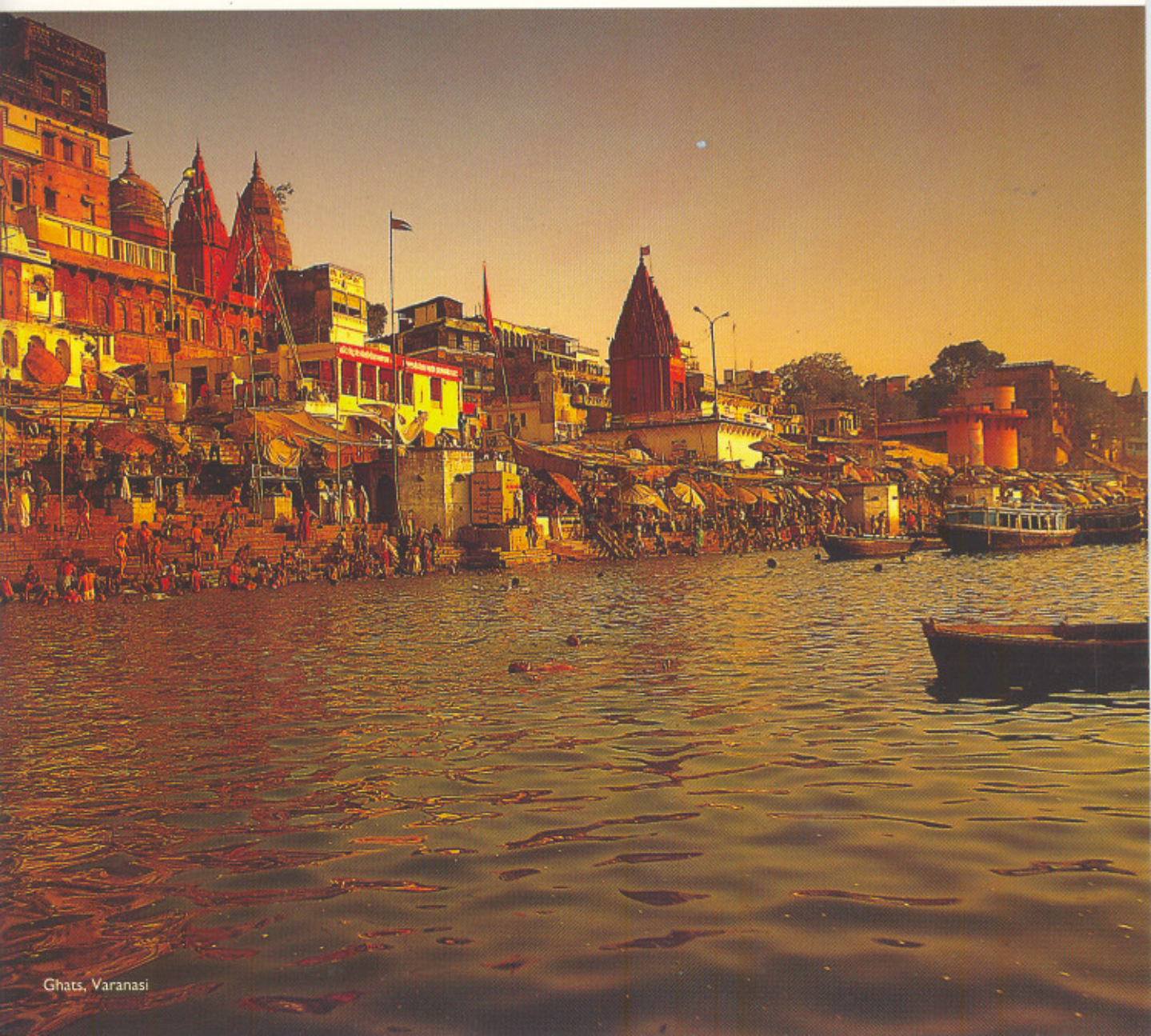


BENARES HOTELS LIMITED
36th Annual Report 2006-07





Lobby, Taj Ganges, Varanasi

Corporate Information

Board of Directors

DR. ANANT NARAIN SINGH
(Chairman)

RAYMOND N. BICKSON

SHRIRAMAN

RUKMANI DEVI

A. R. GANDHI

B. L. PASSI

D. BAJPAI

JYOTI NARANG

DEEPA MISRA HARRIS

Company Secretary

P. K. Bhatia

Auditors

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

Registered Office

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

Registrar and Share Transfer Agent

The Indian Hotels Company Limited
Mandlik House, Mandlik Road
Mumbai - 400001
Phone : 022-66395515
Fax : 022-22027442
Email : shares.dept@tajhotels.com

Shares Listed at

BOMBAY STOCK EXCHANGE LIMITED

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai - 400 001

THE DELHI STOCK EXCHANGE ASSOCIATION LTD.

3/1, Stock Exchange Building

Asaf Ali Road

New Delhi - 110 002

THE UTTAR PRADESH STOCK EXCHANGE ASSOCIATION LTD.

Padam Towers

14/113, Civil Lines

Kanpur - 208 001

BENARES HOTELS LIMITED
Thirty Sixth Annual Report 2006-07

HIGHLIGHTS	2006-07 (Rs. Lacs)	2005-06 (Rs. Lacs)
Gross Revenue	1,943.33	1,574.94
Profit Before Tax	586.90	436.33
Profit After Tax	386.73	289.08
Dividend	130.00	110.50
Retained Earnings	321.30	230.64
Funds Employed	2,039.23	1,788.81
Net Worth	1,862.48	1,627.84
Debt : Equity Ratio	0.00:1	0.00:1
Net Worth Per Equity Share (Rs. 10/- each)	Rs. 143.27	Rs. 125.22
Earnings (EAT) Per Equity Share (Rs. 10/- each)	Rs. 29.75	Rs. 22.24
Dividend Per Equity Share (Rs. 10/- each)	Rs. 10.00	Rs. 8.50
	100%	85%

Notice to the Members

Notice is hereby given that the Thirty Sixth Annual General Meeting of the Members of BENARES HOTELS LIMITED will be held at the Registered Office of the Company at Nadesar Palace Compound, Varanasi-221 002, on Wednesday, 12th September 2007 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. A. R. Gandhi who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. B. L. Passi who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Ms. Deepa Misra Harris, who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

7. Commission to Directors

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

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding three per cent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the

Company for each year for a period of five years commencing 1st April, 2006."

