178.70</b>	10,946.94
INTEREST RECEIVED	<b>(356.39)</b>	(173.74)
DIVIDEND RECEIVED	<b>(688.92)</b>	(678.88)
INTEREST CHARGED TO PROFIT & LOSS ACCOUNT	<b>1,747.60</b>	2,459.40
PROFIT ON SALE OF ASSETS	-	(0.45)
LOSS ON SALE OF ASSETS	<b>16.27</b>	23.16
LOSS ON IMPAIRMENT OF ASSETS	-	470.62
OTHER CAPITAL EXPENDITURE (RECOATING & REMEMBRANING)	<b>985.90</b>	964.64
CONTRIBUTION OF POWER, WATER & SERVICES WRITTEN OFF	<b>96.88</b>	96.88
LOSS ON DERIVATIVE TRANSACTIONS	-	936.23
EXCESS PROVISION WRITTEN BACK ON DERIVATIVE TRANSACTIONS	<b>(447.46)</b>	-
DIMINUTION IN VALUE OF INVESTMENT	<b>736.93</b>	301.66
<b>Sub Total</b>	<b>14,269.51</b>	15,346.46
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>28,897.41</b>	41,476.86
<b>DECREASE OR (INCREASE) IN ASSETS :</b>		
TRADE AND OTHER RECEIVABLES	<b>(2,254.04)</b>	(6,435.89)
INVENTORIES	<b>3,032.41</b>	(6,585.06)
<b>INCREASE / (DECREASE) IN LIABILITIES :</b>		
TRADE PAYABLES	<b>1,549.36</b>	8,199.15
<b>CASH GENERATED FROM OPERATIONS BEFORE TAX</b>	<b>31,225.14</b>	36,655.06
DIRECT TAXES PAID	<b>(2,623.82)</b>	(2,865.28)
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>28,601.32</b>	33,789.78
EXTRAORDINARY ITEMS	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES : (TOTAL - A)</b>	<b>28,601.32</b>	33,789.78



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

[₹ in Lakhs]

P A R T I C U L A R S	2009-2010 ₹	2008-2009 ₹
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
PURCHASE OF FIXED ASSETS	(23,648.62)	(33,873.01)
SALE OR ADJUSTMENT OF FIXED ASSETS	22.33	14.03
PURCHASE OF INVESTMENTS	(3,059.99)	(96.42)
PROCEEDS FROM SALE OF INVESTMENTS	-	118.10
INTEREST RECEIVED	356.39	173.74
DIVIDEND RECEIVED	688.92	678.88
OTHER CAPITAL EXPENDITURE (RECOATING & REMEMBRANING)	(269.30)	(718.67)
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES - (TOTAL - B)</b>	<b>(25,910.27)</b>	<b>(33,703.35)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
INTEREST PAID	(2,062.43)	(2,205.94)
DIVIDEND PAID	(2,577.53)	(3,007.11)
LONG TERM BORROWINGS	(12.93)	10,731.07
SHORT TERM BORROWINGS	575.80	(8,405.09)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES - (TOTAL - C)</b>	<b>(4,077.09)</b>	<b>(2,887.07)</b>
<b>D CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR :</b>		
CASH AND CHEQUES ON HAND	2,186.57	3,954.57
BALANCES WITH BANKS	460.35	1,492.99
<b>NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR - (TOTAL - D)</b>	<b>2,646.92</b>	<b>5,447.56</b>
<b>E CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR :</b>		
CASH AND CHEQUES ON HAND	940.62	2,186.57
BALANCES WITH BANKS	320.26	460.35
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR - (TOTAL - E)</b>	<b>1,260.88</b>	<b>2,646.92</b>
<b>F TOTAL CASH FLOW DURING THE YEAR (A+B+C) OR (E - D)</b>	<b>(1,386.04)</b>	<b>(2,800.64)</b>

**Note** :- Previous Year's figures have been regrouped/rearranged to confirm to the current year's presentation, wherever necessary.

As per our attached Report of even date  
For **Prakash Chandra Jain & Co.**  
Chartered Accountants

**V. L. Vyas**  
Company Secretary  
& General Manager (Legal)

For and on behalf of the Board  
**A. K. Joti**  
Chairman

**P. C. Nalwaya**  
Partner  
Membership No. 033710  
Place : Gandhinagar  
Dated : 26<sup>th</sup> May, 2010

**Dr. H. B. Patel**  
Chief Finance Officer

**Guruprasad Mohapatra**  
Managing Director

Place : Gandhinagar  
Dated : 26<sup>th</sup> May, 2010



## SCHEDULE - 1

[₹ in Lakhs]

SHARE CAPITAL	31.03.2010 ₹	31.03.2009 ₹
<b>Authorised :</b>		
10,00,00,000 Equity Shares of ₹10/- each (Previous Year 10,00,00,000)	10,000.00	10,000.00
50,00,000 Redeemable Cumulative Preference Shares of ₹100/- each (Previous Year 50,00,000)	5,000.00	5,000.00
	<b>15,000.00</b>	<b>15,000.00</b>
<b>Issued, Subscribed &amp; Paid-up :</b>		
7,34,36,928 Equity Shares of ₹10/- each (Previous Year 7,34,36,928)	7,343.69	7,343.69
Amount paid-up on Forfeited Shares	0.15	0.15
<b>Total :</b>	<b>7,343.84</b>	<b>7,343.84</b>

### NOTES :

#### Of the above Equity Shares :

- [A] 15,00,000 Shares have been allotted on part conversion of 13.5% Convertible Debentures.  
 [B] 32,75,008 Shares have been issued as Bonus Shares by Capitalisation of Share Premium ₹ 150.00 lakhs and General Reserve ₹ 177.50 lakhs.  
 [C] 1,81,06,509 Shares issued on Right basis.  
 [D] 86,69,656 Shares allotted on part conversion of 12% PCD issued on Right basis.  
 [E] 2,947 Equity Shares forfeited in the year 1996-97, out of Shares issued on Right basis.  
 [F] 84,05,050 Shares allotted on conversion of 14% Fully Convertible Debentures.  
 [G] 2,75,32,992 Right Issue equity shares of ₹10/- each allotted on 7<sup>th</sup> April, 2004.  
 [H] 660 Right Issue equity shares of ₹10/- each allotted on 1<sup>st</sup> October, 2005.

## SCHEDULE - 2

[₹ in Lakhs]

RESERVES AND SURPLUS	₹	31.03.2010 ₹	31.03.2009 ₹
<b>Capital Reserve :</b>			
As per last Balance Sheet		0.24	0.24
<b>Share Premium Account :</b>			
As per last Balance Sheet		23,423.18	23,423.18
<b>General Reserve :</b>			
As per last Balance Sheet	64,623.34		55,009.34
Add : Transferred from Profit and Loss Account	8,593.00		9,614.00
		<b>73,216.34</b>	<b>64,623.34</b>
<b>Profit and Loss Account</b>			
<b>Total :</b>		<b>35,124.35</b>	<b>29,101.99</b>
		<b>1,31,764.11</b>	<b>1,17,148.75</b>



## SCHEDULE - 3

[₹ in Lakhs]

SECURED LOANS	31.03.2010 ₹	31.03.2009 ₹
<b>1. Term Loans from Banks :</b>		
External Commercial Borrowing in Foreign Currency - from ICICI Bank	18,232.00	20,344.00
<b>2. Lease Finance :</b>		
SBI Capital Markets Limited	0.50 *	0.50
* of the above ₹ 0.50 lakhs are payable during the next twelve months (Previous Year ₹ 0.50 lakhs.)		
<b>3. Working Capital Loans from Banks including encumbered loan</b>	5,565.45	5,439.65
<b>Total :</b>	<b>23,797.95</b>	<b>25,784.15</b>

## NOTES TO SCHEDULE - 3

### 1. Term Loans :

External Commercial Borrowings (ECB) in foreign currency (USD 40 Million) loan from ICICI Bank Ltd., Hong Kong Branch is secured by first charge in favour of Security Trustees, M/s. 3i Infotech Trusteeship Services Ltd., on the project assets of 39 MW Wind Farm Project at Sinoi site in Dist. Kachchh, Gujarat. As per AS-11 (Revised) followed by the Company, the outstanding amount has been revalued based on the exchange rate prevailing on the date of Balance Sheet.

### 2. Working Capital Facilities :

The fund based and non-fund based working capital arrangements with the consortium of State Bank of India, Central Bank of India, HDFC Bank Ltd., AXIS Bank Ltd., UCO Bank, Indian Bank and IDBI Bank Ltd. including Export Packing Credit are secured by first charge by hypothecation of stocks and book debts and second hypothecation charge over the immovable assets of the Company.

### 3. Lease Finance :

The Company had entered into finance lease arrangements and secondary lease has expired on 31.03.2008 with M/s. SBI Capital Markets Ltd. (SBICAP) (Lessor) for the leased assets viz. Waste Heat Recovery System – I, DCS System and Chlorine Tonners for a total amount of ₹34.93 Crore.

The Company entered into an agreement for secondary period of leasing arrangement with SBICAP which has expired on 31.03.2008 and the outstanding lease finance of SBICAP is ₹0.50 lakh.

