

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

Your Directors submit their Report for the financial year ended 31st March, 2012.

Financial Performance

During the year under review, your Company earned an income of ₹ 136.70 lacs (previous year - ₹ 112.42 lacs) and post-tax profits of ₹ 91.84 lacs (previous year - ₹ 75.94 lacs) after providing for income tax of ₹ 38.45 lacs (previous year - ₹ 30.27 lacs). Earnings Per Share for the year stands at ₹ 773.40 (previous year - ₹ 639.53). Cash flows from Operations were ₹ 70.15 lacs during the year (previous year - ₹ 46.21 lacs).

Your Directors are pleased to recommend a dividend of ₹ 65/- (previous year - ₹ 50/-) per equity share of ₹ 100/- each for the year ended 31st March, 2012. Your Board further recommends a transfer to General Reserve of ₹ 9.18 lacs (previous year - ₹ 7.59 lacs).

The Company has an Operating License Agreement with ITC Limited which in turn has Operating and Marketing Services Agreement with Fortune Park Hotels Limited having expertise in operating and maintaining four/ three star categories of hotels in India having a wide spread marketing and reservation network for the operations of the hotel. The Company's hotel in Port Blair is known as 'Fortune Resort Bay Island'.

During the year your Company's treasury operations continued to remain focused on proactively investing surplus funds in Bank Fixed Deposits. The process to invest in liquid mutual funds are being explored to enhance the yields.

Conservation of Energy, Foreign Exchange Earnings and Outgo

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.

The foreign exchange earnings of the hotel during the year were ₹ 54.26 lacs as against ₹ 34.44 lacs in the previous year.

Directors

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr. Nakul Anand and Mr. Arun Pathak 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.

Directors' Responsibility Statement

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

- (i) followed in the preparation of the Annual Accounts the applicable accounting standards with proper explanations relating to material departures if any;
- (ii) 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 your Company at the end of the financial year and of the profit of your Company for that period;
- (iii) 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 your Company and for preventing and detecting fraud and other irregularities; and
- (iv) prepared the Annual Accounts on a going concern basis.

On behalf of the Board

Place: Gurgaon
Date : 28th April, 2012

Mohan Swarup Bhatnagar *Director*
Chandrasekhar Subrahmanyam *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, 2012 ('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 28th April 2011; 27th September 2011; 16th December 2011 and 26th March 2012 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, 2011 was held on 28th June, 2011 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, within 5 days of declaration.
 - (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 director/ 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 financial 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

Place: New Delhi
 Date : 28th April, 2012

ANNEXURE – 'A'

Registers maintained by the Company (As on March 31, 2012)

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 March 31, 2012)

Sl. No.	Particulars of Forms & Returns Filed	Date of Filing	Whether filed within prescribed time	Additional Fees paid
1.	Form 23AA u/s 209 for confirming the notice of address at which books of account are kept	1st April 2011	Yes	No
2.	Form 66 for Compliance Certificate u/s 383A of the Act, for the financial year ended 31st March, 2011	12th July 2011	Yes	No
3.	Form 20B for Annual Return u/s 159 of the Act, made upto 28th June 2011 i.e. the date of AGM for the financial year ended 31st March, 2011	19th August 2011	Yes	No
4.	Form 23ACXBRL and Form 23ACAXBRL for Annual Accounts u/s 220 of the Act for the year ended 31st March, 2011	30th November 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 LIMITED as at 31st March, 2012 and the Statement of Profit & Loss 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 of 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

4. In our opinion the Balance Sheet, Statement of Profit & Loss 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, 2012, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012, 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, 2012;
 - In case of the Statement of Profit & Loss, of the Profit of the Company for the year ended on that date; and
 - 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, 28th April, 2012

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, 2012.

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 thereunder, 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 Rs. 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, 2012. 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, 28th April, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at		As at	
		31st March, 2012	31st March, 2012	31st March, 2011	31st March, 2011
		(₹)	(₹)	(₹)	(₹)
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	11,87,500		11,87,500	
Reserves & Surplus	2	10,88,90,684	11,00,78,184	10,14,29,708	10,26,17,208
Non Current Liabilities					
-					
Current Liabilities					
Trade Payables	3		19,303		19,303
Short-Term Provisions	4		8,97,092		6,90,071
Total			11,09,94,579		10,33,26,582
ASSETS					
Non Current Assets					
Fixed Assets	5				
Tangible Assets			7,16,76,692		7,27,73,585
Deferred Tax Asset (Net)	6		28,68,769		24,08,258
Current Assets					
Trade Receivables	7	33,29,935		30,63,436	
Cash and Bank Balances	8	3,19,30,625		2,38,48,123	
Short Term Loans and Advances	9	2,29,681		7,23,000	
Other Current Assets	10	9,58,877		5,10,180	
Total			11,09,94,579		10,33,26,582

