



***Alufluoride Limited***

*An ISO 9001, 14001  
&  
OHSAS 18001 - Company*

*Annual Report  
2011 - 2012*

**Board of Directors**

Dr. T.R. Ramachandran  
Sri A.V.V.S.S.Ch.B. Sekhar Babu  
Sri Ashok Vemulapalli  
Sri K. Purushotham Naidu, Director (Finance)  
Smt. Jyothsana Akkineni (Executive Director)  
Sri Venkat Akkineni, Managing Director

**Auditors**

Messrs Rao & Kumar  
Chartered Accountants  
SOUDAMANI  
Siripuram  
Visakhapatnam 530 003

**Bankers**

State Bank of India  
IDBI Bank Ltd  
HDFC Bank Ltd  
Punjab National Bank  
Axis Bank Ltd

**Registered Office & Factory**

Alufluoride Limited  
Mulagada, Mindi  
Visakhapatnam 530 012, AP, India.

Phone: (91 891) 254 8568, 257 7077  
Fax: (91 891) 254 8567  
Email: [contact@alufluoride.com](mailto:contact@alufluoride.com)  
Web: [www.alufluoride.com](http://www.alufluoride.com)

**Registrars & Share Transfer Agents**

XL Softech Systems Ltd.  
3, Sagar Society  
Road No.2, Banjara Hills  
Hyderabad 500 034  
Phone: (91 40) 2354 5913, 2354 5914, 2354 5915  
Fax: (91 40) 2355 3214  
Email: [mail@xlsoftech.com](mailto:mail@xlsoftech.com)  
[xfield@rediffmail.com](mailto:xfield@rediffmail.com)

**NOTICE TO SHARE HOLDERS**

NOTICE is hereby given that Annual General Meeting of Alufluoride Limited will be held at Anar Centre, Nowroji Road, Visakhapatnam 530 002 on Tuesday, the 25 September, 2012 at 11.00 AM to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31 March, 2012 and Balance Sheet as at that date and the Directors' and Auditors' Report hereon.
2. To elect a Director in place of Dr. T.R. Ramachandran, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To elect a Director in place of Sri Ashok Vemulapalli, Director, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

By order of the Board  
For **ALUFLUORIDE LIMITED**

Visakhapatnam  
30 July, 2012

**VENKAT AKKINENI**  
Managing Director

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself/herself and such proxy or proxies need not be a member or members of the Company. The proxy form duly signed must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
2. The Share Transfer Register and Register of Members of the Company will remain closed from 21 September, 2012 to 25 September, 2012 (both days inclusive).
3. Any change of address of the Member may please be notified to the Company quoting the Registered Folio.
4. The Company has listed its shares at:

Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001.

## DIRECTORS' REPORT

To The Members

Your Directors take pleasure in presenting their Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2012.

## FINANCIAL RESULTS

The financial results of the Company for the year 2011-12 are summarized below :

	(Rs. in lakhs)	
	31-03-2012	31-03-2011
Sales and other revenue	2,560.42	1,886.51
Profit before Finance charges, Depreciation, Tax & other adj's	258.40	(27.86)
Less : Finance charges	0.55	1.81
Profit before Depreciation, Tax & other adj's	257.85	(29.67)
Less: Depreciation	80.19	78.40
Profit before Tax & other adj's	177.66	(108.07)
Less: Provision for current tax	55.80	—
Taxes of earlier years	(0.29)	0.16
Deferred Tax Asset/Liability adj's	(10.58)	(26.43)
Profit before appropriations and carried to Balance Sheet	132.73	(81.80)

## OPERATIONS

Your Directors are to report that, with the improved supply of Hydrofluosilicic Acid, a major raw material for producing Aluminium Fluoride (AlF<sub>3</sub>), the Company produced 4,436 MT of AlF<sub>3</sub> during the year under review as against 3,894 MT during 2010-11. During the year the Company sold 4,451 MT AlF<sub>3</sub> as against 3,963 MT in 2010-11. With the increased sale price of AlF<sub>3</sub>, Sales and other Income during the year under review, reported at Rs. 2,560.42 lakhs as against Rs. 1,886.51 lakhs during 2010-11. With efficient working capital management, planned other income and with effective cost control measures, the Company posted a net profit of Rs. 132.73 lakhs for the year under review as against net loss of Rs. 81.80 lakhs in 2010-11.

## DIVIDEND

In view of the proposed shifting of the Plant to the place where the Company will get assured acid supplies, your Directors are not recommending any Dividend.

## OUTLOOK FOR THE CURRENT YEAR

The sale price of Aluminium Fluoride for the current year has increased. However, the Company has a huge pending export order, which is to be executed at the 2009 recession price levels. To improve the profitability levels compared to the last year, the Company requested and obtained the overseas client's permission for executing part pending order in 2012-13 and agreed to complete the balance in 2013-14. Though the adjacent fertilizer complex supplied record low supplies of 742 MT acid in 2011-12, the Company is confident of getting its required acid supplies from long distance suppliers, to maintain the last year's (2011-12) AlF<sub>3</sub> Production & Sales levels and to post good returns.

## EXPORTS

During the year under review, the Company registered an Export sale of Rs. 85.78 lakhs as against Rs.410.18 lakhs during 2010-11.

## ENVIRONMENT & SAFETY MEASURES

Following the ISO Certifications of 9001, 14001 and OHSAS 18001 the Company will continue taking all the necessary measures to maintain high standards of Environment, Clean and Green Belt, Water Harvesting, Pollution Control, Health and Safety Precautions. The Company proposes an energy audit during the current year.

## INSURANCE

All the properties of the Company including Buildings, Plant and Machinery and Stocks have been adequately insured.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. T.R. Ramachandran and Sri Ashok Vemulapalli, Directors will be retiring by rotation at the Annual General Meeting and are eligible for re-appointment.

**AUDITORS**

M/s Rao & Kumar, Chartered Accountants, Visakhapatnam, the Auditors of the Company will be retiring at the conclusion of this Annual General Meeting and have conveyed their consent for re-appointment.

**COST AUDIT**

M/s D.V.J. Rao & Associates, Cost Accountants, Visakhapatnam as Cost Auditors have been appointed to conduct Cost Audit for the year ended 31 March, 2012. They will submit their report to the Board of Directors before filing it to the Ministry of Corporate Affairs, New Delhi.

**RESPONSIBILITY STATEMENT**

As per the provisions of Section 217 (2AA) of the Companies Act, 1956, Directors state:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES**

There are no employees falling within the purview of the Section 217(2A) of the Companies Act, 1956 read with Company's (Particulars of Employees) Rules, 1975.

**ADDITIONAL INFORMATION**

Additional information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure - 1 and forms part of this report.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement, your Company has to mandatorily comply with the requirements of Corporate Governance. A report of compliance of Corporate Governance is annexed together with a Certificate from the Auditors of the Company on compliance.

