



***Alufluoride Limited***

***An ISO 9002 Company***

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***Annual Report  
2001 - 2002***



# Alufluoride Limited



## Board of Directors

Sri Vipul A. Desai  
Sri D.S. Umalkar  
Sri Venkat Akkineni  
Sri M. Balarama Krishnaiah - APIDC Nominee  
Sri V.S. Prasad, Managing Director

## Auditors

Messrs Rao & Kumar  
Chartered Accountants  
Soudamani  
Siripuram  
Visakhapatnam - 530 003

## Bankers

State Bank of India

## Registered Office

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>

## Registrars & Share Transfer Agents

Ikon Visions Private Limited  
Flat No.33, Sanali Heavens  
8-3-948, Ameerpet  
Hyderabad - 500 073  
Phone : 91-040-3744138, 3734294  
Fax : 91-040-3744356  
Email : ikonvisions@satyam.net.in

## Factory

Mulagada Village  
Mindhi (Post)  
Visakhapatnam - 530 012  
Phone : 91-891-577077, 577094  
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 18th 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, 13 June, 2002 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, 2002 and Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To elect a Director in place of Sri D. S. Umalkar who retires by rotation, and being eligible offers himself for reappointment.
3. To elect a Director in place of Sri M. Balarama Krishnaiah who retires by rotation, and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

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

Visakhapatnam  
25 April, 2002

**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 11 June, 2002 to 13 June, 2002 (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.

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

Visakhapatnam  
25 April, 2002

**V. S. PRASAD**  
Managing Director



## Alufluoride Limited

### DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting their 18th Annual Report together with the Audited statements of Accounts for the year ended 31st March, 2002.

### FINANCIAL RESULTS

	(Rs. in lakhs)	
	31-03-2002	31-03-2001
	Rs.	Rs.
Sales and other revenue	737.04	1000.58
Profit before Interest, Depreciation & write offs and Taxation	122.13	187.30
Less : Interest	93.34	138.70
Profit before Depreciation & write offs and taxation	28.79	48.60
Depreciation & write offs	71.94	71.16
Profit/(Loss) before Tax & other adjustments	(43.15)	(22.56)
Add : Prior Period Adjustments (Net)	54.96	—
Profit/(Loss) before Tax	(98.11)	(22.56)
Provision for Taxation	—	—
Profit/(Loss) after Tax	(98.11)	(22.56)
Balance brought forward from last year	(226.77)	(204.21)
Surplus/(Deficit) carried to Balance Sheet	(324.88)	(226.77)

### OPERATIONS

During the year 2001-02, the Company registered a Production of 2353 MT of Aluminium Fluoride as compared to 2576 MT during 2000-01. Sales and other revenue amounted to Rs.737.04 lakhs during 2001-02 as compared to Rs.1000.58 lakhs during 2000-01. The Company earned a Cash Profit of Rs.28.79 lakhs before Depreciation & Write-offs of Rs.71.94 lakhs during the year under review as compared to Rs.48.60 lakhs & Rs.71.16 lakhs respectively during 2000-01. The Company incurred a Net Loss of Rs.98.11 lakhs which includes accepted net compound interest of Rs. 54.96 lakhs and settled to ICICI as per the Debt Restructuring term loan package, as compared to Net Loss of Rs.22.56 lakhs during 2000-01.

Mainly due to competitive sale price of exports (for completing the export obligation under EPCG licence) and increase in raw materials, Furnace oil costs etc, the Company's turnover was adversely effected and correspondingly the cash profit was reduced while comparing with the results of 2000-01. However, the Company had succeeded in completing the export obligation during 2001-02 and relieved from the contingent liability of Rs.147.86 lakhs. With the reschedulement of term loans at reduced interest rates, increased sales realisation, the Company is hoping better results in 2002-03.

### DUES TO FINANCIAL INSTITUTIONS

#### IDBI

Your Directors are glad to report that as on 31 March, 2002, the Company has settled the dues to IDBI under one time settlement scheme and relieved from the contingent liabilities of IDBI portion of Rs.27.91 lakhs payable towards penal/compound interests & liquidated damages as on 31 March, 2001. The account is closed as no dues.


**Alufluoride Limited**

## ICICI

At the repeated requests of the Company, ICICI has sympathetically considered the Company's difficult cash flow problems and finalised the Debt Restructuring package. They reduced the interest rate from 19.5% (ICICI & SCICI loans) and 17% (IBRD loan) to 13.5 % p.a. with effect from 1 April, 2000. ICICI waived the total liquidated damages accrued upto 31 March, 2002 and waived the total Compound Interest dues accrued from 1 April, 2000 to 31 March, 2002 - reduced the Compound interest dues as on 31 March, 2000 to Rs.100.00 lakhs and the same converted to Zero coupon Debentures, redeemable on 15 March, 2010. With this package, the Company has saved Rs.45.04 lakhs towards simple interest dues (due to reduction in interest rate with effect from 1.4.2000) and relieved Rs.116.02 lakhs contingent liabilities of ICICI portion (as against total of Rs. 216.02 lakhs as on 31 March, 2001) towards penal/compound interests & liquidated damages.

The net difference of Rs.54.96 lakhs (Rs.100.00 - Rs.45.04) debited to Profit & Loss account, under Prior Period adjustments. ICICI rescheduled the balance term loan of Rs.555.74 lakhs to be repayable in 28 quarterly instalments commencing from 15, October, 2002 and ending on 15, September, 2009.

