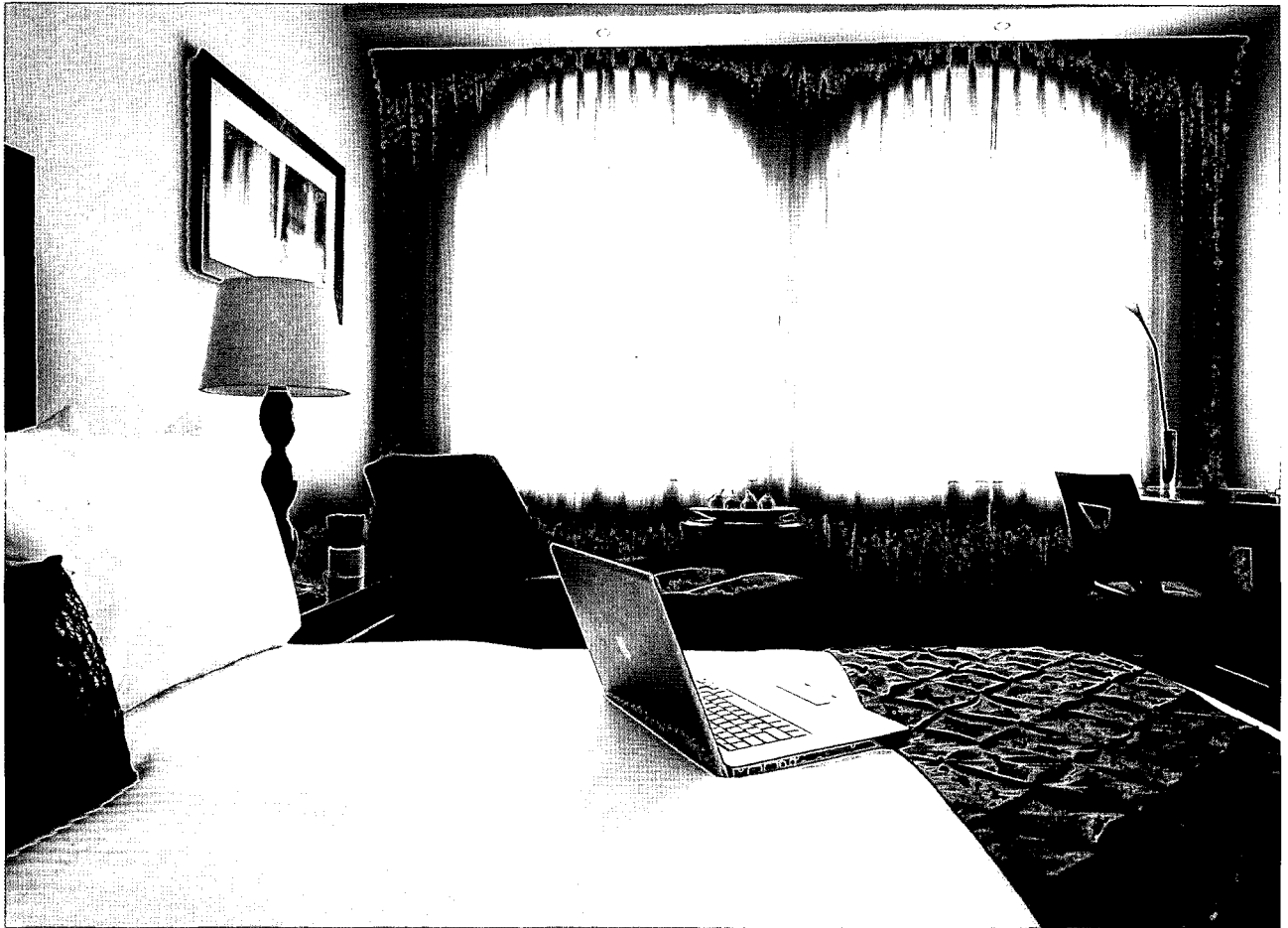


BENARES HOTELS LIMITED
38th ANNUAL REPORT 2008 - 09



The Gateway Hotel Ganges Varanasi



Executive Room

Corporate Information

Board of Directors

DR. ANANT NARAIN SINGH
(Chairman)

RAYMOND N. BICKSON

SHRIRAMAN

RUKMANI DEVI

A. R. GANDHI

B. L. PASSI

P. SANKER

P. K. MOHANKUMAR

DEEPA MISRA HARRIS

Company Secretary

P. K. Bhatia

Auditors

N. Krishnaswamy and Company,
Chartered Accountants,
71A, Kashi Raj Apartments, Kamachha,
Varanasi-221 001

Registered Office

Nadesar Palace Compound,
Varanasi-221 002
Phone : 0542-2503001

Registrar and Share Transfer Agent

The Indian Hotels Company Limited
Mandlik House, Mandlik Road
Mumbai - 400 001
Phone : 022-66395515
Fax : 022-22027442
Email : shares.dept@tajhotels.com

Shares Listed at

BOMBAY STOCK EXCHANGE LTD.

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai - 400 001

THE DELHI STOCK EXCHANGE LTD.

3/1, Stock Exchange Building

Asaf Ali Road

New Delhi - 110 002

THE UTTAR PRADESH STOCK
EXCHANGE ASSOCIATION LTD.

Padam Towers

14/113, Civil Lines

Kanpur - 208 001

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HIGHLIGHTS	2008-09 (Rs. Lacs)	2007-08 (Rs. Lacs)
Gross Revenue	2,018.78	2,168.87
Profit Before Tax	491.81	669.53
Profit After Tax	321.76	440.45
Dividend	110.50	156.00
Retained Earnings	302.05	359.86
Funds Employed	2,513.79	2,307.47
Net Worth	2,312.89	2,120.41
Debt : Equity Ratio	0.00:1	0.00:1
Net Worth Per Equity Share (Rs. 10/- each)	Rs. 177.91	Rs. 163.11
Earnings (EAT) Per Equity Share (Rs. 10/- each)	Rs. 24.75	Rs. 33.88
Dividend Per Equity Share (Rs. 10/- each)	Rs. 8.50	Rs. 12.00
	85%	120%

Notice to the Members

Notice is hereby given that the Thirty Eighth Annual General Meeting of the Members of BENARES HOTELS LIMITED will be held at the Registered Office of the Company at Nadesar Palace Compound, Varanasi-221 002, on Thursday, 27th August, 2009 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Raymond N Bickson, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. A.R. Gandhi, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. B. L. Passi, who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

7. **Appointment of Mr. P.K. Mohankumar as a Director of the Company**

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

“RESOLVED THAT Mr. P.K. Mohankumar be and is hereby appointed as a Director of the Company liable to retire by rotation.”

8. To place the **Secretarial Compliance Certificate** obtained pursuant to Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001.

