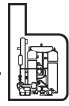


*Balaji*  
**AMINES LTD.**

**20<sup>th</sup>**

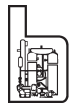
**Annual Report 2007-2008**

**CORPORATE INFORMATION****BOARD OF DIRECTORS****Chairman****SRI. M. R. KRISHNAIAH****Managing Director****SRI. A. PRATHAP REDDY****Whole Time Directors****SRI. N. RAJESHWAR REDDY****SRI. D. RAM REDDY****SRI. G. HEMANTH REDDY****Directors****SRI. T. NAVEENA CHANDRA****SRI. S. VISHNU RAO****SRI. S. V. PATTABHIRAMAN****AUDIT COMMITTEE****SRI. T.NAVEENA CHANDRA, Chairman****SRI.M.R.KRISHNAIAH, Member****SRI S.VISHNU RAO, Member****SRI S.V.PATTABHI RAMAN, Member****SHARE HOLDERS'/INVESTORS'****REDRESSAL COMMITTEE****SRI.T.NAVEENA CHANDRA, Chairman****SRI.S.VISHNU RAO, Member****SRI A.PRATHAP REDDY, Member****RESEARCH & DEVELOPMENT COMMITTEE****SRI.A.PRATHAP REDDY, Chairman****SRI.N.RAJESHWAR REDDY, Member****SRI.G.HEMANTH REDDY, Member****REMUNERATION COMMITTEE****SRI.M.R.KRISHNAIAH, Chairman****SRI.T.NAVEENA CHANDRA, Member****SRI. S.VISHNU RAO, Member****REGISTERED OFFICE :****BALAJI BHAWAN****165/A RAILWAY LINES****SOLAPUR****MAHARASHTRA-413001****ADMINISTRATIVE OFFICE****III RD FLOOR****KPR HOUSE, SARDAR PATEL ROAD****SECUNDERABAD-500 003, A.P.****AUDITORS****M/S V.SRIDHAR & CO****CHARTERED ACCOUNTANTS****HYDERABAD.****BANKERS****STATE BANK OF HYDERABAD****STATE BANK OF INDIA****ING VYSYA BANK****SHARE TRANSFER AGENTS****SATHGURU MANAGEMENT****CONSULTANTS PVT. LTD.****PLOT.NO.15, HINDI NAGAR****PUNJAGUTTA, HYDERABAD-500034****FACTORY****UNIT-I****TAMMALWADI (VILLAGE)****TULJAPUR (TQ)****OSMANABAD DIST****MAHARASTRA-413623****UNIT-II****PLOT NO 4&5****BESIDE APSEB SUB STATION-II****IDA, BOLLARAM-502325****MEDAK DIST. (A.P)****UNIT-III****PLOT NO. E- 7 & 8****MIDC, CHINCHOLI****SOLAPUR - 413 255, MAHARASTRA**



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## NOTICE

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

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31st March, 2008 and Balance Sheet as at that date together with the reports of the Directors and Auditors.
2. To declare dividend on equity shares.
3. To appoint a director in place of Sri. S. Vishnu Rao who retires by rotation and being eligible offers himself for re-appointment
4. To appoint a director in place of Sri M.R. Krishnaiah who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution.

"Resolved that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the companies Act, 1956 M/s. V. Sridhar & Co., Chartered Accountants, Hyderabad, be and are hereby re-appointed as statutory auditors of the company, to hold office from the Conclusion of this Meeting until the conclusion of the next Annual General Meeting of the company, on a remuneration to be fixed by the Managing Director of the company in consultation with them."

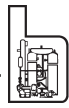
By order of the Board  
For Balaji Amines Limited

Place : Secunderabad  
Date : 24th July, 2008

G.Hemanth Reddy  
Director

### NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) The register of members and share transfer books of the company will remain closed from 16th September, 2008 to 24th September, 2008 (both days inclusive). The dividend if approved will be paid to the Members, whose names appear in the register of members as on 24th September, 2008.
- c) (i) Members holding shares in physical form are requested to immediately notify change in their address, if any to the Registrar and Transfer Agents of the company namely M/s Sathguru Management Consultants Private Limited, Plot No 15, Hindi Nagar, Punjagutta, Hyderabad-500 034. quoting their folio Numbers.  
(ii) In order to avoid fraudulent encashment of dividend warrants, Members holding shares in physical forms are requested to send to the Registrar and Transfer Agents of the company, at

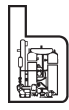


the address given else where on or before 24th September, 2008, a bank Mandate (providing details of name and address of banker, branch, PIN code and particulars of bank accounts) or changes thereon, if not provided earlier under the signature of the sole / First holders along with the folio numbers. This information will be printed on the dividend warrants. You may avail of the Electronic Clearing Service (ECS) mandate facilities provided by the company.

- d) Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank account details. ECS mandates, nominations, power of attorney, change of address/ name etc. to their depository participant only and not to the company or its Registrar and Transfer Agent. The said nominations will be automatically reflected in the Company's records.
- e) Pursuant to the provisions of Section 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend account of the company is required to be transferred to the Investors Education and Protection Fund (IEPF) established by the Government of India and therefore, no payments shall be made by the company or by the IEPF in respect of such amounts.

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

- f) Consequent upon the introduction of Section 109 A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form No. 2 B in duplicate to the company.
- g) Pursuant to the requirements on the Corporate Governance under the listing agreement entered into with stock exchanges, the information about the Directors proposed to be appointed/re-appointed is given in the annexure to the notice.
- h) Members desirous of getting any information about the accounts and / or operations of the company are requested to write to the company at least seven days before the date of the meeting to enable the company to keep the information ready at the meeting.
- i) All the documents referred to in the Notice and explanatory statement will be available to the members at the Registered and administrative office of the company between 10.30 A.M to 12.30 P.M on all working days from the date hereof upto the date of the Meeting.



PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE - APPOINTED

a) **Sri S Vishnu Rao**

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

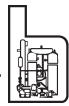
b) **Sri M.R.Krishnaiah**

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

By order of the Board  
For Balaji Amines Limited

Place : Secunderabad  
Date : 24th July 2008

G.Hemanth Reddy  
Director



## DIRECTORS REPORT

To the members of Balaji Amines Ltd,  
Solapur.

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

### PERFORMANCE RESULTS

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

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

### FINANCIAL YEAR 2007-08

(RUPEES IN LAKHS)

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

### DIVIDEND

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

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

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

## RESEARCH & DEVELOPMENT, EXPANSION & DIVERSIFICATION

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's discussion and analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with stock exchanges in India is presented in a separate section forming part of this Annual Report.

## CONSOLIDATED FINANCIAL STATEMENTS

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

## DIRECTORS

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

Their particulars in the form of a profile describing their expertise in specific functional areas and names of companies in which they hold directorship and membership/ chairmanship of the Board committee as stipulated by Clause 49 of the listing agreement with the stock exchange are provided in the Report in Corporate Governance forming part of this Annual Report.

## RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed that,

- (i) in the preparation of the annual accounts, applicable accounting standards have been followed.
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) the Directors have prepared the annual accounts of the company on a going concern basis.

## AUDITORS

M/s V.Sridhar & Co, Chartered Accountants, Hyderabad Statutory Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The company has received letter from the Auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified from such re-appointment with in the meaning of Section 226 of the said Act.

## EMPLOYEES

In terms of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies( particulars of Employees) Rules,1975 as amended, the names and other particulars of the employees are required to be set



out in the Annexure to the Directors Report. However, as per the Provisions of Section 219(I) (b) (iv) of the Said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the company and others entitled thereto.

There are no employees of the company, whose particulars are to be disclosed pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956. Read with companies (particulars of the employees) Rules 1975.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars required in the report of the Board of Directors in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are furnished in the prescribed format and Annexed to this report.

#### **CORPORATE GOVERNANCE**

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

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

#### **CODE OF CONDUCT**

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

#### **SOCIAL RESPONSIBILITY**

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

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

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

#### **ACKNOWLEDGEMENTS**

Your Directors would like to express their appreciation and acknowledge all for their co-operation and assistance in general and specially from Banks, Government authorities, Customers, Vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the executives, staff and workers of the company.

**For and on behalf of the Board of Directors**

Place : Secunderabad  
Date : 24th July, 2008

**M.R.KRISHNAIAH**  
Chairman

**ANNEXURE TO THE DIRECTOR'S REPORT:**
**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**
**A. CONSERVATION OF ENERGY**
**(a) Energy Conservation Measures taken**

Improvement in energy efficiency is a continuous process at BAL and conservation of energy is given a very high priority in all our plants and offices. Energy audits and benchmarking are done regularly to identify areas of improvement and steps are taken to implement the measures required for such improvement.

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

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

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

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

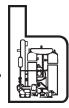
**(d) Total Energy Consumption and energy Consumption per unit of production as per Form 'A' attached hereto**
**B. TECHNOLOGY ABSORPTION (ENCLOSED IN FORM.B)**

Efforts made in technology absorption - as per Form B attached hereto

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The sustained efforts of the company in exploring export markets have resulted in the growth of exports. The particulars are as under:

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



OMNR	300	equivalent to INR	35580	for Traveling Expenses
CHINA YUN	7219.08	equivalent to INR	42457	for Traveling Expenses
US Dollars	7139.35	equivalent to INR	325.252	for commission towards sales promotion
S.Fr.	2395	equivalent to INR	86939	for import of Plant & machinery
US Dollar	4080	equivalent to INR	188129	Towards Exhibition charges
EURO	22362.88	equivalent to INR	1332390	Towards Exhibition charges
US Dollar	1090.50	equivalent to INR	48666	Towards Advertisement
US Dollar	1316.65	equivalent to INR	60203	Towards Freight charges
EURO	673.22	equivalent to INR	59074	Towards Freight charges

FORM A

Form of Disclosure of particulars with respect to Consumption of Energy

**A. POWER AND FUEL CONSUMPTION**

1.	Electricity		
	a)	Purchased Units	8670405
		Total Amount Rupees	35704227
		Average rate per unit Rupees	4.12
	b)	Own Generation	
		I. Through Diesel Generator	
		Units	395754
		Total amount Rupees	5429088
		Average cost per unit Rupees	13.72
		II. Through Steam turbine/generators	-
		Units	-
		Unit per tonne of coal	
2.	Coal (Specify quality and where used)		
	I.	Coaking Coal for Boiler (MT)	38142.208
		Total Cost Rupees	126901616
		Average rate per MT	3327.06
3.	Furnace Oil		-
4.	Other (Agricultural waste)		
	I.	Bagasse	
		Quantity (MT)	799.69
		Total Cost Rupees	786887
		Average rate per MT	983.99
	II.	Fire wood	-
		Quantity (MT)	
		Total Cost	
		Average rate per MT	
<b>B.</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>		
	I.	Total Production (MT)	
		a) Aliphatic Amines and Derivatives	36435.901
	II.	Electricity (KWH)	248.82
	III.	Furnace Oil (Liters)	-

**Form B**  
**Form of Disclosure of Particulars with respect of Technology Absorption**

**A. RESEARCH AND DEVELOPMENT**

1. Specific Areas in which the company carried out R&D

The company has carried out R & D in process improvement of existing plants like Ethylamines, Methylamines, N-Methyl-2-Pyrrolidone, Morpholine and DMAHCL.

The company has carried out R& D for process development for production of Natural Products.

2. **Benefits Derived**

The company has revamped the plants and installed capacity of some of the plants increased ranging from 30% to 80% which has resulted in higher production vis-a-vis higher sales.

3. **Future course of Action**

The company has initiated various R&D activities and setting up R & D pilot plants to manufacture some of the new products in India for the first time. One of the products is for backward integration which being imported presently.

4. **Expenditure on R & D**

a. In capital nature	Rs. 419.18 Lacs
b. In Revenue Nature	Rs. 54.28 Lacs
<b>TOTAL</b>	<b>RS. 473.46 Lacs</b>

The total R&D expenditure is around 2 % of gross sales

**B. Technology Absorption, Adoption and Innovation**

**Efforts made**

It has been our endeavour to adopt the latest developments in energy saving / energy efficient processes or systems for recovering the Energy.

The company has set up commercial plants with the help of data generated in the pilot plants

**Benefits**

The company has been benefited by R & D efforts in increasing the capacities. The Company has achieved improvement in recovery of energy in various plants.

The Company has also scaled up its operating levels of all plants and consistently deriving benefits.

## MANAGEMENT DISCUSSION & ANALYSIS

### Industry structure, Development and Outlook

Balaji Amines is the leading manufacturer of specialty chemicals, aliphatic amines, derivatives. Balaji Amines Limited has two manufacturing facilities, one at Tammalwadi, Tuljapur, Maharashtra and the other at IDA Bollaram, Hyderabad. These two locations are also having Research & Development centres which are registered and certified by the Department of Science & Technology, Government of India. These R & D centres are manned with top class team of professionals in developing new products, designing and scaling up of processes, plants etc.,

Balaji Amines Limited is catering to the following industries which are growing at around 30 to 50% annually.

