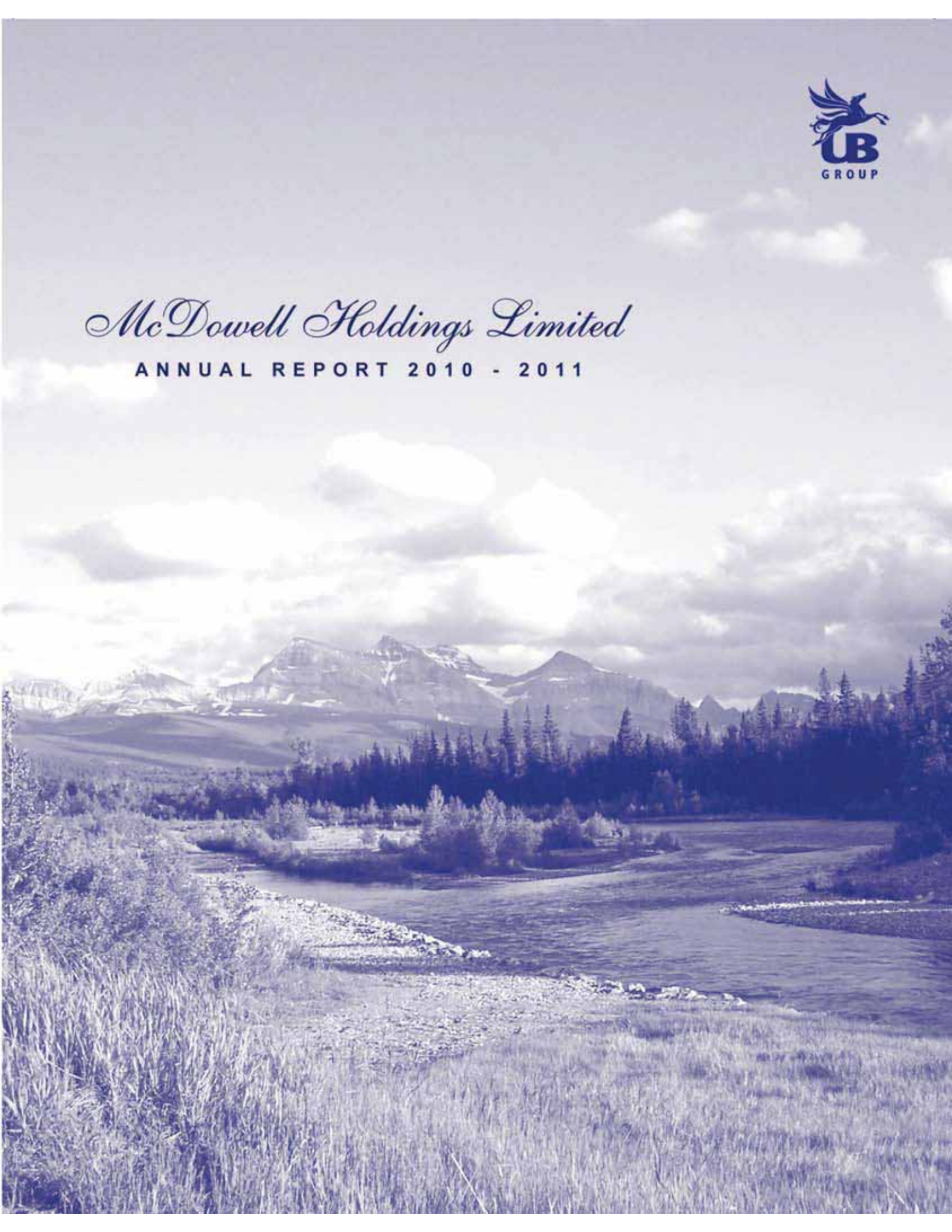




McDowell Holdings Limited

ANNUAL REPORT 2010 - 2011



McDOWELL HOLDINGS LIMITED

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

NOTICE IS HEREBY GIVEN OF THE SEVENTH ANNUAL GENERAL MEETING of the Company to be held at Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025, on Thursday, September 29, 2011, at 2.30 p.m. for the following purposes;

1. To receive and consider the accounts for the year ended March 31, 2011 and the reports of the Auditors and Directors thereon;
2. To elect a Director in the place of Dr. Vijay Mallya, who retires by rotation and being eligible, offers himself for re-appointment;
3. To elect a Director in the place of Mr. N Srinivasan, 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

New Delhi
August 02, 2011

Ritesh Shah
Company Secretary

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 Wednesday, September 28, 2011, to Thursday, September 29, 2011 (both days inclusive).
- 4) Members are requested to intimate immediately to the Company's Registrars and Transfer Agents, Integrated Enterprises (India) Limited (IEL), (Alpha Systems Private Limited, erstwhile Registrars and Transfer Agent has been merged with IEL), 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 (Telephone No. 080-2346 0815-0818 Fax No. 080-2346 0819), any change in their e-mail id / correspondence address 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

