



ALKALI METALS LIMITED

AN ISO 9001 & 14001 COMPANY AND EXPORT HOUSE



ANNUAL REPORT

2011-12



BOARD OF DIRECTORS

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

BANKERS

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

AUDITORS

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

REGISTERED OFFICE & FACTORIES

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

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

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

REGISTRARS AND SHARE TRANSFER AGENTS

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 44th Annual General Meeting of M/s. Alkali Metals Limited will be held on Monday the 30th July of 2012 at 11.00AM at Hotel Green Park, Ameerpet, Hyderabad-500 016 to transact the following business:

ORDINARY BUSINESS

- 1) To receive consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date and the reports of the Directors, Auditors thereon.
- 2) To declare dividend on equity shares of ₹ 10/-each for the year ended 31st March 2012.
- 3) To elect a Director in place of Smt Y. Lalithya Poorna who retires by rotation and being eligible offers herself for re-appointment.
- 3) To elect a Director in place of Dr. J.S. Yadav who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint M/s. C K S Associates, Chartered Accountants, Hyderabad as Statutory Auditors of the Company and to pass the following as an ordinary resolution:

“Resolved that M/s. C K S Associates, Chartered Accountants, Hyderabad (Peer Review Certificate No.004353) be and are hereby appointed as Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration as may be fixed by Board”

By order of the Board of Directors

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

Place: Hyderabad

Date: 21.05.2012

**Notes**

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and a proxy need not be a member.
- 2) The instrument appointing a proxy, to be effective, must reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3) The Register of members and transfer books of the company will remain closed from Friday the 27th July 2012 to Monday the 30th July 2012 both days inclusive.
- 4) The dividend for the year ended 31st March 2012 as recommended by the Board, if approved at the meeting will be paid to those members whose names appear in the Company's register of members after effecting valid transfers received up to the close of business hours on 26th July 2012. In respect of shares held in electronic form the dividend will be payable on the basis of beneficial ownership as per the details provided as at the close of business hours on 26th July 2012 by NSDL and CDSL for this purpose.
- 5) Members, who hold shares in electronic /demat form are requested to furnish the change of address, details of their bank accounts, viz, name of the bank, full address of the branch, account no. etc., to their respective Depository Participants and who hold shares in physical form to the company's Registrars and Transfer Agents M/s. Cameo Corporate Services Limited, Subramanian Building, No.1, Club House Road, Chennai – 600 002 so as to enable the Company to incorporate the bank details on the dividend warrants.
- 6) Members seeking information or clarification on the Accounts are requested to send their queries in writing to the company one week before the date of AGM, to enable the management to prepare with replies.
- 7) Members holding shares in identical order of names in more than one folio are requested to write to the company's Registrars & Transfer Agents enclosing their share certificates to enable consolidation of their share holdings in one folio.
- 8) Share holders who have not claimed their dividend for the years 2008-09, 2009-10, 2010-11 and IPO Refund are requested to claim the same.
- 9) The brief profile of the directors being appointed, retiring and re-appointing are furnished elsewhere in the Annual Report.

By order of the Board of Directors

Sd/-

Y.S.R. VENKATA RAO
MANAGING DIRECTOR

Place: Hyderabad
Date: 21.05.2012

**DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2012.**

To
The Share Holders,
ALKALI METALS LIMITED

Dear Members,

Your Directors are pleased to submit the 44th Annual Report and Audited Accounts of the Company for the financial year ended 31st March 2012:

Financial Results

The performance of the company for the financial year ended 31st March 2012 is summarized as below: **(All figures in ₹)**

	2011-12	2010-11
Net Turnover	592,542,156	656,026,855
Profit/(Loss) before finance charges, depreciation and taxation	(61,159,486)	80,763,135
Less : Finance Charges	38,549,948	24,924,536
Depreciation and Amortization expense	31,264,705	26,117,538
Profit/(Loss) before tax	(130,974,139)	29,721,061
Less : Current Year's tax	--	6,400,000
Previous Years	8,247,227	--
MAT Credit Entitlement	--	(19,737,813)
Deferred tax (AS22)	24,234,253	11,871,434
Profit/(Loss) After tax	(163,455,619)	31,187,440
Add: Balance Brought forward	227,821,632	223,290,746
Dividend on equity shares	10,182,506	20,365,012
Tax on Dividend	1,651,857	3,319,436
Transfer to general reserve	--	2,972,106
Balance surplus carried to Balance Sheet	52,531,650	227,821,632

Performance

During the year the company's Gross Sales has been ₹ 621 Million as compared to ₹ 678 Million in 2010-11. In spite of low industrial growth in India and global Economy slowdown, your company could achieve the maximum of projected sales turnover during the year. However, due to increase of Raw material prices and other overheads, there is a loss of ₹ 163 Million during the year as compared to the Net profit of ₹ 31 Million in the previous financial year.

Your Directors are taking all steps to reduce the costs and improve the margins to the extent possible. Due to commercialization of two new products and cost reduction, your Directors are confident to improve the profitability in the coming years.

**Dividend on Equity Shares**

Keeping in view of the Dividend track record of your company, your Directors are pleased to recommend dividend at ₹ 1/-per share on the paid-up equity capital of ₹ 10/- subject to necessary approvals. The aggregate dividend payout for the year 2011-12 amounts to ₹ 11,834,363/- including Dividend Tax.

Future

Due to commercialization of new products during the year and implementation of new market strategies, your Company expects a reasonable growth in the sales in the current financial year. Besides, the Industrial growth in India is poised for 9% per annum during the current financial year because of which your company expects higher demand for its products. Further, the Global economy is also on the road of recovery which may contribute the increased demand for company's Exports.

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 have been paid for the current year.

Research & Development:

Your company has spent ₹ 20.16 Million during the financial year 2011-12 for achieving the objectives of new process development, technology development for the commercial production of pharma intermediates and agro based products. During the year, some projects started in earlier years have been successfully completed and the remaining projects are in different stages of completion. Your company is putting continuous efforts to increase the cost efficiency through optimum material consumptions by improving the processes.

During the year, your company commercialized two new products which have been accepted by the customers and sizeable orders are expected for these products in the coming future.

Utilization of IPO Funds

All the Stakeholders are aware that the Company has collected ₹ 262.65 Million through IPO process during October 2008 and stipulated ₹ 387.37 Million for setting up of API plant at JN Pharma City, Visakhapatnam and so far spent ₹ 297.18 Million.

Directors

As per Articles and in accordance with the provisions of the Act, Smt. Y. Lalithya Poorna and Dr. J.S. Yadav retire at the 44th AGM and are being eligible offer themselves for re-appointment.

The brief particulars of all retiring Directors as well as newly elected Director are furnished in the Corporate Governance Report.

Auditors

M/s. C K S Associates, Statutory Auditors retire at the ensuing Annual General Meeting and being eligible, offer themselves for appointment. The Board noted the Auditors Report and also letter received from them as per 224(1B) of the Companies Act 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act.

**Directors Responsibility Statement**

Directors confirm that in the preparation of Annual Accounts for the year ended 31st March 2012:

- 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 to all safety of all the personnel and mitigation of damage to equipment in all the plants. A thorough review of all the safety measures in all the plants is undertaken in consultation with risk management specialists and certain proactive actions taken to avoid accidents. Safety drills are conducted at regular intervals to train the workers and the employees to meet the exigencies of the accidents.

