



39th Annual Report 2011-12

A large, stylized illustration of a hand holding a molecular structure. The hand is white with a blue outline, and the molecular structure is composed of various colored spheres (blue, green, orange, purple) connected by lines, representing chemical bonds. The background is a light blue gradient with geometric shapes.

BUILDING BONDS

Gujarat Alkalies and Chemicals Limited
(Promoted by Govt. of Gujarat)

MAIN PRODUCTS AND PRINCIPAL USES

SR. NO.	PRODUCTS	PRODUCTION		PRINCIPAL USES
		2011 - 2012	2010 - 2011	
1.	Caustic Soda Lye	3,83,690	4,15,124	Sopes and Detergents, Rayon, Textiles, Pulp and Paper, Chemicals.
2.	Caustic Soda Flakes / Prills	1,60,556	1,87,527	
3.	Potassium Hydroxide	*23,722	23,596	
4.	Potassium Carbonate	10,553	11,945	
5.	Caustic Potash Flakes	*11,891	11,841	
6.	Chlorine Gas	3,54,942	3,82,713	Plastics (including PVC), Chlorinated Paraffins, Pesticides and other chemicals, Hydrochloric Acid, Chloromethanes and Water Treatment.
7.	Hydrochloric Acid (30%)	2,73,522	2,93,329	Chemicals, Fertilizers, Water Treatment and Phosphoric Acid.
8.	Chloromethanes	*36,026	35,626	Solvent, Fluro-Carbon refrigerants, Pharmaceuticals, Aerosol Propellants.
9.	Sodium Cyanide	2,644	2,635	Metal and mineral extraction, Dyes, Electroplating, Metal Cleaning and Hardening and Insecticides.
10.	Phosphoric Acid (85%)	23,191	23,645	Phosphate salts and phosphating of metals, Pharmaceuticals, Sugar refining and Fine Chemicals.
11.	Hydrogen Peroxide (100%)	27,465	26,304	Textiles, Pulp and Paper, Chemicals, Pharmaceuticals, Pesticides, Dyes and Effluent Treatment.
12.	Aluminium Chloride	25,542	27,249	Pesticides and Pharmaceuticals, Aromatic Chemicals, Reforming Hydrocarbons, Electrolysis Production of Aluminium.
13.	Calcium Chloride	*8,822	8,789	Oil well drilling, Ice melter, Road stabilizer and Dust suppressant.
14.	Poly Aluminium Chloride	28,638	28,972	Water Treatment, Separation of slurry, Sizing in Paper Industry, Decolorisation & Decontamination of Dyes in Textile Industry and Sewage Water Treatment.
15.	Chlorinated Paraffin Wax	7,862	6,943	Secondary Plasticiser in PVC compounding for Pipes, Hoses, Cables, etc., Additive in Lubricating Oils and Paints.
16.	Chloro Toluene Products	4,107	1,649	As general solvent for inks, paints, lacquers and epoxyresin, medication solution as preservative and photography industries, Vat Dyes, Pharmaceuticals.
17.	Stable Bleaching Powder	3,304	139	Bleaching agent in paper, textiles and soap industry, Household Bleaching / cleaning applications, Waste Water Treatment and Sewage disposal, Oxidising Agent and Disinfecting Agent.
	TOTAL (1) to (17)	13,86,477	14,88,026	
18.	Power (KWH) (MU)	797.27	884.40	Captive consumption for production of (1 to 14 & 17)

* Highest ever production.

BOARD OF DIRECTORS

Shri A. K. Joti, IAS *Chairman*

Shri D. J. Pandian, IAS

Shri M. M. Srivastava, IAS

(Up to 31.07.2012)

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*

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
E-Mail : investor_relations@gacl.co.in

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 : mcsitdbaroda@yahoo.com, mcsvadodara@rediffmail.com

Company's Website : www.gacl.com

39th Annual General Meeting

Date : 21st September, 2012

Day : Friday

Time : 3.00 p.m.

Place

In the premises of the Company at
P.O. : Petrochemicals : 391 346
Dist. : Vadodara

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.

Contents

Particulars	Page No.	Particulars	Page No.
Notice	03	Notes :	
Directors' Report	07	13. Capital Work-in-Progress	50
Management Discussion and Analysis	12	14. Non-Current Investments	50
Financial Highlights of Ten Years	19	15. Long Term Loans and Advances	52
Product Flow Chart	20	16. Other Non-Current Assets	52
Corporate Governance Report	22	17. Current Investments	53
General Information for Members	29	18. Inventories	55
Certificate by CEO & CFO	32	19. Trade receivables	55
Auditors' Report	33	20. Cash and Cash equivalents	56
Balance Sheet	36	21. Short Term Loans and Advances	56
Statement of Profit and Loss	37	22. Other Current Assets	56
Cash Flow Statement	38	23. Revenue from Operations	57
Notes :		24. Other Income	58
01. Significant Accounting Policies	40	25. Cost of Materials Consumed	58
02. Share Capital	43	26. Purchase of Stock-in-Trade	59
03. Reserves and Surplus	44	27. Change in Inventories of Finished Goods, Process Stock and Stock-in-Trade	59
04. Long Term Borrowings	45	28. Employee Benefits Expenses	59
05. Deferred Tax Liabilities (Net)	45	29. Finance Cost	60
06. Other Long Term Liabilities	46	30. Depreciation & Amortisation	60
07. Long Term Provisions	46	31. Other Expenses	61
08. Short Term Borrowings	47	32. Prior Period Adjustment (Net)	62
09. Trade Payables	47	33-47. Other Notes	62
10. Other Current Liabilities	48		
11. Short Term Provisions	48		
12. Tangible Assets	49		

NOTICE

NOTICE IS HEREBY given that the Thirty Ninth 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 21st September, 2012 at 3.00 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, 2012, Statement of Profit & Loss 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, 2012.
3. To appoint a Director in place of Shri D. J. Pandian, IAS who retires by rotation at this Meeting and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri G. C. Murmu, IAS who retires by rotation at this Meeting and being eligible offers himself for reappointment.
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, 2013.”

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 the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to create charge or create security over all or any of the movable properties of the Company wheresoever situated, both present and future, with or without conferring power to enter upon and to take possession of assets of the Company and/or to takeover the management of the business and concern of the Company in certain events, by way of first pari-passu charge to or in favour of HDFC Bank Ltd. or its successors or assigns and/or its Trustees viz. 3i Infotech Trusteeship Services Ltd. to secure their External Commercial Borrowing (ECB) facility not exceeding USD 20 Million (equivalent to about Rs.114.20 Crore) availed or to be availed by the Company, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, fees, costs, charges, expenses and other monies payable by the Company to HDFC Bank Ltd. or its successors or assigns and / or its Trustees under the Loan Agreement entered into by the Company in respect of the said ECB facility availed by the Company.”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to finalise with HDFC Bank Ltd. or its successors or assigns and/or its Trustees the deeds and documents for creating aforesaid charges or security and to do all such acts, deeds and things as may be necessary for giving effect to the above resolution.”

By Order of the Board
for GUJARAT ALKALIES AND CHEMICALS LIMITED

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

Place : Vadodara
Date : 4th August, 2012

ANNEXURE TO THE NOTICE OF THE 39TH ANNUAL GENERAL MEETING

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 set out 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

The Company has availed External Commercial Borrowing (ECB) from HDFC Bank Ltd. by way of Foreign Currency Term Loan of USD 20 Million (equivalent to about Rs.114.20 Crore) for 20,000 MTA Sodium Chlorate Project at Dahej and Normal Capex.

The said Financial Assistance is required to be secured by hypothecation of all or any of the movable properties of the Company, both present and future, and in some cases with a provision to enter into and to takeover the possession and the management of the business or concern of the Company in certain events.

Section 293 (1) (a) of the Companies Act, 1956, *inter alia*, provides that the Board of Directors of a public company shall not, without the consent of the company in General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the company or where the

company owns more than one undertaking of the whole or substantially the whole of any such undertaking.

Since the charging by the Company of its movable properties as aforesaid in favour of the HDFC Bank Ltd. or its successors or assigns and/or its Trustees viz. 3i Infotech Trusteeship Services Ltd. may be regarded as disposal of the Company's properties / undertakings, it is considered necessary to obtain consent of the members by passing the said resolution under Section 293 (1) (a) of the Companies Act, 1956 for creation of the said charges. The Directors recommend the Resolution at Item No. 6 of the Notice for your approval.

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 : Vadodara

Date : 4th August, 2012

NOTES :

- 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.

- 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 the date of Annual General Meeting.

- The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item Nos.: 5 and 6 is annexed hereto.

The particulars of qualification, experience and other Directorships etc. of the Directors proposed to be 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 11th September, 2012 to Friday, the 21st September, 2012 (both days inclusive).
5. The dividend declared at the Annual General Meeting, will be paid on equity shares of the Company on or after 26th September, 2012 to those shareholders holding shares in physical form and whose names appear on the Register of Members of the Company on 21st September, 2012. 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 10th September, 2012 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 26th September, 2012 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 Apartment, 88, Sampatrao Colony, R. C. Dutt Road, Vadodara : 390 007.
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.
 - a) Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, the Company has transferred the unclaimed dividend for a period of seven years to Investors Education and Protection Fund (IEPF) as detailed below :

Financial Year	Date of			Amount Transferred (Rs.)
	Declaration of Dividend	Transferred to Un-paid Dividend A/c.	Transferred to IEP Fund	
2003-04	17.09.2004	21.10.2004	14.11.2011	3,50,388/-

- b) The Shareholders who have not encashed dividend warrant(s) for the years 2004-05, 2005-06, interim and final dividend of 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 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 and 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 31.03.2012, Share Certificates for 8,436 shares of 276 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 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. A member interested to get Gujarati version Annual Report may send request to the Company Secretary at the Registered Office of the Company.
12. Relevance of question/s and the order of speakers at the meeting will be decided by the Chairman. Proxy can attend and vote on poll, if any, but can not speak at the meeting.

DETAILS OF DIRECTORS SEEKING 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 D. J. Pandian, IAS		Shri G. C. Murmu, IAS
Date of Birth		11.05.1955		21.11.1959
Date of appointment		18.12.2009		11.12.2004
Qualifications		B.A. M.B.A.		M.A. M.B.A.
Nature of Expertise/ Experience		He is a Senior IAS Officer of Government of Gujarat and he is Principal Secretary, Energy & Petrochemicals Department, Government of Gujarat. He has a very rich and varied experience of more than 34 years of Administration, Management, Finance and various Departments in the Government of Gujarat and Government of India.		He is a Principal Secretary to Hon'ble Chief Minister, Government of Gujarat and he is also the Chairman & Managing Director of Gujarat Industrial Investment Corporation Ltd. (GIIC). He has a very rich and varied experience of more than 29 years of Banking, Administration, Finance, Corporate Management and various Departments of Government of Gujarat.
Names of other Companies in which Directorship is held	1. Gujarat Urja Vikas Nigam Ltd. 2. Gujarat State Electricity Corporation Ltd. 3. Gujarat Energy Transmission Corporation Ltd. 4. GSPC Pipavav Power Company Ltd. 5. Gujarat Industries Power Company Ltd. 6. Gujarat State Energy Generation Ltd. 7. Gujarat Power Corporation Ltd. 8. GSPC Gas Company Ltd. 9. Gujarat State Petroleum Corporation Ltd. 10. Gujarat Narmada Valley Fertilizers Company Ltd. 11. Gujarat State Fertilizers & Chemicals Ltd. 12. Gujarat state Petronet Ltd. 13. Mahaguj Collieries Ltd.		1. Gujarat Industrial Investment Corporation Ltd. 2. Gujarat Venture Finance Ltd. 3. Gujarat State Machine Tools Corporation Ltd. 4. Gujarat Port Infrastructure & Development Company Ltd. 5. Gujarat Chemical Port Terminal Company Ltd. 6. Gujarat State Investment Ltd. 7. Alcock Ashdown Gujarat Ltd. 8. Gujarat Informatics Ltd. 9. Gujarat Narmada Valley Fertilizers Company Ltd.	
Names of the Committees of the Board of Companies in which Membership/ Chairmanship is held	1. Shares/Debentures Transfers and Investors' Grievance Committee - Chairman 2. Project Committee – Chairman 3. Personnel Committee – Chairman 4. Audit Committee	Gujarat Alkalies and Chemicals Ltd.	1. Project Committee 2. Personnel Committee 3. Remuneration Committee 4. Shares/Debentures Transfers and Investors' Grievance Committee	Gujarat Alkalies and Chemicals Ltd. Gujarat Chemical Port Terminal Company Ltd. 1. Audit Committee – Chairman

DIRECTORS' REPORT

To

The Members,

Your Directors present this 39th Annual Report on the business and operations of the Company together with Audited Balance Sheet and Statement of Profit & Loss for the Financial Year ended 31st March, 2012 and the report of the Auditors thereon.

The performance of the Company in 2011-12 has been as follows :

FINANCIAL RESULTS :

	(Rs. in Lakhs)	
Particulars	2011-12	2010-11
Sales (excluding Excise Duty) and Other Income	1,72,274	1,44,669
Profit before Interest, Depreciation and Taxation (PBITD)	39,909	28,127
Profit before Taxation (PBT)	22,342	12,711
Less: Provision for Taxation (Including Deferred Tax Liability, Wealth Tax etc.)	6,981	1,281
Profit after Taxation (PAT)	15,361	11,430
Add: P&L A/c Balance brought forward from Previous Year	38,279	35,124
Amount available for appropriations	53,640	46,554
Your Directors recommend the following Appropriations:		
Proposed Dividend	2,203	2,203
Tax on Proposed Dividend	357	357
Transfer to General Reserve	7,681	5,715
Balance Carried to Balance Sheet	43,399	38,279
Earning per Share	Rs. 21	Rs.15
Dividend per Share	Rs. 3.00	Rs.3.00
Book Value per Share	Rs. 214	Rs. 197

DIVIDEND:

Your Directors are glad to recommend a Dividend @ Rs.3.00 per share for the year ended 31st March, 2012 on 7,34,36,928 Equity Shares of Rs.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 2011-12, the Company has not accepted/ renewed any Fixed Deposits and there is no Fixed Deposit outstanding.

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 2012-13 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, 2012 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
- 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 25th July, 2012 issued by Practicing Company Secretary 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. M. Srivastava, IAS has resigned as Director of the Company on 31st July, 2012. The Board places on record their appreciation of the valuable services rendered by Shri M. M. Srivastava, IAS to the Company during his tenure as Director of the Company.

Shri D. J. Pandian, IAS and Shri G. C. Murmu, IAS Directors will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment and your Directors recommended 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 the Company Secretary 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 2011-12.

INTERNAL AUDITORS :

M/s. K.C. Mehta & Co., Chartered Accountants, Vadodara were appointed as Internal Auditors for conducting Internal Audit of the Company for Vadodara and Dahej Complexes for the Financial Year 2011-12.

M/s. Chandulal M Shah & Co., Chartered Accountants, Ahmedabad have been appointed as Internal Auditors for conducting Internal Audit of the Company for Vadodara and Dahej Complexes for the Financial Year 2012-13.

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 Auditors - (i) for Financial Year 2011-12 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; and (ii) for Financial Year 2012-13 to conduct the Cost audit of all products manufactured by the Company falling under Chapters 28, 29 & 38 of Central Excise Tariff Act, 1985 as per Cost Audit Order No. 52/26/CAB-2010 dated 24th January, 2012 issued by Ministry of Corporate Affairs, Government of India.

ACKNOWLEDGEMENTS :

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

For and on behalf of the Board

A K JOTI
CHAIRMAN

Place : Vadodara
Date : 4th August, 2012

ANNEXURE – 1 TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

(a) ENERGY CONSERVATION MEASURES TAKEN :

1. Installation of Wind Mills - 10.5 MW Wind Mills have been commissioned during Financial Year 2011-12. Hence, total Wind Farm capacity available is now 94.25 MW to cater Vadodara Complex power requirement as a renewable energy source.
2. Replacement of old 1st Generation elements with latest 5th Generation elements (122 Nos).
3. Addition of 62 Nos. elements in MC-I & MC-II Electrolysers with modification in bus bars & cell racks to reduce power consumption.
4. Remembraning and Recoating of 2nd Generation elements to bring down specific power consumption at Vadodara and Dahej.
5. New Energy efficient elements (144 Nos. 5th Generation) installed at Dahej for reduction of specific power consumption.
6. Better utilization of H₂ Gas as fuel in place of NG in CCU Furnace at Vadodara and Dahej.
7. Installation of Waste Heat Recovery Boiler (WHRB) at CLM Plant-II for generating low pressure steam.
8. New separate cooling towers (RCC make of better design) installed in CCU and Brine Plant to optimize on power consumption.
9. VFD provided in K₂CO₃ Blower 105, process water pump and cooling tower - I pump at Vadodara & Vacuum Pump in H₂O₂ at Dahej for optimizing power consumption.
10. Replacement of CCU-III Furnace resulting in higher production & savings in Hydrogen consumption.

11. New design PCU in CCU-III installed to recover heat from high temperature steam vapours.
12. Vapour Absorption Machine (VAM) Unit installed to replace old reciprocating compressors / centrifugal compressor for chilled water service.
13. LT capacitor bank installed and commissioned in CCU Transformer No.11 (PCC-2) at Dahej plant to improve power factor from 0.83 to 0.97.
14. PCC-2 in new substation at Dahej, 300 KVA LT capacitor bank installed and commissioned to improve Power Factor from 0.89 to 0.95.

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

1. Procurement of VFDs at various applications and locations to optimize power consumption.
2. Use of TCBF to improve performance of chilled water compressor & CL₂ liquification Freon compressors.
3. Recoating and Remembraning (444 elements) of MC-II Electrolysers and Remembraning (400 elements) of MC:I Electrolysers. Also plan for modification in Electrolysers - Externally & Internally to reduce power consumption.
4. Existing CCU's to be made energy efficient at Vadodara.
5. Installation of Cell Voltage Monitoring System (CVMS) for MC-II at Vadodara and Dahej Plant.
6. Liquid Chlorine filling in Tonners is planned with pump instead of air padding to reduce energy consumption & hypo generation.
7. Up-gradation of 2nd generation elements with energy efficient, in phase manner at Vadodara and Dahej.
8. Waste heat recovery is planned by providing VAM Chiller unit.

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

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

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

As per **Form-A** annexed.