New Delhi
August 02, 2011

Ritesh Shah
Company Secretary

UB
GROUP

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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

RAVI NEDUNGADI
PRESIDENT & CFO - THE UB GROUP

RITESH SHAH
COMPANY SECRETARY

AUDITORS
VISHNU RAM & CO., CHARTERED ACCOUNTANTS, BANGALORE

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

Your Directors present the Seventh Annual Report of your Company and the audited accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

Particulars	For the Financial Year Ended	
	31.03.2011 (Rs.)	31.03.2010 (Rs.)
Income	23,016,474	66,177,272
Less : Expenditure	5,266,711	4,236,877
Profit for the year before interest & tax	17,749,763	61,940,395
Less : Interest	27,789,583	31,350,001
(Loss) / Profit for the year before tax	(10,039,820)	30,590,394
Less: Provision for tax	1,484,240	4,335,000
(Loss) / Profit after tax	(11,524,060)	26,255,394
Less: Transfer to Statutory Reserve Fund	-	5,251,079
Balance brought forward from previous year	28,712,239	7,707,924
Balance carried forward to the Balance Sheet	17,188,179	28,712,239

DIVIDEND

In view of the loss, your Directors do not propose any Dividend on the equity shares for the year ended March 31, 2011.

REVIEW OF OPERATIONS

The total income of your Company during the financial year under review was Rs. 23,016,474 against Rs. 66,177,272 in the previous financial year (inclusive of profit on sale of non-core investments amounting to Rs. 51,849,790). The total expenditure during the year includes Rs. 287,883 (previous year : Nil), towards interest on debentures. Your Company has incurred net loss of Rs. 11,524,060 for the year under review against net profit of Rs. 26,255,394 in the previous financial year.

During the year under review, your Company issued 1,751,290 10% Optionally Convertible Debentures of the face value of Rs. 100 ("OCD") each to Kingfisher Finvest India Limited in consideration of the extinguishment of the amount due to Kingfisher Finvest India Limited, on account of the principal debt amount and accrued interest thereon, till the date of the allotment of the OCDs.

FUTURE PROSPECTS

Your Company continues to hold strategic investments in the UB Group Companies. As the performance of the investee companies is on the growth path, it is expected that the dividend yield would increase in the years to come.

During the year under review, your Company has been able to mitigate the burden of interest on the inter-corporate deposit by conversion of the same into OCDs. The Company will continue to focus on making long-term strategic investments in various existing/new ventures, besides consolidating the existing investments, as and when opportunities and resources are available.

Report of the Directors (Contd.)

ISSUE OF OPTIONALLY CONVERTIBLE DEBENTURES ON A PREFERENTIAL BASIS

Pursuant to the decisions taken in the Board Meeting held on February 22, 2011 and Extraordinary General Meeting held on March 25, 2011, the Committee of Directors, at its meeting held on March 25, 2011, allotted 1,751,290 10% Optionally Convertible Debentures of the face value of Rs. 100 ("OCD") each to Kingfisher Finvest India Limited, one of the Promoters of your Company, on a preferential basis, in consideration of the extinguishment of the amount due to Kingfisher Finvest India Limited, on account of the principal debt amount and accrued interest thereon, till the date of the allotment of the OCDs.

The holder is entitled to exercise the option to convert the OCDs into equity share(s) of the face value of Rs. 10 each, at any time, within eighteen months from the date of allotment of the OCDs at a conversion price, to be determined in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

During the year under review, Kingfisher Finvest India Limited had exercised the option to convert 8,12,031 OCDs and was allotted 605,000 equity shares of Rs. 10 each fully paid-up, on a preferential basis, at a price of Rs.134.22 per equity share.

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 has increased from Rs. 121,442,810 divided into 12,144,281 equity shares of Rs. 10 each fully paid-up to Rs. 127,492,810 divided into 12,749,281 equity shares of Rs. 10 each fully paid-up, consequent to the allotment of 605,000 equity shares of Rs. 10 each fully paid-up to Kingfisher Finvest India Limited, on a preferential basis, at a price of Rs. 134.22 per equity share.

INVESTMENT PORTFOLIO

Your Directors are pleased to report that due to appreciation in the market value of the quoted investments, the Net Asset Value of the Company's equity share as on March 31, 2011, works out to Rs. 494.03 per equity share compared to Rs. 307.70 as at the end of the previous year.

DIRECTORS

Dr. Vijay Mallya and Mr. N Srinivasan, 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, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Annual Listing fees for the year 2011-12 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 July 29, 2011 (i.e. date of last benpos), equity shares representing 90.71% of the equity share capital are in dematerialised form.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION ETC.

Your Company has not undertaken any 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.