## SCHEDULE - 4

[₹ in Lakhs]

UNSECURED LOANS	31.03.2010 ₹	31.03.2009 ₹
<b>1. Short Term Loan</b>		
Banks	8,500.00	5,000.00
Others (net of pre-payment advances)	-	3,050.00
<b>2. Sales Tax Deferment Loans</b>	25.86@	38.79
@ Of the above ₹ 12.93 lakhs are payable during the next twelve months (Previous Year ₹ 12.93 lakhs)		
<b>Total :</b>	<b>8,525.86</b>	<b>8,088.79</b>

## SCHEDULE - 5

### FIXED ASSETS

Sr. No.	Fixed Assets	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK				
		As at 01.04.09 ₹	Additions ₹	Deductions ₹	As at 31.03.10 ₹	Upto 31.03.09 ₹	For the year ₹	Deductions ₹	Upto 31.03.10 ₹	As at 31.03.09 ₹	As at 31.03.10 ₹	
<b>OWN ASSETS :</b>												
1.	Free hold Land	102.75	-	-	102.75	-	-	-	-	-	102.75	102.75
2.	Lease hold Land	1,310.21	52.85	15.31	1,347.75	-	-	-	-	-	1,347.75	1,310.21
3.	Buildings, Roads and Culverts	12,640.96	549.66	0.00	13,190.62	2,324.09	348.54	-	2,672.63	10,517.99	10,316.87	10,316.87
4.	Plant and Machinery	2,28,812.93	22,301.17	2,359.62	2,48,754.48	1,02,874.28	11,596.42	227.36	1,14,243.34	1,34,511.14	1,25,938.65	1,25,938.65
5.	Furniture, Fixtures and Equipments	1,058.61	24.68	0.30	1,082.99	668.06	42.59	0.05	710.60	372.39	390.55	390.55
6.	Vehicles	305.88	8.35	4.87	309.36	60.93	32.75	2.09	91.59	217.77	244.95	244.95
<b>LEASE ASSETS :</b>												
7.	Plant & Machinery	3,859.23	-	-	3,859.23	2,560.85	158.40	-	2,719.25	1,139.98	1,298.38	1,298.38
<b>Sub Total [ 1 to 7 ]</b>		<b>2,48,090.57</b>	<b>22,936.71</b>	<b>2,380.10</b>	<b>2,68,647.18</b>	<b>1,08,488.21</b>	<b>12,178.70</b>	<b>229.50</b>	<b>1,20,437.41</b>	<b>1,48,209.77</b>	<b>1,39,602.36</b>	<b>1,39,602.36</b>
<b>CAPITAL EXPENDITURE</b>												
8.	Other Capital Expenditure - (Recoating/Remembraning) (Ref. Note No. 9 of Schedule-21)	8,238.78	269.30	-	8,508.08	4,550.18	985.90	-	5,536.08	2,972.00	3,688.60	3,688.60
9.	Power, Water & Services	1,743.81	-	-	1,743.81	1,029.57	96.88	-	1,126.45	617.36	714.24	714.24
<b>Total</b>		<b>2,58,073.16</b>	<b>23,206.01</b>	<b>2,380.10</b>	<b>2,78,899.07</b>	<b>1,14,067.96</b>	<b>13,261.48</b>	<b>229.50</b>	<b>1,27,099.94</b>	<b>1,51,799.13</b>	<b>1,44,005.20</b>	<b>1,44,005.20</b>
Previous Year		(2,31,036.22)	(28,738.77)	(1,701.83)	(2,58,073.16)	(1,03,253.97)	(12,008.46)	(1,194.47)	(1,14,067.96)	(1,44,005.20)		
10.	Capital Work - in - Progress and advances for capital goods.				<b>9,097.35</b>					<b>9,097.35</b>	<b>8,385.44</b>	<b>8,385.44</b>

### NOTES :

- Lease hold land amortised during F.Y. 2009-2010 for the expired period of the Lease of ₹ 15.31 lakhs (Ref. Note No. 3 (c) of Schedule-21) and shown as deduction in Gross Block.
- The lease deed in respect of Plot No. 3, land measuring 44,032 Sq. Mtrs. acquired at Dahej Complex valuing ₹15.86 lakhs pending for execution. The refund of ₹ 189.00 lakhs yet to be received in respect of land measuring 61,700 Sq. Mtrs. of Plot No. CH-17 surrendered to GIDC.
- Capital Work-in-Progress and advances for capital goods includes payment of ₹1,591.20 lakhs towards lease hold land allotted at Dahej measuring 5,20,000 Sq. Mtrs. and ₹4,297.55 lakhs towards lease hold land allotted at Dahej measuring 10,20,900 Sq. mtrs. for which possession is yet to be taken from GIDC.
- Capital Expenditure incurred on Equipments etc.in respect of scientific research upto 31<sup>st</sup> March, 2010 aggregating to ₹393.55 lakhs (Upto Previous Year ₹ 393.55 lakhs ) has not been included in the above Schedule as the same was written off to Profit and Loss Account of the Year in which the expenditure was incurred.
- Value of Assets related to Joint Water Supply Scheme at Baroda Complex has been stated in the Books to the extent of contribution made by the Company upto 31<sup>st</sup> March, 2010 aggregating to ₹ 397.63 lakhs.
- Depreciation for the year includes Net Debit of ₹ 23.43 lakhs for prior period adjustment (Previous Year Net Debit of ₹ 3.63 lakhs).
- The Company's contribution or expenditure towards Power, Water & Services not owned by the Company is capitalised under the general head "Capital Expenditure" and written off to revenue over a period of Eighteen years starting from 15.08.1998 i.e. date of start of operations.





## SCHEDULE - 6

[₹ in Lakhs]

INVESTMENTS (AT COST)	Nos.	Face Value ₹	31.03.2010 ₹	31.03.2009 ₹
<b>Long Term Investments :</b>				
<b>Quoted - Fully Paid Equity Shares of :</b>				
Gujarat Industries Power Company Limited	2,30,88,980	10	8,139.82	8,139.82
Gujarat State Fertilizers and Chemicals Limited	15,00,000	10	1,500.00	1,500.00
Less : Provision for Diminution in value of Investment			-	179.25
			1,500.00	1,320.75
Housing Development Finance Corporation Limited	23,740	10	3.16	3.16
Gujarat Lease Financing Limited	2,50,000	10	104.68	104.68
Less : Provision for Diminution in value of Investment			94.43	98.06
			10.25	6.62
HDFC Bank Ltd.	500	10	0.05	0.05
Industrial Development Bank of India Limited	3,18,800	10	259.03	259.03
Less : Provision for Diminution in value of Investment			-	114.29
			259.03	144.74
<b>Unquoted - Fully Paid Equity Shares of :</b>				
Gujarat Data Electronics Limited	40,000	10	4.00	4.00
Less : Provision for Diminution in value of Investment			4.00	4.00
			-	-
Gujarat Venture Finance Limited	1,80,000	10	18.00	18.00
Gujarat Guardian Limited	74,25,000	10	742.50	742.50
Gujarat State Petroleum Corporation Limited (Previous Year 10,00,000 Equity Shares) (Ref. Note No. 12 of Schedule 22)	2,15,43,200	1	1,349.99	100.00
Gujarat Chemical Port Terminal Company Limited	1,14,90,000	10	1,149.00	1,149.00
Less : Provision for Diminution in value of Investment (Ref. Note No. 13 of Schedule 22)			1,034.10	-
			114.90	1,149.00
Effluent Channel Project Limited	7,151	10	-	-
Gujarat Alumina & Bauxite Limited	7	10	-	-
Bhavnagar Energy Company Limited (Previous Year 10,00,000 Equity Shares)	70,00,000	10	700.00	100.00
GSPC Gas Company Limited (Partly paid as Share Application Money (Allotment pending) (Ref. Note No. 12 of Schedule 22)			1,000.00	-
<b>Investment in Govt. Securities :</b>				
Investment in Six Year National Saving Certificate purchased & pledged for renewal of Licence(s)			0.26	0.26
<b>Joint Ventures - Fully Paid Equity Shares of :</b>				
DOW GACL SolVenture Ltd.	26,221	10	2.62	2.62
Add : Equity Share Application Money (Allotment pending) (Ref. Note No.12 of Schedule 22)			210.00	-
			212.62	2.62
<b>Total :</b>			14,050.58	11,727.52
<b>Aggregate Value of Unquoted Investments</b>			4,138.27	2,112.38
<b>Aggregate Value of Quoted Investments</b>			9,912.31	9,615.14
<b>Market Value of Quoted Investments</b>			32,288.77	12,606.33



## SCHEDULE - 7

[₹ in Lakhs]

INVENTORIES (As valued and certified by the Management)	₹	31.03.2010 ₹	31.03.2009 ₹
<b>Stores, Spares and Packing Materials</b>		<b>5,632.85*</b>	5,391.17*
<b>Stock-in-Trade :</b>			
Raw Materials	4,856.60*		7,510.57*
Finished Goods (Includes Consignee's Stock of ₹ 478.44 lakhs, Previous Year ₹ 695.26 lakhs)	3,078.22*		3,642.19
Process Stocks	457.21		513.36
<b>Total :</b>		<b>8,392.03</b>	11,666.12
		<b>14,024.88</b>	17,057.29
* Includes Goods in Transit		<b>1,625.77</b>	4,217.82

## SCHEDULE - 8

[₹ in Lakhs]

SUNDRY DEBTORS	₹	31.03.2010 ₹	31.03.2009 ₹
<b>Over Six Months :</b>			
Secured - Good	127.09		183.23
Unsecured - Considered Good	856.29		1,046.81
Unsecured - Considered doubtful (Ref. Note No. 2 of Schedule 22)	1,227.73		1,215.91
	2,211.11		2,445.95
Less : Provision for Doubtful Debts	1,227.73		1,215.91
		<b>983.38</b>	1,230.04
<b>Others :</b>			
Secured - Good	4,711.33		4,132.73
Unsecured - Considered Good	20,660.48		19,447.72
		<b>25,371.81</b>	23,580.45
<b>Total :</b>		<b>26,355.19</b>	24,810.49

## SCHEDULE - 9

[₹ in Lakhs]

CASH AND BANK BALANCES	31.03.2010 ₹	31.03.2009 ₹
<b>Cash and Cheques on hand</b> (Includes Cheques on hand ₹ 937.65 lakhs Previous Year ₹ 2,183.04 lakhs)	<b>940.62</b>	2,186.57
<b>With Scheduled Banks in</b> - Current Accounts *	<b>320.26</b>	460.35
<b>Total :</b>	<b>1,260.88</b>	2,646.92
* Includes balance in Unclaimed Dividend Account	<b>67.76</b>	52.53



