

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

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

**FINANCIAL PERFORMANCE**

During the year under review, your Company earned a gross income of Rs. 868.56 lacs ( previous year Rs.662.81 lacs ) and incurred a net loss of Rs. 449.80 lacs (previous year net loss Rs. 1.553.62 lacs ).

**OPERATIONS**

*Classic Golf Resort*

With the interest towards Golf increasing rapidly and with more and more people taking up Golf as a sporting activity, the Indian Golf market is witnessing aggressive competition. Classic Golf Resort continues to be in the lime light and has been the venue for some very prestigious tournaments amongst them being The Business Today Pro-Am Golf Tournament, Malaysia Golf Tournament, Hindustan Times Golf Tournament, Ministry of External Affairs Golfstyle Tournament, Air Sahara Golf Tournament, Chivas Regal Monthly Tournament, McDowell's Signature Cup etc.

The Plans for proposed Resort Hotel and Golf villas projects at the Classic Golf Resort would be firm'd up after receipt of the necessary approvals in respect of extension of Change in Land Use and Building Plans from the Haryana Government.

*The Laburnum*

The Laburnum, the premium Condominium Complex developed by your Company, comprising of 263 apartments, continues to be rated as one of the finest residential development in India. The maintenance and management of the Complex has been handed over to the legally constituted Association of Apartment Owners of the Complex.

During the year, your Company as the Developer of the Laburnum Condominium Complex in order to maintain its goodwill in the real estate market arrived at a settlement recorded through a Court Order between your Company, Gilt Facilities India Pvt. Ltd. ("Gilt"), the erstwhile maintenance agency of the Laburnum Condominium Complex, and the Residents Welfare Association of the Complex to amicably settle the disputes which had arisen during the course of undertaking maintenance activity by Gilt.

Your Company in order to maintain its goodwill, as mentioned above, also subscribed to 545, 0.5% Non-Cumulative Redeemable Preference Shares of the face value of Rs. 1,00,000/- (Rupees One Lac only) each of Gilt, so that Gilt would have necessary funds to effectuate the settlement mentioned aforesaid.

**SHAREHOLDING**

ITC Limited ( ITC ), the Company's holding company, proposes to acquire the balance 12,00,000 equity shares of your Company from the Pradeep Jain Group at a price of Rs. 25/- per equity share.

As a part of the transaction, the Agreement to Sell 3.89 acres of land adjacent to the Laburnum Condominium Complex to ITC, is proposed to be cancelled and the said land is to be sold to the Pradeep Jain Group.

**DEMAND FOR ADDITIONAL CONVERSION CHARGES**

As reported in the Directors' Report for the financial year ended 31st March, 2003, the matter pertaining to the exorbitant demand of additional conversion charges of Rs. 15.82 crores raised by Haryana Government in respect of the Classic Golf Resort is sub-judice. Your Board of Directors, based on legal advice, is of the opinion that the said demand is untenable.

**DIRECTORS**

Shri Pradeep Jain's term of office as Managing Director expired on 31st March, 2004 and Shri Subrahmoneyan Chandrasekhar was appointed as

Managing Director of the Company for a period of three years from 1st April, 2004 to 31st March, 2007, without remuneration, subject to the approval of the Members of the Company.

Your Directors would like to record their appreciation of the services rendered by Shri Pradeep Jain as Managing Director of the Company.

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

The applicable information pursuant to Section 217 (1) (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 to the Classic Golf Resort erected and commissioned during the previous year has resulted in considerable savings. Efforts are continuing to be made to conserve electricity by operating only necessary lighting, fittings and fixtures, and by judicious use of diesel generating sets.

(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. 7.50 lacs (previous year Rs. 43.07 lacs ).

ii) **Outgo** : Foreign exchange outgo during the year under review was Rs. 15.23 lacs ( previous year Rs. 13.28 lacs )

**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 re-appointment.

**PARTICULARS OF EMPLOYEES**

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

**DIRECTORS' 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; d) the annual accounts are prepared on a going concern basis. The required disclosures and significant accounting policies followed are appearing in Schedules 18 and 19 respectively, in the annual accounts.

On behalf of the Board

Place : New Delhi  
Date : 11th May, 2004.

