



# **McDowell Holdings Limited**

**ANNUAL REPORT 2012 - 2013**

## McDOWELL HOLDINGS LIMITED

Registered Office: Canberra, Level 9, UB City, #24, Vittal Mallya Road, Bangalore – 560 001

**NOTICE IS HEREBY GIVEN OF THE NINTH ANNUAL GENERAL MEETING** of the Company to be held at Good Shepherd Auditorium, Opposite St. Joseph's Pre University College, Residency Road, Bangalore – 560 025, on Tuesday, September 24, 2013, at 4.30 p.m. for the following purposes:

1. To receive and consider the accounts for the year ended March 31, 2013 and the reports of the Auditors and Directors thereon;
2. To elect a Director in the place of Mr. N Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint Auditors and fix their remuneration;

### SPECIAL BUSINESS:

#### 4. Appointment of Mr. R N Pillai as a Director:

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

**"RESOLVED**, that Mr. R N Pillai, who was appointed as an Additional Director and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable for retirement by rotation."

By order of the Board

Mumbai  
May 30, 2013

Ritesh Shah  
Company Secretary

### Notes:

- 1) Please refer to the explanatory statement given hereunder.
- 2) Brief particulars of the Directors proposed to be appointed / re-appointed at the Annual General Meeting are given in the Corporate Governance Report.

#### 3) 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.

#### 4) The Transfer Books and Register of Members will remain closed from Monday, September 23, 2013, to Tuesday, September 24, 2013 (both days inclusive).

#### 5) Members are requested to intimate immediately to the Company's Registrars and Transfer Agents, Integrated Enterprises (India) 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 e-mail id / correspondence address along with Pin Code Number.

#### 6) 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. 5 above.

#### 7) 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. 5 above.

#### 8) 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. 5 above.

#### 9) 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.

- 10) 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.
- 11) There is no unclaimed dividend required to be transferred to the Investor Education and Protection Fund.
- 12) 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.
- 13) 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.
- 14) 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.
- 15) The Meeting is for members or their proxies only. Please avoid being accompanied by non-members/children.
- 16) 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

Mumbai  
May 30, 2013

Ritesh Shah  
Company Secretary

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## EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956

### Item no. 4

Mr. R N Pillai (Mr. Pillai) was appointed as an Additional Director of the Company with effect from March 26, 2013, pursuant to the provisions of Section 260 of the Companies Act, 1956, and holds office as a Director upto the date of this Annual General Meeting.

A Notice under Section 257 of the Companies Act, 1956, has been received from a member specifying his intention to propose the appointment of Mr. Pillai as a Director of the Company at this Annual General Meeting.

A brief resume of Mr. Pillai, nature of his expertise in specific functional areas and names of companies in which he holds directorships as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges, is provided in the Corporate Governance Report, forming part of the Annual Report.

The Directors recommend the Resolution for approval by the Members.

None of the Directors of the Company except Mr. Pillai is interested or concerned in the aforesaid Resolution. Mr. Pillai holds 54 (fifty four) equity shares of Rs. 10/- each, of the Company and is not related to any other Director of the Company.

By order of the Board

Mumbai  
May 30, 2013

Ritesh Shah  
Company Secretary

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## BOARD OF DIRECTORS

**N. SRINIVASAN**  
CHAIRMAN

**A. HARISH BHAT**  
MANAGING DIRECTOR

**M. R. DORAISWAMY IYENGAR**  
DIRECTOR

**S. NARASIMHA PRASAD**  
DIRECTOR

**R.N. PILLAI**  
DIRECTOR

**RAVI NEDUNGADI**  
PRESIDENT & CFO - THE UB GROUP

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**RITESH SHAH**  
COMPANY SECRETARY

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### AUDITORS

VISHNU RAM & CO., CHARTERED ACCOUNTANTS, BANGALORE

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### REGISTERED OFFICE

CANBERRA, LEVEL 9, UB CITY,  
# 24, VITTAL MALLYA ROAD, BANGALORE - 560 001

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Your Directors present the Ninth Annual Report of your Company and the audited accounts for the year ended March 31, 2013.

