



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

*Annual Report  
2009 - 2010*

**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 Ltd  
ABN Amro Bank Ltd  
Axis Bank Ltd

**Registered Office**

Alufluoride Limited  
Anar Center, Nowroji Road,  
Visakhapatnam 530 002, AP, India  
Phone: (91 891) 253 5606, 253 5607  
Fax : (91 891) 256 0036  
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)  
[xlfield@rediffmail.com](mailto:xlfield@rediffmail.com)

**Factory**

Mulagada Village  
Mindhi Post  
Visakhapatnam 530 012, AP, India.  
Phone: (91 891) 257 7077, 257 7094  
Fax : (91 891) 256 0036

**NOTICE TO SHARE HOLDERS**

NOTICE is hereby given that Annual General Meeting of Alufluoride Limited will be held at the Registered Office of the Company at Anar Center, Nowroji Road, Visakhapatnam 530 002 on Friday, the 24 September, 2010 at 11.00 A.M. to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31 March, 2010 and Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To elect a Director in place of Sri K. Purushotham Naidu who retires by rotation, and being eligible offers himself for reappointment.
3. To elect a Director in place of Sri A.V.V.S.S.Ch. B.Sekhar Babu who retires by rotation, and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

5. To consider and if thought fit, to pass the following as a Special Resolution.

RESOLVED THAT consent of the members be and is hereby accorded to shift the factory from Mulagada village, Mindi post, Visakhapatnam to such other place as may be decided by the Board of Directors keeping in view of an assured & long term supply of Hydrofluosilicic Acid (a major raw material for producing Aluminium Fluoride).

FURTHER RESOLVED THAT the Board of Directors are authorized to identify the suitable place for shifting in consultation with experts and also to do all necessary acts, including but not limited to appointment of personnel, mobilization of funds, execution of deeds, documents, to give effect to the above resolution.

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

Visakhapatnam  
30 July, 2010

**VENKAT AKKINENI**  
Managing Director

**NOTES :**

1. The Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. 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 Regd. Office of the Company not less than 48 hours before the time of holding the meeting.
3. The Share Transfer Register and Register of Members of the Company will remain closed from 22 September, 2010 to 24 September, 2010 (both days inclusive).
4. Any change of address of the Member may please be notified to the Company quoting the Registered Folio.
5. The Company has listed its shares at:  
Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001.

**EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956****Item No. 5 :**

The Company set up Aluminium Fluoride production plant at Visakhapatnam in 1993-95 at seven acres leased land taken from Visakhapatnam Port Trust at a project cost of Rs.17.50 crores. On 1<sup>st</sup> January, 1990, the Company entered a long term agreement with M/s Coromandel International Ltd (Erstwhile

M/s Coromandel Fertilizers Ltd), Visakhapatnam (CFL) for supply of 4,000 TPA Hydrofluosilic Acid (a major raw material for producing Aluminium Fluoride) and the agreement is valid till 31 December, 2010. The Company commenced its commercial operations from 19<sup>th</sup> January, 1995. The Acid supplies from CFL are totally discouraging and due to continued lower supplies of Acid from CFL, the financials of the Company very much adversely effected. To make use of the existing production capacity of the plant, the Company is bringing good quantities of Acid since 2004 all the way from Tuticorin by road, which involves huge transport cost, since, the acid contains 80% water and have to pay huge transport cost.

Even at these difficult periods, the Company could manage to clear all the term loans and made the Company as a DEBT FREE and had paid Dividends for the last two years – 2007-08 and 2008-09. The Company established good market share of Aluminium Fluoride in the domestic as well as in the overseas market and got good reputation for its product.

The Acid supplies from CFL are deteriorating year after and in near future there is no sign of improvement of acid supplies from CFL. For coming out of these problems and for long term solution, your Directors are proposing to shift the total plant to the place where there is an assured acid supplies are available. Presently, M/s IFFCO Ltd, Paradeep (Orissa) and M/s Sterlite Industries Ltd, Tuticorin (Tamilnadu) are showing interest for supplying Company's required acid supplies on a long term basis and the discussions are in progress.

Your Directors are recommending the resolution for your approval.

None of the Directors are concerned or interested in the proposed resolution.

**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, 2010.

**FINANCIAL RESULTS**

The financial results of the Company for the year 2009-10 are summarized below:

	(Rs. in lakhs)	
	31-03-2010	31-03-2009
	Rs.	Rs.
Sales and other revenue	<b>2,721.33</b>	2,085.18
Profit before Finance charges,		
Depreciation, Tax & other adj's	<b>309.45</b>	509.83
Less : Finance charges	<b>1.53</b>	1.28
Profit before Depreciation,		
Tax & other adj's	<b>307.92</b>	508.55
Less : Depreciation	<b>73.75</b>	70.79
Profit before Tax & other adj's	<b>234.17</b>	437.76
Less : Loss on sale / Diminution		
in value of Investments	—	56.51
Provision for current tax & FBT	<b>92.66</b>	159.80
Taxes of earlier years	<b>8.07</b>	(0.58)
Deferred Tax Asset/Liability adj's	<b>(20.32)</b>	(17.46)
Profit before appropriations	<b>153.76</b>	239.49
Less: Provision for		
General Reserve	—	6.00
Proposed Dividend	—	84.00
Corporate Dividend tax	—	14.28
Surplus carried to Balance Sheet	<b>153.76</b>	135.21

**OPERATIONS**

Your Directors are to report that, during the year, due to world wide severe financial recession, the international sale prices of Aluminium Fluoride has crashed from USD 1,500 to USD 800 and with the result the Company's sale price also crashed from Rs.65,000/- to Rs.42,000/- pmt. However, there is no correspond reduction in raw material costs. Hydrofluosilicic acid (acid), which is a major raw material, supplies from M/s Coromandel International Ltd (CFL) was further reduced and they had supplied only 1,300 MT as against the contracted quantity of 4,000 TPA.

