



Alufluoride Limited



***Annual Report
1998 - 99***



Alufluoride Limited

Board of Directors

Sri Kishore A. Kulkarni

Sri Vipul A. Desai

Sri D.S. Umalkar

Sri Venkat Akkineni

Sri M.Balarama Krishnaiah

Sri V.S.Prasad, Managing Director

Auditors

Messrs Rao & Kumar

Chartered Accountants

Soudamani

Siripuram

Visakhapatnam - 530 003

Bankers

State Bank of India

Registrars & Share Transfer Agents

Alufluoride Limited

Secretarial Department

Victory Court

Nowroji Road

Visakhapatnam - 530 002

Registered Office

Victory Court

Nowroji Road

Visakhapatnam - 530 002

Factory

Mulagada Village

Mindhi (Post)

Visakhapatnam - 530 012



Alufluoride Limited

NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the 15th Annual General Meeting of Alufluoride Limited will be held at the Registered Office of the Company at Victory Court, Nowroji Road, Visakhapatnam-530 002 on Thursday, 26 August, 1999 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1999 and Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To elect a Director in place of Sri Venkat Akkineni who retires by rotation, and being eligible offers himself for reappointment.
3. To elect a Director in place of Sri Vipul A. Desai 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 with or without modifications as SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311, 316 and Schedule XIII to the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the reappointment of Sri V.S. Prasad as Managing Director of the Company for a further period of five years with effect from 12 August, 1999".

6. To consider and if thought fit, to pass the following with or without modifications as an ORDINARY RESOLUTION.

"RESOLVED THAT Sri Balarama Krishnaiah who was appointed as Director on 22-10-1998 and holds the Office till the date of this meeting be and is hereby appointed as Director of the Company liable to retire by rotation.

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

Visakhapatnam
Date 23 July, 1999

V.S. PRASAD
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 24 August, 1999 to 26 August, 1999 (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 :
 - (1) The Hyderabad Stock Exchange Limited
3-6-275
Himayat Nagar
Hyderabad - 500 029.
 - (2) The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001.

The listing fee for these exchanges have been paid in time.

5. An Explanatory Statement as required by section 173 of the Companies Act, 1956, in respect of special business under item 5 as set out above is annexed hereto.



Alufluoride Limited

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 5

The tenure of Sri V.S.Prasad whose appointment as Managing Director, for a period of 5 years, approved by the share holders at their 10th Annual General Meeting held on 8th September, 1994 would be expiring on 11th August, 1999.

The Board of Directors at their meeting held on 23 July, 1999, have re-appointed Sri V.S.Prasad as Managing Director of the Company for a further period of 5 years with effect from 12th August, 1999.

In accordance with the provisions of the section 269 and Schedule XIII to the Companies Act, 1956, the re-appointment of Sri V.S.Prasad as Managing Director of the Company requires the approval of the share holders by way of Special Resolution.

None of the Directors excepting Sri V.S.Prasad and Sri Venkat Akkineni, are interested in the proposed special resolution.

This explanatory statement together with the terms of re-appointment mentioned in the accompanying notice should be treated as an abstract under section 302 of the Companies Act, 1956, in respect of the contract proposed to be entered into between the Company and Sri V.S.Prasad, Managing Director.

Item No. 6

Sri M.Balarama Krishnaiah was appointed as a Nominee Director of APIDC Ltd on 22 October, 1998. Sri M.Balarama Krishnaiah holds the office till the date of the ensuing Annual General Meeting of the Company in terms of section 260 of the Companies Act, 1956.

A notice pursuant to the provisions of section 257 (1) of the Companies Act, 1956 was received proposing the candidature of Sri.M Balarama Krishnaiah to the office of the Director of the Company.

None of the Directors excepting Sri M.Balarama Krishnaiah is interested in the proposed resolution.

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

Visakhapatnam
Date 23 July, 1999

V.S. PRASAD
Managing Director



Alufluoride Limited

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their 15th Annual Report together with the Audited statements of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	31-03-1999	31-03-1998
	Rs.	Rs.
Sales and other revenue	1033.87	891.76
Profit before Interest, Depreciation & write offs and Taxation	317.46	241.23
Less : Interest	194.81	202.28
Profit before Depreciation & write offs and taxation	122.65	38.95
Depreciation & write offs	77.78	73.35
Profit/(Loss) before Taxation	44.87	(34.40)
Provision for Taxation	4.75	-
Profit/(Loss) after Tax	40.12	(34.40)
Add : Prior Period Adjustments	69.19	233.03
Profit/(Loss) after Tax	109.31	198.63
Balance brought forward from last year	(279.94)	(478.57)
Surplus/(Deficit) carried to Balance Sheet	(170.63)	(279.94)

OPERATIONS

During the year 1998-99, the Company registered a production of 2567 MT of Aluminium Fluoride as compared to 2292 MT during 1997-98. Sales value amounted to Rs.1029.61 lakhs during 1998-99 as compared to Rs.888.04 lakhs during 1997-98. The Company earned a cash profit of Rs.122.65 lakhs before depreciation & write offs of Rs.77.78 lakhs as

compared to Rs.38.95 lakhs & Rs.73.35 lakhs respectively. The Company earned a net profit of Rs.40.12 lakhs after tax as compared to net loss of Rs.34.40 lakhs during 1997-98.

