

MAC CHARLES (INDIA) LIMITED

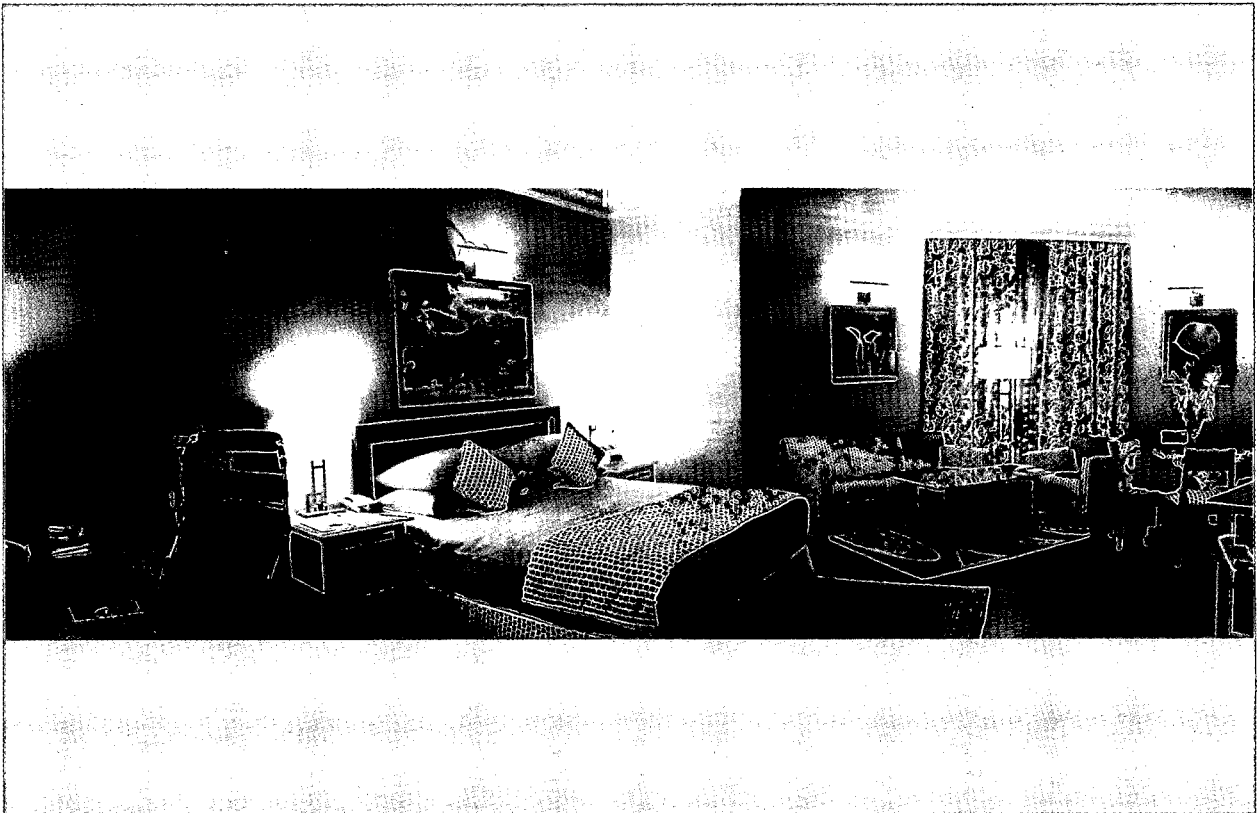
29th Annual Report 2008-09

Le **MERIDIEN**
BANGALORE





LOBBY ENTRANCE



EXECUTIVE SUIT

BOARD OF DIRECTORS

Mr. C. B. Pardhanani	Chairman
Mr. J. Matthan	Director
Mr. K. R. Sampath	Director
Mr. P. B. Appiah	Director
Mrs. Kavita C. Pardhanani	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

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TWENTY NINTH Annual General Meeting of MAC CHARLES (INDIA) LTD. will be held on THURSDAY the 30 JULY 2009 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 29th Annual General Meeting of **MAC CHARLES (INDIA) LIMITED** will be held at Hotel Le Méridien, No. 28, Sankey Road, Bangalore – 560-052, on Thursday the **30 July 2009** 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 2009 together with the Directors' and Auditors' report thereon.
2. To declare a dividend on Equity Shares for the year ended 31 March 2009.

NOTES:

- a) The Register of Members and Share Transfer Book will remain closed from **Saturday, the 25th July 2009** to **Thursday, the 30th July 2009 (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 note 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. P.B. Appiah, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. J. Matthan, who retires by rotation and is eligible for re-appointment.
5. 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
23 June 2009

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 2002 which remain unclaimed is due for transfer to the Investor Education & Protection Fund (IEPF) on 30.10.2009. 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. 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) 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.
 - (v) 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 29th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31 March 2009.

FINANCIAL RESULTS

Rs. in Lakhs

	2008-09	2007-08
Sales Turnover	6306.72	7391.80
Other Income	960.34	2853.22
Expenditure	4080.02	4785.69
Provision for Taxation	1216.56	1398.07
Profit for the year	1970.48	4061.26
Profit brought forward from previous year	551.43	256.54
Dividend including Corporate Dividend Tax	766.38	766.38
Transfer to General Reserve	1200.00	3000.00
Profit transfer to Balance Sheet	555.52	551.43
Earning Per Share	30.08	61.99

HOTEL OPERATIONS

During the year under report, the economy witnessed global slowdown mainly on account of very high crude oil prices coupled with unprecedented turmoil in the banking and financial sector in the developed countries. The Indian economy is also affected resulting in lower Hotel room occupancy and lesser average room rate. Hence, sales turn over has decreased from Rs.7392 lakhs to Rs.6307 lakhs.

FUTURE PROSPECTS

During the current financial year 2009-10, the hotel business is poor and hence, working results are likely to be poor.

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.10/- 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 24th July, 2009.

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' 2009 on a going concern basis.

FOREIGN EXCHANGE EARNINGS

Foreign Exchange Earnings during the year were Rs.4454 lacs which is 71% of the Hotel Sales Turnover. The Foreign Exchange utilisation during the year was Rs.568 lacs.

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) Installed two numbers of 1.50 MW each environment friendly Wind Turbine Generators which generate electricity of about 75 lacs units p.a. of green power which will be utilized partially for captive consumption of the Hotel, pending necessary Govt. approval.
- b) an effective key-tag system is in vogue in all guest rooms to switch off-lights & power connections automatically.
- 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.

MAC CHARLES (INDIA) LIMITED

- i) imported and installed two temperature control systems to reduce power consumption.
- j). constituted an energy conservation committee to monitor power consumption regularly.

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 :

Employed throughout the year :

Name	Ms.Sangeeta C. Pardhanani	Mr. M.S. Reddy	Mr. G. Vijay
Age	40 Years	55 Years	47 years
Remuneration	Rs.1,41,84,000/-	Rs.41,65,451/-	Rs.31,13,654/-
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	7 Years	29 years	23 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 Operations and Director of Development

EMPLOYEES

The relationship with employees has been cordial. The total number of persons employed by the Company is 389 as at 31 March 2009.

DIRECTORS

Mr. B.N.Garudachar, resigned from the Board of Directors during the year.

Your Directors place on record their appreciation for the services rendered by Mr. B.N.Garudachar during his tenure as Director of your Company.

Out of the present Directors, Mr. P. B. Appiah and Mr. J. Matthan will retire by rotation at the 29th Annual General Meeting and being eligible offer themselves for re-appointment.

AUDIT COMMITTEE

The Audit Committee comprising of Mr. C.B. Pardhanani, Mr. J. Matthan, Mr. B.N. Garudachar 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

The auditors' observations are explained suitably in the respective notes on accounts.

AUDITORS' REPORT ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Auditors' 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 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
23 June 2009

C.B. Pardhanani
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

THE MEMBERS OF 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 2009, 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 that the time gap between two Audit Committee Meetings in one instance is more than four months.

