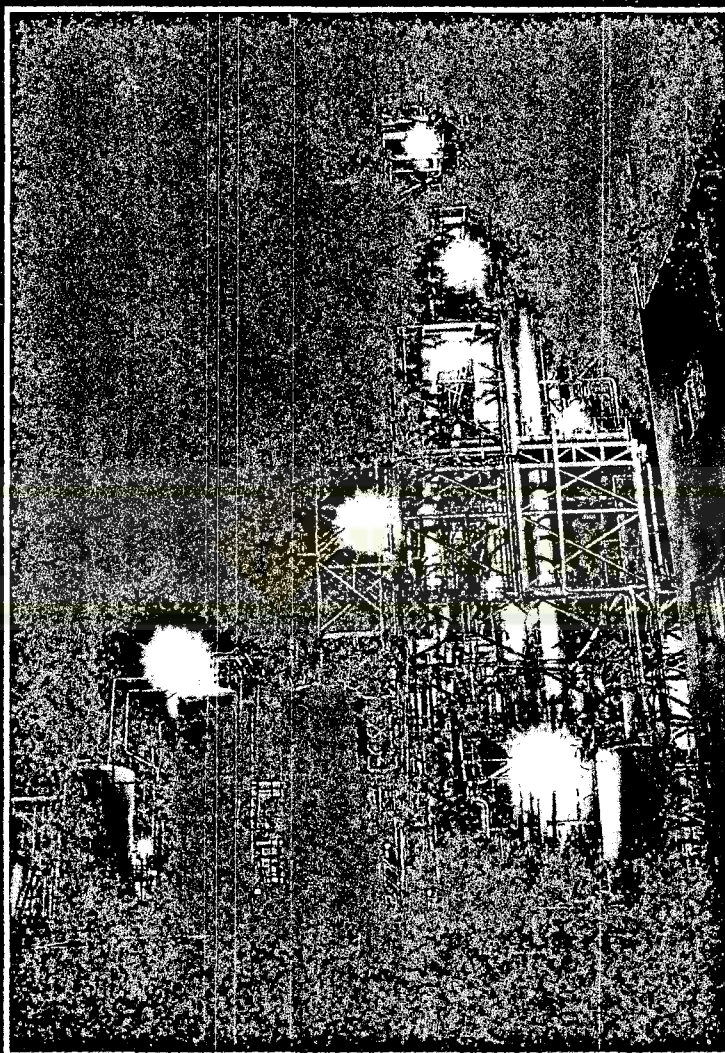


# BALAJI AMINES LIMITED



## TENTH ANNUAL REPORT 1997-98



**BALAJI AMINES LIMITED**

## TENTH ANNUAL REPORT (1997-98)

**BOARD OF DIRECTORS**

(As on 28th June, 1998)

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

**TAX CONSULTANTS**

M.V. SASTRY & CO.  
ADVOCATES & TAX CONSULTANTS  
A/78, Geetha Apartments, Santosh Nagar,  
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

BANK OF INDIA

**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.

MD	✓		BKC	NA
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

**BALAJI AMINES LIMITED****NOTICE**

Notice is hereby given that the tenth Annual General Meeting of the members of Balaji Amines Limited will be held at 11.00 A.M. on Saturday, the 26th day of September, 1998 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, 1998 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. D. Ram Reddy who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri.S. Vishnu Rao 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 tenth Annual General Meeting till the conclusion of the eleventh Annual General Meeting and the Managing Director be and is hereby authorised to fix their remuneration in mutual consultation with them".

By order of the Board

Sd/-

**Ande Prathap Reddy**  
Managing Director

Place: Hyderabad  
Date : 25th July, 1998

**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.



## BALAJI AMINES LIMITED

## DIRECTORS' REPORT

To the members of  
Balaji Amines Limited, Solapur.

The Directors present herewith the tenth annual report on the affairs of the Company along with the Balance Sheet as at March 31, 1998 and the Profit and Loss account for the year ended on that date together with the report of the Auditors thereon.

## PERFORMANCE AND FINANCIAL RESULTS

The complete plant with respect to the expansion project taken up by the company has been commissioned and the initial teething problems that are typical of a chemical plant of this size have been overcome. The performance of the company for the year ended 31-3-98 is as under.

## PERFORMANCE

Sl. No.	Particulars	Rupees in lacs	
		Current year 1997-98	Previous year 1996-97
I.	Net Turnover	1907.63	1242.23
II.	Other Income	5.78	15.83
III.	Expenditure	1549.92	1102.66
IV.	Profit before interest depreciation and tax	363.49	155.40
V.	Depreciation	95.80	51.37
VI.	Profit before interest and tax	267.69	104.03
VII.	Interest	217.23	87.51
VIII.	Profit before tax (after prior adjustments)	50.46	19.35
IX.	Provision for Income tax	5.30	2.04
X.	Profit after tax	45.16	17.31

## PROJECTIONS VS PERFORMANCE.

Sl. No.	Particulars	Rupees in lacs	
		Projected 1998	Actuals 31.3.98
I	Gross Revenue	1709.25	1907.63
II	Profit Before Interest and Depreciation	502.07	363.49
III	Interest	90.90	217.23
IV	Depreciation	93.58	95.80
V	Profit Before Tax	306.64	50.46
VI	Income Tax	85.22	5.30
VII	Profit after Tax	221.42	45.16
VIII	Earnings Per Share (Rupees)	7.38	1.51

Note :

1. Projections were based on the operations of Ethyl Amines for the whole year. However the actual production of Ethyl Amines started from 1st June, 1997. Ethyl Amines are more profitable and high value added products.