Environment

Members are aware that your Company has been accorded ISO 9001 and ISO 14001 reflecting its commitment to environment protection. Further, extensive plantation and maintenance of trees around manufacturing plants is undertaken for green belt development.

**Particulars under 217(2A)**

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended is furnished here under.

Name	Qualification	Date of joining	Designation	Previous employer	Experience	Age	Remuneration / commission
Sri. Y.S.R. Venkata Rao	B.E.(Mech) F.I.E.	01.07.1991	Managing Director	---	39 years	61	₹ 1.73 Million p.a.

Industrial Relations:

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

Acknowledgements:

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

By order of the Board of Directors

Sd/-

Y.S.R. VENKATA RAO
MANAGING DIRECTOR

Sd/-

DR. J.S. YADAV
CHAIRMAN

Date: 21.05.2012

Place: Hyderabad



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 measures taken by the company for conserving the energy particularly installation of Hydrogen generation plant using Ammonia 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

		2011-12	2010-11
A.	Power and Fuel Consumption		
	Electricity		
	(i) Purchased		
	Total Units (KWH)	5,123,700	5,751,680
	Total Amount (₹)	24,331,597	25,948,058
	Rate per Unit in (₹)	4.75	4.51
	(ii) Own generation (Diesel generator)		
	Units generated	579,942	265,485
	Units per litre of Fuel oil/gas	2.91	3.36
	H.S.D		
	Quantity (Ltr)	263,147	78,955
	Total Amount (₹)	10,688,919	4,765,466
	L.D.O., H.C.O & L.C.O		
	Quantity (KL)	1,292	2,047
	Total Amount (₹)	46,981,923	61,835,976
B.	Consumption per unit of production		
	Units produced (MT)	1,563.98	1,968.61
	Electricity consumption per MT (KWH)	3,646.88	3,056.56
	L.D.O. & H.C.O. consumed per MT (KL)	1.21	1.04



**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 syntheses to drug intermediates, agro based products etc., and also supply technical data for use in the process of technical evaluations. Further, its role is to design practical, efficient, scalable, environmentally responsible and economically viable avenues to chemical substances for implementation in manufacturing.

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

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

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

2. Details of technology imported during the past 5 years

- | | | |
|--|---|--|
| <ol style="list-style-type: none"> a. Technology imported b. Year of import c. Has technology been fully absorbed? d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. | } | No technology has been imported during the past 5 years. |
|--|---|--|

C. Foreign Exchange Earnings and outgo

(All figures in ₹)

	2011-12	2010-11
Earnings	175,445,998	269,300,441
Outgo	158,004,148	281,673,531
Raw Materials	158,004,148	180,073,588
Trading Goods	--	97,167,851
Equipment	--	1,725,272
Foreign currency exp.	4,929,652	2,706,820
Net Foreign exchange earnings	17,441,850	(12,373,090)

For and on behalf of Board of Directors

Sd/-

Sd/-

Place: Hyderabad
Date: 21.05.2012

Y.S.R. VENKATA RAO
MANAGING DIRECTOR

Dr. J.S. YADAV
CHAIRMAN

**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 2011-12, the Company achieved a turnover of ₹ 592 Million compared to the turnover of ₹ 656 Million during 2010-11 i.e., around 10% decrease in sales compared to the previous year. Net Loss during the year 2011-12 is ₹ 163.45 Million compared to Net Profit of ₹ 31.19 Million achieved during 2010-11. This is because of slowdown in the Industrial Growth and increase of cost of raw materials and overheads & increased interest rates. The situation is expected to improve in the current year in view of commercialization of new products, increase in selling prices, increasing trend in order book position and new R&D products. The company also initiated various cost cutting measures like strict control on employing contract labor etc.

THREATS:

The slowdown of Industrial Growth in India is causing main threat to the Industry. However, Indian Government has given positive indication to the Industries about the changeover of the prevailing situation and expects 9% growth in the coming future.

Further, the Economic slump in the European countries is also causing anxiety in the Industrial circles which may affect the Exports in the future.

OUTLOOK:

The Indian pharmaceuticals market looks poised to grow to \$55 billion in 2020.

Metro and Tier-1 markets, which have been growing at 14-15 per cent in the last five years, will drive growth in the industry. They account for 60 per cent of the Indian pharmaceuticals market today and look set to continue growing to a market size of \$33 billion by 2020. This will be the result of rapid urbanisation and the expansion of medical infrastructure. Rural markets, on the other hand, will constitute 25 percent by 2020, up from 20 percent currently, while Tier-2 markets will decline from the present share of 20 percent to 15 percent.

Since major portfolio of the company's products consists of Drug intermediates, the company expects reasonable growth in the business volume in the future.

PRODUCT PERFORMANCE:

Global scenario for sodium derivatives, cyclic compounds and fine chemicals appears to be bright. The Company's products are well established in the market for the past 44 years. The customer's satisfaction and quality products supply are the key factors for the continued support from customers within the country and abroad.

With strong new business visibility and our ability to expand existing relationships, we remain confident that we will continue to drive growth, achieve our strategic corporate objectives and emerge stronger in our journey towards global leadership. We also plan to have our marketing offices in all key metro cities within India as well as abroad.

**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

	2011-12 ₹ in Million	2010-11 ₹ in Million
Net Sales	592.54	656.03
Other income	18.44	3.93
Total income	610.98	659.96
Total expenditure	672.14	579.20
Operating profit/(Loss)	(61.16)	80.76
Finance charges	38.55	24.92
Gross profit before depreciation and taxes	(99.71)	55.84
Depreciation	31.26	26.12
Profit/(Loss) before tax	(130.97)	29.72
Provision for income tax & Prev. Yr. taxes	8.25	(13.34)
Deferred Tax (AS 22)	24.23	11.87
Profit/(Loss) after tax	(163.45)	31.19

The book value per share stands at ₹ 49.40 as on 31.03.2012 (₹ 65.45 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:

The company believes that Corporate Governance is a systematic process of combination of corporate policies with corporate practices in line with regulatory Compliances, for controlling and managing the organization in the most effective way.

Good corporate governance, the Company Strongly believes, ensures transparency, full disclosure, greater accountability, supervision and internal controls, risk management, internal and external communications and high standards of safety, health, environment, accounting fidelity, product and service quality, fairness to all stakeholders etc. Towards this, the Company continues to focus its energies and resources in order to enhance the trust of all its stakeholders. The company follows the best practices of Corporate Governance and reporting system.

BOARD OF DIRECTORS:

The Board of Directors Guides, Directs and oversees the management and protects the interest of Customers, Shareholders, Employees, Stakeholders and Society at large. 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 six Directors of which four are independent Directors and One 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 (01-04-2011 to 31-03-2012) the Board met four times i.e., on 23.05.2011, 30.07.2011, 11.11.2011 and 06.02.2012. 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 30/07/2011
					Chairman	Member	
(1)	(2)	(3)	(4)	(5)			(7)
01.	Dr. J.S. Yadav	Chairman & Independent Director	4	--	--	--	Yes
02.	Sri. Ch.S. Prasad	Independent Director	4	--	--	--	Yes
03.	Sri. P.C. Patnaik	Independent Director	4	--	--	--	Yes
04.	Sri. G. Jayaraman	Independent Director	3	--	--	--	Yes
05.	Sri. R.C. Sohni	Independent Director	1	--	--	--	No
06	Sri. Y.S.R. Venkata Rao	Managing Director	4	--	--	--	Yes
07.	Smt. Y. Lalithya Poorna	Non-Ind & Non-Exe. Director	Nil	--	--	--	No

- Sri. R.C.Sohni passed away on 13.07.2011
- Private Limited and Un-listed Public Limited & Section 25 companies are excluded.
- The Non-Executive Directors are paid sitting fees of ₹ 5,000/- for attending each meeting of Board of Directors and ₹ 2,000/- 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 RETIRING AND SEEKING RE-APPOINTMENT AND ELECTION

Smt. Y. Lalithya Poorna

She is B.Tech. (Chemical Technology) and MS (Food Technology & Statistics) from USA. Her expertise knowledge will be of immense benefit to the company.