EMPLOYEES

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

FIXED DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

As required in terms of Section 217 (2AA) of the Companies Act, 1956, your Directors state and confirm that -

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

ACKNOWLEDGEMENT

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

By Authority of the Board

August 02, 2011
New Delhi

Dr. Vijay Mallya
Chairman

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes that adopting and adhering to good Corporate Governance framework is a key element in attaining economic efficiency and growth. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholders value. Your Company recognizes the significance of integrity, transparency, accountability and responsibility in all its business affairs and strives to communicate all the material development and its financial performance in a timely and meaningful manner.

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, Six Board Meetings were held i.e. on April 29, 2010, July 20, 2010, August 20, 2010, November 09, 2010, February 09, 2011 and February 22, 2011.

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

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 29.09.2010	No. of other Companies in which Director	No of committees (other than the company) in which Chairman/ Member
Dr. Vijay Mallya	Non Executive Chairman	04	Yes	19	Nil
Mr. A. Harish Bhat	Managing Director	06	No	13	03 (Chairman of 01)
Mr. N. Srinivasan	Independent Non Executive Director	06	Yes	19	09 (Chairman of 05)
Mr. M.R.Doraiswamy Iyengar	Independent Non Executive Director	05	Yes	02	02 (Chairman of both)
Mr. S G Ruparel	Independent Non Executive Director	04	Yes	04	03 (Chairman of 01)
Mr. S Narasimha Prasad	Non Executive Director	05	Yes	05	01

NOTE:

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

- Out of nineteen (19) other Companies in which Dr. Vijay Mallya is a Director, seven (07) 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, two (02) are Private Companies 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 two (02) other Companies in which Mr. M.R. Doraiswamy Iyengar is a Director, one (01) is a Private Company.
- 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 eligible for re-appointment.

Dr. Vijay Mallya

Dr. Vijay Mallya (Dr. Mallya) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The brief particulars of Dr. Mallya are as under:

Dr. Mallya is a well-known Industrialist and a Member of the Parliament (Council of States). He took over the reins of the United Breweries Group in 1983, at the age of 28, which today is a multi-national conglomerate. Dr. Mallya is the Chairman of several public companies, both in India as well as overseas.

Dr. Mallya has won wide recognition from distinguished institutions throughout the span of his career, which includes:

- Edmund Hillary Fellowship by the Government of New Zealand - 2011
- Entrepreneur of the Year Award - The Asian Awards, London - 2010
- Officer of the Legion of Honour conferred by the President of French Republic - 2008
- Asia's Leading Airline Personality - World Travel Award - 2007

Details of Dr. Mallya's directorships in other Indian companies and committee memberships are as under:

Sl. No.	Other Directorships	Position held
1.	Aventis Pharma Limited	Chairman
2.	Bayer CropScience Limited	Chairman
3.	Mangalore Chemicals and Fertilizers Limited	Chairman
4.	United Spirits Limited	Chairman
5.	United Breweries Limited	Chairman
6.	United Breweries (Holdings) Limited	Chairman
7.	Four Seasons Wines Limited	Chairman
8.	Kingfisher Airlines Limited	Chairman & Managing Director
9.	Shaw Wallace Breweries Limited	Chairman
10.	United Racing and Bloodstock Breeders Limited	Chairman
11.	Kamsco Industries Private Limited	Chairman
12.	Mallya Private Limited	Chairman
13.	Pharma Trading Company Private Limited	Chairman
14.	The Gem Investment & Trading Co. Private Limited	Chairman

SI. No.	Other Directorships	Position held
15.	United East Bengal Football Team Private Limited	Chairman
16.	Royal Challengers Sports Private Limited	Chairman
17.	VJM Investments Private Limited	Chairman
18.	Motorsports Association of India	Managing Committee Member
19.	SWEW Benefit Company	Patron (Chairman)

Dr. Mallya holds 02 equity shares in the Company.

Mr. N Srinivasan

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

The brief particulars of Mr. Srinivasan are as under:

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

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

SI. No.	Other Directorships	Position held
1.	United Breweries (Holdings) Limited	Director & Chairman of Audit Committee
2.	The India Cements Limited	Director & Member of Audit Committee
3.	The Andhra Pradesh Paper Mills Limited	Director & Member of Audit Committee
4.	India Cements Capital Limited	Director
5.	Amco Batteries Limited	Director
6.	Gati Limited	Director & Chairman of Audit Committee
7.	Ador Fontech Limited	Director
8.	Essar Shipping Ports & Logistics Limited	Director & Member of Audit Committee
9.	UB Engineering Limited	Director & Chairman of Audit Committee
10.	Best & Crompton Engineering Limited	Director
11.	Tractors & Farm Equipment Limited	Director
12.	The United Nilgiri Tea Estates Limited	Director & Member of Audit Committee
13.	TAFE Motors & Tractors Limited	Director & Chairman of Audit Committee
14.	Redington (India) Limited	Director & Chairman of Audit Committee
15.	Unique Receivable Management Private Limited	Director
16.	Paterson Consulting Group Private Limited	Director
17.	Indair Carriers Private Limited	Director
18.	SCM Microsystems (India) Private Limited	Director
19.	UT Worldwide (India) Private Limited	Director
20.	The Associated Chamber of Commerce & Industry	Committee Member
21.	Indo Australian Chamber of Commerce	Committee Member
22.	The Madras Chamber of Commerce & Industry	Committee Member
23.	The Employers' Federation of Southern India	Committee Member

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

3. AUDIT COMMITTEE

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

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.

