

McDOWELL HOLDINGS LIMITED

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

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

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

By order of the Board

Ritesh Shah
Company Secretary

Bangalore
August 20, 2010

Notes:

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

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

3) The Transfer Books and Register of Members will remain closed from Monday, September 27, 2010, to Wednesday, September 29, 2010 (both days inclusive).

4) Members are requested to intimate immediately to the Company's Registrars and Transfer Agents, M/s. Alpha Systems Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 (Telephone No. 080-23460815-818 Fax No. 080 2346 0819), any change in their registered addresses along with Pin Code Number.

5) Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note No. 4 above.

6) Members may please address all their documents/ correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note no. 4 above.

7) Nomination facility for shares is available for members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents at the address as stated in Note no. 4 above.

8) The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialised. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerialising their shareholdings in the Company.

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

By order of the Board

Bangalore
August 20, 2010

Ritesh Shah
Company Secretary



McDowell Holdings Limited

ANNUAL REPORT 2009 - 2010

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BOARD OF DIRECTORS

DR. VIJAY MALLYA
CHAIRMAN

A. HARISH BHAT
MANAGING DIRECTOR

N. SRINIVASAN
DIRECTOR

M. R. DORAISWAMY IYENGAR
DIRECTOR

S. G. RUPAREL
DIRECTOR

S. N. PRASAD
DIRECTOR

COMPANY SECRETARY
RITESH SHAH

AUDITORS
VISHNU RAM & CO., CHARTERED ACCOUNTANTS, BANGALORE

REGISTERED OFFICE
20/2, VITTAL MALLYA ROAD
BANGALORE – 560 001

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

FINANCIAL RESULTS

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

DIVIDEND

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

REVIEW OF OPERATIONS

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

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

FUTURE PROSPECTS

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

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

Report of the Directors (Contd.)

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

INVESTMENT PORTFOLIO

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

DIRECTORS

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

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

AUDITORS

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

LISTING OF EQUITY SHARES OF THE COMPANY

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

DEPOSITORY SYSTEM

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

REGISTRATION WITH RESERVE BANK OF INDIA AS NON BANKING FINANCIAL COMPANY

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

SHIFTING OF REGISTERED OFFICE

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION ETC.

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

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

EMPLOYEES

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

FIXED DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENT

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

By Authority of the Board

August 20, 2010
Bangalore

Dr. Vijay Mallya
Chairman

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTORS

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

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

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

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

NOTE:

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

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

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

DISCLOSURES REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Directors retiring by rotation and being re-appointed

Mr. M R Doraiswamy Iyengar

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

The brief particulars of Mr. Iyengar are as under:

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

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

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

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

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

Mr. Shrikant G. Ruparel

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

The brief particulars of Mr. Ruparel are as under:

Mr. Ruparel holds a Masters Degree in Arts from Oxon and a Masters Degree in Science from London. He joined Kolhapur Sugar Mills in 1968 and held the position of Managing Director during the years 1971 & 1991. He was also on the Board of State Bank of India for 18 years. Mr. Ruparel has held Chairmanship of various Companies and Councils including Indo US Joint Business Council, Indo France Joint Business Council and Indo Swedish Joint Business School. He is also on the Advisory Board of Stanford Research Institute and has held important positions in various other Educational Centers.

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

Sl. No.	Other Directorships	Position held
1.	Ruparel Enterprises Limited	Chairman
2.	Bentley Finance (India) Limited	Chairman
3.	United Breweries (Holdings) Limited	Director & Member of Audit Committee & Shareholders & Investors' Grievance Committee
4.	Mangalore Chemicals & Fertilizers Limited	Director & Chairman of Audit Committee

Mr. Ruparel does not hold any equity shares of the Company.

3. AUDIT COMMITTEE

The Audit Committee, constituted on November 06, 2006, to meet the requirements under both, the Listing Agreement and Section 292A of the Companies Act, 1956, comprises the following Directors:

Mr. M R Doraiswamy Iyengar (Chairman)	Non Executive Independent Director
Mr. N Srinivasan	Non Executive Independent Director
Mr. S Narasimha Prasad	Non Executive Director

The terms of reference of this Committee are in accordance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement and inter alia, includes the following.

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (2) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (4) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices & reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements, arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transaction
 - g) Qualifications in the draft audit report
- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

- (6) Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- (7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (8) Discussion with internal auditors any significant findings and follow up thereon.
- (9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (10) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends), and creditors.

The Committee, inter alia, has reviewed the financial statements including Auditors' Report for the year ended March 31, 2010 and has recommended its adoption. In addition, the Committee has also reviewed quarterly results for June 30, 2009, quarterly and half yearly results for September 30, 2009, quarterly results for December 31, 2009 and quarterly results for March 31, 2010, which were subjected to a Limited Review by the Statutory Auditors of the Company.

