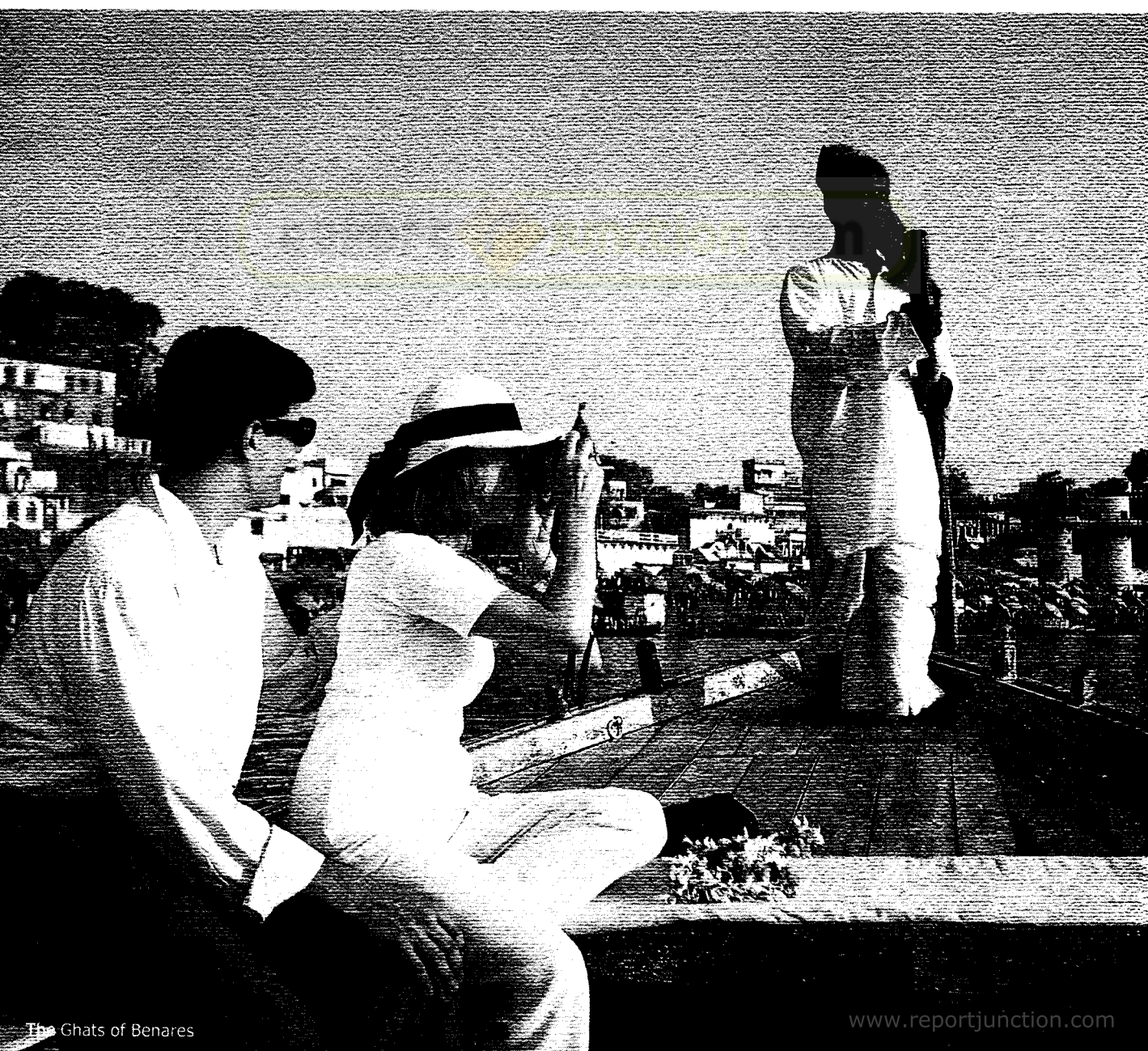


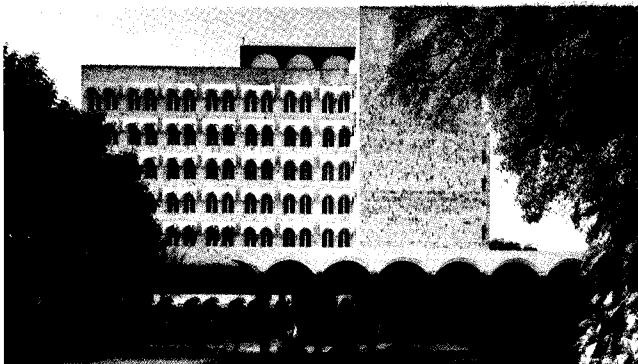
BENARES HOTELS LIMITED

35TH ANNUAL REPORT 2005-06





Lobby



Garden View



Accommodation

BENARES HOTELS LIMITED
Thirty Fifth Annual Report 2005-06

Corporate Information

Board of Directors

DR. ANANT NARAIN SINGH
(Chairman)

RAYMOND N. BICKSON

SHRIRAMAN

RUKMANI DEVI

A. R. GANDHI

B. L. PASSI

D. BAJPAI

JYOTI NARANG

DEEPA MISRA HARRIS

DIGVIJAY CHAND
(Alternate to Mrs. Rukmani Devi)

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

TSR Darashaw Limited
(Formerly known as Tata Share Registry Limited)
Army & Navy Building
148, Mahatma Gandhi Road
Fort, Mumbai-400 001
Phone : 022-66568484
Fax: 022-66568494