Dr. J.S. Yadav

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 is a director of the Indian Institute of Chemical Technology (IICT), Hyderabad since 2003. He is associated with the company since 2008.

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. The other member Sri. R.C.Sohni passed away on 13th July 2011. During the period 01-04-2011 to 31-03-2012, the committee met four times and the time gap between one meeting 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 and one Promoter non-Executive Director. 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	3
02.	Sri. Ch. S. Prasad	Independent Director	4
03.	Sri. P.C. Patnaik	Independent Director	4
04.	Sri. R.C. Sohni	Independent Director	1*

(*Ceased w.e.f. 13.07.2011)

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 & attendance of the Remuneration Committee is as follows.

S.No.	Name of the Member	Category	Attendance of the remuneration committee meetings held on 23.05.2011
01.	Sri. Ch.S. Prasad	Independent Director	Yes
02.	Sri. G. Jayaraman	Independent Director	Yes
03.	Sri. P.C. Patnaik	Independent Director	Yes

**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
1	Dr. J.S.Yadav	--	--	20,000	--	20,000
2	Sri. Ch. S. Prasad	--	--	20,000	8,000	28,000
3	Sri. P.C. Patnaik	--	--	20,000	8,000	28,000
4	Sri. G. Jayaraman	--	--	15,000	6,000	21,000
5	Sri. R. C. Sohni	--	--	5,000	2,000	7,000
6	Sri. Y.S.R. Venkata Rao	--	1,732,006	--	--	1,732,006
7	Smt. Y. Lalithya Poorna	--	--	--	--	--

Investors Grievances Committee:

This committee is responsible for redressal of Investors Grievances. The grievances of share holders relating to non receipt of dividends, non receipt of Annual Reports are being referred to this committee. The constitution of Investors Grievances committee is as follows.

S.No.	Name of the Member	Category	Attendance of the Investors Grievances committee meetings held on 06.02.2012
01	Sri. G. Jayaraman	Independent Director	Yes
02	Sri. Ch. S. Prasad	Independent Director	Yes
03	Sri. P.C. Patnaik	Independent Director	Yes
04	Sri Y.S.R. Venkata Rao	Managing Director	Yes

- 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 share holders Complaints received during the year ended 31st March 2012 : 36
- iii) Number of complaints resolved to the satisfaction of share holders : 33
- iv) No. of complaints pending : 3

**General Body Meetings**

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

Year	Location	Date	Time
2008-09	Hotel Green Park, Ameerpet, Hyderabad – 500 016.	30 th May 2009	04.00 PM
2009-10	Hotel Green Park, Ameerpet, Hyderabad – 500 016.	30 th July 2010	10.00 AM
2010-11	Hotel Green Park, Ameerpet, Hyderabad – 500 016.	30 th July 2011	10.00 AM

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

Proceeds & Utilization of IPO Proceeds

Proceeds of IPO are furnished in the directors report which forms part of this report.

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. CKS 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. The Register of Contracts containing transactions in which Directors are interested is placed before the Board regularly. 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 behavior, 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 direct 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 news papers in English version circulating substantially in the whole of India and in Telugu (being the Regional language) where the registered office is situated. The results are also placed on company's website i.e., www.alkalimetals.com to access first hand information about the financial information of the company. 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 : 30-07-2012
Time : 11.00 AM
Venue : Hotel Green Park, Ameerpet, Hyderabad – 500 016

ii) Financial Calendar

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



- iii) **Date of Book Closure** : 27.07.2012 to 30.07.2012
(Both days inclusive)
- iv) **Dividend on equity shares payment date** : within 30 days of declaration.
- 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	67.95	48.20	59.90	70.70	48.25	59.40
May	61.60	48.50	50.70	62.00	48.95	50.80
June	62.75	48.15	51.05	62.50	49.25	51.30
July	58.70	50.60	50.95	60.45	50.50	51.00
August	60.50	35.45	40.10	52.40	36.45	40.10
September	44.90	37.75	38.05	43.90	37.60	37.80
October	41.20	37.05	39.55	42.00	37.20	39.45
November	48.00	30.15	31.85	48.70	30.15	32.00
December	37.65	27.50	28.55	37.40	27.40	28.75
January	38.00	28.00	35.45	38.00	28.10	35.90
February	46.30	32.50	35.35	46.70	33.50	36.00
March	36.40	28.25	29.70	36.95	28.15	29.80

- 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. No Remat is done during the year under report from Registrars.

**Xi) Distribution of share holding as on 31st March 2012**

HOLDING	NUMBER	% OF TOTAL	SHARES	% OF TOTAL
between 10 and 5,000	13,936	93.16	1,428,439	14.03
between 5,001 and 10,000	610	4.08	471,207	4.63
between 10,001 and 20,000	236	1.58	343,947	3.38
between 20,001 and 30,000	71	0.47	179,280	1.76
between 30,001 and 40,000	35	0.23	122,049	1.20
between 40,001 and 50,000	15	0.10	69,245	0.68
between 50,001 and 100,000	36	0.24	258,629	2.54
between 100,001 and Above	21	0.14	7,309,710	71.78
Total	14,960	100.00	10,182,506	100.00

Xii) Categories of share holding as on 31st March 2012

Category	No. of shares held	% of holdings
Indian Promoters including persons acting in concert	7,100,842	69.74
Bodies corporate (including clearing members)	498,236	4.89
Resident Indians	2,426,932	23.83
Non-Resident Indians	67,841	0.67
Hindu undivided families	88,655	0.87
Total	10,182,506	100.00

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 31st March 2012.

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

Place: Hyderabad
Date: 21.05.2012

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 31st March 2012 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)
Sd/-
P. GANAPATHI RAO
Partner
M.No. 24113

Place: Hyderabad
Date: 21.05.2012



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 31st March 2012 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: 21.05.2012

Sd/-
Y.S.R.VENKATA RAO
Managing Director

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

**AUDITORS' REPORT****To****The Members of ALKALI METALS LIMITED**

1. We have audited the attached Balance sheet of **ALKALI METALS LIMITED** as at March 31, 2012 and also the Statement of Profit and Loss and Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on the test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, 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 the 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 dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representation received from the directors as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
 1. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012 and
 2. in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date.
 3. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Sd/-
P. GANAPATAI RAO
Partner
M.No.24113

Place: Hyderabad
Date: 21.05.2012

**ANNEXURE TO THE AUDITORS' REPORT****(Referred to in Paragraph 3 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 during the year.
- 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 During the year under review, the Company has taken unsecured loans amounting to ₹ 109,290,000 from two parties covered in the register maintained under section 301 of the Companies Act, 1956. 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 interests of the Company. As the repayment of these loans has not commenced, reporting on regularity of repayment of principal and interest is not applicable.
- 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 transactions 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 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, employees 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, 2012, for a period of more than six months from the date they became payable, except the following:

As per the records of the company, the dues of income tax which have not been deposited on account of disputes are as below:

Name of the Statute	Nature of the dues	Amount in ₹	Period to which the amount relates	Forum where appeal is preferred.
Income tax Act	Income tax & Interest	3,905,446	A.Y. 2003-04	ITAT, Hyd. Partial Relief given by ITAT. Consequential Order to be received
Income tax Act	Penalty u/s 271 (1) (c)	950,000	A.Y. 1999-2000	Commissioner (Appeals)–II, Hyd.

