

BENARES HOTELS LIMITED
42nd ANNUAL REPORT 2012-13



The Gateway Hotel Ganges Varanasi



The Gateway Hotel Ganges Varanasi

Corporate Information

Board of Directors

DR. ANANT NARAIN SINGH
(Chairman)
RAYMOND N. BICKSON
SHRIRAMAN
RUKMANI DEVI
B. L. PASSI
D. R. KAARTHIKEYAN
PRABHAT VERMA

Auditors

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

Company Secretary

P. K. Bhatia

Registered Office

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

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

Shares Listed at

BSE LTD.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

DELHI STOCK EXCHANGE LTD.
3/1, Stock Exchange Building
Asaf Ali Road
New Delhi - 110 002

UP STOCK
EXCHANGE ASSOCIATION LTD.
Padam Towers
14/113, Civil Lines
Kanpur - 208 001

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HIGHLIGHTS	2012-13 ₹ Lacs	2011-12 ₹ 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	3984.62	3519.50
Gross Profit for the year	1434.34	1132.30
Less: Depreciation	180.51	170.72
Profit before tax	1253.83	961.58
Less: Provision for tax:		
- Current Tax	397.51	286.25
- Deferred Tax	(14.95)	17.94
- Earlier years Taxes	13.66	38.16
Net Profit	857.61	619.23
Add: Balance brought forward from previous year	1065.58	988.09
Balance available for appropriations	1923.19	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.....	260.00	208.00
(b) Tax on Dividend	44.00	33.74
(c) Amount transferred to General Reserve	100.00	300.00
(d) Balance carried forward	1519.00	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.

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The risks in the macroeconomic context are essentially a high rise in operating costs on account of inflation, which is being mitigated by the rigorous cost control measures which are being pursued and implemented by the operating management in both the hotel units. While in the micro economic context, there is no significant new competition expected in Varanasi in the near future and your property, The Gateway Hotel Ganges has maintained its market dominance very emphatically. During the year the Agreement between the Company and The Indian Hotels Company Limited for receiving the Management Consultancy and Technical Services for the operation of The Gateway Hotel Ganges, Varanasi including Nadesar Palace, has been renewed for a further period of 20 years. The capital expenditures in setting up the new hotel at Gondia are not expected to strain the cash flows of the Company and borrowing, if needed, may be resorted to with minimal risk.

Financial Performance

The financial performance of your Company was much better in 2012-13 as compared to the previous year. The turnover increased from Rs 35.19 Crs in 2011-12 to Rs 39.84 Crs in 2012-13, while the operating expenses increased from Rs 25.57 Crs to Rs 27.31 Crs in the same period. The Profit Before Tax has increased from Rs 9.62 Crs in 2011-12 to Rs. 12.54 Crs in 2012-13, whereas Profit After Tax went up from Rs 6.19 Crs to Rs 8.58 Crs.

Internal control systems and their adequacy

Your Company has in place an adequate system of internal controls, with documented procedures covering all functions in the hotel operating units. Systems of internal controls are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of

financial controls and compliance with applicable laws and regulations.

Adequate internal control measures are in the form of various policies & procedures issued by the Management covering all critical and important activities viz. Revenue Management, Hotel Operations, Purchase, Finance, Human Resources, Safety, etc. These policies & procedures are updated from time to time and compliance is monitored continuously. The Company continues its efforts to align all its processes and controls with global best practices.

Certifications and Awards

Your Company has been participating in the globally recognised 'Earth Check' bench marking and certification system. Earth Check certifications are a result of extensive assessments and audits by 'Independent Environmental Assessors' - mapping indicators ranging from energy & water consumption, waste management to sensitivity exhibited vis-à-vis social and cultural dimensions in all areas of hotel operations. The Company has been certified Earth Check 'Silver' for its Gateway Hotel for the third consecutive time.

During the year, The Gateway Hotel Ganges and Nadesar Palace, both were rated as number one hotel and speciality lodging property respectively, in Varanasi, by Trip Advisor.

Workforce

During the year, the Company has minimized new hiring and improved the manning standard. New hirings were deferred and vacant positions have been filled with internal deployments wherever possible. Total manpower employed by the Company was 274 as on March 31, 2013 as against the previous year number of 298 as on March 31, 2012. The manpower has been reduced without adversely affecting the operations.

Report on Corporate Governance

Philosophy on Corporate Governance

The Company's Corporate Governance Philosophy emphasizes on wealth creation for society and protection & interest enhancements for all the stakeholders including shareholders, creditors, customers, employees and suppliers as well as complying with legal and regulatory requirements apart from meeting environmental and local community needs. The Company also articulates the values, ethics and business principles that should be adhered to by employees as part of its philosophy on Corporate Governance.

The Company has complied with the provisions of Clause 49 of the Listing Agreement of the Stock Exchange, which deals with the compliance of Corporate Governance requirements as detailed below:-

Board of Directors:

- The Board of Directors comprises Non-Executive as well as Independent Directors. More than half of the Board of Directors comprises Independent Directors, with the Chairman being a Promoter & Non Executive Director. The Directors possess experience in fields as diverse as hoteliering, finance, management, agriculture and social service. The experience and wisdom of the Directors has proved to be of immense assistance to the Company. The details of Directors seeking appointment and re-appointment at the ensuing Annual General Meeting are as follows:-

Name of Director	Mrs. Rukmani Devi	Dr. Anant Narain Singh	Mr. Raymond N. Bickson	Mr. Prabhat Verma
Date of Birth	June 24, 1942	August 26, 1960	December 16, 1955	March 5, 1971
Date of Appointment	June 27, 1988	January 31, 2001	May 23, 2006	April 19, 2013
Expertise in Specific functional area	Hoteliering	Agriculture	Hoteliering	Hoteliering
Qualifications	M.A. (Philosophy)	B.Com (Hons.) in Company Law	Advancement Management Program at Harvard Business School in Boston. Also studied at the Goethe Institute in Berlin, the Alliance Francaise in Paris, the Universite de Sorbonne in Paris, Lecole Hotelliere Lausanne, and Cornell University in New York	-Executive Management Programme-Indian Institute of Management, Bangalore -IHMCTAN in Hospitality Management from IHMCTAN Kolkata
Details of shares held in the Company	798	24,000	-	-
List of Companies in which outside Directorships held as on 31.03.2013 (excluding private & foreign companies)	None	1. Vibhuti Glass Works Ltd.	1. The Indian Hotels Company Limited 2. Taj GVK Hotels and Resorts Limited 3. Oriental Hotels Limited 4. Taj Trade and Transport Company Limited 5. Roots Corporation Limited 6. Taj Safaris Limited 7. Taj Sats Air Catering Limited 8. United Hotels Limited 9. PIEM Hotels Limited	1. Taj Karnataka Hotels & Resorts Ltd. 2. Taj Kerela Hotels & Resorts Ltd.

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Chairman/Member of the Committees of other Companies on which he is a Director as on 31.03.2013	Audit Committee None	Audit Committee None	Audit Committee 1. United Hotels Limited 2. Oriental Hotels Limited 3. Taj GVK Hotels and Resorts Limited 4. Roots Corporation Limited (Chairman) 5. Taj Sats Air Catering Limited (Chairman)	Audit Committee None
	Shareholder's & Investors' Grievance Committee None	Shareholder's & Investors' Grievance Committee None	Shareholder's & Investors' Grievance Committee The Indian Hotels Company Ltd.	Shareholder's & Investors' Grievance Committee None

2. "Independent Directors" i.e. Directors who apart from receiving Directors' remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which, in the judgement of the Board, may affect the independence of judgement of the Director, comprise half of the Board.
3. During the year under review, the Board of Directors of the Company met four times and the period between any two meetings did not exceed four months. The dates of the Board Meetings held during each quarter are as follows:

No.	Date of Meeting	For the quarter
1	3rd May, 2012	April to June
2	20th July, 2012	July to September
3	22nd October, 2012	October to December
4	17th January, 2013	January to March

As required under Annexure I to Clause 49 of the Listing Agreement with the Stock Exchanges, all the necessary information was placed before the Board from time to time.

4. The Non-Whole-Time Directors of the Company are paid, in addition to commission, sitting fees @ Rs. 5,000/- per meeting for attending meetings of the Board of Directors.
5. None of the Directors of the Board serve as members of more than 10 Committees nor are they Chairmen of more than 5 Committees, as per the requirements of the Listing Agreement. "Committees" for this purpose include the Audit Committee and the Shareholders' / Investor Grievance Committee.

