

ALKALI METALS LTD.

Hyderabad, India

**41st Annual Report
2008-09**

BOARD OF DIRECTORS

SMT Y.V.LALITHA DEVI	CHAIR PERSON
DR Y.V.S.S. MURTY	DIRECTOR
SRI Y. S. R. VENKATA RAO	MANAGING DIRECTOR
SRI Ch. S. PRASAD	DIRECTOR
SRI P.C. PATNAIK	DIRECTOR
SRI G. JAYARAMAN	DIRECTOR
DR J.S. YADAV	DIRECTOR
SRI P. SATISH CHANDRA MOULI	COMPANY SECRETARY

BANKERS

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

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.

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 41st Annual General Meeting of M/s. Alkali Metals Limited will be held on Saturday, the 30th May of 2009 at 4.00 PM at Hotel Greenpark, Ameerpet, Hyderabad - 500 016 to transact the following business:

- 1) To receive consider and adopt the Audited Accounts of the Company for the year ended 31st March 2009 together with the reports of the Directors, Auditors, Corporate Governance and the relevant schedules thereon.
- 2) To declare dividend on equity shares of Rs.10/- each for the year ended 31st March 2009.
- 3) To elect a Director in place of Sri.Ch.S.Prasad who retires by rotation and being eligible offers himself for reappointment.
- 4) To elect a Director in place of Sri. G. Jayaraman who retires by rotation and being eligible offers himself for reappointment.
- 5) To appoint M/s. C K S Associates, Chartered Accountants, Hyderabad in the place of retiring auditors M/s. Avadhani & Co., Chartered Accountants, Hyderabad as Statutory Auditors and to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration and to pass the following resolution with or without modification as an ordinary resolution.

"Resolved that M/s. C K S Associates, Chartered Accountants, Hyderabad be and are here by appointed as Auditors of the Company in place of retiring auditors, M/s. Avadhani & Co, Chartered Accountants, Hyderabad, who resigned and expressed their inability for re-appointment, and to hold office from the conclusion of this meeting until the conclusion of next annual general meeting of the company."

Special Business :

- 6) To consider re-appointment of Managing Director Sri.Y.S.R.Venkata Rao and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"Resolved that in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act,1956 and any statutory modifications or enactments thereof, approval of the Company be and is hereby accorded to the re-appointment of Managing Director Sri.Y.S.R. Venkata Rao until 30th April 2010 on the following terms and conditions:

- i) Commission : 3% (Three Percent) on net profits based on the previous year.
- ii) Insurance : As per the rules of the company
- iii) Conveyance : Expenses incurred for traveling, boarding, and lodging during business trips both domestic as well as international shall be borne by the company; provision of chauffeur driven Car for use on Company's business.
- iv) Communication : Telephone/Fax/Internet expenses to be borne by the Company.

By order of the Board of Directors

Sd/-

Y.S.R. VENKATA RAO
MANAGING DIRECTOR

Place: Hyderabad
Date: 17.04.2009

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) Shareholders are requested to intimate the company change of address, if any.
- 4) The Register of members and transfer books of the company will remain closed from **Wednesday, 27th Day of May 2009 to Saturday, 30th Day of May 2009** both days inclusive.
- 5) The dividend for the year ended 31st March 2009 as recommended by the Board, if sanctioned at the meeting will be paid to those members whose names appear in the Company's register of members after effecting valid transfers received upto the close of business hours on 26th May 2009. 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 26th May 2009 by NSDL and CDSL for this purpose.
- 6) Members are requested to furnish change of address, details of their bank accounts, viz, name of the bank, full address of the branch, account no. and folio number for incorporation on the dividend warrants to the company's registrars and transfer agents M/s. Cameo Corporate Services Ltd., Subramanian Building, No.1, Club House Road, Chennai – 600 002.
- 7) Members seeking information or clarification on the accounts are requested to send their queries in writing to the company at least one week before the date of AGM. Replies will be provided in respect of such written queries at the meeting.
- 8) Members holding shares in identical order of names in more than one folio are requested to write to the company's RTAs enclosing their share certificates to enable consolidation of their share holdings in one folio.
- 9) As a measure of economy, copies of annual report will not be distributed at the AGM. Share holders are requested to kindly bring their copies to the meeting.
- 10) The brief profile of the directors retiring and re-appointing are furnished in corporate Governance Report.
- 11) The relative Explanatory statement pursuant to Section 173(2) of the Companies Act 1956 in respect of special business, item no.5 & 6 are Annexed herewith.

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act 1956:

Item No. 5

M/s. Avadhani & Co, Chartered Accountants, retiring Auditors resigned and expressed their inability to be considered for re appointment. The Board after considering the same recommended the appointment of M/s. C K S Associates, Chartered Accountants, Hyderabad as Auditors of the company in place of retiring auditors, who have given their consent that the number of companies are within limits as specified under section 224(1B) of the Companies Act, 1956, if appointed. The Board recommends the appointment of M/s. C K S Associates, Chartered Accountants as Statutory Auditors at the 41st Annual General Meeting. None of the Directors of the company is concerned or interested in the above resolution.

Item No.6

The terms of appointment of Sri.Y.S.R. Venkata Rao as Managing Director concluded on 30th April 2009. The Board re-appointed him by extending the term of Managing Director Sri.Y.S.R. Venkata Rao in the Board meeting held on 17th March 2009 up to 30th April 2010 and was approved by the Remuneration Committee of the Board of Directors of the Company.

The present proposal is to seek Members' approval for his extension, in terms of applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act.

None of the Directors of the company is in any way concerned or interested in this resolution except Sri. Y.S.R Venkat Rao, Dr. Y.V.S.S. Murty and Smt. Y.V. Lalitha Devi to the extent of the resolution.

The Board recommends the resolution for your approval.

By order of the Board of Directors

Sd/-

Y.S.R. VENKATA RAO
MANAGING DIRECTOR

Place: Hyderabad
Date: 17.04.2009

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2009.

To
The Share Holders,
ALKALI METALS LTD.

Dear Members,

Your directors have pleasure in submitting their report and the audited accounts of the company for the financial year ended 31st March 2009.

Financial Results:

The performance of the company for the financial year ended 31st March 2009 is summarized as below: (Rs.)

	2008-09	2007-08
Turnover / Income (Gross)	647,889,004	618,107,112
Profit before finance charges, depreciation and taxation	132,881,609	125,718,795
Less: Finance Charges	15,386,060	17,718,588
Depreciation	18,500,511	18,174,771
Profit before tax	98,995,038	89,825,436
Less: Extra ordinary item	280,297	--
Current year's tax	11,200,000	10,500,000
Deferred tax (AS22)	(250,000)	--
Profit After tax	87,764,741	79,325,436
Add: Balance Brought forward	192,362,383	162,558,794
Dividend on equity shares	40,730,024	27,754,560
Tax on Dividend	6,922,068	4,716,887
Transfer to general reserve	10,000,000	8,000,000
Balance surplus carried to balance sheet	222,475,032	201,412,783

Review of operations :

During the year the company's sales / turnover for the year ended March 2009, has been satisfactory and the gross income is up by 4.59% in spite of global recession. The company has a net profit of Rs 87.764 Millions when compared to last year's profit of Rs 79.325 Millions.

Outlook for future plans :

The outlook and future plans of the company are presented in "Management Discussion and Analysis" forming Part of this report.

Dividend on equity shares :

During the financial year 2008-09, considering reasonable performance of your company and keeping in view of ongoing capital wants and growth trajectory, your Directors are pleased to recommend dividend @40% on the paid-up equity capital subject to necessary approvals. The aggregate dividend payout for the year 2008-09 amounts to Rs. 476.52 lakhs including Dividend Tax.

Listing of shares :

During the year 2008-09, the Company has come out with an Initial Public Offer (IPO) successfully. The Board of Directors expressed their sincere thanks to the Investors and congratulated the Managing Director and his team for the successful completion of IPO during the recession time and also for the sterling performance of the company. The securities of the company are listed at NSE and BSE. The listing fees for these stock exchanges have been paid.

Utilization of IPO funds:

During the year the company has issued 25,50,000 equity shares of Rs. 10/- each at a premium of Rs. 93/- per share amounting to Rs.26.26 Crores. The company has stipulated Rs. 38.73 Crores for setting up of API plant at JN Pharma City, Vishakapatnam and so far Rs. 14.07 Crores has been spent and the balance is invested in Mutual funds and partly reduced the working capital facility as stipulated in prospectus. There has been some delay in implementing the project works due to global recession. Now there has been considerable progress in construction of Buildings and other works at site. The management is hoping that it would complete all the works including erection of plant and machinery and trial runs by September 2009.