Significant Accounting Policies

16

The notes referred to above form an integral part of 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
Place: Port Blair
Date : 28th April, 2012

On behalf of the Board
Mohan Swarup Bhatnagar Director
Chandrasekhar Subrahmanyayan Director
Place: Gurgaon
Date : 27th April, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)
Revenue from Operations	11	1,14,70,178	99,60,456
Other Income	12	22,00,340	12,81,560
Total Revenue		1,36,70,518	1,12,42,016
Expenses			
Employee benefits Expense	13	2,37,954	1,76,598
Depreciation and amortization expense		2,65,233	2,72,411
Other Expenses	14	1,38,359	1,71,905
Total Expenses		6,41,546	6,20,914
Profit Before Taxation		1,30,28,972	1,06,21,102
Tax expense for the year			
Current Tax		43,05,355	33,57,873
Deferred Tax		(4,60,511)	(3,31,205)
Profit (Loss) for the period		91,84,128	75,94,434
Basic and Diluted Earnings Per Share (₹)	15	773.40	639.53
Significant Accounting Policies	16		

The notes referred to above form an integral part of the Statement of Profit and Loss.
This is the Statement of Profit & Loss 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
Place: Port Blair
Date : 28th April, 2012

On behalf of the Board
Mohan Swarup Bhatnagar Director
Chandrasekhar Subrahmoneyan Director
Place: Gurgaon
Date : 27th April, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

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

		For the year ended 31st March, 2012 (₹)		For the year ended 31st March, 2011 (₹)
A. NET PROFIT BEFORE TAX		1,30,28,972		1,06,21,102
Adjustments for:				
Depreciation	2,65,233		2,72,411	
Profit on sale of Fixed Asset	(1,20,400)		—	
Interest Income	(20,79,940)	(19,35,107)	(12,81,560)	(10,09,149)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		1,10,93,865		96,11,953
Adjustments for:				
Trade and Other Receivables	(2,66,499)		(11,03,088)	
Trade Payables	—	(2,66,499)	8,273	(10,94,815)
CASH GENERATED FROM OPERATIONS		1,08,27,366		85,17,138
Income Tax Paid		38,12,036		38,96,512
NET CASH FROM OPERATING ACTIVITIES		70,15,330		46,20,626
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Sale of Fixed Assets	1,26,000		—	
Interest Received	16,31,243	17,57,243	10,33,120	10,33,120
NET CASH FROM INVESTING ACTIVITIES		17,57,243		10,33,120
C. CASH FLOW FROM FINANCIAL ACTIVITIES:				
Dividends Paid	(5,93,750)		(5,93,750)	
Income Tax on Dividend Paid	(96,321)	(6,90,071)	(98,614)	(6,92,364)
NET CASH FLOW USED IN FINANCING ACTIVITIES		(6,90,071)		(6,92,364)
NET INCREASE IN CASH AND CASH EQUIVALENTS		80,82,502		49,61,382
OPENING CASH AND CASH EQUIVALENTS		2,38,48,123		1,88,86,741
CLOSING CASH AND CASH EQUIVALENTS		3,19,30,625		2,38,48,123
CASH AND CASH EQUIVALENTS COMPRISE :				
Cash and Bank Balances		3,19,30,625		2,38,48,123

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 Cash Flow Statements.

In terms of our report of even date
For and on behalf of

KEDARASHISH BAPAT
Partner
Membership No : 57903
For S.B. DANDEKAR & COMPANY
Chartered Accountants
Firm's Registration No : 301009E
Place: Port Blair
Date : 28th April, 2012

On behalf of the Board
Mohan Swarup Bhatnagar Director
Chandrasekhar Subrahmoneyan Director
Place: Gurgaon
Date : 27th April, 2012

NOTES TO THE ACCOUNTS

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

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
1. SHARE CAPITAL				
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		
	<u>1,20,00,000</u>	<u>1,20,00,000</u>		
Issued, Subscribed & Paid-up				
11,875 Equity Shares of ₹ 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 Limited.

	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance as at the beginning of the year	11,875	11,87,500	11,875	11,87,500
Balance as at the end of the year	11,875	11,87,500	11,875	11,87,500

Shares in the Company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
ITC Limited	11,875	100	11,875	100

The Ordinary Shares of the Company, having par value of ₹ 100/- per share, rank pari passu in all respects including entitlement to dividend. Repayment of capital in the event of winding up of the Company will inter alia be subject to the provisions of the Articles of Association of Company and as may be determined by the Company in General Meeting prior to such winding up.