6. The details of the above are as follows:-

Board of Directors:

Names	Category	Remuneration paid ₹			No. of outside Directorships		No of outside Committee positions held		No. of Board Meetings attended	Attendance at the last Annual General Meeting held on 13.8.2012
		Salary & Perks 2012-2013	Sitting Fees 2012-2013	Commission 2011-12	Indian	Foreign	As Member	As Chairman		
Dr. Anant Narain Singh	Promoter Non-executive	N.A.	15,000	6,23,000	1	—	—	—	3	Yes
Mr. Raymond N Bickson	Promoter Non-executive	N.A.	N.A.	—	9	8	3	2	4	Yes
Mr. Shriraman	Independent Non-executive	N.A.	20,000	3,57,000	—	—	—	—	4	Yes
Mrs. Rukmani Devi	Independent Non-executive	N.A.	20,000	2,97,000	—	—	—	—	4	Yes
Mr. A R Gandhi*	Non-executive	N.A.	15,000	6,38,800	11	11	5	3	3	No
Mr. B L Passi	Independent Non-executive	N.A.	20,000	4,00,000	2	—	—	—	4	No
Mr. P K Mohankumar*	Promoter Non-executive	N.A.	20,000	4,00,000	7	—	—	—	4	Yes
Mr. D.R. Kaarthikeyan	Independent Non-executive	N.A.	20,000	1,50,000	9	—	4	—	4	Yes
Mr. Prabhat Verma**	Promoter Non-executive	N.A.	—	—	2	—	—	—	—	N.A.

* Mr. A.R. Gandhi and Mr. P.K. Mohankumar resigned from the Directorship with effect from March 15, 2013 and April 19, 2013 respectively.

** Mr. Prabhat Verma was appointed as an Additional Director on April 19, 2013.

NOTE: Traditionally, the Directors are paid commission each year, after the Annual Accounts are approved by the Members at the Annual General Meeting of the Company. A sum of Rs. 37.62 lakhs has been provided as commission to Non Executive Directors for the year 2012-13.

7. The Company has adopted a Code of Conduct for its Non-Executive Directors and all Non-Executive Directors have affirmed compliance with the said Code. All Senior Management of the Company have affirmed compliance with the Tata Code of Conduct.
8. Other than transactions entered into in the normal course of business, the Company has not entered into any materially significant related party transactions during the year, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and/or relatives.

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COMMITTEES OF THE BOARD:

The Committees constituted by the Board of Directors of the Company are as under :

I. Audit Committee:

The Company's Audit Committee is constituted in line with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Committee has, inter alia, the following terms of reference :

- i. Reviewing with management the quarterly/annual financial statements before submission to the Board for approval, with particular reference to :
 - Matters required to be included in the Board's Report in terms of clause 2AA of Section 217 of the Companies Act, 1956
 - Any changes in accounting policies and practices and reasons thereof.
 - Major accounting entries based on the exercise of judgement by the Management.
 - Qualifications in the draft audit report.
 - Significant adjustments made in the financial statements, arising out of audit findings.
 - The Going Concern assumption.
 - Compliance with Accounting Standards.
 - Compliance with Listing and other Legal requirements relating to financial statements.
- ii. Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems.
- iii. Discussion with internal auditors on any significant findings and follow-up thereon.
- iv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- v. Discussion with external/statutory auditors before the audit commences, nature and scope of audit, as well as have post-audit discussion to ascertain any area of concern.

The details of the composition, names of Members of the Audit Committee as well as the number of meetings held and attendance thereat during the year are as under:

NO.	MEMBERS	ATTENDANCE AT AUDIT COMMITTEE MEETINGS HELD ON			
		03.05.2012	20.07.2012	22.10.2012	17.01.2013
1	Mr. B L Passi, Chairman	✓	✓	✓	✓
2	Mr. Shriraman	✓	✓	✓	✓
3	Mr. P K Mohankumar*	✓	✓	✓	✓

**Mr. P.K. Mohankumar ceased to be an Audit Committee Member consequent to his resignation as Director w.e.f. April 19, 2013. Mr. Prabhat Verma was appointed as a member of the Audit Committee w.e.f. April 19, 2013.*

Audit Committee meetings are attended by invitation by the Director Finance of Gateway Hotels, Group Internal Audit and the Statutory Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

2. Share Transfer & Shareholders'/Investor Grievance Committee (SSIG):

The Company has a Shareholders'/Investor Grievance Committee with Dr. Anant Narain Singh, Mr. Shiriraman and Mr. Prabhat Verma as its members to redress the shareholder and investor complaints like transfer of shares, non receipt of Annual Report, non receipt of dividends etc. Mr. Prabhat Verma was appointed as a member of the Committee w.e.f. April 19, 2013 in place of Mr. P.K. Mohankumar. Dr. Anant Narain Singh, Non-Executive Director, heads the Committee.

There were no pending investor complaints which remain unresolved. The Company has also cleared all the complaints received through SEBI Complaints Redress System (SCORES) a centralized web based complaints redress system which serves as a centralized database of all complaints received, enable uploading of Action Taken Reports (ATR's) by the concerned companies and online viewing by the investors of action taken on the complaint and its current status. The status of complaints received (inclusive of SCORES) from shareholders during the year 2012-13 is as under:-

Complaints received	Pending as on March 31, 2013
6	Nil

Amounts Transferred to IEPF

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer unpaid dividends, matured deposits, redeemed debentures and interest accrued thereon remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

Given below are the proposed dates for transfer of the unclaimed dividend to the IEPF by the Company: -

Financial Year	Date of Declaration of Dividend	Proposed Date of Transfer to IEPF*
2005-06	08.08.2006	13.09.2013
2006-07	12.09.2007	19.10.2014
2007-08	21.08.2008	27.09.2015
2008-09	27.08.2009	03.10.2016
2009-10	13.08.2010	19.09.2017
2010-11	10.08.2011	16.09.2018
2011-12	13.08.2012	19.09.2019

* Indicative dates, actual dates may vary

BENARES HOTELS LIMITED

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During the year under review, the total amount transferred to IEPF of the Central Government was ₹ 2,37,779/-.

It may be noted that no claims will lie against the Company nor the IEPF in respect of the said unclaimed amounts transferred to the Fund.

Compliance Officer : Mr. P K Bhatia

Company Secretary

Benares Hotels Ltd.

Address : Corporate Office, Taj Palace Hotel,
Sardar Patel Marg, New Delhi 110 021

Phone : 011-6650 3704

Fax : 011-2687 6043

E-mail : investorrelations@tajhotels.com

Disclosure regarding Remuneration of Directors & Shares held by them:-

Remuneration to Non Executive Directors:

The remuneration drawn by the Non-Executive Directors is in the form of commission distributed out of the net profits of the Company subject to a maximum of 3%. The commission payable to Non-Executive Directors is decided by the Board and is distributed based on a number of factors, including number of Board and Committee meetings attended, individual contribution thereat etc.

Details of shares of the Company held by the Non-Executive Directors as on March 31, 2013, are as under:

Dr. Anant Narain Singh	-	24000
Mr. Shriraman	-	4500
Mrs. Rukmani Devi	-	798

Details on General Meetings:

Location, date and time of the General Meetings held in the last 3 years are as under:

Location	Date	Time
Annual General Meetings		
Registered office at Nadesar Palace Compound, Varanasi 221 002	August 13, 2012	3.30 p.m.
	August 10, 2011	3.30 p.m.
	August 23, 2010	3.30 p.m.

The special resolution passed in the previous three Annual General Meetings of the company was passed by show of hands by the Members present and voting at the said meeting.

Postal Ballot

The Company did not pass any resolution vide postal ballot during the year.

Means of Communication:

Quarterly, half-yearly and annual results of the Company were published in leading English and vernacular newspapers Indian Express and Hindustan.

The Annual Report containing, inter alia, the Audited Accounts, Directors Report, Auditors Report and other important information is circulated to the investors. Management Discussion and Analysis forms part of the Annual Report. The Annual Reports are also available on the Company's web site www.benareshotelslimited.com

Disclosures:

The Board of Directors receive, from time to time, disclosures relating to financial and commercial transactions from key managerial personnel of the Company, where they and / or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

The details of the related party transactions are placed before and reviewed by the Company's Audit Committee.

The Company has complied with the requirements of the Stock Exchanges / Securities and Exchange Board of India/Statutory Authorities on all matters relating to capital markets, during the last 3 years.

