

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2007

1. Your Directors hereby submit their Report and Accounts for the financial year ended 31st March, 2007.

2. PERFORMANCE OF THE COMPANY

The Company continues to provide maintenance services for real estate assets such as office building and there was no change in the business activities of the Company during the year under review.

The net profit for the financial year ended 31st March, 2007, after deducting all charges and expenses and providing for taxation amounts to

	Rs.	84,25,279
to which profit brought forward from last year is added	Rs.	4,84,38,857
making a balance of which your Directors recommend be carried forward.	Rs.	5,68,64,136

3. DIRECTORS

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Messrs. Krishnamoorthy Vaidyanath and Anand Nayak will retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-election. Your Board of Directors have recommended their re-election.

4. DIRECTORS' RESPONSIBILITY STATEMENT

As required under the provisions of 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 and there are no material departures;

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 the Company at the end of the financial year and of the profit of the 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 the Company and for preventing and detecting fraud and other irregularities; and

iv) prepared the Annual Accounts on a going concern basis.

5. PARTICULARS OF EMPLOYEES

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

6. AUDITORS

The Auditors of the Company Messrs. S. B. Billimoria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-appointment.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the nature of business of the Company, no comment is required on conservation of energy and technology absorption. There has been no foreign exchange earnings or outflow during the year under review.

15th May, 2007

ITC Centre
37, J. L. Nehru Road
Kolkata 700 071

On behalf of the Board

R. Tandon *Director*
S. Dutta *Director*

AUDITORS' REPORT TO THE MEMBERS OF GREENACRE HOLDINGS LIMITED

1. We have audited the attached Balance Sheet of **Greenacre Holdings Limited** as at 31st March, 2007, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;

(iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section(3C) of Section 211 of the Companies Act, 1956;

(v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;

(b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

5. On the basis of written explanations received from the Directors as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S. B. Billimoria & Co.
Chartered Accountants

K. Rajasekhar
Partner

Kolkata
15th May, 2007

Membership No. : 23341

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF GREENACRE HOLDINGS LIMITED

[Referred to in paragraph 3 thereof]

The nature of the Company's business/activities during the year ended 31st March, 2007 was such that paragraphs 4(ii), (vi), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xix) and (xx) of the Companies (Auditor's Report) Order 2003 are not applicable.

- (i) In respect of its fixed assets :
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory were noticed.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal, has in our opinion, not affected the going concern status of the Company.
- (ii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in Register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii) (b), (c) and (d) of the Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the Register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (g) of the Order, are not applicable.
- (iii) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
- (iv) (a) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need

- to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) (b) In our opinion and according to the information and explanations given to us, as there are no contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, paragraph (v)(b) of the Order is not applicable.
- (v) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- (vi) In respect of statutory dues :
 - (a) In our opinion and according to the information and the explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employees state insurance, income tax, service tax, cess and any other material statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, service tax and cess were in arrears as at 31st March, 2007 for a period of more than six months from the date they became payable.
 - (c) As at 31st March, 2007, according to the records of the Company and the information and the explanations given to us, there were no dues on account of income tax, service tax and cess that have not been deposited on account of any dispute.
- (vii) The Company does not have accumulated losses as at 31st March, 2007 and has not incurred cash losses during the financial year covered by our audit or the immediately preceding financial year.
- (viii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.
- (ix) The Company has not raised any money by public issue during the year.
- (x) According to the information and explanations given to us, during the year, no fraud on or by the Company was noticed or reported.

For S. B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner
Membership No.: 23341

Kolkata,
15th May, 2007

BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule	(Rs.)	31st March, 2007 (Rs.)	(Rs.)	31st March, 2006 (Rs.)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Share Capital	1	33,06,01,660		33,06,01,660	
(b) Reserves and Surplus	2	<u>7,06,35,114</u>	<u>40,12,36,774</u>	<u>6,24,38,857</u>	<u>39,30,40,517</u>
			<u>40,12,36,774</u>		<u>39,30,40,517</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets					
(a) Gross Block	3	29,32,40,380		29,32,41,830	
(b) Less: Depreciation		<u>18,78,327</u>	<u>29,13,62,053</u>	<u>16,97,311</u>	<u>29,15,44,519</u>
2. Investments	4		<u>13,42,63,554</u>		<u>12,58,07,791</u>
3. Deferred Tax Asset (Net)			<u>8,62,113</u>		<u>3,34,208</u>
4. Current Assets, Loans and Advances	5	<u>6,64,51,560</u>		<u>6,28,27,255</u>	
5. Less : Current Liabilities and Provisions	6	<u>9,17,02,506</u>		<u>8,74,73,256</u>	
6. Net Current Liabilities			<u>(2,52,50,946)</u>		<u>(2,46,46,001)</u>
			<u>40,12,36,774</u>		<u>39,30,40,517</u>

