

BENARES HOTELS LIMITED
45th ANNUAL REPORT 2015-16



The Gateway Hotel - Ganges, Varanasi



Corporate Information

Board of Directors

DR. ANANT NARAIN SINGH
(Chairman)

RAKESH SARNA

SHRIRAMAN

RUKMANI DEVI

B. L. PASSI

D. R. KAARTHIKEYAN

ROHIT KHOSLA

Company Secretary

Vanika Mahajan

Auditors

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

Registered Office

Nadesar Palace Compound,
Varanasi - 221 002
Phone: 0542-6660001
CIN-L55101UP1971 PLC 003480
Website: www.benareshotelslimited.com

Registrar and Share Transfer Agent

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

BENARES HOTELS LIMITED
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HIGHLIGHTS	2015-16	2014-15
	₹ Lacs	₹ Lacs
Gross Revenue	5100.20	4824.06
Profit Before Tax	1286.57	1425.78
Profit After Tax	828.56	922.62
Dividend	260	260
Retained Earnings	5306.20	4790.57
Funds Employed	7370.73	6332.84
Net Worth	5436.20	4920.57
Debt : Equity Ratio	0:1	0:1
Net Worth Per Equity Share (₹ 10/- each)	₹ 418.17	₹ 378.51
Earnings (EAT) Per Equity Share (₹ 10/- each)	₹ 63.74	₹ 70.97
Profit before Tax Ratio to Turnover	25.23%	29.54%
Dividend Per Equity Share (₹ 10/- each)	₹ 20.00	₹ 20.00
	200%	200%

Notice to the Members

Notice is hereby given that the Forty Fifth 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, 12th August, 2016 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, 2016 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Rakesh Sarna (DIN 01875340), who retires by rotation and is eligible for reappointment.
4. To appoint Auditors of the Company.

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

“**RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s N. Krishnaswamy & Company, Chartered Accountants (Firm Registration Number 001555S), be and is hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of next Annual General Meeting of the Company at a remuneration of Rs. 2.50 lakhs plus service tax, and out-of-pocket expenses.”

SPECIAL BUSINESS

Commission to Directors

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

"RESOLVED that pursuant to the provisions of Section 197 and other applicable provisions,

if any, of the Companies Act, 2013 and the Rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), a sum not exceeding three per cent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year for a period of five years commencing 01st April, 2016.”

NOTES

- (a) The Explanatory Statement pursuant to section 102 of the Companies Act, 2013, which sets out details relating to Special Business under Item No. 5 mentioned in the accompanying Notice 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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The instrument appointing the proxy should be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies must be supported by appropriate resolution/authority, as applicable.
- (c) Members are requested to intimate to the Company, changes, if any, in their Registered

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- Address along with Pin Code Number. Members whose shareholdings are in demat form are requested to send the intimation for change of address to their respective Depository Participant(s).
- (d) Members are requested to register their email id and the changes therein from time to time with the Company to enable the Company to send notices/documents through email as permitted in law.
- (e) The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, August 5, 2016 to Thursday, August 18, 2016 (both days inclusive).
- (f) The dividend as recommended by the Directors for the year ended 31st March, 2016, if passed at the meeting, will be made payable on or after Monday, August 22, 2016 to those members whose names appear on the Register of Members of the Company on Friday, August 5, 2016. 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, August 4, 2016.
- (g) 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.
- (h) 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" (IEPF) established by the Central Government. Accordingly, the unclaimed dividend paid up to the financial year ended 31st March, 2009, shall be transferred by the Company to the said Fund on the due date in 2016. No claim shall lie against the Company or IEPF for the amounts so transferred prior to March 31, 2016 nor shall any payment be made in respect of such claim.
- (i) **National Electronic Clearing Service (NECS):**
To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided National Electronic Clearing Service (NECS) facility to the Members for remittance of dividend. NECS facility is available at locations identified by Reserve Bank of India from time to time. Members holding shares in physical form and desirous of availing this facility are requested to provide their latest bank account details along with their Folio Number, to the Company. Members holding shares in electronic form are requested to provide the details to their respective Depository Participants.
Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
- (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 Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- (k) Members holding shares in physical form are requested to advise any change of address and are also requested to submit their specimen signatures duly attested by their Bank immediately to the Company. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant.

- (l) Members/proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
- (m) Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the particulars of Directors seeking re-appointment at the meeting are annexed to the Notice.
- (n) The Notice of the AGM along with the Annual Report of 2015-16 is being sent by electronic mode to those Members whose email addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copy is being sent by permitted mode. To support 'Green Initiative' Members who have not registered their email addresses are requested to register the same with the Company / Depository.
- (o) **Voting through electronics means**
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Clause 44 of SEBI Listing Regulations, the Company is pleased to provide its Members facility of remote e-voting (to cast their vote electronically from a place other than the venue of the AGM), through e-voting services provided by Central Depository Services Limited (CDSL) on all resolutions set forth in this Notice.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on August 9, 2016 at 9:00 a.m. IST and ends on August 11, 2016 at 5:00 p.m. IST. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. August 5, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.

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- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Benares Hotels Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non-Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in

- the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

- (i) The voting rights of the Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut off date i.e. August 5, 2016. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting, voting through Ballot Form, as well as voting at the AGM.
- (ii) 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 cast their vote by remote e-voting or Ballot Form or through Poll at the Meeting. However, if you are already registered with CDSL for remote e-voting then you can use existing user ID and password for casting your vote. If you forget your password you can reset your password by using Forgot Password option available on www.evotingindia.com.
- (iii) Mr. Shreepad Korde, Practicing Company Secretary (Membership No. ACS 563) has been appointed as the Scrutinizer by the Board of Directors of the Company to scrutinize the remote e-voting and the voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- (iv) The Scrutinizer shall immediately after the conclusion of the voting period, first count the votes at the meeting, thereafter unblock the votes through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than 2 days of the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman or any person authorised by the Chairman in writing, who shall countersign the same.
- (v) In order to enable its Members, who do not have the access to e-voting facility to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, may send duly completed Ballot Form in the enclosed self-addressed postage prepaid envelope (enclosed with the Annual Report) directly to the Scrutinizer so as to reach the Scrutinizer, Mr. Shreepad Korde, Practicing Company Secretary, (Membership No. ACS 563), at the Office of Registrar and Share Transfer Agent of the Company not later than August 11, 2016 at 5.00 p.m. IST. The instructions for Ballot Form are given on the reverse of the said Form.
- (vi) The Members who have cast their vote by remote e-voting or by Ballot Form prior to the Meeting may also attend the meeting but shall not be entitled to cast their vote again at the Meeting.
- (vii) Members have the option to request for duplicate physical copy of the Ballot Form by sending an e-mail to investorrelations@tajhotels.com by mentioning their Folio / DP ID and Client ID. However, the duly completed Ballot Form should reach the Office of Registrar and Share Transfer Agent of the Company not later than August 11, 2016 at 5.00 p.m. IST.
- (viii) Ballot Form received after August 11, 2016 at 5.00 p.m IST will be treated as invalid.
- (ix) A Member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot. If a Member casts votes by

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both modes, then voting done through remote e-voting shall prevail and Ballot shall be treated as invalid. Facility of voting through Ballot Form shall also be available at the Meeting. Members holding shares as on cut off date i.e. August 5, 2016 and attending the Meeting, who have not already cast their vote by remote e-voting or through Ballot Form shall be able to exercise their right at the Meeting.

- (x) The Chairman or the person authorised by him in writing shall forthwith on receipt of the consolidated Scrutinizer's Report declare the Results of the voting. 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 CDSL immediately after the results are declared by the Chairman.

- (p) 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 12, 2016.
- (q) All documents referred to in the accompanying Notice and Explanatory Statement, if any, shall be open for inspection at the Registered Office of the Company during normal business hours on all working days, except Sundays and public holidays, up to and including the date of the Annual General Meeting of the Company.

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

Vanika Mahajan
Company Secretary

Place: Mumbai
Date: 3rd May, 2016

Statement Annexed to Notice

Pursuant to Section 102 of the Companies Act, 2013

The following Statement sets out all material facts relating to the business under Item No. 5 mentioned in the accompanying Notice dated May 3, 2016.

Item No. 5

At the Annual General Meeting held on August 10, 2011, the shareholders had passed a Special Resolution approving the payment of commission to the Directors equivalent to an amount not exceeding 3% per annum of the net profit of the Company for a period of 5 years commencing from 01st April, 2011. The said five years have expired on 31st March, 2016.

In view of the fact that the Company has been consistently improving its performance, it is proposed to continue to pay the said commission to the Directors for a further period of five years w.e.f. April 1, 2016, subject to the approval of the shareholders at the Annual General Meeting.

All the Directors of the Company are concerned or interested in the resolution mentioned in item No. 5 of the Notice to the extent of the amount that may be received by them.

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

Vanika Mahajan
Company Secretary

Place: Mumbai
Date: 3rd May, 2016

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**Details of Directors seeking re-appointment at the forthcoming
Annual General Meeting of the Company**
(Pursuant to the SEBI Regulations)

Name of Director	Mr. Rakesh Sarna
Date of Birth	March 29, 1957
Date of Appointment	March 24, 2015
Expertise in Specific functional area	Hoteliering
Qualifications	Diploma in Hospitality Administration from Ottawa
Details of shares held in the Company	Nil
Relationship between Directors inter se	-
List of Companies in which outside Directorships held as on 31.03.2016 (excluding private & foreign companies)	<ul style="list-style-type: none"> - The Indian Hotels Company Limited - Piem Hotels Limited - Oriental Hotels Limited - Taj GVK Hotels & Resorts Ltd - Roots Corporation Limited - Taj Sats Air Catering Ltd - ELEL Hotels & Investments Ltd
Chairman/Member of the Committees of other Companies on which he is a Director as on 31.03.2016	<p>Audit Committee None</p> <p>Stakeholders' Relationship Committee None</p>

BOARD'S REPORT TO THE MEMBERS

The Directors hereby present the Forty Fifth Annual Report of the Company together with the Financial Statement (Audited Statements of Account) for the year ended 31st March, 2016.

OPERATING AND FINANCIAL RESULTS

	(₹ Lacs)	(₹ Lacs)
	<u>2015-16</u>	<u>2014-15</u>
Income	5100.20	4824.06
Gross Profit for the year	1553.03	1693.01
Less: Depreciation	266.46	267.23
Less: Interest	-	-
Profit before tax	1286.57	1425.78
Less: Provision for tax:		
- Current Tax	336.40	445.84
- Deferred Tax	538.18	57.77
- Minimum Alternate Tax credit	(269.44)	-
- Earlier years Taxes	(147.13)	(0.45)
Net Profit	828.56	922.62
Add: Balance brought forward from previous year	2622.49	2012.80
Balance available for appropriations	3451.05	2935.42

APPROPRIATIONS :

(a) A dividend @ 200 % i.e. Rs.20/- per equity share (previous year 200% i.e. Rs. 20/- per equity share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting, to be held on Friday, August 12, 2016, will be paid out of the provision for dividend	260.00	260.00
(b) Tax on Dividend	52.93	52.93
(c) Amount transferred to General Reserve	-	-
(d) Balance carried forward	3138.12	2622.49

OPERATIONS

The Company registered 6% growth in revenues as compared to previous year. While room revenues were 10% higher than the previous year, the F&B revenues decreased by 1 %.

The newly opened Gateway Hotel at Gondia, Maharashtra in 2014, completed its first full financial year of operations and registered increase in revenues. The directors hope that the Hotel's financial performance will continue to improve and the Hotel will be well received in the market.

Owing to decrease in F&B revenues and increase in operating expenses, the profit before taxes for the year was at Rs. 1287 Lacs, i.e. 10% lower than the previous year. Your directors hope that the Company will register superior financial performance in the next financial year i.e. 2016-17.

DIVIDEND

Your Directors recommend the payment of dividend @200% (previous year dividend @ 200%) per equity share involving distribution of Rs. 260.00 lacs.

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PARTICULARS OF EMPLOYEES

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

- (a) Not less than Rs. 60.00 lacs for the year, if employed throughout the financial year, or
- (b) Not less than Rs. 5.00 lacs per month, if employed for part of the financial year.

DIRECTORS

In accordance with the Companies Act, 2013 and the Articles of Association of the Company, Mr. Rakesh Sarna, Director of the Company is liable to retire by rotation and being eligible seeks reappointment.