The Company Secretary, Mr. Ritesh Shah, acts as the Secretary of the Committee.

During the financial year, five meetings of the Audit Committee were held i.e. on April 30, 2009, June 26, 2009, July 28, 2009, October 26, 2009 and January 18, 2010. 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	5	5
Mr. N. Srinivasan	5	5
Mr. S Narasimha Prasad	5	5

4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

A Shareholders/Investors Grievance (SIG) Committee was constituted on November 06, 2006, to operate in terms of the provisions related thereto in the Listing Agreements with the Stock Exchanges and / or the provisions as prescribed under the Companies Act, 1956.

The Committee comprises the following Directors:

Mr. M R Doraiswamy Iyengar (Chairman)	Non Executive Independent Director
Mr. S Narasimha Prasad	Non Executive Director

During the financial year, four meetings were held i.e. on April 30, 2009, July 28, 2009, October 26, 2009 and January 21, 2010, which were attended by both the members of the committee.

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, 11 complaints were received from the shareholders/investors, which were replied / resolved to their satisfaction. There was no complaint pending as on March 31, 2010.

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 comprises the following Directors:

Mr. N Srinivasan
 Mr. M.R.Doraiswamy Iyengar
 Mr. A. Harish Bhat and
 Mr. S Narasimha Prasad

5. REMUNERATION COMMITTEE

Remuneration of Directors:

a) Managing Director:

Mr. A. Harish Bhat has been re-appointed as the Managing Director of the Company without remuneration for a further period of three years from November 06, 2009, with the approval of the shareholders of the Company at the last Annual General Meeting held on September 30, 2009.

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
Dr. Vijay Mallya	33,005*
Mr. A Harish Bhat	Nil
Mr. N. Srinivasan	105,000
Mr. M. R. Doraiswamy Iyengar	155,000
Mr. S G Ruparel	60,000
Mr. S Narasimha Prasad	155,000

* Net of tax.

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
Dr. Vijay Mallya	02
Mr. A. Harish Bhat	204
Mr. N. Srinivasan	NIL
Mr. M. R. Doraiswamy Iyengar	04
Mr. S G Ruparel	NIL
Mr. S Narasimha Prasad	162

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, 2009	September 30, 2009	4.00 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025
March 31, 2008	September 22, 2008	2.00 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025
March 31, 2007	September 28, 2007	5.00 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 30, 2009	(i) Re-appointment of Mr. A. Harish Bhat as Managing Director. (ii) Alteration of the Articles of Association of the Company.
September 22, 2008	Nil
September 28, 2007	Voluntary de-listing of equity shares of the Company from the Stock Exchanges situated at Ahmedabad, Chennai, Kolkata and New Delhi.

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

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.

No resolution was passed through Postal Ballot during 2009-10.

There is no Ordinary or Special Resolution at this meeting, which is required to be passed by way of Postal Ballot.

7. DISCLOSURES

During the financial year ended March 31, 2010, the Company had no materially significant related party transactions with its promoters, the Directors or the management, their subsidiaries 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.

The Company has complied with all the statutory requirements comprised in the Listing Agreements/Regulations/Guidelines/Rules of the Stock Exchanges/SEBI/other Statutory Authorities.

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.

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.com. All the members of the Board had affirmed compliance with the Code for the year ended March 31, 2010 and a declaration to this effect signed by the Managing Director is forming part of this report. The Company has no employee.

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 'Kannada Prabha' / 'Times of India' / 'Vijaya Karnataka' (Kannada Daily). The results are also displayed on the Company's Website www.mcdowellholdings.com.

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	Wednesday, September 29, 2010, at 2.00 p.m., at Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore 560 025.
b)	Financial Year	April 01 to March 31
	First Quarterly Results	By July 31
	Second Quarterly Results	By October 31
	Third Quarterly Results	By January 31
	Fourth quarterly Results	By April 30
c)	Date of Books closure	Monday, September 27, 2010 to Wednesday, September 29, 2010 (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 year 2009-10 and 2010-11 have been paid to all the Stock Exchanges.
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	Alpha Systems Private 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 : alfint@vsnl.com
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 Shareholders / Investors Grievance 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 August 13, 2010 (i.e. date of last benpos), 95.02 % of 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: Alpha Systems Private 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 : alfint@vsnl.com</p> <p>Investors may also write or contact the Company Secretary, Mr. Ritesh Shah, at the Registered Office of the Company at 20/2, Vittal Mallya Road, Bangalore 560 001 Tel. Nos. (080) 3985 6500 Fax No. (080) 3985 6607 e-mail : mhlinvestor@ubmail.com</p> <p>Effective September 01, 2010, the Registered Office of the Company will be shifted to Canberra, Level 9, UB City, #24, Vittal Mallya Road, Bangalore – 560 001. The contact details remain unchanged.</p>

