

BENARES HOTELS LIMITED
37th ANNUAL REPORT 2007-08





Suite, Taj Ganges, Varanasi

Corporate Information

Board of Directors

DR. ANANT NARAIN SINGH
(Chairman)

RAYMOND N. BICKSON

SHRIRAMAN

RUKMANI DEVI

A. R. GANDHI

B. L. PASSI

P. SANKER

JYOTI NARANG

DEEPA MISRA HARRIS

Company Secretary

P. K. Bhatia

Auditors

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

Registered Office

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

Registrar and Share Transfer Agent

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

Shares Listed at

BOMBAY STOCK EXCHANGE LIMITED

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

THE DELHI STOCK EXCHANGE ASSOCIATION LTD.

3/1, Stock Exchange Building
Asaf Ali Road
New Delhi - 110 002

THE UTTAR PRADESH STOCK EXCHANGE ASSOCIATION LTD.

Padam Towers
14/113, Civil Lines
Kanpur - 208 001

Corporate Information

Board of Directors

DR. ANANT KARAN SINGH
(Chairman)

RAYMOND N. RICKSON

SHIRAMANI

RUKMANDEVI

A. R. GANDHI

B. I. TASSI

P. SANKER

HOOT NARANG

DR. ANITA HARRIS

Company Secretary

P. I. TASSI

Auditors

M. S. Kulkarni & Company

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The Indian Hotels Company Limited

Mandlik House, Mandlik Road

Mumbai - 400 001

Phone : 022-60392512

Fax : 022-23027443

Email : shares@indianhotels.com

BENARES HOTELS LIMITED

Thirty Seventh Annual Report 2007-08

HIGHLIGHTS	2007-08 (Rs. Lacs)	2006-07 (Rs. Lacs)
Gross Revenue	2,168.87	1,943.33
Profit Before Tax	669.53	586.90
Profit After Tax	440.45	386.73
Dividend	156.00	130.00
Retained Earnings	359.86	321.30
Funds Employed	2,307.47	2,039.23
Net Worth	2,120.41	1,862.48
Debt : Equity Ratio	0.00:1	0.00:1
Net Worth Per Equity Share (Rs. 10/- each)	Rs.163.11	Rs. 143.27
Earnings (EAT) Per Equity Share (Rs. 10/- each)	Rs. 33.88	Rs. 29.75
Dividend Per Equity Share (Rs. 10/- each)	Rs. 12.00 120%	Rs. 10.00 100%

Notice to the Members

Notice is hereby given that the Thirty Seventh Annual General Meeting of the Members of BENARES HOTELS LIMITED will be held at the Registered Office of the Company at Nadesar Palace Compound, Varanasi-221 002, on Thursday, 21st August, 2008 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mrs. Rukmani Devi, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. Shriraman, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Dr. Anant Narain Singh, who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

7. Appointment of Mr. P. Sanker as a Director of the Company.

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

"RESOLVED THAT Mr. P. Sanker be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

NOTES

- (a) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 7 and 8 is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED TO THE COMPANY, DULY COMPLETED, NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
- (c) Members are requested to intimate to the Company, the changes, if any, in their registered address along with Pin Code Number. Members whose shareholding is in demat form are requested to send the intimation for change of address to their respective Depository Participant(s).
- (d) The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 8th August, 2008 to Thursday, 21st August, 2008 (both days inclusive).
- (e) The dividend as recommended by the Directors for the year ended 31st March, 2008, if passed at the meeting, will be made payable on or after Monday, 1st September, 2008, to those members whose names appear on the Register of Members of the Company on Friday, 8th August, 2008. As regards shares held in electronic form the dividend will be payable to the beneficial owners of shares whose names appear in the statement of beneficial ownership furnished by the Depositories as at the end of business hours on Thursday, 7th August, 2008.

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(f) Members who are holding shares in identical order of names in more than one folio are requested to write to the Company for consolidating their holding in one folio.

(g) Pursuant to Section 205C of the Companies Act, 1956, all unclaimed/unpaid dividends for a period of 7 years from the date of transfer to the 'Unpaid Dividend Account' are required to be transferred by the Company to the "Investor Education and Protection Fund" established by the Central Government. Accordingly, the unclaimed dividend paid up to the financial year ended 31st March, 2001, shall be transferred by the Company to the said Fund on the due date in 2008. Members are advised that once the unclaimed dividend is transferred to Investor Education and Protection Fund, no claim shall lie in respect thereof.

(h) Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.

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

P K BHATIA
Company Secretary

Place : Mumbai

Date : 19th May, 2008

Explanatory Statement

Pursuant to Section 173 of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to the business under Item No. 7 and 8 mentioned in the accompanying Notice dated 19th May, 2008.

Item No. 7

Mr. P. Sanker was appointed as an Additional Director of the Company on 19th May, 2008. In terms of Section 260 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Mr. Sanker holds the office upto the ensuing Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying its intention to propose Mr. P. Sanker's candidature to the office of the Director at the forthcoming Annual General Meeting.

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

Item No. 8

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

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

P K BHATIA
Company Secretary

Place : Mumbai
Date : 19th May, 2008

Directors' Report to the Members

The Directors hereby present the Thirty Seventh Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2008.

