

# Preparing for a **Giant Leap**

Speech of  
**Dr. Hasmukh Adhia, IAS (Retd.)**  
Chairman

## **50<sup>th</sup> ANNUAL GENERAL MEETING**

Tuesday, 26<sup>th</sup> September 2023  
at 11:30 a.m.



## Dear Shareholders,

I extend a warm welcome to all of you at the 50<sup>th</sup> Annual General Meeting of your Company. The Board's Report, the Standalone and the Consolidated Audited Financial Statements of the Company for the Financial Year 2022-23 are already with you, and with your permission, I shall take them as read.

## ECONOMIC OUTLOOK

India has become the fifth largest economy in the world. India's GDP reached the \$3.75 trillion mark in 2023, showcasing substantial growth from \$2 trillion in 2014. IMF estimates that India is among the fastest-growing economies of the world. The economic growth rates have been pegged at 5.9 percent in 2023 and 6.3 percent in 2024.

India maintains a strong position in the chemical sector at a global level. Our country is ranked 14<sup>th</sup> in chemical exports and 8<sup>th</sup> in chemical imports at the global level. IBEF estimates the Indian chemicals industry to reach US\$ 304 billion by 2025, growing at a CAGR of 9.3%. The chemical industry is expected to contribute US\$ 383 billion to India's GDP by 2030. The Indian Chemical industry is estimated to become a US\$ 1 Trillion sector by 2040.

Owing to the historical investor interest, manufacturing ecosystem developed through the PCPIRs, proximity with Middle-East and the PLI scheme under consideration, an investment of Rs. 8 lakh crore (US\$ 107.38 billion) is estimated in the Indian chemicals and petrochemicals sector by 2025.

## GUJARAT – A ROLE MODEL FOR OTHERS

Over the years the Gujarat model of all round development, success, growth and inclusive development has been appreciated all over the Country. Investors' confidence for investment in Gujarat has grown manifold. Gujarat houses an impressive industrial belt including a hub of chemical and petrochemical industries. The manufacturing ecosystem and contribution in industrial output have positioned Gujarat as a key contributor to the country's economy. Gujarat's policy ecosystem is geared towards catalyzing robust, sustainable and inclusive growth. I am sure, with all these efforts, Gujarat will

be a frontrunner state in supporting & realizing the “Atma Nirbhar Bharat” vision of our Hon’ble Prime Minister.

## **GACL’S PERFORMANCE**

Right from its inception in 1973, Gujarat Alkalies and Chemicals Limited has been a progressive, forward looking and socially responsible corporation. As a result, in its 50<sup>th</sup> year since inception, the Company is proud to look back at its trajectory of last 50 years. GACL had a modest start with caustic soda manufacturing capacity of 37,425 Metric Tons per year. The Company today enjoys 20% share in the market with a manufacturing capacity of 5,85,750 Metric Tons per year. This phenomenal growth journey also demonstrates company's commitment towards diversification, inclusive growth, environment protection, conservation of natural resources and increasing use of renewable energy.

The Company has, from time to time, expanded its operations in the Chlor-Alkali Sector and diversified into several higher end products through forward & backward integration. GACL was the first Indian Company to replace the Mercury Cell Technology with environment friendly & energy efficient Membrane Technology way back in the year 1989. Your Company's product basket comprises of more than 35 products. The Company's products are used by a diverse set of industries in India and abroad.

Your Company has always ensured upgrading and adapting to eco-friendly and green technologies. This approach has enabled us in ensuring optimum capacity utilization during the Financial Year 2022-23 at Vadodara and Dahej Complexes. In select products, viz. Hydrogen Peroxide, Phosphoric Acid and Sodium Chlorate Granules, your Company has achieved capacity utilization of more than 100%.

The total production (excluding power generation) has increased by 5.46% to 18,12,758 Metric Tons during Financial Year 2022-23. The leading products contributing to the growth in your company's production during the Financial Year 2022-23 are Caustic Soda Lye, Caustic Soda Flakes and Chloromethane.

## **FINANCIAL PERFORMANCE**

During the Financial Year 2022-23, your Company has achieved External Sales Turnover of Rs.4,402 Crores, as against Rs.3,683 Crores during the Financial Year 2021-22.

Your company earned Gross Profit of Rs.1,157 Crores, as against Rs.1,033 Crores in the previous year. The increase in sales is mainly on account of the increase in Sales Realization of the Caustic Soda group, Caustic Potash Group and Phosphoric Acid.

