



**ALKALI METALS LTD.,**

**AN ISO 9001 & 14001 COMPANY AND EXPORT HOUSE**

*th*



**ANNUAL REPORT**

**2012-13**



**BOARD OF DIRECTORS**

DR. J.S. YADAV	CHAIRMAN
SRI. CH. S. PRASAD	DIRECTOR
SRI. P.C. PATNAIK	DIRECTOR
SRI. G. JAYARAMAN	DIRECTOR
SRI. Y. S. R. VENKATA RAO	MANAGING DIRECTOR
SMT. Y. LALITHYA POORNA	DIRECTOR
SRI. DEEPAK TIBREWAL	COMPANY SECRETARY

**BANKERS**

STATE BANK OF INDIA  
Commercial Branch,  
Bank Street, Koti,  
Hyderabad – 500 095

**AUDITORS**

M/s. C K S ASSOCIATES  
CHARTERED ACCOUNTANTS  
Nagarjuna #87, Road # 3,  
Gaganmahal Colony,  
Hyderabad – 500 029

**REGISTERED OFFICE & FACTORIES**

Plot B-5, Block III,  
Industrial Dev. Area, Uppal,  
HYDERABAD - 500 039.

Sy.No. 299 to 302,  
Dommara Pochampally Village,  
Qutubullapur Mandal, R.R.Dist.

Plot No. 36, 37 & 38  
JN Pharma City,  
Visakhapatnam

**REGISTRARS AND SHARE TRANSFER AGENTS**

M/s. CAMEO CORPORATE SERVICES LIMITED  
Subramanian Building, No.1,  
Club House Road,  
Chennai – 600 002.



**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 45<sup>th</sup> Annual General Meeting of M/s. Alkali Metals Limited will be held on Tuesday the 30<sup>th</sup> July 2013 at 11.00 A.M at Hotel Green Park, Ameerpet, Hyderabad-500 016 to transact the following business:

**ORDINARY BUSINESS**

- 1) To receive consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Profit & Loss Account for the year ended on that date and the reports of the Directors, Auditors thereon.
- 2) To declare dividend on equity shares of ₹ 10/-each for the year ended 31<sup>st</sup> March, 2013.
- 3) To elect a Director in place of Sri P.C. Patnaik who retires by rotation and being eligible offers himself for re-appointment.
- 4) To elect a Director in place of Sri. Ch.S. Prasad who retires by rotation and being eligible offers himself for re-appointment.
- 5) To appoint M/s. C K S Associates, Chartered Accountants, Hyderabad as Statutory Auditors of the Company and to pass the following as an ordinary resolution:

“Resolved that M/s. C K S Associates, Chartered Accountants, Hyderabad (Peer Review Certificate No.004353) be and are hereby appointed as Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration as may be fixed by Board”

By order of the Board of Directors

Sd/-  
Y.S.R. VENKATA RAO  
MANAGING DIRECTOR

Place: Hyderabad

Date: 08.04.2013

**Notes**

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and a proxy need not be a member.
- 2) The instrument appointing a proxy, to be effective, must reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3) The Register of members and transfer books of the company will remain closed from Thursday 25<sup>th</sup> July 2013 to Tuesday 30<sup>th</sup> July 2013 both days inclusive.
- 4) The dividend for the year ended 31<sup>st</sup> March 2013 as recommended by the Board, if approved at the meeting will be paid to those members whose names appear in the Company's register of members after effecting valid transfers received up to the close of business hours on 24<sup>th</sup> July 2013. In respect of shares held in electronic form the dividend will be payable on the basis of beneficial ownership as per the details provided as at the close of business hours on 24<sup>th</sup> July 2013 by NSDL and CDSL for this purpose.
- 5) Members, who hold shares in electronic /demat form are requested to furnish the change of address, details of their bank accounts, viz, name of the bank, full address of the branch, account no. etc., to their respective Depository Participants and who hold shares in physical form to the company's Registrars and Transfer Agents M/s. Cameo Corporate Services Ltd., Subramanian Building, No.1, Club House Road, Chennai – 600 002 so as to enable the Company to incorporate the bank details on the dividend warrants.
- 6) Members seeking information or clarification on the Accounts are requested to send their queries in writing to the company one week before the date of AGM, to enable the management to prepare with replies.
- 7) Members holding shares in identical order of names in more than one folio are requested to write to the company's Registrars & Transfer Agents enclosing their share certificates to enable consolidation of their share holdings in one folio.
- 8) Share holders who have not claimed their dividend for the years 2008-09, 2009-10, 2010-11, 2011-12 and IPO Refund are requested to claim the same.
- 9) The brief profile of the directors being appointed, retiring and re-appointing are furnished elsewhere in the Annual Report.

By order of the Board of Directors

Sd/-

Y.S.R. VENKATA RAO  
MANAGING DIRECTOR

Place: Hyderabad  
Date: 08.04.2013

**DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2013**

To  
The Share Holders,  
ALKALI METALS LIMITED

Dear Members,

Your Directors are pleased to submit the 45<sup>th</sup> Annual Report and Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2013:

**Financial Results**

The performance of the company for the financial year ended 31<sup>st</sup> March 2013 is summarized as below:

(All figures in ₹)

	2012-13	2011-12
Net Turnover	619,164,935	592,542,156
Profit/(Loss) before finance charges, depreciation and taxation	69,875,506	(61,159,486)
Less : Finance Charges	31,155,194	38,549,948
Depreciation and Amortization expense	34,808,665	31,264,705
Profit/(Loss) before tax	3,911,647	(130,974,139)
Less : Current Year's tax (MAT)	745,364	--
MAT Credit Entitlement	(745,364)	--
Previous Years	336,908	8,247,227
Deferred tax (AS22)	(43,977,228)	24,234,253
Profit/(Loss) After tax	47,551,966	(163,455,619)
Add: Balance Brought forward	52,531,650	227,821,632
Dividend on equity shares	10,182,506	10,182,506
Tax on Dividend	1,651,857	1,651,857
Transfer to General Reserve	--	--
Balance surplus carried to Balance Sheet	88,249,253	52,531,650

**Performance**

During the year the company's Gross Sales has been ₹ 654 Millions as compared to ₹ 621 Millions in 2011-12. The company has taken steps to bring the operational costs to optimum level, as a result, the Employees' cost is reduced from previous year's level of 12% to 11% and finance costs from 7% to 5%. These savings helped the company to meet the additional cost of power & fuel incurred due to frequent power cuts to the industries. In spite of these constraints, the company has recorded net profit of ₹ 4 millions.

Further, two new products have been commercialized during the year under review and their share to the total sales is 11 %.



## **SIGNIFICANT ACHIEVEMENT**

**Net foreign exchange earnings for the year 2012-13 is ₹10.91 Crores as against only ₹ 1.25 Crores for the previous year 2011-12.**

### **Dividend on Equity Shares**

Keeping in view the profitability and dividend track record of your company, your Directors are pleased to recommend dividend at ₹ 1/-per share on the paid-up equity capital of ₹10/- subject to necessary approvals. The aggregate dividend payout for the year 2012-13 amounts to ₹11,834,363/- including Dividend Tax.

### **Future Outlook**

Due to commercialization of new products during the year and implementation of new market strategies, new tie-ups for the business, your Company expects a reasonable growth in the sales in the current financial year. Besides, the Industrial growth in India is poised for 7% per annum during the current financial year, your company expects higher demand for its products.

### **Listing on Stock Exchanges**

The securities of the company are continued to be listed on BSE and NSE. The listing fees for these stock exchanges to be paid for the current year.

### **Research & Development:**

Your company has spent ₹ 16 Millions during the financial year 2012-13 for achieving the objectives of new process development, technology development for the commercial production of pharma intermediates and agro based products. There are few R&D products which are in different stages of completion. Your company is putting continuous efforts to increase the cost efficiency through optimum material consumptions by improving the processes.

During the year, your company commercialized two new products which have been accepted by the customers and sizeable orders are expected for these products in the coming future.

### **Directors**

As per Articles and in accordance with the provisions of the Act, Sri. P.C. Patnaik and Sri Ch.S. Prasad retire at the 45<sup>th</sup> AGM and are being eligible offer themselves for reappointment. The brief particulars of all retiring Directors are furnished in the Corporate Governance Report.

### **Auditors**

M/s. C K S Associates, Statutory Auditors retire at the ensuing Annual General Meeting and being eligible, offer themselves for appointment. The Board noted the Auditors Report and also letter received from them as per 224(1B) of the Companies Act 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act.

**Directors Responsibility Statement**

Directors confirm that in the preparation of Annual Accounts for the year ended 31<sup>st</sup> March 2013:

- All applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- The Accounting policies framed in accordance with the guidelines of the ICAI have been applied
- Accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for that period.
- Proper and sufficient care have 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.
- The Annual Accounts have been prepared on going concern basis.

**Corporate Governance / MDA**

Pursuant to Clause 49 of Listing agreement, your company has to mandatorily comply with the requirements of corporate governance. A separate section on corporate Governance and certificate from the Auditors of the Company regarding compliance of conditions of corporate governance form part of the Annual Report.

**Conservation of Energy, Technology absorption, and Foreign Exchange**

As required under 217 1(e) of the Companies Act 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo have been given in Annexure-II, which forms part of this report.

**Industrial Safety and Environment****Safety**

Your Company continues to accord high priority on safety of all the personnel and mitigation of damage to equipment in all the plants. A thorough review of all the safety measures at regular intervals in all the plants is undertaken in consultation with risk management specialists and certain proactive actions taken to avoid accidents. Safety drills are conducted at regular intervals to train the workers and the employees to meet the exigencies of the accidents.

**Environment**

Members are aware that your Company has been accorded ISO 9001 and ISO 14001 reflecting its commitment to environment protection. Your Company is continuously putting efforts to maintain the Environment with International Standards. Company carries on extensive plantation and maintenance of trees around manufacturing plants for green belt development.

**Particulars under 217(2A)**

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended is furnished here under.

Name	Qualification	Date of joining	Designation	Previous employer	Experience	Age	Remuneration / commission
Sri. Y.S.R. Venkata Rao	B.E.(Mech) F.I.E.	01.07.1991	Managing Director	--	40 years	62	₹ 2.1 Million p.a.

**Industrial Relations:**

The company enjoyed cordial relations with its employees at all levels. Your Directors record their appreciation of the support and co-operation of all employees, staff and workers and counts on them for the accelerated growth of the Company.

**Acknowledgements:**

Your Directors express their gratitude to all stakeholders, State Bank of India, Regulatory Authorities, Government of Andhra Pradesh, customers, business associates, dealers, from India and abroad, staff and workers for their continued support at all times and look forward to have the same in our future endeavors.