B. TECHNOLOGY ABSORPTION :

(e) EFFORTS MADE IN TECHNOLOGY ABSORPTION :

As per **Form-B** annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

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

The Company exported Caustic Soda Flakes, Caustic Soda Prills, Caustic Potash Flakes, Potassium Carbonate, Methylene Chloride, Phosphoric Acid, Hydrogen Peroxide, Aluminium 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 ISO 9001:2008, 14001:2004 and IS 18001:2007, the exports are likely to improve further.

(g) TOTAL FOREIGN EXCHANGE USED AND EARNED :

- i. Foreign Exchange Used - Rs. 17,569.04 Lakhs
- ii. Foreign Exchange Earned - Rs. 19,734.24 Lakhs

FORM-A (See Rule - 2)

Form for disclosure of particulars with respect to conservation of energy

No.	Particulars	2011-12	2010-11
(A) Power and Fuel Consumption :			
1	Electricity :		
a)	1) Purchased unit (kwh) (in Lakhs) from state grid	829.431	670.321
	Total Amount in Rs. (in Lakhs)	5895.6305	5441.9081
	Rate / Unit - Rs. including contract demand charges	7.108	8.1184
	2) Purchased unit (kwh) (in Lakhs) as participating unit.	2632.516	3356.72
	Total Amount in Rs. (in Lakhs)	12831.638	12276.046
	Rate / Unit - Rs.	4.8743	3.6572
b)	Own Generation		
	i) Through Wind Farm		
	a) Wind Farm Power Receipt at Vadodara - Gross after Transmission Loss (Units in Lakhs)	1546.007	1437.152
	b) Wind Farm Power Sold (Units in Lakhs)	211.42	246.94
	c) Wind Farm Power Net Received at Vadodara (Units in Lakhs)	1334.519	1190.212
	Cost per Unit - Rs./kwh - Wind Farm Power	2.6022	2.1886
	ii) Through GT/STG:		
	Units (kwh) (in Lakhs)	6331.392	7308.244
	Natural Gas (SM ³ in Lakhs)	1630.631	1793.411
	Unit per SM ³ (kwh / sm ³) Gas	3.8828	4.075
	Cost per unit in Rs.	6.606	4.9725
2	Coal :		
	Quantity (Tonnes)	NIL	NIL
	Total Cost	NIL	NIL
	Average Rate Rs.	NIL	NIL
3	Fuel oil & LDO/HSD :		
	Total Quantity (K. Ltrs.)	63.5	21.5194
	Total Amount Rs.	2689000	825986
	Average Rate Rs. per KL	42436.45	38383.32
4	Other - Natural Gas :		
	(Gas used other than Power Plant)		
	Total Quantity (SM ³)	42096000	41705598
	Total Cost	494744000	385980000
	Rate per SM ³ in Rs.	11.7528	9.2549
(B) Consumption per unit of production :			
	Caustic Soda Lye	Kwh per MT	Kwh per MT
	Electricity	2458	2467
	Standards	2502	2515
	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 2011-12****A Research & Development (R&D)****1. Specific Areas in which R&D carried out by Company**

- (i) Scale up & process optimization of Guaiacol - a speciality chemical.
- (ii) Development of process for Catechol.
- (iii) Pilot Plant process optimizations for high valued speciality chemical – Vanillin.
- (iv) Pilot Plant process optimizations for Sodium Percarbonate – an important inorganic derivative of Hydrogen Peroxide.
- (v) Cleaning formulations based on Sodium Hypochlorite & Hydrochloric Acid.
- (vi) Cooling water treatment including the development of new formulations & monitoring of the treatment in terms of corrosion measurement and microbiological parameters.
- (vii) Studies on imported raw material used in the different plants.
- (viii) Developmental work on process improvement & indigenous substitutes for imported raw material.
- (ix) Studies on waste / effluent, process related problems etc.
- (x) Technical support to the operations, Marketing & Purchase.

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

- i) Total estimated savings of Rs.74.00 lacs have been achieved with the R & D efforts listed below :
 - (a) Saving of chemicals, which would have been required for Cyanide destruction in Sodium Cyanide Plant.
 - (b) Production of cooling water treatment chemicals / formulations at R & D Centre for corrosion scale & microbiological growth control.
 - (c) Production of antifoaming formulation & its use in Phosphoric Acid Plant.
 - (d) Preparation & use of stabilizer for Chloroform using the R & D developed process.
 - (e) Specialized analysis of plant samples & corrosion and microbiological growth monitoring in the cooling water systems.
- ii) Successful scale up of the process in the Pilot Plant for Guaiacol.
- iii) Process for Sodium Percarbonate has been successfully optimized & the designing of 100 MT/ month capacity Pilot Plant is under progress utilizing the generated data.
- iv) Optimization of the process in the Pilot Plant for Vanillin from Guaiacol.

- v) Successful development of the new variations of our scale, corrosion & microbiological growth inhibition formulations.
- vi) Successful use of R & D developed cleaning formulations both at Vadodara and Dahej Complexes.

3. Future plan of action

- (i) To work towards the further optimization of Vanillin process.
- (ii) To work out the process for preparing Catechol from Phenol including the development of catalyst.
- (iii) To initiate the work on the product “Hydroquinone” – a high valued speciality chemical.
- (iv) To continue the developmental work on the existing products and indigenous substitutes of the imported raw materials used in the different plants.
- (v) To continue giving all technical support to the Operations, Marketing & Purchase.
- (vi) Strengthening of the scientific manpower and up-gradation of laboratory, pilot plant & library facilities.

4. Expenditure on R&D (Rs. in Lakhs)

a. Capital	3.60
b. Recurring	650.10
c. Total	653.70
d. Total R&D Expenditure as a percentage of turnover.	0.34%

B. Technology absorption, adaptation and Innovation**1. Efforts in brief made towards technology absorption, adaptation and innovation :**

- (a) Regular monitoring of metals in the pure Brine samples.
- (b) Regular monitoring of heavy metals in the products like Anhydrous Aluminium Chloride, Stable Bleaching Powder, Poly Aluminium Chloride etc.
- (c) Studies on the imported raw material used in different plants.
- (d) Studies on the catalyst used in the Hydrogen Peroxide Plant.

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

- i) Better process management.
- ii) Quality management of final product

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 – Hydrogen Peroxide expansion
- Year of import – 2010
- Has technology absorbed ? - Yes

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION:

The Company was established in 1973 and over a period of time, it has emerged as one of the largest producers of Caustic Soda in India with present installed production capacity of 429000 MT of Caustic Soda as on 31st March, 2012 and enjoys the economies of scale. The Company has about 18% share in the domestic Chlor-Alkali market.

Your Company has achieved ISO 9001:2008, 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 81.7% with its 89.76% (*Source: AMAI Report*) 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.

The Company's products basket comprises total 28 products 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 53% of its revenues from Chlor-Alkali business and 47% 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, Caustic Potash Flakes, Calcium Chloride Powder, Methylene Chloride, Poly Aluminium Chloride (30%), Potassium Carbonate and Chlorinated Paraffin Wax to various Countries.

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 90 MW gas based captive power plant and participation in a 140 MW Joint Captive Co-generation Power Plant, the Company has taken major initiative for green energy by setting up wind farms for a total installed capacity of 94.25 MW. 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:

The Financial Year 2011-12 was a challenging year. The global economy witnessed lower economic growth mainly due to Euro Zone debt crisis and highly volatile crude prices. The Indian economy also witnessed lower growth which is reflected in the GDP growth of 6.5% compared to 8.6% last year. [*Source: Central Statistics Office (CSO)*].

The high inflationary trend remained for most part of the Financial Year 2011-12 due to higher than anticipated rise in the prices of food and oil. It was only in December 2011 that it moderated to 8.3 per cent followed by 6.6 per cent in January 2012. In view of the above, Reserve Bank of India (RBI) continued its policy tightening and liquidity management stance.

During the year 2011-12, the Indian bourses witnessed lots of uncertainties. Various areas of concerns such as increasing inflation, the Euro Zone debt crisis, highly volatile exchange rates, financial deficits in the union budget and political uncertainties have impacted investor sentiments. Foreign Institutional Investment flows into India declined during first nine months and thereafter, it remained strong during last three months of Financial Year 2011-12 (*Source : SEBI Website*).

FINANCIAL PERFORMANCE :

Despite competitive market conditions and reduction in aggregate sales volume of the products, your Company has achieved highest ever sales of Caustic Soda Group, Sodium Cyanide Group, Poly Aluminium Chloride, Chlorinated Paraffin Wax and Chloro Toluene Group. The sales realisation of Caustic Soda Group, Sodium Cyanide Group, Caustic Potash Group, Phosphoric Acid, Poly Aluminium Chloride Group, Aluminium Chloride,

Chlorinated Paraffin wax and Chloro Toluene products have improved.

For the year ended 31.03.2012, your Company achieved turnover (including Excise duty) of Rs.1,862.57 crore, as against Rs.1,560.75 crore in the previous year.

The other operating income, for the Financial Year 2011-12 had been Rs.12.75 crore, as compared with Rs.11.50 crore for the previous year. The other income remained at Rs.11.77 crore (which includes Rs.8.31 crore for receipt of dividend and Rs.2.91 crore towards interest) as compared with Rs.12.01 crore for the previous year.

With the concerted efforts, your Company has achieved cent percent or more operational efficiency of majority of the plants and exercised adequate cost control measures. Earning Per Share has been achieved to Rs.20.92 per share as on 31.03.2012, as compared to Rs.15.56 per share as on 31.03.2011. Cash Earning Per Share has been achieved to Rs.49.35 as on 31.03.2012, as compared to Rs.35.44 per share as on 31.03.2011. Book value of Share has improved to Rs.213.83 per share as on 31.03.2012, as compared to Rs.197.55 per share as on 31.03.2011. The Return on Capital Employed is achieved at 9.25% as on 31.03.2012, as compared to 7.51% as on 31.03.2011. Despite increase in the value of external commercial borrowings, due to depreciation of rupee currency and funding the new projects during the year, the Company has decreased its total debts level to Rs.311.44 crore as on 31.03.2012 as compared to Rs.352.16 crore as on 31.03.2011, which resulted into decreasing the Debt:Equity ratio to 0.20 : 1 as on 31.03.2012, as compared to 0.24 : 1 as on 31.03.2011. The Debt Service Coverage ratio has improved to 2.65 times as on 31.03.2012, as compared to 1.24 times as on 31.03.2011. The Interest Coverage ratio has increased to 19.44 times as on 31.03.2012, as compared to 13.29 times as on 31.03.2011.

The Raw Material expenses have increased by 17.05% to Rs.720.80 crore from Rs.615.78 crore during the previous year, mainly due to increase in the procurement cost of various raw materials like Common Salt, Aluminium Ingots, Sodium Bi-sulphate, Sulphuric Acid, Rock Phosphate, KCL Salt, Barium Carbonate, Heavy Normal Paraffin, ISO Amyl Alcohol, Alfa-cellulose, other auxiliary chemicals and Natural Gas etc. Electricity charges have increased by 23.32% to Rs.232.08 crore in the current financial year from Rs.188.20 crore during the previous year mainly due to payment of interest Rs.11.42 crore and delay payment charges Rs.4.57 crore on electricity duty of earlier years, increase in energy charges and Electricity

duty, increase in prices of Natural Gas and reduction in Plant Load Factor of Captive Power Plant at Dahej Complex. Employees' remuneration has increased by 2.78% to Rs.118.13 crore from Rs.114.93 crore during the previous year. Depreciation and amortization expense has increased by 4.38% to Rs.138.95 crore in the current financial year from Rs.133.12 crore in the previous year mainly due to full year depreciation in respect of projects commissioned during previous year. Other expenses have increased by 19.63% to Rs.506.43 crore in the current financial year from Rs.423.31 crore in the previous year. The Finance costs have reduced by 3.02% to Rs.20.53 crore from Rs.21.17 crore in the previous year.

Gross Profit has increased to Rs.399.09 crore in F.Y. 2011-12 from Rs.281.27 crore in the previous year. The Profit after finance costs but before depreciation and amortization (Cash Profit) has increased to Rs.378.56 crore in F.Y. 2011-12 from Rs.260.10 crore in the previous year. The Profit Before Tax for the F.Y. 2011-12 was increased by 75.77% to Rs.223.42 crore from Rs.127.11 crore in the previous year. The Profit After Tax for the year has been achieved at Rs.153.61 crore as compared to Rs.114.30 crore in the previous year.

OPERATIONS / BUSINESS PERFORMANCE :

The Company has achieved highest ever production of Caustic Potash Lye, Caustic Potash Flakes, Chloromethanes and Calcium Chloride.

The production of Caustic Soda Lye, Flakes/Prills, Potassium Carbonate, Chlorine Gas, Hydrochloric Acid, Phosphoric Acid, Aluminium Chloride and Poly Aluminium Chloride had been lower during F.Y. 2011-12 than in previous year, mainly due to market demand – supply conditions.

RESEARCH AND DEVELOPMENT:

The thrust areas for R & D efforts have been on new product / process development with specific focus on speciality chemicals, cooling water treatment, process improvement, cost reduction, import substitutes, technical backup to Operations / Marketing / Purchase Departments and absorption of new technologies.

The designing of 100 MT / month capacity Pilot Plant for Sodium Percarbonate is under progress which is based on the process development work and data generated at our R & D Centre. The cleaning formulations based on Sodium Hypochlorite & Hydrochloric Acid developed by the Company's R&D Centre have been successfully tested.

The process developed for Guaiacol – a speciality chemical has been successfully standardized at Pilot Plant scale. The process for manufacturing Vanillin - a high valued speciality chemical has been successfully optimized at the Pilot Plant scale.

The exploratory work including the development of required catalyst continued for preparing Catechol. The cooling water treatment has been successful with in-house developed formulations including the exploration of new variations as per need of the system. The treatment was supported by the technical services on the regular basis, which included corrosion and microbiological growth monitoring.

The technical support has been extended to the Operations, Marketing & Purchase Departments. The regular studies were carried out on the imported raw materials, process samples, final products in order to have better management of the process & quality of the final products.

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% H_2O_2 basis), as per schedule, in June 2011. With the commissioning of this expansion project, the Company's total capacity of Hydrogen Peroxide has been increased to 39080 TPA based on 100% H_2O_2 basis.

10.5 MW Wind Farm Project:

As a part of green and clean energy initiative, the Company has commissioned one more wind farm project of 10.5 MW capacity on 31.03.2012 at Jamanwada, Dist. : Kutch. With the commissioning of this wind farm project, the total capacity of wind power generation has increased to 94.25 MW.

Sodium Chlorate Project:

The Company has taken up project for manufacturing 20000 TPA Sodium Chlorate at Dahej Complex. The project has good synergy with the core business of the Company. The project is scheduled to be commissioned in April, 2013.

Other Projects:

The Company is also considering for putting up Hydrazine Hydrate Project, Caustic Soda Project, Chloromethane Project and Polyols/PG Project over the next 3-4 years.

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 Rs.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 94.25 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.

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 28 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- K_2CO_3 are under threat of rise in raw material prices due to its scarcity in the global market. The Company has only single channel procurements for the raw materials for the above finished goods, namely Rock Phosphate from

Jordan and Potassium Chloride from Canada. The Company has obtained sample of Rock Phosphate of Morocco origin and it is found suitable for blending with the Rock Phosphate from Jordan. 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 36 Chlor-Alkali Units in India. The actual production of Caustic Soda during the Financial Year 2011-12 has been 25.52 Lakh MT. The products from the alkali industry are the basic raw materials for industries like Alumina, Paper & Pulp, Soaps & Detergents, Pharmaceuticals, Dyes, Pesticides and water treatment etc.

The installed capacity of Caustic Soda industry in the Country declined during 2011-12 by about 1.23 Lac MT i.e. 3.8% mainly because of deletion of idle capacities lying closed (*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 continues to be one of the largest producers in Caustic – Chlorine and has been able to maintain optimum capacity utilization of its Caustic Soda Plant under the circumstances.

THE CAUSTIC SODA MARKET SCENARIO:

We are a multi-product Company, having 28 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 important to us.

The installed capacity of Caustic Soda in the country is about 33.32 Lakh MT / Annum whereas, the demand is around 25.52 Lakh MT / Annum. Out of the installed capacity of 33.32 Lakh MT / Annum, about 0.58 Lakh MT is on Mercury Cells and remaining 32.74 Lakh MT / Annum is on Membrane Cells. The Membrane Cell process is energy efficient as the power requirement is much less in the range of 2400-2650 KWH per MT as compared to Mercury Cell where it is around 3150-3300 KWH per MT. GACL has the advantage of having its entire production from Membrane Cells.

