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Country Club (India) Limited | Annual Report 2009-10

# Corporate Information

## Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



## Contents

- Corporate identity 02 ■ Milestones 05 ■ From the management’s desk 06
- Notice 16 ■ Directors’ report 20 ■ Management discussion and analysis 24
- Corporate governance report 28 ■ Financial section 42

## Board of Directors

|                                     |  |
|-------------------------------------|--|
| 1. Shri Y. Rajeev Reddy             | Chairman and Managing Director                 |
| 2. Shri Y. Siddharth Reddy          | Vice-Chairman, Joint Managing Director and CEO |
| 3. Shri Y. Varun Reddy              | Vice-Chairman, Joint Managing Director and COO |
| 4. Shri D. Krishna Kumar Raju       | Vice-Chairman & Executive Director             |
| 5. Smt. Y. Manjula Reddy            | Director                                       |
| 6. Shri D. Venkata Krishnam Raju    | Director                                       |
| 7. Shri K. Satyanarayana Raju       | Director                                       |
| 8. Shri D. Venkata Ratna Kishore    | Director                                       |
| 9. Shri Indukuri Venkata Subba Raju | Director                                       |
| 10. Shri Y. Subba Rao               | Additional Director w. e. f. 20th March, 2010  |

Company Secretary : Shri S. Subba Rao

## Contacts

### Registered Office

'Amrutha Castle',  
5-9-16, Saifabad,  
Opp: Secretariat,  
Hyderabad - 500 063

### Registrar and Share Transfer

#### Agents

Aarathi Consultants Private Limited  
1-2-285, Domalguda,  
Hyderabad - 500 029

Phone: +91 40 2763 8111  
+91 40 2763 4445

Fax: +91 40 2763 2184

website: [www.aarthiconsultants.com](http://www.aarthiconsultants.com)

E-mail: [info@arthiconsultants.com](mailto:info@arthiconsultants.com)

### GDR Depository

JP Morgan Chase Bank N.A.  
India Sub Custody,  
6th Floor, Paradigm B,  
MindSpace, Malad (W),  
Mumbai - 400 064

Phone: +91 22 6649 2509  
+91 22 6649 2618

Fax: +91 40 2880 1117

[india.custody.client.service@jpmorgan.com](mailto:india.custody.client.service@jpmorgan.com)

### Auditor

M/s. P. Murali & Co.  
Chartered Accountants  
6-3-655/2/3, Somajiguda,  
Hyderabad - 500 082

### Banker

Axis Bank Limited,  
Hyderabad  
ICICI Bank Limited,  
Hyderabad

## Listed on

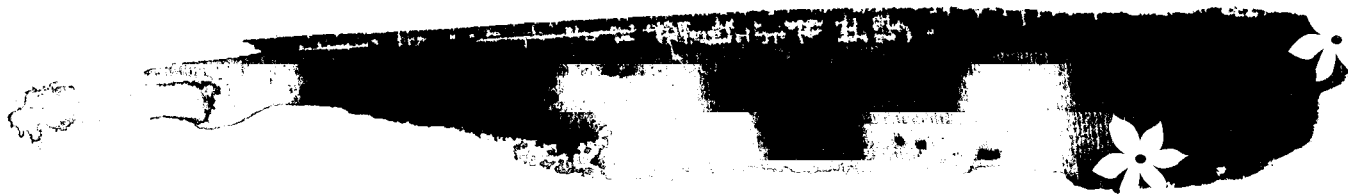
Equity : Bombay Stock Exchange Limited, Mumbai

GDRs : Luxembourg Stock Exchange, Luxembourg

Book Closure Dates: 23rd September, 2010 to 30th September, 2010 (Both days inclusive)



Country Club is a company and an experience that yields tangible benefits. Enhancing shareholder value. Increasing opportunities of growth for employees. Increasing customer delight! Country Club, however, is the metaphor of just one intangible: peace of mind.



## our *V*ision

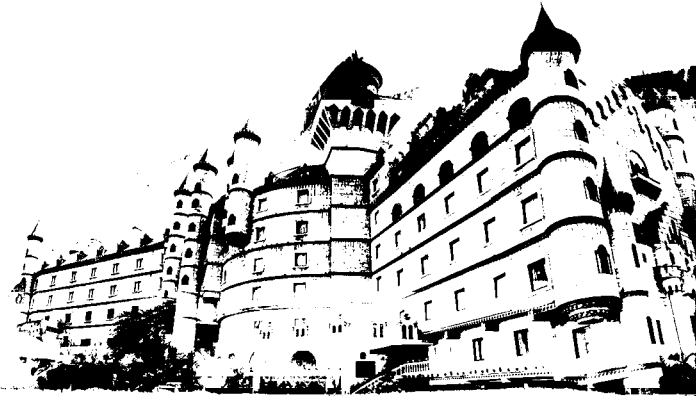
To be world leaders in family clubbing in today's disintegrating society and create a cohesive force in relationship between man and men; man and nature and man and his environs embedded in current realities and inherit by legacy to the generation next.

## our *M*ission

To deliver experiences that nurture relationships and contribute to a wholesome wellness lifestyles in a stress free, eco-friendly environment to member community with a win-win situation for all involved in furthering the cause of such ecosystems.

## who we are

- Went into business (1989) with the objective to make clubbing accessible and affordable.
- Service-driven organisation of 3500 people.
- Presence of owned and franchised properties across potent geographies.
- Spread across 53 properties (33 owned, 17 associated properties and 3 leased properties).
- Reinforced by 220-plus Indian and global affiliations (via Country Vacations) and 3900 resorts (via RCI affiliation).
- Multi-location organisation headquartered in Hyderabad (India).
- Industry leader, attractively profit-making and listed on the BSE.



## what we are proud of

- The country's biggest chain of family clubs (recognized by the *Limca Book of World Records*).
- Over 200,000 members comprising 650 corporate clients (Microsoft, Satyam Computers, Global Trust Bank, Brooke Bond Lipton (India) Ltd, CMC Ltd and Dr. Reddy's Laboratories Ltd, among others).
- Strategic zero-interest monthly installment alliances with ICICI Bank, Citibank, Standard Chartered, ICICI Lombard and Birla Sunlife Insurance for interested members.

# what we offer

- Concept hospitality facilities across various Indian locations.
- State-of-the-art health club, multi-cuisine restaurants, business centre, swimming pool and other recreational facilities.
- A comprehensive range of membership products.
- Combination of entertainment with recreation and leisure.
- Unique transferability of membership from one city to another.

# where we are located

- Ahmedabad, Bangalore, Bandipur, Baroda, Chennai, Cochin, Delhi, Dubai, Goa, Hyderabad, Hubli, Indore, Jaipur, Kandy (Sri Lanka), Kovalam, Kolkata, Kodaikanal, Lucknow, Mangalore, Mysore, Mumbai, Pune, Surat and Vizag.

## Thematic destinations:

### Country Club Bandipur

Wildlife destination in Karnataka offering guided tours of the jungle

### Country Club de Goa

One-stop water sports club along the Anjuna Beach, Goa

### Country Club Kovalam

First-ever floating spa in Kerala

### Country Club International

First five-star standard club in Sarjapur (Bangalore) offering a 24-hour gym and 'Moksh' spa

### Country Club Golf Village

Exclusive club across five destinations (two in Bangalore, one in Mumbai, Chennai and Hyderabad).

### Country Club Mango Grove

Located in Chennai

### Country Club Coconut Grove

First major 100% eco-friendly leisure infrastructure project

# 1989

CCIL started its first club in Begumpet, Hyderabad

# 2000

Entered into Chennai (third metro)

# 2005

Enters wildlife with Country Club Bandipur and first international property and foray into leisure infrastructure properties

# 2009

Foray into the Middle East with an international property in Dubai (Bur Dubai)

# 1995

Completed Hotel Amrutha Castle in Hyderabad

# 2001

Came to Mumbai (fourth metro)

# 2007

- CCIL entered Delhi (fifth metro), Ahmedabad (sixth metro) Pune (seventh metro) and Kolkata (eighth metro)
- CCIL launched city Clubs through CK 27 model
- CCIL launched medical tourism venture through Country Spa

# 2010 (present)

Entered into the consolidation phase with the acquisition of 3 subsidiaries

# 1997

Expanded into Bangalore (second metro)

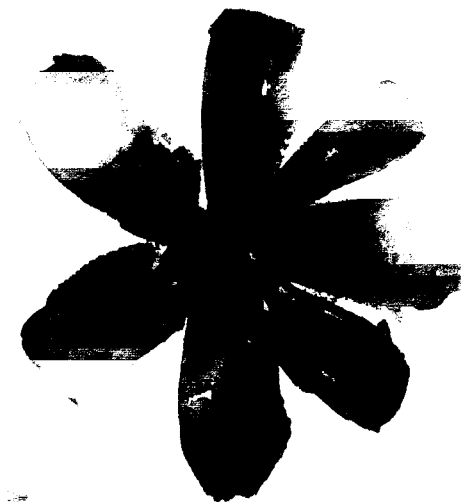
# 2002

Adopted a business strategy to enter into multiple genres of tourism

# 2008

Completed GDR issue/QIP \$122

*Milestones*



From the management's desk

“The year 2010 is a different story as the consumer is well educated, travelled, experienced and looks beyond the gloss of the brand to the value proposition and the actual delivery of brand promises.”

This year, we will make a departure from our discussions about the company (as we have done in the previous two years' annual reports) and focus on the optimism of the industry space in which we operate. With a singular objective in mind for our shareholders: peace of mind!

India - known the world over as the land of hospitality - is today in the defining stages of the business of hospitality. While the possibilities for growth are immense, it will take an earnest effort, both from the industry's key stakeholders in the private sector and the relevant government bodies to truly change the Indian hospitality's landscape in the years ahead. Perhaps, the industry is in need of a champion who will work towards the several reforms and ideas discussed in this article with the same zeal and enthusiasm as is characteristic of our industry's service culture.

## The Indian Economy

It has been a fantastic growth story for a country that in 1990 attracted only US\$ 150 million of Foreign Direct Investments (FDIs), and then received US\$ 4 billion in 2000 to over US\$ 90 billion in just the past three years. India's GDP has grown at an impressive 8.5% during the six years spanning 2003/04-2008/09. The recent global financial crisis has only reduced the rate by 2-3 percentage points and even then the economy continues to grow at the annual rate of 6% following the three quarters after the meltdown. Several domestic and global agencies have recently applauded the Indian economy's resilience and have projected a growth rate of 7.5% for 2011. India reduced its central fiscal deficit from 8% of the GDP in the early 1990s to 2.5% in early 2008. This gave the government ample breathing space to increase its expenditure (the deficit subsequently rose to 7% of the GDP), and boost demand in the country which enabled the economy to sustain itself during the critical months of the crisis.

Additionally, the Indian demographics continue to cater to the global audience very effectively. An enormous English speaking workforce that is highly educated (more college graduates than any other nation) and ingrained in a service culture that is touted as among the best in the world, makes the Indian employee a worthwhile investment.

## Drivers of growth of the Indian economy

- India's exponential FDI growth likely to continue
- Indian demographics, the right fit for global business audiences
  - Continued growth of projected GDP, at more than 7% in the years ahead
- Resilient economy, only marginally affected by the global financial crisis
- Exponential service sector growth, with emergence of BPO, Telecom and other sectors



## The maturing of the Indian hospitality market

About a decade ago, there were really only a handful of major hotel markets in India, namely the four metros and possibly a Bangalore or a Goa, a result of businesses primarily being based in and needing hotel rooms in these cities. Thus, while visitors to these major cities had a choice of several luxury and upscale hotels, affiliated with both domestic and international brands, the availability and quality of hotels declined significantly when venturing to the smaller cities.

In the last decade, as the major cities developed rapidly, real estate prices soared, and the cost of setting up and sustaining business operations in these cities became prohibitive. Companies, therefore, started looking at other cities in the country where costs were lower which resulted in the ascent of cities such as Hyderabad, Pune, Jaipur and Ahmedabad. As a result of these dynamics, there are currently about 10 to 12 main hotel markets in the country, all of which offer a variety of branded product offerings across different positionings. The emergence of these secondary and tertiary cities led to an aggressive increase in hotel development activity and provided avenues for expansion of hotel brands, which were previously dependent on new opportunities in just the five main cities.

Another trend that has now emerged in the various major markets is the growth of micro-markets, especially in the primary cities. As commutes in larger cities are increasingly measured in amount of travel time rather than distance, people are choosing to stay at hotels that are located closer to their place of work, thereby saving crucial travel time that might otherwise have been wasted in traffic. Thus, while it might have been feasible previously to build only one Holiday Inn or one Marriott in the market, the presence of independent micro-markets now allows the existence of multiple hotels with the same brand affiliation without fears of cannibalization of demand.

The Ministry of Tourism's 'Incredible India' campaign has started to strike a chord and will likely play its role in increasing visitations to India. The future of the Indian markets and their ability to mature into destinations relies on concerted efforts, both by the relevant government bodies and the private sector players. Creativity will be of essence and perhaps it is time to start marketing Brand India under several subsets such as cultural tourism, eco-friendly vacationing, medical tourism,



The Ministry of Tourism's 'Incredible India' campaign has started to strike a chord and will likely play its role in increasing visitations to India.

## From the management's desk



religious circuits, adventure sports tourism, wildlife safaris, beach destinations and wellness vacations.

Additional influences that attract or deter foreign tourists and thus need to be addressed are the quality of infrastructure-related developments, ease of attaining a tourist visa for India, perhaps offering a visa on arrival option to nationals of certain countries, the country's image as a safe, secure and friendly destination, amongst others.

### Marketing trends in hospitality

Ten years ago, the marketing mantra that worked best for hotels was the creation of a brand; make it exclusive, market the experience as surreal and the customer's decision to purchase was expected to automatically

follow suit. This worked at that time because there was a narrow playing field with few domestic and international hotel chains in the country. Not surprising then that in 2010, India has seen an increased supply of international and domestic hotel chains that now volley with independent hotels for market share. Moreover, consumer generated media and mobile technology had yet to hit India in 2000 where the foremost influencer for the customer in making a purchase decision was the brand. The brand was conceptualized by its custodians - the internal stakeholders - to reflect the persona of the product, which made branding a one-way stream of communication mostly. Hence, Brand 2000 was a product of the internal stakeholders accented with high flying Brand Promises which translated into the Consumer Purchase Decision of 2000.

The year 2010 is a different story as the consumer is well educated, travelled, experienced and looks beyond the gloss of the brand to the value proposition and the actual delivery of brand promises. Thus, in the Year 2010, the marketing mantras are differentiation, consistency, customer satisfaction, delivery of brand promises and customer retention. Today, Brand 2010 has evolved from a one-way communication stream to a two-way one that is more flexible and accommodates the customer's needs and wants. Hence, Brand 2010 is a product of the External Stakeholder - the needs and wants of the Customers - accented by experience led, sustainable Brand Promises which now translates into the Purchase Decision of 2010.

### Equity and valuation

Given that banks would typically only lend up to 60% of the construction cost, developers were forced to then raise equity by tapping into personal resources to cover the rest of the costs. Such a process was often an inefficient and time-consuming one, with no guarantees that the required amount could be raised eventually. The entry of Private Equity (PE) funds into India has made the task of raising equity for projects much easier, as the major players have access to significant levels

of capital and have greater appetite for risk than banks. Availability of PE funds has also enabled existing hospitality players to attract investments at the company level as opposed to a project level, thus giving them the flexibility to use these funds as they deem fit. Over the next ten years, we believe that PE players will become increasingly involved within the hospitality industry and look at opportunities at all market positions, especially in the budget and mid market level. While the Indian hotel industry has not seen much transaction activity in the last decade, the next ten years will bear witness to a larger number of transactions, especially in the form of mergers and acquisitions, as companies take advantage of the lower costs of debt and easier access to equity capital.

### **The human side of hospitality**

With the opening of the Indian economy, several international companies rushed to establish their base in India. They, however, soon realized that their plans would need to be supplemented by effective and expressive liaisons that were somehow not available in bulk in the market. This created a spate of high-salaried job profiles whose primary function was identical to those of the employees within the hospitality industry - service. It was, hence, only natural that hotels saw an increased number of resignations from team members that were digressing from their core competencies to join high-paying jobs in call centres, banks and airlines. Several hoteliers even explored their chances with real-estate firms and infrastructure companies in the then burgeoning Dubai, and the Emirates.

The year 2010 is a sea change in these phenomena. The hard-hitting economic recession has forced several of these poaching multinational companies to relook at their staffing requirements and downsize their current teams. This has resulted in the availability of employees who are now being absorbed into the resurgent hospitality sector. The year and the decade ahead are also expected to see oversimplification of job roles. With the advent of new types of accommodation products and need for

standardization, hotel companies have considered preparing manuals detailing the procedural handling of every conceivable situation in a hotel operation scenario, thus reducing the reliance on age and experience. This has resulted in younger individuals taking on the helm of operations for a unit. The evergreen area of concern - availability of sufficient number of staff - has also seen a change with the requirement now being changed to 'availability of sufficient number of trained and qualified staff'. Hotel managers have realized the difference in service levels achieved through trained staff and otherwise and have made a transition for the better. This has created a specific requirement that is currently not being catered to by most of the educational institutions across the country.


At Country Club, 2009-10 was a year of consolidation and securing foundations for a robust and promising growth in the foreseeable future. We have taken hits on our profitability and turnover in the short-term to leverage our assets, consolidate our strengths and secure the roots of a solid and robust business entity to enhance shareholder value multiple times as the company surges ahead.



**At Country Club, the delight of the experience is not only limited to the Company's resorts. It also transcends into the realm of its business with multiple drivers of growth:**

- Emergence of secondary and tertiary cities
- Emergence of micro-markets
- Continued marketing of Brand India
- Continued improvement of infrastructure in Indian cities and towns
- Ease of attaining Indian visas
- Development of India's image as a safe, secure and friendly destination
- Development and marketing of niche tourism like medical tourism, religious circuits, adventure tourism etc.
- Entry of most major international brands
- Changing perception of Indian markets as a lucrative opportunity among international brands
- Growth of the Indian middle class offering a large consumer base of more than 1 billion people
- Educated and well exposed Indian audiences, likely to accept global brands wholeheartedly
- Expected emergence of branded budget and economy hotels





Nowhere can man find a  
quieter or more untroubled  
retreat than in his own soul.

*- Marcus Aurelius*

Free

**At Country Club, the brand promise and the commitment of rejuvenation is not confined to the owned properties and its service bouquet. It goes beyond the confines of its own business buoyed with the promise of optimism in the market today:**

- Broadening of the playing field with entry of many domestic and international hotel chains
- Well educated, travelled and experienced customer base
- Evolution of the brand from a one-way communication stream to a two-way one that accommodates customer needs and experiences
- Consistent delivery of brand promises and customer experiences
- Marketing equations changing in favour of the customer with online channels like Web 2.0 and social networking
- Likely rationalization of land costs, due to the recent economic conditions
- Increased import of material from global sources, as long as quality goods are available
- Expected rationalization of costs, with government intervention in relaxing the license process
- Expected rationalization of per key development costs, with entry of brands across all positionings



She could not separate  
success from peace of mind.  
The two must go together.

*- Daphne du Maurier*

*Happy*

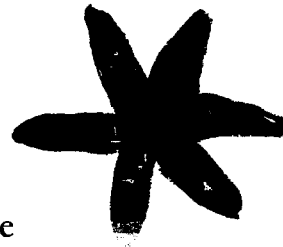


The only peace, the only  
security, is in fulfillment.

- Henry Miller







**At Country Club, the therapeutic experience is not only kindled by the togetherness of kindred spirits bonding. It has evolved beyond the business of the company into the greater truths of the prevalent industry optimism:**

Strong likelihood of infrastructure status for hospitality

- Increased possibility of securing debt at reasonable rates and for extended periods
- Growth of private equity investments and hospitality funds
- Expected rationalization of asking price of hotel assets
- Continued significant contribution of third party travel websites to hotel reservations
- Increasing role of Brand.com sites in the overall sales and marketing strategy of all hotel brands
- Increasing reliance on search engine optimization, web advertising and e-marketing

# Notice

NOTICE is hereby given that the 19th Annual General Meeting of the members of M/s. Country Club (India) Limited will be held on Thursday, 30th September, 2010 at 12.00 noon. at Shri Agrasen Bhavan, # 149, Brig. Sayeed Road, Sappers Line, Paradise, Secunderabad-500003 to transact the following businesses:

## Ordinary business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on equity shares of the Company.
3. To appoint a Director in place of Shri Indukuri Venkata Subba Raju, Director who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri D. Krishna Kumar Raju, Director who retires by rotation and being eligible offers himself for re-appointment.
5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s. P. Murali & Co., Chartered Accountants, Hyderabad (Registration No. 007257S) be and are hereby appointed as the Statutory Auditors of the Company to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration, plus service tax as applicable and reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties, as the Audit Committee or Board of Directors may fix in this behalf".

## Special business:

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Shri Y. Subba Rao, who was appointed as an Additional Director of the Company with effect from 20th March, 2010 by the Board of Directors and who holds office upto the commencement of 19th Annual General Meeting of the members of the Company U/s 260 of the Companies Act, 1956 (the Act), who is eligible for appointment and in respect of whom the Company has received a notice in writing U/s 257 of the Act from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII to the Companies Act, 1956, consent of the Company be and is hereby accorded to re-appoint Shri Y. Siddharth Reddy as the Joint Managing Director of the Company with a designation" Vice Chairman, Joint Managing Director & Chief Executive Officer" of the Company for a further period of Five (5) years with effect from 1st September, 2010 on the following terms and conditions:

- A). Salary of Rs. 2,50,000/- (Rupees two lakh and fifty thousand only) per month. This includes dearness allowance and all other allowances unless otherwise specified herein.
- B). In addition, he shall be entitled to the following:
  1. Perquisites as under not exceeding Rs. 25,000/- per month:
    1. Housing: Rent-free accommodation will be provided to him from whom 10 per cent of his salary shall be recovered. In case no accommodation is provided by the Company, house rent allowance at 60% of the salary shall be paid. In addition, he shall be allowed free use of the Company owned furniture and other consumable durables, if required.

2. The expenditure incurred by him for gas, electricity, water and furnishings shall be reimbursed by the Company.
3. All medical expenses incurred by him shall be reimbursed.
4. Leave travel concession for him will be allowed once in a year as may be decided by the Board.
5. Fees of clubs subject to maximum of two clubs. This will not include the admission and life membership fees.
6. Personal accident insurance - the premium of which shall not exceed Rs. 10,000/- per annum.
7. Contribution to the provident fund, superannuation fund, annuity fund to the extent the same are not taxable under the Income Tax Act.
8. Provision of car with driver for use of the Company's business and telephone at the residence.

- II. Commission: He shall be paid performance based commission upto two and half percentage (2.50%) (including salary and perquisites hereafter stated) of the net profits of the Company calculated in accordance with Section 349 and Section 350 of the Companies Act, 1956, for each financial year.

**RESOLVED FURTHER THAT** in case of absence or inadequacy of profits during any financial year during the tenure of office of Shri Y. Siddharth Reddy, Vice Chairman, Joint Managing Director and Chief Executive Officer, the above remuneration shall be payable subject to the limits prescribed under Section II, Part II of Schedule XIII to the Companies Act, 1956".

**For Country Club (India) Limited**

**Y. Rajeev Reddy**

Chairman &

Managing Director

Place : Hyderabad

Date : 30th August, 2010

## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF OR HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. The relevant explanatory statement required by Section 173 (2) of the Companies Act, 1956, in respect of the special business set out above is annexed hereto.
3. The Register of members and Share Transfer Books of the Company will remain closed from 23rd September, 2010 to 30th September, 2010 (both days inclusive).
4. Dividend, if declared, will be paid (i) to all the beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of the business hours on 22nd September, 2010. Dividend warrants are scheduled to be posted on or after 05th October, 2010, i.e. within 30 days of declaration of dividend in the 19th AGM. Dividend warrant is valid for payment by the Company's bankers for six months from the date of issue. Thereafter, you may contact our Registrar and Share Transfer Agent i.e. M/s. Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad 500 029, for revalidation of the warrants.
5. You are advised to encash your dividend warrants immediately as the dividend amount remaining unclaimed/unpaid at the expiry of seven years from the date that becomes due for payment are required to be transferred by the Company to the Investor Education and Protection Fund U/s 205C in terms of Section 205A of the Companies Act, 1956. The due date for transfer of unpaid dividend amount to the Investor Education and Protection Fund (IEPF) of the Financial Year 2006-07 is 03rd November, 2014,

for Financial Year 2007-08 is 09th October, 2015 and for Financial Year 2008-09 is 04th November, 2016. For the current financial year i.e. 2009-10, the due date for the transfer of unpaid dividend amount to the Investor Education and Protection Fund is 04th November, 2017.