In spite of all these hurdles, the company could manage to produce record AIF3 production and had produced 5,090 MT during the year as against 3,328 MT in 2008-09. The Company made record sales of AIF3 and had sold 5,006 MT during the year as against 3,333 MT in 2008-09.

The Sales & other Income during the year were reported at Rs.2,721.33 lakhs as against Rs.2,085.18 lakhs during 2008-09. With efficient working capital management, increased Aluminium Fluoride production, effective cost control measures, though the average sale price of AIF3 has dropped by over Rs.9,000/- pmt when compared to 2008-09, the Company posted satisfactory financial results. As per the details summarized above, the Company made a Profit of Rs.153.76 lakhs after tax, deferred tax adj's, and loss on sale/diminution in value of investments as against Rs. 239.49 lakhs during 2008-09.

**DIVIDEND**

In view of proposed shifting of the plant to the place where the Company will have an assured Acid supplies are available and to improve the shareholder's value, your Directors have not recommended any Dividend for the year 2009-10.

**OUTLOOK FOR THE CURRENT YEAR**

The Company had finalized all the sale contracts for 2010-11 at the very competitive current prices and hopeful of break even the operations. The company is making all its every effort to shift the

plant to the place where there is an assured acid is available to reduce the huge transport cost to bare minimum and to post good financial results on a long term basis. As the global financial recession is in the fag end, the Company is hopeful of establishing good financial results in near future.

#### **EXPORTS**

Your Directors are glad to report that, the Company restarted its exports again and registered Export Sales of Rs.801.93 lakhs during the year as against Rs.NIL in 2008-09. Your Directors are planning to increase the Export sales for the current year though the export realization is at break even levels but to establish good international market share for the Company in the coming periods.

#### **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 etc.. 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, Sri K.Purushotham Naidu and Sri A.V.V.S.S.Ch.B.Sekhar Babu will be retiring by rotation at the Annual General Meeting and are eligible for reappointment.

#### **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 reappointment.

#### **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, 2010. 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, ABN

AMRO Bank Ltd, Axis Bank Ltd and Punjab National Bank Ltd. 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, 2010

**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, 2010.

**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**

	<b>01-04-2009 to 31-03-2010</b>	<b>01-04-2008 to 31-03-2009</b>
<b>1. Electricity</b>		
<b>(a) Purchased Unit (KWH)</b>	<b>20,60,872</b>	14,12,512
Total Amount Rs.	<b>75,31,095</b>	55,60,852
Average Rate / Unit (Rs.)	<b>3.65</b>	3.94
<b>(b) Own Generation –</b>		
Through Diesel Generator – 380 + 125 KVA		
- Unit (KWH)	<b>1,44,084</b>	56,360
Average Unit Per litre of Diesel Oil	<b>3.23</b>	3.15
Cost of Diesel per KWH (Rs.)	<b>10.87</b>	11.30
<b>2. Furnace Oil / L.D.O.</b>		
Quantity (K. Ltrs)	<b>1,691</b>	1,101
Total Amount (Rs.)	<b>4,35,85,661</b>	2,68,08,381
Average Rate (Rs.)	<b>25,781</b>	24,349
<b>B. Consumption per ton of Production</b>		
a) <b>Aluminium Fluoride</b>		
Electricity (KWH)	<b>433</b>	441
Furnace Oil / L.D.O. (K. Ltrs)	<b>0.332</b>	0.331
<b>C. Foreign Exchange Earnings</b>		
(a) <b>Foreign Exchange – F.O.B. Rs.</b>	<b>8,46,04,133</b>	—
(b) <b>Foreign Exchange out go :</b>	<b>3,38,565</b>	11,32,250
(c) <b>Other Components, spare parts &amp; foreign travel etc (Rs.)</b>	<b>2,62,300</b>	5,23,284



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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. All Aluminium Smelters in India & abroad are using the Company's product with repeat orders for increased quantities due to its quality & 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 M/s Coromandel International 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 are deteriorating year after year. Consequently, AL's financial results were adversely affected.

It is reported that, all the Aluminium smelters in India & 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 with optimized production.

The Company is getting offers from Acid producers that they would like to supply the Acid on a long term

basis. The Company is also approaching various acid suppliers for supplies from them on an assured as well on a long term basis. If these efforts are successful, the Company prefer to shift the total plant to the place where there is an assured acid supply available, by which it can reduce the acid transport cost and can post good financial results on a long term basis.

### 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 69 as on 31 March, 2010.

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**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 MARCH, 2010**
**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 25 September, 2009	No. of outside Directorships held	Executive/ Non Executive Independent
Mr. Venkat Akkineni	4	Present	5	Executive
Mr. Ashok Vemulapalli	4	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 2009-10**

During the Financial year 2009-10, four Board Meetings were held on 30 April, 2009, 13 July, 2009, 15 October, 2009 and 28 January, 2010.

