

## BEST EASTERN HOTELS LIMITED



*63rd Annual Report 2005 - 2006*



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The Ascot Pool

*The Rainforest*



*The Ascot Soul Club*



*Badminton Court*



**BOARD OF DIRECTORS**

**Vinaychand Kothari**  
Chairman & Managing Director

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

**Dr. Ramnik K. Baxi**  
**Mangal S. Chheda**  
**Manohar R. Tambat**

**AUDITORS**

Messrs. D. C. SURANA & ASSOCIATES  
Chartered Accountants

**COMPANY LAW CONSULTANT**

Messrs. N. BAFNA & COMPANY  
Company Secretaries.

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**BANKER**

UNION BANK OF INDIA

**REGISTRARS & TRANSFER AGENT**

Sharex Dynamic (India) Pvt. Ltd.,  
17/B, Dena Bank Building, 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.  
Tel. : 91-2148-230360  
Fax. : 91-2148-230213  
Web site : www.ushaascot.com

**--: NOTICE :-**

NOTICE is hereby given that the 63rd Annual General Meeting of the members of the Best Eastern Hotels Ltd will be held on Tuesday, 5th September, 2006 at Indian Merchants Chamber, R.D. Birla Board Room, 3rd floor, Indian Merchant Chamber Marg, Churchgate, Mumbai – 400 020 at 4 00 p.m. to transact the following businesses

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 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 declare dividend on Redeemable Preference Shares and Equity Shares.
3. To appoint Director in place of Mr. Manohar R. Tambat, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Dr. Ramnik K. Baxi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the company and fix their remuneration.

Date : 25th July, 2006

Place – Mumbai

By order of the Board

Dilip V. Kothari

Jt. Managing Director

Regd. Office :

401, Chartered House,  
293/299, Dr. C.H. Street,  
Mumbai – 400 002.

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**--: 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. The Register of Members and Share Transfer Books will remain closed from Friday, 1st September, 2006 to Tuesday, 5th September, 2006 (Both days inclusive).
3. Members are requested to notify immediately any change in their address, if any, to Companies Registrar and Share Transfer Agents.
4. As per the provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer Agents of the Company.
5. Unclaimed Dividends : Dividend in respect of the financial year ended 31/03/2004 (disbursed on 25/09/2004 due for transfer on 24/09/2011) and year ended 31/03/2005 (disbursed on 27/09/2005 due for transfer on 26/09/2012) remaining unclaimed for 7 years from the date of disbursement will be transferred as per section 205 C of the Companies Act, 1956 to the Investors Education and Protection Fund of the Central Govt. ("IEPF"). As no claim shall lie against either the company or the IEPF after a period of 7 years from the date of disbursement, shareholders who have not yet encashed their dividend warrants relating to the above years are urged to contact the Registered office of the company for revalidation and encash them before the due date for transfer to the IEPF.

**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting their Sixty Third Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2006.

**FINANCIAL RESULTS :**

PARTICULARS	Rupees	
	Year Ended 31.03.2006	Year Ended 31.03.2005
Revenue	29,904	29,888
<b>Profit before Taxation</b>	<b>6,476</b>	<b>5,811</b>
Less : Provision for Tax		
Current Tax	545	458
Fringe Benefit Tax	34	-
Deferred Tax	2,148	1,868
<b>Profit after Tax for the year</b>	<b>3,749</b>	<b>3,485</b>
Add : Brought forward profit	4,488	4,386
Less : Prior year adjustment	-	6
<b>Profit available for appropriation</b>	<b>8,237</b>	<b>7,867</b>
Transfer To General Reserve	200	200
Proposed Dividend : On Preference Shares	1,440	1,440
On Equity Shares	1,685	1,685
Dividend Tax on Proposed Dividend	438	391
<b>Balance carried over to Balance Sheet</b>	<b>4,474</b>	<b>4,488</b>

**OPERATING RESULTS :**

The unprecedented rains in the month of July 2005 and its aftermath had totally disrupted the tourism of Matheran besides having a major effect on the Railways. Inspite of these factors your company has still managed to show growth. The goodwill of your company coupled with improvements in services, ambience and facilities have resulted in increased profits. The occupancies have also shown a marginal increase as compared to the previous year.

Your Company has posted an income of Rs. 299 Lacs for the year as compared to Rs. 299 Lacs in the previous year, the profit before tax is Rs. 64.76 Lacs as compared to Rs. 58.11 Lacs in previous year and Profit after tax is Rs. 37.49 Lacs as compared to Rs. 34.87 Lacs in the previous Year.

**DIVIDEND :**

Your Directors are pleased to recommend a dividend of Rs. 1/- (10%) per equity share of Rs. 10/- each & Rs. 1.20 (12%) on 12% Non-Cumulative Preference Shares of Rs. 10/- each for the current year. If approved the dividend will be paid to the shareholders / beneficial holders whose names appear in the Register of Members as on 5th September, 2006. The total amount of dividend outgo will be Rs. 35.63 Lacs which includes dividend tax amounting to Rs. 4.38 Lacs (previous year dividend outgo Rs. 31.79 lacs including dividend tax amounting Rs. 3.91 lacs). The dividend income is not taxable in the hands of the shareholders.

**FIXED DEPOSIT :**

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

**DIRECTORS :**

Mr. Manohar R. Tambat & Dr. R.K. Baxi retires by rotation and being eligible offer themselves for re-appointment.

**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 Equity Shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai. It may be noted that there are no payment outstanding to 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 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 :** Rs. 2,14,020/- being realization under credit cards (Previous year Rs. 2,06,750/-). Out go Rs. Nil (Previous year Rs. Nil).

**CORPORATE GOVERNANCE :**

Provision of Clause 49 of Listing Agreement in respect of Corporate Governance is not applicable to your Company.

**ACKNOWLEDGEMENTS :**

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, Central & State Government, Local Authorities and all other authorities during the year under review. Your Directors also like to thanks to its customers, contractors and suppliers for their continuous support and confidence in its management.

Your Directors would like to appreciate the efforts of the Company's employees for their continued support extended to the company.

For and on behalf of the board,

Vinaychand Kothari  
Chairman.

Mumbai, 25th July, 2006



**AUDITORS' REPORT****TO  
THE MEMBERS OF  
BEST EASTERN HOTELS LIMITED**

1. We have audited the attached Balance Sheet of BEST EASTERN HOTELS LIMITED (hereinafter called as 'the Company'), as at 31st March 2006, the Profit and Loss Account of the Company and also the Cash Flow Statement 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 misstatements. 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 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 Companies (Auditors' Report) Order, 2003 as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 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, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) 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.
  - (ii) 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 those books;
  - (iii) the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) on the basis of written representations received from the directors, as on 31 March, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2006, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 ;
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and Notes to Accounts in the schedule 17 and elsewhere in the accounts give the information required by section 211 of the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2006;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) 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**

**Membership No. 100-34074**

Mumbai, 25th July, 2006