OPERATING AND FINANCIAL RESULTS	2007-08	2006-07
	(Rs./Lacs)	(Rs./Lacs)
Income	2,168.87	1,943.33
Gross Profit for the year	771.46	673.56
Less: Depreciation	101.93	86.66
Profit before tax	669.53	586.90
Less: Provision for tax		
- Current Tax	216.31	190.70
- Deferred Tax	10.31	7.07
- Fringe Benefit Tax	2.46	2.40
Net Profit	440.45	386.73
Add: Balance brought forward from previous year	487.40	297.76
Balance available for appropriations	927.85	684.49

APPROPRIATIONS :

(a) A dividend @ 120% i.e. Rs. 12.00 per equity share (previous year 100% i.e. Rs. 10.00 per share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting to be held on Thursday, 21st August, 2008 will be paid out of the provision for dividend.....	156.00	130.00
(b) Tax on Dividend.....	26.51	22.09
(c) Amount transferred to General Reserve.....	50.00	45.00
(d) Balance carried forward	695.33	487.40

OPERATIONS

The Company continued to improve its performance backed by the sustained growth of the economy resulting in continued boost to travel and tourism sector. With the Nadesar Palace expected to become operational in the current financial year, the Directors hope that the Company shall further improve its performance in the coming years.

DIVIDEND

Your Directors recommend the payment of dividend @ 120% (previous year dividend @ 100%) per equity share involving distribution of Rs. 156.00 lacs.

SECRETARIAL COMPLIANCE

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

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

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

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

DIRECTORS

During the year under report, Mr. Dev Bajpai resigned from the Directorship of the Company w.e.f. 24th November, 2007. The Directors place on record their appreciation of the services rendered by Mr. Bajpai during his association with the Company.

Mr. P. Sanker was appointed as an Additional Director of the Company on 19th May, 2008. In terms of section 260 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Mr. Sanker holds office up to the date of the Annual General Meeting of the Company. It is proposed to appoint Mr. P. Sanker as Director of the Company at the ensuing Annual General Meeting. The Board of Directors commends his appointment.

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mrs. Rukmani Devi, Mr. Shiraman and Dr. Anant Narain Singh, Directors of the Company are liable to retire by rotation and being eligible seek reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

of the state of affairs of the Company as at March 31, 2008 and of the profit of the Company for that period;

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

AUDITORS

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

DR. ANANT NARAIN SINGH
Chairman

Place : Mumbai
Date : 19th May, 2008

ANNEXURE TO DIRECTORS' REPORT

Compliance Certificate

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

We have examined the registers, records, books and papers of Benares Hotels Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, we certify that in respect of the aforesaid financial year :

- (1) The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- (2) The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- (3) The Company being a public company, no comments are required to be made.
- (4) The Board of Directors duly met 4 times on June 1, 2007; July 30, 2007; October 29, 2007 and January 28, 2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, in the Minutes Book maintained for the purpose. No circular resolutions were passed during the year under report.
- (5) The Company closed its Register of Members from August 30, 2007 to September 12, 2007 and necessary compliance of section 154 of the Act has been made.
- (6) The Annual General Meeting for the financial year ended on March 31, 2007 was held on September 12, 2007 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- (7) No extra ordinary meeting was held during the financial year.
- (8) The Company has not advanced any loan to its directors and/or persons or firms or companies referred to in section 295 of the Act.
- (9) The Company has not entered into any contract falling within the purview of section 297 of the Act.
- (10) The Company has made necessary entries in the register maintained under section 301 of the Act.
- (11) As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members and prior approval of the Central Government.
- (12) The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
- (13) The Company has :
 - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) deposited the amount of dividend declared in a separate Bank Account on September 14, 2007 which is within five days from the date of declaration of such dividend;

(iii) paid/posted warrants for dividends to all the members on September 20, 2007, which is within a period of 30 (thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Standard Chartered Bank, H 2 Connaught Place, New Delhi on October 19, 2007;

(iv) transferred amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years as applicable, to Investor Education and Protection Fund;

(v) duly complied with the requirements of section 217 of the Act.

(14) The Board of Directors of the Company is duly constituted. No alternative directors, additional directors and directors to fill casual vacancy were appointed during the year.

(15) The Company has not appointed any Managing Director / Whole-time Director/ Manager during the financial year.

(16) The Company has not appointed any sole-selling agent during the financial year.

(17) The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year except approval of the Central Government, under Section 211 (4), read with Schedule VI part II, para 3(i)(a) to dispense with disclosure of contents in the Balance Sheet as received vide Order No. 46/25/2008-CL-III

dated May 14, 2008 for the financial years ending on March 31, 2008; March 31, 2009 and March 31, 2010.

(18) The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

(19) The Company has not issued any shares, debentures or other securities during the financial year.

(20) The Company has not bought back any shares during the financial year.

(21) The Company has not redeemed any preference shares or debentures during the year.

(22) There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.

(23) The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.

(24) The Company has not made any borrowings during the financial year.

(25) The Company has made no loans and investments, nor given any guarantees nor provided any securities to other bodies corporate. Hence there were no entries in the register kept for the purpose.

(26) The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.