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

The Audit Committee comprises of two independent Directors and one Non-Executive Director. The Audit Committee met on 30 April, 2009, 13 July, 2009, 15 October, 2009 and 28 January, 2010. 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 have 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 2009-10 are given below

Name of the Director	Sitting Fee-Board Committee (Rs. )	Salaries & Perks (Rs. )	Other Transaction (Rs. )
Mr. Venkat Akkineni	-----	32,53,626	-----
Mr. Ashok Vemulapalli	4,000	----	12,000
Mrs. Jyothsana Akkineni	2,000	----	25,122
Dr. T.R. Ramachandran	4,000	----	12,000
Mr. K. Purushotham Naidu	-----	10,02,803	----
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
2009	Registered Office	25 September, 2009	11.00 A.M.
2008	Registered Office	25 September, 2008	11.00 A.M.
2007	Registered Office	5 September, 2007	11.00 A.M.

The Company has obtained approval of members by way of Special Resolution for amending the main objects of the Company in the postal ballot held on 24.09.2008 and there are no other General Body Meeting during the last three years. The Company has obtained the consent of the members for the reappointment of Sri Venkat Akkineni as the Managing Director of the Company by way of Special Resolution in the Annual General Meeting held on 25 September, 2008.

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 :**

M/s 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 dematerialisation 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 2009-10 on Bombay Stock Exchange Ltd, Mumbai.

Month	High Rs. Ps.	Low Rs. Ps.	Month	High Rs. Ps.	Low Rs. Ps.
April, 2009	16.39	12.65	October, 2009	26.50	15.90
May, 2009	23.00	13.00	November, 2009	20.90	17.35
June, 2009	24.95	13.55	December, 2009	20.80	15.00
July, 2009	23.20	14.60	January, 2010	27.50	17.50
August, 2009	23.30	17.00	February, 2010	23.45	18.40
September, 2009	26.80	19.00	March, 2010	22.40	17.00

**CATEGORIES OF SHARE HOLDING AS ON  
31<sup>ST</sup> MARCH, 2010**

Sl. No.	Category	No. of shares	%
1.	Promoters, Directors, relatives and associated companies	36,47,325	52.10
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	5,27,952	7.54
8.	Public	23,20,394	33.15
9.	Others	2,419	0.03
<b>Total</b>		<b>70,00,400</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDINGS AS ON  
31<sup>ST</sup> MARCH, 2010**

No. of shares	No. of sharholders	No. of shares	Percentage
Upto 500	6,578	8,64,073	12.34
501 to 1,000	266	2,25,038	3.21
1,001 to 2,000	153	2,29,734	3.28
2,001 to 3,000	63	1,63,094	2.33
3,001 to 4,000	27	98,608	1.41
4,001 to 5,000	43	2,06,475	2.95
5,001 to 10,000	38	2,81,948	4.03
10,001 and above	79	49,31,430	70.45
<b>Total</b>		<b>7,247</b>	<b>100.00</b>

**DEMATERIALISATION OF SHARES AND LIQUIDITY :**

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

i) **Factory** : Mulagada Village, Mindhi Post  
Visakhapatnam – 530 012 A.P.

ii) **Address for Correspondence - Registered Office**  
Company Secretary  
Alufluoride Limited,  
ANAR Center, Nowroji Road  
Visakhapatnam – 530 002, A.P.

**Annual General Meeting**

Time : 11.00 A.M.  
Date : 24 September, 2010  
Venue : Registered Office, Visakhapatnam

**BOOK CLOSURE DATES** : 22 September, 2010 to  
24 September, 2010  
(Both days inclusive)

**CERTIFICATE**

To  
The Members  
Alufluoride Ltd.  
Visakhapatnam.

We have examined the compliance of conditions of Corporate Governance by M/s. Alufluoride Ltd., Visakhapatnam, for the year ended 31<sup>st</sup> March, 2010, 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 that 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 M/s. RAO & KUMAR**  
Chartered Accountants  
FRN. 03089S

Visakhapatnam  
30 July, 2010

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

**AUDITORS' REPORT**

To  
**The Shareholders**  
**Alufluoride Limited**  
**Visakhapatnam A.P.**

1. We have audited the attached Balance Sheet of **Alufluoride Limited**, as at 31<sup>st</sup> March 2010, and also the 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, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we consider appropriate and according to the information and explanations given to us, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
  - (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 the books;
  - (c) The Balance sheet, 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, 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) In our opinion and based on information and explanation given to us, none of the Directors are disqualified as on 31<sup>st</sup> March, 2010 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, subject to and read together with the Significant Accounting Policies and Notes forming part of accounts given by way of Schedule L to the 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 2010;
    - (ii) In the case of the 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.
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;

Visakhapatnam  
30 July, 2010

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

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

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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) 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. 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. 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 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 2010, for a period of more than six months from the date they became payable.
- (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 cash losses in the current financial year and 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 M/s. RAO & KUMAR**  
Chartered Accountants  
FRN. 03089S

