

# **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.

<b>Name</b>	<b>Qualification</b>	<b>Date of joining</b>	<b>Designation</b>	<b>Previous employer</b>	<b>Experience</b>	<b>Age</b>	<b>Remuneration</b>
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

## 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 :**

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

	2007-08	2006-07
<b>A. Power and Fuel Consumption :</b>		
<b>Electricity :</b>		
(i) Purchased :		
Total units (KWH)	54,05,476	4,994,136
Total amount (Rs.)	18,622,576	18,676,217
Rate per unit in (Rs.)	3.44	3.73
(ii) Own generation : (Diesel generator)		
Units generated :	193,109	192,029
Units per litre of Fuel oil/gas	2.14	2.22
<b>H.S.D</b>		
Quantity (Ltr)	90,129	86,383
Total Amount (Rs.)	3,293,442	3,039,128
<b>L.D.O. &amp; H.C.O.</b>		
Quantity (KL)	1,828	1,613
Total amount (Rs)	40,138,283	37,533,959
<b>B. Consumption per unit of production :</b>		
Units produced (MT) :	1789.477	1916.492
Electricity consumption per MT (KWH) :	3,020.70	2,706.07
L.D.O. & H.C.O. consumed per MT (KL):	0.605	0.590

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

**A. RESEARCH & DEVELOPMENT**

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

The company continued Research in new products and processes. During the year, some of the ongoing projects successfully completed while the remaining projects are in advanced stage. The main thrust of the R&D is to explore new processes/products, cost reduction methods, energy conservation, reduction of batch time cycle etc.

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

- Better management of man hours by Optimizing batch time cycle.
- Scaling up of Lab operations for the new products.
- Introduction of new products/processes.
- Reduction of manufacturing cost.
- Utilization of scarce materials/resources to the optimum levels.

**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 : (In Rupees)**

	2007 -08	2006-07
Earnings	223,969,359	248,160,486
Outgo	92,177,394	133,016,503
Raw Material	86,971,864	127,776,538
Equipment	1,868,663	-
Foreign currency exp.	3,336,867	5,239,965
Net Foreign exchange earnings	131,791,965	115,143,983

For and on behalf of Board of Directors,

Place : Hyderabad  
Dt. : 25.04.2008

Y.V.LALITHA DEVI  
CHAIRPERSON

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## AUDITORS' REPORT

To the Members,

We have audited the attached Balance sheet of M/s Alkali Metals Limited ("the Company") as at March 31, 2008 and the relative Profit and loss account of the company for the year ended on that date attached thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on the test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies Auditors' Report Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act") we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i) 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;
- ii) 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 the books;
- iii) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;
- iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon and significant accounting policies, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act, give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:-
  - (a) in the case of the Balance Sheet, of the Company's state of affairs as at March 31, 2008; and
  - (b) in the case of the Profit and Loss account, of the Profit for the year ended on that date.
- v) On the basis of written declarations received from the directors and taken on record by the board of directors, we report that none of the directors was disqualified as at March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Avadhani & Co.,  
Chartered Accountants

Place:Hyderabad  
Date:25.04.2008

K.R.K. AVADHANI  
Partner

**ANNEXURE TO THE AUDITORS' REPORT AS REQUIRED BY THE COMPANIES' AUDITORS REPORT ORDER, 2003**

- (i)
  - (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) As per the information and explanations submitted to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
  - (c) No substantial part of fixed assets have been disposed off during the year.
- (ii)
  - (a) As per the information furnished, physical verification of inventory has been conducted at the year end by the management. In our opinion, the frequency of the physical verification is reasonable.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The company neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
- (v) As per the information and explanations given to us, the company has duly made entries of transactions that need to be entered in the register in pursuance of section 301 of the Act.
- (vi) The company has not accepted deposits from the public during the year.
- (vii) In our opinion, the company's internal control procedures involve reasonable internal checking of its financial records which is considered adequate under the circumstances.
- (viii) No cost records have been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act for the company's activities.
- (ix)
  - a) In our opinion, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. As per the information furnished to us, there are no arrears of outstanding statutory dues as at 31.03.2008 for a period of more than six months from the date they became payable.

- b) 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 (Rs)</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	A.Y. 2003-04	ITAT, Hyd.
Income tax Act	Income tax & Interest	7,580,578	A.Y 2004-05	Commissioner (Appeals)–II, Hyd
Income tax Act	Penalty u/s 271 (1) (c)	950,000	A.Y 1999-00	Appeal to be filed
Income tax Act	Income tax & Interest	15,874,280	A.Y.2005-06	Commissioner (Appeals)–II, Hyd

- (x) There are no accumulated losses of the company as on 31.03.2008. The company has not incurred cash losses during the year under audit and in the immediately preceding financial year.
- (xi) In our opinion and as per the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institution or bank.
- (xii) As per the information and explanations submitted to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
- (xiii) The company does not carry on the business of chitfund /nidhi /mutual benefit fund/society and hence the provisions of this paragraph are not applicable.
- (xiv) In our opinion and as per the information and explanations submitted to us, proper records have been maintained of the transactions of investments in Shares and timely entries have been made therein. Also, all the investments have been held by the company in its own name.
- (xv) As per the information and explanations submitted to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) As per the information and explanations submitted to us, the company has obtained term loan during the year from State Bank of India to the extent of Rs. 7 crores, which has been duly utilized for the purpose for which it has been taken.
- (xvii) In our opinion and as per the information and explanations submitted to us, the funds raised on short-term basis have not been used by the company for long term investment and vice versa.

