



BENARES HOTELS LIMITED

C/o Corporate Office, Taj Diplomatic Enclave
Sardar Patel Marg, New Delhi-110 021
Telephone : 66503549, 26110202 Extn. 3549 Fax : 26876043
CIN No.: L55101UP1971PLC003480
Website: www.benareshotelslimited.com

BHL/S.Exchg./ 46

July 29, 2019

The Secretary

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, P.J Towers,
Dalal Street, Fort,
Mumbai – 400 001

Scrip Code : 509438

Dear Sirs,

**Re : Submission of copy of Annual Report under Regulation 34 of
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to the provisions of Regulation 34(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, please find attached herewith Annual Report for the Financial Year 2018-19 along with the notice of the 48th Annual General Meeting of the Company scheduled to be held on August 30, 2019 at 3.00 P.M. at Nadesar Palace Compound, Varanasi – 221 002.

The Annual Report for the Financial Year 2018-19 is uploaded on the website of the Company at www.benareshotelslimited.com.

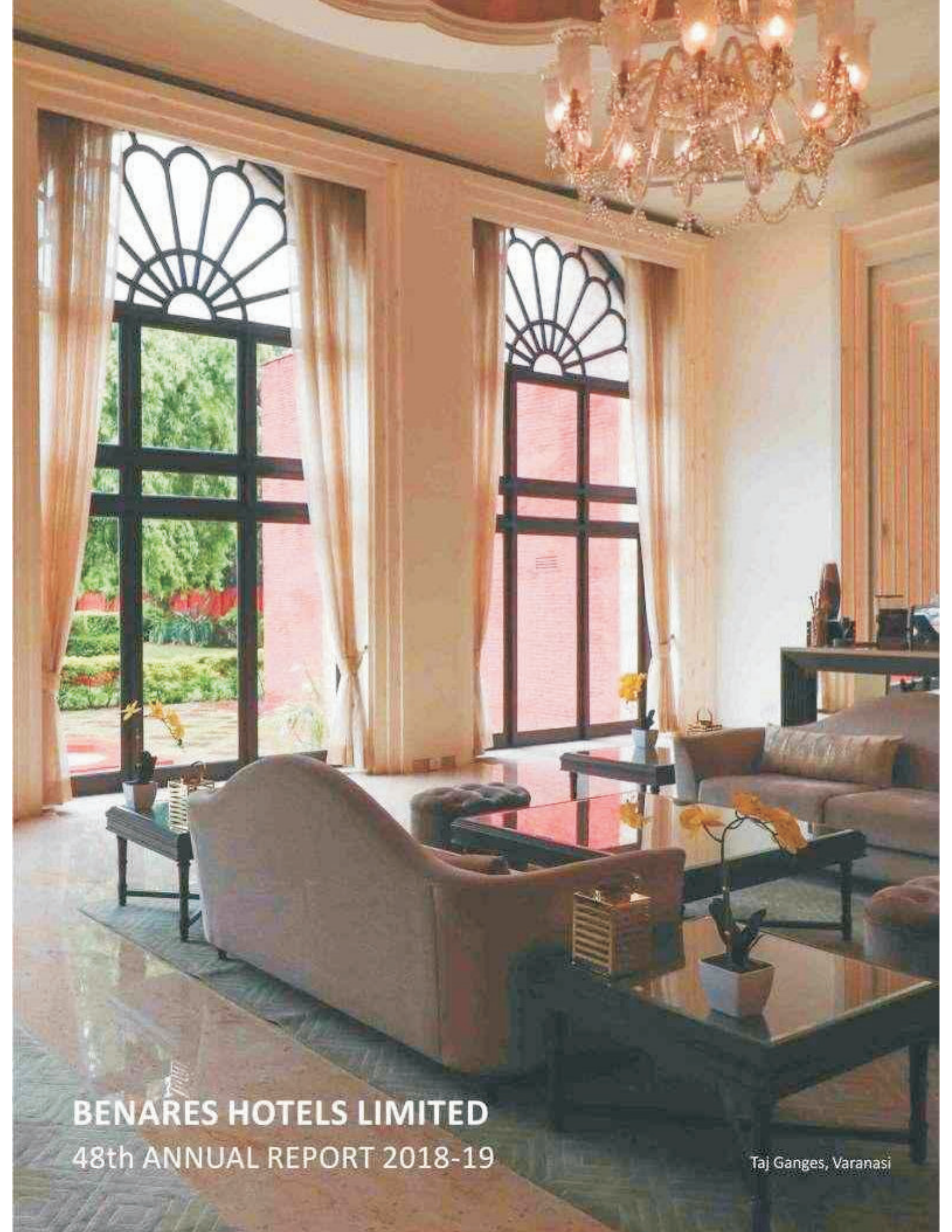
You are requested to kindly take the same on record.

Thanking you.

Yours faithfully,
for **Benares Hotels Limited**

**Vanika Mahajan
Company Secretary**

Enc: a/a



BENARES HOTELS LIMITED
48th ANNUAL REPORT 2018-19

Taj Ganges, Varanasi



Taj Ganges, Varanasi

Corporate Information

Board of Directors

DR. ANANT NARAIN SINGH
(Chairman)

PUNEET CHHATWAL

RUKMANI DEVI

ROHIT KHOSLA

MOIZ MIYAJIWALA

PUNEET RAMAN

Company Secretary

Vanika Mahajan

Auditors

PKF Sridhar & Santhanam, LLP
Chartered Accountants

Registered Office

Nadesar Palace Compound,
Varanasi - 221 002
Phone: 0542-6660001
CIN-L55101UP1971PLC 003480
Website: www.benareshotelslimited.com

Registrar and Share Transfer Agent

The Indian Hotels Company Limited
Mandlik House, Mandlik Road
Mumbai - 400 001
Phone: 022-66651369
Fax: 022-22027442
Email: investorrelations@tajhotels.com

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

| HIGHLIGHTS | 2018-19 | 2017-18 |
|--|-----------------|-----------------|
| | ₹ Lakh | ₹ Lakh |
| Gross Revenue | 6038.80 | 4827.52 |
| Profit Before Tax | 1217.72 | 784.85 |
| Profit After Tax | 872.29 | 648.29 |
| Total Comprehensive Income | 874.42 | 649.36 |
| Retained Earnings | 7040.24 | 6400.92 |
| Total Assets | 9659.82 | 8894.91 |
| Net Worth | 7170.24 | 6530.92 |
| Borrowings | 500.00 | 500.00 |
| Debt: Equity Ratio | 0.07:1 | 0.07:1 |
| Net Worth Per Equity Share (₹ 10/- Each) | ₹ 551.56 | ₹ 502.38 |
| Earnings Per Equity Share (₹ 10/- Each) | ₹ 67.10 | ₹ 49.87 |
| Profit before Tax Ratio to Turnover | 20.16% | 16.26% |

Notice to the Members

Notice is hereby given that the Forty 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 221002, on Friday, August 30, 2019 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019 together with the Report of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares for the Financial Year ended March 31, 2019.
3. To appoint a Director in place of Mr. Rohit Khosla (DIN 07163135), who retires by rotation and is eligible for reappointment.

SPECIAL BUSINESS

4. **Appointment of Mr. Puneet Raman as an Independent 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. Puneet Raman (DIN - 00341221), who was appointed as an Additional Director of the Company by the Board of Directors with effect from September 17, 2018, and who holds office upto the date of this Annual General Meeting of the Company under section 161(1) of the Companies Act, 2013 (Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152 and other

applicable provisions, if any, of the Act read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Puneet Raman who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from September 17, 2018 up to September 16, 2023.”

5. **Re-Appointment of Mrs. Rukmani Devi as an Independent Director.**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Mrs. Rukmani Devi (DIN: 00552831), who was appointed as an Independent Director at the Forty Third Annual General Meeting of the Company and who holds office up to August 27, 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing with effect from August 28, 2019 upto August 27, 2024.”

NOTES

(a) The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act'), in regard to the business as set out in Item Nos. 4 and 5 above and the relevant details of the Directors seeking re-appointment/appointment as set out in Item Nos. 4 and 5 above as required by Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and as required under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, are annexed hereto.

(b) 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 BE A MEMBER. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organisation.

Members are requested to note that a person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

(c) Corporate Members intending to send their

authorised representatives to attend the Annual General Meeting ('AGM') pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the AGM.

(d) In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

(e) Members, Proxies and Authorised representatives are requested to bring the duly completed attendance slip enclosed here with to attend the AGM.

(f) The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, August 23, 2019 to Tuesday, September 3, 2019. (both days inclusive).

(g) The Dividend on Equity Shares, as recommended by the Board of Directors, if approved at the AGM, will be paid on or after September 11, 2019, to the Members whose names appear on the Company's Register of Members on Thursday, August 22, 2019, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before Thursday, August 22, 2019. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of the shares whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') as at the close of business hours on Thursday, August 22, 2019.

(h) Transfer of Unclaimed / Unpaid dividend to the Investor Education and Protection Fund (IEPF): In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Act, read with the Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the amount

of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the IEPF, maintained by the Central Government. In pursuance of this, the dividend remaining unclaimed or unpaid in respect of dividends declared upto the financial year ended March 31, 2011 have been transferred to the IEPF. The details are available on the Company's website at <https://www.benareshotelshimited.com> and on the website of the Ministry of Corporate Affairs at www.mca.gov.in.

It may be noted that unclaimed dividend for the financial year 2011-12 declared on August 13, 2012 is due to be transferred to the IEPF by September 2019. The same can, however, be claimed by the Members by August 2019. Members who have not encashed the dividend warrant(s) from the financial year ended March 31, 2012 may forward their claims to the Company before they are due to be transferred to the IEPF, details of which are given in the Corporate Governance Report. In accordance with Section 124(6) of the Act, read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more are required to be transferred to the demat Account of the IEPF Authority. Accordingly, all the shares in respect of which dividends were declared upto the financial years ended March 31, 2011 and remained unpaid or unclaimed were transferred to the IEPF. The Company has sent notices to all such Members in this regard and thereafter transferred the shares to the IEPF during Financial Year 2018-19.

The details of such shares transferred is available on the Company's website at <https://www.benareshotelshimited.com>. The shares and unclaimed dividend transferred to the IEPF can however be claimed back by the concerned members from IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The Member/ Claimant is required to make an online application to the IEPF

Authority in Form IEPF-5 (available on www.iepf.gov.in) along with requisite fees as decided by the IEPF Authority from time to time. The Member/Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

- (i) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/ deletion in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants ('DPs').
- (j) Securities and Exchange Board of India ('SEBI') has mandated the submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their DPs with whom they are maintaining their dematerialized accounts. Moreover SEBI vide Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 has mandated all listed companies to update the PAN and Bank Account details of their security holders holding shares in physical form who have not updated their PAN and Bank Account Details by March 31, 2019. In view of the same the Company has sent notices to Members holding shares in physical form to submit their PAN and Bank Account Details to the Company along with the proof thereof.
- (k) SEBI vide notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018, has amended Regulation 40 of Listing Regulations, mandating transfer of securities to be carried out only in dematerialised form (except in case

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

of transmission or transposition of securities) which shall be effective April 1, 2019. Accordingly requests for transfer of securities of listed entities shall not be processed unless the securities are held in the dematerialized form with depositories. In view of the same Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management.

- (l) Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
- (m) Non-Resident Indian members are requested to inform the Company or their respective DP's immediately of:
 - a) Change in their residential status on return to India for permanent settlement;
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- (n) As per the provisions of Section 72 of the Act, facility for making nomination is available to the Members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record fresh nomination, he/she may submit the same in Form No. SH-14. Members holding shares in physical form are requested to submit the said details to the Company and to the respective DP's in case the shares held by them are in dematerialized form.
- (o) Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details/NECS/mandates, nominations, power of attorney, change of address/name, PAN details, etc. to their DP's only and not to the Company. Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company provide efficient and better service to the Members. In case of Members holding shares in physical form, such information is required to be provided to the Company.
- (p) The Attendance Slip, Proxy Form and the Route Map showing directions to reach the venue of the AGM along with indication of prominent landmark is annexed hereto.
- (q) To support the "Green Initiative" announced by the Government of India, electronic copies of the Annual Report and this Notice inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by e-mail to those Members whose e-mail addresses have been made available to the Company / DP's unless the Member has specifically requested for a hard copy of the same. The Members who are desirous of receiving the hard copy of the Annual Report for the year 2018-19 may write to the Company for a copy of the same. **MEMBERS WHO HAVE NOT REGISTERED THEIR EMAIL ADDRESSES WITH COMPANY/DEPOSITORIES ARE REQUESTED TO CONTRIBUTE TO THE GREEN INITIATIVE BY REGISTERING THEIR EMAIL ADDRESS, FOR RECEIVING ALL FUTURE COMMUNICATIONS THROUGH E-MAIL.** Members may note that the Annual Report 2018-19 will also be available on the Company's website at <https://www.benareshotelslimited.com>.
- (r) Relevant documents referred to in the Notice and the Explanatory Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours upto the date of the AGM and also at the venue of the AGM.

(s) **Voting through electronics means**

- i. In compliance with the provisions of Section 108 of the Act, the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is pleased to provide Members the facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means either by (a) remote e-voting (by using the electronic voting system provided by NSDL as explained at 'Para IV' herein below) or (b) the facility of voting through ballot paper at the AGM venue. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
- ii. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on August 23, 2019 ('the cut-off date'), shall be entitled to vote in respect of the shares held, by availing the facility of remote e-voting / voting through ballot paper at the meeting. Any person who is not a member as on the cut-off dates should treat this Notice for information purposes only.
- iii. The Members can opt for only one mode of voting i.e. either by remote e-voting or voting through ballot paper at the AGM. The Members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM through ballot paper. The Members who have cast their vote by remote e-voting are eligible to attend the AGM but shall not be entitled to cast their vote again.
- iv. **Instructions for Remote E-Voting**

Any person, who acquires shares of the Company and becomes a Member of the Company after despatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request to evoting@nsdl.co.in and may cast their vote by remote e-voting or at the AGM.

The remote e-voting period commences on Tuesday, August 27, 2019 (9:00 a.m. IST) and ends on Thursday, August 29, 2019 (5:00 p.m. IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

The process and manner for remote e-voting consists of “Two Steps” as mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

1. Access the e-Voting website of NSDL: Open the internet web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

4. Your User ID details are given below

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12***** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Open the email sent to you by NSDL and access the attached PDF file viz. "remote evoting.pdf". The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote. Shareholders who forgot the user details/password can access the e-voting by following the below mentioned instructions :
- a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies' "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of Benares Hotels Limited.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to investorrelations@tajhotels.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
4. Mr. Shreepad Korde, Practicing Company Secretary (Membership No. ACS 563) has been appointed as the Scrutinizer by the Board of Directors to scrutinize the e-voting process in a fair and transparent manner.
5. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
6. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.benareshotelslimited.com and on the website of NSDL immediately after the results are declared. The Company shall simultaneously forward the results to BSE Limited where the shares of the Company are listed. The Results shall also be displayed on the Notice Board at the Registered Office of the Company.
7. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM i.e. August 30, 2019.

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

Vanika Mahajan
Company Secretary

Place: Mumbai
Date: April 24, 2019

Explanatory Statement

As required by Section 102 of the Companies Act, 2013 (the Act)

The following Statement sets out all material facts relating to the business under Item No. 4 & 5 mentioned in the accompanying Notice dated April 24, 2019.

Item No. 4

The Board of Directors appointed Mr. Puneet Raman as an Additional Director of the Company in the capacity of an Independent Director w.e.f. 17th September, 2018. In terms of Section 161 of the Act and Article 122 of the Articles of Association of the Company, he holds office as an Additional Director up to the date of the forthcoming AGM of the Company, but is eligible for appointment as Director. The Company has received a Notice pursuant to Section 160 of the Act, from a Member proposing his candidature for the office of Director of the Company at the forthcoming AGM of the Company. The Board commends to the Members his appointment as a Director of the Company.

Mr. Raman is a Science Graduate from St. Stephen's College, Delhi and a Post Graduate in Business Management from the Indian Institute of Management, Ahmedabad (IIM-A).

Mr. Raman has a rich experience in international carpet business, financial and project consultancy; and strategic & corporate planning besides being actively associated with various agencies viz. Indo American Chamber of Commerce, UP Branch; Cultural and Commercial Section of US Embassy in Varanasi; and various trusts and educational institutions in Varanasi. His vast knowledge and experience would be of immense help to the Board in realizing its objectives.

Mr. Raman is a Non-Executive Director and considered as Independent Director under the Act and SEBI (LODR) Regulations, 2015. As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. Raman has given

declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Mr. Raman as Independent Director was placed before the Nomination & Remuneration Committee, which commended his appointment as Independent Director of the Company.

In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules made thereunder for appointment as Independent Director and is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Raman is now being placed before the Members for approval.

The terms and conditions of his appointment shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day of the Company up to the date of the AGM.

The Board commends to the Shareholders the appointment of Mr. Raman as Independent Director on the board of the Company. Mr. Raman may be deemed to be concerned and interested in the Resolution mentioned in item No. 4 of the Notice. Other than Mr. Raman, no other Director, key managerial personnel or their respective relatives is in any way concerned or interested in the Resolution mentioned as Item No. 4 of the accompanying Notice.

Item No. 5

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors proposes the re-appointment of Mrs. Rukmani Devi (DIN: 00552831) as Independent Director, for a second term of five years from August 28, 2019 to August 27, 2024, not liable to retire by rotation. Mrs. Rukmani Devi was appointed as Independent Director at the Forty Third Annual General Meeting ("AGM") of the Company and holds office up to August 27, 2019. The Company has, in terms of Section 160(1) of the Act received in writing a notice from a Member, proposing her candidature for the office of Director.

The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given her background, experience and contribution, the continued association of Mrs. Rukmani Devi would be beneficial to the Company and it is desirable to continue to avail her services as Independent Director. Since Mrs. Rukmani has attained the age of 75 years, her re-appointment will also require the Shareholders approval. In the opinion of the Board, the Company will have the benefit of her vast experience as a Director of the Company in case she is re-appointed as an Independent Director of the Company.

Mrs. Rukmani Devi joined the Board of Directors of the Company in 1988. Mrs. Rukmani Devi holds degree in M.A. Philosophy. Mrs. Rukmani Devi has rich experience in the field of Hoteliering. Further details and current directorships have been given in the Annexure to this Notice.

The Company has received a declaration from her to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”). In terms of Regulation 25(8) of SEBI Listing Regulations, she has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties.

In the opinion of the Board, she fulfills the conditions specified in the Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company. The terms and conditions of her appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day and will also be kept open at the venue of the AGM till the conclusion of the AGM.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Mrs. Rukmani Devi as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends the Special Resolution at Item No. 5 of this Notice for approval of the Members.

Except Mrs. Rukmani Devi and her relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 5 of the Notice.

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

Vanika Mahajan
Company Secretary

Place: Mumbai
Date: 24th April, 2019

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

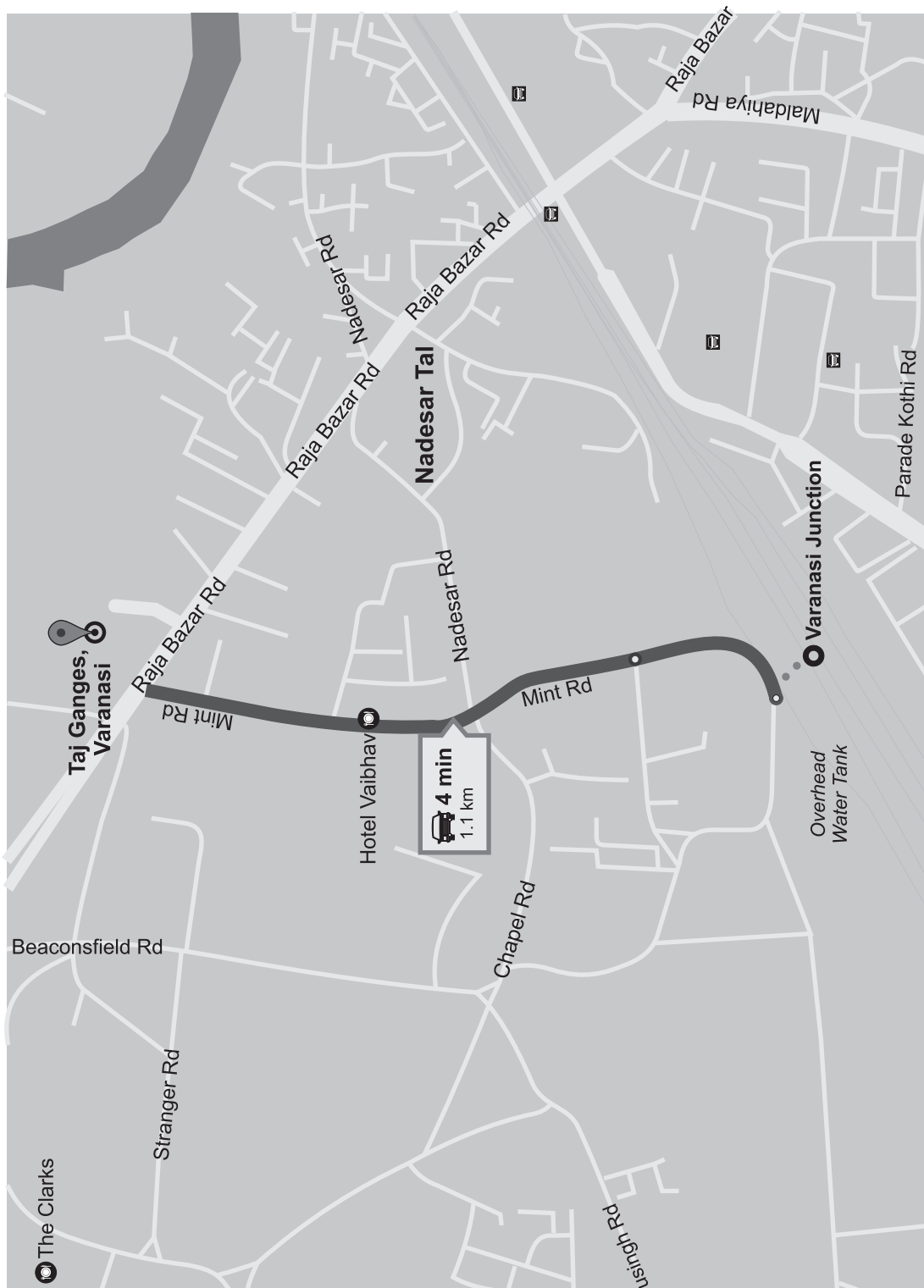
Profile of Directors seeking Appointment/Re-Appointment at the forthcoming Annual General Meeting of the Company (Pursuant to the SEBI Regulations)

| | | | |
|---|---|---|---|
| Name of Director | Mr. Rohit Khosla | Mrs. Rukmani Devi | Mr. Puneet Raman |
| Date of Birth | November 4, 1966 | June 24, 1942 | September 4, 1965 |
| Date of Appointment | May 7, 2015 | June 27, 1988 | September 17, 2018 |
| Expertise in specific functional area | Hoteliering | Hoteliering | - International Marketing - Business Administration |
| Qualifications | Post Graduate Diploma in Hotel Administration and Management Diploma in Hotel Management | M.A. (Philosophy) | - Science Graduate from St. Stephen's College, Delhi - Post Graduate in Business Management from Indian Institute of Management, Ahmedabad.(IIM-A) |
| Details of shares held in the company | Nil | 1106 | 4500 |
| List of Companies in which outside Directorships held as on 31.03.2019 (excluding private & foreign companies) | - Piem Hotels Limited - Taj Safaris Limited - United Hotels Limited - Northern India Hotels Limited | None | None |
| Chairman/Member of the Committees of other Companies on which he is a Director as on 31.03.2019 | Audit Committee Taj Safaris Limited United Hotels Limited Shareholder's & Investors' Grievance Committee None | Audit Committee None Shareholder's Relationship Committee None | Audit Committee None Shareholder's Relationship Committee None |

Venue: **Taj Ganges, Varanasi - 221002**

Landmark: Opposite Mint Road Crossing

Distance from Varanasi Junction Railway Station: 1.1 km



BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

BOARD'S REPORT TO THE MEMBERS

The Directors hereby present the Forty Eighth Annual Report of the Company together with the Financial Statement (Audited Statements of Account) for the year ended 31st March, 2019.

OPERATING AND FINANCIAL RESULTS

| | (₹ Lakhs) | (₹ Lakhs) |
|---|----------------|----------------|
| | <u>2018-19</u> | <u>2017-18</u> |
| Income | 6038.80 | 4827.52 |
| Gross Profit for the year | 1816.40 | 1214.48 |
| Less: Depreciation | 522.88 | 417.31 |
| Less: Interest..... | 75.80 | 12.32 |
| Profit before tax | 1217.72 | 784.85 |
| Less: Provision for Tax: | | |
| - Current Tax | 271.54 | 301.30 |
| - Deferred Tax | 73.89 | (157.00) |
| - Provision of tax of earlier years (Net) | — | (7.74) |
| Profits after Taxes | 872.29 | 648.29 |
| Add: Other Comprehensive Income (Net of Taxes)..... | 2.13 | 1.07 |
| Total Comprehensive Income | 874.42 | 649.36 |
| Add: Balance brought forward from previous year | 4232.84 | 3818.18 |
| Balance available for appropriations | 5107.26 | 4467.54 |
| Less: Dividend Paid | 195.00 | 195.00 |
| Less: Tax on Dividend | 40.10 | 39.70 |
| Less: Amount transferred to General Reserve | — | — |
| Balance Carried forward | 4872.16 | 4232.84 |

OPERATIONS

The Gateway Hotel Ganges Varanasi has been re-branded as Taj Ganges, Varanasi after extensive renovation which will enhance the positioning of the hotel leading to higher profitability and revenues. The Hotel has completed two phases of renovation starting from 2017/18, in which 96 rooms, Lobby and the Tea Lounge have been completely renovated.

During the year your Company added a new Banquet Hall with the size of seating capacity approximately 7700 square feet to its facilities at Taj Ganges, Varanasi to cater to the enhanced demand for meetings and conventions. This is the largest banquet venue in a five star deluxe hotel in Varanasi.

The Total Income for the year ended 31st March, 2019 at Rs. 6039 lakhs represents a growth of 25% over the previous year. The room revenue increased by 18% driven by growth in rooms per day & average room rate. The Food & Beverage Revenues increased by 36% over the previous year largely driven by Banquet Revenue.

Taj Ganges Varanasi has improved its performance, owing to increase in Room Revenue on account of increase in ARR post renovation and Increase in F&B Revenue majorly from Banquets. The overall Revenue of The Gateway Hotel Gondia has improved significantly. The total revenue for Taj Nadesar Palace has however marginally improved over the previous year. The Gross Operating Profit (EBIDTA) achieved by the Company for the year was at Rs. 1816.40 lakhs i.e an increase of 50% over the previous year.

