



McDowell Holdings Limited

ANNUAL REPORT 2011 - 2012

McDOWELL HOLDINGS LIMITED

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

NOTICE IS HEREBY GIVEN OF THE EIGHTH ANNUAL GENERAL MEETING of the Company to be held at Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025, on Tuesday, September 25, 2012, at 2.30 p.m. for the following purposes:

1. To receive and consider the accounts for the year ended March 31, 2012 and the reports of the Auditors and Directors thereon;
2. To elect a Director in the place of Mr. S Narasimha Prasad, who retires by rotation and being eligible, offers himself for re-appointment;
3. To elect a Director in the place of Mr. M R Doraiswamy Iyengar, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. Re-appointment of Mr. A Harish Bhat as Managing Director:

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

“RESOLVED, that subject to the provisions of Section 269, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification or re-enactment thereof, Mr. A Harish Bhat, be and is hereby re-appointed as Managing Director of the Company, without remuneration, for a further period of three years, with effect from November 06, 2012.”

“FURTHER RESOLVED, that as the Managing Director, Mr. A Harish Bhat be entrusted with substantial powers of management and be responsible for the general conduct and management of business and affairs of the Company, subject to the superintendence, control and direction of the Board of Directors of the Company and that he shall be entitled for reimbursement of all expenses incurred by him for discharging his official duties.”

“FURTHER RESOLVED, that Mr. A. Harish Bhat shall not be subject to retirement by rotation, during his tenure as the Managing Director of the Company.”

By order of the Board

New Delhi
August 08, 2012

Ritesh Shah
Company Secretary

Notes:

- 1) Please refer to the explanatory statement given here under.
- 2) Brief particulars of the Directors proposed to be re-appointed at the Annual General Meeting are given in the Corporate Governance Report.
- 3) **A SHAREHOLDER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF ONLY ON A POLL. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
The proxy form, duly completed, must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for the holding of the Meeting.
- 4) The Transfer Books and Register of Members will remain closed from Monday, September 24, 2012, to Tuesday, September 25, 2012 (both days inclusive).
- 5) Members are requested to intimate immediately to the Company's Registrars and Transfer Agents, Integrated Enterprises (India) Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 (Telephone No. 080-23460815-818 Fax No. 080 2346 0819), any change in their e-mail id / correspondence address along with Pin Code Number.
- 6) Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note no. 5 above.

- 7) Members may please address all their documents/ correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note no. 5 above.
- 8) Nomination facility for shares is available for members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents at the address as stated in Note no. 5 above.
- 9) The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialised. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerialising their shareholdings in the Company.
- 10) The Company has designated an exclusive e-mail id viz., mhlinvestor@ubmail.com to enable the investors to post their grievances and monitor its redressal.
- 11) There is no unclaimed dividend required to be transferred to the Investor Education and Protection Fund.
- 12) Members attending the Annual General Meeting are requested to bring with them the following:
 - a. Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting;
 - b. The Attendance Slip duly completed and clearly indicating their DP ID & Client ID, in case of shares held in dematerialized mode and Folio Number, in case of shares held in physical mode, to facilitate identification of membership at the Meeting.
- 13) The Company would accept only the Attendance Slip from a member actually attending the Meeting, or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours prior to the Meeting.
- 14) Attendance Slips of Members/valid proxies not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted from any other member/person.
- 15) The Meeting is for members or their proxies only. Please avoid being accompanied by non-members/children.
- 16) Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

By order of the Board

New Delhi
August 08, 2012

Ritesh Shah
Company Secretary

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

Item no. 5

The Board of Directors of the Company, at its Meeting held on August 08, 2012, has re-appointed Mr. A Harish Bhat (Mr. Bhat) as the Managing Director of the Company, without remuneration, for a period of three years, with effect from November 06, 2012, subject to the approval of the Members at this Annual General Meeting.

Mr. Bhat shall be entrusted with substantial powers of management and be responsible for the general conduct and management of business and affairs of the Company, subject to the superintendence, control and direction of the Board of Directors of the Company.

The Directors recommend the resolution for approval by members.

None of the Directors of the Company except Mr. Bhat is interested or concerned in this Resolution. Mr. Bhat holds 204 (two hundred and four) equity shares of Rs. 10/- each, of the Company and is not related to any other Director of the Company.

The relevant resolution concerning the re-appointment of Mr. Bhat as Managing Director in the accompanying notice may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

By order of the Board

New Delhi
August 08, 2012

Ritesh Shah
Company Secretary

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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. NARASIMHA 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 Eighth Annual Report of your Company and the audited accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

Particulars	For the Financial Year Ended	
	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Income	33,077,102	23,016,474
Less : Expenditure	16,665,868	33,056,294
Profit / (Loss) before taxation	16,411,234	(10,039,820)
Less : Provision for tax	1,235,866	1,484,240
Profit / (Loss) after tax	15,175,368	(11,524,060)
Less : Transfer to Statutory Reserve Fund	3,035,074	Nil
Balance brought forward from previous year	17,188,180	28,712,239
Balance carried forward	29,328,473	17,188,180

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, 2012.