Insurance :

All the properties of the company including Buildings, Plant and Machinery and stocks have been adequately insured.

Directors :

In accordance with the provisions of companies Act 1956 and Articles of Association of the Company, Sri Ch.S. Prasad, Director and Sri G. Jayaraman,. Director will retire by rotation at the 41st AGM and are being eligible offer themselves for re-appointment. The brief particulars of the retiring Directors as well as Managing Director are given in the Corporate Governance Report.

Auditors :

M/s Avadhani & Co., Chartered Accountants, Hyderabad, the Statutory Auditors of the company are retiring at the ensuing Annual General meeting. Since, they expressed their inability to continue and resigned from the conclusion of the 41st Annual General Meeting, it is proposed to appoint M/s. C K S Associates, Chartered Accountants, Hyderabad who have given their consent that the audit will be with in the limits as prescribed u/s 224(1B) of the Companies Act 1956, if appointed in the place of M/s. Avadhani & Co. The Board recommends the same for approval of members.

M/s. Avadhani & Co; represented by Mr.K.R.K. Avadhani, has been the Company's Auditors since inception of the Company in 1968, 40 years ago. Directors place on record the exceptional services rendered to the Company all these years and accept their resignation with deep regret.

Director's Responsibility Statement:

Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2009 :

- All applicable standards have been followed
- The accounting policies framed in accordance with the guidelines of the ICAI have been applied.
- Reasonable and prudent judgment and estimates were made so as to give a true and fair view of the state of affairs of the company.
- Proper and sufficient care has been taken for the maintenance of adequate accounting standards in accordance with the provisions of the companies act as applicable.
- The accounts have been prepared on a going concern basis.

Corporate Governance :

Pursuant to Clause 49 of listing agreement, your company has to comply with the mandatory 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 will form part of the Annual Report.

Conservation of energy, technology absorption and foreign exchange :

As required under the provisions of section 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 safety of all personnel and mitigation of damage to equipments in all the plants. A thorough review of all safety measures in all the plants is undertaken in consultation with risk management specialists and certain pro-active 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 certifications reflecting its commitment to environment protection. The company has also adopted 5-S concept in all plants to achieve workplace excellence.

Particulars of employees :

As required by the provisions of section 217 (2A) of the Companies Act 1956, read with Companies (particulars of employees) Rules 1975 is not provided, as none of the employees of the Company is drawing salary above the limits prescribed under relevant Rules, as amended from time to time..

Industrial relations :

Industrial relations have been cordial and your directors appreciate the sincere and efficient services rendered by the employees of the company at all levels towards successful working of the company.

Acknowledgements :

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the financial institutions and company's bankers, Shareholders, Customers, Govt. of Andhra Pradesh and Business Associates from inland and abroad for the continued support given by them to the company and their confidence reposed on the management.

By order of the Board of Directors

Sd/-

Y.V. LALITHA DEVI
CHAIR PERSON

Place : Hyderabad

Date : 17.04.2009

Annexure-I to the 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 at unit II also 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 has been using DG sets wherever situation warrants for captive consumption of power. Apart from this 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. The Company proposes to improve the burner system for achieving higher burning efficiency and reduce fuel consumption.

(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

	2008-09	2007-08
A. Power and Fuel Consumption :		
Electricity :		
(i) Purchased :		
Total units (KWH)	4,877,450	54,05,476
Total amount (Rs.)	17,696,547	18,622,576
Rate per unit in (Rs.)	3.62	3.44
(ii) Own generation : (Diesel generator)		
Units generated :	274,319	193,109
Units per litre of Fuel oil/gas	1.82	2.14
H.S.D		
Quantity (Ltr)	150,466	90,129
Total Amount (Rs.)	5,150,455	3,293,442
L.D.O. & H.C.O.		
Quantity (KL)	1,432	1,828
Total amount (Rs)	40,942,575	40,138,283
B. Consumption per unit of production :		
Units produced (MT) :	1,597.398	1789.477
Electricity consumption per MT (KWH) :	3225.10	3,020.70
L.D.O. & H.C.O. consumed per MT (KL):	0.90	1.02

**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 were successfully completed while the remaining projects are in advanced stage. The company is converting new and advanced technology for unit-II at Dommarapochampally, Qutubullapur Mandal, R.R. Dist. Which we hope will yield good results in energy conservation as well as Research and Development and reduction in cost of production.

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

- Better utilization of manpower by optimization of batch time cycle.
- Scaling up of Lab operations for the new products.
- Introduction of new products in JN Plant, Parwada, Vizag.
- 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 derivatives from coke-oven by products as fuel in place of oils like LDO to reduce the 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"> a. Technology imported 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. | } | No technology has been imported during the past 5 years. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----------------------------------------------------------|

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

	2008-09	2007-08
Earnings	318,051,919	223,969,359
Outgo	154,829,189	91,663,196
Raw Material	150,425,652	86,971,864
Equipment	1,224,085	1,868,663
Foreign currency exp.	3,179,452	2,822,669
Net Foreign exchange earnings	163,222,730	132,306,163

For and on behalf of Board of Directors,
Sd/-

Place : Hyderabad
Date : 17.04.2009

Y.V.LALITHA DEVI
CHAIRPERSON

MANAGEMENT DISCUSSION AND ANALYSIS

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

Industry outlook, opportunities and threats:

The company has been into manufacture of sodium derivatives, pyridine derivatives and fine chemicals. The company has an unique expertise in development and manufacture of products involving hazardous process chemistry. In spite of the downturn in economy worldwide, the company was able to excel particularly in the manufacture of certain products such as PPAN, PPAM, sodium hydride which registered an all time high production volumes.

The API manufacturing facility at Pharma City, Parawada, Visakhapatnam is expected to commence operations by September, 2009 and with the commissioning of this Unit, the performance for the current year as well as for the future years is expected to go up.

Threats

Competition from other domestic players is likely to cause reduced profitability in respect of certain products. The input costs have gone up and this will have also an adverse effect on the profitability margins. To over come these problems, the company has plans to adopt process improvements, recycling and recovery of key and costly inputs wherever possible. It also has plans to manufacture certain raw materials to cut down the costs and improve profitability margins.

The company continues to face power shortage but to over come this problem, the company has 100% back up through D. G. Sets.

Outlook

Global scenario for sodium derivatives, pyridine derivatives, fine chemicals and the proposed APIs/intermediates appear bright since the pharmaceutical sector is one such sector which appears not to have been adversely affected by present recession trends. Most of the intermediates manufactured by the company are used by the pharma/agro sectors.

Contract manufacturing has been one of the hot opportunities over last few years and this trend is expected to continue further. According to experts, the present market opportunity is only a fraction of the total global opportunity. Though AML is able to derive some benefit through such opportunities, there appears to a brighter prospect once the Parwada unit also gets going.

Risks and concerns

As already mentioned, manufacture of most of the products of AML is hazardous. All the safety systems are suitably built in to avoid any risks to the personnel and plant and machinery. All the personnel are well trained in safety procedures and there is a constant update on all the systems and procedures related to this.

As far as business risks are concerned, the company is confident of overcoming such risks in view of its huge product portfolio and its technological capabilities to adopt innovative methods to improve the profitability margins.

Internal control system and their adequacy :

The company has an internal control system commensurate with its size and nature of business which provides for

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

The internal control system provides for well documented policies, guidelines, authorizations and approval procedures. The internal audit reports are laid before audit committee and discussions are held periodically by the audit committee at its meetings. The observations arising out of audit committee are subject to periodical review, compliance and monitoring. The significant findings / observations made in the internal audit report along with the status of action thereon are reviewed by the audit committee of the board of directors on a regular basis for further appropriate action as may be deemed necessary.