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

NOTES

- (a) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 7 and 8 is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED TO THE COMPANY, DULY COMPLETED, NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
- (c) The Company has appointed The Indian Hotels Company Limited as its Registrar & Share Transfer Agent with effect from 1st June, 2007. The Members are requested to correspond with The Indian Hotels Company Limited, Mandlik House, Mandlik Road, Mumbai 400 001, for change of address, transfer, demat and other share related matters.
- (d) Members are requested to intimate to the Company, changes, if any, in their registered address alongwith Pin Code Number. Members whose shareholding is in demat form are requested to send the intimation for change of address to their respective Depository Participant(s).
- (e) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 30th August, 2007 to

BENARES HOTELS LIMITED
Thirty Sixth Annual Report 2006-07

Wednesday, 12th September, 2007 (both days inclusive).

- (f) The dividend as recommended by the Directors for the year ended 31st March, 2007, if passed at the meeting, will be made payable on or after Saturday, 22nd September, 2007 to those members whose names appear on the Register of Members of the Company on Thursday, 30th August, 2007. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of the shares whose names appear in the statement of Beneficial Ownership furnished by the Depositories as at the end of business hours on 29th August, 2007.
- (g) Members who are holding shares in identical order of names in more than one folio are requested to write to the Company for consolidating their holding in one folio.
- (h) Pursuant to Section 205C of the Companies Act, 1956, all unclaimed/unpaid dividends for a period of 7 years from the date of transfer to the 'Unpaid Dividend Account' are

required to be transferred by the Company to the "Investor Education and Protection Fund" established by the Central Government. Accordingly, the unclaimed dividend paid up to the financial year ended 31st March, 2000, has been transferred by the Company to the said Fund.

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

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

P. K. BHATIA
Company Secretary

Place : Mumbai

Date : 1st June, 2007

Explanatory Statement

Pursuant to Section 173 of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to the business under Item No. 7 and 8 mentioned in the accompanying Notice dated 1st June, 2007.

Item No. 7

At the Annual General Meeting held on 12th September, 2001, the shareholders had passed the Special Resolution approving the payment of commission to the Directors equivalent to the amount not exceeding 3% per annum of the net profit of the Company for a period of 5 years commencing from 1st April, 2001. The said five years have expired on 31st March, 2006.

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

All the Directors of the Company are concerned or interested in the resolution mentioned in item No. 7 of the Notice to the extent of the amount that may be received by them.

Item No. 8

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

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

P. K. BHATIA
Company Secretary

Place : Mumbai

Date : 1st June, 2007

Directors' Report to the Members

The Directors hereby present the Thirty Sixth Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2007.

OPERATING AND FINANCIAL RESULTS	2006-07	2005-06
	(Rs./Lacs)	(Rs./Lacs)
Income	1,943.33	1,574.94
Gross Profit for the year	673.56	503.89
Less: Depreciation	86.66	67.56
Profit before tax	586.90	436.33
Less: Provision for tax		
- Current Tax	190.70	144.00
- Deferred Tax	7.07	0.96
- Fringe Benefit Tax	2.40	2.29
Net Profit	386.73	289.08
Add: Balance brought forward from previous year	297.76	169.68
Balance available for appropriations	684.49	458.76

APPROPRIATIONS :

(a) A dividend @ 100% i.e. Rs. 10.00 per equity share (previous year 85% i.e. Rs. 8.50 per equity share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting to be held on Wednesday, 12th September, 2007 will be paid out of the provision for dividend	130.00	110.50
(b) Tax on Dividend	22.09	15.50
(c) Amount transferred to General Reserve	45.00	35.00
(d) Balance carried forward	487.40	297.76

OPERATIONS

The renovation and refurbishment of the rooms in the Hotel coupled with the positive growth in the tourism sector helped the Company in achieving a significantly improved performance over the previous year. The Directors hope that the Company shall further improve its performance in the coming years.

DIVIDEND

Your Directors recommend the payment of dividend @ 100% (previous year dividend @ 85%) per equity share involving distribution of Rs. 130.00 lacs.

SECRETARIAL COMPLIANCE

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

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

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

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

DIRECTORS

During the year under report, Mr. Digvijay Chand ceased to be an Alternate Director to Mrs. Rukmani Devi w.e.f. 7th August, 2006 and was appointed as an Alternate Director to Mrs. Rukmani Devi on 30th October, 2006. He again ceased to be her Alternate w.e.f. 24th January, 2007.

