

GUJARAT ALKALIES AND CHEMICALS LIMITED

PRESS NOTE

GACL RECOMMENDS DIVIDEND OF Rs.3/- PER SHARE.

Gandhinagar, Wednesday, the 26th May 2010

The Board of Directors in the meeting held at Gandhinagar on 26th May, 2010 has approved the Audited Financial Results for the fourth quarter and year ended on 31st March, 2010.

Shri Guruprasad Mohapatra, IAS, Managing Director of the Company informed that the Company has achieved Net External Sales (excluding Excise Duty) of Rs.1,278.08 crore for the year ended 31st March, 2010 as against Rs.1,386.82 crore in the previous year despite the current economic slowdown. However, the net sales has gone up by quantity to 9,87,598 MT (an increase by 8.93%) as against 9,06,601 MT in the previous year.

For the quarter ended 31.03.2010, the net sales has achieved to Rs.306.22 crore as against Rs.338.99 crore in the corresponding quarter of the previous year.

He further informed that the Board has recommended a Dividend of 30% on equity Shares of Rs.10/- each. i.e. Rs.3/- per share.

Shri Mohapatra stated that the Company has increased the total production (which includes inter unit sales) to 15,23,029 MT (an increase by 8.51%) during the year as against 14,03,635 MT in the previous year.

The capacity utilization of all the plants at Baroda and Dahej remained more than cent percent during the year.

The second half of the year faced severe industry slowdown, particularly in the Caustic Soda / Potash Group with global negative correction giving rise to many adversities and barriers to growth.

During the year, the Company could control the rising operating costs through cost control measures and pricing review consistently. These measures enabled Company to achieve the Gross Profit of Rs.290.19 crore for the year before Interest, depreciation, tax and exceptional items as compared to Gross Profit of Rs. 401.91 crore in the previous year.

Shri Mohapatra added that the Company could generate Cash Profit of Rs.272.71 crore for the year as against Rs.377.32 crore in the previous year.

Profit Before Tax for the year is of Rs.146.27 crore as against to Rs.261.30 crore in the previous year mainly due to impact of erosion in price realizations for Caustic Soda and Potash Group products in particular.

The Profit Before Tax for the quarter ended could marginally improve to Rs.35.72 crore as compared to

Rs.32.67 crore in the corresponding quarter of previous year.

The Profit After Tax for the year though lower at Rs.171.84 crore as compared to Rs.192.27 crore in the previous year, it has remained at higher level to Profit Before Tax due to reversal of tax provisions made in earlier years and MAT credit entitlement.

The Profit After Tax for the quarter ended on 31.03.2010 increased to Rs.85.63 crore from Rs.21.58 crore in the corresponding quarter of previous year mainly due to MAT credit entitlement and reversal of excess provision of Income Tax made in earlier years.

The Interest and Financial Charges for the year have reduced to Rs.17.48 crore from Rs.24.59 crore i.e. by 28.91% in the previous year. This is due to efficient management of Company's financial resources.

As on 31.03.2010, the Debt : Equity Ratio stands at 0.17 : 1 as against 0.21 : 1. The Interest Coverage Ratio has also improved to 16.61 times as against 16.34 times as compared to previous year.

Shri Mohapatra further stated that during the F. Y. 2009-10, the Company has implemented and commissioned its phase-III 21 MW Wind Mills Project at Maliya-Miyana location, Rajkot district of Gujarat, 200 TPD Waste Heat Caustic Evaporation Project and 50 TPD Caustic Soda De-bottlenecking Project at Dahej, the benefits of which may follow in future years.

Shri Mohapatra further informed that during the next Financial Year 2010-11 the Company plans to commission 50 TPD Stable Bleaching Powder at Dahej, 50 TPD Calcium Chloride Unit

at Vadodara and expansion of Hydrogen Peroxide unit in Dahej from 38 TPD (100% Base) to 80 TPD (100% Base), so as to further improve upon the top line and bottom line of the Company.

Shri Mohapatra, also informed that the Company has already got three Projects registered with United Nations Framework Convention on Climate Change (UNFCCC) under Clean Development Mechanism (CDM) Projects and has taken action for few more projects including Wind Mill projects to be registered during the Financial Year 2010-11. It has already monetized two lots of CERs at a value about of Rs.22.40 crore.

GACL has registered a joint venture Company with Dow Europe GmbH to set up a 2,00,000 TPA Chloromethanes plant at Dahej at an estimated project cost of Rs.750 crore with 50-50 equity partnership. The engineering activities of this project are going on at full stream.

The Company's announced projects viz. 90 MW captive power project, 600TPD Chlor-Alkali project, Hydrazine project, Polyols and Phenol projects involving an investment of about Rs.2,600 crore are progressing as scheduled and are expected to go on stream by FY 2013-14.



