

Mac Charles (India) Ltd.

Regd. Office :
P. B. No. 174,
28, Sankey Road,
Bangalore - 560 052

Tel : 2226 2233 / 2228 2828
Fax : Intl. (0091-80) 2226 7676 / 2226 2050
E-mail : leme@lemeridienbangalore.com

August 1, 2018

Script Code : 507836

The Manager
Dept. of Corporate Services / Listing
THE BOMBAY STOCK EXCHANGE LTD.
25th Floor, P J Towers
Dalal Street,
Mumbai - 400 001.

Dear Sir,

Sub : Submission of Annual Report For The Financial Year 2017-18

With reference to the above, please find the Annual Report for the financial year ended 2017-18 this is for your kind perusal and records.

Thanking you,

Yours truly,
For MAC CHARLES (INDIA) LIMITED



M. S. REDDY
Executive Director & Company Secretary
-cum-Compliance Officer



Encl. : as above

Le MERIDIEN
BANGALORE

MAC CHARLES (INDIA) LIMITED

38th Annual Report 2017-18





BOARD ROOM



BANQUET HALL CORONET

BOARD OF DIRECTORS

Mr. C. B. Pardhanani	Chairman
Mr. P. B. Appiah	Director
Mr. M. R. B. Punja (Resigned w.e.f. 20.11.2017)	Director
Mr. Suresh Vaswani	Director
Mr. P. R. Ramakrishnan	Director
Mr. Aditya Virwani	Director
Ms. Tanya Girdhar	Director

**EXECUTIVE DIRECTOR &
COMPANY SECRETARY**

Mr. M. S. Reddy

**MANAGER & VICE PRESIDENT
OPERATIONS**

Mr. Suresh K Badlaney

CHIEF FINANCIAL OFFICER

Mr. Pranesha K Rao

REGISTERED OFFICE

- BANGALORE

28, Sankey Road, Bengaluru - 560 052

Tel : 080-2226 2233 / 2228 2828

Fax : 080-2226 7676 / 2226 2050

CIN : L55101KA1979PLC003620

website : maccharlesindia.com

e-mail : secretarial@lemeridienbangalore.com

PRINCIPAL BANKERS

State Bank of India

HDFC Bank Ltd.

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REGISTRARS &

SHARE TRANSFER AGENTS

BgSE Financials Limited

Registrar & Transfer Agent (RTA Division)

No. 51, 1st Cross, J.C. Road,

Bengaluru - 560 027.

Tel: 080-4132 9661, 4140 5259

Fax: 080-4157 5232

Email: avp_rta@bfsi.co.in

GRIEVANCE REDRESSAL DIVISION:

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

Executive Director & Company Secretary

- cum - Compliance Officer

Tel : 080-2226 2233 / 2228 2828

Email: investor.relations@maccharles.com

AUDITORS

B S R & ASSOCIATES LLP

Chartered Accountants

Maruthi Info-Tech Centre

11-12/1, Inner Ring Road

Koramangala

Bengaluru - 560 071

*Thirty-Eighth Annual General Meeting of **MAC CHARLES (INDIA) LTD.** will be held on **MONDAY** the **30th JULY 2018** at Hotel Le Meridien, No. 28, Sankey Road, Bengaluru - 560 052 at **11:30 a.m.***

Note:

(a) As a measure of economy, copies of Annual Report will not be distributed at the Meeting.

Members are requested to kindly bring their copies to the Meeting.

(b) Children accompanying a member / proxy will not be allowed inside the meeting hall.

MAC CHARLES (INDIA) LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of the Members of M/s. Mac Charles (India) Limited will be held at Le Meridien, No.28, Sankey Road, Bengaluru – 560052 on Monday the 30th July 2018 at 11.30 a.m. to transact following businesses:

A. Ordinary Business:

1. To receive, consider and adopt Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March 2018, the Reports of Board of Directors and Auditors thereon.
2. To receive, consider and adopt Audited consolidated Financial Statements of the Company for the Financial Year ended 31st March 2018, the Reports of Board of Directors and Auditors thereon.
3. To declare dividend on equity shares for the year ended 31st March 2018.
4. To appoint a Director in place of Mr. P R Ramakrishnan (DIN 00055416), who retires by rotation and being eligible, offers himself for re - appointment.
5. 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 Mr. Suresh Vaswani (DIN 06645434), who was appointed as a rotational Director of the Company at the Annual General Meeting of the Company held on 25.09.2017 be and is hereby appointed as an Independent Director of the Company for five years from 30.07.2018.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Act, read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Suresh Vaswani 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 an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from 30.07.2018 up to 29.07.2023.”