In accordance with the Companies Act, 1956 and the Articles of Association of the Company Mr. A. R. Gandhi, Mr. B. L. Passi and Ms. Deepa Misra Harris, Directors of the Company are liable to retire by rotation and being eligible seek reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

Company as at March 31, 2007 and of the profit of the Company for that period;

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

AUDITORS

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

DR. ANANT NARAIN SINGH
Chairman

Place : Mumbai
Date : 1st June, 2007

ANNEXURE TO DIRECTORS' REPORT

Compliance Certificate

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

We have examined the registers, records, books and papers of Benares Hotels Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2007. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, we certify that in respect of the aforesaid financial year :

- (1) The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- (2) The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- (3) The Company being a public company, no comments are required to be made.
- (4) The Board of Directors duly met 4 times on May 23, 2006; July 24, 2006; October 30, 2006 and January 24, 2007 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, including the circular resolutions passed, in the Minutes Book maintained for the purpose.
- (5) The Company closed its Register of Members from July 25, 2006 to August 7, 2006 and necessary compliance of section 154 of the Act has been made.
- (6) The Annual General Meeting for the financial year ended on March 31, 2006 was held on August 7, 2006 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- (7) No extra ordinary meeting was held during the financial year.
- (8) The Company has not advanced any loan to its directors and/or persons or firms or companies referred to in the section 295 of the Act.
- (9) The Company has not entered into any contract falling within the purview of section 297 of the Act.
- (10) The Company has made necessary entries in the register maintained under section 301 of the Act.
- (11) As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members and previous approval of the Central Government.
- (12) The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
- (13) The Company has :
 - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) deposited the amount of dividend declared in a separate Bank Account on August 10, 2006 which is

within five days from the date of declaration of such dividend;

(iii) paid/posted warrants for dividends to all the members on August 12, 2006, which is within a period of 30 (thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Standard Chartered Bank, H 2 Connaught Place, New Delhi on September 14, 2006.

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

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

(14) The Board of Directors of the Company is duly constituted and the appointment of directors, alternate directors, additional directors and directors to fill casual vacancies have been duly made.

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

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

(17) The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year except approval of the Central Government, under Section 211 (4), read with Schedule VI part II, para

3(i)(a) to dispense with disclosure of contents in the Balance Sheet as received vide Order No 46/85/2005-CL-III dated March 28, 2005 for the financial years ending on March 31, 2005; March 31, 2006 and March 31, 2007.

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

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

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

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

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

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

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

(25) The Company has made loans and investments, in other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose and has given no guarantees nor provided any securities to other bodies corporate.

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

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

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

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

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

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

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

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

ARVIND KOHLI
Company Secretary
(CP No 2818)

Place : New Delhi
Date : 1st June, 2007

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

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

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2007.

Sr. No.	Form No.	U/Section	Particulars	Due on	Filed on
1.	eForm 32	303(2)	Changes in Directorships	17.06.2006	15.06.2006
2.	eForm 32	303(2)	Changes in Directorships	22.06.2006	22.06.2006
3.	eForm 32	303(2)	Changes in Directorships	05.09.2006	30.08.2006
4.	eForm 23AC	220	Balance Sheet, P&L A/c etc. March 31, 2006	05.09.2006	30.08.2006
5.	eForm 62	383A	Secretarial Compliance Certificate	05.09.2006	30.08.2006
6.	eForm 20B	159	Annual Return August 7, 2006	05.10.2006	25.09.2006
7.	eForm 1	205(C)	Transfer of unpaid dividend to IEPF	27.11.2006	13.11.2006
8.	eForm 32	303(2)	Changes in Directorships	29.11.2006	13.11.2006
9.	eForm DIN3	Rule 6	Intimation of DIN	07.12.2006	22.11.2006
10.	eForm DIN3	Rule 6	Intimation of DIN	07.12.2006	08.12.2006
11.	eForm DIN3	Rule 6	Intimation of DIN	07.12.2006	08.12.2006
12.	eForm 32	303(2)	Changes in Directorships	23.02.2007	17.02.2007

Place : New Delhi
Date : 1st June, 2007

ARVIND KOHLI
Company Secretary
(CP No 2818)

Auditors' Report to the Members

1. We have audited the attached Balance Sheet of Benares Hotels Limited, as at 31st March, 2007, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - (ii) In our opinion, books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this Report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India :
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

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

N. KRISHNASWAMY
Partner
Membership No. 4797

Place : Mumbai

Dated : 1st June, 2007

Annexure to the Auditors' Report (Referred to in Paragraph 3 of our Report of even date)

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

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2007 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- ix. In our opinion and according to the information and explanations given to us, the Company has not taken any loan from any financial institution, bank or debenture holders or granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- x. In our opinion, the Company is not a chit fund or nidhi mutual benefit society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xi. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report), Order 2003 are not applicable to the Company.
- xii. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xiii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised to finance short-term or long-term investment.
- xiv. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xv. During the period covered by our Report, the Company had not issued debentures.
- xvi. No money has been raised by public issues during the year under report.
- xvii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

N. KRISHNASWAMY
Partner
Membership No. 4797

Place : Mumbai
Dated : 1st June, 2007

Balance Sheet as at 31st March, 2007

	Schedule	Rupees	Rupees	Previous Year Rupees
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
(a) Share Capital	1	1,30,00,000		1,30,00,000
(b) Reserves and Surplus.....	2	<u>17,32,47,693</u>		<u>14,97,83,748</u>
Total			18,62,47,693	16,27,83,748
2. DEFERRED TAX LIABILITY (Net).....			1,53,77,533	1,46,70,883
3. SHOP SECURITY DEPOSIT.....			22,97,493	14,26,330
TOTAL FUNDS EMPLOYED			<u>20,39,22,719</u>	<u>17,88,80,961</u>
APPLICATION OF FUNDS				
4. FIXED ASSETS.....				
(a) Gross Block.....	3	20,93,55,822		17,05,54,482
(b) Less : Depreciation		<u>6,72,92,160</u>		<u>6,46,84,318</u>
(c) Net Block		<u>14,20,63,662</u>		<u>10,58,70,164</u>
(d) Capital Work in Progress		<u>48,14,654</u>		<u>53,65,964</u>
			14,68,78,316	11,12,36,128
5. INVESTMENTS	4		1,11,49,693	1,05,18,930
6. CURRENT ASSETS, LOANS AND ADVANCES				
(a) Current Assets, Loans and Advances.....				
Inventories	5	53,99,652		54,45,770
Sundry Debtors		1,44,56,059		1,14,36,948
Cash and Bank Balances		5,95,59,072		3,20,96,903
Other Current Assets.....		2,19,085		2,32,141
Loans and Advances		<u>1,39,16,157</u>		<u>3,85,29,046</u>
		<u>9,35,50,025</u>		<u>8,77,40,808</u>
(b) Less : Current Liabilities and Provisions ..				
Liabilities.....	6	3,24,45,965		1,80,14,905
Provisions		<u>1,52,09,350</u>		<u>1,26,00,000</u>
		<u>4,76,55,315</u>		<u>3,06,14,905</u>
Net Current Assets.....			4,58,94,710	5,71,25,903
TOTAL FUNDS UTILISED.....			<u>20,39,22,719</u>	<u>17,88,80,961</u>
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.....				
	9			

