

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

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

FINANCIAL PERFORMANCE

During the year under review, your Company earned a gross income of Rs. 242.73 lakhs (previous year Rs. 271.31 lakhs) and incurred a net loss of Rs. 773.51 lakhs (previous year net loss Rs. 776.29 lakhs).

OPERATIONS

The Lock-out declared by your Company at Classic Golf Resort in October, 2006 on no work no pay basis, was lifted by the Company in August, 2007 in accordance with the directions of the Haryana Government. Subsequently, in January 2008, the Company settled the disputes with the workmen under the supervision of the Labour Department of the Govt. Of Haryana and simultaneously reopened the Golf Course with all the facilities. The operations and the industrial relations scenario at the Classic Golf Resort have been normal since the reopening.

Your Directors are pleased to inform that since the commencement of commercial operation, the facilities/services at Classic Golf Resort have been well received by the Members of Classic Golf Resort.

During the operational part of the year under review, Classic Golf Resort had been the venue for some very prestigious events, amongst them being tournaments such as Business Today Pro-Am, Ernst & Young, Price Waterhouse Coopers and Gibson Cup etc. Golf Group games such as Denso Cup Mitsubishi Cup etc. were also held at Classic Golf Resort during the year under review.

The preparatory work towards development of Resort Hotel at the Classic Golf Resort is in an advanced stage of progress. The Company is actively following up with the concerned authorities for various initial permissions required for the commencement of the project.

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

The applicable information pursuant to Section 217 (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given below:

(a) Conservation of Energy

The dedicated electricity feeder at the Classic Golf Resort continue to yield savings during operations. Efforts to conserve electricity by operating only necessary lighting, fittings and fixtures, and judicious use of diesel generating sets continue.

(b) Technology Absorption

The provisions of Clause B of Rule 2 are not attracted, as the Company has not imported any technology during the year under review.

(c) Foreign Exchange Earnings and Outgo

(i) **Earnings** : During the year under review, gross foreign exchange earnings of the Company were Rs. 0.11 lakhs (previous year Rs. 0.41 lakhs).

(ii) **Outgo** : Foreign exchange outgo during the year under review was Rs.153.98 lakhs (previous year Rs. 73.50 lakhs).

DEMAND FOR ADDITIONAL CONVERSION CHARGES

The Special Leave Petition (SLP) filed by your Company before the Hon'ble Supreme Court of India challenging the exorbitant demand of additional conversion charges by the Haryana Government in respect of 'Change of Land Use' permission for the Classic Golf Resort is yet to be admitted and the matter remains sub-judice. In the meanwhile, your Company has submitted the Building Plans for the Resort and Hotel and initiated dialogue with Director, Town & Country Planning, Haryana, at Chandigarh (DTCP) for settlement of the issue of Additional Conversion Charges. The DTCP has agreed to process the Building Plans subject to payment of additional conversion charges at the old rates amounting to Rs.15.83 crores and the withdrawal of the SLP. Your Directors, based on legal advice, are examining the matter in the interest of the forthcoming Resort Hotel project at Classic Golf Resort.

DIRECTORS

In accordance with Article 106 and 107 of the Articles of Association of the Company, M/s. S. S. H. Rehman and Rajiv Tandon will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. During the year, Mr. Anil Bhandari resigned as Director of your Company with effect from 4th March, 2008.

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.

AUDITORS

The Auditors of your Company M/s. Lovelock and Lewes, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

RESPONSIBILITY STATEMENT

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

- a) in the preparation of annual accounts under review, the applicable accounting standards had been followed; b) appropriate accounting policies were selected and applied consistently and reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the loss of the Company for that period; c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and d) the Annual Accounts are prepared on a going concern basis. The required disclosures and significant accounting policies followed are appearing in Schedule 19 and 20 respectively, in the annual accounts.

On behalf of the Board of Directors

Place : Gurgaon
Date : 25th April, 2008

S. C. Sekhar *Managing Director*
M. Riaz Ahmed *Director*

AUDITORS' REPORT TO THE MEMBERS OF LANDBASE INDIA LIMITED

1. We have audited the Balance Sheet of Landbase India Limited as at March 31, 2008 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records

of the Company as we considered appropriate and according to the information and explanations given to us, we further report that :

