

# **ALKALI METALS LTD.**

Hyderabad, India

**40<sup>th</sup> Annual Report**  
**2007-08**

## **BOARD OF DIRECTORS**

SMT. Y.V.LALITHA DEVI	CHAIR PERSON
DR. Y.V.S.S. MURTY	DIRECTOR
SHRI. Y. S. R. VENKATA RAO	MANAGING DIRECTOR
SHRI. CH. S. PRASAD	DIRECTOR
SHRI P.C. PATNAIK	DIRECTOR
SHRI G. JAYARAMAN	DIRECTOR
DR. J.S. YADAV	DIRECTOR

## **BANKERS**

STATE BANK OF INDIA

## **AUDITORS**

M/s. AVADHANI & CO.,  
CHARTERED ACCOUNTANTS,  
502, Fifth Floor, Lingapur House,  
Amruta Estate, Himayatnagar,  
Hyderabad - 500 029.

## **REGISTERED OFFICE & FACTORIES**

Plot B5, Block III,  
Industrial Dev. Area, Uppal,  
HYDERABAD - 500 039.

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

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40<sup>th</sup> Annual General Meeting of the Company will be held at #5, Prembagh Apts., 3-4-490/A, Barkatpura, Hyderabad at 4.00 P.M. on Wednesday the 7<sup>th</sup> day of May, 2008 to transact the following business:-

- 1) To receive, consider and adopt the Audited Accounts of the company for the year ended 31-03-2008 together with the reports of the Directors and Auditors thereon.
- 2) To declare dividend for the year ended 31<sup>st</sup> March 2008.
- 3) To elect Director in place of Smt. Y.V. Lalitha Devi, who retires by rotation and being eligible offers herself for re-election.
- 4) To elect Director in place of Sri P.C. Patnaik, who retires by rotation and being eligible offers himself for re-election.
- 5) To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

"RESOLVED THAT M/s. Avadhani & Co., Chartered Accountants, Hyderabad be and are hereby re-appointed as Auditors of the company to hold office from the conclusion of this meeting till the conclusion of the next annual General Meeting of the company on a remuneration to be decided by the Board of Directors at a subsequent date".

### SPECIAL BUSINESS:

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

"RESOLVED that Dr. J.S. Yadav, who was appointed as an Additional Director as per the provisions of the Companies Act, 1956 by the Board of Directors, who holds office upto the ensuing annual general meeting and in respect of whom the company received a request for 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."

- 7) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of the Companies Act, 1956 if any read with the Articles of Association of the Company, the consent of the company be and is hereby accorded to the Board of Directors of the company to issue Bonus Shares by way of capitalization of its profits and/or reserves in the ratio of 1 equity shares of Rs. 10/- each for every 10 equity shares held by the shareholders as fully paid-up out of the un-subscribed equity shares of the company, whose names appear on the date of the meeting."

- 8) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 81(1A) and other application provisions of the Companies Act, 1956, and in accordance with the provisions of the Articles of Association of the Company and subject to necessary approvals/permissions if any, the consent of the Company be and is hereby accorded to the Board of Directors of Company to issue, offer and allot equity shares not exceed 40,00,000 equity shares of Rs 10/- each as fully paid-up at a premium to be fixed by the Board of Directors and subject to such terms and conditions as the Board may deem fit to any Banks/Bodies Corporate/Institutions /FIIs/ NRIs/ Individuals/ general public at large.

RESOLVED FURTHER that for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds and things as it may deem necessary or desirable."

- 9) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:

"**RESOLVED THAT** pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, Clause 3.3.0 of the Memorandum of Association of the Company relating to the Other Objects of the Company be and are hereby altered by inserting the following sub-clause after the sub-clause 3.3.9:

3.3.10. To procure or produce or fabricate for use pressure vessels to contain fluids and other substances at pressures at ambient temperatures in varying and convenient capacities. To use such vessels for containing fluids and substances under pressures and transport the same by road, river or sea for sale of the contained fluid with or without container.