6. Payment of Dividend through Electronic Clearing Services (ECS).

The Securities and Exchange Board of India (SEBI) has advised the Companies to mandatory use ECS facility, wherever available, for distributing dividends or other cash benefits etc, to the investors. This facility provides instant credit of dividend amount to your Bank account electronically at no extra cost. ECS also eliminates the delay in postal transit and fraudulent encashment of warrants.

Under this facility the amount of dividend payable to you would be directly credited to your bank account. Your bank's branch will credit your account and indicate the credit entry as 'ECS' in your pass book / statement account. We would be issuing an advice to you directly after the transaction is effected.

In case you wish to have your dividends paid through ECS, and are holding the Company's shares in electronic form, you may kindly fill in the enclosed ECS mandate form and submit it to your Depository Participant. However, in case you are holding the Company's Share in physical form and wish to have your future dividends paid through ECS, you may kindly return the said ECS mandate form duly completed and signed by you at our Share Transfer Agent mentioned elsewhere in this report.

If you do not wish to opt for ECS facility, we strongly recommend to provide the details of your Bank's Name, Branch, type of Account and Account Number to your depository participant, in cases where shares are held in electronic form, and to us in cases where shares are held in physical form for printing the same on the dividend warrants which will be dispatched to you. In the event of any change or correction in the details provided earlier, kindly send revised particulars to your Depository Participants or to us as the case may be, at an early date.

7. It may be noted that no claim will be entertained against the Company or the Investor Education and Protection Fund in respect of the said unclaimed dividend amount transferred to the fund.
8. Members who hold shares in dematerialized form are requested to write their client ID and DP ID. Those who hold shares in physical form are required to write their Folio Number in the Attendance slip for attending the meeting.
9. Members holding shares in physical form are requested to notify/send any change in their address to the Company's share transfer agents, or to the Company at its Registered Office.
10. Members holding shares in dematerialisation form are requested to notify/send any changes in their address to the concerned depository participant (s).
11. In case of joint holders attending the Meeting, only such joint holders who is higher in the order of names will be entitled to vote.
12. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the AGM.
13. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders willing to avail this facility may make nomination in Form 2B. This nomination form should be submitted at Registrar and Share Transfer Agent (R. T. A.) as per the address mentioned in the Corporate Governance Report.
14. Members/Proxies should bring duly filled attendance slips sent herewith for attending the meeting along with the copies of annual reports to the Annual General Meeting.
15. Pursuant to the requirement of Corporate Governance code under the Listing Agreement entered into by the Company, the information about the Directors proposed to be appointed/re-appointed is given in the Annexure to this Notice.

## Explanatory Statement

[Pursuant to Section 173(2) of the Companies Act, 1956]

### **Item # 6: Appointment of Shri Y. Subba Rao, as a Director of the Company**

The Board of Directors appointed Shri Y. Subba Rao as Additional Director of the Company with effect from 20th March, 2010 pursuant to the provisions of Section 260 of the Act and Article 94 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Shri Y. Subba Rao holds office up to the date of the forthcoming Annual General Meeting of the Company, but are eligible for re-appointment as Director. The Company has received a notice in writing pursuant to Section 257 of the Act, from a Member proposing Shri Y. Subba Rao candidature for the Office of Director of the Company at the forthcoming Annual General Meeting of the Company.

The Board recommend the resolution for the member's approval in the Annual General Meeting.

None of the Directors of the Company is, in any way, concerned or interested in the proposed resolution except Shri Y. Subba Rao himself.

### **Item # 7: Revision of remuneration payable to Shri Y. Siddharth Reddy, Vice-Chairman, Joint Managing Director and CEO**

The existing tenure of Shri Y. Siddharth Reddy as the Joint Managing Director expires on 31st August, 2010. Shri Y. Siddharth Reddy is a young, energetic and dynamic person and under his leadership, the Company has seen major transformation in terms of visibility of the Company in the general public, brand name and brand building. Board of Directors reviewed his performance and resolved to re-appointment him for a further period of 5 years with effect from 1st September, 2010 on the existing terms and conditions to avail his uninterrupted services to the Company. Remuneration Committee has approved the said proposal. Re-appointment of Shri Y. Siddharth Reddy requires the approval of members in general meeting as per the provisions of the Companies Act, 1956. Hence the above resolution is submitted to the meeting for members' approval.

The explanatory statement together with the accompanying notice may be treated as an abstract of the appointment and the terms of remuneration payable to Shri Y. Siddharth Reddy pursuant to Section 302 of the Companies Act, 1956.

The Directors namely Shri Y. Siddharth Reddy, Shri Y. Rajeev Reddy, Shri Y. Varun Reddy and Smt. Y. Manjula Reddy, are being relatives considered to be interested in this Resolution.

For Country Club (India) Limited

Place : Hyderabad

Date : 30th August, 2010

**Y. Rajeev Reddy**

Chairman & Managing Director

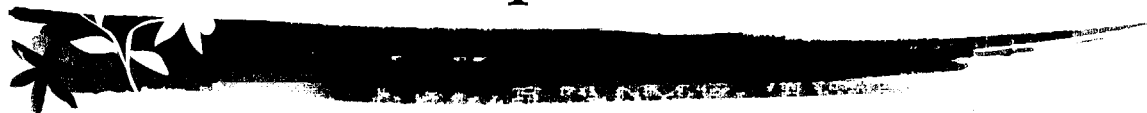
## Additional information

(As per Clause 49 of the Listing Agreement)

As required under the Listing Agreement, the particulars of Directors who seek appointment/re-appointment are given below:

- |                             |   |  |
|-----------------------------|---|--|
| <b>1. Name</b>              | : | Shri Indukuri Venkata Subba Raju                               |
| Age                         | : | 54 years   |
| Qualification               | : | L. M. E.   |
| Expertise                   | : | Experience of 32 years in different Manufacturing Industries   |
| Other Directorships         | : | Nil  |
| Shareholding in the Company | : | Nil  |
| <b>2. Name</b>              | : | Shri D. Krishna Kumar Raju                                     |
| Age                         | : | 53 years   |
| Qualification               | : | B. Com (Hons.)   |
| Expertise                   | : | Vast experience in Finance, Pharma and Hotel Management        |
| Other Directorships         | : | 07   |
| Shareholding in the Company | : | 0.25%  |
| <b>3. Name</b>              | : | Shri Y. Subba Rao  |
| Age                         | : | 72 years   |
| Qualification               | : | B. Com   |
| Expertise                   | : | Vast experience in Administration, Finance, Accounts and Audit |
| Other Directorships         | : | Nil  |
| Shareholding in the Company | : | Nil  |

# Directors' Report



To  
The Members of  
M/s. Country Club (India) Limited

The Directors have pleasure in presenting the 19th Annual Report of your Company together with Audited Annual Accounts for the financial year ended 31st March, 2010.

## Financial results

(Rupees in Lakhs)

| Particulars  | Consolidated (Mar' 10) |               | Standalone (Mar' 10) |               |
|--|------------------------|---------------|----------------------|---------------|
|  | Current Year           | Previous year | Current Year         | Previous year |
| Total Income   | 30,850.66              | 40,843.44     | 21,243.78            | 29,293.29     |
| Operating profit before interest, depreciation and tax | 8,450.55               | 10,328.55     | 4,644.70             | 4,175.42      |
| Interest and financial charges                         | 1,065.00               | 1,415.29      | 925.05               | 1,351.72      |
| Depreciation   | 2,251.18               | 1,661.88      | 1,327.11             | 1,143.63      |
| Profit before taxation                                 | 5,134.37               | 7,251.38      | 2,921.69             | 1,680.07      |
| Provisions for taxation                                | 1,166.29               | 726.43        | 1,125.96             | 708.61        |
| Profit after taxation                                  | 3,968.08               | 6,524.95      | 1,795.74             | 971.46        |
| Transfer to General Reserves                           | Nil                    | 73.00         | Nil                  | 73.00         |
| Provision for dividend                                 | 77.47                  | 309.70        | 77.47                | 309.70        |
| Provision for dividend tax                             | 12.87                  | 52.63         | 12.87                | 52.63         |
| Surplus carried to Balance Sheet                       | 19,009.35              | 15,131.61     | 11,503.50            | 9,798.10      |

### Results of operations

During the year, the turnover of the Company was Rs. 308.51 Crores as compared to Rs. 408 Crores for the previous year. The Company is constantly striving to improve its membership, and hopes to achieve better results in the forthcoming year.

### Outlook

The Company's motto is to offer best service of the best quality at the best price to its members. With this

in view, the Company is constantly trying to improve its properties, increasing the opportunities for its members to get value for their money. The Company has launched a new concept of ownership of fractional Condos, under which the member is offered part ownership. The product has received good response from the member public. The Company hopes to launch more such innovative products to attract more membership.

### Dividend and transfer to Reserves

Your Directors are pleased to recommend a dividend of 5% on the equity share capital of Rs.170,237,472/- resulting in a cash outflow of Rs.77,46,690/- (pro-rata) (excluding dividend tax). Dividend on Equity Share Capital for the year ended 31st March, 2010, which if approved by members at the forthcoming Annual General Meeting, will be paid out of current year profits within 30 days of declaration.

### Un-Paid/Un-claimed Dividend Amount

Following amounts are lying in the Un-paid / un-claimed Dividend Account of the Company:

| Financial Year | Amount in Rs. |
|----------------|---------------|
| 2008 - 2009 :  | 7,78,597      |
| 2007 - 2008 :  | 7,40,588      |
| 2006 - 2007 :  | 7,23,028      |

### Share Capital

The paid-up Share Capital of your Company stands at Rs.170,237,472/- (Rupees Seventeen Crores Two Lakhs Thirty Seven Thousand Four Hundred and Seventy Two only) as on 31st March, 2010.

During the year, the Company has allotted 76,94,001 Equity Shares at Rs.16.26 per Equity Share to Shri Y. Rajeev Reddy, promoter of the Company, upon the conversion of 54,95,715 Share Warrants on 30th March, 2010. The Company has filed an application for listing and trading permission of aforesaid allotted shares with Bombay Stock Exchange Limited, which is pending for approval.

### Long-term resources

To augment the long-terms resources to the Company, the Company has raised funds by way of issue of

convertible warrants. The details of which are given below:

### Convertible Warrants

- During the previous year the Company has issued and allotted 7,00,000 warrants to Shri Y. Rajeev Reddy, Chairman & Managing Director of the Company, at a price of Rs.770/- per warrant convertible into equal number of Equity Shares of Rs.10/- each. The promoter has not exercised his 7,00,000 (Seven Lakhs) warrants allotted on 01st October, 2008. These warrants were due for conversion on 31st March, 2010. Hence, the said warrants were expired and the Company has forfeited the 10% amount collected in advance.

- The Company had issued and allotted 86,00,000 Convertible Warrants to Shri Y. Rajeev Reddy, Chairman & Managing Director of the Company, at a price of Rs.22.76 per warrant convertible into seven equity shares of Rs.2/- each for every five warrants on 08th July, 2009, out of which 54,95,715 Warrants are converted into 76,94,001 Equity Shares.

The Balance 31,04,285 Warrants are eligible for conversion into seven equity shares of Rs.2/- each for every five warrants. The last date for conversion

of Warrants into Equity Shares is 07th January, 2011.

- The Company has issued & obtained approval of shareholders at their EGM held on 30th April, 2010 for 3,00,00,000 Convertible warrants to M/s. Zen Garden Hotel Private Limited, a company registered under the Companies Act, 1956 and belonging to the promoter group of the Company at a price of Rs.25/- per warrant convertible into equal number of Equity shares of Rs.2/- each for every warrant.

### New Venture

During the year, the Company has set up a new overseas branch at Muscat, Sultanate of Oman. The branch is set up as "Country Vacations International LLC - Oman" and is a subsidiary of Country Vacations International Limited - Dubai, U.A.E.

### Management Discussion and Analysis

Pursuant to Clause 49 of the Listing Agreement, a report on the management discussion and analysis is enclosed herewith.

## CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### Additional information as required U/s 217(1) (e) of the Companies Act, 1956

|  |  |
|--|--|
| (a) Conservation of energy                               | The Company is monitoring the consumption of energy and is identifying measures for conserving it. |
| (b) (i) Technology absorption, adaptation and innovation | No technology - indigenous or foreign - is involved.   |
| (ii) Research and development (R&D)                      | No research and development was carried out.   |
| (c) Foreign Currency Earnings                            | Rs.49,65,564   |
| Foreign Currency Expenditure / Outflow                   | Rs.74,94,295/Rs.4,74,94,295  |

## Particulars of Employees

In pursuance to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees receiving remuneration of Rs. 24,00,000 or more per annum or Rs. 200,000 or more per month are given below:

| Sl. No. | Name                  | Designation                                  | Total Remuneration (in Rs.) | Qualification   | Exp. (in years) | Date of Commencement of Employment | Age      | Last Employment held    |
|---------|-----------------------|--|-----------------------------|---|-----------------|------------------------------------|----------|-------------------------|
| 1       | Y. Rajeev Reddy       | Chairman & Managing Director                 | 36,00,000                   | B.Com (Hons.)   | 23 Years        | 17-05-1991                         | 53 Years | Amrutha Group           |
| 2       | Y. Siddharth Reddy    | Vice-Chairman, Joint Managing Director & CEO | 30,00,000                   | Graduation in Finance with Hons. from University of Texas, Austin | 6 Years         | 30-07-2005                         | 27 Years | N.A.                    |
| 3       | Y. Varun Reddy        | Vice-Chairman, Joint Managing Director & COO | 30,00,000                   | B.A. (Eco), B.A. (Corporate Communication)                        | 4 Years         | 01-08-2006                         | 25 Years | N.A.                    |
| 4       | D. Krishna Kumar Raju | Vice-Chairman & Executive Director           | 33,00,000                   | B. Com (Hons)   | 10 Years        | 27-11-2004                         | 53 Years | Country Condo's Limited |

## Subsidiaries

Ministry of Corporate Affairs, Government of India, vide order No. 47/690/2010-CL-III dated 26th August, 2010 has granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of Section 212 of the Companies Act, 1956, shall not apply to the Company. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. Financial information of the subsidiary companies, as required by the said order, is disclosed in the Annual Report. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for

inspection by any investor at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

## Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Indukuri Venkata Subba Raju and Shri D. Krishna Kumar Raju, Directors of the Company, retire by rotation at the 19th Annual General Meeting and being eligible, offer themselves for re-appointment. Brief resume of the Directors proposed to be re-appointed stating the nature of their expertise in specific functional areas, their shareholding along with other relevant details are given at the end of the Notice of the Annual General

Meeting. The Board commends their reappointment by the members at the 19th Annual General Meeting.

None of the directors of the Company are disqualified from being appointed as directors as specified in section 274(1) (g) of the Companies Act, 1956, as amended.

## Directors' Responsibility Statement

### The Directors of the Company hereby state:

- that in the preparation of the Annual Accounts for the year ended 31st March 2010, the applicable Accounting Standards have been followed and there are no material departures.
- that they have selected appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the



state of affairs of the Company as on 31st March 2010 and of the Profit of the Company for the financial year ended 31st March 2010.

- iii) that they have 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.
- iv) that they have prepared the annual accounts for the financial year ended 31st March 2010 on a going concern basis.

### Auditors

M/s. P. Murali & Co., Chartered Accountants, are retiring as Auditors of the Company, but being eligible, have offered themselves for re-appointment. M/s. P. Murali & Co. have furnished a certificate of their eligibility U/s 224 (1B) of the Companies Act, 1956. Board of Directors recommends their re-appointment.

### Statement pursuant to the Listing Agreement

The Company's equity shares are listed on the Bombay Stock Exchange Limited (BSE) and the Company has paid the annual listing fees up to 2010-11.

### Corporate Governance

As required by Clause 49 of the Listing Agreements, a

separate section containing the Report on Corporate Governance together with the Certificate on the compliance with the conditions of corporate governance issued by the Auditors of the Company are appended hereto and they form part of this Annual Report.

### Subsidiary Companies

The Company has Sixteen subsidiary outfits, both Domestic and International as on 31st March, 2010.

#### Domestic Subsidiaries:

1. Aquarian Realtors Private Limited
  2. Bush Betta Holiday Ownership Wildlife Adventure Resort Private Limited
  3. Bright Resorts Private Limited
  4. Chanakyapuri Resorts Private Limited
  5. International Country Holidays Private Limited (formerly known as Aakruti Engineers Private Limited)
  6. Jade Resorts Private Limited\*
  7. J. J. Arts and Entertainments Private Limited
  8. Kolet Resort Club Private Limited
  9. Maruti Waterpark and Entertainments Private Limited
  10. Country Vacations International Limited, India
  11. Swami Vivekanand Training and Education Centre Private Limited
  12. Swimwel Investment and Trading Private Limited
- \* Has become subsidiary of the Company U/s 4(1) (c) of the Companies Act, 1956.

#### International Subsidiaries:

1. Country Club Babylon Resort Private Limited, Sri Lanka
  2. Country Vacations International Limited, Dubai
  3. Country Vacations International LLC, Dubai\*
  4. Country Vacations International LLC, Oman\*
- \* Has become subsidiary of the Company U/s 4(1) (c) of the Companies Act, 1956.

### Personnel

The relationship between the management and the staff was very cordial throughout the year under review. Your Directors take this opportunity to record their appreciation for the cooperation and loyal services rendered by the employees.

### Deposits

The Company has not accepted any deposits falling U/s 58A of the Companies Act, 1956, during the year under review.

### Acknowledgements

Your Directors wish to place on record their appreciation for the support extended by government authorities, bankers, customers and shareholders of the Company.

Your Directors also wish to place on record their appreciation for the sincere services rendered by the employees of your Company during the year. Their dedication, teamwork and efficiency have been commendable.

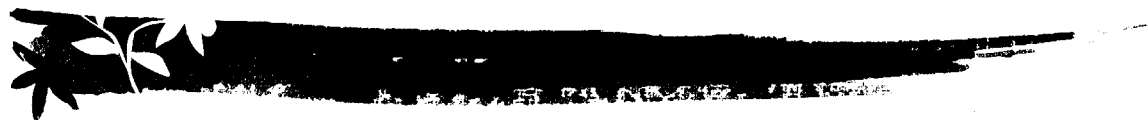
**For and on behalf of the Board**  
For Country Club (India) Limited

Place: Hyderabad  
Date: 30th August, 2010

**Y. Rajeev Reddy**  
Chairman & Managing Director

**Y. Siddharth Reddy**  
Vice-Chairman, JMD & CEO

# Management Discussion and Analysis



## Industry overview

The Indian Hospitality Industry has been witnessing a dry spell for the last four quarters with large-scale erosion in its profitability. However, the optimistic mood on the global slowdown moderation seems to have increased the hope for the industry. An analysis report on the performance of the hospitality industry, released by The Associated Chambers of Commerce and Industry of India, indicated several reasons for the steep decline in the last 12 months which has left a powerful mark scarring almost 64% of the industry. These vary from the global economic slowdown, increase in security requirements post the Mumbai terror attacks, coupled with the concerns raised by the spread of the H1N1 pandemic. However, it definitely seems like the worst is over. Recent trends have indicated that many industry giants have short listed over 100 students from various institutes for recruitment into their respective organizations. This validates the predictions that the travel and tourism sector is expected to generate 40,037,000 jobs i.e. 7.2 per cent of total employment by 2019 (World Economic Forum). Thus, one can safely afford to indulge in positive affirmation! Incidentally, the construction industry also seems to be taking advantage of the upsurge. A number of hotels have taken to adding rooms to their existing infrastructure to accommodate the increasing number of tourists that are flocking the country today. In fact, the World Economic Forum has placed India in the 11th

position in the Asia Pacific region and 62nd position overall in its Travel and Tourism Competitiveness Report 2009. This is definitely indicative of the brighter horizons the industry is veering towards. The commonwealth games seem to have already started to perk up the cash flow in the tourism sector. The spurt in high-end hospitality, targeting the Commonwealth tourist traffic, has taken the industry to a whole new echelon. High-end wellness seems to be the current trend with several resorts. In a bid to blend rich heritage with the luxury of a high-end rejuvenating experience, several resorts all over the country, especially Jaipur, have taken to well-known traditional Indian wellness regimes of Ayurveda and Yoga combined with best of international wellness experiences. All this has contributed in spreading cheer within the industry heightening expectations for the New Year. India is experiencing huge footfalls as a favorite vacation destination of foreigners and natives for both business and leisure alike. Fierce competition and fight to rank on the number one position is leading the leaders of this industry to contemplate on ideas, and innovate successful hospitality products and services every day. The hospitality industry one could say is going into a tizzy working towards improving itself. *Source: World Economic forum - report*

## Opportunities and Threats

The global economic crisis seems to be coming to an end. A sense of hope is emerging from the ravages

caused by a serious recessionary situation. All signs are pointing towards optimism, the banks are returning to profitability, government stimulus programs are in effect, industries have taken to hiring, and with the job opportunities mushrooming people are also feeling more positive about their financial affairs and the economy in general.

With accelerating hope for a full economic recovery, many industries have enthusiastically taken to breathe life into their respective verticals. Take for instance the hospitality industry, a recent report has indicated that the FICCI has requested for granting an Infrastructure and Export industry status to the hotel industry, primarily to help increase investments.

The hotel industry is unable to enjoy a horde of benefits due to the many restrictions imposed, for example, the high loan rates. The tourism industry earned foreign exchange worth USD 11.7 billion in 2008, an increase of 9.5 percent from the previous year. In addition, the industry is likely to provide for creating 40 million jobs by 2019, which makes the industry a strong contender for deductions on foreign exchange earnings, among other grants. In fact, according to a study by the World Travel & Tourism Council, the Indian travel and tourism industry is expected to grow at a much faster rate than its global counterparts.

With the infrastructure grant in motion, abundant opportunities will open up for the hospitality sector.

The Reserve Bank of India, at present, classifies loans to the sector as a commercial real estate exposure resulting in higher interest rates and non-priority status for financial assistance. The grant will help delink hotel projects from commercial real estate, which will help in availing of easier credit. The other benefits include 100 percent FDI in development of tourism infrastructure in India, escalation of investment in the tourism sector, creation of land banks for budget hotels and single-window clearance for new hotel projects by the state governments, identification of hotel sites to be given on long-term leases, improvement in civic amenities through the PPP model, and development of one destination in each pro-active state as a model tourism destination.

The study enunciates that the Indian tourism industry is expected to present a number of opportunities in the first-class and mid-market hotel segments. However, to create these opportunities, India requires investments worth INR 600 billion over the next five years to meet the unmet demand for about 1,50,000 rooms. With the grant of the status, re-investment in the hospitality sector will be encouraged. This will also channelize investment flow in the tourism sector, helping bridge the demand-supply gap.

*Source: The FICCI-Evaluateserve Study & the World Travel & Tourism Council Report*

## Outlook

The Hospitality industry in India is certainly looking

brighter in the coming season. Overall the industry is poised for a stupendous growth as a recent report by world travel and tourism council suggests that the growth in the Indian hospitality industry is estimated to be at 15% every year and the demand of rooms in the country is expected to surge up to 2,00,000 rooms.

Hospitality industry has definitely discovered the success mantra i.e. to provide good quality products and services at affordable prices and most of the hotel groups are actually following it to heal the bleeding sector that saw its turnover falling by 25-40 percent.

