

*Balaji*

**AMINES LTD.**

20<sup>th</sup>

Annual Report 2007-2008

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### 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**

### AUDIT COMMITTEE

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

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

**SRI S.VISHNU RAO**, Member

**SRI S.V.PATTABHI RAMAN**, Member

### SHARE HOLDERS'/INVESTORS' REDRESSAL COMMITTEE

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

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

**SRI A.PRATHAP REDDY**, Member

### RESEARCH & DEVELOPMENT COMMITTEE

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

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

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

### REMUNERATION COMMITTEE

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

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

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

### REGISTERED OFFICE :

**BALAJI BHAWAN**

**165/A RAILWAY LINES**

**SOLAPUR**

**MAHARASHTRA-413001**

### ADMINISTRATIVE OFFICE

**III RD FLOOR**

**KPR HOUSE, SARDAR PATEL ROAD**

**SECUNDERABAD-500 003, A.P.**

### AUDITORS

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

**CHARTERED ACCOUNTANTS**

**HYDERABAD.**

### BANKERS

**STATE BANK OF HYDERABAD**

**STATE BANK OF INDIA**

**ING VYSYA BANK**

### SHARE TRANSFER AGENTS

**SATHGURU MANAGEMENT**

**CONSULTANTS PVT. LTD.**

**PLOT.NO.15, HINDI NAGAR**

**PUNJAGUTTA, HYDERABAD-500034**

### FACTORY

#### UNIT-I

**TAMMALWADI (VILLAGE)**

**TULJAPUR (TQ)**

**OSMANABAD DIST**

**MAHARASTRA-413623**

#### UNIT-II

**PLOT NO 4&5**

**BESIDE APSEB SUB STATION-II**

**IDA, BOLLARAM-502325**

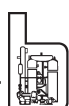
**MEDAK DIST. (A.P)**

#### UNIT-III

**PLOT NO. E- 7 & 8**

**MIDC, CHINCHOLI**

**SOLAPUR - 413 255, MAHARASTRA**



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## NOTICE

NOTICE is hereby given that the 20th Annual General meeting of the members of BALAJI AMINES LIMITED will be held on Wednesday 24th, September 2008 at 11.30 a.m. at the Registered office of the company situated at 165/A, Balaji Bhawan, Railway Lines, Solapur, Maharashtra to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31st March, 2008 and Balance Sheet as at 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. 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 consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution.

"Resolved that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the companies Act, 1956 M/s. V. Sridhar & Co., Chartered Accountants, Hyderabad, be and are 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 Managing Director of the company in consultation with them."



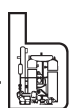
By order of the Board  
For Balaji Amines Limited

Place : Secunderabad  
Date : 24th July, 2008

**G.Hemanth Reddy**  
Director

### NOTES:

- a) 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 LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) The register of members and share transfer books of the company will remain closed from 16th September, 2008 to 24th September, 2008 (both days inclusive). The dividend if approved will be paid to the Members, whose names appear in the register of members as on 24th September, 2008.
- c)
  - (i) Members holding shares in physical form 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-500 034. 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 Agents of the company, at



the address given else where on or before 24th September, 2008, 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.

- d) 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.
- e) Pursuant to the provisions of Section 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend account of the company is required to be transferred to the Investors Education and Protection Fund (IEPF) established by the Government of India and therefore, no payments shall be made by the company or by the IEPF in respect of such amounts.

Member's who have not yet encashed their dividend warrants for the financial year ended 31st March, 2002 and subsequent years are requested to submit their claims to the Registrar and Transfer Agent of the company without any further delay.

- f) 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.
- g) 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.
- h) 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.
- i) All the documents referred to in the Notice and explanatory statement will be available to the members at the Registered and administrative 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.

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 S Vishnu Rao**

Sri.S.Vishnu Rao aged 75 yrs, He is a Non - Executive Independent Director has been a great strength of support for the company. He holds a bachelor's Degree in Science with CIIB. He has wide experience as a banker and senior official in Industrial Development Corporation.

**b) Sri M.R.Krishnaiah**

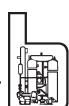
Sri M.R.Krishnaiah aged 76 yrs, Non - Executive Independent Director has been a great Support to the team of Management. He holds a Bachelor's Degree in Science and a Member of Indian Institute of Chemical Engineers . He has wide experience in various fertilizers industries, Chemical Industries and has been Contributing immensely in guiding the Board of Directors as a Chairman

By order of the Board  
For Balaji Amines Limited

Place : Secunderabad  
Date : 24th July 2008

G.Hemanth Reddy  
Director





## DIRECTORS REPORT

To the members of Balaji Amines Ltd,  
Solapur.

The Board of Directors present herewith the Twentieth Annual Report of the Company along with audited financial statements for the Year Ended March 31, 2008.

### PERFORMANCE RESULTS

The company made considerable amount of progress in terms of turnover's and plant utilization during the year.

During the year under review the company has successfully enhanced capacities for methyl amines, ethyl amines, NMP and other derivatives by revamping the production facilities. These efforts resulted in a quantum jump in the gross turnovers of the company taking it from Rs. 197.29 Crores in the previous year to Rs. 240.58 crores in the current year registering an increase of 21.63%, profit has gone up by 28.61% from Rs. 10.31 crores to 13.26 crores. The summary of results is tabulated hereunder.

