



# **Alufluoride Limited**

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

***Annual Report  
2015 - 2016***



## **BOARD OF DIRECTORS**

Dr. T.R. Ramachandran	- Independent & Non Executive
Sri A.V.V.S.S.Ch.B. Sekhar Babu	- Independent & Non Executive
Sri Grandhi Sreeramakrishna	- Independent & Non Executive
Sri Ashok Vemulapalli	- Non Independent & Non Executive
Sri K. Purushotham Naidu	- Director (Finance & Admn)
Smt. Jyothsana Akkineni	- Executive Director
Sri Venkat Akkineni	- Managing Director

## **COMPANY SECRETARY**

Sri Viswanadham Bhaskara Rama Sarma

## **STATUTORY AUDITORS**

M/s. Rao & Kumar, Chartered Accountants,  
Visakhapatnam 530 003

## **INTERNAL AUDITORS**

Sri G. Krishna Mohan, Chartered Accountant, Kakinada 533 003

## **SECRETARIAL AUDITORS**

M/s. GMVDR & Associates, Company Secretaries,  
Hyderabad 500 029

## **BANKERS**

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

## **REGISTRARS & SHARE TRANSFER AGENTS**

XL Softech Systems Ltd.  
3, Sagar Society, Road No.2, Banjara Hills  
Hyderabad 500 034  
Phone: (91 40) 2354 5913  
Fax: (91 40) 2355 3214  
Email: xlfield@gmail.com

## **REGISTERED OFFICE**

Alufluoride Limited  
Mulagada, Mindi  
Visakhapatnam 530 012, AP  
Phone: (91 891) 2548567, 2577077  
Fax : (91 891) 2548567  
Email: contact@alufluoride.com  
CIN- L24110AP1984PLC005096

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Annual General Meeting of the Members of Alufluoride Limited will be held at the Registered Office of the Company situated at Mulagada, Mindi, Visakhapatnam -530 012 at 11.00 A.M. on the Friday, 30 September, 2016 to transact the following business:

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2016 and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2016 together with the reports of Directors' and Auditors' thereon.
2. To appoint Auditors and to fix their remuneration.
3. To elect a Director in place of Sri Ashok Vemulapalli, Director who retires by rotation and being eligible offers himself for reappointment.

### **SPECIAL BUSINESS :**

4. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

Reappointment of Sri Venkat N.R.Akkineni as Managing Director.

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions if any of the Companies Act, 2013 and the rules made there under and consent be and is hereby accorded for the reappointment of Sri Venkat N R Akkineni as the Managing Director of the Company for a further period of three years w.e.f 16.06.2016, at a remuneration aggregating to 5% of the Net Profits of the Company. However in case of inadequate or absence of profits, he shall be entitled to the following remuneration:

#### **1. Remuneration :**

- i) Salary - Rs. 1,25,000/- per month
- ii) Commission at 1% on the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013.

## **2. Perquisites :**

In addition to the Salary and Commission, the Managing Director shall be entitled to the Perquisites, classified under Category A, B, and C, as per statement annexed, provided that the Perquisites in the said Category 'A' shall be restricted to an amount equivalent to the annual salary.

### **STATEMENT OF PERQUISITES REFERRED TO IN THE RESOLUTIONS RELATING TO THE REMUNERATION OF THE MANAGING DIRECTOR CATEGORY 'A'**

#### **i) Housing:**

- a) The expenditure incurred by the Company on hiring furnished accommodation for him will be subject to a ceiling of 60% of salary.
- b) Where accommodation in the Company owned house is provided, he shall pay to the Company, by way of rent 10% of the salary. Wherever the Company does not provide accommodation, House rent allowance shall be paid in accordance with (a) above, and
- c) The expenditure incurred by the Company on gas, electricity, water and furnishing will be evaluated as per Income-Tax rules, 1962. This will, however, be subject to a ceiling of 10% of the salary paid to him.

#### **ii) Medical benefits for self and family :**

Reimbursement of expenses actually incurred the total cost of which to the company shall not exceed one month's salary in a year or three months' salary over a period of three years.

