



# ALKALI METALS LTD.,

AN ISO 9001 & 14001 COMPANY AND EXPORT HOUSE

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## ANNUAL REPORT

### 2013-14



**BOARD OF DIRECTORS**

DR. YADAV J.S.	CHAIRMAN
SRI. PRASAD CH. S.	DIRECTOR
SRI. PATNAIK P.C.	DIRECTOR
SRI. JAYARAMAN G.	DIRECTOR
SRI. VENKATA RAO Y. S. R.	MANAGING DIRECTOR
SMT. LALITHYA POORNA Y.	DIRECTOR
SRI. PRASHANTH Y.V.	DIRECTOR
SRI. DEEPAK TIBREWAL	COMPANY SECRETARY

**BANKERS**

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

**AUDITORS**

M/s. C K S ASSOCIATES  
CHARTERED ACCOUNTANTS  
Nagarjuna #87, Road # 3,  
Gaganmahal Colony,  
Hyderabad – 500 029

**REGISTERED OFFICE & FACTORIES**

Plot B-5, Block III,  
Industrial Dev. Area, Uppal,  
HYDERABAD - 500 039.

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

Plot No. 36, 37 & 38  
JN Pharma City,  
Visakhapatnam

**REGISTRARS AND SHARE TRANSFER AGENTS**

M/s. CAMEO CORPORATE SERVICES LIMITED  
Subramanian Building, No.1,  
Club House Road,  
Chennai – 600 002.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 46<sup>th</sup> Annual General Meeting of M/s. Alkali Metals Limited will be held on Thursday, 21<sup>st</sup> August 2014 at 11.00 A.M at Hotel Green Park, Ameerpet, Hyderabad-500 016 to transact the following business:

**ORDINARY BUSINESS**

- 1) To receive consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Profit & Loss Account for the year ended on that date and the reports of the Directors, Auditors thereon.
- 2) To elect a Director in place of Smt Y. Lalithya Poorna, (DIN: 00345471) who retires by rotation and being eligible offers herself for re-appointment.
- 3) To appoint M/s. C K S Associates, Chartered Accountants, Hyderabad as Statutory Auditors of the Company and to pass the following as an ordinary resolution:

“RESOLVED THAT pursuant to provisions of Section 139 of the Companies Act, 2013 and the rules made there under, M/s. C K S Associates, Chartered Accountants, Hyderabad (Peer Review Certificate No. 006803) be and are hereby appointed as Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the 6<sup>th</sup> consecutive Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting) at a remuneration as may be fixed by the Board”

**SPECIAL BUSINESS**

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

“RESOLVED THAT Mr. Y.V. Prashanth (DIN: 00345418), 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.”

- 5) To appoint Sri. Ch.S. Prasad as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri. Ch.S. Prasad (DIN: 00199003) Director of the Company whose period of office is liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years.”



- 6) To appoint Sri. G. Jayaraman as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri. G. Jayaraman (DIN: 01461157) Director of the Company whose period of office is liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years.”

- 7) To appoint Sri. P.C. Patnaik as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri. P.C. Patnaik (DIN: 01536277) Director of the Company whose period of office is liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years.”

- 8) To appoint Dr. J.S. Yadav as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. J.S. Yadav (DIN: 02014136) Director of the Company whose period of office is liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years.”

By order of the Board of Directors

Sd/-

Y.S.R. VENKATA RAO  
MANAGING DIRECTOR  
DIN: 00345524

Place: Hyderabad  
Date: 19.04.2014

**Notes**

- 1) The Statement Pursuant to section 102 of the Companies Act, 2013 with respect to special business set out in the Notice is annexed.
- 2) 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.
- 3) 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. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company
- 4) The Register of members and transfer books of the company will remain closed from Monday the 18<sup>th</sup> August 2014 to Thursday the 21<sup>st</sup> August 2014 both days inclusive.
- 5) Members, who hold shares in electronic /demat form are requested to furnish the change of address, details of their bank accounts, viz, name of the bank, full address of the branch, account no. etc., to their respective Depository Participants and who hold shares in physical form to the company's Registrars and Transfer Agents M/s. Cameo Corporate Services Ltd., Subramanian Building, No.1, Club House Road, Chennai – 600 002 so as to enable the Company to incorporate the bank details on the dividend warrants.
- 6) Members seeking information or clarification on the Accounts are requested to send their queries in writing to the company one week before the date of AGM, to enable the management to prepare with replies.
- 7) Members holding shares in identical order of names in more than one folio are requested to write to the company's Registrars & Transfer Agents enclosing their share certificates to enable consolidation of their shareholdings in one folio.
- 8) Shareholders who have not claimed their dividend for the years 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 and IPO Refund are requested to claim the same.
- 9) The brief profile of the directors being appointed, retiring and re-appointing are furnished elsewhere in the Annual Report.
- 10) The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
- 11) Members may also note that the notice of the 46<sup>th</sup> Annual General Meeting and Annual Report for 2014 will be available on the Company's website [www.alkalimetals.com](http://www.alkalimetals.com).
- 12) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the members with facility to exercise their right to vote at the 46th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The e-voting period commences on Thursday 14th August, 2014 (10:00 am) and ends on Saturday 16th August, 2014 (5:00 pm). During this period shareholders' of the Company, holding shares as on cut-off date of 18<sup>th</sup> July 2014 either in physical form or in dematerialized form, may cast their vote electronically. The e-voting portal shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company. A member who has cast his vote by electronic means is not entitled to vote again at the AGM.



CS B. Venkatesh Babu, Company Secretary in Practice (F6708) has been appointed as the scrutinizer to scrutinize the e-voting process and he will submit his report within the period not exceeding three working days from the conclusion of e-voting. The Chairman will declare the results on or after the AGM of the Company accordingly and will also be placed at the company website.

13) **The instructions for members for voting electronically are as under:-**

**In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\*Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name and the sequence number in the PAN field. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the <Default Value> in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.



- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (a) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (b) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (c) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE ACT:**

Item No. 4

Sri. Y.V. Prashanth is co-opted as an Additional Director on 01<sup>st</sup> November 2013 pursuant to provisions of the Companies Act, and he holds office of Director up to 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 160 of the Companies Act, 2013. Your Directors recommend the above resolution set out in the notice as an ordinary resolution for your approval.

Other than the following Directors, none of the Directors, Managers, Key Managerial Persons or their relatives are in any way concern or interested, financial or otherwise in the above resolution:

<b>Name of the Director(s)/Manager/ Key Managerial Person/ Relative</b>	<b>Designation of Director(s)/Manager/ Key Managerial Person/ Relative</b>	<b>Nature of Concern or Interest, financial or otherwise in respect of the above resolution</b>
Sri. Y.S.R. Venkat Rao	Managing Director	To the Extent of his Shareholding
Smt. Y. Lalithya Poorna	Director	To the Extent of his Shareholding
Sri. Y.V. Prashanth	Additional Director	To the Extent of his Shareholding

Item No. 5 to 8

Mr. Ch.S. Prasad, Mr. G. Jayaraman, Mr. P.C. Patnaik and Dr. J.S. Yadav are Non-Executive Independent Director of the Company. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, all the Independent Directors eligible and offering themselves for appointment, is proposed to be appointed as an Independent Director for five consecutive years. The independent Directors appointed herein shall not be liable for retirement by rotation. In the opinion of the Board, all the Independent Directors fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as an Independent Directors of the Company and are independent of the management.

The Board considers that their continued association would be of immense benefit to the Company. Accordingly, the Board recommends the resolutions as set out in the notice, for the approval by the shareholders of the Company.

Except their own appointment, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise.

By order of the Board of Directors

Sd/-

Y.S.R. VENKATA RAO  
MANAGING DIRECTOR  
DIN: 00345524

Place: Hyderabad  
Date: 19.04.2014

**DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2014**

To  
The Share Holders,  
ALKALI METALS LIMITED

Dear Members,

Your Directors are pleased to submit the 46th Annual Report and Audited Accounts of the Company for the financial year ended 31st March 2014:

**Financial Results**

The performance of the company for the financial year ended 31<sup>st</sup> March 2014 is summarized as below:

(All figures in ₹)

	<b>2013-14</b>	<b>2012-13</b>
Net Turnover	<b>660,457,295</b>	619,209,388
Profit/(Loss) before finance charges, depreciation and taxation	<b>35,223,105</b>	69,875,506
Less : Finance Charges	<b>31,860,970</b>	31,155,194
Depreciation and Amortization expense	<b>35,179,787</b>	34,808,665
Profit/(Loss) before tax	<b>(31,817,652)</b>	3,911,647
Less: Exceptional items	<b>(128,753)</b>	--
Less : Current Year's tax (MAT)	--	745,364
MAT Credit Entitlement	--	(745,364)
Previous Years	<b>32,555</b>	336,908
Deferred tax (AS22)	<b>(12,100,481)</b>	(43,977,228)
Profit/(Loss) After tax	<b>(19,620,973)</b>	47,551,966
Add: Balance Brought forward	<b>88,249,253</b>	52,531,650
Dividend on equity shares	<b>10,182,506</b>	10,182,506
Tax on Dividend	<b>1,730,517</b>	1,651,857
Transfer to General Reserve	--	--
Balance surplus carried to Balance Sheet	<b>56,715,257</b>	88,249,253

**Performance**

During the year the company's Gross Sales has been ₹ 699 Million as compared to ₹ 654 Million in 2012-13 registering growth of 7% over the previous year. Due to increase in Power cost and other overheads during the year, there is a net loss of ₹ 31.81 Million as compared to net profit of ₹ 3.91 Million in the previous year.





## **SIGNIFICANT ACHIEVEMENT**

**During this year also, your company earned Net foreign exchange surplus equivalent to ₹ 9.25 Crores as against ₹ 10.91 Crores for the previous year.**

### **Dividend on Equity Shares**

Keeping in view of the financial position and to augment the resources of the Company your Director not recommended any Dividend for the year under review.

### **Future Outlook**

Due to commercialization of API manufacturing facility at the Visakhapatnam and some of the new products during the year, your Company expects a good growth in the sales in the current financial year.

### **Listing on Stock Exchanges**

The securities of the company are continued to be listed on BSE and NSE. The listing fees for these stock exchanges to be paid for the current year.

### **Research & Development:**

Your company has spent ₹ 1.04 Million during the financial year 2013-14 for achieving the objectives of new process development, technology development for the commercial production of pharma intermediates and agro based products. There are few R&D products which are in different stages of completion. Your company is putting continuous efforts to increase the cost efficiency through optimum material consumptions by improving the processes.

### **Directors**

As per Articles and in accordance with the provisions of the Act, Smt. Y. Lalithya Poorna retire at the 46<sup>th</sup> AGM and are being eligible offer herself for reappointment. Sri. Y.V. Prashanth, Additional Director be and is hereby appointed as Director at the ensuing Annual General Meeting. All the Independent Directors Sri. Ch.S. Prasad, Sri. G. Jayaraman, Sri. P.C. Patnaik and Dr. J.S. Yadav were appointed as independent Directors at the ensuing Annual General Meeting for a period of 5 years. The brief particulars of all appointing/re-appointing Directors are furnished in the Corporate Governance Report.

