



Alufluoride Limited

An ISO 9001, 14001, OHSAS 18001

&

Make in India Company

Annual Report

2018 - 2019



Free Eye Screening Camp at Mulagada, Visakhapatnam



Free Eye Screening Camp at Mulagada, Visakhapatnam



BOARD OF DIRECTORS

Sri Grandhi Sreeramakrishna	- Chairman & Independent & Non-Executive
Sri Yugandhar Meka	- Independent & Non-Executive
Sri A.V.V.S.S.Ch.B. Sekhar Babu	- Independent & Non-Executive
Sri Ashok Vemulapalli	- Non-Independent & Non-Executive
Sri K. Purushotham Naidu	- Director (Finance & Commercial)
Smt. Jyothsana Akkineni	- Executive Director
Sri Venkat Akkineni	- Managing Director

COMPANY SECRETARY

Sri Viswanadham Bhaskara Rama Sarma

STATUTORY AUDITORS

M/s. Brahmayya & Co., Chartered Accountants, Visakhapatnam 530 017

INTERNAL AUDITORS

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

SECRETARIAL AUDITORS

M/s. GMVDR & Associates, Company Secretaries, Hyderabad 500 020

BANKERS

State Bank of India
IDBI Bank Ltd
HDFC Bank Ltd
Punjab National Bank
Axis Bank Ltd
ICICI 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
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 AM on the Monday, 30th September, 2019 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2019 and Profit and Loss Account for the year ended 31st March, 2019 together with the reports of Directors' and Auditors' thereon.

SPECIAL BUSINESS:

2. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

Reappointment of Smt.Jyothsana Akkineni as Executive Director.

"RESOLVED THAT pursuant to the provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) 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 (DIN: 00150047) as the Executive Director of the Company for a further period of three years W.E.F. 06.05.2019, without any remuneration."

3. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

Reappointment of Sri K.Purushotham Naidu as Director (Finance & Commercial).

"RESOLVED THAT subject to the provisions of Section 196, 197 and 198 of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force) 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 (DIN: 01883663) as Director (Finance & Commercial) for a further period of three years W.E.F. 06.05.2019 at the following remuneration:

1. Salary & allowances – up to Rs.2,00,000 per month
2. Perquisites: As per the Company's policy – like Medical, Bonus, LTA, PF, Gratuity Etc.
4. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri A.V.V.S.S. Ch.B. Sekhar Babu (DIN: 00692448), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 1st October, 2019 to 30th September, 2024 and whose office shall not be liable to retire by rotation".

"RESOLVED FURTHER THAT any Director and/ or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto."

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



“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri Sreeramakrishna Grandhi (DIN: 06921031), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 1st October, 2019 to 30th September, 2024 and whose office shall not be liable to retire by rotation”.

“RESOLVED FURTHER THAT any Director and/ or the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Sri Yugandhar Meka (DIN: 00012265) as an Independent Director of the Company, to hold office for a term of five consecutive years, from 31st July, 2019 to 30th July, 2024 be and is hereby approved.”

“RESOLVED FURTHER THAT any Director and/ or the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto.”

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

VENKAT AKKINENI
Managing Director
DIN: 00013996

Hyderabad
10 August, 2019

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 27th September, 2019 to 30th September, 2019 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 up to 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 20th September, 2019 (Cut -off date fixed for this purpose). The e-voting period will commence at 10 AM on Friday, 27th September, 2019 and will end at 5 PM on Sunday, 29th September, 2019. 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 and environment.

Explanatory Statement:

Item 2: Reappointment of Smt. Jyothsana Akkineni as Executive Director:

Based on the recommendation of the Nomination & Remuneration Committee, your Board of Directors had in their meeting held on 27th May, 2019 reappointed Smt. Jyothsana Akkineni as Executive Director without Remuneration for a further period of three years I.E., from 6th May, 2019 to 5th May, 2022. 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.

Excepting Smt. Jyothsana Akkineni, Sri Venkat Akkineni and Sri Ashok Vemulapalli none of the Directors and the Key Managerial Personnel are interested in the proposed 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.

Background details, Recognition or awards, Job profile and his/her suitability.	Smt. Jyothsana Akkineni completed MA from Andhra University, Visakhapatnam. She has experience in the chemical industry.
Remuneration proposed	No remuneration is been proposed.
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)	Not applicable, since no remuneration is been proposed.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Smt. Jyothsana Akkineni is wife of Sri Venkat Akkineni, Founder Director & Managing Director of the Company.

Your Directors recommend the resolution for your approval.