Financial performance with respect to operational performance :

	2008-09 Rs.	2007-08 Rs.
Net Sales	637,820,541	617,680,326
Other income	10,068,463	426,786
Total income	647,889,004	618,107,112
Total expenditure	515,007,395	492,388,317
Operating profit	132,881,609	125,718,795
Operating profit margin	20.83%	20.35%
Finance charges	15,386,060	17,718,588
Gross profit margin after finance charges but before depreciation and taxes	18.42%	17.48%
Depreciation	18,500,511	18,174,771
Profit before tax	98,995,038	89,825,436
Provision for income tax	11,200,000	10,500,000
Deferred Tax (AS 22)	(250,000)	--
Profit after tax	87,764,741	79,325,436
Net Profit Margin	13.54%	12.83%

The book value per share stands at Rs.67.88 as on 31.03.2009 (Rs.49.11, previous year). The market price of equity share on NSE ranged between Rs 99 to Rs 238 and BSE between Rs.90.00 to Rs.237.70 during the financial year 2008-09. (Equity shares of Rs. 10/- each)

Human Resource Development

The continued certification of quality and environmental system adopted by the company to ISO 9001 and 14001 bear ample testimony to the commitment of all employees to excellence. Committed human resources is principal core strength of our company and is attributable to the extremely cordial atmosphere prevailing in all the units of the company. The total number of employees as on 31st March 2009 stood at 507 including temporary workmen.

Cautionary and forward looking statement :

The company has made forward looking statements that are subject to risks and uncertainties. All statements that address expectations of future but not limited to statements about company's strategy for growth, market position and financial results are forward looking statements. For those statements the company cautions numerous important factors could affect the company's actual results and put cause its results to differ materially from those expressed in any such forward looking statements. The company assumes no responsibility to publicly amend or revise any forward looking statement on the basis of any subsequent development, information or events. Important factors that could make a difference to company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the company operates changes in the Government regulations, tax laws and other statues, and other incidental factors which may affect the business operations in due course of time.

REPORT ON CORPORATE GOVERNANCE:

In terms of clause 49 of listing agreement, compliance with the requirements of corporate governance is set below:

1) Company's philosophy on corporate Governance:

The company in its day to day working, in framing its policies and in its work culture strives to adopt and comply with generally accepted corporate governance principles such as

- a) Fair business practices
- b) Effective management control by the board
- c) Monitoring of executive performance by the management
- d) Compliance with law in all facets of operation
- e) Attainment of highest level of transparency and accountability
- f) Timely disclosure of financial and Management information
- g) Focus its resources, strengths and strategies for creation and safe guarding of shareholders wealth while protecting the interest of share holders.

2) Board of Directors and Board procedure:

The board of directors of the company has a combination of executive and non-executive and independent directors. The board comprises of a total of seven directors out of which four are non-executive directors and more than half of Boards strength (i.e.57.5%, i.e. 4 out of 7).

The necessary disclosures regarding committee positions have been made by the Directors. The composition and category of Directors on the Board, their attendance at Board meetings during the year and the last AGM, the number of other Boards / Committee memberships / chairmanships held by them, number of Board meetings held, dates on which held are given hereunder.

Sl. No	Name of the Director	Category	No. of Board meetings held	Attendance	attended AGM held on 07/05/08	Directorships in other Companies*	Committee memberships in other companies	Chairmanship of committees in other companies
1.	Sri Y.S.R. Venkata Rao	Executive Director & Promoter	10	9	Yes	--	--	--
2.	Dr. Y.V.S. Murty	Director & Promoter	10	9	Yes	1	1	1
3.	Smt. Y.V. Lalitha Devi	Chairperson & Promoter	10	10	Yes	--	--	--
4.	Sr Ch.S. Prasad	Independent Director	10	8	Yes	--	--	--
5.	Sri P.C. Patnaik	Independent Director	10	6	No	--	--	--
6	Sri G. Jayaraman	Independent Director	10	8	Yes	--	--	--
7.	Dr. J.S. Yadav	Independent Director	10	7	No	--	--	--

* Private Limited and other un-listed companies are excluded.

During the year 2008-09, 10 (Ten) Board Meetings were held on 25/04/2008, 19/05/2008, 28/05/2008, 20/08/2008, 29/09/2008, 17/10/2008, 20/10/2008, 24/10/2008, 06/12/2008 and 22/01/2009.

The Board is composed as per clause 49 of listing agreement entered with the stock exchanges. The Board periodically reviewed the compliance reports of all applicable laws to the company at its quarterly board meetings.

Profile of the Managing Director and Directors retiring and seeking re-appointment.

Sri. Y.S.R.Venkata Rao is the Promoter of the Company and presently the Managing Director of the Company. A technocrat and second generation entrepreneur, Sri. Y.S.R. Venkata Rao, holds B.E.(Mechanical) from Sri Venkateswara University, AP, Fellow of the Institution of Engineers (India), and joined the Company in the year 1977. He was inducted on the Board w.e.f 01.07.1991 and he held the positions of Jt. Managing director and then Managing Director w.e.f 01.05.1999. Since then, he has been playing a pivotal role in steering the growth of the Company from being a manufacturer of alkali metals to producer of sodium metal derivatives, cyclic compounds, fine chemicals, which find wide application in various industries, especially the pharma sector. In his capacity as Managing Director of the Company, Sri. Y.S.R. Venkata Rao takes care of operational and strategic initiatives of the Company. His technical expertise has earned him the 'Member of the Year Award' for the year 2002 from the All India Manufacturers' Association, Andhra Pradesh State Board and also various coveted posts in FAPCCI, PHARMEXCIL, BDMA and such other organisations.

Sri Ch. S. Prasad is an Independent Director of the Company. He holds M.Sc (Chemical Technology) from Andhra University. He is also a Fellow of the Indian Institute of Chemical Engineers and also the Institution of Engineers (India). He was the Ex-Chairman of Indian Institute of Chemical Engineers, Waltair Regional Centre, Mr.Prasad has around of 46 years of experience in the field of Manufacturing Industry. He worked as an Assistant Plant Manager in M/s. Fertiliser Corporation of India, Vice President (Manufacturing) in M/s. Coromandal Fertilizers Limited and as the Regional Director of the Mehta Group International in Uganda, (East Africa) for M/s. Mehta Group taking care of the corporate management of their joint ventures. He was also Member-Regional Technical Committee of Andhra Pradesh State Pollution Control Board for issuing environmental clearance for establishing new Industries in the region and Member-Technical Committee of the Government of India for regulating business activity in Coastal Regulation Zone of the coastal areas of the State of Andhra Pradesh under Shore Area Development Authority, Rules. He is a member of the board since 30th September, 1989

Sri G. Jayaraman, is an Independent Director of the Company. He holds B.Sc., Mathematics degree and is a Fellow member of Institute of Chartered Accountants of India(ICAI), Institute of Cost & Works Accountants of India (ICWAI) and Institute of Company Secretaries of India(ICSI). He has multi-faceted industry experience across information technology, textile, cement and pharmaceutical over 27 years spanning in finance, accounts, secretarial, legal and administration. Currently, he is serving a multi-national IT company in senior leadership role. He has been associated with A.P. State Board of All India Manufacturers' Organisation for the past 10 years and served as its Chairman during 2003-04 and 2004-05. He is a member of the board since 7th July 2007.

3. Audit Committee :

The Audit Committee of the Board of Directors has been constituted in conformity with the requirements of Section 292-A of the Companies Act 1956 and clause 49 of Listing Agreement.

The role of audit committee shall include the following

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the board, the appointment, re appointment and if required, the replacement or removal of statutory auditor and fixation of audit fees.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

- d) Reviewing with the management the annual financial statements before submission for approval with particular reference to.
 - i) Matters required to be included in Director's Responsibility Statement under Sec. 217 (2AA) of the Company's Act 1956.
 - ii) Changes if any in accounting policies and practices and measures for the same.
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management.
 - iv) Significant adjustments made in the financial statements arising out of audit findings.
 - v) Compliance with listing and other legal requirements relating to financial statements.
 - vi) Disclosure of any selected party transactions
 - viii) Qualifications in the draft audit report.
- e) Reviewing with management., performance of statutory and internal auditors, adequacy of internal control system.
- f) Reviewing the adequacy of internal audit function if any, including the structure of the internal audit dept. staffing and seniority of the official heading the dept., reporting statements coverage and frequency of internal audit.
- g) Discussion with internal auditors any significant findings and follow up there on.
- h) Reviewing the findings of any internal investigations lay the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- i) Discussion with statutory auditors before the audit commences, about the nature and scope of a audit as well as post-audit discussion to ascertain any area of concern.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, share holders (in case of a non-payment of declared dividends) and creditors.
- k) To review the functioning of whistle blown mechanism as an when introduced.
- l) Carrying out any audit function as is mentioned in the terms of reference of the audit committee.