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

N. KRISHNASWAMY
Partner

Date : 1st June, 2007
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

JYOTI NARANG Director

P. K. BHATIA Company Secretary

Profit and Loss Account for the Year Ended 31st March, 2007

	Schedule	Rupees	Previous Year Rupees
INCOME :			
1. Rooms, Restaurants, Banquets and Other Income	7	19,43,33,087	15,74,94,010
EXPENDITURE :			
2. Operating and General Expenses	8	12,69,76,891	10,71,05,010
3. Depreciation.....		86,66,252	67,56,229
TOTAL EXPENDITURE.....		<u>13,56,43,143</u>	<u>11,38,61,239</u>
PROFIT BEFORE TAX		5,86,89,944	4,36,32,771
4. Less : Provision for Taxes			
- Current Tax		1,90,70,000	1,43,99,602
- Deferred Tax		7,06,649	96,086
- Fringe Benefit Tax		2,40,000	2,29,000
		<u>2,00,16,649</u>	<u>1,47,24,688</u>
PROFIT AFTER TAX		3,86,73,295	2,89,08,083
5. Add ; Balance brought forward from Previous Year		2,97,75,678	1,69,67,595
6. AMOUNT AVAILABLE FOR APPROPRIATIONS		<u>6,84,48,973</u>	<u>4,58,75,678</u>
7. APPROPRIATIONS			
(a) Proposed Dividend		1,30,00,000	1,10,50,000
(b) Tax on Dividend.....		22,09,350	15,50,000
(c) Amount transferred to General Reserve		45,00,000	35,00,000
(d) Balance Carried forward to next year		4,87,39,623	2,97,75,678
TOTAL		<u>6,84,48,973</u>	<u>4,58,75,678</u>
Earnings Per Share (Basic/Diluted) Rupees		29.75	22.24
(Refer Note No. 15 at page no. 32)			

ACCOUNTING POLICIES AND

NOTES ON ACCOUNTS 9

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

N. KRISHNASWAMY
Partner

Date : 1st June, 2007
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

JYOTI NARANG Director

P. K. BHATIA Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

	2006-07		2005-06	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		5,86,89,944		4,36,32,772
Adjustments for :				
Depreciation	86,66,252		67,56,229	
(Profit)/Loss on Sale of Assets	(47,089)		93,985	
Provision for doubtful debts	7,46,724		5,70,177	
(Dividend from Mutual Fund)	(6,30,763)		(4,74,261)	
(Interest received)	(26,91,009)		(22,74,901)	46,71,229
Operating Profit before Working Capital Changes		6,47,34,059		4,83,04,001
Adjustments for :				
Trade and Other Receivables	40,40,618		(58,20,406)	
Inventories	46,118		(4,06,584)	
Trade Payables	1,53,02,223		(1,45,408)	(63,72,398)
Cash Generated from Operations		8,41,23,018		4,19,31,603
Direct Taxes paid		2,25,03,565		1,28,68,356
NET CASH FROM OPERATING ACTIVITIES		6,16,19,453		2,90,63,247
B. CASH FLOW FROM INVESTING ACTIVITIES				
Additions to Fixed Assets	(4,54,71,052)		(2,64,48,911)	
Sale of Fixed Assets	12,09,702		3,29,815	
Interest Received	27,04,065		25,70,676	
Dividend Received	6,30,763		4,74,261	
Investment in Mutual fund	(6,30,763)		(4,74,261)	
Deposits with Other Companies	2,00,00,000		—	
NET CASH USED IN INVESTMENT ACTIVITIES		(2,15,57,285)		(2,35,48,420)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend + Dividend Tax Paid	(1,26,00,000)		(1,26,00,000)	—
NET CASH USED IN FINANCING ACTIVITIES		(1,26,00,000)		(1,26,00,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,74,62,168		(70,85,173)
CASH AND CASH EQUIVALENTS Opening 1st April		3,20,96,904		3,91,82,077
CASH AND CASH EQUIVALENTS Closing 31st March		5,95,59,072		3,20,96,904

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

N. KRISHNASWAMY
Partner

Date : 1st June, 2007
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

JYOTI NARANG Director

P. K. BHATIA Company Secretary

Schedules forming part of the Balance Sheet

SCHEDULE '1' — SHARE CAPITAL

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

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

Schedules forming part of the Balance Sheet

SCHEDULE '2' — RESERVES AND SURPLUS

	Rupees	Rupees	Previous Year Rupees
1. CAPITAL RESERVE			
Balance as per Last Account		86,250	86,250
2. GENERAL RESERVE			
a) Balance as per Last account.....	11,99,21,820		6,77,43,820
b) Add : Transferred from Profit and Loss Account..	45,00,000		35,00,000
c) Add : Transferred from Foreign Exchange Utilised Reserve.....	—		4,81,78,000
d) Add : Transferred from Investment Allowance Utilised Reserve	—		5,00,000
Total	<u>12,44,21,820</u>		<u>11,99,21,820</u>
3. INVESTMENT ALLOWANCE UTILISED RESERVE			
a) Balance as per Last Account	—		5,00,000
b) Less : Amount transferred to General Reserve	—		5,00,000
Total	<u>—</u>		<u>—</u>
4. PROFIT AND LOSS ACCOUNT.....		4,87,39,623	2,97,75,678
TOTAL		<u>17,32,47,693</u>	<u>14,97,83,748</u>