BORROWINGS

The total borrowings (Inter Corporate Deposits) stood at Rs. 5.00 crores as at March 31, 2019 at the same level as last year, borrowed at 9% from United Hotels Limited.

FINANCE COST

Finance cost for the year ended 31st March 2019 was Rs.75.8 lakhs (Previous year Rs.12.32 Lakhs).

PROFIT BEFORE AND AFTER TAX

The Profit before Tax for the year was at Rs. 1217.72 Lakhs, as compared to Rs. 784.85 lakhs for the previous year. The Profit after Tax for the year was at Rs. 872.29 lakhs, as compared to Rs. 648.29 Lakhs, for the previous year.

DIVIDEND

Keeping in view of the performance of the Company and the planned capital expenditure for the year 2019-20, your Directors recommend the payment of dividend @ 150 % i.e. Rs. 15/- per equity share (previous year Rs. 15/- per equity share). The dividend on equity shares, if approved by the Members would involve a cash payout of Rs. 235.08 lakhs, including dividend distribution tax of Rs. 40.08 Lakhs.

PARTICULARS OF EMPLOYEES

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

- (a) Not less than Rs. 102.00 Lakhs for the year, if employed throughout the financial year,
- or
- (b) Not less than Rs. 8.50 Lakhs per month, if employed for part of the financial year.

DIRECTORS

During the year under report, Mr. Shriraman resigned from the directorship of the Company with effect from June 19, 2018. The Directors place on record their appreciation of the services rendered by Mr. Shriraman during his tenure as Director of the Company.

In accordance with Section 149 of the Act and SEBI (LODR) Regulations, 2015 (SEBI Listing Regulations), Mr. Puneet Raman was appointed as Additional Director of the Company in the capacity of Independent Director effective September 17, 2018 on the recommendation of the Nomination & Remuneration Committee.

In terms of Section 161 of the Act and Article 122 of the Articles of Association of the Company, Mr. Raman holds office up to the date of the Annual General Meeting of the Company. It is proposed to

appoint Mr. Raman as an Independent Director of the Company at the ensuing Annual General Meeting (AGM) for a period of 5 years commencing from September 17, 2018.

The term of appointment of Mrs. Rukmani Devi as an Independent Director is expiring on August 27, 2019. It is proposed to re-appoint Mrs. Rukmani Devi as an Independent Director for a further period of five years w.e.f. August 28, 2019 upto August 27, 2024.

Pursuant to Section 152 and other applicable provisions of the Act, and the Articles of Association of your Company, one-third of the Directors (other than Independent Directors) as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every AGM. Consequently Mr. Rohit Khosla (DIN 07163135), Director of the Company is liable to retire by rotation and being eligible seeks reappointment in accordance with provisions of the Act.

The approval of the shareholders for their appointments/re-appointment as Directors has been sought in the Notice convening the AGM of your Company. The disclosures pertaining to Directors being appointed/ re-appointed as required pursuant to Regulation 36 of the Listing Regulations, Clause 1.2.5 of the Secretarial Standards 2 are given in the explanatory statement to the Notice convening the AGM, forming part of the Annual Report.

The approval of the shareholders for their appointments/ re-appointment as Directors has been sought in the Notice convening the AGM of your Company.

Further, during the year under review, the non executive Directors of the Company had no pecuniary relationship of transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee and general meeting of the Company.

KEY MANAGERIAL PERSONNEL

Mr. Vijay Partap Shrikent, Chief Executive Officer (CEO), Mr. Sopan Kedia, Chief Financial Officer (CFO) and Ms. Vanika Mahajan, Company Secretary of the Company, are the Key Managerial Personnel of the Company in terms of Section 203 of the Companies Act 2013

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The information pursuant to Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure I.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary company.

HOLDING COMPANY

The Indian Hotels Company Limited (IHCL) is the Ultimate Holding Company of the Company.

BOARD MEETINGS

During the year under review, five Board Meetings were held and the intervening gap between the meetings did not exceed the period of one hundred and twenty days, the details of which are given in the Corporate Governance Report.

AUDIT COMMITTEE AND VIGIL MECHANISM

Your Company has an Audit Committee with Mr. Moiz Miyajiwala, Mrs. Rukmani Devi and Mr. Rohit Khosla as its members. During the year under report, Mr. Shriraman ceased to be the member of the Audit Committee consequent to his resignation from the Directorship of the Company.

In line with the Tata Code of Conduct ('TCOC'), your Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior.

Your Company has a Whistleblower Policy establishing vigil mechanism, to provide a formal mechanism for the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The policy provides for adequate safeguards against victimization of Directors and employees who avail of the mechanism and also provided them direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy is in line with the provisions of Section 177(9) of the Act and Regulation 22 of the SEBI listing Regulations. The said Policy can be

accessed on your Company's website at https://www.benareshotelslimited.com/content/dam/thrp/benareshotelslimited/documents/announcement-policies/Whistle_Blower.pdf

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of Section 135 of the Companies Act, 2013 (the Act), your Company has the Corporate Social Responsibility (CSR) Committee of the Board with Dr. Anant Narain Singh, Mrs. Rukmani Devi and Mr. Rohit Khosla as the members of the Committee. This Committee has also responsible for sustainability and is now known as CSR & Sustainability Committee. The Company has in place a CSR policy in line with schedule VII of the Act. The brief outline of the CSR Policy of your Company and the initiatives undertaken by your Company on CSR activities during Financial Year 2018-19 are set out in "Annexure 2" of this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR policy is available on the website of your Company at <https://www.benareshotelslimited.com/content/dam/thrp/benareshotelslimited/documents/announcement-policies/CSR%20POLICY.pdf>

NOMINATION AND REMUNERATION COMMITTEE

In terms of Section 178(1) of the Companies Act, 2013 (the Act), the Company has a Nomination and Remuneration Committee (NRC) of the Board with Mr. Moiz Miyajiwala, Dr. Anant Narain Singh and Mrs. Rukmani Devi as the members of the Committee. During the year under report, Mr. Shriraman ceased to be a member of the Nomination & Remuneration Committee consequent to his resignation from the Directorship of the Company. The Committee met three times during the year on May 10, 2018, August 7, 2018 and March 14, 2019.

The Company has a policy relating to the payment of remuneration for the directors, KMPs and other senior employees pursuant to the provisions of section 178(3) and SEBI Listing Regulations. The key features of the said policy are:

- Overall remuneration (sitting fees and Commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company;

- Overall remuneration practices should be consistent with recognized best practices;
- Within the parameters prescribed under the law, the payment of sitting fees and commission will be recommended by NRC and approved by the Board;
- The aggregate commission payable to the Directors will be recommended by NRC to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board;
- The quantum of commission for each director shall be recommended by NRC to the Board based upon the outcome of the evaluation process drive by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by the Directors other than in meetings.

It is affirmed that the remuneration paid to Directors, KMP and all other employees is as per the Remuneration policy of your Company. The Remuneration policy for Directors, KMP and other employees is uploaded on the website of your Company at <https://www.benareshotelslimited.com>

INTERNAL COMPLAINTS COMMITTEE

Your Company has zero tolerance for sexual harassment at its workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH Act') and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace.

The Company has an 'Internal Complaints Committee' (ICC) under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the prevention and redressal of complaints of sexual harassment and for the matters concerned, connected or incidental thereto.

During the financial year 2018-19 the Company received one complaint at Nadesar Palace, on sexual harassment. The said complaint was appropriately addressed and closed and the accused employee has resigned from the Company and no case remains pending as on March 31, 2019.

An ICC has been constituted in accordance with the provisions of the POSH Act to redress complaints received regarding sexual harassment and all the provisions regarding the constitution are complied with.

INDEPENDENT DIRECTORS

In terms of Section 149 of the Act, and Regulation 16(1) of the Listing Regulations Mrs. Rukmani Devi, Mr. Moiz Miyajiwala and Mr. Puneet Raman are the Independent Directors of the Company as on March 31, 2019. The Independent Directors have submitted a declaration that each of them meets the criteria for independence as laid down under Section 149(6) of the Act read with Rules framed thereunder and Regulation 16 of the Listing Regulations and that they are not aware of any circumstance or situation, which exists or is anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment without any external influence as required under Regulation 25 of Listing Regulations.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has an ongoing familiarization programme for the Independent Directors with respect to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. All the Board members of the Company are afforded every opportunity to familiarize themselves with the Company, statutory changes impacting the Company its Management and its operations and all the information /documents sought by them is/are shared with them for enabling a good understanding of the Company, its various operations and the industry of which it is a part. The details of the familiarization programme for Independent Directors are disclosed on the Company's website under the weblink:

<https://www.benareshotelslimited.com/content/dam/thrp/benareshotelslimited/documents/independent-directors/Familiarization%20Programme%20-%20BHL.pdf>

LOANS, GUARANTEES AND INVESTMENTS MADE UNDER SECTION 186

The Company has not given any loans or guarantees nor has made any investments under Section 186 of the Act during the year under review.

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of the Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed Arvind Kohli & Associates, Company Secretaries, to undertake the Secretarial Audit of your Company for the financial year 2018-19. The secretarial audit report is attached to this Report as Annexure 3. The report does not contain any qualifications, reservation, disclaimers or adverse remarks.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 as per Sections 92(3) and 134(3) of the Act read with the Rules framed thereunder are given as Annexure IV, which forms part of this Report. The Annual Return for Financial Year 2018-19 is also available on the Company's website at www.benareshotelslimited.com

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year under report were at arm's length basis and in the ordinary course of business.

The Company has developed a Related Party Transactions Framework under the Policy on Related Party Transactions, which policy is also available at Company's website: <https://www.benareshotelslimited.com/content/dam/thrp/benareshotelslimited/documents/policies/RPT.pdf>, for the purpose of identification and monitoring of such transactions. Prior omnibus approval of the Board is obtained for transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all the related party transactions is placed before the Audit Committee for its approval on a quarterly basis.

Other than transactions entered into in the normal course of business, the Company has not entered into any materially significant related party transactions during the year, which could have a potential conflict of interest between the company and its promoters, Directors, Management and/or relatives save and except that the transaction with The Indian Hotels Co. Ltd., the ultimate holding company during the year exceeded 10% of the annual gross turnover of the Company for the previous year, the approval for

which was taken from the shareholders by way of a special resolution at the AGM held on August 21, 2015.

CORPORATE GOVERNANCE

As required by SEBI Listing Regulations, the report for the year 2018-19 on Management Discussion and Analysis and Corporate Governance along with the Auditors' Certificate regarding compliance of conditions of Corporate Governance norms as stipulated in Regulation 34 read along with Schedule V of the SEBI Listing Regulations forms part of the Annual Report.

MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes affecting the financial position of the Company subsequent to the close of the Financial year 2018-19 till the date of this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under report, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

RISK MANAGEMENT POLICY

Although not mandatory, your Company has aligned Risk Management with Audit Committee as a measure of good governance. The Risk Management Committee is tasked with the responsibility to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The details of the Committee and its term of reference are set out in the Corporate Governance Report.

Your Company has a Risk Management Policy, pursuant to the provisions of Section 134 of the Act, to identify and evaluate business risks and opportunities for mitigation of the same on a continual basis. This framework seeks to create transparency, minimize adverse impact on business objective and enhance your Company's competitive advantage. The risk management framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The framework enables risks to be appropriately rated and graded in accordance with their potential impact

and likelihood. The two key components of risks are the probability (likelihood) of occurrence and the impact (consequence) of occurrence, if the risk occurs. Risk is analyzed by combining estimates of probability and impact in the context of existing control measures.

Existing control measures are evaluated against Critical Success Factors (CSFs) and Key Performance Indicators (KPIs) identified for those specific controls. Guiding principles to determine the risk consequence (impact), probability of occurrence (likelihood factor) and mitigation plan effectiveness have been set out in Risk Register.

The Key business risks identified by the Company and its mitigation plans are as under:

Strategy Risks: Risk of erosion of market dominance by losing market share, which originates from the choices we make on markets, resources and delivery models that can potentially impact our competitive advantage in the medium and long term. Loss of F&B attractiveness on account of pricing/design/competition.

Industry and Economic Risks: High dependence on US, Europe and East Asian markets for foreign tourists arrival. The economic situation in these parts of the world has a potential impact on the entire tourism industry. Risks arising from the development in the regulatory environment that could impact the Hotel/Tourism Industry. Risks due to geographic concentration of business, primarily in the city of Varanasi.

Operational Risks: High dependence on several technology platforms & systems to operate business both Internal & External. Cost overruns/delays in completion of projects. Loss of critical/sensitive data due to leakage/loss/hacking. Increase in fixed cost elements beyond entity control. Highly litigious nature of the industry/adverse consequences of litigation against company. non-renewal of key licenses and NOCs.

Safety and Security Risks: Risks arising from factors such as Fire, Accidents, Electricity mishaps, etc. Business interruption on account of natural calamities/act of God/ riots & strikes/ political instability and terrorism.

Resources: Risks arising from sub-optimal succession planning and retention of talent pool. Inappropriate utilization of financial capital, talent and infrastructure.

KEY RISK MANAGEMENT PRACTICES

Risk Identification and Impact Assessment: Risk assessment enables risks to be appropriately rated and graded in accordance with their potential impact and likelihood. The two key components of risks are the probability (likelihood) of occurrence and the impact (consequence) if the risk occurs. Risk is analyzed by combining estimates of probability and impact in the context of existing control measures and included in the risk register. Apart from risk register, internal audit findings also provide input for risk identification and assessment, which is carried out on an annual basis across all functions.

Operational risks are assessed primarily on three dimensions, namely strength of underlying controls, compliance to policies and business procedure effectiveness.

Risk reporting and Disclosure: Risks to the achievement of key business objectives, trend line of risk level, impact and mitigation actions, impact and mitigation action are reported and discussed. The escalation of risk information is timely, accurate and gives complete coverage of the key risks to support management decision making at all levels.

Risk Mitigation and Monitoring: Each Manager creates a risk mitigation plan by employing an effective system of internal controls & checks and balances to mitigate the risks in the most effective manner, including designating responsibilities and providing for upward and onward communication of any significant issues that may merit attention or escalation. All employees actively engage in risk management within their own areas of responsibility.

Integration with Strategy and Business Planning: Identified risks to the business objectives in the near term, medium term and long term are used as one of the key inputs for the development of strategy and annual business plan. Key strategic initiatives are identified to mitigate specific risk.

STATUTORY AUDITORS

PKF Sridhar & Santhanam LLP, Chartered Accountants (Registration No. 003990S/S200018), were appointed as the Statutory Auditors of the Company by the Members for a term of five consecutive years, from the conclusion of 47thAGM till the conclusion of the 52nd AGM of the Company under Section 139(1) of the Act and the rules framed thereunder furnished a certificate of their eligibility.

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

The report of the Statutory Auditors along with the Notes to Schedules forms part of the Annual Report and contains an unmodified opinion without any qualification, reservation, disclaimer or adverse remark.

The Statutory Auditors of the Company have not reported any fraud as specified in Section 143 (12) of the Act.

COST AUDIT

The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS

During the year 2018-19, the Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India on Board Meetings and General Meetings.

CONSERVATION OF ENERGY

The Company has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this end. The Company is in the process of installing Solar Power Generation equipment at the Hotel in Varanasi. The Company has implemented following energy conservation initiatives at the hotel:

- Installation of New Diesel Generator with higher efficiency for saving of diesel consumption
- Replacement of old kitchen equipment with energy efficient Equipments.
- Replacement of cold rooms in kitchen, which are energy efficient.
- Installation of FCU and LED lights in renovated rooms with higher efficiency.
- Installation of LED lights in back office area in place of CFL

TECHNOLOGY ABSORPTION

The activities of the Company do not involve the absorption of technology as envisaged to be furnished pursuant to The Companies (Accounts) Rules, 2014.

FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of the provisions of Section 134(3)(f)(m) of the Act, read with Rule 8(3)(C) of The Companies

(Accounts) Rules, 2014, the foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows is furnished below:-

| | 2018-19 Rs. Lakhs | 2017-18 Rs. Lakhs |
|--|----------------------|----------------------|
| a) Value of Imports | | |
| Stores, Supplies and Spare Parts for Machinery | 0.44 | 8.04 |
| Value of Imports (CIF) Capital Imports | 73.85 | 240.07 |
| b) Expenditure in Foreign Currency | | |
| Professional and Consultancy Fees | 7.36 | 11.73 |
| Other Expenditure in Foreign Currency | 16.47 | 22.48 |
| c) Earnings in Foreign Currency | | |
| Earnings in Foreign Exchange | 818.45 | 726.57 |

DIRECTORS' EVALUATION

The annual evaluation process of the Board of Directors, individual Directors and Committees was conducted in accordance with the provisions of the Act and the Listing Regulations.

Based on the review conducted by the Nomination & Remuneration Committee, the Board of Directors has made the annual evaluation of its own performance and that of its committees and individual directors by assessing the questionnaires furnished by the directors/members of various committees in respect of their self-assessment as well as the assessment of the Board/Committees followed by the discussions with the directors/members of the Committees.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is well defined in the organization. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Auditors monitors and evaluate the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. All significant audit observations and

corrective actions suggested are presented to the Audit Committee of the Board for review. The internal financial controls as laid down are adequate and were operating effectively during the year under review.

In addition, as required under Section 143 of the Act, the Statutory Auditors have evaluated and expressed an opinion on the Company's internal financial controls over financial reporting based on the audit for the FY 2018-19. In their opinion, the Company has, in all material respects, adequate internal controls over financial reporting and such internal financial controls over financial reporting were operating effectively as on March 31, 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial control and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors including audit of internal financial controls over financial reporting by the statutory auditor and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2018-19.

Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors to the best of their knowledge and ability, confirms that:

- a). In the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed and that there are no material departures;
- b). they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent in order to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for that period ;

- c). they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance within the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d). they have prepared the annual accounts for the financial year ended March 31, 2019 on a going concern basis;
- e). they have laid down internal financial controls for the Company which are adequate and are operating effectively; and
- f). they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and are operating effectively.

ACKNOWLEDGEMENTS

The Board places on record its appreciation of the services rendered by the employees of the Company during the year under report.

On behalf of the Board of Directors

Dr. Anant Narain Singh
Chairman

Place : Mumbai
Date : 24th April, 2019

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Annexure 1

Information under Section 197 of the Companies Act, 2013 read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Particulars of Disclosures | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|----------|-----------------|----------|----|---------------------|------|----|----------------|--------|----|-------------------|----------|----|------------------|------|----|---------------------|---------|----|-----------------------|------|----|------------------|--------|----|-------------------------|------|-----|---------------------------------|------|-----|-----------------------|------|-----|-------------------------|-------|
| The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year 2018-19. | <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%;">1.</td><td style="width: 85%;">Dr. A. N. Singh</td><td style="width: 10%;">3.22 : 1</td></tr> <tr><td>2.</td><td>Mr. Puneet Chhatwal</td><td>N.A</td></tr> <tr><td>3.</td><td>Mr. Shri Raman</td><td>1.41:1</td></tr> <tr><td>4.</td><td>Mrs. Rukmani Devi</td><td>3.27 : 1</td></tr> <tr><td>5.</td><td>Mr. Rohit Khosla</td><td>N.A.</td></tr> <tr><td>6.</td><td>Mr. Moiz Miyajiwala</td><td>2.64: 1</td></tr> <tr><td>7.</td><td>Mr. Giridhar Sanjeevi</td><td>N.A</td></tr> <tr><td>8.</td><td>Mr. Puneet Raman</td><td>0.26:1</td></tr> </table> | 1. | Dr. A. N. Singh | 3.22 : 1 | 2. | Mr. Puneet Chhatwal | N.A | 3. | Mr. Shri Raman | 1.41:1 | 4. | Mrs. Rukmani Devi | 3.27 : 1 | 5. | Mr. Rohit Khosla | N.A. | 6. | Mr. Moiz Miyajiwala | 2.64: 1 | 7. | Mr. Giridhar Sanjeevi | N.A | 8. | Mr. Puneet Raman | 0.26:1 | | | | | | | | | | | | |
| 1. | Dr. A. N. Singh | 3.22 : 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Mr. Puneet Chhatwal | N.A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | Mr. Shri Raman | 1.41:1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Mrs. Rukmani Devi | 3.27 : 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | Mr. Rohit Khosla | N.A. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | Mr. Moiz Miyajiwala | 2.64: 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. | Mr. Giridhar Sanjeevi | N.A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. | Mr. Puneet Raman | 0.26:1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>The percentage increase /(decrease) in remuneration of each Director*, Chief Financial Officer etc. in the financial year</p> <p>*Directors are entitled to get Commission on the net profit of the Company and the sitting fee for attending the Board/Committee Meetings.</p> | <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%;">1.</td><td style="width: 85%;">Dr. A. N. Singh</td><td style="width: 10%;">(29)%</td></tr> <tr><td>2.</td><td>Mr. Puneet Chhatwal</td><td>N.A.</td></tr> <tr><td>3.</td><td>Mr. Shriraman</td><td>(55)%</td></tr> <tr><td>4.</td><td>Mrs. Rukmani Devi</td><td>(4)%</td></tr> <tr><td>5.</td><td>Mr. Rohit Khosla</td><td>N.A.</td></tr> <tr><td>6.</td><td>Mr. Moiz Miyajiwala</td><td>293%</td></tr> <tr><td>7.</td><td>Mr. Giridhar Sanjeevi</td><td>N.A.</td></tr> <tr><td>8.</td><td>Mr. Puneet Raman</td><td>N.A.</td></tr> <tr><td>9.</td><td>Mr. Ashwani Anand (CEO)</td><td>N.A.</td></tr> <tr><td>10.</td><td>Mr. Vijay Partap Shrikent (CEO)</td><td>N.A.</td></tr> <tr><td>11.</td><td>Mr. Sopan Kedia (CFO)</td><td>N.A.</td></tr> <tr><td>12.</td><td>Ms. Vanika Mahajan (CS)</td><td>32.7%</td></tr> </table> | 1. | Dr. A. N. Singh | (29)% | 2. | Mr. Puneet Chhatwal | N.A. | 3. | Mr. Shriraman | (55)% | 4. | Mrs. Rukmani Devi | (4)% | 5. | Mr. Rohit Khosla | N.A. | 6. | Mr. Moiz Miyajiwala | 293% | 7. | Mr. Giridhar Sanjeevi | N.A. | 8. | Mr. Puneet Raman | N.A. | 9. | Mr. Ashwani Anand (CEO) | N.A. | 10. | Mr. Vijay Partap Shrikent (CEO) | N.A. | 11. | Mr. Sopan Kedia (CFO) | N.A. | 12. | Ms. Vanika Mahajan (CS) | 32.7% |
| 1. | Dr. A. N. Singh | (29)% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Mr. Puneet Chhatwal | N.A. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | Mr. Shriraman | (55)% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Mrs. Rukmani Devi | (4)% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | Mr. Rohit Khosla | N.A. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | Mr. Moiz Miyajiwala | 293% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. | Mr. Giridhar Sanjeevi | N.A. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. | Mr. Puneet Raman | N.A. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. | Mr. Ashwani Anand (CEO) | N.A. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. | Mr. Vijay Partap Shrikent (CEO) | N.A. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11. | Mr. Sopan Kedia (CFO) | N.A. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12. | Ms. Vanika Mahajan (CS) | 32.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The percentage increase in the median remuneration of employees in the financial year | 15.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The number of permanent employees on the rolls of company for the year 2018-19 | 152 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Average percentile increase in the remuneration of KMP is 29.0%. while the average percentile increase in the salaries of employees other than KMP is 8.9% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

Place : Mumbai
Date : 24th April, 2019

Dr. Anant Narain Singh
Chairman

Annexure 2

Annual Report on Corporate Social Responsibility Activities [Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A Brief Outline of the Policy

The CSR policy of the Company is aimed to improving the quality of the life of the communities served by us through long term stakeholder value creation. In line with the CSR policy of the Company, the CSR activities/programmes were undertaken in line with and as specified in Schedule VII of the Act to serve and be seen to serve society and community and create a significant and sustained impact in their lives and provide opportunities for Tata employees to contribute to these efforts through volunteering.

The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of Directors is available on the Company's website www.benareshotelslimited.com

2. The composition of the Board-level CSR and Sustainability Committee is as follows :

- i) Chairman: Dr. Anant Narain Singh
- ii) Member: Mrs. Rukmani Devi
- iii) Member: Mr. Rohit Khosla

3. Average Net Profit of the Company for the last three Financial Years : Rs. 1,058.31 Lakhs

4. Prescribed CSR Expenditure : Rs. 21.17 Lakhs

5. Details of CSR spend during the Financial Year 2018-19: Rs. 21.28 Lakhs

A) Manner in which the amount spent during the year is detailed below:-

| S.No. | CSR Project or activity identified | Sector in which the project is covered | Projects or Programmes | Amount Outlay (budget) project or programme wise (₹ Lakhs) | Amount spent on the projects or programmes (₹ Lakhs) | Cumulative expenditure upto 31st March, 2019 (₹ Lakhs) | Amount spent: Direct or through implementing agency |
|-------|---|--|------------------------|--|--|--|---|
| 1. | Hospitality skill centre set-up cost at Varanasi and food production lab set-up-Training in F&B service, production and Housekeeping trades | Livelihood | Varanasi | 10.17 | 13.48 | 13.48 | Tata Strive |
| 2. | Livelihood Entrepreneurship (HWA partnership program)- handloom weaving and training | Livelihood | Varanasi | 6.50 | 4.61 | 4.61 | Human Welfare Association (NGO) |

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

| | | | | | | | |
|----|---|---------------------------|----------|--------------|--------------|--------------|----------------------------------|
| 3. | Expenditure for cleanliness program at Varanasi Ganga ghats and providing clean drinking water | Responsible neighbourhood | Varanasi | 2.50 | 2.84 | 2.84 | Direct |
| 4. | Expenditure for maintaining pathway & garden outside the hotel premises for providing the clean space for morning walk and avoid road accidents | Responsible Neighbourhood | Gondia | 2.00 | 0.00 | 0.00 | Direct |
| 5 | Contribution to Relief Fund | Relief Fund | — | — | 0.35 | 0.35 | Tata Community Initiatives Trust |
| | Total | | | 21.17 | 21.28 | 21.28 | |

6. The CSR Committee Responsibility Statement

The CSR & Sustainability Committee hereby confirms that the implementation and monitoring of CSR programmes is in compliance with the CSR objectives and policy of the Company

On behalf of the Board of Directors

Rukmani Devi
Director
(DIN: 00552831)

Dr. Anant Narain Singh
Chairman, CSR Committee
(DIN: 00114728)

Place : Mumbai
Date : 24th April, 2019

Annexure 3
Secretarial Audit Report

The Members

Benares Hotels Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BENARES HOTELS LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there-under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The SEBI (Delisting of Equity Shares) Regulations, 2009; and
 - h. The SEBI (Buyback of Securities) Regulations, 2018;
 - i. SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and as amended from time to time.
- vi. And other applicable laws like Factories Act, 1948, The Payment of Gratuity Act, 1972 and other Labour Laws.
- vii. And all other laws applicable to Hospitality and Hotel industry and in particular Food and Beverages, the list of which was provided by the Company.
- viii. And all direct tax and indirect tax laws including excise, customs, goods and service tax.

