

Alufluoride Limited

Registered Office : Anar Center, Nowroji Road, Visakhapatnam 530 002, AP, India

Dear Shareholder,

RE: Green Initiative in Corporate Governance: Go Paperless

Ref: Your Folio:

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will avoid loss in postal transit, and ensure prompt receipt of communications. Also, your Company will save postal cost which is being incurred every year for sending annual reports etc.

Keeping in view the underlying theme and the circular issued by MCA, we propose to henceforth send all documents to be sent to Shareholders, such as General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report in electronic form, to the e-mail address provided by them and made available to us by the Depositories.

Please note that all the above documents will be made available on the Company's website when we switch over for electronic despatches for viewing/download by the shareholders. The physical copies of the Annual Report will also be available at our Registered Office in Visakhapatnam for inspection during office hours.

We request you to send us your e-mail ID to the Company's mail ID "contact@alufluoride.com" with details of your Name and Folio No. / Depository Participant ID (DP ID) and Client ID on or before 30th September, 2011.

In case you desire to receive the above mentioned documents in physical form, you are requested to send an e-mail to contact@alufluoride.com.

Please note that, as a member of the Company, you will be entitled to be furnished free of cost, with a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including the Profit & Loss Account and Auditors' Report, upon receipt of a requisition from you, at any time.

We are sure that, as a responsible citizen, you will whole-heartedly support this initiative and will co-operate with the Company in implementing the same.

Best Regards,

For ALUFLUORIDE LIMITED
K. PURUSHOTHAM NAIDU
Compliance Officer

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
SUDAMANI
Siripuram
Visakhapatnam 530 003

Bankers

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

Registered Office

Alufluoride Limited
Anar Center, Nowroji Road,
Visakhapatnam 530 002, AP, India

Phone : (91 891) 254 8568,
Fax : (91 891) 254 8567
Email : contact@alufluoride.com
Web : 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
xlfield@rediffmail.com

Factory

Mulagada Village
Mindi Post
Visakhapatnam 530 012, AP, India.
Phone : (91 891) 257 7077, 257 7094
Fax : (91 891) 254 8567

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 16 September, 2011 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, 2011 and Balance Sheet as at that date and the Directors' and Auditors' Report hereon.
2. To elect a Director in place of Smt Jyothsana Akkineni, Executive Director who retires by rotation, and being eligible offers herself for reappointment.
3. To appoint Auditors and to fix their remuneration.

By order of the Board
For ALUFLUORIDE LIMITED

Visakhapatnam
22 July, 2011

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 Regd. 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 14 September, 2011 to 16 September, 2011 (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, 2011.

FINANCIAL RESULTS

The financial results of the Company for the year 2010-11 are summarized below:

	(Rs. in lakhs)	
	31-03-2011	31-03-2010
Sales and other revenue	1,911.07	2,721.33
Profit before Finance charges, Depreciation, Tax & other adj's	(27.86)	309.45
Less : Finance charges	1.81	1.53
Profit before Depreciation, Tax & other adj's	(29.67)	307.92
Less: Depreciation	78.40	73.75
Profit before Tax & other adj's	(108.07)	234.17
Less : Loss on sale/Diminution		
in value of Investments	—	—
Provision for current tax & FBT	—	92.66
Taxes of earlier years	0.16	8.07
Deferred Tax Asset/Liability adj's	(26.43)	(20.32)
Profit before appropriations and carried to Balance Sheet	(81.80)	153.76

OPERATIONS

Your Directors are to report that, due to 2009-10 worldwide recession, the Aluminium Fluoride (AIF3) sale price went down drastically and these levels were continued till 2010-11. Further, due to

lower Hydrofluosilicic Acid supplies, a major raw material, the Company had produced 3,894 MT during the year under review as against 5,090 MT during 2009-10. Coramandel International Ltd., supplied only 1,080 MT acid, which is a lowest acid supply since 1995. During the year, the Company sold 3,963 MT AIF3 as against 5,006 MT in 2009-10. Due to these factors, the Sales and other Income during the year were reported at Rs. 1,911.07 lakhs as against Rs. 2,721.33 lakhs during 2009-10. However, with efficient working capital management, planned other income and with effective cost control measures, the Company managed to restrict the losses and posted a net loss for the year under review to Rs. 81.80 lakhs as against net profit of Rs. 153.76 lakhs in 2009-10.