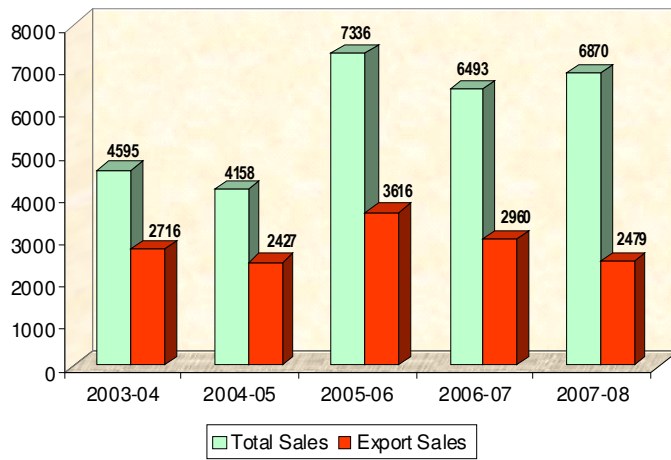
- (xviii) As per the information and explanations submitted to us, the company has not made any preferential allotment of shares during the year.
- (xix) As per the information and explanations submitted to us, the company has not issued any debentures during the year.
- (xx) As per the information and explanations submitted to us and also as observed from the annexed accounts, during the year, the company has initiated the documentation for Initial Public Offer. Necessary statutory compliances by the company for the proposed project in respect of Licenses, Permissions, Registrations, etc., with concerned authorities are in different stages of Progress. All the expenses incurred for the above purpose are reflected separately in the Balance Sheet.
- (xxi) As per the information and explanations submitted to us, no fraud on or by the company has been noticed or reported during the year.

For Avadhani & Co.,  
Chartered Accountants

Place:Hyderabad  
Date: 25.04.2008.

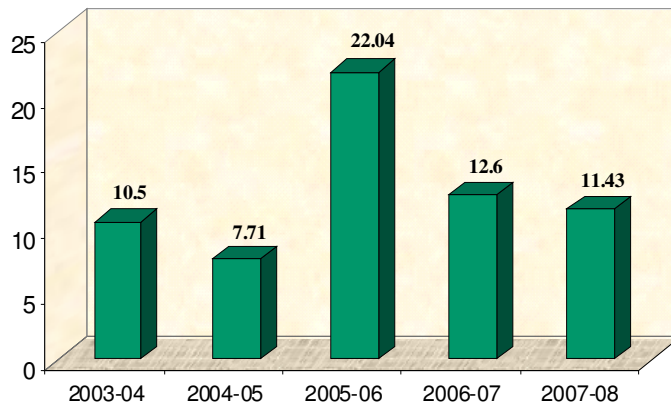
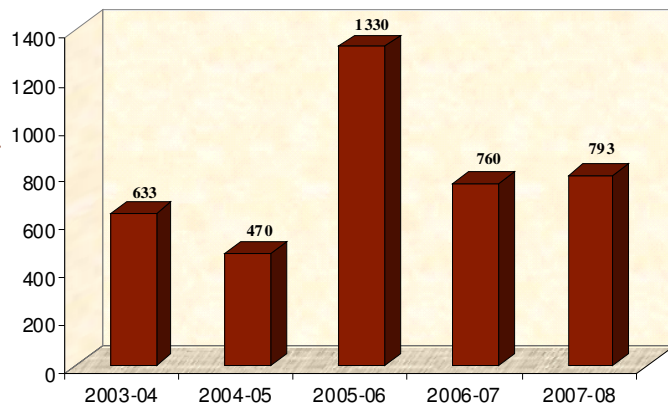
K.R.K. AVADHANI  
Partner

