

*Balaji*  
AMINES LTD.

25<sup>th</sup> Annual Report 2012-13



  
BALAJI  
**SAROVAR PREMIERE**  
solapur

A DIVISION OF BALAJI AMINES LIMITED

Solapur's first world class luxury destination!

## *Manufacturing Leadership Awards & Conclave 2011*



Mr. A. Prathap Reddy, the Chairman and Managing Director of BAL have been honored with the Manufacturing Leadership Awards & Conclave 2011 instituted by industry 2.0 magazine, a publication of 9.9 Media which seek to recognize senior manufacturing executive having immense expertise in their respective manufacturing areas and have demonstrated remarkable and outstanding excellence.

The Award is received by Mr. N. Rajeshwar Reddy, the Joint Managing Director of the company on behalf of Mr. A Prathap Reddy , the Chairman & Managing Director of the company.

## *Best Manufacturer – Exporter (Medium)” at ‘Indian Exporter Excellence Awards 2012*



Balaji Amines Limited has been Awarded for the category of “Best Manufacturer – Exporter (Medium)” at the ‘Indian Exporter Excellence Awards 2012 instituted by the Export Credit Guarantee Corporation of India Limited (ECGC)[An Indian Govt. Undertaking], in association with Dun and Bradstreet (D&B), which seeks to recognize leading exporters for their excellence in their respective fields.

The Award is received by Mr. A Prathap Reddy , Chairman & Managing Director of the company from Mr. S. R. Rao, the Secretary Ministry of Commerce & Industry, Government of India.



### Board of Directors

Mr.A. Prathap Reddy	Chairman & Managing Director
Mr. N. Rajeshwar Reddy	Joint Managing Director
Mr. D. Ram Reddy	Joint Managing Director
Mr. G. Hemanth Reddy	Whole-time Director
Mr.A. Srinivas Reddy	Whole Time Director
Mr.T. Naveena Chandra	Independent Director
Mr. S.V. Pattabhiraman	Independent Director
Mr. M.Amarender Reddy	Independent Director
Mr. C.S.N. Murthy	Independent Director
Mr. Kashinath R Dhole	Independent Director

Ms.Arati S. Dudhawale	Company Secretary
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### Audit Committee

Mr.T. Naveena Chandra	Chairman
Mr. M.Amarender Reddy	Member
Mr. S .V. Pattabhi Raman	Member
Mr. C.S.N. Murthy	Member

### Shareholder's / Investor's Redressal Committee

Mr. M.Amarender Reddy	Chairman
Mr.A. Prathap Reddy	Member
Mr.G. Hemanth Reddy	Member

### Research & Development Committee

Mr.A. Prathap Reddy	Chairman
Mr. N Rajeshwar Reddy	Member
Mr.A. Srinivas Reddy	Member

### Remuneration Committee

Mr. S.V. Pattabhi Raman	Chairman
Mr.T. Naveena Chandra	Member
Mr. M.Amarender Reddy	Member

### Registered Office

Balaji Towers, No. 9/1A/1,  
Aasara Chowk, Hotgi Road,  
Solapur, Maharashtra - 413224.

### Administrative Office

3rd Floor, KPR House,  
Sardar Patel Road,  
Secunderabad - 500003, A.P.

### Auditors

M/s.V. Sridhar & Co.,  
Chartered Accountants,  
No. 12-2-823/A/78, Geeta Apartments,  
Santoshnagar Colony, Mehdiapatnam,  
HYDERABAD – 500 028.

### Practicing Company Secretary

M/s. P.S. Rao & Associates,  
Flat No. 10, 4th Floor,  
# 6-3-347/22/2, Ishwarya Nilayam,  
Opp: Sai Baba Temple,  
Dwarakapuri Colony, Panjagutta,  
HYDERABAD- 500 082.

### Cost Accountant

N.V.S. Kapardhi,  
1-9-1113/17/B, Dayanand Nagar,  
Vidhya Nagar,  
HYDERABAD – 500 044.