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Significant Accounting Policies 12

The Schedules referred to above form an integral part of the Balance Sheet. As per our Report of even date attached.

For S. B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner
Kolkata, 15th May, 2007

On behalf of the Board

R. Tandon Director
S. Dutta Director
A. Prasad Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule	For the year ended 31st March, 2007		For the year ended 31st March, 2006	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
I. INCOME					
Service Income			1,95,55,865		1,97,61,483
Other Income	7		54,52,384		40,37,387
			<u>2,50,08,249</u>		<u>2,37,98,870</u>
II. EXPENDITURE					
Personnel	8		88,24,200		74,05,535
Project Expenses	9		—		—
Management and Other Expenses	10		6,84,061		4,61,075
Maintenance and Service Expenses			43,09,674		49,39,786
Depreciation	3		1,81,742		1,81,834
			<u>1,39,99,677</u>		<u>1,29,88,230</u>
III. PROFIT					
Profit before Taxation			1,10,08,572		1,08,10,640
Provision for Taxation					
– Current Tax		29,50,000		30,00,000	
– Deferred Tax		(4,11,702)	25,38,298	(1,19,293)	28,80,707
Provision for Fringe Benefit Tax			44,995		41,130
Profit after Taxation			<u>84,25,279</u>		<u>78,88,803</u>
Profit Brought Forward			4,84,38,857		4,05,50,054
Profit Available for Appropriation			<u>5,68,64,136</u>		<u>4,84,38,857</u>
IV. APPROPRIATIONS					
Profit carried forward			<u>5,68,64,136</u>		<u>4,84,38,857</u>
			<u>5,68,64,136</u>		<u>4,84,38,857</u>
Earnings Per Share (Face Value Rs. 10/- each)	11(2)		0.25		0.24
Notes to Accounts	11				
Significant Accounting Policies	12				

The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our Report of even date attached.

For S. B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner
Kolkata, 15th May, 2007

On behalf of the Board
R. Tandon Director
S. Dutta Director
A. Prasad Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

Particulars	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
A. NET PROFIT BEFORE TAX	1,10,08,572	1,08,10,640
ADJUSTMENTS FOR :		
Depreciation	1,81,742	1,81,834
Dividend from Current Investments	(38,27,556)	(25,10,653)
Profit on sale of Current Investments	(57,584)	(34,734)
Excess of cost over fair value of Investments	—	9,006
Loss on retirement of fixed assets	724	—
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>73,05,898</u>	<u>84,56,093</u>
ADJUSTMENTS FOR :		
Trade and Other Receivables	1,27,798	(6,82,156)
Trade Payables	8,89,029	6,78,729
CASH GENERATED FROM OPERATIONS	<u>83,22,725</u>	<u>84,52,666</u>
Income Tax Paid (including Fringe Benefit Tax)	(30,08,702)	(35,09,123)
NET CASH FROM OPERATING ACTIVITIES	<u>53,14,023</u>	<u>49,43,543</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Current Investments	(62,11,21,000)	(71,01,60,088)
Sale of Current Investments	61,49,61,060	70,48,18,519
Dividend from Current Investments	15,89,318	—
NET CASH USED IN INVESTING ACTIVITIES	<u>(45,70,622)</u>	<u>(53,41,569)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>—</u>	<u>—</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>7,43,401</u>	<u>(3,98,026)</u>
OPENING CASH AND CASH EQUIVALENTS	2,42,611	6,40,637
CLOSING CASH AND CASH EQUIVALENTS	<u>9,86,012</u>	<u>2,42,611</u>

As per our Report of even date attached.

