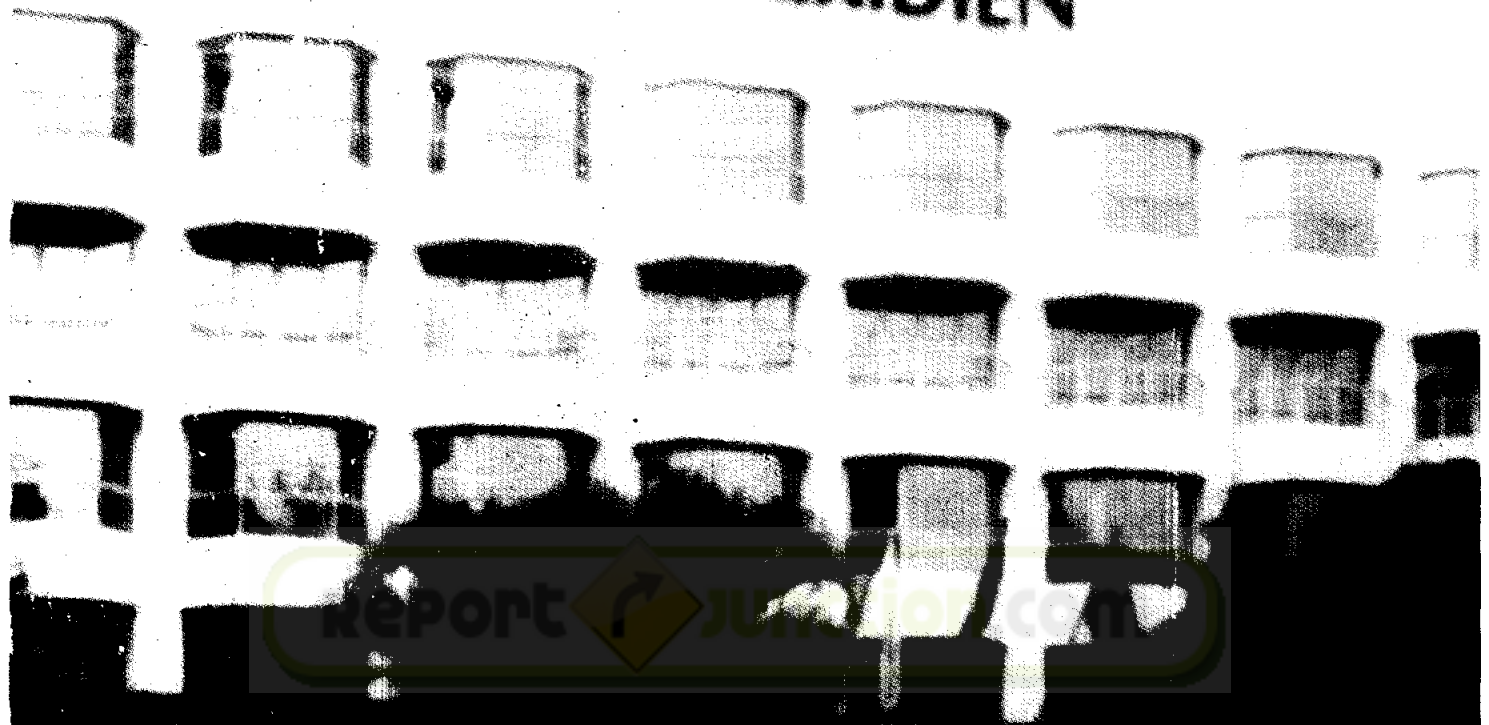


# MAC CHARLES (INDIA) LIMITED

21st Annual Report 2000-01

 MERIDIEN



*Le*  
**MERIDIEN**

B A N G A L O R E

*The International Businessman's Hotel*

**BOARD OF DIRECTORS**

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

**SECRETARY & FINANCIAL CONTROLLER**

Mr. M.S. Reddy *B.Com., L.L.B., MBIM, FCA, FCS*

**AUDITORS**

K.B. Nambiar & Associates  
Bangalore

**BANKS**

State Bank of India  
Bangalore

State Bank of Mysore  
Bangalore

**REGISTERED OFFICE**

Le Meridien Bangalore  
28, Sankey Road, Bangalore - 560 052  
Tel : 2262233 / 2282828  
Fax : 2267676 / 2262050  
E-Mail : leme@vsnl.com