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

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

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

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

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

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

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

ARVIND KOHLI
Company Secretary
(CP No 2818)

Place : New Delhi
Date : 19th May, 2008

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

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

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2008.

Sr. No.	Form No.	U/Section	Particulars	Due on	Filed on
1.	eForm 1	205(C)	Transfer of unpaid dividend to IEPF	19.06.2007	14.06.2007
2.	eForm 23AC & 23ACA	220	BALANCE SHEET, P&L A/c etc March 31, 2007	11.10.2007	03.10.2007
3.	eForm 66	383A	Secretarial Compliance Certificate	11.10.2007	03.10.2007
4.	eForm 23	192	Special Resolution passed at the AGM	11.10.2007	03.10.2007
5.	eForm 20B	159	Annual Return September 12, 2007	11.11.2007	03.11.2007
6.	eForm 32	303(2)	Changes in Directorships	14.12.2007	19.11.2007
7.	eForm 23AAA	211(4)	Application for exemption from giving quantitative details in Balance Sheet and P & L A/c	N.A.	22.01.2008

Place : New Delhi
Date : 19th May, 2008

ARVIND KOHLI
Company Secretary
(CP No 2818)

Auditors' Report to the Members

1. We have audited the attached Balance Sheet of Benares Hotels Limited, as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - (ii) In our opinion, books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement

dealt with by this Report are in agreement with the books of account;

- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this Report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India :
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

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

N. KRISHNASWAMY
Partner
Membership No. 4797
Place : Mumbai
Dated : 19th May, 2008

Annexure to the Auditors' Report

(Referred to in Paragraph 3 of our Report of even date)

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

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- ix. In our opinion and according to the information and explanations given to us, the Company has not taken any loan from any financial institution, bank or debenture holders or granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- x. In our opinion, the Company is not a chit fund or nidhi mutual benefit society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xi. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report), Order 2003 are not applicable to the Company.
- xii. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xiii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds have been raised to finance short-term or long-term investment.
- xiv. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xv. During the period covered by our Report, the Company had not issued debentures.
- xvi. No money has been raised by public issues during the year under report.
- xvii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

N. KRISHNASWAMY
Partner
Membership No. 4797

Place : Mumbai
Dated : 19th May, 2008

Balance Sheet as at 31st March, 2008

				Previous Year
	Schedule	Rupees	Rupees	Rupees
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
(a) Share Capital	1	1,30,00,000		1,30,00,000
(b) Reserves and Surplus.....	2	19,90,41,072		17,32,47,693
Total		21,20,41,072		18,62,47,693
2. DEFERRED TAX LIABILITY (Net).....		1,64,08,708		1,53,77,533
3. SHOP SECURITY DEPOSIT.....		22,97,493		22,97,493
TOTAL FUNDS EMPLOYED.....		<u>23,07,47,273</u>		<u>20,39,22,719</u>
APPLICATION OF FUNDS				
4. FIXED ASSETS.....				
(a) Gross Block.....	3	21,42,53,350		20,93,55,822
(b) Less : Depreciation		7,74,85,152		6,72,92,160
(c) Net Block		13,67,68,198		14,20,63,662
(d) Capital Work in Progress		1,80,82,680		48,14,654
		15,48,50,878		14,68,78,316
5. INVESTMENTS	4	—		1,11,49,693
6. CURRENT ASSETS, LOANS AND ADVANCES				
(a) Current Assets, Loans and Advances	5			
Inventories		53,74,573		53,99,652
Sundry Debtors		2,10,87,423		1,44,56,059
Cash and Bank Balances		6,99,42,563		5,95,59,072
Other Current Assets.....		5,80,527		2,19,085
Loans and Advances		1,45,07,406		1,21,51,594
		11,14,92,492		9,17,85,461
(b) Less : Current Liabilities and Provisions ..	6			
Liabilities.....		1,73,44,877		3,06,81,401
Provisions		1,82,51,220		1,52,09,350
		3,55,96,097		4,58,90,751
Net Current Assets.....		7,58,96,395		4,58,94,710
TOTAL FUNDS UTILISED		<u>23,07,47,273</u>		<u>20,39,22,719</u>
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS				
	9			

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

N. KRISHNASWAMY
Partner

Date : 19th May, 2008
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON Director

