



Wealth from Waste

Alufluoride Limited

An ISO 9001, 14001, OHSAS 18001

Make in India Company

Annual Report

2019 - 2020



New Aluminium Fluoride Plant Building



New Aluminium Fluoride Crystallizers



BOARD OF DIRECTORS

Sri Grandhi Sreeramakrishna	- Chair & 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

Brahmayya & Co, Chartered Accountants, Visakhapatnam 530 017

INTERNAL AUDITORS

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

SECRETARIAL AUDITORS

GMVDR & Associates, Company Secretaries, Hyderabad 500 020

BANKERS

ICICI Bank Ltd.
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) 254 8567, 257 7077
E-mail : 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 on Saturday, the 26th day of September, 2020 at 12.30 PM IST through Video Conference ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2020 and Profit and Loss Account for the year ended 31st March, 2020 together with the reports of Directors' and Auditors' thereon.
2. To elect a Director in place of Sri Ashok Vemulapalli (DIN: 00730615) who retires by rotation and being eligible, offers himself for reappointment.
3. To confirm and ratify the Interim Dividend declared during the financial year 2019-20 and pass the following resolution:

RESOLVED THAT the Interim Dividend of Rs. 2 per equity share of Rs.10, each fully paid up, approved by the Board of Directors and already paid for the Financial Year 2019-20, be and is hereby ratified and confirmed."

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

VENKAT AKKINENI

Managing Director

Hyderabad

13 August, 2020

DIN: 00013996

NOTES:

1. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed, the Government of India, Ministry of Corporate Affairs allowed conducting Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and dispensed the personal presence of the members at the meeting. Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 prescribing the procedures and manner of conducting the Annual General Meeting through VC / OAVM. In terms of the said circulars, the 27th Annual General Meeting (AGM) of the members will be held through VC / OAVM. Hence, members can attend and participate in the AGM through VC / OAVM only. The detailed procedure for participation in the meeting through VC / OAVM is as per note No. 18 and available at the Company's website www.alufluoride.com.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into



an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as venue voting system on the date of the AGM will be provided by CDSL.

4. The Members can join the AGM through the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors Etc., who are allowed to attend the AGM without restriction on account of first come first served basis.
5. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. The helpline number regarding any query / assistance for participation in the AGM through VC / OAVM is 022-23058542/43.
7. E-Voting: 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 18th September 2020 (Cut-off date fixed for this purpose). The e-voting period will commence at 10 AM on Wednesday, 23rd September, 2020 and will end at 5PM on Friday, 25th September 2020. The Company has appointed Sri G.M.V. Dhanunjaya Rao, Proprietor of GMVDR & Associates, Practicing Company Secretary (FCS 9120; C.P No.5250), to act as the Scrutinizer, to conduct the scrutiny of the votes cast.
8. Detailed instructions for availing e-voting facility and attending VC / OAVM are being given separately as a part of this Notice.
9. Information regarding appointment / re-appointment of Director(s) and Explanatory Statement in respect of special businesses to be transacted pursuant to Section 102 of the Companies Act, 2013 and/or Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed hereto.
10. In line with the aforesaid Ministry of Corporate Affairs (MCA) Circulars and SEBI Circular dated May 12, 2020, the Notice of AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Member may note that Notice and Annual Report 2019-20 has been uploaded on the website of the Company at www.alufluoride.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility) i.e. www.evotingindia.com.
11. The Register of members and share transfer books of the Company will remain closed from 23rd September, 2020 to 26th September, 2020 (both days inclusive) for the purpose of Annual General Meeting.
12. Members seeking any information with regard to accounts are requested to write to the Company at least 10 days before the meeting so as to enable the management to keep the information ready.
13. Members holding the shares in physical mode are requested to notify immediately the change of their address and bank particulars to the Registrar & Share Transfer Agent (RTA) of the Company Viz. XL Softech Systems Ltd, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad 500 034. In case shares are held in dematerialized form, the information regarding change of address and bank particulars should be given to their respective Depository Participant.
14. In terms of Section 72 of the Act, nomination facility is available to individual Members holding shares in the physical mode. The



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Members who are desirous of availing this facility, may kindly write to Company's RTA for nomination form by quoting their folio number.

15. The Shareholders are requested to claim balance lying in the unpaid/unclaimed dividend account of the Company in respect of dividend declared for the financial year 2019-2020. The details of unclaimed dividends are available on the Company's website at www.alufluoride.com.

16. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in electronic mode.

17. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

18. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

a. Member will be provided with a facility to attend the EGM/AGM through VC / OAVM through the CDSL e-Voting system. Members may access the same at [https:// www.evotingindia.com](https://www.evotingindia.com) under shareholders/members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder / members login where the EVSN of Company will be displayed.

b. Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet service provider with a good speed to avoid any disturbance during the meeting. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their

respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of the aforesaid glitches.

c. Shareholders who would like to express their views / ask questions may send their questions / views in advance at least 7 days before AGM mentioning their name demat account number / folio number, email ID, mobile number at Investors@alufluoride.com. The same will be replied by the company suitably. Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.

d. The instructions for shareholders voting on the day of the AGM on e-voting system are as under:-

i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

ii. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.

iii. If any Votes are casted by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC / OAVM facility, then the votes casted by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.

iv. Members who have voted through remote E-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

