

BENARES HOTELS LIMITED

39th ANNUAL REPORT 2009 - 10





Corporate Information

Board of Directors

DR. ANANT NARAIN SINGH
(Chairman)

RAYMOND N. BICKSON

SHRIRAMAN

RUKMANI DEVI

A. R. GANDHI

B. L. PASSI

P. SANKER

P. K. MOHANKUMAR

DEEPA MISRA HARRIS

Company Secretary

P. K. Bhatia

Auditors

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

Registered Office

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

Registrar and Share Transfer Agent

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

Shares Listed at

BOMBAY STOCK EXCHANGE LTD.

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai - 400 001

DELHI STOCK EXCHANGE 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 Ninth Annual Report 2009-10

HIGHLIGHTS	2009-10 (Rs. Lacs)	2008-09 (Rs. Lacs)
Gross Revenue	2,347.19	2,044.15
Profit Before Tax	558.30	491.81
Profit After Tax	376.96	321.76
Dividend	169.00	110.50
Retained Earnings	333.09	302.05
Funds Employed	2,728.69	2,513.79
Net Worth	2,492.78	2,312.89
Debt : Equity Ratio	0.00:1	0.00:1
Net Worth Per Equity Share (Rs. 10/- each)	Rs. 191.75	Rs. 177.91
Earnings (EAT) Per Equity Share (Rs. 10/- each)	Rs. 29.00	Rs. 24.75
Dividend Per Equity Share (Rs. 10/- each)	Rs. 13.00	Rs. 8.50
	130%	85%

Notice to the Members

Notice is hereby given that the Thirty Ninth 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 Friday, 13th August, 2010 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, 2010 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Shriraman, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mrs. Rukmani Devi, 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. 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 is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO

ATTEND AND VOTE INSTEAD OF HIMSELF A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED TO THE COMPANY, DULY COMPLETED, NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.

- (c) Members are requested to intimate to the Company, changes, if any, in their registered address along with Pin Code Number. Members whose shareholding are in demat form are requested to send the intimation for change of address to their respective Depository Participant(s).
- (d) The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 30th July 2010 to Monday, 16th August, 2010 (both days inclusive).
- (e) The dividend as recommended by the Directors for the year ended 31st March, 2010, if passed at the meeting, will be made payable on or after Monday, the 23rd August 2010, to those members whose names appear in the Register of Members of the Company on Friday, 30th July, 2010. 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, 29th July, 2010.**
- (f) Members who are **holding shares in identical order of names in more than one folio** are requested to **write to the Company for consolidating their holding in one folio.**
- (g) Pursuant to Section 205C of the Companies Act, 1956, all unclaimed/unpaid dividends for a period of 7 years from the date of transfer to the 'Unpaid Dividend Account' are required to be

BENARES HOTELS LIMITED
Thirty Ninth Annual Report 2009-10

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, 2003, shall be transferred by the Company to the said Fund on the due date in 2010. Members are advised that once the unclaimed dividend is transferred to Investor Education and Protection Fund, no claim shall lie in respect thereof.

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

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

P K BHATIA
Company Secretary

Place : Mumbai

Date : 10th May, 2010

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 mentioned in the accompanying Notice dated 10th May, 2010.

Item No. 7

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 : 10th May, 2010

Directors' Report to the Members

The Directors hereby present the Thirty Ninth Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2010.

OPERATING AND FINANCIAL RESULTS	2009-10	2008-09
	(Rs./Lacs)	(Rs./Lacs)
Income	2,347.19	2,044.15
Gross Profit for the year	711.50	601.37
Less: Depreciation	153.20	109.56
Profit before tax	<u>558.30</u>	<u>491.81</u>
Less: Provision for tax		
- Current Tax	151.63	156.76
- Deferred Tax.....	29.71	11.53
- Fringe Benefit Tax	—	1.75
Net Profit	376.96	321.77
Add: Balance brought forward from previous year	852.81	695.33
Balance available for appropriations	<u>1,229.77</u>	<u>1,017.10</u>

APPROPRIATIONS :

(a) A dividend @130% i.e. Rs. 13/- per equity share (previous year 85% i.e. Rs. 8.50 per share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting to be held on Friday, 13th August, 2010 will be paid out of the provision for dividend.....	169.00	110.50
(b) Tax on Dividend.....	28.07	18.78
(c) Amount transferred to General Reserve.....	38.00	35.00
(d) Balance carried forward	994.70	852.81

OPERATIONS

The impact of the global economic slowdown and the travel advisories on swine flue scare adversely impacted the business during the first half of the financial year. However, the improvement in the global economy in the second half of the financial year and the addition of Nadesar Palace enabled the Company to register an improved performance over the previous year. The Directors hope that with the return of the normalcy in the global economic scenario, the business would further improve in the current financial year.