P K BHATIA Company Secretary

BENARES HOTELS LIMITED
Thirty Seventh Annual Report 2007-08

Profit and Loss Account for the Year Ended 31st March, 2008

	Schedule	Rupees	Previous Year Rupees
INCOME :			
1. Rooms, Restaurants, Banquets and Other Income	7	21,68,86,562	19,43,33,086
EXPENDITURE :			
2. Operating and General Expenses	8	13,97,40,769	12,69,76,891
3. Depreciation.....		1,01,92,993	86,66,252
TOTAL EXPENDITURE.....		14,99,33,762	13,56,43,143
PROFIT BEFORE TAX.....		6,69,52,800	5,86,89,943
4. Less : Provision for Taxes			
- Current Tax		2,16,31,024	1,90,70,000
- Deferred Tax		10,31,176	7,06,649
- Fringe Benefit Tax		2,46,000	2,40,000
		2,29,08,200	2,00,16,649
PROFIT AFTER TAX.....		4,40,44,600	3,86,73,294
5. Add : Balance brought forward from Previous Year		4,87,39,622	2,97,75,678
6. AMOUNT AVAILABLE FOR APPROPRIATIONS		9,27,84,222	6,84,48,972
7. APPROPRIATIONS			
(a) Proposed Dividend		1,56,00,000	1,30,00,000
(b) Tax on Dividend.....		26,51,220	22,09,350
(c) Amount transferred to General Reserve		50,00,000	45,00,000
(d) Balance carried forward to next year		6,95,33,002	4,87,39,622
TOTAL.....		9,27,84,222	6,84,48,972
Earnings Per Share (Basic/Diluted) Rupees		33.88	29.75
(Refer Note No. 15 of Schedule 9)			
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	9		

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

N. KRISHNASWAMY
Partner

Date : 19th May, 2008
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON Director

P K BHATIA Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	2007-08	2006-07
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and extraordinary items ...	6,69,52,800	5,86,89,944
Adjustments for :		
Depreciation	1,01,92,993	86,66,252
(Profit)/Loss on Sale of Assets	—	(47,089)
Provision for doubtful debts	4,99,168	7,46,724
(Dividend from Mutual Fund)	(7,34,762)	(6,30,763)
(Interest received)	(43,51,163)	56,06,236
Operating Profit before Working Capital Changes	7,25,59,036	(26,91,009)
Adjustments for :		
Trade and Other Receivables	(78,25,934)	40,40,618
Inventories	25,078	46,118
Trade Payables	(1,33,36,524)	1,53,02,223
Cash generated from Operations	5,14,21,656	1,93,88,959
Direct Taxes paid	2,35,37,433	8,41,23,018
Cash Flow before Extraordinary Items	2,78,84,223	2,25,03,565
NET CASH FROM OPERATING ACTIVITIES.....	2,78,84,223	6,16,19,453
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets	(1,81,65,557)	(4,54,71,052)
Sale of Fixed Assets	—	12,09,702
Interest Received	39,89,720	27,04,065
Dividend Received	7,34,762	6,30,763
Investment in Mutual Fund	1,11,49,693	(6,30,763)
Deposits with Other Companies	—	2,00,00,000
NET CASH USED IN INVESTMENT ACTIVITIES	(22,91,382)	(2,15,57,285)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend + Dividend Tax Paid	(1,52,09,350)	(1,26,00,000)
NET CASH USED IN FINANCING ACTIVITIES	(1,52,09,350)	(1,26,00,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,03,83,491	2,74,62,168
CASH AND CASH EQUIVALENTS Opening 1st April	5,95,59,072	3,20,96,904
CASH AND CASH EQUIVALENTS Closing 31st March	6,99,42,563	5,95,59,072

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

N. KRISHNASWAMY
Partner

Date : 19th May, 2008
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON

Director

P K BHATIA

Company Secretary

BENARES HOTELS LIMITED
Thirty Seventh Annual Report 2007-08

Schedules forming part of the Balance Sheet

SCHEDULE '1' — SHARE CAPITAL

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

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

Schedules forming part of the Balance Sheet

SCHEDULE '2' — RESERVES AND SURPLUS

	Rupees	Rupees	Previous Year Rupees
1. CAPITAL RESERVE			
Balance as per Last Account		86,250	86,250
2. GENERAL RESERVE			
a) Balance as per Last account.....	12,44,21,820		11,99,21,820
b) Add : Transferred from Profit and Loss Account..	<u>50,00,000</u>		<u>45,00,000</u>
Total		12,94,21,820	12,44,21,820
3. PROFIT AND LOSS ACCOUNT.....		6,95,33,002	4,87,39,622
TOTAL		<u><u>19,90,41,072</u></u>	<u><u>17,32,47,692</u></u>