### **Auditors**

M/s. C K S Associates, Statutory Auditors retire at the ensuing Annual General Meeting and being eligible, offer themselves for appointment. The Board noted the Auditors Report and also letter received from them as per the provisions of the Companies Act 2013 and that they are not disqualified for such appointment be recommended for the appointment for a period of 5 years from the closure of ensuing annual general meeting to closure of the sixth consecutive Annual general meeting as per the provisions of Companies Act, 2013.

**Directors Responsibility Statement**

Directors confirm that in the preparation of Annual Accounts for the year ended 31st March 2014:

- All applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- The Accounting policies framed in accordance with the guidelines of the ICAI have been applied
- Accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for that period.
- Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Annual Accounts have been prepared on going concern basis.

**Corporate Governance / MDA**

Pursuant to Clause 49 of Listing agreement, your company has to mandatorily comply with the requirements of corporate governance. A separate section on corporate Governance and certificate from the Auditors of the Company regarding compliance of conditions of corporate governance form part of the Annual Report.

**Conservation of Energy, Technology absorption, and Foreign Exchange**

As required under 217 1(e) of the Companies Act 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo have been given in Annexure-II, which forms part of this report.

**Industrial Safety and Environment****Safety**

Your Company continues to accord high priority on safety of all the personnel and mitigation of damage to properties of the Company. Company is maintaining high quality of safety measures and undertaken regular checks and reviews in consultation with risk management specialists and certain proactive actions taken to avoid accidents. Safety drills are conducted at regular intervals to train the workers and the employees to meet the exigencies of the accidents.

**Environment**

Members are aware that your Company has been accorded ISO 9001 and ISO 14001 reflecting its commitment to environment protection. Your Company is continuously putting efforts to maintain the Environment with International Standards and effluent treatment to mitigate the pollution. Company carries on extensive plantation and maintenance of trees around manufacturing plants for green belt development.

**Particulars under 217(2A)**

There are no employees, who are covered Under Section 217(2A) of the Companies Act, read with the provisions contained in Companies (Particulars of Employees) Rules, 1975, as amended to date.

**Cost Audit:**

Company is subjected to Cost Audit u/s 233B of the Companies Act 1956 with effect from FY 2012-13. Accordingly M/s. DZR & Co., Cost Accountants were appointed as the Cost Auditors for both the financial years 2012-13 and 2013-14. The Cost Audit Report for the Financial Year 2012-13 was taken on record by the Board of Directors in their meeting held on 30th July 2013 and was filed with Cost Audit Branch on 24<sup>th</sup> Sept 2013 while the due date for such filing was 27<sup>th</sup> Sept 2013.

The Cost Audit for the financial year 2013-14 is in progress and the necessary filings with the Central Government would be completed before the due date i.e., 27<sup>th</sup> Sept 2014.

The Government is yet to notify the mechanism of Cost Audit applicable for the Financial year 2014-15.

**Industrial Relations:**

The company enjoyed cordial relations with its employees at all levels. Your Directors record their appreciation of the support and co-operation of all employees, staff and workers and counts on them for the accelerated growth of the Company.

**Acknowledgements:**

Your Directors express their gratitude to all stakeholders, State Bank of India, Regulatory Authorities, Government of Andhra Pradesh, customers, business associates, dealers, from India and abroad, staff and workers for their continued support at all times and look forward to have the same in our future endeavors.

By order of the Board of Directors

Place: Hyderabad  
Date: 19.04.2014

Sd/-  
Y.S.R. VENKATA RAO  
MANAGING DIRECTOR  
DIN: 00345524

Sd/-  
DR. J.S. YADAV  
CHAIRMAN  
DIN: 02014136

**Annexure-I to Directors' Report****ANNEXURE - A**

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under companies (Disclosure of particulars in the Board of Director's Report) Rules, 1988:

**A. Conservation of energy****(a) Energy conservation Measures taken**

The continuous measures taken by the company for conserving the energy particularly installation of Hydrogen recovery plant and Nitrous oxide generation plant and usage of cost effective fuels made substantial contribution towards cost reduction.

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

The company continues its efforts to explore the possible solutions for reduction in consumption of energy by reducing batch processing time and other similar alternatives.

**(c) Impact of measures of (a) and (b) above for reduction in energy consumption and consequent impact on the cost of production of goods**

The above measures proved to be effective in conservation of power this year also and as a result, the cost of production is comparable to that of previous year.

**(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the rules in respect of industries specified in the schedule thereto****FORM - A**

		2013-14	2012-13
<b>A. Power and Fuel Consumption:</b>			
<b>Electricity:</b>			
(i) Purchased:			
Total Units (KWH)		3,654,605	3,409,735
Total Amount (₹)		32,463,134	26,706,145
Rate per Unit in (₹)		8.88	6.95
(ii) Own generation: (Diesel generator)			
Units generated:		527,183	1,297,130
Units per litre of Fuel oil/gas		2.75	3.19
<b>H.S.D</b>			
Quantity (Ltr)		191,916	406,340
Total Amount (₹)		10,372,238	20,846,694
<b>L.D.O., L.C.O &amp; Bio Diesel</b>			
Quantity (KL)		1,128	1,096
Total Amount (₹)		57,002,200	42,064,063
<b>B. Consumption per unit of production:</b>			
Units produced (MT)		1,613.77	1,404.76
Electricity consumption per MT (KWH)		2,591.32	3,350.65
L.D.O. & L.C.O. consumed per MT (KL)		0.70	0.78



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

**A. RESEARCH & DEVELOPMENT**

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

In the process of R&D, multidisciplinary teams collaborate to develop practical chemical synthesis to drug intermediates, agro based products etc., and also supply technical data for use in the process of technical evaluations. Further, its role is to design practical, efficient, scalable, environmentally responsible and economically viable avenues to chemical substances for implementation in manufacturing.

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

- Consistent approach to chemical process parameters for quality standards.
- Commercialization of new products
- Save time by automating repetitive R&D tasks
- Gain valuable chemical process understanding from low value material and process attributes data using machine learning methods.
- Adaptability to cost cutting measures.
- Shorten time-to-decision and improve efficiency by providing streamlined, regulatory compliant chemical process.

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Efforts in brief, made towards technology absorption, adaptation and innovation and benefits derived**

- a. Use of cheaper oils as fuel in place of costlier oils and reducing cost of production.
- b. Installing plant for recovery of Hydrogen and using the gas so recovered for manufacturing of products thereby saving substantial cost.
- c. Capacity enhancement, new products/processes development, reduction of batch processing time cycle.

**2. Details of technology imported during the past 5 years**

- a. Technology imported
  - 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**

(All figures in ₹)

	2013-14		2012-13	
Earnings		278,351,063		298,799,265
Outgo		185,872,134		189,662,027
Raw Materials	184,320,406		187,828,986	
Foreign currency Exp.	1,551,728		1,833,041	
Net Foreign Exchange earnings		92,478,929		109,137,238

For and on behalf of Board of Directors

Sd/-

Y.S.R. VENKATA RAO  
MANAGING DIRECTOR  
DIN: 00345524

Sd/-

DR. J.S. YADAV  
CHAIRMAN  
DIN: 02014136

Place: Hyderabad  
Date: 19.04.2014

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

**INDUSTRY OUTLOOK, OPPORTUNITIES AND THREATS:**

During the year 2013-14, the Company achieved a turnover of ₹ 699 Million compared to the turnover of ₹ 654 Million during 2012-13 i.e. around 7% increase in sales compared to the previous year. Net Loss during the year 2013-14 is ₹ 31.81 Million compared to Net Profit of ₹ 3.91 Million achieved during 2012-13. The loss is attributed to purchase high cost power due to power shortage in the State and other overheads.

**OUTLOOK:**

Economic growth is expected to pick up in India during 2014. The country's GDP growth rate will increase from 4.6% in the fiscal year ending 31 March 2014 to 5.6% in the fiscal year ending 31 March 2015 and 6.5% in the following fiscal year. The Indian chemical industry has always grown 1-2% above the overall GDP growth rate in the country. This trend will continue, and the chemical industry in India will grow about 2% above the GDP growth rate in 2014. India's chemical industry sales are estimated to reach \$115-120 billion in 2014.

The specialty chemicals segment is expected to grow at a rate of 11-12%. Specialty chemicals and agro chemicals are likely to grow faster than basic and commodity chemicals. The specialty chemicals sector is characterized by the need for high-value products, high-volume requirements with expanding customer base. The market is likely to grow at a compound annual growth rate (CAGR) of 13-14 per cent.

**THREATS:**

Imports from Global Chemical companies is a threat to Indian chemical industry. The Indian tax structure is still lower as compared to other countries and hence many Global Chemical companies with larger production capacities are trying to concentrate on Indian market. The company has plans to mitigate the threat by producing high quality products at competitive prices.

**PRODUCT PERFORMANCE:**

The company has sold 1,614 MT of finished products during 2013-14 as against 1,395 MT in the previous year registering annual growth of 16% over the previous year.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The company has in place effective systems of internal control commensurate to its size and nature of business which provides for:

- Efficient use and safeguarding resources
- Accurate recording and custody of assets
- Compliance with prevalent statutes, policies, procedures, listing requirements, management guidelines and circulars.
- Transactions 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 were held periodically by the Audit Committee at its meetings. The observations /findings made in internal audit reports, along with the status of action thereon are reviewed by the Audit committee of the Board of directors on a regular basis.



The company has an exhaustive budgetary control system and the management regularly reviews actual performance

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:****(All figures in ₹ Millions)**

	<b>2013-14</b>	2012-13
Net Sales	<b>660.46</b>	619.21
Other income	<b>4.38</b>	7.93
Total income	<b>664.84</b>	627.14
Total expenditure	<b>629.49</b>	557.27
Operating profit/(Loss)	<b>35.35</b>	69.87
Finance charges	<b>31.86</b>	31.15
Gross profit before depreciation and taxes	<b>3.49</b>	38.72
Depreciation	<b>35.18</b>	34.81
Profit/(Loss) before tax	<b>(31.69)</b>	3.91
Provision for income tax & Prev. Yr. taxes	<b>0.03</b>	0.34
Deferred Tax (AS 22)	<b>(12.10)</b>	(43.97)
Profit/(Loss) after tax	<b>(19.62)</b>	47.55

The book value per share stands at ₹ 49.82 as on 31.03.2014 (₹ 51.75 previous year).

**HUMAN RESOURCE DEVELOPMENT:**

The Company believes that the key to success lies in creating and nourishing a pool of talent within its people whose skills, expertise and experience provide the impetus towards market leadership. Also, the dedication, commitment and aspirations of its Employees provide the fuel for excellence in performance. The Company's human resource practices are widely accepted by the management, staff and workers. During the year under review, the Industrial relations with Employees/workers at all the Company's locations continued to be harmonious and positive.