We state that no investor grievance is pending for a period exceeding one month as at 31 March 2009 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

Bangalore
23 June 2009

V.V. GABRIEL
Partner

MAC CHARLES (INDIA) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **MESSRS. MAC CHARLES (INDIA) LIMITED** as at 31 March 2009 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 misstatements. 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, issued by the Central Government in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit, subject to Note No. 20 of Schedule 19 – Notes on Accounts – regarding non-confirmation of balance;
- (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 representation received from the Directors, as on 31 March 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2009 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 2009;
- (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

Bangalore
23 June 2009

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

ANNEXURE TO THE AUDITORS' REPORT DATED 23 JUNE 2009

- (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 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) The Company has neither granted nor taken any loan, secured or unsecured to or from Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. No major weakness in internal control was noticed during the year.

(v) To the best of our knowledge and belief and according to the information and explanations given to us, during the year there was no transaction that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956.

- (vi) The Company has not accepted deposits to which the directives issued by Reserve Bank of India and provisions of Section 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 and Excise Duty 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 Dept., out of refund due to the Company
2	Income Tax	A.Y.2001-02	1,62,10,958	Income Tax Appellate Tribunal.	The amount in dispute is adjusted by the Income Tax Department out of refund due to the Company
3	Excise Duty (Penalty)	April 2003 to February 2007	3,89,276	Customs, Excise and Service Tax Appellate Tribunal.	

- (x) The Company has neither accumulated loss as at 31 March 2009 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 explanation 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

Bangalore
23 June 2009

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

MAC CHARLES (INDIA) LIMITED

BALANCE SHEET AS AT 31 MARCH 2009

	Schedule No.	2009 Rupees	2008 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share Capital	1	6,55,32,010	6,55,32,010
Reserves and Surplus	2	1,74,28,30,529	1,62,24,20,877
Loan Funds			
Secured Loans	3	1,02,95,230	76,141
Net Deferred Tax Liability	4	4,61,32,234	4,33,01,218
TOTAL		1,86,47,90,003	1,73,13,30,246
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross Block	5	97,00,64,331	96,54,00,606
Less: Depreciation		35,13,75,669	31,66,73,789
Net Block		61,86,88,662	64,87,26,817
Capital work-in-progress		8,13,061	3,93,125
Investments	6	65,36,76,535	70,81,75,373
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	59,03,432	62,26,308
Sundry Debtors	8	1,52,03,610	2,52,52,541
Cash and Bank Balances	9	2,99,53,542	17,62,56,455
Loans and Advances	10	81,52,30,911	38,13,58,704
		86,62,91,495	58,90,94,008
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	19,24,68,211	13,14,06,798
Provisions		8,22,11,539	8,36,52,279
		27,46,79,750	21,50,59,077
NET CURRENT ASSETS		59,16,11,745	37,40,34,931
TOTAL		1,86,47,90,003	1,73,13,30,246
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

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

Bangalore
23 June 2009

M.S. Reddy
Vice President Finance &
Company Secretary

Bangalore
23 June 2009

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 2009

	Schedule No.	2009 Rupees	2008 Rupees
INCOME			
Rooms, Restaurants, Banquets and Other services	12	63,06,71,921	73,91,80,496
Other Income	13	9,60,34,419	28,53,21,456
		<u>72,67,06,340</u>	<u>1,02,45,01,952</u>
EXPENDITURE			
Consumption of provisions, food supplies and beverages	14	4,09,66,003	4,36,08,217
Remuneration and benefits to employees	15	7,69,19,246	7,62,20,020
Maintenance, Upkeep and services	16	5,57,37,726	5,24,20,988
Operating and administrative expenditure	17	12,09,02,871	13,11,06,053
Interest and financial expenses	18	10,47,781	77,60,245
Provision for diminution in value of investments		46,15,158	-
Depreciation		3,95,22,560	3,63,54,705
Loss on Sale of Investments - Long Term		-	3,40,649
- Short Term		6,72,91,448	12,87,08,082
Provision for Donations		10,00,000	20,50,000
		<u>40,80,02,793</u>	<u>47,85,68,959</u>
PROFIT BEFORE TAX		31,87,03,547	54,59,32,993
Provision for Income Tax - Current Tax		(11,75,00,000)	(11,35,00,000)
Less: Excess Provision of earlier years		-	82,64,717
- Deffered Tax		(28,31,016)	(3,31,71,620)
- Fringe Benefit Tax		(13,25,000)	(14,00,000)
Profit after Tax for the year		19,70,47,531	40,61,26,090
Profit brought forward from previous year		5,51,42,632	2,56,54,421
Profit available for appropriation		25,21,90,163	43,17,80,511
APPROPRIATION			
General Reserve		(12,00,00,000)	(30,00,00,000)
Proposed Dividend		(6,55,05,260)	(6,55,05,260)
Corporate Dividend Tax		(1,11,32,619)	(1,11,32,619)
BALANCE CARRIED TO BALANCE SHEET		5,55,52,284	5,51,42,632
Earnings per share basic & diluted (Face value of Rs.10/- per share)		30.08	61.99

NOTES ON ACCOUNTS

19

The Schedules 12 to 19 form an integral part of the Profit and Loss Account

In terms of our report of even date

On behalf of the Board

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

M.S. Reddy
Vice President Finance &
Company Secretary

C.B. Pardhanani
Chairman

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

Sangeeta C. Pardhanani
Managing Director

Bangalore
23 June 2009

Bangalore
23 June 2009

J. Matthan
Director

MAC CHARLES (INDIA) LIMITED

SCHEDULES TO BALANCE SHEET

	2009 Rupees	2008 Rupees
1. SHARE CAPITAL		
AUTHORISED		
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>
ISSUED, SUBSCRIBED AND PAID UP		
65,50,526 (65,50,526) Equity shares of Rs.10/- each	6,55,05,260	6,55,05,260
<i>Add</i> : Forfeited Shares	<u>26,750</u>	<u>26,750</u>
	<u>6,55,32,010</u>	<u>6,55,32,010</u>
[Out of the above 3564076 (3564076) shares are held by Kapi Investment Ink Ltd, the Holding Company]		
2. RESERVES AND SURPLUS		
Security Premium Account	<u>1,75,11,237</u>	<u>1,75,11,237</u>
	<u>1,75,11,237</u>	<u>1,75,11,237</u>
General Reserve		
At the commencement of the year	1,54,97,67,008	1,22,87,67,008
<i>Add</i> : Transfer from Foreign Exchange Earnings Reserve	-	2,10,00,000
<i>Add</i> : Transfer from Profit & Loss Account	<u>12,00,00,000</u>	<u>30,00,00,000</u>
	<u>1,66,97,67,008</u>	<u>1,54,97,67,008</u>
Foreign Exchange Earnings Reserve		
At the commencement of the year	-	2,10,00,000
<i>Less</i> : Transfer to General Reserve	-	<u>2,10,00,000</u>
	-	-
Profit and Loss Account		
Surplus	<u>5,55,52,284</u>	<u>5,51,42,632</u>
	<u>5,55,52,284</u>	<u>5,51,42,632</u>
	<u>1,74,28,30,529</u>	<u>1,62,24,20,877</u>
3. SECURED LOANS		
From Banks		
Over Draft	-	76,141
Cash Credit	<u>1,02,95,230</u>	-
	<u>1,02,95,230</u>	<u>76,141</u>
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 guarantees of two of the Directors of the Company. Overdraft is secured by Fixed Deposit with the Bank.		
4. NET DEFERRED TAX LIABILITY		
Deferred Tax Liability:		
Accumulated Depreciation	4,89,52,474	4,62,32,392
Less : Deferred Tax Assets :		
Accrued Expenses deductible on payment	<u>28,20,240</u>	<u>29,31,174</u>
	<u>4,61,32,234</u>	<u>4,33,01,218</u>

SCHEDULES TO BALANCE SHEET (Contd...)