DIVIDEND

During the year under review, your Directors are not recommending any dividend.

OUTLOOK FOR THE CURRENT YEAR

Due to lower acid supplies in 2010-11, the Company was unable to complete the execution of the orders in full and had requested the customers to defer the dispatch schedule to 2011-12. With the result, a pending export order of 2,000 MT is to be executed at the recession price levels, during the current year. However, with the increased AIF3 sale price and stable acid supplies, the Company is confident of breaking even and will attempt to achieve marginal profits.

The Company is making all efforts to shift the plant to a location where there is an assured acid availability to avoid very high transport costs and achieve good financial results on a long term basis.

EXPORTS

During the year under review, the Company registered an Export sale of Rs. 410.18 lakhs as against Rs.801.93 lakhs during 2009-10.

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, Smt Jyothsana Akkineni, Executive Director will be retiring by rotation at the Annual General Meeting and is 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, 2011. 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. 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
22 July, 2011

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, 2011.

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

	01-04-2010 to 31-03-2011	01-04-2009 to 31-03-2010
1. Electricity		
(a) Purchased Unit (KWH)	17,45,200	20,60,872
Total Amount Rs.	78,22,886	75,31,095
Average Rate / Unit (Rs.)	4.48	3.65
(b) Own Generation –		
Through Diesel Generator – 380 + 125 KVA		
- Unit (KWH)	1,22,816	1,44,084
Average Unit Per litre of Diesel Oil	3.15	3.23
Cost of Diesel per KWH (Rs.)	12.34	10.87
2. Furnace Oil / L.D.O		
Quantity (K.Ltrs)	654	1,691
Total Amount (Rs.)	1,87,11,009	4,35,85,661
Average Rate (Rs.)	28,620	25,781
B. Consumption per ton of Production		
a) Aluminium Fluoride		
Electricity (KWH)	480	433
Furnace Oil / L.D.O. (K.Ltrs)	0.335	0.332
C. Foreign Exchange Earnings		
(a) Foreign Exchange – F.O.B. Rs.	4,22,99,260	8,46,04,133
(b) Foreign Exchange out go :	7,47,452	3,38,565
(c) Other Components, spare parts & foreign travel etc (Rs.)	4,87,920	2,62,300

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

Alufluoride Ltd (AL) is the only Company in Andhra Pradesh producing high purity Aluminium Fluoride (AlF₃) 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. AlF₃ 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 AlF₃ 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 AlF₃.

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 AlF₃ 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 80 as on 31 March, 2011.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 MARCH, 2011
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 24 September, 2010	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	3	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 2010-11

During the Financial year 2010-11, four Board Meetings were held on 28 April, 2010, 30 July, 2010, 30 October, 2010 and 8 February, 2011.

BOARD COMMITTEES:
Audit Committee:

The Audit Committee comprises of two independent Directors and one Non-Executive Director. The Audit Committee met on 28 April, 2010, 30 July, 2010, 30 October, 2010 and 8 February, 2011. 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 2010-11 are given below

Name of the Director	Sitting Fee - Board Committee (Rs.)	Salaries & Perks (Rs.)	Other Transaction (Rs.)
Mr. Venkat Akkineni	---	28,87,817	---
Mr. Ashok Vemulapalli	3,000	---	9,000
Mrs. Jyothsana Akkineni	---	---	23,293
Dr. T.R. Ramachandran	3,000	---	9,000
Mr. K. Purushotham Naidu	---	10,62,803	---
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
2010	Registered Office	24 September, 2010	11.00A.M.
2009	Registered Office	25 September, 2009	11.00A.M.
2008	Registered Office	25 September, 2008	11.00A.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 2010-11 on Bombay Stock Exchange Ltd, Mumbai.