Pursuant to the provisions of sub - clause V of Clause 49 of the Listing Agreement with the Stock Exchanges regarding CFO Certification, the Financial Controller has issued a certificate to the Board, for the year ended March 31, 2013.

General Shareholder Information**Annual General Meeting**

Date and Time	:	August 16, 2013 at 3:00 p.m.
Venue	:	Nadesar Palace Compound Varanasi 221 002
Registered Office	:	Nadesar Palace Compound Varanasi 221 002
Telephone No.	:	91-542-6660001
Facsimile No.	:	91-542-2503291
Website	:	www.benareshotelslimited.com
E-mail	:	investorrelations@tajhotels.com

Financial Calendar

Financial reporting for:

- Quarter ending 30th June, 2013 on or before August 15, 2013
- Quarter ending 30th September, 2013 on or before November 15, 2013
- Quarter ending 31st December, 2013 on or before February 15, 2014
- Quarter ending 31st March, 2014 on or before May 30, 2014

BENARES HOTELS LIMITED

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Financial Year 2013-14
Dates of Book Closure August 6, 2013 to August 19, 2013 (both days inclusive)
Dividend Payment Date On or after August 27, 2013
Listing on Stock Exchanges
 ➤ Equity Shares : BSE Limited
 : UP Stock Exchange Association Limited
 : Delhi Stock Exchange Limited

Corporate Identification No. (CIN) L55101UP1971PLC003480

ISIN NO.: INE750A01012

Stock Code: 509438

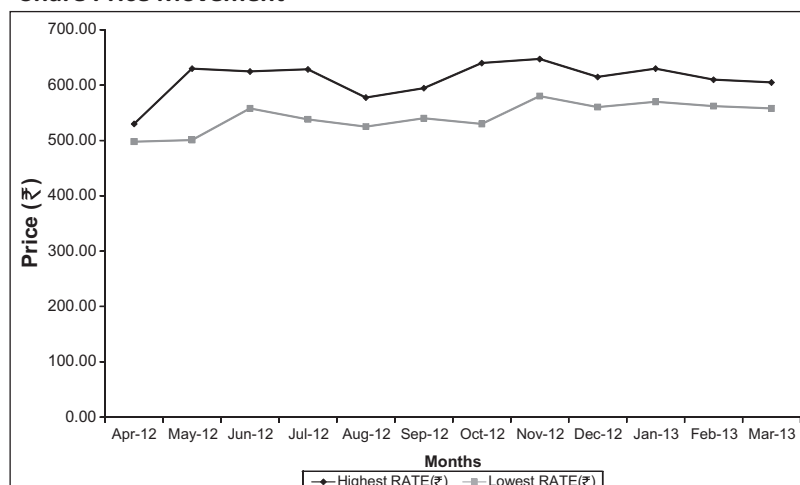
The Company has paid annual listing fees to each of the above Stock Exchanges in respect of the financial year 2012-13 & 2013-14.

Market Price Data:

High/Low market price of the Company's shares and performance in comparison to Sensex Indices on BSE Limited, Mumbai during the financial year 2012-13 is furnished below:-

Months	BSE High	BSE Low
April 2012	529.95	498.00
May 2012	630.00	501.00
June 2012	624.80	558.05
July 2012	628.60	538.25
August 2012	577.70	525.20
September 2012	594.60	540.20
October 2012	640.00	530.00
November 2012	647.40	580.35
December 2012	614.85	560.55
January 2013	630.00	570.05
February 2013	609.95	562.20
March 2013	605.00	558.05

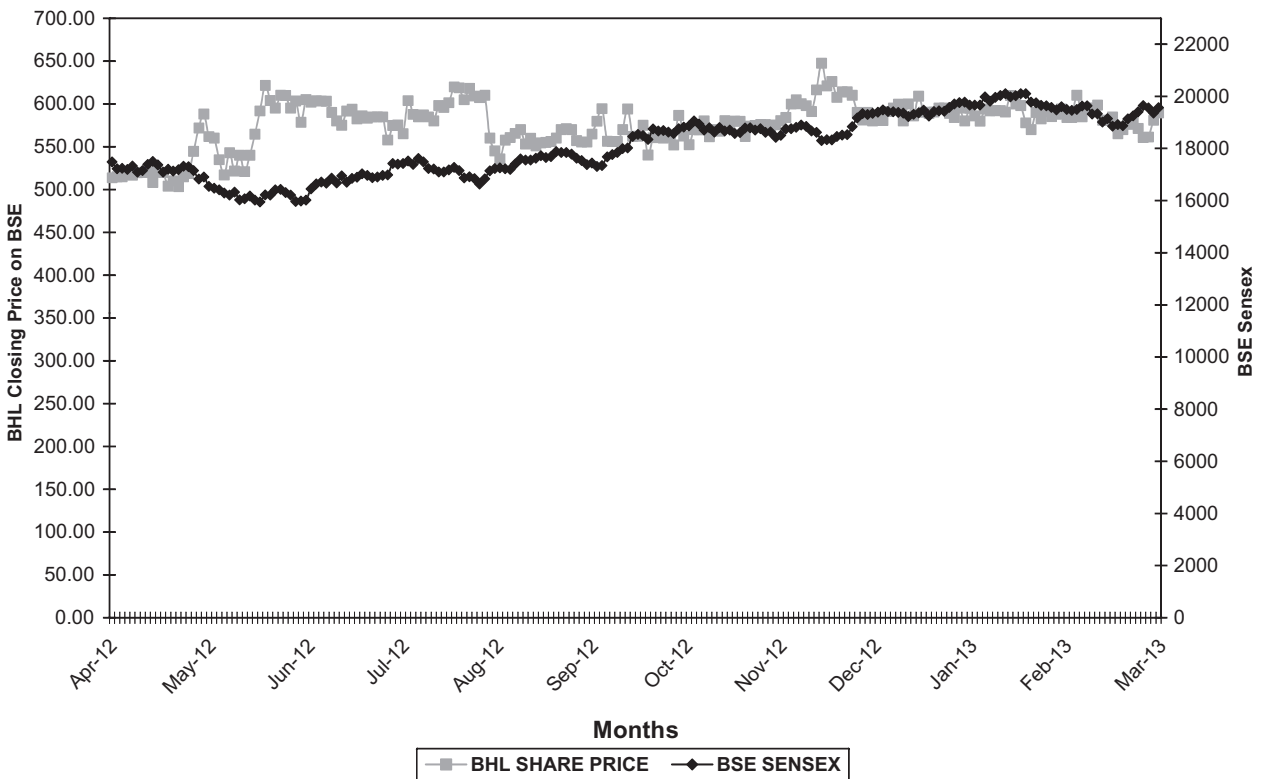
Share Price Movement



BHL Distribution of Shareholding as on March 31, 2013

Category of Shareholders	No. of Shares held	% to Paid up capital
Promoters	8,11,938	62.46
Directors & their Relatives	14,398	1.11
Resident Individuals & HUF	4,41,558	33.96
Non-Resident Indians	2180	0.17
Clearing Members	10	0.00
Corporate Bodies	29,916	2.30
Total	13,00,000	100

Performance in Comparison to broad-based indices such as BSE Sensex



Secretarial Audit

In keeping with the requirement of the SEBI and the Stock Exchanges, a secretarial audit by a practicing Company Secretary is carried out to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The said audit confirms that the total issued / paid - up capital tallies with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

BENARES HOTELS LIMITED
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Dematerialisation of Shares & Liquidity

As of the end of March 31, 2013, shares comprising approximately 84% of the Company's Equity Share Capital have been dematerialised.

Registrar & Share Transfer Agent: The Indian Hotels Company Limited
Mandlik House, Mandlik Road, Mumbai 400 001.
Phone : 022-6639 5515, Fax : 022-2201 7442

Investor Correspondence:

For any queries, investors are requested to get in touch at the following addresses:-

The Indian Hotels Co. Ltd.
Share Transfer Agent
Unit: Benares Hotels Limited
Mandlik House, Mandlik Road, Mumbai 400 001.
e-mail id: investorrelations@tajhotels.com

OR

Benares Hotels Ltd.
C/o Corporate Office
Taj Palace Hotel, Sardar Patel Marg
New Delhi 110 021
Phone : 011-6650 3549, Fax : 011-2687 6043

**DECLARATION BY THE CHAIRMAN ON BEHALF OF THE BOARD OF DIRECTORS
ADHERENCE TO THE CODE OF CONDUCT AS SPECIFIED IN CLAUSE 49 OF THE
LISTING AGREEMENT**

In accordance with sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the Financial Year ended March 31, 2013.