Review of information by audit committee:

The Audit Committee shall mandatorly review the following information

- a) Management discussion and analysts of financial condition and results of operations.
- b) Statement of significant related party transactions (as defined by the audit committee) submitted by management.
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors
- d) Internal audit reports relating to internal control weakness and
- e) The appointment removal and terms of remuneration of Chief internal Auditor.

Composition, Name of members and Chairman:

The audit committee consists of three independent directors and one promoter non executive director. All the members including Chairman have adequate financial and accounting knowledge.

The composition of audit committee is as under

S.No	Name	Category	Position held	No. of meetings held	Attendance
1	Sri G. Jayaraman	Independent Director	Chairman	4	3
2	Sri Ch.S. Prasad	Independent Director	Member	4	4
3	Sri P.C. Patnaik	Independent Director	Member	4	3
4	Dr. Y.V.S.S. Murty*	Promoter & Non Executive Director	Member	4	2

* Joined w.e.f. 25.04.2008 on the committee.

4. Remuneration Committee

The Remuneration Committee was constituted on July 07, 2007. The committee met once during the year.

The terms of reference of the Remuneration Committee are as follows:

- To recommend to the Board, the remuneration packages of the Company's Managing / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Compensation Committee.
- Establishment and administration of employee compensation and benefit plans.

The composition of the Remuneration Committee

S.No	Name	Category
1	Sri G. Jayaraman	Independent Director
2	Sri Ch.S. Prasad	Independent Director
3	Sri P.C. Patnaik	Independent Director
4	Dr. Y.V.S.S. Murty	Promoter & Non Executive Director

Details of Remuneration to the Directors for the year

S.No	Name of the Director	Salary & perks	Sitting fee	Total
1.	Sri Y.S.R. Venkata Rao	1,270,000	--	1,270,000
2.	Dr. Y.V.S. Murty	--	20,000	20,000
3.	Smt. Y.V. Lalitha Devi	--	25,000	25,000
4.	Sr Ch.S. Prasad	--	25,000	25,000
5.	Sri P.C. Patnaik	--	20,000	20,000
6	Sri G. Jayaraman	--	20,000	20,000
7.	Dr. J.S. Yadav	--	10,000	10,000

5. Investor Grievances Committee

The Investor Grievances Committee was constituted on 7 July, 2007. This Committee is responsible for the redressal of shareholder grievances. The Committee met twice during the year.

The terms of reference of the Investor Grievance Committee are as follows:

- Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non receipt of balance sheet etc in particular.

- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Shareholders and investor relations committee

The Investor Grievances Committee consists of:

S.No	Name	Category
1	Sri G. Jayaraman	Independent Director
2	Sri Ch.S. Prasad	Independent Director
3	Sri P.C. Patnaik	Independent Director
4	Sri. Y.S.R. Venkata Rao	Promoter & Executive Director

- i) Name and designation of compliance officer : P.Satish Chandra Mouli
Company Secretary & Compliance Officer
B-5, Block III, IDA, Uppal, Hyderabad – 39
- ii) Number of share holders complaints received during the year ended 31st march 2009 : 1
- iii) Number of complaints resolved to the satisfaction of share holders : 1
- iv) No. of complaints pending : Nil

6. General Body Meetings :

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

Year	Location	Date	Time
2005-06	B-5, Block III, Industrial Development Area, Uppal, Hyderabad – 39	4 th September 2006	11.00 A.M
2006-07	B-5, Block III, Industrial Development Area, Uppal, Hyderabad – 39	21 st July 2007	4.00 P.M
2007-08	Flat No.5, Prembagh, 3-4-490/A, Barkatpura, Hyderabad – 27	7 th May 2008	4.00 P.M.

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

Year	Brief particulars of the resolution(s)
2005-06	Nil
2006-07	1. To Issue bonus shares in the ratio of 15 shares for every 100 shares 2. Public issue of shares u/s 81(1A) 3. Alteration of Main objects and inclusion of other objects u/s. 17 4. Alteration of Articles of Association u/s 31
2007-08	1. To Issue bonus shares in the ratio of 1 share for every 10 shares 2. Public issue of shares u/s 81(1A) 3. Alteration of other objects u/s 17 4. To undertake the business activity as specified in the other objects u/s. 149(2A)

7. Subsidiaries :

There are no subsidiary companies for Alkali Metals Limited.

8. Related party transactions :

As per AS18 the related party transactions are reflected in notes to accounts forming part of this report.

9. Risk Management :

The board laid down the risk assessment and minimization procedures; which are reviewed periodically at its meetings, to ensure that executive management controls risk through a properly defined frame work.

10. Proceeds from IPO:

During the year the company has issued 25,50,000 equity shares of Rs. 10/- each at premium of Rs. 93/- per share amounting to Rs.26.26 Crores. The source and use / application of funds are disclosed and considered by the audit committee on a quarterly basis and as a part of quarterly declaration of financial results. The company has not used / utilized any part of the said funds for the purposes other than those stated in the prospectus.

11. Disclosures :

- i) Materially significant related party transactions that may have potential interest of the company at large are mentioned under the head notes to accounts as a separate annexure and the Audit Committee reviewed and considered the transactions with related parties from time to time.
- ii) Details of non compliance by the company, penalties, strictures imposed on the company by stock exchanges or SEBI or any statutory authority or any matter related to capital markets since the time / year of listing (i.e. 06-11-2008) on wards – Nil.
- iii) Whistle blower policy and affirmation that no personnel have been denied access to Audit committee : - No person has been denied access to audit committee.
- iv) The Company has fulfilled all the mandatory requirements and also the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges :
 - a) The Company has set up a Remuneration Committee. Please see para 4 for details.
 - b) The Company has moved towards a regime of unqualified financial statements.

12. Means of Communication :

The Quarterly, Half yearly and Annual results are normally published by the company in the leading news papers in English version circulating substantially in the whole of India and in Telugu (being the Regional language) where the registered office is situated. The results are also placed on company's website i.e. www.alkalimetals.com to access first hand information about the financial information of the company.

13. General Shareholder's information :

- i) AGM :
 - Date : 30.05.2009
 - Time : 04.00 P.M
 - Venue : Hotel Green Park
- ii) Financial Calendar :
 - First Quarter results (April – June) : 3rd or 4th week of July

Second Quarter results (July – Sep) : 3rd or 4th week of October
 Third Quarter results (Oct – Dec) : 3rd or 4th week of January
 Annual Results (un-audited) : 3rd or 4th week of April

iii) Date of Book Closure : 27.05.2009 to 30.05.2009
 (both days inclusive)

iv) Dividend on equity shares
 Payment date : after 8th June 2009 if declared

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

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

vii) Demat ISIN no. in NSDL / CDSL
 for equity shares of Rs.10/- each : INE773I01017

viii) Market Information (in Rs.)

Month	NSE			BSE		
	High	Low	Closing	High	Low	Closing
Nov. 2008	205.00	99.00	163.80	204.00	90.00	163.85
Dec. 2008	170.00	105.15	129.95	171.00	106.70	129.90
Jan. 2009	176.95	128.75	154.85	177.40	128.50	154.30
Feb. 2009	192.00	133.10	179.30	192.80	145.00	178.70
Mar. 2009	238.00	169.00	234.30	237.70	168.50	234.45

ix) Registrars & Transfer Agents : Cameo Corporate Services Ltd.,
 Subramanian Building, No.1, Club House Road,
 Chennai – 600 002; Tel : 044 – 28460390/948
 Fax : 044 – 28460129; Email : cameo@cameoindia.com
 Person to contact : P.Muralidharan

x) Share transfer system : M/s. Cameo Corporate Services Ltd., Chennai are the Company's Registrars and Share Transfer Agents. Share transfers are registered and retained in the normal course within a span of 15 days or with in such time as prescribed under listing agreement. Requests of Demat / Remat are processed and confirmations are given to respective depositories within 15 days. The registrars and share transfer agents are delegated the power of share transfer to expedite the transfer formalities.

xi) Distribution of share holding as on 31st march 2009

No. of shares	Number of share holders	No. of shares	% to total shares
1 to 500	593	47,997	0.47
501 to 1000	31	23,738	0.23
1001 to 2000	20	31,535	0.31
2001 to 3000	6	15,772	0.15
3001 to 4000	6	20,378	0.20
4001 to 5000	9	42,046	0.41
5001 to 10,000	15	102,030	1.00
10,001 and above	40	9,899,010	97.23
Total	720	10,182,506	100.00

xii) Categories of shareholding as on 31st march 2009

Category	No. of shares held	% of holdings
Indian promoters	7306473	71.76
Persons acting in concert	325780	3.20
Mutual funds	0	0.00
Banks, FIIs, Insurance Companies, State / central Govt. institutions	37665	0.37
Private Bodies Corporate	1678039	16.47
NRIs	570	0.01
Trusts	0	0.00
Public	833979	8.19
Total	10182506	100.00

xiii) Secretarial Audit :

