



Alufluoride Limited

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

***Annual Report
2008 - 2009***

Board of Directors

Dr. T.R. Ramachandran
Sri A.V.V.S.S.Ch.B. Sekhar Babu
Sri Ashok Vemulapalli
Sri K. Purushotham Naidu, Director (Finance)
Smt. Jyothsana Akkineni (Executive Director)
Sri Venkat Akkineni, Managing Director

Auditors

Messrs Rao & Kumar
Chartered Accountants
SOUDAMANI
Siripuram
Visakhapatnam 530 003

Bankers

State Bank of India
IDBI Bank Ltd
HDFC Bank Ltd
Punjab National Bank Ltd
ABN Amro Bank Ltd

Registered Office

Alufluoride Limited
Anar Center, Nowroji Road,
Visakhapatnam 530 002, AP, India

Phone: (91 891) 253 5606, 253 5607

Fax: (91 891) 256 0036

Email: contact@alufluoride.com

Web: www.alufluoride.com

Registrars & Share Transfer Agents

XL Softech Systems Ltd.
3, Sagar Society
Road No.2, Banjara Hills
Hyderabad 500 034
Phone: (91 40) 2354 5913, 2354 5914, 2354 5915
Fax: (91 40) 2355 3214
Email: mail@xlsoftech.com
xlfield@rediffmail.com

Factory

Mulagada Village
Mindhi Post
Visakhapatnam 530 012, AP, India.
Phone: (91 891) 257 7077, 257 7094
Fax: (91 891) 256 0036



NOTICE TO SHARE HOLDERS

NOTICE is hereby given that Annual General Meeting of Alufluoride Limited will be held at the Registered Office of the Company at Anar Center, Nowroji Road, Visakhapatnam 530 002 on Friday, the 25 September, 2009 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31 March, 2009 and Balance Sheet as at that date and the Directors' and Auditors' Report hereon.
2. To declare a dividend.
3. To elect a Director in place of Dr. T.R. Ramachandra who retires by rotation, and being eligible offers himself for reappointment.
4. To elect a Director in place of Sri Ashok Vemulapalli who retires by rotation, and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 316 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956, consent be and is hereby accorded for the appointment of Smt. Jyothsana Akkineni as Executive Director of the Company w.e.f. 13 July, 2009 for a period of 3 years."

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

Visakhapatnam
13 July, 2009

VENKAT AKKINENI
Managing Director



NOTES:

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. 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 Regd. Office of the Company not less than 48 hours before the time of holding the meeting.
3. The Share Transfer Register and Register of Members of the Company will remain closed from 23 September, 2009 to 25 September, 2009 (both days inclusive).
4. The Board of Directors had in their meeting held on 13 July, 2009 recommended a Dividend of 12% on the Equity Capital of the Company.
5. Any change of address of the Member may please be notified to the Company quoting the Registered Folio.
6. The Company has listed its shares at:
Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Smt Jyothsana Akkineni, aged 53 years, is a Post Graduate and has vast business experience. She is a Promoter of the Company. She has been actively participating in the affairs of the Company since its inception. Considering her services to the company your Directors had in their meeting held on 13 July, 2009 appointed her as Executive Director of the Company for a period of 3 years.

As per the provisions of Section 269 of the Companies Act, 1956 read with Schedule XIII, her appointment as Executive Director should be ratified by the members in their meeting.

Your directors recommend the resolution for your approval.

Sri Venkat Akkineni, Smt. Jyothsana Akkineni & Sri Ashok Vemulapalli are concerned or interested in the proposed resolution.

This explanatory statement together with the terms of re-appointment mentioned in the accompanying notice should be treated as an abstract under section 302 of the Companies Act, 1956, in respect of the contract proposed to be entered into between the Company and Smt. Jyothsana Akkineni, Executive Director.

DIRECTORS' REPORT

To
The Members

Your Directors take pleasure in presenting their Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

The financial results of the Company for the year 2008-09 are summarized below:

	(Rs. in lakhs)	
	31-03-2009	31-03-2008
	Rs.	Rs.
Sales and other revenue	2,085.18	1,988.12
Profit before Finance charges, Depreciation, Tax & other adj's	509.83	374.23
Less : Finance charges	1.28	3.41
Profit before Depreciation, Tax & other adj's	508.55	370.82
Less: Depreciation	70.79	69.73
Profit before Tax & other adj's	437.76	301.09
Less : Loss on sale / Diminution in value of Investments	56.51	21.88
Provision for current tax & FBT	159.80	66.15
Taxes of earlier years	(0.58)	4.09
Deferred Tax Asset / Liability adj's (17.46)		(7.83)
Profit before appropriations	239.49	216.80
Less : Provision for General Reserve	6.00	—
Proposed Dividend	84.00	70.00
Corporate Dividend tax	14.28	11.90
Surplus carried to Balance Sheet	135.21	134.90

OPERATIONS

Your Directors are to report that, during the year, due to world wide severe financial recession, the producers of Phosphatic Fertilizer could not produce their targeted production and as a result, the Company could not get the required Hydrofluosilicic Acid (acid), which is our major raw material. During the year, the acid supplies from M/s Coromandel Fertilizers Ltd (CFL) were only 1,621 MT as against the contracted quantity of 4,000 TPA. During the year, due to short supplies of acid, the Company could able to produce 3,328 MT only as against 4,004 MT in 2007-08.

During the year, the Company sold 3,333 MT of Aluminium Fluoride as against 4,036 MT during 2007-08. With improved selling price, the Sales & other Income during the year were reported at Rs.2,085.18 lakhs as against Rs.1,988.12 lakhs during 2007-08. With efficient working capital management, increased Aluminium Fluoride selling price, effective cost control measures, the Company posted satisfactory financial results, even though the Plant could not run to its full capacity. As per the details summarized above, the Company made a Profit of Rs.239.49 lakhs after tax, deferred tax adj's, and loss on sale/diminution in value of investments as against Rs. 216.80 lakhs during 2007-08

DIVIDEND

Your Directors are pleased to recommend a Dividend of 12% (Rs.1.20 per share) for the year 2008-09.

OUTLOOK FOR THE CURRENT YEAR

The Company succeeded in its efforts of exploring an alternate Hydrofluosilicic Acid supplier and has signed a contract for good acid supplies for the current year. With increased acid supplies, though the selling price of Aluminium Fluoride has drastically reduced (due to world wide recession), the Company is planning to run the plant at full capacity and build up a good market share for a better financial position for the Company in the coming years.



EXPORTS

Due to very low exchange rate, the Company could not take up any exports during the financial year 2008-09. However, with the improved exchange rates supported by forward exchange contracts, the Company has taken some exports of AIF3 for the financial year 2009-10 and plan to continue the exports in the coming years to have an overseas market share.

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 etc.. The Company proposes an energy audit during the current year.

INSURANCE

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. T.R. Ramachandran and Sri Ashok Vemulapalli will be retiring by rotation at the Annual General Meeting and are eligible for reappointment.

AUDITORS

M/s Rao & Kumar, Chartered Accountants, Visakhapatnam, the Auditors of the Company will be retiring at the conclusion of this Annual General Meeting and have conveyed their consent for reappointment.