For Benares Hotels Limited

Dr. Anant Narain Singh
Chairman

Auditors' Certificate

TO THE MEMBERS OF BENARES HOTELS LIMITED

We have examined the compliance of conditions of Corporate Governance by BENARES HOTELS LIMITED ("The Company") for the year 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements in all material respects.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **N. Krishnaswamy & Company**
Chartered Accountants

N. Krishnaswamy
Partner
(Membership No. 4797)
Firm Regn. No. 001555S

Place : Gurgaon
Dated : 1st May, 2013

Corporate Social Responsibility Initiatives 2012-13

Being conscious of its responsibilities towards society and environment, your company continues to make a sincere endeavour to align and integrate its efforts to address contemporary societal needs and challenges.

The Company works towards facilitating creation of sustainable livelihood by :

- Supporting the wooden Artisans & Craftsmen by allowing them to sell their wooden handmade items in the space provided in the lobby
- Training of three under privileged in the Hotel
- Computer literacy programme in Sarai Mohana Village

Other social initiatives taken by the company are :

- Ganga Ghats cleaning on daily basis through donation to Ganga Sevanidhi Trust
- Adoption of Munshi Ghat and maintaining the same as Model Ghat for Varanasi
- Medical Camp at Sarai Mohana Village and at the Dashashwamedh Ghat for the underprivileged
- Donation of old clothes collected from associates and old carpets, linen and uniforms from hotel to charity
- Rehabilitation of two underprivileged by providing employment at the Hotel
- Eye check up at Dashashwamedh Ghat and distribution of spectacles.
- Lunch served on the occasion of New Year, 1st January 2013, to underprivileged at Dashashwamedh Ghat.

BENARES HOTELS LIMITED

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Auditors' Report to the Members

1. We have audited the attached Balance Sheet of Benares Hotels Limited, as at 31st March, 2013, the Profit and Loss Account 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 the 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 Companies (Auditors' Report) Order, 2003 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 & 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 the audit;
 - (ii) In our opinion, books of account as required by law have been kept by the Company so far as 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, Profit and Loss Account and 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 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2013 from being appointed as 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 give the information required by 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 31st March, 2013;
 - (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 Cash Flows for the year ended on that date.

For and on behalf of
N. KRISHNASWAMY & COMPANY
Chartered Accountants

N. KRISHNASWAMY
Partner
Membership No. 004797
Firm Registration No. 001555S

Place : Gurgaon
Dated : 1st May, 2013

Annexure to the Auditors Report

(Referred to in Paragraph 3 of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. During the year, the Company has not disposed of any major part of the plant and machinery.
- (c) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (ii) (a) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (b) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (c) The Company has not taken or given any loan from or to any companies covered in the Register under section 301 of the Companies Act, 1956.
- (d) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (iii) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (iv) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices of the relevant time.
- (v) The Company has not accepted any deposits from the public.
- (vi) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (vii) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, cess and other material statutory dues applicable to it.
- (viii) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (ix) According to the information and explanations given to us, except the above, there are no other dues of sales tax,

BENARES HOTELS LIMITED

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- income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x. In our opinion and according to the information and explanations given to us, the Company has not taken any loan from any financial institution, bank or debenture holders or granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xi. In our opinion, the Company is not a chit fund or nidhi mutual benefit society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xii. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report), Order 2003 are not applicable to the Company.
- xiii. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xiv. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds have been raised to finance short-term or long-term investment.
- xv. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xvi. During the period covered by our Report, the Company had not issued debentures.
- xvii. No money has been raised by public issues during the year under report.
- xviii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of
N. KRISHNASWAMY & COMPANY
Chartered Accountants

N. KRISHNASWAMY
Partner
Membership No. 004797
Firm Registration No. 001555S

Place : Gurgaon
Dated : 1st May, 2013

Balance Sheet as at 31st March, 2013

	Notes	₹ Lacs	₹ Lacs	Previous Year ₹ Lacs
EQUITY AND LIABILITIES				
1. Shareholders' Funds				
(a) Share Capital	3	130.00		130.00
(b) Reserves and Surplus	4	<u>3,587.08</u>		<u>3,033.66</u>
Total			3,717.08	3,163.66
2. Non-current Liabilities				
(a) Deferred Tax Liabilities (Net)	5	234.31		249.27
(b) Long-Term Provisions	6	<u>13.32</u>		<u>6.89</u>
Total			247.63	256.16
3. Current Liabilities				
(a) Trade Payables	7	433.03		219.92
(b) Other Current Liabilities	8	251.12		204.04
(c) Short-Term Provisions	9	<u>307.62</u>		<u>243.51</u>
Total			991.77	667.47
Total Funds Employed			<u>4,956.48</u>	<u>4,087.29</u>
ASSETS				
1. Non-current Assets				
(a) Fixed Assets				
(i) Tangible Assets	10	2539.66		2,582.43
(ii) Intangible Assets	11	2.34		2.11
(iii) Capital Work-in-progress		<u>566.90</u>		<u>393.92</u>
			3,108.90	2,978.46
(b) Long-Term Loans and Advances	12		55.25	68.36
2. Current Assets				
(a) Inventories	13	88.39		101.55
(b) Trade Receivables	14	240.90		254.60
(c) Cash and Bank Balances	15	1,269.59		583.48
(d) Short-Term Loans and Advances	16	73.96		39.58
(e) Other Current Assets	17	<u>119.49</u>		<u>61.26</u>
Net Current Assets			1,792.33	1,040.47
Total Funds Utilised			<u>4,956.48</u>	<u>4,087.29</u>
Summary of Significant Accounting Policies	2			
The Accompanying Notes form an Integral part of the Financial Statements	1-35			

As per our Report of even date attached
For N. KRISHNASWAMY & CO.

Chartered Accountants

N. KRISHNASWAMY

Partner

(Membership No.: 004797)

Date : 1st May, 2013

Place: Gurgaon

For and on behalf of the Board

DR. ANANT NARAIN SINGH Chairman

RAYMOND N. BICKSON Director

P.K. BHATIA

Company Secretary

BENARES HOTELS LIMITED
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Statement of Profit and Loss for the Year Ended 31st March, 2013

	Notes	₹ Lacs	Previous Year ₹ Lacs
I INCOME (Revenue):			
1. Rooms, Restaurants, Banquets and Other Operating Income.....	18	3,919.69	3,482.92
2. Other Income	19	64.93	36.58
3. Total Revenue		<u>3,984.62</u>	<u>3,519.50</u>
II EXPENSES :			
1. Food and Beverage Consumed	20	386.57	348.27
2. Employee Benefit Expense and Payment to Contractors.....	21	604.20	561.27
3. Finance Costs.....		—	—
4. Depreciation and Amortization		180.51	170.72
5. Other Operating and General Expenses	22	1,559.51	1,477.65
Total Expenses		<u>2,730.79</u>	<u>2,557.92</u>
III PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,253.83	961.58
IV EXCEPTIONAL ITEMS		—	—
V PROFIT BEFORE TAX		1,253.83	961.58
VI TAX EXPENSE			
1. Current Tax		397.51	286.25
2. Deferred Tax.....		(14.95)	17.94
3. Short Provision of Tax of Earlier Years (Net)		13.66	38.16
PROFIT AFTER TAX		857.61	619.23
VII EARNINGS PER SHARE	34		
1. Basic and Diluted (₹).....		65.97	47.63
2. Face Value per Ordinary Share (₹)		10.00	10.00
Summary of Significant Accounting Policies.....	2		
The Accompanying Notes form an integral Part of the Financial Statements	1-35		

As per our Report of even date attached
For N. KRISHNASWAMY & CO.
Chartered Accountants