DIVIDEND

Your Directors recommend the payment of dividend @ 130% (previous year dividend @ 85%) per equity share involving distribution of Rs.169.00 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

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr. Shriraman, Mrs. Rukmani Devi 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, 2010 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.

AUDIT COMMITTEE

Mr. Shriraman, Mr. B.L. Passi and Mr. P. Sanker are the members of the Audit Committee.

AUDITORS

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of the provisions of Section 217 (1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the 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 : 10th May, 2010

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, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, we certify that in respect of the aforesaid financial year :

- (1) The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- (2) The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- (3) The Company being a public company, no comments are required to be made.
- (4) The Board of Directors duly met 4 times on June 8, 2009, July 28, 2009, October 27, 2009 and January 30, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, including circular resolutions passed in the Minutes Book maintained for the purpose during the year under report.
- (5) The Company closed its Register of Members from August 12, 2009 to August 27, 2009 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, 2009 was held on August 27, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- (7) No extra ordinary meeting was held during the financial year.
- (8) The Company has not advanced any loan to its directors and/or persons or firms or companies referred to in section 295 of the Act.
- (9) The Company has not entered into any contract falling within the purview of section 297 of the Act.
- (10) The Company has made necessary entries in the register maintained under section 301 of the Act.
- (11) As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members and prior approval of the Central Government.
- (12) The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
- (13) The Company has :
 - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) deposited the amount of dividend declared in a separate Bank Account on August 29, 2009 which is within five days from the date of declaration of such dividend;

- (iii) paid/posted warrants for dividends to all the members on September 4, 2009, 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 HDFC Bank, Hindustan Times Building, Kasturba Gandhi Marg, Connaught Place, New Delhi on October 3, 2009;
- (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 on 26th October, 2009;
- (v) duly complied with the requirements of section 217 of the Act.
- (14) The Board of Directors of the Company is duly constituted. No alternate directors, additional directors were appointed during the year. However a Director was appointed to fill casual vacancy.
- (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.
- (18) The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- (19) The Company has not issued any shares, debentures or other securities during the financial year.
- (20) The Company has not bought back any shares during the financial year.
- (21) The Company has not redeemed any preference shares or debentures during the year.
- (22) There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
- (23) The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
- (24) The Company has not made any borrowings during the financial year.
- (25) The Company has made no loans and investments, nor given any guarantees nor provided any securities to other bodies corporate. Hence there were no entries in the register kept for the purpose.
- (26) The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
- (27) The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

BENARES HOTELS LIMITED
Thirty Ninth Annual Report 2009-10

- (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 : 10th May, 2010

२००

२००९-१०

००१

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, 2010.

Sr. No.	Form No.	U/Section	Particulars	Due on	Filed on
1.	eForm 1	205(C)	Transfer of unpaid dividend to IEPF	26.11.2009	21.11.2009
2.	eForm 23AC & 23ACA	220	Balance Sheet, P&L A/c etc. March 31, 2009	26.09.2009	25.09.2009
3.	eForm 66	383A	Secretarial Compliance Certificate	26.10.2009	22.09.2009
4.	eForm 20B	159	Annual Return August 27, 2009	26.11.2009	24.10.2009
5.	eForm 32	303(2)	Changes in Directorships	26.09.2009	22.09.2009
6.	eForm 32	303(2)	Change in Directorships	18.06.2009	10.06.2009

Place : New Delhi
Date : 10th May, 2010

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, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
 2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the **Annexure**, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
 4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - (ii) In our opinion, books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this Report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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, 2010;
 - 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
Firm Registration No. 001555S

N. KRISHNASWAMY
Partner
Membership No. 4797

Place : Mumbai
Dated : 10th May, 2010

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 at 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, income tax, sales tax, wealth tax, customs 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, 2010 for a period of more than six months from the date they became payable.

- (d) According to the information and explanations given to us, except the above, there are no other 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, we have neither come across any instance of fraud on or by the company noticed or reported during the year nor have been informed of such case by the Management.