### Bankers

State Bank of Hyderabad  
State Bank of India  
ING Vysya Bank  
Bank of Baroda

### Share Transfer Agents

Venture Capital and Corporate Investments Pvt. Ltd.,  
(CATEGORY-I REGISTRARS),  
12-10-167, Bharatnagar,  
HYDERABAD - 500018.  
Ph: 040-23818475/476; Fax: 040-23868024;  
email: info@vccilindia.com

### Factories

#### Unit 1

Tammalwadi Village,  
Tuljapur Taluk ,  
Osmanabad District,  
Maharashtra - 413623.

#### Unit 2

Plot No 4 & 5,  
Beside APSEB Sub-Station 2,  
IDA Bollaram,  
Medak District, A.P – 502 325.

#### Unit 3

Plot No E-7 & E-8,  
MIDC, Chincholi,  
Solapur, Maharashtra - 413255.

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## CHAIRMAN'S MESSAGE

### HIGH LIGHTS

Gross Sales up 14.48%, from Rs 485.96 crores to Rs 556.33 crores

Net Sales up 13.85%, from Rs 449.52 crores to Rs 511.80 crores

EBITDA up 1% from Rs 83.50 crores to Rs 83.93 crores

Exports up 24.69% from Rs. 105.48 Crore to Rs. 131.52 Crore

Dear Shareholders,

Warm greetings to you all.

The performance of your company during 2012-13 was exceptional considering challenging scenario of Economy. Your company was able to post consistent performance even under these adverse economic conditions.

During the year, your company has achieved 14.48% growth in gross sales of Rs. 556.33 crs. from Rs.485.96 Cr during 2011-12. Exports during the year were Rs. 131.52 Cr against Rs105.48 Cr last year.

During the year, the Company has received REACH Certificate for the products namely, Triethylamine, Gammabutyrolactone, N-Ethylamine-2-Pyrrolidone along with the already registered N-methyl 2 Pyrrolidone (NMP) which enables the company to increase exports to Europe.

Further, two new plants, one for the first phase of Di-Methyl Amine Hydrochloride (DMA-HCL) with an installed capacity of 7500 MT per annum commissioned in the month of Feb, 2013 and second plant for manufacture of Di Methyl Formamide (DMF) with an installed capacity of 30000 MT / P.A at MIDC Chincholi, Solapur has been commissioned in the month of March, 2013. This capacity expansion is expected to add both to the topline and bottom line in the coming financial years after normal plant stabilization and customer approvals of the products.

During the year, the PVP K 30 manufacturing facility has received COS (Certificate of Suitability) from EU. This enables the company to export PVP K 30 to regulated markets in the Europe Union. The plant which is the only plant in India to manufacture PVP K 30 has also been successfully audited by multiple multinational auditing agencies as well as customers.

Your company is India's only manufacturer of specialty chemicals like NMP, GBL, Morpholine, PVP K 30, NEP, etc. The plants for these products have been developed indigenously by the company's in-house R&D team. The quality of these products is on par with international standards and is commanding 100% import substitute in India.

Some of the above products are being exported to major customers worldwide. Your company has become one of the leaders in Specialty Chemicals among International Specialty Chemical Industry and plans to be among top ten companies in the years to come.

### Some of the expansion/diversification activities taken up during the year are:

- Second phase plant for manufacture of Di-Methyl Amine Hydrochloride (DMA-HCL) with an installed capacity of 7500 MT per annum at MIDC, Chincholi, Solapur, Maharashtra has been taken up and expected go on stream by end of the FY 2014.
- Finishing works are in full swing for 128 Room Hotel Property at Solapur to be operational by September, 2013. The operator SAROVAR GROUP has already recruited their team and they are working on final details for operations of the property.