BENARES HOTELS LIMITED
Thirty Fifth Annual Report 2005-06

Shares Listed at

BOMBAY STOCK EXCHANGE LIMITED

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai - 400 001

**THE DELHI STOCK EXCHANGE
ASSOCIATION LTD.**

3/1, Stock Exchange Building

Asaf Ali Road

New Delhi - 110 002

**THE UTTAR PRADESH STOCK
EXCHANGE ASSOCIATION LTD.**

Padam Towers

14/113, Civil Lines

Kanpur - 208 001

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HIGHLIGHTS	2005-06 (Rs. Lacs)	2004-05 (Rs. Lacs)
Gross Revenue	1,574.94	1,532.17
Profit Before Tax	436.33	413.13
Profit After Tax	289.08	272.69
Dividend	110.50	110.50
Retained Earnings	230.64	218.85
Funds Employed	1,788.81	1,624.77
Net Worth	1,627.84	1,464.76
Debt : Equity Ratio	0.00:1	0.00:1
Net Worth Per Equity Share (Rs. 10/- each)	Rs. 125.22	Rs. 112.67
Earnings (EAT) Per Equity Share (Rs. 10/- each)	Rs. 22.24	Rs. 20.98
Dividend Per Equity Share (Rs. 10/- each)	Rs. 8.50	Rs. 8.50
	85%	85%

BENARES HOTELS LIMITED

Thirty Fifth Annual Report 2005-06

Notice to the Members

Notice is hereby given that the Thirty Fifth 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 Monday, 7th August, 2006 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, 2006 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 Dr. Anant Narain Singh who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. Appointment of Mr. Raymond N. Bickson 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 Mr. Raymond N. Bickson be and is hereby appointed as a Director of the Company liable to retire by rotation"

7. Appointment of Mr. D. Bajpai 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 Mr. D. Bajpai be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. Appointment of Ms. Jyoti Narang 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. Jyoti Narang be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. 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. 6 to Item No. 9 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 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 Tuesday, 25th July, 2006 to Monday, 7th August, 2006 (both days inclusive)
- (e) The dividend as recommended by the Directors for the year ended 31st March, 2006,

if passed at the meeting, will be made payable on or after Thursday, 17th August, 2006 to those members whose names appear on the Register of Members of the Company on Tuesday, 25th July, 2006. 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 24th July, 2006.

31st March, 1999, shall be transferred by the Company to the said Fund on the due date in 2006. 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.

- (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 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

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

P. K. BHATIA
Company Secretary

Place : Mumbai
Date : 23rd May, 2006

BENARES HOTELS LIMITED

Thirty Fifth Annual Report 2005-06

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. 6 to Item No. 9 mentioned in the accompanying Notice dated 23rd May, 2006

Item Nos. 6 & 7

Mr. Raymond N. Bickson and Mr. D. Bajpai were appointed as Additional Directors of the Company on 23rd May, 2006. In terms of Section 260 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Mr. Bickson and Mr. Bajpai hold the office upto the ensuing Annual General Meeting. The notices under Section 257 of the Companies Act, 1956 have been received from a member signifying its intention to propose Mr. Bickson's and Mr. Bajpai's candidature to the office of the Director at the forthcoming Annual General Meeting.

The Board commends to the shareholders the appointment of Mr. Bickson and Mr. Bajpai as Directors on the Board of the Company. Except Mr. Bickson and Mr. Bajpai, no other Director is concerned or interested in the Resolution.

Item No. 8

Ms. Jyoti Narang was appointed as a Director of the Company on 23rd May, 2006 to fill in the casual vacancy caused by the resignation of Mr. Jamshed S Daboo. In terms of Section 262 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Ms. Narang 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 his intention to propose Ms. Narang's candidature to the office of the Director at the forthcoming Annual General Meeting.

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

Item No. 9

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
for BENARES HOTELS LTD.

P. K. BHATIA
Company Secretary

Place : Mumbai
Date : 23rd May, 2006

Directors' Report to the Members

The Directors hereby present the Thirty Fifth Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2006.

OPERATING AND FINANCIAL RESULTS	2005-06 (Rs./Lacs)	2004-05 (Rs./Lacs)
Income	1,574.94	1,532.17
Gross Profit for the year	503.89	485.29
Less: Depreciation	67.56	72.16
Profit before tax	436.33	413.13
Less: Provision for tax		
- Current Tax	144.00	147.50
- Deferred Tax	0.96	(7.06)
- Fringe Benefit Tax	2.29	
Net Profit	289.08	272.69
Add: Balance brought forward from previous year	169.68	52.99
Balance available for appropriations	458.76	325.68

APPROPRIATIONS :

(a) A dividend @ 85% i.e. Rs. 8.50 per equity share (previous year 85% i.e. Rs. 8.50 per equity share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting to be held on Monday, the 7th day of August, 2006 will be paid out of the provision for dividend	110.50	110.50
(b) Tax on Dividend	15.50	15.50
(c) Amount transferred to General Reserve	35.00	30.00
(d) Balance carried forward	297.76	169.68

OPERATIONS :

The Company improved its performance over the previous year in spite of a drop in tourist arrival into Varanasi due to disturbed conditions in Nepal.

The Company is continuing with its policy of upgrading the Hotel and is in the process of renovating the rooms and its facilities which the Directors hope shall help in further improving the performance of the Company.