Month	High Rs. Ps.	Low Rs. Ps.	Month	High Rs. Ps.	Low Rs. Ps.
April, 2010	23.50	18.00	October, 2010	18.00	14.05
May, 2010	21.20	16.90	November, 2010	16.00	12.55
June, 2010	19.90	16.65	December, 2010	15.15	12.05
July, 2010	19.90	17.75	January, 2011	15.40	10.01
August, 2010	20.20	16.00	February, 2011	11.55	8.31
September, 2010	19.00	15.65	March, 2011	10.80	8.46

**CATEGORIES OF SHARE HOLDING AS ON
31ST MARCH, 2011**

Sl. No.	Category	No. of Shares	%
1.	Promoters, Directors, relatives and associated companies	36,48,226	52.11
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	4,32,340	6.18
8.	Public	24,14,310	34.48
9.	Others	3,214	0.05
Total		70,00,400	100.00

**DISTRIBUTION OF SHAREHOLDINGS AS
ON 31ST MARCH, 2011**

No. of Shares	No. of Shareholders	No. of Shares	Percentage
Upto 500	6,388	8,45,135	12.07
501 to 1,000	276	2,36,249	3.37
1,001 to 2,000	157	2,35,771	3.37
2,001 to 3,000	65	1,67,425	2.39
3,001 to 4,000	29	1,04,392	1.49
4,001 to 5,000	45	2,15,008	3.08
5,001 to 10,000	53	3,61,240	5.16
10,001 and above	77	48,35,180	69.07
Total		70,00,400	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY:

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

- | | |
|---|--|
| <p>i) Factory :</p> <p>Alufluoride Limited
Mulagada Village
Mindi Post
Visakhapatnam 530 012 A.P.</p> | <p>ii) Address for Correspondence : Registered Office
Company Secretary
Alufluoride Limited
ANAR Centre, Nowroji Road
Visakhapatnam - 530 002 A.P.</p> |
|---|--|

Annual General Meeting

Time : 11.00A.M.

Date : 16 September, 2011

Venue : Registered Office, Visakhapatnam

BOOK CLOSURE DATES: 14 September, 2011 to
16 September, 2011
(Both days inclusive)

CERTIFICATE

To
The Members,
Alufluoride Limited,
Visakhapatnam,

We have examined the compliance of conditions of Corporate Governance by M/s. Alufluoride Ltd., Visakhapatnam, for the period ended 31st March 2011, 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

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

Visakhapatnam,
22 July,2011

AUDITORS' REPORT

To

The Shareholders
Alufluoride Limited
Visakhapatnam A.P.

1. We have audited the attached Balance Sheet of Alufluoride Limited, as at 31st March 2011, 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.
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 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 31st March, 2011 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 K 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 31st March 2011;
 - (ii) In the case of the Profit and Loss Account of the LOSS 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

Visakhapatnam
22 July, 2011

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 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 31st March 2011, 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 incurred cash losses to the tune of Rs.2.97 Lacs in the current financial year and Nil 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

Visakhapatnam
22 July, 2011

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

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31-03-2011		As at 31-03-2010	
		Rs.	Rs.	Rs.	Rs.
I. SOURCE OF FUNDS :					
1. Share Holders Funds					
(a) Share Capital	A		7,00,04,000		7,00,04,000
(b) Reserves & Surplus	B		5,33,54,511		6,15,34,993
	TOTAL		<u>12,33,58,511</u>		<u>13,15,38,993</u>
2. Deferred Tax Liability			1,05,86,829		1,29,35,048
	GRAND TOTAL		<u>13,39,45,340</u>		<u>14,44,74,041</u>
II. APPLICATION FUNDS :					
1. Fixed Assets					
(a) Gross Block	C	16,50,98,489		16,21,71,449	
(b) Less : Depreciation		<u>10,87,38,143</u>		<u>10,09,24,001</u>	
(c) Net Block			5,63,60,346		6,12,47,448
2. Investments	D		2,42,04,511		1,75,00,000
3. Deferred Tax Asset			12,83,847		9,89,126
4. Current Assets					
Loans & Advances :					
(a) Inventories	E	82,29,037		1,84,64,542	
(b) Sundry Debtors	F	1,53,40,569		1,85,48,629	
(c) Cash & Bank Balances	G	3,57,90,046		3,20,60,277	
(e) Loans and Advances	H	1,15,53,794		2,43,36,300	
	TOTAL	<u>7,09,13,446</u>		<u>9,34,09,748</u>	
Less : (a) Current Liabilities & Provisions	I	1,97,87,506		2,91,66,300	
	TOTAL	<u>1,97,87,506</u>		<u>2,91,66,300</u>	
Net Current Assets			5,11,25,940		6,42,43,448
5. Miscellaneous Expenditure (To the Extent not written off or adjusted)	J		9,70,696		4,94,019
	GRAND TOTAL		<u>13,39,45,340</u>		<u>14,44,74,041</u>
NOTES TO THE ACCOUNTS	K				

