



*Balaji*  
**AMINES**

The colour of our growth is Green

24<sup>th</sup> Annual Report 2011-12

Our growth has been

2011-12 was, like many years before it,  
something for us to be truly proud of.



# Good

▲ Gross Sales up **26%**, from Rs 385.05 crores to Rs **485.96** crores

▲ Net Sales up **29.63%**, from Rs 346.77 crores to Rs **449.52** crores

▲ EBITDA up **28.86%**, from Rs 64.80 crores to Rs **83.50** crores

▲ EBIT up **28.44%**, from Rs 56.54 crores to Rs **72.61** crores

▲ PBT up **22.72%**, from Rs 42.98 crores to Rs **52.74** crores

▲ PAT up **34%**, from Rs 26.61 crores to Rs **35.66** crores

▲ EPS up **35.20%**, from Rs 8.21 to Rs **11.01**

▲ Exports up **39.84%**, from Rs 75.43 crores to Rs **105.48** crores

Our growth has been



# Green



Following a 'green' policy based on the three 'R's (Reduce, Re-cycle and Re-use) principle, we have always remained strongly committed to:

- Continuously improving our environmental performance through Reduce, Re-cycle and Re-use.
- Conserving natural resources through optimum utilization with increased effectiveness.
- Promoting environmental awareness amongst our employees, suppliers and customers.

All our facilities are regularly audited and certified by technical teams of our MNC customers.

Using a comprehensive recycle system, the water from our manufacturing process is treated and used for process water and cooling water.





# Why has our growth been so



Started by a small group of dynamic visionaries in 1988, Balaji Amines has come a long way in these 24 years. Catering to the growing demand for niche specialty chemicals, the company has developed a slew of new products and processes through its in-house R&D facilities, and today occupies a prominent position in the manufacture of aliphatic amines (methalamines, ethylamines and their derivatives) and specialty chemicals in the global market.

By making efficient use of its diverse product mix, enhanced value chain and increased plant efficiencies, Balaji Amines has optimized the consumption coefficients of materials, along with adopting stringent cost control measures.

We are India's largest manufacturer of methalamines and their derivatives, with a market share of over 60%. Through judicious and far-sighted backward / forward integration, we internally consume over 70% of our methalamines production.

We are the world's largest producer of Di-Methyl Amine Hydrochloride (DMA-HCl), commanding nearly 90% of the global market share.

We are the only manufacturer in India of N-Methyl- 2- Pyrrolidone (NMP), Morpholine, 2- Pyrrolidone (2-P) Gamma Butyrolactone (GBL), Poly Vinyl Pyrrolidone (PVP K 30) and N-Ethyl-2-Pyrrolidone (NEP), which are widely accepted by customers across the world.



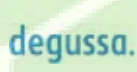
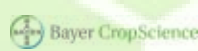
# Good?

The diverse industrial segments serviced by Balaji Amines worldwide include:

- Active Pharmaceutical Ingredients (APIs)
- Agro-chemicals and pesticide formulations
- Refineries
- Water treatment chemicals
- Photographic chemicals
- Dye stuffs and paints
- Rubber chemicals
- Electronics
- Leather processing chemicals

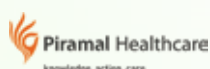
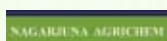


Our clientele is growing





# Globally



Our products are



# Wide-Ranging

## Amines

- Mono-Methylamine (MMA)
- Di-Methylamine (DMA)
- Tri-Methylamine (TMA)
- Mono-Ethylamine (MEA)
- Di-Ethylamine (DEA)
- Tri-Ethylamine (TEA)
- Mono-Methyl Amino Ethanol (MMAE)
- Di-Methyl Amino Ethanol (DMAE)
- Di-Ethyl Amino Ethanol (DEAE)

## Specialty Chemicals

- N-Methyl Pyrrolidone (NMP)
- Morpholine
- 2-Pyrrolidone (2-P)
- N-Ethyl-2-Pyrrolidone
- Gamma-Butyrolactone

## Excipients

- Poly-Vinylpyrrolidone K 30

## Derivatives

- Di-Methyl Acetamide (DMAC)
- Mono-Methyl Amine Hydrochloride (MMA-HCl)
- Di-Methyl Amine Hydrochloride (DMA-HCl)
- Tri-Methyl Amine Hydrochloride (TMA-HCl)
- Di-Ethyl Amine Hydrochloride (DEA-HCl)
- Tri-Ethyl Amine Hydrochloride (TEA-HCl)
- Di-Methyl Urea (DMU)
- Choline Chloride

## Animal Nutrition and Health

- Choline Chloride



We have comprehensive manufacturing





# Infrastructure

Our product range of methylamines / ethylamines, their derivatives and specialty chemicals are manufactured at the following manufacturing facilities:

- **Unit 1:** Tammalwadi, Osmanabad District, Maharashtra.
- **Unit 2:** Bollaram, Medak District, Andhra Pradesh.
- **Unit 3:** MIDC Chincholi, Solapur District, Maharashtra.

The production processes in a majority of our plants are fully automated, through comprehensive Distributed Control Systems (DCS), which facilitate the control of operations from a control room, with minimal manual intervention.

Production is carried out using stringent quality control measures with the highest safety parameters.

Our pharmapure Povidone (PVP K 30) plant is WHO GMP-certified.



Our watchword is



We are an ISO 9001:2008 certified company, widely acclaimed for our quality-consciousness. We also enjoy 'GMP' (for facility and practices) and WHO GMP (for products) certifications for some of our products. We have been granted COS in the European market for our excipient Pharmapure Povidone PVP K 30, and have also successfully undergone a 'European Third-Party Audit'. A

Drug Master File (DMF) for our Pharmapure Povidone PVP K 30 product has been submitted to the US Food and Drugs Administration (FDA), which is currently under process.

Our plants have been developed indigenously and continually revamped over the last two decades to maximize productivity with minimum capital outflow and optimal utilization of raw materials and utilities.



# Quality

Powered by our continuous in-house R&D endeavour, we have developed and launched several new products over the years, on par with the world's best in quality and at comparable costs.

In our Pharmapure Povidone manufacturing unit, the QA section ensures maintenance of WHO GMP and Quality System, initiation / approval / distribution of procedures, approval of validations and qualifications, deviation handling, implementation of 'Corrective and Preventive Action' (CAPA), change control, complaint handling, product release, internal quality audits, vendor qualification, annual product reviews and management reviews.

For maximizing yield and ensuring continuous operation, we have a 2.5 MW co-generation power plant at one of our units to ensure uninterrupted power supply. We have an effective Enterprise Resource Planning (ERP) system that facilitates efficient and coordinated functioning across the organization.

We accord the highest priority to the operational safety of our employees. We regularly hold Safety Committee meetings to analyze every incident and take suitable preventive measures to avoid any inconsistency. All employees are continuously trained in safe practices to be followed at the workplace. And we show great respect for every employee's opinion and advice on safety issues.

## Our Quality Policy

- We will satisfy our customers by supplying products as per their requirements with timely delivery.
- We will maintain continual improvement in all spheres of our activities. We will achieve this by implementing effective methods to improve quality and by inculcating quality culture in our company.

## Our Quality Objective is to...

- Implement appropriate technologies and operating methods to remain competitive in national / international markets.
- Maintain leadership in the market by manufacturing new products.
- Motivate the employees and improve their skills through regular training programs and by adopting encouraging measures.
- Implement appropriate environmental and safety measures.

By regularly reviewing the reports of the Audit Committee, the company's management strives to implement best practices in every procedure. Effective internal control systems are in place, in keeping with the nature and scale of the company's operations. Resources are invested in identifying cutting-edge technologies for improving the manufacturing process and achieving savings on raw materials, energy and human resources.



Our R&D is always in search of





# Excellence

Balaji Amines has dedicated state-of-the-art R&D facilities that constantly strive to:

- Bring out new amines and derivatives as downstream products for use in pharmaceutical, pesticide and other industries.
- Use cutting-edge technology to fine-tune the manufacturing processes and optimize energy, utilities and raw materials consumption.
- Make further improvements in the company's product quality by refining operational parameters.
- Achieve backward and forward integration of products.

We have been awarded a 'Recognized In-House R&D' status by the Ministry of Science and Technology, Government of India.

With our relentless in-house R&D, we have today placed ourselves alongside global majors in specialty chemicals. Our continuous research has yielded results during the year with major reductions in consumption coefficients, coupled with increased productivity vis-a-vis resource utilization.



# Our excellence finds endorsement

BAL is a registered member of Basic Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council [Chemexcil]

  
भारत सरकार  
**GOVERNMENT OF INDIA**  
वाणिज्य एवं उद्योग मंत्रालय  
**MINISTRY OF COMMERCE & INDUSTRY**  
कार्यालय, संयुक्त महानिदेशक, विदेश व्यापार  
**OFFICE OF THE JOINT DIRECTOR GENERAL OF FOREIGN TRADE**  
मान्यता प्रमाण पत्र  
**Certificate of Recognition**  
स्टार निर्यात सदन  
**STAR EXPORT HOUSE**

मैसर्स \_\_\_\_\_

(आई ई सी सं. \_\_\_\_\_ और आयकर पैन सं. \_\_\_\_\_)  
को विदेश व्यापार नीति, 2004-2009 के प्रावधानों के अनुसार स्टार निर्यात सदन  
का स्तर प्रदान किया जाता है। यह प्रमाण पत्र 1 अप्रैल \_\_\_\_\_ से 31 मार्च \_\_\_\_\_  
तक \_\_\_\_\_ वर्षों की अवधि के लिए वैध है।

M/s BALAJI AMINES LTD, BALAJI BHAVAN, 165A  
RAILWAY LINES, SOLAPUR-413001.  
0390804294

(IEC No. \_\_\_\_\_ and Income Tax PAN  
No. \_\_\_\_\_) are hereby accorded the status of Star Export  
House in accordance with the provisions of the Foreign  
Trade Policy, 2004-2009. This Certificate is valid for a period of  
\_\_\_\_\_ years effective from 1st April \_\_\_\_\_ to 31st March  
\_\_\_\_\_.

सं.  
No. B-1405  
तारीख  
Date 02.09.2009  
स्थान  
Place PUNE



  
(S.B.S. REDDY)  
संयुक्त महानिदेशक, विदेश व्यापार  
**JOINT DIRECTOR  
GENERAL OF FOREIGN TRADE**

(फाइल सं. / FILE NO. 31/75/105/00036/AM10 )

BAL has been granted '**STAR Export House**' status by  
the Ministry of Commerce, Government of India.



We are primed to climb





# Higher

As a globally renowned manufacturer of specialty and fine chemicals, Balaji Amines has made a series of sustained and systematic process refinements in its indigenous facilities. The company has been consistently adding capacities to meet the ever-growing demand for its world-class products, from both the domestic and overseas markets.

- During the year under review, we received 'Registration, Evaluation and Authorization of Chemicals' (REACH) certification for N-Methyl Pyrrolidone (NMP). Ours is the only company to register under REACH for manufacture and supply of this product to the regulated markets of Europe. We are also on schedule for registration of few other products from our portfolio under REACH certification.
- After stringent quality checks, our PVP K 30 manufacturing facility has received a 'Certificate of Suitability' (COS) from the EU. We are the first Indian company to register for this product, and this certification will enable us to supply and export it to the regulated markets of Europe. Our facility has also been successfully audited by multiple multinational auditing agencies as well as by customers.

- In March 2012, we commissioned a new plant for manufacture of Methylamines, with a capacity of 30000 MT per annum. This capacity expansion will add significantly to the company's topline and bottom line.
- New plants for manufacture of DMF and DMA derivatives are nearing completion at Chincholi (Maharashtra).



We are also developing a 100-room hotel property at Solapur, which is likely to be operational by March 2013. We have tied up with the Sarovar Group of Hotels for operating / managing the hotel property in the name of 'Balaji Sarovar Premier'. As Solapur is fast growing into an important nodal point on India's industrial map, we expect to get handsome dividends from this project.

Eyeing a promising



# Future

The past couple of years have been particularly tough for the Indian corporate sector. The Government has had to take tough macro-economic policy decisions in the face of the global economic meltdown (coupled with the Euro Zone crisis), which has seen India's growth rate drop to under 7% in 2011-12.

Our company has, through all this external turbulence, kept up its competitive spirit with its excellent product line, best-in-class manufacturing facilities and state-of-the-art R&D infrastructure.

Our competitive strengths are:

- We constantly strive to institute processes for new products and optimize our process parameters.
- We are strongly committed to work on continuous process improvements.
- We enjoy strong recognition and longstanding client relationships.
- We make a large variety of methylamines and their derivatives.
- We are India's first and only manufacturer of specialty chemicals such as Morpholine, PVP K 30, NMP, GBL, 2P and NEP.
- With our forward and backward integration, we have enhanced the value chain for several of our products.

At Balaji Amines, we strive vigorously to uphold the values of integrity, transparency, responsibility and accountability.

We adopt best practices in all our business procedures, and diligently comply with all regulations, including the Code of Corporate Governance in accordance with our listing agreement with the stock exchanges.

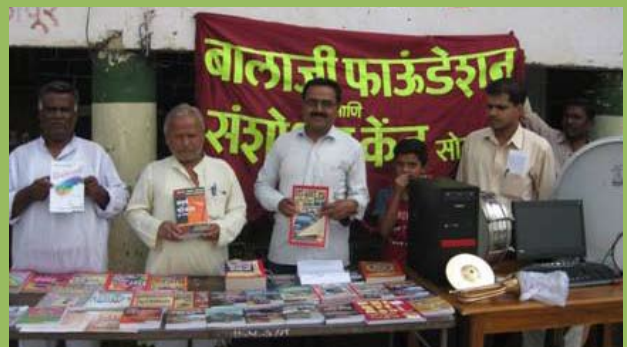


By keeping our business good and green, we have every reason to be confident that our company is on the threshold of a very bright and promising future.



# BAL, beyond

Distributing lab equipment, sports gear, books, musical instruments and computers to various schools in the neighbourhood.



*Providing financial assistance to students*



*Distributing prizes to employees on Foundation Day*





# Business

For us, success in business is not merely making commercial profit. With our Balaji Foundation and Research Centre (BFRC), we have undertaken many community outreach programs in Solapur and Osmanabad districts:

- We have set up a clinic in Tammalwadi, for providing free medical check-up of the poor and needy. A doctor arranged by BFRC visits the clinic daily.
- We regularly organize free health camps (including eye / dental checkups) in remote, inaccessible areas where there are no doctors.
- We provide books, furniture, laboratory equipment and sports gear to students of government schools in and around Tammalwadi.
- We help libraries in rural areas in procuring latest books.
- We hold vocational training programs to equip rural youth to acquire requisite skill sets for obtaining sustainable livelihoods.
- We have also instituted scholarships for bright students at the District and Taluka levels.
- Financial incentives are also provided to employees' children who obtain a 'First Class' or above at the school or college level.



**Factories**

**Unit 1**  
Tammalwadi Village  
Tuljapur Taluk, PIN - 413623  
Osmanabad District, Maharashtra

**Unit 2**  
Plot No 4 & 5  
Beside APSEB Sub-Station 2  
IDA, Bollaram, PIN - 502325  
Medak District, Andhra Pradesh

**Unit 3**  
Plot No E-7 & E-8  
MIDC, Chincholi  
Solapur - 413255, Maharashtra

### Board of Directors

Mr A Prathap Reddy	Chairman & Managing Director
Mr N Rajeshwar Reddy	Whole-time Director
Mr D Ram Reddy	Whole-time Director
Mr G Hemanth Reddy	Whole-time Director
Mr T Naveena Chandra	Independent Director
Mr M Amarender Reddy	Independent Director
Mr SV Pattabhiraman	Independent Director
Mr CSN Murthy	Independent Director
Ms Arati S Dudhawale	Company Secretary

### Audit Committee

Mr T Naveena Chandra	Chairman
Mr M Amarender Reddy	Member
Mr CSN Murthy	Member
Mr SV Pattabhi Raman	Member

### Shareholders' / Investors' Redressal Committee

Mr T Naveena Chandra	Chairman
Mr M Amarender Reddy	Member
Mr A Prathap Reddy	Member

### Research & Development Committee

Mr A Prathap Reddy	Chairman
Mr N Rajeshwar Reddy	Member
Mr G Hemanth Reddy	Member

### Remuneration Committee

Mr M Amarender Reddy	Chairman
Mr T Naveena Chandra	Member
Mr CSN Murthy	Member

### Registered Office

Balaji Bhavan, 165/A, Railway Lines  
Solapur, Maharashtra - 413001

### Administrative Office

3rd Floor, KPR House  
Sardar Patel Road  
Secunderabad - 500003, Andhra Pradesh

### Auditors

M/s V Sridhar & Co.  
Chartered Accountants  
Hyderabad

### Bankers

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

### Share Transfer Agents

Venture Capital and Corporate Investments Pvt Limited  
(Category-I Registrars)  
12-10-167, Bharatnagar, Hyderabad - 500018

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# CMD's Message

Dear Shareholders,

Warm greetings to you all.