**CAUTIONARY AND FORWARD LOOKING STATEMENT:**

Statements in the Management discussion and Analysis Report which describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be "forward-looking statements" within the meaning of applicable Securities Laws and Regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however materially differ from those expressed or implied. Important factors that could make a difference to the Company's Operations include global and Indian political, economic & demand-supply conditions, finished goods prices, raw materials cost & availability, cyclical demand and pricing in the company's principal markets, changes in Government regulations, Policies, tax regimes, economic developments within India besides other factors such as litigation and industrial relations as well as the ability to implement the strategies.



**REPORT ON CORPORATE GOVERNANCE:**

(As required under clause 49 of the listing agreement entered into with the stock exchange)

**CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY:**

Good Corporate Governance is fundamental to Business. Company believes that the Shareholder input helps us to continue to drive innovations in policies and disclosures on corporate political activities and other key governance areas.

Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems, delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The Company tries to work by these principles in all its interactions with stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

Towards this, the Company continues to focus its energies and resources in order to enhance the trust of all its stakeholders.

**BOARD OF DIRECTORS:**

The Board of Directors Guides, Directs and oversees the management and protects the interest of Customers, Shareholders, Employees and Stakeholders. The Board also ensures the Compliance of the applicable provisions, code of ethical standards.

**Size and Composition of the Board of Directors:**

The company has seven Directors of which four are independent Directors and Two Non-Executive and Non-Independent Director and one Managing Director. The composition of Board is in conformity with clause 49 of Listing Agreement with professional Competence.

**NUMBER OF BOARD MEETINGS:**

During the year (01-04-2013 to 31-03-2014) the Board met five times i.e. on 08.04.2013, 30.07.2013, 24.08.2013, 01.11.2013 and 10.02.2014. The maximum time gap between any of the consecutive meetings is less than four months.

**Composition, Attendance Record and Directorships held:**

S. No.	Name of the Director	Category / Status of Directorship.	No. of Board Meetings attended during the year	No. of Directorship(s) in other listed companies.	No. of Committee position held in other Companies (6)		Attendance at the AGM held on 30/07/2013
					Chairman	Member	
(1)	(2)	(3)	(4)	(5)			(7)
01.	Dr. J.S. Yadav	Chairman & Independent Director	5	--	--	--	Yes
02.	Sri. Ch.S. Prasad	Independent Director	5	--	--	--	Yes
03.	Sri. P.C. Patnaik	Independent Director	4	--	--	--	Yes
04.	Sri. G. Jayaraman	Independent Director	5	--	--	--	Yes
05	Sri. Y.S.R. Venkata Rao	Managing Director	5	--	--	--	Yes
06	Smt. Y. Lalithya Poorna	Non-Ind & Non-Exe. Director	2	--	--	--	Yes
07#	Sri. Y.V. Prashanth	Non-Ind & Non-Exe. Director	2	--	--	--	NA

# appointed at the board meeting held on 01.11.2013.

- Private Limited and Un-listed Public Limited & Section 25 companies are excluded.
- The Non-Executive Directors are paid sitting fees of ₹ 15,000/- for attending each meeting of Board of Directors and ₹ 5,000/- for Audit Committee and the Company has not paid any sitting fees to Sri. Y.S.R. Venkata Rao, Managing Director. The Company does not have any stock option scheme or a fixed / performance linked incentives scheme to its Directors.



**PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT:****Smt. Y. Lalithya Poorna**

She is B.Tech. (Chemical Technology) and MS (Food Technology & Statistics) from USA. She is non-executive non independent Director in the Company. Her expertise knowledge will be of immense benefit to the company. As per the Companies Act, 2013 all listed Companies need to appoint one Women Director and the Company is in compliance from long time.

**Sri. Y.V. Prashanth**

He is MS in Pharmacy from USA. He is non-executive non independent Director in the Company. He had vast experience in Administration and Marketing divisions. His immense presence in the Board will have the benefit to the Company.

**Sri Ch. S. Prasad**

He is a Non Executive and Independent Director of the Company. He holds M.Sc (Chemical Technology) from Andhra University. He is also a Fellow member of the Indian Institute of Chemical Engineers and also the Institution of Engineers (India). In the past he has been the Chairman of Indian Institute of Chemical Engineers, Waltair Regional Centre.

Mr. Ch. S. Prasad has rich experience in the field of Manufacturing Industry. He had worked at various positions in M/s. Fertilizer Corporation of India, M/s. Coromandal Fertilizers Limited and M/s. Mehta Group International in Uganda. His presence in the Board will have the benefit to the Company.

**Sri. G. Jayaraman**

He is a Non Executive and 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 Industrial experience across information technology, textiles, cement and pharmaceuticals over 30 years spanning finance, accounts, secretarial, legal and administration functions. Currently, he is serving a multi-national IT company in a senior leadership role.

He has been associated with Andhra Pradesh State Board of All India Manufacturers' Organization for the past 12 years and served as its Chairman during 2003-04 and 2004-05. His presence in the Board will have the benefit to the Company.

**Sri. P.C. Patnaik**

He is a Non Executive and Independent Director of the Company. He holds M.Sc. (Tech.) in Chemical Engineering from Andhra University. He was a Research Scholar at IIT, Kharagpur and Ford Foundation Scholar at Carnegie Mellon University, Pittsburgh. He is also Fellow member of the Institute of Engineers (India).

Sri. P.C. Patnaik has vast experience in the field of project development, industrial promotion, entrepreneurship development and corporate management at senior and apex levels. He worked at various positions in Steel Authority of India (SAIL), Andhra Pradesh Industrial Development Corporation (APIDC), North Eastern Industrial and Technical Consultancy Organization (NEITCO) and also associated as consultant/ advisor in Scotia Energy, Scotland; Scottish Power, UK; Flo Energy, Florida, USA, Southland Enviro Green C, Atlanta, USA. His presence in the Board will have the benefit to the Company.

**Dr. J.S. Yadav**

He is a Non Executive and Independent Director of the Company He is Doctorate in Chemistry and was a Post Doc at Rice university, Houston & UW in USA for 3½ Years. His research group successfully developed cost effective technologies for Specialty Chemicals. His expertise and skills in Organic Chemistry are outstanding and is an eminent Scientist. He served as a Director of the Indian Institute of Chemical Technology (IICT), Hyderabad and he is elevated as a CSIR Bhatnagar Fellow, Secretary Grade Govt of India. The Bhatnagar Fellowship is one of the prestigious Fellowship which will be awarded only to the outstanding and eminent scientists of our country by CSIR. He has more than 1000 publications and 65 Patents to his credit. His presence in the Board will have the benefit to the Company.

**Audit Committee:**

The Audit Committee of the Company, comprises of three members namely Sri. G. Jayaraman, Sri. P.C. Patnaik and Sri. Ch. S. Prasad. During the period 01-04-2013 to 31-03-2014, the committee met four times and the time gap between one meetings to another is less than 4 months period. The Audit Committee has been constituted in conformity with the requirements of Section 292(A) of the Companies Act 1956 and clause 49 of listing agreement. Audit committee consists of three independent directors. All members including Chairman have adequate financial and accounting knowledge. The role and responsibilities of Audit Committee is as defined in the Companies Act & clause 49 of listing agreement. The quorum for the meetings of the Audit committee is one-third of the members of the Committee, subject to a minimum of two members present at the meeting.

**The attendance of the members at the meetings of the Audit Committee is given below.**

S. No.	Name of the Member	Category	No. of Meetings Attended
01.	Sri. G. Jayaraman	Independent Director	4
02.	Sri. Ch. S. Prasad	Independent Director	4
03.	Sri. P.C. Patnaik	Independent Director	4

**Remuneration Committee:**

The terms of reference to the remuneration committee is as per clause 49 of listing agreement which include mainly to recommend to the Board the remuneration package of company's Managing Director / Executive Director & such other matters as the Board may deem fit for its reference.

**The composition of the Remuneration Committee is as follows.**

S.No.	Name of the Member	Category
01	Sri. Ch.S. Prasad	Independent Director
02	Sri. G. Jayaraman	Independent Director
03	Sri. P.C. Patnaik	Independent Director

**Details of Remuneration paid to Directors for the year**

(All figures in ₹)

S.No.	Name of the Director	Commission	Remuneration	Board Sitting Fee	Audit Committee Fee	Total
01	Dr. J.S. Yadav	--	--	75,000	--	<b>75,000</b>
02	Sri. Ch. S. Prasad	--	--	75,000	20,000	<b>95,000</b>
03	Sri. P.C. Patnaik	--	--	60,000	20,000	<b>80,000</b>
04	Sri. G. Jayaraman	--	--	75,000	20,000	<b>95,000</b>
05	Sri. Y.S.R. Venkata Rao	--	2,400,000	--	--	<b>2,400,000</b>
06	Smt. Y. Lalithya Poorna	--	--	30,000	--	<b>30,000</b>
07	Sri. Y.V. Prashanth	--	--	30,000	--	<b>30,000</b>

**Investors Grievances Committee:**

This committee responsible for redressal of investors Grievances. The constitution of Investors Grievances committee is as follows.

S.No.	Name of the Member	Category
01	Sri. G. Jayaraman	Independent Director
02	Sri. Ch S. Prasad	Independent Director
03	Sri. P.C. Patnaik	Independent Director
04	Sri Y.S.R. Venkata Rao	Managing Director

- i) Name and designation of compliance Officer : Deepak Tibrewal  
Company Secretary & Compliance Officer  
B-5, Block-III, IDA, Uppal,  
Hyderabad – 500 039
- ii) Number of shareholders complaints at the beginning of the year 1<sup>st</sup> April, 2013 : 2
- iii) Number of shareholders Complaints received during the year ended 31<sup>st</sup> March 2014. : 13
- iv) Number of complaints resolved to the satisfaction of shareholders. : 14
- Number of complaints pending : 1

**General Body Meetings**

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

Year	Location	Date	Time
2010-11	Hotel Green Park, Ameerpet, Hyderabad – 500 016	30 <sup>th</sup> July 2011	10.00 AM
2011-12	Hotel Green Park, Ameerpet, Hyderabad – 500 016	30 <sup>th</sup> July 2012	11.00 AM
2012-13	Hotel Green Park, Ameerpet, Hyderabad – 500 016	30 <sup>th</sup> July 2013	11.00 AM

- a) No Extra-Ordinary General Meeting of the shareholders was held during the year.
- b) 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.
- c) No Special Resolutions passed in previous 3 Annual General Meetings:

**Subsidiaries:**

The Company has no subsidiary company.

**Management Discussions & Analysis:**

This annual report has a detailed chapter on management discussions and analysis forming part of this report.

**Risk Management:**

The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.

**Disclosures:**

The Managing Director and General Manager (Finance) of the company have given the annual certification on financial reporting and internal controls to the Board in terms of clause 49 of Listing Agreement. The Managing Director and General Manager (Finance) of the company have also given the quarterly certification on financial results while placing the same report the Board in terms of Clause 41 of the Listing Agreement.

**Compliance of Auditors:**

Certificate from Auditors of the company M/s. C K S Associates, Chartered Accountants, Hyderabad conforming compliance with the conditions of corporate governance as stipulated under clause 49 is attached to this report forming part of the Annual Report.

