

# MAC CHARLES (INDIA) LIMITED

31st Annual Report 2010-11





CORONET



ORCHID



**BOARD OF DIRECTORS**

<b>Mr. C. B. Pardhanani</b>	<b>Chairman</b>
<b>Mr. J. Matthan</b>	<b>Director</b>
<b>Mr. P. B. Appiah</b>	<b>Director</b>
<b>Mr. M. R. Prasanna</b> (w.e.f. 30.03.2011)	<b>Director</b>
<b>Mr. M. R. B. Punja</b> (w.e.f. 29.06.2011)	<b>Director</b>
<b>Ms. Sangeeta C. Pardhanani</b>	<b>Managing Director</b>

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

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

**PRINCIPAL BANKERS**

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

**AUDITORS**

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

**REGISTRARS &****SHARE TRANSFER AGENTS**

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

**INVESTORS' QUERIES**

e-mail : secretarial.bangalore@lemeridien.com

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*Thirtyfirst Annual General Meeting of MAC CHARLES (INDIA) LTD. will be held on MONDAY the 5th SEPTEMBER 2011 at Hotel Le Meridien, No. 28, Sankey Road, Bangalore - 560 052 at 3 p.m.*

*Note:*

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

# MAC CHARLES (INDIA) LIMITED

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN TO THE MEMBERS THAT the 31st Annual General Meeting of **MAC CHARLES (INDIA) LIMITED** will be held at Hotel Le Meridien, No. 28, Sankey Road, Bangalore – 560 052, on Monday the 5th September, 2011 at 3p.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 2011 together with the Directors' and Auditors' report thereon.
2. To declare dividend on equity shares for the year ended 31 March 2011.
3. To appoint a Director in place of Mr. P.B. Appiah, who retires by rotation, and being eligible, seeks re-election.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification, the following Resolution as Ordinary Resolutions:-

#### Issue of Bonus Shares

##### “RESOLVED

- (i) THAT subject to statutory norms, SEBI Guidelines for bonus issues and to the terms and conditions thereof a sum of Rs.6,55,05,260/- comprising (i) the entire amount of Rs.1,75,11,237/- lying in the share premium account and (ii) the balance of Rs.4,79,94,023/- from out of the general reserve be capitalised by issue of bonus equity shares;
- (ii) THAT the Board of Directors of the Company (hereinafter referred to as “the Board”) be and is hereby authorised to appropriate the said sum of Rs.6,55,05,260/- as equity capital to and among the holders of the equity shares in the Capital of the Company (hereinafter referred to as “the Equity Shareholders”) whose names appear on the Register of Members of the Company at the close of business on such date as the Board may determine in the proportion in which they would have been entitled thereto if such sum had been distributed as dividend on the issued equity shares of the Company and to apply such sum on their behalf in paying up in full at par 6550526 new equity shares of Rs.10 each in the capital of the Company;
- (iii) THAT such new equity share shall be allotted, distributed and credited as fully paid-up to and among such equity shareholders in the proportion of one new equity share for every equity share held by them respectively on that date;
- (iv) THAT such new equity shares be issued upon the terms that they shall rank pari passu in all respects with and carry the same rights as the existing fully paid up equity shares of the Company and notwithstanding the date of allotment thereof shall be entitled to participate in full in any dividend to be declared in respect of the financial year in which the allotment of the new equity shares pursuant to this resolution is made and be treated for all purposes as an increase in nominal amount of capital held by each such equity shareholder and not as income;

- (v) THAT the allotment of new equity shares and payment in respect of fractional entitlement, if any, in terms hereof to the non-resident equity shareholders shall be subject to the provisions of the Regulations made under the Foreign Exchange Management Act, 1999;

- (vi) THAT the Board be and are hereby also authorised to do all such acts as may be found necessary for giving effect to the resolution for issue of new fully paid bonus equity shares including settling any questions, doubt or difficulty that may arise with regard to or in relation to the issue or allotment of the bonus shares;

- (vii) THAT the Board be authorised to accept on behalf of the company any conditions and modifications relating to the issue of bonus shares prescribed by any Authority and which the Board in its discretion thinks fit and proper to accept.”