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
Visakhapatnam
22 July, 2011

VENKAT AKKINENI
Managing Director

Dr.T.R. RAMACHANDRAN
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2011

	Schedule	Current Year		Previous Year	
		2010-11	2010-11	2009-10	2009-10
		Rs.	Rs.	Rs.	Rs.
I. INCOME					
a) Sales :					
Domestic Sales		14,52,62,506		19,32,89,360	
Less: Excise Duty		<u>1,35,64,917</u>	13,16,97,589	<u>1,49,39,113</u>	17,83,50,247
Export Sales			4,10,18,093		8,01,93,153
Sales (net)			<u>17,27,15,682</u>		<u>25,85,43,400</u>
b) Other Income	I		1,83,91,387		1,35,89,424
TOTAL INCOME			<u>19,11,07,069</u>		<u>27,21,32,824</u>
II. EXPENDITURE					
a) Manufacturing Expenses	II		17,00,63,386		22,27,92,610
b) Administration Expenses	III		1,90,58,161		1,97,01,384
c) Selling & Distribution Expenses	IV		14,58,900		26,34,552
d) Financial Charges	V		1,81,422		1,52,578
e) Depreciation			78,39,997		73,75,228
f) Loss on sale of Assets/Investments			98,622		—
g) Increase (-) / Decrease (+) in Inventory	VI		32,14,207		(39,40,797)
TOTAL EXPENDITURE			<u>20,19,14,695</u>		<u>24,87,15,555</u>
Profit before Tax & Adj's			(1,08,07,626)		2,34,17,269
Less: 1. Taxes of earlier years		15,796		8,07,319	
2. Provision for Tax					
- Current Tax		—		92,66,000	
- Deferred Tax (Asset)/Liability		<u>(26,42,940)</u>	<u>(26,27,144)</u>	<u>(20,32,114)</u>	80,41,205
Balance carried to Balance Sheet			<u>(81,80,482)</u>		<u>1,53,76,064</u>
COMPUTATION OF EARNING PER SHARE					
i) Net Profit available for Equity shareholders			(81,80,482)		1,53,76,064
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.)			(1.17)		2.20

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
22 July, 2011

VENKAT AKKINENI
Managing Director

Dr.T.R. RAMACHANDRAN
Director

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

	Rs.	As at 31-03-2011 Rs.	Rs.	As at 31-03-2010 Rs.
SCHEDULE - A				
SHARE CAPITAL				
Authorised Capital :				
1,00,00,000 Equity Share of Rs.10/- each		<u>10,00,00,000</u>		<u>10,00,00,000</u>
Issued, Subscribed & Paid-up :				
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>
SCHEDULE - B				
RESERVES & SURPLUS				
A. General Reserve		6,00,000		6,00,000
B. Profit & Loss Account				
Profit brought down from Profit & Loss a/c (81,80,482)			1,53,76,064	
Add: Opening Balance brought forward	<u>6,09,34,993</u>	<u>5,27,54,511</u>	<u>4,55,58,929</u>	<u>6,09,34,993</u>
TOTAL		<u>5,33,54,511</u>		<u>6,15,34,993</u>