NON MANDATORY REQUIREMENTS

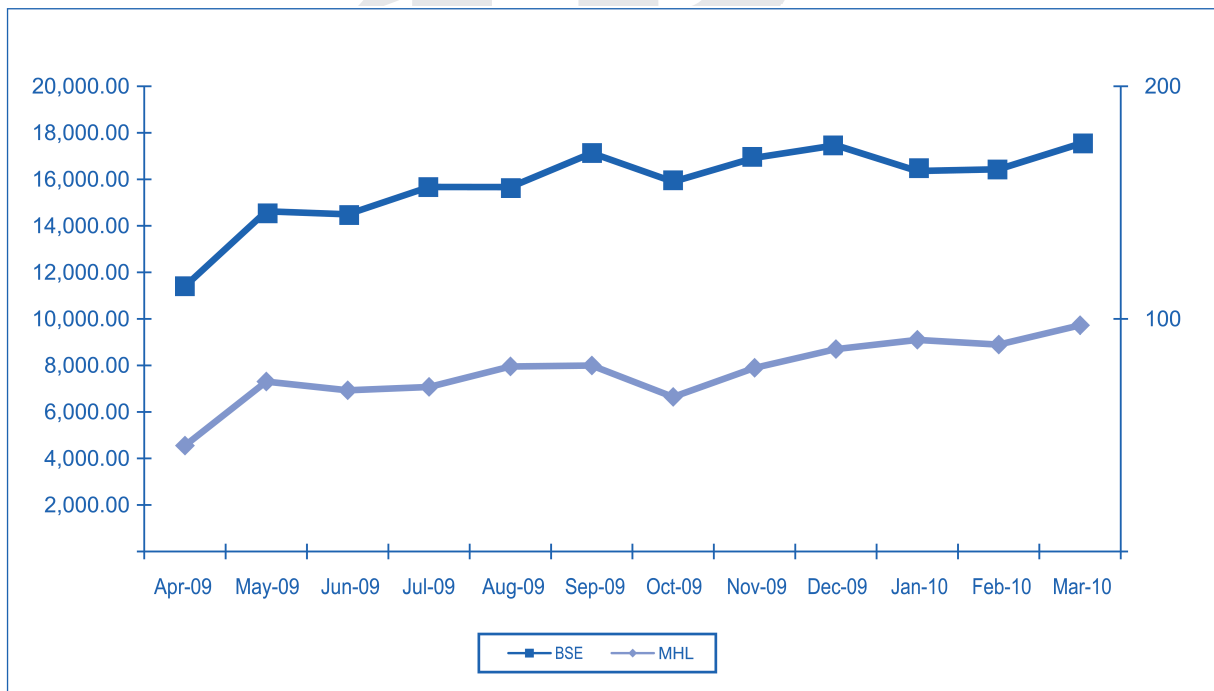
1.	Chairman of the Board	The expenses incurred by the Chairman in performance of his duties are eligible for reimbursement.
2.	Shareholders Rights	The Company's half-yearly results are being published in English and Kannada Newspapers having adequate circulation. Hence the same are not sent to the shareholders.
3.	Audit Qualifications	The Report of the Auditors on the Financial Statements for the year ended March 31, 2010, does not contain any qualification or adverse remark.
4.	Training of the Board Members	The Board may consider imparting training as and when the need arises.
5.	Mechanism for evaluating Non-executive Members of the Board	The Board may consider adopting such requirement in future.
6.	Whistle Blower Policy	Though briefly covered in the Code of Conduct adopted by the Company, the Board may consider adopting a separate mechanism for Whistle Blower Policy in future.

ANNEXURE A : MARKET PRICE DATA

MHL - Monthly BSE				
Month	High	Low	Close	Volume
Apr-09	52.70	34.60	45.50	628,528
May-09	73.10	45.10	73.05	178,745
Jun-09	95.90	64.00	69.30	276,838
Jul-09	74.50	55.55	70.75	77,901
Aug-09	84.30	64.20	79.55	135,436
Sep-09	90.50	73.25	79.95	259,574
Oct-09	83.00	66.05	66.45	156,057
Nov-09	95.90	60.25	78.95	696,049
Dec-09	89.00	78.00	87.00	182,073
Jan-10	96.95	83.05	91.00	125,958
Feb-10	99.00	86.00	88.95	68,216
Mar-10	116.50	86.20	97.25	238,226