MARKETING STRATEGY:

The Company is engaged in manufacturing and marketing of Caustic Soda (Lye, Flakes and Prills), Chlorine, Hydrochloric Acid, Chloromethane, Hydrogen Peroxide, Sodium Cyanide, Sodium Ferro Cyanide, Caustic Potash

QUANTITATIVE DATA FOR TEN YEARS :

PARTICULARS	UNIT	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
PRODUCTION :											
CAUSTIC SODA LYE	MT	383690	415124	414094	378276	398499	354266	310470	305930	280850	277984
CAUSTIC SODA FLAKES	MT	143809	166705	169594	137012	151761	135061	134346	121461	115270	103507
CAUSTIC SODA PRILLS	MT	16747	20822	18204	18902	13760	15118	11629	9788	9927	9541
CHLORINE GAS / LIQUID	MT	354942	382713	380236	346027	363911	325893	286995	283062	260509	256539
HYDROCHLORIC ACID (30%)	MT	273522	293329	313810	325379	331295	322009	303674	283290	267457	256280
CAUSTIC POTASH LYE	MT	*23722	23596	21121	17206	17153	19008	18858	19000	18475	16210
POTASSIUM CARBONATE	MT	10553	11945	11002	6297	6546	9925	11046	13010	14285	11547
CAUSTIC POTASH FLAKES	MT	*11891	11841	10315	10900	9940	9598	7066	6090	4825	4800
CHLOROMETHANES	MT	*36026	35626	34558	31773	30914	27268	26166	25844	25734	25481
SODIUM CYANIDE	MT	2644	2635	2802	2039	2271	2457	2318	2512	2340	2190
PHOSPHORIC ACID (85%)	MT	23191	23645	21386	24160	28286	25928	24730	23900	23030	20590
HYDROGEN PEROXIDE (100%)	MT	27465	26304	26804	24359	17393	13126	13225	13551	13631	13421
ALUMINIUM CHLORIDE	MT	@25542	27249	19891	18464	10558	9366	7638	5247	1739	—
CALCIUM CHLORIDE	MT	*8822	8789	8762	6768	6621	4266	6105	7585	—	—
POLY ALUMINIUM CHLORIDE	MT	28638	28972	22786	18714	13564	5226	—	—	—	—
CHLORINATED PARAFFIN WAX	MT	@7862	6943	7780	4833	4381	906	—	—	—	—
CHLORO TOLUENE PRODUCTS	MT	@4107	1649	91	—	—	—	—	—	—	—
STABLE BLEACHING POWDER	MT	@3304	139	—	—	—	—	—	—	—	—
POWER GENERATION	MU	633.14	730.82	783.37	651.28	703.62	737.42	722.34	704.66	638.27	767.77
POWER GENERATION —	KWH										
WIND FARM	MU	*164.13	153.58	128.59	46.37	4.94	—	—	—	—	—
	KWH										
SALES :											
CAUSTIC SODA LYE	MT	211060	215028	211977	209965	218923	192536	154755	168000	149460	157106
CAUSTIC SODA FLAKES	MT	144648	165938	169356	138172	151576	135094	133316	122891	116530	104308
CAUSTIC SODA PRILLS	MT	16553	20617	18194	19059	13942	14759	11540	9917	9996	9801
CHLORINE GAS / LIQUID	MT	283552	305886	296665	259057	272446	237476	207788	212469	198999	197477
HYDROCHLORIC ACID(30%)	MT	230671	251508	273983	291302	298472	284021	270564	255873	242687	230086
CAUSTIC POTASH LYE	MT	3419	2613	2161	1916	2409	1710	2904	2205	1762	2026
POTASSIUM CARBONATE	MT	10061	12196	10550	6524	6512	9634	11126	12820	14106	12303
CAUSTIC POTASH FLAKES	MT	11677	11747	10170	11384	9554	9603	6937	6318	4578	5037
CHLOROMETHANES	MT	34916	35377	34719	32663	30174	27184	26143	25741	25816	25562
SODIUM CYANIDE	MT	2407	2648	2637	1994	2270	2458	2361	2543	2318	2162
PHOSPHORIC ACID (85%)	MT	22491	24051	21633	21690	29015	27019	22963	23618	23883	19709
HYDROGEN PEROXIDE (100%)	MT	27824	25871	26981	24382	20433	13269	13455	13170	13714	13708
ALUMINIUM CHLORIDE	MT	23607	25966	22455	16618	10953	9225	7758	5309	1551	—
CALCIUM CHLORIDE	MT	8300	8809	8398	6802	7080	5622	9357	7535	—	—
POLY ALUMINIUM CHLORIDE	MT	30013	31345	23956	22701	14598	5251	—	—	—	—
CHLORINATED PARAFFIN WAX	MT	7783	7158	7800	4603	4502	764	—	—	—	—
HYDROCHLORIC ACID — CP	MT	12837	11682	12912	8225	7493	1546	—	—	—	—
BENZYL CHLORIDE	MT	1718	1172	91	—	—	—	—	—	—	—
BENZYL DEHYDE	MT	366	178	—	—	—	—	—	—	—	—
BENZYL ALCOHOL	MT	1455	165	—	—	—	—	—	—	—	—
HCL FROM HBC	MT	2772	1797	—	—	—	—	—	—	—	—
STABLE BLEACHING POWDER	MT	3131	74	—	—	—	—	—	—	—	—
POWER TO GUVNL / MGVL	MU	28.64	34.13	44.99	7.60	4.13	54.16	179.35	165.37	54.04	154.35
	KWH										
SALES VOLUME (EXCL. INTER-UNIT)	Rs./ Cr.	1698.22	1423.17	1278.08	1386.82	1133.63	1044.84	944.10	902.88	698.03	662.58

* Highest ever production @ on Jobwork basis

Lye and Flakes, Potassium Carbonate, Aluminum Chloride, Phosphoric Acid, Calcium Chloride Powder, CPW, Poly Aluminum Chloride and Toluene based Chemicals etc.

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

As a value addition to HCL, we had commissioned our Poly Aluminum Chloride Plant and are able to capture sizable domestic market for various grades of Poly Aluminium Chloride. Further we are putting up a Calcium Chloride facility at Vadodara which shall also add value to HCL.

The Company has also put up Stable Bleaching Powder facility as a value addition to Chlorine.

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

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

GACL is also exporting Caustic Soda Flakes, Caustic Soda Prills, Potassium Carbonate, Potassium Hydroxide Flakes, Hydrogen Peroxide, Liquid Chlorine, Phosphoric Acid, Aluminum Chloride, PAC and CPW to Europe, West Asia, South East Asia, Africa etc.

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

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 3172 Accident Free Days at Vadodara on 31.03.2012.

The Company has implemented elaborate Environment Management System (EMS) and Occupational Health & Safety (OH & S) plan and has embarked on continual

improvement. The Company has received ISO 9001:2008, ISO 14001: 2004 and BS/OHSAS 18001: 2007 Integrated Management System certificates. The Company has continued its emphasis on safety awareness for its employees, contract labourers, truck drivers handling our products and among villagers in neighborhood 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 28,000 plus trees of various varieties. The Company has also developed and maintained 30000 sq. mts. area of green lawns in the Complex.

A recharge 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 covered by development and maintenance of 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. mts. of green lawn and Garden at Dahej Complex.

The canteen and garden waste is being converted in to the best 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 under registration process with UNFCCC.

CORPORATE SOCIAL RESPONSIBILITY:

Your Company, during the year under review, has continued to fulfill 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 a 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 as well as we have also registered 'GACL Education Society' as a Society and Trust with the objective of promoting various education and education related CSR activities.

Your Company has also taken an initiative for upgrading two lane tar asphalt road to four lane CC road from Ranoli N.H. 8 Junction to Ranoli railway over bridge. The Company has contributed towards construction of 9 nos. of new Aanganwadis for Sardar Sarovar Project affected people at Taluka Nizar, Dist. Tapi.

With a view to provide nutritive and hygienic Mid Day Meal to about 1 lac children of Government schools and Government aided schools of Vadodara District, the Company has formed a consortium along with GSFC and GIPCL. The project is implemented and monitored by "The Akshaya Patra Foundation".

Efforts to uphold the cultural legacy were also embarked upon to preserve our cultural heritage. The Company has contributed to organize 'Navratri Mahotsav-2011'. Support was also extended to organize the Musical Mono-Act Play on 'Swami Vivekananda'.

Your Company has also taken care of promoting Sports and Sports related activities by sponsoring 'District Masters Athletic Championship – 2011', and also supported 'Vadodara Marathon – 2012'.

HUMAN RESOURCES DEVELOPMENT:

Human Resource at GACL is considered as a cornerstone for the organisational development and thus, various HR initiatives like Training and Development Programmes, Performance Management System, Career Planning etc. were implemented with grandness.

Over 238 training programmes were undertaken primarily for development and capability building of the employees, this included MDPs for senior executives, leadership programmes, technical training programmes and induction for new joiners that helped them to integrate with the organisation.

Amidst all pressure of growing business and changing market scenario, industrial relations continued to remain cordial with Union.

AWARDS AND RECOGNITIONS :

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

1. ICWAI Excellence in Cost Management Award – 2010 awarded to our Vadodara Complex by The Institute of Cost and Works Accountants of India in July, 2011.
2. National Safety Award-2009 awarded to our Dahej Complex for the safety record by Ministry of Labour & Employment, Govt. of India in November, 2011.

INFORMATION TECHNOLOGY :

GACL considers the effective use of Information Technology (IT) and business analytics to be essential in raising productivity and achieving excellence in its business operations.

GACL believes that 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. 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:

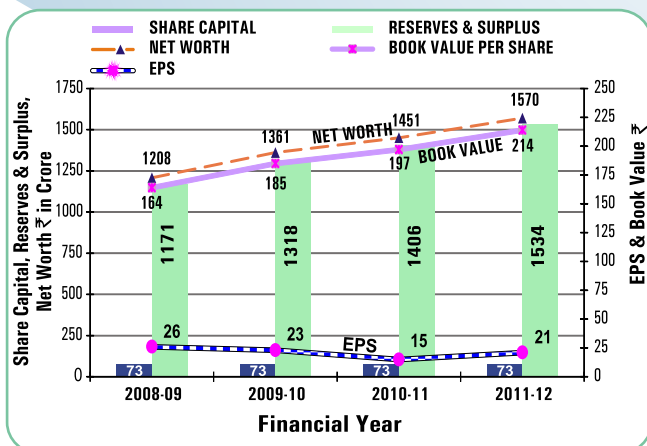
The Company assumes no responsibility in respect of forward looking statements, expectations and assumptions herein which may undergo changes in future on the basis of subsequent development, information, or unforeseen circumstances or force majeure events. The readers are advised to make their own independent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



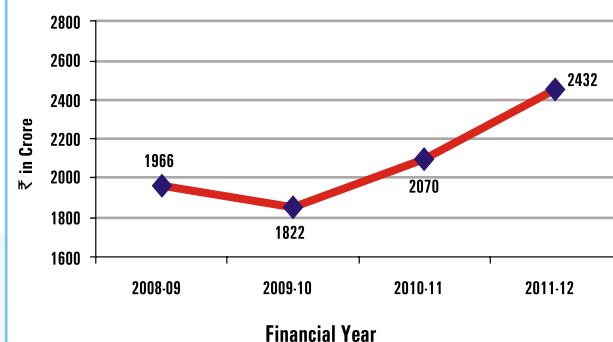
Growth: Our binding force

Our growth is powered by human excellence. With newer approach, we continuously strive to broaden the horizons of knowledge of our human capital. By improving their efficiency, we expand the organizational productivity. Powered by this human excellence, we make our growth comprehensive with R&D, product diversification and exploration of new markets.

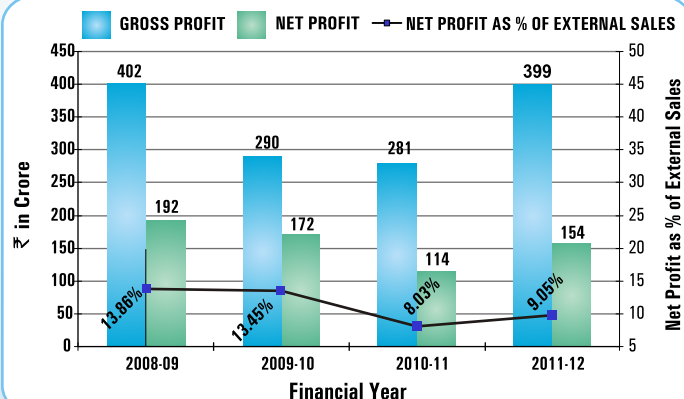
Share Capital, Reserves & Surplus, Net Worth, Book Value and EPS



Gross Income



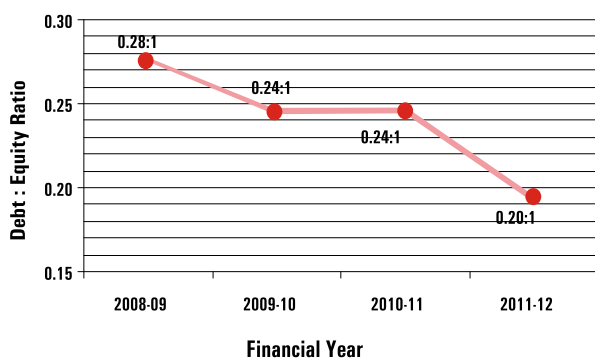
Gross Profit - Net Profit (NP) and NP as % of External Sales



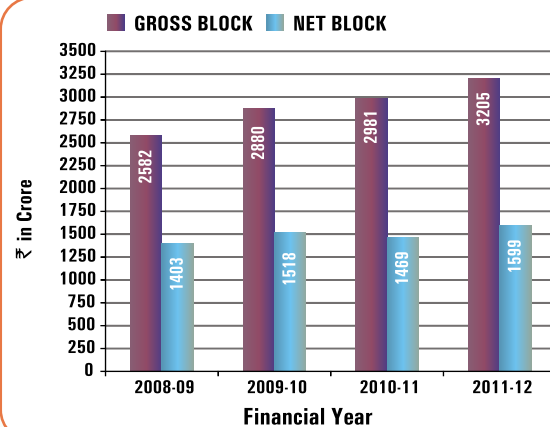
Sharing a sustainable bond

It is an inescapable truth that our individual, organizational and national wellbeing is significantly dependent upon the environment. That is why at GACL, we have shared a long tradition of working with greener technologies for common good. Taking this commitment further, contributing regularly to sustain clean air, land, water and preservation of the rich natural biodiversity has become as integral part of our working as profit making.

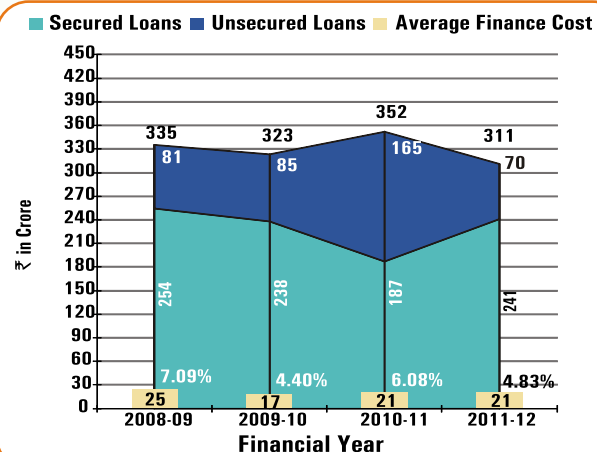
Debt : Equity Ratio



Gross & Net Block



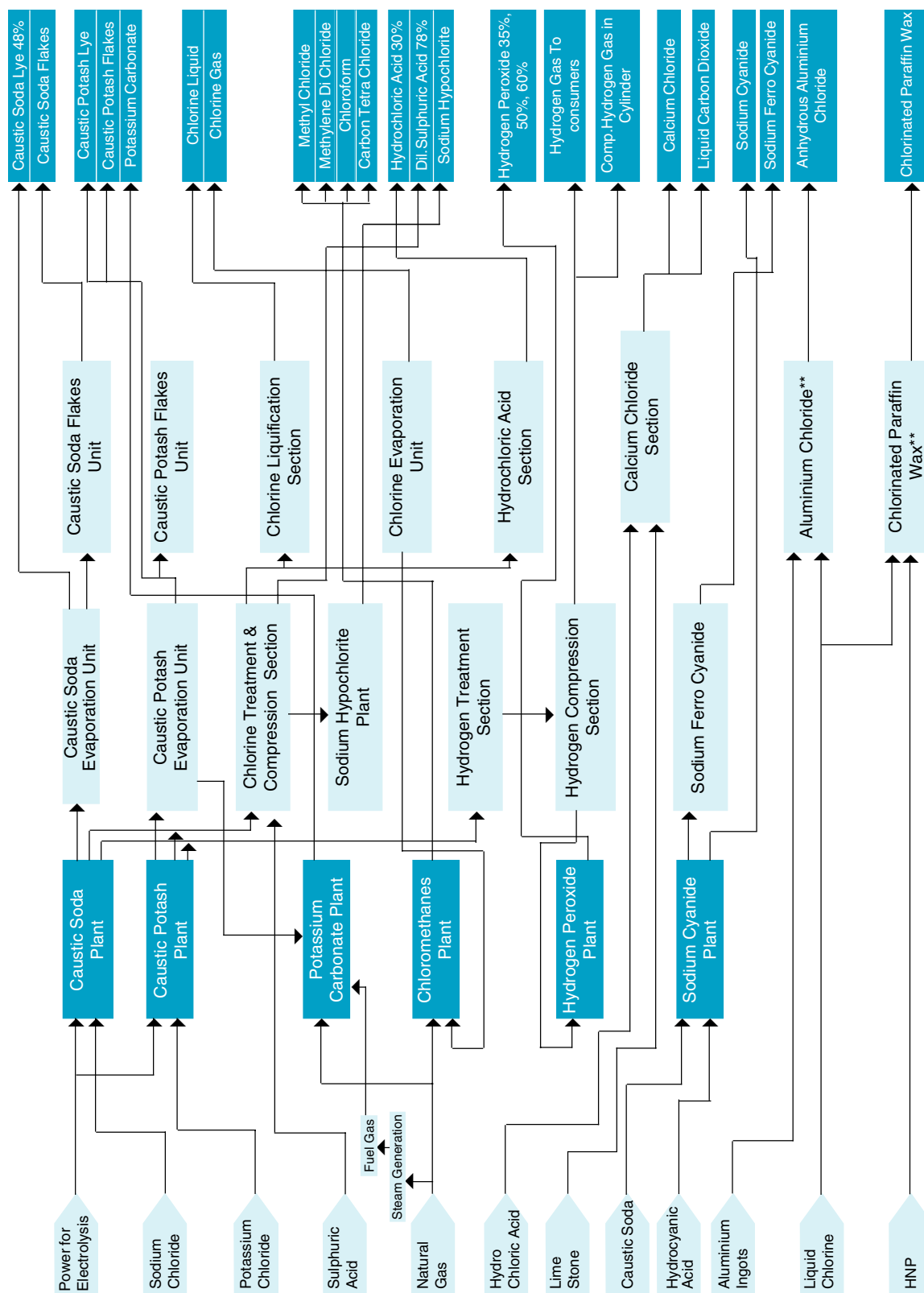
Secured-Unsecured Loans, Interest and Rate of Interest (%)



