

**REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008**

Your Directors submit their Report and Accounts for the financial year ended 31st March, 2008.

**Performance**

During the year under review, your Company earned an income of Rs. 83.16 lacs (previous year - Rs. 63.75 lacs) and a net profit of Rs. 54.14 lacs (previous year - Rs. 41.38 lacs) after providing for income tax of Rs. 23.60 lacs (previous year - Rs. 16.87 lacs). Earnings per share for the year stands at Rs. 455.96 per share of Rs. 100/- (previous year - Rs. 348.42 per share of Rs. 100/-). Cash Flow from Operations were Rs. 75.56 lacs during the year (previous year - Rs. 48.72 lacs).

Your Directors are pleased to recommend a dividend of Rs. 40/- (previous year - Rs. 30/-) per equity share of Rs. 100/- for the year ended 31st March, 2008. Your Board further recommends a transfer to General Reserve of Rs. 6.77 lacs (previous year - Rs. 3.10 lacs).

**Conservation of Energy**

Considering the fact that the hotel is under an operating licence with ITC Limited, no comment is made on conservation of energy. However, your Company's hotel viz., Fortune Resort Bay Island continues to focus on energy conservation, safety and environment.

**Foreign Exchange Earnings and Outflow**

There has been no foreign exchange income or outflow during the year (previous year - Nil).

**Directors**

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr. S.C. Sekhar and Mr. Mohan Bhatnagar will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**Particulars of Employees**

None of the employees fall under the purview of the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

**Compliance Certificate under Companies Act, 1956**

A certificate issued by M/s. P B & Associates, Company Secretaries, in terms of the provisions of Section 383A of the Companies Act, 1956, to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

**Auditors**

The Auditors of your Company M/s. S.B. Dandekar & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**Responsibility Statement**

In terms of Section 217 (2AA) of the Companies Act, 1956, your Directors state that :

a) in the preparation of annual accounts under review the applicable accounting standards had been followed. b) appropriate accounting policies were selected and applied consistently and reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit of the Company for that period. c) proper and sufficient care was taken 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. d) the annual accounts are prepared on a going concern basis. The required disclosures and the significant accounting policies followed are appearing in Schedules 15 and 16 respectively, to the annual accounts.

On behalf of the Board

Mohan Bhatnagar *Director*  
M. Riaz Ahmed *Director*

Gurgaon, 26th April, 2008

**COMPLIANCE CERTIFICATE**

Company No. : U74899DL1976PLC105131

Nominal Capital : Rs. 1.2 crores

The Members of  
Bay Islands Hotels Limited  
25, Community Centre  
Basant Lok, Vasant Vihar  
New Delhi - 110 057

We have examined the registers, records, books and papers of Bay Islands Hotels Limited (hereinafter referred to as 'the Company') as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder, the provisions contained in the Memorandum and Articles of Association of the Company and also the audited Annual Accounts, Auditors' Report on the said annual accounts for the financial year ended 31st March, 2008 (financial year). In our opinion and to the best of our information and according to the examination carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the financial year :

1. The Company has kept and maintained Registers as stated in "Annexure A" to this Certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in "Annexure B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the Rules made thereunder.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors duly met 4 (four) times respectively on 1st May 2007, 28th September, 2007, 24th December, 2007, and 17th March, 2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed. There was no resolution passed by circulation.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2007 was held on 4th July, 2007 after giving due notice to the Members of the Company and others concerned and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extraordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the Register maintained under Section 301(1) of the Act. However, it has made necessary entries in register maintained under Section 301(3) of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company has:
  - (i) not made any allotment/transfer/transmission of securities during the financial year.
  - (ii) not deposited any amount in a separate Bank Account. However, the entire final dividend has been disbursed to the Members within five days from the date of declaration of such dividend.
  - (iii) paid dividends to all the Members within a period of 30 days from the date of declaration and that there is no Unclaimed/Unpaid dividend, which is required to be transferred to a Special Account.
  - (iv) not transferred any amount in Investor Education and Protection Fund as there is no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years.
  - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Directors, Alternate Directors and Directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of the transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the Register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act. Similarly, no fines, penalties or punishment under the Act was imposed on the Company during the financial year.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

