



**ALKALI METALS LTD.,**

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



**ANNUAL REPORT**  
**2010-11**



**BOARD OF DIRECTORS**

DR. J.S. YADAV	CHAIRMAN
SRI. CH. S. PRASAD	DIRECTOR
SRI. P.C. PATNAIK	DIRECTOR
SRI. G. JAYARAMAN	DIRECTOR
SRI. R.C. SOHNI	DIRECTOR
SRI. Y. S. R. VENKATA RAO	MANAGING DIRECTOR
SMT. Y. LALITHYA POORNA	DIRECTOR
SRI. P. SATISH CHANDRAMOULI	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 LTD.,  
Subramanian Building, No.1,  
Club House Road,  
Chennai – 600 002.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 43<sup>rd</sup> Annual General Meeting of M/s. Alkali Metals Limited will be held on Saturday the 30<sup>th</sup> July of 2011 at 10.00 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, 2011 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 Rs.10/- each for the year ended 31<sup>st</sup> March 2011 as recommended by Board.
- 3) To elect a Director in place of Sri. Ch.S. Prasad who retires by rotation and being eligible offers himself for re-appointment.
- 4) To elect a Director in place of Sri. G. Jayaraman 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”

**Special Business**

- 6) To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

“RESOLVED THAT Sri. R.C. Sohni, who was appointed as an Additional Director as per the provisions of the Companies Act 1956 by the Board of Directors, who holds Office up to the ensuing Annual General Meeting and in respect of whom the Company received a request proposing his candidature for the Office of the Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation”

By order of the Board of Directors

Sd/-

Y.S.R. VENKATA RAO  
MANAGING DIRECTOR

Place: Hyderabad  
Date: 23.05.2011

**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 the 28<sup>th</sup> July 2011 to Saturday the 30<sup>th</sup> July 2011 both days inclusive.
- 4) The dividend for the year ended 31<sup>st</sup> March 2011 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 27<sup>th</sup> July 2011. 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 27<sup>th</sup> July 2011 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 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.
- 10) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 in respect of Special business, item no.6 is annexed herewith.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956****Item No.6.**

Sri. R.C. Sohni was co-opted as an Additional Director as per Section 260 of the Companies Act 1956 and as per Articles of Association of the Company w.e.f. 30<sup>th</sup> July 2010 on the Board of the Company and shall hold office up to the date of 43<sup>rd</sup> Annual General meeting. The Company received a notice along with the deposit proposing his candidature to the position of Director as per the provisions of section 257 of the Companies Act, 1956. Your Directors recommend the above resolution as set out in the notice to be passed as an ordinary resolution. None of the Directors except Sri. R.C. Sohni is interested in the above resolution.

By order of the Board of Directors

Sd/-

Place: Hyderabad  
Date: 23.05.2011

Y.S.R. VENKATA RAO  
MANAGING DIRECTOR

**DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2011.**

To  
The Share Holders,  
ALKALI METALS LTD.

Dear Members,

Your Directors are pleased to submit the 43<sup>rd</sup> Annual Report and Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2011:

**Financial Results**

The performance of the company for the financial year ended 31<sup>st</sup> March 2011 is summarized as below: (Rs.)

	<b>2010-11</b>	<b>2009-10</b>
Gross Turnover	691,470,810	604,093,374
Profit before finance charges, depreciation and taxation	80,763,135	121,691,827
Less : Finance Charges	24,924,536	7,054,071
Depreciation	26,117,538	19,166,546
Profit before tax	29,721,061	95,471,210
Less : Current Year's tax	6,400,000	16,300,000
Previous Years	--	4,042,722
MAT Credit Entitlement	(19,737,813)	--
Deferred tax (AS22)	11,871,434	9,722,022
Profit After tax	31,187,440	65,406,466
Add: Balance Brought forward	223,290,746	215,536,372
Dividend on equity shares	20,365,012	40,730,024
Tax on Dividend	3,319,436	6,922,068
Transfer to general reserve	2,972,106	10,000,000
Balance surplus carried to Balance Sheet	227,821,632	223,290,746

**Performance**

During the year the company's sales / turnover for the year ended March 2011, has been satisfactory. Although the gross income has gone up but due to all-round escalation of costs and stiff competition in the market, the company has made a profit before taxes of Rs. 297.21 Lakhs when compared to last year's profit before taxes of Rs 954.71 Lakhs.

Your Directors are taking all steps to reduce the costs and improve the margins to the extent possible. Your Directors are confident to improve the profitability in the coming years.