**Some of the achievements/awards received during the year.**

- **Manufacturing Leadership Awards & Conclave 2011**  
Mr.A.Prathap Reddy, the Chairman and Managing Director of BAL have been honored with the Manufacturing Leadership Awards & Conclave 2011 instituted by industry 2.0 magazine, a publication of 9.9 Media which seek to recognize senior manufacturing executive having immense expertise in their respective manufacturing areas and have demonstrated remarkable and outstanding excellence.
- **Best Manufacturer – Exporter (Medium)” at ‘Indian Exporter Excellence Awards 2012**  
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With all the above additions, I am confident that your company will continue its growth path in the coming years. I take this opportunity to thank all our shareholders, clients, Banks, Government of India, Government of Maharashtra, suppliers, partners and employees for their continued support and look forward to the same in the future.

With best wishes,

**A Prathap Reddy**  
Chairman & Managing Director

## NOTICE

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the members of Balaji Amines Limited will be held on Monday, the 30<sup>th</sup> Day of September 2013 at 11:30 A.M at the registered office of the company at Balaji Towers, No. 9/1A/1, Aasara Chowk, Hotgi Road, Solapur 413224 to transact the following business:-

### ORDINARY BUSINESS

- **Item 1:**

To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended on 31<sup>st</sup> March, 2013 and the Balance Sheet as at that date and also the reports of Auditors' and Board of Directors thereon.

- **Item 2:**

To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2013.

- **Item 3:**

To appoint a Director in place of Sri. D. Ram Reddy who retires by rotation and being eligible offers himself for re-appointment.

- **Item 4:**

To appoint a Director in place of Sri. T. Naveena Chandra who retires by rotation and being eligible offers himself for re-appointment.

- **Item 5:**

To appoint M/s.V. Sridhar & Co., Chartered Accountants, Hyderabad as Statutory Auditors, who shall hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Chairman & Managing Director to fix their remuneration

### SPECIAL BUSINESS

- **Item 6:**

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and, Sri. A. Prathap Reddy be and is hereby reappointed as Chairman & Managing Director of the company for a period of 3 years with effect from 01.04.2013 on the following remuneration as approved by the remuneration committee :

**I Salary Rs. 2, 50,000/- p.m.**

**II Perquisites:**

- a) House Rent Allowance : 25% of the Salary
- b) Leave travel Concession: Reimbursement of Leave travel expenses for self & family once in 4 years.
- c) Premium on Personal Accident Insurance and premium on Mediclaim policy for self and family not exceeding Rs.25,000/- Per annum. For the purpose of this category, 'Family' means spouse, dependent children and dependent parents.
- d) Use of Company Car with Driver.
- e) Mobile Phone Facilities.
- f) Telephone facilities at residence
- g) Provident fund: Company's contribution to provident fund not exceeding 20 % of basic salary.
- h) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

- i) The Chairman & Managing Director will be eligible for an annual increment of Rs. 10,000/- p.m. The first annual increment shall accrue to him on 1<sup>st</sup> April, 2014.
- j) The Chairman & Managing Director shall be entitled to be reimbursed in respect of all expenses incurred by him (including traveling, entertainment, etc.) for and on behalf of the company during the course of business.
- k) Club Fees: Fees of Clubs subject to a maximum of one club.
- l) Commission on Profits: Upto 5% of the net profits of the year as computed according to the Companies Act, 1956.

### 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.A. 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, as minimum remuneration subject to the ceiling mentioned in Schedule XIII to the Companies Act, 1956 from time to time.

#### • Item 7:

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 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Sri. N Rajeshwar Reddy be and is hereby reappointed as Whole Time Director and subsequently re- designated as Joint Managing Director of the company for a period of 3 years with effect from 01.04.2013 on the following remuneration as approved by the remuneration committee.