For PB & Associates  
Company Secretaries  
Pooja Bhatia  
LLB, ACS  
CP : 6485

New Delhi, 26th April, 2008

**ANNEXURE – 'A'**

**Registers maintained by the Company  
(As on March 31, 2008)**

Sl. No.	Particulars	Relevant Section of the Act
1.	Minutes Book of the meetings of the Board of Directors of the Company	193
2.	Minutes Book of General Body Meetings of the Members of the Company	193
3.	Copies of Annual Returns	159
4.	Register of Members	150
5.	Register of Particulars of Directors, Managing Director, Manager and Secretary	303
6.	Register of Directors' Share holding	307
7.	Register(s) of contracts, companies and firms in which Directors are interested	301(3)
8.	Books of Accounts	209
9.	Register of Share Transfer	

**ANNEXURE – 'B'**

**A. Forms & Returns filed with the Registrar of Companies, New Delhi  
(During the Year ended on March 31, 2008)**

Sl. No.	Particulars of Forms & Returns Filed	Date of Filing	Whether filed within prescribed time	Additional Fees paid
1.	Form 23AC and Form 23ACA for Annual Accounts u/s 220 of the Act for year ended 31st March, 2007	27th July, 2007	Yes	No
2.	Form 66 for Compliance Certificate u/s 383A of the Act, for the financial year ended 31st March, 2007	26th July, 2007	Yes	No
3.	Form 20B for Annual Return u/s 159 of the Act, made upto 4th July, 2007	21st August, 2007	Yes	No

**B. Forms & Returns filed with the Regional Director, Central Government or other authorities : Nil**

**REPORT OF THE AUDITORS TO THE MEMBERS**

1. We have audited the attached Balance Sheet of Bay Islands Hotels Limited as at 31st March, 2008 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
4. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and the above mentioned Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement therewith.
5. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956 of India (the Act).
6. On the basis of written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors of the Company, none of the Directors of the Company is disqualified as on 31st March, 2008 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Act.
7. In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statement together with the statement of significant accounting policies and the notes thereon / attached thereto give, in the prescribed manner, the information required by the Act and also give respectively, a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
- (b) In the case of Profit and Loss Account, of the profit for the year ended on that date.
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.
8. As required by the Companies (Auditor's Report) Order, 2003, amended by the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Act and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we further report that :
- (i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.
- (b) The Fixed Assets of the Company have been physically verified by the management during the year, which is considered to be reasonable and no material discrepancies between book records and physical inventory were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) As the Company does not hold any inventory, clause (ii) of Para 4 of the Order is considered as not applicable.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered

- in the Register maintained under Section 301 of the Act. Accordingly, clauses (iii) (b), (iii) (c) and (iii) (d) of the Order are considered as not applicable.
- (iv) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any major weaknesses in the above said internal control procedures commensurate with the size of the Company and nature of its business.
- (v) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under Section 301 of the Act. Accordingly, clause (v) (b) of the Order is considered as not applicable.
- (vi) The Company has not accepted any deposits within the meaning of the provisions of Sections 58A and 58AA of the Act and the rules framed thereunder.
- (vii) As required under item No.(vii) of the said Order, since the Company has Paid-up Capital less than Rs.50,00,000/-, internal audit system is not necessary.
- (viii) The Central Government of India has not prescribed the maintenance of cost records by the Company under Section 209 (1) (d) of the Act.
- (ix) According to the information and explanations given to us and the books and records as produced and examined by us in accordance with generally accepted auditing practices in India:
- (a) The Company is regular in depositing the undisputed amount of statutory dues to the Government Accounts.
- (b) There is no amount of statutory dues not deposited by the Company on account of any dispute.
- (x) The Company has neither accumulated losses as at 31st March, 2008 nor has it incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
- (xi) Based on our audit procedures and information and explanations given by the management, the Company has no dues to any financial institution or bank during the financial year under audit.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, considering the nature of the activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to it.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not dealt or traded in shares, securities, debentures or other investments during the year.
- (xv) The Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
- (xvi) Term loans were not availed by the Company and hence no such liability stood at the end of the year under audit.
- (xvii) Based on the information and explanations given to us and on overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised during the year on a short term basis which have been used for long-term investment and vice versa.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
- (xix) As the Company has not issued any debentures and no debentures are outstanding at the year-end, hence clause (xix) of the Order is considered as not applicable.
- (xx) The Company has not raised any money by public issue during the year under audit.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of  
S.B.DANDEKAR & COMPANY  
KEDARASHISH BAPAT  
Chartered Accountant  
Membership No: 057903