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

**AUDITORS' REPORT TO THE MEMBERS OF LANDBASE INDIA LIMITED**

1. We report that we have audited the Balance Sheet of Landbase India Limited as at March 31, 2004 and the Profit and Loss Account for the year ended on that date both of 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. 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 XI of the Schedule 18, the Notes to Accounts regarding the advance received in connection with sale of Land and right for construction of villas.
4. 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 "The Companies Act, 1956", of India (the 'Act'), 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, 2004; and
  - b. in the case of the Profit and Loss Account, of the loss for the year ended on that date.
5. 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. 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 these books and the aforementioned Balance Sheet and Profit and Loss Account are in agreement therewith.
  6. In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act.
  7. On the basis of written representations received from Directors as on March 31, 2004, and taken on record by the Board of Directors of the Company, none of the Directors of the Company is disqualified as on March 31, 2004 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
  8. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :
    - 8.1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.
    - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
    - (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.
    - 8.2 (a) The inventory of the Company has been physically verified by the management during the year. In respect of merchandising inventory lying with third parties, these have substantially been confirmed by them. In our opinion the frequency of verification is reasonable.
    - (b) In our opinion and according to the information and explanations given to us, 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 records of inventory, in our opinion, the company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material.
    - 8.3 The company has neither granted nor taken any loans, secured or unsecured, to /from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
    - 8.4 In our opinion there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination and information and according to the 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 procedures.
    - 8.5 On the basis of our examination of the books of accounts and as represented by the management, the company has not entered into any transaction exceeding Rupees Five lakhs in respect of any party during the financial year that need to be entered in the register pursuant to Section 301 of the Act.
    - 8.6 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.
    - 8.7 In our opinion, the Company's present internal audit system is generally commensurate with its size and nature of its business.
    - 8.8 The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Act.
    - 8.9 (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 the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
    - (b) As at 31st March, 2004, there have been no disputed dues in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess.
    - 8.10 The accumulated losses of the Company as at 31st March 2004, are more than fifty percent of its net worth and it has also incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
    - 8.11 According to the records of the Company, it has not defaulted in repayment of its dues to a bank during the year.
    - 8.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
    - 8.13 In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to it.
    - 8.14 In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
    - 8.15 The Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
    - 8.16 The company has obtained certain short-term loans from the holding company which are repayable after 6 months from the date of the loan. 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.
    - 8.17 On the basis of an overall examination of the balance sheet of the company, in our opinion, and according to the information and explanation given to us, funds raised on a short-term basis have not been used for long-term investment.
    - 8.18 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.
    - 8.19 The Company has not raised any money by public issue during the year or in earlier years.
    - 8.20 During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the management.
    - 8.21 The clause six of paragraph 4 of the Companies (Auditor's Report) Order 2003 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 said clause of the aforesaid order.

Kaushik Dutta  
Partner

Membership Number: 88540  
For and on behalf of

Lovelock & Lewes  
Chartered Accountants

New Delhi  
Dated : 11th May, 2004

**BALANCE SHEET AS AT 31ST MARCH, 2004**

	Schedule	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
<b>I. SOURCES OF FUNDS</b>			
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			
Secured Loans	3	24,25,30,634	17,91,33,671
<b>TOTAL</b>		<b>34,36,92,815</b>	<b>28,02,95,852</b>
<b>II. APPLICATION OF FUNDS</b>			
1. Fixed Assets	4		
Gross Block		93,11,69,932	93,34,62,335
Less : Depreciation		20,28,15,248	17,74,54,840
Net Block		72,83,54,684	75,60,07,495
Capital Work-in-Progress		3,36,05,961	3,17,49,391
2. Investments	5	76,19,60,645	78,77,56,886
3. Current Assets, Loans and Advances		250	150
a) Inventories	6	3,03,99,735	3,81,11,672
b) Sundry Debtors	7	81,79,426	99,20,273
c) Cash and Bank Balances	8	66,18,525	1,06,20,689
d) Other Current Assets	9	31,871	2,39,693
e) Loans and Advances	10	1,48,81,137	2,20,37,468
		6,01,10,694	8,09,29,795
Less : Current Liabilities and Provisions			
a) Liabilities	11	1,00,52,10,059	1,06,01,20,645
b) Provisions	12	10,58,370	16,11,181
<b>Net Current Assets</b>		<b>(94,61,57,735)</b>	<b>(98,08,02,031)</b>
4. Deferred Tax Asset		2,85,43,062	1,79,21,451
5. Miscellaneous Expenditure (To the extent not written off or adjusted) (Refer Note XVI of Schedule 18)		84,26,777	94,80,124
6. Profit and Loss Account		49,09,19,816	44,59,39,272
<b>TOTAL</b>		<b>34,36,92,815</b>	<b>28,02,95,852</b>

Notes to the Accounts 18  
Significant Accounting Policies 19

Schedules 1 to 12, 18 and 19 referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our Report of even date.