By order of the Board of Directors

Place: Hyderabad  
Date: 08.04.2013

Sd/-  
Y.S.R. VENKATA RAO  
MANAGING DIRECTOR

Sd/-  
DR. J.S. YADAV  
CHAIRMAN





## Annexure-I to Directors' Report

## ANNEXURE - A

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under companies (Disclosure of particulars in the Board of Director's Report) Rules, 1988:

**A. Conservation of energy****(a) Energy conservation Measures taken**

The continuous measures taken by the company for conserving the energy particularly installation of Hydrogen recovery plant and Nitrous oxide generation plant and usage of cost effective fuels made substantial contribution towards cost reduction.

**(b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy**

The company continues its efforts to explore the possible solutions for reduction in consumption of energy by reducing batch processing time and other similar alternatives.

**(c) Impact of measures of (a) and (b) above for reduction in energy consumption and consequent impact on the cost of production of goods**

The above measures proved to be effective in conservation of power this year also and as a result, the cost of production is comparable to that of previous year.

**(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the rules in respect of industries specified in the schedule thereto**

## FORM - A

	2012-13	2011-12
<b>A. Power and Fuel Consumption:</b>		
<b>Electricity:</b>		
(i) Purchased:		
Total Units (KWH)	3,409,735	5,123,700
Total Amount (₹)	26,706,145	24,331,597
Rate per Unit in (₹)	6.95	4.75
(ii) Own generation: (Diesel generator)		
Units generated:	1,297,130	579,942
Units per litre of Fuel oil/gas	3.19	2.91
<b>H.S.D</b>		
Quantity (Ltr)	406,340	263,147
Total Amount (₹)	20,846,694	10,688,919
<b>L.D.O., H.C.O &amp; L.C.O</b>		
Quantity (Kl)	1,096	1,292
Total Amount (₹)	42,064,063	46,981,923
<b>B. Consumption per unit of production:</b>		
Units produced (MT)	1,404.76	1,563.98
Electricity consumption per MT (KWH):	3,350.65	3,646.88
L.D.O. & H.C.O. consumed per MT (KL):	0.78	1.21



**B. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION  
FORM – B**

**A. RESEARCH & DEVELOPMENT**

**1. Specific areas of Research & Development**

In the process of R&D, multidisciplinary teams collaborate to develop practical chemical synthesis to drug intermediates, agro based products etc., and also supply technical data for use in the process of technical evaluations. Further, its role is to design practical, efficient, scalable, environmentally responsible and economically viable avenues to chemical substances for implementation in manufacturing.

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

- Consistent approach to chemical process parameters for quality standards.
- Commercialization of new products
- Save time by automating repetitive R&D tasks
- Gain valuable chemical process understanding from low value material and process attributes data using machine learning methods.
- Adaptability to cost cutting measures.
- Shorten time-to-decision and improve efficiency by providing streamlined, regulatory compliant chemical process.

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Efforts in brief, made towards technology absorption, adaptation and innovation and benefits derived**

- 1 Use of cheaper oils as fuel in place of costlier oils and reducing cost of production.
- 2 Installing plant for recovery of Hydrogen and using the gas so recovered for manufacturing of products thereby saving substantial cost.
- 3 Capacity enhancement, New products/processes development, reduction of batch processing time cycle.

**2. Details of technology imported during the past 5 years**

- |  |   |  |
|--|---|--|
| <ol style="list-style-type: none"> <li>a. Technology imported</li> <li>b. Year of import</li> <li>c. Has technology been fully absorbed?</li> <li>d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.</li> </ol> | } | No technology has been imported during the past 5 years. |
|--|---|--|

**C. Foreign Exchange Earnings and outgo**

(All figures in ₹)

		2012-13		2011-12
Earnings		298,799,265		175,445,998
Outgo		189,668,027		162,933,800
Raw Materials	187,828,986		158,004,148	
Foreign currency Exp.	1,839,041		4,929,652	
Net Foreign Exchange earnings		109,131,238		12,512,198

For and on behalf of Board of Directors

Place: Hyderabad  
Date: 08.04.2013

Sd/-  
Y.S.R. VENKATA RAO  
MANAGING DIRECTOR

Sd/-  
DR. J.S. YADAV  
CHAIRMAN

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Management and Discussion Analysis Report sets out developments in the business, environment and company's performance since our last report. The analysis supplements the Directors' Report and audited financial statements which form together part of this Annual Report.

**INDUSTRY OUTLOOK, OPPORTUNITIES AND THREATS:**

During the year 2012-13, the Company achieved a turnover of ₹ 619 Millions compared to the turnover of ₹ 592 Millions during 2011-12 i.e around 5% increase in sales compared to the previous year. Profit before Income tax during the year 2012-13 is ₹ 3.91 Millions compared to Net loss of ₹ 130.97 Millions suffered during 2011-12. This can be attributed to optimum utilization of raw materials & man power and control of administrative & marketing overheads of the company. Introduction of new products and increase of sales volumes of existing products is expected to increase the profitability further in the coming years.

**THREATS:**

The dependence of Indian Pharma Exporters on China intermediates is an immediate threat to the Indian companies. However, the Indian Government is taking immediate steps to strengthen the Indian Pharma Industry to develop cost effective intermediates.

Alkali Metals Limited is taking effective steps to further improve the quality standards of the products manufactured by the company to counter the threat posed by the Chinese drug intermediates. Based on the R&D efforts and technology upgradation, your company believes that the present threat can be overcome without much difficulty.

**OUTLOOK:**

- The global chemical industry, estimated at US\$ 2.4 trillion, is one of the fastest growing sectors of the manufacturing industry.
- According to industry reports the pharmaceutical segment contributes approximately 26% of the total industry output.
- The specialty and fine chemicals segment accounts for \$ 500 billion.
- Some of the major markets for chemicals are North America, Western Europe, Japan and emerging economies in Asia and Latin America.
- The Indian Chemical sector accounts for 13-14% of total Global exports and 8-9% of total imports of the country.
- In terms of Position volume, it is 12th largest in the world and 3rd largest in Asia.

**PRODUCT PERFORMANCE:**

Global scenario for sodium derivatives, cyclic compounds and fine chemicals appears to be bright. The Company's products are well established in the market for the past 44 years. The customer's satisfaction and quality products supply are the key factors for the continued support from customers within the country and abroad.

With strong new business visibility and our ability to expand existing relationships, we remain confident that we will continue to drive growth, achieve our strategic corporate objectives and emerge stronger in our journey towards global leadership. We also plan to have our marketing offices in all key metro cities within India as well as abroad.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The company has in place effective systems of internal control commensurate to its size and nature of business which provides for:

- Efficient use and safeguarding resources
- Accurate recording and custody of assets
- Compliance with prevalent statutes, policies, procedures, listing requirements, management guidelines and circulars.
- Transactions being accurately recorded ,cross verified and promptly reported
- Adherence to applicable accounting standards and policies.
- IT systems which include controls for facilitating the above.

The internal control system provides for well documented policies, guidelines, authorizations and approval procedures. The internal audit reports are laid before Audit Committee and discussions were held periodically by the Audit Committee at its meetings. The observations /findings made in internal audit reports, along with the status of action thereon are reviewed by the Audit committee of the Board of directors on a regular basis.

The company has an exhaustive budgetary control system and the management regularly reviews actual performance.

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

	<b>2012-13</b> ₹ in Millions	2011-12 ₹ in Millions
Net Sales	<b>619.21</b>	592.54
Other income	<b>7.93</b>	17.14
Total income	<b>627.14</b>	609.68
Total expenditure	<b>557.27</b>	672.14
Operating profit/(Loss)	<b>69.87</b>	(61.16)
Finance charges	<b>31.15</b>	38.55
Gross profit before depreciation and taxes	<b>38.72</b>	(99.71)
Depreciation	<b>34.81</b>	31.26
Profit/(Loss)before tax	<b>3.91</b>	(130.97)
Provision for income tax & Prev. Yr. taxes	<b>0.34</b>	8.25
Deferred Tax (AS 22)	<b>(43.97)</b>	24.23
Profit/(Loss) after tax	<b>47.55</b>	(163.45)

The book value per share stands at ₹ 51.75 as on 31.03.2013 (₹ 49.40 previous year).



**HUMAN RESOURCE DEVELOPMENT:**

The Company believes that the key to success lies in creating and nourishing a pool of talent within its people whose skills, expertise and experience provide the impetus towards market leadership. Also, the dedication, commitment and aspirations of its Employees provide the fuel for excellence in performance. The Company's human resource practices are widely accepted by the management, staff and workers. During the year under review, the Industrial relations with Employees/workers at all the Company's locations continued to be harmonious and positive.

**CAUTIONARY AND FORWARD LOOKING STATEMENT:**

Statements in the Management discussion and Analysis Report which describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be "forward-looking statements" within the meaning of applicable Securities Laws and Regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however materially differ from those expressed or implied. Important factors that could make a difference to the Company's Operations include global and Indian political, economic & demand-supply conditions, finished goods prices, raw materials cost & availability, cyclical demand and pricing in the company's principal markets, changes in Government regulations, Policies, tax regimes, economic developments within India besides other factors such as litigation and industrial relations as well as the ability to implement the strategies.



**REPORT ON CORPORATE GOVERNANCE:**

(As required under clause 49 of the listing agreement entered into with the stock exchange)

**CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY:**

Good Corporate Governance is fundamental to Business. Company believes that the Shareholder input helps us to continue to drive innovations in policies and disclosures on corporate political activities and other key governance areas.

Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems, delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The Company tries to work by these principles in all its interactions with stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

Towards this, the Company continues to focus its energies and resources in order to enhance the trust of all its stakeholders.

**BOARD OF DIRECTORS:**

The Board of Directors Guides, Directs and oversees the management and protects the interest of Customers, Shareholders, Employees and Stakeholders. The Board also ensures the Compliance of the applicable provisions, code of ethical standards.

**Size and Composition of the Board of Directors:**

The company has six Directors of which four are independent Directors and One Non-Executive and Non-Independent Director and one Managing Director. The composition of Board is in conformity with clause 49 of Listing Agreement with professional Competence.

**NUMBER OF BOARD MEETINGS:**

During the year (01-04-2012 to 31-03-2013) the Board met four times i.e. on 21.05.2012, 30.07.2012, 05.11.2012 and 28.01.2013. The maximum time gap between any of the consecutive meetings is less than four months.

