

# Balaji

AMINES LIMITED

31<sup>st</sup>  
ANNUAL  
REPORT  
2018-19





## AWARDS



Mr. A. Prathap Reddy receiving Award on behalf of Balaji Amines for Product Innovator of the Year in the Chemical Sector category at FICCI Chemicals & Petrochemicals Awards 2018



Mr. G. Hemanth Reddy at Fortune India Next 500 Summit, receiving award on behalf of Balaji Amines for being among top 500 wealth creators in the list of Fortune India the Next 500



Mr. G. Hemanth Reddy at IBC corporate Awards 2019 receiving award for Balaji Amines Limited, India's Best Company of the Year 2018



Mr. G. Hemanth Reddy honoured with 'FE CFO of the Year Award 2019 in Medium Enterprises – Manufacturing Industry' organised by the Financial Express

**Board of Directors**

Mr. A. Prathap Reddy	Executive Chairman
Mr. D. Ram Reddy	Managing Director
Mr. N. Rajeshwar Reddy	Joint Managing Director
Mr. G. Hemanth Reddy	Whole-time Director & CFO
Mr. A. Srinivas Reddy	Whole-time Director
Mr. T. Naveena Chandra	Independent Director
Mr. M. Amarender Reddy	Independent Director
Mr. C.S.N. Murthy	Independent Director
Mr. Kashinath R. Dhole	Independent Director
Mrs. Vimala B. Madon	Independent Director
Mrs. Jimisha Parth Dawda	Company Secretary & Compliance Officer

**Audit Committee**

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

**Stakeholders' 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. M. Amarender Reddy	Chairman
Mr. T. Naveena Chandra	Member
Mrs. Vimala B. Madon	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,  
Hotgi Road, Aasara Chowk,  
Solapur-413 224, Maharashtra.

**Administrative Office**

3rd Floor, KPR House  
Sardar Patel Road,  
Secunderabad - 500 003, Telangana.

**FACTORIES**
**Unit 1**

Tamalwadi Village,  
Taluka- Tuljapur,  
Osmanabad District - 413 623,  
Maharashtra.

**Unit 2**

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

**Unit 3**

Plot No. E - 7 & 8, Chincholi MIDC, Taluka Mohol,  
Solapur - 413 255,  
Maharashtra.

**Unit 4**

Plot No. F - 104, Chincholi MIDC, Taluka Mohol,  
Solapur - 413 255,  
Maharashtra.

**Unit 5**

Nandi Kandi, Sadasivpet,  
Sangareddy District,  
Telangana.

**Hotel Division**
**Balaji Sarovar Premiere**

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

**Statutory Auditors**

M/s. Ayyadevara & Co.  
Chartered Accountants,  
No. 1-2-386/A/1, Gagan Mahal Colony,  
Hyderabad - 500 029, Telangana.

**Secretarial Auditors**

M/s. P. S. Rao & Associates  
Company Secretaries,  
Flat No. 10, 4th Floor,  
# 6-3-347/22/2, Ishwarya Nilayam,  
Dwarakapuri Colony, Panjagutta,  
Hyderabad - 500 082, Telangana.

**Cost Accountant**

Mr. N.V.S. Kapardhi  
Practising Cost Accountant,  
SRT - 148, GHMC No: 7-1-621/468,  
Sanjeev Reddy Nagar,  
Hyderabad - 500 038, Telangana.

**Internal Auditors**

M/s. Aherkar & Co.,  
Chartered Accountants,  
Battin Complex, 35, Ganesh Peth,  
Solapur - 413 005, Maharashtra.

**Bankers**

State Bank of India  
HDFC Bank Limited  
Bank of Baroda

**Share Transfer Agents**

Venture Capital and Corporate  
Investments Pvt. Limited  
12-10-167 Bharatnagar  
Hyderabad-500 018, Telangana.  
Ph: 040-23818475/476; Fax: 040-23868024;  
Email: info@vccilindia.com

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## **CHAIRMAN MESSAGE**

Dear Shareholders,

It gives me immense pleasure to share with you all, the performance of your company during the year 2018-19, with well-defined systems and processes in place supported with in House R&D team, the company's performance has been satisfactory. The company has faced pressures on account of Global slowdown in demand and volatile prices in our feed stock and commodity chemicals. The continued support of the customers and R&D focussed investments are the growth drivers for our industry which is poised to grow exponentially in the coming years.

