REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2011

Your Directors submit their Report and Accounts for the financial year ended 31st March, 2011.

Financial Performance

During the year under review, your Company earned an income of ₹ 112.42 lacs (previous year - ₹ 101.08 lacs) and post-tax profits of ₹ 75.94 lacs (previous year - ₹ 67.94 lacs) after providing for income tax of ₹ 30.27 lacs (previous year - ₹ 26.69 lacs). Earnings Per Share for the year stands at ₹ 639.53 (previous year - ₹ 572.11). Cash flows from Operations were ₹ 46.21 lacs during the year (previous year - ₹ 85.31 lacs).

Your Directors are pleased to recommend a dividend of ₹ 50/- (previous year - ₹ 50/-) per Equity Share of ₹ 100/- each for the year ended 31st March, 2011. Your Board further recommends a transfer to General Reserve of ₹ 7.59 lacs (previous year - ₹ 6.79 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 G.H.C. Jadwet 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 Company's Auditors, Messrs. S B Dandekar & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Director's Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having:

a) followed in the preparation of the Annual Accounts the applicable Accounting Standards along with proper explanations relating to material departures, if any;

b) selected such accounting policies and 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 at the end of the financial year and of the profit of the Company for that period;

c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) prepared the Annual Accounts 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*
Gurgaon, 29th April, 2011 S. C. Sekhar *Director*

COMPLIANCE CERTIFICATE

Company No. : U74899DL1976PLC105131
Nominal Capital : ₹ 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 M/s 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, 2011 (financial year). In our opinion and to the best of our information and according to the examination carried out by us and explanations and confirmation 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 27th April 2010; 29th September 2010; 24th December 2010 and 25th March 2011 in respect of which meetings proper notices were given and the proceeding 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, 2010 was held on 28th June 2010 after giving due notice to the members of the Company and other concerned and the resolutions passed thereat were duly recorded in 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) deposited the amount of final dividend declared in the separate Bank Account, on 26th June 2010.
    (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 and the appointment of Additional Directors has been duly made. However, there was no appointment of Alternate Directors/Directors to fill the casual vacancy.
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. The Company has neither preference capital nor debentures, thus the comments on the same are not required.
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, during the financial year, has made investments in fixed deposits, which are not covered under the provisions of section 372A,

of the Act, thus no entries are made in the register kept for the purpose. However, there were no loans made or guarantees given or the securities provided to other bodies corporate during the finnacial year.

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, 29th April, 2011

ANNEXURE – 'A'

Registers maintained by the Company (As on March 31, 2011)

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, 2011)

Sl. No.	Particulars of Forms & Returns Filed	Date of Filing	Whether filed within prescribed time	Additional Fees paid
1.	Form 32 u/s 303 for the appointment of Mr. Arun Pathak as Additional Director and resignation of Mr. M. Riaz Ahmed from directorship on 26th March 2010	13th April 2010	Yes	No
2.	Form 32 u/s 303 for the change in designation of Mr. Arun Pathak from Additional Director to Director in the Annual General Meeting held on 28th June 2010	6th July 2010	Yes	No
3.	Form 23AC and Form 23ACA for Annual Accounts u/s 220 of the Act for the year ended 31st March, 2010	12th July 2010	Yes	No
4.	Form 66 for Compliance Certificate u/s 383A of the Act, for the financial year ended 31st March 2010	12th July 2010	Yes	No
5.	Form 20B for Annual Return u/s 159 of the Act, made upto 28th June 2010 i.e. the date of AGM for the financial year ended 31st March 2010	26th August 2010	Yes	No
6.	Form 23AA u/s 209 for confirming the notice of address at which books of account are kept	1st October 2010	Yes	No
	The following form does not correspond to the financial year in review but are relevant for issuing the Compliance Certificate.			
7.	Form 23AA u/s 209 for confirming the notice of address at which books of account are kept	1st April 2011	Yes	No

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

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of BAY ISLANDS HOTELS LTD. as at 31st March, 2011 and the Profit & Loss Account and 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examination, on a test basis, evidence supporting the amount 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.