**Composition , Attendance Record and Directorships held.**

S. No.	Name of the Director	Category / Status of Directorship.	No. of Board Meetings attended during the year	No. of Directorship(s) in other listed companies.	No. of Committee position held in other Companies (6)		Attendance at the AGM held on 30/07/2011
					Chairman	Member	
(1)	(2)	(3)	(4)	(5)			(7)
01.	Dr. J.S. Yadav	Chairman & Independent Director	4	--	--	--	Yes
02.	Sri. Ch.S. Prasad	Independent Director	3	--	--	--	No
03.	Sri. P.C. Patnaik	Independent Director	4	--	--	--	Yes
04.	Sri. G. Jayaraman	Independent Director	4	--	--	--	Yes
05.	Sri. Y.S.R. Venkata Rao	Managing Director	4	--	--	--	Yes
06	Smt. Y. Lalithya Poorna	Non-Ind & Non-Exe. Director	Nil	--	--	--	No

- Private Limited and Un-listed Public Limited & Section 25 companies are excluded.
- The Non Executive Directors are paid sitting fees of ₹ 15,000/- for attending each meeting of Board of Directors and ₹ 5,000/- for Audit Committee and the Company has not paid any sitting fees to Sri Y.S.R. Venkata Rao, Managing Director. The Company does not have any stock option scheme or a fixed / performance linked incentives scheme to its Directors.

**PROFILE OF DIRECTORS RETIRING AND SEEKING RE-APPOINTMENT AND ELECTION.****Sri. P.C. Patnaik**

He is a Non Executive and Independent Director of the Company. He holds M.Sc. (Tech.) in Chemical Engineering from Andhra University. He was a Research Scholar at IIT, Kharagpur and Ford Foundation Scholar at Carnegie Mellon University, Pittsburgh. He is also Fellow member of the Institute of Engineers (India).

Mr. P.C. Patnaik has vast experience in the field of project development, industrial promotion, entrepreneurship development and corporate management at senior and apex levels. He worked as Technical Executive in Steel Authority of India (SAIL), as Senior Technical Advisor, Andhra Pradesh Industrial Development Corporation (APIDC), as Managing Director – North Eastern Industrial and Technical Consultancy Organization (NEITCO). He also worked as consultant/ advisor in Scotia Energy, Scotland; Scottish Power, UK; Flo Energy, Florida, USA, Southland Enviro Green C, Atlanta, USA.

**Sri Ch. S. Prasad**

He is a Non Executive and Independent Director of the Company. He holds M.Sc (Chemical Technology) from Andhra University. He is also a Fellow member of the Indian Institute of Chemical Engineers and also the Institution of Engineers (India). In the past he has been the Chairman of Indian Institute of Chemical Engineers, Waltair Regional Centre.

Mr. Ch. S. Prasad has rich experience in the field of Manufacturing Industry. He has worked as an Assistant Plant Manager in M/s. Fertilizer Corporation of India, Vice President (Manufacturing) in M/s. Coromandal Fertilizers Limited and as the Regional Director of the Mehta Group International in Uganda, (East Africa) taking care of the corporate management of their joint ventures.

Mr. Ch. S. Prasad was also Member-Regional Technical Committee of Andhra Pradesh State Pollution Control Board for issuing environmental clearance for establishing new Industries in the region and Member-Technical Committee of the Government of India for regulating business activities in Coastal Regulation Zone of the coastal areas of the State of Andhra Pradesh under Shore Area Development Authority, Rules.

**Audit Committee:**

The Audit Committee of the Company, comprises of three members namely Mr. G. Jayaraman, Mr. P.C. Patnaik and Mr. Ch. S. Prasad. During the period 01-04-2012 to 31-03-2013, the committee met five times and the time gap between one meeting to another is less than 4 months period. The Audit Committee has been constituted in conformity with the requirements of Section 292(A) of the Companies Act 1956 and clause 49 of listing agreement. Audit committee consists of three independent directors. All members including Chairman have adequate financial and accounting knowledge. The role and responsibilities of Audit Committee is as defined in the Companies Act & clause 49 of listing agreement. The quorum for the meetings of the Audit committee is one-third of the members of the Committee, subject to a minimum of two members present at the meeting.

**The attendance of the members at the meetings of the Audit Committee is given below.**

S. No.	Name of the Member	Category	No. of Meetings Attended
01.	Sri. G. Jayaraman	Independent Director	5
02.	Sri. Ch. S. Prasad	Independent Director	4
03.	Sri. P.C. Patnaik	Independent Director	4

**Remuneration Committee:**

The terms of reference to the remuneration committee is as per clause 49 of listing agreement which include mainly to recommend to the Board the remuneration package of company's Managing Director / Executive Director & such other matters as the Board may deem fit for its reference.

**The composition of the Remuneration Committee is as follows.**

Sno	Name of the Member	Category
01	Mr. Ch.S. Prasad	Independent Director
02	Mr. G. Jayaraman	Independent Director
03	Mr. P.C. Patnaik	Independent Director

**Details of Remuneration paid to Directors for the year****(All figures in ₹)**

S.No	Name of the Director	Commission	Remuneration	Board Sitting Fee	Audit Committee Fee	Total
01	Dr. J.S.Yadav	--	--	50,000	--	<b>50,000</b>
02	Sri. Ch. S. Prasad	--	--	35,000	18,000	<b>53,000</b>
03	Sri. P.C. Patnaik	--	--	50,000	18,000	<b>68,000</b>
04	Sri. G. Jayaraman	--	--	50,000	23,000	<b>73,000</b>
05	Sri. Y.S.R. Venkata Rao	--	2,100,000	--	--	<b>2,100,000</b>
06	Smt. Lalithya Poorna	--	--	--	--	--

**Investors Grievances Committee:**

This committee responsible for redressal of investors Grievances. The Grievances of share holders relating to non receipt of dividends, non receipt of Annual Reports are being referred to this committee. The constitution of Investors Grievances committee is as follows.

S.No.	Name of the Member	Category
01	Sri. G. Jayaraman	Independent Director
02	Sri. Ch S. Prasad	Independent Director
03	Sri. P.C. Patnaik	Independent Director
04	Sri Y.S.R. Venkata Rao	Managing Director





- i) Name and designation of compliance Officer : Deepak Tibrewal  
Company Secretary & Compliance Officer  
B-5, Block-III, IDA, Uppal,  
Hyderabad – 500 039
- ii) Number of share holders Complaints received during the year ended 31st March 2013 : 9
- iii) Number of complaints resolved to the satisfaction of share holders : 7
- iv) No. of complaints pending : 2

**General Body Meetings**

a) Location and time where last three years AGMs were held:

Year	Location	Date	Time
2009-10	Hotel Green Park, Ameerpet, Hyderabad - 500 016	30 <sup>th</sup> July 2010	10.00 AM
2010-11	Hotel Green Park, Ameerpet, Hyderabad - 500 016	30 <sup>th</sup> July 2011	10.00 AM
2011-12	Hotel Green Park, Ameerpet, Hyderabad - 500 016	30 <sup>th</sup> July 2012	11.00 AM

- a) No Extra-Ordinary General Meeting of the shareholders was held during the year.
- b) No Postal Ballot was conducted during the year. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.
- c) No Special Resolutions passed in previous 3 Annual General Meetings:

**Subsidiaries:**

The Company has no subsidiary company.

**Management Discussions & Analysis:**

This annual report has a detailed chapter on management discussions and analysis forming part of this report.

**Risk Management:**

The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.

**Proceeds & Utilization of IPO Proceeds:**

IPO proceeds were fully utilized for the purpose the same was raised.

**Disclosures:**

The Managing Director and General Manager (Finance) of the company have given the annual certification on financial reporting and internal controls to the Board in terms of clause 49 of Listing Agreement. The Managing Director and General Manager (Finance) of the company have also given the quarterly certification on financial results while placing the same report the Board in terms of Clause 41 of the Listing Agreement.

**Compliance of Auditors:**

Certificate from Auditors of the company M/s. C K S Associates, Chartered Accountants, Hyderabad conforming compliance with the conditions of corporate governance as stipulated under clause 49 is attached to this report forming part of the Annual Report.

**Related Party transactions:**

No transaction of material nature has been entered into by the company with its Directors / Management and their relatives etc. that may have a potential conflict with the interests of the company. The Register of Contracts containing transactions in which Directors are interested is placed before the Board regularly. Transactions with related parties are disclosed in the notes to the Accounts in the Annual Report.

**Details of Non-Compliance and Penalties:**

No penalties have been imposed on the Company by the Stock Exchanges where the company's shares are listed or SEBI or any other Statutory Authority on any matter during the year under review.

**Code of Conduct:**

The Board of Directors has laid down a 'Code of Conduct' for all the Board members and the senior management of the company and the same is posted on the website of the company. Annual declarations are obtained from the Board Members and Senior Management Staff. The company has established a mechanism for employees to report to the management, concerning about unethical behavior, actual or suspected fraud or violation of Company's code of conduct or ethical policy. The employees have been appropriately communicated within the organization about the mechanism and have been provided director access to the management of the company. The mechanism lays emphasis on making enquiry into whistle blower complaint received by the company.

**Reconciliation of share capital Audit (Formerly Secretarial Audit Report):**

A qualified practicing company secretary carried out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Reconciliation of share capital Audit (Formerly Secretarial Audit Report) confirm that the total issued / Paid-up capital is in agreement with the total number of shares in physical form and the total number of Dematerialized shares held with NSDL and CDSL.

**Disclosure of Accounting Treatment in preparation of Financial Statements:**

The Company has followed the accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

**Means of Communication:**

The Quarterly, Half yearly and Annual results are normally published by the company in the leading news papers in English version circulating substantially in the whole of India and in Telugu (being the Regional language) where the registered office is situated. The results are also placed on company's website i.e. [www.alkalimetals.com](http://www.alkalimetals.com) to access first hand information about the financial information of the company. Besides this as required under the listing agreement the said information is also sent to stock exchanges (BSE & NSE).



**General Shareholder’s information**

**i) AGM**

Date : 30-07-2013

Time : 11.00 AM

Venue : Hotel Green Park, Ameerpet, Hyderabad – 500 016

**ii) Financial Calendar**

First Quarter results (April - June) : On or before 15<sup>th</sup> August  
 Second Quarter results (July – Sept) : On or before 15<sup>th</sup> Nov  
 Third Quarter results (Oct – Dec) : On or before 15<sup>th</sup> February  
 Annual Results audited (Audited) : On or before 31<sup>st</sup> May

**iii) Date of Book Closure** : 25.07.2013 to 30.07.2013  
 (Both days inclusive)

**iv) Dividend on equity shares payment date** : within 30 days of declaration.

**v) Listing on stock exchanges** : The securities of the company are listed on BSE & NSE. The listing fees for these stock exchanges have been paid.