Item 3: Reappointment of Sri K. Purushotham Naidu as Director (Finance & Commercial):

Based on the recommendation of the Nomination & Remuneration Committee, your Board of Directors had in their meeting held on 27th May, 2019 reappointed Sri K.Purushotham Naidu as Director (Finance & Commercial) for a further period of three years i.e., from 6th May, 2019 to 5th May, 2022 with the following remuneration:

1. Salary & allowances - up to Rs. 2,00,000 Per month
2. Perquisites: As per the Company's policy – like Medical, Bonus, LTA, PF, Gratuity Etc.

In accordance with the provisions of the Section 196 and Schedule V of the Companies Act, 2013, the reappointment of Sri K.Purushotham Naidu, with the above remuneration requires the approval of the shareholders.

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 Sri K.Purushotham Naidu, Director (Finance & Commercial).

Background details, Recognition or awards, Job profile and his suitability	Sri K.Purushotham Naidu, completed M.Com, (CA), BL. He has vast experience in finance and commercial aspects related to chemical industry.
Remuneration proposed	Details of remuneration are mentioned in the resolution.
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)	Alufluoride Limited is the only stand-alone company in India, engaged in the production of Aluminium Fluoride. Hence, comparative remuneration profile is not available.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Sri K.Purushotham Naidu does not have any pecuniary relationship directly or indirectly with the Company or relationship with the managerial person.

None of the Directors and Key Managerial Personnel excepting Sri K.Purushotham Naidu is interested in the proposed resolution. Your Directors recommend the resolution for your approval.

Item 4: Reappointment of Sri A.V.V.S.Ch.B. Sekhar Babu as an Independent Director

Sri A.V.V.S.Ch.B. Sekhar Babu was appointed as an Independent Non-Executive Director of the Company on 26th October, 2007. As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company. Further, any tenure of an Independent Director on the date of commencement of this Act (I.E 01.04.2014) shall not be counted as a term.

In terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri A.V.V.S.Ch.B. Sekhar Babu, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 1st October, 2019 upto 30th September, 2024. The Company has received declaration from him stating that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members.

In the opinion of the Board, Sri A.V.V.S.S.Ch.B. Sekhar Babu fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his re-appointment as an Independent Non-Executive Director of the Company and is independent of the management. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri A.V.V.S.S.Ch.B. Sekhar Babu as an Independent Director. Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Sri A.V.V.S.S.Ch.B. Sekhar Babu as an Independent Director for another term of five consecutive years for the approval by the shareholders of the Company. Except Sri A.V.V.S.S.Ch.B. Sekhar Babu, none of the Directors and Key Managerial Personnel of the Company are interested in the above resolution.

Item 5: Reappointment of Sri Sreeramakrishna Grandhi as an Independent Director

Sri Sreeramakrishna Grandhi was appointed as an Independent Non-Executive Director of the Company on 20.10.2014. As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for reappointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

In terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri Sreeramakrishna Grandhi, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 1st October, 2019 upto 30th September, 2024. The Company has received declaration from him stating that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so, appointed by the members.

In the opinion of the Board, Sri Sreeramakrishna Grandhi fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his re-appointment as an Independent Non-Executive Director of the Company and is independent of the management. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri Sreeramakrishna Grandhi as an Independent Director. Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Sri Sreerama Krishna Grandhi as an Independent Director for another term of five consecutive years for the approval by the shareholders of the Company. Except Sri Sreeramakrishna Grandhi, none of the Directors and Key Managerial Personnel of the Company are interested in the above resolution.

Item 6: Appointment of Sri Yugandhar Meka as an Independent Director

Subject to the approval of members, the Board of Directors has on 31st July, 2019, appointed Sri Yugandhar Meka as Independent Director of the Company considering his rich expertise in the fields of accounts, finance, taxation, administration, etc. being a Fellow Chartered Accountant (FCA). His presence in the Board will enhance the Board performance and efficient decision making and also contribute to the overall growth of the Company. In the opinion of the Board, Sri Yugandhar Meka fulfils the conditions specified in the Act and SEBI Listing Regulations for appointment as Independent Director and is independent of the management of the Company. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day and will also be kept open at the venue of the AGM.



The Company has received a declaration from Sri Yugandhar Meka to the effect that he meets the criteria of Independence as provided in Section 149(6) of the Act and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. ("SEBI Listing Regulations"). Sri Yugandhar Meka is not disqualified from being appointed as a Director in

terms of Section 164 of the Act and has given his consent to act as a Director and hence said resolution being placed before the Members for their approval. None of the Directors and Key Managerial Personnel except Sri Yugandhar Meka are interested in the resolution. Your Directors recommend the resolution for your approval.

