



66th Annual Report 2008-2009

BEST EASTERN HOTELS LIMITED





The Mini Train



The Rainforest



The Ascot Pool



The Ascot Soul Club



Badminton Court

BOARD OF DIRECTORS

Vinaychand Kothari
Chairman & Managing Director

Dilip V. Kothari
Joint Managing Director

Dr. Ramnik K. Baxi
Mangal S. Chheda
Manohar R. Tambat

AUDITORS
M/s. D. C. SURANA & ASSOCIATES
Chartered Accountants

COMPANY LAW CONSULTANT
M/s. N. BAFNA & CO.
Company Secretaries

BANKERS
UNION BANK OF INDIA
HDFC BANK
HSBC BANK

REGISTRARS & TRANSFER AGENT
Sharex Dynamic (India) Pvt. Ltd.,
Unit – 1, Luthra Ind. Premises, Safed Pool,
Andheri – Kurla Road, Andheri (E),
Mumbai – 400 072
Tel – 2851 5606 Fax – 2851 2885

REGISTERED OFFICE :
401, Chartered House,
293/299, Dr. C. H. Street,
MUMBAI – 400 002.
Tel.: 91 22 2207 8292
Fax: 91 22 2206 1324
Email: booking@ushaascot.com

HOTEL SITE :
USHA ASCOT
M. G. Road,
Matheran, Dist. Raigad.
Tel.: 91 2148 230360
Fax: 91 2148 230213
Web site: www.ushaascot.com

-: NOTICE :-

NOTICE is hereby given that the 66th Annual General Meeting of the members of the Best Eastern Hotels Ltd. will be held on Thursday 10th September 2009 at 1st Floor, Maheshwari Bhavan, 603, J. S. S. Road, Chira Bazar, Mumbai – 400 002 at 4.30 p.m. to transact the following businesses:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To confirm & take on record Interim Dividend paid on Redeemable Preference Shares and Equity Shares.
3. To appoint Director in place of Dr. Ramnik K. Baxi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. Mangal S. Chheda, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the company and fix their remuneration.
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

“RESOLVED AS SPECIAL RESOLUTION THAT pursuant to section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII of the said Act, the approval of the Company be and is hereby accorded for the re-appointment of Mr. Vinaychand Kothari as a Managing Directors for the further period of five years w.e.f. 1st June, 2009 on the terms and conditions as set out herein below as to remuneration.

- 1) Remuneration : In the scale of Rs. 1,00,000-10,000-1,50,000 per month with a annual increments 1st time on 1st April, 2010 and thereafter effective from April, 1st each financial year commencing from April 1st 2010.
- 2) The Managing Director will also be eligible for following perquisites, benefits and facilities.
 - i) Medical Reimbursement : Expenses incurred by and / or his family subject to a ceiling of one month's salary per year or three months salary over a period of three years.
 - ii) Leave Travel Concession: Leave travel concession for him and his family, once in a year incurred in accordance with the Rules of the Company.
 - iii) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
 - iv) Personal Accident Insurance : Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 10,000/-.
 - v) Contribution to Provident Fund, Superannuation fund or Annuity Fund as per the rules of the Company from time to time which will not be included in the computation of the ceiling to the extent these either singly or put together are not taxable under the Income Tax Act.
 - vi) Gratuity : Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
 - vii) Leave Encashment : As per the Rules and regulations of the Company, Encashment of unutilised leave at the end of the tenure or termination of employment shall be permitted.
 - viii) The Company shall provide a car with a driver and telephone at the residence of Mr. Vinaychand Kothari. Provision of car for use in company's business and telephone at residence will not be considered as perquisites.
- ix) **OTHER BENEFITS**
 - i) Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.
 - ii) Such other benefits and amenities as may be provided by the company to other senior officers from time to time.
- x) Notwithstanding absence or inadequacy of profits in any financial year during the currency of their tenure of appointment, shall be paid above remuneration as a minimum remuneration.

3) Commission:

Such remuneration by way of commission, in addition to the salary and perquisites and allowances, payable calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors (which includes any committee thereof) in its absolute discretion deem fit, for each Corporate Financial Year, provided that the total remuneration including salary, perquisites and commission shall not exceed the overall ceilings prescribed under Section 198 and 309 of the Companies Act, 1956.

- 4) He shall be entitled to all amounts incurred by them in the course of Company's business including entertainment and travel for and on behalf of the Company commensurate with their position.
- 5) Either party shall be entitled to terminate the services by giving not less than three months notice in writing.
- 6) He during the tenure of his employment or at any time thereafter not to divulge or disclose to any person or make use of any confidential information or knowledge obtained by them during his employment as to the business or affairs or methods of or as to any trade secrets or secret information of the Company or of any subsidiary, associate or affiliated Company.
- 7) He shall not be engaged or interested directly or indirectly in any undertaking or business of a nature similar to or competitive to the Company's business or any manner conflicting with the Company's interest.
- 8) The employment of the appointee shall forthwith terminated if he shall be become an insolvent or make any composition or arrangement with his creditors or shall cease to be the Managing Director.
- 9) So long as he function as the Managing Director shall not be paid any sitting fees for attending the meeting of the Board or committees thereof.
- 10) Mr. Vinaychand Kothari to be entrusted with the Management and control of the whole of the affairs of the Company subject to superintendent, control and direction of the Board, the relevant provisions of the Act, and Memorandum and Articles of Association of the Company.
- 11) He shall devote his whole time and attention to the business of the Company and shall use his best endeavor to promote its interest and welfare.

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

"RESOLVED AS SPECIAL RESOLUTION THAT pursuant to section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII of the said Act, the approval of the Company be and is hereby accorded for the re-appointment of Mr. Dilip V. Kothari be and is hereby reappointed as a Jt. Managing Directors for the further period of five years w.e.f. 1st June, 2009 on the terms and conditions as set out herein below as to remuneration.