- API'S
- Agro Chemicals
- Refineries
- Water Treatment Chemicals
- Rubber Chemicals
- Photographic Chemicals
- Health and Neutraceuticals

Some of the industry trends impacting growth are as under :

- Increasing trend in contract manufacturing by Indian API, Pharma Companies for Global majors.
- Ever expanding capacities of the Domestic companies in all the sectors as the cost of manufacturing is the lowest in the world.
- Innovations are demanding for new products locally by all the sectors.
- Environmental concerns demand for new & Biodegradable products.

### FINANCIAL REVIEW

The company posted a gross turnover of Rs.240.58 crores as against Rs. 197.29 crores in the previous year. Against such turnover the company posted profit after tax of Rs. 13.26 crores as against Rs. 10.31 crores in the previous year. The turnover increased by 21.63 % and the profit after tax by 28.61 %.

### INTERNAL CONTROL SYSTEM

In the earlier years the company implemented an Enterprise Resource Planning system (ERP) and is continuously improvising upon the ERP system with re-engineering the business process, MIS reporting and management tools which enabled the company to work efficiently and effectively. This resulted in further strengthening the already strong internal control systems running through all functional and operational areas of the company.

The Directors through the audit committee regularly review and monitor the effectiveness of the internal control systems and also promptly implement the suggestions given by the audit committee in improvising upon the existing system. In the opinion of the Board of Directors, an effective and adequate internal control system commensurate with the size of the company and nature of its business is in place.

A highly efficient Distribution Control System (DCS) that monitors and automatically controls all the functions of the manufacturing process is in place and consumption co-efficients of raw materials and utilities are optimized through the use of this system.

### INDUSTRY RELATIONS

Over the years, the company had introduced open door system whereby the employees extend their views and suggestions to the top management. This has resulted in increased and mutually beneficial employee participation in the day-to-day affairs of the company. The company as always, has maintained a harmonious and happy relations with its entire employee fraternity.

## HUMAN RESOURCES

The inter-personal relationship between the employees has always been a top priority for the company. The system of continuous training & development and encouraging leadership qualities at all levels and constant interaction between the employees has resulted in improvement in the quality of employee output and also strengthened the employee relations inter-se as well as with the management. The constant flow of information from grass root workers to the top management and prompt action thereupon has further contributed to improvement in the quality of human resources with the company.

The company acknowledges that human resources are its biggest asset which have been nurtured and strengthened over the years.

## SAFETY, HEALTH AND ENVIRONMENT

Safety is accorded high priority and concerted efforts are made to ensure safe working Environment for employees. All incidents are analyzed in safety committee meetings and Corrective and preventive actions are taken immediately. Employees are 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 at each location.

Each employee is entitled to identify risk and report it to the concerned risk head of that division who in turn reports it to the Head of the plant. The risks are entered in the Risk Register and classified in terms of their impact and probability of occurrence. The risks are further mapped in terms of mitigation, action to be taken and the people responsible for taking the actions. The Risk Register is reviewed periodically by senior management and is presented to the Audit Committee on a quarterly basis.

While we have 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 and changes in regulatory frameworks.

## 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' 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.

## FUTURE OUTLOOK

The outlook for the business is generally encouraging and demand for our products, in various sectors like API's, Agrochemicals, water treatment chemicals, Refineries etc., are increasing and overall outlook is favourable.

## REPORT ON CORPORATE GOVERNANCE

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

Corporate Governance is a system with which, an organisation is structured. Corporate Governance Integrates multi functions of an organisation to fulfil the objectives with in the frame work of all the Stake holders, society, Law of Government, and people at large.

Your company has integrated the value system in all spheres of activities involving People From all functional areas. Your company has initiated to comply with code of conduct for all the directors, senior staff and functional heads. The main focus is on integrity, transparency responsibility and accountability. It is about Best practices of business to be imbibed in to the culture of the organisation and complying with value systems, ethical business practices, laws and regulations to achieve the main objectives of the company.

Your company respects and provides information to stake holders about the performance and Strives to be ahead of competition by taking all the risk assessment well in advance.

At Balaji Amines Limited the focus is on its core strengths, value systems, hard working and strategic moves to be the leader in the Industry.

Your company has set highest standards of Corporate Governance and implemented the code of Corporate Governance in accordance with clause 49 of the listing agreement with the stock exchanges.

A brief report on the practices and compliances by your company is given below.

### B. Board of Directors

#### Composition

Your company has been one of the front runners in establishing broad based Directors with a balanced composition of Executive Directors to Non executives Independent Directors ever since it went public. All the Non executive directors have rich experience in various fields of industry such as, Manufacturing, Administration, Financial services and Banking.

During the period under review, 5 Board Meetings were held namely,

30/04/2007      20/07/2007      25/10/2007  
 25/01/2008      25/03/2008

The Annual General Meeting (AGM) was held on 06/09/2007.

#### Structure of the Board for the Year ended 31st March, 2008

Name of the Director	Category	No. of other Directorship held	Membership/ Chairmanship held in Committees of other Companies	No. of Board Meetings attended	Attendance at Last AGM held
Sri .M.R.Krishnaiah	Non Executive Independent	-	-	4	No
Sri.A.Prathap Reddy	Executive	2	-	5	Yes
Sri N.Rajeshwar Reddy	Executive	2	-	2	Yes
Sri.D.Ram Reddy	Executive	3	-	2	Yes
Sri. G.Hemanth Reddy	Executive	2	-	5	Yes
Sri. T.Naveena Chandra	Non-Executive Independent	2	-	5	No
Sri. S.Vishnu Rao	Non-Executive Independent	1	-	5	No
Sri. S.V.Pattabhi Raman	Non-Executive Independent	-	-	5	No

### **Board Meetings, its committee Meetings and procedures**

With a view to institutionalise all corporate affairs and establish systems and procedures for proper planning and execution, matters requiring discussion/ decisions by the Board, the Company has defined the guidelines for the meetings of the Board and Committees thereof.

Scheduling and Selection of Agenda items for the Board Meetings.

- (a) Minimum four Board meetings are held in each year, which are pre-scheduled after the end of the each financial year. Apart from the pre schedule Board meetings, additional Board meetings are convened by giving appropriate notice to address the specific needs of the Company.
- (b) The meetings are held at the Company's administrative office at III floor, KPR House , S.P.Road , Secunderabad-500003 or at registered office.
- (c) The information placed before the Board includes
  - Quarterly results for the Company and its operating divisions or business segments
  - Minutes of the meeting of the Audit Committee and other committees of the Board
  - Minutes of the meeting of the Research and Development Committee
  - Non-compliance of any regulatory, statutory nature or listing requirements and shareholders services such as non payment of dividend, delay in share transfer etc.
  - Quarterly summery of all long term borrowings , bank guarantees issued and investments made etc
  - Recommending/ Declaring dividend
  - General Notice of Interest of Directors
  - Terms of reference of the Board committees
  - Any material default in financial obligations to and by the Company etc.
  - Review of the over all performance from time to time.

#### **Board materials Distributed in advance**

Agenda and Notes on agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Notes on Agenda for facilitating meaningful and focussed discussions at the meeting for taking appropriate decisions.

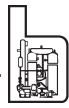
#### **Recording Minutes of proceedings at Board Meeting**

The Director Finance records the minutes of the proceedings of each Board and Committee meetings. Draft minutes are circulated to all the members of the board/ committee for their comments. The finalised minutes of proceedings of a meeting are entered in the Minutes Book within 30 days from the conclusion of that meeting.

#### **Compliance**

The Director Finance while preparing the Agenda, Notes on agenda, Minutes etc is responsible for and is required to ensure adherence to all the applicable laws regulations including the Companies Act, 1956 read with the Rules issued there under and to the extent feasible, the Secretarial Standards recommended by the Institute of Company Secretaries of India , New Delhi.





**C Board Committees.**

**1. Audit Committee**

The Board has constituted Audit Committee, comprising Four Non- Executive Independent Directors. All the members of the Audit Committee possess financial / accounting expertise. The constitution of audit committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing agreement.

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

During the year, The Audit Committee Has met four times. The dates on which the meetings are held:

30/04/2007                      20/07/2007                      25/10/2007                      25/01/2007

**a) Terms of Reference**

- 1) To provide direction and to oversee the operations of the audit functions of the Company
- 2) To review the internal control and audit systems with special emphasis on their quality and effectiveness in reporting all material facts.
- 3) To review Quarterly , Half yearly and Annual financial results before submission to the Board
- 4) To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred by the Board.
- 5) To have full access to information contained in the records of the Company and external advice, if necessary.
- 6) 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.

**The Constitution of the Audit Committee and the attendance of each member of the said committee are as under:**

Name	Designation	Status	Qualification	No. of Meetings attended.
Sri.T.Naveena Chandra	Chairman	Non-Executive Independent Director	Chartered Accountant	4
Sri.M.R.Krishnaiah	Member	Non-Executive Independent Director	Management Consultant	3
Sri.S.Vishnu Rao	Member	Non-Executive Independent Director	Management Consultant	4
Sri. S.V. Pattabhiraman	Member	Non-Executive Independent Director	Management Consultant	3

## 2. Remuneration & Compensation Committee

The Board has Constituted the remuneration Committee comprising three Non Executive Independent Directors namely Sri M.R. Krishnaiah, Chairman, Sri T.Naveena Chandra, Member and Sri S.Vishnu Rao, Member.

The Remuneration Committee has been reconstituted as Remuneration & Compensation Committee to recommend/ review remuneration of the Managing Director and Whole time Directors, Senior Staff based on their performances and terms of appointment.

Sri. M.R. Krishnaiah

Sri. S.V. Pattabhiram

Sri. S. Vishnu Rao

Sri. T. Naveena Chandra

Sri. A. Prathap Reddy

Details of remunerations paid/payable to directors for the year ended 31st March, 2008 is as under;

Name	Relationship with Company	Loans From Company Rs	Sitting Fees Rs	Salary & perks Rs	Commission Rs	Total Rs
Sri M.R.Krishnaiah	None	NIL	18,000.00	--	--	18,000.00
Sri.A.Prathap Reddy	Promoter Director	NIL	---	13,50,000.00	68,24,005.00	81,74,005.00
Sri.N.Rajeshwar Reddy	Promoter Director	NIL	--	11,25,000.00	34,12,003.00	45,37,003.00
Sri.D.Ram Reddy	Promoter Director	NIL	--	11,25,000.00	34,12,003.00	45,37,003.00
Sri. G.Hemanth Reddy	Promoter Director	NIL	--	10,50,000.00	17,06,001.00	27,56,001.00
Sri. T.Naveena Chandra	None	NIL	23,000.00	--	--	23,000.00
Sri.S.Vishnu Rao	None	NIL	23,000.00	--	--	23,000.00
Sri.S.V.Pattabhi Raman	None	NIL	23,000.00	--	--	23,000.00

Besides this, The Managing Director and The 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.

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

The Board is also authorised to allot ESOP as per the resolution and modalities are being assigned to the committee.

## 3. Shareholders/ Investors Redressal Committee

### a) Terms of reference

The Board has constituted Shareholders'/ Investors' Redressal Committee, to look into grievance/ issue of share holders/investors relating to non-receipt of dividend, non-receipt of Annual Reports, Shares sent for transfer etc.

The Directors periodically review the investors complaints received and redressed. The committee also monitors the implementation and compliance of the Company's Code of Conduct for all the Directors, senior staff and Head of the department

The committee also review the performance of share transfer agent and recommend improving overall quality services to share holders.

The committee also review the performance of share transfer agent and recommend improving overall quality services to share holders.

**Composition**

Name	Designation	Status
Sri. T.Naveena Chandra	Chairman	Non-executive Independent Director
Sri. S.Visnhu Rao	Member	Non-executive Independent Director
Sri. A.Prathap Reddy	Member	Managing Director

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

Sl.No	Nature of Reference/ Complaints	Received (in No)	Resolved (in No)	Pending (in No)
1	Change of Address	10	10	Nil
2	Bank mandates	9	9	Nil
3	Correction of Share Certificate	2	2	Nil
4	Loss of Share Certificate	6	6	Nil
5	Indemni Dup Share Certificate	3	3	Nil
6	Others	10	10	Nil

**4. Research and Development Committee**

**a) Terms of reference**

The Board has constituted Research and Development Committee, to carry out the Research and Development initiations. The R & D committee has been instrumental in identifying various new products and initialised the process development in the pilot plants.

The Directors periodically reviewed the Research and Development initiatives. The committee also monitors the implementation of new plants, identifying the new products, improving the Processes etc. to optimise the usage of utilities and raw materials etc.,

**Composition**

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

To monitor the operations of Research and Development initiatives in as effective manner the Committee formed the sub- committee named as Research and Development Sub-Committee at the unit level which comprises of the following members.

**For Unit- 1:**

Sri. A.Prathap Reddy  
Sri. N.Rajeshwar Reddy  
Sri. P.B. Choudhury

**For Unit-II**

Sri.A.Prathap Reddy  
Sri.G.Hemanth Reddy  
Dr.Shyam Rao

**For Unit-III**

Sri. A.Prathap Reddy  
Sri. N.Rajeshwar Reddy  
Sri. K.S.T.V. Ramana Murthy

**D General Body Meeting**

Location, date and time of the Annual General Meeting held during the preceding 3 years are as follows.

