



HOTELS · PALACES · RESORTS · SAFARIS

# BENARES HOTELS LIMITED

46th ANNUAL REPORT 2016-17



The Gateway Hotel Ganges Varanasi

The Gateway Hotel Ganges Varanasi



## **Corporate Information**

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### **Board of Directors**

DR. ANANT NARAIN SINGH  
(Chairman)

RAKESH SARNA

SHRIRAMAN

RUKMANI DEVI

B. L. PASSI

MOIZ MIYAJIWALA

ROHIT KHOSLA

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### **Company Secretary**

Vanika Mahajan

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### **Auditors**

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

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### **Registered Office**

Nadesar Palace Compound,  
Varanasi - 221 002  
Phone: 0542-6660001  
CIN-L55101UP1971 PLC 003480  
Website: [www.benareshotelslimited.com](http://www.benareshotelslimited.com)

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### **Registrar and Share Transfer Agent**

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

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**BENARES HOTELS LIMITED**  
Forty Sixth Annual Report 2016-17

<b>HIGHLIGHTS</b>	<b>2016-17</b>	<b>2015-16*</b>
	₹ Lakh	₹ Lakh
Gross Revenue	5113.62	5122.88
Profit Before Tax	1073.34	1315.95
Profit After Tax	681.69	847.88
Total Comprehensive Income	665.08	843.54
Retained Earnings	5986.25	5634.11
Total Assets	7875.49	7113.90
Net Worth	6116.25	5764.11
Debt : Equity Ratio	0:1	0:1
Net Worth Per Equity Share (₹ 10/- each)	₹ 470.48	₹ 443.39
Earnings Per Equity Share (₹ 10/- each)	₹ 52.44	₹ 65.22
Profit before Tax Ratio to Turnover	20.99%	25.69%

\*Figures have been regrouped as per Indian Accounting Standards.

## Notice to the Members

Notice is hereby given that the Forty Sixth (46<sup>th</sup>) 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 Thursday, 3rd August, 2017 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, 2017 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. Rohit Khosla (DIN 07163135), 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, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), as amended from time to time, PKF Sridhar and Santhanam LLP, Chartered Accountants (Registration No. 003990S/S200018) who have offered themselves for appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act and Rule 4 of the Rules, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of next AGM of the Company, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

### SPECIAL BUSINESS

#### 5. Appointment of Mr. Moiz Miyajiwala as an Independent Director of the Company.

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

“**RESOLVED** that Mr. Moiz Miyajiwala (DIN -00026258), who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 24, 2017, and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company;

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Act read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Moiz Miyajiwala who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from January 24, 2017 up to January 23, 2022.”

### 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.

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- (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 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 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, July 28, 2017 to Monday, August 7, 2017 (both days inclusive).
- (f) The dividend as recommended by the Directors for the year ended 31st March, 2017, if passed at the meeting, will be made payable on or after Monday, August 14, 2017 to those members whose names appear on the Register of Members of the Company on

Thursday, July 27, 2017. 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, July 27, 2017.

- (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) **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.

- (i) 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.

- (j) 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.
- (k) Members/proxies should bring the Attendance slip sent herewith duly filled in for attending the meeting.
- (l) Pursuant to Regulations 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“SEBI Listing Regulations”) and the Secretarial Standard-2 on “General Meetings” issued by The Institute of Company Secretaries of India, the particulars of Directors seeking appointment/re-appointment at the Meeting are annexed to the Notice.
- (m) The Notice of the AGM along with the Annual Report of 2016-17 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. Members may note that this notice and the Annual Report 2016-17 will be available on the Company's website : [www.benareshotelslimited.com](http://www.benareshotelslimited.com).

(n) **Unclaimed dividends:**

Pursuant to Sections 205A and 205C, and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed / unpaid

dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, were required to be transferred to the IEPF Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), both of which were applicable with effect from September 7, 2016, also contain similar provisions for transfer of such amounts to the IEPF. Accordingly, all unclaimed / unpaid dividends for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the Company for the amounts so transferred.

As per Section 124(6) of the Companies Act, 2013 read with the IEPF Rules as amended, the Company is also required to transfer the shares in respect of which dividend has remained unpaid / unclaimed for a period of seven consecutive years or more from the date they first became due for payment, by any shareholder, to the Demat Account of the Investor Education and Protection Fund ("IEPF") Authority.

The Shareholders may note that all unclaimed / unpaid dividend for the financial year 2008-09 has already been transferred by the Company to the IEPF established by the Central Government within the stipulated time as prescribed under the applicable provisions of the Companies Act, 2013. No claim shall lie against the Company for the amounts so transferred prior to March 31, 2017 nor shall any payment be made in respect of such claim. However any such shares, unclaimed / unpaid dividend amounts can be claimed from the IEPF Authority, as prescribed under the IEPF Rules by

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submitting an online application in the prescribed Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same, duly signed, to the Company along with the requisite documents enumerated in the Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.

It may be noted that unpaid dividend for the financial year ended March 31, 2010 is due for transfer to the IEPF Account of the IEPF Authority on the due date in 2017. The Company has sent notice to all the Members dated May 27, 2017, whose Dividends are lying unpaid / unclaimed against their name for seven consecutive years or more. Members are requested to claim the same on or before August 31, 2017.

As per the provisions of the Investor Education and Protection Fund (Uploading of Information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012 and in order to help the Members to ascertain the status of Unclaimed Dividends, the Company has uploaded the information in respect of Unclaimed Dividends on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) as well as on the website of the Company viz. [www.benareshotelslimited.com](http://www.benareshotelslimited.com) and also on the website of the Ministry of Corporate Affairs [www.mca.gov.in](http://www.mca.gov.in).

- (o) Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate risks associated with physical shares and for ease in portfolio management.
- (p) The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act, requires the Company to record additional details of Members, including their PAN details, email address, bank details for payment of dividend etc. Members holding shares in physical form are required to submit the details to the Company

and Members holding shares in electronic form are required to submit the details to their respective Depository Participants.

- (q) In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of the names as per the Register of Members of the Company will be entitled to vote.
- (r) Members are requested to kindly bring their copies of the Annual Report to the Meeting. As per the requirement of the Secretarial Standards 2 on “General Meetings” the route map showing directions to reach the venue of the Meeting is annexed to the Notice.
- (s) **Voting through electronics means**
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - III. The members who have cast their vote by remote e-voting prior to the AGM may

also attend the AGM but shall not be entitled to cast their vote again.

- IV. The remote e-voting period commences on July 31, 2017 (9:00 am) and ends on August 2, 2017 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 27, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company / Depository Participants(s)] :
- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.  
NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "remote e-voting.pdf".
  - (ii) Launch internet browser by typing the following URL: [https:// www.evoting.nsdl.com](https://www.evoting.nsdl.com)
  - (iii) Click on Shareholder - Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with

new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "EVEN" of "Benares Hotels Limited".
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer through e-mail to [investorrelations@tajhotels.com](mailto:investorrelations@tajhotels.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/

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Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below:  
EVEN (Remote e-voting Event Number)  
USER ID: PASSWORD/PIN
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- NOTE: Shareholders who forgot the User Details/Password can use “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).
- In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of July 27, 2017.
- X. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and

holding shares as of the cut-off date i.e. July 27, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or the RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password?” Or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. 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 as well as voting at the AGM through ballot paper.
- XIII. Mr. Shreepad Korde, Practicing Company Secretary (Membership No. ACS 563) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and

thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XVI. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

- (t) 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 3, 2017.
- (u) 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: 8th May, 2017

# **BENARES HOTELS LIMITED**

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### **Explanatory Statement**

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

The following Statement sets out all material facts relating to the business under Item No. 5 mentioned in the accompanying Notice dated May 8, 2017.

#### **Item No. 5**

The Board of Directors appointed Mr. Moiz Miyajiwala as Additional Director of the Company in the capacity of an Independent Director w.e.f. 24th January, 2017. In terms of Section 161 of the Act and Article 122 of the Articles of Association of the Company, he holds office as Additional Director up to the date of the forthcoming AGM of the Company, but is eligible for appointment as Director. The Company has received a Notice pursuant to Section 160 of the Act, from a Member proposing his candidature for the office of Director of the Company at the forthcoming AGM of the Company. The Board commends to the Members his appointment as a Director of the Company.

Mr. Miyajiwala is a Chartered Accountant. Mr. Miyajiwala is the former Executive Vice President Finance at Voltas Limited (Voltas).

Mr. Miyajiwala is a Non Executive Director and considered as Independent Director under the Act and SEBI (LODR) Regulations, 2015.

As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. Miyajiwala has given declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Mr. Miyajiwala as Independent Director was placed

before the Nomination & Remuneration Committee, which commended his appointment as Independent Director of the Company.

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

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

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

Mr. Miyajiwala may be deemed to be concerned and interested in the Resolution mentioned in item No. 5 of the Notice. Other than Mr. Miyajiwala, no other Director, key managerial personnel or their respective relatives is in any way concerned or interested in the Resolution mentioned as Item No. 5 of the accompanying Notice.

The Board commends the Resolution at item No. 5 of the accompanying Notice for acceptance by the Members.

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

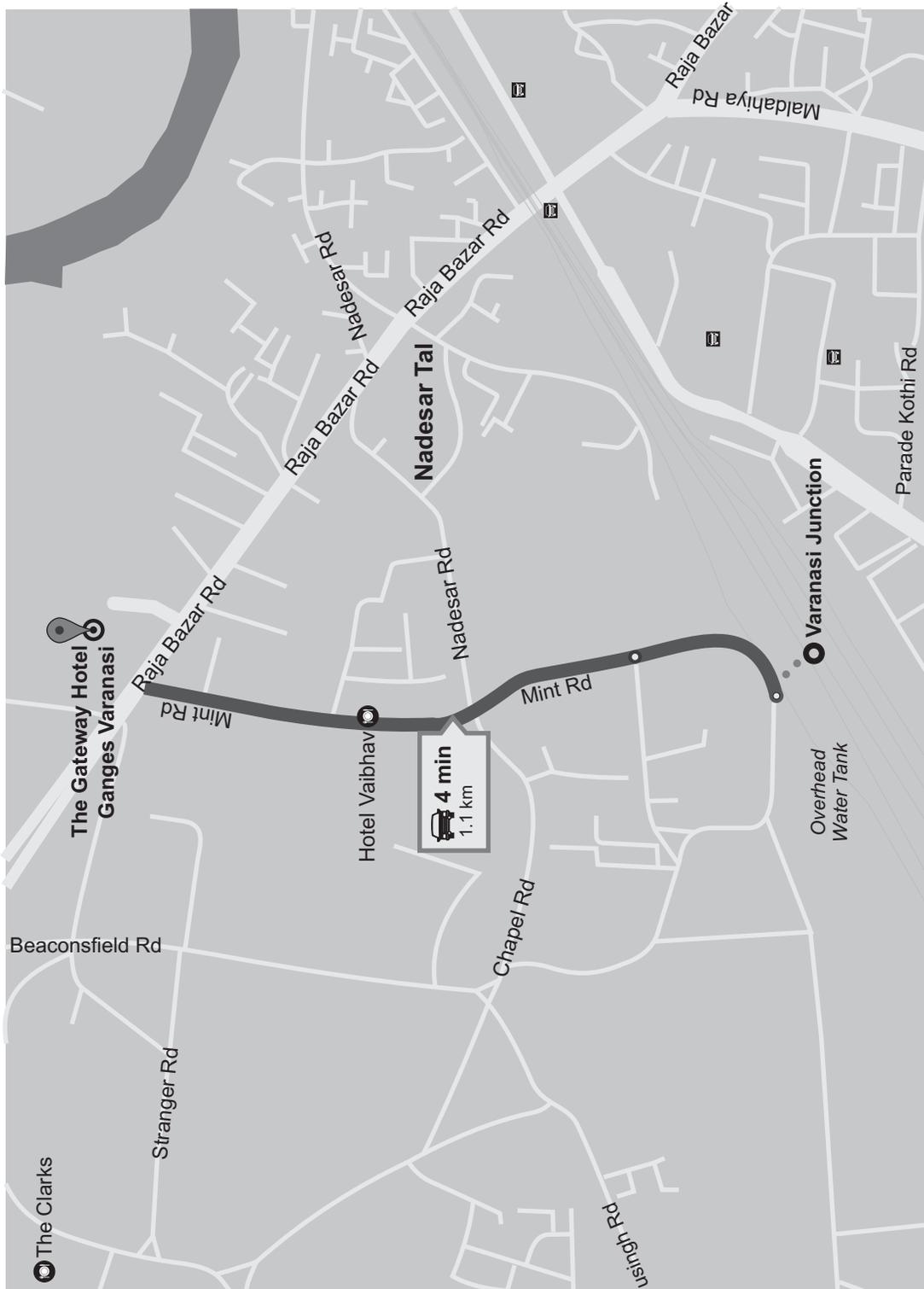
**Vanika Mahajan**  
Company Secretary

Place: Mumbai  
Date: 8th May, 2017

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

<b>Name of Director</b>	<b>Mr. Rohit Khosla</b>	<b>Mr. Moiz Miyajiwala</b>
<b>Date of Birth</b>	November 4, 1966	May 24, 1951
<b>Date of Appointment</b>	May 7, 2015	January 24, 2017
<b>Expertise in Specific functional area</b>	Hoteliering	Finance
<b>Qualifications</b>	-Post Graduate Diploma in Hotel Administration and Management -Diploma in Hotel Management	- Chartered Accountancy - BGL (General Law) from KC College, Mumbai and - BA in Economics & Statistics from St. Xavier's College, Mumbai.
<b>Details of shares held in the Company</b>	Nil	Nil
<b>List of Companies in which outside Directorships held as on 31.03.2017 (excluding private &amp; foreign companies)</b>	- Piem Hotels Limited - United Hotels Limited - Taj Safaris Limited	- Tifco Holdings Limited - Anjuman-I-Islam
<b>Chairman/Member of the Committees of other Companies on which he is a Director as on 31.03.2017</b>	<b>Audit Committee</b> Taj Safaris Chairman  <b>Shareholder's &amp; Investors' Grievance Committee</b> None	<b>Audit Committee</b> Tifco Holdings Limited - Chairman  <b>Shareholder's &amp; Investors' Grievance Committee</b> None

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## BOARD'S REPORT TO THE MEMBERS

The Directors hereby present the Forty Sixth Annual Report of the Company together with the Financial Statement (Audited Statements of Account) for the year ended 31st March, 2017.

