



# **Alufluoride Limited**

***An ISO 9001, 14001, OHSAS 18001***

***&***

***Make in India Company***

***Annual Report***

***2016 - 2017***



## **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  
(Up to the date of ensuing AGM)

## **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 AM on the Friday, 29 September, 2017 to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2017 and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2017 together with the reports of Directors' and Auditors' thereon.
2. To appoint M/s Brahmaiah & Company, Chartered Accountants, Visakhapatnam as Statutory Auditors of the Company, in place of retiring Auditors of the Company M/s Rao & Kumar, Chartered Accountants, Visakhapatnam, in terms of Section 139 of the Companies Act, 2013, and to fix their remuneration.
3. To elect a Director in place of Dr. T.R. Ramachandran, Director who retires by rotation and being eligible offers himself for reappointment.
4. To elect Director in place of Sri Grandhi Sreeramakrishna, Director who retires by rotation and being eligible offers himself for reappointment.

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

Hyderabad  
17 August, 2017

**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 filled 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 25 September, 2017 to 29 September, 2017 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. 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.

8. E-Voting: Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, and SEBI LODR, 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 22 September, 2017 (Cut-off date fixed for this purpose). The e-voting period will commence at 10.00 AM on Tuesday, 26 September, 2017 and will end at 5 PM on Thursday, 28 September, 2017. 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.
9. 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.

### DISCLOSURES OF THE DETAILS OF DIRECTORS WHO ARE PROPOSED FOR REAPPOINTMENT

	<b>Dr. T.R. Ramachandran</b>	<b>Sri. Grandhi Sreeramakrishna</b>
Date of Birth	10.04.1937	26.07.1952
Date of Appointment	16.04.2004	20.10.2014
Qualifications	Doctorate in Metallurgy, University of Wales, UK	MSc., CAIIB
Expertise in specific functional areas	45	38
Chairmanships / Directorships of other Companies (excluding Foreign Companies and Section 25 Companies)	Expert in aluminium metallurgy with over 45 years' experience; has been Director of many aluminium-related companies	Everest Organics Limited
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/ Investors Grievance Committee)	- NIL -	- NIL -
Number of shares held in the Company	- NIL -	- NIL -

## 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 2017. 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)	
	31-03-2017	31-03-2016
Sales and other revenue	<b>3,875.10</b>	3,175.85
Profit before Finance charges, Depreciation, Tax & other adj's	<b>519.74</b>	427.23
Less : Finance charges	<b>0.11</b>	0.11
Profit before Depreciation, Tax & other adj's	<b>519.63</b>	427.12
Less: Depreciation	<b>50.00</b>	83.39
Profit before Tax & other adj's	<b>469.63</b>	343.73
Less: Extraordinary & Exceptional Expenses	—	—
Provision for current tax	<b>115.81</b>	131.85
Taxes of earlier years	<b>0.75</b>	4.03
Deferred Tax Asset / Liability adj's	<b>(5.27)</b>	(8.54)
Profit before appropriations and carried to Balance Sheet	<b>358.34</b>	216.39

## COMPANY'S PERFORMANCE

Your Directors report that the Company made a record Aluminium Fluoride production and a record Aluminium Fluoride Sales during the year under review. The Company produced 6,201 MT and sold 6,326 MT Aluminium Fluoride, during the year under review, as against 4,930 MT Production and 5,086 MT sold during 2015-16. With the increased Production and Sales volume, the Sales and Other Revenue reported at Rs. 3,875.10 lakhs, though there

was a steep drop in Aluminium Fluoride sale price, as against Rs.3,175.85 lakhs during 2015-16. With the controlled consumption norms, increased production, efficient working capital management, increase in other income and with effective cost control measures, though the selling price of Aluminium Fluoride was lower compared to last year, the Company posted a net profit of Rs.358.34 lakhs for the year under review as against net profit of Rs.216.39 lakhs in 2015-16.

## OUT LOOK FOR THE CURRENT YEAR

The sale price of Aluminium Fluoride for the current year has marginally improved. The Company is planning to maintain Production and Sales volume further during 2017-18. The company is hoping to post better returns in the current year.

## EXPORTS

During the year under review, the Company has not registered any Export sales.