As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956, and on the basis of such checks and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the Annexure, we report that:-

1. We have obtained all the information and explanations, which to the best our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examination of those books.
3. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
4. In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in clause C of subsection 3 of section 211 of the Companies Act 1956.
5. On the basis of representations received from Directors as on 31st March 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 in terms of clause (g) of subsection (1) of section 274 of the Companies Act 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements along with the statement of significant accounting policies and notes thereon 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;
   - In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011; and
   - In case of the Profit & Loss Account of the Profit of the Company for the year ended on that date.
   - In case of the Cash Flow Statement of the cash flows for the year ended on that date.

KEDARASHISH BAPAT
Partner
Membership No : 57903

For S.B. DANDEKAR & COMPANY
Chartered Accountants
Firm's Registration No : 301009E

Port Blair, 29th April, 2011

ANNEXURE TO AUDITORS' REPORT

Statement on matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, for the year ended 31st March, 2011.

1. The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.

   The fixed assets have been physically verified by the management at reasonable intervals during the year, and no material discrepancies were noticed on such verification.

   No substantial part of the fixed assets of the Company have been disposed off during the year.
2. As the Company does not hold any inventory, clause (ii) of para 4 of the Order is not applicable.
3. The Company has neither taken nor granted any loans, secured or unsecured from or to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As such provisions of sub-clause (b), (c) and (d) of clause (iii) of the order are not applicable.
4. The Company has an internal control procedure commensurate with the size of the Company and nature of the business, for the purchase of fixed assets. We have not come across or have been informed of any major weaknesses in the internal control procedures.
5. There are no transactions which require to be entered into a register in pursuance of Section 301 of the Companies Act, 1956, and hence provisions of clause (v)(b) of the Order are not applicable.
6. In accordance with information and explanations given to us, the provisions of Section 58A and 58AA of the Companies Act, 1956, and rules framed there under, and directions issued by the Reserve Bank of India are inapplicable to the Company since it has not accepted any deposits from the public.
7. As per clause (vii) of the Order provisions for internal audit are not applicable as the paid up capital of the Company is less than ₹ 50 lakhs.
8. As explained to us the Central Government has not prescribed any rules for maintenance of cost records for the Company under clause (d) of subsection (1) of Section 209 of the Companies Act ,1956.
9. The Company is regular in depositing of all undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Custom Duty, Excise Duty, cess and any other statutory dues, so far as applicable to the Company, with the appropriate authorities.The Company has no disputed statutory dues.
10. The Company has no accumulated losses as at 31st March, 2011. It has not incurred any cash losses in the financial year as well as in the immediately preceding financial year.
11. In accordance with the information and explanations given to us the Company has no dues of any financial institution or Bank or debenture holder.
12. The Company has not granted any loan and/or advance on the basis of security by way of pledge of shares, debentures and other securities and hence the matter regarding deficiencies in documents in respect of such loans and advances is inapplicable.
13. The Company is not a Nidhi, Mutual Benefit Fund or Society and hence we have no comments to make regarding matters concerning such organisations.
14. The Company is not dealing in shares, securities, debentures or other investments and hence we have no comment to make regarding matters relating to maintenance of records of transactions in such shares etc.
15. In accordance with the information and explanation given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In accordance with the information given to us, the Company has not taken any term loans.
17. In accordance with the information and explanation given to us the Company has not applied any short term borrowings for purpose of long term investments or vice versa.
18. In accordance with the information and explanation given to us the Company has not made any preferential allotment of equity shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
19. No debentures have been issued by the Company and there are no outstanding debentures as at the year end and hence clause (xix) of the Order is not considered applicable
20. No public issue has been made by the Company and hence we have no comments regarding the matter of end use of money raised through such public issue.
21. In accordance with our audit as per generally accepted auditing practices and the information and explanation given to us, no fraud by or on the Company has been noticed or reported during the year nor have we been informed of any such case by the management.