**vi) Stock Code:** a) BSE Scrip code : 533029  
 b) NSE trading symbol : ALKALI

**vii) Demat ISIN No. in NSDL / CDSL for equity shares of ₹ 10/- each** : INE773I01017

**viii) Market Information**

(All figures in ₹)

Month	NSE			BSE		
	High	Low	Closing	High	Low	Closing
April	32.00	28.30	29.70	33.50	28.55	29.35
May	30.00	23.40	25.05	30.70	24.00	25.10
June	34.15	24.00	31.30	34.35	24.00	31.10
July	31.50	25.70	25.85	33.00	25.50	25.65
August	28.10	24.00	24.50	28.30	23.50	24.40
September	30.00	24.00	27.40	30.10	23.30	27.30
October	30.50	26.20	26.75	30.70	26.05	26.75
November	28.10	24.65	26.05	28.00	24.60	26.55
December	28.00	21.00	25.25	27.65	24.05	25.25
January	28.00	24.10	24.25	28.50	24.05	24.40
February	25.60	20.95	21.55	25.45	20.25	21.90
March	23.15	16.40	17.35	22.75	15.65	17.00



**iX) Registrars & Transfer Agents :** Cameo Corporate Services Limited  
 Subramanian Building, No.1, Club House Road  
 Chennai-600 002, Tel: 044-28460390/948  
 Fax:044-28460129  
 Email: cameo@cameoindia.com  
 Contact Person : Sri. Murali

**X) Share Transfer System :** The shares are transferred within the stipulated period as per the listing Agreement. 99.99 % of shares are in the dematerialized form. 273 Equity shares were Rematerialized during the year under report.

**Xi) Distribution of share holding as on 31<sup>st</sup> March 2013**

<b>HOLDING</b>	<b>NUMBER</b>	<b>% OF TOTAL</b>	<b>SHARES</b>	<b>% OF TOTAL</b>
between 1 and 5000	12,734	92.43	1,322,407	12.99
between 5001 and 10000	581	4.22	445,103	4.37
between 10001 and 20000	271	1.97	401,059	3.94
between 20001 and 30000	79	0.57	204,129	2.00
between 30001 and 40000	38	0.28	133,538	1.31
between 40001 and 50000	14	0.10	63,679	0.63
between 50001 and 100000	37	0.26	260,671	2.56
between 100001 and Above	24	0.17	7,351,920	72.20
<b>Total</b>	<b>13,778</b>	<b>100.00</b>	<b>10,182,506</b>	<b>100.00</b>

**Xii) Categories of share holding as on 31<sup>st</sup> March 2013**

<b>Category</b>	<b>No. of shares held</b>	<b>% of holdings</b>
Indian Promoters including persons acting in concert	7,100,842	69.74
Bodies corporate (including clearing members)	446,971	4.39
Resident Indians	2,455,284	24.12
Non-Resident Indians	86,263	0.84
Hindu undivided families	93,146	0.91
<b>Total</b>	<b>10,182,506</b>	<b>100.00</b>

**xiii) Plant Locations**

The Company's plants are located at:

- Unit-I : Plot No. B-5, Block-III, IDA, Uppal, Hyderabad – 500 039.
- Unit-II : Survey No. 299 to 302, Dommara Pochampally Village,  
Qutubullapur Mandal, R.R. District.
- Unit-III : J.N. Pharma City, Parwada, Visakhapatnam

**xiv) Address for correspondence:**

Registered office Address: Plot No. B-5, Block-III, IDA,  
Uppal, Hyderabad – 500 039

**DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT**

I declare that the Company has received affirmation of compliance with the “Code of Business conduct for Directors and Senior Executives” laid down by the Board of Directors, from all the Directors and Senior Management Personnel of the Company, to whom the same is applicable, for the financial year ended 31<sup>st</sup> March 2013.

Sd/-

Y.S.R. VENKATA RAO  
MANAGING DIRECTOR

Place: Hyderabad

Date: 08.04.2013

**CERTIFICATE OF COMPLIANCE WITH CLAUSE 49 OF LISTING AGREEMENT**

To

The Members of Alkali Metals Limited

We have examined the Compliance of Corporate Governance by M/s. Alkali Metals Limited Hyderabad, Andhra Pradesh for the year ended 31<sup>st</sup> March 2013 as stipulated in clause 49 of Listing Agreement of the said Company with the Stock Exchanges.

The Compliance Conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of 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 clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

for C K S Associates  
Chartered Accountants (FRN 007390S)

Sd/-

P. GANAPATI RAO

Partner

M.No. 24113

Place: Hyderabad

Date: 08.04.2013



**CEO/CFO CERTIFICATION**  
(under clause 49 of Listing Agreement)

To  
The Board of Directors,  
M/s. Alkali Metals Limited,  
B-5, Block-III, IDA, Uppal,  
Hyderabad-500 039

I/We Y.S.R.Venkata Rao, Managing Director and P.Sankara Rao, General Manager (Finance) of the Company hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement for the financial Year ended 31<sup>st</sup> March 2013 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- b. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of 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 we have disclosed to the auditors and audit Committee, deficiencies in the design or operation of such internal controls. if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. we have indicated the Auditors and the Audit committee
  - i. Significant Changes in internal control over financial reporting during the year;
  - ii. Significant changes in Accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and 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: Hyderabad  
Date: 08.04.2013

Sd/-  
Y.S.R. VENKATA RAO  
Managing Director

Sd/-  
P. SANKARA RAO  
General Manager (Finance)

**INDEPENDENT AUDITORS' REPORT**

To  
The Members of ALKALI METALS LIMITED

***Report on the Financial Statement***

We have audited the accompanying financial statements of **ALKALI METALS LIMITED** (“the Company”), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for C K S Associates  
Chartered Accountants  
(Firm Regn.No. 007390S)

Sd/-  
P. GANAPATI RAO  
Partner  
M.No. 24113

Place: Hyderabad  
Date: 08.04.2013



**ANNEXURE TO THE AUDITORS' REPORT**

*(Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date)*

- 1.1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2. All the assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- 1.3. During the year, the company has not disposed off a substantial part of fixed assets during the year.
- 2.1. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 2.2. In our opinion and according to the information and explanations given to us, 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.
- 2.3. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such physical verification.
- 3.1. The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly, the sub-clauses (a), (b), (c), (d) of clause (iii) are not applicable to the company.
- 3.2. The Company has taken unsecured loans amounting from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is ₹ 121,290,000 and the balance outstanding at the end of the year is ₹ 82,000,000. As per the information and explanations given to us, the rate of interest and other terms and conditions of loans taken by the Company are not prejudicial to the interests of the Company. *As no repayment terms are specified, we are unable to comment on whether the repayment of principal and interest are regular.*
4. 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 and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.



- 5.1. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of Sections 58A, 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The company has maintained Cost Records prescribed under section 209 (1)(d) of the Companies Act, 1956.
- 9.1. The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess, service tax and other material statutory dues applicable to it.
- 9.2. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, and cess were in arrears, as at March 31, 2013, for a period of more than six months from the date they became payable, except the following:  
As per the records of the company, the dues of income tax which have not been deposited on account of disputes are as below:

<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Amount in ₹</b>	<b>Period to which the amount relates</b>	<b>Forum where appeal is preferred.</b>
Income tax Act	Income tax & Interest	3,905,446	AY 2003-04	ITAT, Hyd. Partial Relief given by ITAT. Consequential Order to be received
Income tax Act	Penalty u/s 271 (1) (c)	950,000	AY 1999-2000	Commissioner (Appeals)–II, Hyd
Income tax Act	Income tax & Interest	20,087,370	AY 2010-11	Commissioner (Appeals)–II, Hyd

10. The Company has no accumulated losses as at the end of the year. While the company has not incurred any cash losses during the year, it has incurred a cash loss of ₹125,591,578 during the immediately preceding financial year.



11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances, on the basis of security by way of pledge of shares, debentures and other securities.
13. 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.
14. 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.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The long term loans taken during the year were spent for the purpose for which the loans are obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.
18. The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act, during the year covered under report.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for C K S Associates  
Chartered Accountants  
(Firm Regn.No. 007390S)

Sd/-  
P. GANAPATI RAO  
Partner  
M.No. 24113

Place: Hyderabad  
Date: 08.04.2013

**BALANCE SHEET**

<b>BALANCE SHEET AS AT 31.03.2013</b>		<b>(All figures in ₹)</b>	
	<b>Note No.</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
a. Share Capital	1	<b>101,825,060</b>	101,825,060
b. Reserves and Surplus	2	<b>425,079,706</b>	389,362,103
		<b>526,904,766</b>	491,187,163
<b>2. NON-CURRENT LIABILITIES</b>			
a. Long Term Borrowings	3	<b>130,979,010</b>	163,189,291
b. Deferred Tax Liabilities (Net)	4	<b>12,100,481</b>	56,077,709
c. Long Term Provisions	5	<b>1,129,053</b>	861,998
		<b>144,208,544</b>	220,128,998
<b>3. CURRENT LIABILITIES</b>			
a. Short Term Borrowings	6	<b>188,758,546</b>	164,337,590
b. Trade Payables	7	<b>122,909,814</b>	103,778,318
c. Other Current Liabilities	8	<b>14,901,971</b>	39,810,103
d. Short Term Provisions	9	<b>12,713,852</b>	11,971,174
		<b>339,284,183</b>	319,897,185
<b>TOTAL</b>		<b>1,010,397,493</b>	1,031,213,346
<b>II. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
a. Fixed Assets	10		
i. Tangible Assets		<b>570,035,974</b>	604,725,236
ii. Capital Work-in-progress		<b>29,068,435</b>	7,821,769
iii. Intangible Assets Under Development		<b>5,800,317</b>	4,697,317
b. Long Term Loans and Advances	11	<b>26,195,382</b>	35,657,078
c. Other Non-Current Assets	12	<b>51,597</b>	6,673,907
		<b>631,151,705</b>	659,575,307
<b>2. CURRENT ASSETS</b>			
a. Inventories	13	<b>145,063,252</b>	125,115,318
b. Trade Receivables	14	<b>137,231,812</b>	113,530,088
c. Cash and Cash Equivalents	15	<b>12,176,676</b>	10,112,784
d. Short Term Loans and Advances	16	<b>72,500,711</b>	55,085,127
e. Other Current Assets	17	<b>12,273,337</b>	67,794,722
		<b>379,245,788</b>	371,638,039
<b>TOTAL</b>		<b>1,010,397,493</b>	1,031,213,346