- 1) Remuneration : In the scale of Rs. 90,000-10,000-1,40,000 per month with a annual increments 1st time on 1st April, 2010 and thereafter effective from April, 1st each financial year commencing from April 1st 2010.
- 2) Jt. Managing Director will also be eligible for following perquisites, benefits and facilities.
 - i) Medical Reimbursement : Expenses incurred by and / or his family subject to a ceiling of one month's salary per year or three months salary over a period of three years.
 - ii) Leave Travel Concession: Leave travel concession for him and his family, once in a year incurred in accordance with the Rules of the Company.
 - iii) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
 - iv) Personal Accident Insurance : Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 10,000/-
 - v) Contribution to Provident Fund, Superannuation fund or Annuity Fund as per the rules of the Company from time to time which will not be included in the computation of the ceiling to the extent these either singly or put together are not taxable under the Income Tax Act.
 - vi) Gratuity : Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
 - vii) Leave Encashment : As per the Rules and regulations of the Company, Encashment of unutilised leave at the end of the tenure or termination of employment shall be permitted.
 - viii) The Company shall provide a car with a driver and telephone at the residence of Mr. Dilip V. Kothari. Provision of car for use in company's business and telephone at residence will not be considered as perquisites.

ix) OTHER BENEFITS

- i) Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.
 - ii) Such other benefits and amenities as may be provided by the company to other senior officers from time to time.
- x) Notwithstanding absence or inadequacy of profits in any financial year during the currency of their tenure of appointment, shall be paid above remuneration as a minimum remuneration.

3) Commission:

Such remuneration by way of commission, in addition to the salary and perquisites and allowances, payable calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors (which includes any committee thereof) in its absolute discretion deem fit, for each Corporate Financial Year, provided that the total remuneration including salary, perquisites and commission shall not exceed the overall ceilings prescribed under Section 198 and 309 of the Companies Act, 1956.

- 4) He shall be entitled to all amounts incurred by them in the course of Company's business including entertainment and travel for and on behalf of the Company commensurate with their position.
- 5) Either party shall be entitled to terminate the services by giving not less than three months notice in writing.
- 6) He during the tenure of his employment or at any time thereafter not to divulge or disclose to any person or make use of any confidential information or knowledge obtained by them during his employment as to the business or affairs or methods of or as to any trade secrets or secret information of the Company or of any subsidiary, associate or affiliated Company.
- 7) He shall not be engaged or interested directly or indirectly in any undertaking or business of a nature similar to or competitive to the Company's business or any manner conflicting with the Company's interest.
- 8) The employment of the appointee shall forthwith terminated if he shall be become an insolvent or make any composition or arrangement with his creditors or shall cease to be the Jt. Managing Director.
- 9) So long as he function as the Jt. Managing Director shall not be paid any sitting fees for attending the meeting of the Board or committees thereof.
- 10) Mr. Dilip Kothari will look after the Marketing and Finance part of the company under the control of Managing Director and subject to superintendent, control and direction of the Board, the relevant provisions of the Act, and Memorandum and Articles of Association of the Company.
- 11) He shall devote his whole time and attention to the business of the Company and shall use his best endeavor to promote its interest and welfare.

By order of the Board

Dilip V. Kothari
Joint Managing Director

Mumbai, 31st July, 2009.

Registered Office :
401, Chartered House,
293/299, Dr. C.H. Street,
Mumbai – 400 002.

-: NOTES :-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE THE MEMBER OF THE COMPANY.** Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the registered office of the company not less than 48 hours before the commencement of the Meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 6 & 7.
3. The Register of Members and Share Transfer Books will remain closed from Tuesday 8th September 2009 to Thursday 10th September 2009 (Both days inclusive).

4. Members are requested to notify immediately any change in their address, if any, to Company's Registrar and Share Transfer Agents.
5. As per the provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer Agents of the Company.
6. **Unclaimed Dividends:** Dividends remaining unclaimed for 7 years from the date of disbursement will be transferred as per section 205 C of the Companies Act, 1956 to the Investors Education and Protection Fund of the Central Govt. (IEPF). As no claim shall lie against either the company or the IEPF after a period of 7 years from the date of disbursement, shareholders who have not yet encashed their dividend warrants are urged to contact the Registered office of the company for revalidation and encash them before the due date for transfer to the IEPF as mentioned below.

Sr. No.	Dividend for F.Y.	Disbursed on	Due Date for Transfer to IEPF
1	2003-2004	25/09/2004	24/09/2011
2	2004-2005	27/09/2005	26/09/2012
3	2005-2006	08/09/2006	07/09/2013
4	2006-2007	20/03/2007	19/03/2014
5	2007-2008	18/03/2008	17/03/2015
6	2008-2009	16/03/2009	15/03/2016

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :**Item No. 6 & 7.**

The appointment of Shri Vinaychand Kothari and Shri Dilip V. Kothari as Managing Director and Joint Managing Director has been expired on 31st May, 2009. The board of Directors at their meeting held on 30th May, 2009 re-appointed Shri Vinaychand Kothari and Shri Dilip V. Kothari as Managing Director and Joint Managing Director respectively subject to requisite approvals and in accordance with the recommendations of the Remuneration Committee, approved the appointment and remuneration payable to Shri Vinaychand Kothari and Shri Dilip V. Kothari for further period of 5 years w.e.f. 1st June, 2009 on the terms and conditions as set out in the resolution and the same is within the limit prescribed by Schedule XIII of the Act.

Shri Vinaychand Kothari and Shri Dilip V. Kothari having wide and varied business experience in the hotel industry. The Company has made a tremendous progress under their able management and came on a dividend list. The Board is of the opinion that their appointment is in the interest of the Company and the remuneration as proposed is in accordance with market trends and industry standards.

This may also be considered as an abstract of terms of their appointment and remuneration, as contemplated under Section 302 of the Companies Act, 1956. The Company is not entering in to any formal agreement with the appointees.

Shri Vinaychand Kothari, Shri Dilip V. Kothari being relative of each other may be deemed concern or interested in the resolution.

The appointment is subject to approval of the members of the Company by way of Special Resolution and therefore the approval of members is sought.

Your Directors recommends all the resolutions.

By order of the Board

Dilip V. Kothari
Joint Managing Director

Mumbai, 31st July, 2009.

Registered Office :
401, Chartered House,
293/299, Dr. C.H. Street,
Mumbai – 400 002.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Sixty Sixth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS :

Particulars	Rupees in 000's	
	Year Ended 31.03.2009	Year Ended 31.03.2008
Revenue	42,836	40,663
Profit before Taxation	8,135	9,474
Less : Provision for Tax		
Current Tax	2,690	2,960
Fringe Benefit Tax	42	31
Deferred Tax	(588)	(28)
Excess/(Short) Provision for Tax-Earlier Years	(713)	686
Profit after Tax for the year	6,704	5,825
Add : Brought forward profit	6,398	6,246
Profit available for appropriation	13,102	12,071
Transfer To General Reserve	460	440
Dividend : On Preference Shares	1,440	1,440
On Equity Shares	2,528	3,033
Dividend Tax on dividend	674	760
Balance carried over to Balance Sheet	8,000	6,398

Operating Results:

The overall performance of the company showed an improvement as compared to the previous year with revenues growing by 5% irrespective of the major slow down in the tourism / hotel industry. The total revenue of the Company for the year ended 31st March, 2009 was stood at Rs. 428.36 lacs (previous year Rs. 406.63 lacs). However the profit before tax is Rs. 81.35 lacs (previous year Rs. 94.74 lacs). This was mainly due to additional VAT liabilities of Rs. 17.52 lacs assessed under Business Audit and increase in power & fuel cost by more than 30% due to changes in tariff structure. And the profit after tax is stood at Rs. 67.04 lacs (previous year Rs. 58.25 lacs) due to the reversal of excess provision of Tax for the earlier years.