- 3.1 (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and the discrepancies between the book records and the physical inventory have been adjusted. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- 3.2 (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 3.3 (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- 3.4 In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 3.5 In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the Register required to be maintained under that section.
- 3.6 The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- 3.7 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 3.8 The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- 3.9 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, service tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute are as follows :
- | Name of Statute | Nature of the dues | Amount Disputed (Rs.) | Amount Deposited (Rs.) | Period to which the amount related | Forum where the dispute is pending |
|----------------------|--------------------|-----------------------|------------------------|------------------------------------|---|
| Income Tax Act, 1961 | Income Tax | 11,59,41,813 | 50,00,000 | A.Y. 2001-02 | Deputy Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 13,82,02,831 | — | A.Y. 2005-06 | Deputy Commissioner of Income Tax (Appeals) |
- 3.10 The accumulated losses of the Company as at March 31, 2008, are more than fifty percent of its net worth and it has incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
- 3.11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- 3.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 3.13 The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- 3.14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 3.15 In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- 3.16 The Company has obtained certain term loans from the Holding Company. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- 3.17 On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- 3.18 The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
- 3.19 The Company has not raised any money by public issue during the year or in earlier years.
- 3.20 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- 3.21 Clause (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.
4. Without qualifying our report, in view of the net loss of the Company during the year and the accumulated losses till the balance sheet date, we draw attention to para viii of the Schedule 19 to the Notes to Accounts regarding the continued support from the Holding Company and para IV (i) regarding advance received in connection with sale of land and space rights.
5. Further to our comments in paragraphs 3 and 4 above, we report that:
- (a) 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;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from Directors, as on March 31, 2008, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India :
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
- (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kaushik Dutta

Partner

Membership No. F88540

For and on behalf of

LoveLock & Lewes

Chartered Accountants

Gurgaon, 25th April, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	31st March, 2008 (Rs.)	As at 31st March, 2008 (Rs.)	31st March, 2007 (Rs.)	As at 31st March, 2007 (Rs.)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1		4,00,00,000		4,00,00,000
b) Reserves and Surplus	2		6,11,62,181		6,11,62,181
2. Loan Funds					
a) Secured Loans	3		21,00,00,000		21,00,00,000
b) Unsecured Loans	4		19,00,00,000		15,00,00,000
TOTAL			50,11,62,181		46,11,62,181
II. APPLICATION OF FUNDS					
1. Fixed Assets	5				
Gross Block		1,01,58,95,093		93,33,40,499	
Less : Depreciation		28,54,74,461		26,62,61,729	
Net Block		73,04,20,632		66,70,78,770	
Capital Work-in-Progress		6,34,55,861	79,38,76,493	4,54,17,672	71,24,96,442
2. Investments	6		250		250
3. Current Assets, Loans and Advances					
a) Inventories	7	81,54,896		10,482,225	
b) Sundry Debtors	8	30,00,950		25,09,579	
c) Cash and Bank Balances	9	1,52,69,778		8,00,37,554	
d) Other Current Assets	10	1,41,969		2,49,194	
e) Loans and Advances	11	4,85,86,208		69,68,104	
		7,51,53,801		10,02,46,656	
Less : Current Liabilities and Provisions					
a) Liabilities	12	1,10,13,77,846		1,00,88,66,551	
b) Provisions	13	8,73,397		8,00,223	
Net Current Assets			(1,02,70,97,442)		(90,94,20,118)
4. Miscellaneous Expenditure (To the extent not written off or adjust) (Refer Note XII of Schedule 19)			42,13,390		52,66,735
5. Profit and Loss Account			73,01,69,490		65,28,18,872
TOTAL			50,11,62,181		46,11,62,181

Notes to the Accounts 19
Significant Accounting Policies 20

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

This is the Balance Sheet referred to above form an integral part of the Accounts.

Kaushik Dutta
Partner
Membership No. : F88540
For and on behalf of
Lovell & Lewes
Chartered Accountants
Gurgaon, 25th April, 2008

On behalf of the Board of Directors

S. C. Sekhar Managing Director
M. Riaz Ahmed Director
V. K. Jain Company Secretary

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

	Schedule	For the year ended 31st March, 2008 (Rs.)	For the year ended 31st March, 2007 (Rs.)
I. INCOME			
Income from Operations	14	2,06,01,688	2,16,38,044
Other Income	15	36,71,670	54,92,662
		2,42,73,359	2,71,30,706
II. EXPENDITURE			
Raw Material, Merchandising etc. Consumed and Expenditure incurred on Construction	16	32,89,812	22,39,216
Interest Charges	17	6,564	67,268
Operating and Administrative Expenses	18	7,16,71,478	7,50,49,011
Depreciation on Fixed Assets(net)	5	2,63,21,123	2,70,04,124
		10,12,88,977	10,43,59,619
III. PROFIT			
Profit/(Loss) before Taxation		(7,70,15,618)	(7,72,28,913)
Deferred Tax Credit/write-off		—	—
Fringe Benefit Tax		(3,35,000)	(4,00,000)
Profit/(Loss) after Taxation		(7,73,50,618)	(7,76,28,913)
Profit/(Loss) Brought Forward		(65,28,18,872)	(57,51,89,959)
Profit/(Loss) Carried Forward		(73,01,69,490)	(65,28,18,872)
Earnings Per Share (Face Value Rs. 10/- each)	19 (XIII)	(19.34)	(19.41)