Financial Highlights of Ten Years

PARTICULARS	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
OPERATING RESULTS [Rs. in Lakhs]										
GROSS INCOME	1,72,274	1,44,669	1,33,371	1,44,810	1,20,586	1,08,698	97,713	91,098	70,097	67,186
GROSS PROFIT	39,909	28,127	29,019	40,191	39,884	39,880	41,252	40,500	24,586	22,702
FINANCE COSTS	2,053	2,117	1,748	2,459	2,532	3,773	3,936	5,976	7,913	9,315
DEPRECIATION AND AMORTIZATION EXPENSE	13,895	13,312	12,155	10,943	9,896	8,732	7,847	7,683	7,782	7,910
PROFIT/(LOSS) BEFORE INVESTMENT ALLOWANCE RESERVE & TAXATION	23,961	12,698	15,116	26,789	27,456	27,375	29,469	26,841	8,891	5,477
PROVISION FOR IMPAIRMENT OF ASSET	—	—	—	471	—	—	—	—	—	—
PRIOR PERIOD ADJUSTMENTS(NET)	20	(13)	488	188	(95)	26	(1)	85	(55)	(149)
OTHER EXCEPTIONAL ITEM	1,599	—	—	—	—	—	—	—	—	—
PROFIT/(LOSS) BEFORE TAX	22,342	12,711	14,628	26,130	27,551	27,349	29,468	26,926	8,836	5,328
PROVISION FOR TAXATION :										
— CURRENT INCOME TAX—MAT	—	2,387	2,370	2,885	—	—	—	2,130	688	446
— DEFERRED INCOME TAX	1,139	(307)	3,848	3,980	1,788	809	2,866	10,368	1,833	2,078
— PROVISION FOR TAXATION INCLUDING WEALTH TAX	5,842	—	—	—	3,312	7,849	6,666	—	—	—
— UNDER FRINGE 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	15,361	11,430	17,184	19,227	22,408	18,656	19,797	14,428	6,315	2,804
DIVIDEND	2,203	2,203	2,203	2,203	2,570	1,836	1,469	1,102	551	—
TAX ON DIVIDEND	357	357	366	374	437	279	206	154	71	—
RETAINED EARNINGS/(LOSS)	12,801	8,870	14,615	16,650	19,401	16,541	18,122	13,172	5,693	2,804
SOURCES AND APPLICATION OF FUNDS [Rs. in Lakhs]										
SOURCE OF FUNDS :										
SHARE CAPITAL	7,344	7,344	7,344	7,344	7,344	7,344	7,344	7,344	7,344	4,591
RESERVES & SURPLUS	1,53,435	1,40,634	1,31,764	1,17,149	1,00,499	81,504	64,964	46,841	33,671	27,288
BORROWINGS (NET)	31,144	35,216	32,324	33,523	31,547	40,062	47,260	53,981	77,078	88,782
OTHER LONG TERM LIABILITIES	874	857	—	—	—	—	—	—	—	—
LONG TERM PROVISIONS	2,672	2,710	—	—	—	—	—	—	—	—
DEFERRED TAX (NET)	32,589	31,450	31,757	27,909	23,928	22,141	21,332	18,466	8,098	6,265
TOTAL FUNDS EMPLOYED	2,28,058	2,18,211	2,03,189	1,85,925	1,63,318	1,51,051	1,40,900	1,26,632	1,26,191	1,26,926
APPLICATION OF FUNDS :										
FIXED ASSETS (GROSS)	3,20,452	2,98,149	2,87,996	2,58,220	2,26,049	2,03,253	1,87,648	1,67,554	1,61,951	1,61,219
DEPRECIATION	1,56,177	1,41,260	1,27,100	1,09,518	99,668	89,923	81,314	73,485	65,788	58,034
FIXED ASSETS (NET)	1,64,275	1,56,889	1,60,896	1,48,702	1,26,381	1,13,330	1,06,334	94,069	96,163	1,03,185
CONTRIBUTION TOWARDS SUPPLY OF POWER, WATER AND SERVICES	—	—	—	—	—	—	—	—	—	—
INVESTMENTS	16,108	15,620	14,051	11,728	12,051	12,232	12,249	6,251	5,846	5,849
LONG TERM LOANS AND ADVANCES	10,763	9,968	—	—	—	—	—	—	—	—
OTHER NON—CURRENT ASSETS	2,742	2,231	—	—	—	—	—	—	—	—
CURRENT ASSETS (NET)	34,170	33,503	28,242	21,806	20,952	22,561	20,349	23,568	21,325	15,410
MISC. EXP. TO BE WRITTEN OFF	—	—	—	3,689	3,934	2,928	1,968	2,744	2,857	2,482
TOTAL FUNDS APPLIED	2,28,058	2,18,211	2,03,189	1,85,925	1,63,318	1,51,051	1,40,900	1,26,632	1,26,191	1,26,926
DEBT EQUITY RATIO	0.20 : 1	0.24 : 1	0.24 : 1	0.28 : 1	0.30 : 1	0.47 : 1	0.67 : 1	1.05 : 1	2.02 : 1	3.02 : 1
AMOUNT PER EQUITY SHARE OF RS.10/- [In Rs.]										
EARNING PER SHARE	21	15	23	26	30	25	27	20	9	6
SALES PER SHARE	231	194	174	189	154	142	160	155	131	201
DIVIDEND	3.00	3.00	3.00	3.00	3.50	2.50	2.00	1.50	0.75	—
BOOK VALUE	214	197	185	164	141	117	96	70	55	64
MARKET PRICE :										
HIGH	167	146	156	204	275	255	168	88	57	28
LOW	119	106	59	53	112	107	120	68	40	20

VADODARA COMPLEX WITH UNIQUE - PRODUCT MIX



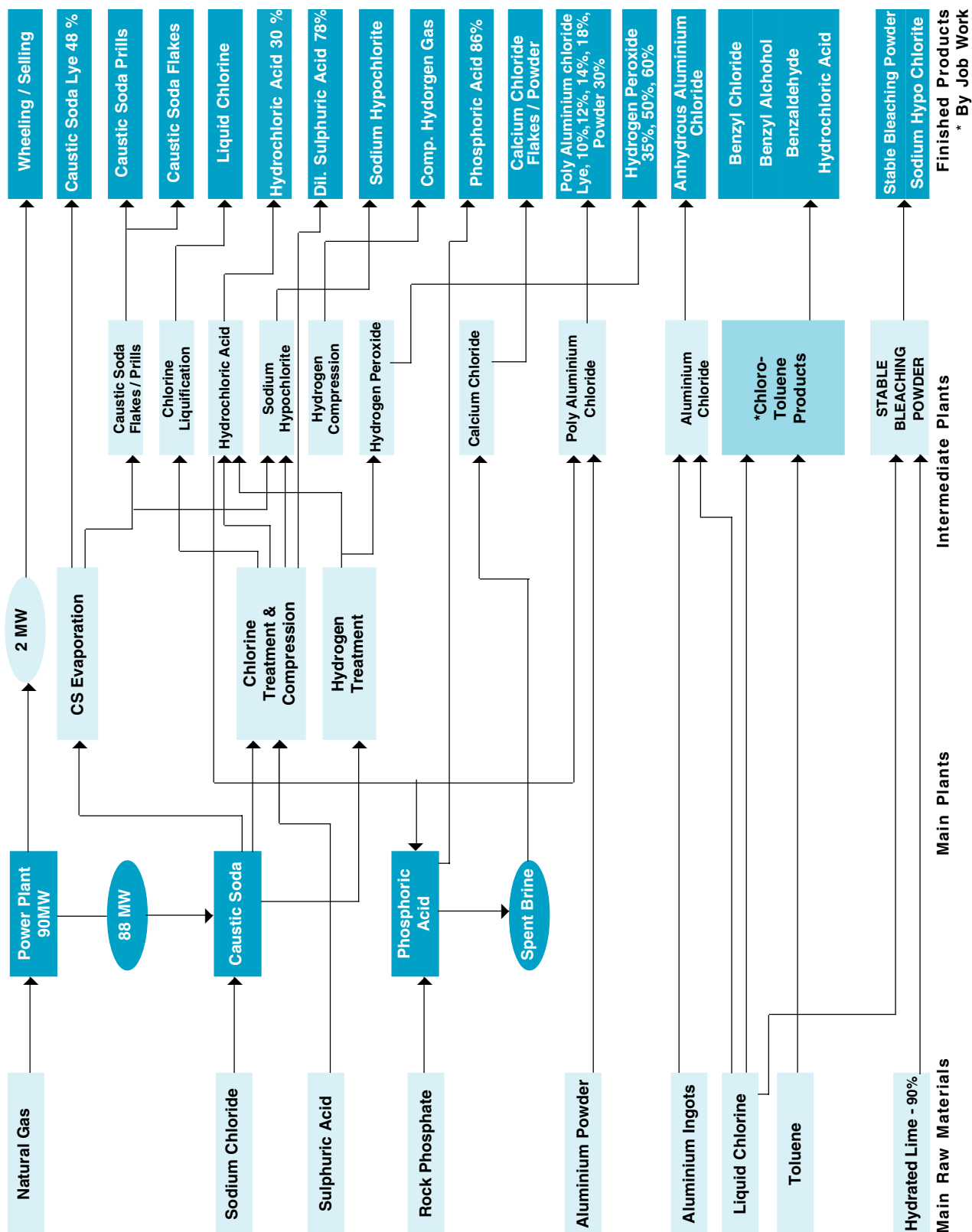
Finished Products
** By Job Work

Intermediate Plants

Main Plants

Main Raw Materials

DAHEJ COMPLEX WITH UNIQUE - PRODUCT MIX



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 stakeholders. 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 stakeholders' 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, including neighboring villages.

2. BOARD OF DIRECTORS:

2.1. COMPOSITION OF THE BOARD :

The Board of Directors comprises of total eight (8) Directors as on 31st March, 2012. 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 REAPPOINTMENT :

The brief resume of Shri D. J. Pandian, IAS and Shri G. C. Murmu, IAS are given in the Explanatory Statement annexed to the Notice convening 39th Annual General Meeting of the Company, forming part of this Report.

2.3. NUMBER OF BOARD MEETINGS HELD AND DATES THEREOF :

During the year 2011-12, five (5) Board Meetings were held i.e. on 25.05.2011, 28.07.2011, 16.09.2011, 20.10.2011 and 27.01.2012.

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

As on 31.03.2012

Name	No. of Board Meetings of GACL attended	Attendance at last AGM of GACL held on 16.09.2011	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	5	Yes	5	NIL	NIL
Shri M M Srivastava, IAS	4	No	8	5	NIL
Shri D J Pandian, IAS	2	No	13	2	1

1	2	3	4	5	6
Shri G C Murmu, IAS	3	No	9	2	1
Shri G M Yadwadkar	4	No	1	2	NIL
<i>Padma Bhushan</i> Dr. Sukh Dev	4	Yes	NIL	1	NIL
Shri J N Godbole	5	Yes	14	10	2
Dr.Guruprasad Mohapatra,IAS (Upto 18.07.2011)	1	N.A.	8	3	NIL
Shri M S Dagur, IAS (From 19.07.2011)	4	Yes	5	2	1

N.A. = Not Applicable

As on 31st March, 2012, neither any Director nor any relatives of Directors hold any Equity Share 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	2010-11	2009-10	2008-09
AGM No. Date Time	38 th AGM Date : 16.09.2011 at 04.00 p.m.	37 th AGM Date : 28.09.2010 at 04.00 p.m.	36 th AGM Date : 25.09.2009 at 03.00 p.m.
Venue	In the premises of the Company at P.O. : Petrochemicals : 391 346, Dist. : Vadodara		
Special Resolution passed	Appointment of M/s. Prakash Chandra Jain & Company, Chartered Accountants as Statutory Auditors of the Company.		

POSTAL BALLOT

During the year 2011-12, the Company has not passed any Resolution by Postal Ballot. At the forthcoming AGM there is no item on agenda requiring 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; and
- (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 Committees / Meetings, circulated to all the Members of the Committee and the Board.

(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 31.03.2012, 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 2011-12, four (4) Meetings of Audit Committee were held i.e. on. 25.05.2011, 28.07.2011, 20.10.2011 and 27.01.2012.

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

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

(i) BROAD TERMS OF REFERENCE

The Committee considers and approves all securities related transactions, issue of certificates and also looks into the Shareholding Pattern, 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 details are:

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 31.03.2012, the Committee comprised of four (4) Members viz. Shri D J Pandian, IAS as the Chairman; Shri G C Murmu, IAS; Shri G M Yadwadkar; and Shri M S Dagur, IAS.

(iii) MEETINGS AND ATTENDANCE

During the year 2011-12, six (6) Meetings of the Committee were held i.e. on 25.05.2011, 28.07.2011, 05.09.2011, 20.10.2011, 29.12.2011 and 27.01.2012.

Name	No. of Meetings attended
Shri D J Pandian, IAS	5
Shri G C Murmu, IAS	4
Shri G M Yadwadkar	4
Dr.Guruprasad Mohapatra, IAS (<i>Upto 18.07.2011</i>)	1
Shri M S Dagur, IAS (<i>From 19.07.2011</i>)	5

(iv) **Details of Shareholders' Complaints received and resolved or pending during the year 2011-12:**

Nature of complaints	Received	Resolved
Non receipt of Share Certificates / Demat	03	03
Letters/Complaints from SEBI / Stock Exchanges	12	12
Non receipt of Dividend	104	104
Non Receipt of Annual Reports	22	22
Others	-	-
TOTAL	141	141

No. of pending Share Transfer as on 31.03.2012 - **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 31.03.2012, 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 2011-12.

(iii) DETAILS OF REMUNERATION PAID TO DIRECTORS**EXECUTIVE DIRECTOR**

Shri M S Dagur, IAS, was appointed as the Managing Director of the Company vice Dr. Guruprasad Mohapatra, IAS w.e.f 19th July, 2011 till his services are withdrawn by the Government of Gujarat subject to limit of five years pursuant to provisions of Section 317 of the Companies Act, 1956.

The details of remuneration paid to the Managing Director during the year 2011-12:

Remuneration	Shri M S Dagur, IAS	Dr. Guruprasad Mohapatra, IAS
	Rs.	Rs.
Charge Allowance	32,000/-	40,723/-
Contribution to Pension Fund & Leave salary	-	-
Perquisites / Benefits	9,510/-	22,205/-
TOTAL.....	41,510/-	62,928/-

NON-EXECUTIVE DIRECTORS

The Company pays Sitting Fees of Rs.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 2011-12:

Name	Relation- ship with other Directors	Business relationship with the Company, if any	Sitting Fees paid		
			For Board Meetings (Rs.)	For Committee Meetings (Rs.)	Total (Rs.)
Shri A K Joti, IAS	No	No	25,000/-	-	25,000/-*
Shri D J Pandian, IAS	No	No	10,000/-	30,000/-	40,000/-*
Shri M M Srivastava, IAS	No	No	20,000/-	-	20,000/-*
Shri G C Murmu, IAS	No	No	15,000/-	20,000/-	35,000/-**
Shri G M Yadwadkar	No	Nominee of IDBI Bank Ltd.	20,000/-	55,000/-	75,000/-@
<i>Padma Bhushan</i> Dr. Sukh Dev	No	No	20,000/-	35,000/-	55,000/-
Shri J N Godbole	No	No	25,000/-	35,000/-	60,000/-
TOTAL.....			1,35,000/-	1,75,000/-	3,10,000/-

* 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 31.03.2012, the Committee comprised of six (6) Members viz. Shri D J Pandian, IAS as the Chairman, Shri G C Murmu, IAS, Shri G M Yadwadkar, *Padma Bhushan* Dr Sukh Dev, Shri J N Godbole and Shri M S Dagur, IAS.

During the year 2011-12, three (3) Meetings of the Committee were held i.e. on 25.05.2011, 28.07.2011 and 20.10.2011.

(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 31.03.2012, the Committee comprised of four (4) Members viz. Shri D J Pandian, IAS as the Chairman, Shri G C Murmu, IAS, Shri G M Yadwadkar and Shri M S Dagur, IAS.

Since no Meeting of the Committee was held, the proposals were approved by members of the committee by Circular Resolutions during the year 2011-12.

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 interest 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, 2012, 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 - 2011-12 :

Particulars	Shareholders (Nos.)	Outstanding Shares (Nos.)
At the beginning of the year	281	8688
No. of Shareholders who approached during the year	5	252
No. of Shareholders to whom Shares are dispatched	5	252
No. of Shareholders and unclaimed Shares at the end of the year	276	8436

The Company has endeavored to trace the current address of shareholders (whose Share Certificates are unclaimed) through their neighbors at registered address and by reference to 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 2011-12 to Vadodara Stock Exchange Ltd., Bombay Exchange Ltd. and National Stock Exchange of India Ltd. where the Company's Securities are listed, within fifteen (15) days from the close of respective quarter.

7. FINANCIAL RESULTS - 2011-12:

(Rs. in Lakhs)

PARTICULARS	QUARTER				FOR F. Y. 2011-12
	I	II	III	IV	
Total Income	42,096	42,839	44,433	42,906	1,72,274
Total Expenditure	(30,165)	(33,590)	(36,685)	(31,925)	(1,32,365)
Profit Before Interest, Depreciation and Tax	11,931	9,249	7,748	10,981	39,909
Finance Cost	(604)	(509)	(537)	(403)	(2,053)
Depreciation and Amortization Expenses	(3,304)	(3,526)	(3,595)	(3,470)	(13,895)
Prior Period Adjustments (Net)	(2)	(30)	-	12	20
Other Exceptional Item	(1,587)	(12)	-	-	(1,599)
Profit Before Tax	6,434	5,172	3,616	7,120	22,342
Less: Provision for Tax	(1,794)	(1,466)	(1,022)	(2,699)	(6,981)
Profit After Tax	4,640	3,706	2,594	4,421	15,361
Earning Per Share (Not Annualized)	6.32	5.05	3.53	6.02	20.92

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 2011-12. 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 25.05.2011, 28.07.2011, 20.10.2011 and 27.01.2012.

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 2011-12.

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 30.06.2011	28.07.2011	29.07.2011	In prescribed format (Full) under Listing Agreements and / or Highlights (Abridged)	
Unaudited Financial Results for 2 nd Quarter ended on 30.09.2011	20.10.2011	21.10.2011	Times of India – Ahmedabad Business Standard – All editions The Indian Express, Ahmedabad, Vadodara Financial Express (English) – All editions Financial Express (Gujarati) – Ahmedabad The Economic Times – Mumbai, Delhi Loksatta – Vadodara	
Unaudited Financial Results for 3 rd Quarter ended on 31.12.2011	27.01.2012	28.01.2012		
Audited Financial Results for the 4 th quarter and for the year ended on 31.03.2012	24.05.2012	25.05.2012	Gujarat Samachar Sandesh Divya Bhaskar	Vadodara Ahmedabad Surat

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 2011-12.