For S. B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner
Kolkata, 15th May, 2007

On behalf of the Board
R. Tandon Director
S. Dutta Director
A. Prasad Secretary

SCHEDULES TO THE ACCOUNTS

1. SHARE CAPITAL

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
Authorised :		
4,00,00,000 Equity Shares of Rs. 10/- each	<u>40,00,00,000</u>	40,00,00,000
	<u>40,00,00,000</u>	40,00,00,000
Issued, Subscribed and Paid up :		
3,30,60,166 Equity Shares of Rs. 10/- each, fully paid up	<u>33,06,01,660</u>	33,06,01,660
	<u>33,06,01,660</u>	33,06,01,660

All shares are held by the Holding Company, Russell Credit Limited.
The ultimate Holding Company is ITC Limited.

3. FIXED ASSETS

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK
	As at 1st April, 2006 (Rs.)	Additions (Rs.)	Deletions (Rs.)	As at 31st March, 2007 (Rs.)	Upto 31st March, 2006 (Rs.)	For the year (Rs.)	Deletions (Rs.)	Upto 31st March, 2007 (Rs.)	As at 31st March, 2007 (Rs.)
Freehold Land	28,21,78,478	—	—	28,21,78,478	—	—	—	—	28,21,78,478
Buildings*	1,10,04,119	—	—	1,10,04,119	16,73,596	1,79,367	—	18,52,963	91,51,156
Plant & Machinery	57,783	—	—	57,783	22,989	2,375	—	25,364	32,419
Furniture & Fixtures	1,450	—	1,450	—	726	—	726	—	—
	29,32,41,830	—	1,450	29,32,40,380	16,97,311	1,81,742	726	18,78,327	29,13,62,053
Previous Year	29,32,41,830	—	—	29,32,41,830	15,15,477	1,81,834	—	16,97,311	29,15,44,519

* Includes assets given on operating leases, which are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms .

The Gross Value of such assets is Rs.1,10,04,119 (2006 - Rs. 1,10,04,119) and Accumulated Depreciation Rs. 18,52,963 (2006 - Rs.16,73,596). Depreciation for the year charged to Profit and Loss Account is Rs.1,79,367 (2006 - Rs. 1,79,367). The aggregate lease rental is included in Other Income (Schedule 7).

4. INVESTMENTS

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
Long Term		
UNQUOTED		
TRADE INVESTMENTS		
Classic Infrastructure & Development Limited		
16,50,000 (2006 – 16,50,000) Equity Shares of Rs.10/- each, fully paid up	<u>6,63,26,700</u>	6,63,26,700
Sub Total	<u>6,63,26,700</u>	6,63,26,700
Current		
UNQUOTED		
OTHER INVESTMENTS		
Kotak FMP Series 23 & 25	—	4,00,00,000
Nil (2006 - 40,00,000) Units of Rs.10/- each		
Can Floating Rate Short Term Weekly Dividend	—	1,94,81,091
Nil (2006 - 18,98,741.85) Units of Rs.10/- each		
Principal Floating Rate Fund SMP Inst Option Daily Dividend	<u>1,79,36,854</u>	—
17,93,560 (2006 - Nil) Units of Rs.10/- each (Purchased during the year)		
G197 Standard Chartered FMP - Quarterly Series 6 - Dividend	<u>5,00,00,000</u>	—
50,00,000 (2006 - Nil) Units of Rs 10/- each (Purchased during the year)		
Sub Total	<u>6,79,36,854</u>	5,94,81,091
Total	<u>13,42,63,554</u>	12,58,07,791

2. RESERVES AND SURPLUS

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
General Reserve		
At the Commencement of the year	1,40,00,000	1,40,00,000
Less: Adjustment consequent to recomputation as on 01.04.2006 of liability for defined benefit plans in accordance with the provisions of AS-15(Revised):		
Employee Benefits (Net of deferred tax asset of Rs. 1,16,203)	<u>2,29,022</u>	—
	<u>1,37,70,978</u>	1,40,00,000
Profit and Loss Account	<u>5,68,64,136</u>	4,84,38,857
	<u>7,06,35,114</u>	6,24,38,857

5. CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
A. CURRENT ASSETS		
Work-in-progress (at lower of cost and net realisable value)	<u>1,23,71,911</u>	1,23,71,911
	1,23,71,911	1,23,71,911
Sundry Debtors (Unsecured considered good)		
Other Debts	<u>5,45,719</u>	6,66,260
	5,45,719	6,66,260
Cash and Bank Balances		
Cash in Hand	10,895	19,411
Cheques on Hand	5,74,201	—
Balance with Scheduled Banks -On Current Accounts	<u>4,00,916</u>	2,23,200
	9,86,012	2,42,611
Other Current Assets (Unsecured considered good)		
Deposit with Others	<u>1,55,000</u>	1,55,000
	1,55,000	1,55,000
B. LOANS AND ADVANCES		
(Unsecured considered good)		
Project Advances	11,90,278	11,90,278
Other Advances	21,32,764	21,25,520
Advance Payment of Tax		
-Income Tax	4,86,87,633	4,57,30,632
-Fringe Benefit Tax	93,243	41,543
Staff Advances	<u>2,89,000</u>	3,03,500
	<u>5,23,92,918</u>	4,93,91,473
	<u>6,64,51,560</u>	6,28,27,255

SCHEDULES TO THE ACCOUNTS (Contd.)

6. CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
A. CURRENT LIABILITIES		
Sundry Creditors for Supplies and Expenses		
-Total Outstanding dues of Creditors other than Small Scale Industrial Undertaking(s)	19,07,900	17,70,579
Progress payments and advances against projects	1,00,00,000	1,00,00,000
Other liabilities	<u>2,89,09,557</u>	<u>2,90,01,051</u>
	<u>4,08,17,457</u>	<u>4,07,71,630</u>
B. PROVISIONS		
Provision for Tax		
-Income Tax	4,86,17,602	4,56,67,602
-Fringe Benefit Tax	86,125	41,130
Provision for Employee Benefits	21,81,322	9,92,894
	<u>9,17,02,506</u>	<u>8,74,73,256</u>

7. OTHER INCOME

	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
Lease Rentals	14,92,000	14,92,000
Dividend from Current Investments-Others	38,27,556	25,10,653
Profit on Sale of Current Investments (Net)	57,584	34,734
Interest Received on Bank Deposits [Tax Deducted at Source - Rs. 16,885 (2006 - Nil)]	75,244	—
	<u>54,52,384</u>	<u>40,37,387</u>

8. PERSONNEL

	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
Salaries, Wages and Bonus	75,03,002	64,87,452
Contribution to Provident and Other Funds	9,57,105	6,79,242
Staff Welfare Expenses	3,64,093	2,38,841
	<u>88,24,200</u>	<u>74,05,535</u>

9. PROJECT EXPENSES

	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
Opening Work-in-progress	1,23,71,911	1,23,71,911
Add: Expenditure incurred on Projects during the year	—	—
	<u>1,23,71,911</u>	<u>1,23,71,911</u>
Less: Closing Work-in-progress	<u>1,23,71,911</u>	<u>1,23,71,911</u>
	—	—

10. MANAGEMENT AND OTHER EXPENSES

	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
Rent, Rates and Taxes	38,968	43,178
Insurance	4,981	4,975
Travelling	44,251	81,676
Legal and Consultancy Charges	4,40,106	1,29,685
Excess of cost over fair value of Current Investments	—	9,006
Auditors' Remuneration (including Service Tax)		
Audit Fees	73,034	72,956
Reimbursement of Expenses	—	4,073
Loss on retirement of Fixed Assets	724	—
Miscellaneous Expenses	81,997	1,15,526
	<u>6,84,061</u>	<u>4,61,075</u>

11. NOTES TO ACCOUNTS

- During the year, the following Current Investments were purchased and sold:
 - 2,24,47,978.4650 Units of Prudential ICICI Floating Rate Daily Dividend Reinvestment at a cost of Rs. 22,44,79,784.
 - 1,34,73,851.068 Units of Can Floating Rate Short Term Weekly Dividend at a cost of Rs. 13,83,55,115.
 - 1,42,57,750.402 Units of Principal Floating Rate Fund SMP Institutional Option Daily Dividend Reinvestment at a cost of Rs. 14,25,87,484.
 - 50,00,000 Units of Standard Chartered FMP – Quarterly Series 2 – Dividend at a cost of Rs. 5,00,00,000.