The performance of your company during 2011-12 was exceptional. Your company was able to post consistent performance even under challenging economic conditions during the last few years.

During the year, your company has achieved 26% increase in gross sales from Rs. 385.05 Cr during 2010-11 to Rs. 485.95 Cr during 2011-12 and 34% increase in Profit after Tax from Rs. 26.61 Cr in 2010-11 to Rs. 35.66 Cr. in 2011-12. Exports during the year were Rs. 105.48 Cr compared to Rs75.43 Cr last year.

During the year, one of the company's products N-methyl Pyrrolidone (NMP) received "REACH" Certification which enables the company to export to Europe. Further, a new plant for manufacture of Methylamines with a capacity of 100 MT/day was commissioned during March, 2012. This capacity expansion is expected to add both to the topline and bottom line in the coming financial years.

During the year, the PVP K 30 manufacturing facility has received COS (Certificate of suitability from EU). This enables the company to supply and export PVP K 30 to regulated markets. The said plant 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 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:

New plants for manufacture of DMAHCL and DMF are under implementation at MIDC, Chincholi which will be commissioned in this financial year.

Construction is in full swing for development of 100 Room Hotel property at Solapur to be operational by March 2013. A formal agreement with SAROVAR Group of Hotels has been entered for operating / managing the Hotel property in the name of BALAJI SAROVAR PREMIER.

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, 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 24th Annual General Meeting of the members of Balaji Amines Limited will be held on Saturday, 28 July 2012 at 11.30 AM at the registered office of the company at 165/A, Balaji Bhawan, Railway Lines, Solapur to transact the following business:

### ORDINARY BUSINESS

- To receive, consider and adopt the Balance Sheet as at March 31, 2012, the Profit and Loss account and Cash Flow Statement for the year ended on that date and the Report of the Directors' and the Auditors' thereon.
- To declare dividend on equity shares for the financial year ended March 31, 2012.
- To appoint a director in place of Sri G Hemanth Reddy who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a director in place of Sri SV Pattabhiraman, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Auditors to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the remuneration

### SPECIAL BUSINESS

- To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:  
"RESOLVED THAT Sri M Amarender Reddy, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 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 257 read with Section 190 of the said Act, along with a deposit of Rs.500/- proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director liable to retire by rotation."
- To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:  
"RESOLVED THAT Sri Chavali Satyanarayanna Murthy who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office as such upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 257 read with Section 190 of the said Act, along with a deposit of Rs.500/- proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director liable to retire by rotation."

By Order of the Board of Directors  
For **Balaji Amines Limited**

Place : Secunderabad  
Date : 03.05.2012

**A Prathap Reddy**  
Chairman and Managing 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 later than 48 hours before the commencement of the meeting.
- b) The register of members and share transfer books of the company will remain closed from 23.07.2012 to 28.07.2012 (both days inclusive). The dividend if declared will be paid to the Members, whose names appear in the register of members as on 28.07.2012
- 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. Venture Capital and Corporate Investments Private Limited having its Office at 12-10-167, Bharat Nagar, Hyderabad – 500018 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, on or before 23 July, 2012, 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) Shareholders who have not yet encashed their dividend warrant for the year 2004-05 and subsequent years may approach the company for re-validation, issue of duplicate warrants etc. Dividends remained unclaimed for the period over 7 years from the date of declaration will be transferred to Investor Education and Protection Fund as per law.
- 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. 2B 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 of the company between 10.30 AM to 12.30 PM on all working days from the date hereof up to the date of the Meeting.
  - j) Ministry of Corporate Affairs has undertaken a "Green Initiative in Corporate Governance" and allowed companies to send documents such as Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc., to the shareholders in electronic form instead of the paper form. Members are requested to send/ update their email address with their Depository or Registrar and Transfer Agents of the Company.

By Order of the Board of Directors  
For **Balaji Amines Limited**

Place : Secunderabad  
Date : 03.05.2012

**A Prathap Reddy**  
Chairman and Managing Director

## Additional Information

(Pursuant to Clause 49 IV (G) of the Listing Agreement- Information of directors proposed to be appointed / re-appointed)

Name of the Director	G Hemanth Reddy	SV Pattabhiraman	M Amarender Reddy	Chavali Satyanarayanna Murthy
Date of Birth	19.06.1966	16.08.1943	22.10.1951	12.03.1967
Date of appointment on the Board	28.07.2005	25.01.2006	30.01.2012	30.01.2012
Qualification, Experience & Expertise	He is the Whole Time Director of the company. He is a commerce graduate from Osmania University and holds an MBA degree with specialization in marketing and finance. He has been instrumental in setting up and managing medium size companies for over 20 years. He has experience in project management, operations, finance, administration and marketing. He looks after Unit-II of Balaji Amines Limited which is situated at Hyderabad.	He is an Independent Director of the company. He started his Banking career with State Bank of Hyderabad (SBH) in 1961 and had worked in various capacities as regional head, Assistant General Manager in the internal audit department conducting branch audits as well as management audit of zonal offices. To add up, he was the zonal head for State Bank of Travancore and SBH, before becoming General Manager with SBH in implementing new customer friendly schemes. He retired as General Manager in SBH in 2003. After retirement he got associated with Sarath & Associates and Shreyas Management Services Pvt. Limited for screening of loan applications of private Sector banks and financial institutions preventing fraudulent loans. He has also undertaken investigations in insurance and child labour.	He is an Independent Director of the Company. He is a Graduate. He started his career in State Bank of Hyderabad and worked in various capacities as Branch Manager, Chief Manager, Asst. Manager and Dy. General Manager. He also worked with State bank of Mysore as Dy. General Manager.	He is an Independent Director of the Company. He is a Chemical Engineer. He started his career with ICICI Venture, and was a Management consultant, Entrepreneur and Professional Executive in different industries. He worked with Pharma Industry as Chief Operating Officer of a Generic Pharma Co., followed by a stint at Dr. Reddy's in the corporate development department. He has, since 2005, been the CEO of Aurigene Discovery Technologies Ltd.,
Directorship in other public companies (excluding foreign companies and Section 25 Companies)	01. Bhagynagar Chemicals Ltd 02. Balaji Greentech Products Ltd. 03. BCP Enterprises 04. Balaji Enterprises	01. Shreyas Management Services Pvt.Ltd.	NIL	
Shareholding	705020 (2.18%)	NIL	NIL	NIL

By Order of the Board of Directors  
For **Balaji Amines Limited**

Place: Secunderabad  
Date: 03.05.2012

**A Prathap Reddy**  
Chairman and Managing Director





## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 24<sup>th</sup> Annual Report of the company with Audited Financial Statements for the year ended 31 March, 2012.

### 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 (2011-12)	Previous Year (2010-11)
1.	Gross Sales	<b>48595.72</b>	37472.10
2.	Less: Excise Duty	<b>3643.37</b>	2795.13
3.	Net Sales	<b>44952.35</b>	34676.97
4.	Other Income	<b>284.51</b>	174.26
5.	Total Income	<b>45236.86</b>	34851.23
6.	Expenditure	<b>36886.90</b>	28371.52
7.	Profit before interest, depreciation and tax	<b>8350.03</b>	6479.70
8.	Depreciation	<b>1034.50</b>	826.10
9.	Profit before interest & tax	<b>7261.30</b>	5653.60
10.	Interest and Finance Charges	<b>2120.57</b>	1355.83
11.	Prior Period items	<b>79.12</b>	-
12.	Profit before tax	<b>5274.07</b>	4297.78
13.	Provision for taxes (including DTL)	<b>1707.90</b>	1636.42
14.	Profit after tax	<b>3566.17</b>	2661.36
15.	Dividend for the year (including corporate dividend tax)	<b>301.26</b>	226.69
16.	Transfer to reserve	<b>356.62</b>	266.14
17.	Balance carried forward to Balance Sheet	<b>2908.29</b>	2168.53
18.	Reserves(Excluding Revaluation reserves)	<b>13957.84</b>	10706.63
19.	EPS ( Rs) on face value of Rs. 2/- each share	<b>11.01</b>	8.21

### Operating Results and Business

During the year, your company has achieved a Gross turnover of Rs. 485.95 Crore as compared to Rs. 374.72 Crore during the previous year. Your company registered an impressive `year on year` growth of 29.68%. Profit After Tax achieved is Rs. 35.66 Crore in the current year as compared to Rs. 26.61 Crore recording a growth of 34 % during the current year.

Your Company's excellent performance is primarily attributed to the efficient usage of plants, product mix, increase in value chain and increase in plant efficiencies. These measures have optimised the consumption coefficients

of materials compared to previous year. Stringent cost control measures were implemented by all the team members at all plants.

## Exports

The net exports have increased by 39.83% over the previous year figures of Rs. 75.43 Crore to Rs. 105.48 Crore. The Company's products are well placed in the Global Market. During the year, your company has received Certificate of Suitability for PVP K 30 from EU regulatory authorities which go through stringent Quality checks before awarding the same. Your company is the first company to register for this product from India. Your Company is the only Company to register under REACH for manufacture and supply of NMP and we are also on schedule for registration of other selected products from our portfolio under REACH certification and expects to continue being able to Export to European markets after REACH deadlines.

## Dividend

The Directors are pleased to recommend for approval of the members a dividend of Rs 0.80/- per share ( 40% on paid up value of Rs.2/- per share). The total cash outflow on account of dividends payable including dividend distribution tax payable is Rs.301.26 Lakhs.

## Transfer to Reserves

The Company proposes to transfer Rs. 356.62 Lakhs to the General Reserve out of the amount available for appropriations and an amount of Rs. 2909.86 Lakhs is proposed to be retained in the Profit and Loss account.

## Research & Development

Continuous R&D initiatives have yielded results during the year with major reductions in consumption coefficients and productivity has gone up vis-a-vis utilization of resources. Your company has become one of the leaders in Specialty Chemicals in the International Specialty Chemical Industry and plans to be among the leaders in the years to come.

Your Company has been carrying out continuous Research and Development in the following areas.

- Identification of New products and development of latest process technologies
- Continuous improvement of processes and fine tuning process parameters to optimize utilization of energy, utilities and raw materials consumption.
- Backward and forward integration of products to improve value chain

During the year, your company has spent in R& D activities as under:

- R&D Capital Expenditure – Rs. 85.35 Lakhs

## Expansion / Diversification

The following expansion / diversification projects were undertaken during the year:

### Specialty Chemicals Division

- New plant for manufacture of Methylamines with an installed capacity of 30000 MT per annum at MIDC, Chincholi, Solapur, Maharashtra has been commissioned in March 2012 and declared commencement of commercial production.
- New plant construction activities are in advanced stages for manufacture of DMF and DMA derivatives at MIDC Chincholi, Solapur.

### Hotel Division

- Construction is in full swing for development of 100-room Hotel Property at Solapur to be operational by March 2013. A formal agreement with Sarovar Group of hotels has been entered for operating / managing the Hotel Property.



## Fixed Deposits

The company has not accepted any deposits falling within the provisions of Section 58A of the Companies Act, 1956.

## Directors

In terms of Article 134 of the Articles of Association of the company Sri G. Hemanth Reddy and Sri S.V. Pattabhiraman retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Their profile describing the expertise in specific functional area and other directorships held by them as stipulated in clause 49 of the listing agreement is provided in the Additional Information Section forming part of Notice and Corporate Governance Report forming part of the Annual Report.

## Consolidated Financial Statements

The Consolidated Financial Statement of your company with that of its wholly owned subsidiary Bhagyanagar Chemicals Limited is provided in the Annual Report. The annual accounts of the subsidiary and the related detailed information shall be made available to members seeking such information at any point of time. The annual accounts of the Bhagyanagar Chemicals Limited shall also be kept for inspection by any of the members at the administrative and registered office of the company.

## 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 for such re-appointment within the meaning of section 226 of the said Act.

## Particulars of Employees

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 (the Act), read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219 (1)(b)(iv) of the Act, the Annual Report is being sent to all Members of the Company excluding the aforesaid information. Any Member interested in obtaining such particulars may write to the Company Secretary at the Administrative Office of the Company.

## 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 forms part of the Annual Report and is annexed hereto.

## Directors' Responsibility Statement

Pursuant to the provisions of subsection (2AA) of Section 217 of the Companies Act, 1956, your Directors confirm that:

- (i) In the preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March, 2012, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any;
- (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 at the end of the financial year and statement of profit and loss of the company for that period;
- (iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The directors have prepared the annual accounts on a going concern basis.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo as required by section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1988 are given as Annexure A and forms part of this report.

### **Corporate Governance**

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this Annual Report. Certificate from the Auditors of the Company, confirming compliance of the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is annexed to this Report.

### **Industrial Relations**

The relationships with employees, suppliers and customers across the Company are cordial.

### **Corporate Social Responsibility**

The Company has undertaken various community projects through its social arm Balaji Foundation and Research Centre in and around Solapur / Osmanabad district areas for the following activities:

- Conducting regular Health camps in villages where there are no doctors.
- Employing rural youth by providing appropriate vocational training.
- Mentoring rural youth for pursuing their dreams in education, sports and other activities.
- Arranging Doctor visits for villages where there is no doctor.
- Providing teaching aids and laboratory equipment for the needy schools in rural villages.
- Helping the libraries in rural areas in procuring latest books.

### **Acknowledgments**

Your Directors acknowledge the value of tremendous services rendered by the employees of the company at all the levels toward its overall success. Your Directors also express their grateful appreciation for the support and co-operation received from Banks, Government authorities, Customers, Vendors and members.

For and Behalf of the Board of Directors

Place : Secunderabad  
Date : 3 May 2012

**A Prathap Reddy**  
Chairman & Managing Director







## Annexure to the Directors' 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

The Company has an excellent team of professionals who are responsible for energy conservation on continuous basis with the latest trends, developments & technologies available in conserving the energy across all the units

The areas of conservation of energy are:

- Steam generation & optimum recovery by synchronization
- Water conservation and waste water utilization
- Recovery of energy from the process

Energy audits are done periodically and any further scope for improvement are being addressed for each plant at all the units duly implementing the latest techniques, processes and methodologies.

The company has implemented various energy conservative measures which has resulted in reducing the energy costs and improving the efficiency of various plants.

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

- Optimizing the usage of pumping systems.
- Waste water recovery system and reuse.

#### (c) Impact of the Above Measures

- Enhanced usage of resources through re-use.

The overall reduction of energy costs and also efficiency of various plants will be improved.