Your Directors are expecting that with the settlement of IDBI dues, substantial reduction in interest rates, restructuring of term loans of ICICI, the improved sales realisation and higher acid supplies from the adjacent fertiliser complex will support the cash flow position and also considerably improve to clear the ICICI term loans as per schedule. Also Your Directors are hoping better results from 2002-03.

## COMPLETION OF EXPORT OBLIGATION - EPCG SCHEME

Your Directors are glad to report that, the Company has succeeded in fulfilling the Export Obligation taken under the Export Promotion Capital Goods

Scheme (EPCG) by October, 2001. Director General Foreign Trade confirmed the completion of export obligation and released the Bank Guarantees. With this, the Company is relieved from the contingent liability of Rs.147.86 lakhs payable to Customs.

## OUTLOOK FOR THE CURRENT YEAR

Your Directors report that, M/s Coromandel Fertilisers Ltd., are assuring that with the installation of additional evaporator, improved machine availability etc. Hydrofluosilicic Acid (acid) supplies will improve substantially from 2002-03 onwards. The Company continues its efforts for increased sales realisation to offset the high operating expenses as well as repayment of term loan obligation to ICICI. Further, your Directors are glad to report that, the technical managers of the Company with their operational experience over a period have succeeded in increasing the daily capacity to 18 MT or 5000 TPA.

## EXPORTS

Your Directors are glad to report that the Company has increased its exports to Rs.474.20 lakhs (FOB) during 2001-02 as against Rs. 232.80 lakhs in 2000-01 and planning to continue export of Aluminium Fluoride with the increased orders with better price realization to Middle East, Egypt, Korea etc.

## EXPORT AWARD

Your Directors are glad to report that the Company has received an Award **Certificate of Merit** from CHEMEXCIL for Export of Aluminium Fluoride during 2000-01.

## ENVIRONMENT

Your Directors are glad to report that all necessary measures are being taken to maintain high standards of environment, clean and green belt, water harvesting, pollution control, health and safety precautions etc.,. In continuation of efforts to strengthen the pollution control measures, the Company had spent over Rs.30 lakhs during the year.



## Alufluoride Limited

### 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 D.S.Umalkar and Sri M. Balarama Krishnaiah 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.

### COST AUDIT

The approval of the Central Government for the appointment of Sri Korada Srinivasa Rao, AICWA, Cost Accountant to conduct the Cost Audit in respect of Aluminium Fluoride and related products manufactured by the Company for the year ended 31st March, 2002 as recommended by the Board has been received vide Order No. 52/151/CAB-2000, dated 11 October, 2001.

### CORPORATE GOVERNANCE

The Company has been pursuing the code of Corporate Governance, enunciated by SEBI, even before it has been mandatory to us.

You will be glad to note that :

- a) The Company operations are managed by well experienced professionals trained from similar Chemical and Engineering companies. The Managers are regularly trained for latest technological and operational improvements. The Board comprises of Directors with professional and varied experience who continuously monitor and guide the operational Managers for optimising efficiency.
- b) The Board of Directors meets at least 4 times in a year, each Director discloses the interest in other companies at the beginning of each financial year. Annual operating and capital budgets, quarterly operating results, statutory compliances etc., are deliberated at the meetings. During the Financial Year 2001-2002 the Board met four times.
- c) A Committee of Directors has been formed which, apart from considering the share transfers and transmissions, takes special care of the shareholders' grievances and complaints. The Company had obtained approval for dematerialisation of its equity shares and entered into agreements with NSDL, CDSL (Depositories) and Ikon Visions Private Limited, Hyderabad (Registrars).
- d) An Audit Committee has been constituted to address specific areas of internal audit control system and related areas with Sri Vipul A. Desai, Sri M. Balarama Krishnaiah and Sri Venkat Akkineni as the members.

### 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


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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 fraud and other irregularities.

- iv. The Directors have prepared the accounts as 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 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  
25 April, 2002

**M. BALARAMA KRISHNAIAH**  
Director

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**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, 2002.

**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 consumption per unit of production as prescribed in Form - A are given below :

**A. Power and Fuel Consumption**

	01-04-2001 to 31-03-2002	01-04-2000 to 31-03-2001
<b>1. Electricity</b>		
(a) Purchased Unit (KWH)	12,51,674	14,37,573
Total Amount (Rs.)	56,05,455	65,15,058
Average Rate/Unit (Rs.)	4.48	4.53
(b) Own Generation - Through Diesel Generator - 380+125 KVA - Unit (KWH)	25,874	30,901
Average Unit per litre of Diesel Oil	3.23	3.35
Cost of Diesel per KWH (Rs.)	5.48	5.27
<b>2. Furnace Oil/L.D.O.</b>		
Quantity (K.Ltrs)	800	858
Total Amount (Rs.)	68,25,134	77,93,471
Average Rate (Rs.)	8,531	9,083

**B. Consumption per Unit of Production**

(a) Aluminium Fluoride		
Electricity (KWH)	532	558
Furnace Oil.LDO (K.Ltrs)	0.340	0.333

**C. Foreign Exchange Earning**

(a) Foreign Exchange - F.O.B.Rs.	4,74,20,477	2,32,79,736
(b) Foreign Exchange out go :	—	—
(c) Others (Components & spare parts & foreign travel etc) (Rs.)	1,98,741	4,08,858