2. Earnings per Share

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Profit after Taxation (Rs.)	84,25,279	78,88,803
Weighted average number of Equity Shares outstanding	3,30,60,166	3,30,60,166
Basic and diluted earnings per share in Rupees (Face Value Rs. 10/- per share)	0.25	0.24

3. Remuneration of Manager

Salaries : Rs. 10,04,100 (2006 - Rs. 9,32,400)
Other Benefits: Rs 1,52,070 (2006 - Rs. 1,29,947)

4. Deferred Tax

	Deferred Tax (Asset)/Liability as at 31st March, 2006 (Rs.)	Current Year Credit/ (Charge) (Rs.)	Deferred Tax (Asset)/Liability as at 31st March, 2007 (Rs.)
Deferred Tax Asset			
Difference between Net Block and Tax written down value of Fixed Assets	Nil	25,171	25,171
Provision for Employee Benefits	3,34,208	3,86,531	7,20,739
	<u>3,34,208</u>	<u>4,11,702</u>	<u>7,45,910</u>
Adjustment arising out of change in employee benefits liability in accordance with the transition provision of Accounting Standard – 15 (Revised)	1,16,203	—	1,16,203
	<u>4,50,411</u>	<u>4,11,702</u>	<u>8,62,113</u>

- Segment Reporting - The Company operates in a single business and geographical segment.

6. Related Party Disclosures :

(a) Relationship :

Holding Company Russell Credit Limited

Ultimate Holding Company ITC Limited

Employee Benefit Plans where there is significant influence:

a) Greenacre Holdings Limited Provident Fund

b) Greenacre Holdings Limited Gratuity Fund

Key Management Personnel

Mr. K. Vaidyanath	Non-Executive Chairman
Mr. A. Nayak	Non-Executive Director
Mr. B. N. Malhotra	Non-Executive Director
Mr. R. Tandon	Non-Executive Director
Mr. S. Dutta	Non-Executive Director
Ms. A. Prasad	Manager and Secretary

SCHEDULES TO THE ACCOUNTS (Contd.)

NOTES TO ACCOUNTS (Contd.)

(b) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances:

Particulars	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
Ultimate Holding Company ITC Ltd		
Lease Rental Income	14,80,000	14,80,000
Maintenance Income	1,85,43,812	1,77,66,497
Other Reimbursements	1,51,862	38,600
Others	34,238	50,519
Balances as at	31st March, 2007	31st March, 2006
Security Deposit Received	2,20,00,000	2,20,00,000
Other Receivables	5,45,719	6,34,806
Other Payables	11,805	Nil
Contributions to Employees' Benefit Plans		
Particulars	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
Contribution to Greenacre Holdings Limited Provident Fund	2,21,608	2,06,016
Contribution to Greenacre Holdings Limited Gratuity Fund	3,46,082	2,51,216

7. Employee Benefits :

Liability for Gratuity and Leave Encashment has been Actuarially determined and provided for in the books. The following table sets out the status as required by AS-15 (Revised)

	GRATUITY (FUNDED) AMOUNT (Rs.)	LEAVE ENCASHMENT (UNFUNDED) AMOUNT (Rs.)
Changes in the Present Value of Obligation		
Present value of Obligation as on 1st April, 2006	13,38,977	9,92,894
Interest Cost	91,505	69,348
Current Service Cost	1,46,272	79,865
Past Service Cost	Nil	Nil
Benefits Paid	(63,519)	(4,404)
Actuarial (gain)/ loss on Obligation	85,292	(2,561)
Present Value of Obligation as on 31st March, 2007	15,98,527	11,35,142
Changes in the Fair Value of Assets		
Fair value of plan Assets as on 1st April, 2006	12,48,718	Nil
Expected Return on Plan Assets	1,00,948	Nil
Contributions	3,46,082	4,404
Benefits Paid	(63,519)	(4,404)
Actuarial gain/(loss) on Plan Assets	3,271	Nil
Fair Value of Plan Assets as on 31st March, 2007	16,35,500	Nil
Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2007		
Present value of Obligation	15,98,527	11,35,142
Fair Value of Plan Assets	(16,35,000)	Nil
Liability/(Assets)	(36,973)	11,35,142
Unrecognised Past Service Cost	90,259	9,92,894
Liability/(Asset) recognized in the Balance Sheet	53,286	21,28,036