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

Visakhapatnam  
30 July, 2010

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Schedule	As at 31-03-2010		As at 31-03-2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCE OF FUNDS :</b>					
<b>1. Share Holders Funds</b>					
(a) Share Capital	A		7,00,04,000		7,00,04,000
(b) Reserves & Surplus	B		6,15,34,993		4,61,58,929
	TOTAL		<u>13,15,38,993</u>		<u>11,61,62,929</u>
<b>2. Deferred Tax Liability</b>					
			<u>1,29,35,048</u>		<u>1,48,03,627</u>
<b>GRAND TOTAL</b>					
			<u>14,44,74,041</u>		<u>13,09,66,556</u>
<b>II. APPLICATION FUNDS :</b>					
<b>1. Fixed Assets</b>					
(a) Gross Block	C	16,21,71,449		15,12,76,155	
(b) Less : Depreciation		10,09,24,001		9,37,28,018	
(c) Net Block			<u>6,12,47,448</u>		<u>5,75,48,137</u>
<b>2. Investments</b>					
	D		1,75,00,000		1,92,37,693
<b>3. Deferred Tax Asset</b>					
			9,89,126		8,25,591
<b>4. Current Assets</b>					
Loans & Advances :					
(a) Inventories	E	1,84,64,542		95,02,335	
(b) Sunday Debtors	F	1,85,48,629		1,39,90,482	
(c) Cash & Bank Balances	G	3,20,60,277		4,24,24,460	
(d) Loans and Advances	H	2,43,36,300		2,54,93,643	
	TOTAL		<u>9,34,09,748</u>		<u>9,14,10,920</u>
<b>Less :</b>					
(b) Current Liabilities	I	1,99,00,300		1,39,31,695	
(c) Provisions	J	92,66,000		2,58,08,142	
	TOTAL		<u>2,91,66,300</u>		<u>3,97,39,837</u>
Net Current Assets					
			<u>6,42,43,448</u>		<u>5,16,71,083</u>
<b>5. Miscellaneous Expenditure</b>					
(To the Extent not written off or adjusted)	K		4,94,019		16,84,052
<b>GRAND TOTAL</b>					
			<u>14,44,74,041</u>		<u>13,09,66,556</u>

**NOTES TO THE ACCOUNTS**

The schedules referred to above, form an integral part of the Balance Sheet.  
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

**VENKAT AKKINENI**  
Managing Director

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

Visakhapatnam  
30 July, 2010



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31<sup>ST</sup> MARCH, 2010

	Schedule	Current Year		Previous Year	
		2009-2010	2009-2010	2008-2009	2008-2009
		Rs.	Rs.	Rs.	Rs.
<b>I. INCOME</b>					
a) Sales		19,32,89,360		23,02,73,231	
Less: Excise Duty		1,49,39,113	17,83,50,247	2,64,85,929	20,37,87,302
Export Sales			8,01,93,153		—
Sales (net)			25,85,43,400		20,37,87,302
b) Other Income	I		1,35,89,424		47,30,707
<b>TOTAL INCOME</b>			<b>27,21,32,824</b>		<b>20,85,18,009</b>
<b>II. EXPENDITURE</b>					
a) Manufacturing Expenses	II		22,27,92,610		13,93,47,091
b) Administration Expenses	III		1,97,01,384		1,71,14,213
c) Selling & Distribution Expenses	IV		26,34,552		9,08,292
d) Financial Charges	V		1,52,578		1,27,652
e) Depreciation			73,75,228		70,78,762
f) Loss on sale of Assets/Investments			—		55,63,742
g) Other than temporary Diminution in value of Investments			—		87,744
h) Increase(-)/Decrease(+) in Inventory	VI		(39,40,797)		1,65,758
<b>TOTAL EXPENDITURE</b>			<b>24,87,15,555</b>		<b>17,03,93,254</b>
Profit before Tax & Adj's			2,34,17,269		3,81,24,755
Less : 1. Taxes of earlier years		8,07,319		(58,392)	
2. Provision for Tax					
- Current Tax		92,66,000		1,58,75,000	
- Deferred Tax (Asset)/Liability		(20,32,114)		(17,46,107)	
- Fringe Benefit Tax		—	80,41,205	1,05,000	1,41,75,501
Profit after Tax			1,53,76,064		2,39,49,254
<b>APPROPRIATIONS :</b>					
- General Reserve		—		6,00,000	
- Proposed Dividend		—		84,00,480	
- Corporate Dividend Tax		—		14,27,662	1,04,28,142
Balance carried to Balance sheet			1,53,76,064		1,35,21,112
<b>COMPUTATION OF EARNING PER SHARE</b>					
i) Net Profit available for Equity shareholders			1,53,76,064		2,39,49,254
ii) Weighted average number of Equity shares			70,00,400		70,00,400
iii) Nominal value of share (Rs.)			10		10
iv) Basic and diluted earnings per share (Rs.)			2.20		3.42