The Committee, inter alia, has reviewed the financial statements including Auditors' Report for the year ended March 31, 2011 and has recommended its adoption. In addition, the Committee has also reviewed quarterly results for June 30, 2010, quarterly and half yearly results for September 30, 2010, quarterly results for December 31, 2010 and quarterly results for March 31, 2011, 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 under review, five meetings of the Audit Committee were held i.e. on April 29, 2010, July 20, 2010, August 19, 2010, November 09, 2010 and February 09, 2011. 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 (Chairman)	5	5
Mr. N. Srinivasan	5	5
Mr. S Narasimha Prasad	5	3

4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

A Shareholders/Investors Grievance 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, 2010, July 20, 2010, October 19, 2010 and February 09, 2011, 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, fifteen complaints were received from the shareholders/investors, which were replied / resolved to their satisfaction. There are no complaints / transfer of shares, pending as on March 31, 2011.

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

The Company has not constituted a Remuneration Committee as the need has not arisen.

Remuneration of Directors:

a) Managing Director:

Mr. A. Harish Bhat continues as the Managing Director of the Company, without remuneration, in terms of the approval of the shareholders of the Company at the Fifth 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 (Rs.)
Dr. Vijay Mallya	26,404*
Mr. A Harish Bhat	Nil
Mr. N. Srinivasan	120,000
Mr. M. R. Doraiswamy Iyengar	130,000
Mr. S G Ruparel	40,000
Mr. S Narasimha Prasad	110,000

* 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, 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, 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, 2010	September 29, 2010	2.00 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 last three Annual General Meetings (AGMs) :

AGM held on	Subject matter of the Special Resolution
September 29, 2010	Nil
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

All the resolutions set out in the Notices, including special resolutions, as above, were passed by the Shareholders.

Extraordinary General Meeting:

At the Extraordinary General Meeting held on March 25, 2011, the Shareholders of the Company have passed the Special Resolution under Section 81 (1A) of the Companies Act, 1956, for the proposed issue and allotment of upto 1,800,000 10% Optionally Convertible Debentures of the face Value of Rs.100 each to Kingfisher Finvest India Limited, on a preferential basis.

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 ordinary or special resolution requiring passing by way of Postal Ballot.

No resolution was passed through Postal Ballot during 2010-11.

No Special Resolution is proposed to be passed through Postal Ballot at present.

7. DISCLOSURES

During the financial year ended March 31, 2011, the Company had no materially significant related party transactions with its promoters, 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, 2011 and a declaration to this effect signed by the Managing Director is forming part of this report. The Company, presently, has one 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 'Vijaya Karnataka'/'Kannada Prabha' (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	Thursday, September 29, 2011, at 2.30 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 August 14
	Second Quarterly Results	By November 14
	Third Quarterly Results	By February 14
	Fourth quarterly Results	By May 15
c)	Dates of Book Closure	Wednesday, September 28, 2011 to Thursday, September 29, 2011 (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 2010-11 and 2011-12 have been paid to all the Stock Exchanges.
f)	Stock Code	
	BSE	532852
	NSE	SYMBOL – MCDHOLDING
	BgSE	McDHL
g)	ISIN	INE836H01014 (NSDL & CDSL) - for equity shares INE836H08019 (NSDL & CDSL) - for 10% optionally convertible debentures
h)	Market price data	As per Annexure A.
i)	Stock performance in comparison to BSE sensx	As per Annexure B.
j)	Registrar and Transfer Agents	Integrated Enterprises (India) Limited (IEIL) (Alpha Systems Private Limited, erstwhile Registrars and Transfer Agent has been merged with IEIL) 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. 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 29, 2011 (i.e. date of last benpos), 90.71 % 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: Integrated Enterprises (India) Limited (IEIL) (Alpha Systems Private Limited, erstwhile Registrars and Transfer Agent has been merged with IEIL) 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</p> <p>Investors may also write or contact the Company Secretary, Mr. Ritesh Shah, at the Registered Office of the Company at Canberra, Level 9, UB City, #24, Vittal Mallya Road, Bangalore 560 001 Tel. Nos. (080) 3985 6500 Fax No. (080) 3985 6607 e-mail : mhlinvestor@ubmail.com</p>

Pursuant to new Clause 5A of the Listing Agreement, the Company's Registrars & Transfer Agent is in the process of sending reminders to all the shareholders, whose share certificates were returned undelivered and remain unclaimed so far. Three reminders will be sent in due course to such shareholders. If no response is received after three reminders, the unclaimed shares shall be transferred to one folio in the name of "Unclaimed Suspense Account", and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Your Company is taking all necessary actions to comply with clause 5A of the Listing Agreement.