Dividend on Equity and Preference Shares:

Your Directors had paid a interim dividend of Rs. 1.50/- (15%) per equity share of Rs. 10/- each & Rs. 1.20/- (12%) on Preference Shares of Rs. 10/- each for the year ended 31st March, 2009 and considering the working of the company during the year, your Directors do not recommend any final dividend. The same is to be treated as final dividend and to be taken on record at the ensuing Annual General Meeting. The total amount of dividend outgo was Rs. 46.42 Lacs including dividend tax (previous year dividend outgo Rs. 52.33 lacs including dividend tax).

Fixed Deposit:

The Company has neither invited nor accepted any deposits from Public within the meaning of Section 58A & 58AA of the Companies Act, 1956.

Directors:

Dr. Ramnik K. Baxi & Mr. Mangal S. Chheda retires by rotation and being eligible offer themselves for re-appointment.

Directors Responsibility Statement:

Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii. 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 profit of the Company for that period.
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. The Directors had prepared the annual accounts on a going concern basis.

Auditors:

The retiring Auditors M/s. D. C. Surana & Associates, Chartered Accountants, being eligible offer themselves for reappointment.

Auditors Report:

The comments made in Auditors Report read with notes on accounts are self-explanatory and therefore, in the opinion of the Directors, do not call for any further explanation.

Listing:

The Equity Shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai. It may be noted that there are no payment outstanding to the said Exchange by way of listing fees etc.

Secretarial Compliance Report:

A Secretarial Compliance Report Pursuant to the proviso to sub section (1) of Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001 as amended are annexed hereto forming part of the Directors' Report.

Particulars of Employees:

The provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended are not applicable to your company since none of the employee employed on a remuneration of Rs. 2,00,000/- p.m. or Rs. 24,00,000/- p. a.

Energy Conservation, Technology Transfer and Foreign Exchange Earnings and Out Go:

The information as required under Section 217 (1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is furnished hereunder:

- a) **Conservation of Energy:** The Company has always given high priority to energy conservation. Constant efforts have been made to reduce energy consumption on continuous basis. Employee awareness and effective monitoring of uses of energy are being pursued. The Company is also examining the use of alternative source of energy. It had already implemented Hot Water System at the hotel site and converting normal lighting to PL/CFL lighting to save fuel and electricity consumption to the considerable extent.
- b) **Technology Absorption:** The company being in the hospitality industry, its activities do not as such involve any technology absorption or expenditure on research and development. Nonetheless, the Company's endeavors would be to achieve what is best possible in its business.

- c) **Foreign Exchange Earnings & Out go:** Rs. 5.10 Lacs being realization under credit cards (Previous year Rs. 3.66 Lacs). Out go Rs. 0.29 Lacs (Previous year Rs. Nil).

Corporate Governance:

Provision of Clause 49 of Listing Agreement in respect of Corporate Governance is not applicable to your Company.

Acknowledgements:

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from Shareholders, Bankers, Central & State Government, Local Authorities and all other authorities during the year under review. Your Directors also like to thanks to its customers, contractors and suppliers for their continuous support and confidence in its management.

Your Directors would like to appreciate the efforts of the Company's employees for their continued support extended to the company.

For and on behalf of the board,
Vinaychand Kothari

Chairman

Mumbai, 31st July, 2009

NANDLAL BAFNA

B. COM., LL.B., FCS

N. BAFNA & Co.

COMPANY SECRETARIES

C-47, Niranjan, Gandhi Chowk, Next to Reti Bhavan, M. G. Road, Dombivli (West)-421 202

Tel. No. (0251)-2484763 / 2482948 Mobile 9821345670

E-mail: nbafna@yahoo.co.in/nbafna@gmail.com

SECRETARIAL COMPLIANCE REPORT

Company No. **11-40199**

Authorised Capital Rs. **6,00,00,000/-**

To,

The Members.

M/s. Best Eastern Hotels Ltd.

401, Chartered House,
293/299 Dr. C. H. Street,

MUMBAI -400 002

We have examined the registers, records, books and papers of M/s. **BEST EASTERN HOTELS LTD.** as required to be maintained under the Companies, Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March 2009** (Financial year). In our opinion and to the best of our information and according to the examination carried out by us and explanation 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 of the Act and the rules made there under 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 there under.
3. The Company being a limited company has the minimum prescribed paid up capital.
4. The Board of Directors duly met **8** times respectively on 30-04-2008, 31-07-2008, 05-08-2008, 25-09-2008, 24-10-2008, 31-01-2009, 09-03-2009 and 16-03-2009 in respect of which meeting proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The company has closed its Register of Members and Transfer Register from 08th September 2008 to 10th September 2008 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March 2008 was held on 10-09-2008 after giving due notice to the members of the company and the resolutions passed thereat duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting(s) was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to U/s. 295 of the Act.
9. The Company has not entered into any contracts falling under section 297 of the Act during the relevant period.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act during the relevant period.

11. As there were no instances falling within the purview of section 314 of the Act, during the relevant period of this report, the company has not obtained any approvals from the Board of Directors, members or Central Government as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company has:
 - i) There was no allotment/ transfer or transmission of securities during the relevant period of report.
 - ii) Deposited the amount of dividend declared in a separate Bank Account on 14-03-2009 which is within 5 days from the date of declaration of such dividend.
 - iii) The company has paid/posted warrants for dividends to all the members within period of 30 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., Nariman Point, Mumbai for the dividend declared in March 2008 for year 07-08.
 - iv) The amount of outstanding unpaid dividend is not due for transfer to Investor Education Fund. There were no application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid. Therefore transfer of said amount to investor Education Fund does not arise.
 - v) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional / alternate directors and directors to fill casual vacancy during the financial year.
15. During the relevant period of this report, the Company has not appointed any Managing Director / whole time Director.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Directors, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
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 there under.
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. There was no redemption of preference shares of debentures during the financial 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.
23. The Company has not invited / accepted any deposits within the purview of section 58 A during the relevant period of the report.
24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year ended 31st March 2009 are within borrowing limits of the company.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made 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.
27. The Company has not altered the provisions of the memorandum with respect to the name of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to object 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 its articles of association during the financial year.
31. There was/were no prosecution initiated against or show cause notices received by 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 employees and employers contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For N. Bafna & Co.
Company Secretaries

Place: Mumbai
Date: 31st July 2009

(Nandlal B. Bafna)
Proprietor
C. P. No. 1154.