N. KRISHNASWAMY
Partner (Membership No.: 004797)

Date : 1st May, 2013
Place: Gurgaon

For and on behalf of the Board

DR. ANANT NARAIN SINGH Chairman

RAYMOND N. BICKSON Director

P.K. BHATIA Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	Notes	2012-13 ₹ Lacs	2011-12 ₹ Lacs
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax		1,253.83	961.58
Adjustments for:			
Depreciation and Amortisation		180.51	170.72
Provision for Doubtful Debts and Advances		23.57	21.24
Loss on sale of Fixed Assets		4.00	(0.55)
Interest (Net).....		<u>(53.90)</u>	<u>(22.77)</u>
		154.18	168.64
Cash Operating Profit Before Working Capital Changes		1,408.01	1,130.22
Adjustments for:			
Trade and Other Receivables		(73.30)	11.40
Inventories.....		13.16	(26.24)
Trade and Other Payables.....		<u>232.18</u>	<u>24.12</u>
		172.04	9.28
Cash Generated from Operating Activities		1,580.05	1,139.50
Direct Taxes Paid.....		<u>(388.66)</u>	<u>(254.55)</u>
Net Cash from Operating Activities (A)		1,191.39	884.95
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(316.10)	(534.87)
Sale of Fixed Assets		1.15	2.92
Interest Received.....		49.05	22.37
Net Cash Used in Investing Activities (B)		(265.90)	(509.58)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid (Including tax on dividend).....		<u>(241.74)</u>	<u>(197.07)</u>
Net Cash Used in Financing Activities (C)		(241.74)	(197.07)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)....		683.75	178.30
Cash and Cash Equivalents - Opening - 1st April 2012		560.58	382.28
Cash and Cash Equivalents - Closing - 31st March 2013		1,244.33	560.58
FOOTNOTE :			
Reconciliation of Cash and Cash Equivalents with Cash and Bank Balances as per the Balance Sheet			
Cash and Cash Equivalents as above		1,244.33	560.58
Add : Other Cash and Bank Balances			
Earmarked balances		25.26	22.90
Cash and Bank Balances classified as Current in Note 15		1,269.59	583.48
The accompanying notes form an integral part of the financial statements	1 - 35		

As per our Report of even date attached
For N. KRISHNASWAMY & CO.
Chartered Accountants

N. KRISHNASWAMY
Partner (Membership No.: 004797)

Date : 1st May, 2013
Place: Gurgaon

For and on behalf of the Board

DR. ANANT NARAIN SINGH Chairman

RAYMOND N. BICKSON Director

P.K. BHATIA Company Secretary

BENARES HOTELS LIMITED

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Notes to Financial Statements for the year ended March 31, 2013

NOTE 1: CORPORATE INFORMATION

Benares Hotels Limited (“BHL” or the “Company”), is a listed public limited company incorporated in 1971. The Company operates its hotels, viz., The Gateway Hotel Ganges and Nadesar Palace in Varanasi. The company became a subsidiary of The Indian Hotels Company Limited in May, 2011.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the presentation of the financial statements are as under:

(a) Accounting Standards:

The Financial Statements have been prepared on the basis of historical cost convention following the accrual system of accounting.

(b) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. None of the Assets were revalued during the course of the year.

(c) Depreciation:

Depreciation on Fixed Assets is provided on the Straight Line Method in accordance with the provisions of Section 205(2)(b), at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(d) Inventories:

Inventories of Stores, Operating Supplies and Food and Beverages are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.

(e) Retirement Benefits:

(i) **Provident Fund** : Liability is determined on the basis of contribution as required under the Statute/Rules.

(ii) **Gratuity** : Liability is determined on the basis of an independent Actuarial valuation made at the year end and is fully funded by the Company.

(f) Foreign Currency Transactions:

Transactions in foreign currency are recorded at prevailing rates of exchange in force, at the time the transactions are effected. At the year end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising on foreign currency transactions are recognized as Income or Expense in the period in which they arise.

(g) Revenue Recognition:

Revenue (Income) is recognized when no significant uncertainty as to its determination or realization exists.

(h) Contingent liabilities:

These, if any, are disclosed in the Notes on Accounts. Provision is made in the Accounts in respect of those contingencies which are likely to materialize into liabilities after the year end, till the approval of the Accounts by the Board of Directors and which have material effect on the position stated in the Balance Sheet.

(i) Taxes on Income:

Tax expense comprises both current and deferred tax at the applicable enacted rates. Current tax represents the amount of income tax payable/recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

(j) Leave Encashment:

The liability on account of leave encashment is determined on the basis of independent actuarial valuation made at the year end.

Notes to Financial Statements for the year ended March 31, 2013

NOTE 3: SHARE CAPITAL

	₹ Lacs	Previous Year ₹ Lacs
1. Authorised Share Capital		
Ordinary/Equity Shares		
15,00,000 Equity Shares of ₹ 10/- each	<u>150.00</u>	<u>150.00</u>
2. Issued Share Capital		
13,00,000 (Previous Year - 13,00,000) Ordinary/Equity Shares of ₹ 10/- each	<u>130.00</u>	<u>130.00</u>
3. Subscribed and Paid Up Capital		
13,00,000 (Previous Year - 13,00,000) Ordinary/Equity Shares of ₹ 10/- each fully paid [Refer Footnote (a)&(b)]	<u>130.00</u>	<u>130.00</u>

Foot Notes:

(a) List of Shareholders holding more than 5% of the Share Capital

Name of Shareholder	As at 31st March 2013		As at 31st March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
The Indian Hotels Co. Ltd	2,93,000	22.54	2,93,000	22.54
TIFCO Holdings Limited	3,50,825	26.99	3,50,825	26.99

(b) Out of total Equity Shares issued by the Company 6,98,038 Equity Shares (Previous Year 6,98,038) are held by The Indian Hotels Company Limited, the ultimate holding Company, along with its subsidiaries.

NOTE 4: RESERVES AND SURPLUS

	₹ Lacs	Previous Year ₹ Lacs
1. Capital Reserve		
Opening and Closing Balance	0.86	0.86
2. General Reserve		
Opening and Closing Balance	1,967.22	1,667.22
Add: Transferred from surplus in statement of Profit and Loss....	<u>100.00</u>	<u>300.00</u>
Closing Balance	2,067.22	1,967.22
3. Surplus in Statement of Profit and Loss		
Opening Balance	1,065.58	988.09
Add: Net Profit for the current year	857.61	619.23
Less: Proposed Dividend	260.00	208.00
Less: Tax on Dividend	44.19	33.74
Less: Transfer to General Reserve	<u>100.00</u>	<u>300.00</u>
Closing Balance	<u>1,519.00</u>	<u>1,065.58</u>
Total	<u><u>3,587.08</u></u>	<u><u>3,033.66</u></u>

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Notes to Financial Statements for the year ended March 31, 2013

NOTE 5: DEFERRED TAX LIABILITIES (Net)

	₹ Lacs	Previous Year ₹ Lacs
Deferred Tax Liabilities		
Depreciation on Fixed Assets	<u>268.00</u>	<u>267.59</u>
Total (A)	<u>268.00</u>	<u>267.59</u>
Deferred Tax Assets:		
Provision for Doubtful Debts	15.27	15.51
Provision for Directors Commission	12.48	—
Provision for Employee Benefits	<u>5.94</u>	<u>2.81</u>
Total (B)	<u>33.68</u>	<u>18.32</u>
Net Deferred Tax Liabilities (A-B)	<u><u>234.31</u></u>	<u><u>249.27</u></u>

NOTE 6: LONG TERM PROVISIONS

	₹ Lacs	Previous Year ₹ Lacs
Provision for Employee Benefits		
Compensated absences	<u>13.32</u>	<u>6.89</u>
Total	<u><u>13.32</u></u>	<u><u>6.89</u></u>

NOTE 7: TRADE PAYABLES

	₹ Lacs	Previous Year ₹ Lacs
Trade Payables		
Micro and Small Enterprises (Refer Footnote i and ii)	—	—
Accrued Expenses and Others	<u>433.03</u>	<u>219.92</u>
Total	<u><u>433.03</u></u>	<u><u>219.92</u></u>

Footnotes :

- (i) There is no Interest paid/payable during the year by the company to the supplier covered under Micro, Small, Medium Enterprises Development Act, 2006.
- (ii) The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

Notes to Financial Statements for the year ended March 31, 2013

NOTE 8: OTHER CURRENT LIABILITIES

	₹ Lacs	Previous Year ₹ Lacs
Payable on Current Account Dues:		
(a) Related Parties	0.43	—
(b) Others	—	—
(c) Deposits (Unsecured)	35.05	33.85
(d) Income received in advance	—	2.26
(e) Advances collected from customers	62.95	38.44
(f) Creditors for capital expenditure	18.16	16.03
(g) Unclaimed dividend.....	25.26	22.90
(h) Other Liabilities.....	109.27	90.56
Total	<u>251.12</u>	<u>204.04</u>

