



***Alufluoride Limited***

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

Report  Junction.com

***Annual Report  
2003 - 2004***



**Alufluoride Limited**

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**Board of Directors**

Dr. T.R. Ramachandran  
Smt. A. Jyothsana  
Sri. V. Ashok  
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, A.P, India.  
Phone : 91-891-2535606, 2535607  
Fax : 91-891-2560036  
Email : alufluoride@nettlinx.com  
Website : <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 : 91-40-23744138, 23734294  
Fax : 91-40-23744356  
Email : ikonvisions@satyam.net.in

**Factory**

Mulagada Village  
Mindhi Post  
Visakhapatnam - 530 012, A.P, India.  
Phone : 91-891-2577077, 2577094  
Fax : 91-891-2560036



## 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 Victory Court, Nowroji Road, Visakhapatnam – 530 002 on Friday, the 16 July, 2004 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, 2004 and Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To elect a Director in place of Sri. M. Balarama Krishnaiah who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification(s) the following resolution as ordinary resolution.

"RESOLVED THAT Dr.T.R.Ramachandran who has been appointed as Additional Director by the Board of Directors on 16 April, 2004 and holds office till the date of this Annual General Meeting in terms of the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose term of Office is liable to retire by rotation".

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as special resolution.

"RESOLVED THAT the Equity shares of the Company continue to be listed in The Stock Exchange, Mumbai and withdraw listing from all Stock Exchanges in accordance with relevant laws, rules, regulations and guidelines (including statutory modification(s) or re-enactment(s) thereof for the time being in force and as may be enacted hereafter) and subject to such approvals, permissions and sanctions from such authorities for compliance with such conditions and modifications as may be necessary for this purpose."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board") be and is hereby authorised to seek voluntary de-listing from all Stock Exchanges except The Stock Exchange, Mumbai without giving an exit option to the shareholders at such time as they may, in absolute discretion, consider appropriate on the terms and conditions as may be stipulated and in the best interests of the Company, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may deem necessary, proper or desirable and to settle any questions, doubts or issues that may arise in regard to de-listing of the Equity Shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient and for this purpose to delegate authority and duly vested in it by virtue hereof to the Managing Director or any other person whom the Managing Director may consider suitable to do various acts and things required to be done in this behalf."

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

Visakhapatnam  
12 June, 2004

**V. S. PRASAD**  
Managing Director

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL 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. PROXY FORM IS ENCLOSED HERewith. 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. An Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is annexed to and forms part of this notice.


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3. The Share Transfer Register and Register of Members of the Company will remain closed from 14 July, 2004 to 16 July, 2004 (both days inclusive) in terms of the provisions of Section 154 of the Companies Act, 1956.
4. Any change of address of the Member may please be notified to the Company quoting the Registered Folio.
5. The Company has its Equity Shares listed at :
  - a) The Hyderabad Stock Exchange Limited  
3-6-275,  
Himayat Nagar  
Hyderabad – 500 029.
  - b) The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001.

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

##### **ITEM No. 4**

Dr. T.R.Ramachandran, a Doctorate in Metallurgy, University of Wales, U.K. is highly qualified. He is endowed with very valuable experience in Aluminium Industry, Life Member of Indian Institute of Metals and many other societies. He held very high professional positions in various institutions. He is the founder Director of JNARDDC. He has varied experience in Aluminium Industry, covering all lead Aluminium Smelters in India and Abroad. He has also published several Articles relating to Aluminium Industry. His presence in the Board is very valuable.

Dr.T.R.Ramachandran was appointed as Additional Director of the Company by the Board of Directors in their meeting held on 16 April, 2004. In terms of the provisions of Section 260 of the Companies Act, 1956, Dr.T.R.Ramachandran holds the office till the date of this Annual General Meeting.

A notice pursuant to the provisions of Section 257(1) of the Companies Act, 1956 along with a deposit of Rs.500/- (Rupees Five hundred only) received by the Company from a member signifying his/her intention to propose the candidature of Dr.T.R.Ramachandran to the office of the Director of the Company. Hence, the Board of Directors proposes the resolution to the approval of the shareholders. None of the Directors excepting Dr. T. R. Ramachandran is interested in the proposed resolution.

