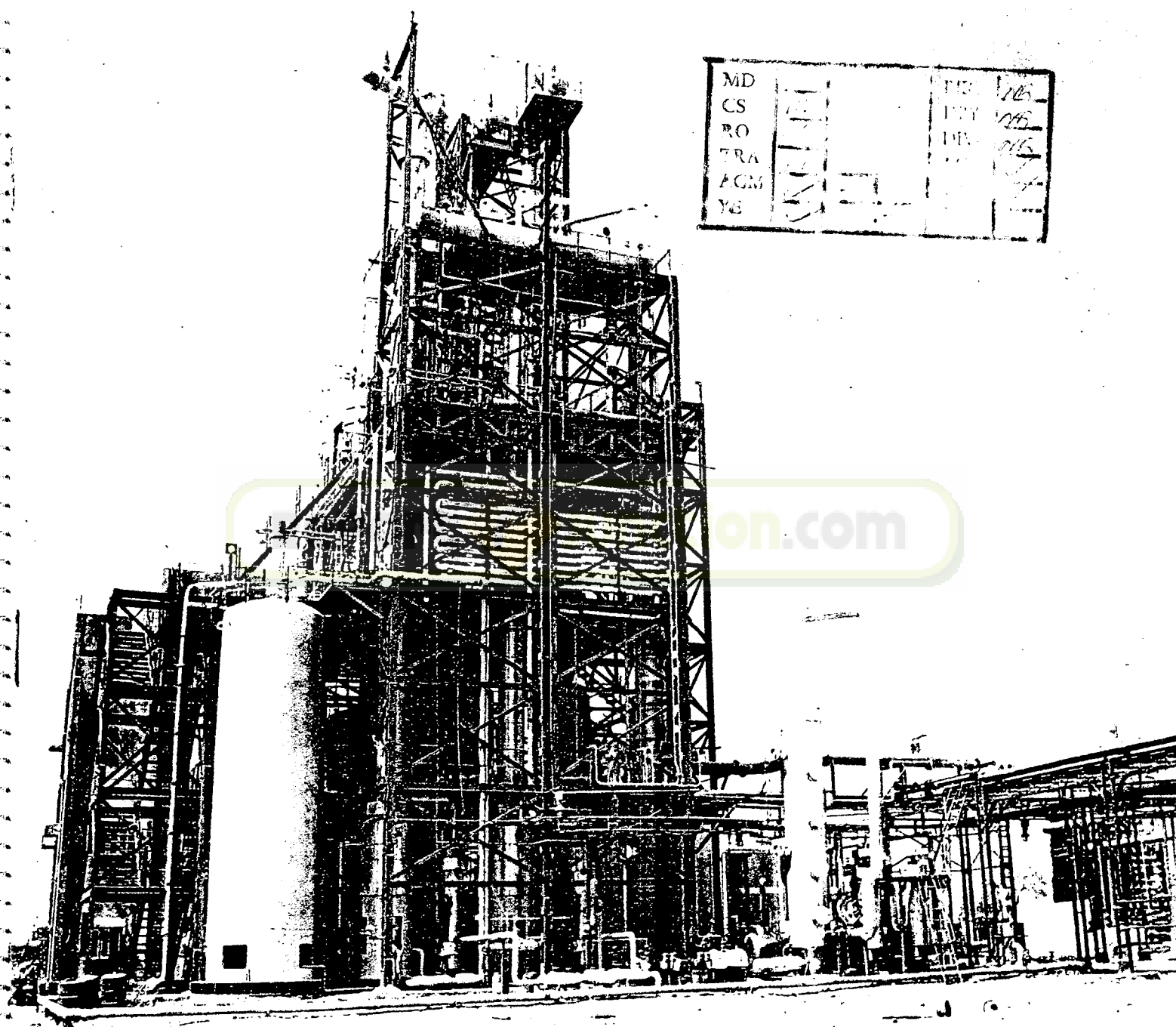


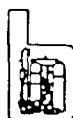
BALAJI AMINES LIMITED

MD		106
CS		106
RO		106
TRA		106
AGM		106
YE		106



NINTH ANNUAL REPORT 1996-97





NINTH ANNUAL REPORT (1996-97)

