



McDowell Holdings Limited

ANNUAL REPORT 2013 - 2014

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BOARD OF DIRECTORS

N. SRINIVASAN
CHAIRMAN

A. HARISH BHAT (upto May 12, 2014)
MANAGING DIRECTOR

M. SRINIVASULU REDDY (from July 16, 2014)
DIRECTOR

ANIL PISHARODY (from July 16, 2014)
DIRECTOR

RAVI NEDUNGADI
PRESIDENT & CFO - THE UB GROUP

RITESH SHAH
COMPANY SECRETARY

AUDITORS

VISHNU RAM & CO., CHARTERED ACCOUNTANTS, BANGALORE

INTERNAL AUDITORS

B K RAMADHYANI & CO., CHARTERED ACCOUNTANTS, BANGALORE

REGISTERED OFFICE

UB TOWER, LEVEL 12, UB CITY,
24, VITTAL MALLYA ROAD, BANGALORE - 560 001



McDOWELL HOLDINGS LIMITED

Corporate Identity Number: L05190KA2004PLC033485

Registered Office: UB Tower, Level 12, UB City, 24, Vittal Mallya Road, Bangalore – 560 001

E-mail: mhlinvestor@ubmail.com , Website: www.mcdowellholdings.in

Tel. : +91 80 3985 6500 Fax : +91 80 2227 4890

NOTICE IS HEREBY GIVEN OF THE TENTH ANNUAL GENERAL MEETING of the Company to be held at UB Tower, Level 01, UB City, 24, Vittal Mallya Road, Bangalore – 560 001, on Tuesday, September 30, 2014, at 10.30 a.m. for the following purposes:

1. To receive and consider the accounts for the financial year ended March 31, 2014 and the reports of the Auditors and Directors thereon.
2. To appoint Auditors to hold office from the conclusion of this Meeting till the conclusion of the 13th Annual General Meeting on such remuneration to be fixed by the Board of Directors and in this connection, to consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

“RESOLVED, that Messrs. Vishnu Ram & Co., Chartered Accountants (Firm Registration No.004742S), the retiring Auditors be re-appointed as Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 (**the “Act”**), the Companies (Audit and Auditors) Rules, 2014, and such other applicable provisions, if any, of the Act, or Rules framed there under to hold office from the conclusion of this Annual General Meeting till the conclusion of the 13th Annual General Meeting of the Company subject to ratification of their appointment at every Annual General Meeting and that their remuneration be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

3. Appointment of Mr. N Srinivasan as an Independent Director:

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

“RESOLVED, that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and

the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and applicable provisions of the Listing Agreements (including amendments thereto), Mr. N Srinivasan (DIN: 00004195), a Non-Executive Independent Director of the Company, being eligible for appointment as Independent Director as per the provisions of the Companies Act, 2013 and the Rules made there under and, in respect of whom a notice in writing pursuant to Section 160 of the Companies Act, 2013 has been received in the prescribed manner, 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 three consecutive years upto the conclusion of the 13th Annual General Meeting of the Company in the calendar year 2017.”

4. Appointment of Mr. M Sreenivasulu Reddy as an Independent Director:

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

“RESOLVED, that Mr. M Sreenivasulu Reddy (DIN 00035021), who was appointed by the Board of Directors as an Additional Director under section 161(1) of the Companies Act, 2013 and, whose period of office expires on the date of this Annual General Meeting and, being eligible for appointment as Independent Director as per the provisions of the Companies Act, 2013 and the Rules made there under and, in respect of whom a notice in writing pursuant to section 160 of the Companies Act, 2013 has been received in the prescribed manner, 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 upto the conclusion of the 15th Annual General Meeting of the Company in the calendar year 2019.”

Notice (Contd.)

5. Appointment of Mr. Anil Pisharody 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. Anil Pisharody (DIN 02500666), who was appointed as an Additional Director under section 161(1) of the Companies Act, 2013 and, whose period of office expires on the date of this Annual General Meeting and, in respect of whom a notice in writing pursuant to Section 160 of the Companies Act, 2013, has been received in the prescribed manner, be and is hereby appointed as a Director of the Company pursuant to Section 149 of the Companies Act, 2013 and Rules made thereunder, liable to retire by rotation.”

6. Borrowing Limits of the Company:

To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:-

“RESOLVED, that pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 (**the “Act”**), and such other applicable provisions, if any, of the Act or Rules framed thereunder, including any statutory modifications or re-enactment thereof from time to time, the Foreign Exchange Management Act, 1999, and Rules framed thereunder, and such other applicable laws, if any, the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee thereof exercising the powers conferred on the Board by this Resolution) be and is hereby authorized to borrow moneys from any Bank(s) and / or any Public Financial Institution(s) as defined under Section 2(72) of the Companies Act, 2013 and / or any Foreign Financial Institution(s) and / or any other entity / entities or authority / authorities and / or through suppliers credit, securities, instruments such as floating rate notes, fixed rate bonds, syndicated loan, etc., and / or through credit from official agencies and / or by way of commercial borrowings from the private sector window of Multilateral Financial Institutions, either in Rupees or in such foreign currency as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rupees One Hundred and Twenty Five Crores (Rs. 125,00,00,000/-) or equivalent thereof in foreign

exchange as may be required from time to time for the Company’s activities and / or for general corporate purposes including capital expenditure, working capital requirements, strategic investments, any mergers, demergers, amalgamations, acquisitions, reconstructions or rearrangements or any other re-organizations as the Board may deem fit for the purpose of the business of the Company, notwithstanding that moneys so borrowed together with the moneys already borrowed by the Company, if any, (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose, provided that the total amount of the moneys to be so borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed Rupees One Hundred and Twenty Five Crores (Rs. 125,00,00,000/-) or equivalent thereof in foreign exchange at any one time.”

“Further RESOLVED, that consent and authority be and are hereby given to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee thereof exercising the powers conferred on the Board by this Resolution) to do all such acts, deeds, matters and things as it may at its discretion deem fit and proper in the aforementioned premises including, if and when necessary, creation of such mortgage(s) and / or charge(s) in respect of the securities on the whole or substantially the whole of all or any of the undertaking(s) of the Company as contemplated by Section 180(1)(a) of the Companies Act, 2013 (**the “Act”**), and such other applicable provisions if any, of the Act or Rules framed thereunder, including any statutory modifications or re-enactment thereof from time to time, in connection therewith and to perfect and execute all requisite documents or writings for giving effect to this Resolution.”

By order of the Board

**Bangalore
July 30, 2014**

**Ritesh Shah
Company Secretary**

Notes:

- 1) Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, forms part of this Notice.
- 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 MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UPTO AND NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.**
- 4) Pursuant to the provisions of section 91 of the Companies Act, 2013, the Transfer Books and Register of Members will remain closed from Monday, September 29, 2014, to Tuesday, September 30, 2014 (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, 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) Members may also note that the Notice of the 10th Annual General Meeting and the Annual Report for 2013-14 is also available on the Company's website www.mcdowellholdings.in.
- 14) 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.
- 15) 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.

Notice (Contd.)

- 16) The Meeting is for members or their proxies only. Please avoid being accompanied by non-members/children.
- 17) 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.
- 18) Physical copies of all documents referred to in the Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours on all working days except on Saturdays, Sundays and Public Holidays up to and including the date of Annual General Meeting of the Company.

19) **Voting through electronic means:**

In terms of the provisions of section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called “**the Rules**” for the purpose of this section of the Notice) and clause 35B of the listing agreements, the Company is providing facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on August 29, 2014 (End of Day) being the cut-off date (Record date for the purpose of Rule 20 (3) (vii) of the Rules) fixed for determining voting rights of members, entitled to participate in the e-voting process, through the e-voting platform provided by Central Depository Services (India) Limited (CDSL).

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now select “McDowell Holdings Limited” from the drop down menu and click on “SUBMIT”.
- (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	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the 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. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Bank Details	<p>Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will

now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of McDowell Holdings Limited 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 changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) 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.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- (B) The voting period begins on Wednesday, September 24, 2014 at 9.30 a.m. and ends on Friday, September 26, 2014 at 5.30 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 August 29, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The Company has appointed Mr. Sudhir V. Hulyalkar, Practising Company Secretary (CP: 6137) to act as the Scrutiniser to conduct the e-voting process in a fair and transparent manner.
- (C) 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 section or write an email to helpdesk.evoting@cdslindia.com.

THE RESULTS SHALL BE DECLARED ON OR AFTER THE ANNUAL GENERAL MEETING OF THE COMPANY. THE RESULTS DECLARED ALONG WITH THE SCRUTINIZERS REPORT SHALL BE PLACED ON THE COMPANY'S WEBSITE VIZ., WWW.MCDOWELLHOLDINGS.COM IN AND ON THE WEBSITE OF CDSL VIZ., WWW.CDSLINDIA.COM WITHIN TWO DAYS FROM THE DATE OF AGM AND COMMUNICATED TO THE STOCK EXCHANGES.

By order of the Board

Bangalore
July 30, 2014

Ritesh Shah
Company Secretary

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 3

Mr. N Srinivasan (Mr. Srinivasan), an Independent Director, is liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, in terms of Section 149 and other applicable provisions of the Companies Act, 2013, Independent Directors can hold office for two terms of five consecutive years.

Accordingly, Mr. Srinivasan has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement and offered himself for appointment as an Independent Director for a term of three consecutive years, upto the conclusion of the 13th Annual General Meeting of the Company in the calendar year 2017. A notice has been received from a member proposing the candidature of Mr. Srinivasan for the office of Director of the Company.

In the opinion of the Board, Mr. Srinivasan fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder, for his appointment as an Independent Director of the Company and is independent of the management. The terms and conditions of appointment of Mr. Srinivasan shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on all working days except on Saturdays, Sundays and Public Holidays up to and including the date of Annual General Meeting of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Srinivasan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Srinivasan as an Independent Director, for approval by the members of the Company.

Except Mr. Srinivasan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 3.

The Board recommends the Resolution set out at Item No.3 of the Notice for your approval.

Item no. 4

Mr. M Sreenivasulu Reddy (Mr. Reddy) was appointed by the Board of Directors of the Company as an Additional Director on 16th July, 2014. He holds office until the ensuing Annual General Meeting under section 161(1) of the Companies Act, 2013.