Schedules forming part of the Balance Sheet

SCHEDULE '3' — FIXED ASSETS

FIXED ASSETS (At Cost)	GROSS BLOCK				DEPRECIATION		NET BLOCK
	As at 01.04.2006 <i>Rupees</i>	Additions <i>Rupees</i>	Deletions <i>Rupees</i>	As at 31.03.2007 <i>Rupees</i>	For the Year <i>Rupees</i>	Up to 31.03.2007 <i>Rupees</i>	As at 31.03.2007 <i>Rupees</i>
1. Land-Freehold	13,05,473 (13,05,473)	— (—)	— (—)	13,05,473 (13,05,473)	— (—)	— (—)	13,05,473 (13,05,473)
2. Buildings	6,05,60,099 (4,90,04,626)	1,31,96,781 (1,16,46,338)	6,35,570 (90,865)	7,31,21,310 (6,05,60,099)	10,81,506 (8,81,670)	1,02,55,273 (92,33,857)	6,28,66,037 (5,13,26,242)
3. Plant & Machinery	8,69,92,038 (7,95,71,925)	1,19,25,768 (80,95,613)	29,40,478 (6,75,500)	9,59,77,328 (8,69,92,038)	49,78,785 (44,40,867)	4,74,20,605 (4,51,58,817)	4,85,56,723 (4,18,33,221)
4. Furniture, Fixtures & Office Equipment	2,06,23,764 (1,65,60,669)	2,08,99,813 (56,33,355)	33,37,344 (15,70,260)	3,81,86,233 (2,06,23,764)	25,33,241 (13,60,972)	91,46,550 (96,02,384)	2,90,39,683 (1,10,21,380)
5. Vehicles	10,73,108 (10,73,108)	— (—)	3,07,630 (—)	7,65,478 (10,73,108)	72,720 (72,720)	4,69,732 (6,89,260)	2,95,746 (3,83,848)
6. Total	17,05,54,482 (14,75,15,801)	4,60,22,362 (2,53,75,306)	72,21,022 (23,36,625)	20,93,55,822 (17,05,54,482)	86,66,252 (67,56,229)	6,72,92,160 (6,46,84,318)	14,20,63,662 (10,58,70,164)
7. Capital Work in Progress	53,65,964 (42,92,359)	5,35,018 (11,32,458)	10,86,328 (58,853)	48,14,654 (53,65,964)	— (—)	— (—)	48,14,654 (53,65,964)
8. Grand Total	17,59,20,446 (15,18,08,160)	4,65,57,380 (2,65,07,764)	83,07,350 (23,95,478)	21,41,70,476 (17,59,20,446)	86,66,252 (67,56,229)	6,72,92,160 (6,46,84,318)	14,68,78,316 (11,12,36,128)

Notes :

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

(2) Figures in BRACKETS are for Previous Year.

(3) Deletion of Fixed Assets shown above due to renovation of Fourth Floor, Refurbishment of 1st, 2nd & 3rd Floor and disposal of vehicle.

Schedules forming part of the Balance Sheet

SCHEDULE '4' — INVESTMENTS

1. INVESTMENTS

1114356.452 Units in Tata Floating Rate Short

Term Institutional Plan - Daily Dividend

1,11,49,693

1,05,18,930

(NAV on 31-03-2007 @ Rs. 10.0055 = Rs. 1,11,49,693.48)

TOTAL INVESTMENTS

1,11,49,693

1,05,18,930

Rupees

Previous
Year
Rupees

Schedules forming part of the Balance Sheet

SCHEDULE '5' — CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	Previous Year Rupees
A. CURRENT ASSETS			
1. Inventories			
a) Stores and Operating Supplies.....	39,87,707		38,78,757
b) Food and Beverage (Valued at Cost and Certified by the Management)	<u>14,11,945</u>		<u>15,67,013</u>
		53,99,652	54,45,770
2. Sundry Debtors (Unsecured)			
a) Outstanding for a period exceeding six months Considered Good	18,86,919		27,55,845
Considered Doubtful	<u>26,85,169</u>		<u>19,38,445</u>
	45,72,088		46,94,290
b) Other Debts	<u>1,25,69,140</u>		<u>86,81,103</u>
	1,71,41,228		1,33,75,393
c) Less : Provision for doubtful debts	<u>(26,85,169)</u>		<u>(19,38,445)</u>
Total		1,44,56,059	1,14,36,948
3. Cash and Bank Balances			
a) Cash in hand	5,14,752		3,05,408
[Including Cheques in hand Rs. Nil/- (Previous Year Rs. 38,520/-)]			
b) Balances with Scheduled Banks			
(i) In Current and Cash Credit Accounts	1,35,07,710		1,25,28,489
(ii) In Fixed Deposit Account.....	<u>4,55,36,610</u>		<u>1,92,63,006</u>
Total		5,95,59,072	3,20,96,903
4. Other Current Assets.....		2,19,085	2,32,141
Total Current Assets		<u>7,96,33,868</u>	<u>4,92,11,762</u>
B. LOANS AND ADVANCES			
(Unsecured and Considered good)			
1. Deposit with Public Bodies and Others.....		16,82,611	21,48,759
2. Advances recoverable in Cash or in kind or for value to be received		93,25,199	1,66,65,504
3. Advance payment of Taxes (Net)		29,08,347	(2,85,217)
4. Deposits with Companies		—	2,00,00,000
Total Loans and Advances		<u>1,39,16,157</u>	<u>3,85,29,046</u>
TOTAL CURRENT ASSETS, LOANS & ADVANCES.....		<u>9,35,50,025</u>	<u>8,77,40,808</u>

