

*Balaji*

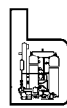
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18<sup>th</sup>  
ANNUAL REPORT  
2005 - 2006



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AMINES LTD.



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

(As on 28-04-2006))

#### Chairman

**SRI. M. R. KRISHNAIAH**

#### Managing Director

**SRI. A. PRATHAP REDDY**

#### Whole Time Directors

**SRI. N. RAJESHWAR REDDY**

**SRI. D. RAM REDDY**

**SRI. G. HEMANTH REDDY**

#### Directors

**SRI. T. NAVEENA CHANDRA**

**SRI. S. VISHNU RAO**

**SRI. S. V. PATTABHIRAMAN**

(From 25-01-2006)

#### Company Secretary

**SRI. UMAKANTA BARIK**

#### AUDIT COMMITTEE

**SRI. T. NAVEENA CHANDRA**, Chairman

**SRI. M. R. KRISHNAIAH**, Member

**SRI. S. VISHNU RAO**, Member

#### AUDITORS

**M/s. V. SRIDHAR & CO.**

**CHARTERED ACCOUNTANTS  
HYDERABAD.**

#### SHARE HOLDERS'/INVESTORS' REDRESSAL COMMITTEE

**SRI. T. NAVEENA CHANDRA**, Chairman

**SRI. S. VISHNU RAO**, Member

**SRI. A. PRATHAP REDDY**, Member

#### REMUNERATION COMMITTEE

**SRI. M. R. KRISHNAIAH**, Chairman

**SRI. T. NAVEENA CHANDRA**, Member

**SRI. S. VISHNU RAO**, Member

#### RESEARCH & DEVELOPMENT COMMITTEE

**SRI. A. PRATHAP REDDY**, Chairman

**SRI. N. RAJESHWAR REDDY**, Member

**SRI. G. HEMANTH REDDY**, Member

#### REGISTERED OFFICE :

**'BALAJI BHAVAN'**

**165-A, RAILWAY LINES**

**SOLAPUR - 413 001.**

#### ADMINISTRATIVE OFFICE

**IIIIRD FLOOR, KPR HOUSE**

**SARDAR PATEL ROAD**

**SECUNDERABAD - 500 003.**

#### BANKERS

**STATE BANK OF HYDERABAD**

**STATE BANK OF INDIA**

#### SHARE TRANSFER AGENTS

**SATHGURU MANAGEMENT**

**CONSULTANTS PVT. LTD.**

**PLOT NO 15, HINDI NAGAR**

**PUNJAGUTTA, HYDERABAD-500 034**

#### FACTORY

**UNIT - I**

**TAMMALWADI (VILLAGE)**

**TULJAPUR (TQ)**

**OSMANABAD DIST.**

**MAHARASTRA - 413 623.**

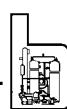
**UNIT - II**

**PLOT NO. 4 & 5**

**BESIDE APSEB SUB STATION-II**

**IDA, BOLLARAM - 502325**

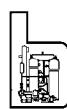
**JINNARAM MANDAL MEDAK DIST. (A.P)**



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## NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of BALAJI AMINES LIMITED will be held on Thursday, 8th June 2006 at 11.30 a.m. at the Registered Office of the company at 165/A, "Balaji Bhavan", Railway Lines, Solapur-413 001 to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the financial year ended on that date together with the reports of the Directors' and Auditors'.
2. To declare dividend on equity shares.
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 a director in place of Sri. G. Hemanth Reddy who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"Resolved that pursuant to the provision of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s V. Sridhar & Co, Chartered Accountants, Hyderabad, be and is hereby re-appointed as statutory auditors of the company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the company, on a remuneration to be fixed by the Board of Directors of the company".

### SPECIAL BUSINESS

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

"RESOLVED that Sri. S. V. Pattabhi Raman, who was appointed as an Additional Director by the Board and who ceased to hold office as per Section 260 of the Companies Act, 1956 by the end of this Annual General Meeting in respect of whom the company has received notice in writing along with a deposit of Rs.500/- from Member proposing him as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company liable to retire by rotation".

### NOTES:

- a) The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item no 6 as set out in the Notice is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c) The Register of Members and Share Transfer Books of the company will remain closed from 1st June, 2006 to 8th June, 2006 (both days inclusive). The dividend if approved will be paid to the Members whose names appear in the register of members on 8th June, 2006.  