Mr. Reddy has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement and offered himself for appointment as an Independent Director for a term of five consecutive years, upto the conclusion of the 15th Annual General Meeting of the Company in the calendar year 2017. Mr. Reddy is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

In the opinion of the Board, Mr. Reddy fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. A notice in writing in the prescribed manner as required by Section 160 of the Companies Act, 2013 and Rules made thereunder has been received from a member proposing the candidature of Mr. Reddy for the office of Director of the Company.

The terms and conditions of appointment of Mr. Reddy shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on all working days except on Saturdays, Sundays and Public Holidays up to and including the date of Annual General Meeting of the Company.

A brief resume of Mr. Reddy, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships of Board Committees, 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 Board considers that his association would be of immense benefit to the Company and it is desirable to avail the services of Mr. Reddy as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Reddy as an Independent Director, for approval by the members of the Company.

Except Mr. Reddy, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 4.

The Board recommends the Resolution set out at Item No. 4 of the Notice for your approval.

Item no. 5

Mr. Anil Pisharody (Mr. Pisharody) was appointed as an Additional Director of the Company with effect from July 16, 2014, pursuant to the provisions of Section 161 of the Companies Act, 2013, and holds office upto the date of this Annual General Meeting.

A notice in writing in the prescribed manner as required by Section 160 of the Companies Act, 2013 and Rules made thereunder has been received from a member proposing the candidature of Mr. Pisharody for the office of Director of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail the services of Mr. Pisharody. Accordingly, the Board recommends the resolution in relation to the appointment of Mr. Pisharody as a Director liable to retirement by rotation, for approval by the members of the Company.

A brief resume of Mr. Pisharody, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships of Board Committees, 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.

Except Mr. Pisharody, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 5.

The Board recommends the Resolution set out at Item No. 5 of the Notice for your approval.

Item No. 6

The Board of Directors ("**the Board**") was authorized pursuant to Section 293(1)(d) of the Companies Act, 1956 to borrow moneys for Company's activities in excess of aggregate of its Paid-up Capital and Free Reserves, either in Rupees or in such other Foreign Currency from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs. 500 crores or

equivalent thereof as prescribed in the Resolution passed by the Members at Annual General Meeting held on September 20, 2006. The Board was also authorized for creation of any mortgage / charge, if needed, in connection with the borrowings under Section 293(1)(a) of the Companies Act, 1956.

Sections 180(1)(c) and 180(1)(a) of the Companies Act, 2013 (**the "Act"**) empower the Board to borrow moneys in excess of the aggregate of its Paid-up Capital and Free Reserves, and to create any mortgage/charge in connection with such borrowings, subject to the approval of the Members of the Company in General Meeting.

The Ministry of Corporate Affairs, Government of India vide its Circular No. 4 / 2014 dated 25th March, 2014 has clarified that the Resolution passed under Section 293 of the Companies Act, 1956, prior to 12th September, 2013 with reference to borrowing (subject to the limits prescribed) and/or creation of security on assets of the Company will be effective for a period of 1 (one) year from the date of notification of Section 180 of the Act. In light of the change in law as mentioned hereinabove, the Company is required to pass a fresh Resolution in order to exercise the powers under Sections 180(1)(c) and 180(1)(a) of the Act. Therefore, the Company proposes to seek the approval of the members for exercising borrowing powers of upto Rupees One Hundred and Twenty Five Crores (Rs. 125,00,00,000/-), in order to avail borrowings (by way of renewal of its existing borrowings or otherwise) with requisite margins, which borrowings would be utilized in respect of the purposes, as mentioned in the Resolution at Item no. 6.

The proposed Special Resolution will have to be considered in the above context. This will enable the Board to borrow funds and create any mortgage / charge, if necessary, in connection with such borrowings, from time to time.

This Resolution supersedes the Resolution passed by the Members on September 20, 2006.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the above Resolution.

The Board recommends the Resolution set out at Item No. 6 of the Notice for your approval.

By order of the Board

**Bangalore
July 30, 2014**

**Ritesh Shah
Company Secretary**

Report of the Directors

Your Directors present the Tenth Annual Report of your Company and the audited accounts for the year ended March 31, 2014.

Since this Report pertains to financial year that commenced prior to April 01, 2014, the contents therein are governed by the relevant provisions/schedules/rules of the Companies Act, 1956, in compliance with General Circular No. 08/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs.

FINANCIAL RESULTS

Particulars	For the Financial Year Ended	
	31.03.2014 (₹)	31.03.2013 (₹)
Income	128,588,029	112,532,252
Less : Expenditure	131,860,727	70,839,934
Less : Provision for doubtful loans and advance	205,070,767	Nil
Profit / (Loss) before taxation	(208,343,465)	41,692,319
Less: Provision for tax	Nil	5,420,000
Profit / (Loss) after tax	(208,343,465)	36,272,319
Less: Transfer to Statutory Reserve Fund	Nil	7,254,464
Balance brought forward from previous year	58,346,328	29,328,473
Balance carried forward	(149,997,136)	58,346,328

DIVIDEND

In view of loss for the year, your Directors are unable to recommend any dividend on equity shares for the year ended March 31, 2014.

REVIEW OF OPERATIONS

The total income of the Company during the financial year under review has marginally increased to Rs. 128,588,029 against Rs. 112,532,252 in the previous financial year. The total expenditure during the year was Rs. 131,860,727 against Rs. 70,839,934 in the previous financial year. After providing for Rs. 205,070,767 in respect of amounts due from an entity, which is considered by the Board as doubtful of recovery, the Company has recorded a net loss of Rs. 208,343,465 for the year under review against net profit of Rs. 36,272,319 in the previous financial year.

The Company has provided corporate guarantee and created pledge on 6.3 million shares of United Breweries Limited, held by it as investments, in favour of a lender to secure their lendings to certain group companies and the total amount outstanding as on March 31, 2014 is Rs. 496 crores. Three of such borrowers have defaulted and the lender has demanded repayment of a sum of Rs. 337.52 crores due from them. Simultaneously, the lender has invoked the corporate guarantee and exercised its right of pledge provided by the Company to realize the above dues. The Company is in negotiation with the lender to restore the facility made available to the defaulting borrowers. No adverse action has been taken against the Company. Pending final outcome of the negotiations, the Company continues to recognize its obligations as contingent liabilities.

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.

In order to strengthen the prospects of the Company, your Directors are in the process of evaluating entering into some additional activities such as trading etc. Should such opportunities prove to be attractive, your Company would consider these during the current year.

CAPITAL

During the year under review the Authorised Capital of your Company remained unchanged at Rs. 150,000,000 divided into 15,000,000 equity shares of Rs. 10 each.

The issued, subscribed and paid-up equity share capital of your Company stood at Rs. 139,922,580 divided into 13,992,258 equity shares of Rs. 10 each fully paid-up.

DIRECTORS

Mr. N Srinivasan, Independent Director, is liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, in terms of Section 149 and other applicable provisions of the Companies Act, 2013, Independent Directors can hold office for two terms of five consecutive years. Accordingly, Mr. N Srinivasan has offered himself for appointment as an Independent Director for three consecutive years for a term upto the conclusion of the thirteenth Annual General Meeting of the Company in the calendar year 2017.

Mr. M. Srinivasulu Reddy and Mr. Anil Pisharody were appointed as Additional Directors of the Company, in the meeting of the Board held on July 16, 2014, to hold office upto the date of the ensuing Annual General Meeting (AGM) of the Company.

Pursuant to the provisions of the Companies Act, 2013 which have been enacted with effect from 1 April 2014, Mr. M Srinivasulu Reddy, if appointed at the forthcoming AGM shall be an 'independent director' under the said Act for a period of five years with effect from the date of the AGM.

The proposal regarding their appointment/re-appointment as Directors is placed for your approval.

Mr. M R Doraiswamy Iyengar and Mr. S N Prasad resigned from the Board with effect from August 14, 2013. Mr. A Harish Bhat and Mr. R N Pillai resigned from the Board with effect from May 12, 2014 and May 31, 2014 respectively.

AUDITORS

Messrs. Vishnu Ram & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. In terms of the provisions contained in the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 the appointment of Statutory Auditors is proposed for a period of three financial years commencing from 2014-2015 to hold office from the conclusion of the Tenth Annual General Meeting till the conclusion of the Thirteenth Annual General Meeting. Their appointment during the aforesaid term of three financial years shall be subject to ratification by the Members at subsequent Annual General Meetings.

Report of the Directors (Contd.)

With reference to observations in the Auditors Report regarding invocation of guarantee and pledge by a lender, diminution in the carrying value of certain long term investments, appropriateness of treating certain loans as good and appropriateness of preparation of financial statements on going concern basis, the relevant notes to the accounts comprehensively explain the management's views on such matters.

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.

Certain regulatory requirements prescribed by the Reserve Bank of India under the NBFC regulations could not be met by the Company. The matter is being addressed by the Board of Directors to find a suitable solution.

OPEN OFFER

The Company along with other constituents of the UB Group is a party to an agreement entered into between the UB Group and Adventz Group in respect of their respective shareholding in Mangalore Chemicals and Fertilizers Limited. Further, the Company has also joined Zuari Fertilizers and Chemicals Limited, a part of Adventz Group, in making a competing offer under Regulation 20 of the SEBI (SAST) Regulations, 2011, as amended, for acquisition of up to 3,08,13,939 equity shares of Rs. 10 each from the public shareholders of Mangalore Chemicals and Fertilizers Limited by Zuari Fertilisers and Chemicals Limited at a price of Rs. 68.55 per equity share. In terms of the agreement, Zuari Fertilisers and Chemicals Limited has agreed to acquire all the shares that will be tendered in the competing offer and all financial obligations, costs, charges and expenses including payment of consideration to Public Shareholders in terms of the SEBI Regulations will be borne by Zuari Fertilisers and Chemicals Limited alone. SEBI has issued its 'No objection' for the open offer subject to receipt of approval from the Competition Commission of India.

LISTING OF EQUITY SHARES OF THE COMPANY

The equity shares of your Company continue to be listed on Bangalore Stock Exchange Limited (Regional Exchange), BSE Limited and National Stock Exchange of India Limited. The Annual Listing fees for the year 2014-15 have been paid.

