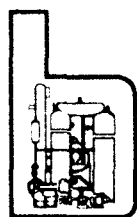


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ANNUAL REPORT 2003 - 04

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AMINES LTD.



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SIXTEENTH ANNUAL REPORT (2003 - 2004)

BOARD OF DIRECTORS (AS ON 12.7.2004)

SRI. M.R. KRISHNAIAH
CHAIRMAN

SRI. A. PRATHAP REDDY
MANAGING DIRECTOR

SRI. T. NAVEENA CHANDRA
DIRECTOR

SRI. S. VISHNU RAO
DIRECTOR

SRI. N. RAJESHWAR REDDY
EXECUTIVE DIRECTOR

SRI. D. RAM REDDY
COMMERCIAL DIRECTOR

REGISTERED OFFICE:
'BALAJI BHAVAN'
165-A, RAILWAY LINES
SOLAPPUR-413 001.

ADMINISTRATIVE OFFICE
IIIIRD FLOOR, KPR HOUSE
SARDAR PATEL ROAD
SECUNDERABAD - 500 003.

AUDITORS
V. SRIDHAR & CO.
CHARTERED ACCOUNTANTS
HYDERABAD.

FACTORY
TAMMALWADI (VILLAGE)
TULJAPUR (TQ)
OSMANABAD (DIST)
MAHARASHTRA - 413 623.

BANKERS
STATE BANK OF HYDERABAD
STATE BANK OF INDIA



Balaji
AMINES LTD.

NOTICE

Notice is hereby given that the sixteenth Annual General Meeting of the members of Balaji Amines Limited will be held at 10.30 A.M on Wednesday the 29th day of September, 2004 at 165/A, Balaji Bhavan, Railway Lines, Solapur - 413 001 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2004 and the Balance Sheet as on that date together with the reports of the Auditors and the Directors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Sri. N. RAJESHWAR REDDY who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri. T. NAVEENA CHANDRA who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and if thought fit to pass with or without modifications the following resolution as an 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 ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and the Managing Director Sri. A. Prathap Reddy, be and is hereby authorized to fix their remuneration in consultation with them".

SPECIAL BUSINESS

6. INCREASING THE BORROWING POWERS OF THE BOARD:

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

"RESOLVED THAT pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any of the Companies Act, 1956 and in suppression of the resolution passed by the company in general meeting held on 27-01-1993 in relation to the exercise of borrowing power, the Board of Directors of the Company be and is hereby authorized to borrow money from time to time not exceeding in the aggregate Rs. 200 Crores from banks, financial institutions, companies, other corporates or person / persons notwithstanding that the money to be borrowed, together with money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the Ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves".

By Order of the Board of Directors

Place : Hyderabad
Date : 12.7.2004

(A. Prathap Reddy)
Managing Director

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Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
 2. Explanatory notes pursuant to Section 173 (2) of the Companies, 1956 in relation to the special business is annexed hereto.
 3. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
 4. The register of members and share transfer books of the company will remain closed from 16th September, 2004 to 29th September, 2004 (both days inclusive). The dividend if approved will be paid to the members whose names appear in the register of members on 29th September, 2004.
 5. Consequent upon the introduction of Section 109 A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form No. 2 B in duplicate to the company.
 6. Re-appointment of Directors: At the ensuing annual general meeting, Shri. N.RAJESHWAR REDDY and Shri. T.NAVEENA CHANDRA retire by rotation and being eligible offer themselves for re-appointment. The details pertaining to these directors required to be provided pursuant to clause 49 of the Listing Agreement are furnished in the statement on corporate governance published elsewhere in the report.
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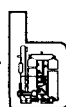
EXPLANATORY STATEMENT

(As required under section 173 (2) of the Companies Act 1956)

Item No. 6 :

The Company in its General Meeting held on 27-01-1993 authorized the Board of Directors to borrow money from time to time up to a limit not exceeding in the aggregate Rs. 50 Crores. As the Company is expanding its operations, the said limit on borrowing has been found to be inappropriate. As such it is proposed to raise the said limit from Rs. 50 Crores to Rs. 200 Crores. Hence the said resolution.

