

*Le* MERIDIEN  
BANGALORE

# MAC CHARLES (INDIA) LIMITED

35th Annual Report 2014-15





**BOARD OF DIRECTORS**

<b>Mr. C. B. Pardhanani</b>	<b>Chairman</b>
<b>Ms. S. C. Pardhanani</b>	<b>Director</b>
<b>Mr. P. B. Appiah</b>	<b>Director</b>
<b>Mr. M. R. B. Punja</b>	<b>Director</b>
<b>Mr. Suresh Vaswani</b>	<b>Director</b>
<b>Ms. Tanya Girdhar John</b> (w.e.f. 21.08.2015)	<b>Director</b>

**VICE PRESIDENT FINANCE & COMPANY SECRETARY**

**Mr. M.S. Reddy**

**MANAGER & VICE PRESIDENT OPERATIONS**

**Mr. Suresh K Badlaney**

**CHIEF FINANCIAL OFFICER (CFO)**

**Mr. Pranisha K Rao**

**REGISTERED OFFICE**

**Le MERIDIEN - 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](mailto:secretarial@lemeridienbangalore.com)  
[secretarial@lemeridien-bangalore.com](mailto:secretarial@lemeridien-bangalore.com)

**PRINCIPAL BANKERS**

State Bank of India, Bangalore

State Bank of Mysore, Bangalore

HDFC Bank, Bangalore

**REGISTRARS &**

**SHARE TRANSFER AGENTS**

BgSE Financials Limited

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](mailto:manager_rta@bfsi.co.in)

**GRIEVANCE REDRESSAL DIVISION :**

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

Vice President Finance and Company

Secretary- cum - Compliance Officer

Tel : 080-2226 2233 / 2228 2828

Email : [investor.relations@maccharles.com](mailto:investor.relations@maccharles.com)

**AUDITORS**

K. B. Nambiar & Associates

Chartered Accountants

101, President Chambers

# 8, Richmond Road

Bangalore - 560 025

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*Thirtyfifth Annual General Meeting of **MAC CHARLES (INDIA) LTD.** will be held on **TUESDAY** the **29th SEPTEMBER 2015** at Hotel Le Meridien, No. 28, Sankey Road, Bangalore - 560 052 at **4.30 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

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 35th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2015.

### FINANCIAL RESULTS

(In Rs.)

Particulars	2014-15	2013-14
<b>Segmentwise Turnover/Revenue</b>		
(a) Hotel Sales turnover	<b>42,33,49,874</b>	39,38,81,027
(b) Sale of Electricity	<b>4,04,68,781</b>	3,41,59,115
(c) Interest on Corporate loan/ deposits Received	<b>9,09,80,633</b>	7,22,20,853
(d) Rent Received on Commercial Spaces at Cessna Business Park	<b>11,68,40,412</b>	7,19,34,079
(e) Dividend/ Profit/(Loss) on sale of investments	<b>4,60,29,384</b>	(6,50,02,911)
<b>Total</b>	<b>71,76,69,084</b>	50,71,92,163
<b>Profit before Depreciation, Finance Cost &amp; Tax</b>		
From Hotel Operations	<b>9,28,64,355</b>	9,24,63,600
From Investments other than the Hotel	<b>29,42,95,206</b>	11,33,11,136
	<b>38,71,59,561</b>	20,57,74,736
Less : Depreciation	<b>2,83,44,387</b>	6,51,31,429
Less : Finance Cost	<b>8,12,102</b>	11,03,382
<b>Profit before Tax</b>	<b>35,80,03,072</b>	13,95,39,925
From Hotel Operations	<b>6,37,07,866</b>	2,56,12,192
From Investments other than the Hotel	<b>29,42,95,206</b>	11,39,27,733
	<b>35,80,03,072</b>	13,95,39,925
Provision for tax for the year	<b>10,78,84,414</b>	7,14,25,505
<b>Profit for the year</b>	<b>25,01,18,658</b>	6,81,14,420
Add : Balance brought forward from the previous year	<b>17,17,15,493</b>	20,25,66,528
<b>Amount available for Appropriation</b>	<b>42,18,34,151</b>	27,06,80,948
<b>APPROPRIATIONS</b>		
(i) General Reserves	<b>10,00,00,000</b>	70,00,000
(ii) Dividend :	<b>10,48,08,416</b>	7,86,06,312
iii) Corporate Dividend Tax	<b>2,09,55,517</b>	1,33,59,143
iv) Balance carried to Balance Sheet	<b>19,60,70,218</b>	17,17,15,493

### TRANSFER TO RESERVES

During the financial year 2014-15 an amount of Rs.1000 lacs (Rs.70 lacs last year) has been transferred to General Reserve out of amount available for appropriations.