Year	AGM/EGM	Location	Date	Time
2004-2005	AGM	165/A Balaji Bhavan, Railway Lines, Solapur-413001	29-09-2005	10.30A.M
2005-2006	AGM	165/A, Balaji Bhavan, Railway Lines, Solapur-413001	08-06-2006	11.00 A.M
2006-2007	AGM	165/A, Balaji Bhavan, Railway Lines, Solapur - 413001.	06-09-2007	11.30AM

All the special resolutions were passed only on show of hand and no postal ballot was conducted during the above meetings.

At the ensuing Annual General Meeting also there is no resolution proposed to be passed through postal ballot.

**E Disclosures**

There are no transactions of material nature undertaken by the company with its promoters, directors, their relatives or the management that may have a potential conflict with the interest of the company.

Disclosure on transactions with related party as required under Accounting Standard 18 has been incorporated in the notes on Accounts forming part of the Annual Report.

Details of non-compliances, penalties, strictures by Stock Exchanges/ SEBI / Statutory Authorities on Any matter related to capital markets during the period 2007-08: None.

The Company circulated the Code of Conduct among all the Board members and senior management personnel and affirm that they are complying with the code on an annual basis. The total text of the Code of Conduct is posted on the company's website. Viz. [www.balajiamines.com](http://www.balajiamines.com)

The Managing Director certified that the company has complied with the provision of clause 49 (V) of the listing agreement.

**Means of Communications**
**Quarterly /Half yearly results**

Quarterly / Half yearly results are published in Economic Times Mumbai and Hyderabad in English and Lokmat Times & Dainik Pujari in Marathi published in Maharashtra

**News Releases, Presentations etc**

Official news releases, analysis and information to investors, etc are displayed on the company's website [www.balajiamines.com](http://www.balajiamines.com) after duly complying with the provision of listing agreement by informing the stock Exchanges and media.

**Website**

The company's website [www.balajiamines.com](http://www.balajiamines.com) contains separate dedicated section 'Investor information' Full Annual Report is also available on the website in a user- friendly and downloadable format.

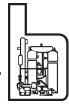
**Annual Report**

Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors Report and other important information is circulated to Members and others entitled thereto, along with the Management Discussion and Analysis (MD & A) Report forming part of the Annual Report.

**SEBI EDIFAR**

Annual results, Shareholding pattern etc., of the company are posted on the SEBI EDIFAR

Web site, [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)



**F General Shareholder Information**

20th Annual General Meeting  
Date, Time and Venue

24th September 2008, 11.30 A.M, 165/A Balaji Bhavan,  
Railway Lines, Solapur - 413623, Maharashtra

Financial calendar ( tentative )

1st Quarter Third week of July-08  
2nd Quarter Last week of October-08  
3rd Quarter Last week of January-09  
4th Quarter Last week of April-09

Date of Book Closure

16th September, 2008 to 24th September, 2008 (both days  
inclusive) for payment of dividend

Dividend payment date

As per the Companies Act, 1956 and subject to the approval  
of shareholders at the ensuing Annual General Meeting.

**G Company's shares are listed in the following Stock Exchanges**

- i) The Stock Exchange  
Mumbai (BSE)  
Phioze jee jee bhoy Towers  
Dalal Street, Mumbai-400001
- ii) The National Stock Exchange India Limited  
Exchange Plaza, Bandra - Kurla Complex.  
Bandra (E), Mumbai - 400 051

Annual listing fees for the year 2007-08 (as applicable) have been paid by the company to the  
respective stock exchanges.

**H Registrar and Share Transfer Agents**

Sathguru Management Consultants Private Limited  
Plot No 15, Hindi Nagar  
Punjagutta  
Hyderabad-500034  
Phone No 91-40-23356507  
Email: sta@sathguru.com

**I Share Transfer System**

Presently, the share transfers which are received in physical form are processed and the share certificates  
returned within 15 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 Executive Director. A summary of share transfer/ transmission of the securities of the company so  
approved by the Executive Director are placed at every Board Meeting.

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

**J Dematerialisation**

97.01% of the Company's paid-up equity share capital has been dematerialised as on 31st March, 2008. The  
trading in the Equity shares of the company is permitted only in dematerialised form as per the notification  
issued by SEBI.

**K Stock Code**

Bombay Stock Exchange  
Scrip code : 530999  
Scrip ID : BALAJIAM

National Stock Exchange of India Ltd.  
Scrip ID : BALAMINES

**L Demat ISIN in NSDL & CDSL for Equity Shares**

ISIN: INE050E01019

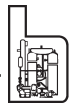
**M Stock market data**

BSE Market price data - High / Low during each month of the financial year 2007-08.

Month & year	Open Rs.	High Rs.	Low Rs.	Close Rs.
April, 2007	128.20	154.00	126.00	144.15
May, 2007	144.00	147.50	115.00	125.40
June, 2007	123.60	133.80	113.05	117.30
July, 2007	116.25	141.80	113.00	119.05
August, 2007	121.00	123.00	106.00	121.00
September, 2007	121.00	124.00	101.50	117.30
October, 2007	104.50	120.00	103.50	107.45
November, 2007	107.05	129.00	101.10	117.00
December, 2007	120.00	161.00	112.20	152.95
January, 2008	153.00	237.00	126.70	127.10
February, 2008	126.85	140.85	114.00	121.90
March, 2008	118.10	121.00	91.50	110.00

NSE Market price data - High / Low during each month of the financial year 2007-08

Month & year	Open Rs.	High Rs.	Low Rs.	Close Rs.
April,2007	145.90	157.45	140.00	149.95
May,2007	148.00	148.00	116.55	125.00
June,2007	128.00	131.20	110.05	117.00
July,2007	117.05	144.00	108.10	133.80
August,2007	126.95	140.00	91.40	121.40
September,2007	120.95	125.80	99.85	118.15
October,2007	118.00	119.95	110.00	106.85
November,2007	107.50	134.00	93.05	116.10
December,2007	119.90	164.00	116.60	155.50
January,2008	135.00	240.00	120.75	123.80
February,2008	123.10	138.60	115.05	120.30
March,2008	115.25	124.85	91.10	109.45



**N. Distribution of Shareholding as on 31st March, 2008**

Equity Share holding of nominal value	Equity Share Holders		Equity Share Amount	
	Number	% to	In Rs.	% of
(1)	(2)	(3)	(4)	(5)
1 - 5000	3044	85.67	3988130	6.16
5001 - 10000	261	7.35	2235240	3.45
10001 - 20000	96	2.70	1517110	2.34
20001 - 30000	41	1.15	1017880	1.57
30001 - 40000	16	0.45	590140	0.91
40001 - 50000	13	0.37	614240	0.95
50001 - 100000	37	1.04	2898680	4.47
100001 - Above	45	1.27	51940580	80.15
<b>Total</b>	<b>3553</b>	<b>100</b>	<b>64802000</b>	<b>100.00</b>

**O. Locations of Manufacturing facilities**

**Unit-I**

Tammalwadi,(V)  
Tuljapur (Tq)  
Osmanabad (Dist)  
Maharashtra-413623

**Unit-II**

Plot No 4 & 5  
Besides APSEB Sub-Station-II  
IDA, Bollaram-502325  
Jinnaram Mandal,  
Medak Dist, Andhra Pradesh

**Unit-III**

Plot No. E-7  
MIDC, Chincholi  
Solapur - 413 255  
Maharastra

**P. Address for Correspondence**

**(i) Investor Correspondence**

For transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the company

**For shares held in physical form**

M/s Sathguru Management Consultants Pvt. Limited  
Plot No 15, Hindi Nagar  
Panjagutta, Hyderabad-500034  
Phone No 91-40-23356507

**For shares held in Demat form**

To the Investors' Depository Participant(s) and/ or Sathguru Management Consultants Pvt Ltd.

**Any query on Annual Report**

Secretarial Department  
Balaji Amines Limited  
165/A, "Balaji Bhavan"  
Railway Lines  
Solapur-413001

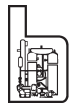
**Details of Grievance Redresal Division / Compliance Officer.**

G. Hemanth Reddy, Director / Compliance Officer  
Email: cs@balajiamines.com

**Q. Compliance Certificate of 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 to the Directors' Report forming part of the Annual Report.

This Certificate has been forwarded to the Stock Exchange where the securities of the company are listed.



**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 (hereinafter referred to as the Company) for the year ended 31st March, 2008 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.

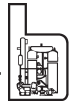
We state that in respect of investor grievances received during the year ended 31st March, 2008, no investor grievances are pending against the Company exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

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

**VEMULAPATI SRIDHAR**  
Proprietor  
Membership No. 202337  
Secunderabad. April 28, 2008.





## AUDITOR'S REPORT

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

1. We have audited the attached Balance Sheet of M/s. Balaji Amines Limited, as at March 31, 2008, the Profit and Loss account 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.
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. 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.
4. 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, Profit and Loss account and the Cash Flow statement dealt with by this report are in agreement with the books of accounts
  - (iv) In our opinion, Balance Sheet, Profit and Loss account 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, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2008 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, 2008;
    - b) in the case of the Profit and Loss account, 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.

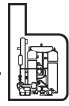
For V.Sridhar & Co.,  
Chartered Accountants

VEMULAPATI SRIDHAR  
Proprietor  
Membership No : 202337  
Hyderabad, April 28, 2008.

## ANNEXURE TO THE AUDITOR'S REPORT

Re: Balaji Amines Limited, Year Ended 31-03-2008  
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 management of the Company, during the year, at reasonable intervals has physically verified the fixed assets. 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 and the frequency of such verification is reasonable.
  - b. 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)
  - a. The company has granted loan to Bhagyanagar Chemicals Limited (a subsidiary). The maximum balance in the account during the year was Rs.84.21 lacs and the year end balance was Rs.84.21 lacs. The company has not taken any loans during the year.
  - b. In our opinion the rates of interest and other terms and conditions granted as above are not prima facie prejudicial to the interests of the company.
  - c. The payments to the company in respect of the said loans are regular and as per the terms agreed to by the parties.
- (iv) In our opinion and according to the information and explanations given to us there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in the internal control.
- (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.
  - b. According to information and explanations given to us, no undisputed amounts in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and Cess were in arrear as on March 31, 2008 for a period of more than six months from the date they became payable.



- (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) In our opinion 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 during 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

**VEMULAPATI SRIDHAR**  
Proprietor  
Hyderabad April 28, 2008.

**BALANCE SHEET AS AT 31.03.2008**

Particulars	Schedule	As at 31st March, 2008		As at 31st March, 2007	
		Rupees	Rupees	Rupees	Rupees
<b>I. SOURCES OF FUNDS</b>					
Shareholders funds					
Share Capital	1	64802000		64802000	
Reserves and surplus	2	501185253		379669639	
Deferred Tax Liability		149073928		117787976	
<b>Loan Funds</b>					
Secured Loans	3	834144953		664176428	
Unsecured loans		-		-	
		<u>1549206134</u>		<u>1226436043</u>	
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block		961749682		805163102	
Less : Depreciation	4	<u>255579863</u>		<u>211572277</u>	
Net block		706169819		593590825	
Capital Work in Progress		56979835		-	
Investments	5	13242397		10242397	
<b>Current Assets, Loans &amp; Advances (a)</b>					
Inventories	6	334132073		321293190	
Sundry Debtors	7	594327408		402297501	
Cash & Bank Balances	8	55129090		43937773	
Other Current Assets	9	4028995		3491618	
Loans & Advances	10	<u>155088896</u>		<u>109793823</u>	
		<u>1142706462</u>		<u>880813905</u>	
Less					
<b>Current Liabilities &amp; Provisions (b)</b>					
Liabilities	11	335552470		210491241	
Provisions	12	<u>34339909</u>		<u>47719843</u>	
		<u>369892379</u>		<u>258211084</u>	
Net Current Assets (a - b)		772814083		622602821	
<b>Miscellaneous Expenditure</b>					
(to the extent not written off or adjusted)		-		-	
TOTAL		<u>1549206134</u>		<u>1226436043</u>	

As per our report of even date  
for V. Sridhar & Co.,  
Chartered Accountants,

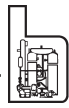
for and on behalf of the Board of Directors