**Related Party transactions:**

No transaction of material nature has been entered into by the company with its Directors / Management and their relatives etc. that may have a potential conflict with the interests of the company. Transactions with related parties are disclosed in the notes to the Accounts in the Annual Report.

**Details of Non-Compliance and Penalties:**

No penalties have been imposed on the Company by the Stock Exchanges where the company's shares are listed or SEBI or any other Statutory Authority on any matter during the year under review.

**Code of Conduct:**

The Board of Directors has laid down a 'Code of Conduct' for all the Board members and the senior management of the company and the same is posted on the website of the company. Annual declarations are obtained from the Board Members and Senior Management Staff. The company has established a mechanism for employees to report to the management, concerning about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or ethical policy. The employees have been appropriately communicated within the organization about the mechanism and have been provided director access to the management of the company. The mechanism lays emphasis on making enquiry into whistle blower complaint received by the company.

**Reconciliation of share capital Audit (Formerly Secretarial Audit Report):**

A qualified practicing company secretary carried out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Reconciliation of share capital Audit (Formerly Secretarial Audit Report) confirm that the total issued / Paid-up capital is in agreement with the total number of shares in physical form and the total number of Dematerialized shares held with NSDL and CDSL.

**Disclosure of Accounting Treatment in preparation of Financial Statements:**

The Company has followed the accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

**Means of Communication:**

The Quarterly, Half yearly and Annual results are normally published by the company in the leading newspapers 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](http://www.alkalimetals.com) to access first-hand information about the financial information of the company. Besides this as required under the listing agreement the said information is also sent to stock exchanges (BSE & NSE).

**General Shareholder's information****i) AGM**

Date : 21-08-2014  
 Time : 11.00 AM  
 Venue : Hotel Green Park, Ameerpet, Hyderabad – 500 016

**ii) Financial Calendar**

First Quarter results (April - June) : On or before 15<sup>th</sup> August  
 Second Quarter results (July – Sept) : On or before 15<sup>th</sup> Nov  
 Third Quarter results (Oct – Dec) : On or before 15<sup>th</sup> February  
 Annual Results audited (Audited) : On or before 31<sup>st</sup> May

**iii) Date of Book Closure** : 18.08.2014 to 21.08.2014  
 (Both days inclusive)

**iv) Dividend on equity shares payment date** : Not applicable

**v) Listing on stock exchanges** : The securities of the company are listed on BSE & NSE. 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 ₹ 10/- each** : INE773I01017

**viii) Market Information (All figures in ₹)**

Month	NSE			BSE		
	High	Low	Closing	High	Low	Closing
April	22.35	17.05	20.20	23.95	17.25	20.00
May	22.00	18.55	19.00	21.85	18.60	19.10
June	24.95	17.10	18.20	25.00	17.40	18.05
July	20.40	16.30	16.65	21.35	16.50	16.50
August	17.00	13.90	15.05	17.95	13.15	15.20
September	16.95	14.20	15.55	17.95	14.00	15.50
October	17.80	15.15	16.25	18.55	15.50	16.35
November	21.10	16.05	17.15	21.25	16.20	17.00
December	17.55	15.50	17.00	17.80	15.60	17.30
January	17.95	15.75	15.90	20.00	15.00	16.00
February	17.90	15.00	15.25	17.95	14.80	15.55
March	17.00	15.00	16.30	17.60	14.85	16.00

**iX) Registrars & Transfer Agents** : Cameo Corporate Services Limited  
 Subramanian Building, No.1, Club House Road  
 Chennai-600 002, Tel: 044-28460390/948  
 Fax:044-28460129  
 Email: cameo@cameoindia.com  
 Contact Person : Sri. Murali



- X) **Share Transfer System** : The shares are transferred within the stipulated period as per the listing Agreement. 99.99 % of shares are in the dematerialized form.

**Xi) Distribution of shareholding as on 31<sup>st</sup> March 2014**

<b>HOLDING</b>	<b>NUMBER</b>	<b>% OF TOTAL</b>	<b>SHARES</b>	<b>% OF TOTAL</b>
between 1 and 5000	11,787	91.80	1,231,807	12.10
between 5001 and 10000	567	4.42	436,534	4.29
between 10001 and 20000	272	2.12	400,852	3.94
between 20001 and 30000	97	0.76	246,591	2.42
between 30001 and 40000	37	0.29	129,228	1.27
between 40001 and 50000	19	0.15	86,178	0.85
between 50001 and 100000	32	0.25	244,337	2.40
between 100001 and Above	29	0.23	7,406,979	72.74
<b>Total</b>	<b>12,840</b>	<b>100.00</b>	<b>10,182,506</b>	<b>100.00</b>

**Xii) Categories of shareholding as on 31<sup>st</sup> March 2014**

<b>Category</b>	<b>No. of shares held</b>	<b>% of holdings</b>
Indian Promoters including persons acting in concert	7,100,842	69.74
Bodies corporate (including clearing members)	332,985	3.27
Resident Indians	2,547,957	25.02
Non-Resident Indians	92,627	0.91
Hindu undivided families	108,095	1.06
<b>Total</b>	<b>10,182,506</b>	<b>100.00</b>

**xiii) 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. District.  
Unit-III : J.N. Pharma City, Parwada, Visakhapatnam

**xiv) Address for correspondence:**

Registered office Address: Plot No. B-5, Block-III, IDA,  
Uppal, Hyderabad – 500 039

**DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT**

I declare that the Company has received affirmation of compliance with the “Code of Business conduct for Directors and Senior Executives” laid down by the Board of Directors, from all the Directors and Senior Management Personnel of the Company, to whom the same is applicable, for the financial year ended 31<sup>st</sup> March 2014.

Place: Hyderabad  
Date: 19.04.2014

Sd/-  
Y.S.R. VENKATA RAO  
MANAGING DIRECTOR  
DIN: 00345524

**CERTIFICATE OF COMPLIANCE WITH CLAUSE 49 OF LISTING AGREEMENT**

To  
The Members of Alkali Metals Limited

We have examined the Compliance of Corporate Governance by M/s. Alkali Metals Limited Hyderabad, Andhra Pradesh for the year ended 31<sup>st</sup> March 2014 as stipulated in clause 49 of Listing Agreement of the said Company with the Stock Exchanges.

The Compliance 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.

for C K S Associates  
Chartered Accountants (FRN 007390S)

Place: Hyderabad  
Date: 19.04.2014

Sd/-  
P. GANAPATI RAO  
Partner  
M.No.: 24113



**CEO/CFO CERTIFICATION**  
(Under clause 49 of Listing Agreement)

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

I/We Y.S.R.Venkata Rao, Managing Director and P. Sankara Rao, 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 31<sup>st</sup> March 2014 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.

Place: Hyderabad  
Date: 19.04.2014

Sd/-  
Y.S.R. VENKATA RAO  
Managing Director  
DIN: 00345524

Sd/-  
P. SANKARA RAO  
General Manager (Finance)



**INDEPENDENT AUDITORS' REPORT**

**To**  
**The Members of ALKALI METALS LIMITED**

**Report on the Financial Statements:**

We have audited the accompanying financial statements of **ALKALI METALS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013, of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956, we report that:
  - a. 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;
  - b. 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 those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956, read with General Circular 15/2013 dated September 13, 2013, of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for C K S Associates  
Chartered Accountants  
(Firm Regn.No. 007390S)

Sd/-  
P. GANAPATI RAO  
Partner  
M.No.: 24113

Place: Hyderabad  
Date: 19.04.2014

**ANNEXURE TO THE AUDITORS' REPORT**

*(Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date)*

- 1.1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2. All the assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- 1.3. During the year, the company has not disposed off a substantial part of fixed assets which affects the concept of "going concern".
- 2.1. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 2.2. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such physical verification.
- 3.1 The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly, the sub-clauses (a), (b), (c), (d) of clause (iii) are not applicable to the company.
- 3.2 The Company has taken interest free unsecured loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is ₹ 118.90 Million and the balance outstanding at the end of the year is ₹ 79.96 Million.
- 3.3 As per the information and explanations given to us, the rate of interest and other terms and conditions of loans taken by the Company are not prejudicial to the interest of the Company.
- 3.4 As the payment of principal / interest has not fallen due in accordance with the terms and conditions of the loan taken, comment on regularity of repayment of the same is not warranted.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls



- 5.1. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- 5.2. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of Sections 58A, 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The company has maintained Cost Records prescribed under section 209 (1)(d) of the Companies Act, 1956.
- 9.1. The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employee's state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess, service tax and other material statutory dues applicable to it.
- 9.2. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, and cess were in arrears, as at March 31, 2014, for a period of more than six months from the date they became payable.
- 9.3. As per the information and explanations given to us, the dues of income tax which have not been deposited on account of disputes are as given below:

<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Amount (₹)</b>	<b>Period to which the amount relates</b>	<b>Forum where appeal is preferred.</b>
Income tax Act, 1961	Income tax & Interest	3,905,446	A.Y. 2003-04	ITAT, Hyd. Partial Relief given by ITAT. Consequential Order to be received

10. The Company has no accumulated losses as at the end of the year. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.



11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances, on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The term loan taken during the year was utilised for the purpose for which the loan is obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.
18. The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act, during the year covered under report.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for C K S Associates  
Chartered Accountants  
(Firm Regn.No. 007390S)

Sd/-  
P. GANAPATI RAO  
Partner  
M.No.: 24113

Place: Hyderabad  
Date: 19.04.2014



**BALANCE SHEET**

<b>BALANCE SHEET AS AT 31.03.2014</b>		<b>(All figures in ₹)</b>	
	<b>Note No.</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
a. Share Capital	1	<b>101,825,060</b>	101,825,060
b. Reserves and Surplus	2	<b>405,458,734</b>	425,079,706
		<b>507,283,794</b>	526,904,766
<b>2. NON-CURRENT LIABILITIES</b>			
a. Long Term Borrowings	3	<b>165,583,610</b>	130,979,010
b. Deferred Tax Liabilities (Net)	4	--	12,100,481
c. Other Long Term Liabilities	5	<b>9,894,000</b>	--
c. Long Term Provisions	6	<b>966,152</b>	1,129,053
		<b>176,443,762</b>	144,208,544
<b>3. CURRENT LIABILITIES</b>			
a. Short Term Borrowings	7	<b>179,722,693</b>	188,758,546
b. Trade Payables	8	<b>127,848,427</b>	122,909,814
c. Other Current Liabilities	9	<b>22,028,597</b>	14,901,971
d. Short Term Provisions	10	<b>156,419</b>	12,713,852
		<b>329,756,136</b>	339,284,183
<b>TOTAL</b>		<b>1,013,483,692</b>	1,010,397,493
<b>II. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
a. Fixed Assets	11		
i. Tangible Assets		<b>603,856,327</b>	570,035,974
ii. Intangible Assets		<b>6,702,733</b>	--
iii. Capital Work-in-progress		--	29,068,435
iv. Intangible Assets Under Development		--	5,800,317
b. Long Term Loans and Advances	12	<b>25,198,588</b>	26,195,382
c. Other Non-Current Assets	13	<b>19,152,845</b>	51,597
		<b>654,910,493</b>	631,151,705
<b>2. CURRENT ASSETS</b>			
a. Inventories	14	<b>132,948,329</b>	145,063,252
b. Trade Receivables	15	<b>135,152,667</b>	137,231,812
c. Cash and Cash Equivalents	16	<b>15,886,651</b>	12,176,676
d. Short Term Loans and Advances	17	<b>68,631,000</b>	72,500,711
e. Other Current Assets	18	<b>5,954,552</b>	12,273,337
		<b>358,573,199</b>	379,245,788
<b>TOTAL</b>		<b>1,013,483,692</b>	1,010,397,493