Sensible cost-control measures and initiatives like the Visit India campaign have helped the hotel industry. The matter of fact is that the Hotel industry is expected to draw benefits with the improving economy of the country. The hospitality sector is witnessing good advance bookings as the busy season begins in October and also due to extended weekends as a considerable number of people nowadays opt for cost-effective shorter holidays. The discounts offered by hotels and airline to rejuvenate the sector definitely proved beneficial as there is about 10-15% increase in advance bookings in the month of September over the previous months. The discount offers have actually favoured the domestic travellers as well as foreign travellers as the slowdown had a worst effect on them.

Along with promotional offers the hotel industry is surely got its necessary boost as the Union tourism ministry has permitted the hotel industry to go in for

external commercial borrowings up to \$100 million during the current financial year. The Reserve Bank of India too has removed hotels from the 'commercial real estate' classification. These two moves proved to be advantageous and were long awaited by the sector as it will facilitate credit flow to the capital intensive and credit starved hospitality industry.

## Risks and concerns

### **CCIL is reliant on the reputation of its brand**

Any event that materially damages the reputation of one or more of CCIL's properties and/or failure to sustain the appeal of CCIL's properties to its customers could have an adverse impact on the value of that brand and subsequent revenues from that brand or business.

In addition, the value of the CCIL brand is influenced by a number of other factors, some of which may be outside CCIL's control, including commoditisation (whereby price and/or quality becomes relatively more important than brand identifications due, in part, to the increased prevalence of third-party intermediaries), consumer preference and perception, failure by CCIL to ensure compliance with the significant regulations applicable to hotel operations (including fire and life safety requirements), or other factors affecting consumers' willingness to purchase goods and services, including any factor which adversely affects the reputation of those brands.

In particular, where CCIL is unable to enforce adherence to its operating and quality standards, or the significant regulations applicable to hotel operations, there may be further adverse impact upon brand reputation or customer perception and therefore the value of the hotel brands.

Given the importance of brand recognition to CCIL's business, CCIL has invested considerable effort in protecting its intellectual property, including registration of trademarks and domain names. However, the controls and laws are variable and subject to change. Any widespread infringement, misappropriation or weakening of the control environment could materially harm the value of CCIL's brand and its ability to develop the business.

**CCIL is exposed to a variety of risks related to identifying, securing and retaining franchise and management agreements**

CCIL's growth strategy depends on its success in identifying, securing and retaining franchise and management agreements. This is an inherent risk for the hotel industry and franchise business model. Competition with other hotel companies may generally reduce the number of suitable franchise, management and investment opportunities offered to CCIL and increase the bargaining power of property owners seeking to become a franchisee or engage a manager. The terms of new franchise or management agreements may not be as favourable as current arrangements and CCIL may not be able to renew existing arrangements on the same terms.

There can also be no assurance that CCIL will be able

to identify, retain or add franchisees to CCIL system or to secure management contracts. For example, the availability of suitable sites, planning and other local regulations or the availability and affordability of finance may all restrict the supply of suitable hotel development opportunities under franchise or management agreements. In connection with entering into franchise or management agreements, CCIL may be required to make investments in, or guarantee the obligations of, third parties or guarantee minimum income to third parties. There are also risks that significant franchisees or groups of franchisees may have interests that conflict, or are not aligned, with those of CCIL including, for example, the unwillingness of franchisees to support brand improvement initiatives.

Changes in legislation or regulatory changes may be implemented that have the effect of favouring franchisees relative to brand owners.

**CCIL is exposed to the risks of political and economic developments**

CCIL is exposed to the inherent risks of global and regional adverse political, economic and financial market developments, including recession, inflation, availability of affordable credit and currency fluctuations that could lower revenues and reduce income. A recession reduces leisure and business travel to and from affected countries and adversely affects room rates and/or occupancy levels and other income-generating activities. This may result in deterioration of results of operations and potentially reducing the value of properties in affected economies.

Further political or economic factors or regulatory action could effectively prevent CCIL from receiving profits from, or selling its investments in, certain countries, or otherwise adversely affect operations. For example, changes to tax rates or legislation in the jurisdictions in which CCIL operates could decrease the proportion of profits CCIL is entitled to retain, or CCIL's interpretation of various tax laws and regulations may prove to be incorrect, resulting in higher than expected tax charges.

**CCIL requires organisational capability to manage changes in key personnel and senior management**

In order to develop, support and market its products, CCIL must hire and retain highly skilled employees with particular expertise. The implementation of CCIL's strategic business plans could be undermined by failure to recruit or retain key personnel, the unexpected loss of key senior employees, failures in CCIL's succession planning and incentive plans, or a failure to invest in the development of key skills. Some of the markets in which CCIL operates are experiencing economic growth and CCIL must compete against other companies inside and outside the hospitality industry for suitably qualified or experienced employees. Failure to attract and retain these employees may threaten the success of CCIL's operations in these markets. Additionally, unless skills are supported by a sufficient infrastructure to enable knowledge and skills to be passed on, CCIL risks losing accumulated knowledge if key employees leave CCIL.

**CCIL is exposed to the risk of events that adversely impact domestic or international travel**

The room rates and occupancy levels of CCIL could be adversely impacted by events that reduce domestic or international travel, such as actual or threatened acts of terrorism or war, epidemics, travel-related accidents, travel-related industrial action, increased transportation and fuel costs and natural disasters, resulting in reduced worldwide travel or other local factors impacting individual hotels. A decrease in the demand for hotel rooms as a result of such events may have an adverse impact on CCIL's operations and financial results. In addition, inadequate preparedness, contingency planning or recovery capability in relation to a major incident or crisis may prevent operational continuity and consequently impact the value of the brand or the reputation of CCIL.

**CCIL is exposed to inherent risks in relation to technology and systems**

To varying degrees, CCIL is reliant upon certain technologies and systems (including IT systems) for the running of its business, particularly those which are highly integrated with business processes. Disruption to those technologies or systems could adversely affect the efficiency of the business, notwithstanding business continuity or disaster recovery processes. CCIL may have to make substantial additional investments in new technologies or systems to remain competitive. Failing to keep pace with developments in technologies or systems may put CCIL at a competitive disadvantage. The technologies or systems that CCIL chooses may not be

commercially successful or the technology or system strategy employed may not be sufficiently aligned with the needs of the business or responsive to changes in business strategy. As a result, CCIL could lose customers, fail to attract new customers or incur substantial costs or face other losses.

**CCIL is exposed to the risks of the hotel industry supply and demand cycle**

The future operating results of CCIL could be adversely affected by industry overcapacity (by number of rooms) and weak demand due, in part, to the cyclical nature of the hotel industry, or other differences between planning assumptions and actual operating conditions. Reductions in room rates and occupancy levels would adversely impact the results of Group operations.

**CCIL may experience a lack of selected development opportunities**

While the strategy of CCIL is to extend the hotel network through activities that do not involve significant amounts of its own capital, if the availability of suitable development sites becomes limited, this could adversely affect its results of operations.

**Internal Control Systems and their adequacy**

Country Club has a robust internal audit and control system which is a process overdriven by the Board of Directors, Management and other personnel and provides reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable

laws and regulations.

The Companies Internal Audit function is staffed with qualified and experienced people.

The Standard Operating Procedures (SOPs) put in place by the Company are in line with the best global practices and have been laid down across the process flows along with authority controls for each activity.

**Financial performance**

The Company had a strong 5-year CAGR of 48%. In 2008-09, the Company made many greenfield and brownfield acquisitions and over the last year was in the process of completing those projects which led to a dip in the topline and bottomline. But once completed, shall lead to a strong incremental growth in sales. The Management has maintained that it wants to build the Company for the next 50 years and is willing to take short-term dips for strong and robust long-term benefits for shareholders.

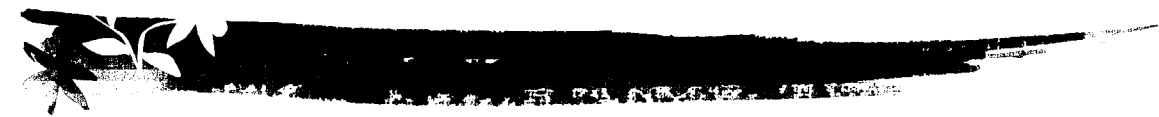
**Cautionary statement**

Statements in this Management's Discussion and Analysis describing the Company's objectives, projects, estimates and expectations maybe forward-looking statements within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downward trend in the domestic industry, monsoon, rise in input costs and significant changes in the political and economic environment in India, environment stands, tax laws, litigation and labour relations.

## Annexure "A" to Directors' Report

# Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)



## 1. Company's Philosophy

*"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society." (Sir Adrian Cadbury, UK, Commission Report: Corporate Governance 1992).*

Country Club (India) Limited ('CCIL' or 'the Company') has always been committed to the highest level of corporate governance, and has derived its values from a system which integrates ethics, corporate integrity and best-in-class compliance practices. Transparency, fairness, disclosure and accountability have been central to the working of the Company, its management and its Board of Directors. Indeed, CCIL to good Corporate Governance practices predates the laws and mandates of the Securities and Exchange Board of India (SEBI). The Company is in compliance with the requirements of the revised guidelines on corporate governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. A code of conduct is framed in its pursuits of excellence in corporate governance.

## 2. Board of Directors

### a) Composition

The composition of Board of Directors of the Company meets the stipulated requirements. The Board consists of 10 Directors, out of which 5 are Independent Directors. Composition of the Board and category of Directors are as follows:

| Category              | Name of the Directors                         | Designation                                    |
|-----------------------|---|--|
| Promoter Directors    | Shri Y. Rajeev Reddy                          | Chairman & Managing Director                   |
|                       | Shri Y. Siddharth Reddy                       | Vice - Chairman, Joint Managing Director & CEO |
|                       | Shri Y. Varun Reddy                           | Vice - Chairman, Joint Managing Director & COO |
|                       | Smt. Y. Manjula Reddy                         | Non - Executive Director                       |
| Executive Director    | Shri D. Krishna Kumar Raju                    | Vice-Chairman & Executive Director             |
| Independent Directors | Shri D. Venkata Krishnam Raju                 | Independent Non-Executive Director             |
|                       | Shri P. A. Chandra Shekhar Reddy <sup>1</sup> | Independent Non-Executive Director             |
|                       | Shri D. Venkata Ratna Kishore                 | Independent Non-Executive Director             |
|                       | Shri K. Satyanarayana Raju                    | Independent Non-Executive Director             |
|                       | Shri Indukuri Venkata Subba Raju              | Independent Non-Executive Director             |
|                       | Shri Y. Subba Rao <sup>2</sup>                | Additional Director                            |

<sup>1</sup>upto 20th March, 2010

<sup>2</sup>w.e.f. 20th March, 2010

**b) Attendance of Directors at the Board meetings and the last AGM**

(i) No. of Board Meeting held during the financial year ended on 31st March, 2010, for which the details are as follows:

| No. of Quarters                | Quarter I        | Quarter II           | Quarter III         | Quarter IV          |
|--------------------------------|------------------|----------------------|---------------------|---------------------|
|                                | 30th April, 2009 | 30th July, 2009      | 30th October, 2009  | 30th January, 2010  |
|                                | 07th May, 2009   | 30th August, 2009    | 18th November, 2009 | 02nd February, 2010 |
| <b>Dates of Board Meetings</b> | 09th May, 2009   | 23rd September, 2009 |                     | 20th March, 2010    |
|                                | 30th June, 2009  |                      |                     | 30th March, 2010    |

The last Annual General Meeting was held on 30th September, 2009.

(ii) Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships / Memberships of Committees of each Director in various companies:

| Name of the Director                         | No. of Other Directorships <sup>1</sup> | No. of Memberships/Chairmanships of Board Committees in other Companies <sup>2</sup> | Attendance            |          |
|--|---|--|-----------------------|----------|
|  |   |  | No. of Board Meetings | Last AGM |
| Shri Y. Rajeev Reddy                         | 13                                      | Nil  | 9                     | Yes      |
| Shri Y. Siddharth Reddy                      | 13                                      | Nil  | 10                    | Yes      |
| Shri Y. Varun Reddy                          | 9                                       | Nil  | 9                     | Yes      |
| Shri D. Krishna Kumar Raju                   | 7                                       | Nil  | 10                    | Yes      |
| Smt. Y. Manjula Reddy                        | 6                                       | Nil  | 9                     | No       |
| Shri D. Venkata Krishnam Raju                | Nil                                     | Nil  | 8                     | No       |
| Shri P. A. Chandra Sekhar Reddy <sup>3</sup> | Nil                                     | Nil  | 8                     | Yes      |
| Shri D. Venkata Ratna Kishore                | Nil                                     | Nil  | 9                     | Yes      |
| Shri K. Satyanarayana Raju                   | Nil                                     | Nil  | 7                     | Yes      |
| Shri Indukuri Venkata Subba Raju             | Nil                                     | Nil  | 7                     | No       |
| Shri Y. Subba Rao <sup>4</sup>               | Nil                                     | Nil  | 2                     | No       |

<sup>1</sup>The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, Companies Registered U/s 25 of the Companies Act, 1956 and Private Limited Companies.

<sup>2</sup>In accordance with Clause 49, Memberships / Chairmanships of only the Audit Committees and Shareholders' / Investors' Grievance Committees in all Public Limited Companies (excluding Country Club (India) Limited) have been considered.

<sup>3</sup>upto 20th March, 2010, <sup>4</sup>w.e.f. 20th March, 2010

### c) Code of Conduct

In pursuance with the Sub - Clause (D) of Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for all Board Members and Senior Management Personnels of the Company. The Code of Conduct has been made available on our website, [www.countryclubindia.net](http://www.countryclubindia.net).

All the members of the Board and Senior Management Personnels have affirmed their compliance with the Code of Conduct, as at 30th August, 2010. A declaration regarding the Code of Conduct's Compliances has been given at the end of the Corporate Governance Report, signed by the Chairman & Managing Director and Vice - Chairman, Joint Managing Director & CEO.

### 3. Audit Committee

The Audit Committee acts as a link between the Statutory and Internal Auditors and Board of Directors. It addresses itself to matters pertaining to adequacy, accuracy and reliability of financial statements, adequacy of provisioning of liabilities, sound working capital management analysis, time and cost overruns in implementation of projection opportunities. The Committee also looks into adequacy, transparency and time.

The terms of reference of the Audit Committee are in conformity with the provisions of Clause 49 of the Listing Agreement entered with the Bombay Stock Exchange Limited.

#### a) Composition of the Audit Committee

The Audit Committee for the year was constituted of the following members:

| Name of the Member                           | Category              |
|--|-----------------------|
| 1. Shri P. A. Chandra Sekhar Reddy, Chairman | Independent Directors |
| 2. Shri D. V. Ratna Kishore, Member          |                       |
| 3. Shri D. Krishna Kumar Raju, Member        | Executive Director    |

With Effect from 20th March, 2010, the Audit Committee has been re-constituted, as follows:

| Name of the Member                    | Category              |
|---------------------------------------|-----------------------|
| 1. Shri Y. Subba Rao, Chairman        | Independent Directors |
| 2. Shri D. V. Ratna Kishore, Member   |                       |
| 3. Shri D. Krishna Kumar Raju, Member | Executive Director    |

Shri S. Subba Rao, Company Secretary has acted as the Secretary to the Committee.

#### b) Attendance of Members at the Audit Committee Meetings

During the year, Five Audit Committee Meetings were held for approval of unaudited / audited financial results on 30th April, 2009; 30th June, 2009; 30th July, 2009; 30th October, 2009 and 30th January, 2010. Following are the attendance of each member in the Audit Committee Meetings:

| Name of the Director           | No. of Meetings |          |
|--------------------------------|-----------------|----------|
|                                | Held            | Attended |
| Shri P.A. Chandra Sekhar Reddy | 5               | 5        |
| Shri D. V. Ratna Kishore       | 5               | 5        |
| Shri D. Krishna Kumar Raju     | 5               | 5        |
| Shri Y. Subba Rao              | 5               | Nil      |

The meetings of the Audit Committee are attended by the heads of finance and statutory auditor as invitees. The unaudited financial results for each quarter were approved by the Audit Committee before being passed on to the Board of Directors for approval and adoption.

Terms ad reference of the Audit Committee include a review of,

- Financial reporting process
- Draft Financial statements and Auditor's Report (before submission to the Board)
- Accounting policies and practices
- Internal controls and internal audit systems
- Risk management policies and practices
- Related-party transactions
- Internal audit reports and adequacy of internal audit function

The role of the Audit Committee includes recommending the appointment and removal of external auditor, discussion of the audit, plan and fixation of the audit fee and also approval of payment of fees for any other services.

### 4. Remuneration Committee

The role of remuneration committee is to decide and fix the remuneration payable to the Managing Directors/Whole-time Directors of the Company.

However, the remuneration of the Managing/Whole-time Directors is subject to approval of the Board and of the Company in General Meeting and such approvals as may be necessary.

#### a) The Remuneration Committee for the year was constituted of the following members:

| Name of the Member                         | Category              |
|--|-----------------------|
| 1. Shri K. Satyanarayana Raju, Chairman    | Independent Directors |
| 2. Shri P. A. Chandra Sekhar Reddy, Member |                       |
| 3. Shri D. V. Ratna Kishore, Member        |                       |

With Effect from 20th March, 2010, the Remuneration Committee has been re-constituted, as follows:

| Name of the Member                       | Category              |
|--|-----------------------|
| 1. Shri K. Satyanarayana Raju , Chairman | Independent Directors |
| 2. Shri Y. Subba Rao, Member             |                       |
| 3. Shri D. V. Ratna Kishore, Member      |                       |

The Remuneration Committee shall function in accordance with the terms of reference made by the Board of Directors, which are given as follows:

1. To fix the remuneration packages of Executive Directors i.e., Managing Directors and Whole-time Directors, etc.
2. To decide on the elements of remuneration package of all the Directors i.e. salary, benefits, bonus, stock options, pensions, etc.



b) During the year, there was no meeting of the members of the Remuneration Committee, as the remuneration paid to the Director's is same as of the previous year.

**Details of remuneration to the Directors for the year**

| Name of the Director        | Relationship with other Directors   | Business relationship with other Directors        | Loans and advances from the Company | Remuneration paid during the Financial Year 2009 - 2010 |           |            |             |
|-----------------------------|---|---|-------------------------------------|---|-----------|------------|-------------|
|                             |   |   |                                     | Sitting Fee   | Salary    | Commission | Total (Rs.) |
| Shri Y. Rajeev Reddy        | Related to Smt. Y. Manjula Reddy, Shri Y. Siddharth Reddy, Shri Y. Varun Reddy  | Promoter Director, Chairman and Managing Director | Nil                                 | Nil   | 36,00,000 | Nil        | 36,00,000   |
| Shri Y. Siddharth Reddy     | Related to Shri Y. Rajeev Reddy, Smt. Y. Manjula Reddy, Shri Y. Varun Reddy     | Vice-Chairman and Joint M. D. & CEO               | Nil                                 | Nil   | 30,00,000 | Nil        | 30,00,000   |
| Shri Y. Varun Reddy         | Related to Shri Y. Rajeev Reddy, Smt. Y. Manjula Reddy, Shri Y. Siddharth Reddy | Vice-Chairman and Joint M. D. and COO             | Nil                                 | Nil   | 30,00,000 | Nil        | 30,00,000   |
| Shri. D. Krishna Kumar Raju | Not Applicable  | Vice-Chairman & Executive Director                | Nil                                 | Nil   | 33,00,000 | Nil        | 33,00,000   |

**5. Shareholders'/Investors' Grievance Committee**

The Committee oversees share transfers and monitors investor grievances. To look into the redressal of shareholders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

The Shareholders'/Investors' Grievance Committee was constituted of the following Directors:

| Name of the Member                           | Category              |
|--|-----------------------|
| 1. Shri P. A. Chandra Sekhar Reddy, Chairman | Independent Directors |
| 2. Shri Indukuri Venkata Subba Raju, Member  |                       |
| 3. Shri D. V. Ratna Kishore, Member          |                       |

With Effect from 20th March, 2010, the Shareholders'/Investors' Grievance Committee has been re-constituted, as follows:

| Name of the Member                          | Category              |
|---|-----------------------|
| 1. Shri Y. Subba Rao, Chairman              | Independent Directors |
| 2. Shri Indukuri Venkata Subba Raju, Member |                       |
| 3. Shri D. V. Ratna Kishore, Member         |                       |

Shri S. Subba Rao, Company Secretary is the Compliance Officer of the Company.

The total number of complaints received during the year 2009-2010 was 19. All the Complaints were resolved during the year. There was no outstanding complaint as on 31st March, 2010.

The complaints had been attended to within seven days from the date of receipt of the complaint as communicated by our Registrars and Share Transfer Agents, M/s Aarthi Consultants Private Limited

## 6. General Body Meetings

### a) Location and time of the last three AGMs (Annual General Meetings)

| AGM  | Year        | Venue  | Date                 | Time       |
|------|-------------|--|----------------------|------------|
| 18th | 2008 - 2009 | Shri Agrasen Bhavan, 149, Brig Sayeed Road, Sappers Line, Paradise, Secunderabad - 500 003 | 30th September, 2009 | 12:00 noon |
| 17th | 2007 - 2008 | Shri Agrasen Bhavan, 149, Brig Sayeed Road, Sappers Line, Paradise, Secunderabad - 500 003 | 05th September, 2008 | 12:00 noon |
| 16th | 2006 - 2007 | Shri Agrasen Bhavan, 149, Brig Sayeed Road, Sappers Line, Paradise, Secunderabad - 500 003 | 29th September, 2007 | 12:30 p.m. |

### b) Special resolutions passed in the previous three AGMs

| Date of the AGM | No. of Special resolutions passed | Details of the Special Resolutions  |
|-----------------|-----------------------------------|---|
| 30th Sep., 09   | 01                                | <ul style="list-style-type: none"> <li>● Increase the number of directors from 12 to 20.</li> </ul>   |
| 05th Sep., 08   | 02                                | <ul style="list-style-type: none"> <li>● Subdivision of face value of the Equity Shares of the Company from Rs. 10/- to five Equity Shares of Rs. 2/- each.</li> <li>● Issue of 7 lakhs warrants to Shri Y. Rajeev Reddy the Chairman &amp; Managing Director of the Company</li> </ul>   |
| 29th Sep., 07   | 09                                | <ul style="list-style-type: none"> <li>● Offerings of Securities of FCCBs, GDRs and ADRs representing Equity Shares.</li> <li>● Issue of warrants on preferential basis to Promoter and others</li> <li>● Further issue of Equity Shares on preferential basis.</li> <li>● Revision of remuneration payable to Shri Y. Rajeev Reddy, Chairman &amp; Managing Director of the Company.</li> <li>● Revision of remuneration payable to Shri Y. Siddharth Reddy, Vice-Chairman, Joint Managing Director &amp; CEO.</li> <li>● Revision of remuneration payable to Shri Y. Varun Reddy, Vice-Chairman, Joint Managing Director &amp; COO.</li> <li>● Appointment of Shri D. Krishna Kumar Raju as a Whole-time Director of the Company designated as Vice-Chairman and Executive Director of the Company.</li> <li>● Increase in the number of Directors of the Company from twelve to twenty.</li> <li>● Acquisition of Companies by way of purchase of Equity Shares of the Companies.</li> </ul> |

c) No Special Resolution was passed through Postal Ballot during the year i.e. 2009-2010.

d) No Special Resolution is proposed to be passed through Postal Ballot for the forthcoming 19th AGM.

## 7. Disclosures

- A) Disclosure on materially significant related-party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The transaction with the related parties is mentioned under Notes on Accounts to Standalone and Consolidated Accounts in the Annual Report of the Company. None of the transaction with the related parties is in conflict with the interest of the Company.
- B) Details of non-compliance by the Company, penalties and strictures imposed on it by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years:  
None

C) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of this clause:

Your Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this report.

**Notes on Directors' appointment/re-appointment**

Relevant details are given as additional Information forming part of the notice of the Annual General Meeting/Directors' Report.