BOARD OF DIRECTORS

(As on 28th June, 1997)

1. SRI. M.R. KRISHNAIAH
CHAIRMAN
2. SRI. C. ANAND
IFCI NOMINEE DIRECTOR
3. SRI. S. VISHNU RAO
DIRECTOR
4. SRI. T. NAVEENA CHANDRA
DIRECTOR
5. SRI. D. RAM REDDY
COMMERCIAL DIRECTOR
6. SRI. N. RAJESHWAR REDDY
EXECUTIVE DIRECTOR
7. SRI. A. PRATHAP REDDY
MANAGING DIRECTOR

TAX CONSULTANTS

M.V. SASTRY & CO.
ADVOCATES & TAX CONSULTANTS
Geetha Apartments, Mehidipatnam,
HYDERABAD - 500 028.

AUDITORS

V.SRIDHAR & CO.
CHARTERED ACCOUNTANTS
A/78, Geetha Apartments, Santosh Nagar,
Mehidipatnam,
HYDERABAD - 500 028.

BANKERS

STATE BANK OF HYDERABAD
STATE BANK OF MYSORE.

REGISTERED OFFICE

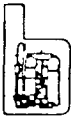
"BALAJI BHAVAN", 165-A,
RAILWAY LINES,
SOLAPUR - 413 001.

ADMINISTRATIVE OFFICE

IVth FLOOR, KPR HOUSE,
NEAR ANAND THEATRE,
S.P. ROAD,
SECUNDERABAD - 500 003.

FACTORY

TAMMALWADI - 413 623 (VILLAGE)
TULJAPUR (TQ),
OSMANABAD (DIST),
MAHARASTRA.



BALAJI AMINES LIMITED

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the members of Balaji Amines Limited will be held at 11.00 a.m. on Monday, the 29th day of September, 1997 at the Registered Office of the Company, 165 A, "Balaji Bhavan", Railway Lines, Solapur - 413 001, to transact the following Business:

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account of the Company for the year ended on 31st March, 1997 and the Balance Sheet as at that date together with the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Sri M.R.Krishnaiah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri T. Naveena Chandra who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this connection pass the following resolution as Ordinary Resolution.

"Resolved that M/s. V. Sridhar & Co. Chartered Accountants, Hyderabad, the retiring Auditors of the Company be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of the Ninth Annual General Meeting till the conclusion of the Tenth Annual General Meeting and the Managing Director be and is hereby authorised to fix their remuneration in mutual consultation with them".

SPECIAL BUSINESS

1. To consider and if thought fit, to pass the following resolution as a Special Resolution, to alter Clause 121(a) of the Articles of Association of the Company.

"Resolved that in Clause 121(a) of the Articles of Association of the Company, the word and figures appearing therein, namely, "a fee of Rs.250 per meeting" be and are hereby substituted with the words and figures namely "a fee not exceeding Rs.1000 per meeting", and the said Clause be and is hereby altered accordingly".

2. To consider and if thought fit, to pass the following resolution as a Special Resolution, to alter Clause 162 of the Articles of the Company.

"Resolved that the existing clause 162 of the Articles of Association of the Company be and is hereby substituted with the following Clause"

"Any deed or instrument to which the Common Seal of the Company is required to be affixed, shall unless the same is executed by a duly constituted attorney, be signed subject to the Companies (Issue of Share Certificates) Rules, 1960, by any one Director of the Company, provided nevertheless that any instrument bearing the seal of the Company, and issued for valuable consideration shall be binding on the Company, notwithstanding any irregularity touching the authority to issue the same".

**BALAJI AMINES LIMITED**

3. To consider and if thought fit, to pass the following resolution as a Special Resolution, to alter Clause 146 of the Articles of Association of the Company.