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

**VENKAT AKKINENI**  
Managing Director

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

Visakhapatnam  
30 July, 2010

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital :</b>		
1,00,00,000 Equity Share of Rs.10/- each	<u>10,00,00,000</u>	<u>10,00,00,000</u>
<b>Issued, Subscribed &amp; Paid-up :</b>		
70,00,400 Equity Shares of Rs.10/- each, Fully paid-up	<u>7,00,04,000</u>	<u>7,00,04,000</u>
TOTAL	<u>7,00,04,000</u>	<u>7,00,04,000</u>
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>A. General Reserve</b>	<b>6,00,000</b>	<b>6,00,000</b>
<b>B. Profit &amp; Loss Account</b>		
Profit brought down from Profit & Loss a/c	<b>1,53,76,064</b>	1,35,21,112
Add: Opening Balance brought forward	<u>4,55,58,929</u>	<u>3,20,37,817</u>
TOTAL	<u>6,15,34,993</u>	<u>4,61,58,929</u>
<b>SCHEDULE - D</b>		
<b>INVESTMENTS</b>		
<b>(At cost, Non-Trade, Long term investments in Shares/Mutual Funds)</b>		
<b>Units</b>		
1. 10,50,257.00 IDFC Fixed Maturity Plan	<b>1,05,00,000</b>	1,50,59,695
2. 2,50,000.00 Axis Bank Mutual Fund	<b>25,00,000</b>	—
3. 4,17,674.53 Fortis Money Plus Regular Plan	—	41,77,998
4. 4,51,115.23 Reliance Medium Term Fund	<u>45,00,000</u>	—
TOTAL	<u>1,75,00,000</u>	<u>1,92,37,693</u>

**SCHEDULE - C  
FIXED ASSETS**

Sl. No	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As At 31-03-2009 Rs.	Additions Rs.	Deductions/ Adjustments Rs.	As At 31-03-2010 Rs.	Upto 31-03-2009 Rs.	For the Year Rs.	Deductions/ Adjustments Rs.	Upto 31-03-2010 Rs.	As At 31-03-2010 Rs.	As At 31-03-2009 Rs.
1.	Buildings	1,59,19,116	3,22,412	—	1,62,41,528	55,32,512	3,98,418	—	59,30,930	1,03,10,598	1,03,86,604
2.	Plant & Machinery	13,31,25,741	1,07,44,559	17,817	14,38,52,483	8,74,68,036	68,10,964	16,926	9,42,62,074	4,95,90,409	4,56,57,705
3.	Furniture, Fixtures & Air Conditioners	7,14,297	43,200	2,48,210	5,09,287	3,70,151	32,401	1,62,319	2,40,233	2,69,054	3,44,146
4.	Office Vehicles	13,40,915	—	—	13,40,915	2,31,434	1,21,019	—	3,52,453	9,88,462	11,09,481
5.	Computers	1,76,086	51,150	—	2,27,236	1,25,885	12,426	—	1,38,311	88,925	50,201
	<b>GRAND TOTAL</b>	15,12,76,155	1,11,61,321	2,66,027	16,21,71,449	9,37,28,018	73,75,228	1,79,245	10,09,24,001	6,12,47,448	5,75,48,137
	Previous year	14,75,26,973	43,57,154	6,07,972	15,12,76,155	8,70,45,065	70,78,762	3,95,809	9,37,28,018	5,75,48,137	6,04,81,908

**The plant is constructed on lease hold land**

	As at 31-03-2010		As at 31-03-2009	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE - E</b>				
<b>INVENTORIES</b>				
(At cost, as ascertained valued and certified by the Management)				
1. Stock of Stores and Spares		7,01,980		6,29,014
2. Stock of Stores in Transit		16,90,545		4,26,387
3. Stock of Raw Material		1,20,53,592		83,69,306
4. Loose Tools		24,462		24,462
5. Stock of Finished Goods		39,93,963		53,166
		<u>1,84,64,542</u>		<u>95,02,335</u>
<b>SCHEDULE - F</b>				
<b>SUNDRY DEBTORS</b>				
(Un-secured, considered good)				
1. Debts outstanding for a period exceeding six months		---		---
2. Others		1,85,48,629		1,39,90,482
		<u>1,85,48,629</u>		<u>1,39,90,482</u>
<b>SCHEDULE - G</b>				
<b>CASH AND BANK BALANCE</b>				
1. Cash in Hand		5,708		3,401
2. Bank Balance				
(with Scheduled Banks)				
a. In Current Accounts	87,24,626		56,61,892	
b. In Various Deposit Accounts	2,33,29,943	3,20,54,569	3,67,59,167	4,24,21,059
		<u>3,20,60,277</u>		<u>4,24,24,460</u>
<b>SCHEDULE - H</b>				
<b>LOANS AND ADVANCES</b>				
(Unsecured, Considered good)				
1. Advances recoverable in Cash or in kind or for Value to be received				
a. Prepaid Expenses	1,76,585		91,526	
b. Accounts Receivable	1,03,372		14,75,883	
c. Advance to Suppliers & Others	78,96,046		12,08,362	
d. Income Tax Payments	85,21,796	1,66,97,799	1,67,87,319	1,95,63,090
2. Balance with Central Excise, Customs, Port Trust etc.,				
a. Central Excise Deposits	37,06,576		9,16,105	
b. Others	4,27,426	41,34,002	13,36,949	22,53,054
3. Other Deposits		35,04,499		36,77,499
		<u>2,43,36,300</u>		<u>2,54,93,643</u>

