

# MAC CHARLES (INDIA) LIMITED

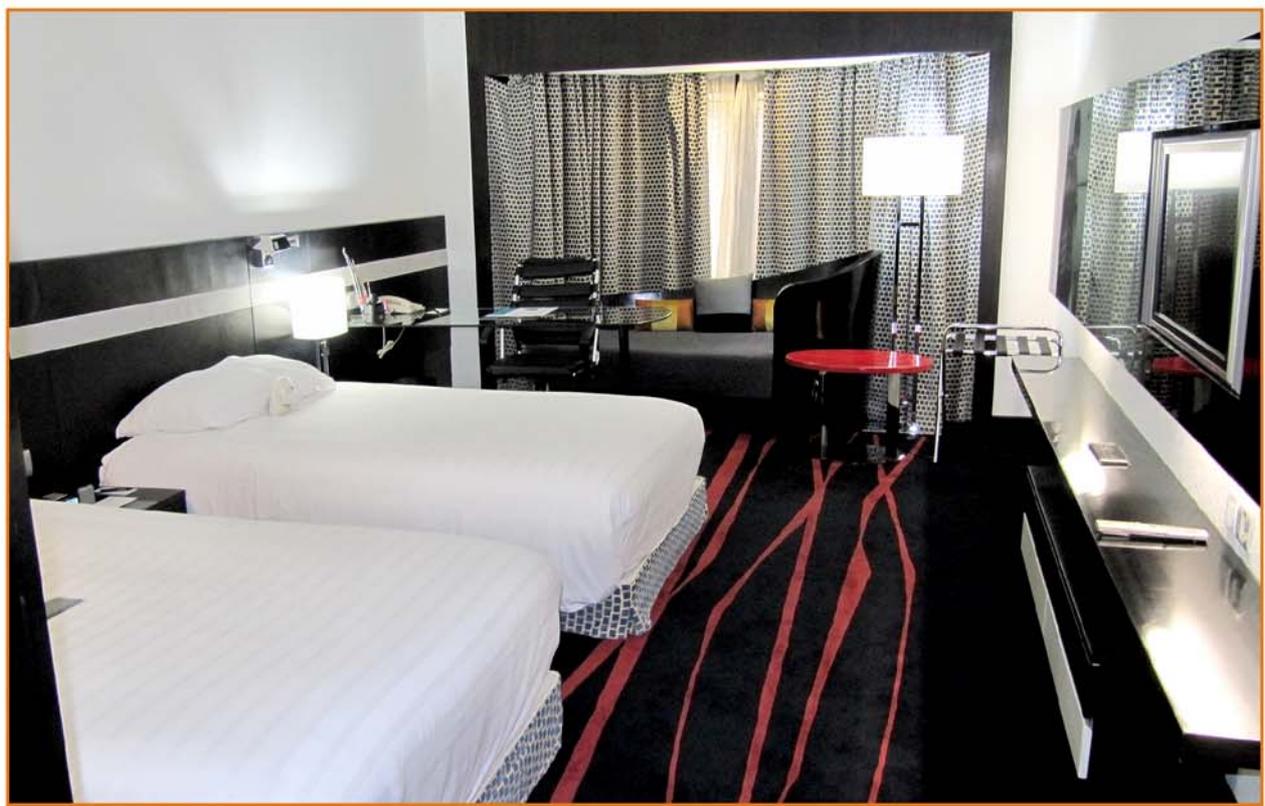
30th Annual Report 2009-10

*Le* **MERIDIEN**  
BANGALORE





CORONET



GUEST ROOM

**BOARD OF DIRECTORS**

<b>Mr. C. B. Pardhanani</b>	<b>Chairman</b>
<b>Mr. J. Matthan</b>	<b>Director</b>
<b>Mr. K. R. Sampath</b>	<b>Director</b>
<b>Mr. P. B. Appiah</b>	<b>Director</b>
<b>Ms. Sangeeta C. Pardhanani</b>	<b>Managing Director</b>

**VICE PRESIDENT FINANCE & COMPANY SECRETARY**Mr. M.S. Reddy *B.Com., L.L.B., MBIM, FCA, FCS***REGISTERED OFFICE**

*Le* **MERIDIEN** - BANGALORE  
 28, Sankey Road, Bangalore - 560 052  
 Tel : 080-2226 2233 / 2228 2828  
 Fax : 080-2226 7676 / 2226 2050  
 e-mail : leme.bangalore@lemeridien.com  
 Visit us at : www.lemeridien-bangalore.com

**PRINCIPAL BANKERS**

State Bank of India, Bangalore  
 State Bank of Mysore, Bangalore

**AUDITORS**

K. B. Nambiar & Associates  
 101, President Chambers  
 # 8, Richmond Road  
 Bangalore - 560 025

**REGISTRARS & SHARE TRANSFER AGENTS**

BgSE Financials Limited  
 (Subsidiary of Bangalore Stock Exchange Ltd.,)  
 Registrar & Transfer Agent (RTA Division)  
 No. 51, 1st Cross, J.C. Road,  
 Bangalore - 560 027.  
 Tel : 080 - 4132 9661 / 4157 5234  
 Fax : 080 - 2227 6674  
 Email : manager\_rta@bfsi.co.in

**INVESTORS' QUERIES**

e-mail : secretarial.bangalore@lemeridien.com

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*Thirtieth Annual General Meeting of MAC CHARLES (INDIA) LTD. will be held on TUESDAY the 31st AUGUST 2010 at Hotel Le Meridien, No. 28, Sankey Road, Bangalore - 560 052 at 3 p.m.*

*Note:*

- (a) *As a measure of economy, copies of Annual Report will not be distributed at the Meeting. Members are requested to kindly bring their copies to the Meeting.*
- (b) *Children accompanying a member/proxy will not be allowed inside the meeting hall.*

# MAC CHARLES (INDIA) LIMITED

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN TO THE MEMBERS THAT the 30th Annual General Meeting of **MAC CHARLES (INDIA) LIMITED** will be held at Hotel Le Meridien, No. 28, Sankey Road, Bangalore – 560 052, on Tuesday the 31 August, 2010 at 3 p.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive and adopt the audited accounts of the Company for the year ended 31 March 2010 together with the Directors' and Auditors' report thereon.
2. To declare dividend on equity shares for the year ended 31 March 2010.

3. To appoint a Director in place of Mr. K.R. Sampath, who retires by rotation.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board of Directors

Bangalore  
30 June 2010

M.S. REDDY  
Company Secretary

### NOTES:

- a) The Register of Members and Share Transfer Book will remain closed from Saturday the **21st August 2010 to Tuesday the 31st August 2010 (both days inclusive)** for the purpose of payment of dividend, if any, to be declared at this meeting.
- b) Members holding shares in multiple folios in **Physical mode** are requested to apply for consolidation to the Registrar and Transfer Agent (R&T Agent)/Company along with relevant Share Certificates.
- c) Members desirous of changing from physical form to dematerialization (electronic form) may apply with their respective Depository Participants (DP's). The Company's shares are already demated with CDSL and NSDL.
- d) The dividend, if any, in respect of Equity Shares held in **electronic mode** will be paid on basis of beneficial ownership, details of which are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for the said purpose.
- e) For effecting change of Address/Bank details/Electronic Clearing Services (ECS) Mandate, if any, Members are requested to notify the same to the following :
  - (i) If shares are held in **Physical mode**, to the Company/R&T Agent of the Company, i.e., BgSE Financials Limited, RTA Division, No.51, 1st Cross, J.C. Road, Bangalore – 560 027.
  - (ii) If shares are held in **electronic mode**, to their Depository Participant (DP). The Company/R&T Agent will not entertain request for noting change of Address/Bank details/ECS Mandate, if any.
- f) Members holding shares in **electronic mode** may kindly not that their Bank Account details and 9 digit MICR code of their Bankers, as noted in the records of their DP, shall be used for the purpose of overprinting on Dividend Warrants, or remittance of dividend through Electronic Clearing Service (ECS), wherever applicable. It is, therefore, necessary that the members should ensure that their correct Bank details, and 9 digit MICR Code number are noted in the records on the DP.

Reserve Bank of India (RBI) is providing ECS facility for payment of dividend in select cities. Members holding shares in **physical mode** and desirous of availing this facility may give the details of their Bank account, with 9 digit MICR Code, along with photocopy of a cheque or a blank cancelled cheque relating to the designated Bank account, to the R&T Agent/Company.

As per the ECS Mandate noted in the records of DP, the amount of dividend will be credited directly to bank account through RBI's Electronic Clearing Service (ECS). The credit of dividend amount can also be confirmed from pass book / bank statement. **Kindly ensure that the ECS mandate is correctly recorded with DP so that no ECS rejection takes place.**

- g) Pursuant to the Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended on 31 March 2003 which remain unclaimed is due for transfer to the Investor Education & Protection Fund (IEPF) on 30.10.2010. Members who have so far not encashed the Dividend Warrants for the above year are advised to submit their claim to the Company's R&T Agents namely BgSE Financials Limited, Bangalore, by quoting their folio number / DP Id & Client Id. On or before 30.09.2010. It may be noted that once the unclaimed dividend is transferred to IEPF as aforesaid, no claim shall lie on the Company in respect of such unclaimed dividend.
- h) Members are requested to :-
  - (i) bring their copy of Annual Report and Attendance Slip at the venue of the meeting.
  - (ii) Quote their folio/DP & Client Id No. in all correspondence with the R&T Agent/Company.
  - (iii) Note that briefcase, mobile phone, bag, eatables and other belongings will not be allowed to be taken inside the venue of the meeting for security purpose and shareholders will be required to take care of their belongings.
  - (iv) Note that no gifts will be distributed at the Annual General Meeting.
  - (v) A member entitled to attend and vote is entitled to appoint a proxy (whether a member or not) to attend and vote instead of himself but a proxy so appointed has no right to speak at the meeting. **Children accompanying a member/proxy will not be allowed inside the meeting hall.** Proxy form duly completed and signed should be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the commencement of the Meeting. Blank proxy form is annexed hereto.
  - (vi) Members having specific queries regarding accounts are requested to deposit their queries in writing at the Registered Office of the Company not less than forty-eight (48) hours before the commencement of the meeting, so as to make the management to furnish the clarification.

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting the 30<sup>th</sup> Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31 March 2010.

**FINANCIAL RESULTS**

*Rs. in Lakhs*

	<b>2009-10</b>	2008-09
Sales Turnover	<b>4152.08</b>	6306.72
Other Income	<b>2776.26</b>	960.34
Expenditure	<b>3707.51</b>	4080.02
Provision for Taxation	<b>696.04</b>	1216.56
Profit for the year	<b>2524.79</b>	1970.48
Profit brought forward from previous year	<b>555.52</b>	551.43
Dividend including		
Corporate Dividend Tax	<b>843.02</b>	766.38
Transfer to General Reserve	<b>1500.00</b>	1200.00
Profit transfer to Balance Sheet	<b>737.30</b>	555.52
Earning Per Share	<b>38.54</b>	30.08

**HOTEL OPERATIONS**

During the year under report, the economy witnessed a global economic slowdown mainly resulted on account of unprecedented turmoil in the banking and financial sector in developed countries. The Indian economy is also affected resulting in lower Hotel room occupancy and average room rate. Hence, sales turn over has decreased from Rs.6307 lakhs to Rs.4152 lakhs. During the current financial year 2010-11, the hotel business is improving. Hence, working results will be better.

**FUTURE PROSPECTS**

The future of the hotel industry is entirely dependant on the state of the country's economy. The outlook for the Financial Year 2010-11 is improving. The demand for hotel accommodation is improving. The Company's performance is expected to show an improvement.

**FINANCE**

During the year under report, the financial position of the Company has further been consolidated with significantly increased reserves and surplus.

**DIVIDEND**

The Board of Directors have recommended a dividend of Rs.11/- per share on share capital of Rs.6.55 crores divided into 65,50,526 equity shares of Rs.10/- each. The said dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the Register of Members as on 31st August, 2010.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirms:

- a) Applicable accounting standards have been followed in the preparation of annual accounts. Material departures therefrom, if any, are properly explained in the notes on accounts;

- b) The Board of Directors has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period ;

- c) The Board has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- d) The Annual Accounts have been prepared for the financial year ended March 31 2010 on a going concern basis.

**FOREIGN EXCHANGE EARNINGS**

Foreign Exchange Earnings during the year were Rs.2325 lacs which is 56% of the Hotel Sales Turnover. The Foreign Exchange utilisation during the year was Rs.407 lacs.

**SUBSIDIARY COMPANIES**

During the year under review, your Company has invested 100% share capital in Messrs. NEDSTAR HOTELS PRIVATE LIMITED (presently known as AIRPORT GOLF VIEW HOTELS & SUITES PRIVATE LIMITED w.e.f. 18th June, 2010). As required under Section 212 of the Companies Act, 1956, the Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of the Subsidiary Companies are annexed.

**DUES TO SMALL SCALE UNDERTAKINGS**

There are no dues payable to small scale undertakings.

**CORPORATE GOVERNANCE**

Members are aware that the Corporate Governance code has become a statutory requirement as per listing guidelines framed by the Stock Exchanges. Members will be happy to know that their Company is complying with the stipulations of the new code as on date. In line with this requirement of the code, a Corporate Governance Report and a Management Discussion and Analysis Report of the Company is furnished elsewhere in this Annual Report.

**ENERGY CONSERVATION**

Conservation of energy continues to be on top priority of the management. The following energy conservation measures have been taken:

- a) During the year under report, installed one more Wind Turbine Generator with a capacity of 2.10 MW apart from existing two numbers of 1.50 MW each environment friendly Wind Turbine Generators which generate electricity of about 1.15 crore units p.a. of green power which will be utilized partially for captive consumption of the Hotel and the balance units generated is being sold to Govt. of Karnataka.
- b) an effective key-tag system is in vogue in all guest rooms to switch off lights & power connections automatically.

## MAC CHARLES (INDIA) LIMITED

- c) substantially switched over to PL lamps from conventional lamps with a view to saving energy upto 60% on lighting.
- d) installed solar panels which are feeding hot water required for the guest rooms.
- e) imported and installed three highly fuel efficient screw chillers for our AC plant.
- f) replaced windows with double glazed reflective glass with a view to save power on AC consumption.
- g) installed two on load tap charger transformers for stabilising voltage fluctuations and thereby to save power and prevent damage to electric motors and other installations.
- h) thermostatic Controls, Timers and Photo Cell Switches have been installed wherever necessary to control power consumption.
- i) imported and installed two temperature control systems to reduce power consumption.
- j) constituted an energy conservation committee to monitor power consumption regularly.

### Employed throughout the year :

Name	Ms.Sangeeta C. Pardhanani	Mr. M.S. Reddy	Mr. G. Vijay
Age	41 Years	56 Years	48 years
Remuneration	Rs.90,31,500/-	Rs.27,03,460/-	Rs.27,00,195/-
Qualification	B.Com., DBM	B.Com.,L.L.B., MBIM., from London, UK, FCA, FCS	B.com.,Diploma in Hotel Mgmt.from Florida, USA, Advance Mgmt. from Cornell University, USA
Experience	8 Years	30 years	24 years
Date of commencement of employment	01.10.2002	13.08.1983	01.10.2005
Last Employment held	Executive Director – Mac Charles (India) Ltd.	Company Secretary & Chief Accounts Officer, Sri Krishna Rajendra Mills Ltd., Mysore	Director of Operation, Harsha Hospitality Management, USA
Designation	Managing Director	Vice President Finance and Company Secretary	Vice President and Director of Development

### EMPLOYEES

The relationship with employees has been cordial. The total number of persons employed by the Company is 377 as at 31 March 2010.

### DIRECTORS

Mrs. Kavita C. Pardhanani, resigned from the Board of Directors during the year.

Your Directors place on record their appreciation for the services rendered by Mrs. Kavita C. Pardhanani during her tenure as Director of your Company.

Out of the present Director, Mr. K. R. Sampath will retire by rotation at the 30th Annual General Meeting and he is not seeking re-appointment.

### TECHNOLOGY ABSORPTION

In the opinion of the Board, the required particulars, pertaining to technology absorption in terms of Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as hotel forms part of the service industry and the Company does not have any significant manufacturing operations. However, the management has been adopting the latest technology like LCD TV systems, high speed internet installed in all the guest rooms, latest high speed computers, modern guest amenities, best audio-video equipment, newest model transport vehicles for complimentary transport of hotel guests, video conferencing facility, latest models of soundfree fridges in guest rooms and various latest hotel operational equipments. Further the Hotel has been conforming to the stringent Le Meridien's International Standards.

### PARTICULARS OF EMPLOYEES

Information under section 217(2A) of the Companies Act. 1956, read with Companies (particulars of employees) Rules, 1975, is appended below :

Particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 :

### AUDIT COMMITTEE

The Audit Committee comprising of Mr. C.B. Pardhanani, Mr. J. Matthan and Mr. P.B. Appiah all Directors of the Company with Mr. J. Matthan as the Chairman, discharged its duties and functions in consultation with the Internal and Statutory Auditors: (a) To review the adequacy of the internal control system and internal Audit Reports and their compliance thereof: (b) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible: and (c) To review with the management, the financial statements before submission to the Board.

## AUDITORS' REPORT ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Auditor's Certificate is given as an annexure to Directors Report.

### AUDITORS

M/s. K.B. Nambiar & Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

### INTERNAL AUDITORS

M/s. B.P. Rao & Company, Internal Auditors have been conducting quarterly audits of all operations of the Company and their findings have been reviewed regularly by the Audit Committee. Your Directors note with satisfaction that no material deviations from the prescribed policy and procedures have been observed.

### SECRETARIAL AUDIT

As per SEBI Regulations, secretarial audit is being carried out at the specified periods by a practicing Company Secretary. The findings of the secretarial audit are satisfactory.