NON MANDATORY REQUIREMENTS

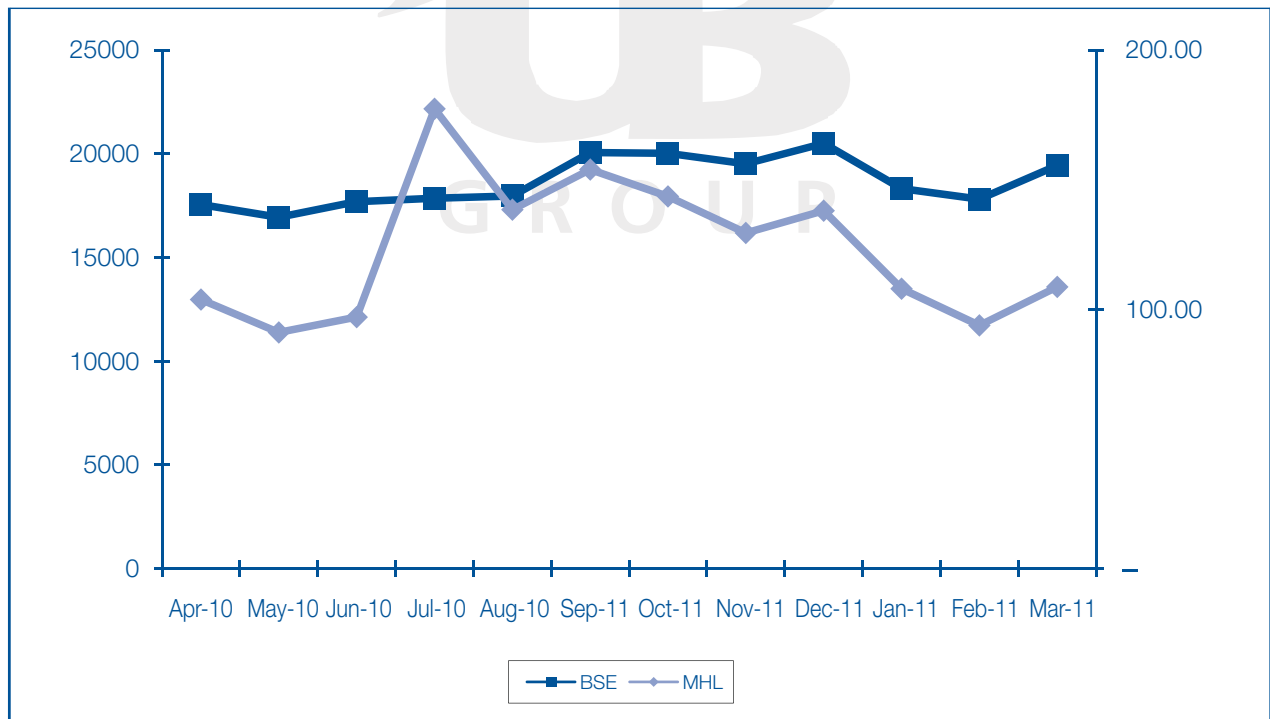
1.	Chairman of the Board	The expenses incurred by the Chairman in performance of his duties are eligible for reimbursement.
2.	Shareholders Rights	The Company's half-yearly results are being published in English and Kannada Newspapers having adequate circulation. Hence the same are not sent to the shareholders.
3.	Audit Qualifications	The Report of the Auditors on the Financial Statements for the year ended March 31, 2011, 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 (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr-10	114.90	95.05	103.8	168,090
May-10	106.50	86.05	91.10	81,048
Jun-10	106.50	85.00	97.00	281,494
Jul-10	179.85	93.25	177.40	6,739,208
Aug-10	197.00	126.10	138.50	5,586,372
Sep-10	165.95	137.50	153.95	2,57,188
Oct-10	162.75	142.25	143.60	91,341
Nov-10	164.00	118.25	129.50	78,982
Dec-10	141.10	117.55	138.05	283,919
Jan-11	142.50	106.00	107.95	323,215
Feb-11	117.45	88.50	93.80	127,439
Mar-11	116.00	90.05	108.65	160,364

MHL - Monthly NSE				
Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr-10	114.75	94.05	103.6	393,515
May-10	106.90	86.10	91.15	128,018
Jun-10	106.50	80.90	96.60	534,153
Jul-10	180.00	93.80	175.65	18,708,220
Aug-10	197.00	126.90	137.55	14,537,966
Sep-10	165.90	137.00	151.05	373,456
Oct-10	163.00	141.75	144.35	158,250
Nov-10	163.00	119.00	129.70	136,062
Dec-10	142.00	116.65	137.60	733,290
Jan-11	142.00	105.60	106.60	372,862
Feb-11	117.30	87.00	93.00	269,131
Mar-11	114.90	91.95	108.95	265,389