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

“**RESOLVED THAT** Mr. M. R. Prasanna, in respect of whom the Company has received a notice from a Member of the Company proposing his candidature for the Office of a Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

7. To consider, and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

“**RESOLVED THAT** Mr. M. R. B. Punja, in respect of whom the Company has received a notice from a Member of the Company proposing his candidature for the Office of a Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

8. To consider, and if thought fit, to pass with or without modification, the following Resolution as a Special Resolutions:

“**RESOLVED THAT** subject to Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto, approval of the shareholders be and is hereby accorded to the appointment and remuneration of Ms. Sangeeta C. Pardhanani, as ‘Managing Director’ of the Company for a further period of five years with effect from December 5, 2011 to December 4, 2016, on the salary of Rs.2,50,000/- per month with annual increment of 10% on the last drawn salary together with house rent, other perquisites and allowances from 05.12.2011 to 04.12.2016 along with 3% commission on net profits of the Company as set out in the memorandum of emoluments, a copy of whereof initialed by the Chairman for the purpose of identification, which memorandum is hereby specifically approved for a period of five years with effect from 05.12.2011.”

“**FURTHER RESOLVED THAT** where in any financial year during the tenure of Ms. Sangeeta C. Pardhanani, the Company incurs a loss or profits are inadequate, the Company shall pay to Ms. Sangeeta C. Pardhanani the above remuneration by way of salary with annual increment of 10% on the last drawn salary together with house rent, other perquisites and allowances as a minimum remuneration subject to the limits specified under Section II of Part II of the Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments

thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.”

9. To consider, and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:-

**“RESOLVED THAT** subject to the provisions of Section 309(4) and other applicable provisions if any of the Companies Act, 1956, the Board of Directors be and is hereby authorised to pay Mr. C. B. Pardhanani, Chairman of the Company, commission equivalent to 1% of the net profits of the Company for each financial year for a period of 5 (five) years with effect from 01.04.2012.”

10. To consider, and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:-

**“RESOLVED THAT** subject to the provisions of the Companies Act, 1956, the Board of Directors be and is hereby authorized to pay compensation not exceeding Rs.2 Lakhs for each Court case per financial year towards professional services for attending and handling the Court cases pertaining to the Company.”

