

MAC CHARLES (INDIA) LIMITED

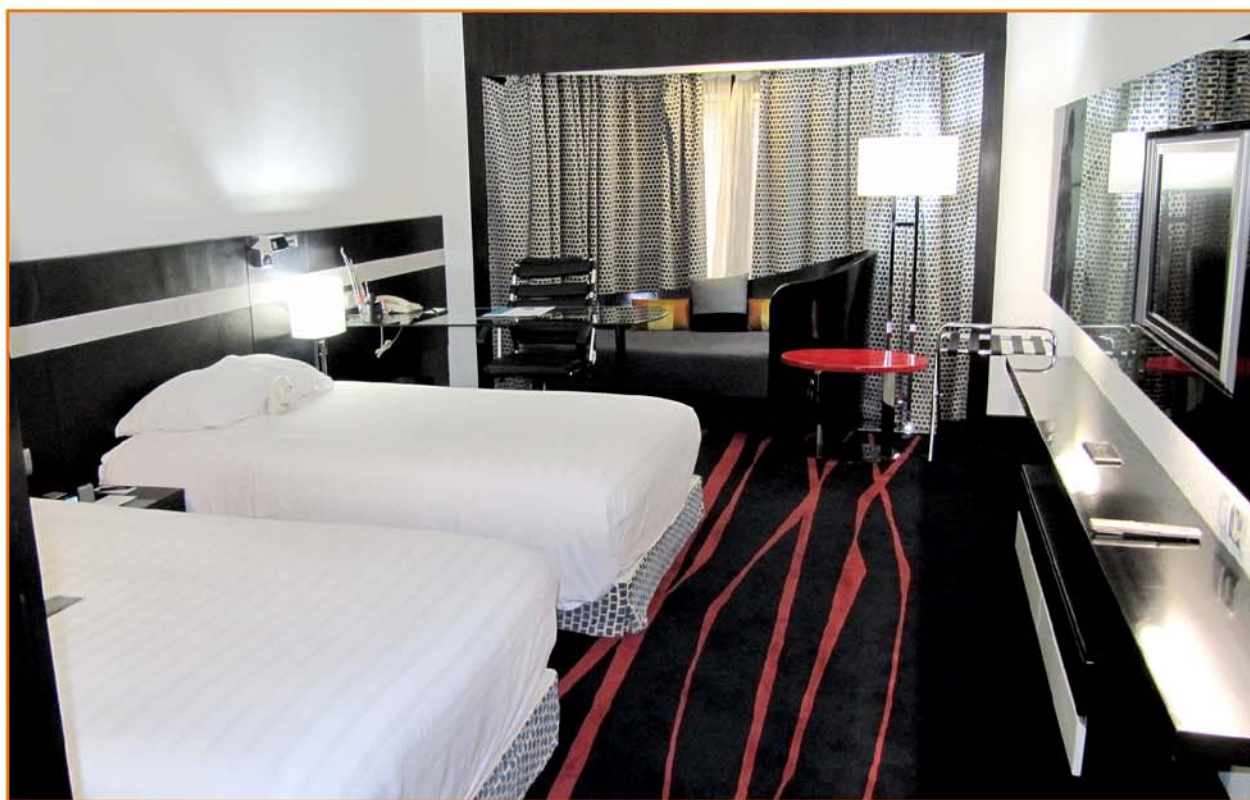
30th Annual Report 2009-10

Le **MERIDIEN**
BANGALORE





CORONET



GUEST ROOM

BOARD OF DIRECTORS

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

**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

CONTENTS

Notice of Annual General Meeting	2
Directors' Report	3
Auditors' Certificate on Corporate Governance	5
Auditors' Report	6
Balance Sheet	8
Profit & Loss Account	9
Schedules to Accounts	10
Notes on Accounts	17
Cash Flow Statement	23
Corporate Governance Report	24
Management Discussion & Analysis Report	28
Balance Sheet Abstract & Business Profile	28
Subsidiary :	
Nedstar Hotels Pvt Ltd	30
Consolidated Financial Statements	41

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

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.

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.

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

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 30th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31 March 2010.

FINANCIAL RESULTS

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

- 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;

- 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 ;

- 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

- 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:

- 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.
- 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
SOURCES OF FUNDS			
Shareholder's funds			
Share Capital	1	6,55,32,010	6,55,32,010
Reserve and Surplus	2	191,10,07,883	174,28,30,529
Loan Funds			
Secured Loans	3	1,68,36,345	1,02,95,230
Net Deferred Tax liability	4	6,31,09,904	4,61,32,234
TOTAL		205,64,86,142	186,47,90,003
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross Block	5	110,11,78,696	97,00,64,331
Less : Depreciation		38,99,33,299	35,13,75,669
Net Block		71,12,45,397	61,86,88,662
Capital Work-in-progress		8,13,061	8,13,061
Investments	6	90,88,10,732	65,36,76,535
Current Assets, Loans and Advances			
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
		77,36,94,859	86,62,91,495
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	11	24,47,04,938	19,24,68,211
Provisions		9,33,72,969	8,22,11,539
		33,80,77,907	27,46,79,750
NET CURRENT ASSETS		43,56,16,952	59,16,11,745
TOTAL		205,64,86,142	186,47,90,003
NOTES ON ACCOUNTS	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