NOTES

- (a) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item Nos. 7 and 8 is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED TO THE COMPANY, DULY COMPLETED, NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
- (c) Members are requested to intimate to the Company, the changes, if any, in their registered address along with Pin Code Number. Members whose shareholding are in demat form are requested to send the intimation for change of address to their respective Depository Participant(s).
- (d) The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 12th August, 2009 to Thursday, 27th August, 2009 (both days inclusive).
- (e) The dividend as recommended by the Directors for the year ended 31st March, 2009, if passed at the meeting, will be made payable on or after Saturday, 5th September, 2009, to those members whose names appear in the Register of Members of the Company on Wednesday, 12th August, 2009. As regards shares held in electronic form the dividend will be payable to the beneficial owners of shares whose names appear in the statement of beneficial ownership furnished by the Depositories as at the end of business hours on Tuesday, 11th August, 2009.

BENARES HOTELS LIMITED
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- (f) Members who are holding shares in identical order of names in more than one folio are requested to write to the Company for consolidating their holding in one folio.
- (g) Pursuant to Section 205C of the Companies Act, 1956, all unclaimed/unpaid dividends for a period of 7 years from the date of transfer to the 'Unpaid Dividend Account' are required to be transferred by the Company to the "Investor Education and Protection Fund" established by the Central Government. Accordingly, the unclaimed dividend paid up to the financial year ended 31st March, 2002, shall be transferred by the Company to the said Fund on the due date in 2009. Members are advised that once the unclaimed dividend is transferred to Investor Education and Protection Fund, no claim shall lie in respect thereof.
- (h) Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.

By order of the Board of Directors
of **BENARES HOTELS LTD.**

P K BHATIA
Company Secretary

Place : Mumbai
Date : 8th June, 2009

Explanatory Statement

Pursuant to Section 173 of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to the business under Item Nos. 7 and 8 mentioned in the accompanying Notice dated 8th June, 2009.

Item No. 7

Mr. P.K. Mohankumar was appointed as a Director on 8th June, 2009 to fill in the casual vacancy caused by the resignation of Ms. Jyoti Narang. In terms of Section 262 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Mr. Mohankumar holds the office upto the ensuing Annual General Meeting.

Mr. Mohankumar is the Chief Operating Officer, Gateway Hotels and has 35 years of rich experience with the Taj Group and has held many a senior management positions including that of Area Director Chennai, Sri Lanka, Bangalore and Chief Operating Officer, Oriental Hotels Ltd. during his illustrious career. His vast knowledge and experience would be of immense help to the Board. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying its intention to propose Mr. P.K. Mohankumar's candidature to the office of the Director at the forthcoming Annual General Meeting.

The Board commends to the shareholders the appointment of Mr. P.K. Mohankumar as Director on the Board of the Company. Except Mr. P.K. Mohankumar, no other Director is concerned or interested in the Resolution.

Item No. 8

Pursuant to Section 383A of the Companies Act, 1956, the Company has obtained the Secretarial Compliance Certificate from Mr. Arvind Kohli, Company Secretary in Practice. In terms of the Companies (Compliance Certificate) Rules, 2001, the aforesaid certificate is to be laid in the Annual General Meeting of the Company. The said certificate is attached to the Directors' Report.

By order of the Board of Directors
of **BENARES HOTELS LTD.**

P K BHATIA
Company Secretary

Place : Mumbai

Date : 8th June, 2009

BENARES HOTELS LIMITED
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Directors' Report to the Members

The Directors hereby present the Thirty Eighth Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2009.

OPERATING AND FINANCIAL RESULTS	2008-09	2007-08
	(Rs./Lacs)	(Rs./Lacs)
Income	2,018.78	2,168.87
Gross Profit for the year	601.37	771.46
Less: Depreciation	<u>109.56</u>	<u>101.93</u>
Profit before tax	491.81	669.53
Less: Provision for tax		
- Current Tax	156.77	216.31
- Deferred Tax	11.53	10.31
- Fringe Benefit Tax	1.75	2.46
Net Profit	321.76	440.45
Add: Balance brought forward from previous year	695.33	487.40
Balance available for appropriations	<u>1,017.09</u>	<u>927.85</u>

APPROPRIATIONS :

(a) A dividend @85% i.e. Rs. 8.50 per equity share (previous year 120% i.e. Rs. 12.00 per share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting to be held on Thursday, 27th August, 2009 will be paid out of the provision for dividend.....	110.50	156.00
(b) Tax on Dividend.....	18.78	26.51
(c) Amount transferred to General Reserve.....	35.00	50.00
(d) Balance carried forward	852.81	695.33

OPERATIONS

The trend of improved performance continued in the first half of the financial year. However, after the terror attack in Mumbai in November, 2008 coupled with the global economic slowdown which impacted the Indian economy also, the travel and tourism industry was badly affected resulting in a drop in the income of the Company. However, with the Nadesar Palace becoming operational, the Directors hope that despite the global scenario still posing a challenge, the Company shall improve its performance from the second half of the current financial year.

DIVIDEND

Your Directors recommend the payment of dividend @ 85% (previous year dividend @ 120%) per equity share involving distribution of Rs.110.50 lacs.

SECRETARIAL COMPLIANCE

In terms of Section 383A of the Companies Act, 1956, the Company has obtained the Secretarial Compliance Certificate from a Practising Company Secretary. A copy of the said Certificate is attached to this Report.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

The Company had no employees during the year who were in receipt of remuneration aggregating to :

- (a) Not less than Rs. 24.00 lacs for the year, if employed throughout the year; or
- (b) Not less than Rs. 2.00 lacs per month, if employed for part of the year.

DIRECTORS

Ms. Jyoti Narang resigned from the Directorship of the Company w.e.f. 19th May, 2009. The Directors place on record their appreciation of the services rendered by her during her association with the Company.

Mr. P.K. Mohankumar was appointed as a Director of the Company on 8th June, 2009 to fill in the casual vacancy caused by the resignation of Ms. Narang. In terms of Section 262 and Article 122 of the Articles of Association of the Company, Mr. Mohankumar holds office upto the date of the Annual General Meeting. It is proposed to appoint Mr. Mohankumar as Director of the Company at the ensuing Annual General Meeting. The Board of Directors commend his appointment.

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr. Raymond N Bickson, Mr. A.R. Gandhi and Mr. B.L. Passi, Directors of the Company are liable to retire by rotation and being eligible seek reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors, based on the representations received from the Operating Management, hereby confirms that

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. it has, in the selection of the accounting policies, consulted the Statutory Auditors and has applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the profit of the Company for that period;

3. it has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, to the best of their knowledge and ability. There are however, inherent limitations, which should be recognized while relying on any system of internal control and records; and
4. it has prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

An Audit Committee of the Board has been constituted during the year. Mr. Shriraman, Mr. B.L. Passi and Mr. P. Sanker are the members of the Audit Committee.

AUDITORS

At the Annual General Meeting, the Members will be required to appoint the Auditors for the current year and fix their remuneration.

FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of the provisions of Section 217 (1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo is furnished at point No. 4 & 5 in the Notes on Accounts.

ACKNOWLEDGEMENTS

The Board desires to place on record its appreciation of the services rendered by the employees of the Company during the year under review.

