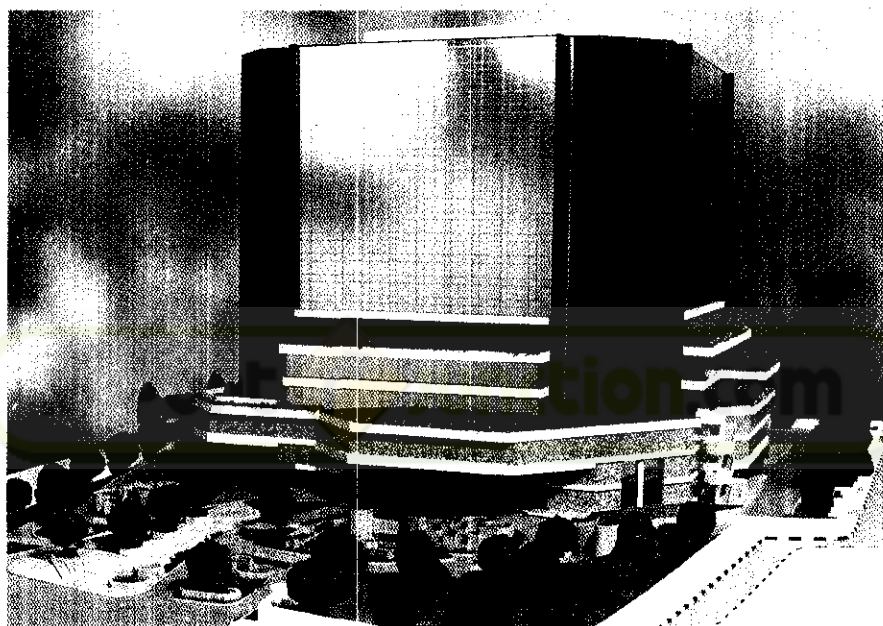


BALAJI HOTELS AND ENTERPRISES LIMITED



10th ANNUAL REPORT 1998-99

**BALAJI HOTELS AND ENTERPRISES LIMITED****TENTH ANNUAL REPORT 1998-99**

Board of Directors	M. Sreenivasulu Reddy (Managing Director)
	M. Dharmaraj
	B. Sarath Babu
	M. Masthan Reddy
	K. Desikan (Nominee - Industrial Finance Corporation of India Ltd.)
Company Secretary	V. Krishnaswami
Auditors	M/s. S. Viswanathan Chartered Accountants Chennai - 600 004
	M/s. P.A. Reddy & Co. Chartered Accountants Nellore 524 001
Bankers	Bank of Baroda
	Global Trust Bank Limited
	ICICI Banking Corporation Ltd.
	Corporation Bank
	Banque Nationale De Paris
Registered Office	16/449, Somasekharapuram Nellore - 524 001
Corporate Office	9, Bazullah Road T. Nagar, Chennai - 600 017
Hotels Division	267, Anna Salai Teynampet Chennai - 600 018.
Distillery Division	Nanora, Asanora, Goa
Printing Division	PIPDIC Industrial Estate Sedarapet Pondicherry - 605 101



CONTENTS

	Page
NOTICE :	3
DIRECTORS' REPORT :	9
AUDITORS' REPORT :	11
BALANCE SHEET :	14
PROFIT & LOSS ACCOUNT :	15
SCHEDULES TO ACCOUNTS :	16
BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :	27
CASH FLOW STATEMENT :	28



NOTICE OF THE TENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Tenth Annual General Meeting of BALAJI HOTELS AND ENTERPRISES LIMITED will be held on Wednesday the 29th September, 1999 at 10.30 A.M. at Raghava Kalyana Mandapam, 8/512, Ranganayakupeta, Nellore - 524 001, Andhra Pradesh, 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, 1999 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in the place of Mr. M Dharmaraj, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. M Masthan Reddy, be and is hereby appointed as a Director of the Company".

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

"RESOLVED THAT Mr. B Sarath Babu, be and is hereby appointed as a 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 subject to the provisions of Section 269 and Schedule XIII and other applicable provisions, if any, of the Companies

Act, 1956, Mr. M Sreenivasulu Reddy be and is hereby appointed as Managing Director of the company for a period of five years from 1.12.1999 and that he shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors and shall perform such other duties and services as shall from time to time be entrusted to him by the Board".