So far Balaji Amines during 30 years of successful operations.

- We raised IPO during the year 1995-96, at that time our Total sales were Rs. 10.23 Crs. and PAT was Rs. 0.73 Crs.
- We have raised Term Loans of Rs. 205.85 Crs. at various stages and paid up all the TL as on 31/03/2019. Now we are a Debt free company.
- We did not raise any additional equity, except warrants issued and converted to shares to promoters on preferential allotment basis at a premium during the year 2006-07.
- We have contributed to Govt. exchequer as under over the years in Direct and Indirect taxes.
  - a) Direct taxes Rs. 263.05 Crs. b) Indirect tax Rs. 1069.57 Crs.
- We have issued 1:1 bonus shares in the year 2006.
- We had started our unit with 74 manpower and now we have Manpower strength of 916 Nos. Directly Employed and indirectly more than 3000
- So far we have paid total dividend of Rs. 68.29 Crs. from the inception.
- We have been paying continuous dividend since 1999 - 2000.
- We have started our production with just 3 products with limited capacities catering only to domestic users then and now we have more than 30 products to offer to our esteemed customers all over the world.
- We have acquired expertise and competencies to set up plants in shortest possible time with Global capacities having futuristic plans.
- Reduced cost of production of all the products with in House R&D and we are on par with any Global /MNC players.

The following are some of the Key growth points, I would like to share with you for the Financial Year 2018-19.

- Standalone Sales grew by around 10.29% during the year from Rs. 861.23 Crs to 949.83 Crs during FY 2018-19. Speciality chemicals has grown by 10.29% from the previous year.
- EBIDTA has grown by 2.61% from Rs. 193.57 Cr to 198.62 Cr.
- Earnings per share grew from Rs. 34.93 to Rs. 36.44
- Book value per share has gone up from Rs. 144.15 to Rs. 177.43 during the current FY recording a 23.11% of growth.
- Dividend payout has gone up by 18.18% during the Current FY.
- Return on capital employed is at 24.18% for the Current FY.
- Return on equity stood at 20.53% for the current FY.

Your company has been the leader in Indian space of Speciality and Fine chemicals.

I would like to reiterate that by launching of New products, setting up of New plants for additional capacities, we continue to strengthen our customer relationships by offering wide range of products in Amines & Speciality Chemicals to drive the growth prospects with healthy margins.

Your company has identified some of the new products seeing the potential growth from import substitutes and working towards developing these products in economical way and establishing large scale capacities to cater to the growing markets of Pharma, Agrochemicals, Refineries, Paints, Water treatment chemicals etc.