By Order of the Board of Directors

Bangalore  
28 July 2011

M. S. REDDY  
Company Secretary

## NOTES:

- The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the above-mentioned special business is annexed hereto.
  - The Register of Members and Share Transfer Book will remain closed on 13th August 2011 (one day only) for the purpose of payment of dividend, if any, to be declared at this meeting to those members whose names appear on the Company's Register of Members on 12th August, 2011.
  - 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. Proxy form duly completed and signed by all Members 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.
  - Members holdings shares in multiple folios in Physical category are requested to apply for consolidation to the Registrar and Transfer Agent (R&T Agent)/Company along with relevant Share Certificates.
  - Members desirous of changing their shareholding from physical category to electronic category (dematerialization) may apply with their respective Depository Participants (DP's). The Company's shares are already admitted with CDSL and NSDL for dematerialization purpose and the ISIN allotted to your Company's equity shares is INE435D01014.
  - The dividend, if any, in respect of Equity Shares held in electronic category 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.
- For effecting change of Address/Bank details/Electronic Clearing Services (ECS) Mandate, if any, Members are requested to notify the same to the following :
    - If shares are held in Physical category, to the Company/ R&T Agent of the Company, i.e., BgSE Financials Limited, RTA Division, Stock Exchange Tower, No.51, 1st Cross, J.C. Road, Bangalore – 560 027.
    - If shares are held in electronic electronic, to their respective Depository Participant (DP). The Company/ R&T Agent will not entertain request for noting change of Address/Bank details/ECS Mandate, if any.
  - Pursuant to the Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended on 31 March 2004 which remain unclaimed is due for transfer to the Investor Education & Protection Fund (IEPF) on 30.10.2011. Members who have so far not encashed the Dividend Warrants for the above mentioned dividend year are advised to submit their claim to the Company's R&T Agents namely BgSE Financials Limited, Bangalore, by quoting their folio number / DP Id & Client Id. On or before 30.09.2011. It may be noted that once the unclaimed dividend amount is transferred to IEPF as aforesaid, no claim shall lie on the Company in respect of such unclaimed dividend amount.
  - Members are requested to :-
    - bring their copy of Annual Report and Attendance Slip at the venue of the meeting.
    - Quote their folio/DP & Client Id No. in all correspondence with the R&T Agent/Company.
    - 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.
    - As part of the “Green Initiative in Corporate Governance”, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos.17/2011 and 18/2011, dated April 21, 2011 and April 29,2011 respectively, has allowed companies to send official documents to their shareholders electronically considering its legal validity under the Information Technology Act, 2000. Being a Company with strong focus on green initiatives, Mac Charles (India) Limited proposes to send all shareholder communications such as the Notice of General Meetings, Audited Financial Statements, Director's Report, Auditors' Report, etc., henceforth to shareholders in electronic form to the E-mail Id provided by them and made available to us by the Depositories. Members are requested to register their E-mail Id. with their Depository Participant and inform them of any changes to the same from time to time. However, Members who prefer physical copy to be delivered may write to the Company at its Registered Office or send an E-mail to [secretarial.bangalore@lemeridien.com](mailto:secretarial.bangalore@lemeridien.com) [secretarial@lemeridien-bangalore.com](mailto:secretarial@lemeridien-bangalore.com) by providing their Folio Number / DP Id and Client Id as reference.
  - 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.

# MAC CHARLES (INDIA) LIMITED

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## ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING

### ITEM No.3 : Mr. P. B. APPIAH

Mr. P. B. Appiah is a practicing Advocate and legal advisor.

Companies/Institutions in which Mr. P. B. Appiah holds Directorship and Committee memberships.

Mac Charles (India) Ltd.,  
Director

Audit Committee – Member

Share Transfer & Investor Grievance Committee – Member  
Remuneration Committee – Member

Integrated Finance Co. Ltd.,  
Director

Audit Committee – Member

Remuneration Committee – Member

Mr. P. B. Appiah does not hold any equity shares of Mac Charles (India) Limited.

### ITEM No.6 : Mr. M. R. PRASANNA

Mr. M.R.Prasanna is a Corporate Advocate and legal advisor. He is associated with various medium and large corporations in India and overseas as a corporate legal advisor and Director.

Companies/Institutions in which Mr. M.R.Prasanna holds Directorship and Committee memberships.

#### A. Director of the Public / Private Limited Companies

- 1 Aditya Birla Minerals Ltd
- 2 Dakshin Cements Limited
- 3 Aditya Birla India Real Estate Vision Fund, Mauritius
- 4 RE Phoenix Fund, Mauritius
- 5 Runeecha Textiles
- 6 RSB Transmissions (I) Limited
- 7 UltraTech Cement Lanka (Pvt). Ltd.
- 8 UltraTech Cement Middle East Investments Limited
- 9 Sanguine RE Venture, Mauritius
- 10 Chess Management Services Pvt Ltd

#### B. As Committee Member

- a. Aditya Birla Minerals Ltd - Audit Committee, Mt.Gordon Environment Committee

- b. Runeecha Textiles Ltd - Audit Committee, Investor Grievance Committee, Remuneration Committee

#### Others:

Co-Chairman, Legal Affairs Committee, ASSOCHAM, New Delhi.

Member – FICCI Corporate Law Committee

Member, Advisory Board of the Corporate Counsel Forum (CCF) of the International Bar Association (IBA).

Life Member of the International Centre for Alternative Dispute Resolution (ICADR), New Delhi.

Arbitrator on the India Panel Of Arbitrators of The Singapore International Arbitration Centre and

The Kuala Lumpur Regional Arbitration Centre.

On the Editorial Board of India Business Law Journal and India IP Law Journal.

