

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

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

**2. PERFORMANCE OF THE COMPANY**

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, 2004, after deducting all charges and expenses and providing for taxation amounts to

	Rs. 54,38,591/-
to which profit brought forward from last year is added	Rs. 2,71,01,656/-
making a balance of	Rs. 3,25,40,247/-

which the Directors recommend be carried forward.

**3. DIRECTORS**

In accordance with the provisions of Article 144 of the Articles of Association of the Company, M/s Balraj Nath Malhotra and Krishnamoorthy Vaidyanath will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

**4. DIRECTORS' RESPONSIBILITY STATEMENT**

As per the provisions of Section 217 (2AA) of the Companies Act, 1956, the 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. RE-APPOINTMENT OF MANAGER UNDER SECTION 269 OF THE COMPANIES ACT, 1956**

Ms. Anjali Prasad was re-appointed as Manager of the Company by the Board of Directors for a period of two years with effect from 12th October, 2003, in terms of the provisions of Section 269 of the Companies Act, 1956, read with Schedule XIII thereto, subject to the approval of the Members of the Company at the ensuing Annual General Meeting.

**6. 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.

**7. AUDITORS**

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

**8. 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 income or outflow during the year under review.

On behalf of the Board

20th April, 2004  
ITC Centre  
37, J. L. Nehru Road  
Kolkata 700 071

R. Tandon *Director*  
S. Bandyopadhyay *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, 2004 and the Profit and Loss Account 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 misstatements. 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 Department of Company Affairs under Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said Order to the extent applicable to the Company.

4. Further to our comments in the Annexure referred to above :

- (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 and the Profit and Loss Account dealt with by this report are in agreement with the books of account ;

(iv) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) 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 on 31st March, 2004;

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

5. According to the information and explanations given to us and on the basis of the written representations received from the Directors as on 31st March, 2004, taken on record by the Board of Directors, none of the Directors is disqualified as at 31st March, 2004 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.

Kolkata, 20th April, 2004

For S.B. Billimoria & Co.  
Chartered Accountants  
K. Rajasekhar  
Partner

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date attached)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, all assets used for own purpose were physically verified by the Management during the year and no material discrepancies were noticed on such verification. In respect of leased assets, the Company follows a system of obtaining confirmation letters from the lessees, once every two years, regarding the existence and condition of such assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
2. During the year, the Company has neither granted nor taken any loans, secured or unsecured to or from companies firms or other parties in the register maintained under Section 301 of the Companies Act, 1956.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services.
4. To the best of our knowledge and belief and according to the information and explanations given to us and the records of the Company examined by us, the Company had no transactions during the year which needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
6. According to the information and explanations given to us and the records of the Company examined by us, the Company has been regular during the year in depositing undisputed statutory dues including income tax, wealth tax and sales tax.
7. According to the information and explanations given to us and the records of the Company examined by us, there were no undisputed amounts payable in respect of income tax, wealth tax and sales tax which were outstanding as on 31st March, 2004 for a period of more than six months from the date they became payable.
8. According to the information and explanations given to us and as shown by the records of the Company examined by us, there were no disputed amounts relating to Income tax, wealth tax and sales tax which had remained unpaid as at 31st March, 2004.
9. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
10. According to the information and explanations given to us and the records of the Company examined by us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
11. To the best of our knowledge and according to the information and explanations given to us and the records of the Company examined by us, no fraud on or by the Company was noticed or reported during the year.
12. The provisions of clauses (i)(c), (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xiv), (xvi), (xvii), (xviii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the current year.