**Refer accompanying Notes to Financial Statements**

As per our Report attached  
for C K S Associates  
Chartered Accountants (FRN 007390S)

For and on Behalf of Board of Directors

Sd/-  
P. GANAPATI RAO  
PARTNER  
M.No. 24113  
Place: Hyderabad  
Dated: 08.04.2013

Sd/-  
DEEPAK TIBREWAL  
COMPANY SECRETARY

Sd/-  
DR. J.S. YADAV  
CHAIRMAN

Sd/-  
Y.S.R.VENKATA RAO  
MANAGING DIRECTOR

**PROFIT AND LOSS ACCOUNT**

<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2013</b>		<b>(All figures in ₹)</b>	
	<b>Note No.</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>REVENUE</b>			
1. Revenue from Operations	18	<b>619,209,388</b>	592,542,156
2. Other Income	19	<b>7,935,455</b>	17,143,375
<b>3. Total Revenue</b>		<b>627,144,843</b>	609,685,531
<b>EXPENSES</b>			
a. Cost of Materials Consumed		<b>311,857,997</b>	277,389,541
b. Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	20	<b>(18,858,332)</b>	115,653,619
c. Employee Benefit Expense	21	<b>68,021,088</b>	72,429,671
d. Finance Costs	22	<b>31,155,194</b>	38,549,948
e. Depreciation		<b>34,808,665</b>	31,264,705
f. Other Expenses	23	<b>196,248,584</b>	205,372,186
<b>4. Total Expenses</b>		<b>623,233,196</b>	740,659,670
<b>5. Profit / (Loss) for the year before taxes</b>		<b>3,911,647</b>	(130,974,139)
<b>6. Tax Expense</b>			
a. Current Tax (MAT)		<b>745,364</b>	--
Less: MAT Credit Entitlement		<b>(745,364)</b>	--
Net Current Tax		<b>--</b>	--
Tax Pertaining to Earlier Years		<b>336,908</b>	8,247,227
b. Deferred Taxation	4	<b>(43,977,228)</b>	24,234,253
		<b>(43,640,319)</b>	32,481,480
<b>7. Profit / (Loss) after taxes for the year</b>		<b>47,551,966</b>	(163,455,619)
<b>8. Earnings Per Share</b>			
<b>Face Value ₹ 10/- per share</b>			
i. Basic		<b>4.67</b>	(16.05)
ii. Diluted		<b>4.67</b>	(16.05)
<b>Refer accompanying Notes to Financial Statements</b>			

As per our Report attached  
for C K S Associates  
Chartered Accountants (FRN 007390S)

For and on Behalf of Board of Directors

Sd/-  
P. GANAPATI RAO  
PARTNER  
M.No. 24113

Sd/-  
DEEPAK TIBREWAL  
COMPANY SECRETARY

Sd/-  
DR. J.S. YADAV  
CHAIRMAN

Sd/-  
Y.S.R.VENKATA RAO  
MANAGING DIRECTOR

Place: Hyderabad  
Dated: 08.04.2013



## CASH FLOW STATEMENT

(All figures in ₹)

	2012-13		2011-12	
<b>A. Cash flow from Operating activities</b>				
<b>1. Net Profit/(Loss) before Tax and extraordinary items</b>		<b>3,911,647</b>		(130,974,139)
<b>2. Adjustments for</b>				
Depreciation	34,808,665		31,264,705	
Interest expense	31,155,194		38,549,948	
Interest income	(2,332,333)		(9,395,624)	
Gain on sale of investments	--		(7,564,404)	
Public issue expenses written off	6,599,336		6,599,336	
Loss on sale of assets	63,163	70,294,025	28,826	59,482,787
<b>3. Operating Profit before working capital changes (1+2)</b>		<b>74,205,672</b>		(71,491,352)
<b>4. Adjustments for</b>				
Increase/(Decrease) in IFST Loan	3,079,719		2,642,492	
Increase/(Decrease) in Trade payable & other liabilities	(23,007,611)		74,787,108	
Increase/(Decrease) Advance from Customers	(1,315,564)		--	
(Increase)/decrease in inventories	(19,947,934)		130,620,358	
(Increase)/Decrease in Trade and other receivables	23,888,747	(17,302,643)	(22,536,415)	185,513,543
<b>5. Cash generated from operations (3-4)</b>		<b>56,903,029</b>		114,022,191
<b>6. Direct taxes paid</b>		<b>43,640,320</b>		(32,481,480)
<b>7. Net cash from Operating activities</b>		<b>100,543,349</b>		81,540,711
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets/capital work in progress	(22,987,233)		(69,545,440)	
Sale of fixed assets	455,000		185,000	
Sale of investments	--		24,444,100	
Interest income & other receipts	2,332,333		9,395,624	
<b>8. Net cash used in Investing activities</b>		<b>(20,199,900)</b>		(35,520,716)
<b>C. Cash flow from Financing activities</b>				
Proceeds from Long-term and Other borrowings	--		(15,054,819)	
Repayment of Long-term and other borrowings	(35,290,000)		--	
Interest expenses	(31,155,194)		(38,549,948)	
Dividend paid	(10,182,506)		--	
Tax on Dividend	(1,651,857)		--	
<b>9. Net Cash from/(used in) Financing activities</b>		<b>(78,279,557)</b>		(53,604,767)
<b>10. Net Increase/(Decr.) in Cash &amp; cash equivalent (7+8+9)</b>		<b>2,063,892</b>		(7,584,772)
<b>11. Cash and cash equivalent as at the beginning of the year</b>		<b>10,112,784</b>		17,697,556
<b>12. Cash and cash equivalent as at the end of the year</b>		<b>12,176,676</b>		10,112,784

for C K S Associates  
Chartered Accountants (FRN 007390S)

For and on Behalf of Board of Directors

Sd/-  
P. GANAPATI RAO  
PARTNER  
M.No. 24113  
Place: Hyderabad  
Dated: 08.04.2013

Sd/-  
DEEPAK TIBREWAL  
COMPANY SECRETARY

Sd/-  
DR. J.S. YADAV  
CHAIRMAN

Sd/-  
Y.S.R.VENKATA RAO  
MANAGING DIRECTOR

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS****1. HISTORY:**

Alkali Metals Limited which was established in 1968, at Hyderabad, Andhra Pradesh, India, as a closely held company, became a Public Listed company on 6<sup>th</sup>. November, 2008 being listed on BSE & NSE. Originally set up for manufacturing of Sodium Metal, the company subsequently diversified into manufacturing of Sodium derivatives, Pyridine derivatives, Fine Chemicals etc. The company is recognised as an “Export House” by DGFT and also recognised by Dept. of Science and Technology, New Delhi as an approved “In house R & D Facility”. The company has Three manufacturing units, at Uppal, Dommara Pochampally and JNPC Visakhapatnam.

**2. SIGNIFICANT ACCOUNTING POLICIES:****A) Basis of Preparation of Financial Statement:**

The Financial Statements are prepared on going concern assumption and under the historical cost convention, except for certain fixed assets which are revalued in accordance with generally accepted Accounting principles in India and the provisions of the Companies Act 1956.

**B) Use of Estimates:**

The preparation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

**C) Fixed Assets:**

Fixed assets are stated at cost net of cenvat / value added tax and includes amounts added on revaluation, less accumulated depreciation, and impairment of loss, if any. All costs including financing costs till commencement of production, net charges on foreign exchange contracts and adjustments arising from exchange rate variation attributable to the fixed assets are capitalised as per the applicable standards.

**D) Depreciation:**

Depreciation on all fixed assets is provided on straight-line method at the rates specified in schedule – XIV of the Companies Act 1956.

**E) Impairment of Asset:**

The Carrying amount of asset is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the greater of the asset's net selling price and value in use, which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount.

**F) Inventories:**

Items of inventories are valued at lower of cost or net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw material is determined on FIFO method.

**G) Foreign Currency Transactions:**

Foreign Currency Transaction are recorded at the exchange rates prevailing at the transaction date. Current Assets and Current Liabilities relating to Foreign Currency Transactions remaining unsettled at the balance Sheet dated are translated at the year end rates. The result gain/ loss, if any, is recognised in Profit & Loss Account.

**H) Turnover:**

Sales are recognised on despatch of goods from the factory.

**I) Employee Benefits:****i. Gratuity:**

The Company contributes towards Group Gratuity Fund (defined benefit retirement plan) administered by the Life Insurance Corporation Of India, for eligible employees. Under this scheme the settlement obligation remains with the Company, while the Life Insurance Corporation Of India administers the scheme and determines the premium to be contributed by the Company. The plan provides for a lump-sum payment to the vested employees on retirement or termination of employment, based on the respective employees' salary and the years of service with the Company.

**ii. Provident Fund:**

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged off to the profit and loss account of the year when the contributions to the fund are due. There are no other obligations other than the contributions to be remitted to the Provident Fund Authorities.

**iii. Leave Encashment:**

Provision for Leave Encashment is recognised in the books as per the actuarial valuation.



**J) Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**K) Provision for Current and Deferred Tax:**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act, 1961. Deferred tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent is reasonably certain that there will be sufficient future income to recover such Deferred Tax Asset.

**L) Minimum Alternate Tax Credit:**

Minimum Alternate Tax Credit Entitlement is recognized in the books of account when there is convincing evidence that the Company will pay normal income tax during the specified period. The Entitlement is reviewed at each balance sheet date with regard to the correctness of the carrying amount.

**M) Research and Development:**

Capital expenditure incurred has been disclosed under separate heads of account and revenue expenditure incurred is charged off as a distinct item in the Profit and Loss account.

**N) Claims:**

Claims by and against the company, including liquidated damages, are recognised on acceptance basis.