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with respective Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that having regards to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the laws applicable to the Company.

The Company has complied with section 135 of the Companies Act, 2013 read with schedule vii, by constituting a CSR committee and undertaking activities as given in CSR policy. The CSR systems and process of evaluation is in place.

The Board of Directors of the Company is duly constituted with proper balance of, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Meeting of Independent directors was also held.

Adequate notice, along with agenda and detailed notes on agenda is given to all the directors for the Board Meetings at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting, and for meaningful participation at the meeting.

Majority decision is carried through and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Arvind Kohli & Associates
Company Secretaries

Arvind Kohli
Prop.
Membership No. 4434
CP 2818

Date: 24th April, 2019
Place: Gurugram

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure - A

The Members

Benares Hotels Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. We have obtained the Management Representation about the compliance of laws, rules and regulations and other applicable laws.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Arvind Kohli & Associates

Company Secretaries

Arvind Kohli

Prop.

Membership No. 4434

CP 2818

Date: 24th April, 2019

Place: Gurugram

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Annexure 4

Form No. MGT - 9

Extract of Annual Return

(As on the financial year ended on 31/03/2019)

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

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|---|
| i) | CIN:- | L55101UP1971PLC003480 |
| ii) | Registration Date | 03/11/1971 |
| iii) | Name of the Company | Benares Hotels Limited |
| iv) | Category / Sub-Category of the Company: | Company Limited by Shares/Indian Non Government Company |
| v) | Address of the Registered office and contact details | Nadesar Palace Compound, Varanasi 221 002 Phone: 0542 6660001 |
| vi) | Whether listed company | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | The Indian Hotels Co. Ltd. Registrar & Share Transfer Agent Unit: Benares Hotels Limited Mandlik House, Mandlik Road, Mumbai 400 001. E-mail id: investorrelations@tajhotels.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be as stated:-

| Sl. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the Company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Hoteliering | 55101 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| Sl. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of shares held | Applicable Section |
|---------|-----------------------------------|---------------------------|--------------------------------|---|--------------------|
| 1 | The Indian Hotels Company Limited | L74999MH1902 PLC000183 | Ultimate Holding | 53.70 (together with its subsidiaries) | 2(87)(ii) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|--------------|---------------|-------------------|---|--------------|---------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 61487 | 22550 | 84037 | 6.46 | 61562 | 22550 | 84112 | 6.47 | 0.01 |
| b) Central Govt | | | | | | | | | |
| c) State Govt (s) | | | | | | | | | |
| d) Bodies Corp. | 729138 | - | 729138 | 56.09 | 729138 | - | 729138 | 56.09 | 0.00 |
| e) Banks/FI | | | | | | | | | |
| f) Any Other | | | | | | | | | |
| Sub-total (A) (1):- | 790625 | 22550 | 813175 | 62.55 | 790700 | 22550 | 813250 | 62.56 | 0.01 |
| (2) Foreign | | | | | | | | | |
| a) NRIs-Individuals | | | | | | | | | |
| b) Other-Individuals | | | | | | | | | |
| c) Bodies Corp. | | | | | | | | | |
| d) Banks / FI | | | | | | | | | |
| e) Any Other | | | | | | | | | |
| Sub-total (A) (2):- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 790625 | 22550 | 813175 | 62.55 | 790700 | 22550 | 813250 | 62.56 | 0.01 |
| B. Public Shareholding | | | | | | | | | |
| I. Institutions | | | | | | | | | |
| a) Mutual Funds | | | | | | | | | |
| b) Banks/FI | | | | | | | | | |
| c) Central Govt | | | | | | | | | |
| d) State Govt(s) | | | | | | | | | |
| e) Venture Capital Funds | | | | | | | | | |
| f) Insurance Companies | | | | | | | | | |
| g) FIIs | | | | | | | | | |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Others (specify) | | | | | | | | | |
| Sub-total (B)(1): | 00.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|---------------|----------------|-------------------|---|--------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 19394 | 790 | 20184 | 1.55 | 19859 | 740 | 20599 | 1.58 | 0.03 |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 241210 | 59159 | 300369 | 23.11 | 239421 | 50581 | 290002 | 22.31 | -0.80 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 90936 | 20000 | 110936 | 8.53 | 118061 | – | 118061 | 9.08 | 0.55 |
| c) Others | | | | | | | | | |
| i) Trusts | – | – | – | – | – | – | – | – | – |
| ii) Directors & their Relatives | 1871 | 8200 | 10071 | 0.77 | 7871 | 3220 | 11091 | 0.85 | 0.08 |
| iii) Non-resident Indians | 3538 | – | 3538 | 0.27 | 3975 | – | 3975 | 0.31 | 0.03 |
| iv) Clearing members | 117 | – | 117 | 0.01 | 684 | – | 684 | 0.05 | 0.04 |
| v) HUF | 23890 | – | 23890 | 1.84 | 22868 | – | 22868 | 1.76 | -0.08 |
| vi) IEPF Authority | 17720 | – | 17720 | 1.36 | 19470 | – | 19470 | 1.50 | 0.13 |
| v) Sub-total (B)(2):- | 398676 | 88149 | 486825 | 37.45 | 432209 | 54541 | 486750 | 37.44 | -0.01 |
| Total Public Shareholding (B) = (B)(1) + (B)(2) | 398676 | 88149 | 486825 | 37.45 | 432209 | 54541 | 486750 | 37.44 | -0.01 |
| C. Shares held by Custodian for GDRs & ADRs | – | – | – | – | – | – | – | – | |
| Grand Total (A+B+C) | 1189301 | 110699 | 1300000 | 100 | 1222909 | 77091 | 1300000 | 100 | 0.00 |

(ii) Shareholding of Promoters

| S. No. | Shareholders Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|--------|---|---|----------------------------------|---|--------------------------------------|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | |
| 1 | TIFCO Holdings Limited* | 350825 | 26.99 | - | - | - | - | (26.99) |
| 2 | The Indian Hotels Company Limited | 293000 | 22.54 | - | 643825 | 49.53 | - | 26.99 |
| 3 | Piem Hotels Limited | 54063 | 4.16 | - | 54063 | 4.16 | - | - |
| 4 | All India Kashiraj Trust | 30000 | 2.31 | - | 30000 | 2.31 | - | - |
| 5 | Imlak Varanasi Developments Private Limited | 1050 | 0.08 | - | 1050 | 0.08 | - | - |
| 6 | Northern India Hotels Limited | 150 | 0.01 | - | 150 | 0.01 | - | - |
| 7 | Oriental Hotels Limited | 50 | - | - | 50 | - | - | - |
| 8 | Anant Narain Singh | 24000 | 1.85 | - | 24000 | 1.85 | - | - |
| 9 | M.K. Krishna Priya | 17550 | 1.35 | - | 17550 | 1.35 | - | - |
| 10 | M K Vishnupriya | 13000 | 1.00 | - | 13000 | 1.00 | - | - |
| 11 | Maharaj Kumari Hari Priya** | 12450 | 0.96 | - | 12450 | 0.96 | - | - |
| 12 | Maharaj Kumari Har Priya** | 5100 | 0.39 | - | 5100 | 0.39 | - | - |
| 13 | Maharaj Kumari Vishnupriya** | 5000 | 0.38 | - | 5000 | 0.38 | - | - |
| 14 | Anamika Kunwar | 6937 | 0.53 | - | 7012 | 0.54 | - | 0.01 |
| | Total | 813175 | 62.55 | | 813175 | 62.55 | | - |

* TIFCO Holdings Limited has been amalgamated with the Indian Hotels Company Limited vide NCLT order dated March 8, 2018 with appointed date April 1, 2017 and effective date is April 11, 2018.

** Shares held in physical form and not yet dematerialized. The Company has notified these promoters the requirement of getting their shares dematerialized in terms of Regulation 31(2) of SEBI (LODR) Regulations, 2015. The shares, however, are not yet dematerialized despite following up with them by the Company.

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

| Sl.No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | TIFCO Holding Limited | 350825 | 26.99 | 350825 | 26.99 |
| | At the beginning of the year | | | | |
| | Date wise Increase/Decrease in Promoters Shareholding during the year specifying the shares on reasons for increase/decrease (e.g. allotment/transfer / bonus/ sweat equity etc): | | | - 350825* shares on 18-5-2018 | |
| | At the end of the year | 0 | 0.00 | 0.00 | 0.00 |
| 2. | The Indian Hotels Company Limited | | | | |
| | At the beginning of the year | 293000 | 22.54 | 293000 | 22.54 |
| | Date wise Increase/Decrease in Promoters Shareholding during the year specifying the shares on reasons for increase/decrease (e.g. allotment/transfer / bonus/ sweat equity etc): | | | + 350825* shares on 18-5-2018 | |
| | At the end of the year | 643825 | 49.53 | 643825 | 49.53 |
| 3. | Anamika Kunwar | | | | |
| | At the beginning of the year | 6937 | 0.38 | 6937 | 0.38 |
| | Date wise Increase/Decrease in Promoters Shareholding during the year specifying the shares on reasons for increase/decrease (e.g. allotment/transfer / bonus/ sweat equity etc): | | | Purchased 75 shares on 7-12-2018 | |
| | At the end of the year | 7012 | 0.54 | 7012 | 0.54 |

*Tifco Holdings Limited was holding 15298 number of shares in the Company, which is amalgamated with The Indian Hotels Company Limited vide NCLT order dated 8th March, 2018 (w.e.f. Appointed date 1st April, 2017)

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

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

| Sl. No. | Name | No. of Shares at the beginning (01-04-18)/ end of the year (31-03-19) | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the year (01-04-18 to 31-03-19) | |
|---------|--------------------------------|---|----------------------------------|-------------------|-------------------------------------|----------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1 | Brij Raj Singh | 20,000 | 1.54 | 01 April 2018 | | | | |
| | | 20,000 | 1.54 | 31 March 2019 | 0 | | 20,000 | 1.54 |
| 2 | Vinodchandra Mansukhlal Parekh | 19,252 | 1.48 | 01 April 2018 | | | | |
| | | 19,252 | 1.48 | 31 March 2019 | 0 | | 19,252 | 1.48 |
| 3 | Arjun Ramani | 18,798 | 1.45 | 01 April 2018 | | | | |
| | | 18,798 | 1.45 | 31 March 2019 | 0 | | 18,798 | 1.45 |
| 4 | Aditya Deorah | 11,347 | 0.87 | 01 April 2018 | | | | |
| | | | | 18 May 2018 | 1,700 | Purchase | 13,047 | 1.00 |
| | | | | 08 June 2018 | 138 | Purchase | 13,185 | 1.01 |
| | | | | 15 June 2018 | 52 | Purchase | 13,237 | 1.02 |
| | | | | 29 June 2018 | 100 | Purchase | 13,337 | 1.03 |
| | | | | 06 July 2018 | 17 | Purchase | 13,354 | 1.03 |
| | | | | 13 July 2018 | 38 | Purchase | 13,392 | 1.03 |
| | | | | 20 July 2018 | 45 | Purchase | 13,437 | 1.03 |
| | | | | 27 July 2018 | 194 | Purchase | 13,631 | 1.05 |
| | | | | 07 September 2018 | 40 | Purchase | 13,671 | 1.05 |
| | | | | 29 September 2018 | 288 | Purchase | 13,959 | 1.07 |
| | | | | 05 October 2018 | 106 | Purchase | 14,065 | 1.08 |
| | | | | 19 October 2018 | 775 | Purchase | 14,840 | 1.14 |
| | | | | 26 October 2018 | 224 | Purchase | 15,064 | 1.16 |
| | | | | 02 November 2018 | 264 | Purchase | 15,328 | 1.18 |
| | | | | 16 November 2018 | 10 | Purchase | 15,338 | 1.18 |
| | | | | 21 December 2018 | 30 | Purchase | 15,368 | 1.18 |
| | | | | 18 January 2019 | 250 | Purchase | 15,618 | 1.20 |
| | | | | 25 January 2019 | 651 | Purchase | 16,269 | 1.25 |
| | | | | 01 February 2019 | 196 | Purchase | 16,465 | 1.27 |
| | | 22 March 2019 | 415 | Purchase | 16,880 | 1.30 | | |
| | | 30 March 2019 | 720 | Purchase | 17,600 | 1.35 | | |
| | | 17,600 | 1.35 | 31 March 2019 | 0 | | 17,600 | 1.35 |
| 5 | Raghubirsingh R Gohil | 15,960 | 1.23 | 01 April 2018 | | | | |
| | | | | 04 May 2018 | -3 | Sale | 15,957 | 1.23 |
| | | 15,957 | 1.23 | 31 March 2019 | 0 | | 15,957 | 1.23 |
| 6 | Dinesh Muktilal Paldiwal | 13,864 | 1.07 | 01 April 2018 | | | | 0.00 |
| | | | | 24 August 2018 | 138 | Purchase | 14,002 | 1.08 |
| | | | | 31 August 2018 | 541 | Purchase | 14,543 | 1.12 |
| | | | | 07 September 2018 | 15 | Purchase | 14,558 | 1.12 |
| | | | | 14 September 2018 | 81 | Purchase | 14,639 | 1.13 |
| | | | | 09 November 2018 | 16 | Purchase | 14,655 | 1.13 |
| | | 14,655 | 1.13 | 31 March 2019 | 0 | | 14,655 | 1.13 |
| 7 | Muktilal Ganulal Paldiwal | 11,715 | 0.90 | 01 April 2018 | | | | 0.00 |
| | | | | 13 April 2018 | 4 | Purchase | 11,719 | 0.90 |
| | | | | 14 September 2018 | 24 | Purchase | 11,743 | 0.90 |
| | | | | 05 October 2018 | 7 | Purchase | 11,750 | 0.90 |
| | | | | 09 November 2018 | 25 | Purchase | 11,775 | 0.91 |
| | | | | 16 November 2018 | 24 | Purchase | 11,799 | 0.91 |
| | | 11,799 | 0.91 | 31 March 2019 | 0 | | 11,799 | 0.91 |

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

| Sl. No. | Name | No. of Shares at the beginning (01-04-18)/ end of the year (31-03-19) | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the year (01-04-18 to 31-03-19) | |
|---------|------------------------------|---|----------------------------------|------------------|-------------------------------------|----------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 8 | Arjun Dunichand Ramani | 11,391 | 0.88 | 01 April 2018 | | | | |
| | | 11,391 | 0.88 | 31 March 2019 | 0 | | 11,391 | 0.88 |
| 9 | Sanjeev Vinodchandra Parekh* | 6,883 | 0.53 | 01 April 2018 | | | | |
| | | | | 16 November 2018 | 2,491 | Purchase | 9,374 | 0.72 |
| | | 9,374 | 0.72 | 31 March 2019 | 0 | | 9,374 | 0.72 |
| 10 | Sharda Ramani | 8,650 | 0.67 | 01 April 2018 | | | | |
| | | 8,650 | 0.67 | 31 March 2019 | 0 | | 8,650 | 0.67 |

* Not in the list of Top 10 shareholders as on April 1, 2018. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on March 31, 2019.

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Dr. Anant Narain Singh (Chairman) | | | | |
| | At the beginning of the year | 24000 | 1.85 | 24000 | 1.85 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer/ bonus/ sweat equity etc): | No change | | No change | |
| | At the end of the year | 24000 | 1.85 | 24000 | 1.85 |
| 2. | Mr. Puneet Raman (Director) | | | | |
| | At the beginning of the year | 4500 | 0.35 | 4500 | 0.35 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer/ bonus/ sweat equity etc): | No Change | | No Change | |
| | At the end of the year | 4500 | 0.35 | 4500 | 0.35 |
| 3. | Mrs. Rukmani Devi (Director) | | | | |
| | At the beginning of the year | 1106 | 0.09 | 1106 | 0.09 |
| | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc): | No Change | | No Change | |
| | At the end of the year | 1106 | 0.09 | 1106 | 0.09 |

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

V. INDEBTEDNESS

During the year under report, the Company has borrowed a sum of Rs. 5.00 crores as a short term Inter Corporate Deposit from a body corporate.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: NOT APPLICABLE

B. REMUNERATION TO OTHER DIRECTORS: (Rs.)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---------|--|---|--------------------|-----------------------|--------------------------|------------------|
| | | Mr. Shriraman* | Mr. Puneet Raman** | Mrs. Rukmani Devi | Mr. Moiz Miyajiwala | |
| 1. | Independent Directors | Mr. Shriraman* | Mr. Puneet Raman** | Mrs. Rukmani Devi | Mr. Moiz Miyajiwala | |
| | • Fee for attending Board /committee meetings | - | 90,000 | 5,10,000 | 3,90,000 | 9,90,000 |
| | • Commission @ (for 2017-18) | 4,82,000 | - | 6,11,000 | 5,14,000 | 16,07,000 |
| | • Others, please specify | - | - | - | - | - |
| | Total (1) | 4,82,000 | 90,000 | 11,21,000 | 9,04,000 | 25,97,000 |
| 2. | Other Non-Executive Directors | Dr. A.N. Singh | Mr. Rohit Khosla | Mr. Puneet Chhatwal # | Mr. Giridhar Sanjeevi \$ | Total Amount |
| | • Fee for attending Board / Committee meetings | 3,30,000 | N.A. | N.A. | N.A. | 3,30,000 |
| | • Commission @ (for 2017-18) | 7,74,000 | - | - | - | 7,74,000 |
| | • Others, please specify | - | - | - | - | - |
| | Total (2) | 11,04,000 | - | - | - | 11,04,000 |
| | Total Managerial Remuneration =(1+2) | | | | | 37,01,000 |
| | Overall Ceiling as per the Act | 3% of the net profit of the Company excluding sitting fees. | | | | |

* Resigned w.e.f. June 19, 2018

Appointed w.e.f. May 10, 2018

\$ Resigned w.e.f. May 16, 2018

** Appointed w.e.f. September 17, 2018

@ An amount of Rs. 35.79 Lakhs has been provided in the book of Accounts towards the commission payable to the Directors for the financial year ended 31st March, 2019 and shall be paid as may be decided by the Board on the recommendation of the Nomination and Remuneration Committee after adoption of accounts by the shareholders at the Annual General Meeting to be held on August 30, 2019.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs.)

| Sl.No. | Particulars of Remuneration | Key Managerial Personnel | | | | Total |
|--------|---|--------------------------|----------------------------------|---|-----------------------|-----------|
| | | CEO* Ashwani Anand | CEO* Vijay Partap Shrikent | Company Secretary Vanika Mahajan | CFO Sopan Kedia | |
| 1. | Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 2,79,495 | 42,63,389 | 9,63,483 | 17,05,023 | 72,11,390 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 11,292 | 1,92,678 | 1,44,523 | 33,730 | 3,82,223 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission | | | | | |
| | - as % of profit | - | - | - | - | - |
| | - others, specify... | | | | | |
| 5. | Others (PE, Superannuation, Gratuity) | 26,392 | 3,21,998 | 36,456 | 55,970 | 4,40,816 |
| | Total | 317,179 | 47,78,065 | 11,44,462 | 17,94,723 | 80,34,429 |

* for the part of the year.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties/ punishments/ compounding of offences for breach of any Section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

On behalf of the Board of Directors

Place : Mumbai
Date : 24th April, 2019

Dr. Anant Narain Singh
Chairman

Management Discussion and Analysis

World Economy

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. Conditions have eased in 2019 as the US Federal Reserve signalled a more accommodative monetary policy stance and markets became more optimistic about a US China trade deal, but they remain slightly more restrictive than in the fall.

As a result of these developments, global growth is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019, before returning to 3.6 percent in 2020. Growth for 2018 was revised down by 0.1 percentage point relative to the October 2018 World Economic Outlook (WEO), reflecting weakness in the second half of the year, and the forecasts for 2019 and 2020 are now marked down by 0.4 percentage point and 0.1 percentage point, respectively.

Beyond 2020, global growth is set to plateau at about 3.6 percent over the medium term, sustained by the increase in the relative size of economies, such as those of China and India, which are projected to have robust growth by comparison to slower-growing advanced and emerging market economies (even though Chinese growth will eventually moderate).
(Source: World Economic Outlook, IMF, April, 2019)

Indian Economic and Hospitality Scenario

As per IMF In India, growth is projected to pick up to 7.3 percent in 2019 and 7.5 percent in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy.

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India has been ranked 11th in the Global FDI Confidence Index 2018, making it the 2nd highest ranked emerging market for FDI.

India's GDP is estimated to have increased 7.2 per cent in 2017-18 and 7 per cent in 2018-19. India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups.

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country.

India is the most digitally-advanced traveler nation in terms of digital tools being used for planning, booking and experiencing a journey. India's rising middle class and increasing disposable incomes has continued to support the growth of domestic and outbound tourism.

The launch of several branding and marketing initiatives by the Government of India such as 'Incredible India!' and 'AthitiDevoBhava' has provided a focused impetus to growth. The Indian government has also released a fresh category of visa - the medical visa or M visa, to encourage medical tourism in the country. Incredible India 2.0 campaign was launched in September 2017. In September 2018, the Indian government launched the 'Incredible India Mobile App' to assist the traveler to India and showcase major experiences for travelling. The Government of India is working to achieve one per cent share in world's international tourist arrivals by 2020 and two per cent share by 2025.

Varanasi, being one of the most prominent religious & cultural cities in India, attracts a huge chunk of tourists every year. Recently the central government launched a policy to encourage tourism in the city, which is expected to boost the sector significantly. In the recent past The Government of India have approved many projects for making Varanasi a smart city including beautification of roads, flyovers, Sanskrit learning, religious work and infrastructure development projects. The government has also implemented the policy for integrated promotion of tourism and culture in Varanasi, in order to fully utilize the opportunity of spiritual and religious tourism along the holy river Ganga.

Financial Performance

During the year 2018-19, the total revenues were at Rs. 60.39 Crores as against Rs. 48.28 Crores in 2017-18. The operating expenses (excluding Depreciation & Interest) increased from Rs. 36.13 Crores to Rs. 42.22 Crores in the same period while the depreciation increased from Rs 4.17 Crores to Rs. 5.23 Crores. Resultantly, the Profit before tax increased from Rs. 7.85 Crores in 2017-18 to Rs. 12.18 Crores in 2018-19 and Profit after Tax increased from Rs. 6.48 Crores to

Rs. 8.72 Crores. The Board meetings were held 5 times in the year and the results were communicated to the BSE, where the shares were listed.

Internal control systems and their adequacy

Your Company has in place an adequate system of internal controls, with documented procedures covering all functions in the hotel operating units. Systems of internal controls are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

Adequate internal control measures are in the form of various policies & procedures issued by the Management covering all critical and important activities viz. Revenue Management, Hotel Operations, Purchase, Finance, Human Resources, Safety, etc. These policies & procedures are updated from time to time and compliance is monitored continuously. The Company continues its efforts to align all its processes and controls with global best practices.

The internal audit process through the Taj group unique 'Taj Positive Assurance Model' is an objective methodology of providing a positive assurance based on the audits of operating units. It is a convergence of Process Framework, Risk & Control Matrix and a Scoring Matrix. A framework developed for each functional area is identified on the basis of an assessment of risk and control as also providing a score, allowing the unit to identify and mitigate high- risk areas.

The Audit committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the compliance reports submitted to them.

The Statutory Auditors of your Company report that your company has adequate internal controls over financial reporting.

Certifications and Awards

Your Company has been participating in the globally recognised 'EarthCheck' benchmarking and certification system. EarthCheck certifications are a result of extensive assessments and audits by Independent Environmental Assessors' - mapping indicators ranging from energy & water consumption, waste management to sensitivity exhibited vis-à-vis social and cultural dimensions in all areas of hotel operations. The Company has been certified EarthCheck 'Gold' for Taj Ganges (previously known as The Gateway Hotel Ganges) continuously for the fourth time.

Benares Hotels Limited has been conferred "**India's Best Company for the year 2018**" Award in the hospitality segment based on a distinctive and exhaustive research and selection process conducted by Berkshire Media, a multinational business consulting and market research firm headquartered in USA.

India's Best Company of The Year Awards is a unique benchmarking project which defines the credibility of India's most successful, fastest growing & upcoming companies. It recognizes the positive contributions & creativity of the brains behind the companies that have played a significant role in the growth of the Indian economy.

It also takes into account the fact that the Company has worked hard in all the aspects to win the trust of their stakeholders and has reached the pinnacle.



Dr. Anant Narain Singh receiving the Award



Dr. Anant Narain Singh, Chairman, Mr. Rohit Khosla, Mrs. Rukmani Devi, Mr. Moiz Miyajiwala and Mr. Puneet Raman, Directors, Ms. Vanika Mahajan Company Secretary and Mr. Sopan Kedia CFO with the Award

Workforce

Total manpower employed by the company was 305 as on March 31, 2019 at the same level as March 31, 2018.

The Gateway Hotel Ganges, Varanasi rebranded as Taj Ganges, Varanasi

The Gateway Hotel Ganges, Varanasi has been rebranded as Taj Ganges, Varanasi in December, 2018, after undergoing an extensive renovation and property upgradation.

Taj Ganges, Varanasi offers contemporary rooms and suites, a swimming pool, banquet halls, a fitness center and spa and is set in 12 acres of landscaped gardens in the heart of one of the oldest cities in the world, Varanasi.

The restaurants rank among the best in the city, with the All Day Dining restaurant, Chowk providing a selection of Continental, Pan Asian and Indian flavors, while the Indian specialty restaurant, Varuna celebrates the traditional food of Varanasi and the cuisines of the Muslim Gharana. The Prinsep Bar is an elegant tribute to the city's colonial influence.

The hotel's history has been brought to life with a refreshingly new experience of the signature Taj hospitality, and is perceptible through:

- New attire for the hotel team
- Newly renovated lobby and banquet hall
- Luxuriously renovated rooms and suites



Dr. Anant Narain Singh, Chairman, Mr. Puneet Chhatwal, Mr. Puneet Raman, Mr. Rohit Khosla, Directors, and Mr. Vijay Partap Shrikent - CEO, unveiling the signage

Report on Corporate Governance

Philosophy on Corporate Governance

As a Company with a strong sense of values and commitment, we believe that profitability must go hand in hand with a sense of responsibility towards all the stakeholders. The Company's philosophy envisages the protection and interest enhancement for all the stakeholders, creditors, customers, employees, suppliers and society. The Company seeks to focus on enhancement of long term value creation for all stakeholders without compromising on integrity, social obligations and regulatory compliances. The Company continues to maintain steadfast commitment to ethics and code of conduct adhered by the company and endeavors to maximize the Shareholder value while safeguarding and promising the interest of other stakeholders. The Company complies with legal and regulatory requirements and meet environmental and local community needs with the highest standards of integrity, transparency and accountability which are the integral part of the Corporate Governance Policy.