ANNEXURE B: STOCK PERFORMANCE IN COMPARISON TO BSE SENSEX



ANNEXURE C: DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on July 29, 2011 (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	60,179	99.87	35,788,510	28.07
5001 – 10000	49	0.08	3,615,640	2.84
10001 – 20000	17	0.03	2,286,920	1.79
20001 – 30000	05	0.01	1,275,690	1.00
30001 – 40000	Nil	Nil	Nil	Nil
40001 – 50000	2	Nil	980,000	0.77
50001 – 100000	2	Nil	1,288,800	1.01
100001 and Above	8	0.01	82,257,250	64.52
TOTAL	60,262	100.00	127,492,810	100.00

CATEGORYWISE

Category	No. of Shares	% of Equity
Promoter Group	5,056,624	39.66
Resident Body Corporate	457,069	3.59
Banks / FI / FII / MF / Trust	3,497,443	27.43
NRI / OCB / FFI	258,757	2.03
Resident Individuals	3,479,388	27.29
TOTAL	12,749,281	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, 2011, 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, 2011, 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.

New Delhi
August 02, 2011

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.

New Delhi
August 02, 2011

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, 2011.

New Delhi
August 02, 2011

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 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 investee companies is on the growth path, it is expected that the dividend yield would increase in the years to come.

Opportunities and Risks

Your Company continues to hold strategic 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.

Outlook

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

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

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.

To,
The Members of
McDOWELL HOLDINGS LIMITED

1. We have audited the attached Balance Sheet of McDowell Holdings Limited, as at 31st March 2011, 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 31-03-2011 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 31-03-2011;
 - b. in the case of the Profit and Loss account, 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.

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

(S. Vishnumurthy)

Proprietor

Membership No. 22715

Firm Registration No. 004742S

New Delhi
August 02, 2011

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 31-3-2011 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 not incurred cash losses during the immediately preceding financial year. The company has incurred cash losses during the financial year covered by our audit.

- (o) The company has not taken any loans from banks or financial institution. The company has not defaulted in repayment of dues to debenture holders.
- (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) The company is Non-Banking Financial Company registered with Reserve Bank of India under section 45-IA of the Reserve Bank of India (Amendment Act), 1997. 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

New Delhi

August 02, 2011

Annexure to the Auditor's Report (Contd.)

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.

New Delhi
August 02, 2011



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

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

Balance Sheet as at March 31, 2011

	Schedule	31-03-2011 Rupees	31-03-2010 Rupees
I. SOURCES OF FUNDS			
(1) Shareholder's funds			
(a) Share capital	1	127,492,810	121,442,810
(b) Reserves and surplus	2	414,197,982	350,568,942
(2) Loan funds			
Unsecured loan	3	93,925,900	173,278,657
		<u>635,616,692</u>	<u>645,290,409</u>
II. APPLICATION OF FUNDS			
(1) Investments			
	4	632,068,177	632,068,177
(2) Current assets, loans and advances			
(a) Cash and bank balances	5	4,575,872	16,494,347
(b) Loans and advances	6	7,954,552	3,387,052
		<u>12,530,424</u>	<u>19,881,399</u>
Less: Current liabilities and provisions			
(a) Current Liabilities	7	2,397,669	1,559,166
(b) Provisions		6,584,240	5,100,000
		<u>8,981,909</u>	<u>6,659,166</u>
Net current assets		3,548,515	13,222,232
		<u>635,616,692</u>	<u>645,290,409</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

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

New Delhi
August 02, 2011

N. Srinivasan
Director

Ritesh Shah
Company Secretary

Profit & Loss Account for the year ended March 31, 2011

	Schedule	31-03-2011 Rupees	31-03-2010 Rupees
INCOME			
Dividend		16,141,474	7,452,232
Commission		6,875,000	6,875,000
[Tax deducted at source 2011 : Rs. 6,87,500 (2010 : Rs. 6,87,500)]			
Profit on Sale of non group Investments		-	51,849,790
Other income		-	250
		23,016,474	66,177,272
EXPENDITURE			
Administrative and other expenses	8	5,266,711	4,236,877
Interest on Debentures		287,883	-
Interest on Loan		27,501,700	31,350,001
(Loss) / profit before tax		(10,039,820)	30,590,394
Provision for taxation		1,484,240	4,335,000
(Loss) / profit after tax		(11,524,060)	26,255,394
Appropriations			
Transferred to Statutory Reserve		-	5,251,079
(Loss) / profit for the year		(11,524,060)	21,004,315
Balance brought forward from previous year		28,712,239	7,707,924
Balance carried forward to the Balance Sheet		17,188,179	28,712,239
Earnings Per Share (Basic/Diluted (in Rs.))		(0.95)	2.16

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

(S. Vishnumurthy)