SHIFTING OF REGISTERED OFFICE

Pursuant to the decision taken by the Board of Directors, the Registered Office of your Company will be shifted from Canberra, Level 9, UB City, #24, Vittal Mallya Road, Bangalore – 560 001 to UB Tower, Level 12, UB City, 24, Vittal Mallya Road, Bangalore – 560 001 with effect from August 01, 2014.

DEPOSITORY SYSTEM

The trading in the equity shares of your Company is under compulsory dematerialisation mode. As on July 25, 2014 (i.e. date of last benpos), equity shares representing 96.67% 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.

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

PARTICULARS OF 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. the Accounting Policies have been selected and applied consistently and the judgments and estimates made 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 loss of the Company for that year;
- c. proper and sufficient care has been taken 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. the Annual Accounts have been prepared on a going concern basis.

E-VOTING

In terms of Section 108 of the Companies Act, 2013, Rules framed thereunder and Clause 35B of the Listing Agreement, the Company is providing e-voting facility to its shareholders in respect of all shareholders' resolutions proposed to be passed at this Annual General Meeting.

ACKNOWLEDGEMENT

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

By Authority of the Board

**July 30, 2014
Bangalore**

**N Srinivasan
Chairman**

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.

SEBI vide its Circular No. CIR/CFD/POLICY CELL/2/2014 dated 17th April, 2014 has notified the revised clause 49 of the listing agreement to be applicable with effect from 01st October, 2014. This Report therefore states compliance against the previous clause 49 of the listing agreement, applicable for the year 2013-14.

2. BOARD OF DIRECTORS

The Board of Directors comprises of 2 Independent Directors and a Non-Independent Director (including a Non-Executive Chairman).

During the financial year under review, six Board Meetings were held i.e. on May 30, 2013, August 14, 2013, November 08, 2013, November 22, 2013, February 11, 2014 and March 24, 2014.

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 24.09.2013	No. of other Companies in which Director	No of committees (other than the company) in which Chairman / Member
Mr. N. Srinivasan	Independent Non Executive Director (Chairman)	06	No	16	08 (Chairman of 04)
Mr. A. Harish Bhat*	Managing Director	05	Yes	NA	NA
Mr. M.R.Doraiswamy Iyengar**	Independent Non Executive Director	Nil	No	NA	NA
Mr. S Narasimha Prasad**	Non Executive Director	Nil	No	NA	NA
Mr. R N Pillai***	Non Executive Director	06	Yes	NA	NA
Mr. M Sreenivasulu Reddy#	Independent Non Executive Director	NA	NA	10	Nil
Mr. Anil Pisharody#	Non Executive Director	NA	NA	18	Nil

* resigned from the Board with effect from May 12, 2014

** resigned from the Board with effect from August 14, 2013

*** resigned from the Board with effect from May 31, 2014

appointed as an additional director with effect from July 16, 2014

NOTE:

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

- a) Out of sixteen (16) other Companies in which Mr. N. Srinivasan is a Director two (02) are Private Companies.
- b) Out of ten (10) other Companies in which Mr. M Srinivasulu Reddy is a Director four (04) are Private Companies.
- c) Out of eighteen (18) other Companies in which Mr. Anil Pisharody is a Director, fourteen (14) are Private Companies.
- d) None of the Directors is related to any other Director.

DISCLOSURES REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Mr. N Srinivasan

Mr. N Srinivasan (Mr. Srinivasan) Non Executive Independent Director & Chairman is proposed to be appointed as an Independent Director for a term of three consecutive years, upto the conclusion of the 13th Annual General Meeting of the Company in the calendar year 2017.

The brief particulars of Mr. Srinivasan are as under:

Mr. Srinivasan aged 83 years, 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.	Essar Oilfield Services (India) Limited	Director
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.	Trinetra Cements Limited	Director
15.	Paterson Consulting Group Private Limited	Director
16.	SCM Microsystems (India) Private Limited	Director

Mr. Srinivasan is a Member of the Audit Committee, Nomination and Remuneration Committee & General Committee of Directors of the Company.

NEW DIRECTOR:

Mr. M Sreenivasulu Reddy:

Mr. M Sreenivasulu Reddy (Mr. Reddy), aged 60 years, is the Chairman of Balaji Group of Industries having its corporate office in Chennai. Its business verticals consist of steel manufacturing, distilleries, entertainment, packaging, spirits, real estate, services and energy. The group has pan India operations with business units located in several states of India. Mr. Reddy was also a Member of Parliament (Lok Sabha) from 1998 to 2014.

Mr. Reddy was appointed by the Board of Directors of the Company as an Additional Director, at a meeting of the Board held on 16th July, 2014. He holds office until the ensuing Annual General Meeting under section 161(1) of the Companies Act, 2013. He is proposed to be appointed as a non-executive, independent director at the ensuing Annual General Meeting of the Company.

Details of Directorships of Mr. Reddy in other Indian Companies are as under:

SI. No.	Other Directorships	Position held
1.	Kalyani Constructions Private Limited	Director
2.	Endeavour Estate Private Limited	Director
3.	Balaji Hotels and Enterprises Limited	Director
4.	Deccan Lakes Systems Private Limited	Director
5.	Acebin-Tech Software Consultancy Private Limited	Director
6.	Enrich Corporate Services Limited	Director
7.	Balaji Industrial Corporation Limited	Director
8.	Pearl Distillery Limited	Director
9.	Balaji Bio-Tech Limited	Director
10.	Dhanwanti Investment Limited	Director

Mr. Reddy is the Chairman of the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee and a Member of the General Committee of Directors of the Company.

Mr. Anil Pisharody:

Mr. Anil Pisharody (Mr. Pisharody), aged 54 years, is a Chartered Accountant. Mr. Pisharody has been associated with the UB Group since 1989 and possesses vast experience in different areas ranging from finance, administration and management.

Mr. Pisharody was appointed by the Board of Directors of the Company as an Additional Director in the meeting of the Board held on 16th July, 2014. He holds office until the ensuing annual general meeting under section 161(1) of the Companies Act, 2013. He is proposed to be appointed as a non-executive director at the ensuing Annual General Meeting of the Company.

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

SI.No.	Name of the Company	Position held
1.	Bestride Consultancy Private Limited	Director
2.	Biosynergies India Private Limited	Director
3.	Force India Formula One Team Academy Pvt Ltd	Director

Sl.No.	Name of the Company	Position held
4.	Ganapathy Mallya Investments Private Limited	Director
5.	Herbertsons Limited	Director
6.	Kamsco Industries Private Limited	Director
7.	Mallya Private Limited	Director
8.	Pharma Trading Company Private Limited	Director
9.	Talesi Ventures Private Limited	Director
10.	The Gem Investment & Trading Company Pvt. Ltd.	Director
11.	UB International Trading Limited	Director
12.	UB Sports Limited	Director
13.	UBICS Enterprises Solutions Private Limited	Director
14.	UBICS India Private Limited	Director
15.	UBICS Technologies Private Limited	Director
16.	Vittal Investments Private Limited	Director
17.	VJM Investments Private Limited	Director
18.	City Properties and Maintenance Company Bangalore Limited	Director

Mr. Pisharody is the Member of the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee & General Committee of Directors of the Company.

3. AUDIT COMMITTEE

The Audit Committee, constituted on November 06, 2006, presently comprises of the following Directors:

Mr. M Sreenivasulu Reddy (Chairman)	Non-Executive Independent Director
Mr. N Srinivasan	Non-Executive Independent Director
Mr. Anil Pisharody	Non-Executive Director

The terms of reference of the Audit Committee cover all applicable matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges and the Companies Act, 1956 / Companies Act, 2013. The Statutory Auditors, Internal Auditors, Managing Director and Group CFO are permanent invitees to the meetings of the Committee.

Consequent upon their resignation from the Board of Directors of the Company on August 14, 2013, Mr. M R Doraiswamy Iyengar and Mr. S N Prasad ceased to be the Members of the Audit Committee.

Mr. R N Pillai, who was inducted in the Committee with effect from August 14, 2013 also ceased to be a member of the Audit Committee with effect from May 31, 2014 on account of his resignation from the Board of Directors of the Company.

Mr. M Sreenivasulu Reddy and Mr. Anil Pisharody were appointed as members of the Audit Committee with effect from July 30, 2014 and Mr. Reddy was designated as Chairman of the Committee with effect from such date.

The Committee, inter alia, has reviewed the financial statements for the year ended March 31, 2014 and has recommended its adoption. In addition, the Committee has also reviewed Unaudited quarterly results for June 30, 2013, quarterly and half yearly results for September 30, 2013 and quarterly results for December 31, 2013, which were subjected to a Limited Review by the Statutory Auditors of the Company and audited financial results for the year ended March 31, 2014.

During the financial year under review, four meetings of the Audit Committee were held i.e. on May 30, 2013, August 14, 2013, November 08, 2013 and February 11, 2014. The details of attendance by members of the Committee are as follows:

Name of the Director	No. of Meetings	Meetings attended
Mr. M.R. Doraiswamy Iyengar*	4	Nil
Mr. N. Srinivasan	4	4
Mr. S Narasimha Prasad*	4	Nil
Mr. R N Pillai**	4	4
Mr. M Sreenivasulu Reddy#	NA	NA
Mr. Anil Pisharody#	NA	NA

* resigned with effect from August 14, 2013

** resigned with effect from May 31, 2014

appointed with effect from July 30, 2014

4. STAKEHOLDERS RELATIONSHIP COMMITTEE [Earlier known as Shareholders / Investors Grievance Committee]

The Board of Directors of the Company has re-designated the Shareholders / Investors Grievance Committee to "Stakeholders Relationship Committee" pursuant to the notification of Companies Act, 2013 and amendments made to clause 49 of the listing agreement to this effect.

The Stakeholders Relationship Committee presently comprises of the following Directors:

Mr. M Sreenivasulu Reddy (Chairman)	Non-Executive Independent Director
Mr. Anil Pisharody	Non-Executive Director

Consequent upon their resignation from the Board of Directors of the Company on August 14, 2013, Mr. M R Doraiswamy Iyengar and Mr. S N Prasad ceased to be the Members of the Committee.

Mr. A Harish Bhat and Mr. R N Pillai, who were inducted in the Committee with effect from August 14, 2013 also ceased to be members of the Committee with effect from May 12, 2014 and May 31, 2014 respectively on account of their resignation from the Board of Directors of the Company.