KEY MANAGERIAL PERSONNEL

During the year under report, Mr. Ahmar Siddiqui, Chief Executive Officer (CEO) and Mr. P K Bhatia, Company Secretary of the Company resigned w.e.f. June 29, 2015 and March 28, 2016 respectively. They were replaced by Mr. Ashwani Anand as CEO and Ms. Vanika Mahajan as the Company Secretary of the Company w.e.f. July 23, 2015 and May 3, 2016 respectively. In terms of Section 203 of Companies Act, 2013, your Company has Mr. Ashwani Anand as the Chief Executive Officer (CEO), Mr. Ravi Sharma as the Chief Financial Officer (CFO) and Ms. Vanika Mahajan as the Company Secretary of the Company, as the Key Managerial Personnel of the Company.

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.

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR

The Company had convened 4 (Four) Board Meetings during the financial year under report.

AUDIT COMMITTEE AND VIGIL MECHANISM

In terms of Section 177 of the Companies Act, 2013, your Company has an Audit Committee with Mr. B.L. Passi, Mr. Shriraman, Mr. Rohit Khosla and Mrs. Rukmani Devi as its members.

Your Company has a Policy on vigil mechanism/ Whistleblower Policy to provide a mechanism for the Directors and employees to report actual or suspected fraud or violation of your Company's Code of Conduct. The provisions of this Policy are in line with the provisions of Section 177 (9) of the Act and Clause 22 of the SEBI Listing Regulations. The Whistle Blower Policy can be accessed on your Company's website www.Benareshotelslimited.com.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of Section 135 of the Companies Act, 2013 (the Act), your Company has the Corporate Social Responsibility Committee (CSR Committee) of the Board with Dr. Anant Narain Singh, Mr. D.R. Kaarthikeyan and Mr. Rohit Khosla as the members of the Committee. The brief outline of the Corporate Social Responsibility (CSR) Policy of your Company and the initiatives undertaken by your Company on CSR activities during the year are set out in "Annexure 2" of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of your Company www.benareshotelslimited.com.

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 Dr. Anant Narain Singh, Mrs. Rukmani Devi and Mr. Shriraman as the members of the Committee. The Committee met thrice during the year on 7th May, 2015, 23rd July, 2015 and 15th March, 2016.

In terms of the requirement of section 178(3) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a policy relating to the remuneration for the directors, KMPs and other employees. 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.

INTERNAL COMPLAINTS COMMITTEE

The Company has an 'Internal Complaints Committee' 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 2015-16, the Company received one complaint from an industrial trainee at The Gateway Hotel Ganges - Varanasi, on sexual harassment. The Investigation for the same has been completed and accused employee has since resigned from the Company.

DECLARATION BY INDEPENDENT DIRECTORS

In terms of Section 149(7) of the Companies Act, 2013 (the Act), the Independent Directors have given a declaration that they meet the criteria of independence as per Section 149(6) of the Act.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

In addition to the Corporate Governance Guidelines discussed and adopted by the Board which, inter alia, included the role, rights and responsibilities of independent directors, the Company has an appropriate ongoing familiarisation programme, with respect to the roles, rights responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of the familiarisation programme are disclosed on the Company's website under the weblink: www.benareshotelslimited.com.

LOANS, GUARANTEES AND INVESTMENTS MADE UNDER SECTION 186

During the year under report, the Company has placed/renewed a sum of Rs. 4.00 crores as short term Inter Corporate Deposits with bodies corporate within the limits prescribed under Section 186 of the Companies Act, 2013.

SECRETARIAL AUDIT REPORT

In terms of Section 204(1) of the Companies Act, 2013, M/s A K Bhayana & Associates, Company Secretaries, were appointed by the Company as the Secretarial Auditor. The secretarial audit report as obtained from them is attached to this Report as Annexure 3. The report is self explanatory and does not call for any comments.

ANNUAL RETURN

The extract of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules 2014 is furnished in Annexure 4 to this Report.

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 www.benareshotelslimited.com, for the purpose of identification and monitoring of such transactions. Prior omnibus approval of the

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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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' Certificate regarding compliance of conditions of Corporate Governance, forms part of the Annual Report.

During the year under review, 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

Pursuant to the provisions of Section 134 of the Act, your Company has a Risk Management Policy, to identify and evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on business objective and enhance the Company's competitive advantage. The risk 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/ acts 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 are reported risk level, 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.

AUDITORS

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

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 has implemented following energy conservation initiatives at the hotel:

- Installation of LED lights in lobby, public areas and corridors in place of CFL lights.
- Replacing oil based hot water generation with heat pump that also generates useful chilled water concurrently and reduces heat loss.
- Converting primary and secondary pumping system into single variable primary system resulting in savings in electricity consumption.
- Improving power factor and reducing line losses by installing suitable capacitors.

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 Companies Act, 2013, 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 in Notes on Accounts (Refer Note 27 and 28 in Notes to Financial Statements).

DIRECTORS EVALUATION

The Board of Directors has made the annual evaluation of its own performance and that of its committees and individual directors based on the review conducted by the Nomination & Remuneration Committee 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.

BENARES HOTELS LIMITED

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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 Audit Department monitors and evaluates 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. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls 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 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 2015-16

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for that period;
- c) The Directors have 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;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 : 3rd May, 2016

Annexure 1

The information pursuant to Rule 5 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 2015-16.	<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%; text-align: right;">6.3 : 1</td></tr> <tr><td>2.</td><td>Mr. Rakesh Sarna</td><td style="text-align: right;">N.A.</td></tr> <tr><td>3.</td><td>Mr. Shriraman</td><td style="text-align: right;">4.0 : 1</td></tr> <tr><td>4.</td><td>Mrs. Rukmani Devi</td><td style="text-align: right;">3.8 : 1</td></tr> <tr><td>5.</td><td>Mr. B. L. Passi</td><td style="text-align: right;">2.0 : 1</td></tr> <tr><td>6.</td><td>Mr. D. R. Kaarthikeyan</td><td style="text-align: right;">1.6 : 1</td></tr> <tr><td>7.</td><td>Mr. Prabhat Verma (resigned w.e.f 29-4-2015)</td><td style="text-align: right;">2.0 : 1</td></tr> <tr><td>8.</td><td>Mr. Rohit Khosla</td><td style="text-align: right;">N.A.</td></tr> </table>	1.	Dr. A. N. Singh	6.3 : 1	2.	Mr. Rakesh Sarna	N.A.	3.	Mr. Shriraman	4.0 : 1	4.	Mrs. Rukmani Devi	3.8 : 1	5.	Mr. B. L. Passi	2.0 : 1	6.	Mr. D. R. Kaarthikeyan	1.6 : 1	7.	Mr. Prabhat Verma (resigned w.e.f 29-4-2015)	2.0 : 1	8.	Mr. Rohit Khosla	N.A.						
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<p>The percentage increase 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%; text-align: right;">51.4%</td></tr> <tr><td>2.</td><td>Mr. Rakesh Sarna</td><td style="text-align: right;">N.A.</td></tr> <tr><td>3.</td><td>Mr. Shriraman</td><td style="text-align: right;">43.0%</td></tr> <tr><td>4.</td><td>Mrs. Rukmani Devi</td><td style="text-align: right;">34.5%</td></tr> <tr><td>5.</td><td>Mr. B. L. Passi</td><td style="text-align: right;">-38.7%</td></tr> <tr><td>6.</td><td>Mr. D. R. Kaarthikeyan</td><td style="text-align: right;">32.1%</td></tr> <tr><td>7.</td><td>Mr. Prabhat Verma</td><td style="text-align: right;">-1.2%</td></tr> <tr><td>8.</td><td>Mr. Ahmar Siddiqui/ Mr. Ashwani Anand (CEO)</td><td style="text-align: right;">26.2%</td></tr> <tr><td>9.</td><td>Mr. Ravi Sharma (CFO)</td><td style="text-align: right;">21.6%</td></tr> <tr><td>10.</td><td>Mr. P K Bhatia (CS)</td><td style="text-align: right;">N.A.</td></tr> </table>	1.	Dr. A. N. Singh	51.4%	2.	Mr. Rakesh Sarna	N.A.	3.	Mr. Shriraman	43.0%	4.	Mrs. Rukmani Devi	34.5%	5.	Mr. B. L. Passi	-38.7%	6.	Mr. D. R. Kaarthikeyan	32.1%	7.	Mr. Prabhat Verma	-1.2%	8.	Mr. Ahmar Siddiqui/ Mr. Ashwani Anand (CEO)	26.2%	9.	Mr. Ravi Sharma (CFO)	21.6%	10.	Mr. P K Bhatia (CS)	N.A.
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The percentage increase in the median remuneration of employees in the financial year	15.8%																														
The number of permanent employees on the rolls of Company for the year 2015-16	135																														
The explanation on the relationship between average increase in remuneration and Company performance	During the year, the PBT decreased by 10% from last year, while the average employee remuneration increased by 13.9%.																														
Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company.	The remuneration paid to the KMP during the year amounts to 4.2% of the PBT.																														

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<p>Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year</p>	<p>A. Market Capitalization and P/E Ratio As at 31.3.2015 - Rs.164.97 Crs. As at 31.3.2016 - Rs. 129.48 Crs.</p> <p>P/E Ratio As at 31.3.2015 - 17.9 As at 31.3.2016 - 15.6</p> <p>B. Percentage increase in market quotation in the shares in comparison to the rate at which the Company came out with the last public offer :- 9860%. The last public offer was in May 1987 by way of an at par rights issue.</p>						
<p>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</p>	<p>Average percentile increase in the remuneration of KMP is 24.6% while the average percentile increase in the salaries of employees other than KMP is 13.4%</p>						
<p>Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company</p>	<p>As against the decrease in PBT by 10% the remuneration of KMP increased as follows:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">CEO-</td> <td style="text-align: right;">26.2%</td> </tr> <tr> <td>CFO-</td> <td style="text-align: right;">21.6%</td> </tr> <tr> <td>Company Secretary-</td> <td style="text-align: right;">N.A.</td> </tr> </table>	CEO-	26.2%	CFO-	21.6%	Company Secretary-	N.A.
CEO-	26.2%						
CFO-	21.6%						
Company Secretary-	N.A.						
<p>The key parameters for any variable component of remuneration availed by the directors</p>	<p>The remuneration to directors comprises the sitting fees for attending the Board/Committee meetings and the commission on net profit of the Company. Attendance at the meetings, contribution at the meeting and the contribution other than in meetings are the key parameters for deciding the commission payable to directors.</p>						
<p>The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year</p>	<p>Not applicable as the Company has only non-executive directors whose remuneration comprises only the sitting fee and the commission on net profit equivalent to a maximum of 3% of the net profit in aggregate for all the directors.</p>						

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 : 3rd May, 2016

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 theme of the Company is “Building Livelihoods” and improving the quality of the life of the communities we serve through long term stakeholder value creation. The CSR activities were designed to:

- Serve and be seen to serve society and community and create significant and sustained impact in their lives
- Provide opportunities for Tata employees to contribute to these efforts through volunteering.

The programmes/projects were undertaken in line and as specified in Schedule VII of the Act.

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. Composition of the CSR Committee

- i) Chairman: Dr. Anant Narain Singh
- ii) Member: Mr. D.R. Kaarthikeyan
- iii) Member: Mr. Rohit Khosla

3. Average Net Profit of the Company for the last three Financial Years : Rs. 1344.50 lacs

4. Prescribed CSR Expenditure : Rs. 26.89 lacs

5. Details of CSR spend during the Financial Year 2015-16: (i) Spent - Rs. 25.08 lacs
(ii) Committed but not spent as the work is in progress - Rs. 2.85 lacs.
Total - Rs. 27.93 Lacs

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	Amount spent on the projects or programmes	Cumulative expenditure upto 31st March, 2016	Amount spent: Direct or through implementing agency
1.	Donation given for cleaning, maintenance, upkeep and daily Aarti at Dashashwamedh Ghat	Environment	Varanasi	₹ 4.90 Lacs	₹ 4.40 Lacs	₹ 4.40 Lacs	Charitable trust- Ganga Seva Nidhi
2.	Adoption of Munshi Ghat and maintaining the same as Model Ghat for Varanasi setting an example of cleanliness and hygiene	Environment	Varanasi	₹ 1.80 Lacs	₹ 1.89 Lacs	₹ 1.89 Lacs	Direct

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3.	Set up of 3 nos. RO Plant at Sarai Mohana Village for providing clean drinkable water to the villagers, installation of 12 nos. solar lamps in the Sarai Mohana village. Salary of CSR staff (to the extent of 5% of CSR budget)	Health & Awareness	Varanasi	₹ 18.50 Lacs	₹ 15.56 Lacs- Actual Spent (Does not include-₹ 2.85 Lacs - in progress)	₹ 16.90 Lacs	Direct
4.	Cost of Medical Camps organised at Sarai Mohana Village including the cost of medicines and cost of artificial limbs. Food at New Year Eve	Health & Awareness	Varanasi	—	₹ 0.99 Lacs	₹ 0.99 Lacs	Direct
5	Providing training to underprivileged young students in hospitality trade through training in the Skills Certification Centre	Employ-ability	Varanasi	₹ 2.00 Lacs	₹ 0.90 Lacs	₹ 0.90 Lacs	Direct
	Total			₹ 27.20 Lacs	₹ 25.08 Lacs	₹ 25.08 Lacs	

Note:

(i) The amount spent of Rs. 25.08 Lacs does not include an amount of Rs. 2.85 Lacs, which has been committed for installation of one RO plant at Sarai Mohana Village and the work is in progress. The amount will be accounted as spent on completion of the work.