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

N. KRISHNASWAMY
Partner
Membership No. 4797

Place : Mumbai
Dated : 10th May, 2010

Balance Sheet as at 31st March, 2010

	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>23,62,78,464</u>		<u>21,82,89,456</u>
Total			24,92,78,464	23,12,89,456
2. DEFERRED TAX LIABILITY (Net).....			2,05,32,712	1,75,62,006
3. SHOP SECURITY DEPOSIT.....			30,57,945	25,27,240
TOTAL FUNDS EMPLOYED			<u>27,28,69,121</u>	<u>25,13,78,702</u>
APPLICATION OF FUNDS				
4. FIXED ASSETS.....				
(a) Gross Block.....	3	34,30,39,600		32,89,60,333
(b) Less : Depreciation		<u>10,12,58,214</u>		<u>8,62,72,616</u>
(c) Net Block		24,17,81,386		24,26,87,717
(d) Capital Work in Progress		<u>1,04,23,087</u>		<u>42,22,961</u>
			25,22,04,473	24,69,10,678
5. CURRENT ASSETS, LOANS AND ADVANCES				
(a) Current Assets, Loans and Advances.....	4			
Inventories		52,83,084		84,87,665
Sundry Debtors		2,16,21,628		1,24,17,223
Cash and Bank Balances		3,86,99,913		2,81,77,571
Other Current Assets		69,000		89,717
Loans and Advances		<u>1,77,23,662</u>		<u>1,38,94,355</u>
		8,33,97,286		6,30,66,531
(b) Less: Current Liabilities and Provisions ...	5			
Liabilities		4,30,25,760		4,56,70,559
Provisions		<u>1,97,06,879</u>		<u>1,29,27,948</u>
		6,27,32,639		5,85,98,507
Net Current Assets.....			2,06,64,648	44,68,024
TOTAL FUNDS UTILISED			<u>27,28,69,121</u>	<u>25,13,78,702</u>
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.....				
	8			

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

N. KRISHNASWAMY
Partner

Date : 10th May, 2010
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON Director

P K BHATIA

Company Secretary

BENARES HOTELS LIMITED
Thirty Ninth Annual Report 2009-10

Profit and Loss Account for the Year Ended 31st March, 2010

	Schedule	Rupees	Previous Year Rupees
INCOME :			
1. Rooms, Restaurants, Banquets and Other Income	6	23,47,18,596	20,44,15,080
EXPENDITURE :			
2. Operating and General Expenses	7	16,35,69,175	14,42,77,884
3. Depreciation		<u>1,53,19,553</u>	<u>1,09,56,143</u>
TOTAL EXPENDITURE.....		<u>17,88,88,728</u>	<u>15,52,34,027</u>
PROFIT BEFORE TAX		5,58,29,868	4,91,81,053
4. Less : Provision for Taxes			
- Current Tax		1,51,63,275	1,56,76,423
- Deferred Tax		29,70,706	11,53,298
- Fringe Benefit Tax		—	1,75,000
		<u>1,81,33,981</u>	<u>1,70,04,721</u>
PROFIT AFTER TAXES		3,76,95,887	3,21,76,332
5. Add : Balance brought forward from Previous Year		<u>8,52,81,386</u>	<u>6,95,33,002</u>
6. AMOUNT AVAILABLE FOR APPROPRIATIONS...		<u>12,29,77,273</u>	<u>10,17,09,334</u>
7. APPROPRIATIONS			
(a) Proposed Dividend		1,69,00,000	1,10,50,000
(b) Tax on Dividend		28,06,879	18,77,948
(c) Amount transferred to General Reserve		38,00,000	35,00,000
(d) Balance carried forward to next year		<u>9,94,70,394</u>	<u>8,52,81,386</u>
TOTAL		<u>12,29,77,273</u>	<u>10,17,09,334</u>
Earnings Per Share (Basic/Diluted) Rupees		29.00	24.75
(Refer Note No. 15 of Schedule 8)			

**ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS**

8

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

N. KRISHNASWAMY
Partner

Date : 10th May, 2010
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON Director

P K BHATIA Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Rs.	2009-10 Rs.	2008-09 Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and extraordinary items		5,58,29,868		4,91,81,053
Adjustments for :				
Depreciation	1,53,19,553		1,09,56,143	
(Profit)/Loss on Sale of Assets	5,077		(4,14,684)	
Provision for doubtful debts	21,67,147		12,02,663	
(Interest received) shown separately.....	(3,54,214)	1,71,37,564	(32,43,523)	85,00,599
Operating Profit before Working Capital Changes		7,29,67,432		5,76,81,652
Adjustments for :				
Trade and Other Receivables	(1,50,02,461)		1,01,99,035	
Inventories	32,04,581		(31,13,092)	
Trade Payables.....	(21,14,095)	(1,39,11,975)	2,85,55,429	3,56,41,372
Cash generated from Operations		5,90,55,457		9,33,23,024
Direct Taxes paid		1,53,61,673		1,79,69,870
Cash Flow before Extraordinary Items		4,36,93,784		7,53,53,154
NET CASH FROM OPERATING ACTIVITIES		4,36,93,784		7,53,53,154
B. CASH FLOW FROM INVESTING ACTIVITIES				
Additions to Fixed Assets	(2,06,30,925)		(10,31,43,263)	
Sale of Fixed Assets	12,500		5,42,003	
Interest Received	3,74,931		37,34,334	
NET CASH USED IN INVESTMENT ACTIVITIES		(2,02,43,494)		(9,88,66,926)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend + Dividend Tax Paid	(1,29,27,948)		(1,82,51,220)	
NET CASH USED IN FINANCING ACTIVITIES		(1,29,27,948)		(1,82,51,220)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,05,22,342		(4,17,64,992)
CASH AND CASH EQUIVALENTS Opening 1st April		2,81,77,571		6,99,42,563
CASH AND CASH EQUIVALENTS Closing 31st March		3,86,99,913		2,81,77,571

