



Alufluoride Limited

An ISO 9002 Company

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***Annual Report
2000 - 2001***



Alufluoride Limited



Board of Directors

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

Registered Office

Registrars & Share Transfer Agents

Alufluoride Limited *
Victory Court
Nowroji Road
Visakhapatnam - 530 002
Phone : 91 - 891 - 535606, 535607
Fax : 91 - 891 - 560036
Email : alufluoride@nettlinx.com
Web : <http://www.alufluoride.com>

Factory

Mulagada Village
Mindhi (Post)
Visakhapatnam - 530 012
Phone : 91 - 891 - 577094, 577077
Fax : 91 - 891 - 560036
Email : alufluoride@nettlinx.com
Web : <http://www.alufluoride.com>



Alufluoride Limited

NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the 17th 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 Wednesday, 29 August, 2001 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, 2001 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, with or without modification (s) the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions if any, approval of the members of the Company be and is hereby accorded for amendment of the Articles of Association as follows :

I. Article 6A :

Insertion of new article 6A for Dematerialisation of Securities after Article 6 as follows :

6 A : DEMATERIALISATION OF SECURITIES :

- 1) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities and to offer securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996 or otherwise.

- 2) Notwithstanding anything contained in these articles, an issue of security by the Company also be in the dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities. Investors in a new issue and the beneficial owners shall have the option to rematerialise the securities subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor / beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations and guidelines. The shares so rematerialised shall bear new distinctive numbers so as to identify them from the shares not dematerialised.

- 3) All securities held in the depository mode with a depository shall be dematerialised and be in fungible form. To such securities held by a depository on behalf of a beneficial owner, nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply.

- 4) i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.

- ii) Save as otherwise provided in (i) above, the depository as the registered owner of the securities shall not have other membership rights in respect of the securities held by it.

- iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.



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- 5) Notwithstanding anything contained in the Act or these Articles to the Company, where securities are held in a depository mode, the records of the beneficial owner may be served by the depository on the Company by means of electronic mode or by delivery of floppies or discs.
- 6) Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owner in the register maintained by a depository under the Depositories Act 1996.
- 7) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.
- 8) The Register and index of beneficial owners maintained by the depository under the Depositories Act 1996 shall be deemed to be the Register and index of members and holders of securities for the purposes of these Articles and the Act.
- 3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall on the death of the Shareholder or holder of debentures of the Company or as the case may be, on the death of the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- 4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination and to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of the Company, in the event of his death, during the minority.
- 5) Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect either -

II. Article 6 B :

Insertion of new article 6B Nomination facility after Article 6A as follows :

6B : NOMINATION FACILITY :

- 1) Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
- 2) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- i) to be registered himself as holder of the shares or debentures, as the case may be; or
- ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be could have made.
- 6) If the person, being a nominee, so becoming entitled, elects to be registered as holder of the shares or debenture, himself, as the case may be, he shall deliver or send to the Company notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.



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- 7) All the limitations, restrictions and provisions of this Act relating to the right to transfer and registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.
- 8) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company. Provided that the Board may, at any time, giving notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied within ninety days, the Board may thereafter withhold payments of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been complied with.

- 9) A depositor may, in terms of Section 58A at any time, make a nomination and the above provision shall, as far as may be, apply to the nomination made under the sub-section.

III. Article 14A :

Insertion of new Article 14A for declining to recognise any transfer of equity shares :

14A. Subject to the provisions of Section 111A of the Companies Act, 1956 the Board may decline to recognise any transfer where :

- i) The instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the shares has not been delivered to the Company or that any other requirement of the law relating to the registration of such transfer has not been complied with, or
- ii) The transfer of shares on which the Company has a lien, provided that the registration of transfer shall not be refused on the ground that the transferor being either alone or jointly with any other person is indebted to the Company in any manner whatsoever, except a lien on the shares.

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

Visakhapatnam
Date 10 July, 2001

V. S. PRASAD
Managing Director

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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 25 August, 2001 to 29 August, 2001 (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.
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.

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

As per the changes in the Companies Act and Insertion of Depositories Act, the provisions of Section 111A are applicable to all listed companies; therefore, the Article of Association of the Company needs to be altered for insertion of the provisions of the Section 111A of the Companies Act, 1956. The company also proposes to opt for dematerialisation of shares.