ANNEXURE 'A'

Registers as maintained by the Company

- 1) Register of Members U/s. 150.
- 2) Register of Directors U/s.303.
- 3) Register of Transfer U/s. 108
- 4) Register of Directors' shareholding U/s. 307.
- 5) Register of Contracts U/s. 301.
- 6) Register of Disclosers U/s.299.
- 7) Minute Book of Board Meetings.
- 8) Minute Book of General Meetings.
- 9) Register of Charge u/s. 125
- 10) Directors attendance Register.
- 11) Shareholders attendance Register

ANNEXURE 'B'

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

1. Annual Accounts in Form No. 23AC and 23ACA for the financial year ended 31st March 2008 filed U/s. 220
2. Annual return made up to 10-9-2008 filed in form No. 20B U/s. 159
3. Form No. 23B without fee

AUDITORS' REPORT

**TO
THE MEMBERS OF
BEST EASTERN HOTELS LIMITED**

1. We have audited the attached Balance Sheet of **BEST EASTERN HOTELS LIMITED** (hereinafter called as 'the Company'), as at 31st March 2009, the Profit and Loss Account of the Company 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 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 misstatements. 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 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 as amended, 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 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 our audit;
 - (ii) 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;
 - (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, the Profit and Loss Account and the 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 31 March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 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 read together with the significant accounting policies and Notes to Accounts in the schedule 17 and elsewhere in the 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 31 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 the cash flows for the year ended on that date.

**For D.C. SURANA & ASSOCIATES.
Chartered Accountants**

**Place:- Mumbai,
Dated:- 31st July 2009**

**D.C.Surana
(Proprietor)
Membership No. 100-34074**

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.
 - b. We have been informed that the fixed assets have been physically verified by the management during the year and that no material discrepancies were noticed on such verification.
 - c. During the year, the Company has not disposed off any substantial / major part of fixed assets.
- II.
 - a. As explain to us, 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 were 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.
 - a. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - b. Since the company has not granted any loans to the parties under section 301 of the act, hence the question of interest and other conditions does not arise.
 - c. The company has taken unsecured loan of Rs. 10,184,681/- (year end balance) from eight parties, covered in the register maintained under section 301 of the Act.
 - d. The rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the company.
 - e. The payment of the principal amount and interest are also regular wherever applicable.
- 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 and fixed assets and with regard to the sale of goods / services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- V.
 - a. According to information and explanations given to us, we are of the opinion that contracts & arrangements needed 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 of any entered if any 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 prevailing market prices at the relevant time.
- VI. According to the information and explanations given to us, we are of the opinion that the Company has not accepted any deposits from the public within the meaning of Section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- VII. In Our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- VIII. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the Company's products and activities.

- IX.** According to the information and explanations given to us in respect of statutory and other dues:
- a.** The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, MVAT, Luxury Tax, Service Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year.
 - b.** According to information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, MVAT, Luxury Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31 March 2009 for a period of more than six months from the date they became payable.
 - c.** According to information and explanations given to us, there are no dues of Income Tax, Sales Tax, MVAT, Luxury Tax, Service Tax, Custom Duty, Excise Duty, Wealth Tax, and Cess which have not been deposited on account of any dispute.
- X.** The Company does not have accumulated losses and has not incurred cash losses during the financial year or in the immediate preceding financial year.
- XI.** In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- XII.** In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII.** In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XIV.** 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 (Auditor's Report) Order, 2003 are not applicable to the company.
- XV.** According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- XVI.** Based on our examination of documents and records and according to the information and explanations given to us by the Management, the Company has not taken any term loan during the year.
- XVII.** 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 raised on short term basis have been used for long term investment or vice versa except permanent working capital.
- XVIII.** According to the information and explanations given to us, during the year the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- XIX.** Based on our examination of documents and records and according to the information and explanations given to us by the Management, the Company has not issued any debentures during the year.
- XX.** Based on our examination of documents and records and according to the information and explanations given to us by the Management, the Company has not raised any money by public issue during the year.
- XXI.** According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period of our audit.

For D.C. SURANA & ASSOCIATES
Chartered Accountants

D. C. Surana
Proprietor

Membership No. 100-34074

Mumbai, 31st July, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

			As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
SOURCES OF FUNDS				
SHARE HOLDERS' FUNDS				
Share Capital	1		28,850,000	28,850,000
Reserve & Surplus	2		10,099,880	8,037,815
LOAN FUNDS				
Secured Loans	3		2,887,413	126,773
Unsecured Loans	4		10,184,621	11,358,195
Deferred Tax Liability (Net)			7,916,476	8,504,367
	TOTAL		59,938,450	56,877,150
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5		106,712,177	102,964,735
Less : Accumulated Depreciation			48,417,613	44,910,195
Net Block			58,294,564	58,054,540
Add : Capital Work In Progress			1,462,040	113,068
			59,756,604	58,167,608
INVESTMENTS	6		24,706	24,706
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	7	547,669		310,125
Sundry Debtors	8	872,702		1,101,192
Cash & Bank Balances	9	862,870		2,493,638
Loans & Advances	10	7,855,014		6,175,783
			10,138,255	10,080,738
LESS:CURRENT LIABILITIES & PROVISIONS	11			
(A) Current Liabilities		5,417,402		6,735,095
(B) Provisions		4,592,151		4,717,682
			10,009,553	11,452,777
NET CURRENT ASSETS			128,702	(1,372,039)
MISCELLANEOUS EXPENDITURE (to the extent not written off)			28,438	56,875
	TOTAL		59,938,450	56,877,150

Significant Accounting Policies & Notes on Accounts 17

The Schedules referred above form an integral part of Financial Statements.

