



Gujarat Alkalies and Chemicals Limited

(Promoted by Govt. of Gujarat)

Regd. Office & Works : P. O. Petrochemicals - 391 346, Dist. Vadodara (Gujarat) INDIA

Phone : +91-265-2232681, 3061200, 6540463 Fax : +91-265-2232130

Website : www.gacl.com CIN NO : L24110GJ1973PLC002247

Ref. : SEC/SE/2019/

4th October, 2019

| | |
|--|---|
| The General Manager Corporate Relation Department BSE Ltd. 1 st Floor, New Trading Ring Phiroze Jeejeebhoy Towers Dalal Street MUMBAI : 400 001 | The General Manager Listing Department National Stock Exchange of India Ltd. "Exchange Plaza", C-1, Block 'G' Bandra-Kurla Complex Bandra (East) MUMBAI : 400 051 |
| Ref. : Company Code No. : 530001 | Ref. : Company Code No. : GUJALKALI |

Dear Sir,

- Sub. : **Credit Rating by CARE for -**
- (i) **Long Term Bank Facilities of Rs.378.53 Crore**
 - (ii) **Short Term Bank Facilities of Rs.45 Crore**
 - (iii) **Commercial Paper Issue of Rs.100 Crore**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith copies of letters issued by CARE Ratings Limited (CARE) both dated 30th September, 2019 (received on 3rd October, 2019 at 16:34 Hours), reviewing / reaffirming the bank facilities and commercial paper issue as under:

- (i) **"CARE AA+" [Double A Plus]** for Long Term Bank Facilities of Rs.378.53 Crore (Reduced from Rs.433.55 Crore);
- (ii) **"CARE A1+" [A One Plus]** for Short Term Bank Facilities of Rs.45 Crore; and
- (iii) **"CARE A1+" [A One Plus]** for Commercial Paper Issue for an amount aggregating to Rs.100 Crore for a maturity not exceeding one year. (The Company has not issued Commercial Paper(s) during the FY 2018-19 and till date of current FY 2019-20).

Thanking you,

Yours faithfully,
For GUJARAT ALKALIES AND CHEMICALS LIMITED

Mashruq
for (S S BHATT)
COMPANY SECRETARY & GM (LEGAL & CC)

Encl: as said



CARE/ARO/RL/2019-20/1942

Shri Vinayak Kudtarkar

General Manager (Finance) & Chief Financial Officer
Gujarat Alkalies and Chemicals Limited
P.O. Petrochemicals
Vadodara,
Gujarat – 391 346

September 30, 2019

Confidential

Dear Sir,

Credit Rating for Bank Facilities of Gujarat Alkalies and Chemicals Limited

On the basis of recent developments including operational and financial performance of your company for FY19 (audited) and Q1FY20 (provisional), our Rating Committee has reviewed the following ratings:

| Facilities | Amount (Rs. crore) | Ratings ¹ | Rating Action |
|----------------------------|--|--|---------------|
| Long Term Bank Facilities | 378.53 (reduced from Rs.433.55 crore) | CARE AA+; Stable (Double A Plus; Outlook: Stable) | Reaffirmed |
| Short Term Bank Facilities | 45.00 | CARE A1+ (A One Plus) | Reaffirmed |
| Total Facilities | 423.53 (Rupees Four hundred twenty three crore and fifty three lakh only) | | |

- Refer Annexure 1 for details of rated facilities.
- The rationale for this rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure 2. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by October 03, 2019 we will proceed on the basis that you have no comments to offer.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

K.I. -

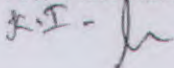
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4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



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Komal Israni
[Komal Israni]

Analyst

komal.israni@careratings.com

H. M. Shah
[Hardik Shah]

[Hardik Shah]

Associate Director

hardik.shah@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Annexure 1

Details of Rated Facilities

1. Long Term Facilities

1. A. Term Loans

(Rs. Crore)

| Sr. No. | Name of Bank | Rated Amount * | Debt Repayment Terms |
|---------|---|----------------|--|
| 1 | HSBC Bank (Sanctioned ECB of USD 30 Mn) | 146.33 | 10 half yearly installments of USD 3.00 Mn from January 2018 |
| 2 | ICICI Bank (Sanctioned ECB of USD 20 Mn) | 102.20 | 15 half yearly installments of USD 1.33 Mn from September 2017 |
| | Total | 248.53 | |