Notes to the Accounts 19
Significant Accounting Policies 20

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

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

Kaushik Dutta
Partner
Membership No. F88540
For and on behalf of
Lovell & Lewes
Chartered Accountants
Gurgaon, 25th April, 2008

On behalf of the Board of Directors

S. C. Sekhar Managing Director
M. Riaz Ahmed Director
V. K. Jain Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	31st March, 2008 (Rs.)	As at 31st March, 2008 (Rs.)	31st March, 2007 (Rs.)	As at 31st March, 2007 (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT/(LOSS) BEFORE TAX		(7,70,15,618)		(7,72,28,913)
Add :				
Depreciation	2,63,21,123		2,70,04,124	
Interest Expense	6,564		67,268	
Amortisation of miscellaneous expenses	10,53,347		10,53,347	
Loss on Sale of Fixed Assets	4,54,323		36,50,994	
Advances written off	45,959		88,64,689	
Less:				
Profit on Sale of Fixed Assets	(3,88,127)		—	
Interest Income	(4,47,318)		(3,45,469)	
Liability no longer required written back	(25,80,524)	<u>2,44,65,347</u>	(50,11,234)	<u>3,52,83,719</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(52,55,50,271)		(4,19,45,194)
ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL :				
– (Increase) / Decrease in Trade and Other Receivables	(4,20,48,210)		2,64,751	
– (Increase) / Decrease in Inventories	23,27,329		(63,689)	
– (Increase) / Decrease in Trade Payables	9,48,29,992	<u>5,51,09,112</u>	8,97,86,141	<u>8,99,87,203</u>
Cash generated from operations		25,58,841		4,80,42,010
Net cash from operating activities	(A)	<u>25,58,841</u>		<u>4,80,42,010</u>
CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(10,81,81,170)		(1,54,21,326)	
Proceeds from Sale of Fixed Assets	4,13,800		1,55,000	
Interest Received	4,47,318	<u>(10,73,20,052)</u>	3,45,469	<u>(1,49,20,857)</u>
Net cash used in investing activities	(B)	<u>(10,73,20,052)</u>		<u>(1,49,20,857)</u>
CASH FLOW FROM FINANCIAL ACTIVITIES :				
Receipts :				
Proceeds from Long-Term Borrowings		4,00,00,000		4,00,00,000
Payments :				
Net decrease in Cash Credit facilities		—	(28,59,152)	
Interest Paid	(6,564)	<u>(6,564)</u>	(67,268)	<u>(29,26,420)</u>
Net Cash Flow used in financial activities	(C)	<u>3,99,93,436</u>		<u>3,70,73,580</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	(D)=(A+B+C)	<u>(6,47,67,776)</u>		<u>7,01,94,732</u>
Cash and Cash Equivalents as at the beginning of the Year	(E)	<u>8,00,37,554</u>		<u>98,42,822</u>
Cash and Cash Equivalents as at the end of the Year	(E+D)	<u>1,52,69,779</u>		<u>8,00,37,554</u>
Cash and Cash Equivalents as at the end of the Year Comprise :				
Cash & Bank Balances		<u>1,52,69,778</u>		<u>8,00,37,554</u>
Cash / Cheques in hand		<u>3,89,136</u>		<u>1,85,820</u>
With Scheduled Banks				
- in Current Accounts		3,235		9,96,239
- in Cash Credit Accounts		1,16,00,245		7,70,88,359
- in Dividend Account (including interest)		192		192
- in Margin Money Deposit*		<u>32,76,970</u>		<u>17,66,944</u>
Total		<u>1,52,69,778</u>		<u>8,00,37,554</u>

NOTES:-

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard-3 on Cash Flow Statement issued by Institute of Chartered Accountants of India.
- Tax deducted at source being a non cash transaction has been considered in the cash flow statement.
This is the Cash Flow Statement referred to in our Report of even date.

