

59th ANNUAL REPORT 2001-2002

BEST EASTERN HOTELS LIMITED

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NOTICE

NOTICE is hereby given that the 59th Annual General Meeting of the members of the Best Eastern Hotels Ltd. will be held on Tuesday, the 24th September 2002 at the Registered office of the company at 401, Chartered House, 293/299, Dr. C.H. Street, Mumbai - 400 002 at 4.00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2002 and the Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Vinaychand Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the company and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s) the following Resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company be altered in the following manner :

(I) In the Article 2(1) the following interpretation be inserted at appropriate place in alphabetical order.

Beneficial Owner :	'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996;
Bye-laws :	'Bye Laws' means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.
Depositories Act :	'Depositories Act' means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force.
Depository :	'Depository' means a Company formed and registered under the Companies Act, 1956 ('the Act') and which has been granted a certificate of registration under sub section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

(II) The following new Article be inserted immediately after Article No. 23.

Purchase by the Co. of its own Shares	"23A The Company may purchase its own shares or specified securities in accordance with the provisions of the Act for the time being in force.
Nomination of shares	"23B (i) Every holder of Shares in, or holder of Debentures of the Company may at any time nominate, in the prescribed manner under Section 109 A of the Act, a person to whom his Shares in, or Debentures of the Company shall vest in the event of his death. (ii) Where the Shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner under Section 109A of the Act, a person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of all the joint holders. (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of the Company, where a nomination made in the prescribed manner under Section 109 A of the Act, purports to confer on any person the right to vest the Shares in, or Debentures of the Company, the nominee shall, on the death of the Shareholder or holder of Debentures of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the Shares or Debentures of the Company or, as the case may be, all the joint holders, in relation to such Shares in, or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under Section 109 A of the Act. (iv) Where the nominee is a minor, it shall be lawful for the holder of the Shares, or holder of Debentures, to make the nomination to appoint, in the prescribed manner under Section 109 A of the Act, any person to become entitled to Shares in, or Debentures of the Company, in the event of his death, during the minority"

(III) The following new Article be inserted immediately after Article No. 57.

- Transmission of shares in favour of nominee** 57A
- (i) Any person who becomes a nominee by virtue of the provisions of the Section 109 A of the Act, upon the production of such evidence as may be required by the Board and subject to as hereinafter provided, elect, either:-
 - a. to be registered himself as holder of the Shares or Debentures, as the case may be; or
 - b. to make such transfer of the Shares or Debentures, as the case may be, as the deceased Shareholder or Debenture holder, as the case may be, could have made.
 - (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased Shareholder or Debenture holder as the case may be had transferred the Shares or Debentures, as the case may be, before his death.
 - (iii) If the person being nominee, so becoming entitled, elects to be registered as holder of the Shares or Debentures, himself, as the case may be, he shall deliver or send to the Company a Notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debenture holder, as the case may be.
 - (iv) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfer of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer, where a transfer signed by that Shareholder or Debenture holder, as the case may be.
 - (v) A person, being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture except that he shall not, before being registered a member in respect of his Share or Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

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Provided that the board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within 90 days, the Board may thereafter withhold payments of all dividends, bonuses or the other monies payable in respect of share or debenture, until the requirements of the notice have been complied with.

(IV) The following new Article 65A under the heading "DEMATERIALISATION OF SECURITIES" be inserted after the present Article 65.

- Dematerialisation of Securities** 65A
- (i) Either on the company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the company shall enter in to an agreement with the depository to enable the investor to dematerialised the securities, in which the events the rights and obligation of the parties concerned shall be governed by the Depositories Act, 1996.
 - Options to receive security certificates or hold securities with depository** (ii) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with the depository. Where a person opts to hold a security with a depository, the company shall intimate such depository the details of allotment of the security, and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.
 - Securities in Depositories to be in fungible form** (iii) All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in a sections 153, 153 A, 153 B, 187 B, 187 C and 372 of the Act shall apply to a depository in a respect of the securities held by it on behalf of the beneficial owner.
 - Rights of Depositories and beneficial owners** (iv)(a) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
 - (b) Save as other wise provided in (a) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
 - (c) Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to

- be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.
- Depository to furnish information (v)** Every depository shall furnish to the Company information about the transfer of the securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
- Option to opt out in respect of any security (vi)** Subject to the provisions of section 8 of the Depositories Act, 1996, if a beneficial owner seeks to be opt out of a Depository in respect of any security, the beneficial owner shall inform the depository accordingly.
- The depository shall on receipt of intimation as above make appropriate entries in its record and shall inform the Company.
- The Company shall within thirty (30) days of the receipt of the intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be
- Section 83 and 108 of the Act not to apply (vii)** Notwithstanding anything to the contrary contained in the Articles :
- (a) Section 83 of the act shall not apply to the shares held with a depository.
- (b) Section 108 of the act shall apply to the transfer of security effected by the transferor and the transferee both of whom are entered as a beneficial owner in the records of the depository.