**ACKNOWLEDGEMENTS**

The Board of Directors of the Company take this opportunity to place on record their appreciation of the cooperation and support extended by State Bank of India, IDBI Bank Ltd., HDFC Bank Ltd., Axis Bank Ltd. and Punjab National Bank. Your Directors also appreciate the sincere and efficient services rendered by the Employees of the Company at all levels towards successful working of the Company.

For and on behalf of the Board

**VENKAT AKKINENI**  
Managing Director

Visakhapatnam  
30 July, 2012

**Dr. T.R. RAMACHANDRAN**  
Director

**ANNEXURE - 1**

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31 March, 2012.

**A. CONSERVATION OF ENERGY:**

The Company continues to adopt various steps to conserve energy and has taken several measures including regular monitoring of consumption and improved maintenance of operations and modification of equipment for reduction in Power consumption. Total energy consumption and consumption per ton of production as prescribed in Form-A are given below:

**A. Power and Fuel Consumption**

	01-04-2011 to 31-03-2012	01-04-2010 to 31-03-2011
<b>1. Electricity</b>		
<b>(a) Purchased Unit (KWH)</b>	<b>19,92,680</b>	17,45,200
Total Amount Rs.	<b>87,21,897</b>	78,22,886
Average Rate / Unit (Rs.)	<b>4.38</b>	4.48
<b>(b) Own Generation –</b>		
Through Diesel Generator – 380 + 125 KVA - Unit (KWH)	<b>1,70,760</b>	1,22,816
Average Unit Per litre of Diesel Oil	<b>3.25</b>	3.15
Cost of Diesel per KWH (Rs.)	<b>13.58</b>	12.34
<b>2. Furnace Oil &amp; Coal</b>		
<b>(a) Furnace oil:</b>		
Quantity (Kilo Liters)	<b>92</b>	654
Total Amount (Rs.)	<b>32,93,345</b>	1,87,11,009
Average Rate (Rs.)	<b>35,960</b>	28,620
<b>(b) Coal:</b>		
Quantity (MT)	<b>6,016</b>	2,908
Total Amount	<b>3,06,47,143</b>	1,46,86,263
Average Rate (Rs.)	<b>5,094</b>	5,050
<b>B. Consumption per ton of Production</b>		
<b>Aluminium Fluoride:</b>		
(a) Electricity (KWH)	<b>488</b>	480
(b) Furnace Oil (Kilo Liters)	<b>0.354</b>	0.335
(c) Coal (MT)	<b>1.441</b>	1.497
(Furnace oil & Coal consumptions)		
Quantity of Furnace oil/Coal		
consumed / quantity of Aluminium		
Fluoride produced)		
<b>C. Foreign Exchange Earnings</b>		
(a) Foreign Exchange – F.O.B. (Rs.)	<b>79,29,250</b>	4,22,99,260
(b) Foreign Exchange out go:	<b>4,01,030</b>	7,47,452
(c) <b>Other Components, spare parts &amp; foreign travel (Rs.)</b>	<b>84,533</b>	4,87,920

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## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENT

Alufluoride Ltd (AL) is the only Company in Andhra Pradesh producing high purity Aluminium Fluoride (AlF<sub>3</sub>) with technology developed by Alusuisse, Switzerland. This technology facilitates conversion of Fluorine effluents from Phosphatic Fertilizer Complex into Hydrofluosilicic Acid and then to Aluminium Fluoride. The project ensures pollution abatement, import substitution, conservation of natural resources like Fluorspar & Sulphur, cost effective product, conversion of waste into wealth and earning valuable foreign exchange to the Nation. AlF<sub>3</sub> is used as flux in reducing the melting point of Alumina during the electrolytic process of producing Aluminium. Many Aluminium Smelters in India and abroad are using the Company's product with repeat orders for increased quantities due to its quality and service.

### FUTURE OUTLOOK, OPPORTUNITIES, THREATS, RISKS & CONCERNS

Alufluoride Ltd (AL) set up the project in 1995 to produce AlF<sub>3</sub> and related products, based on an agreement between AL and Coromandel Fertilizers Ltd, Visakhapatnam (CFL). As per the agreement, CFL is to supply 4,000 TPA of Hydrofluosilicic Acid (Acid) exclusively to AL. However, since inception CFL was unable to supply the contracted quantity and the supplies from them were deteriorating year after year. Consequently, AL's financial results were adversely affected. However during the first quarter of this financial year, there has been an improvement in the supply, though not to the optimum level.

It is reported that, all the Aluminium smelters in India and abroad are increasing their Aluminium production capacities and also new Aluminium smelters are coming up with high capacities, resulting in an increased demand for AlF<sub>3</sub>.

The only risk & concern for the Company is availability of Acid. When the acid is procured from other sources, the landed cost increases significantly due to transport cost. As the Company is now Debt-free, with efficient working capital management, improved AlF<sub>3</sub> sales realization, etc., your Directors are hopeful of improved financial results.

The Company is getting offers from Acid producers that they would like to supply the Acid on a long-term basis. The Company is pursuing these various sources for assured supplies from them on a long-term basis. If these efforts are successful, the Company can post good financial results.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system which provide for:

- Efficient use and safeguarding of 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 the Audit Committee and discussions were held periodically by the Audit Committee at its meetings. The observations arising out of audit are subject to periodic review, compliance and monitoring. The significant findings/observations 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 for further appropriate action, if and as deemed necessary.

### HUMAN RESOURCE DEVELOPMENT

The continued Certification of Quality and Environmental Management System adopted by the Company to ISO 9001, 14001 and OHSAS 18001 manifests to the commitment of all the employees to excellence, Committed human resources is principal core strength of your Company and is attribute to the extremely cordial atmosphere prevailing in the Company. The total number of employees stood at 81 as on 31 March, 2012.

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**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 MARCH, 2012**
**CORPORATE GOVERNANCE :**

In terms of Clause 49 of the Listing Agreement, compliance with the requirements of Corporate Governance is mandatory for your Company from the financial year 2001- 02 and your Company is following the same.

**COMPANY'S PHILOSOPHY:**

The Company firmly believes in and has consistently practiced good Corporate Governance. The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equality, in all facets of its operations, and in all its inter-actions with stakeholders, including shareholders, employees, Government, lenders, customers, etc. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value.

**BOARD OF DIRECTORS:**

Composition of Directors and their Attendances at the Board Meetings during the year and the last Annual General Meeting and outside Directorships are:

Director	No. of Board Meetings attended	Attendance at the Previous AGM held on 16 September, 2011	No. of outside Directorships held	Executive / Non Executive/ Independent
Mr. Venkat Akkineni	4	Present	7	Executive
Mr. Ashok Vemulapalli	3	Present	5	Non – Executive
Mrs. Jyothsana Akkineni	4	Present	3	Executive
Dr. T.R. Ramachandran	4	Present	1	Independent
Mr. K. Purushotham Naidu	4	Present	--	Executive
Mr. A.V.S.S.Ch.B. Sekhar Babu	4	Present	--	Independent

**BOARD MEETINGS HELD DURING THE YEAR 2011-12**

During the Financial year 2011-12, four Board Meetings were held on 30 April, 2011, 22 July, 2011, 11 November, 2011 and 6 February, 2012.