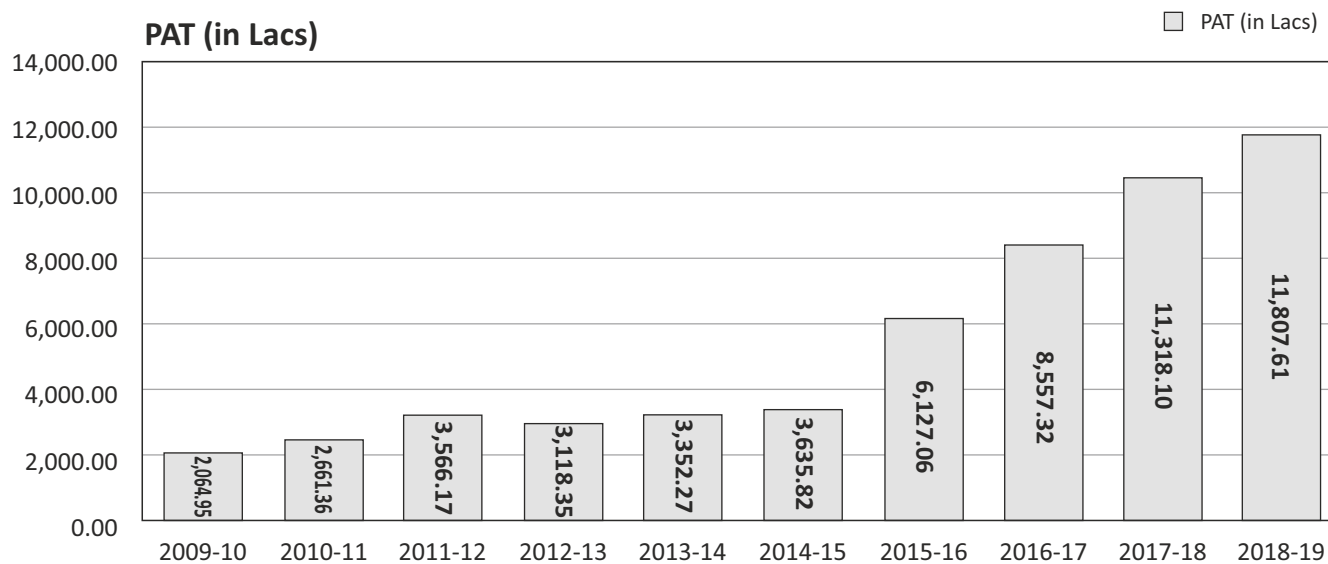
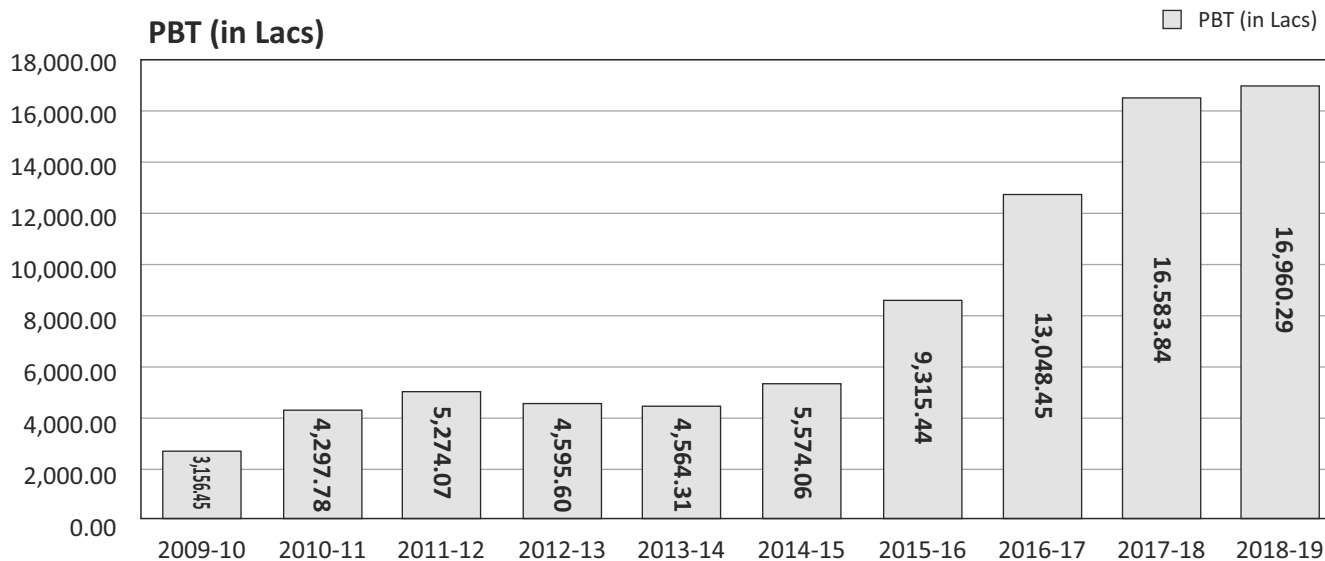
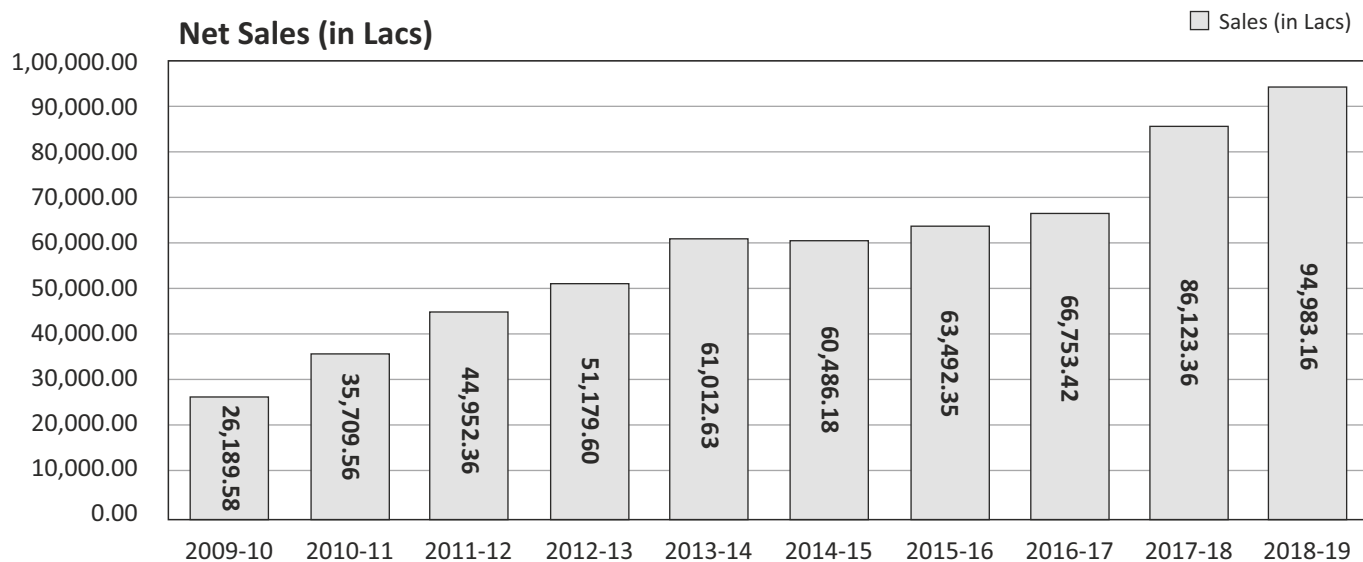
Your company has been honoured with numerous awards during the year, which is a testimony for our capabilities and competencies developed over the years both in technology and process improvements and contribution to the society.