### B. Technology Absorption (Enclosed in Form B)

Efforts made in technology absorption – Form B attached hereto

### C. Foreign Exchange Earnings and Outgo

Your company has made sustained efforts in exploring, export markets. The particulars are as under:

## 10. Foreign Exchange Earnings and Outgo

Current Year					
Earnings	US Dollars	8724621.80	equivalent to INR	56,87,64,290	in Exports
	Euro	12257586.60	equivalent to INR	57,45,61,856	in Exports
	GBP	684235.26	equivalent to INR	4,28,59,010	in Exports
	JVP	45688472.00	equivalent to INR	2,71,85,828	
Previous Year					
	US Dollars	10224547.52	equivalent to INR	46,33,24,784	in Exports
	Euro	3577165.06	equivalent to INR	21,30,28,715	in Exports
	GBP	352787.88	equivalent to INR	2,54,02,835	in Exports
Current Year					
Outgo	US Dollars	91538.51	equivalent to INR	44,11,974	For commission toward sales promotion
	US Dollars	239.00	equivalent to INR	11,811	For Regn. & Renewal exp.
	US Dollars	23363	equivalent to INR	11,51,334	For traveling expenses
	EURO	662	equivalent to INR	44,125	For traveling expenses
	EURO	37813.99	equivalent to INR	25,68,599	Towards Exhibition charges
	GBP	144.00	equivalent to INR	10,532	Towards Exhibition charges
	US Dollors	92974.00	equivalent to INR	43,95,523	For consultancy Charges
	US Dollars	322600	equivalent to INR	1,66,61,492	For Import of Machinery
	US Dollars	32189384.53	equivalent to INR	158,20,98,811	for import of Raw Materials
	EURO	358602.33	equivalent to INR	2,42,54,965	for import of Raw Materials
Previous Year					
	US Dollars	15253.20	equivalent to INR	6,99,263	For commission toward sales promotion
	EURO	1332.80	equivalent to INR	81,567	For commission toward sales promotion
	US Dollars	239.00	equivalent to INR	10,875	For Regn. & Renewal exp.
	EURO	302025	equivalent to INR	1,86,45,850	For Regn. & Renewal exp.
	US Dollars	6150	equivalent to INR	2,76,105	For traveling expenses
	EURO	1655	equivalent to INR	1,09,079	For traveling expenses
	EURO	25033.67	equivalent to INR	15,43,164	Towards Exhibition charges
	US Dollors	255000.00	equivalent to INR	1,17,32,100	For consultancy Charges
	US Dollars	22866.00	equivalent to INR	10,71,190	For Import of Machinery
	US Dollars	25798463.88	equivalent to INR	118,08,71,870	for import of Raw Materials



## Form A

## Form of Disclosure of Particulars with Respect to Consumption of Energy

A. Power and Fuel Consumption			
Sl.No.	Particulars	Current Year	Previous Year
1.	Electricity		
	a) Purchased Units	4017905	3109874
	Total Amount Rupees	2,46,62,532	1,80,39,527
	Average rate per unit Rupees	6.14	5.80
	b) Own Generation		
	I. Through Diesel Generator		
	Units	744539	669330
	Total amount Rupees	1,27,40,919	1,01,00,730
	Average cost per unit Rupees	17.11	15.09
	II. Through Steam turbine		
	Units	13912100	14818995
	Total amount rupees	3,20,80,331	4,91,41,738
	Average rate per unit	2.31	3.32
2.	Coal		
	I. Coking Coal for Boiler (MT)	93887.535	84744.775
	Total Cost Rupees	43,88,92,414	35,72,53,394
	Average rate per MT	4674.66	4215.64
3.	Furnace Oil	0	0
4.	Other (Agricultural waste)		
	I. Bagasse		
	Quantity (MT)	1000.64	1376.265
	Total Cost Rupees	15,85,398	2,61,9621
	Average rate per MT	1584.38	1903.43
	II. Firewood		
	Quantity (MT)	77.200	4.200
	Total Cost	2,28,775	1,26,00
	Average rate per MT	2963.41	3000.00
	I. Total Production (MT)		
	a) Aliphatic Amines and Derivatives	60294.661	53176.262
	II. Electricity (KWH)	309.72	349.75
	III. Furnace Oil (Liters)		

## Form B

Form of Disclosure of Particulars with Respect to Technology Absorption

### Research and Development

#### 1. Specific Areas in which the Company Carries out R&D

- a) Identification of New products and development of latest process technologies.

#### 2. Benefits Derived

Lowered the production cost by increasing the productivity with improved consumption coefficients.

#### 3. Future Course of Action

Continuous improvement of processes and fine tuning process parameters to optimize utilization of energy utilities and consumption of raw materials.

Greater importance for both Backward & Forward integration of product lines for better realization and value addition.

Continued emphasis on identifying new products / processes through in-house R&D centre.

### Expenditure on R&D

Capital in nature: Rs 85.35 Lakhs

### B. Technology Absorption, Adoption and Innovation

#### Efforts Made

Through the R&D initiatives new products / processes developed, involves usage of latest technology, process and methods.

#### Benefits

Overall performance of the company has been satisfactory and operating at a high scale of operations.





## Management Discussion and Analysis

### Industry Structure, Development and Outlook

The company is a leading manufacturer of specialty chemicals and amines in India and the only manufacturer of specialty chemicals such as N-Methyl-2-Pyrrolidone (NMP), Morpholine, 2-Pyrrolidone (2-P) Gamma Butyrolactone (GBL), Poly Vinyl Pyrrolidone (PVP K 30) & N-Ethyl-2-Pyrrolidone (NEP), which are widely accepted by clients in India and the world over.

The company caters to various Industries which are backbone of Indian economy and has market presence in the following growth oriented areas;

- Active Pharmaceutical Ingredients (APIs)
- Agro-chemicals and pesticide formulations
- Refineries
- Water treatment chemicals
- Rubber chemicals
- Electronics sector
- Leather processing chemicals
- Photographic chemicals
- Dye stuffs and paints industries

The Indian economy is going through major challenges of macro-economic policies. During the year 2011-12 Indian economy is estimated to grow @ 6.9% against all odds of global meltdown. More specifically due to Euro zone crisis. However looking at the prospects of the products the company manufactures, the future looks bright and the company is in consolidation phase for its core strengths in specialty chemicals, Amines and it's derivatives.

### Financial Performance with Respect to Operational Performance

#### Financial Highlights for the Year 2011-12

Rs. in Lakhs

PARTICULARS	CURRENT YEAR 2011-2012	PREVIOUS YEAR (2010-2011)	GROWTH %
Gross Sales	<b>48595.72</b>	37472.10	29.68
Net Sales	<b>44952.35</b>	34676.97	29.63
Earnings before interest, depreciation and tax (EBITDA)	<b>8350.03</b>	6479.70	28.86
Earnings before interest & tax (EBIT)	<b>7261.30</b>	5653.60	28.44
Profit before tax (PBT)	<b>5274.07</b>	4297.78	22.72
Profit after tax	3566.17	2661.36	34.00
EPS ( Rs)	<b>11.01</b>	8.21	35.20

### Income

The company posted a gross turnover of Rs. 485.95 crore as against Rs. 374.72 crore in the previous year. Of the total revenues for the year ended March 31, 2012 approximately 23.32% i.e., 105.48 crores were derived from exports. The Gross revenue grew 29.68% during 2011-12. The growth in revenues is due to an all-round growth in various segments of the business and is mainly due to growth in business volumes

### Operating Profits

The Company earned during the year 2011-12 an operating profit (EBITDA) of Rs. 86.42 crore, representing 19.18% of net sales compared to 18.14% for the previous year 2010-11.

### Depreciation

The company provided Rs. 10.34 crore and Rs. 8.26 crore toward depreciation for the years ended March 31, 2012 and March 31, 2011 respectively, representing 2.09% and 2.37% of total revenues. The depreciation as a percentage of average gross block (excluding land) is 4.12% and 4.03% for the years ending March 31, 2012 and 2011 respectively.

### Net Profit after Tax

The company posted profit after tax of Rs. 35.66 crore for the current year as against Rs. 26.61 crore in the previous year registering a growth of 34%.

### Earnings Per Share (EPS)

Basic EPS increased by 39% during the current year to Rs. 11.01 per share from Rs. 8.21 per share in the previous year on a Rs.2/- paid up equity share.

### Strengths, Opportunities and Threats

Your company's competitive strengths are as follows:

- Selection of processes for new products and optimizing the process parameters.
- Commitment to work on continuous process improvements.
- Strong recognition and long-standing client relationships.
- Large scale manufacture of Methylamines and its derivatives
- India's first and only manufacturer of Specialty Chemicals such as ( Morpholine, PVP K 30, NMP, GBL, 2P, NEP)
- Forward and Backward integration, increase in value chain for majority of the products.

### Opportunities

- The company has received certificate of suitability for PVP K 30 from EU. During the year, the company has commissioned a second plant for manufacture of Methylamines. This is in line with its expansion drive.
- During the year 2012-13, the company is setting up new facilities for manufacture of DMAHCL and DMF in line with demand.

### Internal Control System

The Directors through the regular review of audit committee based on the internal control system could implement best practices. The company implemented the suggestions given by the internal auditor's in improvising upon the existing system. In the opinion of the Board of Directors, an effective and adequate internal control systems, commensurate with the size of the company and nature of its business is in place.

### Cost Controls

The Company has been investing its resources in identifying cutting edge technologies for improving the manufacturing process and in this endeavour, all the actions have been paying rich dividends in terms of saving on energy, human resources, raw materials, etc.

### Industrial Relations

The company had introduced various platforms such as House committees, safety committees etc., whereby the employees exchange their views and suggestions with the various levels of management. The management has experienced that this system resulted in increased and mutually beneficial relationships and employee participation in the day-to-day operations of the company. The company always, maintained harmonious and happy relations with all its' employees.



## Human Resources

The Company recognizes that nurturing and developing best human resources by recruiting available talent is vital to the long term success of the enterprise. Employees are provided with continuous opportunities for active learning and develop their skills, which are viewed as key drivers of their personal growth thereby contributing to the success of the organization. The remuneration structure is linked directly with performance. This performance management system reinforces the organization's work culture. The company acknowledges that, human resources are its biggest assets who have been nurtured with our organization culture and strengthened over the years.

## Safety, Health and Environment

Safety is considered at highest priority and all the efforts are being made to ensure safe working Environment for employees. All probable incidents are analyzed in safety committee meetings and preventive and corrective actions are taken accordingly. All employees are regularly trained in safe practices to be followed at work place at all the times.

## Risks & Concerns and Risk Mitigations

The Company has a robust and well-structured risk management system in place. Driven by its people, the system goes deep down into lower layers of management. The company is responsible for and ensures Effective Risk Management including risk identification and mitigation. A team of professionals are given responsibility of each location to analyze risk and assess the potential concerns and address the same to mitigate the risks.

The Company has a systematic risk identification and mitigation framework in place, there are certain business risks, which are external and intrinsic to the company. Over these risks the company has very little control. Some of these include a general downturn in market demand conditions, escalation in raw material prices / risk of forex fluctuations and changes in regulatory frameworks in India and else where.

## Cautionary Statement

Statements in this management discussion and analysis report describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward-looking statements are identified in this report, by using words 'anticipates', 'believes', 'expects', 'intends', 'prospects' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied.

## Corporate Governance

### A. Company's Philosophy on Corporate Governance

The Company believes that the Corporate Governance is integral to all the functions and divisions of the organization for creating value for all the stakeholders. In this competitive business environment, both the management and employees vigorously uphold the values of integrity, transparency, responsibility and accountability.

The Company believes that corporate governance is about best practices of business to be imbibed in to the culture of the organization and complying with value systems, ethical business practices, laws and regulations to achieve the main objectives of the Company.

The Company's focus is on its core strengths, value systems, hard working and strategic moves to be in the leading edge of new technology. It also strives to be ahead of competition by taking all the risk assessments well in advance to mitigate the same.

The Company has strengthened its corporate governance practices and has set highest standard of Corporate Governance by implementing the code of Corporate Governance in accordance with clause 49 of the listing agreement with the stock exchanges.

### B. Board of Directors

The Board of Directors of the Company consists of Eight (8) Directors. There is a change in the composition of Independent Directors due to Age and Health reasons. During the tenure Mr. M.R. Krishnaiah and Mr. S. Vishnu Rao have tendered their resignation and in their place Mr. M. Amarendra Reddy and Mr. Chavali Satyanarayana Murthy have been inducted as Independent Directors. To ensure changes, transparent and professional conduct of board procedures in all aspects related thereto, fifty percent (50%) i.e. 4 out of 8 directors are Independent directors. The composition of the directors is in accordance with the Clause 49 of the Listing Agreements entered with the Stock Exchanges.

- There are no pecuniary relationships or transactions with Independent Non Executive Directors except for sitting fees paid for attending Board and other Committee Meetings.
- Five (5) Board meetings were held during the Financial Year 2011-12 and the gap between two meetings did not exceed four months. The said board meetings were held on the following dates:

Board Meeting Number	Date of Board Meeting
136	28.04.2011
137	25.7.2011
138	8.10.2011
139	31.10.2011
140	30.01.2012

- None of the Directors on the board is a member in more than 10 committees or Chairman in more than 5 committees, across all the companies in which he is a director.
- The names and categories of Directors on the Board, their attendance at the Board Meeting and at the Annual General Meeting, as also the number of Directorship and Committee Membership held by them in other companies are given below:



Name of the Director	Category	No. of Board Meeting attended	Attended AGM held on 28.7.2011	No. of Other Directorships Held	Memberships/ chairmanships held in Committees of other Companies	
Sri M. R. Krishnaiah (Chairman) # DIN 02361937	Independent Non-Executive Director	5	No	-	-	-
Sri A. Prathap Reddy (Chairman & Managing Director) DIN 00003967	Executive Director	5	Yes	3	-	-
Sri N. Rajeshwar Reddy (Whole Time Director) DIN 00003854	Executive Director	2	Yes	2	-	-
Sri D Ram Reddy (Whole Time Director) DIN 00003854	Executive Director	1	Yes	5	-	-
Sri G. Hemanth Reddy (Whole Time Director) DIN 00003868	Executive Director	5	Yes	2	-	-
Sri T. Naveena Chandra (Director) DIN 00231636	Independent Non-Executive Director	5	No	5	-	-
Sri S. Vishnu Rao (Director)# DIN 02410801	Independent Non-Executive Director	4	No	-	-	-
Sri S. V. Pattabhiraman (Director) DIN 00195247	Independent Non-Executive Director	5	No	1	-	-
Sri. M. Amarender Reddy (Director)* DIN 05182741	Independent Non-Executive Director	--	--	--	--	--
Sri. Chavali Satyanarayna Murthy (Director)* DIN 00142138	Independent Non-Executive Director	--	--	--	--	--

# Resigned w.e.f - 30.01.2012, \* Appointed w.e.f – 30.01.2012



## Board Committees

### 1. Audit Committee

The Audit Committee functions according to the powers, scope and role as defined in the Companies Act, 1956 and the Listing Agreement. The Audit Committee consist of Independent Directors, who provides assistance to the Board of Directors in fulfilling its responsibilities.

During the year under review, four meetings of the committee were held on 28.04.2011, 25.7.2011, 31.10.2011 and 30.01.2012.

The composition of the committee during the year as well as the particulars of the attendance at the committee meeting during the year is given below:

Name	Designation in Committee	Category of Directorship	Qualification	No. of Meetings Attended
T. Naveen Chandra	Chairman	Independent, Non- Executive	Chartered Accountant	4
M.R. Krishnaiah	Member	Independent, Non- Executive	Management Consultant	4
S. Vishnu Rao	Member	Independent, Non- Executive	Ex-Banker	3
S. V. Pattabhiraman	Member	Independent, Non- Executive	Ex Banker	4

The Audit Committee was re-constituted on 30.01.2012, consequent to the resignation and appointment of of new Independent Directors.

Name	Designation in Committee	Category of Directorship	Qualification
T. Naveen Chandra	Chairman	Independent, Non- Executive	Chartered Accountant
M. Amarender Reddy	Member	Independent, Non- Executive	Graduate
CSN Murthy	Member	Independent, Non- Executive	Chemical Engineer
S. V. Pattabhiraman	Member	Independent, Non- Executive	Ex Banker

The composition of the committee is in accordance with the requirements of the Clause 49 of the Listing Agreement and also Section 292A of the Companies Act, 1956.

In addition to the above the committee meetings were also attended and supported by A. Prathap Reddy (Chairman & Managing Director) and G. Hemanth Reddy (WTD). The Company Secretary of the Company acts as the Secretary to the Committee.