KEDARASHISH BAPAT
Partner
Membership No : 57903
For S.B. DANDEKAR & COMPANY
Chartered Accountants
Firm's Registration No : 301009E
Port Blair, 29th April, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	(₹)	As at 31st March, 2011 (₹)	(₹)	As at 31st March, 2010 (₹)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Capital	1	11,87,500		11,87,500	
(b) Reserves and Surplus	2	10,14,29,708	10,26,17,208	9,53,51,405	9,65,38,905
			10,26,17,208		9,65,38,905
II. APPLICATION OF FUNDS					
1. Fixed Assets	3				
(a) Gross Block		10,34,42,743		10,34,42,743	
(b) Less : Depreciation		3,06,69,158		2,95,70,687	
(c) Net Block			7,27,73,585		7,38,72,056
2. Deferred Tax Asset (Net)	4		24,08,258		20,77,053
3. Current Assets, Loans & Advances					
(a) Sundry Debtors	5	30,63,436		19,60,348	
(b) Cash and Bank Balances	6	2,38,48,123		1,88,86,741	
(c) Other Current Assets	7	5,10,180		5,17,645	
(d) Loans and Advances	8	7,23,000		2,31,575	
		2,81,44,739		2,15,96,309	
Less :					
Current Liabilities and Provisions					
(a) Liabilities	9	19,303		11,030	
(b) Provisions	10	6,90,071		9,95,483	
		7,09,374		10,06,513	
Net Current Assets			2,74,35,365		2,05,89,796
Total			10,26,17,208		9,65,38,905
Notes to the Accounts	15				
Significant Accounting Policies	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.

KEDARASHISH BAPAT
Partner
Membership No : 57903
For S.B. DANDEKAR & COMPANY
Chartered Accountants
Firm's Registration No : 301009E
Port Blair, 29th April, 2011

On behalf of the Board

Mohan Bhatnagar *Director*
S. C. Sekhar *Director*
Gurgaon, 28th April, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	For the year ended 31st March, 2011 (₹)	For the year ended 31st March, 2010 (₹)
I. INCOME			
Operating Licence Fee		99,60,456	84,27,855
Other Income	11	12,81,560	16,80,198
		1,12,42,016	1,01,08,053
II. EXPENDITURE			
Operating and Administrative Expenses	12	3,48,503	3,71,137
Depreciation		2,72,411	2,74,471
		6,20,914	6,45,608
III. PROFIT/(LOSS)			
Profit before Taxation		1,06,21,102	94,62,445
Taxation for the year	13	30,26,668	26,68,643
Profit after Taxation		75,94,434	67,93,802
Profit Brought Forward from Previous Year		2,38,00,718	1,83,78,660
Available for Appropriation		3,13,95,152	2,51,72,462
IV. APPROPRIATIONS			
General Reserve		7,59,443	6,79,380
Proposed Dividend		5,93,750	5,93,750
Tax on Proposed Dividend		96,321	98,614
Profit Carried Forward		2,99,45,638	2,38,00,718
		3,13,95,152	2,51,72,462
Basic and Diluted Earnings Per Share (₹)	14	639.53	572.11
Notes to the Accounts	15		
Significant Accounting Policies	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.

KEDARASHISH BAPAT
Partner
Membership No : 57903
For S.B. DANDEKAR & COMPANY
Chartered Accountants
Firm's Registration No : 301009E
Port Blair, 29th April, 2011

On behalf of the Board

Mohan Bhatnagar *Director*
S. C. Sekhar *Director*
Gurgaon, 28th April, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

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

	For the year ended 31st March, 2011 (₹)	(₹)	For the year ended 31st March, 2010 (₹)	(₹)
A. NET PROFIT BEFORE TAX		1,06,21,102		94,62,445
Adjustments for:				
Depreciation	2,72,411		2,74,471	
Interest	(12,81,560)	(10,09,149)	(16,05,895)	(13,31,424)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		96,11,953		81,31,021
Adjustments for:				
Trade and Other Receivables	(11,03,088)		29,81,340	
Trade Payables	8,273	(10,94,815)	—	29,81,340
CASH GENERATED FROM OPERATIONS		85,17,138		1,11,12,361
Income Tax Paid		(38,96,512)		(25,81,587)
NET CASH FROM OPERATING ACTIVITIES		46,20,626		85,30,774
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Interest Received	10,33,120	10,33,120	9,73,411	9,73,411
NET CASH FROM INVESTING ACTIVITIES		10,33,120		9,73,441
C. CASH FLOW FROM FINANCIAL ACTIVITIES:				
Dividends Paid	(5,93,750)		(5,93,750)	
Income Tax on Dividend Paid	(98,614)	(6,92,364)	(1,00,908)	(6,94,658)
NET CASH FLOW USED IN FINANCING ACTIVITIES		(6,92,364)		(6,94,658)
NET INCREASE IN CASH AND CASH EQUIVALENTS		49,61,382		88,09,527
OPENING CASH AND CASH EQUIVALENTS		1,88,86,741		1,00,77,214
CLOSING CASH AND CASH EQUIVALENTS		2,38,48,123		1,88,86,741
CASH AND CASH EQUIVALENTS COMPRISE :				
Cash and Bank Balances		2,38,48,123		1,88,86,741