#### **iii) Leave Travel concession :**

For self and family, once in a year, incurred in accordance with the rules of the Company.

#### **iv) Club fees :**

Fees of clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.

#### **v) Personal accident insurance :**

Of an amount, the annual premium of which, does not exceed Rs.4,000/-.



The perquisites, under this category, shall be restricted to an amount equivalent to the annual salary proposed to the Managing Director.

## **CATEGORY 'B'**

Contribution to Provident Fund, Superannuation Fund or Annuity Fund, as per the rules of the Company, to the extent, these are not taxable, under the Income-Tax Act, either singly or put together. Gratuity payable, shall not exceed, half a month's salary, for each completed year of service. The perquisites, under this category, shall not be included in the computation of the ceiling on remuneration specified in the resolution.

## **CATEGORY 'C'**

- a. Free use of Company's car with driver for the business of the Company. Use of car for private purposes shall be billed by the Company.
- b. Free telephone facility at residence. All personal long distance calls shall be billed by the Company.
- c. Leave on full pay and allowances as applicable to other employees of the Company but not exceeding one month's salary for every 11 months service;
- d. He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company; and
- e. Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

The perquisites, under this category, shall not be included in the computation of the ceiling on remuneration specified in the Resolution."

"RESOLVED FURTHER THAT the Managing Director will be eligible for double the limits of aforesaid Salary and Perquisites if the resolution for reappointment & revisions in remuneration is approved by the Shareholders by way of Special Resolution and this will be paid with effect from the date of passing of Special Resolution in the General Meeting".

"RESOLVED FURTHER THAT the Salary and perquisites aforesaid be paid and allowed, as minimum remuneration to the Managing Director during the remaining period of his tenure, in the

event of loss of inadequacy of profits in any financial year".

5. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

### **Reappointment of Smt Jyothsana Akkineni as Executive Director.**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions if any of the Companies Act, 2013 and the rules made there under consent be and is hereby accorded for the reappointment of Smt. Jyothsana Akkineni as the Executive Director of the Company for a further period of three years, w.e.f 06.05.2016, without any remuneration".

6. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

### **Reappointment of Sri K.Purushotham Naidu as Director (Finance & Admn).**

"RESOLVED THAT subject to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions if any of the Companies Act, 2013 and the rules made there under consent be and is hereby accorded for the reappointment of Sri K.Purushotham Naidu for a further period of three years w.e.f. 06.05.2016 at the following remuneration:

1. Salary & allowances – upto Rs.1,75,000/- P.M.
2. Perquisites: As per the Company's policy – like Medical, LTA, PF, Gratuity etc.

For and on behalf of the Board  
For **ALUFLUORIDE LIMITED**

Hyderabad  
4 August, 2016

**VENKAT AKKINENI**  
**Managing Director**  
DIN: 00013996

## 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 Registered Office of the Company not less than 48 hours before the time of holding the meeting.
2. The instrument appointing the proxy, in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Corporate Members are requested to send a duly certified copy of the Board Resolution / power of attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
3. Members who hold shares in dematerialized form are requested to write their Client ID and DPID Number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
5. The Share Transfer Register and Register of Members of the Company will remain closed from 26 September, 2016 to 30 September, 2016 both days inclusive.
6. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars Viz. M/s XL Softech Systems Ltd, 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034.
7. Pursuant to Section 125 of the Companies Act, 2013, all unclaimed refunds of the Public Issue for more than seven years from the date it became due shall be transferred to Investor Education and Protection Fund (the fund). Hence those persons, who have not encashed their refund and requested to encash the same immediately.
8. Shareholders may inspect the documents / certificates referred to in the notice and / or explanatory statement at the Registered Office of the Company during the business hours on any working day upto the date of AGM.
9. E-Voting: Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, and Clause 35B of the Listing Agreement, the Company is providing the facility to Members to exercise their rights to vote by electronic means. The Company has engaged the Services of Central Depository Services (India) Limited (CDSL) for providing e-voting facilities. The e-voting rights of the Members / beneficial owners shall be reckoned in proportion to ordinary shares held by them in the Company as on 23 September, 2016 (Cut -off date fixed for this purpose). The e-voting period will commence at 10.00 A.M. on Tuesday, 27 September, 2016 and will end at 6.00 P.M. on Thursday, 29 September, 2016. The Company has appointed Mr. G.M.V. Dhanunjaya Rao, Practicing Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. Detailed instructions for availing e-voting facility are being sent separately as a part of this Notice.
10. Members are requested to avail the e-communication facility for receiving the Annual Reports, other communications from the Company, by updating their email IDs with the RTA so as to save paper & the Mother Nature.