The primary objective of the audit committee is to monitor and effectively supervise the Company's financial reporting.

### Terms of Reference

- To provide direction and to oversee the operations of the audit function of the Company.
- To review the internal control and audit systems with special emphasis on their quality and effectiveness.
- To review Quarterly, Half yearly and Annual financial results before submission to the Board.
- To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred by the Board.

- To have full access to information contained in the records of the Company and external advice, if necessary.
- To review matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.

In addition to above, the committee shall have such functions/ powers/ role as may be specified in the Companies Act, 1956, Listing Agreement or any other applicable law.

## 2. Remuneration Committee

### Terms of Reference

The terms of reference as per of the Listing Agreement is to determine and review the remuneration, performance, and related bonuses of Executive Directors.

### Composition

The Remuneration Committee was re constituted on 30.01.2012, consequent to the resignation and appointment of new Independent Directors.

Name	Category	Designation
Sri M. Amarender Reddy	Independent, Non-Executive	Chairman
Sri T. Naveena Chandra	Independent, Non Executive	Member
Sri C.S.N. Murthy	Independent, Non Executive	Member

Details of remunerations paid/payable to directors for the year ended 31<sup>st</sup> March, 2012 is as under:

Independent, Non-Executive Directors

Name of the Director	Sitting Fees (Rs)	Total
Sri M.R. Krishnaiah	23000	23000
Sri. S. Vishnu Rao	18000	18000
Sri. S.V. Pattabhiraman	23000	23000
Sri. T. Naveena Chandra	25000	25000

Apart from the sitting fees, there were no other pecuniary relationships or transactions of the Non-Executive Independent Directors vis-à-vis the Company.

Chairman & Managing Director and Executive Directors

Name of the Director	Salary, allowances & Perquisites	Commission	Sitting Fees (Rs.)	Loans from the Company	Total
Sri A Prathap Reddy	3452400	25890941	Nil	Nil	29343341
Sri N Rajeshwar Reddy	2630400	9106936	Nil	Nil	11737336
Sri D Ram Reddy	2630400	9106936	Nil	Nil	11737336
Sri G Hemanth Reddy	2630400	3238268	Nil	Nil	5868668

The Chairman & Managing Director and Whole time Directors are also entitled to Company's Contribution to Provident Fund, Superannuation fund, to the extent not taxable and gratuity and encashment of leave at the end of tenure as per the rules of the Company and to the extent not taxable.

### Shareholding of Directors of the Company as on 31 March 2012

Name of the Director	Designation	Number of Shares held
Sri. A. Prathap Reddy	Chairman & Managing Director	55,38,050
Sri. N. Rajeshwar Reddy	Whole Time Director	5,94,895
Sri. D. Ram Reddy	Whole Time Director	4,66,905
Sri. G. Hemanth Reddy	Whole Time Director	7,05,020
Sri. M. Amarender Reddy	Director	-
Sri. S. V. Pattabhiraman	Director	50
Sri T. Naveena Chandra	Director	50
Sri. CSN Murthy	Director	-

### 3. Shareholders / Investors Grievance Redressal Committee

#### Terms of Reference

The Committee focuses on shareholders' grievances and strengthening of investor relations. The committee looks after the services of the Registrars and share transfer agents and recommends measures for providing efficient services to investors.

The Committee specifically looks into investor complaints like Transfer/ transmission/ transposition of shares, non receipt of Annual Report, non-receipt of dividend, and other related issues.

#### Composition

The Committee was re constituted on 30.01.2012, consequent to the resignation and appointment of of new Independent Directors.

Name	Designation	Status
Sri T. Naveena Chandra	Chairman	Non- Executive Independent Director
Sri. M. Amarender Reddy	Member	Non- Executive Independent Director
Sri A. Prathap Reddy	Member	Chairman & Managing Director

Details of status of the references / complaints received and replied / resolved during the year are given in the following statements:

Sl. No	Description	No. of request received	No. of request resolved	Pending cases
1	Change of Address	1	1	0
2	Duplicate Share Certificate	-	-	0
3	Loss of Share certificate	-	-	0
4	Bank Mandate	-	-	0
5	Non Receipt of Dividend Warrant	-	-	0
6	Revalidation of Dividend	1	1	0
8	Miscellaneous	-	-	0
9	Non receipt of Bonus	-	-	0
	Total	2	2	0

### 4. Research and Development Committee

#### Terms of Reference

The Board has constituted Research and Development Committee, to carry out the Research and Development initiations.

To monitor the implementation of new plans for identifying the new products, improving the processes etc. to optimize the utilization of all the resources.



### Composition

Name	Designation	Status
Sri A. Prathap Reddy	Chairman	Chairman & Managing Director
Sri N. Rajeshwar Reddy	Member	Whole Time Director
Sri G. Hemanth Reddy	Member	Whole Time Director

The Company has three units in operation to develop products in these units and to monitor the Research and Development initiatives in a effective manner. The Committee has formed two sub-committees at the unit level which comprise of the following members.

Unit 1	Unit III
Sri A. Prathap Reddy	Sri A. Prathap Reddy
Sri N. Rajeshwar Reddy	Sri N. Rajeshwar Reddy
Sri P.B. Choudhury	Sri. Hanumanth Reddy
A. Muralidhar	Dr. Shyam Rao
--	A. Muralidhar

### General Body Meeting

Venue and time of the preceding three Annual General Meetings (AGMs):

Year	AGM	Venue	Day & Date	Time
2008-2009	21 <sup>st</sup> AGM	Registered Office: 165-A, Balaji Bhavan, Railway Lines, Solapur-413001	Saturday, 29 <sup>th</sup> August, 2009	11:30 A.M.
2009-2010	22 <sup>nd</sup> AGM	Registered Office: 165-A, Balaji Bhavan, Railway Lines, Solapur-413001	Wednesday, 8 <sup>th</sup> September, 2010	11:30 A.M.
2010-2011	23 <sup>rd</sup> AGM	Registered Office: 165-A, Balaji Bhavan, Railway Lines, Solapur-413001	Thursday, 28 <sup>th</sup> July, 2011	11:30 A.M.

### Special Resolutions passed in the previous 3 AGMS

AGM	Special Resolution(s) Passed
21 <sup>ST</sup> AGM held on 29.08.2009	<ol style="list-style-type: none"> <li>1. Special Resolution for approval of amendment of Article No. 120 of the Article of Association of the Company for widening the scope of appointment of director by removing requirement of holding share for appointment as director</li> <li>2. Special Resolution for deletion of Article No. 146 of the Article of Association of the Company for doing away with the requirement of calling a board meeting by giving a notice of 15 days.</li> </ol>
22 <sup>nd</sup> AGM held on 08.09.2010	<ol style="list-style-type: none"> <li>1. Special Resolution for Sub-division of Equity Shares of the Company having face of Rs. 10/- each into five equity of Rs. 2/- each.</li> <li>2. To reappoint Sri. A. Prathap Reddy as Chairman &amp; Managing Director and fix his remuneration.</li> <li>3. To reappoint Sri. N. Rajeshwar Reddy as Executive Director and fix his remuneration.</li> <li>4. To reappoint Sri. N. Rajeshwar Reddy as Executive Director and fix his remuneration.</li> <li>5. To reappoint Sri. D. Ram Reddy as Director - Commercial and fix his remuneration.</li> <li>6. To reappoint Sri. G. Hemanth Reddy as Whole Time Director and fix his remuneration.</li> </ol>
23 <sup>rd</sup> AGM Held on 28.7.2011	NIL

No Special Resolution was passed during the last financial year through Postal ballot. There is no proposal to pass a special resolution through postal ballot in this AGM.

## E. Disclosures

Related Party Transaction (Shown in Notes to Accounts)

There are no materially significant related party transactions i.e., transactions material in nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc., having potential Conflict with the interests of Company at large.

Details on non-compliance by the Company, penalties and strictures imposed on the Company by stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: None

Details of compliance with mandatory requirements and adoption of non-mandatory requirements of the clause

Pursuant to sub-clause VII of clause 49 of the listing agreement, the Company confirms that it has complied with all mandatory requirements prescribed.

As regards non-mandatory requirements, a Remuneration Committee has been formed to evaluate remuneration packages for directors and senior staff members.

### CEO / CFO Certification

A. Prathap Reddy, Chairman & Chairman & Managing Director and Mr. G. Hemanth Reddy, Whole Time director certified to the Board on the prescribed matters as required under Clause 49 of the Listing Agreement and the said Certificate was considered by the Board at its meeting held on 3rd May 2012

## F. Means of Communication

- The Quarterly results are published in Business Standard (in English) and Lokmat Times and Dainik Pudhari, Sakal, Tarun Bharat, Punya Nagari, Sanchar (in regional language) dailies.
- Quarterly Financial Results are furnished within the time frame to all the concerned Stock Exchanges as per clause 41 of the Listing Agreement and the same are displayed on the Company's website.
- No presentations were made to the analysts or institutional investors during the year under review except the results being forwarded electronically to those who have requested for regular information.
- All material information about the Company is promptly sent through facsimile to the Stock Exchanges where the Company's shares are listed and the same are displayed on the Company's website.
- The Company's website [www.balajiamines.com](http://www.balajiamines.com) contains separate dedicated section 'Investor information' where in full Annual Report is also available in a user- friendly and downloadable format.

## G. General Shareholder Information

### a) 24<sup>th</sup> Annual General Meeting

Date and Time	28 <sup>th</sup> July, 2012 at 11:30 a.m.
Venue	165-A Balaji Bhavan, Railway Lines, Solapur – 400001, Maharashtra

### b) Tentative Financial Calendar for the Year 2012-13

Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
First Quarter Results	Fourth week of July, 2012
Half Yearly Results	Fourth week of October, 2012
Third Quarter Results	Fourth week of January, 2013
Results for year end	Fourth week of April, 2013

### c) Date of Book Closure

23.7.2012 to 28.7.2012 (both days inclusive)



**d) Dividend Payment Date**

The proposed dividend, if approved at the ensuing AGM on 28.07.2012 will be distributed within 30 days of AGM.

**e) Listing on Stock Exchange**

Name of the Stock Exchange	Security Code
The National Stock Exchange of India, Mumbai	BALAMINES
The Bombay Stock Exchange Limited, Mumbai	530999

The Company has paid the annual listing fees for the year 2012-2013 to both the above stock exchanges.

**f) Market Price Data**

The closing market price of the equity shares as on 30<sup>th</sup> March, 2012, being the last trading day for the year 2011-12, was Rs. 36.90/- on NSE and Rs. 36.95/- on BSE

The monthly movement of the equity share price during the year on BSE and NSE are summarised herein below

Month	National Stock Exchange of India Limited			Bombay Stock Exchange Limited		
	High (Rs)	Low (Rs)	No. of Shares Traded	High (Rs)	Low (Rs)	No. of Shares Traded
April-11	54.70	42.60	224361	54.65	42.85	1222974
May-11	44.45	37.60	2638	44.55	37.90	236192
June-11	42.75	37.00	6817	42.65	36.95	123913
July-11	43.95	37.40	2726	44.50	37.55	331687
August-11	40.50	32.20	4266	40.50	31.55	157439
September-11	37.50	33.65	5271	38.30	33.00	81599
October-11	36.75	33.00	15207	37.70	32.70	104560
November-11	39.90	32.50	11000	41.40	32.65	236859
December-11	39.85	28.60	6569	39.50	31.05	79398
January-12	39.00	32.00	10420	38.80	32.00	113609
February-12	42.50	37.20	2395	41.95	37.55	314387
March-12	40.50	35.20	3912	42.00	36.05	161931

**g) Registrar and Share Transfer Agents**

The Company has appointed  
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

In place of Sathguru Management Consultants Private Limited.

**h) Share Transfer System**

The R&T agents process the share transfers received in physical form and the share certificates are returned within 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

The Board has delegated the authority for approving transfer, transmission etc of the Company's securities to the Share Transfer Committee.

The Company obtains half yearly Certificate of Compliance with the Share Transfer formalities as required under clause 47 (C) of the Listing Agreement with Stock exchanges from a Company Secretary in practice and the same is submitted to the Stock Exchanges within the period prescribed.

**i) Distribution of Shareholding as on 31 March 2012**

Equity Shares holding of nominal value of Rs.		Equity Shares Holders		Equity Shares Amount	
From	To	Numbers	%	In Rs.	%
1	5000	4745	89.66	4653756	7.18
5001	10000	270	5.10	2226338	3.44
10001	20000	120	2.27	1889026	2.92
20001	30000	40	0.76	994546	1.53
30001	40000	20	0.38	730734	1.13
40001	50000	17	0.32	785142	1.21
50001	100000	38	0.72	2577668	3.98
100001	Above	42	0.79	50944790	78.62
Total		5292	100.00	64802000	100.00

**j) Dematerialization**

97.75% of the Company's paid-up equity share capital has been dematerialised as on 31<sup>st</sup> March, 2012. The Equity shares of the Company are traded compulsory in dematerialized segment in all the stock exchanges and is under rolling settlement. The demat security code (ISIN) of the equity shares is INE050E01027

**k) Plant Location**

Unit-I	Unit-II	Unit- III	Hotel Division
Tammalwadi, (V) Tuljapur ( Tq) Osmanbad (Dist) Maharastra-413623 Andhra Pradesh	Plot No 4&5 Besides APSEB Sub- Station-II IDA, Bollaram-502325 Jinnaram Mandal Medak Dist	MIDC, Chincholi Solapur Maharashtra	Survey No.9/1A/1, Hotgi Road, Solapur – 413003 Maharashtra

**l) Outstanding GDR's / ADR's / Warrant or any convertible instruments, conversion date and likely impact on Equity**

The Company does not have any outstanding instruments of the captioned type.

**Address for Correspondence**

**m) Compliance Officer**

Aarti S. Dudhawale  
Company Secretary  
Balaji Amines Limited  
165/A, 'Balaji Bhavan'  
Railway Lines, Solapur-413001  
Email: [cs@balajiamines.com](mailto:cs@balajiamines.com)

**H. Compliance Certificate from Auditors**

Certificate from Auditors of the Company M/s V. Sridhar & Co confirming compliance with the conditions of corporate Governance as stipulated under clause 49 of the listing Agreement is annexed herewith

**G. Code of Conduct for the Board & Senior Management Personnel**

The Company has laid down a Code of Conduct which has been effectively adopted by the Board Members and Senior Management Personnel of the Company.



## Certificate Regarding Compliance of Conditions of Corporate Governance

The Board of Directors  
Balaji Amines Limited, Solapur.

We have examined the compliance of conditions of Corporate Governance by Balaji Amines Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, as required under sub-clause 1(A) of Clause 49 of the Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2012, no investor grievances are pending against the Company exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For V. Sridhar & Co.**  
Chartered Accountants  
FRN. 006206 S

Vemulapati Sridhar  
Proprietor  
Membership No. 202337  
Secunderabad  
May 03, 2012.

### Declaration of Code of Conduct

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct has also been posted on the website of the company. It is further confirmed that all directors and senior management personnel of the company have affirmed compliance with the code of conduct of the company for the financial year ended on March 31st, 2012 as envisaged in the clause 49 of the listing agreement with stock exchange

Secunderabad  
May 3, 2012

**A Prathap Reddy**  
Chairman & Managing Director

## Auditors' Report

To the Members of Balaji Amines Limited.  
Solapur.

We have audited the attached Balance Sheet of Balaji Amines Limited, as at March 31, 2012, the Statement of Profit and Loss and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. The said Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting Principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph 3 above, we report that;

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
- iii) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of accounts
- iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the Directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
  - b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date and
  - c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

**For V. Sridhar & Co.,**  
Chartered Accountants  
FRN No. 006206S

Vemulapati Sridhar  
Proprietor  
Membership No. 202337  
Secunderabad , May 03, 2012.



