

60th ANNUAL REPORT 2002-2003

BEST EASTERN HOTELS LIMITED



MATHERAN

BOARD OF DIRECTORS

Vinaychand Kothari
Chairman & Managing Director

Dilip V. Kothari
Jt. Managing Director

Dr. Ramnik K. Baxi
Mangal S. Chheda

AUDITORS
Messrs. D. C. SURANA & ASSOCIATES
Chartered Accountants

COMPANY LAW CONSULTANT
Messrs. N. BAFNA & COMPANY
Company Secretaries.

BANKER
UNION BANK OF INDIA

REGISTRARS & TRANSFER AGENT
Sharex (India) Pvt. Ltd.
17/B, Dena Bank Bldg., 2nd Floor,
Horniman Circle, Fort,
Mumbai - 400 001.

Registered Office :
401, Chartered House,
293/299, Dr. C. H. Street,
MUMBAI - 400 002.
Tel. : 91 22 2207 8292
Fax : 91 22 2206 1324
Email : booking@ushaascot.com

Hotel Site :
USHA ASCOT
M. G. Road,
Matheran, Dist. Raigad.
91 2148 230360
91 2148 230213
Web site : www.ushaascot.com

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Sixtieth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

Particulars	Rupees in 000's	
	Year Ended 31.03.2003	Year Ended 31.03.2002
Revenue	27,593	26,730
Profit before Depreciation & Tax	9433	7949
Less : Depreciation	3848	3662
Profit before Tax	5585	4287
Less Provision for Tax		
Current Tax	297	—
Deferred Tax	2068	—
Profit after Tax	3220	4287
Prior Year Adjustment	—	23
Brought forward profit / (Loss)	(868)	(5178)
Add : Opening Deferred Tax Assets	1765	—
Balance carried over to Balance Sheet	4117	(868)

OPERATING RESULTS

Your Company's performance during the year under review reflects the challenges faced by the hospitality industries the world over. Notwithstanding recent periodic setbacks tourism continues to be the worlds largest and fastest growing industries. Your Company however posted an invome of Rs. 276 lacs for the year compared to Rs. 267 lacs in the previous year and Net profit of Rs. 32.20 lacs compared to Rs. 42.87 lacs in the previous year, registering an increase in revenue by 3% and decrease in Net profit by 25 % over the previous year due to provision for tax amounting Rs. 23.65 lacs (includes deferred tax Rs.20.68 Lacs) for the year and balance amounting Rs. 41.17 lacs (includes opening deferred tax assets amounting Rs. 17.65 lacs) has been carried over to balance sheet comparing the previous years loss amounting Rs. 8.68 lacs.

EXPANSION PROJECT

The new construction of Staff Quarters (NSQ) and annexe building which was started during the previous years, the same was completed during the year.

DIVIDEND

Though your Company had made Profit during the year under review, considering the need to conserve cash the Board of Directors of your Company has not recommend payment of dividend for the year 2002-2003.

FINANCE

The Company has availed Term Loan from Union Bank of India to fund partly the expansion project during the previous year. As per the terms of finance your Company has repaid the instalment of Term loan with interest on or before the due date. Also your Company has been granted 'AAA' rating by the Bank and substantially reduce the applicable rate of interest.

FIXED DEPOSIT

During the year under review, your company has neither invited nor accepted any fixed deposits from the public.

DIRECTORS

Mr. Dilip V. Kothari retires by rotation and being eligible offer himself for re-appointment.

Mr. Manohar R. Tambat was co-opted on the Board w.e.f. 30/08/2003 who hold the office till the date of ensuing Annual General Meeting. Mr. Tambat is a graduate and having the vide & varied experience of hotel and tourism activities.

The Company has received the notice from member, together with deposit of Rs. 500/-, signifying his intention to propose Mr. Tambat for the office of the Director.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments 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.
- iii. The Directors had taken proper and sufficient care 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.
- iv. The Directors had prepared the annual accounts on a going concern basis.

AUDITORS

The retiring Auditors M/s. D. C. Surana & Associates, Chartered Accountants, being eligible offer themselves for reappointment.

