

## McDOWELL HOLDINGS LIMITED

Registered Office: 20/2, Vittal Mallya Road, Bangalore - 560 001.

**NOTICE IS HEREBY GIVEN OF THE SIXTH ANNUAL GENERAL MEETING** of the Company to be held at Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025, on Wednesday, September 29, 2010, at 2.00 p.m. for the following purposes:

1. To receive and consider the accounts for the year ended March 31, 2010 and the reports of the Auditors and Directors thereon;
2. To elect a Director in the place of Mr. M R Doraiswamy lyengar, who retires by rotation and being eligible, offers himself for re-appointment;
3. To elect a Director in the place of Mr. S G Ruparel, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint Auditors and fix their remuneration.

By order of the Board

Ritesh Shah  
Company Secretary

Bangalore  
August 20, 2010

### Notes:

- 1) Brief particulars of the Directors proposed to be re-appointed at the Annual General Meeting are given in the Corporate Governance Report.
- 2) **A SHAREHOLDER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF ONLY ON A POLL. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for the holding of the Meeting.

- 3) The Transfer Books and Register of Members will remain closed from Monday, September 27, 2010, to Wednesday, September 29, 2010 (both days inclusive).
- 4) Members are requested to intimate immediately to the Company's Registrars and Transfer Agents, M/s. Alpha Systems Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 (Telephone No. 080-23460815-818 Fax No. 080 2346 0819), any change in their registered addresses along with Pin Code Number.
- 5) Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note No. 4 above.
- 6) Members may please address all their documents/ correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note no. 4 above.
- 7) Nomination facility for shares is available for members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents at the address as stated in Note no. 4 above.
- 8) The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialised. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerialising their shareholdings in the Company.

- 9) The Company has designated an exclusive e-mail id viz, mhlinvestor@ubmail.com to enable the investors to post their grievances and monitor its redressal.
- 10) There is no unclaimed dividend required to be transferred to the Investor Education and Protection Fund.
- 11) Members attending the Annual General Meeting are requested to bring with them the following:
  - a. Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting;
  - b. The Attendance Slip duly completed and clearly indicating their DP ID & Client ID, in case of shares held in dematerialized mode and Folio Number, in case of shares held in physical mode, to facilitate identification of membership at the Meeting.
- 12) The Company would accept only the Attendance Slip from a member actually attending the Meeting, or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours prior to the Meeting.
- 13) Attendance Slips of Members/valid proxies not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted from any other member/person.
- 14) The Meeting is for members or their proxies only. Please avoid being accompanied by non-members/children.
- 15) Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

By order of the Board

Bangalore  
August 20, 2010

Ritesh Shah  
Company Secretary

UB  
GROUP



# McDowell Holdings Limited

ANNUAL REPORT 2009 - 2010

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## BOARD OF DIRECTORS

**DR. VIJAY MALLYA**

CHAIRMAN

**A. HARISH BHAT**

MANAGING DIRECTOR

**N. SRINIVASAN**

DIRECTOR

**M. R. DORAISWAMY IYENGAR**

DIRECTOR

**S. G. RUPAREL**

DIRECTOR

**S. N. PRASAD**

DIRECTOR

**COMPANY SECRETARY**

RITESH SHAH

**AUDITORS**

VISHNU RAM & CO., CHARTERED ACCOUNTANTS, BANGALORE

**REGISTERED OFFICE**

20/2, VITTAL MALLYA ROAD

BANGALORE – 560 001

Your Directors present the Sixth Annual Report of your Company and the audited accounts for the year ended March 31, 2010.

## FINANCIAL RESULTS

Particulars	For the Financial Year Ended	
	31.03.2010 (Rs.)	31.03.2009 (Rs.)
Income	<b>66,177,272</b>	18,898,901
Less : Expenditure	<b>4,236,877</b>	4,133,362
Profit for the year before interest & tax	<b>61,940,395</b>	14,765,539
Less : Interest	<b>31,350,001</b>	24,931,645
Profit / (Loss) for the year before tax	<b>30,590,394</b>	(10,166,106)
Less: Provision for tax	<b>4,335,000</b>	800,000
Profit / (Loss) after tax	<b>26,255,394</b>	(10,966,106)
Less: Transfer to Statutory Reserve Fund	<b>5,251,079</b>	-
Balance brought forward from previous year	<b>7,707,924</b>	18,674,030
<b>Balance carried forward to the Balance Sheet</b>	<b>28,712,239</b>	7,707,924

## DIVIDEND

In order to conserve the resources for operations, your Directors do not recommend any dividend on equity shares for the year ended March 31, 2010.