Vemulapati Sridhar  
Proprietor  
Membership No.202337

A. Prathap Reddy  
Managing Director

G. Hemanth Reddy  
Director

Hyderabad, April 28, 2008



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

Particulars	Schedule	As at 31st March, 2008		As at 31st March, 2007	
		Rupees	Rupees	Rupees	Rupees
<b>I. INCOME</b>					
Sales	13	2396764764		1972938441	
Less:- Excise Duty		<u>218569584</u>	2178195180	<u>217887312</u>	1755051129
Other Income	14		9250507		5489298
Increase / (-) Decrease in stocks	15		-93914083		89860900
<b>TOTAL</b>			<u>2093531604</u>		<u>1850401327</u>
<b>II. EXPENDITURE</b>					
Raw Materials consumed	16		1256936263		1139076187
Manufacturing, Selling & Administrative Expenses	17		466080105		391639471
Interest and Finance Charges	18		79178761		61798690
Sales Tax \ Value Added Tax			63275182		62299017
Depreciation	4		44007586		37311247
<b>TOTAL</b>			<u>1909477897</u>		<u>1692124612</u>
Balance			184053707		158276715
<b>Prior Period Items</b> (Excess provision of Income Tax written back )			2540459		3103315
<b>Profit before Tax</b>			186594166		161380030
<b>Provision for:-</b>					
Deferred Tax Liability (Originating during the year )			31285952		21574010
Deferred Tax Assets - Adjusted			-		94222
Provision for Taxation - Current			22000000		35872000
Fringe Benefit Tax - Current			700000		698000
<b>Profit after tax available for appropriation</b>			<u>132608214</u>		<u>103141798</u>
<b>Less:- Appropriations</b>					
a. Transfer to General Reserve			10000000		10000000
b. Proposed Dividend on Equity Shares			9720300		9540300
c. Dividend Distribution Tax			<u>1372300</u>		<u>1347567</u>
<b>Balance after appropriations transferred to Reserves &amp; Surplus</b>			111515614		82253931
Earning per share - Basic Rupees (Profit after Tax / No. of Equity Shares)			20.46		15.92
Notes forming part of accounts	19				

As per our report of even date  
for V. Sridhar & Co.,  
Chartered Accountants,

for and on behalf of the Board of Directors

Vemulapati Sridhar  
Proprietor  
Membership No.202337

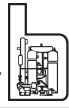
A. Prathap Reddy  
Managing Director

G. Hemanth Reddy  
Director

Hyderabad, April 28, 2008

**SCHEDULES TO THE BALANCE SHEET**

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 1</b>		
<b>SHARE CAPITAL</b>		
Authorised		
90,00,000 Equity shares of Rs. 10/- each	90000000	90000000
Issued subscribed and paid up	64802000	64802000
64,80,200 Equity shares of Rs. 10/- each fully paid up		
<b>Total</b>	<b>64802000</b>	<b>64802000</b>
<b>Schedule 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
State subsidy	3000000	3000000
Share premium Account	56961000	56961000
Capital Reserves (profit on re-issue of forfeited shares)	620505	620505
General Reserve	52700000	42700000
	113281505	103281505
Profit & Loss A/c. brought forward	276388134	226535203
Add current year profit	111515614	82253931
Total	387903748	308789134
Less : Capitalised on Issue of 32,40,100 Equity Shares of Rs. 10/- each as Bonus Shares ( previous year )	-	32401000
	387903748	276388134
<b>Total</b>	<b>501185253</b>	<b>379669639</b>
<b>Schedule 3</b>		
<b>SECURED LOANS</b>		
State Bank of Hyderabad	157919089	23647020
State Bank of Hyderabad - WEG	60322333	-
State Bank of India	110896269	159437804
[Term Loan Secured by first charge on fixed assets of the company, both present and future and mortgage by deposit of the land title deeds]		
State Bank of Hyderabad	267420173	234673014
State Bank of India	205936480	182885964
ING Vysa Bank Ltd.	31650609	63380369
[Towards working capital limits, secured by way of hypothecation of stocks and book debts and second charge on all fixed assets of the company, both present and future]		
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 .		
Hire purchase Loans	-	152257
<b>Total</b>	<b>834144953</b>	<b>664176428</b>



**SCHEDULES TO THE BALANCE SHEET**

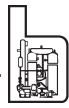
**Schedule 4  
FIXED ASSETS**

Assets	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	As at 31.03.2007	Additions	ϕ	As at 31.03.2008	Up to 31.03.2007	For the Period	Up to 31.03.2008	As at 31.03.2007	As at 31.03.2008	
<b>UNIT - I</b>										
Land	4289411	2188756	0	6478167	0	0	0	4289411	6478167	
Land - Hotgi Road	19505080	5645249	0	25150329	0	0	0	19505080	25150329	
Buildings	78744642	7657389	0	86402031	13209730	2885828	16095558	65534912	70306473	
Wind Electric Generator	26744500	87570934	2000000	112315434	7060890	4109295	11170185	19683610	101145249	
Plant & Machinery	466182133	37281839	0	503463972	170718496	25545217	196263713	295463637	307200259	
Morpholine (R&D Division)	64570016	4498792	0	69068808	3138422	3586008	6724430	61431594	62344378	
Amines R & D Division	17616001	2579480	0	20195481	83000	1053770	1136780	17532991	19058701	
Furniture & Fixtures	3644149	75881	0	3720030	1016836	235478	1252314	2627313	2467716	
Office Equipment	4481212	295984	0	4777196	1509701	302397	1812098	2971511	2965098	
Vehicle	7350257	0	0	7350257	2627307	698274	3325581	4722950	4024676	
Weigh Bridge	2399509	32905	0	2372414	769321	125263	894584	1570188	1477830	
Others	4251325	899702	0	5151027	897136	288620	1185756	3354189	3965271	
Eff. T. Equipment	5860729	532873	0	6393602	1041275	322314	1363589	4819454	5030013	
Fire Hydrant System	3351771	616433	0	3968204	16037	202492	218529	3335734	3749675	
<b>Total</b>	<b>708930735</b>	<b>149876217</b>	<b>2000000</b>	<b>856806952</b>	<b>202088161</b>	<b>39354957</b>	<b>241443118</b>	<b>506842574</b>	<b>615363834</b>	
<b>Unit - II</b>										
Land	657045	0	0	657045	0	0	0	657045	657045	
Buildings	15254940	381709	0	15636649	1203540	522264	1725804	14051400	13910845	
Plant & Machinery	65380900	1882305	0	67263205	7607631	3551497	11159128	57773269	56104077	
R & D Equip.	7341910	0	0	7341910	502755	387653	890408	6839155	6451502	
Furniture & Fixtures	80441	6452	0	86893	3845	5500	9345	76596	77548	
Office Equipment	865589	330480	0	1196069	91181	75711	166892	774408	1029177	
Vehicle	1108900	0	0	1108900	70230	105346	175576	1038670	933324	
Others	73581	0	0	73581	4934	4658	9592	68647	63989	
<b>Total</b>	<b>90763306</b>	<b>2600946</b>	<b>0</b>	<b>933664252</b>	<b>9484116</b>	<b>4652629</b>	<b>14136745</b>	<b>81279190</b>	<b>79227507</b>	
<b>Unit III</b>										
Land - MIDC Chincholi	5469060	6109418	0	11578478	0	0	0	5469060	11578478	
<b>Total (Unit I+II+III)</b>	<b>805163101</b>	<b>158586581</b>	<b>2000000</b>	<b>961749682</b>	<b>211522277</b>	<b>44007586</b>	<b>255579863</b>	<b>593590824</b>	<b>706169819</b>	

**SCHEDULES TO THE BALANCE SHEET**

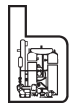
	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 5</b>		
<b>INVESTMENTS</b>		
<b>In Subsidiaries</b>		
12,99,300 equity shares of Rs.10/- each fully paid up in Bhagyanagar Chemicals Ltd. Amount to 99.95% of the total capital of the company. The investment is unquoted and the same is treated at cost of acquisition	7071200	7071200
<b>Other Investment</b>		
500 equity shares of Rs.100/- each fully paid up in Solapur Janata Sahakari Bank - unquoted	50000	50000
National Saving Certificate	121197	121197
Balaji Sourcings Pvt. Ltd. ( 600000 Equity Shares of Rs. 10/- each amounts to 30% of equity of the company). Previous Year 300000 equity shares Rs.10/- each)	6000000	3000000
<b>Total</b>	<u>13242397</u>	<u>10242397</u>
<b>Schedule 6</b>		
<b>INVENTORIES</b>		
(As verified, valued and certified by the Management)		
Finished Goods	53237531	137516881
Stock in process / plant	48257958	58792262
Raw Materials	184610720	103411009
Stock at Bonded warehouse	33895469	0
Stores and Spares	10122817	15882740
Others - Fuel etc.	4007578	5690298
<b>Total</b>	<u>334132073</u>	<u>321293190</u>
<b>Schedule 7</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured; considered good)		
Over Six months	2808021	2168328
Others	591519387	400129173
<b>Total</b>	<u>594327408</u>	<u>402297501</u>
<b>Schedule 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	558300	363953
Cash with schedule banks -		
In current accounts	7571384	21588345
In margin money account	46999406	21985475
<b>Total</b>	<u>55129090</u>	<u>43937773</u>





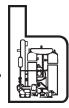
SCHEDULES TO THE BALANCE SHEET

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 9</b>		
<b>OTHER CURRENT ASSETS</b>		
Deposit with Government Departments	3246220	3117220
Other Deposits	782775	374398
<b>Total</b>	<b>4028995</b>	<b>3491618</b>
<b>Schedule 10</b>		
<b>LOANS &amp; ADVANCES</b>		
( Unsecured : considered good )		
Advances to employees	1154619	169404
Advances recoverable in cash or in kind or for value to be received	71116309	24682728
Advances for Capital Goods	54406414	40257911
Advance Taxes	19990336	36262562
Advance to Subsidiary Co.	8421218	8421218
<b>Total</b>	<b>155088896</b>	<b>109793823</b>
<b>Schedule 11</b>		
<b>CURRENT LIABILITIES</b>		
Creditors for raw materials	270999838	163069672
Creditors for expenses	47895252	39992653
Retention Money from Machinery Suppliers	16657380	7428916
<b>Total</b>	<b>335552470</b>	<b>210491241</b>
<b>Schedule 12</b>		
<b>PROVISIONS</b>		
Income Tax	22000000	35872000
Fringe Benefit Tax	700000	698000
Provident Fund	547309	261976
Proposed Dividend	9720300	9540300
Dividend Distribution Tax	1372300	1347567
<b>Total</b>	<b>34339909</b>	<b>47719843</b>
<b>Schedule 13</b>		
<b>SALES</b>		
Aliphatic Amines , Derivatives, Natural Products & Export Benefits	2396764764	1972938441
<b>Total</b>	<b>2396764764</b>	<b>1972938441</b>



**SCHEDULES TO THE BALANCE SHEET**

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 14</b>		
<b>OTHER INCOME</b>		
Interest	1282792	1670473
Insurance Claim	1722209	
Foreign Exchange Fluctuations	6217840	3766172
Misc.Income	27666	52653
<b>Total</b>	<u>9250507</u>	<u>5489298</u>
<b>Schedule 15</b>		
<b>INCREASE / (-) DECREASE IN STOCK</b>		
<b>Opening Stock</b>		
Finished goods	137516881	69723814
Stock in process / plant	57900491	35832658
<b>Total</b>	<u>195417372</u>	<u>105556472</u>
<b>Closing stock</b>		
Finished goods	53237531	137516881
Stock in process / plant	48265758	57900491
	101503289	195417372
<b>Increase / (-) Decrease in Stock</b>	<u>-93914083</u>	<u>89860900</u>
<b>Schedule 16</b>		
<b>RAW MATERIAL CONSUMED</b>		
Opening Stock	103411009	101923177
Add : Purchase	1338135974	1140564019
<b>Sub Total</b>	1441546983	1242487196
Less : Closing stock	<u>184610720</u>	<u>103411009</u>
Consumed	1256936263	1139076187



**SCHEDULES TO THE BALANCE SHEET**

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 17</b>		
<b>MANUFACTURING, SELLING &amp; ADMINISTRATION EXPENSES</b>		
Salaries, Wages & Other employee benefits	34484009	30190546
Bonus	2473319	1638430
Gratuity and provident fund ( Including Directors )	3532771	3070698
Employees Group Insurance	2435198	2161694
Directors Group Insurance	70875	36430
Remuneration to Directors including allowances	4650000	4350000
Commission to Directors	15354011	13243744
Stores & Spares & Packing Materials	94310043	69802142
Power & Fuel	173650872	151320465
Repairs & Maintenance - Plant & Machinery	7263312	7783494
Repairs & Maintenance - Wind Electric Generator	328471	373901
Rent , Rates & Taxes	4729509	3704486
Insurance	2839399	3518780
Carriage Outward	52421269	40210120
Others	66987047	59076704
Keyman Insurance	-	712837
Remuneration to Auditors		
As auditors	450000	345000
Tax Matters	100000	100000
<b>Total</b>	<b>466080105</b>	<b>391639471</b>
<b>Schedule 18</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest	69942640	51411345
Bank Charges	7362268	8697865
Processing charges	1873853	1689480
<b>Total</b>	<b>79178761</b>	<b>61798690</b>

## Notes on Accounts

### Schedule 19

#### 1. Significant accounting policies

- (A) **Accounting convention:** The accompanying financial statements have been prepared in accordance with historical cost convention.
- (B) **Fixed Assets and Depreciation:** Fixed assets are valued at cost less depreciation provided on straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. In respect of additions made during the year, depreciation is provided on pro-rata basis.
- (C) **Investments;** Investments are stated at cost.
- (D) **Inventories:**
- Finished goods including R & D products are valued at lower of cost or Net Realizable Value. Cost for this purpose is arrived at on Absorption costing basis.
  - Stock in process/plant is valued at cost.
  - Stock of raw materials, Stores and Spares and packing materials are valued at cost.
- (E) **Staff Benefits :**
- Provident Fund Contributions are accounted on accrual basis.
  - The company has taken a policy of Group Gratuity Scheme of LIC. All contributions made are charged to revenue.
- (F) **Research and Development:** Revenue expenditure on research and development is charged to profit and loss account 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.
- (G) **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.
- (H) **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.
- (I) **Borrowing Costs:** Costs in respect of borrowings for the purpose of expansion / additional fixed investments including R & D projects are capitalized to such investments.
- (J) **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.

