



66th Annual Report 2008-2009

BEST EASTERN HOTELS LIMITED





The Mini Train



The Rainforest



The Ascot Pool



The Ascot Soul Club



Badminton Court

BOARD OF DIRECTORS

Vinaychand Kothari
Chairman & Managing Director

Dilip V. Kothari
Joint Managing Director

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

AUDITORS
M/s. D. C. SURANA & ASSOCIATES
Chartered Accountants

COMPANY LAW CONSULTANT
M/s. N. BAFNA & CO.
Company Secretaries

BANKERS
UNION BANK OF INDIA
HDFC BANK
HSBC BANK

REGISTRARS & TRANSFER AGENT
Sharex Dynamic (India) Pvt. Ltd.,
Unit – 1, Luthra Ind. Premises, Safed Pool,
Andheri – Kurla Road, Andheri (E),
Mumbai – 400 072
Tel – 2851 5606 Fax – 2851 2885

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 66th Annual General Meeting of the members of the Best Eastern Hotels Ltd. will be held on Thursday 10th September 2009 at 1st Floor, Maheshwari Bhavan, 603, J. S. S. Road, Chira Bazar, Mumbai – 400 002 at 4.30 p.m. to transact the following businesses:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 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 confirm & take on record Interim Dividend paid on Redeemable Preference Shares and Equity Shares.
3. To appoint Director in place of Dr. Ramnik K. Baxi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. Mangal S. Chheda, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the company and fix their remuneration.
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

“RESOLVED AS SPECIAL RESOLUTION THAT pursuant to section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII of the said Act, the approval of the Company be and is hereby accorded for the re-appointment of Mr. Vinaychand Kothari as a Managing Directors for the further period of five years w.e.f. 1st June, 2009 on the terms and conditions as set out herein below as to remuneration.

- 1) Remuneration : In the scale of Rs. 1,00,000-10,000-1,50,000 per month with a annual increments 1st time on 1st April, 2010 and thereafter effective from April, 1st each financial year commencing from April 1st 2010.
- 2) The Managing Director will also be eligible for following perquisites, benefits and facilities.
 - i) Medical Reimbursement : Expenses incurred by and / or his family subject to a ceiling of one month's salary per year or three months salary over a period of three years.
 - ii) Leave Travel Concession: Leave travel concession for him and his family, once in a year incurred in accordance with the Rules of the Company.
 - iii) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
 - iv) Personal Accident Insurance : Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 10,000/-.
 - v) Contribution to Provident Fund, Superannuation fund or Annuity Fund as per the rules of the Company from time to time which will not be included in the computation of the ceiling to the extent these either singly or put together are not taxable under the Income Tax Act.
 - vi) Gratuity : Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
 - vii) Leave Encashment : As per the Rules and regulations of the Company, Encashment of unutilised leave at the end of the tenure or termination of employment shall be permitted.
 - viii) The Company shall provide a car with a driver and telephone at the residence of Mr. Vinaychand Kothari. Provision of car for use in company's business and telephone at residence will not be considered as perquisites.
- ix) **OTHER BENEFITS**
 - i) Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.
 - ii) Such other benefits and amenities as may be provided by the company to other senior officers from time to time.
- x) Notwithstanding absence or inadequacy of profits in any financial year during the currency of their tenure of appointment, shall be paid above remuneration as a minimum remuneration.

3) Commission:

Such remuneration by way of commission, in addition to the salary and perquisites and allowances, payable calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors (which includes any committee thereof) in its absolute discretion deem fit, for each Corporate Financial Year, provided that the total remuneration including salary, perquisites and commission shall not exceed the overall ceilings prescribed under Section 198 and 309 of the Companies Act, 1956.

- 4) He shall be entitled to all amounts incurred by them in the course of Company's business including entertainment and travel for and on behalf of the Company commensurate with their position.
- 5) Either party shall be entitled to terminate the services by giving not less than three months notice in writing.
- 6) He during the tenure of his employment or at any time thereafter not to divulge or disclose to any person or make use of any confidential information or knowledge obtained by them during his employment as to the business or affairs or methods of or as to any trade secrets or secret information of the Company or of any subsidiary, associate or affiliated Company.
- 7) He shall not be engaged or interested directly or indirectly in any undertaking or business of a nature similar to or competitive to the Company's business or any manner conflicting with the Company's interest.
- 8) The employment of the appointee shall forthwith terminated if he shall be become an insolvent or make any composition or arrangement with his creditors or shall cease to be the Managing Director.
- 9) So long as he function as the Managing Director shall not be paid any sitting fees for attending the meeting of the Board or committees thereof.
- 10) Mr. Vinaychand Kothari to be entrusted with the Management and control of the whole of the affairs of the Company subject to superintendent, control and direction of the Board, the relevant provisions of the Act, and Memorandum and Articles of Association of the Company.
- 11) He shall devote his whole time and attention to the business of the Company and shall use his best endeavor to promote its interest and welfare.

