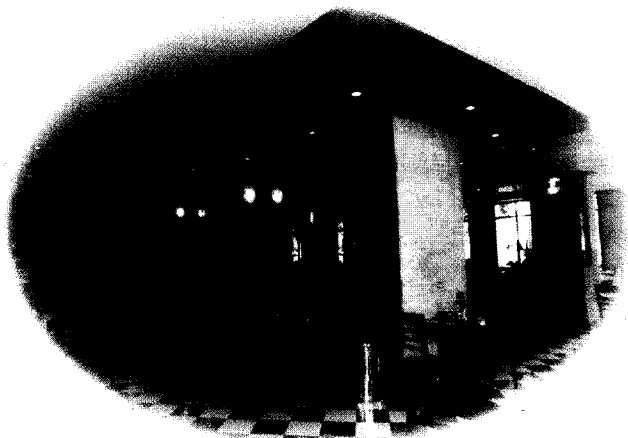


BENARES HOTELS LIMITED

Thirty First Annual Report 2001-02

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Hotels Resorts
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BENARES HOTELS LIMITED

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Corporate Information

Board of Directors

ANANT NARAIN SINGH
(Chairman)

ZUBIN DUBASH

SHRIRAMAN

RUKMANI DEVI

A. R. GANDHI

B. L. PASSI

B. D. NARIMAN

JAMSHED DABOO

DEEPA MISRA HARRIS

DIGVIJAY CHAND
(Alternate to Mrs. Rukmani Devi)

Company Secretary

P. K. Bhatia

Auditors

N. Krishnaswamy and Company,
Chartered Accountants,
D-37/33, Godawlia, Varanasi-221 001.

Registered Office

Nadesar Palace Compound,
Varanasi-221 002.
Phone : 0542-345100

Share Department

Corporate Office, Taj Palace Hotel,
Sardar Patel Marg, New Delhi-110 021
Phone : 011-6110749 Extn. 3549

Shares Listed at

THE STOCK EXCHANGE, MUMBAI
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

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HIGHLIGHTS	2001-02 (Rs. Lacs)	2000-01 (Rs. Lacs)
Gross Revenue	936.29	1,252.47
Profit Before Tax	104.90	334.88
Profit After Tax	72.40	280.88
Dividend	97.50	117.00
Retained Earnings	127.57	199.03
Funds Employed	1,390.19	1,456.85
Net Worth	1,236.06	1,443.88
Debt : Equity Ratio	0.00:1	0.00:1
Net Worth Per Equity Share (Rs. 10/- each)	Rs. 95.08	Rs. 111.07
Earnings (EAT) Per Equity Share (Rs. 10/- each)	Rs. 5.57	Rs. 21.61
Dividend Per Equity Share (Rs. 10/- each)	Rs. 7.50	Rs. 9.00
	75%	90%

Notice to the Members

Notice is hereby given that the Thirty First 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, the 18th September, 2002 at 3.30 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report together with Secretarial Compliance Certificate and Audited Profit and Loss Account for the year ended 31st March, 2002 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 Mr. Zubin Dubash who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

7. **Appointment of Ms. Deepa Misra Harris as a Director of the Company**
To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Ms. Deepa Misra Harris be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. To place the **Secretarial Compliance Certificate** obtained pursuant to Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001.

NOTES

- (a) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 7 and 8 is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED TO THE COMPANY, DULY COMPLETED, NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
- (c) Members are requested to intimate to the Company, changes, if any, in their Registered Address alongwith Pin Code Numbers. 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, the 6th day of September, 2002 to Wednesday, the 18th day of September, 2002 (both days inclusive).
- (e) The dividend as recommended by the Directors for the year ended 31st March, 2002, if passed at the meeting, will be made payable on or after Wednesday, the 25th day of September, 2002 to those members whose names appear on the Register of Members of the Company on Friday, the 6th day of September, 2002. 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 5th September, 2002.
- (f) Members who are holding shares in identical order of names in more than one folio are

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requested to write to the Company for consolidating their holding in one folio.

- (g) As per the provisions of the Finance Act, 2002, payment of dividend will be subject to deduction of tax at source. However, no tax shall be deducted at source in case of dividend payment to an individual (resident in India) does not exceed Rs. 1,000. Shareholders, who are eligible to file Form 15G, may file the duly executed Form (in duplicate) for the current year with the Share Department of the Company at Corporate Office, Taj Palace Hotel, Sardar Patel Marg, New Delhi 110 021 on or before 11th September, 2002 for non deduction of tax at source.
- (h) As per provisions of the Income Tax Act, 1961 every person from whom income tax is deducted at source is mandatorily required to intimate Permanent Account Number (PAN) to the person responsible for deducting such tax at source. In case PAN has not been allotted by the Income Tax Department, the person is required to intimate his GIR No. (General Index Number). Shareholders of the Company whose dividend will be liable to deduction of tax at source, are requested to intimate PAN/GIR No. to the Share Department of the Company at Corporate Office, Taj Palace Hotel, Sardar Patel Marg, New Delhi - 110 021.
- (i) 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 dividends paid for the financial year ended 31st March, 1996, shall be transferred by the Company to the said Fund on the due date in 2003.
- (j) 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 : 29th June, 2002

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 29th June, 2002.