#### 2. Contingent Liabilities: NIL

3. **Computation of profits for the purpose of commission payable to Directors under section 198 of the Companies Act, 1956**

		RUPEES
Salaries and allowances to Directors		<u>50,96,400</u>
Commission		<u>1,53,54,012</u>
	Total	<u>2,04,50,412</u>
Profit Before Tax as per Profit and Loss Account		<u>18,40,53,707</u>
Add : a.	Remuneration to Directors as above	<u>2,04,50,412</u>
b.	Depreciation debited to profit and loss account	<u>4,40,07,586</u>
c.	Capital loss debited to profit and loss account	Nil
	Total	<u>6,44,57,998</u>
Less : Depreciation under section 350		<u>4,40,07,586</u>
Profit for the purpose of commission		<u>20,45,04,119</u>

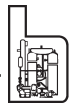
	Current Year Rupees	Previous year Rupees
<b>4. Remuneration to Directors;</b>		
a) A. Prathap Reddy, Managing Director		
-- Salary	10,80,000	10,20,000
-- Allowances	2,70,000	2,55,000
b) N. Rajeshwar Reddy, Executive Director		
-- Salary	9,00,000	8,40,000
-- Allowances	2,25,000	2,10,000
c) D. Ram Reddy, Commercial Director		
-- Salary	9,00,000	8,40,000
-- Allowances	2,25,000	2,10,000
d) G.Hemanth Reddy - Director - Finance		
-- Salary	8,40,000	7,80,000
-- Allowances	2,10,000	1,95,000
<b>5. Auditors Remuneration</b> (Exclusive of applicable taxes)		
As auditors	4,50,000	3,45,000
Towards Income tax matters	1,00,000	1,00,000
<b>6. Quantitative particulars</b>		
a) <b>Licensed Capacity (TPA)</b> [The company's products do not require any licenses hence not applicable]	-	-
b) <b>Installed Capacity (TPA)</b> [Being technical in nature certified by management and accepted by Auditors]		
Aliphatic Amines and Derivatives of Amines	44500	44500
Natural Products [Research & Development]	48	48
c) <b>Production (MT)</b> Aliphatic Amines and Derivatives of Amines	36435.901	30124.787

**7. Sales (MT)**

	Current Year		Previous Year	
	Quantity	Value (Rupees)	Quantity	Value (Rupees)
Aliphatic Amines and Derivatives & Natural Product (Excluding captive consumption and transfer to reprocess)	28748.618	2396764764	22238.354	197,29,38,441
<b>8. Closing stock</b>				
Aliphatic Amines and Derivatives & Natural Products	789.678	5,32,37,531	1413.155	13,75,16,881
<b>9. Raw material - Consumption</b>				
1. Methyl / Ethyl alcohols	25075.888	65,83,44,018	21483.55	52,71,31,345
2. Industrial gases	7070.910	14,77,30,124	5965.330	11,64,78,146
3. Others		45,08,62,121		49,54,66,696

**10. Foreign exchange earnings and outgo**

Earnings	US Dollars	3899226.20	equivalent to INR	152875938	in Exports	
	Euro	5391012.30	equivalent to INR	305429298	in Exports	
	GBP	86880	equivalent to INR	6952320	in Exports	
			<b>Previous Year</b>			
	US Dollars	6152293.40	equivalent to INR	270214884	in Exports	
	Euro	645755	equivalent to INR	36615982	in Exports	
	GBP	1233180	equivalent to INR	6033000	in Exports	
Outgo	US Dollars	13231840	equivalent to INR	531823110	for import of Raw Materials	
	US Dollars	300000	equivalent to INR	12020280	for consultancy	
	US Dollars	61355.30	equivalent to INR	2493859	for Traveling Expenses	
	EURO	1000	equivalent to INR	56500	for Traveling Expenses	
	DIRHAM	2000	equivalent to INR	22600	for Traveling Expenses	
	GBP	600	equivalent to INR	48870	for Traveling Expenses	
	US Dollars	26579.40	equivalent to INR	1079656	for commission towards sales promotion	
	EURO	21596.80	equivalent to INR	1188515	Towards Exhibition charges	
				<b>Previous year</b>		
		US Dollars	7821424.67	equivalent to INR	350690782	for import of Raw Materials
		US Dollars	30000	equivalent to INR	1323300	for import of Machinery
		US Dollars	32105	equivalent to INR	1452856	for Traveling Expenses
		EURO	854	equivalent to INR	50215	for Traveling Expenses
		SAR	5200	equivalent to INR	64640	for Traveling Expenses
		DIRHAM	3000	equivalent to INR	39000	for Traveling Expenses
	OMNR	300	equivalent to INR	35580	for Traveling Expenses	
	CHINA YUN	7219.08	equivalent to INR	42457	for Traveling Expenses	
	US Dollars	7139.35	equivalent to INR	325.252	for commission towards sales promotion	
	S.Fr.	2395	equivalent to INR	86939	for import of Plant & machinery	
	US Dollar	4080	equivalent to INR	188129	Towards Exhibition charges	
	EURO	22362.88	equivalent to INR	1332390	Towards Exhibition charges	
	US Dollar	1090.50	equivalent to INR	48666	Towards Advertisement	
	US Dollar	1316.65	equivalent to INR	60203	Towards Freight charges	
	EURO	673.22	equivalent to INR	59074	Towards Freight charges	



Re. Balaji Amines Limited, Year ended 31.03.2008.

12. Related party disclosures

Name of the related party	Bhagyanagar Chemicals Limited	Balaji Cement Products Pvt. Limited	Balaji Sourcing Pvt. Limited
Relationship	A Subsidiary company	Company in which the Managing Director and his relatives are substantially interested	Company in which the Enterprise is substantially interested, by holding 30% of shares in the total paid up share capital.
Nature of transaction	a. Lease rentals b. Loan given	a) Loan taken b) Repaid	a) Purchases b) Sales c) Loan taken d) Loan repaid
Transaction value	a. Rs.1,20,000 b. Rs.84,21,218	7,00,000 / 7,00,000	a. Rs.62,60,618 b. Rs.13,31,19,820 c. Rs.20,00,000 d. Rs.20,00,000
Balance outstanding - Receivable / (-) Payable as on Balance Sheet date	a. (-)Rs.3,61,657 b. Rs.84,21,218	43,063	a. NIL b. Rs.4,87,18,817 c. NIL d. NIL
Amount written off / back	Nil	Nil	Nil

13. The names of the Small Scale Industrial undertakings to which the company owes more than Rs.1, 00,000 outstanding for more than 30 days are given in the annexure hereto. The information in respect of the dues to small scale industries have been determined to the extent such parties has been identified on the basis of the information available with the company.
14. The company is in the process of receiving confirmations from debtors and creditors. The confirmations so far received have been reconciled. In view of all confirmations not having been received, the balances are subject to reconciliations or adjustments, if any.
15. Previous year's figures have been regrouped wherever considered necessary.

Signatories to schedules '1' to '19'

As per our report of even date  
for **V. Sridhar & Co.,**  
Chartered Accountants,

for and on behalf of the Board of Directors

**Vemulapati Sridhar**  
Proprietor  
Membership No.202337

**A. Prathap Reddy**  
Managing Director

**G. Hemanth Reddy**  
Director

Hyderabad, April 28, 2008

**CASH FLOW STATEMENT FOR THE YEAR 2007-2008**

(Rupees in lacs)

	As at 2007-08	As at 2006-07
<b>A. Cash flows from operating activities</b>		
Profit Before Interest and Tax, after prior period items	2657.73	2,231.79
Less : Other income considered	(92.51)	(54.89)
Add : Depreciation	440.08	373.11
Add : Increase in Current Liabilities	1253.47	486.09
Less : Increase in Inventories	(128.39)	(957.97)
Less : Increase in Debtors	(1920.30)	(1,123.98)
Less : Increase in Other Current Assets, Loans & Advances	(458.32)	(509.44)
Less : Income tax, FBT & dividend distribution tax	(379.18)	(250.34)
Cash flow from Operating activities	<u>1372.58</u>	<u>194.37</u>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(2135.66)	(780.98)
Long term investments made	(30.00)	(30.00)
Other Income	92.51	54.89
Cash flow from Investing activities	<u>(2073.16)</u>	<u>(756.09)</u>
<b>C. Cash Flow From Financing Activities</b>		
Secured loans	1699.69	1,287.66
Share premium received on conversion of warrants and allotment of 2,40,000 shares of Rs.10 each at a premium of Rs.117 per share	-	274.32
Repayment of Unsecured Loans		
Interest paid	(791.79)	(617.99)
Dividend paid	(95.40)	(150.01)
Cash flow from Financing activities	<u>812.49</u>	<u>793.98</u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	111.91	232.26
Cash and cash equivalents (beginning of year)	439.38	207.12
Cash and cash equivalents (end of year)	551.29	439.38

As per our report of even date  
for **V. Sridhar & Co.,**  
Chartered Accountants,

for and on behalf of the Board of Directors

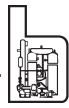
**Vemulapati Sridhar**  
Proprietor  
Membership No.202337

**A. Prathap Reddy**  
Managing Director

**G. Hemanth Reddy**  
Director

Hyderabad, April 28, 2008





**BALANCE SHEET EXTRACT OF THE COMPANY'S GENERAL PROFILE  
AS PER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

**Registration Details**

Registration Number : 11-49387 State code 11  
Balance Sheet Date : 31-3-2008

**Capital raised during the year**

(Amount in Rupees Thousands.)

Public issue Nil Rights Issue Nil  
Bonus issue Nil Private Placement Nil

**Position of the Mobilization and Deployment of Funds**

(Amount in Rupees Thousands.)

**Total Liabilities** 1549206 **Total Assets** 1549206

**Sources of Funds**

Paid up capital 64802 Reserves and Surplus 501185  
Secured loans 834145 Unsecured Loans 0  
Deferred tax liability 149074 Share application money 0

**Applications of funds**

Net Fixed Assets 706170 Capital work-in-progress 56980  
Net Current Assets 772814 Investments 13242  
Deferred tax assets 0 Miscellaneous Expenditure 0  
Accumulated Losses 0

**Performance of the Company**

(Amount in Rupees Thousands.)

Turnover 2178195 Total expenditure 1909478  
(+) Profit / (-) Loss Before Tax (+) 186594 Profit / (-) Loss After Tax 132608  
Earning per share (Rupees) 20.46 Dividend 9720

**Generic Name of three principal products or services of the company**

Item Code 292111.00  
Product description Methyl Amines  
  
Item Code 292111.00  
Production description Ethyl Amines  
  
Item Code 292111.00  
Production description Derivatives

As per our report of even date  
for **V. Sridhar & Co.,**  
Chartered Accountants,

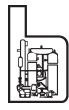
for and on behalf of the Board of Directors

**Vemulapati Sridhar**  
Proprietor  
Membership No.202337

**A. Prathap Reddy**  
Managing Director

**G. Hemanth Reddy**  
Director

Hyderabad, April 28, 2008



## AUDITORS' REPORT

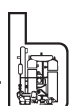
To the Members of M/s.Balaji Amines Limited.  
Solapur.