**BOARD COMMITTEES:**
**Audit Committee:**

The Audit Committee comprises of two independent Directors and one Non-Executive Director. The Audit Committee met on 30 April, 2011, 22 July, 2011, 11 November, 2011 and 6 February, 2012. The Company Secretary acts as the Secretary of the Committee.

The terms of reference of the Audit Committee mandated by your Board of Directors, which are also in line with the Statutory and regulatory requirements are;



- a) Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payments of any other services.
- c) Reviewing with management the annual financial statements before submission to the Board.
- d) Reviewing with management, external and internal auditors, the adequacy of internal control system.
- e) Reviewing the adequacy of internal audit reporting structure, coverage and frequency of internal audit.
- f) Discussions with internal auditors on any significant findings and follow-up thereon;
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularities or failure of internal control systems of a material nature and reporting the matter to the Board;
- h) Discussion with external auditors before the audit commences - nature and scope of audit as well as has post audit discussions to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

**Shareholders' Grievances Committee:**

The Share Transfer Committee comprising of Sri Venkat Akkineni, Sri Ashok Vemulapalli and Smt. Jyothsana Akkineni deals with share transfers, complaints/grievances of the shareholders on a regular basis. All the complaints/grievances have generally been resolved to the satisfaction of the members concerned.

**Remuneration Committee:**

The Committee comprises of two Independent Directors.

The remuneration policy of the Company is based on the principle of attracting best available talent and is in line with the industry standards.

Details of remuneration and payments to Directors during the financial year 2011-12 are given below

Name of the Director	Sitting Fee – Board Committee (Rs.)	Salary & Perks (Rs.)	Other Transaction (Rs.)
Mr. Venkat Akkineni	—	29,09,552	—
Mr. Ashok Vemulapalli	3,000	—	9,000
Mrs. Jyothsana Akkineni	—	—	26,057
Dr. T.R. Ramachandran	4,000	—	12,000
Mr. K. Purushotham Naidu	—	11,74,400	—
Mr. A.V.S.S.Ch.B. Sekhar Babu	4,000	—	12,000

**GENERAL BODY MEETINGS:**

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Time
2011	Registered Office	16 September, 2011	11.00 A.M.
2010	Registered Office	24 September, 2010	11.00 A.M.
2009	Registered Office	25 September, 2009	11.00 A.M.

The Company has complied with the requirements of listing agreement/regulations/guidelines/rules of the Stock Exchanges/ SEBI/Other Statutory Authorities. The Company was not imposed with any penalties or issued any strictures on any capital market related matters during the last three years.

**MEANS OF COMMUNICATION:**

The Quarterly, Half-yearly and Annual results are published by the Company in the Newspapers. Official news items are sent to Bombay Stock Exchange Ltd, Mumbai.

**LISTING ON STOCK EXCHANGES:**

The securities of the Company are listed in Bombay Stock Exchange Ltd, Mumbai. The listing fee for this Stock Exchange had been paid.

**REGISTRARS AND TRANSFER AGENTS, SHARE TRANSFER SYSTEM:**

XL Softech Systems Ltd, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad 500 034 are the Registrars of the Company. Share Transfers are registered and returned in the normal course within a period of 15 days from the date of receipt, if the documents are clear in all respects. Request for dematerialization of shares are processed and confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.

**MARKET PRICE DATA:**

High/Low prices during the financial year 2011-12 on Bombay Stock Exchange Ltd, Mumbai.

Month	High Rs.Ps.	Low Rs.Ps.
April, 2011	11.95	9.70
May, 2011	12.72	9.01
June, 2011	11.30	8.45
July, 2011	12.27	8.10
August, 2011	11.63	8.42
September, 2011	9.52	8.00

Month	High Rs.Ps.	Low Rs.Ps.
October, 2011	9.99	7.30
November, 2011	9.09	7.04
December, 2011	8.90	6.95
January, 2012	10.69	8.52
February, 2012	10.45	8.61
March, 2012	9.55	8.01

**CATEGORIES OF SHARE HOLDING AS ON  
31<sup>ST</sup> MARCH, 2012**

Sl. No.	Category	No. of Shares	%
1.	Promoters, Directors, relatives and associated companies	36,57,794	52.25
2.	Financial Institutions	1,00,100	1.43
3.	Mutual Funds	—	—
4.	Banks	—	—
5.	Foreign Institutional Investors	—	—
6.	Non- Resident Indians	4,02,210	5.75
7.	Private Bodies corporate	4,64,657	6.64
8.	Public	23,71,657	33.88
9.	Others	3,982	0.05
	<b>Total</b>	<b>70,00,400</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDINGS AS ON  
31<sup>ST</sup> MARCH, 2012**

No. of Shares	No. of Share holders	No. of Shares	Percentage
Upto 500	6,328	8,30,807	11.87
501 to 1,000	271	2,28,946	3.27
1,001 to 2,000	155	2,35,317	3.36
2,001 to 3,000	59	1,53,124	2.19
3,001 to 4,000	26	92,301	1.32
4,001 to 5,000	40	1,90,599	2.72
5,001 to 10,000	49	3,38,269	4.83
10,001 and above	57	49,31,037	70.44
<b>Total</b>	<b>6,985</b>	<b>70,00,400</b>	<b>100.00</b>

**DEMATERIALISATION OF SHARES AND LIQUIDITY:**

Equity Shares of the Company have been dematerialized and are identified under ISIN-INE058F01019.

**Factory, Registered Office and  
address for correspondence**

Company Secretary  
Alufluoride Limited  
Mulagada, Mindi  
Visakhapatnam 530 012 A.P.

**Annual General Meeting**

Time : 11.00 A.M.

Date : 25 September, 2012

Venue : Anar Centre, Nowroji Road  
Visakhapatnam 530 002

**BOOK CLOSURE DATES :** 21 September, 2012 to  
25 September, 2012  
(Both days inclusive)

## CERTIFICATE

To  
The Members,  
Alufluoride Limited,  
Visakhapatnam,

We have examined the compliance of conditions of Corporate Governance by M/s. ALUFLUORIDE LIMITED, VISAKHAPATNAM, for the period ended 31<sup>st</sup> March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an 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 the above mentioned Listing Agreement. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For **RAO & KUMAR**  
Chartered Accountants  
FRN.03089S

Visakhapatnam  
30 July, 2012

**CA. V.V. RAM MOHAN**  
Partner  
Membership No.18788

**AUDITORS' REPORT**

To

**The Members of Alufluoride Limited  
Visakhapatnam, A.P.**

1. We have audited the attached Balance Sheet of **Alufluoride Limited**, as at 31<sup>st</sup> March 2012, and also the Statement of Profit and Loss account and the 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 the 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's report) Order, 2003(as amended), issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
  4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
    - (a) We have obtained all the information and the 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 accounts 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 Account and the 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 Account and Cash Flow Statement dealt with by this report, comply with accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2012 and taken on record by the Board of Director, we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2012 from being appointed as Directors 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;
    - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2012;
    - (ii) In the case of the Statement of Profit and Loss Account of the **PROFIT** for the year ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **RAO & KUMAR**  
Chartered Accountants  
FRN. 03089S