As Per Our Report of Even Date

For and on behalf of the Board

For **D. C. SURANA & ASSOCIATES**
Chartered Accountants

Vinaychand Kothari —

Chairman & Managing Director

Dilip V. Kothari —

Joint Managing Director

D. C. Surana

Dr. R. K. Baxi —

Director

Proprietor

Mangal S. Chheda —

Director

Membership No. 100-34074

Manohar R. Tambat —

Director

Mumbai, 31st July, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	Rupees	For the year ended	
			31st March, 2009 Rupees	31st March, 2008 Rupees
INCOME				
Sales & Services	12		40,847,655	39,597,378
Other Income	13		1,988,329	1,065,590
TOTAL INCOME			42,835,984	40,662,968
EXPENDITURE				
Operating & Other Expenses	14		9,024,398	7,559,340
Salary, Wages & Other Emoluments	15		7,654,309	6,804,508
Administrative, Selling & Other Expenditure	16		13,566,026	12,217,731
Interest			896,019	1,215,739
Depreciation	5		3,560,424	3,390,893
TOTAL EXPENDITURE			34,701,176	31,188,211
PROFIT BEFORE TAXATION			8,134,808	9,474,757
LESS : PROVISION FOR TAXATION				
Current Tax		2,690,000		2,960,000
Fringe Benefit Tax		42,000		31,000
Deferred Tax		(587,891)		(27,733)
Excess/(Short) Provision for Tax - Earlier Years		(713,284)	1,430,825	686,174
PROFIT AFTER TAXATION			6,703,983	5,825,316
BROUGHT FORWARD PROFIT			6,397,815	6,245,685
AMOUNT AVAILABLE FOR APPROPRIATION			13,101,798	12,071,001
Appropriations :				
DIVIDEND ON PREFERENCE SHARES			1,440,000	1,440,000
DIVIDEND ON EQUITY SHARES			2,527,621	3,033,000
TAX ON DIVIDEND			674,297	760,186
TRANSFER TO GENERAL RESERVE			460,000	440,000
BALANCE CARRIED OVER TO BALANCE SHEET			7,999,880	6,397,815
TOTAL			13,101,798	12,071,001

Significant Accounting Policies & Notes on Accounts 17

Basic & diluted Earnings Per Share (Rs.)

2.98

2.46

The Schedules referred above form an integral part of Financial Statements.

As Per Our Report of Even Date

For and on behalf of the Board

For **D. C. SURANA & ASSOCIATES**
Chartered Accountants

Vinaychand Kothari

—

Chairman & Managing Director

Dilip V. Kothari

—

Joint Managing Director

D. C. Surana

Proprietor

Dr. R. K. Baxi

—

Director

Membership No. 100-34074

Mangal S. Chheda

—

Director

Mumbai, 31st July, 2009

Manohar R. Tambat

—

Director

SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
SCHEDULE - 1		
SHARE CAPITAL :		
AUTHORISED :		
48,00,000 Equity Shares of Rs.10/- Each (Previous year 48,00,000 Equity Shares of Rs. 10/- each)	48,000,000	48,000,000
12,00,000 12% Non-Cumulative Preference Shares of Rs.10/- Each (Previous year 12,00,000 12% Non-Cumulative Preference Shares of Rs. 10/- each.)	12,000,000	12,000,000
	60,000,000	60,000,000
ISSUED SUBSCRIBED AND PAID-UP :		
16,85,000 Equity shares of Rs.10/= each (Previous year 16,85,000 Equity Shares of Rs. 10/- each) (Out of the above 40,000 Equity Shares have been issued as Bonus shares & 15,00,000 shares have been issued other than Cash)	16,850,000	16,850,000
12,00,000 12% Non-Cumulative Preference Shares of Rs. 10/- each. (Previous year 12,00,000 12% Non-Cumulative Preference Shares of Rs. 10/- each.)	12,000,000	12,000,000
	28,850,000	28,850,000
SCHEDULE - 2		
RESERVES AND SURPLUS		
A) General Reserve		
Opening Balance	1,640,000	1,200,000
Add : Transferred from Profit & Loss Account	460,000	440,000
	2,100,000	1,640,000
B) Profit & Loss Account		
	7,999,880	6,397,815
	10,099,880	8,037,815
SCHEDULE - 3		
SECURED LOANS :		
From Union Bank of India		
a) Term Loan	-	126,773
b) Secured Overdraft Limit	2,887,413	-
	2,887,413	126,773
Term Loan was secured by way of equitable mortgage of Water Heating Plant & Secured Overdraft Limit is secured by way of equitable mortgage of property of the Company, Usha Ascot at Matheran.		
SCHEDULE - 4		
UNSECURED LOANS :		
a) From Corporates	1,984,670	3,405,117
b) From Directors	8,200,011	7,953,078
	10,184,681	11,358,195

SCHEDULE - 5 : FIXED ASSETS

Particulars	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 01/04/2008 Rs.	Additions/ Adjustments Rs.	Deductions/ Adjustments Rs.	As at 31/03/2009 Rs.	Upto 31/03/2008 Rs.	For the Year Rs.	Deductions/ Adjustments Rs.	Upto 31/03/2009 Rs.	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Land	3,700,000	—	—	3,700,000	—	—	—	—	3,700,000	3,700,000
Buildings	59,058,274	1,510,000	—	60,568,274	19,057,677	1,974,895	—	21,032,572	39,535,702	40,000,597
Electrical Installation	5,883,986	—	—	5,883,986	3,409,933	279,489	—	3,689,422	2,194,564	2,474,053
Plant & Machinery	17,931,620	475,301	113,884	18,293,037	7,774,346	855,115	53,006	8,576,455	9,716,582	10,157,274
Computers & Softwares	790,523	94,250	—	884,773	250,273	139,703	—	389,976	494,797	540,250
Furniture & Fixtures (Hotel)	15,594,169	969,681	—	16,563,850	14,415,039	300,898	—	14,715,937	1,847,913	1,179,130
Furniture & Fixtures (Office)	6,163	—	—	6,163	2,927	390	—	3,317	2,846	3,236
Motor Cars	—	812,094	—	812,094	—	9,934	—	9,934	802,160	—
TOTAL	102,964,735	3,861,326	113,884	106,712,177	44,910,195	3,560,424	53,006	48,417,613	58,294,564	58,054,540
Previous Year	99,946,015	3,205,720	187,000	102,964,735	41,670,524	3,390,893	151,222	44,910,195	58,054,540	—