	As at 31-03-2010		As at 31-03-2009	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE - I</b>				
<b>CURRENT LIABILITIES</b>				
1. Sunday Creditors				
a. Total outstanding dues of Micro and Small Enterprises		---		---
b. Total outstanding dues of creditors other than Micro and Small Enterprises	<u>1,37,56,390</u>	<u>1,37,56,390</u>	<u>84,89,443</u>	<u>84,89,443</u>
2. Other Liabilities		<u>61,43,910</u>		<u>54,42,252</u>
TOTAL		<u><b>1,99,00,300</b></u>		<u><b>1,39,31,695</b></u>
<b>SCHEDULE - J</b>				
<b>PROVISIONS</b>				
1. Provision for Taxation		<u>92,66,000</u>		1,58,75,000
2. Provision for Fringe Benefit Tax		---		1,05,000
3. Provision for Dividend		---		84,00,480
4. Provision for Income Tax on Dividend		---		14,27,662
TOTAL		<u><b>92,66,000</b></u>		<u><b>2,58,08,142</b></u>
<b>SCHEDULE - K</b>				
<b>MISCELLANEOUS EXPENDITURE</b>				
(To the extent not written-off or adjusted)				
1. Diff. Revenue Expenditure		<u>16,84,052</u>		31,78,745
Less: Written off during the year		<u>11,90,033</u>		14,94,693
TOTAL		<u><b>4,94,019</b></u>		<u><b>16,84,052</b></u>

	As at 31-03-2010		As at 31-03-2009	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE - I</b>				
<b>OTHER INCOME</b>				
1. Interest on TDR's, Deposits and Advances		<b>18,18,859</b>		27,81,268
2. Miscellaneous Receipts		<b>1,17,70,565</b>		19,49,439
		<u><b>1,35,89,424</b></u>		<u>47,30,707</u>
TOTAL				

**SCHEDULE - II**
**MANUFACTURING EXPENSES**

1. Consumption of Raw Materials		<b>10,13,41,502</b>		6,74,76,474
2. Packing Materials		<b>15,00,874</b>		10,57,120
3. Inward-Freight		<b>5,65,67,677</b>		2,86,04,267
4. Power		<b>75,31,095</b>		55,60,852
5. Fuel		<b>4,35,85,661</b>		2,68,08,381
6. Coal		<b>12,52,073</b>		—
7. Water Charges		<b>20,90,708</b>		20,87,915
8. Wages		<b>2,75,644</b>		2,60,458
9. Repairs & Maintenance				
- Plant & Machinery	<b>60,92,018</b>		49,82,982	
- Others	<u><b>5,93,058</b></u>	<b>66,85,076</b>	<u>6,01,204</u>	55,84,186
10. Diff. Revenue Expenditure w/off		<b>11,90,033</b>		14,94,693
11. Other Manufacturing Expenses		<b>7,72,267</b>		4,12,745
		<u><b>22,27,92,610</b></u>		<u>13,93,47,091</u>
TOTAL				



	As at 31-03-2010		As at 31-03-2009	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE - III</b>				
<b>ADMINISTRATION EXPENSES</b>				
1. Payment & Benefits to Staff		1,37,91,863		1,24,33,939
2. Rent		7,09,700		2,90,091
3. Registrations, Taxes, Fees & Renewals		3,45,115		2,63,624
4. Insurance		1,44,832		1,74,677
5. Printing & Stationery		2,66,652		4,38,770
6. Telephone & Trunkcalls		2,34,618		2,07,125
7. Postage & Telegrams		1,17,679		1,63,675
8. Travelling & Conveyance		13,64,553		11,91,453
9. Vehicle Maintenance		93,256		1,40,615
10. Payment to Auditors				
- Audit fee	50,000		50,000	
- Tax Representation fee	---	50,000	---	50,000
11. Office Maintenance		2,21,564		1,53,924
12. Professional Charges		4,34,455		7,25,371
13. Security Charges		3,52,540		3,52,080
14. Results Publication Expenses		2,01,100		1,28,310
15. Exchange Rate Variation		---		57,925
16. Electrical lines shifting Expenses		7,33,055		---
17. Prior period expenses (lease rent)		66,600		---
18. Fixed Assets written off		86,782		---
19. General Expenses		4,87,020		3,42,634
TOTAL		<u>1,97,01,384</u>		<u>1,71,14,213</u>
<b>SCHEDULE - IV</b>				
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>				
1. Advertisement		57,450		2,66,000
2. Shipment Expenses		19,66,016		---
3. Discounts & Freight		4,73,188		5,74,304
4. Transportation Others		1,37,898		67,988
TOTAL		<u>26,34,552</u>		<u>9,08,292</u>
<b>SCHEDULE - V</b>				
<b>FINANCIAL CHARGES</b>				
1. Bank Charges		1,52,578		1,27,652
TOTAL		<u>1,52,578</u>		<u>1,27,652</u>
<b>SCHEDULE - VI</b>				
<b>INCREASE(-)/DECREASE (+) IN INVENTORY</b>				
Opening Inventory		53,166		2,18,924
Less : Closing Inventory		<u>39,93,963</u>		<u>53,166</u>
Increase (-) / Decrease (+) in Inventory		<u>(39,40,797)</u>		<u>1,65,758</u>

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**SCHEDULE - L****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 Differed 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.

2. No value is attributed to Silica which, in the opinion of the Management, is a process waste and has no market value (net realizable value), except for the quantities which are being disposed off to the interested parties for their trials/R&D purpose.
3. **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 amount there is no impairment loss in terms of Account Standard 28 – Impairment of Assets.
4. **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.
5. Figures are regrouped for presentation purposes and are reclassified wherever necessary.
6. Information relating to 'supplier' under the provisions of Micro, Small and Medium Enterprise Development Act, 2006.

PARTICULARS	2009-10	2008-09
i) The amounts due thereon remaining unpaid to any supplier as at the end of the year	Rs.	Rs.
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".