COST AUDIT

M/s. D.V.J. Rao & Associates, Cost Accountants, Visakhapatnam as Cost Auditors have been appointed to conduct Cost Audit for the year ended

31 March, 2009. They will submit their report to the Board of Directors before filing it to the Ministry of Corporate Affairs, New Delhi.

RESPONSIBILITY STATEMENT

As per the provisions of Section 217 (2AA) of the Companies Act, 1956, Directors state:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are furnished below.

Name & Designation	: Mr. Venkat Akkineni
Remuneration	: Rs.25,20,869/-
Qualification & Experience:	MBA Finance (USA)
Date of joining	: 14.08.1991
Age (years)	: 54
Last Employment	: Managing Director
	: M/s. Annapurna Studios (P) Ltd.



Alufluoride Limited

ADDITIONAL INFORMATION

Additional information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure - 1 and forms part of this report.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, your Company has to mandatorily comply with the requirements of Corporate Governance. A report of compliance of Corporate Governance is annexed together with a Certificate from the Auditors of the Company on compliance.

ACKNOWLEDGEMENTS

The Board of Directors of the Company take this opportunity to place on record their appreciation of the cooperation and support extended by State Bank of India, IDBI Bank Ltd, HDFC Bank Ltd, ABN AMRO Bank Ltd and Punjab National Bank. Your Directors also appreciate the sincere and efficient services rendered by the Employees of the Company at all levels towards successful working of the Company.

For and on behalf of the Board

VENKAT AKKINENI
Managing Director

Visakhapatnam
13 July, 2009

Dr. T.R. RAMACHANDRAN
Director

**ANNEXURE - 1**

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31 March, 2009.

A. CONSERVATION OF ENERGY

The Company continues to adopt various steps to conserve energy and has taken several measures including regular monitoring of consumption and improved maintenance of operations and modification of equipment for reduction in Power consumption. Total energy consumption and consumption per ton of production as prescribed in Form-A are given below:

A. Power and Fuel Consumption

	<u>01-04-2008</u> to <u>31-03-2009</u>	<u>01-04-2007</u> to <u>31-03-2008</u>
1. Electricity		
(a) Purchased Unit (KWH)	14,12,512	18,53,831
Total Amount Rs.	55,60,852	67,88,104
Average Rate / Unit (Rs.)	3.94	3.66
(b) Own Generation –		
Through Diesel Generator – 380 + 125 KVA		
Unit (KWH)	56,360	12,444
Average Unit/Per litre of Diesel Oil	3.15	2.78
Cost of Diesel per KWH (Rs.)	11.30	12.65
2. Furnace Oil / L.D.O.		
Quantity (K-Ltrs)	1,101	1,417
Total Amount (Rs.)	2,68,08,381	2,56,18,791
Average Rate (Rs.)	24,349	18,080
B. Consumption per ton of Production		
a) Aluminium Fluoride		
Electricity (KWH)	441	466
Furnace Oil / L.D.O. (K. Ltrs)	0.331	0.354
C. Foreign Exchange Earnings		
(a) Foreign Exchange – F.O.B. Rs.	—	5,41,55,884
(b) Foreign Exchange out go :	—	—
(c) Other Components, spare parts & foreign travel etc (Rs.)	16,55,534	6,24,661



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

Alufluoride Ltd (AL) is the only Company in Andhra Pradesh producing high purity Aluminium Fluoride (AIF3) with technology developed by Alusuisse, Switzerland. This technology facilitates conversion of Fluorine effluents from Phosphatic Fertilizer Complex into Hydrofluosilicic Acid and then to Aluminium Fluoride. The project ensures pollution abatement, import substitution, conservation of natural resources like Fluorspar & Sulphur, cost effective product, conversion of waste into wealth and earning valuable foreign exchange to the Nation. AIF3 is used as flux in reducing the melting point of Alumina during the electrolytic process of producing Aluminium. All Aluminium Smelters in India & abroad are using the Company's product with repeat orders for increased quantities due to its quality & service.

FUTURE OUTLOOK, OPPORTUNITIES, THREATS, RISKS & CONCERNS

Alufluoride Ltd (AL) set up the project in 1995 to produce AIF3 and related products, based on an agreement between AL and M/s Coromandel Fertilizers Ltd, Visakhapatnam (CFL). As per the agreement, CFL is to supply 4,000 TPA of Hydrofluosilicic Acid (Acid) exclusively to AL. However, since inception CFL was unable to supply the contracted quantity. Consequently, AL's financial results were adversely affected.

AL continues to request CFL for improved acid supplies and hopes that position will improve.

It is reported that, all the Aluminium smelters in India & abroad are increasing their Aluminium production capacities and also new Aluminium smelters are coming up with high capacities, resulting in an increased demand for AIF3.

The only risk & concern for the Company is availability of Acid. When the acid is procured from other sources, the landed cost increases significantly due to transport cost. As the Company is now Debt-free, with efficient working capital management, improved AIF3 sales realization etc.,

your Directors are hopeful of improved financial results with optimized production.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system which provide for:

- Efficient use and safeguarding of resources
- Accurate recording and custody of assets
- Compliance with prevalent statutes, policies, procedures, listing requirements, management guidelines and circulars
- Transactions being accurately recorded, cross verified and promptly reported
- Adherence to applicable accounting standards and policies
- IT systems, which include controls for facilitating the above

The internal control system provides for well documented policies, guidelines, authorizations and approval procedures. The internal audit reports are laid before the Audit Committee and discussions were held periodically by the Audit Committee at its meetings. The observations arising out of audit are subject to periodic review, compliance and monitoring. The significant findings/observations made in internal audit reports, along with the status of action thereon, are reviewed by the Audit Committee of the Board of Directors on a regular basis for further appropriate action, if and as deemed necessary.

HUMAN RESOURCE DEVELOPMENT

The continued Certification of Quality and Environmental Management System adopted by the Company to ISO 9001, 14001 and OHSAS 18001 manifests to the commitment of all the employees to excellence, Committed human resources is principal core strength of your Company and is attribute to the extremely cordial atmosphere prevailing in the Company. The total number of employees stood at 61 as on 31 March, 2009.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 MARCH, 2009
CORPORATE GOVERNANCE :

In terms of Clause 49 of the Listing Agreement, compliance with the requirements of Corporate Governance is mandatory for your Company from the financial year 2001-02 and your Company is following the same.

COMPANY'S PHILOSOPHY :

The Company firmly believes in and has consistently practiced good Corporate Governance. The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equality, in all facets of its operations, and in all its inter-actions with stakeholders, including shareholders, employees, Government, lenders, customers etc. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value.

BOARD OF DIRECTORS :

Composition of Directors and their Attendance at the Board Meetings during the year and the last Annual General Meeting and outside Directorships are:

Director	No. of Board Meetings attended	Attendance at the previous AGM held on 6 September, 2008	No. of outside Directorships held	Executive/ Non Executive Independent
Mr. V.S. Prasad *	1	Present	4	Executive
Mr. Venkat Akkineni	5	Present	5	Executive
Mr. Ashok Vemulapalli	5	Present	2	Non – Executive
Mrs. Jyothsana Akkineni	5	Present	3	Executive
Dr. T.R. Ramachandran	3	Present	1	Independent
Mr. K. Purushotham Naidu	5	Present	—	Executive
Mr. A.V.S.S.Ch.B. Sekhar Babu	5	Present	—	Independent

* Expired on 20 May, 2008

BOARD MEETINGS HELD DURING THE YEAR 2008-09

During the Financial year 2008-09, five Board Meetings were held on 30 April, 2008, 16 June, 2008, 31 July, 2008, 25 October, 2008 and 17 January, 2009.