## NOTES TO FINANCIAL STATEMENTS

<b>Note 1: SHARE CAPITAL</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2013</b>	<b>31.03.2012</b>
<b>Authorised Share Capital</b>			
15,000,000 Equity Shares of 10 Par Value		<b>150,000,000</b>	150,000,000
<b>Issued, Subscribed and Paid-up Capital</b>			
<i>At the beginning and at the end of the year</i>			
10,182,506 Equity Shares of 10 Par Value fully paid up		<b>101,825,060</b>	101,825,060
		<b>101,825,060</b>	101,825,060
<b>Disclosures:</b>			
1. All the equity shares carry equal rights and obligations including for dividend and with respect to voting rights.			
2. Names of shareholders holding more than 5% of the Share capital and their shareholding.			
<b>S.No.</b>	<b>Name of shareholder</b>	<b>No. of shares</b>	<b>No. of shares</b>
1	Sri. Y.S.R. Venkata Rao	<b>6,128,815</b>	6,128,815
2	Smt. Y.V. Lalitha Devi	<b>775,900</b>	775,900
3. Aggregate Number of Equity shares allotted as fully paid up by way of Bonus shares during the preceding 5 years.			
<b>S.No.</b>	<b>Financial Year</b>	<b>No. of shares</b>	<b>No. of shares</b>
1	2008-09	<b>693,866</b>	693,866
2	2007-08	<b>905,040</b>	905,040

<b>Note 2: RESERVES &amp; SURPLUS</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2013</b>	<b>31.03.2012</b>
1. <b>Securities Premium</b>			
Balance at the beginning and at the end of the year		<b>237,150,000</b>	237,150,000
2. <b>Revaluation Reserve on Land</b>		<b>8,336,793</b>	8,336,793
3. <b>General Reserve</b>			
Balance at the beginning of the year		<b>91,343,660</b>	91,343,660
Addition during the year		--	--
Balance at the closing of the year		<b>91,343,660</b>	91,343,660
4. <b>Surplus</b>			
Balance brought forward from previous year		<b>52,531,650</b>	227,821,632
Add: Transfer from Statement of Profit and Loss for the year		<b>47,551,966</b>	(163,455,619)
Balance available for Appropriations		<b>100,083,616</b>	64,366,013
<i>Appropriations:</i>			
Provision for Dividend		<b>10,182,506</b>	10,182,506
Provision for Tax on Dividend		<b>1,651,857</b>	1,651,857
Balance carried forward to next year		<b>88,249,253</b>	52,531,650
		<b>425,079,706</b>	389,362,103



<b>Note 3: LONG TERM BORROWINGS</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2013</b>	31.03.2012
<b>A. Secured:</b>			
1. Term Loans			
From State Bank of India			
Term Loan		<b>22,000,000</b>	30,000,000
		<b>22,000,000</b>	30,000,000
<b>B. Unsecured:</b>			
1. Unsecured Loans			
a. Inter Corporate Deposits		<b>49,000,000</b>	76,290,000
b. Loan from Directors		<b>33,000,000</b>	33,000,000
2. Deferred Payment Liabilities			
Sales tax deferment		<b>26,979,010</b>	23,899,291
		<b>108,979,010</b>	133,189,291
		<b>130,979,010</b>	163,189,291

**Disclosures:****a. Secured Loans**

Terms and Conditions of the above loans are given below:

<b>Particulars</b>		<b>Term Loan</b>
1	Period of maturity with reference to Balance Sheet date	31.03.2016
2	Number of Quarterly Installments outstanding	<b>15</b>
3	Amount of each Installment (₹)	<b>2,000,000</b>
4	Rate of Interest	Base rate plus 7.10%
5	Overdue amount and period:	
	Amount	<b>(Nil)</b>
	Period	<b>(Nil)</b>
6	Security	
Term Loan from SBI is secured by first charge on Company's fixed assets financed out of the Term Loan, Colateral Security of Land & Buildings of the Company and by personal guarantee of Managing Director of the Company		

**b. Unsecured Loans****a. Inter Corporate Deposits and Loans from Directors:**

Particulars		
1	Period of maturity with reference to Balance Sheet date	3 Years from the date of disbursement
2	Number of Installments outstanding	Nil
3	Amount due for the Installments	Nil
4	Rate of Interest	10% p.a from 01.02.2013
5	Overdue amount and period:	Amount Period
		Nil Nil

**b. Sales Tax Deferment:**

The Company was sanctioned Interest Free Sales Tax Deferment of ₹ 34,585,650/- under target – 2000 Scheme by the Government of Andhra Pradesh vide final eligibility Certificate No.LR No.10/4/2001/0878/0878/ID dt.24-07-2001, for a period of 14 years starting from 20-03-1999 to 19-03-2013. The company has so far availed Sales Tax Deferment of ₹26,979,010/- up to 31-03-2013, which is shown as liability in the Balance Sheet. The repayment of 1st year availment will start from year 2016.

**Note 4: DEFERRED TAX LIABILITIES****(All figures in ₹)**

	31.03.2013	31.03.2012
1. Deferred Tax Liability		
1. On account of Timing differences in Depreciation of Fixed Assets	309,736,823	305,102,990
2. Deferred Tax Assets		
1. Gratuity/Leave Encashment	1,433,358	998,809
2. Carried forward losses as computed under Income Tax Act	271,008,100	131,264,888
	272,441,458	132,263,697
	37,295,365	172,839,293
Net Deferred Tax Liabilities / (Assets) thereon	12,100,481	56,077,709
Less: Provided for in the previous year	56,077,709	31,843,456
Deferred Tax Provided / (Reversed)	(43,977,228)	24,234,253

**Disclosures:**

The Company has provided for Deferred Tax in accordance with Accounting Standard on Accounting for Taxes on income' (AS-22) issued by the Institute of Chartered Accountants of India. The details of deferred tax assets and liabilities of the Company as on the date of Balance Sheet are as given above.

**Note 5: LONG TERM PROVISIONS****(All figures in ₹)**

	31.03.2013	31.03.2012
Provision for Employee Benefits		
Leave Encashment	1,129,053	861,998
	1,129,053	861,998



<b>Note 6: SHORT TERM BORROWINGS</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2013</b>	31.03.2012
<b>Secured:</b>			
Loans repayable on demand			
Working Capital Loan form State Bank of India		<b>188,758,546</b>	164,337,590
		<b>188,758,546</b>	164,337,590
<b>Disclosures: Particulars</b>			
1	Period of maturity with reference to Balance Sheet date	<b>Renewable every year</b>	Renewable every year
2	Number of Installments due	<b>Nil</b>	Nil
3	Amount Outstanding	<b>188,758,546</b>	164,337,590
4	Rate of Interest	<b>Base Rate plus 5%</b>	Base Rate plus 5.5%
5	Overdue amount and period:	<b>Nil</b>	Nil
	Amount	<b>Nil</b>	Nil
	Period	<b>Nil</b>	Nil
6	Security: Working Capital Loan from bank and interest accrued on these loans are secured by hypothecation of present and future raw materials, work in progress, finished goods, stores and spares and book debts of the company and a first charge on the immovable properties and personal guarantee of Managing Director.		

<b>Note 7: TRADE PAYABLES</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2013</b>	31.03.2012
Trade payables		<b>122,909,814</b>	103,778,318
		<b>122,909,814</b>	103,778,318
<b>Disclosures:</b>			
The Company has no information as to whether any of its vendors constitute a "Supplier" within the meaning of Section 2 (n) of the Micro, Small and Medium Enterprises Development Act, 2006 as no declarations were received under the said Act from them.			

<b>Note 8: OTHER CURRENT LIABILITIES</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2013</b>	31.03.2012
Current Maturities of Long Term Debt		<b>8,000,000</b>	32,995,308
Interest Accrued and Due on Borrowings		<b>1,619,589</b>	887,830
Advance against Sales		<b>3,338,565</b>	4,654,129
Unpaid Dividends		<b>693,503</b>	575,670
Unclaimed refund		<b>260</b>	260
Other Payables		<b>1,250,054</b>	696,906
		<b>14,901,971</b>	39,810,103

<b>Note 9: SHORT TERM PROVISIONS</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2013</b>	31.03.2012
Provision for Employee Benefits		<b>304,305</b>	136,811
Others			
Provision for Dividend		<b>10,182,506</b>	10,182,506
Provision for Tax on Dividend		<b>1,651,857</b>	1,651,857
Provision for Income Tax (Net)		<b>575,184</b>	--
		<b>12,713,852</b>	11,971,174


**Note 10: FIXED ASSETS**

PARTICULARS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	Opening Block as on 01.04.2012	Additions during the year	Sales/ transfer	Block as on 31-03-2013	Upto 31-03-2012	For the year 2012-13	Withdrawn during the year	Total upto 31-03-2013	Written down value as on 31-03-2013	Written down value as on 31-03-2012	
<b>1. TANGIBLE ASSETS</b>											
Land	68,262,761	--	--	68,262,761	--	--	--	--	68,262,761	68,262,761	
Building	166,716,181	--	--	166,716,181	19,577,384	5,516,517	--	25,093,901	141,622,280	147,138,797	
Plant & Machinery	351,191,419	--	--	351,191,419	86,151,458	18,025,640	--	104,177,098	247,014,321	265,039,961	
R&D Equipment	120,888,937	--	--	120,888,937	54,526,980	5,972,058	--	60,499,038	60,389,899	66,361,957	
R&D Lab Equipment	52,696,915	--	--	52,696,915	16,350,504	2,726,193	--	19,076,697	33,620,219	36,346,411	
Pollution Control Equipment	10,019,683	--	--	10,019,683	5,209,851	523,379	--	5,733,230	4,286,454	4,809,832	
Safety Equipment	3,255,495	517,035	--	3,772,530	1,318,286	179,292	--	1,497,578	2,274,953	1,937,209	
Laboratory Equipment	8,499,605	--	--	8,499,605	3,105,279	401,413	--	3,506,692	4,992,914	5,394,326	
Furniture & Fixtures	2,320,059	7,600	--	2,327,659	1,012,677	131,426	--	1,144,103	1,183,557	1,307,382	
Vehicles	4,252,129	--	673,922	3,578,207	2,206,246	393,109	155,759	2,443,596	1,134,612	2,045,882	
Office Equipment	12,047,281	112,925	--	12,160,206	5,966,565	939,638	--	6,906,203	5,254,004	6,080,716	
<b>TOTAL</b>	<b>800,150,464</b>	<b>637,560</b>	<b>673,922</b>	<b>800,114,102</b>	<b>195,425,229</b>	<b>34,808,665</b>	<b>155,759</b>	<b>230,078,135</b>	<b>570,035,974</b>	<b>604,725,236</b>	
<b>2. CAPITAL WORK IN PROGRESS</b>	7,821,769	21,246,666	--	29,068,435	--	--	--	--	29,068,435	7,821,768	
<b>3. INTANGIBLE ASSETS UNDER DEVELOPMENT</b>	4,697,317	1,103,000	--	5,800,317	--	--	--	--	5,800,317	4,697,317	
<b>GRAND TOTAL</b>	<b>812,669,550</b>	<b>22,987,226</b>	<b>673,922</b>	<b>834,982,854</b>	<b>195,425,229</b>	<b>34,808,665</b>	<b>155,759</b>	<b>230,078,135</b>	<b>604,904,726</b>	<b>617,244,321</b>	
PREVIOUS YEAR FIGURES	743,637,750	215,352,292	151,017,798	807,972,233	164,460,327	31,264,705	299,803	195,425,229	612,547,004	579,177,413	