The company gets secretarial audit done by a practicing company secretary for the purpose of reconciliation of the total equity capital with both the depositories and in physical form with the total paid up capital as per the Books. The Secretarial Audit reports are placed before the Board of Directors on a quarterly basis and are also sent to stock exchanges where the company's shares are listed.

xiv) Company's policy as Insider Trading :

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations 1992, as amended to date, the company has framed a code of conduct for prevention of insider trading. The Company Secretary and Compliance Officer has been appointed as the Compliance officer for this purpose. The code is applicable to all heads of Departments of the company and who are expected to have access to the unpublished price sensitive information, relating to the Company and the same is being implemented as a self regulatory mechanism. The code is extended upto the levels of General Manager and Dy. General managers.

xv) Plant Locations :

The company's plants are located at :

Unit I : Plot No.B-5, Block III, IDA, Uppal, Hyderabad – 500 039

Unit II : Survey No. 299 to 302, Dommara Pochampally Village,
Qutubullapur Mandal, R.R. Dist.

Unit III : J.N. Pharma City, Parwada, Visakhapatnam

(Construction activity is in progress for API project).

xvi) Address for correspondence :

Registered Address : Plot No.B-5, Block III,

IDA, Uppal, Hyderabad – 500 039

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

Compliance of code of conduct for Board of Directors and Senior Management personnel pursuant to the amended provisions of clause 49 of listing agreement. The board has laid down a code of conduct for all board members and senior management personnel of the company. The code of conduct was also posted on the website of the company. All the board members and senior management personnel affirmed that they have complied with the said code of conduct on annual basis.

I hereby affirm and declare to the best of my knowledge and belief and on behalf of the board of directors of the company and senior management personnel, that the code of conduct has been complied with.

Place: Hyderabad
Date.: 17.04.2009

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The members of
Alkali Metals Ltd.

We have examined the compliance of corporate governance by M/s. Alkali Metals Ltd. Hyderabad, Andhra Pradesh for the year ended 31st March 2009; as stipulated in clause 49 of listing agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review the procedures and implementation thereof, adopted by the company, for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

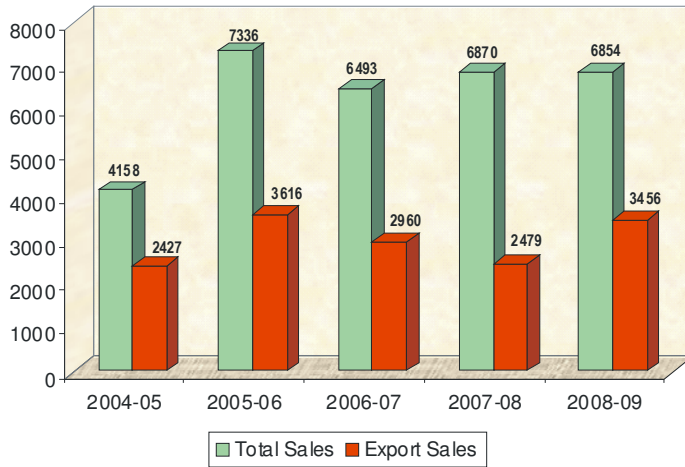
In our opinion and to the best of our information and according to the explanations given to us we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

Place : Hyderabad
Date : 17-04-2009

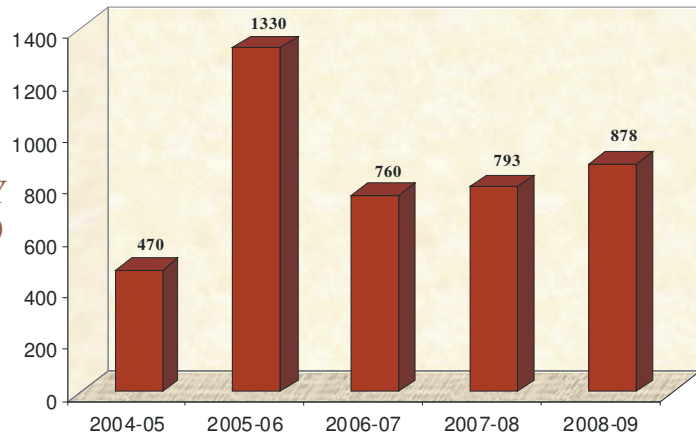
for AVADHANI & CO
Chartered Accountants
Sd/-
K.R.K. Avadhani
Partner
Membership No.2946

CORPORATE PERFORMANCE

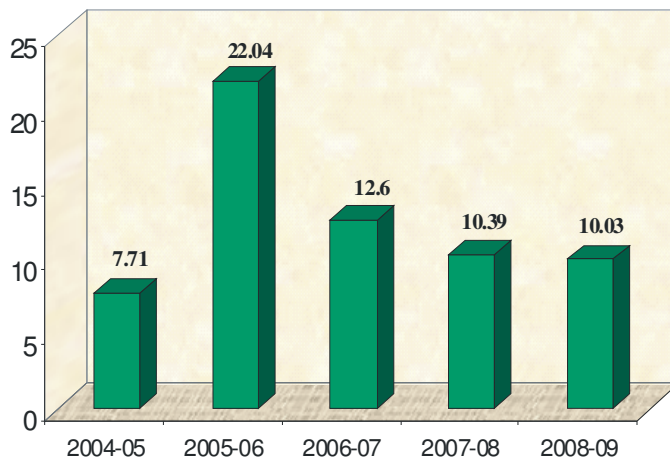


**TOTAL SALES &
EXPORT SALES**
(Rupees in Lacs)

PROFITABILITY
(Rupees in Lacs)

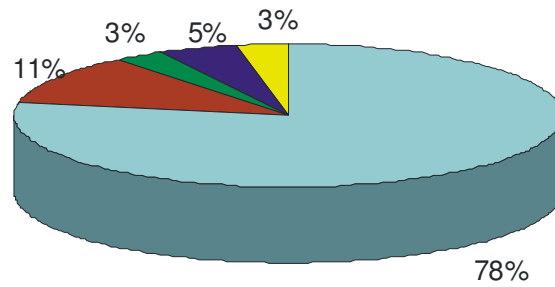
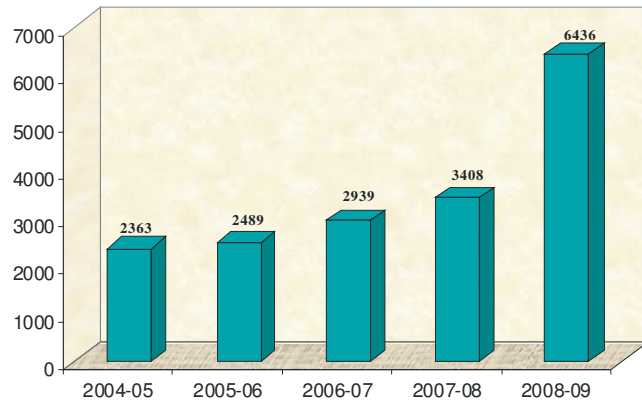


EARNING PER SAHRE
(Rs.)