	As at 31st March,2009 Rupees	As at 31st March,2008 Rupees
SCHEDULE - 6		
INVESTMENTS (AT COST) :		
IN SHARES (Quoted) : (Non Trade)		
Ambalal Sarabhai Enterprises Ltd.		
230 Equity shares of Rs.10/= each (Previous year 230 equity shares of Rs. 10/- each)	2,109	2,109
Sarabhai Electric Ltd.		
34 Equity shares of Rs.10/= each (Previous year 34 equity shares of Rs. 10/- each)	291	291
The Mysore Sugar Company Ltd.		
1540 Equity shares of Rs.10/= each (Previous year 1540 equity shares of Rs. 10/- each)	16,618	16,618
The Mysore Lamp Works Ltd.		
110 Equity shares of Rs.10/= each (Previous year 110 equity shares of Rs. 10/- each)	4,250	4,250
Larsen & Toubro Ltd.		
16 Equity shares of Rs.1/= each (Previous year 8 equity shares of Rs. 1/- each)	408	408
Ultratech Cement Ltd.		
3 Equity shares of Rs.10/= each (Previous year 3 equity shares of Rs. 10/- each)	30	30
Recron Synthetics Ltd.		
100 Equity shares of Rs.10/= each (Previous Year 100 equity shares of Rs. 10/- each)	1,000	1,000
Aggregate Market value of Quoted Investments are Rs. 12,415/- (Previous year Rs. 26,538/-)	24,706	24,706
SCHEDULE - 7		
INVENTORIES :		
(Valued at lower of cost or net realisable value)		
Value taken as valued & certified by the The Directors of the Company.		
Provisions Stores	422,341	191,708
Miscellaneous Parlour Goods	29,608	68,476
Permit Room Liquors	95,720	49,941
	547,669	310,125
SCHEDULE - 8		
SUNDRY DEBTORS :		
(Unsecured considered good)		
a) More than Six Months	618,907	14,500
b) Less than Six Months	253,795	1,086,692
	872,702	1,101,192

	As at 31st March,2009 Rupees	As at 31st March,2008 Rupees
SCHEDULE - 9		
CASH AND BANK BALANCES :		
a) Cash on Hand	434,115	587,970
b) Balances with Scheduled Banks in :		
Current Accounts	140,286	566,334
S.O.D. Accounts	-	1,019,200
Dividend Accounts	288,469	320,134
	862,870	2,493,638
SCHEDULE - 10		
LOANS & ADVANCES (UNSECURED) :		
Loans & Advances (recoverable in Cash or in Kind or for Value to be received - Considered Good)	3,799,168	2,329,668
Advance Income Tax	2,575,313	3,429,509
Advance Income Tax - FBT	26,000	30,000
Income Tax Refund Receivable	1,253,533	67,962
Value Added Tax Refund Receivable	-	110,644
Security Deposits	201,000	208,000
	7,855,014	6,175,783
SCHEDULE - 11		
CURRENT LIABILITIES & PROVISIONS :		
(A) CURRENT LIABILITIES :		
Sundry Creditors	1,929,469	1,907,857
Other Liabilities	2,133,296	2,903,919
Advance Against Bookings	1,042,668	1,554,985
Sundry Deposits	23,500	48,200
Unclaimed Dividend	288,469	320,134
	(A) 5,417,402	6,735,095
(B) PROVISIONS :		
For Gratuity	1,185,854	966,496
For Income Tax	2,690,000	2,960,000
For Fringe Benefit Tax	42,000	31,000
Tax on Interim Dividend	674,297	760,186
	(B) 4,592,151	4,717,682
TOTAL (A+B)	10,009,553	11,452,777

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	For the year ended	
	31st March, 2009	31st March, 2008
	Rupees	Rupees
SCHEDULE - 12		
INCOME :		
SALES & SERVICES :		
(Gross : TDS Rs. 7,17,807/- (Previous year Rs. 8,10,118/-))		
a) Lodging	26,334,755	27,993,200
b) Boarding	13,209,291	9,239,926
c) Other Services & Charges	1,303,609	2,364,252
	40,847,655	39,597,378
SCHEDULE - 13		
OTHER INCOME :		
a) Interest (Gross : TDS Rs. 3,459/- (Previous year Rs. 16,560/-))	427,363	73,080
b) Scrap Sale	5,713	4,500
c) Miscellaneous Income	1,555,253	988,010
	1,988,329	1,065,590
SCHEDULE - 14		
EXPENSES :		
OPERATING & OTHER EXPENSES		
Consumption of Provision Stores & Wines.		
Opening Stock	310,125	270,485
Add: Purchases (TCS Rs. 4,047/- (Previous year Rs. 2,831/-))	6,021,205	5,181,482
	6,331,330	5,451,967
Less: Closing Stock	547,669	310,125
Net Consumption	5,783,661	5,141,842
Power & Fuel Expenses	3,240,737	2,417,498
	9,024,398	7,559,340
SCHEDULE - 15		
SALARY, WAGES & OTHER EMOLUMENTS :		
Salary & Wages	4,308,259	3,618,194
Directors' Remuneration	1,800,000	1,560,000
Gratuity	295,051	256,383
Employer's Contribution to Provident Fund	605,174	532,984
Employer's Contribution to Labour Welfare Fund	2,784	1,992
Bonus, Leave Wages & Service Charges	298,810	834,955
Leave Encashment Exp.	344,231	—
	7,654,309	6,804,508

For the year ended
31st March,2009 31st March,2008
Rupees Rupees

SCHEDULE - 16

ADMINISTRATIVE, SELLING & OTHER EXPENSES :

Advertisement Expenses	1,726,702	1,562,521
Insurance Charges	54,153	9,432
Rent, Rates & Taxes	376,899	408,666
Communication Expenses	184,301	165,981

Repairs & Maintenance :

Building	1,171,198	2,423,515
Plant & Machinery	588,559	302,727
Others	1,005,434	1,108,151
Water Charges	1,249,402	1,688,720
Commission to Agents & Guides	534,568	821,841
VAT Expense for Current Year	1,014,184	—
VAT Expense for Earlier years	1,751,578	—
Office Rent	600,000	600,000
Donation	105,000	56,000
Printing & Stationery	158,742	156,659
Travelling Expenses	294,123	49,342
Conveyance Expenses	226,114	235,380
Motor Car Expenses	95,154	91,245
Filing Fees	4,000	1,000
Listing Fees	10,000	10,000
Share Registrar Expenses	26,697	25,542
Payment to Auditors	100,000	80,000
Debit / Credit Balances Write Off.	5,276	13,324
Loss on Sale of Assets	38,656	13,556
Others Administrative & Selling Expenses.	2,245,286	2,394,129
	13,566,026	12,217,731

SCHEDULE 17 :

NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2009 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE :

I. Significant Accounting Policies :

1) Basis of preparation of financial statements :

The financial statements have been prepared in accordance with the applicable mandatory accounting standards dealt with section 211(3C) of the Companies Act, 1956 and as specified by the Institute of Chartered Accountants of India.

2) Basis of Accounting :

The accounts have been prepared using historical cost convention and on the basis of going concern, with revenue recognized and expenses accounted on accrual basis.

3) Revenue Recognition :

Revenue recognized when there is reasonable certainty of its ultimate realization / collection, Sales are stated at net of taxes.