(V) The following new Article be inserted immediately after Article No. 101.

- Passing Resolution by Postal Ballot** 101A Notwithstanding any of the provisions of the Articles of Association, the Company shall pass resolution(s) by means of Postal Ballot of members for such of the business as specified by the Central Government, in accordance with the provisions of Section 192A of the Companies Act, 1956 & Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 including any statutory modification or re-enactment thereof, for the time being in force.

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a special resolution :

"RESOLVED that in supersession of the earlier resolution passed by the member and pursuant to the provisions of section 314 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to Shri. Parasmal Kothari, brother of Shri. Vinaychand Kothari, Chairman & Managing Director of the company, to hold and continue to hold an office or place of profit in the company with the designation as Executive or with such other designation as the Directors may from time to time decide on a increased remuneration of Rs. 12,500/- p.m. w.e.f. 1st April, 2002.

"FURTHER RESOLVED that the Board of Directors be and is hereby authorised to make such variations / increases therein as may be in force from time to time."

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :-

" RESOLVED THAT the Equity Shares of the Company be delisted from the Bangalore & Chennai Stock Exchanges in accordance with the relevant laws, rules, regulations and guidelines (including any statutory modification(s) or re-enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions as may be necessary and in compliance with such conditions and modifications as may be necessary for this purpose."

" RESOLVED FURTHER THAT the Board of directors of the company (hereinafter referred to as "the Board" which terms shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board) be and is hereby authorised to seek voluntary delisting, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in the its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in regard to delisting of the Equity Shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient as may be deemed fit and for this purpose, to delegate the authority duly vested in it by virtue hereof to the Managing Director or the Company Secretary or any other person whom the managing Director may consider suitable to do the various acts, deeds and things as required to be done in this behalf."

By order of the Board
For Best Eastern Hotels Ltd.

Dilip V. Kothari
Jt. Managing Director

Mumbai, 30th August, 2002

NOTES :-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE THE MEMBER OF THE COMPANY.** Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the registered office of the company not less than 48 hours before the commencement of the Meeting.
2. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, relating to special business is annexed hereto.
3. Members are requested to notify immediately any change in their address, if any, at the Registered office, quoting their Folio Number. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.
4. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p. m upto the date of Annual General Meeting.

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 :**Item No. 4**

The Company has executed an Agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for providing option to shareholders to convert their physical shares in to electronic mode. Consequent to the passing of the Depositories Act, 1996 certain provisions of the Companies Act, 1956 were introduced recognizing the beneficial owners of the shares in the dematerialised form with a Depository as member of the Company and vesting them all rights and powers as a shareholder of the Company.

Further, the Companies Act, 1956 has been amended by the companies (Amendment) Ordinance, 1999 which empowers the company to purchase its own shares or other specified securities and the members of the company have been given a option to nominate a person to whom the rights of the security holders of the company shall vest in the event of his death. Pursuant to provisions of section 192A of the Act some of the Resolutions is to be passed by the Postal Ballot only by the listed company. Further the central government has amended rule 10-B of the Companies (Central Government) General Rules and Forms, 1956 wherein the companies can now pay a remuneration by way of sitting fees upto maximum of Rs.5,000/- to a Director for attending a Board Meetings / Committee Meetings. It has, therefore become necessary to alter the Articles of Association of the Company to certain respects so that they confirm to the amended provisions of the Companies Act, 1956 and the Depositories Act, 1996. None of the Directors are concerned or interested in the resolution.

Item No. 5

Mr. Parasmal Kothari was appointed as an Executive in the company w.e.f. 1st March, 1999 on a remuneration of Rs. 9500/- and the remuneration was increased as a regular increment which now stand at Rs. 10,500/- p.m. The Board of Directors at their meeting held on 30th April, 2002 had increased the remuneration to Rs. 12,500/- p.m. The proposed increase in the remuneration by Rs. 2,000/- p.m. which is not falls under regular increment. The approval of Members is required for the remuneration payable more than Rs. 10,000/- p.m. upto Rs. 20,000/- p.m. The approval of Members therefore sought.