For **GUJARAT ALKALIES AND CHEMICALS LIMITED**

Place : VADODARA
Date : 01.05.2012

M S Dagur, IAS
Managing Director

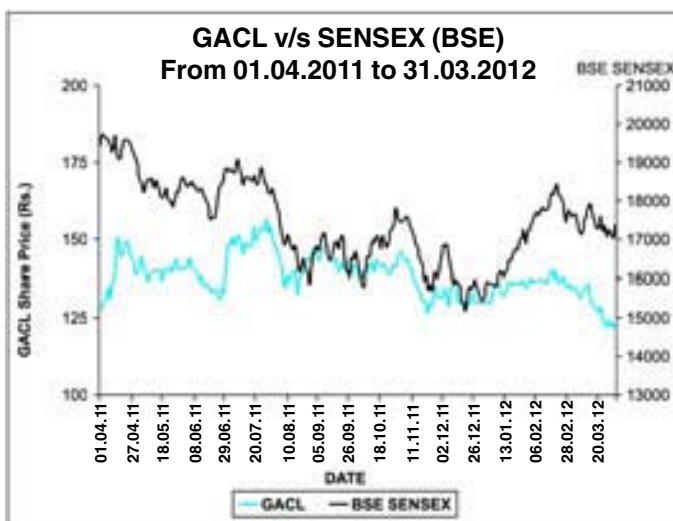
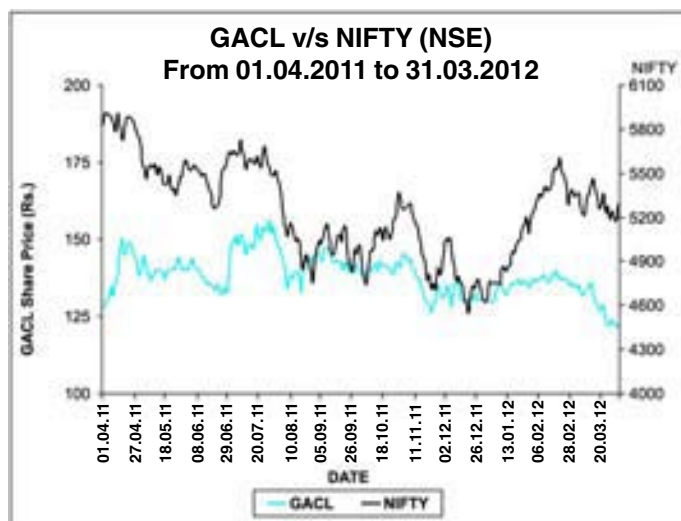
GENERAL INFORMATION FOR MEMBERS

- | | | |
|---|--|--|
| 1. Day, Date and Time of 39th AGM
2. Venue of AGM
3. Dates of Book Closure
4. Dividend payment date
5. Listing on Stock Exchanges | : Friday, 21 st September, 2012 at 3.00 p.m.
: In the premises of the Company at
P.O. Petrochemicals : 391 346, Dist. : Vadodara
: 11 th September, 2012 to 21 st September, 2012
(Both days inclusive)
: On or after 26 th September, 2012
:
Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai : 400 001
(Scrip Code : 530001)
(Scrip ID : GUJALKALI)

National Stock Exchange of India Ltd.
"Exchange Plaza"
Bandra-Kurla Complex,
Bandra (East) Mumbai : 400 051.
(Scrip Symbol : GUJALKALI)

Vadodara Stock Exchange Ltd.
Fortune Towers
Dalal Street, Sayajigunj
Vadodara : 390 005
(Scrip Code : 30001) | |
| 6. Company's ISIN No. with NSDL & CDSL
7. No. of Employees
8. Stock Market Data | : INE 186A01019
: 1515
: 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 (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April, 2011	158.80	125.35	1417288	158.90	125.60	2842630
May, 2011	148.00	135.55	694116	167.65	135.20	2406616
June, 2011	147.10	130.00	1275580	147.80	129.25	2761144
July, 2011	158.00	144.00	829610	157.45	143.50	2033275
August, 2011	156.00	129.10	479518	156.50	126.20	1866486
September, 2011	149.50	138.00	683751	150.50	138.30	1075462
October, 2011	146.55	136.05	238129	146.80	136.60	997319
November, 2011	146.95	124.00	375384	146.00	123.50	1448689
December, 2011	138.80	127.00	1228684	139.00	125.20	1214359
January, 2012	145.00	128.60	1295579	144.00	127.10	1791057
February, 2012	143.25	132.55	874735	142.05	134.00	1261772
March, 2012	137.50	120.10	906831	137.80	119.55	980870
Total			10299205			20679679
Average 2011-12	147.95	130.86		149.54	130.33	
Average 2010-11	133.48	116.83		134.16	116.92	



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 : mcsitdbaroda@yahoo.com mcsvadodara@rediffmail.com

10. Share Transfer System :

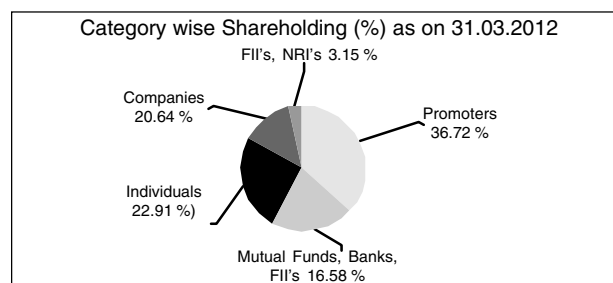
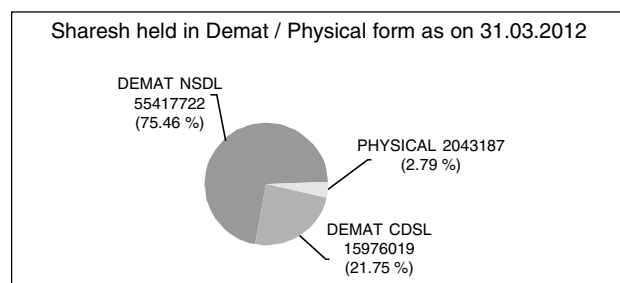
With a view to expedite the Share Transfer Procedure, the Board of Directors has delegated the powers to the Company Secretary and other Officers to consider and approve the requests received in respect of Securities related transactions upto One Thousand (1000) shares and accordingly Delegated Authorities 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 2011-12 were 2,06,88,201 Nos.

11. (A) Distribution of Shareholding as on 31st March, 2012.

No. of Equity Shares held	No. of Shareholders		Total Share-holders	% of Share-holders	No. of Shares		Total Share-holding	% of Share-holding
	Physical	Electronic			Physical	Electronic		
Upto 500	10024	12881	22905	38.31	199447	363913	563360	0.76
501 to 1000	3642	8987	12629	21.13	286563	797881	1084444	1.48
1001 to 2000	2558	7485	10043	16.80	380370	1219995	1600365	2.18
2001 to 3000	890	3086	3976	6.65	220503	807308	1027811	1.40
3001 to 4000	582	1970	2552	4.27	201852	705165	907017	1.24
4001 to 5000	330	1841	2171	3.63	147935	877737	1025672	1.40
5001 to 10000	477	2893	3370	5.64	324513	2197129	2521642	3.43
10001 and above	146	1985	2131	3.57	282004	64424613	64706617	88.11
Total as on 31.03.2012	18649	41128	59777	100.00	2043187	71393741	73436928	100.00
Total as on 31.03.2011	19389	44348	63737	100.00	17736054	55700874	73436928	100.00

(B) Summary of Shareholders & shares held in physical and Demat mode as on 31st March, 2012 :

Particulars	Physical	Demat		Total
		NSDL	CDSL	
Total Shareholders (No.)	18649	30564	10564	59777
Percentage (%)	31.20	51.13	17.67	100.00
Total Shares (No.)	2043187	55417722	15976019	73436928
Percentage (%)	2.79	75.46	21.75	100.00
		97.21%		

**12. Category of Shareholders as on 31st March, 2012 :**

Category	Share-holders	Percentage %	Physical Holding	Electronic Holding	Total Shares	Percentage %
Promoters	7	0.01	0.00	26964967	26964967	36.72
Directors & their relatives	—	—	—	—	—	—
Mutual Funds, Banks, FI's	64	0.10	4390	12171575	12175965	16.58
Individuals	58066	97.14	1968036	14855920	16823956	22.91
Companies	779	1.31	66427	15088178	15154605	20.64
FI's, NRI's	861	1.44	4334	2313101	2317435	3.15
Total	59777	100.00	2043187	71393741	73436928	100.00

13. List of shareholders holding more than 1 % of the total Share Capital of the Company as on 31st March, 2012.

Sr.No.	Name	No. of Shares held	Percentage (%)
1	Gujarat State Investments Limited	12513438	17.04
2.	Lok Prakashan Limited	9101418	12.39
3	Gujarat Industrial Investment Corporation Limited	7119028	9.69
4	Life Insurance Corporation of India	5855688	7.97
5	Sundaram Mutual Fund	4041992	5.50
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	Shreyans Shantilal Shah	1375790	1.87
11	General Insurance Corporation of India	1150329	1.57
12	Gujarat Industries Power Company Limited	1103360	1.50
13	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 the conditions of Corporate Governance by M/s. Gujarat Alkalies and Chemicals Limited, for the financial year ended March 31, 2012 as stipulated in Clause 49, as amended, of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to 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 Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2012, 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 efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Vadodara
Date: 25.07.2012

Niraj Trivedi
Company Secretary
CP. No. 3123

CERTIFICATION BY CEO AND CFO TO THE BOARD OF DIRECTORS

- a) We have reviewed the Balance Sheet and Statement of Profit and Loss 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 : 24.05.2012

M S DAGUR
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, 2012 and Statement of Profit and Loss 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 Statement of Profit and Loss 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, Balance Sheet and Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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, 2012;
- ii. in the case of Statement of Profit and Loss, 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

P. C. Nalwaya
Partner

Place : Gandhinagar
Date : 24.05.2012

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, 2012)

- 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 Rs. 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 31.03.2012 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 (Rs. 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 Rs. 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	Rs. 20,472.48	Various years	Jt. Commissioner of Appeals, Baroda.
3.	Central Excise Department	CENVAT Duty & Penalty	CENVAT of Rs.462.12 plus Penalty of Rs.464.11	Appeal preferred for the F.Y. 1996-97	Gujarat High Court, Ahmedabad.
4.	Central Excise Department	CENVAT Duty & Penalty	Rs. 96.00	Various years	Customs, Excise & Service Tax Appellate Tribunal
5.	Central Excise Department	CENVAT Duty (Service Tax) & Penalty	Rs. 132.42	Various years	Commissioner (Appeals), Baroda.
6.	Income Tax	Tax & Interest	Rs. 2,410.66	Various years	Commissioner of Income Tax (Appeals)
7.	Income Tax	Tax & Interest	Rs. 24.07	Various years	Income Tax Appellate Tribunal.

- x) The Company has no accumulated losses as at March 31, 2012 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 : 24.05.2012

Membership No. 033710

Balance Sheet

as at 31st March, 2012

[Rs. in Lakhs]

Particulars	Note No.	As At 31.03.2012	As At 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	7,343.84	7,343.84
(b) Reserves and Surplus	3	1,53,434.74	1,40,633.88
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	23,742.17	15,057.17
(b) Deferred tax liabilities (Net)	5	32,588.95	31,449.94
(c) Other Long term liabilities	6	874.63	856.91
(d) Long term provisions	7	2,672.33	2,710.84
(3) Current Liabilities			
(a) Short-term borrowings	8	7,401.44	20,158.90
(b) Trade payables	9	8,087.93	7,714.44
(c) Other current liabilities	10	9,110.74	5,868.51
(d) Short-term provisions	11	37,297.71	30,902.51
Total		2,82,554.48	2,62,696.94
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	1,59,948.51	1,46,873.65
(ii) Capital work-in-progress	13	4,326.46	10,015.79
(b) Non-current investments	14	15,845.43	15,357.93
(d) Long term loans and advances	15	10,763.09	9,967.61
(e) Other non-current assets	16	2,741.97	2,231.34
(2) Current assets			
(a) Current investments	17	262.54	262.54
(b) Inventories	18	17,892.87	13,005.68
(c) Trade receivables	19	25,043.84	27,561.33
(d) Cash and cash equivalents	20	5,789.19	1,725.96
(e) Short-term loans and advances	21	38,755.41	35,170.03
(f) Other current assets	22	1,185.17	525.08
Total		2,82,554.48	2,62,696.94
Significant Accounting Policies	1		

See accompanying notes forming part of financial statements.
As per our attached Report of even date

For and on behalf of the Board

For **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm Reg. No. : 002438C

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

A. K. Joti
Chairman

CA. P. C. Nalwaya
Partner
Membership No. 033710
Place : Gandhinagar
Date : 24th May, 2012

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

M. S. Dagur, IAS
Managing Director

Place : Gandhinagar
Date : 24th May, 2012

Statement of Profit and Loss

for the Year ended 31st March, 2012

[Rs. in Lakhs]

Particulars	Note No.	2011-12	2010-11
I. Revenue from operations	23	1,87,531.91	1,57,225.39
Less : Excise Duty		16,435.10	13,757.79
Total		1,71,096.81	1,43,467.60
II. Other Income	24	1,177.38	1,201.48
III. Total Revenue (I+II)		1,72,274.19	1,44,669.08
IV. Expenses:			
Cost of materials consumed	25	72,079.60	61,578.50
Purchase of Stock-in-Trade	26	885.88	1,604.41
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	27	(3,056.78)	(466.00)
Employee benefit expense	28	11,813.22	11,493.33
Finance costs	29	2,052.69	2,116.62
Depreciation and amortization expense	30	13,895.22	13,312.13
Other expenses	31	50,642.82	42,331.41
IV. Total Expenses		1,48,312.65	1,31,970.40
V. Profit before exceptional and extraordinary items and tax (III - IV)		23,961.54	12,698.68
VI. Exceptional Items			
(a) Prior Period items (Net)	32	20.39	(12.97)
(b) Other Exceptional Item	47	1,598.61	-
VII. Profit before tax (V - VI)		22,342.54	12,711.65
VIII. Tax expense:			
(1) Current tax		5,842.16	1,588.46
(2) Deferred tax		1,139.01	(307.09)
IX. Profit for the period (VII-VIII)		15,361.37	11,430.28
X. Earning per equity share (face value Rs. 10/- each):	42		
(1) Basic		20.92	15.56
(2) Diluted		20.92	15.56
Significant Accounting Policies	1		

See accompanying notes forming part of financial statements.
As per our attached Report of even date

For and on behalf of the Board

For **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm Reg. No. : 002438C

CA. P. C. Nalwaya
Partner
Membership No. 033710
Place : Gandhinagar
Date : 24th May, 2012

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

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

A. K. Joti
Chairman

M. S. Dagur, IAS
Managing Director

Place : Gandhinagar
Date : 24th May, 2012

Cash Flow Statement

for the Year ended 31st March, 2012

[Rs. in Lakhs]

PARTICULARS	2011-2012	2010-2011
A CASH FLOW FROM OPERATING ACTIVITIES	34,660.51	19,276.99
B CASH FLOW FROM INVESTING ACTIVITIES	(22,400.77)	(19,141.30)
C CASH FLOW FROM FINANCING ACTIVITIES	(8,196.51)	329.39
D CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,725.96	1,260.88
E CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,789.19	1,725.96
F TOTAL CASH FLOW DURING THE YEAR (A+B+C) or (E-D)	4,063.23	465.08
A CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS	22,342.54	12,711.65
ADJUSTMENTS FOR :		
ADDITION / (DEDUCTION)		
DEPRECIATION		
(Includes Prior Period Rs. 16.37 lakhs, Previous Year Rs. 2.32 lakhs)	13,893.73	13,299.12
INTEREST RECEIVED	(290.67)	(314.96)
DIVIDEND RECEIVED	(830.56)	(780.28)
INTEREST CHARGED TO PROFIT & LOSS ACCOUNT	1,936.26	1,988.99
PROFIT ON SALE OF ASSETS	(1.79)	(69.59)
LOSS ON SALE OF ASSETS	78.06	31.06
OTHER CAPITAL EXPENDITURE (RECOATING & REMEMBRANING)	1,122.52	1,030.17
CONTRIBUTION OF POWER, WATER & SERVICES WRITTEN OFF	96.88	96.87
EXCESS PROVISION WRITTEN BACK ON DERIVATIVE TRANSACTIONS	—	(32.68)
DIMINUTION IN VALUE OF INVESTMENT	291.73	1.15
Sub Total	16,296.16	15,249.85
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	38,638.70	27,961.50
DECREASE OR (INCREASE) IN ASSETS :		
TRADE AND OTHER RECEIVABLES	1,996.75	134.24
INVENTORIES	(5,359.66)	(770.77)
INCREASE / (DECREASE) IN LIABILITIES :		
TRADE PAYABLES AND OTHER LIABILITIES	5,304.13	(6,189.59)
CASH GENERATED FROM OPERATIONS BEFORE TAX	40,579.92	21,135.38
DIRECT TAXES PAID	(5,919.41)	(1,858.39)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	34,660.51	19,276.99
EXTRAORDINARY ITEMS	—	—
NET CASH FLOW FROM OPERATING ACTIVITIES : (TOTAL - A)	34,660.51	19,276.99

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(contd.)

[Rs. in Lakhs]

P A R T I C U L A R S	2011-2012	2010-2011
B CASH FLOW FROM INVESTING ACTIVITIES :		
PURCHASE OF FIXED ASSETS	(20,826.83)	(17,812.16)
LEASE ASSETS CAPITALISED	—	—
SALE OR ADJUSTMENT OF FIXED ASSETS	55.30	104.44
PURCHASE OF INVESTMENTS	(788.66)	(1,571.20)
PROCEEDS FROM SALE OF INVESTMENTS	9.43	0.16
INTEREST RECEIVED	290.67	314.96
DIVIDEND RECEIVED	830.56	780.28
OTHER CAPITAL EXPENDITURE (RECOATING & REMEMBRANING)	(1,971.24)	(957.78)
NET CASH FLOW FROM INVESTMENT ACTIVITIES - (TOTAL - B)	(22,400.77)	(19,141.30)
C CASH FLOW FROM FINANCING ACTIVITIES :		
MTM LOSS ON DERIVATIVE TRANSACTION (PAID)	—	(1,324.02)
INTEREST PAID	(1,943.87)	(1,845.16)
DIVIDEND PAID	(2,560.51)	(2,569.02)
LONG TERM BORROWINGS	9,052.40	(12.93)
SHORT TERM BORROWINGS	(12,744.53)	6,080.52
NET CASH FLOW FROM FINANCING ACTIVITIES - (TOTAL - C)	(8,196.51)	329.39
D CASH AND CASH EQUIVALENTS AT THE BEGINNING 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 BEGINNING OF THE YEAR - (TOTAL - D)	1,725.96	1,260.88
E CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR :		
CASH AND CHEQUES ON HAND	1,476.61	1,423.87
BALANCES WITH BANKS	4,312.58	302.09
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR - (TOTAL - E)	5,789.19	1,725.96
F TOTAL CASH FLOW DURING THE YEAR (A+B+C) OR (E-D)	4,063.23	465.08

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

V. L. Vyas

Company Secretary

& Chief General Manager (Legal)

For and on behalf of the Board

A. K. Joti

Chairman

CA. P. C. Nalwaya

Partner

Membership No. 033710

Place : Gandhinagar

Date : 24th May, 2012

CA. (Dr.) H. B. Patel

Chief Finance Officer

M. S. Dagur, IAS

Managing Director

Place : Gandhinagar

Date : 24th May, 2012

NOTE

F.Y. 2011-2012

1 - 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

(A) Sales

Revenue is recognised with respect to Sales (net of discount) on accrual basis, including handling charges and packing charges but exclude Excise Duty and Sales Tax / Value Added Tax on accrual basis.

