



Gujarat Alkalies and Chemicals Limited

(Promoted by Govt. of Gujarat)

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

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

Website : www.gacl.com CIN NO : L24110GJ1973PLC002247

Ref. : SEC/SE/2019/

4th October, 2019

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

Dear Sir,

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

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

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

Thanking you,

Yours faithfully,
For GUJARAT ALKALIES AND CHEMICALS LIMITED

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

Encl: as said



CARE/ARO/RL/2019-20/1942

Shri Vinayak Kudtarkar

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

September 30, 2019

Confidential

Dear Sir,

Credit Rating for Bank Facilities of Gujarat Alkalies and Chemicals Limited

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

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

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

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

K.I. -

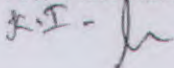
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4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw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

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

Thanking you,

Yours faithfully,



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Komal Israni
[Komal Israni]
Analyst
komal.israni@careratings.com

H. M. Shah
[Hardik Shah]
Associate Director
hardik.shah@careratings.com

Encl.: As above

Disclaimer

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

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

Annexure 1

Details of Rated Facilities

1. Long Term Facilities

1. A. Term Loans

(Rs. Crore)

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

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

1. B. Sanctioned Fund Based Limits

(Rs. Crore)

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

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

2. Short Term Facilities

2. A. Sanctioned Non-Fund Based Limits

(Rs. Crore)

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

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

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Annexure 2
Press Release

Gujarat Alkalies and Chemicals Limited

Ratings

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

Details of facilities/instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

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

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

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

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

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

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