Chairman of the Academic Council for “Business Management for Legal Professional” – Welinkar Institute Mumbai.

Mr. M. R. Prasanna does not hold any equity shares of Mac Charles (India) Limited.

### ITEM No.7 : Mr. M.R.B.PUNJA

Mr. M.R.B.Punja is a former Chairman of IDBI.

Companies/Institutions in which Mr. M.R.B.Punja holds Directorship and Committee memberships.

Andhra Petrochemicals Ltd	{
Chowgule Steamships Ltd	{ Director
Sushruta Medical Aid	{
Research Hospital Ltd	{
Deepak Nitrite Ltd	{ Audit Committee – Member
Apollo Tyres Ltd	{ Director
	{ Audit Committee – Member
	{ Remuneration Committee – Member

Mr. M.R.B.Punja does not hold any equity shares of Mac Charles (India) Limited.



**EXPLANATORY STATEMENT****pursuant to Sec. 173(2) of the Companies Act, 1956.**

The following Explanatory Statement sets out all material facts relating to the items of the accompanying notice of the Annual General Meeting to be held on Monday, the 5th September 2011.

**ITEM No. 5 :**

In deference to the requests of the shareholders at the General body Meetings ever year, the Board of Directors have considered the request of the shareholders and have proposed the issue of bonus equity shares in the ratio of 1:1 to all the existing equity shareholders. For this purpose the entire amount of Rs.175.11 lakhs lying in the share premium account and Rs.479.94 lakhs being a portion out of the total General Reserve of Rs.19697.67lakhs as on 31.03.2011, will be utilized for issuing the 65,50,526 fully paid up bonus equity shares of Rs.10/- each.

None of the Directors except Mr. C. B. Pardhanani, Miss. Sangeeta C. Pardhanani and Mr.J. Matthan to the extent of their rights to bonus share in proportion to their existing shareholding are concerned or interested in this Resolutions pertaining to issue bonus shares.

If the resolution is passed, Record Date will be fixed for the purpose of issue and allotment of Bonus Shares to those shareholders, whose name shall appear on the Register of Members on the Record Date.

In case of Shareholders holding shares in Demat form on the Record Date, their Demat Account(s) will be automatically credited with the entitled number of Bonus Shares.

Shareholders have an OPTION to receive the Bonus Shares either in Physical Form or in Demat Form by indicating their choice in the form – Annexed to this Annual Report at the end and mailing it to BgSE Financials Limited, RTA Division, No.51, Stock Exchange Towers, J.C. Road, Bangalore-560027, the Company's Registrars and Share Transfer Agents on or before 10th September, 2011.

In case of no option of receiving the shares is exercised by the Shareholders, the Bonus Shares will be issued ONLY in Physical form to those Shareholder's holding shares in physical form in marketable lot of 50 equity shares and ONLY in demat form to those Shareholder's holding shares in demat form.

**ITEM No. 6 :**

The Board of Directors of your Company appointed Mr. M. R. Prasanna as an Additional Independent Director on March 30, 2011 as per the provisions of Article 107 of the Article of Association read with Section 260 of the Companies Act, 1956

Your Company is extremely pleased to have a seasoned professional of Mr. M. R. Prasanna's caliber and experience on the Board. His enriched expertise will aid in driving your Company's momentous growth to the desired level while ensuring the highest levels of Corporate Governance.

Mr. M. R. Prasanna holds office until this Annual General Meeting. As required under 257 of the Companies Act, 1956, a notice alongwith the requisite deposit has been received from a Member signifying his intention to propose Mr. M. R. Prasanna as a candidate for the office of Director at this Annual General Meeting. Mr. M. R. Prasanna's profile has been given in an earlier section of this notice.

None of the Directors of the Company, expect Mr. M. R. Prasanna, are in any way concerned or interested in this resolution.

Your Directors, therefore, recommended the resolution to be passed as an Ordinary Resolution by the Members.