In terms of the directives of Securities and Exchange Board of India, shares issued by companies should rank pari passu in all respect, including dividend entitlement.
- d) (i) Members holding shares in physical forms are requested to immediately notify change in their address, if any to the Registrar and Transfer Agents of the company namely M/s Sathguru Management Consultants Private Limited, Plot No 15, Hindi Nagar, Punjagutta, Hyderabad., quoting their folio Numbers.

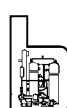


- (ii) In order to avoid fraudulent encashment of dividend warrants, Members holding shares in physical forms are requested to send to the Registrar and Transfer Agent of the company, at the address given else where on or before 1st June, 2006, a bank Mandate (providing details of name and address of banker, branch, PIN code and particulars of bank accounts) or changes thereon, if not provided earlier under the signature of the sole / First holders along with the folio numbers. This information will be printed on the dividend warrants. You may avail of the Electronic Clearing Service (ECS) mandate facilities provided by the company.
- e) Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank account details. ECS mandates, nominations, power of attorney, change of address/ name etc., to their depository participant only and not to the company or its Registrar and Transfer Agent. The said nominations will be automatically reflected in the Company's records.
- f) Member's who have not yet encashed their dividend warrants for the financial year ended 31st March, 2000 and subsequent years are requested to submit their claims to the Registrar and Transfer Agent of the company without any further delay.
- g) 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. 2B in duplicate to the company.
- h) Pursuant to the requirements on the Corporate Governance under the listing agreement entered into with stock exchanges, the information about the Directors proposed to be appointed / re- appointed is given in the annexure to the notice.
- i) Members desirous of getting any information about the accounts and / or operations of the company are requested to write to the company at least seven days before the date of the meeting to enable the company to keep the information ready at the meeting.
- j) All the documents referred to in the Notice and explanatory statement will be available to the members at the Registered office of the company between 10.30 A.M to 12.30 P.M on all working days from the date hereof upto the date of the Meeting.

By order of the Board  
For Balaji Amines Limited

Place : Secunderabad  
Date : 28th April, 2006

Umakanta Barik  
Company Secretary



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## EXPLANATORY STATEMENT

Explanatory Statement under section 173 (2) of the Companies Act, 1956

### Item No. 06.

Sri. S. V. Pattabhi Raman, who has been appointed as an Additional Director under section 260 of the Companies Act, 1956 effective from 25th January, 2006 holds office upto the conclusion of the 18th Annual General Meeting of the Company as per the provisions under Article 118 of the Articles of Association and is eligible for re-appointment. In terms of section 257 of the Companies Act, 1956 the company has received notice in writing along with a deposit of Rs 500/- from its member signifying their intention to propose the candidature of Sri. S. V. Pattabhi Raman for the office of the director.

Sri. S. V. Pattabhi Raman has wide and varied experience in banking and finance sector. The Board is of the opinion that the association of Sri. S. V. Pattabhi Raman as a Director would be of immense help to the Company's operation, expansion and diversification programs.

Your Directors recommend the appointment of Sri. S. V. Pattabhi Raman.

Except Sri. S. V. Pattabhi Raman, no director is in any way concerned or interested in the Resolution at Item No. 06 of the notice

By order of the Board  
For Balaji Amines Limited

Place : Secunderabad  
Date : 28th April, 2006

Umakanta Barik  
Company Secretary

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE- APPOINTED

a) **Sri. T. Naveena Chandra**

Sri T. Naveena Chandra, aged 46 years was first appointed on the Board on 24th June, 1996. He holds a Bachelor's degree in Commerce and is a Fellow Member of the Institute of Chartered Accountants of India. He has twenty years of professional experience. He was appointed by the Board as a non-executive independent director and he is also the Chairman of the Audit Committee.

Sri T. Naveena Chandra is Managing Director of M/s. Saaketa Consultants Limited and Director of Bhagyanagar Woodplast limited.

b) **Sri. G. Hemanth Reddy**

Sri G. Hemanth Reddy aged 39 years, M.B.A. (Finance) and having over 16 years of experience in various types of Industries. He is on the Board as a whole time Director since 1st August, 2005, with overall responsibility of operations in Hyderabad unit and incharge of finance.

Sri G. Hemanth Reddy is also on the Board of Bhagyanagar Chemicals Limited.

c) **Sri. S. V. Pattabhi Raman**

Sri. S. V. Pattabhi Raman was appointed as an Additional Director on the Board on 25th January, 2006. He holds a Bachelor's degree in commerce and is Certified Accountants of Indian Institute of Bankers and having more than 30 years experience in Banking sector.

By order of the Board  
For Balaji Amines Limited

Place : Secunderabad  
Date : 28th April, 2006

Umakanta Barik  
Company Secretary



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eighteenth Annual Report of the company with Audited Statement of Accounts for the year ended 31st March, 2006.