REVIEW OF OPERATIONS

Your Company has recorded good performance during the year under review. Inclusive of income by way of dividend, interest and security commission, the total income of your Company during the financial year was Rs. 33,077,102 compared to Rs. 23,016,474 in the previous financial year. The total expenditure during the year was Rs. 16,665,868 against Rs. 33,056,294 in the previous financial year. Your Company has recorded a net profit of Rs. 15,175,368 for the year versus net loss of Rs. 11,524,060 in the previous financial year.

A sum of Rs. 3,035,074 (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 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 distribution by the investee companies would increase in the years to come.

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.

CONVERSION OF OPTIONALLY CONVERTIBLE DEBENTURES INTO EQUITY SHARES OF THE COMPANY

During the year under review, Kingfisher Finvest India Limited, one of the promoters of your Company had exercised the option to convert 641,350 10% Optionally Convertible Debentures of the face value of Rs. 100 ("OCDs") each and was allotted 635,000 equity shares of Rs. 10 each fully paid-up, on a preferential basis, at a price of Rs. 101.00 per equity share as per SEBI guidelines.

Report of the Directors (Contd.)

Subsequent to the balance sheet date, Kingfisher Finvest India Limited, further exercised the option to convert the balance 297,909 OCDs and was allotted 607,977 equity shares of Rs. 10 each fully paid-up, on a preferential basis, at a price of Rs. 49.00 per equity share as per SEBI guidelines.

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. 127,492,810 divided into 12,749,281 equity shares of Rs. 10 each fully paid-up to Rs. 139,922,580 divided into 13,992,258 equity shares of Rs. 10 each fully paid-up, consequent to the allotment of 1,242,977 equity shares of Rs. 10 each fully paid-up to Kingfisher Finvest India Limited, on a preferential basis, on August 08, 2011 and April 17, 2012.

DIRECTORS

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

The Board of Directors of the Company, at its Meeting held on August 08, 2012, has re-appointed Mr. A Harish Bhat as Managing Director of the Company in terms of Section 269 of the Companies Act, 1956, for a further period of three years, with effect from November 6, 2012, without remuneration, subject to the approval of the Shareholders at the Annual General Meeting.

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.

REGISTRATION WITH RESERVE BANK OF INDIA AS NON BANKING FINANCIAL COMPANY

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

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 2012-13 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 03, 2012 (i.e. date of last benpos), equity shares representing 96.38% of the equity share capital are held in dematerialised form.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION ETC.

Your Company has not undertaken any 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 profit of the Company for that year;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. they have prepared the Annual Accounts on a going concern basis

ACKNOWLEDGEMENT

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

By Authority of the Board

August 08, 2012
New Delhi

Dr. Vijay Mallya
Chairman

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Sound Corporate Governance Principles are the foundation upon which the trust of investors is built. Your Company has always strived for excellence in Corporate Governance and is committed towards taking all initiatives to enhance Shareholders' wealth in the long term. In pursuit towards corporate goals, the Company accords high importance to transparency, accountability and integrity in its dealings.

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, five Board Meetings were held i.e. on April 28, 2011, August 02, 2011, November 07, 2011, January 20, 2012 and February 13, 2012.

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 29.09.2011	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	19	Nil
Mr. A. Harish Bhat	Managing Director	05	Yes	13	04 (Chairman of 01)
Mr. N. Srinivasan	Independent Non Executive Director	05	No	18	09 (Chairman of 05)
Mr. M. R. Doraiswamy Iyengar	Independent Non Executive Director	05	Yes	03	04 (Chairman of 03)
Mr. S. G. Ruparel	Independent Non Executive Director	04	Yes	04	04 (Chairman of 01)
Mr. S. Narasimha Prasad	Non Executive Director	04	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, of which one is a subsidiary of a Public Company 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.
- Out of eighteen (18) other Companies in which Mr. N. Srinivasan is a Director four (04) are Private Companies.

- d) Out of three (03) other Companies in which Mr. M. R. Doraiswamy Iyengar is a Director one (01) is a Private Company.
- e) Out of four (04) other Companies in which Mr. S. G. Ruparel is a Director, one (01) is a Private Company.
- f) Out of five (05) other Companies in which Mr. S. Narasimha Prasad is a Director, two (02) are Private Companies, which are subsidiaries of a Public Company.
- g) None of the Directors is related to any other Director.

DISCLOSURES REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Directors retiring by rotation and eligible for re-appointment

Mr. S Narasimha Prasad

Mr. S Narasimha Prasad (Mr. Prasad) retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The brief particulars of Mr. Prasad are as under:

Mr. Prasad, aged 54 years, is a Graduate in Commerce, Chartered Accountant and Company Secretary. Mr. Prasad has been associated with the United Breweries Group [Group], since 1991 and possesses vast experience in Corporate Accounts and Finance function. Currently, he is the Senior Vice President - Finance of United Spirits Limited, flagship company of the Group.