## CORPORATE PERFORMANCE



**TOTAL SALES &  
EXPORT SALES  
(Rupees in Lacs)**

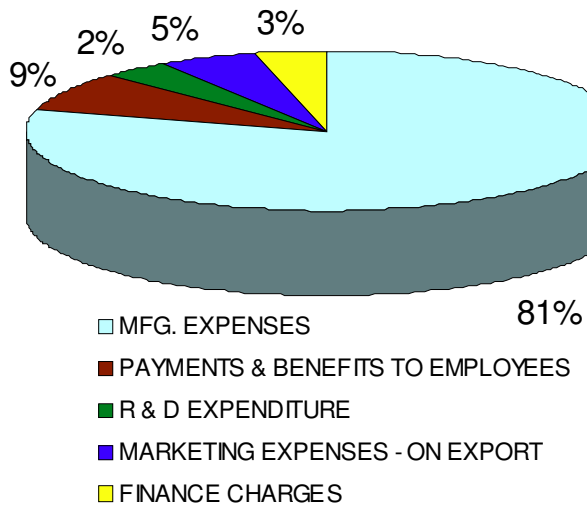
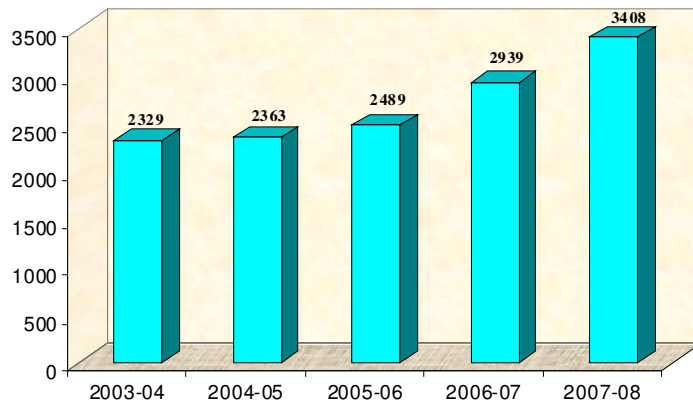
**PROFITABILITY  
(Rupees in Lacs)**



**EARNING PER SHARE  
(Rs.)**

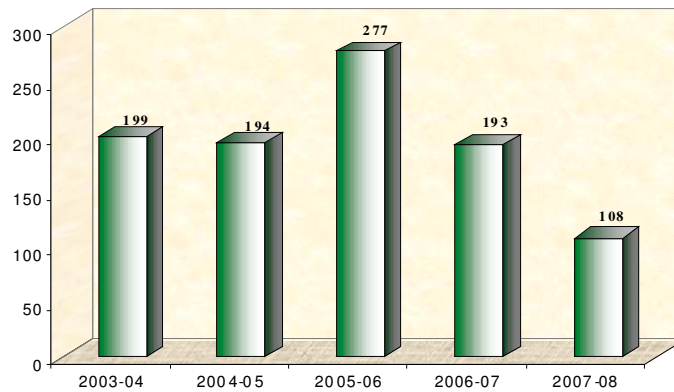
## CORPORATE PERFORMANCE

**NET WORTH**  
(Rupees in Lacs)



**SPENDING  
PATTERN**

**R&D EXPENDITURE**  
(Rupees in Lacs)



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**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008**

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	Sch. No.	31-03-2008 Rs.	31-03-2007 Rs.
<b>I SOURCES OF FUNDS</b>			
SHARE CAPITAL	1	69,386,400	60,336,000
RESERVES & SURPLUS	2	271,431,991	233,628,402
SECURED LOANS	3	237,374,511	203,163,957
DEFERRED LIABILITIES (I F S T LOAN)	--	18,099,884	14,634,203
CURRENT LIABILITIES & PROVISIONS	4	77,639,713	49,572,448
		<b>673,932,499</b>	<b>561,335,010</b>
<b>II APPLICATION OF FUNDS</b>			
FIXED ASSETS	5	283,007,947	275,152,300
ADVANCE FOR LAND	-	33,960,074	24,441,082
CURRENT ASSETS LOANS & ADVANCES	6	347,948,800	261,741,628
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Public Issue Expenses		9,015,678	
		<b>673,932,499</b>	<b>561,335,010</b>

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Note: Schedules 1 to 13 annexed, form an integral part of this Balance Sheet