Kaushik Dutta  
Partner  
Membership no : 88540  
For and on behalf of  
Lovelock & Lewes  
Chartered Accountants  
New Delhi, 11th May, 2004

On behalf of the Board

S. C. Sekhar      Managing Director  
M. Riaz Ahmed      Director  
Pramod Kumar      Company Secretary

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

	Schedule	For the year ended 31st March, 2004 (Rs.)	For the year ended 31st March, 2003 (Rs.)
<b>I. INCOME</b>			
Income from Apartments		1,27,83,930	(4,27,743)
Income from Operations	13	5,49,57,248	5,79,96,719
Other Income	14	1,91,14,539	87,12,496
		8,68,55,717	6,62,81,472
<b>II. EXPENDITURE</b>			
Raw Material, Merchandising etc. Consumed and Expenditure incurred on Construction	15	1,49,76,691	1,23,09,459
Interest Charges	16	2,01,85,358	1,91,60,682
Operating and Administrative Expenses	17	7,94,50,453	7,47,80,901
Depreciation on Fixed Assets (net)		2,78,45,370	3,03,25,590
		14,24,57,872	13,65,76,632
<b>III. PROFIT</b>			
Profit/(Loss) Before Taxation		(5,56,02,155)	(7,02,95,160)
Add/(Less) : Provision for Taxation			
- Earlier Year Tax (net)		—	(66,633)
- Deferred Tax		1,06,21,611	(8,49,93,185)
- Wealth Tax		—	(7,000)
Profit/(Loss) After Taxation		(4,49,80,544)	(15,53,61,978)
Profit/(Loss) Brought Forward		(44,59,39,272)	(29,05,77,294)
Profit/(Loss) Carried Forward		(49,09,19,816)	(44,59,39,272)
Earnings Per Share (Face Value Rs. 10/- each)	18(XVIII)	(11.25)	(38.84)

Notes to the Accounts 18  
Significant Accounting Policies 19

Schedules 13 to 19 referred to above form an integral part of the Profit and Loss Account.

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

Kaushik Dutta  
Partner  
Membership no : 88540  
For and on behalf of  
Lovelock & Lewes  
Chartered Accountants  
New Delhi, 11th May, 2004

On behalf of the Board

S. C. Sekhar      Managing Director  
M. Riaz Ahmed      Director  
Pramod Kumar      Company Secretary

SCHEDULES TO THE ACCOUNTS

	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. SHARE CAPITAL</b>				
<b>Authorised</b>				
1,00,00,000 Equity Shares of Rs. 10/- each	<u>10,00,00,000</u>	<u>10,00,00,000</u>		
<b>Issued and Subscribed</b>				
40,00,000 Equity Shares of Rs. 10/- each, fully paid up	<u>4,00,00,000</u>	<u>4,00,00,000</u>		
[Out of the above 28,00,000 Equity Shares (Previous Year - 28,00,000 Equity Shares) are held by the Holding Company, ITC Limited]	<u>4,00,00,000</u>	<u>4,00,00,000</u>		
<b>2. RESERVES AND SURPLUS</b>				
General Reserve				
At the commencement of the year	<u>6,11,62,181</u>	<u>6,11,62,181</u>		
	<u>6,11,62,181</u>	<u>6,11,62,181</u>		
<b>3. SECURED LOANS</b>				
From Banks				
— Cash Credit			1,54,54,949	1,64,82,986
From Others (Holding Company - ITC Limited)	20,25,00,000		15,00,00,000	
Interest accrued and due	<u>2,45,75,685</u>	<u>22,70,75,685</u>	<u>1,26,50,685</u>	<u>16,26,50,685</u>
			<u>24,25,30,634</u>	<u>17,91,33,671</u>
1. Cash Credit Limit is secured by hypothecation of stocks, receivables and moveable and immoveable fixed assets excluding Land.				
2. Loans from others are secured by a charge on equitable mortgage on Land.				