## DEMATERIALISATION

The trading of Company's shares are dematerialisation of shares has been done with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

## ACKNOWLEDGEMENTS

Your Directors are grateful to the Shareholders for their support and co-operation extended to the Company for many years. The Directors also thank the Banks namely State Bank of India and State Bank of Mysore for their co-operation and support. The Directors wish to place on record the support and encouragement received from the Department of Tourism, Government of India, Karnataka State Government and Foreign collaborators M/s. Le Meridien. The Directors also acknowledge the dedicated services rendered by the officers and all the staff of the Company.

For and on behalf of the Board

Bangalore  
30 June 2010

**C.B. Pardhanani**  
*Chairman*

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,  
THE MEMBERS OF MESSRS. MAC CHARLES (INDIA) LIMITED

We have examined the compliance of conditions of corporate governance by Mac Charles (India) Limited, for the year ended of 31 March 2010, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except ;

- (a) the Company has held only three Audit Committee Meetings during the year as against the required minimum of four Audit Committee Meetings in a year ;
- (b) the time interval between two Board Meetings in one instance is more than four months ; and
- (c) the Chairman of the Audit Committee was not present at the previous Annual General Meeting of the Company held on 30 July 2009.

We state that no investor grievance is pending for a period exceeding one month as at 31 March 2010 except in one case as per the records maintained by the Company and as taken on record by the Share Transfer cum Shareholders Grievance Committee.

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

**For K. B. NAMBIAR & ASSOCIATES**  
Chartered Accountants  
(Firm Regn. No. 002313S)

Bangalore  
30 June 2010

**V. V. GABRIEL**  
Partner (M.No.213936)

# MAC CHARLES (INDIA) LIMITED

## REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of MESSRS.MAC CHARLES (INDIA) LIMITED ('the Company') as at 31 March 2010 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, ('the Order') as amended, issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, ('the Act') 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, subject to Note No.21 of Schedule No.19 – Notes on Accounts – regarding non-confirmation of balances ;
- (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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31 March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2010 from being appointed as a 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 31 March 2010 ;
  - (b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date ; and
  - (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **K. B. Nambiar & Associates**  
Chartered Accountants  
(Firm Regn. No. 002313S)

Bangalore  
30 June 2010

**V. V. Gabriel**  
Partner (M.No.213936)

## ANNEXURE TO THE AUDITORS' REPORT DATED 30 JUNE 2010

- (i)
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed during such verification.
  - (c) Fixed Assets disposed off during the year were not substantial.
- (ii)
  - (a) Physical verification of inventory has been conducted by the management at reasonable intervals.
  - (b) In our opinion, the procedures, of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of its inventory. The discrepancies noticed on physical verification of stocks as compared to book records are not material and have been properly dealt with in the books of account.
- (iii)
  - (a) The Company has granted an unsecured loan to its wholly owned subsidiary. The maximum amount outstanding during the year was Rs.2,30,00,000/- and the year-end balance of the loan is Rs.2,30,00,000/-.
  - (b) Having regard to the fact that the loan granted to its wholly owned subsidiary is interest free and unsecured and also that no agreement/contract is entered into with the subsidiary, the terms and conditions of loan granted to the subsidiary are in our opinion prima facie not prejudicial to the interests of the Company.
  - (c) In the absence of an agreement/contract there is no stipulation as to repayment and as such paragraph 4(iii) (c ) of the order is not applicable to the Company in respect of repayment of the principal amount.
  - (d) Since there is no stipulation regarding repayment of principal, paragraph 4(iii)(d) of the order is not applicable to the Company in respect of overdue amount in excess of rupees one lakh.
  - (e) The Company has not taken any loans, secured or unsecured from companies, firms or parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraphs 4(iii)(e) to 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the Companies explanations that some of the items purchased are of special nature and suitable

alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us :
- a) the particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said section have been so entered.
  - b) where each of such transaction is in excess of Rs.5/- Lakhs in respect of any party, we are unable to comment whether such transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time since such transactions are in respect of certain purchases for which comparable quotations are not available.
- (vi) The Company has not accepted deposits to which the directives

issued by Reserve Bank of India and provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder apply.

- (vii) The Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) As informed to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956, for the Company.
- (ix) (a) According to the records of the Company and the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.
- (b) To the best of our knowledge and belief and according to the information and explanations given to us, details of disputed statutory dues which has not been deposited in the case of Income Tax are given in the table below :

Sl. No.	Nature of Dues	Period to Which the Dispute relates	Amount in Rupees	Forum where the Dispute is Pending	Remarks
1	Income Tax	A.Y. 1997-98	9,55,691	Honourable High Court of Karnataka	The amount in dispute is adjusted by the Income Tax Department out of refund due to the Company
2	Income Tax	A.Y.2001-02	9,54,168	Honourable High Court of Karnataka	The amount in dispute is adjusted by the Income Tax Department out of refund due to the Company
3	Income Tax	A.Y.2007-08	14,90,801	CIT (Appeals) - III	The amount in dispute is adjusted by the Income Tax Department out of refund due to the Company

- (x) The Company has neither accumulated loss as at 31 March 2010 nor has it incurred any cash loss during the financial year ended on that date or in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to financial institution or bank.
- (xii) According to the information and explanations given to us, and records examined by us, during the year the company has not granted loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
- (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.

- (xvi) In our opinion and according to the information and explanations given to us, the Company has not obtained any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised money by public issue during the year.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For K. B. Nambiar & Associates**  
Chartered Accountants  
(Firm Regn. No. 002313S)

Bangalore  
30 June 2010

**V. V. Gabriel**  
Partner (M.No.213936)

# MAC CHARLES (INDIA) LIMITED

## BALANCE SHEET AS AT 31 MARCH 2010

	Schedule No.	2010 Rupees	2009 Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's funds</b>			
Share Capital	1	6,55,32,010	6,55,32,010
Reserve and Surplus	2	191,10,07,883	174,28,30,529
<b>Loan Funds</b>			
Secured Loans	3	1,68,36,345	1,02,95,230
Net Deferred Tax liability	4	6,31,09,904	4,61,32,234
<b>TOTAL</b>		<b>205,64,86,142</b>	<b>186,47,90,003</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	110,11,78,696	97,00,64,331
Less : Depreciation		38,99,33,299	35,13,75,669
<b>Net Block</b>		<b>71,12,45,397</b>	<b>61,86,88,662</b>
<b>Capital Work-in-progress</b>		<b>8,13,061</b>	<b>8,13,061</b>
<b>Investments</b>	6	<b>90,88,10,732</b>	<b>65,36,76,535</b>
<b>Current Assets, Loans and Advances</b>			
Inventories	7	60,02,670	59,03,432
Sundry Debtors	8	1,55,21,941	1,72,09,188
Cash and Bank Balances	9	3,33,60,769	2,99,53,542
Loans and Advances	10	71,88,09,479	81,32,25,333
		<b>77,36,94,859</b>	<b>86,62,91,495</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	11	24,47,04,938	19,24,68,211
Provisions		9,33,72,969	8,22,11,539
		<b>33,80,77,907</b>	<b>27,46,79,750</b>
<b>NET CURRENT ASSETS</b>		<b>43,56,16,952</b>	<b>59,16,11,745</b>
<b>TOTAL</b>		<b>205,64,86,142</b>	<b>186,47,90,003</b>
<b>NOTES ON ACCOUNTS</b>	19		

The Schedules 1 to 11 and 19 form an integral part of Balance Sheet

In terms of our report of even date

For **K.B. Nambiar & Associates**  
Chartered Accountants  
(Firm Regn. No. 002313S)

**V.V. Gabriel**  
Partner (M.No. 213936)

Bangalore  
30 June 2010

**M.S. Reddy**  
Vice President Finance &  
Company Secretary

Bangalore  
30 June 2010

On behalf of the Board

**C.B. Pardhanani**  
Chairman

**Sangeeta C. Pardhanani**  
Managing Director

**J. Matthan**  
Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010**

	Schedule No.	2010 Rupees	2009 Rupees
<b>INCOME</b>			
Rooms, Restaurants, Banquets and Other services	12	41,52,07,752	63,06,71,921
Other Income	13	<u>27,76,26,550</u>	<u>9,60,34,419</u>
		<b>69,28,34,302</b>	<b>72,67,06,340</b>
<b>EXPENDITURE</b>			
Consumption of provisions, food supplies and beverages	14	4,13,48,129	4,09,66,003
Remuneration and benefits to employees	15	7,15,23,690	7,69,19,246
Maintenance, upkeep and services	16	5,20,65,285	5,57,37,726
Operating and administrative expenditure	17	9,38,41,819	12,09,02,871
Interest and financial expenses	18	5,61,291	10,47,781
Provision for Diminution in value of investments		25,95,837	46,15,158
Depreciation		4,01,19,351	3,95,22,560
Loss on Sale of Investments - Long Term		2,97,53,228	-
- Short Term		3,76,72,697	6,72,91,448
Provision for Donations		12,70,000	10,00,000
		<u>37,07,51,327</u>	<u>40,80,02,793</u>
<b>Profit Before Tax</b>		<b>32,20,82,975</b>	<b>31,87,03,547</b>
Provision for Income Tax - Current Tax	5,50,00,000		
<i>Less</i> : Excess Provision of earlier years	<u>2373,716</u>	(5,26,26,284)	(11,75,00,000)
- Deffered Tax		(1,69,77,670)	(28,31,016)
- Fringe Benefit Tax		-	(13,25,000)
<b>Profit after Tax for the Year</b>		<b>25,24,79,021</b>	<b>19,70,47,531</b>
Profit brought forward from Previous Year		5,55,52,284	5,51,42,632
Profit available for appropriation		<b>30,80,31,305</b>	<b>25,21,90,163</b>
<b>APPROPRIATION</b>			
General Reserve		(15,00,00,000)	(12,00,00,000)
Proposed Dividend		(7,20,55,786)	(6,55,05,260)
Corporate Dividend Tax		(1,22,45,881)	(1,11,32,619)
<b>Balance Carried to Balance Sheet</b>		<b>7,37,29,638</b>	<b>5,55,52,284</b>
Earnings per Share Basic & diluted (Face Value of Rs.10/- each)		<b>38.54</b>	<b>30.08</b>

**NOTES ON ACCOUNTS 19**

The Schedules 12 to 19 form an intergral part of Profit and Loss account

In terms of our report of even date

For **K.B. Nambiar & Associates**  
Chartered Accountants  
(Firm Regn. No. 002313S)

**V.V. Gabriel**  
Partner (M.No. 213936)

Bangalore  
30 June 2010

**M.S. Reddy**  
Vice President Finance &  
Company Secretary

Bangalore  
30 June 2010

On behalf of the Board

**C.B. Pardhanani**  
Chairman

**Sangeeta C. Pardhanani**  
Managing Director

**J. Matthan**  
Director

# MAC CHARLES (INDIA) LIMITED

## SCHEDULES TO BALANCE SHEET

	2010 Rupees	2009 Rupees
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
2,00,00,000 (2,00,00,000) Equity Shares of Rs.10/- each	<u>20,00,00,000</u>	<u>20,00,00,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
65,50,526 (65,50,526) Equity shares of Rs.10/- each	<u>6,55,05,260</u>	<u>6,55,05,260</u>
Add : Forfeited Shares	<u>26,750</u>	<u>26,750</u>
	<u>6,55,32,010</u>	<u>6,55,32,010</u>
<b>2. RESERVES AND SURPLUS</b>		
<b>Security Premium Account</b>	<u>1,75,11,237</u>	<u>1,75,11,237</u>
	<u>1,75,11,237</u>	<u>1,75,11,237</u>
<b>General Reserve</b>		
<b>At the commencement of the year</b>	<u>166,97,67,008</u>	<u>154,97,67,008</u>
Add : Transfer from Profit & Loss Account	<u>15,00,00,000</u>	<u>12,00,00,000</u>
	<u>181,97,67,008</u>	<u>166,97,67,008</u>
<b>Profit and Loss Account</b>		
Surplus	<u>7,37,29,638</u>	<u>5,55,52,284</u>
	<u>7,37,29,638</u>	<u>5,55,52,284</u>
	<u>191,10,07,883</u>	<u>174,28,30,529</u>
<b>3. SECURED LOANS</b>		
<b>From Banks</b>		
Over Draft	<u>6,59,400</u>	-
Cash Credit	<u>1,61,76,945</u>	<u>1,02,95,230</u>
	<u>1,68,36,345</u>	<u>1,02,95,230</u>
<p>The Cash Credit is secured by company's immovable property at No.28, Sankey Road, Bangalore and first charge by way of hypothecation and / or pledge of the company's entire goods, movables and other assets present and future including documents of title to the goods and other assets, such as Book Debts, outstanding monies, receivables, bills, invoices, documents, contracts, insurance policies, guarantees, engagements, securities, investments and rights and uncalled capital and all machinery present and future and personal guarantee of one of the Directors of the Company. Overdraft is secured by Fixed Deposit with the Bank.</p>		
<b>4. NET DEFERRED TAX LIABILITY</b>		
<b>Deferred Tax Liability:</b>		
Accumulated Depreciation	<u>6,45,59,369</u>	<u>4,89,52,474</u>
<b>Less : Deferred Tax Assets :</b>		
Accrued Expenses deductible on payment	<u>14,49,465</u>	<u>28,20,240</u>
	<u>63,10,99,04</u>	<u>4,61,32,234</u>

SCHEDULES TO BALANCE SHEET (Contd...,)

5. FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK	
	As at 1.4.2009	Additions / (Disposals)	As at 31.3.2010	Up to 31.3.2009	For the year (Withdrawal)	Up to 31.3.2010	As at 31.3.2010	As at 31.3.2009
Land	33,31,65,755	—	33,31,65,755	—	—	—	33,31,65,755	33,31,65,755
Building	18,24,49,251	75,33,399	18,99,82,650	11,85,04,883	49,36,472	12,34,41,355	6,65,41,295	6,39,44,368
Plant & Machinery	33,89,24,629	11,76,71,898	45,65,96,527	14,38,62,205	2,64,43,350	17,03,05,555	28,62,90,972	19,50,62,424
Sanitary Fittings	1,63,85,821	—	1,63,85,821	1,04,11,750	7,98,074	1,12,09,824	51,75,997	59,74,071
Computers	87,28,094	9,43,600 (60,700)	96,10,994	79,75,738	6,45,687 (5,769)	86,15,656	99,53,38	7,52,356
Furniture, Fixtures & Interiors	6,35,73,645	21,91,740	6,57,65,385	5,31,49,536	37,66,298	5,69,15,834	88,49,551	1,04,24,109
Vehicles	2,68,37,136	43,90,380 (15,55,952)	2,96,71,564	1,74,71,557	35,29,470 (15,55,952)	1,94,45,075	1,02,26,489	93,65,579
Total	97,00,64,331	13,27,31,017 (16,16,652)	1,10,11,78,696	35,13,75,669	4,01,19,351 (15,61,721)	38,99,33,299	71,12,45,397	61,86,88,662
Previous Year	96,54,00,606	1,28,77,064 (82,13,339)	97,00,64,331	31,66,73,789	3,95,22,559 (48,20,678)	35,13,75,669	61,86,88,662	64,87,26,817

6. INVESTMENTS

(Value in Rupees)

PARTICULARS	FACE VALUE	AS ON 01.04.2009 QUANTITY	AS ON 01.04.2009 VALUE	BOUGHT DURING THE YEAR QUANTITY	BOUGHT DURING THE YEAR VALUE	SOLD DURING THE YEAR QUANTITY	SOLD DURING THE YEAR VALUE	AS ON 31.03.2010 QUANTITY	AS ON 31.03.2010 VALUE
<b>LONG TERM</b>									
TRADE - QUOTED - AT COST									
1. In Fully Paid Equity Shares									
Indian Hotels Company Ltd.	1/-	10000	405277	—	—	—	—	10000	405277
TRADE - UNQUOTED - AT COST									
2. In Fully Paid Equity Shares									
SUBSIDIARY :									
Nedstar Hotels Pvt.Ltd.	1000/-	—	—	29988	74500000	—	—	29988	74500000
(presently known as Airport Golf View Hotels & Suites Pvt. Ltd. w.e.f. : 25.05.2010)									
NON TRADE - UNQUOTED - AT COST									
3. In Fully Paid Equity Shares									
Electrex (India) Ltd.	10/-	600	25040	—	—	—	—	600	25040
4. In Fully Paid Units of Mutual Fund - EQUITY FUND									
Franklin Templeton Mutual Fund									
Index Fund Nifty Plan Growth	10/-	123193.673	5000000	—	—	—	—	123193.673	5000000
HSBC Mutual Fund									
Equity Fund - Growth	10/-	1359739.304	114573800	—	—	1359739.304	130515096	—	—
ICICI Prudential Mutual Fund									
Focused Equity Fund - Retail Growth	10/-	2000000.000	20000000	—	—	2000000.000	20940000	—	—
Sundaram BNP Paribas Mutual									
Capex Opportunities Fund - Dividend	10/-	794146.234	20100000	—	—	—	—	794146.234	20100000

# MAC CHARLES (INDIA) LIMITED

## SCHEDULES TO BALANCE SHEET (Contd....)

### 6. INVESTMENTS (Contd....)

(Value in Rupees)