6. The CSR Committee Responsibility Statement.

The activities of the Company are in compliance with the CSR objectives and CSR policy of the Company

On behalf of the Board of Directors

Shriraman
Director
(DIN: 00114913)

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

Place : Mumbai
Date : 3rd May, 2016

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, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there-under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The 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, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (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 Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- 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 and service tax.

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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 regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof on test check bases the Company has complied with 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 Company Secretary resigned during the period under review.

The meeting of the Independent Directors under section 149 read with schedule IV of the Companies Act, 2013 was duly held on 15th March, 2016.

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.

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.

A K Bhayana & Associates
Company Secretaries

Anil Kumar Bhayana
Prop.
Membership No. FCS1585
CP 624

Date: 3rd May, 2016
Place: New Delhi

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.

A K Bhayana & Associates

Company Secretaries

Anil Kumar Bhayana

Prop.

Membership No. FCS1585

CP 624

Date: 3rd May, 2016

Place: New Delhi

BENARES HOTELS LIMITED
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Annexure 4

Form No. MGT - 9

Extract of Annual Return

(As on the financial year ended on 31/03/2016)

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

I. REGISTRATION AND OTHER DETAILS:

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	L74999MH 1902PL C000183	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	60250	22550	82800	6.37	60250	22550	82800	6.37	No change
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	729138	-	729138	56.09	729138		729138	56.09	No change
e) Banks/FI									
f) Any Other									
Sub-total (A) (1):-	789388	22550	811938	62.46	789388	22550	811938	62.46	No change
(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		
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	789388	22550	811938	62.46	789388	22550	811938	62.46	No change
B. Public Shareholding									
1. 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):	0.00		0.00		0.00		0.00		

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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.	27938	815	28753	2.21	22,213	815	23028	1.77	0.44
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	254933	86727	341660	26.29	260780	84552	345332	26.56	0.27
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	61852	20000	81852	6.30	61852	20000	81852	6.30	No change
c) Others									
- Trust	100		100	0.00	-		-	-	
- Directors & their Relatives	798	9000	9798	0.75	1106	9000	10106	0.77	0.02
- Non-resident Indians	2120		2120	0.16	3066	-	3066	0.24	No Change
- Clearing members	107		107	0.01	73	-	73	0.01	No change
- HUF	23672		23672	1.82	24605	-	24605	1.89	0.07
Sub-total (B)(2):-	371520	116542	488062	37.54	373695	114367	488062	37.54	No change
Total Public									
Shareholding (B) = (B)(1) + (B)(2)	371520	116542	488062	37.54	373695	114367	488062	37.54	No change
C. Shares held by Custodian for GDRs & ADRs	-			-					
Grand Total (A+B+C)	1160908	139092	1300000	100.00	1163083	136917	1300000	100	

(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	–	350825	26.99	–	–
2	The Indian Hotels Company Limited	293000	22.54	–	293000	22.54	–	–
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	Anamika Kunwar	5700	0.44	–	5700	0.44	–	–
13	Maharaj Kumari Har Priya	5100	0.39	–	5100	0.39	–	–
14	Maharaj Kumari Vishnupriya	5000	0.38	–	5000	0.38	–	–
	Total	811938	62.46		811938	62.46		

(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
	At the beginning of the year				
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. Allotment/transfer/bonus/sweat equity etc):	NO CHANGE			
	At the End of the year				

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Raghubirsingh R Gohil				
	At the beginning of the year	23802	1.83	23802	1.83
	At the end of the year	23802	1.83	23802	1.83
2	Brij Raj Singh of Kishangarh				
	At the beginning of the year	20000	1.54	20000	1.54
	At the end of the year	20000	1.54	20000	1.54
3	Vinodchandra Mansukhlal Parekh				
	At the beginning of the year	19252	1.48	19252	1.48
	At the end of the year	19252	1.48	19252	1.48
4	Arjun Ramani				
	At the beginning of the year	18798	1.45	18798	1.45
	At the end of the year	18798	1.45	18798	1.45
5	Arjun Dhunichand Ramani				
	At the beginning of the year	11391	0.88	11391	0.88
	At the end of the year	11391	0.88	11391	0.88
6	Muktilal Ganulal Paldiwal				
	At the beginning of the year	7602	0.55	7602	0.55
	At the end of the year	7602	0.55	7602	0.55
7	Jitendra Mansukhlal Parekh				
	At the beginning of the year	7141	0.55	7141	0.55
	At the end of the year	7141	0.55	7141	0.55
8	Sanjeev Vinodchandra Parekh				
	At the beginning of the year	4105	0.32	4105	0.32
	At the end of the year			6883 (Purchased 2778 shares on 23-10-2015)	0.52
9	Sharda Ramani				
	At the beginning of the year	6700	0.52	6700	0.52
	At the end of the year	6700	0.52	6700	0.52
10	Dinesh Muktilal Paldiwal				
	At the beginning of the year	6502	0.50	6502	0.50
	At the end of the year	6502	0.50	6502	0.50

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	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. Shriraman (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	798	0.06	798	0.06
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):			Purchased 21 shares on 04-03-2016 & 287 shares on 11-03-2016	0.02
	At the End of the year			1106	0.09

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V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2015-16.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. The Company is a Board managed Company and does not have any Managing Director, Whole-time Directors and / or Manager.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	Mr. D.R. Kaarthikeyan	Mr. Shriraman	Mr. B.L. Passi	Mrs. Rukmani Devi	
	Fee for attending Board /committee meetings	1,30,000	2,45,000	1,00,000	1,90,000	6,65,000
	Commission @ (for 2014-15)	2,93,800	7,98,800	4,20,600	7,98,000	23,11,200
	Others, please specify	-	-	-	-	-
	Total (1)	4,23,800	10,43,800	5,20,600	9,88,000	29,76,200
2.	Other Non-Executive Directors	Dr. A. N. Singh	Mr. Prabhat Verma*	Mr. Rakesh Sarna	Mr. Rohit Khosla	
	Fee for attending Board / Committee meetings	2,20,000	-	-	-	2,20,000
	Commission @ (for 2014-15)	14,30,000	5,36,000	N.A	N.A.	19,66,600
	Others, please specify	-	-	-	-	-
	Total (2)	16,50,000	5,36,600	-	-	21,86,600
	Total (B) = (1+2)					51,62,800
	Total Managerial Remuneration					51,62,800
	Overall Ceiling as per the Act	3% of the net profit of the Company excluding sitting fees				

*Resigned w.e.f. 29th April, 2015.

@ An amount of Rs. 42.79 lacs has been provided in the books of Account towards the commission payable to the Directors for the financial year ended 31st March, 2016 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 12th August, 2016.

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	33,37,485	–	17,99,940	51,37,425
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	2,40,994	–	–	2,40,994
	(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)	–	–	–	–
	Total	35,78,479	–	17,99,940	53,78,419

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 : 3rd May, 2016

Dr. Anant Narain Singh
Chairman

Management Discussion and Analysis

Foreign Tourist Arrival (FTA) to India during the period January- December 2015 exhibited a five year low growth rate of about 4.4% to 80.2 Lakhs, as compared to the FTAs of 76.8 Lakhs with a growth of 7.1% during January- December 2014 over the corresponding period of 2014. The drop in the growth rate in FTA can be primarily attributed to the global financial slowdown, particularly in key source markets like Russia, Germany, France and many Far East Asian countries which has forced many tourists across the globe to tighten their travel budgets. International tourist arrivals also grew by 4.4% in 2015, according to the latest UNWTO World Tourism Barometer. The demand increased but with mixed results across individual destinations due to unusually strong exchange rate fluctuations, the drop in oil prices and other commodities which increased disposable income in importing countries but weakened demand in exporters, as well as increased safety and security concerns.

Results from the UNWTO Confidence Index remain largely positive for 2016, though at a slightly lower level as compared to the previous two years. Based on the current trend and this outlook, UNWTO projects international tourist arrivals to grow by 4% worldwide in 2016. By region, growth is expected to be stronger in Asia and the Pacific (+4% to +5%) and the Americas (+4% to +5%), followed by Europe (+3.5% to +4.5%). The projections for Africa (+2% to 5%) and the Middle East (+2% to +5%) are positive, though with a larger degree of uncertainty and volatility.

In its World Economic Outlook Update, IMF pegged India's growth rate at 6.5% for 2016-17, while the World Bank has forecast it to be between 7 to 7.5% for the same period. According to a report 'World Economic Situation and Prospects, 2016' by the United Nations, the global economy has seen major challenges last year due to macroeconomic uncertainties, low commodity

prices, rising volatility in exchange rates and capital flows among other things. Not just the developed economies, developing nations like China and other South East Asian countries also felt the impact of the financial slowdown. However, given the muted global economic outlook, FTAs growth for 2016 is expected to be subdued.

However, the millennia old city of Varanasi continues to get tourism boost, as the city is also a beneficiary of the budgetary allocations for tourism promotion. In the 2016-17 Budget, Ministry of Finance has proposed Rs. 707.40 crores for Integrated Development of Tourist Circuits around Specific Themes (Swadesh Darshan), and Rs 100 crores for national mission on Pilgrimage Rejuvenation and Spiritual Augmentation. Varanasi is one of the destinations being covered under both the schemes. Besides, other projects in Sarnath include the development of Buddha theme park and development of Sarang Kund. The other projects like cruising in Ganga between Rajghat to Assi Ghat and light and laser show at Assi Ghat are in the pipeline. The provision of tourism infra-structure relates to the expenditure on creation of infrastructure facilities for Integrated Development of Tourist Circuits around Specific Themes, to beautify and improve the amenities and infrastructure at pilgrimage centres of all faiths.

The risks in the company's context are essentially slow growth rates in Food and Beverage revenues and rise in operating costs on account of local authority taxes, staff costs and maintenance costs, which is being mitigated by phased capital spend on upgrading the facilities and saving in costs with energy efficient equipment's, optimum headcount levels besides resorting to F&B promotion strategies to increase revenues. In the micro economic context, there is no significant new competition expected in Varanasi in the near future and The Gateway Hotel Ganges is expected to maintain its market dominance.

Financial Performance

During the year 2015-16, the total revenues increased from Rs. 48.24 Crs in 2014-15 to Rs. 51.00 Crs in 2015-16, however the operating expenses (excl. Depreciation) also increased from Rs. 31.31 Crs to Rs. 35.46 Crs in the same period. Resultantly, the Profit before tax registered decrease from Rs. 14.26 Crs in 2014-15 to Rs. 12.87 Crs in 2015-16, whereas Profit after Tax decreased from Rs. 9.23 Crs to Rs. 8.30 Crs. Being a listed company, Board Meetings are held at least 4 times a year and the results are communicated to BSE, where the shares are listed. The Delhi Stock Exchange and UP Stock Exchange, where the shares of the Company were listed have since been derecognized by SEBI.

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.

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 its Gateway Hotel for the first time.

Workforce

Total manpower employed by the company was 309 as on March 31st 2016 as against the previous year number of 307 as on March 31st 2015.

Report on Corporate Governance

Philosophy on Corporate Governance

The Company's philosophy is based on the wealth creation, protection and interest enhancements for all the stakeholders including shareholders, creditors, customers, employees, suppliers and society. Complying with legal and regulatory requirements and meeting environmental and local community needs with the highest standards of integrity, transparency and accountability are the integral part of the Corporate Governance Policy. 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 shareholders. The articulator of the values, ethics and business principal that should be adhered to by the employees are part of its philosophy on Corporate Governance.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI Listing Regulations") your Company has executed fresh Listing Agreements with the Stock Exchanges.