Kaushik Dutta
Partner
Membership No. F88540
For and on behalf of
Loveloek & Lewes
Chartered Accountants
Gurgaon, 25th April, 2008

On behalf of the Board of Directors

S. C. Sekhar *Managing Director*
M. Riaz Ahmed *Director*
V. K. Jain *Company Secretary*

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)		As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
1. CAPITAL			3. SECURED LOANS		
Authorised			From Others (Holding Company – ITC Limited)		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>10,00,00,000</u>	<u>10,00,00,000</u>	— Term Loan	<u>21,00,00,000</u>	<u>21,00,00,000</u>
Issued and Subscribed				<u>21,00,00,000</u>	<u>21,00,00,000</u>
40,00,000 Equity Shares of Rs. 10/- each, fully paid up	<u>4,00,00,000</u>	<u>4,00,00,000</u>	Notes :		
[Out of the above 40,00,000 Equity Shares (Previous Year – 40,00,000 Equity Shares) are held by the Holding Company, ITC Limited]	<u>4,00,00,000</u>	<u>4,00,00,000</u>	Loans from others are secured by equitable mortgage on Land		
2. RESERVES AND SURPLUS			4. UNSECURED LOANS		
General Reserve	<u>6,11,62,181</u>	<u>6,11,62,181</u>	From Others (Holding Company – ITC Ltd.)		
	<u>6,11,62,181</u>	<u>6,11,62,181</u>	— Term Loan	<u>19,00,00,000</u>	<u>15,00,00,000</u>
				<u>19,00,00,000</u>	<u>15,00,00,000</u>

5. FIXED ASSETS (At Cost) (Refer Note XI of Schedule 19 and Note II & III of Schedule 20)

(in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2007 (Rs.)	Additions (Rs.)	Withdrawals /Adjustments (Rs.)	As at 31st March, 2008 (Rs.)	As at 1st April, 2007 (Rs.)	For the year* (Rs.)	Withdrawals /Adjustments (Rs.)	As at 31st March, 2008 (Rs.)	As at 31st March, 2008 (As.)	As at 31st March, 2007 (As.)
Land (Freehold)	22,01,02,324	7,54,82,072	—	29,55,84,396	—	—	—	—	29,55,84,396	22,01,02,324
Building*	22,90,35,919	12,19,743	—	23,02,55,662	3,92,27,180	36,16,047	—	4,28,43,227	18,74,12,435	18,98,08,739
Plant and Machinery	22,27,88,149	1,11,49,073	17,03,771	23,22,33,451	9,97,59,633	1,06,09,464	14,81,363	10,88,87,734	12,33,45,717	12,30,28,516
Golf Course	22,57,78,037	—	—	22,57,78,037	10,13,47,466	1,07,24,456	—	11,20,71,922	11,37,06,115	12,44,30,571
Office & Other Equipment	31,60,461	88,962	29,551	32,19,872	14,32,529	1,37,083	3,962	15,65,650	16,54,222	17,27,932
Furniture and Fixtures	1,11,71,494	—	48,54,430	63,17,064	97,80,529	1,85,910	46,48,104	53,18,335	9,98,729	13,90,965
Computers	29,91,699	20,83,806	44,800	50,30,705	19,52,036	3,92,915	44,800	23,00,151	27,30,554	10,39,663
Vehicles	73,81,502	1,19,325	9,55,835	65,44,992	18,31,442	6,55,248	9,30,162	15,56,528	49,88,464	55,50,060
Golf Carts	1,09,30,914	—	—	1,09,30,914	1,09,30,914	—	—	1,09,30,914	—	—
TOTAL	93,33,40,499	9,01,42,981	75,88,387	1,01,58,95,093	26,62,61,729	2,63,21,123	71,08,391	28,54,74,461	73,04,20,632	66,70,78,770
Capital Work-in-Progress	4,54,17,672	1,80,38,189	—	6,34,55,861	—	—	—	—	6,34,55,861	4,54,17,672
GRAND TOTAL	97,87,58,171	1,81,81,170	75,88,387	1,07,93,50,954	26,62,61,729	2,63,21,123	71,08,391	28,54,74,461	79,38,76,493	71,24,96,442
Previous Year	97,68,87,107	1,54,21,326	1,35,50,263	97,87,58,170	24,90,01,874	2,70,04,124	97,44,269	26,62,61,729	71,24,96,441	

*Building includes vehicular roads of Rs. 45,95,709/- (Previous Year Rs. 45,95,709/-) which have been fully depreciated over a period of five years as per Note III of Schedule 20.