### HOTEL OPERATIONS

The Board is pleased to inform that during the financial year 2014-15 the overall revenue of the hotel was higher and with effective cost control & effective working capital management, the Company enhanced its operating performance which has already been highlighted above and in the Management Discussion & Analysis Report.

The Board is pleased to inform you that during the financial year 2014-15 the total revenue of the Company has increased to Rs.7177 lacs as compared to Rs.5052 lacs in the previous year. However, the Hotel revenue has marginally increased. The profit after tax for the year is Rs.2501 lacs during the financial year 2014-15 compared to Rs.681 lacs during financial year 2013-14. This increase has been mainly on account of 'other income' in the previous year. On the whole, the overall performance for the year has been higher with effective cost control, other segments & business and increase in business due to intensive efforts of marketing network. The Company has been able to retain market share through conference on business summits, out-door catering and also continuing in its leading position in wedding related business in the city. This success has been achieved despite new entrants into the hospitality business, and/or expansion in the existing ones. As a result, during the year new supply has hit the market with increasing inventory of rooms thereby reflecting an increase of 30% of inventory in the 5star and 5star deluxe segment in the city and is situated right in the middle of the Company's key corporate catchment areas. To make the matter worse, there has been acute competition due to variable discount factors offered by many of the members of the industry.

### FUTURE PROSPECTS

The future of the hotel industry is facing tough times ahead in view of cost cutting measure 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 strengthened despite the marginal increase 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 higher net profit after income tax. The segment performance is furnished elsewhere in the Annual Report.

### DIVIDEND

Your Directors have recommended a dividend of Rs.8 per Equity Share for the financial year ended March 31, 2015, amounting to Rs.10,48,08,416/- (exclusive of tax of Rs.2,09,55,517/-). The said dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the Register of Members as on 24th September 2015.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings during the year were Rs.1,365/- lakhs which is 32% of the Hotel Sales Turnover. The Foreign Exchange utilization during the year was Rs.180/- lakhs.

### SUBSIDIARY COMPANIES

The Company has one subsidiary, namely, Airport Golfview Hotels & Suites Pvt. Ltd., Kochi, a wholly owned and a non-material non-listed Indian Subsidiary.

In terms of proviso to sub section (3) of Section 129 of the Companies



Act, 2013, a report on the performance and financial position of the subsidiary of the Company is set out in the prescribed Form AOC-1, which forms a part of the Consolidated Financial Statements.

#### **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 Reports 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 information on energy conservation is detailed herein below.

- a) During the year under report, the Company has added two more Wind Turbine Generators with a capacity of 4.20 MW with the investment of Rs.24.50 crores apart from having existing capacity of 5.10MW 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 window with double glazed reflective glass with a view to save power an AC consumption.
- g) Installed two on load tap charger transformers for stabilizing 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 particular, pertaining to technology absorption 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.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board of Directors at its meeting held on 24.04.2015 has appointed Mr. Suresh Badlaney as Manager of the Company for a period of three years with effect from 01.04.2015 on the recommendation of Nomination & Remuneration Committee.

Pursuant to Section 149 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement with the Stock Exchanges, a Woman Director should be a member of the Board of Directors of the Company. In accordance with the laws, Ms. Tanya Girdhar John has been appointed as an Independent Additional Director of the Company with effect from 21.08.2015 and her candidature for appointment as an Independent Director has been sought from the Members in the ensuing Annual General Meeting of the Company. Brief profile of Ms. Tanya Girdhar John as required under Clause 49(VIII)(E) of the Listing Agreement is provided in the Notice convening the Annual General Meeting.

During the year, as on 31.03.2015, Ms. Sangeeta C. Pardhanani has resigned as Managing Director of the Company due to her pre-occupation elsewhere. The Board expressed its deep appreciation for the valuable services rendered by her and decided not to fill up the vacancy caused by her resignation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 the appointment of Mr. Suresh K Badlaney as Manager and Mr. Pranesha K Rao as CFO were formalized as the Key Managerial Personnel of the Company.

#### **BOARD EVALUATION**

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and corporate governance requirements as prescribed by SEBI under clause 49 of the listing Agreements. The performance of the Board was evaluated by the Board on the basis of the criteria such as the Board composition and structure, effectiveness of Board process, information and functioning etc. The performance of the committees was evaluated by the Board on the basis of the criteria such as the composition of the committees, effectiveness of committee meetings, etc. The Board and Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of individual director to the Board and committee meetings like preparedness on the issue to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In a separate meeting of independent directors, performance of non-independent director, performance of the Board as a whole and performance of Chairman was evaluated.



