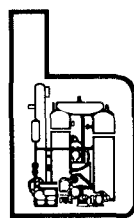


17th ANNUAL REPORT 2004 - 2005



Balaji

AMINES LTD.

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SEVENTEENTH ANNUAL REPORT (2004 - 2005)

BOARD OF DIRECTORS (AS ON 28.7.2005)

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
DIRECTOR COMMERCIAL

SRI. G. HEMANTH REDDY
DIRECTOR

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

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

FACTORY
UNIT - I
TAMMALWADI (VILLAGE)
TULJAPUR (TQ)
OSMANABAD DIST.
MAHARASTRA - 413 623.

UNIT - II
PLOT NO. 4 & 5
BESIDE APSEB SUB STATION-II
IDA, BOLLARAM - 502325
JINNARAM MANDAL
MEDAK DIST.(A.P)

AUDITORS
V. SRIDHAR & CO.
CHARTERED ACCOUNTANTS
HYDERABAD.

BANKERS
STATE BANK OF HYDERABAD
STATE BANK OF INDIA

SECRETARIAL ADVISOR
TALLAPRAGADA SUBBA RAO

**REGISTRARS &
TRANSFER AGENTS**
SATHGURU MANAGEMENT
CONSULTANTS PVT.LTD.



Balaji

AMINES LTD.

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of Balaji Amines Limited will be held at 11 A.M on 29th September, 2005 at 165/A, Balaji Bhavan, Railway Lines, Solapur 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, 2005 and the Balance sheet as on that date together with the reports of the Auditors and the Directors.
2. To Declare dividend on Equity shares
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 a Director in place of Sri M R Krishnaiah 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 authorised to fix their remuneration in consultation with them.

SPECIAL BUSINESS

6. Reappointment of Sri A Prathap Reddy as Managing Director:

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 Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the companies Act, 1956 Sri. A Prathap Reddy be and is hereby reappointed as Managing Director of the company for a period of 5 years with effect from 01.04.2005 on the following remuneration which was approved by the remuneration committee.

I. Salary Rs. 80,000/- p.m.

II. Perquisites:

- a) House Rent Allowance : 25% of the Salary
- b) Leave Travel Assistance: Reimbursement of actual expenses incurred for self and family not exceeding Rs. 50,000/- per annum.
- c) Premium on Personal Accident Insurance and premium on Medicalim policy for self and family not exceeding Rs.10,000/- per annum. For the purpose of this category, 'Family' means spouse, dependent children and dependent parents.
- d) Use of Company Car and reimbursement of driver's salary subject to a maximum of Rs.4,000/- per month.
- e) Telephone facilities at residence
- f) Provident fund : Company's contribution to provident fund/superannuation fund not exceeding 20 % of basic salary.
- g) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- h) The Managing Director will be eligible for annual increment to his salary not exceeding Rs.5,000-. The first annual increment shall accrue to him on 1st April, 2006.

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- i) The Managing Director shall be entitled to be reimbursed in respect of all expenses incurred by him (including travelling, entertainment, etc.) for and on behalf of the company.
- j) Club Fees: Fees of Clubs subject to a maximum of two clubs.
- k) Commission on Profits : At 4% of the net profits of the year

III. Overall remuneration:

The overall remuneration (i.e. salary, perquisites and commission) in any one financial year shall not exceed 5% of the net profits or any such higher limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with schedule XIII to the said Act, as may for the time being, be in force and any amendments thereto. In case of any doubts/ discrepancy/clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Remuneration Committee of Directors. Further, within the overall remuneration, the individual components may be changed as desired by Mr. Prathap Reddy and accepted by the Remuneration Committee.

IV. Minimum remuneration:

In the event of inadequacy or absence of profits in any financial year, during the currency of the tenure of his office, he shall be paid the above remuneration except commission on profits, as minimum remuneration subject to the ceiling mentioned in Schedule XIII to the Companies Act, 1956 from time to time.

7. Reappointment of Mr. N Rajeshwar Reddy as Executive Director

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 Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the companies Act, 1956 Sri. N Rajeshwar Reddy be and is hereby reappointed as Executive Director of the company for a period of 5 years with effect from 01.04.2005 on the following remuneration which was approved by the remuneration committee.

