

Balaji Industrial Corporation Limited

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



THE BALAJI GROUP



THE MISSION



M. SREENIVASULU REDDY
Chairman

*T*he Balaji Group is set on an uncompromising path. We shall explore diverse fields because the true entrepreneurial spirit is ever restless, seeking new pastures for innovation.

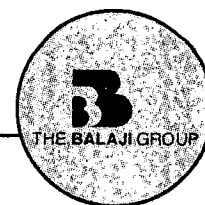
We shall endeavour to match rising expectations stride for stride always placing people first. The people who work with us, and the people who invest with us.

We shall follow only the principles of fair play, keeping quality in every facet of our operations uppermost in our minds.

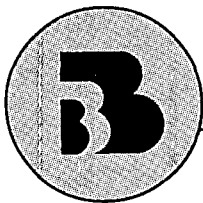
We shall plough a lonely furrow in our quest for leadership. After all, eagles do not fly in flocks.

They soar above in solitary splendour.

M SREENIVASULU REDDY
Chairman
The Balaji Group

BALAJI INDUSTRIAL CORPORATION LTD.**THIRTEENTH ANNUAL REPORT**

Board of Directors	Mr. M. Sudhakar Reddy Mr. M. Sreenivasulu Reddy Mr. P.V. Prasanna Reddy Mr. A. Shivkumar Reddy Mr. M. Kiran Reddy Mr. S.V. Sudhakar Reddy Mr. V. R. Mehta (Nominee of ICICI Ltd)
Company Secretary	Mr. G. Sriraman
Auditors	M/s. P.A. Reddy & Co. Chartered Accountants Nellore - 524 001 M/s. S. Viswanathan Chartered Accountants Chennai - 600 004
Bankers	Bank of Baroda Global Trust Bank Ltd. HDFC Bank Ltd. Indian Bank IndusInd Bank Ltd. Indian Overseas Bank ICICI Banking Corporation Ltd. United Western Bank Ltd. Vijaya Bank
Registered Office & Works	Chemudugunta Village Venkatachalam Mandal Nellore Andhra Pradesh, Pin - 524 320
Corporate Office	9, Bazullah Road T. Nagar Chennai - 600 017

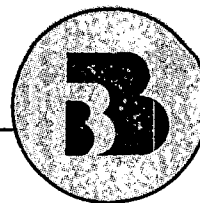


BALAJI INDUSTRIAL CORPORATION LTD.

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BALAJI INDUSTRIAL CORPORATION LTD.



NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirteenth Annual General Meeting of BALAJI INDUSTRIAL CORPORATION LIMITED will be held at Raghava Kalyana Mandapam, 8/512, Ranganayakulapeta, Nellore- 524001 on Monday, the 29th September, 1997 at 4.00 P.M. to transact the following business:

ORDINARY BUSINESS :

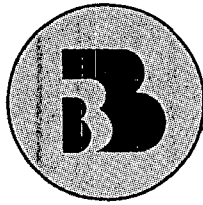
1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended on 31st March, 1997 and the Balance Sheet as at that date and the reports of the Directors and the Auditors thereon.
2. To declare dividend on Preference Shares and Equity Shares.
3. To appoint a Director in the place of Mr.S.V. Sudhakar Reddy, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. A. Shivkumar Reddy, who retires by rotation and being eligible, offers himself for reappointment.
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 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 or Non-cumulative 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 and/or 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 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 or 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,



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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, pre-payment 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 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), 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 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 instruments of this nature and providing for the tradeability or free transferability thereof as per Indian/

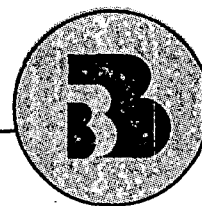
International norms, practices and regulations and under the forms and practices prevalent in Indian/International Markets."

"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

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in regard to the offer, issue and allotment of the Equity Shares/securities as it may in its absolute discretion deemed fit."

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

"RESOLVED THAT the consent of the Company pursuant to Section 293(1)(a) of the Companies Act, 1956 be and is hereby given to the Board of Directors to sell the Company's Ship 'Balaji Diplomat' together with accessories, for such consideration and on such terms and conditions as the Board may in its discretion deem fit and in the interest of the Company."

"RESOLVED FURTHER that the consent of the Company be and is hereby given to the Board of Directors to acquire ship of younger age for such price and other conditions as the Board may in its discretion deem fit and in the interest of the Company."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to give such ship on lease and/or for managing the ship for such lease consideration, terms and conditions, period of lease/management as the Board may deem fit in its discretion and in the interest of the Company."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take all steps and actions as are considered necessary to give effect to the foregoing resolutions."