Schedules forming part of the Balance Sheet

SCHEDULE '6' — CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	Previous Year Rupees
A. CURRENT LIABILITIES			
1. Sundry Creditors			
i) Total outstanding dues to Small Scale Industrial Undertakings.....		—	—
ii) Total outstanding dues to creditors other than Small Scale Industrial Undertakings		3,07,33,538	1,62,23,150
2. Deposit from Suppliers		2,99,680	1,09,500
3. Dividend Warrants issued but not encashed		14,12,747	16,82,255
Total Current Liabilities		<u>3,24,45,965</u>	<u>1,80,14,905</u>
B. PROVISIONS			
1. Proposed Dividend.....	1,30,00,000		1,10,50,000
2. Provision for Tax on Proposed Dividend.....	<u>22,09,350</u>		<u>15,50,000</u>
Total Provisions.....		<u>1,52,09,350</u>	<u>1,26,00,000</u>
TOTAL CURRENT LIABILITIES AND PROVISIONS		<u>4,76,55,315</u>	<u>3,06,14,905</u>

Schedules forming part of the Profit and Loss Account

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

	Rupees	Rupees	Previous Year Rupees
1. ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES			
(Including Sale of Food and Beverages Rs. 8,34,04,041/-)			
Previous Year Rs. 6,73,03,335/-.....		19,01,68,485	15,39,89,930
2. OTHER INCOME			
(a) Interest from Deposits with other Companies (Gross)			
(Tax Deducted at Source Rs. 3,28,300/-)			
Previous Year Rs. 2,69,280/-).....	14,63,014		12,00,000
(b) Interest from bank			
(Tax Deducted at Source Rs. 2,67,101/-)			
Previous Year Rs 2,71,022/-).....	12,27,995		10,74,901
(c) Dividend from Mutual Fund.....	6,30,763		4,74,261
(d) Miscellaneous Income.....	8,42,830		7,54,918
Total.....		41,64,602	35,04,080
TOTAL INCOME.....		<u>19,43,33,087</u>	<u>15,74,94,010</u>

Schedules forming part of the Profit and Loss Account

SCHEDULE '8' — OPERATING AND GENERAL EXPENSES

	Rupees	Rupees	Previous Year Rupees
1. OPERATING EXPENSES			
(A) FOOD AND BEVERAGE CONSUMED			
i Opening Stock.....	15,67,013		11,01,635
ii Add : Purchases.....	1,97,71,962		1,72,18,789
iii Sub Total.....	<u>2,13,38,975</u>		<u>1,83,20,424</u>
iv Less : Closing Stock.....	<u>14,11,945</u>		<u>15,67,013</u>
Total.....		1,99,27,030	1,67,53,411
(B) PAYMENTS AND PROVISIONS FOR EMPLOYEES			
i Salaries, Wages and Bonus.....	1,57,30,890		1,27,41,233
ii Company's Contribution to Provident Fund and Other Funds.....	19,47,895		15,26,450
iii Gratuity.....	40,53,269		2,25,000
iv Workmen and Staff Welfare Expenses	<u>39,63,487</u>		<u>37,76,496</u>
Total.....		2,56,95,541	1,82,69,180
(C) OTHER OPERATING EXPENSES			
i Stores and Supplies.....	43,84,228		40,78,588
ii Fuel, Power and Light.....	1,54,16,091		1,65,23,628
iii Reimbursement of expenses on personnel deputed to the Company.....	60,13,235		41,78,850
iv Repairs to Building.....	33,72,759		34,78,243
v Repairs to Machinery.....	25,04,060		17,11,431
vi Repairs to Other Assets.....	3,32,734		4,20,734
vii Banquet Expenses.....	20,97,872		16,41,721
viii Linen and Uniform Washing.....	28,59,865		25,69,445
ix Recreational Expenses.....	2,86,619		2,20,950
x Commission to Travel Agents.....	6,45,897		5,07,435
xi Operating Fees.....	1,35,78,175		1,03,84,801
xii Licence Fees.....	<u>15,00,000</u>		<u>15,00,000</u>
Total.....		5,29,91,535	4,72,15,826
Total Operating Expenses		9,86,14,106	8,22,38,417
2. GENERAL EXPENSES			
i Rent, Rates and Taxes.....	48,22,862		16,69,837
ii Insurance.....	10,60,212		9,84,558
iii Advertisement and Publicity.....	51,68,073		60,89,191
iv Printing and Stationery.....	9,40,357		7,77,788
v Passage and Travelling.....	16,50,923		11,90,971
vi Telephones, Telex, Postage and Telegrams.	9,02,162		10,53,876
vii Collecting Agents Commission.....	10,42,061		9,64,085
viii Garden Expenses.....	15,43,323		14,15,311
ix Corporate Services.....	38,29,325		45,87,835
x Other Expenses.....	48,96,065		42,10,590
xi Bad and Doubtful Debts.....	<u>7,46,724</u>		<u>5,70,177</u>
Total General Expenses		2,66,02,087	2,35,14,219
3. DIRECTORS' REMUNERATION		17,60,698	13,52,374
4. TOTAL (1+2+3)		12,69,76,891	10,71,05,010

Schedules forming part of the Accounts for the year ended 31st March, 2007
SCHEDULE '9' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES :

1. ACCOUNTING STANDARDS

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

2. FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation. Cost includes expenses incidental to the installation of assets and attributable borrowing costs and exchange differences. None of the Assets were revalued during the course of the year.