5 FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK	
	As at 1.4.2008	Additions / (Disposals)	As at 31.3.2009	Up to 31.3.2008	For the year (Withdrawal)	Up to 31.3.2009	As at 31.3.2009	As at 31.3.2008
Land	33,31,65,755	-	33,31,65,755	-	-	-	33,31,65,755	33,31,65,755
Buildings	18,60,77,026	1,58,975 (3,786,750)	18,24,49,251	11,52,50,729	49,12,247 (16,58,092)	11,85,04,883	6,39,44,367	7,08,26,297
Plant and Machinery	33,15,81,077	73,43,552	33,89,24,629	11,75,82,412	2,62,79,793	14,38,62,205	19,50,62,424	21,39,98,665
Sanitary Fittings	1,63,85,821	-	1,63,85,821	96,10,049	8,01,701	1,04,11,750	59,74,071	67,75,772
Computers	84,75,166	2,52,928	87,28,094	71,60,466	8,15,272	79,75,738	7,52,356	13,14,700
Furniture Fixtures & Interiors	6,27,17,367	8,56,278	6,35,73,645	4,93,56,143	37,93,393	5,31,49,536	1,04,24,109	1,33,61,224
Vehicles	2,69,98,394	42,65,330 (44,26,589)	2,68,37,135	1,77,13,990	29,20,154 (31,62,586)	1,74,71,557	93,65,577	92,84,404
Total	96,54,00,606	1,28,77,064 (82,13,339)	97,00,64,331	31,66,73,789	3,95,22,560 (48,20,678)	35,13,75,670	61,86,88,661	64,87,26,817
Previous Year	84,62,57,326	11,91,44,780 (1,500)	96,54,00,606	28,03,20,584	3,63,54,705 (1,500)	31,66,73,789	64,87,26,817	56,59,36,742

6. INVESTMENTS

(Value in Rupees)

PARTICULARS	FACE	AS ON 01.04.2008	BOUGHT DURING THE YEAR	SOLD DURING THE YEAR	AS ON 31.03.2009
	VALUE	QUANTITY VALUE	QUANTITY VALUE	QUANTITY VALUE	QUANTITY VALUE
LONG TERM					
NON TRADE - UNQUOTED - AT COST					
1. In GOVERNMENT SECURITIES					
National Savings Certificate (Lodged with Commercial Tax Dept.)	—	250	—	—	250
2. In Fully Paid Equity Shares					
Electrex (India) Ltd.	10/-	600	25040	—	600
3. In Fully Paid Units of Mutual Fund - EQUITY FUND					
Franklin Templeton Mutual Fund					
Index Fund Nifty Plan Growth	10/-	123193.673	5000000	—	123193.673
HSBC Mutual Fund					
Equity Fund - Growth	10/-	380266.168	34573800	979473.136	80000000
Sundaram BNP Paribas Mutual					
Capex Opportunities Fund - Dividend	10/-	794146.234	20100000	—	794146.234
Sundaram BNP Paribas Mutual					
Global Advantage Fund - Dividend	10/-	3000000.000	30000000	—	3000000.000
UTI Mutual Fund					
Index Select Fund - Growth	10/-	299485.088	12066254	—	299485.088
4. PORTFOLIO MANAGEMENT SERVICES					
Deutsche Bank Direct Equities	—	242476757	—	1664103	31929530
Reliance Asset Management - PMS	—	6954164	—	543836	6500000

MAC CHARLES (INDIA) LIMITED

SCHEDULES TO BALANCE SHEET (Contd...)

6. INVESTMENTS

(Value in Rupees)

PARTICULARS	FACE VALUE	AS ON 01.04.2008		BOUGHT DURING THE YEAR		SOLD DURING THE YEAR		AS ON 31.03.2009	
		QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE
5. In Fully Paid Units of Real Estate									
Venture Capital Fund									
Kotak Real Estate Fund	100000/-	250.000	25000000	—	—	10.520	1051771	239.480	23948229
Pru.ICICI India Advantage Fund - III	100/-	400000.000	40000000	35000.000	3500000	—	—	435000.000	43500000
NON-TRADE - QUOTED - AT COST									
6. In Fully Paid Equity Shares									
Ballarpur Industries	2/-	3000	97092	—	—	—	—	3000	97092
Bombay Dyeing & Mfg. Company Ltd.	10/-	1000	469118	—	—	—	—	1000	469118
Britannia Industries Ltd.	10/-	431	752843	—	—	—	—	431	752843
Essel Propack Ltd.	2/-	10000	817458	—	—	—	—	10000	817458
GMR Infrastructure	2/-	20000	3200611	5000	486634	—	—	25000	3687245
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/-	1755	4485838	2500	5170993	2505	5782126	1750	3714746
HOV Services	10/-	5000	995820	—	—	—	—	5000	995820
ICICI Bank	10/-	5250	5068840	12025	6791329	6025	3719516	11250	6228112
Industrial Development Finance Corporation	10/-	1000	215714	—	—	—	—	1000	215714
Indiabulls Financial Services	2/-	5000	5049787	—	—	—	—	5000	5049787
Indiabulls Securities	10/-	5000	0	—	—	—	—	5000	0
NON-TRADE - QUOTED - AT COST									
In Fully Paid Equity Shares									
Jaiprakash Associates	2/-	750	326663	—	—	—	—	750	326663
Lakshmi Overseas Industries	2/-	—	—	1994	540589	—	—	1994	540589
Larsen & Tourbro	2/-	2500	8276444	2500	—	—	—	5000	8276444
Mastek Ltd.	5/-	1800	1455550	—	—	—	—	1800	1455550
Mercator Lines	1/-	1149	132451	—	—	—	—	1149	132451
NTPC	10/-	1500	359027	—	—	—	—	1500	359027
Polaris Software Lab Ltd.	5/-	2350	361800	—	—	—	—	2350	361800
Purvankara Projects	10/-	30161	8433503	8490	1356953	—	—	38651	9790456
Radha Madhav Corporation	10/-	10000	851752	—	—	—	—	10000	851752
Reliance Communications Ltd.	5/-	750	517406	—	—	—	—	750	517406
Reliance Industries Ltd.	10/-	2050	5280586	1600	3060474	1100	2351572	2550	5231944
Reliance Petroleum Ltd.	10/-	1500	307984	—	—	—	—	1500	307984
Silverline Technology	10/-	380	1401191	—	—	—	—	380	1401191
Silverline Animation	10/-	152	—	—	—	—	—	152	—
Sobha Developers Ltd.	10/-	12433	8774119	14000	4930237	—	—	26433	13704356
Subex Azure Ltd.	10/-	4000	1875529	—	—	—	—	4000	1875529
Supreme Industries Ltd.	10/-	4000	995609	1000	186444	—	—	5000	1182053
Tata Consultancy Services Ltd.	1/-	5000	5715762	1000	880879	—	—	6000	6596641
Wockhardt Ltd.	5/-	1000	411206	—	—	—	—	1000	411206
TRADE - QUOTED - AT COST									
7. In Fully Paid Equity Shares									
Indian Hotels Company Ltd.	1/-	—	—	10000	405277	—	—	10000	405277
SHORT TERM -									
NON TRADE - QUOTED - AT COST									
8. In Fully Paid Equity Shares									
Bharti Airtel	10/-	1750	1456709	—	—	1750	1613117	—	—
Hindustan Oil Exploration	10/-	8333	901137	—	—	8333	1155288	—	—
Spice Communication	10/-	270000	12150000	115300	6929530	385300	27485475	—	—

SCHEDULES TO BALANCE SHEET (Contd....)