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

N. KRISHNASWAMY
Partner

Date : 10th May, 2010
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON 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	13,29,21,820		12,94,21,820
b) Add : Transferred from Profit and Loss Account..	<u>38,00,000</u>		<u>35,00,000</u>
Total		13,67,21,820	13,29,21,820
3. PROFIT AND LOSS ACCOUNT		<u>9,94,70,394</u>	<u>8,52,81,386</u>
TOTAL		<u>23,62,78,464</u>	<u>21,82,89,456</u>

Schedules forming part of the Balance Sheet

SCHEDULE '3' — FIXED ASSETS

FIXED ASSETS (At Cost)	GROSS BLOCK				DEPRECIATION		NET BLOCK
	As at 01.04.2009 <i>Rupees</i>	Additions <i>Rupees</i>	Deletions <i>Rupees</i>	As at 31.03.2010 <i>Rupees</i>	For the Year <i>Rupees</i>	Up to 31.03.2010 <i>Rupees</i>	As at 31.03.2010 <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	13,89,90,661 (7,40,96,037)	53,48,254 (6,58,69,455)	— (9,74,831)	14,43,38,915 (13,89,90,661)	22,76,730 (13,35,540)	1,50,68,558 (1,27,91,828)	12,92,70,357 (12,61,98,834)
3. Plant & Machinery	13,62,55,477 (9,95,97,899)	77,23,013 (3,89,53,577)	— (22,95,999)	14,39,78,490 (13,62,55,477)	83,91,799 (60,36,216)	6,51,38,468 (5,67,46,670)	7,88,40,022 (7,95,08,808)
4. Furniture, Fixtures & Office Equipment	5,16,43,244 (3,84,88,463)	13,59,532 (1,31,54,781)	— (—)	5,30,02,776 (5,16,43,244)	46,11,700 (35,45,062)	2,07,97,436 (1,61,85,736)	3,22,05,340 (3,54,57,508)
5. Vehicles	7,65,478 (7,65,478)	— —	3,51,532 (—)	4,13,946 (7,65,478)	39,325 (39,325)	2,53,751 (5,48,381)	1,60,194 (2,17,097)
6. Total	32,89,60,333 (21,42,53,351)	1,44,30,798 (11,79,77,813)	3,51,532 (32,70,830)	34,30,39,600 (32,89,60,333)	1,53,19,554 (1,09,56,143)	10,12,58,213 (8,62,72,616)	24,17,81,386 (24,26,87,717)
7. Capital Work in Progress	42,22,961 (1,80,82,680)	87,67,442 (42,22,961)	25,67,315 (1,80,82,680)	1,04,23,088 (42,22,961)	— (—)	— (—)	1,04,23,088 (42,22,961)
8. Grand Total	33,31,83,294 (23,23,36,030)	2,31,98,240 (12,22,00,774)	29,18,847 (2,13,53,510)	35,34,62,688 (33,31,83,294)	1,53,19,554 (1,09,56,143)	10,12,58,213 (8,62,72,616)	25,22,04,474 (24,69,10,678)

Notes :

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

(2) Figures in BRACKETS are for Previous Year.

Schedules forming part of the Balance Sheet

SCHEDULE '4' — CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	Previous Year Rupees
A. CURRENT ASSETS			
1. Inventories			
a) Stores and Operating Supplies.....	37,53,630		45,78,917
b) Food and Beverage (Valued at Cost and Certified by the Management)	<u>15,29,454</u>		<u>39,08,749</u>
		52,83,084	84,87,665
2. Sundry Debtors (Unsecured)			
a) Outstanding for a period exceeding six months Considered Good	34,52,896		18,52,967
Considered Doubtful	<u>59,19,555</u>		<u>37,52,407</u>
	93,72,450		56,05,374
b) Other Debts	<u>1,81,68,732</u>		<u>1,05,64,256</u>
	2,75,41,182		1,61,69,630
c) Less : Provision for doubtful debts	<u>(59,19,555)</u>		<u>(37,52,407)</u>
Total		2,16,21,628	1,24,17,223
3. Cash and Bank Balances			
a) Cash in hand	1,89,735		3,38,918
b) Balance with Scheduled Banks			
(i) In Current and Cash Credit Accounts	2,48,90,668		1,26,05,999
(ii) In Fixed Deposit Account	<u>1,36,19,510</u>		<u>1,52,32,654</u>
[Fixed Deposit Receipts of Rs. 36,610/- (previous year Rs. 36,610/-) pledged with Bank against Bank Guarantee]			
Total		3,86,99,913	2,81,77,571
4. Other Current Assets		<u>69,000</u>	<u>89,717</u>
Total Current Assets		6,56,73,624	4,91,72,176
B. LOANS AND ADVANCES			
(Unsecured and Considered good)			
1. Deposit with Public Bodies and Others		10,29,732	9,93,837
2. Advances recoverable in Cash or in kind or for value to be received		98,08,328	62,13,314
3. Advance payment of Taxes (Net)		68,85,601	66,87,203
Total Loans and Advances		<u>1,77,23,662</u>	<u>1,38,94,355</u>
C. TOTAL CURRENT ASSETS, LOANS & ADVANCES.....		<u>8,33,97,286</u>	<u>6,30,66,531</u>