**8. Means of communication**

a) Financial Results: The Company's quarterly, half-yearly and annual results are published in newspapers as per the Clause 41 of the Listing Agreement. The Annual Report and other communication will be sent to the Shareholders through post.

b) The financial and other results were published in the following newspapers at Hyderabad:

1. Business Standard
2. Andhra Prabha

c) The results are also displayed on the Company's websites, [www.countryclubindia.net](http://www.countryclubindia.net) / [www.countryclubindia.com](http://www.countryclubindia.com)

d) The website also displays the official news releases. As per the listing requirements, the Company publishes periodical financial results in Business Standard in English and Andhra Prabha in Telugu.

**9. Management discussion and analysis**

This has been discussed in a separate section annexed to the Directors' Report.

**10. Statement pursuant to Clause 38 of the Listing Agreement**

The Company's equity shares are currently listed on Bombay Stock Exchange Limited (BSE) and the Company has paid the annual listing fees and Annual Custodian Fees to Depositors for 2010-11.

**11. General shareholder information**

**a) Details of 19th Annual General Meeting**

Date : 30th September, 2010

Time : 12:00 noon

Venue : Shri Agrasen Bhavan, # 149, Brig. Sayeed Road, Sappers Line, Paradise, Secunderabad - 500 003

**b) Financial calendar 2010-11 (tentative schedule)**

(i) AGM for the financial year ended on 31st March, 2011 : Before the end of September, 2011

(ii) Adoption of quarterly results for the quarter ending:

30th June, 2010 : 15th August, 2010

30th September, 2010 : Second Week of November, 2010

31st December, 2010 : Second Week of February, 2011

31st March, 2011 : Second Week of May, 2011

c) **Date of book closure** : 23rd September, 2010 to 30th September 2010 (both days inclusive)

d) **Dividend payment date(s)** : Dividend will be paid on or after 5th October, 2010.

e) **Listing on Stock Exchanges** : Presently, the Company's equity shares are listed at:

(i) Equity Shares : Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

(ii) Global Depository Receipts : Luxembourg Stock Exchange (LSE) 11, av de la Porte-Neuve, L-2227, Luxembourg.

**f) Stock code/ ISIN**

I) Stock Code

HSE - Physical : AMRUINN 138

BSE Scrip Code : 526550

BSE Scrip ID : COUNCLB

LSE Trading Code : US22234B1070 (GDR's)

II) Demat ISIN Number

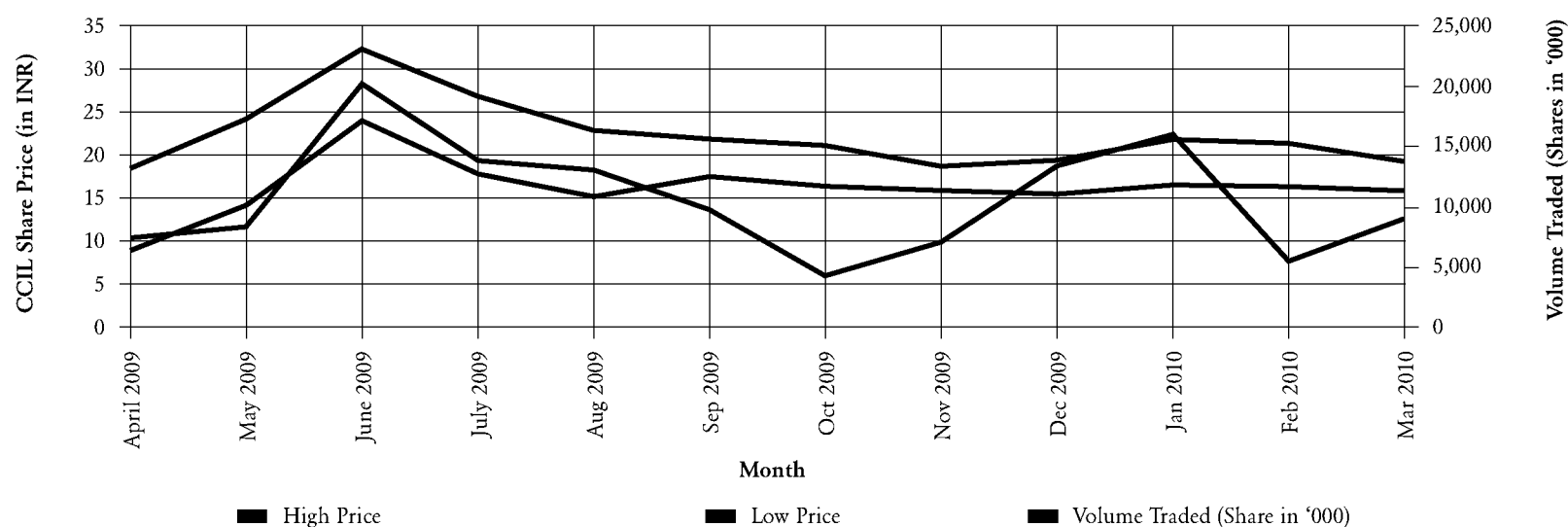
CDSL & NSDL : INE652 F01027 (Equity Shares)

Luxembourg Stock Ex. (GDR) : US22234B1070

## g) Market price date high and low during each month in the last financial year:

- As there has been no trading in HSE the relevant data is not available
- Company's shares are being traded on BSE only and the high and low prices during each month are given below:

| Month           | Bombay Stock Exchange Limited |                    |                                |
|-----------------|-------------------------------|--------------------|--------------------------------|
|                 | High Price (in Rs.)           | Low Price (in Rs.) | Volume Traded (Shares in '000) |
| April, 2009     | 18.63                         | 9.20               | 7,490                          |
| May, 2009       | 24.30                         | 14.25              | 8,352                          |
| June, 2009      | 32.40                         | 24.05              | 20,282                         |
| July, 2009      | 26.90                         | 17.70              | 13,878                         |
| August, 2009    | 22.95                         | 15.30              | 13,049                         |
| September, 2009 | 21.85                         | 17.45              | 9,767                          |
| October, 2009   | 21.15                         | 16.40              | 4,224                          |
| November, 2009  | 18.70                         | 15.85              | 7,085                          |
| December, 2009  | 19.40                         | 15.40              | 13,345                         |
| January, 2010   | 21.70                         | 16.55              | 15,831                         |
| February, 2010  | 21.50                         | 16.40              | 5,454                          |
| March, 2010     | 19.35                         | 16.00              | 8,811                          |



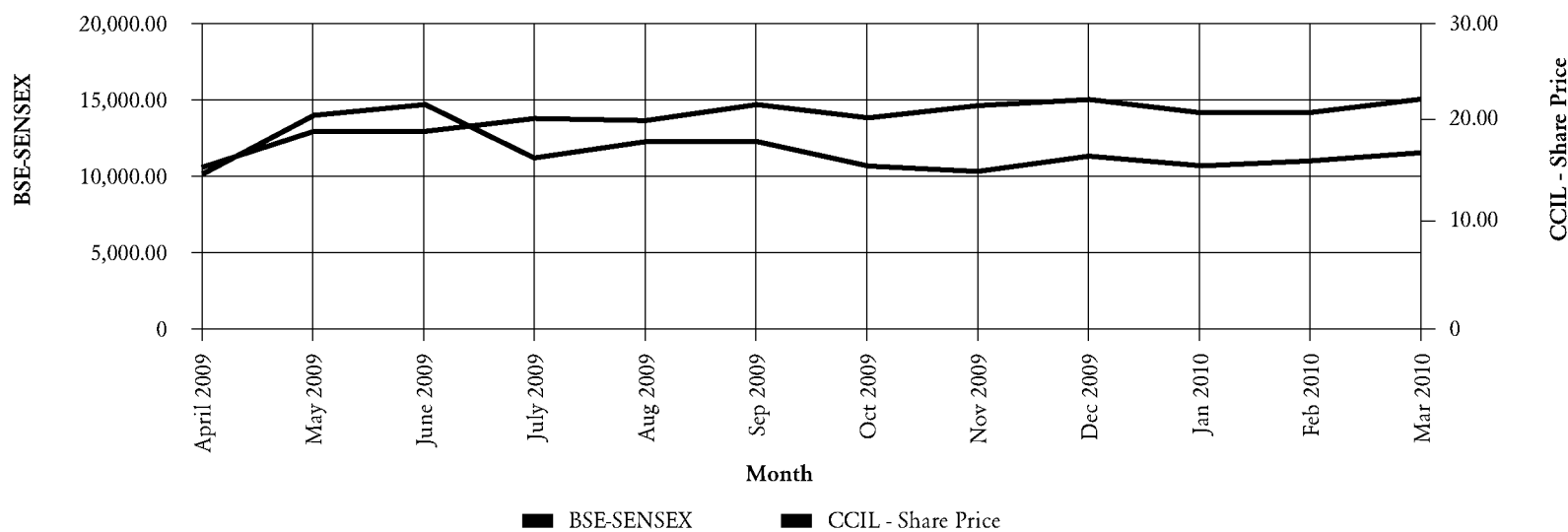
## h) Stock performance in comparison to broad based indices such as BSE Sensex

The Share Price of the Company has been moving with the trends of indices

(Amount in Rs.)

| Month           | Share Price in BSE |           |               | BSE - Sensex |           |               |
|-----------------|--------------------|-----------|---------------|--------------|-----------|---------------|
|                 | High Price         | Low Price | Closing Price | High Price   | Low Price | Closing Price |
| April, 2009     | 18.63              | 9.20      | 15.97         | 11,492.10    | 9,546.29  | 11,403.25     |
| May, 2009       | 24.30              | 14.25     | 24.30         | 14,930.54    | 11,621.30 | 14,625.25     |
| June, 2009      | 32.40              | 24.05     | 25.80         | 15,600.30    | 14,016.95 | 14,493.84     |
| July, 2009      | 26.90              | 17.70     | 17.95         | 15,732.81    | 13,219.99 | 15,670.31     |
| August, 2009    | 22.95              | 15.30     | 20.85         | 16,002.46    | 14,684.45 | 15,666.64     |
| September, 2009 | 21.85              | 17.45     | 20.75         | 17,142.52    | 15,356.72 | 17,126.84     |
| October, 2009   | 21.15              | 16.40     | 16.80         | 17,493.17    | 15,805.20 | 15,896.28     |
| November, 2009  | 18.70              | 15.85     | 16.15         | 17,290.48    | 15,330.56 | 16,926.22     |
| December, 2009  | 19.40              | 15.40     | 18.25         | 17,530.94    | 16,577.78 | 17,464.81     |
| January, 2010   | 21.70              | 16.55     | 17.05         | 17,790.33    | 15,982.08 | 16,357.96     |
| February, 2010  | 21.50              | 16.40     | 17.20         | 16,669.25    | 15,651.99 | 16,429.55     |
| March, 2010     | 19.35              | 16.00     | 19.05         | 17,793.01    | 16,438.45 | 17,527.77     |

## Stock Performance



**i) Registrar and Transfer Agent**

M/s. Aarthi Consultants Private Limited  
 1-2-285, Domalguda, Hyderabad 500 029  
 Ph: 040 2763 8111; 040 2763 4445  
 Fax: 040 2763 2184  
 Website: www.aarthiconsultants.com  
 Email: info@arthiconsultants.com

**j) Share and Transfer System**

With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfers to the Committee of

Directors. The shares for transfer which are received in physical form are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

The Company has, as per SEBI Guidelines, offered the facility of transfer-cum-demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him, in case he wishes to demat the shares, to approach a Depository

Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the Company along with the option letter issued by the Company. On receipt of the same, the Company dematerialises the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company will dispatch the share certificates after 15 days from the date of such option letter.

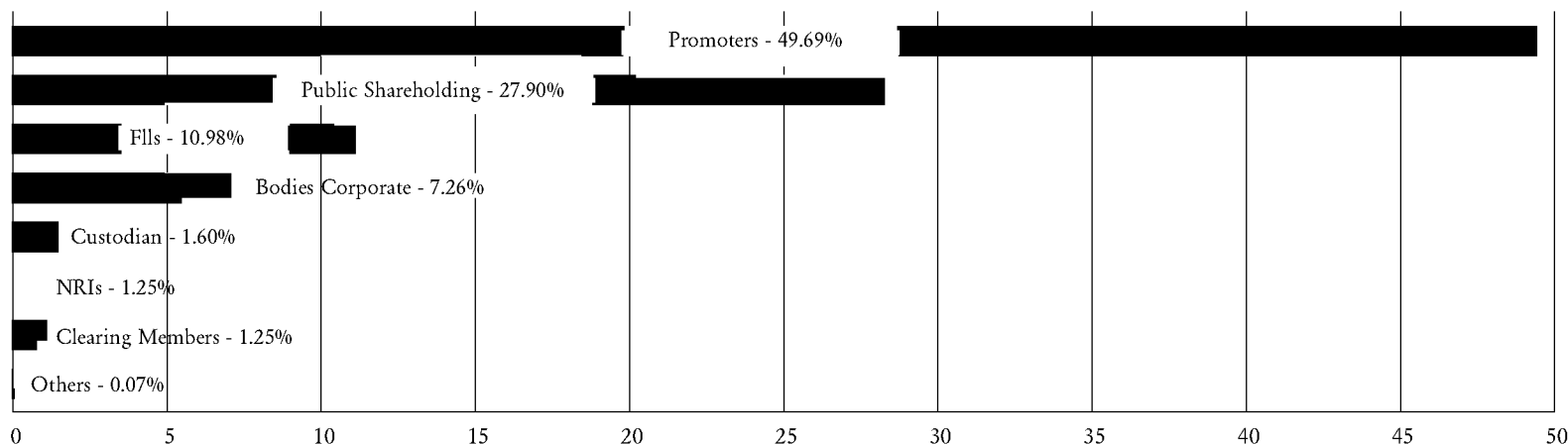
**k) Distribution of Shareholdings as on 31st March, 2010:**

| No. of Shares Slab | No. of Shareholders |               | No. of Shares      |               | Share Amount        |               |
|--------------------|---------------------|---------------|--------------------|---------------|---------------------|---------------|
|                    | Total               | %             | Total              | %             | Total               | %             |
| 1 - 5000           | 17,674              | 90.71         | 98,96,802          | 11.63         | 1,97,93,604         | 11.63         |
| 5001 - 10000       | 995                 | 5.11          | 37,74,794          | 4.44          | 75,49,588           | 4.44          |
| 10001 - 20000      | 407                 | 2.09          | 32,04,436          | 3.77          | 64,08,872           | 3.77          |
| 20001 - 30000      | 104                 | 0.53          | 12,95,044          | 1.52          | 25,90,088           | 1.52          |
| 30001 - 40000      | 70                  | 0.36          | 12,61,840          | 1.48          | 25,23,680           | 1.48          |
| 40001 - 50000      | 55                  | 0.28          | 12,96,433          | 1.52          | 25,92,866           | 1.52          |
| 50001 - 100000     | 91                  | 0.47          | 32,21,500          | 3.78          | 64,43,000           | 3.78          |
| 100001 & Above     | 87                  | 0.45          | 6,11,67,887        | 71.86         | 12,23,35,774        | 71.86         |
| <b>Total</b>       | <b>19,483</b>       | <b>100.00</b> | <b>8,51,18,736</b> | <b>100.00</b> | <b>17,02,37,472</b> | <b>100.00</b> |

## 1) Shareholding Pattern

| Category of Shareholder                                  | As on 31st March, 2010 |                     |               | As on 31st March, 2009 |                     |               |
|--|------------------------|---------------------|---------------|------------------------|---------------------|---------------|
|  | No. of Shareholders    | Total No. of shares | %             | No. of Shareholders    | Total No. of shares | %             |
| Promoter's Holding                                       |                        |                     |               |                        |                     |               |
| Indian Promoters*  | 8                      | 42,291,387          | 49.69         | 8                      | 34,597,386          | 44.69         |
| Total Promoter's Holding (A)                             | 8                      | 42,291,387          | 49.69         | 8                      | 34,597,386          | 44.69         |
| Public Shareholding                                      |                        |                     |               |                        |                     |               |
| Institutional Investors                                  |                        |                     |               |                        |                     |               |
| Mutual Funds   | Nil                    | Nil                 | Nil           | 6                      | 6,435,005           | 8.31          |
| Financial Institutions/Banks                             | 1                      | 57,000              | 0.07          | 1                      | 57,000              | 0.07          |
| Foreign Institutional Investors                          | 12                     | 9,352,275           | 10.98         | 13                     | 6,332,749           | 8.18          |
| Foreign Companies  | Nil                    | Nil                 | Nil           | 2                      | 9,150,000           | 11.82         |
| Non - Institutional Investors                            |                        |                     |               |                        |                     |               |
| Bodies Corporate   | 432                    | 6,181,549           | 7.26          | 270                    | 2,531,925           | 3.27          |
| Individuals  | 18,679                 | 23,744,742          | 27.90         | 8,082                  | 8,178,564           | 10.56         |
| Others   |                        |                     |               |                        |                     |               |
| Non Resident Individuals                                 | 219                    | 1,066,401           | 1.25          | 112                    | 478,284             | 0.62          |
| Overseas Corporate Bodies                                | Nil                    | Nil                 | Nil           | 1                      | 75,000              | 0.10          |
| Trusts   | 2                      | 600                 | 0.00          | Nil                    | Nil                 | Nil           |
| Clearing Members   | 129                    | 1,062,530           | 1.25          | 34                     | 111,757             | 0.14          |
| Total Public Shareholding (B)                            | 19,474                 | 41,465,097          | 48.71         | 8,521                  | 33,350,284          | 43.07         |
| Shares held by Custodian against Depository Receipts (C) | 1                      | 1,362,252           | 1.60          | 1                      | 9,477,065           | 12.24         |
| <b>TOTAL (A+B+C)</b>                                     | <b>19,483</b>          | <b>85,118,736</b>   | <b>100.00</b> | <b>8,530</b>           | <b>77,424,735</b>   | <b>100.00</b> |

\*During the year, 76,94,001 Equity Shares has been issued to Shri Y. Rajeev Reddy, Chairman & Managing Director and Promoter of the Company on 30th March, 2010 on conversion of Share Warrants which are in process of the listing and also to be uploaded in the dematerialized form.



**m) Dematerialisation of shares and liquidity**

Shares held in Physical and Dematerialised form as on 31st March, 2010

**n) Outstanding GDRs/ADRs/Warrants**

During the year, the Company has issued 3 Crore Warrants. The outstanding quantum of GDRs, Convertible Warrants and FCCBs are as per the table below:

**As on 31st March, 2010:**

| Particulars          | Outstanding in Number/ (Value) | Converted in Number/(Value) | Conversion Date     | Likely Impact   |
|----------------------|--------------------------------|-----------------------------|---------------------|---|
| GDRs                 | 13,62,252                      | 20,794,813                  | N.A.                | Nil   |
| Convertible Warrants | 7,00,000*                      | Nil                         | N.A.                | Company has forfeited the received amount.  |
|                      | 86,00,000#                     | 54,95,715                   | 7th January, 2011   | Pending 31,04,285 Warrants are to be converted into 43,45,999 Equity Shares of Rs.2/- each. |
|                      | 3,00,00,000                    | Nil                         | 29th December, 2011 | Will result in issue of new 3,00,00,000 Equity Shares of Rs.2/- each.                       |
| FCCBs                | US\$ 20.00 Million             | US\$ 5.00 Million           | 17th October, 2007  | Will result in issue of new shares  |

\*The Company has forfeited the amount received during the allotment of 7,00,000 warrants, due to non receipt of the balance 90% amount from the warrant holders.

#The Company has filed an application for listing of 76,94,001 Equity Shares of Rs.2/- each upon conversion of 54,95,715 Warrants with Bombay Stock Exchange, which is still pending for their approval.

**Conversion date and likely Impact on equity:**

Conversion of FCCB is with the option of FCCB holders and on conversion of FCCB into equity, there will be a corresponding change in the equity share capital.



**P) Address for investor correspondence**

**M/s. Aarthi Consultants Private Limited**

1-2-285, Domalguda, Hyderabad 500 029

Ph: 040 2763 8111; 040 2763 4445

Fax: 040 2763 2184

Website: [www.aarthiconsultants.com](http://www.aarthiconsultants.com)

Email: [info@arthiconsultants.com](mailto:info@arthiconsultants.com)

**M/s. Country Club (India) Limited**

'Amrutha Castle', 5-9-16, Saifabad

Opp: Secretariat, Hyderabad 500 063

Andhra Pradesh

Email: [investorsgrievance@countryclubmail.com](mailto:investorsgrievance@countryclubmail.com)

**For and on behalf of the Board**  
For Country Club (India) Limited

Place: Hyderabad

Date: 30th August, 2010

**Y. Rajeev Reddy**

Chairman & Managing Director

**Y. Siddharth Reddy**

Vice-Chairman, JMD & CEO

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## Declaration regarding compliance by Board members and senior management personnel with the Company's code of conduct

I, Y. Rajeev Reddy, Chairman & Managing Director of M/s. Country Club (India) Limited hereby declare that all the Board members and senior managerial personnel have affirmed for the year ended 31st March, 2010 compliance with the code of conduct of the Company laid down for them.

Place: Hyderabad

Date: 30th August, 2010

**Y. Rajeev Reddy**

Chairman & Managing Director

## Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

I, Y. Siddharth Reddy, Vice-Chairman, Joint Managing Director and CEO of M/s. Country Club (India) Limited certify:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2010 and to the best of our knowledge and belief;
  - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - These statements present a true and fair view of the Company's affair and are in compliance with the existing Accounting Standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or purpose to take and rectify the identified deficiencies; and
4. That we have informed the auditors and the Audit Committee of:
  - a) Significant changes in the internal control during the year;
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) There are no instances of significant fraud of which we have become aware.

Hyderabad  
30th August, 2010

**Y. Siddharth Reddy**  
Vice-Chairman, JMD & CEO

# Compliance Certificate on Corporate Governance

To  
The Members,  
**Country Club (India) Limited**  
Hyderabad

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of M/s Country Club (India) Limited ("the Company") for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the guidance note on "Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For P. Murali & Co.**  
Chartered Accountants  
(Registration No. 007257S)

**P. Murali Mohana Rao**  
Partner  
(Membership No. 23412)

Place : Hyderabad  
Date : 30th August, 2010

# Financial section

# Auditors' Report on Consolidated Accounts

To  
The Board of Directors of  
**Country Club (India) Limited**

We have audited the attached Consolidated Balance Sheet of **COUNTRY CLUB (INDIA) LIMITED and its subsidiaries (the Group)** as at 31st March, 2010 and also the consolidated Profit & Loss Account and consolidated Cash flow Statement for the period ended on the date annexed thereto. These consolidated financial statements are the responsibility of the **Country Club (India) Limited's** Management. Our responsibility is to express an opinion on these Consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform 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 statement presentation. We believe that our audit provides a reasonable basis of our opinion.

We report that the consolidated financial statements have been prepared by the **Country Club (India) Limited's** Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

We did not audit the financial statements of some consolidated entities, Country Club Babylon Resorts Private Limited - Sri Lanka, Country Vacations International Limited - Dubai, Country Vacations International LLC - Dubai and Country Vacations International LLC - Oman for the year ended. These financial statements

and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in respect thereof is based solely on the report of such other auditors.

Based on our audit and on consideration of the reports of other auditors on separate financial statements and other financial information of the components, in our opinion and according to the best of our information and explanations given to us, the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India.

- i. In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
- ii. In the case of the consolidated Profit & Loss Account, of the Profit of the group for the year ended on that date; and
- iii. In the case of the consolidated Cash flow, of the cash flows of the Group for the period ended on that date.