# MAC CHARLES (INDIA) LIMITED

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## NOMINATION & REMUNERATION POLICY

The Board of Directors, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration as required under Section 178 of the Companies Act, 2013 and Clause 49(IV) of the Listing Agreement with the Stock Exchanges. The Nomination & Remuneration Policy of the Company is annexed to this Report.

## NOMINATION & REMUNERATION COMMITTEE

Nomination and Remuneration Committee consists of the following directors namely Mr. C.B. Pardhanani, Chairman, and Mr. P.B. Appiah, Director.

Brief description of terms of reference:

- Identifying persons who are qualified to become directors and
- Identifying persons who may be appointed as Key Managerial Person, senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;
- Carry on the evaluation of every director's performance;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- Recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity; and
- Any other matter as the Board may decide from time to time.

## NOMINATION AND REMUNERATION POLICY

The objectives of the Policy

- 1) To lay down criteria and terms and conditions with regard to identifying person who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- 2) To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies.
- 3) To carry out evaluation of the performance of Directors.
- 4) To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 5) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

## CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' Corporate Governance as well as the Auditors' certificate

on the compliance of Corporate Governance are annexed and form part of the Annual Report.

## RISK MANAGEMENT COMMITTEE

Pursuant to Clause 49 of the Listing Agreement, the Company has constituted a Risk Management committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report.

Risk Management Committee consists of the following persons namely Mr. C.B. Pardhanani, Chairman, Mr. P.B. Appiah, Director. Mr. M.S. Reddy, V P Finance & Company Secretary acts as secretary to the committee.

The Company has a robust Risk Management framework to identify and evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on business objective and enhance the Company's competitive advantage. The risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The framework enables risks to be appropriately rated and graded in accordance with their potential impact and likelihood. The two key components of risks are the probability (likelihood) of occurrence, if the risk occurs. Risk is analyzed by combining estimates of probability and impact in the context of existing control measures.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended March 31, 2015 and states that:

- a) In the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to materials departures, if any;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments 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 under review and of the profit or loss of the Company for that period;
- c) The Directors have 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 detection fraud and other irregularities;
- d) The directors have prepared the annual accounts on a going concern basis;
- e) The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## PARTICULARS OF EMPLOYEES

Information as per Rules 5(2) & (3) of the Companies (Appointment



and Remuneration of Managerial Personnel) Rules, 2015, a statement showing the names and other particulars of the employees drawing

remuneration in excess of the limits set out in the said rules is appended below:

**Employed for the year :**

<b>Name</b>	<b>Ms.S.C.Pardhanani</b>
Age	46 Years
Remuneration	Rs.1,54,94,273/-
Qualification	B.Com., DBM
Experience	12 Years
Date of commencement of employment	01.10.2002
Last Employment held	Executive Director – Mac Charles (India) Ltd.
Designation	Managing Director
Shares held in the Company	Nil
Whether related to any Director	She is daughter of Mr. C.B. Pardhanani, Chairman

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

There were no contracts or arrangements entered into by the Company in accordance with the Section 188 of the Companies Act, 2013. However, there were material related party transactions in terms of Clause 49 of the Listing Agreements. All material related party transactions that were entered by the Company during the financial year were in the ordinary course of business and on an arm's length basis. All related party transactions are presented to the Audit Committee and the Board for approval.

The policy on materiality of related party transactions and dealing with related party transactions as approved by the Board can be accessed on the Company's website.

The details of the transactions with related party are provided in the accompanying financial statements.

**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 & AUDITORS' REPORT**

M/s. K.B. Nambiar & Associates, Chartered Accountants, Bangalore Firm (Firm Registration No. 002313S) was appointed as Statutory Auditors of the Company at the last Annual General Meeting held on 22nd September 2014 to hold office upto the conclusion of the fourth consecutive Annual General Meeting subject to ratification by the members at every Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

The notes on accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

**INTERNAL AUDITORS**

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

**SECRETARIAL AUDITOR**

The Board has appointed M/s. VCS & Associates, Bangalore, Practicing Company Secretaries to conduct Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2015-16. The Secretarial Audit Report does not contain

any qualification, reservation or adverse remark.

**MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Report on Management Discussion and Analysis and Corporate Governance and Compliance Certificate on Corporate Governance are annexed to this Report.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In line with the requirement of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee has been constituted by the Board of Directors of the Company at its meeting held on 22.01.2015. The said Committee comprises of Mr. C.B. Pardhanani Chairman of the Company and Mr. P.B. Appiah the Chairman of the Audit Committee.

As required under Section 135 of the Companies Act, 2013, the Board of Directors at its meeting held on 22.01.2015, has devised a Corporate Social Responsibility Policy which inter alia includes the constitution of the said committee and corporate social responsibility activities to be taken by the Company. The said policy may be referred at the Company's website. The Annual Report on CSR activities is annexed to this Report.

**DISCLOSURES:**

**A) MEETINGS OF THE BOARD**

Five (5) meetings of the Board of Directors were held during the year. The details of the Board Meeting and the attendance of the Directors are provided in the Corporate Governance Report.

**B) COMPOSITION OF AUDIT COMMITTEE**

The Audit Committee comprises three (3) Directors amongst which two (2) are Independent Non-Executive Directors, namely Mr. P.B. Appiah and Mr. M.R.B. Punja and one (1) is Mr. C.B. Pardhanani Chairman of the Company. All the recommendations made by the Audit Committee were accepted by the Board.

**C) VIGIL MECHANISM/WHISTLE BLOWER POLICY**

Pursuant to Section 177 of the Companies Act, 2013 read with Clause 49(II)(F) of the Listing Agreement with the Stock Exchanges, the Board of Directors at its meeting held on 22.01.2015 has adopted a vigil mechanism/whistle blower policy of the Company. The policy provides a framework for directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

# MAC CHARLES (INDIA) LIMITED

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Protected disclosures can be made by a whistle blower through and email or to the Chairman of the Audit Committee. The vigil mechanism/whistle blower policy can be accessed on the Company's website.

## **D) DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance towards sexual harassment at workplace and during the year under review, your Board has constituted an internal Complaints Committee to consider and redress complaints of sexual harassment & also adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

During the financial year 2014-15, the Company has received no complaints on sexual harassment.

## **E) PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN AND SECURITY PROVIDED**

Particulars of loans given, investments made, along with the purpose for which the loan is proposed to be utilized by the recipient are provided in the financial statements.

## **F) PARTICULARS OF REMUNERATION**

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided elsewhere in this report.

## **G) GENERAL**

Your directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.

3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts of Tribunals which impact the going concern status and Company's operations in future.

## **DEMATERIALIZATION**

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, State Bank of Mysore and HDFC Bank 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 / Starwood Hotels & Resorts. 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  
21 August 2015

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



**Annexure A****EXTRACT FROM NOMINATION AND REMUNERATION POLICY****Policy on Appointment and Removal of Directors, Key Managerial Personnel and Senior Management****A. Eligibility or Criteria for Appointment****Educational Qualification**

No person shall be eligible for appointment as a Director, Key Managerial Personnel and / or Senior Management Personnel unless he / she possesses at least a bachelors' degree in a recognized and relevant field. Educational qualification over and above the bachelors' degree, though not mandatory, shall be preferable. However, the requirement of minimum educational qualification can be waived if the candidate showcases exceptional knowledge, talent, creativity and / or aptitude for the position.

**Experience**

A person shall be eligible for appointment as a Director, Key Managerial Personnel and / or Senior Management Personnel if he / she possess adequate experience in the respective field(s). Between two candidates possessing same / similar educational qualification, the person with more experience will ordinarily be preferred. Experience in diverse fields will be given due weightage.

**Integrity**

The person considered for appointment shall be a person of integrity and good standing. No person convicted of any offence involving moral turpitude shall be considered for appointment to post of a Director, Key Managerial Personnel and / or Senior Management.

**Age**

A person shall not be considered for appointment to the post of a Whole-time Director of the Company if he / she has attained the age of seventy years.

**Independence**

No person shall be appointed as an Independent Director of the Company unless he / she meets the criteria of independence as specified in the Companies Act, 2013 and Listing Agreement.

**Limits on Directorship**

No person shall be appointed as a Whole-time Director / Independent Director of the Company unless such directorship is within the limits prescribed by law in this behalf.

**Limits on Committee Membership**

The number of Chairmanship or membership of committees held by a person shall be within the limits prescribed by law in this behalf in order to be considered for appointment as a Whole-time Director / Independent Director of the Company.