Arising out of Supreme Court decision, the income earned during the construction period has to be considered as taxable income, instead of the earlier practice of adjusting such income from the cost of the project. The Company accordingly offered income of Rs.81.58 lakhs (previous year Rs.Nil) and also brought in the necessary adjustments in accounts by treating the income as such in the Profit & Loss account below the line and restoring the asset values accordingly.

During the year under review, the supply of major raw material - Hydrofluosilicic Acid from M/s Coromandel Fertilisers Limited (CFL) improved. Your Directors are confident of better results during 1999-2000.

ISO 9002

Plans are in progress to have ISO 9002 Certification.

DIRECTORS

The following changes have taken place in the Board of Directors of the Company.

Sri Bhaskar Kumar Ghosh resigned as Director of the Company. Your Directors record their sincere appreciation of the support, guidance and advice received from Sri Bhaskar Kumar Ghosh.

Sri D.S.Umalkar has been appointed as Director of the Company in the vacancy caused due to the resignation of Sri Bhaskar Kumar Ghosh.

ICICI Limited has nominated Sri Kishore A.Kulkarni as a Director on the Board of the Company.

Andhra Pradesh Industrial Development Corporation Limited has nominated Sri M.Balarama Krishnaiah as a Director on the Board of the Company and he holds the office till the date of the ensuing Annual General Meeting of the Company in terms of the section 260 of the Companies Act, 1956. However, a resolution is being proposed to appoint Sri M.Balarama Krishnaiah as a Director of the Company.



Alufluoride Limited

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri Venkat Akkineni and Sri Vipul A. Desai will be retiring by rotation at the Annual General Meeting and are eligible for reappointment.

The tenure of appointment of Sri V.S. Prasad as Managing Director of the Company would be expiring on 11 August, 1999. However, a resolution is being proposed to reappoint Sri V.S. Prasad as Managing Director of the Company for a further period of five years.

PARTICULARS OF EMPLOYEES

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

AUDITORS

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

ADDITIONAL INFORMATION

Additional Information as required Under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, a statement containing the particulars relating to conservation of energy, research and development and technology absorption has been given in Annexure I, which forms a part of this report.

Y2K COMPLIANCE

The Software and Hardware used in recording Financial & Share Transfer Transactions and most of the Hardware used in other operations are Y2K compliant.

The estimated cost of Y2K compliance is not expected to be significant. The Company has made necessary contingency plans to cover the possibility of any other Hardware or Software proving to be Non-Y2K compliant.

ACKNOWLEDGEMENTS

Your Directors wish to place on record, their appreciation of the valuable assistance, support and cooperation received from ICICI, IDBI, APIDC, CFL and State Bank of India.

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

V. S. PRASAD
Managing Director

Visakhapatnam
Date 23 July, 1999

VIPUL A. DESAI
Director



Alufluoride Limited

ANNEXURE - 1

Information under Section 217(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Directors) Report for the year ended 31st March, 1999.

1. CONSERVATION OF ENERGY

The Company has adopted various steps to conserve energy and has taken several measures including regular monitoring of consumption and improved maintenance of operations.

Total energy consumption and energy consumption per unit of production as prescribed in Form - A are given below :

A. Power and Fuel Consumption

	01-04-1998 to 31-03-1999	01-04-1997 to 31-03-1998
(a) Purchased Unit (KWH)	17,74,091	16,58,341
Total Amount (Rs.)	68,65,323	62,18,541
Rate/Unit (Rs.)	3.87	3.75
(b) Own Generation -		
i) Through Diesel		
Generator - 380+125 KVA		
- Unit (KWH)	23,660	18,008
Unit per litre of Diesel Oil	3.20	3.22
Cost of Diesel per KWH (Rs.)	3.30	3.13
2. Furnace Oil/L.D.O.		
Quantity (K.Ltrs)	1083	994
Total Amount (Rs.)	56,41,312	56,15,090
Average Rate (Rs.)	5,209	5,647

B. Consumption per Unit of Production

(a) Aluminium Fluoride		
Electricity (KWH)	691	724
Furnace Oil.LDO (K.Ltrs)	0.422	0.434

C. Foreign Exchange Earning

(a) Foreign Exchange		
earning at FOBValue (Rs.)	23,85,857	10,63,016
(b) Foreign Exchange out go :	-	-
(c) Other (Erection charges		
& foreign travel etc.) (Rs.)	2,63,899	1,09,320