### 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	12861.40	8772.69
2.	Other Income	72.72	16.40
3.	Expenditure	10946.29	7508.63
4.	Profit before interest, depreciation and tax	1987.83	1280.46
5.	Depreciation	319.84	275.67
6.	Profit before interest & tax	1667.99	1004.79
7.	Interest	441.86	276.22
8.	Prior period Item	18.20	—
9.	Profit before tax	1207.93	728.57
10.	Provision for Income tax	229.30	164.00
11.	Deferred tax (timing difference)	0.94	0.94
12.	Deferred tax (originating during the year)	70.72	99.21
13.	Profit after tax	906.97	464.42
14.	Dividend for the year (including corporate dividend tax)	171.04	101.26
15.	Transfer to reserve	100.00	47.00
16.	Balance carried forward to Balance Sheet	635.92	316.16
17.	Reserves(Excluding revaluation reserves)	2917.36	2181.44
18.	EPS (Rs)	30.23	15.48
19.	Book value	139.31	112.42

### BUSINESS REVIEW & PERFORMANCE

Your company has performed exceptionally well during the year 2005-06 and has recorded a growth of 46.61 % in gross turnover over previous year resulting in PAT of Rs.906.97 lacs an increase of 95.29 % over the previous year.

Income from natural product division has contributed Rs 528.32 lacs to the net turnover of the company and posted a profit of Rs 136.60 lacs during the year 2005-06.

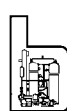
### RESEARCH & DEVELOPMENT

As a progressive thinking company, your company has continued the in-house Research and Development initiatives both in Unit-I at Solapur and Unit-II at Hyderabad.

These R & D centres are doing remarkable work in identifying new products, conducting research for new derivatives of amines, natural products, optimizing the input parameters for achieving better value additions, increasing the capacity utilization of the plant, by improving the process, fine tuning the process etc.,

R& D committees are working on new product range and establishing break through in the process technology. The Research and Development centres have been headed by well qualified, experienced professionals of varied knowledge pools.

The company has successfully setup R & D plant for manufacture of Morpholine. The company has made improvements the process for manufacture of Solansol, which has resulted in reducing the cost of production.



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The company has taken a bold initiative of investing in R & D towards capital expenditure of Rs 590 lacs and revenue expenditures of Rs. 112 lacs. A major amount of this being towards Morpholine product. The company has after initial efforts took this initiative to set up a R & D plant with the process and technology developed by in house R & D team. If successful in achieving the acceptable quantity in the global market this will result in major booster for growth.

#### **DIVIDEND**

Your Directors have recommended a regular dividend of Rs. 3 per Equity share and also special dividend of Rs. 2 per share on completion of 10 years of IPO. (Last year Rs 3.00 per equity shares) on 3000100 equity shares of Rs 10 each for the financial year ended 31st March, 2006, which if approved at the ensuing Annual General Meeting will be paid to (i) all those members whose names appear in the Register of Members and (ii) all those whose names appear on that date as beneficial owners as furnished by National Securities Depository Limited and Central Depository Services (India) Limited as on the record date.

The dividend pay out for the year under review has been formulated in accordance with the Company's policy of striving to pay stable dividend linked to performance, keeping in view the company's need for capital, for its growth plans and the intention to finance such plans through internal accruals to the maximum. Your Directors believe that this would increase shareholders value and eventually lead to a higher return and wealth creation to all the stakeholders.

#### **EXPANSION / DIVERSIFICATION**

The Company has successfully completed the following projects during the financial year:

01. R & D Plant for manufacture of Morpholine.
02. Modification of NMP for better quality product
03. Modification to increase the capacity of Solanesol plant to 3000 Kgs per month.
04. Addition of equipment to increase the DMAHCL production capacity to 1000 MT per month.

The management will continue to make efforts in identifying new products, processes for expansion and diversification as well as R & D initiatives to chalk out a growth oriented future for its stakeholders.

#### **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review as stipulated under clause 49 of the Listing Agreement with stock exchanges in India is presented in a separate section forming the part of the Annual Report.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard 21 on Consolidation of Financial Statements read with Accounting Standard 23 on accounting for investments in associate concern, your directors provide the consolidated financial statements in the Annual Report.

#### **DIRECTORS**

Sri S. V. Pattabhi Raman who was appointed as an Additional Director in accordance with Section 260 of the Companies Act, 1956, in terms of Article 118 of the Articles of Association of the Company is proposed to be appointed as a director of the company liable for retirement by rotation.