By Order of the Board

M.S. REDDY
Company Secretary

Bengaluru
23, May 2018

NOTES

- a) The Register of Members and Share Transfer Book will remain closed from 20.07.2018 to 30.07.2018.
- b) 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, to be effective, must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
- c) 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.
- d) 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.
- e) 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.
- f) 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, Bengaluru – 560 027.
 - (ii) If shares are held in 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.
- g) **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

Procedure / Instructions for e-Voting are as under:

- (i) The Voting period begins on 26.07.2018 (from 9.00 a.m.) and ends on 29.07.2018 (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 20.07.2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The results will be announced and published on 31.07.2018.

- (ii) The Shareholders should log on to the e-Voting website www.evotingindia.com during the voting period
- (iii) Click on "Shareholders" tab
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,
 - c. 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 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*	PAN* Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> 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. 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. E.g. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.
DOB#	Enter the Date of Birth as recorded 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#	Enter the Dividend Bank Details as recorded in your demat account or in the Company's records for the said demat account or folio. <ul style="list-style-type: none"> 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 cutoff date in the Dividend Bank details field
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- (viii) After existing these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding share in demat form will now reach 'Password Creation' menu wherein they are required

MAC CHARLES (INDIA) LIMITED

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.
- (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 & entering 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](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.
 - After receiving the login details they must 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 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 under help selection or write an email to helpdesk.evoting@cdslindia.com.
- h) The results of the e-voting along with the scrutinizer’s report shall be placed in the Company’s website 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.
- i) Corporate members intending to send their authorized 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.
- j) 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).
- k) 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, to make the management to furnish the clarification.

EXPLANATORY STATEMENT

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

The following Explanatory Statement sets out the material facts relating to the business under item No. 5 of the accompanying Notice dated 23rd May 2018.

ITEM No. 5

- a. Mr. Suresh Vaswani was appointed as a Director of the company on 25.09.2017.
- b. Mr. Suresh Vaswani is a Non-Executive Director and considered as Independent as per SEBI regulations.
- d. 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.
- e. 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 29.07.2023.

- f. 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.
- g. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the Appointment of Mr. Suresh Vaswani as Independent Director is now being placed before the Members in general meeting for their approval.
- h. 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.
- i. Mr. Suresh Vaswani 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. 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.5 of the Notice.

I. DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE LISTING REGULATIONS

Re-appointment of Mr. P R Ramakrishnan:

In terms of Section 152 (6) of the Companies Act, 2013, Mr. P R Ramakrishnan shall retire by rotation at the forthcoming AGM and being eligible offers himself for reappointment.

Brief profile of the Director: Mr. P.R. Ramakrishnan is an experienced Chartered Accountant and is the Executive Director (Finance), Embassy Group of Companies.

Upon his re-appointment as a Director, Mr. P.R. Ramakrishnan shall continue to hold office as Non-Executive Director. Accordingly, the Board recommends his re-appointment.

Except for Mr. P R Ramakrishnan being an appointee, none of the Directors except Mr. Adithya Virwani, Key Managerial Personnel's and their relatives are in any way concerned or interested, financially or otherwise in the proposed resolution. This explanatory statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By Order of the Board

M.S. REDDY
Company Secretary

Bengaluru
23, May 2018

MAC CHARLES (INDIA) LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 38th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2018.

FINANCIAL RESULTS

(Rs. in millions)

Particulars	2017-18	2016-17
Segmentwise Turnover/Revenue		
(a) Hotel Sales turnover	512.36	468.34
(b) Sale of Electricity	76.16	83.38
(c) Interest on Corporate loan/ deposits Received	69.04	91.31
(d) Rent Received on Commercial Spaces at Cessna Business Park	141.08	127.06
(e) Others	37.26	20.91
Total	835.90	790.99
Profit before Depreciation, Finance Cost & Tax	407.29	440.65
From Hotel Operations	121.03	137.37
From Segments other than the Hotel	286.28	303.28
	407.29	440.65
Less : Depreciation	52.05	50.32
Less : Finance Cost	62.83	6.71
Profit before Tax	292.41	383.62
Provision for tax for the year	81.76	95.36
Profit for the year	210.65	288.26

TRANSFER TO RESERVES

During the financial year 2017-18 an amount of Rs.30/- millions (Rs.50/- millions last year) has been transferred to General Reserve out of amount available for appropriations.