## EXPLANATORY STATEMENT

### (Pursuant to Section 173 (2)) of the Companies Act, 2013

#### ITEM No. 4

The Remuneration Committee during their meeting held on 29<sup>th</sup> April 2016 have recommended reappointment of Sri Venkat N.R.Akkineni as Managing Director for a further period of three years i.e., from 16<sup>th</sup> June, 2016 to 15<sup>th</sup> June, 2019 and recommended the remuneration package as detailed in the resolution. The recommendations of the Remuneration Committee were approved by the Board of Directors of the Company during their meeting held on 29<sup>th</sup> April, 2016 and reappointed Sri Venkat N.R.Akkineni as Managing Director of the Company for a further period of three years, at the remuneration package approved by the Remuneration Committee.

In accordance with the provisions of the section 196, 197 & 198 and Schedule V of the Companies Act, 2013, the reappointment of Sri Venkat N.R. Akkineni as Managing Director of the Company requires the approval of the shareholders by way of a Special Resolution.

None of the Directors excepting Sri Venkat N.R. Akkineni, Smt. Jyothsana Akkineni and Sri Ashok Vemulapalli 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 190 of the Companies Act, 2013, in respect of the contract, if any, proposed to be entered into between the Company and Sri Venkat N.R. Akkineni, Managing Director.

#### ITEM No. 5

The Remuneration Committee during their meeting held on 29<sup>th</sup> April, 2016 have recommended for reappointment of Smt Jyothsana Akkineni as Executive Director without remuneration for a further period of three years i.e., from 6<sup>th</sup> May, 2016 to 5<sup>th</sup> May, 2019.

In accordance with the provisions of the section 196 and Schedule V of the Companies Act, 2013, the reappointment of Smt Jyothsana Akkineni, without remuneration, requires the approval of the shareholders by way of a Special Resolution.

None of the Directors excepting Smt. Jyothsana Akkineni, Sri Venkat N.R. Akkineni and Sri Ashok Vemulapalli are interested in the proposed special resolution.

This explanatory statement together with the terms of reappointment mentioned in the accompanying notice should be treated as an abstract under section 190 of the Companies Act, 2013, in respect of the contract, if any, proposed to be entered into between the Company and Smt. Jyothsana Akkineni, Executive Director.

#### ITEM No. 6

The Remuneration Committee during their meeting held on 29<sup>th</sup> April, 2016 have recommended for reappointment of Sri K.Purushotham Naidu, as Director (Finance & Admn) for a further period of three years i.e., from 6<sup>th</sup> May, 2016 to 5<sup>th</sup> May, 2019 and recommended the remuneration as detailed in the Resolution.

In accordance with the provisions of the section 196, 197, 198 and Schedule V of the Companies Act, 2013, the reappointment of Sri K.Purushotham Naidu as Director (Finance & Admn) of the Company requires the approval of the shareholders by way of a Special Resolution.

None of the Directors excepting Sri K. Purushotham Naidu 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 190 of the Companies Act, 2013, in respect of the contract, if any, proposed to be entered into between the Company and Sri K.Purushotham Naidu, Director (Finance & Admn).