Details of Directorships of Mr. Prasad in other Indian Companies and Committee Membership are as under:

Sl. No.	Name of the Company	Position held
1.	Shaw Wallace Breweries Limited	Director & Member Audit Committee
2.	McDowell Beverages Limited	Director
3.	McDowell & Company Limited	Director
4.	Daffodils Flavours & Fragrances Private Limited	Director
5.	Tern Distilleries Private Limited	Director

Mr. Prasad is the Member of the Audit Committee & Shareholders / Investors Grievance Committee of the Company.

Mr. Prasad holds 162 equity shares of the Company and is not related to any other Directors of the Company.

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, aged 77 years, is a Fellow Member of the Institute of Chartered Accountants of India and a Graduate in Law. He 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.	Name of the Company	Position held
1.	United Spirits Limited	Director and Chairman of Audit Committee & Shareholders/ Investors Grievances Committee
2.	Pioneer Distilleries Limited	Director and Chairman of Audit Committee and Member of Shareholders / Investors Grievances Committee
3.	Vittal Investments Private Limited	Director

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

Mr. Iyengar holds four (04) equity shares of the Company and is not related to any other Directors 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 of the following Directors:

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

Mr. Shrikant G Ruparel was appointed as Member of the Audit Committee with effect May 29, 2012.

The Committee, inter alia, has reviewed the financial statements for the year ended March 31, 2012 and has recommended its adoption. In addition, the Committee has also reviewed Unaudited (Provisional) quarterly results for June 30, 2011, quarterly and half yearly results for September 30, 2011 and quarterly results for December 31, 2011 which were subjected to a Limited Review by the Statutory Auditors of the Company and audited financial results for the year ended March 31, 2012.

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

During the financial year under review, four meetings of the Audit Committee were held i.e. on April 28, 2011, August 02, 2011, November 07, 2011 and February 13, 2012. 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)	4	4
Mr. N. Srinivasan	4	4
Mr. S Narasimha Prasad	4	3

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 of 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 28, 2011, August 01, 2011, November 07, 2011 and February 13, 2012, 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, eleven complaints were received from the shareholders/investors, which were replied / resolved to their satisfaction. There was no complaint pending as on March 31, 2012.

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 power of attorney, operation of bank accounts etc.

The Committee comprises of the following Directors:

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

During the year, two meetings of the Committee were held i.e. on August 08, 2011 and September 29, 2011.

5. REMUNERATION COMMITTEE

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

Remuneration of Directors:

a) **Managing Director:**

The Board of Directors of the Company, at its meeting held on August 08, 2012, has re-appointed Mr. A Harish Bhat as the Managing Director of the Company, without remuneration, for a period of three years from November 06, 2012, in terms of the provisions of Section 269 and Schedule XIII to the Act, subject to approval of the Members of the Company at the forthcoming Annual General Meeting.

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	34,550*
Mr. A. Harish Bhat	Nil
Mr. N. Srinivasan	90,000
Mr. M. R. Doraiswamy Iyengar	120,000
Mr. S. G. Ruparel	40,000
Mr. S. Narasimha Prasad	100,000

* 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, 2010	September 29, 2010	2.00 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025
March 31, 2011	September 29, 2011	2.30 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025

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 29, 2011	Nil
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.

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.

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

No resolution was passed through Postal Ballot during 2011-12.

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

7. DISCLOSURES

During the financial year ended March 31, 2012, 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/RBI/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.in All the members of the Board had affirmed compliance with the Code for the year ended March 31, 2012 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.in

The Company has designated an exclusive e-mail id viz, mhlinvestor@ubmail.com to enable the investors to post their grievances and monitor its redressal.

9. MANAGEMENT DISCUSSION AND ANALYSIS

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

10. GENERAL SHAREHOLDER INFORMATION

a)	AGM Date, Time and Venue	Tuesday, September 25, 2012, at 2.30 p.m. at Good Shepherd Auditorium, Opposite 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
	Audited Financial Results	By May 30
c)	Dates of Book Closure	Monday, September 24, 2012 to Tuesday, September 25, 2012 (both days inclusive).
d)	Dividend payment date	NA
e)	Listing on Stock Exchanges:	<p>The shares of the Company are listed on the following Stock Exchanges:</p> <ol style="list-style-type: none"> 1. Bangalore Stock Exchange Limited (BgSE) 2. Bombay Stock Exchange Limited, (BSE) 3. National Stock Exchange of India Limited (NSE) <p>The Annual Listing Fees for the years 2011-12 and 2012-13 have been paid to all the Stock Exchanges.</p>
f)	Stock Code	
	BSE	532852
	NSE	SYMBOL – MCDHOLDING
	BgSE	McDHL
g)	ISIN No.	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	<p>Integrated Enterprises (India) Limited Registered Office: 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 Tel. nos. (080) 2346 0815 – 0818 Fax no. (080) 2346 0819 E-mail id : alfint@vsnl.com</p>
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 03, 2012 (i.e. date of last benpos), 96.38% of the paid-up share capital was held in dematerialized form.
n)	Outstanding GDRs/ ADRs/ Warrants or any other Convertible instruments	N.A.
o)	Plant Locations	N.A.
p)	Address for correspondence	<p>Shareholder correspondence should be addressed to the Company's Registrars and Transfer Agents: Integrated Enterprises (India) Limited Registered Office: 30, Ramana Residency, 4th Cross Sampige Road Malleswaram, Bangalore 560 003 Tel. Nos. (080) 2346 0815-818 Fax No.080 2346 0819 ; E-mail id : 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>

Your Company is in the process of taking action in respect of unclaimed equity shares, pursuant to the provisions of clause 5A of the Listing Agreement with the Stock Exchanges. The voting rights on such shares shall remain frozen till the rightful owner claims the shares.