NOTE 9: SHORT-TERM PROVISIONS

	₹ Lacs	Previous Year ₹ Lacs
Provision for Employees Benefits		
Compensated absences	3.43	1.77
Total	<u>3.43</u>	<u>1.77</u>
Provision-Others		
Proposed Dividend	260.00	208.00
Tax on Dividend	44.19	33.74
Total	<u>304.19</u>	<u>241.74</u>
Total	<u>307.62</u>	<u>243.51</u>

Notes to Financial Statements for year ended March 31, 2013

NOTE 10: TANGIBLE ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	Opening 01.04.2012	Additions	Deductions	Closing 31.03.2013	Opening 01.04.2012	Charge for the year	Deductions	Closing 31.03.2013	Opening 01.04.2012
1. Freehold Land <i>(PT)</i>	13.05 13.05	— —	— —	13.05 13.05	— —	— —	— —	— —	13.05 13.05
2. Buildings <i>(PT)</i>	1,637.59 1,576.65	31.24 60.94	(5.31) —	1,663.52 1,637.59	201.53 175.43	26.99 26.10	(0.73) —	227.79 201.53	1,436.06 1,401.22
3. Plant & Machinery <i>(PT)</i>	1,494.38 1,389.52	90.02 122.53	(5.07) (17.67)	1,579.33 1,494.38	675.50 604.64	92.81 86.21	(4.59) (15.35)	763.72 675.50	818.87 784.88
4. Furniture & Fixtures <i>(PT)</i>	558.23 538.99	19.22 19.24	(0.48) —	576.97 558.23	291.78 248.43	46.07 43.35	(0.39) —	337.46 291.78	266.44 290.56
5. Office Equipments <i>(PT)</i>	125.83 117.03	1.93 8.80	— —	127.76 125.83	78.68 64.36	13.92 14.32	— —	92.60 78.68	47.15 52.67
6. Vehicles <i>(PT)</i>	3.18 4.14	— —	— (0.96)	3.18 3.18	2.33 2.93	0.24 0.32	— (0.91)	2.57 2.34	0.84 1.21
Total <i>(PT)</i>	3,832.26 3,639.38	142.41 211.51	(10.86) (18.63)	3,963.81 3,832.26	1,249.83 1,095.79	180.03 170.30	(5.71) (16.26)	1,424.15 1,249.83	2,539.66 2,582.43

NOTE 11: INTANGIBLE ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	Opening 01.04.2012	Additions	Deductions	Closing 31.03.2013	Opening As at 01.04.2012	Charge for the year	Deductions	Closing 31.03.2013	Opening 01.04.2012
Service and Operating Rights <i>(PT)</i>	2.68 0.82	0.71 1.86	— —	3.39 2.68	0.57 0.15	0.48 0.42	— —	1.05 0.57	2.11 0.67

Notes to Financial Statements for the year ended March 31, 2013

NOTE 12: LONG-TERM LOANS AND ADVANCES

	₹ Lacs	Previous Year ₹ Lacs
Unsecured, Considered Good Unless Stated Otherwise		
(a) Capital Advances	4.31	24.71
(b) Deposits with Public Bodies and Others	32.04	33.74
Other Loans and Advances		
(c) Advance Income Tax Paid (net)	<u>18.90</u>	<u>9.91</u>
Total	<u><u>55.25</u></u>	<u><u>68.36</u></u>

NOTE 13: INVENTORIES (At lower of cost or net realisable value)

	₹ Lacs	Previous Year ₹ Lacs
(a) Food and Beverages	39.14	47.99
(b) Stores and Operating Supplies	<u>49.25</u>	<u>53.56</u>
Total	<u><u>88.39</u></u>	<u><u>101.55</u></u>

NOTE 14: TRADE RECEIVABLES (Unsecured)

	₹ Lacs	Previous Year ₹ Lacs
(a) Outstanding Over Six Months		
Considered good.....	19.20	41.69
Considered Doubtful	<u>47.05</u>	<u>47.80</u>
	66.25	89.49
(b) Others		
Considered good	<u>221.70</u>	<u>212.91</u>
	287.95	302.40
Less: Provision for Doubtful Debts	<u>47.05</u>	<u>47.80</u>
Total	<u><u>240.90</u></u>	<u><u>254.60</u></u>

NOTE 15: CASH AND BANK BALANCES

	₹ Lacs	Previous Year ₹ Lacs
Cash and Cash Equivalents		
(a) Cash on Hand	8.22	4.16
(b) Balances with Bank in Current Account	136.39	156.42
(c) Balances with Bank in call and Short-term Deposit Accounts (original maturity less than 3 months)	<u>1,099.72</u>	<u>400.00</u>
	1,244.33	560.58
Other Balances with Banks:		
(d) Earmarked Balances - Unclaimed Dividends	<u>25.26</u>	<u>22.90</u>
Total	<u><u>1,269.59</u></u>	<u><u>583.48</u></u>

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Notes to Financial Statements for the year ended March 31, 2013

NOTE 16: SHORT-TERM LOANS AND ADVANCES

	₹ Lacs	Previous Year ₹ Lacs
Deposit with Public Bodies and others	2.46	—
Other Advances		
Considered good	71.51	39.59
Total.....	<u>73.97</u>	<u>39.59</u>

NOTE 17: OTHER CURRENT ASSETS

	₹ Lacs	Previous Year ₹ Lacs
On Current Account Dues:		
Related Parties	8.19	1.82
Holding Company.....	109.01	54.41
Others	2.29	5.03
Total	<u>119.49</u>	<u>61.26</u>

NOTE 18: ROOMS, RESTAURANTS, BANQUETS AND OTHER OPERATING INCOME

	₹ Lacs	Previous Year ₹ Lacs
Income from Operations	3,919.69	3,482.92
Other Operating Income	—	—
Total	<u>3,919.69</u>	<u>3,482.92</u>
Income from Operations is Derived from the following:		
1. Room Income	2,082.07	1,853.67
2. Food, Restaurants and Banquet Income	1,669.70	1,473.12
3. Shop Rentals	46.76	44.97
4. Membership Fees	4.76	4.74
5. Others	116.40	106.41
Total	<u>3,919.69</u>	<u>3,482.91</u>

Notes to Financial Statements for the year ended March 31, 2013

NOTE 19: OTHER INCOME

	₹ Lacs	Previous Year ₹ Lacs
Interest Income		
1. Deposits with Banks	53.90	22.77
2. Others	0.06	—
Total	53.96	22.77
3. Profit on Sale of Assets (Net)	—	0.55
4. Exchange Gain (Net)	0.36	1.92
5. Others	10.61	11.34
Total	64.93	36.58

NOTE 20: FOOD AND BEVERAGES CONSUMED

	₹ Lacs	Previous Year ₹ Lacs
Opening Stock	47.99	24.75
Add: Purchases	377.72	371.51
	425.71	396.26
Less: Closing Stock	39.14	47.99
Food and Beverages Consumed	386.57	348.27
	March 31, 2013	March 31, 2012
	₹ Lacs	₹ Lacs
	%	%
Imported	—	—
Indigenous	386.57	348.27
	100.00	100.00
Total	386.57	348.27
	100.00	100.00

NOTE 21: EMPLOYEE BENEFIT EXPENSE AND PAYMENT TO CONTRACTORS

	₹ Lacs	Previous Year ₹ Lacs
Salaries, Wages, Bonus etc.	364.48	293.80
Company's Contribution to Provident and Other Funds	26.45	23.41
Reimbursement of Expenses on Personnel Deputed to the Company	92.37	118.06
Payment to Contractors	42.00	34.69
Staff Welfare Expenses	78.90	91.31
Total	604.20	561.27

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Notes to Financial Statements for the year ended March 31, 2013

NOTE 22: OTHER OPERATING AND GENERAL EXPENSES

	₹ Lacs	Previous Year ₹ Lacs
I Operating Expenses Consist of the following:		
1. Linen and Room Supplies	51.36	106.36
2. Catering Supplies.....	38.19	42.17
3. Other Supplies	7.42	7.73
4. Fuel, Power & Light.....	300.25	242.98
5. Repairs to Buildings	32.82	37.84
6. Repairs to Machinery.....	45.66	40.13
7. Repairs to Others.....	23.76	31.50
8. Garden Expenses	37.13	37.63
9. Linen, Uniform Washing & Laundry Expenses	55.12	51.10
10. Operating Fees	296.00	267.82
11. Payment to Orchestra Staff & Artistes and Others	3.66	2.87
12. Guest Transportation	2.84	1.83
13. Travel Agent's Commission	25.39	16.06
14. Discount to Collecting Agents	30.37	29.91
15. Other Operating Expenses	87.19	79.75
Sub Total	1,037.16	995.68

