

BALAJI HOTELS AND ENTERPRISES LIMITED

23rd
Annual Report
2011-2012



TWENTY THIRD ANNUAL REPORT 2011 - 2012

Board of Directors

M Sreenivasulu Reddy
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.

Registrars and Share Transfer Agents

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 TWENTY THIRD ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Third Annual General Meeting** of Balaji Hotels and Enterprises Limited will be held on **Friday, September 28, 2012 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, 2012 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 D Balakoteswara Rao, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri M Dharmaraj, who retires by rotation and being eligible offers himself for re-appointment.
4. 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 Statutory 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: May 25, 2012

M. SREENIVASULU REDDY
Director

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 26.09.2012 to 28.09.2012 (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 Third Annual Report** together with the Audited Accounts of the Company for the Financial Year ended **March 31, 2012**.

Management Discussion and Analysis Report

1. Summary of Financial Results (In ₹)

| S. No. | Particulars | 2011-2012 | 2010-2011 |
|--------|--|-----------------|-----------------|
| 1 | Profit/(Loss) before Exceptional & Extraordinary items | 6,88,331 | (74,63,258) |
| 2 | Exceptional & Extraordinary items | 21,44,52,967 | - |
| 3 | Profit before tax | 21,51,41,298 | (74,63,258) |
| 4 | Provision for Wealth Tax | 81,048 | 2,05,211 |
| 5 | Wealth Tax for earlier years | 67,449 | 6,02,434 |
| 6 | Profit/(Loss) for the year | 21,49,92,802 | (82,70,903) |
| 7 | Deficit brought Forward from Previous Years | (321,51,08,925) | (320,68,38,022) |
| 8 | Loss carried to Balance Sheet | (300,01,16,123) | (321,51,08,925) |

2. Operations / Future Outlook

There were no operations during the year. The profit shown is mainly due to the exceptional item (i.e.) reversal of the provision of invoked corporate guarantee.

The company is exploring the possibility of tying up with strategic partners for infusion of funds into the company to take up any business operations subject to obtaining shareholders and necessary government approvals if any. The Company is also looking at possibilities of merger and restructuring which may result in synergies.

3. Dividend

There are no business operations during the year and therefore your directors are not recommending any dividend for the financial year under review.

4. Directors

1. Shri D Balakoteswara Rao retires by rotation and being eligible offers himself for reappointment.
2. Shri M Dharmaraj retires by rotation and being eligible offers himself for reappointment

Your Board recommends their re-appointment.

5. Corporate Governance

A detailed Report on the Corporate Governance is separately annexed..

6. 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, 2012, 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 profit 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.

7. 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



8. Particulars of Employees

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

9. 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

The trading of company's equity shares was suspended by the Mumbai Stock Exchange. The Company is taking steps for Revocation of suspension.

10. 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 lender for waiver of interest and 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: May 25, 2012

M. DHARMARAJ
Director

M. SREENIVASULU REDDY
Director



REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31.03.2012

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 Directors |
|--|-----------------------------|
| Promoter / Non Executive Director | : Shri M Sreenivasulu Reddy |
| Promoter / Non Executive Director | : Shri M Dharmaraj |
| Non-Executive and Independent Director | : Shri M Masthan Reddy |
| Non-Executive and Independent Director | : 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 are 25.04.2011; 10.05.2011; 30.07.2011; 29.10.2011 and 30.01.2012.

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 | MSreenivasulu Reddy | 3 | No | 5 | - | - |
| 2 | M Dharmaraj | 5 | No | 5 | 2 | 1 |
| 3 | M Masthan Reddy | 5 | No | 2 | 2 | - |
| 4 | D Balakoteswara Rao | 5 | Yes | - | 2 | 1 |

d) Particulars of Retiring Directors

- 1) Shri D Balakoteswara Rao is Director of the company since 29.06.2001. He is chartered accountant by profession and having about 20 years of experience in corporate affairs.
- 2) Shri M Dharmaraj is Director of the company since 04.08.1989. He is director of the company for the last 23 years and having more than 30 years of experience in business affairs.

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 25.04.2011; 30.07.2011; 29.10.2011 and 30.01.2012. 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/Investors 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 10 times and attendance of each member at the Committee Meeting was as follows:

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

As on 31.03.2012, there are no pending share transfers and no investor grievance complaints pending against the company.

4) ANNUAL GENERAL MEETINGS

Location and time of the last three Annual General Meetings:

| Year | Location | Date | Time | No. of Special Resolutions |
|---------|---|------------|------------|----------------------------|
| 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. | - |
| 2010-11 | Balamandir German Hall No.17, Prakasam Street, T Nagar Chennai 600 017. | 30.09.2011 | 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 23rd Annual General Meeting.

5) DISCLOSURE

- During the financial year ended 31.03.2012, 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 Bombay Stock Exchange and Non-Compliance of Clause 41 of the Listing Agreement viz., non-submission of Unaudited Quarterly Financial Results to the Stock Exchanges.**



- c) **Currently trading of company's equity shares on stock exchanges is suspended. Company is taking steps for revocation of the suspension.**
- d) The company has laid down procedures to be followed by the members of the Board and senior management Personnel for ethical professional conduct. A declaration signed by the directors to this effect is annexed thereto.

6) MEANS OF COMMUNICATION

Quarterly results are published in the Trinity Mirror (National news paper) and Makkal Kural (Regional Newspaper).

The Company has not started yet sending half-yearly reports to shareholders, but if any shareholder seeks any information, then the same is duly provided immediately.

The company has adopted the mandatory requirements.

7) GENERAL SHAREHOLDERS INFORMATION

- 1) Date, time and venue of 23rd AGM : Friday, September 28, 2012 at 11.00 A.M at Balamandir German Hall, No.17, Prakasam Street, T Nagar, Chennai 600 017.
- 2) Financial Calendar : Year ending 31st March 2012
- 3) Date of Book Closure : 26.09.2012 to 28.09.2012 (Both days inclusive)
- 4) Dividend payment date : No dividend is being recommended
- 5) Listing on Stock Exchanges
 - (i) Madras Stock Exchange Limited
Exchange Building, Post Box NO.183
11, Second Line Beach Road, Chennai 600 001
Tel:91-44-25224382, 25224392 Fax:91-44-25244897
 - (ii) The Hyderabad Stock Exchange Ltd
3-6-275, Himayat Nagar, Hyderabad 500 029
Tel: 91-40-23371701, Fax:91-40-23371696
 - (iii) BSE Limited
Phiroze Jheejheebhoy Towers,
Dalai Street, Mumbai 400 001
Tel:91-22-22721233 Fax:91-22-22721919
- 6) Listing fees : Listing Fee not paid.
- 7) ISIN No. : INE454A01011
- 8) Stock Code : 530471
- 9) Market Price Data : Currently the company's securities have been suspended from Trading on Mumbai Stock Exchange.
- 10) Registrar and Transfer Agent
(for both physical & electronic transfers) : Cameo Corporate Services Limited
Subramanian Building, No.1, Club House Road
Chennai 600 002
Tel:91-44-28460390 (6 lines) Fax:91-44-28460129
E Mail: cameo@cameoindia.com
Website: www.cameoindia.com
- 11) Share Transfer System : Presently the share transfers which are received in physical form are processed and the share certificates are returned within the stipulated period from the date of receipt, if the documents are clear in all respects.