As per our Report attached

for AVADHANI & COMPANY  
Chartered Accountants

K.R.K.AVADHANI  
PARTNER

DR. Y.V.S.S. MURTY  
DIRECTOR

Y.S.R.VENKATA RAO  
MANAGING DIRECTOR

Place : Hyderabad  
Dated: 25.04.2008

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

	<b>Sch No</b>	<b>2007-2008 Rs.</b>	<b>2006-2007 Rs.</b>
<b>SALES AND OTHER INCOME</b>			
SALES – EXPORT		247,851,063	296,067,722
SALES –DOMESTIC		439,194,228	353,277,425
<b>TOTAL SALES</b>		<b>687,045,291</b>	<b>649,345,147</b>
LESS: TAXES			
CENTRAL EXCISE	41,137,727		34,933,949
SALES TAX	28,227,238	69,364,965	14,316,018
NET SALES		617,680,326	600,095,180
OTHER RECEIPTS		224,981	946,094
INTEREST EARNED		201,805	267,972
<b>GROSS INCOME</b>		<b>618,107,112</b>	<b>601,309,246</b>
<b>DEDUCT</b>			
MFG. EXPENSES	7	439,941,595	427,373,590
VARIATION IN STOCKS	8	(35,247,936)	(38,694,744)
PERSONNEL EXPENSES	9	50,512,459	42,554,289
R & D EXPENDITURE		10,765,689	19,278,632
POLLUTION CONTROL AND WASTE RECOVERY EXP.	1,653,070		2,095,364
LESS : SALE VALUE OF RECOVERED MATERIAL	944,997	708,073	1,494,120
<b>MARKETING EXPENSES</b>			
ON EXPORT SALES	10	24,441,556	27,504,623
ON DOMESTIC SALES	11	1,266,881	989,716
<b>SUB TOTAL</b>		<b>492,388,317</b>	<b>479,607,350</b>
<b>PROFIT BEFORE INT.&amp; DEP.</b>		<b>125,718,795</b>	<b>121,701,896</b>
DEDUCT :			
FINANCE CHARGES	12	17,718,588	20,285,268
DEPRECIATION	5	18,174,771	16,874,593
<b>PROFIT BEFORE TAX</b>		<b>89,825,436</b>	<b>84,542,035</b>
<b>LESS: PROVISIONS</b>			
INCOME TAX		10,500,000	6,000,000
DEFERRED INCOME TAX (AS22)		0	2,500,000
<b>PROFIT AFTER TAX</b>		<b>79,325,436</b>	<b>76,042,035</b>
<b>ADD: BALANCE B/FD.</b>		162,558,794	125,475,915
<b>LESS:</b>			
DIVIDEND-INTERIM/PROPOSED		27,754,560	27,151,200
TAX ON DIVIDEND		4,716,887	3,807,956
TRANSFER TO GEN. RESERVE		8,000,000	8,000,000
<b>BALANCE TRANSFERRED TO BALANCE SHEET</b>		<b>201,412,783</b>	<b>162,558,794</b>

Note: Schedules 1 to 13 annexed, form an integral part of this Balance sheet

As per our Report attached  
for AVADHANI & COMPANY  
Chartered Accountants

K.R.K. AVADHANI  
PATNER  
Place: Hyderabad  
Dated: 25.04.2008

DR. Y.V.S.S. MURTY  
DIRECTOR

Y.S.R.VENKATA RAO  
MANAGING DIRECTOR

**SCHEDULES TO ACCOUNTS**  
**31<sup>ST</sup> MARCH, 2008**

**SCHEDULE 1 : SHARE CAPITAL**

	<b>31-03-2008</b>	<b>31-03-2007</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
15,000,000 Equity shares of Rs.10/- each	150,000,000	100,000,000
	-----	-----
	150,000,000	100,000,000
	-----	-----
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
6,938,640 Equity shares of Rs.10/- each full paid (Previous year 6,033,600 Equity Shares)	69,386,400	60,336,000
	-----	-----
	<b>69,386,400</b>	<b>60,336,000</b>
	-----	-----

**SCHEDULE 2 : RESERVES & SURPLUS**

	<b>31-03-2008</b>	<b>31-03-2007</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>General Reserve</b>	79,069,608	71,069,608
As per the last Balance sheet	71,069,608	63,069,608
Add : Additions for the year	8,000,000	8,000,000
<b>Profit and Loss Account</b>	192,362,383	162,558,794
As per the last Balance Sheet	162,558,794	
Add: For the Current Period	38,853,989	
Less: Allotment of Bonus shares	9,050,400	
	-----	-----
<b>TOTAL</b>	<b>271,431,991</b>	<b>233,628,402</b>
	-----	-----

**SCHEDULES TO ACCOUNTS**  
**31<sup>ST</sup> MARCH, 2008**

**SCHEDULE 3 : SECURED LOANS**

	31-03-2008 Rs.	31-03-2007 Rs.
A.P.I.D.C Term Loan	-	4,100
<b>LOAN FROM STATE BANK OF INDIA</b>	237,374,511	203,159,857
<b>Term Loan</b>	70,000,000	-
Cash Credit	163,570,807	63,321,235
Export Packing Credit	253,660	253,660
Foreign Bills Discounting	-	1,514,885
Inland Bills Discounting	3,550,044	6,519,527
Demand Loan in Foreign Currency	-	98,550,550
SLC	-	33,000,000
	<u>237,374,511</u>	<u>203,163,957</u>

**SCHEDULE 4: CURRENT LIABILITIES & PROVISIONS**

	31-03-2008 Rs.	31-03-2007 Rs.
<b>CURRENT LIABILITIES</b>	50,441,718	27,275,388
Sundry creditors & other liabilities	50,441,718	27,275,388
<b>PROVISIONS</b>	27,197,995	22,297,060
Income Tax		
for Current year	10,500,000	6,000,000
for Earlier years	6,197,995	5,797,060
Provision for Deferred tax Liability (AS 22)	10,500,000	10,500,000
	<u>77,639,713</u>	<u>49,572,448</u>