4. FIXED ASSETS (At Cost) [Refer Note XIV of Schedule 18 and Notes (II) & (III) of Schedule 19]

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2003 (Rs.)	Additions (Rs.)	Withdrawals (Rs.)	As at 31st March, 2004 (Rs.)	As at 1st April, 2003 (Rs.)	For the year (Rs.)	Withdrawals (Rs.)	As at 31st March, 2004 (Rs.)	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
Land (Freehold)	21,03,75,345	25,89,080	—	21,29,64,425	—	—	—	—	21,29,64,425	21,03,75,345
Building*	23,04,43,049	15,15,393	41,96,258	22,77,62,184	2,34,77,781	45,32,795	6,30,957	2,73,79,619	20,03,82,565	20,69,65,268
Plant and Machinery	22,22,46,606	1,97,343	1,22,624	22,23,21,325	6,05,18,462	1,07,93,077	55,658	7,12,55,881	15,10,65,444	16,17,28,144
Golf Course	22,57,78,037	—	—	22,57,78,037	5,84,20,257	1,07,24,457	—	6,91,44,714	15,66,33,323	16,73,57,780
Office & Other Equipment	73,36,516	20,700	2,04,584	71,52,632	23,56,024	2,87,908	99,336	25,44,596	46,08,036	49,80,492
Furniture and Fixtures	1,46,16,928	12,500	4,16,107	1,42,13,321	1,30,20,698	3,32,932	3,47,780	1,30,05,850	12,07,471	15,96,230
Computers	59,40,574	9,650	5,89,010	53,61,214	57,82,746	1,37,272	5,68,210	53,51,808	9,406	1,57,828
Vehicles	53,08,750	—	6,22,870	46,85,880	31,09,700	4,97,480	4,05,314	32,01,866	14,84,014	21,99,050
Golf Carts	1,14,16,530	39,827	5,25,443	1,09,30,914	1,07,69,172	6,87,185	5,25,443	1,09,30,914	—	6,47,358
	93,34,62,335	43,84,493	66,76,896	93,11,69,932	17,74,54,840	2,79,93,106	26,32,698	20,28,15,248	72,83,54,684	75,60,07,495
Capital Work-in-Progress	3,17,49,391	18,56,570	—	3,36,05,961	—	—	—	—	3,36,05,961	3,17,49,391
TOTAL	96,52,11,726	62,41,063	66,76,896	96,47,75,893	17,74,54,840	2,79,93,106	26,32,698	20,28,15,248	76,19,60,645	78,77,56,886
Previous Year	96,48,09,067	97,60,083	93,57,424	96,52,11,726	15,30,74,012	3,05,03,507	61,22,679	17,74,54,840	78,77,56,886	

\* Building includes vehicular roads of Rs. 45,95,709/- (Previous Year Rs. 45,95,709/-) being depreciated over the period of five years  
Depreciation for the year includes Depreciation Rs. 1,47,736/- (Previous year Rs. 1,77,917/-) included in Laburnum Project Expenses.

	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>5. INVESTMENTS (At Cost)</b> (Refer Note XVII of Schedule 18 & Note VIII of Schedule 19) (Unquoted - Long Term, Non-Trade)				
Gilt Facilities India P. Ltd.	5,45,00,000			
545 Redeemable Preference Shares (0.5%) of Rs. 1,00,000/- each fully paid				
Less : Provision for Diminution in investment	<u>5,44,99,900</u>	<u>100</u>		
Prime Golf Ranking Private Limited 150 Equity Shares of Re. 1/- each fully paid	<u>150</u>	<u>150</u>		
	<u>250</u>	<u>150</u>		
<b>6. INVENTORIES</b> (Refer Note IV of Schedule 19)				
Merchandising stock	23,61,469	27,01,201		
Land - At Cost	1,90,71,127	1,90,71,127		
Food and Beverage Stock	3,69,766	5,25,045		
Stores and Spares	89,77,567	95,41,142		
Stock of Parking Slot/ Servant Qtrs	13,79,862	62,16,921		
Material at Site	<u>—</u>	<u>4,56,236</u>		
	<u>3,21,59,791</u>	<u>3,85,11,672</u>		
Less : Provision for Slow Moving Inventory	<u>17,60,056</u>	<u>3,03,99,735</u>	<u>4,00,000</u>	<u>3,81,11,672</u>
	<u>3,03,99,735</u>	<u>3,81,11,672</u>		
<b>7. SUNDRY DEBTORS</b>				
Over 6 months old				
Good and Unsecured	44,71,459	53,45,012		
Doubtful and Unsecured	9,75,406	11,752		
Other Debts				
Good and Unsecured	<u>37,07,967</u>	<u>45,75,261</u>		
	<u>91,54,832</u>	<u>99,32,025</u>		
Less : Provision for Doubtful Debts	<u>9,75,406</u>	<u>11,752</u>	<u>99,20,273</u>	<u>99,20,273</u>
	<u>81,79,426</u>	<u>87,562</u>		
<b>8. CASH AND BANK BALANCES</b>				
Cash and Cheques on hand	3,18,905			9,57,421
With Scheduled Banks				
— in Current Accounts	60,59,329			92,23,786
— in Dividend Account (Including interest)	292			292
— in Fixed Deposits	—			1,99,191
— Margin money deposit	<u>2,39,999</u>			<u>2,39,999</u>
	<u>66,18,525</u>			<u>1,06,20,689</u>
<b>9. OTHER CURRENT ASSETS</b> (Unsecured - considered good)				
Interest Accrued on Fixed Deposits	31,871			20,925
Others	<u>—</u>			<u>2,18,768</u>
	<u>31,871</u>			<u>2,39,693</u>
<b>10. LOANS AND ADVANCES</b> (Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received (Refer Note XV of Schedule 18)				
Considered good	1,20,11,150			1,70,32,755
Considered doubtful	<u>64,64,497</u>			<u>65,02,405</u>
	<u>1,84,75,647</u>			<u>2,35,35,160</u>
Less : Provision for doubtful advances	<u>64,64,497</u>	<u>1,20,11,150</u>	<u>65,02,405</u>	<u>1,70,32,755</u>
Security Deposits				
Considered good	25,78,231			44,56,834
Considered doubtful	<u>2,02,800</u>			<u>—</u>
	<u>27,81,031</u>			<u>44,56,834</u>
Less : Provision for doubtful Security	<u>2,02,800</u>	<u>25,78,231</u>		<u>—</u>
Advance Tax (Net of Provision)	<u>2,91,756</u>			<u>5,47,879</u>
	<u>1,48,11,137</u>			<u>2,20,37,468</u>