I take this opportunity to acknowledge all our esteemed customers, suppliers, Banks, Colleagues, Staff members and all the stakeholders in the company and government authorities for their continued support, guidance and hard work and look forward to receive the same ever after.

Regards

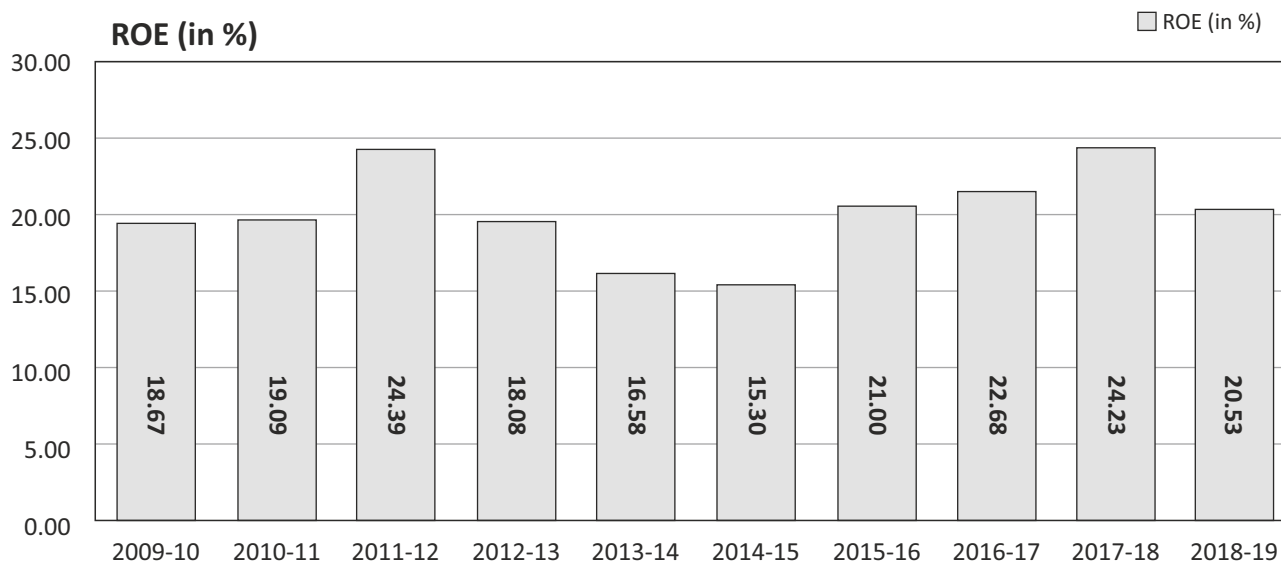
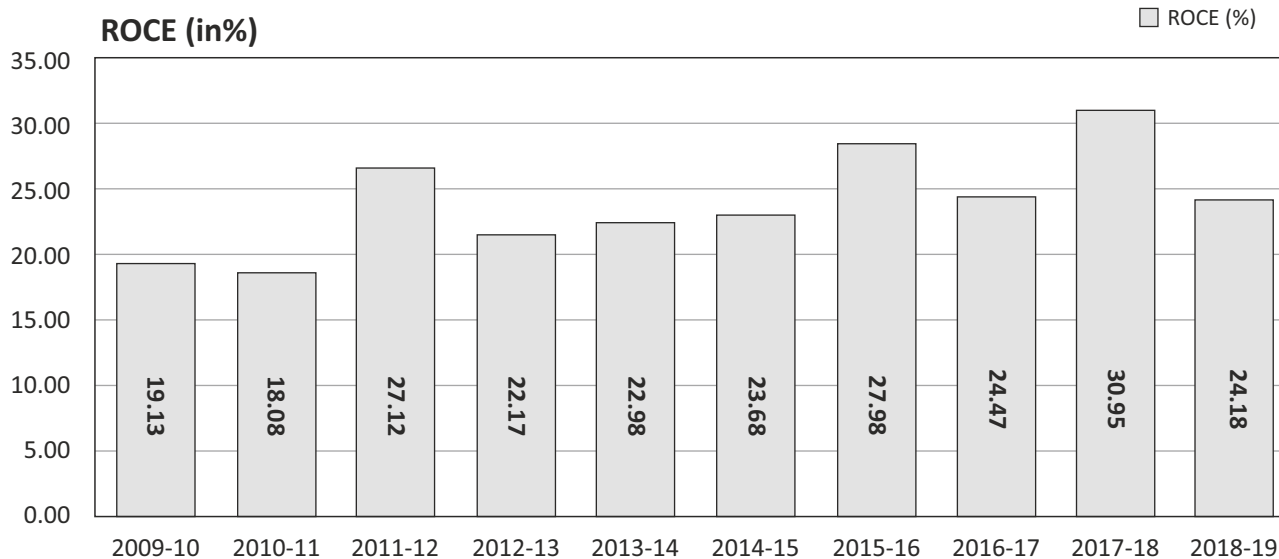
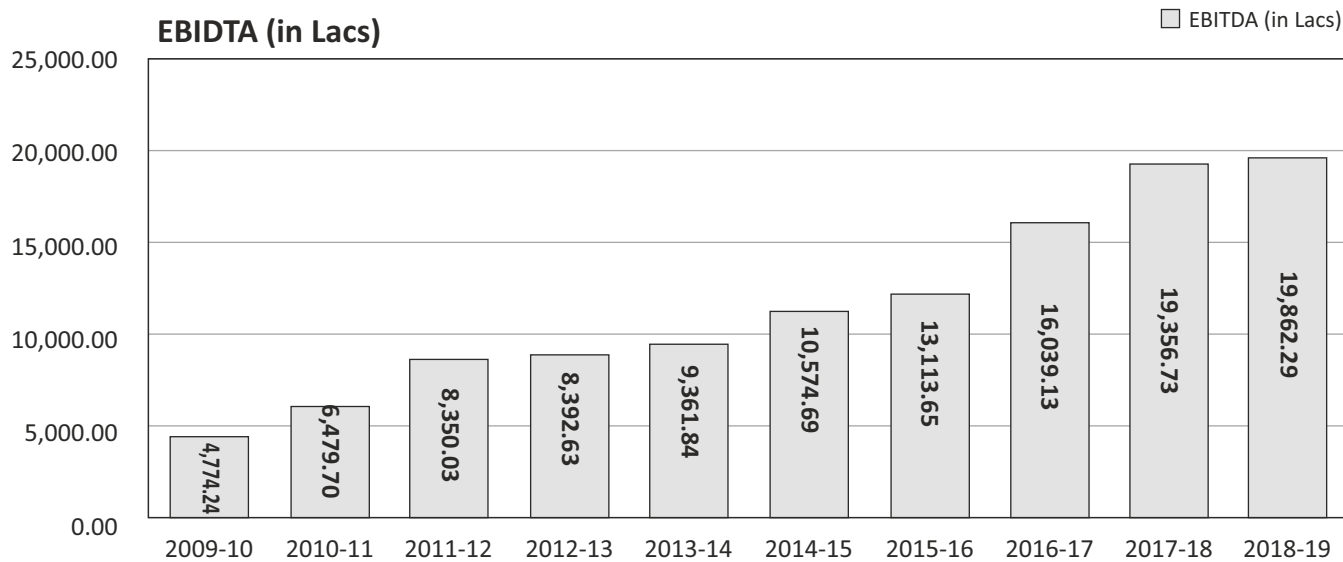
**A. Prathap Reddy**  
**Executive Chairman**