##### **ITEM No. 5**

The Equity Shares of the Company are traded in the Stock Exchanges compulsorily in demat mode with effect from April, 2002. Consequent to the rapid technological changes in the trading system at Stock Exchanges, substantial volume of trading has taken place only through The Stock Exchange, Mumbai (BSE). The trading volume at other Stock Exchanges has almost been negligible during the last 5 years. Your Directors are of the view that no particular benefit is available to the shareholders of the Company by continuing the listing of the shares on other Stock Exchanges. Such, de-listing will also not affect trading facilities of the shareholders of the Company in view of the dematerialisation of shares, listing of shares at BSE and availability of on-line trading all over the Country. The Company is therefore, contemplating the possibility of de-listing its shares from all other Stock Exchanges except The Stock Exchange, Mumbai without giving an exit option to the shareholders, as the securities of the Company will continue to be listed at The Stock Exchange, Mumbai.

In terms of the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, delisting of securities from a stock exchange requires prior approval of members by way of special resolution. Hence, your Directors recommend the resolution to be passed as a special resolution.

None of the Directors of the Company is in any way, concerned or interested in the said resolution.

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

Visakhapatnam  
12 June, 2004

**V. S. PRASAD**  
Managing Director



## 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, 2004.

## FINANCIAL RESULTS

The financial results of the Company for the year 2003-04 are summarized below :

	(Rs. in lakhs)	
	31-03-2004	31-03-2003
	Rs.	Rs.
Sales and other revenue	1398.71	1255.68
Profit before Interest, Depreciation & write offs and Taxation	354.88	260.42
Less : Interest	57.94	76.22
Profit before Depreciation & write offs and Taxation	296.94	184.20
Less: Depreciation & write offs	74.32	73.91
Profit before Extra-ordinary items, Tax & other adj's	222.62	110.29
Add: Extra-ordinary Items	—	56.50
Profit before Tax & other adj's	222.62	166.79
Less: Provision for Income Tax	16.60	10.00
Profit after Income Tax		
and before Deferred Tax adj's	206.02	156.79
Less : Provision for current year's Deferred tax Asset/ Liability Adj.	60.68	14.42
Profit after Income Tax and before adj's	145.34	142.37
Add : Prior Period Adjustments	—	27.02
Profit after tax & Adj's	145.34	169.39
Balance brought forward from last year	(155.49)	(324.88)
Surplus/(Deficit) carried to Balance Sheet	(10.15)	(155.49)

## OPERATIONS

During the year 2003-04, the Company registered a first time high production of 3846 MT of Aluminium Fluoride as compared to 3170 MT during 2002-03. Sales and other revenue amounted to Rs.1398.71 lakhs during 2003-04 as compared to Rs.1255.68 lakhs during 2002-03. The Company earned a cash profit of Rs.296.94 lakhs during the year 2003-04 as compared to Rs.184.20 lakhs during 2002-03.

The Company registered a Net Profit of Rs.145.34 lakhs after provision for Income-Tax of Rs.16.60 lakhs, current year Deferred Tax Adjustments of Rs.60.68 lakhs during 2003-04 as compared to Rs.169.39 lakhs during 2002-03. The carried forward losses of the Company has come down substantially to Rs.10.15 lakhs during 2003-04 as against Rs.155.49 lakhs during 2002-03.

## DUES TO FINANCIAL INSTITUTIONS

With a view to reduce the high rate of interest burden from the Financial Institutions, your Directors have succeeded in exchanging the loan carrying interest rate of 13.5 % from ICICI with a loan from State Bank of Hyderabad (SBH) carrying an interest rate of 10%. Your Directors are glad to report that the Company was sanctioned a term loan of Rs.275.00 lakhs from State Bank of Hyderabad, SIB Branch, Visakhapatnam at an interest rate of 10% per annum. After making some regular and prepayments to SBH the outstanding amount as on date is Rs.164 lakhs.

## OUTLOOK FOR THE CURRENT YEAR

Your Directors are to report that the Hydrofluosilicic Acid (Acid) supplies from M/s. Coromandel Fertilisers Limited (CFL), Visakhapatnam during 2003-04 has improved substantially to 4505 MTs or 113 % of the agreed quantity of 4000 TPA. CFL is confident of maintaining and supplying the acid at agreed quantities or more in future years. With the reduced interest burden, with the increased acid supply levels and with the ongoing cost reduction programme, the Company is confident of posting good results in the coming future years.


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Your Directors are pleased to inform that supplies of Aluminium Fluoride (AlF<sub>3</sub>) to Hindalco Industries Ltd., and Dubai Aluminium Co. Ltd, Dubai – World Class Aluminium Smelters, highlight the fact that the quality of the product is well established both in Domestic and Export markets.