MHL - Monthly NSE				
Month	High	Low	Close	Volume
Apr-09	53.30	35.00	45.35	177,918
May-09	73.35	46.00	73.35	1,031,016
Jun-09	95.85	64.40	68.80	311,434
Jul-09	74.65	55.50	70.30	138,444
Aug-09	83.00	65.20	79.30	208,874
Sep-09	89.90	73.20	80.20	404,949
Oct-09	82.75	63.10	66.40	228,236
Nov-09	96.50	60.15	78.15	1,773,310
Dec-09	88.95	77.10	87.15	225,778
Jan-10	95.00	84.05	91.40	214,862
Feb-10	96.50	87.00	89.10	109,653
Mar-10	117.00	88.50	96.30	406,261

ANNEXURE B: STOCK PERFORMANCE IN COMPARISON TO BSE SENSEX



ANNEXURE C: DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on August 13, 2010 (i.e. date of last benpos), is given below:

VALUEWISE

Shareholding of nominal value (Rs.)	No. of Shareholders	% to Total	Share Capital in Rupees	% to Total
Upto 5000	61,584	98.50	22,815,350	18.79
5001 -- 10000	486	0.78	3,773,010	3.11
10001 – 20000	230	0.37	3,355,410	2.76
20001 – 30000	75	0.12	1,819,560	1.50
30001 – 40000	38	0.06	1,332,480	1.10
40001 – 50000	31	0.05	1,424,100	1.17
50001 – 100000	37	0.06	2,651,600	2.18
100001 and Above	32	0.05	84,271,300	69.39
TOTAL	62,513	100.00	121,442,810	100.00

CATEGORYWISE

Category	No. of Shares	% of Equity
Promoter Group	4,451,624	36.66
Resident Body Corporate	739,758	6.09
Banks / FI / FII / MF / Trust	3,659,481	30.13
NRI / OCB / FFI	249,113	2.05
Resident Individuals	3,044,305	25.07
TOTAL	12,144,281	100.00

Audit Certificate on Corporate Governance

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, 2010, 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 the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month as on March 31, 2010, against the company as per records maintained by the company and presented to 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.

Bangalore
August 20, 2010

For **Vishnu Ram & Co.**
Chartered Accountants

(S. Vishnumurthy)
Proprietor
Membership No. 22715

CEO/CFO Certificate

In terms of the requirement of Clause 49, the certificates from CEO/CFO have been obtained.

Bangalore
August 20, 2010

A. Harish Bhat
Managing Director

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.com. All the members of the Board had affirmed compliance with the Code for the year ended March 31, 2010.

Bangalore
August 20, 2010

A. Harish Bhat
Managing Director

Management Discussion & Analysis Report

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 an investment holding company having investments primarily in the UB Group companies, which are engaged in the business of Property Development & Exports, Manufacture and Sale of Beer and 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. The financial year under review saw the economy recovering from the recession witnessed in the earlier years. The Performance of the Investee Companies is expected to improve in the current financial year, which would result in higher dividend yield in the coming year.

Opportunities and Threats

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 cyclic fluctuations in prices, regulation and excessive taxation. Downward movement of product prices of the investee Companies could adversely affect their margins, which could be a major threat to the Company's fortunes.

Outlook

Your Company has been registered as a Non-Banking (non deposit taking) Financial Company with Reserve Bank of India on August 12, 2010, under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934.

During the year under review, the Company sold its entire non-core investments and utilised the sale proceeds towards part payment of the inter-corporate deposit along with accrued interest. Various alternatives are being explored to mitigate the burden of interest payable on the inter-corporate deposit. The Company will continue to focus on making long-term strategic investments in various new ventures promoted by the UB group, besides consolidating the existing investments through further investments in the existing Companies as and when opportunities and resources are available.

Risk and Concerns

The Company is mainly exposed to market risks in the form of reduction in value of its investments and fall in returns due to dip in performance of investee companies. The earning streams and market capitalization derived from its investments carry an element of risk of volatility arising from statutory policies and changing investor perceptions. The Company is also exposed to the fluctuations of economy and industry cycles / downturns in general.

Internal Control System

Your Company has a system of internal control which is reviewed by the Audit Committee of the Board of Directors. The Group Internal Audit Department 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

The Company, presently, has no employee and utilizes the group human resources who are professionals in their respective fields. The Company will strengthen its operative staff as and when the need arises.

Cautionary Statement

Statement in this Management Discussion and Analysis Report, describing the Company's outlook, projections, estimates or expectations may be "Forward looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied.

To
McDOWELL HOLDINGS LIMITED

1. We have audited the attached Balance Sheet of **McDowell Holdings Limited**, as at 31st March 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (1 of 1956), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998 issued under Sub-section (1A) of section 45MA of the Reserve Bank of India Act, 1934 (2 of 1934), we enclose in the Annexure a statement on the matters specified in paragraph 3 of the said directions.
5. Further to our comments in the annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31-03-2010 from being appointed as a director in terms of clause (g) of sub-section (1) to section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India;
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31-03-2010;
 - b. in the case of the Profit and Loss account, of the profit 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.