Schedules forming part of the Balance Sheet

SCHEDULE '5' — CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	Previous Year Rupees
A. CURRENT LIABILITIES			
1. Sundry Creditors			
i) Total outstanding dues to Micro, Small, Medium Enterprises	—		—
ii) Total outstanding dues to creditors other than Micro, Small, Medium Enterprises	<u>4,08,99,023</u>		<u>4,35,58,452</u>
		4,08,99,023	4,35,58,452
2. Deposit from Suppliers		2,12,000	2,37,000
3. Dividend Warrants issued but not encashed		19,14,737	18,75,107
Total Current Liabilities		<u>4,30,25,760</u>	<u>4,56,70,559</u>
B. PROVISIONS			
1. Proposed Dividend	1,69,00,000		1,10,50,000
2. Provision for Tax on Proposed Dividend	28,06,879		18,77,948
Total Provisions		<u>1,97,06,879</u>	<u>1,29,27,948</u>
TOTAL CURRENT LIABILITIES AND PROVISIONS		<u><u>6,27,32,639</u></u>	<u><u>5,85,98,507</u></u>

Schedules forming part of the Profit and Loss Account

SCHEDULE '6' - 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. 8,79,80,683/- Previous Year Rs. 8,08,54,041/-)		23,07,53,904	19,72,42,259
2. OTHER INCOME			
(a) Interest from bank (Tax Deducted at Source Rs. 53,277/- Previous Year Rs 7,54,197/-).....	3,54,214		32,43,523
(b) Miscellaneous Income	<u>36,10,478</u>		<u>39,29,298</u>
Total		39,64,692	71,72,821
TOTAL INCOME		<u>23,47,18,596</u>	<u>20,44,15,080</u>

200121V081

Schedules forming part of the Profit and Loss Account

SCHEDULE '7' — OPERATING AND GENERAL EXPENSES

	Rupees	Rupees	Previous Year Rupees
1. OPERATING EXPENSES			
(A) FOOD AND BEVERAGE CONSUMED			
i Opening Stock.....	39,08,749		20,67,587
ii Add : Purchases.....	1,91,57,722		2,26,59,030
Sub Total.....	2,30,66,471		2,47,26,617
iii Less : Closing Stock.....	15,29,454		39,08,749
Total.....		2,15,37,017	2,08,17,869
(B) PAYMENTS AND PROVISIONS FOR EMPLOYEES			
i Salaries, Wages and Bonus.....	2,58,31,727		2,23,87,090
ii Company's Contribution to Provident Fund and Other Funds.....	21,20,418		18,41,278
iii Gratuity.....	9,00,000		29,32,910
iv Workmen and Staff Welfare Expenses	39,32,006		40,23,727
Total.....		3,27,84,152	3,11,85,005
(C) OTHER OPERATING EXPENSES			
i Stores and Supplies	60,36,679		57,41,863
ii Fuel, Power and Light.....	2,12,46,382		2,00,60,727
iii Reimbursement of expenses on personnel deputed to the Company.....	57,55,530		55,37,025
iv Repairs to Building.....	25,27,221		20,49,601
v Repairs to Machinery.....	50,83,434		25,79,090
vi Repairs to Other Assets.....	23,70,681		10,54,087
vii Banquet Expenses.....	24,27,636		25,48,275
viii Linen and Uniform Washing.....	35,83,573		32,93,445
ix Recreational Expenses.....	3,31,743		2,74,681
x Commission to Travel Agents.....	9,24,486		6,85,328
xi Operating Fees.....	1,59,81,836		1,32,95,587
xii Licence Fees.....	17,00,000		17,00,000
Total.....		6,79,69,201	5,88,19,708
Total Operating Expenses		12,22,90,369	11,08,22,582
2. GENERAL EXPENSES			
i Rent, Rates and Taxes.....	55,47,570		39,37,736
ii Insurance.....	9,42,169		7,75,871
iii Advertisement and Publicity.....	71,21,430		67,82,426
iv Printing and Stationery.....	11,71,228		12,20,996
v Passage and Travelling.....	29,87,888		13,18,248
vi Telephones, Telex, Postage and Telegrams.	9,35,351		6,46,403
vii Collecting Agents Commission.....	21,39,785		19,02,128
viii Garden Expenses.....	17,88,823		14,47,613
ix Security Charges.....	41,29,577		14,31,139
x Corporate Services.....	23,83,318		20,38,387
xi CRS/CIS Expenses	23,83,318		20,38,387
xii Loss on Sale of Assets.....	5,077		—
xiii Other Expenses.....	59,01,077		62,31,455
xiv. Bad and Doubtful Debts.....	21,67,147		12,02,663
Total General Expenses		39,603,757	3,20,73,452
3. DIRECTORS' REMUNERATION		16,75,048	14,60,628
4. Excess provision of Directors Remuneration of prior period reversed		—	(78,778)
4. TOTAL (1+2+3)		16,35,69,175	14,42,77,884