SCHEDULE - C

FIXED ASSETS

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31.03.2010 Rs.	Additions Rs.	Deductions/ Adjustments Rs.	As at 31.03.2011 Rs.	Up to 31.03.2010 Rs.	For the year Rs.	Deductions/ Adjustments Rs.	Up to 31.03.2011 Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
1.	Buildings	1,62,41,528	—	—	1,62,41,528	59,30,930	4,03,014	—	63,33,944	99,07,584	1,03,10,598
2.	Plant & Machinery	14,38,52,483	29,51,980	—	14,68,04,463	9,42,62,074	72,70,604	—	10,15,32,678	4,52,71,785	4,95,90,409
3.	Furniture, Fixtures & Air Conditioners	5,09,287	65,700	64,040	5,10,947	2,40,233	29,924	18,317	2,51,840	2,59,107	2,69,054
4.	Office Vehicles	13,40,915	—	26,600	13,14,315	3,52,453	1,21,019	7,538	4,65,934	8,48,381	9,88,462
5.	Computers	2,27,236	—	—	2,27,236	1,38,311	15,436	—	1,53,747	73,489	88,925
	GRAND TOTAL	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
	Previous year	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

The plant is constructed on lease hold land



		As at 31-03-2011		As at 31-03-2010	
		Rs.	Rs.	Rs.	Rs.
SCHEDULE - D					
INVESTMENTS					
(At cost, Non-Trade, Long term investments in Shares/Mutual Funds)					
Units					
1.	10,176.405	Axis Treasury Adv. Fund	1,01,77,212		—
2.	5,00,232.482	Birla Sunlife Qly Inter series	50,02,325		—
3.	11,376.254	HDFC Prudence Fund	25,00,000		—
4.	22,996.492	ICICI Prudential Dynamic Plan	25,04,973		—
5.	2,50,000.000	Reliance Small cap fund	25,00,000		—
6.	10,50,257.000	IDFC Fixed Maturity Plan	—		1,05,00,000
7.	2,50,000.000	Axis Bank Mutual Fund	—		25,00,000
8.	4,51,115.230	Reliance Medium Term Fund	—		45,00,000
9.	4,500	Coromandel Int.Ltd shares	12,50,111		—
10.	1,000	Natco Pharma Ltd shares	2,69,890		—
		TOTAL	<u>2,42,04,511</u>		<u>1,75,00,000</u>
SCHEDULE - E					
INVENTORIES					
(At cost, as ascertained valued and certified by the Management)					
1.		Stock of Stores and Spares	17,67,687		7,01,980
2.		Stock of Stores in Transit	1,19,278		16,90,545
3.		Stock of Raw Material	55,37,854		1,20,53,592
4.		Loose Tools	24,462		24,462
5.		Stock of Finished Goods	7,79,756		39,93,963
		TOTAL	<u>82,29,037</u>		<u>1,84,64,542</u>
SCHEDULE - F					
SUNDRY DEBTORS					
(Un-secured, considered good)					
1.		Debts outstanding for a period exceeding six months	—		—
2.		Others	1,53,40,569		1,85,48,629
		TOTAL	<u>1,53,40,569</u>		<u>1,85,48,629</u>
SCHEDULE - G					
CASH AND BANK BALANCES					
1.		Cash in hand	6,276		5,708
2.		Bank Balances (with Scheduled Banks)			
		a. In Current Accounts	49,81,686		87,24,626
		b. In Various Deposit Accounts	3,08,02,084	3,57,83,770	2,33,29,943
		TOTAL	<u>3,57,90,046</u>		<u>3,20,60,277</u>

	As at 31-03-2011		As at 31-03-2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - H				
LOANS AND ADVANCES				
(Unsecured, Considered good)				
1. Advances recoverable in Cash or in kind or for Value to be received				
a. Prepaid Expenses	1,27,760		1,76,585	
b. Accounts Receivable	7,37,873		1,03,372	
c. Advance to Suppliers & Others	50,62,146		78,96,046	
d. Income Tax Payments	<u>1,68,060</u>	60,95,839	<u>85,21,796</u>	1,66,97,799
2. Balance with Central Excise, Customs, Port Trust etc.,				
a. Central Excise Deposits	19,51,495		37,06,576	
b. Others	<u>1,961</u>	19,53,456	<u>4,27,426</u>	41,34,002
3. Other Deposits		<u>35,04,499</u>		<u>35,04,499</u>
TOTAL		<u>1,15,53,794</u>		<u>2,43,36,300</u>