## 7. 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 Rs.	Compensated Absences Rs.
Opening Balance	17,97,293	6,31,630
Current Service Cost	1,83,442	1,92,683
Interest	1,36,708	47,457
Benefits Paid	1,76,884	76,830
Actuarial Gain/Loss	1,13,403	61,148
Closing Balance	20,53,962	8,56,088

ii) All the defined benefit plans are unfunded.

iii) Expenses recognised in the Statement of Profit & Loss Account.

Particulars	Gratuity Rs.	Compensated Absences Rs.
Current Service Cost	1,83,442	1,92,683
Interest	1,36,708	47,457
Actuarial Gain/Loss	1,13,403	61,148
Total	4,33,553	3,01,288

iv) Actuarial Assumptions

Interest / Discount rate -	8%	Salary Escalation -	6%
Age -	58	Withdrawal Rate -	8%

**8. Deferred Tax Asset / Liability :**

The deferred tax Asset / Liability comprise of the following.

	<b>As at 31-03-2010 Rs.</b>	As at 31-03-2009 Rs.
<b>Deferred Tax Asset :</b>		
Gratuity	<b>6,98,142</b>	6,10,900
Leave Encashment	<b>2,90,984</b>	2,14,691
Total	<b>9,89,126</b>	8,25,591
<b>Deferred Tax Liability :</b>		
Depreciation Difference	<b>1,27,67,131</b>	1,42,31,218
Deferred Revenue Expenditure	<b>1,67,917</b>	5,72,409
Total	<b>1,29,35,048</b>	1,48,03,627
Net Deferred Tax Asset / Liability	<b>1,19,45,922</b>	1,39,78,036

**9. Contingent liabilities :**

1. Claims against the Company not acknowledged as debts – Nil  
(Previous year – Rs.Nil), except 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.

10. 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.4,047/- and Rs.3,72,963/- respectively.

**11. Segment Reporting :**

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

**12. Related Party Transactions :**

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 Ent.(P) Ltd : Rs. 2,28,000/- (includes earlier period's)  
Rent to M/s Kaiser Finance & Leasing (P) Ltd : Rs. 2,01,600/- (includes earlier period's)  
Rent to M/s Visakha Finance Ltd : Rs. 60,000/- (includes earlier period's)

**Managerial Remuneration :**

-- Salary & Commission : Rs. 33,97,488/-  
-- Perquisites & Contributions : Rs. 8,86,063/-

**13. Calculation of Commission paid/payable to Managing Director included in the above Remuneration is as under.**

Particulars	Current year Rs.	
Profit before Tax for commission computation		2,36,94,757
Add:		
Remuneration to Directors	31,20,000	
Perquisites & Other contributions	8,86,063	
Other Directors Sitting fee & expenses	48,000	40,54,063
Net Profit as per Section u/s 349		2,77,48,820
Commission – 1% - payable to Mr. Venkat Akkineni		2,77,488

**14. Balance Sheet Abstract and Company's General Business Profile**
**I. Registration Details**

Registration No. 01-5096

State Code 01

Balance Sheet Date 31-03-2010

**II. Capital Raised during the year (Amount Rs. in Thousands)**

Public Issue

**Nil**

Rights Issue

**Nil**

Bonus Issue

**Nil**

Private Placement

**Nil**
**III. Position of Mobilisation and Development of Funds (Amount Rs. in Thousands)**

Total Liabilities

**144474**

Total Assets

**144474**

Source of Funds

Paid-up Capital

**70004**

Reserves &amp; Surplus

**61535**

Secured Loans

**Nil**

Unsecured Loans

**Nil**

Deferred Tax Liability

**12935**

Application of Funds

Net Fixed Assets

**61247**

Deferred Tax

**989**

Investments

**17500**

Net Current Assets

**64244**

Misc. Expenditure

**494**

Accumulated Losses

**Nil**
**IV. Performance of Company (Amount Rs. in Thousands)**

Turnover

**258543**

Total Expenditure

**248715**

Other Income

**13589**

Profit Before Tax &amp; Adj's

**23417**

Profit After Tax &amp; Adj.

**15376**

Earning per share in Rs.

**2.20**

Dividend

**NIL**

**V. Generic Name of Principal Product of Company (as per monetary terms)**

Item Code No (ITC Code)	<b>282612.00</b>
Product Description	<b>Aluminium Fluoride</b>