**CA V.V.RAM MOHAN**  
Partner  
Memb. No. 18788

Place :Visakhapatnam  
Date : 30 July , 2012

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**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 3 of our Report of even date

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All assets have been physically verified by the management during the year. There is a phased program of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. The frequency of verification is reasonable and no material discrepancies were noticed on such physical verification.
  - (c) No substantial part of fixed assets of the company has been disposed off during the year, which would effect its status as a going concern.
2. (a) Inventories have been physically verified during the year by the management at reasonable intervals.
  - (b) The procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The Company has maintained proper records of inventories and discrepancies noticed on physical verification as compared to the book records were not material. However, the same have been properly dealt with, in the Books of Accounts.
3. (a) According to the information and explanations given to us, the Company has not taken any loans from companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956. The company has not granted any loans to companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956.
  - (b) The Company has neither taken nor granted any loans from companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956 and hence the sub-clauses (b), (c) & (d) are 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 regards to purchase of inventory, fixed assets and with regard to the sale of goods and services. In our opinion there is no continuing failure to correct major weaknesses in internal control.
5. According to the information and explanations given to us, in our opinion there are no transactions of purchase and sale of goods, material and services that need to be entered into the register maintained under section 301 of the Companies Act, 1956. As there are no such transactions, clause (b) of paragraph 4(v) is inapplicable.
6. The Company had not accepted any deposits from the public. As such, the directives issued by the Reserve Bank of India and the provisions of Section 58A & 58AA of the Act and the rules framed there under are inapplicable.
7. In our opinion, the company has an Internal Audit system, the scope and coverage of which, in our opinion is required to be enlarged to be commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that *prima-facie* the prescribed accounts and records have been made and maintained in respect of the applicable products. We have however not made a detailed examination of the records with a view to determine whether they are accurate and complete.

9. (a) According to the records of the Company, the company has been regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material Statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31<sup>st</sup> March, 2012, for a period of more than six months from the date they became payable except for Rs.35,00,000/- payable for Income Tax Assessment pending before CIT (Appeals) for the A.Y 2007-08.
- (c) According to the information and explanations given to us there are no dues of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.
10. In our opinion, the Company has no accumulated losses and has not incurred any cash losses in the current financial year but Rs.2.97 Lacs in the immediately preceding financial year.
11. In our opinion, the company does not have any dues to banks and no debentures are issued.
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. We are informed that the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to information and explanations given to us, the Company had not availed any term loan during the year.
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. The Company has not raised any funds on long-term basis during the year.
18. According to the information and explanations given to us, 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.
19. According to the information and explanations given to us, the Company had not issued debentures during the year.
20. According to the information and explanations given to us, the company has not raised money by public issues 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 **RAO & KUMAR**  
Chartered Accountants  
FRN. 03089S

**CA V.V.RAM MOHAN**  
Partner  
Memb. No. 18788

Place :Visakhapatnam  
Date : 30 July , 2012

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012**

Particulars	Notes	As at 31-03-2012		As at 31-03-2011	
		Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>					
<b>1. SHARE HOLDERS FUNDS</b>					
(a) Share Capital	2	7,00,04,000		7,00,04,000	
(b) Reserves & Surplus	3	<u>6,66,27,912</u>	13,66,31,912	<u>5,33,54,511</u>	12,33,58,511
<b>2. NON - CURRENT LIABILITIES</b>					
(a) Differed Tax Liabilities (Net)	4	82,44,760		93,02,982	
(b) Long Term Provisions	5	<u>33,64,713</u>	1,16,09,473	<u>41,54,843</u>	1,34,57,825
<b>3. CURRENT LIABILITIES</b>					
(a) Trade Payables	6	84,86,422		1,15,58,476	
(b) Other Current Liabilities	7	34,33,420		32,44,214	
(c) Short Term Provisions	8	<u>69,95,168</u>	<u>1,89,15,010</u>	<u>5,98,790</u>	<u>1,54,01,480</u>
<b>TOTAL</b>			<u><b>16,71,56,395</b></u>		<u><b>15,22,17,816</b></u>
<b>II. ASSETS</b>					
<b>1. NON CURRENT ASSETS</b>					
<b>(a) Fixed Assets</b>					
- Tangible Assets	9	5,17,57,467		5,63,60,346	
- Long Term Loans & Advances	10	<u>40,92,624</u>	5,58,50,091	<u>35,04,499</u>	5,98,64,845
<b>2. CURRENT ASSETS</b>					
(a) Current Investments	11	3,75,05,174		2,42,04,511	
(b) Inventories	12	1,00,45,111		82,29,037	
(c) Trade Receivables	13	1,10,52,061		1,53,36,996	
(d) Cash & Bank Balances	14	3,68,09,617		3,57,90,046	
(e) Short Term Loans & Advances	15	1,49,88,592		70,83,812	
(f) Other Current Assets	16	<u>9,05,749</u>	<u>11,13,06,304</u>	<u>17,08,569</u>	<u>9,23,52,971</u>
<b>TOTAL</b>			<u><b>16,71,56,395</b></u>		<u><b>15,22,17,816</b></u>

**NOTES TO THE ACCOUNTS** 1

The accompanying notes are an integral part of the financial statements.  
This is the Balance Sheet referred to in our report of even date.

Per our separate report of even date

For **RAO & KUMAR**  
Chartered Accountants  
FRN. 03089S

For and on behalf of the Board

**CA.V.V.RAM MOHAN**  
Partner  
Memb. No.18788  
Visakhapatnam  
30 July, 2012

**VENKAT AKKINENI**  
Managing Director

**Dr. T.R.RAMACHANDRAN**  
Director



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING 31<sup>ST</sup> MARCH, 2012**

Particulars	Notes	Current Year 2011-12		Previous Year 2010-11	
		Rs.	Rs.	Rs.	Rs.
<b>I. Revenue From Operations</b>					
Sales (Gross)	17	26,84,26,376		18,62,80,599	
Less : Excise Duty		<u>2,44,24,472</u>	<u>24,40,01,904</u>	<u>1,35,64,917</u>	<u>17,27,15,682</u>
<b>II. Other Income</b>	18		<u>1,20,40,039</u>		<u>1,59,35,229</u>
<b>III. Total Revenue (I + II)</b>			<u><u>25,60,41,943</u></u>		<u><u>18,86,50,911</u></u>
<b>IV. Expenses</b>					
(a) Cost of Materials Consumed	19	15,20,41,047		11,66,50,567	
(b) Increase / Decrease in Inventories	20	7,20,089		32,14,207	
(c) Employee Benefits Expenses	21	1,51,56,237		1,43,76,496	
(d) Financial Charges (Bank Charges)	22	55,749		1,81,422	
(e) Depreciation	9	80,19,194		78,39,997	
(f) Other Expenses	23	<u>6,22,83,569</u>	<u>23,82,75,885</u>	<u>5,71,95,848</u>	<u>19,94,58,537</u>
<b>V. Profit before Tax (III - IV)</b>			<u>1,77,66,058</u>		<u>(1,08,07,626)</u>
<b>VI. Tax Expenses</b>					
(a) Provision for Current Tax		55,80,000		--	
(b) Taxes of Earlier Years		(29,121)		15,796	
(c) Deferred Tax Asset/Liability adj's	4	<u>(10,58,222)</u>	<u>44,92,657</u>	<u>(26,42,940)</u>	<u>(26,27,144)</u>
<b>VII. Profit/Loss for the year after Taxation (V-VI)</b>			<u>1,32,73,401</u>		<u>(81,80,482)</u>
<b>VIII. Basic/Diluted Earning per share in Rs.</b> (face value of Rs. 10/- each)	24		1.90		(1.17)

The accompanying notes are an integral part of the financial statements.