#### I Salary Rs. 2, 00,000/- p.m.

#### II Perquisites:

- a) House Rent Allowance: 25% of the Salary.
- b) Leave travel Concession: Reimbursement of Leave travel expenses for self & family once in 4 years.
- c) Premium on Personal Accident Insurance and premium on Mediclaim policy for self and family not exceeding Rs.25,000/- Per annum. For the purpose of this category, 'Family' means spouse, dependent children and dependent parents.
- d) Use of Company Car with Driver.
- e) Mobile Phone Facilities.
- f) Telephone facilities at residence
- g) Provident fund: Company's contribution to provident fund not exceeding 20% of salary.
- h) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- i) The Joint Managing Director will be eligible for an annual increment of Rs. 10,000/- p.m. The first annual increment shall accrue to him on 1<sup>st</sup> April, 2014.
- j) The Joint Managing Director shall be entitled to be reimbursed in respect of all expenses incurred by him (including traveling, entertainment etc.,) for and on behalf of the company during the course of business.
- k) Club Fees: Fees of Clubs subject to a maximum of one club.
- l) Commission on Profits: Up to 2% of the net profits of the year computed according to the Companies Act, 1956.



### 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 Sri. N Rajeshwar 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, as minimum remuneration subject to the ceiling mentioned in Schedule XIII to the Companies Act, 1956 from time to time.”

#### • Item 8:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and Sri. D. Ram Reddy be and is hereby reappointed as Whole Time Director and subsequently re-designated as Joint Managing Director of the company for a period of 3 years with effect from 01.04.2013 on the following remuneration as approved by the remuneration committee.

#### I Salary Rs. 2, 00, 000/- p.m.

#### II Perquisites:

- a) House Rent Allowance : 25% of the Salary
- b) Leave travel Concession: Reimbursement of Leave travel expenses for self & Family once in 4 years
- c) Premium on personal Accident Insurance and Mediclaim premium for self and family not exceeding Rs.25,000/- Per annum. For the purpose of this category ‘Family’ means spouse, dependent children and dependent parents.
- d) Use of Company’s Car with Driver.
- e) Mobile Phone Facilities.
- f) Telephone facility at residence
- g) Provident fund: Company’s contribution to provident fund not exceeding 20% of salary.
- h) Gratuity payable at a rate not exceeding half a month’s salary for each completed year of service.
- i) The Joint Managing Director will be eligible for an annual increment of Rs. 10,000/- p.m. The first annual increment shall accrue to him on 1<sup>st</sup> April, 2014.
- j) The Joint 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 during the course of business.
- k) Club Fees: Fees of Clubs subject to a maximum of one club.
- l) Commission on Profits: Up to 2 % of the net profits of the year computed according to the Companies Act, 1956.

### 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 Sri. 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, as minimum remuneration subject to the ceiling mentioned in Schedule XIII to the Companies Act, 1956 from time to time.

#### • Item 9:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and Sri. G. Hemanth Reddy be and is hereby reappointed as a Whole Time Director of the company for a period of 3 years with effect from 01.04.2013 on the following remuneration as approved by the remuneration committee.

#### I Salary Rs. 2, 00, 000/- p.m.

#### II Perquisites:

- a) House Rent Allowance: 25% of the Salary.
- b) Leave travel Concession: Reimbursement of Leave travel expenses for self & Family once in 4 years.
- c) Premium on personal Accident Insurance and Mediclaim premium for self and family not exceeding Rs.25,000/- Per annum. For the purpose of this category ‘Family’ means spouse, dependent children and dependent parents.
- d) Use of Company’s Car with Driver.
- e) Mobile Phone Facilities.
- f) Telephone facility at residence
- g) Provident fund: Company’s contribution to provident fund not exceeding 20% of salary.
- h) Gratuity payable at a rate not exceeding half a month’s salary for each completed year of service.
- i) The whole time director will be eligible for annual increment of Rs. 10, 000/- p.m. The first annual increment shall accrue to him on 1<sup>st</sup> April, 2014.
- j) 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 during the course of business.
- k) Club Fees: Fees of Clubs subject to a maximum of one club.
- l) Commission on Profits: Upto 1% of the net profits of the year computed according to the Companies Act, 1956.

#### 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 Sri. G Hemanth 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, as minimum remuneration subject to the ceiling mentioned in Schedule XIII to the Companies Act, 1956 from time to time.