PARTICULARS	FACE VALUE	AS ON 01.04.2009		BOUGHT DURING THE YEAR		SOLD DURING THE YEAR		AS ON 31.03.2010	
		QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE
Sundaram BNP Paribas Mutual									
Select Focus - Appreciation	10/-	505164.835	25695512	—	—	505164.835	34703612	—	—
Sundaram BNP Paribas Mutual									
Global Advantage Fund - Dividend	10/-	3000000.000	30000000	—	—	—	—	3000000.000	30000000
UTI Mutual Fund									
Top 100 Fund - Growth	10/-	246659.246	12066254	246659.246	—	493318.492	13053207	—	—
(earlier known as UTI Index Select Fund - - Growth with 299485.088 units)									
DEBT FUND									
* Franklin Templeton Mutual Fund									
Short Term Income Fund Institutional-Gr.	10/-	—	—	69273.891	100000000	—	—	69273.891	100000000
* Pledged with Deutsche Bank									
5. PORTFOLIO MANAGEMENT SERVICES									
Deutsche Bank Direct Equities		—	205438325	—	1787171	—	100000000	—	189572318
Reliance Asset Management - PMS		—	892370	—	—	—	890560	—	—
6. In Fully Paid Units of									
Real Estate Venture Capital Fund									
Kotak Real Estate Fund	1 lac	239.480	23948229	—	—	19.47	2099249	220.010	22001571
Pru.ICICI India Advantage Fund - III	100/-	435000.000	43500000	65000.000	6500000	—	—	500000.000	50000000
NON-TRADE - QUOTED - AT COST									
7. In Fully Paid Equity Shares									
Ballarpur Industries	2/-	3000	97092	—	—	—	—	3000	97092
BHEL	2/-	—	—	2000	4419595	2000	4699849	—	—
Bombay Dyeing & Mfg. Company Ltd.	10/-	1000	469118	—	—	—	—	1000	469118
Britannia Industries Ltd.	10/-	431	752843	—	—	—	—	431	752843
EMCO Ltd.	2/-	—	—	83970	7334559	83970	7954335	—	—
Essel Propack Ltd.	2/-	10000	817458	—	—	—	—	10000	817458
Gateway Distriparks Ltd.	10/-	—	—	10000	1152237	10000	1203985	—	—
GMR Infrastructure	1/-	25000	3687245	15000	—	10000	1747520	30000	1975203
Godrej Consumer Products Ltd.	1/-	4000	717538	—	—	—	—	4000	717538
Great Offshore Ltd.	10/-	500	523713	—	—	—	—	500	523713
Gujarat Alkalies and Chemicals Ltd.	10/-	2000	452181	—	—	—	—	2000	452181
HCL TECH	2/-	4000	1284165	—	—	—	—	4000	1284165
Housing Development Finance Corporation	10/-	1750	3714746	—	—	1000	2587124	750	1532647
HOV Services	10/-	5000	995820	—	—	—	—	5000	995820
ICICI Bank	10/-	11250	6228112	10000	8123673	18000	14814073	3250	2594524
Industrial Development Finance Corporation	10/-	1000	215714	—	—	—	—	1000	215714
Indiabulls Financial Services	2/-	5000	5049787	—	—	—	—	5000	5049787
Indiabulls Securities	10/-	5000	—	—	—	—	—	5000	—
Infosys Technology	5/-	—	—	4000	9622168	4000	10396160	—	—
Jaiprakash Associates	2/-	750	326663	375	—	—	—	1125	326663
Jindal Steel and Power Ltd	—	—	—	2000	1341024	1000	674857	1000	614970
Lakshmi Overseas Industries	2/-	1994	540589	—	—	—	—	1994	540589
Larsen & Tourbro	2/-	5000	8276444	—	—	3000	5004802	2000	2898929
Mastek Ltd.	5/-	1800	1455550	—	—	—	—	1800	1455550
Mercator Lines	1/-	1149	132451	—	—	—	—	1149	132451
NHPC	10/-	—	—	25571	920556	—	—	25571	920556
NTPC	10/-	1500	359027	—	—	—	—	1500	359027
Polaris Software Lab Ltd.	5/-	2350	361800	—	—	—	—	2350	361800
Purvankara Projects	10/-	38651	9790456	5000	466104	—	—	43651	10256560
Radha Madhav Corporation	10/-	10000	851752	—	—	—	—	10000	851752
Ratnamani Metals & Tubes Ltd	2/-	—	—	10000	1132478	—	—	10000	1132478

**SCHEDULES TO BALANCE SHEET (Contd....)**

**6. INVESTMENTS (Contd....)**

(Value in Rupees)

PARTICULARS	FACE VALUE	AS ON 01.04.2009		BOUGHT DURING THE YEAR		SOLD DURING THE YEAR		AS ON 31.03.2010	
		QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE
Reliance Communications Ltd.	5/-	750	517406	—	—	—	—	750	517406
Reliance Industries Ltd.	10/-	2643	5539928	85143	86685428	32143	35354550	55643	25725621
Silverline Technologies Ltd.	10/-	380	1401191	—	—	—	—	380	1401191
Silverline Animation Technologies Ltd.	10/-	152	—	—	—	—	—	152	—
Sobha Developers Ltd.	10/-	26433	13704356	—	—	—	—	26433	13704356
Sterlite Industries Ltd.,	2/-	—	—	5000	4001576	2000	1713894	3000	2318390
Subex Azure Ltd.	10/-	4000	1875529	—	—	—	—	4000	1875529
Supreme Industries Ltd.	10/-	5000	1182053	—	—	5000	1391412	—	—
Tata Consultancy Services Ltd.	1/-	6000	6596641	10000	2963595	12000	8277317	4000	2963595
Tata Steel	10/-	—	—	4257	2573524	2257	1377826	2000	1124625
Wockhardt Ltd.	5/-	1000	411206	—	—	—	—	1000	411206
8. In Fully Paid Non Convertible Debentures									
Britannia Industries Ltd.	170/-	—	—	431	—	—	—	431	—
<b>SHORT TERM -</b>									
NON TRADE - UNQUOTED - AT COST									
9. In Fully Paid Units of Mutual Fund -									
DEBT FUND									
Deutsche Asset Management									
Premier Bond Institutional Plan - Growth	10/-	3454418.650	35475498	—	—	3454418.650	35840975	—	—
Deutsche Asset Management									
Cash Opportunities Regular Plan - Growth	10/-	—	—	3045578.360	35840975	3045578.360	36519380	—	—
Deutsche Asset Management									
Cash Opportunities Institutional Plan - Gr.	10/-	—	—	23954972.576	278419380	6000741.152	70000000	17954231.424	209284512
Deutsche Asset Management									
Treasury Fund Investment Institutional-Gr.	10/-	—	—	12697493.831	130000000	—	—	12697493.831	130000000
ICICI Prudential Mutual Fund									
Flexible Income Plan - Growth	10/-	—	—	8806285.545	338212715	8806285.545	342376461	—	—
ICICI Prudential Mutual Fund									
Institutional Liquid Plan-Super Instnl. - Gr	10/-	3495557.434	45080851	9910446.823	131500000	13406004.257	177425065	—	—
			<b>660529730</b>						<b>918259765</b>
Less : Provision for diminution									
in value of Investments			6853195						9449033
			<b>653676535</b>		1227496758		1061561309		<b>908810732</b>

Aggregate amount of Company's Quoted

Investments is Rs.8,77,76,324/- (Rs.7,87,33,851/-)

Total Market value of Quoted Investments

as on 31 March 2010 is Rs.10,05,12,545/- (Rs.2,79,45,886/-)

Aggregate amount of Company's Unquoted

Investments is Rs.83,04,83,441/- (Rs.58,17,95,879/-)

# MAC CHARLES (INDIA) LIMITED

## SCHEDULES TO BALANCE SHEET (Contd....)

	2010 Rupees	2009 Rupees
<b>7. INVENTORIES</b>		
Provisions, Food supplies and Beverages	31,09,479	31,32,554
Other stores and operational supplies	28,93,191	27,70,878
	<u>60,02,670</u>	<u>59,03,432</u>
<b>8. SUNDRY DEBTORS</b>		
UNSECURED - CONSIDERED GOOD		
Debts outstanding for a period exceeding six months	2,14,427	3,00,437
Other debts	1,53,07,514	1,69,08,751
	<u>1,55,21,941</u>	<u>1,72,09,188</u>
<b>9. CASH AND BANK BALANCES</b>		
Cash on hand	13,25,805	12,35,787
<b>Balances with Scheduled Banks</b>		
On Current account	3,01,18,964	2,70,30,179
On deposit account	19,16,000	16,87,576
	<u>3,33,60,769</u>	<u>2,99,53,542</u>
<b>10. LOANS &amp; ADVANCES</b>		
UNSECURED - CONSIDERED GOOD		
Loans to Subsidiary Company	2,30,00,000	-
Advances recoverable in cash / kind / for value to be recd.	65,55,69,347	68,56,24,492
Advance Income Tax	3,26,60,279	11,98,07,467
Advance FBT	27,059	-
Deposits	75,52,794	77,93,374
	<u>71,88,09,479</u>	<u>81,32,25,333</u>
<b>11. CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A) Current Liabilities</b>		
Sundry Creditors:		
a. Dues to Micro and Small Enterprises	-	-
b. Others	3,55,35,723	2,95,14,441
Unclaimed Dividend	2,81,45,684	2,46,39,951
Due to Directors	56,56,611	1,20,32,689
Other Liabilities	17,53,66,920	12,62,81,130
	<u>24,47,04,938</u>	<u>19,24,68,211</u>
	<b>A</b>	
<b>B) Provisions</b>		
Proposed Dividend	7,20,55,786	6,55,05,260
Corporate Dividend Tax	1,22,45,881	1,11,32,619
Provision for Income Tax	25,39,537	-
Provision for Fringe Benefit Tax	1,55,980	1,23,696
Provision for Gratuity	9,05,829	3,07,370
Provision for Leave encashment	54,69,956	51,42,594
	<u>9,33,72,969</u>	<u>8,22,11,539</u>
	<b>B</b>	
	<b>A+B</b>	
	<u>33,80,77,907</u>	<u>27,46,79,750</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

	2010 Rupees	2009 Rupees
<b>12. ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES</b>		
Rooms	28,49,49,580	46,77,15,951
Food, Beverage & Banquets	10,83,84,310	12,80,08,411
Other Services	2,18,73,862	3,49,47,559
	<u>41,52,07,752</u>	<u>63,06,71,921</u>
<b>13. OTHER INCOME</b>		
Interest received [TDS : Rs.1,29,758/- (Rs.19,885/-) ]	90,23,462	13,35,476
Dividend Income (Non-Trade)	70,75,089	27,86,272
Profit on sale of Fixed Assets	5,50,000	83,67,825
Profit on sale of investments - Short term	3,10,95,295	58,75,213
- Long term	12,81,25,214	77,73,000
Profit on Relinquishment of rights in immovable Properties	6,49,25,000	3,72,13,120
Income Rent [ TDS : Rs.13,46,368/- (Rs.15,83,441/-) ]	81,85,800	71,99,973
Income Licence Fees [ TDS : Rs.7,52,986/- (Rs.9,12,824/-) ]	38,82,256	41,58,126
Sale of Electricity Generated from Wind Turbine Generators	2,01,15,184	1,96,92,357
Liabilities Written Back	33,11,278	7,82,923
Miscellaneous Income	13,37,972	8,50,134
	<u>27,76,26,550</u>	<u>9,60,34,419</u>
<b>14. CONSUMPTION OF PROVISIONS, SUPPLIES &amp; BEVERAGES</b>		
Opening Stock	31,32,554	29,28,930
Add : Purchases	4,13,25,054	4,11,69,627
	<u>4,44,57,608</u>	<u>4,40,98,557</u>
Less : Closing Stock	31,09,479	31,32,554
	<u>4,13,48,129</u>	<u>4,09,66,003</u>
<b>15. REMUNERATION &amp; BENEFITS TO EMPLOYEES</b>		
Salaries, Wages & Bonus	6,12,32,091	6,89,63,146
Contribution towards provident & other funds	45,38,701	50,28,669
Gratuity	16,19,087	4,44,193
Welfare Expenses	38,06,448	24,83,238
Unavailed Leave entitlement	3,27,363	-
	<u>7,15,23,690</u>	<u>7,69,19,246</u>
<b>16. MAINTENANCE, UPKEEP AND SERVICES</b>		
Guest Accomodation Board and Kitchen	71,27,512	85,44,400
Linen, Uniforms & Laundry	66,51,683	68,42,290
<b>Repairs &amp; Maintenance</b>		
Building	1,18,90,937	1,73,65,659
Plant & Machinery	1,06,90,086	1,00,50,983
Interiors, Furniture, Furnishings & others	89,26,944	61,36,579
Housekeeping expenses	32,03,709	27,39,767
Music, Entertainment & Banquet Expenses	35,74,414	40,58,048
	<u>5,20,65,285</u>	<u>5,57,37,726</u>

# MAC CHARLES (INDIA) LIMITED

## SCHEDULES TO PROFIT AND LOSS ACCOUNT (Contd...,)

	2010 Rupees	2009 Rupees
<b>17. OPERATING &amp; ADMINISTRATIVE EXPENDITURE</b>		
Power & Fuel	2,91,47,333	3,07,99,861
Water	36,23,206	46,53,853
Commission to Travel & Other Agencies	38,25,833	84,20,172
Postage & Telephones	38,08,468	55,62,616
Printing & Stationery	22,19,868	27,35,180
Sales & Promotional Expenses	5,43,870	4,03,361
Administrative & General Expenses	91,78,350	1,29,16,921
Travel & Conveyance	28,47,022	39,22,201
Rent	27,06,930	26,62,995
Rates & Taxes	60,72,469	54,24,466
Insurance	17,48,002	17,30,838
Royalty	1,25,71,976	2,09,44,529
Freight & Transport	1,52,123	2,21,398
Professional & Consultancy fees	69,73,183	53,69,922
Miscellaneous Expenses	6,01,388	4,95,427
Foreign Currency Exchange Fluctuations	2,23,655	1,76,479
<b>Payment to Auditors</b>		
Audit Fee	2,20,214	2,00,195
Tax Audit Fee	78,742	72,921
Other Services	39,901	50,281
Reimbursement of Expenses	19,286	15,455
Directors Sitting Fees	1,10,000	1,60,000
Commission to Chairman & Managing Director	71,30,000	1,39,63,800
	<u>9,38,41,819</u>	<u>12,09,02,871</u>
<b>18. INTEREST &amp; FINANCIAL EXPENSES</b>		
Cash credit / over draft	3,67,497	7,52,851
Bank Charges	1,93,794	2,94,930
	<u>5,61,291</u>	<u>10,47,781</u>

**SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)**

**19. NOTES ON ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES :**

The accounts have been prepared on historical cost convention under mercantile system of accounting and generally complies with mandatory accounting standards.

**a. Fixed Assets :**

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

**b. Depreciation :**

Depreciation is provided on straight line method on buildings at triple the rates and on other fixed assets at double the rates specified in Schedule XIV to the Companies Act, 1956, based on technical evaluation.

**c. Impairment of Assets :**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on Internal / external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

**d. Investments :**

- i. Current Investments are stated at lower of cost and fair value.
- ii. Long Term Investments are stated at cost. However provision for diminution is made to recognize a decline, other than temporary in the value of the investments.

**e. Inventories :**

- i. To value inventories of provisions, food supplies, crockery, cutlery, glassware, beverages, stores and operational supplies at cost on Weighted Average Method. Cost includes freight and other incidental expenses.
- ii. To charge to revenue the value of crockery, cutlery and glassware at the time of first issue.

**f. Miscellaneous Expenditure :**

To amortize the preliminary expenses and other deferred revenue expenditure over a period of 10 years.

**g. Foreign Currency Transactions :**

- i. Transactions in foreign currencies are accounted at the average exchange rate prevailing on the date of transaction.
- ii. To account for gain or loss on foreign exchange rate fluctuations relating to assets and liabilities as at the date of the Balance Sheet at the convertible rate of exchange prevailing on that date.
- iii. To account for all exchange difference arising from foreign currency transactions in the Profit and Loss Account.

**h. Revenue Recognition :**

- i. Room revenue is recognized on actual occupancy and is net off, of cost of complimentary airport pick-up and drop.
- ii. Food and Beverage at the point of supply.
- iii. Other services on rendering such services.
- iv. Sale of Electricity generated from Wind Turbine Generators is recognized on the basis of electricity units metered and invoiced.

**i. Employee Benefits :**

**i. Provident Fund :**

The Company contributes to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with Employees provident fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders service.

**ii. Gratuity :**

Gratuity is a post employment benefit and is defined benefit plan. The liability recognized in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets together with adjustments for unrecognized actuarial gains or losses and past service costs. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

**iii. Leave Encashment :**

Provision for unavailed leave to the credit of the employees at the end of the year is made on the basis of the actuarial valuation.