Proprietor
Membership No. 22715
Firm Registration No. 004742S

New Delhi
August 02, 2011

N. Srinivasan
Director

Ritesh Shah
Company Secretary

Cash Flow Statement for the year ended March 31, 2011

	31-03-2011 Rupees	31-03-2010 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax	(10,039,820)	30,590,394
Adjustments for :		
Profit on sale of investments	-	(51,849,790)
Operating profit before working capital changes	(10,039,820)	(21,259,396)
Adjustments for :		
(Increase)/decrease in receivables	(30,000)	1,325,936
Increase/(decrease) in payables	2,688,845	(336,734)
Cash used in operations	(7,380,975)	(20,270,194)
Direct taxes paid	(4,537,500)	(1,769,360)
Net cash used in operations	(11,918,475)	(22,039,554)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of investments	-	62,578,416
Net cash generated from investing activities	-	62,578,416
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of loan	-	(36,003,476)
Net cash used in financing activities	-	(36,003,476)
Net cash and cash equivalents (used) / surplus	(11,918,475)	4,535,386
Cash and cash equivalents at the beginning of the year	16,494,347	11,958,961
Closing balance of cash and cash equivalents	4,575,872	16,494,347
Cash and cash equivalents comprises of :		
Cash on hand	-	-
Balance with banks	4,575,872	16,494,347
	4,575,872	16,494,347

As per our report of even date.

For Vishnu Ram & Co.,
Chartered Accountants

A. Harish Bhat
Managing Director

M.R. Doraiswamy Iyengar
Director

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

New Delhi
August 02, 2011

N. Srinivasan
Director

Ritesh Shah
Company Secretary

Schedules forming part of Balance Sheet as at March 31, 2011



	31-03-2011 Rupees	31-03-2010 Rupees
1 SHARE CAPITAL		
Authorised		
15,000,000 Equity shares of Rs. 10 each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid up		
12,749,281 (2010: 12,144,281) Equity shares of Rs.10 each fully paid up	<u>127,492,810</u>	<u>121,442,810</u>
	<u>127,492,810</u>	<u>121,442,810</u>
i) 12,094,281 equity shares were allotted as fully paid up on November 06, 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.		
ii) 605,000 equity Shares of Rs.10 each fully paid up were allotted on March 31, 2011 to Kingfisher Finvest India Ltd on a preferential basis, at a price of Rs. 134.22 per equity share, upon the conversion of 812,031 10% optionally convertible debentures.		
2 RESERVES AND SURPLUS		
General Reserve	314,815,495	314,815,495
Statutory Reserve:		
As per last Balance Sheet	7,041,208	1,790,129
Addition during the year	-	5,251,079
	<u>7,041,208</u>	<u>7,041,208</u>
Securities Premium Account	75,153,100	-
Profit and loss account	<u>17,188,179</u>	<u>28,712,239</u>
	<u>414,197,982</u>	<u>350,568,942</u>
3 UNSECURED LOANS		
10% Optionally Convertible Debentures of Rs. 100/- each	93,925,900	-
Inter Corporate Loan	-	173,278,657
	<u>93,925,900</u>	<u>173,278,657</u>

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

4 INVESTMENTS

(Refer note no. 6 of notes to accounts)

	<u>Face</u> <u>Value</u>	<u>Nos.</u>	<u>31-03-2011</u> <u>Rupees</u>	<u>Face</u> <u>Value</u>	<u>Nos.</u>	<u>31-03-2010</u> <u>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
			631,941,177			631,941,177
	<u>Face</u> <u>Value</u>	<u>Nos.</u>	<u>31-03-2011</u> <u>Rupees</u>	<u>Face</u> <u>Value</u>	<u>Nos.</u>	<u>31-03-2010</u> <u>Rupees</u>
B. Unquoted Investments						
Non Trade :						
UB Electronic Instruments Limited	100	1,991	127,000	100	1,991	127,000
Total quoted and Unquoted Investments			632,068,177			632,068,177
Aggregate Value of Quoted investments						
Book value			631,941,177			631,941,177
Market Value			6,388,917,827			6,197,585,775

Schedules forming Part of Profit & Loss Account for the year ended March 31, 2011



	31-03-2011 Rupees	31-03-2010 Rupees
5 CASH AND BANK BALANCES		
Balance with Scheduled Banks		
In current account	4,575,872	16,494,347
	<u>4,575,872</u>	<u>16,494,347</u>
6 LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	30,000	-
Advance income tax	4,874,000	1,024,000
Tax deducted at source	3,050,552	2,363,052
	<u>7,954,552</u>	<u>3,387,052</u>
7 CURRENT LIABILITIES AND PROVISIONS		
a) Sundry creditors and other liabilities	2,397,669	1,559,166
b) Provision-Income Tax	6,584,240	5,100,000
	<u>8,981,909</u>	<u>6,659,166</u>
8 ADMINISTRATIVE AND OTHER EXPENSES		
Travel and Communication Expenses	1,412,052	1,082,936
Annual General Meeting & other Secretarial expenses	1,975,204	1,621,964
Printing & Stationery Expenses	1,125,100	803,952
Director's Sitting Fees	440,000	535,000
Auditor's Remuneration	314,355	193,025
	<u>5,266,711</u>	<u>4,236,877</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 represents current tax and computed in accordance with the Indian Income Tax Act.

