

MAKING A
POSITIVE
DIFFERENCE

38th Annual Report 2010-11

Gujarat Alkalies and Chemicals Limited

(Promoted by Govt. of Gujarat)

MAIN PRODUCTS AND PRINCIPAL USES

SR. NO.	PRODUCTS	PRODUCTION (MT)		INCREASE/ (DECREASE)%	PRINCIPAL USES
		2010 - 2011	2009 - 2010		
1.	Caustic Soda Lye	*4,15,124	4,14,094	0.25	Soaps and Detergents, Rayon, Textiles, Pulp and Paper, Chemicals.
2.	Caustic Soda Flakes / Prills	1,87,527	1,87,798	(0.14)	
3.	Potassium Hydroxide	*23,596	21,121	11.72	
4.	Potassium Carbonate	11,945	11,002	8.57	
5.	Caustic Potash Flakes	*11,841	10,315	14.79	
6.	Chlorine Gas	*3,82,713	3,80,236	0.65	Plastics (including PVC), Chlorinated Paraffins, Pesticides and other chemicals, Hydrochloric Acid, Chloromethanes and Water Treatment.
7.	Hydrochloric Acid (30%)	2,93,329	3,13,810	(6.53)	Chemicals, Fertilizers, Water Treatment and Phosphoric Acid..
8.	Chloromethanes	*35,626	34,558	3.09	Solvent, Fluro-Carbon refrigerants, Pharmaceuticals, Aerosol Propellants.
9.	Sodium Cyanide	2,635	2,802	(5.96)	Metal and mineral extraction, Dyes, Electroplating, Metal Cleaning and Hardening and Insecticides.
10.	Phosphoric Acid (85%)	23,645	21,386	10.56	Phosphate salts and phosphating of metals, Pharmaceuticals, Sugar refining and Fine Chemicals.
11.	Hydrogen Peroxide (100%)	26,304	26,804	(1.87)	Textiles, Pulp and Paper, Chemicals, Pharmaceuticals, Pesticides, Dyes and Effluent Treatment.
12.	Aluminium Chloride	*27,249	19,891	36.99	Pesticides and Pharmaceuticals, Aromatic Chemicals, Reforming Hydrocarbons, Electrolysis Production of Aluminium.
13.	Calcium Chloride	*8,789	8,762	0.31	Oil well drilling, Ice melter, Road stabilizer and Dust suppressant.
14.	Poly Aluminium Chloride	*28,972	22,786	27.15	Water Treatment, Separation of slurry, Sizing in Paper Industry, Decolorisation & Decontamination of Dyes in Textile Industry and Sewage Water Treatment.
15.	Chlorinated Paraffin Wax	6,943	7,780	(10.76)	Secondary Plasticiser in PVC compounding for Pipes, Hoses, Cables, etc., Additive in Lubricating Oils and Paints.
16.	Chloro Toluene Products	1,649	91	1,712.09	As general solvent for inks, paints, lacquers and epoxyresin, medication solution as preservative and photography industries, Vat Dyes, Pharmaceuticals.
17.	Stable Bleaching Powder	139	-	-	Bleaching Agent in paper, Textile & Soap Industry, Household Bleaching / Cleaning applications, Waste Water Treatment and Sewage disposal, Oxidising Agent and Disinfecting Agent.
	TOTAL (1) to (17)	14,88,026	14,83,236	0.32	
18.	Power (KWH) (MU)	884.40	911.96	(3.02)	Captive consumption for production of (1) to (14) above.

* Highest ever production.

BOARD OF DIRECTORS

Shri A. K. Joti, IAS *Chairman*

Shri D. J. Pandian, IAS

Shri M. M. Srivastava, IAS

Shri G. C. Murmu, IAS

Shri G. M. Yadwadkar

Dr. Sukh Dev, Padma Bhushan

Shri J. N. Godbole,

Shri M. S. Dagur, IAS..... *Managing Director*

(From 19.07.2011)

Dr. Guruprasad Mohapatra, IAS *Managing Director*

(Up to 18.07.2011)

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

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, 1st Floor
88, Sampatrao Colony, Productivity Road, Vadodara – 390 007
GUJARAT (INDIA)
Phone : (0265)-2339397, 2314757, 2350490
E-mail : mcsLtdbaroda@yahoo.com, mcsvadodara@rediffmail.com

Company's Website : www.gacl.com



Vision

To continue to be identified and recognized as a dynamic, modern and eco-friendly 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 Eighth 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 Friday, the 16th September, 2011 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 31st March, 2011, 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 31st March, 2011.
3. To appoint a Director in place of Shri J N Godbole, who retires by rotation at this Meeting and being eligible offers himself for reappointment.
4. To appoint a Director in place of *Padma Bhushan*, Dr. Sukh Dev, who retires by rotation at this Meeting and being eligible offers himself for reappointment.
5. 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 Annual General 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 31st March, 2012.”

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution** :

“RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 317, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Shri M S Dagur, IAS as Managing Director of the Company for the period from 19th July, 2011 until further order by the Government of Gujarat, in accordance with the order of the Government of Gujarat vide Notification No. : AIS/35:2011/13/G dated 8th July, 2011 and Resolution No. : GAC-11-2006-4253-E dated 25th July, 2011 pursuant to Article 11 and 14-A of the Articles of Association of the Company with such remuneration, and perquisites as may be decided by the Government of Gujarat from time to time and conveyed to the Company, provided however that the period of appointment and the total remuneration payable by the Company to the Managing Director shall not exceed the limit prescribed under the Companies Act, 1956.”

“RESOLVED FURTHER THAT the approval of the Company be and is hereby given and the Board of Directors of the Company be and is hereby authorised to agree, to any revision / increase, variation, modification or amendment as may be decided from time to time by the Government of Gujarat in the terms and conditions of appointment and payment of remuneration being 5% of basic pay and Dearness Allowance (DA) as payment of charge allowance / special pay or such other amount and providing of perquisites by the Company to the Managing Director in accordance with the Articles of Association of the Company and to the extent permissible under Schedule XIII of the Companies Act, 1956 or as may be prescribed / approved by the Central Government, if such approval of Central Government is required.”

“RESOLVED FURTHER THAT the remuneration so fixed by the Government of Gujarat from time to time pursuant to Article 14-A of the Articles of Association of the Company, shall be paid as minimum remuneration subject to the ceiling prescribed u/s 198, 309 and Schedule XIII of the Companies Act, 1956 to the Managing Director

even in the event of absence or inadequacy of profits in any year during his tenure as Managing Director.”

“**RESOLVED FURTHER THAT** Shri M S Dagur, IAS, Managing Director of the Company be and is hereby authorised to exercise substantial powers of management and shall be responsible for the day to day management of the Company subject to the superintendence, direction and control of the Board of Directors and shall carry out such duties as entrusted and/or delegated to him from time to time by the Board of Directors of the Company since his taking over the charge as Managing Director of the Company.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

“**RESOLVED THAT** pursuant to Section 293 (1) (d) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow monies together with the monies already borrowed by the Company, if any, (apart from temporary loans

obtained from the Company’s bankers in the ordinary course of business) upto a limit of ₹2,500 Crore (Rupees Two Thousand Five Hundred Crore Only) in excess of the aggregate of the paid-up share capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, in place of the existing limit of ₹1,200 Crore (Rupees One Thousand Two Hundred Crore only) as approved at the Extra Ordinary General Meeting of the Company held on 24th January, 1994.”

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

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

Place : Gandhinagar
Date : 28th July, 2011

ANNEXURE TO THE NOTICE OF THE 38TH ANNUAL GENERAL MEETING TO BE HELD ON FRIDAY, THE 16TH SEPTEMBER, 2011.

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

Item No. 5

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 setout at Item No.5 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. 6

Pursuant to Articles 11 and 14-A of the Articles of Association of the Company, Dr. Guruprasad Mohapatra,

IAS was reappointed as the Managing Director of the Company by the Government of Gujarat (GoG) vide Resolution No. : GAC-11-2006-4253-E dated 21st August, 2008 from 6th November, 2008 till his services are withdrawn by the GoG. The said appointment and remuneration were approved by the Shareholders at their 36th Annual General Meeting held on 25th September, 2009.

Now, the GoG has appointed Shri M S Dagur, IAS as Managing Director of the Company vide Notification No. : AIS/35:2011/13/G dated 8th July, 2011, and Govt. Resolution No. GAC-11-2006-4253-E dt. 25th July, 2011 vice Dr. Guruprasad Mohapatra, IAS. Shri M. S. Dagur, IAS has taken over the charge as Managing Director of the Company w.e.f. 19th July, 2011.

Shri M S Dagur, IAS is the Chief Executive Officer & Rehabilitation Commissioner, Sardar Sarovar Punarvasavat Agency, Vadodara (SSPA) and Principal Secretary to

Government (R&R), Narmada Water Resources, Water Supply & Kalpsar Department, Gandhinagar and he is holding additional charge as the Managing Director of GACL, until further orders by the GoG. His term of appointment, remuneration, charge allowance / special pay and perquisites shall be fixed by the Govt. of Gujarat from time to time in accordance with the Articles of Association of the Company and within the limits prescribed under Sections 198, 269, 309 and Schedule XIII of the Companies Act, 1956. As per the Article 14 A of the Articles of Association of the Company, the term and remuneration fixed by the GoG shall constitute and be binding as a contract between Shri M. S. Dagur, IAS as Managing Director and the Company. The Board of Directors at its Meeting held on 28th July, 2011 has approved to pay the remuneration to the Managing Director as may be fixed by the GoG, within the limit prescribed under the Act.

The Directors recommend the resolution at Item No. 6 of the Notice for your approval. The aforesaid remuneration shall be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year during his tenure as Managing Director subject to the limit prescribed in Schedule XIII of the Companies Act, 1956.

The above shall be regarded as an abstract of the remuneration, terms and conditions of appointment of Shri M S Dagur, IAS as Managing Director and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

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

Item No. 7

At the Extra Ordinary General Meeting of the Company held on 24th January, 1994, consent of the Company was accorded to the Board of Directors of the Company for borrowing from time to time all such sums of money upto a total amount not exceeding ₹1,200 Crore (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose, at any one time as it may deem

necessary for the purpose of putting up the projects and / or for the business of the Company.

With the taking up of expansion and modernization of the projects and few more new projects viz 2,00,000 TPA Chlor-Alkali Expansion Project, 14,000 TPA Hydrogen Peroxide Expansion Project, 8,000 TPA Hydrazine Hydrate Project, 20,000 TPA Sodium Chlorate Project, 1,50,000 TPA PO / Polyols / PG Project, Wind Mill Projects etc. at an investment aggregating to about ₹2,600 Crores, the Company's total borrowings may exceed the aforesaid limit in the coming years.

Since the Company may be required to be entered into arrangements for borrowing from Financial Institutions / Banks / Shareholders/ Public Foreign Institutions / Investors etc. for Company's various projects, the consent of the Company in General Meeting under Section 293 (1) (d) of the Companies Act, 1956, to the Board of Directors for borrowing upto a maximum limit of ₹2,500 Crore in excess of the aggregate of the paid-up capital and free reserves is sought under the proposed resolution at Item No. 7 of the Notice.

None of the Directors of the Company 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 &
Chief General Manager (Legal)

Place : Gandhinagar
Date : 28th July, 2011

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 15th September, 2011.

3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item Nos.: 5 to 7 is annexed hereto.

The particulars of qualification, experience and other Directorships etc. of Shri M S Dagur, IAS, Shri J N Godbole and *Padma Bhushan*, Dr. Sukh Dev, 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 Tuesday, the 6th September, 2011 to Friday, the 16th September, 2011 (both days inclusive).

5. The dividend declared at the Annual General Meeting, will be paid on equity shares of the Company on or after 23rd September, 2011 to those shareholders holding shares in physical form and whose names appear on the Register of Members of the Company on 16th September, 2011. 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 5th September, 2011 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 21st September, 2011 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, 2008-09 and 2009-10 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 31.03.2011, Share Certificates for 8,688 shares of 281 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.

**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 M S Dagur, IAS Managing Director		Shri J N Godbole		Padma Bhushan, Dr. Sukh Dev
Date of Birth		15.07.1958		17.02.1945		17.06.1924
Date of appointment		19.07.2011		04.03.2009		11.06.2005
Qualifications		M.A. (Political Science) M.B.A. (U.K.) I.A.S.		B. Tech. (Hons.) from IIT, Pawai, Bombay in Chemical Engg. Certificate in Finance Manage- ment from Jammalal Bajaj Institute of Management Studies.		M.Sc. Ph.D. D.Sc.
Nature of Expertise/ Experience		He is the Chief Executive Officer & Rehabilitation Commissioner, Sardar Sarovar Punarvasavat Agency, Vadodara and Principal Secretary to Government (R&R), Narmada Water Resources, Water Supply & Kalpsar Department, Gandhinagar. He has rich and varied experience of more than 24 years in various departments viz. Land Revenue Management & Dist. Administration, Consumer Affairs, Finance Department, Sales Tax Department, Home Department etc. of the Government of Gujarat.		He has 37 years of wide experience which includes 6 years in SSI Sector as Production In-charge and 25 years in IDBI in various positions and departments as Project Financing, Rehabilitation, Business Development etc. For 5 years, he was in Saba, Malaysia as Project Coordinator and Advisor for mega gas utilization project of USD 1 Billion. He was Executive Director of IDBI for 6 years during which period, he was Chairman of CDR Empowered Group, which was instrumental in preventing formation of NPA and correcting NPA. At the time of retirement, he functioned as Chairman and Managing Director of IDBI.		He is a veteran Scientist. He has been honoured with the "PADMA BHUSHAN" award by the Government of India in the field of Science and Engineering. He has fifty-four patents registered in his name covering a range of products and processes in the fields of drugs, aroma chemicals, pesticides etc. His wide ranging researches have resulted in significant contribution in the filed of Organic Chemistry. He has also served Chemical and Technological Institute in several key positions. He has authored various research publications, books and articles.
Names of other Companies in which Directorship is held	1. 2. 3. 4. 5.	Dow-GACL SolVenture Ltd. – Chairman Gujarat Industries Power Co. Ltd. Gujarat Chemical Port Terminal Co. Ltd. Bhavnagar Energy Co. Ltd. Gujarat Guardian Ltd.	1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12.	EM BIO Ltd. J K Cements Ltd. Gillander Arbhutnot & Co. Ltd. I.M.P. Powers Ltd. Emami Paper Mills Ltd. The Oudh Sugar Mills Ltd. Madhya Bharat Papers Ltd. Zuari Industries Ltd. Saurashtra Cement Ltd. Kesar Terminals & Infrastructure Ltd. Midas Asset Reconstruction Company Pvt. Ltd. IDBI Asset Management Ltd.		NIL

(contd.)

Name of Director		Shri M S Dagur, IAS Managing Director	Shri J N Godbole		Padma Bhushan, Dr. Sukh Dev
Names of the Committees of the Board of Companies in which Membership / Chairmanship is held	<ol style="list-style-type: none"> 1. Shares / Debentures Transfers and Investors' Grievance Committee 2. Project Committee 3. Personnel Committee 	Gujarat Alkalies and Chemicals Ltd. <ol style="list-style-type: none"> 1. Audit Committee - Chairman 2. Project Committee Embio Ltd. <ol style="list-style-type: none"> 1. Audit Committee 2. Remuneration Committee Gillander Arbhutnot & Co. Ltd. <ol style="list-style-type: none"> 1. Audit Committee - Chairman I.M.P. Powers Ltd. <ol style="list-style-type: none"> 1. Audit Committee - Joint Chairman Emami Paper Ltd. <ol style="list-style-type: none"> 1. Audit Committee 2. Remuneration Committee Madhya Bharat Papers Ltd. <ol style="list-style-type: none"> 1. Audit Committee Zuari Industries Ltd. <ol style="list-style-type: none"> 1. Audit Committee Kesar Terminals & Infrastructure Ltd. <ol style="list-style-type: none"> 1. Audit Committee 2. Share Transfer Committee 3. Remuneration Committee IDBI Asset Management Ltd. <ol style="list-style-type: none"> 1. Audit Committee Indian Institute of Information Technology and Management <ol style="list-style-type: none"> 1. Finance Committee 	Gujarat Alkalies and Chemicals Ltd. <ol style="list-style-type: none"> 1. Audit Committee 2. Remuneration Committee - Chairman 3. Project Committee 		

DIRECTORS' REPORT

To

The Members,

Your Directors present this 38th Annual Report on the business and operations of the Company together with Audited Balance Sheet and Profit & Loss Account for the Financial Year ended 31st March, 2011 and the report of the Auditors thereon.

The performance of the Company in 2010-11 has been as follows:

FINANCIAL RESULTS :

(₹ in Lakhs)

Particulars	2010-11	2009-10
Sales (excluding Excise Duty) and Other Income	1,44,669	1,33,991
Profit before Interest, Depreciation and Taxation (PBIDT)	27,984	29,019
Less: Interest	1,989	1,748
Profit before Depreciation and Taxation (PBDT)	25,995	27,271
Less: Depreciation	13,297	12,155
Profit of the year	12,698	15,116
Prior Period Adjustment [Net Debit / (Credit)]	(13)	488
Profit before Taxation (PBT)	12,711	14,628
Less: Provision for Taxation (Including Deferred Tax Liability, Wealth Tax, Fringe Benefits Tax, etc.)	1,281	(2,556)
Profit after Taxation (PAT)	11,430	17,184
Add: P&L A/c Balance brought forward from Previous Year	35,124	29,102
Amount available for appropriations	46,554	46,286
Your Directors recommend the following Appropriations:		
Proposed Dividend	2,203	2,203
Tax on Proposed Dividend	357	366
Transferred to General Reserve	5,715	8,593
Balance Carried to Balance Sheet	38,279	35,124
Earning per Share	₹ 15	₹ 23
Dividend per Share	₹ 3.00	₹ 3.00
Book Value per Share	₹ 197	₹ 185

DIVIDEND:

Your Directors are glad to recommend a Dividend @ ₹3.00 per share for the year ended 31st March, 2011 on 7,34,36,928 Equity Shares of ₹10/- each fully paid up.

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 2010-11, the Company has not accepted / renewed any Fixed Deposits. As at the date of this report only 1 (one) deposit of ₹10,000/- has remained unencashed / unclaimed.

LISTING AGREEMENT COMPLIANCE:

Your Company's Equity Shares are listed on 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 2011-12 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, 2011 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 30th June, 2011 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, Safety & Environment, Corporate Social Responsibility, Human Resources Development etc.

