



ALKALI METALS LTD.,

AN ISO 9001 & 14001 COMPANY AND EXPORT HOUSE

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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 45th Annual General Meeting of M/s. Alkali Metals Limited will be held on Tuesday the 30th 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 31st 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 31st 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 25th July 2013 to Tuesday 30th July 2013 both days inclusive.
- 4) The dividend for the year ended 31st 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 24th 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 24th 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 31ST MARCH 2013**

To
The Share Holders,
ALKALI METALS LIMITED

Dear Members,

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

Financial Results

The performance of the company for the financial year ended 31st 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 45th 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 31st 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
A.	Power and Fuel Consumption:		
	Electricity:		
	(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
	H.S.D		
	Quantity (Ltr)	406,340	263,147
	Total Amount (₹)	20,846,694	10,688,919
	L.D.O., H.C.O & L.C.O		
	Quantity (Kl)	1,096	1,292
	Total Amount (₹)	42,064,063	46,981,923
B.	Consumption per unit of production:		
	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

- | | |
|---|--|
| 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

(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