### OPERATING AND FINANCIAL RESULTS

	(₹ Lakh) <u>2016-17</u>	(₹ Lakh) <u>2015-16</u>
Income .....	5113.62	5122.88
Gross Profit for the year .....	1538.19	1582.40
Less: Depreciation .....	464.85	266.45
Less: Interest .....	—	—
Profit before tax .....	1073.34	1315.95
Less: Provision for tax:		
- Current Tax .....	491.77	199.33
- Deferred Tax .....	(100.12)	268.74
Profit after Taxes .....	681.69	847.88
Add: Other Comprehensive Income (Net of Taxes).....	(16.61)	(4.34)
Total Comprehensive Income .....	665.08	843.54
Add: Balance brought forward from previous year .....	3466.03	2935.41
Balance available for appropriations .....	4131.11	3778.95
Less: Dividend paid .....	260.00	260.00
Less: Tax on Dividend .....	52.93	52.93
Less: Amount transferred to General Reserve .....	—	—
<b>Balance Carried forward .....</b>	<b>3818.17</b>	<b>3466.03</b>

### OPERATIONS

During the year, the Revenue from Operations dropped by 1% as compared to previous year. While room revenues were almost at par with previous year, the F&B revenues decreased by 3% as compared with previous year.

Owing to decrease in F&B revenues and increase in operating expenses, the Gross Operating Profit (EBIDTA) for the year was at Rs. 1538 Lakh, i.e. 3% lower than the previous year.

The depreciation charge increased by Rs. 198 lakh primarily owing to accelerated depreciation charged on assets identified to have a shorter useful life, in accordance with provisions of Schedule II of the Companies Act, 2013.

Consequently, the profit before tax was at Rs. 1073 lakh, i.e. 18% lower than the previous year.

### DIVIDEND

Keeping in view the performance of the Company, your Directors recommend the payment of dividend @ 150% (previous year dividend @ 200%) per equity share involving distribution of Rs. 195 lakh.

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

### **DIRECTORS**

In accordance with Section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 (SEBI Listing Regulations), Mr. Moiz Miyajiwala was appointed as Additional Director of the Company in the capacity of Independent Director effective January 24, 2017 and he holds office up to the date of the forthcoming Annual General Meeting and is further proposed to be appointed as Independent Director of the Company for a period of 5 years commencing from January 24, 2017.

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

During the year under report, Mr. D. R. Kaarhikeyan, independent director resigned from the Directorship of the Company with effect from October 20, 2016. The Directors place on record their appreciation of the services rendered by Mr. Kaarhikeyan during his tenure as Director of the Company.

### **KEY MANAGERIAL PERSONNEL**

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](http://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, Mrs. Rukmani Devi 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](http://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 four times during the year on 3rd May, 2016, 2nd July, 2016, 24th January, 2017 and 24th March, 2017.

In terms of the requirement of Section 178(3) and SEBI Listing Regulations, 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 there to.

During the financial year 2016-17 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](http://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. 10.00 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.

# BENARES HOTELS LIMITED

## Forty Sixth Annual Report 2016-17

### 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](http://www.benareshotelslimited.com), for the purpose of identification and monitoring of such transactions. Prior omnibus approval of the Board is obtained for transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all the related party transactions is placed before the Audit Committee for its approval on a quarterly basis.

Other than transactions entered into in the normal course of business, the Company has not entered into any materially significant related party transactions during the year, which could have a potential conflict of interest between the Company and its promoters, Directors, Management and/or relatives save and except that the transaction with The Indian Hotels Co. Ltd., the ultimate holding company during the year exceeded 10% of the annual gross turnover of the Company for the previous year, the approval for which was taken from the shareholders by way of a special resolution at the AGM held on August 21, 2015.

### CORPORATE GOVERNANCE

As required by SEBI Listing Regulations, the report 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 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/ act of God/riots & strikes/political instability and terrorism.

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

### KEY RISK MANAGEMENT PRACTICES

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

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

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

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

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

### STATUTORY AUDITORS

M/s N. Krishnaswamy & Company, Chartered Accountants (Firm Registration No. 001555S), the Statutory Auditors of the Company, hold office till the conclusion of the 46th AGM of the Company. The Board has recommended the appointment of PKF Sridhar and Santhanam, LLP, Chartered Accountants (Firm Registration No. 003990S/S200018), as the Statutory Auditors of the Company in their place, from the conclusion of this AGM till the conclusion of next AGM of the Company on such remuneration as shall be mutually agreed between the Board and Auditors.

The report of the Statutory Auditors along with the notes to Schedules is enclosed to this report and does not contain any qualification, reservation or adverse remark or disclaimer.

### 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:

- Continue to replace the CFL lights in various areas in the Hotels with energy efficient LED lights.
- Replacement of out of order electrical equipments with energy efficient equipments in a systematic manner.
- Conducted detailed energy audits through expert agency specializing in such audits and identified more areas where energy saving measures can be implemented in following years.

### 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.

# BENARES HOTELS LIMITED

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### 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 29 to 31 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.

### 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 control and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors including audit of

internal financial controls over financial reporting by the statutory auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2016-17.

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, 2017 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 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 : 8th May, 2017

**Annexure 1**

**The information pursuant to Rule 5 of The Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

<b>Particulars of Disclosures</b>																							
The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year 2016-17.	<table> <tr><td>1. Dr. A. N. Singh</td><td>5.5 : 1</td></tr> <tr><td>2. Mr. Rakesh Sarna</td><td>—</td></tr> <tr><td>3. Mr. Shriraman</td><td>2.8 : 1</td></tr> <tr><td>4. Mrs. Rukmani Devi</td><td>2.8 : 1</td></tr> <tr><td>5. Mr. B. L. Passi</td><td>1 : 1</td></tr> <tr><td>6. Mr. Rohit Khosla</td><td>—</td></tr> <tr><td>7. Mr. D. R. Kaarthikeyan</td><td>1.1 : 1</td></tr> <tr><td>8. Mr. Moiz Miyajiwala</td><td>NA</td></tr> </table>	1. Dr. A. N. Singh	5.5 : 1	2. Mr. Rakesh Sarna	—	3. Mr. Shriraman	2.8 : 1	4. Mrs. Rukmani Devi	2.8 : 1	5. Mr. B. L. Passi	1 : 1	6. Mr. Rohit Khosla	—	7. Mr. D. R. Kaarthikeyan	1.1 : 1	8. Mr. Moiz Miyajiwala	NA						
1. Dr. A. N. Singh	5.5 : 1																						
2. Mr. Rakesh Sarna	—																						
3. Mr. Shriraman	2.8 : 1																						
4. Mrs. Rukmani Devi	2.8 : 1																						
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6. Mr. Rohit Khosla	—																						
7. Mr. D. R. Kaarthikeyan	1.1 : 1																						
8. Mr. Moiz Miyajiwala	NA																						
<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 Meetings.</p>	<table> <tr><td>1. Dr. A. N. Singh</td><td>11%</td></tr> <tr><td>2. Mr. Rakesh Sarna</td><td>—</td></tr> <tr><td>3. Mr. Shriraman</td><td>2%</td></tr> <tr><td>4. Mrs. Rukmani Devi</td><td>1%</td></tr> <tr><td>5. Mr. B. L. Passi</td><td>-24%</td></tr> <tr><td>6. Mr. Rohit Khosla</td><td>—</td></tr> <tr><td>7. Mr. D. R. Kaarthikeyan</td><td>15%</td></tr> <tr><td>8. Mr. Moiz Miyajiwala</td><td>—</td></tr> <tr><td>9. Mr Ashwani Anand(CEO)</td><td>8.0%</td></tr> <tr><td>10. Mr. Ravi Sharma (CFO)</td><td>14.3%</td></tr> <tr><td>11. Ms. Vanika Mahajan (CS)</td><td>—</td></tr> </table>	1. Dr. A. N. Singh	11%	2. Mr. Rakesh Sarna	—	3. Mr. Shriraman	2%	4. Mrs. Rukmani Devi	1%	5. Mr. B. L. Passi	-24%	6. Mr. Rohit Khosla	—	7. Mr. D. R. Kaarthikeyan	15%	8. Mr. Moiz Miyajiwala	—	9. Mr Ashwani Anand(CEO)	8.0%	10. Mr. Ravi Sharma (CFO)	14.3%	11. Ms. Vanika Mahajan (CS)	—
1. Dr. A. N. Singh	11%																						
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10. Mr. Ravi Sharma (CFO)	14.3%																						
11. Ms. Vanika Mahajan (CS)	—																						
The percentage increase in the median remuneration of employees in the financial year	9.1%																						
The number of permanent employees on the rolls of company for the year 2016-17	135																						
The explanation on the relationship between average increase in remuneration and company performance	While during the year, the PBT decreased by 18% over last year, while the median employee remuneration increased by 9.1%.																						
Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company	The total remuneration paid to the KMP amounts to Rs. 61.01 Lakhs, i.e., i.e. 5.7% of the PBT for the year 2016-17.																						

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### Annexure 1 (Contd)

Particulars of Disclosures							
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 or 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>A. Market Capitalization and P/E Ratio</p> <p style="padding-left: 20px;">As at 31.3.2016 - Rs. 129.48 Crores</p> <p style="padding-left: 20px;">As at 31.3.2017 - Rs. 162.76 Crores</p> <p style="padding-left: 20px;">P/E Ratio</p> <p style="padding-left: 20px;">As at 31.3.2016 - 15.3</p> <p style="padding-left: 20px;">As at 31.3.2017 - 23.9</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: 12420%. The last public offer was in May 1987 by way of an at par rights issue.</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	Average increase in the median remuneration of the employees excluding managerial remuneration was 9.1% while the total managerial remuneration decreased by 3.0% over the previous financial year.						
Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	<p>While the PBT during the year decreased by 18% over last year, the remuneration of KMP's increased during the year as follows:</p> <table style="margin-left: 20px; border: none;"> <tr> <td>CEO-</td> <td style="text-align: right;">8.0%</td> </tr> <tr> <td>CFO-</td> <td style="text-align: right;">14.3%</td> </tr> <tr> <td>Company Secretary-</td> <td style="text-align: center;">—</td> </tr> </table>	CEO-	8.0%	CFO-	14.3%	Company Secretary-	—
CEO-	8.0%						
CFO-	14.3%						
Company Secretary-	—						
The key parameters for any variable component of remuneration availed by the directors	The remuneration to directors comprises the sitting fees for attending the Board 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.						
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	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.						

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 : 8th May, 2017

**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

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

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

2. Composition of the CSR Committee

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

3. Average Net Profit of the Company for the last three Financial Years : Rs. 1354.40 Lakh

4. Prescribed CSR Expenditure : Rs. 27.09 Lakh

5. Details of CSR spend during the Financial Year 2016-17: Rs. 27.70 Lakh

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 (₹ Lakh)	Amount spent on the projects or programmes (₹ Lakh)	Cumulative expenditure upto 31st March, 2017 (₹ Lakh)	Amount spent: Direct or through implementing agency
1.	Hospitality skill centre set-up cost at Varanasi and food production lab set-up-Training in F&B service, production and Housekeeping trades	Livelihood	Varanasi	14.00	14.97	14.97	Tata Strive
2.	Livelihood Entrepreneurship (HWA partnership program)- handloom weaving and training	Livelihood	Varanasi	2.75	2.75	2.75	Human Welfare Association (NGO)

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3.	Traditional Arts and Crafts (OKHAI partnership)- providing marketing assistance through online collaterals and designs for selling weavers sarees on OKHAI website and supporting weavers' livelihood	Livelihood	Varanasi	5.00	5.00	5.00	OKHAI
4.	Expenditure for cleanliness program at Varanasi Ganga ghats and providing clean drinking water	Responsible Neighbourhood	Varanasi	5.34	4.98	4.98	Direct
	<b>Total</b>			<b>27.09</b>	<b>27.70</b>	<b>27.70</b>	

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 : 8th May, 2017

**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, 2017 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, 2017 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 SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e. The SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The SEBI (Delisting of Equity Shares) Regulations, 2009; and
  - h. The SEBI (Buyback of Securities) Regulations, 1998;
  - i. SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and as amended from time to time.
- vi. And other applicable laws like Factories Act, 1948, The Payment of Gratuity Act, 1972 and other Labour Laws.
- vii. And all other laws applicable to Hospitality and Hotel industry and in particular Food and Beverages, the list of which was provided by the Company.
- viii. And all direct tax and indirect tax laws including excise, customs and service tax.

# BENARES HOTELS LIMITED

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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 basis, the Company has complied with the laws applicable to the Company.