SCHEDULES TO THE ACCOUNTS (Contd.)

	As at 31st March, 2004 (Rs.) (Rs.)		As at 31st March, 2003 (Rs.) (Rs.)		For the year ended 31st March, 2004 (Rs.) (Rs.)		For the year ended 31st March, 2003 (Rs.) (Rs.)	
<b>11. CURRENT LIABILITIES</b>								
Sundry Creditors								
— Due to Small Scale Industries		50,760		32,738				
— Others *		6,85,52,212		18,92,42,720				
Other Liabilities		64,46,653		65,83,530				
Unclaimed Dividend		292		292				
Payments received against Golf Membership		3,63,52,289		3,85,81,993				
Security Deposit against Golf Membership		31,65,43,422		32,61,79,372				
Interest accrued but not due on loan		22,64,431		—				
Payments received under agreement to sell Refer Schedule 18(IV) (Secured by mortgage of land of the Company)		57,50,00,000		49,95,00,000				
		<u>1,00,52,10,059</u>		<u>1,06,01,20,645</u>				
* (includes Rs. Nil refundable to bank, Previous year - Rs. 55,76,946/-) (Amount due to Small Scale Undertaking outstanding for more than 30 days : Sahas Udyog, Sana Enterprise)								
<b>12. PROVISIONS</b>								
Provision for Retirement Benefits		10,58,370		16,11,181				
		<u>10,58,370</u>		<u>16,11,181</u>				
		<b>For the year ended 31st March, 2004 (Rs.)</b>		<b>For the year ended 31st March, 2003 (Rs.)</b>				
<b>13. INCOME FROM OPERATIONS</b>								
Membership Fee		2,24,48,202		2,56,55,913				
Food and Beverage		94,33,460		93,01,488				
Sale of Merchandising Items		41,33,663		39,19,342				
Caddie Rental		34,37,770		31,56,371				
Cart Rental		36,46,601		38,29,803				
Green Fee		80,12,447		8,606,035				
Health Club and Other Facilities		26,777		9,980				
Tent Income		18,45,078		18,77,787				
Sponsorship Income		19,73,250		16,40,000				
		<u>5,49,57,248</u>		<u>5,79,96,719</u>				
<b>14. OTHER INCOME</b>								
Interest received								
— On Fixed Deposits*		12,724		29,749				
— Others*		3,37,868		4,80,639				
Holding Charges		33,89,592		32,27,030				
Transfer Charges		5,79,738		29,86,763				
Miscellaneous Receipts		14,66,718		15,52,395				
Profit on Sale of Fixed Assets		48,45,835		2,97,000				
Amount Written Back		72,24,475		—				
Provision no longer required written back		12,57,589		1,38,920				
		<u>1,91,14,539</u>		<u>87,12,496</u>				
*(Tax deducted at source Rs. Nil Previous year - Rs. 2,161/-)								
<b>15. RAW MATERIAL, MERCHANDISING, ETC. CONSUMED AND EXPENDITURE INCURRED ON CONSTRUCTION</b>								
1) Raw Material								
Opening Stock		5,25,045		6,05,009				
Add : Purchases		50,17,296		49,89,976				
		55,42,341		55,94,985				
Less : Closing Stock		3,69,766		5,25,045				50,69,940
2) Merchandising								
Opening Stock		27,01,201		30,41,740				
Add : Purchases		22,93,933		20,20,075				
		49,95,134		50,61,815				
Less : Closing Stock		23,61,469		27,01,201				23,60,614
3) Laburnum Project Expenses								
Opening Balance								
- Stock of Parking Slots & Servant Qtrs.		62,16,922		—				
- Material at Site		4,56,236		9,65,243				
Add : Expenses during the year								
Construction & Development Expenses		8,41,234		13,44,066				
Salaries, Wages and Bonus		8,01,781		26,79,752				
Contribution to Provident and Other Funds		1,83,094		—				1,35,260
Welfare Expenses		71,259		—				1,96,072
Rates and Taxes		1,73,370		—				4,47,957
Travelling & Conveyance		46,641		—				1,10,280
Vehicle Maintenance		92,003		—				2,85,911
Communication Expenses		1,05,313		—				2,13,889
Electricity Exps		3,33,670		—				—
Insurance		12,078		—				30,991