DIRECTORS:

Shri M S Dagur, IAS has been appointed as the Managing Director of the Company vice Dr. Guruprasad Mohapatra, IAS with effect from 19th July, 2011. Shri M S Dagur, IAS is the Chief Executive Officer & Rehabilitation Commissioner, Sardar Sarover Punarvasavat Agency, Vadodara and Principal Secretary to Government (R&R), Narmda Water Resources, Water Supply & Kalpsar Department, Gandhinagar and holds additional charge as the Managing Director of the Company.

The Board places on record its deep appreciation of valuable services and contribution in the growth of the Company given by Dr. Guruprasad Mohapatra, IAS during his tenure as the Managing Director of the Company.

Shri J N Godbole and *Padma Bhushan*, Dr. Sukh Dev, Directors will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment and your Directors recommend the same for your approval.

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 2010-11.

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.

STATUTORY AUDITORS :

The Company's Auditors M/s. Prakash Chandra Jain & Co., Chartered Accountants, Vadodara, retire and are eligible for reappointment. They have Furnished necessary concurrence and declaration and also informed that the Peer Review certificate issued by ICAI to them is valid for three years from the date of issue. 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 has appointed M/s. R K Patel & Co., Cost Accountants, Vadodara as Cost Auditor for Financial Year 2010-11 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.

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 : Gandhinagar
Date : 28th July, 2011

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 balance wind mills - Out of 21 MW capacity wind farm, 4.5 MW wind mills have been commissioned during Financial Year 2010-11. Hence, total wind farm capacity available is 83.75 MW to cater Vadodara Complex power requirement as a green and renewable energy source.
2. Replacement of old 1st Generation elements with latest 5th Generation elements (38 Nos).
3. Addition of 66 Nos. elements in MC-I & MC-II Electrolysers with modification in bus bars & cell racks to reduce operating current density (CD) which resulted in reduction of power consumption.
4. Enhancement of KOH plant capacity from 53 TPD to 83 TPD in MC-II which ultimately reduced auxiliary power consumption per ton.
5. Chloromethane production increased from 98 TPD to 102 TPD with same infrastructure which will reduce the power consumption per ton.
6. Installation of chlorine recuperator in KOH system to recover heat from hot chlorine.
7. Installation of Waste Heat Recovery System (WHRS) at CLM Plant-I for generating low pressure steam.
8. Installation of Cell Voltage Monitoring System (CVMS) to optimize Cell Voltage in MC-I.
9. Commissioning of energy efficient common instrument air system.
10. Commissioning of energy efficient common Nitrogen Generation System.
11. Remembraning of 4 Nos. of Electrolysers carried out in new CSP plant at Dahej.
12. Recycle of vapor condensate from CEU – 3 to Cooling Tower at Dahej.
13. Utilization of high temperature vapors from CCU - 2, 3 & 4 in CEU - 3 thus, evaporating 120 TPD 32% Caustic Soda Lye to 48% without any additional steam.

14. Replacement of Hydraulic Operated Diverter Damper System by motorized operated system in Gas Turbine – 2 at Dahej Power Plant.
15. LT capacitor bank commissioned in CCU Transformer –11 (PCC2) & at new substation PCC2 side (300 KVA) to improve power factor from 0.83 to 0.97.

(b) ADDITIONAL INVESTMENT AND PROPOSAL, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY :

1. Addition of new electrolyser with energy efficient 5th generation elements in old Caustic Soda Plant at Dahej.
2. Remembraning of 8 Nos. of Electrolysers at Dahej (1088 Nos. of Membranes).
3. 222 Nos. of Anodes having high voltage are to be recoated at Dahej.
4. Replacement of one high head pump with low head pump (20m³/hr, 35 meter head pump) for the Cooling Water makeup (old PAP) and provide VFD in other pump to optimize pressure at CCP.
5. Procurement of VFDs at different applications and locations to optimize power consumption.
6. Install Energy Retrofit Metal Halides – in place of HPMV & HPSV light.
7. VAM are to be installed at Caustic Soda, Vadodara & PAP and H₂O₂ Plant at Dahej, to replace old reciprocating compressors/centrifugal compressor for chilled water service.
8. Commissioning of 122 Nos. of energy efficient 5th Generation elements against 22 years old elements.
9. Replacement of existing old Rectifier: 2 of MC - I with energy efficient rectifier.
10. Recoating and Remembraning (384 elements) of MC-II Electrolysers and Remembraning (250 elements) of MC : I Electrolysers.
11. Installation of high capacity Chlorine Compressors (100 TPD) & low capacity Chlorine Compressors (55TPD) to reduce auxiliary power.
12. Addition of 2 Nos. of RCC structure shells in existing Cooling Tower located in Brine House and at CCU of Vadodara Plant.
13. Existing CCU's to be made energy efficient at Vadodara.

14. Addition of 2 Nos. of Electrolysers (RA-9 and RB-10) in MC : II out of good spare elements of MC - I and MC - II.
15. Installation of Waste Heat Recovery System at CLM Plant - II for generation of low pressure steam.
16. Heat recovery by installing H2 recuperators in KOH system at Vadodara.
17. Installation of Cell Voltage Monitoring System (CVMS) for MC-II.

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

As all the above items are consuming energy round the clock, the above measures aimed at saving energy in large quantity. Also installation of higher efficiency equipments as planned above will result in reduced power consumption and reducing carbon emission.

(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, 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 as in 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 - ₹ 15,509.81Lakhs
- ii. Foreign Exchange Earned - ₹ 15,752.99Lakhs

FORM-A (See Rule - 2)

Form for disclosure of particulars with respect to conservation of energy

No.	Particulars	2010-11	2009-10
(A) POWER AND FUEL CONSUMPTION :			
1 ELECTRICITY:			
a)	1) Purchased unit (kwh) (in Lakhs) from state grid	670.321	435.313
	Total Amount in ₹ (in Lakhs)	5441.9081	3904.2659
	Rate / Unit - ₹ including demand charges	8.1184	8.9688
	2) Purchased unit (kwh) (in Lakhs) as participating unit.	3356.72	3436.90
	Total Amount in ₹ (in Lakhs)	12276.046	11300.194
	Rate / Unit - ₹	3.6572	3.2879
b)	Own Generation		
	i) Through Wind Farm		
	Wind Farm Power Receipt (units in Lakhs)	1228.58	1148.53
	Cost per Unit - ₹ / kwh	2.19	2.08
	ii) Through GT/STG:		
	Units (KWH) (in Lakhs)	7308.244	7833.651
	Natural Gas (SM ³ in Lakhs)	1793.41	1907.74
	Unit per SM ³ (kwh/sm ³) Gas	4.075	4.106
	Cost per unit in ₹	4.9725	3.8935
2 Coal :			
	Quantity (Tonnes)	NIL	NIL
	Total Cost	NIL	NIL
	Average Rate ₹	NIL	NIL
3 Fuel oil & LDO/HSD :			
	Total Quantity (K.Ltrs.)	21.5194	49.9611
	Total Amount ₹	825986	1499000
	Average Rate ₹ per KL	38383.32	30003.34
4 Other - natural gas :			
<i>(Gas used for other than power plant):</i>			
	Total Quantity (SM ³)	41705598	41587472
	Total Cost	385980000	342700000
	Rate per SM ³ in ₹	9.2549	8.2405
(B) Consumption per unit of production :			
	Caustic Soda Lye	Kwh per MT	Kwh per MT
	Electricity	2467	2468
	Standards	2515	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 2010-2011

A Research & Development (R&D)

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

- (i) Further optimization & scale up of the economical and environment friendly process for Sodium Percarbonate in the Pilot plant.
- (ii) Scale up of the process for high purity synthetic Vanillin – a high valued specialty chemical.
- (iii) Development of cleaning and bleaching formulations for domestic use.
- (iv) Development of the indigenous substitutes for the imported raw materials used in the different plants.
- (v) Developmental work on process improvement and cost reduction.
- (vi) Developmental work on the existing products.
- (vii) Cooling water treatment including the new formulations development as per need and requirement including corrosion & biological growth monitoring.
- (viii) Studies on the plant / process related problems, waste generated / effluent control etc.
- (ix) Technical support to the operations, Marketing & Purchase.
- (x) Technical services for cooling water treatment.

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

- i) Total savings is estimated at ₹ 79.00 lacs achieved with the R & D efforts listed below :
 - (a) The production of cooling water treatment chemicals / formulations at R & D centre for corrosion, scale & microbiological growth control.
 - (b) The production of antifoaming formulation & its use in Phosphoric Acid plant.
 - (c) Saving of chemicals required for cyanide destruction in Sodium Cyanide Plant.
 - (d) Preparation of a stabilizer for Chloroform by the R&D developed process.
 - (e) Carried out specialized analysis of the plant samples and corrosion & microbiological growth monitoring in the cooling water systems.
- ii) Successful optimization & scale up of the process in the Pilot plant for Sodium Percarbonate.

- iii) Successful scale up of the laboratory scale process for synthetic Vanillin to the Pilot plant scale.
- iv) Successful development of new Biocide, scale & corrosion inhibition formulations to meet the requirement of the system.

3. Future plan of action

- (a) To optimize the process for Vanillin in the Pilot plant.
- (b) To work towards the designing, procurement & erection of a bigger size Pilot plant followed by the optimization of the process for Sodium Percarbonate in the same.
- (c) Developmental work to continue on the existing products and indigenous substitutes of the imported raw materials used in the different plants.
- (d) To continue giving all technical support to the operations & marketing.
- (e) Strengthening of the scientific manpower and upgradation of laboratory, pilot plant & library facilities.

4. Expenditure on R&D

(₹ in lacs)

a. Capital	—
b. Recurring	642.88
c. Total	<u>642.88</u>
d. Total R&D Expenditure as a percentage of turnover.	0.40%

B. Technology absorption, adaptation and Innovation

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

- (a) Studies on the Palladium Catalyst used in Hydrogen Peroxide process.
- (b) Regular studies / monitoring of heavy metals in the various streams of Phosphoric Acid process.
- (c) Studies on the products like Aluminium Chloride & Poly Aluminium Chloride.

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

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 been 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 31st March, 2011 and enjoys the economies of scale. The Company has about 17% share in the domestic Chlor-Alkali market.

Your Company has achieved IS/ISO 9001:2000, ISO 14001:2004, IS 18001:2007 OHSAS 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 from time to time 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 75% with its 97% capacity utilization. Being a chemical manufacturing company, GACL carries its passion for protecting the environment at every stage of its operations, keeping interest of Customers, shareholders, employees, society, Stakeholders and Mother Nature in sight.

The Company's products basket comprise total 27 chemicals including Caustic Soda, Chlorine, Hydrochloric Acid, Hydrogen, Chloromethanes, Potassium Hydroxide, Potassium Carbonate, Phosphoric Acid (85%) Sodium Cyanide, Sodium Ferro Cyanide, Hydrogen Peroxide, Calcium Chloride, Stable Bleaching Powder, Poly Aluminium Chloride, Anhydrous Aluminium 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 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 World class products viz., Aluminium Chloride, Hydrogen Peroxide, Caustic Soda Flakes and Prills, Poly Aluminium Chloride and Chlorinated Paraffin Wax to USA, Europe, Australia, Africa, Far & Middle East Countries, China and South Asian Markets.

Production of Caustic Soda by electrolysis process has a very high power requirement and the Company devised a

sustainable strategy to meet its growing energy demands. Besides a 90MW gas based captive power plant and participation in a 140 MW Joint Captive Co-generation Power Plant, 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 to meet substantial part of its power requirements through alternative environment friendly sustainable renewable energy sources.

AN OVERVIEW OF INDIAN ECONOMY:

During F.Y. 2010-11, there was sustained economic activity as was witnessed in F.Y. 2009-10. The Gross Domestic Product (GDP) was 8.6% in 2010-11 as compared to 8% during 2009-10. Overall growth in the Index of Industrial Production (IIP) was 7.8% during April, 2010 to February, 2011. [Source: Central Statistics Office (CSO)]. Further, the growth was fairly broad-based across agriculture, industry and service sectors.

Inflationary pressures continued to persist through F.Y.2010-11, with an increase in the latter part of the fiscal year due to higher than anticipated rise the prices of food and oil, measured by Wholesale Price Index (WPI), after declining from a high of 11% in April, 2010 to about 8.1% in November, 2010 continued to remain at elevated levels of about 8% for the remaining part of fiscal year. In view of the above, Reserve Bank of India (RBI) continued its policy tightening and liquidity management stance.

Equity markets, while appreciating during F.Y. 2010-11, continued to remain volatile as various events such as increased inflationary concerns, the European sovereign debt crisis and political events in the Middle East and North Africa impacted investor sentiments. Foreign Institutional Investment flows into India continued to remain strong during first ten months of the year before declining significantly during the last quarter of F.Y. 2010-11.

FINANCIAL PERFORMANCE :

Your Company during the financial year 2010-11 has achieved highest ever production in its history. Despite volatility in market and slow down in economy, your Company has achieved highest ever sales volume in respect of Sodium Cyanide Group, Chloromethanes Group, Aluminium Chloride and Poly Aluminium Chloride. However, during the first three quarters, the industry faced significant slowdown and erosion in price realization of major products impacting performance and growth.

For the year ended 31.03.2011, your Company achieved turnover (including Excise duty) of ₹ 1,560.75 Crore, as against ₹ 1,384.44 Crore in the previous year.

Your Company has achieved optimal production and exercised adequate cost control measures. Cash Earning Per share has been achieved to ₹ 35.42 as on 31.03.2011, as compared to ₹ 36.47 per share as on 31.03.2010 whereas the EPS has been ₹ 15.56 against ₹ 23.40 of the previous year. Book value of Share has improved to ₹ 197.55 per share as on 31.03.2011, as compared to ₹ 185.38 per share as on 31.03.2010. The Return on Capital Employed achieved at 7.32% as on 31.03.2011, as compared to 11.24% as on 31.03.2010. The Company has increased its total debts level to ₹ 382.27 Crore as on 31.03.2011 for funding the new projects during the year as compared to ₹ 323.24 Crore as on 31.03.2010. Despite increase in its total debts the Debt : Equity ratio reduced to 0.15 : 1 as on 31.03.2011, as compared to 0.17 : 1 as on 31.03.2010. The Debt Service Coverage ratio has reduced to 1.24 times as on 31.03.2011, as compared to 3.08 times as on 31.03.2010. The Interest Coverage ratio has remained to 14.07 times as on 31.03.2011, as compared to 16.61 times as on 31.03.2010.

The Raw Material expenses have increased by 9.33% to ₹ 631.83 Crore in F.Y. 2010-11 from ₹ 577.91 Crore during the previous year, mainly due to increase in production and increase in the cost of various raw materials like Aluminium Ingots, Barium Carbonate, Heavy Normal Paraffin, Hydrocyanic Acid, ISO Amyl Alcohol and Natural Gas etc. Electricity charges have increased 40.79% to ₹ 188.20 Crore in the current financial year from ₹ 133.67 Crore during the previous year mainly due to increase in energy charges and fuel cost adjustment charges by the power companies, increase in prices of natural gas and reduction in Plant Load Factor of Captive Power Plant at Dahej Complex. Manufacturing and operating costs have increased in the F.Y. 2010-11 by 13.51% to ₹ 181.19 Crore from ₹ 159.62 Crore in the previous year. Depreciation increased by 9.40% to ₹ 132.97 Crore in the current financial year from ₹ 121.55 Crore in the previous year mainly due to full year depreciation in respect of projects commissioned during previous year. Administration, General and Marketing expenses have increased by 4.68% to ₹ 54.79 Crore in the current financial year from ₹ 52.34 Crore in the previous year. The interest and financial charges in F.Y. 2010-11 have increased by 13.79% to ₹ 19.89 Crore from ₹ 17.48 Crore in the previous year.

Gross profit has reduced to ₹ 279.84 Crore in F.Y. 2010-11 from ₹ 290.19 Crore in the previous year. The Profit after interest but before depreciation (Cash Profit) has reduced to ₹ 259.95 Crore in F.Y. 2010-11 from ₹ 272.71 Crore in the previous year. The Profit Before Tax reduced to ₹ 127.12 Crore from ₹ 146.27 Crore in the previous year mainly due

to severe industry slowdown and erosion in price realizations for Caustic Soda and Caustic Potash Group products during first three quarters of the current financial year. The Profit After Tax for the year has been achieved at ₹ 114.30 Crore in F.Y. 2010-11 as compared to ₹ 171.84 Crore in the previous year.

OPERATIONS / BUSINESS PERFORMANCE :

The Company has achieved highest ever production of Caustic Soda Lye/ Flakes, Caustic Potash Lye/ Flakes, Potassium Carbonate, Chloromethanes, Phosphoric Acid, Aluminium Chloride, Calcium Chloride, Poly Aluminium Chloride during the current financial year.

The production of Hydrogen Peroxide (H₂O₂), Sodium Cyanide and the power generation had been lower during F.Y. 2010-11 than in the previous year.

RESEARCH AND DEVELOPMENT:

The R & D efforts are driven by the present and future needs of the Company. The activities are focused on multiple areas like new product / process development, process improvement / cost reduction, development of import substitutes and new cooling water treatment formulations, effluent treatment, technical support of Operation / Marketing / Purchase Departments and to facilitate the absorption of new technologies.

Domestic cleaning and textile brightening products have been developed, which have very good cleaning properties.

The process of Sodium Percarbonate has been successfully experimented and optimized in the Pilot Plant. The work in the direction of designing a 100 MT / Month capacity Pilot Plant has been taken up.

The exploration and developmental work on cooling water treatment formulations continued to meet the need and requirement of the system. Several new variations have been developed and found to be very successful in the field trials.

The laboratory scale process for preparing synthetic Vanillin – a speciality chemical has been successfully scaled up in the Pilot Plant. The further optimisation of the process has been undertaken.

The regular technical support has been extended by the R & D Deptt., to the Operations, Marketing and Purchase Departments.

EXPANSION AND DIVERSIFICATION: Hydrogen Peroxide Expansion Project

The Company has successfully commissioned Hydrogen Peroxide Expansion Project at Dahej to increase the capacity

by 14000 TPA (100% H₂O₂ basis) as per schedule, on 24th June, 2011. With the commissioning of this expansion project, the Company's total production capacity for Hydrogen Peroxide has increased to 39080 MTA on 100% H₂O₂ basis.

Calcium Chloride Project

The Calcium Chloride Project with production capacity of 25 TPD was successfully commissioned in the month of January, 2011. The Company will also be able to capture and commercialise the Carbon Dioxide from the process.

Stable Bleaching Powder Project

The Stable Bleaching Powder Project with manufacturing capacity of 15000 TPA was successfully commissioned in the month of March, 2011. The quality of the product is very good and export markets are being explored besides meeting domestic demand.

Sodium Chlorate Project

The Company has taken up the project for manufacturing Sodium Chlorate of 20000 TPA capacity, at Dahej Complex. The project will manufacture Sodium Chlorate crystals. The project has good synergy with the core business of GACL.