AUDITORS' REPORT

The comments made in Auditors Report read with notes on accounts are self-explanatory and therefore, in the opinion of the Directors, do not call for any further explanation.

LISTING

The Company has passed the resolution for delisting of securities from Madras Stock Exchange Ltd. & Bangalore Stock Exchange Ltd. at the 59th Annual General Meeting held on Tuesday the 24th September, 2002. The Bangalore Stock Exchange has delisted the shares w.e.f. 23/05/2003. Meanwhile the SEBI has issued fresh guidelines for delisting of securities. The Madras Stock Exchange Ltd. asked to comply with new guidelines. There was no trading on Madras Stock Exchange since last many years. The Board at their meeting held on 30/08/2003 further decided to delist the shares from Madras Stock Exchange Ltd. Even after delisting of shares from Madras Stock Exchange, the shares of the Company continue to be listed on Mumbai Stock Exchange. The approval of members therefore sought.

It may be noted that there are no payment outstanding to any of the said Exchange by way of listing fees etc.

PARTICULARS OF EMPLOYEES

The provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended are not applicable to your company since none of the employee employed on a remuneration of Rs. 2,00,000/- p.m. or Rs. 24,00,000/- p. a.

ENERGY CONSERVATION, TECHNOLOGY TRANSFER AND FOREIGN EXCHANGE EARNINGS AND OUT GO

The information 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 is furnished hereunder:

- a) **Conservation of Energy** : The company has always given high priority to energy conservation. Constant efforts have been made to reduce energy consumption on continuous basis. Employee awareness and effective monitoring of uses of energy are being pursued. The Company is also examining the use of alternative source of energy. It had already implemented Solar Hot Water System at the hotel site and converting normal lighting to PL/CFL lighting to save fuel and electricity consumption to the considerable extent.
- b) **Technology Absorption** : The company being in the hospitality industry, its activities do not as such involve any technology absorption or expenditure on research and development. Nonetheless, the Company's endeavors would be to achieve what is best possible in its business.
- c) **Foreign Exchange Earnings & Out go** : During the year Company has earned foreign exchange amounting to Rs. 53,160/- as per statement of American Express Bank Ltd. & Rs. 8,80,950/- as per certificate given by HSBC towards realisation under credit cards total amounting Rs. 934,110/- (previous year Rs. 2.05 Lac) whereas there is no outgoing of foreign exchange. The Company is thus the net contributor of foreign exchange.

REMUNERATION COMMITTEE

Your Company has formed remuneration committee of Mr. Manohar R. Tambat, Dr. Ramnik K. Baxi and Mr. Mangal S. Chheda under Chairmanship of Mr. Manohar R. Tambat.

CORPORATE GOVERNANCE

Your Company is not required to publish the report on Corporate Governance pursuant to Clause 49 of the Listing Agreement as the said clause is not applicable to the Company.

ACKNOWLEDGEMENTS

Your Directors wish to convey their sincere appreciation to all of the Company's employees for their enormous personal efforts, commitment and dedication. Your Directors, also wish to place on record their gratitude to the Central & State Government, Company's Banker, Local Authorities and all other authorities for the assistance, co-operation they extended to the Company during the year.

Your Directors also like to thanks to its customers, shareholders, contractors and suppliers for their continuous support and confidence in its management.

For and on behalf of the board,

Vinaychand Kothari
Chairman.

Mumbai, 30th August, 2003

AUDITORS' REPORT

To,
The Members of
Best Eastern Hotels Limited.

1. We have audited the attached Balance Sheet of BEST EASTERN HOTELS LIMITED as at 31st March, 2003 and the Profit and Loss Account and cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditors' Report) order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as it appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Profit & Loss Account and Balance Sheet and cash flow statement comply with the Accounting standards referred to in Sub-section 3 (c) of Section 211 of the Companies Act, 1956.
 - e) Based on representation received from the Directors as on 31st March, 2003 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March, 2003 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - f) We report that in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003 and
 - ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For D.C.Surana & Associates
Chartered Accountants

D.C. Surana
Proprietor

Mumbai, 30th August, 2003.