Re: Balaji Amines Limited, Year ended March 31, 2012

## Annexure to Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i)
  - a. The company is maintaining proper records showing full particulars including quantitative particulars and situation of fixed assets.
  - b. The fixed assets of the company have been has physically verified by the management, at reasonable intervals during the year and according to information and explanations given to us no material discrepancies were noticed on such verification.
  - c. The Company has not disposed off substantial part of fixed assets during the year
- (ii)
  - a. The inventory has been physically verified by the management during the year at reasonable intervals.
  - b. In our opinion and according to information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c. The Company is maintaining proper records of inventory and according to information and explanations given to us no material discrepancies have been noticed on such physical verification.
- (iii) The company has neither granted nor taken any loans secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of the business with regard to the purchase of the inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v)
  - a. According to the information and explanations given to us we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b. We are of the opinion that each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted deposits from public.
- (vii) In our opinion the company has an internal audit system commensurate with its size and nature of business.
- (viii) The Central Government has not prescribed maintenance of cost records to the company.
- (ix)
  - a. The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. No undisputed amounts in respect of these statutory payments were in arrear as on March 31, 2012 for a period of more than six months from the date they became payable.
  - b. The company has preferred an appeal to Commissioner of Income Tax (Appeals) in respect of Income Tax assessment for Assessment Years 2007-08, 2008-09 and 2009-10. The issues are similar in all the three years. Of these the appeals in respect of 2007-08 and 2008-09 have been partly allowed in Company's favour and the Company has preferred appeal to Income Tax Appellate Tribunal. As regards Assessment Year 2009-10, the matter is pending before the Commissioner of Income Tax (Appeals). The amount of disputed tax involved in these three years is Rs. 2.00 Crores as against which an amount of Rs. 1.00 Crore is paid and accounted under the head 'Short term loans and advances'.
- (x) The company does not have any accumulated losses.
- (xi) The company has not defaulted in repayment of dues to financial institution or banks. The Company has not issued debentures.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other such securities.



- (xiii) The Company is not a chit fund or a nidhi /mutual fund / society.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to information and explanations given to us the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The term loans have been applied for the purpose for which they have been obtained.
- (xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments. No long term funds have been used to finance short term assets except permanent working capital.
- (xix) The company has not issued any debentures.
- (xx) The company has not raised any monies from public issues in the year under review.
- (xxi) According to information and explanations given to us no fraud on or by the company has been noticed or reported during the course of our audit.

**For, V. Sridhar & Co.**

Chartered Accountants  
FRN. 006206 S

Vemulapati Sridhar  
Proprietor  
Membership No. 202337  
Secunderabad May 03, 2012.



## CEO / CFO Certification to the Board

(Under Clause 49 (V) of the Listing Agreement)

We, A Prathap Reddy, Chairman and Chairman & Managing Director and G Hemanth Reddy, Whole Time Director, responsible for the finance function hereby certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year 2011 -2012 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulation, including Adoption of accounts in the revised Schedule VI Format for the Current and Previous Year.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2011-2012, which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
  - (i) significant changes in internal control over financial reporting during the year 2011-12
  - (ii) significant changes in accounting policies during the year 2011 -2012 and that the same have been disclosed in the notes to the financial statements;
  - (iii) There were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Secunderabad  
Date: 03.05.2012

**A Prathap Reddy**  
**Chairman & Managing Director**

**G Hemanth Reddy**  
**Whole Time Director**

## Balance Sheet as at March 31, 2012

Rupees

Sl. No	Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>(1) Shareholders' Funds</b>			
	(a) Share Capital	2	6,48,02,000	6,48,02,000
	(b) Reserves and Surplus	3	139,71,53,422	107,06,63,227
	(c) Money received against share warrants		-	-
	<b>(2) Share Application money pending allotment</b>		-	-
	<b>(3) Non-Current Liabilities</b>			
	(a) Long-Term Borrowings	4	86,14,74,548	64,14,76,143
	(b) Deferred Tax Liabilities	5	36,60,87,570	33,65,97,411
	(c) Other Long Term Liabilities	6	3,68,80,997	64,71,626
	(d) Long Term Provisions		-	-
	<b>(4) Current Liabilities</b>			
	(a) Short-Term Borrowings	7	111,05,23,958	83,59,75,507
	(b) Trade Payables	8	34,71,10,839	33,45,37,832
	(c) Other Current Liabilities	9	25,78,21,044	21,33,21,473
	(d) Short-Term Provisions	10	22,55,70,492	15,97,89,315
	<b>Total Equity &amp; Liabilities</b>		<b>466,74,24,870</b>	<b>366,36,34,534</b>
<b>II</b>	<b>ASSETS</b>			
	<b>(1) Non-Current Assets</b>			
	<b>(a) Fixed Assets</b>			
	(i) Tangible Assets	11	195,63,48,814	159,67,19,299
	(ii) Intangible Assets			
	(iii) Capital Work - in -Progress	12	24,66,57,791	11,83,86,759
	(iv) Intangible Assets under development			
	(b) Non-current investments	13	4,71,28,200	4,71,28,200
	(c) Deferred tax assets		-	-
	(d) Long term loans and advances	14	76,25,768	77,19,723
	(e) Other non-current assets	15	1,04,59,681	72,18,005
	<b>(2) Current Assets</b>			
	(a) Current investments	16	3,84,00,000	3,84,00,000
	(b) Inventories	17	107,40,44,938	70,59,75,713
	(c) Trade receivables	18	82,13,70,561	73,74,98,688
	(d) Cash and cash equivalents	19	4,47,81,907	9,03,03,881
	(e) Short-term loans and advances	20	42,06,07,210	31,42,84,266
	(f) Other current assets		-	-
	<b>Total Assets</b>		<b>466,74,24,870</b>	<b>366,36,34,534</b>
	Notes Forming Part of Financial Statements	1 - 28		

As per our report of even date  
**for V. Sridhar & Co.**  
Chartered Accountants,  
Firm No. 006206S

for and on behalf of the Board of Directors

**Vemulapati Sridhar**  
Proprietor  
M. No. 202337  
Secunderabad  
May 03, 2012

**A. Prathap Reddy**  
Chairman & Managing Director

**G. Hemanth Reddy**  
Wholetime Director

**Aarti S. Dudhawale**  
Company Secretary



## Statement of Profit &amp; Loss for the year ended March 31, 2012

Rupees

Sl. No	Particulars	Note No.	For the Year ended March 31, 2012	For the Year ended March 31, 2011
I	Revenue from operations	21	449,52,35,646	346,76,96,699
II	Other Income	22	2,84,51,463	1,74,25,623
III	<b>Total Revenue (I +II)</b>		<b>452,36,87,109</b>	<b>348,51,22,322</b>
IV	<b>Expenses:</b>			
	Raw materials consumed	23	281,08,79,705	214,11,18,846
	Changes in inventories of finished goods & work-in-process.	24	-18,43,77,059	-22,41,58,206
	Other Manufacturing Expenses	25	94,28,795	1,34,11,398
	Employee Benefit Expenses	26	11,89,63,266	9,00,48,669
	Financial Costs	27	21,20,57,218	13,55,82,584
	Depreciation	11	10,34,50,736	8,26,09,948
	Other Expenses	28	93,37,89,326	81,67,31,222
	<b>Total Expenses (IV)</b>		<b>400,41,91,987</b>	<b>305,53,44,461</b>
V	Profit before exceptional and extraordinary items and tax	(III - IV)	<b>51,94,95,122</b>	<b>42,97,77,861</b>
VI	Exceptional Items (Excess provision of Income Tax written back)		79,11,682	-
VII	Profit before extraordinary items and tax (V + VI)		<b>52,74,06,804</b>	<b>42,97,77,861</b>
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		<b>52,74,06,804</b>	<b>42,97,77,861</b>
X	<b>Tax expense:</b>			
	(1) Current tax		14,13,00,000	9,55,40,000
	(2) Deferred tax		2,94,90,159	6,81,01,620
XI	Profit from the period from continuing operations	(IX-X)	<b>35,66,16,645</b>	<b>26,61,36,241</b>
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV	Profit for the period (XI + XIV)		<b>35,66,16,645</b>	<b>26,61,36,241</b>
XVI	Earning per equity share: (Profit for the period / No. of equity shares)			
	(1) Basic		11.01	8.21
	(2) Diluted		11.01	8.21
	Notes Forming Part of Financial Statements	1 - 28		

As per our report of even date  
**for V. Sridhar & Co.**  
 Chartered Accountants,  
 Firm No. 006206S

for and on behalf of the Board of Directors

**Vemulapati Sridhar**  
 Proprietor  
 M. No. 202337  
 Secunderabad  
 May 03, 2012

**A. Prathap Reddy**  
 Chairman & Managing Director

**G. Hemanth Reddy**  
 Wholetime Director

**Aarti S. Dudhawale**  
 Company Secretary

## Note 1. Notes on Accounts

### A. Significant Accounting Policies

#### (A) System of Accounting:

- i. The company follows mercantile system of accounting and recognises income and expenditure on accrual basis.
- ii. The financial statements have been prepared in all material respects with accounting standards as notified in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
- iii. Financial statements are prepared on historical cost basis and as a going concern.

#### (B) Revenue Recognition:

Sale of goods is recognised at the point of despatch of goods to customers. Gross sales are inclusive of excise duty and net of value added tax / sales tax.

#### (C) Tangible Fixed Assets and Depreciation:

Tangible Fixed Assets acquired by the company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use.

Where the construction or development of any such asset requiring time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

Depreciation is provided on a straight-line basis at rates and in the manner specified in schedule XIV to the Companies Act, 1956, unless the use of a higher rate or an accelerated charge is justified through technical estimates.

#### (D) Investments:

Investments are stated at cost.

#### (E) Inventories:

- a) Finished goods including stock of R & D products are valued at lower of cost or Net Realizable Value. Cost for this purpose is arrived at on Absorption costing basis. Excise duty is included in valuation of finished goods.
- b) Stock in process/plant is valued at cost.
- c) Stock of raw materials, Stores and Spares and packing materials are valued at cost for these purpose is net of duties/taxes are recoverable in future.

#### (F) Staff Benefits:

- a) Provident Fund Contributions are accounted on accrual basis.
- b) The company has taken a policy of Group Gratuity Scheme of Life Insurance Corporation of India. All contributions made are charged to revenue.

#### (G) Research and Development:

Revenue expenditure on research and development is charged to Statement of profit and loss in the year in which it is incurred. Capital expenditure on research and development is treated at par with fixed assets and depreciated as such.

#### (H) Deferred Taxation:

Accounting treatment in respect of deferred taxation is in accordance with Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.



**(I) Sales Tax Benefits:**

Shortfall / increase in sales tax benefits accruing to the company are accounted for in the year in which the final assessment by the concerned authorities is completed.

**(J) Borrowing Costs:**

Costs in respect of borrowings for the purpose of expansion / additional fixed investments including R&D projects are capitalized to such investments.

**(K) Foreign Currency Transactions:**

Foreign Exchange Transactions are recorded at pre-determined standard exchange rates which are reviewed periodically. Gains or losses arising out of such periodic revisions of such standard rates and also on realization are accounted for accordingly.

**(L) Impairment of Assets:**

The carrying amounts of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital.

**(M) Segment Reporting:**

The company's Hotel Division at Solapur is under construction and is yet to start commercial operations. Segment reporting in respect of these streams of revenues and investments will be made from the year of commencement of operations of this division. The amount invested in construction so far is included in Capital Work in Progress.

**B. Contingent Liabilities:**

Disputed Income Tax Liability Rs. 2.00 Crores. for Assessment Year 2007-08 to 2009-10. The Company has preferred an appeal against the demand. The amounts paid against the disputed demand Rs. 1.00 Crore are included in Short term Loans & Advances.

**C. Related Party Transactions:**

Name of the related party	Bhagyanagar Chemicals Limited	Balaji Sourcing Pvt. Limited	Balaji Greentech Products Limited
Relationship	A Subsidiary company	Company in which the Enterprise is substantially interested, by holding 30% of shares in the total paid up share capital.	Company in which the Enterprise is substantially interested, by holding 49% of shares in the total paid up share capital.
Nature of transaction	Lease rentals Loan given	a. Purchases b. Sales	a. Purchases b. Sales
Transaction value	Rs. 1,20,000.00 Rs. 76,25,768.00	a. Rs.0.00 b. Rs.13,44,77,642.00	a. Rs. 0.00 b. Rs. 2,00,26,774.00
Balance outstanding – Receivable / (-) Payable as on Balance Sheet date	Rs. Nil Rs. 76,25,768.00	a. Rs. Nil b. Rs. 60,56,225.00	a. Rs. Nil b. Rs. Nil
Amount written off / back	Nil	Nil	Nil

## Notes Forming Part of Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011	
<b>2. Share Capital</b>			
<b>a. Authorised</b>			
4,50,00,000 Equity Shares of Rs. 2/- each.	9,00,00,000	9,00,00,000	
	9,00,00,000	9,00,00,000	
<b>b. Issued, Subscribed &amp; Paid up</b>			
3,24,01,000 Equity Shares of Rs. 2/- each fully paid up	6,48,02,000	6,48,02,000	
	6,48,02,000	6,48,02,000	
<b>c. Par Value of Shares</b>	Rs. 2/-	Rs. 2/-	
<b>d. No. of Shares outstanding at beginning the year</b>	3,24,01,000	3,24,01,000	
Changes during the year	-	-	
No. of Shares outstanding at end of the year	3,24,01,000	3,24,01,000	
<b>e. Restriction on Disbursement of Dividend</b>	As part of the general terms & conditions in respect of Working Capital borrowings from Banks, prior permission should be taken from the lending Banks before distribution of dividend. Similarly, the term lenders have imposed a condition that, no dividend shall be declared in the event of default in the scheduled repayment of instalment.		
<b>f. Shareholders Holding More Than 5% Shares</b>			
<b>Sr. No.</b>	<b>Name of the Share Holder</b>	<b>No. of Shares</b>	<b>Percentage</b>
1.	Ande Prathap Reddy	55,38,050	17.09%
2.	APR Holdings Investment Pvt. Ltd.	47,12,415	14.54%
3.	A. Shakunthala Devi	28,76,450	8.88%
<b>g.</b>	The company has declared bonus shares @ 1:1 in financial 2006-07. i.e. one bonus share for every one share held. The capital prior to bonus issue was Rs. 3,24,01,000/- divided into 32,40,100 shares of Rs. 10/- each.		
Post bonus issue the capital of the company became Rs.6,48,02,000/- divided into 64,80,200 shares of Rs. 10/- each. Subsequently vide resolution of the members passed under section 94 of the Companies Act 1956, at the Annual General Meeting held on 08.09.2010, the share of par value of Rs. 10/- each has been split-up into 5 shares of par value of Rs. 2/- each resulting in the present paid up capital of 3,24,01,000 equity shares of Rs. 2/- each aggregating to Rs. 6,48,02,000/-. During the five years immediately preceding the financial year 2011-12 the company has not allotted any shares without payment being received in cash nor bought back any shares.			
The company has only one class of shares i.e. Equity Shares.			