For **Vishnu Ram & Co.**
Chartered Accountants

(S. Vishnumurthy)

Proprietor

Membership No. 22715

Firm Registration No. 004742S

Bangalore
20-08-2010

Annexure to the Auditor's Report

Re: McDowell Holdings Limited

Referred to in paragraph 3 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 were 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 were no 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) The company does not have an internal audit system of its own. However, the company is subjected to internal audit by the group internal audit department. In our opinion, the prevalent system is commensurate with the size of the company 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.
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (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 31-3-2010 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) The company does not have any accumulated losses. The company has incurred cash losses during the immediately preceding financial year. The company has not incurred cash losses during the financial year covered by our audit.
- (o) The company has not taken any loans from banks or financial institution nor issued any debentures. Therefore, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (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) The company has not given any guarantees for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (t) The company has not raised any term loans during the year. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (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

(S. Vishnumurthy)

Proprietor

Membership No. 22715

Firm Registration No. 004742S

Bangalore
20-08-2010

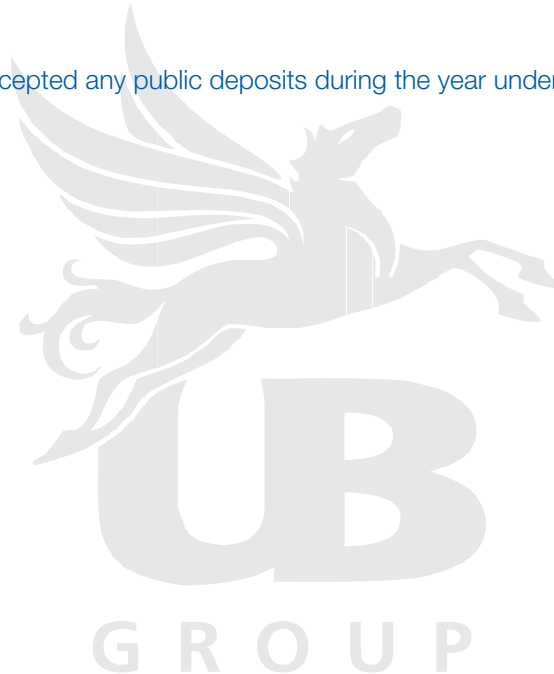
Annexure to the Auditor's Report (Contd.)

Annexure to the Auditor's report

Re: McDowell Holdings Limited

Referred to in paragraph 4 of our report of even date

- (a) The company has obtained registration as provided under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Board of Directors of the company has passed a resolution for the non- acceptance of any public deposits.
- (c) The company has not accepted any public deposits during the year under audit.



Bangalore
20-08-2010

For **Vishnu Ram & Co.**
Chartered Accountants

(S. Vishnumurthy)
Proprietor
Membership No. 22715
Firm Registration No. 004742S

Balance Sheet as at March 31, 2010

	Schedule	31-03-2010 Rupees	31-03-2009 Rupees
I. SOURCES OF FUNDS			
(1) Shareholder's funds			
(a) Share capital	1	121,442,810	121,442,810
(b) Reserves and surplus	2	350,568,942	324,313,548
(2) Loan funds			
(a) Secured loan		-	-
(b) Unsecured loan	3	173,278,657	209,282,133
		<u>645,290,409</u>	<u>655,038,491</u>
II. APPLICATION OF FUNDS			
(1) Fixed assets			
Gross block		-	-
Less: Depreciation and amortisation		-	-
Net block		-	-
(2) Investments			
	4	632,068,177	642,796,803
(3) Current assets, loans and advances			
(a) Cash and bank balances	5	16,494,347	11,958,961
(b) Loans and advances	6	3,387,052	2,978,627
		<u>19,881,399</u>	<u>14,937,588</u>
Less: Current liabilities and provisions			
(a) Current Liabilities	7	1,559,167	1,895,900
(b) Provisions		5,100,000	800,000
		<u>6,659,166</u>	<u>2,695,900</u>
Net current assets		13,222,232	12,241,688
		<u>645,290,409</u>	<u>655,038,491</u>
Notes to accounts	9		

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

A. Harish Bhat
Managing Director

M.R. Doraiswamy Iyengar
Director

N. Srinivasan
Director

(S. Vishnumurthy)