BOARD COMMITTEES :
Audit Committee :

The Audit Committee comprises of two independent Directors and one Non-Executive Director. The Audit Committee met on 5 April, 2008, 31 July, 2008, 25 October, 2008 and 17 January, 2009. The Company Secretary acts as the Secretary of the Committee.

The terms of reference of the Audit Committee, mandated by your Board of Directors, which are also in line with the Statutory and regulatory requirements are;

- a) Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payments of any other services.
- c) Reviewing with management the annual financial statements before submission to the Board.
- d) Reviewing with management, external and internal auditors, the adequacy of internal control system.
- e) Reviewing the adequacy of internal audit reporting structure, coverage and frequency of internal audit.
- f) Discussions with internal auditors on any significant findings and follow-up thereon;
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularities or failure of internal control systems of a material nature and reporting the matter to the Board;
- h) Discussion with external auditors before the audit commences - nature and scope of audit as well as have post audit discussions to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

Shareholders' Grievances Committee:

The Share Transfer Committee comprising of Sri Venkat Akkineni, Sri Ashok Vemulapalli and Smt. Jyothsana Akkineni deals with share transfers, complaints/grievances of the shareholders on a regular basis. All the complaints/grievances have generally been resolved to the satisfaction of the members concerned.

Remuneration Committee:

The Committee comprises of two Independent Directors.

The remuneration policy of the Company is based on the principle of attracting best available talent and is in line with the industry standards.

Details of remuneration and payments to Directors during the financial year 2008-09 are given below :

Name of the Director	Sitting Fee-Board Committee (Rs.)	Salaries & Perks (Rs.)	Other Transaction (Rs.)
Mr. V.S. Prasad *	—	9,80,566	—
Mr. Venkat Akkineni	1,000	25,16,869	3,000
Mr. Ashok Vemulapalli	4,000	—	16,000
Mrs. Jyothsana Akkineni	4,000	—	16,000
Dr. T.R. Ramachandran	4,000	—	16,000
Mr. K. Purushotham Naidu	—	8,67,883	—
Mr. A.V.S.S.Ch.B. Sekhar Babu	4,000	—	16,000

* Expired on 20 May, 2008

**CATEGORIES OF SHARE HOLDING AS ON
31ST MARCH, 2009**

Sl. No.	Category	No. of shares	%
1.	Promoters, Directors, relatives and associated companies	36,47,325	52.10
2.	Financial Institutions	1,00,100	1.43
3.	Mutual Funds	—	—
4.	Banks	—	—
5.	Foreign Institutional Investors	—	—
6.	Non-Resident Indians	4,02,210	5.75
7.	Private Bodies corporate	5,95,766	8.51
8.	Public	22,43,162	32.04
9.	Others	11,837	0.17
	Total	70,00,400	100.00

**DISTRIBUTION OF SHAREHOLDINGS AS ON
31ST MARCH, 2009**

No. of shares	No. of sharholders	No. of shares	Percentage
Upto 500	6,704	8,77,002	12.53
501 to 1,000	259	2,19,349	3.13
1,001 to 2,000	142	2,16,860	3.10
2,001 to 3,000	56	1,43,799	2.05
3,001 to 4,000	25	90,688	1.30
4,001 to 5,000	37	1,79,845	2.57
5,001 to 10,000	33	2,49,615	3.56
10,001 and above	79	50,23,242	71.76
Total	7,335	70,00,400	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY :

Equity Shares of the Company have been dematerialised and are identified under ISIN-INE058F01019.

i) **Factory :** Mulagada Village, Mindhi Post
Visakhapatnam – 530 012 A.P.

ii) **Address for Correspondence - Registered Office**
Company Secretary
Alufluoride Limited,
ANAR Center, Nowroji Road,
Visakhapatnam – 530 002, A.P.

Annual General Meeting

Time : 11.00 A.M.
Date : 25 September, 2009
Venue : Registered Office, Visakhapatnam

BOOK CLOSURE DATES : 23 September, 2009 to
25 September, 2009
(Both days inclusive)

GENERAL BODY MEETINGS:

Location and time of last three Annual General Meetings are as under :

Year	Venue	Date	Time
2008	Registered Office	25 September, 2008	11.00 A.M.
2007	Registered Office	5 September, 2007	11.00 A.M.
2006	Registered Office	6 September, 2006	11.00 A.M.

The Company has obtained approval of members by way of Special Resolution for amending the main objects of the Company in the postal ballot held on 24.09.2008 and there was no other General Body Meeting during the last three years. The Company has obtained the consent of the members for the re-appointment of Sri Venkat Akkineni as the Managing Director of the Company by way of Special Resolution in the Annual General Meeting held on 25 September, 2008.

The Company has complied with the requirements of listing agreement/regulations/guidelines/rules of the Stock Exchanges/ SEBI/Other Statutory Authorities. The Company was not imposed with any penalties or issued any strictures on any capital market related matters during the last three years.

MEANS OF COMMUNICATION:

The Quarterly, Half-yearly and Annual results are published by the Company in the Newspapers. Official news items are sent to Bombay Stock Exchange Ltd, Mumbai.

LISTING ON STOCK EXCHANGES:

The securities of the Company are listed in Bombay Stock Exchange Ltd, Mumbai. The listing fee for this Stock Exchange had been paid.

REGISTRARS AND TRANSFER AGENTS, SHARE TRANSFER SYSTEM:

M/s XL Softech Systems Ltd, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034 are the Registrars of the Company. Share Transfers are registered and returned in the normal course within a period of 15 days from the date of receipt, if the documents are clear in all respects. Request for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.

MARKET PRICE DATA:

High/Low prices during the financial year 2008-09 on Bombay Stock Exchange Ltd, Mumbai.

Month	High Rs. Ps.	Low Rs. Ps.
April, 2008	21.10	18.20
May, 2008	20.95	16.75
June, 2008	18.85	13.90
July, 2008	19.65	11.80
August, 2008	19.95	14.60
September, 2008	23.85	16.00

Month	High Rs. Ps.	Low Rs. Ps.
October, 2008	17.50	10.65
November, 2008	14.00	9.60
December, 2008	13.15	9.41
January, 2009	12.74	9.32
February, 2009	13.30	9.25
March, 2009	15.60	7.50



CERTIFICATE

To: The Members of Al fluoride Limited, Visakhapatnam.

We have examined the compliance of conditions of Corporate Governance by M/s. Al fluoride Ltd., Visakhapatnam, for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of the Chartered Accountants, Visakhapatnam
13 July, 2009

For M/s. RAO & KUMAR
Chartered Accountants

CAV. V. RAM MOHAN
Partner
Mem. No. 18788



Alufluoride Limited

AUDITORS' REPORT

To
The Shareholders
Alufluoride Limited
Visakhapatnam A.P.