In terms of Article 134 of the Articles of Association of the company Sri T. Naveena Chandra. and Sri. G. Hemanth Reddy retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Brief resume of the Directors proposed to be appointed / re appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/ chairmanship of the Board committee as stipulated by Clause 49 of the listing agreement with the stock exchanges are provided in the Report in Corporate Governance forming part of the Annual Report.

#### **RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed that,

- (i) in the preparation of the annual accounts, applicable accounting standards have been followed.



- (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 a true and fair view of the state of affairs of the Company as at 31st March, 2006 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) the Directors have prepared the annual accounts of the company on a going concern basis.

#### AUDITORS

M/s. V. Sridhar & Co, Chartered Accountants, Statutory Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re appointment.

The company has received letters from the Auditors to the effect that their re appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re appointment within the meaning of section 226 of the said Act.

The notes on accounts referred to in the auditors' Report are self - explanatory and therefore do not call for any further comments

#### EMPLOYEES

In terms of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors report. However as per the provisions of section 219 (1) (b) (iv) of the said Act the Annual Report excluding the aforesaid information is being sent to all the members of the company and others entitled thereto.

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.

#### 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

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors and senior management team adhere to the requirements set out by the Securities and Exchange Board of India (SEBI) Corporate Governance practices and have implemented the stipulations prescribed. Your Company has also decided to implement several best practices, though not mandatory at present, as part of the Corporate Governance.

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forming part of this Annual Report.

Certificate from the Auditors of the Company, M/s. V. Sridhar & Co, Chartered Accountants, confirming compliance of the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is annexed to this Report.

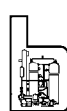
#### ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from Banks, Government authorities, Customers, Vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the executives, staff and workers of the company.

For and on behalf of the Board of Directors

Place : Secunderabad  
Date : 28th April, 2006

M.R.KRISHNAIAH  
Chairman



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## ANNEXURE TO THE DIRECTOR'S REPORT:

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

#### A. CONSERVATION OF ENERGY

##### (a) Energy Conservation Measures taken

Improvement in energy efficiency is a continuous process at BAL and conservation of energy is given a very high priority in all our plants and offices. Energy audits and benchmarking are done regularly to identify areas of improvement and steps are taken to implement the measures required for such improvement.

##### (b) Additional Investments and Proposals for Reduction of Consumption of Energy

The company will be implementing various measures to automate the process, recovery of energy which will result in reduction of energy consumption.

##### (c) Impact of the above measures

The above measures have resulted in savings on account of consumption of power and fuel.

##### (d) Total Energy Consumption and Energy Consumption per unit of production as per Form 'A' attached hereto

#### B. TECHNOLOGY ABSORPTION (ENCLOSED IN FORM.B)

Efforts made in technology absorption - as per Form B attached hereto

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The sustained efforts of the company in exploring export markets have resulted in the growth of Exports. The particulars are as under:

<b>Earnings</b>	<b>US Dollars 3824743.59</b>	<b>equivalent to INR 165620910</b>	<b>in Exports</b>
	<b>Euro 564187.93</b>	<b>equivalent to INR 29766959</b>	<b>in Exports</b>
	<b>GBP 119100.00</b>	<b>equivalent to INR 9250496</b>	<b>in exports</b>
		<b>Previous year</b>	
	US Dollars 2248416	equivalent to INR 98387490	in exports
	EURO 497392	equivalent to INR 27319193.21	in exports
<b>Outgo</b>	<b>US Dollars 7114277.76</b>	<b>equivalent to INR 316792640</b>	<b>for import of Raw Materials</b>
	<b>US Dollars 52830</b>	<b>equivalent to INR 2362421</b>	<b>for import of Plant &amp; Machineries</b>
	<b>US Dollars 18147.20</b>	<b>equivalent to INR 799357</b>	<b>for Travelling Expenses</b>
	<b>EURO 1548.50</b>	<b>equivalent to INR 84471</b>	<b>for Travelling Expenses</b>
	<b>US Dollars 19335.14</b>	<b>equivalent to INR 859687</b>	<b>for commission towards sales promotion.</b>
	<b>S.Fr.7220</b>	<b>equivalent to INR 250390</b>	<b>for import of Plant &amp; Machinery</b>
		<b>Previous year</b>	
	US Dollars 1609520.63	equivalent to INR 72440934	for import of Raw Materials,
	EURO 5114	equivalent to INR 297313	for import of Raw Materials,
	US Dollar 14600	equivalent to INR 683163	for Travelling Expenses.
	Yen 58739	equivalent to 244399	for Travelling Expenses.