I Salary Rs. 65,000/- p.m.

II Perquisites:

- a) House Rent Allowance : 25% of the Salary
- b) Leave Travel Assistance: Reimbursement of actual expenses incurred for self and family not exceeding Rs. 30,000/- per annum.
- c) Premium on personal Accident Insurance and Medicalim premium for self and family not exceeding Rs.10,000/- per annum. For the purpose of this category 'Family' means spouse, dependent children and dependent parents.
- d) Use of Company's Car and reimbursement of driver's salary subject to a maximum of Rs. 4,000/- per month.
- e) Telephone facility at residence
- f) Provident fund : Company's contribution to provident fund/superannuation fund not exceeding 20% of salary.
- g) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- h) The executive director will be eligible for annual increment to his salary not exceeding Rs. 5, 000/- p.m. The first annual increment shall accrue to him on 1st April, 2006.
- i) The Executive Director shall be entitled to be reimbursed in respect of all expenses incurred by him (including travelling, entertainment etc.,) for and on behalf of the company.
- j) Commission on Profits : At 2% of the net profits of the year



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III. Overall Remuneration:

The overall remuneration (i.e. salary, perquisites and commission) in any one financial year shall not exceed 2% of the net profits or any such higher limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with schedule XIII to the said Act, as may for the time being, be in force and any amendments thereto. In case of any doubts/ discrepancy/clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Remuneration Committee of Directors. Further, within the overall remuneration, the individual components may be changed as desired by Mr. N Rajeswara Reddy and accepted by the Remuneration Committee.

IV. Minimum remuneration:

In the event of inadequacy or absence of profits in any financial year, during the currency of the tenure of his office, he shall be paid the above remuneration except commission on profits, as minimum remuneration subject to the ceiling mentioned in Schedule XIII to the Companies Act, 1956 from time to time.

8. Reappointment of Sri D Ram Reddy as Director - Commercial:

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 Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the companies Act, 1956 Sri. D Ram Reddy be and is hereby reappointed as Director - Commercial, of the company for a period of 5 years with effect from 01.04.2005 on the following remuneration which was approved by the remuneration committee.

I Salary Rs. 65, 000/- p.m.

II Perquisites:

- a) House Rent Allowance : 25% of the Salary
- b) Leave Travel Assistance : Reimbursement of actual expenses incurred for self and family not exceeding Rs.30,000/- per annum.
- c) Premium on personal Accident Insurance and Medicalim premium for self and family not exceeding Rs.10,000/- Per annum. For the purpose of this category 'Family' means spouse, dependent children and dependent parents.
- d) Use of Company's Car and reimbursement of driver's salary subject to a maximum of Rs. 4,000/- per month.
- e) Telephone facility at residence
- f) Provident fund : Company's contribution to provident fund/superannuation fund not exceeding 20% of salary.
- g) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- h) The Director Commercial will be eligible for annual increment to his salary not exceeding Rs. 5, 000/- p.m. The first annual increment shall accrue to him on 1st April, 2006.
- i) The Director Commercial shall be entitled to be reimbursed in respect of all expenses incurred by him (including travelling, entertainment etc.,) for and on behalf of the company.
- j) Commission on Profits : At 2% of the net profits of the year

III. Overall Remuneration:

The overall remuneration (i.e. salary, perquisites and commission) in any one financial year shall not exceed 2% of the net profits or any such higher limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with schedule XIII to the

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said Act, as may for the time being, be in force and any amendments thereto. In case of any doubts/ discrepancy/clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Remuneration Committee of Directors. Further, within the overall remuneration, the individual components may be changed as desired by Mr. D Ram Reddy and accepted by the Remuneration Committee.

IV. Minimum remuneration:

In the event of inadequacy or absence of profits in any financial year, during the currency of the tenure of his office, he shall be paid the above remuneration except commission on profits, as minimum remuneration subject to the ceiling mentioned in Schedule XIII to the Companies Act, 1956 from time to time.

9. Appointment of G Hemanth Reddy as Whole Time Director

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 Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the companies Act, 1956 Sri. G Hemanth Reddy be and is hereby appointed as Whole Time Director of the company for a period of 5 years with effect from 01.08.2005 on the following remuneration which was approved by the remuneration committee.