**Refer accompanying Notes to Financial Statements**

As per our Report attached  
for C K S Associates

For and on Behalf of Board of Directors

Chartered Accountants (FRN 007390S)

Sd/-  
P. GANAPATI RAO  
PARTNER  
M.No.: 24113

Sd/-  
DEEPAK TIBREWAL  
COMPANY SECRETARY  
M.No.: A28751

Sd/-  
DR. J.S. YADAV  
CHAIRMAN  
DIN: 02014136

Sd/-  
Y.S.R.VENKATA RAO  
MANAGING DIRECTOR  
DIN: 00345524

Place: Hyderabad  
Dated: 19.04.2014



**PROFIT AND LOSS ACCOUNT**

<b>STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014</b>		<b>(All figures in ₹)</b>	
	<b>Note No.</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
<b>1. REVENUE</b>			
Revenue from Operations	19	<b>660,457,295</b>	619,209,388
Other Income	20	<b>4,380,250</b>	7,935,455
<b>Total Revenue</b>		<b>664,837,545</b>	<b>627,144,843</b>
<b>2. EXPENSES</b>			
a. Cost of Materials Consumed		<b>344,542,718</b>	305,732,361
b. Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	21	<b>3,587,798</b>	(18,858,332)
c. Employee Benefit Expense	22	<b>56,802,646</b>	68,021,088
d. Finance Costs	23	<b>31,860,970</b>	31,155,194
e. Depreciation		<b>35,179,787</b>	34,808,665
f. Other Expenses	24	<b>224,681,278</b>	202,374,220
<b>Total Expenses</b>		<b>696,655,197</b>	<b>623,233,196</b>
<b>3. Profit / (Loss) for the year before exceptional items</b>		<b>(31,817,652)</b>	3,911,647
<b>4. Exceptional Items</b>	25	<b>(128,753)</b>	--
<b>5. Profit Before Tax</b>		<b>(31,688,899)</b>	3,911,647
<b>6. Tax Expense</b>			
a. Current Tax (MAT)		--	745,364
Less: MAT Credit Entitlement		--	(745,364)
Net Current Tax		--	--
b. Tax Pertaining to Earlier Years		<b>32,555</b>	336,908
c. Deferred Taxation	4	<b>(12,100,481)</b>	(43,977,228)
		<b>(12,067,926)</b>	(43,640,319)
<b>7. Profit / (Loss) after taxes for the year</b>		<b>(19,620,973)</b>	47,551,966
<b>8. Earnings Per Share</b>			
<b>Face Value ₹ 10/- per share</b>			
i. Basic		<b>(1.93)</b>	4.67
ii. Diluted		<b>(1.93)</b>	4.67

**Refer accompanying Notes to Financial Statements**

As per our Report attached  
for C K S Associates  
Chartered Accountants (FRN 007390S)

For and on Behalf of Board of Directors

Sd/-  
P. GANAPATI RAO  
PARTNER  
M.No.: 24113

Sd/-  
DEEPAK TIBREWAL  
COMPANY SECRETARY  
M.No.: A28751

Sd/-  
DR. J.S. YADAV  
CHAIRMAN  
DIN: 02014136

Sd/-  
Y.S.R.VENKATA RAO  
MANAGING DIRECTOR  
DIN: 00345524

Place: Hyderabad  
Dated: 19.04.2014



**CASH FLOW STATEMENT**

(All figures in ₹)

	2013-14		2012-13	
<b>A. Cash flow from Operating activities</b>				
<b>1. Net Profit/(Loss) before Tax and extraordinary items</b>		<b>(31,688,899)</b>		3,911,647
<b>2. Adjustments for</b>				
Depreciation	35,179,787		34,808,665	
Interest expense	31,860,970		31,155,194	
Interest income	(1,055,300)		(2,332,333)	
IPO expenses written off	6,599,233		6,599,336	
Loss on sale of Assets	312,144		63,163	
Bad Debts	1,502,500		--	
Profit on sale of Fixed Assets	(9,262,998)		--	
Customs duty on DTA clearances	9,134,245	74,270,581	--	70,294,025
<b>3. Operating Profit before working capital changes (1+2)</b>		<b>42,581,683</b>		74,205,672
<b>4. Adjustments for</b>				
Increase/(Decrease) in Short term borrowings	(9,035,853)		24,420,956	
Increase/(Decrease) in Trade Payables	4,938,613		19,131,496	
Increase/(Decrease) in other liabilities and provisions	16,134,655		(23,898,399)	
(Increase)/Decrease in Inventories	12,114,923		(19,947,934)	
(Increase)/Decrease in Trade receivables	576,645		(23,701,724)	
(Increase)/Decrease in Loans and advances	(4,267,740)		(7,953,888)	
(Increase)/Decrease in other current assets	(19,381,696)	1,079,547	55,544,359	23,594,866
<b>5. Cash generated from operations</b>		<b>43,661,229</b>		97,800,538
Interest Paid		(31,860,970)		(31,155,194)
<b>6. Cash flow before taxes</b>		<b>11,800,259</b>		66,645,344
Direct taxes paid		32,555		336,908
<b>7. Net cash from Operating activities</b>		<b>11,767,704</b>		66,308,436
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets/capital work in progress	(61,936,611)		(22,987,233)	
Sale of fixed assets	30,053,345		455,000	
Interest income & other receipts	1,055,300		2,332,333	
<b>8. Net cash used in Investing activities</b>		<b>(30,827,966)</b>		(20,199,900)
<b>C. Cash flow from Financing activities</b>				
Increase in long term borrowings	34,604,600		(32,210,281)	
Dividend paid	(10,182,506)		(10,182,506)	
Tax on Dividend	(1,651,857)		(1,651,857)	
<b>9. Net Cash from/(used in) Financing activities</b>		<b>22,770,237</b>		(44,044,644)
<b>10. Net Increase/(Decr.) in Cash &amp; cash equivalent (7+8+9)</b>		<b>3,709,975</b>		2,063,892
<b>11. Cash and cash equivalent as at the beginning of the year</b>		<b>12,176,676</b>		10,112,784
<b>12. Cash and cash equivalent as at the end of the year</b>		<b>15,886,651</b>		12,176,676

for C K S Associates  
Chartered Accountants (FRN 007390S)

For and on Behalf of Board of Directors

Sd/-  
P. GANAPATI RAO  
PARTNER  
M.No.: 24113

Sd/-  
DEEPAK TIBREWAL  
COMPANY SECRETARY  
M.No.: A28751

Sd/-  
DR. J.S. YADAV  
CHAIRMAN  
DIN: 02014136

Sd/-  
Y.S.R.VENKATA RAO  
MANAGING DIRECTOR  
DIN: 00345524

Place: Hyderabad  
Dated: 19.04.2014



**SIGNIFICANT ACCOUNTING POLICIES****A) Basis of Preparation of Financial Statement:**

The Financial Statements are prepared on going concern assumption and under the historical cost convention, except for certain fixed assets which are revalued in accordance with generally accepted Accounting principles in India and the provisions of the Companies Act 1956.

**B) Use of Estimates:**

The preparation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

**C) Fixed Assets:**

Fixed assets are stated at cost net of cenvat / value added tax and includes amounts added on revaluation, less accumulated depreciation, and impairment of loss, if any. All costs including financing costs till commencement of production, net charges on foreign exchange contracts and adjustments arising from exchange rate variation attributable to the fixed assets are capitalised as per the applicable standards.

**D) Depreciation:**

Depreciation on all fixed assets is provided on straight-line method at the rates specified in schedule – XIV of the Companies Act 1956. Intangible Assets (Computer Software) is amortized over a period of five years

**E) Impairment of Asset:**

The Carrying amount of asset is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the greater of the asset's net selling price and value in use, which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount.

**F) Inventories:**

Items of inventories are valued at lower of cost or net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw material is determined on FIFO method.

**G) Foreign Currency Transactions:**

Foreign Currency Transaction are recorded at the exchange rates prevailing at the transaction date. Current Assets and Current Liabilities relating to Foreign Currency Transactions remaining unsettled at the balance Sheet dated are translated at the year end rates. The result gain/ loss, if any, is recognised in Profit & Loss Account.

**H) Turnover:**

Sales are recognised on despatch of goods from the factory.

**I) Employee Benefits:****i. Gratuity:**

The Company contributes towards Group Gratuity Fund (defined benefit retirement plan) administered by the Life Insurance Corporation Of India, for eligible employees. Under this scheme the settlement obligation remains with the Company, while the Life Insurance Corporation Of India administers the scheme and determines the premium to be contributed by the Company. The plan provides for a lump-sum payment to the vested employees on retirement or termination of employment, based on the respective employees' salary and the years of service with the Company.

**ii. Provident Fund:**

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged off to the profit and loss account of the year when the contributions to the fund are due. There are no other obligations other than the contributions to be remitted to the Provident Fund Authorities.

**iii. Leave Encashment:**

Provision for Leave Encashment is recognised in the books as per the actuarial valuation.

**J) Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**K) Provision for Current and Deferred Tax:**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent is reasonably certain that there will be sufficient future income to recover such Deferred Tax Asset.

**L) Minimum Alternate Tax Credit:**

Minimum Alternate Tax Credit Entitlement is recognized in the books of account when there is convincing evidence that the Company will pay normal income tax during the specified period. The Entitlement is reviewed at each balance sheet date with regard to the correctness of the carrying amount.

**M) Research and Development:**

Capital expenditure incurred has been disclosed under separate heads of account and revenue expenditure incurred is charged off as a distinct item in the Profit and Loss account.

**N) Claims:**

Claims by and against the company, including liquidated damages, are recognised on acceptance basis.