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

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

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

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

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

**A K Bhayana & Associates**  
Company Secretaries

**Anil Kumar Bhayana**  
Prop.  
Membership No. FCSI585  
CP 624

Date: 8th May, 2017  
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: 8th May, 2017

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 31/03/2017)

[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	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	60250	22550	82800	6.37	61487	22550	84037	6.46	0.09
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									
<b>Sub-total (A) (1):-</b>	<b>789388</b>	<b>22550</b>	<b>811938</b>	<b>62.46</b>	<b>790625</b>	<b>22550</b>	<b>813175</b>	<b>62.55</b>	<b>0.09</b>
(2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
<b>Sub-total (A) (2):-</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>789388</b>	<b>22550</b>	<b>811938</b>	<b>62.46</b>	<b>790625</b>	<b>22550</b>	<b>813175</b>	<b>62.55</b>	<b>0.09</b>
<b>B. Public Shareholding</b>									
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)									
<b>Sub-total (B)(1):</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	

**BENARES HOTELS LIMITED**  
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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.	22213	815	23028	1.77	20099	815	20914	1.61	(0.16)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	260780	84552	345332	26.56	252311	81041	333352	25.64	(0.92)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	61852	20000	81852	6.30	74092	20000	94092	7.24	0.94
c) Others									
i) Trust	-	-	-	-	-	-	-	-	
ii) Directors & their Relatives	1106	9000	10106	0.77	1106	9000	10106	0.78	No change
iii) Non-resident Indians	3066	-	3066	0.24	3258	-	3258	0.25	0.01
iv) Clearing members	73	-	73	0.01	679	-	679	0.05	0.04
- HUF	24605	-	24605	1.89	24424	-	24424	1.88	(0.01)
v) <b>Sub-total (B)(2):-</b>	373695	114367	488062	37.54	375969	110856	486825	37.45	0.10
Total Public Shareholding (B) = (B)(1) + (B)(2)	373695	114367	488062	37.54	375969	110856	486825	37.45	0.10
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	
<b>Grand Total (A+B+C)</b>	<b>1163083</b>	<b>136917</b>	<b>1300000</b>	<b>100</b>	<b>1166594</b>	<b>133406</b>	<b>1300000</b>	<b>100</b>	

**(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	–	–
15.	Anamika Kunwar	–	–	–	1237	0.09	–	0.09
	Total	811938	62.46		813175	62.55		0.09

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

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>Anamika Kunwar</b>				
	At the beginning of the year	5700	0.44	6937	0.53
	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):			Purchased 712 shares on 23-9-2016 and purchased 525 shares on 4-11-2016	
	At the end of the year	5700	0.44	6937	0.53

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

Sl. No.	Name	No. of Shares at the beginning (01-04-16)/ end of the year (31-03-17)		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)					
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company				
1	Raghubirsingh R Gohil	23,802	1.83	01 April 2016	0		23,802	1.83				
		23,802	1.83	31 March 2017								
2	Brij Raj Singh of Kishangarh	20,000	1.54	01 April 2016	0		20,000	1.54				
		20,000	1.54	31 March 2017								
3	Vinodchandra Mansukhlal Parekh	19,252	1.48	01 April 2016	0		19,252	1.48				
		19,252	1.48	31 March 2017								
4	Arjun Ramani	18,798	1.45	01 April 2016	0		18,798	1.45				
		18,798	1.45	31 March 2017								
5	Dinesh Muktilal Paldiwal	6,702	0.52	01 April 2016								
				29 July 2016					425	Purchase	7,127	0.00
				05 August 2016					479	Purchase	7,606	0.55
				26 August 2016					861	Purchase	8,467	0.59
				02 September 2016					253	Purchase	8,720	0.65
				09 September 2016					46	Purchase	8,766	0.67
				16 September 2016					116	Purchase	8,882	0.67
				23 September 2016					229	Purchase	9,111	0.68
				04 November 2016					6	Purchase	9,117	0.70
				11 November 2016					83	Purchase	9,200	0.70
				18 November 2016					478	Purchase	9,678	0.71
				25 November 2016					1,026	Purchase	10,704	0.74
				27 January 2017					17	Purchase	10,721	0.82
				03 February 2017					246	Purchase	10,967	0.82
				10 February 2017					3	Purchase	10,970	0.84
				17 February 2017					196	Purchase	11,166	0.84
				24 February 2017					21	Purchase	11,187	0.86
				03 March 2017					275	Purchase	11,462	0.86
				10 March 2017					154	Purchase	11,616	0.88
				17 March 2017					42	Purchase	11,658	0.89
24 March 2017	709	Purchase	12,367	0.90								
31 March 2017	73	Purchase	12,440	0.95								
6	Arjun Dhunicahnd Ramani	11,391	0.88	01 April 2016	0		11,391	0.88				
		11,391	0.88	31 March 2017								
7	Muktilal Ganulal Paldiwal	7,702 9889	0.59 0.76	01 April 2016								
				15 April 2016					14	Purchase	7,716	0.00
				22 April 2016					29	Purchase	7,745	0.59
				06 May 2016					4	Purchase	7,749	0.60
				13 May 2016					399	Purchase	8,148	0.60
				20 May 2016					79	Purchase	8,227	0.63
				03 June 2016					41	Purchase	8,268	0.63
				10 June 2016					91	Purchase	8,359	0.64
				17 June 2016					11	Purchase	8,370	0.64
				30 June 2016					75	Purchase	8,445	0.64
				08 July 2016					25	Purchase	8,470	0.65
				15 July 2016					25	Purchase	8,495	0.65
				26 August 2016					110	Purchase	8,605	0.65
				07 October 2016					50	Purchase	8,655	0.66
				14 October 2016					50	Purchase	8,705	0.67
				21 October 2016					100	Purchase	8,805	0.67
				28 October 2016					50	Purchase	8,855	0.68
				04 November 2016					359	Purchase	9,214	0.68
				11 November 2016					74	Purchase	9,288	0.71
				18 November 2016					123	Purchase	9,411	0.71
25 November 2016	72	Purchase	9,483	0.72								
09 December 2016	20	Purchase	9,503	0.73								
06 January 2017	46	Purchase	9,549	0.73								
20 January 2017	150	Purchase	9,699	0.73								
27 January 2017	54	Purchase	9,753	0.75								
03 February 2017	50	Purchase	9,803	0.75								
17 March 2017	86	Purchase	9,889	0.76								
31 March 2017	0		9,889	0.76								
8	Sharda Ramani	6,700	0.52	01 April 2016	1,950	Purchase	8,650	0.00				
		8,650	0.67	05 August 2016								
9	Abhay Krishi Udyog Pvt Ltd	7,648	0.59	01 April 2016	0		7,648	0.67				
		7,648	0.59	31 March 2017								
10	Jitendra Mansuklal Parekh	7,141	0.55	01 April 2016	0		7,141	0.00				
		7,141	0.55	31 March 2017								
11	Sanjeev Vinodchandra Parekh*	6,883	0.53	01 April 2016	0		6,883	0.53				
		6,883	0.53	31 March 2017								

\*Ceased to be in the list of top 10 Shareholders as on March 31, 2017. The same is reflected above since the shareholder was one of the Top 10 Shareholders as on April 1, 2016.

(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	1106	0.09	1106	0.09
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	No Change		No Change	
	At the end of the year	1106	0.09	1106	0.09

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### V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2016-17.

### 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 DIRECTOR AND/OR MANAGER

B. REMUNERATION TO OTHER DIRECTORS:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. D.R. Kaarthikeyan*	Mr. Shiraman	Mr. B.L. Passi	Mrs. Rukmani Devi	Mr. Moiz Miyajiwala	
1.	Independent Directors						
	• Fee for attending Board /committee meetings	1,80,000	3,00,000	1,20,000	3,90,000	60,000	10,50,000
	• Commission ** (for 2015-16)	3,36,800	8,10,900	3,18,800	8,09,800	–	22,76,300
	• Others, please specify	–	–	–	–	–	–
	Total (1)	5,16,800	11,10,900	4,38,800	11,99,800	60,000	33,26,300
2.	Other Non-Executive Directors	Dr. A.N. Singh	Mr. Rakesh Sarna	Mr. Rohit Khosla			<b>Total Amount</b>
	• Fee for attending Board / Committee meetings	4,20,000	N.A.	–			4,20,000
	• Commission ** (for 2015-16)	15,82,700	N.A.	–			15,82,700
	• Others, please specify	–	–	–			–
	Total (2)	20,02,700	–	–			20,02,700
	Total (B) = (1+2)						53,29,000
	<b>Total Managerial Remuneration</b>						53,29,000
	<b>Overall Ceiling as per the Act</b>	3% of the net profit of the Company excluding sitting fees					

\*Resigned w.e.f. October 20, 2016.

\*\* An amount of Rs.32.19 Lakh has been provided in the Books of Account towards the commission payable to the Directors for the financial year ended 31st March, 2017 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 3rd August, 2017.

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	32,07,957	6,63,524	19,78,190	58,49,671
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	53,800	7,729	17,352	78,881
	(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)	1,02,384	23,544	46,764	1,72,692
	Total	33,64,141	6,94,797	20,42,306	61,01,244

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 : 8th May, 2017

**Dr. Anant Narain Singh**  
Chairman

## Management Discussion and Analysis

### World Economy

After a lacklustre outturn in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming U.S. administration and its global ramifications. The outlook for advanced economies has improved for 2017-18, reflecting somewhat stronger activity in the second half of 2016 as well as a projected fiscal stimulus in the United States. Growth prospects have marginally worsened for emerging market and developing economies, where financial conditions have generally tightened. Near-term growth prospects were revised up for China, due to expected policy stimulus, but were revised down for a number of other large economies most notably India, Brazil, and Mexico. (Source: *World Economic Outlook, IMF, January, 2017*)

As per World Economic Outlook update of IMF (January-2017), Global growth for 2016-17 is now estimated at 3.1 percent, in line with the October 2016 forecast. Economic activity in both advanced economies and EMDEs is forecast to accelerate in 2017-18, with global growth projected to be 3.4 percent and 3.6 percent, respectively, again unchanged from the October forecasts.

### Indian Economic and Hospitality Scenario

As per both IMF and World Bank reports, India's overall outlook remains positive. Although growth slowed down marginally for a short duration as a result of disruptions to consumption and business activity from the recent withdrawal of high-denomination banknotes from circulation, but the nation's expansion was expected to pick up again as economic reforms kick in. While the growth forecasts were revised down to be just around 7% for 2016-17, it has been assessed at 7.2% and 7.6% for 2017-18 by the IMF and World Bank respectively.

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. India has moved up 13 positions to 52nd rank from 65th in Tourism & Travel competitive index. In the year 2016, the Foreign Tourist Arrival to India increased by 10.7% as compared to 2015 and it is expected to be maintained at similar healthy rates till 2020. As per press release of Ministry of Tourism in February 2017, the FTA to India for the month of January 2017 increased by 16.5% over January-2016. The visa reforms, in terms of e-visa facility extended to more countries, has effectively contributed to the growth and the number of tourists arriving through E-visa registered an increase of 72% in the month of January 2017 over January 2016.

In the coming year, Varanasi being the Prime Minister's constituency is expected to receive greater attention in terms of

infrastructure, industries and connectivity with major cities in India. The government has also proposed to set up a coordination committee for the integrated promotion of tourism and culture in Varanasi, in order to fully utilize the opportunity of spiritual and religious tourism along the holy river Ganga.

### Financial Performance

During the year 2016-17, the total revenues were at Rs. 51.14 Crores as against Rs. 51.22 Crores in 2015-16. The operating expenses (excluding Depreciation) increased from Rs. 35.40 Crores to Rs. 35.75 Crores in the same period while the depreciation increased from Rs. 2.66 Crores to Rs. 4.65 Crores. Resultantly, the Profit before tax registered a decrease from Rs. 13.15 Crores in 2015-16 to Rs. 10.73 Crores in 2016-17, whereas Profit after Tax decreased from Rs. 8.48 Crores to Rs. 6.82 Crores. Being a listed Company, The Board Meetings are held at least 4 times a year and the results are communicated to the BSE, where the shares are listed.

### Internal control systems and their adequacy

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

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

### 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-a-vis social and cultural dimensions in all areas of hotel operations. The Company has been certified EarthCheck 'Gold' for its Gateway Hotel Ganges continuously for the second time.

### Workforce

Total manpower employed by the Company was 305 as on March 31st 2017 as against the previous year number of 311 as on March 31st 2016.

# Report on Corporate Governance

## Philosophy on Corporate Governance

Wealth creation, protection and interest enhancements for all the stakeholders, creditors, customers, employees, suppliers and society is the basis of the Company's philosophy on Corporate Governance. The integral part of the Corporate Governance Policy includes complying with legal and regulatory requirements and meeting environmental and local community needs with the highest standards of integrity, transparency and accountability. 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 promoting the interest of other shareholders. The values, ethics and business principle that were adhered to by the employees are part of its philosophy on Corporate Governance.

The Company has complied with 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 Director is 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 judgment 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	3rd May, 2016	April to June
2	22nd July, 2016	July to September
3	20th October, 2016	October to December
4	24th January, 2017	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.

# BENARES HOTELS LIMITED

## Forty Sixth Annual Report 2016-17

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	Attendance at the last Annual General Meeting held on 12.08.2016
		Salary & Perks 2016-2017	Sitting Fees 2016-2017	Commission 2015-16	Indian	Foreign	As Member	As Chairman		
Dr. Anant Narain Singh	Promoter Non-executive	N.A.	4,20,000	15,82,700	1	—	—	—	4	Yes
Mr. Rakesh Sarna	Promoter Non-executive	N.A.	N.A.	N.A.	7	—	3	—	1	No
Mr. Shriraman	Independent Non-executive	N.A.	3,00,000	8,10,900	—	—	—	—	3	No
Mrs. Rukmani Devi	Independent Non-executive	N.A.	3,90,000	8,09,800	—	—	—	—	4	Yes
Mr. B L Passi	Independent Non-executive	N.A.	1,20,000	3,18,800	1	—	—	—	2	No
Mr. D.R. Kaarthikeyan*	Independent Non-executive	N.A.	1,80,000	3,36,800	—	—	—	—	3	No
Mr. Rohit Khosla	Promoter Non-executive	—	—	—	3	—	1	3	2	Yes
Mr. Moiz Miyajiwala**	Independent Non-executive	N.A.	60,000	—	2	—	2	2	1	N.A.

\*Resigned from the directorship w.e.f. 20th October, 2016.

\*\* Appointed as Director w.e.f. 24th January, 2017.

**NOTE:** Traditionally, the Directors are paid commission each year, after the Financial Statements are approved by the Members at the Annual General Meeting of the Company. A sum of Rs. 32.19 lakhs has been provided as commission to Non Executive Directors for the year 2016-17.

7. 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.
8. Other than transactions entered into in the normal course of business, the Company has not entered into any materially significant related party transactions during the year, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and/or relatives save and except that the transaction with The Indian Hotels Co. Ltd., the ultimate holding company during the year exceeded 10% of the annual gross turnover of the Company for the previous year, the approval of which was taken from the shareholders by way of a special resolution at the AGM held on August 21, 2015.

## **COMMITTEES OF THE BOARD:**

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

### **I. 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.

# BENARES HOTELS LIMITED

## Forty Sixth Annual Report 2016-17

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			
		03.05.2016	22.07.2016	20.10.2016	24.01.2017
1	Mr. B L Passi, Chairman	✓	✓	–	–
2	Mr. Shriraman	✓	–	–	–
3	Mr. Rohit Khosla	–	–	✓	✓
4	Mrs. Rukmani Devi	✓	✓	✓	✓

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 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 director's performance
- To formulate the criteria for discovering qualification, positive attributes and independence of directors and recommending to the Board the policies relating to remuneration for the directors, KMP and other employees.

The said Committee met four times during the year on 3rd May, 2016, 22nd July, 2016, 24th January, 2017 and 24th March, 2017 and inter alia, considered the appointment of Independent Director under Section 149 of the Companies Act, 2013 and the commission payable to directors on net profit for the year 2015-16.

Pursuant to Section 178(2) and (3) of the Act, the Company has adopted a Remuneration Policy for Directors, KMP and other employees based on the recommendations of the Committee which also recommended the criteria for determining qualifications, positive attributes and independence of a director and identified persons who are qualified to become director and who may be appointed in senior management in accordance with the criteria laid down and recommended their appointment and carried out evaluation of every director's performance.