Per our separate report of even date

For **RAO & KUMAR**  
Chartered Accountants  
FRN. 03089S

For and on behalf of the Board

**CA. V.V. RAM MOHAN**  
Partner  
Memb. No. 18788  
Visakhapatnam  
30 July, 2012

**VENKAT AKKINENI**  
Managing Director

**Dr. T.R. RAMACHANDRAN**  
Director

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**Notes to Account****1. Significant Accounting Policies:****It is the Policy of the Company -****(a) Fixed Assets:**

To state assets at cost of acquisition inclusive of Inward Freight, Taxes and Incidental expenses related to acquisition but exclusive of taxes & duties for which credit is availed, Interest on Loans, during the period of construction, is added to the cost of Fixed Assets.

**(b) Capitalization of Project:**

To capitalize all related pre-operational and direct expenditure (including temporary facilities) during construction period. Direct financing cost, if any is also capitalized.

**(c) Depreciation:**

- i) To provide for Depreciation on Fixed Assets under the 'Straight line method' at the rates provided by and in accordance with schedule XIV to the Companies Act, 1956.
- ii) To charge Depreciation on pro-rata basis on all additions/deletions and on the assets that are put to use.

**(d) Prior period and Extra-ordinary Debits/Credits:**

- i) To consider Income and Expenditure over Rs.5,000/- only, in each case, pertaining to prior items arising, in the current period, because of errors and omissions, as prior period credit/ debits.
- ii) To disclose separately extra-ordinary items which are material.

**(e) Disclosure of other Income etc.:**

- i) To disclose items of Income and Expenditure at the net of payments and related collections, wherever they occur.
- ii) To recognize interest income etc., upon receipt of confirmation from concerned agency.

**(f) Amortization and Write Offs :**

- i) To amortize Preliminary Expenses and Public Issue Expenses, over a period of Ten years, from the year of commencement of commercial production of plant.
- ii) To write off Deferred Revenue Expenditure depending upon the nature and the expected period of future benefits.

**(g) Foreign Currency Transactions:**

To initially record monetary items, of Foreign Currency in Rupees, by applying the Exchange Rate prevailing at the time of transaction. To recognize as expense or income the amount short or excess realized / incurred because of settlement / conversion by transferring to Exchange Rate Variation Account and in the period in which they arise.

**(h) Sales & Purchases:**

- i) To disclose all sales at net of sales tax.
- ii) To account for all purchases exclusive of taxes & duties for which credit is availed.
- iii) To disclose sale of DEPB licenses at the time of realization.

**(i) Valuation of Inventories:**

- i) To value all raw materials, stores and spare parts, loose tools, packing materials, finished goods etc., at lower of cost or net realizable value.
- ii) To determine cost on the basis of
  - Finished Goods – Weighted Average cost
  - Raw materials/utilities – FIFO
- iii) To account for all empties, scrap and waste upon realization.

**(j) Valuation of Investments:**

Current Investments are valued at lower of cost and fair value, and long-term investments at cost. Where applicable provision is made in case of other than temporary diminution in value of investments.

**(k) Employee Benefits:**

To recognize actuarial gains and losses on defined benefit plans during the year.

**(l) Taxes on Income:**

Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under the Income Tax Act, 1961.

Deferred tax is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods, subject to consideration of prudence.

- (m)** No value is attributed to Silica which, in the opinion of the Management, is a process waste and has no guaranteed market value (net realizable value), except for the quantities which are being disposed off on an as is where is basis to parties on a irregular basis, quantities and prices.

**(n) Impairment of Assets:**

The entire plant is considered as a cash-generating unit. As the recoverable amount of the Cash Generating Unit, being its value in use, is in excess of its carrying mount there is no impairment loss in terms of Account Standard 28 – Impairment of Assets.

**(o) Leases:**

Since the lease transaction of the company, are incidental to the Company's main business of production of Aluminum Fluoride, specific disclosures as per Accounting Standard 19 on 'Leases' are not considered necessary.

- (p)** Till the year ended 31 March, 2011, the Company was using pre-revised Schedule VI to Companies Act, 1956 for preparation and presentation of its financial statements. During the year ended 31 March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the Company.

The Company has re-classified previous year's to confirm to this year's classifications. However, the adoption of revised Schedule VI does not impact recognition, measurement, principles – presentation and disclosures.

**2 Share Capital :**

Particulars	As at 31-03-2012		As at 31-03-2011	
	Rs.	Rs.	Rs.	Rs.

**Authorized:**

1,00,00,000 Equity shares of Rs. 10/- each		10,00,00,000		10,00,00,000
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**Issued, Subscribed & Paid up:**

70,00,400 Equity shares of Rs. 10/- each		7,00,04,000		7,00,04,000
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The Company has only one class of shares referred to as equity shares having a par value of Rs.10/- Each holder of equity shares is entitled to one vote per share.

Reconciliation of number of equity shares and amount outstanding of the beginning and at the end of the year:

Outstanding at the beginning of the year		70,00,400		70,00,400
Outstanding at the end of the year		70,00,400		70,00,400

Shares held by each shareholder holding more than 5% shares

Promoter's Holding:	%	No.	%	No.
a) V. Sunitha	20.19	14,13,195	20.19	14,13,195
b) V. Sarojini	11.69	8,18,609	11.55	8,09,111
c) Kaiser Finance & Leasing (P) Ltd	11.24	7,86,975	11.24	7,86,975
<b>NON-PROMOTER'S HOLDING</b>	---	---	---	---

**3 Reserves & Surplus :**

General Reserve		6,00,000		6,00,000
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**Surplus:**

Opening Balance	5,27,54,511		6,09,34,993	
Add: Profit/(Loss) for the year after taxation as per statement of Profit & Loss account	1,32,73,401	6,60,27,912	(81,80,482)	5,27,54,511
Total		6,66,27,912		5,33,54,511

**4 Deferred Tax Liability (Net):**
**Deferred Tax Liability:**

Depreciation Difference		94,19,579		1,02,86,884
Deferred Revenue Expenditure		1,57,502		2,99,945
Total		95,77,081		1,05,86,829