1. We have audited the attached Balance Sheet of ALUFLUORIDE LIMITED, as at 31st March 2009, and also the Profit & Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we consider appropriate and according to the information and explanations given to us, we enclose in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d) In our opinion the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with, the accounting statements referred to in sub section (3C) of section 211 of the Companies Act, 1956;
 - e) In our opinion and based on information and explanations given to us, none of the Directors are disqualified as on 31st March, 2009 from being appointed as Directors in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to explanations given to us, the said accounts subject to and read together with the Significant Accounting Policies and Notes forming part of accounts given by way of Schedule I to the Accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2009; and
 - ii) in the case of Profit and Loss Account of the PROFIT for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

For RAO & KUMAR
Chartered Accountants

CA V. V. RAM MOHAN
Partner
Memb. No. 18788

Visakhapatnam
13 July, 2009

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our Report of even date.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - (b) All assets have been physically verified by the management during the year. There is a phased programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. The frequency of verification is reasonable and no material discrepancies were noticed on such physical verification.
 - (c) No substantial part of fixed assets of the Company has been disposed off during the year, which would effect its status as a going concern.
2. (a) Inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories and discrepancies noticed on physical verification as compared to book records were not material. However, the same have been properly dealt with, in the Books of Accounts.
3. (a) The Company has not taken any loans from Companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956. The Company has not granted any loans to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - (b) The Company has neither taken nor granted any loans from companies, firms or other parties covered in the Register, maintained under section 301 of the Companies Act, 1956 and hence the sub-clauses (b), (c) & (d) are not applicable.
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
5. According to the information & explanations given to us, in our opinion there are no transactions of purchase and sale of goods, materials and services that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. As there are no such transactions, clause (b) of paragraph 4 (v) is inapplicable.
6. The Company had not accepted any deposits from the public. As such, the directives issued by the Reserve Bank of India and the provisions of Section 58A & 58AA of the Act and the rules framed there under are inapplicable.
7. In our opinion, the Company has an Internal Audit System commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of the cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained in respect of the applicable products. We have however not made a detailed examination of the records with a view to determine whether they are accurate and complete.
9. (a) According to the records of the Company, the Company has been regular in depositing with appropriate authorities, undisputed



Alufluoride Limited

- statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, cess were in arrears as at 31st March, 2009, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.
10. In our opinion, the Company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion, the company does not have any dues to banks and no debentures are issued.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the Company is not a Chit fund, nidhi/ Mutual Benefit Fund/Society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's report) Order 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4-(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. We are informed that the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to information and explanations given to us, the Company has not availed any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. The Company has not raised any funds on long-term basis during the year.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
19. According to the information and explanations given to us, the Company has not issued any Debentures during the year.
20. According to the information and explanations given to us, the Company has not raised money by Public Issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For M/s. RAO & KUMAR
Chartered Accountants**

CA V. V. RAM MOHAN
Partner
Memb. No.18788

Visakhapatnam
13 July, 2009

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule	As at 31-03-2009		As at 31-03-2008	
		Rs.	Rs.	Rs.	Rs.
I. SOURCE OF FUNDS :					
1. Share Holders Funds					
(a) Share Capital	A		<u>7,00,04,000</u>		7,00,04,000
(b) Reserves & Surplus	B		<u>4,61,58,929</u>		<u>3,20,37,817</u>
TOTAL			<u>11,61,62,929</u>		<u>10,20,41,817</u>
2. Deferred Tax Liability			<u>1,48,03,627</u>		<u>1,66,19,611</u>
GRAND TOTAL			<u>13,09,66,556</u>		<u>11,86,61,428</u>
II. APPLICATION FUNDS :					
1. Fixed Assets					
(a) Gross Block	C	<u>15,12,76,155</u>		14,75,26,973	
(b) Less : Depreciation		<u>9,37,28,018</u>		<u>8,70,45,065</u>	
(c) Net Block			<u>5,75,48,137</u>		6,04,81,908
2. Investments	D		<u>1,92,37,693</u>		2,28,11,638
3. Current Assets					
Loans & Advances :	E				
(a) Current Assets		<u>6,59,17,277</u>		4,09,45,389	
(b) Loans, Advances		<u>2,18,16,144</u>		1,50,52,200	
(c) Deposits		<u>36,77,499</u>		<u>36,76,398</u>	
		<u>9,14,10,920</u>		<u>5,96,73,987</u>	
Less : Current Liabilities & Provisions	F	<u>3,97,39,837</u>		<u>2,70,06,430</u>	
Net Current Assets			<u>5,16,71,083</u>		3,26,67,557
4. Deferred Tax Asset			<u>8,25,591</u>		8,95,468
5. Miscellaneous Expenditure					
(To the Extent not written off or adjusted)	G		<u>16,84,052</u>		<u>18,04,857</u>
GRAND TOTAL			<u>13,09,66,556</u>		<u>11,86,61,428</u>

NOTES TO THE ACCOUNTS

H

The schedules referred to above, form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even Date.

Per our separate report of even date
For **RAO & KUMAR**
Chartered Accountants

For and on behalf of the Board

CA V.V. RAM MOHAN
Partner
Memb. No. 18788

VENKAT AKKINENI
Managing Director

Dr.T.R. RAMACHANDRAN
Director

Visakhapatnam
13 July, 2009



Alufluoride Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2009

	Schedule	Current Year 2008-2009	Previous Year 2007-2008
		Rs.	Rs.
I. INCOME			
a) Sales	I	20,37,87,302	19,42,03,476
b) Other Income	II	47,30,707	46,08,315
TOTAL INCOME		20,85,18,009	19,88,11,791
II. EXPENDITURE			
a) Manufacturing Expenses	III	13,93,47,091	14,51,17,205
b) Administration Expenses	IV	1,71,14,213	1,31,33,007
c) Selling & Distribution Expenses	V	9,08,292	18,63,347
d) Financial Charges	VI	1,27,652	3,41,122
e) Depreciation		70,78,762	69,72,534
f) Loss on sale of Assets/Investments		55,63,742	—
g) Diminution in value of Investments		87,744	21,88,362
h) Increase (-) / Decrease (+) in Inventory	VII	1,65,758	12,75,211
TOTAL EXPENDITURE		17,03,93,254	17,08,90,788
Profit before Tax & Adj's		3,81,24,755	2,79,21,003
Less : 1. Taxes of earlier years		(58,392)	4,09,443
2. Provision for Tax			
- Current Tax		1,58,75,000	65,45,000
- Deferred Tax (Asset)/Liability		(17,46,107)	(7,83,590)
- Fringe Benefit Tax		1,05,000	70,000
		1,41,75,501	62,40,853
Profit after Tax		2,39,49,254	2,16,80,150
APPROPRIATIONS :			
- General Reserve		6,00,000	—
- Proposed Dividend		84,00,480	70,00,400
- Corporate Dividend Tax		14,27,662	11,89,718
		1,04,28,142	81,90,118
Balance carried to Balance sheet		1,35,21,112	1,34,90,032
COMPUTATION OF EARNING PER SHARE			
i) Net Profit available for Equity shareholders		2,39,49,254	2,16,80,150
ii) Weighted average number of Equity shares		70,00,400	70,00,400
iii) Nominal value of share (Rs.)		10	10
iv) Basic and diluted earnings per share (Rs.)		3.42	3.10