Per our Report attached to the Balance Sheet

KEDARASHISH BAPAT
Partner
Membership No : 57903
For S.B. DANDEKAR & COMPANY
Chartered Accountants
Firm's Registration No : 301009E
Port Blair, 29th April, 2011

On behalf of the Board

Mohan Bhatnagar *Director*
S. C. Sekhar *Director*
Gurgaon, 28th April, 2011

SCHEDULES TO THE ACCOUNTS

1. CAPITAL

	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
Authorised		
90,000 Equity Shares of ₹ 100/- each	90,00,000	90,00,000
30,000 13.5% Redeemable Cumulative Preference Shares of ₹ 100/- each	30,00,000	30,00,000
	1,20,00,000	1,20,00,000
Issued, Subscribed and Paid-up		
11,875 Equity Shares of ₹ 100/- each, fully paid-up	11,87,500	11,87,500
	11,87,500	11,87,500

The above shares are held by the Holding Company, ITC Limited

2. RESERVES & SURPLUS

	As at 31st March, 2011 (₹)	(₹)	As at 31st March, 2010 (₹)	(₹)
Revaluation Reserve				
At the commencement of the year	6,43,84,826		6,52,10,886	
Less : Depreciation	8,26,060	6,35,58,766	8,26,060	6,43,84,826
Subsidy Reserve		43,38,099		43,38,099
General Reserve				
At the commencement of the year	28,27,762		21,48,382	
Add : Transferred from Profit & Loss Account	7,59,443	35,87,205	6,79,380	28,27,762
Balance in Profit & Loss Account		2,99,45,638		2,38,00,718
		10,14,29,708		9,53,51,405

3. FIXED ASSETS

Particulars	Original Cost/ Professional Valuation as at 01.04.2010 (₹)	Additions during the year (₹)	Withdrawals during the year (₹)	Original Cost/ Professional Valuation as at 31.03.2011 (₹)	Depreciation for the year (₹)	Depreciation on withdrawals (₹)	Depreciation upto 31.03.2011 (₹)	Net Block as at 31.03.2011 (₹)
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	—	2,32,35,310	1,57,54,440
3. Plant & Machinery	70,45,674	—	—	70,45,674	17,188	—	70,26,529	19,145
4. Furniture & Fittings	4,07,319	—	—	4,07,319	—	—	4,07,319	—
Total	10,34,42,743	—	—	10,34,42,743	10,98,471	—	3,06,69,158	7,27,73,585
Previous Year	10,34,42,743	—	—	10,34,42,743	11,00,531	—	2,95,70,687	7,38,72,056

4. DEFERRED TAX ASSET (NET)

	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
Deferred Tax Assets		
Unabsorbed Depreciation/Losses	—	—
MAT Credits	—	—
	—	—
Less :		
Deferred Tax Liability		
Depreciation - Timing Difference	(24,08,258)	(20,77,053)
	(24,08,258)	(20,77,053)
Net Deferred Tax Assets	24,08,258	20,77,053

5. SUNDRY DEBTORS

Over 6 months old		
Good and Unsecured	—	—
Doubtful and Unsecured	—	—
Other Debts		
Good and Secured	—	—
Good and Unsecured	30,63,436	19,60,348
Less : Provision for Doubtful Debts	—	—
	30,63,436	19,60,348
Less : Deposits from normal Trade Debtors - Contra	—	—
	30,63,436	19,60,348

6. CASH AND BANK BALANCES

With Scheduled Banks on Current Accounts	33,89,178	10,916
Deposit with Scheduled Banks	2,04,58,945	1,88,75,825
	2,38,48,123	1,88,86,741

7. OTHER CURRENT ASSETS

Interest accrued on investment	5,10,180	5,17,645
	5,10,180	5,17,645

8. LOANS AND ADVANCES

Income Tax-Refund Due for the year 2008-09	1,82,557	1,82,557
Income Tax-Refund Due for the year 2009-10	49,018	49,018
Income Tax-Refund Due for the year 2010-11	4,91,425	—
	7,23,000	2,31,575