Mr. M Sreenivasulu Reddy and Mr. Anil Pisharody were appointed as members of the Committee with effect from July 30, 2014 and Mr. Reddy was designated as Chairman of the Committee with effect from such date.

During the financial year, the committee met once on November 21, 2013, which was attended by both members. Mr. Ritesh Shah, Company Secretary, is the Compliance Officer.

In the interest of the investors and for administrative convenience, the Board has authorised a Director and Company Secretary to jointly approve Share Transfer, Transmission etc. upto a specific limit.

During the year under review, nine complaints were received from the shareholders/investors, which were replied / resolved to their satisfaction. There was no complaint pending as on March 31, 2014.

Committee of Directors

The Company has constituted a Committee of Directors with authority delegated by the Board of Directors, inter alia, to approve transfer and transmission of shares, issue of new share certificates on account of certificates lost, defaced, etc., and for other routine operations such as issue of powers of attorney, operation of bank accounts etc.

The Committee presently comprises the following Directors:

Mr. N Srinivasan

Mr. M Sreenivasulu Reddy and

Mr. Anil Pisharody

5. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of the Company at their meeting held on July 30, 2014, has constituted Nomination and Remuneration Committee pursuant to the notification of Companies Act, 2013 and amendments made to clause 49 of the listing agreement to this effect.

The Nomination and Remuneration Committee presently comprises of the following Directors:

Mr. M Sreenivasulu Reddy (Chairman)	Non-Executive Independent Director
Mr. N Srinivasan	Non-Executive Independent Director
Mr. Anil Pisharody	Non-Executive Director

Terms of Reference:

The role of the Committee is inter alia, to consider and recommend persons who are qualified for board positions, evaluate directors performance, persons who are qualified to be senior management, formulate the criteria for determining qualifications, positive attributes and independence of a director and devising a policy on board diversity.

Remuneration of Directors:

a) Managing Director:

Consequent upon his resignation from the Board of Directors of the Company with effect from May 12, 2014, Mr. A. Harish Bhat ceased to be the Managing Director and Director of the Company. The Board aided by the Nomination and Remuneration Committee is actively looking for a suitable person to be appointed as Managing Director / Wholetime Director of the Company.

b) Non – Executive Directors

At present, the Non-Executive Directors do not draw any remuneration from the Company. Sitting Fees are paid to Non-Executive Directors for attending Board / Committee Meetings. They are also entitled to

reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses, incurred for attending such meetings. The details of sitting fees paid to the Directors during the year under review are as under:

Name of the Director	Sitting fees
Mr. N. Srinivasan	90,000
Mr. M. R. Doraiswamy Iyengar*	Nil
Mr. S Narasimha Prasad*	Nil
Mr. R N Pillai**	50,000
Mr. M Sreenivasulu Reddy#	NA
Mr. Anil Pisharody#	NA

* resigned with effect from August 14, 2013

** resigned with effect from May 31, 2014

appointed with effect from July 30, 2014

c) Particulars of Equity Shares of the Company currently held by the Directors are furnished below:

Name of the Director	No. of Equity Shares held
Mr. N Srinivasan	Nil
Mr. M Sreenivasulu Reddy	Nil
Mr. Anil Pisharody	Nil

6. GENERAL BODY MEETINGS

The details of the last three Annual General Meetings of the Company are furnished below:

Financial Year ended	Date	Time	Venue
March 31, 2011	September 29, 2011	2.30 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025
March 31, 2012	September 25, 2012	2.30 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025
March 31, 2013	September 24, 2013	4.30 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025

The following Special Resolutions were passed by the Shareholders at the past three Annual General Meetings (AGMs):

AGM held on	Subject matter of the Special Resolution
September 24, 2013	Nil
September 25, 2012	Re-appointment of Mr. A Harish Bhat as Managing Director
September 29, 2011	Nil

All the resolutions set out in the Notices, including Special Resolution, were passed by the Shareholders.

Voting through electronic means:

Pursuant to section 108 of the Companies Act, 2013 and the Rules made thereunder and Clause 35B of the Listing Agreements, every listed company is required to provide its members facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with Central Depository Services (India) Limited for this purpose, to facilitate such e-voting for its members.

Detailed procedure is given in the Notice of the tenth annual general meeting and also placed on the website of the Company.

POSTAL BALLOT

The Company has not passed any resolution at the above Annual General Meetings held, which was required to be passed through postal ballot as per the provisions of the Companies Act, 1956, and the rules framed thereunder.

At this meeting also, there is no special resolution requiring passing by way of Postal Ballot.

No resolution was passed through Postal Ballot during 2013-14.

7. DISCLOSURES

During the financial year ended March 31, 2014, the Company had no materially significant related party transactions with its promoters, the Directors or the management or relatives, etc., that may have potential conflict with the interests of the Company at large. Details of related party transactions form part of the Notes on Accounts.

There were no instances of non-compliance by the Company nor have any penalties, strictures been imposed by Stock Exchanges, SEBI or any Statutory Authority during the last three years, on any matter relating to capital markets.

At the ensuing Annual General Meeting no director is liable to retire by rotation as required under Section 152 (6) of Companies Act, 2013. The certificate from CEO/CFO to the Board pursuant to Clause 49(v) of the Listing Agreements with the Stock Exchanges has been obtained from the Chairman of the Board, since presently the Company has neither a Managing Director or Manager nor a Chief Financial Officer.

Code of Conduct

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has adopted a Code of Business Conduct and Ethics for its Board Members and designated employees, a copy of which is available on the Company's website viz, www.mcdowellholdings.in All the members of the Board had affirmed compliance with the Code for the year ended March 31, 2014.

Pursuant to the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a "Code of Conduct for Prevention of Insider Trading", which is applicable to all the Directors and designated employees.

8. MEANS OF COMMUNICATION

The unaudited quarterly results and audited annual results are sent to all the Stock Exchanges, where the equity shares of the Company are listed. The results are normally published in 'Business Standard, (English Daily) and 'Vijaya Karnataka' (Kannada Daily). The results are also displayed on the Company's Website www.mcdowellholdings.in

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.

9. MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement, Management Discussion and Analysis Report is appended and forms part of the Annual Report.

10. GENERAL SHAREHOLDER INFORMATION

a)	AGM Date, Time and Venue	Tuesday, September 30, 2014, at 10.30 a.m. at UB Tower, Level 01, UB City, 24, Vittal Mallya Road, Bangalore – 560 001.
b)	Financial Year	April 01 to March 31
	First Quarterly Results	By August 14th
	Second Quarterly Results	By November 14th
	Third Quarterly Results	By February 14th
	Audited Financial Results	By May 30th
c)	Dates of Book Closure	Monday, September 29, 2014 to Tuesday, September 30, 2014 (both days inclusive).
d)	Dividend payment date	NA
e)	Listing on Stock Exchanges:	The shares of the Company are listed on the following Stock Exchanges: 1. Bangalore Stock Exchange Limited (BgSE) 2. Bombay Stock Exchange Limited, (BSE) 3. National Stock Exchange of India Limited (NSE) The Annual Listing Fees for the years 2013-14 and 2014-15 have been paid.
f)	Stock Code	
	BSE	532852
	NSE	SYMBOL – MCDHOLDING
	BgSE	McDHL
g)	ISIN No.	INE836H01014 (NSDL & CDSL)
h)	Market price data	As per Annexure A.
i)	Stock performance in comparison to BSE sensex	As per Annexure B.
j)	Registrar and Transfer Agents	Integrated Enterprises (India) Limited Registered Office: 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 Tel. nos. (080) 2346 0815 – 0818 Fax no. (080) 2346 0819 E-mail id : bglsta@integratedindia.in
k)	Share Transfer System	In addition to the Committee of Directors, the Board has also authorized a Director and Company Secretary to jointly approve Share Transfer, Transmission etc., upto a specific limit as indicated under the heading Stakeholders Relationship Committee. The requirements under the Listing Agreement / Statutory regulations in this regard are being followed.

l)	Distribution of Shareholding	As per Annexure C
m)	Dematerialisation of shares	As on July 25, 2014 (i.e. date of last benpos), 96.67% of the paid-up share capital was held in dematerialized form.
n)	Outstanding GDRs/ ADRs / Warrants or any other Convertible instruments	N.A.
o)	Plant Locations	N.A.
p)	Address for correspondence	<p>Shareholder correspondence should be addressed to the Company's Registrars and Transfer Agents: Integrated Enterprises (India) Limited Registered Office: 30, Ramana Residency, 4th Cross Sampige Road Malleswaram, Bangalore 560 003 Tel. Nos. (080) 2346 0815-818 Fax No.080 2346 0819 ; E-mail id : bglsta@integratedindia.in</p> <p>Investors may also write or contact the Company Secretary, Mr. Ritesh Shah, at the Registered Office of the Company at UB Tower, Level 12, UB City, 24, Vittal Mallya Road, Bangalore 560 001</p> <p>Tel. Nos. (080) 3985 6500 Fax No. (080) 2227 4890 e-mail : mhlinvestor@ubmail.com</p>

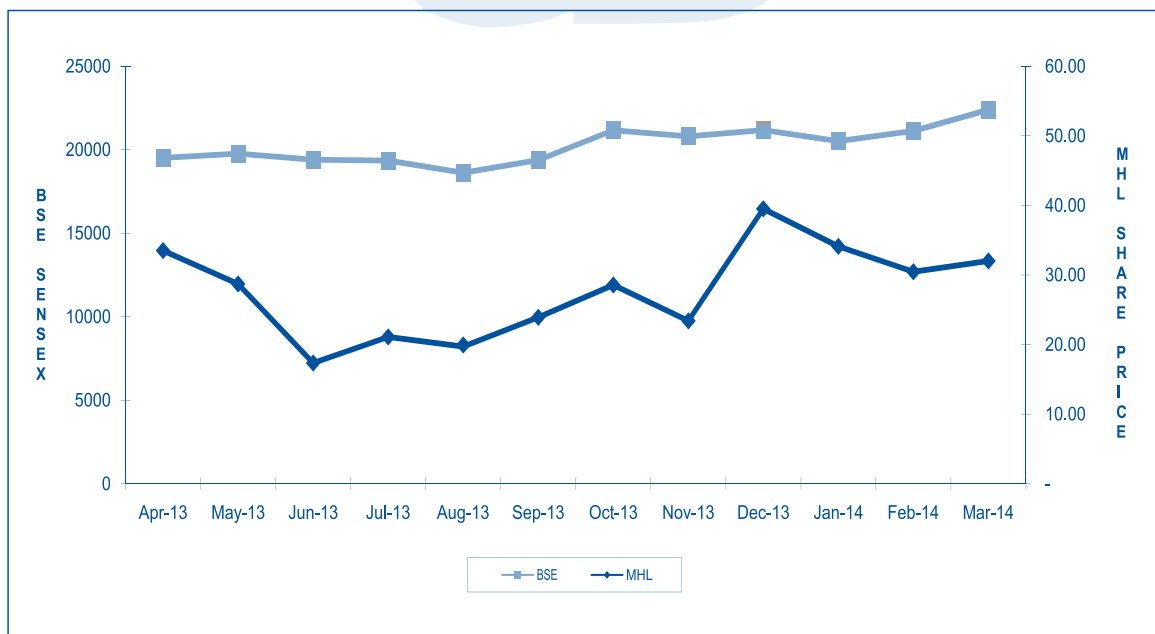
NON MANDATORY REQUIREMENTS

a)	Chairman of the Board	The expenses incurred by the Chairman in performance of his duties are eligible for reimbursement.
b)	Remuneration Committee	The Board of Directors of the Company have constituted Nomination and Remuneration Committee which inter alia, evaluates the performance of the non-executive directors.
c)	Shareholders Rights	The Company's half-yearly results are being published in English and Kannada Newspapers having adequate circulation. Hence the same are not sent to the shareholders.
d)	Audit Qualifications	With reference to observations in the Auditors Report, the relevant notes to the accounts comprehensively explain the management's views on such matters.
e)	Training of the Board Members	The Board may consider imparting training as and when the need arises.
f)	Whistle Blower Policy	The Company has adopted the Whistleblower Policy, wherein it has established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and, allows direct access to the Chairman of the audit committee in exceptional cases.

ANNEXURE A : MARKET PRICE DATA

MHL - Monthly BSE				MHL - Monthly NSE			
Month	High (₹)	Low (₹)	Volume	Month	High (₹)	Low (₹)	Volume
Apr-13	38.15	33.30	64,632	Apr-13	37.95	32.85	413,854
May-13	33.90	28.70	74,262	May-13	32.95	28.55	474,046
Jun-13	29.00	17.25	146,150	Jun-13	28.45	17.35	262,744
Jul-13	24.80	18.00	904,659	Jul-13	24.90	18.60	2,233,591
Aug-13	23.70	16.80	99,481	Aug-13	23.45	17.10	520,243
Sep-13	24.80	19.50	164,362	Sep-13	25.10	19.95	801,393
Oct-13	29.80	22.60	281,891	Oct-13	29.80	22.65	707,146
Nov-13	30.00	23.20	92,990	Nov-13	30.05	23.05	491,256
Dec-13	39.50	22.85	563,498	Dec-13	39.55	22.60	1,938,593
Jan-14	43.50	32.45	1,023,741	Jan-14	43.55	32.45	3,729,906
Feb-14	35.05	30.35	91,425	Feb-14	35.10	30.00	677,068
Mar-14	35.00	29.60	247,323	Mar-14	35.15	29.30	1,780,142

ANNEXURE B: STOCK PERFORMANCE IN COMPARISON TO BSE SENSEX



ANNEXURE C: DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on July 25, 2014 (i.e. date of last benpos), is given below:

VALUEWISE

Shareholding of nominal value (₹)	No. of Shareholders	% to Total	Share Capital in Rupees	% to Total
Upto 5000	53,765	99.77	39,040,600	27.90
5001 – 10000	66	0.12	4,883,150	3.49
10001 – 20000	22	0.04	3,050,690	2.18
20001 – 30000	12	0.02	3,001,550	2.15
30001 – 40000	3	0.01	1,133,910	0.81
40001 – 50000	5	0.01	2,244,190	1.60
50001 – 100000	4	0.01	2,780,320	1.99
100001 and Above	12	0.02	83,788,170	59.88
TOTAL	53,889	100.00	139,922,580	100.00

CATEGORYWISE

Category	No. of Shares	% of Equity
Promoter Group	2,517,392	17.99
Resident Body Corporate	948,608	6.78
Banks / FI / FII / MF / Trust	5,607,201	40.07
NRI / OCB / FFI	253,769	1.81
Resident Individuals	4,291,225	30.68
Clearing Members	374,063	2.67
TOTAL	13,992,258	100.00

CERTIFICATE

The members of
McDOWELL HOLDINGS LIMITED.

We have examined the compliance of conditions of Corporate Governance by **McDOWELL HOLDINGS LIMITED** ("the Company"), for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the management of the Company, we certify that, it has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement, *except the following:*

- (i) *It has not obtained a certificate required to be obtained from CEO/CFO in terms of Clause 49(V) of the Listing Agreement, since it does not have a CEO/CFO.*

We state that no investor grievance is pending for a period exceeding one month as on March 31, 2014 against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

For **Vishnu Ram & Co.**
Chartered Accountants
Firm Registration No. 004742S

(S. Vishnumurthy)
Proprietor
Membership No. 22715

Bangalore
July 30, 2014

Declaration regarding affirmation of Code of Conduct

In terms of the requirement of Clause 49 of the Listing Agreement, the Code of Conduct as approved by the Board of Directors of the Company on January 23, 2007, has been displayed at the Company's website www.mcdowellholdings.in. All the members of the Board had affirmed compliance with the Code for the period March 31, 2014.

Bangalore
July 30, 2014

Anil Pisharody
Director

Overview – Financial Performance

This has been comprehensively covered in the Report of the Directors for the year under review.

Industry Structure & Developments

Your Company is essentially a financing / investment holding company having investments in the UB Group companies, which are engaged in the business of Property Development & Exports, Manufacture and Sale of Beer, Chemicals & Fertilizers etc. The profitability of the Company is linked to the performance of the investee companies as well as fluctuations in the quotations on the Stock Market. 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.

Opportunities and Risks

The Company continues to hold significant investments in equity share capital of investee companies engaged in the business of Manufacture and Sale of Beer and Chemicals & Fertilizers etc., which are characterized by fluctuations in prices, regulation and excessive taxation. Any downward movement of product prices of the investee Companies could affect their margins, which could be a threat to the Company's fortunes.

Internal Control System

Your Company has a system of internal control which is reviewed by the Audit Committee of the Board of Directors. An independent firm of Chartered Accountants evaluates the functioning and quality of the internal controls and provides assurance through periodic reporting. The Audit Committee reviews the Internal Audit Reports and the adequacy of internal control on regular basis, which also acts as a tool for minimizing any possible risk in the operations of the Company.

Human Resources Management

The Company presently has 2 employees who are professionals in their field and are given independent responsibilities to perform significant roles in the Company's development. The Company will strengthen its operative staff as and when the need arises.

To,
The Members of
McDOWELL HOLDINGS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of **McDOWELL HOLDINGS LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Basis for qualified opinion

- a. *A beneficiary of the company's corporate guarantee and pledge of shares who had extended loans to certain group companies has demanded repayment of such loans amounting to Rs. 337.52 crores for defaults by the borrowers and has invoked the guarantee and exercised the pledge provided by the company.*

The borrowers are in negotiation with the lender for restoration of the credit facility and on that basis the company continues to disclose its exposure as contingent liability. The appropriateness of such disclosure instead of recognizing it in the accounts would depend upon the lender restoring the facilities that have been withdrawn. (Ref note no. 3.18)

- b. The company has prepared its financial statements on "Going Concern" basis for the reasons mentioned in note no. 3.19. The appropriateness of such basis would depend upon the lender agreeing to restore the credit facilities (as mentioned in note 3.18) and granting sufficient time to the borrowers for repayment of the dues.*
- c. The company has treated a sum of Rs. 50.88 crores due from one of the group company which is a defendant in several litigations, including winding up petitions, as good and recoverable (Ref note no.3.20). The appropriateness of such treatment would depend upon such group company being able to defend the litigations and the winding up petitions successfully.*

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the "Basis for Qualified Opinion" paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. Emphasis of Matter

- a. Attention is invited to note no. 3.24 regarding provision made to the extent of Rs. 20.50 crore for the probable non-recovery of dues from one of the borrowers.*
- b. Attention is invited to Note no. 3.23 regarding the diminution in the carrying value of certain long term investments and its treatment as temporary in nature.*

7. Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- ii. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e. on the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Vishnu Ram & Co.**
Chartered Accountants
Firm Registration No. 004742S

(S. Vishnumurthy)
Proprietor
Membership No. 22715

Place : Bangalore
Date : July 30, 2014



Re: McDowell Holdings Limited

Referred to in paragraph 7(i) of our report of even date

- (a) The company did not have any fixed assets. Therefore, the provisions of clause 4(i) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (b) The company did not have any stocks of goods. Therefore, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (c) The company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii)(a) to 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (d) The company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii)(e) to 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (e) In our opinion and according to the information and explanations given to us there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of the audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (f) According to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v)(a) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (g) In our opinion and according to the information and explanation given to us, there have not been any transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v)(b) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (h) The company has not accepted any deposits from the public. Therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (i) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (j) Provisions with regard to maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to this company.
- (k) The company is regular in depositing with appropriate authorities undisputed statutory dues including income tax and other material statutory dues applicable to it.
- (l) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31-3-2014 for a period of more than six months from the date they became payable.
- (m) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

- (n) Accumulated losses of the company are not more than fifty percent of its net worth. *The company has incurred cash losses during the financial year covered by our audit.* The company has not incurred cash losses during the immediately preceding financial year
- (o) The company has not taken any loans from banks or financial institution. The company has not issued any debentures.
- (p) The company has not granted any loans on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (q) The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (r) The company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (s) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (t) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (u) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.
- (v) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (w) According to the information and explanations given to us, the company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (x) During the year, the company has not raised any money by public issue. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (y) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Vishnu Ram & Co.**
Chartered Accountants
Firm Registration No. 004742S

(S. Vishnumurthy)
Proprietor
Membership No. 22715

Place : Bangalore
Date : July 30, 2014

	Note No.	As at 31-03-2014 ₹	As at 31-03-2013 ₹
I. Equity and Liabilities			
1. Shareholders' Funds			
a. Share Capital	3.1	139,922,580	139,922,580
b. Reserves and Surplus	3.2	338,798,307	547,141,772
2. Non-current liabilities			
a. Long term borrowings	3.3	500,000,000	-
b. Other long term liabilities	3.4	1,041,147	-
3. Current Liabilities			
a. Short-term borrowings	3.5	200,000,000	700,000,000
b. Other Current Liabilities	3.6	4,897,556	14,087,280
c. Short term provision	3.7	13,240,106	13,240,106
		1,197,899,696	1,414,391,738
II. Assets			
1. Non-current Assets			
a. Non Current Investments	3.8	626,032,177	626,032,177
2. Current Assets			
a. Trade Receivables	3.9	14,330,386	3,757,641
b. Cash and Cash Equivalents	3.10	2,513,768	15,380,231
c. Short term Loans and Advances	3.11	552,658,872	735,254,524
d. Other Current Assets	3.12	2,364,493	33,967,165
		1,197,899,696	1,414,391,738

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS 1 to 3

The schedules referred to above and the notes thereon form an integral part of the accounts.

