

BALAJI HOTELS AND ENTERPRISES LIMITED

**22nd
Annual Report
2010-2011**



TWENTY SECOND ANNUAL REPORT 2010-11

Board of Directors

M Sreenivasulu Reddy
(Chairman)

M Dharmaraj
M Masthan Reddy
D Balakoteswara Rao

Statutory Auditors

M/s P A Reddy & Co.,
Chartered Accountants

M/s CNGSN & Associates
Chartered Accountants

Bankers

Indian Bank
Bank of Baroda Ltd.

Registered Office

New No.34, Old No.76 Bazullah Road
T Nagar Chennai 600 017.

Corporate Office

New No.17/1 (Old 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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NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of Balaji Hotels and Enterprises Limited will be held **on Friday, September 30, 2011 at 11.00 a.m at Balamandir German Hall, No.17, Prakasam Street, T.Nagar, Chennai 600 017** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year Ended March 31, 2011 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 Shri M Masthan Reddy, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. In this connection, to consider and if thought fit, to pass with or without modification 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 the retiring Auditors M/s P A Reddy & Co., Chartered Accountants and M/s CNGSN & Associates, Chartered Accountants, be and are hereby appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be decided by the Board of Directors.”

By Order of the Board
For BALAJI HOTELS AND ENTERPRISES LIMITED

Place : Chennai
Dated: July 30, 2011

M. SREENIVASULU REDDY
Chairman

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. The Register of Members and Share Transfer Books of the company will remain closed from 28.09.2011 to 30.09.2011 (both days inclusive).
4. Members are requested to send queries, if any, on the accounts, at least seven days prior to the date of the forthcoming Annual General Meeting so that the information can be made available at the meeting.

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting their **Twenty Second Annual Report** together with the Audited Accounts of the Company for the Financial Year ended March 31, 2011.

Management Discussion and Analysis Report**1. Summary of Financial Results (in Rs.)**

S.No.	Particulars	2010-11	2009-10
1.	Profit / Loss before depreciation	(7463258)	14525835
2.	Less: Depreciation	--	2183
3.	Profit/ Loss before tax	(7463258)	14523652
4.	Exceptional Items	--	2078517
5.	Provision for Wealth Tax	205211	--
6.	Wealth Tax of earlier years	602434	33241
7.	Profit / Loss after Tax	(8270903)	16568928
8.	Deficit brought from previous year	(3206838022)	(3223406950)
9.	Loss carried to balance sheet	(3215108925)	(3206838022)

2. Operations / Future Outlook

There were no operations during the year. The company had incurred loss due to Statutory overheads during the financial year under review.

The company is exploring the possibility of tying up with strategic partners or infusion of funds by investors into the company to take up liquor trading operations subject to obtaining necessary government approvals. The Company is also looking at possibilities of merger and restructuring which will result in synergies.

3. Dividend

There are no operations during the year resulting in loss therefore your directors are not recommending any dividend for the financial year under review.

4. Directors

Shri M Masthan Reddy retire by rotation and being eligible offer himself for reappointment.

5. Shifting of Registered office

During the year the registered office of the company was shifted from No.365, Anna Salai, Teynampet, Chennai - 600 018 to New No.34, Old No.76, Bazullah Road, T.Nagar, Chennai - 600 017 with effect from 01/11/2010. The said shifting was necessitated due to sale of the Hotel project where at the registered office was situated.

6. Corporate Governance

A detailed Report on the Corporate Governance is separately annexed.

7. Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) that in the preparation of annual accounts for the year ended March 31, 2011, the applicable accounting standards had been followed along with proper explanations relating to material departures.
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the loss of the company for the year under review.
- iii) that 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 safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) that the accounts for the financial year have been prepared on a "going concern" basis.

8. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Pursuant to section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 the information is furnished below:

- | | | | |
|-----|---------------------------|---|-----|
| i) | Foreign Exchange Earnings | : | Nil |
| ii) | Foreign Exchange Outgo | : | Nil |

9. Particulars of Employees

There are no employees falling within the purview of section 217(2A) of the Companies Act, 1956.

10. Listing of Shares with the Stock Exchanges

The Equity Shares of the Company are listed with the following stock exchanges:

The Madras Stock Exchange Limited (Regional Stock Exchange)

The Hyderabad Stock Exchange Limited

BSE Limited, Mumbai



The trading of company's equity shares was suspended by the Mumbai stock exchange.

The Company is taking steps for Revocation of suspension.

11. Auditors

M/s P A Reddy & Co., Chartered Accountants and M/s CNGSN & Associates, Chartered Accountants, Joint Statutory Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

As regards the observations of the auditors vide para 4 of the report, the Board of Directors wish to express the following views:

- a. The interest of Rs.1.81 Crores is not provided as your company is negotiating with the lenders for

waiver of interest and to arrive at one time Settlement. **(Refer sl.no.4(f)(i) of Auditors' Report)**

- b. The unquoted investments in preference shares held by the company are long term in nature and hence the valuation is not done. **(Refer sl.no.4(e)(i) and 4(f)(ii) of Auditors' Report)**
- c. The effect of Auditors qualifications has been summarized and quantified by the Auditors against the company's accounts **(Refer sl.no.4(f)(iii) of Auditors' Report).**

12. Acknowledgement

Your Board wishes to express their sincere thanks to one and all for their valuable services and help especially Government of Tamil Nadu, Indian Bank and other company's bankers. Your Board also wishes to express their sincere thanks to all the shareholders for reposing confidence in them.