CORPORATE PERFORMANCE

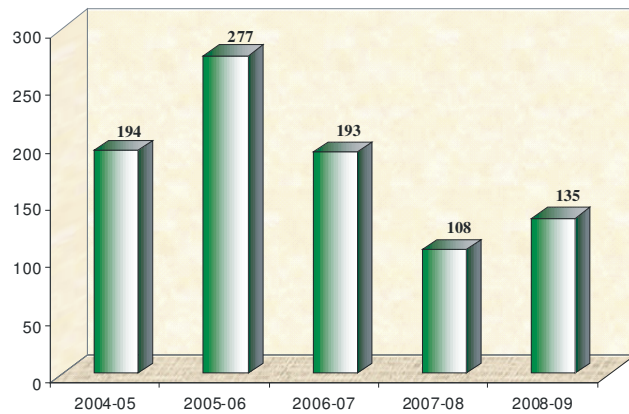
**NET WORTH
(Rupees in Lacs)**



**SPENDING
PATTERN**

- MFG. EXPENSES
- PAYMENTS & BENEFITS TO EMPLOYEES
- R & D EXPENDITURE
- MARKETNG EXPENSES - ON EXPORT
- FINANCE CHARGES

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



CEO / CFO CERTIFICATION

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

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

- a. We have reviewed financial statements and the cash flow statement for the financial year ended 31st March 2009 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- b. There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and Audit committee, deficiencies in the design or operation of such internal controls. If any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. we have indicated the auditors and the Audit committee
 - i. Significant changes in internal control over financial reporting during the year;
 - ii. Significant changes in Accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For ALKALI METALS LTD

Hyderabad
17.04.2009

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

Sd/-
P. SANKARA RAO
DY. GENERAL MANAGER (FINANCE)

AUDITORS' REPORT

To the Members,

We have audited the attached Balance sheet of M/s Alkali Metals Limited ("the Company") as at March 31, 2009 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, 2009; 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, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Place:Hyderabad
Date:17.04.2009

For Avadhani & Co.,
Chartered Accountants
Sd/-
K.R.K. AVADHANI
Partner
Membership No.2946

**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 31.03.2009 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:

Name of the Statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where appeal is preferred.
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 1999-2000	Commissioner (Appeals)–II, Hyd
Income tax Act	Income tax & Interest	11,374,280	A.Y 2005-06	Commissioner (Appeals)–II, Hyd
Income Tax Act	Income Tax & Interest	36,395,329	A.Y 2006-07	Commissioner (Appeals)–II, Hyd

- (x) There are no accumulated losses of the company as on 31.03.2009. 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. 7.35 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

Sd/-

K.R.K. AVADHANI
Partner
Membership No.2946

Place: Hyderabad
Date: 17.04.2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Sch. No.	31-03-2009 Rs.	31-03-2008 Rs.
I 1. SOURCES OF FUNDS			
a) SHARE CAPITAL	1	101,825,060	69,386,400
b) RESERVES & SURPLUS	2	541,755,980	271,431,991
2. LOAN FUNDS			
a) SECURED LOANS	3	106,363,550	237,374,511
3. DEFERRED LIABILITY		19,013,999	18,099,884
4. DEFERRED TAX LIABILITY		10,500,000	10,500,000
		779,458,589	606,792,786
II APPLICATION OF FUNDS			
1. FIXED ASSETS	5		
a) Gross Block		391,250,166	384,502,598
b) Depreciation		119,734,123	101,494,649
c) Net Block		271,516,043	283,007,949
d) Capital Work-in-progress		140,693,202	--
e) Advance for Land		7,821,769	33,960,074
2. Investments	6	91,879,696	--
3. Current Assets, Loans and Advances	7		
a) Inventories		108,590,657	130,929,947
b) Sundry Debtors		143,085,056	121,002,149
c) Cash and Bank balances		4,916,460	411,021
d) Other Current Assets		65,914,203	80,342,483
e) Loans and Advances		17,810,072	15,263,200
Total Current Assets		340,316,448	347,948,800
Less : Current Liabilities and Provisions	4	106,015,105	67,139,713
Net Current Assets		234,301,343	280,809,087
4. Deferred Tax Asset		250,000	--
5. Miscellaneous Expenditure (To the extent not written off or adjusted)		32,996,536	9,015,676
		779,458,589	606,792,786
Notes forming part of accounts	14		

Note: Schedules 1 to 14 annexed, form an integral part of this Balance Sheet

As per our Report attached
for AVADHANI & COMPANY
Chartered Accountants

Sd/-
K.R.K.AVADHANI
PARTNER
MEMBERSHIP NO.2946
Place : Hyderabad
Dated: 17.04.2009

Sd/-
P. SATISH CHANDRA MOULI
COMPANY SECRETARY

Sd/-
Y.V. LALITHA DEVI
CHAIR PERSON

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Sch No	2008-09 Rs.	2007-08 Rs.
SALES AND OTHER INCOME			
SALES – EXPORT		345,629,163	247,851,063
SALES –DOMESTIC		339,750,173	439,194,228
TOTAL SALES		685,379,336	687,045,291
LESS: TAXES			
CENTRAL EXCISE	33,153,695		41,137,727
SALES TAX	14,405,100	47,558,795	28,227,238
NET SALES		637,820,541	617,680,326
OTHER RECEIPTS		8,015,908	224,981
INTEREST EARNED		2,052,555	201,805
GROSS INCOME		647,889,004	618,107,112
DEDUCT			
MFG. EXPENSES	8	383,903,374	439,941,595
VARIATION IN STOCKS	9	38,377,658	(35,247,936)
PERSONNEL EXPENSES	10	56,065,786	50,512,459
R & D EXPENDITURE		13,537,962	10,765,689
POLLUTION CONTROL AND WASTE RECOVERY EXP.		1,285,096	1,653,070
LESS : SALE VALUE OF RECOVERED MATERIAL		744,907	540,189
MARKETING EXPENSES			
ON EXPORT SALES	11	18,371,364	20,254,130
ON DOMESTIC SALES	12	4,211,062	5,454,307
SUB TOTAL		515,007,395	492,388,317
PROFIT BEFORE INT.& DEP.		132,881,609	125,718,795
DEDUCT :			
FINANCE CHARGES	13	15,386,060	17,718,588
DEPRECIATION	5	18,500,511	18,174,771
PROFIT BEFORE TAX		98,995,038	89,825,436
LESS: LOSS ON SALE OF VEHICLES		280,297	--
LESS: PROVISIONS			
INCOME TAX		11,200,000	10,500,000
DEFERRED INCOME TAX (AS22)		(250,000)	--
PROFIT AFTER TAX		87,764,741	79,325,436
ADD: BALANCE B/F		192,362,383	162,558,794
LESS:			
DIVIDEND-INTERIM/PROPOSED		40,730,024	27,754,560
TAX ON DIVIDEND		6,922,068	4,716,887
TRANSFER TO GEN. RESERVE		10,000,000	8,000,000
BALANCE TRANSFERRED TO BALANCE SHEET		222,475,032	201,412,783
Notes forming part of accounts	14		

Note: Schedules 1 to 14 annexed, form an integral part of this Balance sheet

As per our Report attached
for AVADHANI & COMPANY

Chartered Accountants

Sd/-
K.R.K.AVADHANI
PARTNER
MEMBERSHIP NO.2946
Place: Hyderabad
Dated: 17.04.2009

Sd/-
P. SATISH CHANDRA MOULI
COMPANY SECRETARY

Sd/-
Y.V. LALITHA DEVI
CHAIR PERSON

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

CASH FLOW STATEMENT	Rupees	
	2008-09	2007-08
A. Cash flow from Operating activities		
1. Net Profit before Tax and extraordinary items	98,995,038	89,825,436
2. Adjustments for		
Depreciation	18,500,511	18,174,771
Interest expense	15,386,060	17,718,588
Interest income & other receipts	(8,188,767)	(426,786)
Dividend income	(1,879,696)	--
	<u>23,818,108</u>	<u>35,466,573</u>
3. Operating Profit before working capital changes (1+2)	122,813,146	125,292,009
4. Adjustments for		
Increase/(Decrease) in Share Capital	25,500,000	--
Increase/(Decrease) in Share Premium	237,150,000	--
Increase/(Decrease) in IFST Loan	914,115	3,465,681
Increase/(Decrease) in Trade payable & other liabilities	(8,776,700)	28,067,265
(Increase)/decrease in inventories	22,339,290	(6,916,668)
(Increase)/Decrease in Trade and other receivables	(10,451,499)	(80,178,647)
	<u>266,675,206</u>	<u>(55,562,369)</u>
5. Cash generated from operations (3-4)	389,488,352	69,729,640
6. Direct taxes paid	(10,950,000)	(10,500,000)
7. Net cash from Operating activities (5-6)	378,538,352	59,229,640
B. Cash flow from investing activities		
Purchase of fixed assets/capital work in progress	(122,533,799)	(35,754,412)
Sale of fixed assets	970,297	205,000
Increase of investments	(91,879,696)	--
Decrease of investments	--	--
Interest income & other receipts	8,188,767	426,786
Dividend income	1,879,696	--
Cash flow before Extraordinary Items	(203,374,735)	(35,122,626)
Extra Ordinary item		
(Public issue expenses)	(23,980,860)	(9,015,676)
Loss on sale of Asset	(280,297)	--
8. Net cash used in Investing activities	(227,635,892)	(44,138,302)
C. Cash flow from Financing activities		
Proceeds from Longterm and other borrowings	--	34,210,554
Repayment of Longterm and other borrowings	(131,010,961)	--
Interest expenses	(15,386,060)	(17,718,588)
Dividend paid	--	(27,754,560)
Tax on Dividend	--	(4,716,887)
9. Net Cash from/(used in) Financing activities	(146,397,021)	(15,979,481)
10. Net Increase/(Decrease) in Cash & cash equivalent (7+8+9)	4,505,439	(888,143)
11. Cash and cash equivalent as at the beginning of the year	411,021	1,299,164
12. Cash and cash equivalent as at the end of the year	4,916,460	411,021