Schedules forming part of the Balance Sheet

SCHEDULE '3' — FIXED ASSETS

FIXED ASSETS (At Cost)	GROSS BLOCK				DEPRECIATION		NET BLOCK
	As at 01.04.2007 <i>Rupees</i>	Additions <i>Rupees</i>	Deletions <i>Rupees</i>	As at 31.03.2008 <i>Rupees</i>	For the Year <i>Rupees</i>	Up to 31.03.2008 <i>Rupees</i>	As at 31.03.2008 <i>Rupees</i>
1. Land-Freehold	13,05,473 (13,05,473)	— —	— —	13,05,473 (13,05,473)	— —	— —	13,05,473 (13,05,473)
2. Buildings	7,31,21,310 (6,05,60,099)	9,74,728 (1,31,96,781)	— (6,35,570)	7,40,96,037 (7,31,21,310)	12,01,015 (10,81,506)	1,14,56,288 (1,02,55,273)	6,26,39,749 (6,28,66,037)
3. Plant & Machinery	9,59,77,328 (8,69,92,038)	36,20,572 (1,19,25,768)	— (29,40,478)	9,95,97,900 (9,59,77,328)	54,58,529 (49,78,785)	5,28,79,134 (4,74,20,605)	4,67,18,766 (4,85,56,723)
4. Furniture, Fixtures & Office Equipment	3,81,86,232 (2,06,23,764)	3,02,231 (2,08,99,813)	— (33,37,344)	3,84,88,463 (3,81,86,233)	34,94,124 (25,33,241)	1,26,40,674 (91,46,550)	2,58,47,789 (2,90,39,683)
5. Vehicles	7,65,478 (10,73,108)	— —	— (3,07,630)	7,65,478 (7,65,478)	39,325 (72,720)	5,09,056 (4,69,732)	2,56,421 (2,95,746)
6. Total	20,93,55,820 (17,05,54,482)	48,97,531 (4,60,22,362)	— (72,21,022)	21,42,53,350 (20,93,55,822)	1,01,92,993 (86,66,252)	7,74,85,152 (6,72,92,160)	13,67,68,198 (14,20,63,662)
7. Capital Work in Progress	48,14,654 (53,65,964)	1,32,68,026 (5,35,018)	— (10,86,328)	1,80,82,680 (48,14,654)	— —	— —	1,80,82,680 (48,14,654)
8. Grand Total	21,41,70,476 (17,59,20,446)	1,81,65,557 (4,65,57,380)	— (83,07,350)	23,23,36,031 (21,41,70,476)	1,01,92,993 (86,66,252)	7,74,85,152 (6,72,92,160)	15,48,50,878 (14,68,78,316)

Notes :

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

(2) Figures in BRACKETS are for Previous Year.

Schedules forming part of the Balance Sheet

SCHEDULE '4' — INVESTMENTS

1. INVESTMENTS

1114356.452 Units in Tata Floating Rate Short
Term Institutional Plan - Daily Dividend

Rupees

Previous
Year
Rupees

— 1,11,49,693

TOTAL INVESTMENTS

— 1,11,49,693

(1) Balance in Rupees

(2) Description of the investment in English and Hindi

(3) Particulars of the investment in English and Hindi

(4) Particulars of the investment in English and Hindi

(5) Particulars of the investment in English and Hindi

(6) Particulars of the investment in English and Hindi

(7) Particulars of the investment in English and Hindi

(8) Particulars of the investment in English and Hindi

(9) Particulars of the investment in English and Hindi

(10) Particulars of the investment in English and Hindi

(11) Particulars of the investment in English and Hindi

(12) Particulars of the investment in English and Hindi

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(14) Particulars of the investment in English and Hindi

(15) Particulars of the investment in English and Hindi

(16) Particulars of the investment in English and Hindi

(17) Particulars of the investment in English and Hindi

(18) Particulars of the investment in English and Hindi

(19) Particulars of the investment in English and Hindi

(20) Particulars of the investment in English and Hindi

(21) Particulars of the investment in English and Hindi

(22) Particulars of the investment in English and Hindi

(23) Particulars of the investment in English and Hindi

(24) Particulars of the investment in English and Hindi

(25) Particulars of the investment in English and Hindi

(26) Particulars of the investment in English and Hindi

(27) Particulars of the investment in English and Hindi

(28) Particulars of the investment in English and Hindi

(29) Particulars of the investment in English and Hindi

(30) Particulars of the investment in English and Hindi

(31) Particulars of the investment in English and Hindi

(32) Particulars of the investment in English and Hindi

(33) Particulars of the investment in English and Hindi

(34) Particulars of the investment in English and Hindi

(35) Particulars of the investment in English and Hindi

(36) Particulars of the investment in English and Hindi

(37) Particulars of the investment in English and Hindi

(38) Particulars of the investment in English and Hindi

(39) Particulars of the investment in English and Hindi

Schedules forming part of the Balance Sheet

SCHEDULE '5' — CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	Previous Year Rupees
A. CURRENT ASSETS			
1. Inventories			
a) Stores and Operating Supplies.....	33,06,986		39,87,707
b) Food and Beverage (Valued at Cost and Certified by the Management)	<u>20,67,587</u>		<u>14,11,945</u>
		53,74,573	53,99,651
2. Sundry Debtors (Unsecured)			
a) Outstanding for a period exceeding six months			
Considered Good	38,81,954		18,86,919
Considered Doubtful	<u>25,49,745</u>		<u>26,85,169</u>
	64,31,699		45,72,088
b) Other Debts	<u>1,72,05,469</u>		<u>1,25,69,140</u>
	2,36,37,168		1,71,41,229
c) Less : Provision for doubtful debts	<u>(25,49,745)</u>		<u>(26,85,169)</u>
Total		2,10,87,423	1,44,56,060
3. Cash and Bank Balances			
a) Cash in hand	2,95,702		5,14,752
b) Balances with Scheduled Banks			
(i) In Current and Cash Credit Accounts	2,29,87,745		1,35,07,710
(ii) In Fixed Deposit Account	<u>4,66,59,116</u>		<u>4,55,36,610</u>
[Fixed Deposit Receipts of Rs. 36,610/- previous year Rs. 36,610/-) pledged with Bank against Bank Guarantee]			
Total		6,99,42,563	5,95,59,072
4. Other Current Assets.....		5,80,527	2,19,085
Total Current Assets		<u>9,69,85,086</u>	<u>7,96,33,867</u>
B. LOANS AND ADVANCES (Unsecured and Considered good)			
1. Deposit with Public Bodies and Others		12,74,996	16,82,611
2. Advances recoverable in Cash or in kind or for value to be received		86,63,654	75,60,636
3. Advance payment of Taxes (Net)		<u>45,68,756</u>	<u>29,08,347</u>
Total Loans and Advances.....		<u>1,45,07,406</u>	<u>1,21,51,594</u>
TOTAL CURRENT ASSETS, LOANS & ADVANCES.....		<u><u>11,14,92,492</u></u>	<u><u>9,17,85,462</u></u>