## Annual Report 2000 - 2001

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN TO THE MEMBERS THAT the 21st Annual General Meeting of the Company will be held at Hotel Le Meridien, No.28, Sankey Road, Bangalore - 560 052, on Friday the 14th September, 2001 at 3:00 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 2001 together with the Directors' and Auditors' report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr.B.N. Garudachar, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Miss. Sangeeta C Pardhanani, who retires by rotation and is eligible for re-appointment.
5. To pass with or without modification the following resolutions as ordinary resolutions :

"RESOLVED THAT M/s. K. B. Nambiar & Associates, Chartered Accountants, the retiring Auditors of the Company be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this 21st Annual General Meeting until the conclusion of the next Annual General Meeting of the Company".

"FURTHER RESOLVED THAT the remuneration payable to the said Auditors be such as may be determined by Board of Directors of the Company".

## SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification the following resolutions as ordinary resolutions :

"RESOLVED THAT subject to the provisions of Section 198, 269, 387, 388 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto, approval of the shareholders be and is hereby accorded for payment of remuneration to Mr. Suresh Kumar Badlaney, General Manager appointed as "Manager", at Rs.34,060/- p.m. plus 0.35% of the net profit before income tax of the previous year towards his management fees plus unfurnished housing and other usual perquisites available to other senior executives of the Company".

"FURTHER RESOLVED THAT in the absence or inadequacy of profits during any financial year the aforesaid remuneration shall be treated as minimum remuneration payable to Mr. Suresh Kumar Badlaney, General Manager".

By Order of the Board of Directors

Bangalore  
22 June 2001

**M. S. REDDY**  
Company Secretary

## NOTES :

- a) 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.**
- b) Proxy form duly completed and signed should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting. Blank proxy form is annexed hereto.
- c) The Register of Members and Share Transfer Books of the Company remain closed from 11th September, 2001 to 14th September, 2001 (both days inclusive) in connection with this Annual General Meeting.
- d) The dividend on Equity Shares as recommended by the Board, if declared at the meeting will be payable to those shareholders whose names shall appear in the Company's Register of Members on 14th September, 2001.
- e) To avoid the possibility of the dividend warrant being stolen or illegally misappropriated, it is requested to indicate Bank Account Number, Bank Name and its Branch details for incorporation on the dividend warrants. The said Bank Mandate should reach the Registered Office of the Company on or before 20th September, 2001.
- f) An explanatory statement pursuant to section 173 of the Companies Act, 1956 in relation to the Special Business as set out in the notice is annexed hereto.
- g) As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the meeting.

## ANNEXURE TO NOTICE

As required by section 173 of the Companies Act, 1956.

## ITEM No.6 :

As per Section 269 of the Companies Act, 1956 a public company with a capital of Rs.5 crores or more should have managing/wholtime director or a manager. The Board has accordingly appointed Mr. Suresh Kumar Badlaney, General Manager as a "Manager" within the meaning of the Companies Act, 1956, which has been approved by the shareholders at the Annual General Meeting held on 23rd September, 1999. The remuneration payable to him is what he would otherwise have been entitled to as General Manager of the Company, which is commensurate with his qualifications and experience. The Board recommended adoption of the said resolution in the best interests of the Company. None of the Directors are interested or concerned in this resolution.