The Company has complied with the requirements stipulated under Clause 49 of the Listing Agreements and regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to Corporate Governance details of which are as under:

Board of Directors:

1. The Board of Directors comprises Non-Executive, Independent Directors and as well as a Woman Director. More than half of the Board of Directors comprises Independent Directors, with the Chairman being a Promoter & Non executive Director. The Directors possess experience in fields as diverse as hoteliering, finance, management, agriculture and social service. The experience and wisdom of the Directors, have proved to be of immense assistance to the Company. The details of Directors seeking re-appointment at the ensuing Annual General Meeting have been attached with the notice of the Annual General Meeting. None of the Directors Related to each other.
2. "Independent Directors" i.e. Directors who apart from receiving Directors' remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which, in the judgement of the Board, may affect the independence of judgement of the Director, comprise half of the Board. The Board has received the declaration from all the Independent Directors of the Company under section 149(6) of the Companies Act, 2013 regarding meeting the criteria of independence.
3. During the year under review, the Board of Directors of the Company met four 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:

No.	Date of Meeting	For the quarter
1	7th May, 2015	April to June
2	23rd July, 2015	July to September
3	4th November, 2015	October to December
4	28th January, 2016	January to March

As required under SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015, all the necessary information was placed before the Board from time to time.

4. The Non-Whole-time Directors of the Company are paid, in addition to commission, sitting fees @ Rs. 30,000/- per meeting for attending meetings of the Board of Directors and various Committee Meetings.
5. None of the Directors of the Board serve as members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per the requirements of the SEBI Listing Regulations. "Committees" for this purpose include the Audit Committee and the Stakeholders' Relationship Committee.

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

Board of Directors:

Names	Category	Remuneration paid ₹			No. of outside Directorships		No of outside Committee positions held		No. of Board Meetings attended	No. of Audit Committee Meetings attended	No. of NRC Committee Meetings attended	Attendance at the last Annual General Meeting held on 21.08.2015
		Salary & Perks 2015-2016	Sitting Fees 2015-2016	Commission 2014-15	Indian	Foreign	As Member	As Chairman				
Dr. Anant Narain Singh	Promoter Non-executive	N.A.	2,20,000	14,30,700	1	—	—	—	4	—	3	Yes
Mr. Rakesh Sarna	Promoter Non-executive	N.A.	N.A.	N.A.	7	—	3	—	2	—	—	No
Mr. Shriraman	Independent Non-executive	N.A.	2,45,000	7,98,800	—	—	—	—	3	3	2	Yes
Mrs. Rukmani Devi	Independent Non-executive	N.A.	1,90,000	7,98,000	—	—	—	—	4	4	3	Yes
Mr. B L Passi	Independent Non-executive	N.A.	1,00,000	4,20,600	1	—	—	—	3	3	—	No
Mr. D.R. Kaarthikeyan	Independent Non-executive	N.A.	1,30,000	2,93,800	—	—	—	—	4	—	—	Yes
Mr. Rohit Khosla**	Promoter Non-executive	N.A.	N.A.	N.A.	3	—	—	—	3	3	—	Yes
Mr. Prabhat Verma*	Promoter Non-executive	N.A.	—	5,36,600	—	—	—	—	—	—	—	N.A.

*Resigned from the directorship w.e.f. 29th April, 2015.

** Appointed as Director w.e.f. 7th May, 2015

NOTE: Traditionally, the Directors are paid commission each year, after the Annual Accounts are approved by the Members at the Annual General Meeting of the Company. A sum of Rs. 42.79 lakhs has been provided as commission to Non Executive Directors for the year 2015-16.

- 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.
- 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.

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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 and 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 to be included in the Board's Report in terms of clause C of sub section 3 of Section 134 of the Companies Act, 2013.
 - Any changes in accounting policies and practices and reasons thereof.
 - Major accounting entries 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 auditors independence, performance and effectiveness of audit process.
- viii. Examination of the financial statement and auditors' report thereon.
- ix. Approval or any subsequent modification of transactions of the company with related parties.
- x. Scrutiny of Inter corporate loans and investments.
- xi. Valuation of undertakings or assets of the company, wherever it is necessary.
- xii. Evaluation of internal financial controls and risk management systems.
- xiii. Monitoring the end use of funds raised through public offers and related matters.

The details of the composition, names of Members of the Audit Committee as well as the number of meetings held and attendance thereat during the year are as under:-

Sl.No.	MEMBERS	ATTENDANCE AT AUDIT COMMITTEE MEETINGS HELD ON			
		07.05.2015	23.07.2015	04.11.2015	28.01.2016
1	Mr. B L Passi, Chairman	✓	✓	–	✓
2	Mr. Shriraman	✓	–	✓	✓
3	Mr. Rohit Khosla*	–	✓	✓	✓
4	Mrs. Rukmani Devi	✓	✓	✓	✓

* appointed w.e.f. 7th May, 2015

Mr. Ravi Sharma CFO was appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the insider Trading Code.

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

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 comprising with Dr. Anant Narain Singh, Mr. Shriraman, Mrs. Rukmani Devi as its members.

The role of Nomination and Remuneration Committee is as follows:

- To identify persons who are qualified to become directors and who are appointed in senior management
- Recommend to the Board the appointment of directors/senior management and their removal
- To carry out the evaluation of every directors 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.

The said committee met thrice during the year on 7th May, 2015, 23rd July, 2015 and 15th March, 2016 and inter alia, considered the appointment of Key Managerial Personnel under Section 203 of the Companies Act, 2013, and the commission payable to directors on net profit for the year 2014-15

Considering the requirement of Section 178(2) and (3), the Company had taken the criteria and determined qualifications, positive skill sets on the Board, eminent people having an independent standing in their respective field/profession, and relating to the remuneration for the Directors and Key Managerial Personnel and also the Committee had identified the qualified persons to become the Director of the Company and had carried out the evaluation of every Director's performance.

The Committee at their meeting noted that under Section 178(3) of the Companies Act, 2013, the Committee had recommended to the Board a policy relating to the remuneration for the directors and the same had been adopted by the Board for payment of commission on the net profit to the directors. The criteria for the remuneration was based on the meetings attended by the directors; contribution at the meetings and the contribution made by them other than in meetings in the ratio of 40%, 40% and 20% respectively.

3. Stakeholders Relationship Committee:

As per Section 178(5), the Company has a Share Transfer & Stakeholders Relationship Committee comprising with Dr. Anant Narain Singh, Mr. Shriraman and Mr. Rohit Khosla as its members to redress the shareholder and investor complaints like transfer of shares, non receipt of Annual Report, non receipt of dividends etc. Dr. Anant Narain Singh, Non-Executive Director, heads the Committee. The Secretary acts the Compliance Officer to the committee.

There were no pending investor complaints which remain unresolved. The company has also cleared all the complaints received through BSE and SEBI Complaints Redress System (SCORES) a centralized web based complaints redress system which serves as a centralized database of all complaints received. The status of complaints received (inclusive of SCORES) from shareholders during the year 2015-16 is as under:-

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Complaints received	Pending as on March 31, 2016
0	Nil

Amounts Transferred to IEPF

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer unpaid dividends, matured deposits, redeemed debentures and interest accrued thereon remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

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*
2008-09	27.08.2009	03.10.2016
2009-10	13.08.2010	19.09.2017
2010-11	10.08.2011	16.09.2018
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

* Indicative dates, actual dates may vary

During the year under review, the total amount transferred to IEPF of the Central Government was Rs. 3,48,816/-.

It may be noted that no claims will lie against the Company nor the IEPF in respect of the said unclaimed amounts transferred to the Fund.

Compliance Officer : Ms. Vanika Mahajan

Company Secretary
Benares Hotels Ltd.

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

Phone : 011-6650 3704

Fax : 011-2687 6043

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 the Nomination & Remuneration committee and is distributed based on a number of factors, including number of Board and Committee meetings attended, individual contribution thereat etc.

Details of shares of the Company held by the Non-Executive Directors as on March 31, 2016, are as under:

Dr. Anant Narain Singh	-	24000
Mr. Shriraman	-	4500
Mrs. Rukmani Devi	-	1106

Details on General Meetings:

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

Location	Date	Time	Special Resolutions passed
Annual General Meetings			
Registered office at	August 21, 2015	3.00 p.m.	Approval of material related party transactions
Nadesar Palace Compound,	August 28, 2014	3.30 p.m.	
Varanasi 221 002	August 16, 2013	3.00 p.m.	

The special resolution passed in the previous Annual General Meeting was passed with requisite majority.

Postal Ballot

The Company did not pass any resolution vide postal ballot during the year.

Means of Communication:

Quarterly, half-yearly and annual results of the Company were published in leading English and vernacular newspapers Indian Express and Hindustan.

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. The Annual Reports are also available in the Company's web site 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 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 3 years.

Pursuant to the provisions of SEBI Listing Regulations regarding CFO Certification, the CFO has issued a certificate to the Board, for the year ended March 31, 2016.

General Shareholder Information

BENARES HOTELS LIMITED

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Annual General Meeting

Date and Time	:	August 12, 2016 at 3:00 p.m..
Venue	:	Nadesar Palace Compound Varanasi 221 002
Registered Office	:	Nadesar Palace Compound Varanasi 221 002
Telephone No.	:	91- 542 666 0001
Facsimile No.	:	91- 542- 2503291
Website	:	www.benareshotelslimited.com
E-mail	:	investorrelations@tajhotels.com

Financial Calendar

Financial reporting for:

- Quarter ending 30th June, 2016 on or before August 15, 2016
- Quarter ending 30th September, 2016 on or before November 15, 2016
- Quarter ending 31st December, 2016 on or before February 15, 2017
- Quarter ending 31st March, 2017 on or before May 30, 2017

Financial Year :	:	2016-17
Date of Book Closure :	:	August 5, 2016 to August 18, 2016 (both days inclusive)
Dividend Payment Date :	:	On or after August 22, 2016

Listing on Stock Exchanges

➤ Equity Shares : BSE Ltd.

The Delhi Stock Exchange and UP Stock Exchange, where the shares of the Company were listed have since been derecognised by SEBI.

Corporate Identification No.(CIN) : L55101UP1971PLC003480

ISIN NO.: : INE750A01012

Stock Code: : 509438

The Company has paid the annual listing fees to each of the above Stock Exchanges in respect of the financial year 2015-16 & to BSE for 2016-17.

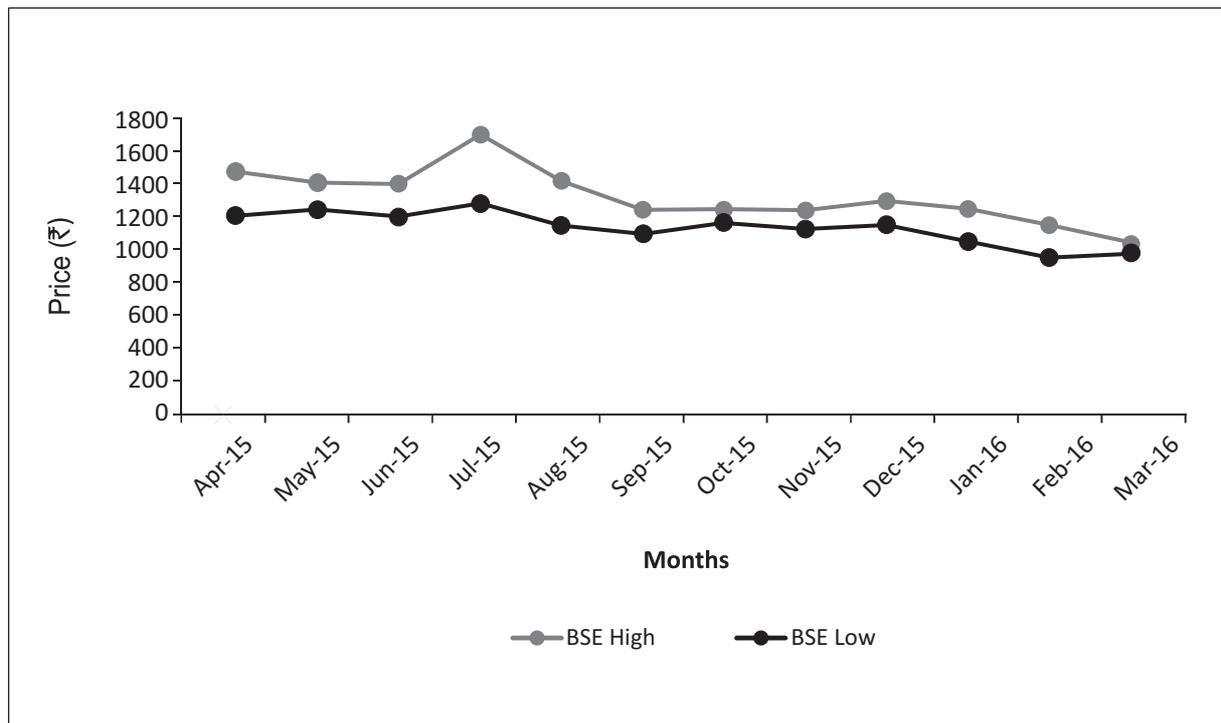
Market Price Data:

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 2015-16 as furnished below:-