Proprietor
Membership No. 22715
Firm Registration No. 004742S

Bangalore
20.08.2010

Ritesh Shah
Company Secretary

S. Narasimha Prasad
Director

Profit & Loss Account for the year ended March 31, 2010

	Schedule	31-03-2010 Rupees	31-03-2009 Rupees
INCOME			
Dividend		7,452,232	12,021,651
Commission [Tax deducted at source 2010 : Rs. 7,10,360 (2009 : Rs. 778,940)]		6,875,000	6,875,000
Profit on sale of investments		51,849,790	-
Other income		250	2,250
		66,177,272	18,898,901
EXPENDITURE			
Administrative and other expenses	8	4,196,821	4,133,362
Security Transaction Tax		40,056	-
Interest		31,350,001	24,931,645
Profit /(Loss) before tax		30,590,394	(10,166,106)
Provision for taxation		4,335,000	800,000
Profit / (Loss) After Tax for the year		26,255,394	(10,966,106)
Appropriations			
Transferred to Statutory Reserve		5,251,079	-
Balance of Profit		21,004,315	(10,966,106)
Balance brought forward from previous year		7,707,924	18,674,030
Balance carried forward to the Balance Sheet		28,712,239	7,707,924
Earnings Per Share (Basic/Diluted (in Rs.))		2.16	(0.90)

Notes to accounts

9

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

A. Harish Bhat
Managing Director

M.R. Doraiswamy Iyengar
Director

N. Srinivasan
Director

(S. Vishnumurthy)

Proprietor
Membership No. 22715
Firm Registration No. 004742S

Bangalore
20.08.2010

Ritesh Shah
Company Secretary

S. Narasimha Prasad
Director

Cash Flow Statement for the year ended March 31, 2010

	31-03-2010 Rupees	31-03-2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax	30,590,394	(10,166,106)
Adjustments for :		
Profit on sale of investments	<u>(51,849,790)</u>	-
Operating profit before working capital changes	(21,259,396)	(10,166,106)
Adjustments for :		
(Increase)/decrease in receivables	1,325,935	(1,294,105)
Increase/(decrease) in payables	<u>(336,734)</u>	<u>20,945,635</u>
Cash generated from operations	(20,270,194)	9,485,424
Direct taxes paid	<u>1,769,360</u>	<u>778,940</u>
Net cash generated / (used) in operations	(22,039,554)	8,706,484
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of investments	62,578,416	-
Purchase of investments	-	(189,519,918)
Net cash generated/(used) in investing activities	<u>62,578,416</u>	<u>(189,519,918)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of loan	(36,003,476)	-
Loan taken	-	190,000,000
Net cash generated/ (used) in financing activities	(36,003,476)	190,000,000
Net increase in cash and cash equivalents	4,535,386	9,186,566
Cash and cash equivalents at the beginning of the year	11,958,961	2,772,395
Closing balance of cash and cash equivalents	16,494,347	11,958,961
Cash and cash equivalents comprises of :		
Cash on hand	-	-
Balance with banks	<u>16,494,347</u>	<u>11,958,961</u>
	16,494,347	11,958,961

Note : Cash flow is prepared under the indirect method as mentioned in AS-3 Cash Flow Statement.

As per our report of even date.

For Vishnu Ram & Co.,
Chartered Accountants

A. Harish Bhat
Managing Director

M.R. Doraiswamy Iyengar
Director

N. Srinivasan
Director

(S. Vishnumurthy)

Proprietor
Membership No. 22715
Firm Registration No. 004742S

Bangalore
20.08.2010

Ritesh Shah
Company Secretary

S. Narasimha Prasad
Director

Schedules forming part of Balance Sheet as at March 31, 2010



		31-03-2010		31-03-2009		
		Rupees		Rupees		
1 SHARE CAPITAL						
Authorised						
15,000,000 Equity shares of Rs. 10 each		<u>150,000,000</u>		150,000,000		
Issued, subscribed and paid up						
12,144,281 Equity shares of Rs. 10 each fully paid up		<u>121,442,810</u>		121,442,810		
		<u>121,442,810</u>		121,442,810		
<p>(Out of the above 12,094,281 equity shares were allotted as fully paid up on November 6, 2006 to the shareholders of the United Spirits Limited (formerly known as McDowell & Company Limited), pursuant to the Composite Scheme of Arrangement for consideration other than cash.)</p>						
2 RESERVES AND SURPLUS						
General Reserve		314,815,495		314,815,495		
Statutory Reserve						
As per last Balance Sheet	1,790,129					
Addition during the year	<u>5,251,079</u>	7,041,208		1,790,129		
Profit and loss account		<u>28,712,239</u>		7,707,924		
		<u>350,568,942</u>		324,313,548		
3 UNSECURED LOANS						
From others		173,278,657		190,000,000		
Add : Interest accrued thereon		-		19,282,133		
		<u>173,278,657</u>		209,282,133		
4 INVESTMENTS						
(Refer note no. 7 of notes to accounts)						
	<u>Face Value</u>	<u>Nos.</u>	<u>31-03-2010 Rupees</u>	<u>Face Value</u>	<u>Nos.</u>	<u>31-03-2009 Rupees</u>
LONG TERM						
Quoted Investments						
A. Fully Paid Equity Shares						
Non Trade :						
Mangalore Chemicals & Fertilizers Limited	10	7,026,828	35,344,945	10	7,026,828	35,344,945
UB Engineering Limited	10	452,243	18,996,712	10	452,243	18,996,712
United Breweries (Holdings) Limited	10	5,260,002	284,013,853	10	5,260,002	284,013,853
United Breweries Limited	1	10,707,344	293,585,667	1	10,707,344	293,585,667
			<u>631,941,177</u>			<u>631,941,177</u>

Schedules forming part of Balance Sheet as at March 31, 2010 (Contd.)