8. 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 Section 149 (2A) of the Companies Act, 1956, approval be and is hereby accorded to the Company for commencing the

business detailed in sub-clauses 20, 62 & 63 of Clause III(C) of the Memorandum of Association of the Company namely:

i. To purchase, manufacture, produce, boil, refine, prepare, import, export, sell and generally to deal in sugar, sugar candy, jaggery, sugar-beet, sugar-cane, bagasse, molasses, syrups, melada, alcohol, spirits and all sugar products such as confectionery, glucose, sugar-candy, canned fruit, golden syrup and aerated water and/or by-products such as bagasse boards, paper, pulp papers bectye, alcohol, acetone, carbondioxide, hydrogen, potash canwax and fertilizers and food products generally and in connection therewith to acquire, construct, operate factories for the manufacture of sugar, or any of its products, by-products and acquire or manufacture machinery for any of the above purposes.

ii. To carry on through farming, cultivation, culturing, manufacturing, harvesting or any other means, the business of hatching, growing, producing, harvesting, processing, curing, tanning, marketing, selling, importing and exporting or otherwise distributing crustacean, mollusc, aves and mammalia including but not limited to shrimp, prawns, snails, mussels, crab, lobster, oysters, salmon, trout, tuna, hilsa, bhetki, macherol, squids, octopus, clam, pigs, deer, mink, dairy animals, fowl, duck and other creatures of commercial, industrial or domestic use or consumption and all products and by-products thereof and in relation to or any of such business.

iii. To carry on the business of manufacturers, traders and dealers in processors, packagers and importers and exporters of all types of feeds, manures, pesticides, meats, furs, feathers, blood medicines and other chemicals and all other raw materials used in connection with or any of the businesses aforesaid.

Registered Office:

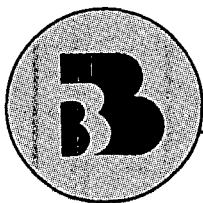
Chemudugunta Village
Venkatachalam Mandal
Nellore - 524 320
Andhra Pradesh

Date : 27th June, 1997

By order of the Board

G. SRIRAMAN

Company Secretary



BALAJI INDUSTRIAL CORPORATION LTD.

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.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed.
3. 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. A blank proxy form is enclosed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.1997 to 29.09.1997. (both days inclusive).
5. Dividend will be paid, if approved, at the meeting as recommended by the Board of Directors, to those members whose names appear on the Register of Members of the Company on 29.09.1997.
6. Members are requested to notify immediately any change in their address.
7. The unclaimed dividends relating to the Company's financial years 31.03.93 & 31.03.94 (Interim Dividend) have been transferred to the General Revenue Account of the Central Government on 18.11.96 & 24.06.97 respectively. Pursuant to Section 205A of the Companies Act, 1956, the Shareholders may prefer their claims for payment to the Registrar of Companies (Andhra Pradesh) by submitting an application in the form prescribed by the Government. Shareholders seeking further details in this regard may write to the Company.
8. 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.

ANNEXURE TO THE NOTICE

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

ITEM NO. 6 :

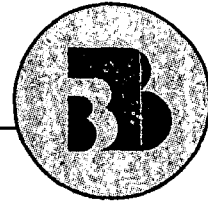
The Shareholders passed a special resolution under section 81(1A) of the Companies Act, 1956, authorising the Board to raise Rs. 500 crores by way of public issue of shares/ debentures, bonds and/or securities either in Indian and/or in one or more foreign markets at an appropriate time, at the Twelfth Annual General Meeting held on 31st August, 1996. The said issue did not materialise as the capital market was not responsive. The situation is expected to change in the coming months and your Directors feel that the issue can be taken up at an appropriate time for raising funds to meet the capital expenditure in acquisition of replacement vessels, investment in Sugar and

Power projects being contemplated by the Company and for restructuring working capital needs. As the resolution passed on 31st August, 1996 has become outdated the Directors recommend adopting this resolution afresh at this meeting, increasing the limit of issue to Rs. 750 crores.

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.