Based on the said policy the Committee had recommended to the Board the 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 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 as the Compliance Officer to the Committee

There were no pending investor complaints which remain unresolved. The status of complaints received from shareholders during the year 2016-17 is as under:-

Complaints received	Pending as on March 31, 2017
2	Nil

### Amounts Transferred to IEPF

As per the provisions of Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Company is required to transfer not only all unclaimed/unpaid dividend but also the equity shares in respect of which dividends are not claimed for the continuous period of seven years from the date they first became due for payment, by any shareholder, to the Demat Account of the Investor Education and Protection Fund Authority (“IEPF”).

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*
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
2015-16	12.08.2016	18.09.2023

\* Indicative dates, actual dates may vary

During the year under review, the total amount transferred to IEPF of the Central Government was Rs. 2,49,684/-.

It may be noted that no claims will lie against the Company 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.

# BENARES HOTELS LIMITED

## Forty Sixth Annual Report 2016-17

**Details of shares of the Company held by the Non-Executive Directors as on March 31, 2017, 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 is as under:

Location	Date	Time	Special Resolutions passed
<b>Annual General Meetings</b>			
Registered office at  Nadesar Palace Compound,  Varanasi 221 002	August 12, 2016	3.00 p.m	Approval of payment of commission on Net Profit to Non Executive Directors
	August 21, 2015	3.00 p.m.	Approval of material related party transactions
	August 28, 2014	3.30 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 Financial 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 Report is also available on the Company's web site [www.benareshotelslimited.com](http://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, 2017.

## General Shareholder Information

### Annual General Meeting

<b>Date and Time</b>	:	August 3, 2017 at 3:00 p.m..
<b>Venue</b>	:	Nadesar Palace Compound Varanasi 221 002
<b>Registered Office</b>	:	Nadesar Palace Compound Varanasi 221 002
<b>Telephone No.</b>	:	91- 542 666 0001
<b>Facsimile No.</b>	:	91- 542- 2503291
<b>Website</b>	:	www.benareshotellimited.com
<b>E-mail</b>	:	investorrelations@tajhotels.com

### Financial Calendar

Financial reporting for:

- Quarter ending 30th June, 2017 on or before August 15, 2017
- Quarter ending 30th September, 2017 on or before November 15, 2017
- Quarter ending 31st December, 2017 on or before February 15, 2018
- Quarter ending 31st March, 2018 on or before May 30, 2018

<b>Financial Year</b>	:	2017-18
<b>Date of Book Closure</b>	:	July 28, 2017 to August 7, 2017 (both days inclusive)
<b>Dividend Payment Date</b>	:	On or after August 14, 2017.

Listing on Stock Exchanges

➤ Equity Shares : BSE Ltd.

**Corporate Identification No.(CIN)** : L55101UP1971PLC003480

**ISIN NO.:** : INE750A01012

**Stock Code:** : 509438

The Company has paid annual listing fees to BSE in respect of the financial year 2017-18.

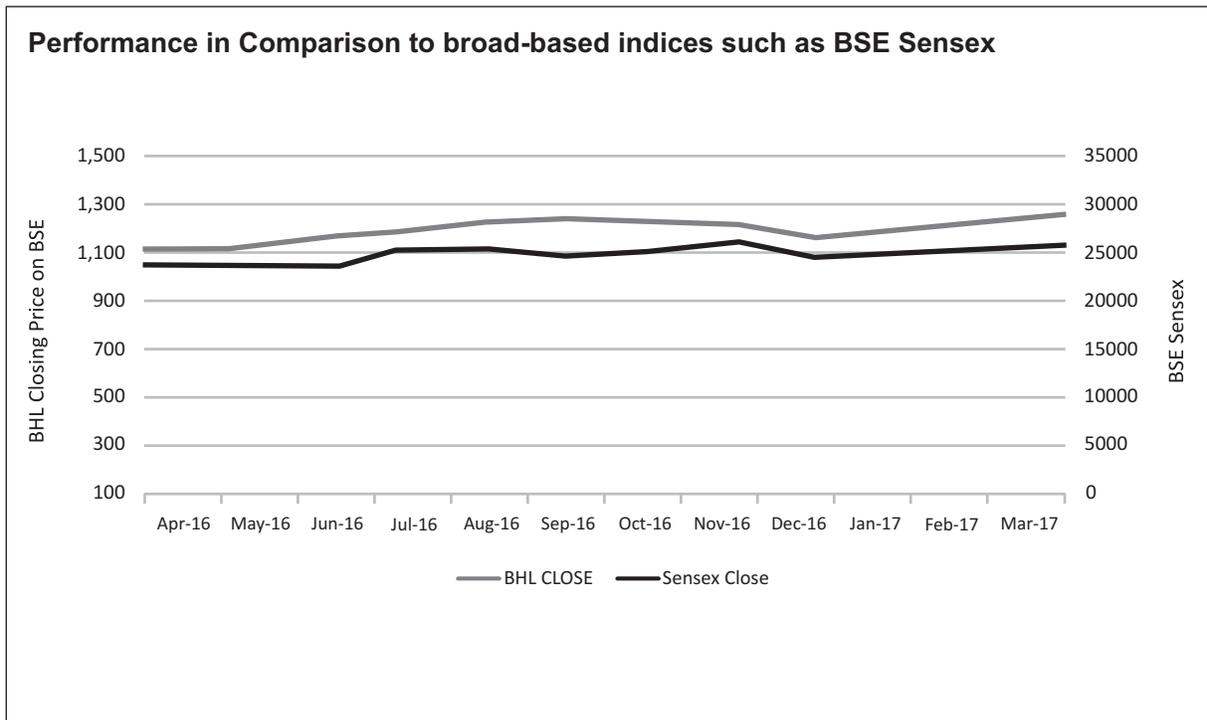
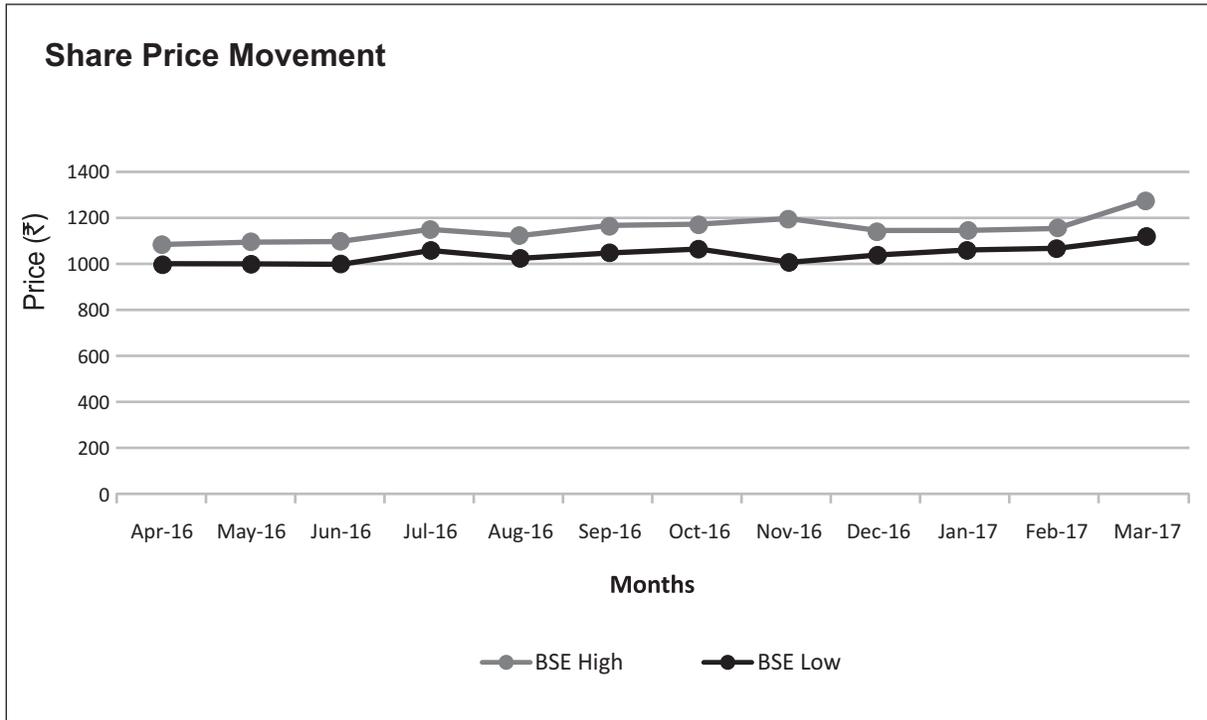
### Market Price Data:

High/Low market price of the Company's shares and performance in comparison to Sensex Indices on BSE Limited, Mumbai during the financial year 2016-17 as furnished below:-

Months	BSE High	BSE Low
April 2016	1087.75	998
May 2016	1100	1000
June 2016	1100	1001
July 2016	1149.75	1060
August 2016	1125	1025
September 2016	1165.9	1049.6
October 2016	1174	1065.05
November 2016	1196	1010
December 2016	1144.45	1040
January 2017	1150	1063.5
February 2017	1158	1070
March 2017	1278.5	1120

# BENARES HOTELS LIMITED

## Forty Sixth Annual Report 2016-17



### BHL Distribution of Shareholding as on March 31, 2017

Category of Shareholders	No. of Shares held	% to Paid up capital
Promoters	8,13,175	62.55
Directors & their Relatives	10106	0.78
Resident Individuals & HUF	451868	34.76
Non-Resident Indians	3258	0.25
Clearing Member	679	0.05
Corporate Bodies	20914	1.61

### Secretarial Audit

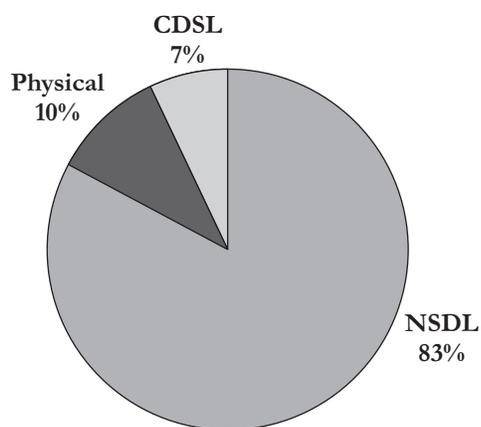
In terms of Section 204 of the Companies Act, 2013 the secretarial audit of the Company for the year 2016-17 has been carried out by the Secretarial Auditor appointed by the Company. The report of the Secretarial Auditor forms part of the Board's Report.

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

### Dematerialisation of Shares & Liquidity

As at the end of March 31, 2017, shares comprising approximately 90% of the Company's Equity Share Capital have been dematerialised.

### Status on Dematerialised Shares



**Registrar & Share Transfer Agent:** The Indian Hotels Company Limited  
Mandlik House, Mandlik Raod  
Mumbai 400 001.  
Phone: 022 - 66651369  
Fax: 022 - 22027442  
E-mail: investorrelations@tajhotels.com

# BENARES HOTELS LIMITED

## Forty Sixth Annual Report 2016-17

### 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  
SP Marg, New Delhi 110 021  
Phone: 011-66503549  
Fax- 011-26876043

### 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 that all companies making cash payments to the investors, companies whose securities are listed on stock exchange shall use, either directly or through their RTA & 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.

Investors 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 dematerialized form, investors may kindly provide the requisite bank account details to their Depository Participants, 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 Listing Requirements) Regulations, 2015

In accordance with SEBI Listing Regulations, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the Financial Year ended March 31, 2017.

### 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, 2017 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 SEBI Listing Regulations in all material respects.

We further state that such compliance is neither an 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: 8th May, 2017

## Independent Auditor's Report

### TO THE MEMBERS OF BENARES HOTELS LIMITED

#### 1. Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Benares Hotels Limited ('the Company'), which comprise the balance sheet as at 31 March, 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

#### 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

#### 4. Opinion

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

- (a) Financial position of the Company as at 31 March, 2017; and its
- (b) Financial performance including other comprehensive income, its cash flows and the changes in equity 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, the cash flow statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
- (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017

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 27 to the Ind AS 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.
  - iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company- Refer Note 36 to the Ind AS financial statements

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

**N. Krishnaswamy**  
Partner (M. No. 004797)  
Mumbai, 8th May, 2017

# BENARES HOTELS LIMITED

## Forty Sixth Annual Report 2016-17

### 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 31 March 2017. 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) (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 Lakhs)	Pertaining to Period	Forums Where Pending
Income Tax Act 1961	153.97*	FY2008-09 and 2009-10	CIT-Appeals (Varanasi)
Income Tax Act 1961	12.79	FY2007-08 and 2012-13	CIT-Appeals (Varanasi)
Service Tax (Finance Act 1994)	27.82**	2008-09 to 2011-12	Addl. Commissioner, Cental excise Allahabad
Uttar Pradesh Trade Tax Act	26.27**	FY2006-07 and 2007-08	Ist Appellate Tribunal, UPVAT
UP Value Addes Tax	2.92	FY2009-10 and 2012-13	Ist Appellate Tribunal, UPVAT
UP Luxury Tax Act	1.21	FY2012-13 and 2013-14	Assessing Officer, UP Luxury Tax

\* the case for both the years was decided by ITAT in favour of the company, however on appeal of the revenues, the High Court has referred the case back to CIT- A for reconsideration of the facts involved.

\*\*net of amounts paid under protest.