The Company has complied with the provisions of Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), as applicable, with regards to Corporate Governance details of which are as under :

Board of Directors:

1. As on March 31, 2019, the Company's Board of Directors comprises six Non-Executive Directors (NEDs), three out of whom are Independent Directors of which one is a Woman Director. Hence, the Board of Directors comprises Non-Executive, Independent Directors and as well as a Woman Director and half of the Board of Directors comprises Independent Directors, with the Chairman being a Promoter & Non executive Director. None of the Directors are related inter-se, in terms of Section 2 (77) of the Act, read with the Rules framed thereunder. The Directors possess experience in fields as diverse as hoteliering, finance, management, Agriculture and social service. The experience and wisdom of the Directors, has proved to be of immense value to the Company. The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence required for it to function effectively. The Board periodically evaluates the need for change in its composition and size. All Directors, other than Independent Directors are liable to retire by rotation. The details of the Director seeking re-appointment at the ensuing Annual General Meeting has been attached with the notice of the Annual General Meeting.
2. The term Independent Director has been defined under Section 149 of the Act, the rules framed thereunder and Regulation 16 of the Listing Regulations.
3. The Company has complied with the provisions with respect to appointment and term of Independent Directors which are consistent with the Act and the Listing Regulations. The Independent Directors on the Board of the Company, upon appointment, are given a formal appointment letter inter alia containing the terms of appointment, role, duties and responsibilities, time commitment, code of conduct, etc. The terms and conditions of appointment are disclosed on the website at <https://www.benareshotellimited.com/content/dam/thrp/benareshotellimited/documents/independent-directors/ID%20Policy.pdf>. None of the Independent Directors have resigned before the expiry of their respective tenures during the year under review.
4. The Board has received the Declaration from all the Independent Directors of the Company under section 149(6) of the Act and the Listing Regulations regarding meeting the criteria of Independence. Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the Independent Directors meet the criteria of 'Independence' specified in the Regulation 16(1) of Listing Regulations and Section 149(6) of the Act and the Rules framed thereunder and are independent of the management as required under Regulation 25 of the Listing Regulations.
5. During the year under review, the Board of Directors of the Company met five times and the period between any two meetings did not exceed one hundred and twenty days. The dates of the Board Meetings held during each quarter are as follows:

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

| No. | Date of Meeting | For the quarter |
|-----|------------------|---------------------|
| 1 | May 10, 2018 | April to June |
| 2 | August 7, 2018 | July to September |
| 3 | October 26, 2018 | October to December |
| 4 | January 25, 2019 | January to March |
| 5 | March 14, 2019 | |

The necessary quorum was present for all the meetings. As required under SEBI Listing Regulations, all the necessary information was placed before the Board from time to time.

6. During the year under review, a separate meeting of Independent Directors was held on March 14, 2019, without the presence of Non Independent Directors and other members of the Management. At the said meeting, the Independent Directors reviewed the performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company after taking into account the views of the Non-Executive Directors. They also assessed the quality, quantity, timeliness and adequacy of information between the Company's management and the Board.

The required information, including information as enumerated in Regulation 17(7) read together with Part A of Schedule II of the Listing Regulations is made available to the Board of Directors, for discussions and consideration at Board Meetings. The Board reviews the declaration made by the Chief Executive Officer ('CEO') regarding compliance with all applicable laws on a quarterly basis, as also steps taken to remediate instances of non-compliance, if any.

7. With a view to leverage technology and reducing paper consumption, the Company has adopted a web based application for transmitting Board / Committee meetings Agenda and papers. The Directors of the Company receive the Agenda in electronic form through this application, which can be accessed through Browsers or iPads. The application meets high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda in electronic form.
8. As per the Company's policy, NED's of the Company are paid, in addition to commission, sitting fees at the rate of Rs. 30,000 per meeting for attending meetings of the Board of Directors, Audit & Risk Management Committee, Independent Directors' Meeting, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility & Sustainability Committee. The Company also reimburses the out of pocket expenses incurred by the Directors for attending the Meetings.
9. All the Directors have made necessary disclosures regarding their directorships and other interests as required under Section 184 of the Act and on the Committee positions held by them in other Companies. None of the Directors hold directorships in more than 20 Indian Companies with not more than 10 public limited companies and none of the Directors hold directorships in more than eight listed entities. None of the Independent Directors serve as Independent Director in more than seven listed entities and none of the Whole-time Directors of any listed company serve as Independent Directors in more than three listed companies. Further, none of them serve as Members of more than 10 Committees nor are any of them serve as Chairperson of more than five Committees, across all the public limited companies in which they are Directors. For the purpose of counting the Chairmanship and Membership of Committees, the Company has only considered Audit Committee and Stakeholder's Relationship Committee as per the SEBI Listing Regulations.

10. The details of the above are as follows:-

Board of Directors:

| Names | Category | Remuneration paid Rs. | | | No. of outside Directorships As at March 31, 2019 ¹ | | No of outside Committee positions held ² | | No. of Board Meetings attended | Attendance at the last Annual General Meeting held on 24.08.2018 |
|-------------------------|---------------------------|--------------------------|------------------------|----------------------|--|---------|---|-------------|--------------------------------|--|
| | | Salary & Perks 2018-2019 | Sitting Fees 2018-2019 | Commission 2017-2018 | Indian | Foreign | As Member | As Chairman | | |
| Dr. Anant Narain Singh | Promoter Non-executive | N.A. | 3,30,000 | 7,74,000 | 1 | — | — | — | 5 | Yes |
| Mr. Shriraman* | Independent Non-executive | N.A. | 0 | 4,82,000 | — | — | — | — | 0 | NA |
| Mrs. Rukmani Devi | Independent Non-executive | N.A. | 5,10,000 | 6,11,000 | — | — | — | — | 5 | Yes |
| Mr. Rohit Khosla | Promoter Non-executive | N.A. | N.A. | N.A. | 4 | — | — | 2 | 5 | Yes |
| Mr. Moiz Miyajiwala | Independent Non-executive | N.A. | 3,90,000 | 5,14,000 | — | — | — | — | 5 | No |
| Mr. Giridhar Sanjeevi** | Promoter Non-executive | N.A. | N.A. | N.A. | — | — | — | — | 1 | N.A. |
| Mr. Puneet Chhatwal # | Promoter Non-executive | N.A. | N.A. | N.A. | 7 | 1 | 2 | — | 3 | No |
| Mr. Puneet Raman \$\$ | Promoter Non-executive | N.A. | 90,000 | N.A. | — | — | — | — | 2 | N.A. |

¹ Excludes directorships in private companies, Section 8 Companies and alternate directorships and also Benares Hotels Limited.

² 'Board Committees' for this purpose pertains to only the Audit Committee and the stakeholders relationship committee of other Public Companies as per the Listing Regulations.

* Resigned from the directorship w.e.f. June 19, 2018

Appointed w.e.f. May 10, 2018

** Resigned w.e.f. May 16, 2018

\$\$ Appointed w.e.f. September 17, 2018

NOTE: Traditionally, the Directors are paid commission each year after the Financial Statements are approved by the Members at the Annual General Meeting of the Company. A sum of Rs. 35.79 lakhs has been provided as commission to Non Executive Directors for the year 2018-19.

Details of Directorships in other Listed Entities

| Name and Category of the Director | Details of Directorships of other Listed Entities and Category of Directorship | |
|--|--|---|
| Mr. Puneet Chhatwal Non-Executive, Non-Independent | The Indian Hotels Company Limited | Managing Director & Chief Executive Officer |
| | Oriental Hotels Limited | Non-Executive Director |
| | Taj GVK Hotels and Resorts Limited | Non-Executive Director |

Except Mr. Puneet Chhatwal, no other Director holds any Directorship in any other Listed Entity.

11. The Company has adopted a Code of Conduct for its Non-Executive Directors and all Non-Executive Directors have affirmed compliance with the said Code. All Senior Management of the Company have affirmed compliance with the Tata Code of Conduct.
12. Being a subsidiary of Tata Group Company, the Company has adopted the Tata Code of Conduct ('TCOC'), which clearly articulates the ethical principles and desired behaviours. The TCOC requires the Tata companies and employees to act with professionalism, honesty and integrity and to preserve the human rights of every individual and the community. The principles of the TCOC apply to all our dealings with our business partners who are encouraged to adhere to similar standards. The TCOC covers various subjects like equal opportunity employer, dignity & respect, human rights, prohibition of bribery & corruption, gifts and hospitality, conflict of interest, financial reporting and records among others. The TCOC is augmented by a number of policies that help strengthen governance practices at the Company.

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

13. In addition to the above, the Company has also adopted a Code of Conduct for its NED's ("Code"). All NED's and Independent Directors have affirmed compliance with the said Code for the financial year ended March 31, 2019 and all Senior Management of the Company have affirmed compliance with the TCOC. The above codes are also displayed on the Company's website under the weblink https://www.Benareshotelslimited.com/content/dam/thrp/benareshotelslimited/documents/announcement-policies/Code_of_Corporate_Disclosure_Practices.pdf. The Annual Report of the Company contains a Certificate duly signed by the Chairman confirming adherence to the Codes of Conduct.
14. Other than transactions entered into in the normal course of business, the Company has not entered into any materially significant related party transactions during the year, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and/or relatives save and except that the transaction with the Indian Hotels Co. Ltd., the ultimate holding company during the year exceeded 10% of the annual gross turnover of the Company for the previous year, the approval of which was taken from the shareholders by way of a special resolution at the AGM held on August 21, 2015.

Familiarization Programmes for Directors

The Details pertaining to Familiarization Programmes are included in the Director's Report, which forms part of the Annual Report. The Details are also disclosed on the Company's website at <https://www.benareshotelslimited.com/content/dam/thrp/benareshotelslimited/documents/independent-directors/Familiarization%20Programme%20-%20BHL.pdf>

COMMITTEES OF THE BOARD:

The Committees constituted by the Board of Directors of the Company are as under:

1. Audit Committee:

As per Section 177 of the Companies Act, 2013 the Company has an Audit Committee. The committee has inter alia, the following terms of reference:-

- i. Reviewing with management the quarterly/annual financial statements before submission to the Board for approval, with particular reference to:-
 - Matters required to be included in the Directors Responsibility Statement as provided under Section 134(5) of the Act are included in the Board's Report in terms of clause (c) of sub section 3 of Section 134 of the Act
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment by the Management.
 - Qualifications in the draft audit report.
 - Significant adjustments made in the financial statements, arising out of audit findings.
 - The going concern assumptions
 - Compliance with Accounting Standards
 - Disclosure on any related party transactions.
 - Compliance with Listing and other legal requirements relating to financial statements.
- ii. Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems.
- iii. Discussion with internal auditors on any significant findings and follow-up thereon.
- iv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- v. Discussion with external/statutory auditors before the audit commences, nature and scope of audit, as well as have post audit discussion to ascertain any area of concern.
- vi. The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.

- vii. Review and monitor the Auditor's independence & performance and effectiveness of audit process.
- viii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- ix. Examination of the financial statement and auditors' report thereon.
- x. Approval or any subsequent modification of transactions of the company with related parties
- xi. Scrutiny of Inter corporate loans and investments
- xii. Valuation of undertakings or assets of the company, wherever it is necessary
- xiii. Evaluation of adequacy of internal financial controls and risk management systems
- xiv. Approval of appointment of CFO (or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate
- xv. To frame and review the policies in relation to the implementation of the Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices ('Insider Trading Code') and to supervise implementation of the same;
- xvi. Monitoring the end use of funds raised through public offers and related matters
- xvii. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

Although not mandatory, your Company has combined Risk Management with Audit Committee as a measure of good governance to frame, implement and monitor the risk management plan of the Company. The Committee has a Risk Management Policy, lays down a vigorous and active process for identification and mitigation of risks. The Committee reviews and monitors the risk management and mitigation plan from time to time.

In addition to the terms of reference of the Audit Committee, the terms of reference of the Risk Management Committee inter-alia, include the following:

- To review the Risk Management Plan / Policy and its deployment within the Company.
- To monitor the effectiveness of the Risk Management Plan /Policy
- To decide the maximum risk taking ability of the Company to guide the Board in making new investments.
- To review the major risks of the Company and advise on its mitigation to the Board
- Such other functions as may be delegated by the Board from time to time.

The Company's Audit & Risk Management Committee comprises Mr. Moiz Miyajiwala - Chairman, Mrs. Rukmani Devi and Mr. Rohit Khosla, Members. Each member of the Committee has the relevant experience in the field of Finance, accounting and hoteliering, with the Chairman being a Chartered Accountant. During the year under review, the Committee met four times and the gap between any two meetings did not exceed 120 days. Necessary quorum was present for all the Meetings. The details of the Audit Committee as well as the number of meetings held and attendance there at during the year are as under:-

| Sl.No. | MEMBERS | ATTENDANCE AT AUDIT COMMITTEE MEETINGS HELD ON | | | |
|--------|---|--|------------|------------|------------|
| | | 10.05.2018 | 07.08.2018 | 26.10.2018 | 25.01.2019 |
| 1 | Mr. Shriraman* (Non Executive Independent Director) | – | N.A. | N.A. | N.A. |
| 2 | Mr. Rohit Khosla (Non Executive Director) | ✓ | ✓ | ✓ | ✓ |
| 3 | Mrs. Rukmani Devi (Non Executive Independent Director) | ✓ | ✓ | ✓ | ✓ |
| 4 | Mr. Moiz Miyajiwala (Chairman) (Non Executive Independent Director) | ✓ | ✓ | ✓ | ✓ |
| 5 | Mr. Giridhar Sanjeevi** (Non Executive Director) | ✓ | N.A. | N.A. | N.A. |

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

* Mr. Shriraman ceased to be a member of the Committee consequent to the resignation from the Directorship of the Company w.e.f. June 19, 2018

** Mr. Giridhar Sanjeevi was appointed as a member of the NRC w.e.f. January 25, 2018 and ceased to be a member of the Committee consequent to the resignation from the Directorship of the Company w.e.f. May 16, 2018

The Audit Committee meetings are attended by invitation by the VP Finance Northern Region, CFO, Group Internal Audit and the Statutory Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

The Internal Auditors and Statutory Auditors of the Company discuss their audit findings and updates with the Committee and submit their views directly to the Committee.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (the Regulations), the Board has adopted the CCDP to be followed by Directors, employees and other connected persons. The CCDP is based on the principle that Directors and the employees of a Tata Company owe a fiduciary duty to, the stakeholders and public at large. The Company to place the interest of the members above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The CCDP contains regulations for preservation of price sensitive information, pre-clearance of trade and monitoring and implementation of CCDP. In terms of this Code, Mr. Sopan Kedia, CFO continues to be 'Compliance Officer'.

2. Nomination & Remuneration Committee:

As per Section 178(1) of the Companies Act, 2013 and as per the SEBI Listing Regulations, the Company has a Nomination & Remuneration Committee (NRC) comprising Mr. Moiz Miyajiwala - Chairman, Dr. Anant Narain Singh and Mrs. Rukmani Devi. Mr. Shriraman ceased to be a member of the Nomination & Remuneration Committee consequent to the resignation from the Directorship of the Company.

The details of the Committee as well as the number of meetings held and attendance there at during the year are as under:-

| Sl.No. | MEMBERS | ATTENDANCE AT NOMINATION AND REMUNERATION COMMITTEE MEETINGS HELD ON | | |
|--------|---|--|------------|------------|
| | | 10.05.2018 | 07.08.2018 | 14.03.2019 |
| 1 | Dr. Anant Narain Singh (Non-Executive Director) | ✓ | ✓ | ✓ |
| 2 | Mr. Shriraman* (Independent Non-Executive Director) | - | N.A. | N.A. |
| 3 | Mr. Giridhar Sanjeevi** (Non-Executive Director) | ✓ | N.A. | N.A. |
| 4 | Mrs. Rukmani Devi (Independent Non-Executive Director) | ✓ | ✓ | ✓ |
| 5 | Mr. Mioz Miyajiwala (Independent Non-Executive Director) | ✓ | ✓ | ✓ |

* Mr. Shriraman ceased to be a member of the Committee consequent to the resignation from the Directorship of the Company w.e.f. June 19, 2018

** Mr. Giridhar Sanjeevi was appointed as a member of the NRC w.e.f. January 25, 2018 and ceased to be a member of the Committee consequent to the resignation from the Directorship of the Company w.e.f. May 16, 2018

The necessary quorum was present at all the Meetings.

The broad terms of reference of NRC inter-alia, include the following :-

- To identify persons who are qualified to become directors and who are appointed in senior management

- Recommend to the Board the appointment or re-appointment of directors/KMP/senior management and their removal. The Committee shall consider and recommend the appointment of the Chief Financial Officer ('CFO') to the Audit Committee and the Board.
- Recommend to the Board whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- To carry out the evaluation of every director's performance
- To formulate the criteria for discovering qualification, positive attributes and independence of directors and recommending to the Board the policies relating to remuneration for the directors, KMP and other employees.

Pursuant to Section 178(2) and (3) of the Act, the Company has adopted a Remuneration Policy for Directors, Key Managerial Personnel and other employees based on the recommendations of the Committee. The Policy envisages payment of remuneration according to qualification, experience. The Company's remuneration strategy is market driven and aims at attracting and retaining high caliber talent. The policy also recommended the criteria for determining qualifications, positive attributes and independence of a director and identified persons who are qualified to become director and who may be appointed in senior management in accordance with the criteria laid down and recommended their appointment and carried out evaluation of every director's performance.

The commission payable to NEDs is recommended by the NRC to the Board upto 3% of the net profits of the Company calculated in accordance with provisions of Section 198 of the Act and is distributed based on a number of factors, including attendance and contribution at Board and Committee meetings, commitment, effective deployment of knowledge and expertise, as well as time spent on operational matters other than at the meetings.

3. Stakeholders Relationship Committee:

As per Section 178(5) of the Act, the Company has a Share Transfer & Stakeholders Relationship Committee (SRC) comprises Dr. Anant Narain Singh, (Non-Executive Director) Mr. Rohit Khosla (Non-Executive Director) and Mrs. Rukmani Devi (Independent Non-Executive Director) who was appointed as a member of the Committee in place of Mr. Shriraman consequent to his resignation as the Director of the Company. The scope of the SRC includes reporting of the status of the shareholders. The brief terms of the reference of the Committee includes resolving grievances of all the shareholders of the Company including complaints related to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc.

The Committee met once on January 25, 2019 during the period under review and was attended by all the members. The necessary quorum was present for the meeting. Dr. Anant Narain Singh, Non-Executive Director, heads the Committee. The Secretary acts as the Compliance Officer to the Committee.

Details of complaints received and resolved during the financial year 2018-19

Share transfers are processed weekly and noted by the SRC. Investor grievances are placed before the SRC. Share Transfer in physical form can be lodged with the Company by providing the necessary documents. The transfers are normally processed within 15 days from the date of receipt of duly completed documents. There were no pending investor complaints which remain unresolved. All valid share transfers lodged upto March 31, 2019, have been processed. The status of complaints received from shareholders during the year 2018-19 is as under:-

| Complaints received | Pending as on March 31, 2019 |
|---------------------|------------------------------|
| 1 | Nil |

4. Corporate Social Responsibility Committee (CSR) and Sustainability Committee:

In accordance with the provisions of Section 135 of the Act, the Company has constituted a CSR which has also been bestowed upon the responsibility towards Sustainability and is now known as CSR and Sustainability Committee comprising Dr. Anant Narain Singh - Chairman, Mrs. Rukmani Devi and Mr. Rohit Khosla. The broad terms of reference of the CSR Committee are as under:-

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

- Formulating and recommending to the Board, a Corporate Social responsibility Policy which shall indicate the activities to be undertaken by the Company;
- Recommending the amount of expenditure to be incurred on the aforesaid activities;
- Monitoring the Corporate Social Responsibility Policy of the Company from time to time;
- Providing vision and guidance to the Management to ensure that all long-term business proposals made to the Board are assessed through the lens of CSR, Environment, Safety, Health, and reputational implications including associated risks and opportunities.
- Guiding the Management in ensuring stakeholder engagement and materiality analysis based on key sustainability issues
- Guiding the management in formulating a comprehensive sustainability strategy for the company; define appropriate goals, targets, KPIs, action plans and investments. Play an active role in recommending and periodically reviewing achievement vis-à-vis above strategy.
- Guiding and recommending sustainability disclosures by the Company in line with global reporting frameworks.
- Guiding and suggesting strategies to the management to develop internal competencies, inspire employees and suppliers engagement and culture for responsible business.
- Advising the management on potential business implications of Sustainability performance vis-à-vis corporate relations & brand perception

The details of the Committee as well as the number of meetings held and attendance there at during the year are as under:-

| Sl.No. | MEMBERS | ATTENDANCE AT CSR AND SUSTAINAVILITY COMMITTEE MEETINGS HELD ON |
|--------|--|--|
| | | 10.05.2018 |
| 1 | Dr. Anant Narain Singh (Non-Executive Director) | ✓ |
| 2 | Mrs. Rukmani Devi (Independent Non-Executive Director) | ✓ |
| 3 | Mr. Rohit Khosla (Non-Executive Director) | ✓ |

The necessary quorum was present for the meeting.

Prevention of Sexual Harassment

The Details of Complaints received and resolved during the year are mentioned in the Director's Report, which forms part of the Annual Report.

Transfer of unclaimed / unpaid amount to the Investor Educations and Protection Fund:

Pursuant to the provisions of Section 124 and 125 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), dividends, if not claimed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF')

Further, shares in respect of such dividends which have not been claimed for a period of seven consecutive years are also liable to be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares. The provisions relating to transfer of shares were made effective by the Ministry of Corporate Affairs, vide its Notification dated October 13, 2017 read with the circular dated October 16, 2017, wherein it was

provided that where the period of seven consecutive years, as above, was completed or being completed during the period from September 7, 2016 to October 31, 2017, the due date of transfer for such shares was October 31, 2017.

In the interest of shareholders, the Company sends periodic reminders to the shareholders to claim their dividends in order to avoid transfer of dividend/ shares to IEPF Authority. Notices in this regard are also published in the Newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website.

The members who have a claim on above dividends may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/ shares so transferred.

Given below are the proposed dates for transfer of the unclaimed dividend to the IEPF by the Company:-

| Financial Year | Date of Declaration of Dividend | Proposed Date of Transfer to IEPF* |
|----------------|---------------------------------|------------------------------------|
| 2011-12 | 13.08.2012 | 19.09.2019 |
| 2012-13 | 16.08.2013 | 23.09.2020 |
| 2013-14 | 28.08.2014 | 04.10.2021 |
| 2014-15 | 21.08.2015 | 27.09.2022 |
| 2015-16 | 12.08.2016 | 18.09.2023 |
| 2016-17 | 03.08.2017 | 09.09.2024 |
| 2017-18 | 24.08.2018 | 30.09.2025 |

* Indicative dates, actual dates may vary

In light of the aforesaid provisions, the Company has during the year under review, transferred to IEPF the unclaimed dividends, outstanding for seven consecutive years from transfer to Unpaid Dividend Account. Further, shares of the Company, in respect of which dividends have not been claimed for seven consecutive years or more from transfer to Unpaid Dividend Account, have also been transferred to the demat account of IEPF Authority

The Company has transferred an amount of Rs. 4,35,786 to IEPF of the Central Government during the financial year 2018-19.

The Company has transferred 1,750 Equity Shares of FY 2010-11 to the IEPF Authority.

In accordance with Section 124(6) of the Act, read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more are required to be transferred to the demat Account of the IEPF Authority. Accordingly, all the shares in respect of which dividends were declared upto the financial years ended March 31, 2011 and remained unpaid or unclaimed were transferred to the IEPF.

Compliance Officer : **Ms. Vanika Mahajan**
Company Secretary

Benares Hotels Ltd.

Address : Corporate Office, Taj Palace, Sardar Patel Marg, New Delhi 110 021

Phone : 011-6650 3704

E-mail : investorrelations@tajhotels.com

Disclosure regarding Remuneration of Directors & Shares held by them:-

Remuneration to Non-Executive Directors:

The remuneration drawn by the Non-Executive Directors is in the form of commission distributed out of the net profits of the Company subject to a maximum of 3%. The commission payable to Non-Executive Directors is decided by the Board on the recommendation of Nomination & Remuneration Committee and is distributed based on a number of factors, including number of Board and Committee meetings attended, individual contribution thereat etc.

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

Details of shares of the Company held by the Non-Executive Directors as on March 31, 2019, are as under:

| | | |
|------------------------|---|-------|
| Dr. Anant Narain Singh | - | 24000 |
| Mr. Puneet Raman | - | 4500 |
| Mrs. Rukmani Devi | - | 1106 |

Details on General Meetings:

Location, date and time of the General Meetings held in the last 3 years is as under:

| Location | Date | Time | Special Resolutions passed |
|---|-----------------|----------|--|
| Annual General Meetings | August 24, 2018 | 3.00 p.m | - |
| Registered office at Nadesar Palace Compound Varanasi 221 002 | August 3, 2017 | 3.00 p.m | - |
| | August 12, 2016 | 3.00 p.m | Approval of payment of commission on Net Profit to Non Executive Directors |

The special resolution passed in the Annual General Meetings of the Company was passed with requisite majority.

During the year under review, there were no Special Resolutions passed by Postal Ballot by the Company. Currently, no Special Resolutions are proposed to be conducted through Postal Ballot.

Means of Communication:

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management-shareholder relations. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, Company's website and subject specific communications.

Quarterly, half-yearly and annual results of the Company are published in leading English and vernacular newspapers viz. Financial Express and Hindustan. Additionally, the results and other important information are also periodically updated on the Company's website viz. www.benareshotelslimited.com.

The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through BSE Listing Centre for dissemination on the BSE website.

The Annual Report containing inter alia the Financial Statement (Audited Accounts), Directors Report (Board's Report), Auditors Report, Secretarial Audit Report and other important information is circulated to the investors. Management Discussion and Analysis and Corporate Governance Report forms part of the Annual Report. Physical copies of the Annual Reports for Financial Year 2018-19 were sent to all members who had not registered their email ids for the purpose of receiving documents /communication in electronic mode.