Linen, Room, Catering and Other Supplies Consumed

	March 31, 2013		March 31, 2012	
	₹ Lacs	%	₹ Lacs	%
Imported.....	—	—	—	—
Indigenous.....	96.97	100.00	156.26	100.00
Total	96.97	100.00	156.26	100.00

II General Expenses Consists of the following:

1. Rent	15.83	11.28
2. Licence Fees	21.46	18.70
3. Rates & Taxes	46.64	49.53
4. Insurance.....	10.82	10.62
5. Advertising & Publicity.....	118.94	100.29
6. Printing & Stationery	17.32	16.08
7. Security Expenses.....	31.78	39.73
8. Corporate Services	40.44	38.07
9. CRS/CIS Expenses	40.44	38.07
10. Passage & Traveling	31.24	20.02
11. Provision for Doubtful Debts	23.57	21.25
12. Professional Fees.....	19.95	14.30
13. Loss on Disposal of Fixed Assets (Net).....	4.00	—
14. Payment made to Statutory Auditors	2.53	2.86
15. Directors' Fees and Commission	40.57	30.08
16. Other Expenses.....	56.82	71.09
Sub Total	522.35	481.97
TOTAL	1,559.51	1,477.65

Notes to Financial Statements for the year ended March 31, 2013

NOTE 23: OTHER OPERATING AND GENERAL EXPENSES

	₹ Lacs	Previous Year ₹ Lacs
Footnotes:		
(i) Expenditure Recovered From Other Parties:		
Fuel, Power and Light	14.67	8.15
(ii) Payment Made to Statutory Auditors:		
As Auditors	1.97	1.97
As Tax Auditors	0.56	0.56
For Other Services	—	0.33
Total	<u>2.53</u>	<u>2.86</u>
(iii) Provision for Doubtful Debts:		
Opening Balance	47.79	68.59
Add: Provision During the Year	23.57	21.88
Total	<u>71.36</u>	<u>90.47</u>
Less: Bad Debts Written Off	<u>24.31</u>	<u>42.68</u>
Closing Balance	<u>47.05</u>	<u>47.79</u>

NOTE 24: CONTINGENT LIABILITIES (to the extent not provided for):

	₹ Lacs	Previous Year ₹ Lacs
(a) Claims against the company in respect of arrears of electricity charges, matter pending in Hon'ble High Court, Allahabad	3.45	3.45
(b) On account on demand in respect of UP Trade Tax AY 2006-07, Case remanded back by Appellate Tribunal for rehearing and orders to the first Appellate Authority	15.88	—
(c) On account of demand in respect of UP Trade Tax AY 2007-08, Case remanded back by Appellate Tribunal for rehearing and orders to the first Appellate Authority	20.39	9.66
(d) On account of Income Tax for AY 2007-08, demand raised by Income Tax Authority, appeal pending	4.15	—
(e) Demand raised by Income Tax Authority for AY 2009-10, by inflating income and assuming higher profitability ratio. CIT (Appeals) passed the order in favour of the company, however Income Tax Department has filed appeal in ITAT challenging the order of the CIT (Appeals)	118.35	—
(f) Demand raised by Income Tax Authority for AY 2010-11, by inflating income and making adhoc additions, appeal pending in CIT (Appeals).....	40.86	—
Total.....	<u>203.08</u>	<u>13.11</u>

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Notes to Financial Statements for the year ended March 31, 2013

NOTE 25: CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹ 384.59 lacs (Previous year - ₹ 287.84 Lacs).

NOTE 26: CAPITAL WORK IN PROGRESS

The total Capital Work in Progress consists of the following:

	₹ Lacs	Previous Year ₹ Lacs
Capital Work in Progress for Hotel at Gondia, Maharashtra	526.11	360.64
Capital Work in Progress at Varanasi Hotel.....	40.79	33.27

NOTE 27: VALUE OF IMPORTS

	₹ Lacs	Previous Year ₹ Lacs
Value of Imports (CIF) Capital Imports	18.32	37.32

NOTE 28: EXPENDITURE IN FOREIGN CURRENCY

	₹ Lacs	Previous Year ₹ Lacs
Expenditure in Foreign Currency	9.39	6.95

NOTE 29: EARNINGS IN FOREIGN EXCHANGE

	₹ Lacs	Previous Year ₹ Lacs
Earnings in Foreign Exchange	1616.19	1632.94
(As certified by the Management and verified by the Auditors)		

NOTE 30: EXCHANGE DIFFERENCE

Exchange difference included in Other Income for the year under review is

	₹ Lacs	Previous Year ₹ Lacs
(a) Exchange Gain	0.36	—
(b) Exchange Loss	—	0.08

NOTE 31:

The Company's business consists of its hotel operations only and hence no separate information for segment-wise disclosures under Accounting Standard on "Segment Reporting" (AS-17), issued by the Institute of Chartered Accountants of India, is given.

Notes to Financial Statements for the year ended March 31, 2013

NOTE 32: RELATED PARTY DISCLOSURES

(a) As per Accounting Standard - 18, "Related Parties Disclosure" notified by the companies (Accounting Standards) Rules 2006, the following is the list of Related Parties:

i. Holding Company

Name of the Company	Country of Incorporation
The Indian Hotels Company Limited	India

ii. Fellow Subsidiary Companies of the Holding Company

Domestic

TIFCO Holdings Ltd.	India
Residency Foods & Beverages Ltd.	India
KTC Hotels Ltd.	India
United Hotels Ltd.	India
Taj SATS Air Catering Ltd.	India
Roots Corporation Ltd.	India
Taj Enterprises Ltd.	India
Taj Trade and Transport Ltd.	India
Inditravel Ltd.	India
Piem Hotels Ltd.	India
Northern India Hotels Ltd.	India
Taj Rein Shoes Co. Ltd.	India
Ideal Ice & Cold Storage Co. Ltd.	India
TIFCO Security Services Limited	India

International

Samsara Properties Ltd.	British Virgin Islands
Apex Hotel Management Services (Pte) Ltd.	Singapore
Chieftain Corporation NV	Netherlands Antilles
IHOCO BV	Netherlands
St. James Court Hotel Ltd.	United Kingdom
Taj International Hotels Ltd.	United Kingdom
IHMS (Australia) Pty. Ltd.	Australia
International Hotel Management Services Inc.	United States of America
Taj International Hotels (H.K.) Ltd.	Hong Kong
PIEM International (H.K.) Ltd.	Hong Kong
BAHC 5 Pte. Ltd.	Singapore
Premium Aircraft Leasing	Ireland

(b) Details of related party transactions during the year ended March 31, 2013

Particulars	Holding Company	Fellow Subsidiaries Companies	Other
Receiving of Services	174.66	—	—
(PY)	<i>(155.30)</i>	—	—
Consultancy Services Received	286.67	—	—
(PY)	<i>(242.81)</i>	—	—
Deputed Personnel Expense	111.29	10.15	—
(PY)	<i>(116.33)</i>	<i>(1.73)</i>	—
Dividend Paid	46.88	64.81	—
(PY)	<i>(38.09)</i>	<i>(52.65)</i>	—

Footnotes: Figure in italics are of the previous year.

BENARES HOTELS LIMITED
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Notes to Financial Statements for the year ended March 31, 2013

NOTE 32: RELATED PARTY DISCLOSURES (Contd)

(c) The license fee payable by the company is in respect of licence agreement entered by the company on a revenue sharing basis with the owners of the Nadesar Palace in Varanasi and the land on which the Palace is situated. The property licensed to the Company is owned by Dr. Anant Narain Singh along with two private limited companies and a Trust in which Dr. Anant Narain Singh is a Director and a Trustee respectively. As per the agreement terms, this year, an amount of ₹ 21.13 lacs (amount equivalent to 3% of net sales of Nadesar Palace) was paid during the year towards License fee.

NOTE 33: PROVISION FOR DOUBTFUL DEBTS AND BAD DEBTS WRITTEN OFF

During the year, an amount of ₹ 24.31 lacs (previous year ₹ 42.67 lacs) has been written off as bad debts. Since the amount has been written off against the already existing amounts provided for doubtful debts in past years, it has not impacted the profitability of the year.

There is no provision for doubtful debts or amounts written off or written back during the year for debts due from or to related parties.