## PERFORMANCE ANALYSIS





## PERFORMANCE ANALYSIS



## NOTICE

The 31ST ANNUAL GENERAL MEETING of BALAJI AMINES LIMITED will be held on Friday, the 26th day of July, 2019 at 12:00 noon at Hotel Balaji Sarovar Premiere, Survey No. 9/1A/1, Aasara Chowk, Hotgi Road, Solapur - 413 224, Maharashtra to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement, including Audited Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. A. Srinivas Reddy (DIN: 03169721), who retires by rotation and, being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 4. Ratification of Remuneration to Cost Auditors

To consider and, if thought fit, to pass the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force] and pursuant to the recommendation of the Audit Committee, the remuneration payable to Mr. N.V.S. Kapardhi, Cost Accountants having Firm Registration Number 100231, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2020, amounting to Rs. 60,000 (Rupees Sixty Thousand only) (plus GST and reimbursement of out of pocket expenses) be and is hereby ratified.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard."

#### 5. Re-appointment of Mr. T. Naveena Chandra as an Independent Director

To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Mr. T. Naveena Chandra (DIN: 00231636), who was appointed as an Independent Director of the Company at the 26th Annual General Meeting of the Company and who holds office of the Independent Director up to 28th September, 2019 and who is eligible for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of Five consecutive years commencing from 26th July, 2019 to 25th July, 2024 and his term of office is not liable to retire by rotation."

#### 6. Re-appointment of Mr. M. Amarender Reddy as an Independent Director

To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Mr. M. Amarender Reddy (DIN: 05182741), who was appointed as an Independent Director of the Company at the 26th Annual General Meeting of the Company and who holds office of the Independent Director up to 28th September, 2019 and who is eligible for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of Five consecutive years commencing from 26th July, 2019 to 25th July, 2024 and his term of office is not liable to retire by rotation."

#### 7. Re-appointment of Mr. C.S.N. Murthy as an Independent Director

To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Mr. Chavali Satyanarayana Murthy (DIN: 00142138), who was appointed as an Independent Director of the Company at the 26th Annual General Meeting of the Company and who holds office of the



Independent Director up to 28th September, 2019 and who is eligible for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of Five consecutive years commencing from 26th July, 2019 to 25th July, 2024 and his term of office is not liable to retire by rotation."

#### **8. Re-appointment of Mr. Kashinath R. Dhole as an Independent Director**

To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Mr. Kashinath R. Dhole (DIN: 01076675), who was appointed as an Independent Director of the Company at the 26th Annual General Meeting of the Company and who holds office of the Independent Director up to 28th September, 2019 and who is eligible for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of Five consecutive years commencing from 26th July, 2019 to 25th July, 2024 and his term of office is not liable to retire by rotation."

#### **9. Re-appointment of Mrs. Vimala B. Madon as an Independent Director**

To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Mrs. Vimala B. Madon (DIN: 06925101), who was appointed as an Independent Director of the Company at the 26th Annual General Meeting of the Company and who holds office of the Independent Director up to 27th July, 2019 and who is eligible for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of Five consecutive years commencing from 26th July, 2019 to 25th July, 2024 and her term of office is not liable to retire by rotation."