On behalf of the Board of Directors

DR. ANANT NARAIN SINGH
Chairman

Place : Mumbai
Date : 8th June, 2009

ANNEXURE TO DIRECTORS' REPORT

Compliance Certificate

To
The Members
Benares Hotels Limited
Nadesar Palace Compound
Varanasi 221 002

We have examined the registers, records, books and papers of Benares Hotels Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, we certify that in respect of the aforesaid financial year :

- (1) The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- (2) The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- (3) The Company being a public company, no comments are required to be made.
- (4) The Board of Directors duly met 4 times on May 19, 2008, July 28, 2008, October 23, 2008 and January 27, 2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, including the circular resolutions in the Minutes Book maintained for the purpose.
- (5) The Company closed its Register of Members from August 8, 2008 to August 21, 2008 and necessary compliance of section 154 of the Act has been made.
- (6) The Annual General Meeting for the financial year ended on March 31, 2008 was held on August 21, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- (7) No extra ordinary meeting was held during the financial year.
- (8) The Company has not advanced any loan to its directors and/or persons or firms or companies referred to in section 295 of the Act.
- (9) The Company has not entered into any contract falling within the purview of section 297 of the Act.
- (10) The Company has made necessary entries in the register maintained under section 301 of the Act.
- (11) As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members and prior approval of the Central Government.
- (12) The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
- (13) The Company has :
 - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) deposited the amount of dividend declared in a separate Bank Account on August 23, 2008 which is within five days from the date of declaration of such dividend;

- (iii) paid/posted warrants for dividends to all the members on August 29, 2008, which is within a period of 30 (thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with HDFC Bank Ltd. on September 27, 2008;
- (iv) transferred amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years as applicable, to Investor Education and Protection Fund;
- (v) duly complied with the requirements of section 217 of the Act.
- (14) The Board of Directors of the Company is duly constituted and appointment of Directors; additional director has been duly made; no alternate directors and directors to fill casual vacancy were appointed during the year.
- (15) The Company has not appointed any Managing Director / Whole-time Director/ Manager during the financial year.
- (16) The Company has not appointed any sole-selling agent during the financial year.
- (17) The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year except approval of the Central Government, under Section 211 (4), read with Schedule VI part II, para 3(i)(a) to dispense with disclosure of contents in the Balance Sheet as received vide Order No. 46/25/2008-CL-III dated May 14, 2008 for the financial years ending on March 31, 2008; March 31, 2009 and March 31, 2010.
- (18) The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- (19) The Company has not issued any shares, debentures or other securities during the financial year.
- (20) The Company has not bought back any shares during the financial year.
- (21) The Company has not redeemed any preference shares or debentures during the year.
- (22) There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
- (23) The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
- (24) The Company has not made any borrowings during the financial year.
- (25) The Company has made no loans and investments, nor given any guarantees nor provided any securities to other bodies corporate. Hence there were no entries in the register kept for the purpose.
- (26) The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.

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(27)The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

(28)The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

(29)The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.

(30)The Company has not altered the provisions of Articles of Association of the Company during the year under scrutiny.

(31)There were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.

(32)The Company has not received any money as security from its employees during the financial year.

(33)The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

ARVIND KOHLI
Company Secretary
(CP No 2818)

Place : New Delhi
Date : 8th June, 2009

ANNEXURE 'A'
(Registers as maintained by the Company)

Sr. No.	Particulars	Section Reference
1.	Members' & Directors' Minutes Book	192
2.	Register of Directors, Manager, Secretaries	303
3.	Register of Charges	143
4.	Register of Loans and Investments	372A
5.	Register of Members	150/151
6.	Register of Particulars of Contracts	301
7.	Register of Transfer of Shares	108

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2009.

Sr. No.	Form No.	U/Section	Particulars	Due on	Filed on
1.	eForm 32	303(2)	Changes in Directorships	18.06.2008	09.06.2008
2.	eForm 23AC & 23ACA	220	Balance Sheet, P&L A/c etc. March 31, 2008	20.09.2008	18.09.2008
3.	eForm 66	383A	Secretarial Compliance Certificate	20.09.2008	18.09.2008
4.	eForm 32	303(2)	Changes in Directorships	20.09.2008	19.09.2008
5.	eForm 20B	159	Annual Return August 21, 2008	20.10.2008	18.10.2008
6.	eForm 1	205(C)	Transfer of unpaid dividend to IEPF	18.11.2008	18.11.2008

Place : New Delhi
Date : 8th June, 2009

ARVIND KOHLI
Company Secretary
(CP No 2818)

Auditors' Report to the Members

1. We have audited the attached Balance Sheet of Benares Hotels Limited, as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
 2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
 4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - (ii) In our opinion, books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this Report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India :
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

For and on behalf of
N. KRISHNASWAMY & COMPANY
Chartered Accountants

N. KRISHNASWAMY
Partner
Membership No. 4797

Place : Mumbai
Dated : 8th June, 2009

Annexure to the Auditors' Report (Referred to in Paragraph 3 of our Report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for the capitalization during the year of Nadesar Palace and Spa, the preparation of Fixed Assets Register for which is under progress.

there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (b) All the assets have been physically verified by the Management during the year and there is a regular programme of verification which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed of any major part of the plant and machinery.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The Company has not taken or given any loan from or to any companies covered in the Register under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices of the relevant time.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, cess and other material statutory dues applicable to it.

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- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (c) During the year Income Tax assessment for A.Y. 2006-07 has been completed and department has disallowed certain expenses and made an extra demand of Rs. 6,12,200/-. While going in appeal, about 40% of the demand raised, namely Rs. 2,58,390/- has been paid leaving Rs. 3,53,810/- unpaid amount against disputed tax demand.
- (d) According to the information and explanations given to us, except the above, there are no other dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- ix. In our opinion and according to the information and explanations given to us, the Company has not taken any loan from any financial institution, bank or debenture holders or granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- x. In our opinion, the Company is not a chit fund or nidhi mutual benefit society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xi. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report), Order 2003 are not applicable to the Company.
- xii. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xiii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds have been raised to finance short-term or long-term investment.
- xiv. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xv. During the period covered by our Report, the Company had not issued debentures.
- xvi. No money has been raised by public issues during the year under report.
- xvii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of
N. KRISHNASWAMY & COMPANY
Chartered Accountants