Repair and Maintenance – Others		17,755		—				1,02,865
Business Promotion		3,677		—				13,721
Printing & Stationery		39,701		—				77,609
Legal & Professional Charges		11,35,395		—				35,11,392
Advertisement & Publicity		36,000		—				2,666
Lease Rental/Hire Charges		1,04,720		—				46,096
Brokerage & Commission		—		—				88,652
Rebate		—		—				17,547
Depreciation		1,47,736		—				1,77,917
Loss on Assets Discarded/Written off		1,74,012		—				3,43,126
Compensation Charges		—		—				38,47,469
Miscellaneous Expenses		3,48,257		—				1,43,581
		<u>1,13,40,854</u>		<u>1,47,82,062</u>				
Less : Recoveries		23,34,305		—				32,30,000
Less : Unsold stock of Parking Slots & Servant Qtrs.		13,79,862		—				62,16,921
Less : Material transferred to stores		4,56,236		—				—
Less : Closing Balance (Material)		—		71,70,451				48,78,905
		<u>1,49,76,691</u>		<u>1,23,09,459</u>				
<b>16. INTEREST CHARGES</b>								
Interest Paid								
— To Banks		—		—				—
— On Term Loans		—		—				—
— On Others		23,37,017		23,37,017				37,88,817
— To Others		1,78,48,341		1,53,71,865				1,53,71,865
		<u>2,01,85,358</u>		<u>1,91,60,682</u>				
<b>17. OPERATING AND ADMINISTRATIVE EXPENSES</b>								
Salaries, Wages and Bonus		2,22,69,051		2,21,60,756				
Contribution to Provident and Other Funds		8,06,245		9,96,602				
Welfare Expenses		27,77,052		2,58,52,348				2,60,86,900
Rent		22,42,550		24,55,286				24,55,286
Rates & Taxes		10,58,217		6,89,641				6,89,641
Travelling & Conveyance		12,72,654		17,67,216				17,67,216
Vehicle Maintenance		25,13,962		24,60,032				24,60,032
Communication Expenses		13,72,788		13,06,977				13,06,977
Power & Fuel		1,06,80,981		1,32,42,985				1,32,42,985
Consumption of Stores and Spares		3,50,405		2,63,146				2,63,146
Insurance		12,06,647		16,73,729				16,73,729
Repair and Maintenance								
— Building		8,47,195		1,43,564				1,43,564
— Plant and Machinery		58,07,142		34,16,306				34,16,306
— Others		16,26,131		17,49,967				17,49,967
Course Maintenance		50,02,703		21,48,950				21,48,950
Business Promotion		4,35,260		7,25,207				7,25,207
Printing & Stationery		8,36,131		9,00,546				9,00,546
Auditors' Remuneration								
— Audit Fee		4,00,000		4,00,000				4,00,000
— Tax Audit Fee		35,000		35,000				35,000
— Certification Fees		2,70,000		—				—
— Out of Pocket Expenses		75,300		50,450				4,85,450
Legal & Professional Charges		26,51,210		20,91,076				20,91,076
Advertisement & Sales Promotion		21,105		15,11,187				15,11,187
Hire Charges		18,08,272		28,38,955				28,38,955
Lease Rentals		5,62,779		8,86,669				8,86,669
Amortisation of Miscellaneous Expenses (Refer Note XVI of Schedule 18)		10,53,347		10,53,347				10,53,347
Club Promotion Expenses		3,75,089		1,80,031				1,80,031
Bad Debts written off		13,818		1,26,325				1,26,325
Provision for Doubtful Debts/Advances		18,33,324		18,14,212				18,14,212
Sundry Balances/Amount written off		1,77,867		2,85,050				2,85,050
Loss on Assets discarded/Assets written off		1,84,892		9,76,965				9,76,965
Stock written off		—		4,23,062				4,23,062
Provision for Slow Moving Inventory		13,60,056		4,00,000				4,00,000
Provision for Diminution in investment		5,44,99,900		—				—
Less : Provision no longer required written back (Refer Note XVII of Schedule 18)		5,00,00,000		44,99,900				—
Miscellaneous Expenses		30,23,380		26,78,120				26,78,120
		<u>7,94,50,453</u>		<u>7,47,80,901</u>				

SCHEDULES TO THE ACCOUNTS (Contd.)