Port Blair, 26th April, 2008

**BALANCE SHEET AS AT 31ST MARCH, 2008**

	Schedule	(Rs.)	As at 31st March, 2008 (Rs.)	(Rs.)	As at 31st March, 2007 (Rs.)
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
(a) Capital	1	11,87,500		11,87,500	
(b) Reserves and Surplus	2	8,52,12,242	8,63,99,742	8,11,79,529	8,23,67,029
			8,63,99,742		8,23,67,029
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>	3				
(a) Gross Block		10,34,42,743		10,34,42,743	
(b) less : Depreciation		2,73,68,173		2,62,59,491	
(c) Net Block			7,60,74,570		7,71,83,252
<b>2. Current Assets, Loans &amp; Advances</b>					
(a) Sundry Debtors	4	20,22,506		16,08,166	
(b) Cash and Bank Balances	5	68,25,914		24,22,699	
(c) Other Current Assets	6	3,55,521		37,748	
(d) Loans and Advances	7	3,65,380		3,65,380	
		95,69,321		44,33,993	
<b>Less :</b>					
<b>Current Liabilities and Provisions</b>					
(a) Liabilities	8	16,292		14,950	
(b) Provisions	9	7,85,290		4,16,795	
		8,01,582		4,31,745	
<b>Net Current Assets</b>			87,67,739		40,02,248
<b>3. Deferred Tax Asset (Net)</b>	10		15,57,433		11,81,529
<b>Total</b>			8,63,99,742		8,23,67,029
<b>Notes to the Accounts</b>	15				
<b>Significant Accounting Policies</b>	16				

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our Report of even date.

For and on behalf of  
S. B. Dandekar & Company  
Kedarashish Bapat  
Chartered Accountant  
Port Blair, 26th April, 2008

On behalf of the Board  
Mohan Bhatnagar Director  
M. Riaz Ahmed Director  
Gurgaon, 25th April, 2008

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	For the year ended 31st March, 2008 (Rs.)	For the year ended 31st March, 2007 (Rs.)
<b>I. INCOME</b>			
Operating Licence Fee		79,60,112	63,21,918
Other Income	11	3,55,521	52,694
		<u>83,15,633</u>	<u>63,74,612</u>
<b>II. EXPENDITURE</b>			
Operating and Administrative Expenses	12	2,58,118	2,64,254
Depreciation		2,82,622	2,86,220
		<u>5,40,740</u>	<u>5,50,474</u>
<b>III. PROFIT</b>			
Profit before Taxation		77,74,893	58,24,138
Taxation for the year	13	23,60,394	16,86,593
Profit after Taxation		54,14,499	41,37,545
Profit Brought Forward from Previous Year		91,45,305	57,34,871
Available for Appropriation		<u>1,45,59,804</u>	<u>98,72,416</u>
<b>IV. APPROPRIATIONS</b>			
General Reserve		6,76,813	3,10,316
Proposed Dividend		4,75,000	3,56,250
Tax on Proposed Dividend		80,726	60,545
Profit Carried Forward		1,33,27,265	91,45,305
		<u>1,45,59,804</u>	<u>98,72,416</u>
<b>Basic and Diluted Earnings Per Share (Rs.)</b>	14	455.96	348.42
<b>Notes to the Accounts</b>	15		
<b>Significant Accounting Policies</b>	16		

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit & Loss Account referred to in our Report of even date.