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

	Sri Ashok Vemulapalli
Director Identification Number	00730615
Date of Birth	01.03.1961
Date of Appointment	16.07.2002
Qualifications	MBA (USA)
Experience in specific functional areas	35 Years
Chairmanships / Directorships of other Companies (excluding Foreign Companies and Section 25 Companies)	Nile Ltd., Anar Enterprises (P) Ltd., Shivalik Energy (P) Ltd., Trigeo Technologies (P) Ltd., Visakha Finance Ltd.
Chairmanships / Memberships of Committees of other Public Companies (includes only Audit Committee; and Stakeholders Grievance Committee)	Member of Audit Committee of Nile Ltd.
Number of shares held in the Company	35,779



Alufluoride Limited

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, 2020. 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)	
	31-03-2020	31-03-2019
Sales and other revenue	7,572.76	6,551.01
Profit before Finance charges,	1,736.85	1,179.25
Depreciation, Tax & other adj's		
Less: Finance charges	88.22	5.54
Profit before Depreciation,	1,648.63	1,173.71
Tax & other adj's		
Less: Depreciation	188.89	82.22
Profit before Tax & other adj's	1,459.74	1,091.49
Less: Provision for current tax	410.00	223.00
Taxes of earlier years	14.17	----
Deferred Tax Asset/ Liability adj's	2.06	42.34
Profit before appropriations and carried to Balance Sheet	1,033.51	826.15
Add/Less: Other Comprehensive Income (Ind-AS adj's)	(78.30)	(99.52)
Profit before appropriations and carried to Balance Sheet	955.21	726.63

COMPANY'S PERFORMANCE

Your Directors report that during the year under review the Company produced 8,223 MT and sold 8,569 MT Aluminium Fluoride, as against 8,741 MT Production and 9,136 MT sold during 2018-19. Sales and other Revenue reported at Rs. 7,572.76 lakhs as against Rs. 6,551.01 lakhs during 2018 - 2019.

For reduction of energy cost and to engage with renewable and sustainable green energy, the Company installed a 3 MW Solar plant at its Company's land at Polepalli, Visakhapatnam District, AP. Out of this 3 MW, 1.4 MW Solar plant is originally scheduled to synchronize to Grid by end of March, 2020, but due to COVID 19, the synchronization formalities could not be completed by the Government and it is expected to be completed by August 2020. Your Company expects further savings as energy cost is expected to rise, year on year.

With improved unit sales realization, consumption norms, production, efficient working capital management and cost control measures, the Company posted a net profit (before Ind-AS adjustments) of Rs. 1,033.51 lakhs for the year as against a net profit (before Ind-AS adjustments) of Rs. 826.15 lakhs in 2018-19.

OUTLOOK 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 by end March, 2020. Due to COVID-19 pandemic, the expansion works were delayed, mainly due to supplier's inability to depute technicians for commissioning of major equipment. The Company is making every effort to commission the new plant as early as possible and it is expected to be completed by 30th September, 2020. As soon as the date of commissioning of the new plant is finalized, it will be submitted to the BSE for the information of members.

Due to COVID-19 situation, Aluminium production has significantly been affected resulting in decline of demand for Aluminium Fluoride which has impacted in reduced Aluminium Fluoride sale price. However, as the Company had finalized all sale contracts for the current year, before the impact of COVID -19, the Company is hopeful, with increased production of the new plant from September, 2020, of posting good returns in the current year.

TERM LOAN AND WORKING CAPITAL LIMITS WITH BANKS

Your Directors report that for the Company's ALUMINIUM FLUORIDE expansion project, ICICI Bank Ltd., Visakhapatnam has sanctioned a term



loan of Rs. 2,500 lakhs and Rs. 500 lakhs for fund & non-fund based working capital limits. As against these facilities, during the year under review an amount of Rs. 330.50 lakhs was drawn towards term loan, Rs. 400 lakhs towards working capital and Rs. 66.45 lakhs towards non-fund based working capital limits for issue of bank guarantee to customers. A charge was created, in favour of the lender, on the assets of the company to secure the said loan facilities.

FUTURE PROJECTS

The Company had signed on 8th January, 2020 at Amman, Jordan, a joint venture (JV) agreement, as a majority partner, with Jordan Phosphate Mines Company PLC (JPMC) to commission a green field Aluminium Fluoride plant at Eshidiya Free Trade Zone, Jordan. The Company is in the process of incorporating a new Company at Dubai, UAE, which will be a subsidiary of Alufluoride Ltd., and a Joint Venture partner with JPMC. Due to Covid-19 incorporation of the new company at Dubai, UAE was delayed, and the Company will incorporate as soon as travel is permitted and the new Company will sign various other project agreements with various agencies. Consequently, the commissioning of the new plant in Jordan will commence.

EXPORTS

During the year under review, the Company registered Exports Sales of Rs. 1,025.78 lakhs as against NIL Export Sales during FY 2018-19.

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, during the year under review, the Company has declared a Dividend of 20% (Rs. 2 per share) for the year FY 2019-20.

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 31st March, 2020, 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 31st March, 2020 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 (DIN: 00730615) will be retiring at the conclusion of this Annual General Meeting and has conveyed his consent for reappointment.

Key Managerial Personnel

The Company has named the Managing Director, Director - Finance & Commercial as CFO and Company Secretary as its Key Managerial Personnel under the provisions of Section 203 of the Companies Act, 2013.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

Sri Grandhi Sreeramakrishna, Sri A.V.V.S.S.Ch.B. Sekhar Babu and Sri Yugandhar Meka 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

Six 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. 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 & REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014

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