Your Company has achieved a Profit Before Tax of Rs.861 Crores and Profit After Tax of Rs.576 Crores. The Earnings per Share stands at Rs.78.39. The Book Value of share stands increased to Rs.683 per share as on 31<sup>st</sup> March 2023, registering a growth of Rs.59 per Share against Rs.624 per share at the end of previous year.

## **DIVIDEND**

As you may be aware, the Government of Gujarat has issued “Guidelines on Dividend Distribution and Capital Restructuring of State Public Sector Undertakings (SPSUs).” In compliance with these guidelines, this year your Company has recommended a Dividend on the basis of 30% of Net Profit.

I am happy to inform you that this year the Board of Directors of the Company has recommended a Dividend of Rs.23.55 per equity share of Rs. 10 for the Financial Year ended on 31<sup>st</sup> March 2023. This is highest ever dividend in history of the Company.

## **COST CONTROL MEASURES:**

During 2022-23, your Company undertook several innovative measures for timely & cost- effective procurement of raw materials and other inputs to improve company’s profitability. Following are few measures your Company had undertaken during the financial year:

- 1) Your Company is a responsible & caring business house with an emphasis towards sustainable sourcing. As a part of sustainable sourcing, the

Company continued to use improved quality Salt (i.e., washed salt) for manufacturing of Caustic Soda. As a result, the Company could continue to get benefits of low sludge generation in the process. Thus, minimizing the consumption of chemicals. This has direct impact on reducing the cost of manufacturing and increasing the life of expensive Membranes. With this initiative of your Company, the majority of salt suppliers in surrounding areas have installed salt washeries. This measure has benefitted both your Company and the Salt Suppliers.

- 2) Major quantity of Salt was transported primarily by Railways from Maliya / Gandhidham to Dahej & Baroda Complexes. Railways provided an economical mode of transport for bulk movement and helped reduce Carbon emissions, thus, supporting your Company's policy on "Green Environment".
- 3) Taking advantage of digital technology, Reverse Auction technique - which is a convenient mode of commercial process, has been used for healthy competition and transparency in procurement process. This also helped in ensuring the lowest price of procurement.
- 4) Apart from innovative method of procurement from local market, your Company had procured Aluminum Ingots under "Advance License" taking advantage of zero custom duty. Thus, reducing the cost of procurement. To fulfil export obligation under this scheme, your Company had exported its finished products and earned foreign currency as well.
- 5) To benefit from clustering of similar businesses, your Company aggregated the raw material demand from other companies in surrounding areas. This enabled procurement of certain raw materials at better price and reduced logistics cost.
- 6) Your Company continued to support MSME vendors, giving them opportunities for supply of various raw materials & services to the Company. Thus, supporting their businesses and generating employment to the surrounding community.

## EXPANSION AND NEW PROJECTS

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

I am glad to inform that a 10,000 Tons Per Year (80%) Hydrazine Hydrate Project, with forward integration to Hydrogen Peroxide, for the manufacturing of an import substitute at Dahej Complex, has been successfully commissioned on 26<sup>th</sup> September 2022. Commercial production commenced on 22<sup>nd</sup> June, 2023.

Further, a Purified Phosphoric Acid Plant with a capacity of 33870 Tons Per Year (85% H<sub>3</sub>PO<sub>4</sub>) (equivalent to 21000 Tons Per Year - 100% P<sub>2</sub>O<sub>5</sub>) has been successfully commissioned on 27<sup>th</sup> April, 2023 at Dahej. Commercial production commenced on 22<sup>nd</sup> June, 2023.

The Company has also successfully commissioned a 105,000 Tons per annum Chloromethanes Plant on 15<sup>th</sup> August, 2022. Your company expanded the Caustic Soda Plant at Dahej Complex and started production of Caustic Soda on 20<sup>th</sup> September, 2022. Further, as a part of the Caustic Soda expansion, a new 700 Metric Tons per day Caustic Evaporation Unit (CEU) was also established and commissioned successfully to cater to the requirement of Caustic Soda Lye production (48% w/w).