# MAC CHARLES (INDIA) LIMITED

## SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)

### j. Taxation :

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

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

2. As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

#### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	2010	2009
Employer's Contribution to Provident Fund	Rs.33,38,192/-	Rs.34,52,100/-

#### Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

#### I. Reconciliation of opening and closing balances of Defined Benefit obligation

(Rs. in Lakhs)

	Gratuity		Leave Encashment	
	2010	2009	2010	2009
Defined Benefit obligation at beginning of the year	132.85	132.85	55.49	55.49
Current Service Cost	18.70	14.32	6.03	8.56
Interest Cost	10.09	8.84	4.13	3.88
Actuarial (gain) / loss	(1.41)	(9.46)	(3.23)	(16.52)
Benefits paid	(13.57)	(13.27)	(7.73)	(0.36)
Defined Benefit obligation at year end	146.66	133.28	54.70	51.42

#### II. Reconciliation of opening and closing balances of fair value of plan assets :

Fair value of plan assets at beginning of the year	130.20	118.20
Expected return on plan assets	10.24	9.51
Actuarial gain/ (loss)	1.62	1.07
Employer's contributions	9.11	14.69
Benefits paid	(13.57)	(13.27)
Fair value of plan assets at year end	137.60	130.20
Actual return on plan assets	11.86	10.58

#### III. Reconciliation of fair value of assets and present value of obligation :

Fair value of plan assets	137.60	130.20	-	-
Present value of obligation	146.66	133.28	54.70	51.42
Amount recognized in Balance Sheet	9.06	3.08	54.70	51.42

**SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)**

	<i>(Rs. in Lakhs)</i>			
	<b>Gratuity</b>		<b>Leave Encashment</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
<b>IV. The amounts recognized in the Profit and Loss Account are as follows :</b>				
Current Service Cost	<b>18.70</b>	14.32	<b>6.03</b>	8.56
Interest Cost	<b>10.09</b>	8.84	<b>4.13</b>	3.88
Expected return on plan assets	<b>(10.24)</b>	(9.51)	-	-
Actuarial (gain) / loss	<b>(3.04)</b>	(10.53)	<b>(3.23)</b>	(16.25)
<b>Net Cost</b>	<b>15.52</b>	3.11	<b>6.93</b>	(3.71)
	<b>Amount</b>	% invested	<b>Amount</b>	% invested
<b>V. Composition of Plan Assets :</b>				
Insurance Managed Funds	<b>137.60</b>	100 %	<b>130.20</b>	100%
<b>VI. Actuarial assumptions :</b>				
Interest rate	<b>8%</b>	7%	<b>8%</b>	7%
Discount rate (per annum)	<b>8%</b>	7%	<b>8%</b>	7%
Expected rate of return on plan Assets (per annum)	<b>8%</b>	8%	<b>0%</b>	0%
Rate of escalation in salary (per annum)	<b>10%</b>	10%	<b>10%</b>	10%
Attrition rate	<b>5%</b>	5%	<b>5%</b>	5%
Retirement Age	<b>58</b>	58	<b>58</b>	58
<b>3. Disclosure required by Clause 32 of the Listing Agreement :</b>				
The Company has advanced interest free loan of Rs.2,30,00,000/- to its 100% subsidiary company namely, Messrs. Nedstar Hotels Private Limited, Kochi.				
<b>4.</b>	Advances recoverable in cash / kind / for value to be received includes Rs.54,05,04,712/- (Rs.49,27,10,071/-), being advance given for investments in Immovable Properties.			
<b>5.</b>	The Company has entered into an agreement for purchase of immovable property being commercial office space of 58000 sq.ft. with the Developer in Bangalore. Towards this, an advance of Rs.35 Crores has been paid. Subsequently, there was a delay in commencement of the project. The above referred agreement entitles the Company to take appropriate action with regard to this agreement for which the consent of the developer is deemed to have been given. Accordingly, the Company relinquished its rights to the extent of 29000 sq.ft. in the previous year and during the year the Company has decided to relinquish its balance rights in the said agreement to the extent of 29000 sq.ft. for a consideration of Rs.23,99,25,000/- of which a sum of Rs.6,49,25,000/- has already been received by the Company.			
<b>6.</b>	The Company has commissioned 2.10 MW Wind Turbine Generator on 30.03.2010 which is generating power for the Company's captive consumption.			
<b>7.</b>	Liabilities written back of Rs.33,11,278/- disclosed in Schedule No.13 – Other Income, is after netting off irrecoverable advances of Rs.33,23,000/- written off during the year.			
<b>8.</b>	Considering the nature of operations of the Company, it is not practicable to give quantitative details of turnover and consumption in terms of the requirement under Part-II of Schedule-VI to the Companies Act, 1956.			
<b>9. Prior period items debited/credited to Profit and Loss Account:</b>			<b>2010</b>	2009
			<b>Rs. in lakhs</b>	Rs. in lakhs
<b>Prior period expenses</b>				
Commission on sales			-	5.88
R & M Computers			-	3.88
Laundry Expenses			<b>5.07</b>	-

# MAC CHARLES (INDIA) LIMITED

## SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)

	2010 Rs. in lakhs	2009 Rs. in lakhs
<b>10. a. Computation of Net Profit (in accordance with Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956)</b>		
Profit for the year	2524.79	1970.48
Add : Provision for Taxation	696.04	1216.56
Wealth Tax	0.37	0.64
Depreciation Charged	401.19	395.22
Commission to the Chairman and the Managing Director	71.30	139.64
Remuneration to Managing Director	36.84	36.84
Loss on Sale of Investments	674.26	672.91
Provision for Diminution in value of Investments	25.96	46.15
	4430.75	4478.44
Less : Depreciation under Section 350	401.19	395.22
Profit on Sale of Investments	1592.21	136.48
Profit on Sale of Fixed Assets	5.50	83.68
Profit on relinquishment of rights in immovable properties	649.25	987.51
	1782.60	3490.93
Commission @ 1% of the above payable to the Chairman and 3% to the Managing Director included under the head "Operating and Administrative Expenditure"	71.30	139.64
<b>b. Managerial Remuneration to the 'Chairman' and 'Managing Director'</b>		
Remuneration to the Managing Director	36.84	36.84
Commission to the Managing Director	53.48	104.73
Commission to the Chairman	17.82	34.91
	108.14	176.48
<b>11. Earnings in Foreign Exchange</b>	2325.49	4454.35
<b>12. Expenditure in Foreign Currency :</b>		
Royalty	125.72	165.89
Sales Promotion and General Expenses	81.97	118.30
Agents Commission for Room Bookings	7.54	30.40
<b>13. CIF Value of Imports :</b>		
Stores, Components and Spare Parts	137.49	156.60
Capital Goods	54.37	96.70
<b>14. Information as per Order No.46/22/98 CL III Dated 24 February 1998, issued by the Ministry of Finance, Department of Company Affairs :</b>		
<b>a. Income From :</b>		
i. Wines and Liquor	90.00	89.47
ii. Telephone and Telex	76.75	91.53
<b>b. Consumption of :</b>		
i. Provision, Beverages (excluding Wine and Liquor)	369.17	374.07
ii. Wine and Liquor	44.31	35.59

**SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)**

**15. Dividends remitted in Foreign Currency to Non Resident Shareholders Rs.4,56,42,260/- (Rs.4,56,42,260/-).**

Number of Non Resident Shareholders	Number of Shares held by them on which Dividends remitted
2 (2)	4564226 (4564226)

**16. Related Party Disclosures :**

**(A) Related Parties and their Relationships :**

(I) Subsidiary :

Nedstar Hotels Private Limited

(II) Others :

1. Kapi Investment Ink Limited, Mauritius, Shareholder.
2. M.K.Trading F.Z.E., Dubai, UAE a Company in which Chairman of the Company is a shareholder.
3. C. Pardhanani's Education Trust, a Trust in which the Chairman of the Company is a Trustee.
4. Pardhanani International Investments } a Private Company in which the Chairman of the Company is a Director  
And Holdings Private Limited } and Managing Director of the Company is a Director and shareholder.
5. Pardhanani International Properties } a Private Company in which the Chairman of the Company is a Director  
Private Limited } and Managing Director of the Company is a Director and shareholder.
6. Sanko Properties Private Limited } a Private Company in which the Chairman of the Company is a Director  
and Managing Director of the Company is a Director and shareholder.

**(B) Transaction with Related Parties:**

Name of the Transacting Related party	Relationship between the transacting party	Nature of transactions	Volume of transactions during the Year (Rs.)	Amount Outstanding as on 31.3.2010 (Rs.)	Payable (P) OR Receivable (R)
Kapi Investment Ink Limited	Overseas Body Corporate	Dividend	8,00,000 (3,56,40,760)	Nil (Nil)	Nil (Nil)
Mr.C.B.Pardhanani	Chairman	Commission based on profit	17,82,500 (34,90,500)	18,24,584 (35,35,547)	(P) (P)
		Dividend	4,48,42,260 (1,00,01,500)	Nil (Nil)	Nil (Nil)
Mrs.Kavitha C.Pardhanani	Director	Dividend	Nil (25,000)	Nil (Nil)	Nil (Nil)
Ms.Sangeeta C.Pardhanani	Managing Director	Dividend	32,42,500 (32,17,500)	Nil (Nil)	Nil (Nil)
		Remuneration	36,84,000 (36,84,000)	Nil (Nil)	Nil (Nil)
		Commission based on profit	53,47,500 (1,04,72,850)	38,32,027 (84,97,142)	(P) (P)
C Pardhanani's Education Trust	Trust in which Chairman of the Company is a trustee	Donation	7,00,000 (6,00,000)	Nil (Nil)	Nil (Nil)
Messrs. M. K. Trading F.Z.E., Dubai, UAE	A company in which the Chairman of the Company is a shareholder	Purchase of Hotel Equipments	90,18,389	69,96,196	(R) (goods in transit)
Mr. M. B. Pardhanani	Related to Director	Dividend	6,02,000 (6,02,000)	36,72,200 (30,70,200)	(P) (Under dispute and subjudice)
Mrs.Uma M. Pardhanani	Related to Director	Dividend	10,25,000 (10,25,000)	62,52,500 (52,27,500)	(P) (Under dispute and subjudice)
Ms.Arati M. Pardhanani	Related to Director	Dividend	3,00,000 (3,00,000)	18,30,000 (15,30,000)	(P) (Under dispute and subjudice)

# MAC CHARLES (INDIA) LIMITED

## SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)

### 17. Disclosure as per Accounting Standard 29 :

(In Rupees)

Srl. No.	Particulars	Balance as at 01.04.2009	Additional Provision made during the year	Provision Reversed/utilised during the year	Balance as at 31.03.2010
1.	Provision for Gratuity	3,07,370	5,98,459	–	9,05,829
2.	Provision for Leave Encashment	51,42,594	3,27,363	–	54,69,957
3.	Proposed Dividend	6,55,05,260	65,50,526	–	7,20,55,786
4.	Corporate Dividend Tax	1,11,32,619	11,13,262	–	1,22,45,881

### 18. Contingent Liabilities :

	2010 Rupees	2009 Rupees
a) Penalty claim from Central Excise against which Appeal is pending before Customs, Excise, Service Tax Appellate Tribunal	–	3,89,276
b) Disputed Income Tax Liability against which Appeals are pending		
(i) Assessment Year 1997-98	9,55,691	9,55,691
(ii) Assessment Year 2001-02	9,54,168	1,62,10,958
(iii) Assessment Year 2007-08	14,90,801	–

19. Estimated amount of contract remaining to be executed on capital account not provided for Rs. 20.94 lacs (Rs.146.45 lacs)

20. In the absence of information as regard to the status / classification of the Relevant enterprises into Micro, Small and Medium Enterprises, information as Required under Notification No. G.S.R 719[E] dated 16.11.2007 issued by the Department of Company Affairs in respect of the total amount payable at the end of the year to the Sundry Creditors could not be disclosed.

21. Confirmation of balances has not been received from parties covered under Sundry Debtors, Loans and Advances and Current Liabilities.

22. Earnings Per Share has been computed as under :

	2010 Rupees in Lakhs	2009 Rupees in Lakhs
Net Profit	2524.79	1970.48
Weighted Average Number of Equity Shares Outstanding	6550526	6550526
Earnings Per Share in rupees – Basic and Diluted (Face Value of Rs.10/- each)	38.54	30.08

23. Previous year's figures have been regrouped / rearranged wherever necessary.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

(Rs. in '000s)

PARTICULARS	2010	2009
<b>A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax & Extraordinary Items	32,20,83	31,87,03
Adjustment for :		
Depreciation	4,01,19	3,95,22
Profit on sale of fixed assets	(5,50)	(83,68)
Profit on sale of investments	(15,92,21)	(1,36,48)
Loss on sale of investments	6,74,26	6,72,91
Provisions for diminution in value of Investment	25,96	46,15
Dividend received	(70,75)	(27,86)
Interest Paid	3,67	7,53
Profit from relinquishment of rights in immovable properties	(6,49,25)	(3,72,13)
<b>Operating profit before working capital changes</b>	<b>20,08,20</b>	<b>36,88,69</b>
Adjustment for :		
Trade and other receivables	7,97,78	1,01,63
Inventories	(99)	3,23
Trade Payables	5,31,63	5,94,98
Cash generated from operations	33,36,62	42,88,53
Direct Tax (paid)/refund	3,70,66	(11,94,02)
<b>Net Cash from/(used) in Operating Activities</b>	<b>37,07,28</b>	<b>31,94,51</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Loan to subsidiary	(2,30,00)	–
Purchase of Fixed assets	(13,27,31)	(1,28,77)
Sale of Fixed assets	6,05	1,17,61
Advance towards Investment in Properties	(22,27,95)	(43,32,85)
Purchase of Investments	(1,22,74,97)	(99,73,56)
Sale of Investments	1,06,15,61	99,35,96
Proceeds from relinquishment of rights in immovable properties	23,99,25	3,72,13
Dividend Received	70,75	27,86
Capital work in progress	–	(4,20)
<b>Net Cash from/(used) in Investing Activities</b>	<b>(29,68,57)</b>	<b>(39,85,82)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid including Corporate Dividend Tax	(7,66,38)	(7,66,38)
Interest paid	(3,67)	(7,53)
Increase in cash credit / overdraft	65,41	1,02,19
<b>Net cash from/(used) in Financing Activities</b>	<b>(7,04,64)</b>	<b>(6,71,72)</b>
Net increase / (decrease) in cash/cash equivalent	<b>34,07</b>	<b>(14,63,03)</b>
Opening cash / cash equivalent	<b>2,99,54</b>	<b>17,62,57</b>
Closing cash / cash equivalent	<b>*3,33,61</b>	<b>*2,99,54</b>
*includes cash and cash equivalents, being amounts lying in the unpaid dividend accounts which are not available for use by the company amounting to Rs.2,81,46 (Rs.2,46,40)		

In terms of our report of even date

For **K.B. Nambiar & Associates**  
Chartered Accountants  
(Firm Regn. No. 002313S)

**V.V. Gabriel**  
Partner (M.No. 213936)

Bangalore  
30 June 2010

**M.S. Reddy**  
Vice President Finance &  
Company Secretary

Bangalore  
30 June 2010

On behalf of the Board

**C.B. Pardhanani**  
Chairman

**Sangeeta C. Pardhanani**  
Managing Director

**J. Matthan**  
Director

# MAC CHARLES (INDIA) LIMITED

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is the social, legal and economic process by which companies function and are held accountable. Messrs. Mac Charles (India) Ltd., is committed in implementing corporate governance in true letter and spirit, maximizing shareholder value and paving way for good partnership and alliances. The company believes in having a long term partnership with investors by having transparency and fairness in the dealings and placing an uncompromising emphasis on integrity and regularity of compliance.

The functions of the Board of Directors and the executive management are well defined and are distinct from one another. The Chairman of the company is a non-executive Director. More than one-half strength of the Board of Directors is independent. Various (presently three) Committees of the Board of Directors, consist of non-executive Directors and have been formed to oversee the functions of the executive management and impart professionalism to the Board.

Details of attendance of each Director at various meetings of the company and their Directorship held at other corporate bodies are as follows:

Sl. No	Name of Director	Category	No. of Board Meetings Attended	Last AGM attended	No. of Committee Member	No. of Chairmanship in Board / Committee	No. of Other Directorships (Public Ltd Companies)	No. of Other Directorships (Private Ltd. Companies)	Number of Shares Held
1.	Mr. C.B. Pardhanani	Non- Executive	4	YES	3	2	NONE	4	4484226
2.	Mr. J. Matthan	Independent Non- Executive	5	NO	3	2	NONE	1	200
3.	Mr. K.R.Sampath	Independent Non- Executive	4	YES	NONE	NONE	NONE	NONE	–
4.	Mr. P.B. Appiah	Independent Non- Executive	6	YES	2	NONE	1	NONE	–
5.	Mrs. Kavita C. Pardhanani	Non-Executive	1	NO	NONE	NONE	NONE	4	–
6.	Ms. Sangeeta C. Pardhanani	Executive	6	YES	NONE	NONE	NONE	4	324250

None of the Directors is a Member of more than ten Board-level Committees, or a Chairman of more than five such Committees, as required under clause 49 of the listing agreement.

### COMMITTEES OF THE BOARD

The following committees of the Board of Directors of the Company have been constituted :

#### a) AUDIT COMMITTEE

The Company has complied with the requirements of Clause 49 of the Listing Agreement of the Stock Exchange and Section 292A of the Companies Act, 1956 as regards composition of Audit Committee.

During the year three meetings of the committee were held on 23 June 2009, 20 October 2009, and 18 February 2010. The Composition of the Audit Committee as on 31st March 2010 and the attendance of members at the meeting of the Audit Committee held during the financial year 2009-2010 are as follows :

Name of the Directors	Designation	Category	No. of meeting attended
Mr. J. Matthan	Chairman	Independent - Non-Executive	3
Mr. C. B. Pardhanani	Member	Non – Executive	1
Mr. P. B. Appiah	Member	Independent - Non-Executive	3

Mr.J. Matthan, Chairman of Audit Committee is a former Chairman of LIC with a wide experience in finance and administration. The Committee regularly keeps a watch on the adequacy of internal control systems. It reviews the company's financial reporting systems, the monthly and quarterly financial results, half yearly results and ensures that the financial statements prepared by the company give a true

and fair view of the affairs of the company. Mr. J. Matthan, Chairman of Audit Committee, could not attend the last Annual General Meeting held on 30<sup>th</sup> July 2009 due to ill-health and for the same reason the Company held only three Audit Committee Meetings during the year, instead of holding at least four Audit Committee Meetings as per the requirements of the Clause 49 of the Listing Agreement.

### b) SHARE TRANSFER & SHAREHOLDERS GRIEVANCE COMMITTEE

This committee comprises of Mr. C. B. Pardhanani – Chairman and Mr. J. Matthan, who is an independent and Non-executive Director. The committee approves and monitors transfers, transmissions of shares, transposition of names, and investigates and directs redressal of shareholders' grievances. Share transfers are processed in not more than a month's time. The Committee endeavors to attend to the investors' grievances / correspondences within a period of fortnight from the date of receipt of the same, except in cases which are constrained by disputes or legal impediments.

**Compliance Officer** : Mr. M. S. REDDY, *Company Secretary*

**Communication Address** : No. 28, Sankey Road, P.B. No. 174, Bangalore - 560 052.

Details as to the shareholders complaints received and pending for a period of more than 30 days is given below:

NATURE OF COMPLAINT	OPENING BALANCE OF COMPLAINTS	NO. OF COMPLAINTS RECEIVED DURING THE YEAR	NO. OF COMPLAINTS RESOLVED TO THE SATISFACTION	NO. OF PENDING COMPLAINTS
With regard to share transfer/ Transmission/ Transposition/ Dividend / Annual Reports / Dematerialization etc.,	1	29	29	1

### c) REMUNERATION COMMITTEE :

This committee comprises of Mr. J. Matthan – Chairman of Remuneration Committee and Mr. C. B. Pardhanani and Mr. P. B. Appiah as Members of the Committee. No stock option has been offered to the Directors or Executives or Staffs of the Company. The remuneration policy of the Company is based on individual employee's merit and performance in particular and the Company's working results in general.