**Less; Deferred Tax Asset**

Gratuity		9,29,016		8,94,707
Leave Encashment		4,03,305		3,89,140
Total		13,32,321		12,83,847

Net Deferred Tax Asset/Liability		82,44,760		93,02,982
Deferred Tax Asset / Liability Adj's		(10,58,222)		(26,42,940)



# Alufluoride Limited

Particulars	As at 31-03-2012		As at 31-03-2011	
	Rs.	Rs	Rs.	Rs.
<b>5 Long Term Provisions:</b>				
Provision for Employee Benefits:				
Gratuity (see note 25)		25,18,052		28,95,491
Leave Encashment (see note 25)		8,46,661		12,59,352
Total		<u>33,64,713</u>		<u>41,54,843</u>
<b>6 Trade Payables:</b>				
Acceptances		84,86,422		1,15,58,476
Other than acceptances		---		---
Total		<u>84,86,422</u>		<u>1,15,58,476</u>
Based on the information available with the Company, there are no dues/interest outstanding to Micro, Small and Medium enterprises, as defined under the MSMED Act, 2006 as on 31 March, 2012 (as on 31 March, 2011 - Nil).				
Information relating to 'supplier' under the provisions of Micro, Small and Medium Enterprise Development Act, 2006.				
i) The amounts due thereon remaining unpaid to any supplier as at the end of the year				
Principal		NIL		NIL
Interest		NIL		NIL
ii) Payments made beyond the appointed day and interest during the year		NIL		NIL
iii) The amount of interest due and payable for the period of delay in making payments but with out adding the interest specified in the Act		NIL		NIL
iv) The amount of interest accrued and remaining unpaid at the end of the year		NIL		NIL
v) The amount of further interest remaining due and payable in the succeeding year until the date such interest is actually paid		N.A.		N.A.
Disclosure of Sundry Creditors is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006".				
<b>7 Other Current Liabilities:</b>				
Statutory dues		6,81,378		6,13,716
Others		27,52,042		26,30,498
Total		<u>34,33,420</u>		<u>32,44,214</u>
<b>8 Short Term Provisions:</b>				
a) Provision for Employee Benefits				
Provision for Gratuity	3,44,747			
Provision for Leave Encashment	3,96,141			
Provision for Bonus	6,74,280	14,15,168	5,98,790	5,98,790
b) Current Tax				
Provision for Income Tax		55,80,000		
Total		<u>69,95,168</u>		<u>5,98,790</u>

**FIXED ASSETS - 9**

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NETBLOCK	
		As at 31-03-2011 Rs.	Additions Rs.	Deductions/ Adjustments Rs.	As at 31-03-2012 Rs.	Upto 31-03-2011 Rs.	For the Year Rs.	Deductions/ Adjustments Rs.	Upto 31-03-2012 Rs.	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	<b>TANGIBLE ASSETS</b>										
1.	Buildings	1,62,41,528	----	----	1,62,41,528	63,33,944	4,03,014	----	67,36,958	95,04,570	99,07,584
2.	Plant & Machinery	14,68,04,463	33,57,421	----	15,01,61,884	10,15,32,678	74,57,889	----	10,89,90,567	4,11,71,317	4,52,71,785
3.	Furniture, Fixtures & Air Conditioners	5,10,947	53,250	----	5,64,197	2,51,840	24,483	----	2,76,323	2,87,874	2,59,107
4.	Office Vehicles	13,14,315	----	28,485	12,85,830	4,65,934	1,18,365	25,929	5,58,370	7,27,460	8,48,381
5.	Computers	2,27,236	8,200	----	2,35,436	1,53,747	15,443	----	1,69,190	66,246	73,489
	<b>GRAND TOTAL</b>	16,50,98,489	34,18,871	28,485	16,84,88,875	10,87,38,143	80,19,194	25,929	11,67,31,408	5,17,57,467	5,63,60,346
	Previous Year	16,21,71,449	30,17,680	90,640	16,50,98,489	10,09,24,001	78,39,997	25,855	10,87,38,143	5,63,60,346	6,12,47,448

*The plant is constructed on operating lease hold land taken from Visakhapatnam Port Trust*

Particulars	As at 31-03-2012		As at 31-03-2011	
	Rs.	Rs	Rs.	Rs.
<b>10 Long Term Loans &amp; Advances:</b>				
Secured considered good				
1 Security Deposits		<b>40,92,624</b>		<b>35,04,499</b>
Total		<b><u>40,92,624</u></b>		<b><u>35,04,499</u></b>
<b>11 Current Investments:</b>				
Trade Investments - Investments in Mutual funds & Equity shares of listed companies, which are traded in exchanges				
<b>(a) Investment in Mutual Funds :</b>				
1 Axis Treasure Adv Fund 10,176.405 units of Rs.1000/- each Fully paid-up		—		1,01,77,212
2 Birla Sunlife Quarterly Inter Series 5,00,232.482 units of Rs.10/- each Fully paid-up		—		50,02,325
3 HDFC Prudence Fund 11,376.254 units of Rs.10/- each Fully paid-up		—		25,00,000
4 ICICI Prudential Dynamic Plan 22,996.492 units of Rs.10/- each Fully paid-up		—		25,04,973
5 Reliance Small cap fund 2,50,000.00 units of Rs.10/- each Fully paid-up		—		25,00,000
6 Birla Capital Protect DR Fund 65,000 units of Rs.10/- each Fully paid-up		<b>6,50,000</b>		—
7 Shriram Transport Fin Co Ltd 10,000.000 units of Rs.1000/- each Fully paid-up		<b>1,00,00,000</b>		—
8 Reliance Fixed Horizon Fund 14,10,000.000 units of Rs.10/- each Fully paid-up			<b>1,41,00,000</b>	—
9 Religare Finvest Ltd (Bonds) 5,000.000 units of Rs.1000/- each Fully paid-up		<b>50,00,000</b>		—
10 Tata Fixed Income Portfolio Fund 5,92,220.070 units of Rs.10/- each Fully paid-up		<b>59,99,900</b>		—
<b>b) Investment in Listed Company Shares :</b>				
11 Natco Pharma Ltd 1,000 Equity Share of Rs.10/- each Fully paid-up		—		2,69,890
12 Alphageo India 3,674 Equity Share of Rs.10/- each Fully paid-up		<b>4,48,986</b>		—
13 Coromandel International Ltd 4,500 Equity Share of Rs.1/- each Fully paid-up		<b>12,50,111</b>		12,50,111
14 BPL Ltd 2,279 Equity Share of Rs.10/- each Fully paid-up		<b>56,177</b>		—
Total		<b><u>3,75,05,174</u></b>		<b><u>2,42,04,511</u></b>
Aggregate market value of quoted investments as on 31 March, 2012 is Rs. 3,86,97,144				