For **P. Murali & Co.**,  
Chartered Accountants  
FRN: 007257S

**P. Murali Mohana Rao**  
Partner  
Membership No. 23412

Place : Hyderabad  
Date : 15-08-2010

## Consolidated Balance Sheet as at March 31, 2010

*(Amount in Rupees)*

| Particulars  | Schedule | As at 31-03-2010      | As at 31-03-2009     |
|--|----------|-----------------------|----------------------|
| <b>I SOURCES OF FUNDS</b>  |          |                       |                      |
| <b>1. Shareholders Funds</b>   |          |                       |                      |
| (a) Capital  | 1        | 170,237,472           | 154,849,470          |
| Equity Share Warrants  | 1A       | 71,563,382            | 89,900,000           |
| Shareholders Current Account   | 1B       | 173,452,151           | -                    |
| (b) Reserves & Surplus   | 2        | 7,035,309,912         | 7,001,214,235        |
| (c) Membership Fee   |          | 460,529,701           | 537,075,795          |
| <b>2. Loan Funds</b>   |          |                       |                      |
| (a) Secured Loans  | 3        | 915,337,653           | 19,539,747           |
| (b) Unsecured Loans  | 4        | 966,653,928           | 1,112,600,599        |
| <b>3. Deferred Income Tax Liability</b>                                      |          |                       |                      |
| <b>Total</b>   |          | <b>10,026,313,544</b> | <b>9,079,386,848</b> |
| <b>II APPLICATION OF FUNDS</b>   |          |                       |                      |
| <b>1. Fixed Assets</b>   |          |                       |                      |
| (a) Gross Block  | 5        | 8,097,922,773         | 6,464,537,742        |
| (b) Less: Depreciation   |          | 641,745,625           | 424,690,750          |
| (c) Net Block  |          | 7,456,177,148         | 6,039,846,992        |
| (d) Capital work-in-progress   |          | 1,059,213,607         | 1,915,056,775        |
| <b>2. Investments</b>  |          |                       |                      |
|  | 6        | 198,000               | 23,614,688           |
| <b>3. Current Assets, Loans &amp; Advances</b>                               |          |                       |                      |
| (a) Inventory  |          | 12,587,563            | 15,491,937           |
| (b) Inventory - Gifts  |          | 14,591,659            | -                    |
| (c) Sundry Debtors   | 7        | 94,550,606            | 75,970,083           |
| (d) Cash and Bank Balances   | 8        | 266,995,825           | 173,927,598          |
| (e) Loans & Advances   | 9        | 2,102,264,127         | 1,856,717,461        |
| Less: Current Liabilities & Provisions                                       | 10       | 1,054,404,544         | 1,168,623,719        |
| Net Current Assets   |          | 1,436,585,236         | 953,483,360          |
| <b>4. Miscellaneous Expenses (to the extent not written off or adjusted)</b> |          |                       |                      |
|  | 11       | 74,139,553            | 147,385,033          |
| <b>Total</b>   |          | <b>10,026,313,544</b> | <b>9,079,386,848</b> |
| <b>Notes to Accounts</b>   | 18       |                       |                      |

As per our report of even date

for **P. Murali & Co.**  
Chartered Accountants  
FRN: 007257S

for and on behalf of the Board of Directors  
**Country Club (India) Limited**

**P. Murali Mohana Rao**  
Partner  
Membership No. 23412

**Y. Rajeev Reddy**  
Chairman & Managing Director

**Y. Siddharth Reddy**  
Vice-Chairman, JMD & CEO

**S. Subba Rao**  
Company Secretary

Place: Hyderabad  
Date : 15-08-2010

# Consolidated Profit and Loss Account for the year ended March 31, 2010

(Amount in Rupees)

| Particulars                                  | Schedule | Year ended 31-03-2010 | Year ended 31-03-2009 |
|--|----------|-----------------------|-----------------------|
| <b>1. INCOME</b>                             |          |                       |                       |
| Guest Accommodation, Restaurant and Banquets |          | 581,530,141           | 692,563,340           |
| Subscription from Members & Others           |          | 2,481,878,843         | 3,370,983,297         |
| Facilities                                   |          | 21,657,293            | 20,797,674            |
| <b>Total</b>                                 |          | <b>3,085,066,277</b>  | <b>4,084,344,311</b>  |
| <b>2. EXPENDITURE</b>                        |          |                       |                       |
| Consumables & Provisions                     | 12       | 164,558,932           | 179,336,245           |
| Personnel Cost                               | 13       | 993,130,786           | 1,206,679,817         |
| Upkeep & Service Cost                        | 14       | 182,811,711           | 196,616,073           |
| Interest & Financial Charges                 | 15       | 106,500,092           | 141,528,544           |
| General Expenses                             | 16       | 898,953,109           | 1,468,299,743         |
| Audit Fee                                    |          | 378,040               | 363,237               |
| Depreciation                                 |          | 225,117,764           | 166,188,050           |
| Miscellaneous Expenses Written Off           |          | 178,814               | 194,432               |
| <b>Total</b>                                 |          | <b>2,571,629,248</b>  | <b>3,359,206,141</b>  |
| <b>3. PROFIT</b>                             |          |                       |                       |
| Profit / (Loss) before Tax                   |          | 513,437,029           | 725,138,170           |
| Provision for Tax                            | 17       | 116,629,313           | 72,642,827            |
| Profit after Tax                             |          | 396,807,716           | 652,495,343           |
| Profit after Tax & Adjustments               |          | 396,807,716           | 652,495,343           |
| Balance Brought Forward                      |          | 1,513,161,113         | 906,330,200           |
| <b>Available for Appropriation</b>           |          | <b>1,909,968,829</b>  | <b>1,558,825,543</b>  |
| <b>4. APPROPRIATION</b>                      |          |                       |                       |
| General Reserve                              |          | -                     | 7,300,000             |
| Statutory Reserve                            |          | -                     | 2,131,203             |
| Provision for Dividend                       |          | 7,746,690             | 30,969,894            |
| Provision for Dividend Tax                   |          | 1,286,726             | 5,263,333             |
| <b>Balance Carried Forward</b>               |          | <b>1,900,935,413</b>  | <b>1,513,161,113</b>  |
| Earnings Per Share                           |          | 5.12                  | 8.43                  |
| <b>Notes to Accounts</b>                     | 18       | -                     | -                     |

As per our report of even date

for **P. Murali & Co.**  
Chartered Accountants  
FRN: 007257S

for and on behalf of the Board of Directors  
**Country Club (India) Limited**

**P. Murali Mohana Rao**  
Partner  
Membership No. 23412

**Y. Rajeev Reddy**  
Chairman & Managing Director

**Y. Siddharth Reddy**  
Vice-Chairman, JMD & CEO

**S. Subba Rao**  
Company Secretary

Place: Hyderabad  
Date : 15-08-2010

## Schedules to Consolidated Accounts

*(Amount in Rupees)*

| Particulars  | As at 31-03-2010   | As at 31-03-2009   |
|--|--------------------|--------------------|
| <b>1 SHARE CAPITAL</b>                                   |                    |                    |
| <b>Authorised Capital</b>                                | <b>400,000,000</b> | <b>400,000,000</b> |
| 200,000,000 Equity Shares of Rs. 2/- Each                |                    |                    |
| <b>Issued, Subscribed and Paid up:</b>                   |                    |                    |
| 85,118,736 Equity Shares of Rs. 2/- Each                 | 170,237,472        | 154,849,470        |
| (Previous Year 77,424,735 Equity Shares of Rs. 2/- Each) |                    |                    |
|  | <b>170,237,472</b> | <b>154,849,470</b> |

| Particulars  | As at 31-03-2010  | As at 31-03-2009  |
|--|-------------------|-------------------|
| <b>1A SHARE WARRANTS</b>   |                   |                   |
| 700,000 partly paid share warrants of Rs. 770/- each to be converted into equity shares of Rs. 10/- each at a premium of Rs. 760/-       | 53,900,000        | 53,900,000        |
| 3,104,285 partly paid share warrants of Rs. 22.76 to be converted into 4,345,999 equity shares of Rs. 2/- each at a premium of Rs. 14.26 | 17,663,382        | -                 |
| 600,000 partly paid share warrants each to be converted into equity shares of Rs. 10/- each at a premium of Rs. 590/-                    | -                 | 36,000,000        |
|  | <b>71,563,382</b> | <b>89,900,000</b> |

| Particulars                            | As at 31-03-2010   | As at 31-03-2009 |
|--|--------------------|------------------|
| <b>1B SHAREHOLDERS CURRENT ACCOUNT</b> |                    |                  |
| Shareholders' Current Account          | 173,452,151        | -                |
|  | <b>173,452,151</b> | <b>-</b>         |

| Particulars                          | As at 31-03-2010     | As at 31-03-2009     |
|--------------------------------------|----------------------|----------------------|
| <b>2 RESERVES &amp; SURPLUS</b>      |                      |                      |
| Capital Reserve                      | 67,340,299           | 27,688,694           |
| Revaluation Reserve                  | 24,270,349           | 24,270,349           |
| General Reserve                      | 83,300,000           | 83,300,000           |
| Share Premium                        | 4,900,498,023        | 4,790,781,569        |
| Statutory Reserve                    | 1,837,455            | 2,131,203            |
| Balance in Profit & Loss Account     | 1,900,935,413        | 1,513,161,113        |
| Foreign Currency Translation Reserve | 57,128,373           | 559,881,307          |
|                                      | <b>7,035,309,912</b> | <b>7,001,214,235</b> |



## Schedules to Consolidated Accounts

(Amount in Rupees)

| Particulars   | As at 31-03-2010   | As at 31-03-2009  |
|---|--------------------|-------------------|
| <b>3 SECURED LOANS</b>  |                    |                   |
| <b>Term Loans with Banks</b>  |                    |                   |
| - Ratnakar Bank Loan - I  | 199,998,634        | -                 |
| - Ratnakar Bank Loan - II   | 221,198,387        | -                 |
| (for expansion of existing Clubs and secured by way of Hypothecation of Land & Buildings)   |                    |                   |
| - Saraswat Co-operative Bank Loan   | 252,973,633        | -                 |
| (for expansion of existing Clubs and secured by way of Hypothecation of Land & Buildings)   |                    |                   |
| - Cosmos Bank Loan  | 201,435,540        | -                 |
| (for expansion of existing Clubs and secured by way of Hypothecation of Land & Buildings)   |                    |                   |
| <b>Lease Finance</b>  | 23,743,180         | -                 |
| (Loan from NOIDA Authority for Plot and the same was secured)   |                    |                   |
| Leave License Deposit   | 500,000            | 500,000           |
| <b>Equipment Finance</b>  |                    |                   |
| (Loan from Citibank, HDFC Bank Limited, Saraswat Co-operative Bank Limited & National Bank of Abu Dhabi for Vehicles and the same were secured by way of hypothecation of the Vehicles) | 15,488,279         | 19,039,747        |
|   | <b>915,337,653</b> | <b>19,539,747</b> |

| Particulars                        | As at 31-03-2010   | As at 31-03-2009     |
|------------------------------------|--------------------|----------------------|
| <b>4 UNSECURED LOANS</b>           |                    |                      |
| Membership Refundable              | 66,107,500         | 75,480,710           |
| Others                             | 466,428            | 19,919,889           |
| Foreign Currency Convertible Bonds | 900,080,000        | 1,017,200,000        |
|                                    | <b>966,653,928</b> | <b>1,112,600,599</b> |

| <b>5 FIXED ASSETS</b>   |                              |                           |  |                              |                            |                              |   |                               |                            |                            |
|-------------------------|------------------------------|---------------------------|--|------------------------------|----------------------------|------------------------------|---|-------------------------------|----------------------------|----------------------------|
| Particulars             | Gross Block as on 31-03-2009 | Additions during the year | Deletions/ Adjustments during the year | Gross Block as on 31-03-2010 | Depreciation upto 1-4-2009 | Depreciation during the year | Deletion/ Adjustment dep. during the year | Depreciation as on 31-03-2010 | Net Block as on 31-03-2010 | Net Block as on 31-03-2009 |
| Goodwill                | 443,975,251                  | 163,435,772               | -                                      | 607,411,023                  | -                          | -                            | -   | -                             | 607,411,023                | 443,975,251                |
| Land & Site Development | 542,093,071                  | 34,823,639                | 182,968                                | 576,733,742                  | -                          | -                            | -   | -                             | 576,733,742                | 542,093,071                |
| Building                | 4,482,735,426                | 1,482,038,972             | 286,564,725                            | 5,678,209,673                | 222,590,276                | 91,948,565                   | 221,374                                   | 314,317,467                   | 5,363,892,206              | 4,260,145,150              |
| Furniture & Fixtures    | 394,174,840                  | 220,038,514               | 27,421,018                             | 586,792,336                  | 73,811,131                 | 79,097,309                   | 5,784,644                                 | 147,123,796                   | 439,668,540                | 320,363,709                |
| Plant & Machinery       | 443,876,211                  | 59,187,016                | 12,800,637                             | 490,262,590                  | 87,440,688                 | 33,823,720                   | (1,374,569)                               | 122,638,977                   | 367,623,613                | 356,435,523                |
| Computers               | 73,752,102                   | 3,449,478                 | -                                      | 77,201,580                   | 20,417,897                 | 12,033,136                   | -   | 32,451,033                    | 44,750,547                 | 53,334,205                 |
| Vehicles                | 74,456,782                   | 4,209,367                 | 18,218,140                             | 60,448,009                   | 18,325,412                 | 7,162,361                    | 3,431,440                                 | 22,056,333                    | 38,391,676                 | 56,131,370                 |
| Brand Development       | 9,474,059                    | -                         | -                                      | 9,474,059                    | 2,105,346                  | 1,052,673                    | -   | 3,158,019                     | 6,316,040                  | 7,368,713                  |
| Intangible Assets       | -                            | 11,389,761                | -                                      | 11,389,761                   | -                          | -                            | -   | -                             | 11,389,761                 | -                          |
|                         | <b>6,464,537,742</b>         | <b>1,978,572,519</b>      | <b>345,187,488</b>                     | <b>8,097,922,773</b>         | <b>424,690,750</b>         | <b>225,117,764</b>           | <b>8,062,889</b>                          | <b>641,745,625</b>            | <b>7,456,177,148</b>       | <b>6,039,846,992</b>       |

## Schedules to Consolidated Accounts

*(Amount in Rupees)*

| Particulars   | As at 31-03-2010 | As at 31-03-2009  |
|---|------------------|-------------------|
| <b>6 INVESTMENTS</b>  |                  |                   |
| Swami Vivekanand Training & Education Centre Private Limited<br>168 Equity Shares of Rs. 100/- Each | -                | 23,501,688        |
| Swimwel Investment and Trading Private Limited<br>1500 Equity Shares of Rs. 10/- Each               | -                | 15,000            |
| The Hubli Urban Co-operative Bank   | 48,000           | 48,000            |
| Investment - KCCB Bank Shares   | 50,000           | 50,000            |
| Investment - Bharat Co-operative Bank Limited   | 100,000          | -                 |
| 2000 shares of Rs. 50/- each  |                  |                   |
|   | <b>198,000</b>   | <b>23,614,688</b> |

| Particulars                                      | As at 31-03-2010  | As at 31-03-2009  |
|--|-------------------|-------------------|
| <b>7 SUNDRY DEBTORS</b>                          |                   |                   |
| (Unsecured & Considered good)                    |                   |                   |
| Debts outstanding exceeding more than six months | 22,963,661        | 18,750,146        |
| Others   | 71,586,945        | 57,219,937        |
|  | <b>94,550,606</b> | <b>75,970,083</b> |

| Particulars  | As at 31-03-2010   | As at 31-03-2009   |
|--|--------------------|--------------------|
| <b>8 CASH &amp; BANK BALANCE</b>                               |                    |                    |
| Cash on Hand   | 16,076,067         | 23,884,612         |
| Cash with Banks  |                    |                    |
| Scheduled Banks - on Current a/c                               | 207,156,152        | 142,837,006        |
| Scheduled Banks - on Fixed Deposit (Includes accrued Interest) | 7,864,225          | 2,586,468          |
| Scheduled Banks - Foreign                                      | 33,595,642         | 3,154,476          |
| Other Banks - on Current a/c                                   | 1,420              | 1,420              |
| Dividend Bank A/C - 2006 - 2007                                | 723,028            | 723,028            |
| Dividend Bank A/C - 2007 - 2008                                | 740,588            | 740,588            |
| Dividend Bank A/C - 2008 - 2009                                | 838,703            | -                  |
|  | <b>266,995,825</b> | <b>173,927,598</b> |

## Schedules to Consolidated Accounts

(Amount in Rupees)

| Particulars                   | As at 31-03-2010     | As at 31-03-2009     |
|-------------------------------|----------------------|----------------------|
| <b>9 LOANS &amp; ADVANCES</b> |                      |                      |
| Advance for Capital Goods     | 1,235,575,205        | 1,057,456,426        |
| Advance to Suppliers          | 4,646,958            | 1,535,414            |
| Other Advances                | 627,147,661          | 595,382,937          |
| Deposits                      | 234,894,303          | 202,342,684          |
|                               | <b>2,102,264,127</b> | <b>1,856,717,461</b> |

| Particulars                                    | As at 31-03-2010     | As at 31-03-2009     |
|--|----------------------|----------------------|
| <b>10 CURRENT LIABILITIES &amp; PROVISIONS</b> |                      |                      |
| Creditors for Capital Goods                    | 116,714,801          | 82,886,623           |
| Sundry Creditors                               | 214,298,605          | 362,156,241          |
| Other Liabilities                              | 114,020,950          | 154,970,083          |
| Outstanding Expenses                           | 546,751,613          | 530,065,929          |
| Income Tax Provisions                          | 51,342,946           | 848,000              |
| Dividend Provision - Current Year              | 7,746,690            | 30,969,894           |
| Dividend Tax Provision                         | 1,286,726            | 5,263,333            |
| Unpaid Dividend A/C - 2006 - 2007              | 723,028              | 723,028              |
| Unpaid Dividend A/C - 2007 - 2008              | 740,588              | 740,588              |
| Unpaid Dividend A/C - 2008 - 2009              | 778,597              | -                    |
|  | <b>1,054,404,544</b> | <b>1,168,623,719</b> |

| Particulars                         | As at 31-03-2010  | As at 31-03-2009   |
|-------------------------------------|-------------------|--------------------|
| <b>11 MISCELLANEOUS EXPENDITURE</b> |                   |                    |
| Preliminary Expenses                | 3,909             | 4,560              |
| Miscellaneous Expenditure           | 73,066,667        | 146,133,333        |
| Selling Deferred Expenses           | 1,068,977         | 1,247,140          |
|                                     | <b>74,139,553</b> | <b>147,385,033</b> |

## Schedules to Consolidated Accounts

*(Amount in Rupees)*

| Particulars                            | Year ended 31-03-2010 | Year ended 31-03-2009 |
|--|-----------------------|-----------------------|
| <b>12 CONSUMABLES &amp; PROVISIONS</b> |                       |                       |
| Opening Stock                          | 15,491,937            | 5,821,695             |
| Add: Purchases                         | 161,654,558           | 189,006,488           |
| Less: Closing Stocks                   | 12,587,563            | 15,491,937            |
|  | <b>164,558,932</b>    | <b>179,336,245</b>    |

| Particulars                      | Year ended 31-03-2010 | Year ended 31-03-2009 |
|----------------------------------|-----------------------|-----------------------|
| <b>13 PERSONNEL COST</b>         |                       |                       |
| Salaries & Other Benefits        | 941,176,892           | 1,159,589,133         |
| Contribution to PF & Other Funds | 18,978,061            | 18,098,858            |
| Staff Welfare Expenses           | 32,975,833            | 28,991,826            |
|                                  | <b>993,130,786</b>    | <b>1,206,679,817</b>  |

| Particulars                         | Year ended 31-03-2010 | Year ended 31-03-2009 |
|-------------------------------------|-----------------------|-----------------------|
| <b>14 UPKEEP &amp; SERVICE COST</b> |                       |                       |
| Building Maintenance                | 1,686,551             | 2,356,615             |
| Repairs & Maintenance               | 77,402,045            | 85,453,628            |
| Power & Fuels                       | 103,723,115           | 108,805,830           |
|                                     | <b>182,811,711</b>    | <b>196,616,073</b>    |

| Particulars                                | Year ended 31-03-2010 | Year ended 31-03-2009 |
|--|-----------------------|-----------------------|
| <b>15 INTEREST &amp; FINANCIAL CHARGES</b> |                       |                       |
| Interest                                   | 49,171,813            | 7,232,774             |
| Financial Charges                          | 57,328,279            | 134,295,770           |
|  | <b>106,500,092</b>    | <b>141,528,544</b>    |

## Schedules to Consolidated Accounts

(Amount in Rupees)

| Particulars                     | Year ended 31-03-2010 | Year ended 31-03-2009 |
|---------------------------------|-----------------------|-----------------------|
| <b>16 GENERAL EXPENSES</b>      |                       |                       |
| Travelling & Conveyance         | 48,201,096            | 72,281,896            |
| Printing & Stationery           | 28,397,909            | 96,244,190            |
| Postage, Telegrams & Telephones | 104,404,096           | 179,436,682           |
| Rent                            | 199,646,640           | 249,416,945           |
| Rates & Taxes                   | 48,560,501            | 36,440,211            |
| Insurance                       | 10,049,326            | 11,627,960            |
| Advertisement Expenses          | 122,111,460           | 466,159,455           |
| Other Marketing Expenses        | 214,696,220           | 165,812,403           |
| Other Administrative Expenses   | 90,779,844            | 159,433,131           |
| Legal & Professional Charges    | 32,106,017            | 31,446,870            |
|                                 | <b>898,953,109</b>    | <b>1,468,299,743</b>  |

| Particulars                          | Year ended 31-03-2010 | Year ended 31-03-2009 |
|--------------------------------------|-----------------------|-----------------------|
| <b>17 PROVISION FOR TAX</b>          |                       |                       |
| Provision for Tax - Current year     | 50,431,010            | 9,091,135             |
| Deferred Income Tax for Current year | 66,198,303            | 49,717,412            |
| Provision for Fringe Benefit Tax     | -                     | 13,834,280            |
|                                      | <b>116,629,313</b>    | <b>72,642,827</b>     |

## **18 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

### GROUP OVERVIEW

Country Club (India) Limited ("the Company") with its subsidiaries (collectively referred to as "the Group") is the leading Indian leisure, infrastructure and vacation ownership Company. The Group is one of the fastest growing entertainment and leisure conglomerates in India having ownership of 53 properties in India and abroad.

### A. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation of financial statements:

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention basis. GAAP comprises mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Indian Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing accounting adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised Accounting Standards on an ongoing basis.

#### Basis of Consolidation:

The Group financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. Subsidiaries

## Schedules to Consolidated Accounts

### 18 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

are those entities that are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is acquired by the Group and no longer consolidated from the date such control ceases. The financial statements of the parent company and subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and any resulting unrealized gain/loss arising from intra group transactions. Unrealized losses resulting from intra group transactions are also eliminated unless cost cannot be recovered. Amounts reported in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

The difference between cost of Investment in the subsidiaries over the Company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve

#### Use of Estimates:

In preparing the financial statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements, the amounts of revenue and expenses during the reported period. Actual results could differ from those of estimates. Any revision to such estimates is recognized in the period the same is determined.

#### Revenue Recognition:

The Company follows the Mercantile system of Accounting and recognises income from Membership Fee on receipt basis, Subscription from Members, Income from Guest Accommodation, Banquets, Facilities and expenditure on accrual basis.

#### Investments:

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable.

#### Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes and incidental expenses thereto.

#### Depreciation:

Depreciation on Fixed Assets including on the additions is provided on Straight Line Method / Written Down Value method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956 (as amended from time to time).

#### Capital Work-in-Progress:

The Capital Work-in-Progress includes cost of Fixed Assets under installation, advances for Capital Goods and unallocated expenditure.

#### Inventories:

Inventories are valued at cost or net realizable value whichever is lower.

#### Foreign Currency transactions and translation:

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract. Gains/losses on settlement of transaction arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period. In all other cases the gain or loss on contract is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an earlier period), is recognized in the profit and loss account for the period. Foreign subsidiaries

## Schedules to Consolidated Accounts

### 18 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

are non-integral in nature. Assets and Liabilities of such subsidiaries are translated at the year end exchange rate; income and expenditure are translated at the average rate during the period. The resultant translation adjustment is reflected as a separate component of shareholders' funds as a 'Currency Translation Reserve'.

#### Taxation:

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset and liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

#### Earnings Per Share:

The Company reports its Earning per share (EPS) in accordance with Accounting Standard - 20.

#### Gratuity:

The Company has not made any provision for Gratuity to its employees. Gratuity payable will be accounted as and when payments are made and as such the liability has not been ascertained.