SCHEDULES TO ACCOUNTS
31ST MARCH, 2009

SCHEDULE 1 : SHARE CAPITAL

	31-03-2009	31-03-2008
	Rs.	Rs.
SHARE CAPITAL		
AUTHORISED		
15,000,000 Equity shares of Rs.10/- each	150,000,000	150,000,000
	-----	-----
	150,000,000	150,000,000
	-----	-----
ISSUED, SUBSCRIBED AND PAID UP		
10,182,506 Equity shares of Rs.10/- each full paid (Previous year 6,938,640 Equity Shares)	101,825,060	69,386,400
	-----	-----
	101,825,060	69,386,400
	-----	-----

SCHEDULE 2 : RESERVES & SURPLUS

	31-03-2009	31-03-2008
	Rs.	Rs.
General Reserve	89,069,608	79,069,608
As per the last Balance sheet	79,069,608	71,069,608
Add : Additions for the year	10,000,000	8,000,000
Profit and Loss Account	215,536,372	192,362,383
As per the last Balance Sheet	192,362,383	162,558,794
Add: For the Current Period	30,112,649	38,853,989
Less: Allotment of Bonus shares	6,938,660	9,050,400
Share premium Account	237,150,000	--
	-----	-----
TOTAL	541,755,980	271,431,991
	-----	-----

SCHEDULES TO ACCOUNTS
31ST MARCH, 2009

SCHEDULE 3 : SECURED LOANS

	31-03-2009	31-03-2008
	Rs.	Rs.
LOAN FROM STATE BANK OF INDIA	106,363,550	237,374,511
Term Loan	70,000,000	70,000,000
Cash Credit	36,109,890	163,570,807
Export Packing Credit	253,660	253,660
Inland Bills Discounting	--	3,550,044
	106,363,550	237,374,511

SCHEDULE 4: CURRENT LIABILITIES & PROVISIONS

	31-03-2009	31-03-2008
	Rs.	Rs.
CURRENT LIABILITIES	40,965,018	50,441,718
Sundry creditors & other liabilities	40,965,018	50,441,718
PROVISIONS	65,050,087	16,697,995
Income Tax		
for Current year	11,200,000	10,500,000
for Earlier years	6,197,995	6,197,995
Proposed Dividend	40,730,024	
Dividend tax	6,922,068	
	106,015,105	67,139,713

SCHEDULES TO ACCOUNTS

SCHEDULE 5: FIXED ASSETS AS ON 31ST MARCH, 2009

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 31-03-2009	Upto 31-03-2008	For the year 2008-09	Withdrawn during the year	Total upto 31-03-2009	Written down value as on 31-03-2009	Written down value as on 31-03-2008	
1.	LAND	9,047,195	--	--	9,047,195	--	--	--	--	9,047,195	9,047,195	
2.	BUILDINGS	44,371,962	1,298,673	--	45,670,635	7,634,597	1,271,435	--	8,906,031	36,764,604	36,737,366	
3.	PLANT & MACHINERY	155,819,318	1,108,582	--	156,927,899	43,937,939	7,504,218	--	51,442,157	105,485,742	111,881,379	
4.	R&D EQUIPMENT	110,495,513	1,707,600	--	112,203,113	31,195,021	5,924,324	--	37,119,344	75,083,769	79,300,492	
5.	R&D LAB EQUIPMENT	29,779,049	2,449,313	--	32,228,362	8,364,415	1,701,658	--	10,066,073	22,162,289	21,414,634	
6.	POLLUTION CONTROL EQUIP.	10,019,683	--	--	10,019,683	3,115,615	525,503	--	3,641,117	6,378,566	6,904,068	
7.	SAFETY EQUIPMENT	3,255,495	--	--	3,255,495	630,726	171,890	--	802,615	2,452,880	2,624,769	
8.	VEHICLES	4,671,390	1,106,720	1,231,330	4,546,780	1,524,296	431,944	261,033	1,695,206	2,851,574	3,147,095	
9.	FURNITURE & FIXTURES	1,449,727	49,950	--	1,499,677	577,228	94,930	--	672,158	827,520	872,499	
10.	LABORATORY EQUIP.	7,867,217	209,661	--	8,076,877	1,551,505	383,652	--	1,935,156	6,141,721	6,315,712	
11.	LIBRARY BOOKS	8,042	--	--	8,042	8,042	--	--	8,042	--	--	
12.	OFFICE EQUIPMENT	7,707,650	48,400	--	7,756,049	2,944,913	490,958	--	3,435,871	4,320,177	4,762,737	
13.	LOOSE TOOLS	10,354	--	--	10,354	10,354	--	--	10,354	--	--	
	TOTALS	384,502,596	7,978,900	1,231,330	391,250,166	101,494,649	18,500,511	261,033	119,734,123	271,516,043	283,007,947	
	PREVIOUS YEAR FIGURES	358,569,550	26,138,046	205,000	384,502,596	83,417,253	18,174,771	97,375	101,494,649	283,007,947	275,152,295	
14.	CAPITAL WORK IN PROGRESS	--	140,693,202	--	140,693,202	--	--	--	--	140,693,202	--	

SCHEDULES TO ACCOUNTS
31ST MARCH, 2009

SCHEDULE 6 : INVESTMENTS

	31-03-2009	31-03-2008
	Rs.	Rs.
INVESTMENTS		
Mutual Funds	91,879,696	--
SBI-SHF-Ultra Short Term Fund (9,183,377.907 Units @Rs.10.005)		
	91,879,696	--

SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES

	31-03-2009	31-03-2008
	Rs.	Rs.
a) INVENTORIES	108,590,657	130,929,947
i) Raw Materials & consumables	37,222,355	21,183,987
ii) Finished Goods	--	1,402,500
iii) Work in process	71,368,302	108,343,460
b) SUNDRY DEBTORS	143,085,056	121,002,149
(Unsecured considered good)		
Debts outstanding		
i) For less than six months	142,930,356	120,181,766
ii) for more than six months	154,700	820,383
c) CASH & BANK BALANCES	4,916,460	411,021
d) OTHER CURRENT ASSETS	65,914,203	80,342,483
i) Deposits	11,399,510	31,928,277
ii) Prepaid Expenses	3,403,509	3,333,602
iii) Advance Tax	51,111,184	45,080,604
e) LOANS & ADVANCES	17,810,072	15,263,200
i) Advances	2,029,131	1,454,611
ii) Deposits	13,540,709	12,960,002
iii) Advances to Suppliers	2,240,232	848,587
	340,316,448	347,948,800

SCHEDULES TO ACCOUNTS
31ST MARCH, 2009

SCHEDULE 8 : MANUFACTURING EXPENSES

	31-03-2009	31-03-2008
	Rs.	Rs.
Raw Materials	280,817,135	345,879,691
Stores, spares & consumables	17,755,601	15,781,925
Power & Fuel	65,957,121	62,054,300
Maintenance & Repairs	14,541,728	10,727,508
Rates, Taxes & Fees	1,265,610	1,627,998
Rentals	1,260,000	1,236,000
Insurance	2,160,179	2,495,173
Audit fees	26,000	26,000
Directors sitting fees	120,000	113,000
	383,903,374	439,941,595

SCHEDULE 9 : VARIATION IN STOCKS

	31-03-2009	31-03-2008
	Rs.	Rs.
a) FINISHED GOODS	1,402,500	(1,129,188)
Opening stocks	1,402,500	273,312
Closing stocks	--	(1,402,500)
b) WORK-IN-PROCESS	36,975,158	(34,118,748)
Opening stocks	108,343,460	74,224,712
Closing stocks	(71,368,302)	(108,343,460)
	38,377,658	(35,247,936)