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)		As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
6. INVESTMENTS			9. CASH AND BANK BALANCES		
(Refer Note VIII of Schedule 20)			Cash/Cheques in hand	3,89,136	1,85,820
(Unquoted - Long-Term, Non-Trade)			With Scheduled Banks		
Gilt Facilities India P. Ltd.			— in Current Accounts	3,235	9,96,239
545 Redeemable Preference Shares (0.5%) of Rs. 1,00,000/- each fully paid	<u>5,45,00,000</u>	<u>5,45,00,000</u>	— in Cash Credit Accounts	<u>1,16,00,245</u>	<u>7,70,88,359</u>
Less : Provision for Diminution in Investments	<u>5,44,99,900</u>	<u>100</u>	— in Dividend Account (Including interest)	<u>192</u>	<u>192</u>
Prime Golf Ranking Private Limited			— in Margin Money Deposit*	<u>32,76,970</u>	<u>17,66,944</u>
150 Equity Shares of Re. 1/- each fully paid	<u>150</u>	<u>150</u>		<u>1,52,69,778</u>	<u>8,00,37,554</u>
	<u>250</u>	<u>250</u>	*pledged against guarantees issued by bank		
7. INVENTORIES			10. OTHER CURRENT ASSETS		
(Refer Note IV of Schedule 20)			(Unsecured - considered good)		
Merchandising Stock	<u>10,27,446</u>	<u>8,28,682</u>	Interest Accrued on Fixed Deposits	<u>1,41,969</u>	<u>2,49,194</u>
Land - At Cost	<u>—</u>	<u>—</u>		<u>1,41,969</u>	<u>2,49,194</u>
Food and Beverage Stock	<u>6,83,747</u>	<u>1,76,040</u>	11. LOANS AND ADVANCES		
Stores and Spares	<u>64,93,349</u>	<u>95,27,149</u>	(Unsecured, considered good)		
Stock of Parking Slot/ Servant Qtrs	<u>13,19,908</u>	<u>13,19,908</u>	Advances recoverable in cash or in kind or for value to be received (Refer Note XIV of Schedule 19)		
	<u>95,24,450</u>	<u>1,18,51,779</u>	Considered Good*	<u>4,15,63,771</u>	<u>50,14,588</u>
Less : Provision for Slow Moving Inventory	<u>13,69,554</u>	<u>13,69,554</u>	Security Deposits	<u>13,44,128</u>	<u>13,76,028</u>
	<u>81,54,896</u>	<u>1,04,82,225</u>	Considered good	<u>56,78,309</u>	<u>5,77,488</u>
	<u>81,54,896</u>	<u>1,04,82,225</u>	Advance Tax (Net of Provision)	<u>4,85,86,208</u>	<u>69,68,104</u>
8. SUNDRY DEBTORS					
(Unsecured)					
Debts Outstanding for a period exceeding six months					
Considered Good	<u>10,17,046</u>	<u>25,09,579</u>			
Considered Doubtful	<u>5,02,688</u>	<u>5,02,688</u>			
Other Debts					
Considered Good	<u>19,83,904</u>	<u>—</u>			
Considered Doubtful	<u>—</u>	<u>—</u>			
Total Debts	<u>35,03,638</u>	<u>30,12,268</u>			
Less : Provision for doubtful debts	<u>5,02,688</u>	<u>5,02,688</u>			
	<u>30,00,950</u>	<u>25,09,579</u>			
	<u>30,00,950</u>	<u>25,09,579</u>			

SCHEDULES TO THE ACCOUNTS (Contd.)