For S. B. Billimoria & Co.  
Chartered AccountantsK. Rajasekhar  
Partner

Kolkata, 20th April, 2004

## BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	As at		As at	
		31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	1	33,06,01,660		33,06,01,660	
(b) Reserves and Surplus	2	4,65,40,247	37,71,41,907	4,11,01,656	37,17,03,316
			<u>37,71,41,907</u>		<u>37,17,03,316</u>
<b>II. APPLICATION OF FUNDS</b>					
1. Fixed Assets (Net)	3		29,19,08,196		29,20,90,030
2. Investments	4		10,91,39,442		6,63,26,700
3. Deferred Tax Asset			90,713		50,753
4. Current Assets, Loans and Advances	5	1,64,96,885		5,38,54,103	
5. Less : Current Liabilities and Provisions	6	4,04,93,329		4,06,18,270	
6. Net Current Assets / (Liabilities)			(2,39,96,444)		1,32,35,833
			<u>37,71,41,907</u>		<u>37,17,03,316</u>

Notes forming part of the Accounts 12  
 Significant Accounting Policies 13  
 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, 20th April, 2004

On behalf of the Board

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

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

	Schedule	For the year ended 31st March, 2004		For the year ended 31st March, 2003	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>I. INCOME</b>					
Income from Projects and Services	7		1,41,37,550		1,88,28,637
Other Income	8		34,79,842		49,83,389
			<u>1,76,17,392</u>		<u>2,38,12,026</u>
<b>II. EXPENDITURE</b>					
Project Expenses	9		—		20,82,739
Personnel	10		56,02,360		52,73,990
Management and Other Expenses	11		7,12,282		3,73,008
Depreciation	3		1,81,834		1,81,834
Maintenance and Service Expenses			33,53,485		30,94,095
Auditors' Remuneration :					
Audit Fees		70,200		68,250	
Other Services		8,640	78,840	14,700	82,950
			<u>99,28,801</u>		<u>1,10,88,616</u>
<b>III. PROFIT BEFORE TAXATION</b>					
Provision for Taxation					
– Current Tax		22,89,960		49,30,000	
– Deferred Tax		(39,960)	22,50,000	(33,111)	48,96,889
<b>IV. PROFIT AFTER TAXATION</b>					
Balance Brought Forward From Previous Year			2,71,01,656		1,92,75,135
<b>V. BALANCE CARRIED FORWARD</b>					
			<u>3,25,40,247</u>		<u>2,71,01,656</u>

Notes forming part of the Accounts 12  
 Significant Accounting Policies 13

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, 20th April, 2004

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

SCHEDULES TO THE ACCOUNTS

1. SHARE CAPITAL

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
<b>Authorised :</b>		
4,00,00,000 Equity Shares of Rs. 10/- each	<u>40,00,00,000</u>	<u>40,00,00,000</u>
	<u>40,00,00,000</u>	<u>40,00,00,000</u>
<b>Issued, Subscribed and Paid up :</b>		
3,30,60,166 Equity Shares of Rs. 10/- each, fully paid up	<u>33,06,01,660</u>	<u>33,06,01,660</u>
	<u>33,06,01,660</u>	<u>33,06,01,660</u>

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

3. FIXED ASSETS

Particulars	GROSS BLOCK		DEPRECIATION			LEASE ADJUSTMENT	NET BLOCK	
	As at 1st April, 2003 Rs.	As at 31st March, 2004 Rs.	As at 31st March, 2003 Rs.	For the year Rs.	As at 31st March, 2004 Rs.	As at 31st March, 2004 Rs.	As at 31st March, 2004 Rs.	As at 31st March, 2003 Rs.
i) Freehold Land	28,21,78,478	28,21,78,478	—	—	—	—	28,21,78,478	28,21,78,478
ii) Buildings	1,10,04,119	1,10,04,119	11,35,495	1,79,367	13,14,862	—	96,89,257	98,68,624
iii) Plant & Machinery	50,005	50,005	8,088	2,375	10,463	—	39,542	41,917
iv) Furniture & Fixtures	1,450	1,450	450	92	542	—	908	1,000
v) Assets given on lease Plant & Machinery	2,01,71,176	2,01,71,176	53,36,851	—	53,36,851	1,48,34,314	11	11
	31,34,05,228	31,34,05,228	64,80,884	1,81,834	66,62,718	1,48,34,314	29,19,08,196	29,20,90,030
Previous Year	31,34,05,228	31,34,05,228	62,99,050	1,81,834	64,80,884	1,48,34,314	29,20,90,030	—

Note : Leased Assets are depreciated over the primary period of the lease, and other assets at the rates prescribed in Schedule XIV to the Companies Act, 1956.