**B. Term of Office****Whole-time Director**

- i. The Whole-time Director(s) of the Company shall be appointed for a term not exceeding five years at a time.
- ii. The Whole-time Director(s) shall be eligible for re-appointment for further terms not exceeding five years at a time subject to the approval of members of the Company.
- iii. No such re-appointment shall be made earlier than one year before the expiry of the current term.

**Independent Director(s)**

- i. An Independent Director shall hold office for a term up to five consecutive years on the Board of Directors of the Company.
- ii. An Independent Director shall be eligible for re-appointment for another term up to five consecutive years on passing of a special resolution in this regard by the members of the Company.
- iii. No Independent Director shall hold office for more than two consecutive terms. An Independent Director shall be eligible for reappointment after the expiry of three years of ceasing to be an Independent Director where he/she has served for two consecutive terms.

**Key Managerial Personnel and Senior Management**

- i. The term of office of Key Managerial Personnel and Senior Management of the Company shall be in accordance with the prevailing Human Resource policy of the Company.



# MAC CHARLES (INDIA) LIMITED

## Annexure B

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

#### 1. Brief Outline of CSR Policy

The Board of Directors upon the recommendation of the Corporate Social Responsibility Committee have identified the following areas listed in Schedule VII of the Companies Act, 2013 for carrying out its CSR activities:

- i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. measures for the benefit of armed forces veterans, war widows and their dependents;
- iv. training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- v. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- vi. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- vii. rural development projects

c. Manner in which the amount was spent during the financial year is detailed below

Sl No.	CSR project or activity identified	Sector in which the activity is covered	Projects or activity (1) Local Area or Other (2) Specify the State and District where Projects/Programme undertaken	Amount Outlay (Budget) project / programs wise	Amount spent on the projects or activity	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing agency*
1	Promoting Education and Healthcare	including special education and employment enhancing vocation skills especially among children.	Bangalore Karnataka	25,09,773	12,30,000	22,90,000	—

#### 6. Responsibility Statement

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

Bangalore  
21 August, 2015

**P.B. Appiah**  
Member, CSR committee

**C.B. Pardhanani**  
Chairman

viii. Slum Area Development

ix. Such other areas as may be included in Schedule VII of the Companies Act, 2013 from time to time

The Projects / Programmes may be undertaken by an Implementation Agency or the Company directly provided that such projects / programmes are in line with the activities enumerated in Schedule VII of the Companies Act, 2013.

The detailed Corporate Social Responsibility Policy is available on the website of the Company.

#### 2. Composition of CSR Committee

The Corporate Social Responsibility (CSR) Committee comprises of the following members:

1. Mr. C. B. Pardhanani - Chairman
2. Mr. P.B. Appiah- Director - Member

#### 3. Average Net Profits

The average net profits, i.e. profits before tax of the Company during the three immediately preceding financial years was Rs. 12,54,88,647

#### 4. Prescribed CSR Expenditure

The prescribed CSR expenditure was Rs. 25,09,773, i.e. 2% of the average net profits mentioned in Point 3 above.

#### 5. Details of CSR Spend

- a. Total amount spent for the financial year 2014-15: Rs. 12,30,000/-
- b. Amount unspent: Rs. 12,79,773/-. The reason for unspent money is due to delay in identifying the most deserving trusts for education and health care



**CHIEF EXECUTIVE OFFICER (CEO) AND  
CHIEF FINANCIAL OFFICER (CFO) CERTIFICATE**  
(As per Clause 49 of the Listing Agreement)

We certify that:

1. We have reviewed the financial statements and cash flow statement of Mac Charles (India) Limited for the financial year ended March 31, 2015 and to the best of our knowledge and belief;
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are, no transactions entered into by the Company during the financial year ended 31st March 2015, which are fraudulent, illegal or violating the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of Internal Control Systems of the Company over financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
4. We have indicated to the auditors and the audit committee:
  - (i) significant changes / improvements in internal controls over financial reporting during the financial year ended 31st March 2015.
  - (ii) significant changes in accounting policies made during the financial year ended March 31, 2015, if any have been disclosed in the notes to the financial statements.
  - (iii) that there are no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Bangalore  
21 August, 2015

**Pranisha K Rao**  
Chief Financial Officer (CFO)

**Suresh K Badlaney**  
Manager (CEO)

**CERTIFICATE**

**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 2015, 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 has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance as stipulated in the said clause. 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 and based on the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement subject to Whistleblower's policy which is required to be hosted on the company's website under clause 49(II)F.

We state that no Investor Grievance is pending for a period exceeding one month as at 31 March 2015, 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  
21 August 2015

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