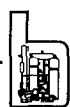
I. Salary Rs. 60, 000/- p.m.

II. Perquisites:

- a) House Rent Allowance : 25% of the Salary
- b) Leave Travel Assistance : Reimbursement of actual expenses incurred for self and family not exceeding Rs.30,000/- per annum.
- c) Premium on Personal Accident Insurance and Medicalim premium for self and family not exceeding Rs.10,000/- Per annum. For the purpose of this category 'Family' means spouse, dependent children and dependent parents.
- d) Use of Company's Car and reimbursement of driver's salary subject to a maximum of Rs. 4000/- per month
- e) Telephone facility at residence
- f) Provident fund : Company's contribution to provident fund/superannuation fund not exceeding 20% of salary.
- g) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- h) The whole time director will be eligible for annual increment to his salary not exceeding Rs. 5, 000/- p.m. The first annual increment shall accrue to him on 1st April, 2006.
- i) The Whole Time Director shall be entitled to be reimbursed in respect of all expenses incurred by him (including travelling, entertainment etc.,) for and on behalf of the company.
- j) Commission on Profits : At 1% of the net profits of the year

III. Overall Remuneration:

The overall remuneration (i.e. salary, perquisites and commission) in any one financial year shall not exceed 1% of the net profits or any such higher limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with schedule XIII to the said Act, as may for the time being, be in force and any amendments thereto. In case of any doubts/ discrepancy/clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Remuneration Committee of Directors. Further, within the overall remuneration, the individual components may be changed as desired by Mr. G Hemanth Reddy and accepted by the Remuneration Committee.



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IV. Minimum remuneration:

In the event of inadequacy or absence of profits in any financial year, during the currency of the tenure of his office, he shall be paid the above remuneration except commission on profits, as minimum remuneration subject to the ceiling mentioned in Schedule XIII to the Companies Act, 1956 from time to time.

By Order of the Board of Directors

Place : Hyderabad
Date : 28.07.2005

(A. Prathap Reddy)
Managing Director

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 of the company. 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 Act, 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 16.9.2005 to 29.9.2005 (both days inclusive). The dividend if approved will be paid to the members whose names appear in the register of members on 29.9. 2005.
5. Pursuant to Section 205A (5) of the Companies Act, 1956 dividends for the financial year ended 31st March, 1995 and thereafter, which remain unclaimed for a period of 7 years from the date of transfer of the same to the unpaid/unclaimed dividend account will have to be transferred to the Investor Education and Protection Fund established by the Central Government. Hence shareholders who have not claimed or encashed their dividend warrants so far for the financial year ended 31.3.99 or any subsequent financial years are requested to make their claims to the company. According to the provisions of the Act, as amended, no claims shall lie against the said Fund or the company for the amounts of dividend so transferred to the said Fund.
6. In order to provide protection against fraudulent encashment of dividend warrants, Members are requested to provide, if not already provided earlier, their bank account numbers and the address of the bank quoting their folio numbers to the company so as to incorporate the same on the dividend warrants.
7. Members holding shares in electronic form may kindly note that their bank details as furnished by the respective depositories to the company will be printed on their dividend warrants as per the applicable regulations of the depositories and the company will not entertain any direct request from the such members for deletion of /change in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their depository participants.
8. 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.
9. The information furnished in this notice may be taken as the information required to be furnished under section 302 of the Companies Act, 1956 for the purpose of reappointment of Sri A Prathap Reddy as Managing Director, Sri N Rajeshwar Reddy as Executive Director and Sri D Ram Reddy as Director - Commercial and for the purpose of appointment of Sri G Hemanth Reddy as Whole Time Director

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10. Re-appointment of directors: At the ensuing annual general meeting, Sri. Vishnu Rao and Sri M R Krishnaiah 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.

EXPLANATORY STATEMENT

(pursuant to section 173(2) of the Companies Act, 1956)

Items 6,7 and 8:

The Board of Directors of the company had reappointed the following working directors (Sl Nos. 1,2 and 3 below) whose details are given hereunder for a period of 5 years effective from 1.4.05 subject to the approval of the members in a general meeting. Sri G Hemanth Reddy (Sl.No.4) who was appointed as an additional director and also as whole time director by the Board is liable to retire at the conclusion of the ensuing AGM and is proposed for reappointment as a whole time director for a period of 5 years. The remuneration committee had considered and approved the remuneration of these working directors which are placed for the approval of the members.