### FINANCIAL YEAR 2007-08

(RUPEES IN LAKHS)

Sl.No.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1.	Sales	240580	19729.38
2.	Other Income	30.32	54.89
3.	Expenditure	18802.05	15031.54
4.	Profit before interest, depreciation and tax	3072.41	2573.86
5.	Depreciation	440.08	373.11
6.	Profit before interest & tax	2632.33	2200.75
7.	Interest	791.79	617.98
8.	Prior period items	25.40	31.03
9.	Profit before tax	1840.54	1582.77
10.	Provision for Income tax (including FBT)	227.00	365.70
11.	Deferred tax	312.86	216.68
12.	Profit after tax	1326.08	1031.42
13.	Dividend for the year (including corporate dividend tax)	110.92	108.88
14.	Transfer to reserve	100.00	100.00
15.	Balance carried forward to Balance Sheet	1115.15	822.54
16.	Reserves (Excluding revaluation reserves)	5011.85	3796.69
17.	EPS (Rs)	20.46	15.92

### DIVIDEND

The Directors take pleasure in recommending to the members for their approval a dividend of Rs.1.50 per share (15% on paid-up value).

It has been a philosophy of the company to plough back earnings into creation of state of art facilities and also bring about a consistent growth in revenue generating fixed assets and keeping in line with such thinking the company is continuing its investments in plants for manufacture of new products, perfecting the processes with the prime object of creating tangible value for the share holders.

Currently, the company is poised for a substantial growth and the management is confident of achieving greater heights through sustained investment policies through ploughing back profits and debt.

## RESEARCH & DEVELOPMENT, EXPANSION & DIVERSIFICATION

The company has always invested on a regular basis in research and development and these continuous investments in plants, processes and products such as morpholine, NMP and the like has yielded satisfactory results, though after sustained efforts.

The continuous research into the processes has resulted in substantial increase in efficiency and productivity of the following plants by about 30% to 50% during the year.

- a. Methyl Amines
- b. Ethyl Amines
- c. NMP

## 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 part of this Annual Report.

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated Financial Statements of your Company with that of its subsidiary M/s. Bhagyanagar Chemicals Limited are provided in the Annual Report.

## DIRECTORS

In terms of Article 134 of the Articles of Association of the company Sri S. Vishnu Rao, Independent Director, and Sri. M.R. Krishnaiah, Independent Director retire by rotation at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Their particulars in the form of a profile describing 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 exchange are provided in the Report in Corporate Governance forming part of this 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 judgments 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, 2008 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, Hyderabad 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 letter from the Auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified from such re-appointment with in the meaning of Section 226 of the said Act.

## 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(I) (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. Read with companies (particulars of the employees) Rules 1975.

#### **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**

The company is strongly committed to the philosophy of Corporate Governance and strictly follows the requirements set out by the Securities and Exchange Board of India (SEBI) Corporate Governance practices.

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement and Certificate from the Auditors of the Company, confirming compliance of the conditions of Corporate Governance form part of this Annual Report.

#### **CODE OF CONDUCT**

Over the years the company has developed a strong code of conduct which is judiciously and meticulously observed by the Board of Directors as well as the employees. The Code of Conduct has been placed on the website of the company at [www.balajiamines.com](http://www.balajiamines.com)

#### **SOCIAL RESPONSIBILITY**

The Company has initiated various community projects of social importance around Solapur, Tuljapur Taluka and taken-up activities through "Balaji Foundation and Research Centre".

This foundation has taken-up the following activities to improve the living standards, hygienic conditions and educating the needy in the rural areas.

- 01) Health Camps for under privileged
- 02) Education and providing proper sanitation and health.
- 03) Training of rural youth in vocational training for providing sustained employment.
- 04) Providing platform for meritorious students to choose their career and guiding them to take up professional courses, Public service exams etc.

#### **ACKNOWLEDGEMENTS**

Your Directors would like to express their appreciation and acknowledge all for their co-operation and assistance in general and specially 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 : 24th July, 2008

**M.R.KRISHNAIAH**  
Chairman

## 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 is setting up co-generation power plant and reducing the consumption of energy apart from various measures to automate the process and recovery of energy which will result in reduction of energy consumption.

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

The above measures will be resulted in savings on account of consumption of power fuel etc.,

##### (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:

Earnings	US Dollars	3899226.20	equivalent to INR	152875938	in Exports
	Euro	5391012.30	equivalent to INR	305429298	in Exports
	GBP	86880	equivalent to INR	6952320	in Exports
Previous Year					
	US Dollars	6152293.40	equivalent to INR	270214884	in Exports
	Euro	645755	equivalent to INR	36615982	in Exports
	GBP	1233180	equivalent to INR	6033000	in Exports
Outgo	US Dollars	13231840	equivalent to INR	531823110	for import of Raw Materials
	US Dollars	300000	equivalent to INR	12020280	for consultancy
	US Dollars	61355.30	equivalent to INR	2493859	for Traveling Expenses
	EURO	1000	equivalent to INR	56500	for Traveling Expenses
	DIRHAM	2000	equivalent to INR	22600	for Traveling Expenses
	GBP	600	equivalent to INR	48870	for Traveling Expenses
	US Dollars	26579.40	equivalent to INR	1079656	for commission towards sales promotion
	EURO	21596.80	equivalent to INR	1188515	Towards Exhibition charges
	Previous year				
	US Dollars	7821424.67	equivalent to INR	350690782	for import of Raw Materials
	US Dollars	30000	equivalent to INR	1323300	for import of Machinery
	US Dollars	32105	equivalent to INR	1452856	for Traveling Expenses
	EURO	854	equivalent to INR	50215	for Traveling Expenses
	SAR	5200	equivalent to INR	64640	for Traveling Expenses
	DIRHAM	3000	equivalent to INR	39000	for Traveling Expenses