NON MANDATORY REQUIREMENTS

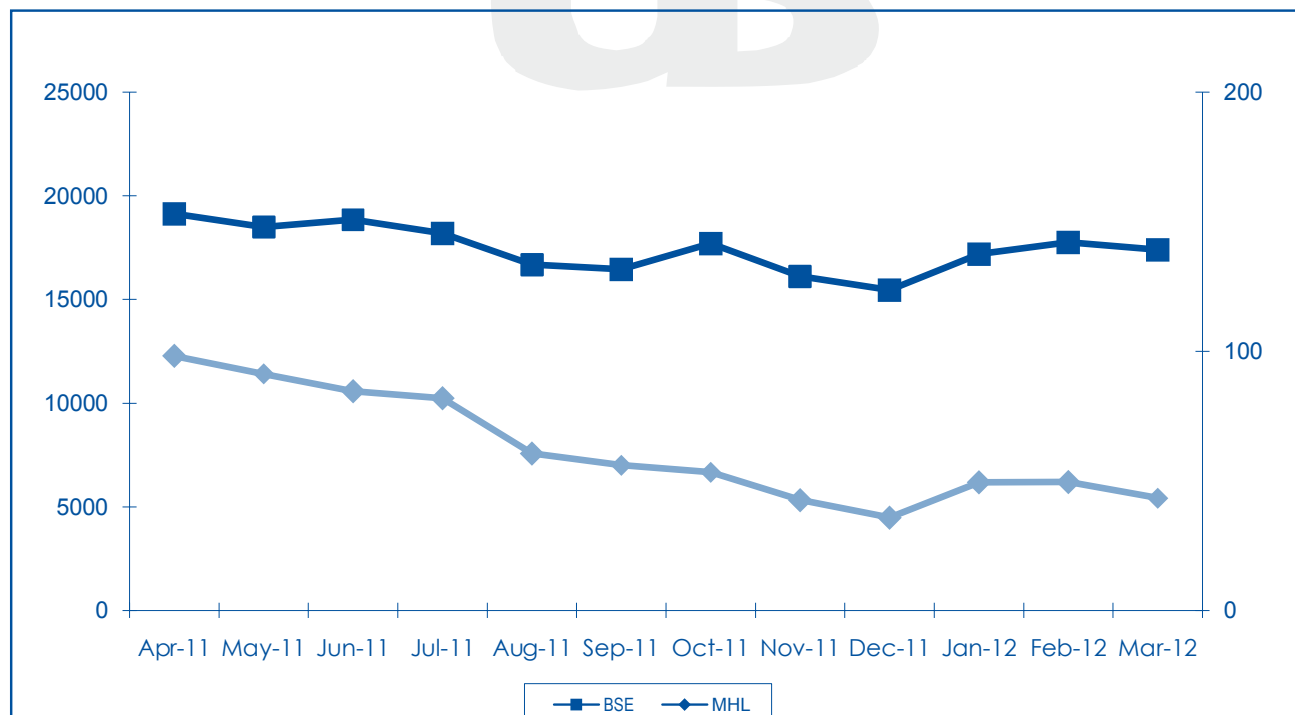
1.	Chairman of the Board	The expenses incurred by the Chairman in performance of his duties are eligible for reimbursement.
2.	Shareholders Rights	The Company's half-yearly results are being published in English and Kannada Newspapers having adequate circulation. Hence the same are not sent to the shareholders.
3.	Audit Qualifications	The Report of the Auditors on the Financial Statements for the year ended March 31, 2012, 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 - 11	130.35	97.25	98.25	955,149
May - 11	101.60	87.00	91.30	247,532
Jun - 11	96.50	79.00	84.60	286,050
Jul - 11	89.75	81.65	81.90	88,836
Aug - 11	82.05	55.30	60.55	68,049
Sep - 11	66.00	54.65	56.00	48,106
Oct - 11	58.65	45.80	53.30	104,376
Nov - 11	57.90	40.55	42.55	53,653
Dec - 11	50.25	33.50	35.80	61,228
Jan - 12	60.50	31.40	49.45	357,873
Feb - 12	55.85	47.00	49.55	56,230
Mar - 12	52.00	41.10	43.30	45,772

MHL - Monthly NSE				
Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr-11	130.75	97.60	98.20	2,211,608
May-11	101.50	86.55	91.50	566,703
Jun-11	111.45	79.40	85.10	365,471
Jul-11	89.80	81.75	82.20	232,655
Aug-11	83.55	55.50	59.80	208,010
Sep-11	64.95	55.00	56.10	109,357
Oct-11	58.45	50.10	53.55	383,344
Nov-11	57.45	41.00	43.05	518,447
Dec-11	52.00	34.00	35.55	256,414
Jan-12	60.80	35.05	49.15	1,104,831
Feb-12	55.80	46.55	49.20	130,524
Mar-12	52.00	40.40	44.05	180,017

