

**BENARES HOTELS LIMITED**  
42nd ANNUAL REPORT 2012-13



The Gateway Hotel Ganges Varanasi



The Gateway Hotel Ganges Varanasi

## **Corporate Information**

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### **Board of Directors**

DR. ANANT NARAIN SINGH  
(Chairman)

RAYMOND N. BICKSON

SHRIRAMAN

RUKMANI DEVI

B. L. PASSI

D. R. KAARTHIKEYAN

PRABHAT VERMA

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### **Auditors**

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

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### **Company Secretary**

P. K. Bhatia

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### **Registered Office**

Nadesar Palace Compound,  
Varanasi-221 002  
Phone : 0542-6660001

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### **Registrar and Share Transfer Agent**

The Indian Hotels Company Limited  
Mandlik House, Mandlik Road  
Mumbai - 400 001  
Phone : 022-66395515  
Fax : 022-22027442  
Email : [investorrelations@tajhotels.com](mailto:investorrelations@tajhotels.com)

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## Shares Listed at

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BSE LTD.

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai - 400 001

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DELHI STOCK EXCHANGE LTD.

3/1, Stock Exchange Building

Asaf Ali Road

New Delhi - 110 002

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UP STOCK

EXCHANGE ASSOCIATION LTD.

Padam Towers

14/113, Civil Lines

Kanpur - 208 001

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**BENARES HOTELS LIMITED**  
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<b>HIGHLIGHTS</b>	<b>2012-13</b> ₹ Lacs	<b>2011-12</b> ₹ Lacs
Gross Revenue	3,984.62	3,519.50
Profit Before Tax	1,253.83	961.58
Profit After Tax	857.61	619.23
Dividend	260.00	208.00
Retained Earnings	3,587.08	3,033.66
Funds Employed	4,956.48	4,087.29
Net Worth	3,717.08	3,163.66
Debt : Equity Ratio	0.00:1	0.00:1
Net Worth Per Equity Share ( ₹ 10/- each)	₹ 285.93	₹ 243.36
Earnings (EAT) Per Equity Share ( ₹ 10/- each)	₹ 65.97	₹ 47.63
Profit Before Tax Ratio to Turnover	31.5%	27.3%
Dividend Per Equity Share ( ₹ 10/- each)	₹ 20.00	₹ 16.00
	200%	160%

## Notice to the Members

Notice is hereby given that the Forty 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-221002, on Friday, 16th August, 2013 at 3:00 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, 2013 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 Dr. Anant Narain Singh, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. Raymond N. Bickson, who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

#### 7. Appointment of Mr. Prabhat Verma as Director

To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Prabhat Verma be and is hereby appointed as a Director of the Company liable to retire by rotation.”

### 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) Members are requested to register their Email id and the changes therein from time to time with the Company to enable the Company to send notices/documents through email as permitted in law.
- (e) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 6th August, 2013 to Monday, 19th August, 2013 (both days inclusive).
- (f) The dividend as recommended by the Directors for the year ended 31st March, 2013, if passed at the meeting, will be made payable on or after Tuesday, 27th August, 2013 to those members whose names appear on the Register of Members of the Company on Tuesday, 6th August, 2013. 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 Monday, 5th August, 2013.
- (g) SEBI vide its Circular No. CIR/MRD/ DP/ 10/2013 dated March 21, 2013 has instructed all Companies for usage of electronic payment modes for making cash payments to the

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investors. Companies whose securities are listed on Stock Exchanges are directed to use, either directly or through their RTI & STA, any Reserve Bank of India approved electronic mode of payment such as ECS [ECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)], NEFT etc. Thus, Members are requested to kindly provide their requisite bank account particulars by quoting their reference folio number(s) if shares are held in physical form.

If shares are held in dematerialized form, Members may kindly provide the requisite bank account details to their Depository Participant, to ensure that future dividend payments are correctly credited to the respective account.

- (h) 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.
- (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 dividend paid upto the financial year ended 31st March, 2006, shall be transferred by the Company to the said Fund on the due date in 2013. Members are advised that once the unclaimed dividend is transferred to Investor Education and Protection Fund, no claim shall lie in respect thereof.
- (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: Gurgaon  
Date: 1st May, 2013

## 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 1st May, 2013.

#### Item No. 7

Mr. Prabhat Verma was appointed as an Additional Director of the Company on 19th April, 2013. In terms of Section 260 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Mr. Verma holds the office up to 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 Mr. Verma's candidature to the office of the Director at the forthcoming Annual General Meeting.

Mr. Prabhat Verma is the Chief Operating Officer, Gateway Hotels, having a rich experience with the Taj Group holding many a senior positions including that of the General Manager, St. James Court Hotel, London during his illustrious career. His vast knowledge and experience would be of immense help to the Company.

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

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

**P. K. Bhatia**  
Company Secretary

Place: Gurgaon  
Date: 1st May, 2013

## Directors' Report to the Members

The Directors hereby present the Forty Second Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2013.