- (viii) The Company does not have any loans or borrowings 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 Ind AS 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 : 8th May, 2017

## 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, 2017 in conjunction with our audit of the Ind AS 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 Ind AS 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, 2017, 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 : 8th May, 2017

## Balance Sheet as at 31st March, 2017

	Note	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs	April 1 2015 ₹ Lakhs
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment.....	3	3,988.47	4,215.43	4,259.83
Capital work-in-progress .....		352.33	265.45	83.59
Intangible assets.....	4	116.48	125.04	116.13
		4,457.28	4,605.92	4,459.55
Financial Assets				
Investments .....		—	—	—
Other Financial assets .....	6	19.35	19.15	24.37
Advance income tax (net).....		228.97	145.59	38.03
Other non-current assets .....	7	192.88	59.09	20.00
<b>Current Assets</b>				
Inventories .....	8	115.00	117.16	115.28
Financial assets				
Trade receivables.....	9	421.05	365.99	240.06
Cash and cash equivalents .....	10	175.91	601.58	559.43
Bank balances other than cash and cash equivalents....	11	1,056.64	527.57	36.27
Loans .....	5	1,000.00	500.00	700.00
Other financial assets.....	6	88.62	110.40	86.93
Other current assets .....	7	119.80	61.45	52.92
		2,977.02	2,284.15	1,790.89
<b>Total .....</b>		<b>7,875.49</b>	<b>7,113.90</b>	<b>6,332.84</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital .....	12	130.00	130.00	130.00
Other equity .....	13	5,986.25	5,634.11	5,103.49
<b>Total equity .....</b>		<b>6,116.25</b>	<b>5,764.11</b>	<b>5,233.49</b>
<b>Non-current liabilities</b>				
Provisions.....	14	32.67	26.69	21.39
Deferred tax liabilities (net) .....	15	730.39	569.80	303.41
		763.06	596.49	324.80
<b>Current Liabilities</b>				
Financial liabilities				
Trade payables .....	16	495.79	391.15	405.10
Other financial liabilities .....	17	236.46	169.96	218.06
Provisions .....	14	42.50	23.50	4.80
Other current liabilities.....	18	221.42	168.69	146.59
		996.17	753.30	774.55
<b>Total .....</b>		<b>7,875.49</b>	<b>7,113.90</b>	<b>6,332.84</b>

Summary of Significant Accounting Policies ..... 2  
The Accompanying Notes form an Integral part of the Financial Statements

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 : 8th May, 2017  
Place: Mumbai

For and on behalf of the Board

**DR. ANANT NARAIN SINGH**  
Chairman  
DIN: 00114728

**ROHIT KHOSLA**  
Director  
DIN: 07163135

**VANIKA MAHAJAN**  
Company Secretary

**RAVI SHARMA**  
Chief Financial Officer

**BENARES HOTELS LIMITED**  
Forty Sixth Annual Report 2016-17

Statement of Profit and Loss for the Year Ended 31st March, 2017

	Note	₹ Lakhs	Previous Year ₹ Lakhs
<b>I. INCOME (Revenue)</b>			
1. Revenue from Operations.....	19	4,956.92	5,020.05
2. Other Income .....	20	156.70	102.83
3. Total Revenue.....		<u>5,113.62</u>	<u>5,122.88</u>
<b>II EXPENSES</b>			
1. Food and Beverages Consumed.....	21	491.59	501.28
2. Employee Benefit Expense and Payment to Contractors.....	22	910.74	941.19
3. Finance Costs .....		—	—
4. Depreciation and Amortisation expense.....		464.85	266.45
5. Other Operating and General Expenses .....	23	2,173.10	2,098.01
Total Expenses.....		<u>4,040.28</u>	<u>3,806.93</u>
<b>III PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX .....</b>		<u>1,073.34</u>	<u>1,315.95</u>
<b>IV EXCEPTIONAL ITEMS .....</b>		—	—
<b>V PROFIT/(LOSS) BEFORE TAX .....</b>		<u>1,073.34</u>	<u>1,315.95</u>
<b>VI TAX EXPENSES</b>			
1. Current Tax .....		491.77	199.33
2. Deferred Tax .....		(100.12)	268.74
Total .....		<u>391.65</u>	<u>468.07</u>
<b>PROFIT/(LOSS) AFTER TAX .....</b>		<u>681.69</u>	<u>847.88</u>
<b>VII OTHER COMPREHENSIVE INCOME, NET OF TAX</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
1. Remeasurement of defined benefit obligation .....		(25.34)	(6.69)
2. Less: Income tax expense .....		(8.73)	(2.35)
<b>Other comprehensive income for the period, net of tax .....</b>		<u>(16.61)</u>	<u>(4.34)</u>
<b>TOTAL COMPREHENSIVE INCOME .....</b>		<u>665.08</u>	<u>843.54</u>
<b>EARNINGS PER SHARE</b>			
1. Basic and Diluted .....		52.44	65.22
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 .....

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 : 8th May, 2017  
Place: Mumbai

For and on behalf of the Board

**DR. ANANT NARAIN SINGH**  
Chairman  
DIN: 00114728

**ROHIT KHOSLA**  
Director  
DIN: 07163135

**VANIKA MAHAJAN**  
Company Secretary

**RAVI SHARMA**  
Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Note	2016-17 ₹ Lakhs	2015-16 ₹ Lakhs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit Before Tax.....		1,073.34	1,315.95
<b>Adjustments for:</b>			
Depreciation and Amortisation.....		464.85	266.45
Provision for Doubtful Debts .....		0.03	(3.42)
(Gain)/Loss on Sale of Assets .....		(0.70)	—
Interest (Net) .....		(148.05)	(95.16)
Provision for Employee Benefits .....		5.98	5.30
		322.11	173.17
<b>Cash Operating Profit Before Working Capital Changes....</b>		<b>1,395.45</b>	<b>1,489.12</b>
<b>Adjustments for:</b>			
Trade Receivables .....		(55.06)	(125.93)
Inventories .....		2.16	(1.88)
Non Current - Other financial Asset .....		(0.20)	5.22
Other Non-current Assets .....		(179.53)	(69.32)
Current-Other Financial Assets .....		22.59	(18.72)
Other current assets .....		(58.35)	(8.53)
Trade Payables .....		104.64	(13.95)
Current Liabilities -Other Financial Liabilities .....		66.50	(48.10)
Other Current Liabilities & Provisions .....		46.39	34.11
		(50.86)	(247.10)
Cash Generated from Operating Activities .....		1,344.59	1,242.02
Direct Taxes Paid .....		(260.00)	(270.00)
<b>Net Cash From Operating Activities (A) .....</b>		<b>1,084.59</b>	<b>972.02</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets .....		(319.51)	(420.88)
Sale of Fixed Assets.....		4.02	4.83
Short Term Inter Corporate Deposits Encashed/Placed .....		(500.00)	200.00
Interest Received .....		147.24	90.41
Bank Balances Not Considered as Cash and Cash Equivalents..		(529.07)	(491.30)
<b>Net Cash Used in Investing Activities (B) .....</b>		<b>(1,197.32)</b>	<b>(616.94)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend Paid (Including tax on dividend) .....		(312.93)	(312.93)
<b>Net Cash Used in Financing Activities (C).....</b>		<b>(312.93)</b>	<b>(312.93)</b>
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C).		(425.67)	42.15
Cash and Cash Equivalents - Opening - 1st April, 2016 .....		601.58	559.43
Cash and Cash Equivalents - Closing - 31st March, 2017.....		175.91	601.58

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 : 8th May, 2017  
Place: Mumbai

For and on behalf of the Board

**DR. ANANT NARAIN SINGH**  
Chairman  
DIN: 00114728

**ROHIT KHOSLA**  
Director  
DIN: 07163135

**VANIKA MAHAJAN**  
Company Secretary

**RAVI SHARMA**  
Chief Financial Officer

**BENARES HOTELS LIMITED**  
Forty Sixth Annual Report 2016-17

Statement of Changes in Equity as at 31st March, 2017

Particulars	Equity Share Capital Subscribed	Reserves and Surplus			Grand Total
		Capital Reserve	General Reserve	Retained Earnings	
Restated balance at the beginning of the reporting period (April 1, 2015)	130.00	0.86	2,167.22	2,935.41	5,233.49
Profit for the year ended March 31, 2016	—	—	—	847.88	847.88
Remeasurements of post employment benefit obligation, net of tax of ₹ 2.35 lakhs (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L))				(4.34)	(4.34)
<b>Total Comprehensive Income for the year ended March 31, 2016</b>	—	—	—	<b>843.54</b>	<b>843.54</b>
Dividends				(260.00)	(260.00)
Tax on Dividend				(52.93)	(52.93)
<b>Balance as at March 31, 2016</b>	<b>130.00</b>	<b>0.86</b>	<b>2,167.22</b>	<b>3,466.03</b>	<b>5,764.10</b>
Profit for the year ended March 31, 2017	—	—	—	681.69	681.69
Remeasurements of post employment benefit obligation, net of tax of ₹ 8.77 lakhs (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L))				(16.61)	(16.61)
<b>Total Comprehensive Income for the year ended March 31, 2017</b>	—	—	—	<b>665.08</b>	<b>665.08</b>
Dividends	—	—	—	(260.00)	(260.00)
Tax on Dividend				(52.93)	(52.93)
<b>Balance as at March 31, 2017</b>	<b>130.00</b>	<b>0.86</b>	<b>2,167.22</b>	<b>3,818.17</b>	<b>6,116.25</b>

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 : 8th May, 2017  
Place: Mumbai

For and on behalf of the Board

**DR. ANANT NARAIN SINGH** **ROHIT KHOSLA**  
Chairman Director  
DIN: 00114728 DIN: 07163135

**VANIKA MAHAJAN**  
Company Secretary

**RAVI SHARMA**  
Chief Financial Officer

# Notes to Financial Statements for the year ended March 31, 2017

## 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. In May, 2011, The Company became a subsidiary of The Indian Hotels Company Limited, a company promoted by Tata Sons Ltd.

The financial statements were approved by the Board of Directors and authorised for issue on 8th May, 2017.

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## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015. The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirement of previous GAAP, which includes accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These financial statements for the year ended March 31, 2017 are the first financial statements under Ind AS. The date of transition to Ind AS is April 1, 2015.

The Company has adopted all issued Ind AS standards, as applicable, and the adoption was carried out in accordance with Ind AS 101. The transition was carried out from the Indian GAAP which was the previous GAAP. An explanation of how the transition to Ind AS has affected the reported financial position and financial performance of the Company is provided in Note 24. This note includes reconciliations of equity and total comprehensive income for comparative years under Indian GAAP to those reported for those years under Ind AS.

Refer Note 24 for the details of first-time adoption exemptions availed by the Company.

### (b) Basis of preparation and presentation:

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

### (c) Critical accounting estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The

## Notes to Financial Statements for the year ended March 31, 2017

Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.
- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and there the tax charge in the statement of profit or loss.

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

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

### (d) Revenue recognition :

Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises sale of rooms, food and beverages and allied services relating to hotel operations.

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 from sales of goods or rendering of services is net of Indirect taxes, returns and discounts.

### Interest

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

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

- i. **Provident Fund:** The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of

## Notes to Financial Statements for the year ended March 31, 2017

employees' salary), which is recognised as an expense in the Statement of Profit and Loss during the year. The contributions as specified under the law are paid to the provident fund set up by the respective Regional Provident Fund Commissioner.

- ii. **Gratuity Fund:** The Company makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.
- iii. **Compensated Absences:** The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

### (f) **Property, Plant and Equipment:**

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

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

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

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

Depreciation is charged to profit or loss so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

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

<b>Class of Assets:</b>	<b>Estimated Useful Life</b>
Buildings	60 to 80 years
Plant and Equipment	10 to 20 years
Electrical Installation and Equipment	20 years
Hotel Wooden Furniture	15 years
End User devices Computers, Laptops etc	6 years

# BENARES HOTELS LIMITED

## Forty Sixth Annual Report 2016-17

### Notes to Financial Statements for the year ended March 31, 2017

Operating supplies (issued on opening of a new hotel property)	2 to 3 years
Assets costing less than ₹ 5000	4 years

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

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2015 (transition date ) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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

**(g) Intangible Assets:**

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

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

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

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

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

An intangible assets is derecognized on disposal, or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognized. For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(h) Impairment of assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

## Notes to Financial Statements for the year ended March 31, 2017

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

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

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

### (i) Foreign Currency Translation :

#### Initial Recognition

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

#### Subsequent Recognition

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

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

### (j) Non-current assets held for sale

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

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

### (k) Assets taken on lease:

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges

## Notes to Financial Statements for the year ended March 31, 2017

in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

**(l) 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 include the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

**(m) Income Taxes:**

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

**i. Current tax:**

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

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

**ii. Deferred tax :**

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

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

Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

## Notes to Financial Statements for the year ended March 31, 2017

enacted or substantively enacted by the Balance Sheet date.

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

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

### **(n) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

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

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

Contingent assets are not recognized in the financial statements.

### **(o) 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.

### **(p) Cash Flow Statement:**

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

### **(q) 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 including potential equity shares on compulsory convertible debentures. 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.

### **(r) Segment Reporting:**

The Company's business consists of its hotel operations only and hence no separate information for segment-wise disclosures is given.

## Notes to Financial Statements for the year ended March 31, 2017

### (s) Financial Instruments:

#### Financial Assets:

##### CLASSIFICATION

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

##### INITIAL RECOGNITION AND MEASUREMENT:

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

##### DERECOGNITION

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

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

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

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

##### IMPAIRMENT OF FINANCIAL ASSETS

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

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

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

# Notes to Financial Statements for the year ended March 31, 2017

## **Financial Liabilities**

### **CLASSIFICATION**

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

### **INITIAL RECOGNITION AND MEASUREMENT**

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

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

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

### **FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

### **GAINS OR LOSSES ON LIABILITIES HELD FOR TRADING ARE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS.**

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

### **DERECOGNITION**

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

### **OFFSETTING OF FINANCIAL INSTRUMENTS**

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

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Notes to Financial Statements for the year ended March 31, 2017

**NOTE 3: PROPERTY, PLANT AND EQUIPMENT (Owned, unless otherwise stated) ₹ Lakhs**

	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Total
<b>Cost (Refer Footnote (ii))</b>							
At April 1, 2015	13.05	2,463.46	1,431.07	297.15	54.74	0.16	4,259.64
Additions	–	33.64	153.85	16.87	9.55	–	213.91
Adjustment	–	–	–	–	–	–	–
Transition	–	–	–	–	–	–	–
Disposals	–	1.51	6.77	0.31	–	–	8.59
<b>At March 31, 2016</b>	<b>13.05</b>	<b>2,495.59</b>	<b>1,578.15</b>	<b>313.72</b>	<b>64.29</b>	<b>0.16</b>	<b>4,464.96</b>
Additions	–	83.29	114.74	23.58	–	–	221.60
Adjustments	–	–	–	–	–	–	–
Disposals	–	1.29	1.40	1.18	–	0.04	3.90
<b>At March 31, 2017</b>	<b>13.05</b>	<b>2,577.59</b>	<b>1,691.49</b>	<b>336.12</b>	<b>64.29</b>	<b>0.12</b>	<b>4,682.66</b>
<b>Depreciation (Refer Footnote (i))</b>							
At April 1, 2015	–	–	–	–	–	–	–
Charge for the year	–	52.74	141.55	40.92	14.88	–	250.09
Disposals	–	0.02	0.51	0.03	–	–	0.56
<b>At March 31, 2016</b>	<b>–</b>	<b>52.72</b>	<b>141.04</b>	<b>40.89</b>	<b>14.88</b>	<b>–</b>	<b>249.53</b>
Charge for the year (Refer Footnote (ii))	–	187.00	182.80	61.21	14.23	0.01	445.25
Disposals	–	0.04	0.06	0.47	–	0.01	0.58
<b>At March 31, 2017</b>	<b>–</b>	<b>239.68</b>	<b>323.78</b>	<b>101.62</b>	<b>29.11</b>	<b>0.00</b>	<b>694.20</b>
<b>Net Block</b>							
<b>At March 31, 2016</b>	<b>13.05</b>	<b>2,442.87</b>	<b>1,437.11</b>	<b>272.83</b>	<b>49.41</b>	<b>0.16</b>	<b>4,215.43</b>
<b>At March 31, 2017</b>	<b>13.05</b>	<b>2,337.91</b>	<b>1,367.71</b>	<b>234.49</b>	<b>35.18</b>	<b>0.12</b>	<b>3,988.46</b>

**Footnotes :**

- (i) On transition to Ind AS, carrying value of all the tangible assets under the previous GAAP is considered as the deemed cost under Ind AS. All accumulated depreciations were accordingly adjusted from the cost. Also refer Note 24 (ii).
- (ii) During the year, the company has charged accelerated depreciation amounting to Rs. 187.04 Lakhs in accordance with provisions of schedule II of the Companies Act, 2013, in respect of assets which have been identified to have a shorter useful life, considering factors such as planned renovation in near future or other factors.