ANNEXURE B: STOCK PERFORMANCE IN COMPARISION TO BSE SENSEX



ANNEXURE C: DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on August 03, 2012 (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 5,000	57,419	98.22	22,548,730	16.12
5,001 – 10,000	545	0.93	4,260,200	3.04
10,001 – 20,000	273	0.47	3,990,190	2.85
20,001 – 30,000	83	0.14	2,065,600	1.48
30,001 – 40,000	29	0.05	1,011,800	0.72
40,001 – 50,000	28	0.05	1,325,890	0.95
50,001 – 100,000	50	0.09	3,731,170	2.67
100,001 and Above	31	0.05	100,989,000	72.17
TOTAL	58,458	100.00	139,922,580	100.00

CATEGORYWISE

Category	No. of Shares	% of Equity
Promoter Group	6,299,601	45.02
Resident Body Corporate	4,030,45	2.88
Banks / FI / FII / MF / Trust	3,516,597	25.13
NRI / OCB / FFI	236,725	1.69
Resident Individuals	3,536,290	25.27
TOTAL	13,992,258	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, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

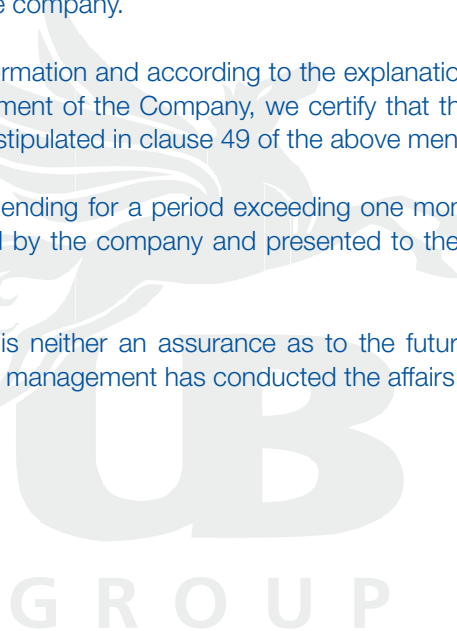
The compliance of conditions of Corporate Governance is the responsibility of the management of the company. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance. It is neither 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, 2012, 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 08, 2012



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 08, 2012

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.in. All the members of the Board have affirmed compliance with the Code for the period March 31, 2012.

New Delhi
August 08, 2012

A. Harish Bhat
Managing Director

Overview – Financial Performance

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

Industry Structure & Developments

Your Company is 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 distribution by the investee companies would increase in the years to come.

Opportunities and Risks

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

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.

Auditor's Report to the Members

To,
The Members of
McDOWELL HOLDINGS LIMITED

1. We have audited the attached Balance Sheet of McDowell Holdings Limited, as at 31st March 2012, 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, 2008 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 31-03-2012 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 31-03-2012;
 - 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

Place : Mumbai
Date : May 29, 2012

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.

Annexure to the Auditor's Report (Contd.)

- (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 31-3-2012 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. 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

Place : Mumbai

Date : May 29, 2012



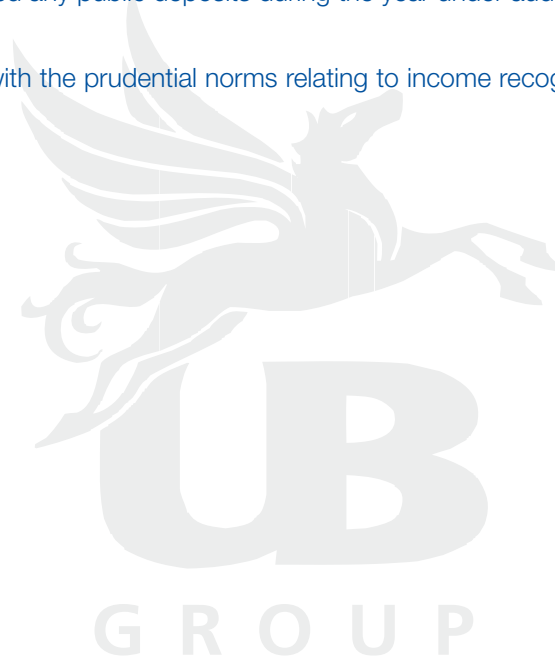
Annexure to the Auditor's Report (Contd.)

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. The company is entitled to continue to hold such certificate of registration in terms of its asset/income pattern as on March 31, 2012.
- (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.
- (d) The company has complied with the prudential norms relating to income recognition, accounting standards and asset classification.