**Dividend on Equity Shares**

Considering performance and profitability of your company during the year and keeping in view the ongoing Capital works and growth trajectory, your Directors are pleased to recommend dividend at Rs.2/- per share on the paid-up equity capital subject to necessary approvals. The aggregate dividend payout for the year 2010-11 amounts to Rs.23,684,448/- including Dividend Tax.

**Future**

Even though the sales in the last six months were not satisfactory due to severe competition and low margins, your Company can foresee a good momentum in sales in the current financial year as the new facility at Visakhapatnam put into operation, and arrangements with strategic manufacturers of new range of products is in advanced stage to increase the volume and profitability of the Company. Apart from this our R&D has been fully strengthened to meet the future and current market trends and convert the opportunities into reality for higher scale of Commercial production and profitability. Thus the Company is exploring all the possibilities to acquire the know how from other strategic manufacturers to combine our best efforts for all-round growth and create better wealth for the Shareholders.

**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 have been paid for the current year.

**Research & Development:**

Your Company has been identifying new products through R&D wing constantly. R&D Specialists are being associated to develop costomotised products for testing and commercialization which are going to yield good financial support to the Company's turnover and which are of paramount importance because of improved outcomes and achievements. We are confident of maintaining our consistency in quality and going forward to introduce more and more new diversified products and delivery mechanism to counter the competitors and expect sustained growth and increase our market share in near future. Thus the Company is trying its best to put into use its scientific excellence and expertise in marketing new products in India and abroad.

**Utilization of IPO Funds**

All the Stakeholders are aware that the Company has collected Rs.262.65 Millions through IPO process during October 2008 and stipulated Rs.387.37 Millions for setting up of API plant at JN Pharma City, Visakhapatnam and so far spent Rs. 265.89 Millions.

**Directors**

As per Articles and in accordance with the provisions of the Act, Sri. Ch.S. Prasad and Sri. G. Jayaraman retire at the 43rd AGM and are being eligible offer themselves for re-appointment.

Sri. R.C. Sohni was co-opted as Additional Director and is proposed to be elected as Director who retires by rotation at the ensuing Annual General Meeting.

The brief particulars of all retiring Directors as well as newly elected Director 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 2011:

- 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 profit 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 to all safety of all the personnel and mitigation of damage to equipment in all the plants. A thorough review of all the safety measures 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. Further, extensive plantation of trees around manufacturing plants is undertaken 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	---	38 years	60	Rs.2.20 Millions

**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

Sd/-

Y.S.R. VENKATA RAO  
MANAGING DIRECTOR

Sd/-

Dr. J.S. YADAV  
CHAIRMAN

Place: Hyderabad

Date: 23.05.2011



**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 measures taken by the company for conserving the energy particularly installation of Hydrogen recovery plant and usage of cost effective fuels made substantial contribution towards cost reduction and higher profitability.

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

For captive consumption of power DG sets are being used. 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**

	2010-11	2009-10
<b>A. Power and Fuel Consumption</b>		
<b>Electricity</b>		
(i) Purchased		
Total Units (KWH)	5,751,680	4,596,327
Total Amount (Rs.)	25,948,058	17,025,440
Rate per Unit in (Rs.)	4.51	3.70
(ii) Own generation (Diesel generator)		
Units generated	265,485	484,054
Units per litre of Fuel oil/gas	3.36	2.63
<b>H.S.D</b>		
Quantity (Ltr)	78,955	183,935
Total Amount (Rs.)	4,765,466	6,830,186
<b>L.D.O., H.C.O &amp; L.C.O</b>		
Quantity (KL)	2,047	1,702
Total Amount (Rs.)	61,835,976	42,436,269
<b>B. Consumption per unit of production</b>		
Units produced (MT)	1968.61	1803.14
Electricity consumption per MT (KWH)	3056.56	3052.96
L.D.O. & H.C.O. consumed per MT (KL)	1.04	0.95

**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 syntheses to drug intermediates 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.
- 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**

- |   |  |
|---|--|
| a. Technology imported  | } No technology has been imported during the past 5 years. |
| b. Year of import   |  |
| c. Has technology been fully absorbed?  |  |
| d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. |  |

**C. Foreign Exchange Earnings and outgo (In Rupees)**

	2010-11	2009-10
Earnings	269,300,441	281,613,874
Outgo	281,673,531	136,970,264
Raw Materials	180,073,588	134,112,807
Trading Goods	97,167,851	--
Equipment	1,725,272	--
Foreign currency exp.	2,706,820	2,857,457
Net Foreign exchange earnings	(12,373,090)	144,643,610

For and on behalf of Board of Directors

Sd/-

Y.S.R. VENKATA RAO  
MANAGING DIRECTOR

Sd/-

Dr. J.S. YADAV  
CHAIRMAN

Place : Hyderabad

Date : 23.05.2011