**ITEM No. 7 :**

The Board of Directors of your Company appointed Mr. M. R. B. Punja as an Additional Independent Director on June 29, 2011 as per the provisions of Article 107 of the Article of Association read with Section 260 of the Companies Act, 1956

Your Company is extremely pleased to have a seasoned professional of Mr. M. R. B. Punja's caliber and experience on the Board. His enriched expertise will aid in driving your Company's momentous growth to the desired level while ensuring the highest levels of Corporate Governance.

Mr. M. R. B. Punja holds office until this Annual General Meeting. As required under 257 of the Companies Act, 1956, a notice alongwith the requisite deposit has been received from a Member signifying his intention to propose Mr. M. R. B. Punja as a candidate for the office of Director at this Annual General Meeting. Mr. M. R. B. Punja's profile has been given in an earlier section of this notice.

None of the Directors of the Company, expect Mr. M. R. B. Punja, are in any way concerned or interested in this resolution.

Your Directors, therefore, recommended the resolution to be passed as an Ordinary Resolution by the Members.

**ITEM No. 8 :**

Ms. Sangeeta C. Pardhanani was appointed as a Director of the Company from 23.03.1990 and re-appointed from time to time. Ms. Sangeeta C. Pardhanani has rich and varied experience in the areas of finance, sales and marketing and hotel operations. Ms. Sangeeta C. Pardhanani, Managing Director has been taking active interest and initiative to oversee the operations of the Hotel. The Board of Directors felt it beneficial to the Company and accordingly she has been re-appointed as 'Managing Director' of the Company for five years on the salary of Rs.2,50,000/- per month with annual increment of 10% on the last drawn salary together with house rent, other perquisites and allowances from 05.12.2011 to 04.12.2016 along with 3% commission on net profits of the Company. As per the provisions of the Companies Act, the shareholders approval by way of special resolution is necessary for appointment of Managing Director and for payment of salary and other perquisites. Hence this special resolution is commended for the shareholders approval for appointment and payment of salary and other perquisites. The said remuneration has been recommended by the Remuneration Committee constituted by the Board vide its resolution dated 25.07.2011. The emoluments payable to Ms. Sangeeta C. Pardhanani are set out in the Memorandum of Emoluments mentioned in this Resolution shall be as follows :

**EMOLUMENTS :**

**Basic Salary :** Rs.2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) per month with annual increment of 10% on last drawn salary effective from 05.12.2011 to 04.12.2016.

**Commission :** 3 percent of the net profits of the Company (computed under and subject to the Companies Act, 1956) provided further that the commission shall be payable to the Managing Director, on an annual basis but only after company's annual accounts and balance sheet u/s 210 of the Companies Act, 1956 are approved by the Company's Annual General Meeting and adopted by the Company.

# MAC CHARLES (INDIA) LIMITED

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## **Perquisites :**

### **Category I :**

- (a) House Rent of Rs.95,000/- per month with reimbursement of electricity and water Charges, will be paid to the Managing Director in lieu of housing benefits. This component will not be added into basic salary or other perks and benefits.
- (b) Reimbursement of Medical Expenses : For self and family subject to a ceiling of one month basic salary or three months basic salary over a period of 3 years.
- (c) Club fees : Fees of one club.
- (d) Group Personal Accident, Group Medical and Group Term Insurance : As per rules of the Company and recommendations of the Chairman of the Company

### **Category II :**

- (a) Provident Fund : Company's contribution to Provident Fund as per rules of the Company.
- (b) Gratuity : Payable in accordance with rules of the Company but not exceeding half months basic salary for each completed year of service.

### **Category III :**

- (a) Car(s) and telephone(s) will be provided at the residence for official use. However provision of these facilities will be subject to tax as per prevailing Income Tax rules. The Company will bill Ms. Sangeeta C. Pardhanani for all personal long distance telephone calls.
- (b) The contribution to Provident Fund will not be included as perquisites to the extent these are not taxable under the Income Tax Act, 1961.
- (c) Earned leave : On full pay and allowances as per the rules of the Company, but not exceeding 18 working days per year.
- (d) All emoluments and perquisites will be taxable as per the provisions of Income Tax Act, 1961.

