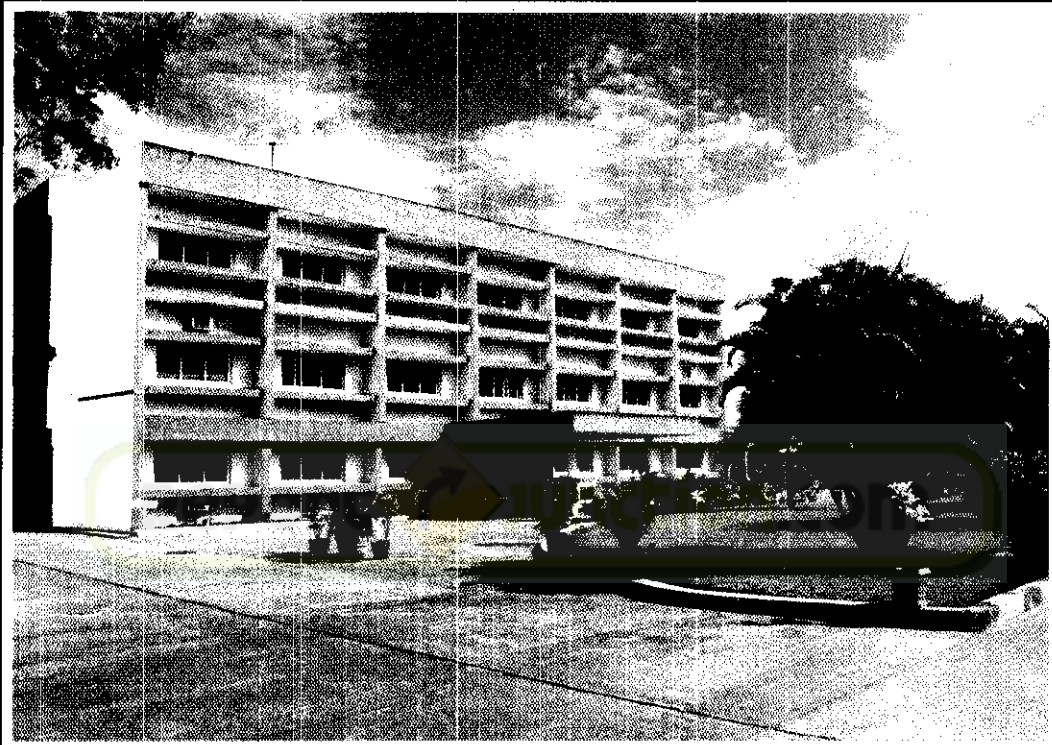
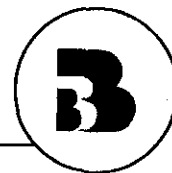


B A L A J I
D I S T I L L E R I E S
L I M I T E D



VIEW OF ADMINISTRATIVE BUILDING OF THE DISTILLERY

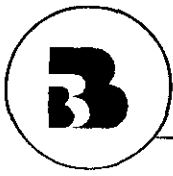
FIFTEENTH
ANNUAL REPORT
1998-1999



BALAJI DISTILLERIES LIMITED

FIFTEENTH ANNUAL REPORT

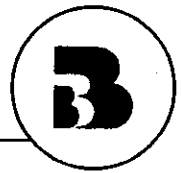
Board of Directors	M. Sreenivasulu Reddy Managing Director S.V. Sudhakar Reddy R. Subramanian R. Ganesan R. K. Rath (Nominee of ICICI Ltd.) A. Saratchandra Menon (Nominee of IFCI Ltd.)
General Manager (Finance) and Company Secretary	S.Nagarajan
Auditors	M/s. P.A. Reddy & Co. Chartered Accountants Nellore 524 001
Bankers	Bank of Baroda Indian Overseas Bank Global Trust Bank Limited
Registered Office	16/1600, Ramamurthy Nagar Nellore - 524 003
Distillery	By-Pass Road Poonamallee Chennai - 600 056 Tamilnadu
Brewery Project	Mount Thiruvalluvar High Road Aranvoyal Village Chengai MGR district Pin- 602 025 Tamil Nadu
Corporate Office	9, Bazullah Road T.Nagar Chennai - 600 017 Tamilnadu



BALAJI DISTILLERIES LIMITED

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BALAJI DISTILLERIES LIMITED

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of **BALAJI DISTILLERIES LIMITED** will be held at 16/449, Somasekharapuram, Nellore - 524 001 on Saturday, the 31st July, 1999 at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended on 31st March, 1999 the Balance Sheet as at that date and report of the Directors and the Auditors thereon.
2. To declare dividend on Preference Shares and Equity Shares.
3. To appoint a Director in the place of Shri. R. Subramanian, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri. R. Ganesan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