Your Company had its proud moment on 10<sup>th</sup> October, 2022 when four of our plants viz. Chloromethanes Plant, Hydrazine Hydrate Plant, Caustic Soda expansion plant and the Caustic Soda Plant, in Joint Venture with NALCO, were dedicated to the Nation by our Hon'ble Prime Minister Shri Narendra Modi. The Company also celebrated the dispatch of 1<sup>st</sup> consignment of commercial products viz. Hydrazine Hydrate and Purified Phosphoric Acid, an import substitute product, on 8<sup>th</sup> July 2023 in the presence of company stakeholders and Director, CSIR-IICT, Hyderabad.

Your Company has planned to establish a 30,000 Tons Per Annum

Chlorotoluene Project at Dahej to produce benzyl chloride, benzaldehyde and benzyl alcohol. This is a long-term strategic measure, undertaken to enhance in-house chlorine consumption. The project is planned to be made operational during the Financial Year 2024-25.

Your Company is working with GAIL India Ltd. for setting up a 500 KLD Bio-ethanol plant in Gujarat. This initiative is envisaged to contribute towards clean energy and the mission launched by the Hon'ble Prime Minister for achieving 20% ethanol blending in petrol. The techno - economic feasibility study has been completed. The same is being reviewed prior to going for investment decision. In the meantime, the steps for identifying and acquiring suitable land are initiated.

As a preparation for taking up the next quantum leap, the Company has envisioned several actions for taking up new initiatives in the next five years. These initiatives are along the themes of value addition to current products, expansions, forward integration, backward integration, diversification etc. These plans are currently at various stages of conception and evaluation. Based on their suitability with the overall strategy for growth, these initiatives would be taken up progressively over the next 3 to 4 years.

## **RENEWABLE ENERGY**

Your Company has continued reaping benefits from the green energy sourced from its 171.45 MW wind power capacity and 35 MW solar power capacity with an aggregate renewable energy capacity of 206.45 MW. To these, the Company had later added roof- top solar installations at Dahej and Vadodara complex of 220 KW and 560 KW capacities respectively. In addition, a 640 KW floating solar plant was also installed at Dahej. With all these, the Company's aggregate renewable power capacity installation for captive use stands at 207.87 MW. The captive use of power from these installations has resulted in lower energy costs for the Company's power intensive operations.

Pursuant to its commitment to promote green technologies, your Company has collaborated with NTPC Renewable Energy Limited (NTPC REL). This

collaboration is focused at synthesizing Green Methanol and Green Ammonia, in addition to sourcing upto 100 MW Renewable Energy on round the clock basis from NTPC REL. These initiatives are at the stage of techno-economic feasibility studies.

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

The Company has established an 800 Tons Per Day Caustic Soda Plant integrated with a 130 MW Coal based power plant at a new complex in Dahej as a joint venture with NALCO. GACL-NALCO Alkalies and Chemicals Private Limited (GNAL) had successfully commissioned the Caustic Soda plant. Production started in May 2022, with two out of eight electrolyzers along with commissioning of Unit #1 of 2x65 Captive Power Plant. GNAL had also successfully commissioned Unit #2 of 2x65 MW Captive Power Plant and synchronized the same with the State grid on 28<sup>th</sup> April, 2023. With this milestone, 800 TPD Caustic Soda Plant and 2x65 MW Captive Power Plant are fully commissioned by GNAL.

### **RESEARCH & DEVELOPMENT**

Research and Development is an essential arm for any industry today. Your Company's R&D plays a critical role for development of new products and import substitutes. R&D also contributes significantly towards process improvement, cost reduction, energy & water conservation. Company's R&D team in collaboration with CSIR-IICT has developed an Eco-friendly technology for manufacturing Hydrazine Hydrate. A joint patent is granted by Indian and US Patent offices for the same. Based on this technology, a commercial scale plant for manufacturing of 10,000 Metric Tons per Year Hydrazine Hydrate has been installed & operationalized at Dahej.

During the year under review, Indian patent office also granted a patent of Hydroxy Propyl Methyl Cellulose, in which we are using two of our products as raw materials. The R&D team is also working on alternate source of imported proprietary chemicals, regeneration of spent catalyst, spent raw materials and waste water treatment for monetary as well as environmental benefits.



## **SAFETY AND ENVIRONMENT**

The Policy, Principles and Safety & Environment Management Systems are consistently implemented in practice with continuous monitoring. The Company's principles of Occupational Health, Safety and Environment are intertwined in our corporate culture. The company undertakes various measures including special housekeeping drive and Plant Healthiness Check-up. For the safe transportation of finished products, your Company has arranged refresher training for drivers at regular intervals.

Your Company also has its Emergency Response Plan (ERP) system to minimize effect of any Emergency situation. The ERP is also frequently reviewed and updated by considering various Maximum Credible Scenarios. Preparedness and effectiveness of ERP is evaluated periodically by conducting various mock drills. Your Company regularly conducts safety audit through third parties.

Water conservation is a part of our culture. Water conservation is being achieved through various reuse and recycle measures. Water sprinkler system is implemented for watering in garden areas. Your Company also recycles water as a part of water saving drive.

## **CORPORATE GOVERNANCE**

Sound and efficient Corporate Governance practices provide the bedrock for stimulating the performance of the Company, maximizing operational efficiency and achieving sustained productivity. It also ensures protection of stakeholders' interests. GACL ensures compliance with Good Corporate Governance practices, essential to ensure inclusive growth and pass-on benefits of corporate growth to the society.

## **CORPORATE SOCIAL RESPONSIBILITY**

Your Company has always been a Socially Responsible Corporate. We are committed to integrate social and environmental concerns into our business activities. GACL believes that community involvement and support is one of the important factors behind our success.

Our CSR initiatives are focused on delivering Environmental, Social, and Governance (ESG) responsibilities. GACL's CSR initiatives offer sustainable solutions for communities. GACL has successfully implemented CSR initiatives in education, healthcare and other social sectors. These initiatives were implemented in collaboration with District Administration, Gram Panchayats, NGOs, etc. CSR projects were formulated through a participatory approach, with a focus on addressing community needs and involving underprivileged, vulnerable and marginalized sections of the society.

Your Company has joined hands with the Department of Women and Child Development, Government of Gujarat. This collaboration is focused towards reduction and eradication of malnutrition & anemia among Adolescent Girls. Efforts in this regard are being undertaken in the pre-identified 17 Aspirational Talukas of 10 High Priority Districts of Gujarat State. This initiative aims to reduce malnutrition through capacity building and Social & Behavior Change Communication (SBCC) strategies.

The employees of GACL were also integral part of its CSR projects. They also participate and contribute through the Employee Engagement Program.

## **INFORMATION TECHNOLOGY**

In line with your company's overall growth objective and strengthening of our IT infrastructure, the Company continues to focus and invest in information technology tools and applications. Processes are regularly reviewed and digitized. Digital enablement has resulted in enhanced speed, accuracy, management of data, controls, and effectiveness. Implementation of a robust IT system has allowed for seamless working at office premises at all sites and also from remote locations. IT Processes are continuously strengthened for enhanced effectiveness.

To mitigate cyber risks, we have implemented measures for cyber security including remote access to applications through encrypted VPN, Online and offline employee trainings for awareness on cyber security, Digital Signature and Dual authentication to access applications.

## ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to thank Shri Pankaj Kumar, IAS (Retd.) and Shri Raj Kumar, IAS, who served as Chairpersons of the Company during the Financial Year 2022-23, whose rich experience benefited the Company in its development and growth.

I extend my sincere gratitude to my fellow Board members for their valuable guidance and contributions to Company's management.

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

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

# JAI HIND

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Source:

(i) International Monetary Fund Report April, 2023

(ii) India Brand Equity Foundation—(a) <https://www.ibef.org/news/india-s-gdp-touched-the-us-3-75-trillion-mark-in-2023-ms-nirmala-sitharaman>; (b) <https://www.ibef.org/news/according-to-union-finance-minister-ms-nirmala-sitaraman-the-centre-may-begin-production-linked-scheme-pli-scheme-for-the-chemical-and-petroleum-sector>

(iii) India Brand Equity Foundation – Chemical Industry Report, May 2023 & AMAI Alkali Bulletin, May 2023

# Forging a Path to a Brighter Future



10 KTPA

Hydrazine Hydrate Project, Dahej

33.87 KTPA

Purified Phosphoric Acid Project, Dahej



105 KTPA

Chloromethanes Project, Dahej

259.05 KTPA to 432.30 KTPA

Caustic Soda production capacity expansion,  
Dahej



Tank Farm

24000 Kilolitre Caustic Soda Lye,  
2000 Kilolitre Hydrochloric Acid &  
2000 Kilolitre Phosphoric Acid

GNAL 800 TPD

Caustic Soda Plant integrated with a  
130 MW Thermal Power Plant



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

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