2. RESERVES & SURPLUS

Revaluation Reserve				
At the commencement of the year	6,35,58,766	6,43,84,826		
Less : Depreciation	<u>8,26,060</u>	<u>8,26,060</u>		
	6,27,32,706	6,35,58,766		
Subsidy Reserve				
			43,38,099	43,38,099
General Reserve				
At the commencement of the year	35,87,205	28,27,762		
Add : Transferred from current years surplus	<u>9,18,413</u>	<u>45,05,618</u>	7,59,443	35,87,205
	45,05,618	75,94,434		
Surplus				
At the commencement of the year	2,99,45,638	2,38,00,718		
Add: Net Profit/(Net Loss) for the current year	91,84,128	75,94,434		
Less: Proposed Dividend	<u>(7,71,875)</u>	<u>(5,93,750)</u>		
	91,12,253	75,94,434		
Less: Income Tax on Proposed Dividends	<u>(1,25,217)</u>	<u>(96,321)</u>		
	89,87,036	75,94,434		
Less: Transfer to General Reserve	<u>(9,18,413)</u>	<u>(7,59,443)</u>	2,99,45,638	2,99,45,638
	80,68,623	68,35,000	10,88,90,684	10,14,29,708

3. TRADE PAYABLES

Sundry Creditors				
Total outstanding dues of Micro and small enterprises		—		—
Total outstanding dues of creditors other than Micro and small Enterprise		<u>19,303</u>		<u>19,303</u>
		<u>19,303</u>		<u>19,303</u>

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

4. SHORT TERM PROVISIONS

Provision for proposed dividend	7,71,875	5,93,750
Tax on proposed dividend	<u>1,25,217</u>	<u>96,321</u>
	<u>8,97,092</u>	<u>6,90,071</u>

5. FIXED ASSETS - Tangible Assets

Particulars	Gross Block				Accumulated Depreciation				Net Block		
	Original Cost/ Professional Valuation as at 31.03.2011 (₹)	Additions on Amalgamations (₹)	Additions during the year (₹)	Withdrawals during the year (₹)	Original Cost Professional Valuation as at 31.03.2012 (₹)	Accumulated Depreciation as at 31.03.2011 (₹)	Depreciation for the year (₹)	Depreciation on withdrawals (₹)	Depreciation upto 31.03.2012 (₹)	Net Block as at 31.03.2011 (₹)	Net Block as at 31.03.2012 (₹)
1. Land	5,70,00,000	—	—	—	5,70,00,000	—	—	—	—	5,70,00,000	5,70,00,000
2. Building	3,89,89,750	—	—	—	3,89,89,750	2,32,35,310	10,81,283	—	2,43,16,593	1,57,54,440	1,46,73,157
3. Plant & Machinery	68,60,259	—	—	13,01,414	55,58,845	68,41,114	10,010	12,95,814	55,55,310	19,145	3,535
4. Office Equipment	1,85,415	—	—	—	1,85,415	1,85,415	—	—	1,85,415	—	—
5. Furniture & Fittings	4,07,319	—	—	—	4,07,319	4,07,319	—	—	4,07,319	—	—
TOTAL	10,34,42,743	—	—	13,01,414	10,21,41,329	3,06,69,158	10,91,293	12,95,814	3,04,64,637	7,27,73,585	7,16,76,692
Previous Year	10,34,42,743	—	—	—	10,34,42,743	2,95,70,687	10,98,471	—	3,06,69,158	7,38,72,056	7,27,73,585

Note: All assets mentioned above have been given under an Operating Lease to the Holding Company.