Particulars	As at 31-03-2012		As at 31-03-2011	
	Rs.	Rs	Rs.	Rs.
<b>12 Inventories:</b>				
(Refer Note 1 (i) on valuation)				
At cost as ascertained, valued and certified by the Management.				
1. Stock of Stores and Spares		12,19,805		17,67,687
2 Stock of Stores in Transit		3,20,784		1,19,278
3 Stock of Raw Materials		84,20,393		55,37,854
4 Loose Tools		24,462		24,462
5 Stock of Finished Goods		59,667		7,79,756
Total		<u>1,00,45,111</u>		<u>82,29,037</u>
<b>13 Trade Receivables:</b>				
Unsecured considered Good				
Debts outstanding for a period exceeding six months		—		—
Others		1,10,52,061		1,53,36,996
Total		<u>1,10,52,061</u>		<u>1,53,36,996</u>
<b>14 Cash &amp; Bank balances:</b>				
1 Cash in Hand		5,609		6,276
2 Bank Balances (with scheduled Banks):				
a) in Current Accounts	2,25,07,196		49,81,686	
b) in Various Deposit accounts	1,42,96,812	3,68,04,008	3,08,02,084	3,57,83,770
Total		<u>3,68,09,617</u>		<u>3,57,90,046</u>
<b>15 Short Term Loans and Advances:</b>				
1. Advances recoverable in Cash or in kind or for value to be received:				
a) Prepaid Expenses	87,061		1,27,760	
b) Advance to suppliers & others	48,51,303		48,34,536	
c) Income tax Payments				
Advance Tax Payments	56,00,000		—	
Tax Deducted at Source	4,72,737		1,68,060	
Payments for disputed Tax Liability	36,93,260	1,47,04,361	—	51,30,356
2. Balances with Central Excise, Customs, Port Trust, etc.				
a) Central Excise Deposits	2,84,231		19,51,495	
b) Others	—	2,84,231	1,961	19,53,456
Total		<u>1,49,88,592</u>		<u>70,83,812</u>
<b>16 Other Current Assets:</b>				
1 Interest receivable		4,20,401		7,37,873
2 Deferred Revenue expenditure	9,70,696		19,50,063	
Less: written off during the year	(4,85,348)	4,85,348	(9,79,367)	9,70,696
Total		<u>9,05,749</u>		<u>17,08,569</u>



Particulars	As at 31-03-2012		As at 31-03-2011	
	Rs.	Rs.	Rs.	Rs.
<b>17 Revenue from Operations:</b>				
<b>Sales:</b>				
1 Export Sales		85,77,626		4,10,18,093
2 Domestic Sales	25,98,48,750		14,52,62,506	
Less: Excise duty	2,44,24,472	23,54,24,278	1,35,64,917	13,16,97,589
Total		<u>24,40,01,904</u>		<u>17,27,15,682</u>
<b>18 Other Income:</b>				
1 Interest on TDR's, Deposits & Advances		39,67,753		17,49,664
2 Miscellaneous Receipts		80,72,286		1,41,85,565
Total		<u>1,20,40,039</u>		<u>1,59,35,229</u>
<b>19 Cost of Materials Consumed:</b>				
1 Consumption of Raw Materials		9,66,90,513		7,82,45,715
2 Packing Materials		13,72,440		12,30,221
3 Inward Freight		5,39,78,094		3,71,74,631
Total		<u>15,20,41,047</u>		<u>11,66,50,567</u>
<b>20 Changes in Inventories:</b>				
1 Opening Inventory		7,79,756		39,93,963
Less: closing Inventory		59,667		7,79,756
Total		<u>7,20,089</u>		<u>32,14,207</u>
<b>21 Employee Benefits expenses:</b>				
1 Salaries, Wages & Bonus		1,32,84,229		1,26,43,040
2 Contribution to ESI & EPF		13,46,168		12,28,661
3 Staff welfare expenses		5,25,840		5,04,795
Total		<u>1,51,56,237</u>		<u>1,43,76,496</u>
<b>22 Financial Charges:</b>				
1 Bank Charges		55,749		1,81,422
Total		<u>55,749</u>		<u>1,81,422</u>

Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
<b>23 Other Expenses:</b>		
1 Power, Fuel & Water	4,54,26,279	4,33,72,218
2 Repairs & Maintenance		
- Plant	83,95,557	73,13,352
- Others	3,98,915	8,01,809
3 Deferred Revenue Expenses w/off	4,85,348	9,79,367
4 Other Manufacturing Expenses	15,65,054	9,46,073
5 Rent, Rates & Taxes	10,46,488	10,45,828
6 Insurance	1,31,209	99,364
7 Postage & telephone	2,53,653	2,10,824
8 Printing & Results publication charges	6,13,333	4,86,260
9 Travelling & conveyance	6,42,979	9,19,148
10 Professional expenses	93,500	6,17,023
11 Payments Auditors		
- Towards audit fee	50,000	50,000
- Tax Representation fee	20,000	—
12 Security charges	3,45,960	3,56,130
13 Shipment & other selling expenses	7,15,456	14,58,900
14 Loss on sale of Investments	4,33,187	(3,74,162)
15 Exchange Rate Variation (net)	6,65,734	(19,76,436)
16 Other expenses	10,00,917	8,90,150
Total	<u>6,22,83,569</u>	<u>5,71,95,848</u>
<b>24 Earning per Share:</b>		
1 Net Profit/(Loss) after current and deferred tax	1,32,73,401	(81,80,482)
2 Weighted average number of equity shares of Rs.10/- each	70,00,400	70,00,400
3 EPS (Rs.) – Basic and Diluted	1.90	(1.17)

**25 Employee Benefits:**

## i) General Description of the Post Employment Benefits – Defined Benefit Plans

- a) **Gratuity:** Payable to employees, who render continuous service of 5 years or more, on separation, at 15 days of last drawn pay for each completed year of service.
- b) **Compensated Absence:** Encashment of accumulated earned leave, subject to maximum permissible limits as per the terms of appointment, will be paid to the employee on separation.

## i). Reconciliation of present value of defined benefit obligations

Particulars	Gratuity	Compensated Absences
	Rs.	Rs.
Opening Balance	28,95,491	12,59,352
Current Service Cost	3,29,535	70,419
Interest	2,31,639	1,00,748
Benefits Paid	19,427	4,652
Actuarial Gain/Loss	(5,74,439)	(1,83,065)
Closing Balance	28,62,799	12,42,802

## ii). All the defined benefit plans are unfunded.

## iii). Expenses recognized in the Statement of Profit &amp; Loss Account.

Particulars	Gratuity	Compensated Absences
	Rs.	Rs.
Current Service Cost	3,29,535	70,419
Interest	2,31,639	1,00,748
Actuarial Gain/Loss	(5,74,439)	(1,83,065)
Total	(13,265)	(11,898)

## iv). Actuarial Assumptions

Interest / Discount rate - 8%	Salary Escalation - 8%
Age - 58%	Withdrawal Rate - 10%

**26 Contingent liabilities:**

## 1. Claims against the Company not acknowledged as debts

- a. In respect of matters under dispute with Income Tax Department amounting to Rs.71.93 lakhs (previous year Rs. nil), out of which Rs.36.93 lakhs has been paid under dispute.
- b. Legal notice issued by a supplier for capital goods against the Company and for this amount the Company is disputing and had already provided sufficient liability in the books of account.