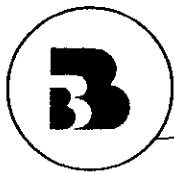
"RESOLVED THAT Shri.S.V. Sudhakar Reddy, be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT Pursuant to the Provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, under the Companies Act,1956, Shri. M. Sreenivasulu Reddy be and is hereby re-appointed as Managing Director of the Company for a

period of 5 years from 1st October,1999 on the following terms and conditions

- I. Basic Salary - Rs.80,000/- per month in the scale of Rs.80,000 - 5,000 - 1,00,000.
- II. Commission -Total Annual basic Salary
- III. Special Allowance - Rs.50,000/- per month
- IV. Perquisites :
 - a) House Rent Allowance : 40% of basic salary p.m
 - b) Gas & Electricity : Actuals but limited to Rs.50,000/- per annum.
 - c) Medical Reimbursement : one month's basic salary for self and family per annum.
 - d) Leave Travel Assistance : one month's basic salary for self and family per annum.
- V. Provident Fund, Gratuity and Super annuation : As per relevant statues applicable to the Company and as per rules of the Company
- VI. Car : Car with Driver for use of the Managing Director on Company's Business
- VII. Telephone : Provision and free use of telephone at residence of the Managing Director.
(use of car for private purpose and personal long distance calls on phone shall be billed by the Company)
- VIII. Minimum Remuneration : Notwithstanding anything herein above stated where in any financial year during the currency of tenure of Managing Director of the



BALAJI DISTILLERIES LIMITED

Company, the Company has no profit or its profits are inadequate, the Company shall pay to the Managing Director remuneration in accordance with the provisions of Sec II of part II of Schedule XIII of The Companies, Act, 1956.

IX. Powers & Duties : As may be delegated by the Board from time to time.

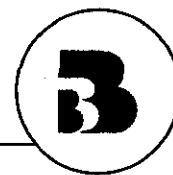
X. Place of posting : The Managing Director will be head quartered at Chennai.

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

"RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all norms, guidelines, regulations in force and statutory approvals as may be necessary, consents, permissions and/or sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchange(s) and all other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by them in granting any such approval, consents, permission or sanctions (hereinafter referred to as "the Requisite Approvals"), the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee of Directors which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this resolution) be authorised on behalf of the Company, to issue and allot, in the course of National/International offerings on private placement basis, rights basis or otherwise in Indian/one or more foreign markets, Equity Shares, Cumulative Redeemable Preference Shares, Debentures, Bonds, debt instruments and/or securities convertible into Equity Shares at the option of the

Company and/or the holders of the securities linked to Equity Shares and/or non-convertible securities with or without detachable/non-detachable warrants/notes with a right exercisable by the warrants / notes holder to subscribe for Equity Shares at such price and manner and during such period as the Board may decide, and/ or any instruments or securities representing Equity Shares or convertible securities either through Global Depository Receipt mechanism/American Depository Receipt mechanism/Eurobonds/notes/ Foreign Currency Convertible Bonds etc. or by an issue to or by private placement with foreign/Indian investor(s) including institutional investors, banks, Non-Resident Indians, and Overseas Corporate Bodies, and/or Foreign Institutional Investors, whether members of the Company or not, subject to the Memorandum of Association of the Company through prospectus and/ or offering letter of circular and/or private placement basis for an amount (inclusive of such premium as may be determined) not exceeding Rs.750 crores or equivalent thereof in any other currency(ies), such issue and allotment to be made at such time or times, in such tranche(s), at such price or prices (including at a discount or premium to market price or prices) and in such manner as are in conformity with any guidelines or directions or norms, statutory or otherwise and as may be finalised by the Board, in consultation with the Lead Managers and/or Underwriters and/or other Advisors, and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board."

"RESOLVED FURTHER that without prejudice to the generality of the above, the securities may have all or any terms or combination of terms in accordance with Indian/International norms/ practice including but not limited to terms and conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payment whatsoever, besides terms as to security if any, to be created for any of the securities with such ranking as the Board may determine and including terms for issue of additional Equity Shares or variation of the



BALAJI DISTILLERIES LIMITED

conversion price of the security during the duration of the securities."

"RESOLVED FURTHER that the Board be authorised to enter into and execute all such arrangements with one or more Lead Manager(s), Manager(s), Arranger(s) Banker(s), Broker(s), Underwriter(s), Guarantor(s). Depository(ies), Custodian(s), Trustee(s) and all such agencies as may be involved or concerned in such offering of securities and to remunerate all such institutions and agencies by way of commission, brokerage, fees or the like, and also to seek the listing of such securities in one or more International Stock Exchange and/or Stock Exchanges in India."