	GRATUITY (FUNDED) AMOUNT (Rs.)	LEAVE ENCASHMENT (UNFUNDED) AMOUNT (Rs.)
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Component of Employer's Expense

Current Service Cost	1,46,272	79,865
Interest Cost	91,505	69,348
Expected Return on Plan Assets	(1,00,948)	Nil
Net Actuarial Gain/(Loss) recognised in the year	82,020	(2,561)
Past Service Cost	90,259	9,92,894
Expenses Recognised in the Profit and Loss Account (a)	3,09,109	11,39,546
Movement in the Net Liability recognised in the Balance Sheet		
Opening Net Liability as on 1st April, 2006	90,259	9,92,894
Expenses Recognised in the Profit and Loss Account	3,09,109	11,39,546
Contributions	3,46,082	4,404
Closing Net Liability as on 31st March, 2007	53,286	21,28,036
Actuarial Assumptions		
Discount Rate	7.5% p.a.	7.5% p.a.
Expected Return on Plan Assets	7.5% p.a.	N/A

- (a) Amounts recognised as expense and included in Schedule 8
In "Salaries, Wages and Bonus" Rs. 11,39,546 for Leave Encashment.
In "Contribution to Provident and Other Funds" Rs. 3,09,109 for Gratuity.
- (b) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (c) Basis used to determine expected rate of return on assets:
The Gratuity Scheme is invested in a Group-cum-Life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India. The invested return earned on the policy comprises bonus declared by LIC having regard to LIC's investment earnings. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified and as such, the long-term return on the policy is expected to be higher than the rate of return on Central Government bonds.
8. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2007. This information regarding micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.
9. Figures for the previous year have been regrouped / re-arranged wherever necessary.

SCHEDULES TO THE ACCOUNTS (Contd.)

12. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on accrual basis under the historical cost convention.

Fixed Assets

Fixed Assets are stated at cost including any incidental acquisition expenses.

Depreciation

Depreciation is provided on "Straight Line" basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Investments

Long Term Investments are stated at cost. Current Investments are stated at lower of cost and fair value. However, suitable provisions are considered for permanent diminution, if any, in value of Long Term Investments. Income from Investments is included together with the related tax credit, if any, in the Profit and Loss Account.

Method of Accounting - Projects

The Company follows the proportionate completion method under which a portion of the estimated revenue is recognised taking into account the extent of completion of projects.

Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets. All other borrowing costs are charged to revenue.

Employee Benefits

To make regular monthly contributions to the Provident Fund administered through duly constituted and approved independent trust, which is in the nature of defined contribution scheme and such paid/payable amounts are charged against revenue.

To determine the liabilities towards defined benefit plans relating to Gratuity and Leave Encashment based on independent actuarial valuation as per requirements of AS-15 (Revised) on Employee Benefits.

To recognise actuarial gains and losses immediately in the Profit and Loss Account as income or expense.

Lease Rentals

Lease Rentals are accounted for on an accrual basis.

Taxes on Income

Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are not recognised unless there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

On behalf of the Board
R. Tandon Director
S. Dutta Director
A. Prasad Secretary

Kolkata, 15th May, 2007

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

I. Registration Details

Registration No. State Code
Balance Sheet Date
Date Month Year

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

Public Issue Rights Issue
Bonus Issue Private Placement

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

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserves & Surplus
Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments
Net Current Assets * Misc. Expenditure
Accumulated Losses

*Includes Deferred Tax Asset

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

Turnover * Total Expenditure

+ - Profit/Loss before Tax + - Profit/Loss after Tax
(Please tick appropriate box + for Profit, - for Loss)

Earning Per Share in Rs. Dividend Rate %

* Includes Other Income

V. Generic Names of Three Principal Services of Company

Item Code No. - Not Applicable
Service Description - Project Management
- Property Maintenance
- Property Development

Audit Committee : Mr. K. Vaidyanath, Chairman, M/s. A. Nayak, S. Dutta Members