## B. NOTES ON ACCOUNTS

### 1. Subsidiaries considered for consolidation

The subsidiaries considered in the preparation of these consolidated financial statements are:

| Name of the Subsidiary  | Country of Incorporation | Percentage of Ownership Control |                |
|---|--------------------------|---------------------------------|----------------|
|   |                          | March 31, 2010                  | March 31, 2009 |
| Aquarian Realtors Private Limited   | India                    | 100%                            | 100%           |
| International Country Holidays Private Limited<br>(formerly known as Aakruti Engineers Private Limited) | India                    | 100%                            | 100%           |
| Bush Betta Holiday Ownership Wildlife Adventure Resort Private Limited                                  | India                    | 100%                            | 100%           |
| Country Club Babylon Resorts Private Limited  | Sri Lanka                | 100%                            | 100%           |
| J. J. Arts and Entertainments Private Limited   | India                    | 100%                            | 100%           |
| Kolet Resort Club Private Limited   | India                    | 100%                            | 100%           |
| Bright Resorts Private Limited  | India                    | 100%                            | 100%           |
| Chanakyapuri Resorts Private Limited  | India                    | 100%                            | 100%           |
| Jade Resorts Private Limited  | India                    | 100%                            | 100%           |
| Maruti Waterpark & Entertainments Private Limited   | India                    | 100%                            | 100%           |
| Country Vacations International LLC - Dubai   | Dubai                    | 100%                            | 100%           |
| Country Vacations International Limited - Dubai   | Dubai                    | 100%                            | 100%           |
| Country Vacations International LLC - Oman  | Dubai                    | 100%                            | 100%           |
| <b>During the year Acquired</b>   |                          |                                 |                |
| Swimwel Investment & Trading Private Limited  | India                    | 100%                            | -              |
| Swami Vivekanand Training & Education Centre Private Limited  | India                    | 100%                            | -              |
| Country Vacations International Limited - India   | India                    | 100%                            | -              |

## Schedules to Consolidated Accounts

### 18 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

2. Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule 1975. *(Amount in Rupees)*

| Sl. No. | Name of the Directors      | Designation                        | Remuneration |
|---------|----------------------------|------------------------------------|--------------|
| 1       | Shri Y. Rajeev Reddy       | Chairman & Managing Director       | 36,00,000    |
| 2       | Shri Y. Siddharth Reddy    | Vice-Chairman, JMD & CEO           | 30,00,000    |
| 3       | Shri Y. Varun Reddy        | Vice-Chairman, JMD & COO           | 30,00,000    |
| 4       | Shri D. Krishna Kumar Raju | Vice-Chairman & Executive Director | 33,00,000    |

3. **Managerial Remuneration:** *(Amount in Rupees)*

|                         | Current Year | Previous Year |
|-------------------------|--------------|---------------|
| Directors' Remuneration | 1,29,00,000  | 1,19,62,500   |
| Brand Ambassador Fee    | 48,00,000    | 48,00,000     |

4. **Auditor's Remuneration :** *(Amount in Rupees)*

|                   | Current Year | Previous Year |
|-------------------|--------------|---------------|
| Audit Fee         | 2,78,040     | 2,63,237      |
| Tax Audit Fee     | 50,000       | 50,000        |
| Certification Fee | 50,000       | 50,000        |

5. In the previous year the Company had restated the Foreign Currency Convertible Bonds at the exchange rates prevailing at the year end and the difference out of such restatement is transferred to "Foreign Currency Monetary Item Transaction Difference Account, to be written off over a period of three years." Accordingly Previous year 1/3 of the difference amount was transferred to P & L account. Similarly during the year also the same 1/3 of the difference amount was transferred to P & L account.
6. During the financial year 2009-10 the Company has converted 54,95,715 Share Warrants into 76,94,001 equity shares of Rs. 2/- at a premium of Rs. 14.26 per share. Subsequently the No. of shares increased from 7,74,24,735 to 8,51,18,736 pursuant to a resolution of the Board of Directors of the Company at the Board Meeting held on 30th March 2010.
7. During the financial year 2009-10 the paid up capital of the Company stands increased consequent to issue and allotment of Shares under the Conversion of Share Warrants dated 30th March 2010 as stated below:

| Sl.No | Date of Allotment of Shares | No. of Shares Allotted | Issue Price (Face Value + Share Premium) Rs |
|-------|-----------------------------|------------------------|---|
| 1     | 30th March 2010             | 7694001                | 16.26 (2 +14.26)                            |

Consequent to the above the security premium account under Reserves & Surplus stands at Rs. 490,04,98,023/- during the financial year 2009-10.



## Schedules to Consolidated Accounts

### 18 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

8. Detailed information regarding quantitative particulars under part II of Schedule VI to the Companies Act, 1956.

i) As the turnover of the Company is in respect of supply of food and beverages, it is not possible to give quantity-wise details of turnover.

ii) Income of the Company includes the following:

|                                       | Current Year | Previous Year |
|---------------------------------------|--------------|---------------|
| Guest Accommodation, Food & Beverages | 5,815.30     | 6,925.63      |
| Subscription, Facilities & Others     | 25,035.36    | 33,917.81     |

iii) Consumption of Provisions and Stores

|   | Opening Stock | Purchases  | Closing Stock | Consumption |
|---|---------------|------------|---------------|-------------|
| Food & Beverages, Consumables & Disposables | 154.92        | 1,616.55   | 125.88        | 1,645.59    |
|   | (58.22)       | (1,890.06) | (154.92)      | (1793.36)   |

Note: Previous Year's figures are given in brackets.

9. Earnings and Expenditure in Foreign Currency

|   | Current Year | Previous Year |
|---|--------------|---------------|
| a. Foreign Currency Earnings<br>(Foreign Currency earnings includes Membership Fee) | 49,65,564    | 16,37,12,167  |
| b. Foreign Currency expenditure/out flow as follows                                 |              |               |
| Travelling expenses   | 57,306       | 57,86,277     |
| Advance for Travelling and Other Expenses   | 41,14,293    | -             |
| Listing fees  | 4,80,300     | 8,25,779      |
| Loan to Subsidiary Company  | 2,00,00,000  | -             |
| Investment in Subsidiary Company  | 2,00,00,000  | -             |
| Membership Fee related to Dubai   | 28,46,396    | -             |

10. The Company has not made any provision for Leave Encashment to its employees. Leave Encashment payable will be accounted as and when payments are made and as such the liability has not been ascertained.

11. Provident Fund is administered through the Regional Provident Fund Commissioner and Company's contribution is remitted accordingly.

12. There are no dues to SSI Units outstanding for more than 30 days.

13. Subject to Confirmations from debtors/creditors as to the balances receivable from/payable to them as at year end.

14. In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs.6,61,98,303/- towards deferred income tax liability. (Previous Year Rs. 4,97,17,412/- towards deferred income tax liability).

## Schedules to Consolidated Accounts

### 18 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

15. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties.

A.

| Sl. No. | Name of the Related Party   | Relationship                 |
|---------|---|------------------------------|
| 1       | Amrutha Estates Private Limited   | Associate Company            |
| 2       | Amrutha Estates & Hospitality Private Limited   | Associate Company            |
| 3       | Zen Garden Hotel Private Limited  | Associate Company            |
| 4       | Country Club Bangalore Limited  | Associate Company            |
| 5       | Aquarian Realtors Private Limited   | Subsidiary Company           |
| 6       | International Country Holidays Private Limited<br>(formerly known as Aakruti Engineers Private Limited) | Subsidiary Company           |
| 7       | Bush Betta Holiday Ownership Wildlife Adventure Resort Private Limited                                  | Subsidiary Company           |
| 8       | Country Club Babylon Resorts Private Limited  | Subsidiary Company           |
| 9       | J. J. Arts and Entertainments Private Limited   | Subsidiary Company           |
| 10      | Kolet Resort Club Private Limited   | Subsidiary Company           |
| 11      | Bright Resorts Private Limited  | Subsidiary Company           |
| 12      | Chanakyapuri Resorts Private Limited  | Subsidiary Company           |
| 13      | Jade Resorts Private Limited  | Step-Down Subsidiary Company |
| 14      | Maruti Waterpark & Entertainments Private Limited   | Subsidiary Company           |
| 15      | Country Vacations International Limited - India   | Subsidiary Company           |
| 16      | Swimwel Investment & Trading Private Limited  | Subsidiary Company           |
| 17      | Swami Vivekanand Training & Education Centre Private Limited  | Subsidiary Company           |
| 18      | Country Vacations International LLC - Dubai   | Step-Down Subsidiary Company |
| 19      | Country Vacations International Limited - Dubai   | Subsidiary Company           |
| 20      | Country Vacations International LLC - Oman  | Step-Down Subsidiary Company |
| 21      | Y. Rajeev Reddy   | CMD                          |
| 22      | Y. Manjula Reddy  | Director                     |
| 23      | Y. Varun Reddy  | Vice-Chairman, JMD & COO     |

B. Transactions during the year with Related Parties.

| Nature of Transaction   | Subsidiary Companies including<br>Step-Down Subsidiaries | Associate Companies | Other Related Parties |
|-------------------------|--|---------------------|-----------------------|
| Lease Rentals           | 9,00,000   | 39,12,000           | 63,24,950             |
| Land                    |  | 2,78,29,750         |                       |
| Investments in Shares   | 16,66,36,000   |                     |                       |
| Membership Sale         | 1,23,15,564  |                     |                       |
| Directors' Remuneration |  |                     | 1,29,00,000           |

## Schedules to Consolidated Accounts

### 18 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

#### 16. The Basic and Diluted EPS is Calculated as under

(Amount in Rupees)

| Particulars  | March 31, 2010 | March 31, 2009 |
|--|----------------|----------------|
| a) Profit after Tax (Rs.)  | 39,68,07,715   | 65,24,95,343   |
| b) Earnings available to Equity Shareholders for Basic & Diluted EPS (Rs.) | 39,68,07,715   | 65,24,95,343   |
| c) Weighted average Number of Shares taken for computation of EPS          |                |                |
| - Basic  | 7,74,66,894    | 7,74,24,735    |
| - Diluted  | 9,29,64,735    | 8,39,24,735    |
| d) Earning per Share   |                |                |
| - Basic  | 5.12           | 8.43           |
| - Diluted  | 4.27           | 7.77           |
| e) Nominal Value per Share   | 2              | 2              |

17. Term Loans from Ratnakar Bank Limited, Saraswat Co-operative Bank Limited & Cosmos Bank Limited are secured by:

Hypothecation of various Land & Buildings

18. Vehicle loans are availed by the Company from Citibank, HDFC Bank Limited, Saraswat Co-operative Bank Limited and National Bank of Abu Dhabi and are secured against specific vehicles.

19. As per AS 17 Segment report, it is difficult to identify segmentwise profitability and Capital Employed considering that infrastructure is common for all the revenue activities of the Company

20. Pertaining to unclaimed Dividend no amount is due and outstanding as unclaimed dividend for more than seven years to be transferred to Investor Education & Protection Fund.

21. Previous year's figures have been regrouped wherever necessary.

22. The figures have been rounded off to the nearest rupee.

#### SIGNATURES TO SCHEDULES 1 To 18

As per our report of even date

for **P. Murali & Co.**  
Chartered Accountants  
FRN: 007257S

for and on behalf of the Board of Directors  
**Country Club (India) Limited**

**P. Murali Mohana Rao**  
Partner  
Membership No. 23412

**Y. Rajeev Reddy**  
Chairman & Managing Director

**Y. Siddharth Reddy**  
Vice-Chairman, JMD & CEO

**S. Subba Rao**  
Company Secretary

Place: Hyderabad  
Date : 15-08-2010

## Consolidated Cash Flow Statement for the year ended March 31, 2010

(Rs. in Lakhs)

| Particulars  | Current Year      | Previous Year      |
|--|-------------------|--------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                      |                   |                    |
| Net Profit Before Taxation and Extraordinary Items                 | 5,134.37          | 7,251.38           |
| <i>Adjustment For:</i>   |                   |                    |
| Depreciation   | 2,251.18          | 1,661.88           |
| Interest Expenses  | 491.72            | 72.33              |
| Written off Expenses   | -                 | 1.94               |
| Excess amount charged to deferred tax in B.S                       | 28.24             | -                  |
| Foreign Currency Translation Reserve in B.S                        | (5,027.53)        | 5,598.81           |
| <b>Operating Profit before Working Capital Changes</b>             | <b>2,877.98</b>   | <b>14,586.35</b>   |
| Trade and Other Receivables  | (2,641.27)        | (7,143.51)         |
| Inventories  | (116.87)          | (96.70)            |
| Trade Payables   | (1,736.84)        | 3,869.39           |
| <b>Cash Generated From Operations</b>                              | <b>(1,617.00)</b> | <b>11,215.53</b>   |
| Extraordinary Items  |                   |                    |
| Net Cash flow after Extraordinary Items                            | (1,617.00)        | 11,215.53          |
| <b>Net Cash flow From Operating Activities</b>                     | <b>(1,617.00)</b> | <b>11,215.53</b>   |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                       |                   |                    |
| Purchase of Fixed Assets   | (7,856.05)        | (38,397.73)        |
| (Purchase of Fixed assets includes Capital Work-in-Progress)       |                   |                    |
| Miscellaneous Expenses (to the extent not written off or adjusted) | 732.45            | (1,461.33)         |
| Investments in Subsidiary Companies                                | 234.17            | (235.65)           |
| <b>Net Cash in Investing Activities</b>                            | <b>(6,889.43)</b> | <b>(40,094.71)</b> |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                       |                   |                    |
| Proceeds from Issue of Equity Shares (includes share premium)      | 2,985.57          | -                  |
| Proceeds from Issue of Warrants                                    | (183.37)          | 539.00             |
| Increase in Capital Reserve  | 396.52            | -                  |
| Proceeds from Membership Fees                                      | (765.46)          | (1,264.52)         |
| Proceeds from Long Term Loans                                      | 8,957.98          | 90.52              |
| Received Unsecured Loans   | (1,459.47)        | 2,023.24           |
| Increase / (Decrease) in Statutory Reserve                         | (2.94)            | -                  |
| Interest Paid  | (491.72)          | (72.33)            |
| <b>Net Cash Used in Financing Activities</b>                       | <b>9,437.11</b>   | <b>1,315.91</b>    |
| Net Increase in Cash and Cash Equivalents                          | 930.68            | (27,563.27)        |
| Cash and Cash Equivalents (Opening Balance)                        | 1,739.28          | 29,302.55          |
| <b>Cash and Cash Equivalents (Closing Balance)</b>                 | <b>2,669.96</b>   | <b>1,739.28</b>    |

for and on behalf of the Board of Directors  
Country Club (India) Limited

Place: Hyderabad  
Date : 15-08-2010

**Y. Rajeev Reddy**  
Chairman & Managing Director

**Y. Siddharth Reddy**  
Vice-Chairman, JMD & CEO

**S. Subba Rao**  
Company Secretary

# Certificate

To  
The Board of Directors,  
**Country Club (India) Limited**  
Hyderabad

We have examined the attached Consolidated Cash flow Statement of **M/s COUNTRY CLUB (INDIA) LIMITED** for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of August 15, 2010 to the members of the Company.

Yours Faithfully,

For **P. Murali & Co.**,  
Chartered Accountants

**P. Murali Mohana Rao**  
Partner

Place : Hyderabad

Date : 15-08-2010

## Statement 212

Statement Pursuant to 212(8) of the Companies Act, 1956, related to Subsidiary Companies for the Year ended 31st March, 2010

| Particulars |  | Financial Year  | Shareholding                               |     | The net aggregate of profit/(loss) of the Subsidiary for the above financial year so far as they concern the members of the Company and is not dealt with in the accounts of the Company |                               | Change in the holding Companies interest in the subsidiaries between the end of the financial year of the subsidiary and the end of the holding Company's financial year | Material Changes which have occurred between the end of the aforesaid financial year of the subsidiaries and the end of the holding Company's financial year in respect |
|-------------|--|-----------------|--|-----|--|-------------------------------|--|---|
| S. No       | Name of the Subsidiary Company   |                 | Number of Shares                           | %   | Financial Year Ended on March 31, 2010 (Amount in INR)   | Previous Year (Amount in INR) |  |   |
| 1           | Aquarian Realtors Private Limited  | 31st Mar., 2010 | 1,000 Equity Shares of Rs.100/- each       | 100 | (29,58,204)  | (21,44,660)                   | Not applicable as financial year coincides with that of the holding Company  | As the financial year of both holding and Subsidiary Companies coincide, there are no particulars to furnish  |
| 2           | International Country Holidays Private Limited (formerly known as Aakruti Engineers Private Limited) | 31st Mar., 2010 | 10,000 Equity Shares of Rs.100/- each      | 100 | (1,18,631)   | 1,86,958                      | -do-   | -do-  |
| 3           | Bush Betta Holiday Ownership Wildlife Adventure Resort Private Limited                               | 31st Mar., 2010 | 10,00,000 Equity Shares of Rs.10/- each    | 100 | (12,52,502)  | (12,42,002)                   | -do-   | -do-  |
| 4           | Country Club Babylon Resorts Private Limited   | 31st Mar., 2010 | 50,000 Equity Shares of LKR 1,000/- each   | 100 | (43,22,894)  | (63,95,739)                   | -do-   | -do-  |
| 5           | Chanakyapuri Resorts Private Limited   | 31st Mar., 2010 | 70,000 Equity Shares of Rs.100/- each      | 100 | (13,88,145)  | (15,08,049)                   | -do-   | -do-  |
| 6           | J. J. Arts and Entertainments Private Limited  | 31st Mar., 2010 | 1,50,000 Equity Shares of Rs.10/- each     | 100 | (17,66,675)  | (22,58,922)                   | -do-   | -do-  |
| 7           | Jade Resorts Private Limited   | 31st Mar., 2010 | 10,000 Equity Shares of Rs.10/- each       | 100 | (62,36,925)  | (46,66,905)                   | -do-   | -do-  |
| 8           | Kolet Resort Club Private Limited  | 31st Mar., 2010 | 14,99,800 Equity Shares of Rs.10/- each    | 100 | (16,39,706)  | (27,03,498)                   | -do-   | -do-  |
| 9           | Bright Resorts Private Limited   | 31st Mar., 2010 | 18,450 Equity Shares of Rs.100/- each      | 100 | (25,68,078)  | (1,05,27,895)                 | -do-   | -do-  |
| 10          | Maruti Water Park & Entertainments Private Limited   | 31st Mar., 2010 | 2,32,400 Equity Shares of Rs.10/- each     | 100 | (12,321)   | (5,515)                       | -do-   | -do-  |
| 11          | Country Vacations International Limited, Dubai   | 31st Mar., 2010 | 1000 Equity Shares of UAE Dirhams 1/- each | 100 | 1,98,82,008  | 60,14,16,443                  | -do-   | -do-  |
| 12          | Swami Vivekanand Education and Training Centre Private Limited                                       | 31st Mar., 2010 | 1008 Equity Shares of Rs. 100/- each       | 100 | (55,07,446)  | Not Applicable                | -do-   | -do-  |
|             |  |                 | 48,900 Preference Shares of Rs. 100/- each | 100 |  |                               |  |   |
| 13          | Swimwel Investment and Trading Private Limited   | 31st Mar., 2010 | 10,000 Equity Shares of Rs. 10/- each      | 100 | (1,17,32,538)  | Not Applicable                | -do-   | -do-  |
| 14          | Country Vacations International Limited, India   | 31st Mar., 2010 | 50,000 Equity Shares of Rs. 10/- each      | 100 | Nil  | Not Applicable                | -do-   | -do-  |

# Auditors' Report

To  
The Members  
**Country Club (India) Limited**

We have audited the attached Balance Sheet of **COUNTRY CLUB (INDIA) LIMITED** as at 31st March, 2010 and also the Profit & Loss Account for the period ended on the date annexed thereto and the Cash flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform 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 statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section(4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The Balance Sheet and Profit and Loss Account and Cashflow Statement dealt with by this report are in agreement with the books of account;

- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956;
  - v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - b) In the case of the Profit and Loss Account, of the Profit for the period ended on that date;
- And
- c) In the case of the Cash flow, of the cash flows for the period ended on that date;

For **P. Murali & Co.**,  
Chartered Accountants  
FRN: 007257S

**P. Murali Mohana Rao**  
Partner  
Membership No.23412

Place : Hyderabad  
Date : 15-08-2010

## Annexure to the Auditors' Report

- |   |   |
|---|---|
| <p>I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.</p> <p>(b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.</p> <p>(c) The Company has not disposed off substantial part of the Fixed Assets during the year.</p> <p>II. (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.</p> <p>(b) In our opinion, the procedures of the 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.</p> <p>(c) The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.</p> <p>III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained U/s 301 of the Companies Act, 1956.</p> <p>(b) As the Company has not granted any loans, the Clause of whether the rate of interest &amp; other terms and conditions on which loans have been granted to parties listed in the register maintained U/s 301 is prejudicial to the interest of company is not applicable.</p> <p>(c) As no loans are granted by the Company, the clause of receipt of interest &amp; principal amount from parties, is not applicable to the Company.</p> <p>(d) No loans have been granted to Companies, Firms and other parties listed in the register U/s 301 of the Companies Act, 1956. Hence over due Amount of more than rupees one Lakh does not arise and the clause is not applicable.</p> <p>(e) The Company has not taken any loans, secured or unsecured from</p> | <p>Companies, Firms or other Parties covered in the register maintained U/s 301 of the Companies Act, 1956.</p> <p>(f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained U/s 301 is prejudicial to the interest of the Company, is not applicable.</p> <p>(g) As no loans are taken by the Company, the clause of repayment of interest &amp; principal amount to parties, is not applicable to the Company.</p> <p>IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the Company to correct any major weaknesses in internal control.</p> <p>V. (a) In our opinion and according to the information and explanation given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the Company in respect of any party in the financial year, the entry in the register U/s 301 of the Companies Act, 1956 does not arise.</p> <p>(b) According to the information and explanations given to us, as no such contracts or arrangements made by the Company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.</p> <p>VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.</p> <p>VII. In our opinion, the Company is having internal audit system, commensurate with its size and nature of its business.</p> |
|---|---|



- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section(1) of section 209 of the Companies Act, 1956.
- IX. (a) The Company is regular in depositing statutory dues including PF, ESI, Sales Tax, Income Tax, Cess and any other statutory dues with the appropriate authorities and at the end of last financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Sales Tax, Income Tax, Cess and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and the Company has no accumulated losses at the end of the financial year and the Company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. In our opinion, the Company has not defaulted in repayment of dues to a financial institutions or banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. 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, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the Company does not arise.
- XVI. According to the information and explanations given to us, the Term Loans were applied by the Company for the purpose for which the loans were obtained.
- XVII. According to the information and explanations given to us no funds are raised by the Company on short-term basis. Hence the Clause of Short term funds being used for Long term investment does not arise.
- XVIII. According to the information and explanations given to us, the Company has made preferential allotment of Shares to parties and Companies covered in the Register maintained U/s 301 of the Companies Act, 1956 and the price at which shares have been issued is not prejudicial to the interest of the Company.
- XIX. According to the information and explanations given to us, the Company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to the information and explanations given to us, the Company has not raised money by way of public issues during the year.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For **P. Murali & Co.,**  
Chartered Accountants  
FRN: 007257S