As per our report of even date.

For Vishnu Ram & Co.,
Chartered Accountants
Firm Registration No.004742S

N. Srinivasan
Chairman

M.S. Reddy
Director

Anil Pisharody
Director

(S. Vishnumurthy)
Proprietor
Membership No. 22715

Bangalore
30th July 2014

Ritesh Shah
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2014



	Note No.	For the year ending 31-03-2014 ₹	For the year ending 31-03-2013 ₹
I. Revenue			
a. Revenue from operations	3.13	<u>128,588,029</u>	<u>112,532,252</u>
		128,588,029	112,532,252
II. Expenses			
a. Employee benefit expenses	3.14	3,412,463	1,449,690
b. Finance costs	3.15	124,756,228	63,626,537
c. Other expenses	3.16	3,692,036	5,763,707
d. Provision for doubtful loans and advances	3.17	205,070,767	-
		<u>336,931,494</u>	<u>70,839,934</u>
III. Profit /(Loss) before taxation		(208,343,465)	41,692,319
a. Tax Expense:			
i. Current Tax		-	5,420,000
IV. Profit/(loss) for the year		<u>(208,343,465)</u>	<u>36,272,319</u>
V. Earning per share			
a. Basic and Diluted (Face value of Rs.10 each)		(14.89)	2.60

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS 1 to 3

The schedules referred to above and the notes thereon form an integral part of the accounts.

As per our report of even date.

For Vishnu Ram & Co.,
Chartered Accountants
Firm Registration No.004742S

N. Srinivasan
Chairman

M.S. Reddy
Director

Anil Pisharody
Director

(S. Vishnumurthy)
Proprietor
Membership No. 22715

Bangalore
30th July 2014

Ritesh Shah
Company Secretary

Cash Flow Statement for the year ended March 31, 2014

	For the year ending 31.03.2014 ₹	For the year ending 31.03.2013 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax	(208,343,465)	41,692,319
Adjustments for :		
Provision for doubtful loans and advances	205,070,767	-
Provision Made/ (reversed) on loans and advances	(442,722)	1,714,722
Profit on sale of Investments	-	(27,931,165)
Operating profit /(loss) before working capital changes	(3,715,420)	15,475,876
Adjustments for :		
(Increase)/Decrease in trade and other receivables	8,887,056	(547,329,866)
Increase/(Decrease) in trade payables	<u>(7,705,855)</u>	<u>505,086,644</u>
	<u>1,181,201</u>	<u>(42,243,222)</u>
Cash generated from/(used in) operations	(2,534,219)	(26,767,346)
Direct taxes paid	(10,332,244)	(6,863,196)
Net cash generated from/(used in) operations	<u>(12,866,463)</u>	<u>(33,630,542)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of Investment	-	33,967,165
Cash flow generated from investing activities	-	33,967,165
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	(12,866,463)	336,623
Cash and cash equivalents at the beginning of the year	15,380,231	15,043,609
Closing Balance of Cash and cash equivalents	<u>2,513,768</u>	<u>15,380,231</u>
Cash and cash equivalents comprises of:		
Cash on hand	-	-
Balance with banks	<u>2,513,768</u>	15,380,231
	<u>2,513,768</u>	<u>15,380,231</u>

As per our report of even date.

For Vishnu Ram & Co.,

Chartered Accountants

Firm Registration No.004742S

N. Srinivasan

Chairman

M.S. Reddy

Director

Anil Pisharody

Director

(S. Vishnumurthy)

Proprietor

Membership No. 22715

Bangalore

30th July 2014

Ritesh Shah

Company Secretary

1. Nature of Companies Operations

In terms of a Composite Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka, the investment business of McDowell & Company Limited (now known as United Spirits Limited), was demerged into McDowell India Spirits Limited (now known as McDowell Holdings Limited) with retrospective effect from the opening hours of April 1, 2005. As a part of the Scheme, the name of the Company was changed from McDowell India Spirits Limited to McDowell Holdings Limited.

The Company has obtained registration from the Reserve Bank of India, to carry on the business of a Non-Banking (Non Deposit accepting) Financial Company. Presently, the company is engaged in the business of investment and financing.

2. Significant accounting policies

i. Basis for preparation of financial statements:

The financial statements are prepared under the historical cost convention, having due regard to the fundamental accounting assumptions of going concern, consistency, accrual and in compliance with the mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006.

ii. Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

iii. Investments:

Investments are stated at cost. Permanent decline in the value of long-term investments is recognized. Temporary declines in the value of long-term investments are ignored.

iv. Revenue recognition:

Revenues are generally recognized on accrual basis except where there is an uncertainty of ultimate realization.

- i. Dividend from investment in shares is recognized as and when the company's right to receive payment is established.
- ii. Security commission and interest income are recognized on accrual basis.

v. Provision and contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

vi. Tax expense:

Tax expense comprises of current tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is reasonable / virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

vii. Segmental reporting :

The operations of the company are divided into investment and financial services. Accordingly, the primary segment reporting comprises the performance under these segments.

viii. Employee Benefit :

a. Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognized as expenses during the period in which the employees perform the services that the payment covers.

	As at 31-03-2014 ₹	As at 31-03-2013 ₹
3.1 Share Capital		
Authorised		
15,000,000 (2013: 15,000,000) Equity shares of Rs. 10 each	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and Paid-up		
13,992,258 (2013: 13,992,258) Equity shares of Rs. 10 each fully paid up	139,922,580	139,922,580
	<u>139,922,580</u>	<u>139,922,580</u>

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

	No. of Shares	Rs. 31-03-2014	No. of Shares	Rs. 31-03-2013
As at the beginning of the period	13,992,258	139,922,580	13,384,281	133,842,810
Issued during the year on conversion of optionally convertible debentures	-	-	607,977	6,079,770
Outstanding at the end of the period	13,992,258	139,922,580	13,992,258	139,922,580

b. Terms and rights attached to equity shares

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. The rights of shareholder is governed by the Articles of Association of the Company and the Companies Act, 2013.

c. Details of shareholders holding more than 5% shares in the company

	31-03-2014		31-03-2013	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid				
United Breweries (Holdings) Limited	-	-	3,592,691	25.68%
Kingfisher Finvest India Limited	2,027,707	14.49%	1,856,707	13.27%
Acacia Partners LP	776,269	5.55%	776,269	5.55%
SBIMF-Magnum Sector Funds Umbrella - Emerging Businesses Fund	1,287,340	9.20%	1,287,340	9.20%
Barca Global Master Fund LP	795,535	5.69%	-	-

	As at 31-03-2014 ₹	As at 31-03-2013 ₹
3.2 Reserves and Surplus		
General Reserve		
As per last Balance Sheet	314,815,495	314,815,495
Statutory Reserve		
As per last Balance Sheet	17,330,746	10,076,282
Add: Addition during the year	<u>-</u>	<u>7,254,464</u>
	17,330,746	17,330,746
Securities Premium Account		
As per last Balance Sheet	156,649,203	132,938,100
Add: Addition during the year	<u>-</u>	<u>23,711,103</u>
	156,649,203	156,649,203
Surplus as per Statement of Profit and Loss		
As per last Balance Sheet	58,346,328	29,328,473
Add: Profit /(loss) for the year	<u>(208,343,465)</u>	<u>36,272,319</u>
	(149,997,136)	65,600,792
Less: Appropriations:		
Transfer to Statutory Reserve	<u>-</u>	<u>7,254,464</u>
	(149,997,136)	58,346,328
	<u>338,798,307</u>	<u>547,141,772</u>
3.3 Long Term Borrowings		
Secured		
From others	<u>500,000,000</u>	-
	<u>500,000,000</u>	-
a. Nature of security and terms of repayment for secured borrowings		
Nature of security	Terms of repayment	
Loan from ECL Finance Limited amounting to Rs. 500 Million (Previous Year Rs. Nil million) is secured by the pledge of 27,36,000 Shares of United Breweries Limited.	Repayable on March 30th 2016; Rate of interest @ 19.02% p.a	
3.4 Other long term liabilities		
Interest accrued but not due	<u>1,041,147</u>	-
	<u>1,041,147</u>	-

	As at 31-03-2014 ₹	As at 31-03-2013 ₹
3.5 Short Term Borrowings		
Secured		
From others	-	500,000,000
Unsecured		
Inter Corporate loan	200,000,000	200,000,000
	<u>200,000,000</u>	<u>700,000,000</u>
b. Terms of repayment of unsecured borrowings		
Intercorporate loan of Rs. 200 Million (Previous Year Rs. 200 million)		Repayable on December 31st 2014; Rate of interest @ 18% p.a
3.6 Other Current Liabilities		
Interest accrued and due	-	9,631,232
Employee payables	327,815	-
TDS payable	1,904,537	2,232,868
Professional tax payable	400	200
Provision for Standard Assets	1,272,000	1,714,722
Audit fees payable	179,130	196,630
Service tax payable	1,201,528	-
Other liabilities	12,145	311,628
	<u>4,897,555</u>	<u>14,087,280</u>
3.7 Short term provision		
Provision for tax	13,240,106	13,240,106
	<u>13,240,106</u>	<u>13,240,106</u>