6. INVESTMENTS (Contd....)

(Value in Rupees)

PARTICULARS	FACE VALUE	AS ON 01.04.2008		BOUGHT DURING THE YEAR		SOLD DURING THE YEAR		AS ON 31.03.2009	
		QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE
NON TRADE - UNQUOTED - AT COST									
9. In Fully Paid Units of Mutual Fund -									
EQUITY FUND									
Birla Sun Life Mutual Fund									
International Equity Fund - Dividend	10/-	5000100.000	50001000	—	—	5000100.000	38086262	—	—
ICICI Prudential Mutual Fund									
Indo Asia Equity Fund	10/-	5000100.000	50001000	—	—	5000100.000	40200804	—	—
ICICI Prudential Mutual Fund									
Focused Equity Fund - Retail Growth	10/-	—	—	2000000.000	20000000	—	—	2000000.000	20000000
Sundaram BNP Paribas Mutual									
Select MidCap Fund - Dividend	10/-	2526794.551	60000000	—	—	2526794.551	25759912	—	—
Sundaram BNP Paribas Mutual									
Select Focus - Appreciation	10/-	—	—	505164.835	25695512	—	—	505164.835	25695512
DEBT FUND									
Deutsche Asset Management									
DWS Liquid Plus - Institutional Plan - Gr	10/-	—	—	3496087.371	35000000	3496087.371	35475498	—	—
Deutsche Asset Management									
Premier Bond Institutional Plan - Growth	10/-	—	—	3454418.650	35475498	—	—	3454418.650	35475498
ICICI Prudential Mutual Fund									
Flexible Income Plan - Dividend Reinvest	10/-	—	—	21264906.734	224844491	21264906.734	224844491	—	—
ICICI Prudential Mutual Fund									
Flexible Income Plan - Growth	10/-	—	—	20587807.491	310892809	20587807.491	314877726	—	—
ICICI Prudential Mutual Fund									
Institutional Liquid Plan-Super Instol. - Gr	10/-	—	—	18593018.201	229000000	15097460.767	184065495	3495557.434	45080851
10. In Fully Paid Units of Real Estate Mutual Fund									
ING Investment Management (I) Pvt.Ltd.									
Global Real Estate Fund - Retail Div	10/-	5010000.000	50100000	—	—	5010000.000	48697200	—	—
			710413411						660529730
Less : Provision for diminution									
in value of Investments									
			2238038						6853195
			708175373		997355588		993596033		653676535
Aggregate amount of Company's Quoted									
Investments is Rs.7,87,33,851/- (Rs.8,41,15,146/-)									
Total Market value of Quoted Investments									
as on 31 March 2009 is Rs. 2,79,45,886/- (Rs.6,30,52,819/-)									
Aggregate amount of Company's Unquoted									
Investments is Rs. 58,17,95,879/- (Rs.62,62,98,265/-)									

MAC CHARLES (INDIA) LIMITED

SCHEDULES TO BALANCE SHEET (Contd...)

	2009 Rupees	2008 Rupees
7. INVENTORIES		
Provisions, Food supplies and Beverages	31,32,554	29,28,930
Other stores and operational supplies	27,70,878	32,97,378
	<u>59,03,432</u>	<u>62,26,308</u>
8. SUNDRY DEBTORS		
UNSECURED - CONSIDERED GOOD		
Debts outstanding for a period exceeding six months	3,00,437	-
Other debts	1,49,03,173	2,52,52,541
	<u>1,52,03,610</u>	<u>2,52,52,541</u>
9. CASH AND BANK BALANCES		
Cash on hand	12,35,787	16,92,119
Balances with Scheduled Banks		
On Current account	2,70,30,179	17,34,76,865
On deposit account	16,87,576	10,87,471
	<u>2,99,53,542</u>	<u>17,62,56,455</u>
10. LOANS & ADVANCES		
UNSECURED - CONSIDERED GOOD		
Advances recoverable in cash / kind / for value to be recd.	68,76,30,070	25,43,45,112
Advance Income Tax	11,98,07,467	11,91,06,214
Deposits	77,93,374	79,07,378
	<u>81,52,30,911</u>	<u>38,13,58,704</u>
11. CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Sundry Creditors:		
a. Due to Micro and Small Enterprises	-	-
b. Others	2,95,78,902	3,54,72,936
Unclaimed Dividend	2,46,39,951	2,00,52,527
Due to Directors	1,20,32,689	1,29,05,385
Other Liabilities	12,62,16,669	6,29,75,950
	<u>19,24,68,211</u>	<u>13,14,06,798</u>
	A	
B) Provisions		
Proposed Dividend	6,55,05,260	6,55,05,260
Corporate Dividend Tax	1,11,32,619	1,11,32,619
Provision for Fringe Benefit Tax	1,23,696	-
Provision for Gratuity	3,07,370	14,65,051
Provision for Leave encashment	51,42,594	55,49,349
	<u>8,22,11,539</u>	<u>8,36,52,279</u>
	B	
	A+B	
	<u>27,46,79,750</u>	<u>21,50,59,077</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	2009 Rupees	2008 Rupees
12. ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES		
Rooms	46,77,15,951	56,04,78,591
Food, Beverage & Banquets	12,80,08,411	12,94,28,753
Other Services	3,49,47,559	4,92,73,152
	63,06,71,921	73,91,80,496
13. OTHER INCOME		
Interest received [TDS: Rs.19885/- (Rs.16642/-)]	13,35,476	39,40,212
Dividend Income (Non-Trade)	27,86,272	3,82,64,388
Profit on sale of Fixed Assets	83,67,825	1,500
Profit on sale of investments - Short term	58,75,213	5,21,63,648
- Long term	77,73,000	4,08,17,497
Profit on Relinquishment of rights in immovable Properties	3,72,13,120	12,19,02,844
Income Rent [TDS: Rs.1583441/- (Rs.1647424/-)]	71,99,973	68,85,708
Income Licence Fees [TDS: Rs.912824/- (Rs.587716/-)]	41,58,126	71,41,457
Sale of Electricity Generated from Wind Turbine Generators	1,96,92,357	1,16,57,493
Laibilities Written Back	7,82,923	2,70,649
Provision for diminution in value of investments no longer required written back	-	9,54,722
Bad Debts / Advances written off recovered	-	4,65,000
Miscellaneous Income	8,50,134	8,56,338
	9,60,34,419	28,53,21,456
14. CONSUMPTION OF PROVISIONS, SUPPLIES & BEVERAGES		
Opening Stock	29,28,930	22,17,685
Add: Purchases	4,11,69,627	4,43,19,462
	4,40,98,557	4,65,37,147
Less: Closing Stock	31,32,554	2928,930
	4,09,66,003	4,36,08,217
15. REMUNERATION & BENEFITS TO EMPLOYEES		
Salaries, Wages & Bonus	6,89,63,146	6,46,60,066
Contribution towards provident & other funds	50,28,669	47,70,283
Gratuity	4,44,193	22,28,433
Welfare Expenses	24,83,238	27,01,064
Unavailed Leave entitlement	-	18,60,174
	7,69,19,246	7,62,20,020
16. MAINTENANCE, UPKEEP AND SERVICES		
Guest Accomodation Board and Kitchen	85,44,400	1,15,43,373
Linen, Uniforms & Laundry	68,42,290	64,26,231
REPAIRS & MAINTENANCE		
Building	1,73,65,659	1,28,76,805
Plant & Machinery	1,00,50,983	73,40,444
Interiors, Furniture, Furnishings & others	61,36,579	56,07,922
Housekeeping expenses	27,39,767	37,52,498
Music, Entertainment & Banquet Expenses	40,58,048	48,73,715
	5,57,37,726	5,24,20,988

MAC CHARLES (INDIA) LIMITED

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

	2009 Rupees	2008 Rupees
17. OPERATING & ADMINISTRATIVE EXPENDITURE		
Power, Water & Fuel	3,54,53,714	3,39,59,405
Commission to Travel & Other Agencies	84,20,172	22,63,395
Postage & Telephones	55,62,616	59,14,781
Printing & Stationery	27,35,180	26,48,407
Sales & Promotional Expenses	4,03,361	36,12,908
Administrative & General Expenses	1,29,16,921	1,34,46,769
Travel & Conveyance	39,22,201	33,52,103
Rent	26,62,995	15,68,388
Rates & Taxes	54,24,466	67,26,109
Insurance	17,30,838	14,16,853
Royalty	2,09,44,529	2,56,20,729
Freight & Transport	2,21,398	1,77,395
Professional & Consultancy fees	53,69,922	98,45,121
Miscellaneous Expenses	4,95,427	3,26,031
Foreign Currency Exchange Fluctuation	1,76,479	3,90,039
Payment to Auditors		
Audit Fee	2,00,195	1,85,394
Tax Audit Fee	72,921	70,335
Other Services	50,281	69,091
Reimbursement of Expenses	15,455	31,800
Director's Sitting Fees	1,60,000	1,95,000
Commission to Chairman & Managing Director	1,39,63,800	1,92,86,000
	<u>12,09,02,871</u>	<u>13,11,06,053</u>
18. INTEREST & FINANCIAL EXPENSES		
On Fixed Loans	-	63,58,972
Others	7,52,851	10,80,670
Bank Charges	2,94,930	3,20,603
	<u>10,47,781</u>	<u>77,60,245</u>

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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.