### Additional disclosures under Schedule V of the Companies Act, 2013

#### I. General Information

Alufluoride Limited is involved in the production of Aluminium Fluoride a high purity and free flowing powder. It is produced with modern technology by reacting dry Alumina Hydrate with Hydrofluosilicic acid, generated from the fluorine recovery units of the fertilizer industries. Fluorine gas, otherwise an effluent is scrubbed with water to produce Hydrofluosilicic acid thus converting "Waste Into Wealth". There are no foreign collaborations or investments in the Company.

**II. Information about the appointees**

<b>Particulars</b>	<b>Sri Venkat Akkineni</b>	<b>Smt. Jyothsana Akkineni</b>	<b>Sri K. Purushotham Naidu</b>
Date of Birth	22.09.1954	29.03.1956	15.07.1955
Date of Appointment	14.08.1991	16.07.2002	20.10.2007
Qualifications	MBA	MA	M.Com, (CA), BL
Expertise in specific functional areas	38	37	36
Chairmanships / Directorships of other Companies (excluding Foreign Companies and Section 25 Companies)	1. Annapurna Studios (P) Ltd. 2. Heart Entertainment Ltd. 3. Annapurna Apex Chemicals (P) Ltd. 4. Heart Animation Academy (P) Ltd. 5. Annapurna Cine Techniq (P) Ltd. 6. Annapurna Visual Arts (P) Ltd. 7. Akkineni Arts Academy (P) Ltd.	1. Anar Enterprises (P) Ltd. 2. Kaiser Finance & Leasing (P) Ltd. 3. Visakha Finance Ltd.	Nil
Chairmanships / Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/ Investors Grievance Committee)	Nil	Nil	Nil
Number of shares held in the Company	Nil	51,070	375
Other details as required under Schedule V	Sri Venkat Akkineni is a Promoter Director of the Company. He has no pecuniary relationship with the Company except as the MD.	Smt. Jyothsana Akkineni is a Promoter Director of the Company. She has no pecuniary relationship with the Company except as the ED.	Sri K. Purushotham Naidu is employed with the Company since 1989 and inception of the Company. He has no pecuniary relationship with the Company except as Director (Finance & Admn).
Past remuneration	Rs. 34.20 lakhs and well within the ceiling of Rs.42.00 lakhs per year as per the Companies Act, 2013.	NIL	Rs.17.23 lakhs and well within the ceiling of Rs.42.00 lakhs per year as per the Companies Act, 2013
Remuneration proposed	Within a ceiling of Rs.84.00 lakhs per year, after getting approval of increased remuneration by the Shareholders of the Company through Special Resolution at the Annual General Meeting.	NIL	Within a ceiling of Rs.42.00 lakhs per year as per the Companies Act, 2013.



## Alufluoride Limited

Particulars	Sri Venkat Akkineni	Smt. Jyothsana Akkineni	Sri K. Purushotham Naidu
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).	Since, Alufluoride Limited, is the only listed Company in India which produces Aluminium Fluoride only and hence, comparative details are not available and not given.	N.A.	Since, Alufluoride Limited, is the only listed Company in India which produces Aluminium Fluoride only and hence, comparative details are not available and not given.

### III. Other Information

Reasons of loss or inadequate profits, steps taken or proposed to be taken for improvement & Expected increase in productivity and profits in measurable terms.	N.A.
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For and on behalf of the Board  
**For ALUFLUORIDE LIMITED**

**VENKAT AKKINENI**  
Managing Director  
DIN: 00013996

Hyderabad  
4 August, 2016



## DIRECTORS' REPORT

To  
The Members of  
Alufluoride Limited

Your Directors have pleasure in presenting the Annual Report of your Company along with the audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2016. The Report also includes the Management Discussion and Analysis Report in accordance with the Guidelines on Corporate Governance and consolidated Financial Statements.