3. DEPRECIATION

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

4. INVENTORIES

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

5. RETIREMENT BENEFITS

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

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

6. FOREIGN CURRENCY TRANSACTIONS

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

7. REVENUE RECOGNITION

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

8. CONTINGENT LIABILITIES

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

9. TAXES ON INCOME

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

10. LEAVE ENCASHMENT

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

Schedules forming part of the Accounts for the year ended 31st March, 2007

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

	Rupees	Previous Year Rupees																		
B. NOTES ON ACCOUNTS																				
1. Contingent Liability not provided for :																				
a) Claims against the Company in respect of arrears of electricity charges not acknowledged as debts.....	3,45,323	3,45,323																		
b) Income Tax matters in dispute :																				
<p>The Department had partially disallowed the claim of the Company u/s 80HHD, in respect of the Assessment Year 1990-91, on the ground that the Income from Rooms does not constitute 'Services', but is covered under the ambit of 'Rent' and therefore not eligible for deduction under the said section. The Company has been advised legally that no provision for such demand is necessary in the books of account. On an appeal filed by the Company against the assessment made for the AY 1990-91, the CIT(A) and ITAT had upheld the views of the Company. However, the Department has moved the High Court against the Order of the ITAT. To the knowledge of the Company the Department has referred the matter to the High Court for the following years:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Asstt. Year</th> <th style="text-align: left;">Tax demand in dispute (Rs.)</th> </tr> </thead> <tbody> <tr> <td>1990-91</td> <td>11,33,010</td> </tr> <tr> <td>1993-94</td> <td>16,89,061</td> </tr> <tr> <td>1994-95</td> <td>20,57,447</td> </tr> <tr> <td>1995-96</td> <td>20,88,814</td> </tr> <tr> <td>1996-97</td> <td>55,97,705</td> </tr> </tbody> </table> <p>Following the Assessment Order for AY 1990-91, the Assessing Officer has similarly disallowed the claim u/s 80HHD for AY 2001-02 and 2003-04 and raised an additional demand as follows:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Asstt. Year</th> <th style="text-align: left;">Tax demand in dispute (Rs.)</th> </tr> </thead> <tbody> <tr> <td>2001-02</td> <td>34,26,532</td> </tr> <tr> <td>2003-04</td> <td>14,89,350</td> </tr> </tbody> </table> <p>which has been contested by the Company in Appeal. Assessments for the AY 2005-06 and AY 2006-07 are pending.</p>			Asstt. Year	Tax demand in dispute (Rs.)	1990-91	11,33,010	1993-94	16,89,061	1994-95	20,57,447	1995-96	20,88,814	1996-97	55,97,705	Asstt. Year	Tax demand in dispute (Rs.)	2001-02	34,26,532	2003-04	14,89,350
Asstt. Year	Tax demand in dispute (Rs.)																			
1990-91	11,33,010																			
1993-94	16,89,061																			
1994-95	20,57,447																			
1995-96	20,88,814																			
1996-97	55,97,705																			
Asstt. Year	Tax demand in dispute (Rs.)																			
2001-02	34,26,532																			
2003-04	14,89,350																			
c) On account of dispute in respect of UP Trade Tax	10,69,834	10,69,834																		
d) Commitments on Capital Account not provided for	7,46,845	2,34,936																		
2. Value of Raw Materials																				
a) Food and Beverage consumed																				
(i) Imported.....	—	—																		

Schedules forming part of the Accounts for the year ended 31st March, 2007

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

	Rupees	Previous Year Rupees
(ii) Indigenous.....	1,99,27,030	1,67,53,411
Total	1,99,27,030	1,67,53,411
b) Stores and Supplies		
(i) Imported	—	—
(ii) Indigenous.....	43,84,228	40,78,588
Total	43,84,228	40,78,588
3. Value of Imports (CIF) Capital Items	25,35,279	18,29,958
4. Expenditure in Foreign Currency.....	3,23,058	2,45,880
5. Earnings in Foreign Exchange :		
As reported by the Company to the Department of Tourism and Certified by the Management and verified by the Auditors.....	12,35,68,406	11,45,44,368
6. Exchange difference reflected as part of the Profit and Loss Account for the year under review is		
a) Exchange Gain	10,572	16,982
b) Exchange Loss	1,348	18,690
7. Remuneration to Auditors :		
(I) Statutory Auditors		
a) As Audit Fees	1,00,000	1,00,000
b) For Tax Audit	30,000	25,000
c) For other matters (Certificates etc.).....	54,987	39,644
(II) Internal Auditors		
a) As Audit Fees	1,14,450	1,09,000
8. Managerial Remuneration		
Computation of Net Profit as per Section 349, read with Sections 198 and 309(5) of the Companies Act, 1956.		
a) Profit as per Profit and Loss Account.....	5,86,89,944	4,36,32,771
b) Loss on Sale of Assets	—	93,985
c) Directors' Remuneration (Commission)	17,60,698	13,52,374
d) Commission to Directors @ 3% on Rs. 5,86,89,944/- ..	17,60,698	13,52,374
9. According to the information available with the Company, no amount is overdue and outstanding at the close of the year (Previous Year Rs. NIL) payable to Small Scale and Ancillary Industrial Undertakings as defined by the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993. Consequently, no provision (Previous Year Rs. NIL) in respect of Interest Payable on Delayed Payments as required by the said Act is considered necessary.		

