

## REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2004

Your Directors submit their Report and Accounts for the financial year ended 31st March, 2004.

### Performance

During the year 2003-04, your Company earned a Licence Fee of Rs. 46.03 lacs (previous year - Rs. 36.73 lacs) and other income of Rs. 0.07 lacs (previous year - Nil). Your Company recorded a net profit of Rs. 23.91 lacs (previous year - Rs. 19.50 lacs) after providing for income tax of Rs. 17.13 lacs (previous year - Rs. 12.18 lacs).

Your Directors are pleased to recommend a maiden dividend of Rs.20/- per equity share of Rs. 100/- each for the year ended 31st March, 2004.

Your Company's hotel, viz., Fortune Resort Bay Island recorded a turnover of Rs. 312.06 lacs (previous year - Rs. 248.72 lacs) and profit before tax of Rs. 74.45 lacs (previous year - Rs. 37.24 lacs).

### Conservation of Energy

Considering the fact that the hotel is under an operating licence with ITC Hotels Limited, no comment is made on conservation of energy. However, the hotel 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.

### Directors

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr. G.H.C. Jadwet and Mr. M. Riaz Ahmed 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. S. R. Sundaram & 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 :

- in the preparation of annual accounts under review the applicable accounting standards had been followed.
- 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 or loss of the Company for that period.
- 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.
- the annual accounts are prepared on a going concern basis. The required disclosures and the significant accounting policies followed are appearing in Schedules 13 and 14 respectively, to the annual accounts.

On behalf of the Board

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

New Delhi, 27th April, 2004

## COMPLIANCE CERTIFICATE

Regn. No. of the Company : 55-105131  
Nominal Capital : Rs. 1,20,00,000/-

The Members  
M/s. 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 M/s. Bay Islands Hotels Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2004. 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 aforesaid financial year:

- The Company has kept and maintained all 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.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the Rules made thereunder.
- The Company, being a public limited company, comments are not required.
- The Board of Directors of the Company met four times respectively on 28th April, 2003, 26th September, 2003, 26th December, 2003 and 22nd March, 2004. In respect of such meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The Company has not closed the Register of its Members during the financial year.
- The Annual General Meeting of the Company for the financial year ended on the 31st March, 2003 was held on the 25th June, 2003 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in the Minutes book maintained for the purpose.
- No Extra-ordinary General Meeting was held during the financial year.
- The Company has not advanced any loan to its Directors and/or persons

or firms or companies referred to in Section 295 of the Act.

- The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
- The Company is maintaining the register under Section 301 of the Act, however, there were no contracts to be entered therein during the financial year.
- As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, Members or Central Government.
- The Board of Directors has not issued any duplicate share certificates during the financial year.
- (i) There was no allotment / transfer / transmission of securities during the financial year.  
(ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.  
(iii) The Company was not required to post warrants to any Member of the Company as no dividend was declared during the financial year.  
(iv) No amount is lying in the Books of Accounts of the Company in respect of 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, required to be transferred to the Investor Education and Protection Fund.  
(v) The Company has duly complied with the requirements of Section 217 of the Act in respect of last year.
- The Board of Directors of the Company is duly constituted and there was no appointment of additional / alternate / casual Directors during the financial year.
- The Company has not appointed any Managing Director / Wholtime Director / Manager during the financial year.
- The Company has not appointed any sole selling agents during the financial year.
- The Company was not required to obtain any approval 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.
- 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 was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2004.
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 the 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/were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted Provident Fund for its employees and as such, Section 418 of the Act is not applicable to the Company.

For S. R. Sundaram & Associates

S. Ramasundaram  
Proprietor

New Delhi, 26th April, 2004

C.P. No. 2530

#### ANNEXURE - 'A'

##### Registers as maintained by M/s. Bay Islands Hotels Limited

##### Statutory Registers

1. Register of Members under Section 150
2. Minutes Book of Board Meetings
3. Minutes Book of General Meetings
4. Books of Account under Section 209
5. Register of particulars of contracts in which Directors are interested under Section 301
6. Register of Directors under Section 303
7. Register of Directors' Shareholding under Section 307

#### ANNEXURE - 'B'

##### Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended 31st March, 2004

1. Balance Sheet under Section 220 of the Act for the financial year ended 31/3/2003 filed on 23/7/2003, within the prescribed time.
2. Compliance Certificate under Section 383A of the Act, filed on 23/7/2003, within the prescribed time.
3. Annual Return under Section 159 of the Companies Act, 1956 for the AGM held on 25/6/2003 filed on 14/8/2003, within the prescribed time.