Details of remuneration disbursed to Directors, during the Financial Year 2009-2010 are as under :

(In Rupees)

Srl.No.	Name of the Director	Sitting Fees	Professional Fees	Remuneration	Commission
1.	Mr. C.B. Pardhanani	–	–	–	17,82,500
2.	Mr. J. Matthan	40,000	–	–	–
3.	Mr. K.R. Sampath	20,000	–	–	–
4.	Mr. P.B. Appiah	45,000	3,44,000	–	–
5.	Mrs. Kavita C Pardhanani	5,000	–	–	–
6.	Ms. Sangeeta C Pardhanani	–	–	36,84,000	53,47,500
		<b>1,10,000</b>	<b>3,44,000</b>	<b>36,84,000</b>	<b>71,30,000</b>

### NON-MANDATORY REQUIREMENTS

The Chairman of the Company, who is a Non-Executive Director, is devoting considerable time and energy towards the success of the Company and hence 1% commission based on profit is paid. He is entitled to maintain a Chairman's Office and is allowed to reimbursement of expenses incurred in performance of his duties.

### GENERAL BODY MEETING

The Company has held last three AGM's as per the details furnished below :

Financial Year (ended)	Date	Time	Venue	No. of Special Resolutions passed
31 March 2007	28 September 2007	3:00 p.m.	Hotel Le Meridien, No.28, Sankey Road, Bangalore – 560 052.	3
31 March 2008	27 September 2008	3:00 p.m.	Hotel Le Meridien, No.28, Sankey Road, Bangalore – 560 052.	–
31 March 2009	30 July 2009	3:00 p.m.	Hotel Le Meridien, No.28, Sankey Road, Bangalore – 560 052.	–

No Postal Ballot was conducted during the financial year 2009-2010.

# MAC CHARLES (INDIA) LIMITED

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## A. CODE OF CONDUCT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, all listed Companies are required to adopt a Code of Conduct for Board of Directors and members of the Senior Management. Accordingly, the Board of Directors of the Company has laid down a Code of Conduct applicable to all the Board Members and Senior Management Personnel. All those governed by the said Code of Conduct have made the following declaration with respect to adoption of the Code of Conduct.

Dear All (or Members)

This is to certify that all Board Members and Senior Management Personnel, to whom the Code of Conduct of the Company applies, are complying / abiding by the same and no instance of non-compliance with the same has been reported till date.

Bangalore  
30 June 2010

Sangeeta C. Pardhanani  
Managing Director

## B. CEO CERTIFICATION

As per the requirement of Corporate Governance Code, the Managing Director and Chief Financial Officer have furnished a necessary certificate to the Board of Directors with respect to financial statements and Cash flow statement for the year ended 31 MARCH 2010.

## DISCLOSURES

Under related party transactions :

The Company has contributed a sum of Rs.7,00,000/- to C. Pardhanani's Education Trust wherein Mr. C.B. Pardhanani, Chairman is a Trustee.

## MEANS OF COMMUNICATION

The Company is publishing unaudited quarterly results in the newspaper namely, Financial Express.

## GENERAL SHAREHOLDER INFORMATION

### a. Date, Time and Venue of Annual General Meeting

Date	Time	Venue
Thursday, 31 August 2009	3 p.m.	Hotel Le Meridien, No.28, Sankey Road, Bangalore – 560 052.

### b. Financial Calendar

- Annual General Meeting	31st August 2010
- Quarterly Results - 30.06.2010	Last week of July, 2010
- Quarterly Results - 30.09.2010	Last week of October, 2010
- Quarterly Results - 31.12.2010	Last week of January, 2011
- Quarterly Results - 31.03.2010	Last week of April, 2011

### c. Book Closure dates - AGM

21st August 2010 to 31st August 2010 (both days inclusive)

### d. Dividend payment date

The Dividend will be paid on or before 30th September 2010

### e. Listing of Equity Shares on the Stock Exchanges at

Your Company's shares are listed in Bombay Stock Exchange and Bangalore Stock Exchange and the Annual listing fees for these two stock exchanges have already been paid.

### f. Stock Code : Trading Symbol & Code :

Bombay Stock Exchange	MAC CHARLES 507836
Bangalore Stock Exchange	MAC

### g. Demat ISIN numbers in NSDL & CDSL

INE435D01014

### h. Registrars & Transfer Agents

Shares Transfer and communication regarding share certificates, demat, dividends, change of address etc.,	BgSE Financials Limited RTA Division, No.51, 1st Cross, J.C. Road, Bangalore – 560 027.
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### i. Share Transfer System

In compliance of SEBI requirement, share transfers are entertained, both under demat form and physical form.

Share Transfers in respect of physical shares are normally effected within 10-15 days from the date of receipt.

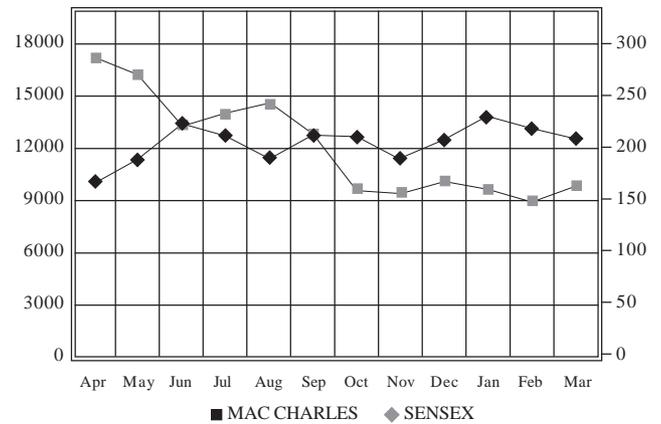
Demat requests are put through as per NSDL / CDSL guidelines.

**j. Stock Market Data on Bombay Stock Exchange :**

MONTH	MONTHLY HIGH (Rs.)	MONTHLY LOW (Rs.)
APRIL 2009	163.95	132.00
MAY	189.00	153.05
JUNE	233.60	186.30
JULY	220.00	170.00
AUGUST	194.95	159.05
SEPTEMBER	206.95	180.50
OCTOBER	205.65	176.25
NOVEMBER	192.00	167.35
DECEMBER	204.90	180.00
JANUARY 2010	231.90	200.40
FEBRUARY	219.90	188.05
MARCH	209.60	185.30

No shares are traded on Bangalore Stock Exchange Limited from 01.04.2009 to 31.03.2010

**k. Stock performance Vs BSE Sensex :**



**I. Distribution of Shareholding as on 31 March 2010**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Up to – 500	12758	98.43	10,48,350	16.00
501 – 1000	122	0.94	95,150	1.45
1001 – 2000	49	0.38	68,600	1.05
2001 – 3000	11	0.08	28,250	0.43
3001 – 4000	3	0.02	10,850	0.17
4001 – 5000	2	0.02	9,100	0.14
5001 – 10000	7	0.05	42,050	0.64
10001 – 50000	4	0.03	91,400	1.40
50001 and above	6	0.05	51,56,776	78.72
<b>Total</b>	<b>13129</b>	<b>100</b>	<b>65,50,526</b>	<b>100</b>

**m. Categories of Shareholders as on 31 March 2010**

Category	No. of Share Holders	Total Shares	% of Total Equity
Overseas Corporate Bodies	1	80,000	1.22
FI's & Banks	3	1,600	0.02
Bodies Corporate	60	1,34,452	2.05
Non-Resident Indian public	374	64,650	0.99
Directors	3	48,08,676	73.41
Resident Indian Public	12521	14,61,148	22.31
<b>Total</b>	<b>12962</b>	<b>65,50,526</b>	<b>100.00</b>

The Company has not issued any GDRs/ ADRs, Warrants & Convertible Instruments.

**n. Dematerialisation of Shares and Liquidity as on 31 March 2010**

	No. of Share holders	No. of Shares	% of shares
No. of Shareholders in Physical Mode	11303	1483200	22.65
No. of Shareholders in Electronic Mode	1659	5067326	77.35
<b>Total</b>	<b>12962</b>	<b>6550526</b>	<b>100</b>

# MAC CHARLES (INDIA) LIMITED

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### INDUSTRY STRUCTURE & DEVELOPMENTS

During the year under report, the global economic turmoil especially in the western countries has caused unprecedented recession and job losses all around the world. The Indian economy too suffered heavily with lower export of goods and services. The Indian IT and BPO business is languishing. Hospitality industry too is badly affected pushing the room occupancy and average room rate significantly lower levels.

### REVIEW OF OPERATIONS

During the year under report, the economy witnessed a global economic slowdown mainly resulted on account of unprecedented turmoil in the banking and financial sector in developed countries. The Indian economy is also affected resulting in lower Hotel room occupancy and average room rate. Hence, sales turn over has decreased from Rs.6307 lakhs to Rs.4152 lakhs. During the current financial year 2010-11, the hotel business is improving. Hence, working results will be better.

### SEGMENT WISE PERFORMANCE

The Company is currently operating only one integrated business at one geographical location viz., Le Meridien, Bangalore.

### FUTURE OUTLOOK, RISK AND CONCERNS

The future of the hotel industry is entirely dependant on the state of the country's economy. The outlook for the Financial Year 2010-11 is improving. The demand for hotel accommodation is improving. The Company's performance is expected to show an improvement.

### OPPORTUNITIES AND THREATS

The Company is presently affected by Indian economic recession in general and Bangalore's slow IT growth in particular. Other factors that may retard the hotel industry are :

a) global recession

- b) the growing competition due to impending entry of many new hotels
- c) high taxation
- d) inadequate infrastructure facilities
- e) global terrorism
- f) general slump in five star hotel business
- g) other global factors

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal information systems ensure smooth information flow to facilitate proper control. Adherence to the systems is then validated through the process of internal audit. The Company has adequate system of internal audit control to ensure that all the assets are safeguarded and protected. Regular internal audits are conducted by the professional Chartered Accountant firm and reports submitted by these Internal Auditors are periodically reviewed by the Audit Committee of the Board. The findings and compliance/s are reported to the apex level management on a periodic basis. The Company has constituted an in-house Audit Committee for timely implementation of internal audit recommendations. The Company has clear systematic process and well-defined roles and responsibilities for people at different hierarchical levels. This ensures appropriate information flow to facilitate monitoring.

### CAUTIONARY STATEMENT

The views and futuristic statements contained in this report are the perception of management and subject to certain risks and uncertainty that could cause actual results to differ materially from those reflected in such statements. Readers should carefully review the other information in this Annual Report and in the Company's periodic reports. The Company undertakes no obligation to publicly update or revise any of these futuristic statements, whether as a result of new information, future events, or otherwise.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### Information as Required Under Part IV of Schedule VI to The Companies Act, 1956

#### I REGISTRATION DETAILS :

Registration Number	U55101KA1979PLC003620	State Code	08
Balance Sheet Date	31-03-2010		

#### II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Preferential Issue	Nil

#### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	2,05,64,86	Total Assets	2,05,64,86
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##### Sources of Funds

Paidup Capital	6,55,32	Reserves & Surplus	1,91,10,08
Secured Loans	1,68,36	Deferred Tax Liability	6,31,10

##### Applications of Funds

Net Fixed Assets	71,12,45	Investments	90,88,11
Net Current Assets	43,56,17		

#### IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover (including Other Income)	69,28,34	Total Expenditure	37,07,51
Profit Before Tax	32,20,83	Profit After Tax	25,24,79
Earnings per Share (in Rs.) (Basic and Diluted)	38.54	Dividend (%)	110

#### V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICE OF COMPANY

The Company is in the business of Hoteliering which is not covered under ITC classifications.

**M.S.Reddy**

*Vice President Finance and  
Company Secretary*

Bangalore  
30 June 2010

**J.Matthan**  
*Director*

On behalf of the Board  
**C.B.Pardhanani**  
*Chairman*

**Sangeeta C.Pardhanani**  
*Managing Director*

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANY**

Name of the Subsidiary Company	Nedstar Hotels Private Limited
Financial Year of the Subsidiary Company ended on	31 MARCH 2010
Number of Shares in the Subsidiary Company held by Messrs. MAC CHARLES (INDIA) LIMITED, Bangalore, as the above dated	29988
The net aggregate of Profit, less losses, of the Subsidiary Company so far as it concerns the members of Messrs. MAC CHARLES (INDIA) LIMITED	Rs. in Lakhs
(i) Dealt with in the accounts of Messrs. MAC CHARLES (INDIA) LIMITED, amount to :	
(a) for the subsidiary's financial year ended 31st March 2010	14.97
(b) for previous financial years of the subsidiary since it became subsidiary of Messrs. MAC CHARLES (INDIA) LIMITED	Nil
(ii) Not deal with in the accounts of Messrs. MAC CHARLES (INDIA) LIMITED, amount to :	
(a) for the subsidiary's financial year ended 31st March 2010	Nil
(b) for previous financial years of the subsidiary since it became subsidiary of Messrs. MAC CHARLES (INDIA) LIMITED	Nil
Changes in the interest of Messrs. MAC CHARLES (INDIA) LIMITED, between the end of the subsidiary's financial year ended 31 March 2010 :	N.A.
Number of shares acquired	
Material changes between the end of the subsidiary's financial year ended 31 March 2010	
1. Fixed Assets (net addition)	
2. Investments	N.A.
3. Moneys lent by the subsidiary	
4. Moneys borrowed by the subsidiary company other than for meeeting current liabilities	

# NEDSTAR HOTELS PRIVATE LIMITED

## NOTICE

Notice is hereby given that the Annual General Meeting of the members of Messrs. NEDSTAR HOTELS PRIVATE LIMITED will be held at Registered Office at XI-447, VIP Road, Mekkad P O Nedumbassery, Ernakulam, Kochi – 683589 on Monday the 30th August 2010 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS:-

1. To consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended on that date together with the Compliance Certificate and the Auditors' Report thereon.
2. To appoint Auditors M/s. K. J. THOMAS & ASSOCIATES, Chartered Accountants and to fix their remuneration.

### SPECIAL BUSINESS:-

3. To consider and if thought fit to pass the following resolution as an ordinary resolution:

“RESOLVED THAT Mrs. KAVITA C. PARDHANANI, who was appointed as an Additional Director of the company with effect from 21st October 2009 and who holds office under Section 260 of the Companies Act, 1956, up to the date of this annual general meeting, be and is hereby appointed as a director of the company”.

4. To consider and if thought fit to pass the following resolution as an ordinary resolution:

“RESOLVED THAT Mr. P. B. APPIAH, who was appointed as an Additional Director of the company with effect from 26th February 2010 and who holds office under Section 260 of the Companies Act, 1956, up to the date of this annual general meeting, be and is hereby appointed as a director of the company”.

By order of the Board of Directors

Kochi  
26 May 2010

**Sangeeta C. Pardhanani**  
*Director*

### NOTE:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy must be a member or relative of member of the Company.
2. The relative explanatory statement required under section 173 (2) of the Companies Act, 1956, in respect of ordinary resolutions set out above is annexed hereto

### EXPLANATORY STATEMENT

Required under Section 173(2) of the Companies Act, 1956

Item No. 3 & 4 :-

Mrs. KAVITA C. PARDHANANI and Mr. P. B. APPIAH, were appointed on 21st October 2009 and 26th February 2010 respectively, as an additional director. Pursuant to the provisions of the Section 260 of the Companies Act, 1956, Mrs. KAVITA C. PARDHANANI and Mr. P. B. APPIAH, will hold the office of a Director up to the date of the forthcoming Annual general Meeting now required to be appointed as Directors of the company.

## DIRECTORS' REPORT

### TO THE SHAREHOLDERS:

Your Directors have pleasure in presenting the Annual Report for the year ending 31st March 2010.

### FINANCIAL HIGHLIGHTS:

Financial Results of the Company for the year are as follows;

(Amount in Rupees)

Particulars	2010	2009
Income	<b>84,83,306</b>	63,24,186
Other Income	<b>6,130</b>	9,819
Total Income	<b>84,89,436</b>	63,34,005
Total Expenditure	<b>1,34,11,669</b>	1,39,51,638
Net profit (loss)	<b>(49,22,233)</b>	(76,17,633)

### DIVIDEND:

In view of accumulated loss, your Directors do not recommend any dividend for the year under review.

### DIRECTORS:

During the year under report, Mr. C. B. Pardhanani and Miss. Sangeeta C. Pardhani, were appointed as additional Directors who were subsequently appointed as regular Directors at the Annual General Meeting held on 30th September 2009. Subsequently, Mrs. Kavita C. Pardhanani, and Mr. P. B. Appiah, were appointed as an additional Directors of the Company with effect from 21st October 2009 and 26th February 2010 respectively who hold office under Section 260 of the Companies Act, 1956, up to the date of ensuing annual general meeting.

Mr. F. M. Shamier Marickar, Directors, has resigned on 14.10.2009 which was accepted by the Board on 21.10.2009.

### AUDITORS:

M/s. K. J. THOMAS & ASSOCIATES, Chartered Accountants, Bangalore retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Auditors' remarks, if any have been suitably explained in Notes on accounts.

### DIRECTORS' RESPONSIBILITY STATEMENT U/S 217 (2AA) :

As required under Section 217(2AA) of the Companies Act, 1956 your Directors state that:

- While preparing Annual Accounts for the year ending 31st March 2010, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- Company had selected such accounting policies and applied them consistently and made judgments that are reasonable and prudent which gives true and fair view of affairs of the Company;
- Company had taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- Company had prepared accounts for the year ending 31st March 2010 on a going concern basis.

**PARTICULARS REQUIRED U/S.217 (1)(e) OF THE COMPANIES ACT, 1956:**

**i. CONSERVATION OF ENERGY:**

During the year under review, your company has not consumed energy of any significant level and proper measures were taken for energy conservation.

**ii. TECHNOLOGY ABSORPTION:**

No comment is made on technology absorption considering nature of activities under taken by your company during the year under view and efforts are being made to improve the quality and reduce the manufacturing cost of the products.