## NOTES TO FINANCIAL STATEMENTS

<b>Note 1: SHARE CAPITAL</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2014</b>	31.03.2013
<b>Authorised Share Capital</b>			
15,000,000 Equity Shares of ₹10 Par Value		<b>150,000,000</b>	150,000,000
<b>Issued, Subscribed and Paid-up Capital</b>			
<i>At the beginning and at the end of the year</i>			
10,182,506 Equity Shares of ₹10 Par Value fully paid up		<b>101,825,060</b>	101,825,060
		<b>101,825,060</b>	101,825,060
<b>Disclosures:</b>			
1. All the equity shares carry equal rights and obligations including for dividend and with respect to voting rights.			
2. Names of shareholders holding more than 5% of the Share capital and their shareholding.			
<b>S.No.</b>	<b>Name of shareholder</b>	<b>No. of shares</b>	No. of shares
1	Sri. Y.S.R. Venkata Rao	<b>6,128,815</b>	6,128,815
2	Smt. Y.V. Lalitha Devi	<b>775,900</b>	775,900
3. Aggregate Number of Equity shares allotted as fully paid up by way of Bonus shares during the preceding 5 years.			
<b>S.No.</b>	<b>Financial Year</b>	<b>No. of shares</b>	No. of shares
1	2008-09	<b>693,866</b>	693,866
2	2007-08	<b>905,040</b>	905,040

<b>Note 2: RESERVES &amp; SURPLUS</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2014</b>	31.03.2013
1. <b>Securities Premium</b>			
Balance at the beginning and at the end of the year		<b>237,150,000</b>	237,150,000
2. <b>Revaluation Reserve on Land</b>		<b>8,336,793</b>	8,336,793
3. <b>General Reserve</b>			
Balance at the beginning and end of the year		<b>91,343,660</b>	91,343,660
4. <b>Surplus</b>			
Balance brought forward from previous year		<b>88,249,253</b>	52,531,650
Add: Transfer from Statement of Profit and Loss for the year		<b>(19,620,973)</b>	47,551,966
Balance available for Appropriations		<b>68,628,281</b>	100,083,616
<i>Appropriations:</i>			
Transfer to General Reserve		--	--
Provision for Dividend		--	10,182,506
Provision for Tax on Dividend		--	1,651,857
Balance carried forward to next year		<b>68,628,281</b>	88,249,253
		<b>405,458,734</b>	425,079,706



<b>Note 3: LONG TERM BORROWINGS</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2014</b>	<b>31.03.2013</b>
<b>A. Secured:</b>			
1. Loans from Bank:			
Term Loans	<b>58,638,224</b>	22,000,000	
	<b>58,638,224</b>	22,000,000	
<b>B. Unsecured:</b>			
1. Unsecured Loans			
a. Inter Corporate Deposits	<b>40,066,376</b>	49,000,000	
b. Loan from Directors	<b>39,900,000</b>	33,000,000	
2. Deferred Payment Liabilities			
Sales tax deferment	<b>26,979,010</b>	26,979,010	
	<b>106,945,386</b>	108,979,010	
	<b>165,583,610</b>	130,979,010	

<b>Disclosures:</b>	
<b>a. Secured Loans</b>	
<b>The Company has borrowed two term loans from SBI. The terms and conditions are given below:</b>	
<b>a) Term Loan 1 from SBI:</b>	
<b>Particulars</b>	<b>Term Loan 1</b>
1 Period of maturity with reference to Balance Sheet date	2015-16
2 Number of Quarterly Instalments outstanding	8
3 Amount of each instalment	Four instalments of ₹ 2,000,000 each and Four instalments of ₹ 3,500,000 each
4 Rate of Interest	Base rate plus 7.10%
5 Overdue amount and period:	Nil
6 Security	
Term Loan from SBI is secured by first charge on Company's fixed assets financed out of the Term Loan, Collateral Security of Land & Buildings of the Company and by personal guarantee of Managing Director of the Company	
<b>b) Term Loan 2 from SBI:</b>	
<b>Term Loan 2</b>	
During the year, the Company has drawn loan of ₹ 4.8 crores as against the sanctioned limit of ₹ 6.75 crores from SBI for the purpose of expansion of production facilities in Unit III, Visakhapatnam. The terms and conditions of the loan are as given below:	
1 Period of maturity with reference to Balance Sheet date	2021-22*
* Repayment commences from October, 2014	
2 Total number of Quarterly Instalments	25
3 Amount of each instalment	₹ 2,700,000
4 Rate of Interest	Base rate plus 4.5%
5 Overdue amount and period:	Nil
6 Security	
The loan is secured by hypothecation of entire fixed assets(including civil structures) purchased out of the term loan, collateral security of Land & Buildings of the Company and by personal guarantee of the Managing Director of the Company.	



<b>b. Unsecured Loans</b>		
<b>a. Inter Corporate Deposits and Loans from Directors:</b>		
<b>Particulars</b>		
1	Period of maturity with reference to Balance Sheet date	within 5 years from 01.04.2013
2	Number of Instalments outstanding	Nil
3	Amount due for the Instalments	Nil
4	Rate of Interest	Interest free
5	Overdue amount and period:	Nil
<b>b. Sales Tax Deferment:</b>		
<p>The Company was sanctioned Interest Free Sales Tax Deferment of ₹ 34,585,650/- under target – 2000 Scheme by the Government of Andhra Pradesh vide final eligibility Certificate No.LR No.10/4/2001/0878/0878/ID dt.24-07-2001, for a period of 14 years starting from 20-03-1999 to 19-03-2013. The company has so far availed Sales Tax Deferment of ₹ 26,979,010/- up to 31-03-2013, which is shown as liability in the Balance Sheet. The repayment of 1<sup>st</sup> year availment will start from year 2016.</p>		

<b>Note 4: DEFERRED TAX LIABILITIES</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2014</b>	31.03.2013
1.	Deferred Tax Liability		
1.	On account of Timing differences in Depreciation of Fixed Assets	<b>249,552,640</b>	309,736,823
2.	Deferred Tax Assets		
1.	Gratuity/Leave Encashment	<b>1,122,571</b>	1,433,358
2.	Carried forward losses as computed under Income Tax Act	<b>326,687,356</b>	271,008,100
		<b>327,809,927</b>	272,441,458
		<b>(78,257,287)</b>	37,295,365
	Net Deferred Tax Liabilities / (Assets) thereon	<b>(25,390,577)</b>	12,100,481
	Less: Provided for in the previous year	<b>12,100,481</b>	56,077,709
	Deferred Tax Reversed	<b>(12,100,481)</b>	(43,977,228)
<b>Disclosures:</b>			
<p>The Company has provided for Deferred Tax in accordance with the Accounting Standard on Accounting for Taxes on income (AS-22) issued by the Institute of Chartered Accountants of India. As at the end of the year, the Company has substantial amount of carried forward losses under the Income Tax Act which resulted in Deferred Tax Asset. Hence, the Company has reversed the entire deferred tax liability in its books. However, as a matter of prudence, the Company has not recognised the remaining deferred tax asset. The details of deferred tax assets and liabilities of the Company as on the date of Balance Sheet are as given above.</p>			

<b>Note 5: OTHER LONG TERM LIABILITIES</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2014</b>	31.03.2013
	Deposits	<b>9,894,000</b>	--
		<b>9,894,000</b>	--

<b>Note 6: LONG TERM PROVISIONS</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2014</b>	31.03.2013
	Provision for Employee Benefits		
	Leave Encashment (Non funded)	<b>966,152</b>	1,129,053
		<b>966,152</b>	1,129,053



<b>Note 7: SHORT TERM BORROWINGS</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2014</b>	31.03.2013
<b>Secured:</b>			
Loans repayable on demand			
Working Capital Loan		<b>179,722,693</b>	188,758,546
		<b>179,722,693</b>	188,758,546
<b>Disclosures:</b>			
<b>Particulars</b>		<b>2013-14</b>	2012-13
1	Period of maturity with reference to Balance Sheet date	<b>Renewable every year</b>	Renewable every year
2	Number of Instalments due	<b>Nil</b>	Nil
3	Amount Outstanding	<b>179,722,693</b>	188,758,546
4	Rate of Interest	<b>Base Rate plus 5%</b>	Base Rate plus 5.5%
5	Overdue amount and period:	<b>Nil</b>	Nil
6	Security: Working Capital Loan from bank and interest accrued on the loan are secured by hypothecation of present and future raw materials, work in progress, finished goods, stores and spares and book debts of the Company and a first charge on the immovable properties and personal guarantee of the Managing Director of the Company.		

<b>Note 8: TRADE PAYABLES</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2014</b>	31.03.2013
Trade payables		<b>127,848,427</b>	122,909,814
		<b>127,848,427</b>	122,909,814
<b>Disclosures:</b>			
The Company has no information as to whether any of its vendors constitute a "Supplier" within the meaning of Section 2 (n) of the Micro, Small and Medium Enterprises Development Act, 2006 as no declarations were received under the said Act from them.			

<b>Note 9: OTHER CURRENT LIABILITIES</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2014</b>	31.03.2013
Current Maturities of Long Term Debt		<b>13,400,000</b>	8,000,000
Interest Accrued and Due on Borrowings		<b>478,228</b>	1,619,589
Advance against Sales		<b>3,603,963</b>	3,338,565
Unpaid Dividends		<b>810,323</b>	693,503
Unclaimed refund		<b>260</b>	260
Other Payables		<b>3,735,823</b>	1,250,054
		<b>22,028,597</b>	14,901,971

<b>Note 10: SHORT TERM PROVISIONS</b>		<b>(All figures in ₹)</b>	
		<b>31.03.2014</b>	31.03.2013
Provision for Employee Benefits		<b>156,419</b>	304,305
Others			
Provision for Dividend		--	10,182,506
Provision for Tax on Dividend		--	1,651,857
Provision for Income Tax (Net)		--	575,184
		<b>156,419</b>	12,713,852



<b>Note 11: FIXED ASSETS</b>										<b>(All figures in ₹)</b>	
<b>DESCRIPTION</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>		
	<b>Opening Block as on 01.04.2013</b>	<b>Additions during the year</b>	<b>Deduction during the year</b>	<b>Block as on 31-03-2014</b>	<b>Amount upto 31.03.2013</b>	<b>For the year 2013-14</b>	<b>Withdrawn during the year</b>	<b>Total upto 31-03-2014</b>	<b>Written down value as on 31-03-2014</b>	<b>Written down value as on 31-03-2013</b>	
<b>1. TANGIBLE ASSETS</b>											
Land	68,262,761	8,807,044	8,807,044	68,262,761	--	--	--	--	68,262,761	68,262,761	
Building	166,716,181	47,064,013	11,866,150	201,914,044	25,093,901	5,579,288	20,615	30,652,574	171,261,470	141,622,280	
Plant & machinery	351,191,419	31,428,441	700,000	381,919,860	104,177,098	18,038,418	267,854	121,947,662	259,972,198	247,014,321	
Pollution Control Equipment	10,019,683	--	--	10,019,683	5,733,230	523,379	--	6,256,609	3,763,074	4,286,454	
Vehicles	3,578,207	855,782	50,260	4,383,729	2,443,596	369,554	32,494	2,780,655	1,603,073	1,134,612	
Furniture & Fixture	2,327,659	1,315,485	--	3,643,144	1,144,103	132,148	--	1,276,252	2,366,893	1,183,557	
Lab Equipment	8,499,605	35,582	--	8,535,187	3,506,692	400,337	--	3,907,030	4,628,157	4,992,914	
Office Equipment	6,704,028	109,257	--	6,813,285	4,893,736	371,625	--	5,265,361	1,547,924	1,810,292	
Computers	5,456,178	134,259	--	5,590,437	2,012,465	514,822	--	2,527,288	3,063,149	3,443,713	
R& D Equipment	120,888,937	--	--	120,888,937	60,499,038	5,972,058	--	66,471,097	54,417,840	60,389,899	
R & D Lab Equipment	52,696,915	--	--	52,696,915	19,076,697	2,726,193	--	21,802,890	30,894,025	33,620,219	
Safety Equipment	3,772,530	--	--	3,772,530	1,497,578	199,190	--	1,696,767	2,075,762	2,274,953	
<b>Total</b>	<b>800,114,103</b>	<b>89,749,863</b>	<b>21,423,454</b>	<b>868,440,512</b>	<b>230,078,136</b>	<b>34,827,012</b>	<b>320,963</b>	<b>264,584,185</b>	<b>603,856,327</b>	<b>570,035,974</b>	
<b>2. INTANGIBLE ASSETS</b>											
Computer Software	--	7,055,508	--	7,055,508	--	352,775	--	352,775	6,702,733	--	
<b>3. CAPITAL WORK IN PROGRESS</b>	<b>29,068,435</b>	<b>58,231,063</b>	<b>87,299,498</b>	--	--	--	--	--	--	<b>29,068,435</b>	
<b>4. INTANGIBLE ASSETS UNDER DEVELOPMENT</b>											
Computer Software	5,800,317	1,255,191	7,055,508	--	--	--	--	--	--	5,800,317	
<b>Grand Total</b>	<b>834,982,855</b>	<b>156,291,625</b>	<b>115,778,460</b>	<b>875,496,020</b>	<b>230,078,136</b>	<b>35,179,787</b>	<b>320,963</b>	<b>264,936,960</b>	<b>610,559,059</b>	<b>604,904,726</b>	
Previous year Figures	812,669,550	22,987,226	673,922	834,982,854	195,425,229	34,808,665	155,759	230,078,135	604,904,726	617,244,321	