₹

Months	BSE High	BSE Low
April 2015	1479.00	1210.00
May 2015	1413.75	1245.00
June 2015	1407.00	1203.25
July 2015	1709.75	1279.00
August 2015	1425.00	1150.00
September 2015	1250.00	1101.25
October 2015	1251.00	1167.00
November 2015	1244.75	1121.00
December 2015	1299.50	1162.25
January 2016	1252.00	1051.00
February 2016	1155.00	954.00
March 2016	1045.00	982.75

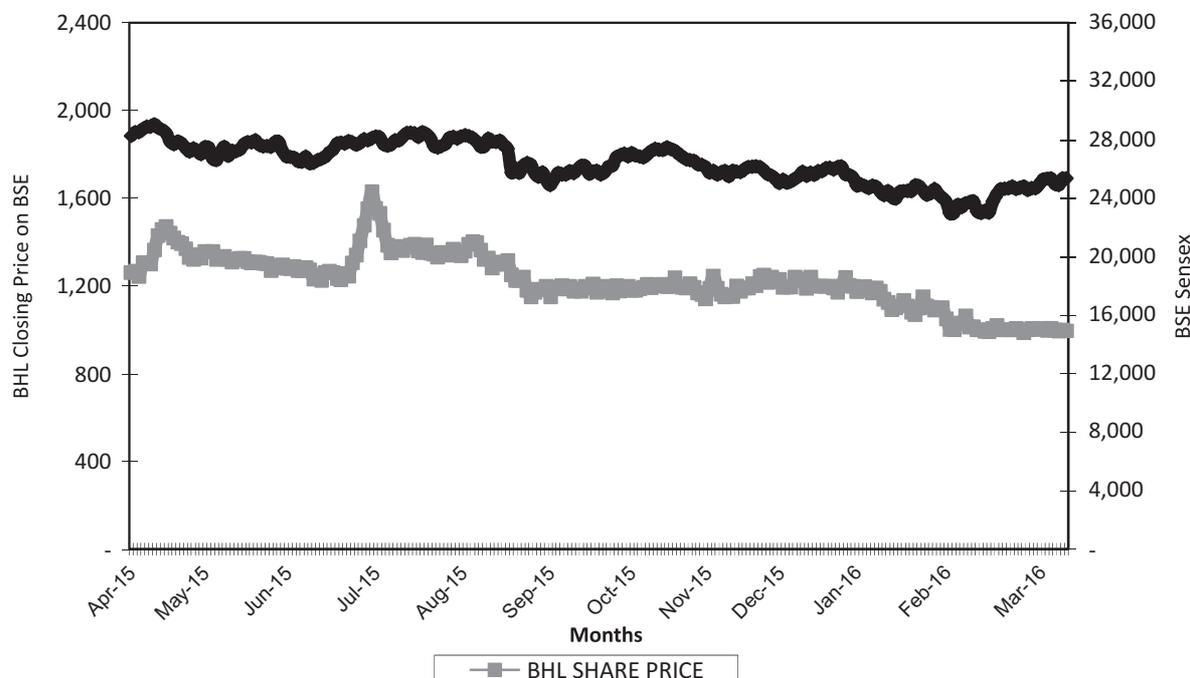
Share Price Movement



BENARES HOTELS LIMITED

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Performance in Comparison to broad-based indices such as BSE Sensex



BHL Distribution of Shareholding as on March 31, 2016

Category of Shareholders	No. of Shares held	% to Paid up capital
Promoters	8,11,938	62.46
Directors & their Relatives	10,106	0.77
Resident Individuals & HUF	4,51,789	34.75
Non-Resident Indians	3,066	0.24
Clearing Member	73	0.01
Corporate Bodies	23,028	1.77

Secretarial Audit

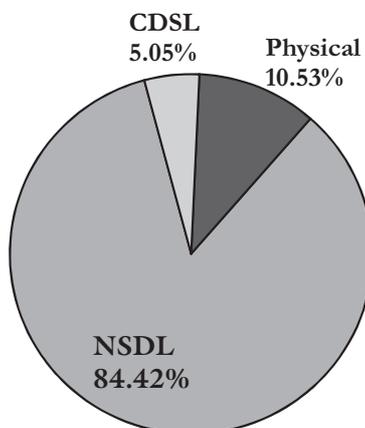
In terms of Section 204 of the Companies Act, 2013 the secretarial audit of the Company for the year 2015-16 has been carried out by the Secretarial Auditor appointed by the Company. The report of the Secretarial Auditor forms part of the Board's Report.

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 NSDL 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 dematerialised shares held with NSDL and CDSL.

Dematerialisation of Shares & Liquidity

As of the end of March 31, 2016, shares comprising approximately 90% of the Company's Equity Share Capital have been dematerialised.

Status on Dematerialised Shares



Registrar & Share Transfer Agents: The Indian Hotels Company Limited
Mandlik House
Mandlik Raod
Mumbai 400 001.

Phone: 022 - 66395515
Fax: 022 - 22027442
E-mail: investorrelations@tajhotels.com

Location of Hotels: The Gateway Hotel Ganges & 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 Hotel
S P Marg, New Delhi 110 021
Phone: 011-66503549
Fax- 011-26876043

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Usage of electronic payment modes for making cash payment to the investors

SEBI vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 has instructed all companies for making cash payments to the investors, companies whose securities are listed on stock Exchanges shall use, either directly or through their RTI & STA, any RBI (Reserve Bank of India) approved electronic mode of payment such as ECS [ECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)] NEFT etc.

Investor are requested to kindly provide their requisite bank account particulars by quoting their reference folio number(s) in case shares are held in physical form.

In case shares are held in dematerialised form, investors may kindly provide the requisite bank account details to their Depository Participant, to ensure that future dividend payments are correctly credited to the respective account.

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 Disclosure 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, 2016.

For Benares Hotels Limited

Anant Narain Singh
Chairman
(DIN 00114728)

Auditors' Certificate

TO THE MEMBERS OF BENARES HOTELS LIMITED

We have examined the compliance of conditions of Corporate Governance by BENARES HOTELS LIMITED ("THE Company") for the year 31st March, 2016 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement of the Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements in all material respects.

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

For **N. Krishnaswamy & Company**
Chartered Accountants

N. Krishnaswamy
Partner
(Regn No. 004797)

Place: Mumbai
Dated: 3rd May, 2016

Independent Auditor's Report

TO THE MEMBERS OF BENARES HOTELS LIMITED

1. Report on the Financial Statements

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

2. Management's Responsibility for the Financial Statements

2.1 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

2.2 This responsibility also includes 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 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.

3. Auditor's Responsibility

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

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

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

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

5.1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

5.2 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 and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 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"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 24 to financial statements.
 - ii. the Company did not enter into any long-term contracts including derivative contracts for which there were any material foreseeable loss;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **N. Krishnaswamy & Co**
Chartered Accountants
(Registration No. 001555S)

N. Krishnaswamy
Partner (M. No. 004797)
Mumbai, 3rd May, 2016

BENARES HOTELS LIMITED

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Annexure-A to the Auditor's Report

The Annexure referred to in our report to the members of Benares Hotels Limited for the year ended on 31/03/2016. We report that: -

- (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
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) (a) The Physical verification of inventory has been conducted at reasonable intervals by the management.
- (b) The procedures of physical verification of inventory 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 and the same has been properly dealt with in the books of account.
- (iii) The company has not taken or given any loan from or to any companies covered in the register under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The company has not accepted any deposits

from the public under the provision of the Sec.73 to 76 of the Act.

- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company
- (vii) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, service tax and value added tax have not been deposited by the Company on account of disputes:

Statute	Amt (Rs. In Lacs)	Pertaining to Period	Forums Where Pending
Income Tax Act 1961	117.97*	2008-09	Hon'ble High Court "Allahabad"
Income Tax Act 1961	23.90*	2009-10 to 2012-13	CIT-Appeals (Varanasi) and ITAT-Allahabad
Service Tax (Finance Act, 1994)	19.08	2008-09 to 2011-12	Add. Commissioner, Central Excise Allahabad
Uttar Pradesh Trade Tax Act	26.27*	2006-07 and 2007-08	1st Appellate Tribunal UPVAT

* Net of amounts paid under protest.

- (viii) The Company does not have any loans or borrowing from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934

For and on behalf of
N. KRISHNASWAMY & COMPANY
Chartered Accountants
Firm Registration No. 001555S

N. KRISHNASWAMY
Partner (Membership No. 004797)

Place: Mumbai, Dated : 3rd May, 2016

BENARES HOTELS LIMITED

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Annexure-B to the Auditor's Report

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 Hotel Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone 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". 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, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 qualified / adverse 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, 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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of
N. KRISHNASWAMY & COMPANY
Chartered Accountants
Firm Registration No. 001555S

N. KRISHNASWAMY
Partner (Membership No. 004797)

Place: Mumbai, Dated : 3rd May, 2016

Balance Sheet as at 31st March, 2016

	Note	₹ Lacs	₹ Lacs	Previous Year ₹ Lacs
EQUITY AND LIABILITIES				
1. Shareholders' Funds				
(a) Share Capital	3	130.00		130.00
(b) Reserves & Surplus	4	<u>5,306.20</u>		<u>4,790.57</u>
Total			5,436.20	4,920.57
2. Non Current Liabilities				
(a) Deferred Tax Liabilities (net).....	5	841.59		303.41
(b) Other Long-term Liabilities.....	6	—		2.19
(c) Long-term Provisions	7	<u>26.69</u>		<u>21.39</u>
Total			868.28	326.99
3. Current Liabilities				
(a) Trade Payables	8	391.15		405.10
(b) Other Current Liabilities	9	355.70		362.45
(c) Short-term Provisions	10	<u>319.40</u>		<u>317.72</u>
Total			<u>1,066.25</u>	<u>1,085.27</u>
Total			<u><u>7,370.73</u></u>	<u><u>6,332.84</u></u>
ASSETS				
1. Non-current Assets				
(a) Fixed Assets				
(i) Tangible Assets	11	4,215.43		4,259.83
(ii) Intangible Assets	12	125.04		116.13
(iii) Capital Work-in-Progress		<u>265.45</u>		<u>83.59</u>
			4,605.92	4,459.55
(b) Long-term Loans and Advances	13		<u>480.65</u>	<u>82.40</u>
Total			<u>5,086.58</u>	<u>4,541.95</u>
2. Current Assets				
(a) Inventories	14	117.16		115.28
(b) Trade Receivables	15	365.99		240.06
(c) Cash and Bank Balances	16	1,129.15		595.70
(d) Short-term Loans and Advances	17	595.95		788.11
(e) Other Current Assets	18	<u>75.91</u>		<u>51.74</u>
Total			<u>2,284.16</u>	<u>1,790.89</u>
Total			<u><u>7,370.73</u></u>	<u><u>6,332.84</u></u>
Summary of Significant Accounting Policies	2			
The Accompanying Notes form an Integral part of the Financial Statements	1-32			

As per our Report of even date attached
For N. KRISHNASWAMY & CO.
Chartered Accountants
ICAI Firm Registration No. 001555S
N. KRISHNASWAMY
Partner
(Membership No.: 004797)

Date : 3rd May, 2016
Place: Mumbai

For and on behalf of the Board

DR. ANANT NARAIN SINGH
Chairman
DIN: 00114728

D. R. KAARTHIKEYAN
Director
DIN: 00327907

VANIKA MAHAJAN
Company Secretary

RAVI SHARMA
Chief Financial Officer

BENARES HOTELS LIMITED
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Statement of Profit and Loss for the Year Ended 31st March, 2016

	Note	₹ Lacs	Previous Year ₹ Lacs
I. INCOME (Revenue)			
1. Income from Operations	19	4,997.37	4,716.63
2. Other Income	20	<u>102.83</u>	<u>107.43</u>
3. Total Revenue		<u><u>5,100.20</u></u>	<u><u>4,824.06</u></u>
II EXPENSES			
1. Food and Beverages Consumed	21	501.28	495.42
2. Employee Benefit Expense and Payment to Contractors.....	22	947.88	719.06
3. Finance Costs		—	—
4. Depreciation and Amortisation		266.46	267.23
5. Other Operating and General Expenses	23	2,098.00	1,916.56
Total Expenses		<u><u>3,813.63</u></u>	<u><u>3,398.27</u></u>
III PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS.....		1,286.57	1,425.78
IV EXCEPTIONAL ITEMS.....		—	—
V PROFIT/(LOSS) BEFORE TAX.....		1,286.57	1,425.78
VI TAX EXPENSES			
1. Current Tax		336.40	445.84
2. Deferred Tax		538.18	57.77
3. Minimum Alternate Tax Credit		(269.44)	—
4. Short/(Excess) Provision of Tax of Earlier Years (net)		<u>(147.13)</u>	<u>(0.45)</u>
Total.....		<u><u>458.01</u></u>	<u><u>503.15</u></u>
PROFIT/(LOSS) AFTER TAX.....		<u><u>828.56</u></u>	<u><u>922.62</u></u>
VII EARNINGS PER SHARE	32		
1. Basic and Diluted - (₹)		63.74	70.97
2. Face Value per Ordinary Share - (₹)		10.00	10.00
Summary of Significant Accounting Policies.....	2		
The Accompanying Notes form an Integral part of the Financial Statements.....	1-32		

