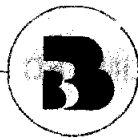


# *Balaji Hotels and Enterprises Limited*



Report **THE BALAJI GROUP** THE ST

*11th  
Annual Report  
1999-2000*



## BALAJI HOTELS AND ENTERPRISES LIMITED

### ELEVENTH ANNUAL REPORT 1999-2000

**Board of Directors**

M Sreenivasulu Reddy  
(Managing Director)

M Dharmaraj

B Sarath Babu

M Masthan Reddy

K Desikan  
(Nominee - IFCI Limited)

**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 Limited

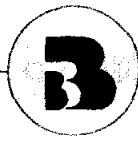
Corporation Bank

Banque Nationale De Paris

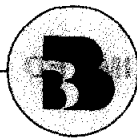
**Registered Office** 16/449. Somasekarapuram  
Nellore - 524 001

**Corporate Office** No.9, Bazullah Road  
T Nagar  
Chennai - 600 017

**Registrar and Share  
Transfer Agent** **Cameo Corporate Services Limited**  
Subramanian Building,  
No.1, Club House Road  
Chennai - 600 002

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## BALAJI HOTELS AND ENTERPRISES LIMITED

### NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of Balaji Hotels and Enterprises Ltd will be held on Friday the 29<sup>th</sup> September 2000 at 10.00 a.m at Raghava Kalyana Mandapam 8/ 512, Ranganayakupeta Nellore 524 001 to transact the following business.

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31<sup>st</sup> March 2000 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. M Masthan Reddy, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and authorise the Board to fix their remuneration.

#### SPECIAL BUSINESS

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

**"RESOLVED THAT** the Articles of Association of the Company be and is hereby altered in the manner specified below. After Article No.83 the following new articles be inserted along with the marginal note.

Article No.83-A	Notwithstanding anything contained in the Articles of Association, the Company shall be entitled to dematerialise its Equity / Preference Shares pursuant to the Depositories Act, 1996 and to offer its shares, for issue in dematerialised form."
"Dematerialisation of Securities	

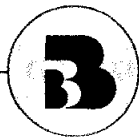
5. To consider and if thought fit to pass with or without modification(s) the following resolution as a special resolution:

**"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 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 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/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), 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



## BALAJI HOTELS AND ENTERPRISES LIMITED

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 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 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."

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

**"RESOLVED THAT** pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act 1956, the Board of Directors of the Company be and is hereby authorised to deal, negotiate and dispose of the assets of the Printing Division at Pondicherry and that the sale of assets already disposed of, be and is hereby ratified."

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

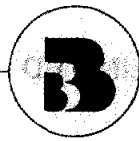
**"RESOLVED THAT** pursuant to Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to transfer the whole of the undertaking of the Hotel Division of the Company situated at No.267, Anna Salai, Chennai together with all its assets (including both fixed and current assets) with or without the liabilities (including both short term and long term liabilities) to a subsidiary Company, to be formed, on such terms and conditions as may be decided by the Board of Directors."

**"RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorised to determine the exact date of transfer, finalise the quantum, nature, terms and mode of settlement of consideration of the transfer, to execute necessary documents, deeds, titles etc., and to do all such acts and things deemed necessary and expedient in the interest of the Company and for giving effect to the above resolution".

By Order of the Board  
For BALAJI HOTELS AND ENTERPRISES LIMITED

V. Krishnaswami  
V KRISHNASWAMI  
Company Secretary

Place : Chennai  
Dated: 29th June 2000



## 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 22.9.2000 to 29.9.2000 (both days inclusive)
5. Members are hereby informed that "Cameo Corporate Services Limited" situated at Subramanian Building, No.1, Club House Road, Chennai - 600 002, Phone No. 846 03 90 Fax No.846 01 29, E.Mail : cameosys@satyam.net.in, will act as Registrar and Share Transfer Agent of the Company with effect from 1<sup>st</sup> of August 2000; Members are requested to take note of the same.
6. The Securities and Exchange Board of India has notified that the trading in shares of the Company would be compulsorily in dematerialised form with effect from 26<sup>th</sup> of February 2001. Any information in this regard can be obtained from Cameo Corporate Services Ltd., Registrar and Share Transfer Agent of the Company.
7. Members are requested to notify immediately any change in their addresses.
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.



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## BALAJI HOTELS AND ENTERPRISES LIMITED

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

#### Item No. 4

The Securities and Exchange Board of India through its Circular No.SMDRP/Policy/Cir-23/2000 dated 29<sup>th</sup> of May 2000 had stated its decision that the trading in shares of the Company would be compulsorily in dematerialised form with effect from 26<sup>th</sup> February, 2001. In order to ensure trading of securities in dematerialised form and so as to comply with the circular issued by the Securities and Exchange Board of India, the Board of Directors have decided to insert a new clause in the Articles of Association. Accordingly the resolution is placed for approval of the Shareholders as a Special Resolution in terms of Section 31 of the Companies Act, 1956.

None of the Directors is concerned or interested in the resolution.

The Directors recommend the resolution for adoption.