## SCHEDULES TO ACCOUNTS

### SCHEDULE 5: FIXED ASSETS AS ON 31<sup>ST</sup> MARCH, 2008

All Figures in Rupees

Sl. No.	PARTICULARS	GROSS BLOCK AT COST AND/OR REVALUATION					DEPRECIATION			NET BLOCK	
		Opening cost	Additions	Sales/ transfer	Cost as on 31-03-2008	Upto 31-03-2007	For the year 2007-08	With- drawn during the year	Total upto 31-03-2008	Written down value as on 31-03-2008	Written down value as on 31-03-2007
1.	LAND	9,047,195	--	--	9,047,195	--	--	--	9,047,195	9,047,195	
2.	BUILDINGS	38,850,393	5,521,569		44,371,962	6,406,537	1,228,059	7,634,597	36,737,366	32,443,855	
3.	PLANT & MACHINARY	146,563,696	9,255,622		155,819,318	36,492,254	7,445,685	43,937,939	111,881,379	110,071,441	
4.	R&D EQUIPMENT	102,964,062	7,531,451		110,495,513	25,360,857	5,834,163	31,195,021	79,300,492	77,603,205	
5.	R&D LAB EQUIPMENT	27,547,329	2,231,720		29,779,049	6,792,081	1,572,334	8,364,415	21,414,634	20,755,248	
6.	POLLUTION CONTROL EQUIP.	10,019,683	--		10,019,683	2,590,111	525,503	3,115,615	6,904,068	7,429,571	
7.	SAFETY EQUIPMENT	3,255,495	--		3,255,495	458,835	171,890	630,726	2,624,769	2,796,659	
8.	VEHICLES	3,908,567	967,823	205,000	4,671,390	1,177,888	443,782	97,375	1,524,296	3,147,095	
9.	FURNITURE & FIXTURES	1,390,227	59,500		1,449,727	485,460	91,768	577,228	872,499	904,767	
10.	LABORATORY EQUIP.	7,818,292	48,925		7,867,217	1,177,812	373,693	1,551,505	6,315,712	6,640,480	
11.	LIBRARY BOOKS	8,042	--		8,042	8,042	--	8,042	--	--	
12.	OFFICE EQUIPMENT	7,186,215	521,435		7,707,650	2,457,019	487,894	2,944,913	4,762,737	4,729,196	
13.	LOOSE TOOLS	10,354	--		10,354	10,354	--	10,354	--	--	
	<b>TOTALS</b>	<b>358,569,550</b>	<b>26,138,046</b>	<b>205,000</b>	<b>384,502,596</b>	<b>83,417,253</b>	<b>18,174,771</b>	<b>97,375</b>	<b>101,494,649</b>	<b>283,007,947</b>	<b>275,152,295</b>
	PREVIOUS YEAR FIGURES	<b>313,119,152</b>	<b>45,450,396</b>	<b>--</b>	<b>358,569,548</b>	<b>66,542,660</b>	<b>16,874,592</b>	<b>--</b>	<b>83,417,253</b>	<b>275,152,295</b>	<b>246,594,891</b>

**SCHEDULES TO ACCOUNTS**  
**31<sup>ST</sup> MARCH, 2008**

**SCHEDULE 6 : CURRENT ASSETS, LOANS & ADVANCES**

	<b>31-03-2008</b>		<b>31-03-2007</b>
	<b>Rs.</b>		<b>Rs.</b>
<b>INVENTORIES</b>	130,929,947		124,013,279
a) Raw Materials & consumables	21,183,987	49,515,255	
b) Finished Goods	1,402,500	273,312	
c) Work in process	108,343,460	74,224,712	
<b>SUNDRY DEBTORS</b>			
(Unsecured considered good)	121,002,149		82,102,933
Debts outstanding			
i) For less than six months	120,181,766	81,445,520	
ii) for more than six months	820,383	657,413	
<b>DEPOSITS</b>	31,928,277		4,465,710
<b>LOANS &amp; ADVANCES</b>	15,263,200		17,985,016
a) Advances	1,454,611	6,176,533	
b) Deposits	12,960,002	10,057,548	
c) Advances to Suppliers	848,587	1,750,935	
<b>CASH &amp; BANK BALANCES</b>	411,021		1,299,164
<b>PREPAID EXPENSES</b>	3,333,602		3,322,290
<b>ADVANCE TAX</b>	45,080,604		28,553,236
	<b>347,948,800</b>		<b>261,741,628</b>

**SCHEDULES TO ACCOUNTS**  
**31<sup>ST</sup> MARCH, 2008**

**SCHEDULE 7 : MANUFACTURING EXPENSES**

	<b>31-03-2008</b>	<b>31-03-2007</b>
	<b>Rs.</b>	<b>Rs.</b>
Raw Materials	345,879,691	334,865,645
Stores, spares & consumables	15,781,925	18,389,774
Power & Fuel	62,054,300	59,249,304
Maintenance & Repairs	10,727,508	9,114,272
Rates, Taxes & Fees	1,627,998	1,195,875
Rentals	1,236,000	1,300,993
Insurance	2,495,173	3,221,727
Audit fees	26,000	26,000
Directors sitting fees	113,000	10,000
	<b>439,941,595</b>	<b>427,373,590</b>