1. We have audited the attached consolidated Balance Sheet of M/s.Balaji Amines Limited, as at March 31, 2008, the profit and Loss account 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.
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 :
  - (i) in the case of the consolidated balance sheet of the state of affairs of the Balaji Amines Limited and its subsidiary Bhagyanagar Chemicals Limited as at March 31,2008 ;
  - (ii) in the case of consolidated profit and loss account of the profit for the year ended on that date and
  - (iii) In the case of cash flow statement, of cash flows for the year ended on that date

For V.Sridhar & Co.,  
Chartered Accountants

Vemulapati Sridhar  
Partner  
Membership Number 202337

Hyderabad, April 28, 2008


**CONSOLIDATED BALANCE SHEET AS AT 31.03.2008**

Particulars	Schedule	As at 31st March, 2008		As at 31st March, 2007	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>Shareholders funds</b>					
Share Capital	1		64802000		64802000
Reserves and surplus	2		495706899		376897782
Deferred Tax Liability			149073928		117787976
<b>Loan Funds</b>					
Secured Loans	3		834144953		664176428
			<u>1543727780</u>		<u>1223664186</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block			982688860		826102280
Less : Depreciation	4		<u>271443893</u>		<u>226942247</u>
Net block			711244967		599160033
<b>Capital Work in Progress</b>					
Investments	5		56979835		0
			6271197		3271197
<b>Current Assets, Loans &amp; Advances ( a )</b>					
Inventories	6		334132073		321293190
Sundry Debtors	7		594327408		402297501
Cash & Bank Balances	8		55134171		43942854
Other Current Assets	9		4028995		3491618
Loans & Advances	10		146813816		101518743
			<u>1134436463</u>		<u>872543906</u>
Less					
<b>Current Liabilities &amp; Provisions ( b )</b>					
Liabilities	11		335190813		210241389
Provisions	12		<u>34356763</u>		<u>47719843</u>
			369547576		257961232
Net Current Assets ( a - b )			764888887		614582674
<b>Miscellaneous Expenditure</b>					
( to the extent not written off or adjusted )			4342894		6650282
<b>TOTAL</b>			<u>1543727780</u>		<u>1223664186</u>

As per our report of even date  
for V. Sridhar & Co.,  
Chartered Accountants,

for and on behalf of the Board of Directors

Vemulapati Sridhar  
Proprietor  
Membership No.202337

A. Prathap Reddy  
Managing Director

G. Hemanth Reddy  
Director

Hyderabad, April 28, 2008

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

Particulars	Schedule	As at 31st March, 2008		As at 31st March, 2007	
		Rupees	Rupees	Rupees	Rupees
<b>I. INCOME</b>					
Sales	13	2396764764		1972938441	
Less:- Excise Duty		218569584	2178195180	217887312	1755051129
Other Income	14		9250507		5489298
Increase / ( - ) Decrease in stocks	15		-93914083		89860900
<b>TOTAL</b>			<b>2093531604</b>		<b>1850401327</b>
<b>II. EXPENDITURE</b>					
Raw Materials consumed	16		1256936263		1139076187
Manufacturing, selling & Administrative Expenses	17		465985154		391543236
Interest and Finance Charges	18		79178761		61798690
Sales Tax \ Value Added Tax			63275182		62299017
Depreciation	4		44501646		37871951
Goodwill written off			2307388		2307388
<b>TOTAL</b>			<b>1912184394</b>		<b>1694896469</b>
Balance			181347210		155504858
<b>Prior Period Items</b> (Excess provision of Income Tax written back)			2540459		3103315
<b>Profit before Tax</b>			<b>183887669</b>		<b>158608173</b>
<b>Provision for:-</b>					
Deferred Tax Liability (Originating during the year)		31285952		21574010	
Deferred Tax Assets - Adjusted		0		94222	
Provision for Taxation - Current		22000000		35872000	
Fringe Benefit Tax - Current		700000	53985952	698000	58238232
<b>Profit after tax available for appropriation</b>			<b>129901717</b>		<b>100369941</b>
<b>Less:- Appropriations</b>					
a. Transfer to General Reserve		10000000		10000000	
b. Proposed Dividend on Equity Shares		9720300		9540300	
c. Dividend Distribution Tax		1372300	21092600	1347567	20887867
<b>Balance after appropriations transferred</b>			<b>108809117</b>		<b>79482074</b>
Minority Interest in Subsidiary			0		0
Balance after minority interest in Subsidiary			108809117		79482074
Balance in Profit & Loss brought forward			273616277		226535203
Balance carried to balance sheet			382425394		306017277
Earning per share - Basic Rupees (Profit after Tax / No. of Equity Shares)			20.05		15.49
Notes forming part of accounts	19				

As per our report of even date  
for V. Sridhar & Co.,  
Chartered Accountants,

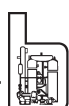
for and on behalf of the Board of Directors

Vemulapati Sridhar  
Proprietor  
Membership No.202337

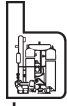
A. Prathap Reddy  
Managing Director

G. Hemanth Reddy  
Director

Hyderabad, April 28, 2008


**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET**

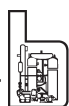
	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 1</b>		
<b>SHARE CAPITAL</b>		
Authorised		
90,00,000 Equity shares of Rs. 10/- each	90000000	90000000
Issued subscribed and paid up	64802000	64802000
64,80,200 Equity shares of Rs. 10/- each fully paid up		
<b>Total</b>	<b>64802000</b>	<b>64802000</b>
<b>Schedule 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
State subsidy	3000000	3000000
Share premium Account	56961000	56961000
Capital Reserves (profit on re-issue of forfeited shares)	620505	620505
General Reserve	52700000	42700000
	113281505	103281505
Profit & Loss A/c.	382425394	306017277
Less :Capitalised on Issue of 32,40,100 Equity Shares of Rs. 10/- each as Bonus Shares ( previous year )	-	(32401000)
	382425394	273616277
<b>Total</b>	<b>495706899</b>	<b>376897782</b>
<b>Schedule 3</b>		
<b>SECURED LOANS</b>		
State Bank of Hyderabad	157919089	23647020
State Bank of Hyderabad - WEG	60322333	0
State Bank of India	110896269	159437804
[ Term Loan Secured by first charge on fixed assets of the company, both present and future and mortgage by deposit of the land title deeds ]		
State Bank of Hyderabad	267420173	234673014
State Bank of India	205936480	182885964
ING Vysa Bank Ltd.	31650609	63380369
[ Towards working capital limits, secured by way of hypothecation of stocks and book debts and second charge on all fixed assets of the company, both present and future ]		
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.		
Hire purchase Loans	-	152257
<b>Total</b>	<b>834144953</b>	<b>664176428</b>



**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET**

**Schedule 4  
FIXED ASSETS**

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2007	Additions	Deduction	As at 31.03.2008	Up to 01.04.2007	For the Period	Deduction	Up to 31.03.2008	As at 01/04/2007	As at 31.03.2008
Land	5,379,853	2,188,756	0	7,568,609	0	0	0	0	5,379,853	7,568,609
Land- MIDC Chincholi	5,469,060	6,109,418	0	11,578,478	0	0	0	0	5,469,060	11,578,478
Land-Hotgi Road	19,505,080	5,645,249	0	25,150,329	0	0	0	0	19,505,080	25,150,329
Buildings	98,563,477	8,039,098	0	106,602,575	16,487,904	3,532,555	0	20,020,459	82,075,573	86,582,116
Wind Electric Generator	26,744,500	87,570,934	2,000,000	112,315,434	7,060,890	4,109,295	0	11,170,185	19,683,610	101,145,249
Plant & Machinery	547,065,026	39,164,144	0	586,229,170	191,262,261	29,453,625	0	220,715,886	355,802,765	365,513,284
Morpholine (R & D Division)	71,911,926	4,498,792	0	76,410,718	3,641,177	3,973,661	0	7,614,838	68,270,749	68,795,880
Amines R & D Division	17,616,001	2,579,480	0	20,195,481	83,010	1,053,770	0	1,136,780	17,532,991	19,058,701
Furniture & Fixtures	3,796,035	82,333	0	3,878,368	1,072,355	244,556	0	1,316,912	2,723,680	2,561,456
Office Equipment	5,385,644	62,646	0	6,012,108	1,624,607	380,844	0	2,005,451	3,761,037	4,006,657
Vehicle	8,459,157	0	0	8,459,157	2,697,537	803,620	0	3,501,157	5,761,620	4,958,000
Weigh Bridge	2,339,509	32,905	0	2,372,414	769,321	125,263	0	894,584	1,570,188	1,477,830
Others	4,654,511	899,702	0	5,554,213	1,185,873	299,649	0	1,485,522	3,468,638	4,068,691
Eff. T. Equipment	5,860,729	532,873	0	6,393,602	1,041,275	322,314	0	1,363,589	4,819,454	5,030,013
Fire Hydrant System	3,351,771	616,433	0	3,968,204	16,037	202,492	0	218,529	3,335,734	3,749,675
Total	826,102,279	158,586,581	2,000,000	982,688,860	226,942,247	44,501,646	0	271,443,893	599,160,032	711,244,967

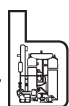

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET**

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 5</b>		
<b>INVESTMENTS</b>		
1000 shares ( unquoted) Rs.100/- each fully paid up in Progressive Effluent Treatment Plant Ltd	100000	100000
<b>Other Investment</b>		
500 equity shares of Rs.100/- each fully paid up in Solapur Janata Sahakari Bank - unquoted	50000	50000
National Saving Certificate	121197	121197
Balaji Sourcings Pvt. Ltd. (600000 Equity Shares of Rs. 10/- each amounts to 30 % of equity of the company) Previous Year 300000 equity shares of Rs.10/- each.	6000000	3000000
<b>Total</b>	<u>6271197</u>	<u>3271197</u>
<b>Schedule 6</b>		
<b>INVENTORIES</b>		
(As verified, valued and certified by the Management)		
Finished Goods	53237531	137516881
Stock in process / plant	48257958	116692753
Raw Materials	184610720	103411009
Stock at Bonded warehouse	33895469	0
Stores and Spares	10122817	15882740
Others - Fuel etc.	4007578	5690298
<b>Total</b>	<u>334132073</u>	<u>379193681</u>
<b>Schedule 7</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured; considered good)		
Over Six months	2808021	2168328
Others	591519387	400129173
<b>Total</b>	<u>594327408</u>	<u>402297501</u>
<b>Schedule 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	558300	363953
Cash with schedule banks - In current accounts	7576465	21593426
In margin money account	46999406	21985475
<b>Total</b>	<u>55134171</u>	<u>43942854</u>

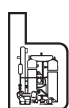
**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET**

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 9</b>		
<b>OTHER CURRENT ASSETS</b>		
Deposit with Government Departments	3246220	3117220
Other Deposits	782775	374398
<b>Total</b>	<u>4028995</u>	<u>3491618</u>
<b>Schedule 10</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured : considered good)		
Advances to employees	1154619	169404
Advances recoverable in cash or in kind or for value to be received	71262447	24828866
Advances for Capital Goods	54406414	40257911
Advance Taxes	19990336	36262562
Advance to Subsidiary Co.	0	0
<b>Total</b>	<u>146813816</u>	<u>101518743</u>
<b>Schedule 11</b>		
<b>CURRENT LIABILITIES</b>		
Creditors for raw materials	270999838	163069672
Creditors for expenses	47533595	39742801
Retention Money from Machinery Suppliers	16657380	7428916
<b>Total</b>	<u>335190813</u>	<u>210241389</u>
<b>Schedule 12</b>		
<b>PROVISIONS</b>		
Audit Fee	16854	
Income Tax	22000000	35872000
Fringe Benefit Tax	700000	698000
Provident Fund	547309	261976
Proposed Dividend	9720300	9540300
Dividend Distribution Tax	1372300	1347567
<b>Total</b>	<u>34356763</u>	<u>47719843</u>
<b>Schedule 13</b>		
<b>SALES</b>		
Aliphatic Amines , Derivatives, Natural Products & Export Benefits	2396764764	1972938441
<b>Total</b>	<u>2396764764</u>	<u>1972938441</u>



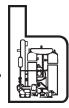

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET**

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 14</b>		
<b>OTHER INCOME</b>		
Interest	1282792	1670473
Insurance Claim	1722209	
Foreign Exchange Fluctuations	6217840	3766172
Misc.Income	27666	52653
<b>Total</b>	<u>9250507</u>	<u>5489298</u>
<b>Schedule 15</b>		
<b>INCREASE / (-) DECREASE IN STOCK</b>		
Finished goods	137516881	69723814
Stock in process / plant	57900491	35832658
<b>Total</b>	<u>195417372</u>	<u>105556472</u>
Closing stock		
Finished goods	53237531	137516881
Stock in process / plant	48265758	57900491
	<u>101503289</u>	<u>195417372</u>
Increase / Decrease in Stock	<u>(93914083)</u>	<u>89860900</u>
<b>Schedule 16</b>		
<b>RAW MATERIAL CONSUMED</b>		
Opening Stock	103411009	101923177
Add : Purchase	1338135974	1140564019
<b>Sub Total</b>	<u>1441546983</u>	<u>1242487196</u>
Less : Closing stock	<u>184610720</u>	<u>103411009</u>
Consumed	<u>1256936263</u>	<u>1139076187</u>



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 17</b>		
<b>MANUFACTURING, SELLING &amp; ADMINISTRATION EXPENSES</b>		
Salaries, Wages & Other employee benefits	34484009	30190546
Bonus	2473319	1638430
Gratuity and provident fund ( Including Directors )	3532771	3070698
Employees Group Insurance	2435198	2161694
Directors Group Insurance	70875	36430
Remuneration to Directors including allowances	4650000	4350000
Commission to Directors	15354011	13243744
Stores & Spares & Packing Materials	94310043	69802142
Power & Fuel	173650872	151320465
Repairs & Maintenance - Plant & Machinery	7263312	7783494
Repairs & Maintenance - Wind Electric Generator	328471	373901
Rent, Rates & Taxes	4617380	3584486
Insurance	2839399	3518780
Carriage Outward	52421269	40210120
Others	66987371	59083939
Keyman Insurance	-	712837
Remuneration to Auditors		
As auditors	466854	361530
Tax Matters	100000	100000
<b>Total</b>	<b>465985154</b>	<b>391543236</b>
<b>Schedule 18</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest	69942640	51411345
Bank Charges	7362268	8697865
Processing charges	1873853	1689480
<b>Total</b>	<b>79178761</b>	<b>61798690</b>



## NOTES ON ACCOUNTS IN CASE OF CONSOLIDATED BALANCE SHEET

### Schedule 19

#### NOTES FORMING PART OF ACCOUNTS

1. (A) **Accounting convention:** The accompanying financial statements have been prepared in accordance with historical cost convention.
- (B) **Fixed Assets and Depreciation:** Fixed assets are valued at cost less depreciation provided on straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. In respect of additions made during the year, depreciation is provided on pro-rata basis.
- (C) **Investments;** Investments are stated at cost.
- (D) **Inventories:**
  - a) Finished goods including R & D products are valued at lower of cost or Net Realizable Value. Cost for this purpose is arrived at on Absorption costing basis.
  - b) Stock in process/plant is valued at cost.
  - c) Stock of raw materials, Stores and Spares and packing materials are valued at cost.
- (E) **Staff Benefits :**
  - a. Provident Fund Contributions are accounted on accrual basis.
  - b. The company has taken a policy of Group Gratuity Scheme of LIC. All contributions made are charged to revenue.
- (F) **Research and Development:** Revenue expenditure on research and development is charged to profit and loss account 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.
- (G) **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. However no effect is given in case of Bhagyanagar Chemicals Limited in view of the uncertainty of the future profits considering the present level of operations.
- (H) **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.
- (I) **Borrowing Costs:** Costs in respect of borrowings for the purpose of expansion / additional fixed investments including R & D projects are capitalized to such investments.
- (J) **Foreign Currency Transactions:** Transactions of Foreign exchange which was covered by forward contracts are accounted for at contract rate, the difference between the forward rate and the exchange rate at the date of transaction being recognized in profit and loss a/c over the life of the contract. Transactions other than those covered by the forward contracts 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.