- 10 The Company has no accumulated losses as at the end of the year. The company has incurred cash losses of ₹ 125,591,578 during the financial year covered by our audit but no such cash losses were incurred in 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 (Auditors' 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 (Auditors' 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 long term loans taken during the year were spent for the purpose for which the loans are 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 parties and companies covered in the register maintained under section 301 of the Act, during the year 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. GANAPATAI RAO
Partner
M.No.24113

Place:Hyderabad
Date:21.05.2012

**BALANCE SHEET**

BALANCE SHEET AS AT 31.03.2012		(All figures in ₹)	
	Note No.	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
I EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	1	101,825,060	101,825,060
b. Reserves and Surplus	2	389,362,103	564,652,085
		491,187,163	666,477,145
2. NON-CURRENT LIABILITIES			
a. Long Term Borrowings	3	163,189,291	36,252,107
b. Deferred Tax Liabilities (Net)	4	56,077,709	31,843,456
c. Long Term Provisions	5	10,164,595	11,191,146
		229,431,595	79,286,709
3. CURRENT LIABILITIES			
a. Short Term Borrowings	6	164,337,590	303,687,101
b. Trade Payables	7	100,510,059	56,145,130
c. Other Current Liabilities	8	41,080,021	36,147,248
d. Short Term Provisions	9	58,047,875	43,931,812
		363,975,545	439,911,291
TOTAL		1,084,594,303	1,185,675,145
II. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed Assets	10		
i. Tangible Assets		604,725,236	485,699,607
ii. Capital Work-in-progress		7,821,769	93,477,814
iii. Intangible Assets Under Development		4,697,317	--
b. Long Term Loans and Advances	11	32,490,023	32,923,718
c. Other Non-Current Assets	12	19,141,665	26,811,954
		668,876,010	638,913,093
2. CURRENT ASSETS			
a. Current Investments	13	--	16,879,696
b. Inventories	14	125,115,318	255,735,676
c. Trade Receivables	15	113,530,088	112,421,114
d. Cash and Cash Equivalents	16	10,112,784	17,697,556
e. Short Term Loans and Advances	17	99,163,487	137,266,668
f. Other Current Assets	18	67,796,616	6,761,342
		415,718,293	546,762,052
TOTAL		1,084,594,303	1,185,675,145

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. GANAPATHI RAO
PARTNER
M.No. 24113
Place: Hyderabad
Dated: 21.05.2012

Sd/-
DEEPAK TIBREWAL
COMPANY SECRETARY

Sd/-
DR. J.S. YADAV
CHAIRMAN

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

**PROFIT AND LOSS ACCOUNT**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2012		(All figures in ₹)	
	Note No.	31.03.2012	31.03.2011
REVENUE			
1. Revenue from Operations		592,542,156	656,026,855
2. Other Income	20	18,444,135	3,932,531
3. Total Revenue		610,986,291	659,959,386
EXPENSES			
a. Cost of Materials Consumed		277,389,541	305,800,943
b. Purchases of Stock-in-Trade		--	110,897,842
b. Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	21	115,653,619	(127,192,097)
c. Employee Benefit Expense	22	72,429,671	69,724,843
d. Finance Costs	23	38,549,948	24,924,536
e. Depreciation		31,264,705	26,117,538
f. Other Expenses	24	206,672,946	219,964,720
4. Total Expenses		741,960,430	630,238,325
5. Profit / (Loss) for the year before taxes		(130,974,139)	29,721,061
6. Tax Expense			
a. Current Tax (MAT)		--	6,400,000
Less: MAT Credit Entitlement		--	(19,737,813)
Net Current Tax		--	(13,337,813)
Tax Pertaining to Earlier Years		8,247,227	--
b. Deferred Tax	4	24,234,253	11,871,434
		32,481,480	(1,466,379)
7. Profit / (Loss) after taxes for the year		(163,455,619)	31,187,440
8. Earnings Per Share			
Face Value ₹ 10/- per share			
i. Basic		(16.05)	3.06
ii. Diluted		(16.05)	3.06

Refer accompanying Notes to Financial StatementsAs per our Report attached
for C K S Associates

Chartered Accountants (FRN 007390S)

For and on Behalf of Board of Directors

Sd/-
P. GANAPATHI RAO
PARTNER
M.No. 24113Sd/-
DEEPAK TIBREWAL
COMPANY SECRETARYSd/-
DR. J.S. YADAV
CHAIRMANSd/-
Y.S.R.VENKATA RAO
MANAGING DIRECTORPlace: Hyderabad
Dated: 21.05.2012



CASH FLOW STATEMENT

(All figures in ₹)

	2011-12		2010-11	
A. Cash flow from Operating activities				
1. Net Profit/(Loss) before Tax and extraordinary items		(130,974,139)		29,721,061
2. Adjustments for				
Depreciation	31,264,705		25,578,053	
Interest expense	38,549,948		24,924,536	
Interest income & other receipts	(18,444,135)		(1,296,353)	
Extra-Ordinary item (Public issue expenses written off)	6,599,336		6,599,324	
Dividend income	--		--	
		57,969,854		55,805,560
3. Operating Profit before working capital changes (1+2)		(73,004,285)		85,526,621
4. Adjustments for				
Increase/(Decrease) in Share Capital	--		--	
Increase/(Decrease) in Share Premium	--		--	
Increase/(Decrease) in IFST Loan	2,642,492		2,242,800	
Increase/(Decrease) in Trade payable & other liabilities	74,787,108		(24,134,186)	
Increase/(Decrease) Advance from Customers	--		--	
(Increase)/decrease in inventories	130,620,358		(145,530,126)	
(Increase)/Decrease in Trade and other receivables	(22,536,419)	185,513,539	(28,599,304)	(196,020,816)
5. Cash generated from operations (3-4)		112,509,254		(110,494,195)
6. Direct taxes paid		(32,481,480)		1,466,379
7. Net cash from Operating activities (5-6)		80,027,774		(109,027,816)
B. Cash flow from investing activities				
Purchase of fixed assets/capital work in progress	(69,816,413)		(115,185,692)	
Sale of fixed assets	513,629		--	
Increase of investments	--		--	
Decrease of investments	16,879,696		75,000,000	
Interest income & other receipts	18,444,135		1,296,353	
Dividend income	--		--	
Cash flow before Extraordinary Items	(33,978,953)		(38,889,339)	
Extra-Ordinary item (Public issue expenses)	--		--	
Loss on sale of Assets	(28,826)		--	
8. Net cash used in Investing activities		(34,007,779)		(38,889,339)
C. Cash flow from Financing activities				
Proceeds from Long-term and Other borrowings	(15,054,819)		165,556,979	
Repayment of Long-term and other borrowings	--		--	
Interest expenses	(38,549,948)		(24,924,536)	
Dividend paid	--		(20,365,012)	
Tax on Dividend	--		(3,319,436)	
9. Net Cash from/(used in) Financing activities		(53,604,767)		116,947,995
10. Net Increase/(Decr.) in Cash & cash equivalent (7+8+9)		(7,584,772)		(30,969,160)
11. Cash and cash equivalent as at the beginning of the year		17,697,556		48,666,716
12. Cash and cash equivalent as at the end of the year		10,112,784		17,697,556

for C K S Associates

For and on Behalf of Board of Directors

Chartered Accountants (FRN 007390S)

Sd/-
P. GANAPATHI RAO
PARTNER
M.No. 24113

Sd/-
DEEPAK TIBREWAL
COMPANY SECRETARY

Sd/-
DR. J.S. YADAV
CHAIRMAN

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

Place: Hyderabad
Dated: 21.05.2012



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1. 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 6th 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.