Schedules forming part of the Accounts for the year ended 31st March, 2007

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

	Rupees	Previous Year Rupees
10. Expenditure on account of the undermentioned accounts are after adjusting recoveries from the third parties as under :		
i) Food and Beverage Consumed.....	62,813	52,294
ii) Fuel, Power and Light.....	6,14,869	5,33,978
iii) Electrical Repairs.....	11,74,754	8,14,794
iv) Repairs to Building.....	2,82,350	2,56,683
v) Repairs to Machinery.....	2,82,350	2,56,683
vi) Repairs to Other Assets.....	90,708	82,459
vii) Rents, Rates and Taxes.....	37,079	36,620
viii) Other Expenses.....	20,848	7,079
11. As the turnover of the Company is in respect of Food and Beverage, it is not possible to give quantity-wise details of the turnover. Vide order No. 46/85/2005-CL-III dated 28th March, 2005 issued by the Department of Company Affairs, the Company has been exempted from giving these particulars for the year 2006-2007 subject to certain disclosures.		
12. a) Income from Rooms, Restaurants & Other Services includes:		
i) Income from Sale of Wine, Beer & Spirits	1,27,83,085	97,10,962
ii) Income from Telephone and Telex	5,47,853	6,21,772
b) Food and Beverages (excluding Wine and Liquor) and Smokes consumed		
i) Opening Stock	7,92,075	3,66,559
ii) Add : Purchase	1,65,19,729	1,42,82,113
iii) Less : Closing Stock	6,98,718	7,92,075
iv) Consumption	<u>1,66,13,086</u>	<u>1,38,56,597</u>
c) Food and Beverage consumed includes Wine and Liquor as follows :		
i) Opening Stock	7,74,938	7,35,076
ii) Add : Purchase	32,52,233	29,36,676
iii) Less : Closing Stock	7,13,227	7,74,938
iv) Consumption	<u>33,13,944</u>	<u>28,96,814</u>
13. The Company's business consists of its hotel operations only and hence no separate information for segment wise disclosures under Accounting Standard on 'Segment Reporting'(AS-17), issued by the Institute of Chartered Accountants of India, is given.		

Schedules forming part of the Accounts for the year ended 31st March, 2007

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

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

i) Nature of Transactions	Promoter Company with significant influence	Associate Company	Key Management Personnel	Total (Rupees)
Receiving of Services	88,97,431 (86,60,367)	— —	— —	88,97,431 (86,60,367)
Consultancy Services received	1,35,78,175 (1,03,84,801)	— —	— —	1,35,78,175 (1,03,84,801)
Deputed Personnel Expenses	60,13,235 (41,78,850)	— —	— —	60,13,235 (41,78,850)

Note : Figures in brackets are for the previous year.

ii) The Company entered into a licence agreement on a revenue sharing basis with the Owners of the Nadesar Palace in Varanasi and the land on which the Palace is situate. The property licensed to the Company is owned by Dr. Anant Narain Singh and by two private limited companies and a Trust in which Dr. Anant Narain Singh is a director and a trustee respectively. Under the terms of the agreement an amount of Rs.15 lacs per annum is payable in quarterly installments as minimum guaranteed amount.

iii) The Company is a Board managed Company and there have been no transactions with the Directors except for Note 14 a)(ii) above and remuneration referred to in Note 8.

b) Names of related parties and description of relationship :

Name	Nature of Relationship	Balance receivable as at 31st March, 2007	Balance receivable as at 31st March, 2006
		(Rupees)	(Rupees)
The Indian Hotels Company Limited	Benares Hotels Limited is an Associate of The Indian Hotels Company Limited.	(44,63,279)	1,01,65,889

c) There is no provision for doubtful debts or amounts written off or written back during the year for debts due from or to related parties.

Schedules forming part of the Accounts for the year ended 31st March, 2007

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

	Rupees	Previous Year Rupees
15. Earnings per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year as under :-		
Profit after tax	3,86,73,295	2,89,08,083
Weighted average number of equity shares outstanding during the year (nos.)	13,00,000	13,00,000
Earnings per share (basic/diluted).....	29.75	22.24
Nominal value per share	10.00	10.00
16. Components of deferred tax assets and (liabilities) as under :		
Depreciation	(1,64,93,562)	(1,55,35,563)
Provision for Doubtful Debts.....	9,03,005	6,51,656
Provision for Leave Encashment.....	2,13,024	2,13,024
TOTAL	(1,53,77,533)	(1,46,70,883)
17. Previous Year's figures have been regrouped wherever necessary to conform to the current year's presentation.		

Schedules forming part of the Accounts for the year ended 31st March, 2007

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

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

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No. :	3480	State Code :	20
Balance Sheet Date :	31.03.2007		

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

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

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

Total Liabilities	2,03,923	Total Assets	2,03,923
-------------------	----------	--------------	----------

Sources of Funds

Paid-up Capital	13,000	Reserves & Surplus	1,73,248
Secured Loans	Nil	Unsecured Loans*	2,297
Deferred Tax Liability	15,378		

Application of Funds

Net Fixed Assets	1,46,878	investments	11,150
Net Current Assets	45,895	Misc. Expenditure	—
Accumulated Losses	—		

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

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

Turnover	1,94,333	Total Expenditure	1,35,643
Profit before Tax	58,690	Profit after Tax	38,673
Earnings per share in Rs.	29.75	Dividend %	100%

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

Item Code No. (ITC Code)	—	Services Description	Hoteliering and Catering
-----------------------------	---	----------------------	--------------------------

Signatures to Schedules 1 to 9

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

N. KRISHNASWAMY
Partner

Date : 1st June, 2007
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

JYOTI NARANG Director

P. K. BHATIA Company Secretary

FINANCIAL STATISTICS

(Rs./Lacs)

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



Accomodation