Schedules forming part of the Balance Sheet

SCHEDULE '6' — CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	Previous Year Rupees
A. CURRENT LIABILITIES			
1. Sundry Creditors			
i) Total outstanding dues to Small Scale Industrial Undertakings.....	—		—
ii) Total outstanding dues to creditors other than Small Scale Industrial Undertakings	1,54,18,573		2,89,68,974
		1,54,18,573	2,89,68,974
2. Deposit from Suppliers.....		2,43,180	2,99,680
3. Dividend Warrants issued but not encashed		16,83,124	14,12,747
Total Current Liabilities		1,73,44,877	3,06,81,401
B. PROVISIONS			
1. Proposed Dividend.....	1,56,00,000		1,30,00,000
2. Provision for Tax on Proposed Dividend.....	26,51,220		22,09,350
Total Provisions.....		1,82,51,220	1,52,09,350
TOTAL CURRENT LIABILITIES AND PROVISIONS		3,55,96,097	4,58,90,751

Schedules forming part of the Profit and Loss Account

SCHEDULE '7' - ROOMS, RESTAURANTS, BANQUETS AND OTHER INCOME

	Rupees	Rupees	Previous Year Rupees
1. ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES			
(Including Sale of Food and Beverages Rs. 8,84,67,524/-)			
Previous Year Rs. 8,31,04,041/-)	21,08,84,952		19,01,68,485
2. OTHER INCOME			
(a) Interest from Deposits with other Companies (Gross) (Tax Deducted at Source Rs. Nil Previous Year Rs. 3,28,300/-)	—		14,63,014
(b) Interest from bank (Tax Deducted at Source Rs. 9,01,675/- Previous Year Rs 2,67,101/-)	43,51,163		12,27,995
(c) Dividend from Mutual Fund	7,34,762		6,30,763
(d) Miscellaneous Income	9,15,685		8,42,830
Total	60,01,610		41,64,602
TOTAL INCOME	21,68,86,562		19,43,33,086

Schedules forming part of the Profit and Loss Account

SCHEDULE '8' — OPERATING AND GENERAL EXPENSES

	Rupees	Rupees	Previous Year Rupees
1. OPERATING EXPENSES			
(A) FOOD AND BEVERAGE CONSUMED			
i Opening Stock.....	14,11,945		15,67,013
ii Add : Purchases.....	2,33,51,332		1,97,71,962
iii Sub Total.....	2,47,63,277		2,13,38,975
iv Less : Closing Stock.....	20,67,587		14,11,945
Total.....		2,26,95,690	1,99,27,030
(B) PAYMENTS AND PROVISIONS FOR EMPLOYEES			
i Salaries, Wages and Bonus.....	1,93,92,474		1,57,30,890
ii Company's Contribution to Provident Fund and Other Funds.....	17,81,594		19,47,895
iii Gratuity.....	7,19,114		40,53,269
iv Workmen and Staff Welfare Expenses	36,16,045		39,63,487
Total.....		2,55,09,227	2,56,95,541
(C) OTHER OPERATING EXPENSES			
i Stores and Supplies	62,66,428		43,84,228
ii Fuel, Power and Light.....	1,68,43,506		1,54,16,091
iii Reimbursement of expenses on personnel deputed to the Company.....	66,84,854		60,13,235
iv Repairs to Building.....	50,52,680		33,72,759
v Repairs to Machinery.....	25,21,363		25,04,060
vi Repairs to Other Assets.....	47,428		3,32,734
vii Banquet Expenses.....	23,42,751		20,97,872
viii Linen and Uniform Washing.....	30,74,515		28,59,865
ix Recreational Expenses.....	2,42,160		2,86,619
x Commission to Travel Agents.....	7,84,765		6,45,897
xi Operating Fees.....	1,52,10,229		1,35,78,175
xii Licence Fees.....	17,00,000		15,00,000
Total.....		6,07,70,679	5,29,91,535
Total Operating Expenses.....		10,89,75,596	9,86,14,106
2. GENERAL EXPENSES			
i Rent, Rates and Taxes.....	42,27,523		48,22,862
ii Insurance.....	11,34,781		10,60,212
iii Advertisement and Publicity.....	57,67,263		51,68,073
iv Printing and Stationery.....	8,62,370		9,40,357
v Passage and Travelling.....	21,02,278		16,50,923
vi Telephones, Telex, Postage and Telegrams.....	8,37,463		9,02,162
vii Collecting Agents Commission	17,66,483		10,42,061
viii Garden Expenses.....	17,24,242		15,43,323
ix Corporate Services	21,08,850		19,14,663
x CRS/CIS Expenses.....	21,08,850		19,14,662
xi Other Expenses.....	56,17,318		48,96,065
xii Bad and Doubtful Debts.....	4,99,168		7,46,724
Total General Expenses.....		2,87,56,589	2,66,02,087
3. DIRECTORS' REMUNERATION.....		20,08,584	17,60,698
4. TOTAL (1+2+3).....		13,97,40,769	12,69,76,891