9. LIABILITIES

Sundry Creditors		
Total outstanding dues to Micro and small enterprises	—	—
Total outstanding dues to creditors other than Micro and small Enterprises	19,303	11,030
	19,303	11,030

There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

10. PROVISIONS

	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
Income Tax (Provision for Taxation)	—	—
Provision for Proposed Dividend	5,93,750	5,93,750
Tax on Proposed Dividend	96,321	98,614
Provision for Tax (net of advance tax)	—	3,03,119
	6,90,071	9,95,483

11. OTHER INCOME

	For the year ended 31st March, 2011 (₹)	For the year ended 31st March, 2010 (₹)
Interest on Fixed Deposit	12,81,560	16,05,895
Interest on Income Tax Refund A/Y 2006-07	—	25,285
Miscellaneous Income	—	49,018
	12,81,560	16,80,198

12. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, Wages and Bonus	75,29,647		65,90,803	
Less : Recovered from ITC Ltd.	(73,53,049)		(64,37,146)	
Salaries, Wages and Bonus		1,76,598		153,657
Consumption of Stores and Spare Parts		30,000		30,000
Travelling and Conveyance		70,375		90,000
Miscellaneous Expenses		71,530		97,480
		3,48,503		3,71,137
Miscellaneous Expenses include :				
– Audit Fees		13,236		11,030
– Tax Audit Fees		6,067		4,964

13. PROVISION FOR TAXATION

Income Tax on :		
Tax on Current Year's Profits	33,57,873	29,99,545
Add : Deferred Tax Expense/(Credit)	(3,31,205)	(3,30,902)
	30,26,668	26,68,643

14. EARNINGS PER SHARE

Profit/(Loss) after Taxation	75,94,434	67,93,802
Weighted average number of equity shares outstanding	11,875	11,875
Basic and diluted earnings per share in Rupees (face value - ₹ 100/- per share)	639.53	572.11

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 ₹ 5,70,00,000/- and ₹ 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
   Arun Pathak
   G.H.C. Jadwet
   iii) Summary of transactions during the year (Rupees) :
   (a) Transactions with Holding Company:-

		2010-11	2009-10
1.	Rent Received	99,60,456	84,27,855
2.	Expenses Reimbursed	3,38,195	3,66,897
3.	Reimbursement of Contractual Remuneration	73,53,049	64,37,146
4.	Dividend Payment	5,93,750	5,93,750
5.	Balance as on March 31, 2011 (i) Debtors/Receivables	30,63,436	19,60,348

   (b) Transaction with Key Management Personnel - Nil (Previous Year - Nil)

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 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 license fees is booked on accrual basis in accordance with the provisions of operating license agreement/arrangements with the licencee 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.

KEDARASHISH BAPAT
Partner
Membership No : 57903
For S.B. DANDEKAR & COMPANY
Chartered Accountants
Firm's Registration No : 301009E
Port Blair, 29th April, 2011

On behalf of the Board
Mohan Bhatnagar *Director*
S. C. Sekhar *Director*
Gurgaon, 28th April, 2011

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. 1 0 5 1 3 1 State Code 5 5

Balance Sheet Date 3 1 (Date) 0 3 (Month) 2 0 1 1 (Year)

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

Public Issue	Rights Issue
N.A.	N.A.
Bonus Issue	**Private Placement**
N.A.	N.A.

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

Total Liabilities	Total Assets
100209	100209

Sources of Funds

Paid-up Capital	Reserves & Surplus
1188	101429
Secured Loan	**Unsecured Loan**
N.A.	N.A.

Application of Funds

Net Fixed Assets	Investments
72774	N.A.
Net Current Assets	**Misc. Expenditure**
27435	N.A.
Accumulated losses	**Deferred Tax Liability-Net**
N.A.	-2408

IV. Performance of Company (Amount in ₹ Thousands)

Turnover*	Total Expenditure
11242	620

* Includes Other Income

+	−	Profit/Loss Before Tax	+	−	Profit/Loss After Tax
✓		10621	✓		7594

(Please tick appropriate box + for profit, – for loss)

Earnings per Share in ₹	Dividend Rate %
639.53	50

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

Item Code No. ** N.A.

Product Description HOTELS

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