The aforesaid Memorandum of Emoluments which has been approved by the Board of Directors setting out the terms of remuneration of the Managing Director, is available for inspection by any member of the Company between 11:00 a.m. to 1:00 p.m. on any working day before the ensuing Annual General body Meeting.

Miss. Sangeeta C. Pardhanani is also a Director on the Board of the following Companies :

1. Pardhanani International Investments & Holdings Private Limited ;
2. Pardhanani International Properties Private Limited ;
3. Airport Golf View Hotels and Suites Private Limited ;
4. Sanko Properties Private Limited.

Ms. Sangeeta C. Pardhanani is the daughter of Mr. C. B. Pardhanani, the Chairman of the Company.

The Remuneration is within the limits prescribed under Schedule XIII to the Companies Act, 1956, and therefore requires no further permission or approval.

The Board recommends adoption of this special resolution in the best interest of the Company.

None of the Directors except Mr. C. B. Pardhanani and Ms. Sangeeta C. Pardhanani is concerned or interested in this resolution.

### **ITEM No. 9 :**

Mr. C. B. Pardhanani, Chairman of the Company, although not a whole-time Director has been devoting considerable time towards the affairs of the Company and has been the guiding force of the Company. The Company has built up substantial reserves and surplus, and renovated the Hotel to the international standards of Le Meridien group of Hotels. He has been largely instrumental in the Company making steady progress over the years. He has not been drawing any salary from the Company. In view of his rich experience gained in the hotel industry and in recognition of his contribution made to the Company, the Board is of the opinion that Mr. C. B. Pardhanani should be continued to be given token payment and hence proposal is placed before you to continue to pay him a commission based on the net profits of the Company as per the provisions of the Companies Act. The remuneration committee recommended to continue the said payment of commission @ 1% to the Chairman. Such payment of commission on net profits requires the approval of the shareholders in the general meeting/extra ordinary general meeting. Hence, the special resolution is placed before you, which the Board recommends adoption of this Resolution by the shareholders in the best interest of the Company.

Except Mr. C. B. Pardhanani and Ms. Sangeeta C. Pardhanani, no other Director is concerned or interested in this resolution.

### **ITEM No. 10 :**

Mr. P. B. Appiah, is a reputed practicing Advocate for more than two decades who handles Court cases in the City Civil Courts and High Court of Karnataka. He has got a rich knowledge and experience in handling various types of court cases. He has been handling our Company's cases in the City Civil Court, Bangalore and the Hon'ble High Court of Karnataka. In view of his effective handling of court cases the Board is of the opinion to compensate him for his professional services not exceeding Rs.2 lakhs per court case per financial year. Hence, the special resolution is placed before you, which the Board recommends adoption of this Resolution by the shareholders in the best interest of the Company.

Except Mr. P. B. Appiah, no other Director is concerned or interested in this resolution.

*By Order of the Board of Directors*

Bangalore  
28 July 2011

M.S. REDDY  
Company Secretary



## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 31st Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31 March 2011

### FINANCIAL RESULTS

(Rs. in Lakhs)

	2010-11	2009-10
Sales Turnover	5095.77	4152.08
Other Income	2850.90	2776.26
Expenditure	4416.90	3707.51
Provision for Taxation	720.88	696.04
Profit for the year	2808.89	2524.79
Profit brought forward from previous year	737.30	555.52
Dividend including Corporate Dividend Tax	913.84	843.02
Transfer to General Reserve	1500.00	1500.00
Profit transfer to Balance Sheet	1132.35	737.30
Earning Per Share	42.88	38.54

### HOTEL OPERATIONS

During the year under report, the economy recovered partly from economic recession especially in the developed countries. The Indian economy has also recovered resulting in higher Hotel room occupancy and average room rate. Hence, sales turn over has increased from Rs.4152 lakhs to Rs.5096 lakhs. During the current financial year 2011-12, the hotel business is hit by the entry of new five star hotels in the city of Bangalore resulting in stiff competition and undercutting of room tariffs. Hence, it will be difficult to maintain the same working results in current financial year.