Per our separate report of even date

For **RAO & KUMAR**
Chartered Accountants

For and on behalf of the Board

CA V.V. RAM MOHAN
Partner
Memb. No. 18788

VENKAT AKKINENI
Managing Director

Dr.T.R. RAMACHANDRAN
Director

Visakhapatnam
13 July, 2009

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009**

	Rs.	As at 31-03-2009 Rs.	Rs.	As at 31-03-2008 Rs.
SCHEDULE - A				
SHARE CAPITAL				
Authorised Capital :				
1,00,00,000 Equity Share of Rs.10/- each		<u>10,00,00,000</u>		<u>10,00,00,000</u>
Issued, Subscribed & Paid-up :				
70,00,400 Equity Shares of Rs.10/- each, Fully paid-up		<u>7,00,04,000</u>		<u>7,00,04,000</u>
TOTAL		<u>7,00,04,000</u>		<u>7,00,04,000</u>
SCHEDULE - B				
RESERVES & SURPLUS				
A. General Reserve		6,00,000		---
B. Profit & Loss Account				
Profit brought down from Profit & Loss a/c	1,35,21,112		1,34,90,032	
Add: Opening Balance brought forward	<u>3,20,37,817</u>	<u>4,55,58,929</u>	<u>1,85,47,785</u>	<u>3,20,37,817</u>
TOTAL		<u>4,61,58,929</u>		<u>3,20,37,817</u>
SCHEDULE - D				
INVESTMENTS				
(At cost, Non-Trade, Long term investments in Shares/Mutual Funds)				
	Units			
1.	72,358.900	Principal Resurgent IEF Fund	---	8,55,282
2.	90,252.708	Principal Large Cap Fund	---	15,06,318
3.	1,98,767.641	Sundaram Select Focus Fund	---	18,25,863
4.	1,56,753.325	Sundaram Select Mid Cap Fund	---	34,32,121
5.	2,44,498.778	ICICI Prud Indo Asia Eq Fund	---	21,44,254
6.	1,50,000.000	Kotak Indo World Infrastructure	---	10,96,050
7.	2,50,000.000	Principal LT Equity Fund	---	24,30,000
8.	2,50,000.000	Reliance Natural Resources	---	24,05,750
9.	5,00,000.000	Sundaram Energy Opprt. Fund	---	39,85,500
10.	2,50,000.000	UTI India Life Style Fund	---	22,42,500
11.	1,00,000.000	UTI Infrastructure Advantage	---	8,88,000
12.	14,64,808.355	Birla Sun Life Dynamic Bond Fund	<u>1,50,59,695</u>	---
13.	4,17,674.533	Fortis Money Plus Regular Plan	<u>41,77,998</u>	---
			<u>1,92,37,693</u>	<u>2,28,11,638</u>

**SCHEDULE - C****FIXED ASSETS**

Sl. No.	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As At 31-03-2008 Rs.	Additions Rs.	Deductions/ Adjustments Rs.	As At 31-03-2009 Rs.	Upto 31-03-2008 Rs.	For the Year Rs.	Deductions/ Adjustments Rs.	Upto 31-03-2009 Rs.	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
1.	Buildings	1,59,19,116	—	—	1,59,19,116	51,34,491	3,98,021	—	55,32,512	1,03,86,604	1,07,84,625
2.	Plant & Machinery	12,98,08,412	33,17,329	—	13,31,25,741	8,09,28,189	65,39,847	—	8,74,68,036	4,56,57,705	4,88,80,223
3.	Furniture, Fixtures & Air Conditioners	6,35,838	78,459	—	7,14,297	3,30,063	40,088	—	3,70,151	3,44,146	3,05,775
4.	Office Vehicles	10,28,757	9,20,130	6,07,972	13,40,915	5,29,456	97,787	3,95,809	2,31,434	11,09,481	4,99,301
5.	Computers	1,34,850	41,236	—	1,76,086	1,22,866	3,019	—	1,25,885	50,201	11,984
	GRAND TOTAL	14,75,26,973	43,57,154	6,07,972	15,12,76,155	8,70,45,065	70,78,762	3,95,809	9,37,28,018	5,75,48,137	6,04,81,908
	Previous year	14,42,56,212	32,96,842	26,081	14,75,26,973	8,00,97,134	69,72,534	24,603	8,70,45,065	6,04,81,908	6,41,59,078

The plant is constructed on lease hold land



Annexure

As at
31-03-2009
Rs.As at
31-03-2008
Rs.**SCHEDULE - E****CURRENT ASSETS, LOANS AND ADVANCES****A. Current Assets**

1. Inventories	A	95,02,335	34,60,736
2. Cash balance on hand		3,401	4,936
3. Bank Balances	B	4,24,21,059	3,37,29,601
4. Sundry Debtors	C	1,39,90,482	37,50,116
TOTAL (A)		<u>6,59,17,277</u>	<u>4,09,45,389</u>

B. Loans and Advances

(Unsecured, Considered good)

1. Advances recoverable in Cash or in kind or for Value to be received	D	1,95,63,090	1,30,13,759
2. Balance with Central Excise, Customs, Port Trust etc.,	E	22,53,054	20,38,441
TOTAL (B)		<u>2,18,16,144</u>	<u>1,50,52,200</u>

C. Deposits

TOTAL (C)

36,77,499

36,76,398

Grand Total (A + B + C)

9,14,10,9205,96,73,987**Annexure - A****INVENTORIES**

(At cost, as ascertained valued and certified by the Management)

a. Stock of Stores and Spares	6,29,014	3,44,602
b. Stock of Stores in Transit	4,26,387	3,70,800
c. Stock of Raw Material	83,69,306	25,01,948
d. Loose Tools	24,462	24,462
e. Stock of Finished Goods	53,166	2,18,924
TOTAL	<u>95,02,335</u>	<u>34,60,736</u>

Annexure - B**BANK BALANCES**

(with Scheduled Banks)

a. In Current Accounts	56,61,892	1,29,881
b. In Various Deposit Accounts	3,67,59,167	3,35,99,720
TOTAL	<u>4,24,21,059</u>	<u>3,37,29,601</u>