## SCHEDULE - 10

[₹ in Lakhs]

<b>LOANS AND ADVANCES</b>	<b>31.03.2010</b>	31.03.2009
	₹	₹
<b>Unsecured ( Considered Good )</b>		
Advances recoverable in cash or in kind or for value to be received.		
(i) Considered Good	7,152.86	4,038.62
(ii) Doubtful	96.53	96.53
	<b>7,249.39</b>	4,135.15
Less : Provision for doubtful advances	96.53	96.53
	<b>7,152.86</b>	4,038.62
Balance with Central Excise and Customs Department	189.38	213.71
Cenvat and VAT Credit Receivable	2,454.80	2,896.40
Advance Payment of Income tax	24,499.71	23,814.86
MAT Credit Entitlement	2,368.93	-
<b>Total :</b>	<b>36,665.68</b>	30,963.59

## SCHEDULE - 11

[₹ in Lakhs]

<b>CURRENT LIABILITIES AND PROVISIONS</b>	₹	<b>31.03.2010</b>	31.03.2009
		₹	₹
<b>[A] CURRENT LIABILITIES :</b>			
1. Sundry Creditors			
- Micro, Small and Medium Enterprise	144.73		75.45
- Other than Micro, Small and Medium Enterprise	16,074.88		10,989.42
2. Security Deposits / Earnest Money	955.97		1,087.27
3. Advances from Customers	206.09		273.17
4. Interest accrued but not due	27.33		342.16
5. Investor Education and Protection Fund	68.46		55.32
6. Other Statutory Liabilities	859.01		1,006.22
7. Loss on Derivative Transactions	1,356.71		1,804.17
8. Others	4,681.62		8,003.78
		<b>24,374.80</b>	23,636.96
<b>[B] PROVISIONS :</b>			
1. Provision for Taxation	20,195.51		24,231.20
2. Provision for Retirement Benefits	2,925.57		2,876.34
3. Proposed Dividend	2,203.11		2,203.11
4. Tax on Proposed Dividend	365.91		374.42
		<b>25,690.10</b>	29,685.07
<b>Total :</b>		<b>50,064.90</b>	53,322.03



## SCHEDULE - 12

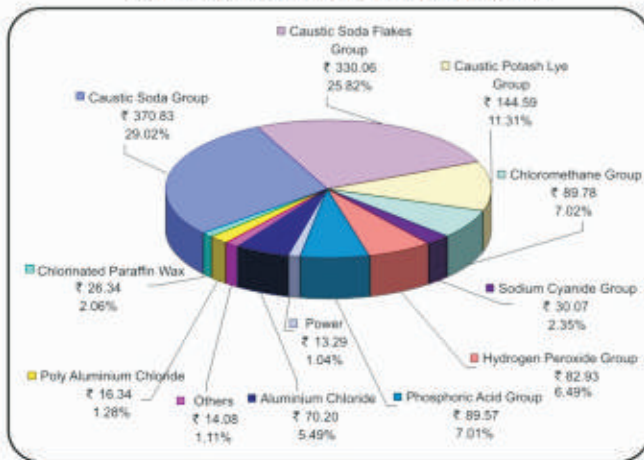
[₹ in Lakhs]

### NET SALES

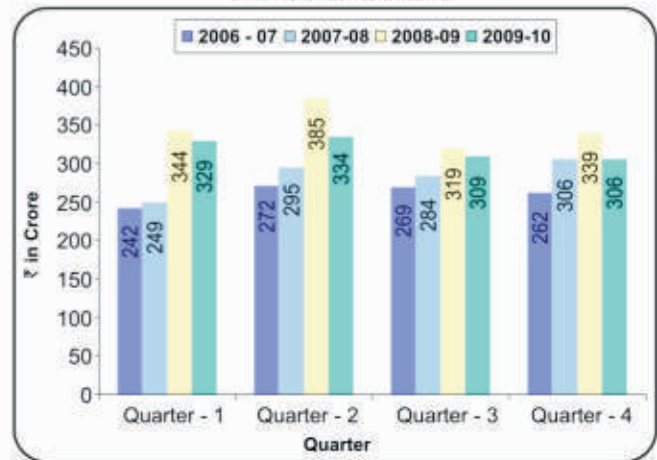
Sr. No.	Name of Product	Unit	2009-2010		2008-2009	
			Quantity	₹	Quantity	₹
<b>[A] MANUFACTURING OPERATIONS :-</b>						
1.	Caustic Soda Lye	M.T.	2,11,977	30,048.13	2,09,965	40,272.42
2.	Chlorine Gas	M.T.	1,08,720	2,710.38	88,671	2,830.76
3.	Liquid Chlorine	M.T.	1,87,945	4,384.84	1,70,386	4,244.53
4.	Hydrochloric Acid (30%)	M.T.	2,73,983	1,604.07	2,91,302	1,689.87
5.	Caustic Soda Flakes	M.T.	1,69,356	29,369.54	1,38,172	31,388.89
6.	Caustic Soda Prills	M.T.	18,194	3,478.87	19,059	4,534.85
7.	Hydrogen Gas	NM <sup>3</sup>	3,05,94,365	3,225.31	2,98,22,669	3,157.76
8.	Chloromethanes	M.T.	34,719	8,978.23	32,663	7,326.39
9.	Sodium Cyanide	M.T.	2,637	2,964.10	1,994	2,155.71
10.	Sodium Ferrocyanide	M.T.	56	42.99	46	33.81
11.	Caustic Potash Lye	M.T.	2,161	1,405.34	1,916	1,349.38
12.	Caustic Potash Flakes	M.T.	10,170	6,532.96	11,384	8,009.25
13.	Potassium Carbonate	M.T.	10,550	6,520.67	6,524	3,979.94
14.	Hydrogen Peroxide (100%)	M.T.	26,981	8,522.95	24,382	10,258.34
15.	Phosphoric Acid (85%)	M.T.	21,633	8,958.20	21,690	12,296.13
16.	Calcium Chloride	M.T.	8,398	678.60	6,802	612.28
17.	Poly Aluminium Chloride	M.T.	23,956	1,635.62	22,701	1,486.93
18.	Power to GUVNL/MGVCL	KWH	4,49,87,227	1,329.08	75,97,989	169.93
19.	Aluminium Chloride	M.T.	22,455	7,019.53	16,618	4,986.81
20.	Chlorinated Paraffin Wax	M.T.	7,800	2,601.31	4,603	1,692.09
21.	Hydrochloric Acid - CP	M.T.	12,912	32.88	8,225	18.22
22.	Benzyl Chloride	M.T.	91	50.02	-	-
23.	Others			736.02		1,188.38
24.	Interunit Transfers of Power & Utilities			32,945.42		28,696.83
<b>Total [ A ] :</b>				<b>1,65,775.06</b>		<b>1,72,379.50</b>
<b>[B] TRADING ACTIVITIES :-</b>						
1.	Caustic Soda Flakes	M.T.	647	159.16	1,250	338.95
2.	Liquid Chlorine	M.T.	604	23.89	11	0.73
<b>Total [ B ] :</b>				<b>183.05</b>		<b>339.68</b>
<b>[C] Excise Duty :-</b>				<b>10,636.37</b>		<b>17,730.47</b>
<b>Total [ A + B + C ] :</b>				<b>1,76,594.48</b>		<b>1,90,449.65</b>
Less : Interunit Transfers of Finished Goods, Power & Utilities				<b>38,150.18</b>		<b>34,037.07</b>
Excise Duty				<b>10,636.37</b>		<b>17,730.47</b>
<b>Sub Total :</b>				<b>48,786.55</b>		<b>51,767.54</b>
<b>Total :</b>				<b>1,27,807.93</b>		<b>1,38,682.11</b>

## Financials

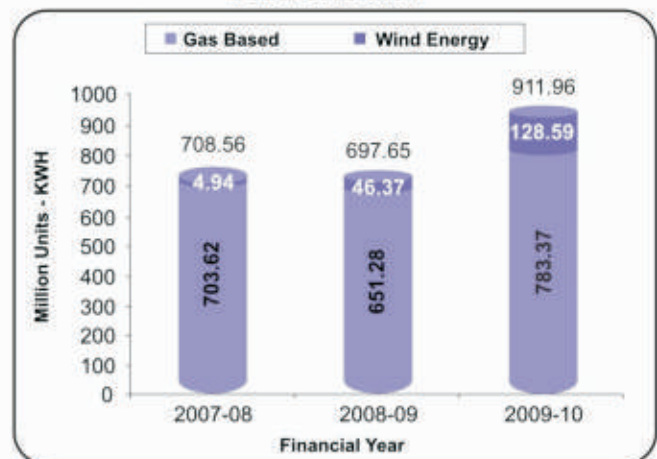
**Groupwise Total Sales (Excluding Inter Unit Transfer & Excise Duty Recovered) ₹ 1278.08 Crore - F.Y.2009-10**  
 (₹ 1386.82 Crore - F.Y.2008-09) ₹ in Crore



Quarterwise Net Sales



Power Generation



## Recognitions

Achieved recognition in the fields of energy conservation, safety, environment and more...