Schedules forming part of the Accounts for the year ended 31st March, 2010

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES :

1. ACCOUNTING STANDARDS

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

2. FIXED ASSETS

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

3. DEPRECIATION

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

4. INVENTORIES

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

5. RETIREMENT BENEFITS

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

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

6. FOREIGN CURRENCY TRANSACTIONS

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

7. REVENUE RECOGNITION

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

8. CONTINGENT LIABILITIES

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

9. TAXES ON INCOME

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

10. LEAVE ENCASHMENT

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

Schedules forming part of the Accounts for the year ended 31st March, 2010

SCHEDULE '8' — 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 : 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 had been advised legally that no provision for such demand is necessary in the books of accounts. 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 had moved the High Court against the Order of the ITAT. To the knowledge of the Company the Department has referred the matter to the High Court for the various assessment years up to 2004-05, except for the years for which no scrutiny was undertaken. The total tax demand under dispute up to the assessment years 2007-08 was Rs. 3,49,64,324/- which had been contested by the Company in Appeal. Now the case has been decided in Company's favour and there is no contingent liability. Assessments for the AY 2008-09 and AY 2009-10 are pending.		
c) On account of dispute in respect of : UP Trade Tax	10,69,834	10,69,834
d) Commitments on Capital Account not provided for	1,77,10,185	1,70,02,245
2. Value of Raw Materials		
a) Food and Beverage consumed		
(i) Imported	—	—
(ii) Indigenous.....	2,15,37,017	2,08,17,869
b) Stores and Supplies		
(i) Imported	—	—
(ii) Indigenous	60,36,679	57,41,863
3. Value of Imports (CIF) Capital Items	43,37,424	58,00,883
4. Expenditure in Foreign Currency	1,65,665	73,379

Schedules forming part of the Accounts for the year ended 31st March, 2009

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
5. Earnings in Foreign Exchange :		
As reported by the Company to the Department of Tourism and Certified by the Management and verified by the Auditors	13,19,14,812	10,09,45,812
6. Exchange difference included in Other Income for the year under review is		
a) Exchange Gain	55,306	14,943
b) Exchange Loss	—	—
7. Remuneration to Auditors :		
(I) Statutory Auditors		
a) As Audit Fees	1,50,000	1,50,000
b) For Tax Audit	50,000	45,000
c) For other matters (Certificates etc.)	5,000	5,000
d) Service Tax	21,115	20,693
(II) Internal Auditors		
a) As Audit Fees	1,36,000	1,36,000
b) Service Tax	14,008	—
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 before tax as per Profit and Loss Account	5,58,29,868	4,91,81,053
b) Add: Depreciation debited in Accounts	1,53,19,553	1,09,56,143
Loss on Sale of Assets	5,077	—
c) Less: Depreciation	1,53,19,553	1,09,56,143
Profit on Sale of Assets	—	4,14,684
d) Directors' Remuneration (Commission)	16,75,048	14,60,628
e) Excess provision of Directors Remuneration of prior period reversed	—	(78,778)
f) Commission to Directors @ 3% on Rs. 5,58,34,945/- ..	16,75,048	14,60,628
9. (a) There is no interest paid/payable during the year by the Company to the Suppliers covered under Micro, Small, Medium Enterprises Development Act, 2006.		
(b) The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.		