19. NOTES TO THE ACCOUNTS

- I. Estimated amount of contracts remaining to be executed on capital account of Rs. 6,25,67,409 and not provided for (Previous year Rs. 6,76,82,768).
- II. Claims against the Company not acknowledged as debts :
- Demand received from Director, Town & Country Planning, Haryana for Change of Land Use (CLU) – Rs. 15,82,61,118/- (Previous year – Rs.15,82,61,118). These are not considered as statutory dues. The Company has preferred an appeal to the Supreme Court of India on Hon'ble High Court's order upholding the demand of the Haryana Govt. on the conversion charges.
 - Legal suits against the Company for recovery of dues/compensation Rs. 3,78,630/- (Previous year – Rs. 4,59,730).
 - Demand received from Deputy Commissioner of Income Tax against income taxes for the Assessment Year 2001-02 and 2005-06 amounting Rs. 11,59,41,813 (Previous Year NIL) and Rs. 13,82,02,831 (Previous Year NIL) respectively. The Company has obtained stay order against the demand and deposited Rs. 50,00,000 against the demands raised. In the opinion of the management the demands are not sustainable here no provisions has been made.
- III. Bank Guarantees given to Government Authorities, Rs. 31,76,970/- (Previous year – Rs. 16,64,970/-).
- IV. **Current Liabilities include the following :**
- Rs. 56,65,00,000 (Previous year – Rs. 56,65,00,000) received as advance against agreement to sell from ITC Ltd. the Holding Company, in respect of approx. 26.82 acres of land and 6 lakh sq. ft. of space rights in the Company's golf course, is subject to certain procedural approvals which are in the process of being obtained. Upon implementation of the agreement to sell, significant profits are expected to be realised.
 - Rs. 18,70,00,000 (Previous year – Rs. 8,00,00,000) unsecured advances received from individuals ITC Ltd for the purchase of land and operational support, connection with the joint development of Hotel Resort Project.
 - Rs. 31,06,53,089 (Previous Year Rs.31,04,67,422) deposits received from individuals towards golf membership. These represent long term tradable memberships which are to be refunded at the time of termination of membership.

V. 1) C I F Value of Imports

Particulars	Current year	Previous year
	Rs.	Rs.
Stores & Spares	—	—
Capital Equipment	86,80,472	—
Total	86,80,472	—

2) Value of imported and indigenous Raw Materials and stores and spare parts consumed and percentage of each to total consumption :

Particulars	Current year		Previous year	
	Value(Rs.)	%	Value(Rs.)	%
a) Raw Material - Food & Beverage				
Imported	—	—	—	—
Indigenous	29,04,779	100%	19,53,462	100%
Total	29,04,779	100%	19,53,462	100%
b) Stores & Spares				
Imported	—	—	—	—
Indigenous	83,69,227	100%	66,07,992	100%
Total	83,69,227	100%	66,07,992	100%

VI. Quantitative Details of Merchandising Stock :

Particulars	Current year		Previous year	
	Qty (Nos.)	Value Rs.	Qty (Nos.)	Value Rs.
a) Opening Stock				
Golf Equipment	5	43,518	5	43,518
Golf Apparel etc.	29,992	785,164	29,609	10,46,192
Total	29,997	8,28,682	29,614	10,89,710
b) Purchases				
Golf Equipment	6	78,750	—	—
Golf Apparel etc.	3,018	5,05,047	513	24,726
Total	3,024	5,83,797	513	24,726
c) Turnover (at selling price)				
Golf Equipment	0	0	0	0
Golf Apparel etc.	1,616	4,21,427	130	2,97,412
Total	1,616	4,21,427	130	2,97,412
d) Closing Stock				
Golf Equipment	11	1,22,268	5	43,518
Golf Apparel etc.	31,394	9,05,178	29,992	7,85,164
Total	31,405	10,27,446	29,997	8,28,682

- VII. Earnings in Foreign Currency, on cash basis — Rs. 11,245 (Previous Year Rs. 41,011) and expenditure in foreign currency on cash basis was Consultant Fees Rs. 1,53,97,522 (Previous year Rs. 71,13,210) and Travelling Nil (Previous Year Rs. 2,36,990)
- VIII. The Company has formulated plans for cost reduction and has also been assured by its parent, ITC Ltd., of continuous support to the company projects. Hence notwithstanding continuing losses, these accounts have been prepared on going concern basis.
- IX. As per the information available there are no parties which have been identified to be covered under 'The Micro, Small and medium Enterprise Development Act, 2006'. Hence there is no disclosure required under such act.
- X. In view of the significant carry forward income tax losses (business and depreciation) and there being no virtual certainty of profits in the ne future, net deferred tax asset as at March 31st 2008 has not been recognised in the books of accounts.
- XI. The Capital work-in-progress amounting to Rs. 6,34,55,861 (Previous Year Rs. 4,54,17,672) relates to the resort project, which is awaiting approvals from the concerned authorities.
- XII. The Company had incurred an expenditure of Rs. 1,05,33,471 on erection of 11 KVA Feeder Line from Tauru Sub Station to Classic Golf Resort during the year 2002-03. Considering the nature of expenditure as being enduring in nature, the same is being amortised over a period of 1 years. Accordingly, an amount of Rs. 42,13,389 (Previous Year Rs. 52,66,736) has been treated as Deferred Revenue Expenditure are disclosed under Miscellaneous Expenditure (to the extent not written off or adjusted) after amortising an amount of Rs. 10,53,347 (Previous Year Rs. 10,53,347) (disclosed under Schedule 18 Operating and Administrative Expenses.).

XIII. Earnings per share

	Current Year	Previous Year
	2008	2007

Earnings per share has been computed as under :

(a) Profit/ (Loss) After Taxation (Rs.)	(7,73,50,618)	(7,76,28,913)
(b) Number of Ordinary Shares outstanding	40,00,000	40,00,000
(c) Earnings per share (Face value Rs. 10/- per share) (a)/(b) - (Basic and diluted)	(19.34)	(19.41)

XIV. Segment Reporting

The Company carried on activities primarily under the Leisure & Hospitality segment and operates within one geographical segment, India.

XV. Related Party Disclosures

- Holding Company :** ITC Limited
- Related Parties with whom transactions have taken place :**
 - Fellow Subsidiary Companies : Fortune Park Hotels Limited, ITC Infotech India Limited
 - Associate Companies : Classic Infrastructure & Development Limited, International Travel House.
- Key Management Personnel :**

Mr. S. S. Rehman	Chairman
Mr. S. C. Sekhar	Managing Director
Mr. Rajiv Tandon	Director
Mr. M. Riaz Ahmed	Director
Mr. Nakul Anand	Director

SCHEDULES TO THE ACCOUNTS (Contd.)

Summary of transactions during the year :

(Figures in Rs.)

S.No.	Particulars	Holding Company		Fellow Subsidiaries		Associate Companies	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1.	Sale of Goods	—	—	—	—	—	—
2.	Sale of Services	1,71,262	19,292	—	—	15,670	22,399
3.	Commission Income on Consignment Sales	45,788	20,479	—	—	—	—
4.	Purchase of Services	2,01,910	13,386	—	5,12,493	2,91,836	4,61,599
5.	Interest Paid	—	—	—	—	—	—
6.	Expenses Recovered	—	—	—	—	22,767	—
7.	Expenses Reimbursed	1,62,52,500	99,42,542	9,09,113	—	33,618	41,952
8.	Loans Taken	4,00,00,000	4,00,00,000	—	—	—	—
9.	Payment towards refund of Advances	—	—	—	—	—	—
10.	Payment towards Interest Payable (Gross)	—	—	—	—	—	—
11.	Advances Received	10,70,00,000	8,00,00,000	—	—	—	—
12.	Sale of Fixed Assets	—	—	—	—	—	—
13.	Balances Outstanding at the year end						
	i) Debtors/Receivables	66,749	45,304	—	—	15,670	—
	ii) Creditors/Payables	25,48,391	1,00,45,125	1,19,713	5,12,493	17,956	16,061
	iii) Advances Received	75,35,00,000	64,65,00,000	—	—	—	—
	iv) Loans Taken	40,00,00,000	36,00,00,000	—	—	—	—

Summary of Transactions with the key Management Personnel during the year :

Sl. No.	Particulars	Current Year	Previous Year
1.	Sale of Services	3,134	3,130
2.	Balances Outstanding at the year end		
	i) Debtors /Receivables	3,134	—

XVI. The Company has accounted for the following long term defined benefits and contributions schemes as under :

A) Defined Benefit Schemes

a) Gratuity

The employees are entitled to gratuity that it is computed as half month's salary for every completed year of service and is payable retirement/termination. The company makes provision of such liability in the books of accounts on the basis of actuarial valuation. The plan is unfunded.

b) Leave Encashment/Compensated Absences

The employees are entitled for leave for every year/part thereof of service and subject to the limits specified, the unavailed portion of leaves can be accumulated or encashed during/at the end of service period. The plan is unfunded.

The reconciliation of the opening and closing balances of the present value of the defined benefit obligations are as below :

	Year ended 31st March 2008		Year ended 31st March 2007	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Obligations at the year beginning	4,49,746	3,50,477	4,32,506	1,39,200
Service cost – Current	36,721	1,26,863	1,24,659	38,390
Interest Cost	32,975	25,063	22,066	3,000
Actuarial (gain)/loss	(29,210)	(66,450)	1,47,091	3,67,400
Benefit Paid	(20,169)	(32,619)	(276,576)	(197,660)
Obligations at year end	4,70,063	4,03,334	4,49,746	3,50,400
Liability recognised in the Balance Sheet	4,70,063	4,03,334	4,49,746	3,50,400
Defined benefit obligation cost for the year				
Service Cost – Current	36,721	1,26,863	1,24,659	38,300
Interest Cost	32,975	25,063	22,066	3,000
Expected return on plan assets	—	—	—	—
Actuarial (gain)/loss	(29,210)	(66,450)	1,47,019	3,67,450
Net defined benefit obligations cost	40,486	85,476	2,93,816	4,08,880
The principal assumptions used in determining post-employment benefits obligations are shown below :				
		2008 (%)		2007 (%)
Discount Rate		7.50 p.a.		7.50 p.a.
Future salary increases		5.00 p.a.		5.00 p.a.