## Notes Forming Part of Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011	
<b>3. Reserve &amp; Surplus</b>			
Capital Reserve (profit on re-issue of forfeited shares)	6,20,505	6,20,505	
State Subsidy	30,00,000	30,00,000	
Share Premium Account	5,69,61,000	5,69,61,000	
<b>Total A:</b>	<b>6,05,81,505</b>	<b>6,05,81,505</b>	
General Reserve			
Beginning of the year	11,23,14,000	8,57,00,000	
Additions during the year			
(Transferred from Surplus in Profit and Loss Statement)	3,56,62,000	2,66,14,000	
<b>Total B:</b>	<b>14,79,76,000</b>	<b>11,23,14,000</b>	
Surplus being balance in Profit and Loss Statement brought forward from previous year	89,77,67,722	68,09,14,922	
Profit for the period	35,66,16,645	26,61,36,241	
Less: Provision for proposed Dividend on Equity Shares	2,59,20,800	1,94,40,600	
: Tax on Distributed Profits	42,05,650	32,28,841	
: Transfer to General Reserve	3,56,62,000	2,66,14,000	
<b>Surplus in Profit &amp; Loss Statement carried forward Total C:</b>	<b>118,85,95,917</b>	<b>89,77,67,722</b>	
<b>Total (A + B + C)</b>	<b>139,71,53,422</b>	<b>107,06,63,227</b>	
<b>4. Long Term Borrowings</b>			
Term Loan			
- From Banks			
<b>State Bank of Hyderabad</b>	68,33,89,288	52,53,57,260	
<b>State Bank of India</b>	23,98,014	1,71,73,498	
[Term Loans - secured by first charge on all fixed assets of the company, both present & future and mortgage by deposit of the land title deeds (except otherwise specifically excluded)]			
<b>Bank of Baroda</b>	3,85,52,936	4,99,70,049	
[Secured specifically by first charge on Wind Electric Generator]			
<b>Bank of Baroda</b>	13,71,34,310	4,89,75,336	
[Secured specifically by first charge on Land & Building of Hotel Project]			
	<b>86,14,74,548</b>	<b>64,14,76,143</b>	
(The Directors of the company Viz., Sri A. Prathap Reddy, Sri N. Rajeshwar Reddy, Sri D. Ram Reddy and Sri G. Hemanth Reddy have provided personal guarantee in respect of the above loans to the extent mentioned hereunder).			
Sr. No.	Name of the Bank	Aggregate Amount of Guarantee as per Sanction letter	Repayment Terms
1.	State Bank of Hyderabad	Rs. 136.00 Cr.	7 Years
2.	State Bank of India	Rs. 10.00 Cr.	7 Years
3.	Bank of Baroda	Rs. 5.95 Cr.	7 Years
4.	Bank of Baroda	Rs. 24.00 Cr.	7 Years

## Notes Forming Part of Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011	
<b>5. Deferred Tax Liability</b>			
Beginning of the year relating to the fixed assets	33,65,97,411	26,84,95,791	
Add: Provided during the year arising on account of timing difference in depreciation	2,94,90,159	6,81,01,620	
	<b>36,60,87,570</b>	<b>33,65,97,411</b>	
<b>6. Other Long Term Liabilities</b>			
Others	3,68,80,997	64,71,626	
	<b>3,68,80,997</b>	<b>64,71,626</b>	
<b>7. Short Term Borrowings</b>			
Secured			
Working Capital			
State Bank of Hyderabad	49,95,95,512	42,09,25,357	
State Bank of India	49,26,20,605	34,91,60,340	
ING Vysya Bank Ltd.	11,83,07,841	6,58,89,810	
[Towards working Capital limits, secured by way of hypothecation of stocks and book debts and second charge on all fixed assets of the company, (except Hotel Division) both present and future.]			
	<b>111,05,23,958</b>	<b>83,59,75,507</b>	
(The above borrowings are also supported by personal guarantee of Directors of the company, viz., Sri A. Prathap Reddy, Sri N. Rajeshwar Reddy, Sri D. Ram Reddy and Sri G. Hemanth Reddy).			
Sr. No.	Name of the Bank	Aggregate Amount of guarantee as per sanction letter	Repayment Terms
1.	State Bank of Hyderabad	Rs. 56.50 Cr.	On Demand
2.	State Bank of India	Rs. 43.50 Cr.	On Demand
3.	ING Vysya Bank Ltd.	Rs. 7.00 Cr.	On Demand
<b>8. Trades Payable</b>			
Trade Payables	34,20,47,937	33,07,22,159	
Others	50,62,902	38,15,673	
	<b>34,71,10,839</b>	<b>33,45,37,832</b>	
<b>9. Other Current Liabilities</b>			
Instalment of Secured Term Loan from banks due within one year	18,61,18,000	17,11,18,000	
Interest accrued & due	1,00,20,320	61,30,276	
Others	98,42,599	71,21,265	
Duties and Taxes (including Excise Duty on Closing Stock of Finished Goods of Rs. 4,78,94,560/- . Previous year of Rs. 2,49,16,881/-)	5,18,40,125	2,89,51,932	
	<b>25,78,21,044</b>	<b>21,33,21,473</b>	
<b>10. Short Term Provisions</b>			
Income Tax	14,13,00,000	9,55,40,000	
Dividend on Equity Shares	2,59,20,800	1,94,40,600	
Dividend Distribution Tax	42,05,650	32,28,841	
Salaries & Wages Payable	68,00,961	44,69,208	
Commission to Directors	4,73,43,081	3,71,10,666	
	-	-	
	<b>22,55,70,492</b>	<b>15,97,89,315</b>	



## Notes Forming Part of Financial Statements as at March 31, 2012

### 11. Tangible Assets

Rupees

Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 31.03.2011	Additions	Deletion	As at 31.03.2012	For the Period	Deletion	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012
Land	66953775	718340	2363799	65308316	0	0	0	66953775	65308316
Buildings	228031225	63631842	0	291663067	7798020	0	42295626	193533619	249367441
Wind Electric Generator	198347946	0	0	198347946	10472772	0	41802748	167017970	156545198
Plant & Machinery	1189608412	375570023	0	1565178435	63717751	0	390587151	862739012	1174591284
Plant & Machinery R & D	298630060	4983663	0	303613723	15918812	0	59302639	255246233	244311084
Furniture & Fixtures	6341744	42686	0	6384430	402710	0	2609126	4135328	3775304
Office Equipment	7624186	757699	0	8381885	560948	0	3781680	4403454	4600205
Vehicle	24514603	4080987	3964455	24631135	2637495	2431129	7147784	17573185	17483351
Others	30631452	17192136	0	47823588	1942228	0	7456957	25116723	40366631
<b>Total</b>	<b>2050683403</b>	<b>466977376</b>	<b>6328254</b>	<b>2511332525</b>	<b>103450736</b>	<b>2431129</b>	<b>554983711</b>	<b>1596719299</b>	<b>1956348814</b>

## Notes Forming Part of Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011
<b>12. Capital work in progress</b>		
Amines Division	6,53,53,889	5,33,25,034
Hotel Division	18,13,03,902	6,50,61,725
	-	
	<b>24,66,57,791</b>	<b>11,83,86,759</b>
<b>13. Non Current Investments</b>		
(All unquoted unless otherwise specified)		
<b>In Subsidiaries</b>	70,78,200	70,78,200
12,99,300 equity shares of Rs. 10/- each fully paid up in Bhagyanagar Chemicals Ltd. Amount to 99.95% of the total capital of the Company. The Investment is unquoted and the same is treated at cost of acquisition		
<b>Other Investment</b>		
500 equity shares of Rs. 100/- each fully paid up in Solapur Janata Sahakari Bank Limited	50,000	50,000
<b>Balaji Greentech Products Ltd.</b>		
(4000000 10% cumulative redeemable preference Shares of 10/- each)	4,00,00,000	4,00,00,000
	<b>4,71,28,200</b>	<b>4,71,28,200</b>
<b>14. Long Term Loans and Advances</b>		
Loans to Subsidiary - Bhagyanagar Chemicals Ltd.	76,25,768	77,19,723
	<b>76,25,768</b>	<b>77,19,723</b>
<b>15. Other Non Current Assets</b>		
Deposit with Government Departments	81,93,080	63,12,030
Other Deposits	22,66,601	9,05,975
	<b>1,04,59,681</b>	<b>72,18,005</b>
<b>16. Current Investments</b>		
(All unquoted unless otherwise specified)		
Balaji Greentech Products Ltd.		
(2940000 Equity Shares of Rs. 10/- each)	2,94,00,000	2,94,00,000
Balaji Sourcings Pvt. Ltd.		
(900000 Equity Shares of Rs. 10/- each )	90,00,000	90,00,000
	<b>3,84,00,000</b>	<b>3,84,00,000</b>





## Notes Forming Part of Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011
<b>17. Inventories</b>		
[As verified, valued and certified by the Management.]		
Raw Material	42,07,29,803	27,32,23,123
Work-in-Progress	10,64,73,037	9,06,58,627
Finished Goods	43,53,91,001	26,68,28,352
Goods-in-transit / At Bonded Warehouse	1,60,30,033	3,06,76,804
Stores ,Spares & Packing Materials	2,48,34,995	2,85,47,736
Fuel, Others etc.	7,05,86,069	1,60,41,071
	-	
	<b>107,40,44,938</b>	<b>70,59,75,713</b>
<b>18. Trade Recievables</b>		
(Unsecured and considered good)		
Over Six Months	52,45,828	39,76,777
Others Debts	81,61,24,733	73,35,21,911
	<b>82,13,70,561</b>	<b>73,74,98,688</b>
<b>19. Cash &amp; Cash Equivalent</b>		
Cash in hand	63,567	38,240
Cash with Scheduled Banks		
In Current Accounts	15,30,150	4,79,188
In Margin money account	4,31,88,190	8,97,86,453
	-	
	<b>4,47,81,907</b>	<b>9,03,03,881</b>
<b>20. Short Terms Loans and Advances</b>		
Balance with Revenue Authorities	12,41,52,237	11,20,19,618
Advance Income Tax (Including TDS)	14,04,56,924	8,54,79,614
Advances to Suppliers	2,92,75,945	7,83,40,254
Others - Unsecured, considered good	3,13,56,141	3,71,79,605
Employees Advances	16,19,977	12,65,175
Capital Advances recoverable in within one year	9,37,45,986	-
	<b>42,06,07,210</b>	<b>31,42,84,266</b>
<b>21. Revenue from Operations</b>		
Sale of Aliphatic Amines, Specialities Chemicals, Derivatives including Export Benefits	485,95,72,269	374,72,09,926
Less: Excise Duty	36,43,36,623	27,95,13,227
<b>Net Sales</b>	<b>449,52,35,646</b>	<b>346,76,96,699</b>

## Notes Forming Part of Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011
<b>22. Other Income</b>		
Income from Wind Electric Generator	2,14,77,460	1,24,49,805
Interest income from Bank	40,53,586	34,69,172
Misc. Income	29,20,417	15,06,646
	<b>2,84,51,463</b>	<b>1,74,25,623</b>
<b>23. Raw Material Consumed</b>		
Opening Stock	27,32,01,073	11,68,21,622
Add:		
Purchases of Raw Material - Domestic	105,71,28,251	93,01,85,405
Purchases of Raw Material - Imports CIF Value	190,12,80,184	136,73,34,942
Sub-Total	<b>323,16,09,508</b>	<b>241,43,41,969</b>
Less		
Closing Stock	42,07,29,803	27,32,23,123
Net Total	<b>281,08,79,705</b>	<b>214,11,18,846</b>
<b>24. Changes in Inventories of Finished Goods &amp; Work in Process</b>		
Opening Stock		
Finished Goods	26,68,28,352	9,88,53,776
Work-in-process	9,06,58,627	3,44,74,997
Sub-Total	<b>357,486,979</b>	<b>13,33,28,773</b>
Less		
Closing Stock		
Finished Goods	43,53,91,001	26,68,28,352
Work-in-process	10,64,73,037	9,06,58,627
Sub- Total	<b>54,18,64,038</b>	<b>35,74,86,979</b>
	<b>-18,43,77,059</b>	<b>-22,41,58,206</b>
<b>25. Other Manufacturing Expenses</b>		
Repairs & Maintenance - Plant & Machinery	58,35,313	1,04,28,061
- Building & Others	14,64,392	11,13,702
Insurance to Plant & Machinery & Building	21,29,090	18,69,635
	<b>94,28,795</b>	<b>1,34,11,398</b>
<b>26. Employee Benefit Expenses</b>		
Salaries, Wages & other allowances	9,61,53,321	7,40,61,355
Bonus	51,94,837	43,51,554
Gratuity Premium & Provident Fund	63,21,755	60,15,274
Staff Welfare Expenses	23,25,246	22,99,563
Group Insurance of Employees & Directors	89,68,107	33,20,923
	<b>11,89,63,266</b>	<b>9,00,48,669</b>



## Notes forming part of Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011
<b>27. Financial Cost</b>		
Interest on Working Capital	11,60,22,800	7,65,58,873
Interest on Term loan	7,85,52,076	4,61,94,145
Processing Charges of Working Capital	30,50,450	29,75,833
Bank Charges	1,44,31,892	98,53,733
	<b>21,20,57,218</b>	<b>13,55,82,584</b>
<b>28. Other Expenses</b>		
Rent, Rates & Taxes	1,13,51,119	2,43,85,211
Insurance	41,66,699	31,36,470
Power and Fuel Consumed	49,98,93,982	39,58,14,930
Store, Spares and Packing Material Consumed	18,27,59,919	16,40,30,165
Freight & Forwarding (Including Ocean Freight)	10,76,05,637	10,13,21,406
Commission to Directors	4,73,43,081	3,71,10,666
Salaries and Allowances to Directors	1,13,43,600	106,86,000
Foreign Exchange Fluctuations Loss / (Gain)	-1,37,02,030	22,73,617
Other Expenses	8,14,52,319	7,70,47,757
Auditors Remuneration		
- As Auditors	10,00,000	7,50,000
- Towards Tax Audit	2,75,000	1,75,000
- Towards Tax matters	3,00,000	-
	<b>93,37,89,326</b>	<b>81,67,31,222</b>

Signatories to Notes '1' to '28'

As per our report of even date  
**for V. Sridhar & Co.**  
Chartered Accountants,  
Firm No. 006206S

for and on behalf of the Board of Directors

**Vemulapati Sridhar**  
Proprietor  
M. No. 202337  
Secunderabad  
May 03, 2012

**A. Prathap Reddy**  
Chairman & Managing Director

**G. Hemanth Reddy**  
Wholetime Director

**Aarti S. Dudhawale**  
Company Secretary

## Cash Flow Statement for the year 2011-12

(Rupees in Lakhs)

Particulars	Current Year	Previous Year
<b>A. Cash flows from operating activities</b>		
Profit before interest and tax	7394.64	5653.60
Exceptional Items	-79.12	0.00
Other income considered	-284.51	-193.15
Depreciation	1034.51	826.10
Non Cash Charges ( Loss on Sale of Asset )	7.73	3.92
Increase in Current Liabilities	3745.94	947.11
Increase (-)/ Decrease (+) in Inventories	-3680.69	-3859.87
Increase in Debtors	-838.72	-701.88
Increase in Other Current Assets, Loans & Advances	-1094.71	-702.49
Less: Income tax including dividend distribution tax	-908.57	-557.53
<b>Cash flow from Operating Activities</b>	<b>5296.5</b>	<b>1415.81</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	-5952.48	-5730.35
Sale of Fixed Asset	31.24	16.95
Long term investments made	0.00	-415.00
Other Income	284.51	193.15
<b>Cash flow from Investing activities</b>	<b>-5636.73</b>	<b>-5935.25</b>
<b>C. Cash Flow from Financing Activities</b>		
Secured loans	2199.99	6578.26
Interest paid	-2120.57	-1355.83
Dividend	-194.41	-162.01
<b>Cash Flow from Financing Activities</b>	<b>-114.99</b>	<b>5060.43</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>-455.22</b>	<b>540.98</b>
Cash and cash equivalents (beginning of the year)	903.04	362.06
Cash and cash equivalents (end of the year)	447.82	903.04
<b>Increase in cash and cash equivalents (closing minus opening balances)</b>	<b>-455.22</b>	<b>540.98</b>

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

As per our report of even date  
**for V. Sridhar & Co.**  
Chartered Accountants,  
Firm No. 006206S

for and on behalf of the Board of Directors

**Vemulapati Sridhar**  
Proprietor  
M. No. 202337  
Secunderabad  
May 03, 2012

**A. Prathap Reddy**  
Chairman & Managing Director

**G. Hemanth Reddy**  
Wholetime Director

**Aarti S. Dudhawale**  
Company Secretary



## AUDITORS' REPORT

To the Members of M/s. Balaji Amines Limited.  
Solapur.

1. We have audited the attached Consolidated Balance Sheet of M/s. Balaji Amines Limited, Balaji Amines Limited, and its subsidiary Bhagyanagar Chemicals Limited as at March 31, 2012, the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting Principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the management of Balaji Amines Limited in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements". And other applicable standards issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to the explanations given to us, the said Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of Balaji Amines Limited and its subsidiary Bhagyanagar Chemicals Limited as at March 31, 2012;
  - b) in the case of the Consolidated Statement of Profit and Loss, of the Profit for the year ended on that date; and
  - c) in the case of the Consolidated Cash Flow statement, of the cash flows for the year ended on that date.