Schedules forming part of the Accounts for the year ended 31st March, 2010

SCHEDULE '8' — 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.....	69,244	47,614
ii) Fuel, Power and Light.....	9,87,956	7,79,696
iii) Electrical Repairs.....	—	—
iv) Repairs to Building.....	—	—
v) Repairs to Machinery.....	—	—
vi) Repairs to Other Assets.....	—	—
vii) Rents, Rates and Taxes.....	82,492	53,015
viii) Other Expenses.....	44,063	28,350
11. As the turnover of the Company is in respect of Food and Beverages, it is not possible to give quantity-wise details of the turnover. Vide order No. 46/25/2008-CL-III dated 14th May, 2008 issued by the Department of Company Affairs, the Company has been exempted from giving these particulars for the year 2009-10 subject to certain disclosures.		
12. a) Income from Rooms, Restaurants & Other Services includes:		
i) Income from Sale of Wine, Beer & Spirits	1,26,42,631	1,22,52,267
ii) Income from Telephone and Telex	1,35,819	2,30,615
b) Food and Beverages (excluding Wine and Liquor) and Smokes consumed		
i) Opening Stock	13,03,142	6,84,198
ii) Add : Purchase	1,69,57,444	1,80,52,458
iii) Less : Closing Stock.....	6,06,702	13,03,142
iv) Consumption	<u>1,76,53,884</u>	<u>1,74,33,514</u>
c) Food and Beverage consumed includes Wine and Liquor as follows :		
i) Opening Stock	26,05,607	13,83,389
ii) Add : Purchase	22,00,279	46,06,572
iii) Less : Closing Stock	9,22,752	26,05,607
iv) Consumption	<u>38,83,133</u>	<u>33,84,354</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, 2009

SCHEDULE '8' — 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	1,18,46,671 (1,07,73,156)	— —	— —	1,18,46,671 (1,07,73,156)
Consultancy Services received	1,59,81,836 (1,32,95,587)	— —	— —	1,59,81,836 (1,32,95,587)
Deputed Personnel Expenses	57,55,530 (55,37,025)	— —	— —	57,55,530 (55,37,025)

Note : Figures in brackets are for the previous year.

- ii) The Company entered into a licence agreement on a revenue sharing basis with the Owners of the Nadesar Palace in Varanasi and the land on which the Palace is situate. The property licensed to the Company is owned by Dr. Anant Narain Singh and by two private limited companies and a Trust in which Dr. Anant Narain Singh is a director and a trustee respectively. An amount of Rs. 17.00 lacs per annum or 3% of the Gross Revenue from that property whichever is higher is payable in quarterly instalments as per the terms of the agreement. The said property has come into operation from 1st February 2009.

b) Names of related parties and description of relationship :

Name	Nature of Relationship	Balance receivable as at 31st March, 2010	Balance receivable as at 31st March, 2009
		(Rupees)	(Rupees)
The Indian Hotels Company Limited	Associate of The Indian Hotels Company Limited.	(64,77,095)	(54,60,786)

- 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.

BENARES HOTELS LIMITED
Thirty Ninth Annual Report 2009-10

Schedules forming part of the Accounts for the year ended 31st March, 2010

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
15. Earning per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year as under :-		
Profit after tax	3,76,95,887	3,21,76,332
Weighted average number of equity shares outstanding during the year (nos.).....	13,00,000	13,00,000
Earnings per share (basic/diluted).....	29.00	24.75
Nominal value per share.....	10.00	10.00
16. Components of deferred tax asset and (liabilities) as under:		
Depreciation.....	(2,27,81,676)	(1,91,91,910)
Deferred Revenue Expenditure	—	—
Provision for Doubtful Debts	20,12,056	12,75,443
Provision for Leave Encashment.....	2,36,908	3,54,461
TOTAL	<u>(2,05,32,712)</u>	<u>(1,75,62,006)</u>
17. Previous Year's figures have been regrouped wherever necessary to conform to the current year's presentation.		
18. Public Shareholding		
Number of Shares	4,88,062	4,88,062
% of Shares	37.54%	37.54%
Promoters and and promoter group Shareholding		
a) Pledged/Encumbered		
Number of shares	—	—
Percentage of shares (as a % of the total shareholding of promoter and promoter group)....	—	—
Percentage of shares (as a % of the total share capital of the company)	—	—
b) Non-encumbered		
Number of shares	8,11,938	8,11,938
Percentage of shares (as a % of the total shareholding of promoter and promoter group)....	100%	100%
Percentage of shares (as a % of the total share capital of the company)	62.46%	62.46%

Schedules forming part of the Accounts for the year ended 31st March, 2010

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

19. 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 :	31.03.2010		

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	2,72,869	Total Assets	2,72,869
-------------------	----------	--------------	----------

Sources of Funds

Paid-up Capital	13,000	Reserves & Surplus	2,36,278
Secured Loans	Nil	Unsecured Loans*	3,058
Deferred Tax Liability	20,533		

Application of Funds

Net Fixed Assets	2,52,204	Investments	—
Net Current Assets	20,665	Misc. Expenditure	—
Accumulated Losses	—		

* (Includes Security Deposits of Rs. 3,058 thousand)

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

Turnover	2,34,719	Total Expenditure	1,78,889
Profit before Tax	55,830	Profit after Tax	37,696
Earnings per share in Rs.	29.00	Dividend %	130%