- (K) **Amortization of Goodwill:** The goodwill arising out of the consolidation of the financial statements of the holding and subsidiary companies is written off in five equal annual installments commencing from the financial year 2005-06.
2. In accordance with the General Clarification (GC) - 2/2002 - 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.
  3. Minority interest in the losses of the subsidiary (current Rs. 200 and previous year Rs.232) is absorbed by the parent company. The same will be recovered against the minority interest in future profits of the company.
  4. Previous year's figures have been recast wherever considered necessary.

Signatories to Schedules 1 to 19

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As per our report of even date  
for **V. Sridhar & Co.,**  
Chartered Accountants,

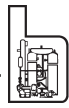
for and on behalf of the Board of Directors

**Vemulapati Sridhar**  
Proprietor  
Membership No.202337

**A. Prathap Reddy**  
Managing Director

**G. Hemanth Reddy**  
Director

Hyderabad, April 28, 2008



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2007-08**

(Rupees in lacs)

	As at 2007-08	As at 2006-07
<b>A. Cash flows from operating activities</b>		
Profit Before Interest and Tax, after prior period items	2630.66	2,204.08
Less : Other income considered	(92.51)	(54.89)
Add : Depreciation	445.02	378.72
Add : Increase in Current Liabilities	1252.52	486.03
Less : Increase in Inventories	(128.39)	(957.97)
Less : Increase in Debtors	(1920.30)	(1,124.94)
Less : Increase in Other Current Assets, Loans & Advances	(458.32)	(509.44)
Less : Income tax, FBT & dividend distribution tax	(379.18)	(250.34)
Add : Goodwill written off (Non Cash Charge)	23.07	23.07
Cash flow from Operating activities	<u>1372.58</u>	<u>194.32</u>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(2135.66)	(780.98)
Long term investments made	(30.00)	(30.00)
Other Income	92.51	54.89
Cash flow from Investing activities	<u>(2073.16)</u>	<u>756.09</u>
<b>C. Cash Flow From Financing Activities</b>		
Secured loans	1699.69	1,287.66
Share premium received on conversion of warrants and allotment of 2,40,000 shares of Rs.10 each at a premium of Rs.117 per share	0.00	274.32
Repayment of Unsecured Loans		
Interest paid	(791.79)	(617.99)
Dividend paid	(95.40)	(150.01)
Cash flow from Financing activities	<u>812.49</u>	<u>793.98</u>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>111.91</b>	<b>232.21</b>
<b>Cash and cash equivalents (beginning of year)</b>	<b>439.43</b>	<b>207.17</b>
<b>Cash and cash equivalents (end of year)</b>	<b>551.34</b>	<b>439.38</b>

As per our report of even date  
for V. Sridhar & Co.,  
Chartered Accountants,

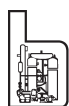
for and on behalf of the Board of Directors

**Vemulapati Sridhar**  
Proprietor  
Membership No.202337

**A. Prathap Reddy**  
Managing Director

**G. Hemanth Reddy**  
Director

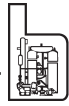
Hyderabad, April 28, 2008



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT.1956  
RELATING TO SUBSIDIARY COMPANIES.**

1.	Name of the subsidiary	Bhagyanagar chemicals limited
2.	Financial period ended	31/03/2008
3.	Holding company's interest	99.95%
4.	The net aggregate of profits or losses for the Current period of the subsidiary so far as it concerns the members of the holding company	
	a. dealt with or provided for in the account of the holding company	NIL
	b. not dealt with or provided for in the account of the holding company	NIL
5.	The net aggregate of profits or losses for previous Financial years of the subsidiary so far as it concerns The members of the holding company	
	a. Dealt with or provided for in the accounts of the holding company	NIL
	b. Not dealt with or provided for in the accounts of the holding company	NIL

NOTE: Bhagyanagar Chemicals Limited became subsidiary of Balaji Amines Limited in the last week of March, 2004.



**BHAGYANAGAR CHEMICALS LIMITED**

**20TH ANNUAL REPORT  
2007-2008**

**BOARD OF DIRECTORS**

**Sri A. Prathap Reddy**  
Chairman

**Sri Ch. Narsimha Reddy**  
Director

**Sri G. Hemanth Reddy**  
Director

**Auditors**

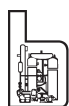
**V. Sridhar & Co.**  
Chartered Accountants  
Hyderabad

**Registered Office**

III Floor, KPR House  
Sardar Patel Road  
Secunderabad - 500 003 (A.P.)

**Factory**

Plot No. 5  
Beside APSEB Sub Station - II  
IDA, Bollaram-502 325  
Medak District (A.P.)



## DIRECTORS' REPORT

To

The members,

Your Directors have pleasure in presenting the 20th Annual Report together with Audited Accounts of the Company for the year-ended 31.03.2008.

### FINANCIAL RESULTS:

The financial performance for the current year in comparison to the previous year are as under

SL.NO.	Particulars	Year ended 31st March, 2008 Rs.	Year ended 31st March, 2007 Rs.
1.	Income	1,20,000	1,20,000
2.	Expenditure	5,19,109	5,84,469
3.	Profit/ (Loss) Before tax	( - ) 3,99,109	( - ) 4,64,469
4.	Provision for Income tax	-	-
5.	Profit/ ( Loss ) after tax	( - ) 3,99,109	( - ) 4,64,469
6.	Balance Profit / ( Loss ) brought forward	( - ) 1,53,50,939	( - ) 1,48,86,470
7.	Balance carried forward to Balance Sheet	( - ) 1,57,50,048	( - ) 1,53,50,939

### OPERATIONS:

The undertaking of the Company continues to be as lease to Balajai amines Limited.

### DIRECTORS:

Sri CH.Narsimha Reddy, Director retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

### AUDITORS :

Your Company's Auditors, M/s. V.Sridhar & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment .

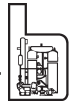
### COMPLAIANCE CERTIFICATE

Compliance Certificate as per the provision of section 383A of the companies Act,1956 issued by Mr T.subba rao, Company secretary In Practice is annexed hereto for the information of the Members.

### ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

As the undertaking of the Company is as lease to Balaji Amines Limited ,the provision of law in respect of Energy conservation etc. are not applicable.





**DIRECTOR'S RESPONSIBILITY STATEMENT :**

As required under section 217(2AA) of the Companies Act, 1956, your Directors state that:

- a) In the preparation of the annual accounts , the applicable accounting standards have been followed
- b) The accounting policies selected and applied are consistent and judgements and estimates made are reasonable and prudent , so as to give a true and fair view of the affairs of the Company as at end of the financial year and of the loss for the said year.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts have been prepared on a going concern basis.

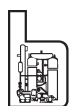
**EMPLOYEES:**

There are no employees whose particulars are required to be disclosed in the Directors Report as per the provisions of Section 217 (2A) of the Companies Act, 1956.

**For and on behalf of the Board**

Place : Secunderabad  
Date : 28.04.2008

**(A. Prathap Reddy)**  
Chairman



## COMPLIANCE CERTIFICATE

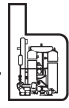
(Issued under the Companies (Compliance Certificate) Rules, 2001)

Registration No. of the Company : 01-09027  
 Paid-up Capital : Rs. 1,30,00,000

To  
 The Members,  
**Bhagyanagar Chemicals Limited,**  
 4th Floor, KPR House  
 S.D. Road,  
 Secunderabad - 500 003.

I have examined the registers, records, books and papers of M/s. **Bhagyanagar Chemicals Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2008. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

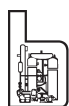
1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed, the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being a public limited company, comments are not required.
4. The Board of Directors duly met **Four** times respectively on **30th April, 2007, 27th July, 2007, 18th October, 2007, and 23rd January, 2008** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on **31st March, 2007** was held on **23rd July, 2007** after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year under review.
8. The Company has not advanced any loan to its directors or persons or firms or companies referred to under Section 295 of the Act, during the financial year.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
10. The Company has made required entries in the register maintained under Section 301 of the Act during the financial year.
11. As there were no instances falling within the purview of Section 314 of the Act during the financial year, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) There was no allotment/transfer/transmission of securities during the financial year.  
 (ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.  
 (iii) The Company was not required to post warrants to any member of the company as no dividend was declared during the financial year.



- (iv) There were no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
- (v) The company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
  15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
  16. The Company has not appointed any sole selling agents during the financial year.
  17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
  18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
  19. The Company has not issued any shares, debentures or other securities during the financial year.
  20. The Company has not bought back any shares during the financial year.
  21. The company has no preference shares or debentures.
  22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The Company has not invited / accepted any deposits including unsecured loans from public falling within the purview of Section 58A during the financial year.
  24. The Company has not made any borrowings during the financial year.
  25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
  26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
  27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
  28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
  29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
  30. The Company has not altered its Articles of Association during the financial year.
  31. There were no prosecutions initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
  32. The Company has not received any money as security from its employees during the financial year.
  33. The Company has no Provident Fund of its own as contemplated under section 418 of the Companies Act, 1956.

Place : Hyderabad  
Date : 28th April, 2008

Signature:  
Name of the Company Secretary : **T. SUBBA RAO**  
C. P. No: 3801



## REGISTERS AS MAINTAINED BY THE COMPANY

## Statutory Registers

1. Register of Members u/s 150
2. Register of Directors u/s 303
3. Books of Accounts u/s 209
4. Register of Directors Shareholdings u/s 307
5. Minutes of Board and General Meetings u/s 193
6. Register of Loans, Guarantees and Investments u/s 372A
7. Register of Contracts u/s 301
8. Register of Charges u/s 143

## Other Registers

1. Members Attendance Register - for General Meetings
2. Directors' Attendance Register - For Board Meetings

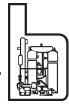
The Company has not maintained the following registers as it was informed that there were no transactions to be recorded therein:

1. Register of Investments not held in Company's name u/s 49
2. Index of Members u/s 151
3. Register of Debenture holders u/s 152
4. Foreign Register of Members u/s 157

## ANNEXURE B

Forms and Returns filed by the Company with Registrar of Companies during the financial year ending 31st March, 2008

Sl. No.	Form No./Return	Filed under Section	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Annual Accounts	220	05-10-2007	No	Yes
2.	Annual Return	159	28-11-2007	No	Yes
3.	Compliance Certificate	383A	05-10-2007	No	Yes



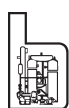
## AUDITORS' REPORT

To the Members of Bhagyanagar Chemicals Limited

1. We have audited the attached Balance Sheet of Bhagyanagar Chemicals Limited, as at March 31, 2008, the Profit and Loss account 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.
2. We have conducted our audit in accordance with the 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 of our opinion.
3. 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.
4. Further to the comments in the Annexure referred to 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 purposes 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 and the profit and loss account dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet and the profit and loss account 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, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 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, 2008,
    - (b) in the case of the profit and loss account, of the loss for the year ended on that date, and
    - (c) In the case of the cash flow statement, of the cash flows of the company for the year ended on that date.

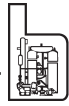
For V. Sridhar & Co  
Chartered Accountants

Vemulapati Sridhar  
Proprietor  
Membership No.202337  
Secunderabad April 28, 2008.