(B) Revenue is recognised with respect to Other Operating Income and Other Income on accrual basis with disclosed exceptions on receipt basis as under. :

(a) Other Operating Income

- (i) Insurance and other claims treated as Other Operating Income. However, insurance claims are adjusted towards replacement cost on selective basis.
- (ii) Compensation (Net) received from the Multilateral Fund towards the phasing out of CTC product under Montreal Protocol.
- (iii) Receipt against monetisation of Certified Emission Reduction (CER) under Kyoto Protocol for Clean Development Mechanism.

(b) Other Income

- (i) Dividend Income

(3) Tangible Assets, Tangible Assets under lease, Capital Work in Progress, Expenditure on New Projects, Depreciation and Amortisation

(a) Tangible Assets, Tangible Assets under lease, Capital Work in Progress and Expenditure on New Projects:

- (i) Tangible Assets are stated at cost of acquisition or construction less accumulated depreciation. In case of capital expenditure, such costs of acquisition or construction are capitalised upto the date the assets are put to use. Interest,

commitment and other charges on borrowings, as also expenditure directly attributable to specific project upto its commissioning are accumulated as cost of relevant projects.

Further, in respect of grass root projects, initial and pre-operative expenditure incurred prior to commissioning of the projects are also considered as cost of relevant projects.

- (ii) Capital Assets/Expenditure on new projects under erection / installation are reflected in Balance Sheet as "Capital Work-in-Progress".
- (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.
- (v) Advances to suppliers, contractors and others for new projects are included in long term loans and advances.

(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 tangible 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 tangible assets (except those of Rs.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 tangible assets arising from exchange variations, depreciation thereof is considered and covered during the period of residual life of the relevant assets.

(4) Investments

All Current and Non-current 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 tangible 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 Statement of Profit and Loss.

(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.
- (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-in-Trade is valued at lower of the landed cost or realisable value.
- (i) Consumable stores categorised separately are charged to Statement of Profit and Loss 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 as "Tangible 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 "Tangible 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.

(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 Statement of Profit & Loss.

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 awards 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 Statement of Profit and Loss 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 as "Prior Period item" or as "Exceptional item" as the case may be.

(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.

2 - SHARE CAPITAL

Disclosure pursuant to Note No. 6(A) (a,b & c) of Part I of Schedule VI to the Companies Act, 1956

		[Rs. in Lakhs]	
Particulars		As at 31.03.2012	As at 31.03.2011
Equity Share Capital			
(a) Authorised :			
10,00,00,000	Equity Shares of Rs.10/- each (Previous Year 10,00,00,000)	10,000.00	10,000.00
50,00,000	Redeemable Cumulative Preference Shares of Rs.100/- each (Previous Year 50,00,000)	5,000.00	5,000.00
		15,000.00	15,000.00
(b) Issued :			
7,34,39,875	Equity Shares of Rs.10/- each (Previous Year 7,34,39,875)	7,343.99	7,343.99
(c) Subscribed & Fully Paid-up :			
7,34,36,928	Equity Shares of Rs.10/- each (Previous Year 7,34,36,928)	7,343.69	7,343.69
(d) Subscribed & Not fully Paid-up (forefeited) :			
2,947	Equity Shares of Rs.10/- each (Previous Year 2,947)	0.15	0.15
Total		7,343.84	7,343.84

Disclosure pursuant to Note No. 6(A) (d) of Schedule VI to the Companies Act,1956

Reconciliation of the number of equity shares :

Particulars	2011-12		2010-11	
	Number	(Rs. in lakhs)	Number	(Rs. in lakhs)
Shares outstanding at the beginning of the period	7,34,36,928	7,343.84	7,34,36,928	7,343.84
Shares outstanding at the end of the period	7,34,36,928	7,343.84	7,34,36,928	7,343.84

Disclosure pursuant to Note No. 6(A) (g) of Schedule VI to the Companies Act,1956

List of shareholders holding more than 5% of total number of shares issued by the Company.

Sr. No.	Name of Shareholder	As at 31 st March, 2012		As at 31 st March, 2011	
		No. of shares held	% of shares held	No. of shares held	% of shares held
1	Gujarat State Investment Ltd.	1,25,13,438	17.04	1,25,13,438	17.04
2	Gujarat Industrial Investment Corporation Limited	71,19,028	9.69	71,19,028	9.69
3	Life Insurance Corporation of India	58,55,688	7.97	65,55,688	8.93
4	Lok Prakashan Ltd.	91,01,418	12.39	46,65,046	6.35
5	Sundaram Mutual Fund A/c Sundaram Select MIDCAP	34,93,638	4.76	47,55,024	6.47

3 - RESERVES AND SURPLUS

Disclosure pursuant to Note No. 6 (B) (i) of Part I of Schedule VI to the Companies Act, 1956

	[Rs. in Lakhs]	
	As at 31.03.2012	As at 31.03.2011
(a) Capital Reserve	0.24	0.24
(b) Securities Premium Account	23,423.18	23,423.18
(c) General Reserve	86,612.34	78,931.34
(d) Surplus in Statement of Profit and Loss	43,398.98	38,279.12
Total :	1,53,434.74	1,40,633.88

Disclosure pursuant to Note No. 6(B) of Part I of Schedule VI to the Companies Act, 1956

	[Rs. in Lakhs]	
Reserves & Surplus	As at 31.03.2012	As at 31.03.2011
a. Capital Reserves :		
Opening Balance	0.24	0.24
Closing Balance	0.24	0.24
b. Securities Premium Account :		
Opening Balance	23,423.18	23,423.18
Closing Balance	23,423.18	23,423.18
c. General Reserve :		
Opening Balance	78,931.34	73,216.34
Add : Current year Transfer	7,681.00	5,715.00
Closing Balance	86,612.34	78,931.34
d. Surplus in Statement of Profit and Loss :		
Opening Balance	38,279.12	35,124.35
Add : Net Profit / (Net loss) for the current year	15,361.37	11,430.28
Less: Proposed Dividend	2,203.11	2,203.11
Less: Tax on Proposed Dividend	357.40	357.40
Less: Transfer to General Reserves	7,681.00	5,715.00
Closing Balance	43,398.98	38,279.12
Total :	1,53,434.74	1,40,633.88

4 - LONG TERM BORROWINGS

Disclosure pursuant to Note No. 6(C) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]		
	As at 31.03.2012	As at 31.03.2011
Secured :		
(a) Term Loans from Banks :		
External Commercial Borrowings of US \$ 40 million from ICICI Bank (Secured by plant & machinery of 39 MW Wind Farm Project at Sinoi site in Dist. Kachchh, Gujarat.) Interest Rate - (Libor +2.95 % p.a.) (of the above, Rs. Nil is guaranteed by Directors and / or others) Term of Repayment : Twelve equal half yearly installments of US \$ 3.33 million to be repaid from 29 th September, 2011.	13,566.67	15,056.67
External Commercial Borrowings of US \$ 20 million from HDFC Bank pending security creation (To be secured by plant & machinery of 20,000 MTA Sodium Chlorate Project at Dahej) Interest Rate - (Libor + 3.50% p.a.) Term of Repayment : Ten equal half yearly installments of US\$ 2.00 million to be repaid from 14th August, 2013.	10,175.00	-
	23,741.67	15,056.67
Unsecured :		
(a) Long term maturities of finance lease obligations :	0.50	0.50
	0.50	0.50
Total :	23,742.17	15,057.17

5 - DEFERRED TAX LIABILITIES (Net)

[Rs. in Lakhs]				
	As at 31.03.2012		As at 31.03.2011	
	Assets	Liability	Assets	Liability
Depreciaion		32,567.08		31,579.02
Lease Assets		267.08		318.48
Expenditure u/s. 43B of the I.T. Act	1,048.96		988.35	
Other Capital Expenses		1,216.15		940.78
Provision for doubtful debts	412.40		399.99	
Total :	1,461.36	34,050.31	1,388.34	32,838.28
Deferred Tax Liability		32,588.95		31,449.94
Less : MAT Credit		-		-
Net Deferred Tax Liability *		32,588.95		31,449.94

* During the year there is increase in deferred tax liability to the extent of Rs.1,139.01 lakhs, consequently this amount has been provided for and debited to Statement of Profit and Loss (Previous Year deferred tax assets Rs.307.09 lakhs).
The accumulated deferred tax liability amounted to Rs.32,588.95 lakhs as on 31.03.2012 (Previous Year Rs. 31,449.94 lakhs).

6 - OTHER LONG TERM LIABILITIES

Disclosure pursuant to Note No. 6 (D) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

		As at 31.03.2012	As at 31.03.2011
[A] Trade Payables :		120.65	107.83
[B] Others :		-	
Sundry Creditors (others)	154.06		203.01
Security Deposits	99.50		150.14
Outstanding liabilities for purchase / Expenses	350.32		310.06
Employee Benefits	55.65		64.72
Miscellaneous Liabilities	94.45		21.15
	753.98	753.98	749.08
Total :		874.63	856.91

7 - LONG TERM PROVISIONS

Disclosure pursuant to Note No. 6 (E) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
(a) Provision of Employees' Benefits (Unfunded)		
Gratuity	(268.14)	80.15
Leave Encashment	2,827.30	2,611.69
Long Service Award	55.78	9.97
Leave Travel Allowance	57.39	9.03
Total :	2,672.33	2,710.84

8 - SHORT TERM BORROWINGS

Disclosure pursuant to Note No. 6 (F) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
Secured :		
(a) Loans repayable on demand :		
(i) from Banks (secured by first charge by hypothecation of stocks and book debts and second charge by hypothecation over the immovable assets of the Company)	401.44	3,645.97
Interest Rate :-		
State Bank of India - BPLR less 0.25%		
HDFC Bank - Base rate plus 2.80%		
Axis Bank - Base rate plus 4.75%		
Central Bank of India - Base rate plus 1.75%		
Indian Bank - Base rate plus 1.75%		
Unsecured :		
(a) Loans repayable on demand :		
(i) Others - [Interest rate 8.50% p.a. (Previous Year 8% p.a.)]	7,000.00	16,500.00
(b) Other loans and advances :		
(i) Sales Tax Deferment Loans	-	12.93
(of the above , Rs. Nil is guaranteed by directors / or others)		
Total :	7,401.44	20,158.90

9 - TRADE PAYABLES

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
(i) Trade payables :		
(i) Sundry Creditors :		
- Micro, Small and Medium Enterprise	1,023.96	487.15
- Other than Micro, Small and Medium Enterprise	6,243.72	6,417.41
(ii) Security Deposits / Earnest Money Deposits	820.25	809.88
Total :	8,087.93	7,714.44

10 - OTHER CURRENT LIABILITIES

Disclosure pursuant to Note No. 6 (G) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
(a) Current maturities of long term debts	3,391.67	3,011.33
(b) Current maturities of finance lease obligations	-	-
(c) Interest accrued but not due on borrowings	163.55	171.16
(d) Unpaid dividends	88.17	78.93
(e) Application money received for allotment of securities and due for refund and interest accrued thereon	-	0.29
(f) Unpaid matured deposits and interest accrued thereon	-	0.21
(g) Other payables :		
(i) Other Statutory Liabilities	1,256.82	827.76
(ii) Advance received from customers	494.44	279.34
(iii) Payables for capital goods	3,715.70	1,435.33
(iv) Miscellaneous liabilities	0.39	64.16
Total :	9,110.74	5,868.51

11 - SHORT TERM PROVISIONS

Disclosure pursuant to Note No. 6 (H) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
(a) Provision of Employees' Benefits		
Salary & Reimbursements	1,400.19	1,203.74
Gratuity (Funded)	(46.54)	(361.11)
Leave Encashment (Funded)	400.84	427.34
Long Service Award	37.83	49.76
(b) Others		
(i) Provisions for outstanding liabilities for purchase & Expenses	6,048.15	4,438.80
(ii) Proposed Dividend	2,203.11	2,203.11
(iii) Tax on Proposed Dividend	357.40	357.40
(iv) Provision for Taxation	26,896.73	22,583.47
Total :	37,297.71	30,902.51

12 - TANGIBLE ASSETS

Disclosure pursuant to Note No. I (i), (ii),(iii); Note No.J (i), (ii); Note No. L of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

Sr. No.	FIXED ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at 01.04.2011 Rs.	Additions Rs.	Deductions Rs.	As at 31.03.2012 Rs.	Upto 31.03.2011 Rs.	For the year Rs.	Deductions Rs.	Upto 31.03.2012 Rs.	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
	TANGIBLE ASSETS :										
1	Free hold Land	102.75	-	-	102.75	-	-	-	-	102.75	102.75
2	Lease hold Land * & **	1,332.41	249.65	27.43	1,554.63	-	-	-	-	1,554.63	1,332.41
3	Buildings, Roads and Culverts	14,335.66	2,180.35	-	16,516.01	3,034.81	428.24	-	3,463.05	13,052.96	11,300.85
4	Plant and Equipment ***	2,55,851.58	23,492.98	290.95	2,79,053.61	1,26,703.78	13,208.47	190.04	1,39,722.21	1,39,331.40	1,29,147.80
	Plant and machinery under lease	3,859.23	-	-	3,859.23	2,877.65	158.40	-	3,036.05	823.18	981.58
5	Furniture, Fixtures and Equipments	1,110.30	350.46	0.30	1,460.46	748.25	56.18	0.01	804.42	656.04	362.05
6	Vehicles	332.51	74.88	9.50	397.89	106.40	42.43	6.54	142.29	255.60	226.11
7	Others :										
	(a) Recoating / Remembraning	9,465.86	1,971.24	-	11,437.10	6,566.25	1,122.51	-	7,688.76	3,748.34	2,899.61
	(b) Power, Water & Services #	1,743.81	-	-	1,743.81	1,223.32	96.88	-	1,320.20	423.61	520.49
	Grand Total	2,88,134.11	28,319.56	328.18	3,16,125.49	1,41,260.46	15,113.11	196.59	1,56,176.98	1,59,948.51	1,46,873.65

NOTES :

- * Lease hold land amortised during Financial Year 2011-12 for the expired period of the lease of Rs.27.43 lakhs (Ref. Sr. No. 3 (c) of Note No. 1) 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 Rs.15.86 lakhs is pending for execution. The refund of amount as per GIDC Rs.132.86 lakhs is yet to be received and rectification deed is yet to be executed, in respect of land admeasuring 61,700 sq. mtrs of Plot No. CH-17, surrendered to GIDC. The actual amounts payable / receivable in both the cases will be as per policy of GIDC.
- *** Depreciation and amortization for the year includes Net Debit of Rs.25.94 lakhs for prior period adjustment (Previous Year Net Debit of Rs.2.32 lakhs)
- # The Company's contribution or expenditure towards Power, Water and Services not owned by the Company is capitalized 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.

13 - CAPITAL WORK-IN-PROGRESS

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
(a) Expenditure on New Projects	2,030.28	6,478.59
(b) Capital Work-in-progress	2,296.18	3,537.20
Total :	4,326.46	10,015.79

14 - NON-CURRENT INVESTMENTS

Disclosure pursuant to Note No. K (i) of Part I of Schedule VI to the Companies Act, 1956

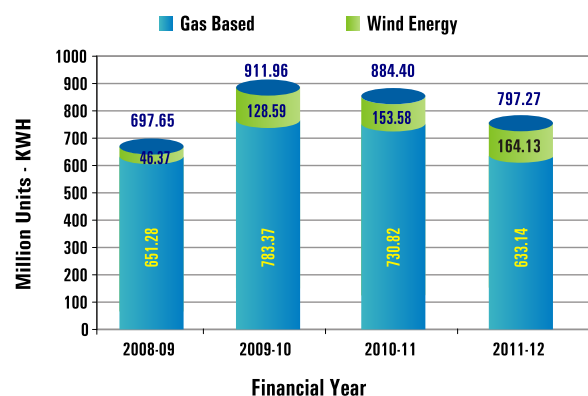
[Rs. in Lakhs]

	Nos.	Face Value Rs.	As at 31.03.2012	As at 31.03.2011
A TRADE INVESTMENTS :				
(a) Investment in Equity Instruments :				
1 (Quoted) :				
1 Gujarat Industries Power Company Limited	2,30,88,980	10	8,139.82	8,139.82
2 Gujarat State Fertilizers and Chemicals Limited	15,00,000	10	1,500.00	1,500.00
3 Gujarat Lease Financing Limited	2,50,000	10	104.68	104.68
Total - 1			9,744.50	9,744.50
2 (Unquoted) :				
1 Gujarat Data Electronics Limited	40,000	10	4.00	4.00
2 Gujarat Venture Finance Limited	1,80,000	10	18.00	18.00
3 Gujarat Guardian Limited	74,25,000	10	742.50	742.50
4 Gujarat State Petroleum Corporation Limited	2,15,43,200	1	1,349.99	1,349.99
5 Gujarat Chemical Port Terminal Company Limited	6,13,90,000	1	613.90	613.90
6 Vadodara Enviro Channel Limited	7,151	10	-	-
7 Gujarat Alumina & Bauxite Limited***	7	10	-	-
8 Bhavnagar Energy Company Limited	1,47,50,000	10	1,475.00	700.00
9 GSPC Gas Company Limited (Fully paid as Share Application Money)*			2,000.00	2,000.00
10 DOW-GACL SolVenture Limited - Joint Venture **	26,221	10	2.62	2.62
Add : Equity Share Application Money			282.00	282.00
Add : Advances converted into equity contribution			13.66	-
Less : Refund received for equity contribution			9.43	-
Equity Shares allotted during the year	28,62,339	10	286.23	282.00
	28,88,560		288.85	284.62
Total - 2			6,492.24	5,713.01
GRAND TOTAL			16,236.74	15,457.51
Less : Provision for diminution in the value of Investments			391.31	99.58
TOTAL			15,845.43	15,357.93
Aggregate Value of Quoted Investments [Market Value Rs. 22,493.26 lakhs (Previous Year Rs. 26,515.91 lakhs)]			9,646.04	9,648.92
Aggregate Value of Unquoted Investments			6,199.39	5,709.01

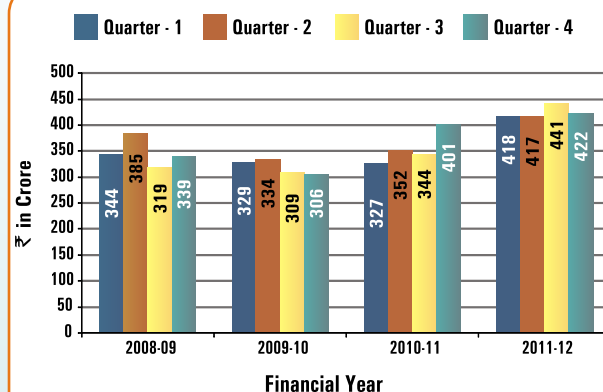
Bonding progress with responsibility

Growing responsibly is what we have always believed in. Therefore, environment friendly technologies have always been an area of our interests. By imbibing alternative source of energy, we are meeting our growing energy requirements without burdening the environment.