Other projects

The Company is also taking effective steps for putting up 21 MW Wind Farm, 8000 TPA Hydrazine Hydrate Project, 600 TPD Caustic Soda Project and 600 TPD Chloromethanes Project, over the next 3 to 4 years. Further, the Company is also considering a project to manufacture 150 KTPA of Propylene Oxide and its downstream products like Propylene Glycol and Polyols with World renowned technologies.

RISK MANAGEMENT:

Risk Management is the identification and measurement of risks, which can affect the Organisation and implementation of strategy for monitoring, controlling and mitigation of these risks by systematic actions in a planned manner. Continuous risk management is a pre-requisite for a sustainable growth and has to be integrated in day to day activities and decisions.

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. 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 reliable

power supply, extensive usage of renewable energy, integrated down stream plants, strong network for Marketing and Distribution, In-house Research and Development facilities, Proximity to major raw material source and markets etc.

The Company has followed a business plan for growth and sustained performance. The Company has adopted 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, addition 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 our products are well accepted, both in India and abroad. The customers are assured of timely delivery of quality products through its well-established marketing network.

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 with eco-friendly renewable energy. Some of our competitors also have location 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.

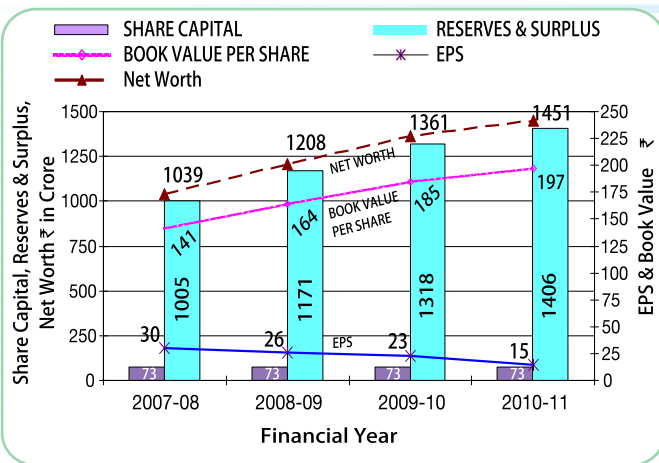
Globally for Chlor-Alkali Industry, Chlorine is the driving product whereas in India, Caustic Soda is the driving product. Hence, Indian Industry faces competition from cheaper imports with reduction in custom duty. To protect from unfair competition for products like Caustic Soda Lye/Flakes and Potassium 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.

Growth is the only yardstick

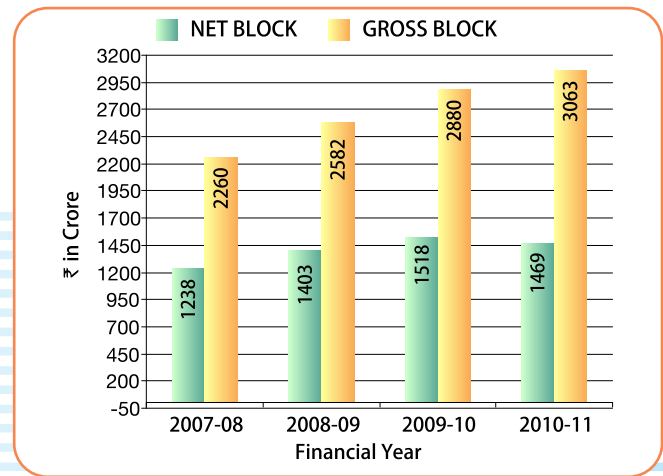


Business growth is the foremost priority of every corporate. Through continuous addition of new projects, capacities and markets we are scaling new heights of progress. We believe in growing to make a positive and bigger difference in lives of our shareholders, stakeholders and society.

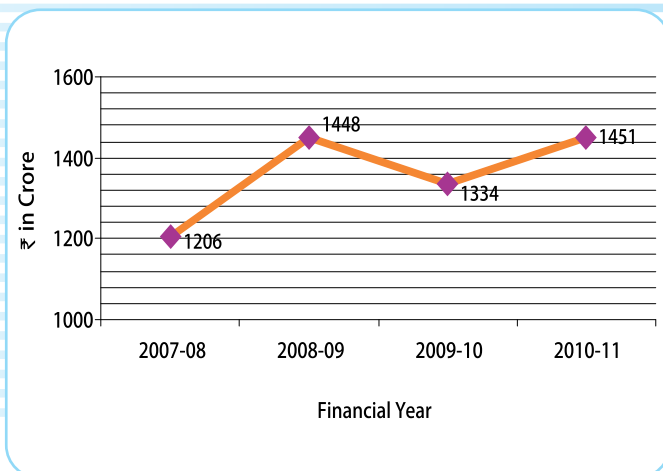
Share Capital, Reserves & Surplus, Net Worth, Book Value and EPS



Gross & Net Block



Gross Income



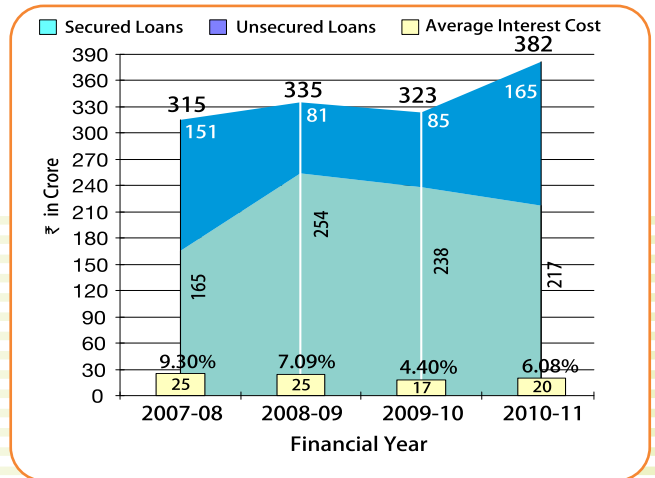


Towards a greener world

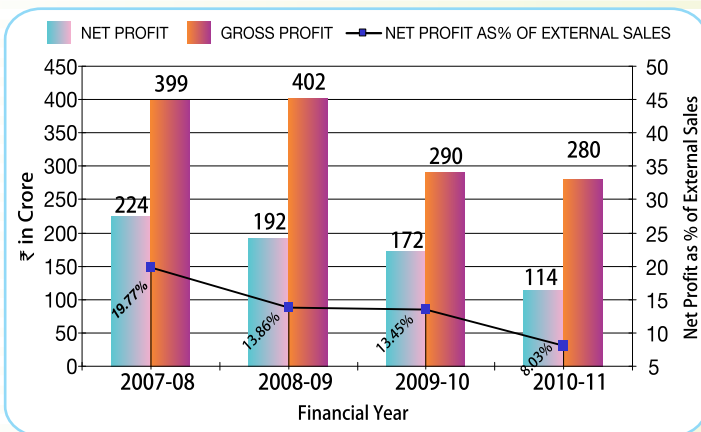
Our planet is our only habitat and protecting our natural resources is our moral duty. Through ever expanding green zones around our complexes, adaptation of greener technologies, awareness programs, we spread the sensitive message of environment protection all around.



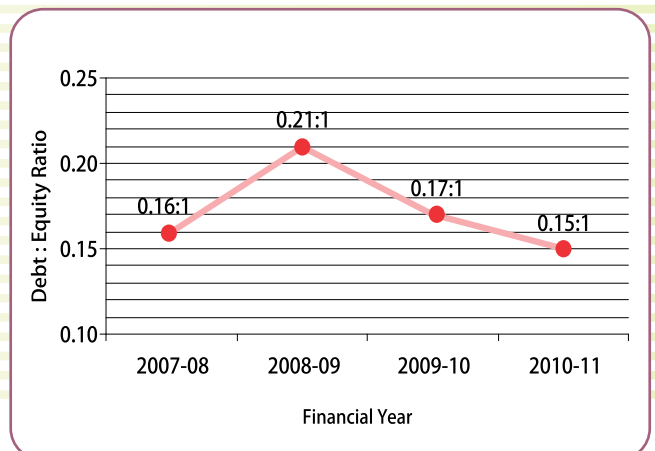
Secured-Unsecured Loans, Interest and Rate of Interest (%)



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



Debt : Equity Ratio



The Company also produces Carbon Tetrachloride (CTC) at Vadodara Plant and the Company has phased out CTC production for non-feed stock application to meet the guidelines under the Montreal Protocol framed by Government of India.

Key inputs required for Power Plant and Vadodara Plant for process and steam generation is NG/RLNG. The Company has entered into contracts for supply of NG/RLNG with M/s. GAIL and GSPC. The price of RLNG has been substantially increased impacting the cost of our power generation and utilities.

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 27 products in its basket, the products in short supplies provide leverage against slow moving products.

Your Company's products viz., Phosphoric Acid, Potassium Hydroxide, Potassium Flakes, Potassium Carbonate-K₂CO₃ 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 34 Chlor-Alkali manufacturers in India. The actual production of Caustic Soda during the Financial Year 2010-2011 has been 24.52 Lac MT (*Source: AMAI Report*). 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 2010-2011 was about 0.44 Lac MT in India mainly because of expansion of existing Plants and commissioning of new Plants.

(*Source: AMAI Report*)

However, due to global melt down and dumping of material at low price, Country's Alkali Industry was affected to a large extent in terms of production and price realization. The Company has been one of the largest manufacturers of Caustic – Chlorine and has been able to maintain optimum capacity utilization of its Caustic Soda plant under the circumstances by aligning prices with imported material.

THE CAUSTIC SODA MARKET SCENARIO :

GACL is a multi-product Company, with more than 27 products in our basket, yet the major revenues are coming

from Caustic Soda Group and therefore Caustic Soda and Chlorine market scenario are of utmost importance to the Company.

The installed capacity of Caustic Soda in the country is about 32.63 Lakh MT / Annum whereas the demand is around 25.68 Lakh MT / Annum. The membrane cell process is energy efficient as the power requirement is much less as compared to mercury cell and GACL has the advantage of having its entire production from Membrane Cells.

MARKETING STRATEGY :

Most of the plants of the Company are integrated in such a way that part of finished product of one plant is consumed as a raw material for the other plant. The Company thus enjoys some leverage over its competitors due to its integration philosophy. As a value addition to HCL, the Company has commissioned Poly Aluminium Chloride Plant at Dahej and another Calcium Chloride Plant at Vadodara and is able to capture sizable domestic market for these products. The Company has also put up Stable Bleaching Powder facility as a value addition to Chlorine at Dahej Complex. Further the Company is putting up Sodium Chlorate facility, which finds applications primarily in Paper and Pulp industry.

Gujarat is predominantly an industrial state with large number of Chemical, Petrochemical, Plastics, Textile and Fertilizer Industries and the Company has established a good market in Gujarat.

As a part of market development, the emphasis is on customer relations, after sales services and expansion of market for the products. It is helping the Company to increase the volume especially for new products. The Company whole-heartedly encourages its customers and dealers for their feed back and insights and use their inputs as part of our training guide for employees and have helped to improve our processes and set high standards, while understanding the nuances of customer perceptions and their changing needs.

GACL 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, Aluminium Chloride, PAC and CPW to Europe, West Asia, South East Asia, Africa etc.

To thwart the import threat and dumping of various products at low prices which affect our capacity utilization, prices etc., the Company is taking steps for its mitigation by pleading imposition of Anti Dumping Duty on such products within the WTO guidelines.

QUANTITATIVE DATA FOR TEN YEARS:

PARTICULARS	UNIT	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
PRODUCTION :											
CAUSTIC SODA LYE	MT	*415124	414094	378276	398499	354266	310470	305930	280850	277984	261474
CAUSTIC SODA FLAKES	MT	166705	169594	137012	151761	135061	134346	121461	115270	103507	97858
CAUSTIC SODA PRILLS	MT	*20822	18204	18902	13760	15118	11629	9788	9927	9541	11745
CHLORINE GAS / LIQUID	MT	*382713	380236	346027	363911	325893	286995	283062	260509	256539	242094
HYDROCHLORIC ACID (30%)	MT	293329	313810	325379	331295	322009	303674	283290	267457	256280	246429
CAUSTIC POTASH LYE	MT	*23596	21121	17206	17153	19008	18858	19000	18475	16210	16500
POTASSIUM CARBONATE	MT	11945	11002	6297	6546	9925	11046	13010	14285	11547	11079
CAUSTIC POTASH FLAKES	MT	*11841	10315	10900	9940	9598	7066	6090	4825	4800	4450
CHLOROMETHANES	MT	*35626	34558	31773	30914	27268	26166	25844	25734	25481	24605
SODIUM CYANIDE	MT	2635	2802	2039	2271	2457	2318	2512	2340	2190	1277
PHOSPHORIC ACID (85%)	MT	23645	21386	24160	28286	25928	24730	23900	23030	20590	19120
HYDROGEN PEROXIDE (100%)	MT	26304	26804	24359	17393	13126	13225	13551	13631	13421	13621
ALUMINIUM CHLORIDE	MT	@*27249	19891	18464	10558	9366	7638	5247	1739	-	-
CALCIUM CHLORIDE	MT	*8789	8762	6768	6621	4266	6105	7585	-	-	-
POLY ALUMINIUM CHLORIDE	MT	*28972	22786	18714	13564	5226	-	-	-	-	-
CHLORINATED PARAFFIN WAX	MT	@ 6943	7780	4833	4381	906	-	-	-	-	-
CHLORO TOLUENE PRODUCTS	MT	@ 1649	91	-	-	-	-	-	-	-	-
STABLE BLEACHING POWDER	MT	@ 139	-	-	-	-	-	-	-	-	-
POWER GENERATION	MJ KWH	730.82	783.37	651.28	703.62	737.42	722.34	704.66	638.27	767.77	650.97
POWER GENERATION - WIND FARM	MJ KWH	*153.58	128.59	46.37	4.94	-	-	-	-	-	-
SALES :											
CAUSTIC SODA LYE	MT	215028	211977	209965	218923	192536	154755	168000	149460	157106	139837
CAUSTIC SODA FLAKES	MT	165938	169356	138172	151576	135094	133316	122891	116530	104308	93688
CAUSTIC SODA PRILLS	MT	20617	18194	19059	13942	14759	11540	9917	9996	9801	11346
CHLORINE GAS / LIQUID	MT	305886	296665	259057	272446	237476	207788	212469	198999	197477	188136
HYDROCHLORIC ACID(30%)	MT	251508	273983	291302	298472	284021	270564	255873	242687	230086	222200
CAUSTIC POTASH LYE	MT	2613	2161	1916	2409	1710	2904	2205	1762	2026	2792
POTASSIUM CARBONATE	MT	12196	10550	6524	6512	9634	11126	12820	14106	12303	10116
CAUSTIC POTASH FLAKES	MT	11747	10170	11384	9554	9603	6937	6318	4578	5037	4228
CHLOROMETHANES	MT	35377	34719	32663	30174	27184	26143	25741	25816	25562	24433
SODIUM CYANIDE	MT	2648	2637	1994	2270	2458	2361	2543	2318	2162	1401
PHOSPHORIC ACID (85%)	MT	24051	21633	21690	29015	27019	22963	23618	23883	19709	19548
HYDROGEN PEROXIDE (100%)	MT	25871	26981	24382	20433	13269	13455	13170	13714	13708	13234
ALUMINIUM CHLORIDE	MT	25966	22455	16618	10953	9225	7758	5309	1551	-	-
CALCIUM CHLORIDE	MT	8809	8398	6802	7080	5622	9357	7535	-	-	-
POLY ALUMINIUM CHLORIDE	MT	31345	23956	22701	14598	5251	-	-	-	-	-
CHLORINATED PARAFFIN WAX	MT	7158	7800	4603	4502	764	-	-	-	-	-
HYDROCHLORIC ACID - CP	MT	11682	12912	8225	7493	1546	-	-	-	-	-
BENZYL CHLORIDE	MT	1172	91	-	-	-	-	-	-	-	-
BENZYL DEHYDE	MT	178	-	-	-	-	-	-	-	-	-
BENZYL ALCOHOL	MT	165	-	-	-	-	-	-	-	-	-
HCL FROM HBC	MT	1797	-	-	-	-	-	-	-	-	-
STABLE BLEACHING POWDER	MT	74	-	-	-	-	-	-	-	-	-
POWER TO GUVNL / MGVCL	MJ KWH	22.68	44.99	7.60	4.13	54.16	179.35	165.37	54.04	154.35	40.68
SALES VOLUME (Excl. Inter-Unit Tr. & Exc. Duty)	₹/ Cr.	1423.17	1278.08	1386.82	1133.63	1044.84	944.10	902.88	698.03	662.58	568.81

* Highest ever production @ on Jobwork basis

SAFETY & ENVIRONMENT:

Our commitment to safety and preservation of environment has been encompassed in our "Quality, Health, Safety and Environment (QHSE) Policy". The Company has achieved a new record of more than 2807 Accident Free Days at Vadodara and 2193 Accident Free Days at Dahej on 31.03.2011.

The Company has implemented elaborate Environment Management System (EMS) and Occupational Health & Safety (OH & S) plan and has embarked on continual improvement. Bureau of Indian Standards (BIS) has granted ISO 9001:2000, ISO 14001:2004 and IS 18001:2007 (OHSAS) certificates to the Company and application has also been made for Integrated Management System Certificate ISO 9001:2008. The Company has continued its emphasis on safety awareness for its employees, contract labours, truck drivers handling our products and among villagers in neighbourhoods of our plants. The Company regularly organizes Safety Exhibition and audio-visual safety awareness programme for 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. meters area of green lawns in the Vadodara Complex.

A recharge bore well & Check Dam have been constructed for harvesting rainwater to effectively recharge ground water table and raising the ground water level.

In the Dahej Complex of the Company, large area has been developed and maintained for green belt, landscaping, Flora & fauna, rainwater harvesting and natural ponds. The Company has undertaken water conservation by channelizing cooling tower blow down, treated sewage and drip irrigation. Nearly 70,000 plus trees of wide variety have been grown and maintained approximately in 65000 sq. meters of green lawn and Garden at Dahej Complex.

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

The product Carbon Tetrachloride (CTC) comes under Ozone Depletion Substance (ODS) Rules, (2000) as per the guidelines of Montreal Protocol framed by Government of India. Under these Rules production of CTC for non-feed

stock application has been phased out while production of CTC only for feed stock application is continued.

The Company has registered three Clean Development Mechanism Projects (CDM Projects) under Kyoto Protocol and the Wind Mill Projects are in registration process with UNFCCC.

CORPORATE SOCIAL RESPONSIBILITY:

Your Company, during the year under review, has continued to fulfil its Corporate Social Responsibilities to enhance Human Development Index (HDI) by undertaking various thematic activities in various areas. Promoting inclusive growth has been a priority area for GACL from both social and business perspective. The Company strives to make a difference to its customers, to the society and to the nation's development directly through its products and services, as well as through its development initiatives and community outreach. We have registered 'GACL Foundation Trust' as a Society and Trust with the objective of implementing various CSR activities.

ENVIRONMENT & SAFETY:

Your Company has co-sponsored programmes on Environment Protection and Preservation organized by various NGOs, industrial associations and Govt. agencies.

COMMUNITY INFRASTRUCTURE:

The Company has constructed new Aanganwadis in three villages and provided educational toys to 25 Aanganwadis, gas stoves, gas connections and idli cookers to about 3000 Aanganwadis in Vadodara and Panchmahal Districts. Constructed RCC Road in three villages viz., Sherkhi, Karachia and Anagadh Villages of Vadodara District and has also taken lead as nodal agency for construction of four lane RCC Road from Ranoli junction on NH-8 to the Railway Over bridge with 50% Contribution from the Industries and 50% contribution from Government under ASIDE scheme.

Further, 125 Household Sanitary Latrines(HSL) for BPL families at Ranoli and Dashrath Villages of Vadodara District and about 285 HSL were provided for Sardar Sarovar Punar Vasvat Agency for Project Affected Families at various Rehabilitation and Resettlement Sites of SSPA.

HEALTH:

Your Company, in association with well-known Eye Hospital, organized a free eye check-up and Cataract camp for the residents of Ranoli and adjoining villages of Vadodara Dist. and nearly 400 villagers attended the check up camp out of which about 72 patients were diagnosed and taken to the

hospital for free cataract surgery. A similar initiative was taken up at Dahej and about 285 villagers attended the check up camp out of which about 77 patients were diagnosed and taken to the hospital for free cataract surgery.

EDUCATION:

Your Company has continued its support to the Akshaya Patra Foundation for providing nutritious and hygienic Mid Day Meal to approx. 98,000 beneficiary children in Vadodara District, which has improved the health and attendance of students in Government Schools.

The Company has provided Blackboards to Primary Schools managed by Municipal Corporation in Sayajigunj and Navayard area of Vadodara.

The Company extended support to various educational and professional development initiatives in the field of Engineering, Law, Science and HR. The Company also proposes to establish a Degree Engineering College at Rajipla under PPP Scheme and has registered 'GACL Education Society' for the purpose.

SPORTS & CULTURAL:

Sports are an important activity and the Company has extended financial support to Table Tennis Association, Chess Academy for organising State Level and National Level Tournaments.

HUMAN RESOURCES DEVELOPMENT :

Our Company believes in enhancing the effectiveness of our Human Capital by various HR initiatives like training and talent development etc.

The Performance Management System has in-built process linking to corporate target to functional targets and individual targets, which ultimately leads to effective contribution by an individual towards Company's overall targets.

Our Company continues to place emphasize on training and talent development. Our endeavour in this direction has resulted into peaceful industrial relations without any production loss since inception of the Company.

For the continuous development of human resources, our Company has organized 243 internal and external training programmes during the year 2010-11.

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 has been conferred following recognitions and awards during the year:

1. Award for Excellence, 2009 Certificate of Merit by Federation of Gujarat Industries, Vadodara, in the field of Export Promotion received in May, 2010.
2. NSCI safety Award, 2009 Appreciation letter by National Safety Council established by Ministry of Labour & Rehabilitation, Government of India received in October, 2010.
3. CHEMEXCIL Award from Export Promotion Council, Government of India for Outstanding Export Performance for the year 2008-09 & 2009-10.

INFORMATION TECHNOLOGY :

GACL 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.

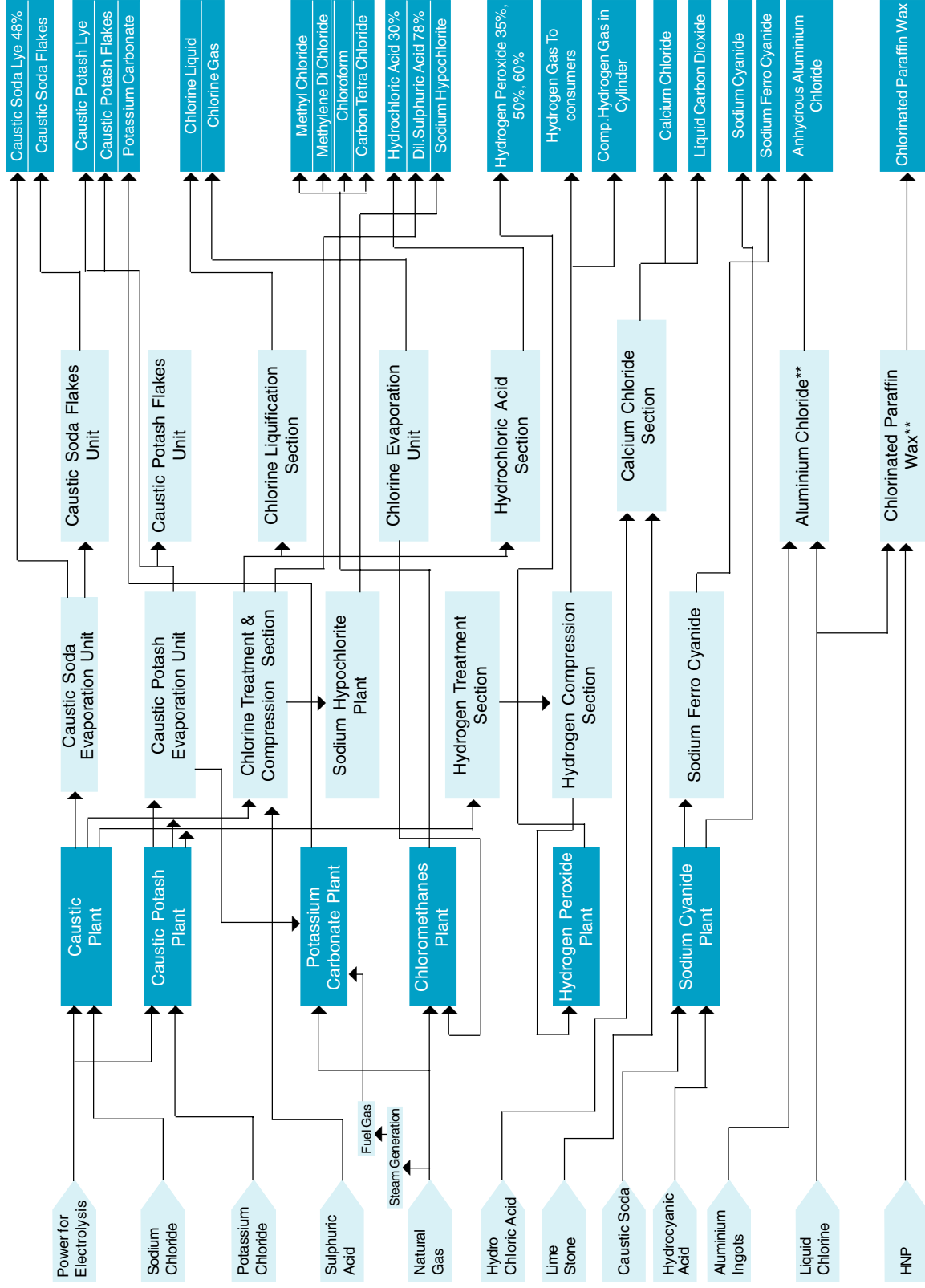
The Company has Enterprise Resource Planning (ERP) in place, which is backbone for its information base. The Vadodara and Dahej Complexes of the Company are connected through reliable WAN with solution implemented to get almost 100% uptime. A Decision Support System (DSS) is also implemented in addition 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 business partners through website.

The Company has its own mail server to achieve fast and reliable messaging solutions. Information about Company is available on its website: 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 judgement.

VADODARA COMPLEX WITH UNIQUE - PRODUCT MIX



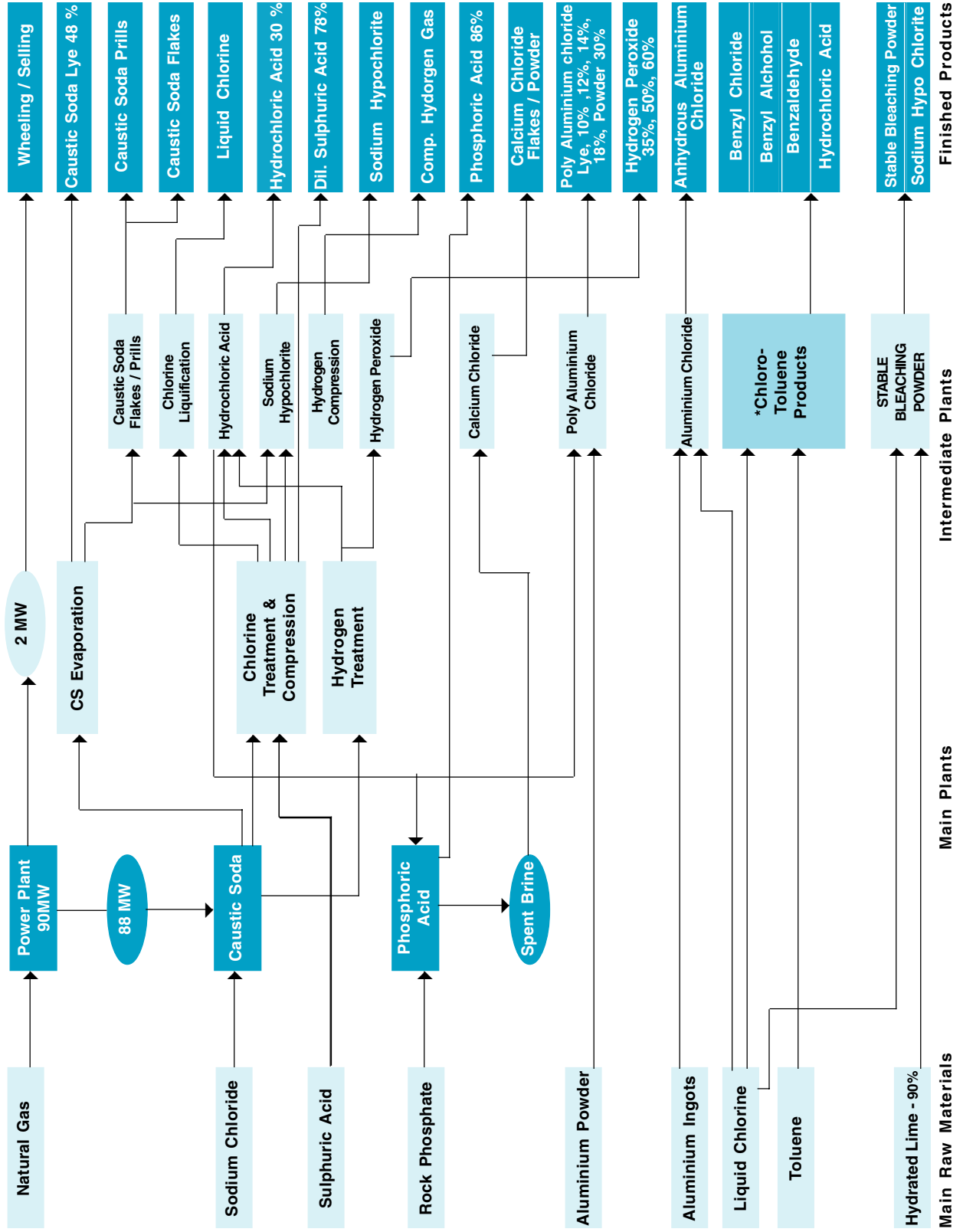
Finished Products
** By Job Work

Intermediate Plants

Main Plants

Main Raw Materials

DAHEJ COMPLEX WITH UNIQUE - PRODUCT MIX



* By Job Work

Financial Highlights of Ten Years

PARTICULARS	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
OPERATING RESULTS [₹ in Lakhs]										
GROSS INCOME	1,45,135	1,33,371	1,44,810	1,20,586	1,08,698	97,713	91,098	70,097	67,186	59,421
GROSS PROFIT	27,984	29,019	40,191	39,884	39,880	41,252	40,500	24,586	22,702	16,319
INTEREST	1,989	1,748	2,459	2,532	3,773	3,936	5,976	7,913	9,315	12,418
DEPRECIATION	13,297	12,155	10,943	9,896	8,732	7,847	7,683	7,782	7,910	7,865
PROFIT/(LOSS) BEFORE INVESTMENT-ALLOWANCE RESERVE & TAXATION	12,698	15,116	26,789	27,456	27,375	29,469	26,841	8,891	5,477	(3,964)
PROVISION FOR IMPAIRMENT OF ASSET	-	-	471	-	-	-	-	-	-	-
PRIOR PERIOD ADJUSTMENTS (NET)	(13)	488	188	(95)	26	(1)	85	(55)	(149)	(114)
PROFIT/(LOSS) BEFORE TAX	12,711	14,628	26,130	27,551	27,349	29,468	26,926	8,836	5,328	(4,078)
PROVISION FOR TAXATION :										
- CURRENT INCOME TAX-MAT	2,387	2,370	2,885	-	-	-	2,130	688	446	-
- DEFERRED INCOME TAX	(307)	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	-	-	-	-
UNDERFRINGE BENEFIT TAX	-	-	38	43	35	139	-	-	-	-
MAT CREDIT ENTITLEMENT	(799)	(2,369)	-	-	-	-	-	-	-	-
EXCESS PROVISION FOR INCOME TAX OF EARLIER YEARS WRITTEN BACK	-	(6,405)	-	-	-	-	-	-	-	-
PROFIT/(LOSS) AFTER TAX	11,430	17,184	19,227	22,408	18,656	19,797	14,428	6,315	2,804	(4,078)
DIVIDEND	2,203	2,203	2,203	2,570	1,836	1,469	1,102	551	-	-
TAX ON DIVIDEND	357	366	374	437	279	206	154	71	-	-
RETAINED EARNINGS/(LOSS)	8,870	14,615	16,650	19,401	16,541	18,122	13,172	5,693	2,804	(4,078)
SOURCES AND APPLICATION OF FUNDS [₹ in Lakhs]										
SOURCE OF FUNDS :										
SHARE CAPITAL	7,344	7,344	7,344	7,344	7,344	7,344	7,344	7,344	4,591	4,591
RESERVES & SURPLUS	1,40,634	1,31,764	1,17,149	1,00,499	81,504	64,964	46,841	33,671	27,288	28,154
LOANS (NET)	38,227	32,324	33,523	31,547	40,062	47,260	53,981	77,078	88,782	1,02,794
DEFERRED TAX (NET)	31,450	31,757	27,909	23,928	22,141	21,332	18,466	8,098	6,265	-
TOTAL FUNDS EMPLOYED	2,17,655	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
APPLICATION OF FUNDS :										
FIXED ASSETS (GROSS)	3,06,271	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
DEPRECIATION	1,41,260	1,27,100	1,09,518	99,668	89,923	81,314	73,485	65,788	58,034	49,703
FIXED ASSETS (NET)	1,65,011	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
INVESTMENTS	15,620	14,051	11,728	12,051	12,232	12,249	6,251	5,846	5,849	5,988
CURRENT ASSETS (NET)	37,024	28,242	21,806	20,952	22,561	20,349	23,568	21,325	15,410	18,193
MISC. EXP. TO BE WRITTEN OFF	-	-	3,689	3,934	2,928	1,968	2,744	2,857	2,482	1,814
TOTAL FUNDS APPLIED	2,17,655	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
DEBT EQUITY RATIO	0.15 : 1	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
AMOUNT PER EQUITY SHARE OF ₹10/- [In ₹]										
EARNING PER SHARE	15	23	26	30	25	27	20	9	6	(9)
SALES PER SHARE	194	174	189	154	142	160	155	131	201	179
DIVIDEND	3.00	3.00	3.00	3.50	2.50	2.00	1.50	0.75	-	-
BOOK VALUE	197	185	164	141	117	96	70	55	64	67
MARKET PRICE :										
HIGH	146	156	204	275	255	168	88	57	28	15
LOW	106	59	53	112	107	120	68	40	20	12

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.

GACL recognizes the importance of transparency and integrity in dealings at all levels. The Company believes that the goodwill resulting from implementing a code of business ethics will, in perpetuity, translate into economic gains. Stakeholders rate the companies that are managed properly and also have better Corporate Governance, which ensures the optimum use of the human, physical and financial resources of an enterprise. We have integrated ethics into our corporate culture and we concentrate on putting appropriate Corporate Governance mechanisms in place.

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:

2.1 COMPOSITION OF THE BOARD :

The Board of Directors comprises of total eight (8) Directors as on 31st March, 2011. The Managing Director is an Executive and Non Independent Director, all other Directors are Non Executive and Independent.

2.2 BRIEF RESUME OF DIRECTORS UNDER APPOINTMENT / REAPPOINTMENT :

The resume of Shri M. S. Dagur, IAS, Shri J N Godbole and *Padma Bhushan*, Dr. Sukh Dev are given in the Explanatory Statement annexed to the Notice convening 38th Annual General Meeting of the Company, forming part of this Annual Report.

2.3 NUMBER OF BOARD MEETINGS HELD AND DATES THEREOF :

During the year 2010-11, six (6) Board Meetings were held viz. 23.04.2010, 26.05.2010, 30.07.2010, 28.09.2010, 26.10.2010 and 14.02.2011.

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

As on 31.03.2011

Name	No. of Board Meetings of GACL attended	Attendance at last AGM of GACL held on 28.09.2010	Directorships in other Companies	Audit Committee and Shares / Debentures Transfers and Investors' Grievance Committee	
				Membership	Chairmanship out of Membership in Column No. 5
1	2	3	4	5	6
Shri A K Joti, IAS	6	Yes	4	NIL	NIL
Shri M M Srivastava, IAS	1	No	8	2	NIL
Shri D J Pandian, IAS	4	No	13	2	1

1	2	3	4	5	6
Shri G C Murmu, IAS	3	No	11	2	1
Shri G M Yadwadkar	3	No	1	2	NIL
<i>Padma Bhushan</i> , Dr. Sukh Dev	5	Yes	NIL	1	NIL
Shri J N Godbole	4	Yes	12	9	3
Dr. Guruprasad Mohapatra, IAS	5	Yes	7	3	NIL

Dr. Guruprasad Mohapatra, IAS, Managing Director, is holding 1100 Equity Shares of the Company. Except him, no other Director holds any Equity Share of the Company as on 31st March, 2011. The shareholding of relatives of Directors as on that date is 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	
	AGM No., Date, Time and Venue	Special Resolution passed
2009-10	37 th AGM 28.09.2010 At 4.00 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.
2008-09	36 th 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 th 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.

POSTAL BALLOT

During the year 2010-11, the Company has not passed any Resolution by Postal Ballot.

4. BOARD COMMITTEES :

4.1 The Board of Directors of the Company has constituted following Committees of Directors :

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

4.2 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 respective Committee / Meeting, circulated to the Board in the agenda for the subsequent Meeting.

(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 31.03.2011, 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 2010-11, five (5) Meetings of Audit Committee were held viz. 23.04.2010, 26.05.2010, 30.07.2010, 26.10.2010 and 14.02.2011.

Name	No. of Meetings attended
Shri J N Godbole, Chairman	3
<i>Padma Bhushan</i> , Dr. Sukh Dev	4
Shri G M Yadwadkar	4
Shri D J Pandian, IAS	2

(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, reviews 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 31.03.2011, 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 Dr. Guruprasad Mohapatra, IAS.

(iii) MEETINGS AND ATTENDANCE

During the year 2010-11, four (4) Meetings of the Committee were held viz. 23.04.2010, 30.07.2010, 26.10.2010 and 14.02.2011.

Name	No. of Meetings attended
Shri D J Pandian, IAS	3
Shri G C Murmu, IAS	1
Shri G M Yadwadkar	3
Dr. Guruprasad Mohapatra, IAS	3

(iv) Details of Shareholders' Complaints received and resolved or pending during the year 2010-11:

Nature of complaints	2010-11	
	Received	Resolved
Non receipt of Share Certificates / Demat	01	01
Letters/Complaints from SEBI / Stock Exchanges	06	06
Non receipt of Dividend	101	101
Non Receipt of Annual Reports	25	25
Others	-	-
Total	133	133

No. of pending Share Transfer as on 31.03.2011 - 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) COMPOSITION

As at 31.03.2011, 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 2010-11.

(iii) DETAILS OF REMUNERATION PAID TO DIRECTORS

EXECUTIVE DIRECTOR

Dr. 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.

Since 1st July, 2010, he has been transferred by the Govt. of Gujarat as the Commissioner of Commercial Tax, Govt. of Gujarat (as principal charge) and he draws his remuneration from the Govt. of Gujarat.

He holds the post of the Managing Director of the Company as Additional Charge and is entitled to draw Charge Allowance from the Company w.e.f. 1st July, 2010 as decided by the Govt. of Gujarat.

The details of remuneration paid to the Managing Director during the year 2010-11 :

Remuneration	(₹)
Salary / Charge Allowance	2,93,277/-
Contribution to Pension Fund & Leave salary	51,372/-
Perquisites	5,98,466/-
TOTAL.....	9,43,115/-

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 2010-11 :

Name	Relation-ship with other Directors	Business relationship with the Company, if any	Sitting Fees paid		
			For Board Meetings (₹)	For Committee Meetings (₹)	Total (₹)
Shri A K Joti, IAS	No	No	30,000/-	-	30,000/-*
Shri D J Pandian, IAS	No	No	20,000/-	45,000/-	65,000/-*
Shri M M Srivastava, IAS	No	No	5,000/-	-	5,000/-*
Shri G C Murmu, IAS	No	No	15,000/-	5,000/-	20,000/-**
Shri G M Yadwadkar	No	Nominee of IDBI Bank Ltd.	15,000/-	55,000/-	70,000/-@
<i>Padma Bhushan</i> , Dr. Sukh Dev	No	No	25,000/-	35,000/-	60,000/-
Shri J N Godbole	No	No	20,000/-	25,000/-	45,000/-
TOTAL.....			1,30,000/-	1,65,000/-	2,95,000/-

* Sitting Fees deposited in Government Treasury

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

@ Sitting Fees deposited with IDBI Bank Ltd.

(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 31.3.2011, 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 Dr. Guruprasad Mohapatra, IAS.

During the year 2010-11, four (4) Meetings of the Committee were held viz. 26.05.2010, 30.07.2010, 26.10.2010 and 14.02.2011.

(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 31.03.2011, 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 Dr. Guruprasad Mohapatra, IAS.

During the year 2010-11, one (1) Meeting of the Committee was held on 23.04.2010.

5. DISCLOSURES :

5.1 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.

5.2 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.

- 5.3 In compliance of amended Clause 5A of the Listing Agreement, upto 31st March, 2011, the Company has sent two reminders to the Shareholders whose Share Certificates remained unclaimed. Disclosure pursuant to Clause 5A of the Listing Agreement in respect of Unclaimed Share Certificates lying with the Company in physical mode - 2010-11 :

Particulars	Shareholders (Nos.)	Outstanding Shares (Nos.)
At the beginning of the year	302	9970
No. of Shareholders who approached during the year	21	1282
No. of Shareholders to whom Shares are dispatched	21	1282
No. of Shareholders and unclaimed Shares at the end of the year	281	8688

The Company has endeavored to trace the current address of shareholders (whose Share Certificates are unclaimed) through their old neighbours and telephone directory and their Share Certificates are released on receipt of their claim with copy of PAN Card and residence proof etc.

6. QUARTERLY COMPLIANCE REPORT :

The Company has submitted Corporate Governance Compliance Report in the prescribed format for each quarter during the year 2010-11 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 -2010-11 :

(₹ in Lakhs)

PARTICULARS	QUARTER			
	I	II	III	IV
TOTAL INCOME	33,061	36,017	34,691	40,900
TOTAL EXPENDITURE	(27,111)	(30,034)	(28,966)	(30,573)
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	5,950	5,983	5,725	10,327
INTEREST	(430)	(499)	(543)	(517)
DEPRECIATION	(3,283)	(3,342)	(3,352)	(3,320)
PRIOR PERIOD ADJUSTMENTS (NET)	(25)	25	-	13
PROFIT BEFORE TAX	2,212	2,167	1,830	6,503
LESS : PROVISION FOR TAX	(311)	(155)	89	(904)
PROFIT AFTER TAX	1,901	2,012	1,919	5,599
EARNING PER SHARE (NOT ANNUALIZED)	₹ 2.59	₹ 2.74	₹ 2.61	₹ 7.62

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 2010-11. 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 26.05.2010, 30.07.2010, 26.10.2010 and 14.02.2011.

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

The senior management personnel give 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 2010-11.

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 st Quarter ended on 30.06.2010	30.07.2010	31.07.2010	In prescribed format (Full) and Highlights (Abridged) Times of India – Ahmedabad Business Standard – All editions The Indian Express, Ahmedabad, Vadodara Financial Express (Gujarati) - Ahmedabad Business Line – The Hindu – All editions The Economic Times – Ahmedabad, Mumbai, Delhi The Economic Times (Gujarati) - Ahmedabad Gujarat Samachar } Vadodara Sandesh } Ahmedabad Divya Bhaskar } Surat Loksatta – Jansatta }
Unaudited Financial Results for 2 nd Quarter ended on 30.09.2010	26.10.2010	27.10.2010	
Unaudited Financial Results for 3 rd Quarter ended on 31.12.2010	14.02.2011	15.02.2011	
Unaudited Financial Results for the 4 th quarter and Audited Financial Results for the year ended on 31.03.2011	25.05.2011	26.05.2011	

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 2010-11.

For **GUJARAT ALKALIES AND CHEMICALS LIMITED**

Place : VADODARA
Date : 03.05.2011

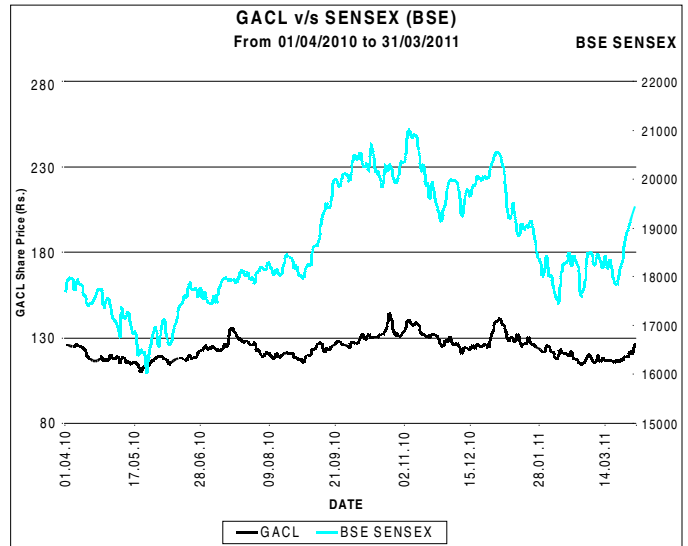
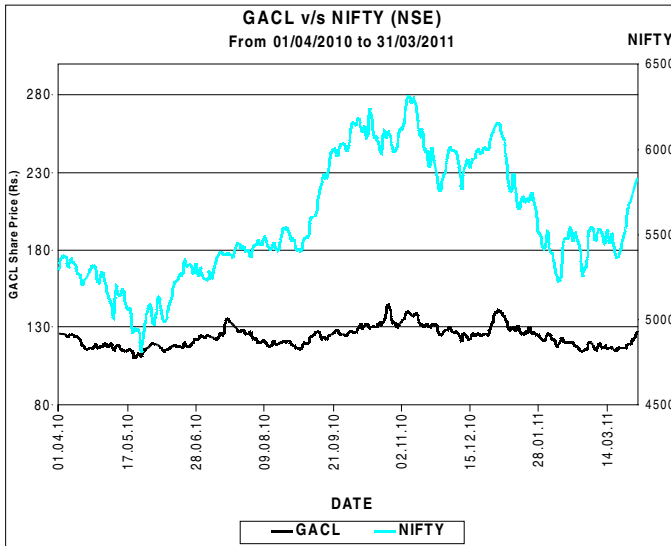
Dr. Guruprasad Mohapatra, IAS
Managing Director

GENERAL INFORMATION FOR MEMBERS

1. **Day, Date and Time of 38th AGM** : Friday, the 16th day of September, 2011 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** : 6th September, 2011 to 16th September, 2011
(Both days inclusive)
4. **Dividend payment date** : On or after 23rd September, 2011
5. **Listing on Stock Exchanges** :

Bombay Stock Exchange Ltd.	National Stock Exchange of India Ltd.	Vadodara Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai-400 001 (Scrip Code : 530001) (Scrip ID : GUJALKALI)	"Exchange Plaza" Bandra-Kurla Complex, Bandra (East) Mumbai : 400 051. (Scrip Symbol : GUJALKALI)	Fortune Towers Dalal Street, Sayajigunj Vadodara-390 005 (Scrip Code : 30001)
6. **Company's ISIN No. with NSDL & CDSL** : **INE 186A01019**
7. **No. of Employees** : 1519
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, 2010	130.45	115.50	1576998	130.35	115.00	2594855
May, 2010	122.80	106.15	873907	123.00	106.00	1421176
June, 2010	127.70	114.20	1030691	128.90	113.00	1937431
July, 2010	138.25	122.00	2237098	138.20	121.65	3108961
August, 2010	124.75	115.50	850805	127.00	115.40	1755963
September, 2010	129.90	116.10	922849	130.00	116.50	1879622
October, 2010	146.50	125.55	1562178	146.70	125.10	3054911
November, 2010	141.55	123.50	1066808	144.00	123.50	1649850
December, 2010	140.40	119.05	493035	141.60	118.50	850597
January, 2011	144.00	120.00	630865	143.20	120.20	1031486
February, 2011	128.00	114.30	343568	128.50	114.20	1182766
March, 2011	127.50	110.05	313222	128.50	114.00	1762591
Total			11902024			22230209
Average 2010-11	133.48	116.83		134.16	116.92	
Average 2009-10	124.82	102.59		124.99	102.22	



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, 1st Floor,
88, Sampatrao Colony, Productivity Road,
VADODARA - 390 007.
Phone : 0265-2339397/2314757/2350490. Fax : 0265-2341639
E-mail : mcsldbbaroda@yahoo.com mcsvadodara@rediffmail.com

10. Share Transfer System :

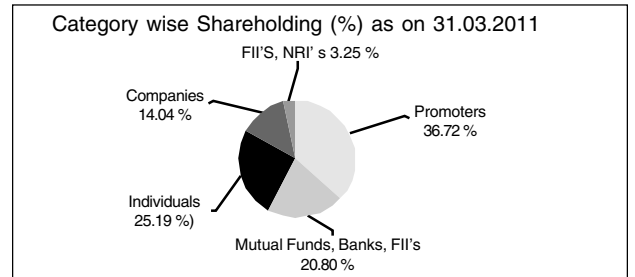
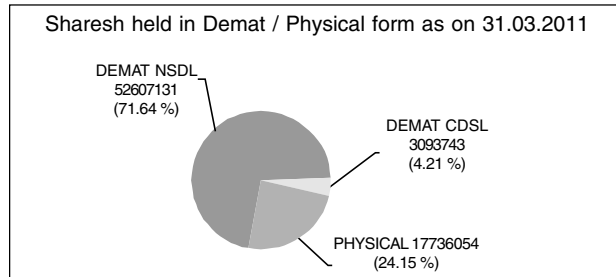
With a view to expedite the Share Transfer Procedure, the Board of Directors has delegated the powers to the Company Secretary and other Officers to consider and approve the requests received in respect of Securities related transactions upto One Thousand (1000) shares and accordingly Delegated Authorities are attending the share transfer formalities at least once in a fortnight, 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 2010-11 were 2,41,935 Nos.

11. (A) Distribution of Shareholding as on 31st March, 2011.

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	10265	13756	24021	37.69	205175	398001	603176	0.81
501 to 1000	3835	9867	13702	21.50	301798	880372	1182170	1.61
1001 to 2000	2706	8026	10732	16.84	402391	1313808	1716199	2.34
2001 to 3000	947	3331	4278	6.71	234908	872868	1107776	1.51
3001 to 4000	614	2088	2702	4.24	213058	749311	962369	1.31
4001 to 5000	351	2043	2394	3.76	157446	976511	1133957	1.55
5001 to 10000	512	3092	3604	5.65	349099	2344286	2693385	3.67
10001 and above	159	2145	2304	3.61	15872179	48165717	64037896	87.20
Total as on 31-3-2011	19389	44348	63737	100.00	17736054	55700874	73436928	100.00
Total as on 31-3-2010	20568	47209	67777	100.00	17924283	55512645	73436928	100.00

(B) Summary of Shareholders & shares held in physical and Demat mode as on 31st March, 2011 :

Particulars	Physical	Demat		Total
		NSDL	CDSL	
Total Shareholders (No.)	19389	32984	11364	63737
Percentage (%)	30.42	51.75	17.83	100.00
Total Shares (No.)	17736054	52607131	3093743	73436928
Percentage (%)	24.15	71.64	4.21	100.00

**12. Category of Shareholders as on 31st March, 2011 :**

Category	Share-holders	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	69	0.11	4390	15269979	15274369	20.80
Individuals	62071	97.39	2080201	16421559	18501760	25.19
Companies	793	1.24	68177	10242201	10310378	14.04
FI's, NRI's	795	1.25	4827	2379427	2384254	3.25
Total	63737	100.00	17736054	55700874	73436928	100.00

13. List of shareholders holding more than 1 % of the total Share Capital of the Company as on 31st March, 2011.

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	6555688	8.93
4	Sundaram Mutual Fund	4755024	6.47
5	Lok Prakashan Limited	4665046	6.35
6	Gujarat Mineral Development Corporation Limited	3268480	4.45
7	Gujarat Industrial Development Corporation	1888000	2.57
8	Gujarat Maritime Board	1883200	2.56
9	Gujarat State Fertilizers & Chemicals Limited	1655040	2.25
10	SBIMF – Magnum Coma Fund	1308299	1.78
11	Shreyans Shantilal Shah	1195790	1.62
12	General Insurance Corporation of India	1150329	1.57
13	Gujarat Industries Power Company Limited	1103360	1.50
14	Jasvant A. Parikh	1024821	1.40
15	Chirag Parikh	955418	1.30

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 31st March, 2011, 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 31st March, 2011, 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 : 30.06.2011

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.

Place : Gandhinagar

Date : 25.05.2011

Dr. GURUPRASAD MOHAPATRA

MANAGING DIRECTOR

CA. (Dr.) H.B. PATEL

CHIEF FINANCE OFFICER

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 31st March, 2011 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 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 31st March, 2011;
- 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
Firm Registration No. 002438C

Place : Gandhinagar
Date : 25.05.2011

P. C. Nalwaya
Partner
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 31st March, 2011)

- 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 31.03.2011 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 ₹ 1,923.77 plus Interest and Penalty of ₹ 1,838.08	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 ₹ 1,638.95 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, 2011 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
 Firm Registration No. 002438C

P. C. Nalwaya
 Partner

Place : Gandhinagar
 Date : 25.05.2011

Membership No. 033710

Balance Sheet

as at 31st March, 2011

[₹ in Lakhs]

Particulars	Schedule	₹	31.03.2011 ₹	31.03.2010 ₹
SOURCES OF FUNDS :				
Shareholders' Funds :				
Share Capital	1	7,343.84		7,343.84
Reserves and Surplus	2	1,40,633.88		1,31,764.11
			1,47,977.72	1,39,107.95
Loan Funds :				
Secured Loans	3	21,714.47		23,797.95
Unsecured Loans	4	16,512.93		8,525.86
			38,227.40	32,323.81
			31,449.94	31,757.03
Deferred Tax (Net) (Ref. Note No. 3 (i) & (ii) of Schedule 22)				
Total :			2,17,655.06	2,03,188.79
APPLICATION OF FUNDS :				
Fixed Assets :				
Gross Block	5	2,88,134.11		2,78,899.07
Less : Depreciation		1,41,260.46		1,27,099.94
Net Block			1,46,873.65	1,51,799.13
Capital Work-in-Progress			18,136.70	9,097.35
			1,65,010.35	1,60,896.48
Investments				
	6		15,620.47	14,050.58
Current Assets, Loans and Advances :				
Inventories	7	14,795.65		14,024.88
Sundry Debtors	8	27,985.01		26,355.19
Cash and Bank Balances	9	1,725.96		1,260.88
Loans and Advances	10	37,559.50		36,665.68
		82,066.12		78,306.63
		45,041.88		50,064.90
Less : Current Liabilities and Provisions				
	11		37,024.24	28,241.73
Miscellaneous Expenditure (To the extent not written off or adjusted)				
			-	-
Total :			2,17,655.06	2,03,188.79
Significant Accounting Policies				
Notes on Accounts	21			
	22			

As per our attached Report of even date
For **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm Reg. No. : 002438C

CA. P. C. Nalwaya
Partner
Membership No. 033710
Place : Gandhinagar
Dated : 25th May, 2011

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

CA. (Dr.) H. B. Patel
Chief Finance Officer

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

Dr. Guruprasad Mohapatra
Managing Director

Place : Gandhinagar
Dated : 25th May, 2011

Profit and Loss Account

for the year ended 31st March, 2011

[₹ in Lakhs]

Particulars	Schedule	₹	2010-2011 ₹	2009-2010 ₹
INCOME :				
Sales (Including Excise Duty)	12	1,56,075.12		1,38,444.30
Less : Excise Duty		13,757.79		10,636.37
		1,42,317.33		1,27,807.93
Other Income	13	2,351.75		6,183.56
			1,44,669.08	1,33,991.49
Increase/(Decrease) in Stock of Finished Goods & Process Stock	14		466.00	(620.12)
			1,45,135.08	1,33,371.37
EXPENDITURE :				
Raw Materials Consumed	15	63,182.91		57,790.78
Manufacturing and Operating Expenses	16	36,939.17		29,328.69
Difference of Excise Duty on Opening and Closing Stock		56.22		7.70
Employees' Remuneration and Benefits	17	11,493.33		11,990.79
Administration, General and Marketing Expenses	18	5,478.98		5,234.01
Interest	19	1,988.99		1,747.60
Depreciation		13,296.80		12,155.27
			1,32,436.40	1,18,254.84
Profit			12,698.68	15,116.53
Prior Period Adjustments (Net) Debit / (Credit)	20		(12.97)	488.63
Profit before Taxation			12,711.65	14,627.90
Provision for Taxation				
Provision for Taxation		2,386.64		2,368.93
Deferred Income Tax (Net)		(307.09)		3,848.14
Wealth Tax		1.31		1.07
MAT Credit Entitlement		(799.49)		(2,368.93)
Excess Provision for Income Tax of earlier years written back		-		(6,405.69)
			1,281.37	(2,556.48)
Profit after Taxation			11,430.28	17,184.38
Surplus Balance Brought forward from Previous Year			35,124.35	29,101.99
Amount Available for Appropriations			46,554.63	46,286.37
APPROPRIATIONS :				
Proposed Final Dividend			2,203.11	2,203.11
Tax on Proposed Dividend			357.40	365.91
Transferred to General Reserve			5,715.00	8,593.00
Balance Carried to Balance Sheet			38,279.12	35,124.35
			46,554.63	46,286.37
Earnings Per Share (Face Value of ₹10/- each)				
- Basic			15.56	23.40
- Diluted			15.56	23.40
Significant Accounting Policies	21			
Notes on Accounts	22			

As per our attached Report of even date

For **Prakash Chandra Jain & Co.**

Chartered Accountants

Firm Reg. No. : 002438C

CA. P. C. Nalwaya

Partner

Membership No. 033710

Place : Gandhinagar

Dated : 25th May, 2011

V. L. Vyas

Company Secretary

& General Manager (Legal)

CA. (Dr.) H. B. Patel

Chief Finance Officer

For and on behalf of the Board

A. K. Joti

Chairman

Dr. Guruprasad Mohapatra

Managing Director

Place : Gandhinagar

Dated : 25th May, 2011

Cash Flow Statement

for the year ended 31st March, 2011

[₹ in Lakhs]

PARTICULARS	2010-2011 ₹	2009-2010 ₹
A CASH FLOW FROM OPERATING ACTIVITIES	19,276.99	28,601.32
B CASH FLOW FROM INVESTING ACTIVITIES	(19,141.30)	(25,910.27)
C CASH FLOW FROM FINANCING ACTIVITIES	329.39	(4,077.09)
D CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,260.88	2,646.92
E CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,725.96	1,260.88
F TOTAL CASH FLOW DURING THE YEAR (A+B+C) or (E-D)	465.08	(1,386.04)
A CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS	12,711.65	14,627.90
ADJUSTMENTS FOR :		
ADDITION / (DEDUCTION)		
DEPRECIATION (Includes Prior Period ₹ 2.32 lakhs, Previous Year ₹23.43 lakhs)	13,299.12	12,178.70
INTEREST RECEIVED	(314.96)	(356.39)
DIVIDEND RECEIVED	(780.28)	(688.92)
INTEREST CHARGED TO PROFIT & LOSS ACCOUNT	1,988.99	1,747.60
PROFIT ON SALE OF ASSETS	(69.59)	-
LOSS ON SALE OF ASSETS	31.06	16.27
OTHER CAPITAL EXPENDITURE (RECOATING & REMEMBRANING)	1,030.17	985.90
CONTRIBUTION OF POWER, WATER & SERVICES WRITTEN OFF	96.87	96.88
EXCESS PROVISION WRITTEN BACK ON DERIVATIVE TRANSACTIONS	(32.68)	(447.46)
DIMINUTION IN VALUE OF INVESTMENT	1.15	736.93
Sub Total	15,249.85	14,269.51
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	27,961.50	28,897.41
DECREASE OR (INCREASE) IN ASSETS :		
TRADE AND OTHER RECEIVABLES	134.24	(2,254.04)
INVENTORIES	(770.77)	3,032.41
INCREASE / (DECREASE) IN LIABILITIES :		
TRADE PAYABLES	(6,189.59)	1,549.36
CASH GENERATED FROM OPERATIONS BEFORE TAX	21,135.38	31,225.14
DIRECT TAXES PAID	(1,858.39)	(2,623.82)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	19,276.99	28,601.32
EXTRAORDINARY ITEMS	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES : (TOTAL - A)	19,276.99	28,601.32

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(contd.)

[₹ in Lakhs]

P A R T I C U L A R S	2010-2011 ₹	2009-2010 ₹
B CASH FLOW FROM INVESTING ACTIVITIES :		
PURCHASE OF FIXED ASSETS	(17,812.16)	(23,648.62)
SALE OR ADJUSTMENT OF FIXED ASSETS	104.44	22.33
PURCHASE OF INVESTMENTS	(1,571.20)	(3,059.99)
PROCEEDS FROM SALE OF INVESTMENTS	0.16	-
INTEREST RECEIVED	314.96	356.39
DIVIDEND RECEIVED	780.28	688.92
OTHER CAPITAL EXPENDITURE (RECOATING & REMEMBRANING)	(957.78)	(269.30)
NET CASH FLOW FROM INVESTMENT ACTIVITIES - (TOTAL - B)	(19,141.30)	(25,910.27)
C CASH FLOW FROM FINANCING ACTIVITIES :		
MTM LOSS ON DERIVATIVE TRANSACTION (PAID)	(1,324.02)	-
INTEREST PAID	(1,845.16)	(2,062.43)
DIVIDEND PAID	(2,569.02)	(2,577.53)
LONG TERM BORROWINGS	(12.93)	(12.93)
SHORT TERM BORROWINGS	6,080.52	575.80
NET CASH FLOW FROM FINANCING ACTIVITIES - (TOTAL - C)	329.39	(4,077.09)
D CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR :		
CASH AND CHEQUES ON HAND	940.62	2,186.57
BALANCES WITH BANKS	320.26	460.35
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR - (TOTAL - D)	1,260.88	2,646.92
E CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR :		
CASH AND CHEQUES ON HAND	1,423.87	940.62
BALANCES WITH BANKS	302.09	320.26
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR - (TOTAL - E)	1,725.96	1,260.88
F TOTAL CASH FLOW DURING THE YEAR (A+B+C) OR (E-D)	465.08	(1,386.04)

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

Firm Reg. No. : 002438C

CA. P. C. Nalwaya

Partner

Membership No. 033710

Place : Gandhinagar

Dated : 25th May, 2011

V. L. Vyas

Company Secretary

& General Manager (Legal)

CA. (Dr.) H. B. Patel

Chief Finance Officer

For and on behalf of the Board

A. K. Joti

Chairman

Dr. Guruprasad Mohapatra

Managing Director

Place : Gandhinagar

Dated : 25th May, 2011

SCHEDULE - 1

[₹ in Lakhs]

SHARE CAPITAL		31.03.2011 ₹	31.03.2010 ₹
Authorised :			
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
		15,000.00	15,000.00
Issued, Subscribed & Paid-up :			
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
	Total :	7,343.84	7,343.84

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 7th April, 2004.
- [H] 660 Right Issue equity shares of ₹10/- each allotted on 1st October, 2005.

SCHEDULE - 2

[₹ in Lakhs]

RESERVES AND SURPLUS		31.03.2011 ₹	31.03.2010 ₹
Capital Reserve :			
	As per last Balance Sheet	0.24	0.24
Share Premium Account :			
	As per last Balance Sheet	23,423.18	23,423.18
General Reserve :			
	As per last Balance Sheet	73,216.34	64,623.34
	Add : Transferred from Profit and Loss Account	5,715.00	8,593.00
		78,931.34	73,216.34
Profit and Loss Account			
		38,279.12	35,124.35
	Total :	1,40,633.88	1,31,764.11

SCHEDULE - 3

[₹ in Lakhs]

SECURED LOANS	31.03.2011 ₹	31.03.2010 ₹
1. Term Loans from Banks :		
External Commercial Borrowing in Foreign Currency - from ICICI Bank * of the above ₹ 3,011.33 lakhs are payable during the next twelve months (Previous Year ₹ Nil lakhs.)	18,068.00 *	18,232.00
2. Lease Finance :		
SBI Capital Markets Limited * of the above ₹ 0.50 lakhs are payable during the next twelve months (Previous Year ₹ 0.50 lakhs.)	0.50 *	0.50
3. Working Capital Loans from Banks including encumbered loan	3,645.97	5,565.45
Total :	21,714.47	23,797.95

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 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	31.03.2011 ₹	31.03.2010 ₹
1. Short Term Loan		
Banks	-	8,500.00
Others	16,500.00	-
2. Sales Tax Deferment Loans	12.93@	25.86
@ Of the above ₹ 12.93 lakhs are payable during the next twelve months (Previous Year ₹ 12.93 lakhs)		
Total :	16,512.93	8,525.86

SCHEDULE - 5

FIXED ASSETS

[₹ in Lakhs]

Sr. No.	Fixed Assets	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
		As at 01.04.10 ₹	Additions ₹	Deductions ₹	As at 31.03.11 ₹	Upto 31.03.10 ₹	For the year ₹	Deductions ₹	Upto 31.03.11 ₹	As at 31.03.11 ₹	As at 31.03.10 ₹
	OWN ASSETS:										
1.	Free hold Land	102.75	-	-	102.75	-	-	-	-	102.75	102.75
2.	Lease hold Land	1,347.75	-	15.34	1,332.41	-	-	-	-	1,332.41	1,347.75
3.	Buildings, Roads and Culverts	13,190.62	1,145.04	0.00	14,335.66	2,672.63	362.18	-	3,034.81	11,300.85	10,517.99
4.	Plant and Machinery	2,48,754.48	7,538.69	441.59	2,55,851.58	1,14,243.34	12,706.04	245.60	1,26,703.78	1,29,147.80	1,34,511.14
5.	Furniture, Fixtures and Equipments	1,082.99	27.31	-	1,110.30	710.60	37.65	-	748.25	362.05	372.39
6.	Vehicles	309.36	61.77	38.62	332.51	91.59	34.85	20.04	106.40	226.11	217.77
	LEASE ASSETS:										
7.	Plant & Machinery	3,859.23	-	-	3,859.23	2,719.25	158.40	-	2,877.65	981.58	1,139.98
	Sub Total [1 to 7]	2,68,647.18	8,772.81	495.55	2,76,924.44	1,20,437.41	13,299.12	265.64	1,33,470.89	1,43,453.55	1,48,209.77
	CAPITALEXPENDITURE										
8.	Other Capital Expenditure (Recoating/Remembraining) (Ref. Note No. 9 of Schedule-21)	8,508.08	957.78	-	9,465.86	5,536.08	1,030.17	-	6,566.25	2,899.61	2,972.00
9.	Power, Water & Services	1,743.81	-	-	1,743.81	1,126.45	96.87	-	1,223.32	520.49	617.36
	Total	2,78,899.07	9,730.59	495.55	2,88,134.11	1,27,099.94	14,426.16	265.64	1,41,260.46	1,46,873.65	1,51,799.13
	Previous Year	(2,58,073.16)	(23,206.01)	(2,380.10)	(2,78,899.07)	(1,14,067.96)	(13,261.48)	(229.50)	(1,27,099.94)	(1,51,799.13)	
10.	Capital Work - in - Progress and advances for capital goods.				18,136.70					18,136.70	9,097.35

NOTES :

- Lease hold land amortised during F.Y. 2010-2011 for the expired period of the Lease of ₹ 15.34 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 admeasuring 44,032 Sq. Mtrs. acquired at Dahej Complex having value of ₹15.86 lakhs is pending for execution. The refund of amount of ₹ 189.00 lakhs is yet to be received in respect of land admeasuring 61,700 Sq. Mtrs. of Plot No. CH-17 surrendered to GIDC. The actual amounts in both the cases will be as per policy of GIDC.
- Capital Work-in-Progress and advances for capital goods includes payment of (1) ₹1,591.20 lakhs towards lease hold land allotted at Dahej admeasuring 5,20,000 Sq. Mtrs. and (2) ₹4,410.19 lakhs (Previous Year ₹4,297.55 lakhs) towards lease hold land allotted at Dahej admeasuring 10,20,900 Sq. mtrs. and (3) ₹ 793.53 lakhs towards plot B-37 to B-44 lease hold land admeasuring 50714.48 Sq.Mtrs. allotted at village Atali for Housing Colony, for which possession is yet to be taken from GIDC.
- 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 31st March, 2011 aggregating to ₹ 397.63 lakhs.
- Depreciation for the year includes Net Debit of ₹ 2.32 lakhs for prior period adjustment (Previous Year Net Debit of ₹ 23.43 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 ₹	31.03.2011 ₹	31.03.2010 ₹
Long Term Investments :				
Quoted - Fully Paid Equity Shares of :				
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
Housing Development Finance Corporation Limited (Ref. Note No. 11 of Schedule-22)	1,18,700	2	3.16	3.16
Gujarat Lease Financing Limited	2,50,000	10	104.68	104.68
Less : Provision for Diminution in value of Investment			95.58	94.43
			9.10	10.25
HDFC Bank Ltd.	500	10	0.05	0.05
Industrial Development Bank of India Limited	3,18,800	10	259.03	259.03
Unquoted - Fully Paid Equity Shares of :				
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	2,15,43,200	1	1,349.99	1,349.99
Gujarat Chemical Port Terminal Company Limited	6,13,90,000	1	613.90	1,149.00
Less : Provision for Diminution in value of Investment (Previous Year 1,14,90,000 Equity Shares)			-	1,034.10
			613.90	114.90
Effluent Channel Project Limited	7,151	10	-	-
Gujarat Alumina & Bauxite Limited	7	10	-	-
Bhavnagar Energy Company Limited	70,00,000	10	700.00	700.00
GSPC Gas Company Limited (Share Application Money) (Allotment pending) (Ref. Note No. 11 of Schedule 22)			2,000.00	1,000.00
Investment in Govt. Securities :				
Investment in Six Year National Saving Certificate purchased & pledged for renewal of Licence(s)			0.26	0.26
Add :- Purchase during the year			0.20	-
Less :- Matured during the year			0.16	-
			0.30	0.26
Joint Ventures - Fully Paid Equity Shares of :				
DOW - GACL SolVenture Ltd.	26,221	10	2.62	2.62
Add : Equity Share Application Money (Allotment pending) (Ref. Note No.11 of Schedule 22)			282.00	210.00
			284.62	212.62
Total :				
			15,620.47	14,050.58
Aggregate Value of Unquoted Investments				
			5,709.31	4,138.27
Aggregate Value of Quoted Investments				
			9,911.16	9,912.31
Market Value of Quoted Investments				
			27,814.09	32,288.77

SCHEDULE - 7

[₹ in Lakhs]

INVENTORIES (As valued and certified by the Management)	₹	31.03.2011 ₹	31.03.2010 ₹
Stores, Spares and Packing Materials		5,958.46*	5,632.85*
Stock-in-Trade :			
Raw Materials	4,835.76*		4,856.60*
Finished Goods	3,509.62		3,078.22*
(Includes Consignee's Stock of ₹ 726.69 lakhs, Previous Year ₹ 478.44 lakhs)			
Process Stocks	491.81		457.21
		8,837.19	8,392.03
Total :		14,795.65	14,024.88
* Includes Goods in Transit		1,986.58	1,625.77

SCHEDULE - 8

[₹ in Lakhs]

SUNDRY DEBTORS	₹	31.03.2011 ₹	31.03.2010 ₹
Over Six Months :			
Secured - Good	194.13		127.09
Unsecured - Considered Good	796.50		856.29
Unsecured - Considered doubtful (Ref. Note No. 2 of Schedule 22)	1,232.84		1,227.73
	2,223.47		2,211.11
Less : Provision for Doubtful Debts	1,232.84		1,227.73
		990.63	983.38
Others :			
Secured - Good	5,034.78		4,711.33
Unsecured - Considered Good	21,959.60		20,660.48
		26,994.38	25,371.81
Total :		27,985.01	26,355.19

SCHEDULE - 9

[₹ in Lakhs]

CASH AND BANK BALANCES	31.03.2011 ₹	31.03.2010 ₹
Cash and Cheques on hand	1,423.87	940.62
(Includes Cheques on hand ₹ 1,421.27 lakhs Previous Year ₹ 937.65 lakhs)		
With Scheduled Banks in		
- Current Accounts *	302.09	320.26
Total :	1,725.96	1,260.88
* Includes balance in Unclaimed Dividend Account	78.98	67.76

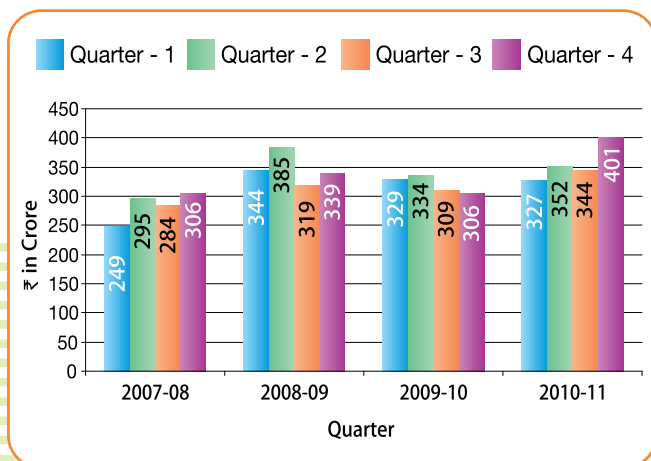
Riding on eco friendly technologies



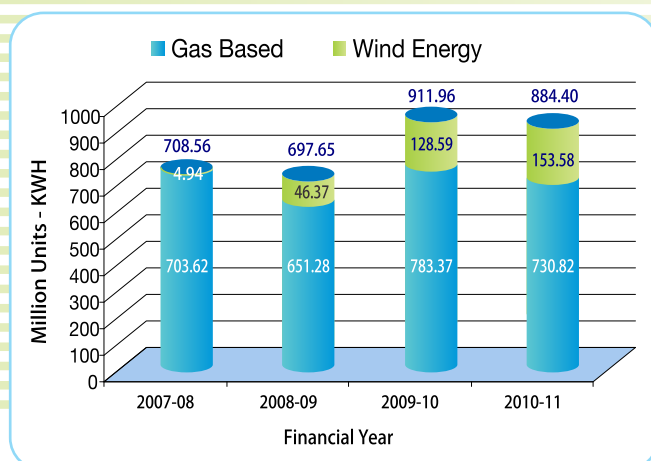
Technology is a vital tool that not only simplifies the present but also adds a new dynamism to the future. At GACL we have always had an eye for eco friendly technologies. It has been a vital aspect that has shaped our working since inception. This has also brought us innumerable laurels.



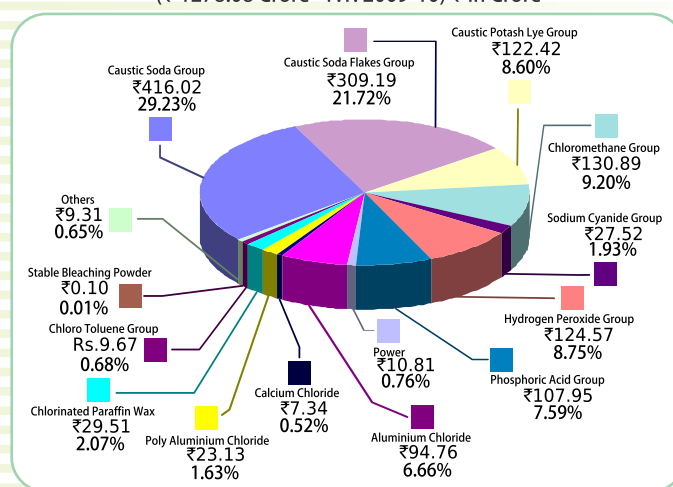
Quarterwise Net Sales

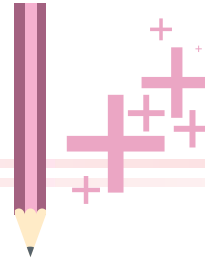


Power Generation



Groupwise Total Sales (Excluding Inter Unit Transfer & Excise Duty Recovered) ₹ 1423.17 Crore - F.Y. 2010-11
(₹ 1278.08 Crore - F.Y. 2009-10) ₹ in Crore





Corporate and Society are truly inseparable. And, GACL is committed to make a positive difference in the society. Through our deciphered role, responsibilities and obligations we integrate social and environmental concerns and empower the society.



Free Eye Checkup Camp



Anganwadi



Mid Day Meal in all govt. schools in Vadodara city & rural area



SCHEDULE - 10

[₹ in Lakhs]

	31.03.2011 ₹	31.03.2010 ₹
LOANS AND ADVANCES		
Unsecured (Considered Good)		
Advances recoverable in cash or in kind or for value to be received.		
(i) Considered Good	5,046.73	7,152.86
(ii) Doubtful	15.09	96.53
	5,061.82	7,249.39
Less : Provision for doubtful advances	15.09	96.53
	5,046.73	7,152.86
Balance with Central Excise and Customs Department	197.55	189.38
Cenvat and VAT Credit Receivable	2,788.70	2,454.80
Advance Payment of Income tax	26,358.10	24,499.71
MAT Credit Entitlement	3,168.42	2,368.93
Total :	37,559.50	36,665.68

SCHEDULE - 11

[₹ in Lakhs]

	₹	31.03.2011 ₹	31.03.2010 ₹
CURRENT LIABILITIES AND PROVISIONS			
[A] CURRENT LIABILITIES :			
1. Sundry Creditors			
- Micro, Small and Medium Enterprise	487.15		144.73
- Other than Micro, Small and Medium Enterprise	8,163.58		16,074.88
2. Security Deposits / Earnest Money	960.01		955.97
3. Advances from Customers	300.50		206.09
4. Interest accrued but not due	171.16		27.33
5. Investor Education and Protection Fund	79.14		68.46
6. Other Statutory Liabilities	806.65		859.01
7. Provision for MTM Loss on Derivative Transactions (Ref. Note No. 6 of Schedule - 22)	-		1,356.71
8. Others	6,171.64		4,681.62
		17,139.83	24,374.80
[B] PROVISIONS :			
1. Provision for Taxation	22,583.47		20,195.51
2. Provision for Retirement Benefits (Ref. Note No. 10 of Schedule - 22)	2,758.07		2,925.57
3. Proposed Dividend	2,203.11		2,203.11
4. Tax on Proposed Dividend	357.40		365.91
		27,902.05	25,690.10
Total :		45,041.88	50,064.90

SCHEDULE - 12

[₹ in Lakhs]

NET SALES

Sr. No.	Name of Product	Unit	2010-2011		2009-2010	
			Quantity	₹	Quantity	₹
[A]	MANUFACTURING OPERATIONS :					
1.	Caustic Soda Lye	M.T.	2,15,028	27,567.49	2,11,977	30,048.13
2.	Caustic Soda Flakes	M.T.	1,65,938	26,202.54	1,69,356	29,369.54
3.	Others*			1,34,777.40		1,06,357.39
	Total [A] :			1,88,547.43		1,65,775.06
[B]	TRADING ACTIVITY :	-		1,916.45		183.05
[C]	EXCISE DUTY :			13,757.79		10,636.37
	Total [A+B+C] :			2,04,221.67		1,76,594.48
	Less :- Interunit Transfers of Finished Goods, Power & Utilities			48,146.55		38,150.18
	Total :			1,56,075.12		1,38,444.30

* Refer Note No. 4 of Schedule-22

SCHEDULE - 13

[₹ in Lakhs]

OTHER INCOME	2010-2011 ₹	2009-2010 ₹
Dividend	780.28	688.92
Sale of Scrap	260.07	197.52
Income from Termination of Derivative Transaction	18.77	50.00
Interest (Gross)	314.96 *	1,664.00 *
(Includes Interest of ₹ Nil lakhs on Refund of Income Tax, Previous Year ₹ 1,307.61 lakhs)		
Insurance claims received	60.39	55.76
Export Incentives	223.86	94.56
Rent received	1.73	1.18
Excess Provision of Expenses no longer required (Net)	220.94	923.21
Profit on sale of Fixed Assets	69.59	0.00
Compensation for CTC Phase Out	71.16	329.23
Clean Development Mechanism (CDM)	-	587.00
Tax Remission (under VAT)	-	1,357.63
Miscellaneous Income	330.00	234.55
Total :	2,351.75	6,183.56
* Includes Tax deducted at source	25.99	42.83

SCHEDULE - 14

[₹ in Lakhs]

INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND PROCESS STOCK	₹	2010-2011 ₹	2009-2010 ₹
Closing Stock :			
- Finished Goods	3,509.62		3,078.22
- Process Stock	491.81		457.21
		4,001.43	3,535.43
Less : Opening Stock :			
- Finished Goods	3,078.22		3,642.19
- Process Stocks	457.21		513.36
		3,535.43	4,155.55
Increase / (Decrease) :		466.00	(620.12)

SCHEDULE - 15

[₹ in Lakhs]

RAW MATERIALS CONSUMED

Sr. No.	Name of Product	Unit	2010-2011		2009-2010	
			Quantity	₹	Quantity	₹
1.	NATURAL GAS	SM ³	18,88,54,937	29,421.54	19,50,25,658	26,954.94
2.	POTASSIUM CHLORIDE	M.T.	31,222	8,129.02	27,974	9,874.78
3.	TRADING ACTIVITY			1,604.41		137.88
4.	OTHERS *			32,569.92		26,027.94
	Less : Captive Consumption of our Finished Products			71,724.89		62,995.54
				8,541.98		5,204.76
	Total :			63,182.91		57,790.78
	NOTE :					
	VALUE OF RAW MATERIALS CONSUMED					
	- IMPORTED			13,473.17	15,394.06	24.44
	- INDIGENOUS			58,251.72	47,601.48	75.56
				71,724.89	62,995.54	100.00
	* Refer Note No. 4 of Schedule - 22					

SCHEDULE - 18

[₹ in Lakhs]

ADMINISTRATION, GENERAL AND MARKETING EXPENSES	2010-2011 ₹	2009-2010 ₹
[A] ADMINISTRATION EXPENSES :		
Rent (Includes Lease Rent of ₹107.79 lakhs, Previous Year ₹125.32 Lakhs)	107.95	127.10
Rates and Taxes	13.79	22.01
Insurance on Vehicles	2.41	2.83
Printing and Stationery	51.88	69.05
Postage and Telephone	40.32	53.49
Amortisation in respect of Lease hold Land	15.34	14.51
Vehicle Running and Maintenance including Hire Charges	296.32	283.59
Directors' Fees	2.95	2.95
Auditors' Remuneration and Expenses	9.50	9.50
Membership and Subscription Fees	20.83	24.09
Bank Charges	120.22	78.19
Travelling and Conveyance	101.41	72.31
Legal and Professional Charges	246.55	222.88
Research and Development Expenses	121.41	137.67
Loss on Sale of Fixed Assets	31.06	16.27
Donations & Other CSR Cost	549.66	433.07
Provision for Doubtful Debts / Advances	43.42	60.17
General Expenses	925.35	852.74
Sub Total [A]	2,700.37	2,482.42
[B] MARKETING EXPENSES :		
Commission on Sales	317.70	316.44
Other Marketing Expenses	2,114.48	1,331.07
Freight Outward (Net)	261.52	296.05
Difference of Excise Duty paid / (recovered)	76.35	45.02
Loss on Exchange Rate Variation (Net)	7.41	26.08
Sub Total [B]	2,777.46	2,014.66
[C] Provision for Diminution of Investment	1.15	736.93
TOTAL :	5,478.98	5,234.01

SCHEDULE - 19

[₹ in Lakhs]

INTEREST	2010-2011 ₹	2009-2010 ₹
Term Loans	618.59	792.30
On Working Capital Loans	104.86	14.77
Intercorporate Deposits / Short Term Loan	1,235.51	808.73
On Commercial Paper	-	101.62
Lease Assets	0.04	0.04
Others	29.99	30.14
Total :	1,988.99	1,747.60

SCHEDULE - 20

[₹ in Lakhs]

PRIOR PERIOD ADJUSTMENT (NET)	2010-2011 ₹	2009-2010 ₹
EXPENDITURE :		
Raw Materials Consumed	(15.29)	(1.06)
Manufacturing and Operating Expenses	-	463.83
Administrative, General and Marketing Expenses	-	2.43
Depreciation (Net)	2.32	23.43
	(12.97)	488.63
Net Debit / (Credit) Total :	(12.97)	488.63

SCHEDULE - 21

F.Y. 2010-2011

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.
- (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.

SCHEDULE - 21 (contd.)

- (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.
 - (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.

SCHEDULE - 21 (contd.)

- (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 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 term compensated absences, long service award etc. 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	2010-2011	2009-2010
1. Contingent Liabilities.		
(a) The Company has given corporate guarantees aggregating to ₹484.25 lakhs (Previous Year ₹661.90 lakhs) to Housing Development Finance Corporation Limited (HDFC) for housing loans extended to employees. Total loans outstanding under the arrangement, are :	113.27	142.65
(b) (i) Estimated amount of contracts on Capital Account remaining to be executed and not provided for are :	3,258.08	8,857.40
(ii) Amount for Leasehold Land at Dahej.	Not ascertainable	Not ascertainable
(c) Claims from various parties disputed but not acknowledged as debt :	6,829.43	6,616.18
(d) Guarantees given by the Company's bankers for various purposes are :	4,529.88	4,065.31
(e) Disputed Purchase tax liability (Net of provision made).	20,947.88	21,185.69
2. The Sundry Debtors include overdue outstanding from various parties aggregating to ₹1,473.30 lakhs, (Previous Year ₹1,555.94 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 ₹1,083.84 lakhs (Previous Year ₹1,076.27 lakhs) exists for such doubtful debts.		

SCHEDULE - 22 (contd.)

3. DEFERRED TAX :

- (i) During the year there is a reduction in Deferred Tax Liability to the extent of ₹307.09 lakhs, consequently this amount has been written back and credited to profit and loss account (Previous Year liability ₹3,848.14 lakhs) was provided as deferred tax liability. The accumulated deferred tax liability amounted to ₹31,449.94 lakhs as on 31.03.2011 (Previous Year ₹ 31,757.03 lakhs).
- (ii) The break-up of net deferred tax liability on account of timing difference as at 31st March, 2011 is as under :

Particulars	Deferred Tax As on 31.03.2011		Deferred Tax As on 31.03.2010	
	Assets	Liability	Assets	Liability
Depreciation	-	31,579.02	-	31,941.04
Lease Assets	-	318.48	-	387.48
Expenditure u/s.43 B of the I.T.Act	988.35	-	998.24	-
Deferred revenue Expenses	-	940.78	-	1,010.18
Provision for Doubtful Debts	399.99	-	583.43	-
Total	1,388.34	32,838.28	1,581.67	33,338.70
Deferred Tax Liability		31,449.94		31,757.03

4. Pursuant to the notification dated 8th February, 2011 issued by Ministry of Corporate Affairs, Government of India, the Company has availed the exemption from disclosure of paragraph 3(i) (a) and 3 (ii) (a) of part II of Schedule VI of Companies Act, 1956. Hence, the Company has availed the exemption by not disclosing quantitative details for those goods which form less than ten percent of the total value of turnover and raw material consumption.
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.
6. 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 had made a provision of ₹1,356.71 lakhs till previous year for such losses in respect of its open positions in Cross Currency Swap transactions. During the year, the Company has discharged the liabilities in full on remittance of ₹ 1,324.02 lakhs towards the said transaction and the excess provision of ₹ 32.69 lakhs written back is shown under the head "Excess Provision of Expenses no longer required (Net) in Schedule 13 – "Other Income".
- During the year, an income of ₹18.77 lakhs (Previous Year ₹ 50.00 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. The scheme of remission of Value Added Tax in accordance with the provisions of Value Added Tax Act, 2003 has expired during financial year 2009-10, therefore, the amount eligible for remission benefit at Dahej Complex, during the financial year 2010-11 is NIL (Previous Year ₹1,357.63 lakhs).
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 31st March, 2011, to Micro, Small and Medium Enterprises on account of principal amount with interest in aggregate is ₹NIL(Previous Year ₹ Nil).
9. 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.
10. **Employee Benefits AS –15 (Revised) :**
- (i) **Defined Contribution Plans :**
- An amount of ₹ 490.12 lakhs (Previous Year ₹ 468.13 lakhs) contributed to employees superannuation trust is recognised as an expense and included in "Staff Expenses" (Schedule 17) in the Profit & Loss Account.

SCHEDULE - 22 (contd.)

(ii) Defined Benefit Plans : - As per Actuarial Valuation as on March 31, 2011 :

[₹ in Lakhs]

Particulars	Gratuity	
	31.03.2011	31.03.2010
I. Expense recognised in the Statement of Profit and Loss Account for the year ended	31.03.2011	31.03.2010
1. Current Service Cost	166.20	158.66
2. Interest Cost	343.68	259.32
3. Expected Return on Plan Assets	(434.31)	(308.50)
4. Past Service Cost (Non Vested Benefit) Recognised	-	-
5. Past Service Cost (Vested Benefit) Recognised	-	-
6. Actuarial (Gain) / Loss	518.96	1,106.08
7. Total Expenses	594.53	1,215.56
II. Net Assets / (Liability) recognised in the Balance Sheet as on	31.03.2011	31.03.2010
1. Present Value of Defined Benefit Obligation	5,003.75	4,434.56
2. Fair Value of Plan Assets	5,284.71	4,297.91
3. Funded Status [Surplus / (Deficit)]	280.96	(136.65)
Net Asset / (Liability)	280.96	(136.65)
III. Change in Present value of Obligation during the year ended	31.03.2011	31.03.2010
1. Present Value of Defined Benefit Obligation at the beginning of the year	4,434.56	3,241.54
2. Current Service Cost	166.20	158.66
3. Interest Cost	343.68	259.32
4. Past Service Cost (Non Vested Benefit)	-	-
5. Past Service Cost (Vested Benefit)	-	-
6. Benefit paid	(416.21)	(258.16)
7. Actuarial (Gain) / Loss on obligation	475.52	1,033.20
8. Present Value of Defined Benefit Obligation at the end of the year	5,003.75	4,434.56
IV. Change in Fair value of Plan Assets during the year ended	31.03.2011	31.03.2010
1. Fair Value of Plan Assets at the beginning of the year	4,297.91	2,466.85
2. Expected Return on Plan Assets	434.31	308.50
3. Contribution by Employer	1,012.14	1,853.60
4. Actual Benefit Paid	(416.21)	(258.16)
5. Actuarial gain / (loss) on Plan Assets	-	-
6. Fair Value of Plan Assets at the end of the year	5,284.71	4,297.91
7. Actuarial Gain / (Loss) to be recognised	(43.44)	(72.88)
V. Actual Return on Plan Assets	31.03.2011	31.03.2010
1. Expected Return on Plan Assets	434.31	308.50
2. Actuarial gain / (Loss) on Plan Assets	-	-
3. Actual Return on Plan Assets	434.31	308.50
VI. Balance Sheet Reconciliation	31.03.2011	31.03.2010
1. Opening Net Liability	136.65	774.69
2. Expenses Recognised in Profit & Loss Account	594.53	1,215.56
3. Employer's Contribution	1,012.14	1,853.60
4. Amount Recognised in Balance Sheet (Asset)/Liability	(280.96)	136.65

SCHEDULE - 22 (contd.)

[₹ in Lakhs]

Particulars	Leave Salary	
	31.03.2011 ₹	31.03.2010 ₹
I. Expense recognised in the Statement of Profit and Loss Account for the year ended		
1. Current Service Cost	142.29	132.12
2. Interest Cost	216.14	207.09
3. Expected Return on Plan Assets	-	-
4. Past Service Cost	-	-
5. Actuarial (Gain) / Loss	249.69	89.00
6. Total Expenses	608.12	428.21
II. Net Assets / (Liability) recognised in the Balance Sheet as on		
1. Present Value of Unfunded Obligation	3,039.03	2,788.92
2. Unrecognised Past Service cost	-	-
3. Fair Value of Plan Assets	-	-
4. Net Liability as at March	3,039.03	2,788.92
III. Change in Present value of Obligation during the year ended		
1. Present Value of Unfunded Obligation at the beginning of the year	2,788.92	2,588.64
2. Current Service Cost	142.29	132.12
3. Interest Cost	216.14	207.09
4. Actuarial (Gain) / Loss on obligation	249.69	89.00
5. Benefit paid	(358.01)	(227.93)
6. Present Value of Defined Benefit Obligation at the end of the year	3,039.03	2,788.92

(iii) The major categories of plan assets as a percentage of total plan

Qualifying Insurance Policy 100%.