## MAC CHARLES (INDIA) LIMITED

### DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 21st Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31 March 2001

#### FINANCIAL RESULTS

	In Rupees
Sale Turnover	28,28,78,346
Other Income	2,52,48,639
Expenditure	23,37,35,476
Foreign Exchange Earnings Reserve	2,16,00,000
Provision for Taxation	2,14,00,000
Profit	3,13,91,509

#### HOTEL OPERATIONS

During the financial year under review, your company has achieved good sales turnover mainly due to the short lived boom enjoyed by software and I.T. companies. The profit margin in the hotel business is satisfactory. However, the high taxation on the hotel industry is haunting the business especially the five star hotel business. The renovation and refurbishing of our hotel have been in progress and are expected to be completed during the current financial year 2001-2002. Renovation and improvements are a continues process to be in the competitive market.

#### FUTURE PROSPECTS

The prospects for the current financial year 2001-2002 are not very bright mainly due to the slowing down of the global economy especially of the I.T. companies. Three more star hotels are opening in Bangalore adding further to the fierce competition. Further, withdrawing of Income Tax benefit on the foreign exchange earnings in a phased manner is likely to reduce the net profit substantially.

#### DIVIDEND

Your Directors are pleased to recommend dividend @20% i.e. Rs.2.00 per share on the increased equity share capital of Rs.6.55 crores dividend into 65,50,526 equity shares of Rs.10/- each. The dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members as on 14th September, 2001.

#### DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and according to the explanations given to us :

- Applicable accounting standards had 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 have 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 or loss 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 this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the financial statements for the financial year ended March 31' 2001 on a going concern basis.

#### FOREIGN EXCHANGE EARNINGS

Foreign Exchange Earnings during the year were Rs.1755 lacs constituting 57% of the Total Sales Turnover. The Foreign Exchange utilisation during the year was Rs.161 lacs.

#### ENERGY CONSERVATION

Conservation of energy continues to be on top priority of the management.

The following measures have been taken :

- An effective key-tag system is in vogue in all guest rooms to switch off lights & power connections automatically.
- We have substantially switched over to PL lamps from conventional lamps with a view to saving energy upto 70% on lighting.
- We have installed solar panels which are feeding hot water required for the guest rooms.
- We have improved three highly fuel efficient screw chillers for our AC plant.
- We have replaced windows with double glazed reflective glass which will save 20% power on AC consumption.

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6. We have installed two on load tap charger transformers for stabilising voltage fluctuations and thereby to save power upto 10% and prevent damages to electric motors and other installations.
7. Thermostatic Controls, Timers and Photo Cell Switches have been installed wherever necessary to control power consumption.
8. We have imported and installed two temperature control systems to reduce power consumption.

**EMPLOYEES**

The relationship with employees have been excellent and cordial through the year. Your Directors wish to record their sincere appreciation for the co-operation and support given by the employees of the company.

**PARTICULARS OF EMPLOYEES**

Information under section 217(2A) of the Companies Act, 1956, read with Companies (particulars of employees) Rules, 1975, is not applicable.

**DIRECTORS**

Out of the present Directors, Mr. B.N.Garudachar and Miss. Sangeeta C.Pardhanani will retire by rotation at the 21st Annual General Meeting and being eligible offer themselves for re-appointment.

**AUDIT COMMITTEE**

The Audit Committee has been reconstituted comprising of Mr.C.B. Pardhanani, Mr. J. Matthan, Mr.B.N. Garudachar and Mr.P.B. Appiah all Directors of the Company. Mr. J. Matthan is the Chairman of the Audit Committee. The functions of the Committee are : (a) To review the adequacy of the internal control systems 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 Auditor's observations are explained suitably in the respective notes on accounts.

**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 periodical audits of all operations of the Company and their findings have been viewed regularly by the management. Your Directors note with satisfaction that no material deviations from the prescribed policy and procedures have been observed.

**ACKNOWLEDGEMENTS**

The Directors are grateful to the Shareholders for their support, patience and co-operation extended to the Company for many years. The Directors also thank the Banks namely SBI & SBM 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, State Government and Foreign collaborators M/s. Le Meridien. The Directors also acknowledge the dedicated services rendered by the officers and the staff of the Company.