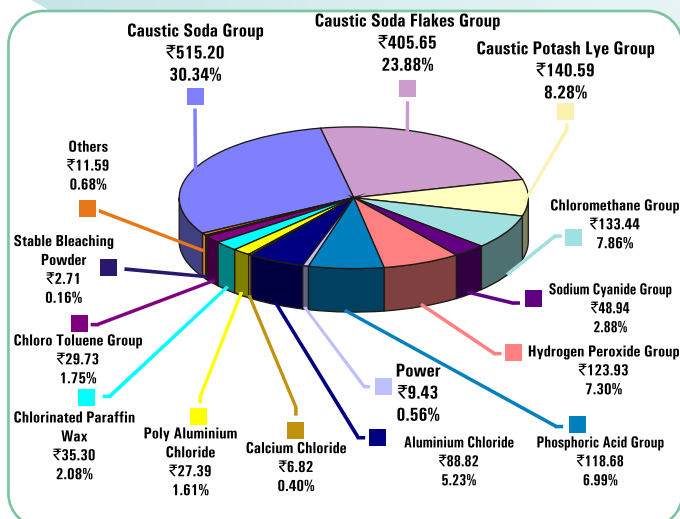
Power Generation



Quarterwise Net Sales



Groupwise Total Sales (Excluding Inter Unit Transfer & Excise Duty Recovered) ₹1698.22 Crore - F.Y. 2011-12 (₹1423.17 Crore - F.Y. 2010-11) ₹ in Crore





Binding the social fabrics

At GACL, we believe in making a positive difference with our abilities. Making it a habit, we have deciphered our role, responsibilities and obligations towards integrating social and environmental concerns of stakeholders and public at large. Through education, infrastructural development, environment preservation initiatives and others, we are working towards better and sustainable communities.

CC Four Lane Road, Ranoli



Tree Transplanter



Maternity Home, Ranoli



DETAILS OF TRADE INVESTMENTS

SR. NO.	NAME OF THE BODY CORPORATE	Subsidiary/ Association / Joint Venture Controlled Entity / Others	No. of Equity Shares		Quoted / Unquoted	Partly paid / Fully paid	Extent of Holding (%)		Amount (Rs. in lakhs)		Whether stated at cost Yes / No	If Answer of Column (12) is No - Basis of Valuation
			2011-12	2010-11			2011-12	2010-11	2011-12	2010-11		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Investments in Equity Instruments											
1	Gujarat Industries Power Company Limited	Others	2,30,88,980	2,30,88,980	Quoted	Fully paid	15.265%	15.265%	8,139.82	8,139.82	Y	-
2	Gujarat State Fertilizers and Chemicals Limited	Others	15,00,000	15,00,000	Quoted	Fully paid	1.882%	1.882%	1,500.00	1,500.00	Y	-
3	Gujarat Lease Financing Limited	Others	2,50,000	2,50,000	Quoted	Fully paid	0.922%	0.922%	6.22	9.10	N	Market Value
4	Gujarat Data Electronics Limited	Others	40,000	40,000	Unquoted	Fully paid	8.000%	8.000%	-	-	N	Net of diminution provision
5	Gujarat Venture Finance Limited	Others	1,80,000	1,80,000	Unquoted	Fully paid	16.331%	16.331%	18.00	18.00	Y	
6	Gujarat Guardian Limited	Others	74,25,000	74,25,000	Unquoted	Fully paid	4.729%	4.729%	742.50	742.50	Y	
7	Gujarat State Petroleum Corporation Limited	Others	2,15,43,200	2,15,43,200	Unquoted	Fully paid	0.938%	0.964%	1,349.99	1,349.99	Y	
8	Gujarat Chemical Port Terminal Company Limited	Others	6,13,90,000	6,13,90,000	Unquoted	Fully paid	3.991%	3.991%	613.90	613.90	Y	
9	Vadodara Enviro Channel Limited	Others	7,151	7,151	Unquoted	Fully paid	14.286%	14.286%	-	-	Y	
10	Gujarat Alumina & Bauxite Limited	Others	-	7	Unquoted	Fully paid	-	0.037%	-	-	Y	Net of diminution provision
11	Bhavnagar Energy Company Limited	Others	1,47,50,000	70,00,000	Unquoted	Fully paid	6.901%	4.000%	1,475.00	700.00	Y	
12	GSPC Gas Company Limited	Others	40,00,000	40,00,000	Unquoted	Fully paid	-	-	2,000.00	2,000.00	Y	
13	DOW-GACL SolVenture Ltd. - Joint Venture	Joint Venture	28,88,560	26,221	Unquoted	Fully paid	99.100%	50.000%	-	284.62	N	Net of diminution provision
	Total								15,845.43	15,357.93		

Note :

* The Company has paid Rs.1,000 lakhs in FY 2009-10 and further Rs.1,000 lakhs in FY 2010-11 i.e. total Rs.2,000 lakhs, as Share Application Money for allotment of 40,00,000 fully paid-up equity shares of Rs.10/- each at a premium of Rs.40/- per share in GSPC Gas Company Ltd. Allotment thereof is pending as at 31st March, 2012.

** During the year, pursuant to allotments of further 28,62,339 equity shares in Dow-GACL SolVenture Ltd. (JV) on 28.03.2012, the percentage ownership of the Company in JV increased to 99.10%, which is held temporarily. Since Dow-GACL SolVenture Ltd. (JV) has filed an application on 16th April, 2012 for striking off the name of Dow-GACL SolVenture Ltd. from Registrar of Companies under the Fast Track Exit Scheme of MCA, Government of India pursuant to the same, the total amount of Rs.288.86 lakhs paid as subscription to equity shares in Dow-GACL SolVenture Ltd. has been written off for the diminution in equity investments and charged to Statement of Profit and Loss of the Company for the Financial Year 2011-12. Therefore, financials of JV are not being consolidated as per AS-21.

*** The Gujarat Alumina & Bauxite Limited has been dissolved and the name of the company has been struck off by the Registrar of Companies, therefore the investment of Rs.70/- has been written off for the diminution in equity investments and charged to Statement of Profit and Loss of the Company for the Financial Year 2011-12.

15 - LONG TERM LOANS AND ADVANCES

Disclosure pursuant to Note No. L (i), (ii),(iii) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
Unsecured (Considered Good)		
(a) Capital Advances *	7,366.00	7,050.82
(b) Security Deposits	1,979.25	1,738.05
(c) Loans and Advances to Related Parties	-	13.66
(d) Other Loans and Advances :		
(i) Advances to Suppliers	683.50	610.62
Less : Provision for Doubtful debts	(15.09)	(15.09)
	668.41	595.53
(ii) Advances to Employees	15.45	15.43
(iii) Duty Draw back receivable	-	3.67
(iv) Prepaid Expenses	1.10	0.12
(v) Cenvat & VAT credit receivable	732.88	550.33
Total :	10,763.09	9,967.61

* Advances for capital goods includes payment and provision of **(1)** Rs.1,695.82 lakhs (Previous Year Rs.1,591.20 lakhs) towards lease hold land allotted at Dahej admeasuring 5,20,000 sq. mtrs and **(2)** Rs.4,611.70 lakhs (Previous Year Rs.4,410.19 lakhs) towards lease hold land allotted at village Dahej admeasuring 10,20,900 sq. mtrs. and **(3)** Rs.930.57 lakhs (Previous Year Rs.793.53 lakhs) towards plot B-37 to B-44 lease hold land admeasuring 50,714.48 sq. mtrs. allotted at village Atali for proposed Housing Colony, for which possession is yet to be taken from GIDC.

16 - OTHER NON-CURRENT ASSETS

Disclosure pursuant to Note No. M (i), (ii),(iii) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
(i) Long Term Trade receivables (including trade receivables on deferred credit terms)		
(a) Doubtful *	1,732.47	1,656.52
Less : Provision for doubtful debts	1,271.07	1,232.84
Total - (i)	461.40	423.68
(ii) Others :-		
(a) Unsecured considered good ;		
(i) Other deposits	-	0.32
(ii) Balance with Excise & Custom	18.14	17.37
(iii) Non-Current stores & spare parts	2,262.43	1,789.97
Total - (ii)	2,280.57	1,807.66
Total :	2,741.97	2,231.34

* The Trade Receivables include overdue outstanding from various parties aggregating to Rs. 1,458.45 lakhs, (Previous Year Rs.1,473.30 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 Rs.1,122.06 lakhs (Previous Year Rs.1,083.84 lakhs) exists for such doubtful debts as on 31.03.2012.

17 - CURRENT INVESTMENTS

Disclosure pursuant to Note No. N (i) and (ii) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	Nos.	Face Value Rs.	As at 31.03.2012	As at 31.03.2011
1 Current Investments (Quoted) :				
(a) INVESTMENT IN EQUITY INSTRUMENTS :				
1 Industrial Development Bank of India Limited	3,18,800	10	259.03	259.03
2 Housing Development Finance Corporation Limited	1,18,700	2	3.16	3.16
3 HDFC Bank Limited*	2,500	2	0.05	0.05
TOTAL QUOTED INVESTMENTS			262.24	262.24
2 Current Investments (Unquoted) :				
(a) Investment in Govt. Securities :				
Investment in Six Year National Saving Certificate purchased & pledged for renewal of License			0.30	0.30
TOTAL UNQUOTED INVESTMENTS			0.30	0.30
TOTAL INVESTMENTS			262.54	262.54
LESS : PROVISION FOR DIMINUTION IN THE VALUE OF INVESTMENTS			-	-
Total :			262.54	262.54
Aggregate Value of Quoted Investments [Market Value Rs.1,145.99 lakhs (Previous Year Rs.1298.18 lakhs)]			262.24	262.24
Aggregate Value of Unquoted Investments			0.30	0.30

* The Company held 500 fully paid-up Equity Shares of Rs.10/- each of HDFC Bank Ltd. (HDFC). The said 500 Equity Shares were sub-divided from Rs. 10/- each to 2,500 Equity Shares of Rs.2/- each on 14th July, 2011.

DETAILS OF CURRENT INVESTMENTS

SR. NO.	NAME OF THE BODY CORPORATE	Subsidiary/ Association/ Joint Venture Controlled Entity / Others	No. of Equity Shares		Quoted / Unquoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount (Rs. in Lakhs)		Whether stated at cost Yes / No	If Answer of Column (12) is No - Basis of Valuation
			2011-12	2010-11			2011-12	2010-11	2011-12	2010-11		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
A	Investments in Equity Instruments											
	1 Industrial Development Bank of India Limited	Others	3,18,800	3,18,800	Quoted	Fully paid	0.025%	0.032%	259.03	Y	—	
	2 Housing Development Finance Corporation Limited	Others	1,18,700	1,18,700	Quoted	Fully paid	0.008%	0.008%	3.16	Y	—	
3	HDFC Bank Ltd.	Others	2,500	2,500	Quoted	Fully paid	0.000%	0.001%	0.05	Y	—	
B	Investments in Government or Trust securities											
	1 Investment in Six Year National Saving Certificate	Others	—	—	Unquoted	Fully paid	—	—	0.30	Y	—	
	Total								262.54			

18 - INVENTORIES

Disclosure pursuant to Note No. O (i) , (ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

		As at 31.03.2012	As at 31.03.2011
(a) Raw- Materials and components (Valued at weighted average cost)	3,952.56		2,945.46
Goods-in-Transit	2,333.75		1,890.29
Total		6,286.31	4,835.75
(b) Work-in-Progress (Valued at weighted average cost)		564.30	491.81
(c) Finished Goods (Valued at weighted average cost)	6,328.82		3,509.62
Goods-in-Transit	165.09		-
Total		6,493.91	3,509.62
(d) Stores and Spares (Valued at weighted average cost)	4,188.39		3,672.49
Goods-in-Transit	18.31		96.29
Total		4,206.70	3,768.78
(e) Others : (Valued at weighted average cost)			
Packing Materials		242.10	214.78
Furnace Oil		12.53	12.53
Building Materials		87.02	172.41
Total :		17,892.87	13,005.68

19 - TRADE RECEIVABLES

Disclosure pursuant to Note No. P (i), (ii), (iii) and (iv) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

		As at 31.03.2012	As at 31.03.2011
Trade Receivables outstanding for a period less than six months from the date they are due for payment			
Secured - Good	4,682.36		5,034.78
Unsecured - Considered Good	20,255.98		22,348.75
Unsecured - Considered Doubtful	-		-
		24,938.34	27,383.53
Less : Provision for doubtful debts		-	-
		24,938.34	27,383.53
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment			
Secured - Good	86.06		194.13
Unsecured - Considered Good	19.44		(16.33)
		105.50	177.80
Total :		25,043.84	27,561.33

20 - CASH AND CASH EQUIVALENTS

Disclosure pursuant to Note No. Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
A Cash and Cash Equivalents :		
(i) Balances with Bank Current Account	1,224.41	223.11
(ii) Cheques, Drafts on hand	1,474.04	1,421.27
(iii) Cash on hand	2.51	2.55
(iv) Others (specify)		
- Stamps on hand	0.06	0.05
- Deposit with Corporate bodies	3,000.00	-
B Other Bank Balances :		
(i) Earmarked balances with bank		
- Unpaid Dividend	88.17	78.98
Total :	5,789.19	1,725.96

21 - SHORT TERM LOANS AND ADVANCES

Disclosure pursuant to Note No. R (i), (ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
Unsecured (Considered Good)		
(a) Other Loans and Advances :		
(i) Unsecured, considered good		
1 Advances to Suppliers	2,339.31	3,107.77
2 Advances to Employees	77.82	102.90
3 Income Tax Refund Receivable	5.56	5.56
4 Duty Drawback Receivable	130.75	131.66
5 Prepaid Expenses	12.38	19.85
6 Advance payment of Income Tax	32,277.51	26,358.10
7 Mat credit entitlement	1,639.52	3,168.42
8 Cenvat & VAT credit receivable	2,181.38	2,238.37
9 Security Deposits	91.18	29.57
10 Loan to GACL Welfare Fund	-	4.27
11 Raw material on Loan basis	-	3.56
Total :	38,755.41	35,170.03

22 - OTHER CURRENT ASSETS

Disclosure pursuant to Note No. S of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	As at 31.03.2012	As at 31.03.2011
Unsecured (Considered Good)		
(i) Balance with Excise & Custom authorities	307.01	180.17
(ii) Receivables	878.16	344.91
Total :	1,185.17	525.08

23 - REVENUE FROM OPERATIONS

(i) SALE OF PRODUCTS

Disclosure pursuant to Note No. 2 A (a) of Part II of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

Sr. No.	Name of Product	2011-12	2010-11
[A]	MANUFACTURING OPERATIONS :-		
1	Caustic Soda Lye	44,194.01	26,955.26
2	Caustic Soda Flakes	35,624.01	26,179.04
3	Liquid Chlorine	3,372.72	8,992.17
4	Hydrochloric Acid (30%)	1,122.82	2,506.79
5	Caustic Soda Prills	4,212.99	3,435.35
6	Chloromethanes	13,343.73	13,089.03
7	Sodium Cyanide	4,851.82	2,702.47
8	Caustic Potash Lye	1,937.13	1,128.43
9	Caustic Potash Flakes	6,490.92	5,280.69
10	Potassium Carbonate	5,630.64	5,832.93
11	Hydrogen Peroxide (100%)	12,393.37	12,456.74
12	Phosphoric Acid (85%)	11,868.10	10,795.37
13	Poly Aluminium Chloride	2,739.48	2,312.89
14	Aluminium Chloride	8,881.93	9,475.56
15	Chlorinated Paraffin Wax	3,447.21	2,867.52
16	Others	8,438.09	6,390.64
	Total [A] :	1,68,548.97	1,40,400.88
[B]	TRADING ACTIVITY	1,273.28	1,916.45
[C]	EXCISE DUTY	16,435.10	13,757.79
	Total (i) - [A + B + C] :	1,86,257.35	1,56,075.12

(ii) OTHER OPERATING REVENUE

Disclosure pursuant to Note no. 2 A (c) of Part II of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

Particulars	2011-12	2010-11
Sale of Scrap	490.16	260.07
Insurance claims received	67.33	60.39
Export Incentives	417.68	223.86
Excess Provision of Expenses no longer required (Net)	59.19	220.94
Compensation for CTC Phase Out	-	71.16
Other Receipts	240.20	313.85
Total : (ii)	1,274.56	1,150.27
Total Revenue from Operations (i) + (ii)	1,87,531.91	1,57,225.39

24 - OTHER INCOME

Disclosure pursuant to Note No. 4 of Part II of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	2011-12	2010-11
Interest income (Gross)	290.67*	314.96*
Dividend Income	830.56	780.28
Other Non-operating Income (Net of Expenses attributable to such income):		
Exchange rate variation	39.32	18.77
Rent received	2.20	1.73
Profit on sale of Fixed Assets	1.79	69.59
Miscellaneous Income	12.84	16.15
Total :	1,177.38	1,201.48
* Includes Tax deducted at source.	17.62	25.99

25 - COST OF MATERIALS CONSUMED

Disclosure pursuant to Note No. 5 (ii) 1 of Part II of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	2011-12	2010-11
1 Natural Gas	34,182.17	29,421.54
2 Potassium Chloride	8,709.23	8,129.02
3 Salt	6,024.04	5,138.28
4 Rock Phosphate	5,197.43	4,263.77
5 Aluminium Ingots	6,764.68	6,658.95
6 Alumina Trihydrate Powder	1,523.88	1,296.44
7 Heavy Normal Paraffin	2,828.71	2,177.24
8 Toluene	2,433.44	671.86
9 Others	4,416.02	3,821.40
	72,079.60	61,578.50

