

BALAJI HOTELS AND ENTERPRISES LIMITED

27th
Annual Report
2015-2016



TWENTY SEVENTH ANNUAL REPORT 2015 - 2016

Board of Directors	M Sreenivasulu Reddy D Balakoteswara Rao V Sujatha
Statutory Auditors	M/s P A Reddy & Co., Chartered Accountants M/s CNGSN & Associates LLP Chartered Accountants
Bankers	Indian Bank Bank of Baroda
Registered Office	New No.34, Old No.76 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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NOTICE OF THE TWENTY SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Seventh Annual General Meeting of M/s Balaji Hotels and Enterprises Limited** will be held on **Friday, September 30, 2016 at 10.30 a.m** at **M.R. Maaligai, 84, SRP Koil Street, Agaram, Chennai - 600 082** 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, 2016 and the Balance Sheet as at that date and the Cash Flow Statement for the year ended 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 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 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under the retiring Auditors, M/s P A Reddy & Co., Chartered Accountants and M/s CNGSN & Associates LLP, Chartered Accountants, be and are hereby re-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 of the company, for the final year in the transitional period of three years, on a remuneration as may be decided by the Board of Directors.”

SPECIAL BUSINESS

4. To consider and if thought fit to pass the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT pursuant to Section 149,152, and other applicable provisions if any of the Companies Act, 2013 and the Rules and Regulations made there under, Mrs. V. Sujatha who was appointed as an additional director of the company on 01-02-2016 and being additional director who holds the office upto the date of this annual general meeting and in respect of Mrs. V. Sujatha the company has received a notice from a member of the company proposing the name of Mrs. V. Sujatha for appointment of as an Independent director of the company along with the required deposit as required under the provisions of the Companies Act, 2013, be and is hereby appointed as an independent director of the company for a period of five years ie., to hold the office till the 32nd Annual general meeting of the company.

By Order of the Board
For BALAJI HOTELS AND ENTERPRISES LIMITED

Place : Chennai
Dated: May 28, 2016

D. Balakoteswara Rao
Director (DIN: 00777408)



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 23.09.2016 to 30.09.2016 (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.
5. In terms of provisions of the Companies Act, 2013, Members are requested to download the Annual Report for the FY 2015-16, inter-alia, containing notice of AGM, Directors' Report, Auditor's Report, Financial Statements by clicking on the link: www.bhel.info
6. However, if you are desirous of receiving a physical copy of the Annual Report, the same will be provided free of cost after receipt of physical request in this behalf to the share transfer agents of the company.
7. Members / Proxies are requested to bring the Attendance slip sent with the Annual Report duly filled in for attending the Meeting. Members who hold shares in the dematerialized form are requested to indicate their DP ID and Client ID Numbers in the Attendance slip.
8. Explanatory statement under Section 102 of the Companies Act, 2013 are annexed herewith and forms part of this notice.

9. Distribution of Gifts at AGM:

The Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India prohibits distribution of gifts, gift coupons or cash in lieu of gifts to the members at or in connection with any general meeting of shareholders. The same is also notified by the Ministry of Corporate Affairs, Government of India.

Pursuant to the above your company decided not to distribute any gifts to the members attending the forthcoming Annual General Meeting.

10. E-voting

The businesses as set out in the Notice may be transacted through electronic voting system and the Company will provide a facility for voting by electronic means. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as Listing Regulations/Listing Agreement) the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically. Please note that the voting through electronic means is optional for shareholders.

11. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on September 22, 2016, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Eligible members who have acquired shares after the dispatch of the Annual Report may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
12. The Company has appointed Mr. V. Nagarajan, Practicing Company Secretary, (CP No. 3288), to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.

Members are requested to follow e-voting instructions as mentioned in the overleaf and on website www.evotingindia.com.

INSTRUCTIONS TO MEMBERS FOR ELECTRONIC VOTING

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.



- (v) If you are holding shares in De-mat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name and the sequence number in the PAN Field. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. (Sl. No. mentioned in your address label can be used as Sequence No. for this purpose)

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the <Default Value> in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in de-mat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) **The voting through electronic means will commence on the September 27, 2016 at 09.00 a.m. and will end on September 29, 2016 at 5.00 p.m. The members will not be able to cast their vote electronically envisaged herein above beyond the date and time mentioned above.**
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.



Members who do not have access to e-voting facility have been additionally provided the facility of voting on a Ballot form. They may send duly completed Ballot Form (enclosed with the AGM notice) to the Scrutinizer, Practising Company Secretary, referred above or at the Registered Office of the Company on or before the date of closure of evoting..

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to balajihotelsandenterprisesltd@gmail.com by mentioning their Folio / DP ID and Client ID No.

A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorized by him within two days of the meeting.

The results declared along with the Scrutinizer's report, will be posted on the Company's website and communicated to the Stock Exchanges.

Explanatory statement pursuant to Section 102 of the Companies Act 2013

At the board meeting held on 01-02-2016 Mrs. V. Sujatha was appointed as an additional director (Woman Director) of the company. Being additional director Mrs. V. Sujatha holds the office till the date of this annual general meeting of the company and further the company has received a notice from a member of the company proposing the name of Mrs. V. Sujatha for considering the appointment of her as an Independent director along with the required deposit as provided under the provisions of the Companies Act, 2013. Hence the said resolution is placed before the members for appointment of Mrs. V. Sujatha for the post of the Independent Director (Woman Director) for a period of five years to hold the office till 32nd Annual general meeting of the company.

The consent letter, notice received from the member are available for the inspection of the member of the company at the registered office of the company till the conclusion of this annual general meeting of the company.

Except Mrs. V. Sujatha none of director or Key Managerial Personnel are interested or any way concerned in the resolution.

By Order of the Board
For BALAJI HOTELS AND ENTERPRISES LIMITED

Place : Chennai
Dated: May 28, 2016

D. Balakoteswara Rao
Director (DIN: 00777408)



BOARD'S REPORT

To the Members,

The Board of Directors of your company have pleasure in presenting before you the 27th Annual Report of the Company together with the Audited Statements of Accounts for the financial year ended 31st March, 2016.

CONTENTS OF THE REPORT

1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS: (In ₹)

S. No.	Particulars	2015-2016	2014-2015
1	Loss before Exceptional & Extraordinary items	(3,02,572)	(15,07,17,070)
2	Exceptional & Extraordinary items	--	--
3	Loss before tax/loss	(3,02,572)	(15,07,17,070)
4	Income Tax expense	--	--
5	Loss for the year	(3,02,572)	(15,07,17,070)
6	Deficit brought Forward from Previous Years	(3,151,585,045)	(3,000,867,975)
7	Loss carried to Balance Sheet	(3,15,18,87,617)	(3,151,585,045)

There were no operations during the year. The Company is exploring possibility of tying up with strategic partners for infusion of funds into the company to take up any business operation subject to obtaining shareholders and necessary government approvals, if any. The Company is also looking at possibilities of merger.

2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There are no material events that have occurred after the date of closure of financial statements which may adversely impact the business of the Company.

3. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There has been no change in the nature of business of the Company during the Financial Year.

4. DIVIDEND:

The Company is not recommending any dividend for this financial year in view of losses incurred by the company.

5. AMOUNT, IF ANY, CARRIED FORWARD TO RESERVES:

There are no amounts transferred to reserves by the company in view of the losses incurred during the financial year 2015-16.

6. BOARD MEETINGS:

The Board of Directors met 9 times during this financial year on 10-04-2015, 29-05-2015, 13-07-2015, 12-10-2015, 11-01-2016, 13-01-2016, 25.01.2016, 01-02-2016 and 05-02-2016.

7 DIRECTORS AND KEY MANAGERIAL PERSONNEL:

- Mr. Dharmaraj Non Executive Director of the company had expired on 23-03-2016, your directors would like to place on record their deep appreciation

for services rendered by him during his tenure as a director of the company.

- Mr. M Masthan Reddy Non Executive Director of the company has resigned from the directorship of the company w.e.f., 05-02-2016. Your directors would like to place on record their appreciation for services rendered by him during his tenure as a director of the company.
- Mr. D Balakoteswara Rao Non Executive Director and Independent Director is the director who retires at this annual general meeting and is being recommended for reappointment for a period of five years.
- Mrs. V. Sujatha, Non Executive Director and Independent Director was co-opted as an additional director on 01-02-2016 and in respect of her the company has received a notice in writing from a member of the company for appointment as an Independent Director of the company for a period of five years.

8. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received necessary declarations from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) and the extract of the Declaration is given in Annexure I

9. COMPOSITION OF AUDIT COMMITTEE:

The Company has a qualified and independent Audit Committee comprising of three directors as members of which Two-thirds of the members are independent directors. All members of audit committee are financially literate with the Chairman



of the Committee having the experience in finance, accounting, having requisite professional certification in accounting, financial management experience. During the year under review, consequent to the death and resignation of existing directors, the audit committee was reconstituted with Mrs. V. Sujatha and Mr. M. Sreenivasalu Reddy, as members of the audit committee.

None of the members receive, directly or indirectly, any consulting, advisory or compensatory fees from the Company.

Mr. D Balakoteswara Rao	Chairman
Mrs. V. Sujatha	Member
Mr. M. Sreenivasalu Reddy	Member

Meetings and Attendance for the year ended 2015-2016

The audit committee met 5 times during the year ended 31st March 2016. The Meetings held during the year were on 10-04-2015, 29-05-2015, 13-07-2015, 12-10-2015 and 11-01-2016.

Name of Director	No. of Meetings	Meetings attended
Mr. D Balakoteswara Rao	5	5
Mr. M Dharmaraj	5	5
Mr. M Masthan Reddy	5	5
Mrs. V. Sujatha	0	0
Mr. M. Sreenivasalu Reddy	0	0

10. VIGIL MECHANISM:

Vigil Mechanism cum Whistle Blower Policy is set in place and attached in ANNEXURE III

11. DIRECTOR’S RESPONSIBILITY STATEMENT:

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 the financial year and of the loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JV

The company does not have any subsidiaries, associates or joint ventures.

13. EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is given as a part of this Annual Report under ANNEXURE IV

14 AUDITORS:

Mr.P A Reddy & Co., Chartered Accountants, and CNGSN & Associates LLP, Chartered Accountants, Chennai, Statutory Auditors of the Company retire at the ensuring Annual General Meeting. Their re-appointment is recommended.

15. SECRETARIAL AUDIT:

Secretarial audit report as provided by Mr.V. Nagarajan, Practicing Company Secretary, is annexed to this Report as ANNEXURE V

16. COMMENTS ON INDEPENDENT AUDIT REPORT AND SECRETARIAL AUDIT REPORT:

- (a) STATUTORY AUDIT REPORT :
 - The company is negotiating with the lender for one time settlement hence no interest is provided. The Company is in the process of getting the statement of accounts, balance confirmation from Bank, Parties & others.
- (b) SECRETARIAL AUDIT REPORT :
 - 1&2 The company did not have any operations during the year under review. Board felt that it is imprudent not to have key managerial personnel when there is no business. The company will consider appointing the KMP when the operations are started.
 - 3. The company has got no operations during the year. Board feels that the company



cannot afford listing fee and other listing agreement (SEBI (LODR), 2015) compliances at this juncture. The company shall consider initiating remedial measures when the company starts commercial operations.

4. In view of the confusion in interpreting the clauses of the new Companies Act 2013 the company defaulted in filing few forms with the Ministry of Corporate Affairs. Board will henceforth take remedial action to complete the procedures under the Companies Act 2013.

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

The Company informs that the disclosure of particulars under section 134(3)(m) of the Companies act, 2013 read with Rule 8 (3) of Companies (Accounts) Rules, 2014 relating to conservation of Energy etc is not applicable to the Company as no energy intensive works are undertaken by the company.

Particulars relating to Technology Absorption etc., have not been furnished as the Company has neither undertaken any Research & Development activities in any Field of operations nor imported any technology thereto.

There are no foreign exchange earnings or outgo.

18. DETAILS RELATING TO DEPOSITS, IF ANY:

The Company has not accepted any deposits during the Financial Year.

19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 as it has not given any loans, guarantees and investments during the financial year.

20. RISK MANAGEMENT :

The Company has a well defined Risk Management Policy in place. The fact that the Risks and Opportunities are inevitably intertwined is a well recognised policy by the Company and thus aims to identify, manage and minimize risks strategically. It is committed to embedding risk management throughout the organisation and its systems and controls are designed to ensure that exposure to significant risk is properly managed. With the predefined risk management principles and policy, the Company identifies, categorizes, assess and addresses risks.

Key Elements of Risks:

- (i) Global Economic Situation: The Economic environment around the world is showing sign of growth. Growth in the hotel industry has been fairly positive.
- (ii) Cost pressure: Increasing operating cost may create a pressure on margin. The Company is focusing to put up framework for cost management.
- (iii) Regulatory risks: Any Change in regulations in the field of our operations would have an impact on the operations. The Company is vigilant on such changes for easy adaptability.
- (iv) Emerging Trend: New services, products, technologies and trends used in hotel industry may impact consumers' behaviour. The Company continuously scan business environment for early detection of emerging trend.

21. RELATED PARTY TRANSACTIONS :

There are no related party transactions during the financial year under review under section 188 of the Companies Act 2013.

22. FORMAL ANNUAL EVALUATION:

Criteria for evaluation of performance of Independent Directors, Committees and the Board has been laid by the Nomination and Remuneration Committee for their formal evaluation using various professional attributes, including expertise, skills, behaviour, experience, leadership qualities, knowledge, performance culture, responsibility, etc. Evaluation of Directors' performance based on the criteria is done periodically, or as decided by the Nomination and Remuneration Committee and the same is reported to the Board, in case of challenging situations.

23. DISCLOSURE ABOUT COST AUDIT :

Provisions relating to Cost Audit are not applicable to the Company as there are no business operations during the financial year.

24. RATIO OF REMUNERATION TO EACH DIRECTOR:

At present Directors are not receiving any remuneration from the company in view of the financial constraints. Nomination and Remuneration Policy of the company is given in Annexure II.

25. LISTING WITH STOCK EXCHANGES:

The shares of the Company are listed on BSE Limited, Madras Stock Exchange and Hyderabad



Stock Exchanges. Presently Madras Stock Exchange and Hyderabad Stock Exchange are closed and not doing any business. However trading is suspended by the Bombay Stock Exchange for non-payment of listing fee due to company's financial position.

26. SECRETARIAL STANDARDS :

The company confirms that the Secretarial Standards, as applicable on the date of this report are followed by the Company.

27. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR):

i) Terms of reference:

The terms of reference of the CSR Committee are as follows:

Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company; Recommend the amount of expenditure to be incurred on the activities referred to in above; and monitor the Corporate Social Responsibility Policy of the Company from time to time.

The company has not undertaken any CSR activity during the financial year in view of the losses incurred.

28. DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Internal Complaints Committee ("ICC") has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this policy. The following is the summary of the complaints received and disposed off during the financial Year 2015-16:

- a) No. of complaints received: NIL
- b) No. of complaints disposed off: NIL

29. ACKNOWLEDGEMENT:

Your directors thank and acknowledge the continuous co-operation and assistance extended by Bank of Baroda and Indian Bank, BSE Limited, Cameo Corporate Services Ltd., employees, shareholders who are patronizing the well being of the company.

By Order of the Board
For BALAJI HOTELS AND ENTERPRISES LIMITED

Place : Chennai
Dated: May 28, 2016

D. Balakoteswara Rao
Director (DIN: 00777408)



ANNEXURE INDEX

Annexure No:	Details of annexure
I	Declaration of Independent Directors
II	Nomination and Remuneration Policy
III	Vigil Mechanism
IV	Annual Return Extracts in MGT 9
V	Secretarial Audit Report

ANNEXURE I

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

To the shareholders of **Balaji Hotels and Enterprises Limited**

Dear Sir,

I undertake to comply with the conditions laid down in section 149 and Schedule IV of the Companies Act, 2013 read with Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to conditions of independence and in particular:

- (a) I declare that up to the date of this certificate, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Yours Faithfully,

D Balakoteswara Rao
Director (DIN: 00777408)

V Sujatha
Director (07422606)

Date: 28/05/2016
Place : Chennai



ANNEXURE II

Nomination and Remuneration Policy of Balaji Hotels and Enterprises Limited

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors in their meeting held on 12th January 2015.

Definitions:

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“Key Managerial Personnel” means:

- (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- (ii) Chief Financial Officer;
- (iii) Company Secretary; and
- (iv) Such other officer as may be prescribed.

“Senior Managerial Personnel” mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

Objective:

The objective of the policy is to ensure that

- (A) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (B) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (C) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Role of the Committee:

The role of the NRC will be the following:

- (i) To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- (ii) To formulate criteria for evaluation of Independent Directors and the Board.
- (iii) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- (iv) To carry out evaluation of Director’s performance.
- (v) To recommend to the Board the appointment and removal of Directors and Senior Management.
- (vi) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- (vii) To devise a policy on Board diversity, composition, size.
- (viii) Succession planning for replacing Key Executives and overseeing.
- (ix) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- (x) To perform such other functions as may be necessary or appropriate for the performance of its duties.

APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- (i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company’s Policy.



- (ii) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- (iii) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

TERM / TENURE

- a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

- (i) Remuneration to Managing Director / Whole-time Directors:
- (ii) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- (iii) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.
- (iv) Remuneration to Non- Executive / Independent Directors:
- (v) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- (vi) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits



as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

- (vii) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
- (viii) The Services are rendered by such Director in his capacity as the professional; and
- (ix) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- (x) Remuneration to Key Managerial Personnel and Senior Management:
The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- (xi) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- (xii) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

IMPLEMENTATION

- (i) The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- (ii) The Committee may Delegate any of its powers to one or more of its members.

ANNEXURE III

Vigil mechanism & whistle blower policy of Balaji Hotels and Enterprises Limited

Preface

Balaji Hotels and Enterprises Limited (Company) is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics and to full and accurate disclosures. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The purpose of this mechanism is to eliminate and help to prevent malpractices, to investigate and resolve complaints, take appropriate action to safeguard the interests of the Company and to ensure that any person making a complaint (referred to as "a whistleblower") is protected, while at the same time actively discouraging frivolous and insubstantial complaints. Company shall oversee the vigil mechanism through Audit committee and if any of the members of the committee have a conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand.