Place : Mumbai
Date : May 29, 2012



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

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

Balance Sheet as at March 31, 2012

	Notes	As at 31-03-2012 Rupees	As at 31-03-2011 Rupees
I. Equity and Liabilities			
1. Shareholders' Funds			
a. Share Capital	2.1	133,842,810	127,492,810
b. Reserves and Surplus	2.2	487,158,350	414,197,983
2. Non-current Liabilities			
a. Long term borrowings	2.3	-	93,925,900
3. Current Liabilities			
a. Short-term borrowings	2.4	200,000,000	-
b. Other Current Liabilities	2.5	37,076,787	2,397,669
		858,077,948	638,014,362
II. Assets			
1. Non-current Assets			
a. Non Current Investments	2.6	632,068,177	632,068,177
2. Current Assets			
a. Trade Receivables	2.7	2,870,116	-
b. Cash and Cash Equivalents	2.8	15,043,609	4,575,874
c. Short term Loans and Advances	2.9	208,096,046	1,370,312
		858,077,948	638,014,362

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 & 2

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

Mumbai
May 29, 2012

Ritesh Shah
Company Secretary

S. Narasimha Prasad
Director

Statement of Profit and Loss for the year ended March 31, 2012



	Notes	For the year ending 31-03-2012 Rupees	For the year ending 31-03-2011 Rupees
I. Revenue			
a. Revenue from operations	2.10	33,077,102	23,016,474
		33,077,102	23,016,474
II. Expenses			
a. Employee costs	2.11	1,100,376	-
b. Finance costs	2.12	11,287,950	27,789,583
c. Other expenses	2.13	4,277,542	5,266,711
		16,665,868	33,056,294
III. Profit/(Loss) before taxation		16,411,234	(10,039,820)
a. Tax Expense:			
i. Current Tax		1,235,866	1,484,240
IV. Profit/(loss) for the year		15,175,368	(11,524,060)
V. Earning per share			
a. Basic (Face value of Rs.10 each)		1.15	(0.95)
b. Diluted (Face value of Rs.10 each)		1.10	(0.95)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS ^{1 & 2}

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

Mumbai
May 29, 2012

Ritesh Shah
Company Secretary

S. Narasimha Prasad
Director

Cash Flow Statement for the year ended March 31, 2012

	For the year ending 31.03.2012 Rupees	For the year ending 31.03.2011 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	16,411,234	(10,039,820)
Adjustments for :		
Operating profit before working capital changes	16,411,234	(10,039,820)
Adjustments for :		
(Increase)/Decrease in trade and other receivables	(208,483,667)	(30,000)
Increase/(Decrease) in trade payables	<u>204,888,218</u>	<u>2,688,847</u>
	<u>(3,595,449)</u>	<u>2,658,847</u>
Cash generated from/(used in) operations	12,815,785	(7,380,973)
Direct taxes paid	(2,348,050)	(4,537,500)
Net cash generated from/(used in) operations	10,467,735	(11,918,473)
B. CASH FLOW FROM INVESTING ACTIVITIES		
	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
Net increase/(decrease) in cash and cash equivalents	10,467,735	(11,918,473)
Cash and cash equivalents at the beginning of the year	<u>4,575,874</u>	<u>16,494,347</u>
Closing Balance of Cash and cash equivalents	<u>15,043,609</u>	<u>4,575,874</u>
Cash and cash equivalents comprises of:		
Cash on hand	-	-
Balance with banks	<u>15,043,609</u>	<u>4,575,874</u>
	<u>15,043,609</u>	<u>4,575,874</u>

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

Mumbai
May 29, 2012

Ritesh Shah
Company Secretary

S. Narasimha Prasad
Director

1. Significant accounting policies

i. **Basis for preparation of financial statements:**

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

ii. **Use of estimates :**

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

iii. **Investments:**

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

iv. **Revenue recognition:**

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.

v. **Provision and contingencies:**

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

vi. **Tax expense:**

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

vii. **Segmental reporting :**

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

viii. **Employee Benefit :**

a. **Defined-contribution plans**

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

	As at 31-03-2012 Rupees	As at 31-03-2011 Rupees
2.1 Share Capital		
Authorised		
15,000,000 Equity shares of Rs. 10 each	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and Paid-up		
13,384,281 (2011: 12,749,281) Equity shares of Rs. 10 each fully paid up	133,842,810	127,492,810
	<u>133,842,810</u>	<u>127,492,810</u>

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

	No. of Shares	31-03-2012	No. of Shares	31-03-2011
As at the beginning of the period	12,749,281	127,492,810	12,144,281	121,442,810
Issued during the year	635,000	6,350,000	605,000	6,050,000
Outstanding at the end of the period	13,384,281	133,842,810	12,749,281	127,492,810

b. Terms and rights attached to equity shares

The company has only one class of shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

The company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31-03-2012		31-03-2011	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid				
United Breweries (Holdings) Limited	4,392,691	32.82%	4,392,691	34.45%
Kingfisher Finvest India Ltd.	1,248,730	9.33%	613,730	4.81%
ACACIA PARTNERS, LP	1,064,469	7.95%	1,064,469	8.35%
SBIMF-Magnum Sector Funds				
Umbrella - Emerging Business Fund	1,187,340	8.87%	665,594	5.22%
Deutsche Securities Mauritius Limited	-	-	888,070	6.97%

d. Shares reserved for issue under options

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 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.