## SCHEDULE - 13

[₹ in Lakhs]

OTHER INCOME	2009-2010 ₹	2008-2009 ₹
Dividend	688.92	678.88
Sale of Scrap	197.52	280.60
Income from Termination of Derivative Transaction	50.00	100.00
Benefit on Account of Exchange Rate Variation	-	60.70
Interest (Gross) (Includes Interest of ₹ 1,307.61 lakhs on Refund of Income Tax, Previous Year ₹ Nil)	1,664.00 *	173.74 *
Insurance claims received	55.76	55.96
Export Incentives	94.56	200.46
Rent received	1.18	1.18
Excess Provision of Expenses no longer required (Net)	923.21	380.81
Profit on sale of Fixed Assets	-	0.45
Compensation for CTC Phase Out	329.23	379.10
Clean Development Mechanism (CDM)	587.00	-
Cenvat Refund	-	6.39
Tax Remission (under VAT)	1,357.63	1,822.06
Miscellaneous Income	234.55	184.94
<b>Total :</b>	<b>6,183.56</b>	<b>4,325.27</b>
* Includes Tax deducted at source	<b>42.83</b>	<b>13.97</b>

## SCHEDULE - 14

[₹ in Lakhs]

INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND PROCESS STOCK	₹	2009-2010 ₹	2008-2009 ₹
<b>Closing Stock :</b>			
- Finished Goods	3,078.22		3,642.19
- Process Stock	457.21		513.36
		<b>3,535.43</b>	<b>4,155.55</b>
<b>Less : Opening Stock :</b>			
- Finished Goods	3,642.19		2,041.86
- Process Stocks	513.36		311.57
		<b>4,155.55</b>	<b>2,353.43</b>
<b>Increase / (Decrease) :</b>		<b>(620.12)</b>	<b>1,802.12</b>



## SCHEDULE - 15

[₹ in Lakhs]

### RAW MATERIALS CONSUMED

Sr. No.	Name of Product	Unit	2009-2010		2008-2009	
			Quantity	₹	Quantity	₹
1.	SALT	M.T.	6,81,846	5,923.68	6,26,747	5,311.88
2.	BARIUM CARBONATE	M.T.	3,224	602.05	3,248	638.63
3.	HYDROCYANIC ACID	M.T.	1,531	299.90	1,105	217.89
4.	NATURAL GAS - FOR POWER PLANT	MMB	34,56,556	12,285.45	32,04,049	10,324.04
5.	NATURAL GAS - FOR POWER PLANT	SM <sup>3</sup>	1,82,06,175	2,098.83	1,69,84,500	1,963.99
6.	NATURAL GAS - FOR POWER PLANT	GCL	7,06,941	11,844.94	5,87,288	8,852.66
7.	NATURAL GAS - FOR CHLOROMETHANE	SM <sup>3</sup>	92,37,340	725.72	82,37,817	603.63
8.	POTASSIUM CHLORIDE	M.T.	27,974	9,874.78	23,255	4,912.33
9.	ROCK PHOSPHATE	M.T.	45,387	4,252.65	52,443	9,234.87
10.	HYDRATED LIME	M.T.	8,110	275.05	8,415	297.48
11.	ISO AMYL ALCOHOL	M.T.	312	310.38	332	283.00
12.	ALUMINIUM INGOTS	M.T.	4,252	4,197.64	3,897	4,567.66
13.	ALUMINA TRIHYDRATE POWDER	M.T.	6,234	1,005.30	4,903	752.37
14.	HEAVY NORMAL PARAFFIN	M.T.	3,667	2,149.56	2,250	1,567.95
15.	SULPHURIC ACID	M.T.	10,684	241.93	10,337	830.77
16.	SODA ASH	M.T.	3,213	467.80	2,803	466.22
17.	CAUSTIC SODA LYE	M.T.	4,340	615.36	3,599	704.12
18.	CHLORINE GAS	M.T.	72,763	1,809.90	65,755	2,048.83
19.	LIQUID CHLORINE	M.T.	1,478	32.44	148	7.95
20.	HYDROCHLORIC ACID	M.T.	1,10,714	427.19	1,19,090	286.08
21.	HYDROGEN GAS	NM <sup>3</sup>	1,98,49,055	2,055.98	1,82,41,800	1,952.86
22.	HYDROGEN PEROXIDE	M.T.	1,448	236.67	1,330	291.44
23.	POLY ALUMINIUM CHLORIDE	M.T.	30	1.63	23	1.14
24.	PHOSPHORIC ACID	M.T.	4	1.82	5	2.58
25.	CAUSTIC SODA FLAKES	M.T.	7	1.17	-	-
26.	TRADING ACTIVITY	M.T.	1,251	137.88	1,261	239.94
27.	OTHERS	—		1,119.84		1,182.55
				62,995.54		57,542.86
	Less : Captive Consumption of our Finished Products			5,204.76		5,340.24
	<b>Total :</b>			<b>57,790.78</b>		<b>52,202.62</b>
	<b>NOTE :</b>					
	<b>VALUE OF RAW MATERIALS CONSUMED</b>		<b>Value</b>	<b>Percentage</b>	<b>Value</b>	<b>Percentage</b>
			₹	%	₹	%
	- IMPORTED		15,394.06	24.44	12,939.89	22.49
	- INDIGENOUS		47,601.48	75.56	44,602.97	77.51
			62,995.54	100.00	57,542.86	100.00





## SCHEDULE - 16

[₹ in Lakhs]

<b>MANUFACTURING AND OPERATING EXPENSES</b>	₹	2009-2010 ₹	2008-2009 ₹
Power	44,434.35		48,333.99
Less : Captive Consumption of Power	31,067.01		27,299.73
		13,367.34	21,034.26
Fuel, Natural Gas and Water Charges	5,639.09		4,653.08
Less : Captive Consumption of Utilities	1,878.41		1,397.10
		3,760.68	3,255.98
Stores and Spare-parts consumed		2,869.00	3,345.74
Repairs, Maintenance and Replacement :			
- Building	2.39		5.11
- Plant and Machinery	2,572.51		2,406.15
- Others	1,068.06		1,069.83
		3,642.96	3,481.09
Job Work / Processing Charges		1,151.98	1,012.48
Safety & Environment Expenses		221.06	222.16
Other Capital Expenditure - Recoating & Remembraning		985.90	964.64
Insurance		286.76	257.36
Contribution Written Off towards supply of Power, Water and Services		96.88	96.88
Packing Materials Consumption		2,946.13	2,911.68
<b>Total :</b>		<b>29,328.69</b>	<b>36,582.27</b>
		<b>2009-2010</b>	<b>2008-2009</b>
	<b>Value</b>	<b>Percentage</b>	<b>Value</b>
	₹	%	₹
Consumption value of Stores, Spare-parts :			
- Imported	321.57	11.21	452.22
- Indigenous	2,547.43	88.79	2,893.52
	<b>2,869.00</b>	<b>100.00</b>	<b>3,345.74</b>
			100.00

## SCHEDULE - 17

[₹ in Lakhs]

<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>	2009-2010 ₹	2008-2009 ₹
Salaries, Wages and Bonus	8,890.10	6,754.12
Contribution to Provident, Superannuation and Gratuity Funds	2,151.72	1,445.08
Welfare Expenses (Including Contribution to Employees' Welfare Fund ₹ Nil) (Previous Year ₹ 36.06 lakhs)	948.97	860.31
<b>Total :</b>	<b>11,990.79</b>	<b>9,059.51</b>
Includes Remuneration of the Managing Director (s)		
Salary	16.41	5.81
Contribution to Government Pension Fund & Leave Salary	4.52	0.93
Perquisites	3.20	2.25
	<b>24.13</b>	<b>8.99</b>



## SCHEDULE - 18

[₹ in Lakhs]

<b>ADMINISTRATION, GENERAL AND MARKETING EXPENSES</b>	<b>2009-2010</b> ₹	2008-2009 ₹
<b>[A] ADMINISTRATION EXPENSES :</b>		
Rent (Includes Lease Rent of ₹125.32 lakhs, Previous Year ₹30.59 Lakhs)	127.10	33.44
Rates and Taxes	22.01	15.00
Insurance on Vehicles	2.83	3.58
Printing and Stationery	69.05	116.35
Postage and Telephone	53.49	55.61
Amortisation in respect of Lease hold Land	14.51	14.01
Vehicle Running and Maintenance including Hire Charges	283.59	249.25
Directors' Fees	2.95	2.45
Auditors' Remuneration and Expenses	9.50	9.50
Membership and Subscription Fees	24.09	20.51
Bank Charges	78.19	119.72
Travelling and Conveyance	72.31	91.25
Legal and Professional Charges	222.88	1,065.94
Research and Development Expenses	137.67	123.95
Loss on Sale of Fixed Assets	16.27	23.16
Loss on Impairment of Fixed Assets	-	470.62
Donations	433.07	1,372.47
Provision for Doubtful Debts / Advances	60.17	64.88
Bad Debts Written Off	-	108.08
General Expenses	852.74	704.55
<b>Sub Total [A]</b>	<b>2,482.42</b>	<b>4,664.32</b>
<b>[B] MARKETING EXPENSES :</b>		
Commission on Sales	316.44	324.23
Other Marketing Expenses	1,331.07	982.85
Freight Outward (Net)	296.05	19.20
Difference of Excise Duty paid / (recovered)	45.02	(91.28)
Loss on Exchange Rate Variation (Net)	26.08	-
<b>Sub Total [B]</b>	<b>2,014.66</b>	<b>1,235.00</b>
<b>[C] Loss on Derivative Transactions</b>	<b>-</b>	<b>936.23</b>
<b>[D] Provision for Diminution of Investment</b>	<b>736.93</b>	<b>301.66</b>
<b>TOTAL :</b>	<b>5,234.01</b>	<b>7,137.21</b>



## SCHEDULE - 19

[₹ in Lakhs]

	2009-2010 ₹	2008-2009 ₹
<b>INTEREST</b>		
Term Loans	792.30	516.71
On Working Capital Loans	14.77	50.52
Intercorporate Deposits / Short Term Loan	808.73	1,858.90
On Commercial Paper	101.62	-
Lease Assets	0.04	0.04
Others	30.14	33.23
<b>Total :</b>	<b>1,747.60</b>	<b>2,459.40</b>

## SCHEDULE - 20

[₹ in Lakhs]

	2009-2010 ₹	2008-2009 ₹
<b>PRIOR PERIOD ADJUSTMENT (NET)</b>		
<b>INCOME :</b>		
Other Income	-	57.28
	-	57.28
<b>EXPENDITURE :</b>		
Raw Materials Consumed	(1.06)	-
Manufacturing and Operating Expenses	463.83	9.47
Employee Remuneration & Benefit	-	231.94
Administrative, General and Marketing Expenses	2.43	0.30
Depreciation ( Net )	23.43	3.63
	488.63	245.34
<b>Net Debit / (Credit) Total :</b>	<b>488.63</b>	<b>188.06</b>

## SCHEDULE - 21

F.Y. 2009-2010

### SIGNIFICANT ACCOUNTING POLICIES

#### (1) Accounting Convention

The Financial Statements are prepared based on Historical cost convention of accounting and in accordance with the prevalent Accounting Standards and the provisions of the Companies Act, 1956 as amended, except to the extent disclosed in the Notes on Accounts.