**For V. Sridhar & Co.,**  
Chartered Accountants  
Firm No. 006206S

**Vemulapati Sridhar**  
Proprietor  
Membership No: 202337  
Secunderabad  
May 03, 2012.

## Notes on accounts in case of Consolidated Balance Sheet

### Note 1. Notes on Accounts

#### A. Significant accounting policies

##### (A) System of Accounting:

- i. The company follows mercantile system of accounting and recognises income and expenditure on accrual basis.
- ii. The financial statements have been prepared in all material respects with accounting standards as notified in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
- iii. Financial statements are prepared on historical cost basis and as a going concern.

##### (B) Revenue Recognition:

Sale of goods is recognized at the point of despatch of goods to customers. Gross sales are inclusive of excise duty and net of value added tax / sales tax.

##### (C) Tangible Fixed Assets and Depreciation:

Tangible Fixed Assets acquired by the company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use.

Were the construction or development of any such asset requiring time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

Depreciation is provided on a straight-line basis at rates and in the manner specified in schedule XIV to the Companies Act, 1956, unless the use of a higher rate or an accelerated charge is justified through technical estimates.

##### (D) Investments:

Investments are stated at cost.

##### (E) Inventories:

- a) Finished goods including stock of R & D products are valued at lower of cost or Net Realizable Value. Cost for this purpose is arrived at on Absorption costing basis. Excise duty is included in valuation of finished goods.
- b) Stock in process/plant is valued at cost.
- c) Stock of raw materials, Stores and Spares and packing materials are valued at cost for these purpose is net of duties/taxes are recoverable in future.

##### (F) Staff Benefits:

- a) Provident Fund Contributions are accounted on accrual basis.
- b) The company has taken a policy of Group Gratuity Scheme of Life Insurance Corporation of India. All contributions made are charged to revenue.

##### (G) Research and Development:

Revenue expenditure on research and development is charged to Statement of profit and loss in the year in which it is incurred. Capital expenditure on research and development is treated at par with fixed assets and depreciated as such.



**(H) Deferred Taxation:**

Accounting treatment in respect of deferred taxation is in accordance with Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

**(I) Sales Tax Benefits:**

Shortfall / increase in sales tax benefits accruing to the company are accounted for in the year in which the final assessment by the concerned authorities is completed.

**(J) Borrowing Costs:**

Costs in respect of borrowings for the purpose of expansion / additional fixed investments including R&D projects are capitalized to such investments.

**(K) Foreign Currency Transactions:**

Foreign Exchange Transactions are recorded at pre-determined standard exchange rates which are reviewed periodically. Gains or losses arising out of such periodic revisions of such standard rates and also on realization are accounted for accordingly.

**(L) Impairment of Assets:**

The carrying amounts of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital.

**(M) Segment Reporting:**

The company's Hotel Division at Solapur is under construction and is yet to start commercial operations. Segment reporting in respect of these streams of revenues and investments will be made from the year of commencement of operations of this division. The amount invested in construction so far is included in Capital Work in Progress.

**B. Contingent Liabilities:**

Disputed Income Tax Liability Rs. 2.00 Crores. for Assessment Year 2007-08 to 2009-10. The Company has preferred an appeal against the demand. The amounts paid against the disputed demand Rs. 1.00 Crore are included in Short term Loans & Advances.

- C.** In accordance with the General Clarification (GC) - 5/2002 Accounting Standards-21 Consolidated financial statements issued by The Institute of Chartered Accountants of India, additional statutory information disclosed in the separate financial statements of the subsidiary and /or parent company having no bearing on the true and fair view of the consolidated financial statements is not again disclosed in the consolidated financial statements.

- D.** Previous year's figures have been recast wherever considered necessary

## Consolidated Balance Sheet as at March 31, 2012

Rupees

Sl. No	Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	(1) Shareholder's Funds			
	(a) Share Capital	2	6,48,02,000	6,48,02,000
	(b) Reserves and Surplus	3	138,62,58,471	105,99,78,090
	(c) Money received against share warrants		-	-
	(2) Share Application money pending allotment		-	-
	(3) Non-Current Liabilities			
	(a) Long-Term Borrowings	4	86,14,74,548	64,14,76,143
	(b) Deferred Tax Liabilities	5	36,60,87,570	33,65,97,411
	(c) Other Long Term Liabilities	6	3,68,80,997	64,71,626
	(d) Long Term Provisions		-	-
	(4) Current Liabilities			
	(a) Short-Term Borrowings	7	111,05,23,958	83,59,75,507
	(b) Trade Payables	8	34,71,10,839	33,45,37,832
	(c) Other Current Liabilities	9	25,78,70,679	21,33,71,108
	(d) Short-Term Provisions	10	22,55,70,492	15,97,89,315
	<b>Total Equity &amp; Liabilities</b>		<b>465,65,79,554</b>	<b>365,29,99,032</b>
<b>II</b>	<b>ASSETS</b>			
	(1) Non-Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	11	195,99,56,248	160,06,30,502
	(ii) Intangible Assets			
	(iii) Capital Work - in -Progress	12	24,66,57,791	11,83,86,759
	(iv) Intangible Assets under development			
	(b) Non-current investments	13	4,01,50,000	4,01,50,000
	(c) Deferred tax assets		-	-
	(e) Other non-current assets	14	1,04,59,681	72,18,005
	(2) Current Assets			
	(a) Current investments	15	3,84,00,000	3,84,00,000
	(b) Inventories	16	107,40,44,938	70,59,75,713
	(c) Trade receivables	17	82,13,70,560	73,74,98,687
	(d) Cash and cash equivalents	18	4,47,86,988	9,03,08,962
	(e) Short-term loans and advances	19	42,07,53,348	31,44,30,404
	(f) Other current assets		-	-
	<b>Total Assets</b>		<b>465,65,79,554</b>	<b>365,29,99,032</b>
	<b>Notes Forming Part of Financial Statements</b>	1		

As per our report of even date

for **V. Sridhar & Co.**

Chartered Accountants,

Firm No. 006206S

for and on behalf of the Board of Directors

**Vemulapati Sridhar**

Proprietor

M. No. 202337

Secunderabad

May 03, 2012

**A. Prathap Reddy**

Chairman & Managing Director

**G. Hemanth Reddy**

Wholetime Director

**Aarti S. Dudhawale**

Company Secretary



## Consolidated Statement of Profit & Loss for the year ended March 31, 2012

Sl. No	Particulars	Note No.	For the Year ended March 31, 2012	For the Year ended March 31, 2011
I	Revenue from operations	20	449,52,35,646	346,76,96,699
II	Other Income	21	2,84,51,463	1,74,25,623
III	<b>Total Revenue (I + II)</b>		<b>452,36,87,109</b>	<b>348,51,22,322</b>
IV	<b>Expenses:</b>			
	Raw materials consumed	22	281,08,79,705	214,11,18,846
	Changes in inventories of finished goods & work-in-process.	23	-18,43,77,059	-22,41,58,206
	Other Manufacturing Expenses	24	94,28,795	1,34,11,398
	Employee Benefit Expenses	25	11,89,63,266	9,00,48,669
	Financial Costs	26	21,20,57,218	13,55,82,584
	Depreciation	11	10,37,54,505	8,29,51,923
	Other Expenses	27	93,36,95,371	81,66,31,076
	<b>Total Expenses (IV)</b>		<b>400,44,01,801</b>	<b>305,55,86,290</b>
V	Profit before exceptional and extraordinary items and tax	(III - IV)	<b>51,92,85,308</b>	<b>42,95,36,032</b>
VI	Exceptional Items (Excess provision of Income Tax written back)		79,11,682	-
VII	Profit before extraordinary items and tax (V+VI)		<b>52,71,96,990</b>	<b>42,95,36,032</b>
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		<b>52,71,96,990</b>	<b>42,95,36,032</b>
X	<b>Tax expense:</b>			
	(1) Current tax		14,13,00,000	9,55,40,000
	(2) Deferred tax		2,94,90,159	6,81,01,620
XI	Profit from the period from continuing operations	(IX-X)	<b>35,64,06,831</b>	<b>26,58,94,412</b>
XII	Profit / (Loss) from discontinuing operations		-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit / (Loss) from Discontinuing operations (XII - XIII)		-	-
XV	Profit for the period (XI + XIV)		<b>35,64,06,831</b>	<b>26,58,94,412</b>
XVI	Earning per equity share: (Profit for the period / No. of equity shares)			
	(1) Basic		11.00	8.21
	(2) Diluted		11.00	8.21
	Notes Forming Part of Financial Statements	1		

As per our report of even date

**for V. Sridhar & Co.**

Chartered Accountants,

Firm No. 006206S

for and on behalf of the Board of Directors

**Vemulapati Sridhar**

Proprietor

M. No. 202337

Secunderabad

May 03, 2012

**A. Prathap Reddy**

Chairman &amp; Managing Director

**G. Hemanth Reddy**

Wholetime Director

**Aarti S. Dudhawale**

Company Secretary

## Notes Forming Part of Consolidated Financial Statements as at March 31, 2012

Rupees

Particulars		As at March 31, 2012	As at March 31, 2011
<b>2. Share Capital</b>			
<b>a. Authorised</b>			
4,50,00,000 Equity Shares of Rs. 2/- each.		9,00,00,000	9,00,00,000
		9,00,00,000	9,00,00,000
<b>b. Issued, Subscribed &amp; Paid up</b>			
3,24,01,000 Equity Shares of Rs. 2/- each fully paid up		6,48,02,000	6,48,02,000
		6,48,02,000	6,48,02,000
<b>c. Per Value of Shares</b>		Rs. 2/-	Rs. 2/-
<b>d. No. of Shares outstanding at beginning the year</b>		3,24,01,000	3,24,01,000
Changes during the year		-	-
No. of Shares outstanding at end of the year		3,24,01,000	3,24,01,000
<b>e. Restriction on Disbursement of Dividend</b>			
As part of the general terms & conditions in respect of Working Capital borrowings from Banks, prior permission should be taken from the lending banks before distribution of dividend. Similarly the term lenders have imposed a condition that, no dividend shall be declared in the event of default in the scheduled repayment of instalment.			
<b>f. Shareholders Holding More Than 5% Shares</b>			
Sr. No.	Name of the Shareholder	No. of Shares	Percentage
1.	Ande Prathap Reddy	55,38,050	17.09%
2.	APR Holdings Investment Pvt. Ltd.	47,12,415	14.54%
3.	A. Shakunthala Devi	28,76,450	8.88%
<b>g.</b> The company has declared bonus shares @ 1:1 in financial 2006-07. i.e. one bonus share for every one share held. The capital prior to bonus issue was Rs. 3,24,01,000/- divided into 32,40,100 shares of Rs. 10/- each.			
Post bonus issue the capital of the company became Rs.6,48,02,000/- divided into 64,80,200 shares of Rs. 10/- each. Subsequently vide resolution of the members passed under section 94 of the Companies Act 1956, at the Annual General Meeting held on 08.09.2010, the share of par value of Rs. 10/- __each has been split-up into 5 shares of par value of Rs. 2/- each resulting in the present paid up capital of 3,24,01,000 equity shares of Rs. 2/- each aggregating to Rs. 6,48,02,000/-. During the five years immediately preceding the financial year 2011-12 the company has not allotted any shares without payment being received in cash nor bought back any shares.			
The company has only one class of shares i.e. Equity Shares.			

## Notes Forming Part of Consolidated Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011	
<b>3. Reserve &amp; Surplus</b>			
Capital Reserve (profit on re-issue of forfeited shares)	6,20,505	6,20,505	
State Subsidy	30,00,000	30,00,000	
Share Premium Account	5,69,61,000	5,69,61,000	
<b>Total A:</b>	<b>6,05,81,505</b>	<b>6,05,81,505</b>	
General Reserve			
Beginning of the year	11,23,14,000	8,57,00,000	
Additions during the year			
(Transferred from Surplus in Profit and Loss Statement)	3,56,62,000	2,66,14,000	
<b>Total B:</b>	<b>14,79,76,000</b>	<b>11,23,14,000</b>	
Surplus being balance in Profit and Loss Statement brought forward from previous year	88,70,82,585	67,04,71,614	
Profit for the period	35,64,06,831	26,58,94,412	
Less: Provision for proposed Dividend on Equity Shares	2,59,20,800	1,94,40,600	
: Tax on Distributed Profits	42,05,650	32,28,841	
: Transfer to General Reserve	3,56,62,000	2,66,14,000	
<b>Surplus in Profit and Loss Statement carried forward Total C:</b>	<b>117,77,00,966</b>	<b>88,70,82,585</b>	
<b>Total (A + B + C)</b>	<b>138,62,58,471</b>	<b>105,99,78,090</b>	
<b>4. Long Term Borrowings</b>			
Term Loan			
- From Banks			
State Bank of Hyderabad	68,33,89,288	52,53,57,260	
State Bank of India	23,98,014	1,71,73,498	
[Term Loans - secured by first charge on all fixed assets of the company, both present & future and mortgage by deposit of the land title deeds (except otherwise specifically excluded)]			
Bank of Baroda	3,85,52,936	4,99,70,049	
[Secured specifically by first charge on Wind Electric Generator]			
Bank of Baroda	13,71,34,310	4,89,75,336	
[Secured specifically by first charge on Land & Building of Hotel Project]			
	<b>86,14,74,548</b>	<b>64,14,76,143</b>	
[The Directors of the company Viz: Shri A. Prathap Reddy, Shri N. Rajeshwar Reddy, Shri D. Ram Reddy and Shri G. Hemanth Reddy have provided personal guarantee in respect of the above loans to the extent mentioned here under.]			
Sr. No.	Name of the Bank	Agreegate Amount of guarantee as per Sanction letter	Repayment Terms
1.	State Bank of Hyderabad	Rs. 136.00 Cr.	7 Years
2.	State Bank of India	Rs. 10.00 Cr.	7 Years
3.	Bank of Baroda	Rs. 5.95 Cr.	7 Years
4.	Bank of Baroda	Rs. 24.00 Cr.	7 Years

## Notes Forming Part of Consolidated Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011	
<b>5. Deferred Tax Liability</b>			
<b>Beginning of the year relating to the fixed assets</b>	33,65,97,411	26,84,95,791	
Add: Provided during the year arising on account of timing difference in depreciation	2,94,90,159	6,81,01,620	
	<b>36,60,87,570</b>	<b>33,65,97,411</b>	
<b>6. Other Long Term Liabilities</b>			
Others	3,68,80,997	64,71,626	
	<b>3,68,80,997</b>	<b>64,71,626</b>	
<b>7. Short Term Borrowings</b>			
<b>Secured</b>			
Working Capital			
State Bank of Hyderabad	49,95,95,512	42,09,25,357	
State Bank of India	49,26,20,605	34,91,60,340	
ING Vysya Bank Ltd.	11,83,07,841	6,58,89,810	
[Towards working Capital limits, secured by way of hyphothecation of stocks and book debts and second charge on all fixed assets of the company, [except Hotel Division] both present and future.]			
	<b>111,05,23,958</b>	<b>83,59,75,507</b>	
[The above borrowing are also supported by personal guarantee of Directors of the company Viz: Shri A. Prathap Reddy, Shri N. Rajeshwar Reddy, Shri D. Ram Reddy and Shri G. Hemanth Reddy.]			
Sr. No.	Name of the Bank	Agreegate Amount of guarantee as per Sanction letter	Repayment Terms
1.	State Bank of Hyderabad	Rs. 56.50 Cr.	On Demand
2.	State Bank of India	Rs. 43.50 Cr.	On Demand
3.	ING Vysya Bank Ltd.	Rs. 7.00 Cr.	On Demand