For S.R. Sundaram & Associates

S. Ramasundaram  
Proprietor

New Delhi, 26th April, 2004

C.P. No. 2530

#### REPORT OF THE AUDITORS TO THE MEMBERS

1. We have audited the attached Balance Sheet of Bay Islands Hotels Limited as at 31st March, 2004 and the related Profit and Loss Account 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 purpose of our audit.
4. In our opinion, proper books of account have been kept by the company as required by law so far as appears from our examination of those books and the abovementioned balance sheet and profit and loss account dealt with by this report are in agreement therewith.
5. In our opinion these accounts 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 directors as on 31st March, 2004 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, 2004 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 Balance Sheet and the Profit and Loss Account together with the statement of significant accounting policies and 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, 2004.
  - (b) In the case of Profit and Loss Account, of the profit for the year ended on that date.
8. As required by the Companies (Auditor's Report) Order, 2003 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, substantial part of fixed assets have not been disposed off 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 examinations 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 :
- The Company is regular in depositing the undisputed amount of statutory dues to the Government Accounts.
  - There is no amount of statutory dues not deposited by the Company on account of any disputes.
- x) The Company has neither accumulated losses as at 31st March, 2004 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, the terms and conditions whereof are prejudicial to the interests of the Company.
- 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

V. Venkatesan  
Chartered Accountant  
Membership No. 13351

Port Blair, 27th April, 2004

**BALANCE SHEET AS AT 31ST MARCH, 2004**

	Schedule	(Rs.)	As at 31st March, 2004 (Rs.)	(Rs.)	As at 31st March, 2003 (Rs.)
<b>I. SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
(a) Capital	1	11,87,500		11,87,500	
(b) Reserves & Surplus	2	<u>7,58,99,040</u>	<u>7,70,86,540</u>	<u>7,46,01,870</u>	<u>7,57,89,370</u>
			<u>7,70,86,540</u>		<u>7,57,89,370</u>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>	3				
(a) Gross Block		10,36,54,864		10,38,66,052	
(b) Less : Depreciation		<u>2,30,87,475</u>		<u>2,21,25,834</u>	
(c) Net Block			<b>8,05,67,389</b>		8,17,40,218
<b>2. Current Assets, Loans &amp; Advances</b>					
(a) Cash and Bank Balances	4	12,166		12,666	
(b) Loans and Advances	5	<u>1,56,228</u>		<u>-</u>	
		<u>1,68,394</u>		<u>12,666</u>	
<b>Less :</b>					
<b>Current Liabilities and Provisions</b>					
(a) Liabilities	6	40,94,463		80,67,384	
(b) Provisions	7	<u>2,67,930</u>		<u>7,230</u>	
		<u>43,62,393</u>		<u>80,74,614</u>	
<b>Net Current Assets</b>			<b>(41,93,999)</b>		(80,61,948)
<b>3. Deferred Tax Asset (Net)</b>	8		<u>7,13,150</u>		<u>21,11,100</u>
<b>Total</b>			<u>7,70,86,540</u>		<u>7,57,89,370</u>
<b>Notes to the Accounts</b>	13				
<b>Significant Accounting Policies</b>	14				

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  
V. Venkatesan  
Chartered Accountant  
Port Blair, 27th April, 2004

On behalf of the Board  
Moham Bhatnagar Director  
M. Riaz Ahmed Director  
New Delhi, 26th April, 2004