In light of the above, the Directors are confident of expanding the market share.

## EXPORTS

Your Directors are glad to report that the Company has registered an Export Sales of Rs.438.51 lakhs (FOB) during 2003-04 as compared to Rs.426.74 lakhs (FOB) during 2002-03 and planning to continue export of Aluminium Fluoride with the increased orders at better price realisation to Middle East etc.

## ENVIRONMENT & SAFETY MEASURES

Following the ISO Certifications of 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., etc.

## FIXED DEPOSITS/UNSECURED LOANS

Your Directors are to report that the Company has accepted Rs.83.40 lakhs from the Directors / Shareholders of the Company as Unsecured loans. The Company has complied with the provisions of Section 58A of the Companies Act, 1956.

## DIVIDEND

During the year under review your Directors are not recommending any dividend due to inadequate profits.

## INSURANCE

All the properties of the Company including Buildings, Plant and Machinery and Stocks have been adequately insured.

## DIRECTORS

The following changes have taken place among the Board of Directors during the period under report.

ICICI Bank Limited withdrew its nominee Sri.S.C.Bhatia from the Board of Directors of the Company with effect from 30 January, 2004.

The resignation of Sri D.S.Umalkar vide his letter dated 9 June, 2004 was accepted with effect from 12 June, 2004.

The Board takes this opportunity to place on record its appreciation of the services rendered, support and guidance extended by Sri.S.C.Bhatia and Sri.D.S.Umalkar during their tenure as Directors of the Company.

Dr.T.R.Ramachandran was appointed as Additional Director by the Board of Directors with effect from 16 April, 2004. He holds the office till the date of this Annual General Meeting in terms of the provisions of Section 260 of the Companies Act, 1956. However, a resolution is being proposed for his appointment as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri M.Balarama Krishnaiah 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

The approval of the Central Government for the appointment of Sri. K.Srinivasa Rao, Cost Accountant to conduct the Cost Audit in respect of Aluminium Fluoride and related products manufactured by the Company for the year ended 31<sup>st</sup> March, 2004 as recommended by the Board has been received vide Order No. 52/151/CAB-2000, dated 3 June, 2003.





## Alufluoride Limited

### 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.

### DELISTING OF SECURITIES

Your Directors are of the view that no particular benefit is available to the shareholders of the Company by continuing the listing of the shares on Stock Exchanges except The Stock Exchange, Mumbai. Such, de-listing will also not affect trading facilities of the shareholders of the Company in view of the dematerialisation of shares, listing of shares at The Stock Exchange, Mumbai and availability of on-line trading all over the Country. The Company is therefore, contemplating the possibility of de-listing its shares from Stock Exchanges except The Stock Exchange, Mumbai without giving an exit option to the shareholders, as the securities of the Company will continue to be listed at The Stock Exchange, Mumbai.

### 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, ICICI and State Bank of Hyderabad.

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

**V.ASHOK**  
Director

Visakhapatnam  
12 June, 2004


**Alufluoride Limited**
**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, 2004.

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

**A. Power and Fuel Consumption**

	01-04-2003 to 31-03-2004	01-04-2002 to 31-03-2003
<b>1. Electricity</b>		
(a) Purchased Unit (KWH)	17,39,784	16,11,230
Total Amount (Rs.)	70,67,443	69,16,932
Average Rate / Unit (Rs.)	4.06	4.29
(b) Own Generation -		
Through Diesel Generator – 380 + 125 KVA		
- Unit (KWH)	17,756	36,280
Average Unit Per litre of Diesel Oil	3.05	3.18
Cost of Diesel per KWH (Rs.)	7.39	5.91
<b>2. Furnace Oil / L.D.O</b>		
Quantity (K.Ltrs)	1173	1024
Total Amount (Rs.)	1,24,24,773	1,08,76,682
Average Rate (Rs.)	10,593	10,618
<b>B. Consumption per Unit of Production</b>		
(a) Aluminium Fluoride		
Electricity (KWH)	457	520
Furnace Oil. L.D.O (K.Ltrs)	0.305	0.323
<b>C. Foreign Exchange Earnings</b>		
(a) Foreign Exchange – F.O.B. Rs.	4,38,51,114	4,26,74,065
(b) Foreign Exchange out go :	—	—
(c) Other Components, spare parts & foreign travel etc. (Rs.)	10,82,476	10,73,502