**Disclosure:**

In accordance with the Accounting Standard 16 - Borrowing Cost, issued by ICAI, an amount of interest on term loan of ₹ 734,820 has been capitalised with Plant & Machinery and ₹ 627,356 has been capitalised with Buildings.



<b>Note 12: LONG TERM LOANS &amp; ADVANCES</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2014</b>	31.03.2013	
<b>Unsecured, Considered Good:</b>			
Security Deposits	<b>4,715,411</b>	5,712,205	
MAT Credit Entitlement	<b>20,483,177</b>	20,483,177	
	<b>25,198,588</b>	26,195,382	

<b>Note 13: OTHER NON-CURRENT ASSETS</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2014</b>	31.03.2013	
Capital Advances			
Capital Advances to related party	<b>7,671,050</b>	--	
Capital Advances to others	<b>11,200,320</b>	--	
Margin Money Deposit in Banks	--	46,500	
Interest on Margin Money Deposit	--	5,097	
Employee Benefit Fund (Net)	<b>281,475</b>	--	
	<b>19,152,845</b>	51,597	

<b>Note 14: INVENTORIES</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2014</b>	31.03.2013	
<i>Valued at Cost or Realizable Value, whichever is lower (As Certified by Management)</i>			
Raw Materials	<b>35,833,011</b>	44,360,136	
Work-in-progress	<b>69,527,060</b>	100,173,833	
Finished Goods	<b>27,588,258</b>	529,283	
	<b>132,948,329</b>	145,063,252	

<b>Note 15: TRADE RECEIVABLES</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2014</b>	31.03.2013	
<b>Unsecured, Considered Good</b>			
Outstanding for a period exceeding six months	<b>22,234,755</b>	7,291,001	
Less: Provision for bad debts	<b>(1,502,500)</b>	--	
Other Receivables	<b>114,420,412</b>	129,940,811	
	<b>135,152,667</b>	137,231,812	

<b>Note 16: CASH AND CASH EQUIVALENTS</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2014</b>	31.03.2013	
a. <b>Balances with Banks</b>			
Current Accounts	<b>136,738</b>	162,958	
EEFC Account	<b>7,252,353</b>	1,984,213	
b. Cash on Hand	<b>231,883</b>	692,742	
c. <b>Other Bank Balances</b>			
Margin Money Deposit in Banks	<b>7,455,094</b>	8,643,000	
Unpaid Dividend Accounts	<b>810,323</b>	693,503	
Unclaimed Refund account	<b>260</b>	260	
	<b>15,886,651</b>	12,176,676	





<b>Note 17: SHORT TERM LOANS AND ADVANCES</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2014</b>	31.03.2013	
<i>Unsecured, Considered Good</i>			
Balances With Revenue Authorities	<b>58,686,962</b>	61,749,328	
Prepaid Expenses	<b>3,379,297</b>	5,188,468	
Prepaid Taxes (Net)	<b>795,222</b>	--	
Advances to Suppliers	<b>4,856,080</b>	5,208,515	
Other Advances	<b>913,439</b>	354,400	
	<b>68,631,000</b>	72,500,711	

<b>Note 18: OTHER CURRENT ASSETS</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2014</b>	31.03.2013	
Interest Receivable	<b>662,834</b>	382,386	
Income Tax Refund Receivable	<b>5,291,718</b>	5,291,718	
Unamortised Public Issue Expenses	--	6,599,233	
	<b>5,954,552</b>	12,273,337	

<b>Note 19: REVENUE FROM OPERATIONS</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2014</b>	31.03.2013	
1. Sale of Products	<b>698,516,910</b>	654,206,890	
Less: Excise Duty	<b>38,059,615</b>	34,997,502	
	<b>660,457,295</b>	619,209,388	

<b>Note 20: OTHER INCOME</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2014</b>	31.03.2013	
1. Interest			
a. Interest earned	<b>1,055,300</b>	455,320	
b. Other Interest	--	1,877,013	
2. Other Non-Operating Income			
a. Gain on Foreign Currency Translation and Transactions	<b>2,861,931</b>	3,215,620	
b. Miscellaneous Income	<b>353,660</b>	2,387,502	
c. Excess Provisions written back	<b>109,359</b>	--	
	<b>4,380,250</b>	7,935,455	

**Disclosure:**

Other Interest in the previous year represents interest income on Income Tax Refund received

<b>Note 21: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		<b>(All figures in ₹)</b>	
	<b>31.03.2014</b>	31.03.2013	
1. <b>Finished Goods</b>			
a. Opening Stock	<b>529,283</b>	--	
b. Closing Stock	<b>27,588,258</b>	529,283	
Decrease / (Increase)	<b>(27,058,975)</b>	(529,283)	
2. <b>Work in Progress</b>			
a. Opening Stock	<b>100,173,833</b>	81,844,784	
b. Closing Stock	<b>69,527,060</b>	100,173,833	
Decrease / (Increase)	<b>30,646,773</b>	(18,329,049)	
<b>Total Decrease / (Increase)</b>	<b>3,587,798</b>	(18,858,332)	



<b>Note 22: EMPLOYEE BENEFITS EXPENSE</b>		(All figures in ₹)
	<b>31.03.2014</b>	31.03.2013
Salaries & Wages	<b>52,705,323</b>	62,813,717
Contribution to Provident and Other Funds	<b>1,723,117</b>	1,765,329
Staff Welfare Expenses	<b>2,374,206</b>	3,442,042
	<b>56,802,646</b>	68,021,088

<b>Note 23: FINANCE COSTS</b>		(All figures in ₹)
	<b>31.03.2014</b>	31.03.2013
Interest Expense	<b>30,306,670</b>	30,435,894
Other Borrowing Costs	<b>1,554,300</b>	719,300
	<b>31,860,970</b>	31,155,194

<b>Note 24: OTHER EXPENSES</b>		(All figures in ₹)
	<b>31.03.2014</b>	31.03.2013
Consumption of Stores and Spares	<b>25,780,180</b>	22,119,333
Power & Fuel	<b>113,231,953</b>	98,831,560
Repairs to Buildings	<b>485,376</b>	1,038,087
Repairs to Machinery	<b>7,014,777</b>	9,078,501
Insurance	<b>2,505,345</b>	2,505,671
Production & Processing charges	<b>10,524,415</b>	6,125,636
Rates and Taxes	<b>2,281,373</b>	2,430,005
R & D	<b>10,428,139</b>	16,270,827
Freight on Sales	<b>20,865,735</b>	17,122,774
IPO Expenses Written off	<b>6,599,233</b>	6,599,336
Bad debts	<b>1,502,500</b>	--
Miscellaneous Expenditure	<b>23,462,252</b>	20,252,490
	<b>224,681,278</b>	202,374,220

<b>Note 25: EXCEPTIONAL ITEMS</b>		(All figures in ₹)
	<b>31.03.2014</b>	31.03.2013
Profit on sale of Asset	<b>(9,262,998)</b>	--
Customs duty on DTA clearances	<b>9,134,245</b>	--
	<b>(128,753)</b>	--

## 26. HISTORY:

Alkali Metals Limited which was established in 1968, at Hyderabad, Andhra Pradesh, India, as a closely held company, became a Public Listed company on 6<sup>th</sup>. November, 2008 being listed on BSE & NSE. Originally set up for manufacturing of Sodium Metal, the company subsequently diversified into manufacturing of Sodium derivatives, Pyridine derivatives, Fine Chemicals etc. The company is recognised as an “Export House” by DGFT and also recognised by Dept. of Science and Technology, New Delhi as an approved “In house R & D Facility”. The company has three manufacturing units, at Uppal, Dommara Pochampally and JNPC Visakhapatnam.



**27. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)**

**Contingent Liabilities**

**a. Claim against the company not acknowledged as debts - (All figures in ₹)**

	2013-14	2012-13
Income Tax	<b>3,905,446</b>	24,942,816

**b. Guarantees (All figures in ₹)**

	2013-14	2012-13
a) Bank guarantees	<b>372,550</b>	4,310,000
b) Letters of credit	<b>43,754,139</b>	52,400,043

28. The Department of Central Excise has raised a demand for an amount of ₹2,825,718/- in connection with DTA clearances by EOU. The Company has deposited the amount and made an appeal against the Demand before the Commissioner (Appeals) which is still pending.

**29. Unhedged foreign currency exposure at the year end: (All figures in ₹)**

	2013-14	2012-13
a) Trade receivables	<b>80,780,846</b>	80,949,044
b) Trade payables	<b>34,463,921</b>	37,950,950
c) Advances given	<b>7,671,050</b>	--

30. The Disclosures of Employee Benefits as required by Accounting Standard – 15 (Revised) “Employee Benefits”, are given below:

**i. Defined Contribution Plan**

Contributions to defined contribution plan recognized as expenses for the year are as under:

**(All figures in ₹)**

	2013-14	2012-13
Employer’s Contribution to PF	<b>1,418,548</b>	1,338,288
Employer’s Contribution to ESI	<b>304,569</b>	426,019

**ii. Defined Benefit Plan**

The Employees’ Gratuity Fund Scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit to build up the final obligation.