5. Generic name 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 8

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

N. KRISHNASWAMY
Partner

Date : 10th May, 2010
Place : Mumbai

For and on behalf of the Board

Dr. ANANT NARAIN SINGH Chairman

RAYMOND N BICKSON Director

P K BHATIA Company Secretary

FINANCIAL STATISTICS

(Rs./Lacs)

YEAR	CAPITAL ACCOUNTS						REVENUE ACCOUNTS														
	Capital	Reserves & Surplus	Borrowing	Deferred Taxes	Fixed Assets		Investments	Net Current Assets	Misc 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 %
					Gross Block	Net Block															
1989-90	130.00	28.54	223.51		354.89	233.57	—	148.48	—	293.01	222.09	18.93	51.99	3.10	—	48.89	—	38.49	10.40		8%
1990-91	130.00	44.85	218.63		502.44	363.19	—	30.29	—	285.11	237.94	20.47	26.70	—	—	26.70	—	16.30	10.40		8%
1991-92	130.00	125.83	181.95		528.47	360.75	—	77.03	—	421.79	286.34	28.46	106.99	—	—	106.99	—	80.99	26.00		20%
1992-93	130.00	181.24	145.70		572.99	375.23	—	81.71	—	421.09	309.84	30.52	80.73	(0.67)	—	81.40	—	55.40	26.00		20%
1993-94	130.00	231.84	101.98		617.92	389.34	—	74.48	—	462.66	343.17	32.89	86.60	10.00	—	76.60	—	50.60	26.00		20%
1994-95	130.00	284.46	79.46		639.16	377.10	—	116.82	—	516.45	382.22	34.11	100.12	8.50	—	91.62	—	52.62	39.00		30%
1995-96	130.00	427.78	48.94		689.27	390.25	—	216.47	—	755.19	498.42	36.95	219.82	18.00	—	201.82	—	143.34	58.50		45%
1996-97	130.00	616.01	9.88		740.91	487.35	—	268.54	—	904.31	595.56	33.73	275.02	35.50	—	239.52	34.51	188.23	78.00	7.80	60%
1997-98	130.00	781.67	9.74		785.85	498.88	—	422.53	—	985.31	668.39	35.96	280.96	29.50	—	251.46	—	165.66	78.00	7.80	60%
1998-99	130.00	981.38	9.74		985.85	661.34	—	459.78	—	1,083.29	716.74	46.65	319.89	33.60	—	286.29	—	199.71	78.00	8.58	60%
1999-00	130.00	1,161.94	9.74		1,032.95	661.53	—	640.16	—	1,105.09	736.19	48.19	320.70	37.71	+5.79	288.78	—	180.56	97.50	10.73	75%
2000-01	130.00	1,313.88	12.97		1,123.18	706.71	—	691.59	58.54	1,252.47	865.18	47.09	340.20	54.00	(5.32)	280.88	—	151.94	117.00	11.93	90%
2001-02	130.00	1,106.06	12.97	141.16	1,282.28	812.41	—	577.78	—	936.29	776.22	55.17	104.90	32.50	—	72.40	—	(25.10)	97.50	—	75%
2002-03	130.00	1,124.68	12.97	145.08	1,411.13	876.48	—	536.25	—	1,104.34	857.04	64.77	182.54	53.92	—	128.62	—	18.62	97.50	12.49	75%
2003-04	130.00	1,188.07	12.97	152.81	1,530.16	929.83	—	554.02	—	1,298.42	957.70	67.29	273.44	92.73	—	180.71	—	63.39	104.00	13.33	80%
2004-05	130.00	1,334.76	14.26	145.75	1,518.08	919.67	100.45	604.65	—	1,532.17	1,046.88	72.16	413.13	140.44	—	272.69	—	146.69	110.50	15.50	85%
2005-06	130.00	1,497.84	14.26	146.71	1,759.20	1,112.36	105.19	571.26	—	1,574.94	1,071.05	67.56	436.33	147.25	—	289.08	—	163.08	110.50	15.50	85%
2006-07	130.00	1,732.48	22.97	153.78	2,141.70	1,468.78	111.50	458.95	—	1,943.33	1,269.77	86.66	586.90	200.17	—	386.73	—	234.64	130.00	22.09	100%
2007-08	130.00	1,990.41	22.97	164.09	2,323.36	1,548.51	—	758.96	—	2,168.87	1,397.41	101.93	669.52	229.08	—	440.45	—	257.93	156.00	26.51	120%
2008-09	130.00	2,182.89	25.27	175.62	3,331.83	2,469.11	—	44.68	—	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	—	206.65	—	2,347.19	1,635.69	153.20	558.30	181.34	—	376.96	—	179.89	169.00	28.07	130%