In line with the SEBI Listing Regulations, the Company has emailed soft copies of its Annual Report to all those shareholders who have registered their email address for the said purpose. We would greatly appreciate and encourage more Members to register their email address with their Depository Participant or the Company, to receive soft copies of the Annual Report, Postal Ballot Notices and other information disseminated by the Company, on a real-time basis without any delay.

The Annual Reports are also available on the Company's website www.benareshotelslimited.com.

Disclosures:

The Board of Directors receive, from time to time, disclosures relating to financial and commercial transactions from key managerial personnel of the Company, where they and / or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

The details of the Related Party transactions are placed before and reviewed by the Company's Audit Committee, in terms of the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

The Company has not entered into any materially significant related party transactions during the year under review, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and / or relatives. All transactions entered into with Related Parties during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Act. Suitable disclosure as required by the Accounting Standards (IND AS-24) has been made in the notes to the Financial Statements.

- i. The Policy for dealing with Related Party Transactions has been uploaded on the Company's website at the following link:

<https://www.benareshotelslimited.com/content/dam/thrp/benareshotelslimited/documents/announcement-policies/RPT.pdf>

- ii. The Company has followed Accounting principles generally accepted in India, including the Indian Accounting Standard (Ind AS) as specified under Section 133 of the Act and other relevant policies during the year under review.

- iii. The Company has complied with the requirements of the Stock Exchanges / Securities and Exchange Board of India / Statutory Authorities on all matters relating to capital markets, during the last three years. No penalties or strictures have been imposed by them on the Company.

- iv. The Company has a well-defined Whistle Blower Policy pursuant to which employees can raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest by approaching the Chairman of the Audit & Risk Management Committee. No personnel have been denied access to the Chairman of the Audit Committee. The policy has been disclosed on the website of the Company under the link

https://www.benareshotelslimited.com/content/dam/thrp/benareshotelslimited/documents/announcement-policies/Whistle_Bowler.pdf.

Pursuant to Regulation 26(3) of the Listing Regulations, all the Board Members and Senior Management of the Company as on March 31, 2019 have affirmed compliance with their respective Codes of Conduct. A declaration to this effect, duly signed by the Chairman of the Board is annexed to this report.

Certifications

In terms of Regulation 17(8) of the Listing Regulations, the CEO and CFO have issued a certificate to the Board with regard to the propriety of the Financial Statements and other matters stated in the said regulation, for the Financial Year 2018-19.

A certificate from the Company Secretary in Practice has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Compliance with non-mandatory requirements

1. Audit Report : For the financial year 2018-19, the Auditors have expressed an unmodified opinion on the financial statements of the Company. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.
2. The Internal Auditor reports to the Chairman of the Audit Committee.

As regards the other non-mandatory requirements, the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

General Shareholder Information

Annual General Meeting

Date and Time : Friday, August 30, 2019 at 3:00 p.m.
Venue : Nadesar Palace Compound
Varanasi 221 002

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

Registered Office : Nadesar Palace Compound, Varanasi 221 002
Telephone No. : 91 542 666 0001
Facsimile No. : 91 542 250 3291
Website : www.benareshotelslimited.com
E-mail : investorrelations@tajhotels.com

Financial Calendar

Financial reporting for:

! Quarter ending 30th June, 2019 on or before August 14, 2019
 ! Quarter ending 30th September, 2019 on or before November 15, 2019
 ! Quarter ending 31st December, 2019 on or before February 15, 2019
 ! Quarter ending 31st March, 2020 on or before May 30, 2020

Financial Year : 2019-20
Date of Book Closure : August 23, 2019 to September 3, 2019 (both days inclusive)
Dividend Payment Date : On or after September 11, 2019

Listing on Stock Exchanges

➤ Equity Shares : BSE Ltd.

Corporate Identification No.(CIN) : L55101UP1971PLC003480

ISIN NO.: : INE664D01019

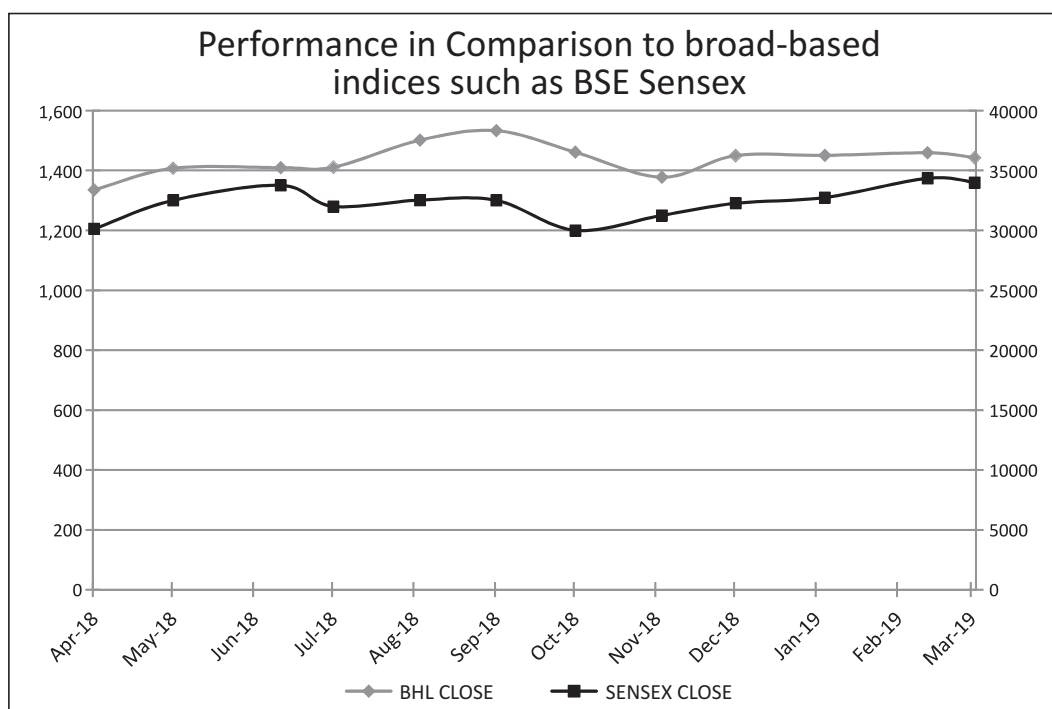
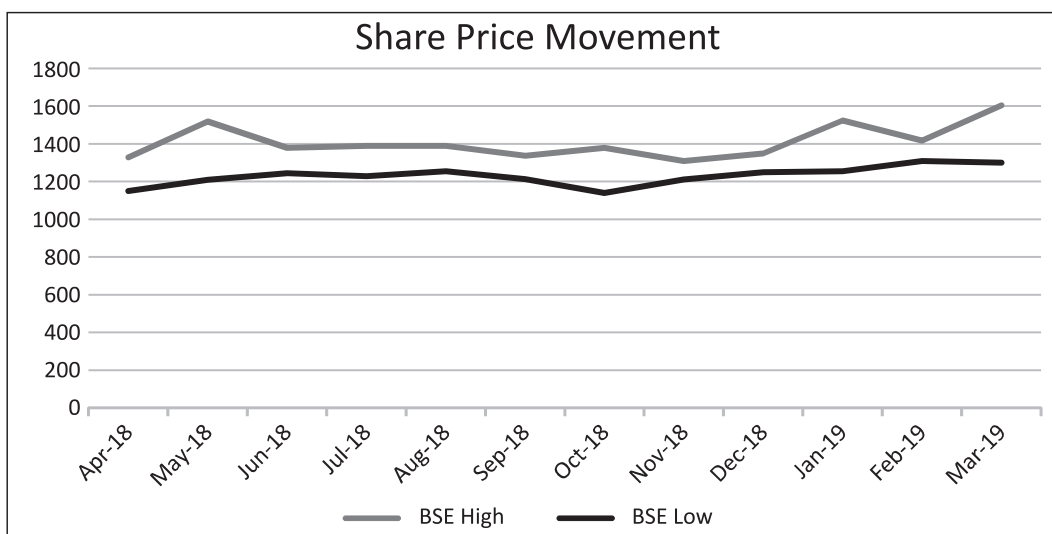
Stock Code: : 509438

The Company has paid annual listing fees to the above mentioned Stock Exchange in respect of the financial year 2019-20.

Market Price Data:

High/Low market price of the Company's shares and performance in comparison to Sensex Indices on Bombay Stock Exchange Limited, Mumbai during the financial year 2018-19 as furnished below:-

| Months | BSE High | BSE Low |
|----------------|----------|---------|
| April 2018 | 1329.5 | 1150 |
| May 2018 | 1519.35 | 1211 |
| June 2018 | 1379.8 | 1245.75 |
| July 2018 | 1390 | 1229.6 |
| August 2018 | 1390 | 1256.35 |
| September 2018 | 1337 | 1213 |
| October 2018 | 1380 | 1140.35 |
| November 2018 | 1309.8 | 1212 |
| December 2018 | 1349.7 | 1250 |
| January 2019 | 1524.9 | 1255 |
| February 2019 | 1417.9 | 1310.05 |
| March 2019 | 1605 | 1301.35 |



BHL Distribution of Shareholding as on March 31, 2019

| Category of Shareholders | No. of Shares held | % to Paid up capital |
|-----------------------------|--------------------|----------------------|
| Promoters | 813250 | 62.56 |
| Directors & their Relatives | 11091 | 0.85 |
| Resident Individuals & HUF | 430931 | 33.15 |
| Non-Resident Indians | 3975 | 0.31 |
| Clearing Member | 684 | 0.05 |
| Corporate Bodies | 20599 | 1.58 |
| IEPF | 19470 | 1.50 |

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

Secretarial Audit

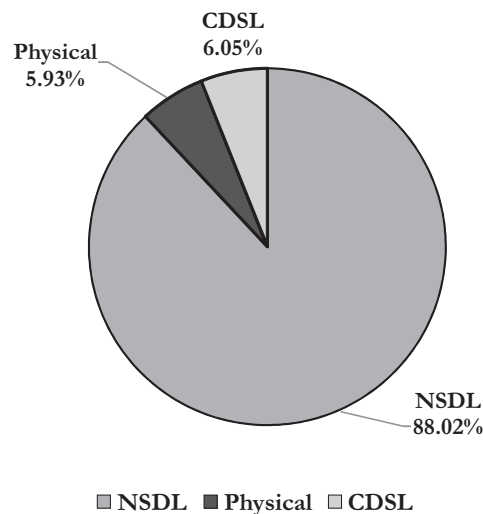
In terms of Section 204 of the Companies Act, 2013 the secretarial audit of the Company for the year 2018-19 has been carried out by the Secretarial Auditor appointed by the Company. The report of the Secretarial Auditor forms part of the Board's Report.

In keeping with the requirement of the SEBI and the Stock Exchanges, a secretarial audit by a practicing Company Secretary is carried out to reconcile the total admitted capital with NDSL and CDSL and the total issued and listed capital. The said audit confirms that the total issued/paid up capital tallies with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Dematerialization of Shares & Liquidity

As of the end of March 31, 2019, shares comprising approximately 94% of the Company's Equity Share Capital have been dematerialized.

Status on Dematerialised Shares



Registrar & Share Transfer Agents - The Indian Hotels Company Limited
Mandlik House
Mandlik Road
Mumbai 400 001.
Phone: 022 6665 1369
Fax: 022 - 22017442

Location of Hotels: Taj Ganges & Taj Nadesar Palace, Varanasi and
The Gateway Hotel, Gondia

Investor Correspondence

For any queries, investors are requested to get in touch at the following addresses

The Indian Hotels Co. Ltd.

Registrar & Share Transfer Agent

Unit: Benares Hotels Limited

Mandlik House, Mandlik Road, Mumbai 400 001.

e-mail id: investorrelations@tajhotels.com

OR

Benares Hotels Ltd.
C/o Corporate Office
Taj Palace
S. P. Marg, New Delhi 110 021
Phone: 011-66503549
Fax- 011-26876043

Reconciliation of Share Capital Audit

In keeping with the requirements of the SEBI and the Stock Exchanges, a Reconciliation of Share Capital Audit by a Practising Company Secretary is carried out at the end of every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The said audit confirms that the total issued / paid up capital tallies with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

Dematerialisation of Shares

The Company's equity shares are tradable compulsorily in electronic form. The Company has established connectivity with both depositories i.e. NSDL and CDSL. The International Securities Identification Number ('ISIN') allotted to the shares under the depository system is INE664D01019.

The Company has approximately 94% of its equity share capital in dematerialised form as on March 31, 2019. The Members whose shares are in physical form are requested to dematerialise their shares and update their bank account and email addresses with the depository.

Report on Corporate Governance

The Company regularly submits to the Stock Exchange, within the prescribed period, quarterly reports on Corporate Governance electronically through the online portal of the BSE. A certificate from a practising Chartered Accountant on Corporate Governance is attached as an annexure to this Report.

Investor Correspondance

For any queries, investors are requested to get in touch with the Company's share department at Mandlik House, Mandlik Road, Mumbai 400 001. A dedicated e-mail i.d. investorrelations@tajhotels.com has been set up for investor complaints.

Declaration by the Chairman on behalf of the Board of Directors regarding adherence to the CODE OF CONDUCT as specified in SEBI (Listing Obligations and Listing Requirements) Regulations, 2015

In accordance with SEBI Listing Regulations, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the Financial Year ended March 31, 2019.

For Benares Hotels Limited

Anant Narain Singh
Chairman
(DIN 00114728)

Independent Auditor's Certificate on Corporate Governance

TO THE MEMBERS OF BENARES HOTELS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by BENARES HOTELS LIMITED ("the Company") for the year ended March 31, 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations-2015").

Management Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations-2015.

Auditors Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance of the conditions of the Corporate Governance requirements by the Company.
5. We conducted our examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far applicable for the purpose of this certificate and as per the guidance note on Reports or Certificates for special purposes

(Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality (SQC) 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial information, and other Assurance and related service engagements.

Opinion

7. Based on our examination of the relevant records and according to information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations-2015, as applicable, during the year ended March 31, 2019.
8. We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on Use

9. The certificate is addressed and provided to the members of the Company solely for the purpose of complying with the requirement of the SEBI Listing Regulations- 2015, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

R. Suriyanarayanan
Partner
Membership No: 201402
UDIN: 19201402AAAAAG8834G

Place: Mumbai
Dated: 24th April, 2019

Independent Auditor's Report

TO THE MEMBERS OF BENARES HOTELS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Benares Hotels Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expansion and renovation of one of the hotel properties of the Company

During the year company completed expansion and renovation which comprised a significant portion of additions to the Property, Plant and Equipment of the year. The process of additions involves completion of all the related construction contracts, job works and other related civil, electrical, landscaping and interior works, final determination of the cost including allocation of indirect costs and ready to use dates. This involves reconciliation of related vendor accounts and obtaining technical confirmations. Any incorrect determination of costs due to error or management bias in allocation of indirect costs could lead to material misstatements. Refer Property, Plant and Equipment at Note 4 to Financial Statements for the additions made during the year.

How we addressed it in our audit

After obtaining a thorough understanding of the project break down structure, relevant group policies and accounting policies adopted, our tests included:

- Test of controls related to system of authorization of capital procurements, accounting and classification of related vendor bills, reconciliations of vendor accounts and approval for journal & payment entries.
- Verification of final determination of quantities, contract dues and vendor account reconciliations
- Validating the assumptions used in the allocation of indirect costs
- Comparison of the costs with the budgets and enquiring in to the reasons for variations and ensuring infructuous costs, if any, do not getting added
- Verifying the classification of additions into various asset classes and the useful life used for purpose of depreciation calculations

Our tests did not reveal any material exceptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our

opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting

Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 27 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2019.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- (h) As required by Section 197(16) of the Act, we report that the remuneration paid by the company to its directors is in accordance with the prescribed provisions and the remuneration paid to every director is within the limit specified under Section 197.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

R. Suriyanarayanan
Partner
Membership No. 201402

Place: Mumbai
Dated: 24th April, 2019

Annexure-A to Independent Auditor's Report

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Benares Hotels Limited ("the Company") on the financial statements as of and for the year ended 31 March 2019.

- i. In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date.
- ii. The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.
- iii. Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and

- hence 3(iii) of the Order is not applicable to the Company
- iv. Based on our audit procedures & according to the information and explanation given to us, the Company has neither given any loan, guarantees or security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore clause 3(iv) of the Order is not applicable to the Company.
 - v. Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3(v) of the Order is not applicable.
 - vi. The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act.
 - vii. (a) According to the information and explanations given to us and the records of the Company examined by us, except for few delays, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, Goods and Services Tax (GST), cess and any other statutory dues as applicable with the appropriate authorities.
According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, Goods and Services Tax(GST), cess and any other statutory dues were in arrears, as at 31 March 2019 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Sales Tax, Service tax, Goods and Services Tax(GST), Duty of customs, Excise duty and Value added tax as at 31 March 2019, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

| Name of the Statute | Name of Dues | Amount (in INR Lakhs) | Period to which amounts relates | Forum where the dispute is pending |
|---------------------|--------------|-----------------------|---------------------------------|------------------------------------|
| Income Tax Act 1961 | Demand | 0.98* | FY 2012-13 | CIT-Appeals (Varanasi) |
| U. P. Trade Tax Act | Demand | 26.27* | FY 2006-07 & FY 2007-08 | 1st Appellate Authority, UP VAT |

*net of amounts paid under protest

- viii. In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from the government, financial institution, bank or debenture holders during the year.
- ix. According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, reporting under the clause 3(ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.
- xi. According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.

- xiii. Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- xiv. Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable.
- xv. Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi. Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

R. Suriyanarayanan
Partner
Membership No. 201402

Place: Mumbai
Dated: 24th April, 2019

Annexure-B to Independent Auditor's Report

Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date

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

We have audited the internal financial controls over financial reporting of Benares Hotels Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

R. Suriyanarayanan
Partner
Membership No. 201402

Place: Mumbai
Dated: 24th April, 2019

Balance Sheet as at 31st March, 2019

| | Note | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|--|------|---------------------------|---------------------------|
| ASSETS | | | |
| Non-current Assets | | | |
| Property, plant and equipment | 4 | 8,070.72 | 5,303.68 |
| Capital work-in-progress | | 132.19 | 1,463.98 |
| Other Intangible assets | 5 | <u>73.94</u> | <u>94.94</u> |
| | | 8,276.85 | 6,862.60 |
| Financial assets | | | |
| Investments | | — | — |
| Other financial assets | 6 | 26.22 | 18.95 |
| Advance income tax (net) | | 201.61 | 206.14 |
| Other non-current assets | 7 | <u>120.84</u> | <u>396.76</u> |
| | | 8,625.52 | 7,484.45 |
| Current Assets | | | |
| Inventories | 8 | 128.23 | 124.77 |
| Financial assets | | | |
| Trade receivables | 9 | 434.91 | 407.99 |
| Cash and cash equivalents | 10 | 112.02 | 481.51 |
| Bank balances other than cash and cash equivalents | 11 | 178.22 | 158.25 |
| Other financial assets | 6 | 128.48 | 115.76 |
| Other current assets | 7 | <u>52.44</u> | <u>122.18</u> |
| | | 1,034.30 | 1,410.46 |
| Total | | <u><u>9,659.82</u></u> | <u><u>8,894.91</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12 | 130.00 | 130.00 |
| Other equity | 13 | <u>7,040.24</u> | <u>6,400.92</u> |
| Total equity | | <u>7,170.24</u> | <u>6,530.92</u> |
| Non-current liabilities | | | |
| Provisions | 14 | 35.94 | 32.16 |
| Deferred tax liabilities (net) | 15 | <u>648.52</u> | <u>573.80</u> |
| | | 684.46 | 605.96 |
| Current Liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16 | 500.00 | 500.00 |
| Trade payables | 17 | | |
| - Due to micro and small enterprises | | 1.93 | 5.11 |
| - Due to others | | 689.30 | 602.35 |
| Other financial liabilities | 18 | 485.95 | 469.09 |
| Other current liabilities | 19 | <u>107.43</u> | <u>162.25</u> |
| Provisions | 14 | <u>20.51</u> | <u>19.23</u> |
| | | 1,805.12 | 1,758.03 |
| Total | | <u><u>9,659.82</u></u> | <u><u>8,894.91</u></u> |
| Summary of Significant Accounting Policies | 3 | | |

The Accompanying Notes form an Integral part of the Financial Statements

As per our Report of even date attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003900S/S200018

R. Suriyanarayanan
Partner
(Membership No.: 201402)

Date : 24th April, 2019
Place: Mumbai

For and on behalf of the Board

Dr. Anant Narain Singh
Chairman
DIN: 00114728

Vijay Partap Shrikent
Chief Executive Officer

Vanika Mahajan
Company Secretary

Rohit Khosla
Director
DIN: 07163135

Sopan Kedia
Chief Financial Officer

Date : 24th April, 2019
Place: Mumbai

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Statement of Profit and Loss for the Year Ended March 31, 2019

| | Note | March 31 2019 ₹ Lakhs | March 31 2018 ₹ Lakhs |
|---|-----------|-----------------------------|-----------------------------|
| I. INCOME (Revenue) | | | |
| 1. Revenue from Operations..... | 20 | 5,967.65 | 4,742.65 |
| 2. Other Income | 21 | 71.15 | 84.87 |
| 3. Total Revenue..... | | 6,038.80 | 4,827.52 |
| II EXPENSES | | | |
| 1. Food and beverages consumed | 22 | 588.47 | 496.58 |
| 2. Employee benefit expense and payment to contractors | 23 | 1,059.78 | 952.68 |
| 3. Finance Costs - (Interest on ICD)..... | | 75.80 | 12.32 |
| 4. Depreciation and amortisation expense | | 522.88 | 417.31 |
| 5. Other operating and general expenses..... | 24 | 2,574.15 | 2,163.78 |
| Total Expenses..... | | 4,821.08 | 4,042.67 |
| III PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX | | 1,217.72 | 784.85 |
| IV EXCEPTIONAL ITEMS | | — | — |
| V PROFIT/(LOSS) BEFORE TAX | | 1,217.72 | 784.85 |
| VI TAX EXPENSES | | | |
| 1. Current Tax | 25 | 271.54 | 301.30 |
| 2. Deferred Tax | 25 | 73.89 | (157.00) |
| 3. Short provision of tax of earlier years (Net)..... | | — | (7.74) |
| Total | | 345.43 | 136.56 |
| PROFIT/(LOSS) AFTER TAX | | 872.29 | 648.29 |
| VII OTHER COMPREHENSIVE INCOME, NET OF TAX | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| 1. Remeasurement of defined benefit obligation | | 2.95 | 1.48 |
| 2. Less: Income tax expense | 25 | 0.82 | 0.41 |
| Other comprehensive income for the period, net of tax | | 2.13 | 1.07 |
| TOTAL COMPREHENSIVE INCOME | | 874.42 | 649.36 |
| EARNINGS PER SHARE | 33 | | |
| 1. Basic - (₹) | | 67.10 | 49.87 |
| 2. Diluted - (₹) | | 67.10 | 49.87 |
| 3. Face Value per Ordinary Share - (₹) | | 10.00 | 10.00 |
| Summary of Significant Accounting Policies | 3 | | |
| The Accompanying Notes form an Integral part of the Financial Statements..... | | | |

As per our Report of even date attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003900S/S200018

R. Suriyanarayanan
Partner
(Membership No.: 201402)

Date : 24th April, 2019
Place: Mumbai

For and on behalf of the Board

Dr. Anant Narain Singh
Chairman
DIN: 00114728

Vijay Partap Shrikant
Chief Executive Officer

Vanika Mahajan
Company Secretary

Rohit Khosla
Director
DIN: 07163135

Sopan Kedia
Chief Financial Officer

Date : 24th April, 2019
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

| | Note | March 31, 2019 ₹ Lakhs | March 31, 2019 ₹ Lakhs |
|---|------|---------------------------|---------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Profit Before Tax..... | | 1,217.72 | 784.85 |
| Adjustments for: | | | |
| Depreciation and Amortisation | | 522.88 | 417.31 |
| Finance Cost | | 75.80 | 12.32 |
| Provision for Doubtful Debts..... | | 4.31 | 8.89 |
| (Gain)/Loss on Sale of Assets..... | | (29.16) | (8.60) |
| Interest (Net)..... | | (25.17) | (63.75) |
| Provision for Employee Benefits | | 2.95 | 1.48 |
| | | <u>551.61</u> | <u>367.66</u> |
| Cash Operating Profit Before Working Capital Changes | | 1,769.33 | 1,152.50 |
| Adjustments for: | | | |
| Trade Receivables | | (31.22) | 4.17 |
| Inventories | | (3.46) | (9.77) |
| Non Current - Other financial Asset..... | | (7.27) | 0.40 |
| Other Non-current Assets | | (15.98) | (2.18) |
| Current-Other Financial Assets | | (12.34) | (43.96) |
| Other current assets | | 69.74 | (2.38) |
| Trade Payables | | 83.77 | 111.67 |
| Current Liabilities -Other Financial Liabilities..... | | (17.28) | (45.42) |
| Other Current Liabilities & Provisions | | 5.06 | (23.78) |
| | | <u>71.02</u> | <u>(11.25)</u> |
| Cash Generated from Operating Activities | | 1,840.35 | 1,141.25 |
| Direct Taxes Paid | | (267.01) | (270.73) |
| Net Cash From Operating Activities (A) | | 1,573.34 | 870.52 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | | (1,675.56) | (2,834.38) |
| Sale of Fixed Assets | | 36.37 | 36.30 |
| Short Term Inter Corporate Deposits Encashed (Placed) | | — | 1,000.00 |
| Interest Received | | 24.79 | 80.57 |
| Bank Balances not considered as Cash and Cash Equivalents | | (19.97) | 898.39 |
| Net Cash Used in Investing Activities (B) | | (1,634.37) | (819.12) |
| CASH FLOW FROM FINANCING ACTIVITIES* | | | |
| Interest Paid | | (73.36) | (11.10) |
| Short-term Loans Raised / (repaid) (net) | | — | 500.00 |
| Dividend Paid (Including tax on dividend) | | (235.10) | (234.70) |
| Net Cash Used in Financing Activities (C) | | (308.46) | 254.20 |
| Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C) .. | | (369.49) | 305.60 |
| Cash and Cash Equivalents - Opening (Refer Note 10) | | 481.51 | 175.91 |
| Cash and Cash Equivalents - Closing (Refer Note 10) | | 112.02 | 481.51 |

*Refer foot note under Borrowings (Note 16) for Net Debt Reconciliation.