#### Item No. 5

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 Tenth Annual General Meeting held on 29<sup>th</sup> September 1999. 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. 6

The Printing Division has not been yielding the desired level of profitability due to the increase in cost of raw materials, which was not supported by an increase in selling price resulting in very low margins. Hence the Directors felt that it would be better to dispose of the assets of the Printing Division and most of the assets have already been disposed of. This requires approval of the Shareholders by means of an Ordinary Resolution, under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors is interested in the resolution.

The Directors recommend the resolution for adoption.

#### Item No. 7

The Shareholders are aware that the Company is putting up a Five Star Deluxe Hotel at Abbotsbury 267, Anna Salai, Chennai - 600 018. The Company proposes to restructure its business and in order to effect the same, the Board proposes to transfer the assets with or without the liabilities of the Five Star Deluxe Hotel Project at Abbotsbury on a going concern basis to a subsidiary Company to be formed, on such terms and conditions, as may be decided by the Board of Directors. This requires approval of the Shareholders under Sections 293(1) (a) of the Companies Act 1956 by way of an Ordinary Resolution.

None of the Directors is interested in this resolution.

The Directors recommended the resolution for adoption.

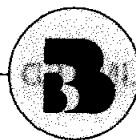
By Order of the Board  
For BALAJI HOTELS AND ENTERPRISES LIMITED

*V. Krishnaswami*

V KRISHNASWAMI  
Company Secretary

Place : Chennai  
Dated: 29th June 2000





## BALAJI HOTELS AND ENTERPRISES LIMITED

### DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Eleventh Annual Report together with the audited accounts of the Company for the financial year ended 31<sup>st</sup> March, 2000.

#### 1. PERFORMANCE HIGHLIGHTS

Your Company has undertaken certain operational restructuring measures in the year under review to improve the long term viability. As part of this strategy, your company has focussed on improving its profitable division viz the Beer distribution activity in Maharashtra. Simultaneously your company has ceased to pursue the steel distribution, IMFL manufacture and label printing activities at Maharashtra, Goa and Pondicherry respectively as these operations have been losing viability. As a consequence of these measures, the gross revenue has come down from Rs. 203 Crores in the year ended 31/3/99 to Rs. 107 Crores in the year ended 31/3/00.

Your company has posted a loss of Rs. 8.77 Crores during the year under review. However your directors are confident that this is only a temporary setback and that the measures adopted will result in a marked improvement in the profitability in the succeeding years.

#### 2. SUMMARY OF FINANCIAL RESULTS

<b>A. EARNINGS</b>		<b>Rs. in lacs</b>
S.No.Particulars	1999-2000	1998-1999
1. Profit before depreciation	(614.46)	551.18
2. Less: Depreciation	262.54	262.45
3. Profit before tax (PBT)	(877.00)	288.73
4. Provision for tax	—	99.00
5. Profit after tax (PAT)	(877.00)	189.73
6. Prior year adjustment	130.54	—
7. Surplus from previous year	226.67	188.19
8. Amount available for appropriation	(780.87)	377.92
<b>B. APPROPRIATIONS</b>		<b>Rs. in lacs</b>
S.No.Particulars	1999-2000	1998-1999
1. Proposed Dividend	—	137.50
2. Tax on proposed dividend	—	13.75
3. Surplus carried to Balance Sheet	(780.87)	226.67
Total	(780.87)	377.92

#### 3. DIVIDEND

As the operations in the current year have resulted in a loss, your directors have not recommended payment of dividend for the year.

#### 4. OPERATIONS

During the year 1999-2000, the Company posted a turnover of Rs.107 Crores as against the turnover of Rs.203 Crores in the previous year.

The operations of IMFL Trading Division at Mumbai were satisfactory during 1999-2000. The division clocked a turnover of Rs.103 Crores. The Steel Trading activity at Mumbai has been slowly curtailed during the year due to steep reduction in the margins. This has led to decrease in turnover of the Company.

Due to lack of orders the IMFL manufacturing unit at Goa was not operated during the year under review. This has also resulted in reduced turnover.

The Printing Division at Pondicherry recorded a turnover of Rs.2.49 Crores. The division was not yielding the desired level of profitability due to the increase in cost of raw materials, which was not supported by a corresponding increase in selling price, resulting in decrease in margin/profitability. Also the fixed cost of the division was constantly on the rise. Hence it was decided not to pursue the operation and to dispose of the assets of the division. The assets of the division were sold at a loss of Rs.2.38 crores, which was also a vital factor for the increased loss during the year under review.

Your Company had made some investments during the preceding years. As these investments were not listed and the performance of these companies was not satisfactory, it was decided to dispose of the investments. This resulted in a loss of Rs.1.35 crores.

Your Company has leased certain assets to Rajasthan State Electricity Board in the earlier years. The lease rentals in respect of the same have not been received in the year under review pending resolution of some disputes. Even though your Company is confident of realising the lease rentals, as a conservative measure, the same has not been recognised as revenue. This has resulted in the loss going up by Rs.7.40 Crores.