	No. of shares	Face value	As at 31-03-2014 ₹	No. of shares	Face value	As at 31-03-2013 ₹
3.8 Non-current Investments						
Trade investments						
Quoted						
Fully paid Equity shares						
Mangalore Chemicals & Fertilizers Limited	5,826,828	10	29,308,945	5,826,828	10	29,308,945
UB Engineering Limited	452,243	10	18,996,712	452,243	10	18,996,712
United Breweries (Holdings) Limited	5,260,002	10	284,013,853	5,260,002	10	284,013,853
United Breweries Limited	10,707,344	1	293,585,667	10,707,344	1	293,585,667
			<u>625,905,177</u>			<u>625,905,177</u>
Non-Trade Other Investments						
Unquoted						
UB Electronics Instruments Limited	1,991	100	127,000	1,991	100	127,000
			<u>626,032,177</u>			<u>626,032,177</u>
Total Investments						
Aggregate value of :						
Quoted investments			625,905,177			625,905,177
Un quoted investments			127,000			127,000
Market value of quoted investments			9,292,432,255			7,847,456,712

Note :-

10,036,000 shares of United Breweries Limited are under pledge to secure the borrowing availed by the company as well as Group Companies. The carrying cost of such investments is 275.18 million and the market value is 8,244.07 million

	As at 31-03-2014 ₹	As at 31-03-2013 ₹
3.9 Trade Receivables		
(Unsecured, considered good unless stated otherwise)		
Outstanding for more than six months	4,430,891	-
Others: Considered Good	9,899,495	3,757,641
	14,330,386	3,757,641
3.10 Cash and Cash Equivalents		
Balances with Banks:		
In Current accounts	2,513,768	15,380,231
	2,513,768	15,380,231
3.11 Short Term Loans and Advances		
(Unsecured, considered good unless stated otherwise)		
Loans and advances	713,870,767	685,888,767
Interest accrued and due on loan	16,037,670	32,079,959
Advance tax & tax deducted at source	27,468,042	17,135,798
Staff deposits	353,160	150,000
	757,729,639	735,254,524
Less : Provision for doubtful loans and advances	205,070,767	-
	552,658,872	735,254,524
3.12 Other Current Assets		
Receivable on account of sale of investments	-	33,967,165
Other receivables	2,364,493	-
	2,364,493	33,967,165
3.13 Revenue from operations		
Dividends	14,487,335	15,927,334
Commission	19,721,093	3,437,500
[Tax deducted at source 2014 :Rs. 14,14,767 (2013 : Rs.3,43,750)]		
Interest	94,340,470	65,194,418
[Tax deducted at source 2014 :Rs. 94,34,047 (2013 : Rs.65,19,446)]		
Profit on sale of investment	-	27,972,750
Other income	39,131	250
	128,588,029	112,532,252

	As at 31-03-2014 ₹	As at 31-03-2013 ₹
3.14 Employee benefit expenses		
Salaries	3,143,635	1,395,871
Contribution to provident & Superannuation fund	268,828	53,819
	<u>3,412,463</u>	<u>1,449,690</u>
3.15 Finance costs		
Interest on debentures	-	138,752
Interest on loan /Inter Corporate Loan	124,756,228	63,487,785
	<u>124,756,228</u>	<u>63,626,537</u>
3.16 Other expenses		
Travel and communication expenses	772,512	797,641
Secretarial expenses	630,128	725,027
Printing & stationery expenses	690,964	790,688
Provision reversed on reclassification of loans and advance	(442,722)	-
Provision on standard loans and advances	-	1,714,722
Insurance	314,608	-
Security transaction tax	-	34,069
Director's sitting fees	140,000	361,000
Auditor's remuneration	207,866	308,990
Donation	10,000	-
Advertising expenses	359,576	370,897
Depository and listing fees	820,638	550,858
Professional charges	30,899	19,875
Filing fees	30,494	28,266
Interest on TDS	51,689	-
Miscellaneous expenses	75,384	61,674
	<u>3,692,036</u>	<u>5,763,707</u>
3.17 Provisions		
Provision for doubtful loans and advances	205,070,767	-
	<u>205,070,767</u>	<u>-</u>

- 3.18 The Company has provided Corporate Guarantee and created pledge on 6.3 million equity shares in United Breweries Limited, held by it in favour of a lender to secure their lendings to certain Group Companies and the total amount outstanding as on 31st March 2014 is Rs. 496 crores. Three of such borrowers have committed acts of defaults and the lender has demanded repayment of a sum of Rs. 337.52 crores due from them. Simultaneously, the lender has invoked the corporate guarantee and exercised its right of pledge provided by the Company to realize the above dues. The Company is in negotiation with the lender, to restore the facility made available to the defaulting borrowers. No adverse action has been taken against the Company. Pending final outcome of the negotiations, the company continues to recognize its obligation as contingent liabilities
- 3.19 The Company has prepared its financial statements on a going concern basis, having regard to the ongoing negotiation with the lender who has invoked the corporate guarantee and exercised its right of pledge over the shares pledged by the company, to restore the facilities to the borrower on whose behalf the relevant guarantees were extended.
- 3.20 The Company has advanced a sum of Rs. 50.88 Crores to a Group Company, which is a defendant in several litigations and also winding up petitions before the Hon'ble High Court of Karnataka. The company has treated the amount as good and recoverable on the assumption that the litigations and the petitions against the borrowers would be resolved in favour of the borrower.
- 3.21 The Company is registered with Reserve Bank of India as a Non-Banking (Non-deposit accepting) Financial Company. Certain regulatory requirements prescribed by the Reserve Bank of India under the NBFC Regulations could not be met by the Company during the year. The matter is being addressed by the Board of Directors to find a suitable solution.
- 3.22 The Company along with other constituents of the UB Group is a party to an agreement entered into between the UB Group and Adventz Group in respect of their respective shareholding in Mangalore Chemicals and Fertilizers Limited. Further, the Company has also joined Zuari Fertilizers and Chemicals Limited, a part of Adventz Group, in making a competing offer under Regulation 20 of the SEBI (SAST) Regulations, 2011, as amended, for acquisition of up to 3,08,13,939 equity shares of Rs. 10 each from the public shareholders of Mangalore Chemicals and Fertilizers Limited by Zuari Fertilisers and Chemicals Limited at a price of Rs. 68.55 per equity share. In terms of the agreement, Zuari Fertilisers and Chemicals Limited has agreed to acquire all the shares that will be tendered in the competing offer and all financial obligations, costs, charges and expenses including payment of consideration to Public Shareholders in terms of the SEBI Regulations will be borne by Zuari Fertilisers and Chemicals Limited alone. SEBI has issued its 'No objection' for the open offer subject to receipt of approval from the Competition Commission of India.
- 3.23 The Company is carrying certain investments at a carrying cost of Rs 30.30 Crores. There is substantial erosion in the market price of these investments. The company is of the opinion that the diminutions in the value of the shares are temporary in nature and accordingly, has not made any provision for such diminution.
- 3.24 The Board of Directors has reviewed and carried out a critical appraisal of the amount recoverable from Bangalore Beverages Limited and, taking into consideration its financial ability to repay and, as a matter of prudence, has provided for the entire amount of Rs. 20.50 Crores due from this entity.
- 3.25 Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. Nil (Previous year Rs. Nil)

3.26 Contingent Liability:

- Guarantee given on behalf of other body corporate amounting to Rs. 228.34 Crore (PY Rs. 250 Crore).
- Obligation of third parties secured by pledge of its shares by the Company Rs. 109.18 Crore (PY Rs. Nil).

3.27 Remuneration to Auditors :

	2013-14	2012-13
Statutory Audit	125,000	125,000
Limited Review & Certification of Corporate Governance	50,000	50,000
Certification Fees	10,000	100,000
Service Tax	22,866	33,990
Total	207,866	308,990

3.28 Figures for the previous year have been regrouped /reclassified where ever necessary.

3.29 Figures in the Balance Sheet, Statement of Profit and Loss and Schedules have been rounded off to the nearest rupee.

3.30 Segmental reporting:

Segment-wise business performance for the year ended March 31, 2014 is as follows:

Primary Segment Information

1. Segment Revenue

	31.03.2014 (₹)	31.03.2013 (₹)
Investments	14,487,335	43,900,084
Financial Services	114,100,694	68,632,168
Total Revenue	128,588,029	112,532,252

2. Segment Results

Investments	10,713,725	40,994,961
Financial Services	(13,986,423)	697,358
Total result	(3,272,698)	41,692,319
Less: Provision for doubtful loans and advances	205,070,767	Nil
Profit / (loss) before tax	(208,343,465)	41,692,319

Other information	31.03.2014		31.03.2013	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Investments	626,032,177	Nil	659,999,342	Nil
Financial services	571,867,519	719,178,808	754,392,396	727,327,386

Notes:

- Income under the segment 'investments' represents dividends received and profit on sale of investments.
- Segment results represent profit / (loss) before tax and provision for doubtful loans and advances.
- Segment assets include Non- Current Assets and Current Assets.
- Segment liabilities include Non-Current Liabilities and Current Liabilities.

3.31 Deferred tax

Particulars	2013-14	2012-13
Deferred Tax Asset in respect of		
Allowance for carried forward losses	48,71,146	Nil
Total	48,71,146*	Nil

Note: In the absence of virtual certainty supported by convincing evidence that future taxable income will be available, deferred tax asset has not been recognized.

3.32 Related Party disclosures as required as per Accounting Standard (AS-18) are as below:

Associate : United Breweries (Holdings) Limited

The following are the transaction during the period with the related party:

Company	Particulars	FY 2013-14	FY 2012-13
United Breweries (Holdings) Limited	Opening Balance 1.4.2013	49,59,68,253	Nil
	Loan given	53,92,18,000	48,08,18,000
	Loan repaid	51,12,36,000	Nil
	Interest income	8,49,06,421	2,79,44,727
	Interest income received	8,40,19,004	1,27,44,474
	Security Commission income	1,25,68,492	Nil
	Security Commission received	1,00,00,000	Nil
	Balance outstanding	52,74,98,089	49,59,68,253
	Guarantee Given	2,500 Million	2,500 Million

3.33 The Company has adopted Accounting Standard – 20, “Earning Per Share” for calculation of EPS and the disclosures in this regard are as given below:

Basic and Diluted earnings per share

Particulars	Year ended 31.03.2014 (₹)	Year ended 31.03.2013 (₹)
Net Profit / (loss) after tax	(208,343,465)	36,272,319
Weighted average number of equity shares of ₹ 10/- each outstanding during the year	13,992,258	13,992,258
Basic and Diluted earnings per share (₹)	(14.89)	2.60

As per our report of even date.