* O/s as on May 31, 2019; rupee equivalent of outstanding loan value converted at Rs.69.68/USD

1. B. Sanctioned Fund Based Limits

(Rs. Crore)

| Sr. No. | Name of Bank | Amount |
|---------|-----------------------|--------|
| 1 | State Bank of India | 55.00 |
| 2 | Indian Bank | 25.00 |
| 3 | Central Bank of India | 15.00 |
| 4 | UCO Bank | 10.00 |
| 5 | Axis Bank | 10.00 |
| 6 | HDFC Bank | 10.00 |
| 7 | IDBI Bank | 5.00 |
| | Total | 130.00 |

Total Long Term Facilities (1.A. + 1.B.): Rs.378.53 Crore

2. Short Term Facilities

2. A. Sanctioned Non-Fund Based Limits

(Rs. Crore)

| Sr. No. | Name of Bank | Amount |
|---------|-----------------------|--------|
| 1 | State Bank of India | 25.50 |
| 2 | Axis Bank | 10.00 |
| 3 | HDFC Bank | 7.00 |
| 4 | Central Bank of India | 2.50 |
| | Total | 45.00 |

Total Short Term Facilities (2.A.): Rs.45.00 Crore

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Annexure 2
Press Release

Gujarat Alkalies and Chemicals Limited

Ratings

| Facilities | Amount (Rs. crore) | Ratings ¹ | Rating Action |
|----------------------------|--|---|---------------|
| Long term Bank Facilities | 378.53 (reduced from Rs.433.55 crore) | CARE AA+; Stable (Double A Plus; Outlook: Stable) | Reaffirmed |
| Short term Bank Facilities | 45.00 | CARE A1+ (A One Plus) | Reaffirmed |
| Total | 423.53 (Rupees Four Hundred Twenty Three Crore and Fifty Three Lakh only) | | |
| Commercial Paper Issue | 100.00 (Rupees One hundred crore only) | CARE A1+ (A One Plus) | Reaffirmed |

Details of facilities/instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings for the bank facilities and instrument of Gujarat Alkalies and Chemicals Ltd (GACL) continue to draw strength from its strong parentage, well-established position as the market leader in domestic chlor-alkali industry along with its integrated operations, wide product portfolio which finds application across diversified end-use industries, state-of-the-art technology, captive power generation to meet part of its energy requirements along with its comfortable liquidity and strong debt coverage indicators. The ratings also factor improvement in its scale of operations and profitability during FY19 (refers to period from April 1 to March 31) due to increased sales realization for caustic soda products primarily driven by global supply-demand dynamics.

The ratings also take cognizance of the fact that GACL has infused its entire equity requirement for its joint venture (JV) with National Aluminium Company Ltd (NALCO) for manufacturing caustic soda. Apart from project implementation risk, GACL would also have to manage the saleability risk associated with the new capacity including the disposal of chlorine after factoring the off-take arrangement with NALCO.

The long term rating, however, continues to be constrained by susceptibility of its profitability to adverse movement in market price of gas and power cost which constitute a significant part of its cost structure, risk related to adverse movement in foreign exchange rates, large-sized capex plans and its presence in a cyclical industry which also faces competition from imports; albeit the same is currently being mitigated due to presence of anti-dumping duty.

GACL's ability to increase its scale of operations and maintain stability of its high profitability by securing significant portion of its power requirement through captive low cost sources (i.e., renewable energy) so as to shield against market driven fluctuations of gas/energy prices and through greater share of value-added products in its sales-mix so as to improve captive consumption of chlorine; thereby resulting in greater resilience of its profitability even in the scenario of any future withdrawal of anti-dumping duty by Government of India on import of caustic soda shall be the key rating sensitivities. Further, significant adverse impact of more than envisaged large-size debt funded capex/investments on its capital structure shall also be a key rating monitorable.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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Detailed description of the key rating drivers

Key Rating Strengths

Market leader in domestic caustic soda industry

GACL is the largest independent producer of caustic soda in the country with an installed capacity of 412,500 metric tonne per annum (MTPA) as on March 31, 2019 at its plants at Vadodara and Dahej in Gujarat. GACL has gradually built its leadership position through continuous expansion of production capacities to cater to the growing demand for its products over the last four decades.