## REVIEW OF OPERATIONS

The total income of the Company during the financial year under review has increased to Rs. 66,177,272 against Rs. 18,898,901 in the previous financial year. The income from operations includes profit on sale of non-core investments amounting to Rs. 51,849,790. The total expenditure during the year was Rs. 4,236,877 against Rs. 4,133,362 in the previous financial year. After providing for a sum of Rs. 31,350,001 towards interest on inter corporate deposit (previous year : Rs. 24,931,645) and Rs. 4,335,000 towards Provision for tax (previous year : Rs. 800,000), the Company has recorded net profit of Rs. 26,255,394 for the year under review against net loss of Rs. 10,966,106 in the previous financial year.

A sum of Rs. 5,251,079 (previous year : Nil), has been transferred to Statutory Reserve Fund, pursuant to the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

## FUTURE PROSPECTS

Your Company continues to hold significant investments in the UB Group companies. The financial year under review saw the economy recovering from the recession witnessed in the earlier years. The Performance of the Investee Companies is expected to improve in the current financial year, which would result in higher dividend yield in the coming year.

During the year under review, the Company sold its entire non-core investments and utilised the sale proceeds towards part payment of the inter-corporate deposit alongwith accrued interest.

## Report of the Directors (Contd.)

The Company will continue to focus on making long-term strategic investments in various new ventures promoted by the UB group, besides consolidating the existing investments through further investments in the existing Companies as and when opportunities and resources are available.

### INVESTMENT PORTFOLIO

Your Directors are pleased to report that due to appreciation in the market value of the quoted investments, the Net Asset Value (NAV) of the Company's equity share as on March 31, 2010, works out to Rs. 307.70 per equity share compared to Rs. 197.90 as at the end of the previous year.

### DIRECTORS

Mr. M R Doraiswamy Iyengar and Mr. S G Ruparel, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

As per the declarations received, none of the Directors of the Company is disqualified to be appointed as a Director of any Public Limited Company in terms of Section 274 (1) (g) of the Companies Act, 1956.

### AUDITORS

M/s. Vishnu Ram & Co., Chartered Accountants, the retiring Auditors, are eligible for re-appointment at the ensuing Annual General Meeting and it is necessary to fix their remuneration.

### LISTING OF EQUITY SHARES OF THE COMPANY

The equity shares of your Company continue to be listed on Bangalore Stock Exchange Limited (Regional Exchange), Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Annual Listing fees for the year 2010-11 have been paid to these Stock Exchanges.

### DEPOSITORY SYSTEM

The trading in the equity shares of your Company is under compulsory dematerialisation mode. As on August 13, 2010 (i.e. date of last benpos), equity shares representing 95.02 % of the equity share capital are in dematerialised form.

### REGISTRATION WITH RESERVE BANK OF INDIA AS NON BANKING FINANCIAL COMPANY

The approval of Reserve Bank of India, registering your Company as Non-Banking (non deposit taking) Financial Company, has been granted on August 12, 2010.

### SHIFTING OF REGISTERED OFFICE

Pursuant to the decision taken by the Board of Directors of the Company, the Registered Office of your Company will be shifted from 20/2, Vittal Mallya Road, Bangalore – 560 001 to Canberra, Level 9, UB City, #24, Vittal Mallya Road, Bangalore – 560 001, with effect from September 01, 2010.

### CORPORATE GOVERNANCE

A report on Corporate Governance is annexed separately as part of the Annual Report along with a certificate of compliance from the Auditors. Necessary requirements of obtaining certifications / declarations in terms of Clause 49 of the listing agreement with the stock exchanges have been complied with.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to Clause 49 of the listing agreement with the stock exchanges, Management Discussion and Analysis Report is annexed and forms an integral part of the Annual Report.

**CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION ETC.**

Your Company has not undertaken any activity relating to conservation of energy and technology absorption and hence there is nothing to be disclosed pursuant to Section 217 (1) (e) of the Companies Act, 1956, during the year under review.

During the year under review, the Company had no transactions in foreign exchange and no expenditure was incurred on Research & Development.

