

BENARES HOTELS LIMITED

Thirty Second Annual Report 2002-03

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BENARES HOTELS LIMITED
Thirty Second Annual Report 2002-03

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

Company Secretary

P. K. Bhatia

Auditors

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

Registered Office

Nadesar Palace Compound,
Varanasi-221 002.
Phone : 0542-2345100

Registrar and Share Transfer Agent

Tata Share Registry Limited
Army & Navy Building
148, Mahatma Gandhi Road
Fort, Mumbai-400 001
Phone : 022-56568484
Fax: 022-56568496

BENARES HOTELS LIMITED
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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

HIGHLIGHTS	2002-03 (Rs. Lacs)	2001-02 (Rs. Lacs)
Gross Revenue	1,104.34	936.29
Profit Before Tax	182.54	104.90
Profit After Tax	128.62	72.40
Dividend	97.50	97.50
Retained Earnings	83.39	30.07
Funds Employed	1,412.73	1,390.19
Net Worth	1,254.68	1,236.06
Debt : Equity Ratio	0.00:1	0.00:1
Net Worth Per Equity Share (Rs. 10/- each)	Rs. 96.51	Rs. 95.08
Earnings (EAT) Per Equity Share (Rs. 10/- each)	Rs. 9.89	Rs. 5.57
Dividend Per Equity Share (Rs. 10/- each)	Rs. 7.50	Rs. 7.50
	75%	75%

BENARES HOTELS LIMITED

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Notice to the Members

Notice is hereby given that the Thirty Second 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 Thursday, 28th August, 2003 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, 2003 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mrs. Rukmani Devi who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. Shriraman who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. B.D. Nariman 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 or the Registrar and Share Transfer Agent, 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).
- (d) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 19th August, 2003 to Tuesday, 26th August, 2003 (both days inclusive).
- (e) The dividend as recommended by the Directors for the year ended 31st March, 2003, if passed at the meeting, will be made payable on or after Friday, 5th September, 2003 to those members whose names appear on the Register of Members of the Company on Tuesday, 19th August, 2003. 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 18th August, 2003.

(f) 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. Members are advised that once the unclaimed dividend is transferred to Investor Education and Protection Fund, no claim shall lie in respect thereof.

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

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 6th June, 2003.

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.**

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

P. K. BHATIA
Company Secretary

P. K. BHATIA
Company Secretary

Place : Mumbai
Date : 6th June, 2003

Place : Mumbai
Date : 6th June, 2003

BENARES HOTELS LIMITED

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Directors' Report to the Members

The Directors hereby present the Thirty Second Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2003.

OPERATING AND FINANCIAL RESULTS	2002-03 (Rs./Lacs)	2001-02 (Rs./Lacs)
Income	1,104.34	936.29
Operating Expenses	857.04	776.22
Gross Operating Profit	247.30	160.07
Less : Depreciation	64.76	55.17
Profit before extraordinary items/tax	182.54	104.90
Less: Provision for Tax on Profits		
Current Tax	50.00	15.53
Deferred Tax	3.92	16.97
Net Profit	128.62	72.40
Add : Balance brought forward from previous year	37.98	82.37
Balance available for appropriations	166.60	154.77

APPROPRIATIONS :

(a) A dividend @75% i.e. Rs. 7.50 per equity share (previous year 75% i.e. Rs. 7.50 per share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting to be held on Thursday, the 28th day of August, 2003, will be paid out of the provision for dividend	97.50	97.50
(b) Tax on Dividend	12.49	—
(c) Amount transferred to :		
(i) Foreign Exchange Earnings Reserve	17.00	12.00
(ii) General Reserve.....	15.00	7.30
(d) Balance carried forward	24.60	37.98

OPERATIONS :

While the events of September 11, 2001 had impacted the tourism industry, the tension on the borders resulting in many countries issuing travel advisories, advising their citizens against travelling to India, followed by worsening situation in gulf region, contributed to further decline in group traffic to leisure destinations. However, the increased focus on FIT Indian segments, packages, conferences and the efforts on improving F & B revenues enabled the Company to achieve satisfactory results. The Directors hope that the Company's performance would improve with the stability in the country and the sub-continent resulting in increase in the inflow of tourists to India.

The Company has entered into an Agreement to develop, manage and operate the Nadesar Palace and adjoining grounds at Nadesar, Varanasi. This addition shall help the Hotel scale new heights as market leader in Varanasi.

DIVIDEND

Your Directors recommend the payment of dividend @ 75% (previous year dividend @ 75%) 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

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mrs. Rukmani Devi, Mr. Shriraman and Mr. B.D. Nariman, Directors of the Company, are liable to retire by rotation and being eligible, seek reappointment.

Mr. Digvijay Chand who was alternate Director to Mrs. Rukmani Devi ceased to hold office of Director on 6th June 2003. The Directors place on record their appreciation of the services rendered by him during his association with the Company.

**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 4 respectively 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 : 6th June, 2003

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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, 2003. 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 5 times on June 29, 2002, July 29, 2002, September 18, 2002, October 28, 2002 and January 28, 2003 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 06, 2002 to September 18, 2002 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, 2002 was held on September 18, 2002 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 including interim dividend

in a separate Bank Account on September 21, 2002, 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 28, 2002, 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 October 24, 2002;
 - (iv) not transferred any 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 to Investor Education and Protection Fund as there were no such amount due to be transferred.
 - 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 have been duly made; no additional directors and directors to fill casual vacancies were appointed during the financial year.
 - (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 46/108/2002-CL-III dated August 29, 2002 for the Financial Years ending on March 31, 2002, March 31, 2003 and March 31, 2004.
 - (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, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.