18. NOTES TO THE ACCOUNTS

- I. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (Previous year - Rs. 18,93,655/-).
- II. Claims against the Company not acknowledged as debts :
  - i) 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.
  - ii) Legal suits against the Company for recovery of dues/compensation Rs. 5.70 Lacs (Previous year Rs. 5.67 Lacs).
- III. Bank Guarantees given to Government Authorities, Rs. 56,68,508/- (Previous year - Rs. 56,68,508/-).

IV. Current Liabilities include the following :

- i) Rs. 53.50 Crores 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, Rs. 4 Crores received as advance against agreement to sell approx. 3.89 acres of land held as stock in trade, are 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.
- ii) Approximately, Rs. 31.65 crores are deposits received from individuals towards golf memberships. These represent long term tradable memberships which, given the high brand equity of the Company's international class golf course, are unlikely to be surrendered in the near term.

V. 1) C I F Value of Imports	Current year	Previous year		
	Rs.	Rs.		
Stores & Spares	15,22,767	13,04,204		
2) Value of Consumption of Raw Material and Stores & Spares :	Rs.	%	Rs.	%
a) Raw Material - Food & Beverage				
Indigenous	51,72,575	100	50,69,940	100
	51,72,575	100	50,69,940	100
b) Stores & Spares				
Imported	54,67,046	94	7,93,954	75
Indigenous	3,50,405	6	2,63,146	25
	58,17,451	100	10,57,100	100

VI. Quantitative Details of Merchandising Stock :

Particulars	Current year		Previous year	
	Unit	Rs.	Unit	Rs.
a) Opening Stock				
Golf Equipment	173	4,99,276	305	6,54,848
Golf Apparel etc.	24,577	22,01,925	37,626	23,86,892
b) Purchases				
Golf Equipment	5	Nil	Nil	Nil
Golf Apparel etc.	24,355	22,93,933	12,905	20,20,075
c) Turnover (at selling price)				
Golf Equipment	108	1,91,180	132	1,29,590
Golf Apparel etc.	25,586	32,24,440	25,954	30,16,925
d) Closing Stock				
Golf Equipment	70	1,85,750	173	4,99,276
Golf Apparel etc.	23,346	21,75,719	24,577	22,01,924

VII. Earnings in Foreign Currency - Rs. 7,49,539/- (Previous year - Rs. 43,07,101/-)

VIII. Expenditure in Foreign Currency :	Current year	Previous year
	Rs.	Rs.
Consultancy Fees	Nil	23,970
Stores & Spares	15,22,767	13,04,204
Total	15,22,767	13,28,274

IX. Managing Director's Remuneration :	Current year	Previous year
	Rs.	Rs.
Salary including Bonus	9,00,000	6,07,419
Other Benefits / Perquisites	5,94,194	2,71,228
Contribution to PF and Other Funds	79,200	57,271
Total	15,73,394	9,35,918

Mr. Pradeep Jain's term of office as Managing Director expired on 31st March 2004. Mr. Subrahmonyan Chandrasekar was appointed as Managing Director of the Company for a period of three years from 1st April 2004, to 31st March 2007, without remuneration, subject to the approval of the members of the company.

X. The Company's significant leasing arrangements are in respect of leases for residential premises. These leasing arrangements are not non-cancellable and range between 11 months or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged to Rent under Schedule 17. The Company has not entered into any finance lease during the year.

XI. The Company has incurred a net loss after tax of Rs. 4,49,80,544/- during the year ended 31st March, 2004 and as on date the Company's liabilities exceed the total assets (excluding Miscellaneous Expenditure to the extent not written off) by Rs. 39,81,84,412/-. The Company has formulated plans to improve its profitability by reducing its overheads and in the current year has reduced its loss before interest, depreciation and taxes over the previous year by Rs. 1,32,07,280/-. The Company has ongoing cost reduction programs and is planning to come up with projects relating to construction of Villas. The Company has entered into agreements (including subsequent extensions) relating to the sale of approx. 26.82 acres of land to its parent, ITC Ltd., along with 6 lakhs sq ft. of FSI for construction of Villas (for which necessary approvals are awaited) and an amount of Rs. 53.50 crores has been received as advance against these agreements.