Scope of Vigil Mechanism

1. To act as an additional internal element of the Company's compliance and integrity policies.
2. Not a substitute for other formal internal arrangements and procedures.
3. Seeks to ensure that anyone who is aware (director or employee of the company) of a breach of Company policies and procedures, suspected or actual frauds and embezzlement, illegal, unethical behavior or violation of company's code of conduct or ethics etc., feels free to bring this to the attention of appropriate personnel in the Company, without fear of victimization, harassment or retaliation.

Applicability

This Mechanism applies to the following:

- (i) All the Directors
- (ii) All the employees and ex-employees and their representative bodies of different departments of the Company
- (iii) All the Business Associates of the Company



Compliance with Laws, Rules and Regulations

Section 177 of the Companies Act, 2013 provides for a requirement for all listed companies to establish a mechanism called 'Vigil Mechanism' for all the Directors and employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

Accordingly, this Vigil Mechanism is required to provide adequate safeguards against victimization of persons who use such mechanisms and also to ensure direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

Definitions

- (i) "Act" means the Companies Act, 2013 and relevant rules; as amended from time to time;
- (ii) "Audit Committee" means a Committee constituted by the Board of Directors of the Company in accordance with the Companies Act, 2013;
- (iii) "Board" means the Board of Directors of the Company;
- (iv) "Company" means Balaji Hotels and Enterprises limited
- (v) "Disciplinary Action" means any action that can be taken on the completion of / during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- (vi) "Directors" means all the directors of the Company including directors of its subsidiaries and associates.
- (vii) "Employee" means every employee on the permanent or temporary rolls of the Company and ex-employees including its subsidiaries and associates (whether working in India or abroad) and includes their representative bodies.
- (viii) "Fraud" in relation to affairs of a company or anybody corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss.
- (ix) "Investigation Subject" means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.
- (x) "Policy" means The Vigil Mechanism/Whistle Blower Policy.
- (xi) "Protected Disclosure" means any communication made in good faith by the whistle blower that discloses or demonstrates information that may indicate evidence towards unethical or improper activity.
- (xii) "Reporting Authority" means any member of the Audit Committee.
- (xiii) "Whistle Blower" means a person making a Protected Disclosure under this Policy. Whistle Blower or complainant could be Director(s)/employee/ex-employee including their representative bodies /business associate whether at the Senior Management level or at lower level.
- (xiv) "Wrongful Gain" means the gain by unlawful means of property to which the person gaining is not legally entitled.
- (xv) "Wrongful Loss" means the loss by unlawful means of property to which the person losing is legally entitled.

Disclosure

The information on suspected wrongful conduct should be such information which is intended to cover serious concerns that could have a large impact on the Company such as actions that:

1. Abuse of Authority
2. Breach of contract
3. Negligence causing substantial and specific danger to public health and safety
4. Manipulation of company data/records
5. Financial irregularities, including fraud, or suspected fraud
6. Criminal offence
7. Pilferation of confidential/propriety information
8. Deliberate violation of law/regulation
9. Wastage/misappropriation of company funds/assets
10. Breach of employee Code of Conduct or Rules
11. Any other unethical, biased, favoured, imprudent event
12. Amount to serious improper conduct, including any kind of harassment (sexual or otherwise)

The above list is only illustrative and should not be considered as exhaustive.

Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.



Investigation

1. Whistle Blower can make Protected Disclosure to Reporting Authority, as soon as possible after becoming aware of the suspected or actual frauds and embezzlement, illegal, unethical behavior or violation of company's code of conduct or ethics etc.
2. Whistle Blower must put his/her name to allegations. Concerns expressed anonymously WILL NOT BE investigated.
3. If initial enquiries by the Reporting Authority indicate that the concern has no basis, or it is not a matter to be investigation pursued under this Policy, it may be dismissed at this stage and the basis for such dismissal will be recorded and such decision will be documented.
4. Where initial enquiries indicate that further investigation is necessary, this will be carried through either by the Reporting Authority.

Documentation and Reporting

1. Written report of the findings would be made. The record would include:

- (i) Facts of the Matter
 - (ii) Whether the Protected Disclosure was raised previously by anyone or not, and if made, the outcome thereof;
 - (iii) Whether any Protected Disclosure was raised previously against the same Investigation Subject;
 - (iv) The financial/ otherwise loss which has been incurred / would have been incurred by the Company.
 - (v) Findings of Reporting authority;
 - (vi) Impact Analysis (If applicable).
 - (vii) The timeline for final decision of investigation (Maximum 15 days).
2. In case the Protected Disclosure is proved, take such Disciplinary Action as the Committee may think fit and take preventive measures to avoid recurrence of the matter;
- (i) In case the Protected Disclosure is not proved, extinguish the matter and take note of the same; Or
 - (ii) Depending upon the seriousness of the matter, the Committee may refer the matter to the Audit Committee with proposed disciplinary action/countermeasures. In case the Audit Committee thinks that the matter is too serious, it can further place the matter before the Board with its recommendations. The Board may decide the matter as it deems fit.
 - (iii) In case of repeated frivolous complaints being filed by a director or an employee, the audit committee may take suitable action against the concerned director or employee including reprimand.
 - (iv) In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation and the decision, he/she can make a direct appeal to the Chairman of the Audit Committee.

Protection

- (i) No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy.
- (ii) The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blower. Complete protection will, therefore, be given to Whistle Blower against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, discrimination, any type of harassment, biased behavior or the including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure.
- (iii) As a matter of general deterrence, the Company shall publicly inform employees of the penalties imposed and discipline of any person from misconduct arising from retaliation.
- (iv) Any investigation into allegations of potential misconduct will not influence or be influenced by any disciplinary or redundancy procedures already taking place concerning an employee reporting a matter under this policy.
- (v) The Company will take steps to remove difficulties if any, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.
- (vi) The identity of the Whistle Blower shall be kept confidential.



(vii) Any other Employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.

The independent directors shall ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;

Secrecy and Confidentiality

The Whistle Blower, the Investigation Subject, Audit Committee, and everyone involved in the process shall:

1. maintain complete confidentiality/ secrecy of the matter
2. not discuss the matter in any informal/social gatherings/meetings
3. discuss only to the extent or with the persons required for the purpose of completing the process and investigations
4. not keep the papers unattended anywhere at any time
5. keep the electronic mails/files under password

If anyone is found not complying with the above, he/ she shall be held liable for such disciplinary action as is considered fit.

Reporting

A quarterly report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee.

Amendment

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time. Any amendment to the Policy shall take effect from the date when it is approved by the Audit Committee of the Company and hosted on the Company website.

ANNEXURE - IV

Annual Return Extracts in MGT 9

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- | | |
|--|--|
| 1) CIN | : L55101TN1989PLC046781 |
| 2. Registration Date | : 04/08/1989 |
| 3. Name of the Company | : Balaji Hotels and Enterprises Limited |
| 4. Category / Sub-Category of the Company | : Company Limited by Shares / Indian Non- Government Company |
| 5. Address of the Registered office and contact details: | : New No. 34, Old No. 76, Bazullah Road, T.Nagar, Chennai-600 017 |
| 6. Whether listed company | : Listed |
| 7. Name, Address and Contact details of Registrar and Transfer Agent, if any | : M/s Cameo Corporate Services Limited, 'Subramanian Buildings' No.1 Club House Road, Chennai – 600 002. Tel No. +91 44 2846 0390 (6 lines), Fax No. +91 44 2846 0129, Grams: CAMEO E-mail: cameo@cameoindia.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

To carry on the business of hotels and related businesses. No activity was carried on during the financial year 2015-16 therefore providing product codes do not arise.



III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES:

The company does not have any holding, subsidiary or associate companies.

IV. i. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity) Annexure

ii. SHARE HOLDING OF PROMOTERS: Annexure

iii. CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE). Annexure

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)Annexure

(V) INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans [₹ in Crores]	Deposits	Total Indebtedness [₹ in Crores]
Indebtedness at the beginning of the financial year				
Principal Amount	NIL	18.62	NIL	18.62
Interest due but not paid				
Interest accrued but not due				
Total (i+ii+iii)	NIL	18.62	NIL	18.62
Change in Indebtedness during the financial year				
Addition		--		--
Reduction		--		--
Net Change		--		--
Indebtedness at the end of the financial year				
Principal Amount	NIL	18.62	NIL	18.62
Interest due but not paid				
Interest accrued but not due				
Total (i+ii+iii)	NIL	18.62	NIL	18.62

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

- 1) Mr.M Sreenivasulu Reddy (DIN – 00035021– Promoter / Non Exective Director
- 2) Mr.Dharmaraj (DIN – 00316960) Promoter/ Non Executive Director
- 3) Mr.M Masthan Reddy (DIN – 00777491 Non Executive Director
- 4) Mr. D Balakoteswara Rao(DIN – 00777408) Non Executive Director and Independent Director
- 5) Mrs. V Sujatha DIN – 07422606) Non Executive Director and Independent Director

} NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: The Company had received a show cause notice from the Office of the Registrar of Companies, Chennai dated 30.07.2015 for non appointment of woman director as required under the provisions of the Companies Act 2013 and for the prosecution initiated by the ROC Chennai with EOW Chennai Periamet, the Company has preferred the compounding of the said offences with the Office of the Company Law Board, Chennai.

STATEMENT OF DISCLOSURE OF REMUNERATION UNDER SECTION 197 OF THE COMPANIES ACT, 2013 AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

The company has no permanent employees on its roll and hence furnishing of the information under the above provisions of the Act do not apply.

Further the company also do not have any employee/ Key Managerial Personnel who draw remuneration of more than Rs.60 lakhs per year or Rs. 5 lakhs per month: Nil



ANNEXURE V

Form No. MR-3

Secretarial Audit Report for the financial year ended 31.03.2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
BALAJI HOTELS AND ENTERPRISES LIMITED
CIN : L55101TN1989PLC046781
NEW NO.34, OLD NO.76
BAZULLAH ROAD, T NAGAR
CHENNAI – 600017.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. BALAJI HOTELS AND ENTERPRISES LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with my letter dated 28.05.2016 annexed to this report as Annexure -A:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. BALAJI HOTELS AND ENTERPRISES LIMITED ("The Company") for the period ended on 31st March, 2016 according to the provisions of:
 - I. The Companies Act, 2013 (the Act) and the Rules made there under;
 - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - VI. The Listing Regulations (SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) as entered by the Company with:
 - a. BSE Limited and
 - b. Madras Stock Exchange Limited
2. I have been informed that, for the financial year ended on 31st March, 2016:
 - i) The Company has maintained books, papers, minute books, form and returns filed or other records according to the provisions of the following regulations and Guidelines prescribed under the SEBI Act:
 - a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;



- b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - ii) As informed by the management there are no other laws specifically applicable to the Company the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.
3. The Company has complied with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India as they become applicable from 1st July, 2015.
 4. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable, subject to my observations place in Annexure B to this report.
 5. I further report that:
 - i. The Board of Directors of the Company is duly constituted. However, there are no executive directors in the Board. The changes in the composition of the Board of Directors were duly made during the period under review.
 - ii. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - iii. Majority decision is carried through. I have been informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
 - iv. The company had received a show cause notice from the Office of the Registrar of Companies, Chennai dated 30-07-2015 for non appointment of woman director as required under the provisions of the Companies Act, 2013 and for the prosecution initiated by the ROC Chennai with the EOW Chennai Periamet, the company had preferred the compounding of the said offences with the Office of the Company Law Board, Chennai and except the same there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, SEBI (LODR), 2015 erstwhile Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
 - v. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.
 6. I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by other designated statutory professionals.
 7. I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Chennai
Date : 28.05.2016

V.NAGARAJAN
COMPANY SECRETARY
Membership No.: F5626
Certificate of Practice No.3288



To
The Members
BALAJI HOTELS AND ENTERPRISES LIMITED
CIN : L55101TN1989PLC046781
NEW NO.34, OLD NO.76, BAZULLAH ROAD,
T NAGAR, CHENNAI – 600017.

Annexure - A

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to make a report based on the secretarial records produced for our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my report.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Compliance with the provision of Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. My examination was limited to the verification of procedure on a test basis.
5. I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action by the Company after 31st March, 2016 but before the issue of this report.
7. I have also considered compliance related actions taken by the Company based upon independent legal/professional opinions obtained with reference to the compliance of the Companies Act 2013, where there was scope for multiple interpretations, especially since the financial year ended 31st March 2016 was the second full financial year in which the said Act became operational.
8. My secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness which the management has conducted the affairs of the Company.

Place : Chennai
Date : 28.05.2016

V.NAGARAJAN
COMPANY SECRETARY
Membership No.: F5626
Certificate of Practice No.3288

Annexure - B

1. In terms of section 203 of the Companies Act, 2013, the company, being a listed company, is required to have a whole-time key managerial personnel under sub-section (i)(ii) & (iii). The Company did not have whole-time key managerial personnel under sub-section (i)(ii) & (iii) of section 203 of the Companies Act 2013 for the entire financial year ended 31st March, 2016.
2. The Company has appointed Mrs. V. Sujatha as a Woman Director on 01-02-2016 in its Board as envisaged under section 149 of the Companies Act 2013.
3. The Company has not paid the listing fee to the stock exchanges and also defaulted in compliance of various Clauses of the listing Regulations of SEBI (LODR), 2015 of the Listing Agreement resulting in suspension of trading of shares on the stock exchanges.
4. The forms are generally filed with the Ministry of Corporate Affairs within the prescribed time except certain instances of delay.

Place : Chennai
Date : 28.05.2016

V.NAGARAJAN
COMPANY SECRETARY
Membership No.: F5626
Certificate of Practice No.3288



I. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual/HUF	10979650	774200	11753850	36.17	10979650	774200	11753850	36.17	-
(b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) State Govt (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Bodies Corp.	843400	3378650	4222050	12.99	843400	3378650	4222050	12.99	-
(e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A) (1)	11823050	4152850	15975900	49.16	11823050	4152850	15975900	49.16	-
(2) Foreign									
(a) NRIs – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Other - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	11823050	4152850	15975900	49.16	11823050	4152850	15975900	49.16	-
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	6900	6900	0.02	-	6900	6900	0.02	-
(b) Banks FI	1510000	7600	1517600	4.67	1510000	7600	1517600	4.67	
(c) Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) State Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Venture Capital funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g) FIs	-	558400	558400	1.72	-	558400	558400	1.72	-
(h) Foreign/National Venture	5000	-	5000	0.015	5000	-	5000	0.015	-
(i) Others (Specify) NRI	168120	259749	427869	1.32	168120	259749	427869	1.32	-
Sub-Total (B)(1)	1683120	832649	2515769	7.75	1683120	832649	2515769	7.75	-
2) Non- Institutions									
(a) Bodies Corp									
i. Indian	10118989	415600	10534589	32.41	10118989	415600	10534589	32.41	-
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals		3473742	3473742	10.68		3473742	3473742	10.68	-
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c) Any Others (specify)									
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	10118989	3889342	14008331	43.09	10118989	3889342	14008331	43.09	-
Total = (B) (1) + (B) (2)	11802109	4721991	16524100	50.84	11802109	4721991	16524100	50.84	-
C. Shares held by custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	23625159	8874841	32500000	100	23625159	8874841	32500000	100	-

1,00,000 (12% Cumulative Preference shares) of Rs.100/- each is entirely held by M/s Lakshmi Utility Finance Pvt Ltd.,

(ii) Shareholding of Promoters:

Sl. No.	Share Holders Name	Shareholding at the beginning of the year [As on 01-April-2015]			Shareholding at the end of the year [As on 31-March-2016]			% of Change during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	M. Sreenivasulu Reddy	63000	0.19	0	63000	0.19	0	-
2	M. Dharmaraj	100	0.001	0	100	0.001	0	-
3	M. Kiran Reddy	2819400	8.68	0	2819400	8.68	0	-
4	M. Parvathi	420150	1.29	0	420150	1.29	0	-
5	M. Snehalatha	300100	0.92	0	300100	0.92	0	-
6	M. Raghav	3697500	11.38	0	3697500	11.38	0	-
7	M. Sudhakar Reddy	75000	0.23	0	75000	0.23	0	-
8	S. Madhusudhana Reddy	8000	0.02	0	8000	0.02	0	-
9	S.Suhasini Reddy	42000	0.13	0	42000	0.13	0	-
10	G. Deepthi	632500	1.95	0	632500	1.95	0	-
11	G.Gautam Reddy	316200	0.97	0	316200	0.97	0	-
12	A.V. Anish Reddy	316200	0.97	0	316200	0.97	0	-
13	M. Vijaya Kumar Reddy	2566200	7.90	0	2566200	7.90	0	-
14	M. Nikhil	497500	1.53	0	497500	1.53	0	-
15	Magunta Investments P Ltd.,	421700	1.30	0	421700	1.30	0	-
16	Venkatadiri Investments P Ltd.,	5200	0.01	0	5200	0.01	0	-
17	Star Investment P Ltd.,	3795150	11.68	0	3795150	11.68	0	-
	Total	15975900	49.16	0	15975900	49.16	0	-



(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	15975900	49.16	15975900	49.16
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	----- No Change -----			
3	At the End of the year	15975900	49.16	15975900	49.16