## FINANCIAL RESULTS

The Financial results of the Company for the period under review are as follows:

	(Rs. in lakhs)	
	31-03-2016	31-03-2015
Sales and other revenue	3,175.85	2,361.93
Profit before Finance charges, Depreciation, Tax & other adj's	427.23	421.03
Less : Finance charges	0.11	0.29
Profit before Depreciation, Tax & other adj's	427.12	420.74
Less: Depreciation	83.39	61.42
Profit before Tax & other adj's	343.73	359.32
Less: Extraordinary & Exceptional Expenses	—	0.47
Provision for current tax	131.85	111.42
Taxes of earlier years	4.03	4.17
Deferred Tax Asset / Liability adj's	(8.54)	(60.72)
Profit before appropriations and carried to Balance Sheet	216.39	303.98

## COMPANY'S PERFORMANCE

Your Directors report that the Company produced 4,930 MT of Aluminium Fluoride during the year under review as against 4,113 MT during 2014-15. During the year the Company sold 5,086 MT Aluminium Fluoride as against 3,331 MT in 2014-15. With the increased sales volume, the sales and other revenue reported at Rs. 3,175.85 lakhs as against Rs.2,361.93 lakhs during 2014-15. With the controlled consumption norms, with the increased production, with the efficient working

capital management, planned increase in other income and with effective cost control measures, though the selling price of AlF<sub>3</sub> is lower during the year compared to last year, the Company posted a net profit of Rs.216.39 lakhs for the year under review as against net profit of Rs.303.98 lakhs in 2014-15.

## OUT LOOK FOR THE CURRENT YEAR

The sale price of Aluminium Fluoride for the current year has further dropped due to a major decrease in LME price of Aluminium, global metal industry recession. With the adjacent fertilizer complex assurance for increasing their Acid supplies, for the current year, as against low acid supplies of 2,365 MT acid in 2015-16, the Company is hoping to post good returns in the current year, provided aluminium fluoride prices do not further decrease.

## EXPORTS

During the year under review, the Company has not registered any Export sales as against Rs.120.10 lakhs during 2014-15.

## INSURANCE

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

## DIVIDEND

Your Directors wish to record that, the Company is making all its efforts for entering in to long term agreements for acid supply and JV agreements for the proposed shifting of the plant to expand capacity, where the Company will get assured acid supplies and is expected to be finalized very shortly. In view of the proposed major expansions, your Directors are not recommending any Dividend with a veiw to conserve resources.

## CORPORATE GOVERNANCE

As per chapter IV of the SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015 a separate section on Corporate Governance is enclosed herewith which forms part of the Annual Report. A certificate from the Auditors of the Company on compliance with the conditions of Corporate Governance as stipulated under the SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015 is annexed to this Report.



## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed section of the Management Discussion and Analysis for the period under review as required under SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015 is given as a separate statement forming part of the Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013 with respect to the Director's Responsibility Statement, it is hereby confirmed:

- i. In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the Company for that period;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2016 on a 'going concern' basis; and
- v. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.

## DIRECTORS & KEY MANAGERIAL PERSONNEL (KMP)

### Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Sri Ashok Vemulapalli, Director will be

retiring at the ensuing Annual General Meeting. The members are informed that Sri Ashok Vemulapalli has expressed his willingness for reappointment.

The Board of Directors, based on the recommendation of Nomination & Remuneration Committee, had in their meeting held on 29<sup>th</sup> April, 2016 reappointed Sri Venkat Akkineni, Managing Director, Smt Jyothsana, Akkineni, Executive Director and Sri K.Purushotham Naidu, Director (Finance & Admn) for another three years. Their reappointment is subject to the approval of shareholders in the ensuing AGM.

### Key Managerial Personnel

The company has designated the Managing Director, Director Finance (as CFO) and Company Secretary as its Key Managerial Personnel in accordance with the provisions of Section 203 of the Companies Act, 2013.

## DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

Dr. T.R. Ramachandran, Sri A.V.V.S.S.Ch.B. Sekhar Babu and Sri Grandhi Sreeramakrishna are the Independent Directors of the Company. The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year

## NUMBER OF MEETINGS OF THE BOARD

Four Meetings of the Board were held during the year. For details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this report.

## BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under SEBI (Listing Obligations & Discloser Requirements) Regulations, 2015. The performance of the Board