## FINANCIAL RESULTS

Particulars	For the Financial Year Ended	
	31.03.2013 (₹)	31.03.2012 (₹)
Profit from operations	<b>41,692,319</b>	16,411,234
Less : Provision for tax	<b>5,420,000</b>	1,235,866
Profit after tax	<b>36,272,319</b>	15,175,368
Less : Transfer to Statutory Reserve Fund	<b>7,254,464</b>	3,035,074
Balance brought forward from previous year	<b>29,328,473</b>	17,188,179
<b>Surplus carried to Balance Sheet</b>	<b>58,346,328</b>	29,328,473

## DIVIDEND

Your Directors have deemed it prudent not to recommend any dividend on equity shares for the year ended March 31, 2013, in order to conserve the resources for the business.

## REVIEW OF OPERATIONS

Your Company has recorded good performance during the year under review. Inclusive of profit on sale of investments, the total income of your Company during the financial year was ₹ 112,532,252 compared to ₹ 33,077,102 in the previous financial year. The total expenditure during the year was ₹ 70,839,934 against ₹ 16,665,868 in the previous financial year. Your Company has recorded a net profit of ₹ 36,272,319 for the year under review compared to ₹ 15,175,368 in the previous financial year.

A sum of ₹ 7,254,464 (previous year: ₹ 3,035,074), has been transferred to Statutory Reserve Fund, pursuant to the provisions of Section 45-IC of the Reserve Bank of India Act, 1934. The provision of ₹ 1,714,722 for Standard Assets has been made during the financial year of the Notification issued by Reserve Bank of India.

## FUTURE PROSPECTS

Your Company continues to hold strategic investments in the UB Group Companies. As the performance of the major investee companies is on the growth path, it is expected that the dividend distribution by such investee companies would increase progressively.

The Company will continue to focus on making long-term strategic investments in various existing/new ventures, besides consolidating the existing investments, as and when opportunities and resources are available.

## CAPITAL

The Authorised Capital of your Company remained unchanged at ₹ 150,000,000 divided into 15,000,000 equity shares of ₹ 10 each.

During the year under review, Kingfisher Finvest India Limited, one of the promoters of your Company had exercised the option to convert 297,909 10% Optionally Convertible Debentures of the face value of ₹ 100 ("OCDs") each and was allotted 607,977 equity shares of ₹ 10 each, fully paid-up, on a preferential basis, as per SEBI Regulations.

## Report of the Directors (Contd.)

The issued, subscribed and paid-up equity share capital of your Company has increased from ₹ 133,842,810 divided into 13,384,281 equity shares of ₹ 10 each fully paid-up to ₹ 139,922,580 divided into 13,992,258 equity shares of ₹ 10 each fully paid-up, consequent to the allotment of 607,977 equity shares of ₹ 10 each fully paid-up to Kingfisher Finvest India Limited, on a preferential basis, on April 17, 2012.

### DIRECTORS

Mr. N Srinivasan, Director, retires by rotation and being eligible, offers himself for re-appointment.

Mr. A. Harish Bhat was re-appointed as the Managing Director of the Company without remuneration for a further period of three years from November 06, 2012, with the approval of the shareholders of the Company at the last Annual General Meeting held on September 25, 2012.

Mr. S G Ruparel ceased to be a Director of the Company, consequent upon his demise on February 11, 2013. Dr. Vijay Mallya resigned from the Board with effect from February 28, 2013. The Board places on record its appreciation of the valuable services rendered by Mr. S G Ruparel and Dr. Vijay Mallya during their tenure of office as Directors of your Company.

Mr. R N Pillai (Mr. Pillai) was appointed as an Additional Director of the Company with effect from March 26, 2013, pursuant to the provisions of Section 260 of the Companies Act, 1956, and holds office as a Director upto the date of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, has been received from a member specifying his intention to propose the appointment of Mr. Pillai at this Annual General Meeting.

### 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.

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

Your Company continues to be a Non-Banking (non-deposit taking) Financial Company, duly registered with Reserve Bank of India under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934. In terms of the provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, the Company is categorised as a 'Systemically Important Non-Deposit taking Non-Banking Financial Company'.