The Company on August 8, 2011, allotted 635,000 equity shares of Rs. 10/- each, to Kingfisher Finvest India Limited, pursuant to the conversion of 641,350, OCDs, at a conversion price of Rs. 101/- per equity share, in accordance with the SEBI Regulations.

As on March 31, 2012, Kingfisher Finvest India Limited has the option to convert the balance OCDs of 297,909 to equity shares, which they converted into equity shares on April 17, 2012. Pursuant to that the company allotted 607,977 equity shares at a conversion price of Rs. 49/- per equity shares.



	As at 31-03-2012 Rupees	As at 31-03-2011 Rupees
2.2 Reserves and Surplus		
General Reserve		
As per last Balance Sheet	314,815,495	314,815,495
Statutory Reserve		
As per last Balance Sheet	7,041,208	7,041,208
Add: Addition during the year	<u>3,035,074</u>	<u>-</u>
	10,076,282	7,041,208
Securities Premium Account		
As per last Balance Sheet	75,153,100	
Add: Addition during the year	<u>57,785,000</u>	<u>75,153,100</u>
	132,938,100	75,153,100
Surplus as per Profit and Loss account		
As per last Balance Sheet	17,188,180	28,712,240
Add: Profit transferred on amalgamation	-	-
Add: Profit/(loss) for the year	<u>15,175,368</u>	<u>(11,524,060)</u>
	32,363,547	17,188,180
Less: Appropriations:		
Transfer to Statutory Reserve	<u>3,035,074</u>	<u>-</u>
	29,328,473	17,188,180
	<u>487,158,350</u>	<u>414,197,983</u>
2.3 Long-term Borrowings		
Unsecured		
10% Optionally Convertible Debentures of Rs.100/- each [for details refer note 2.1(d)]	-	93,925,900
	<u>-</u>	<u>93,925,900</u>
2.4 Short Term Borrowings		
Unsecured		
Inter Corporate Deposit	<u>200,000,000</u>	<u>-</u>
	<u>200,000,000</u>	<u>-</u>
2.5 Other Current Liabilities		
10% Optionally Convertible Debentures of Rs.100/- each [for details refer note 2.1(d)]	29,790,900	-
Interest accrued but not due	6,638,332	259,094
TDS payable	392,687	694,208
Professional Tax Payable	200	-
Audit fees payable	196,000	173,722
Directors Sitting Fees Payable	10,000	-
Other Liabilities	<u>48,668</u>	<u>1,270,645</u>
	37,076,787	2,397,669

	No.	Face value	As at 31-03-2012 Rupees	No.	Face value	As at 31-03-2011 Rupees
2.6 Non-current Investments						
Trade investments						
Quoted						
Fully paid Equity shares						
Mangalore Chemicals & Fertilizers Limited	7,026,828	10	35,344,945	7,026,828	10	35,344,945
UB Engineering Limited	452,243	10	18,996,712	452,243	10	18,996,712
United Breweries (Holdings) Limited	5,260,002	10	2,84,013,853	5,260,002	10	2,84,013,853
United Breweries Limited	10,707,344	1	2,93,585,667	10,707,344	1	2,93,585,667
Non-Trade Other Investments			631,941,177			631,941,177
Unquoted						
UB Electronic Instruments Limited	1,991	100	127,000	1,991	100	127,000
Total Investments			632,068,177			632,068,177
Aggregate value of Quoted Investments:						
Book value			632,068,177			632,068,177
Market value			6,448,880,234			6,388,917,827

	As at 31-03-2012 Rupees	As at 31-03-2011 Rupees
2.7 Trade Receivables		
(Unsecured, considered good unless stated otherwise)		
Less than six months:		
Considered Good	-	-
Others: Considered Good	<u>2,870,116</u>	-
	<u>2,870,116</u>	-
2.8 Cash and Cash Equivalents		
Balances with Banks:		
On Current accounts	<u>15,043,609</u>	4,575,874
	<u>15,043,609</u>	<u>4,575,874</u>
2.9 Short Term Loans and Advances		
(Unsecured, considered good unless stated otherwise)		
Advance to others	200,000,000	-
Interest accrued but not due on loan	5,476,950	-
Advance Tax & Tax deducted at source	2,452,496	1,340,312
Rental Deposit	166,600	-
Other Advances	-	30,000
	<u>208,096,046</u>	<u>1,370,312</u>
2.10 Revenue from operations		
Dividends	20,116,602	16,141,474
Commission [Tax deducted at source 2012 :Rs.6,87,500 (2011 : Rs.6,87,500)]	6,875,000	6,875,000
Interest [Tax deducted at source 2012 :Rs.6,08,550 (2011 : Rs. Nil)]	6,085,500	-
	<u>33,077,102</u>	<u>23,016,474</u>
2.11 Employee costs		
Salaries paid	1,062,814	-
Contribution to provident fund	37,562	-
	<u>1,100,376</u>	-
2.12 Finance costs		
Interest on Debentures	5,271,512	287,883
Interest on Loan	6,016,438	27,501,700
	<u>11,287,950</u>	<u>27,789,583</u>
2.13 OTHER EXPENSES		
Travel and Communication Expenses	1,125,047	1,412,052
Secretarial Expenses	1,681,216	1,975,204
Printing & Stationery Expenses	814,614	1,125,100
Director's Sitting Fees	400,000	440,000
Auditor's Remuneration	256,665	314,355
	<u>4,277,542</u>	<u>5,266,711</u>

Notes to the financial statements for the year ended March 31, 2012

2.14 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 (Rs. 5,260,002)

2.15 Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. Nil (Previous year Rs. Nil).