Further in respect of changes made in the Companies Act, 1956 for nomination facility for equity shares, debentures and deposits of the Company, the Articles of Association of the Company are required to be amended accordingly through insertion of articles relating to dematerialisation of shares and nomination facility subject to the approval of the members of the Company in the light of the SEBI directions and Changes in the Companies Act, 1956. The Board recommended the resolution for approval of the members.

None of the Directors is interested in the resolution.

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

Visakhapatnam
Date 10 July, 2001

V. S. PRASAD
Managing Director



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DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their 17th Annual Report together with the Audited statements of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	31-03-2001	31-03-2000
	Rs.	Rs.
Sales and other revenue	1000.58	789.86
Profit before Interest, Depreciation & write offs and Taxation	187.30	199.99
Less : Interest	138.70	155.62
Profit before Depreciation & write offs and taxation	48.60	44.37
Depreciation & write offs	71.16	77.95
Profit/(Loss) before Taxation	(22.56)	(33.58)
Provision for Taxation	—	—
Profit/(Loss) after Tax	(22.56)	(33.58)
Balance brought forward from last year	(204.21)	(170.63)
Surplus/(Deficit) carried to Balance Sheet	(226.77)	(204.21)

OPERATIONS

During the year 2000-2001, the Company registered a Production of 2576 MT of Aluminium Fluoride as compared to 2260 MT during 1999-00. Sales and other revenue amounted to Rs.1000.58 lakhs during 2000-2001 as compared to Rs.789.86 lakhs during 1999-00. The Company earned a Cash Profit of Rs.48.60 lakhs before Depreciation & Write-offs of Rs.71.16 lakhs during the year under review as compared to Rs.44.37 lakhs & Rs.77.95 lakhs respectively during 1999-00. The Company incurred a Net Loss of Rs.22.56 lakhs during the year 2000-2001 as compared to Net Loss of Rs.33.58 lakhs during 1999-00.

Due to reduction in sale price, increase in raw materials, Furnace oil costs etc, the Company's cash profit was adversely effected inspite of increase in turnover. The Company is hoping better results in 2001-02.

DUES TO FINANCIAL INSTITUTIONS

Your Directors report that as on 31 March, 2001, the Company has paid Rs.1555.33 lakhs towards interest & Principal payments as against the term loan disbursal of Rs.1029.74 lakhs. Due to continued short supplies of major raw material - Hydrofluosilicic acid, the Company is facing severe cash flow problems and is behind in meeting the FI's obligation. The Company is repeatedly requesting FI's for waiver off these charges, and for reduction of rate of interest from 19.5 to 12.5 % p.a. Your Directors are glad to report that, ICICI has taken up the proposal for reschedulement of loans, reduction of interests and waiver of penal interests etc., and the Company expects to get the necessary reliefs from ICICI at the earliest. Your Directors report that, IDBI agreed for reschedule the term loans and waiving of penal charges etc of Rs.12.65 lakhs as against the total penal charges of Rs.27.91 lakhs as on 31 March, 2001. The Company is requesting IDBI for one time settlement as the reliefs offered by IDBI is not beneficial to the Company. Your Directors are hoping IDBI will sympathetically consider the Company's request at the earliest.

OUTLOOK FOR THE CURRENT YEAR

Your Directors report that, consequent to approval of trial orders etc based on the product quality, the Company has succeeded in bagging a prestigious regular order from the World Class Aluminium Smelter - M/s Dubai Aluminium Co Ltd, Dubai (DUBAL). The Company is planning to concentrate on exports during the current year and would complete the export obligation against the import licence taken under the Export Promotion Capital Goods Scheme (EPCG). This will give relief of Rs.147.86 lakhs from Contingent Liability. Your Directors are hoping of better results during 2001-2002.



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EXPORTS

Your Directors are glad to report that the Company has increased its exports to Rs.232.80 lakhs (FOB) during 2000-01 and planning to export Aluminium Fluoride worth over Rs.600.00 lakhs during 2001-02.

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 Venkat Akkineni and Sri Vipul A Desai will be retiring by rotation at the Annual General Meeting and are eligible for reappointment.

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.

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 a 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.

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.

ACKNOWLEDGEMENTS

Your Directors wish to place on record, their appreciation of the valuable assistance, support and cooperation received from ICICI, IDBI, APIDC, 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 **M. BALARAMA KRISHNAIAH**
Date 10 July, 2001 Director