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule	For the year ended 31st March, 2004 (Rs.)	For the year ended 31st March, 2003 (Rs.)
<b>I. INCOME</b>			
Operating Licence Fee		46,02,664	36,72,789
Other Income	9	7,767	—
		<u>46,10,431</u>	<u>36,72,789</u>
<b>II. EXPENDITURE</b>			
Operating and Administrative Expenses	10	1,71,158	1,50,374
Depreciation		3,34,618	3,54,525
		<u>5,05,776</u>	<u>5,04,899</u>
<b>III. PROFIT/(LOSS)</b>			
Profit Before Taxation		41,04,655	31,67,890
Taxation for the year	11	17,13,495	12,17,832
Profit After Taxation		23,91,160	19,50,058
Profit Brought Forward from Previous Year		96,525	(18,53,533)
Available for Appropriation		<u>24,87,685</u>	<u>96,525</u>
<b>IV. APPROPRIATIONS</b>			
General Reserve		1,79,337	—
Proposed Dividend		2,37,500	—
Tax on Proposed Dividend		30,430	—
Profit Carried Forward		20,40,418	—
		<u>24,87,685</u>	<u>—</u>
<b>Basic and Diluted Earnings Per Share (Rs.)</b>	12	<b>201.36</b>	<b>164.22</b>
<b>Notes to the Accounts</b>	13		
<b>Significant Accounting Policies</b>	14		

The Schedules referred to above form an integral part of the Profit & 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  
V. Venkatesan  
Chartered Accountant  
Port Blair, 27th April, 2004

On behalf of the Board  
Mohan Bhatnagar Director  
M. Riaz Ahmed Director  
New Delhi, 26th April, 2004

SCHEDULES TO THE ACCOUNTS

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

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
<b>1. CAPITAL</b>				
<b>Authorised</b>				
90,000 Equity Shares of Rs. 100/- each	90,00,000	90,00,000		
30,000 - 13.5% Redeemable Cumulative Preference Shares of Rs. 100/- each	30,00,000	30,00,000		
	<u>1,20,00,000</u>	<u>1,20,00,000</u>		
<b>Issued, Subscribed &amp; Paid-up</b>				
11,875 Equity Shares of Rs.100/- each fully paid-up	11,87,500	11,87,500		
	<u>11,87,500</u>	<u>11,87,500</u>		
The above shares are held by the Holding Company - ITC Hotels Limited				
<b>2. RESERVES &amp; SURPLUS</b>				
<b>Revaluation Reserve</b>				
At the commencement of the year	7,01,67,246	7,09,93,306		
Less : Depreciation	8,26,060	6,93,41,186	8,26,060	7,01,67,246
<b>Subsidy Reserve</b>				
At the commencement of the year	43,38,099	43,38,099		
Add : Deferred Tax Initial Adoption	—	43,38,099	—	43,38,099
<b>General Reserve</b>				
At the commencement of the year	—	—		
Add : Transferred from Profit & loss Account	1,79,337	1,79,337	—	—
<b>Balance in Profit &amp; Loss Account</b>	<u>20,40,418</u>	<u>96,525</u>		
	<u>7,58,99,040</u>	<u>7,46,01,870</u>		

3. FIXED ASSETS

Particulars	Original Cost/ Professional Valuation as at 01.04.2003 (Rs.)	Additions during the year (Rs.)	Withdrawals during the year (Rs.)	Original Cost/ Professional Valuation as at 31.03.2004 (Rs.)	Depreciation for the year (Rs.)	Depreciation on withdrawals (Rs.)	Depreciation upto 31.03.2004 (Rs.)	Net Block as at 31.03.2004 (Rs.)
Land	5,70,00,000	—	—	5,70,00,000	—	—	—	5,70,00,000
Building	3,89,89,750	—	—	3,89,89,750	10,81,283	—	1,56,66,329	2,33,23,421
Plant & Machinery	74,68,983	—	2,11,188	72,57,795	79,395	1,99,037	70,13,827	2,43,968
Furniture & Fittings	4,07,319	—	—	4,07,319	—	—	4,07,319	—
Total	10,38,66,052	—	2,11,188	10,36,54,864	11,60,678	1,99,037	2,30,87,475	8,05,67,389
Previous Year	10,38,71,227	—	5,175	10,38,66,052	11,80,585	4,940	2,21,25,834	8,17,40,218

SCHEDULES TO THE ACCOUNTS (Contd.)

