

Balaji

AMINES LIMITED

26th
Annual Report
2013-14






BALAJI
SAROVAR PREMIERE
 solapur
 A DIVISION OF BALAJI AMINES LIMITED
 Solapur's first world class Luxury destination!

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

Audit Committee

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

Stake Holder's Relationship 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

Nomination and Remuneration Committee

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

Corporate Social Responsibility Committee

Mr. Kashinath R. Dhole	Chairman
Mr. N. Rajeshwar Reddy	Member
Mr. D. Ram 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, Telangana.

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
Vidhyanagar, HYDERABAD - 500 044.

Internal Auditors

Aherkar & Co.
Battin Complex,
35, Ganesh Peth, SOLAPUR-413 005.

Bankers

State Bank of Hyderabad
State Bank of India
HDFC Bank Ltd
Bank of Baroda

Share Transfer Agents

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

Factories

Unit 1

Tamalwadi Village,
Tuljapur Taluka,
Osmanabad - District - 413623.
Maharashtra.

Unit 2

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

Unit 3

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

Hotel Division

Balaji Sarovar Premier

Survey No.9/1A/1, Aasara Chowk,
Hotgi Road, Solapur - 413 224.
Maharashtra.

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CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

HIGH LIGHTS

Gross Sales up 19.96%, from Rs 556.33 Crores to Rs 667.41 Crores

Net Sales up 19.21%, from Rs 511.79 Crores to Rs 610.13 Crores

EBITDA up 11.55% from Rs 83.93 Crores to Rs 93.62 Crores

Exports up 12.86% from Rs. 131.52 Crores to Rs. 148.44 Crores



Dear Shareholders,

Warm greetings to you all.

The performance of your company during 2013-14 was exceptional considering challenging Economic scenario. Your company was able to post consistently higher performance even under these adverse economic conditions.

During the year, your company has achieved 19.96% growth in gross sales and recorded Rs. 667.41 Crores from Rs.556.33 Crores during 2012-13. Exports during the year were Rs. 148.44 Crores as against Rs. 131.52 Crores during the previous year.

The Company has received REACH CERTIFICATE for four of the products namely, Triethylamine, Gammabutyrolactone, N-Ethyl-2-Pyrrolidone (NEP), N-methyl 2 Pyrrolidone (NMP) which enables the company to increase exports to Europe.

Further, all the expansion plans embarked upon by the company have been successfully completed. The results of the same will be seen during the following years.

The company's 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 European Union. This plant is the only plant in India to manufacture PVP K 30 which has been successfully audited by multiple multinational auditing agencies as well as customers and got appreciations for our capabilities in developing world class plants and process know how.

Your company is India's only manufacturer of speciality chemicals like N-Methyl 2 Pyrrolidone (NMP), Gammabutyrolactone (GBL), Morpholine, PVP K 30, N-Ethyl-2-Pyrrolidone (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. The company has patented the process of manufacturing of the N-Methyl-2-Pyrrolidone (NMP).

Majority of the 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 the top companies in the years to come.

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

- During the year, Company's 129 Room Five Star Hotel Property, "Balaji Sarovar Premiere" at Solapur was commissioned in the month of November 2013, which is being managed by Sarovar Group of Hotels started to show good performance with an increase in revenues during 5 months of its operations.

With all the above, I am confident that your company will continue its growth path in the coming years. I take this opportunity to thank all our stakeholders, customers, 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 26th Annual General Meeting of the Members of Balaji Amines Limited will be held on Monday 29th Day of September 2014 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

1. To receive, consider and adopt the Audited Statement of Profit and Loss, Cash Flow Statement for the year ended on 31st March 2014 and the Balance Sheet as at that date and also the reports of Auditors' and Board of Directors thereon.
2. To declare dividend on equity shares for the financial year ended 31st March, 2014.
3. To appoint a Director in place of Sri. N. Rajeshwar Reddy Joint Managing Director, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s. V. Sridhar & Co., Chartered Accountants, Hyderabad as statutory Auditors of the company, who shall hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Chairman & Managing Director to fix their remuneration,

"RESOLVED THAT, pursuant to the provisions of Sections 139 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act, if any and the Rules framed there under, as amended from time to time, M/s. V. Sridhar & Co., Chartered Accountants, Hyderabad (ICAI Firm Registration No 006206S) the retiring Auditors, be and is hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting of the Company and Shri. A. Prathap Reddy, the Chairman & Managing Director is hereby authorized to fix the remuneration based on the recommendation of the Audit Committee and such remuneration may be paid on progressive billing including the service tax, as may be mutually agreed".

SPECIAL BUSINESS

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

Appointment of Mrs. Vimala B. Madon as Independent Director of the Company

"RESOLVED THAT pursuant to the provisions of sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mrs. Vimala B. Madon who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and rules made there under and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act 2013 proposing her candidature for the office of Director of the Company be and is hereby appointed as Independent Director of the Company, whose period of office shall not be liable to retire by rotation, for five consecutive years with effect from 28.07.2014."

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

Appointment of Shri. S.V. Pattabhiraman as an Independent Director of the Company

"RESOLVED THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri. S. V. Pattabhiraman (DIN 00195247), Independent Director and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act 2013 proposing his candidature for the office of Director of the Company be and is hereby appointed as Independent Director of the Company, whose period of office shall not be liable to retire by rotation, to hold office for five consecutive years with effect from 29th September 2014 upto 28th September 2019."

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

Appointment of Shri. T. Naveena Chandra as an Independent Director of the Company.