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year				
	1. M RAGHAV	3697500	11.38	3697500	11.38
	2. STAR INVESTMENTS PVT LTD	3373450	10.38	3373450	10.38
	3. M VIJAYAKUMAR REDDY	2566200	7.90	2566200	7.90
	4. M KIRAN REDDY	2193300	6.75	2193300	6.75
	5. SUN REAL ESATES MADRAS PVT LTD	2111700	6.50	2111700	6.50
	6. MAGUNTA AGRO FARMS PVT LTD	1600000	4.92	1600000	4.92
	7. NIVEE AGRO FARMS PVT LTD	1600000	4.92	1600000	4.92
	8. LIVING STYLE HOUSING DEV. (PVT) LTD	1564900	4.82	1564900	4.82
	9. ICICI BANK LTD	1200000	3.69	1200000	3.69
	10. SKOKIE TRADERS PVT LTD	896800	2.76	896800	2.76
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	----- No Change -----			
3	At the End of the year	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year				
	(i) M. Sreenivasulu Reddy	63000	0.19	63000	0.19
	(ii) M. Dharmaraj	100	Nil	100	Nil
	(iii) M. Masthan Reddy	Nil	Nil	Nil	Nil
	(iv) V. Sujatha	Nil	Nil	Nil	Nil
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	----- No Change -----			
3	At the End of the year				
	(i) M. Sreenivasulu Reddy	63000	0.19	63000	0.19
	(ii) M. Dharmaraj	100	0.001	100	0.001
	(iii) M. Masthan Reddy	Nil	Nil	Nil	Nil
	(iv) V. Sujatha	Nil	Nil	Nil	Nil



**REPORT ON CORPORATE GOVERNANCE
FOR THE FINANCIAL YEAR ENDED 31.03.2016**

The report on Corporate Governance forms part of the Director's 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 - Expired on 23.3.2016
Non-Executive and Independent Director	Shri M Masthan Reddy - Retired on 05.2.2016
Non-Executive and Independent Director	Shri D Balakoteswara Rao
Non-Executive and Independent Director	Smt. V. Sujatha - Appointed on 01.2.2016

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

Eight Board Meetings were held on 10-04-2015, 29-05-2015, 13-07-2015, 12-10-2015, 11-01-2016, 13-01-2016, 25.01.2016, 01-02-2016 and 05-02-2016. The time gap between two meetings did not exceed four months and these meetings were well attended.

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	9	No	10	-	-
2	M Dharmaraj	9	No	5	2	1
3	M Masthan Reddy	5	No	2	2	-
4	D Balakoteswara Rao	9	Yes	-	2	1
5	V Sujatha	1	No	2	-	-

d) Particulars of Retiring Directors

- Shri D Balakoteswara Rao is a Director of the company since 2001. He is having vast experience in corporate 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 177 of the Companies Act 2013 and the Listing Agreement (SEBI (LODR), 2015) with the Stock Exchanges including their role, powers, duties, quorum and frequency of the meeting.

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 under review, consequent to the death and resignation of existing directors, the audit committee was reconstituted with Mrs. V. Sujatha and Mr. M. Sreenivasalu Reddy, as members of the audit committee.



BALAJI HOTELS AND ENTERPRISES LIMITED

The audit committee met 5 times during the year ended 31st March 2016. The Meetings held during the year were on 10-04-2015, 29-05-2015, 13-07-2015, 12-10-2015 and 11-01-2016.

Committee Members	No. of Meetings attended
M Dharmaraj	5
D Balakoteswara Rao	5
M Masthan Reddy	5

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. Shri. M Masthan Reddy, Shri. M Dharmaraj and Shri. D Balakoteswara Rao. Shri M Dharmaraj is the Chairman of the Committee.

During the year, the Committee met 3 times and attendance of each member at the Committee Meeting was as follows:

Committee Members	No. of Meetings attended
M Masthan Reddy	3
M Dharmaraj	3
D Balakoteswara Rao	3

During the year under review, consequent to the death and resignation of existing directors, the audit committee was reconstituted with Mrs. V. Sujatha and Mr. M. Sreenivasalu Reddy, as members of the Share Transfer / Investors Grievance Committee.

As on 31.03.2016, 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
2012-13	Balamandir German Hall No.17, Prakasam Street, T Nagar Chennai 600 017.	28.09.2013	11.00 a.m.	-
2013-14	Balamandir German Hall No.17, Prakasam Street, T Nagar Chennai 600 017.	30.09.2014	11.00 a.m.	-
2014-15	Balamandir German Hall No.17, Prakasam Street, T Nagar Chennai 600 017.	30.09.2015	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 27th Annual General Meeting.

5) DISCLOSURE

- During the financial year ended 31.03.2016, the Company had no 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, 47 of the Listing Agreement viz., non-submission of Unaudited Quarterly Financial Results, Reconciliation of share capital report on total admitted capital, company certificate for transfer of shares and various other related compliances under SEBI (LODR), 2015 to the Stock Exchanges.
- Currently trading of company's equity shares on stock exchanges is suspended due to the above reasons. The company is not carrying on any business as of now. 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 27th AGM : Friday, September 30, 2016 at 10.30 A.M at M.R. Maaligai, 84, SRP Koil Street, Agaram, Chennai - 600 082.
- 2) Financial Calendar : Year ending 31st March 2016
- 3) Date of Book Closure : 23.09.2016 to 30.09.2016 (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,
Dalal 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 BSE Limited.
- 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.
- 12) Dematerialisation of shares and liquidity : As on 31.03.2016, 78.65 % of the Company's shares representing 25560831 shares were held in the dematerialized form. The Company's shares are available for trading in the depository systems of both the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL)



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- 13) Compliance Officer : V. Sujatha,
Balaji Hotels and Enterprises Limited
New No.34/76, Bazullah Road, T.Nagar
Chennai 600 017. Tamil Nadu
- 14) Outstanding GDR/ADR/Warrants or any convertible instruments : The Company has not issued any GDRs/ADRs/Warrants.
- 15) Address for Correspondence : Balaji Hotels and Enterprises Limited
New No.34, Old No.76, Bazullah Road, T.Nagar
Chennai 600 017. Tamil Nadu

16) Distribution of shareholding as on 31st March 2016:

Nominal value of		Share holders		Share Amount	
Rs.	Rs.	Number	% to Total	Rs.	% to Total
(1)		(2)	(3)	(4)	(5)
1	5,000	10989	92.81	13954130	4.29
5,001	10,000	442	3.73	3730080	1.15
10,001	20,000	172	1.45	2564000	0.79
20,001	30,000	56	0.47	1405560	0.43
30,001	40,000	27	0.23	1010000	0.31
40,001	50,000	24	0.20	1140510	0.35
50,001	1,00,000	40	0.34	2861610	0.88
1,00,001 and above		90	0.76	298334110	91.80
Total		11840	100.00	325000000	100.00

17) Categories of Shareholders as on 31st March 2016:

Sl. No	Category	No. of Shares	% to Total Holdings
1	Promoters / Directors / Relatives	15975900	49.16
2	Financial Institutions & Banks	1517600	4.67
3	Mutual Funds & UTI	6900	0.02
4	FII's / OCB / NRI	991269	3.05
5	Public and Private Bodies Corporate	14008331	43.10
Total		32500000	100.00

The Board of Directors at its meeting held on 28/05/2016 adopted the above report.

DECLARATION

As required under Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and the Senior Management for the year ended 31st March, 2016.

Place : Chennai
Date : May 28, 2016

V. Sujatha
Director



INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Balaji Hotels and Enterprises Limited

We have examined the compliance of the conditions of Corporate Governance by Balaji Hotels and Enterprises Limited, for the year ended on 31.03.2016 as stipulated in Clause 49 of the Listing Agreement from 01st April, 2015 to 30th November, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {Listing Regulations} as referred to in Regulation 15 (2) of the Listing Regulations for the period 01st December, 2015 to 31st March, 2016.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that subject to:-

a) *non submission of quarterly financial results and limited review reports to stock exchanges; and*

the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and other regulations as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015/Listing Regulations as applicable.

As required by the Guidance note issued by the Institute of chartered Accountants of India, we have to state that based on the report given by the Registrars of the company to Investors Grievance Committee, as on 31.03.2016 there were no investor grievance matters against the company remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **P A REDDY & CO**
Chartered Accountants
Registration No. 007368S

P ASHOK REDDY
Partner
Membership No: 023202

Place: Chennai
Date : May 28, 2016

For **CNGSN & ASSOCIATES LLP**
Chartered Accountants
Registration No. 004915S

C N GANGADARAN
Partner
Membership No: 011205



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BALAJI HOTELS AND ENTERPRISES LTD**

I. Report on the Financial Statements

We have audited the accompanying financial statements of BALAJI HOTELS & ENTERPRISES LTD (the "Company"), which comprise the Balance Sheet as at March 31, 2016, Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information the year then ended.

II. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

III. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

IV. Basis for Qualified Opinion:

a) *The Company has borrowed Rs. 15.12 crores at 12% interest per annum. For its failure to service the loan, the creditor has filed suit for recovery. The Company has not provided for the annual interest of Rs. 1.81 Crores and the accumulated interest of Rs. 24.44 Crores.*

Non Provision for such an enforceable liability is against fundamental accounting principle of accrual and prudence. An amount of Rs. 24.44 Crores would have been required for making the provision and accordingly the unsecured creditors would have increased by Rs.24.44 Crores, the loss for the year would have been higher by Rs. 1.81 Crores and the Share holders funds would have decreased by Rs. 24.44 Crores.

b) *In the absence of Bank Statements / Confirmation of Balances of the Current Accounts with Oriental Bank of Commerce (A/c No.10471010000980) and Bank of Baroda (A/c No:08040200000102), we are unable to comment on the transactions if any, effected through these accounts.*

V. Qualified Opinion:

In our opinion, and to the best of our information and according to the explanations given to us except for the effects of the matters as described in 'Basis for Qualified Opinion' paragraph above, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in



conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its Loss and its Cash Flows for the year ended on that date.