SCHEDULE - I				
CURRENT LIABILITIES & PROVISIONS				
(i) Current Liabilities :				
1. Sundry Creditors				
a. Total outstanding dues of Micro and Small Enterprises		—		—
b. Total outstanding dues of creditors other than Micro and Small Enterprises	1,19,32,405		1,37,56,390	
Total	<u>1,19,32,405</u>		<u>1,37,56,390</u>	
2. Other Liabilities	<u>78,55,101</u>	1,97,87,506	<u>61,43,910</u>	1,99,00,300
(ii) Provisions :				
a. Provision for Taxation	—	—	92,66,000	92,66,000
TOTAL		<u>1,97,87,506</u>		<u>2,91,66,300</u>

SCHEDULE - J				
MISCELLANEOUS EXPENDITURE :				
(To the extent not written-off or adjusted)				
1. Diff. Revenue Expenditure		19,50,063		16,84,052
Less: Written off during the year		<u>9,79,367</u>		<u>11,90,033</u>
TOTAL		<u>9,70,696</u>		<u>4,94,019</u>

	As at 31-03-2011		As at 31-03-2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - I				
OTHER INCOME				
1. Interest on TDR's,				
Deposits and Advances		17,49,664		18,18,859
2. Miscellaneous Receipts		1,66,41,723		1,17,70,565
		<u>1,83,91,387</u>		<u>1,35,89,424</u>
TOTAL				
SCHEDULE - II				
MANUFACTURING EXPENSES				
1. Consumption of Raw Materials		7,82,45,715		10,13,41,502
2. Packing Materials		12,30,221		15,00,874
3. Inward-Freight		3,71,74,631		5,65,67,677
4. Power		78,22,886		75,31,095
5. Fuel		1,87,11,009		4,35,85,661
6. Coal		1,46,86,263		12,52,073
7. Water Charges		21,52,060		20,90,708
8. Wages		6,20,914		2,75,644
9. Repairs & Maintenance				
- Plant & Machinery	73,13,352		60,92,018	
- Others	<u>8,01,809</u>	81,15,161	<u>5,93,058</u>	66,85,076
10. Diff. Revenue Expenditure w/off		9,79,367		11,90,033
11. Other Manufacturing Expenses		3,25,159		7,72,267
		<u>17,00,63,386</u>		<u>22,27,92,610</u>
TOTAL				

	As at 31-03-2011		As at 31-03-2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - III				
ADMINISTRATION EXPENSES				
1. Payment & Benefits to Staff		1,43,76,496		1,37,91,863
2. Rent		7,09,210		7,09,700
3. Registrations, Taxes, Fees & Renewals		3,36,618		3,45,115
4. Insurance		99,364		1,44,832
5. Printing & Stationery		2,25,760		2,66,652
6. Telephone & Trunkcalls		1,46,505		2,34,618
7. Postage & Telegrams		64,319		1,17,679
8. Travelling & Conveyance		9,19,147		13,64,553
9. Vehicle Maintenance		98,925		93,256
10. Payment to Auditors				
- Audit fee	50,000		50,000	
- Tax Representation fee	<u>—</u>	50,000	<u>—</u>	50,000
11. Office Maintenance		2,15,518		2,21,564
12. Professional Charges		6,17,023		4,34,455
13. Security Charges		3,56,130		3,52,540
14. Results Publication Expenses		2,60,500		2,01,100
15. Electrical lines shifting Expenses		—		7,33,055
16. Prior period expenses (lease rent)		—		66,600
17. Fixed Assets written off		45,723		86,782
18. General Expenses		5,36,923		4,87,020
TOTAL		<u>1,90,58,161</u>		<u>1,97,01,384</u>
SCHEDULE - IV				
SELLING & DISTRIBUTION EXPENSES				
1. Advertisement		2,000		57,450
2. Shipment Expenses		12,42,251		19,66,016
3. Discounts & Freight		22,467		4,73,188
4. Transportation Others		1,92,182		1,37,898
TOTAL		<u>14,58,900</u>		<u>26,34,552</u>
SCHEDULE - V				
FINANCIAL CHARGES				
1. Bank Charges		1,81,422		1,52,578
TOTAL		<u>1,81,422</u>		<u>1,52,578</u>
SCHEDULE - VI				
INCREASE (-) / DECREASE (+) IN INVENTORY				
Opening Inventory		39,93,963		53,166
Less : Closing Inventory		7,79,756		39,93,963
Increase (-) / Decrease (+) in Inventory		<u>32,14,207</u>		<u>(39,40,797)</u>

SCHEDULE – K**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 trails/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	2010-11	2009-10
i) The amounts due thereon remaining unpaid to any supplier as at the end of the year	Rs.	Rs.
Principal	NIL	NIL
Interest		
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 without 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	20,53,962	8,56,088
Current Service Cost	8,81,572	4,13,652
Interest	1,61,903	67,929
Benefits Paid	60,360	13,793
Actuarial Gain/Loss	(1,41,586)	(64,524)
Closing Balance	28,95,491	12,59,352

ii) All the defined benefit plans are unfunded.

iii) Expenses recognized in the Statement of Profit & Loss Account

Particulars	Gratuity Rs.	Compensated Absences Rs.
Current Service Cost	8,81,572	4,13,652
Interest	1,61,903	67,929
Actuarial Gain/Loss	(1,41,586)	(64,524)
Total	9,01,889	4,17,057

iv) Actuarial Assumptions

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

8. Deferred Tax Asset / Liability :

The deferred tax Asset/Liability comprise of the following.

	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
Deferred Tax Asset :		
Gratuity	8,94,707	6,98,142
Leave Encashment	3,89,140	2,90,984
Total	12,83,847	9,89,126
Deferred Tax Liability :		
Depreciation Difference	1,02,86,884	1,27,67,131
Deferred Revenue Expenditure	2,99,945	1,67,917
Total	1,05,86,829	1,29,35,048
Net Deferred Tax Asset / Liability	93,02,982	1,19,45,922

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.3,72,963/- and Rs.72,815/- 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.2,05,500/-

Rent to M/s Kaiser Finance & Leasing (P) Ltd : Rs.2,01,600/-

Rent to M/s Visakha Finance Ltd : Rs. 60,000/-

Managerial Remuneration :

– Salary & Commission : Rs.33,08,403/-

– Perquisites & Contributions : Rs. 6,65,510/-

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

Registration No. 01-5096	State Code 01
Balance Sheet Date 31-03-2011	

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

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

III. Position of Mobilization and Development of Funds (Amount Rs. in Thousands)

	Total Liabilities	Total Assets
	133945	133945
Source of Funds		
	Paid-up Capital	Reserves & Surplus
	70004	53354
	Secured Loans	Unsecured Loans
	Nil	Nil
	Deferred Tax Liability	
	10587	
Application of Funds		
	Net Fixed Assets	Deferred Tax
	56360	1284
	Investments	Net Current Assets
	24204	51126
	Misc. Expenditure	Accumulated Losses
	971	Nil

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

Turnover	Total Expenditure
172716	201915
Other Income	
18391	
Profit before Tax & Adj's	Profit after Tax & Adj.
(10808)	(8180)
Earning per share in Rs.	Dividend
(1.17)	NIL

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

Item Code No (ITC Code)	282612.00
Product Description	Aluminium Fluoride

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

	Year ended 31 st March, 2011 (Metric Tonnes)		Year ended 31 st March, 2010 (Metric Tonnes)	
(a) LICENSED CAPACITY				
Aluminium Fluoride	3,500 TPA		3,500 TPA	
(b) INSTALLED CAPACITY				
Aluminium Fluoride & Related products	6,000 TPA		6,000 TPA	
(c) ACTUAL PRODUCTION				
Aluminium Fluoride	3,894 TPA		5,090 TPA	
(d) CONSUMPTION OF MAJOR RAW MATERIALS				
		Year ended 31 st March, 2011	Year ended 31 st March, 2010	
	Qty MT	Value Rs.	Qty MT	Value Rs.
Aluminium Hydroxide	4,980	6,44,68,184	6,576	8,15,33,332
Hydrofluosilicic Acid	4,829	1,33,10,755	6,361	1,90,55,897
Others	118	4,66,776	208	7,52,273
(e) FINISHED GOODS				
		Year ended 31 st March, 2011	Year ended 31 st March, 2010	
	Qty MT	Value Rs.	Qty MT	Value Rs.
Sales	3,963	17,27,15,682	5,006	25,85,43,300
Opening Stocks	85	39,93,963	1	53,166
Closing Stocks	16	7,79,756	85	39,93,963
(f) FOREIGN EXCHANGE EARNINGS				
Foreign Exchange – FOB	4,22,99,260		8,46,04,133	
(g) Values of imports computed on CIF Basis (Components & spare parts)	7,47,452		3,38,565	
(h) Expenditure in Foreign Currency Travelling & Others (Technical Consultant's fee)	4,87,920		2,62,300	