"RESOLVED THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri. T. Naveena Chandra (DIN 00231636) Independent Director and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act 2013 proposing his candidature for the office of Director of the Company be and is hereby appointed as Independent Director of the Company, whose period of office shall not be liable to retire by rotation, to hold office for five consecutive years with effect from 29th September 2014 upto 28th September 2019".

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

Appointment of Shri. M. Amarender Reddy as an Independent Director of the Company

"RESOLVED THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri. M. Amarender Reddy (DIN 05182741) Independent Director and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act 2013 proposing his candidature for the office of Director of the Company be and is hereby appointed as Independent Director of the Company, whose period of office shall not be liable to retire by rotation, to hold office for five consecutive years with effect from 29th September 2014 upto 28th September 2019".

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

Appointment of Shri. Chavali Satyanarayana Murthy as an Independent Director of the Company

"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri. Chavali Satyanarayana Murthy (DIN 00142138) Independent Director and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act 2013 proposing his candidature for the office of Director of the Company be and is hereby appointed as Independent Director of the Company, whose period of office shall not be liable to retire by rotation, to hold office for five consecutive years with effect from 29th September 2014 upto 28th September 2019".

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

Appointment of Shri. Kashinath Dhole as an Independent Director of the Company

“RESOLVED THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri. Kashinath R. Dhole (DIN 01076675) Independent Director and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act 2013 proposing his candidature for the office of Director of the Company be and is hereby appointed as Independent Director of the Company, whose period of office shall not be liable to retire by rotation, to hold office for five consecutive years with effect from 29th September 2014 upto 28th September 2019”.

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

To modify the terms and conditions of remuneration payable to Shri. A. Prathap Reddy, Chairman & Managing Director.

“RESOLVED THAT in partial modification of the earlier resolution passed by the Shareholders in their 25th Annual General Meeting held on 30th September 2013 and pursuant to the section 197 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) along with the schedule V of the Companies Act 2013, the terms of remuneration payable to Shri. A. Prathap Reddy be and is hereby modified as following, which is approved by the Nomination and Remuneration committee in consultation of Board of Directors.

- 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 1st 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 : Up to 3% of the net profits of the year as computed according to the Companies Act, 2013.

III. Overall remuneration:

The overall remuneration (i.e. salary, perquisites and commission) in any one financial year shall not exceed 3% of the net profits or any such higher limits prescribed from time to time under section 197 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) along with the schedule V of the Companies Act 2013, 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 Nomination and Remuneration Committee of Directors. Further, within the overall remuneration, the individual components may be changed as desired by Shri. A. Prathap Reddy.

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, except Commission, subject to the ceiling mentioned in Schedule V of the Companies Act 2013.

“RESOLVED FURTHER THAT there shall be no change in the other terms and conditions of Appointment of Shri A. Prathap Reddy, as the Chairman & Managing Director of the company except for the modifications in the terms of remuneration payable.

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

To modify the terms and conditions of remuneration payable to Shri. A. Srinivas Reddy, Director (Projects).

“RESOLVED THAT in partial modification of the earlier resolution passed by the Shareholders in their 25th Annual General Meeting held on 30th September, 2013 and pursuant to the section 197 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) along with the schedule V of the Companies Act 2013, the terms of remuneration payable to Shri A. Srinivas Reddy be and is hereby modified as following, which is approved by the Nomination and Remuneration committee in consultation of Board of Directors.

I Salary Rs. 1,00,000/- 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 basic salary.
- h) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- i) The Director (Projects) will be eligible for an annual increment of Rs. 10,000/- p.m. The first annual increment shall accrue to him on 1st April, 2014.
- j) The Director (Projects) 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 as completed according to the Companies Act, 2013.

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 197 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) along with the schedule V of the Companies Act 2013, 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 Nomination and Remuneration Committee. Further, within the overall remuneration, the individual components may be changed as desired by Shri. A. Srinivas Reddy.

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 as minimum remuneration subject to the ceiling mentioned in Schedule V of the Companies Act, 2013 .

“RESOLVED FURTHER, that there shall be no change in the other terms and conditions of Appointment Shri A. Srinivas Reddy, as the Director (Projects) of the company except for the modifications in the terms of remuneration payable.

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

To consider and reconfirm the authority to Board of Directors to borrow In excess of the Paid Up Capital and Free Reserves : powers of the Board .

“RESOLVED THAT in supersession of the resolution passed at the 25th Annual General Meeting of the Shareholders of the Company held on 30th September, 2013, and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys from time to time, any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may in its discretion think fit, notwithstanding, that the money or monies to be borrowed by the Company (apart from the Temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with the money already borrowed, may exceed the aggregate of the Paid-up share Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose(s), provided however that the money or monies to be borrowed by the Company together with the money already borrowed shall not, at any time exceed Rs.1000 Crores (Rupees One thousand Crores only)”.

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

Creation of charge/security over the assets/undertaking of the Company, in respect of borrowings.

“RESOLVED that in supersession of the resolution passed under Section 293(1)(a) of the Companies Act, 1956, at the Annual General Meeting of the Company held on 30th September, 2013 and pursuant to Section 180 (1)(a) and other applicable provisions, if any, of the Companies Act,2013, as amended from time to time, the consent of the Company be and is hereby accorded to the creation by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any committee thereof for the time being exercising the power conferred to as the Board by this Resolution) of such mortgages, charges and hypothecations as may be necessary on such of the assets of the Company, both present and future, in such a manner as the Board/Committee of the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, other bodies corporate (hereinafter referred to as the “Lending Agencies”) and Trustees for the holders of debentures/ bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure