

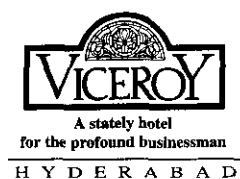
Palace Heights Hotels Limited

34th Annual Report 1998 - 99

Viceroy - Once Again Best Garden Hotel, 1998

Viceroy has been awarded 'First Prize' for the second consecutive year in the category "Gardens maintained by Private Industries / Hotels / Institutions / Clubs". This Annual Award is instituted by the Department of Horticulture, Government of Andhra Pradesh.

This recognition indeed has strengthened further our dedication towards environment for social cause. This also would not have been possible without your appreciation and encouragement. We thank you all.





Palace Heights Hotels Limited

BOARD OF DIRECTORS

Mr. P. Prabhakar Reddy	Managing Director
Mr. C. D. Reddy	Director
Mr. M. Rabindranath Tagore	Director
Mr. P. Sivakumar Reddy	Director
Mr. B. M. Gupta	Director (Nominee of TFCI)

AUDITORS

M/s. Mogili Sridhar & Co.,
Chartered Accountants
6-3-655/2/3, 1st Floor,
Somajiguda,
Hyderabad - 500 082.

BANKERS

State Bank of India
State Bank of Hyderabad
Bank of Baroda

REGISTERED OFFICE

1-3-1036/3/1,
Lower Tank Bund Road,
Gandhinagar,
Hyderabad - 500 080.

SHARE TRANSFER AGENTS

M/s. Aarthi Consultants Pvt. Ltd.,
1-2-285, Domalguda,
Hyderabad - 500 029.



NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Members will be held on Monday, the 27th September, 1999 at 11.00 am at Viceroy Hotel, 1-3-1036/3/1, Lower Tank Bund Road, Gandhinagar, Hyderabad - 500 080 to consider the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, the profit and loss account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. P. Sivakumar Reddy who retires by rotation and being eligible offers himself for reappointment.
3. To declare dividend.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of the following namely :-

1. Tourism Finance Corporation of India Limited (TFCI),
2. Industrial Finance Corporation of India Ltd. (IFCI),
3. State Bank of India (SBI),
4. State Bank of Hyderabad (SBH),
5. Bank of Baroda (BOB).

In connection with:-

1. Rupee Term Loans not exceeding Rs.1841.00 Lakhs (Rupees One Thousand Eight Hundred Forty One Lakhs Only) lent and advanced by TFCI to the Company.



Palace Heights Hotels Limited

2. Rupee Term Loans not exceeding Rs.454.00 lakhs (Rupees Four Hundred Fifty Four lakhs Only) lent and advanced by IFCI to the Company.
3. Rupee Term Loans not exceeding Rs.90.00 lakhs (Rupees Ninety lakhs Only) lent and advanced by SBI to the Company.
4. Rupee Term Loans not exceeding Rs.40.00 lakhs (Rupees Forty lakhs Only) lent and advanced by SBH to the Company.
5. Rupee Term Loans not exceeding Rs.70.00 lakhs (Rupees Seventy lakhs Only) lent and advanced by BOB to the Company.

“RESOLVED FURTHER that the mortgage/charge created/to be charged and/or all agreements/documents executed/to be executed and all acts done in terms of the above resolutions by and with the authority of the Board of Directors are hereby confirmed and ratified”.

6. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sec.81 and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals, consents, permissions, and/or sanctions of the Government of India (GOI), Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI) and all other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by them in granting such approval, consent, permission or sanction, the Board of Directors of the Company or Committee of the Board duly constituted and authorized (hereinafter referred to as “Board”) be and is hereby authorized on behalf of the Company to issue and allot 43,40,000 Equity Shares of Rs.10/- each plus the over subscription as may be allowed by the Authorities concerned, to the Members, the Promoters and or Financial Institutions and or Mutual Funds and or Foreign Institutional Investors and Foreign Investors (whether Institutions and or Incorporated Bodies and or Individuals or otherwise) Non-Resident Indians and or other entities and or to such other persons whether or not such entities or persons are Members of the Company, by way of Public Issue or Rights Issue or Private Placement or any one or more or a combination of the above methods through prospectus and or letter of offer or otherwise at such subscription or issue price or prices whether below or above the market price or prices with or without premium, on such terms and conditions as may be decided by the Board including the terms of issue as to the price and entities/persons to whom such shares may be issued and on the terms and conditions and matters connected therewith, 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 the above shares when issued shall rank pari-passu with the existing equity shares of the Company in all respects except that they shall be entitled to prorata dividend from the date of allotment.”



“RESOLVED further that the issue of the shares shall be deemed to have been made in India/Abroad at the place of issue and shall be governed by the law of the country as applicable and the Board be and is hereby authorised to file such prospectus and other documents as may be required to be filed in India and or foreign country or countries and to seek the listing of such securities in one or more International and or Indian Stock Exchnages.”

“FURTHER RESOLVED that the Board be and is hereby authorised to engage the services of or appoint solicitors, advocates, legal advisors, merchant bankers, underwriters, guarantors, depositors, custodians and any such other agencies to act as managers, Lead Managers or in any other capacity or to advise or certify any matter relating to Company’s accounts or otherwise, on such terms as to remuneration by way of commission, brokerage, fees or otherwise any the Board may in its absolute discretion deem appropriate.”

“FURTHER RESOLVED THAT for the purposes of giving effect to the above resolution the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purposes and to settle any question, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.”

7. To consider and if thought fit to pass with or without modifacaiton the following Resolution as a Special Resolution:

“RESOLVED that the existing clause IV of the Memorandum of Association and Article No.2A of the Articles of Association of the company be and are hereby substituted by the following :

‘The Authorised Share Capital of the Company is Rs.25 Crores divided in to 1,00,00,000 Equity Shares of Rs.10/- each and 15,00,000 Redeemable Preference Shares of Rs.100/- each with power to increase, decrease, divide, sub-divide into various classes of shares and attach thereto such preferential, Special Rights/Privileges/Conditions as may be determined from time to time’.”

8. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution:

“RESOLVED that pursuant to the Articles of Association of the company, Section 94(1) of the Companies Act, 1956 and subject to other statutory provisions, if any and further subject to approvals from any statutory authorities as may be necessary 5,00,000 Redeemable Preference Shares of Rs.100/- each forming part of the authorised share capital of the company be issued at par on private placement and allotted on such terms as to dividend, preferential payment or return of the amount paid-up thereon and redemption as the Board of Directors may deem fit.”

Palace Heights Hotels Limited

"RESOLVED further that notwithstanding anything contained in Section 81 and other applicable provisions, if any of the Act, the aforesaid preference shares may be offered by the Board of Directors of the Company to any person or persons whether or not such person or persons include the person or persons who at the date of the offer, are holders of the Equity Shares of the Company, in any manner whatsoever."

"FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary, usual, proper or expedient to give affect to this resolution."

BY ORDER OF THE BOARD

P.Prabhakar Reddy
Managing Director

Place: Hyderabad
Date : 31st May, 1999

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.

Proxies, to be effective must be received by the company at its registered office not later than 48 hours before commencement of the meeting.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 pertaining to the Special Business set-out above is annexed hereto.
3. The Register of Members and the Share Transfer Books of the company will remain closed on 27th September, 1999.
4. The Dividend, if declared, will be payable on or after 14th October, 1999 to those members whose names appear in the Register of Members of the Company on 27th September, 1999.
5. Members are requested to notify immediately any change in their address to the Company's share transfer agents M/s.AARTHI CONSULTANTS PVT. LTD., 1-2-285, Domalguda, Hyderabad - 500 029.



ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.5

As a security for the loans sanctioned/to be sanctioned to the Company by TFCI, IFCI, SBI, SBH and BOB all the movable and immovable properties of the Company both present and future are to be mortgaged. Section 293(1)(a) of the Companies Act, 1956, provide, inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the financial institutions can be considered to be disposal of the Company's properties, it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956 for creation of the said mortgage/charge.

The Board recommends the passing of the resolution.

None of the Directors are interested in the resolution.

Item No.6

In fact this resolution was approved in the 33rd Annual General Meeting also. It was hoped that the Market conditions would become good for issue of shares. As the market conditions did not improve the company could not go for the issue. The expansion is still going on. To meet a part of the cost the Board wishes to issue not exceeding 43.40 lakhs of shares to the public or the existing members or any other persons/bodies as mentioned in the Resolution. The detailed terms and conditions of the issue, the categories of offers and the respective quantum, will be determined in consultation with the Advisors and the Lead Managers. Since the pricing of the offering cannot be decided except at nearly the final stage, it is not possible to specify in the Resolution the proposed number of shares and the actual price.

Hence the enabling Resolution is being proposed to give adequate flexibility and discretion to the Board to finalise the terms in consultation with the Lead Managers or such other authorities as may be required to be consulted in accordance with the established practice. The shares when issued will be listed on such International and Indian Stock Exchanges as may be decided by the Board.

Consent of the members is being sought by a Special Resolution pursuant to the provisions of Section 81 and other applicable provisions of the Companies Act, 1956 - Section 81 of the Act provides inter-alia that when the company proposes to increase its subscribed capital by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in that Section unless the shareholders in General Meeting decide otherwise as provided under sub-section (1-A) of the said section. The Special Resolution as set out at item-6 of the Notice, if passed will have the effect of allowing the Board to issue and allot shares to the entities/persons on the terms and conditions as may be decided by the Board.