### FUTURE PROSPECTS

The future of the hotel industry is entirely dependant on the state of the country's economy. The outlook for the Financial Year 2011-12 is tough due to severe competition with added new five star hotels in the city of Bangalore.

### FINANCE

During the year under report, the financial position of the Company has further been consolidated with significantly increased reserves and surplus. However, the ongoing renovation of the Hotel is consuming the major surplus funds of the Company.

### DIVIDEND

The Board of Directors have recommended a dividend of Rs.12/- 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 12th August, 2011.

### BONUS ISSUE

The Board of Directors have recommended issue of bonus shares to all the existing shareholders in the ratio of 1:1 shall rank *pari passu* with the existing shares which will be placed at the ensuing Annual General Meeting for approval.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- Applicable accounting standards have been followed in the preparation of annual accounts. Material departures therefrom, if any, are properly explained in the notes on accounts ;
- The Board of Directors has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period ;
- The Board has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- The Annual Accounts have been prepared for the financial year ended 31 March 2011 on a going concern basis.

### FOREIGN EXCHANGE EARNINGS

Foreign Exchange Earnings during the year were Rs.2952 lacs which is 58% of the Hotel Sales Turnover. The Foreign Exchange utilisation during the year was Rs.765 lacs.

### SUBSIDIARY COMPANIES

At the beginning of the year, the Company had one Subsidiary Company, Airport Golf View Hotels & Suites Pvt. Ltd. (formerly known as Nedstar Hotels Pvt. Ltd.)

As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of the Company and its Subsidiary is attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 ("Act"). These financials statements disclose the assets, liabilities, income, expenses and other details of the Company, its subsidiary.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary Company with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 is included in the Annual Report. The annual accounts of these subsidiary and the related detailed information will be made available to any member of the Company/ its subsidiary seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiary at the registered office of the Company. The annual accounts of the said subsidiary will also be available for inspection, as above, at the Head Office/Registered Office of the respective subsidiary company. The Company shall furnish a copy of details of annual accounts of subsidiary to any member on demand.

# MAC CHARLES (INDIA) LIMITED

## DUES TO SMALL SCALE UNDERTAKINGS

There are no dues payable to small scale undertakings.

## CORPORATE GOVERNANCE

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

## ENERGY CONSERVATION

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

- During the year under report, placed order for one more Wind Turbine Generator with a capacity of 2.10 MW apart from existing one number of 2.10 MW and two numbers of 1.50 MW each environment friendly Wind Turbine Generators which generate electricity of about 1.20 crore units p.a. of green power which will be utilized partially for captive consumption of the Hotel and the balance units generated is being sold to Govt. of Karnataka/third parties.
- an effective key-tag system is in vogue in all guest rooms to switch off lights & power connections automatically.
- substantially switched over to PL lamps from conventional lamps with a view to saving energy upto 60% on lighting.
- installed solar panels which are feeding hot water required for the guest rooms.
- imported and installed three highly fuel efficient screw chillers for our AC plant.

- replaced windows with double glazed reflective glass with a view to save power on AC consumption.
- 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.
- thermostatic Controls, Timers and Photo Cell Switches have been installed wherever necessary to control power consumption.
- imported and installed two temperature control systems to reduce power consumption.
- 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	42 Years	57 Years	49 years
Remuneration	Rs.1,08,27,801/-	Rs.17,90,577/-	Rs.25,92,528/-
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	9 Years	31 years	25 years
Date of commencement of employment	01.10.2002	13.08.1983	01.10.2005
Last Employment held	Executive Director – Mac Charles (India) Ltd.	Company Secretary & Chief Accounts Officer, Sri Krishna Rajendra Mills Ltd., Mysore	Director of Operation, Harsha Hospitality Management, USA
Designation	Managing Director	Vice President Finance and Company Secretary	Vice President and Director of Development

Note : Ms.Sangeeta C. Pardhanani, Managing Director is the daughter of Mr. C.B.Pardhanani, the Chairman of the Company.