VI. Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2016' ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure – A, a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2016 from being appointed as a director in terms of section 164(2) of the Act.
 - (g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph.
 - (h) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure – B'; and
 - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer note nos 16 & 17 to Financial statements)
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under the applicable law or accounting standards.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **P A REDDY & CO**
Chartered Accountants
Registration No: 007368S

For **CNGSN & ASSOCIATES LLP**
Chartered Accountants
Registration No: 004915S

P ASHOK REDDY
Partner
Membership No: 023202

C N GANGADARAN
Partner
Membership No: 011205

Place: Chennai
Date : May 28, 2016



**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT OF
BALAJI HOTELS AND ENTERPRISES LIMITED**

Based on the information and explanations furnished to us and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and belief:

- i. In respect of fixed assets :
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) We are informed that during the year, the fixed assets have been physically verified by the management. In our opinion physical verification has been conducted at reasonable intervals having regard to the size of the company, nature and value of its assets. No material discrepancies were noticed on such verification.
 - c) According to the information and explanation given to us and on the basis of our examination of records of the Company, even though there exists other evidence to establish the ownership of the land by the Company, the title deeds of the land situated in Gujarat, could not be produced for verification.
- ii. In respect of inventories;
The Company did not hold any inventories as at the end of the year.
- iii. In respect of loans, secured or unsecured, granted to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013:
The Company has not granted any loans to any Company, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In respect of loans, investments, guarantees, and security to companies, firms or other parties as per section 185 and 186 of the Companies Act, 2013:
The Company has complied with the provisions of section 185 and 186 of the Act, with respect to loans and investments made.
- v. In respect of deposits:
The Company has not accepted any deposits. Therefore, the provisions of section 73 and 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted from the public and from the members are not applicable to the Company.
- vi. In respect of cost records:
In our opinion and according to the information and explanations given to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 are not applicable to the Company for the year under audit.
- vii. In respect of statutory dues:
 - a) The Company has been generally regular in depositing with appropriate authorities, undisputed statutory dues including, Provident Fund, Income Tax, Sales Tax, and other applicable statutory dues during the year.
 - b) In respect of Income Tax, Sales Tax, Service tax, Customs duty, Excise duty and Cess, there are no undisputed amounts outstanding as at March 31, 2016 for a period of more than six months from the date they became payable.
 - c) The details of dues of income tax / wealth tax which have not been deposited due to disputes are as under:

Period to which the Demand relates (Assessment Year)	Disputed Tax ₹ Lakhs	Forum where the dispute is pending
1990-91 to 1993-94 (wealth tax)	58.08	Honourable High Court of Madras
2008-09 (Income tax)	1981.32	Commissioner of Income Tax, Chennai
2009-10 (Income tax)	3612.08	Commissioner of Income Tax, Chennai
- viii. In respect of repayment of loans or borrowing to Banks, Financial Institutions, Government and Debenture Holders:
The Company has not borrowed from banks or financial institutions and no debentures are outstanding as at the end of the year.
- ix. In respect of utilization of monies raised by way of initial public offer or further public offer (including debt instruments) and term loans:
The Company has not raised monies by way of initial public offer, further public offer and term loans during the year.



- x. In respect of frauds:
In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.
- xi. In respect of managerial remuneration:
The Company has not paid / provided for managerial remuneration and hence the provisions of section 197 read with schedule – V are not applicable.
- xii. In respect of Nidhi Company:
The Company is not a nidhi company and the provisions relating to Net Owned Funds are not applicable to the Company.
- xiii. In respect of transactions with related parties and in compliance with section 177 and 188 of the Companies Act, 2013:
The Company has not entered in to any transactions with related parties and hence the provisions of Section 177 and 188 of the Companies Act, 2013 are not applicable.
- xiv. In respect of preferential allotment or private placement of shares or fully or partly convertible debentures:
The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. In respect of non-cash transactions entered into with directors or persons connected with him as per the provisions of section 192 of Companies Act, 2013:
The Company has not entered non-cash transactions with directors or persons connected with him.
- xvi. In respect of provisions of Sec 45-IA of the Reserve Bank of India Act, 1934:
The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **P A REDDY & CO**
Chartered Accountants
Registration No: 007368S

For **CNGSN & ASSOCIATES LLP**
Chartered Accountants
Registration No: 004915S

P ASHOK REDDY
Partner
Membership No: 023202

C N GANGADARAN
Partner
Membership No: 011205

Place: Chennai
Date : May 28, 2016

**ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT OF
BALAJI HOTELS AND ENTERPRISES LIMITED**

[Report on the Internal Financial Controls under Clause (i) of sub-section 3 of
Section 143 of the Companies Act, 2013 ("the Act")]

- I. We have audited the internal financial controls over financial reporting of BALAJI HOTELS & ENTERPRISES LTD (the "Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

II. Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.



III. Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

IV. Meaning of Internal Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

V. Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

VI. Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **P A REDDY & CO**
Chartered Accountants
Registration No: 007368S

For **CNGSN & ASSOCIATES LLP**
Chartered Accountants
Registration No: 004915S

P ASHOK REDDY
Partner
Membership No: 023202

C N GANGADARAN
Partner
Membership No: 011205

Place: Chennai
Date : May 28, 2016

**Balance Sheet as at March 31, 2016**

Particulars	Note No.	As at 31.03.2016 (In ₹)	As at 31.03.2015 (In ₹)
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	333,823,850	333,823,850
(b) Reserves & Surplus	3	(311,997,347)	(311,694,775)
		21,826,503	22,129,075
Non-Current Liabilities			
Current Liabilities			
(a) Short Term Borrowings	4	186,200,000	186,200,000
(b) Other Current Liabilities	5	1,833,678	1,830,468
		188,033,678	188,030,468
TOTAL		209,860,181	210,159,543
II. ASSETS			
Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	6	6,077,194	6,601,505
(b) Non-Current Investments	7	-	-
(c) Long Term Loans and Advances	8	199,293,586	198,986,126
		205,370,780	205,587,631
Current Assets			
(a) Cash and Bank Balances	9	121,390	944,369
(b) Short Term Loans and Advances	10	4,368,011	3,627,543
		4,489,401	4,571,912
Notes on Financial Statements	1 to 22		
TOTAL		209,860,181	210,159,543

As per our Report of even date

On behalf of the Board

For **P A REDDY & CO**
Chartered Accountants
Registration No. 007368S

For **CNGSN & ASSOCIATES LLP**
Chartered Accountants
Registration No. 004915S

M SREENIVASULU REDDY
Director (00035021)

P ASHOK REDDY
Partner
Membership No: 023202

C N GANGADARAN
Partner
Membership No: 011205

V. SUJATHA
Director(07422606)

Place : Chennai
Date : May 28, 2016

**Statement of Profit and Loss for the Year ended March 31, 2016**

Particulars	Note No.	For the year ended 31.03.2016 (In ₹)	For the year ended 31.03.2015 (In ₹)
I. INCOME			
Revenue from Operations		-	-
Other Revenue	11	3,238,564	33,457
TOTAL		3,238,564	33,457
II. Expenses			
Finance Charges	12	1,417	1,735
Depreciation Amortisation Expenses	6	-	-
Other Expenses	13	3,539,719	150,748,792
TOTAL		3,541,136	150,750,527
III. Profit / (Loss) Before Exceptional Items and Tax (I-II)		(302,572)	(150,717,070)
IV. Exceptional Items		-	-
V. Profit / (Loss) before Tax		(302,572)	(150,717,070)
VI. Income tax expense			
(1) Current Tax		-	-
(2) MAT Credit		-	-
VII. PROFIT/(LOSS) FOR THE YEAR		(302,572)	(150,717,070)
VIII. Basic & Diluted Earnings per Equity Share (in Rs)			
Face Value per Equity Share	14	(0.13)	(4.72)
		10.00	10.00

As per our Report of even date

On behalf of the Board

For **P A REDDY & CO**
Chartered Accountants
Registration No. 007368S

For **CNGSN & ASSOCIATES LLP**
Chartered Accountants
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M SREENIVASULU REDDY
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Membership No: 011205

V. SUJATHA
Director(07422606)

Place : Chennai
Date : May 28, 2016



BALAJI HOTELS AND ENTERPRISES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	Year ended 31.03.2016 (₹)	Year Ended 31.03.2015 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Extraordinary Items and Tax	(302,572)	(150,717,070)
ADJUSTED FOR		
Interest and Other Finance Charges	1,417	1,735
(Profit) / Loss on Sale of Assets	(3,225,689)	-
Interest Income	(12,731)	(33,457)
Provision for Diminution in value of Investments	-	150,000,000
Provision for doubtful Advances	2,803,438	7,533
Operating Profit/(Loss) Before Working Capital Changes	(736,137)	(741,259)
Changes in Working Capital:		
Adjustment for (Increase) / Decrease in Operating Assets		
Short Term Loans and Advances	2,072	(3,346)
Other Current Liabilities	3,210	(755,605)
CASH GENERATED FROM OPERATIONS	(730,855)	(1,500,210)
Less: Extraordinary Items		
Income tax paid	(742,540)	-
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES - A	(1,473,395)	(1,500,210)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Fixed Assets	3,750,000	-
Interest Received	12,731	33,457
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES - B	3,762,731	33,457
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans and Advances	(3,110,898)	(1,302,533)
Interest and Other Finance Charges	(1,417)	(1,735)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES - C	(3,112,315)	(1,304,268)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(822,979)	(2,771,021)
Cash and Cash Equivalents at the beginning of the year	944,369	3,715,390
Cash and Cash Equivalents at the end of the year	121,390	944,369
INCREASE / (DECREASE) IN CASH EQUIVALENTS	(822,979)	(2,771,021)

As per our Report of even date

On behalf of the Board

For **P A REDDY & CO**
Chartered Accountants
Registration No. 007368S

For **CNGSN & ASSOCIATES LLP**
Chartered Accountants
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M SREENIVASULU REDDY
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Partner
Membership No: 011205

V. SUJATHA
Director(07422606)

Place : Chennai
Date : May 28, 2016



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

OPERATIONS

The commercial complex and hotel projects were sold out under SARFAESI Act during the financial year 2007-08. There have been no operations during the year.