"RESOLVED FURTHER that the Company and/or an agency or body authorised by the Board may issue Depository Receipts representing the underlying Equity Shares in the Capital of the Company or such other securities in registered or bearer form with such features and attributes as are prevalent in Indian/International Capital Markets for instruments of this nature and providing for the tradeability or free transferability thereof as per Indian/International norms, practices and regulations and under the forms and practices prevalent in Indian/International Markets."

"RESOLVED FURTHER that the Board be authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted directly or upon conversion of any securities or as may be necessary in accordance with the terms of offering all such shares ranking 'pari passu' with the existing Equity Shares of the Company in all respects, excepting the right to

dividend as may be declared in the financial year in which such Equity Shares are issued shall be in proportion to the amount paid-up on such shares and pro-rata for the period during which such amount paid-up thereon."

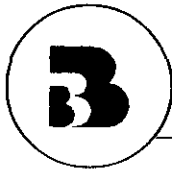
"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to determine the terms of payment, issue price, premium/discount, interest on Debentures and/or Bonds and/or other securities."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be authorised on behalf of the Company to accept and make, in the interest of the Company, all such modifications, and alterations to the terms and conditions concerning any aspect of the issue including increases or decreases in the aggregate value of the issue, retention of over-subscription, rate of premium/discount, interest or other charges payable or any other matter as may be considered necessary or expedient and/or as may be specified in the Requisite Approvals and to take all such actions as may be necessary or desirable to effect such modifications and alterations and to do all such acts, deeds, matters and things as it may at its discretion deemed necessary or desirable for such purpose including without limitation the entering into of underwriting, marketing, depository and custodian/ trustees/agents arrangements with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Equity Shares/securities as it may in its absolute discretion deemed fit."

Registered Office:
16/1600, Ramamurthy Nagar
Nellore - 524 003
Dated : 26th May, 1999

By Order of the Board

S. NAGARAJAN
General Manager [Finance] and
Company Secretary



BALAJI DISTILLERIES LIMITED

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member.
2. The instrument appointing proxy in order to be effective should be lodged at the Registered Office of the Company not less than 48 hours before the meeting.
3. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business set out in the Notice is annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 28th July, 1999 to 31st July, 1999 (both days inclusive).
5. Dividend, if approved, will be paid, to those members whose names appear on the Register of Members of the Company on 31st July, 1999.
6. Bonus Shares Will be issued to those members whose names appear on the Register of Members of the Company on 31st July, 1999.
7. Members are requested to notify immediately any change in their address.
8. Members are requested to send queries, if any, on the accounts, at least seven days prior to the date of the meeting, so that the information can be made available at the meeting.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO.6

Shri.S.V. Sudhakar Reddy was appointed as Director by the Board of Directors on 26th May, 1999. His term of office expires at the beginning of the Fifteenth Annual General Meeting of the Company. The Board recommends his appointment as Director in the said Annual General Meeting.

None of the Directors except Shri.S.V. Sudhakar Reddy, is interested in the resolution.

ITEM NO.7

Shri. M. Sreenivasulu Reddy was appointed as Managing Director of the Company for a period of 5 years with effect from 1st October, 1994 at the Tenth Annual General Meeting of the Company held on 4th June, 1994. His term of office expires on 30th September, 1999. The Board has appointed him as Managing Director of the Company for a period of 5 Years with effect from 1st October, 1999 at its Meeting held on 26th May, 1999. His appointment is subject to the approval of Shareholders upon the terms and conditions set out in the Resolution.

The resolution is to be approved by the Members pursuant to Section 269 of the Companies Act, 1956. The Board recommends the approval of the resolution by the members.

Except Shri. M. Sreenivasulu Reddy none of the Directors are interested in the Resolution.

ITEM NO.8

The Shareholders passed a special resolution under section 81(1A) of the Companies Act, 1956, authorising the Board to raise Rs.750 crores by way of National/International offerings on private placement basis, right basis or otherwise in Indian/one or more foreign markets, Equity Shares, Cumulative Redeemable Preference Shares, Debentures, Bonds etc., at an appropriate time, at the Extra Ordinary General Meeting held on 19th May, 1999. As the resolution passed on 19th May, 1999 will become outdated on 18th August, 1999 the Directors recommend adopting this resolution afresh at this meeting.

The Directors of the Company may be deemed to be interested in the resolution to the extent of the Equity Shares, debentures, bonds and/or other securities that may be taken up and allotted to them in the said issue.

By Order of the Board

S. NAGARAJAN

General Manager [Finance] and
Company Secretary

Registered Office:
16/1600, Ramamurthy Nagar
Nellore - 524 003
Dated : 26th May, 1999