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

	Year ended 31 March, 2011				Year ended 31 March, 2010			
	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	7,82,45,715	100	11,14,102	93.6	10,13,41,502	100	6,02,523	57.2
Imported	—	—	77,360	6.4	—	—	4,51,289	42.8
Total	7,82,45,715	100	11,91,462	100.0	10,13,41,502	100	10,53,812	100.0

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
22 July, 2011

CASH FLOW STATEMENT PREPARED PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT FOR THE YEAR ENDED 31 MARCH, 2011.

	2010-11 Rs.	2009-10 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after Extra-ordinary items and before tax	(1,08,07,626)	2,34,17,269
Adjustments for :		
Depreciation	78,39,997	73,75,228
Deferred Revenue expenditure written off	9,79,367	11,90,033
Operating Profit before working capital changes	(19,88,262)	3,19,82,530
Adjustments for :		
Trade & other Receivables	1,59,90,566	(34,00,804)
Inventories	1,02,35,505	(89,62,207)
Trade payables	(93,94,590)	(2,06,46,856)
NET CASH FROM OPERATING ACTIVITIES	1,48,43,219	(10,27,337)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (net)	(29,52,895)	(1,10,74,539)
Investments in Shares/Mutual Funds	(67,04,511)	17,37,693
Deferred Revenue Expenditure	(14,56,044)	—
NET CASH USED IN INVESTING ACTIVITIES	(1,11,13,540)	(93,36,846)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-NIL-	-NIL-
Proceeds from borrowings	-NIL-	-NIL-
NET CASH USED IN INVESTING ACTIVITIES	-NIL-	-NIL-
Net changes in Cash and Cash equivalent (A+B+C)	37,29,769	(1,03,64,183)
Cash and Cash equivalent - Opening Balance	3,20,60,277	4,24,24,460
Cash and Cash equivalent - Closing Balance	3,57,90,046	3,20,60,277

For and on behalf of the Board

Visakhapatnam
22 July, 2011

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, 2011. 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.03089

Visakhapatnam
22 July, 2011

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



Alufluoride Limited

ANAR CENTER, NOWROJI ROAD, VISAKHAPATNAM - 530 002 INDIA
PHONE: 91-891-2548568 FAX No. 91-891-2548567
EMAIL: contact @alufluoride.com, WEB: http://www.alufluoride.com

ATTENDANCE SLIP

Annual General Meeting on 16 September, 2011 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 16 September, 2011.

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: 91-891-2548568 FAX No. 91-891-2548567
EMAIL: contact @alufluoride.com, WEB: http://www.alufluoride.com

Name of the Shareholder

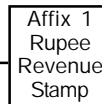
Folio No.

PROXY FORM

I/We..... of.....
 in the district ofbeing
 a member/members of ALUFLUORIDE LIMITED, hereby appoint.....
 of..... in the district of
 or failing him..... of.....
 in the district ofas 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 16 September, 2011 and at any adjournment thereof.

Signed this..... day of..... 2011.

Signature: _____



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

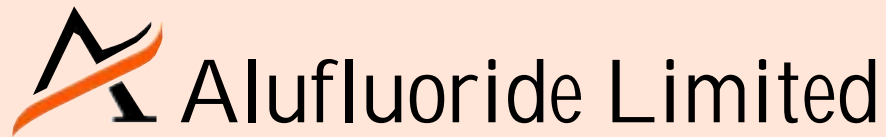
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ALUFLUORIDE LIMITED
ANAR CENTER, NOWROJI ROAD
VISAKHAPATNAM 530 002, INDIA

Phone: (91 891) 254 8568
Fax: (91 891) 254 8567
Email: contact@alufuoride.com
Web: www.alufuoride.com



An ISO 9001, 14001
&
OHSAS 18001 - Company

Annual Report
2010 – 2011