**NOTE 4: INTANGIBLE ACCOUNTS (Acquired) ₹ Lakhs**

Cost (Refer Footnote (i))		Amortisation ((refer footnote (i))		Net Block	
At April 1, 2015	116.13	At April 1, 2015	–	At March 31, 2016	<u>125.04</u>
Additions	25.29	Charge of the year	16.38	At March 31, 2017	<u>116.48</u>
Disposals	–	Disposals	–		
<b>At March 31, 2016</b>	<b>141.42</b>	<b>At March 31, 2016</b>	<b>16.38</b>		
Additions	11.03	Charge of the year	19.59		
Adjustments	–	Disposals	–		
Disposals	–	<b>At March 31, 2017</b>	<b>35.97</b>		
<b>At March 31, 2017</b>	<b>152.45</b>				

**Footnote:**

- (I) On transition to Ind AS, carrying value of all the intangible assets under the previous GAAP is considered as the deemed cost under Ind AS. All accumulated depreciations were accordingly adjusted from the cost. Also refer Note 24 (ii).

## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 5: LOANS

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs	April 1, 2015 ₹ Lakhs
<b>Current:</b>			
Unsecured, considered good unless stated otherwise)			
Related Parties (Refer note 33)	1,000.00	500.00	700.00
Others .....	—	—	—
	<u>1,000.00</u>	<u>500.00</u>	<u>700.00</u>

### NOTE 6: OTHER FINANCIAL ASSETS

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs	April 1, 2015 ₹ Lakhs
<b>A) Non Current:</b>			
<b>Deposits with Public Bodies and Others at amortised costs</b>			
Public Bodies and Others .....	19.35	19.15	24.37
	<u>19.35</u>	<u>19.15</u>	<u>24.37</u>
<b>B) Current</b>			
<b>Deposits with Public Bodies and Others</b>			
Related Parties .....	—	—	—
Others .....	1.60	2.19	3.08
	<u>1.60</u>	<u>2.19</u>	<u>3.08</u>
<b>Other advances</b>			
Considered good .....	3.18	32.30	32.11
<b>Interest receivable</b>			
Related Parties .....	6.03	5.53	1.87
Bank Deposits .....	13.10	12.79	11.70
	<u>19.13</u>	<u>18.32</u>	<u>13.57</u>
<b>On Current Account dues :</b>			
Related Parties .....	47.95	36.14	30.32
Others .....	16.76	21.45	7.85
	<u>64.71</u>	<u>57.59</u>	<u>38.17</u>
	<u>88.62</u>	<u>110.40</u>	<u>86.93</u>

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Notes to Financial Statements for the year ended March 31, 2017

**NOTE 7: OTHER ASSETS**

	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
<b>A) Non Current:</b>			
Capital Advances .....	116.75	11.41	—
Export incentive receivable .....	50.16	22.68	—
Deposits with Government Authorities .....	25.97	25.00	20.00
	<u>192.88</u>	<u>59.09</u>	<u>20.00</u>
<b>B) Current</b>			
Prepaid Expenses .....	53.56	34.51	29.09
Indirect tax recoverable .....	21.98	13.63	19.24
Advance to Suppliers .....	44.04	13.13	3.81
Advance to Employees.....	0.22	0.18	0.78
	<u>119.80</u>	<u>61.45</u>	<u>52.92</u>

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

	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Food and Beverages .....	45.65	51.18	55.08
Stores and Operating Supplies .....	69.35	65.98	60.20
	<u>115.00</u>	<u>117.16</u>	<u>115.28</u>

**NOTE 9: TRADE AND OTHER RECEIVABLES**

	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
<b>(Unsecured) (Refer Footnote)</b>			
<b>Outstanding over six months from the date they were due for payment:</b>			
Considered good .....	57.24	59.99	18.07
Considered doubtful .....	14.43	14.40	17.82
	71.67	74.39	35.89
<b>Others :</b>			
Considered good .....	363.81	306.00	221.99
Considered doubtful .....	—	—	—
	363.81	306.00	221.99
Less : Provision for Debts doubtful of recovery			
Over Six Month.....	14.43	14.40	17.82
Others .....	—	—	—
	<u>14.43</u>	<u>14.40</u>	<u>17.82</u>
	<u>421.05</u>	<u>365.99</u>	<u>240.06</u>

## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 9: TRADE AND OTHER RECEIVABLES (Contd.)

Footnote:

i) Provision for Doubtful Debts

	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Opening Balance.....	14.40	17.82	17.82
Add: Provision during the year .....	4.34	2.22	—
	<u>18.74</u>	<u>20.04</u>	<u>17.82</u>
Less: Bad Debts written off against past provisions.....	1.22	5.64	—
Less: Reversal of provision no longer required.....	3.09	—	—
Closing Balance .....	<u>14.43</u>	<u>14.40</u>	<u>17.82</u>

### NOTE 10: CASH AND CASH EQUIVALENTS

	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Cash on hand .....	8.62	4.63	3.32
Balances with bank in current account .....	98.14	56.30	222.72
Balances with bank in call and short-term deposit accounts (original maturity less than 3 months) .....	69.15	540.65	333.39
	<u>175.91</u>	<u>601.58</u>	<u>559.43</u>

### NOTE 11 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Other Balances with banks			
Call and Short-term deposit accounts	1,010.97	487.00	—
Earmarked balances	45.67	40.57	36.27
	<u>1,056.64</u>	<u>527.57</u>	<u>36.27</u>

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Notes to Financial Statements for the year ended March 31, 2017

**NOTE 12 : SHARE CAPITAL**

	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
<b>Authorised Share Capital</b>			
Ordinary Shares			
15,00,000 (Previous Year- 15,00,000)			
Ordinary Shares of ₹ 10/- each.....	150.00	150.00	150.00
	<u>150.00</u>	<u>150.00</u>	<u>150.00</u>
<b>Issued Share Capital</b>			
13,00,000 (Previous Year- 13,00,000)			
Ordinary Shares of ₹ 10/- each .....	130.00	130.00	130.00
	<u>130.00</u>	<u>130.00</u>	<u>130.00</u>
<b>Subscribed and Paid Up</b>			
13,00,000 (Previous Year- 13,00,000)			
Ordinary Shares of ₹ 10/- each.....	130.00	130.00	130.00
[Refer Foot note (i)]	<u>130.00</u>	<u>130.00</u>	<u>130.00</u>

**Footnotes:**

(i) Shares held by Holding Company along with its subsidiaries and associate Companies  
(Total- 6,98,088 Shares, i.e. 53.70%)

	No of Shares March 31, 2017	No of Shares March 31, 2016	No of Shares April 1, 2015
<b>Name of the Company</b>			
<b>Holding Company</b>			
The Indian Hotels Co. Ltd .....	293,000	293,000	293,000
<b>Subsidiaries of Holding Company</b>			
TIFCO Holdings Limited .....	350,825	350,825	350,825
Piem Hotels Limited .....	54,063	54,063	54,063
Northern India Hotels Ltd. ....	150	150	150
<b>Associate of Holding Company</b>			
Oriental Hotels Limited	50	50	50
<b>(ii) Shareholders holding more than 5% shares in the Company :</b>			
The Indian Hotels Co. Ltd .....	293,000	293,000	293,000
% of Holding .....	22.54%	22.54%	22.54%
TIFCO Holdings Limited .....	350,825	350,825	350,825
% of Holding .....	26.99%	26.99%	26.99%

## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 13: OTHER EQUITY

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs	April 1, 2015 ₹ Lakhs
<b>A) Reserves &amp; Surplus</b>			
Capital Reserve .....	0.86	0.86	0.86
<b>General Reserve</b>			
Opening Balance .....	2,167.22	2,167.22	2,167.22
Less : Dividend /Tax on Dividend .....	—	—	—
<b>Closing Balance .....</b>	<b>2,167.22</b>	<b>2,167.22</b>	<b>2,167.22</b>
<b>Retained Earnings</b>			
Opening Balance .....	3,466.03	2,935.41	2,935.41
Add: Current year profits .....	665.08	843.54	—
Less : Final Dividend .....	(260.00)	(260.00)	—
Less : Tax on Dividend .....	(52.93)	(52.93)	—
<b>Closing Retained Earnings .....</b>	<b>3,818.17</b>	<b>3,466.03</b>	<b>2,935.41</b>
<b>Total .....</b>	<b>5,986.25</b>	<b>5,634.11</b>	<b>5,103.49</b>

### NOTE 14: PROVISIONS

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs	April 1, 2015 ₹ Lakhs
<b>A) Long Term Provisions</b>			
<b>Employee Benefit Obligation (Non-current)</b>			
Compensated absences .....	32.67	26.69	21.39
	<u>32.67</u>	<u>26.69</u>	<u>21.39</u>
<b>B) Short term provisions</b>			
<b>Employee Benefit Obligation (Current)</b>			
Compensated absences .....	5.47	6.47	4.79
Gratuity Trust Payable .....	37.03	17.03	—
<b>Total .....</b>	<b>42.50</b>	<b>23.50</b>	<b>4.79</b>

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Notes to Financial Statements for the year ended March 31, 2017

**NOTE 15: DEFERRED TAX LIABILITIES (Net)**

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs	April 1, 2015 ₹ Lakhs
<b>Deferred Tax Liabilities:</b>			
Property, Plant and equipment & Intangible Assets .....	842.41	921.76	372.46
<b>Total (A)</b> .....	<u>842.41</u>	<u>921.76</u>	<u>372.46</u>
<b>Deferred Tax Assets:</b>			
Provision for Employee Benefits .....	13.20	11.48	9.06
OCI- Defined Benefit Obligations .....	11.08	2.35	—
MAT Credit Entitlement .....	—	269.44	—
Provision for doubtful debts .....	4.99	4.98	6.17
Others .....	82.74	63.70	53.81
<b>Total (B)</b> .....	<u>112.02</u>	<u>351.95</u>	<u>69.04</u>
<b>Net Deferred Tax Liabilities (A-B)</b> .....	<u><u>730.39</u></u>	<u><u>569.80</u></u>	<u><u>303.41</u></u>

**NOTE 16: TRADE PAYABLES**

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs	April 1, 2015 ₹ Lakhs
Micro and Small Enterprises .....	—	—	—
Vendor Payables .....	197.82	138.51	223.66
Accrued expenses and others .....	297.97	252.64	181.44
	<u>495.79</u>	<u>391.15</u>	<u>405.10</u>

**Footnotes:**

- (i) The amount due to Micro and Small Enterprises as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.
- (ii) For related party balances refer Note 33.

**NOTE 17: OTHER FINANCIAL LIABILITIES**

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs	April 1, 2015 ₹ Lakhs
<b>Current financial liabilities</b>			
<b>Payables on Current Account dues :</b>			
Related Parties .....	1.28	3.28	0.96
Others .....	2.25	1.82	2.19
	<u>3.53</u>	<u>5.10</u>	<u>3.15</u>
<b>Deposits from others</b>			
Unsecured .....	34.25	37.25	35.31
	<u>34.25</u>	<u>37.25</u>	<u>35.31</u>
Creditors for capital expenditure .....	84.67	10.50	74.68
Unclaimed dividend .....	45.67	40.57	36.27
Employee related liabilities .....	61.16	72.95	66.16
Others .....	7.18	3.59	2.48
<b>Total</b> .....	<u><u>236.46</u></u>	<u><u>169.96</u></u>	<u><u>218.05</u></u>

## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 18: OTHER NON FINANCIAL LIABILITIES

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs	April 1, 2015 ₹ Lakhs
<b>Current</b>			
Income received in advance .....	0.60	—	—
Advances collected from customers .....	142.34	101.85	79.79
Statutory dues .....	78.48	66.84	66.80
	<u>221.42</u>	<u>168.69</u>	<u>146.59</u>

### NOTE 19: REVENUE FROM OPERATIONS

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs
Room Income, Food, Restaurants and Banquet Income .....	4,684.13	4,739.32
Shop rentals .....	65.45	58.41
Membership fees .....	0.87	—
Others.....	206.47	222.32
<b>Total.....</b>	<u>4,956.92</u>	<u>5,020.05</u>

### NOTE 20: OTHER INCOME

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs
<b>Interest Income from financial assets at amortised cost</b>		
Inter-corporate deposits		
Deposits with banks .....	57.15	39.71
Deposits with Related Parties .....	90.90	55.45
Others .....	—	—
<b>Total.....</b>	<u>148.05</u>	<u>95.16</u>
Profit on sale of assets (Net) .....	0.70	—
Others .....	7.95	7.67
<b>Total.....</b>	<u>156.70</u>	<u>102.83</u>

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Notes to Financial Statements for the year ended March 31, 2017

**NOTE 21: FOOD AND BEVERAGES CONSUMED**

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Opening Stock .....	51.18	55.08
Add Purchases .....	486.06	497.38
	537.24	552.46
Less: Closing Stock .....	45.65	51.18
Food and Beverage Consumed .....	491.59	501.28