**EMPLOYEES**

The Company has no employee in respect of whom Statement under Section 217 (2A) of the Companies Act, 1956, is required to be annexed.

**FIXED DEPOSITS**

The Company has not accepted any deposits from public during the year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required in terms of Section 217 (2AA) of the Companies Act, 1956, your Directors wish to state as under –

- a. That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. That the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. That the Directors have prepared the Annual Accounts on a going concern basis.

**ACKNOWLEDGEMENT**

Your Directors wish to acknowledge the co-operation, understanding and support extended by the Group Companies, Regulatory bodies, Shareholders and Bankers.

**By Authority of the Board**

August 20, 2010  
Bangalore

**Dr. Vijay Mallaya**  
Chairman

# Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes in the need for upholding the highest standard of Corporate Governance in its operations and ensuring adherence to high ethical and moral standards. The philosophy of your Company on Corporate Governance envisages, inter alia, attainment of the highest levels of accountability and equity in all its actions and enhancement of shareholder value keeping in view the needs and interests of other stakeholders.

Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement, details of which are given below:

## 2. BOARD OF DIRECTORS

The Board of Directors comprises a Non-Executive Chairman, a Managing Director and four other Non-Executive Directors.

During the financial year under review, Seven Board Meetings were held i.e. on April 30, 2009, June 29, 2009, July 28, 2009, October 26, 2009, December 7, 2009, January 21, 2010 and March 18, 2010.

Attendance of each Director at the Board Meetings and the last Annual General Meeting and details of number of outside Directorship and Committee position held by each of the Directors as on date are given below:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 30.09.2009	No. of other Companies in which Director	No of committees (other than the company) in which Chairman / Member
Dr. Vijay Mallya	Non Executive Chairman	05	Yes	21	01 (Chairman)
Mr. A. Harish Bhat	Managing Director	07	Yes	13	04
Mr. N. Srinivasan	Independent Non Executive Director	05	No	19	09 (Chairman of 05)
Mr. M.R.Doraiswamy lyengar	Independent Non Executive Director	07	Yes	05	02 (Chairman)
Mr. S G Ruparel	Independent Non Executive Director	06	Yes	04	03 (Chairman of 01)
Mr. S Narasimha Prasad	Non Executive Director	07	Yes	05	01

### NOTE:

The above details are in respect of their Directorships in Indian Companies only.

- Out of twenty one (21) other Companies in which Dr. Vijay Mallya is a Director, eight (08) are Private Companies and two (02) are Section 25 Companies.
- Out of thirteen (13) other Companies in which Mr. A. Harish Bhat is a Director, one (01) is a Private Company and one (01) is a Section 25 Company.

- c) Out of nineteen (19) other Companies in which Mr. N. Srinivasan is a Director five (05) are Private Companies.
- d) Out of five (05) other Companies in which Mr. M.R. Doraiswamy Iyengar is a Director four (04) are Private Companies.
- e) Out of five (05) other Companies in which Mr. S Narasimha Prasad is a Director, two (02) are Private Companies.
- f) None of the Directors is related to any other Director.

### DISCLOSURES REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

#### Directors retiring by rotation and being re-appointed

##### Mr. M R Doraiswamy Iyengar

Mr. M R Doraiswamy Iyengar (Mr. Iyengar) retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The brief particulars of Mr. Iyengar are as under:

Mr. Iyengar, a Fellow of the Institute of Chartered Accountants of India and a Graduate in Law, was a Senior Partner in M/s. K V Narasimhan & Company, Chartered Accountants, Bangalore. He has been in practice since 1965 and has vast experience in Audit & Taxation.

Details of Mr. Iyengar's Directorships in other Indian Companies and Committee Memberships are as under:

Sl. No.	Other Directorships	Position held
1.	United Spirits Limited	Director & Chairman of Audit Committee and Shareholders / Investors Grievance Committee
2.	Vittal Investments Private Limited	Director
3.	Dirak (India) Panel Fittings Private Limited	Director
4.	Sand Profiles India Private Limited	Director
5.	K L Koh Enterprises (India) Private Limited	Director

Mr. Iyengar is the Chairman of the Audit Committee & Shareholders / Investors Grievance Committee of the Company.

Mr. Iyengar holds four (04) equity shares of the Company

##### Mr. Shrikant G. Ruparel

Mr. Shrikant G. Ruparel (Mr. Ruparel) retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The brief particulars of Mr. Ruparel are as under: