

# MAC CHARLES (INDIA) LIMITED

34th Annual Report 2013-14





CORONET



BOARDROOM

**BOARD OF DIRECTORS**

<b>Mr. C. B. Pardhanani</b>	<b>Chairman</b>
<b>Mr. P. B. Appiah</b>	<b>Director</b>
<b>Mr. M. R. B. Punja</b>	<b>Director</b>
<b>Mr. M. R. Prasanna</b> (Resigned w.e.f. 28.05.2013)	<b>Director</b>
<b>Mr. Suresh Vaswani</b> (w.e.f. 30.07.2013)	<b>Director</b>
<b>Ms. S. 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**

**LEMERIDIEN** - BANGALORE  
 28, Sankey Road, Bangalore - 560 052  
 Tel : 080-2226 2233 / 2228 2828  
 Fax : 080-2226 7676 / 2226 2050  
 CIN: L55101KA1979PLC003620  
 website: maccharlesindia.com  
 e-mail : secretarial@lemeridienbangalore.com  
 secretarial@lemeridien-bangalore.com

**PRINCIPAL BANKERS**

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

**AUDITORS**

K. B. Nambiar & Associates  
 Chartered Accountants  
 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  
 Fax : 080-4157 5232  
 Email : manager\_rta@bfsi.co.in

**GRIEVANCE REDRESSAL DIVISION :**

Mr. M. S. Reddy  
 Vice President Finance and Company  
 Secretary- cum - Compliance Officer  
 Tel : 080-2226 2233 / 2228 2828  
 Email : investor.relations@maccharles.com

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*Thirtyfourth Annual General Meeting of **MAC CHARLES (INDIA) LTD.** will be held on **MONDAY the 22nd SEPTEMBER 2014** 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 34th 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 22nd September, 2014 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 2014 together with the Directors' and Auditors' report thereon.
2. To declare a dividend on equity shares.
3. To appoint Auditors to the Company.

To Consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, K.B.Nambiar and Associates, Chartered Accountants (Firm Registration No.002313S) be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Thirtyfifth (35th) AGM of the Company (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors”.

### SPECIAL BUSINESS

4. Appointment of Mr.M.R.B.Punja as an Independent Director of the Company ;

To Consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) as amended from time to time and Clause 49 of the Listing Agreement, Mr.M.R.B.Punja (DIN : 00007228), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, with effect from 22nd September, 2014 to 21st September, 2019.”

5. Appointment of Mr.P.B.Appiah as an Independent Director of the Company ;

To Consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) as amended from time to time and Clause 49 of the Listing Agreement, Mr.P.B.Appiah (DIN : 00215646), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, with effect from 22nd September, 2014 to 21st September, 2019.”

6. Appointment of Mr.Suresh Vaswani as an Independent Director of the Company.

To Consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) as amended from time to time and Clause 49 of the Listing Agreement, Mr.Suresh Vaswani (DIN : 06645434), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, with effect from 22nd September, 2014 to 21st September, 2019.”

By Order of the Board of Directors

Bangalore  
4 August 2014

M. S. REDDY  
*Company Secretary*

### NOTES

- a) The relative Explanatory Statement, pursuant to Section 102(1) of the Companies Act, 2013, (“the Act”) in respect of the special business under item Nos. 4 to 6 is annexed hereto.
- b) The Register of Members and Share Transfer Book will remain closed from 19th September 2014 to 22nd September 2014 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 18th September, 2014.
- c) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and a proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
- d) Members holding 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.

- e) 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.
- f) 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.
- g) 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 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.
- (ii) 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.
- h) Voting through electronic means**

Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote in respect of resolutions to be passed at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). Mr. B. Chandu Narayan, practicing Company Secretary (C.P.No.9517) has been appointed as scrutinizer in this regard.

Procedure / Instructions for e-Voting are as under :

- (i) The Voting period begins on 16.09.2014 (from 9:00 a.m.) and ends on 18.09.2014 (up to 6:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 16.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The Shareholders should log on to the e-Voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- (iii) Click on "Shareholders" tab
- (iv) Now Enter your User ID
- For CDSL : 16 digits beneficiary ID,
  - For NSDL : 8 Character DP ID followed by 8 digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login

- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>PAN* Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field.</li> <li>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.</li> </ul>
DOB#	Enter the Date of Birth as recorder in your demat account or in the company's records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company's records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter DOB or Dividend Bank Details in order to Login. If the details are not recorded with the depository or Company please enter the number of share held by you as on the cut off date in the Dividend Bank details field.</li> </ul>

- (viii) After existing these details appropriately, click on "SUBMIT" tab.
- (xi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holdings shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of Mac Charles (India) Limited on which you choose to vote.

## MAC CHARLES (INDIA) LIMITED

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- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the Use ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Institutional Shareholders
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.,) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - A Scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help selection or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- i) The results of the e-voting along with the scrutinizer’s report shall be placed in the Company’s website [www.maccharlesindia.com](http://www.maccharlesindia.com) and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
- j) Corporate members intending to send their authorize representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote (if casted at the AGM) on their behalf at the meeting.
- k) In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote (if casted at the AGM).
- l) 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) To support the “Green Initiative”, the Members who have not registered their email address are requested to register the same with the Company in case of shares held in physical form or with the Depositories in case of shares held in dematerialized form.
  - (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.

**EXPLANATORY STATEMENT**  
**As required by Section 102 of the Companies Act, 2013 (the Act)**

1. The following Explanatory Statement sets out the material facts relating to the business under items Nos. 4 to 6 of the accompanying Notice dated August 4, 2014.

**ITEM No. 4**

2. Mr. M.R.B.Punja was appointed as a Director of the Company on 29.06.2011. He holds a Bachelors Degree in Commerce and he has previous worked with IDBI as its Chairman.
3. Mr.M.R.B.Punja is a Non-Executive Director and considered as Independent under Clause 49 of the Listing Agreement.
4. As per the provisions of Section 149 of the Act which has come into force with effect from April 1, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. M.R.B.Punja has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.
5. The matter regarding appointment of Mr.M.R.B.Punja as Independent Director was placed before the Board, which commends his appointment as an Independent Director up to September 21, 2019.
6. In the opinion of the Board, he fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and is independent of the management.
7. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the Appointment of Mr.M.R.B.Punja is Independent Director is now being placed before the Members in general meeting for their approval.
8. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.
9. Mr. M.R.B.Punja may be deemed to be concerned and interested in item No.4 as it relates to his appointment as Independent Director of the Company. Other than Mr.M.R.B.Punja, none of the other Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at item No.4 of the Notice.

**ITEM No. 5**

10. Mr. P.B.Appiah was appointed as a Director of the Company on 26.08.2000. He holds a Bachelors Degree in Commerce and graduated in Law and he is practicing Law.
11. Mr. P.B.Appiah is a Non-Executive Director and considered as Independent under Clause 49 of the Listing Agreement.
12. As per the provisions of Section 149 of the Act which has come into force with effect from April 1, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. P.B.Appiah has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.
13. The matter regarding appointment of Mr. P.B.Appiah as Independent Director was placed before the Board, which

commends his appointment as an Independent Director up to September 21, 2019.

14. In the opinion of the Board, he fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and is independent of the management.
15. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the Appointment of Mr. P.B.Appiah is Independent Director is now being placed before the Members in general meeting for their approval.
16. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.
17. Mr. P.B.Appiah may be deemed to be concerned and interested in item No.5 as it relates to his appointment as Independent Director of the Company. Other than Mr. P.B.Appiah, none of the other Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at item No.5 of the Notice.

**ITEM No. 6**

18. Mr. Suresh Vaswani was appointed as a Director of the Company on 30.07.2013. He holds a Bachelors Degree in Commerce and he is Honorary Consulate-Repulbic of Benin and is an International Property Investments and Advisory Consultant.
19. Mr. Suresh Vaswani is a Non-Executive Director and considered as Independent under Clause 49 of the Listing Agreement.
20. As per the provisions of Section 149 of the Act which has come into force with effect from April 1, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. Suresh Vaswani has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.
21. The matter regarding appointment of Mr. Suresh Vaswani as Independent Director was placed before the Board, which commends his appointment as an Independent Director up to September 21, 2019.
22. In the opinion of the Board, he fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and is independent of the management.
23. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the Appointment of Mr. Suresh Vaswani is Independent Director is now being placed before the Members in general meeting for their approval.
24. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.
25. Mr. Suresh Vaswani may be deemed to be concerned and interested in item No.6 as it relates to his appointment as Independent Director of the Company. Other than Mr. Suresh Vaswani, none of the other Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at item No.6 of the Notice.

# MAC CHARLES (INDIA) LIMITED

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 34th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31 March 2014.

### FINANCIAL RESULTS

(In Rs.)

Particulars	2013-14	2012-13
<b>Segmentwise Turnover/Revenue</b>		
(a) Hotel Sales turnover	<b>39,38,81,027</b>	40,52,93,650
(b) Sale of Electricity	<b>3,41,59,115</b>	3,58,37,644
(c) Interest on Corporate loan/ deposits Received	<b>7,22,20,853</b>	8,90,10,702
(d) Rent Received on Commercial Spaces at Cessna Business Park	<b>7,19,34,079</b>	2,20,51,763
(e) Dividend/ Profit/(Loss) on sale of investments	<b>(6,50,02,911)</b>	5,75,68,363
<b>Total</b>	<b>50,71,92,163</b>	60,97,62,122
<b>Profit before Depreciation, Finance Cost &amp; Tax</b>		
From Hotel Operations	<b>9,24,63,600</b>	8,41,76,408
From Investments other than the Hotel	<b>11,33,11,136</b>	20,44,68,472
	<b>20,57,74,736</b>	28,86,44,880
Less : Depreciation	<b>6,51,31,429</b>	6,31,18,373
Less : Finance Cost	<b>11,03,382</b>	9,37,458
<b>Profit before Tax</b>	<b>13,95,39,925</b>	22,45,89,049
From Hotel Operations	<b>2,56,12,192</b>	2,01,20,577
From Investments other than the Hotel	<b>11,39,27,733</b>	20,44,68,472
	<b>13,95,39,925</b>	22,45,89,049
Provision for tax for the year	<b>7,14,25,505</b>	6,56,85,278
<b>Profit for the year</b>	<b>6,81,14,420</b>	15,89,03,771
Add : Balance brought forward from the previous year	<b>20,25,66,528</b>	15,16,28,212
<b>Amount available for Appropriation</b>	<b>27,06,80,948</b>	31,05,31,983
<b>APPROPRIATIONS</b>		
(i) General Reserves	<b>70,00,000</b>	1,60,00,000
(ii) Dividend :	<b>7,86,06,312</b>	7,86,06,312
iii) Corporate Dividend Tax	<b>1,33,59,143</b>	1,33,59,143
iv) Balance carried to Balance Sheet	<b>17,17,15,493</b>	20,25,66,528

### HOTEL OPERATIONS

During the year under report, the economy in general and Hotel business in particular has not done well especially in the face of sluggish economy and severe competition from the new five star hotels. In the last few years, Bangalore Hotel Industry has been facing weak demand and an excess supply of rooms caused by optimism about the economic growth story prior to 2008. This has led to new hotel openings by local and International hospitality brands. However, due to the economic slowdown, supply outpaced demand. As a result the Hotel room occupancy and room tariffs have dropped considerably. In view of this scenario, the sales turnover of the Company has decreased from Rs.4053 lakhs to Rs.3939 lakhs.

The profit before income tax from the Hotel is only Rs.2.56 crore as mentioned under Financial Results.

### FUTURE PROSPECTS

The future of the hotel industry is facing tough times ahead in view of cost cutting measures initiated by the corporate companies in the sluggish economy prevailing worldwide. In addition there is substantial increase in supply side of the five star hotels in Bangalore resulting in low occupancy and undercutting of rates. However, the Company is striving hard to get more business through various marketing initiatives.

### FINANCE

During the year under report, the financial position of the Company has been maintained despite the fall in Hotel business. The Company's diversification into electricity generation through Wind Turbine Generators and other sources of income from investments have helped the bottomline and the Company is able to show net profit after income tax. The segment performance is furnished elsewhere in this Annual Report.

### DIVIDEND

Your Directors have recommended a dividend of Rs.6/- per Equity Share for the financial year ended March 31, 2014, amounting to Rs.9,19,65,455/- (inclusive of tax of Rs.1,33,59,143/-). 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 18th September, 2014.

### DIRECTORS

Mr. M.R.Prasanna resigned from the Board w.e.f. 28th May, 2013. During the year, the Board has co-opted Mr. Suresh Vaswani as a Director and was appointed as Director at the Annual General Meeting of the Company held on 18.09.2013.

As per the provision of Section 149 and other applicable provisions, if any, of the Companies Act, 2013, Mr.M.R.B.Punja, Mr.P.B.Appiah and Mr.Suresh Vaswani are proposed to be appointed as Independent Directors of the Company for a period of five years commencing from September 22, 2014.

Your approval for their appointments as Directors has been sought in the Notice convening the Annual General Meeting of the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors, based on the representations received from the Operating Management, hereby confirms that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures ;
- it has in the selection of the accounting policies, consulted the Statutory Auditors and has 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 as at March 31, 2014 and of the profit of the Company for that period;
- it has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, to the best of its knowledge and ability. There are however, inherent limitations, which should be recognized while relying on any system of internal control and records; and
- it has prepared the annual accounts on a going concern basis.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings during the year were Rs.1387 lacs which is 35% of the Hotel Sales Turnover. The Foreign Exchange utilisation during the year was Rs.246 lacs.

## SUBSIDIARY COMPANIES

At the beginning of the year, the Company had one Subsidiary Company, Airport Golf View Hotels & Suites Pvt. Ltd., Kochi.

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, 2014 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.

## DUES TO SMALL SCALE UNDERTAKINGS

There are no dues payable to small scale undertakings.

## CORPORATE GOVERNANCE

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

## ENERGY CONSERVATION

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

- a) During the current year, the Company is adding two more Wind

Turbine Generators with a capacity of 4.20 MW apart from having existing capacity of 5.10 MW which will generate green electricity of about 2.25 crore units p.a. of green power which is being utilized partially for captive consumption of the Hotel and the balance units generated is being sold to Govt. of Karnataka/ third party consumers.

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

## 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 for the year :

Name	Ms.S.C.Pardhanani	Mr.Rajesh Madan	Mr.Suresh Kumar Badlaney
		Employed Part of the year	Employed Part of the year
Age	45 Years	55 Years	64 Years
Remuneration	Rs.1,14,00,180/-	Rs.31,94,754/-	Rs.12,00,000/-
Qualification	B.Com., DBM	B.Com.	B.Com., DHM
Experience	11 Years	29 years	38 years
Date of commencement of employment	01.10.2002	01.10.2012	01.10.2013
Last Employment held	Executive Director – Mac Charles (India) Ltd.	General Manager Le Meridien, Kochi	General Manager Royal Le Meridien, Chennai
Designation	Managing Director	Vice President Operations	Vice President Operations

Note : (1) Ms. S. C. Pardhanani, Managing Director is the daughter of Mr. C.B.Pardhanani, the Chairman of the Company.

(2) Mr. Rajesh Madan, Vice President Operations, resigned from service on 30.09.2013.

(3) Mr. Suresh Kumar Badlaney, Vice President Operations, joined service on 01.10.2013.

# MAC CHARLES (INDIA) LIMITED

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## EMPLOYEES

The relationship with employees has been cordial. The total number of persons employed by the Company is 373 as at 31 March 2014.

## AUDIT COMMITTEE

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

## AUDITORS' REPORT ON CORPORATE GOVERNANCE

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

## AUDITORS

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

## INTERNAL AUDITORS

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

## DEMATERIALISATION

The equity shares of the Company have been admitted for dematerialization with both the Depositories viz., Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The ISIN allotted to your Company's equity shares is INE435D01014.

## 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  
4 August 2014

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

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## AUDITOR'S 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 31 March 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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.

We state that no investor grievance is pending for a period exceeding one month as at 31 March 2014, as per the records maintained by the Company and as taken on record by the Share Transfer cum Share Holders Grievance Committee.

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

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

Bangalore  
4 August 2014

**Raj Kumar K**  
Partner (M.No.208039)