"RESOLVED FURTHER THAT he shall not draw any remuneration from the company".

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 (1-A) 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 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 sanction (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 or Non-cumulative Preference Shares, Debentures, Bonds, 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 and/or securities with or without detachable/non-detachable warrants/notes with rights exercisable by the warrants/notes holders to subscribe for Equity Shares and/or 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/Foreign Currency Convertible Bonds/Notes 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 issues and allotment to be made at such time/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 or 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 of issue of additional Equity Shares or variation of the 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 agreements/contracts with one or more Lead Manager(s), Arranger(s), Manager(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(s) and/or The National Stock Exchange/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 instrument of this nature and providing for the tradability 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 Pasu" 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 paidup 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 alternations 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 be deemed fit."

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

"RESOLVED THAT in the place of the existing Article 159 the following new Article 159 be substituted":

159) The Company shall have a Common Seal and the Board shall provide for safe custody of the Seal and Seal shall not be affixed to any document, deed or instrument except by the resolution of the Board or any Committee of the Board authorised by it in that behalf and save as provided in Article 25 hereof except in the presence of one director who shall sign

the same in token thereof and Secretary/ Authorised Person who shall countersign the same in token thereof. The Board shall have power from time to time, to destroy the same and substitute a new Seal in lieu thereof and the Board shall provide for the safe custody of the Seal for the time being and shall determine the place and manner of use of such Seal and confer the authority for its use to such person or persons as they may from time to time".

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

"RESOLVED THAT the existing Authorised Capital of the company be modified and reclassified as follows:

The Authorised Capital of the company is Rs. 130,00,00,000/- divided into 6,50,00,000 Equity Shares of Rs. 10/- each aggregating to 65,00,00,000/- (Rupees Sixtyfive Crores only) and 65,00,000 Preference Shares of Rs. 100/- each aggregating to Rs. 65,00,00,000/- (Rupees Sixtyfive Crores only)"

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

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the company be substituted in its place, with the following new clause:

- V. The Authorised Capital of the company is Rs. 130,00,00,000/- (Rupees One Hundred and Thirty Crores only) divided into 6,50,00,000 Equity Shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 65,00,00,000/- (Rupees Sixtyfive Crores only) and 65,00,000 Preference Shares of Rs. 100/- each (Rupees One Hundred only) aggregating to Rs. 65,00,00,000 (Rupees Sixtyfive Crores only) which may be issued as cumulative or non-cumulative, redeemable or convertible into equity shares, with such percentage of dividend, rights, privileges and conditions attached thereto as may be decided


BALAJI HOTELS AND ENTERPRISES LIMITED

by the Board of Directors and the regulations of the company for the time being and to vary, modify, alter, cancel or abrogate any such rights, privileges or conditions in such a manner as may be provided by the regulations of the company, subject to the provisions of The Companies Act, 1956."

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

"RESOLVED THAT Article 5a of the Articles of Association of the company be substituted with the following new article:

- 5a) The Authorised Capital of the company is

Rs. 130,00,00,000/- (Rupees One Hundred and Thirty Crores only) divided into 6,50,00,000 equity shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 65,00,00,000/- (Rupees sixty five crores only) and 65,00,000 preference shares of Rs. 100/- (Rupees one hundred only) each aggregating to Rs. 65,00,00,000 (Rupees Sixtyfive Crores only) which may be issued as cumulative or non-cumulative, redeemable or convertible into equity shares, and subject to Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the provisions of the Companies Act, 1956."

By Order of the Board

For **BALAJI HOTELS AND ENTERPRISES LIMITED**

V. Krishnaswami

V Krishnaswami
Company Secretary

Place : Chennai
Date : 30.7.1999

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, and, on poll, to vote instead of himself. A proxy need not be a member of the Company.
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 commencement of the meeting. A blank proxy form is enclosed.
3. Explanatory Statement as required under Section 173 (2) of The Companies Act 1956 is annexed to the Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 23.9.99 to 29.9.99 (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 29.9.99.
6. Members are requested to notify immediately any change in their addresses.
7. Members are requested to send queries, if any, on the accounts, at least seven days in advance of the meeting so that the information can be made available at the meeting.