### OPERATING AND FINANCIAL RESULTS

	(₹/Lacs) <u>2012-13</u>	(₹/Lacs) <u>2011-12</u>
Income .....	<b>3984.62</b>	3519.50
Gross Profit for the year .....	<b>1434.34</b>	1132.30
Less: Depreciation .....	<b>180.51</b>	170.72
Profit before tax .....	<b>1253.83</b>	961.58
Less: Provision for tax:		
- Current Tax .....	<b>397.51</b>	286.25
- Deferred Tax .....	<b>(14.95)</b>	17.94
- Earlier years Taxes .....	<b>13.66</b>	38.16
Net Profit .....	<b>857.61</b>	619.23
Add: Balance brought forward from previous year .....	<b>1065.58</b>	988.09
Balance available for appropriations .....	<b>1923.19</b>	1607.32

### APPROPRIATIONS :

(a) A dividend @200% i.e. Rs. 20/- per equity share (previous year 160% i.e. Rs. 16/- per equity share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting to be held on Friday, 16th August, 2013 will be paid out of the provision for dividend.....	<b>260.00</b>	208.00
(b) Tax on Dividend .....	<b>44.00</b>	33.74
(c) Amount transferred to General Reserve .....	<b>100.00</b>	300.00
(d) Balance carried forward .....	<b>1519.00</b>	1065.58

### OPERATIONS

The Company has significantly improved its performance during the year registering 13% growth in revenues and 30% growth in Profit before Tax over the previous year. The Directors hope to sustain the standard of improvement in the performance during the current financial year. The work on the Hotel Project in Gondia, Maharashtra is in progress.

### DIVIDEND

Your Directors recommend the payment of dividend @ 200% (previous year dividend @ 160%) per equity share involving distribution of Rs. 260.00 lacs.



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### 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. 60.00 lacs for the year, if employed throughout the year, or
- (b) Not less than Rs. 5.00 lacs per month, if employed for part of the year.

### DIRECTORS

During the year under report, Mr. A.R. Gandhi and Mr. P.K. Mohankumar resigned from the Directorship of the Company with effect from 15th March, 2013 and 19th April, 2013 respectively. The Directors place on record their appreciation of the services rendered by Mr. Gandhi and Mr. P.K. Mohankumar during their tenure as Directors of the Company.

Mr. Prabhat Verma was appointed as an Additional Director of the Company by the Board of Directors vide Board Circular Resolution No. 1 of 2013-14 dated 19th April, 2013. In terms of Section 260 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Mr. Verma holds office upto the date of the Annual General Meeting of the Company. It is proposed to appoint Mr. Verma 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, Mrs. Rukmani Devi, Dr. Anant Narain Singh and Mr. Raymond N. Bickson, Directors of the Company are liable to retire by rotation and being eligible seek reappointment.

### SUBSIDIARY COMPANIES

The Company does not have any subsidiary company.

### AUDIT COMMITTEE

Mr. Shriraman, Mr. B.L. Passi and Mr. Prabhat Verma are the members of the Audit Committee.

### CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' Certificate regarding compliance of conditions of Corporate Governance, form part of the Annual Report.

### 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 in Notes on Accounts (Refer Note Nos. 28, 29 & 30).

### 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, 2013 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;
4. It has prepared the annual accounts on a going concern basis.

### 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

Place : Gurgaon  
Date : 1st May, 2013

**Dr. Anant Narain Singh**  
Chairman

## Management Discussion and Analysis

According to the United Nations World Tourism Organization (UNWTO), international tourist arrivals surpassed the 1 billion mark for the first time in history in 2012, reaching a figure of 1.04 billion from 996 million in 2011 with 4 per cent growth despite the volatility around the globe, particularly in Europe which accounts for over half of international tourist arrivals worldwide. Emerging economies, with 4.1 per cent growth regained the lead over advanced economies with 3.6 per cent growth, with Asia and Pacific showing the strongest growth at 7 per cent. In 2013 growth is expected to decelerate slightly and fall in the range of 3-4 per cent with prospects stronger for Asia and Pacific (5-6 per cent). Available data on international tourism receipts and expenditure for 2012 covering at least the first nine months of the year confirm the positive trend in arrivals. In a significant number of destinations including India, receipts from international tourism increased by 15 per cent or more. According to the UNWTO, the number of international tourist arrivals worldwide is expected to increase by 3.3 per cent a year on an average from 2010 to 2030, resulting in around 43 million more arrivals every year. As in the past, emerging economy destinations are set to grow faster than advanced economy destinations. As a result, the market share of emerging economies which has increased from 30 per cent in 1980 to 47 per cent in 2011 is expected to reach 57 per cent by 2030, equivalent to over one billion international tourist arrivals.

The growth of Foreign tourist arrivals (FTAs) in India moderated to 5.4 per cent to reach 66.48 lakh in 2012. Domestic tourism is also an important contributor with a 14.34 per cent CAGR of domestic tourist visits from 1991 to 2011. The constant transformation has made the Indian hotel industry more functional and practical and has gained a level of acceptance world over. The standards of facilities and services offered have evolved over the last decade towards the

extensive use of technology, environment friendly services, pricing, market segmentation, regional preferences, etc. The Indian hotel industry has seen a significant growth in room inventory across categories from upscale luxury to limited services and boutique & budget hotels. The occupancy and the room rates have seen continued gains both from the domestic and the international traveler in both the business and leisure segment. With the continued growth in India's GDP, improvement in the per capita income and increased aspirational spending, the Indian hospitality sector is expected to grow faster than most countries around the world.

Some of the challenges still remain as hindrances to the growth of this sector. One of them is the multiple taxes on hospitality- and tourism-related activities which make the tourism product expensive in the form of high hotel rates and high fares. Significant opportunities still remain relatively untapped for faster, sustainable, and more inclusive growth. As envisaged in the Twelfth Five Year Plan of the Government of India, the tourism sector holds a lot of promise.

Varanasi, the city of Company's operational activity continues to be the religious and cultural capital of North India. Varanasi has several large and medium size industries. Produce from cottage industries, including Banarasi Silk Saree making, the production of textiles such as hand-woven carpets, and handicrafts are exported worldwide besides Manufacturing, Tourism, Mining and Services Industries which help in boosting the business from corporate segment.

With the improvement particularly in terms of new airport and flights connectivity linkage between the people of Varanasi and other Metro cities, it is expected that all these factors will further boost both the leisure and corporate travelling in the city.