Alufluoride Limited

	Rs.	As at 31-03-2009 Rs.	Rs.	As at 31-03-2008 Rs.
Annexure - C				
SUNDRY DEBTORS				
(Un-secured, considered good)				
a. Debts outstanding for a period exceeding six months				
b. Others		<u>1,39,90,482</u>		<u>37,50,116</u>
TOTAL		<u>1,39,90,482</u>		<u>37,50,116</u>
Annexure - D				
ADVANCES RECOVERABLE IN CASH OR IN KIND FOR VALUE TO BE RECEIVED				
a. Prepaid Expenses		91,526		1,69,986
b. Accounts Receivable		14,75,883		2,93,782
c. Advance to Suppliers & Others		12,08,362		18,21,383
d. Income Tax Payments		<u>1,67,87,319</u>		<u>1,07,28,608</u>
TOTAL		<u>1,95,63,090</u>		<u>1,30,13,759</u>
Annexure - E				
BALANCES WITH CENTRAL EXCISE ETC.,				
a. Central Excise Deposits		9,16,105		5,67,570
b. Others		<u>13,36,949</u>		<u>14,70,871</u>
TOTAL		<u>22,53,054</u>		<u>20,38,441</u>
SCHEDULE - F				
CURRENT LIABILITIES AND PROVISIONS				
(A) Current Liabilities :				
1. Sundry Creditors	84,89,443		3,028,286	
2. Other Liabilities	<u>54,42,252</u>		<u>5,001,026</u>	
		1,39,31,695		80,29,312
(B) Provisions				
1. Provision for Taxation	1,58,75,000		10,717,000	
2. Provision for Fringe Benefit Tax	1,05,000		70,000	
3. Provision for Dividend	84,00,480		7,000,400	
4. Provision for Income Tax on Dividend	<u>14,27,662</u>	<u>2,58,08,142</u>	<u>1,189,718</u>	<u>1,89,77,118</u>
TOTAL		<u>3,97,39,837</u>		<u>2,70,06,430</u>
SCHEDULE - G				
MISCELLANEOUS EXPENDITURE :				
(To the extent not written-off or adjusted)				
1. Diff. Revenue Expenditure		31,78,745		37,00,684
Less: Written off during the year		<u>14,94,693</u>		<u>18,95,827</u>
TOTAL		<u>16,84,052</u>		<u>18,04,857</u>

	Current Year 2008-2009		Previous Year 2007-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - I				
SALES				
1. Domestic Sales:				
Gross Sales	23,02,73,231		16,30,86,151	
Less : Excise Duty	<u>2,64,85,929</u>	20,37,87,302	<u>2,30,38,559</u>	14,00,47,592
2. Export Sales				5,41,55,884
		<u>20,37,87,302</u>		<u>19,42,03,476</u>
SCHEDULE - II				
OTHER INCOME				
1. Interest on TDR's, Deposits and Advances		27,81,268		6,74,822
2. Miscellaneous Receipts		<u>19,49,439</u>		<u>39,33,493</u>
		<u>47,30,707</u>		<u>46,08,315</u>
SCHEDULE - III				
MANUFACTURING EXPENSES				
1. Consumption of Raw Materials		6,74,76,474		8,14,25,807
2. Packing Materials		10,57,120		16,90,590
3. Inward-Freight		2,86,04,267		1,90,33,880
4. Power		55,60,852		67,88,104
5. Fuel		2,68,08,381		2,56,18,791
6. Water Charges		20,87,915		19,79,966
7. Wages		2,60,458		1,15,228
8. Repairs & Maintenance				
- Plant & Machinery	49,82,982		52,66,963	
- Others	<u>6,01,204</u>	55,84,186	<u>5,85,096</u>	58,52,059
9. Diff. Revenue Expenditure w/off		14,94,693		18,95,827
10. Other Manufacturing Expenses		<u>4,12,745</u>		<u>7,16,953</u>
		<u>13,93,47,091</u>		<u>14,51,17,205</u>



Alufluoride Limited

	Current Year 2008-2009		Previous Year 2007-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - IV				
ADMINISTRATION EXPENSES				
1. Payment & Benefits to Staff		1,24,33,939		1,05,88,853
2. Rent		2,90,091		2,71,901
3. Registrations, Taxes, Fees & Renewals		2,63,624		3,73,288
4. Insurance		1,74,677		1,87,173
5. Printing & Stationery		4,38,770		1,59,894
6. Telephone & Trunkcalls		2,07,125		1,49,922
7. Postage & Telegrams		1,63,675		79,016
8. Travelling & Conveyance		11,91,453		4,20,428
9. Vehicle Maintenance		1,40,615		85,920
10. Payment to Auditors				
- Audit fee	50,000		35,000	
- Tax Representation fee	---	50,000	---	35,000
11. Office Maintenance		1,53,924		83,271
12. Professional Charges		7,25,371		74,840
13. Security Charges		3,52,080		2,90,694
14. Results Publication Expenses		1,28,310		79,280
15. Exchange Rate Variation		57,925		---
16. Bad Debts written off		---		8,875
17. General Expenses		3,42,634		2,44,652
TOTAL		1,71,14,213		1,31,33,007
SCHEDULE - V				
SELLING & DISTRIBUTION EXPENSES				
1. Advertisement		2,66,000		12,900
2. Shipment Expenses		---		16,51,932
3. Discounts & Freight		5,74,304		28,397
4. Transportation Others		67,988		1,70,118
TOTAL		9,08,292		18,63,347
SCHEDULE - VI				
FINANCIAL CHARGES				
1. Bank Charges		1,27,652		3,41,122
TOTAL		1,27,652		3,41,122
SCHEDULE - VII				
INCREASE(-)/DECREASE(+) IN INVENTORY				
Opening Inventory		2,18,924		14,94,135
Less : Closing Inventory		53,166		2,18,924
Increase (-) / Decrease (+) in Inventory		1,65,758		12,75,211

SCHEDULE - H**Notes to Account****1. Significant Accounting Policies :**
It is the Policy of the Company -**(a) Fixed Assets :**

To state assets at cost of acquisition inclusive of Inward Freight, Taxes and Incidental expenses related to acquisition but exclusive of taxes & duties for which credit is availed, Interest on Loans, during the period of construction, is added to the cost of Fixed Assets.

(b) Capitalisation of Project :

To capitalise all related pre-operational and direct expenditure (including temporary facilities) during construction period. Direct financing cost, if any is also capitalised.

(c) Depreciation :

i) To provide for Depreciation on Fixed Assets under the 'Straight line method' at the rates provided by and in accordance with schedule XIV to the Companies Act 1956.

ii) To charge Depreciation on pro-rata basis on all additions/deletions and on the assets that are put to use.

(d) Prior period and Extra-ordinary Debits/Credits :

i) To consider Income and Expenditure over Rs.5,000/- only, in each case, pertaining to prior items arising, in the current period, on account of errors and omissions, as prior period credit/debits.

ii) To disclose separately extra-ordinary items which are material.

(e) Disclosure of other Income etc., :

i) To disclose items of Income and Expenditure at the net of payments and related collections, wherever they occur.

ii) To recognise interest income etc., upon receipt of confirmation from concerned agency.

(f) Amortization and Write Offs :

i) To amortize Preliminary Expenses and Public Issue Expenses, over a period of Ten years, from the year of commencement of commercial production of plant.

ii) To write off Differed Revenue Expenditure depending upon the nature and the expected period of future benefits.

(g) Foreign Currency Transactions :

To initially record monetary items, of Foreign Currency in Rupees, by applying the Exchange Rate prevailing at the time of transaction. To recognise as expense or income the amount short or excess realized / incurred on account of settlement / conversion by transferring to Exchange Rate Variation Account and in the period in which they arise.

(h) Sales & Purchases.:

i) To disclose all sales at net of sales tax.

ii) To account for all purchases exclusive of taxes & duties for which credit is availed.

iii) To disclose sale of DEPB licences at the time of realisation.

(i) Valuation of Inventories :

i) To value all raw materials, stores and spare parts, loose tools, packing materials, finished goods etc., at lower of cost or net realizable value.