**P. Murali Mohana Rao**  
Partner  
Membership No.23412

Place : Hyderabad  
Date : 15-08-2010

## Balance Sheet as at March 31, 2010

*(Amount in Rupees)*

| Particulars  | Schedule | As at 31-03-2010     | As at 31-03-2009     |
|--|----------|----------------------|----------------------|
| <b>I SOURCES OF FUNDS</b>  |          |                      |                      |
| <b>1. Shareholders Funds</b>   |          |                      |                      |
| (a) Capital  | 1        | 170,237,472          | 154,849,470          |
| Equity Share Warrants  | 1A       | 71,563,382           | 89,900,000           |
| (b) Reserves & Surplus   | 2        | 6,222,106,923        | 5,905,850,262        |
| (c) Membership Fee   |          | 394,591,933          | 517,572,725          |
| <b>2. Loan Funds</b>   |          |                      |                      |
| (a) Secured Loans  | 3        | 904,920,308          | 8,065,614            |
| (b) Unsecured Loans  | 4        | 963,010,500          | 1,092,680,710        |
| <b>3. Deferred Income Tax Liability</b>                                      |          |                      |                      |
|  |          | 222,558,832          | 159,617,173          |
| <b>Total</b>   |          | <b>8,948,989,349</b> | <b>7,928,535,954</b> |
| <b>II APPLICATION OF FUNDS</b>   |          |                      |                      |
| <b>1. Fixed Assets</b>   |          |                      |                      |
| (a) Gross Block  | 5        | 4,855,708,191        | 3,397,184,187        |
| (b) Less: Depreciation   |          | 524,279,130          | 391,720,007          |
| (c) Net Block  |          | 4,331,429,061        | 3,005,464,180        |
| (d) Capital work-in-progress   |          | 983,813,621          | 1,847,170,076        |
| <b>2. Investments</b>  |          |                      |                      |
|  | 6        | 2,269,577,039        | 2,082,356,271        |
| <b>3. Current Assets, Loans &amp; Advances</b>                               |          |                      |                      |
| (a) Inventory  |          | 4,226,908            | 5,386,777            |
| (b) Inventory - Gifts  |          | 14,591,659           | -                    |
| (c) Sundry Debtors   | 7        | 51,907,188           | 48,989,414           |
| (d) Cash and Bank Balances   | 8        | 224,633,146          | 157,686,115          |
| (e) Loans & Advances   | 9        | 2,463,616,723        | 2,123,230,844        |
| Less: Current Liabilities & Provisions                                       | 10       | 1,467,872,661        | 1,487,881,056        |
| Net Current Assets   |          | 1,291,102,963        | 847,412,094          |
| <b>4. Miscellaneous Expenses (to the extent not written off or adjusted)</b> |          |                      |                      |
|  |          | 73,066,667           | 146,133,333          |
| <b>Total</b>   |          | <b>8,948,989,349</b> | <b>7,928,535,954</b> |
| <b>Notes to Accounts</b>   | 17       |                      |                      |

As per our report of even date

for **P. Murali & Co.**  
Chartered Accountants  
FRN: 007257S

for and on behalf of the Board of Directors  
**Country Club (India) Limited**

**P. Murali Mohana Rao**  
Partner  
Membership No. 23412

**Y. Rajeev Reddy**  
Chairman & Managing Director

**Y. Siddharth Reddy**  
Vice-Chairman, JMD & CEO

**S. Subba Rao**  
Company Secretary

Place: Hyderabad  
Date : 15-08-2010

# Profit and Loss Account for the year ended March 31, 2010

(Amount in Rupees)

| Particulars                                  | Schedule | Year ended 31-03-2010 | Year ended 31-03-2009 |
|--|----------|-----------------------|-----------------------|
| <b>1. INCOME</b>                             |          |                       |                       |
| Guest Accommodation, Restaurant and Banquets |          | 271,593,678           | 256,033,696           |
| Subscription from Members & Others           |          | 1,840,468,277         | 2,652,865,769         |
| Facilities                                   |          | 12,315,770            | 20,429,746            |
| <b>Total</b>                                 |          | <b>2,124,377,725</b>  | <b>2,929,329,211</b>  |
| <b>2. EXPENDITURE</b>                        |          |                       |                       |
| Consumables & Provisions                     | 11       | 89,410,442            | 91,721,485            |
| Personnel Cost                               | 12       | 772,469,120           | 1,031,062,041         |
| Upkeep & Service Cost                        | 13       | 123,470,703           | 158,870,872           |
| Interest & Financial Charges                 | 14       | 92,504,783            | 135,171,872           |
| General Expenses                             | 15       | 621,341,743           | 1,229,832,949         |
| Audit Fee                                    |          | 300,000               | 300,000               |
| Depreciation                                 |          | 132,711,448           | 114,362,940           |
| <b>Total</b>                                 |          | <b>1,832,208,239</b>  | <b>2,761,322,159</b>  |
| <b>3. PROFIT</b>                             |          |                       |                       |
| Profit / (Loss) before Taxation              |          | 292,169,486           | 168,007,052           |
| Provision for Taxation                       | 16       | 112,595,864           | 70,860,818            |
| Profit after Taxation                        |          | 179,573,622           | 97,146,234            |
| Profit after Taxation & Adjustments          |          | 179,573,622           | 97,146,234            |
| Balance Brought Forward                      |          | 979,809,650           | 926,196,643           |
| <b>Available for Appropriation</b>           |          | <b>1,159,383,272</b>  | <b>1,023,342,877</b>  |
| <b>4. APPROPRIATION</b>                      |          |                       |                       |
| General Reserve                              |          | -                     | 7,300,000             |
| Proposed Final Dividend on Equity Shares     |          | 7,746,690             | 30,969,894            |
| Provision for Tax on Dividend                |          | 1,286,726             | 5,263,333             |
| <b>Balance Carried Forward</b>               |          | <b>1,150,349,856</b>  | <b>979,809,650</b>    |
| Earning Per Share                            |          | 2.32                  | 1.25                  |
| <b>Notes to Accounts</b>                     | 17       |                       |                       |

As per our report of even date

for **P. Murali & Co.**  
Chartered Accountants  
FRN: 007257S

for and on behalf of the Board of Directors  
**Country Club (India) Limited**

**P. Murali Mohana Rao**  
Partner  
Membership No. 23412

**Y. Rajeev Reddy**  
Chairman & Managing Director

**Y. Siddharth Reddy**  
Vice-Chairman, JMD & CEO

**S. Subba Rao**  
Company Secretary

Place: Hyderabad  
Date : 15-08-2010

## Schedules to Accounts

*(Amount in Rupees)*

| Particulars  | As at 31-03-2010   | As at 31-03-2009   |
|--|--------------------|--------------------|
| <b>1 SHARE CAPITAL</b>                                   |                    |                    |
| <b>Authorised Capital</b>                                | <b>400,000,000</b> | <b>400,000,000</b> |
| 200,000,000 Equity Shares of Rs. 2/- Each                |                    |                    |
| <b>Issued, Subscribed and Paid up:</b>                   |                    |                    |
| 85,118,736 Equity Shares of Rs. 2/- Each                 | 170,237,472        | 154,849,470        |
| (Previous Year 77,424,735 Equity Shares of Rs. 2/- Each) |                    |                    |
|  | <b>170,237,472</b> | <b>154,849,470</b> |

| Particulars  | As at 31-03-2010  | As at 31-03-2009  |
|--|-------------------|-------------------|
| <b>1A SHARE WARRANTS</b>   |                   |                   |
| 700,000 partly paid share warrants of Rs. 770/- each to be converted into equity shares of Rs. 10/- each at a premium of Rs. 760/-       | 53,900,000        | 53,900,000        |
| 3,104,285 partly paid share warrants of Rs. 22.76 to be converted into 4,345,999 equity shares of Rs. 2/- each at a premium of Rs. 14.26 | 17,663,382        | -                 |
| 600,000 partly paid share warrants of Rs. 600/- each to be converted into equity shares of Rs. 10/- each at a premium of Rs. 590/-       | -                 | 36,000,000        |
|  | <b>71,563,382</b> | <b>89,900,000</b> |

| Particulars                      | As at 31-03-2010     | As at 31-03-2009     |
|----------------------------------|----------------------|----------------------|
| <b>2 RESERVES &amp; SURPLUS</b>  |                      |                      |
| Capital Reserve                  | 63,688,694           | 27,688,694           |
| Revaluation Reserve              | 24,270,349           | 24,270,349           |
| General Reserve                  | 83,300,000           | 83,300,000           |
| Share Premium                    | 4,900,498,023        | 4,790,781,569        |
| Balance in Profit & Loss Account | 1,150,349,856        | 979,809,650          |
|                                  | <b>6,222,106,922</b> | <b>5,905,850,262</b> |

## Schedules to Accounts

(Amount in Rupees)

| Particulars  | As at 31-03-2010   | As at 31-03-2009 |
|--|--------------------|------------------|
| <b>3 SECURED LOANS</b>   |                    |                  |
| <b>Term Loans with Banks</b>   |                    |                  |
| - Ratnakar Bank Loan - I   | 199,998,634        | -                |
| - Ratnakar Bank Loan - II  | 221,198,387        | -                |
| (for expansion of existing Clubs and secured by way of Hypothecation of Land & Buildings)  |                    |                  |
| - Saraswat Co-operative Bank Loan  | 252,973,633        | -                |
| (for expansion of existing Clubs and secured by way of Hypothecation of Land & Buildings)  |                    |                  |
| - Cosmos Bank Loan   | 201,435,540        | -                |
| (for expansion of existing Clubs and secured by way of Hypothecation of Land & Buildings)  |                    |                  |
| <b>Equipment Finance</b>   | 5,570,934          | 8,065,614        |
| (Loan from Citibank, HDFC Bank Limited & Saraswat Co-operative Bank Limited<br>for Vehicles and the same were secured by way of hypothecation of the Vehicles) |                    |                  |
| <b>Lease Finance</b>   | 23,743,180         | -                |
| (Loan from NOIDA Authority for Plot and the same was secured)  |                    |                  |
|  | <b>904,920,308</b> | <b>8,065,614</b> |

| Particulars                        | As at 31-03-2010   | As at 31-03-2009     |
|------------------------------------|--------------------|----------------------|
| <b>4 UNSECURED LOANS</b>           |                    |                      |
| Membership Refundable              | 62,930,500         | 75,480,710           |
| Foreign Currency Convertible Bonds | 900,080,000        | 1,017,200,000        |
|                                    | <b>963,010,500</b> | <b>1,092,680,710</b> |

Straight Line Method

| <b>5 FIXED ASSETS</b>   |                              |                           |  |                              |                            |                              |   |                               |                            |                            |
|-------------------------|------------------------------|---------------------------|--|------------------------------|----------------------------|------------------------------|---|-------------------------------|----------------------------|----------------------------|
| Particulars             | Gross Block as on 31-03-2009 | Additions during the year | Deletions/ Adjustments during the year | Gross Block as on 31-03-2010 | Depreciation upto 1-4-2009 | Depreciation during the year | Deletion/ Adjustment dep. during the year | Depreciation as on 31-03-2010 | Net Block as on 31-03-2010 | Net Block as on 31-03-2009 |
| Goodwill                | 3,117,610                    | -                         | -                                      | 3,117,610                    | -                          | -                            | -   | -                             | 3,117,610                  | 3,117,610                  |
| Land & Site Development | 418,126,118                  | 18,070,795                | 74,166                                 | 436,122,747                  | -                          | -                            | -   | -                             | 436,122,747                | 418,126,118                |
| Building                | 2,299,757,935                | 1,337,523,899             | -                                      | 3,637,281,834                | 225,913,682                | 84,509,074                   | -   | 310,422,756                   | 3,326,859,078              | 2,073,844,253              |
| Furniture & Fixtures    | 227,043,409                  | 73,332,762                | 1,746,795                              | 298,629,376                  | 53,464,907                 | 16,587,703                   | 137,837                                   | 69,914,773                    | 228,714,602                | 173,578,501                |
| Plant & Machinery       | 335,239,363                  | 28,198,006                | 191,500                                | 363,245,869                  | 76,904,403                 | 16,492,572                   | 14,488                                    | 93,382,487                    | 269,863,383                | 258,334,961                |
| Computers               | 72,972,519                   | 3,296,928                 | -                                      | 76,269,447                   | 20,333,824                 | 11,840,740                   | -   | 32,174,564                    | 44,094,883                 | 52,638,695                 |
| Vehicles                | 40,927,234                   | 114,074                   | -                                      | 41,041,308                   | 15,103,191                 | 3,281,359                    | -   | 18,384,550                    | 22,656,758                 | 25,824,043                 |
|                         | <b>3,397,184,187</b>         | <b>1,460,536,464</b>      | <b>2,012,461</b>                       | <b>4,855,708,191</b>         | <b>391,720,007</b>         | <b>132,711,448</b>           | <b>152,325</b>                            | <b>524,279,130</b>            | <b>4,331,429,061</b>       | <b>3,005,464,180</b>       |

## Schedules to Accounts

*(Amount in Rupees)*

| Particulars   | As at 31-03-2010     | As at 31-03-2009     |
|---|----------------------|----------------------|
| <b>6 INVESTMENTS</b>  |                      |                      |
|   | <b>Not Quoted</b>    | <b>Not Quoted</b>    |
| <b>Investments in Subsidiary Companies Shares</b>   |                      |                      |
| Aquarian Realtors Private Limited<br>1,000 Equity Shares of Rs. 100/- Each  | 9,200,000            | 9,200,000            |
| International Country Holidays Private Limited (formerly known as Aakruti Engineers Private Limited)<br>10,000 Equity Shares of Rs. 100/- Each        | 127,000,000          | 127,000,000          |
| Country Club Babylon Resorts Private Limited<br>50,000 Equity Shares of LKR 1000/- Each   | 43,061,023           | 43,061,023           |
| Bush Betta Holiday Ownership Wildlife Adventure Resort Private Limited,<br>10,00,000 Equity Shares of Rs. 10/- Each                                   | 18,500,000           | 18,500,000           |
| Kolet Resort Club Private Limited<br>14,99,800 Equity Shares of Rs. 10/- Each   | 30,000,000           | 30,000,000           |
| J.J. Arts and Entertainments Private Limited<br>1,50,000 Equity Shares of Rs. 10/- Each   | 55,000,001           | 55,000,001           |
| Chanakyapuri Resorts Private Limited<br>70,000 Equity Shares of Rs. 100/- Each  | 13,500,000           | 13,500,000           |
| Bright Resorts Private Limited<br>18,450 Equity Shares of Rs. 10/- Each   | 38,924,220           | 38,924,220           |
| Maruti Water Park & Entertainments Private Limited<br>2,32,400 Equity Shares of Rs. 10/- Each   | 3,021,200            | 3,021,200            |
| Country Vacations International Limited - Dubai   | 1,784,734,595        | 1,720,633,139        |
| Country Vacations International Limited - India<br>50,000 Equity Shares of Rs. 10/- Each  | 636,000              | -                    |
| Swami Vivekanand Training & Education Centre Private Limited<br>1,008 Equity Shares of Rs. 100/- Each &<br>48,900 Preference Shares of Rs. 100/- Each | 145,900,000          | 23,501,688           |
| Swimwel Investment and Trading Private Limited<br>10,000 Equity Shares of Rs. 10/- Each   | 100,000              | 15,000               |
|   | <b>2,269,577,039</b> | <b>2,082,356,271</b> |

| Particulars                                      | As at 31-03-2010  | As at 31-03-2009  |
|--|-------------------|-------------------|
| <b>7 SUNDRY DEBTORS</b>                          |                   |                   |
| (Unsecured & Considered good)                    |                   |                   |
| Debts outstanding exceeding more than six months | 21,187,557        | 17,896,150        |
| Others   | 30,719,631        | 31,093,264        |
|  | <b>51,907,188</b> | <b>48,989,414</b> |

## Schedules to Accounts

(Amount in Rupees)

| Particulars  | As at 31-03-2010   | As at 31-03-2009   |
|--|--------------------|--------------------|
| <b>8 CASH &amp; BANK BALANCE</b>                               |                    |                    |
| Cash on Hand   | 14,413,431         | 20,166,277         |
| Cash with Banks  |                    |                    |
| Scheduled Banks - on Current a/c                               | 199,968,465        | 130,313,858        |
| Scheduled Banks - on Fixed Deposit (Includes accrued interest) | 7,864,225          | 2,586,468          |
| Scheduled Banks - Foreign                                      | 83,286             | 3,154,476          |
| Other Banks - on Current a/c                                   | 1,420              | 1,420              |
| Dividend Bank A/C - 2006 - 2007                                | 723,028            | 723,028            |
| Dividend Bank A/C - 2007 - 2008                                | 740,588            | 740,588            |
| Dividend Bank A/C - 2008 - 2009                                | 838,703            | -                  |
|  | <b>224,633,146</b> | <b>157,686,115</b> |

| Particulars                     | As at 31-03-2010     | As at 31-03-2009     |
|---------------------------------|----------------------|----------------------|
| <b>9 LOANS &amp; ADVANCES</b>   |                      |                      |
| Advance for Capital Goods       | 1,231,607,074        | 1,057,456,426        |
| Advance to Suppliers            | 2,772,522            | 1,535,414            |
| Advance to Subsidiary Companies | 602,880,381          | 423,228,450          |
| Other Advances                  | 401,159,359          | 448,368,497          |
| Deposits                        | 225,197,387          | 192,642,057          |
|                                 | <b>2,463,616,723</b> | <b>2,123,230,844</b> |

| Particulars                                    | As at 31-03-2010     | As at 31-03-2009     |
|--|----------------------|----------------------|
| <b>10 CURRENT LIABILITIES &amp; PROVISIONS</b> |                      |                      |
| Creditors for Capital Goods                    | 107,073,555          | 74,532,283           |
| Sundry Creditors                               | 206,369,018          | 355,513,082          |
| Other Liabilities                              | 658,187,647          | 598,383,919          |
| Outstanding Expenses                           | 435,312,607          | 421,754,929          |
| Income Tax Provisions                          | 49,654,205           | -                    |
| Dividend Provision - Current Year              | 7,746,690            | 30,969,894           |
| Dividend Tax Provision - Current Year          | 1,286,726            | 5,263,333            |
| Unpaid Dividend A/C - 2006 - 2007              | 723,028              | 723,028              |
| Unpaid Dividend A/C - 2007 - 2008              | 740,588              | 740,588              |
| Unpaid Dividend A/C - 2008 - 2009              | 778,597              | -                    |
|  | <b>1,467,872,661</b> | <b>1,487,881,056</b> |

## Schedules to Accounts

*(Amount in Rupees)*

| Particulars                            | Year ended 31-03-2010 | Year ended 31-03-2009 |
|--|-----------------------|-----------------------|
| <b>11 CONSUMABLES &amp; PROVISIONS</b> |                       |                       |
| Opening Stock                          | 5,386,777             | 5,821,695             |
| Add: Purchases                         | 88,250,573            | 91,286,567            |
| Less: Closing Stocks                   | 4,226,908             | 5,386,777             |
|  | <b>89,410,442</b>     | <b>91,721,485</b>     |

| Particulars                      | Year ended 31-03-2010 | Year ended 31-03-2009 |
|----------------------------------|-----------------------|-----------------------|
| <b>12 PERSONNEL COST</b>         |                       |                       |
| Salaries & Other Benefits        | 721,648,405           | 984,997,520           |
| Contribution to PF & Other Funds | 18,489,798            | 17,720,264            |
| Staff Welfare Expenses           | 32,330,917            | 28,344,257            |
|                                  | <b>772,469,120</b>    | <b>1,031,062,041</b>  |

| Particulars                         | Year ended 31-03-2010 | Year ended 31-03-2009 |
|-------------------------------------|-----------------------|-----------------------|
| <b>13 UPKEEP &amp; SERVICE COST</b> |                       |                       |
| Building Maintenance                | 1,686,551             | 2,356,615             |
| Repairs & Maintenance               | 48,250,247            | 71,325,800            |
| Power & Fuels                       | 73,533,905            | 85,188,457            |
|                                     | <b>123,470,703</b>    | <b>158,870,872</b>    |

| Particulars                                | Year ended 31-03-2010 | Year ended 31-03-2009 |
|--|-----------------------|-----------------------|
| <b>14 INTEREST &amp; FINANCIAL CHARGES</b> |                       |                       |
| Interest                                   | 39,588,689            | 4,560,274             |
| Financial Charges                          | 52,916,094            | 130,611,598           |
|  | <b>92,504,783</b>     | <b>135,171,872</b>    |



## Schedules to Accounts

(Amount in Rupees)

| Particulars                     | Year ended 31-03-2010 | Year ended 31-03-2009 |
|---------------------------------|-----------------------|-----------------------|
| <b>15 GENERAL EXPENSES</b>      |                       |                       |
| Travelling & Conveyance         | 36,924,785            | 68,740,055            |
| Printing & Stationery           | 28,055,639            | 96,044,714            |
| Postage, Telegrams & Telephones | 87,796,417            | 169,941,435           |
| Rent                            | 181,319,412           | 236,295,889           |
| Rates & Taxes                   | 35,866,228            | 34,878,786            |
| Insurance                       | 7,110,551             | 11,608,270            |
| Advertisement Expenses          | 103,695,728           | 445,202,947           |
| Other Marketing Expenses        | 83,663,239            | 57,202,733            |
| Other Administrative Expenses   | 28,268,150            | 81,787,768            |
| Legal & Professional Charges    | 28,641,594            | 28,130,352            |
|                                 | <b>621,341,743</b>    | <b>1,229,832,949</b>  |

| Particulars                           | Year ended 31-03-2010 | Year ended 31-03-2009 |
|---------------------------------------|-----------------------|-----------------------|
| <b>16 PROVISION FOR TAX</b>           |                       |                       |
| Provision for Taxation - Current year | 49,654,205            | 9,041,209             |
| Deferred Income Tax - Current year    | 62,941,659            | 48,064,389            |
| Provision for Fringe Benefit Tax      | -                     | 13,755,220            |
|                                       | <b>112,595,864</b>    | <b>70,860,818</b>     |

### 17 NOTES FORMING PART OF THE ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### General:

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted, consistently by the Company.

##### Revenue Recognition:

The Company follows the Mercantile system of Accounting and recognises income from Membership Fee on receipt basis, Subscription from Members, Income from Guest Accommodation, Banquets, Facilities and expenditure on accrual basis.

## Schedules to Accounts

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### 17 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

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**Use of Estimates:**

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements, the amounts of revenue and expenses during the reported period. Actual results could differ from those of estimates. Any revision to such estimates is recognized in the period the same is determined.

**Investments:**

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable.

**Fixed Assets:**

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes and incidental expenses thereto.

**Depreciation:**

Depreciation on Fixed Assets including on the additions is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956. (as amended from time to time)

**Capital Work-in-Progress:**

The Capital Work-in-Progress includes cost of Fixed Assets under installation, advances for Capital Goods and unallocated expenditure.

**Inventories:**

Inventories are valued at cost or net realisable value whichever is lower.

**Taxation:**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset and liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

**Earnings Per Share:**

The Company reports its Earning per share (EPS) in accordance with Accounting Standard - 20.

**Gratuity:**

The Company has not made any provision for Gratuity to its employees. Gratuity payable will be accounted as and when payments are made and as such the Liability has not been ascertained.

## Schedules to Accounts

### 17 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

#### B. NOTES ON ACCOUNTS

1. Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act , 1956 read with Companies (Particulars of Employees) Rule 1975. *(Amount in Rupees)*

| Sl. No. | Name of the Directors      | Designation                        | Remuneration |
|---------|----------------------------|------------------------------------|--------------|
| 1       | Shri Y. Rajeev Reddy       | Chairman & Managing Director       | 36,00,000    |
| 2       | Shri Y. Siddharth Reddy    | Vice-Chairman, JMD & CEO           | 30,00,000    |
| 3       | Shri Y. Varun Reddy        | Vice-Chairman, JMD & COO           | 30,00,000    |
| 4       | Shri D. Krishna Kumar Raju | Vice-Chairman & Executive Director | 33,00,000    |

2. **Managerial Remuneration:** *(Amount in Rupees)*

|                         | Current Year | Previous Year |
|-------------------------|--------------|---------------|
| Directors' Remuneration | 1,29,00,000  | 1,19,62,500   |
| Brand Ambassador Fee    | 48,00,000    | 48,00,000     |

3. **Auditor's Remuneration :** *(Amount in Rupees)*

|                   | Current Year | Previous Year |
|-------------------|--------------|---------------|
| Audit Fee         | 2,00,000     | 2,00,000      |
| Tax Audit Fee     | 50,000       | 50,000        |
| Certification Fee | 50,000       | 50,000        |

4. In the previous year the Company had restated the Foreign Currency Convertible Bonds at the exchange rates prevailing at the year end and the difference out of such restatement is transferred to "Foreign Currency Monetary Item Transaction Difference Account, to be written off over a period of three years." Accordingly Previous year 1/3 of the difference amount was transferred to P & L account. Similarly during the year also the same 1/3 of the difference amount was transferred to P&L Account.
5. During the financial year 2009-10 the Company has converted 54,95,715 Share Warrants into 76,94,001 equity shares of Rs. 2/- at a premium of Rs. 14.26 per share. Subsequently the No. of shares increased from 7,74,24,735 to 8,51,18,736 pursuant to a resolution of the Board of Directors of the Company at the Board Meeting held on 30th March 2010.
6. During the financial year 2009-10 the paid up capital of the Company stands increased consequent to issue and allotment of shares under the Conversion of Share Warrants dated 30th March 2010 as stated below:

| Sl. No. | Date of Allotment of Shares | No. of Shares Allotted | Issue Price (Face Value + Share Premium) Rs |
|---------|-----------------------------|------------------------|---|
| 1       | 30th March 2010             | 7694001                | 16.26 (2 +14.26)                            |

Consequent to the above the security premium account under Reserves & Surplus stands at Rs.490,04,98,023/- during the financial year 2009-10.