Over the years, it has also introduced new chlorine derivatives (downstream products) for captive utilization of chlorine, an essential by-product generated during manufacturing of caustic soda. This has equipped the company to leverage upon its large production capacity and protect its profitability from the effects of volatility in chlorine prices to some extent.

Integrated operations and diversified customer base

The operations of GACL are well-integrated with by-product of one process being used as raw material for another process, enabling the company to optimally utilize its large production capacity. It also protects GACL's profitability to an extent from the effects of inherent cyclicality in the demand for its major products, as adverse demand scenario for one set of products is countered by favorable movement in other products. GACL's products find application across diverse range of industries.

State-of-the-art technology and captive power generation to meet part of its energy requirements

The cost structure of GACL has remained competitive on account of its membrane cell technology used for electrolysis of salt which consumes one-third less power as compared to the traditional mercury cell technology and is also less polluting, captive power plant for meeting some of its energy requirements and investment in wind-mills & solar power plants to offset higher cost of power purchased from the market. Further, it commissioned new 20 Megawatts (MW) solar power plant at Charanka, Gujarat by September 2019 in a phased manner. Thus the total installed capacity of solar power plant stood at 35 MW on even date apart from wind generation capacity of 171.45 MW, captive 90 MW gas based power plant and 40-50 MW participation in a 145 MW group captive gas-based power plant operated by Gujarat Industries Power Company Ltd (GIPCL; rated CARE AA-; Stable/ CARE A1+).

Healthy financial risk profile

GACL's financial risk profile continued to remain healthy. Its TOI increased by ~28% during FY19 to Rs.3223 crore with improvement in PBILDT margin to 36.58% during FY19 compared to 33.62% during FY18 primarily on account of increased sales realization for caustic soda products despite increase in cost of majority of its raw materials. Further, it had comfortable debt protection indicators marked Total Debt/GCA of 0.28 years and PBILDT Interest coverage of 56.30x as on March 31, 2019.

Stable outlook for the caustic soda industry

The outlook for the domestic chlor-alkali industry is likely to remain stable in the near-term, mainly on account of expectation of steady demand from its key end-use industries like textile, pulp and paper, aluminum, pharmaceuticals and agrochemicals. As per Centre for Monitoring Indian Economy (CMIE), the demand for caustic soda is expected to increase by around 5% in FY20. Profitability of the industry had increased significantly during FY18 and FY19 largely driven by better sales realization of caustic soda products due to supply cuts from China and Europe on account of stricter environmental norms which had led to closure of some plants in the said countries. However, the prices have started to normalize and moderate in current year i.e., FY20. Further, in current year the cheaper imports have risen which has led to relatively low capacity utilisation for domestic manufacturers. Significant imports are from countries having surplus capacities like China, Turkey, US, Russia, etc. In order to help domestic manufacturers, Alkalies Manufacturers Association of India (AMAI) has

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sought a level playing field from the government by way of increase in customs duties on caustic soda and soda ash imports, a GST structure for electricity taxes and the imposition of export duty on salt. Further, extension of anti-dumping duty on caustic soda from certain countries is also likely to help in limiting the imports thereby benefitting the domestic players.

Liquidity: Strong

Liquidity of GACL is marked by strong accruals against negligible debt repayment obligations and presence of liquid investments to the tune of Rs.795 crore as on March 31, 2019. With an overall gearing of 0.06 times as of March 31, 2019, it has sufficient gearing headroom, to raise additional debt for its capex. Its entirely unutilized bank lines are more than adequate to meet its incremental working capital needs over the next one year. The operating cycle also remained stable at 46 days during FY19 and current ratio remained healthy at 3.12x as on March 31, 2019.

Key Rating Weaknesses

Susceptibility of its profitability to adverse movement in market price of gas and power cost along with competition from imports

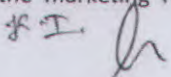
GACL's profitability is susceptible to adverse movement in market price of gas and power cost since electrolysis is an energy intensive process and power cost constitutes a significant part of its cost structure. The power cost comprised around 28% of GACL's total operating income in FY19 (29% in FY18). The Indian chlor-alkali industry faces competition from cheap imports of lower power cost countries; however, the same is being mitigated by presence of anti-dumping duty on imports of caustic soda.