Alufluoride Limited

- ii) To determine cost on the basis of
 - Finished Goods – Weighted Average cost
 - Raw materials/utilities – FIFO

iii) To account for all empties, scrap and waste upon realisation.

(j) Valuation of Investments:

Current Investments are valued at lower of cost and fair value, and long term investments at cost. Where applicable, provision is made in case there is a permanent fall in valuation of long term investments.

(k) Employee Benefits :

To recognize actuarial gains and losses on defined benefit plans during the year.

(l) Taxes on Income :

Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under the Income Tax Act, 1961.

Deferred tax is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods, subject to consideration of prudence.

2. No value is attributed to Silica which, in the opinion of the Management, is a process waste and has no market value (net realizable value), except for the quantities which are being disposed off to the interested parties for their trails / R & D purpose.

3. Impairment of Assets :

The entire plant is considered as a cash generating unit. As the recoverable amount of the Cash Generating Unit, being its value in use, is in excess of its carrying amount there is no impairment loss in terms of Account Standard 28 – Impairment of Assets.

4. Leases :

Since the lease transaction of the company, are incidental to the company's main business of production of Aluminium Fluoride, specific disclosures as per Accounting Standard 19 on 'Leases' are not considered necessary

5. Figures are regrouped for presentation purposes and are reclassified wherever necessary.

6. Information relating to 'supplier' under the provisions of Micro, Small and Medium Enterprise Development Act, 2006.

PARTICULARS	2008-09	2007-08
i) The amounts due thereon remaining unpaid to any supplier as at the end of the year	Rs.	Rs.
Principal	NIL	NIL
Interest	NIL	NIL
ii) Payments made beyond the appointed day and interest during the year	NIL	NIL
iii) The amount of interest due and payable for the period of delay in making payments but with out adding the interest specified in the Act	NIL	NIL
iv) The amount of interest accrued and remaining unpaid at the end of the year	NIL	NIL
v) The amount of further interest remaining due and payable in the succeeding year until the date such interest is actually paid	N.A.	N.A.



7. Employee Benefits :

- i) General Description of the Post Employment Benefits – Defined Benefit Plans
 - a) **Gratuity** : Payable to employees, who render continuous service of 5 years or more, on separation, at 15 days of last drawn pay for each completed year of service.
 - b) **Compensated Absence** : Encashment of accumulated earned leave, subject to maximum permissible limits as per the terms of appointment, will be paid to the employee on separation.
- i) Reconciliation of present value of defined benefit obligations

Particulars	Gratuity Rs.	Compensated Absences Rs.
Opening Balance	17,06,164.00	8,34,238.00
Current Service Cost	6,55,294.00	1,89,909.00
Interest	1,27,962.00	62,568.00
Benefits Paid	6,47,529.00	3,97,953.00
Actuarial Gain/Loss	-44,598.00	-57,132.00
Closing Balance	17,97,293.00	6,31,630.00

- ii) All the defined benefit plans are unfunded.
- iii) Accounting estimated changes of opening value of defined benefit obligations and other long term employee benefits, reversed/recognized in the Profit & Loss account, amount to Rs. 2,78,339/-, Provision for Gratuity; Rs.1,84,238/- Compensated Absences..
- iv) Expenses recognised in the Statement of Profit & Loss Account.

Particulars	Gratuity Rs.	Compensated Absences Rs.
Current Service Cost	6,55,294.00	1,89,909.00
Interest	1,27,962.00	62,568.00
Actuarial Gain/Loss	- 44,598.00	- 57,132.00
Total	7,38,658.00	1,95,345.00

- v) Actuarial Assumptions

Interest / Discount rate - 7.5%	Salary Escalation - 5%
Age - 58	Withdrawal Rate - 2%



Alufluoride Limited

8. Deferred Tax Asset/Liability :

The deferred tax Asset/Liability comprise of the following.

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
Deferred Tax Asset :		
Gratuity	6,10,900	6,74,533
Leave Encashment	2,14,691	2,20,935
Total	8,25,591	8,95,468
Deferred Tax Liability :		
Depreciation Difference	1,42,31,218	1,58,94,275
Deferred Revenue Expenditure	5,72,409	7,25,336
Total	1,48,03,627	1,66,19,611
Net Deferred Tax Asset / Liability	1,39,78,036	1,57,24,143

9. Contingent liabilities :

1. Claims against the Company not acknowledged as debts (Previous year - Rs. Nil lakhs) - Nil.
2. Bank guarantees/Letter of Credit in force (Previous year - Rs.Nil) - Rs. Nil.

10. The Company availed CENVAT benefit, on Capital Goods, the balance of which is identified and disclosed seperately. Fixed assets of the Company are disclosed at a value exclusive of Excise Duty paid.

11. Segment Reporting :

Since the Company is dealing with a single product the disclosure requirements issued by the ICAI are not applicable.

12. Related Party Transactions :

List of Related Parties with whom transactions have taken place during the year :

- Associated Companies : M/s. Anar Enterprises Private Ltd
- Key Management Personnel : Late Mr. V.S. Prasad & Mr. Venkat Akkineni; Managing Directors, Mrs. Jyothsana Akkineni, Executive Director and Mr. K. Purushotham Naidu, Director (Finance).
- Rent to M/s Anar Ent.(P) Ltd. : Rs. 90,000/-

Managerial Remuneration -

- Salary & Commission : Rs. 31,82,034/-
- Perquisites & Contributions : Rs. 11,83,284/-

13. Calculation of Commission paid/payable to Managing Director included in the above Remuneration is as under.

Particulars	Current year Rs.	
Profit before Tax for commission computation		3,86,06,789
Add:		
Diminution/Loss on sale of Investments	56,29,323	
Remuneration to Directors	27,00,000	
Perquisites & Other contributions	11,83,284	
Other Directors Sitting fee & expenses	84,000	95,96,607
Net Profit as per Section u/s 349		4,82,03,396
Commission – 1% - payable to Managing Directors		
Late Sri V.S.Prasad – Rs. -80,339		
Sri Venkat Akkineni – Rs.4,01,695		4,82,034

14. Balance Sheet Abstract and Company's General Business Profile
I. Registration Details

Registration No. 01-5096

State Code 01

Balance Sheet Date 31-03-2009

II. Capital Raised during the year (Amount Rs. in Thousands)

Public Issue

Rights Issue

Nil

Nil

Bonus Issue

Private Placement

Nil

Nil

III. Position of Mobilisation and Development of Funds (Amount Rs. in Thousands)

Total Liabilities

Total Assets

130967
130967

Source of Funds

Paid-up Capital

Reserves & Surplus

70004
46159

Secured Loans

Unsecured Loans

Nil

Nil

Deferred Tax Liability

14804

Application of Funds

Net Fixed Assets

Investments

57548
19238

Net Current Assets

Deferred Tax

51671
826

Misc. Expenditure

Accumulated Losses

1684

Nil

IV. Performance of Company (Amount Rs. in Thousands)

Turnover

Total Expenditure

203787
170393

Other Income

4731

Profit Before Tax & Adj's

Profit After Tax & Adj.

38125
23949

Earning per share in Rs.