None of the Directors except Mr. Vinaychand Kothari and Mr. Dilip V. Kothari are concerned or interested in the resolution.

Item No. 6

Presently, the Equity Shares of the Company are listed on the Stock Exchanges at Mumbai, Bangalore & Chennai Stock Exchange. Consequent to the recent changes in the capital market in relation to the manner of dealing in shares/securities of companies, the volume of trading in company's Equity Shares on the Bangalore & Chennai Stock Exchange are either Nil or Negligible. The Board of Directors of the company therefore, decided to get the shares of the Company voluntarily delisted from the Bangalore & Chennai Stock Exchange in accordance with the applicable laws, rules regulations and guidelines.

As required under the Listing Agreement entered into by the Company with the said Stock Exchange and SEBI Guidelines on voluntary delisting of shares, your approval for the proposal is sought by way of Special Resolution for delisting the shares of the Company from the said Stock Exchange.

None of the Directors are concerned or interested, in the resolution.

The Directors commend the resolutions for approval of the members.

**By order of the Board
For Best Eastern Hotels Ltd.**

**Dilip V. Kothari
Jt. Managing Director**

Mumbai, 30th August, 2002

BOARD OF DIRECTORS

Vinaychand Kothari
Chairman & Managing Director

Dilip V. Kothari
Jt. Managing Director

Dr. Ramnik K. Baxi

Mangal S. Chheda

Madhusudan B. Vakharia (up to 30/07/2002)

AUDITORS

Messrs. D. C. SURANA & ASSOCIATES
Chartered Accountants

COMPANY LAW CONSULTANT

Messrs. N. BAFNA & COMPANY
Company Secretaries.

BANKER

UNION BANK OF INDIA

Registered Office :

401, Chartered House,
293/299, Dr. C. H. Street,
MUMBAI - 400 002.
Tel. : 91 22 207 8292
Fax : 91 22 206 1324
Email : booking@ushaascot.com

Hotel Site :

USHA ASCOT
M. G. Road,
Matheran, Dist. Raigad.
91 2148 30360
91 2148 30213
Web site : www.ushaascot.com

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting their Fifty - Ninth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

	Rupees in 000's	
	Year Ended 31.03.2002	Year Ended 31.03.2001
Revenue	26,730	27,726
Profit before Depreciation & Tax	7,949	6,854
Less : Depreciation	3,662	3,582
Profit before Tax	4,287	3,272
Provision for Tax	—	—
Profit after Tax	4,287	3,272
Prior Year Adjustment	23	—
Balance brought forward from previous year	(5,178)	(8,450)
Balance carried over to Balance Sheet	(868)	(5,178)

OPERATING RESULTS

The year under review began with encouraging signs of a recovery in the hospitality industry. For the first six months of the year, the gross operating Revenue & profit were ahead of the previous year and there was a general expectation that the year would end on an optimistic note. During the second half of the year, worldwide, almost all businesses faced tough and formidable challenges, with Hotels, Travel and Tourism being most affected sectors. The Global economic slow down had a negative impact on our business during the second half of the year. Your Company, however posted improved profit for the year. The Company's total revenue for the year at Rs. 267 Lac was 4 % lower than the previous year's revenue at Rs. 277 Lac, whereas the net profit for the year at Rs. 42.87 Lac was 31 % higher than the previous year's net profit at Rs. 32.72 Lac. This was possible due to substantial saving in operating and interest cost. Further, your management is trying its level best by taking important measures to improve its marketing strategies, introducing new facilities to attract corporate, groups, and other types of customer. This will definitely improve the occupancy as well as revenue in future.

EXPANSION PROJECT

During the year, your company had installed the 2nd Solar Water Heating Plant and Water Re-cyclation Plant to save energy and water cost. The new construction for creation of recreational center etc. which was started during the previous year, the same was almost near completion during the year.

DIVIDEND

Though your Company had made Profit during the year under review, considering the carried forward loss after adjusting the current year profit, your Directors regret their inability to recommend any dividend.

FINANCE

The Company has re-paid the entire Term Loan with interest to IFCI & TFCI during the current year. The Company has availed Term Loan from Union Bank of India to fund partly the expansion project.