N. KRISHNASWAMY
Partner
Membership No. 4797

Place : Mumbai
Dated : 8th June, 2009

Balance Sheet as at 31st March, 2009

	Schedule	Rupees	Rupees	Previous Year Rupees
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
(a) Share Capital	1	1,30,00,000		1,30,00,000
(b) Reserves and Surplus.....	2	<u>21,82,89,456</u>		<u>19,90,41,072</u>
Total			23,12,89,456	21,20,41,072
2. DEFERRED TAX LIABILITY (Net).....			1,75,62,006	1,64,08,708
3. SHOP SECURITY DEPOSIT.....			<u>25,27,240</u>	<u>22,97,493</u>
TOTAL FUNDS EMPLOYED			<u>25,13,78,702</u>	<u>23,07,47,273</u>
APPLICATION OF FUNDS				
4. FIXED ASSETS.....				
(a) Gross Block.....	3	32,89,60,333		21,42,53,350
(b) Less : Depreciation		<u>8,62,72,616</u>		<u>7,74,85,152</u>
(c) Net Block		24,26,87,717		13,67,68,198
(d) Capital Work in Progress		<u>42,22,961</u>		<u>1,80,82,680</u>
			24,69,10,678	15,48,50,878
5. CURRENT ASSETS, LOANS AND ADVANCES				
(a) Current Assets, Loans and Advances	4			
Inventories		84,87,665		53,74,573
Sundry Debtors		1,24,17,223		2,10,87,423
Cash and Bank Balances		2,81,77,571		6,99,42,563
Other Current Assets		89,717		5,80,527
Loans and Advances		<u>1,38,94,355</u>		<u>1,45,07,406</u>
		6,30,66,531		11,14,92,492
(b) Less: Current Liabilities and Provisions ...	5			
Liabilities		4,56,70,559		1,73,44,877
Provisions		<u>1,29,27,948</u>		<u>1,82,51,220</u>
		5,85,98,507		3,55,96,097
Net Current Assets.....			<u>44,68,024</u>	<u>7,58,96,395</u>
TOTAL FUNDS UTILISED			<u>25,13,78,702</u>	<u>23,07,47,273</u>
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS				
	8			

As per our Report of even date attached
For **N. KRISHNASWAMY & CO.**
Chartered Accountants

N. KRISHNASWAMY
Partner

Date : 8th June, 2009
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON Director

P K BHATIA Company Secretary

BENARES HOTELS LIMITED
Thirty Eighth Annual Report 2008-09

Profit and Loss Account for the Year Ended 31st March, 2009

	Schedule	Rupees	Previous Year Rupees
INCOME :			
1. Rooms, Restaurants, Banquets and Other Income	6	20,18,77,562	21,68,86,562
EXPENDITURE :			
2. Operating and General Expenses	7	14,17,40,366	13,97,40,769
3. Depreciation.....		<u>1,09,56,143</u>	<u>1,01,92,993</u>
TOTAL EXPENDITURE.....		<u>15,26,96,509</u>	<u>14,99,33,762</u>
PROFIT BEFORE TAX		<u>4,91,81,053</u>	<u>6,69,52,800</u>
4. Less : Provision for Taxes			
- Current Tax		1,56,76,423	2,16,31,024
- Deferred Tax		11,53,298	10,31,176
- Fringe Benefit Tax		<u>1,75,000</u>	<u>2,46,000</u>
		<u>1,70,04,721</u>	<u>2,29,08,200</u>
PROFIT AFTER TAXES		<u>3,21,76,332</u>	<u>4,40,44,600</u>
5. Add : Balance brought forward from Previous Year		<u>6,95,33,002</u>	<u>4,87,39,622</u>
6. AMOUNT AVAILABLE FOR APPROPRIATIONS...		<u><u>10,17,09,334</u></u>	<u><u>9,27,84,222</u></u>
7. APPROPRIATIONS			
(a) Proposed Dividend		1,10,50,000	1,56,00,000
(b) Tax on Dividend.....		18,77,948	26,51,220
(c) Amount transferred to General Reserve		35,00,000	50,00,000
(d) Balance carried forward to next year		<u>8,52,81,386</u>	<u>6,95,33,002</u>
TOTAL		<u><u>10,17,09,334</u></u>	<u><u>9,27,84,222</u></u>
Earnings Per Share (Basic/Diluted) Rupees		<u>24.75</u>	<u>33.88</u>
(Refer Note No. 15 of Schedule 8)			

**ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS**

8

As per our Report of even date attached
For **N. KRISHNASWAMY & CO.**
Chartered Accountants

N. KRISHNASWAMY
Partner

Date : 8th June, 2009
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON Director

P K BHATIA Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Rs.	2008-09	Rs.	2007-08	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before Tax and extraordinary items		4,91,81,053		6,69,52,800	
Adjustments for :					
Depreciation	1,09,56,143		1,01,92,993		
(Profit)/Loss on Sale of Assets	(4,14,684)		—		
Provision for doubtful debts	12,02,663		4,99,168		
(Dividend from Mutual Fund) shown separately	—		(7,34,762)		
(Interest received) shown separately	(32,43,523)	85,00,599	(43,51,163)	56,06,236	
Operating Profit before Working Capital Changes		5,76,81,652		7,25,59,036	
Adjustments for :					
Trade and Other Receivables	1,01,99,035		(78,25,934)		
Inventories	(31,13,092)		25,078		
Trade Payables	2,85,55,429	3,56,41,372	(1,33,36,524)	(2,11,37,380)	
Cash generated from Operations		9,33,23,024		5,14,21,656	
Direct Taxes paid		1,79,69,870		2,35,37,433	
Cash Flow before Extraordinary Items		7,53,53,154		2,78,84,223	
NET CASH FROM OPERATING ACTIVITIES		7,53,53,154		2,78,84,223	
B. CASH FLOW FROM INVESTING ACTIVITIES					
Additions to Fixed Assets	(10,31,43,263)		(1,81,65,557)		
Sale of Fixed Assets	5,42,003		—		
Interest Received	37,34,334		39,89,720		
Dividend Received	—		7,34,762		
Investment in Mutual Fund	—		1,11,49,693		
Deposits with Other Companies	—		—		
NET CASH USED IN INVESTMENT ACTIVITIES		(9,88,66,926)		(22,91,382)	
C. CASH FLOW FROM FINANCING ACTIVITIES					
Dividend + Dividend Tax Paid	(1,82,51,220)		(1,52,09,350)		
NET CASH USED IN FINANCING ACTIVITIES		(1,82,51,220)		(1,52,09,350)	
NET INCREASE IN CASH AND CASH EQUIVALENTS		(4,17,64,992)		1,03,83,491	
CASH AND CASH EQUIVALENTS Opening 1st April		6,99,42,563		5,95,59,072	
CASH AND CASH EQUIVALENTS Closing 31st March		2,81,77,571		6,99,42,563	

As per our Report attached
For **N. KRISHNASWAMY & CO.**
Chartered Accountants

N. KRISHNASWAMY
Partner

Date : 8th June, 2009
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON Director

P K BHATIA Company Secretary

Schedules forming part of the Balance Sheet

SCHEDULE '1' — SHARE CAPITAL

	Rupees	Previous Year Rupees
1. AUTHORISED 15,00,000 Equity Shares of Rs. 10/- each	<u>1,50,00,000</u>	<u>1,50,00,000</u>
2. ISSUED, SUBSCRIBED AND PAID-UP 13,00,000 Equity Shares of Rs. 10/- each	<u>1,30,00,000</u>	<u>1,30,00,000</u>

(Of the above, 1,08,000 Equity Shares of the face value of Rs. 10/- each were issued at par, otherwise than for cash)