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

"RESOLVED AS SPECIAL RESOLUTION THAT pursuant to section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII of the said Act, the approval of the Company be and is hereby accorded for the re-appointment of Mr. Dilip V. Kothari be and is hereby reappointed as a Jt. Managing Directors for the further period of five years w.e.f. 1st June, 2009 on the terms and conditions as set out herein below as to remuneration.

- 1) Remuneration : In the scale of Rs. 90,000-10,000-1,40,000 per month with a annual increments 1st time on 1st April, 2010 and thereafter effective from April, 1st each financial year commencing from April 1st 2010.
- 2) Jt. Managing Director will also be eligible for following perquisites, benefits and facilities.
 - i) Medical Reimbursement : Expenses incurred by and / or his family subject to a ceiling of one month's salary per year or three months salary over a period of three years.
 - ii) Leave Travel Concession: Leave travel concession for him and his family, once in a year incurred in accordance with the Rules of the Company.
 - iii) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
 - iv) Personal Accident Insurance : Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 10,000/-
 - v) Contribution to Provident Fund, Superannuation fund or Annuity Fund as per the rules of the Company from time to time which will not be included in the computation of the ceiling to the extent these either singly or put together are not taxable under the Income Tax Act.
 - vi) Gratuity : Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
 - vii) Leave Encashment : As per the Rules and regulations of the Company, Encashment of unutilised leave at the end of the tenure or termination of employment shall be permitted.
 - viii) The Company shall provide a car with a driver and telephone at the residence of Mr. Dilip V. Kothari. Provision of car for use in company's business and telephone at residence will not be considered as perquisites.

ix) OTHER BENEFITS

- i) Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.
- ii) Such other benefits and amenities as may be provided by the company to other senior officers from time to time.
- x) Notwithstanding absence or inadequacy of profits in any financial year during the currency of their tenure of appointment, shall be paid above remuneration as a minimum remuneration.

3) Commission:

Such remuneration by way of commission, in addition to the salary and perquisites and allowances, payable calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors (which includes any committee thereof) in its absolute discretion deem fit, for each Corporate Financial Year, provided that the total remuneration including salary, perquisites and commission shall not exceed the overall ceilings prescribed under Section 198 and 309 of the Companies Act, 1956.

- 4) He shall be entitled to all amounts incurred by them in the course of Company's business including entertainment and travel for and on behalf of the Company commensurate with their position.
- 5) Either party shall be entitled to terminate the services by giving not less than three months notice in writing.
- 6) He during the tenure of his employment or at any time thereafter not to divulge or disclose to any person or make use of any confidential information or knowledge obtained by them during his employment as to the business or affairs or methods of or as to any trade secrets or secret information of the Company or of any subsidiary, associate or affiliated Company.
- 7) He shall not be engaged or interested directly or indirectly in any undertaking or business of a nature similar to or competitive to the Company's business or any manner conflicting with the Company's interest.
- 8) The employment of the appointee shall forthwith terminated if he shall be become an insolvent or make any composition or arrangement with his creditors or shall cease to be the Jt. Managing Director.
- 9) So long as he function as the Jt. Managing Director shall not be paid any sitting fees for attending the meeting of the Board or committees thereof.
- 10) Mr. Dilip Kothari will look after the Marketing and Finance part of the company under the control of Managing Director and subject to superintendent, control and direction of the Board, the relevant provisions of the Act, and Memorandum and Articles of Association of the Company.
- 11) He shall devote his whole time and attention to the business of the Company and shall use his best endeavor to promote its interest and welfare.

By order of the Board

Dilip V. Kothari
Joint Managing Director

Mumbai, 31st July, 2009.

Registered Office :

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

-: 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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 6 & 7.
- 3. The Register of Members and Share Transfer Books will remain closed from Tuesday 8th September 2009 to Thursday 10th September 2009 (Both days inclusive).

4. Members are requested to notify immediately any change in their address, if any, to Company's Registrar and Share Transfer Agents.
5. 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.
6. **Unclaimed Dividends:** Dividends 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 are urged to contact the Registered office of the company for revalidation and encash them before the due date for transfer to the IEPF as mentioned below.