## Schedules to Accounts

### 17 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

7. Detailed information regarding quantitative particulars under part II of Schedule VI to the Companies Act, 1956.

i) As the turnover of the Company is in respect of supply of food and beverages, it is not possible to give quantity-wise details of turnover.

ii) Income of the Company includes the following:

(Rs. in lakhs)

|                                       | Current Year | Previous Year |
|---------------------------------------|--------------|---------------|
| Guest Accommodation, Food & Beverages | 2,715.94     | 2,560.34      |
| Subscription, Facilities & Others     | 18,527.84    | 26,732.95     |

iii) Consumption of Provisions and Stores

(Rs. in lakhs)

|   | Opening Stock | Purchases | Closing Stock | Consumption |
|---|---------------|-----------|---------------|-------------|
| Food & Beverages, Consumables & Disposables | 53.87         | 882.50    | 42.27         | 894.10      |
|   | (58.22)       | (912.87)  | (53.87)       | (917.22)    |

Note: Previous Year's figures are given in brackets.

8. Earnings and Expenditure in Foreign Currency

(Amount in Rupees)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| a. Foreign Currency Earnings                        | 49,65,564    | 16,37,12,167  |
| (Foreign Currency earnings includes Membership Fee) |              |               |
| b. Foreign Currency expenditure/out flow as follows |              |               |
| Travelling expenses                                 | 57,306       | 57,86,277     |
| Advance for Travelling and Other Expenses           | 41,14,293    | -             |
| Listing fees  | 4,80,300     | 8,25,779      |
| Loan to Subsidiary Company                          | 2,00,00,000  | -             |
| Investment in Subsidiary Company                    | 2,00,00,000  | -             |
| Membership Fee related to Dubai                     | 28,46,396    | -             |

9. The Company has not made any provision for Leave Encashment to its employees. Leave Encashment payable will be accounted as and when payments are made and as such the Liability has not been ascertained.

10. Provident Fund is administered through the Regional Provident Fund Commissioner and Company's contribution is remitted accordingly.

11. There are no dues to SSI Units outstanding for more than 30 days.

12. Subject to Confirmations from debtors/creditors as to the balances receivable from/payable to them as at year end.

13. In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs.6,29,41,659/- towards deferred income tax liability. (Previous Year Rs. 4,80,64,389/- towards deferred income tax liability).

## Schedules to Accounts

### 17 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

14. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties.

A.

| Sl. No. | Name of the Related Party   | Relationship                 |
|---------|---|------------------------------|
| 1       | Amrutha Estates Private Limited   | Associate Company            |
| 2       | Amrutha Estates & Hospitality Private Limited   | Associate Company            |
| 3       | Zen Garden Hotel Private Limited  | Associate Company            |
| 4       | Country Club Bangalore Limited  | Associate Company            |
| 5       | Aquarian Realtors Private Limited   | Subsidiary Company           |
| 6       | International Country Holidays Private Limited<br>(formerly known as Aakruti Engineers Private Limited) | Subsidiary Company           |
| 7       | Bush Betta Holiday Ownership Wildlife Adventure Resort Private Limited                                  | Subsidiary Company           |
| 8       | Country Club Babylon Resorts Private Limited  | Subsidiary Company           |
| 9       | J. J. Arts and Entertainments Private Limited   | Subsidiary Company           |
| 10      | Kolet Resort Club Private Limited   | Subsidiary Company           |
| 11      | Bright Resorts Private Limited  | Subsidiary Company           |
| 12      | Chanakyapuri Resorts Private Limited  | Subsidiary Company           |
| 13      | Jade Resorts Private Limited  | Step-Down Subsidiary Company |
| 14      | Maruti Waterpark & Entertainments Private Limited   | Subsidiary Company           |
| 15      | Country Vacations International Limited - India   | Subsidiary Company           |
| 16      | Swimwel Investment & Trading Private Limited  | Subsidiary Company           |
| 17      | Swami Vivekanand Training & Education Centre Private Limited  | Subsidiary Company           |
| 18      | Country Vacations International LLC - Dubai   | Step-Down Subsidiary Company |
| 19      | Country Vacations International Limited - Dubai   | Subsidiary Company           |
| 20      | Country Vacations International LLC - Oman  | Step-Down Subsidiary Company |
| 21      | Y. Rajeev Reddy   | CMD                          |
| 22      | Y. Manjula Reddy  | Director                     |
| 23      | Y. Varun Reddy  | Vice-Chairman, JMD & COO     |

B. Transactions during the year with Related Parties.

| Nature of Transaction   | Subsidiary Companies including<br>Step-Down Subsidiaries | Associate Companies | Other Related Parties |
|-------------------------|--|---------------------|-----------------------|
| Lease Rentals           | 9,00,000   | 39,12,000           | 63,24,950             |
| Land                    |  | 2,78,29,750         |                       |
| Investments in Shares   | 16,66,36,000   |                     |                       |
| Membership Sale         | 1,23,15,564  |                     |                       |
| Directors' Remuneration |  |                     | 1,29,00,000           |

## Schedules to Accounts

### 17 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

#### 15. The Basic and Diluted EPS is Calculated as under

(Amount in Rupees)

| Particulars  | March 31st 2010 | March 31st 2009 |
|--|-----------------|-----------------|
| a) Profit after Tax (Rs.)  | 17,95,73,622    | 9,71,46,234     |
| b) Earnings available to Equity Shareholders for Basic & Diluted EPS (Rs.) | 17,95,73,622    | 9,71,46,234     |
| c) Weighted average Number of Shares taken for computation of EPS          |                 |                 |
| - Basic  | 7,74,66,894     | 7,74,24,735     |
| - Diluted  | 9,29,64,735     | 8,39,24,735     |
| d) Earning per Share   |                 |                 |
| - Basic  | 2.32            | 1.25            |
| - Diluted  | 1.93            | 1.16            |
| e) Nominal Value per Share   | 2               | 2               |

16. Term Loans from Ratnakar Bank Limited, Saraswat Co-operative Bank Limited & Cosmos Bank Limited are secured by:  
Hypothecation of various Land & Buildings
17. Vehicle loans are availed by the Company from Citibank, HDFC Bank Limited, Saraswat Co-operative Bank Limited and are secured against specific vehicles.
18. As per AS 17 Segment report, it is difficult to identify segmentwise profitability and Capital Employed considering that infrastructure is common for all the revenue activities of the Company
19. Pertaining to unclaimed dividend, no amount is due and outstanding as unclaimed dividend for more than seven years to be transferred to Investor Education & Protection Fund.
20. Previous year's figures have been regrouped wherever necessary.
21. The figures have been rounded off to the nearest rupee.

#### SIGNATURES TO SCHEDULES 1 To 17

As per our report of even date

for **P. Murali & Co.**  
Chartered Accountants  
FRN: 007257S

**P. Murali Mohana Rao**  
Partner  
Membership No. 23412

Place: Hyderabad  
Date : 15-08-2010

for and on behalf of the Board of Directors  
**Country Club (India) Limited**

**Y. Rajeev Reddy**  
Chairman & Managing Director

**Y. Siddharth Reddy**  
Vice-Chairman, JMD & CEO

**S. Subba Rao**  
Company Secretary

## Cash Flow Statement for the year ended March 31, 2010

(Rs. in Lakhs)

| Particulars   | Current Year      | Previous Year      |
|---|-------------------|--------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                               |                   |                    |
| Net Profit Before Taxation and Extraordinary Items                          | 2,921.69          | 1,680.07           |
| <i>Adjustment For:</i>  |                   |                    |
| Depreciation  | 1,327.11          | 1,143.63           |
| Interest Expenses   | 395.89            | 45.60              |
| <b>Operating Profit before Working Capital Changes</b>                      | <b>4,644.69</b>   | <b>2,869.30</b>    |
| Trade and Other Receivables   | (3,433.04)        | (6,455.27)         |
| Inventories   | (134.32)          | 4.35               |
| Trade Payables  | (786.96)          | 7,455.22           |
| <b>Cash Generated From Operations</b>                                       | <b>290.37</b>     | <b>3,873.60</b>    |
| <b>Net Cash flow From Operating Activities</b>                              | <b>290.37</b>     | <b>3,873.60</b>    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                               |                   |                    |
| Purchase of Fixed Assets  | (5,953.17)        | (13,777.12)        |
| (Purchase of Fixed assets includes Capital Work-in-Progress)                |                   |                    |
| Miscellaneous Expenses incurred (to the extent not written off or adjusted) | 730.67            | (1,461.33)         |
| Investments in Subsidiary Companies   | (1,872.21)        | (17,579.20)        |
| <b>Net Cash in Investing Activities</b>                                     | <b>(7,094.71)</b> | <b>(32,817.66)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                               |                   |                    |
| Proceeds from Issue of Equity Shares (includes share premium)               | 1,251.04          | -                  |
| Proceeds from Issue of Warrants   | (183.37)          | 539.00             |
| Increase in Capital Reserve   | 360.00            | -                  |
| Proceeds from Membership Fees   | (1,229.81)        | (1,264.52)         |
| Proceeds from Long Term Loans   | 8,968.55          | (19.23)            |
| Received Unsecured Loans  | (1,296.70)        | 2,035.50           |
| Interest Paid   | (395.89)          | (45.60)            |
| <b>Net Cash Used in Financing Activities</b>                                | <b>7,473.82</b>   | <b>1,245.15</b>    |
| Net Increase in Cash and Cash Equivalents                                   | 669.48            | (27,698.91)        |
| Cash and Cash Equivalents (Opening Balance)                                 | 1,576.85          | 29,275.76          |
| <b>Cash and Cash Equivalents (Closing Balance)</b>                          | <b>2,246.33</b>   | <b>1,576.85</b>    |

for and on behalf of the Board of Directors  
**Country Club (India) Limited**

Place: Hyderabad  
 Date : 15-08-2010

**Y. Rajeev Reddy**  
 Chairman & Managing Director

**Y. Siddharth Reddy**  
 Vice-Chairman, JMD & CEO

**S. Subba Rao**  
 Company Secretary

## Certificate

To  
The Board of Directors,  
**Country Club (India) Limited**  
Hyderabad

We have examined the attached Cash flow Statement of **M/s COUNTRY CLUB (INDIA) LIMITED** for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 15th August, 2010 to the members of the Company.

Yours Faithfully,

For **P. Murali & Co.,**  
Chartered Accountants

Place : Hyderabad  
Date : 15-08-2010

**P. Murali Mohana Rao**  
Partner



## Additional information as required under Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile

### 1. Registration Details

Registration No. 

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 1 | 2 | 7 | 1 | 4 |
|--|--|--|---|---|---|---|---|

  
Balance Sheet Date: 

|   |   |  |   |   |  |   |   |   |   |
|---|---|--|---|---|--|---|---|---|---|
| 3 | 1 |  | 0 | 3 |  | 2 | 0 | 1 | 0 |
|---|---|--|---|---|--|---|---|---|---|

State Code 

|  |  |  |  |  |  |  |  |   |   |
|--|--|--|--|--|--|--|--|---|---|
|  |  |  |  |  |  |  |  | 0 | 1 |
|--|--|--|--|--|--|--|--|---|---|

### 2. Capital raised during the year (Amount 000's)

Public Issue 

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

  
Bonus Issue 

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

  
Preferential Issue 

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 1 | 7 | 6 | 6 | 3 |
|--|--|--|---|---|---|---|---|

Rights Issue 

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Private Placements 

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

### 3. Position of mobilization and deployment of funds (Amount 000's)

Total Liabilities 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 0 | 4 | 1 | 6 | 8 | 6 | 2 |
|---|---|---|---|---|---|---|---|

Total Assets 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 0 | 4 | 1 | 6 | 8 | 6 | 2 |
|---|---|---|---|---|---|---|---|

#### Sources of Funds

Paid-Up Capital 

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 1 | 7 | 0 | 2 | 3 | 7 |
|--|--|---|---|---|---|---|---|

Reserves & Surplus 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 6 | 2 | 2 | 2 | 1 | 0 | 7 |
|--|--|---|---|---|---|---|---|---|

Secured Loans 

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 9 | 0 | 4 | 9 | 2 | 0 |
|--|--|---|---|---|---|---|---|

Unsecured Loans 

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | 9 | 6 | 3 | 0 | 1 | 1 |
|--|--|--|---|---|---|---|---|---|

#### Application of funds

Net Fixed Assets 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 4 | 8 | 5 | 5 | 7 | 0 | 8 |
|--|--|---|---|---|---|---|---|---|

Net Current Assets 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 1 | 2 | 9 | 1 | 1 | 0 | 3 |
|--|--|---|---|---|---|---|---|---|

Capital work-in-Progress 

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | 9 | 8 | 3 | 8 | 1 | 4 |
|--|--|--|---|---|---|---|---|---|

Misc. Expenditure 

|  |  |  |  |   |   |   |   |   |
|--|--|--|--|---|---|---|---|---|
|  |  |  |  | 7 | 3 | 0 | 6 | 7 |
|--|--|--|--|---|---|---|---|---|

Investments 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 2 | 2 | 6 | 9 | 5 | 7 | 7 |
|--|--|---|---|---|---|---|---|---|

Accumulated Losses 

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

### 4. Performance of the Company (Amount 000's)

Turnover 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 2 | 1 | 2 | 4 | 3 | 7 | 8 |
|--|--|---|---|---|---|---|---|---|

Profit after Tax 

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | 1 | 7 | 9 | 5 | 7 | 4 |
|--|--|--|---|---|---|---|---|---|

Total Expenditure 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 1 | 8 | 3 | 2 | 2 | 0 | 8 |
|--|--|---|---|---|---|---|---|---|

Earnings Per Share 

|  |  |  |  |  |   |   |   |   |
|--|--|--|--|--|---|---|---|---|
|  |  |  |  |  | 2 | . | 3 | 2 |
|--|--|--|--|--|---|---|---|---|

Profit before Tax 

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | 2 | 9 | 2 | 1 | 7 | 0 |
|--|--|--|---|---|---|---|---|---|

Dividend Rate 

|  |  |  |  |  |  |  |  |   |   |
|--|--|--|--|--|--|--|--|---|---|
|  |  |  |  |  |  |  |  | 5 | % |
|--|--|--|--|--|--|--|--|---|---|

### 5. Generic Names of Principal Products/services of the Company

|                          |   |                    |
|--------------------------|---|--------------------|
| Item code no. (ITC code) | : | 691                |
| Product description      | : | Food and Beverages |
| Item code no. (ITC code) | : | 691                |
| Product description      | : | Facilities         |

As per our report of even date

for **P. Murali & Co.**  
*Chartered Accountants*

for and on behalf of the Board of Directors  
**Country Club (India) Limited**

**P. Murali Mohana Rao**  
Partner  
Membership No. 23412

**Y. Rajeev Reddy**  
Chairman & Managing Director

**Y. Siddharth Reddy**  
Vice-Chairman, JMD & CEO

**S. Subba Rao**  
Company Secretary

Place: Hyderabad  
Date : 15-08-2010

## Statement pursuant to exemption received Under Section 212 (8) of the Companies Act, 1956 relating to Subsidiary Companies for the Financial year ended March 31, 2010

| S. No. | Particulars   | Aqurian Realtors Pvt Ltd<br>Rs. | International Country Holidays Pvt Ltd*<br>Rs. | Bush Betta Holiday Ownership Wildlife Adventure Resort Pvt Ltd<br>Rs. | J.J. Arts and Entertainments Pvt Ltd<br>Rs. | Chanakyapuri Resorts Pvt Ltd<br>Rs. | Bright Resorts Pvt Ltd<br>Rs. | Kolet Resort Club Pvt Ltd<br>Rs. | Jade Resorts Pvt Ltd<br>Rs. | Maruti Waterpark & Entertainments Pvt Ltd<br>Rs. | Country Vacations International Ltd India<br>Rs. | Swimwel Investment & Trading Pvt Ltd<br>Rs. | Swami Vivekanand Training & Education Centre Pvt Ltd<br>Rs. | Country Club Babylon Resorts Pvt Ltd Sri Lanka<br>Rs. | Country Vacations International Ltd Dubai<br>Rs. | Country Vacations International LLC Dubai<br>Rs. | Country Vacations International LLC Oman<br>Rs. |
|--------|---|---------------------------------|--|---|---|-------------------------------------|-------------------------------|----------------------------------|-----------------------------|--|--|---|---|---|--|--|---|
| a)     | Capital   | 100,000                         | 1,000,000                                      | 10,500,200  | 1,500,000                                   | 7,000,000                           | 1,845,000                     | 14,998,000                       | 100,000                     | 2,324,000  | 500,000  | 100,000                                     | 4,990,800   | 19,767,221  | 2,147,089,785                                    | 3,674,910  | 12,250  |
| b)     | Reserves  | Nil                             | Nil  | 3,100,000   | Nil   | Nil                                 | 1,800,000                     | Nil                              | Nil                         | 769,338  | Nil  | 3,651,605                                   | 13,013,376  | 16,216,002  | Nil  | 2,131,203  | Nil   |
| c)     | Total Assets  | 1,599,815                       | 1,500,000                                      | 13,600,200  | 2,472,510                                   | 11,047,430                          | 3,645,000                     | 32,696,494                       | 1,930,692                   | 3,093,338  | 500,000  | 4,101,605                                   | 71,617,969  | 60,233,477  | 2,147,089,785                                    | 3,054,501,931                                    | 133,135,142                                     |
| d)     | Total Liabilities   | 1,599,815                       | 1,500,000                                      | 13,600,200  | 2,472,510                                   | 11,047,430                          | 3,645,000                     | 32,696,494                       | 1,930,692                   | 3,093,338  | 500,000  | 4,101,605                                   | 71,617,969  | 60,233,477  | 2,147,089,785                                    | 3,054,501,931                                    | 133,135,142                                     |
| e)     | Details of Investment<br>(except in case of investment in subsidiaries) | Nil                             | Nil  | Nil   | Nil   | Nil                                 | Nil                           | 50,000                           | Nil                         | 48,000   | Nil  | Nil   | Nil   | Nil   | Nil  | Nil  | Nil   |
| f)     | Turnover  | 1,749,375                       | 300,000  | Nil   | 1,841,174                                   | 2,509,255                           | 13,628,762                    | 8,510,110                        | 4,546,605                   | Nil  | Nil  | 11,907,497                                  | Nil   | 76,567  | Nil  | 1,348,832,223                                    | Nil   |
| g)     | Profit before Taxation  | (2,410,215)                     | 133,374  | (1,252,502)   | (1,633,647)                                 | (1,388,145)                         | (2,568,078)                   | 2,401,768                        | (5,189,351)                 | (12,321)   | Nil  | (11,732,538)                                | (3,630,099)   | (4,322,894)   | (279,930)  | 251,018,439                                      | (7,189,876)                                     |
| h)     | Provision for Taxation  | 547,989                         | 14,743   | Nil   | 133,028                                     | Nil                                 | Nil                           | 762,062                          | 1,047,574                   | Nil  | Nil  | Nil   | 1,877,347   | Nil   | Nil  | Nil  | Nil   |
| i)     | Profit after Taxation   | (2,958,204)                     | 118,631  | (1,252,502)   | (1,766,675)                                 | (1,388,145)                         | (2,568,078)                   | 1,639,706                        | (6,236,925)                 | (12,321)   | Nil  | (11,732,538)                                | (5,507,446)   | (4,322,894)   | (279,930)  | 251,018,439                                      | (7,189,876)                                     |
| j)     | Proposed Divident   | Nil                             | Nil  | Nil   | Nil   | Nil                                 | Nil                           | Nil                              | Nil                         | Nil  | Nil  | Nil   | Nil   | Nil   | Nil  | Nil  | Nil   |

As required under para-III of the approval vide letter No.47/690/2010-CL-III, dated 26-08-2010 issued by the Ministry of Company Affairs, India Rupees equivalent of the figures in foreign currencies based on the exchange rate as on 31-03-2010.  
(LKR 1 = Rs.0.39534, AED 1 = Rs.12.2497)

\*(formerly known as Aakruti Engineers Pvt Ltd)

# ELECTRONIC CLEARING SERVICE (ECS) MANDATE FORM

## Member's Authorization to receive dividends through Electronic Credit Clearing Mechanism

To  
M/s. Aarathi Consultants India Private Limited.  
(Unit: Country Club (India) Limited)  
H. No. 1-2-285, Domalguda,  
Hyderabad - 500 029

Shareholders authorization to receive dividends through Electronic Credit Clearing Mechanism.

| Registered Folio No.  | ECS Ref. No.: (For office use only) |
|---|-------------------------------------|
| Name of the first / Sole Shareholder  |                                     |
| Bank Name   |                                     |
| Branch Address & Telephone No. of Branch  |                                     |
| Bank Account Number<br>(As appearing on the Cheque Books)   |                                     |
| 9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy (Xerox copy) of a Cheque issued to you by your bank, for verification of the above particulars. |                                     |
| Account Type (Please tick the option)   |                                     |
| Bank Account Ledger Folio No. (if any)  | Savings                             |
|   | Current                             |
|   | Cash Credit                         |
| Bank Account Ledger Folio No. (if any)  |                                     |
| Effective date of this mandate  |                                     |

I hereby declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold M/s. Country Club (India) Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent change(s) in the above particulars.

Place:

Name of the First Holder : \_\_\_\_\_

Date:

Signature of the First Holder : \_\_\_\_\_

### Note:

1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
2. In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to their respective Depository participants. Shareholders are also requested to note that changes, if any, intimated by the Demat Account holders directly to the Company will not be considered.

19th Annual General Meeting  
**Country Club (India) Limited**

Registered office: "Amrutha Castle", 5-9-16, Saifabad, Opp: Secretariat, Hyderabad 500 063

**Attendance Slip**

**Date**

30th September, 2010

**Venue**

Shri Agrasen Bhavan  
# 149, Sayeed Road, Sappers Line, Secunderabad - 500 003

**Time**

12:00 noon

| Name of the Shareholder | Folio No. / DPID and Client ID No. | No. of Shares |
|-------------------------|------------------------------------|---------------|
|                         |                                    |               |

I certify that I am a registered shareholder of the Company and hold above-mentioned shares in the Company and hereby record my present at the 19th Annual General Meeting of the Company.

**Member's/Proxy signature**

Note: Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.

19th Annual General Meeting  
**Country Club (India) Limited**

Registered office: "Amrutha Castle", 5-9-16, Saifabad, Opp: Secretariat, Hyderabad 500 063

**Proxy Form**

Regd. Folio No.: \_\_\_\_\_

No. of shares \_\_\_\_\_

DP ID No. \_\_\_\_\_

Client ID No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being Member/Members of Country Club (India) Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held on Thursday, 30th September, 2010 at 12:00 noon at Shri Agrasen Bhavan, # 149, Brig. Sayeed Road, Sappers Line, Secunderabad - 500003 and at any adjournment thereof.

As witness my/our hand (s) this \_\_\_\_\_ day of \_\_\_\_\_ of 2010

Signed by the said \_\_\_\_\_

Affix Rs. 1  
Revenue  
Stamp

**Note:** This Proxy Form in order to be effective should be duly filled in, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The Proxy need not be member of the Company.