## 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 pursuing long term agreements for increased acid supplies with the adjacent Fertilizer complex as well with Paradeep Fertilizer complexes, for assured acid supplies, to expand the Aluminium Fluoride Production facilities. In view of the proposed expansion, your Directors are not recommending any Dividend with a view 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 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 2017, 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 2017 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, Dr. T.R. Ramachandran, Director and Sri Grandhi Sreeramakrishna, Director, will be

retiring at the ensuing Annual General Meeting. The members are informed that Dr. T.R. Ramachandran, Director and Sri Grandhi Sreeramakrishna, Director have expressed their willingness for reappointment.

#### **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 & Disclosure Requirements) Regulations, 2015. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Remuneration Committee reviewed the performance of the Individual Directors on the basis of the criteria such as the contribution of the Individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its committees and Individual Directors was also discussed.

#### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS**

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of the Directors' report.

#### **DISCLOSURE AS REQUIRED UNDER RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The Disclosure as required under Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure - A to the Board Report.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED IN SUB - SECTION (1) OF SECTION 188**

Details of transactions with related parties falling under the scope of Section 188(1) of the Act & Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 (Form No. AOC.2) is given in Annexure - B to the Board Report.

#### **AUDITORS**

M/s Rao & Kumar, Chartered Accountants, Visakhapatnam, the Statutory Auditors of the Company are retiring at the conclusion of this Annual General Meeting, in view of their completing five continuous years as Auditors of the Company, in terms of Section.139 of the Companies Act, 2013. M/s Brahmaiah & Company, Chartered Accountants, Visakhapatnam are recommended to be appointed as Statutory Auditors of the Company who conveyed their consent for appointment.

#### **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 205 of the Act and the rules framed there under Mr. G.M.V. Dhanunjaya Rao of GMVDR & Associates, Company Secretaries was appointed as Secretarial Auditor of the Company and the Secretarial Audit Report issued by them for the financial year 2016-17 is made a part of this Report.

#### **COST AUDIT**

Cost Audit for financial year 2016-17 is not applicable in view of the Cost Audit Amendment Rules, 2014, Government of India, Ministry of Corporate Affairs, Notification, New Delhi, dated 31.12.2014.

#### **EXTRACT OF ANNUAL RETURN**

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure – C in the prescribed Form MGT-9, which forms part of this report.

#### **AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT**

The Auditors' Report and Secretarial Auditors' Report does not contain any qualifications, reservations or adverse remarks.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The particulars of loans, guarantees and investments have been disclosed in the financial statements.





## **MATERIAL CHANGES AND COMMITMENTS IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There are no material changes and commitments affecting the financial position of the Company from the date of closure of financial year to the date of Board Report.

## **CHARGES**

The Company has not availed loans from any Bank/ Financial Institutions during the financial year under review.

## **FIXED DEPOSITS**

The Company has not accepted any fixed deposits during the year under review. As such no amount of principal or interest was outstanding on the date of the Balance Sheet.

## **UNPAID / UNCLAIMED DIVIDEND**

Dividend which are unclaimed for a period of 7 years have been transferred to Investor Education & Protection Fund (IEPF).

## **INTERNAL CONTROL**

The Company has a proper and adequate system of internal control to ensure all the assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, regarded and reported correctly. The internal control is supplemented by an extensive program of internal audits, review by management and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

The Company's Internal Audit Department is regularly carrying out the Audit in all areas. Additionally, the Audit committee is reviewing all Audit Reports with significant control, all issues raised by internal and external auditing regularly, reports on the business development, all the past and the future plans are given to the Board of Directors, Internal Auditor's reports are regularly circulated to all the senior management to comply with the findings.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Additional information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed in terms of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in Annexure - D and forms part of this report.

## **EMPLOYEE RELATIONS**

During the year under review, the Company has enjoyed cordial relationship with all section of employees. The Company believes that the employees play a vital role in increasing the turnover and profitability of the Company and the strength of the Company lie in harnessing the manpower in achieving sustained long-term growth in all spheres.

## **ENVIRONMENT & SAFETY MEASURES**

Following the ISO Certifications of 9001, 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.

## **ACKNOWLEDGEMENT**

Your Directors take this opportunity in expressing their gratitude to the Government of India, the State Government. The Board is also thankful to all its Bankers, Contractors, Customers and Shareholders for their unstinted support to the Company.