None of the Directors is either interested or concerned in the resolution. Your Directors comments the resolution for the approval of members.



DIRECTORS' REPORT

To the members of Balaji Amines Limited,
Solapur.

Your Directors take pleasure in presenting the Sixteenth Annual Report of the company for the financial year 2003-04 together with the Audited Financial Statements and the report of the Auditors thereon.

PERFORMANCE

For the year under review the company has shown a substantial improvement in its performance in as much as the turnovers and profits after tax have increased by 57.20% and 63.76% respectively as compared to the previous year. This is largely because of the cost cutting measures undertaken by the management. The company was also able to reduce its interest cost during the year under review.

FINANCIAL RESULTS

The financial highlights for the current year in comparison to the previous year are as under

(RUPEES IN LAKHS)

SL.NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1.	Sales	7090.61	4510.68
2.	Other Income	97.99	20.73
3.	Expenditure	5696.47	3581.46
4.	Profit before interest, depreciation and tax	1492.13	949.95
5.	Interest	222.96	151.08
6.	Profit before interest & tax	1269.17	798.87
7.	Interest	237.14	167.72
8.	Profit before tax	1032.03	631.15
9.	Provision for Income tax	129.10	49.26
10.	Deferred tax (timing difference)	0.94	0.94
11.	Deferred tax (originating during the year)	227.82	169.26
12.	Profit after tax	674.17	411.68
13.	Dividend for the year (including corporate dividend tax)	101.26	84.23
14.	Transfer to reserve	70.00	42.00
15.	Balance carried forward to Balance Sheet	502.91	285.45

DIVIDEND

During the previous year the company declared a dividend of 25% i.e., Rs. 2.50 per every share of paid up value of Rs. 10/-. For the current year, the Directors recommend a dividend of 30% i.e., Rs. 3.00 per every share of paid up value of Rs. 10/-.

EXPANSION / DIVERSIFICATION

The Company has successfully launched the production of Choline Chloride during the year and has a good market strategy for the same. Choline Chloride is a poultry feed. The importance of an adequate supply of dietary Choline Chloride for poultry, calves & other animal is universally recognized.

The management will continue to make efforts in identifying newer areas for expansion.

RESEARCH & DEVELOPMENT

The Govt. of India, Ministry of Science and Technology, New Delhi has recognized the company's facilities as 'IN-HOUSE R & D UNIT'. During the year the company has developed and successfully launched Natural Extract Products like Solanosol, which is a Tobacco leaves Extract, and is used in the manufacture of anti ageing agent. Other Natural extracts are in various stages of development & testing in the ongoing Research & Development efforts of the company. These products are highly purified and are used in the treatments of cancer, cardiac cases and hypertension and these also have applications in cosmetics. With the foray into natural extracts the company has joined a select few who produce "Nutraceuticals" - the natural extract products. The company focuses to expand its market share in this area.

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CONSOLIDATED ACCOUNTS

During the year, the company has acquired 99.95% stake in Bhagyanagar Chemicals Limited and as such Bhagyanagar Chemicals Limited has become a subsidiary of your company. The consolidated accounts and also the Annual Report of Bhagyanagar Chemicals Limited are being presented as part of this Annual Report.

DIRECTORS

Sri. N. Rajeshwar Reddy and Sri. T. Navinachandra, Directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Your Directors recommend the re-appointment of Mr. N. Rajeshwar Reddy and Mr. T. Navinachandra. Their qualification and experience are detailed in the Report on Corporate Governance appended to this report.

RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) or the Companies Act, 1956 the Board of Directors makes the following statement:

- The accounting standards to the extent applicable to the company have been followed in the preparation of the annual accounts. There are no material departures there- from.
- The accounting policies selected by the Board for the purpose of preparation and presentation of the financial statements have been and are being applied consistently and reasonable and prudent judgments and estimates (wherever applicable) have been made, for the said purpose, so as to give a true and fair view of the affairs of the company as at the end of the financial year under review and
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The Annual accounts have been prepared on a going concern basis.