For and on behalf of  
S. B. Dandekar & Company  
Kedarashish Bapat  
Chartered Accountant  
Port Blair, 26th April, 2008

On behalf of the Board  
Mohan Bhatnagar Director  
M. Riaz Ahmed Director  
Gurgaon, 25th April, 2008

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

(Figures for the previous year have been rearranged to conform with the revised presentation)

		For the year ended 31st March, 2008 (Rs.)		For the year ended 31st March, 2007 (Rs.)
<b>A. NET PROFIT BEFORE TAX</b>		77,74,893		58,24,138
Adjustments for:				
Depreciation	2,82,622		2,86,220	
Interest accrued	(3,55,521)	(72,899)	(37,748)	2,48,472
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		<u>77,01,994</u>		<u>60,72,610</u>
Adjustments for:				
Trade and Other Receivables	(3,76,592)		(12,03,891)	
Trade Payables	2,30,906	(1,45,686)	3,170	(12,00,721)
CASH GENERATED FROM OPERATIONS		<u>75,56,308</u>		<u>48,71,889</u>
Income Tax Paid		(27,36,298)		(22,15,729)
NET CASH FROM OPERATING ACTIVITIES		<u>48,20,010</u>		<u>26,56,160</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
PURCHASE OF INVESTMENT		—		—
NET CASH USED IN INVESTING ACTIVITIES		<u>—</u>		<u>—</u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES:</b>				
Dividends Paid	(3,56,250)		(2,37,500)	
Income Tax on Dividend Paid	(60,545)		(33,309)	
NET CASH FLOW USED IN FINANCING ACTIVITIES		<u>(4,16,795)</u>		<u>(2,70,809)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		44,03,215		23,85,351
OPENING CASH AND CASH EQUIVALENTS		24,22,699		37,348
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<u>68,25,914</u>		<u>24,22,699</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE :</b>				
Cash and Bank Balances		68,25,914		24,22,699

Per our Report attached to the Balance Sheet

For and on behalf of  
S. B. Dandekar & Company  
Kedarashish Bapat  
Chartered Accountant  
Port Blair, 26th April, 2008

On behalf of the Board  
Mohan Bhatnagar Director  
M. Riaz Ahmed Director  
Gurgaon, 25th April, 2008

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)		As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)	As at 31st March, 2007 (Rs.)
<b>1. CAPITAL</b>			<b>2. RESERVES &amp; SURPLUS</b>			
Authorised:			Revaluation Reserve			
90,000 Equity Shares of Rs. 100/- each	90,00,000	90,00,000	At the commencement of the year	6,68,63,006	6,76,89,066	
30,000 13.5% Redeemable Cumulative Preference Shares of Rs. 100/- each	30,00,000	30,00,000	Less : Depreciation	8,26,060	6,60,36,946	8,26,060
	<u>1,20,00,000</u>	<u>1,20,00,000</u>	Subsidy Reserve		43,38,099	43,38,099
Issued, Subscribed and Paid-up:			General Reserve			
11,875 Equity Shares of Rs. 100/- each, fully paid-up	11,87,500	11,87,500	At the commencement of the year	8,33,119	5,22,803	
	<u>11,87,500</u>	<u>11,87,500</u>	Add : Transferred from Profit & Loss Account	6,76,813	15,09,932	3,10,316
The above shares are held by the Holding Company, ITC Limited			Balance in Profit & Loss Account			
				1,33,27,265		91,45,305
				<u>8,52,12,242</u>		<u>8,11,79,529</u>

3. FIXED ASSETS

Particulars	Original Cost/ Professional Valuation as at 01.04.2007 (Rs.)	Additions during the year (Rs.)	Withdrawals during the year (Rs.)	Original Cost/ Professional Valuation as at 31.03.2008 (Rs.)	Depreciation for the year (Rs.)	Depreciation on withdrawals (Rs.)	Depreciation upto 31.03.2008 (Rs.)	Net Block as at 31.03.2008 (Rs.)
1. Land	5,70,00,000	—	—	5,70,00,000	—	—	—	5,70,00,000
2. Building	3,89,89,750	—	—	3,89,89,750	10,81,283	—	1,99,91,461	1,89,98,289
3. Plant & Machinery	70,45,674	—	—	70,45,674	27,399	—	69,69,393	76,281
4. Furniture & Fittings	4,07,319	—	—	4,07,319	—	—	4,07,319	—
Total	10,34,42,743	—	—	10,34,42,743	11,08,682	—	2,73,68,173	7,60,74,570
Previous Year	10,34,42,743	—	—	10,34,42,743	11,12,280	—	2,62,59,491	7,71,83,252