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

- 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.

h. Revenue Recognition

- i. Room revenue is recognized on actual occupancy and is net off, of cost of complimentary airport pick-up and drop-back.
- 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 as 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.

- 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:

Employer's Contribution to Provident Fund 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 (Funded)	Leave Encashment (Unfunded)
Defined Benefit obligation at beginning of the year	132.85	55.49
Current Service Cost	14.32	8.56
Interest Cost	8.84	3.88
Actuarial (gain) / loss	(9.46)	(16.52)
Benefits paid	(13.27)	(0.36)
Defined Benefit obligation at year end	133.28	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	118.20	
Expected return on plan assets	9.51	
Actuarial gain/ (loss)	1.07	
Employer contributions	14.69	
Benefits paid	(13.27)	
Fair value of plan assets at year end	130.20	
Actual Return on plan assets	10.58	

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

Fair value of plan assets	130.20	
Present value of obligation	133.28	51.42
Amount recognized in Balance Sheet	3.08	51.42

IV. The amounts recognized in the Profit and Loss Account are as follows

Current Service Cost	14.32	8.56
Interest Cost	8.84	3.88
Expected return on plan assets	(9.51)	—
Actuarial (gain) / loss	(10.53)	(16.25)
Net Cost	3.11	(3.71)

V. Composition of Plan Assets;

	Amount	% Invested
Insurance Managed Funds	130.20	100 %

VI Actuarial assumptions

Interest rate	7%	7%
Discount rate (per annum)	7%	7%
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

MAC CHARLES (INDIA) LIMITED

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

3. Foreign Exchange Earnings Reserve represents reserve created to avail benefit under Section 80 HHD of the Income Tax Act, 1961.
4. Advance recoverable in cash or in kind or for value to be received includes Rs. Nil (Rs.Nil) due from officers of the company. The maximum amount due at any time during the years was Rs.Nil (Rs.7,00,000/)
5. Advance recoverable in cash/kind or for value to be received includes Rs.49,27,10,071/- (Rs.23,41,19,760/-) being advance given for investments in Immovable Properties.
6. The Company has entered into an agreement for purchase of immovable property being commercial office space of 58000 sft with a Developer in Bangalore. Towards this, an advance of Rs.35 crores has already been paid. Subsequently, there was a delay in commencement of the Project. The abovereferred 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 has decided to relinquish its rights in the said agreement to the extent of 29000 sft for a consideration of Rs.21,22,13,120/- of which a sum of Rs.3,72,13,120/- has already been received by the Company.
7. 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.
8. The Company has registered two residential apartments at Cochin, in its favour as on 31.03.2007. Pending completion and handing over the physical possession of the said apartments, they are not capitalised in the Books of Accounts. The advance payments towards the said apartments of Rs.64,35,699/- is included under Loans and Advances.
9. **Prior period items debited/credited to Profit and Loss Account:**

	2009	2008
	Rupees in lakhs	Rupees in lakhs
Prior period expenses		
Commission on sales	587,919	-
R & M Computers	337,858	-
10. a. Computation of Net Profit (in accordance with Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956)		
Profit for the year	1970.48	4061.26
Add : Provision for Taxation	1216.56	1398.07
Wealth Tax	0.64	0.52
Depreciation Charged	395.22	363.53
Commission to the Chairman and the Managing Director	139.64	192.86
Remuneration to Managing Director	36.84	36.84
Loss on Sale of Investments	672.91	1290.49
Provision for Diminution in value of Investments	46.15	-
	<u>4478.44</u>	<u>7343.57</u>
Less : Depreciation under Section 350	395.22	363.53
Profit on Sale of Investments	136.48	929.81
Profit on Sale of Fixed Assets	83.68	0.02
Profit on Relinquishment of rights	372.13	1219.03
Provision for Diminution in value of Investments written back	-	-
	<u>987.51</u>	<u>2521.94</u>
	<u>3490.93</u>	<u>4821.63</u>
Commission @ 1% of the above payable to the Chairman and 3% to the Managing Director included under the head "Operating and Administrative Expenditure"	139.64	192.86
b. Managerial Remuneration to the 'Chairman' and 'Managing Director'		
Remuneration to the Managing Director	36.84	36.84
Commission to Managing Director	104.73	144.65
Commission to Chairman	34.91	48.21
	<u>176.48</u>	<u>229.70</u>
11. Earnings in Foreign Exchange	4454.35	5023.99
12. Expenditure in Foreign Currency :		
Royalty	165.89	223.13
Sales Promotion and General Expenses	118.30	102.76
Agents Commission for Room Bookings	30.40	17.81
13. CIF Value of Imports :		
Stores, Components and Spare Parts	156.60	71.30
Capital Goods	96.70	62.05
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 :		
a. Income From :		
i. Wines and Liquor	89.47	136.67
ii. Telephone and Telex	91.53	101.13
b. Consumption of :		
i. Provision, Beverages (excluding Wine and Liquor)	374.07	379.35
ii. Wine and Liquor	35.59	56.73
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)

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

16. Related Party Disclosures:

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 31.3.2009 (Rs.)	Payable (P) OR Receivable (R)
Kapi Investment Ink Limited	Holding Company	Dividend	3,56,40,760 (3,56,40,760)	Nil (Nil)	Nil (Nil)
Mr.C.B.Pardhanani	Chairman	Commission based on profit	34,90,950 (48,21,500)	35,35,547 (32,10,714)	(P) (P)
		Dividend	1,00,01,500 (1,00,01,500)	Nil Nil	(Nil) (Nil)
Mrs.Kavita C.Pardhanani	Director	Dividend	25,000 (25,000)	Nil (Nil)	Nil (Nil)
Ms.Sangeeta C.Pardhanani	Managing Director	Dividend	32,17,500 (32,17,500)	Nil (Nil)	Nil (Nil)
		Remuneration	36,84,000 (36,84,000)	Nil (Nil)	Nil (Nil)
		Commission based on profit	1,04,72,850 (1,44,64,500)	84,97,142 (96,75,286)	(P) (P)
C Pardhanani's Education Trust	Trust in which chairman of the company is a trustee	Donation	6,00,000 (6,00,000)	Nil (Nil)	Nil (Nil)
Mr. M. B. Pardhanani	Related to Director	Dividend	6,02,000 (6,02,000)	30,70,200 (24,68,200)	(P)(Under dispute and subjudice)
Mrs.Uma M. Pardhanani	Related to Director	Dividend	10,25,000 (10,25,000)	52,27,500 (42,02,500)	(P)(Under dispute and subjudice)
Ms.Arati M. Pardhanani	Related to Director	Dividend	3,00,000 (3,00,000)	15,30,000 (12,30,000)	(P)(Under dispute and subjudice)

17. Contingent Liabilities :

- a) Penalty Claim from Central Excise against which Appeal is pending before Customs, Excise, Service Tax Appellate Tribunal
- b) Disputed Income Tax liability against which Appeals are pending
 - (i) Assessment Year 1997-98
 - (ii) Assessment Year 2001-02

	2009 Rupees	2008 Rupees
	3,89,276	3,89,276
	9,55,691	9,55,691
	1,62,10,958	1,62,10,958

18. Estimated amount of contract remaining to be executed on capital account not provided for Rs.146.45 lacs (Rs.349.12 lacs).