Risk of adverse movement in foreign exchange rates; however, export volumes help to provide natural hedge

GACL is exposed to risk of adverse movement in foreign exchange rates on account of its long-term borrowings denominated in USD, raised for part-funding of its capex plans. Further, as a matter of policy, GACL does not hedge its foreign currency exposure. During FY19, GACL imported raw materials and capital goods worth Rs.274.46 crore and had repayment liabilities of Rs.56.49 crore against which it made exports of Rs.340.85 crore, thus providing a natural hedge to its foreign currency exposure. Although, the interest cost on the forex borrowings is lower than that on comparable domestic rupee loans; the recent depreciation of rupee may have an adverse impact on the profitability of GACL.

Large-size own capex plan and in JV along with associated solvability risk

GACL has plans to incur capex of around 2,591 crore over the next four year period ending FY23 which is expected to be funded by debt of Rs.1,612 crore and the balance through internal accruals. Further, GACL has entered into 60:40 joint venture with NALCO; GACL-NALCO Alkalies & Chemicals Pvt Ltd (GNAL; rated CARE A; Stable) for setting up a chlor-alkali plant for producing 292,000 MTPA of caustic soda at Dahej, in the vicinity of GACL's existing plant. The joint venture would also establish a coal-based power plant (130 MW) to meet the power requirements on a captive basis. The cost of the JV project is expected to be around Rs.2,000 crore, to be funded through debt and equity in the ratio of 2.33:1, translating into an exposure of Rs.360 crore of equity investment by GACL, which GACL has already infused by July 2019 with strong cash accruals and low debt repayment liabilities. The project achieved financial closure in February 2019 and as indicated by the management currently the physical progress of the project is on track and as on June 15, 2019 caustic soda plant has achieved 30% physical progress while captive power plant has achieved 60% physical progress. Further, both the sponsors have extended undertaking to fund any project cost overrun in their shareholding ratio as well as to fund an additional Rs.179 crore (over & above the project cost of Rs.2,000 crore) to be paid towards release of retention money of the contractors which are mostly payable within six months of COD. Out of the total caustic soda to be produced from the JV plant, 54,750 MTPA would be provided to NALCO's alumina refinery and the remaining would be sold in the open market; the marketing rights of which would vest with GACL. The unit would also contain manufacturing facilities for other



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downstream products, for utilization of chlorine, an essential by-product generated for manufacturing of caustic soda. Thus, GACL will be exposed to marketing risk as well as risk of chlorine disposal for GNAL.

Analytical approach: Consolidated

CARE has considered 'Consolidated' analytical approach for rating of GACL on account of strong operational & financial linkages of GACL with its JV company i.e. GACL-NALCO Alkalies and Chemicals Limited (GNAL) which is setting-up a caustic soda manufacturing facility at Dahej wherein GACL holds 60% equity stake.

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

Criteria for Short Term Instruments

CARE's Policy on Default Recognition

CARE's Methodology for Factoring Linkages in Ratings

CARE's methodology for manufacturing companies

Financial ratios – Non-Financial Sector

About the Company

GACL (CIN: L24110GJ1973PLC002247) was promoted in 1973 by the Government of Gujarat (GoG) through its industrial investment arm, Gujarat Industrial Investment Corporation Ltd (GIIC). As on March 31, 2019, GoG as the promoter, through its various undertakings, held 46.28% equity in the company, the largest being through Gujarat State Investments Ltd (GSIL) with 20.87% holding. GACL is among top three players in the domestic caustic chlorine industry with integrated operations. It produces a wide range of products including caustic soda, liquid and gaseous chlorine, hydrogen peroxide, phosphoric acid and aluminium chloride which find application across a diversified group of industries including textile, pulp and paper, aluminium, detergents, soaps, rayon, plastics, pharmaceutical, water treatment and agricultural chemicals. GACL's manufacturing facilities had a combined installed capacity for production of 412,500 metric tonne (MT) of caustic soda per annum as on March 31, 2019.

Moreover, in December 2015, GACL entered into a 60:40 joint-venture with National Aluminium Company Ltd. (NALCO); GACL-NALCO Alkalies & Chemicals Pvt Ltd (GNAL; rated CARE A; Stable) to set up 800 metric tonne per day (MTPD) caustic soda plant along with a 130 megawatt (MW) coal based captive power plant at Dahej in the vicinity of GACL's existing plant and the SCOD of the project is expected by April 2021.