4 INVESTMENTS (Contd.)

	<u>Face Value</u>	<u>Nos.</u>	<u>31-03-2010 Rupees</u>	<u>Face Value</u>	<u>Nos.</u>	<u>31-03-2009 Rupees</u>
Non Trade (Contd.) :						
Aventis Pharma Limited		-	-	10	17,550	8,204,625
Corporation Bank		-	-	10	3,100	234,050
HDFC Bank Limited		-	-	10	500	127,590
Housing Development Finance Corporation Limited		-	-	10	1,680	297,108
State Bank of Bikaner & Jaipur		-	-	10	13,800	376,050
State Bank of Travancore		-	-	10	23,350	517,203
Vijaya Bank		-	-	10	97,200	972,000
			-			10,728,626
			631,941,177			642,669,803

B. Unquoted Investments

Non-Trade Other Investments

UB Electronics Instruments Limited	100	1,991	127,000	100	1,991	127,000
Total quoted and Unquoted Investments			632,068,177			642,796,803

Aggregate Value of Quoted investments

Book value			631,941,177			642,669,803
Market Value			3,736,762,418			2,403,374,518

5 CASH AND BANK BALANCES

Balance with Scheduled Banks

In current account

16,494,347	11,958,961
16,494,347	11,958,961

6 LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received		-	1,325,935
Advance income tax	1,024,000		-
Tax deducted at source	2,363,052		1,652,692
	3,387,052		2,978,627

7 CURRENT LIABILITIES

Sundry Creditors and other Liabilities

1,559,167	1,895,900
1,559,167	1,895,900

Schedules forming Part of Profit & Loss Account for the year ended
March 31, 2010



	31-03-2010	31-03-2009
	Rupees	Rupees
8 ADMINISTRATIVE AND OTHER EXPENSES		
Advertising expenses	237,196	509,443
Travel and communication expenses	1,082,936	784,136
Printing & stationery	803,952	770,351
Annual General Meeting & other Secretarial expenses	1,335,548	1,352,599
Directors' sitting fees	535,000	490,000
Auditors remuneration	193,025	215,497
Miscellaneous expenses	9,164	11,335
	<u>4,196,821</u>	<u>4,133,362</u>



9. NOTES FORMING PART OF THE ACCOUNTS

A. Basis for preparation

1. Accounting Convention:

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.

2. 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.

B. Significant Accounting Policies

1. 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.

2. Revenue recognition:

All 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 is recognized on accrual basis.

3. 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.

4. 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.

Schedules forming Part of Accounts for the year ended March 31, 2010 (Contd.)

5. 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.

C. Notes to accounts

1. Related Party disclosures as required as per Accounting Standard (AS-18) are as below.

Associate: United Breweries (Holdings) Limited

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

Company	Particulars	Amount
United Breweries (Holdings) Limited	Dividend Income	Nil (PY 5,260,002)

2. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. Nil (Previous year Rs. Nil).
3. Information under paragraphs of 4C and 4D of part II of Schedule VI of the Companies Act, 1956 are not furnished, as they are not applicable.
4. Figures for the previous year have been regrouped /reclassified wherever necessary.
5. Figures in the Balance Sheet, Profit and Loss account and Schedules have been rounded off to the nearest rupee.
6. Segmental reporting:

Segment-wise business performance for the year ended March 31, 2010 is as follows :

Primary Segment Information

1. Segment Revenue

	31.03.2010	31.03.2009
	(Rupees)	(Rupees)
Investments	59,302,022	12,021,651
Financial Services	6,875,000	6,875,000
Others	250	2,250
Total Revenue	66,177,272	18,898,901

Schedules forming Part of Accounts for the year ended March 31, 2010 (Contd.)