AUDITORS

The auditors, V. Sridhar & Co., Chartered Accountants , retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

EMPLOYEES

There are no employees of the company, whose particulars are to be disclosed pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956. The management places on record their appreciation for the support extended to the company by the employees. The management recognizes that the employees are one of the biggest contributors for the successful performance.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars required in the report of the Board of Directors 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 furnished in the prescribed format and Annexed to this report.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is annexed to this report.

DEMATERIALIZATION OF SHARES

M/s. Satguru Management Consultants (P) Ltd, Plot No.15, Hindi Nagar, Punjagutta, Hyderabad - 500 034 continue as Depository Registrars for dematerialized shares and share transfer agents for the physical shares.

The ISIN of Dematerizlized shares of the company allotted by the NSDL & CDSL is "INE050E01019". The equity shares of the company in Demat form are being traded with effect from 13-10-2001 on CDSL and 06-11-2001 on NSDL.

ACKNOWLEDGEMENTS

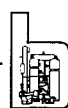
The Board of Directors wish to place on record their appreciation for the continued support extended to the company by the bankers namely State Bank of Hyderabad, State Bank of India, State Bank of Mysore and the Customers, Suppliers and above all, the Share Holders.

For and on behalf of the Board of Directors

Sd/-

M.R. KRISHNAIAH
Chairman

Place : Hyderabad
Date : 03-05-2004


ANNEXURE - I TO THE DIRECTOR'S REPORT FOR THE FINANCIAL YEAR 2003-04
COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF & BOARD OF DIRECTORS) RULES, 1988
A. CONSERVATION OF ENERGY
1. Energy Conservation Measures taken

The Company has purchased various equipments during the year for overall improvement of the capacity and efficiency of the plants.

2. Additional Investments and Proposals for Reduction of Consumption of Energy

In the coming years, the Company proposes to replace some of the equipments to reduce energy consumptions.

3. Impact of the above measures

The Company has saved energy and improved the efficiency of the Plants.

B. TECHNOLOGY ABSORPTION (ENCLOSED IN FORM.B)
C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The sustained effort of the company in exploring export markets. The particulars are as under:

Earnings	US Dollars 10,42,645 equivalent to INR 4,69,18,890 in Exports
	Euro 3.225 equivalent to INR 4,67,700 in exports
Outgo	US Dollars 12,64,216 equivalent to INR 5,84,92,342 for import of raw materials.
	US Dollars 70,476 equivalent to INR 32,49,843 for import of machineries
	EURO 27,130 equivalent to INR 14,50,099 for import of machinery
	S.Fr. 55,357 equivalent to INR 18,84,223 for import of machinery (Previous year US Dollars 4,19,400 INR 2,03,95,568)

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FORM A

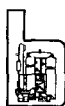
Form of Disclosure of particulars with respect to Consumption of Energy

A. POWER AND FUEL CONSUMPTION

1.	Electricity	
a)	Purchased Units	58,81,776
	Total Amount Rupees	2,10,79,805
	Average rate per unit Rupees	3.58
b)	Own Generation	
I.	Through Diesel Generator	
	Units	2,93,140
	Total amount Rupees	16,44,515
	Average cost per unit Rupees	5.61
II.	Through Steam turbine/generators	
	Units	—
	Unit per tonne of coal	—
2.	Coal (Specify quality and where used)	
I.	Coaking Coal for Boiler (MT)	22199.835
	Total Cost Rupees	4,94,70,443
	Average rate per MT	2228.42
3.	Furnace Oil	—
4.	Other (Agricultural waste)	
I.	Bagasee	
	Quantity (MT)	1359.540
	Total Cost Rupees	7,08,829
	Average rate per MT	521.37
II.	Fire wood	
	Quantity (MT)	—
	Total Cost	—
	Average rate per MT	—