	March 31, 2017		March 31, 2016	
	₹ Lakhs	%	₹ Lakhs	%
Imported .....	—	—	—	—
Indigenous .....	491.59	100.00	501.28	100.00
Total .....	491.59	100.00	501.28	100.00

**NOTE 22: EMPLOYEE BENEFIT EXPENSE AND PAYMENT TO CONTRACTORS**

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Salaries, Wages, Bonus etc .....	478.46	515.51
Company's Contribution to Provident and Other Funds .....	34.63	38.94
Reimbursement of Expenses on Personnel Deputed to the Company .....	158.54	163.27
Payment to Contractors .....	84.26	94.97
Staff Welfare Expenses .....	154.85	128.51
<b>Total</b> .....	<b>910.74</b>	<b>941.20</b>

**NOTE 23: OTHER OPERATING AND GENERAL EXPENSES**

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
<b>(i) Operating expenses consist of the following :</b>		
Linen and Room Supplies .....	70.11	54.64
Catering Supplies .....	30.16	30.55
Other Supplies .....	8.36	3.93
Fuel, Power and Light (Refer footnote (i)) .....	401.77	402.65
Repairs to Buildings .....	57.01	50.41
Repairs to Machinery .....	92.52	87.43
Repairs to Others .....	23.72	13.79
Garden Expenses .....	51.75	46.05
Linen and Uniform Washing and Laundry Expenses .....	66.70	63.94
Payment to Orchestra Artistes and Security Charges .....	47.84	46.05
Guest Transportation .....	52.31	52.56
Travel Agents' Commission .....	47.95	31.60
Discount to Collecting Agents .....	29.43	29.54
Other Operating Expenses .....	110.49	105.51
<b>Total</b> .....	<b>1,090.12</b>	<b>1,018.65</b>

## Notes to Financial Statements for the year ended March 31, 2017

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

	March 31, 2017		March 31, 2016	
	₹ Lakhs	%	₹ Lakhs	%
<b>Linen, Catering and Other Supplies Consumed</b>				
Imported .....	6.39	5.88	6.65	7.46
Indigenous .....	102.24	94.12	82.47	92.54
<b>Total</b> .....	<b>108.63</b>	<b>100.00</b>	<b>89.12</b>	<b>100.00</b>
	March 31, 2017		March 31, 2016	
	₹ Lakhs		₹ Lakhs	
<b>(ii) General expenses consist of the following :</b>				
Rent .....	19.50		28.73	
Licence Fees .....	34.67		35.11	
Rates and Taxes .....	98.29		96.90	
Insurance .....	10.99		10.33	
Advertising and Publicity .....	165.78		168.04	
Management Fee Expenses .....	337.02		350.64	
Reimbursable Fees Expenses- Corporate Services and CRS/ CIS .....	99.41		100.86	
Printing and Stationery .....	19.51		17.50	
Passage and Travelling .....	32.43		24.92	
Provision for Doubtful Debts/ Bad debts written off . (Refer Note 9) .....	4.91		2.22	
Expenditure on Corporate Social Responsibility .....	29.81		25.09	
Professional Fees .....	28.96		26.92	
Outsourced Support Services .....	18.24		15.90	
Exchange Loss (Net) .....	0.15		0.24	
Loss on Sale of Fixed Assets (Net) .....	—		3.21	
Payment made to Statutory Auditors [Refer Footnote (ii)] .....	4.10		4.18	
Director' Fees and Commission .....	47.90		48.57	
Other Expenses .....	131.31		120.00	
	<b>1,082.98</b>		<b>1,079.36</b>	
<b>Total</b> .....	<b>2,173.10</b>		<b>2,098.01</b>	
<b>Footnotes:</b>				
<b>(i) Expenditure recovered from other parties :</b>				
Fuel, Power and Light .....	14.65		14.53	
<b>Total</b> .....	<b>14.65</b>		<b>14.53</b>	
<b>(ii) Payment made to Statutory Auditors:</b>				
As auditors .....	2.50		2.50	
As tax auditors.....	1.00		1.30	
For other services .....	0.50		0.25	
For out-of pocket expenses .....	—		0.03	
Service tax on above [Net of credit availed] .....	0.10		0.10	
	<b>4.10</b>		<b>4.18</b>	

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## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 24: TRANSITION TO IND AS

In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). The exemptions and exceptions applied by the Company in accordance with Ind AS 101 'First-time Adoption of Indian Accounting Standards' along with the reconciliations of equity, total comprehensive income and cash flows in accordance with Previous GAAP to Ind AS are explained below.

#### Exemptions from retrospective application:

The Company has applied the following exemptions:

**i. Business combinations exemption**

The Company has elected not to apply Ind AS 103, Business Combinations, to business combinations occurred before the transition date.

**ii. Property, plant and equipment, investment properties and intangible assets Deemed Cost**

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities included in the cost of property, plant and equipment (para D7AA of Appendix D). This exemption can also be used for intangible assets covered by Ind AS 38 'Intangible Assets' and investment property covered by Ind AS 40 'Investment Properties'.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

**iii. Cumulative translation differences exemption**

The Company has elected to set all the cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

#### Reconciliations between Previous GAAP and Ind AS:

i. Equity Reconciliations	Notes	March 31, 2016 ₹ Lakhs	April 1, 2015 ₹ Lakhs
Equity under Previous GAAP .....		5436.20	4920.57
<b>Adjustment on account of transition</b>			
Accrued Incentives on Foreign Exchange Earnings .....	(a)	22.68	—
Proposed dividend (including tax on dividend) reversed .....	(b)	312.93	312.93
Tax adjustments .....	(c)	(7.71)	—
<b>Equity under Ind AS .....</b>		<b><u>5764.10</u></b>	<b><u>5233.49</u></b>

## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 24: TRANSITION TO IND AS (Contd.)

#### ii. Total Comprehensive Income Reconciliations

	Notes	March 31, 2016
Profit after tax under previous GAAP .....		828.57
<b>Adjustments on account of transition</b>		
Accrued Incentives on Foreign Exchange Earnings.....	(a)	22.68
Measurement of Defined benefits obligation grouped under OCI .....	(b)	6.68
Tax adjustments .....	(c)	(10.06)
<b>Profit after tax under Ind AS .....</b>		<b>847.88</b>
Other comprehensive income .....	(d)	(4.34)
<b>Total comprehensive income as per Ind AS .....</b>		<b>843.54</b>

#### Footnotes:

- Under Ind AS, certain items of income and expense that are not recognised in profit or loss but shown in the statement of profit or loss as 'other comprehensive income' includes remeasurement of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.
- Under Ind AS, the company has recognised the value of license to be received under the Services Exports from India Scheme (SEIS) on accrued basis which were earlier being accounted on utilisation basis in previous GAAP in erstwhile Served from India Scheme (SFIS).
- Current and Deferred tax have been recognised on the adjustments made on transition to Ind AS.
- Other Comprehensive Incomes represent the impact of remeasurements of post employment benefit obligation, net of tax of ₹ 2.35 lakhs (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)

### NOTE 25: TAX DISCLOSURES

#### i Income Tax recognised in Profit or Loss

Particulars	₹ Lakhs	
	March 31, 2017	March 31, 2016
<b>Current Tax</b>		
In respect of the current year .....	482.24	346.46
In respect of earlier years		
Resulting from reversal of current tax for earlier years due to deduction claimed under Section 35 AD of Income Tax .....	—	(147.13)
Other demands and tax paid for earlier years .....	9.53	—
	491.77	199.33
<b>Deferred Tax</b>		
In respect of the current year		
Set off of carried forward losses (unabsorbed deduction u/s 35AD) .....	—	153.18
Other items .....	(100.12)	(36.58)
In respect of earlier year		
Resulting from timing difference in value of PPE due to claim of Income Tax deductions under Section 35AD for earlier year.	—	421.57
MAT Credit .....	—	(269.43)
<b>Total tax expense recognised in the current year relating to continuing operations</b>	<b>391.65</b>	<b>468.07</b>

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Notes to Financial Statements for the year ended March 31, 2017

**NOTE 25: TAX DISCLOSURES (Contd.)**

ii) Reconciliation of tax expense with the effective tax:

Particulars	March 31, 2017	March 31, 2016
Profit before tax from continuing operations (a) .....	1073.34	1315.95
Income tax rate as applicable (b) .....	34.61%	34.61%
Calculated taxes based on above, without any adjustments for deductions [(a) x (b)] .....	371.46	455.14
<b>Permanent tax differences due to:</b>		
Effect of expenses that are not deductible in determining taxable profit .....	10.66	7.92
	<b>382.15</b>	<b>463.06</b>
Prior year taxes) .....	9.53	5.01
<b>Income tax expense recognised in profit or loss (relating to continuing operations) .....</b>	<b>391.65</b>	<b>468.07</b>

iii) Income Tax recognised in other comprehensive Income:

₹ Lakhs

Particulars	March 31, 2017	March 31, 2016
<b>Deferred Tax</b>		
(a) Arising on income and expenses recognised in other comprehensive income .....		
Remeasurement of defined benefit obligation .....	(8.77)	(2.35)

iv) Reconciliation of deferred Tax Asset and Deferred Tax Liability

₹ Lakhs

March 31, 2017	Opening Balance	Recognised in profit and loss	Recognised in other Comprehensive Income	Closing Balance
<b>Deferred tax liabilities/ assets in relation to:</b>				
Property, Plant and equipment & Intangible Assets	921.76	(79.35)	—	842.41
Provision for Employee Benefits .....	(11.48)	(1.72)	—	(13.20)
MAT Credit Entitlement* .....	(269.44)	—	—	—
Provisions for Defined benefit obligations .....	(2.35)	—	(8.73)	(11.08)
Others (Expenses disallowed to be allowed in future) .....	(68.69)	(19.05)	—	(87.74)
<b>Net Deferred Tax Liability .....</b>	<b>569.80</b>	<b>(100.12)</b>	<b>(8.73)</b>	<b>730.39</b>

\* Opening MAT credit has been fully adjusted against the provisions for Current year Tax liability, in accordance with the provisions of Income Tax Act.

## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 25: TAX DISCLOSURES (Contd.)

₹ Lakhs

March 31, 2016	Opening Balance	Recognised in profit or loss	Recognised in other Comprehensive Income	Closing Balance
Property, Plant and equipment & Intangible Assets .....	372.46	549.30	—	921.76
Provision for Employee Benefits .....	(9.06)	(2.42)	—	(11.48)
MAT Credit Entitlement [refer footnote (a)] .....	—	(269.44)	—	(269.44)
Provisions for Defined benefit obligations .....	—	—	(2.35)	(2.35)
Others (Expenses disallowed to be allowed in future).....	(59.98)	(8.71)	—	(68.69)
<b>Net Deferred Tax Liability .....</b>	<b>303.41</b>	<b>268.74</b>	<b>(2.35)</b>	<b>569.80</b>

#### Footnote:

a) MAT credit forms part of deferred tax as per definition of 'Deferred tax assets' under para 5 of Ind AS 12.

### NOTE 26: OPERATING LEASE

The Company has taken certain vehicle, land and immovable properties on operating lease. These leases have varying terms, escalation clauses and renewal rights. The total lease rent paid on the same is included under Rent and Licence Fees forming part of Other Expenses (Refer note no 23 (ii)). The minimum future lease rentals payable in respect of non-cancellable leases entered into by the Company to the extent of minimum guarantee amount are as follows:

Particulars	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs
Not later than one year .....	28.07	27.22
Later than one year but not later than five years .....	106.07	106.95
Later than five years .....	318.75	345.95
Total.....	<u>452.89</u>	<u>480.12</u>

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

#### a) On account of Income Tax matters in dispute:

- In respect of matters which had been decided in the Company's favour earlier by both CIT-A and ITAT, but now the Hon'ble Allahabad High Court has referred the case back to CIT-A for reconsideration of the facts involved - ₹167.97 Lakhs (previous year - ₹ 127.97 Lakhs).
- In respect of other matters for which Company's appeals are pending with appellate authorities against the order of the assessing officer - ₹ 12.79 Lakhs (previous year - ₹ 28.90 Lakhs)

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

- Service Tax - ₹ 28.78 Lakhs (previous year - ₹ 19.08 Lakhs)
- Sales tax - ₹ 39.19 Lakhs (previous year - ₹ 36.27 Lakhs)
- Others - ₹ 1.21 (previous year - ₹ 3.45 Lakhs)

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## Notes to Financial Statements for the year ended March 31, 2017

**NOTE 28: CAPITAL COMMITMENTS:**

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹ 547.25 Lakhs (Previous year - ₹ 39.65 Lakhs).

**NOTE 29: VALUE OF IMPORTS**

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Stores, Supplies and Spare Parts for Machinery .....	6.39	6.65
Value of Imports (CIF) Capital Imports .....	35.92	31.55

**NOTE 30: EXPENDITURE IN FOREIGN CURRENCY**

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Professional and Consultancy Fees .....	16.24	17.31
Other Expenditure in Foreign Currency .....	48.98	27.19

**NOTE 31: EARNINGS IN FOREIGN EXCHANGE**

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Earnings in Foreign Exchange .....	999.27	1084.76

(As certified by the Management and verified by the Auditors)

**NOTE 32: SEGMENT REPORTING**

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

**NOTE 33: RELATED PARTY DISCLOSURES**

(a) As per Ind AS 24, "Related Parties Disclosure" notified by the Companies (Accounting Standards) Rules 2006 the following are the key categories of Related Parties:

- i. Holding Company- The Indian Hotels Company Limited
- ii. Associate & Joint Ventures of the Holding Company- 15 Entities
- iii. Fellow Subsidiary Companies- 31 Entities
- iv. Associate and joint venture of above fellow Subsidiaries- 12 Entities
- v. Entity having Significant Influence- Tata Sons Limited
- vi. Subsidiaries/ Joint venture of Tata Sons Limited- 247 Entities
- vii. Post-employment benefit plan entity for the benefit of employees of company- Hotel Taj Ganges Employee Gratuity Trust.
- viii. Entities in which directors of the company are interested- 34 Entities
- ix. Company Directors and Relatives- 61 persons
- x. Company KMP and Relatives- 17 persons
- xi. Holding Company Directors, KMP and their Relatives- 120 persons
- xii. Entities controlled / jointly controlled by the KMP of Holding company-Business Jets India Pvt Ltd

## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 33: RELATED PARTY DISCLOSURES (Contd.)