By Order of the Board
For BALAJI HOTELS AND ENTERPRISES LIMITED

Place : Chennai
Dated: July 30, 2011

M. SREENIVASULU REDDY
Chairman



REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31.03.2011

The report on Corporate Governance forms part of the Directors Report.

1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The essential elements of Corporate Governance are fairness, transparency, accountability and responsibility to which your company continues to remain committed. The Company will endeavor to improve on these aspects on an ongoing basis.

2) BOARD OF DIRECTORS

a) Composition and Category of Directors are as follows:

Category	Name of the Director
Promoter / Non Executive Director	Shri M Sreenivasulu Reddy
Promoter / Non Executive Director	Shri M Dharmaraj
Non-Executive and Independent Directors	Shri M Masthan Reddy
	Shri D Balakoteswara Rao

b) Number and the dates on which the Board Meetings were held

Five Board Meetings were held during the last financial year. The dates on which the meetings were held on 24.04.2010; 31.07.2010; 30.10.2010; 30.11.2010 and 28.01.2011.

c) Attendance of each Director at the Board Meetings, Last Annual General Meeting and Number of other Boards / Board Committees in which he is a Member or Chairperson.

Sl. No.	Name of the Director	Attendance Particulars		No. of other Directorships and Committee Membership / Chairmanships		
		Board Meetings	Last AGM	Other Directorship	Other Committee Membership	Other Committee Chairmanship
1	M Sreenivasulu Reddy	2	-	2	-	-
2	M Dharmaraj	5	Yes	5	2	1
3	M Masthan Reddy	5	Yes	2	2	-
4	D Balakoteswara Rao	5	Yes	-	2	1

d) Particulars of Retiring Directors

- i) Shri M Masthan Reddy is Director of the company since 26.05.1999. He has about 28 years of experience in General Administration. He is a Commerce Graduate. He is also Director in the following Companies:
1. Sambhu Prasad and Sons Private Limited
 2. Nageswara Rao Estates Limited

3) COMMITTEES OF THE BOARD

The Company has two Board level committees viz., Audit Committee and Shareholders / Investors Grievance and Share Transfer Committee.

a) Audit Committee

The functioning and terms of reference of the Audit Committee are as prescribed under section 292A of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges including their role, powers, duties, quorum and frequency of the meeting.



BALAJI HOTELS AND ENTERPRISES LIMITED

The Audit Committee comprises of 3 members viz., Shri. M Dharmaraj, Shri. D Balakoteswara Rao and Shri. M Masthan Reddy. Shri. D Balakoteswara Rao is the Chairman of the Committee.

During the year, the committee met four times on 24.04.2010; 31.07.2010; 30.10.2010 and 28.01.2011. Attendance of each member at the committee meeting was as follows:

Committee Members	No. of Meetings attended
M Dharmaraj	4
D Balakoteswara Rao	4
M Masthan Reddy	4

b) Remuneration Committee

No remuneration committee was constituted by the Board as none of the Directors draw any remuneration from the company. The Remuneration Committee shall be formed as and when necessary.

c) Share Transfer/Investor's Grievance Committee

The Share Transfer / Investor's Grievance Committee comprises of 3 members. Sarva Shri. M Masthan Reddy, M Dharmaraj and D Balakoteswara Rao. Shri M Dharmaraj is the Chairman of the Committee.

During the year, the Committee met ten times on 19.04.2010, 04.06.2010, 30.06.2010, 19.07.2010, 10.08.2010, 30.09.2010, 25.10.2010, 22.11.2010, 15.02.2011, 31.03.2011. Attendance of each member at the Committee Meetings was as follows:

Committee Members	No. of Meetings attended
M Masthan Reddy	10
M Dharmaraj	10
D Balakoteswara Rao	10

As on 31.03.2011, there are no pending share transfers and no investor grievance complaints pending against the company.

4) ANNUAL GENERAL MEETINGS

Locations and time of the last three Annual General Meetings :

Year	Location	Date	Time	No. of Special Resolutions
2007-08	Balamandir German Hall No.17, Prakasam Street, T Nagar Chennai 600 017.	30.09.2008	11.00 a.m.	-
2008-09	Balamandir German Hall No.17, Prakasam Street, T Nagar Chennai 600 017.	29.09.2009	11.00 a.m.	-
2009-10	Balamandir German Hall No.17, Prakasam Street, T Nagar Chennai 600 017.	29.09.2010	11.00 a.m.	-

No Special Resolution was passed through postal ballot during the period. No Special Resolution on matters requiring postal ballot is placed before the shareholders at the forthcoming 22nd Annual General Meeting.

5) DISCLOSURE

- During the financial year ended 31.03.2011, the Company had no materially significant related party transactions other than those mentioned in the Notes on Accounts as is envisaged under the Corporate Governance Code that may have potential conflict with the interest of the Company at large.
- There has not been any non-compliances, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other Statutory Authority, on matters related to capital markets, during last year, except nonpayment of listing fees to the Mumbai Stock Exchange and Non-Compliance of Clause 41 of the Listing Agreement viz., non-submission of Unaudited Quarterly Financial Results to the Stock Exchanges.