Sl.No	Name	Appointed as	Academic qualification	Experience .
1	A Prathap Reddy	Managing Director	Diploma in Civil Engineering	Over 35 years of experience in various Industries and is one of the promoter Director of the Company
2.	N Rajeswar Reddy	Executive Director	Graduate	Over 29 years of experience in various Industries. and is one of the promoter Director of the Company
3.	D Ram Reddy	Director-Commercial	Graduate	Over 27 years of experience in various Industries. and is one of the promoter Director of the Company
4.	G Hemanth Reddy	Whole time director	M.B.A (Finance)	Over 15 years of experience in various types of Industries/ Businesses. Specialized in project management, commercial, administration and finance.

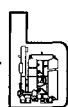
Your Directors commend the passing of the resolutions mentioned at Sl Nos 6 to 9 of the notice.

None of the directors except the ones mentioned in the respective resolution is either interested or concerned in the said resolutions.

By Order of the Board of Directors

Place : Hyderabad
Date : 28.07.2005

(A. Prathap Reddy)
Managing Director



Balaji
AMINES LTD.

DIRECTORS' REPORT

To
The Members

Your Directors take pleasure in presenting the 17th Annual Report of the company together with Audited statements of accounts for the year ended 31.3.2005.

FINANCIAL RESULTS

(RUPEES IN LAKHS)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Financial High Lights	04-05	03-04
Sales	8772.69	7090.61
Other Income	16.40	97.99
Expenditure	7508.63	5696.47
Profit before interest, depreciation and tax	1280.46	1492.13
Depreciation	275.67	222.96
Profit before interest & Tax	1004.79	1269.17
Interest	276.22	237.14
Profit before tax	728.57	1032.03
Provision for Income Tax	164.00	129.10
DeferredTax (timing difference)	0.94	0.94
Deferred tax (originating during the year)	99.21	227.82
Profit after tax	464.42	674.17
Dividend for the year (including corporate dividend tax)	101.26	101.26
Transfer to reserve	47.00	70.00
Balance carried forward to balance sheet	316.16	502.91

1 BUSINESS REVIEW & PERFORMANCE

During the year 2004-2005 your company has achieved an increase in sales by 17.34% over the previous year figures. The increase in production of aliphatic amines and its derivatives has grown by 18% to 21,746 M.T. for the year 2004-2005. The company has been adding additional facilities to increase the capacity and add value to the existing product line by identifying new amines derivative products from time to time.

The income from Natural Products Division has contributed Rs.74.47 lakhs during the year 2004-2005 and will continue to grow during the future years.

2 RESEARCH & DEVELOPMENT AND NEW INDUSTRIES ;

Your Company has performed exceptionally well during the year 2004-05. The new initiatives in the areas of Natural Products and further value addition for Amine derivatives are going to bear fruits in the years to come. .

The R & D centre is working on some of the new products which are going to be manufactured for the first time in India.

3 DIVIDEND :

Your directors recommend a dividend @Rs.3/- per share to be declared for the year ended 31.03.2005. The dividend will be paid after it is approved at the forthcoming Annual General Meeting.

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4 DEPOSITORY SYSTEM :

As the members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

5 CONSOLIDATED ACCOUNTS :

Company owns 99.95% stake in Bhagyanagar Chemicals Limited and as such Bhagyanagar Chemicals Limited is 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.

6 RESPONSIBILITY STATEMENT :

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

- a. 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 therefrom.
- b. The accounting policies selected by the Board for the purpose of preparation and presentation of 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
- c. 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.
- d. The Annual accounts have been prepared on a going concern basis.

7 DIRECTORS :

Sri M.R. Krishnaiah and Sri S. Vishnu Rao, 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 Sri M.R. Krishnaiah and Sri S. Vishnu Rao. Their details are given in the report on Corporate Governance appended to this report.

8 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.

9 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 of the Company.

10 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 required 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.