HOTEL OPERATIONS

The Board is happy to inform that during the financial year 2017-18 the overall revenue of the hotel was higher and with higher cost, the Company tried its best to show comparatively lower operating performance which has been highlighted above and in the Management Discussion & Analysis Report.

During the financial year 2017-18 the total revenue of the company has increased to Rs.836/- millions as compared to Rs.800/- millions in the previous year. The profit after tax for the year is Rs.211/- millions during the financial year 2017-18 as compared to Rs.292/- millions during financial year 2016-17. This decrease has been mainly because of higher expenditure mainly employee costs and interest cost during the financial year. On the whole, the overall performance for the year has been lower. The Company has been able to retain market share through conference on business summits, out-door catering and continuing in its leading position in wedding

related business in the city. This performance has been achieved despite new entrants into the hospitality business, expansion in the existing ones and liquor ban for 4 months. As a result, during the year, new supply as especially in our neighborhood has hit the market with increased inventory of rooms thereby reflecting an increase of 40% of inventory in the 5 star and 5-star deluxe segments in the city. To make the matter worse, there has been acute competition due to variable discount factors offered by many of the members of the hotel industry.

FUTURE PROSPECTS

The future of the hotel industry is showing encouraging trend of higher occupancy, but tariffs are not-going up due to competition and cost cutting measure initiated by the corporate companies in the competitive economy prevailing worldwide. Further availability of video conferencing and convenient airline facility are enabling the business traveler to skip room bookings. In addition, there is a substantial increase in supply side of the five-star hotels in Bengaluru especially in the neighborhood resulting in lower occupancy and undercutting of rates. The liquor sale has been banned as the Hotel is situated on the National Highway, which has since been lifted in the financial year under report. 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 moderate increase in overall costs. The Company's diversification into electricity generation through Wind Turbine Generators and other sources of income from investments have helped pushing up the bottom-line and the Company is able to show reasonable net profit after income tax. The segment performance is furnished elsewhere in the Annual Report.

DIVIDEND

Your Directors have recommended, the dividend of Rs.10/- per Equity Share for the financial year ended March 31, 2018.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings during the year were Rs.144 million which is 28% of the Hotel Sales Turnover. The Foreign Exchange utilization during the year was Rs.20 million.

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.

DEBT

During the year under report, the Company has entered into Lease Rental Discounting arrangement with HDFC Bank Ltd for its borrowing facilities. The Company was sanctioned borrowing facilities aggregating to Rs.1240/- millions from the

HDFC Bank Ltd. The outstanding debt as on March 31, 2018 was 1240/- millions. The above borrowing is within the powers of the Board of Directors of the Company.

DUES TO SMALLSCALE 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 regulations framed by the Stock Exchanges/SEBI. Members will be happy to know that their Company is complying with the stipulations of the new regulations as on date. In line with this requirement, 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 generated about 20 millions of units' green power which is being utilized partially for captive consumption of the Hotel & group company 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 up to 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 on 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 particulars, 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 sound free fridges in guest rooms and various latest hotel operational equipments. Further the Hotel has been conforming to the stringent Marriott International Standards.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Ramakrishnan P.R and Mr. Aditya Virwani have been appointed as Non-Executive Directors at the AGM held on 25.09.2017. Mr. M.R.B. Punja, Independent Director resigned from the Board / Audit Committee on 20.11.2017 and the Board took on record its appreciation for valuable services rendered by him to the Company. In his place, Mr. Suresh Vaswani is proposed to be appointed as an independent Director at the ensuing AGM.

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 SEBI and Stock Exchange regulations

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/BSE. The performance of the Board was evaluated by the Board based on 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 based on the criteria such as the composition of the committee's effectiveness of committee meetings, etc. The Board and Nomination and Remuneration Committee reviewed the performance of the individual directors based on 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 directors, performance of the Board and performance of Chairman was evaluated.