(iv) Actuarial assumptions :

	2010-11	2009-10
1. Discount rate	7.75% p.a.	8.00% p.a.
2. Expected return on plan assets	9.45% p.a.	9.45% p.a.
3. Salary growth rate	7.00% p.a.	7.00% 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) 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).

SCHEDULE - 22 (contd.)

11. The Company has paid ₹1,000 lakhs in FY 2009-10 and and further ₹1,000 lakhs FY 2010-11 i.e. total ₹ 2,000 lakhs, 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 31st March, 2011.
The Company has paid ₹210 lakhs in FY 2009-10 and further ₹ 72 Lakhs in FY 2010-11 i.e. total ₹282 lakhs as advance Share Application Money to Dow-GACL Sol Venture Ltd. (DGSL). Allotment is pending as at 31st March, 2011.
The Company held 23,740 fully paid-up equity shares of ₹10/- each of Housing Development Finance Corporation Ltd. (HDFC). The said Equity Shares were sub-divided from ₹ 10/- each to 1,18,700 Equity Shares of ₹ 2/- each in August, 2010.
12. In respect of Finance Leases, the minimum lease payments and present value as on 31.03.2011 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	-	-	-
TOTAL	0.54	0.04	0.50

13. 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 Sol Venture Ltd.
- (c) Key Management Personnel : Dr. 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	2010-2011	2009-2010
01	Subscription to Equity Shares	2.62	2.62
02	Advance Application Money for Equity Shares	282.00	210.00
03	Amount due from Joint Venture	13.66	13.63

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

[₹ in Lakhs]

Sr. No.	Nature of Transaction	2010-2011	2009-2010
01	Sitting Fees to all Directors	2.95	2.95
02	Remuneration to Managing Director	9.43	24.13

SCHEDULE - 22 (contd.)

14. 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 st March, 2011	Percentage of Ownership interest as at 31 st March, 2010
Dow GACL Sol Venture 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. Dow GACL SolVenture Ltd. has not commenced operations and has incurred pre-operative preliminary expenses to the tune of ₹13.66 lakhs (Previous Year ₹13.63 lakhs) funded by equity contribution / advances from the Company.

15. Earning per Share :

Sr. No.	Particulars	Units	2010-2011	2009-2010
01	Net Profit After Tax available for Equity Shareholders	₹	114,30,28,210	171,84,37,471
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	₹	15.56	23.40

16. (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.
17. The break-up of payment to Auditors (net of taxes) is as under :

[₹ in Lakhs]

	2010-2011 ₹	2009-2010 ₹
(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	4.62	1.74
(f) Out of Pocket Expenses	1.00	1.00
TOTAL	19.82	16.94

SCHEDULE - 22 (contd.)

[₹ in Lakhs]

	2010-2011	2009-2010
18. (a) Capacity, Production and Stocks Statement attached herewith.		
(b) Value of Imports on CIF basis in respect of :		
(i) Raw Materials	11,097.60	11,629.65
(ii) Membranes for Remembraning	267.02	3,110.77
(iii) Stores & Spare parts	1,149.19	639.45
(iv) Capital Goods	1,987.97	252.61
(v) Research & Development	-	4.89
(vi) Others	26.18	1.91
(c) Expenditure in Foreign Currency (on accrual basis) on account of :		
(i) Interest	618.59	792.30
(ii) Foreign Tour Expenses	10.44	6.86
(iii) Bank Charges & Commission	5.92	4.30
(iv) Subscription	9.72	5.47
(v) Technical Know-how Fees	185.62	137.59
(vi) Commission on Exports Sales	42.86	24.48
(vii) Lease Rent (For ISO Tank)	65.59	-
(viii) Other Export Expenses	43.11	87.80
(d) Earnings in Foreign Exchange - Export of Goods on F.O.B. basis	15,752.99	10,445.33

19. Excise Duty :

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

- (i) Gross Sales is reduced by the excise duty charged to arrive at net sales.
- (ii) 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.
- (iii) 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
 Firm Reg. No. : 002438C

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

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

CA. P. C. Nalwaya
Partner
Membership No. 033710
 Place : Gandhinagar
 Dated : 25th May, 2011

CA. (Dr.) H. B. Patel
Chief Finance Officer

Dr. Guruprasad Mohapatra
Managing Director

Place : Gandhinagar
 Dated : 25th May, 2011

SCHEDULE - 22 (contd.)

VADODARA & DAHEJ COMPLEX

F.Y. 2010-2011

20. a) Capacity, Production and Stocks :

[₹ in Lakhs]

Sr. No	Product	Unit	Capacity		Gross Production 2010-2011 (2009-2010)	Captive Consumption neutralization Bottling loss	Actual Production 2010-2011 (2009-2010)	Opening stock (1 st April)		Closing stock (31 st March)	
			Licensed	Installed				Qty.	₹	Qty.	₹
1	Caustic Soda Lye & Caustic Potash Lye	MT	N.A.	451650 (4,29,000)	438720 (4,35,215)	6,945 (7,076)	4,31,775 (A) (4,28,139)	2,352 (1,863)	399.33 (285.31)	793 (2,352)	120.50 (399.33)
2	Caustic Soda Flakes/Prills & Caustic Potash Flakes	MT	N.A.	2,34,500 (2,34,500)	1,99,368 (1,98,113)	12 (8)	1,99,356 (B) (1,98,105)	1,484 (1,095)	387.74 (244.40)	2,555 (1,484)	556.12 (387.74)
3	Chlorine Gas	MT	N.A.	3,93,558 (3,75,947)	382,713 (380,235)	- (-)	382,713 (C) (380,235)	- (-)	- (-)	- (-)	- (-)
4	Liquid Chlorine	MT	N.A.	330,000 (-)	205,256 (201,060)	- (-)	205,256 (201,060)	1,353 (D) (2067)	40.48 (46.49)	693 (1353)	37.74 (40.48)
5	Hydrochloric Acid (100%)	MT	N.A.	114,000 (110,000)	97,776 (E) (104,604)	14,059 (13,513)	83,717 (91,091)	686 (923)	14.65 (11.88)	575 (686)	31.84 (14.65)
6	Hydrogen Gas (Compressed)	NM ³	N.A.	1,050,000 (1,050,000)	120,953,920 (F) (120,170,520)	- (-)	120,953,920 (120,170,520)	2,988 (3088)	0.58 (0.57)	2,418 (2988)	0.48 (0.58)
7	Cyanide salt	MT	N.A.	3,000 (3,000)	2,565 (2,745)	- (-)	2,565 (2,745)	117 (9)	98.22 (8.55)	33 (117)	27.68 (98.22)
8	Chloromethanes	MT	N.A.	33,600 (33,000)	35,626 (34,558)	- (-)	35,626 (34,558)	378 (539)	97.61 (120.86)	627 (378)	163.46 (97.61)
9	Sodium Ferrocyanide	MT	N.A.	100 (100)	70 (57)	- (-)	70 (57)	1 (1)	0.78 (0.41)	2 (1)	1.12 (0.78)
10	Sodium Hypochlorite (100%)	MT	N.A.	12,500 (12,500)	3,957 (3,398)	- (-)	3,957 (3,398)	14 (39)	2.52 (9.87)	13 (14)	2.67 (2.52)
11	Potassium Carbonate	MT	N.A.	13,200 (13,200)	11,945 (11,002)	27 (25)	11,918 (10,977)	709 (282)	446.12 (135.82)	431 (709)	218.27 (446.12)
12	Hydrogen Peroxide (100%)	MT	N.A.	25,080 (25,080)	26,304 (26,804)	- (-)	26,304 (26,804)	161 (338)	55.05 (116.41)	593 (161)	225.65 (55.05)
13	Aluminium Chloride - Baroda	MT	N.A.	- (-)	9,136 (G) (7,207)	- (-)	9,136 (7,207)	237 (1,157)	74.40 (327.05)	217 (237)	80.87 (74.40)
14	Power plant	MW	N.A.	90 (90)	730.82 MU (783.37 MU)	37.55 MU (33.86 MU)	693.27 MU (749.51 MU)	- (-)	- (-)	- (-)	- (-)
15	Wind Mill - 23.75 MW	MW	N.A.	23.75 (24)	31.37 MU (39.07 MU)	1.33 MU (1.57 MU)	30.04 MU (37.50 MU)	- (-)	- (-)	- (-)	- (-)
	Wind Mill - 39.00 MW	MW	N.A.	39.00 (39)	88.08 MU (88.85 MU)	3.50 MU (3.55 MU)	84.58 MU (85.30 MU)	- (-)	- (-)	- (-)	- (-)
	Wind Mill - 21.00 MW	MW	N.A.	21.00 (16.50)	41.78 MU (0.73 MU)	4.24 MU (0.07 MU)	37.54 MU (0.66 MU)	- (-)	- (-)	- (-)	- (-)
16	Phosphoric Acid (85%)	MT	N.A.	26,730 (26,730)	23,645 (21,386)	5 (-)	23,640 (21,386)	2,517 (2,773)	1,070.99 (1,658.54)	2,108 (2,517)	1,074.18 (1,070.99)
17	Calcium Chloride Lye(35%)	MT	N.A.	- (-)	- (-)	- (-)	- (-)	18 (18)	0.51 (0.50)	18 (18)	0.51 (0.51)
18	Calcium Chloride Powder(94%)	MT	N.A.	19,800 (H) (16,500)	8,789 (8,762)	- (-)	8,789 (8,762)	406 (42)	36.73 (4.95)	386 (406)	35.83 (36.73)
19	Chlorinated Paraffin Wax	MT	N.A.	- (-)	6,943 (G) (7,780)	- (-)	6,943 (7,780)	234 (254)	87.68 (96.13)	16 (234)	7.33 (87.68)
20	Hydrochloric Acid - CP	MT	N.A.	- (-)	11,777 (12,989)	- (-)	11,777 (12,989)	157 (80)	0.46 (0.07)	258 (157)	0.98 (0.46)
21	Poly Aluminium Chloride (18)	MT	N.A.	49,500 (49,500)	- (640)	- (-)	- (640)	7 (25)	0.28 (1.63)	- (7)	- (0.28)
22	Poly Aluminium Chloride (18 G)	MT	N.A.	- (-)	27,636 (20,536)	20,880 (14,593)	6,756 (5,943)	465 (146)	30.22 (10.89)	782 (465)	40.95 (30.22)
23	Poly Aluminium Chloride (10)	MT	N.A.	- (-)	17,700 (12,110)	- (-)	17,700 (12,110)	247 (74)	13.91 (3.48)	173 (247)	9.90 (13.91)
24	Poly Aluminium Chloride (10 HB)	MT	N.A.	- (-)	109 (33)	- (-)	109 (33)	13 (25)	1.20 (2.34)	1 (13)	0.04 (1.20)
25	Poly Aluminium Chloride (14%)	MT	N.A.	- (-)	1,718 (2045)	- (-)	1,718 (2045)	36 (18)	1.60 (0.86)	12 (36)	0.59 (1.60)
26	Poly Aluminium Chloride (12%)	MT	N.A.	- (-)	- (29)	- (-)	- (29)	0.190 (45)	0.01 (1.63)	0.190 (0)	0.01 (0.01)
27	Poly Aluminium Chloride (30%)	MT	N.A.	- (-)	5,360 (4,180)	- (-)	5,360 (4,180)	795 (205)	140.86 (34.84)	885 (795)	156.68 (140.86)
28	Anhydrous Aluminium Chloride	MT	N.A.	19,800 (16,500)	18,112 (12,684)	- (-)	18,112 (12,684)	220 (1851)	76.28 (518.58)	1509 (220)	597.73 (76.28)
29	Benzyl Chloride	MT	N.A.	- (-)	1244 (91)	- (-)	1244 (91)	- (-)	- (-)	71 (-)	39.39 (-)
30	Benzal Dehyde	MT	N.A.	- (-)	196 (-)	- (-)	196 (-)	- (-)	- (-)	18 (-)	19.14 (-)
31	Benzyl Alcohol	MT	N.A.	- (-)	210 (-)	- (-)	210 (-)	- (-)	- (-)	45 (-)	47.51 (-)
32	HCL From HBC	MT	N.A.	- (-)	1745 (-)	- (-)	1745 (-)	- (-)	- (-)	28 (-)	0.06 (-)
33	Stable Bleaching Powder	MT	N.A.	15,000 (-)	139 (I) (-)	- (-)	139 (-)	- (-)	- (-)	65 (-)	6.66 (-)
34	Sodium Hypo from SBP	MT	N.A.	- (-)	- (20)	- (-)	- (20)	- (-)	- (-)	11 (-)	5.73 (-)
								Total	3,078.22 (3,642.18)	3509.62 (3,078.22)	

MU = Million Units.
 Figures in brackets are of Previous Year.



GUJARAT ALKALIES AND CHEMICALS LIMITED

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

Phone : 0091-0265-2232681-2, Fax : 0091-0265-2231208

E-mail : investor_relations@gacl.co.in, Website : www.gacl.com

38TH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING PLACE

For Physical Holding		For Holding in Demat Form		
L.F. No.	No. of Shares	DP ID	Client ID	No. of Shares

I hereby record my presence at 38th Annual General Meeting in the premises of the Company at P. O. Petrochemicals - 391 346, Dist. : Vadodara on Friday, the 16th day of September, 2011 at 4.00 p.m.

Name of the Member/ Joint Member(s)/Proxy (In Capital)	
Signature of the Member/ Joint Member(s)/Proxy	

- Notes : 1. Shareholder /Proxy-holder must bring the Attendance Slip to the Meeting and hand it over duly signed at the entrance of the Meeting place.
2. Please strike off whichever is not applicable.



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38TH ANNUAL GENERAL MEETING

PROXY FORM

For Physical Holding		For Holding in Demat Form		
L.F. No.	No. of Shares	DP ID	Client ID	No. of Shares

I/We _____
of _____
being Member(s) of Gujarat Alkalies and Chemicals Ltd. hereby appoint _____
of _____ or failing him _____
_____ of _____ as my/our proxy to attend
and vote for me / us and on my / our behalf at the 38th Annual General Meeting of the Company to be held on Friday,
the 16th September, 2011 at 4.00 p.m. and at any adjournment thereof.

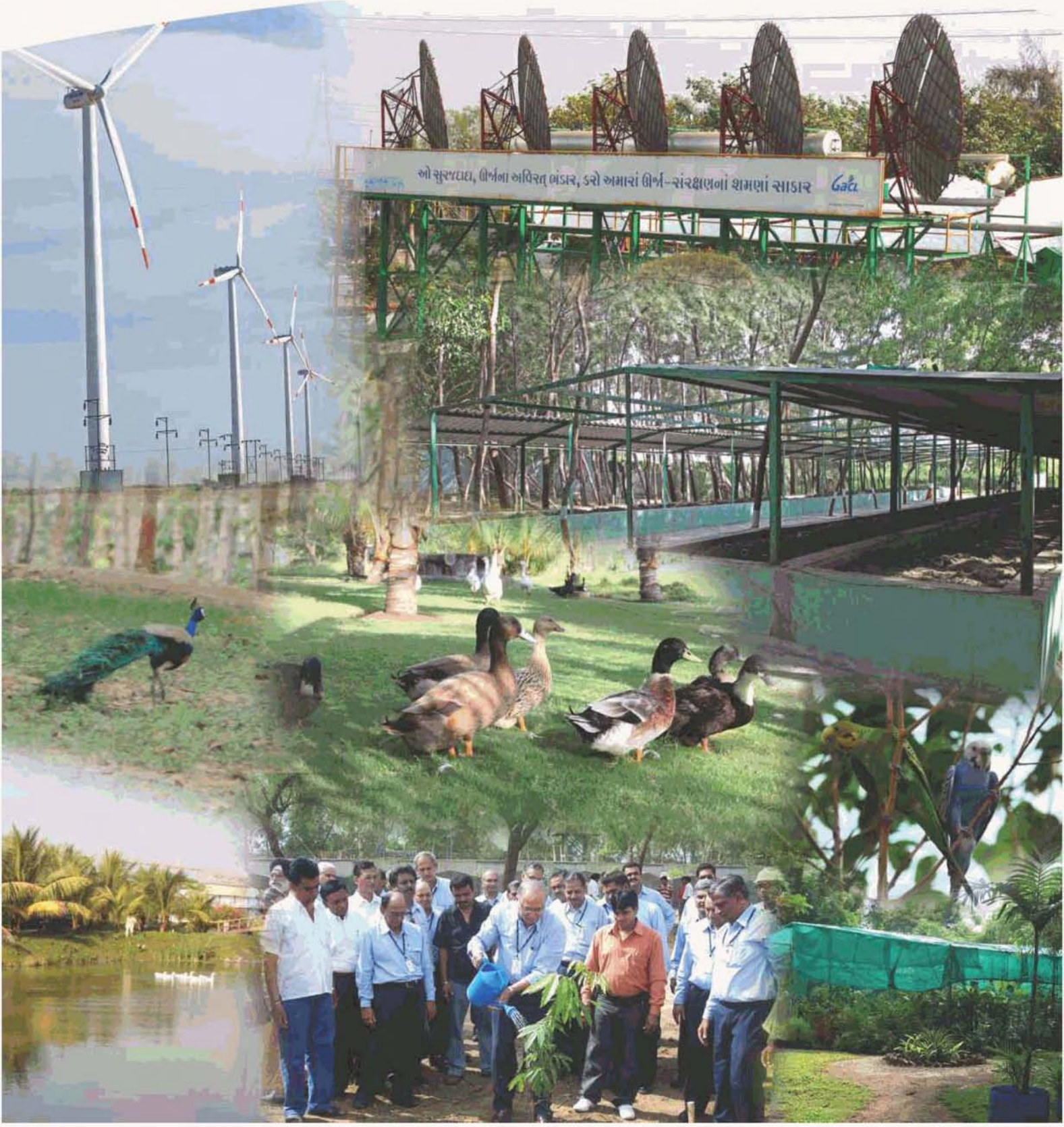
Signed this _____ day of _____ 2011

1 Rupee
Revenue
Stamp

- Notes : 1. Proxy form must reach the Company's Registered Office not less than 48 hours before the Meeting.
2. The Form should be signed across the revenue stamp as per the specimen signature registered with the Company.
3. A Proxy need not be a Member.

Signature

ॐ पृथिवी शांतिः । वनस्पतयः शांतिः । विश्व देवा शांतिः ।
सर्व शांतिः । शांति रेव शांतिः ।





Gujarat Alkalies and Chemicals Limited

(Promoted by Govt. of Gujarat)

REGD. OFFICE : P. O. PETROCHEMICALS, DIST. VADODARA - 391346. INDIA www.gacl.com