"Resolved that in Clause 146 of the Articles of Association of the Company, the words "fifteen days" appearing therein be and are hereby substituted with the words "five days", and the said clause be and is hereby altered accordingly".

By order of the Board

Sd/-

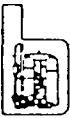
Ande Prathap Reddy
Managing Director

Place : Hyderabad
Date : 23rd August, 1997

Note:

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company.
- b) Proxy forms must reach the Company's Registered Office at least 48 hours prior to the time for holding the meeting.
- c) Explanatory statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business are annexed to the Notice.

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**ANNEXURE TO THE NOTICE CALLING NINTH ANNUAL GENERAL MEETING OF BALAJI AMINES LIMITED**

Explanatory Statement in pursuance of Section 173(2) of the Companies Act, 1956, in respect of the Special Business:

ITEM 1

The Company was incorporated Nine years ago and the sitting fee payable to the Directors, right from the inception of the Company is Rupees 250. The Company has grown considerably since then and the non working Directors have contributed a lot in the growth of the Company. The management feels that the fee payable to the non working directors for attending Board meetings needs to be increased. The matter is presented for the approval of the members.

The increase in the sitting fee of the Directors involves the alteration of Clause 121(a) of the Articles of Association of the Company, which presently authorises Rupees 250 per meeting.

As per the Provisions of Section 31 of the Companies Act, 1956 the Articles of Association of the Company can be altered by the members in General Meeting by a Special Resolution. Hence the resolution for your approval.

Item 2

The present Clause 162 of the Articles of Association of the Company requires that every deed or other instrument on which the common seal of the Company is required to be affixed be signed by two directors or one director and secretary or some other person appointed by the Board specifically for this purpose. As the Company is expanding and the business of the Company required entering into agreements or deeds at places other than the registered office which are some times distant places. This requires expenditure for two persons. With a view to reduce the expenditure the management feels that authority to affix the common seal may be given to one director only.

As this requires alteration of Articles of Association of the Company which can be done by the members in general meeting by passing a special resolution, this resolution is presented for your approval.

Item 3

The present Clause 146 of the Articles of Association of the Company requires at least 15 days notice to convene a board meeting. In view of the operational difficulties due to the time involved in convening the board meeting which is presently taking about 18 to 21 days time, the management is of the opinion that a shorter duration for calling a board meeting will facilitate faster decision making.

As this requires alteration of Articles of Association of the Company which can be done by the members in the General Meeting by passing a Special Resolution, this resolution is presented for your approval.

**BALAJI AMINES LIMITED****DIRECTORS' REPORT**

To the members of
Balaji Amines Limited.

The Directors are pleased to present the Ninth Annual Report for the financial year ended March 31, 1997, along with the audited accounts of the company.

CORPORATE RESULTS

Sl.No.	Particulars	Rupees in lacs.	
		Current Year 1996-97	Previous Year 1995-96
I	Gross Turnover	1242.23	1022.75
II	Other Income	15.83	19.15
III	Expenditure	1102.66	883.08
IV	Profit Before Interest Depreciation and Tax	155.40	158.82
V	Depreciation	51.37	33.59
VI	Profit Before Interest and Tax	104.03	125.23
VII	Interest	87.51	52.07
VIII	Profit Before Tax (After Prior year adjustments)	19.35	73.13
IX	Provision for Income Tax	2.04	0.00
X	Profit After Tax	17.31	73.13

PROJECTIONS VS. PERFORMANCE.

Sl.No	Particulars	Rupees in lacs	
		Projected 1997	Actuals 31.03.1997
I	Gross Revenue	1688.22	1258.06
II	Profit Before Interest and Depreciation	498.78	158.22
III	Interest	109.11	87.51
IV	Depreciation	93.58	51.37
V	Profit Before Tax	285.14	19.34
VI	Income Tax	61.12	2.04
VII	Profit After Tax	224.02	17.30
VIII	Earnings Per Share (Rupees)	7.47	0.58