ITEM NO. 7:

The Company has a ship namely 'Balaji Diplomat' which is 17 years old. The vessel has so far done well since it was acquired by the Com-

BALAJI INDUSTRIAL CORPORATION LTD.

pany. The Shipping Division of the Company could do well if the aforesaid vessel is replaced by younger vessel. The Board needs to be authorised in terms of Sec. 293(1) (a) of the Companies Act, 1956 to sell the said ship and to acquire younger vessel in replacement of the present ship. The Company could also think of giving the replacement ship on lease and/or management basis for which the company has offers. Some of the Financial Institutions have in principle agreed to extend financial assistance for acquisition of younger vessel.

The Board of Directors commend the ordinary resolution for adoption by the members. None of the Directors of the Company is interested

in this resolution.

ITEM NO. 8:

The Company is planning to diversify into various areas as mentioned in the resolution in a phased manner. The necessary powers for which are contained in Clause III(C) of the Memorandum of Association of the Company.

As per the provisions of Section 149(2A) of the Companies Act, 1956, the approval of the Shareholders is required for commencement of the said business.

Hence this resolution for adoption by members. None of the Directors is interested in this resolution.

Registered Office:

Chemudugunta Village
Venkatachalam Mandal
Nellore - 524 320
Andhra Pradesh

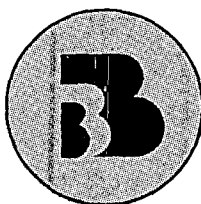
Date : 27th June, 1997

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By order of the Board

G. SRIRAMAN

Company Secretary



BALAJI INDUSTRIAL CORPORATION LTD.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Annual Report and the audited accounts of the Company for the financial year ended 31st March, 1997.

1. PERFORMANCE HIGHLIGHTS:

Your company's performance during the financial year 1996-97 has been satisfactory. The gross income for the year has been Rs.530.46 Crores as against Rs. 486.16 Crores in the previous year.

2. SUMMARY OF FINANCIAL RESULTS:

A. EARNINGS

	(Rs. in crores)	
	1996-97	1995-96
1. Profit before depreciation	29.03	42.35
2. Depreciation	8.79	5.58
3. Profit before tax (PBT)	20.24	36.77
4. Provision for tax	3.00	-
5. Profit after tax (PAT)	17.24	36.77
6. Prior period adjustment	0.01	0.02
7. Surplus brought forward from previous year	25.28	20.88
Amount available for appropriation	<u>42.53</u>	<u>57.67</u>

B. APPROPRIATION:

	(Rs. in crores)	
1. Proposed dividend - Pref. 1.85 Equity <u>2.38</u>	4.23	5.39
2. Transfer to general reserve	9.00	27.00
Balance carried forward	<u>29.30</u>	<u>25.28</u>
	<u>42.53</u>	<u>57.67</u>

3. OPERATIONS:

Your Company produced 1,51,543 metric tons of Steel products during 1996-97 and sold 1,52,680 metric tons for a revenue of Rs. 313.80 Crores (Rs.286.60 Crores in 1995-96). In the Liquor trade, the Company sold 9,49,828 cases for a revenue of Rs. 162.46 Crores (Rs.140.15 Crores in 1995-96). Beer sales had been 3,62,314 dozens for a revenue of Rs.11.42 Crores (Rs.36.57 Crores in 1995-96). The Shipping Division contributed a revenue of

Rs. 8.22 Crores as against Rs. 4.67 Crores in the previous year. Although the Company's sales improved, prohibition in Andhra Pradesh has brought down the profitability levels.

4. DIVIDEND:

Your Board of Directors recommend a dividend of 10% on the paid up Equity Shares and 18.5% on Preference Shares for the financial year ended 31st March, 1997.

5. THE YEAR AHEAD:

The Company expects to improve the performance in all the divisions during the current financial year barring unforeseen circumstances.

The Govt. of Andhra Pradesh relaxed the liquor prohibition during May'97 and accordingly, your Company's distillery division at Hyderabad has started operations from 26th May, 1997. This division is expected to perform well during the current year.

6. INDUSTRIAL RELATIONS:

The Company had harmonious industrial relations at all levels of organisation, which is evident from the enhanced operational performance achieved. It will be the endeavour of the Company to continue to maintain the good industrial climate.

7. ENERGY, TECHNOLOGY, FOREIGN EXCHANGE:

Information in accordance with the provisions of Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure.

8. DIRECTORS:

Mr. S.V. Sudhakar Reddy and Mr. A. Shivkumar Reddy retire by rotation on the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

9. PARTICULARS OF EMPLOYEES:

Particulars of employees drawing remuneration attracting the provisions of Section 217 (2A) of the Companies Act, 1996 during the financial year