#### (2) Revenue Recognition

Revenue is recognised with respect to Sales (net of discount) and Other Income on accrual basis with disclosed exceptions on receipt basis as under. :

##### (a) Sales

Sales (net of discount) include handling charges and packing charges but exclude excise duty and Sales Tax / Value Added Tax.

##### (b) Other Income

- (i) Insurance and other claims treated as Other Income. However, insurance claims are adjusted towards replacement cost on selective basis.
- (ii) Dividend income.
- (iii) Compensation (Net) received from the Multilateral Fund towards the phasing out of CTC product under Montreal Protocol.



## SCHEDULE - 21 (contd.)

- (iv) Receipt against monetisation of Certified Emission Reduction (CER) under Kyoto Protocol for Clean Development Mechanism.
- (v) Income arising from Derivative transactions is recognised in the books of accounts as and when the settlements take place in accordance with the terms of the respective contracts over the tenor thereof. The open positions are marked to market on the Balance Sheet date and losses, if any, are provided for while gains, if any, are not recognised.

### (3) Fixed Assets, Leased Assets, Capital Work in Progress, Expenditure on New Projects and Depreciation

- (a) Fixed Assets, Leased Assets, Capital Work in Progress and Expenditure on New Projects:
  - (i) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. In case of capital expenditure, such costs of acquisition or construction are capitalised upto the date the assets are put to use. Interest, commitment and other charges on borrowings, as also expenditure directly attributable to specific project upto its commissioning are accumulated as cost of relevant projects. Further, in respect of grass root projects, initial and pre-operative expenditure incurred prior to commissioning of the projects are also considered as cost of relevant projects.
  - (ii) Capital Assets under erection/installation are reflected in Balance Sheet as "Capital Work-in-Progress". "Expenditure on New Projects" includes advances to suppliers, contractors and others.
  - (iii) Cost of major civil works required as plant and machinery supports is considered as Plant and Machinery.
  - (iv) In respect of plant & machinery acquired on lease, lease rent payable on such assets prior to completion of the project is capitalised.
- (b) Accounting for Finance Lease :
  - (i) The Company is capitalising the assets acquired under finance lease at fair value/contracted price and charging depreciation on it in accordance with Accounting Standard –19 "Leases".
  - (ii) The lease rents paid/payable on these assets have been bifurcated into interest and principal and accordingly interest has been charged to revenue and principal has been reduced from the liability of lessor.
  - (iii) On completion of the finance lease, the value of the said leased asset is considered as an asset of the Company, at the Gross / Net value appearing in Balance Sheet on the date of the completion of the lease.
  - (iv) The Residual value payable on the termination of finance lease is accounted as Revenue Expenditure.
- (c) Leasehold Land / Right of Use of Land.  
Cost of leasehold Land and right of use of land are amortised over the period of lease.
- (d) Depreciation  
Depreciation on fixed assets including leased assets acquired under finance lease is provided on "Straight Line Method" at the rates prescribed in Schedule XIV of the Companies Act, 1956, as amended. Depreciation on additions to Fixed Assets (except those of ₹5,000/- and below) is charged on prorata basis. Depreciation on assets disposed off/discarded during the year is charged upto the date of disposal/discard. Further, as regard to additions/deductions to the fixed assets arising from exchange variations, depreciation thereof is considered and covered during the period of residual life of the relevant assets.

### (4) Investments

All investments are stated at cost less permanent diminution, if any.

### (5) Foreign Exchange Transactions

- (i) Transactions in foreign currency are recorded at the exchange rates prevailing or approximately close to the exchange rate prevailing at the time of transaction. Any difference arising on actual payment / realisation is accounted under exchange variation account.
- (ii) The liability in respect of the loans repayable in foreign currencies has been translated into rupees taking into consideration the exchange rates prevailing on the date of the Balance Sheet. The increase / decrease in the liability, if material, arising on realignment of foreign currencies where the loans are utilised for procurement of fixed assets is adjusted to the cost of such assets at the year end.
- (iii) Other current assets & liabilities at the end of the year are being valued at the exchange rate prevailing on the date of Balance Sheet and difference arising is accounted as exchange difference and charged/credited to profit and loss account.

### (6) Inventories

- (a) Valuation of inventories at both Baroda and Dahej plants has been worked out separately.
- (b) (i) Raw Materials, Packing Materials and Stores & Spares are valued at daily weighted average cost.



## **SCHEDULE - 21 (contd.)**

- (ii) Raw Materials of imported goods, Salt, Furnace Oil, Aluminium Ingots and Alumina Trihydrate Powder are valued at monthly weighted average cost.
- (iii) Natural Gas is valued at fortnightly weighted average cost.
- (iv) The valuation of inventories includes taxes, duties ((net of excise duty and Value Added Tax) / counter veiling duty to the extent to which CENVAT credit availed) and other direct costs attributable to the cost of inventory.
- (c) Finished Goods are valued at lower of average cost for the year or average sale price for the year or average sale price of last month of financial year.
- (d) Finished Goods lying with Consignment Stockists are valued at lower of yearly average cost or average sale price for the year or average sale price of last month of financial year plus transport charges and excise duty paid.
- (e) By-products are valued at lower of average net realisable value for the year or average net realisable value of last month of financial year.
- (f) Sale of Finished Goods in transit is valued at actual sales invoice value.
- (g) Process stocks are valued at weighted average cost.
- (h) Stock of items traded is valued at lower of the landed cost or realisable value.
- (i) Consumable stores categorised separately are charged to Profit and Loss Account at the time of purchase.
- (j) Stores and spares issued to consuming departments and which are in the process of utilisation and / or remaining with them at the year end are included in the inventory at the weighted average cost.

### **(7) CENVAT and Value Added Tax Credit**

- (i) CENVAT and VAT Credit available on the material (inputs) is adjusted against purchases.
- (ii) Cenvat Credit and VAT available on capital goods is adjusted against the cost of the capital assets.
- (iii) The CENVAT and VAT credit available on purchase of raw materials, other eligible inputs and capital goods is utilised against excise duty and VAT payable on clearance / sale of goods produced. The unutilised CENVAT and VAT credit is shown under the head "Loans and Advances".
- (iv) CENVAT and VAT benefits are accounted on accrual basis.

### **(8) Taxation**

- (i) Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.
- (ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### **(9) Other Capital Expenditure**

When heavy expenditure for sustaining plant efficiency is required to be incurred and the benefit from this expenditure is to extend for a number of years, such heavy expenditure, on a selective basis, is treated as "Other Capital Expenditure" and shown in the schedule of Fixed Assets and carried forward for amortisation over a reasonable period of time, after facilities have been put to use/completion of the job.

### **(10) Expenditure by way of contributions**

The Company's Contribution or Expenditure incurred in securing requirements of Utilities and Services without acquiring ownership rights on the assets so created are considered as Fixed Assets and are written off over an appropriate period.

### **(11) Excise Duty**

The excise duty in respect of closing stock of finished goods is included as part of the inventory cost.

### **(12) Employee Benefits**

- (a) Short term Employee Benefits :

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc. and the expected cost of bonus, Ex-gratia, Leave Travel Allowance, Reimbursement of Medical Expenses, Personal Accident Policy, Deposit Linked Insurance Policy are recognised in the period in which the employee renders the related services.



## SCHEDULE - 21 (contd.)

- (b) Post-Employment Benefits :
- (i) Defined Contribution Plan : The Company's contribution paid/ payable during the year to Provident Fund, Superannuation Fund and other welfare funds are considered as defined contribution plans. The Contribution paid/ payable under these plans are recognised during the period in which the employee renders the services.
- (ii) Defined Benefit Plans : The Gratuity scheme managed by Trust is considered as defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses are recognised immediately in the Profit & Loss Account. The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan to recognise the obligation on net basis. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.
- (c) Long term Employee Benefits :  
The obligation for long term employee benefits such as long service award is recognised in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

### (13) Research and Development

The capital expenditure in respect of Research and Development activities is charged to Profit and Loss Account in the year in which it is incurred.

### (14) Prior Period Adjustments

All identifiable items of Income and Expenditure pertaining to prior period are accounted through "Prior Period Adjustment Account".

### (15) Borrowing Cost

Borrowing Costs attributable to the acquisition and construction of assets are capitalised as part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are treated as revenue expenditure.

### (16) Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount.

## SCHEDULE - 22

[₹ in Lakhs]

NOTES ON ACCOUNTS	2009-2010	2008-2009
<b>1. Contingent Liabilities.</b>		
(a) The Company has given corporate guarantees aggregating to ₹661.90 lakhs (Previous Year ₹682.80 lakhs) to Housing Development Finance Corporation Limited (HDFC) for housing loans extended to employees. Total loans outstanding under the arrangement, are :	<b>142.65</b>	175.32
(b) (i) Estimated amount of contracts on Capital Account remaining to be executed and not provided for are :	<b>8,857.40</b>	4,945.74
(ii) Amount for Leasehold Land at Dahej.	<b>Not ascertainable</b>	Not ascertainable
(c) Claims from various parties disputed but not acknowledged as debt :	<b>6,616.18</b>	5,471.96
(d) Guarantees given by the Company's bankers for various purposes are :	<b>4,065.31</b>	2,657.86
(e) Disputed Purchase tax liability (Net of provision made).	<b>21,185.69</b>	21,316.56
<b>2.</b> The Sundry Debtors include overdue outstanding from various parties aggregating to ₹1,555.94 lakhs, (Previous Year ₹1,568.39 lakhs), for which the Company has taken legal steps for recovery of the outstanding dues and the management is hopeful of the recovery. However, cumulative provision of ₹1,076.27 lakhs (Previous Year ₹1,022.03 lakhs) exists for such doubtful debts.		