19. 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.

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

21. Earnings Per Share has been computed As under:

	2009 Rs. in Lakhs	2008 Rs. in Lakhs
Net Profit	1970.48	4061.26
Weighted Average Number of Equity Shares Outstanding	6550526	6550526
Earnings Per Share Rs. – Basic and Diluted (Face Value of Rs.10/- per share)	30.08	61.99

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

MAC CHARLES (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

(Rs. in '000s)

PARTICULARS	2009	2008
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax & Extraordinary Items	31,87,03	54,59,33
Adjustments for :		
Depreciation	3,95,22	3,63,55
Profit on sale of Fixed Assets	(83,68)	(2)
Profit on sale of Investments	(1,36,48)	(9,29,81)
Loss on sale of Investments	6,72,91	12,90,49
Provision no longer required written back	-	(9,54)
Provision for diminution in value of Investments	46,15	-
Dividend received	(27,86)	(3,82,64)
Interest Paid	7,53	74,40
Profit from relinquishment of rights in immovable properties	(3,72,13)	(12,19,03)
Operating profit before working capital changes	36,88,69	46,46,73
Adjustments for :		
Trade and other receivables	1,01,63	2,41,64
Inventories	3,23	30,16
Trade Payables	5,94,98	(6,63,30)
Cash generated from operations	43,88,53	42,55,23
Direct Tax paid	(11,94,02)	(18,62,50)
Net Cash from Operating Activities	31,94,51	23,92,73
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1,28,77)	(11,91,45)
Sale of Fixed Assets	1,17,61	2
Advance towards Investment in Properties	(43,32,85)	(5,88,58)
Purchase of Investments	(99,73,56)	(3,25,90,30)
Sale of Investments	99,35,96	3,10,16,68
Proceeds from relinquishment of rights in immovable properties	3,72,13	40,59,80
Dividend Received	27,86	3,82,64
Capital work in progress	(4,20)	(3,93)
Net Cash from/(used) in Investing Activities	(39,85,82)	10,84,88
C) CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid including Corporate		
Dividend Tax	(7,66,38)	(6,09,18)
Term Loan (Repaid) / obtained	-	(18,00,00)
Interest paid	(7,53)	(74,40)
Increase / (Decrease) in cash credit/overdraft	1,02,19	(1,36,17)
Net cash used in Financing Activities	(6,71,72)	(26,19,75)
Net increase / (decrease) in cash/cash equivalent	(14,63,03)	8,57,86
Opening cash / cash equivalent	17,62,57	9,04,71
Closing cash / cash equivalent	*2,99,54	*17,62,57

* 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.2,46,40 (Rs.2,00,53)

In terms of our report of even date

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

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

Bangalore
23 June 2009

M.S.Reddy
Vice President Finance &
Company Secretary

Bangalore
23 June 2009

On behalf of the Board

C.B. Pardhanani
Chairman

Sangeeta C. Pardhanani
Managing Director

J. Matthan
Director

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 1/3rd strength of the Board of Directors is independent. Various (presently three) Committees of the Board of Directors, mainly consist of Executive and non-executive

Directors and have been formed to oversee the functions of the executive management and impart professionalism to the Board.

BOARD OF DIRECTORS

The Company has an appropriate mix of executive and independent directors to maintain the independence of the Board and to separate the Board functions of governance and the executive management. During the year the Board comprised of Chairman, one Managing Director and five Non-Executive Directors of whom four were independent Directors. During the year, Mr. B. N. Garudachar, Director of the Company has resigned as a Director with effect from 25.03.2009.

Board Meetings are scheduled well in advance. Agenda papers along with explanatory notes are distributed in a timely manner to Board members. The Board meets at least once in every quarter to review the quarterly financial results and discuss issues of import. During the year under review five Board Meetings have taken place on 19 June 2008, 19 August 2008, 27 September 2008, 31 December 2008 and 25 March 2009.

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 Director ships (Public Ltd Companies)	No. of Other Director ships (Private Ltd. Companies)	Number of Shares Held
1.	Mr. C.B. Pardhanani	Non- Executive	4	YES	3	2	NONE	3	1000150
2.	Mr. J. Matthan	Independent Non- Executive	5	YES	3	2	NONE	1	200
3.	Mr. B.N. Garudachar	Independent Non- Executive	4	YES	1	NONE	NONE	NONE	--
4.	Mr. K.R.Sampath	Independent Non- Executive	2	YES	NONE	NONE	NONE	NONE	--
5.	Mr. P.B. Appiah	Independent Non- Executive	5	YES	2	NONE	1	NONE	--
6.	Mrs. Kavita C. Pardhanani	Non-Executive	3	NO	NONE	NONE	NONE	3	--
7.	Ms. Sangeeta C. Pardhanani	Executive	5	YES	NONE	NONE	NONE	3	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.

Particulars of Directorships of other Companies and Memberships of their Committees

Name of the Director	Other Directorships		Other Committee Membership		
	Name of the Company	Position	Name of the Company	Committee	Position
Mr. C B Pardhanani	Kapi Investment Ink Ltd., Mauritius	Director	----- Nil -----		
	Sanko Properties (P) Ltd.	Director			
	Pardhanani International Properties (P) Ltd.	Director			
	formerly Vaswani Properties (P) Ltd.				
	Pardhanani International Investments & Holdings (P) Ltd.	Director			
	formerly Vaswani Investments & Holdings (P) Ltd				
Mr. J Matthan	Hosmat Hospital (P) Ltd.	Director	----- Nil -----		
Mr. K R Sampath	----- Nil -----		----- Nil -----		
Mr. P B Appiah	Integrated Finance Co. Ltd.	Director	Integrated Finance Co. Ltd.,	Audit Committee	Member
Mrs. Kavita C Pardhanani	Sanko Properties (P) Ltd.	Director	----- Nil -----		
	Pardhanani International Properties (P) Ltd.	Director			
	formerly Vaswani Properties (P) Ltd.				
	Pardhanani International Investments & Holdings (P) Ltd.	Director			
	formerly Vaswani Investments & Holdings (P) Ltd				
Ms. Sangeeta C Pardhanani	Sanko Properties (P) Ltd.	Director	----- Nil -----		
	Pardhanani International Properties (P) Ltd.	Director			
	formerly Vaswani Properties (P) Ltd.				
	Pardhanani International Investments & Holdings (P) Ltd.	Director			
	formerly Vaswani Investments & Holdings (P) Ltd				

MAC CHARLES (INDIA) LIMITED

COMMITTEES OF THE BOARD

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

a) AUDIT COMMITTEE

The composition of the Audit Committee is as follows :

NAME OF THE DIRECTOR	DESIGNATION	CATEGORY
Mr. J. Matthan	Chairman	Independent - Non-Executive
Mr. C.B. Pardhanani	Member	Non - Executive
Mr. B. N. Garudachar	Member	Independent - Non-Executive
Mr. P. B. Appiah	Member	Independent - Non-Executive

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. Four meetings of the Committee were held on 19 June 2008, 19 August 2008, 31 December 2008 and 25 March 2009.

Table 2 : Attendance record of Audit Committee Members :

NAME OF THE DIRECTOR	CATEGORY	NUMBER OF MEETINGS	
		HELD	ATTENDED
Mr. C.B. Pardhanani	Non-Executive	4	3
Mr. J. Matthan	Independent - Non-Executive	4	4
Mr. B. N. Garudachar	Independent - Non-Executive	4	3
Mr. P. B. Appiah	Independent - Non-Executive	4	4

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.