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)		As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
<b>4. SUNDRY DEBTORS</b>			<b>10. DEFERRED TAX ASSET (NET)</b>		
Over 6 months old			Deferred Tax Assets	—	—
Good and Unsecured	—	—	Less :		
Doubtful and Unsecured	—	—	Deferred Tax Liability		
Other Debts			Depreciation - Timing Difference	(15,57,433)	(11,81,529)
Good and Secured	—	—		(15,57,433)	(11,81,529)
Good and Unsecured	20,22,506	16,08,166	Net Deferred Tax Assets	15,57,433	11,81,529
Less : Provision for Doubtful Debts	—	—			
	<u>20,22,506</u>	<u>16,08,166</u>	For the Year ended 31st March, 2008 (Rs.)		For the Year ended 31st March, 2007 (Rs.)
Less : Deposits from normal Trade Debtors - Contra	—	—			
	<u>20,22,506</u>	<u>16,08,166</u>	<b>11. OTHER INCOME</b>		
<b>5. CASH AND BANK BALANCES</b>			Interest on Fixed Deposit	3,55,521	41,531
With Scheduled Banks on Current Accounts	19,676	18,32,699	Interest on Income Tax Refund	—	11,163
Deposit with Scheduled Banks	68,06,238	5,90,000		<u>3,55,521</u>	<u>52,694</u>
	<u>68,25,914</u>	<u>24,22,699</u>	<b>12. OPERATING AND ADMINISTRATIVE EXPENSES</b>		
<b>6. OTHER CURRENT ASSETS</b>			Salaries, Wages and Bonus	47,80,953	43,68,306
Interest accrued on investment	3,55,521	37,748	Less : Recovered from ITC Ltd.	(46,78,970)	(42,70,752)
<b>7. LOANS AND ADVANCES</b>			Salaries, Wages and Bonus	1,01,983	97,554
Income Tax-Refund Due for the year 2005-06	1,96,815	1,96,815	Consumption of Stores and Spare Parts	30,000	30,000
Income Tax - (Net of provision for tax)	1,68,565	1,68,565	Travelling and Conveyance	63,000	63,000
	<u>3,65,380</u>	<u>3,65,380</u>	Bank Charges	550	1,350
<b>8. LIABILITIES</b>			Rates & Taxes	—	20,308
Sundry Creditors			Miscellaneous Expenses	62,585	52,042
Total outstanding dues to small scale industrial undertakings	—	—		<u>2,58,118</u>	<u>2,64,254</u>
Total outstanding dues to creditors other than small scale industrial undertakings.***	16,292	14,950	Miscellaneous Expenses include :		
Income Tax Due 07-08	—	—	— Audit Fees	16,292	11,224
	<u>16,292</u>	<u>14,950</u>	— Tax Audit Fees	5,068	5,173
*** Includes payable to Holding Co. Rs. NIL (Previous Year Rs. 2,526/-)			<b>13. PROVISION FOR TAXATION</b>		
<b>9. PROVISIONS</b>			Income Tax on :		
Provision for Tax (net of advance tax)	2,29,564	—	Tax on Current Year's Profits*	27,36,298	20,47,164
Provision for proposed dividend	4,75,000	3,56,250	Add : Deferred Tax Expense/(Credit)	(3,75,904)	(3,60,571)
Tax on proposed dividend	80,726	60,545		<u>23,60,394</u>	<u>16,86,593</u>
	<u>7,85,290</u>	<u>4,16,795</u>	* including Fringe Benefit Tax Rs. 4241/- (Previous Year - 4241/-)		
			<b>14. EARNINGS PER SHARE</b>		
			Profit/(loss) after Taxation	54,14,499	41,37,545
			Weighted average number of equity shares outstanding	11,875	11,875
			Basic and diluted earnings per share in Rupees (face value - Rs.100/- per share)	455.96	348.42

SCHEDULES TO THE ACCOUNTS (Contd.)