Schedules forming part of the Balance Sheet

SCHEDULE '2' — RESERVES AND SURPLUS

	Rupees	Rupees	Previous Year Rupees
1. CAPITAL RESERVE			
Balance as per Last Account		86,250	86,250
2. GENERAL RESERVE			
a) Balance as per Last Account	12,94,21,820		12,44,21,820
b) Add : Transferred from Profit and Loss Account..	<u>35,00,000</u>		<u>50,00,000</u>
Total		13,29,21,820	12,94,21,820
3. PROFIT AND LOSS ACCOUNT.....		8,52,81,386	6,95,33,002
TOTAL		<u>21,82,89,456</u>	<u>19,90,41,072</u>

Schedules forming part of the Balance Sheet

SCHEDULE '3' — FIXED ASSETS

FIXED ASSETS (At Cost)	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	As at 01.04.2008 <i>Rupees</i>	Additions <i>Rupees</i>	Deletions <i>Rupees</i>	As at 31.03.2009 <i>Rupees</i>	For the Year <i>Rupees</i>	Up to 31.03.2009 <i>Rupees</i>	As at 31.03.2009 <i>Rupees</i>
1. Land-Freehold	13,05,473 (13,05,473)	— (—)	— (—)	13,05,473 (13,05,473)	— (—)	— (—)	13,05,473 (13,05,473)
2. Buildings	7,40,96,037 (7,31,21,310)	6,58,69,455 (9,74,728)	9,74,831 (—)	13,89,90,661 (7,40,96,037)	13,35,540 (12,01,015)	1,27,91,828 (1,14,56,288)	12,61,98,834 (6,26,39,749)
3. Plant & Machinery	9,95,97,899 (9,59,77,328)	3,89,53,577 (36,20,572)	22,95,999 (—)	13,62,55,477 (9,95,97,900)	60,36,216 (54,58,529)	5,67,46,670 (5,28,79,134)	7,95,08,808 (4,67,18,766)
4. Furniture, Fixtures & Office Equipment	3,84,88,463 (3,81,86,232)	1,31,54,781 (3,02,231)	— (—)	5,16,43,244 (3,84,88,463)	35,45,062 (34,94,124)	1,61,85,736 (1,26,40,674)	3,54,57,508 (2,58,47,789)
5. Vehicles	7,65,478 (7,65,478)	— (—)	— (—)	7,65,478 (7,65,478)	39,325 (39,325)	5,48,381 (5,09,056)	2,17,097 (2,56,421)
6. Total	21,42,53,351 (20,93,55,820)	11,79,77,813 (48,97,531)	32,70,830 (—)	32,89,60,333 (21,42,53,350)	1,09,56,143 (1,01,92,993)	8,62,72,616 (7,74,85,152)	24,26,87,717 (13,67,68,198)
7. Capital Work in Progress	1,80,82,680 (48,14,654)	42,22,961 (1,32,68,026)	1,80,82,680 (—)	42,22,961 (1,80,82,680)	— (—)	— (—)	42,22,961 (1,80,82,680)
8. Grand Total	23,23,36,030 (21,41,70,476)	12,22,00,774 (1,81,65,557)	2,13,53,510 (—)	33,31,83,294 (23,23,36,031)	1,09,56,143 (1,01,92,993)	8,62,72,616 (7,74,85,152)	24,69,10,678 (15,48,50,878)

Notes :

(1) Depreciation has been calculated on Straight Line Method.

(2) Figures in BRACKETS are for Previous Year.

(3) Addition to the Assets include the following in respect of Nadesar Palace & Spa

Building — 6,32,99,369; Plant & Machinery — 2,82,57,279; Furniture & Fixtures — 1,22,87,651

Schedules forming part of the Balance Sheet

SCHEDULE '4' — CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	Previous Year Rupees
A. CURRENT ASSETS			
1. Inventories			
a) Stores and Operating Supplies.....	45,78,917		33,06,986
b) Food and Beverage (Valued at Cost and Certified by the Management)	<u>39,08,748</u>		<u>20,67,587</u>
		84,87,665	53,74,573
2. Sundry Debtors (Unsecured)			
a) Outstanding for a period exceeding six months Considered Good	18,52,967		38,81,954
Considered Doubtful	<u>37,52,407</u>		<u>25,49,745</u>
	56,05,374		64,31,699
b) Other Debts	<u>1,05,64,256</u>		<u>1,72,05,469</u>
	1,61,69,630		2,36,37,168
c) Less : Provision for doubtful debts	<u>(37,52,407)</u>		<u>(25,49,745)</u>
Total		1,24,17,223	2,10,87,423
3. Cash and Bank Balances			
a) Cash in hand	3,38,918		2,95,702
b) Balance with Scheduled Banks			
(i) In Current and Cash Credit Accounts	1,26,05,999		2,29,87,745
(ii) In Fixed Deposit Account..... [Fixed Deposit Receipts of Rs. 36,610/- (previous year Rs. 36,610/-) pledged with Bank against Bank Guarantee]	<u>1,52,32,654</u>		<u>4,66,59,116</u>
Total		2,81,77,571	6,99,42,563
4. Other Current Assets		89,717	5,80,527
Total Current Assets		<u>4,91,72,176</u>	<u>9,69,85,086</u>
B. LOANS AND ADVANCES (Unsecured and Considered good)			
1. Deposit with Public Bodies and Others		9,93,837	12,74,996
2. Advances recoverable in Cash or in kind or for value to be received		62,13,314	86,63,654
3. Advance payment of Taxes (Net)		66,87,203	45,68,756
Total Loans and Advances		<u>1,38,94,355</u>	<u>1,45,07,406</u>
C. TOTAL CURRENT ASSETS, LOANS & ADVANCES.....		<u>6,30,66,531</u>	<u>11,14,92,492</u>

Schedules forming part of the Balance Sheet

SCHEDULE '5' — CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	Previous Year Rupees
A. CURRENT LIABILITIES			
1. Sundry Creditors			
i) Total outstanding dues to Micro, Small, Medium Enterprises	—		—
ii) Total outstanding dues to creditors other than Micro, Small, Medium Enterprises	<u>4,35,58,452</u>		<u>1,54,18,573</u>
		4,35,58,452	1,54,18,573
2. Deposit from Suppliers		2,37,000	2,43,180
3. Dividend Warrants issued but not encashed		18,75,107	16,83,124
Total Current Liabilities		<u>4,56,70,559</u>	<u>1,73,44,877</u>
B. PROVISIONS			
1. Proposed Dividend	1,10,50,000		1,56,00,000
2. Provision for Tax on Proposed Dividend.....	<u>18,77,948</u>		<u>26,51,220</u>
Total Provisions		1,29,27,948	1,82,51,220
TOTAL CURRENT LIABILITIES AND PROVISIONS		<u>5,85,98,507</u>	<u>3,55,96,097</u>