Table 3 : 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 OF SHAREHOLDERS	NO. OF COMPLAINTS RESOLVED TO THE SATISFACTION	NO. OF PENDING COMPLAINTS
With regard to relisting/ demat/ share transfer/ Transmission/ Transposition/ Dividend / Annual Reports etc.,	9	6	14	1

c) REMUNERATION COMMITTEE :

The composition of the Remuneration Committee is as follows :

NAME OF THE DIRECTOR	DESIGNATION	CATEGORY
Mr. J. Matthan	Chairman	Independent - Non-Executive
Mr. C.B. Pardhanani	Member	Non - Executive
Mr. P. B. Appiah	Member	Independent - Non-Executive

The company has set up a Remuneration Committee of the Board. The Committee determines on behalf of Board and on behalf of the shareholders as per agreed terms of reference, the Company's policy of remuneration package. Mr. J. Matthan, Chairman of Remuneration Committee, is a former Chairman of LIC with a wide experience in finance and administration. No stock option has been offered to the Directors or Executives 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.

Table 4 : Details of remuneration disbursed to Directors, during the Financial Year 2008-2009 are as under : (In Rupees)

Srl.No.	Name of the Director	Sitting Fees	Fees	Remuneration	Commission
1	Mr. C.B. Pardhanani	-----	-----	-----	34,90,950
2	Mr. J. Matthan	55,000	-----	-----	-----
3	Mr. B.N. Garudachar	35,000	-----	-----	-----
4	Mr. K.R. Sampath	10,000	-----	-----	-----
5	Mr. P.B. Appiah	45,000	1,44,000	-----	-----
6	Mrs. Kavita C Pardhanani	20,000	-----	-----	-----
7	Ms. Sangeeta C Pardhanani	-----	-----	36,84,000	1,04,72,850
		1,60,000	1,44,000	36,84,000	1,39,63,800

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 reimbursement of expenses incurred in performance of his duties.

GENERAL BODY MEETING

Table 5 : 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 2006	25 September 2006	3:00 p.m.	Hotel Le Meridien, No.28, Sankey Road, Bangalore – 560 052.	–
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.	–

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.

Place : Bangalore

Date : 23 June 2009

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 2009.

DISCLOSURES

Under related party transactions :

The Company has contributed a sum of Rs.6,00,000/- 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

Annual General Meeting

Date	Time	Venue
Thursday, 30 June 2009	3 p.m.	Hotel Le Meridien, No.28, Sankey Road, Bangalore – 560 052.

MAC CHARLES (INDIA) LIMITED

Financial Calendar (Tentative and subject to change)

Table : 6 1st April to 31st March :

Financial Reporting for the Quarter ending 30th June, 2009	End of July, 2009
Financial Reporting for the Quarter ending 30th September, 2009	End of October, 2009
Financial Reporting for the Quarter ending 31st December, 2009	End of January, 2010
Financial Reporting for the Quarter ending 31st March, 2010	End of April, 2010

Listing on Stock Exchanges	Address	Stock Code
Bangalore Stock Exchange Ltd., Bombay Stock Exchange Ltd.,	No. 51, Stock Exchange Towers, J.C. Road, Bangalore – 560 027. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	BgSE : MAC BSE : 507836

Trading of shares on Stock Exchange/s : All shares of the Company are traded both in Physical and dematerialized form during the year.

R&T Agents and share transfer system:

BgSE Financials Limited, RTA Division, No. 51, 1st Cross, J.C. Road, Bangalore - 560 027, were appointed 'Registrar and Transfer Agent' both in respect of shares held in physical form and dematerialised form view a tripartite agreement dated 10.07.2008 in respect of shares held with CDSL and a tripartite agreement dated 21.01.2009 in respect shares held with NSDL having ISIN : INE435D01014.

Process for transfer of shares

Share transfers would be registered and returned within a period of 25 days from the date of receipt, if the documents are clear in all respects. The Company holds Share Transfer Committee Meetings / passes Resolutions by circulation up to two times a month, as may be required, for approving the transfers / transmissions of equity shares.

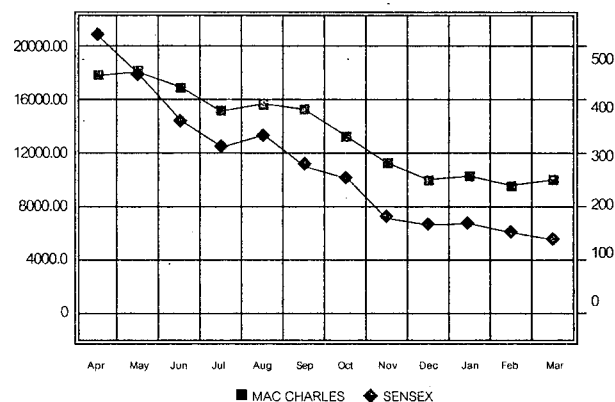
Share held in physical and dematerialised form

As on 31st March 2009, 74.49% of the Company's shares were held in dematerialised form and the rest in physical form.

Share Price Performance

Table : 7 (a) The shares traded on Bombay Stock Exchange Limited are as follows:

MONTH	MONTHLY HIGH (Rs.)	MONTHLY LOW (Rs.)
APRIL 2008	542.50	465.20
MAY	450.00	317.00
JUNE	375.25	280.10
JULY	304.50	265.30
AUGUST	354.65	291.80
SEPTEMBER	291.10	260.35
OCTOBER	265.00	194.95
NOVEMBER	198.95	172.05
DECEMBER	175.80	160.10
JANUARY 2009	179.70	156.20
FEBRUARY	170.60	135.05
MARCH	144.95	126.20



(b) No shares are traded on Bangalore Stock Exchange Limited from 01.04.2008 to 31.03.2009

Table : 8 Distribution of Shareholding as on 31 March 2009

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Up to - 500	12935	98.51	10,59,050	16.26
501 - 1000	114	0.87	85,050	1.34
1001 - 2000	48	0.37	67,000	1.02
2001 - 3000	11	0.08	27,700	0.42
3001 - 4000	1	0.01	3,400	0.05
4001 - 5000	2	0.02	9,100	0.14
5001 - 10000	8	0.06	48,050	0.73
10001 - 50000	4	0.03	91,400	1.40
50001 and above	6	0.05	51,56,776	78.73
Total	13129	100	65,50,526	100

Table : 9 Categories of Shareholders as on 31 March 2009 :

Category	No. of Share Holders	Total Shares	% of Total Equity
Overseas Corporate Bodies	1	35,64,076	54.41
FI's & Banks	3	1,600	0.02
Bodies Corporate	45	1,23,650	1.89
Non-Resident Indian public	381	65,500	1.00
Directors	3	13,24,600	20.22
Resident Indian Public	12696	14,71,100	22.46
Total	13129	65,50,526	100

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 and 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 slowdown mainly on account of high crude oil prices coupled with 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. 7392 lakhs to Rs. 6307 lakhs. During the current financial year 2009-10, the hotel business is not bright and hence, working results are gloomy.

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 2009-10 is not bright. The demand for hotel accommodation is dull and dwindling. The Company's performance is expected to show a substantial decrease.

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.

MAC CHARLES (INDIA) LIMITED

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING BEING HELD ON 30th JULY 2009		
Name of Director	Mr. P.B. Appiah	Mr. Matthan
Date of Birth	4th February, 1962	27th July, 1920
Date of Appointment	26th August 2000	18th July 1985
Expertise in Specific Functional Areas	Law	Finance and Administration
List of Companies in which Outside Directorship Held	M/s. Integrated Finance Co.-Ltd. Chennai	Hosmat Hospitals Pvt. Lytd. Bangalore
Other Committee Memberships	1. Audit Committee 2. Remuneration Committee	1. Audit Committee 2. Share Transfer Committee 3. Remuneration Committee

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 31-03-2009

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 1,86,47,90 Total Assets 1,86,47,90

Sources of Funds

Paidup Capital 6,55,32 Reserves & Surplus 1,74,28,31
Secured Loans 1,02,95 Deferred Tax Liability 4,61,32

Applications of Funds

Net Fixed Assets 61,95,02 Investments 65,36,77
Net Current Assets 59,16,11

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

Turnover (including Other Income) 72,67,06 Total Expenditure 40,80,02
Profit Before Tax 31,87,04 Profit After Tax 19,70,48
Earnings per Share (in Rs.) (Basic and Diluted) 30.08 Dividend (%) 100

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
23 June 2009

J.Matthan
Director

On behalf of the Board
C.B.Pardhanani
Chairman

Sangeeta C.Pardhanani
Managing Director

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 TWENTY-NINETH ANNUAL GENERAL MEETING of the Company held at the Hotel Le Meridien No. 28, Sankey Road, Bangalore - 560 052 on **Thursday the 30th July, 2009 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.