**15. Information required as per paras 3 and 4 of part II of Schedule VI to the Companies Act, 1956 is as under :**

	<b>Year ended 31<sup>st</sup> March, 2010 (Metric Tonnes)</b>		<b>Year ended 31<sup>st</sup> March, 2009 (Metric Tonnes)</b>	
(a) <b>LICENSED CAPACITY</b> Aluminium Fluoride	<b>3,500 TPA</b>		3,500 TPA	
(b) <b>INSTALLED CAPACITY</b> Aluminium Fluoride & Related products	<b>6,000 TPA</b>		6,000 TPA	
(c) <b>ACTUAL PRODUCTION</b> Aluminium Fluoride	<b>5,090 TPA</b>		3,328 TPA	
(d) <b>CONSUMPTION OF MAJOR RAW MATERIALS</b>				
	<b>Year ended 31<sup>st</sup> March, 2010</b>		<b>Year ended 31<sup>st</sup> March, 2009</b>	
	<b>Qty MT</b>	<b>Value Rs.</b>	<b>Qty MT</b>	<b>Value Rs.</b>
Aluminium Hydroxide	<b>6,576</b>	<b>1,90,55,897</b>	4,035	5,11,74,382
Hydrofluosilicic Acid	<b>6,361</b>	<b>8,15,33,332</b>	3,948	1,58,97,621
Others	<b>208</b>	<b>7,52,273</b>	117	4,04,471
(e) <b>FINISHED GOODS</b>				
	<b>Year ended 31<sup>st</sup> March, 2010</b>		<b>Year ended 31<sup>st</sup> March, 2009</b>	
	<b>Qty MT</b>	<b>Value Rs.</b>	<b>Qty MT</b>	<b>Value Rs.</b>
Sales	<b>5,006</b>	<b>25,85,43,300</b>	3,333	20,37,87,302
Opening Stocks	<b>1</b>	<b>53,166</b>	6	2,18,924
Closing Stocks	<b>85</b>	<b>39,93,963</b>	1	53,166
(f) <b>FOREIGN EXCHANGE EARNINGS</b> Foreign Exchange – FOB	<b>8,46,04,133</b>		—	
(g) Values of imports computed on CIF Basis (Components & spare parts)	<b>3,38,565</b>		11,32,250	
(h) Expenditure in Foreign Currency Travelling & Others (Technical Consultant's fee)	<b>2,62,300</b>		5,23,284	

(i) **Value of Raw Materials, Components and Spares parts Consumed**

	Year ended 31 March, 2010				Year ended 31 March, 2009			
	Raw Materials		Components and Spare Parts		Raw Materials		Components and Spare Parts	
	Value Rs.	Percentage %	Value Rs.	Percentage %	Value Rs.	Percentage %	Value Rs.	Percentage %
Indigenous	10,13,41,502	100	6,02,523	57.2	6,74,76,474	100	—	—
Imported	—	—	4,51,289	42.8	—	—	4,115	100.0
<b>Total</b>	<b>10,13,41,502</b>	<b>100</b>	<b>10,53,812</b>	<b>100.0</b>	<b>6,74,76,474</b>	<b>100</b>	<b>4,115</b>	<b>100.0</b>

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

**VENKAT AKKINENI**  
Managing Director

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

Visakhapatnam  
30 July, 2010



**CASH FLOW STATEMENT PREPARED PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT FOR THE YEAR ENDED 31 MARCH, 2010.**

	2009-10 Rs.	2008-09 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) after Extra-ordinary items and before tax	2,34,17,269	4,37,76,241
<b>Adjustments for :</b>		
Depreciation	73,75,228	70,78,762
Deferred Revenue expenditure written off	11,90,033	14,94,693
Operating Profit before working capital changes	<u>3,19,82,530</u>	<u>5,23,49,696</u>
<b>Adjustments for :</b>		
Trade & other Receivables	(34,00,804)	(1,70,05,411)
Inventories	(89,62,207)	(60,41,599)
Trade payables	<u>(2,06,46,856)</u>	<u>(1,30,16,343)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>10,27,337</u>	<u>1,62,86,343</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (net)	(1,10,74,539)	(41,44,991)
Investments in Shares/Mutual Funds	(17,37,693)	(20,77,541)
Deferred Revenue Expenditure	---	(13,73,888)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(93,36,846)</u>	<u>(75,96,420)</u>
<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>		
Net changes in Cash and Cash equivalent (A+B+C)	(1,03,64,183)	86,89,923
Cash and Cash equivalent - Opening Balance	4,24,24,460	3,37,34,537
Cash and Cash equivalent - Closing Balance	<u>3,20,60,277</u>	<u>4,24,24,460</u>

For and on behalf of the Board

Visakhapatnam  
30 July, 2010

**VENKAT AKKINENI**  
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, 2010. 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, 2010

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



**ALUFLUORIDE LIMITED**

ANAR CENTER, NOWROJI ROAD, VISAKHAPATNAM - 530 002 INDIA  
PHONE : 91-891-2535606, 2535607 FAX No. 91-891-2560036  
EMAIL : contact @alufluoride.com, WEB : http://www.alufluoride.com

**ATTENDANCE SLIP**

Annual General Meeting on 24 September, 2010 at 11.00 A.M.  
at the Registered Office, 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 the Registered Office, on 24 September, 2010.

Name of the Proxy (if any) in Block Letters

Signature of the Member/Proxy



**ALUFLUORIDE LIMITED**

ANAR CENTER, NOWROJI ROAD, VISAKHAPATNAM - 530 002 INDIA  
PHONE : 91-891-2535606, 2535607 FAX No. 91-891-2560036  
EMAIL : contact @alufluoride.com, WEB : http://www.alufluoride.com

**PROXY FORM**

Folio No.

I/We..... of.....  
in the district of .....being  
a member/members of ALUFLUORIDE LIMITED, hereby appoint.....  
of..... in the district of .....  
or failing him..... of.....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 24 September, 2010 and at any adjournment thereof.

Signed this..... day of..... 2010.

Signature : \_\_\_\_\_  
Affix  
1 Rupee  
Revenue  
Stamp

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

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*If undelivered, Please return to :*

**ALUFLUORIDE LIMITED**

ANAR CENTER, NOWROJI ROAD  
VISA KHAPATNAM 530 002, INDIA

Phone : (91 891) 253 5606, 253 5607

Fax : (91 891) 256 0036

Email : [contact@alufuoride.com](mailto:contact@alufuoride.com)

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



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

*Annual Report  
2009 - 2010*

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