NOTE 34: EARNINGS PER SHARE (EPS)

Earnings Per Share is calculated in accordance with Accounting Standard 20 - 'Earnings Per Share' - (AS-20), notified by the company's Accounting Standards Rules, 2006 as amended.

Particulars	March 31, 2013	March 31, 2012
Profit After Tax - (₹ Lacs)	857.61	619.23
Number of Ordinary /Equity Shares	13,00,000	13,00,000
Weighted Average Number of Ordinary/Equity Shares.....	13,00,000	13,00,000
Earnings Per Share - (₹) Basic and Diluted	65.97	47.63

NOTE 35: SHAREHOLDING PATTERN

Particulars	March 31, 2013	March 31, 2012
Public Shareholding		
No. of Shares	488062	488062
% of Shares	37.54%	37.54%
Promoters and Promoter Group		
Shareholding		
A) Pledged/ Encumbered		
Number of Shares	Nil	Nil
Percentage of shares (as a % of the total shareholding of promoter and promoter group).....	Nil	Nil
Percentage of shares (as a % of the total share capital of the company).....	Nil	Nil
B) Non-encumbered		
Number of Shares	811938	811938
Percentage of shares (as a % of the total shareholding of promoter and promoter group).....	100%	100%
Percentage of shares (as a % of the total share capital of the company).....	62.46%	62.46%

FINANCIAL STATISTICS

(Rs./Lacs)

YEAR	CAPITAL ACCOUNTS										REVENUE ACCOUNTS									
	Capital	Reserves & Surplus	Borrowing	Deferred Taxes	Fixed Assets		Investments	Misc Expenses	Gross Revenue	Expenditure (Including Interest)	Depreciation	Profit before Extraord. Items & Taxes	Taxes	Adjustments	Profit After Taxes	Adjustments	Net Transfer to Reserves	Dividend	Tax on Dividend	Rate of Dividend %
					Gross Block	Net Block														
1989-90	130.00	28.54	223.51	223.51	354.89	233.57	—	293.01	222.09	18.93	51.99	3.10	—	48.89	—	38.49	10.40	10.40	8%	
1990-91	130.00	44.85	218.63	218.63	502.44	363.19	—	285.11	237.94	20.47	26.70	—	—	26.70	—	16.30	10.40	26.00	8%	
1991-92	130.00	125.83	181.95	181.95	528.47	360.75	—	421.79	286.34	28.46	106.99	—	—	106.99	—	80.99	26.00	26.00	20%	
1992-93	130.00	181.24	145.70	145.70	572.99	375.23	—	421.09	309.84	30.52	80.73	(0.67)	—	81.40	—	55.40	26.00	26.00	20%	
1993-94	130.00	231.84	101.98	101.98	617.92	389.34	—	462.66	343.17	32.89	86.60	10.00	—	76.60	—	50.60	26.00	39.00	20%	
1994-95	130.00	284.46	79.46	79.46	639.16	377.10	—	516.45	382.22	34.11	100.12	8.50	—	91.62	—	52.62	39.00	58.50	30%	
1995-96	130.00	427.78	48.94	48.94	689.27	390.25	—	755.19	498.42	36.95	219.82	18.00	—	201.82	—	143.34	58.50	78.00	45%	
1996-97	130.00	616.01	9.88	9.88	740.91	487.35	—	904.31	595.56	33.73	275.02	35.50	—	239.52	34.51	188.23	78.00	7.80	60%	
1997-98	130.00	781.67	9.74	9.74	785.85	498.88	—	985.31	668.39	35.96	280.96	29.50	—	251.46	—	165.66	78.00	7.80	60%	
1998-99	130.00	981.38	9.74	9.74	985.85	661.34	—	1,083.29	716.74	46.65	319.89	33.60	—	286.29	—	199.71	78.00	8.58	60%	
1999-00	130.00	1,161.94	9.74	9.74	1,032.95	661.53	—	1,105.09	736.19	48.19	320.70	37.71	+5.79	288.78	—	180.56	97.50	10.73	75%	
2000-01	130.00	1,313.88	12.97	12.97	1,123.18	706.71	—	1,252.47	865.18	47.09	340.20	54.00	(5.32)	280.88	—	151.94	117.00	11.93	90%	
2001-02	130.00	1,106.06	12.97	141.16	1,282.28	812.41	—	936.29	776.22	55.17	104.90	32.50	—	72.40	—	(25.10)	97.50	—	75%	
2002-03	130.00	1,124.68	12.97	145.08	1,411.13	876.48	—	1,104.34	857.04	64.77	182.54	53.92	—	128.62	—	18.62	97.50	12.49	75%	
2003-04	130.00	1,188.07	12.97	152.81	1,530.16	929.83	—	1,298.42	957.70	67.29	273.44	92.73	—	180.71	—	63.39	104.00	13.33	80%	
2004-05	130.00	1,334.76	14.26	145.75	1,518.08	919.67	100.45	1,532.17	1,046.88	72.16	413.13	140.44	—	272.69	—	146.69	110.50	15.50	85%	
2005-06	130.00	1,497.84	14.26	146.71	1,759.20	1,112.36	105.19	1,574.94	1,071.05	67.56	436.33	147.25	—	289.08	—	163.08	110.50	15.50	85%	
2006-07	130.00	1,732.48	22.97	153.78	2,141.70	1,468.78	111.50	1,943.33	1,269.77	86.66	586.90	200.17	—	386.73	—	234.64	130.00	22.09	100%	
2007-08	130.00	1,990.41	22.97	164.09	2,323.36	1,548.51	—	2,168.87	1,397.41	101.93	669.52	229.08	—	440.45	—	257.93	156.00	26.51	120%	
2008-09	130.00	2,182.89	25.27	175.62	3,331.83	2,469.11	—	2,018.78	1,417.40	109.56	491.81	170.05	—	321.76	—	192.48	110.50	18.77	85%	
2009-10	130.00	2,362.78	30.58	205.33	3,534.63	2,522.04	—	2,347.19	1,635.69	153.20	558.30	181.34	—	376.96	—	179.89	169.00	28.07	130%	
2010-11	130.00	2,656.11	30.58	231.32	3,769.96	2,674.02	—	2,773.17	1,879.79	160.04	733.35	242.89	—	490.46	—	293.39	169.00	28.07	130%	
2011-12	130.00	3,033.66	—	249.27	4,228.85	2,978.46	—	3,519.50	2,387.20	170.72	961.58	342.35	—	619.23	—	377.49	208.00	33.74	160%	
2012-13	130.00	3,587.08	—	234.31	4,401.84	3,108.90	—	3,984.62	2,550.28	180.51	1,253.83	396.22	—	857.61	—	553.42	260.00	44.13	200%	

BENARES HOTELS LIMITED

Registered Office : Nadesar Palace Compound, Varanasi 221 002 U.P.

Attendance Slip

I hereby record my presence at the FORTY SECOND ANNUAL GENERAL MEETING of the Company at the Registered Office of the Company at Nadesar Palace Compound, Varanasi 221 002 on Friday, 16th August, 2013 at 3:00 p.m.

SIGNATURE OF THE SHAREHOLDER OR PROXY

Notes :

- (1) Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.
- (2) Shareholder/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.
- (3) Shareholders are requested to advise the change in the address, if any, indicating their Folio No. to the Company or to the Registrar and Share Transfer Agent of the Company.

BENARES HOTELS LIMITED

Registered Office : Nadesar Palace Compound, Varanasi 221 002, U.P.

Proxy

I/We _____

of _____

being a Member/Members of BENARES HOTELS LIMITED hereby appoint _____

_____ of _____

_____ or failing him

_____ of _____

_____ as my/our

Proxy to vote for me/us and on my/our behalf at the Forty Second Annual General Meeting of the Company to be held on Friday, 16th August, 2013 at 3.00 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Folio No.: _____

No. of Shares: _____

Signature

Revenue
Stamp

Note : The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting.

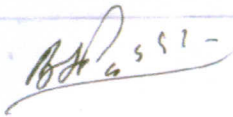




The Gateway Hotel Ganges Varanasi



FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1. Name of the Company:	Benares Hotels Limited
2. Annual financial statements for the year ended	31st March, 2013
3. Type of Audit observation	Un-qualified
4. Frequency of observation	First Time
5. To be signed by-	
• Audit Committee Chairman	B. L. Passi 
• Financial Controller	Ravi Sharma 
• Auditor of the company	For N. Krishnaswamy and Co. Chartered Accountants (Firm Registration No. 001555S)  N. Krishnaswamy (Membership No. 004797)