Sr. No.	Dividend for F.Y.	Disbursed on	Due Date for Transfer to IEPF
1	2003-2004	25/09/2004	24/09/2011
2	2004-2005	27/09/2005	26/09/2012
3	2005-2006	08/09/2006	07/09/2013
4	2006-2007	20/03/2007	19/03/2014
5	2007-2008	18/03/2008	17/03/2015
6	2008-2009	16/03/2009	15/03/2016

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :**Item No. 6 & 7.**

The appointment of Shri Vinaychand Kothari and Shri Dilip V. Kothari as Managing Director and Joint Managing Director has been expired on 31st May, 2009. The board of Directors at their meeting held on 30th May, 2009 re-appointed Shri Vinaychand Kothari and Shri Dilip V. Kothari as Managing Director and Joint Managing Director respectively subject to requisite approvals and in accordance with the recommendations of the Remuneration Committee, approved the appointment and remuneration payable to Shri Vinaychand Kothari and Shri Dilip V. Kothari for further period of 5 years w.e.f. 1st June, 2009 on the terms and conditions as set out in the resolution and the same is within the limit prescribed by Schedule XIII of the Act..

Shri Vinaychand Kothari and Shri Dilip V. Kothari having wide and varied business experience in the hotel industry. The Company has made a tremendous progress under their able management and came on a dividend list. The Board is of the opinion that their appointment is in the interest of the Company and the remuneration as proposed is in accordance with market trends and industry standards.

This may also be considered as an abstract of terms of their appointment and remuneration, as contemplated under Section 302 of the Companies Act, 1956. The Company is not entering in to any formal agreement with the appointees.

Shri Vinaychand Kothari, Shri Dilip V. Kothari being relative of each other may be deemed concern or interested in the resolution.

The appointment is subject to approval of the members of the Company by way of Special Resolution and therefore the approval of members is sought.

Your Directors recommends all the resolutions.

By order of the Board

Mumbai, 31st July, 2009.

Registered Office :

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

Dilip V. Kothari
Joint Managing Director

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Sixty Sixth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS :

Particulars	Rupees in 000's	
	Year Ended 31.03.2009	Year Ended 31.03.2008
Revenue	42,836	40,663
Profit before Taxation	8,135	9,474
Less : Provision for Tax		
Current Tax	2,690	2,960
Fringe Benefit Tax	42	31
Deferred Tax	(588)	(28)
Excess/(Short) Provision for Tax-Earlier Years	(713)	686
Profit after Tax for the year	6,704	5,825
Add : Brought forward profit	6,398	6,246
Profit available for appropriation	13,102	12,071
Transfer To General Reserve	460	440
Dividend : On Preference Shares	1,440	1,440
On Equity Shares	2,528	3,033
Dividend Tax on dividend	674	760
Balance carried over to Balance Sheet	8,000	6,398

Operating Results:

The overall performance of the company showed an improvement as compared to the previous year with revenues growing by 5% irrespective of the major slow down in the tourism / hotel industry. The total revenue of the Company for the year ended 31st March, 2009 was stood at Rs. 428.36 lacs (previous year Rs. 406.63 lacs). However the profit before tax is Rs. 81.35 lacs (previous year Rs. 94.74 lacs). This was mainly due to additional VAT liabilities of Rs. 17.52 lacs assessed under Business Audit and increase in power & fuel cost by more than 30% due to changes in tariff structure. And the profit after tax is stood at Rs. 67.04 lacs (previous year Rs. 58.25 lacs) due to the reversal of excess provision of Tax for the earlier years.

Dividend on Equity and Preference Shares:

Your Directors had paid a interim dividend of Rs. 1.50/- (15%) per equity share of Rs. 10/- each & Rs. 1.20/- (12%) on Preference Shares of Rs. 10/- each for the year ended 31st March, 2009 and considering the working of the company during the year, your Directors do not recommend any final dividend. The same is to be treated as final dividend and to be taken on record at the ensuing Annual General Meeting. The total amount of dividend outgo was Rs. 46.42 Lacs including dividend tax (previous year dividend outgo Rs. 52.33 lacs including dividend tax).

Fixed Deposit:

The Company has neither invited nor accepted any deposits from Public within the meaning of Section 58A & 58AA of the Companies Act, 1956.

Directors:

Dr. Ramnik K. Baxi & Mr. Mangal S. Chheda 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.

Secretarial Compliance Report:

A Secretarial Compliance Report Pursuant to the proviso to sub section (1) of Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001 as amended are annexed hereto forming part of the Directors' Report.

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. 5.10 Lacs being realization under credit cards (Previous year Rs. 3.66 Lacs). Out go Rs. 0.29 Lacs (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, 31st July, 2009

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