**SCHEDULE 8 : VARIATION IN STOCKS**

	<b>31-03-2008</b>	<b>31-03-2007</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>a) FINISHED GOODS</b>	<b>(1,129,188)</b>	<b>2,222,188</b>
Opening stocks	273,312	2,495,500
Closing stocks	(1,402,500)	273,312
<b>b) WORK-IN-PROCESS</b>	<b>(34,118,748)</b>	<b>(40,916,932)</b>
Opening stocks	74,224,712	33,307,780
Closing stocks	(108,343,460)	74,224,712
	<b>(35,247,936)</b>	<b>(38,694,744)</b>

**SCHEDULES TO ACCOUNTS**  
**31<sup>ST</sup> MARCH, 2008**

**SCHEDULE 9 : PERSONNEL EXPENSES**

	<b>31-03-2008</b>	<b>31-03-2007</b>
	<b>Rs.</b>	<b>Rs.</b>
Salaries, wages, Bonus & others	45,826,322	37,038,459
Safety Expenses	745,756	985,134
Training and Recruitment	35,800	12,600
Statutory contributions	2,798,494	3,136,680
Consultancy fees	1,106,087	1,381,416
	<u>50,512,459</u>	<u>42,554,289</u>

**SCHEDULE 10 : MARKETING EXPENSES – ON EXPORT SALES**

	<b>31-03-2008</b>	<b>31-03-2007</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>EXPENDITURE IN INDIAN CURRENCY</b>		
Foreign travel expenses	738,428	2,063,390
Freight on export sales	15,162,142	14,803,564
Communication Expenses	3,814,597	3,379,759
Commission	240,346	1,367,363
Others	1,149,176	650,582
<b>EXPENDITURE IN FOREIGN CURRENCY</b>	3,336,867	5,239,965
Exhibitions & Others	2,810,287	4,007,255
Foreign Travel	526,580	1,232,710
	<u>24,441,556</u>	<u>27,504,623</u>

**SCHEDULES TO ACCOUNTS**  
**31<sup>ST</sup> MARCH, 2008**

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**SCHEDULE 11 : MARKETING EXPENSES – ON DOMESTIC SALES**

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	<b>31-03-2008</b>	<b>31-03-2007</b>
	<b>Rs.</b>	<b>Rs.</b>
Advertisement	544,441	177,149
Freight on domestic sales	340,522	541,911
Domestic travel expenses	381,918	270,656
	-----	-----
	<b>1,266,881</b>	<b>989,716</b>
	-----	-----

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**SCHEDULE 12 : FINANCE CHARGES**

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	<b>31-03-2008</b>	<b>31-03-2007</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>FINANCE CHARGES</b>		
Bank charges & commission	3,886,077	2,135,861
Interest on secured loans	4,495,866	8,722
Interest on working capital	9,336,645	18,140,685
	-----	-----
	<b>17,718,588</b>	<b>20,285,268</b>
	-----	-----

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**SCHEDULES TO ACCOUNTS**  
**31<sup>ST</sup> MARCH, 2008**

**SCHEDULE 13 :**

**NOTES FORMING PART OF ACCOUNTS**

**I. QUANTATIVE INFORMATION**

**i. Installed Capacity**

<b>Product</b>	<b>2007-08 MT</b>	<b>2006-07 MT</b>
Sodium Metal Derivatives, Amino Pyridines, Fine Chemicals & others.	4,400	3,450

**ii. Production and Sales**

<b>Product</b>	<b>Opening Stock MT</b>	<b>Production MT</b>	<b>Sales MT</b>	<b>Closing Stock MT</b>
Sodium Metal Derivatives, Amino Pyridines, Fine Chemicals	15.306 (0.247)	1789.477 (1916.492)	1796.283 (1901.432)	8.500 (15.307)
Caustic Lye	-----	1179.105 (1495.735)	1179.105 (1495.735)	----
Work in Process	198.498			272.187

Figures in Brackets relate to Previous year

**II. CONSUMPTIONS**

	<b>Curr. Yr. QTY</b>	<b>Prev. Yr. QTY</b>	<b>Curr. Yr. Value(Rs.)</b>	<b>Prev. Yr. Value(Rs.)</b>
1) Chemicals	2010.575MT	1520.670MT	260,588,986	244,956,067
2) Gases	1319.541MT	1102.830MT	48,948,520	47,792,625
-do-	17,359 cyl	15,024 cyl	40,81,024	3,434,742
3) Oils & solvents	894.061 KL	373.88 KL	23,452,060	18,119,968
-do-	108.775 MT	182.33 MT	7,203,647	7,513,507
4) Stores & others	--	---	17,387,378	31,643,554
5) LDO	--	24.000 KL	--	622,651
6) HCO	1827.755 KL	1588.970 KL	40,138,283	36,706,264
7) Power	55,98,585 units	51,86,165 units	21,916,018	21,715,345
<b>Total</b>			<b>423,715,916</b>	<b>412,504,723</b>