For and on behalf of the Board

Bangalore  
14 August 2001

**C.B. PARDHANANI**  
Chairman

**MAC CHARLES (INDIA) LIMITED****REPORT OF THE AUDITORS TO THE MEMBERS**

We have audited the attached Balance Sheet of **MAC CHARLES (INDIA) LIMITED** as at **31 March 2001** and the Profit and Loss Account annexed thereto for the year ended on that date.

I. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, and on the basis of such checks of the books and records produced to us as we considered appropriate in the normal course of our audit and according to the information and explanations given to us and to the best of our knowledge and belief, we report that:-

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed in comparison to the previous year. However, in respect of those furniture, fixtures and interiors which were made in-house and capitalised during the preceeding financial years, total costs as per the books of account have been allocated in aggregate to the group of such assets. The details of original quantities of assets manufactured in-house are not separately available with the Company.
- ii) The fixed assets have not been revalued during the year.
- iii) The management of the Company has conducted physical verification of provisions, food supplies and beverages, crockery, cutlery, glassware, other stores and operational supplies at reasonable intervals.
- iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) On physical verification of stocks and comparison with book records, material discrepancies were not noticed.
- vi) In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
- vii) The Company has not taken any loans, secured or unsecured from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The provisions of Section 370 of the Companies Act, 1956 are not applicable to the Company on and from October 31, 1998.
- viii) The Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The provisions of Section 370 of the Companies Act, 1956 are not applicable to the Company on and from October 31, 1998.

- ix) The parties to whom loans or advances in the nature of loans given by the Company are repaying the principal amounts as stipulated and are also regular in payment of the interest wherever, stipulated.
- x) There is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets, and for the sale of goods.
- xi) There have been no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000/- or more in respect of each party.
- xii) The Company has determined unserviceable or damaged stores, operational supplies, food and beverages and necessary provisions for loss have been made in the accounts.
- xiii) The Company has not accepted any deposits to which the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder apply.
- xiv) The Company is maintaining reasonable records for the sale and disposal of scrap and the Company's operations do not generate any by-product.
- xv) The Company has an internal audit system commensurate with the size and the nature of its business.
- xvi) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the Company.
- xvii) The Company is regular in remittance of Provident Fund and Employees State Insurance dues to the appropriate authorities.
- xviii) There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- xix) According to the information and explanations given to us and the records examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xx) The Company is not a sick industrial Company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986).



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xxi) In our opinion, the Company has a reasonable system of recording receipts, issues and consumption of materials and stores. Considering the nature of operations of the Company, a system of allocating materials consumed and man hours utilised to relative jobs does not arise.

xxii) The Company has a reasonable system of authorisation at proper levels with necessary controls on the issue of stores and operational supplies and there is a system of internal control commensurate with the size of the Company and the nature of its business.

II. Further to our comments in para I above:-

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit subject to Note 14 of Schedule 18 - Notes on Accounts - regarding non-confirmation of balances ;

b) 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.

c) The Balance Sheet and the profit and Loss Account dealt with by this report are in agreement with the books of account ;

d) In our opinion the Profit and Loss Account and Balance Sheet comply with the requirements of the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except that interest due to Holding Company has not been provided for (refer Note 6 of Schedule 18 - Notes on Accounts)

e) Based on the written representation received from the Director and taken on record by the Board of Directors. We report that none of the Directors is disqualified as on 31.3.2001 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the schedules give the information required by the Companies Act, 1956 in the manner so required and subject to:-

i) Note 5 of Schedule 18 - Notes on Accounts - regarding non-provision of interest on share application money, amounting to Rs.1,71,92,792/-. Had the interest been provided in the previous years, Reserves and Surplus would have been lower by Rs.1,72,92,792/- and the current liabilities would have been higher by Rs.1,71,92,792/-.

(ii) Note No.7 of Schedule 18 - Notes on Accounts regarding non-provision for diminution in value of investments.

(iii) Note 9 of Schedule 18 - Notes on Accounts regarding foreign exchange encashments which do not represent the income of the Company, also having been included under "Earnings in Foreign Exchange" ;

Give a true and fair view:-

i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2001

and

ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

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

Bangalore,  
13 August 2001

**M.M.JOHN**  
Partner