4) Fixed Assets :

- i) Fixed Assets are stated at cost of acquisition and subsequent improvement thereto inclusive of freight and other incidental expenses related to acquisitions, improvements and installations.
- ii) Depreciation on Fixed Assets is provided on the basis of Straight Line Method as per the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

5) Inventories :

Inventories are valued at cost based on 'First-In First-Out' method. Unserviceable / damaged / discarded stocks and shortages are charged to the Profit & Loss Account.

6) Investments :

Investment held by the Company which are long term in nature are stated at cost unless there is any permanent diminution in value.

7) Retirement Benefits :

Retirement benefits are provided in the accounts on accrual basis in the following manner :

- a) The Company makes contribution to provident fund as and when they become due.
- b) Gratuity provided in the books of account is fairly valued by the management.
- c) Liability of Leave encashment provided in the books is paid in the subsequent years.

8) Contingent Liabilities :

No provision is made for liabilities which are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the Balance Sheet date and a reasonable estimate of the resulting loss can be made. However, all known and material contingent liabilities are disclosed by way of separate notes.

9) Foreign Currency Transactions :

Foreign currency transaction (realization through credit cards) are recorded on the basis of certificates issued by the concerned banks at the year end.

10) Taxes on Income

Provision for tax for the year comprises current income tax determined to be payable in respect of taxable income as per the provisions of Income Tax Act, 1961 and deferred tax being the tax effect of timing difference representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on account of timing differences are recognized only to the extent there is reasonable certainty of its realization.

11) Borrowing Cost :

Borrowing cost that is attributable to the acquisition / construction of fixed assets is capitalized as part of the cost of the respective assets. Other borrowing cost are recognized as expenses in the year in which they arise.

II. NOTES TO THE ACCOUNTS :

- a) Miscellaneous income includes Rs. 8,55,453/- (previous year Rs. 9,57,035/-) advances received from parties towards the booking of hotel rooms remains unutilised hence forfeited.
- b) In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated in the Balance Sheet and provisions for all known liabilities have been made as at the year end.
- c) Balance of Creditors, Debtors, Unsecured Loans and Advances are subject to confirmation and reconciliation thereof, if any.
- d) In line with the industry practice, the Quantitative details of turnover and consumption have not been disclosed as the same is not practicable. The Company is in the process of making application seeking exemption under para 3 (i) (a) and 3 (ii) (d) of Part II, Schedule VI of The Companies Act 1956.
- e) Payment to Auditors :

	Current Year	Previous year
As Statutory Auditors	Rs. 75000	Rs. 60,000
Tax Audit Fees	Rs. 25000	Rs. 20,000

- f) To the extent information available with the management, the outstanding liabilities as at the close of the year do not include any amounts due to any undertaking registered under The Micro, Small and Medium Enterprises Development Act, 2006.
- g) Earning in Foreign Exchange : Rs. 5.10 Lacs through realization under credit cards
(Previous year Rs. 3.66 Lacs)
Expenditure in foreign currency: Rs. 0.29 Lacs. (Previous year Rs. Nil)
- h) Remuneration paid to Managing Director and Joint Managing Director :

	Current Year Rs.	Previous Year Rs.
Remuneration	19,50,000	15,60,000
Employer's Contribution to Provident Fund	2,16,000	1,87,200
Total	21,66,000	17,47,200

i) Deferred Tax :

In accordance with the Accounting Standard (AS-22) 'Accounting for Taxes on Income issued by the institute of Chartered Accountants of India, the Company has provided for deferred tax and the net deferred tax liability as on 31st March, 2009 comprises of the following components :

(In Rupees)

	Current Year	Previous Year
<u>Deferred Tax Liability on account of :</u>		
Depreciation	82,82,905	88,32,879
Total	82,82,905	88,32,879
<u>Deferred Tax Assets on account of :</u>		
Employee cost (Gratuity)	366,429	328,512
Total	366,429	328,512
Deferred Tax Liabilities (Net)	79,16,476	85,04,367

j) Related Party Disclosure :

(As identified & certified by The Management of the Company)

(I) Relationship :

- (a) Parties where control exists : Nil
- (b) Other parties with whom the Company has entered into transaction or not during the year – Associates:
 - Vandeep Holdings Pvt. Ltd.
 - Vandeep Developers Pvt. Ltd.
 - Vandeep Hotels Pvt. Ltd.
 - Matheran Ropeway Pvt. Ltd.
- (c) Key Management Personnel :
 - Mr. Vinaychand Kothari (Chairman & Managing Director)
 - Mr. Dilip V. Kothari (Joint Managing Director)
- (d) Relatives of Key Management Personnel :
 - Mrs. Meena V. Kothari
 - Mrs. Neelam D. Kothari
 - Mr. Parasmal Kothari

(II) Summary of transactions during the year (Rupees in Lakhs) :

Particulars	Associates	Key Management Personnel	Relatives of Key Management Personnel
Loans Repayment (Net)	15.75 (17.10)	(—) (—)	(8.25) (—)
Loans taken (Net)	(—) (—)	5.90 (0.50)	(—) (13.00)
Interest provided	1.95 (3.24)	2.92 (3.74)	2.52 (2.61)
Rent	(—) (—)	6.00 (6.00)	(—) (—)
Salary & Contribution to Provident Fund	— (—)	— (—)	1.68 (1.68)
Outstanding Balances As on 31st March, 2009			
Payables	19.85 (34.05)	42.84 (34.35)	39.16 (45.31)

Note : (1) Details of remuneration to Managing Director & Joint Managing Director are given in the note 'H' in the notes to Accounts

(2) Figures in brackets are in respect of Previous Year

k) The Company is exclusively engaged in the business of hoteliering. This, in the context of Accounting Standard 17 on Segment Reporting is considered to continue one single primary segment and accordingly no segment information as required under Accounting Standard 17 is furnished.

l) Earning Per Equity Share :

(In Rs.)

	For the year ended	
	31/03/2009	31/03/2008
Profit after taxation	67,03,983	58,25,316
Less : Dividend on Preference Shares including Tax on Dividend.	16,84,728	16,84,728
Net Profit available for Equity Shareholders	50,19,255	41,40,588
Number of equity shares outstanding	16,85,000	16,85,000
Basic Earning per share (face value – Rs. 10/- per share)	2.98	2.46

m) Previous year's figures have been re-grouped / re-arranged wherever necessary.