(Rs. Crore)

| Brief Financials (Consolidated) | FY18 (A) | FY19 (A) |
|---------------------------------|----------|----------|
| Total operating income | 2,511 | 3,223 |
| PBILDT | 844 | 1,179 |
| PAT | 534 | 690 |
| Overall gearing (times) | 0.08 | 0.06 |
| Interest coverage (times) | 56.67 | 56.30 |


A: Audited

As per Q1FY20 (Prov.) results, GACL has reported a TOI of Rs.765 crore with a PAT of Rs.159 crore vis-à-vis TOI of Rs.762 crore with PAT of Rs.183 crore during Q1FY19 (Prov.).

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

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Annexure-1: Details of Facilities/Instruments

| Name of the Instrument/ Bank Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|---|------------------|-------------|----------------|-------------------------------|---|
| Term Loan-Long Term | - | - | September 2024 | 248.53 | CARE AA+; Stable |
| Fund-based - LT-Cash Credit | - | - | - | 130.00 | CARE AA+; Stable |
| Non-fund-based - ST-BG/LC | - | - | - | 45.00 | CARE A1+ |
| Commercial Paper-CP/STD | - | - | 7-364 days | 100.00 | CARE A1+ |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|--|-----------------|--------------------------------|------------------|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 |
| 1. | Term Loan-Long Term | LT | 248.53 | CARE AA+; Stable | - | 1)CARE AA+; Stable (08-Oct-18) | 1)CARE AA+; Stable (05-Oct-17) | 1)CARE AA+ (20-Oct-16) |
| 2. | Commercial Paper-CP/STD | ST | 100.00 | CARE A1+ | - | 1)CARE A1+ (08-Oct-18) | 1)CARE A1+ (05-Oct-17) | 1)CARE A1+ (20-Oct-16) |
| 3. | Fund-based - LT-Cash Credit | LT | 130.00 | CARE AA+; Stable | - | 1)CARE AA+; Stable (08-Oct-18) | 1)CARE AA+; Stable (05-Oct-17) | 1)CARE AA+ (20-Oct-16) |
| 4. | Non-fund-based - ST-BG/LC | ST | 45.00 | CARE A1+ | - | 1)CARE A1+ (08-Oct-18) | 1)CARE A1+ (05-Oct-17) | 1)CARE A1+ (20-Oct-16) |

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

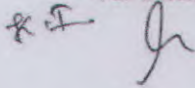
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**



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CARE/ARO/RL/2019-20/1943

Shri Vinayak Kudtarkar
General Manager (Finance) & Chief Financial Officer
Gujarat Alkalies and Chemicals Limited
P.O. Petrochemicals
Vadodara,
Gujarat – 391 346

September 30, 2019

Confidential

Dear Sir,

Credit rating for Commercial Paper (CP) issue aggregating to Rs.100.00 crore¹

On the basis of recent developments including operational and financial performance of your company for FY19 (audited) and Q1FY20 (provisional), our Rating Committee has reviewed the following rating:

| Instrument | Amount (Rs. Crore) | Rating ² | Rating Action |
|------------------------|---|--------------------------|---------------|
| Commercial Paper Issue | 100.00 (Rupees One Hundred Crore Only) | CARE A1+ (A One Plus) | Reaffirmed |

- The CP issue would be for a maturity not exceeding one year.
- Please arrange to get the rating revalidated in case the issue is not made within **two months** from the date of this letter i.e. by November 30, 2019. Once the CP is placed, the rating is valid for the tenure of such instrument till redemption.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

| Instrument type | ISIN | Issue Size (Rs cr.) | Coupon Rate | Coupon Payment Dates | Terms of Redemption | Redemption date | Name and contact details of Trustee/IPA | Details of top 10 investors |
|-----------------|------|---------------------|-------------|----------------------|---------------------|-----------------|---|-----------------------------|
|-----------------|------|---------------------|-------------|----------------------|---------------------|-----------------|---|-----------------------------|

- The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating has been communicated to you through letter no. CARE/ARO/RL/2019-20/1942.

¹ This represents the aggregate of all CP issuances of the company outstanding at any point in time.

² Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

[Handwritten Signature]

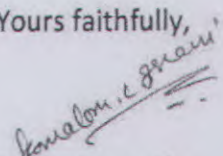
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6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
8. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
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If you need any clarification, you are welcome to approach us in this regards.

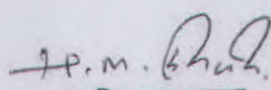
Thanking you,

Yours faithfully,


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Analyst

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Encl.: As above

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J. I. J.