BOARD DIVERSITY

A diverse Board enables efficient functioning through differences in perspective and skill, and fosters differentiated thought processes at the back of varied industrial and management expertise, gender, knowledge and geographical background. Your Board recognizes the importance of a diverse composition and has adopted a Board Diversity Policy which sets out the approach to diversity. The Board diversity policy is available on our website maccharlesindia.com

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

MAC CHARLES (INDIA) LIMITED

Management and their remuneration as required under Section 178 of the Companies Act, 2013. 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, Independent Director and Ms. Tanya Girdhar, Independent 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 Personnel, 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 :

- a) To lay down criteria and terms and conditions about 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.
- b) To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies.
- c) To carry out evaluation of the performance of Directors.
- d) To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- e) 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 SEBI Regulations, 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

Pursuant to section 134 (3)(n) of the Companies Act, 2013 & regulation 17 of the Listing Regulations, the Company has constituted a Risk Management Committee.

As part of the risk assessment and minimization procedures, the Company had identified certain risk areas about the operations of the Company and initiated steps, wherever possible, for risk minimization. The Company's Board is conscious of the need to review the risk assessment and minimization procedures on regular intervals. During the year under review the Company has not received any order passed by the regulators/ courts/ tribunals which impacted the going concern status and Company's operation in future.

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 31st, 2018 and states that:

- a) In the preparation of the annual accounts for the year ended March 31, 2018, 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 to give a true and fair view of the 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 detecting 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

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other of the employees drawing remuneration more than the limits set out in the said Rules are provided in the **Annexure** forming part of the Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There was one contract or arrangement entered by the Company in accordance with the Section 188 of the Companies Act, 2013, being the advance of 1839 millions paid to M/s. LJ Victoria Property Pvt. Ltd. towards purchase of property in Bengaluru. However, there were material related party transactions in terms BSE/SEBI regulations. 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 of Directors 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.

PRACTICING COMPANY SECRETARY'S REPORT ON CORPORATE GOVERNANCE

As per BSE/SEBI regulation, the Practicing Company Secretary's Certificate is given as an annexure to the Directors Report.

AUDITORS & AUDITORS' REPORT

M/s. BSR & Associates LLP, Chartered Accountants, Bengaluru Firm (Firm Registration No. 101248 w/w - 100022) was appointed as Statutory Auditors of the Company at the last Annual General Meeting held on 25th September 2017 to hold office up to the conclusion of the 42nd Annual General Meeting of the company. The notes on accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments. There are no frauds reported by the Auditors during the Financial Year under report.

INTERNAL AUDITORS

M/s. Ernst & Young LLP, Bengaluru 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 B. Chandu Narayan, Practicing Company Secretary, Bengaluru to conduct Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2017-18. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed elsewhere in this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE

Report on Management Discussion & Analysis and Corporate Governance and Compliance Certificate on Corporate Governance is 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 05.02.2016. The said Committee comprises of Mr. C.B. Pardhanani Chairman of the Company Mr. P.B. Appiah the Chairman of the Audit Committee and Ms. Tanya Girdhar, Independent Director.

As required under Section 135 of the Companies Act, 2013, the Board of Directors at its meeting held on 05.02.2016, has devised a Corporate Social Responsibility Policy which inter alia includes the constitution of the said committee and corporate social responsibility activities to be under 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.

INTERNAL FINANCIAL CONTROL POLICY AND ITS ADEQUACY

The Board has adopted an Internal Financial Control Policy to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial control system periodically. The observations and comments of the Audit Committee are placed before the Board.

DISCLOSURES:

A) MEETINGS OF THE BOARD

Four (4) meetings of the Board of Directors were held during the financial year under report. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report.

B) COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises four (4) Directors amongst which two (2) are Independent Non-Executive Directors, namely Mr. P.B. Appiah Chairman of the Audit Committee and Mr. M.R.B. Punja / Ms. Tanya Girdhar, one (1) Non-executive director namely Mr. P.R. Ramakrishnan 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 of Directors.

C) VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to Section 177 of the Companies Act, 2013 read with listing Regulations, the Board of Directors at its meeting held on 05.02.2016 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. Protected disclosures can be made by a whistle blower through an email or direct access to the Chairman of the Audit Committee. The vigil mechanism/whistle blower policy can be accessed on the Company's website maccharlesindia.com