<b>Note 11: LONG TERM LOANS &amp; ADVANCES</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2013</b>	31.03.2012	
<b>Unsecured, Considered Good:</b>			
Capital Advances	--	8,017,000	
Other Advances	--	3,167,055	
Security Deposits	<b>5,712,205</b>	4,735,210	
MAT Credit Entitlement	<b>20,483,177</b>	19,737,813	
	<b>26,195,382</b>	35,657,078	

<b>Note 12: OTHER NON-CURRENT ASSETS</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2013</b>	31.03.2012	
Unamortized Public Issue Expenses	--	6,648,013	
Margin Money Deposit in Banks	<b>46,500</b>	24,000	
Interest on Margin Money Deposit	<b>5,097</b>	1,894	
	<b>51,597</b>	6,673,907	

<b>Note 13: INVENTORIES</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2013</b>	31.03.2012	
<i>Valued at Cost or Realizable Value, whichever is lower (As Certified by Management)</i>			
Raw Materials	<b>44,360,136</b>	43,270,534	
Work-in-progress	<b>100,173,833</b>	81,844,784	
Finished Goods	<b>529,283</b>	--	
	<b>145,063,252</b>	125,115,318	

<b>Note 14: TRADE RECEIVABLES</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2013</b>	31.03.2012	
<b>Unsecured, Considered Good</b>			
Outstanding for a period exceeding six months	<b>7,291,001</b>	8,665,995	
Other Receivables	<b>129,940,811</b>	104,864,093	
	<b>137,231,812</b>	113,530,088	

<b>Note 15: CASH AND CASH EQUIVALENTS</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2013</b>	31.03.2012	
a. <b>Balances with Banks</b>			
Current Account	<b>162,958</b>	348,300	
EEFC Account	<b>1,984,213</b>	4,720,974	
b. Cash on Hand	<b>692,742</b>	357,080	
c. <b>Other Bank Balances</b>			
Margin Money Deposit in Banks	<b>8,643,000</b>	4,110,500	
Unpaid Dividends Account	<b>693,503</b>	575,670	
Unclaimed refund account	<b>260</b>	260	
	<b>12,176,676</b>	10,112,784	



<b>Note 16: SHORT TERM LOANS AND ADVANCES</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2013</b>	31.03.2012	
<i>Unsecured, Considered Good</i>			
Prepaid Taxes (Net)	--	435,345	
Balances With Revenue Authorities	<b>61,749,328</b>	47,928,122	
Prepaid Expenses	<b>5,188,468</b>	2,509,664	
Advances to Suppliers	<b>5,208,515</b>	3,395,802	
Other Advances	<b>354,400</b>	816,194	
	<b>72,500,711</b>	55,085,127	

<b>Note 17: OTHER CURRENT ASSETS</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2013</b>	31.03.2012	
Interest Receivable	<b>382,386</b>	328,312	
Income Tax Refund Receivable	<b>5,291,718</b>	60,915,854	
Unamortised Public Issue Expenses	<b>6,599,233</b>	6,550,556	
	<b>12,273,337</b>	67,794,722	

<b>Note 18: REVENUE FROM OPERATIONS</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2013</b>	31.03.2012	
1. Sale of Products	<b>654,206,890</b>	621,380,135	
Less: Excise Duty	<b>34,997,502</b>	28,837,979	
	<b>619,209,388</b>	592,542,156	

<b>Note 19: OTHER INCOME</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2013</b>	31.03.2012	
1. Interest income			
a. On Long Term Investments	<b>264,640</b>	263,331	
b. On Current investments	<b>190,680</b>	279,154	
c. Other Interest	<b>1,877,013</b>	8,853,139	
2. Net gain on sale of investments			
On Current investments	--	7,564,404	
3. Other Non-Operating Income			
Gain on Foreign Currency Translation and Transactions	<b>3,215,620</b>	160,347	
4. Miscellaneous Income	<b>2,387,502</b>	23,000	
	<b>7,935,455</b>	17,143,375	

**Disclosure:**

Other Interest represents Interest Income on Income Tax Refunds receivable





<b>Note 20: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
	(All figures in ₹)	
	31.03.2013	31.03.2012
<b>1. Finished Goods</b>		
a. Opening Stock	--	74,588
b. Closing Stock	529,283	--
Decrease / (Increase)	(529,283)	74,588
<b>2. Work in Progress</b>		
a. Opening Stock	81,844,784	86,525,973
b. Closing Stock	100,173,833	81,844,784
Decrease / (Increase)	(18,329,049)	4,681,189
<b>3. Trading Goods</b>		
a. Opening Stock	--	110,897,842
b. Closing Stock	--	--
Decrease / (Increase)	--	110,897,842
<b>Total Decrease / (Increase)</b>	<b>(18,858,332)</b>	<b>115,653,619</b>

<b>Note 21: EMPLOYEE BENEFITS EXPENSE</b>		
	(All figures in ₹)	
	31.03.2013	31.03.2012
Salaries & Wages	62,813,717	66,087,450
Contribution to Provident and Other Funds	1,765,329	2,711,789
Staff Welfare Expenses	3,442,042	3,630,432
	<b>68,021,088</b>	<b>72,429,671</b>
<i>Disclosure:</i> The above Salaries & Wages include Remuneration of Directors		

<b>Note 22: FINANCE COSTS</b>		
	(All figures in ₹)	
	31.03.2013	31.03.2012
Interest Expense	30,435,894	36,549,948
Other Borrowing Costs	719,300	2,000,000
	<b>31,155,194</b>	<b>38,549,948</b>

<b>Note 23: OTHER EXPENSES</b>		
	(All figures in ₹)	
	31.03.2013	31.03.2012
Consumption of Stores and Spares	22,119,333	24,532,167
Power & Fuel	98,831,560	93,360,452
Rent	--	1,096,866
Repairs to Buildings	1,038,087	3,024,929
Repairs to Machinery	9,078,501	12,084,937
Insurance	2,505,671	2,013,144
Rates and Taxes	2,430,005	1,675,115
R & D	16,270,827	20,161,413
Freight on Sales	17,122,774	16,676,908
IPO Expenses Written off	6,599,336	6,599,336
Miscellaneous Expenditure	20,252,490	24,146,919
	<b>196,248,584</b>	<b>205,372,186</b>

**24. HISTORY:**

Alkali Metals Limited which was established in 1968, at Hyderabad, Andhra Pradesh, India, as a closely held company, became a Public Listed company on 6<sup>th</sup>. November, 2008 being listed on BSE & NSE. Originally set up for manufacturing of Sodium Metal, the company subsequently diversified into manufacturing of Sodium derivatives, Pyridine derivatives, Fine Chemicals etc. The company is recognised as an “Export House” by DGFT and also recognised by Dept. of Science and Technology, New Delhi as an approved “In house R & D Facility”. The company has Three manufacturing units, at Uppal, Dommara Pochampally and JNPC Visakhapatnam.

**25. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)****i. Contingent Liabilities****a. Claim against the company not acknowledged as debts - (All figures in ₹)**

	2012-13	2011-12
Income Tax	24,942,816	4,855,446

**b. Guarantees (All figures in ₹)**

	2012-13	2011-12
a) Bank guarantees	4,310,000	4,310,000
b) Letters of credit	52,400,043	1,405,667

**ii. Commitments****(All figures in ₹)**

	2012-13	2011-12
Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	489,624

26. During the year, the Department of Central Excise has raised a demand for an amount of ₹12,295,667/- in connection with DTA clearances by EOU. The Company has deposited the amount with the Department and subsequently made an appeal to the extent of ₹2,825,718/- before the Commissioner (Appeals) which is still pending.

**27. a) Unhedged foreign currency exposure at the year end****(All figures in ₹)**

	2012-13	2011-12
a) Trade receivables	80,949,044	63,807,174
b) Trade payables	37,950,950	2,193,591

**b) Proposed Dividend**

The company proposes to declare ₹ 1/- (₹1/-) Per Share as dividend to the equity share holders, total dividend amounting to ₹ 10,182,506/- (₹ 10,182,506/-)



28. The Disclosures of Employee Benefits as required by Accounting Standard – 15 (Revised) “Employee Benefits”, are given below:

**i. Defined Contribution Plan**

Contributions to defined contribution plan recognized as expenses for the year are as under:

(All figures in ₹)

	2012-13	2011-12
Employer’s Contribution to PF	1,338,288	1,922,810
Employer’s Contribution to ESI	426,019	724,930

**ii. Defined Benefit Plan**

The Employees’ Gratuity Fund Scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit to build up the final obligation.

**Reconciliation of opening and closing balances of the present value of defined benefit obligation:**

(All figures in ₹)

	31-03-2013	31-03-2012	31-03-2013	31-03-2012
	Gratuity	Gratuity	Leave Enc.	Leave Enc.
	(Funded)	(Funded)	(Unfunded)	(Unfunded)
<b>1 Assumptions</b>				
Discount Rate	8 %	8 %	8 %	8 %
Salary Escalation	3 %	4 %	3 %	3 %
<b>2 Changes in the present value of obligation</b>				
Present value of obligations as at beginning of year	9,302,597	9,138,100	998,809	1,644,824
Interest cost	555,374	731,048	69,958	124,056
Current Service Cost	776,372	613,136	932,183	904,567
Benefits Paid	(4,720,845)	(2,340,861)	(248,671)	(188,239)
Actuarial (gain)/Loss on obligations	3,056,404	1,161,174	(429,469)	(1,486,399)
Present value of obligations as at end of year	8,969,902	9,302,597	1,322,810	998,809
<b>3 Changes in Fair Value of Plan Assets</b>				
Fair value of plan assets at beginning of year	12,469,652	13,590,885	--	--
Expected return on plan assets	959,805	1,219,628	--	--
Contributions	1,110,547	--	248,671	188,239
Benefits paid	(4,720,845)	(2,340,861)	(248,671)	(188,239)
Actuarial Gain / (Loss) on Plan assets	(959,805)	--	--	--
Fair value of plan assets at the end of year	8,859,354	12,469,652	--	--
<b>4 Fair Value of Plan Assets</b>				
Fair value of plan assets at beginning of year	12,469,652	13,590,885	--	--
Actual return on plan assets	--	1,219,628	--	--
Contributions	1,110,547	-	248,671	188,239
Benefits Paid	(4,720,845)	(2,340,861)	(248,671)	(188,239)
Fair value of plan assets at the end of year	8,859,354	12,469,652	-	-
Funded status	(110,548)	3,167,055	(1,322,810)	(998,809)
Excess of Actual over estimated return on plan assets	(959,805)	--	--	--
<b>5 Actuarial Gain/Loss recognized</b>				
Actuarial (gain)/Loss for the year –Obligation	3,056,404	1,161,174	(429,469)	(1,486,399)
Actuarial (gain)/Loss for the year - plan assets	959,805	--	--	--
Total (gain)/Loss for the year	4,016,209	1,161,174	(429,469)	(1,486,399)
Actuarial (gain)/Loss recognized in the year	4,016,209	1,161,174	(429,469)	(1,486,399)