2. 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.

D) Investments:

Investments in mutual funds are stated at cost and market value as on the date of Balance Sheet is disclosed in the schedule.

E) Depreciation:

Depreciation on all fixed assets is provided on straight-line method at the rates specified in schedule – XIV of the Companies Act 1956.

**F) 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.

G) 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.

H) 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 date translated at the year-end rates. The result gain/ loss, if any, is recognised in Profit & Loss Account.

I) Turnover:

Sales are recognised on dispatch of goods from the factory.

J) 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.

K) 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.

L) 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 not recognised in the books as matter of prudence.

M) 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.

N) 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.

O) Claims:

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

P) Public Issue expenses:

Public Issue expenses are written off over a period of 5 years.



NOTES TO FINANCIAL STATEMENTS

Note 1: SHARE CAPITAL		(All figures in ₹)	
		31.03.2012	31.03.2011
Authorised Share Capital			
15,000,000 Equity Shares of 10 Par Value		150,000,000	150,000,000
Issued, Subscribed and Paid-up Capital			
<i>At the beginning and at the end of the year</i>			
10,182,506 Equity Shares of 10 Par Value fully paid up		101,825,060	101,825,060
		101,825,060	101,825,060
Disclosures:			
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.			
S.No.	Name of shareholder	No. of shares	No. of shares
1	Sri. Y.S.R. Venkata Rao	6,128,815	6,128,815
2	Smt. Y.V. Lalitha Devi	775,900	775,900
3. Aggregate Number of Equity shares allotted as fully paid up by way of Bonus shares during the preceding 5 years.			
S.No.	Financial Year	No. of shares	No. of shares
1	2008-09	693,866	693,866
2	2007-08	905,040	905,040

Note 2: RESERVES & SURPLUS		(All figures in ₹)	
		31.03.2012	31.03.2011
1.	Securities Premium Reserve		
	Balance at the beginning and at the end of the year	237,150,000	237,150,000
2.	Revaluation Reserve on Land	8,336,793	8,336,793
3.	General Reserve		
	Balance at the beginning of the year	91,343,660	88,371,554
	Addition during the year	--	2,972,106
	Balance at the closing of the year	91,343,660	91,343,660
4.	Surplus		
	Balance brought forward from previous year	227,821,632	223,290,746
	Add: Transfer from Statement of Profit and Loss for the year	(163,455,619)	31,187,440
	Balance available for Appropriations	64,366,013	254,478,186
	<i>Appropriations:</i>		
	Transfer to General Reserve	--	2,972,106
	Provision for Dividend	10,182,506	20,365,012
	Provision for Tax on Dividend	1,651,857	3,319,436
	Balance carried forward to next year	52,531,650	227,821,632
		389,362,103	564,652,085



Note 3: LONG TERM BORROWINGS		(All figures in ₹)	
		31.03.2012	31.03.2011
A. Secured:			
1. Term Loans			
From State Bank of India			
a. Term Loan 1		--	14,995,308
b. Term Loan 2		30,000,000	--
		30,000,000	14,995,308
B. Unsecured:			
1. Unsecured Loans			
a. Inter Corporate Deposits		76,290,000	--
b. Loan from Directors		33,000,000	--
2. Deferred Payment Liabilities			
Sales tax deferment		23,899,291	21,256,799
		133,189,291	21,256,799
		163,189,291	36,252,107

Disclosures:

a. Secured Loans

Term Loan 1 & Term Loan 2 from SBI are secured by first charge on Company's fixed assets financed out of the Term Loans, Collateral Security of Land & Buildings of the Company and by personal guarantee of Managing Director of the Company

Particulars		Term Loan 1	Term Loan 2
1	Period of maturity with reference to Balance Sheet date	30.09.2012	31.03.2016
2	Number of Quarterly Installments outstanding	2 (6)	17 (Nil)
3	Outstanding amount for Installments	23,296,074 (46,995,308)	40,000,000 (Nil)
4	Rate of Interest	Base rate plus 5.75%	Base rate plus 6.50%
5	Overdue amount and period:		
	Amount	(Nil) (Nil)	(Nil) (Nil)
	Period	(Nil) (Nil)	(Nil) (Nil)

b. Unsecured Loans

Particulars		Inter Corporate Deposit	Loan from Directors
1	Period of maturity with reference to Balance Sheet date	3 Years from the date of disbursement	3 Years from the date of disbursement
2	Number of Quarterly Installments due	(Nil) (Nil)	(Nil) (Nil)
3	Amount due for the Installments	(Nil) (Nil)	(Nil) (Nil)

**b. Unsecured Loans (Contd.,)**

Particulars		Inter Corporate Deposit	Loan from Directors
4	Rate of Interest	Interest Free upto 31.03.2012	Interest Free upto 31.03.2012
5	Overdue amount and period:	(Nil)	(Nil)
	Amount	(Nil)	(Nil)
	Period	(Nil)	(Nil)
		(Nil)	(Nil)

Figures in brackets relate to previous financial year.

c. 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 ₹ 23,899,291/- up to 31-03-2012, which is shown as liability in the Balance Sheet. The repayment of 1st year availment will start from year 2016.

Note 4: DEFERRED TAX LIABILITIES**(All figures in ₹)**

The Company has provided for Deferred Tax in accordance with Accounting Standard on Accounting for Taxes on income' (AS-22) issued by the Institute of Chartered Accountants of India. The details of deferred tax assets and liabilities of the Company as on the date of Balance Sheet are as follows:

	31.03.2012	31.03.2011
1. Deferred Tax Liability		
1. On account of Timing differences in Depreciation of Fixed Assets	305,102,990	98,747,168
2. Deferred Tax Assets		
1. Gratuity/Leave Encashment	998,809	616,333
2. Carried forward losses as computed under Income Tax Act	131,264,888	--
	132,263,697	616,333
	172,839,293	98,130,835
3. Net Deferred Tax Liabilities / (Assets) thereon	56,077,709	31,843,456
4. Less: Provided for in the previous year	31,843,456	19,972,022
5. Deferred Tax Provided / (Reversed)	24,234,253	11,871,434

Note 5: LONG TERM PROVISIONS**(All figures in ₹)**

	31.03.2012	31.03.2011
Provision for Employee Benefits		
Leave Encashment	861,998	2,053,046
Gratuity	9,302,597	9,138,100
	10,164,595	11,191,146