**iii. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Earnings in Foreign Exchange - Rs. Nil

Expenditure in Foreign Currency - Rs. Nil

**STATUTORY COMPLIANCE CERTIFICATE:**

As required under Section 383A of the Companies Act, 1956, Statutory Compliance Certificate issued by a Company Secretary in Whole Time Practice is annexed herewith.

**INFORMATION OF EMPLOYEES U/S. 217 (2A) :**

None of the employees were drawing remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956.

**ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation for the support and assistance received from all shareholders, Banks, Central and State Government departments and the employees of the Company.

By order of the Board of Directors

Kochi  
26 May 2010

**P. B. Appiah**  
*Director*

**Sangeeta C. Pardhanani**  
*Director*

**AUDITOR'S REPORT**

To  
The Members of  
**NEDSTAR HOTELS PRIVATE LIMITED.**

1. We have audited the attached Balance Sheet of M/s NEDSTAR HOTELS PRIVATE LIMITED as at 31st March 2010 and the related Profit and Loss Account for the year 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) 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.
4. Further to our comments in the annexure referred to in paragraph 2 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief where necessary for the purposes of our Audit.

- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books
- c) The Balance sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956.
- e) In our opinion and based on information and explanations given to us, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the companies Act, 1956 ;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant Accounting policies and other notes, 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.
  - In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
  - In case of Profit and Loss Account, of the loss for the year ended on that date.

For **K.J.Thomas & Associates**  
Chartered Accountants

Kochi  
26 May 2010

**K.J.Thomas, F.C.A**  
*(M.No.19454)*

# NEDSTAR HOTELS PRIVATE LIMITED

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## ANNEXURE TO AUDITORS' REPORT DATED 26 MAY 2010

1. In respect of fixed assets;
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management during the year on a periodical basis, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) During the year the company has not disposed of any substantial major part of fixed assets.
2. None of the fixed assets have been revalued during the year.
3. In respect of inventories.
  - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories. The discrepancies noticed on physical verifications of inventories as compared to book records were not material and have been properly dealt with in the books of account.
4.
  - (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.
  - (b) According to the information and explanations given to us, during the year, the company has taken loan, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal controls.
6. In respect of particulars or contracts or arrangements referred to in section 301 of the Companies Act, 1956:

As per the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have not been entered in the register required to be maintained under that section.
7. The company has not accepted any deposit from the public.
8. In our opinion, the Company has an internal audit system commensurate with the size and nature if its business.
9. We are informed that maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
10. In respect of statutory dues.

According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth tax, service tax, Customs Duty, excise Duty, cess and other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2009 for a period of more than six months from the date they become payable.
11. The company has incurred a loss at the end of the year, which includes cash losses during the current financial year.
12. Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in the repayment of dues to banks.
13. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the company.
15. As the company is not dealing or trading in shares, securities, debentures and other investments, paragraph (xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company for the year.
16. In our opinion, the Company has not given guarantees for loans taken by others from banks or financial institutions.
17. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company from KFC during the year were, prima facie, applied by the company.
18. The Company has not made any preferential allotment of shares to parties and companies covered under register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued debentures during the year. Therefore, paragraph 4(xix) of the companies (Auditors' Report) Order, 2003 is not applicable to the Company.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **K.J.Thomas & Associates**  
Chartered Accountants

Kochi  
26 May 2010

**K.J.Thomas, F.C.A**  
(M.No.19454)

# Annual Report 2009-10

## BALANCE SHEET AS AT 31 MARCH 2010

Particulars	SCH	2010 Rupees	2009 Rupees
<b>I SOURCES OF FUNDS:</b>			
<b>1 Shareholders' Fund</b>			
a. Authorised capital (30,000 Equity shares of Rs. 1,000/- each)		<u>3,00,00,000.00</u>	<u>3,00,00,000.00</u>
b. Issued Subscribed & Paid up capital (29988 Equity Shares of Rs. 1,000/- each)	A	2,99,88,000.00	2,99,88,000.00
<b>2 Reserves &amp; Surplus</b>		<b>22,04,500.00</b>	22,04,500.00
<b>3 Loan Funds:</b>			
a. Secured Loan	B	5,91,898.78	2,18,34,176.88
b. Unsecured Loan	C	3,89,14,116.75	1,66,63,410.96
c. Deposit- Bharati Airtel Ltd.		<u>50,000.00</u>	<u>50,000.00</u>
		<u><b>7,17,48,515.53</b></u>	<u><b>7,07,40,087.84</b></u>
<b>II APPLICATION OF FUNDS:</b>			
<b>4 Fixed Assets</b>			
a) Gross Block	D	5,32,36,726.46	5,29,45,099.46
b) <i>Less</i> : Depreciation		<u>1,48,37,117.94</u>	<u>1,21,01,371.38</u>
c) Net Block		<b>3,83,99,608.52</b>	4,08,43,728.08
<b>5 Current Assets, Loans &amp; Advances</b>			
a) Cash & Bank balance	E	6,57,694.71	3,50,387.02
b) Debtors for Loans & Advances	F	10,000.00	28,82,504.71
c) Deposits	G	5,47,675.00	4,84,726.00
d) Inventories	H	36,394.73	45,448.36
e) Sundry Debtors	I	<u>24,75,883.92</u>	<u>37,27,648.36</u>
		<b>4,21,27,256.88</b>	<b>4,67,46,389.64</b>
<i>Less</i> : Current Liabilities & Provisions			
a) Sundry Creditors for Supplies	J	2,60,050.93	4,94,965.13
b) Other Creditors	K	8,27,445.20	8,19,290.37
c) Creditors for expenses	L	<u>4,19,906.39</u>	<u>15,07,402.52</u>
		<b>4,06,19,854.36</b>	<b>4,45,33,659.99</b>
<i>Add</i> : Miscellaneous expenditure	M	12,70,772.60	12,70,772.60
Profit & Loss Account (Net Loss)	N	<u>2,98,57,888.57</u>	<u>3,11,28,661.17</u>
		<u><b>7,17,48,515.53</b></u>	<u><b>7,07,40,087.84</b></u>
Notes forming part of the accounts	T		

As per our report of even date

On behalf of the Board

**For K.J. Thomas & Associates**  
Chartered Accountants

**K.J. Thomas F.C.A.**  
(M.NO.19454)

**P.B. Appiah**  
Director

**Sangeeta C. Pardhanani**  
Director

Kochi  
26 May 2010

Kochi  
26 May 2010

# NEDSTAR HOTELS PRIVATE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

Particulars	SCH	2010 Rupees	2009 Rupees
<b>I INCOME:</b>			
As per Schedule	O	84,98,489.14	63,24,185.66
Decrease in Stock		(9,053.63)	9,819.36
		<u>84,89,435.51</u>	<u>63,34,005.02</u>
<b>II DIRECT EXPENSES:</b>			
As per Schedule	P	<u>20,29,421.46</u>	<u>19,35,122.50</u>
<b>III INDIRECT EXPENSES:</b>			
Staff Salary & Other benefits	Q	7,84,496.00	6,43,302.00
Administrative expenses	R	52,05,907.96	65,46,599.23
Interest & Bank charges	S	26,56,096.85	20,28,312.27
Depreciation	D	27,35,746.56	27,98,301.89
		<u>1,34,11,668.83</u>	<u>1,39,51,637.89</u>
Net Loss		<u>49,22,233.32</u>	<u>76,17,632.87</u>
		<u>84,89,435.51</u>	<u>63,34,005.02</u>
Notes forming part of the accounts	T		

As per our report of even date

On behalf of the Board

For **K.J. Thomas & Associates**  
Chartered Accountants

**K.J. Thomas** F.C.A.  
(M.NO.19454)

**P.B. Appiah**  
Director

**Sangeeta C. Pardhanani**  
Director

Kochi  
26 May 2010

Kochi  
26 May 2010

**SCHEDULES TO BALANCE SHEET**

Particulars	2010 Rupees	2009 Rupees
<b>SCH-A: Issued, Subscribed and Paid up capital</b>		
Mr. George Abraham	–	5,00,000.00
Mrs. Saramma George	–	5,00,000.00
Mr. F. M. Shamier Marickar	–	5,10,000.00
Mrs. Premin Marickar	–	5,10,000.00
Dr. Y. M. Fasil Marickar	–	5,10,000.00
Dr. V.M. Khurshid	–	5,10,000.00
Marickar Plantations (P) Limited.	–	2,69,48,000.00
Mac Charles (India) Limited - (the Holding Company) <i>(29988 Equity shares of face value of Rs. 1,000/- each)</i>	<b>2,99,88,000.00</b>	–
	<b>2,99,88,000.00</b>	<b>2,99,88,000.00</b>
<b>SCH-B: Secured Loan</b>		
Sundaram Finance, Car Loan	<b>9,714.38</b>	68,000.06
TML, Car Loan	<b>1,55,628.40</b>	2,29,557.48
Federal Bank, Nedumbasery.	–	552.00
Term Loan UBI	–	25,42,499.34
KFC Term Loan	<b>4,26,556.00</b>	1,89,93,568.00
	<b>5,91,898.78</b>	<b>2,18,34,176.88</b>
<b>SCH-C: Unsecured Loan</b>		
Loan from Holding Company	<b>2,30,00,000.00</b>	–
Head Office A/c	<b>1,59,14,116.75</b>	–
Marickar Plantations(p) Ltd.	–	1,66,63,410.96
	<b>3,89,14,116.75</b>	<b>1,66,63,410.96</b>

**SCH-D: Fixed Assets**

Description	Rate of Depreciation	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		Value as on 31-03-2009	Additions	As at 31-03-2010	Up to 31-03-2009	for the year	As at 31-03-2010	As at 31-03-2010	As at 31-03-2009
Land	–	33,98,521.00	–	33,98,521.00	–	–	–	33,98,521.00	33,98,521.00
Buildings	5%	3,74,61,732.89	–	3,74,61,732.89	61,77,471.90	15,64,213.05	77,41,684.95	2,97,20,047.94	3,12,84,260.99
Plant & Machinery	13.91%	71,24,044.05	84,085.00	72,08,129.05	31,35,521.66	5,59,605.61	36,95,127.28	35,13,001.77	39,88,522.39
Computers	40%	3,38,338.20	–	3,38,338.20	2,24,443.96	45,557.70	2,70,001.66	68,336.54	1,13,894.24
Furniture & Fittings	25.88%	38,86,264.32	2,07,542.00	40,93,806.32	23,56,338.13	4,29,514.82	27,85,852.94	13,07,953.38	15,29,926.19
Vehicles	25.89%	7,36,199.00	–	7,36,199.00	2,07,595.73	1,36,855.39	3,44,451.12	3,91,747.88	5,28,603.27
		<b>5,29,45,099.46</b>	<b>2,91,627.00</b>	<b>5,32,36,726.46</b>	<b>1,21,01,371.38</b>	<b>27,35,746.56</b>	<b>1,48,37,117.94</b>	<b>3,83,99,608.52</b>	<b>4,08,43,728.08</b>

Note:- Depreciation on Plant & Machinery Rs.49,562/- is not considered (date of purchase 11.03.2010)

# NEDSTAR HOTELS PRIVATE LIMITED

## SCHEDULES TO BALANCE SHEET

Particulars	2010 Rupees	2009 Rupees
<b>SCH-E: Cash &amp; Bank Balances</b>		
Cash in hand	33,270.79	23,551.67
The Vysya Bank Ltd, Cherukole	–	2,84,436.06
Federal Bank, Nedumbassery	389.00	–
Federal Bank, Broadway Branch	–	5,000.00
IDBI, Ernakulam	1,28,759.48	35,561.39
South Indian Bank	63,652.00	–
Union Bank Athani	4,31,238.90	–
ICICI Bank	104.50	–
The ING Vysya Bank, Thiruvalla	162.78	–
Union Bank Of India	117.26	1,837.90
	<b>6,57,694.71</b>	<b>3,50,387.02</b>
<b>SCH-F: Debtors for Loans &amp; Advances</b>		
House Rent Advance	10,000.00	10,000.00
Mr. George Abraham	–	22,26,359.83
Mr. Shamier Marickar	–	1,16,144.88
Project Moothedam	–	5,30,000.00
	<b>10,000.00</b>	<b>28,82,504.71</b>
<b>SCH-G: Deposits</b>		
Electricity Board Deposit	3,70,000.00	3,33,390.00
Sales Tax Deposit	25,000.00	25,000.00
Telephone Deposit	8,000.00	8,000.00
TDS	1,44,675.00	1,18,336.00
	<b>5,47,675.00</b>	<b>4,84,726.00</b>
<b>SCH-H: Inventories</b>		
	<b>36,394.73</b>	<b>45,448.36</b>
<b>SCH-I: Sundry Debtors</b>		
Air India	49,052.20	49,052.20
Cabana Hotels- Franchisee	15,75,072.00	14,75,072.00
Desiya Online Travels	35,651.50	2,022.00
Esys Information	54,000.00	–
Best Western International	28,552.00	–
GMMCO	69,437.00	–
Indian Air Lines	46,529.34	15,734.34
J.M.Baxi & Co	32,164.75	–
Motor Sports Association of India	30,631.00	30,631.00
Room Credit Service	26,007.34	25,379.34
Silk Air	43,902.50	43,902.50
TATA AIG Life Insurance	37,197.00	–
TCI , Ravipuram	64,412.00	64,412.00
Travel Guru	46,644.00	21,501.00
Others	3,36,631.29	4,11,889.09
	<b>24,75,883.92</b>	<b>21,39,595.47</b>
<b>SCH-J: Sundry Creditors for Suppliers</b>		
A.A Jaison	–	32,036.00
Ajay parivahan	–	40,000.00
Angel Dry Cleaners	16,188.00	35,623.00
Creative Concepts	17,000.00	–
Economic Times	50,000.00	–
Kerala Publicity Bureau	40,449.00	1,40,449.00
Kallarackal Chicken Centre	14,078.65	14,078.65
Liberty Dress Makers	10,130.00	5,190.00
Super Gas Agencies	26,094.62	34,000.38
V.P Joshi	20,807.00	62,485.00
Others	65,303.66	1,31,103.10
	<b>2,60,050.93</b>	<b>4,94,965.13</b>

**SCHEDULES TO BALANCE SHEET**

Particulars	2010 Rupees	2009 Rupees
<b>SCH-K: Other Creditors</b>		
Aneesh Tile polish	55,064.88	89,064.88
Blue Star AC	88,826.00	-
Intermarket India	50,692.00	-
LIZ Travels	30,000.00	-
M. D General Stores	42,644.00	42,288.94
K.H.Abdullah	25,000.00	-
Narayanan	50,000.00	-
OM Marketing	53,000.00	-
Rakshak Securities	71,256.00	86,048.00
Ranco Impex	46,959.00	-
Reliance Fire Protection Engin	49,552.00	-
Thoshali Tours & Travels	68,697.00	68,697.00
Others	1,95,754.32	5,33,191.55
	<b>8,27,445.20</b>	<b>8,19,290.37</b>
<b>SCH-L: Creditors For Expenses</b>		
Audit fee payable	20,000.00	20,000.00
Electricity charges Payable	2,14,561.00	6,01,631.00
ESI Payable	2,802.00	6,670.00
Salary Payable	43,000.00	56,700.00
KVAT Payable	29,787.00	19,111.99
Luxury Tax Payable	34,215.39	1,03,732.16
Professional fees Payable	60,000.00	60,000.00
TDS Payable	4,528.00	4,528.00
Provident Fund Payable	11,013.00	26,101.00
	<b>4,19,906.39</b>	<b>8,98,474.15</b>
<b>SCH-M: Miscellaneous Expenditure</b>		
Preliminary Expenses:	12,70,772.60	12,70,772.60
	<b>12,70,772.60</b>	<b>12,70,772.60</b>
<b>SCH-N: Profit &amp; Loss Accounts</b>		
Opening Balance as per last Balance sheet	2,49,35,655.25	1,73,18,022.38
Net Loss for the year	49,22,233.32	76,17,632.87
	<b>2,98,57,888.57</b>	<b>2,49,35,655.25</b>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

<b>SCH-O: Income</b>		
Room Rent	52,52,663.31	37,99,900.00
Room Service	5,69,885.00	4,31,747.00
Rent & Rates	4,700.00	18,597.00
Rent - Airtel	1,80,500.00	2,30,000.00
Advance from Guest	3,500.00	-
Round off	1,980.52	598.71
Internet	10,035.00	3,175.00
Laundry Charges received	40,611.00	16,470.00
Telephone Charges Received	6,112.00	46,740.93
Extra Bed	1,61,142.00	33,777.00
Interest On Deposit	15,183.00	-
Miscellaneous bills	27,951.14	-
Discount Received	4,941.06	24,094.45
Food Plan Bills	2,18,887.00	7,054.00
Sales Entizer	18,77,004.11	14,56,288.56
Taxi rent received	1,23,394.00	2,55,743.01
	<b>84,98,489.14</b>	<b>63,24,185.66</b>

# NEDSTAR HOTELS PRIVATE LIMITED

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	2010 Rupees	2009 Rupees
<b>SCH-P: Direct Expenses</b>		
Gas & Fuel	2,83,973.21	4,01,277.32
Provision purchases	5,40,048.76	2,78,758.60
Bakery	1,46,160.31	88,278.38
Fruits & Vegetables	2,75,361.91	2,32,076.91
House Keeping Materials	2,61,933.27	95,928.79
Milk	1,38,404.05	1,31,680.15
Fish & Meat	1,70,482.00	1,79,253.79
Poultry	2,06,980.79	2,02,461.57
Miscellaneous Purchase	6,077.16	3,25,406.99
	<b>20,29,421.46</b>	<b>19,35,122.50</b>
<b>SCH-Q: Staff Salary &amp; Other Benefits</b>		
Salary & Allowances	7,84,496.00	6,43,302.00
	<b>7,84,496.00</b>	<b>6,43,302.00</b>
<b>SCH-R: Administrative &amp; Other Expenses</b>		
Advertisement charges	3,74,469.00	3,79,863.00
Annual Maintenance	3,03,423.00	3,44,813.30
Generator Maintenance	2,10,317.00	3,75,861.99
Electricity & Water Charges	19,86,167.00	23,16,414.00
Laundry Charges	1,78,653.00	1,25,741.00
General Insurance	1,01,891.00	1,05,712.00
Rent & Rates & Taxes	1,04,037.00	81,686.00
FBT (2008-09)	35,060.00	–
Postage & Telephone	71,269.50	91,803.00
Printing & Stationary	1,64,782.29	2,31,041.00
Provident Fund Contribution	62,234.00	67,240.00
Repairs and maintenance	3,90,058.00	6,00,633.94
Security Services	1,58,970.00	2,46,187.00
Transportation Charges	20,272.55	13,107.50
Travelling & Conveyance expenses	2,26,372.00	1,32,874.00
Vehicle Maintenance	1,14,561.00	49,225.00
Vehicle running expenses	1,53,020.00	2,12,623.84
Professional fees	51,222.00	68,736.00
E.S.I. Contribution	22,588.00	23,539.00
Punchayath Tax	14,928.00	–
Staff Welfare expenses	94,353.00	90,391.70
Business Promotion	91,741.50	52,970.51
Cable T.V. & Internet charges	94,139.00	71,259.00
Other Maintenance Expenses	1,81,380.12	8,64,876.45
	<b>52,05,907.96</b>	<b>65,46,599.23</b>
<b>SCH-S: Interest &amp; Bank Charges</b>		
KFC Interest - Term Loan	24,20,315.00	16,42,852.00
Bank charges & Interest	2,03,157.85	3,85,148.27
Others	32,624.00	312.00
	<b>26,56,096.85</b>	<b>20,28,312.27</b>

**NOTES ON ACCOUNTS**

**SCHEDULE – T**

**NOTES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31-03-2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2010.**

**1. Significant Accounting Policies.**

- a) Accounting Concepts: - The Company follows the mercantile system of accounting and recognizes income on accrual basis. The accounts are prepared on Historical cost basis and as going concern. Accounting Policies not referred to otherwise are consistent with generally accepted accounting policies.
- b) Fixed Assets: - Fixed Assets are valued at their original cost comprising of the purchase price and attributable cost for bringing the asset to working condition for its intended use.
- c) Inventories: - Inventories are valued at cost or realizable value.
- d) Depreciation: - Depreciation is provided on Written Down Value method at the rates specified in schedule XIV of the Companies Act, 1956 on all assets except land value.