#### (b) Details of related party transactions during the year ended March 31, 2017

(Note: Figures within brackets below each figure pertain to previous year)

Particulars	Holding Company	Fellow Subsidiaries/ Companies/ Associates of Holding	Entity with Significant Influence or their subsidiaries/ Joint ventures	KMP	Directors/ Entities related to directors
	Lakhs	Lakhs	Lakhs	Lakhs	Lakhs
Interest received/accrued .....	-	<b>36.59</b> (0.30)	<b>54.37</b> (55.15)	-	-
Operating / Management fees .....	<b>330.18</b> (343.25)	-	-	-	-
Fee Paid for Other Services .....	<b>219.33</b> (222.45)	-	<b>20.75</b> (18.58)	-	-
Deputed Staff Salaries/Inner circle reimbursements	<b>145.90</b> (153.62)	<b>4.89</b> (-)	<b>21.93</b> (6.63)	-	-
Miscellaneous Expenses.....	<b>1.32</b> (-)	-	-	-	-
License Fee paid .....	-	-	-	-	<b>27.42</b> (27.89)
Rooms/Other Operating Incomes .....	-	-	<b>10.01</b> (9.44)	-	-
Other Income Earned .....	-	-	<b>5.09</b> (4.55)	-	-
ICD Placed during the year .....	-	<b>500.00</b> (-)	-	-	-
ICD Encashed during the year .....	-	-	-	-	-
Remuneration Paid / Payable.....	-	-	-	<b>60.46</b> (53.77)	-
<b><u>Balances outstanding at the end of the year</u></b>					
Current Account Receivables .....	<b>44.33</b> (36.13)	<b>3.04</b> -	<b>0.58</b> (-)	-	-
Current Account/ Trade Payables.....	-	<b>1.27</b> (-)	<b>2.46</b> (3.28)	-	-
ICD Receivable.....	-	<b>500.00</b> (-)	<b>500.00</b> (500.00)	-	-
Interest Receivable .....	-	<b>0.39</b> (-)	<b>5.64</b> (5.53)	-	-

**BENARES HOTELS LIMITED**  
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Notes to Financial Statements for the year ended March 31, 2017

**NOTE 33: RELATED PARTY DISCLOSURES (Contd.)**

(c) Statement of Material Transactions

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs
<b>Holding Company</b>	As per note	As per note
<b>The Indian Hotels Company Limited</b>	33 (b) above	33(b) above
<b>Fellow Subsidiary Company</b>		
<b>Roots Corporation Limited</b>		
Interest Received/ Accrued.....	36.59	0.30
ICD placed during the year .....	500.00	—
ICD encashed during the year .....	—	200.00
<b>Subsidiary of Entity having Significant Influence (Tata Sons Ltd)</b>		
<b>Taj Air Limited</b>		
Interest Received/ Accrued .....	54.37	55.15
ICD placed during the year .....	—	500.00
ICD encashed during the year .....	—	—
<b>Tata Consultancy Services</b>		
Fee for Outsourced Support Services .....	20.75	18.58
<b>Directors and Entities controlled by Director</b>		
<b>License Fee paid for Leasehold Land and Building</b>		
<b>Dr. Anant Narain Singh (Chairman-BHL) .....</b>	13.71	13.94
<b>Companies/ Trust Controlled by</b>		
<b>Dr Anant Narain Singh</b>		
<b>Maharaja Prabhu Narain Physical Cultural trust</b>	3.43	3.49
<b>Aditya Dairies Pvt Ltd .....</b>	6.86	6.97
<b>Ananta Electric Lamp Works Pvt Ltd .....</b>	3.49	3.49

**NOTE 34: 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, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs
<b>Provident Fund .....</b>	31.16	27.46

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

**Funded : Post Retirement Gratuity**

## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 34: EMPLOYEE BENEFITS (Contd.)

#### (c) Defined Benefit Plans (Gratuity) As per Actuarial Valuation on March 31, 2017 :-

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

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Present Value of Funded Obligations .....	163.94	146.58
Fair Value of Plan Assets .....	126.91	128.22
Net (asset) / Liability .....	37.03	18.36

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

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Current Service Cost .....	10.44	10.80
Interest on Net Defined Benefit Liability .....	1.24	0.44
Total .....	11.69	11.25

##### (iii) Amount recorded in Other Comprehensive Income

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Changes in financial assumptions .....	12.28	(10.05)
Experience Adjustments .....	12.69	18.64
Actual return on plan assets less interest on plan assets .....	0.37	(1.90)
Total .....	25.34	6.69

##### (iv) Reconciliation of Net Liability/ Asset

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Opening Net Benefit Liability.....	18.36	5.63
Expense charged to profit and loss .....	11.69	11.25
Amount recognized outside profit and loss .....	25.33	6.68
Employer Contribution .....	(18.36)	(5.21)
Closing Net Defined Benefit Liability/ (Asset).....	37.03	18.36

##### (v) Reconciliation of Defined Benefit Obligation

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Opening Defined Benefit Obligation .....	146.58	140.64
Current Service Cost .....	10.45	10.80
Interest on defined benefit obligation .....	10.86	10.61
Actuarial Losses / (Gain) arising from change in financial assumptions .....	12.28	(10.04)
Actuarial Losses / (Gain) arising on account of experience adjustments .....	12.69	18.64
Benefits Paid .....	(28.91)	(24.07)
Closing Defined Benefit Obligation .....	163.94	146.58

**BENARES HOTELS LIMITED**  
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Notes to Financial Statements for the year ended March 31, 2017

**NOTE 34: EMPLOYEE BENEFITS (Contd.)**

**(vi) Reconciliation of Fair Value of Plan Assets**

	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Opening Fair Value of Plan Assets .....	128.22	135.00
Employer Contribution .....	18.35	5.21
Interest on plan assets .....	9.61	10.16
Re-measurements due to Actual return on plan assets less interest .....	(0.37)	1.90
Benefits Paid .....	(28.91)	(24.07)
Closing Fair Value of Plan Assets .....	126.91	128.22

**(vii) Description of Plan Assets**

	March 31, 2017	March 31, 2016
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%

**(viii) Actuarial Assumptions**

	March 31, 2017	March 31, 2016
Discount rate (p.a.) .....	7.30%	7.85%
Salary Escalation Rate (p.a.) .....	Staff- 4.00%	4.00%
	Executive-5.00%	4.00%

## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 35: FINANCIAL INSTRUMENTS

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

#### a. Financial assets and liabilities

The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

	Fair value through profit or loss ₹ Lakhs	Fair value through other comprehensive income ₹ Lakhs	Amortised cost ₹ Lakhs	Total carrying value ₹ Lakhs
<b>Financial assets:</b>				
Cash and cash equivalents .....	—	—	175.91	175.91
Trade Receivables .....	—	—	421.05	421.05
Bank Balances Other than Cash and Cash Equivalents .....	—	—	1056.64	1056.64
Loans & Advances .....	—	—	1000.00	1000.00
Other financial assets .....	—	—	107.96	107.96
<b>Total</b> .....	<u>—</u>	<u>—</u>	<u>2761.56</u>	<u>2761.56</u>
<b>Financial liabilities:</b>				
Trade Payables including capital creditors .....	—	—	495.79	495.79
Other financial liabilities .....	—	—	236.46	236.46
<b>Total</b> .....	<u>—</u>	<u>—</u>	<u>732.25</u>	<u>732.25</u>

The carrying value of financial instruments by categories as of April 1, 2016 is as follows:

	Fair value through profit or loss ₹ Lakhs	Fair value through other comprehensive income ₹ Lakhs	Amortised cost ₹ Lakhs	Total carrying value ₹ Lakhs
<b>Financial assets:</b>				
Cash and cash equivalents .....	—	—	601.58	601.58
Trade Receivables .....	—	—	365.99	365.99
Bank Balances Other than Cash and Cash Equivalents .....	—	—	527.57	527.57
Loans & Advances .....	—	—	500.00	500.00
Other financial assets .....	—	—	129.55	129.55
<b>Total</b> .....	<u>—</u>	<u>—</u>	<u>2124.69</u>	<u>2124.69</u>

**BENARES HOTELS LIMITED**  
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## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 35: FINANCIAL INSTRUMENTS (Contd.)

**Financial liabilities:**

Trade Payables including capital creditors .....	—	—	391.15	391.15
Other financial liabilities .....	—	—	169.96	169.96
<b>Total</b> .....	<u>—</u>	<u>—</u>	<u>561.11</u>	<u>561.11</u>

**Footnote:**

**(a) Financial risk management:**

The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The management assesses the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

**i. Market risk**

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

**ii. Credit risk**

Credit risk is the risk of financial loss arising from counter party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

BHL's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding accounts receivable and unbilled revenue as of March 31, 2017 and April 1, 2016.

**Financial assets that are neither past due nor impaired**

Cash and cash equivalents, financial assets carried at fair value and interest-bearing deposits with corporates are neither past due nor impaired. Cash and cash equivalents with banks and interest-bearing deposits placed with corporates, which have high credit-rating assigned by international and domestic credit-rating agencies. Trade receivables and other financial assets that are past due but not impaired, there were no indications as of March 31, 2017, that defaults in payment obligations will occur except as described in note 9 on allowances for impairment of trade receivables. The Company does not hold any collateral for trade receivables and other financial assets. Trade receivables and other financial assets that are neither past due nor impaired relate to new and existing customers and counter parties with no significant defaults in past.

**iii. Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

March 31, 2017	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
<b>Non-derivative financial liabilities:</b>					
Trade and other payables .....	553.72	—	—	—	553.72
Other financial liabilities .....	178.53	—	—	—	178.53
<b>Total</b> ... ..	<u>732.25</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>732.25</u>

## Notes to Financial Statements for the year ended March 31, 2017

### NOTE 35: FINANCIAL INSTRUMENTS (Contd.)

April 1, 2016	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
<b>Non-derivative financial liabilities:</b>					
Trade and other payables .....	391.15	—	—	—	391.15
Other financial liabilities .....	169.96	—	—	—	169.96
<b>Total.....</b>	<b>561.11</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>561.11</b>

### NOTE 36: SPECIFIED BANK NOTES

As required by MCA notification dated 30th March, 2017 and amendment to Schedule III of the Companies Act, 2013, the detail of Specified Bank Notes ("SBN") held and transacted during the period 08/11/2016 to 30/12/2016 is furnished as below.

	SBN's ₹ Lakhs	Other Dominated Notes ₹ Lakhs	Total ₹ Lakhs
Closing cash in hand as on 08.11.2016 .....	9.72	3.32	13.04
(+) Permitted receipts .....	—	58.78	58.78
(-) Permitted payments .....	—	(9.64)	(9.64)
(-) Amount deposited in Banks .....	(9.72)	(45.18)	(54.90)
Closing cash in hand as on 30.12.2016 .....	<u>—</u>	<u>7.28</u>	<u>7.28</u>

For the above purpose, 'SBN' means the bank notes of denominations of the old series of the value of five hundred rupees and one thousand rupees which ceased to be legal tender through the Ministry of Finance, Department of Economic Affairs Notification, dated 8th November, 2016.

### NOTE 37: EARNINGS PER SHARE (EPS)

Earnings Per Share is calculated in accordance with Ind AS 33 - Earning Per Share as follows:

	March 31, 2017 ₹ Lakhs	March 31, 2016 ₹ Lakhs
Profit after tax (₹ Lakhs).....	681.69	847.88
Number of Ordinary Shares .....	13,00,000	13,00,000
Weighted Average Number of Ordinary Shares .....	13,00,000	13,00,000
Face Value per Ordinary Share (₹) .....	10.00	10.00
Earnings Per Share (₹) Basic and Diluted .....	52.44	65.22

**BENARES HOTELS LIMITED**  
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**Notes to Financial Statements for the year ended March 31, 2017**

**NOTE 38: DIVIDENDS**

Dividends paid during fiscal 2017 include an amount of INR 260 Lakhs @ ₹20/- per equity share towards dividend for fiscal 2016. Dividends paid during fiscal 2016 include an amount of INR 260 Lakhs @ ₹20/- per equity share towards dividend for fiscal 2015.

The dividends declared by Benares Hotels Limited are in Indian Rupees and are based on the profits available for distribution as reported in the statutory financial statements of Benares Hotels Limited. Subsequent to March 31, 2017, the Board of Directors of Benares Hotels Limited have proposed a dividend of ₹195 Lakhs (₹15 per share) in respect of fiscal 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately INR 234.70 Lakhs, inclusive of corporate dividend tax of INR 39.70 Lakhs. Remittance of dividend within India is exempt from tax in the hands of shareholders.

**Additional disclosure for Share Capital**

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

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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 : 8th May, 2017  
Place: Mumbai

For and on behalf of the Board

**DR. ANANT NARAIN SINGH** **ROHIT KHOSLA**  
Chairman Director  
DIN: 00114728 DIN: 07163135

**VANIKA MAHAJAN**  
Company Secretary

**RAVI SHARMA**  
Chief Financial Officer

# 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	—	936.29	776.22	55.17	104.90	32.50	72.40	(25.10)	97.50	—	75%
2002-03	130.00	1,124.68	12.97	145.08	1,411.13	876.48	—	1,104.34	857.04	64.77	182.54	53.92	128.62	18.62	97.50	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	3,331.83	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	—	3,984.62	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%
2016-17	130.00	5,986.25	—	730.39	4,835.11	4,104.14	—	5,113.62	3,575.43	464.85	1,073.34	391.65	681.69	680.05	195.00	39.70	150%

**BENARES HOTELS LIMITED**

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

**PROXY FORM**

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

Name of the Member(s) : .....

Registered Address : .....

E-mail Id : .....

Folio No./Client ID No. : .....

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

1. Name : ..... E-mail Id : .....

Address : .....

Signature : ....., or failing him/her

2. Name : ..... E-mail Id : .....

Address : .....

Signature : ....., or failing him/her

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 Sixth Annual General Meeting of the Company, to be held on Thursday, August 3, 2017 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 Financial Statements, Report of Board of Directors and Auditors for the year ended March 31, 2017	Ordinary		
2	Declaration of Dividend	Ordinary		
3	Reappointment of Mr. Rohit Khosla (DIN: 07163135) as a Director of the Company.	Ordinary		
4	Appointment of the Auditors of the Company.	Ordinary		
5	Appointment of Mr. Moiz Miyajiwala as an Independent Director of the Company	Ordinary		

Signed this ..... day of ..... 2017

Signature of Member.....

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



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

Taj Nadesar Palace, Varanasi





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