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

**VENKAT AKKINENI**  
Managing Director  
DIN: 00013996

**A.V.V.S.S.CH.B. SEKHAR BABU**  
Director  
DIN:00692448

Hyderabad  
17 August, 2017



**ANNEXURE - A**
**DISCLOSURES AS REQUIRED UNDER RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sl. No.	Name of the Director / KMP & Designation	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year
1	Sri Venkat Akkineni, Managing Director	269 : 1	41.4
2	Sri K. Purushotham Naidu, Director Finance & CFO	110 : 1	15.0
3	Sri Ashok Vemulapalli, Non Executive & Non Independent Director	(*)	(*)
4	Smt. Jyothsana Akkineni, Executive & Non Independent Director	—	—
5	Dr. T.R. Ramachandran, Non Executive & Independent Director	(*)	(*)
6	Sri A.V.V.S.S.Ch.B. Sekhar Babu, Non Executive & Independent Director	(*)	(*)
7	Sri Grandhi Sreeramakrishna, Non Executive & Independent Director	(*)	(*)
8	Sri Viswanadham Bhaskara Rama Sarma, Company Secretary	15 : 1	82.0 (**)

(\*) Non Executive Directors have been paid remuneration by way of sitting fees.

Percentage increase in the median remuneration of employees in the financial year	12.6%
Number of permanent employees on the rolls of Company	83
Explanation on the relationship between average increase in remuneration and Company performance	Average increment in the remuneration of employees is decided on various parameters like individual performance and various other parameters.
Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Increment in Company's profits - 65.6% Increment in KMP's remuneration - 46.1% (**)

(\*\*) Company Secretary Salary etc. regularized with effect from 1st April, 2016 on completion of his probation / training.



## Alufluoride Limited

Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	Particulars	March 31, 2017	March 31, 2016	% change
	Market Capitalisation (Rs.lakhs)	4,837.28	1,354.58	257.1%
	Price Earnings Ratio	13.50	6.26	115.7%
	Market Price (BSE)	69.10	19.35	257.1%
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in the remuneration of employees (other than managerial personnel) was 8.7% in the Financial Year 2016-17.			
Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company.	Details are given in the above table			
Key parameters for any variable component of remuneration availed by the directors.	Managing Director is paid a commission of 1% on the net profits of the Company, in accordance with the provisions of the Act.			
Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	Nil			
Affirmation	The remuneration is as per the remuneration policy of the Company			

### Details of Top 10 Employees in terms of remuneration drawn are as below:

Name	Remuneration	Nature of Employment	Qualification & Experience	Date of Joining	Age (Years)	% of shares held in the Company	Whether relative to any Director or Manager	Last Employment
Mr. Venkat Akkineni	48,34,790	Contractual	MBA(USA), (40Yrs)	14.08.1991	63	—	Yes	Annapurna Studios (P) Ltd.
Mr. K.Purushotham Naidu	19,81,201	Contractual	M.Com.(CA),BL(37 Yrs)	22.08.1989	62	0.01	No	BSR & sons, Vijayawada
Mr. S.V.N.G.S.S.S. Rao	17,25,857	As per Co.'s rules	M.Tech(Ch.)(35 Yrs)	18.06.2015	59	—	No	Vasant Chemicals, Vizag
Mr. G.Sreenu Babu	12,98,237	As per co.'s rules	B.Sc.(Ch.)BE(Mech)(24 Yrs)	08.02.1993	52	0.01	No	Deccan Sugars, Samalkot
Mr. B.V.Ramana	11,09,262	As per co.'s rules	L.M.E.(41 Yrs)	12.06.2014	63	—	No	ICS, Senagal, W.Africa
Mr. R.K.Das Mahapatra	5,37,867	As per co.'s rules	B.Tech (Chem)(8Yrs)	30.09.2016	31	—	No	Abanathi Group
Mr. Chandan Bagh	5,17,388	As per co.'s rules	I.T.I.(Fitter)(23 Yrs)	23.12.2009	52	—	No	—
Mr. D.L.Narasimha Rao	4,72,789	As per co.'s rules	M.Com (23 Yrs)	17.10.1994	49	—	No	—
Mr. K.Nageswara Rao	4,25,229	As per co.'s rules	M.Com(28 Yrs)	27.03.1989	53	—	No	—
Mr. D.S.S.Chandra Reddy	4,13,887	As per co.'s rules	B.Sc.(23 Yrs)	14.11.1994	47	—	No	—

Details of employees who are drawing remuneration of Rs. 102.00 lakhs per annum (or) Rs. 8.50 lakhs per month (or) in excess of that drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company: - NIL -