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
<b>4. CASH AND BANK BALANCES</b>		
With Scheduled Banks on Current Accounts	<u>12,166</u>	<u>12,666</u>
	<u>12,166</u>	<u>12,666</u>
<b>5. LOANS AND ADVANCES</b>		
Income Tax (Net of Tax Deducted at Source)	<u>1,56,228</u>	—
	<u>1,56,228</u>	—
<b>6. LIABILITIES</b>		
Sundry Creditors		
Total outstanding dues to small scale industrial undertakings	—	—
Total outstanding dues to creditors other than small scale industrial undertakings***	<u>40,94,463</u>	<u>80,67,384</u>
	<u>40,94,463</u>	<u>80,67,384</u>
*** Includes payable to Holding Company Rs. 40,88,463/- (Previous Year - Rs. 80,61,384/-)		
<b>7. PROVISIONS</b>		
Income Tax (Net of Advance Payment)	—	7,230
Provision for proposed dividend	<u>2,37,500</u>	—
Tax on proposed dividend	<u>30,430</u>	—
	<u>2,67,930</u>	<u>7,230</u>
<b>8. DEFERRED TAX ASSET (NET)</b>		
Deferred Tax Assets		
Unabsorbed Depreciation/Losses	<u>3,14,733</u>	19,26,583
MAT Credits	<u>2,90,774</u>	4,78,003
	<u>6,05,507</u>	<u>24,04,586</u>
Less :		
Deferred Tax Liability / (Assets)		
Depreciation - Timing Difference	<u>(1,07,643)</u>	2,93,486
	<u>(1,07,643)</u>	<u>2,93,486</u>
Net Deferred Tax Asset	<u>7,13,150</u>	<u>21,11,100</u>
	<b>For the Year ended 31st March, 2004 (Rs.)</b>	<b>For the Year ended 31st March, 2003 (Rs.)</b>
<b>9. OTHER INCOME</b>		
Profit/(Loss) on sale of Fixed Assets	<u>7,767</u>	—
	<u>7,767</u>	—
<b>10. OPERATING AND ADMINISTRATIVE EXPENSES</b>		
Salaries, Wages and Bonus	<u>1,16,132</u>	1,11,660
Consumption of Stores and Spare Parts	<u>12,000</u>	12,000
Travelling and Conveyance	<u>12,000</u>	12,000
Bank Charges	<u>500</u>	1,293
Miscellaneous Expenses	<u>25,746</u>	13,186
Fixed Asset Discard	<u>4,780</u>	235
	<u>1,71,158</u>	<u>1,50,374</u>
Miscellaneous Expenses includes Audit Fees	<u>6,000</u>	6,000
<b>11. PROVISION FOR TAXATION</b>		
Income Tax on :		
Minimum Alternate Tax on Current Year's Profits	<u>3,15,545</u>	2,49,471
Add : Deferred Tax Expense/(Credit)	<u>13,97,950</u>	9,68,361
	<u>17,13,495</u>	<u>12,17,832</u>
<b>12. EARNINGS PER SHARE</b>		
Profit/(loss) after Taxation	<u>23,91,160</u>	19,50,058
Weighted average number of equity shares outstanding	<u>11,875</u>	11,875
Basic and diluted earnings per share in Rupees	<u>201.36</u>	164.22
(face value - Rs. 100/- per share)		

13. NOTES TO THE ACCOUNTS

- The Hotel operations are under an Operating Licence Agreement with ITC Hotels Limited.
- 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.
- In view of the Company's current financial performance and the future profit projections, the Company expects to fully recover the deferred tax assets.
- Previous year's figures have been regrouped / rearranged wherever necessary.

14. 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 the 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 licence fees is booked on accrual basis in accordance with the provisions of operating licence agreement/arrangements with the licensee, viz., ITC Hotels 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 realise such assets.

On behalf of the Board

Mohan Bhatnagar Director  
M. Riaz Ahmed Director

New Delhi, 26th April, 2004

**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

**Application of Funds**

Net Fixed Assets   
 Investments   
 Net Current Assets   
 Deferred Tax Asset

**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 Loans   
 Unsecured Loans

**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.