SCHEDULES TO THE ACCOUNTS (Contd.)

4. INVESTMENTS

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
<b>UNQUOTED</b>				
Long Term (at cost)				
Other Investments				
<b>Classic Infrastructure &amp; Development Limited</b>				
16,50,000 (2003 - 16,50,000) equity shares of Rs.10/- each, fully paid up	6,63,26,700	6,63,26,700		
Sub Total	<u>6,63,26,700</u>	<u>6,63,26,700</u>		
<b>Current (at lower of cost and fair value)</b>				
Other Investments				
<b>Reliance Liquid Fund - Treasury Plan - Daily Dividend Option</b>				
10,10,008.20 (2003- Nil) Units of Rs.10/- each (Purchased during the year)	1,54,03,837	—		
<b>JM High Liquidity Fund - Daily Dividend Plan</b>				
26,31,701.18 (2003 - Nil) Units of Rs.10/- each (32,36,587.54 Units purchased and 6,04,886.36 Units sold during the year)	2,74,08,905	—		
Sub Total	<u>4,28,12,742</u>	—		
Total	<u>10,91,39,442</u>	<u>6,63,26,700</u>		

5. CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
<b>A. CURRENT ASSETS</b>				
Work-in-progress (at lower of cost and net realisable value)	1,23,10,321	1,22,47,201		
Sundry Debtors (Unsecured, considered good)				
Other Debts	<u>3,79,280</u>	<u>3,79,280</u>	<u>2,87,732</u>	2,87,732
Cash and Bank Balances				
Cash in Hand	16,971	18,212		
Balance with Scheduled Banks				
– On Current Account	1,13,888	4,42,719		
– On Deposit Account	—	1,30,859	<u>3,68,00,000</u>	3,72,60,931
Other Current Assets (Unsecured, considered good)				
Deposit with Others	1,55,000	1,55,000		
Interest Receivable	—	1,55,000	<u>30,247</u>	1,85,247
<b>B. LOANS AND ADVANCES</b>				
(Unsecured, considered good)				
Project Advances	12,51,867	13,14,987		
Other Advances	21,23,108	23,71,118		
Staff Advances	<u>1,46,450</u>	<u>35,21,425</u>	<u>1,86,887</u>	38,72,992
	<u>1,64,96,885</u>	<u>5,38,54,103</u>		

6. CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
<b>1. CURRENT LIABILITIES</b>				
Sundry Creditors for Supplies and Expenses				
– Total Outstanding dues of Creditors other than Small Scale Industrial Undertaking(s)	9,19,353	10,54,982		
Progress payments and advances against projects	1,00,00,000	1,00,00,000		
Other liabilities (including retention monies)	<u>2,89,42,844</u>	<u>2,89,40,000</u>		
Carried over :	<u>3,98,62,197</u>	<u>3,99,94,982</u>		

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
Brought forward :	3,98,62,197	3,99,94,982		
<b>2. PROVISIONS</b>				
Provision for Taxation (Net of Advance Tax)	2,52,132	3,55,677		
Provision for Leave Encashment	<u>3,79,000</u>	<u>2,67,611</u>		
	<u>4,04,93,329</u>	<u>4,06,18,270</u>		
<b>7. INCOME FROM PROJECTS AND SERVICES</b>				
For the year ended 31st March, 2004 (Rs.)				
Service Income	1,41,37,550	1,29,53,637		
Project Income	—	58,75,000		
	<u>1,41,37,550</u>	<u>1,88,28,637</u>		
<b>8. OTHER INCOME</b>				
For the year ended 31st March, 2004 (Rs.)				
Lease and other Rentals	14,22,000	14,43,583		
Interest on Bank and other Accounts [Gross, inclusive of Tax deducted at source : Rs. 31,154/- (Previous year Rs. 2,32,854/-)]	5,10,527	11,39,074		
Dividend from Current Investments	15,36,967	—		
Profit on Sale of Current Investments (Net)	10,348	24,00,732		
	<u>34,79,842</u>	<u>49,83,389</u>		
<b>9. PROJECT EXPENSES</b>				
For the year ended 31st March, 2004 (Rs.)				
Opening Work-in-progress	1,22,47,201	1,42,54,123		
Add : Expenditure incurred on Projects during the year	<u>63,120</u>	<u>75,817</u>		
	<u>1,23,10,321</u>	<u>1,43,29,940</u>		
Less : Closing Work-in-progress	<u>1,23,10,321</u>	<u>1,22,47,201</u>		
	—	<u>20,82,739</u>		
<b>10. PERSONNEL</b>				
For the year ended 31st March, 2004 (Rs.)				
Salaries and wages, including bonus	49,59,248	46,51,593		
Contribution to Provident and Other Funds	4,14,281	3,72,203		
Staff Welfare Expenses	<u>2,28,831</u>	<u>2,50,194</u>		
	<u>56,02,360</u>	<u>52,73,990</u>		
<b>11. MANAGEMENT AND OTHER EXPENSES</b>				
For the year ended 31st March, 2004 (Rs.)				
Rent, Rates and Taxes	3,06,986	7,010		
Insurance	3,968	3,372		
Travelling	36,818	35,480		
Repairs and Maintenance	6,006	4,800		
Legal and Consultancy Charges	1,32,340	41,310		
Interest - Others	1,31,349	1,73,063		
Miscellaneous Expenses	<u>94,815</u>	<u>1,07,973</u>		
	<u>7,12,282</u>	<u>3,73,008</u>		
<b>12. NOTES FORMING PART OF THE ACCOUNTS</b>				
1. Provision is not considered necessary for Income Tax demand of Rs. Nil (Previous Year : Rs. 89,022/-) for an earlier assessment year disputed by the Company.				
2. Loans and Advances include Rs. 4,200/- (Previous Year : Rs. 6,600/-) due from the Manager of the Company. The maximum amount due at any time during the year was Rs. 6,600/- (Previous Year : Rs. 9,000/-).				

SCHEDULES TO THE ACCOUNTS (Contd.)

3. During the year, the following current investments were purchased and sold :-

Scheme	No. of Units	Purchase Value (Rs.)
Grindlays Cash Fund — Daily Dividend Option	36,22,229.31	3,83,19,437
IL&FS Liquid Account — Daily Dividend Option	1,00,495.80	10,04,958

4. Earning per Share

	For the year ended 31st March, 2004	For the year ended 31st March, 2003
Profit after Taxation (Rs)	54, 38, 591	78,26,521
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)	0.16	0.24

5. Remuneration of Manager :-  
Salaries : Rs. 6,18,000/- (Previous Year : Rs. 4,58,832/-)  
Other Benefits : Rs. 1,03,018/- (Previous Year : Rs. 1,09,751)  
The re-appointment of the Manager effective 12th October, 2003 and the remuneration for the period 12th October, 2003 to 31st March, 2004 amounting to Rs. 3,11,670/-, is subject to the approval of the shareholders.
6. Deferred Tax Asset as at the Balance Sheet date and for the current year is attributable to provision for unencashed leave.
7. Previous Year's figures have been regrouped / rearranged wherever necessary.

13. 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 at appropriate rates so as to amortise the cost of the asset over their estimated useful life.

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 investments. Income from Investments is included together with the related tax credit 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

Interest and other costs incurred by the Company in connection with the borrowing of funds are recognised as an expense in the period in which they are incurred unless activities that are necessary to prepare the qualifying asset for its intended use or sale are in progress.

Retirement Benefits

Liability for gratuity benefits payable to the employees is actuarially determined, funded separately and charged to the Profit and Loss Account. The liability accrued on account of leave encashment, is actuarially determined and provided for.

Lease Rentals

Lease Rentals are being 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. Bandyopadhyay *Director*  
A. Prasad *Secretary*

Kolkata, 20th April, 2004

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

I. Registration Details

Registration No.  State Code   
Balance Sheet Date     
Date Month Year

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. S. Bandyopadhyay, A. Nayak, Members