GOING CONCERN

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

1. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF ACCOUNTING:

Financial statements are prepared under the historical cost convention and as a going concern, on accrual basis and in accordance with the normally accepted accounting standards.

b. FIXED ASSETS:

Fixed Assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties, taxes and any directly attributable cost of bringing the assets to their working condition for intended use.

c. DEPRECIATION:

Depreciation is provided on Straight Line Method as per the useful lives prescribed in Schedule II of the Companies Act, 2013 on pro-rata basis. However, for Assets given on Lease, Depreciation has been charged equally over the lease period.

d. INVENTORIES:

Inventories are valued at lower of Cost and Net Realisable value. However, the Company did not carry any inventories as at the year end.

e. INVESTMENTS:

Investments are long term and stated at cost. Provision has been created in the accounts for permanent diminution in the value of Investments.

f. FOREIGN CURRENCY TRANSACTIONS:

All foreign currency transactions are accounted for at the rates prevailing on the dates of the transaction. Foreign currency liabilities are converted at the year end rates as applicable.

The exchange difference on settlement / conversion is adjusted to a) cost of fixed assets, if the foreign currency liability relates to fixed assets and b) Profit and Loss account in all other cases.

g. REVENUE RECOGNITION:

Revenue is recognised at agreed rates on transfer of property in goods. With respect to operating lease, lease rentals are accounted as and when due.

h. RETIREMENT BENEFITS:

Contribution to Provident Fund, Family Pension Fund and approved LIC Group Gratuity Scheme are charged in the year in which they are incurred. Provisions for Leave Encashment have been made as per the eligibility of the employees as at the end of the year on actual basis.

i. TAXES ON INCOME:

Tax on Income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income Tax Act 1961.

Deferred Tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws that are enacted or substantially enacted as on the Balance Sheet date, where there is a carry forward loss or depreciation. Deferred tax asset is recognised in books of accounts only when there is reasonable certainty with respect to the future profits.

j. BORROWING COSTS:

Borrowing costs that are attributable to construction of qualifying assets are capitalised as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.



NOTES ON FINANCIAL STATEMENTS

Note No.	Particulars	As at 31.03.2016 (In ₹)	As at 31.03.2015 (In ₹)
2	SHARE CAPITAL:		
	Authorised :		
	65,000,000 (PY:65,000,000) Equity Shares of Rs. 10/- each	650,000,000	650,000,000
	6,500,000 (PY:6,500,000) Preference Shares of Rs.100/- each	650,000,000	650,000,000
		1,300,000,000	1,300,000,000
	Issued, Subscribed and Paid up:		
	32,500,000 (PY: 32,500,000) fully Paid up Equity Shares of Rs. 10/- each	325,000,000	325,000,000
	Less : Calls in arrears	1,176,150	1,176,150
		323,823,850	323,823,850
	1,00,000 (PY : Nil) - 12% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 100/- each	10,000,000	10,000,000
	Total	333,823,850	333,823,850
(a)	Reconciliation of number of Shares outstanding at the beginning and end of the year:		
i)	Equity Shares		
	Number of Shares outstanding at the beginning of the year	32,500,000	32,500,000
	Add: Issued during the year	-	-
	Less: Bought back during the year	-	-
	Number of Shares outstanding at the end of the year	32,500,000	32,500,000
ii)	Preference Shares		
	Number of Shares outstanding at the beginning of the year	100,000	100,000
	Add: Issued during the year	-	-
	Less: Redeemed during the year	-	-
	Number of Shares outstanding at the end of the year	100,000	100,000
b)	All the equity shares carry equal rights and obligations including for Dividend and with respect to voting rights.		
c)	The preference shares issued during the year 2012-13 are redeemable in four equal installments of Rs. 25 lakhs each at the end of 7th,8th,9th and 10th year from the date of allotment i.e., 07.01.2013.		
d)	Details of Equity shares held by shareholders holding more than 5% of the aggregate shares in the company:		
	Name of the Shareholder(s)	As at 31.03.2016 No of Shares - % held	As at 31.03.2015 No of Shares - % held
	M.Raghav	36,97,500 - 11.38%	36,97,500 - 11.38%
	Star Investments P Ltd	33,73,450 - 10.38%	33,73,450 - 10.38%
	M.Vijayakumar Reddy	25,66,200 - 7.90%	25,66,200 - 7.90%
	M.Kiran Reddy	21,93,300 - 6.75%	21,93,300 - 6.75%
	Sun Real Estates (Madras) Pvt Ltd	21,11,700 - 6.50%	21,11,700 - 6.50%
e)	Details of Preference shares held by shareholders holding more than 5% of the aggregate shares in the company:		
	Name of the Shareholder(s)	As at 31.03.2016 No of Shares - % held	As at 31.03.2015 No of Shares - % held
	M/s. Lakshmi Utility Finance Pvt Ltd	1,00,000 - 100%	1,00,000 - 100%



NOTES ON FINANCIAL STATEMENTS

Note No.	Particulars	As at 31.03.2016 (In ₹)	As at 31.03.2015 (In ₹)
3	RESERVES & SURPLUS		
	Capital Reserve		
	Balance at the beginning of the year	208,563,219	208,563,219
	Additions / (Deletions)	-	-
	Balance at the end of the year	208,563,219	208,563,219
	General Reserve		
	Balance at the beginning of the year	500,000,000	500,000,000
	Add: Transferred from Preference Share Capital	-	-
	Balance at the end of the year	500,000,000	500,000,000
	Securities Premium		
	Balance at the beginning of the year	2,131,327,051	2,131,327,051
	Additions / Deletions	-	-
	Balance at the end of the year	2,131,327,051	2,131,327,051
	Profit and Loss Account		
	Balance at the beginning of the year	(3,151,585,045)	(3,000,867,975)
	Add: Profit for the Year	(302,572)	(150,717,070)
	Balance at the end of the year	(3,151,887,617)	(3,151,585,045)
	Total	(311,997,347)	(311,694,775)
4	SHORT TERM BORROWINGS :		
	(1) Unsecured Loans		
	From Corporates		
	Alpic Finance Ltd	35,000,000	35,000,000
	East India Hotels Ltd	151,200,000	151,200,000
		186,200,000	186,200,000
	a. Alpic Finance Ltd: The Company has accepted the OTS for the said amount, which was payable by 30.09.2002. However, the Company has not complied with the terms of OTS.		
	b. East India Hotels Ltd: This amount is payable on account of termination of technical services agreement with the party, and the said amount is payable by the Company by 31.12.2002 vide agreement dated 04.02.2002. The Company has made default in repaying the amount along with interest.		
5	OTHER CURRENT LIABILITES :		
	Other Liabilities	1,821,178	1,817,968
	Duties & Taxes Payable	12,500	12,500
		1,833,678	1,830,468



NOTES ON FINANCIAL STATEMENTS

NOTE NO.6 : FIXED ASSETS

(In ₹)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 1.4.15	Additions	Deletions	As at 31.3.16	Upto 31.3.15	For the year	Deletions	Up to 31.3.16	As at 31.3.16	As at 31.3.15
Land	6,601,505	-	524,311	6,077,194	-	-	-	-	6,077,194	6,601,505
Vehicles	43,000	-	-	43,000	43,000	-	-	43,000	-	-
TOTAL	6,644,505	-	524,311	6,120,194	43,000	-	-	43,000	6,077,194	6,601,505
Previous Year	6,644,505	-	-	6,644,505	43,000	-	-	43,000	6,601,505	6,601,505

* Provision for impairment @ 100% was made in respect of Building Rs. 62,86,573/- and P&M Rs.1,22,82,051 in the year 2008-09.