Note 6: SHORT TERM BORROWINGS		(All figures in ₹)	
		31.03.2012	31.03.2011
Secured:			
Loans repayable on demand			
Working Capital Loan form State Bank of India		164,337,590	303,687,101
		164,337,590	303,687,101
Disclosures:			
Working Capital Loan from bank and interest accrued on these loans 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 Managing Director.			
Particulars		31.03.2012	31.03.2011
1 Period of maturity with reference to Balance Sheet date		Renewable every year	Renewable every year
2 Number of Installments due		Nil	Nil
3 Amount Outstanding		164,337,590	303,687,101
4 Rate of Interest		Base Rate plus 5.50%	Base Rate plus 5%
5 Overdue amount and period:	Amount	Nil	Nil
	Period	Nil	Nil
Note 7: TRADE PAYABLES		(All figures in ₹)	
		31.03.2012	31.03.2011
Trade payables		100,510,059	56,145,130
		100,510,059	56,145,130
Disclosures:			
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.			
Note 8: OTHER CURRENT LIABILITIES		(All figures in ₹)	
		31.03.2012	31.03.2011
Current Maturities of Long Term Debt		32,995,308	32,000,000
Interest Accrued and Due on Borrowings		887,830	634,577
Advance against Sales		4,654,129	2,295,718
Unpaid Dividends		575,670	402,768
Unclaimed refund		260	260
Other Payables		1,966,824	813,925
		41,080,021	36,147,248
Note 9: SHORT TERM PROVISIONS		(All figures in ₹)	
		31.03.2012	31.03.2011
Provision for Employee Benefits		2,135,152	2,034,267
Others			
Provision for Dividend		10,182,506	20,365,012
Provision for Tax on Dividend		1,651,857	3,319,436
Provision for Income Tax		44,078,360	18,213,097
		58,047,875	43,931,812



Note 10: FIXED ASSETS										(All figures in ₹)	
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Opening cost as on 01.04.2011	Additions during the year	Sales/ transfer	Cost as on 31-03-2012	Upto 31-03-2011	For the year 2011-12	Withdrawn during the year	Total upto 31-03-2012	Written down value as on 31-03-2012	Written down value as on 31-03-2011	
1. TANGIBLE ASSETS											
Land	61,937,729	6,325,032	--	68,262,761	--	--	--	--	68,262,761	61,937,729	
Building	138,090,579	28,625,602	--	166,716,181	14,573,064	5,004,319	--	19,577,384	147,138,797	123,517,515	
Plant & Machinery	239,716,195	111,475,224	--	351,191,419	71,108,504	15,042,954	--	86,151,458	265,039,961	168,607,692	
R&D Equipment	120,888,937	--	--	120,888,937	48,554,922	5,972,058	--	54,526,980	66,361,957	72,334,016	
R&D Lab Equipment	50,872,719	1,824,196	--	52,696,915	13,688,365	2,662,139	--	16,350,504	36,346,411	37,184,354	
Pollution Control Equipment	10,019,683	--	--	10,019,683	4,686,472	523,379	--	5,209,851	4,809,832	5,333,211	
Safety Equipment	3,255,495	--	--	3,255,495	1,146,395	171,890	--	1,318,286	1,937,209	2,109,099	
Laboratory Equipment	8,333,122	166,483	--	8,499,605	2,710,413	394,866	--	3,105,279	5,394,326	5,622,709	
Furniture & Fixtures	1,729,297	590,762	--	2,320,059	851,873	160,805	--	1,012,677	1,307,382	877,425	
Vehicles	3,805,773	959,985	513,629	4,252,129	2,106,961	399,089	299,803	2,206,246	2,045,882	1,698,812	
Office Equipment	11,510,396	536,885	--	12,047,281	5,033,359	933,206	--	5,966,565	6,080,716	6,477,037	
TOTAL	650,159,936	150,504,169	513,629	800,150,465	164,460,327	31,264,705	299,803	195,425,229	604,725,236	485,699,598	
2. CAPITAL WORK IN PROGRESS	93,477,814	64,848,123	150,504,169	7,821,768	--	--	--	--	7,821,768	93,477,815	
TOTAL	743,637,750	215,352,292	151,017,798	807,972,233	164,460,327	31,264,705	299,803	195,425,229	612,547,004	579,177,413	
PREVIOUS YEAR FIGURES	628,452,053	116,600,620	1,414,929	743,637,750	138,882,274	26,117,538	539,485	164,460,327	579,177,426	489,569,781	



Note 11: LONG TERM LOANS & ADVANCES		(All figures in ₹)	
	31.03.2012	31.03.2011	
Unsecured, Considered Good:			
Capital Advances	8,017,000	8,970,395	
Security Deposits	4,735,210	4,215,510	
MAT Credit Entitlement	19,737,813	19,737,813	
	32,490,023	32,923,718	

Note 12: OTHER NON-CURRENT ASSETS		(All figures in ₹)	
	31.03.2012	31.03.2011	
Employee Group Gratuity	12,469,652	13,590,885	
Unamortized Public Issue Expenses	6,648,013	13,198,569	
Margin Money Deposit in Banks	24,000	22,500	
	19,141,665	26,811,954	

Note 13: CURRENT INVESTMENTS		(All figures in ₹)	
	31.03.2012	31.03.2011	
Non Trade Investments (Quoted, At Cost)			
Mutual Funds			
SBI-SHF-Ultra Short Term Fund	--	16,879,696	
	--	16,879,696	
Disclosures:			
Quoted Investments:			
Aggregate Value	--	16,879,696	
Market Value	--	24,227,575	

Note 14: INVENTORIES		(All figures in ₹)	
	31.03.2012	31.03.2011	
Valued at Cost or Realizable Value, whichever is lower (As Certified by Management)			
Raw Materials	43,270,534	58,237,273	
Work-in-progress	81,844,784	86,525,973	
Finished Goods	--	74,588	
Stock-in-trade	--	110,897,842	
	125,115,318	255,735,676	

Note 15: TRADE RECEIVABLES		(All figures in ₹)	
	31.03.2012	31.03.2011	
Unsecured, Considered Good			
Outstanding for a period exceeding six months	8,665,995	791,018	
Other Receivables	104,864,093	111,630,096	
	113,530,088	112,421,114	



Note 16: CASH AND CASH EQUIVALENTS		(All figures in ₹)	
	31.03.2012	31.03.2011	
a. Balances with Banks			
Current Account	348,300	5,388,882	
EEFC Account	4,720,974	6,672,976	
b. Cash on Hand	357,080	1,619,670	
c. Other Bank Balances			
Margin Money Deposit in Banks	4,110,500	3,613,000	
Unpaid Dividends Account	575,670	402,768	
Unclaimed refund account	260	260	
	10,112,784	17,697,556	

Note 17: SHORT TERM LOANS AND ADVANCES		(All figures in ₹)	
	31.03.2012	31.03.2011	
<i>Unsecured, Considered Good</i>			
Prepaid Taxes	44,513,705	66,881,338	
Balances With Central Excise	42,777,539	44,108,901	
Prepaid Expenses	2,509,664	3,195,344	
Advance to Suppliers	3,395,802	19,474,564	
Other Advances	5,966,777	3,606,521	
	99,163,487	137,266,668	

Note 18: OTHER CURRENT ASSETS		(All figures in ₹)	
	31.03.2012	31.03.2011	
Interest Receivable	330,206	162,006	
Income Tax Refund Receivable	60,915,854	--	
Unamortised Public Issue Expenses	6,550,556	6,599,336	
	67,796,616	6,761,342	