As per our Report of even date attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003900S/S200018

R. Suriyanarayanan
Partner
(Membership No.: 201402)

Date : 24th April, 2019
Place: Mumbai

For and on behalf of the Board

Dr. Anant Narain Singh
Chairman
DIN: 00114728

Vijay Partap Shrikent
Chief Executive Officer

Vanika Mahajan
Company Secretary

Rohit Khosla
Director
DIN: 07163135

Sopan Kedia
Chief Financial Officer

Date : 24th April, 2019
Place: Mumbai

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Statement of Changes in Equity as at 31st March, 2019

₹ Lakhs

| Particulars | Equity Share Capital Subscribed | Reserves and Surplus | | | Grand Total |
|--|---------------------------------|----------------------|-----------------|-------------------|-----------------|
| | | Capital Reserve | General Reserve | Retained Earnings | |
| Balance as at April 1, 2017 | 130.00 | 0.86 | 2,167.22 | 3,818.18 | 6,116.26 |
| Restated balance at the beginning of the reporting period (April 1, 2017) | 130.00 | 0.86 | 2,167.22 | 3,818.18 | 6,116.26 |
| Profit for the year ended March 31, 2018 | — | — | — | 648.29 | 648.29 |
| Remeasurements of post employment benefit obligation, net of tax of ₹ 0.41 lakhs (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)) | | | | 1.07 | 1.07 |
| Total Comprehensive Income for the year ended March 31, 2018 | — | — | — | 649.36 | 649.36 |
| Dividends | | | | (195.00) | (195.00) |
| Tax on Dividend | | | | (39.70) | (39.70) |
| Balance as at March 31, 2018 | 130.00 | 0.86 | 2,167.22 | 4,232.84 | 6,530.92 |
| Profit for the year ended March 31, 2019 | — | — | — | 872.29 | 872.29 |
| Remeasurements of post employment benefit obligation, net of tax of ₹ 0.82 lakhs (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)) | | | | 2.13 | 2.13 |
| Total Comprehensive Income for the year ended March 31, 2019 | — | — | — | 874.42 | 874.42 |
| Dividends | — | — | — | (195.00) | (195.00) |
| Tax on Dividend | | | | (40.10) | (40.10) |
| Balance as at March 31, 2019 | 130.00 | 0.86 | 2,167.22 | 4872.164 | 7,170.24 |

As per our Report of even date attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003900S/S200018

R. Suriyanarayanan
Partner
(Membership No.: 201402)

Date : 24th April, 2019
Place: Mumbai

For and on behalf of the Board

Dr. Anant Narain Singh
Chairman
DIN: 00114728

Vijay Partap Shrikent
Chief Executive Officer

Vanika Mahajan
Company Secretary

Rohit Khosla
Director
DIN: 07163135

Sopan Kedia
Chief Financial Officer

Date : 24th April, 2019
Place: Mumbai

Notes to Financial Statements for the year ended March 31, 2019

NOTE 1: CORPORATE INFORMATION

Benares Hotels Limited (“BHL” or the “Company”), is a listed public limited company incorporated in 1971. The Company operates its hotels, viz. Taj Ganges and Taj Nadesar Palace in Varanasi and The Gateway Hotel Balaghat Road, Gondia in Maharashtra. In May, 2011, the Company became a subsidiary of The Indian Hotels Company Limited, a company promoted by Tata Sons Private Limited.

The financial statements were approved by the Board of Directors and authorised for issue on 24th April 2019.

NOTE 2: APPLICATION OF NEW INDIAN ACCOUNTING STANDARDS

All the Indian Accounting Standards issued under section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparation of these Financial Statements.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance:

In accordance with the notification dated 16th February, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as “Ind AS”) issued under section 133 of the Companies Act, 2013 and notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from April 1, 2016.

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) issued under Section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

Recent Accounting Pronouncements:

New standards notified and adopted by the Company

With effect from 1st April 2018, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers' which introduces a new five-step approach to measuring and recognising revenue from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for services to a customer.

The Company has opted for the modified retrospective application permitted by Ind AS 115 upon adoption of new standard. Accordingly, the standard has been applied for the year ended 31st March 2019 only (i.e. the initial application period). Modified retrospective application also requires the recognition of cumulative impact of adoption of Ind AS 115 on all contracts as at 1st April 2018 ('transition date') in equity and the impact on such transition date is not material.

Prior to adoption of Ind AS 115, the Company's revenue was primarily comprised of Revenue from Hotel operations. The recognition of these revenue streams is largely unchanged by Ind AS 115.

(b) Standards issued but not yet effective:

On 30th March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, 'Leases' as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1st April 2019.

It eliminates the classification of leases as either finance leases or operating leases for a lessee as required by Ind AS 17. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Notes to Financial Statements for the year ended March 31, 2019

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Requirements with regard to lessor accounting are substantially similar to accounting requirements contained in Ind AS 17. Accordingly, a lessor will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company's operating leases mainly relate to real estate assets such as Land, Land & Building and fully fitted hotel properties which are on long term lease ranging from 30 to 60 years.

The Company has completed its preliminary evaluation of the possible impact of Ind AS 116 and will adopt the standard using the 'Modified Retrospective Method' based on the principles in Ind AS 116. Accordingly, the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings i.e. 1st April 2019, consequently, comparatives for the year ended 31st March 2018 will not be retrospectively adjusted.

The Company is currently evaluating the impact this standard will have on the financial statement. The Company expects that this adoption will result in a material increase in the assets and liabilities and is likely to have a significant impact on the financial statements.

Other Amendments of the existing standards but not effective:

- i) Ministry of Corporate Affairs has issued additional guidance on Ind AS 12 – Income Taxes pertaining to “accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities”. The Company is in the process of assessing the impact on its financial statements from adopting this notification and plans to adopt the standard as at 1st April 2019.
- ii) Other than (a) above, there are certain other modifications notified in the existing accounting standards on miscellaneous issues which are applicable with effect from 01st April 2019. None of these standards are applicable to the Company.

(c) Basis of preparation and presentation:

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value i.e. Defined Benefit Plans at the end of each reporting period, as explained in the accounting policies below.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

The Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- (c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

Notes to Financial Statements for the year ended March 31, 2019

(d) Critical accounting estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has with the help of group technical assessment estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.
- **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.
- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and the tax charge in the statement of profit or loss.

Provision for tax liabilities require judgments on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

- **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgment is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.
- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due

Notes to Financial Statements for the year ended March 31, 2019

to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

(e) Revenue recognition:

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and discounts.

Revenue from operations

Rooms, Food and Beverage & Banquets:

Revenue is recognised at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognised once the rooms are occupied, food and beverages are sold and banquet services have been provided as per the contract with the customer.

Space and shop rentals:

Rentals basically consists of rental revenue earned from letting of spaces for retails and office at the properties. These contracts for rentals are generally of short term in nature. Revenue is recognized in the period in which services are being rendered.

Other Allied services:

In relation to the, laundry income, communication income, health club income, airport transfers income and other allied services, the revenue has been recognized by reference to the time of service rendered.

Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

Dividend

Dividend income is recognised when the Company's right to receive the amount is established. Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises sale of rooms, food and beverages and allied services relating to hotel operations.

(f) Employee Benefits (other than for persons engaged through contractors):

i. Provident Fund

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss during the year. The contributions as specified under the law are paid to the provident fund set up by the respective Regional Provident Fund Commissioner. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the minimum rates of return prescribed by the Central Government and recognises such contributions and shortfall, if any, as an expense in the year in which the corresponding services are rendered by the Company.

ii. Gratuity Fund

The Company makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis

Notes to Financial Statements for the year ended March 31, 2019

of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

iii. Compensated Absences

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

iv. Short Term Obligations

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related services. The accruals for employee entitlements of benefits such as salaries, bonuses and annual leave represent the amount which the Company has a present obligation to pay as a result of the employees' services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

(g) Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is charged to profit or loss so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets had been re-assessed as under based on technical evaluation made at the group level, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support, etc.

The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

In respect of Leasehold Buildings, depreciation on buildings on leased properties is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to buildings are depreciated on the basis of their estimated useful lives.

Assets under finance leases are depreciated over the expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Notes to Financial Statements for the year ended March 31, 2019

The estimated useful lives of the depreciable assets are as follows:

| Class of Assets | Estimated Useful Life |
|--|------------------------------|
| Improvement to the buildings | 15 years |
| Plant and Equipment | 10 to 20 years |
| Electrical Installation and Equipment | 20 years |
| Hotel Wooden Furniture | 15 years |
| End User devices Computers, Laptops etc | 6 years |
| Operating supplies (issued on opening of a new hotel property) | 2 to 3 years |
| Assets costing less than ₹ 5000 | 4 years |

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress represents projects under which the property, plant and equipments are not yet ready for their intended use and are carried at cost determined as aforesaid.

(h) Intangible Assets:

Intangible assets include cost of acquired software and designs, and cost incurred for development of the Company's website and certain contract acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Internally developed intangibles are capitalised if, and only if, all the following criteria can be demonstrated:

- i) the technical feasibility and Company's intention and ability of completing the project;
- ii) the probability that the project will generate future economic benefits;
- iii) the availability of adequate technical, financial and other resources to complete the project; and
- iv) the ability to measure the development expenditure reliably.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year. The estimated useful life used for amortising intangible assets is as under:

| Class of Assets | Estimated Useful Life |
|------------------------------|------------------------------|
| Website Development Cost | 5 years |
| Software and Licences | 6 years |
| Service and Operating Rights | 10 years |

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

(i) Impairment of assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or

Notes to Financial Statements for the year ended March 31, 2019

changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

(j) Foreign Currency Translation:

The functional currency of the Company is Indian rupee.

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of other monetary items are recognised in the Statement of Profit and Loss.

(k) Non-current assets held for sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable and expected to be completed within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(l) Assets taken on lease:

The Company applies Appendix C of Ind AS 17 'Leases' for determining whether an arrangement contains a Lease. Further, leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation

Notes to Financial Statements for the year ended March 31, 2019

compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

For leases which include both land and building elements, basis of classification of each element is assessed on the date of transition, April 1, 2015, in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard.

(m) Inventories:

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Inventory cost includes the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

(n) Government Grants:

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

(o) Income Taxes:

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

i. Current tax:

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

ii. Deferred tax :

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Notes to Financial Statements for the year ended March 31, 2019

Deferred tax liabilities are generally recognized for all taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period in which such credit can be set off under the income tax law. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

(p) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the non-current provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

(q) Borrowing Costs:

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

(r) Cash and Cash Equivalents (for the purpose of cash flow statements):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments

Notes to Financial Statements for the year ended March 31, 2019

that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(s) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flows for the year are classified by operating, investing and financing activities.

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

(t) Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

(u) Segment Reporting:

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Since the Company's business consists of its hotel operations only, no separate information for segment-wise disclosures is given.

(v) Financial Instruments:

Financial Assets:

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial Recognition and measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

Notes to Financial Statements for the year ended March 31, 2019

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

Notes to Financial Statements for the year ended March 31, 2019

Financial Liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Notes to Financial Statements for the year ended March 31, 2019

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Notes to Financial Statements for the year ended March 31, 2019

NOTE 4: PROPERTY, PLANT AND EQUIPMENT (Owned, unless otherwise stated) ₹ Lakhs

| | Freehold Land | Buildings Refer Foot-note (i) | Plant and Equipment | Furniture and Fixtures | Office Equipment | Vehicles | Total |
|---|---------------|-------------------------------|---------------------|------------------------|------------------|-------------|-----------------|
| Cost | | | | | | | |
| At April 1, 2017 | 13.05 | 2,577.59 | 1,691.49 | 336.12 | 64.29 | 0.12 | 4,682.66 |
| Additions | – | 641.11 | 637.09 | 446.15 | 12.13 | – | 1,736.47 |
| Less: Disposals | – | 142.87 | 75.79 | 32.19 | 0.82 | – | 251.67 |
| At March 31, 2018 | 13.05 | 3,075.83 | 2,252.79 | 750.08 | 75.59 | 0.12 | 6,167.46 |
| Additions | – | 1,476.72 | 1,211.64 | 569.86 | 17.38 | – | 3,275.60 |
| Less: Disposals | – | 91.50 | 40.29 | 22.23 | – | – | 154.02 |
| At March 31, 2019 | 13.05 | 4,461.05 | 3,424.14 | 1,297.71 | 92.97 | 0.12 | 9,289.04 |
| Depreciation | | | | | | | |
| At April 1, 2017 | – | 239.68 | 323.78 | 101.62 | 29.11 | – | 694.20 |
| Charge for the year [(Refer Foot Note (i))] | – | 157.17 | 164.11 | 57.58 | 14.70 | – | 393.55 |
| Less: Disposals | – | 137.65 | 59.19 | 26.43 | 0.70 | – | 223.97 |
| At March 31, 2018 | – | 259.20 | 428.70 | 132.78 | 43.11 | – | 863.78 |
| Charge for the year (Refer Foot Note (i)) | – | 125.93 | 262.57 | 96.32 | 16.53 | – | 501.35 |
| Adjustments | – | – | – | – | – | – | – |
| Less: Disposals | – | 91.77 | 35.21 | 19.83 | – | – | 146.81 |
| At March 31, 2019 | – | 293.36 | 656.06 | 209.26 | 59.64 | – | 1,218.32 |
| Net Block | | | | | | | |
| At March 31, 2018 | 13.05 | 2,816.63 | 1,824.09 | 617.30 | 32.48 | 0.12 | 5,303.68 |
| At March 31, 2019 | 13.05 | 4,167.69 | 2,768.08 | 1,088.45 | 33.33 | 0.12 | 8,070.72 |

Footnotes :

- (i) Gross block includes:
Buildings constructed on leasehold land - INR 993.79 lakhs (previous year - INR 993.79 lakhs)
- (ii) During the year, the company has charged accelerated depreciation amounting to INR Nil Lakhs (PY 118.90 lakhs) in accordance with provisions of schedule II of the Companies Act, 2013, in respect of assets which have been identified to have a shorter useful life, considering factors such as renovation commenced before approval of Financial Statements or other factors.

NOTE 5: INTANGIBLE ACCOUNTS (Acquired) - Softwares & Rights

₹ Lakhs

| Cost | | Amortisation | | Net Block | |
|--------------------------|---------------|--------------------------|--------------|-------------------|--------------|
| At April 1, 2017 | 152.45 | At April 1, 2017 | 35.97 | At March 31, 2018 | <u>94.74</u> |
| Additions | 2.22 | Charge for the year | 23.76 | At March 31, 2019 | <u>73.94</u> |
| Disposals | – | Disposals | – | | |
| At March 31, 2018 | 154.67 | At March 31, 2018 | 59.73 | | |
| Additions | 0.54 | Charge for the year | 21.53 | | |
| Adjustments | – | Disposals | – | | |
| Disposals | – | At March 31, 2019 | 81.26 | | |
| At March 31, 2019 | 155.21 | | | | |

Notes to Financial Statements for the year ended March 31, 2019

NOTE 6: OTHER FINANCIAL ASSETS

| | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|--|---------------------------|---------------------------|
| (Unsecured, considered good unless stated otherwise) | | |
| A) Non Current: | | |
| Deposits with Public Bodies and Others at amortised costs | | |
| Public Bodies and Others | 23.96 | 18.95 |
| Deposits with Banks | 2.26 | — |
| | <u>26.22</u> | <u>18.95</u> |
| B) Current | | |
| Deposits with Public Bodies and Others | | |
| Others | 2.34 | 2.63 |
| | <u>2.34</u> | <u>2.63</u> |
| Other advances | | |
| Considered good | 24.77 | 30.22 |
| Interest receivable | | |
| Bank Deposits..... | 2.69 | 2.31 |
| | <u>2.69</u> | <u>2.31</u> |
| On Current Account dues : | | |
| Related Parties (Refer Note 30) | 69.73 | 64.73 |
| Others..... | 28.96 | 15.87 |
| | <u>98.69</u> | <u>80.60</u> |
| Total | <u>128.48</u> | <u>115.76</u> |

NOTE 7: OTHER ASSETS

| | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|--|---------------------------|---------------------------|
| (Unsecured, considered good unless stated otherwise) | | |
| A) Non Current | | |
| Capital Advances..... | 26.55 | 318.45 |
| Prepaid Expenses | 4.30 | — |
| Export incentive receivable | 79.99 | 67.34 |
| (Refer Foot Note below) | | |
| Deposits with Government Authorities | 10.00 | 10.97 |
| Total | <u>120.84</u> | <u>396.76</u> |
| Foot Note: Export incentive receivable | | |
| Opening balance | 67.34 | 50.16 |
| SEIS accrued during the year | 34.22 | 17.18 |
| Less: Sale proceeds/ used during the year | 21.57 | — |
| Closing balance | <u>79.99</u> | <u>67.34</u> |
| B) Current | | |
| Prepaid Expenses | 40.48 | 41.44 |
| Indirect tax recoverable | — | 68.92 |
| Advance to Suppliers*..... | 11.96 | 11.82 |
| Total | <u>52.44</u> | <u>122.18</u> |

*For related party balances refer Note 30.

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Notes to Financial Statements for the year ended March 31, 2019

NOTE 8: INVENTORIES (At lower of cost and net realisable value)

| | March 31, 2019 | March 31, 2018 |
|------------------------------------|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Food and Beverages | 61.79 | 49.94 |
| Stores and Operating Supplies..... | 66.44 | 74.83 |
| | 128.23 | 124.77 |
| | 128.23 | 124.77 |

NOTE 9: TRADE AND OTHER RECEIVABLES

| | March 31, 2019 | March 31, 2019 |
|---|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| (Unsecured) | | |
| Considered good* | 434.91 | 407.99 |
| Credit impaired | 27.63 | 23.32 |
| | 462.54 | 431.31 |
| Less : Provision for impairment (refer foot note)..... | 27.63 | 23.32 |
| | 434.91 | 407.99 |

*For related party balances refer Note. 30.

Footnote:

i) Provision for impairment

| | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Opening Balance | 23.32 | 14.43 |
| Add: Provision during the year | 10.24 | 12.09 |
| | 33.56 | 26.52 |
| Less: Bad Debts written off against past provisions | 5.93 | — |
| Less: Reversal of provision no longer required | — | 3.19 |
| Closing Balance | 27.63 | 23.32 |

NOTE 10: CASH AND CASH EQUIVALENTS

| | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Cash on hand | 5.62 | 5.83 |
| Balances with bank in current account | 57.03 | 174.17 |
| Balances with bank in call and short-term deposit accounts (original maturity less than 3 months) | 49.37 | 301.51 |
| | 112.02 | 481.51 |
| | 112.02 | 481.51 |

Notes to Financial Statements for the year ended March 31, 2019

NOTE 11 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|---|---------------------------|---------------------------|
| Other Balances with banks | | |
| Call and Short-term deposit accounts* | 126.84 | 110.83 |
| Earmarked balances | 51.38 | 47.42 |
| | <u>178.22</u> | <u>158.25</u> |

*includes FDRs having maturity less than 12 months of INR 3.73 (PY - INR 31.46 lakhs which are under lien for issuance of Bank Guarantees.

NOTE 12 : EQUITY SHARE CAPITAL

| | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|---|---------------------------|---------------------------|
| Authorised Share Capital | | |
| Ordinary Shares | | |
| 15,00,000 (Previous Year- 15,00,000) | | |
| Ordinary Shares of ₹ 10/- each | 150.00 | 150.00 |
| | <u>150.00</u> | <u>150.00</u> |
| Issued Share Capital | | |
| 13,00,000 (Previous Year- 13,00,000) | | |
| Ordinary Shares of ₹ 10/- each | 130.00 | 130.00 |
| | <u>130.00</u> | <u>130.00</u> |
| Subscribed and Paid Up | | |
| 13,00,000 (Previous Year- 13,00,000) | | |
| Ordinary Shares of ₹ 10/- each [Refer Foot note (4)]..... | 130.00 | 130.00 |
| | <u>130.00</u> | <u>130.00</u> |

Footnotes:

- The company has one class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of the liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the shareholding.
- Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars | Opening Balance | Fresh Issue | Closing Balance |
|------------------------------|-----------------|-------------|-----------------|
| Ordinary shares | | | |
| Year ended 31-03-2019 | | | |
| - Number of shares | 13.00 | — | 13.00 |
| - Amount (Rupees) | 130.00 | — | 130.00 |
| Year ended 31-03-2018 | | | |
| - Number of shares | 13.00 | — | 13.00 |
| - Amount (Rupees) | 130.00 | — | 130.00 |

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Notes to Financial Statements for the year ended March 31, 2019

NOTE 12 : EQUITY SHARE CAPITAL (Contd.)

- 3) Details of shares held by each shareholder holding more than 5% shares:
Ordinary Shares with voting rights held by Holding Company along with its Subsidiaries & Associates Companies

| Name of the Company | No. of Shares March 31, 2019 | No. of Shares March 31, 2018 |
|--|---------------------------------|---------------------------------|
| Holding Company | | |
| The Indian Hotels Company Limited [Refer Footnote (5)]..... | 643,825 | 293,000 |
| Subsidiaries of Holding Company | | |
| TIFCO Holdings Limited [Refer Footnote (5)]..... | — | 350,825 |
| Piem Hotels Limited..... | 54,063 | 54,063 |
| Northern India Hotels Limited..... | 150 | 150 |
| Associate of Holding Company | | |
| Oriental Hotels Limited | 50 | 50 |
| (4) Shareholders holding more than 5% shares in the Company : | | |
| The Indian Hotels Company Limited..... | 643,825 | 293,000 |
| % of Holding | 49.53% | 22.54% |
| TIFCO Holdings Limited..... | — | 350,825 |
| % of Holding | 0.00% | 26.99% |
| (5) Note on Amalgamation of TIFCO Holdings Limited with The Indian Hotels Company Limited | | |
| TIFCO Holdings Limited has been amalgamated with The Indian Hotels Company Limited vide NCLT Order dated 8th March 2018 with appointed date 1st April 2017 and the necessary effect to the same was made in the current year. | | |
| (6) Aggregate number and class of shares allotted as fully paid-up in previous year pursuant to contracts without payment being received in cash, bonus shares and shares bought back for a period of 5 years immediately preceding the balance sheet date NIL (previous year NIL). | | |

NOTE 13: OTHER EQUITY

| | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|--|---------------------------|---------------------------|
| A) Reserves & Surplus | | |
| Capital Reserve | 0.86 | 0.86 |
| General Reserve | | |
| Opening Balance | 2,167.22 | 2,167.22 |
| Less : Dividend /Tax on Dividend | — | — |
| Closing Balance | <u>2,167.22</u> | <u>2,167.22</u> |
| Retained Earnings | | |
| Opening Balance | 4,232.84 | 3,818.18 |
| Add: Current year profits | 874.42 | 649.36 |
| Less : Final Dividend | (195.00) | (195.00) |
| Less : Tax on Dividend | (40.10) | (39.70) |
| Closing Retained Earnings | <u>4,872.16</u> | <u>4,232.84</u> |
| Total | <u>7,040.24</u> | <u>6,400.92</u> |

Notes to Financial Statements for the year ended March 31, 2019

NOTE 14: PROVISIONS

| | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|--|---------------------------|---------------------------|
| A) Long Term Provisions | | |
| Employee Benefit Obligation (Non-current) | | |
| Compensated absences | 35.94 | 32.16 |
| Gratuity | — | — |
| | <u>35.94</u> | <u>32.16</u> |
| B) Short term provisions | | |
| Employee Benefit Obligation (Current) | | |
| Compensated absences | 8.63 | 5.93 |
| Gratuity | 11.88 | 13.30 |
| Total | <u>20.51</u> | <u>19.23</u> |

NOTE 15: DEFERRED TAX LIABILITIES (Net)

| | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|---|---------------------------|---------------------------|
| Deferred Tax Liabilities | | |
| Property, Plant and equipment & Intangible Assets | 697.74 | 648.53 |
| Total (A) | <u>697.74</u> | <u>648.53</u> |
| Deferred Tax Assets: | | |
| Provision for Employee Benefits | 12.40 | 10.60 |
| OCI- Defined Benefit Obligations..... | (0.82) | (0.41) |
| Provision for doubtful debts | 7.69 | 6.49 |
| Others | 29.95 | 58.05 |
| Total (B) | <u>49.22</u> | <u>74.73</u> |
| Net Deferred Tax Liabilities (A-B) | <u>648.52</u> | <u>573.80</u> |

NOTE 16: BORROWINGS

| | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|--|---------------------------|---------------------------|
| Short term borrowings | | |
| Short Term Borrowings from Related Parties | | |
| Secured | — | — |
| Unsecured @ 9% | 503.66 | 501.22 |
| Total Short term borrowings | <u>503.66</u> | <u>501.22</u> |
| Less: Interest accrued (included in Note 18) | 3.66 | 1.22 |
| Total Borrowings | <u>500.00</u> | <u>500.00</u> |
| (Refer foot note below) | | |

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Notes to Financial Statements for the year ended March 31, 2019

NOTE 16: BORROWINGS (CONTD.)

FOOT NOTE:

Financial liabilities

Net debt reconciliation

| Particulars | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|---|---------------------------|---------------------------|
| a) Net debt | | |
| Cash and cash equivalents | 112.02 | 481.51 |
| Current Investment | — | — |
| Short Term Borrowings | (500.00) | (500.00) |
| Long term Borrowings (Including Current portion)..... | — | — |
| Net (debt)/ Cash & Cash Equivalents | (387.98) | (18.49) |
| b) Other financial liability | | |
| Unclaimed Deposits/Interest | — | — |
| Derivative | — | — |
| Interest Accrued | (3.66) | (1.22) |
| Total Other financial Liability..... | (3.66) | (1.22) |
| Grand Total..... | (391.64) | (19.71) |

| Particulars | Accrued during the Year | | Paid during the Year | |
|---------------------------------------|-------------------------|-----------------|----------------------|-----------------|
| | 31st Mar., 2019 | 31st Mar., 2018 | 31st Mar., 2019 | 31st Mar., 2018 |
| Interest Expenses | | | | |
| On long term borrowings | — | — | — | — |
| On short term borrowings | 75.80 | 12.32 | 73.36 | 11.10 |
| FV Changes for Derivatives (i.e. IRS) | — | — | — | — |
| Other Interest costs | — | — | — | — |
| Total | 75.80 | 12.32 | 73.36 | 11.10 |

| Particulars | Other Assets | | Borrowings | | Other Financial Liability | Grand Total |
|---|---------------------------|--------------------|-----------------------|----------------------|---------------------------|-------------|
| | Cash and Cash Equivalents | Current Investment | Short Term Borrowings | Total Net Borrowings | Interest Accrued | |
| Net (debt)/ Cash & Cash Equivalents as at 1 April 2017 | 175.91 | — | — | 175.91 | — | 175.91 |
| Cash Flows | | | | | | |
| Increase/(Decrease) in cash and cash equivalents | 305.60 | — | (500.00) | (194.40) | — | (194.40) |
| Borrowings | — | — | — | — | — | — |
| Repayment | — | — | — | — | — | — |
| Foreign exchange adjustments | — | — | — | — | — | — |
| Interest expense | — | — | — | — | (12.32) | (12.32) |
| Interest paid | — | — | — | — | 11.10 | 11.10 |
| (Net debt)/ Cash & Cash Equivalents as at 31 March 2018 | 481.51 | — | (500.00) | (18.49) | (1.22) | (19.71) |
| Net (debt)/ Cash & Cash Equivalents as at 1st April 2018 | 481.51 | — | (500.00) | (18.49) | (1.22) | (19.71) |
| Cash Flows | | | | | | |
| Increase/(Decrease) in cash and cash equivalents | (369.49) | — | — | (369.49) | — | (369.49) |
| Borrowings | — | — | — | — | — | — |
| Repayment | — | — | — | — | — | — |
| Foreign exchange adjustments | — | — | — | — | — | — |
| Interest expense | — | — | — | — | (75.80) | (75.80) |
| Interest paid | — | — | — | — | 73.36 | 73.36 |
| (Net debt)/ Cash & Cash Equivalents as at 31 March 2018 | 112.02 | — | (500.00) | (387.98) | (3.66) | (391.64) |

Notes to Financial Statements for the year ended March 31, 2019

NOTE 17: TRADE PAYABLES

| | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Micro and Small Enterprises (Refer Footnote - 1)..... | 1.93 | 5.11 |
| Vendor Payables..... | 511.74 | 360.62 |
| Accrued expenses and others | 177.56 | 241.73 |
| | <u>691.23</u> | <u>607.46</u> |

Footnotes:

- (1) The amount due to Micro and Small Enterprises as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. Refer Note 32 for disclosures relating to Micro and Small Enterprises.
- (2) For related party balances refer Note 30.