Schedules forming Part of Accounts for the year ended March 31, 2011 (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	Rs. 5,260,002 (PY Nil)

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 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. Segmental reporting:

Segment-wise business performance for the year ended March 31, 2011 is as follows:

Primary Segment Information

G R O U P

1. Segment Revenue

	31.03.2011 (Rupees)	31.03.2010 (Rupees)
Investments	16,141,474	59,302,022
Financial Services	6,875,000	6,875,000
Others	-	250
Total Revenue	23,016,474	66,177,272

Schedules forming Part of Accounts for the year ended March 31, 2011 (Contd.)

2. Segment Results

	31.03.2011	31.03.2010
	(Rupees)	(Rupees)
Investments	(11,648,109)	27,952,021
Financial Services	1,608,289	2,638,123
Others	-	250
Total Results	(10,039,820)	30,590,394

Profit/(Loss) before tax	(10,039,820)	30,590,394
Less: Provision for tax	1,484,240	4,335,000
Net Profit /(Loss)	(11,524,060)	26,255,394

Other information	31.03.2011		31.03.2010	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Investments	641,548,050	101,148,497	649,866,821	179,149,313
Financial services	3,050,552	1,754,312	2,082,755	788,510

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.

6. 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 a Group Company. The carrying cost of these investments is Rs. 441.279 Million and the market value is Rs. 5,823.145 Million.

7. Share Capital

Pursuant to the approval of the shareholders under section 81 (1A) of the Companies Act, 1956, at the Extraordinary General Meeting held on March 25, 2011, the Company allotted 1,751,290, 10% Optionally Convertible Debentures of the face value of Rs. 100/- ("OCDs") each, to Kingfisher Finvest India Limited, one of the promoters of the Company on a preferential basis.

The Company on March 31, 2011, allotted 605,000 equity shares of Rs. 10/- each, to Kingfisher Finvest India Limited, pursuant to the conversion of 812,031, OCDs, at a conversion price of Rs. 134.22 per equity share, in accordance with the SEBI Regulations.

Schedules forming Part of Accounts for the year ended March 31, 2011 (Contd.)

8. Remuneration to Auditors

Particulars	2010-11 (Rupees)	2009-10 (Rupees)
Statutory Audit	125,000	125,000
Limited Review & Certification of Corporate Governance	50,000	50,000
Certification Fees	1,10,000	-
Service Tax	29,355	18,025
Total	314,355	193,025

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 31.03.2011 (Rupees)	Year ended 31.03.2010 (Rupees)
Net Profit/ (Loss) after tax	(11,524,060)	26,255,394
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.)	(0.95)	2.16

As per our report of even date.

For Vishnu Ram & Co.,
Chartered Accountants

A. Harish Bhat
Managing Director

M.R. Doraiswamy Iyengar
Director

(S. Vishnumurthy)

Proprietor

Membership No. 22715

Firm Registration No. 004742S

New Delhi

August 02, 2011

N. Srinivasan
Director

Ritesh Shah
Company Secretary

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	1
---	---	---	---	---	---	---	---	---	---

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

Public Issue

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

 Rights Issue

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

Bonus Issue

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

 Private Placement

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

Others

6	0	5	0
---	---	---	---

 Naked Warrants/Pref. Shares

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

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

Total Liabilities

	6	3	5	6	1	7
--	---	---	---	---	---	---

 Total Assets

	6	3	5	6	1	7
--	---	---	---	---	---	---

Sources of Funds

Paid Up Capital

	1	2	7	4	9	3
--	---	---	---	---	---	---

 Reserves & Surplus

	4	1	4	1	9	8
--	---	---	---	---	---	---

Secured Loan

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

 Unsecured Loan

	9	3	9	2	6
--	---	---	---	---	---

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

			3	5	4	9
--	--	--	---	---	---	---

 Misc. Expenditure

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

Accumulated Losses

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

 Deferred Tax Assets

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

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

Total Income

		2	3	0	1	6
--	--	---	---	---	---	---

 Total Expenditure

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

Profit/-Loss Before Tax

	-	1	0	0	4	0
--	---	---	---	---	---	---

 Profit/-Loss After Tax

	-	1	1	5	2	4
--	---	---	---	---	---	---

Earnings per share in Rs.

		-	0	.	9	5
--	--	---	---	---	---	---

 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
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A. Harish Bhat
Managing Director

M.R. Doraiswamy Iyengar
Director

N. Srinivasan
Director

Ritesh Shah
Company Secretary

New Delhi
August 02, 2011



McDowell Holdings Limited

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