Note 19: REVENUE FROM OPERATIONS		(All figures in ₹)	
	31.03.2012	31.03.2011	
1. Sale of Products	621,380,135	677,836,181	
Less: Excise Duty	28,837,979	21,809,326	
	592,542,156	656,026,855	



Note 20: OTHER INCOME		(All figures in ₹)	
	31.03.2012	31.03.2011	
1. Interest income			
a. On Long Term Investments	263,331	236,325	
b. On Current investments	279,154	612,212	
c. Other Interest	8,853,139	--	
2. Net gain on sale of investments			
On Current investments	7,564,404	--	
3. Other Non-Operating Income			
Gain on Foreign Currency Translation and Transactions	1,461,107	2,636,178	
4. Miscellaneous Income	23,000	447,816	
	18,444,135	3,932,531	
Disclosure:			
Other Interest represents Interest Income on Income Tax Refunds receivable			

Note 21: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		(All figures in ₹)	
	31.03.2012	31.03.2011	
1. Finished Goods			
a. Opening Stock	74,588	2,113,761	
b. Closing Stock	--	74,588	
Decrease / (Increase)	74,588	2,039,173	
2. Work in Progress			
a. Opening Stock	86,525,973	68,192,545	
b. Closing Stock	81,844,784	86,525,973	
Decrease / (Increase)	4,681,189	(18,333,428)	
3. Trading Goods			
a. Opening Stock	110,897,842	--	
b. Closing Stock	--	110,897,842	
Decrease / (Increase)	110,897,842	(110,897,842)	
Total Decrease / (Increase)	115,653,619	(127,192,097)	

Note 22: EMPLOYEE BENEFITS EXPENSE		(All figures in ₹)	
	31.03.2012	31.03.2011	
Salaries & Wages	66,087,450	61,972,224	
Contribution to Provident and Other Funds	2,711,789	3,577,461	
Staff Welfare Expenses	3,630,432	4,175,158	
	72,429,671	69,724,843	
Disclosure:			
The above Salaries & Wages include Remuneration of Directors			



Note 23: FINANCE COSTS		(All figures in ₹)	
	31.03.2012	31.03.2011	
Interest Expense	36,549,948	24,924,536	
Other Borrowing Costs	2,000,000	--	
	38,549,948	24,924,536	

Note 24: OTHER EXPENSES		(All figures in ₹)	
	31.03.2012	31.03.2011	
Consumption of Stores and Spares	24,532,167	24,856,131	
Power & Fuel	93,360,452	92,757,290	
Rent	1,096,866	1,207,164	
Repairs to Buildings	3,024,929	1,486,663	
Repairs to Machinery	12,084,937	11,344,652	
Insurance	2,013,144	1,736,926	
Rates and Taxes	1,675,115	1,773,795	
R & D	20,161,413	31,296,303	
Freight on Sales	16,676,908	22,969,302	
IPO Expenses Written off	6,599,336	6,599,324	
Net Loss on Foreign Currency Transaction & Translation	1,300,760	--	
Miscellaneous Expenditure	24,146,919	23,937,170	
	206,672,946	219,964,720	

OTHER NOTES TO FINANCIAL STATEMENTS

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

i. Contingent Liabilities

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

	2011-12	2010-11
Income Tax	4,855,446	93,552,140

b. Guarantees (All figures in ₹)

	2011-12	2010-11
a) Bank guarantees	4,310,000	4,310,000
b) Letters of credit	14,05,667	2,890,000

ii. Commitments (All figures in ₹)

	2011-12	2010-11
Estimated amount of contracts remaining to be executed on capital account and not provided for	489,624	3,070,000

26. a) Unhedged foreign currency exposure at the year end (All figures in ₹)

	2011-12	2010-11
Trade receivables	63,807,174	72,143,480
Trade payables	2,193,591	18,758,001



b) Proposed Dividend

The company proposes to declare ₹ 1/- (₹ 2/-) Per Share as dividend to the equity shareholders, total dividend amounting to ₹ 10,182,506/- (₹ 20,365,012/-)

27. 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 ₹)

	2011-12	2010-11
Employer’s Contribution to PF	1,922,810	1,924,378
Employer’s Contribution to ESI	724,930	721,095

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 ₹)

	31-03-2012	31-03-2011	31-03-2012	31-03-2011
	Gratuity	Gratuity	Leave Enc.	Leave Enc.
1 Assumptions				
Discount Rate	8 %	8 %	8 %	8 %
Salary Escalation	4 %	4 %	3 %	3 %
2 Changes in the present value of obligation				
Present value of obligations as at beginning of year	9,138,100	7,591,822	1,644,824	1,396,278
Interest cost	731,048	607,346	124,056	73,878
Current Service Cost	613,136	490,397	904,567	1,028,173
Benefits Paid	(2,340,861)	(139,535)	(188,239)	(945,610)
Actuarial (gain)/Loss on obligations	1,161,174	588,070	(1,486,399)	92,105
Present value of obligations as at end of year	9,302,597	9,138,100	998,809	1,644,824
3 Changes in Fair Value of Plan Assets				
Fair value of plan assets at beginning of year	13,590,885	12,577,943	--	--
Expected return on plan assets	1,219,628	1,152,477	--	--
Contributions	--	--	188,239	945,610
Benefits paid	(2,340,861)	(139,535)	(188,239)	(945,610)
Actuarial Gain / (Loss) on Plan assets	--	--	--	--
Fair value of plan assets at the end of year	12,469,652	13,590,885	--	--



(All figures in ₹)

	31-03-2012	31-03-2011	31-03-2012	31-03-2011
	Gratuity	Gratuity	Leave Enc.	Leave Enc.
4 Fair Value of Plan Assets				
Fair value of plan assets at beginning of year	13,590,885	12,577,943	--	--
Actual return on plan assets	1,219,628	1,152,477	--	--
Contributions	--	--	188,239	945,610
Benefits Paid	(2,340,861)	(139,535)	(188,239)	(945,610)
Fair value of plan assets at the end of year	12,469,652	13,590,885	--	--
Funded status	3,167,055	4,452,785	(998,809)	(1,644,824)
Excess of Actual over estimated return on plan assets	--	--	--	--
5 Actuarial Gain/Loss recognized				
Actuarial (gain)/Loss for the year –Obligation	1,161,174	588,070	(1,486,399)	92,105
Actuarial (gain)/Loss for the year - plan assets	--	--	--	--
Total (gain)/Loss for the year	1,161,174	588,070	(1,486,399)	92,105
Actuarial (gain)/Loss recognized in the year	1,161,174	588,070	(1,486,399)	92,105
6 The amounts to be recognized in the balance sheet and statements of profit and loss				
Present value of obligations as at the end of year	9,302,597	9,138,100	998,809	1,644,824
Fair value of plan assets as at the end of the year	12,469,652	13,590,885	--	--
Funded status	3,167,055	4,452,785	(998,809)	(1,644,824)
Net asset/(liability) recognized in balance sheet	3,167,055	4,452,785	(998,809)	(1,644,824)
7 Expenses Recognised in statement of Profit & loss				
Current Service cost	613,136	490,397	904,567	1,028,173
Interest Cost	731,048	607,346	124,056	73,878
Expected return on plan assets	(1,219,628)	(1,152,477)	--	--
Net Actuarial (gain)/Loss recognised in the year	1,161,174	588,070	(1,486,399)	92,105
Expenses recognised in statement of Profit & Loss	1,285,730	533,336	(457,776)	1,194,156

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.