## BALAJI AMINES LIMITED

2. The capacity utilisation of Derivatives plant like DMAc is low due to slack in demand because of problems faced by user industry.
3. The setback faced by the bulk drug industry, pesticide 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. In view of the cost over run of the expansion project, 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 main plant (Ethyl Amines) of expansion project was commissioned on 1st June, 1997. However the capacity utilisation is very low due to initial teething problems in the process which is very common in such type of high tech products.

The general setback faced by the user industries i.e., bulk drug, pesticide and man made fiber industry where the bulk of the company's products are consumed coupled the cash crunch faced by the industry in general has effected the profit 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. 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 of the products of the company is increasing steadily and keeping this in view the company has increased the installed capacities of all the plants in the expansion project.

The new Ethyl Amines plant is implemented to facilitate manufacture of Methyl Amines also the demand for which is increasing steadily @ 10% per annum.

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

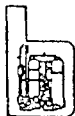
The user industries have already started showing improvement due to which the demand for the company's products and realisation of payments will improve. In view of the above, the management is confident of meeting the targets projected for the year 1998-99.

#### BANKING ARRANGEMENTS

During the year the company has inducted Bank of India as a member of the consortium along with State Bank of Hyderabad and State Bank of Mysore. Bank of India have been very supportive and encouraging towards the company and the Directors hope to build a strong banking relation with them.

#### DIRECTORS

Sri. C.Anand, was the director on the Board as nominee of The Industrial Finance Corporation of India Ltd. (IFCI). His nomination was withdrawn by IFCI with effect from 27th April, 1998.

**BALAJI AMINES LIMITED**

The Directors wish to place on record their appreciation of the valuable suggestions and guidance given to the management by Sri. C. Anand during his tenure as Director on the Board.

Sri D.Ram Reddy, Director Commercial and Sri Vishnu Rao, Director retire by rotation at the conclusion of the tenth 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.

**DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS**

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.

**ACKNOWLEDGEMENTS**

The Directors wish to thank The Industrial Finance Corporation of India Limited, ICICI Limited, State Bank of Hyderabad, State Bank of Mysore, Bank of India, 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 : Hyderabad  
Date : June 15, 1998

Sd/-  
**M.R. Krishnaiah**  
Chairman



## BALAJI AMINES LIMITED

## ANNEXURE TO THE DIRECTORS REPORT FOR THE FINANCIAL YEAR 1997-98.

**PARTICULARS REQUIRED UNDER COMPANIES  
(DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS)  
RULES, 1988**

**A. CONSERVATION OF ENERGY :****a. ENERGY CONSERVATION MEASURES TAKEN;**

The company continues to use Bagasse, an agricultural waste, in considerable quantities, as fuel. The methods adopted for feeding the Bagasse into the furnace are being continuously reviewed and improved upon.

**b. ADDITIONAL INVESTMENTS AND PROPOSALS FOR REDUCTION OF CONSUMPTION OF ENERGY.**

The company during the year 1995-96, installed Recuperators in the reactor loop of Ethyl Amines, due to which there will be substantial savings in electricity consumption. During the current year no significant investments are made to this end. The company is evaluating different options in order to reduce the energy costs.

**c. IMPACT OF ABOVE MEASURES.**

The recuperator installation is expected to bring about a reduction in the consumption of electrical energy.

**B. TECHNOLOGY ABSORPTION**

Enclosed in Form A.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The company is evaluating the various options towards exports of the company's products. Export areas are being identified.

Earnings : US Dollars 1,25,988 Equivalent to INR 46,11,258 in exports (Previous year : Nil )

Outgo : US Dollars 1,02,370 Equivalent to INR 36,92,038 for import of catalyst and raw material



## BALAJI AMINES LIMITED

## FORM A

Form of Disclosure of particulars with respect to  
Consumption of Energy

## A. POWER AND FUEL CONSUMPTION

1.	Electricity		
a)	Purchased Units	:	39,33,477
	Total Amount (in Rupees)	:	1,39,72,242
	Average rate per unit (in Rupees)	:	3.55
b)	Own Generation		
I.	Through Diesel Generator		
	Units	:	5,31,805
	Total amount (in Rupees)	:	28,75,206
	Average cost per unit (in Rupees)	:	5.40
II.	Through Steam turbine/generators		
	Units	:	Nil
	Unit per tonne of coal		
2.	Coal (Specify quality and where used)		
I.	Coaking Coal for Boiler (MT)	:	4,095,440
	Total Cost in lacs	:	95,92,181
	Average rate per MT	:	2,342
3.	Furnace Oil	:	Nil
4.	Other (Agricultural waste)		
I.	Bagasee		
	Quantity (MT)	:	14,183,600
	Total Cost in lacs	:	65,25,744
	Average rate per MT	:	460.00
II.	Fire wood		
	Quantity (MT)	:	1,535.22
	Total Cost in lacs	:	8,32,355
	Average rate per MT	:	542.17

## B. Consumption per unit of production

I.	Total Production (MT)		
a)	Aliphatic Amines and Derivatives	:	4004.109
II.	Electricity (KWH)	:	1115.17
III.	Furnace Oil (Liters)	:	Nil