SCHEDULES TO ACCOUNTS
31ST MARCH, 2009

SCHEDULE 10 : PERSONNEL EXPENSES

	31-03-2009	31-03-2008
	Rs.	Rs.
Salaries, wages, Bonus & others	49,927,524	45,826,322
Safety Expenses	687,706	745,756
Training and Recruitment	41,500	35,800
Statutory contributions	2,816,035	2,798,494
Consultancy fees	2,593,021	1,106,087
	<u>56,065,786</u>	<u>50,512,459</u>

SCHEDULE 11 : MARKETING EXPENSES – ON EXPORT SALES

	31-03-2009	31-03-2008
	Rs.	Rs.
EXPENDITURE IN INDIAN CURRENCY		
Foreign travel expenses	393,420	738,428
Freight on export sales	13,583,461	15,162,142
Communication Expenses	653,158	853,727
Commission	390,794	162,966
Exhibitions & Others	171,079	514,198
EXPENDITURE IN FOREIGN CURRENCY	3,179,452	2,822,669
Exhibitions & Others	3,045,127	2,296,089
Foreign Travel	134,325	526,580
	<u>18,371,364</u>	<u>20,254,130</u>

SCHEDULES TO ACCOUNTS
31ST MARCH, 2009

SCHEDULE 12 : MARKETING EXPENSES – ON DOMESTIC SALES

	31-03-2009	31-03-2008
	Rs.	Rs.
Advertisement	496,068	544,441
Freight on domestic sales	381,349	340,522
Domestic travel expenses	327,664	381,918
Communication Expenses	2,751,265	2,960,870
Commission	236,938	77,380
Others	17,778	1,149,176
	-----	-----
	4,211,062	5,454,307
	-----	-----

SCHEDULE 13 : FINANCE CHARGES

	31-03-2009	31-03-2008
	Rs.	Rs.
FINANCE CHARGES		
Bank charges & commission	2,636,905	3,886,077
Interest on secured loans	--	4,495,866
Interest on working capital	12,749,155	9,336,645
	-----	-----
	15,386,060	17,718,588
	-----	-----

SCHEDULES TO ACCOUNTS
31ST MARCH, 2009

SCHEDULE 14 :

NOTES FORMING PART OF ACCOUNTS

I. QUANTATIVE INFORMATION

i. Installed Capacity

Product	2008-09 MT	2007-08 MT
Sodium Metal Derivatives, Amino Pyridines, Fine Chemicals & others.	4,400	4,400

ii. Production and Sales

Product	Opening Stock MT	Production MT	Sales MT	Closing Stock MT
Sodium Metal Derivatives, Amino Pyridines, Fine Chemicals	8.500 (15.306)	1597.398 (1789.477)	1605.898 (1796.283)	-- (8.500)
Caustic Lye	-- (--)	699.900 (1179.105)	699.900 (1179.105)	-- (--)
Work in Process	272.187			173.432

Figures in Brackets relate to Previous year

II. CONSUMPTIONS

	Current Year QTY	Previous Year QTY	Current Year Value(Rs)	Previous Year Value(Rs)
1) Chemicals	1809.963MT	2010.575MT	199,325,712	260,588,986
2) Gases	741.214MT	1319.541MT	33,864,571	48,948,520
-do-	33,897 Cyl	17,359 Cyl	8,682,221	4,081,024
3) Oils & solvents	960.304 KL	894.061 KL	28,239,558	23,452,060
-do-	143.190 MT	108.775 MT	10,989,559	7,203,647
4) Stores & others	--	--	17,755,601	17,387,378
5) HCO	1430.160 KL	1827.755 KL	40,942,575	40,138,283
6) Power	5,151,769 Units	5,598,585 Units	24,730,058	21,916,018
Total			364,529,855	423,715,916

SCHEDULES TO ACCOUNTS
31ST MARCH, 2009

III. FOREIGN EXCHANGE TRANSACTIONS

	Current Year (Rs)	Previous Year (Rs)
a) C.I.F value of imports	151,649,737	88,840,527
Raw Materials	150,425,652	86,971,864
Capital Equipment	1,224,085	1,868,663
b) Expenditure in Foreign currency	3,179,452	2,822,669
c) F.O.B. value of Exports	318,051,919	223,969,359

IV. PAYMENT TO AUDITORS

	Current Year. (Rs)	Previous Year (Rs)
Statutory audit	20,000	20,000
Taxation matters	6,000	6,000
Reimbursement of Expenses	--	13,100

V. EARNINGS PER SHARE calculated as per AS 20

	Current Year (Rs)	Previous Year (Rs)
Net Profit After tax	87,764,741	79,325,436
No. of Equity shares	10,182,506	6,938,640
Earnings Per Share	10.03	10.39

SCHEDULES TO ACCOUNTS

31ST MARCH, 2009

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 is 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 28,473,609/- (Previous Year Rs. 32,072,934/-.)
- 2) Contingent liability on account of Income tax demand is Rs 60,205,633/- (Previous year Rs. 28,310,304/-).
- 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 14.

As per our Report attached.

For AVADHANI & COMPANY

Chartered Accountants

Sd/-
K.R.K.AVADHANI
PARTNER
MEMBERSHIP NO.2946

Sd/-
P. SATISH CHANDRA MOULI
COMPANY SECRETARY

Sd/-
Y.V. LALITHA DEVI
CHAIR PERSON

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

Place: Hyderabad

Dated: 17.04.2009

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	9
---	---

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

Public Issue

2	6	2	6	5	0
---	---	---	---	---	---

Rights Issue

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

Bonus Issue

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

Private Placement

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

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

Total Liabilities

7	7	9	4	5	9
---	---	---	---	---	---

Total Assets

7	7	9	4	5	9
---	---	---	---	---	---

Source of funds

Paid-up Capital

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

Reserves & Surplus

5	4	1	7	5	6
---	---	---	---	---	---

Secured Loans

1	0	6	3	6	4
---	---	---	---	---	---

Unsecured Loans

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

Deferred Liability

1	9	0	1	4
---	---	---	---	---

Deferred Tax Liability

1	0	5	0	0
---	---	---	---	---

Application of funds

Net Fixed Assets

2	7	1	5	1	6
---	---	---	---	---	---

Investments

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

Net Current Assets

2	3	4	3	0	1
---	---	---	---	---	---

Misc. Expenditure

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

Accumulated Losses

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

Advance for Land

7	8	2	2
---	---	---	---

Capital work in progress

1	4	0	6	9	3
---	---	---	---	---	---

Differed Tax Asset

2	5	0
---	---	---

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

Turnover

6	4	7	8	8	9
---	---	---	---	---	---

Total Expenditure

5	4	9	1	7	4
---	---	---	---	---	---

Profit or Loss Before Tax

9	8	7	1	5
---	---	---	---	---

+ -

-	/	
---	---	--

Profit or Loss after Tax

8	7	7	6	5
---	---	---	---	---

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

Earning Per Share in Rs.

1	0	.	0	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
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A	Z	I	D	E
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Item Code No.

2	9	3	3	3	9	0	1
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(ITC Code)

Product Description

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

ALKALI METALS LIMITED
 B-5, BLOCK III, IDA, UPPAL, HYDERABAD – 500 039
ATTENDANCE SLIP
ANNUAL GENERAL MEETING- 30th MAY, 2009 AT 4.00 P.M

DP. Id		NAME & ADDRESS OF THE REGISTERED SHAREHOLDER /PROXY
Client Id/ Folio No.		
No. of Shares		

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

I hereby record my presence at the 41ST ANNUAL GENERAL MEETING of the Company at HOTEL GREENPARK, Ameerpet, Hyderabad – 500 016 on Saturday, 30th May 2009.

SIGNATURE

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

ALKALI METALS LIMITED
 B-5, BLOCK III, IDA, UPPAL, HYDERABAD – 500 039
FORM OF PROXY
ANNUAL GENERAL MEETING- 30TH MAY 2009 AT 4.00 P.M

I/We of in the district ofbeing a member/members of **ALKALI METALS LTD** hereby appoint of in the district ofor failing himofin the district ofas my/our proxy to vote for me/us on my/our behalf at the 41ST ANNUAL GENERAL MEETING of the Company to be held on Saturday, 30th May, 2009 and at any adjournment thereof.

Signed this day of 2009.

DP. Id	
Client Id/ Folio No.	
No. of Shares	

Signature..

Affix a Re 1/- Revenue Stamp

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