28. Earning Per Share

(All figures in ₹)

	2011-12	2010-11
Total No. of Shares	10,182,506	10,182,506
Profit/(loss) after Taxes and exceptional items	(163,455,619)	31,187,440
Earning per share	(16.05)	3.06

29. Segment Reporting

The Company is predominantly engaged in the manufacture and sale of chemicals where the risks and returns associated with the products are uniform. During the year under review, the Company has also engaged in trading of coal. Hence, the Company has identified the Manufacture and Trading as its primary segments for reporting as against the location of production facilities considered in the previous year, in accordance with AS-17.



(All figures in ₹)

Particulars	2011-12	2010-11
Segment Revenue (Sales)		
a) Manufactured Goods	508,514,156	656,026,855
b) Trading Goods	84,028,000	--
Total Segment Revenue	592,542,156	656,026,855
Segment Results : Profit / (Loss) before Interest and Tax		
a) Manufactured Goods	(65,554,349)	54,645,597
b) Trading Goods	(26,869,842)	--
Total Segment Results	(92,424,191)	54,645,597
Less: Interest (Expense) / Income	(38,549,948)	(24,924,536)
Add / (Less) : Unallocable Income / (Expense) - Net		
Total Profit Before Tax	(130,974,139)	29,721,061
Less: Tax Expense	32,481,480	(1,466,379)
Total Profit After Tax	(163,455,619)	31,187,440
Capital Employed (Segment Assets less Segment Liabilities)		
a) Manufactured Goods	471,439,394	535,781,398
b) Trading Goods	6,549,200	110,897,842
Total Capital Employed in segments	477,988,594	646,679,240
Add : Unallocable Assets less Liabilities	--	--
Total Capital Employed in the Company	477,988,594	646,679,240

Secondary Segments:

The Geographical Segments based on location of customers are given below:

(All figures in ₹)

	Domestic	Exports	Total
Segment Revenue:			
Revenue from external customers	401,701,266 (364,356,980)	190,840,890 (291,669,875)	592,542,156 (656,026,855)
Segment Assets:			
Carrying amount of Segment Assets	1,007,588,560 (1,096,758,759)	63,807,174 (69,118,481)	1,071,395,734 (1,165,877,240)
Additions to Fixed Assets:			
Unallocable Fixed Assets	--	--	150,504,169 (45,689,006)

(Figures in Brackets relate to previous year)



30. RELATED PARTY TRANSACTIONS

In accordance with accounting standard No.18 the details of related party transactions are as follows: (All figures in ₹)

S.No.	Particulars of the Party	Nature of Relationship	Transaction	2011-12	2010-11
1	CDC Industrial Infra Limited	Promoter Group Company	Rent	1,080,060	1,087,164
2	Sri Y.S.R. Venkata Rao	Managing Director	Remuneration	1,732,006	2,200,000
3	Sri Y.S.R. Venkata Rao	Managing Director	Rent	--	120,000
4	Sri Y.S.R. Venkata Rao	Managing Director	Unsecured Loan	33,000,000	--
5	CDC Industrial Infra Limited	Promoter Group Company	Unsecured Loan	76,290,000	--

31. 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	508,053,897 (655,341,865)	-- (74,588)
Caustic Lye	460,259 (684,990)	-- (--)

(Figures in Brackets relate to previous year)

B. WORK IN PROGRESS

(All figures in ₹)

Product	Opening Stock Value as at 01.04.2011	Closing Stock Value as at 31.03.2012
Sodium Metal Derivatives, Amino Pyridines, Fine Chemicals	86,525,973 (68,192,545)	81,844,784 (86,525,973)
Steam Coal	110,897,842 (--)	-- (110,897,842)

(Figures in Brackets relate to previous year)



C. CONSUMPTION

(All figures in ₹)

	2011-12 Value	2010-11 Value
1) Chemicals	191,617,322	216,303,307
2) Gases (MT)	29,176,927	41,821,921
Gases (Cyl.)	13,287,026	11,913,675
3) Oils & solvents (KL)	26,896,386	23,871,794
Oils & solvents (MT)	16,411,880	11,890,246
4) Trading Coal	110,897,842	--
Total	388,287,383	305,800,943

D. BREAK UP OF CONSUMPTION OF RAW MATERIALS

(All figures in ₹)

	2011-12 Value	%	2010-11 Value	%
Indigenous	115,243,886	29.68	134,271,498	43.91
Imported	162,145,655	41.76	171,529,445	56.09
	277,389,541	71.44	305,800,943	100.00
Trading Coal Imported	110,897,842	28.56	--	--
Total	388,287,383	100.00	305,800,943	100.00

E. FOREIGN EXCHANGE TRANSACTIONS

(All figures in ₹)

	2011-12 Value	2010-11 Value
a) C.I.F value of Imports	158,004,148	278,966,711
Raw Materials	158,004,148	180,073,588
Trading Goods	--	97,167,851
Capital Equipment	--	1,725,272
b) Expenditure in Foreign currency	4,929,652	2,706,820
Travelling	1,719,853	159,600
Others	3,209,799	2,547,220
c) Earnings in Foreign Currency		
FOB Value of Exports	175,445,998	269,300,441

**32. Remuneration to Auditor (excluding service tax):****(All figures in ₹)**

As	2011-12	2010-11
i) Auditor	300,000	200,000
ii) For Taxation Matters	30,000	35,000
iii) For Other Services	20,000	86,000

33. Previous year figures have been regrouped / rearranged wherever necessary

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

For and on Behalf of Board of Directors

Sd/-
P. GANAPATHI RAO
PARTNER
M.No. 24113
Place: Hyderabad
Dated: 21.05.2012

Sd/-
DEEPAK TIBREWAL
COMPANY SECRETARY

Sd/-
DR. J.S. YADAV
CHAIRMAN

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



ALKALI METALS LIMITED
B-5, BLOCK III, IDA, UPPAL, HYDERABAD – 500 039
ATTENDANCE SLIP
ANNUAL GENERAL MEETING- 30th JULY, 2012 AT 11.00 AM

DP. Id	
---------------	--

Client Id/ Folio No.	
---------------------------------	--

No. of Shares	
----------------------	--

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 44th ANNUAL GENERAL MEETING of the Company at HOTEL GREEN PARK, Ameerpet, Hyderabad - 500 016 on Monday, 30th July 2012 at 11.00 AM.

SIGNATURE

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

ALKALI METALS LIMITED
B-5, BLOCK III, IDA, UPPAL, HYDERABAD – 500 039
FORM OF PROXY
ANNUAL GENERAL MEETING- 30TH JULY 2012 AT 11.00 AM

I/We
of in the district
ofbeing a member/members of **ALKALI METALS LIMITED**
hereby appoint of
..... in the district of or failing him
.....ofin the
district ofas my/our proxy to vote for me/us on my/our behalf at the
44th ANNUAL GENERAL MEETING of the Company to be held on Monday, 30th July,
2012 and at any adjournment thereof.

Signed this day of 2012.

DP. Id	
---------------	--

Client Id/ Folio No.	
---------------------------------	--

No. of Shares	
----------------------	--

Signature...

Affix a
₹ 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.

BOOK POST

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



If undelivered, please return to



Alkali Metals Limited

B-5, Block-III, IDA, Uppal,
Hyderabad - 500 039. INDIA
Ph : ++91-40-27201179, 27202298
Fax : ++91-40-27201454
e-mail : alkalimetals@alkalimetals.com
website : www.alkalimetals.com