- 10) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:

"**RESOLVED THAT** pursuant to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, consent of Company be and is hereby accorded to the Board of Directors of company to undertake the business activity of any business specified in the other objects 3.3.0 of the Memorandum of Association as the Board deem fit in the best interest of the company at the appropriate time.

By order of the Board of Directors.

(Y.S.R. Venkata Rao)  
Managing Director

Place: Hyderabad  
Date : 25.04.2008

- Note:-
- 1) A member entitled to appoint and vote is entitled to appoint a proxy to attend Vote instead of himself/herself and a proxy need not be a member.
  - 2) Shareholders are requested to intimate to the company the change, if any, in their registered address.
  - 3) An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed herewith.
  - 4) Book Closure from 05.05.2008 to 07.05.2008 (Both days inclusive)

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE ACT:

##### Item No. 6

Dr. J.S. Yadav is co-opted as an Additional Director on 31<sup>st</sup> March 2008 pursuant to section 260 of the Companies Act, 1956 and he holds office of Director upto the date of 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 Act. Your Directors recommend the above resolution set out in the notice as an ordinary resolution for your approval.

None of the Directors except Dr. J.S. Yadav for his own appointment is interested in the above resolution.

##### Item No. 7

The company proposed to issue the bonus shares to the existing shareholders in the ratio of 1 equity shares of Rs. 10/- each for every 10 equity shares held by way of capitalization of the profits/reserves. As per the provisions of the Articles of Association of the company, shareholders approval is required for capitalization of profits. Your Directors recommend the above resolution set out in the notice as a Special Resolution.

None of the Directors is interested in the above resolution except as shareholders and to that of the bonus they receive.

##### Item No. 8

Due to adverse market conditions, company not gone of Initial Public Issue with in the time frame. Now, the company proposes to go public once the market conditions are suitable. In accordance with the provisions of the Companies Act, 1956 approval of the members is required for issue of shares to the persons other than the existing shareholders to the general public at large. Your Directors recommend the above resolution set out in the notice as a Special Resolution.

None of the Directors is interested in the above resolution except as shareholders.

Item No. 9

The company is proposed to carry on the business of handling high pressure vassals with fluids or other substances in various capacities and also to transport the same. As the Memorandum of Association of the company does not specifically contain the same either in main object or other objects, it is proposed to insert the same in other objects as specified in the resolution above. In accordance with the provisions of the Companies Act, 1956 approval of the members is required for alteration of other objects of the company.

Your Directors recommend the above resolution set out in the notice as a Special Resolution and none of the Directors is interested in the above resolution.

Item No. 10

The company proposed to carry on the business specified in the other objects of the Memorandum of Association. As per the provisions of section 149(2A) of the Companies Act, 1956 approval of the members is required for commencement of any business specified in the other objects of the memorandum.

Your Directors recommend the above resolution set out in the notice as a Special Resolution and none of the Directors is interested in the above resolution.

By order of the Board of Directors.

 (Y.S.R. Venkata Rao)  
Managing Director

Place: Hyderabad

Date : 25.04.2008

**DIRECTORS' REPORT  
FOR THE YEAR 2007-08**

To  
The Shareholders,  
Alkali Metals Ltd.,

Ladies and Gentlemen,

The Directors have pleasure in presenting their report together with Audited accounts for the year 2007-08.

**Summary of Financial Results**

	<b>2007-08 Rs.</b>	<b>2006-2007 Rs.</b>
Profit before Interest & depreciation	125,718,795	121,701,896
Less Interest & others	17,718,588	20,285,268
Less Depreciation	18,174,771	16,874,593
Profit before Tax	89,825,436	84,542,035
Provisions		
Current Tax	10,500,000	6,000,000
Deferred Tax (AS 22)	-	2,500,000
Profit after tax available for appropriation	79,325,436	76,042,035

***Dividend***

An interim dividend of Rs 4.00 per share was paid for the financial year 2007-08. The directors now recommend the same as Final dividend for the financial year ended on 31<sup>st</sup> March 2008.

***Operations Review – 2007-08***

During the year, the Company's sales turnover increased to Rs 68.70 crores as compared to sales of Rs 64.93 crores in the previous financial year. The Profit After Tax (PAT) for the current financial year after meeting all expenditure and taxes is increased to Rs 7.93 crores from the PAT of Rs 7.60 crores achieved in the year 2006-07.