NOTE :

VALUE OF RAW MATERIALS CONSUMED

- IMPORTED

- INDIGENOUS

2011-12		2010-11	
Value	Percentage %	Value	Percentage %
15,346.69	21.29	13,473.17	21.88
56,732.91	78.71	48,105.33	78.12
72,079.60	100.00	61,578.50	100.00

26 - PURCHASE OF STOCK-IN-TRADE

Disclosure pursuant to Note No. 5 (ii) 2 of Part II of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	2011-12	2010-11
Trading Activity :		
Caustic Soda Lye	360.97	380.33
Caustic Soda Flakes	503.26	1,070.45
Liquid Chlorine	19.61	150.35
Hydrogen Gas	2.04	3.28
Total :	885.88	1,604.41

27 - CHANGE IN INVENTORIES OF FINISHED GOODS, PROCESS STOCK AND STOCK-IN-TRADE

[Rs. in Lakhs]

		2011-12	2010-11
Closing Stock :			
Finished Goods	6,493.91		3,509.62
Process Stock	564.30		491.81
		7,058.21	4,001.43
Less :- Opening Stock :			
Finished Goods	3,509.62		3,078.22
Process Stocks	491.81		457.21
		4,001.43	3,535.43
(Increase) / Decrease :		(3,056.78)	(466.00)

28 - EMPLOYEE BENEFITS EXPENSES

Disclosure pursuant to Note No. 5 (i) (a) of Part II of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	2011-12	2010-11
a) Salaries and Wages	9,480.13	8,805.76
b) Contribution to -		
(i) Provident Fund	483.46	461.30
(ii) Superannuation Scheme	480.00	490.12
(iii) Gratuity Fund	75.26	596.58
c) Staff Welfare Expenses	1,294.37	1,139.57
Total :	11,813.22	11,493.33

29 - FINANCE COST

Disclosure pursuant to Note No. 3 (a), (b) and (c) of Part II of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	2011-12	2010-11
(a) Interest Expense :		
Term Loans	673.66	618.59
On Working Capital Loans	159.42	104.86
Intercompany Deposits / Short Term Loans	1,097.92	1,235.51
Lease Assets	0.04	0.04
Others	5.22	29.99
(b) Other Borrowing Costs :		
Bank Charges	116.43	120.22
(c) Applicable net gain/ loss on foreign currency transactions / translation :	-	7.41
Total :	2,052.69	2,116.62

30 - DEPRECIATION & AMORTISATION

Disclosure pursuant to Note No. 5 (b) of Part II of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	2011-12	2010-11
Depreciation on Building	441.13	362.59
Depreciation on :		
(i) Plant & Machinery	13,179.23	12,704.59
(ii) Leased Plant & Machinery	158.40	158.40
Depreciation on Furniture & Fixtures	56.18	36.36
Depreciation on Vehicles	42.43	34.85
Amortisation of Lease hold Land	17.85	15.34
Total :	13,895.22	13,312.13

31 - OTHER EXPENSES

Disclosure pursuant to Note no. 5 (vi) of Part II of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]			
		2011-12	2010-11
Power		23,207.89	18,820.04
Fuel, Natural Gas and Water Charges		4,928.22	4,151.98
Stores and Spare-parts consumed		3,954.89	3,749.16
Repairs, Maintenance and Replacement-			
- Building	3.82		1.15
- Plant and Machinery	4,237.39		2,640.69
- Others	1,895.11		1,453.59
Job Work / Processing Charges		6,136.32	4,095.43
Safety & Environment Expenses		2,272.44	1,580.23
Recoating & Remembraning Expenditure		268.43	160.89
Insurance		1,122.52	1,030.17
Contribution Written Off towards supply of Power, Water and Services		257.77	301.92
Packing Materials Consumption		96.88	96.87
Rent		3,757.33	2,952.48
Rates and Taxes		146.08	107.95
Insurance on Vehicles		20.46	13.79
Printing and Stationery		4.85	2.41
Postage and Telephone		40.12	51.88
Vehicle Running and Maintenance including Hire Charges		68.73	40.32
Directors' Fees		337.86	296.32
Auditors' Remuneration and Expenses		3.10	2.95
Membership and Subscription Fees		9.50	9.50
Travelling and Conveyance		20.50	20.83
Legal and Professional Charges		100.50	101.41
Research and Development Expenses		242.47	246.55
(including Capital Expenditure of Rs.3.60 lacs, Previous Year Nil)		149.28	121.41
Loss on Sale of Fixed Assets		78.06	31.06
Loss on Impairment of Fixed Assets		-	-
Donations & Other CSR Cost		507.22	549.66
Provision for Doubtful Debts / Advances		38.23	43.43
Bad Debts Written Off		-	-
General Expenses		965.03	925.35
Commission on Sales		310.28	317.70
Other Marketing Expenses		2,172.42	2,114.48
Freight Outward (Net)		230.14	261.52
Difference of Excise Duty paid / (recovered)*		88.26	76.35
Provision for Diminution of Investment		291.73	1.15
Difference of Excise Duty on Opening and Closing Stock of finished goods		413.92	56.22
		52,241.43	42,331.41

	2011-12		2010-11	
	Value	Percentage %	Value	Percentage %
Consumption value of Stores, Spare-parts :				
- Imported	680.87	17.22	785.35	20.95
- Indigenous	3,274.01	82.78	2,963.82	79.05
	3,954.89	100.00	3,749.16	100.00

* The difference in excise duty recovered and paid, if any, is shown as other expenses.

32 - PRIOR PERIOD ADJUSTMENT (NET)

Disclosure pursuant to Note No. 5 (i) (I) of Part II of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

	2011-12	2010-11
INCOME :		
Sales	4.36	-
Other Income	14.36	-
	18.72	-
EXPENDITURE :		
Raw Materials Consumed	8.08	(15.29)
Administrative, General and Marketing Expenses	3.45	-
Interest	1.64	-
Depreciation (Net)	25.94	2.32
	39.11	(12.97)
Net Debit / (Credit) Total :	20.39	(12.97)

33 - Disclosure pursuant to Note No. T of Part I of Schedule VI to the Companies Act, 1956

[Rs. in Lakhs]

Contingent Liabilities and commitments (to the extent not provided for)	As at 31.03.2012	As at 31.03.2011
(i) Contingent Liabilities :		
(a) Claims against the Company not acknowledged as debt	7,380.57	6,829.43
(b) Various pending cases before Labour Court and Industrial Tribunal	Not ascertainable	Not ascertainable
(c) Guarantees :		
(i) The Company has given corporate guarantees aggregating to Rs. 484.25 lakhs (Previous Year Rs. 484.25 lakhs) to Housing Development Finance Corporation Limited (HDFC) for housing loans extended to employees. Total loans outstanding under the arrangement, are :	83.15	113.27
(ii) Guarantees given by the Company's bankers for various purposes are :	4,283.97	4,529.88
(d) Disputed Purchase tax liability	20,925.52	20,947.88
(e) Disputed Income Tax liability	4,114.07	-
Total (i)	36,787.28	32,420.46
(ii) Commitments :		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	9,696.89	3,258.08
(b) Other commitments - Unascertained land liability to GIDC for leasehold land at Dahej	Not ascertainable	Not ascertainable
Total (ii)	9,696.89	3,258.08
Total :	46,484.17	35,678.54

34 - Disclosure pursuant to Note No. U of Part I of Schedule VI to the Companies Act, 1956

PARTICULARS	TOTAL (Rs. in Lakhs)	Per Share Rs.
Dividend proposed to be distributed to equity Shareholders (excluding tax on proposed dividend)	2,203.11	3.00

The Board of Directors of the Company has recommended dividend of Rs.3.00 per share on 7,34,36,928 equity shares of Rs.10/- each, amounting to Rs.2,203.11 lakhs (excluding tax on dividend Rs.357.40 lakhs). The provision for proposed dividend is shown separately in Note -11 - Short Term Provisions.

- 35** - Under Clean Development Mechanism, various projects of the Company have been registered with UNFCCC. Three Wind Mill projects of Company are in the process of registration.
- 36** - Disclosure of Sundry Creditors under Trade Payables 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, 2012, to Micro, Small and Medium Enterprises on account of principal amount with interest in aggregate is Rs. NIL (Previous Year Rs. Nil).
- 37** - 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.

38 - Employee Benefits AS -15 (Revised) :

- (i) Defined Contribution Plans :

An amount of Rs.480.00 lakhs (Previous Year Rs.490.12 lakhs) contributed to employees superannuation trust is recognised as an expense and included in "Employee Benefits Expenses" (Note 28) of Statement of Profit & Loss.

- (ii) Defined Benefit Plans : - As per Actuarial Valuation as on March 31, 2012 :-

Particulars	[Rs. in Lakhs]	
	Gratuity	
I Expense recognised in the Statement of Profit and Loss for the year ended	31.03.2012	31.03.2011
1. Current Service Cost	168.88	166.20
2. Interest Cost	400.30	343.68
3. Expected Return on Plan Assets	(487.41)	(434.31)
4. Past Service Cost (Non Vested Benefit) Recognised	-	-
5. Past Service Cost (Vested Benefit) Recognised	-	-
6. Actuarial (Gain) / Loss	(6.72)	518.96
7. Total Expenses	75.05	594.53
II Net Assets / (Liability) recognised in the Balance Sheet as on	31.03.2012	31.03.2011
1. Present Value of Defined Benefit Obligation	5,199.74	5,003.75
2. Fair Value of Plan Assets	5,514.42	5,284.71
3. Funded Status [Surplus / (Deficit)]	314.68	280.96
Net Asset / (Liability)	314.68	280.96

[Rs. in Lakhs]

Particulars	Gratuity	
	31.03.2012	31.03.2011
III Change in Present value of Obligation during the year ended		
1. Present Value of Defined Benefit Obligation at the beginning of the year	5,003.75	4,434.56
2. Current Service Cost	168.88	166.20
3. Interest Cost	400.30	343.68
4. Past Service Cost (Non Vested Benefit)	-	-
5. Past Service Cost (Vested Benefit)	-	-
6. Benefit paid	(362.61)	(416.21)
7. Actuarial (Gain) / Loss on obligation	(10.58)	475.52
8. Present Value of Defined Benefit Obligation at the end of the year	5,199.74	5,003.75
IV Change in Fair value of Plan Assets during the year ended		
1. Fair Value of Plan Assets at the beginning of the year	5,284.71	4,297.91
2. Expected Return on Plan Assets	487.41	434.31
3. Contribution by Employer	108.77	1,012.14
4. Actual Benefit Paid	(362.61)	(416.21)
5. Actuarial gain / (loss) on Plan Assets	-	-
6. Fair Value of Plan Assets at the end of the year	5,514.42	5,284.71
7. Actuarial Gain / (Loss) to be recognised	(3.86)	(43.44)
V Actual Return on Plan Assets		
1. Expected Return on Plan Assets	487.41	434.31
2. Actuarial gain / (Loss) on Plan Assets	-	-
3. Actual Return on Plan Assets	487.41	434.31
VI Balance Sheet Reconciliation		
1. Opening Net Liability	(280.96)	136.65
2. Expenses Recognised in Profit & Loss Account	75.05	594.53
3. Employer's Contribution	108.77	1,012.14
4. Amount Recognised in Balance Sheet (Asset) / Liability	(314.68)	(280.96)

[Rs. in Lakhs]

Particulars	Leave Salary	
	31.03.2012	31.03.2011
I Expense recognised in the Statement of Profit and Loss for the year ended		
1. Current Service Cost	142.51	142.29
2. Interest Cost	243.12	216.14
3. Expected Return on Plan Assets	-	-
4. Past Service Cost	-	-
5. Actuarial (Gain) / Loss	114.33	249.69
6. Total Expenses	499.96	608.12

[Rs. in Lakhs]

Particulars	Leave Salary	
II Net Assets / (Liability) recognised in the Balance Sheet as on	31.03.2012	31.03.2011
1. Present Value of Unfunded Obligations	3,228.14	3,039.03
2. Unrecognised past service cost	-	-
3. Fair Value of Plan Assets	-	-
4. Net Liability as at March	3,228.14	3,039.03
III Change in Present value of Obligation during the year ended	31.03.2012	31.03.2011
1. Present Value of Unfunded Obligation at the beginning of the year	3,039.03	2,788.92
2. Current Service Cost	142.51	142.29
3. Interest Cost	243.12	216.14
4. Actuarial (Gain) / Loss on obligation	114.33	249.69
5. Benefit paid	(310.85)	(358.01)
6. Present Value of Defined Benefit Obligation at the end of the year	3,228.14	3,039.03

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

100%.

- (iv) Actuarial assumptions :

2011-12**2010-11**

1. Discount rate	8.00% p.a.	7.75% 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).

- 39** - In respect of expired finance leases, the minimum lease payments and present value as on 31.03.2012 amount to :
Finance Lease :-

[Rs. 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

40 - Related Party Information :

(1) List of Related Parties :

- (a) Where control exists : Joint Venture Parties
Gujarat Alkalies and Chemicals Ltd. (99.10%); and
Dow-Europe GmbH (0.90%)
- (b) Joint Venture : Dow-GACL SolVenture Ltd.
- (c) Key Management Personnel : Dr. Guruprasad Mohapatra, IAS, Managing Director
(up to 18th July, 2011)
Shri M S Dagur, IAS, Managing Director
(from 19th July, 2011)

(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.

[Rs. in Lakhs]

Sr. No.	Nature of Transaction	2011-12	2010-11
01	Subscription to Equity Shares	286.23*	2.62
02	Advance Application Money for Equity Shares	-	282.00
03	Amount due from Joint Venture	-	13.66

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

[Rs. in Lakhs]

Sr. No.	Nature of Transaction	2011-12	2010-11
01	Sitting fees to all Directors	3.10	2.95
02	Remuneration to Managing Directors	1.04	9.43

41 - 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, 2012	Percentage of Ownership interest as at 31 st March, 2011
Dow-GACL SolVenture Ltd.	Indian	Manufacturing, Marketing / selling of Chloromethanes	99.10% *	50%

* During the year, pursuant to allotments of further 28,62,339 equity shares in JV, the percentage ownership of the Company in JV increased to 99.10%, which is held temporarily. Since Dow-GACL SolVenture Ltd. (JV) has filed an application on 16th April, 2012 for striking off the name of Dow-GACL SolVenture Ltd. from Registrar of Companies under the Fast Track Exit Scheme of MCA, Government of India pursuant to the same, the total amount of Rs.288.86 lakhs paid as subscription to equity shares in Dow-GACL SolVenture Ltd. has been written off for the diminution in equity investments and charged to Statement of Profit and Loss of the Company for the Financial Year 2011-12. Therefore, financials of JV are not being consolidated as per AS-21.

42 - Earning per Share :

Sr. No.	Particulars	Units	2011-12	2010-11
01	Net Profit After Tax available for Equity Shareholders	Rs.	1,53,61,37,367	1,14,30,28,210
02	Number of Equity Shares of Rs.10/- each outstanding during the year	Number	7,34,36,928	7,34,36,928
03	Basic earning per share	Rs.	20.92	15.56

- 43 -** (a) Pursuant to the Notification No. F.No.2/6/2008-C.L-V dated 30th March, 2011 issued by Ministry of Corporate Affairs, Government of India, the Company has prepared the financial statements as per Revised Schedule VI to the Companies Act, 1956. This has significantly impacted the disclosure and presentation made in the financial statements. Previous Year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosure.

Company is not availing the exemption granted vide Notification dated 8th February, 2011 issued by Ministry of Corporate Affairs, Government of India regarding disclosure of paragraph 3 (i) (a) and 3 (ii) (a) of Part II of erstwhile Schedule VI of the Companies Act, 1956.

- (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.

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

		[Rs. in Lakhs]	
		2011-12	2010-11
(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	4.00	4.62
(f)	Out of Pocket Expenses	1.00	1.00
	TOTAL	19.20	19.82

45 - The break-up of value of imports on CIF Basis :

		[Rs. in Lakhs]	
		2011-12	2010-11
14 (a)	Value of Imports on CIF basis in respect of :		
(i)	Raw Materials	13,108.43	11,097.60
(ii)	Membranes for Remembraning	372.36	267.02
(iii)	Stores & Spare parts	1,278.53	1,149.19
(iv)	Capital Goods	1,756.38	1,987.97
(v)	Others	1.84	26.18

[Rs. in Lakhs]

		2011-12	2010-11
14 (b)	Expenditure in Foreign Currency (on accrual basis) on account of :		
(i)	Interest	723.23	618.59
(ii)	Foreign Tour Expenses	5.43	10.44
(iii)	Bank Charges & Commission	3.52	5.92
(iv)	Subscription	4.77	9.72
(v)	Technical Know-how Fees	175.67	185.62
(vi)	Commission on Exports Sales	35.81	42.86
(vii)	Lease Rent (For ISO Tank)	71.24	65.59
(viii)	Other Export Expenses	31.83	43.11
14 (c)	Earnings in Foreign Exchange - Export of Goods on F.O.B. basis	19,734.24	15,752.99

46 - Borrowing cost capitalised during the year is Rs.56.56 lakhs (Previous Year NIL) for acquisition of long term assets.

47 - Other exceptional item represents provision made towards interest Rs.1,141.86 lakhs and delay payment charges of Rs.456.75 lakhs on electricity duty paid under protest for earlier years.

As per our attached Report of even date

For and on behalf of the Board

For **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm Reg. No. : 002438C

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

A. K. Joti
Chairman

CA. P. C. Nalwaya
Partner
Membership No. 033710
Place : Gandhinagar
Date : 24th May, 2012

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

M. S. Dagur, IAS
Managing Director

Place : Gandhinagar
Date : 24th May, 2012

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



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Gujarat Alkalies and Chemicals Limited

(Promoted by Govt. of Gujarat)

REGD. OFFICE: P. O. PETROCHEMICALS, DIST. VADODARA - 391 346. GUJARAT, INDIA.

www.gacl.com



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

39TH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

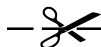
TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING PLACE

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 39th Annual General Meeting in the premises of the Company at P.O.Petrochemicals : 391 346, Dist.: Vadodara on Friday, the 21st day of September, 2012 at 3.00 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.



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

39TH 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 39th Annual General Meeting of the Company to be held on Friday, the 21st September, 2012 at 3.00 p.m. and at any adjournment thereof.

1 Rupee
Revenue
Stamp

Signed this _____ day of _____ 2012.

Signature

- 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 specimen signature registered with the Company.
3. A Proxy need not be a Member.