B. CONSUMPTION PER UNIT OF PRODUCTION

I.	Total Production (MT)	17771.591
a)	Aliphatic Amines and Derivatives	
II.	Electricity (KWH)	374.46
III.	Furnace Oil (Liters)	—



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Form B

Form of Disclosure of Particulars with respect to Technology Absorption

A. RESEARCH AND DEVELOPMENT

1. Specific Areas in which the company carries out R&D.

- (a) The company has carried out R & D in its in-house R & D unit in the area of extraction of herbal products. The main focus was on Solanesol an extract of Tobacco leaves.
- (b) The company has also carried out R & D through their associates in Mumbai for products based on amines and also other high value added products.

2. Benefits Derived

With the R & D activity in this year the company has manufactured and sold Solanesol 90% (Min) in the market

3. Future of Action

The company will be carrying out R & D works to derive value added products like Solanesol i.e., Co-Enzyme Q-10 and also carry out for R & D commercialization till the technology is developed.

4. Expenditure on R & D

a.	In capital nature	Rs. 333.68 lacs
b.	In Revenue Nature	Rs. 6.61 lacs

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Efforts made

The pilot plant for NMP was designed and the same is running successfully for the last several months.

Benefits

The natural extract product namely Solanesol has been successfully manufactured and launched in the market, both domestic and international. The product has been well accepted. The monetary benefits in respect of the products in future is yet to be quantified.

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ANNEXURE - II TO THE DIRECTOR'S REPORT FOR THE FINANCIAL YEAR 2003-04

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

We are one of the leading producer of specialty chemicals i.e., Aliphatic Amines and its derivatives. We have our plant at Tamalwadi Village, Tuljapur Taluka, Osmanabad District, Maharashtra. We also have an R & D center at Bollaram, Hyderabad, Andhra Pradesh. Our's is a good team of technical and commercial professionals with expertise in respective area.

The end use of our products are in important industries like Pharmaceuticals, Agro Chemicals, Rubber Chemicals, Photography Chemicals etc. We have competition both from local and international producers.

2. PERFORMANCE

Sale of Amines and its derivatives is for the year 2003-04 at Rs.82 crores against previous year of Rs.51 crores. Production of Amines and its derivatives increased to 17772 M.T. for the year 2003-04 compared to 11312 M.T. for the year 2002-03.

3. INTERNAL CONTROL SYSTEM

The company has installed a good system of internal controls in all spheres of its activities. The internal control is supplemented by effective internal audit. The Audit Committee of Directors regularly reviews findings and effective steps to implement the suggestions are taken and monitored regularly. In the opinion of the Board, an effective internal control system adequate to the size of the company.

In production process the company has its own efficient Distributed Control Systems. It automatically controls all the fluctuations in manufacturing process and do not give any chance to excessive losses and wastages. It provides the process a continuous flow of working without any interruption by any reasons. This definitely reflected on our productivity and profitability positively.

4. INDUSTRIAL RELATIONSHIP

Industrial relationship during the year under review between the employees at various levels and the management continued to be peaceful. Employees are given training by attending seminars / workshops to enhance their skills and knowledge based on training identification system. Company has introduced a suggestion scheme since last three years for continuous improvement of the working of the company and to encourage employee participation. Their suggestions as approved by the management have been implemented for which they have responded well.

5. SAFETY, HEALTH AND ENVIRONMENT

- a. **Safety:** Safety is accorded high priority and concerted efforts are made to ensure safe working conditions for employees. All incidents are analyzed in safety committee meetings and corrective actions are taken immediately. Employees are trained in safe practices to be followed at work place.
- b. **Health:** Health of employees is also accorded importance. Periodic check up of all employees is done to monitor their health. Regular work area monitoring to check concentration of chemicals, noise level and quality of ambient air is done.
- c. **Environment:** The Company also attaches importance to environment protection and adherence to pollution control norms.