**NOTES ON FINANCIAL STATEMENTS**

Note No.	Particulars	As at 31.03.2016 (In ₹)	As at 31.03.2015 (In ₹)
7	NON CURRENT INVESTMENTS :		
	Non Trade, quoted at cost:-		
	Balaji Industrial Corporation Ltd (885,684 (885,684) equity shares of Rs.10/-each fully paid)	42,999,958	42,999,958
	Non Trade, Un quoted at cost:-		
	Balaji Industrial Corporation Ltd (15,000,000 (15,000,000) 6% Redeemable Cumulative Preference shares of Rs.10/- each fully paid up, redeemable at Par in Feb 2027)	150,000,000	150,000,000
	Less :		
	Provision for permanent Diminution in value	(192,999,958)	(192,999,958)
		<u>-</u>	<u>-</u>
	Aggregate Value of Unquoted Investments	NIL	NIL
	Aggregate Value of Quoted Investments	NIL	NIL
	Aggregate Market Value of Quoted Investments	NIL	NIL
8	LONG TERM LOANS AND ADVANCES :		
	Advances to Corporates		
	Unsecured and considered good	199,293,588	198,986,128
	Unsecured and considered doubtful	635,710,757	632,907,319
		835,004,345	831,893,447
	Less : Provision for Doubtful Advances	(635,710,758)	(632,907,320)
		199,293,587	198,986,127
9	CASH AND BANK BALANCES :		
	Cash in Hand	4,340	3,380
	Balance with Scheduled Banks:		
	- in Current accounts	117,050	579,835
	- in Deposit accounts	-	361,154
		121,390	944,369
10	SHORT TERM LOANS AND ADVANCES :		
	Advance Tax - TDS	4,368,011	3,627,543
	MAT Credit Entitlement	-	-
		4,368,011	3,627,543


NOTES ON FINANCIAL STATEMENTS

Note No.	Particulars	As at 31.03.2016 (In ₹)	As at 31.03.2015 (In ₹)
11	OTHER REVENUE :		
	Interest Income	12,731	33,457
	Profit on Sale of Asset	3,225,689	-
	Miscellaneous Income	144	-
		3,238,564	33,457
12	FINANCE CHARGES :		
	Bank Charges	1,417	1,735
		1,417	1,735
13	OTHER EXPENSES :		
	Administration & Other Expenses		
	Professional Exp	-	92,242
	Share Registry Fees	174,317	174,608
	Office Maintenance	154,834	148,589
	Annual Custodial Fees - NSDL & CDSL	171,750	112,360
	Fee, Rates & Taxes	25,485	21,005
	Travelling & Conveyance	3,815	23,915
	Remuneration to Auditors		
	- Audit Fee	58,070	56,180
	- Tax Representation & others	148,010	112,360
	Provision for doubtful advances	2,803,438	7,533
	Provision for Diminution in value of Investments	-	150,000,000
		3,539,719	150,748,792
14	EARNINGS PER SHARE:		
	Profit/(Loss) for the Year before exceptional items	(302,572)	(150,717,070)
	Less : Preference Dividend	3,872,877	2,672,877
	Profit attributable to Equity Share holders A	(4,175,449)	(153,389,947)
	No. of Equity Shares outstanding as at year end	32,500,000	32,500,000
	Less: Partly Paid Shares	181,900	181,900
	B	32,318,100	32,318,100
	Earnings per Share:	(0.13)	(4.72)

15. PREFERENCE SHARES:

The Company had issued 1,00,000 12% Cumulative Redeemable Non convertible Preference Shares of Rs. 100/- each to M/s. Lakshmi Utility Finance Pvt Ltd on 7.1.2013. The Dividend is payable at 12% on pro rata basis at the end of February and August each year. The company has not paid any dividend so far and the cumulative dividend payable amounting to Rs. 38,72,877/- has not been provided in the books.

16. LOAN AVAILED FROM EAST INDIA HOTELS LTD:

The Company has availed a Project Loan of Rs. 15.12 Crores from M/s. East India Hotels Ltd (EIH) for its proposed Five Star Deluxe Hotel during the Financial years 1999-2000 to 2001-2002. The said loan is repayable on or before September 2002. In case of default, 12% simple interest is payable from October 2002 onwards. The Company has defaulted in repayment of the said loan of Rs. 15.12 Crores and interest till March 2016 aggregating to Rs. 24.44 Crores.

**NOTES ON FINANCIAL STATEMENTS:**

EIH has filed a suit on the Company for the recovery of Loan along with interest and the case is pending before the Honourable High Court of Madras.

17. CONTINGENT LIABILITIES

(₹ In Lacs)

Claims against the company not acknowledged as Debts :	2015-16	2014-15
For the A.Y from 90-91 to 93-94, in respect of Liabilities pertaining to Wealth Tax issues of BIPL amalgamated with BH&EL. The company has preferred an Appeal before High Court and the same is pending. As per the expert legal advice rendered, the Company is confident of winning its Appeal and therefore no provision for tax is deemed necessary.	58.08	58.08
For the A.Ys from 95-96 to 01-02, the Income Tax Appeals filed by the Company and the Income Tax Dept have been held in favour of the Company by the ITAT, Chennai deleting the entire demand raised on the Company. However, as on date, the Income Tax Dept has appealed to the Hon'ble Madras High Court.	3712.76	3712.76
For the A.Ys 2008-09 & 2009-10 the company has received a demand notice for AY 08-09 Rs.1981.32 lakhs and for AY 2009-10 Rs.3612.08 lakhs. The company has appealed before Commissioner of Income Tax, Chennai. Based on the strength of the facts of the case and the expert legal opinion rendered to the Company, no provision for tax is deemed necessary.	5593.40	1693.44

18. AUDITORS' REMUNERATION

(in ₹)

S.No. Particulars	2015-16	2014-15
1. Statutory Audit Fee	50,000	50,000
2. Tax Representation Fee	1,00,000	1,00,000
3. Service Tax	21,750	18,540
Total	1,71,750	1,68,540

19. FOREIGN CURRENCY TRANSACTIONS: NIL (P.Y.NIL)

20. In respect of the Equity shares in M/s. Balaji Industrial Corporation Ltd (BICL) acquired from M/s. Tourism Finance Corporation Ltd, the transfer of such shares in Company's name is pending due to non listing status of the Equity Shares in BICL in stock exchanges.

21. MICRO, SMALL AND MEDIUM ENTERPRISES:

The company has not received any information from the suppliers as regards their status under the Micro, Small and Medium Enterprises Development Act, 2006. However there are no dues during the year to any of the suppliers.

22. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

On behalf of the Board

For **P A REDDY & CO**
Chartered Accountants
Registration No. 007368S

For **CNGSN & ASSOCIATES LLP**
Chartered Accountants
Registration No. 004915S

M SREENIVASULU REDDY
Director (00035021)

P ASHOK REDDY
Partner
Membership No: 023202

C N GANGADARAN
Partner
Membership No: 011205

V. SUJATHA
Director(07422606)

Place : Chennai
Date : May 28, 2016



BALAJI HOTELS AND ENTERPRISES LIMITED

CIN: L55101TN1989PLC046781

Regd Office : C.S. Towers, New No.34, Old No.76, Bazullah Road, T.Nagar, Chennai - 600 017

ATTENDANCE SLIP
(To be presented at the entrance)

DP ID	Folio No. / Client ID

I/We hereby record my/our presence at the **27th ANNUAL GENERAL MEETING** of the Company at M.R. Maaligai, 84, SRP Koil Street, Agaram, Chennai - 600 082, on Friday, September 30, 2016 at 10.30 a.m.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

Signature of the Shareholder / Proxy

BALAJI HOTELS AND ENTERPRISES LIMITED

CIN: L55101TN1989PLC046781

Regd Office : C.S. Towers, New No.34, Old No.76, Bazullah Road, T.Nagar, Chennai - 600 017

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s):
Registered address:
E-mail Id:
Folio No. / Client ID:
DP ID:

I/We being the member(s) of _____ shares of the above named Company hereby appoint:

(1) Name :

Address :

E-mail Id : or failing him;

(2) Name :

Address :

E-mail Id : or failing him;

(3) Name:

Address :

E-mail Id : or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/belalf at the 27th Annual General Meeting of the Company to be held on Friday, September 30, 2016 at 10.30 a.m at M.R. Maaligai, 84, SRP Koil Street, Agaram, Chennai - 600 082, and at any adjournment thereof in respect of such resolutions as are indicated below:

Large empty rounded rectangular box for additional notes or comments.

Resolution No.	Resolutions	For	Against
1.	To receive, consider and adopt the Audited Balance Sheet as at 31st March 2016 and the Profit & Loss Account for the year ended 31st March 2016 together with the reports of Directors and Auditors thereon.		
2.	To appoint a Director in the place of Mr.D Balakoteswara Rao who retires by rotation and being eligible offers himself for re-appointment.		
3.	To appoint auditors and to fix their remuneration.		
4.	To appoint Mrs. V. Sujatha as an Independent Director of the Company		

Signed this day of 2016.

Signature of the Shareholder

Affix
Revenue
Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Book Post

If undelivered please return to

CAMEO CORPORATE SERVICES LIMITED
(A Unit of Balaji Hotels and Enterprises Limited)
"Subramanian Building"
No.1, Club House Road
Chennai - 600 002.