	31-03-2013	31-03-2012	31-03-2013	31-03-2012
	Gratuity	Gratuity	Leave Enc.	Leave Enc.
	(Funded)	(Funded)	(Unfunded)	(Unfunded)
<b>6 The amounts to be recognized in the balance sheet and statements of profit and loss</b>				
Present value of obligations as at the end of year	8,969,902	9,302,597	1,322,810	998,809
Fair value of plan assets as at the end of the year	8,859,354	12,469,652	--	--
Funded status	(110,548)	3,167,055	(1,322,810)	(998,809)
Net asset/(liability) recognized in balance sheet	(110,548)	3,167,055	(1,322,810)	(998,809)
<b>7 Expenses Recognised in statement of Profit &amp; loss</b>				
Current Service cost	776,372	613,136	932,183	904,567
Interest Cost	555,374	731,048	69,958	124,056
Expected return on plan assets	(959,805)	(1,219,628)	--	--
Net Actuarial (gain)/Loss recognised in the year	4,016,209	1,161,174	(429,469)	(1,486,399)
Expenses recognised in statement of Profit &	4,388,150	1,285,730	572,672	(457,776)

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

## 29. Earning Per Share

(All figures in ₹)

	2012-13	2011-12
Profit/(loss) after Taxes and exceptional items	47,551,966	(163,455,619)
Total No. of Shares	10,182,506	10,182,506
Earning per share (Basic and diluted)	4.67	(16.05)

## 30. Segment Reporting

As the Company is predominantly engaged in the manufacture and sale of chemicals where the risks and returns associated with the products are uniform, the Company has identified geographical segments based on location of customers as reportable segments in accordance with AS 17 issued by ICAI.

### a. Revenue:

Geographical Location	2012-13	2012-13	2011-12	2011-12
	₹	%	₹	%
Domestic	305,348,216	49.31	401,829,655	67.81
External	313,861,173	50.69	190,712,501	32.19
Total	619,209,388	100.00	592,542,156	100.00

**b. Trade Receivables:**

Geographical Location	2012-13	2012-13	2011-12	2011-12
	₹	%	₹	%
Domestic	56,282,768	41.01	49,871,268	43.93
External	80,949,044	58.99	63,658,820	56.07
Total	137,231,812	100.00	113,530,088	100.00

**c. Other Disclosures:**

(All figures in ₹)

Geographical Location	Carrying Amount of Segment Assets		Additions to Fixed Assets	
	2012-13	2011-12	2012-13	2011-12
Domestic	929,448,449	967,554,526	21,884,226	215,352,292

Note: The Company has no assets outside India other than the External Trade Receivables.

**31. RELATED PARTY TRANSACTIONS**

In accordance with accounting standard No.18 the details of related party transactions are as follows: (All figures in ₹)

S.No.	Particulars of the Party	Nature of Relationship	Transaction	2012-13	2011-12
1	CDC Industrial Infra Ltd.	Promoter Group Company	Rent	--	1,080,060
2	Sri Y.S.R. Venkata Rao	Managing Director	Remuneration	2,100,000	1,732,006
3	Sri Y.S.R. Venkata Rao	Managing Director	Unsecured Loan Received	--	33,000,000
4	CDC Industrial Infra Ltd.	Promoter Group Company	Unsecured Loan Received	15,760,114	76,290,000
5	CDC Industrial Infra Ltd.	Promoter Group Company	Unsecured Loan repaid	43,050,114	--
6	Sri Y.S.R. Venkata Rao	Managing Director	Interest on Unsecured Loan	533,425	--
7	CDC Industrial Infra Ltd.	Promoter Group Company	Interest on Unsecured Loan	792,055	--

**32. Additional information pursuant to note 5 of Part II of Revised Schedule VI of the Companies Act, 1956:****A. TURNOVER**

(All figures in ₹)

Product	Turnover Value	Closing stock of Finished Goods Value
Sodium Metal Derivatives, Amino Pyridines, Fine Chemicals	618,819,283 (508,053,897)	529,283
Caustic Lye	390,105 (460,259)	--

(Figures in Brackets relate to previous year)

**B. WORK IN PROGRESS**

(All figures in ₹)

Product	Opening Stock	Closing Stock
Sodium Metal Derivatives, Amino Pyridines, Fine Chemicals	<b>81,844,784</b> <b>(86,525,973)</b>	100,173,833 (81,844,784)

(Figures in Brackets relate to previous year)

**C. CONSUMPTION**

(All figures in ₹)

	2012-13	2011-12
1) Chemicals	<b>238,887,895</b>	191,617,322
2) Gases (MT)	<b>24,101,396</b>	29,176,927
Gases (Cyl.)	<b>8,142,507</b>	13,287,026
3) Oils & solvents (KL)	<b>22,975,711</b>	26,896,386
Oils & solvents (MT)	<b>17,750,488</b>	16,411,880
4) Trading Coal	-	110,897,842
<b>Total</b>	<b>311,857,997</b>	388,287,383

**D. BREAK UP OF CONSUMPTION OF RAW MATERIALS**

	2012-13 Value ₹	%	2011-12 Value ₹	%
Indigenous	<b>127,019,188</b>	<b>40.73</b>	115,243,886	29.68
Imported	<b>184,838,809</b>	<b>59.27</b>	162,145,655	41.76
Trading Coal Imported	--		110,897,842	28.56
<b>Total</b>	<b>311,857,997</b>	<b>100.00</b>	<b>388,287,383</b>	<b>100.00</b>

**E. FOREIGN EXCHANGE TRANSACTIONS**

(All figures in ₹)

	2012-13		2011-12	
<b>a) C.I.F value of Imports</b>				
Raw Materials		<b>187,828,986</b>		158,004,148
<b>b) Expenditure in Foreign currency</b>				
Travelling	<b>176,469</b>		1,719,853	
Others	<b>1,662,572</b>	<b>1,839,041</b>	3,209,799	4,929,652
<b>c) Earnings in Foreign Currency</b>				
FOB Value of Exports		<b>298,799,265</b>		175,445,998

**33. Remuneration to Auditor (excluding service tax):****(All figures in ₹)**

	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
1	Auditor	<b>300,000</b>	300,000
2	For Taxation Matters	<b>85,000</b>	30,000
3	For Other Services	<b>40,000</b>	20,000

**34.** Figures of the previous year have been regrouped / rearranged / reclassified wherever considered necessary to conform to the classification of the current year.

As per our Report attached  
for C K S Associates  
Chartered Accountants (FRN 007390S)

For and on Behalf of Board of Directors

Sd/-  
P. GANAPATI RAO  
PARTNER  
M.No. 24113

Sd/-  
DEEPAK TIBREWAL  
COMPANY SECRETARY

Sd/-  
DR. J.S. YADAV  
CHAIRMAN

Sd/-  
Y.S.R.VENKATA RAO  
MANAGING DIRECTOR

Place: Hyderabad  
Dated: 08.04.2013



**ALKALI METALS LIMITED**  
B-5, BLOCK III, IDA, UPPAL, HYDERABAD – 500 039  
**ATTENDANCE SLIP**  
**ANNUAL GENERAL MEETING- 30<sup>th</sup> JULY, 2013 AT 11.00 AM**

<b>DP. Id</b>	
---------------	--

<b>Client Id/ Folio No.</b>	
---------------------------------	--

<b>No. of Shares</b>	
----------------------	--

**NAME & ADDRESS OF THE REGISTERED SHAREHOLDER /PROXY**

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 45<sup>th</sup> ANNUAL GENERAL MEETING of the Company at HOTEL GREEN PARK, Ameerpet, Hyderabad - 500 016 on Tuesday, 30<sup>th</sup> July 2013 at 11.00 AM.

SIGNATURE

*Note:* Please complete this form and hand it over at the entrance of the hall.

---

**ALKALI METALS LIMITED**  
B-5, BLOCK III, IDA, UPPAL, HYDERABAD – 500 039  
**FORM OF PROXY**  
**ANNUAL GENERAL MEETING- 30<sup>TH</sup> JULY 2013 AT 11.00 AM**

I/We ..... of ..... in the district of .....being a member/members of **ALKALI METALS LIMITED** hereby appoint ..... of ..... in the district of ..... or failing him .....of .....in the district of .....as my/our proxy to vote for me/us on my/our behalf at the 45<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 30<sup>th</sup> July, 2013 and at any adjournment thereof.

Signed this ..... day of ..... 2013.

<b>DP. Id</b>	
---------------	--

<b>Client Id/ Folio No.</b>	
---------------------------------	--

<b>No. of Shares</b>	
----------------------	--

Signature...

Affix a ₹ 1/- Revenue Stamp
--------------------------------------

*Note:* This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



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website : [www.alkalimetals.com](http://www.alkalimetals.com)



# ALKALI METALS LTD.,

Plot B-5, Block III, IDA, UPPAL, Hyderabad - 500 039, India

Tel :-+91-40-2756 2932 / 2720 1179 Fax:- 91-40-2756 2634 / 2720 1454  
Email: alkalinmetals@alkalinmetals.com ; Website :www.alkalinmetals.com

AN ISO 9001 & 14001 COMPANY



Manufacturers of Sodium Amide, Sodium Alkoxides, Sodium Hydride, Sodium Azide, Teravolts,  
Amino Pyridines, Pyridine Derivatives, Cyclic Compounds, Fine Chemicals, Oleo Chemicals & Oleoresins

## FORM A

### Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the company	ALKALI METALS LIMITED
2	Annual financial statements for the year Ended	31/03/2013
3	Type of Audit observation	Un-qualified / Matter of Emphasis
4	Frequency of observation	appeared first time
5	To be signed by- <ul style="list-style-type: none"><li>• CEO/Managing Director</li><li>• CFO</li><li>• Auditor of the company</li><li>• Audit Committee Chairman</li></ul>	    