## Notes Forming Part of Consolidated Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011
<b>8. Trades Payable</b>		
Trade Payables	34,20,47,937	33,07,22,159
Others	50,62,902	38,15,673
	<b>34,71,10,839</b>	<b>33,45,37,832</b>
<b>9. Other Current Liabilities</b>		
Instalment of Secured Term Loan from banks due within one year.	18,61,18,000	17,11,18,000
Interest accrued & due	1,00,20,320	61,30,276
Others	98,92,234	71,70,900
Duties and Taxes (including Excise Duty on Closing Stock of Finished Goods of Rs. 4,78,94,560/-. Previous year of Rs. 2,49,16,881/-)	5,18,40,125	2,89,51,932
	<b>25,78,70,679</b>	<b>21,33,71,108</b>
<b>10. Short Term Provisions</b>		
Income Tax	14,13,00,000	9,55,40,000
Dividend on Equity Shares	2,59,20,800	1,94,40,600
Dividend Distribution Tax	42,05,650	32,28,841
Salaries & Wages Payable	68,00,961	44,69,208
Commission to Directors	4,73,43,081	3,71,10,666
	<b>22,55,70,492</b>	<b>15,97,89,315</b>

## 11. Tangible Assets

Rupees

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2011	Additions	Deletion	As at 31.03.2012	As at 31.03.2011	For the Period	Deletion	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012
Land	67387172	718340	2363799	65741713	0	0	0	0	67387172	65741713
Buildings	232595120	63631842	0	296226962	37033982	7899396	0	44933378	195561138	251293584
Wind Electric Generator	198347946	0	0	198347946	31329976	10472772	0	41802748	167017970	156545198
Plant & Machinery	1205110405	375570023	0	1580680428	340961962	63913803	0	404875765	864148443	1175804663
Plant & Machinery R & D	298630060	4983663	0	303613723	43383827	15918812	0	59302639	255246233	244311084
Furniture & Fixtures	6413189	42686	0	6455875	2268966	404320	0	2673286	4144223	3782589
Office Equipment	7663029	757699	0	8420728	3252773	562179	0	3814952	4410256	4605776
Vehicle	24514603	4080987	3964455	24631135	6941418	2637495	2431129	7147784	17573185	17483351
Others	30961057	17192136	0	48153193	5819175	1945728	0	7764903	25141882	40388290
<b>Total</b>	<b>2071622581</b>	<b>466977376</b>	<b>6328254</b>	<b>2532271703</b>	<b>470992079</b>	<b>103754505</b>	<b>2431129</b>	<b>572315455</b>	<b>1600630502</b>	<b>1959956248</b>



## Notes Forming Part of Consolidated Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011
<b>12. Capital work in progress</b>		
Amines Division	6,53,53,889	5,33,25,034
Hotel Division	18,13,03,902	6,50,61,725
	-	
	<b>24,66,57,791</b>	<b>11,83,86,759</b>
<b>13. Non Current Investments</b>		
(All unquoted unless otherwise specified)		
1,000 shares of Rs. 100/- fully paid up in Progressive Effluent Treatment Plant Limited	1,00,000	1,00,000
Other Investment		
500 equity shares of Rs. 100/- each fully paid up in Solapur Janata Sahakari Bank Limited	50,000	50,000
Balaji Greentech Products Ltd.		
(4000000 10% cumulative redeemable preference Shares of 10/- each)	4,00,00,000	4,00,00,000
	<b>4,01,50,000</b>	<b>4,01,50,000</b>
<b>14. Other Non Current Assets</b>		
Deposit with Government Departments	81,93,080	63,12,030
Other Deposits	22,66,601	9,05,975
	<b>1,04,59,681</b>	<b>72,18,005</b>
<b>15. Current Investments</b>		
(All unquoted unless otherwise specified)		
Balaji Greentech Products Ltd.		
(2940000 Equity Shares of Rs. 10/- each)	2,94,00,000	2,94,00,000
Balaji Sourcings Pvt. Ltd.		
(900000 Equity Shares of Rs. 10/- each)	90,00,000	90,00,000
	<b>3,84,00,000</b>	<b>3,84,00,000</b>
<b>16. Inventories</b>		
[As verified, valued and certified by the Management.]		
Raw Material	42,07,29,803	27,32,23,123
Work-in-Progress	10,64,73,037	9,06,58,627
Finished Goods	43,53,91,001	26,68,28,352
Goods-in-transit / At Bonded Warehouse	1,60,30,033	3,06,76,804
Stores ,Spares & Packing Materials	2,48,34,995	2,85,47,736
Fuel, Others etc.	7,05,86,069	1,60,41,071
	-	
	<b>107,40,44,938</b>	<b>70,59,75,713</b>

## Notes Forming Part of Consolidated Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011
<b>17. Trade Recievables</b>		
(Unsecured and considered good)		
Over Six Months	52,45,827	39,76,776
Others Debts	81,61,24,733	73,35,21,911
	<b>82,13,70,560</b>	<b>73,74,98,687</b>
<b>18. Cash &amp; Cash Equivalent</b>		
Cash in hand	63,567	38,240
Cash with Scheduled Banks		
In Current Accounts	15,35,231	4,84,269
In Margin money account	4,31,88,190	8,97,86,453
	<b>4,47,86,988</b>	<b>9,03,08,962</b>
<b>19. Short Terms Loans and Advances</b>		
Balance with Revenue Authorities	12,41,52,237	11,20,19,618
Advance Income Tax (Including TDS)	14,04,56,924	8,54,79,614
Advances to Suppliers	2,92,75,945	7,83,40,254
Others - Unsecured, considered good	3,15,02,279	3,73,25,743
Employees Advances	16,19,977	12,65,175
Capital Advances recoverable in within one year	9,37,45,986	-
	<b>42,07,53,348</b>	<b>31,44,30,404</b>
<b>20. Revenue from Operations</b>		
Sale of Aliphatic Amines, Specialities Chemicals, Derivatives including Export Benefits	485,95,72,269	374,72,09,926
Less: Excise Duty	36,43,36,623	27,95,13,227
<b>Net Sales</b>	<b>449,52,35,646</b>	<b>346,76,96,699</b>
<b>21. Other Income</b>		
Income from Wind Electric Generator	2,14,77,460	1,24,49,805
Interest income from Bank	40,53,586	34,69,172
Misc. Income	29,20,417	15,06,646
	<b>2,84,51,463</b>	<b>1,74,25,623</b>
<b>22. Raw Material Consumed</b>		
Opening Stock	27,32,01,073	11,68,21,622
Add:		
Purchases of Raw Material - Domestic	105,71,28,251	93,01,85,405
Purchases of Raw Material - Imports CIF Value	190,12,80,184	136,73,34,942
<b>Sub-Total</b>	<b>323,16,09,508</b>	<b>241,43,41,969</b>
Less		
Closing Stock	42,07,29,803	27,32,23,123
<b>Net Total</b>	<b>281,08,79,705</b>	<b>214,11,18,846</b>



## Notes Forming Part of Consolidated Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011
<b>23. Changes in Inventories of Finished Goods &amp; Work in Process</b>		
Opening Stock		
Finished Goods	26,68,28,352	9,88,53,776
Work-in-process	9,06,58,627	3,44,74,997
Sub-Total	<b>357,486,979</b>	<b>13,33,28,773</b>
Less		
Closing Stock		
Finished Goods	43,53,91,001	26,68,28,352
Work-in-process	10,64,73,037	9,06,58,627
Sub-Total	<b>54,18,64,038</b>	<b>35,74,86,979</b>
	<b>-18,43,77,059</b>	<b>-22,41,58,206</b>
<b>24. Other Manufacturing Expenses</b>		
Repairs & Maintenance - Plant & Machinery	58,35,313	1,04,28,061
- Building & Others	14,64,392	11,13,702
Insurance to Plant & Machinery & Building	21,29,090	18,69,635
	<b>94,28,795</b>	<b>1,34,11,398</b>
<b>25. Employee Benefit Expenses</b>		
Salaries, Wages & other allowances	9,61,53,321	7,40,61,355
Bonus	51,94,837	43,51,554
Gratuity Premium & Provident Fund	63,21,755	60,15,274
Staff Welfare Expenses	23,25,246	22,99,563
Group Insurance of Employees & Directors	89,68,107	33,20,923
	<b>11,89,63,266</b>	<b>9,00,48,669</b>
<b>26. Financial Cost</b>		
Interest on Working Capital	11,60,22,800	7,65,58,873
Interest on Term loan	7,85,52,076	4,61,94,145
Processing Charges of Working Capital	30,50,450	29,75,833
Bank Charges	1,44,31,892	98,53,733
	<b>21,20,57,218</b>	<b>13,55,82,584</b>

## Notes Forming Part of Consolidated Financial Statements as at March 31, 2012

Rupees

Particulars	As at March 31, 2012	As at March 31, 2011
<b>27. Other Expenses</b>		
Rent, Rates & Taxes	1,12,31,119	2,42,65,211
Insurance	41,66,699	31,36,470
Power and Fuel Consumed	49,98,93,982	39,58,14,930
Store, Spares and Packing Material Consumed	18,27,59,919	16,40,30,165
Freight & Forwarding (Including Ocean Freight)	10,76,05,637	10,13,21,406
Commission to Directors	4,73,43,081	3,71,10,666
Salaries and Allowances to Directors	1,13,43,600	106,86,000
Foreign Exchange Fluctuations Loss / (Gain)	-1,37,02,030	22,73,617
Other Expenses	8,14,61,819	7,70,51,066
Auditors Remuneration	15,91,545	9,41,545
Auditors Remuneration - As Auditors	10,16,545	-
- Towards Tax Audit	2,75,000	-
- Towards Tax matters	3,00,000	-
	<b>93,36,95,371</b>	<b>81,66,31,076</b>

Signatories to Notes '1' to '27'

As per our report of even date  
**for V. Sridhar & Co.**  
Chartered Accountants,  
Firm No. 006206S

for and on behalf of the Board of Directors

**Vemulapati Sridhar**  
Proprietor  
M. No. 202337  
Secunderabad  
May 03, 2012

**A. Prathap Reddy**  
Chairman & Managing Director

**G. Hemanth Reddy**  
Wholetime Director

**Aarti S. Dudhawale**  
Company Secretary





## Consolidated Cash Flow Statement for the Year 2011-12

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
<b>A. Cash flows from operating activities</b>		
Profit before interest and tax	7392.54	5651.17
Exceptional Items	-79.12	0.00
Other income considered	-284.51	-193.15
Depreciation	1037.55	829.52
Non Cash Charges (Loss on Sale of Asset)	7.73	3.92
Increase in Current Liabilities	3745.94	947.28
Increase (-) / Decrease (+) in Inventories	-3680.69	-3859.87
Increase in Debtors	-838.72	-701.89
Increase in Other Current Assets, Loans & Advances	-1094.71	-702.49
Less: Income tax including dividend distribution tax	-908.57	-557.53
<b>Cash flow from Operating Activities</b>	<b>5297.44</b>	<b>1416.96</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	-5952.48	-5730.35
Sale of Fixed Asset	31.24	16.95
Long term investments made	0.00	-415.00
Other Income	284.51	193.15
<b>Cash flow from Investing activities</b>	<b>-5636.73</b>	<b>-5935.25</b>
<b>C. Cash Flow from Financing Activities</b>		
Secured loans	2199.05	6577.09
Interest paid	-2120.57	-1355.82
Dividend	-194.41	-162.00
<b>Cash Flow from Financing Activities</b>	<b>-115.93</b>	<b>5059.27</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>-455.22</b>	<b>540.98</b>
Cash and cash equivalents (beginning of the year)	903.09	362.06
Cash and cash equivalents (end of the year)	447.87	903.04
<b>Increase in cash and cash equivalents (closing minus opening balances)</b>	<b>-455.22</b>	<b>540.98</b>

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

As per our report of even date

**for V. Sridhar & Co.**

Chartered Accountants,

Firm No. 006206S

for and on behalf of the Board of Directors

**Vemulapati Sridhar**

Proprietor

M. No. 202337

Secunderabad

May 03, 2012

**A. Prathap Reddy**

Chairman & Managing Director

**G. Hemanth Reddy**

Wholetime Director

**Aarti S. Dudhawale**

Company Secretary

## Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies.

**Name of the Subsidiary Company:** Bhagyanagar Chemicals Limited

(Rupees)

Sr. No.	Particulars	Current Year (2011-12)
1.	Paid up Share Capital	1,30,00,000
2.	Reserves	(1,68,16,752)
3.	Total Assets	37,58,653
4.	Total Liabilities	38,58,653
5.	Investment	1,00,000
6.	Turnover (Lease Rentals)	1,20,000
7.	Profit / (Loss) before Tax	(2,09,814)
8.	Provision for Income Tax	--
9.	Profit / (Loss) after Tax	(2,09,814)
10.	Proposed Dividend	--

## Form for ECS Mandate / Bank Mandate

To  
Venture Capital and Corporate Investments Pvt. Limited  
(Category-I Registrars)  
12-10-167, Bharatnagar  
Hyderabad - 500018  
040-23818475/476; Fax: 040-23868024

Dear Sir,

I/We.....do hereby authorize Balaji Amines Limited to

- Credit my dividend amount directly to my Bank Account as per details furnished below by Electronic Clearing Services (ECS) - ECS Mandate.\*
- Print the details of my Bank account as furnished below, on my dividend warrant which will be mailed to me-Bank Mandate\*

(\* Strike out whichever is not applicable)

Folio No.....

DP ID.....

(For Shares held in physical form)

Client ID.....

A. Name of First holder .....

B. Bank Name .....

C. Branch Name .....

D. Branch Address (for ECS Mandate only) .....

E. Bank Account Number .....

F. Account Type (Saving / Current) .....

G. 9 Digit Code Number of the bank & branch .....

Appearing on the MICR cheque  
(for ECS Mandate only)

I hereby declare that particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Balaji Amines Limited will not be held responsible.

\_\_\_\_\_  
Signature of first named shareholder  
(as per specimen lodged with the Company)

**Note:** Please attach a blank cancelled cheque or a photocopy of a cheque issued by your Bank relating to your above account.



## Balaji Amines Limited

Registered Office: 165-A, 'Balaji Bhavan', Railway Lines  
Solapur – 413001, Maharashtra

### PROXY FORM

Regd. Folio No./DPID & Client ID No..... No. of Shares:.....

I / We.....

of.....

being member(s) of Balaji Amines Limited hereby appoint.....

of.....

..... on my / our behalf of as indicated below  
at the 24<sup>th</sup> Annual General Meeting of the Company to be held at 11.30 am on Saturday, 28 July 2012  
and at any adjournment thereof.

Agenda Item	Vote*	Agenda Item	Vote*
No.1		No.2	
No.3		No.4	
No.5		No.6	

Signed this the ..... day of.....2012.

Affix  
Re.1/-  
Revenue  
Stamp

\* Please state in this column whether 'in favour of' or 'against'

**Note:** Proxy Form duly completed must reach the Company's Corporate Office at least 48 hours before the commencement of the meeting.

## Balaji Amines Limited

Registered Office: 165-A, 'Balaji Bhavan',  
Railway Lines, Solapur – 413001

### 24<sup>th</sup> Annual General Meeting

### ATTENDANCE SLIP

DP ID No:.....

Master Folio No:.....

Client ID:.....

No of Shares:.....

Name and Address of the Shareholder

.....  
.....

I hereby record my presence at the 24<sup>th</sup> Annual General Meeting of the Company, being held on  
Saturday, 28 July 2012 at 11.30 am at the Registered Office of the Company.

Signature(s) of the member(s) or proxy present.









An ISO 9001:2008 Company

#### **Registered Office**

Balaji Bhavan, 165 / A, Railway Lines  
Solapur, Maharashtra - 413001

#### **Administrative Office**

3rd Floor, KPR House  
Sardar Patel Road  
Secunderabad - 500003, AP

#### **Factories**

##### **Unit 1**

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

##### **Unit 2**

Plot No 4 & 5  
Beside APSEB Sub-Station 2  
IDA, Bollaram, PIN - 502325  
Medak District, Andhra Pradesh

##### **Unit 3**

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