Schedules forming part of the Accounts for the year ended 31st March, 2008

SCHEDULE '9' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES :

1. ACCOUNTING STANDARDS

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

2. FIXED ASSETS

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

3. DEPRECIATION

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

4. INVENTORIES

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

5. RETIREMENT BENEFITS

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

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

6. FOREIGN CURRENCY TRANSACTIONS

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

7. REVENUE RECOGNITION

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

8. CONTINGENT LIABILITIES

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

9. TAXES ON INCOME

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

10. LEAVE ENCASHMENT

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

Schedules forming part of the Accounts for the year ended 31st March, 2008

SCHEDULE '9' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

		Previous Year Rupees	Rupees
B. NOTES ON ACCOUNTS			
1. Contingent Liability not provided for :			
a)	Claims against the Company in respect of arrears of electricity charges not acknowledged as debts.....	3,45,323	3,45,323
b)	Income Tax matters in dispute : The Department had partially disallowed the claim of the Company u/s 80HHD, in respect of the Assessment Year 1990-91, on the ground that the Income from Rooms does not constitute 'Services', but is covered under the ambit of 'Rent' and therefore not eligible for deduction under the said section. The Company has been advised legally that no provision for such demand is necessary in the books of account. On an appeal filed by the Company against the assessment made for the AY 1990-91, the CIT(A) and ITAT had upheld the views of the Company. However, the Department has moved the High Court against the Order of the ITAT. To the knowledge of the Company the Department has referred the matter to the High Court for the various assessment years up to 2001-02, except for the years for which no scrutiny was undertaken. The total tax demand under dispute up to the assessment years 2004-05 is Rs. 3,46,07,514/-. The Assessment for the AY 2006-07 is pending.		
c)	On account of dispute in respect of : UP Trade Tax	10,69,834	10,69,834
d)	Commitments on Capital Account not provided for.....	5,32,97,842	7,46,845
2. Value of Raw Materials			
a)	Food and Beverage consumed		
(i)	Imported	—	—
(ii)	Indigenous.....	2,26,95,690	1,99,27,030
b)	Stores and Supplies		
(i)	Imported	—	—
(ii)	Indigenous	62,66,428	43,84,228
3.	Value of Imports (CIF) Capital Items	6,41,074	25,35,279
4.	Expenditure in Foreign Currency.....	30,513	3,23,058

Schedules forming part of the Accounts for the year ended 31st March, 2008

SCHEDULE '9' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
5. Earnings in Foreign Exchange :		
As reported by the Company to the Department of Tourism and Certified by the Management and verified by the Auditors	12,53,36,728	12,35,68,406
6. Exchange difference reflected as part of the Profit and Loss Account for the year under review is		
a) Exchange Gain	8,341	10,572
b) Exchange Loss	8,004	1,348
7. Remuneration to Auditors :		
(I) Statutory Auditors		
a) As Audit Fees	1,50,000	1,00,000
b) For Tax Audit	30,000	30,000
c) For other matters (Certificates etc.)	30,185	54,987
(II) Internal Auditors		
a) As Audit Fees	1,36,000	1,14,450
8. Managerial Remuneration		
Computation of Net Profit as per Section 349, read with Sections 198 and 309(5) of the Companies Act, 1956.		
a) Profit as per Profit and Loss Account	6,69,52,800	5,86,89,943
b) Add: Depreciation debited in Accounts	1,01,92,993	86,66,252
Loss on Sale of Assets	—	—
c) Less: Depreciation	1,01,92,993	86,66,252
d) Directors' Remuneration (Commission)	20,08,584	17,60,698
d) Commission to Directors @ 3% on Rs. 6,69,52,800/- ..	20,08,584	17,60,698
9. According to the information available with the Company, no amount is overdue and outstanding at the close of the year (Previous Year Rs. NIL) payable to Small Scale and Ancillary Industrial Undertakings as defined by the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993. Consequently, no provision (Previous Year Rs. NIL) in respect of Interest Payable on Delayed Payments as required by the said Act is considered necessary.		