As per our Report of even date attached
For **N. KRISHNASWAMY & CO.**
Chartered Accountants
ICAI Firm Registration No. 001555S
N. KRISHNASWAMY
Partner
(Membership No.: 004797)

Date : 3rd May, 2016
Place: Mumbai

For and on behalf of the Board

DR. ANANT NARAIN SINGH
Chairman
DIN: 00114728

D. R. KAARTHIKEYAN
Director
DIN: 00327907

VANIKA MAHAJAN
Company Secretary

RAVI SHARMA
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	Note	2015-16 ₹ Lacs	2014-15 ₹ Lacs
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax		1,286.57	1,425.78
Adjustments for:			
Depreciation and Amortisation		266.46	267.23
Provision for Doubtful Debts.....		2.22	(0.70)
Loss on Sale of Assets.....		3.21	1.25
Interest (Net).....		(95.16)	(95.63)
Provision for Employee Benefits		6.98	6.17
		<u>183.71</u>	<u>178.32</u>
Cash Operating Profit Before Working Capital Changes.....		1,470.28	1,604.10
Adjustments for:			
Trade Receivables.....		(128.15)	6.63
Inventories.....		(1.88)	(10.25)
Long Term Loans and Advances.....		(48.08)	4.00
Short Term Loans and Advances.....		(7.84)	21.54
Other Current Assets		(19.42)	(11.95)
Trade Payables		(13.95)	94.97
Other Current Liabilities		(6.75)	59.40
Other Long Term Liabilities		(2.19)	2.19
		<u>(228.26)</u>	<u>166.53</u>
Cash Generated from Operating Activities		1,242.02	1,770.63
Direct Taxes Paid.....		(270.00)	(425.00)
Net Cash From Operating Activities (A).....		<u>972.02</u>	<u>1,345.63</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets.....		(420.88)	(1,125.85)
Sale of Fixed Assets.....		4.83	1.89
Short Term Inter Corporate Deposits Encashed.....		200.00	350.00
Interest Received		90.41	95.49
Deposits placed with Banks (>3 months maturity).....		(487.00)	—
Bank Balances Not Considered as Cash and Cash Equivalents.....		(4.30)	(6.87)
Net Cash Used in Investing Activities (B)		<u>(616.94)</u>	<u>(685.34)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid (Including tax on dividend).....		(312.93)	(304.19)
Net Cash Used in Financing Activities (C).....		<u>(312.93)</u>	<u>(304.19)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)		42.15	356.10
Cash and Cash Equivalents - Opening - 1st April, 2015		559.43	203.33
Cash and Cash Equivalents - Closing - 31st March, 2016.....		601.58	559.43
FOOTNOTE:			
Reconciliation of Cash and Cash equivalents with Cash and bank balances as per the Balance Sheet			
Cash and Cash equivalents as above		601.58	559.43
Add: Other Cash and Bank Balances not considered			
Cash and Cash Equivalent			
Deposits placed with banks (>3 months maturity).....		487.00	—
Earmarked balances for Unclaimed Dividends.....		40.57	36.27
Cash and bank balances classified as Current in Note 16.....		<u>1,129.15</u>	<u>595.70</u>
The accompanying notes form an integral part of the financial statements...	1- 32		

As per our Report of even date attached
For N. KRISHNASWAMY & CO.
Chartered Accountants
ICAI Firm Registration No. 001555S
N. KRISHNASWAMY
Partner
(Membership No.: 004797)
Date : 3rd May, 2016
Place: Mumbai

For and on behalf of the Board

DR. ANANT NARAIN SINGH
Chairman
DIN: 00114728

D. R. KAARTHIKEYAN
Director
DIN: 00327907

VANIKA MAHAJAN
Company Secretary

RAVI SHARMA
Chief Financial Officer

BENARES HOTELS LIMITED

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Notes to Financial Statements for the year ended March 31, 2016

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. The Gateway Hotel Ganges and Nadesar Palace in Varanasi and The Gateway Hotel, Gondia in Maharashtra. The Company became a subsidiary of The Indian Hotels Company Limited in May, 2011, which is promoted by Tata Sons Ltd.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date. The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous years.

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (including Contingent Liabilities) as of the date of the financial statements and the reported income and expenses. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could, however, differ from these estimates. The significant accounting policies adopted in the presentation of the financial statements are as under:-

(a) Revenue recognition:

Revenue is recognised upon rendering of the service, provided pervasive evidence of an arrangement exists, tariff / rates are fixed or are determinable and collectability is reasonably certain. Revenue comprises sale of rooms, food and beverages and allied services relating to hotel operations, including management and operating fees. Rebates and discounts granted to customers are reduced from revenue.

Interest

Interest income is accrued on a time proportion basis having regard to the amount outstanding and the rate applicable.

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

i. Gratuity Fund

The Company makes annual contributions to Gratuity fund 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 of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

ii. 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.

Notes to Financial Statements for the year ended March 31, 2016

iii. Other Employee Benefits

Other benefits, comprising of discretionary Long Service Awards and Leave Travel Allowances, are determined on an undiscounted basis and recognised based on the entitlement thereof.

(c) Fixed Assets:

i. Tangible Fixed Assets:

Tangible fixed assets are stated at cost less depreciation/amortisation and impairment losses, if any. 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. Trade discounts, rebates and benefits arising from utilisation of duty free scrips are deducted in determining the cost of purchase. Projects under which the tangible fixed assets are not yet ready for their intended use are carried as capital work-in-progress at cost determined as aforesaid.

ii. Intangible Fixed Assets:

Intangible fixed 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.

(d) Depreciation/ Amortisation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on 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, taking into the 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.

Class of Assets:	Estimated Useful Life
Plant and machinery	10 to 20 years
Electrical installations 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

In respect of Leasehold Buildings, the depreciation on buildings on leased property is based on the tenure which is lower of the life of the buildings or the expected lease period, including renewal. The renewal of these leases is considered as expected in view of past experience and existing renewal clauses in lease agreements. In select cases, where there is no specific renewal clause, the renewal period is estimated based on a management judgement on a case to case basis.

Improvements to buildings are depreciated on the basis of their estimated useful lives.

Intangible assets with finite lives are amortised 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 useful lives currently used for amortising intangible assets are as under:

BENARES HOTELS LIMITED
Forty Fifth Annual Report 2015-16

Notes to Financial Statements for the year ended March 31, 2016

Class of Assets	Estimated Useful Life
Website Development Cost	5 years
Service & Operating Rights	10 years

(e) 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. Cost includes the cost of purchase including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts, rebates and benefits arising from utilisation of duty free scrips are deducted in determining the cost of purchase.

(f) Taxes on Income:

- i. 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. The differences between the taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of timing differences is recognised as a deferred tax asset or deferred tax liability. The tax effect is calculated on accumulated timing differences at the end of the accounting year, based on tax rates substantively enacted by the Balance Sheet date.
- ii. 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. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.
- iii. Deferred tax assets, other than on unabsorbed depreciation, carried forward losses and items relating to capital losses, are recognised only if there is reasonable certainty that they will be realised in the future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date. In situations where the Company has unabsorbed depreciation, carried forward losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty, supported by convincing evidence, that the same can be realised against future taxable profits. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.
- iv. Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. 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 convincing evidence to the effect that the Company will pay normal income tax during the specified period.

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

Provisions are recognised, when there is a present legal obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent liabilities are recognised 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 not recognised in the financial statements.

Notes to Financial Statements for the year ended March 31, 2016

(h) Cash and Cash Equivalent (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 that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(i) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-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.

(j) Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) 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.

BENARES HOTELS LIMITED
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Notes to Financial Statements for the year ended March 31, 2016

NOTE 3: SHARE CAPITAL

	₹ Lacs	Previous year ₹ Lacs
1. Authorised Share Capital		
Ordinary Shares		
15,00,000 Ordinary Shares of ₹ 10/- each	150.00	150.00
2. Issued Share Capital		
13,00,000 (Previous Year - 13,00,000) Ordinary Shares of ₹ 10/- each (with voting rights)	130.00	130.00
3. Subscribed and Paid Up		
13,00,000 (Previous Year - 13,00,000) Ordinary Shares of ₹ 10/- each fully paid (with voting rights) [Refer Foot note (a)]	130.00	130.00

Foot Notes:

(a) Of the above, 6,98,088 (53.70%) ordinary shares are held by The Indian Hotels Company Limited (the ultimate holding company) and its subsidiaries / associates as follows:

Name of Shareholder	Relationship	As at 31st March 2016	As at 31st March 2015
		No. of Shares Held	No. of Shares Held
The Indian Hotels Co. Ltd.	Ultimate Holding Company	2,93,000	2,93,000
TIFCO Holdings Limited	Subsidiary of Ultimate Holding Company	3,50,825	3,50,825
Piem Hotels Limited	Subsidiary of Ultimate Holding Company	54,063	54,063
Northern India Hotels Ltd.	Subsidiary of Ultimate Holding Company	150	150
Oriental Hotels Limited	Associate of Ultimate Holding Company	50	50

(b) List of Shareholders holding more than 5% of the share capital

Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
The Indian Hotels Co. Ltd.	2,93,000	22.54	2,93,000	22.54
TIFCO Holdings Limited	3,50,825	26.99	3,50,825	26.99

NOTE 4: RESERVES AND SURPLUS

	₹ Lacs	Previous year ₹ Lacs
1. Capital Reserve		
Opening and Closing Balance	0.86	0.86
2. General Reserve		
Opening and Closing Balance	2,167.22	2,167.22
3. Surplus in Statement of Profit and Loss		
Opening Balance	2,622.49	2,012.80
Add: Net Profit for the Current Year	828.56	922.62
Less: Proposed Dividend	260.00	260.00
Less: Tax on Dividend	52.93	52.93
Closing Balance	<u>3,138.12</u>	<u>2,622.49</u>
Total	<u>5,306.20</u>	<u>4,790.57</u>

Notes to Financial Statements for the year ended March 31, 2016

NOTE 5: DEFERRED TAX LIABILITIES (net)

	₹ Lacs	Previous year ₹ Lacs
Deferred Tax Liability:		
Depreciation on fixed Assets	921.76	372.46
Total (A)	<u>921.76</u>	<u>372.46</u>
Deferred Tax Assets:		
Provision for Employee Benefits	11.48	9.06
Provision for Bad Debts	4.98	6.17
Others	63.70	53.81
Total (B)	<u>80.16</u>	<u>69.04</u>
Net Deferred Tax Liabilities (A-B)	<u><u>841.59</u></u>	<u><u>303.41</u></u>

NOTE 6: OTHER LONG TERM LIABILITIES

	₹ Lacs	Previous year ₹ Lacs
Trade Deposits		
Secured	—	—
Unsecured	—	2.19
Total	<u>—</u>	<u>2.19</u>

NOTE 7: LONG TERM PROVISIONS

	₹ Lacs	Previous year ₹ Lacs
Provision for Employee Benefits		
Compensated absences	26.69	21.39
Total	<u>26.69</u>	<u>21.39</u>

BENARES HOTELS LIMITED
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Notes to Financial Statements for the year ended March 31, 2016

NOTE 8: TRADE PAYABLES

	₹ Lacs	Previous Year ₹ Lacs
Trade Payables:		
Micro and Small Enterprises	—	—
Vendor payables.....	120.98	211.86
Accrued Expenses and Others	270.17	193.24
Total	391.15	405.10

NOTE 9: OTHER CURRENT LIABILITIES

	₹ Lacs	Previous Year ₹ Lacs
Payables on Current Account Dues:		
Related Parties	3.28	0.96
Others	1.82	2.19
Total	5.10	3.15
Trade Deposits		
Secured	—	—
Unsecured.....	37.25	33.12
Total	37.25	33.12
Advances Collected from Customers.....	101.87	79.79
Creditors for Capital Expenditure	10.50	74.68
Unclaimed Dividend.....	40.57	36.27
Other Liabilities.....	160.41	135.44
Total	355.70	362.45

NOTE 10: SHORT TERM PROVISIONS

	₹ Lacs	Previous Year ₹ Lacs
Provisions for Employees Benefits		
Compensated Absences.....	6.47	4.79
Total	6.47	4.79
Provision - Others		
Proposed Dividend.....	260.00	260.00
Tax on Dividend.....	52.93	52.93
Total.....	312.93	312.93
Total	319.40	317.72