For Vishnu Ram & Co.,

Chartered Accountants

Firm Registration No.004742S

N. Srinivasan

Chairman

M.S Reddy

Director

Anil Pisharody

Director

(S. Vishnumurthy)

Proprietor

Membership No. 22715

Bangalore

30th July 2014

Ritesh Shah

Company Secretary

Schedule to the Balance Sheet of a Non Deposit taking Non-Banking Financial Company

[as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directors, 2007]

(₹ in lakhs)

Particulars	Amount outstanding
Liabilities side:	
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	
a) Debentures : Secured	Nil
: Unsecured (other than falling within the meaning of public deposits*)	Nil
b) Deferred Credits	Nil
c) Term Loans	5088.00
d) Inter-Corporate loans and borrowing	2050.70
e) Commercial Paper	Nil
f) Other Loans (specify nature)	Nil
* Please see Note 1 below	
Assets side:	
(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below:	
a) Secured	Nil
b) Unsecured	7138.70
Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(3) (i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	Nil
(b) Operating lease	Nil
Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	Nil
(b) Repossessed Assets	Nil
(ii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	Nil
(4) Break-up of Investments:	
<u>Current Investments:</u>	
1. <u>Quoted:</u>	Nil
(i) Shares : (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil

Schedule to Balance Sheet

Particulars		Amount outstanding
2.	Unquoted:	
	(i) Shares : (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (please specify)	Nil
Long Term investments :		
1.	Quoted:	
	(i) Shares : (a) Equity	6259.05
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (please specify)	Nil
2.	Unquoted:	
	(i) Shares: (a) Equity	1.27
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (please specify)	Nil
(5)	Borrower group-wise classification of assets financed as in (2) and (3) above:	
	Please see Note 2 below	
	Category	Amount net of provisions
		Secured Unsecured Total
	1. Related Parties**	
	(a) Subsidiaries	Nil
	(b) Companies in the same group	5088.00
	(c) Other related parties	Nil
	2. Other than related parties	2050.70
	Total	7138.70
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	
	Please see note 3 below	
	1. Related Parties**	
	(a) Subsidiaries	Nil
	(b) Companies in the same group	3031.38
	(c) Other related parties	Nil
	2. Other than related parties	3228.94
	Total	6260.32
	** As per Accounting Standard of ICAI (please see Note 3)	

Particulars		Amount outstanding
(7)	Other Information	
	(i) Gross Non-Performing Assets	
	(a) Related parties	Nil
	(b) Other than related parties	Nil
	(ii) Net Non-Performing Assets	
	(a) Related parties	Nil
	(b) Other than related parties	Nil
	(iii) Assets acquired in satisfaction of debt	Nil

Notes:

1. As defined in paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directors, 2007.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

Schedule to Balance Sheet

Additional Disclosures by a Systemically Important Non-Deposit taking Non-Banking Financial Company as required by Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

1) Capital to Risk Assets Ratio (CRAR)

Sr. No.	Particulars	Current Year	Previous Year
1.	CRAR (%)	(9.99)	(8.06)
2.	CRAR – Tier I Capital (%)	(9.99)	(8.06)
3.	CRAR – Tier II Capital (%)	Nil	Nil

2) Exposure to Real Estate Sector

Sr. No.	Category	Current Year	Previous Year
A.	DIRECT EXPOSURE		
	(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented: (Individual housing loans up to Rs.15 lacs may be shown separately)	Nil	Nil
	(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises., multi-family building, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non- fund based (NFB) limits	Nil	Nil
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures – a) Residential b) Commercial Real Estate	Nil Nil	Nil Nil
B.	INDIRECT EXPOSURE		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

3) Maturity pattern of certain items of assets and liabilities

	1 day to one month (30/31 days)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 Years	TOTAL
Liabilities									
Borrowings from Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Market Borrowings	Nil	Nil	Nil	2000.00	Nil	5000.00	Nil	Nil	Nil
Assets									
Advances (net of NPAs)	Nil	Nil	Nil	Nil	Nil	7138.70	Nil	Nil	Nil
Investments (net of Provisions)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For and behalf of the Board of Directors

N. Srinivasan
Chairman

M.S Reddy
Director

Anil Pisharody
Director

Ritesh Shah
Company Secretary

Bangalore
30th July 2014

UB
GROUP



McDOWELL HOLDINGS LIMITED

Corporate Identity Number: L05190KA2004PLC033485

Registered Office: UB Tower, Level 12, UB City, 24, Vittal Mallya Road, Bangalore – 560001

E-mail: mhlinvestor@ubmail.com , Website: www.mcdowellholdings.in

Tel. : +91 80 3985 6500 Fax : +91 80 2227 4890

Attendance Slip

10th ANNUAL GENERAL MEETING

Date: Tuesday, September 30, 2014, Time 10.30 a.m

Place: UB Tower, Level 01, UB City, 24, Vittal Mallya Road, Bangalore – 560 001.

Please bring this attendance slip and hand it over at the entrance of the venue of the meeting

Name & Address of the shareholder

.....
.....
.....
.....

FOLIO NO.

DP/ID*

CLIENT ID*

*Applicable to investors holding shares in electronic form

I/We hereby record my/our presence at the **TENTH ANNUAL GENERAL MEETING** of the Company being held on Tuesday, September 30, 2014 at 10.30 a.m. at UB Tower, Level 01, UB City, 24, Vittal Mallya Road, Bangalore – 560 001.

Signature of the Member or Proxy

Shares Held

Shareholders/Proxy holders are requested to bring the attendance slip with them duly completed and hand them over at the entrance.

TEAR OFF

DETAILS / SCHEDULE OF E-VOTING

e-Voting period begins on	September 24, 2014 at 9.30 a.m.
e-Voting period ends on	September 26, 2014 at 5.30 p.m.
Name of the Scrutinizer	Mr. Sudhir V. Hulyalkar
Instruction for exercising your e-vote	Please read the detailed instructions given in the notice
Help	You may refer FAQs and e-voting manual available at www.evotingindia.co.in or write an email to helpdesk.evoting@cdslindia.com



McDOWELL HOLDINGS LIMITED

Corporate Identity Number: L05190KA2004PLC033485

Registered Office: UB Tower, Level 12, UB City, 24, Vittal Mallya Road, Bangalore – 560 001

E-mail: mhlinvestor@ubmail.com , Website: www.mcdowellholdings.in

Tel. : +91 80 3985 6500 Fax : +91 80 2227 4890

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) : _____
Registered address : _____
E-mail Id : _____
Folio No/ Client ID : _____ DP ID: _____

I/We, being the holder(s) of Equity shares of McDowell Holding Limited, hereby appoint:

1. Name : _____ Address : _____
E-mail Id : _____ Signature : _____ or failing him;
2. Name : _____ Address : _____
E-mail Id : _____ Signature : _____ or failing him;
3. Name : _____ Address : _____
E-mail Id : _____ Signature : _____ or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company, to be held on Tuesday, September 30, 2014 at 10.30 a.m. at UB Tower, Level 01, UB City, 24, Vittal Mallya Road, Bangalore – 560 001 and at any adjournment(s) thereof in respect of such resolutions as are indicated below :

Sl. No.	Resolutions
1.	Adoption of Accounts for the year ended March 31, 2014 and the Reports of the Auditors and Directors thereon.
2.	Appointment of Auditors and fixing their Remuneration.
3.	Appointment of Mr. N. Srinivasan as an Independent Director for a term of three years.
4.	Appointment of Mr. M. Srinivasulu Reddy as an Independent Director for a term of five years.
5.	Appointment of Mr. Anil Pisharody as Director, liable to retire by rotation.
6.	To borrow monies from banks and / or financial institutions and create mortgage / charge in connection with such borrowings.

Signed this _____ day of September 2014.

Affix Re.1
Revenue
Stamp &
sign

Signature of shareholder(s)
holder(s)

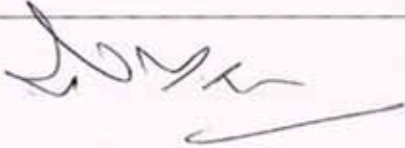

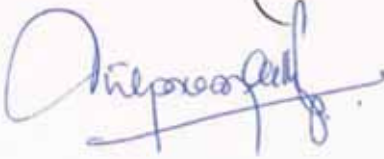
Signature of Proxy

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- A person can act as proxy on behalf of Members not exceeding Fifty Members and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
- A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

TEAR OFF

FORM B

1.	Name of the Company	McDowell Holdings Limited
2.	Annual Financial Statements for the year ended	March 31, 2014
3.	Type of Audit observation	Qualified Opinion
4.	Frequency of Audit qualification	Appearing for the first time
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	<p><u>Gist of qualifications:</u></p> <p>Company has not provided for probable loss that may arise on account of:</p> <p>a) its financial exposure to one of the group company which is <i>inter alia</i>, contesting creditors winding up petitions;</p> <p>b) invocation of company's corporate guarantee and security by way of pledge of shares by the beneficiary for defaults by the borrowers and also preparation of its financial statements on 'going concern' basis.</p> <p>Please refer to Independent Auditor's Report forming part of the Annual Report.</p> <p><u>Management's Response:</u></p> <p>The Company has treated the amount due from the group company as good and recoverable on the assumption that the litigation against the borrower would be resolved in favour of the borrower. The Company has prepared its financial statements on a 'going concern' basis, having regard to the on-going negotiation with the lender (beneficiary) to restore the facility made available to the defaulting borrowers and the fact that no adverse action has been taken against the Company.</p>
	Additional comments from the Board / Audit Committee Chairman	Please refer to the Report of the Directors
5.	To be signed by:	
	• Chairman of the Board*	
	• Audit Committee Chairman	
	• Auditor of the Company	
	Refer our Audit Report dated July 30, 2014 on the standalone financial statement of the Company attached.	

* the managing director of the company has resigned and the replacement is not yet identified.



McDowell Holdings Limited

CIN: L05190KA2004PLC033485

Registered Office: UB Tower, Level 12, UB City, 24, Vittal Mallya Road, Bangalore – 560 001

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