### 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 2013-14 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 May 24, 2013 (i.e. date of last benpos), equity shares representing 96.50% of the equity share capital are held in dematerialised form.

### 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 manufacturing activity during the year under review. Hence the disclosure relating to conservation of energy and technology absorption pursuant to Section 217 (1) (e) of the Companies Act, 1956 is not applicable.

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 state and confirm that –

- a. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. they 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 and of the profit of the Company for that year;
- c. they 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. they 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, Shareholders and Bankers.

**By Authority of the Board**

May 30, 2013  
Mumbai

**N Srinivasan**  
Chairman



## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company seeks to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts its activities in a manner that is fair and transparent and also perceived to be such by others.

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 three other Non-Executive Directors.

During the financial year under review, six Board Meetings were held i.e. on May 29, 2012, August 08, 2012, November 07, 2012, December 08, 2012, February 12, 2013 and March 26, 2013.

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 29.09.2012	No. of other Companies in which Director	No of committees (other than the company) in which Chairman / Member
Dr. Vijay Mallya*	Non Executive Chairman	03	Yes	NA	NA
Mr. A. Harish Bhat	Managing Director	06	Yes	11	04 (Chairman of 01)
Mr. N. Srinivasan	Independent Non Executive Director	05	No	17	09 (Chairman of 05)
Mr. M. R. Doraiswamy Iyengar	Independent Non Executive Director	05	Yes	03	04 (Chairman of 03)
Mr. S. G. Ruparel**	Independent Non Executive Director	03	Yes	NA	NA
Mr. S. N. Prasad	Non Executive Director	03	Yes	02	01
Mr. R. N. Pillai#	Non Executive Director	01	NA	07	Nil

\* resigned from the Board with effect from February 28, 2013

\*\* passed away on February 11, 2013

# appointed as an additional director with effect from March 26, 2013

## NOTE:

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

- a) Out of eleven (11) other Companies in which Mr. A. Harish Bhat is a Director, two (02) are Private Companies and one (01) is a Section 25 Company.
- b) Out of seventeen (17) other Companies in which Mr. N. Srinivasan is a Director four (04) are Private Companies.
- c) Out of two (02) other Companies in which Mr. S. Narasimha Prasad is a Director, one (01) is a Private Company, which is a subsidiary of a Public Company.
- d) Out of three (03) other Companies in which Mr. M.R. Doraiswamy Iyengar is a Director, one (01) is a Private Company.
- e) Out of seven (07) other Companies in which Mr. R N Pillai is a Director, six (06) 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 eligible for re-appointment

#### Mr. N Srinivasan:

Mr. N Srinivasan (Mr. Srinivasan) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The brief particulars of Mr. Srinivasan are as under:

Mr. Srinivasan is a Graduate in Commerce and a Chartered Accountant. He has over fifty years of experience in the field of Finance, Accounts and Audit and has served as Senior Partner of Fraser & Ross and Deloitte Haskins & Sells.

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

Sl. No.	Name of the Company	Position held
1.	United Breweries (Holdings) Limited	Director & Chairman of Audit Committee
2.	The India Cements Limited	Director & Member of Audit Committee
3.	Kartiken Logistics Limited	Director
4.	India Cements Capital Limited	Director
5.	Redington (India) Investments Limited	Director
6.	Gati Limited	Director & Chairman of Audit Committee
7.	Essar Shipping Limited	Director & Member of Audit Committee
8.	UB Engineering Limited	Director & Chairman of Audit Committee
9.	Best & Crompton Engineering Limited	Director
10.	Tractors & Farm Equipment Limited	Director & Chairman of Audit Committee
11.	The United Nilgiri Tea Estates Company Limited	Director & Member of Audit Committee
12.	TAFE Motors & Tractors Limited	Director & Member of Audit Committee
13.	Redington (India) Limited	Director & Chairman of Audit Committee
14.	Paterson Consulting Group Private Limited	Director
15.	Indair Carriers Private Limited	Director
16.	SCM Microsystems (India) Private Limited	Director
17.	UT Worldwide (India) Private Limited	Alternate Director