Notes to Financial Statements for year ended March 31, 2016

NOTE 11: TANGIBLE ASSETS

Particulars	Gross Block			Accumulated Depreciation				Net Block		
	Opening 01.04.2015	Additions	Deductions	Closing 31.03.2016	Opening 01.04.2015	Charge for the year	Deductions	Closing 31.03.2016	Closing 31.03.2016	Opening 01.04.2015
1. Freehold Land <i>(PT)</i>	13.05 <i>13.05</i>	—	—	13.05 <i>13.05</i>	—	—	—	—	13.05 <i>13.05</i>	13.05 <i>13.05</i>
2. Buildings <i>(PT)</i>	2,761.13 <i>1,716.16</i>	33.62 <i>1,044.97</i>	(1.59) —	2,793.15 <i>2,761.13</i>	297.75 <i>254.27</i>	43.37 <i>43.37</i>	(0.10) —	350.28 <i>297.65</i>	2,442.87 <i>2,463.48</i>	2,463.48 <i>1,461.89</i>
3. Plant & Machinery <i>(PT)</i>	2,388.77 <i>1,681.10</i>	153.71 <i>718.16</i>	(51.68) <i>(10.49)</i>	2,490.80 <i>2,388.77</i>	957.87 <i>847.73</i>	141.55 <i>117.53</i>	(45.41) <i>(7.70)</i>	1,053.71 <i>957.56</i>	1,437.09 <i>1,431.21</i>	1,431.20 <i>833.37</i>
4. Furniture & Fixtures <i>(PT)</i>	751.95 <i>596.88</i>	16.84 <i>156.36</i>	(3.96) <i>(3.94)</i>	764.84 <i>751.95</i>	454.76 <i>380.05</i>	40.92 <i>75.65</i>	(3.68) <i>(0.94)</i>	492.00 <i>454.76</i>	272.83 <i>297.19</i>	297.19 <i>216.83</i>
5. Office Equipments <i>(PT)</i>	178.33 <i>133.35</i>	9.55 <i>44.98</i>	(1.11) —	186.76 <i>178.33</i>	123.95 <i>104.63</i>	14.87 <i>18.96</i>	(1.11) —	137.35 <i>123.59</i>	49.42 <i>54.74</i>	54.74 <i>28.72</i>
6. Vehicles <i>(PT)</i>	3.18 <i>3.18</i>	—	—	3.18 <i>3.18</i>	3.02 <i>2.80</i>	—	—	3.02 <i>3.02</i>	0.16 <i>0.16</i>	0.16 <i>0.37</i>
Total <i>(PT)</i>	6,096.40 <i>4,143.72</i>	213.72 <i>1,964.46</i>	(58.34) <i>(11.78)</i>	621.78 <i>6,096.40</i>	1,836.58 <i>1,589.48</i>	250.08 <i>255.72</i>	(50.30) <i>(8.64)</i>	2,036.36 <i>1,836.57</i>	4,215.42 <i>4,259.83</i>	4,259.82 <i>2,554.24</i>

NOTE 12: INTANGIBLE ASSETS

Particulars	Gross Block			Accumulated Depreciation				Net Block		
	Opening 01.04.2015	Additions	Deductions	Closing 31.03.2016	Opening 01.04.2016	Charge for the year	Deductions	Closing 31.03.2016	Closing 31.03.2016	Opening 01.04.2015
Service and Operating Rights <i>(PT)</i>	130.68 <i>18.62</i>	25.29 <i>112.06</i>	—	155.97 <i>130.68</i>	14.55 <i>2.46</i>	16.38 <i>12.10</i>	—	30.93 <i>14.55</i>	125.04 <i>116.13</i>	116.13 <i>16.16</i>

BENARES HOTELS LIMITED
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Notes to Financial Statements for the year ended March 31, 2016

NOTE 13: LONG-TERM LOANS AND ADVANCES

	₹ Lacs	Previous Year ₹ Lacs
Unsecured, Considered Good Unless Stated Otherwise		
Capital Advances	11.41	—
Sundry Deposits		
Public Bodies and Others	44.15	44.37
Other Loans and Advances		
Advance Income Tax paid (net)	155.65	38.03
MAT Credit entitlement	269.44	—
Total	480.65	82.40

NOTE 14: INVENTORIES (At lower of cost and net realisable value)

	₹ Lacs	Previous Year ₹ Lacs
(a) Food and Beverages	51.18	55.08
(b) Stores and Operating Supplies	65.98	60.20
Total	117.16	115.28

NOTE 15: TRADE RECEIVABLES (Unsecured)

	₹ Lacs	Previous Year ₹ Lacs
Outstanding Over Six Months:		
(a) Considered Good	59.99	18.07
(b) Considered Doubtful.....	14.40	17.82
Total	74.39	35.89
Others:		
(a) Considered Good	306.00	221.99
(b) Considered Doubtful	—	—
Total	306.00	221.99
	380.39	257.88
Less: Provision for Doubtful Debts.....	14.40	17.82
Total	365.99	240.06

Notes to Financial Statements for the year ended March 31, 2016

NOTE 16: CASH AND BANK BALANCES

	₹ Lacs	Previous Year ₹ Lacs
Cash and Cash Equivalents		
(a) Cash on Hand	4.63	3.32
(b) Balances with Bank in Current Account	56.30	222.72
(c) Balances with bank in Call and Short-Term Deposit Accounts.....	540.65	333.39
Total	<u>601.58</u>	<u>559.43</u>
Other Balances with Banks:		
(a) Call and Short-term deposit accounts	487.00	—
(b) Earmarked Balances	40.57	36.27
Total	<u>527.57</u>	<u>36.27</u>
Total Cash and Bank Balances	<u>1,129.15</u>	<u>595.70</u>

NOTE 17: SHORT-TERM LOANS AND ADVANCES

	₹ Lacs	Previous Year ₹ Lacs
Sundry Deposits		
(a) Related parties	—	200.00
(b) Public Bodies and Others	502.19	503.08
Total	<u>502.19</u>	<u>703.08</u>
Other advances		
(a) Considered good	93.76	85.03
(b) Considered doubtful	—	—
Total	<u>93.76</u>	<u>85.03</u>
Total	<u>595.95</u>	<u>788.11</u>

NOTE 18: OTHER CURRENT ASSETS

	₹ Lacs	Previous Year ₹ Lacs
Interest Receivable		
(a) Related Parties	—	1.87
(b) Others	18.32	11.70
Total	<u>18.32</u>	<u>13.57</u>
On Current Account dues:		
(a) Related Parties	36.14	30.32
(b) Others	21.45	7.85
Total	<u>57.59</u>	<u>38.17</u>
Total	<u>75.91</u>	<u>51.74</u>

BENARES HOTELS LIMITED
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Notes to Financial Statements for the year ended March 31, 2016

NOTE 19: INCOME FROM OPERATIONS

	₹ Lacs	Previous Year ₹ Lacs
1. Room Income	2,605.56	2,359.93
2. Food, Restaurants and Banquets	2,133.76	2,161.43
3. Shop Rentals	58.41	52.44
4. Membership Fees	4.70	2.99
5. Car Hire Income.....	100.21	29.32
6. Spa Income	53.40	67.70
7. Laundry Income	23.33	24.18
8. Others	17.99	18.64
Total	<u>4,997.37</u>	<u>4,716.63</u>

NOTE 20: OTHER INCOME

	₹ Lacs	Previous Year ₹ Lacs
Interest Income		
1. Inter-corporate Deposits	55.15	34.00
2. Deposits with Banks.....	39.71	12.47
3. Deposits with Related Parties	<u>0.30</u>	<u>49.16</u>
Total	95.16	95.63
5. Others	<u>7.67</u>	<u>11.80</u>
Total	<u>102.83</u>	<u>107.43</u>

Notes to Financial Statements for the year ended March 31, 2016

NOTE 21: FOOD AND BEVERAGES CONSUMED

	₹ Lacs	Previous Year ₹ Lacs
Opening Stock	55.08	45.75
Add: Purchases	497.38	504.75
Total.....	<u>552.46</u>	<u>550.50</u>
Less: Closing Stock	51.18	55.08
Food and Beverage Consumed	<u>501.28</u>	<u>495.42</u>

	March 31, 2016		March 31, 2015	
	₹ Lacs	%	₹ Lacs	%
Imported	—	—	—	—
Indigenous.....	501.28	100.00	495.42	100.00
Total	<u>501.28</u>	<u>100.00</u>	<u>495.42</u>	<u>100.00</u>

NOTE 22: EMPLOYEE BENEFIT EXPENSE AND PAYMENT TO CONTRACTORS

	₹ Lacs	Previous Year ₹ Lacs
1. Salaries, Wages, Bonus, etc.	515.51	419.54
2. Company's Contribution to provident and Other Funds	45.62	36.31
3. Reimbursement of Expenses on Personnel Deputed to the Company	163.27	120.52
4. Payment to Contractors	94.97	51.71
5. Staff Welfare Expenses	128.51	90.98
Total	<u>947.88</u>	<u>719.06</u>

BENARES HOTELS LIMITED
Forty Fifth Annual Report 2015-16

Notes to Financial Statements for the year ended March 31, 2016

NOTE 23: OTHER OPERATING AND GENERAL EXPENSES

	₹ Lacs	Previous Year ₹ Lacs
I Operating Expenses Consist of the Following:		
1. Linen and Room Supplies	54.64	67.29
2. Catering Supplies.....	30.55	44.43
3. Other Supplies.....	3.93	9.53
4. Fuel, Power and Light.....	402.65	366.78
5. Repairs to Buildings	51.47	50.86
6. Repairs to Machinery.....	87.43	66.47
7. Repairs - Others	13.36	8.17
8. Garden Expenses	45.42	38.65
9. Linen and Uniform Washing and Laundry Expenses.....	63.94	56.16
10. Operating Fees	350.64	355.12
11. Payment to Orchestra Staff, Artistes and Others	3.15	2.65
12. Guest Transportation	52.56	17.49
13. Travel Agents' Commission	31.60	24.40
14. Discount to Collecting Agents	29.54	35.98
15. Other Operating Expenses	105.51	119.14
Total	<u>1,326.39</u>	<u>1,263.12</u>

Linen, Room, Catering and Other Supplies Consumed

	March 31, 2016		March 31, 2015	
	₹ Lacs	%	₹ Lacs	%
Imported	6.65	7.46	—	—
Indigenous	82.47	92.54	121.25	100.00
Total	<u>89.12</u>	<u>100.00</u>	<u>121.25</u>	<u>100.00</u>

II General Expenses Consist of the Following

1. Rent	28.73	29.65
2. Licence Fees	35.11	30.02
3. Rates and Taxes	96.90	93.43
4. Insurance	10.33	10.12
5. Advertising and Publicity	168.02	140.65
6. Printing and Stationery.....	17.50	21.95
7. Security Expenses	42.91	35.95
8. Corporate Services.....	50.43	46.55
9. CRS/ CIS Expenses	50.43	46.55
10. Passage and Travelling	24.92	18.99
11. CSR Expenses	25.09	12.34
12. Telephone and Internet Expenses	51.63	25.51
13. Provision for Doubtful Debts	2.22	(0.70)
14. Professional Fees.....	29.94	22.74
15. Outsourced Support Services	15.90	15.60
16. Exchange Loss (Net)	0.24	0.06
17. Loss on Sale of Fixed Assets (Net)	3.21	1.25
18. Payment made to Statutory Auditors (Refer Footnote ii)...	4.18	4.19
19. Directors' Fees and Commission	48.57	44.13
20. Other Expenses	65.35	54.46
Total	<u>771.61</u>	<u>653.44</u>
TOTAL	<u>2,098.00</u>	<u>1,916.56</u>

Notes to Financial Statements for the year ended March 31, 2016

NOTE 23: OTHER OPERATING AND GENERAL EXPENSES (Contd.)

Foot Notes:

	₹ Lacs	Previous Year ₹ Lacs
(i) Expenditure Recovered from Other Parties:		
Fuel, Power and Light	14.53	18.23
Total	<u>14.53</u>	<u>18.23</u>
(ii) Payment Made to Statutory Auditors:		
As Auditors	2.50	2.50
As Tax Auditors	1.30	1.30
For Management Services	0.15	0.14
For Other Services	0.20	0.25
For Out of Pocket Expenses	0.03	—
Total	<u>4.18</u>	<u>4.19</u>
(iii) Provision for Doubtful Debts:		
Opening Balance	17.83	18.53
Add: Provision During the Year	2.22	—
Total	<u>20.05</u>	<u>18.53</u>
Less: Bad Debts Written Off	5.64	—
Less: Provision no Longer Required, Written Back	—	0.70
Closing Balance	<u>14.41</u>	<u>17.83</u>

NOTE 24: CONTINGENT LIABILITIES (to the extent not provided for)

(a) On account of Income Tax Matters in Dispute:

- i. In respect of matters which have been decided in the Company's favour by both CIT-A and ITAT, but the Income Tax Department has preferred an appeal in Hon'ble Allahabad High Court ₹127.97 Lacs (previous year - ₹ 127.97 Lacs).
- ii. In respect of other matters for which Company's appeals are pending with appellate authorities against the order of the assessing officer ₹ 28.90 Lacs (previous year ₹ 23.21 Lacs)

(b) On account of other disputes in respect of:

- i. Service Tax - ₹ 19.08 Lacs (previous year - ₹ 19.08 Lacs)
- ii. Sales tax - ₹ 36.27 Lacs (previous year - ₹ 36.27 Lacs)
- iii. Others - NIL (previous year - ₹ 3.45 Lacs)

NOTE 25: CAPITAL COMMITMENTS:

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹ 39.65 Lacs (Previous year - ₹ 41.67 Lacs).

NOTE 26: VALUE OF IMPORTS

	₹ Lacs	Previous Year ₹ Lacs
Stores, Supplies and Spare Parts for Machinery	6.65	13.43
Value of Imports (CIF) Capital Imports	31.55	33.13

BENARES HOTELS LIMITED
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Notes to Financial Statements for the year ended March 31, 2016

NOTE 27: EXPENDITURE IN FOREIGN CURRENCY

	₹ Lacs	Previous Year ₹ Lacs
Professional and Consultancy Fees	17.31	6.65
Other Expenditure in Foreign Currency	27.19	12.33

NOTE 28: EARNINGS IN FOREIGN EXCHANGE

	₹ Lacs	Previous Year ₹ Lacs
Earnings in Foreign Exchange	1700.53	1,809.09
(As certified by the Management and verified by the Auditors)		

NOTE 29: SEGMENT REPORTING

The Company's business consists of its hotel operations only and hence no separate information for segment-wise disclosures under Accounting Standard on 'Segment Reporting (AS-17)', issued by the Institute of Chartered Accountants of India, is given.

NOTE 30: RELATED PARTY DISCLOSURES

(a) As per Accounting Standard - 18, "Related Parties Disclosure" notified by the Companies (Accounting Standards) Rules 2006, the following is the list of Related Parties:

i	Holding Company	
	Name of the Company	Country of Incorporation
	The Indian Hotels Company Limited	India
ii	Fellow Subsidiary Companies of the Holding Company	
	Name of the Company	Country of Incorporation
	TIFCO Holdings Ltd	India
	Lands End properties Private Limited*	India
	KTC Hotels Ltd	India
	United Hotels Ltd.....	India
	Taj SATS Air Catering Ltd	India
	Roots Corporation Ltd	India
	Taj Enterprises Ltd	India
	Taj Trade and Transport Ltd.	India
	Inditravel Ltd	India
	Piem Hotels Ltd.	India
	Northern India Hotels Ltd.	India
	Skydeck Properties and Developers Private Limited*	India
	Sheena Investments Private Limited*	India
	Luthria and Lalchandani Hotel and Properties Private Limited* ..	India
	ELEL Hotels and Investments Limited*	India

* became a subsidiary with effect from October 14, 2015

Notes to Financial Statements for the year ended March 31, 2016

NOTE 30: RELATED PARTY DISCLOSURES (Contd.)

International

Samsara Properties Ltd.	British Virgin Islands
Apex Hotel Management Services (Pte) Ltd.	Singapore
Chieftain Corporation NV	Netherlands Antilles
IHOCO BV	Netherlands
St. James Court Hotel Ltd.	United Kingdom
Taj International Hotels Ltd.	United Kingdom
International Hotel Management Services LLC.	USA
Apex Hotel Management Services (Australia) Pty Ltd	Australia
Taj International Hotels (H.K.) Ltd.	Hong Kong
PIEM International (H.K.) Ltd.	Hong Kong
BAHC 5 Pte. Ltd.	Singapore
United Overseas Holdings Inc.	USA

(iii) Key Managerial Personnel

Chief Executive Officer Mr. Ahmar Siddiqui (till 28th June, 2015)

Chief Executive Officer Mr. Ashwani Anand (wef28th June, 2015)

Chief Financial Officer Mr. Ravi Sharma

(b) Details of related party transactions during the year ended March 31, 2016

Particulars	Holding Company ₹ Lacs	Fellow Subsidiaries Companies ₹ Lacs	KMP ₹ Lacs	Other ₹ Lacs
Interest received/accrued	—	0.30	—	—
	—	(49.16)	—	—
Operating / Management fees paid	343.25	—	—	—
	(345.73)	—	—	—
Fee Paid for Other Services	222.46	—	—	—
	(210.28)	—	—	—
Deputed Staff Salaries Paid	133.81	6.63	—	—
	(89.74)	—	—	—
Transportation and Conveyance Expenses	0.23	—	—	—
	—	(5.61)	—	—
License Fee paid (Nadesar Palace)	—	—	—	27.89
	—	—	—	(27.36)
Dividend Paid	58.60	81.01	—	—
	(58.60)	(81.01)	—	—
Other Income Earned	—	—	—	—
	--	(2.46)	—	—
ICD Placed during the year	—	—	—	—
	—	—	—	—
ICD Encashed during the year	—	200.00	—	—
	—	—	—	—
Remuneration Paid / Payable	—	—	53.77	—
	—	—	(43.15)	—

BENARES HOTELS LIMITED
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Notes to Financial Statements for the year ended March 31, 2016

NOTE 30: RELATED PARTY DISCLOSURES (Contd.)

Balances outstanding at the end of the year

Current Account Receivables	36.13	-	-	-
	<i>(30.11)</i>	-	-	-
Current Account Payables	-	3.28	-	-
	-	<i>(0.75)</i>	-	-
ICD Receivable	-	-	-	-
	-	<i>(200.00)</i>	-	-
Interest Receivable	-	-	-	-
	-	<i>(1.86)</i>	-	-

Footnotes: (i) Figures within brackets and italics are of the previous year.

(c) Statement of Material Transactions

Company Name	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Holding Company	As per note 33(b) above	As per note 33(b) above
The Indian Hotels Company Limited		
Fellow Subsidiary Company		
Roots Corporation Limited		
Interest Received/ Accrued	0.30	49.16
ICD encashed during the year	200.00	350.00
Piem Hotels Limited		
Deputed Staff Salaries Paid	6.63	-
Dividend Paid	10.81	10.81
Inditravels Limited		
Transportation and Conveyance Expenses	-	5.61
Other Incomes earned	-	2.46
TIFCO Holdings Limited		
Dividend Paid	70.17	70.17
Directors and Entities controlled by Director		
License Fee paid (Nadesar Palace)		
Dr. Anant Narain Singh (Chairman - BHL)	13.94	13.68
Companies/ Trust Controlled by		
Dr Anant Narain Singh		
Maharaja Prabhu Narain Physical Cultural Trust	3.49	3.42
Aditya Dairies Pvt Ltd	6.97	6.84
Ananta Electric Lamp Works Pvt Ltd	3.49	3.42

Notes to Financial Statements for the year ended March 31, 2016

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, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Provident Fund	27.46	24.12

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

Funded : Post Retirement Gratuity

- (c) **Defined Benefit Plans As per Actuarial Valuation on March 31, 2016 :-**

- (i) **Amount to be recognised in Balance Sheet and movement in net liability**

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Present Value of Funded Obligations	146.58	140.64
Fair Value of Plan Assets	128.22	135.00
Net (asset) / Liability	18.36	5.63

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

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Current Service Cost	10.02	7.77
Interest Cost	11.40	11.84
Expected return on Plan Assets	-9.65	-9.70
Actuarial Losses / (Gain) recognised in the year	6.17	5.82

- (iii) **Reconciliation of Defined Benefit Obligation**

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Opening Defined Benefit Obligation	140.64	131.29
Current Service Cost	10.02	7.77
Interest Cost	11.40	11.84
Actuarial Losses / (Gain)	8.60	8.73
Benefits Paid	-24.07	-19.00
Closing Defined Benefit Obligation	146.58	140.63

- (iv) **Reconciliation of Fair Value of Plan Assets**

	March 31, 2016 ₹ Lacs	March 31, 2015 ₹ Lacs
Opening Fair Value of Plan Assets	135.00	136.41
Expected return on Plan Assets	9.65	9.70
Actuarial (Gain) / Losses	2.42	2.90
Contribution by Employer	5.21	5.00
Benefits Paid	-24.07	-19.00
Closing Fair Value of Plan Assets	128.22	135.00
Expected Employer's contribution next year	18.36	5.63

BENARES HOTELS LIMITED
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Notes to Financial Statements for the year ended March 31, 2016

NOTE 31: EMPLOYEE BENEFITS (Contd.)

(v) Description of Plan Assets

	March 31, 2016	March 31, 2015
	₹ Lacs	₹ Lacs
Government of India Securities	0%	0%
Corporate Bonds	0%	0%
Special Deposit Scheme	7%	7%
Equity	0%	0%
Others	93%	93%
Grand Total	100%	100%

(vi) Actuarial Assumptions

	March 31, 2016	March 31, 2015
Discount rate (p.a.)	7.85%	7.90%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	4.00%	5.00%
Mortality Table Used	2006-08	2006-08

(vii) Experience Adjustments

	2015/16	2014/15	2013/14	2012/13	2011/12
	₹ Lacs				
Defined Benefit Obligation	146.58	140.63	131.29	126.73	105.59
Plan Assets	128.22	134.99	136.40	133.82	111.44
Surplus/ (Deficit)	(18.36)	(5.63)	5.11	7.08	5.85
Experience Adjustment on Plan Liabilities	18.64	(2.40)	5.63	8.32	1.22
Experience Adjustment on Plan Assets	2.42	2.90	(2.89)	16.62	(1.75)

NOTE 32: EARNINGS PER SHARE (EPS)

Earnings Per Share is calculated in accordance with Accounting Standard 20 'Earnings Per Share' - AS-20), notified by the Company's Accounting Standards) Rules, 2006 as amended).

	March 31, 2016	March 31, 2015
Particulars	₹ Lacs	₹ Lacs
Profit after tax - (₹ Lacs)	828.56	922.62
Number of Ordinary Shares	13,00,000	13,00,000
Weighted Average Number of Ordinary Shares	13,00,000	13,00,000
Earnings Per Share - (₹) Basic and Diluted	63.74	70.97

FINANCIAL STATISTICS

(Rs./Lacs)

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	—	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	—	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	389.34	—	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	7.80	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	7.80	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	8.58	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	10.73	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	11.93	90%
2001-02	130.00	1,106.06	12.97	141.16	1,282.28	812.41	—	986.29	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	12.49	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	13.33	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	15.50	85%
2005-06	130.00	1,497.84	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	15.50	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	22.09	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	26.51	120%
2008-09	130.00	2,182.89	25.27	175.62	3,391.83	2,469.11	—	2,018.78	1,417.40	109.56	491.81	170.05	321.76	192.48	110.50	18.77	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	28.07	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	28.07	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	33.74	160%
2012-13	130.00	3,587.08	—	234.31	4,401.84	3,108.90	—	3,994.62	2,550.28	180.51	1,253.83	396.22	857.61	553.42	260.00	44.13	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	44.19	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	52.93	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	52.93	200%

BENARES HOTELS LIMITED

Corporate Identification No. (CIN) L55101UP1971PLC003480
 Registered Office: Nadesar palace Compound, Varanasi 221 002
 Phone: 0542-6660001 E-mail: investorrelations@tajhotels.com Website: www.benareshotelslimited.com

Attendance Slip (To be presented at the entrance)

I hereby record my presence at the FORTY FIFTH ANNUAL GENERAL MEETING of the Company at the Registered Office of the Company at Nadesar Palace Compound, Varanasi 221 002 at 3.00 p.m. on Friday, August 12, 2016 and at any adjournment thereof.

Folio No. DP ID No Client ID No.

Name of the Member Signature

Name of the Proxyholder Signature.....

1. Only Member/Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

..... <

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

2. 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 Fifth Annual General Meeting of the Company, to be held on Friday, 12th August, 2016 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	I / We assent to the resolution	I / We dissent to the resolution
			FOR	AGAINST
1	Adoption of Statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for the year ended March 31, 2016	Ordinary		
2	Declare a Dividend	Ordinary		
3	Reappointment of Mr. Rakesh Sarna as a Director of the Company.	Ordinary		
4	To appoint the Auditors of the Company.	Ordinary		
5	Commission to Directors	Special		

Signed this day of 2016

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.

Nadesar Palace, Varanasi