Dividend

3.42
8400



Alufluoride Limited

V. Generic Name of Principal Product of Company (as per monetary terms)

Item Code No (ITC Code)
Product Description

282612.00
Aluminium Fluoride

15. Information required as per paras 3 and 4 of part II of Schedule VI to the Companies Act, 1956 is as under :

	Year ended 31 st March, 2009 (Metric Tonnes)		Year ended 31 st March, 2008 (Metric Tonnes)	
(a) LICENSED CAPACITY Aluminium Fluoride	3,500 TPA		3,500 TPA	
(b) INSTALLED CAPACITY Aluminium Fluoride & Related products	6,000 TPA		6,000 TPA	
(c) ACTUAL PRODUCTION Aluminium Fluoride	3,328 TPA		4,004 TPA	
(d) CONSUMPTION OF MAJOR RAW MATERIALS				
	Year ended 31 st March, 2009		Year ended 31 st March, 2008	
	Qty MT	Value Rs.	Qty MT	Value Rs.
Aluminium Hydroxide	4,035	5,11,74,382	5,117	6,95,90,991
Hydrofluosilicic Acid	3,948	1,58,97,621	5,040	1,17,38,854
Others	117	4,04,471	32	95,962
(e) FINISHED GOODS				
	Year ended 31 st March, 2009		Year ended 31 st March, 2008	
	Qty MT	Value Rs.	Qty MT	Value Rs.
Sales	3,333	20,37,87,302	4036	19,42,03,476
Opening Stocks	6	2,18,924	38	14,94,135
Closing Stocks	1	53,166	6	2,18,924
(f) FOREIGN EXCHANGE EARNINGS Foreign Exchange – FOB	—		5,41,55,884	
(g) Values of imports computed on CIF Basis (Components & spare parts)	11,32,250		6,24,661	
(h) Expenditure in Foreign Currency Travelling & Others (Technical Consultant's fee)	5,23,284		—	

**(i) Value of Raw Materials, Components and Spares parts Consumed**

	Year ended 31 March, 2009				Year ended 31 March, 2008			
	Raw Materials		Components and Spare Parts		Raw Materials		Components and Spare Parts	
	Value Rs.	Percentage %	Value Rs.	Percentage %	Value Rs.	Percentage %	Value Rs.	Percentage %
Indigenous	6,74,76,474	100	—	—	8,14,25,807	100	5,31,885	91.9
Imported	—	—	4,115	100.0	—	—	47,089	8.1
Total	6,74,76,474	100	4,115	100.0	8,14,25,807	100	5,78,974	100.0

Per our separate report of even date

For **RAO & KUMAR**
Chartered Accountants

For and on behalf of the Board

CA V. V. RAM MOHAN
Partner
Memb. No.18788**VENKAT AKKINENI**
Managing Director**Dr. T.R. RAMACHANDRAN**
DirectorVisakhapatnam
13 July, 2009



Alufluoride Limited

CASH FLOW STATEMENT PREPARED PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT FOR THE YEAR ENDED 31 MARCH, 2009.

	2008-09 Rs.	2007-08 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after Extra-ordinary items and before tax	4,37,76,241	3,01,09,365
Adjustments for :		
Depreciation	70,78,762	69,72,534
Deferred Revenue expenditure written off	14,94,693	18,95,827
Operating Profit before working capital changes	<u>5,23,49,696</u>	<u>3,89,77,726</u>
Adjustments for :		
Trade & other Receivables	(1,70,05,411)	84,21,937
Inventories	(60,41,599)	55,47,797
Trade payables	<u>(1,30,16,343)</u>	<u>(58,24,462)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>1,62,86,343</u>	<u>4,71,22,998</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (net)	(41,44,991)	(32,95,364)
Investments in Shares/Mutual Funds	(20,77,541)	(1,75,00,000)
Deferred Revenue Expenditure	<u>(13,73,888)</u>	<u>(21,33,968)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(75,96,420)</u>	<u>(2,29,29,332)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	- NIL -	- NIL -
Proceeds from borrowings	<u>- NIL -</u>	<u>- NIL -</u>
NET CASH USED IN FINANCING ACTIVITIES		
Net changes in Cash and Cash equivalent (A+B+C)	86,89,923	2,41,93,666
Cash and Cash equivalent - Opening Balance	3,37,34,537	95,40,871
Cash and Cash equivalent - Closing Balance	<u>4,24,24,460</u>	<u>3,37,34,537</u>

For and on behalf of the Board

Visakhapatnam
13 July, 2009

VENKAT AKKINENI
Managing Director

AUDITORS' CERTIFICATE

The above cash flow statement has been compiled from and is based on the audited accounts of Alufluoride Limited for the year ended 31st March, 2009. According to the information and explanations given the aforesaid cash flow statement has been prepared pursuant to Clause 32 of Listing Agreements with Stock Exchanges and the reallocations required for the purpose are as made by the Company.

For RAO & KUMAR
Chartered Accountants

Visakhapatnam
13 July, 2009

CA V. V. RAM MOHAN
Partner
Memb. No. 18788



ALUFLUORIDE LIMITED

ANAR CENTER, NOWROJI ROAD, VISAKHAPATNAM - 530 002 INDIA
PHONE : 91-891-2535606, 2535607 FAX No. 91-891-2560036
EMAIL : contact @alufluoride.com, WEB : http://www.alufluoride.com

ATTENDANCE SLIP

Annual General Meeting on 25 September, 2009 at 11.00 A.M.
at the Registered Office, Visakhapatnam - 530 002 (A.P.).

Name of the Shareholder

Folio No.

- A member/proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
- If you intend to appoint a proxy, please complete the Proxy Form below and deposit it at the Company's Registered Office 48 hours before the meeting. Please ensure that the proxy brings this Attendance Slip with him for the meeting.

I hereby record my presence at the Annual General Meeting of the Company held at the Registered Office, on 25 September, 2009.

Name of the Proxy (if any) in Block Letters

Signature of the Member/Proxy



ALUFLUORIDE LIMITED

ANAR CENTER, NOWROJI ROAD, VISAKHAPATNAM - 530 002 INDIA
PHONE : 91-891-2535606, 2535607 FAX No. 91-891-2560036
EMAIL : contact @alufluoride.com, WEB : http://www.alufluoride.com

PROXY FORM

Folio No.

I/We..... of..... in the district ofbeing a member/ members of ALUFLUORIDE LIMITED, hereby appoint..... of..... in the district of or failing him..... of..... in the district of as my/ our Proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 25 September, 2009 and at any adjournment thereof.

Signed this..... day of..... 2009.

Signature :

Affix
1 Rupee
Revenue
Stamp

Note : The Proxy Form duly completed, must be deposited at the Regd. Office of the Company at ANAR Center, Nowroji Road, Visakhapatnam - 530 002 (A.P.) not less than 48 hours before the time for holding the meeting.

**BOOK - POST
PRINTED MATTER**

To

If undelivered, Please return to :

ALUFLUORIDE LIMITED

ANAR CENTER, NOWROJI ROAD
VISAKHAPATNAM 530 002, INDIA

Phone : (91 891) 253 5606, 253 5607

Fax : (91 891) 256 0036

Email : contact@alufuoride.com

Web : www.alufuoride.com