Item No. 7

Ms. Deepa Misra Harris was appointed as an Additional Director of the Company by the Board of Directors on 29th October, 2001. In terms of Section 260 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Ms. Harris holds the office upto the ensuing Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying its intention to propose Ms. Harris's candidature to the office of the Director at the forthcoming Annual General Meeting.

The Board commends to the shareholders the appointment of Ms. Harris as a Director on the Board of the Company. Except Ms. Harris, no other Director is concerned or interested in the Resolution.

Item No. 8

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

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

P. K. BHATIA
Company Secretary

Place : Mumbai
Date : 29th June, 2002

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Directors' Report to the Members

The Directors hereby present the Thirty First Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2002.

OPERATING AND FINANCIAL RESULTS	2001-02	2000-01
	(Rs./Lacs)	(Rs./Lacs)
Income	936.29	1,252.47
Operating Expenses	776.22	865.18
Gross Operating Profit	160.07	387.29
Less : Interest	—	—
Less : Depreciation	55.17	47.09
Profit before extraordinary items/tax	104.90	340.20
Less : Amortisation of VRS expenses	—	5.32
Less : Provision for Tax on Profits		
Current Tax	15.52	54.00
Deferred Tax	16.97	—
Net Profit	72.40	280.88
Add : Balance brought forward from previous year	82.37	36.08
Balance available for appropriations	154.77	316.96

APPROPRIATIONS:

(a) A dividend @ 75% i.e. Rs. 7.50 per equity share (previous year 90% i.e. Rs. 9.00 per share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting to be held on Wednesday, the 18th day of September, 2002, will be paid out of the provision for dividend	97.50	117.00
(b) Tax on Dividend	—	11.93
(c) Amount transferred to :		
(i) Foreign Exchange Earnings Reserve	12.00	75.65
(ii) General Reserve.....	7.30	30.00
(d) Balance carried forward	37.98	82.37

The performance of the Company was adversely affected by the unfortunate chain of events in the aftermath of 11th September, 2001 in United States and increase in tensions on our Country's border. Faced with the alarming drop in materialization of business from Foreign Groups, your Company aggressively targeted the domestic business by floating various packages for Leisure tourists and offered incentives to Business travellers. These measures were supplemented by intensive marketing of its banquet and restaurant facilities. Your Directors hope that normalcy would return soon and consequently the business will improve.

In line with the policy to continuously invest in development and up-gradation of the property, intensive renovation of the Coffee Shop was undertaken along with complete renovation of the two Suite Rooms on the Fourth floor. The Company expects to reap the benefits of these facilities in the coming years.

DIVIDEND

Your Directors recommend the payment of dividend @ 75% (previous year dividend @ 90%) per equity share involving distribution of Rs. 97.50 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 Ms. Deepa Misra Harris was appointed as an Additional Director of the Company on 29th October, 2001. Pursuant to Section 260 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Ms. Harris holds office upto the date of the Annual General Meeting of the Company. It is proposed to appoint Ms. Harris as a Director of the Company at the ensuing Annual General Meeting. The Board of Directors commends her appointment. Mr. Digvijay Chand has been appointed as an alternate Director to Mrs. Rukmani Devi on 29th June, 2002.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have 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 at the end of the financial year and of the profit of the Company for that period;
3. they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. they have 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

As required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the information relating to foreign exchange earnings and outgo is in Notes No. 5 and 6 to the Balance Sheet and Profit and Loss Account.

ACKNOWLEDGEMENTS

The Directors record their grateful appreciation of the cooperation and efforts of all the members of the staff that made possible the results achieved by the Company.

On behalf of the Board of Directors

ANANT NARAIN SINGH
Chairman

Place : Mumbai

Date : 29th June, 2002

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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 31st March, 2002. 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 30, 2001, July 27, 2001, October 29, 2001 and January 31, 2002 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 September 01, 2001 to September 12, 2001 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, 2001 was held on September 12, 2001 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 company has not issued any duplicate share certificates during the financial year.
- (13) The Company has :
 - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) deposited the amount of dividend declared in a separate Bank Account on September 13, 2001, which is