## SCHEDULE - 22 (contd.)

### 3. DEFERRED TAX :

- (i) The Deferred Tax Liability of ₹3,848.14 lakhs (Previous Year ₹3,980.39 lakhs) has been debited to Profit & Loss Account for the F.Y. 2009-2010. The accumulated net deferred tax liability amounted to ₹31,757.03 lakhs as on 31.03.2010 (Previous Year ₹ 27,908.89 lakhs).
- (ii) The break-up of net deferred tax liability on account of timing difference as at 31<sup>st</sup> March, 2010 is as under :

Particulars	Deferred Tax As on 31.03.2010		Deferred Tax As on 31.03.2009	
	Assets	Liability	Assets	Liability
Depreciation	-	31,941.04	-	26,678.27
Lease Assets	-	387.48	-	1,139.11
Expenditure u/s.43 B of the I.T.Act	998.24	-	568.10	-
Other Capital Expenses	-	1,010.18	443.28	42.57
Provision for Doubtful Debts	583.43	-	853.35	-
<b>Total</b>	<b>1,581.67</b>	<b>33,338.70</b>	<b>1,864.73</b>	<b>29,859.95</b>
Deferred Tax Liability		31,757.03		27,995.22
Less : MAT Credit	-	-	86.33	-
<b>Net Deferred Tax Liability</b>		<b>31,757.03</b>		<b>27,908.89</b>

4. Provisions were made by the Company in F.Y. 2005-06 and 2006-07 without taking into consideration the deduction allowable in respect of its 90 MW combined cycle power plant set up in its Dahej Complex for captive requirements towards tax liability under section 80-IA of the Income Tax Act, 1961. As per para 52 of the AS 29, issued by ICAI, "Provision should be reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision should be reversed". Accordingly ₹6,405.69 lakhs has been written back in its tax provisions in view of the Revised / Original returns filed for the respective years and the same being allowed in tax assessment / appeal orders during the year.
5. Under Clean Development Mechanism, three projects of the Company have been registered with UNFCCC. The Company in the meantime has put up three Wind Mill projects for which the process of registration has been started. It has further identified small energy saving projects and expects to start the process of registration for these projects also. It has monetized 83783 CERs during the financial year 2009-10.
6. **Derivative Transactions :**  
In line with the requirement of AS-30 ( Financial Instruments : Recognition and Measurement ) to provide for mark-to-market (MTM) losses on open positions in derivative contracts as on the date of the Balance Sheet, the Company has reduced the provision to ₹1,356.71 lakhs from ₹ 1,804.17 lakhs provided till previous year for such losses in respect of its open positions in Cross Currency Swap transactions and the same is shown separately in Schedule 11 – "Current Liabilities and Provisions" and in Schedule 13 – "Other Income".  
During the year, an income of ₹50.00 lakhs (Previous Year ₹ 100.00 lakhs) has been recognised on realisation basis towards coupon settlement of the Cross Currency Swap transaction and is shown in Schedule 13 – "Other Income".
7. In accordance with the provisions of Value Added Tax Act, 2003, the amount collected as VAT and eligible for remission benefit at Dahej Complex, during the year ₹1,357.63 lakhs (Previous Year ₹1,822.06 lakhs) has been treated as Other Income.
8. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount overdue as on 31<sup>st</sup> March, 2010, to Micro, Small and Medium Enterprises on account of principal amount with interest in aggregate is ₹NIL(Previous Year ₹ Nil).
9. Borrowing cost capitalised during the year is ₹NIL (Previous Year ₹406.88 lakhs) for acquisition of long term assets.
10. The Company's operations fall under single segment namely "Chemicals", hence no separate disclosure of segment reporting is required to be made as required under AS-17 of ICAI.



## SCHEDULE - 22 (contd.)

### 11. Employee Benefits AS -15 (Revised) :

(i) Defined Contribution Plans :

An amount of ₹468.13 lakhs (Previous Year ₹ 311.58 lakhs) contributed to employees superannuation trust is recognised as an expense and included in "Staff Expenses" (Schedule 17) in the Profit & Loss Account.

(ii) Defined Benefit Plans : - As per Actuarial Valuation as on March 31, 2010 :

[₹ in Lakhs]

Particulars	Gratuity	
	31.03.2010 ₹	31.03.2009 ₹
<b>I. Expense recognised in the Statement of Profit and Loss Account for the year ended</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
1. Current Service Cost	158.66	118.56
2. Interest Cost	259.32	188.71
3. Expected Return on Plan Assets	(308.50)	(158.15)
4. Past Service Cost (Non Vested Benefit) Recognised	-	-
5. Past Service Cost (Vested Benefit) Recognised	-	-
6. Actuarial (Gain) / Loss	1,106.08	628.56
7. Total Expenses	1,215.56	777.68
<b>II. Net Assets / (Liability) recognised in the Balance Sheet as on</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
1. Present Value of Defined Benefit Obligation	4,434.56	3,241.54
2. Fair Value of Plan Assets	4,297.91	2,466.85
3. Funded Status [ Surplus / (Deficit) ]	(136.65)	(774.69)
Net Asset / (Liability) as at March 31, 2010	(136.65)	(774.69)
<b>III. Change in Present value of Obligation during the year ended</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
1. Present Value of Defined Benefit Obligation at the beginning of the year	3,241.54	2,516.05
2. Interest Cost	158.66	118.56
3. Current Service Cost	259.32	188.71
4. Past Service Cost (Non Vested Benefit)	-	-
5. Past Service Cost (Vested Benefit)	-	-
6. Benefit paid	(258.16)	(210.34)
7. Actuarial (Gain) / Loss on obligation	1,033.20	628.56
8. Present Value of Defined Benefit Obligation at the end of the year	4,434.56	3,241.54
<b>IV. Change in Fair value of Plan Assets during the year ended</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
1. Fair Value of Plan Assets at the beginning of the year	2,466.85	1,719.77
2. Expected Return on Plan Assets	308.50	158.15
3. Contribution by Employer	1,853.60	799.27
4. Actual Benefit Paid	(258.16)	(210.34)
5. Actuarial gain / (loss) on Plan Assets	-	-
6. Fair Value of Plan Assets at the end of the year	4,297.91	2,466.85
7. Actuarial Gain / (Loss) to be recognised	(72.88)	(628.56)
<b>V. Actual Return on Plan Assets</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
1. Expected Return on Plan Assets	308.50	158.15
2. Actuarial gain / (Loss) on Plan Assets	-	-
3. Actual Return on Plan Assets	308.50	158.15
<b>VI. Balance Sheet Reconciliation</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
1. Opening Net Liability	774.69	796.28
2. Expenses Recognised in Profit & Loss Account	1,215.56	777.68
3. Employer's Contribution	1,853.60	799.27
4. Amount Recognised in Balance Sheet	136.65	774.69





## SCHEDULE - 22 (contd.)

(iii) The major categories of plan assets as a percentage of total plan Qualifying Insurance Policy 100%.

(iv) Actuarial assumptions :	2009-10	2008-09
1. Discount rate	8.00% p.a.	7.50% p.a.
2. Expected return on plan assets	9.45% p.a.	9.45% p.a.
3. Salary growth rate	7.00% p.a.	4.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(v) Amount recognised as an expense in respect of Compensated Leave absences is ₹927.97 lakhs (Previous Year ₹587.95 lakhs) on actuarial valuation basis as on 31.03.2010.

(vi) Basis used to determine expected rate of return on assets :

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The Gratuity Scheme is invested in Group Gratuity-cum-life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India. The investment return earned on the policy comprises bonuses declared by LIC having regard to LIC's investment earnings. The information on the allocation of the fund into major assets classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified as such, the long term return on the policy is expected to be higher than the rate of return on Central Government Bonds. Historically too, the returns declared by LIC on such policies have been higher than Government bond yields. As such, the expected return on assets assumption is taken by adding a margin on the current market yield on the Central Government bonds (of term consistent with the terms of liabilities).

12. The Company has been allotted 10,00,000 equity shares of ₹10/- each fully paid-up on 30<sup>th</sup> March, 2009 as bonus shares in the ratio 1 : 1 on the equity investment with Gujarat State Petroleum Corporation Ltd. (GSPC). The Company has made a further investment of ₹1,249.99 lakhs on 17<sup>th</sup> December, 2009 in 1,54,320 equity shares of ₹10/- each of GSPC at a premium of ₹800/- per share.

Thereafter, GSPC has splitted one equity share of the face value of ₹10/- each into ten equity shares of the face value of Re.1/- each on 29<sup>th</sup> December, 2009. Hence, the Company's shareholding in GSPC as at 31<sup>st</sup> March, 2010, stands at 2,15,43,200 fully paid-up equity shares of Re.1/- each.

The Company has paid ₹1,000 lakhs on 15<sup>th</sup> February, 2010 and further ₹1,000 lakhs on 5<sup>th</sup> April, 2010, as Share Application Money for allotment of 40,00,000 fully paid-up equity shares of ₹10/- each at a premium of ₹40/- per share in GSPC Gas Company Ltd. Allotment is pending as at 31<sup>st</sup> March, 2010.

The Company has paid ₹210 lakhs on 26<sup>th</sup> November, 2009, as advance Share Application Money to Dow-GACL Sol Venture Ltd. (DGSL). Allotment is pending as at 31<sup>st</sup> March, 2010.