1. The projections were based on the complete operations including the Ethyl Amines plant, which developed some technical problems and could not commence commercial operations as expected. Ethyl Amines are more profitable and high value added products.
2. There have been unscheduled power cuts in Maharashtra state for the first time since the inception of the company. As all the plants of the company are continuous process plants, this has resulted in a loss of productivity.
3. The setback faced by the bulk drug industry and the man made fiber industry where the company's products are used had its impact on the company, in the form of poor realisation from the customers.
4. Due to the delay in the commissioning of the Ethyl Amines plant, the company had to resort to the old practice of switching over existing plant, between two products, i.e.,



BALAJI AMINES LIMITED

Methyl and Ethyl Amines. This had to be done in order to meet the demand from regular Ethyl Amines' customers. The time loss involved in the switching over the plant has resulted in lower capacity utilisation of the old plant.

5. In view of the cost over run of the expansion plant, which has been met out of the company's own sources and temporary borrowings, the interest payments have increased thereby effecting the profitability.

COMPANY - OPERATIONS AND PROSPECTS**OPERATIONS**

The expansion plant on which the bulk of the investment had been made by the company has reached the final stages of commissioning when, due to technical problems, there occurred a damage to catalyst. The consequent delay involved in sorting out the technical problems delayed the commissioning. There resulted a further delay in the commissioning of the plant due to delay in the supply of the new charge of catalyst by the foreign supplier.

The general setback faced by the bulk drug industry and the man made fiber industry where the bulk of the company's products are consumed coupled with the cash crunch faced by the industry in general has taken its toll on the profitability of the company. The delay in realisation of the dues from some of the customers of the company further added to the company's problems. During the year the company also faced an unprecedented, unscheduled power cuts due to which the continuous process production of the company's products faced a set back. All these factors resulted in the low profitability of the company.

PROSPECTS

The company operates in a very high-tech product business, where there are few competitors. The demand for the products of the company is increasing steadily and the company, keeping the future demand and market conditions in view, has increased the installed capacities of all the plants in the expansion scheme. The capacities of the products are as under;

Products	Envisaged	Implemented
	TPA	TPA
Ethyl Amines	1000	1500
DMA HCl	300	900
DMAc.	450	1200

The management is confident, with the new capacities the turnovers and the profitability of the company will take a big leap.

At present the market for Ethyl Amines is monopolised by only one supplier. The company has successfully commenced the commercial operations of the Ethyl Amines plant on the 1st of June, 1997. The company being the only other supplier in the field, there is an encouraging response from the end users of the product. Moreover the bulk drug industry has already shown signs of improvement, due to which the demand for the company's products is increasing.

Further with the Ethyl amines plant, now successfully commissioned there would be no need to shift the operations in the old plant. The old plant is now fully committed to the production of Methyl Amines and has achieved a capacity utilisation of 100%.



BALAJI AMINES LIMITED

In view of the above the management is confident of meeting the targets projected for the year 1997-98.

DIRECTORS

Sri M.R.Krishnaiah and Sri Naveena Chandra, Directors of the company retire by rotation at the ensuing annual general meeting and being eligible offer themselves for reappointment.

AUDITORS

Messrs V.Sridhar & Co., Chartered Accountants, Hyderabad, the Auditors of the company retire at the conclusion of the ensuing annual general meeting and are eligible for reappointment.

EMPLOYEES

The company maintained cordial and friendly relations with its employees throughout the year. The Management expresses its' appreciation of the support extended by the employees to the company.

COMPANIES (DISCLOSURE OF PARTICULARS)

The particulars required to be furnished by the company in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are enclosed in Annexure to this report.

ACKNOWLEDGMENT

The Directors wish to thank Industrial Finance Corporation of India Limited, SCICI Limited, State Bank of Hyderabad, State Bank of Mysore, Kobe Engineering Consultants Private Limited, the employees of the company and the shareholders for the cooperation and encouragement extended to the management for successfully passing over the troubled times which the company went through.

On behalf of the Board of Directors

Place : Solapur
Date : 28th June, 1997

Sd/-
M.R.Krishnaiah
Chairman