Schedules forming part of the Profit and Loss Account

SCHEDULE '6' - ROOMS, RESTAURANTS, BANQUETS AND OTHER INCOME

	Rupees	Rupees	Previous Year Rupees
1. ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES			
(Including Sale of Food and Beverages Rs. 8,08,54,041/- Previous Year Rs. 8,84,67,524/-)		19,72,42,258	21,08,84,952
2. OTHER INCOME			
(a) Interest from bank (Tax Deducted at Source Rs. 7,54,197/- Previous Year Rs 9,01,675/-).....	32,43,523		43,51,163
(b) Dividend from Mutual Fund.....	—		7,34,762
(c) Miscellaneous Income	<u>13,91,781</u>		<u>9,15,685</u>
Total		46,35,304	60,01,610
TOTAL INCOME		<u>20,18,77,562</u>	<u>21,68,86,562</u>

BENARES HOTELS LIMITED
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Schedules forming part of the Profit and Loss Account

SCHEDULE '7' — OPERATING AND GENERAL EXPENSES	Rupees	Rupees	Previous Year Rupees
1. OPERATING EXPENSES			
(A) FOOD AND BEVERAGE CONSUMED			
i Opening Stock.....	20,67,587		14,11,945
ii Add : Purchases.....	2,26,59,030		2,33,51,332
Sub Total.....	<u>2,47,26,617</u>		<u>2,47,63,277</u>
iii Less : Closing Stock.....	39,08,749		20,67,587
Total.....		2,08,17,868	<u>2,26,95,690</u>
(B) PAYMENTS AND PROVISIONS FOR EMPLOYEES			
i Salaries, Wages and Bonus.....	1,99,71,797		1,93,92,474
ii Company's Contribution to Provident Fund and Other Funds.....	18,41,278		17,81,594
iii Gratuity.....	29,32,910		7,19,114
iv Workmen and Staff Welfare Expenses	<u>44,87,032</u>		<u>31,79,891</u>
Total.....		2,92,33,017	<u>2,50,73,073</u>
(C) OTHER OPERATING EXPENSES			
i Stores and Supplies	57,41,863		62,66,428
ii Fuel, Power and Light.....	1,97,37,426		1,68,43,506
iii Reimbursement of expenses on personnel deputed to the Company.....	55,37,025		66,84,854
iv Repairs to Building.....	55,54,432		50,52,680
v Repairs to Machinery.....	22,37,489		25,21,363
vi Repairs to Other Assets.....	(5,29,883)		47,428
vii Banquet Expenses.....	25,48,275		23,42,751
viii Linen and Uniform Washing.....	32,93,445		30,74,515
ix Recreational Expenses.....	2,74,681		2,42,160
x Commission to Travel Agents.....	6,85,328		7,84,765
xi Operating Fees.....	1,32,95,587		1,52,10,229
xii Licence Fees.....	<u>17,00,000</u>		<u>17,00,000</u>
Total.....		6,00,75,668	<u>6,07,70,679</u>
Total Operating Expenses		11,01,26,553	<u>10,85,39,441</u>
2. GENERAL EXPENSES			
i Rent, Rates and Taxes.....	35,27,387		42,27,523
ii Insurance.....	7,75,871		11,34,781
iii Advertisement and Publicity.....	67,82,426		57,67,263
iv Printing and Stationery.....	12,20,996		8,62,370
v Passage and Travelling.....	13,18,248		21,02,278
vi Telephones, Telex, Postage and Telegrams.	6,46,403		8,37,463
vii Collecting Agents Commission	19,02,128		17,66,483
viii Garden Expenses.....	14,47,613		14,48,160
ix Donation.....	11,00,000		—
x Corporate Services	20,38,387		21,08,850
xi CRS/CIS Expenses	20,38,387		21,08,850
xii Other Expenses.....	62,31,455		63,29,553
xiii Bad and Doubtful Debts.....	<u>12,02,663</u>		<u>4,99,168</u>
Total General Expenses		3,02,31,963	<u>2,91,92,743</u>
3. DIRECTORS' REMUNERATION		14,60,628	20,08,584
4. Excess provision of Directors Remuneration of prior period reversed.....		(78,778)	—
4. TOTAL (1+2+3)		14,17,40,366	<u>13,97,40,769</u>

Schedules forming part of the Accounts for the year ended 31st March, 2009

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES :

1. ACCOUNTING STANDARDS

The Financial Statements have been prepared on the basis of historical cost convention following the accrual system of accounting.

2. FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation. None of the Assets were revalued during the course of the year.

3. DEPRECIATION

Depreciation on Fixed Assets is provided on the Straight Line method in accordance with the provisions of Section 205(2)(b), at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

4. INVENTORIES

Inventories of Stores, Operating Supplies and Food and Beverages are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.

5. RETIREMENT BENEFITS

(i) Provident Fund : Liability is determined on the basis of contribution as required under the Statute/Rules.

(ii) Gratuity : Liability is determined on the basis of an independent actuarial valuation made at the year end and is fully funded by the Company.

6. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at prevailing rates of exchange in force, at the time the transactions are effected. At the year end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange difference arising on foreign currency transactions are recognized as Income or Expense in the period in which they arise.

7. REVENUE RECOGNITION

Revenue (Income) is recognized when no significant uncertainty as to its determination or realization exists.

8. CONTINGENT LIABILITIES

These, if any, are disclosed in the Notes on Accounts. Provision is made in the Accounts in respect of those contingencies which are likely to materialize into liabilities after the year end, till the approval of the Accounts by the Board of Directors and which have material effect on the position stated in the Balance Sheet.

9. TAXES ON INCOME

Tax expense comprises both current and deferred tax at the applicable enacted rates. Current tax represents the amount of income tax payable/recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

10. LEAVE ENCASHMENT

The liability on account of leave encashment is determined on the basis of independent actuarial valuation made at the year end.

BENARES HOTELS LIMITED
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Schedules forming part of the Accounts for the year ended 31st March, 2009

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
B. NOTES ON ACCOUNTS		
1. Contingent Liability not provided for :		
a) Claims against the Company in respect of arrears of electricity charges not acknowledged as debts.....	3,45,323	3,45,323
b) Income Tax matters in dispute : The Department had partially disallowed the claim of the Company u/s 80HHD, in respect of the Assessment Year 1990-91, on the ground that the Income from Rooms does not constitute 'Services', but is covered under the ambit of 'Rent' and therefore not eligible for deduction under the said section. The Company has been advised legally that no provision for such demand is necessary in the books of account. On an appeal filed by the Company against the assessment made for the AY 1990-91, the CIT(A) and ITAT had upheld the views of the Company. However, the Department has moved the High Court against the Order of the ITAT. To the knowledge of the Company the Department has referred the matter to the High Court for the various assessment years up to 2004-05, except for the years for which no scrutiny was undertaken. The total tax demand under dispute up to the assessment years 2006-07 is Rs. 3,49,64,324/-which has been contested by the Company in Appeal. Assessments for the AY 2007-08 and AY 2008-09 are pending.		
c) On account of dispute in respect of : UP Trade Tax	10,69,834	10,69,834
d) Commitments on Capital Account not provided for	1,70,02,245	5,32,97,842
2. Value of Raw Materials		
a) Food and Beverage consumed		
(i) Imported	—	—
(ii) Indigenous.....	2,08,17,868	2,26,95,690
b) Stores and Supplies		
(i) Imported	—	—
(ii) Indigenous	57,41,863	62,66,428
3. Value of Imports (CIF) Capital Items	58,00,883	6,41,074
4. Expenditure in Foreign Currency	73,379	30,513