13. The Company holds 1,14,90,000 fully paid-up equity shares of ₹10/- each of Gujarat Chemical Port Terminal Company Ltd. (GCPTCL). The net worth of GCPTCL has substantially eroded and it was referred to Corporate Debt Restructuring (CDR) Cell. As per CDR scheme approved by CDR Cell on 26<sup>th</sup> February, 2010 and the resolution passed by the Shareholders of GCPTCL at the EOGM held on 15<sup>th</sup> December, 2009, the paid-up value of the said equity shares has been written down from ₹10/- per share to Re.1/- per share and accordingly, there is a permanent diminution in the value of the said investment by ₹1,034.10 lakhs. The said amount has been provided and charged to the Profit and Loss Account of the Company for the Financial Year 2009-10.

14. In respect of Finance Leases, the minimum lease payments and present value as on 31.03.2010 amount to :

### Finance Lease :-

[₹ in Lakhs]

	Minimum Lease payments (₹)	Future Finance charges (₹)	Present Value of Minimum Lease payments (₹)
Not later than 1 year	0.54	0.04	0.50
Later than 1 year but not later than 5 years	-	-	-
<b>TOTAL</b>	<b>0.54</b>	<b>0.04</b>	<b>0.50</b>



## SCHEDULE - 22 (contd.)

### 15. Related Party Information :

- (1) List of Related Parties :
- (a) Where control exists : Joint Venture Parties  
Gujarat Alkalies And Chemicals Ltd. (50%); and  
Dow-Europe GmbH (50%)
- (b) Joint Venture : Dow GACL SolVenture Ltd.
- (c) Key Management Personnel : Shri Guruprasad Mohapatra, IAS, Managing Director
- (d) Relatives of key management personnel and their enterprises, where transactions have taken place : Nil
- (2) Transactions with related parties :  
Details related to parties referred to in (1) (b) above.

[₹ in Lakhs]

Sr. No.	Nature of Transaction	2009-2010	2008-2009
01	Subscription to Equity Shares	2.62	2.62
02	Advance Application Money for Equity Shares	210.00	-
03	Amount due from Joint Venture	13.63	13.49

Details related to parties referred to in (1) (c) above.

[₹ in Lakhs]

Sr. No.	Nature of Transaction	2009-2010	2008-2009
01	Sitting Fees to all Directors	2.95	2.45
02	Remuneration to Managing Director	24.13	8.99

### 16. Interest in Joint Venture :

The Company's interest, as a venturer, in a jointly controlled entity acquired during the year is as under :

Name	Country of Incorporation	Principal Activities (Proposed)	Percentage of Ownership interest as at 31 <sup>st</sup> March, 2010	Percentage of Ownership interest as at 31 <sup>st</sup> March, 2009
Dow GACL SolVenture Ltd.	Indian	Manufacturing, Marketing / selling of Chloromethanes	50%	50%

The Company's interest in a jointly controlled entity is reported as Long Term Investment in Schedule 6 and stated at cost. The Company has not commenced operations and has incurred pre-operative preliminary expenses to the tune of ₹13.63 lakhs (Previous Year ₹13.49 lakhs) funded by equity contribution / advances from the Joint Venture Parties.

### 17. Earning per Share :

Sr. No.	Particulars	Units	2009-2010	2008-2009
01	Net Profit After Tax available for Equity Shareholders	₹	1,71,84,37,471	1,92,27,27,117
02	Number of Equity Shares of ₹10/- each outstanding during the year	Number	7,34,36,928	7,34,36,928
03	Basic earning per share	₹	23.40	26.18

18. (a) Corresponding figures of the previous year have been regrouped to make them comparable with this year's figures, wherever necessary.
- (b) Balances shown under Secured/Unsecured Loan, Advances, Deposits, Debtors, Creditors, Loans and Materials with others, etc. are subject to confirmation / reconciliation, if any. The management does not expect any material difference affecting the current year's financial statements.



## SCHEDULE - 22 (contd.)

### 19. The break-up of payment to Auditors (net of taxes) is as under :

[₹ in Lakhs]

	2009-2010 ₹	2008-2009 ₹
(a) Audit Fees	5.00	5.00
(b) Tax Audit Fees	2.00	2.00
(c) Quarterly / Half Yearly Review Audit	5.70	5.70
(d) Cash Flow Certification	1.50	1.50
(e) Other Certification	2.74	1.35
<b>TOTAL</b>	<b>16.94</b>	<b>15.55</b>
<b>20. (a) Capacity, Production and Stocks Statement attached herewith.</b>		
<b>(b) Value of Imports on CIF basis in respect of :</b>		
(i) Raw Materials	11,629.65	14,334.41
(ii) Membranes for Remembraning	3,110.77	1,289.47
(iii) Stores & Spare parts	639.45	729.12
(iv) Capital Goods	252.61	1,781.52
(v) Research & Development	4.89	0.67
(vi) Others	1.91	0.57
<b>(c) Expenditure in Foreign Currency (on accrual basis) on account of :</b>		
(i) Interest	792.30	2.68
(ii) Foreign Tour Expenses	6.86	9.83
(iii) Bank Charges & Commission	4.30	6.13
(iv) Subscription	5.47	10.19
(v) Technical Know-how Fees	137.59	2.16
(vi) Commission on Exports Sales	24.48	5.36
(vii) Advertisement	-	2.21
(viii) Upfront fees / Processing fees (ECB Loan)	-	407.58
(ix) Export Expenses	87.80	22.60
<b>(d) Earnings in Foreign Exchange - Export of Goods on F.O.B. basis</b>	<b>10,445.33</b>	<b>10,796.01</b>

### 21. Excise Duty :

As required under Accounting Standard AS-9 on 'Revenue Recognition' issued by The Institute of Chartered Accountants of India :

- Gross Sales is reduced by the excise duty charged to arrive at net sales
- The difference of excise duty payable on opening and closing stock of finished goods is reflected as a separate expenditure item in the Profit and Loss Account.
- The difference in excise duty recovered and paid, if any, is shown as selling expenses under the head of Administration, General and Marketing Expenses.

As per our attached Report of even date  
For **Prakash Chandra Jain & Co.**  
Chartered Accountants

**V. L. Vyas**  
Company Secretary  
& General Manager (Legal)

For and on behalf of the Board  
**A. K. Joti**  
Chairman

**P. C. Nalwaya**  
Partner  
Membership No. 033710  
Place : Gandhinagar  
Dated : 26<sup>th</sup> May, 2010

**Dr. H. B. Patel**  
Chief Finance Officer

**Guruprasad Mohapatra**  
Managing Director

Place : Gandhinagar  
Dated : 26<sup>th</sup> May, 2010



## SCHEDULE - 22 (contd.)

### Statement Pursuant to part IV of Schedule VI to the Companies Act, 1956

<b>I. Registration Details</b>		Balance Sheet Date	:	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/>	
Registration No.	:	<input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/>	State Code	:	<input type="text" value="0"/> <input type="text" value="4"/>
<b>II. Capital Raised During the year (Amount in ₹)</b>					
Public Issue	:	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Bonus Issue	:	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Rights Issue	:	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>			
<b>III. Position of Mobilisation and Deployment of Funds (₹ in lakhs)</b>					
Total Liabilities	:	<input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="9"/>	Total Assets	:	<input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="9"/>
<b>Sources of Funds</b>					
Paid-Up Capital	:	<input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="4"/>	Reserves and Surplus	:	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="1"/>
Secured Loans	:	<input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="5"/>	Unsecured Loans	:	<input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="6"/>
			Deferred Tax Liabilities	:	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="3"/>
<b>Application of Funds</b>					
Net Fixed Assets	:	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="8"/>	Net Current Assets	:	<input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="3"/>
Misc. Expenditure	:	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Investment	:	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="8"/>
Accumulated Losses	:	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>			
<b>IV. Performance of Company</b>					
Turnover	:	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="7"/>	Total Expenditure	:	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="7"/>
Profit/(Loss) Before Tax	:	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="0"/>	Profit/(Loss) After Tax	:	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="8"/>
Basic Earning Per Share (Rs)	:	<input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="0"/>			
Dividend rate %	:	<input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>			
<b>V. Generic Names of Six Principal Products/Services of Company</b>					
i) Item Code No. (ITC Code)	:	<input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	Product Description	:	Sodium Hydroxide (Caustic Soda) Lye
ii) Item Code No. (ITC Code)	:	<input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Product Description	:	Chlorine
iii) Item Code No. (ITC Code)	:	<input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>	Product Description	:	Sodium Cyanide
iv) Item Code No. (ITC Code)	:	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	Product Description	:	Methylene Chloride
v) Item Code No. (ITC Code)	:	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/>	Product Description	:	Chloroform/Trichloro Methane
vi) Item Code No. (ITC Code)	:	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/>	Product Description	:	Carbon Tetra Chloride



## SCHEDULE - 22 (contd.)

### VADODARA & DAHEJ COMPLEX

F.Y. 2009-2010

#### 20. a) Capacity, Production and Stocks :

[₹ in Lakhs]