2. Segment Results

	31.03.2010	31.03.2009
	(Rupees)	(Rupees)
Investments	27,952,021	(12,909,994)
Financial Services	2,638,123	2,741,638
Others	250	2,250
Total Results	30,590,394	(10,166,106)

Profit/(Loss) before tax	30,590,394	(10,166,106)
Less: Provision for tax	4,335,000	800,000
Net Profit /(Loss)	26,255,394	(10,966,106)

Other information	31.03.2010		31.03.2009	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Investments	649,866,821	179,149,313	656,408,456	211,178,033
Financial services	2,082,755	788,510	1,325,935	800,000

Notes:

1. Income under the segment 'investments' represents dividends received and profit on sale of investments.
2. Segment results represent profit before tax.
3. Segment assets include Investments, Current Assets, Loans and Advances.
4. Segment liabilities include unsecured loan, current liabilities and provisions.

7. Investments

7,026,828 shares in Mangalore Chemicals & Fertilizers Limited, 9,530,000 shares in United Breweries Limited, 5,260,002 shares in United Breweries (Holdings) Limited, 452,243 shares of UB Engineering Limited are under pledge against the borrowings availed by the Group Company. The carrying cost of these investments is Rs. 441.279 Million and the market value is Rs.3510.653 Million.

During the year, the Company has sold shares in Corporation Bank, HDFC Bank Ltd, Housing Development Finance Corporation Ltd, State Bank of Bikaner & Jaipur Ltd, State Bank of Travancore, Vijay Bank and Aventis Pharma Limited. The profit on sale of the above investments amounting to Rs.51.850 Million recognized in the Profit and loss account.

Schedules forming Part of Accounts for the year ended March 31, 2010 (Contd.)

8. Remuneration to Auditors

Particulars	2009-10 (Rupees)	2008-09 (Rupees)
Statutory Audit	125,000	125,000
Limited Review & Certification of Corporate Governance	50,000	50,000
Certification Fees	-	20,000
Service Tax	18,025	20,497
Total	193,025	215,497

9. The Company has adopted Accounting Standard - 20, "Earning Per Share" for calculation of EPS and the disclosures in this regard are as given below:

Particulars	Year ended 31.03.2010 (Rupees)	Year ended 31.03.2009 (Rupees)
Net Profit/ (Loss) after tax	26,255,394	(10,966,106)
Weighted average number of equity shares of Rs. 10/- each outstanding during the year	12,144,281	12,144,281
Basic / diluted earnings per share (Rs)	2.16	(0.90)

As per our report of even date.

For Vishnu Ram & Co.,
Chartered Accountants

A. Harish Bhat
Managing Director

M.R. Doraiswamy Iyengar
Director

N. Srinivasan
Director

(S. Vishnumurthy)

Proprietor

Membership No. 22715

Firm Registration No. 004742S

Bangalore
20.08.2010

Ritesh Shah
Company Secretary

S. Narasimha Prasad
Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

L	0	5	1	9	0	K	A	2	0	0	4	P	L	C	0	3	3	4	8	5
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date:

3	1	-	0	3	-	2	0	1	0
---	---	---	---	---	---	---	---	---	---

II. Capital raised during the year (Amount in Rs.)

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

Others

N	I	L
---	---	---

 Naked Warrants/Pref. Shares

N	I	L
---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities

6	4	5	2	9	0
---	---	---	---	---	---

 Total Assets

6	4	5	2	9	0
---	---	---	---	---	---

Sources of Funds

Paid Up Capital

1	2	1	4	4	3
---	---	---	---	---	---

 Reserves & Surplus

3	5	0	5	6	9
---	---	---	---	---	---

Secured Loan

N	I	L
---	---	---

 Unsecured Loan

1	7	3	2	7	8
---	---	---	---	---	---

Deferred Tax Liability

N	I	L
---	---	---

Application of Funds

Net Fixed Assets

N	I	L
---	---	---

 Investments

6	3	2	0	6	8
---	---	---	---	---	---

Net Current Assets

1	3	2	2	2
---	---	---	---	---

 Misc. Expenditure

N	I	L
---	---	---

Accumulated Losses

N	I	L
---	---	---

 Deferred Tax Assets

N	I	L
---	---	---

IV. Performance of Company (Amount in Rs. Thousand)

Turnover (Includes other income)

6	6	1	7	7
---	---	---	---	---

 Total Expenditure

3	5	5	8	7
---	---	---	---	---

Profit/-Loss Before Tax

3	0	5	9	0
---	---	---	---	---

 Profit/-Loss After Tax

2	6	2	5	5
---	---	---	---	---

Earnings per share in Rs.

2	.	1	6
---	---	---	---

 Dividend rate %

N	I	L
---	---	---

V. Generic Names of Three Principal Products of Company (as per monetary terms)

Item Code No. (ITC Code)

N	I	L
---	---	---

Product Description

N	I	L
---	---	---

A. Harish Bhat
Managing Director

M.R. Doraiswamy Iyengar
Director

N. Srinivasan
Director

Bangalore
20.08.2010

Ritesh Shah
Company Secretary

S. Narasimha Prasad
Director



McDowell Holdings Limited

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

www.mcdowellholdings.com