Schedules forming part of the Accounts for the year ended 31st March, 2009

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
5. Earnings in Foreign Exchange :		
As reported by the Company to the Department of Tourism and Certified by the Management and verified by the Auditors	10,09,45,812	12,53,36,728
6. Exchange difference included in Other Income for the year under review is		
a) Exchange Gain	14,943	8,341
b) Exchange Loss	—	8,004
7. Remuneration to Auditors :		
(I) Statutory Auditors		
a) As Audit Fees	1,50,000	1,50,000
b) For Tax Audit	45,000	30,000
c) For other matters (Certificates etc.)	5,000	30,185
d) Service Tax	20,693	—
(II) Internal Auditors		
a) As Audit Fees	1,36,000	1,36,000
8. Managerial Remuneration		
Computation of Net Profit as per Section 349, read with Sections 198 and 309(5) of the Companies Act, 1956.		
a) Profit before tax as per Profit and Loss Account	4,91,81,053	6,69,52,800
b) Add: Depreciation debited in Accounts	1,09,56,143	1,01,92,993
Loss on Sale of Assets	—	—
c) Less: Depreciation	1,09,56,143	1,01,92,993
Profit on Sale of Assets	4,14,684	—
d) Directors' Remuneration (Commission)	14,60,628	20,08,584
e) Excess provision of Directors Remuneration of prior period reversed	(78,778)	—
f) Commission to Directors @ 3% on Rs. 4,86,87,592/- ..	14,60,628	20,08,584
9. (a) There is no interest paid/payable during the year by the Company to the Suppliers covered under Micro, Small, Medium Enterprises Development Act, 2006		
(b) The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose		

BENARES HOTELS LIMITED
Thirty Eighth Annual Report 2008-09

Schedules forming part of the Accounts for the year ended 31st March, 2009

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
10. Expenditure on account of the undermentioned accounts are after adjusting recoveries from the third parties as under :		
i) Food and Beverage consumed.....	47,614	70,203
ii) Fuel, Power and Light.....	7,79,696	4,79,812
iii) Electrical Repairs.....	14,21,258	12,92,346
iv) Repairs to Building.....	3,41,601	3,10,521
v) Repairs to Machinery.....	3,41,601	3,10,521
vi) Repairs to Other Assets.....	1,09,756	99,785
vii) Rents, Rates and Taxes.....	53,015	46,773
viii) Other Expenses.....	28,350	28,794
11. As the turnover of the Company is in respect of Food and Beverages, it is not possible to give quantity-wise details of the turnover. Vide order No. 46/25/2008-CL-III dated 14th May, 2008 issued by the Ministry of Corporate Affairs, the Company has been exempted from giving these particulars for the year 2008-09 subject to certain disclosures.		
12. a) Income from Rooms, Restaurants & Other Services includes:		
i) Income from Sale of Wine, Beer & Spirits	1,22,52,267	1,49,42,299
ii) Income from Telephone and Telex	2,30,615	3,73,836
b) Food and Beverages (excluding Wine and Liquor) and Smokes consumed		
i) Opening Stock	6,84,198	6,98,718
ii) Add : Purchase	1,80,52,458	1,91,28,978
iii) Less : Closing Stock	13,03,142	6,84,198
iv) Consumption	<u>1,74,33,514</u>	<u>1,91,43,498</u>
c) Food and Beverage consumed includes Wine and Liquor as follows :		
i) Opening Stock	13,83,389	7,13,227
ii) Add : Purchase	46,06,572	42,22,354
iii) Less : Closing Stock	26,05,607	13,83,389
iv) Consumption	<u>33,84,354</u>	<u>35,52,192</u>
13. The Company's business consists of its hotel operations only and hence no separate information for segment-wise disclosures under Accounting Standard on 'Segment Reporting'(AS-17), issued by the Institute of Chartered Accountants of India, is given.		

Schedules forming part of the Accounts for the year ended 31st March, 2009

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

14. a) Details of transactions with related parties during the year :

i) Nature of Transactions	Promoter Company with significant influence	Associate Company	Key Management Personnel	Total (Rupees)
Receiving of Services	1,07,73,156 (98,35,684)	— —	— —	1,07,73,156 (98,35,684)
Consultancy Services received	1,32,95,587 (1,52,10,229)	— —	— —	1,32,95,587 (1,52,10,229)
Deputed Personnel Expenses	55,37,025 (66,84,854)	— —	— —	55,37,025 (66,84,854)

Note : Figures in brackets are for the previous year.

- ii) The Company entered into a licence agreement on a revenue sharing basis with the Owners of the Nadesar Palace in Varanasi and the land on which the Palace is situate. The property licensed to the Company is owned by Dr. Anant Narain Singh and by two private limited companies and a Trust in which Dr. Anant Narain Singh is a director and a trustee respectively. An amount of Rs. 17.00 lacs per annum or 3% of the Gross Revenue from that property whichever is higher is payable in quarterly instalments as per the terms of the agreement. Said property has come into operation from 1st February 2009.

b) Names of related parties and description of relationship :

Name	Nature of Relationship	Balance receivable as at 31st March, 2009	Balance receivable as at 31st March, 2008
		(Rupees)	(Rupees)
The Indian Hotels Company Limited	Associate of The Indian Hotels Company Limited.	(54,60,786)	29,20,352

- c) There is no provision for doubtful debts or amounts written off or written back during the year for debts due from or to related parties.

Schedules forming part of the Accounts for the year ended 31st March, 2009

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
15. Earning per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year as under :-		
Profit after tax	3,21,76,332	4,40,44,600
Weighted average number of equity shares outstanding during the year (nos.).....	13,00,000	13,00,000
Earnings per share (basic/diluted).....	24.75	33.88
Nominal value per share.....	10.00	10.00
16. Components of deferred tax asset and (liabilities) as under:		
Depreciation	(1,91,91,910)	(1,76,86,176)
Deferred Revenue Expenditure	—	—
Provision for Doubtful Debts	12,75,443	8,66,658
Provision for Leave Encashment	3,54,461	4,10,810
TOTAL	<u>(1,75,62,006)</u>	<u>(1,64,08,708)</u>
17. Previous Year's figures have been regrouped wherever necessary to conform to the current year's presentation.		