**2. Secured Loans:**

- i. Medium Term Loan from Kerala Financial Corporation is secured by way of mortgage of Company's all movable and immovable properties and is further guaranteed by Mr. George Abraham and Mr. Shamier Marickar, Ex-Directors in their personal capacities.
- ii. Vehicle loans obtained from M/s. Sundaram Finance Ltd; and are secured by hypothecation of vehicles.

**3. Contingent Liabilities:**

No Provision for contingent liabilities are required for the year under review.

**4. Previous year figures have been re-grouped wherever found necessary.**

**5. Confirmation of balances has not been obtained directly from Debtors and Creditors.**

**6. The company has not appointed a whole time Company Secretary.**

**7. Employees employed throughout the financial year who were in receipt of remuneration aggregating Rs.24,00,000/- or more per year or employed for part of the year who were in receipt of Rs.200,000/- or more per month.**

8. Managerial Remuneration	NIL
9. (a) Debts considered good in respect of which the company is fully secured.	NIL
(b) Debts considered good for which the company holds no security other than the Debtors personal security.	Rs. 24,75,883.92
10. Debts due by Directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.	NIL
11. Debts due from other companies under the same management within the meaning of Sub Sec. (1B) of Sec. 370.	NIL
12. The maximum amount due by directors or other officers of the company at any time during the year.	NIL
13. Claims against the company not acknowledged as debts.	NIL
14. Estimated amount of contracts remaining to be executed on Capital Account and not provided for	NIL
15. Other money for which the company is contingently liable.	NIL
16. Advance for share capital is net of addition and refund during the year	
17. Other Creditors includes Rs. 8,27,445.20 being pending bills for settlement.	
18. No deferred TDS payable is provided on timing difference. No provision for income tax is also made since the company is seen not generated any profit.	

As per our Report of even date

For **K.J.Thomas & Associates**  
*Chartered Accountants*

Kochi  
26 May 2010

**K.J.Thomas, F.C.A**  
*(M.No.19454)*

By order of the Board of Directors

Kochi  
26 May 2010

**P. B. Appiah**  
*Director*

**Sangeeta C. Pardhanani**  
*Director*

# NEDSTAR HOTELS PRIVATE LIMITED

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## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### Information as Required Under Part IV of Schedule VI to The Companies Act, 1956

#### I REGISTRATION DETAILS :

Registration Number	U55101KA2003PTC015864	State Code	09
Balance Sheet Date	31-03-2010		

#### II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Preferential Issue	Nil

#### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	7,17,49	Total Assets	7,17,49
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##### Sources of Funds

Paidup Capital	2,99,88	Reserves & Surplus	22,04
Secured Loans	5,92	Unsecured Loans	3,89,14

##### Applications of Funds

Net Fixed Assets	3,84,00	Investments	NIL
Net Current Assets	4,06,20		

#### IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover (including Other Income)	84,89	Total Expenditure	1,34,12
Profit/(Loss) Before Tax	(49,22)	Profit/(Loss) After Tax	(49,22)
Earnings per Share (Basic and Diluted) in Rupees	-164/-	Dividend (%)	NIL

#### V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICE OF COMPANY

The Company is in the business of Hoteliering which is not covered under ITC classifications.

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On behalf of the Board

Kochi  
26 May 2010

**P.B. Appiah**  
Director

**Sangeeta C.Pardhanani**  
Director

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF M/S. MAC CHARLES (INDIA) LIMITED**

We have audited the attached Consolidated Balance Sheet of M/s.MAC CHARLES (INDIA) LIMITED ('the Company') and its subsidiary (the Company and its subsidiary constitute 'the Group') as at 31 March 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of Rs.4,06,19,855/- and total liabilities of Rs.3,95,56,016/- as at 31 March 2010, total revenues of Rs.84,98,489/- and total expenditure of Rs.1,34,11,669/- for the year ended on that date as considered in the Consolidated Financial Statements. The financial statements of the subsidiary is audited by another auditor whose report is furnished to us and our opinion, is so

far as it relates to the amounts included in respect of the subsidiary, is based solely on the reports of the other auditor.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' prescribed by the Companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of the separate audit report on individual financial statement of the subsidiary, and to the best of our information and according to the explanations given to us, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2010 ;
- (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date ; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For K. B. Nambiar & Associates**

Chartered Accountants

(Firm Regn. No. 002313S)

Bangalore

30 June 2010

**V. V. Gabriel**

Partner (M.No.213936)

# MAC CHARLES (INDIA) LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2010

	Schedule No.	2010 Rupees
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' funds</b>		
Share Capital	1	6,55,32,010
Reserve and Surplus	2	190,95,11,402
<b>Loan Funds</b>		
Secured Loans	3	1,74,28,244
Unsecured Loans		1,59,14,117
<b>Net Deferred Tax liability</b>	4	6,31,09,904
<b>TOTAL</b>		<u>207,14,95,677</u>
<b>APPLICATIONS OF FUNDS</b>		
<b>Fixed Assets</b>		
Gross Block	5	122,63,55,104
Less : Depreciation		40,47,70,418
<b>Net Block</b>		<u>82,15,84,686</u>
<b>Capital Work-in-progress</b>		<u>8,13,061</u>
<b>Investments</b>	6	<u>83,43,10,732</u>
<b>Current Assets, Loans and Advances</b>		
Inventories	7	60,39,065
Sundry Debtors	8	1,79,97,825
Cash and Bank Balances	9	3,40,18,464
Loans and Advances	10	69,63,67,154
		<u>75,44,22,508</u>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>		
Current liabilities	11	24,62,62,341
Provisions		9,33,72,969
		<u>33,96,35,310</u>
<b>NET CURRENT ASSETS</b>		<u>41,47,87,198</u>
<b>TOTAL</b>		<u>207,14,95,677</u>
<b>NOTES ON ACCOUNTS</b>	19	

The Schedules 1 to 11 and 19 form an integral part of Consolidated Balance Sheet

In terms of our report of even date

For **K.B. Nambiar & Associates**  
Chartered Accountants  
(Firm Regn. No. 002313S)

**V.V. Gabriel**  
Partner (M.No. 213936)

Bangalore  
30 June 2010

**M.S. Reddy**  
Vice President Finance &  
Company Secretary

Bangalore  
30 June 2010

On behalf of the Board

**C.B. Pardhanani**  
Chairman

**Sangeeta C. Pardhanani**  
Managing Director

**J. Matthan**  
Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010**

	Schedule No.	2010 Rupees
<b>INCOME</b>		
Rooms, Restaurants, Banquets and Other services	12	42,03,52,219
Other Income	13	27,76,26,550
		69,79,78,769
<b>EXPENDITURE</b>		
Consumption of provisions, food supplies and beverages	14	4,26,15,989
Remuneration and benefits to employees	15	7,20,00,963
Maintenance, upkeep and services	16	5,20,65,285
Operating and administrative expenditure	17	9,63,12,203
Interest and financial expenses	18	13,74,536
Provision for Diminution in value of investments		25,95,837
Depreciation		4,17,31,537
Loss on Sale of Investments - Long Term		2,97,53,228
- Short Term		3,76,72,697
Provision for Donations		12,70,000
		37,73,92,275
<b>Profit Before Tax</b>		32,05,86,494
Provision for Income Tax - Current Tax	5,50,00,000	
<i>Less</i> : Excess Provision of earlier years	23,73,716	(5,26,26,284)
- Deffered Tax		(1,69,77,670)
<b>Profit after Tax for the Year</b>		25,09,82,540
Profit brought forward from Previous Year		5,55,52,284
Profit available for appropriation		30,65,34,824
<b>APPROPRIATION</b>		
General Reserve		(15,00,00,000)
Proposed Dividend		(7,20,55,786)
Corporate Dividend Tax		(1,22,45,881)
<b>Balance Carried to Balance Sheet</b>		7,22,33,157
Earning per share basic & diluted (face value of Rs. 10/- each)		38.31

**NOTES ON ACCOUNTS 19**

The Schedules 12 to 19 form an intergral part of Consolidated Profit and Loss account

In terms of our report of even date

For **K.B. Nambiar & Associates**  
Chartered Accountants  
(Firm Regn. No. 002313S)

**V.V. Gabriel**  
Partner (M.No. 213936)

Bangalore  
30 June 2010

**M.S. Reddy**  
Vice President Finance &  
Company Secretary

Bangalore  
30 June 2010

On behalf of the Board

**C.B. Pardhanani**  
Chairman

**Sangeeta C. Pardhanani**  
Managing Director

**J. Matthan**  
Director

# MAC CHARLES (INDIA) LIMITED

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

	2010 Rupees
<b>1. SHARE CAPITAL</b>	
<b>AUTHORISED</b>	
2,00,00,000 (2,00,00,000) Equity Shares of Rs.10/- each	20,00,00,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>	
65,50,526 (65,50,526) Equity shares of Rs.10/- each	6,55,05,260
<i>Add</i> : Forfeited Shares	26,750
	<u>6,55,32,010</u>
<b>2. RESERVES AND SURPLUS</b>	
<b>Security Premium Account</b>	1,75,11,237
	<u>1,75,11,237</u>
<b>General Reserve</b>	
<b>At the commencement of the year</b>	166,97,67,008
<i>Add</i> : Transfer from Profit & Loss Account	15,00,00,000
	<u>181,97,67,008</u>
<b>Profit and Loss Account</b>	
Surplus	7,22,33,157
	<u>190,95,11,402</u>
<b>3. LOAN FUNDS</b>	
<b>SECURED LOANS</b>	
<b>From Banks</b>	
Over Draft	6,59,400
Cash Credit	1,61,76,945
<b>From Others</b>	
Vehicle Loans	1,65,343
Term Loan	4,26,556
	<u>1,74,28,244</u>
<b>UNSECURED LOANS</b>	
Other than from Banks	1,59,14,117
The Cash Credit is secured by company's immovable property at No.28, Sankey Road, Bangalore and first charge by way of hypothecation and / or pledge of the company's entire goods, movables and other assets present and future including documents of title to the goods and other assets, such as Book Debts, outstanding monies, receivables, bills, invoices, documents, contracts, insurance policies, guarantees, engagements, securities, investments and rights and uncalled capital and all machinery present and future and personal guarantee of one of the Directors of the Company.	
Overdraft is secured by Fixed Deposit with the Bank.	
Vehicle loans are secured by hypothecation of vehicles.	
Term loan is secured by movable and immovable properties of the subsidiary Company.	
<b>4. NET DEFERRED TAX LIABILITY</b>	
<b>Deferred Tax Liability:</b>	
Accumulated Depreciation	6,45,59,369
<b>Less : Deferred Tax Assets :</b>	
Accrued Expenses deductible on payment	14,49,465
	<u>63,10,99,04</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd...,)

5. FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK
	As at 1.4.2009	Additions / (Disposals)	As at 31.3.2010	Up to 31.3.2009	For the year (Withdrawal)	Up to 31.3.2010	As at 31.3.2010
<b>INTANGIBLE ASSETS</b>							
Goodwill	–	7,19,39,681	<b>7,19,39,681</b>	–	–	–	<b>7,19,39,681</b>
<b>TANGIBLE ASSETS</b>							
Land	33,65,64,276	–	<b>33,65,64,276</b>	–	–	–	<b>33,65,64,276</b>
Buildings	21,99,10,984	75,33,399	<b>22,74,44,383</b>	12,53,21,833	58,61,207	<b>13,11,83,040</b>	<b>9,62,61,343</b>
Plant & Machinery	34,60,48,674	11,77,55,983	<b>46,38,04,657</b>	14,72,28,534	2,67,72,149	<b>17,40,00,683</b>	<b>28,98,03,974</b>
Sanitary Fittings	1,63,85,821	–	<b>1,63,85,821</b>	1,04,11,750	7,98,074	<b>1,12,09,824</b>	<b>51,75,997</b>
Computers	90,66,432	9,43,600 (60,700)	<b>99,49,332</b>	82,19,053	6,72,373 (5,769)	<b>88,85,657</b>	<b>10,63,675</b>
Furniture,Fixtures & Interiors	6,74,59,909	23,99,282	<b>6,98,59,191</b>	5,56,83,497	40,18,190	<b>5,97,01,687</b>	<b>1,01,57,504</b>
Vehicles	2,75,73,335	43,90,380 (15,55,952)	<b>3,04,07,763</b>	1,77,35,935	36,09,544 (15,55,952)	<b>1,97,89,527</b>	<b>1,06,18,236</b>
<b>Total</b>	<b>102,30,09,431</b>	<b>20,49,62,325</b> <b>(16,16,652)</b>	<b>122,63,55,104</b>	<b>36,46,00,602</b>	<b>4,17,31,537</b> <b>(15,61,721)</b>	<b>40,47,70,418</b>	<b>82,15,84,686</b>

6. INVESTMENTS

Aggregate amount of Quoted Investments	8,77,76,324
Aggregate amount of Un-quoted Investments	75,59,83,441
	<u>84,37,59,765</u>
Less : Provision for diminution in value of Investments	94,49,033
	<u>83,43,10,732</u>

7. INVENTORIES

Provisions, Food supplies and Beverages	31,45,874
Other stores and operational supplies	28,93,191
	<u>60,39,065</u>

8. SUNDRY DEBTORS

<b>UNSECURED - CONSIDERED GOOD</b>	
Debts outstanding for a period exceeding six months	2,14,427
Other debts	1,77,83,398
	<u>1,79,97,825</u>

9. CASH AND BANK BALANCES

Cash on hand	13,59,076
<b>Balances with Scheduled Banks</b>	
On Current account	3,07,43,388
On deposit account	19,16,000
	<u>3,40,18,464</u>

10. LOANS & ADVANCES

<b>UNSECURED-CONSIDERED GOOD</b>	
Advances recoverable in cash / kind / for value to be recd.	65,55,79,347
Advance Income Tax	3,26,60,279
Advance FBT	27,059
Deposits	81,00,469
	<u>69,63,67,154</u>



**SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT (Contd...,)**

	<b>2010 Rupees</b>
<b>14. CONSUMPTION OF PROVISIONS, SUPPLIES &amp; BEVERAGES</b>	
Opening Stock	31,32,554
Add: Purchases	4,25,92,914
	4,57,25,468
Less: Closing Stock	31,09,479
	4,26,15,989
<b>15. REMUNERATION &amp; BENEFITS TO EMPLOYEES</b>	
Salaries, Wages & Bonus	6,17,09,364
Contribution towards provident & other funds	45,38,701
Gratuity	16,19,087
Welfare Expenses	38,06,448
Unavailed Leave Encashment	3,27,363
	7,20,00,963
<b>16. MAINTENANCE, UPKEEP AND SERVICES</b>	
Guest Accomodation Board and Kitchen	71,27,512
Linen, Uniforms & Laundry	66,51,683
<b>Repairs &amp; Maintenance</b>	
Building	1,18,90,937
Plant & Machinery	1,06,90,086
Interiors, Furniture, Furnishings & others	89,26,944
Housekeeping expenses	32,03,709
Music, Entertainment & Banquet Expenses	35,74,414
	5,20,65,285
<b>17. OPERATING &amp; ADMINISTRATIVE EXPENDITURE</b>	
Power and Fuel	3,03,76,044
Water Charges	36,23,206
Commission to Travel & Other Agencies	38,25,833
Postage, Telex & Telephones	38,40,868
Printing & Stationery	22,98,017
Sales Promotional Expenses	5,43,870
Administrative & General Expenses	97,93,565
Travel & Conveyance	30,63,315
Rent	27,44,735
Rates & Taxes	61,07,529
Insurance	17,60,086
Royalty	1,25,71,976
Foreign Currency Fluctuations	2,23,655
Freight & Transport	1,59,348
Professional & Consultancy fees	70,24,405
Miscellaneous Expenses	7,57,608
<b>Payment to Auditors</b>	
Audit Fee	2,20,214
Tax Audit Fee	78,742
Other Services	39,901
Reimbursement of Expenses	19,286
Directors Sitting Fees	1,10,000
Commission to Chairman & Managing Director	71,30,000
	9,63,12,203
<b>18. INTEREST &amp; FINANCIAL EXPENSES</b>	
On Fixed Loans	7,80,621
Cash Credit/overdraft	4,00,121
Bank Charges	1,93,794
	13,74,536

# MAC CHARLES (INDIA) LIMITED

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## SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)

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### 19. NOTES ON ACCOUNTS

#### 1. BASIS OF CONSOLIDATION :

The Consolidated Financial Statements relate to Mac Charles (India) Limited ('the Company') and its subsidiary. The Company and its subsidiary together constitute 'the Group'. The Consolidated Financial Statements have been prepared on the following basis :

- The financial statements of the Company and its Subsidiary 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, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 'Consolidated Financial Statements', as notified by the Companies (Accounting Standards) Rules, 2006.
- The financial statements of the Subsidiary, used in the consolidation are drawn upto the same reporting date as that of the Company.
- The excess of cost to the Company of its investment in the Subsidiary over the Company's portion of equity as at the date of making the investment is recognised in the financial statements as Goodwill.
- Goodwill arising out of consolidation is not amortized. However, the same is tested for impairment at each Balance Sheet date.