**Reconciliation of opening and closing balances of the present value of defined benefit obligation:**

(All figures in ₹)

	31-03-2014	31-03-2013	31-03-2014	31-03-2013
	Gratuity	Gratuity	Leave Enc.	Leave Enc.
	(Funded)	(Funded)	(Unfunded)	(Unfunded)
<b>1 Assumptions</b>				
Discount Rate	8%	8%	8%	8%
Salary Escalation	3%	3%	3%	3%
<b>2 Changes in the present value of obligation</b>				
Present value of obligations as at beginning of year	8,969,902	9,302,597	1,322,810	998,809
Interest cost	698,428	555,374	102,190	69,958
Current Service Cost	787,671	776,372	953,065	932,183
Benefits Paid	(479,111)	(4,720,845)	(90,880)	(248,671)
Actuarial (gain)/Loss on obligations	(901,389)	3,056,404	(1,164,614)	(429,469)
Present value of obligations as at end of year	9,075,501	8,969,902	1,122,571	1,322,810
<b>3 Changes in Fair Value of Plan Assets</b>				
Fair value of plan assets at beginning of year	8,859,354	12,469,652	--	--
Adjustment to opening balance	756,530	--	--	--
Expected return on plan assets	853,779	959,805	--	--
Contributions	220,203	1,110,547	90,880	248,671
Benefits paid	(479,111)	(4,720,845)	(90,880)	(248,671)
Actuarial Gain / (Loss) on Plan assets	(853,779)	(959,805)	--	--
Fair value of plan assets at the end of year	9,356,976	8,859,354	--	--
<b>4 Fair Value of Plan Assets</b>				
Fair value of plan assets at beginning of year	8,859,354	12,469,652	--	--
Adjustment to opening balance	756,530	--	--	--
Actual return on plan assets	--	--	--	--
Contributions	220,203	1,110,547	90,880	248,671
Benefits Paid	(479,111)	(4,720,845)	(90,880)	(248,671)
Fair value of plan assets at the end of year	9,356,976	8,859,354	--	--
Funded status	281,475	(110,548)	(1,122,571)	(1,322,810)
Excess of Actual over estimated return on plan assets	(853,779)	(959,805)	--	--
<b>5 Actuarial Gain/Loss recognized</b>				
Actuarial (gain)/Loss for the year –Obligation	(901,389)	3,056,404	(1,164,614)	(429,469)
Actuarial (gain)/Loss for the year - plan assets	853,779	959,805	--	--
Total (gain)/Loss for the year	(47,610)	4,016,209	(1,164,614)	(429,469)
Actuarial (gain)/Loss recognized in the year	(47,610)	4,016,209	(1,164,614)	(429,469)
<b>6 The amounts to be recognized in the balance sheet and statements of profit and loss account</b>				
Present value of obligations as at the end of year	9,075,501	8,969,902	1,122,571	1,322,810
Fair value of plan assets as at the end of the year	9,356,976	8,859,354	--	--
Funded status	281,475	(110,548)	(1,122,571)	(1,322,810)
Net asset/(liability) recognized in balance sheet	281,475	(110,548)	(1,122,571)	(1,322,810)
<b>7 Expenses Recognised in statement of Profit &amp; loss Account</b>				
Current Service cost	787,671	776,372	953,065	932,183
Interest Cost	698,428	555,374	102,190	69,958
Expected return on plan assets	(853,779)	(959,805)	--	--
Net Actuarial (gain)/Loss recognised in the year	(47,610)	4,016,209	(1,164,614)	(429,469)
Expenses recognised in statement of Profit & Loss Account	584,710	4,388,150	(109,359)	572,672



The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

**31. Earning Per Share****(All figures in ₹)**

	2013-14	2012-13
Profit/(loss) after Taxes and exceptional items	<b>(19,620,973)</b>	47,551,966
Total No. of Shares	<b>10,182,506</b>	10,182,506
Earning per share (Basic and Diluted)	<b>(1.93)</b>	4.67

**32. Segment Reporting**

As the Company is predominantly engaged in the manufacture and sale of chemicals where the risks and returns associated with the products are uniform, the Company has identified geographical segments based on location of customers as reportable segments in accordance with AS 17 issued by ICAI.

**a. Segment Revenue:**

Geographical Location	2013-14		2012-13	
	₹	%	₹	%
Domestic	<b>364,782,527</b>	<b>55.23</b>	305,348,215	49.31
External	<b>295,674,768</b>	<b>44.77</b>	313,861,173	50.69
<b>Total</b>	<b>660,457,295</b>	<b>100.00</b>	619,209,388	100.00

**b. Segment Assets (Trade Receivables):**

Geographical Location	2013-14		2012-13	
	₹	%	₹	%
Domestic	<b>54,371,821</b>	<b>40.23</b>	56,282,768	41.01
External	<b>80,780,846</b>	<b>59.77</b>	80,949,044	58.99
<b>Total</b>	<b>135,152,667</b>	<b>100.00</b>	137,231,812	100.00

**c. Other Disclosures:****(All figures in ₹)**

Geographical Location	Carrying Amount of Segment Assets		Additions to Fixed Assets	
	2013-14	2012-13	2013-14	2012-13
Unallocable Assets	<b>878,331,024</b>	873,165,681	<b>96,805,371</b>	22,987,226

Note: The Company has no assets outside India other than the External Trade Receivables.

All the assets, other than trade receivables, are shown as Unallocable Assets.

**33. RELATED PARTY TRANSACTIONS**

In accordance with accounting standard 18 the details of related party transactions are as follows:  
(All figures in ₹)

S. No.	Particulars of the Party	Nature of Relationship	Transaction	Transaction during the year 2013-14	Closing balance at the end of the year 2013-14
1	Sri Y.S.R. Venkata Rao	Managing Director	Remuneration	2,400,000 (2,100,000)	--
2	Sri Y.S.R. Venkata Rao	Managing Director	Unsecured Loan Received	6,900,000 (Nil)	39,900,000 (33,000,000)
3	CDC Industrial Infra Ltd.	Promoter Group Company	Unsecured Loan Received	42,165,000 (15,760,114)	40,066,376 (49,000,000)
			Unsecured Loan repaid	51,098,625 (43,050,114)	
4	CDC Infra (p) Ltd.	Promoter Group Company	Capital advance given for project work	33,194,675 (Nil)	7,671,050 (Nil)
			Capital Advance refunded	25,523,625 (Nil)	
5	Sri Y.S.R. Venkata Rao	Managing Director	Interest on Unsecured Loan	Nil (533,425)	--
6	CDC Industrial Infra Ltd.	Promoter Group Company	Interest on Unsecured Loan	Nil (792,055)	--

**34. Additional information pursuant to note 5 of Part II of Revised Schedule VI of the Companies Act, 1956:**

**A. TURNOVER**

(All figures in ₹)

Product	Turnover Value	Closing stock of Finished Goods Value
Sodium Metal Derivatives, Amino Pyridines, Fine Chemicals	659,828,653 (618,819,283)	27,588,258 (529,283)
Caustic Lye	628,642 (390,105)	--

(Figures in Brackets relate to previous year)

**B. WORK IN PROGRESS**

(All figures in ₹)

Product	Opening Stock	Closing Stock
Sodium Metal Derivatives, Amino Pyridines, Fine Chemicals	100,173,833 (81,844,784)	69,527,060 (100,173,833)

(Figures in Brackets relate to previous year)



**C. CONSUMPTION**

(All figures in ₹)

	2013-14	2012-13
1) Chemicals	274,548,732	232,762,259
2) Gases (MT)	28,238,655	24,101,396
Gases (CYL)	18,870,199	8,142,507
3) Oils & solvents (KL)	6,639,600	22,975,711
Oils & solvents (MT)	16,245,532	17,750,488
<b>Total</b>	<b>344,542,718</b>	<b>305,732,361</b>

**D. BREAK UP OF CONSUMPTION OF RAW MATERIALS**

	2013-14 Value ₹	2013-14 %	2012-13 Value ₹	2012-13 %
Indigenous	144,534,347	41.95	120,893,552	39.54
Imported	200,008,371	58.05	184,838,809	60.46
<b>Total</b>	<b>344,542,718</b>	<b>100.00</b>	<b>305,732,361</b>	<b>100.00</b>

**E. FOREIGN EXCHANGE TRANSACTIONS**

(All figures in ₹)

	2013-14	2012-13
<b>a) C.I.F value of Imports</b>		
Raw Materials	184,320,406	187,828,986
<b>b) Expenditure in Foreign currency</b>		
i) Travelling	214,050	176,469
ii) Professional Charges	684,851	--
iii) Others	1,337,678	1,662,572
<b>c) Earnings in Foreign Currency</b>		
F.O.B Value of Exports	278,351,063	298,799,265

**35. Remuneration to Auditor (excluding service tax):**

(All figures in ₹)

	Particulars	2013-14	2012-13
1	Auditor	300,000	300,000
2	For Taxation Matters	180,000	85,000
3	For Other Services	99,000	40,000

36. Figures of the previous year have been regrouped / rearranged / reclassified wherever considered necessary to conform to the classification of the current year.

As per our Report attached  
for C K S Associates  
Chartered Accountants (FRN 007390S)

For and on Behalf of Board of Directors

Sd/-  
P. GANAPATI RAO  
PARTNER  
M.No.: 24113

Sd/-  
DEEPAK TIBREWAL  
COMPANY SECRETARY  
M.No.: A28751

Sd/-  
DR. J.S. YADAV  
CHAIRMAN  
DIN: 02014136

Sd/-  
Y.S.R.VENKATA RAO  
MANAGING DIRECTOR  
DIN: 00345524

Place: Hyderabad  
Dated: 19.04.2014



ALKALI METALS LIMITED
CIN: L27109TG1968PLC001196
B-5, BLOCK III, IDA, UPPAL, HYDERABAD – 500 039
ATTENDANCE SLIP
ANNUAL GENERAL MEETING- 21/08/2014 – 11.00 AM

Table with 3 columns: DP. Id, Client Id/ Folio No., No. of Shares, and Name & Address Of The Registered Shareholder /Proxy.

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

I hereby record my presence at the 46th ANNUAL GENERAL MEETING of the Company at Hotel Greenpark, Ameerpet, Hyderabad – 500 016 on 21/08/2014 at 11.00 A.M

Member's/Proxy's Signature

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

Form No. MGT-11
PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L27109TG1968PLC001196
Name of the Company : ALKALI METALS LIMITED
Registered Office : PLOT NO.5, BLOCK III, IDA, UPPAL, Hyderabad – 500 039

Form fields for member details: Name of the member (s), Registered address, E-mail Id, Folio No/ Client Id, DP ID.

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

Table for appointing proxy, with columns for Name, Address, E-mail Id, and Signature for up to three members.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 46th Annual General Meeting of the Company, to be held on Thursday, 21st August, 2014 at 11:00 a.m. at the Hotel Green Park, Ameerpet, Hyderabad-500 016, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

Table for listing resolutions, numbered 1 through 8.

Signed this ..... day of ..... 2014.

Signature of shareholder :

Signature of Proxy holder(s) :

Affix ₹ 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.



Regd. POST

**An  
ISO 9001, 14001  
Company &  
Export House**

**BUREAU VERITAS  
Certification**



If undelivered, please return to



**Alkali Metals Ltd.,**

B-5, Block-III, IDA, Uppal,  
Hyderabad - 500 039. INDIA  
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Fax : ++91-40-27201454  
e-mail : [alkalimetals@alkalimetals.com](mailto:alkalimetals@alkalimetals.com)  
website : [www.alkalimetals.com](http://www.alkalimetals.com)