NOTE 18: OTHER FINANCIAL LIABILITIES

| | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Current financial liabilities | | |
| Payables on Current Account dues : | | |
| Related Parties* | 4.38 | — |
| Others | 9.28 | 2.85 |
| | <u>13.66</u> | <u>2.85</u> |
| Deposits from others | | |
| Unsecured | 36.06 | 33.79 |
| Total | <u>36.06</u> | <u>33.79</u> |
| Interest accrued but not due on borrowings | 3.66 | 1.22 |
| Creditors for capital expenditure* | 279.22 | 302.33 |
| Unclaimed dividend | 51.38 | 47.42 |
| Employee related liabilities | 81.95 | 72.33 |
| Others | 20.02 | 9.15 |
| Grand Total | <u>485.95</u> | <u>469.09</u> |

Foot Note:

- (1) *Includes payable to MSMED Vendors of INR Nil Lakhs (PY INR 4.98 lakhs)
- (2) A sum of INR 4.36 lakhs (PY INR 3.65 lakhs) due for transfer to the Investor Education and Protection Fund during the year has been transferred and there are no dues in this respect which have remained unpaid as at the Balance Sheet date.

NOTE 19: OTHER CURRENT LIABILITIES

| | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Current | | |
| Advances collected from customers* | 85.85 | 114.49 |
| Statutory dues | 21.58 | 47.76 |
| Total | <u>107.43</u> | <u>162.25</u> |

*For related party balances refer Note 30.

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Notes to Financial Statements for the year ended March 31, 2019

NOTE 20: REVENUE FROM OPERATIONS

| | March 31, 2019 | March 31, 2018 |
|---|-----------------|-----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Room Income, Food, Restaurants and Banquet Income | 5,687.82 | 4,497.82 |
| Shop rentals | 48.25 | 58.50 |
| Membership fees | 0.25 | — |
| Others | 231.33 | 186.33 |
| Total | <u>5,967.65</u> | <u>4,742.65</u> |

NOTE 21: OTHER INCOME

| | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Interest Income from financial assets at amortised cost | | |
| Inter-corporate deposits | | |
| Deposits with banks | 22.18 | 33.17 |
| Deposits with Related Parties | — | 28.90 |
| Interest on income tax refunds | 2.99 | 1.68 |
| Total | 25.17 | 63.75 |
| Profit on sale of assets (Net) | 29.16 | 8.60 |
| Others | 16.82 | 12.52 |
| Grand Total | <u>71.15</u> | <u>84.87</u> |

NOTE 22: FOOD AND BEVERAGES CONSUMED

| | March 31, 2019 | March 31, 2018 |
|----------------------------------|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Opening Stock | 49.94 | 45.65 |
| Add Purchases | 600.32 | 500.87 |
| | 650.26 | 546.52 |
| Less: Closing Stock | 61.79 | 49.94 |
| Food and Beverage Consumed | <u>588.47</u> | <u>496.58</u> |

NOTE 23: EMPLOYEE BENEFIT EXPENSE AND PAYMENT TO CONTRACTORS

| | March 31, 2019 | March 31, 2018 |
|---|-----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Salaries, Wages, Bonus etc | 594.80 | 542.88 |
| Company's Contribution to Provident and Other Funds | 44.63 | 43.19 |
| Reimbursement of Expenses on Personnel Deputed to the Company | 189.50 | 171.30 |
| Payment to Contractors | 95.12 | 56.09 |
| Staff Welfare Expenses | 135.73 | 139.22 |
| Total | <u>1,059.78</u> | <u>952.68</u> |

Notes to Financial Statements for the year ended March 31, 2019

NOTE 24: OTHER OPERATING AND GENERAL EXPENSES

| | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|--|---------------------------|---------------------------|
| (i) Operating expenses consist of the following : | | |
| Linen and Room Supplies | 112.37 | 81.89 |
| Catering Supplies..... | 64.74 | 36.71 |
| Other Supplies..... | 15.04 | 5.53 |
| Fuel, Power and Light [Refer footnote (i)] | 519.25 | 417.47 |
| Repairs to Buildings..... | 64.94 | 51.68 |
| Repairs to Machinery..... | 111.65 | 87.07 |
| Repairs to Others..... | 11.83 | 9.82 |
| Garden Expenses..... | 57.66 | 57.06 |
| Linen and Uniform Washing and Laundry Expenses | 69.41 | 61.91 |
| Payment to Orchestra Artistes and Security Charges | 44.53 | 45.96 |
| Guest Transportation | 52.30 | 42.38 |
| Travel Agents' Commission | 62.35 | 37.13 |
| Discount to Collecting Agents | 34.95 | 32.37 |
| Other Operating Expenses | 140.99 | 100.59 |
| Total | 1,362.01 | 1,067.55 |
| (ii) General expenses consist of the following : | | |
| Rent | 16.40 | 19.08 |
| Licence Fees | 41.35 | 36.68 |
| Rates and Taxes..... | 44.91 | 122.79 |
| Insurance..... | 10.91 | 12.67 |
| Advertising and Publicity..... | 232.36 | 183.42 |
| Management Fee Expenses | 413.99 | 305.64 |
| Reimbursable Fees Expenses- Corporate Services and CRS/ CIS | 117.89 | 95.06 |
| Printing and Stationery..... | 22.91 | 19.51 |
| Passage and Travelling | 25.15 | 20.33 |
| Provision for Doubtful Debts/ Bad debts written off (Refer Note 9) | 10.24 | 8.89 |
| Expenditure on Corporate Social Responsibility [Refer footnote (iii)] | 21.28 | 28.78 |
| Professional Fees | 32.21 | 47.34 |
| Outsourced Support Services | 30.41 | 23.71 |
| Exchange Loss (Net) | 0.09 | 0.11 |
| Payment made to Statutory Auditors [Refer Footnote (iv)] | 9.48 | 6.02 |
| Director' Fees and Commission | 48.99 | 36.19 |
| Other Expenses | 133.57 | 130.03 |
| Total | 1,212.14 | 1,096.23 |
| Grand Total | 2,574.15 | 2,163.78 |

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

Notes to Financial Statements for the year ended March 31, 2019

NOTE 24: OTHER OPERATING AND GENERAL EXPENSES (Contd.)

| | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|---|---------------------------|---------------------------|
| Footnotes: | | |
| (i) Expenditure recovered from other parties : | | |
| Fuel, Power and Light | 21.19 | 14.65 |
| Total | <u>21.19</u> | <u>14.65</u> |
| (ii) The following direct expenses incurred during the year and to the extent attributable to construction or renovation of hotel buildings have been capitalised: | | |
| Employee benefits expense | 99.45 | 107.04 |
| Fuel, power and light | 18.05 | 9.57 |
| Other expenses (Net) | 13.98 | 8.48 |
| Total | <u>131.48</u> | <u>125.09</u> |
| (iii) Corporate Social Responsibility Expenditure | | |
| Amount required to be spent as per Section 135 of the Act | 21.17 | 25.44 |
| Amount spent during the year on: | | |
| (i) Construction/acquisition of an asset | — | — |
| (ii) On purposes other than (i) above | 21.28 | 28.78 |
| (iv) Payment made to Statutory Auditors: | | |
| As auditors* | 5.00 | 3.70 |
| As tax auditors | 1.50 | 1.30 |
| For other services | 2.20 | 0.80 |
| For reimbursement of expenses..... | 0.78 | 0.22 |
| Total | <u>9.48</u> | <u>6.02</u> |

* In previous year the payment to the auditor includes amount paid to the previous auditor of ₹ 1.42 lakhs.

NOTE 25: TAX DISCLOSURES

i). Income Tax recognised in other comprehensive income:

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Current Tax | | |
| In respect of the current year | 271.54 | 301.30 |
| In respect of earlier years | | |
| Resulting from reversal of provision for tax for earlier years | — | (7.74) |
| Other demands and tax paid for earlier years..... | — | |
| | <u>271.54</u> | <u>293.56</u> |
| Deferred Tax | | |
| In respect of the current year | | |
| Set off of carried forward losses (unabsorbed deduction u/s 35AD) | — | — |
| Other items includes the impact on account of change in tax rates.. | 73.89 | (157.00) |
| Total tax expense recognised in the current year relating to continuing operations..... | <u>345.43</u> | <u>136.56</u> |

Notes to Financial Statements for the year ended March 31, 2019

NOTE 25: TAX DISCLOSURES (Contd.)

ii) Reconciliation of tax expense with the effective tax:

| Particulars | March 31, 2019 | March 31, 2018 |
|---|-------------------|-------------------|
| Profit before tax from continuing operations (a) | 1,217.72 | 784.85 |
| Income tax rate as applicable (b) | 27.82% | 33.06% |
| Calculated taxes based on above, without any adjustments for deductions [(a) x (b)] | 338.77 | 259.50 |
| Permanent tax differences due to: | | |
| Effect of expenses that are not deductible in determining taxable profit | 4.96 | 17.84 |
| Others | — | (3.26) |
| Deferred tax reversal | | |
| Net Impact of the change in the tax rates* | — | (129.77) |
| Adjustment to opening deferred tax | 1.70 | — |
| Prior year taxes | | |
| Income tax expense recognised in profit or loss | — | (7.74) |
| (relating to continuing operations) | | |
| Total tax expense recognised in the current year | 345.43 | 136.56 |

Foot Note:

* The change of tax rate from 30% to 25% was enacted on 29th Mar'18 and will be effective from 1st Apr'18. As a result, the relevant deferred tax balances have been remeasured. Deferred tax expected to be reversed in the year ended 31st Mar'19 and later, has been measured using the effective rate which is 27.82%..

Further changes in tax rates are expected in future years but these changes will be enacted separately in respective years and hence are not recognised in the financial statements.

iii) Income Tax recognised in other comprehensive Income:

₹ Lakhs

| Particulars | March 31, 2019 | March 31, 2018 |
|--|-------------------|-------------------|
| Deferred Tax | | |
| (a) Arising on income and expenses recognised in other comprehensive income | | |
| Remeasurement of defined benefit obligation | 0.82 | 0.41 |
| | 0.82 | 0.41 |

iv) Reconciliation of deferred Tax Asset and Deferred Tax Liability

₹ Lakhs

| March 31, 2019 | Opening Balance | Recognised in profit and loss | Recognised in other Comprehensive Income | Closing Balance |
|---|--------------------|-------------------------------------|---|--------------------|
| Deferred tax liabilities/ assets in relation to: | | | | |
| Property, Plant and equipment & Intangible Assets | 648.53 | 49.21 | — | 697.74 |
| Provision for Employee Benefits | (10.60) | (1.80) | — | (12.40) |
| Provisions for Defined benefit obligations | 0.41 | (0.41) | 0.82 | 0.82 |
| Provision for doubtful debts..... | (6.49) | (1.20) | — | (7.69) |
| Others (Expenses disallowed to be allowed in future)..... | (58.05) | 28.10 | — | (29.95) |
| Total Deferred Tax Liability | 573.80 | 73.90 | 0.82 | 648.52 |

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

Notes to Financial Statements for the year ended March 31, 2019**NOTE 25: TAX DISCLOSURES (Contd.)**

₹ Lakhs

| March 31, 2018 | Opening Balance | Recognised in profit or loss | Recognised in other Comprehensive Income | Closing Balance |
|---|-----------------|------------------------------|--|-----------------|
| Deferred tax liabilities/assets in relation to: | | | | |
| Property, Plant and equipment & Intangible Assets | 842.41 | (193.88) | — | 648.53 |
| Provision for Employee Benefits | (13.20) | 2.60 | — | (10.60) |
| Provisions for Defined benefit obligations | (11.08) | 11.08 | 0.41 | 0.41 |
| Provision for doubtful debts..... | (4.99) | (1.50) | — | (6.49) |
| Others (Expenses disallowed to be allowed in future)..... | (82.75) | 24.70 | — | (58.05) |
| Total Deferred Tax Liability..... | 730.39 | (157.00) | 0.41 | 573.80 |

NOTE 26: OPERATING LEASE

The Company has taken certain vehicle, land and immovable properties on operating lease. These leases have varying terms, escalation clauses and renewal rights. The total lease rent paid on the same is included under Rent and Licence Fees forming part of Other Expenses (Refer note no 24(ii)). The minimum future lease rentals payable in respect of non-cancellable leases entered into by the Company to the extent of minimum guarantee amount are as follows:-

| Particulars | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|---|---------------------------|---------------------------|
| Not later than one year | 27.20 | 27.05 |
| Later than one year but not later than five years | 117.30 | 135.32 |
| Later than five years | 275.40 | 292.97 |
| Total..... | <u>419.90</u> | <u>455.34</u> |

NOTE 27: CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR):**a) On account of Income Tax matters in dispute:**

- In respect of other matters for which Company's appeals are pending with appellate authorities against the order of the assessing officer ₹ 156.97 Lakhs (previous year ₹ 241.78 Lakhs)

b) On account of other disputes in respect of:

- Service Tax - ₹ Nil Lakhs (previous year - ₹ 9.70 Lakhs)
- Sales tax - ₹ 36.27 Lakhs (previous year - ₹ 36.27 Lakhs)
- Others - ₹ 1.21 Lakhs (previous year - ₹ 1.21 Lakhs)

Notes to Financial Statements for the year ended March 31, 2019

NOTE 27: CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR) (Contd.)

c) Others

Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above, including where:

- (i) plaintiffs / parties have not claimed an amount of money damages, unless management can otherwise determine an appropriate amount;
- (ii) the proceedings are in early stages;
- (iii) there is uncertainty as to the outcome of pending appeals or motions or negotiations;
- (iv) there are significant factual issues to be resolved; and/or there are novel legal issues presented.

The Company's management does not believe, based on currently available information, that the outcomes of the above matters will have a material adverse effect on the Company's financial statements, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period. It is not practicable for the Company to estimate the timings of cash flows, if any, in respect of the above.

NOTE 28: CAPITAL COMMITMENTS:

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹ 254.03 Lakhs (Previous year - ₹ 64.82 Lakhs).

NOTE 29: SEGMENT REPORTING

The Company's only business being hoteliering, disclosure of segment-wise information is not applicable under Ind AS108 - 'Operating Segments' (Ind AS-108). There is no geographical segment to be reported since all the operations are undertaken in India.

NOTE 30: RELATED PARTY DISCLOSURES

30(a) Related party transactions

Details of related parties:

- (i) **Holding Company**
 - (a) The Indian Hotels Company Limited (IHCL)
(Tata Sons Limited has substantial interest in The Indian Hotels Company Limited)
- (ii) **Fellow subsidiaries**
 - KTC Hotels Limited
 - United Hotels Limited
 - Roots Corporation Limited
 - Piem Hotels Limited
 - Taj Trade and Transport Company Limited
 - Inditravel Limited
 - Northern India Hotels Limited
 - Taj Enterprises Limited
 - Luthria & Lalchandani Hotel & Properties Private Limited
 - Skydeck Properties and Developers Private Limited
 - Sheena Investments Private Limited
 - ELEL Hotels & Investments Limited
 - Taj International Hotels (H.K) Limited
 - IHOCO BV
 - St. James Court Hotels Limited
 - Taj International Hotels Limited
 - IHMS LLC - San Francisco
 - IHMS LLC - USA
 - PIEM International Hotels (H.K) Limited
 - BAHC 5
 - United Overseas Holdings Inc.

Notes to Financial Statements for the year ended March 31, 2019

NOTE 30: RELATED PARTY DISCLOSURES (Contd.)

(iii) **Directors who hold the office during the year:**

Dr. Anant Narain Singh, Chairman
Mr. Rohit Khosla, Non Executive Director
Mr. Moiz Miyajiwala, Non Executive Director & Independent Director#
Mrs. Rukmani Devi, Non Executive & Independent Director#
Mr. Puneet Chhatwal, Non Executive Director (appointed w.e.f. 10th May 2018)
Mr. Puneet Raman, Additional Director & Independent Director# (appointed w.e.f. 12th Sep 2018)
Mr. Shriraman, Non Executive Director & Independent Director# (resigned w.e.f. 19th Jun 2018)
Mr. Giridhar Sanjeevi, Additional Director (resigned w.e.f. 16th May 2018)
Mr. Rakesh Sarna, Director (resigned w.e.f. 30th Sep 2017)
Mr. B.L. Passi Non Executive Director & Independent Director# (resigned w.e.f. 21st Jul 2017)

Independent directors are included as related parties for the purpose of Indian Accounting Standards (Ind AS 24- Related Party Transactions) only. They are not related under the Companies Act, 2013.

(iv) **Key Management Personnel (KMP) for current and previous year:**

Mr. Ashwani Anand (Chief Executive Officer)#
Mr. Vijay Partap Shrikent (Chief Executive Officer)*
Mr. Sopan Kedia (Chief Financial Officer)
Mr. Ravi Sharma (Chief Financial Officer)#
Ms. Vanika Mahajan (Company Secretary)

* For part of the current year

For part of the previous year

(v) **Firms/ Corporation in which Directors are interested**

Maharaja Prabhu Narain Physical Cultural Trust
Aditya Dairies Private Limited
Anant Electric Lamp Works Private Limited
Imlak Varanasi Developments Private Limited

(vi) **Relatives of the Directors**

Anamika Kumwar
MK Krishna Priya
MK Vishnupriya
MK Hari Priya
Raghubir Singh Gohil
Rama Raman
Puneet Raman
Shanti Raman
Renu Raman
Mukta Raman
Shrileka

(vii) **Subsidiary, JV & Associates of the Entities having Significant influence with whom transactions were carried out during the current and previous year**

Taj Air Limited
Tata Consultancy Services Limited
Tata Communications Limited
Taj GVK Hotels and Resorts Limited
Taj Kerala Hotels and Resorts Limited
Oriental Hotels Limited
Tata Teleservices Limited
Tata SIA Airlines Limited
TC Travel and Services Limited (part of the previous year)
Tata Capital Limited
Tata International Limited
Taj Sats Air Catering Limited
Tata Elxsi Limited
Godrej & Boyce Mfg Co Ltd

(viii) **Others**

Hotel Taj Ganges Employee Gratuity Trust

Notes to Financial Statements for the year ended March 31, 2019
NOTE 30: RELATED PARTY DISCLOSURES:

| S.No. | Particulars | Holding Company | | Fellow subsidiaries, JV, Associates of the Holding company & Entity with significant influence or their subsidiaries/JV | | Key Management Personnel (KMP) | | Entities in which Directors are interested/ Relatives of Directors | | Directors | | Others | |
|-------|---|-----------------|------------|---|------------|--------------------------------|------------|--|------------|------------|------------|------------|------------|
| | | 31 Mar. 19 | 31 Mar. 18 | 31 Mar. 19 | 31 Mar. 18 | 31 Mar. 19 | 31 Mar. 18 | 31 Mar. 19 | 31 Mar. 18 | 31 Mar. 19 | 31 Mar. 18 | 31 Mar. 19 | 31 Mar. 18 |
| | Transactions during the year: | | | | | | | | | | | | |
| 1 | ICD received during the year | - | - | 700.00 | 500.00 | - | - | - | - | - | - | - | - |
| 2 | Repayment of ICD received during the year | - | - | 700.00 | 1,000.00 | - | - | - | - | - | - | - | - |
| 3 | Interest Income on ICD | - | - | 75.80 | 12.32 | - | - | - | - | - | - | - | - |
| 4 | Interest Expense on ICD | - | - | - | - | 77.07 | 62.24 | - | - | - | - | - | - |
| 5 | KMP remuneration (Foot Note - 1) | - | - | - | - | 1.36 | 0.70 | - | - | - | - | - | - |
| 6 | Other Reimbursement to KMPs | - | - | - | - | - | - | 14.67 | 14.74 | 13.20 | 12.30 | - | - |
| 7 | Director Sitting Fees | - | - | - | - | - | - | - | - | 23.81 | 32.19 | - | - |
| 8 | Director Commission in cash basis | - | - | - | - | - | - | - | - | 14.67 | 14.74 | - | - |
| 9 | License Fees expenses paid/accrued | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Management Fees expenses paid/accrued | 413.99 | 305.64 | - | - | - | - | - | - | - | - | - | - |
| 11 | Fees paid for other services/accrued | 265.25 | 209.37 | 40.57 | 26.80 | - | - | - | - | - | - | - | - |
| 12 | Deputed Staff Expense at cost | 164.77 | 137.52 | 62.48 | 40.32 | - | - | - | - | - | - | - | - |
| 13 | Deputed Staff Expense Recovered | 99.32 | - | 68.08 | 20.44 | - | - | - | - | - | - | - | - |
| 14 | Purchase of Capital Assets | - | 5.28 | - | - | - | - | - | - | - | - | - | - |
| 15 | Purchase of Goods | - | - | 2.15 | - | - | - | - | - | - | - | - | - |
| 16 | Other Reimbursable Expense at cost | 149.00 | 93.78 | 7.59 | 8.85 | - | - | - | - | 0.54 | 0.94 | - | - |
| 17 | Other Operating Income- Rooms (including tax) | - | - | 14.16 | 14.63 | - | - | - | - | - | - | - | - |
| 18 | Other Income Earned/ Recoveries made | - | - | 3.50 | 4.74 | - | - | - | - | - | - | - | - |
| 19 | Dividend Paid (Foot Note - 2) | 96.57 | 43.95 | 8.14 | 60.76 | - | - | 12.69 | 13.72 | 4.13 | 4.13 | - | - |
| 20 | Contribution to Gratuity Trust on Cash Basis | - | - | - | - | - | - | - | - | - | - | 13.30 | 37.03 |
| | Balances outstanding at the end of the year: | | | | | | | | | | | | |
| 1 | Borrowings | - | - | 500.00 | 500.00 | - | - | - | - | - | - | - | - |
| 2 | Current Account Receivable | 67.91 | 53.72 | 1.82 | 11.01 | - | - | - | - | - | - | - | - |
| 3 | Trade Payables | 292.69 | 152.02 | 0.20 | 1.71 | - | - | 5.12 | 5.09 | 5.91 | 6.41 | - | - |
| 4 | Trade Receivables | 4.16 | - | 7.86 | 4.71 | - | - | - | - | - | - | - | - |
| 5 | Advance from Customer | 0.33 | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Advance to Supplier | - | - | 3.39 | - | - | - | - | - | - | - | - | - |
| 7 | Current Account Payables | - | - | 4.38 | - | - | - | - | - | - | - | - | - |
| 8 | Interest Payable | - | - | 3.66 | 1.22 | - | - | - | - | - | - | - | - |

Foot Note: 1. KMP Remunerations paid as reimbursement to IHCL.

2. TIFCO Holdings Limited has been amalgamated with The Indian Hotels Company Limited vide NCLT Order dated 08th March 2018 with appointed date 01st April 2017 and the necessary effect to the same was made in the current year.

BENARES HOTELS LIMITED

Forty Eighth Annual Report 2018-19

Notes to Financial Statements for the year ended March 31, 2019

NOTE 30: RELATED PARTY DISCLOSURES (Contd.)

30 (c) Details of material transactions with related party during the year ended 31 March, 2019 and balances outstanding as at 31 March, 2019:

| S. No. | Entities | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|--------|--|---------------------------|---------------------------|
| | Material transactions during the year | | |
| 1 | The Indian Hotels Company Limited (IHCL) | | |
| | i Management and operating Fees | 413.99 | 305.64 |
| | ii Fee for other Services | 265.25 | 209.37 |
| | iii Deputed staff Salaries/ Inner Circle Reimbursements | 164.77 | 137.52 |
| | iv Purchase of Capital Asset- Baggage scanner | — | 5.28 |
| | v Other reimbursable expense at cost | 149.00 | 98.78 |
| | vi Dividend Paid | 96.57 | 43.95 |
| | Fellow Subsidiary company | | |
| 2 | Roots Corporation Limited | | |
| | i ICD Repayment received | — | 500.00 |
| | ii Interest Income Received | — | 26.71 |
| | iii Paid for other services | 0.04 | 0.05 |
| 3 | United Hotels Limited | | |
| | i ICD Received | 200.00 | 500.00 |
| | ii. ICD Repayment Made..... | 200.00 | — |
| | iii Interest Expense | 54.22 | 12.32 |
| | iv Deputed Staff Expense at cost | 15.26 | 7.58 |
| | v. Reimbursement of expenses at cost | 0.01 | — |
| | vi Reimbursement of Expenses recoverable | — | 0.87 |
| 4 | Taj Sats Air Catering Limited | | |
| | i ICD Received | 500.00 | — |
| | ii. ICD Repayment Made..... | 500.00 | — |
| | iii Interest Expense | 21.58 | — |
| | Subsidiary of Entity having significant influence (Tata Sons Limited) | | |
| 5 | Taj Air Limited | | |
| | i Interest Income Received | — | 2.19 |
| | ii ICD Repayment received | — | 500.00 |
| 6 | KMP Remuneration - paid as reimbursement to IHCL | | |
| | i Ashwani Anand | 3.15 | 39.00 |
| | ii Vijay Partap Shrikent | 45.87 | — |
| | iii Sopan Kedia | 17.74 | 11.13 |
| | iv Vanika Mahajan | 10.31 | 8.62 |
| | v Ravi Sharma | — | 3.49 |

Notes to Financial Statements for the year ended March 31, 2019

NOTE 30: RELATED PARTY DISCLOSURES (Contd.)

| S. No. | Entities | March 31, 2019 | March 31, 2018 |
|--------|--|----------------|----------------|
| | Balances outstanding at the end of the year: | | |
| 1 | The Indian Hotels Company Limited (IHCL) | | |
| | i Management and operating fees payable | 292.69 | 152.02 |
| | ii Receivable on Current account dues | 67.91 | 53.72 |
| | iii Trade receivables | 4.16 | — |
| | iv Advance from customer | 0.33 | — |
| 2 | United Hotels Limited | | |
| | i Borrowings - Inter Corporate Deposit (ICD) | 500.00 | 500.00 |
| | ii Interest Expense payable | 3.66 | 1.22 |
| | iii Payable on Current account dues | 0.47 | 0.60 |
| 3 | Payables to Directors & Entities in which Directors are related | | |
| | i Dr. Anant Naraian Singh | 5.86 | 6.27 |
| | ii Rukmani Devi Singh | 0.05 | 0.14 |
| | iii Maharaja Prabhu Naraian Physical Cultural trust | 1.22 | 1.16 |
| | iv Aditya Dairies Private Limited | 2.44 | 2.62 |
| | v Ananta Electrical Lamp Works Limited | 1.46 | 1.31 |

NOTE 31: EMPLOYEE BENEFITS

(a) The Company has recognised the following expenses as defined contribution plan under the head “Company’s Contribution to Provident Fund and Other Funds”(net of recoveries) :

| | March 31, 2019 | March 31, 2018 |
|----------------------|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Provident Fund | 35.29 | 32.38 |

(b) The Company operates post retirement defined benefit plans as follows :-

Funded : Post Retirement Gratuity

(c) Defined Benefit Plans (Gratuity) As per Actuarial Valuation on March 31, 2019 :-

(i) Amount to be recognized in Balance Sheet and movement in net liability

| | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Present Value of Funded Obligations | 186.95 | 180.72 |
| Fair Value of Plan Assets | 175.07 | 167.42 |
| Net (asset) / Liability - Current | 11.88 | 13.30 |

(ii) Expenses recognized in the Statement of Profit & Loss

| | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| | ₹ Lakhs | ₹ Lakhs |
| Current Service Cost | 14.58 | 12.81 |
| Interest on Net Defined Benefit Liability | 0.25 | 1.97 |
| Total | 14.83 | 14.78 |

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Notes to Financial Statements for the year ended March 31, 2019

NOTE 31: EMPLOYEE BENEFITS (Contd.)