## 2. Bank guarantees/Letter of Credit in force (Previous year - Rs. Nil) – Rs. Nil.

27 The Company availed CENVAT benefit, on Capital Goods, the balance of which is identified and disclosed separately. Fixed assets of the Company are disclosed at a value exclusive of Excise Duty paid. Opening & Closing stock of finished goods includes applicable Excise duty of Rs.72,815/- and Rs.6,561/- respectively.

**28 Segment Reporting:**

Since the Company is dealing with a single product the disclosure requirements issued by the ICAI are not applicable.

**29 Related Party Transaction:**

List of Related Parties with whom transactions have taken place during the year :

Associated Companies:

M/s Anar Enterprises Private Ltd,  
M/s Kaiser Finance & Leasing Private Ltd  
and M/s Visakha Finance Ltd

Key Management Personnel:

Mr. Venkat Akkineni, Managing Director,  
Mrs. Jyothsana Akkineni, Executive Director and  
Mr. K. Purushotham Naidu, Director (Finance).

Rent to M/s Anar Enterprises (P) Ltd:

Rs. 1,38,000 (Previous year Rs. 2,05,500)

Rent to M/s Kaiser Finance & Leasing (P) Ltd.:

Rs. 2,01,600 (Previous year Rs. 2,01,600)

Rent to M/s Visakha Finance Ltd:

Rs. 60,000 (Previous year Rs. 60,000)

Managerial Remuneration:

– Salary & Commission:

Rs. 35,22,575 (Previous year Rs.33,08,403)

– Perquisites & Contributions:

Rs. 5,87,441 (Previous year Rs. 6,65,510)

– Director's Sitting Fee:

Rs. 11,000 (Previous year Rs. 10,000)

**30 Foreign Exchange Details:**

S.No	Particulars	For the year ended 31-03-2012	For the year ended 31-03-2011
		Rs.	Rs.
1	<b>Foreign Exchange Earnings/Imports:</b>		
(a)	Foreign Exchange – FOB	79,29,250	4,22,99,260
(b)	Values of imports computed on CIF Basis (Components & spare parts)	4,01,030	7,47,452
(c)	Expenditure in Foreign Currency Travelling & Others (Technical Consultant's fee)	84,533	4,87,920

Per our separate report of even date

For **RAO & KUMAR**  
Chartered Accountants  
FRN.03089S

For and on behalf of the Board

**CA V. V. RAM MOHAN**  
Partner

**VENKAT AKKINENI**  
Managing Director

**Dr. T.R. RAMACHANDRAN**  
Director

Member No.18788  
Visakhapatnam  
30 July, 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012.**

Particulars	2011-12 Rs.	2010-11 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) after Extra-ordinary items and before tax	1,77,66,058	(1,08,07,626)
<b>Adjustments for :</b>		
Income Tax Refund	29,121	---
Depreciation	80,19,194	78,39,997
Loss on sale of Asset	556	---
Deferred Revenue expenditure written off	4,85,348	9,79,367
Operating Profit before working capital changes	2,63,00,377	(19,88,262)
<b>Changes in Working capital :</b>		
<b>Adjustments for :</b>		
Trade & other Receivables	(38,90,498)	1,59,90,566
Inventories	(18,16,074)	1,02,35,505
Trade payables & other Payables	(28,56,600)	(93,94,590)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,77,37,105</b>	<b>1,48,43,219</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (net)	(34,16,871)	(29,52,895)
Investments in Shares/Mutual Funds	(1,33,00,663)	(67,04,511)
Deferred Revenue Expenditure	---	(14,56,044)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,67,17,534)</b>	<b>(1,11,13,540)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	-NIL-	-NIL-
Proceeds from borrowings	-NIL-	-NIL-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-NIL-</b>	<b>-NIL-</b>
Net changes in Cash and Cash equivalent (A+B+C)	10,19,571	37,29,769
Cash and Cash equivalent at the beginning of the year	3,57,90,046	3,20,60,277
Cash and Cash equivalent at the end of the year	3,68,09,617	3,57,90,046

For and on behalf of the Board

Visakhapatnam  
30 July, 2012

**VENKATAKKINENI**  
Managing Director

**AUDITORS' CERTIFICATE**

The above cash flow statement has been compiled from and is based on the audited accounts of Alufluoride Limited for the year ended 31st March, 2012. According to the information and explanations given the aforesaid cash flow statement has been prepared pursuant to Clause 32 of Listing Agreements with Stock Exchanges and the reallocations required for the purpose are as made by the Company.

**For RAO & KUMAR**  
Chartered Accountants  
FRN.03089S

Visakhapatnam  
30 July, 2012

**CA V.V.RAM MOHAN**  
Partner  
Memb. No. 18788



**ALUFLUORIDE LIMITED**  
**MULAGADA, MINDI, VISAKHAPATNAM - 530 012 INDIA**

**PHONE: 91-891-2548568 FAX No. 91-891-2548567**

**EMAIL: contact @alufuoride.com, WEB: http://www.alufuoride.com**

**ATTENDANCE SLIP**

**Annual General Meeting on 25 September, 2012 at 11.00 A.M. at Anar Centre, Nowroji Road  
Visakhapatnam – 530 002 (A.P.).**

Name of the Shareholder

Folio No.

- A member/proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
- If you intend to appoint a proxy, please complete the Proxy Form below and deposit it at the Company's Registered Office 48 hours before the meeting. Please ensure that the proxy brings this Attendance Slip with him for the meeting.

I hereby record my presence at the Annual General Meeting of the Company held at Anar Centre, Nowroji Road, Visakhapatnam 530 002, on 25 September, 2012.

Name of the Proxy (if any) in Block Letters

Signature of the Member/Proxy



**ALUFLUORIDE LIMITED**  
**Mulagada, Mindi, VISAKHAPATNAM - 530 012 INDIA**

**PHONE: 91-891-2548568 FAX No. 91-891-2548567**

**EMAIL: contact@alufuoride.com, WEB: http://www.alufuoride.com**

Name of the Shareholder

Folio No.

**PROXY FORM**

a member/members of ALUFLUORIDE LIMITED, hereby appoint .....

in the district of ..... as my/our Proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 25 September, 2012 and at any adjournment thereof.

Signature: \_\_\_\_\_

Affix 1  
Rupee  
Revenue  
Stamp

Note : The Proxy Form duly completed, must be deposited at the Anar Centre, Nowroji Road, Visakhapatnam - 530 002 (A.P.) not less than 48 hours before the time for holding the meeting.

**BOOK - POST  
PRINTED MATTER**

*If undelivered, Please return to:*

**ALUFLUORIDE LIMITED**  
MULAGADA, MINDI,  
VISAKHAPATNAM 530 012, INDIA

Phone: (91 891) 254 8568

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Web: [www.alufuoride.com](http://www.alufuoride.com)