**ANNEXURE TO THE AUDITOR'S REPORT****Re: Bhagyanagar Chemicals Limited**

Referred to in paragraph 3 of our report of even date,

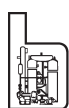
- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The undertaking of the company is on a term lease to Balaji Amines Limited, the holding company. We are informed that as per the terms and conditions of the lease the fixed assets are the responsibility of the lessor viz. Balaji Amines Limited, during the tenure of the lease. The lessor has certified that the physical verification of the fixed assets have been conducted at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) The company has not disposed off any part of its assets during the year under review.
- (ii) The company did not carry any inventory.
- (iii) (a) The company had taken unsecured loan from Balaji Amines its holding company in an earlier year. The maximum amount involved during the year and the year-end balance of the loan taken from the holding company was Rs.84.21 lacs. The company has not granted any loans.
- (b) The said loan is interest free and in our opinion, the rate of interest and other terms and conditions on which the loan has been taken are not, prima facie, prejudicial to the interest of the company.
- (c) The payment by the company in respect of the loan is as per the terms agreed by the parties.
- (d) There is no overdue amount in respect of the loans taken and the amounts outstanding, as per information and explanations given to us is being repaid as per the agreement/ understanding between the parties.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) The company has not entered into any transactions that need to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956. The lease of the undertaking of the company to its holding company entered into in an earlier year is continued in the year under review also as per the terms of lease.
- (vi) The company has not accepted deposits within the meaning of section 58A of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records to the company.
- (ix) (a) During the year under review the company did not have any employees. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at march 31, 2008 for a period of more than six months from the date they became payable.
- (x) The company has accumulated losses at the end of the financial year amounting to more than 50% of its net worth. However it has not incurred cash losses either in the year ended March 31, 2007 or in the previous year.



- (xi) The company does not have any borrowings from financial institutions or banks. The company did not raise monies through debentures.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) The company is not dealing in 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 company has not obtained any term loans during the year under review.
- (xvii) The company has not raised any funds short term or long term, during the year.
- (xviii) The company has not made any preferential allotments during the year under review.
- (xix) The company has not issued any debentures.
- (xx) The company has not raised any monies from public issue during the year under review.
- (xxi) According to the 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

Vemulapati Sridhar  
Proprietor  
Membership No.202337  
Secunderabad. April 28, 2008.



## BALANCE SHEET AS AT 31ST MARCH, 2008

Particulars	Schedule	As at 31st March, 2008		As at 31st March, 2007	
		Rupees	Rupees	Rupees	Rupees
<b>I. SOURCES OF FUNDS</b>					
1. Shareholders' Funds					
Share Capital	1		1,30,00,000		1,30,00,000
Share Application Money					
Reserves & Surplus					
2. Loan Funds					
a. Secured Loans			-		-
b. Unsecured Loans			84,21,218		84,21,218
<b>TOTAL</b>			<b>2,14,21,218</b>		<b>2,14,21,218</b>
<b>II. APPLICATION OF FUNDS</b>					
1. Fixed Assets	6				
a. Gross Block		2,09,39,178		2,09,39,178	
b. Less : Depreciation		1,58,64,030		1,53,69,970	
c. Net Block			50,75,148		55,69,208
2. Investments			1,00,000		1,00,000
3. Current Assets, Loans and Advances					
a. Inventories			-		-
b. Sundry debtors	2	3,61,657		2,66,382	
c. Cash and Bank balances	3	5,081		5,081	
d. Loans and advances	4	1,46,138		1,46,138	
<b>Total (A)</b>		<b>5,12,876</b>		<b>4,17,601</b>	
Less : Current Liabilities and Provisions	5				
a. Current liabilities			-		-
b. Provisions		16,854		16,530	
<b>Total (B)</b>		<b>16,854</b>		<b>16,530</b>	
<b>Net Current Assets (A-B)</b>			<b>4,96,022</b>		<b>4,01,071</b>
4. Miscellaneous Expenditure (to the extent not written off or adjusted)					
a. Profit and Loss Account			1,57,50,048		1,53,50,939
<b>Total</b>			<b>2,14,21,218</b>		<b>2,14,21,218</b>
5. Notes forming part of accounts	10				

As per our report of even date  
for V. Sridhar & Co.,  
Chartered Accountants,

for and on behalf of the Board of Directors

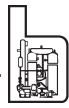
Vemulapati Sridhar  
Proprietor  
Membership No.202337

A. Prathap Reddy  
Chairman

G. Hemanth Reddy  
Director

Secunderabad. April 28, 2008.





**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

Particulars	Schedule	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>I. INCOME</b>			
a. Lease rental		1,20,000	1,20,000
b. Other income	7	-	-
Total		<u>1,20,000</u>	<u>1,20,000</u>
<b>II. EXPENDITURE</b>			
a. Salaries & allowances	8	-	-
b. Administrative & other expenses	9	25,049	23,765
c. Depreciation	6	4,94,060	5,60,704
Total		<u>5,19,109</u>	<u>5,84,469</u>
Loss before tax		(-)3,99,109	(-) 4,64,469
Provision for Income-tax		-	-
Loss after tax		(-) 3,99,109	(-) 4,64,469
Balance in Profit & Loss account brought forward		(-)1,53,50,939	(-) 1,48,86,470
Balance carried forward to Balance sheet		(-)1,57,50,048	(-) 1,53,50,939
Notes forming part of Accounts	10		

As per our report of even date  
for V. Sridhar & Co.,  
Chartered Accountants,

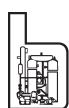
for and on behalf of the Board of Directors

Vemulapati Sridhar  
Proprietor  
Membership No.202337

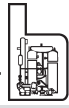
A. Prathap Reddy  
Chairman

G. Hemanth Reddy  
Director

Secunderabad. April 28, 2008.


**SCHEDULES TO THE BALANCE SHEET**

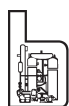
	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 1</b>		
<b>SHARE CAPITAL</b>		
Authorized		
15,00,000 equity shares of Rupees 10/- each	1,50,00,000	1,50,00,000
Issued, subscribed and paid up		
13,00,000 equity shares of Rupees 10/- each fully paid-up	<u>1,30,00,000</u>	<u>1,30,00,000</u>
<b>Schedule 2</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Outstanding for more than 6 months	-	-
Other Debts	3,61,657	2,66,382
<b>Total</b>	<u>3,61,657</u>	<u>2,66,382</u>
<b>Schedule 3</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand	-	-
Cash at Banks (in Scheduled banks, in current accounts)	5,081	5,081
<b>Total</b>	<u>5,081</u>	<u>5,081</u>
<b>Schedule 4</b>		
<b>LOANS &amp; ADVANCES</b>		
Loans & Advances	1,46,138	1,46,138
<b>Total</b>	<u>1,46,138</u>	<u>1,46,138</u>
<b>Schedule 5</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Liabilities</b>	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>Provisions</b>		
Audit fee	16,854	16,530
<b>Total</b>	<u>16,854</u>	<u>16,530</u>



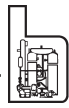
**SCHEDULES TO THE BALANCE SHEET**

**Schedule 6  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 31.03.2007	Additions/ deletions	As at 31.03.2008	Up to 31.03.2007	For the period	Upto 31.03.2008	As at 31.03.2007	As at 31.03.2008
1. Land	4,33,397	-	4,33,397	-	-	-	4,33,397	4,33,397
2. Buildings	45,63,895	-	45,63,895	20,74,634	1,24,463	21,99,097	24,89,261	23,64,798
3. Plant & Machinery	1,55,01,993	-	1,55,01,993	1,29,36,134	3,56,911	1,32,93,045	25,65,859	22,08,948
4. Office equipment	38,843	-	38,843	23,725	2,736	26,461	15,118	12,382
5. Furniture & Fixtures	71,445	-	71,445	51,674	3,578	55,253	19,771	16,192
6. Others	3,29,605	-	3,29,605	2,83,803	6,371	2,90174	45,802	39,431
	2,09,39,178	-	2,09,39,178	1,53,69,970	4,94,060	1,58,64,030	55,69,208	50,75,148


**SCHEDULES TO THE PROFIT AND LOSS ACCOUNT**

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<b>Schedule 7</b>		
<b>OTHER INCOME</b>		
Interest on Income tax refund	-	-
Other interest	-	-
Written off account	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>SCHEDULE 8</b>		
<b>SALARIES &amp; ALLOWANCES</b>		
Provident fund	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>SCHEDULE 9</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Testing Charges		6,735
Filing fee		500
Registration and renewals	7,871	
Remuneration to Auditors	16,854	16,530
Write off	324	-
<b>Total</b>	<u>25,049</u>	<u>23,765</u>



## SCHEDULES 10 : NOTES ON ACCOUNTS

### 1. 1.SIGNIFICANT ACCOUNTING POLICIES

a) **GENERAL**

Financial Statements are prepared under Historical cost basis and as a going concern.

b) **FIXED ASSETS AND DEPRECIATION**

Fixed Assets are stated at their cost of acquisition less depreciation charged on Written Down Value Basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

c) **INVESTMENTS**

Investments are stated at cost.

d) **DEFERRED TAXATION**

In view of the uncertainty in realization of adequate profits in the coming years from the present scale of operations of the company no effect is given in respect of deferred taxation as per AS 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

e) **INCOME AND EXPENDITURE**

Income and expenditure are accounted on accrual basis.

	<u>2007-08</u>	<u>2006-07</u>
3. Managerial Remuneration	NIL	NIL
4. Auditors' Remuneration	Rs. 16,854	Rs.16,530
5. In view of the undertaking of the company being on lease the disclosure requirements of quantitative particulars under Part II Schedule VI to the Companies Act, 1956 are not applicable.		
6. The company did not employ any personnel during the year and as such did not incur any expenditure on employees.		
7. Amount due for more than 30 days to Small Scale Industrial undertakings where such dues exceeds Rs. 1.00 Lakhs are: NIL.		
8. Foreign Exchange Transactions - NIL -.		
9. Previous Year's figures are re-grouped wherever considered necessary		

As per our report of even date  
for V. Sridhar & Co.,  
Chartered Accountants,

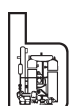
for and on behalf of the Board of Directors

Vemulapati Sridhar  
Proprietor  
Membership No.202337

A. Prathap Reddy  
Chairman

G. Hemanth Reddy  
Director

Secunderabad.April 28, 2008.



## CASH FLOW STATEMENT FOR THE YEAR 2007-2008

(Rupees in lacs)

	As at 2007-08	As at 2006-07
<b>A. Cash flows from operating activities</b>		
Net loss before tax	(-) 3,99,109	(-)4,64,469
Less : Interest income considered		-
Add : Depreciation & non cash charges	4,94,060	5,60,704
Less : Decrease in Current Liabilities	324	-
Less : Increase in Debtors	(-) 95,275	(-) 96,235
Add : Decrease in Other Current Assets, Loans & Advances	-	-
Cash flow from Operating activities (A)	<u>-</u>	<u>-</u>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	-	-
Interest income received		
Cash flow from Investing activities (B)	<u>-</u>	<u>-</u>
<b>C. Cash Flow From Financing Activities</b>		
Repayment of loans unsecured		
Cash flow from Financing activities (C)	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	-	-
Cash and cash equivalents (beginning of year)	5,081	5,081
Cash and cash equivalents (end of year)	5,081	5,081

As per our report of even date  
for V. Sridhar & Co.,  
Chartered Accountants,

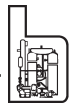
for and on behalf of the Board of Directors

Vemulapati Sridhar  
Proprietor  
Membership No.202337

A. Prathap Reddy  
Chairman

G. Hemanth Reddy  
Director

Secunderabad. April 28, 2008.



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
AS PER PART IV THE SCHEDULE VI OF THE COMPANIES ACT, 1956

<b>I. Registration Details</b>				
Registration Number : 09027		State code		01
Balance Sheet Date :	31.03.2008			
<b>II. Capital raised during the year</b> (Amount in Rupees Thousands.)				
Public issue	Nil	Rights Issue		Nil
Bonus issue	Nil	Private Placement		Nil
<b>III. Position of the Mobilization and Deployment of Funds</b> (Amount in Rupees Thousands.)				
<b>Total Liabilities</b>	21421.218	<b>Total Assets</b>		21421.218
<b>Sources of Funds</b>				
Paid up capital	13000.000	Reserves and Surplus		0.000
Secured loans	0.000	Unsecured Loans		8421.218
<b>Applications of funds</b>				
Net Fixed Assets	5075.15			
Net Current Assets	496.022	Investments		100.000
Miscellaneous Expenditure	Nil			
Accumulated Losses	15750			
<b>IV. Performance of the Company</b> (Amount in Rupees Thousands.)				
<b>Turnover</b>	120.000	<b>Total expenditure</b>		519.109
(+) Profit / (-) Loss Before Tax	(399.109)	(+) Profit / (-) Loss After Tax		(399.109)
Earning per share (Rupees)		Dividend		-

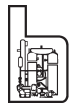
As per our report of even date  
for V. Sridhar & Co.,  
Chartered Accountants,

for and on behalf of the Board of Directors

Vemulapati Sridhar  
Proprietor  
Membership No.202337  
Secunderabad.April 28, 2008.

A. Prathap Reddy  
Chairman

G. Hemanth Reddy  
Director



**FORM FOR ECS MANDATE / BANK MANDATE**

Sathguru Management Consultants Private Limited  
A/C BALAJI AMINES LIMITED  
Plot No. 15, Hindi Nagar,  
Punjagutta,  
Hyderabad - 500 034

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 current 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.





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Registered Office :  
**BALAJI AMINES LTD.**  
Balaji Bhawan  
165/A Railway Lines, Solapur  
Maharashtra-413001, INDIA.  
[www.balajiamines.com](http://www.balajiamines.com)