Schedules forming part of the Accounts for the year ended 31st March, 2009

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

18. INFORMATION PURSUANT TO PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No. :	3480	State Code :	20
Balance Sheet Date :	31.03.2009		

2. Capital Raised During the Year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	2,51,379	Total Assets	2,51,379
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Sources of Funds

Paid-up Capital	13,000	Reserves & Surplus	2,18,289
Secured Loans	Nil	Unsecured Loans*	2,527
Deferred Tax Liability	17,562		

Application of Funds

Net Fixed Assets	2,46,911	Investments	—
Net Current Assets	4,468	Misc. Expenditure	—
Accumulated Losses	—		

* (Includes Security Deposits of Rs. 2,527 thousand)

4. Performance of Company (Amount in Rs. Thousands)

Turnover	2,01,878	Total Expenditure	1,52,697
Profit before Tax	49,181	Profit after Tax	32,176
Earnings per share in Rs.	24.75	Dividend %	85%

5. Generic name of Principal Product/Services of the Company (As per Monetary Terms)

Item Code No. (ITC Code)	—	Services Description	Hoteliering and Catering
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Signatures to Schedules 1 to 8

As per our Report attached
For **N. KRISHNASWAMY & CO.**
Chartered Accountants

N. KRISHNASWAMY
Partner

Date : 8th June 2009
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH · Chairman

RAYMOND N BICKSON Director

P K BHATIA Company Secretary

FINANCIAL STATISTICS

(Rs./Lacs)

YEAR	CAPITAL ACCOUNTS									REVENUE ACCOUNTS											
	Capital	Reserves & Surplus	Borrowing	Deferred Taxes	Fixed Assets		Investments	Net Current Assets	Misc Expenses	Gross Revenue	Expenditure (Including Interest)	Depreciation	Profit before Extraord. Items & Taxes	Taxes	Adjustments	Profit After Taxes	Adjustments	Net Transfer to Reserves	Dividend	Tax on Dividend	Rate of Dividend %
					Gross Block	Net Block															
1989-90	130.00	28.54	223.51		354.89	233.57	—	148.48	—	293.01	222.09	18.93	51.99	3.10	—	48.89	—	38.49	10.40		8%
1990-91	130.00	44.85	218.63		502.44	363.19	—	30.29	—	285.11	237.94	20.47	26.70	—	—	26.70	—	16.30	10.40		8%
1991-92	130.00	125.83	181.95		528.47	360.75	—	77.03	—	421.79	286.34	28.46	106.99	—	—	106.99	—	80.99	26.00		20%
1992-93	130.00	181.24	145.70		572.99	375.23	—	81.71	—	421.09	309.84	30.52	80.73	(0.67)	—	81.40	—	55.40	26.00		20%
1993-94	130.00	231.84	101.98		617.92	389.34	—	74.48	—	462.66	343.17	32.89	86.60	10.00	—	76.60	—	50.60	26.00		20%
1994-95	130.00	284.46	79.46		639.16	377.10	—	116.82	—	516.45	382.22	34.11	100.12	8.50	—	91.62	—	52.62	39.00		30%
1995-96	130.00	427.78	48.94		689.27	390.25	—	216.47	—	755.19	498.42	36.95	219.82	18.00	—	201.82	—	143.34	58.50		45%
1996-97	130.00	616.01	9.88		740.91	487.35	—	268.54	—	904.31	595.56	33.73	275.02	35.50	—	239.52	34.51	188.23	78.00	7.80	60%
1997-98	130.00	781.67	9.74		785.85	498.88	—	422.53	—	985.31	668.39	35.96	280.96	29.50	—	251.46	—	165.66	78.00	7.80	60%
1998-99	130.00	981.38	9.74		985.85	661.34	—	459.78	—	1,083.29	716.74	46.65	319.89	33.60	—	286.29	—	199.71	78.00	8.58	60%
1999-00	130.00	1,161.94	9.74		1,032.95	661.53	—	640.16	—	1,105.09	736.19	48.19	320.70	37.71	+5.79	288.78	—	180.56	97.50	10.73	75%
2000-01	130.00	1,313.88	12.97		1,123.18	706.71	—	691.59	58.54	1,252.47	865.18	47.09	340.20	54.00	(5.32)	280.88	—	151.94	117.00	11.93	90%
2001-02	130.00	1,106.06	12.97	141.16	1,282.28	812.41	—	577.78	—	936.29	776.22	55.17	104.90	32.50	—	72.40	—	(25.10)	97.50	—	75%
2002-03	130.00	1,124.68	12.97	145.08	1,411.13	876.48	—	536.25	—	1,104.34	857.04	64.77	182.54	53.92	—	128.62	—	18.62	97.50	12.49	75%
2003-04	130.00	1,188.07	12.97	152.81	1,530.16	929.83	—	554.02	—	1,298.42	957.70	67.29	273.44	92.73	—	180.71	—	63.39	104.00	13.33	80%
2004-05	130.00	1,334.76	14.26	145.75	1,518.08	919.67	100.45	604.65	—	1,532.17	1,046.88	72.16	413.13	140.44	—	272.69	—	146.69	110.50	15.50	85%
2005-06	130.00	1,497.84	14.26	146.71	1,759.20	1,112.36	105.19	571.26	—	1,574.94	1,071.05	67.56	436.33	147.25	—	289.08	—	163.08	110.50	15.50	85%
2006-07	130.00	1,732.48	22.97	153.78	2,141.70	1,468.78	111.50	458.95	—	1,943.33	1,269.77	86.66	586.90	200.17	—	386.73	—	234.64	130.00	22.09	100%
2007-08	130.00	1,990.41	22.97	164.09	2,323.36	1,548.51	—	758.96	—	2,168.87	1,397.41	101.93	669.52	229.08	—	440.45	—	257.93	156.00	26.51	120%
2008-09	130.00	2,182.89	25.27	175.62	3,331.83	2,469.11	—	44.68	—	2,018.78	1,417.40	109.56	491.81	170.05	—	321.76	—	192.48	110.50	18.77	85%

BENARES HOTELS LIMITED

Registered Office : Nadesar Palace Compound, Varanasi 221 002-U.P.

Attendance Slip

[Empty box for recording presence]

I hereby record my presence at the THIRTY EIGHTH ANNUAL GENERAL MEETING of the Company at the Registered Office of the Company at Nadesar Palace Compound, Varanasi 221 002 on Thursday, 27th August, 2009 at 3.30 P.M.

SIGNATURE OF THE SHAREHOLDER OR PROXY

Notes :

- (1) Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.
- (2) Shareholder/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.
- (3) Shareholders are requested to advise the change in the address, if any, indicating their Folio No. to the Company or to the Registrar and Share Transfer Agent of the Company.

BENARES HOTELS LIMITED

Registered Office : Nadesar Palace Compound, Varanasi 221 002, U.P.

Proxy

I/We _____

of _____

being a Member/Members of BENARES HOTELS LIMITED hereby appoint _____

_____ of _____

_____ or failing him

_____ of

_____ as my/our

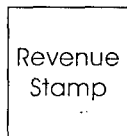
Proxy to vote for me/us and on my/our behalf at the Thirty Eighth Annual General Meeting of the Company to be held on Thursday, 27th August, 2009 at 3.30 P.M. and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Folio No.: _____

No. of Shares: _____

Signature



Note : The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting.



Varuna Restaurant