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
6. DEFERRED TAX ASSET (NET)				
Deferred Tax Assets	—	—		
Less :				
Deferred Tax Liability	—	—		
Depreciation - Timing Difference	<u>(28,68,769)</u>	<u>(24,08,258)</u>		
	<u>(28,68,769)</u>	<u>(24,08,258)</u>		
Net Deferred Tax Assets	<u>28,68,769</u>	<u>24,08,258</u>		
In view of the Company's current financial performance and the future profit projections, the Company expects to fully recover the deferred tax assets.				
7. TRADE RECEIVABLES				
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	—	—		
Trade receivables outstanding for a period less than six months from the date they are due for payment	—	—		
Good and Secured	—	—		
Good and Unsecured	<u>33,29,935</u>	<u>30,63,436</u>		
	<u>33,29,935</u>	<u>30,63,436</u>		
8. CASH AND BANK BALANCES				
With Scheduled Banks on Current Accounts	27,19,441	33,89,178		
Deposit with Scheduled Banks	<u>2,92,11,184</u>	<u>2,04,58,945</u>		
	<u>3,19,30,625</u>	<u>2,38,48,123</u>		
9. SHORT TERM LOANS AND ADVANCES				
Current Taxation (net of provisions)	2,29,681	7,23,000		
	<u>2,29,681</u>	<u>7,23,000</u>		
10. OTHER CURRENT ASSETS				
Interest accrued on investment	9,58,877	5,10,180		
	<u>9,58,877</u>	<u>5,10,180</u>		
	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)		
11. REVENUE FROM OPERATIONS				
Operating Licence Fee	1,14,70,178	99,60,456		
	<u>1,14,70,178</u>	<u>99,60,456</u>		

NOTES TO THE ACCOUNTS (Contd.)

	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)		For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)
12. OTHER INCOME			14. OTHER EXPENSES		
Interest on Fixed Deposit	20,79,940	12,81,560	Consumption of Stores and Spare Parts	32,800	30,000
Profit on sale of Fixed Asset	1,20,400	—	Travelling and Conveyance	36,000	70,375
	<u>22,00,340</u>	<u>12,81,560</u>	Miscellaneous Expenses	69,559	71,530
13. EMPLOYEE BENEFITS EXPENSE				<u>1,38,359</u>	<u>1,71,905</u>
Salaries/Wages and Bonus	85,35,415	65,29,223	Miscellaneous Expenses includes		
Contribution to Provident Fund	6,59,198	3,76,126	Audit Fees	13,236	13,236
Contribution to Gratuity Fund	3,26,558	4,94,498	Tax Audit Fees	6,067	6,067
Workmen and Staff Welfare Expenses	2,03,574	1,29,800	15. EARNINGS PER SHARE		
	<u>97,24,745</u>	<u>75,29,647</u>	Profit/(Loss) after Taxation	91,84,128	75,94,434
Less: Recoveries	(94,86,791)	(73,53,049)	Weighted average number of equity shares outstanding	11,875	11,875
	<u>2,37,954</u>	<u>1,76,598</u>	Basic and diluted earnings per share in rupees (face value - ₹ 100/- per share)	773.40	639.53

16. SIGNIFICANT ACCOUNTING POLICIES

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 1956.

Basis of Accounting

To prepare Financial Statements in accordance with the historical cost convention, modified by revaluation of certain fixed assets as and when undertaken.

Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.

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.

Revaluation of Assets

As and when Fixed Assets are revalued, 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.

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 Limited.

Proposed Dividend

To provide for Dividends (including income tax thereon) in the books of account, as proposed by the Directors, pending approval at the Annual General Meeting.

Employee Benefits

To make regular monthly contributions to Provident Fund which are in the nature of defined contribution scheme and such paid/payable amounts are charged against revenue. The contribution in respect of Gratuity Fund is made to Life Insurance Corporation.

Taxes on Income

To provide current tax as the amount of tax payable in respect of taxable income for the period, using the applicable tax rates and tax laws.

To provide Deferred Tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

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.

17. GENERAL INFORMATION:

Bay Islands Hotels Limited, a fully owned subsidiary of ITC Limited, owns a hotel in Port Blair known as 'Fortune Resort Bay Island'. The Hotel Operations are under an Operating Licence Agreement with ITC Limited.

18. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company.

19. The Company operates in a single reportable segment and hence the disclosure requirements of AS-17 are not applicable.

20. RELATED PARTY DISCLOSURES

Related party disclosures under Accounting Standard 18 are as follows

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:-

		2011-12	2010-11
1.	Rent Received	1,14,70,178	99,60,456
2.	Expenses Reimbursed	3,76,313	3,38,195
3.	Expenses Recovered	1,26,000	—
4.	Reimbursement of Contractual Remuneration	94,86,791	73,53,049
5.	Dividend Payment	5,93,750	5,93,750
6.	Balance as on 31st March, 12 (i) Debtors / Receivables	33,29,935	30,63,436

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

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

KEDARASHISH BAPAT

Partner

Membership No : 057903

For S.B. DANDEKAR & COMPANY

Chartered Accountants

Firm's Registration No : 301009E

Place: Port Blair

Date : 28th April, 2012

On behalf of the Board

Mohan Swarup Bhatnagar Director

Chandrasekhar Subrahmoneyan Director

Place: Gurgaon

Date : 27th April, 2012