Schedules forming part of the Accounts for the year ended 31st March, 2008

SCHEDULE '9' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
10. Expenditure on account of the undermentioned accounts are after adjusting recoveries from the third parties as under :		
i) Food and Beverage consumed.....	70,203	62,813
ii) Fuel, Power and Light.....	4,79,812	6,14,869
iii) Electrical Repairs.....	12,92,346	11,74,754
iv) Repairs to Building.....	3,10,521	2,82,350
v) Repairs to Machinery.....	3,10,521	2,82,350
vi) Repairs to Other Assets.....	99,785	90,708
vii) Rents, Rates and Taxes.....	46,773	37,079
viii) Other Expenses.....	28,794	20,848
11. As the turnover of the Company is in respect of Food and Beverages, it is not possible to give quantity-wise details of the turnover. Vide order No. 46/25/2008-CL-III dated 14th May, 2008 issued by the Ministry of Corporate Affairs, the Company has been exempted from giving these particulars for the year 2007-08 subject to certain disclosures.		
12. a) Income from Rooms, Restaurants & Other Services includes:		
i) Income from Sale of Wine, Beer & Spirits	1,49,42,299	1,27,83,085
ii) Income from Telephone and Telex	3,73,836	5,47,853
b) Food and Beverages (excluding Wine and Liquor) and Smokes consumed		
i) Opening Stock	6,98,718	7,92,075
ii) Add : Purchase	1,91,28,978	1,65,19,729
iii) Less : Closing Stock	6,84,198	6,98,718
iv) Consumption	<u>1,91,43,498</u>	<u>1,66,13,086</u>
c) Food and Beverage consumed includes Wine and Liquor as follows :		
i) Opening Stock	7,13,227	7,74,938
ii) Add : Purchase	42,22,354	32,52,233
iii) Less : Closing Stock	13,83,389	7,13,227
iv) Consumption	<u>35,52,192</u>	<u>33,13,944</u>
13. The Company's business consists of its hotel operations only and hence no separate information for segmentwise disclosures under Accounting Standard on 'Segment Reporting'(AS-17), issued by the Institute of Chartered Accountants of India, is given.		

Schedules forming part of the Accounts for the year ended 31st March, 2008

SCHEDULE '9' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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

i)	Nature of Transactions	Promoter Company with significant influence	Associate Company	Key Management Personnel	Total (Rupees)
	Receiving of Services	98,35,684 (88,97,431)	— —	— —	98,35,684 (88,97,431)
	Consultancy Services received	1,52,10,229 (1,35,78,175)	— —	— —	1,52,10,229 (1,35,78,175)
	Deputed Personnel Expenses	66,84,854 (60,13,235)	— —	— —	66,84,854 (60,13,235)

Note : Figures in brackets are for the previous year.

- ii) The Company entered into a licence agreement on a revenue sharing basis with the Owners of the Nadesar Palace in Varanasi and the land on which the Palace is situate. The property licensed to the Company is owned by Dr. Anant Narain Singh and by two private limited companies and a Trust in which Dr. Anant Narain Singh is a director and a trustee respectively. An amount of Rs. 17.00 lacs is payable in quarterly instalments for this year as per the terms of the agreement.

b) Names of related parties and description of relationship :

Name	Nature of Relationship	Balance receivable as at 31st March, 2008 (Rupees)	Balance receivable as at 31st March, 2007 (Rupees)
The Indian Hotels Company Limited	Benares Hotels Limited is an Associate of The Indian Hotels Company Limited.	29,20,352	(44,63,279)

- c) Debt due from Directors Rs. 2,47,936/- considered good and recoverable. (Maximum outstanding during the year Rs. 2,47,936/-)
- d) There is no provision for doubtful debts or amounts written off or written back during the year for debts due from or to related parties.

Schedules forming part of the Accounts for the year ended 31st March, 2008

SCHEDULE '9' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	Previous Year	
	Rupees	Rupees
15. Earning per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year as under :-		
Profit after tax	4,40,44,600	3,86,73,294
Weighted average number of equity shares outstanding during the year (nos.)	13,00,000	13,00,000
Earnings per share (basic/diluted).....	33.88	29.75
Nominal value per share	10.00	10.00
16. Components of deferred tax assets and (liabilities) as under :		
Depreciation	(1,76,86,176)	(1,64,93,562)
Deferred Revenue Expenditure	—	—
Provision for Doubtful Debts.....	8,66,658	9,03,005
Provision for Leave Encashment.....	4,10,810	2,13,024
TOTAL	<u>1,64,08,708</u>	<u>(1,53,77,533)</u>
17. Previous Year's figures have been regrouped wherever necessary to conform to the current year's presentation.		

BENARES HOTELS LIMITED
Thirty Seventh Annual Report 2007-08

Schedules forming part of the Accounts for the year ended 31st March, 2008

SCHEDULE '9' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No. :	3480	State Code :	20
Balance Sheet Date :	31.03.2008		

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

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

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

Total Liabilities	2,30,747	Total Assets	2,30,747
Sources of Funds			
Paid-up Capital	13,000	Reserves & Surplus	1,99,041
Secured Loans	Nil	Unsecured Loans*	2,297
Deferred Tax Liability	16,409		
Application of Funds			
Net Fixed Assets	1,54,851	Investments	—
Net Current Assets	75,896	Misc. Expenditure	—
Accumulated Losses	—		

* (Includes Security Deposits of Rs. 2,297 thousand)

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

Turnover	2,16,887	Total Expenditure	1,49,934
Profit before Tax	66,953	Profit after Tax	44,045
Earnings per share in Rs.	33.88	Dividend %	120%

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

Item Code No. (ITC Code)	—	Services Description	Hoteliering and Catering
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Signatures to Schedules 1 to 9

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

Date : 19th May, 2008
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON Director

P K BHATIA

Company Secretary

FINANCIAL STATISTICS

(Rs./Lacs)

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



Sarnath Stupa, Varanasi