15. NOTES TO THE ACCOUNTS

1. The Hotel operations are under an Operating License Agreement with ITC Limited.
2. The Land and Building were revalued as on 31st March, 1999 at Rs.5,70,00,000/- and Rs.3,89,89,750/- respectively, by an approved valuer and accordingly the gross block reflects the revised values in respect of these assets, in the books of accounts.
3. In view of the Company's current financial performance and the future profit projections, the Company expects to fully recover the deferred tax assets.
4. Related party disclosures under Accounting Standard 18
  - i) Holding Company : ITC Limited
  - ii) Key Management Personnel :
    - Board of Directors
    - Nakul Anand
    - S.C. Sekhar
    - Mohan Bhatnagar
    - M. Riaz Ahmed
    - C. M. Jadwet
    - G.H.C. Jadwet
  - iii) Summary of transactions during the year (Rupees) :

	Transaction with	Holding Company
1.	Operating Licence Fee Received	79,60,112.00
2.	Expenses Reimbursed	5,88,974.00
3.	Reimbursement of Contractual Remuneration	46,78,970.00
4.	Dividend Payment	3,56,250.00
5.	Balance as on March 31, 2008	
	(i) Debtors / Receivables	20,22,506.00

5. Previous Year's figures have been regrouped / rearranged wherever necessary.

16. SIGNIFICANT ACCOUNTING POLICIES

1. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**  
To prepare Financial Statements in accordance with the historical cost convention, generally accepted accounting principles in India and relevant presentational requirements of the Companies Act, 1956.
2. **FIXED ASSETS**  
To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.

3. DEPRECIATION

To calculate depreciation on Fixed Assets in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or lives based on the rates specified in Schedule XIV to Companies Act, 1956, whichever is lower, by equal annual installments.

4. REVALUATION OF ASSETS

To review the original book value of Fixed Assets, from time to time, and revalue such of those Fixed Assets as have appreciated in value significantly, in order to relate them more closely to current replacement values, to adjust the provision for depreciation on such revalued Fixed Assets, where applicable, in order to make allowance for consequent additional diminution in value on considerations of age, condition and unexpired useful life of such Fixed Assets; to transfer to Revaluation Reserve, the difference between the written up value of the Fixed Assets revalued and depreciation adjustment and to charge Revaluation Reserve Account with depreciation on that portion of the value which is written up.

5. REVENUE RECOGNITION

Income from operating license fees is booked on accrual basis in accordance with the provisions of operating license agreement / arrangements with the licensee viz., ITC Limited.

6. PROPOSED DIVIDEND

To provide for Dividend as proposed by the Directors in the books of account, pending approval at the Annual General Meeting.

7. TAXES ON INCOME

To provide and determine current tax as the amount of tax payable in respect of taxable income for the period.

To provide and recognise deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

Not to recognise Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

On behalf of the Board

Mohan Bhatnagar Director  
M. Riaz Ahmed Director

Gurgaon, 25th April, 2008

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
(As per Schedule VI, Part IV of the Companies Act, 1956)

I. Registration Details

Registration No.  State Code   
Balance Sheet Date     
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue  Rights Issue   
Bonus Issue  Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities  Total Assets

Sources of Funds

Paid-up Capital  Reserves & Surplus   
Secured Loan  Unsecured Loans   
Deferred Tax Liability-Net

Application of Funds

Net Fixed Assets  Investments   
Net Current Assets  Deferred Tax Asset   
Accumulated losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover\*\*  Total Expenditure   
\*\* Includes Other Income  
+ - Profit/Loss Before Tax   + - Profit/Loss After Tax    
(Please tick appropriate box + for profit, - for loss)

Earnings per Share in Rs.  Dividend Rate %

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No.   
Product Description

\*\*\* No item code has been assigned to 'Hotels' under the Indian Trade Classification.