2.16 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.

2.17 Figures for the previous year have been regrouped /reclassified to conform to Revised Schedule VI of the Companies Act, 1956.

2.18 Figures in the Balance Sheet, Profit and Loss account and Schedules have been rounded off to the nearest rupee.

2.19 Segmental reporting:

Segment-wise business performance for the year ended March 31, 2012 is as follows:

Primary Segment Information

1. Segment Revenue

	31.03.2012 (Rupees)	31.03.2011 (Rupees)
Investments	20,116,602	16,141,474
Financial Services	12,960,500	6,875,000
Total Revenue	33,077,102	23,016,474

2. Segment Results

Investments	12,156,130	(11,648,109)
Financial Services	4,255,103	1,608,289
Total Result	16,411,234	(10,039,820)

Other information	31.03.2012		31.03.2011	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Investments	647,111,786	31,014,438	641,548,050	101,148,497
Financial services	210,966,162	206,062,349	3,050,552	1,754,312

Notes:

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

2.20 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 share 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. 5,811.760 Million.

2.21 Remuneration to Auditors :

	2011-12 (Rupees)	2010-11 (Rupees)
Statutory Audit	125,000	125,000
Limited Review & Certification of Corporate Governance	50,000	50,000
Certification Fees	55,000	55,000
Service Tax	26,665	29,355
Total	256,665	314,355

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

Basic earnings per share

Particulars	Year ended 31.03.2012 (Rupees)	Year ended 31.03.2011 (Rupees)
Net Profit/ (Loss) after tax	15,175,368	(11,524,060)
Weighted average number of equity shares of Rs. 10/- each outstanding during the year	13,160,470	12,144,281
Basic earnings per share (Rs)	1.15	(0.95)

Diluted earnings per share

Net Profit/ (Loss) after tax	15,175,368	(11,524,060)
Weighted average number of equity shares of Rs. 10/- each including the number of equity shares that will arise out of conversion of the Optionally Convertible Debentures	13,768,447	12,144,281
Diluted earnings per share (Rs.)	1.10	(0.95)

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

Mumbai

May 29, 2012

Ritesh Shah

Company Secretary

S. Narasimha Prasad

Director

Notes:

1. The proxy form duly completed must reach the Registered office of the Company not less than 48 hours before the time for holding the meeting. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. 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 signed as per the **specimen signature** lodged with the Company. The Company would accept only the Attendance Slip from a Member actually attending the Meeting or from the person attending as a duly registered proxy. 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. The Meeting is for Members or their Proxies only. Please avoid being accompanied by non-members and / or children.
3. To facilitate members, registration of attendance will commence at 1.30 p.m.



McDOWELL HOLDINGS LIMITED

Registered Office:

Canberra, Level 9, UB City,
#24, Vittal Mallya Road, Bangalore - 560 001

EIGHTH ANNUAL GENERAL MEETING

Tuesday, September 25, 2012
at 2.30 p.m.

VENUE:

Good Shepherd Auditorium
Opp. St. Joseph's Pre-University College,
Residency Road, Bangalore – 560 025

ADMISSION SLIP

PLEASE HAND OVER THE ADMISSION SLIP AT THE ENTRANCE OF THE MEETING HALL, DULY COMPLETED.

FOLIO No.:

DP & CLIENT ID No.:

HOLDING:

PLEASE TICK:

MEMBER

OR

PROXY

NAME OF THE MEMBER / PROXY ATTENDING (IN CAPITAL LETTERS)

Name & Address of Member (Folio No. / DP & Client ID No. must be filled in)

I hereby register my presence at the meeting

Signature of the Member / Proxy



McDOWELL HOLDINGS LIMITED

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

PROXY FORM

I/We _____ of _____

being a member/members of **McDOWELL HOLDINGS LIMITED** do hereby appoint _____

of _____ or failing him / her _____

as my / our proxy to vote for me / us and on my / our behalf at the Eighth Annual General Meeting of the Company to be held on Tuesday, September 25, 2012 at 2.30 p.m. and at any adjournment or adjournments thereof.

Signed this _____ day of _____ 2012.

Signature (across the stamp)

Name _____

Registered Folio No. _____

DP & Client ID No. _____

Affix
Re.1/-
Revenue
Stamp

Members are advised that no gifts will be distributed at the Annual General Meeting



McDowell Holdings Limited

Canberra, Level 9, UB City, #24, Vittal Mallya Road, Bangalore – 560 001
www.mcdowellholdings.in