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

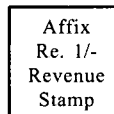
of or failing him/her of as my/our proxy of

vote for me/us on my/our behalf at the TWENTY-NINETH ANNUAL GENERAL MEETING of the Company to be held on **Thursday the 30th July, 2009 at 3 p.m.**

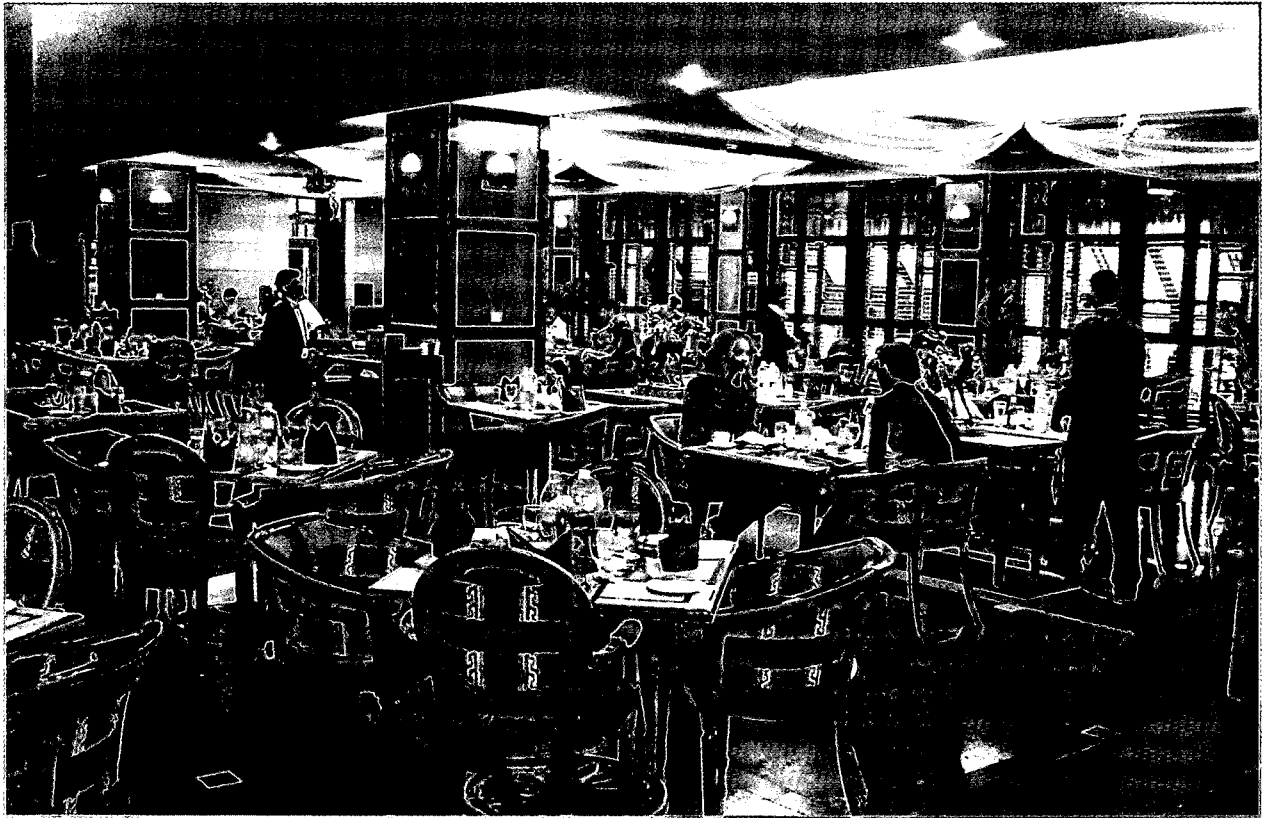
Reg. Folio No.

No. of Shares

Signed this



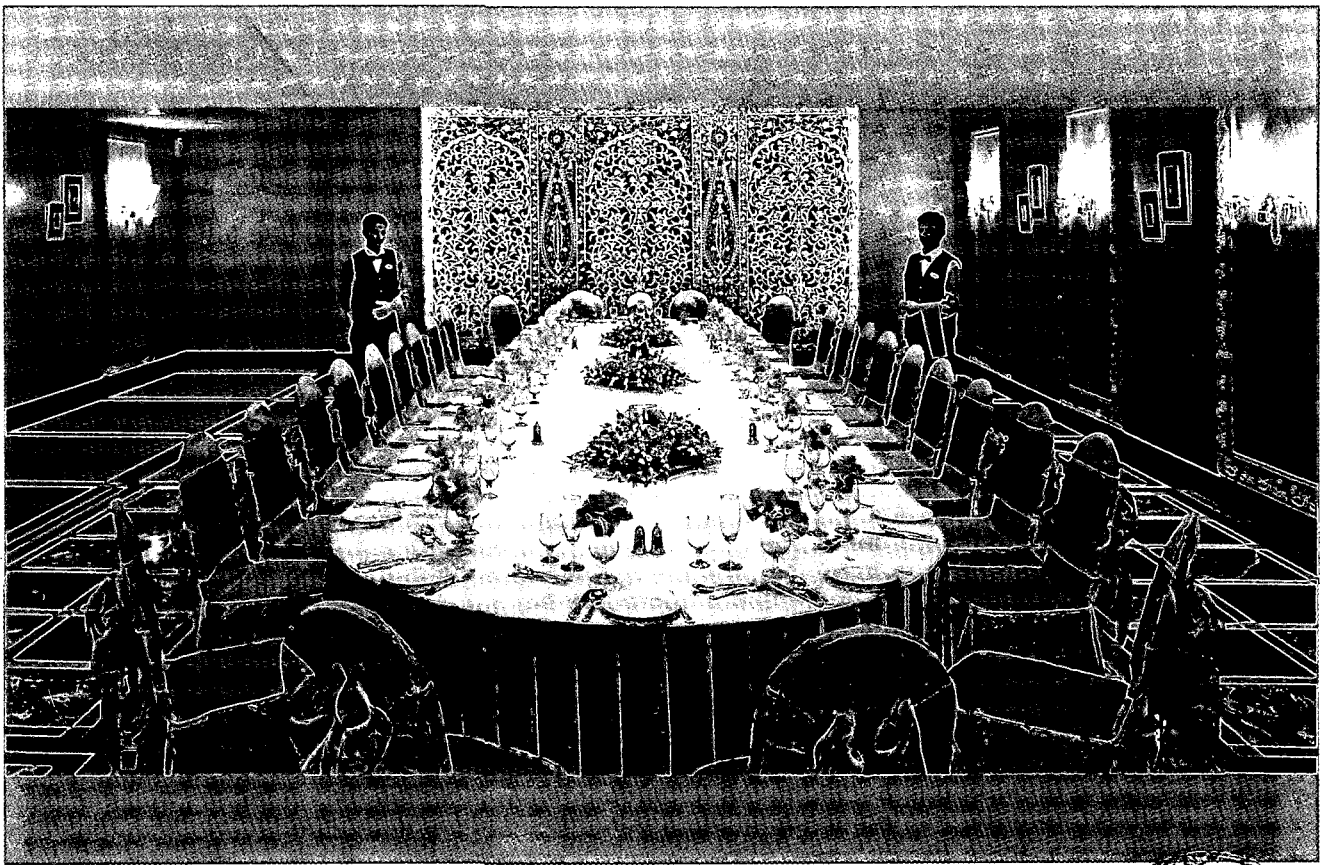
NOTE: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before Meeting.



LA BRASSERIE



CORONET



BOOK-POST

If undelivered please return to :
MAC CHARLES (INDIA) LIMITED
28, Sankey Road,
Bangalore - 560 052.