Disclosure under Accounting Standard 21 :

List of Subsidiary :

- (a) Name : Nedstar Hotels Private Limited
- (b) Country of Incorporation : India
- (c) Proportion of Ownership : 100%

#### 2. SIGNIFICANT ACCOUNTING POLICIES :

The accounts have been prepared on historical cost convention under mercantile system of accounting and generally complies with mandatory accounting standards.

##### a. Fixed Assets :

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

##### b. Depreciation :

Depreciation is provided on straight line method on buildings at triple the rates and on other fixed assets at double the rates specified in Schedule XIV to the Companies Act, 1956, based on technical evaluation.

In case of subsidiary Company, depreciation is provided on written down value at the rates specified in schedule XIV of the Companies Act, 1956. The proportion of gross block of assets of the subsidiary is 4.61% of the gross block of assets of the Group.

##### c. Impairment of Assets :

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on Internal / external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

##### d. Investments :

- i. Current Investments are stated at lower of cost and fair value.
- ii. Long Term Investments are stated at cost. However provision for diminution is made to recognize a decline, other than temporary in the value of the investments.

##### e. Inventories :

- i. To value inventories of provisions, food supplies, crockery, cutlery, glassware, beverages, stores and operational supplies at cost on Weighted Average Method. Cost includes freight and other incidental expenses.
- ii. To charge to revenue the value of crockery, cutlery and glassware at the time of first issue.

##### f. Miscellaneous Expenditure :

To amortize the preliminary expenses and other deferred revenue expenditure over a period of 10 years.

##### g. Foreign Currency Transactions :

- i. Transactions in foreign currencies are accounted at the average exchange rate prevailing on the date of transaction.
- ii. To account for gain or loss on foreign exchange rate fluctuations relating to assets and liabilities as at the date of the Balance Sheet at the convertible rate of exchange prevailing on that date.
- iii. To account for all exchange differences arising from foreign currency transactions in the Profit and Loss Account.

**SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)**

**h. Revenue Recognition :**

- i. Room revenue is recognized on actual occupancy and is net off, of cost of complimentary airport pick-up and drop.
- ii. Food and Beverage at the point of supply.
- iii. Other services on rendering such services.
- iv. Sale of Electricity generated from Wind Turbine Generators is recognized on the basis of electricity units metered and invoiced.

**i. Employee Benefits :**

i. Provident Fund :

The Company contributes to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with Employees provident fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders service.

ii. Gratuity :

Gratuity is a post employment benefit and is defined benefit plan. The liability recognized in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets together with adjustments for unrecognized actuarial gains or losses and past service costs. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

iii. Leave Encashment :

Provision for unavailed leave to the credit of the employees at the end of the year is made on the basis of the actuarial valuation.

**j. Taxation :**

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

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

3. As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

**Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

Employer's Contribution to Provident Fund                      Rs. 33,38,192/-

**Defined Benefit Plan**

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

**I. Reconciliation of opening and closing balances of Defined Benefit obligation**

	<i>(Rs. in Lakhs)</i>	
	Gratuity 2010	Leave Encashment 2010
Defined Benefit obligation at beginning of the year	132.85	55.49
Current Service Cost	18.70	6.03
Interest Cost	10.09	4.13
Actuarial (gain) / loss	(1.41)	(3.23)
Benefits paid	(13.57)	(7.73)
Defined Benefit obligation at year end	146.66	54.70

# MAC CHARLES (INDIA) LIMITED

## SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)

(Rs. in Lakhs)

	Gratuity 2010	
<b>II. Reconciliation of opening and closing balances of fair value of plan assets :</b>		
Fair value of plan assets at beginning of the year	130.20	
Expected return on plan assets	10.24	
Actuarial gain/ (loss)	1.62	
Employer's contributions	9.11	
Benefits paid	(13.57)	
Fair value of plan assets at year end	137.60	
Actual return on plan assets	11.86	
<b>III. Reconciliation of fair value of assets and present value of obligation :</b>		
	Gratuity 2010	Leave Encashment 2010
Fair value of plan assets	137.60	-
Present value of obligation	146.66	54.70
Amount recognized in Balance Sheet	9.06	54.70
<b>IV. The amounts recognized in the Profit and Loss Account are as follows :</b>		
Current Service Cost	18.70	6.03
Interest Cost	10.09	4.13
Expected return on plan assets	(10.24)	-
Actuarial (gain) / loss	(3.04)	(3.23)
<b>Net Cost</b>	<b>15.52</b>	<b>6.93</b>
	Amount	% invested
<b>V. Composition of Plan Assets :</b>		
Insurance Managed Funds	137.60	100%
<b>VI. Actuarial assumptions :</b>		
Interest rate	8%	8%
Discount rate (per annum)	8%	8%
Expected rate of return on plan Assets (per annum)	8%	0%
Rate of escalation in salary (per annum)	10%	10%
Attrition rate	5%	5%
Retirement Age	58	58
4. Advances recoverable in cash / kind / for value to be received includes Rs.54,05,04,712/- being advance given for investments in Immovable Properties.		
5. The Company has entered into an agreement for purchase of immovable property being commercial office space of 58000 sq.ft. with the Developer in Bangalore. Towards this, an advance of Rs.35 Crores has been paid. Subsequently, there was a delay in commencement of the project. The above referred agreement entitles the Company to take appropriate action with regard to this agreement for which the consent of the developer is deemed to have been given. Accordingly, the Company relinquished its rights to the extent of 29000 sq.ft. in the previous year and during the year the Company has decided to relinquish its balance rights in the said agreement to the extent of 29000 sq.ft. for a consideration of Rs.23,99,25,000/- of which a sum of Rs.6,49,25,000/- has already been received by the Company.		
6. The Company has commissioned 2.10 MW Wind Turbine Generator on 30.03.2010 which is generating power for the Company's captive consumption.		
7. Liabilities written back of Rs.33,11,278/- disclosed in Schedule No.13 – Other Income, is after netting off irrecoverable advances of Rs.33,23,000/- written off during the year.		
8. Considering the nature of operations of the Company, it is not practicable to give quantitative details of turnover and consumption in terms of the requirement under Part- II of Schedule –VI to the Companies Act, 1956.		

**SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)**

	2010 Rs. in lakhs
<b>9. Prior period items debited/credited to Profit and Loss Account:</b>	
<b>Prior period expenses</b>	
Laundry Expenses	5.07
<b>10. a. Computation of Net Profit (in accordance with Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956)</b>	
Profit for the year	2524.79
Add : Provision for Taxation	696.04
Wealth Tax	0.37
Depreciation Charged	401.19
Commission to the Chairman and the Managing Director	71.30
Remuneration to Managing Director	36.84
Loss on Sale of Investments	674.26
Provision for Diminution in value of Investments	25.96
	4430.75
Less : Depreciation under Section 350	401.19
Profit on Sale of Investments	1592.21
Profit on Sale of Fixed Assets	5.50
Profit on relinquishment of rights in immovable properties	649.25
	2648.15
	1782.60
Commission @ 1% of the above payable to the Chairman and 3% to the Managing Director included under the head "Operating and Administrative Expenditure"	71.30
<b>b. Managerial Remuneration to the 'Chairman' and 'Managing Director'</b>	
Remuneration to the Managing Director	36.84
Commission to the Managing Director	53.48
Commission to the Chairman	17.82
	108.14
<b>11. Earnings in Foreign Exchange</b>	2325.49
<b>12. Expenditure in Foreign Currency :</b>	
Royalty	125.72
Sales Promotion and General Expenses	81.97
Agents Commission for Room Bookings	7.54
<b>13. CIF Value of Imports :</b>	
Stores, Components and Spare Parts	137.49
Capital Goods	54.37
<b>14. Information as per Order No.46/22/98 CL III Dated 24 February 1998, issued by the Ministry of Finance, Department of Company Affairs :</b>	
<b>a. Income From :</b>	
i. Wines and Liquor	90.00
ii. Telephone and Telex	76.75
<b>b. Consumption of :</b>	
i. Provision, Beverages (excluding Wine and Liquor)	369.17
ii. Wine and Liquor	44.31

# MAC CHARLES (INDIA) LIMITED

## SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)

### 15. Dividends remitted in Foreign Currency to Non Resident Shareholders Rs.4,56,42,260/-

Number of Non Resident Shareholders	Number of Shares held by them on which Dividends remitted
2	4564226

### 16. Related Party Disclosures :

#### (A) Related Parties and their Relationships :

1. Kapi Investment Ink Limited, Mauritius, Shareholder.
2. M.K.Trading F.Z.E., Dubai, UAE a Company in which Chairman of the Company is a shareholder.
3. C. Pardhanani's Education Trust, a Trust in which the Chairman of the Company is a Trustee.
4. Pardhanani International Investments }  
And Holdings Private Limited } a Private Company in which the Chairman of the Company is a Director and Managing Director of the Company is a Director and shareholder.
5. Pardhanani International Properties }  
Private Limited } a Private Company in which the Chairman of the Company is a Director and Managing Director of the Company is a Director and shareholder.
6. Sanko Properties Private Limited } a Private Company in which the Chairman of the Company is a Director and Managing Director of the Company is a Director and shareholder.

#### (B) Transaction with Related Parties:

Name of the Transacting Related party	Relationship between the transacting party	Nature of transactions	Volume of transactions during the year (Rs.)	Amount Outstanding as on 31.3.2010 (Rs.)	Payable (P) OR Receivable (R)
Kapi Investment Ink Limited	Overseas Body Corporate	Dividend	8,00,000	Nil	Nil
Mr.C.B.Pardhanani	Chairman	Commission based on profit	17,82,500	18,24,584	(P)
		Dividend	4,48,42,260	Nil	Nil
Mrs.Kavitha C.Pardhanani	Director	Dividend	Nil	Nil	Nil
Ms.Sangeeta C.Pardhanani	Managing Director	Dividend	32,42,500	Nil	Nil
		Remuneration	36,84,000	Nil	Nil
		Commission based on profit	53,47,500	38,32,027	(P)
C Pardhanani's Education Trust	Trust in which Chairman of the Company is a trustee	Donation	7,00,000	Nil	Nil
Messrs. M. K. Trading F.Z.E., Dubai, UAE	A company in which the Chairman of the Company is a shareholder	Purchase of Hotel Equipments	90,18,389	69,96,196	(R) (goods in transit)
Mr. M. B. Pardhanani	Related to Director	Dividend	6,02,000	36,72,200	(P) (Under dispute and subjudice)
Mrs.Uma M. Pardhanani	Related to Director	Dividend	10,25,000	62,52,500	(P) (Under dispute and subjudice)
Ms.Arati M. Pardhanani	Related to Director	Dividend	3,00,000	18,30,000	(P) (Under dispute and subjudice)

**SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd...,)**

**17. Disclosure as per Accounting Standard 29 :**

*(In Rupees)*

Srl. No.	Particulars	Balance as at 01.04.2009	Additional Provision made during the year	Provision Reversed/utilised during the year	Balance as at 31.03.2010
1.	Provision for Gratuity	3,07,370	5,98,459	–	9,05,829
2.	Provision for Leave Encashment	51,42,594	3,27,363	–	54,69,957
3.	Proposed Dividend	6,55,05,260	65,50,526	–	7,20,55,786
4.	Corporate Dividend Tax	1,11,32,619	11,13,262	–	1,22,45,881

2010  
Rupees

**18. Contingent Liabilities :**

Disputed Income Tax Liability against which Appeals are pending

(i) Assessment Year 1997-98	9,55,691
(ii) Assessment Year 2001-02	9,54,168
(iii) Assessment Year 2007-08	14,90,801

**19.** Estimated amount of contract remaining to be executed on capital account not provided for Rs. 20.94 lacs

**20.** In the absence of information as regard to the status / classification of the Relevant enterprises into Micro, Small and Medium Enterprises, information as Required under Notification No. G.S.R 719[E] dated 16.11.2007 issued by the Department of Company Affairs in respect of the total amount payable at the end of the year to the Sundry Creditors could not be disclosed.

**21.** Confirmation of balances has not been received from parties covered under Sundry Debtors, Loans and Advances and Current Liabilities.

**22.** Earnings Per Share has been computed as under :

*(Rs. in Lakhs)*

Net Profit	2509.82
Weighted Average Number of Equity Shares Outstanding	6550526
Earnings Per Share in rupees – Basic and Diluted (Face Value of Rs.10/- each)	38.31

# MAC CHARLES (INDIA) LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010 (Rs. in '000s)

PARTICULARS	2010
<b>A) CASH FLOW FROM OPERATING ACTIVITIES :</b>	
Net profit before tax & Extraordinary Items	32,05,87
Adjustment for :	
Depreciation	4,17,31
Profit on sale of fixed assets	(5,50)
Profit on sale of investments	(15,92,21)
Loss on sale of investments	6,74,26
Provisions for diminution in value of Investment	25,96
Dividend received	(70,75)
Interest Paid	3,67
Profit from relinquishment of rights in immovable properties	(6,49,25)
<b>Operating profit before working capital changes</b>	<u>20,09,36</u>
<b>Adjustment for :</b>	
Trade and other receivables	8,15,39
Inventories	(1,00)
Trade Payables	5,11,10
Cash generated from operations	33,34,85
Direct Tax (paid)/refund	3,70,66
<b>Net Cash from/(used) in Operating Activities</b>	<u>37,05,51</u>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>	
Purchase of Fixed assets	(13,29,78)
Sale of Fixed assets	6,05
Advance towards Investment in immovable Properties	(22,27,95)
Purchase of Investments	(1,22,74,97)
Sale of Investments	1,06,15,61
Proceeds from relinquishment of rights in immovable properties	23,99,25
Dividend Received	70,75
<b>Net Cash from/(used) in Investing Activities</b>	<u>(27,41,04)</u>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>	
Dividend Paid including Corporate Dividend Tax	(7,66,38)
Interest paid	(3,67)
Increase in cash credit / overdraft	65,41
Decrease in Secured Loans	(2,00,50)
Decrease in Unsecured Loans	(21,41)
<b>Net cash from/(used) in Financing Activities</b>	<u>(9,26,55)</u>
Net increase / (decrease) in cash/cash equivalents	37,92
Opening cash / cash equivalents	3,02,27
Closing cash / cash equivalents	* 3,40,19
*includes cash and cash equivalents, being amounts lying in the unpaid dividend accounts which are not available for use by the company amounting to Rs.2,81,46.	

In terms of our report of even date

For **K.B. Nambiar & Associates**  
Chartered Accountants  
(Firm Regn. No. 002313S)

**V.V. Gabriel**  
Partner (M.No. 213936)

Bangalore  
30 June 2010

**M.S. Reddy**  
Vice President Finance &  
Company Secretary

Bangalore  
30 June 2010

On behalf of the Board

**C.B. Pardhanani**  
Chairman

**Sangeeta C. Pardhanani**  
Managing Director

**J. Matthan**  
Director

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## MAC CHARLES (INDIA) LIMITED

Registered Office : 28, Sankey Road, Bangalore - 560 052

### ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

I hereby record my presence at the THIRTIETH ANNUAL GENERAL MEETING of the Company held at the Hotel Le Meridien No. 28, Sankey Road, Bangalore - 560 052 on **Tuesday the 31st August, 2010 at 3 p.m.**

Full Name of Member (in Block Letters) .....

Reg. Folio No. .... No. of Shares held .....

Full Name of Proxy (in Block Letters) .....

Member's /Proxy's Signature .....

NOTE: Shareholders are requested to bring this slip to the Meeting duly filled up including Folio Number & Number of Shares held.

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## MAC CHARLES (INDIA) LIMITED

Registered Office : 28, Sankey Road, Bangalore - 560 052

### PROXY FORM

I/We .....

of .....

being a Member / Members of Mac Charles (India) Limited hereby appoint .....

of ..... or failing him/her ..... of ..... as my/our proxy of

vote for me/us on my/our behalf at the THIRTIETH ANNUAL GENERAL MEETING of the Company to be held on **Tuesday the 31st August, 2010 at 3 p.m.**

Reg. Folio No. ....

No. of Shares ..... Signed this .....

Affix  
Re. 1/-  
Revenue  
Stamp

NOTE: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before Meeting.





BUSINESS CENTRE



HEALTH CLUB



GOLF VIEW HOTEL & SUITES COCHIN

## BOOK-POST

*If undelivered please return to :*

**MAC CHARLES (INDIA) LIMITED**

28, Sankey Road,  
Bangalore - 560 052.