**SCHEDULES TO ACCOUNTS**  
**31<sup>ST</sup> MARCH, 2008**

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**III. FOREIGN EXCHANGE TRANSACTIONS**

	<b>Curr. Yr. (Rs)</b>	<b>Previous Yr (Rs)</b>
a) C.I.F value of imports	88,840,527	127,776,538
Raw Materials	86,971,864	127,776,538
Capital Equipment	1,868,663	Nil
b) Expenditure in Foreign currency	3,336,867	5,239,965
c) F.O.B. value of Exports	223,969,359	248,160,486

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**IV PAYMENT TO AUDITORS**

	<b>Curr. Yr. (Rs)</b>	<b>Previous Yr (Rs)</b>
Statutory audit	20,000	20,000
Taxation matters	6,000	6,000
Reimbursement of Expenses	13,100	5,925

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**V EARNINGS PER SHARE**

	<b>Curr. Yr. (Rs)</b>	<b>Previous Yr (Rs)</b>
Net Profit After tax	79,325,436	76,042,035
No. of Equity shares	6,938,640	6,033,600
<b>Earnings Per Share</b>	<b>11.43</b>	<b>12.61</b>

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**SCHEDULES TO ACCOUNTS**  
**31<sup>ST</sup> MARCH, 2008**

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**VIII ACCOUNTING POLICIES**

- 1) Sales are inclusive of Central Excise and Sales Tax.
- 2) Gratuity is handled through LIC Special Policy on actuarial basis and the annual premium is treated as expenditure.
- 3) Straight Line Method of Depreciation has been adopted.
- 4) Raw Materials are valued at Cost, excluding Modvat.
- 5) Stock in process valued at cost
- 6) Finished Goods are valued at Market Value less selling expenses Less profit element.
- 7) Modvat Benefits are reduced from cost of Purchases.
- 8) Stores, Spares & Packing Material are valued at Cost.
- 9) Investments are carried at cost plus accrued interest, if any.
- 10) Expenses on Research & Development are separately allocated.

**IX. NOTES ON ACCOUNTS**

- 1) The value of Proforma credits under MODVAT SCHEME is Rs 32,072,934/- (Previous Year Rs. 27,219,872/-.)
- 2) Contingent liability on account of Income tax demand - Rs 28,310,304/- (Previous year – Rs. 17,486,024/-).
- 3) Working capital and Term loan from State Bank of India have been secured against the hypothecation of stocks and receivables, first charge on fixed assets and personal guarantee of Directors.
- 4) Figures of Sundry debtors, creditors and other advances are subject to reconciliation.
- 5) Previous Year's figures have been regrouped/recast/restructured wherever found necessary/convenient /appropriate.
- 6) Amounts and weights have been approximated to the nearest round figure.

**Signature from Schedules 1 to 13.**

As per our Report attached.

For AVADHANI & COMPANY  
Chartered Accountants

K.R.K. AVADHANI  
PARTNER

DR. Y.V.S.S. MURTY  
DIRECTOR

Y.S.R.VENKATA RAO  
MANAGING DIRECTOR

Place: Hyderabad  
Dated: 25.04.2008

**ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

**Balance Sheet Abstract and Company's General Business Profile**

**1. Registration Details**

Registration No. 