#### **10. Approval of remuneration of Mr. A. Prathap Reddy, Executive Chairman in terms of Regulation 17(6)(e) of SEBI Amended Listing Regulations for the remaining tenure of his appointment**

To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 along with the provisions of Sections 196, 197, 198 and other applicable provision of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, consent of the Members be and is hereby accorded for payment of remuneration to Mr. A. Prathap Reddy (DIN: 00003967), Executive Chairman at such terms and conditions as approved by Members in its Annual General Meeting held on 30th August, 2018 during the remaining tenure of his appointment, as the annual remuneration payable to Mr. A. Prathap Reddy may exceed rupees 5 crores or 2.5 per cent of the net profits of the Company (whichever is higher) and the aggregate annual remuneration to all Executive Directors exceeds 5 per cent of the net profits of the Company in any year.

RESOLVED FURTHER THAT the remuneration payable to Mr. A. Prathap Reddy, Executive Chairman shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such limits as approved by members on 30th August, 2018.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution."

#### **11. Approval of remuneration of Mr. D. Ram Reddy, Managing Director in terms of Regulation 17(6)(e) of SEBI Amended Listing Regulations for the remaining tenure of his appointment**

To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 along with the provisions of Sections 196, 197, 198 and other applicable provision of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, consent of the Members be and is hereby accorded for payment of remuneration to Mr. D. Ram Reddy (DIN: 00003864), Managing Director at such terms and conditions as

approved by Members in its Annual General Meeting held on 30th August, 2018 during the remaining tenure of his appointment, as the annual remuneration payable to Mr. D. Ram Reddy and all other Executive Directors in aggregate exceeds rupees 5 crores or 5 percent of the net profits of the Company.

RESOLVED FURTHER THAT the remuneration payable to Mr. D. Ram Reddy, Managing Director shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such limits as approved by members on 30th August, 2018.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution."

#### **12. Approval of remuneration of Mr. N. Rajeshwar Reddy, Joint Managing Director in terms of Regulation 17(6)(e) of SEBI Amended Listing Regulations for the remaining tenure of his appointment**

To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 along with the provisions of Sections 196, 197, 198 and other applicable provision of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, consent of the Members be and is hereby accorded for payment of remuneration to Mr. N. Rajeshwar Reddy (DIN: 00003854), Joint Managing Director at such terms and conditions as approved by Members in its Annual General Meeting held on 30th July, 2016 during the remaining tenure of his appointment, as the annual remuneration payable to Mr. N. Rajeshwar Reddy and all other Executive Directors in aggregate exceeds rupees 5 crores or 5 percent of the net profits of the Company.

RESOLVED FURTHER THAT the remuneration payable to Mr. N. Rajeshwar Reddy, Joint Managing Director shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such limits as approved by members on 30th July, 2016.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution."

#### **13. Approval of remuneration of Mr. G. Hemanth Reddy, Whole-**

#### **time Director & CFO in terms of Regulation 17(6)(e) of SEBI Amended Listing Regulations for the remaining tenure of his appointment**

To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 along with the provisions of Sections 196, 197, 198 and other applicable provision of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, consent of the Members be and is hereby accorded for payment of remuneration to Mr. G. Hemanth Reddy (DIN: 00003868), Whole-time Director & CFO at such terms and conditions as approved by Members in its Annual General Meeting held on 30th July, 2016 during the remaining tenure of his appointment, as the annual remuneration payable to Mr. G. Hemanth Reddy and all other Executive Directors in aggregate exceeds rupees 5 crores or 5 percent of the net profits of the Company.

RESOLVED FURTHER THAT the remuneration payable to Mr. G. Hemanth Reddy, Whole-time Director & CFO shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such limits as approved by members on 30th July, 2016.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution."

#### **14. Approval of remuneration of Mr. A. Srinivas Reddy, Whole-time Director in terms of Regulation 17(6)(e) of SEBI Amended Listing Regulations for the remaining tenure of his appointment**

To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 along with the provisions of Sections 196, 197, 198 and other applicable provision of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, consent of the Members be and is hereby accorded for payment of remuneration to Mr. A. Srinivas Reddy (DIN: 03169721), Whole-time Director at such terms and conditions as approved by Members in its Annual General Meeting held on 30th July, 2016 during the remaining tenure of his appointment,