Hence these accounts are prepared on going concern basis.

XII. Small Scale Industries

The amount outstanding for more than 30 days as on 31st March, 2004 to a small scale industrial undertaking (SSI) as defined under sub-section (j) of Section 3 of the Industries (Development & Regulation) Act, 1951, has been disclosed separately in the Schedule 11.

The above information regarding Small Scale Industrial Undertakings has been determined, to the extent such parties have been identified, on the basis of information available with the Company. This has been relied upon by the auditors.

XIII. As a matter of prudence, deferred tax asset has not been recognised for the carried forward business losses. The Company, based on its Business Plan, (including profit from sale of FSI referred in para XI above) has recognized deferred tax asset to the extent of unabsorbed Depreciation only.

During the year, the Company has recognised additional net deferred tax asset of Rs. 1,06,21,611/- in the profit and loss account.

The Company expects to fully recover the deferred tax asset.

Deferred Tax Assets (Net)	As at 31.3.2004	As at 31.3.2003
	Rs.	Rs.
Deferred Tax Assets		
Unabsorbed Depreciation	13,93,39,728	12,71,67,114
Timing Differences :		
— Provision for doubtful debts / advances / inventory	33,73,240	23,93,953
— Others	10,96,042	10,82,862
	14,38,09,010	13,06,43,929
Less: Deferred Tax Liabilities		
Depreciation - Timing difference	11,52,65,948	11,27,22,478
Net Deferred Tax Assets	2,85,43,062	1,79,21,451

XIV. The Capital work-in-progress amounting to Rs. 3,36,05,961/- relates to Hotel Resort project, which is awaiting renewal of approvals from the concerned authorities. The Company expects to re-launch the project in the near future.

XV. Advances amounting to Rs. 33,49,274/- included in Advances recoverable in cash or kind considered good in Schedule 10 "Loans and Advances" are subject to confirmation. The Management expects that there would not be any material adjustment on confirmation and reconciliation.

XVI. During the previous year - 2002-03, 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. Considering the nature of expenditure as being enduring in nature, the same is being amortised over a period of 10 years. Accordingly, an amount of Rs. 84,26,777/- has been treated as Deferred Revenue Expenditure and disclosed under Miscellaneous Expenditure (to the extent not written off or adjusted) after amortising an amount of Rs. 10,53,347/- (disclosed under Schedule 17 Operating and Administrative Expenses).

XVII. During the year, the Company as the Developer of the Laburnum Condominium Complex (Laburnum), in order to maintain its goodwill in the real estate market, subscribed to 545, half percent Non-Cumulative Redeemable Preference Shares of the face value of Rs. 1,00,000/- each of Gilt Facilities India Pvt. Ltd. (Gilt), the erstwhile maintenance agency of the Laburnum, so that Gilt would have necessary funds to effectuate the settlement agreement arrived and recorded through a Court order with the Resident Welfare Association of Laburnum.

Considering Gilt's current financial position it has been considered prudent to provide for diminution in the value of investment in Gilt.

In the previous years, the Company had created a provision of Rs. 5 Crores for settlement with Laburnum owners. In view of the above, the provision has been written back during the year as is no longer required and adjusted against the diminution in value of Investment in Gilt Facilities India Pvt. Ltd.

SCHEDULES TO THE ACCOUNTS (Contd.)

<b>XVIII. Earnings per share</b>	<b>2004</b>	<b>2003</b>
Earnings per share has been computed as under :		
(a) Profit/ (Loss) After Taxation	(4,49,80,544)	(15,53,61,978)
(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)	(11.25)	(38.84)

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

SCHEDULE - 19

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. Work in 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, except those relating to fixed assets which are capitalised.

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 fee is accounted for in the year of receipt.
- 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

S. C. Sekhar *Managing Director*  
M. Riaz Ahmed *Director*  
Pramod Kumar *Company Secretary*

New Delhi, 11th May, 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   
\* including capital work in progress  
Net Current Assets  Misc. Expenditure   
Accumulated Losses  Deferred Tax Assets

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

Turnover\*  Total Expenditure   
\*includes other income  
+ - Profit/Loss before Tax  + - Profit/Loss after Tax   
(Please tick the appropriate box + for Profit, - for Loss)

Earning per Share in Rs.  Dividend Rate %

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

Item Code No. (ITC Code)  Product Description