By Order of the Board

For **BALAJI HOTELS AND ENTERPRISES LIMITED**

V. Krishnaswami

V Krishnaswami
Company Secretary

Place : Chennai
Date : 30.7.1999



**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2)
OF THE COMPANIES ACT, 1956.**

ITEM NO.5&6

Mr. M. Masthan Reddy and Mr. B. Sarath Babu were appointed as additional directors on 26.5.99. Accordingly, they hold office until the date of the ensuing Annual General Meeting. Mr. M. Masthan Reddy is a Commerce Graduate and has over 20 years of experience in liquor business and general administration. Mr. B. Sarath Babu is a Chartered Accountant and has over two decades of experience in finance, accounts and general administration.

Notices have been received from two members proposing the names of Mr. M. Masthan Reddy and Mr. B. Sarath Babu for the office of the directorship, together with the deposit of Rs.500/- each as required under Section 257 of the Companies Act, 1956.

Mr. M Masthan Reddy is interested in the resolution proposing his appointment.

Mr. B Sarath Babu is interested in the resolution proposing his appointment.

None of the other directors is interested in the resolutions.

The directors recommend the resolutions for adoption.

ITEM NO.7

Mr. M Sreenivasulu Reddy was appointed as Managing Director without any remuneration by the shareholders at the Extraordinary General Meeting held on 30.11.94, with effect from 1.12.94 for five years. The appointment comes to an end on 30.11.99. Hence, it is proposed to appoint him as Managing Director for five years from 1.12.99. He shall not draw any remuneration from the Company.

None of the directors except Mr. M. Sreenivasulu Reddy is interested in the resolution.

The directors recommend the resolution for adoption.

The proposed resolution and this explanatory statement may be treated as an abstract of terms and conditions of the appointment of Mr. M. Sreenivasulu Reddy as Managing Director in terms of Section 302 of the Companies Act, 1956.

ITEM NO.8

The Shareholders passed a Special Resolution under section 81 (1-A) of the Companies Act, 1956, authorising the Board to raise Rs. 750 crores by way of public issue/private placement of shares/debentures, bonds and/or securities either in Indian and/or in one or more foreign markets at an appropriate time, at the Extraordinary General Meeting held on 24th December '98. As the said resolution has become outdated, the Directors recommend adoption of this resolution afresh at this meeting authorising to borrow upto Rs. 750 Crores.

The Directors of the Company 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.

The Directors recommend the resolution for adoption.

ITEM NO.9

As per Article 159 of the Articles of Association of the company, Common Seal is to be affixed on any documents, deed or instruments with the authority of the Board/Committee of Directors in the presence of two directors and secretary or authorised person. For administrative convenience, it has been proposed to amend the said article so as to provide for affixation of Common Seal in the presence of a director and secretary or authorised person.

None of the directors is interested in the resolution.

The directors recommend the resolution for adoption.


BALAJI HOTELS AND ENTERPRISES LIMITED
ITEM NOS. 10, 11 & 12

The present Authorised Capital consists of three classes of shares-6,50,00,000 equity shares of Rs.10/- each aggregating to Rs.65,00,00,000/- and 50,00,000 cumulative preference shares of Rs. 80/- each aggregating to Rs. 40,00,00,000 and 25,00,000 preference shares of Rs. 100/- each aggregating to Rs. 25,00,00,000/-.

Pursuant to the Scheme of Amalgamation of Balaji Industries Pvt. Ltd. (BIPL) with Balaji Hotels and Enterprises Ltd., 50,00,000 - 6% cumulative convertible preference shares of Rs. 80/- each were issued to the shareholders of BIPL with the consent of all the 6% cumulative convertible preference shares, they were treated as

Noncumulative Convertible Preference Shares of Rs.80/- each. These preference shares are to get converted into equity shares' on 9.9.99. Hence, it has been decided to have only one class of preference shares, namely of Rs. 100/- each. This requires re-classification and consequent amendments to the Memorandum and Articles of Association.

None of the directors is interested in the resolution.

The directors recommend the resolution for adoption.

The Memorandum and Articles of Association is available for inspection at the Regd. Office of the Company during normal business hours.

By Order of the Board
For **BALAJI HOTELS AND ENTERPRISES LIMITED**

V. Krishnaswami

Place : Chennai
Date : 30.7.1999

V Krishnaswami
Company Secretary

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