DISCLOSURES OF THE DETAILS OF DIRECTORS WHO ARE PROPOSED FOR APPOINTMENT / REAPPOINTMENT

	Smt. Jyothsana Akkineni	Sri K. Purushotham Naidu	Sri A.V.V.S.S.Ch.B. Sekhar Babu	Sri Sreerama Krishna Grandhi	Sri Yugandhar Meka
Director Identification Number	00150047	01883663	00692448	06921031	00012265
Date of Birth	29.03.1956	15.07.1955	01.06.1963	26.07.1952	10.07.1951
Date of Appointment	16.07.2002	26.10.2007	26.10.2007	20.10.2014	31.07.2019
Qualifications	MA	M.Com, (CA), BL	B.Sc., FCS	M.Sc., CAIIB	FCA
Experience in specific functional areas	39	39	32	42	42
Chairmanships/ Directorships of other Companies (excluding Foreign Companies & Section 25 Companies)	Anar Enterprises (P) Ltd. Kaiser Finance & Leasing (P) Ltd. Visakha Finance Ltd.	- NIL -	- NIL -	Everest Organics Ltd., Ravileela Granites Ltd., Maximus ARC Ltd.	Karvy Consultants Ltd., Karvy Financials Services Ltd., Pokarna Ltd., Pokarna Engineered Stone Ltd., Rainbow Children's Medicare(P) Ltd., Karvy Stock Broking Ltd., Nova Consultants Ltd.
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/Investors Grievance Committee)	- NIL -	- NIL -	- NIL -	- NIL -	Hrudaya Cure and Little Heart Foundation
Number of shares held in the Company	54,545	375	200	- 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 31st March, 2019. 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)	
	31-03-2019	31-03-2018
Sales and other revenue	6,551.01	4,966.90
Profit before Finance charges,	1,179.25	984.09
Depreciation, Tax & other adj's		
Less: Finance charges	5.54	4.85
Profit before Depreciation,	1,173.71	979.24
Tax & other adj's		
Less: Depreciation	82.22	72.16
Profit before Tax & other adj's	1,091.49	907.08
Less: Provision for current tax	223.00	213.07
Taxes of earlier years	—	(2.85)
Deferred Tax Asset/	42.34	51.19
Liability adj's		
Profit before appropriations and	826.15	645.67
carried to Balance Sheet		
Add/Less: Other Comprehensive	(99.52)	76.66
Income (INDAS adj's)		
Profit before appropriations and	726.63	722.33
carried to Balance Sheet		

COMPANY'S PERFORMANCE

Your Directors report that the Company made an ALL-TIME RECORD Production and Sales of Aluminium Fluoride during the year under review. The Company produced 8,741 MT and sold 9,136 MT Aluminium Fluoride, as against 8,206 MT Production and 8,162 MT sold during 2017-18.

For reduction of energy cost and to engage with renewable and sustainable green energy, the Company spent Rs. 816.12 lakhs for installing Phase 1 (1.6 MW) of the 3MW solar power generation

project. This included purchase of 18.75 acres of land at Polepalli, Visakhapatnam District, AP and shifting the existing 0.6 MW existing Solar plant from Visakhapatnam plant to Polepalli. Installation of an additional 1.4 MW of solar generation capacity has been scheduled by 31st March, 2020. Your Company expects further savings over the near future as energy cost is expected to rise, year on year.

With improved consumption norms, production, sales realization, efficient working capital management and effective cost control measures, though there is steep price increase of raw materials during the year, the Company posted a net profit (before Ind-AS adjustments) of Rs.826.15 lakhs for the year as against a net profit (before Ind-AS adjustments) of Rs.645.67 lakhs in 2017-18.

OUT LOOK FOR THE CURRENT YEAR

Your Directors report that the Company's ALUMINIUM FLUORIDE production capacity expansion works started in FY 2018-19 and it is expected to be completed in FY 2019-20. The Company is planning to install the balance 1.4 MW Solar plant at a project cost of Rs.533.88 lakhs during FY 2019-20 and this will help the Company reduce the power cost to the maximum possible. The plant will be stopped for about four to six weeks, to synchronize the existing plant production facilities to the expanded production facilities. Though, the plant is to run for about ten months, the Company plans to sustain the 2018-19 year's Production. As sale price of Aluminium Fluoride for the current year has improved, The Company is hoping to post better returns in the current year.

FUTURE PROJECTS

The Company has signed a Non-Binding, Heads of Agreement with Jordan Phosphate Mines Co. (JPMC), Jordan to set up of a Green Field Aluminium Fluoride Project at Eshidiya, Jordan as a Joint Venture. The project is expected to be commissioned in FY 2021-22. A definitive Joint Venture Agreement will be signed by the end of September, 2019.

EXPORTS

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