### ***Expansion Project***

During the year, the company completed the Expansion project in 100% EOU to enhance the production capacity with an investment of Rs 9.50 crores. As a result, the aggregate annual installed capacity of the company has been increased from 3450 MT to 4400 MT. This enhancement will facilitate smooth production flow in the units to meet the increasing demand for the company's products. The company availed a term loan of Rs 7 crores from the State Bank of India for this purpose.

### ***Initial Public Offer***

During the year, the company has finalized plans of starting Production Plant at Pharma City, Visakhapatnam involving capital outlay of Rs 42.72 Crores. The company proposes to manufacture certain Active Pharmaceutical Ingredients (A.P.I.) for which the market demand is quite encouraging. To fund the capital cost of the Project, the company is also finalizing the documentation and other formalities for issuing Equity shares to the Public. Necessary compliances for obtaining Licences, Permissions etc., for the proposed project are in different stages of progress.

The company expects to hit the Share Market in the current financial year subject to the suitability of terms, market dynamics etc. The Equity shares of the company are proposed to be listed in National Stock Exchange and Mumbai Stock Exchanges.

### ***Issue of Bonus Shares***

During the year, the company issued Bonus to the Shareholders in the ratio of 15 Equity shares for every 100 equity shares held, by Capitalization of undistributed profits.

### ***Industry Scenario***

For the past few years, Contract Manufacturing is a Hot Opportunity in the Chemical Industry segment. The Indian contract manufacturing market was worth US\$ 874 Million in 2007. Although this market presently occupies a fraction of the total global opportunity, the future potential of the market seems immense.

The Indian contract manufacturing market, with its low cost advantage, strong chemistry and reverse engineering capabilities, improving infrastructure and strong incentives from the government, is expected to grow strongly in the next five years. By 2012, the Indian industry is expected to grab nearly 8% of the total global market.

The company is comprehensively evaluating the opportunities in contract manufacturing market, analyzing its present market size, key segments, capabilities, and the future direction of growth. Most International companies presently outsource APIs and intermediates from India. Moreover, India is also becoming a major hub for outsourcing formulations.

Growth of the contract manufacturing market is expected to provide a major boost to the Company's business and profits.



### ***Audit Committee***

During the year Audit committee is re-constituted as per the Listing agreement with Sri. G. Jayaraman, Sri. Ch.S. Prasad and Sri. P.C. Patnaik all independent Directors and they meet and report regularly to the Board of Directors.

### ***Employee Relations***

Relations with employees are cordial. The directors place on record the valuable service rendered by Senior Executives, Officers, Staff and Workmen for the good performance during the year.

### ***Directors***

Smt Y.V. Lalitha Devi and Sri. P.C. Patnaik, Directors of the company, will retire at the ensuing Annual General Meeting by rotation and are eligible for reappointment, board recommend their reappointment.

It is proposed to elect Dr. J.S. Yadav, Additional Director, as director at the ensuing Annual General Meeting.

### ***Directors Responsibility Statement***

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors reports that :-

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- 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.

### ***Auditors***

M/s. Avadhani & Co., Auditors are retiring at the conclusion of this Annual General Meeting. They have given their consent for re-appointment for the current year.

### ***Particulars of Employees***

Details of Persons who are in receipt of remuneration as specified U/s 217 (2A) of the Companies Act, 1956.

Name	Qualification	Date of joining	Designation	Previous employer	Experience	Age	Remuneration
Y.S.R. Venkata Rao	B.E (Mech.) F.I.E	01.07.1991	Managing Director	--	34 yrs	56	Rs. 60.00 lacs p.a.

### ***Disclosure of Particulars***

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the relevant information and data is given at Annexure - A.

### ***Acknowledgements***

The Directors acknowledge the support given by the Bankers, Institutions and Business Associates.

For and on behalf of Board of Directors,

Y.V.Lalitha Devi  
Chair Person

Place: Hyderabad  
Date :25.04.2008