The abstract & general profile of the company is enclosed herewith. Signature to Schedules 1 to 17

As Per Our Report of Even Date

For and on behalf of the Board

For **D. C. SURANA & ASSOCIATES**
Chartered Accountants

Vinaychand Kothari — Chairman & Managing Director

Dilip V. Kothari — Joint Managing Director

D. C. Surana
Proprietor
Membership No. 100-34074

Dr. R. K. Baxi — Director

Mangal S. Chheda — Director

Mumbai, 31st July, 2009

Manohar R. Tambat — Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	For the year ended	
	31st March, 2009	31st March, 2008
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before taxation and extraordinary items	8,134,808	9,474,757
Adjustments for :		
Depreciation	3,560,424	3,390,893
Provision for gratuity	219,358	118,436
Interest	896,019	1,215,739
Misc. Expenditure Written off	28,437	28,437
Loss on sale of assets	38,656	13,556
Interest Received	(417,463)	(63,180)
Operating profit before working capital changes	12,460,239	14,178,638
Movements in working capital :		
Decrease / (increase) in sundry debtors	228,490	(334,122)
Decrease / (increase) in Inventories	(237,544)	(39,640)
Decrease / (increase) in Loans & Advances	(1,462,500)	277,023
(Decrease) / increase in Current liabilities	(1,317,693)	1,899,884
Cash Generated from Operations	9,670,992	15,981,783
Direct Taxes Paid (net of refunds)	(2,494,447)	(4,312,613)
Net Cash from Operating Activities (A)	7,176,545	11,669,170
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(3,748,258)	(3,092,652)
Capital Work in progress	(1,462,040)	(113,068)
Interest Received	417,463	63,180
Sale of fixed assets	22,222	22,222
Cash from Investing Activities (B)	(4,770,613)	(3,120,318)
C. CASH FROM FINANCING ACTIVITIES :		
Repayment Secured Loans	2,760,640	(276,741)
Repayment Unsecured Loans	(1,173,514)	(540,424)
Dividend Paid (including corporate dividend tax)	(4,727,807)	(5,029,442)
Interest Paid	(896,019)	(1,215,739)
Net Cash used in Financing Activities (C)	(4,036,700)	(7,062,346)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(1,630,768)	1,486,506
Cash & Cash Equivalents at the beginning of the period	2,493,638	1,007,132
Cash & Cash Equivalents at the end of the period	862,870	2,493,638

Notes :-

1. Cash flow statement has been prepared following the indirect method
2. Proceeds from Short/Long terms and other borrowing are shown net of repayment
3. Figures in brackets represents outflow.
4. Previous year's figures have been regrouped / reclassified wherever applicable.

As Per Our Report of Even Date

For and on behalf of the Board

For **D. C. SURANA & ASSOCIATES**
Chartered Accountants

Vinaychand Kothari — Chairman & Managing Director

Dilip V. Kothari — Joint Managing Director

D. C. Surana
Proprietor
Membership No. 100-34074

Dr. R. K. Baxi — Director

Mangal S. Chheda — Director

Mumbai, 31st July, 2009

Manohar R. Tambat — Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details :		
Registration No.		40199
State Code No.		11
Balance Sheet Date		31-03-2009
2. Capital Raised during the year :		(Rs.in Thousands)
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
3. Position of Mobilisation and Deployment of Funds :		(Rs.in Thousands)
Total Liabilities		59,938
Total Assets		59,938
Sources of Funds :		
Paid-up Capital		28,850
Reserves & Surplus		10,100
Secured Loans		2,887
Unsecured Loans		10,185
Deferred Tax liability		7,916
Application of Funds :		
Net Fixed Assets		59,756
Investments		25
Net Current Assets		129
Miscellaneous Expenditure		28
4. Performance of Company :		(Rs.in Thousands)
Turnover		42,836
Total Expenditure		34,701
Profit before Tax		8,135
Profit after Tax		6,704
Earning per Share (Rs.)		2.98
Dividend (on equity shares) rate (%)		15%
5. Generic Names of three Principal Services of Company (As per Monetary Terms)		
1. Item Code		N.A.
2. Product Description		Hospitality Industry

As Per Our Report of Even Date

For and on behalf of the Board

For **D. C. SURANA & ASSOCIATES**
Chartered Accountants

Vinaychand Kothari — Chairman & Managing Director

D. C. Surana
Proprietor
Membership No. 100-34074
Mumbai, 31 July, 2009

Dilip V. Kothari — Joint Managing Director

Dr. R. K. Baxi — Director

Mangal S. Chheda — Director

Manohar R. Tambat — Director

BEST EASTERN HOTELS LIMITED

ATTENDANCE SLIP

Regd. Office: 401, Chartered House, 293/299, Dr. C. H. Street, MUMBAI – 400 002.

**PLEASE COMPLETE THIS ADMISSION CARD AND HAND IT OVER
AT THE ENTRANCE OF THE MEETING HALL**

I hereby record my presence at the 66th Annual General Meeting of the company at 1st floor, Maheshwari Bhavan, 603, J.S.S. Road, Chira Bazar, Mumbai - 400 002 on Thursday the 10th September, 2009 at 4.30 p.m.

.....
Full Name of the Shareholder
(in Block Letters)

.....
Signature

Folio No. DP ID No. *..... & Client ID No. *..... No. of Shares

* Applicable for members holding shares in electronic form.

.....
Full Name of proxy
(in Block Letters)

.....
Signature

PROXY

BEST EASTERN HOTELS LIMITED

Regd. Office : 401, Chartered House, 293/299, Dr. C. H. Street, MUMBAI – 400 002.

I/we _____ of _____ in the District of _____ being a member / members of the above mentioned company, hereby appoint _____ of _____ in the District of _____ or failing him _____ of _____ in the District of _____ as my / our proxy to attend and vote for me / us on my / our behalf at the 66th Annual General Meeting of **BEST EASTERN HOTELS LIMITED** to be held on Thursday, 10th Day of September, 2009, at 4.30 P.M. at 1st floor, Maheshwari Bhavan, 603, J.S.S. Road, Chira Bazar, Mumbai - 400 002, and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Folio No. DP ID No. *..... & Client ID No. *.....

* Applicable for members holding shares in electronic form.

No. of Shares :

Members Signature(s)

Affix
One Rupee
Revenue
Stamp

NOTE : The Proxy duly completed must be returned so as to reach the registered office of the Company not less than 48 hours before the time of holding the aforesaid meeting. The Proxy need not be a member of the company.

Super Deluxe Cottage



The superbly equipped conference & multi-function vent



The Brainstorm Zone



Ascot Villa



As Matheran, So Usha.



BEST EASTERN HOTELS LTD.

401, Chartered House, 293/299, Dr. Cawasji Hormasji Street, Near Marine Lines Church, Mumbai - 400002. India.
Tel : 91 22 22078292 / 22078191 Fax: 91 22 22061324