-	-	-	1	1	9	6
---	---	---	---	---	---	---

 State Code 

0	1
---	---

Balance Sheet Date 

3	1
---	---

0	3
---	---

0	8
---	---

**2. Capital raised during the year (Amount in Rs. Thousand)**

Public Issue

		N	I	L
--	--	---	---	---

Rights Issue

		N	I	L
--	--	---	---	---

Bonus Issue

		9	0	5
--	--	---	---	---

Private Placement

	N	I	L	
--	---	---	---	--

**3. Position of mobilisation and deployment of funds (Amount in Rs. Thousand)**

Total Liabilities

-	6	7	3	9	3	2
---	---	---	---	---	---	---

Total Assets

-	6	7	3	9	3	2
---	---	---	---	---	---	---

**Source of funds**

Paid-up Capital

-	-	6	9	3	8	6
---	---	---	---	---	---	---

Reserves & Surplus

-	2	7	1	4	3	1
---	---	---	---	---	---	---

Secured Loans

-	2	3	7	3	7	5
---	---	---	---	---	---	---

Unsecured Loans

	-	-	-			
--	---	---	---	--	--	--

Deferred Liability

-	-	1	8	0	9	9
---	---	---	---	---	---	---

Current Liability

-	-	7	7	6	3	9
---	---	---	---	---	---	---

**Application of funds**

Net Fixed Assets

-	2	8	3	0	0	7
---	---	---	---	---	---	---

Investments

		-				
--	--	---	--	--	--	--

Current Assets

-	3	4	7	9	4	9
---	---	---	---	---	---	---

Misc. Expenditure

		9	0	1	6	
--	--	---	---	---	---	--

Accumulated Losses

			-	-	-	
--	--	--	---	---	---	--

Advance for Land

3	3	9	6	0		
---	---	---	---	---	--	--

4. Performance of Company (Amount in Rs. Thousand)

Turnover

6	1	8	1	0	7
---	---	---	---	---	---

Total Expenditure

5	2	8	2	8	2
---	---	---	---	---	---

Profit or Loss Before Tax

-	8	9	8	2	5
---	---	---	---	---	---

+ -

/	
---	--

Profit or Loss after Tax

-	7	9	3	2	5
---	---	---	---	---	---

(Please tick appropriate box + for profit - for loss)

Earning Per Share in Rs.

1	1	-	4	3
---	---	---	---	---

 Ps

Dividend Rate

-	4	0
---	---	---

 %

5. Generic names of three principal products/service of the company (as per monetary terms)

Item Code No.

2	8	5	1	0	0	0	9
---	---	---	---	---	---	---	---

(ITC Code)

Product Description

S	O	D	I	U	M
---	---	---	---	---	---

A	M	I	D	E
---	---	---	---	---

Item Code No.

2	8	5	0	0	0	0	3
---	---	---	---	---	---	---	---

(ITC Code)

Product Description

S	O	D	I	U	M
---	---	---	---	---	---

A	Z	I	D	E
---	---	---	---	---

Item Code No.

2	9	3	3	3	9	0	1
---	---	---	---	---	---	---	---

(ITC Code)

Product Description

A	M	I	N	O
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Note: Classification of product under ITC code being of a technical nature is not verified by the auditors.

<b>CASH FLOW STATEMENT</b>	<b>Rupees</b>			
	<b>2007-08</b>		<b>2006-07</b>	
<b>A. Cash flow from Operating activities</b>				
<b>1. Net Profit before Tax and extraordinary items</b>		<b>89,825,436</b>		84,542,035
<b>2. Adjustments for</b>				
Depreciation	18,174,771		16,874,593	
Interest expense	17,718,588		20,285,268	
Interest income & other receipts	(426,786)		(946,094)	
Dividend income	-		(267,972)	
		<u>35,466,573</u>		<u>35,945,795</u>
<b>3. Operating Profit before working capital changes (1+2)</b>		<b>125,292,009</b>		<b>120,487,830</b>
<b>4. Adjustments for</b>				
Increase/(Decrease) in IFST Loan	3,465,681		1,993,044	
Increase/(Decrease) in Trade payable & other liabilities	28,067,265		(16,298,459)	
(Increase)/decrease in inventories	(6,916,668)		(43,775,269)	
(Increase)/Decrease in Trade and other receivables	(80,178,647)	(55,562,369)	34,908,717	(23,171,967)
<b>5. Cash generated from operations (3-4)</b>		<b>69,729,640</b>		<b>97,315,863</b>
6. Direct taxes paid		(10,500,000)		(8,500,000)
<b>7. Net cash from Operating activities (5-6)</b>		<b>59,229,640</b>		<b>88,815,863</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets/capital work in progress	(35,754,412)		(56,246,392)	
Sale of fixed assets	205,000		-	
Increase of investments	-		-	
Decrease of investments	-		1,000	
Interest income & other receipts	426,786		267,972	
Dividend income	-		946,094	
<b>Cash flow before Extraordinary Items</b>		<b>(35,122,626)</b>		<b>(55,031,326)</b>
Extra Ordinary item (Public issue expenses)	(9,015,676)		-	
<b>8. Net cash used in Investing activities</b>		<b>(44,138,302)</b>		<b>(55,031,326)</b>
<b>C. Cash flow from Financing activities</b>				
Proceeds from Longterm and Other borrowings	34,210,554		17,401,848	
Repayment of Longterm and other borrowings	-		-	
Interest expenses	(17,718,588)		(20,285,268)	
Dividend paid	(27,754,560)		(27,151,200)	
Tax on Dividend	(4,716,887)		(3,807,956)	
<b>9. Net Cash from/(used in) Financing activities</b>		<b>(15,979,481)</b>		<b>(33,842,576)</b>
<b>10. Net Increase/(Decrease) in Cash &amp; cash equivalent (7+8+9)</b>		<b>(888,143)</b>		<b>(58,039)</b>
<b>11. Cash and cash equivalent as at the beginning of the year</b>		<b>1,299,164</b>		1,357,203
<b>12. Cash and cash equivalent as at the end of the year</b>		<b>411,021</b>		<b>1,299,164</b>