Sr. No	Product	Unit	Capacity (Per Annum)		Gross Production 2009-2010 (2008-2009)	Captive Consumption neutralization, Bottling loss	Actual Production 2009-2010 (2008-2009)	Opening stock (1st April)		Closing stock (31st March)	
			Licenced	Installed				Qty.	₹	Qty.	₹
1	Caustic Soda Lye & Caustic Potash Lye	MT	429,000 (A) (412,550)	429,000 (412,550)	435,215 (395,482)	7,076 (6,243)	428,139 (B) (389,239)	1,863 (1,018)	285.31 (136.55)	2,352 (1,863)	399.33 (285.31)
2	Caustic Soda Flakes/Prills & Caustic Potash Flakes	MT	201,500 (C) (201,500)	234,500 (201,500)	198,113 (166,814)	8 (13)	198,105 (D) (166,801)	1,095 (2,958)	244.40 (582.40)	1,484 (1,095)	387.74 (244.40)
3	Chlorine Gas	MT	375,947 (364,245)	375,947 (360,429)	380,236 (346,027)	- (-)	380,236 (E) (346,027)	- (-)	- (-)	- (-)	- (-)
4	Liquid Chlorine	MT	- (-)	- (330,000)	201,060 (185,020)	- (-)	201,060 (185,020)	2,067 (E1) (980)	46.49 (53.95)	1,353 (2067)	40.48 (46.49)
5	Hydrochloric Acid (100%)	MT	130,350 (130,350)	110,000 (110,000)	104,603 (F) (108,460)	13,513 (10,828)	91,091 (97,631)	923 (393)	11.88 (17.23)	686 (923)	14.65 (11.88)
6	Hydrogen Gas (Compressed)	NM <sup>3</sup>	1,148,000 Lacs (1,148,672 Lacs)	1,050,000 Lacs (637,290 Lacs)	120,170,520 (G) (109,358,480)	- (-)	120,170,520 (109,358,480)	3,088 (2,196)	0.57 (0.39)	2,988 (3088)	0.58 (0.57)
7	Cyanide salt	MT	3,000 (3,000)	3,000 (3,000)	2,745 (1,993)	- (-)	2,745 (1,993)	9 (10)	8.65 (7.28)	117 (9)	98.22 (8.65)
8	Chloromethanes	MT	32,000 (32,000)	33,000 (32,000)	34,558 (31,773)	- (-)	34,558 (31,773)	539 (1430)	120.86 (331.13)	378 (539)	97.61 (120.86)
9	Sodium Ferrocyanide	MT	100 (100)	100 (100)	57 (47)	- (-)	57 (47)	1 (0)	0.41 (-)	1 (1)	0.78 (0.41)
10	Sodium Hypochlorite (100%)	MT	12,500 (12,500)	12,500 (6,500)	3,398 (2,929)	- (-)	3,398 (2,929)	39 (19)	9.87 (3.44)	14 (39)	2.52 (9.87)
11	Potassium Carbonate	MT	15,000 (15,000)	13,200 (13,200)	11,002 (6,297)	25 (33)	10,977 (6,264)	282 (542)	135.82 (209.40)	709 (282)	446.12 (135.82)
12	Hydrogen Peroxide (100%)	MT	23,958 (23,958)	25,080 (25,080)	26,804 (24,359)	- (-)	26,804 (24,359)	338 (362)	116.41 (127.66)	161 (338)	55.05 (116.41)
13	Aluminium Chloride - Baroda	MT	- (-)	- (-)	7,207 (H) (8,670)	- (-)	7,207 (8,670)	1,157 (409)	327.05 (158.11)	237 (1,157)	74.40 (327.05)
14	Power plant	MW	98 (98)	90 (90)	783.37 MU (651.28 MU)	33.86 MU (28.60 MU)	753.51 MU (622.68 MU)	- (-)	- (-)	- (-)	- (-)
15	Wind Mill - 23.75 MW	MW	23.75 (24)	23.75 (24)	39.07 MU (41.40 MU)	1.57 MU (1.65 MU)	37.50 MU (39.75 MU)	- (-)	- (-)	- (-)	- (-)
	Wind Mill - 39.00 MW	MW	39.00 (39)	39.00 (39)	88.85 MU (4.97 MU)	3.55 MU (0.20 MU)	85.30 MU (4.77 MU)	- (-)	- (-)	- (-)	- (-)
	Wind Mill - 21.00 MW	MW	21.00 (-)	16.50 (-)	0.73 MU (I) (-)	0.07 MU (-)	0.66 MU (-)	- (-)	- (-)	- (-)	- (-)
16	Phosphoric Acid (85%)	MT	26,730 (30,690)	26,730 (26,730)	21,386 (24,160)	9 (-)	21,377 (24,160)	2,773 (311)	1,658.54 (107.93)	2,517 (2,773)	1,070.99 (1,658.54)
17	Calcium Chloride Lye(35%)	MT	- (-)	- (-)	- (-)	- (-)	- (-)	18 (18)	0.50 (0.52)	18 (18)	0.51 (0.50)
18	Calcium Chloride Powder(94%)	MT	16,500 (16,500)	16,500 (16,500)	8,762 (6,768)	- (2)	8,762 (6,766)	42 (77)	4.95 (6.57)	406 (42)	36.73 (4.95)
19	Chlorinated Paraffin Wax	MT	- (-)	- (-)	7,780 (H) (4,833)	- (-)	7,780 (4,833)	254 (121)	96.13 (48.18)	234 (254)	87.68 (96.13)
20	Hydrochloric Acid - CP	MT	- (-)	- (-)	12,989 (8,167)	- (-)	12,989 (8,167)	80 (159)	0.07 (0.74)	157 (80)	0.46 (0.07)
21	Poly Aluminium Chloride (18)	MT	49,500 (49,500)	49,500 (49,500)	640 (6,060)	- (-)	640 (6,060)	25 (367)	1.63 (19.31)	7 (25)	0.28 (1.63)
22	Poly Aluminium Chloride (18 G)	MT	- (-)	- (-)	20,536 (11,886)	14,593 (10,596)	5,943 (1,290)	146.28 (-)	10.89 (-)	465 (146)	30.22 (10.89)
23	Poly Aluminium Chloride (10)	MT	- (-)	- (-)	12,110 (13,263)	- (-)	12,110 (13,263)	74 (122)	3.48 (4.70)	247 (74)	13.91 (3.48)
24	Poly Aluminium Chloride (10 HB)	MT	- (-)	- (-)	33 (70)	- (-)	33 (70)	25 (-)	2.34 (-)	13 (25)	1.20 (2.34)
25	Poly Aluminium Chloride (14%)	MT	- (-)	- (-)	2,045 (604)	- (-)	2,045 (604)	18.48 (-)	0.86 (-)	36 (18)	1.60 (0.86)
26	Poly Aluminium Chloride (12%)	MT	- (-)	- (-)	29 (448)	- (-)	29 (448)	45 (11)	1.63 (0.28)	0 (45)	0.01 (1.63)
27	Poly Aluminium Chloride (30%)	MT	- (-)	- (-)	4,180 (2,854)	- (-)	4,180 (2,854)	205 (223)	34.84 (36.77)	795 (205)	140.86 (34.84)
28	Anhydrous Aluminium Chloride	MT	16,500 (16,500)	16,500 (16,500)	12,684 (9,714)	- (-)	12,684 (9,714)	1851 (749)	518.58 (189.33)	220 (1851)	76.28 (518.58)
29	Benzyl Chloride*	MT	- (-)	- (-)	91 (L) (-)	- (-)	91 (-)	- (-)	- (-)	- (-)	- (-)
								<b>Total</b>	<b>3,642.18</b> (2,041.87)	<b>3,078.22</b> (3,642.18)	

MU = Million Units.

Figures in brackets are of Previous Year.



## SCHEDULE - 22 (contd.)

### 20. a) Capacity, Production and Stocks :

**NOTES :** The Licensed Capacities and Installed Capacities are as certified by the Management.

- (A) The over all Caustic Soda Lye / Caustic Potash Capacity as per License of both Baroda and Dahej is 4,52,600 M.T. Thus overall Installed Capacity is 4,29,050 M.T.
- (B) This represents 4,01,037 M.T. of Caustic Soda Lye and 20,802 M.T. of Caustic Potash Lye.
  - (1) Out of 4,01,037 M.T. Actual Production of Caustic Soda Lye, 1,87,798 M.T. consumed for manufacturing of Caustic Flakes/Prills and 7,188 M.T. consumed for production of Sodium Hypochlorite.
  - (2) Out of 20,802 M.T. Actual Production of Caustic Potash Lye, 9,283 M.T. consumed for manufacturing of Caustic Potash Flakes and 9,242 M.T. consumed for manufacturing of Potassium Carbonate.
- (C)
  - (1) The capacity of Caustic Soda Flakes/Prills and Caustic Potash Flakes is within the capacity of Caustic Soda Lye and Caustic Potash Lye for Baroda.
  - (2) The capacity of Caustic Soda Prills and Caustic Soda Flakes is within the capacity of Caustic Soda (100%) at Dahej.
- (D) This represents 1,87,790 M.T. of Caustic Soda Flakes/Prills and 10,315 M.T. of Caustic Potash Flakes.
- (E) Out of 3,80,236 M.T. Actual Production of Chlorine Gas, 2,81,521 M.T. consumed for manufacturing of Liquid Chlorine, Hydrochloric Acid, Sodium Hypochlorite & Anhydrous Aluminium Chloride.
- (E1) Quantity and value of Chlorine includes value of stock of Chlorine with Jobwork Parties (CPW & ALC).
- (F) For Baroda, Production from both Caustic Soda Plant and Chloromethanes Plant is included.
- (G) Out of 12,01,70,520 NM<sup>3</sup> Actual production of Hydrogen Gas, 4,60,93,437 NM<sup>3</sup> consumed for manufacturing of Caustic Soda Flakes & 2,77,90,695 NM<sup>3</sup> consumed for HCL for Baroda and Dahej Complex.
- (H) Aluminium Chloride & Chlorinated Parafin Wax are manufactured on job work basis.
- (I) 21 MW Wind Farm has been Commissioned on 22<sup>nd</sup> March, 2010 (5 nos.) on 29<sup>th</sup> March, 2010 (4 nos.) and on 30<sup>th</sup> March, 2010 (2 nos.).
- (J) Installed Capacity based on 100% of Calcium Chloride Lye and includes Flakes and Powder.
- (K) Installed Capacity based on 18% of Poly Aluminium Chloride.
- (L) \*Benzyl Chloride are manufactured on job work basis from November, 2009.

### NOTES

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## Social Initiatives

Worked hand in hand with society for its improvement and progress of Human Development Index by promoting education, health awareness, development of infrastructure and other initiatives. We strive to partner and strengthen the society on all fronts.



RCC Road - Angadh



RCC Road - Sherkhi



K. V. English School - Ranoli



Aanganwadi - Angadh



Aanganwadi - Sherkhi



HSLs - Ranoli & Dashrath



Akshaypatra - MDM Scheme





## **Gujarat Alkalies and Chemicals Limited**

(Promoted by Govt. of Gujarat)

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