

BENARES HOTELS LIMITED
38th ANNUAL REPORT 2008 - 09



The Gateway Hotel Ganges Varanasi



Executive Room

BENARES HOTELS LIMITED
Thirty Eighth Annual Report 2008-09

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

THE DELHI STOCK EXCHANGE LTD.

3/1, Stock Exchange Building

Asaf Ali Road

New Delhi - 110 002

Report  Junction.com

THE UTTAR PRADESH STOCK
EXCHANGE ASSOCIATION LTD.

Padam Towers

14/113, Civil Lines

Kanpur - 208 001

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HIGHLIGHTS	2008-09 (Rs. Lacs)	2007-08 (Rs. Lacs)
Gross Revenue	2,018.78	2,168.87
Profit Before Tax	491.81	669.53
Profit After Tax	321.76	440.45
Dividend	110.50	156.00
Retained Earnings	302.05	359.86
Funds Employed	2,513.79	2,307.47
Net Worth	2,312.89	2,120.41
Debt : Equity Ratio	0.00:1	0.00:1
Net Worth Per Equity Share (Rs. 10/- each)	Rs. 177.91	Rs. 163.11
Earnings (EAT) Per Equity Share (Rs. 10/- each)	Rs. 24.75	Rs. 33.88
Dividend Per Equity Share (Rs. 10/- each)	Rs. 8.50	Rs. 12.00
	85%	120%

Notice to the Members

Notice is hereby given that the Thirty Eighth 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, 27th August, 2009 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, 2009 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Raymond N Bickson, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. A.R. Gandhi, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. B. L. Passi, who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

7. **Appointment of Mr. P.K. Mohankumar 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. P.K. Mohankumar 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 Nos. 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, the 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 Wednesday, 12th August, 2009 to Thursday, 27th August, 2009 (both days inclusive).
- (e) The dividend as recommended by the Directors for the year ended 31st March, 2009, if passed at the meeting, will be made payable on or after Saturday, 5th September, 2009, to those members whose names appear in the Register of Members of the Company on Wednesday, 12th August, 2009. 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 Tuesday, 11th August, 2009.

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- (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 dividend paid up to the financial year ended 31st March, 2002, shall be transferred by the Company to the said Fund on the due date in 2009. 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 : 8th June, 2009



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 Nos. 7 and 8 mentioned in the accompanying Notice dated 8th June, 2009.

Item No. 7

Mr. P.K. Mohankumar was appointed as a Director on 8th June, 2009 to fill in the casual vacancy caused by the resignation of Ms. Jyoti Narang. In terms of Section 262 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Mr. Mohankumar holds the office upto the ensuing Annual General Meeting.

Mr. Mohankumar is the Chief Operating Officer, Gateway Hotels and has 35 years of rich experience with the Taj Group and has held many a senior management positions including that of Area Director Chennai, Sri Lanka, Bangalore and Chief Operating Officer, Oriental Hotels Ltd. during his illustrious career. His vast knowledge and experience would be of immense help to the Board. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying its intention to propose Mr. P.K. Mohankumar's candidature to the office of the Director at the forthcoming Annual General Meeting.

The Board commends to the shareholders the appointment of Mr. P.K. Mohankumar as Director on the Board of the Company. Except Mr. P.K. Mohankumar, 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 : 8th June, 2009

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Directors' Report to the Members

The Directors hereby present the Thirty Eighth Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2009.

OPERATING AND FINANCIAL RESULTS	2008-09 (Rs./Lacs)	2007-08 (Rs./Lacs)
Income	2,018.78	2,168.87
Gross Profit for the year	601.37	771.46
Less: Depreciation	109.56	101.93
Profit before tax	491.81	669.53
Less: Provision for tax		
- Current Tax	156.77	216.31
- Deferred Tax	11.53	10.31
- Fringe Benefit Tax	1.75	2.46
Net Profit	321.76	440.45
Add: Balance brought forward from previous year	695.33	487.40
Balance available for appropriations	1,017.09	927.85
APPROPRIATIONS :		
(a) A dividend @85% i.e. Rs. 8.50 per equity share (previous year 120% i.e. Rs. 12.00 per share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting to be held on Thursday, 27th August, 2009 will be paid out of the provision for dividend	110.50	156.00
(b) Tax on Dividend	18.78	26.51
(c) Amount transferred to General Reserve	35.00	50.00
(d) Balance carried forward	852.81	695.33

OPERATIONS

The trend of improved performance continued in the first half of the financial year. However, after the terror attack in Mumbai in November, 2008 coupled with the global economic slowdown which impacted the Indian economy also, the travel and tourism industry was badly affected resulting in a drop in the income of the Company. However, with the Nadesar Palace becoming operational, the Directors hope that despite the global scenario still posing a challenge, the Company shall improve its performance from the second half of the current financial year.

DIVIDEND

Your Directors recommend the payment of dividend @ 85% (previous year dividend @ 120%) per equity share involving distribution of Rs.110.50 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

Ms. Jyoti Narang resigned from the Directorship of the Company w.e.f. 19th May, 2009. The Directors place on record their appreciation of the services rendered by her during her association with the Company.

Mr. P.K. Mohankumar was appointed as a Director of the Company on 8th June, 2009 to fill in the casual vacancy caused by the resignation of Ms. Narang. In terms of Section 262 and Article 122 of the Articles of Association of the Company, Mr. Mohankumar holds office upto the date of the Annual General Meeting. It is proposed to appoint Mr. Mohankumar as Director of the Company at the ensuing Annual General Meeting. The Board of Directors commend his appointment.

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr. Raymond N Bickson, Mr. A.R. Gandhi and Mr. B.L. Passi, 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, 2009 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

An Audit Committee of the Board has been constituted during the year. 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 : 8th June, 2009