(iii) Amount recorded in Other Comprehensive Income

| | March 31, 2019 | March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ Lakhs | ₹ Lakhs |
| Changes in financial assumptions | — | (4.21) |
| Changes in demographic assumptions | (0.08) | 3.34 |
| Experience Adjustments | (4.97) | 7.75 |
| Actual return on plan assets less interest on plan assets | 2.10 | (8.36) |
| Total | <u>(2.95)</u> | <u>(1.48)</u> |

(iv) Reconciliation of Net Liability/ Asset

| | March 31, 2019 | March 31, 2018 |
|---|---------------------|---------------------|
| | ₹ Lakhs | ₹ Lakhs |
| Opening Net Benefit Liability..... | 13.30 | 37.03 |
| Expense charged to profit and loss | 14.83 | 14.78 |
| Amount recognized outside profit and loss | (2.95) | (1.48) |
| Employer Contribution | (13.30) | (37.03) |
| Closing Net Defined Benefit Liability/ (Asset).. | <u>11.88</u> | <u>13.31</u> |

(v) Reconciliation of Defined Benefit Obligation

| | March 31, 2019 | March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ Lakhs | ₹ Lakhs |
| Opening Defined Benefit Obligation | 180.72 | 163.94 |
| Current Service Cost | 14.58 | 12.81 |
| Past Service Cost | — | — |
| Interest on defined benefit obligation | 12.54 | 11.20 |
| Actuarial Losses / (Gain) arising from change in financial assumptions | — | (4.22) |
| Actuarial Losses / (Gain) arising on account of demographic assumptions..... | (0.08) | 3.34 |
| Actuarial Losses / (Gain) arising on account of experience adjustments | (4.97) | 7.75 |
| Liabilities assumed/ (settled)* | (19.81) | (23.97) |
| Liabilities assumed/ (settled)* | 3.97 | 9.87 |
| Closing Defined Benefit Obligation | <u>186.95</u> | <u>180.72</u> |

*On account of business combination or inter group transfer

(vi) Reconciliation of Fair Value of Plan Assets

| | March 31, 2019 | March 31, 2018 |
|--|----------------------|----------------------|
| | ₹ Lakhs | ₹ Lakhs |
| Opening Fair Value of Plan Assets | 167.42 | 126.91 |
| Employer Contribution | 13.30 | 37.03 |
| Interest on plan assets | 12.29 | 9.22 |
| Re-measurements due to Actual return on plan assets less interest | (2.10) | 8.36 |
| Benefits Paid | (19.81) | (23.97) |
| Liabilities assumed / (settled)* | 3.97 | 9.87 |
| Closing Fair Value of Plan Assets | <u>175.07</u> | <u>167.42</u> |

*On account of business combination or inter group transfer

Notes to Financial Statements for the year ended March 31, 2019

NOTE 31: EMPLOYEE BENEFITS (Contd.)

(vii) Description of Plan Assets

| | March 31, 2019 | March 31, 2018 |
|--------------------------------------|----------------|----------------|
| Government of India Securities | 0% | 0% |
| Corporate Bonds | 0% | 0% |
| Special Deposit Scheme | 5% | 5% |
| Equity | 0% | 0% |
| Others - Bank FDR | 95% | 95% |
| Grand Total | 100% | 100% |

(viii) Actuarial Assumptions

| | March 31, 2019 | March 31, 2018 |
|-------------------------------------|-------------------------|------------------|
| Discount rate (p.a.) | 7.55% | 7.55% |
| Salary Escalation Rate (p.a.) | Staff- 5.00% | Staff- 5.00% |
| | Executive- 4.00% | Executive- 4.00% |

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations. Further, Mortality has been assumed as per the published notes under the Indian Assured Lives Mortality (2006-08) Ult table Change in Benefit Obligation.

(ix) Maturity Profile

| Maturity Profile | Amount in ₹ lakhs |
|---|-------------------|
| Expected benefits for year 1 | 7.26 |
| Expected benefits for year 2 | 18.17 |
| Expected benefits for year 3 | 27.62 |
| Expected benefits for year 4 | 7.18 |
| Expected benefits for year 5 | 44.30 |
| Expected benefits for year 6 | 21.33 |
| Expected benefits for year 7 | 21.45 |
| Expected benefits for year 8 | 13.24 |
| Expected benefits for year 9 | 32.18 |
| Expected benefits for year 10 & above | 170.80 |

The weighted average duration to the payment of these cash flows is 7.31 years.

(x) Effect of Change in Key Assumptions Year Ended 31st March 2019

| Particulars | Discount Rate | Salary Escalation Rate |
|---|---------------|------------------------|
| Impact of increase in 50 bps on DBO | -3.55% | 3.86% |
| Impact of decrease in 50 bps on DBO | 3.76% | -3.67% |

The expected contribution for the next year is ₹ 20 lakhs.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

Information disclosed above is to the extent provided by actuary.

Exposure to Risks:

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Notes to Financial Statements for the year ended March 31, 2019

NOTE 31: EMPLOYEE BENEFITS (Contd.)

Investment Risk: Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to government security yields prevailing as at the Balance Sheet date. If the return on plan asset is below this rate, it will create a plan deficit. The current plan has made investments in special deposit schemes of banks & FDRs. Due to the long-term nature of the plan liabilities, the Trustees of the Fund consider it appropriate to invest funds in the bank FDRs.

Interest risk: A decrease in the Government Securities (G-Sec Bonds) interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Other Regulatory matters

NOTE 32: DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

| Particulars | 31st March 2019 | 31st, March 2018 |
|--|-----------------|------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 1.93 | 10.09 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | — | — |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | — | — |
| (iv) The amount of interest due & payable for the year | — | — |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | — | — |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | | |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTE 33: EARNINGS PER SHARE (EPS)

Earnings Per Share is calculated in accordance with Ind AS 33 – 'Earnings Per Share' prescribed under Section 133 of the Companies Act, 2013.

| Particulars | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|---|---------------------------|---------------------------|
| Profit/ (Loss) after tax (₹) | 872.29 | 648.29 |
| Number of Ordinary (Equity) Shares in lakhs | 13 | 13 |
| Weighted Average Number of Ordinary (Equity) Shares in lakhs: | | |
| Considered in calculation of Basic EPS | 13 | 13 |
| Considered in calculation of Diluted EPS..... | 13 | 13 |
| Face Value per Ordinary (Equity) Share (₹) | 10 | 10 |
| Earnings Per Share (₹): | | |
| Basic | 67.10 | 49.87 |
| Diluted | 67.10 | 49.87 |

Notes to Financial Statements for the year ended March 31, 2019

NOTE 34: FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed.

a. Financial assets and liabilities

The carrying value of financial instruments by categories under the most relevant method i.e. amortised cost is as follows:

| Particulars | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|--|---------------------------|---------------------------|
| Financial assets: | | |
| Cash and cash equivalents | 112.02 | 481.51 |
| Bank Balances other than Cash & Cash Equivalents | 178.22 | 158.25 |
| Trade Receivables | 434.91 | 407.99 |
| Loans & Advances | — | — |
| Other financial assets - Non Current* | 26.22 | 18.95 |
| Other financial assets - Current* | 128.48 | 115.76 |
| Total | 879.85 | 1,182.46 |
| Financial liabilities: | | |
| Borrowings | 500.00 | 500.00 |
| Trade Payables | 691.23 | 607.46 |
| Other financial liabilities - Non Current* | — | — |
| Other financial liabilities - Current* | 485.95 | 469.09 |
| Total | 1,677.18 | 1,576.55 |

Fair value of Financial Instruments measured at amortised cost :

The management considers that the carrying amount of assets and liabilities recognised at amortised cost in financial statements is approximate to their fair value.

NOTE 35: FINANCIAL RISK MANAGEMENT

(A) Financial Risk Management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit team. Internal audit team undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company has exposure to the following risks arising from financial instruments:

Notes to Financial Statements for the year ended March 31, 2019

NOTE 35: FINANCIAL RISK MANAGEMENT (Contd.)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. During the year, following provisions for doubtful debts has been made:

| Particulars | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|---|---------------------------|---------------------------|
| Opening provision for doubtful debts | 23.32 | 14.43 |
| Add: Provision made during the year | 10.24 | 12.09 |
| Less: Credit impaired Debts written off against past provisions | 5.93 | — |
| Less: Reversal of provision no longer required | — | 3.19 |
| Closing provision for doubtful debts | 27.63 | 23.32 |

Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

| Particulars | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|---|---------------------------|---------------------------|
| No of Customers who owed more than 10% of the Total receivables | — | — |
| Contribution of Customers in owing more than 10% of Total receivables | — | — |

The company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not requires the company to track changes in credit risk, rather it recognises impairment loss allowance based on life time expected credit loss at each balance sheet date, since its initial recognition.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The Company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Notes to Financial Statements for the year ended March 31, 2019

NOTE 35: FINANCIAL RISK MANAGEMENT (Contd.)

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. Also, The company is having short term borrowings in form of inter corporate deposits renewing at a period of 90 days.

| Inter Corporate Deposits | Interest rate % ₹ Lakhs | Due in 1st year ₹ Lakhs |
|---------------------------------------|----------------------------|----------------------------|
| Year ended 31 March, 2019 | | |
| United Hotels Limited | 9% | 500 |
| Total | | 500 |
| Year ended 31 March, 2018..... | | |
| United Hotels Limited | 9% | 500 |
| Total | | 500 |

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

₹ Lakhs

| Contractual Maturity of Financial Liabilities: | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Total |
|--|--------------------|--------------------|---------------------------|--------|
| Year ended 31 March 2019 | | | | |
| Borrowings (for renewal) | 500.00 | — | — | 500.00 |
| Trade and other payables | 691.23 | — | — | 691.23 |
| Other financial liabilities - Non Current | | | | |
| Other financial liabilities - Current | 485.95 | — | — | 485.95 |
| Year ended 31 March 2018 | | | | |
| Borrowings (for renewal) | 500.00 | — | — | 500.00 |
| Trade and other payables | 607.46 | — | — | 607.46 |
| Other financial liabilities - Non Current | — | — | — | — |
| Other financial liabilities - Current | 469.09 | — | — | 469.09 |

NOTE 36: GUARANTEES GIVEN

Bank Guarantees of ₹ 3.00 lakhs (PY - ₹ 29.22 lakhs) have been given by the company to various government authorities & other parties. These guarantees were issued against the Fixed Deposits of ₹ 3.73 lakhs made with the bank.

Notes to Financial Statements for the year ended March 31, 2019

NOTE 37: DISCLOSURE PURSUANT TO IND AS 115

With effect from 1 April 2018, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers' which introduces a new five-step approach to measuring and recognising revenue from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for services to a customer.

The Company has opted for the modified retrospective application permitted by Ind AS 115 upon adoption of new standard. Accordingly, the standard has been applied for the year ended 31st March 2019 only (i.e. the initial application period). Modified retrospective application also requires the recognition of cumulative impact of adoption of Ind AS 115 on all contracts as at 1st April 2018 ('transition date') in equity and the impact on such transition date is not material.

Also the Company has elected to use the practical expedient that there is no financing component involved when the credit period offered to customers is less than 12 months. (Also refer Credit Risk)

Prior to adoption of IND AS 115, the Company's revenue was primarily comprised of Revenue from Hotel operations, shop rentals and membership fees income. The recognition of these revenue streams is largely unchanged by IND AS 115.

| Particulars | March 31, 2019 ₹ Lakhs | March 31, 2018 ₹ Lakhs |
|---|---------------------------|---------------------------|
| 1. Contract with customers | | |
| Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss. | | |
| Income from operations | | |
| a) Room Income, Food & Beverages and Banquets | 5,687.82 | 4,497.82 |
| b) Shop Rentals | 48.25 | 58.50 |
| c) Others | 197.37 | 169.12 |
| Total Income from operations | <u>5,933.44</u> | <u>4,725.44</u> |
| Other operating revenue | | |
| a) Export Incentive | 34.21 | 17.18 |
| b) Other revenue | — | 0.04 |
| | <u>34.21</u> | <u>17.21</u> |
| Total Revenue from operations | <u>5,967.65</u> | <u>4,742.65</u> |
| 2 Impairment losses | | |
| recognised on trade receivable during the year: | 4.31 | 8.89 |
| 3 Disaggregate Revenue | | |
| The following table presents company revenue disaggregated by type of revenue stream and by reportable segment (Refer Note 29 for Segment Reporting): | | |
| Revenue based on geography | | |
| India | 5,967.65 | 4,742.65 |
| Overseas | — | — |
| Revenue based on product and services | | |
| a) Room Income | 2,904.99 | 2,453.13 |
| b) Food & Beverages and Banquets | 2,782.83 | 2,044.69 |
| c) Shop Rentals | 48.25 | 58.50 |
| d) Others revenue from contract with customers | 197.37 | 169.12 |

Notes to Financial Statements for the year ended March 31, 2019

NOTE 37: DISCLOSURE PURSUANT TO IND AS 115 (Contd.)

Other operating revenue

| | | |
|---------------------------|-------|-------|
| a) Export Incentive | 34.21 | 17.18 |
| b) Other revenue | — | 0.04 |

4 The Company derives its revenue from the transfer of goods and services over time in its major service lines. This is consistent with the revenue information that is disclosed for each **reportable segment** under Ind AS 108. (Refer Note 29 for Segment Disclosure).

5 Contract balances

The following tables present information about trade receivables, contract assets, and deferred revenue:

| | | |
|--------------------------|--------|--------|
| Trade Receivables | 434.91 | 407.99 |
| Deferred Revenue | — | — |
| Advance Collections..... | 85.85 | 114.49 |

ADVANCE COLLECTIONS, DEPOSITS FROM CUSTOMER

Refer Note No. 3 on significant accounting policies for details of performance obligation and revenue recognition.

| | | |
|----------------|--------|--------|
| At April | 114.49 | 129.84 |
| At March | 85.85 | 114.49 |

Analysed as:

| | | |
|-------------------|-------|--------|
| Current | 85.85 | 114.49 |
| Non-current | — | — |

Revenue recognised during the period that was included in the opening balance of Customer Advances amounted to INR 114.49 Lakhs (PY - INR 129.84 Lakhs).

NOTE 38:

There are no financial liabilities and assets that are set off as at 31st March 2019 and 31st March 2018.

NOTE 39: DIVIDENDS

Dividends paid during fiscal 2019 represent an amount of ₹ 195 Lakhs @ ₹ 15/- per equity share towards dividend for fiscal 2018. Dividends paid during fiscal 2018 represent an amount of ₹ 195 Lakhs @ ₹ 15/- per equity share towards dividend for fiscal 2017.

The dividends declared by Benares Hotels Limited are in Indian Rupees and are based on the profits available for distribution as reported in the statutory financial statements of Benares Hotels Limited. Subsequent to March 31, 2019, the Board of Directors of Benares Hotels Limited have proposed a dividend of ₹ 195 Lakhs (₹ 15 per share) in respect of fiscal 2019. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹ 235.10 Lakhs, inclusive of corporate dividend tax of ₹ 40.10 Lakhs. Remittance of dividend within India is exempt from tax in the hands of shareholders.

BENARES HOTELS LIMITED
Forty Eighth Annual Report 2018-19

Notes to Financial Statements for the year ended March 31, 2019

NOTE 40: CAPITAL MANAGEMENT

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the company. The company determines the capital requirement based on annual operating plan and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.

The Company has borrowings of ₹ 500.00 lakhs (previous year: ₹ 500.00 lakhs) as at the end of the reporting period. Accordingly, the Company has 0.07 gearing ratio (Borrowings/Total Equity) as at 31- Mar -2019 and 0.07 as at 31- March -2018.

NOTE 41:

The disclosure required to be made in terms of Schedule V of SEBI (Listing Obligation and Disclosure Requirement) 2015 is not applicable to the company.

As per our Report of even date attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003900S/S200018

R. Suriyanarayanan
Partner
(Membership No.: 201402)

Date : 24th April, 2019
Place: Mumbai

For and on behalf of the Board

Dr. Anant Narain Singh
Chairman
DIN: 00114728

Vijay Partap Shrikent
Chief Executive Officer

Vanika Mahajan
Company Secretary

Rohit Khosla
Director
DIN: 07163135

Sopan Kedia
Chief Financial Officer

Date : 24th April, 2019
Place: Mumbai

FINANCIAL STATISTICS

| YEAR | CAPITAL ACCOUNTS | | | | | | REVENUE ACCOUNTS | | | | | | | | | | |
|---------|------------------|--------------------|-----------|----------------|--------------|-----------|------------------|---------------|----------------------------------|--------------|---------------------------------------|--------|--------------------|--------------------------|----------|-----------------|--------------------|
| | Capital | Reserves & Surplus | Borrowing | Deferred Taxes | Fixed Assets | | Investments | Gross Revenue | Expenditure (Including Interest) | Depreciation | Profit Before Extraord. Items & Taxes | Taxes | Profit After Taxes | 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 | — | 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 | — | 295.11 | 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 | — | 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 | — | 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 | 389.94 | — | 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 | — | 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 | — | 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 | — | 904.31 | 595.56 | 33.73 | 275.02 | 35.50 | 239.52 | 188.23 | 78.00 | | 60% |
| 1997-98 | 130.00 | 781.67 | 9.74 | | 785.85 | 498.88 | — | 985.31 | 668.39 | 35.96 | 280.96 | 29.50 | 251.46 | 165.66 | 78.00 | | 60% |
| 1998-99 | 130.00 | 981.38 | 9.74 | | 985.85 | 661.34 | — | 1,083.29 | 716.74 | 46.65 | 319.89 | 33.60 | 286.29 | 199.71 | 78.00 | | 60% |
| 1999-00 | 130.00 | 1,161.94 | 9.74 | | 1,032.95 | 661.53 | — | 1,105.09 | 730.40 | 48.19 | 326.50 | 37.71 | 288.78 | 180.56 | 97.50 | | 75% |
| 2000-01 | 130.00 | 1,313.88 | 12.97 | | 1,123.18 | 706.71 | — | 1,252.47 | 870.50 | 47.09 | 334.88 | 54.00 | 280.88 | 151.94 | 117.00 | | 90% |
| 2001-02 | 130.00 | 1,106.06 | 12.97 | 141.16 | 1,282.28 | 812.41 | — | 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 | — | 1,104.34 | 857.04 | 64.77 | 182.54 | 53.92 | 128.62 | 18.62 | 97.50 | | 75% |
| 2003-04 | 130.00 | 1,188.07 | 12.97 | 152.81 | 1,530.16 | 929.83 | — | 1,298.42 | 957.70 | 67.29 | 273.44 | 92.73 | 180.71 | 63.39 | 104.00 | | 80% |
| 2004-05 | 130.00 | 1,334.76 | 14.26 | 145.75 | 1,518.08 | 919.67 | 100.45 | 1,532.17 | 1,046.88 | 72.16 | 413.13 | 140.44 | 272.69 | 146.69 | 110.50 | | 85% |
| 2005-06 | 130.00 | 1,497.94 | 14.26 | 146.71 | 1,759.20 | 1,112.36 | 105.19 | 1,574.94 | 1,071.05 | 67.56 | 436.33 | 147.25 | 289.08 | 163.08 | 110.50 | | 85% |
| 2006-07 | 130.00 | 1,732.48 | 22.97 | 153.78 | 2,141.70 | 1,468.78 | 111.50 | 1,943.33 | 1,269.77 | 86.66 | 586.90 | 200.17 | 386.73 | 234.64 | 130.00 | | 100% |
| 2007-08 | 130.00 | 1,990.41 | 22.97 | 164.09 | 2,323.36 | 1,548.51 | — | 2,168.87 | 1,397.41 | 101.93 | 669.52 | 229.08 | 440.45 | 257.93 | 156.00 | | 120% |
| 2008-09 | 130.00 | 2,182.89 | 25.27 | 175.62 | 3,331.83 | 2,469.11 | — | 2,018.78 | 1,417.40 | 109.56 | 491.81 | 170.05 | 321.76 | 192.48 | 110.50 | | 85% |
| 2009-10 | 130.00 | 2,362.78 | 30.58 | 205.33 | 3,534.63 | 2,522.04 | — | 2,347.19 | 1,635.69 | 153.20 | 558.30 | 181.34 | 376.96 | 179.89 | 169.00 | | 130% |
| 2010-11 | 130.00 | 2,656.11 | 30.58 | 231.32 | 3,769.96 | 2,674.02 | — | 2,773.17 | 1,879.79 | 160.04 | 733.35 | 242.89 | 490.46 | 293.39 | 169.00 | | 130% |
| 2011-12 | 130.00 | 3,033.66 | — | 249.27 | 4,228.85 | 2,978.46 | — | 3,519.50 | 2,387.20 | 170.72 | 961.58 | 342.35 | 619.23 | 377.49 | 208.00 | | 160% |
| 2012-13 | 130.00 | 3,587.08 | — | 234.31 | 4,401.84 | 3,108.90 | — | 3,984.62 | 2,550.28 | 180.51 | 1,253.83 | 396.22 | 857.61 | 553.42 | 260.00 | | 200% |
| 2013-14 | 130.00 | 4,180.88 | — | 245.64 | 5,238.53 | 3,646.59 | — | 4,411.88 | 2,845.90 | 190.28 | 1,375.70 | 477.71 | 897.99 | 593.80 | 260.00 | | 200% |
| 2014-15 | 130.00 | 4,790.57 | — | 303.41 | 6,310.67 | 4,459.55 | — | 4,824.06 | 3,131.04 | 267.23 | 1,425.78 | 503.15 | 922.67 | 609.69 | 260.00 | | 200% |
| 2015-16 | 130.00 | 5,306.20 | — | 841.59 | 6,673.21 | 4,605.92 | — | 5,100.20 | 3,547.16 | 266.46 | 1,286.57 | 458.01 | 828.56 | 515.63 | 260.00 | | 200% |
| 2016-17 | 130.00 | 5,986.25 | — | 730.39 | 4,835.11 | 4,104.14 | — | 5,113.62 | 3,575.43 | 464.85 | 1,073.34 | 391.65 | 681.69 | 680.05 | 195.00 | | 150% |
| 2017-18 | 130.00 | 6,400.92 | 500.00 | 573.80 | 6,322.13 | 5,395.62 | — | 4,827.52 | 3,625.36 | 417.31 | 784.85 | 136.56 | 648.29 | 414.67 | 195.00 | | 150% |
| 2018-19 | 130.00 | 7,040.24 | 500.00 | 648.52 | 9,444.25 | 8,144.66 | — | 6,038.80 | 4,298.20 | 522.88 | 1,217.72 | 345.43 | 872.29 | 639.32 | 195.00 | | 150% |

BENARES HOTELS LIMITED

Corporate Identification No. (CIN) L55101UP1971PLC003480
Registered Office: Nadesar Palace Compound, Varanasi 221 002

PROXY FORM

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

Name of the Member(s) :

Registered Address :

E-mail Id :

Folio No./Client ID No. :

I/We, being the member (s) of Benares Hotels Limited, holding..... shares hereby appoint

1. Name : E-mail Id :

Address :

Signature :, or failing him/her

2. Name : E-mail Id :

Address :

Signature :, or failing him/her

3. Name : E-mail Id :

Address :

Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Forty Eighth Annual General Meeting of the Company, to be held on Friday, August 30, 2019 at 3.00 p.m. at the Registered Office of the Company at Nadesar Palace Compound, Varanasi 221 002 and at any adjournment thereof in respect of such resolutions as are indicated below :

Please put a (✓) in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he /she thinks appropriate.

| Item No. | Resolution | Type of Resolution |
|----------|---|--------------------|
| 1 | To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019, together with the Report of the Board of Directors and Auditors thereon | Ordinary |
| 2 | To declare a dividend on Equity Shares for the Financial Year ended March 31, 2019. | Ordinary |
| 3 | To appoint a Director in place of Mr. Rohit Khosla (DIN 07163135), who retires by rotation and is eligible for reappointment. | Ordinary |
| 4 | Appointment of Mr. Puneet Raman as an Independent Director of the Company. | Ordinary |
| 5 | Re- Appointment of Mrs. Rukmani Devi as an Independent Director. | Special |

Signed this day of 2019

Signature of Member.....

Signature of Proxy holder(s).....



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at Nadesar Palace Compound, Varanasi 221 002, not less than 48 hours before the commencement of the Meeting.



Taj Nadesar Palace, Varanasi

BENARES HOTELS LIMITED
Nadesar Palace Compound, Varanasi - 221 002
www.benareshotelslimited.com