XVII. Previous year's figures have been regrouped/rearranged wherever considered necessary to comply with current year's classification.

SCHEDULES TO THE ACCOUNTS (Contd.)

SCHEDULE -20

SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

To prepare financial statements in accordance with the historical cost convention, generally accepted accounting principles and relevant presentational requirements of the Companies Act, 1956. Income & Expenditure are recognised on accrual basis.

II. FIXED ASSETS

Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses relating to acquisition. In respect of major projects involving construction, related project and pre-operational expenses form part of the value of assets capitalised.

III. DEPRECIATION

To provide depreciation in respect of Assets on straight line method at its estimated useful life or the rates specified in Schedule XIV of the Companies Act, 1956. The rates of depreciation used for (Golf Carts @20%), Tented Accommodation (@ 50%) and Vehicular Roads (@ 20%) are on the basis of the estimated life of these Assets.

IV. INVENTORIES

To value inventories on weighted average basis, at cost or net realisable value, whichever is less. Working Progress is valued at cost which includes all direct and indirect attributable expenses. Cost includes freight and other related incidental expenses.

V. RETIREMENT BENEFITS

To make regular contributions to Statutory Provident and Pension Funds which are charged to revenue. Provision for Gratuity and Leave Encashment is based on actuarial valuation carried out at the year-end.

VI. FOREIGN CURRENCY TRANSLATION

To record transactions in foreign currencies at the exchange rate prevailing on the date of the transaction. Payments made in foreign currencies are recorded at the exchange rate prevailing

on the day of remittance. Liability/ Receivables on account of foreign currency are converted at the exchange rates prevailing at the end of the year. Exchange differences are appropriately dealt with in the Profit and Loss Account.

VII. REVENUE RECOGNITION

- Consequent to the completion of the Laburnum Project the Company had disclosed the unsold stock of Parking Slots and Servant Quarters under inventory and the revenue on account of the sale of such stock is being accounted for on accrual basis.
- i) Corporate membership fee is accounted for over the period of membership.
ii) Entrance fees is accounted for in the year of receipt.
iii) Interest charged on delayed receipt of Subscription is accounted for on receipt basis.
- Sale of merchandising items is recognised at the time of raising of relevant invoices.

VIII. INVESTMENTS

Long term Investments are stated at cost. Where applicable, provision is made where there is a permanent diminution in the valuation of the investments.

IX. 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 asset on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

On behalf of the Board of Directors

S. C. Sekhar *Managing Director*
M. Riaz Ahmed *Director*
V. K. Jain *Company Secretary*

Gurgaon, 25th April, 2008

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

I. Registration Details

Registration No. State Code
Balance Sheet Date
Date Month Year

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

Public Issue <input type="text" value="N"/> <input type="text" value="A"/> . <input type="text" value=""/>	Rights Issue <input type="text" value="N"/> <input type="text" value="A"/> . <input type="text" value=""/>
Bonus Issue <input type="text" value="N"/> <input type="text" value="A"/> . <input type="text" value=""/>	Private Placement <input type="text" value="N"/> <input type="text" value="A"/> . <input type="text" value=""/>

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

Total Liabilities <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="2"/>	Total Assets <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="2"/>
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Sources of Funds

Paid up Capital <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="2"/>
Secured Loans <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Unsecured Loans <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>

Application of Funds

Net Fixed Assets* <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="6"/>	Investments <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
* including capital work in progress Net Current Assets <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="7"/>	Misc. Expenditure <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="3"/>
Accumulated Losses <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="9"/>	

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

Turnover* <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="3"/>	Total Expenditure <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="8"/>
*includes other income + - Profit/Loss before Tax <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="6"/>	+ - Profit/Loss after Tax <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="0"/>
(Please tick the appropriate box + for Profit, - for Loss)	
Earning per Share in Rs. <input type="text" value="1"/> <input type="text" value="9"/> . <input type="text" value="3"/> <input type="text" value="4"/>	Dividend Rate % <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Item Code No. (ITC Code) .
Product Description .

On behalf of the Board of Directors

S. C. Sekhar *Managing Director*
M. Riaz Ahmed *Director*
V. K. Jain *Company Secretary*

Gurgaon, 25th April, 2008