



*McDowell Holdings Limited*

ANNUAL REPORT 2016 - 2017

# McDOWELL HOLDINGS LIMITED

<b>Directors</b>	Mr. M. S. Kapur	<i>Independent Director (Chairman)</i>
	Mr. Anil Pisharody	<i>Non-executive Director</i>
	Ms. Tushita Patel	<i>Non-executive Director</i>
	Mr. Nitin Kochhar (w.e.f. February 14, 2017)	<i>Independent Director</i>
<b>Company Secretary and Compliance Officer</b>	Mr. Manoj Kumar	
<b>Statutory Auditors</b>	M/s Vishnu Ram & Co., Chartered Accountants No.12, Margosa Road, Malleswaram, Bengaluru – 560 003	
<b>Registered Office</b>	UB Tower, Level - 12, UB City, No. 24 Vittal Mallya Road, Bengaluru – 560 001	
<b>Registrars and Share Transfer Agent</b>	INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LTD CIN NO: U74900TN2015PTC101466 No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560 003	

<b>Contents</b>	
Notice	1
Report of the Directors	7
Corporate Governance Report	26
Management Discussion & Analysis Report	38
Independent Auditors' Report	39
Balance Sheet	46
Statement of Profit & Loss	47
Cash Flow Statement	48
Notes to the Financial Statements	49



## McDOWELL HOLDINGS LIMITED

CIN: L05190KA2004PLC033485

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

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

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

**NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING** of the members of McDowell Holdings Limited will be held at Conference Hall, Level - 1, UB Tower, UB City, 24, Vittal Mallya Road, Bengaluru – 560 001 on Tuesday, September 26, 2017 at 2:30 P.M. to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the financial year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mrs. Tushita Patel (DIN 07017591), who retires by rotation and, being eligible, offers herself for re-appointment.
3. Auditors' appointment and fixation of their remuneration.

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

**"RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 (the "Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, the Company hereby appoint M/s. BVC & Co., Chartered Accountants (Firm Registration No. 008154S), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the Eighteenth Annual General Meeting subject to ratification at each subsequent Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company."

### SPECIAL BUSINESS:

4. Appointment of Mr. Nitin Kochhar as an Independent Director:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Nitin Kochhar (DIN 03559734), who was appointed as Additional Director of the Company with effect from February 14, 2017 in terms of Section 161 of the Companies Act, 2013 and Article 112 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Independent Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for 5 years with effect from February 14, 2017 not liable to retire by rotation."

**By Order of the Board**

**Manoj Kumar**

**DGM-Legal & Company Secretary**

[Membership No. : F6698]

Delhi

August 16, 2017

### NOTES:

- 1) Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, forms part of this Notice.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UPTO AND NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.**
- 3) Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Transfer Books and Register of Members will remain closed from Wednesday, September 20, 2017, to Tuesday, September 26, 2017 (both days inclusive).
- 4) Members are requested to intimate immediately to the Company's Registrars and Share Transfer Agent, Integrated Registry Management Services Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru 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.
- 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 Share Transfer Agent at the address as stated in Note No. 4 above.
- 6) Members may address all their documents/correspondence relating to the equity shares of the Company directly to the Company's Registrars and Share Transfer Agent at the address as stated in Note No. 4 above.
- 7) Nomination facility for shares is available for Members. The prescribed form in this regard can be obtained from the Company's Registrars and Share Transfer Agent 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 in dematerialised mode. Members having physical share certificates are advised to consider opening a Demat Account with an authorised Depository Participant and arrange for dematerialising their shares in the Company.
- 9) The Company has designated an exclusive e-mail id viz, [mhlinvestor@ubmail.com](mailto:mhlinvestor@ubmail.com) to enable the investors to post their grievances and monitor their redressal.
- 10) There is no unclaimed dividend required to be transferred to the Investor Education and Protection Fund.
- 11) The cut-off-date for the purpose of ascertaining shareholders who are eligible to receive this notice is Friday, August 25, 2017.  
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 dematerialised 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. 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.
- 13) The Meeting is for members or their proxies only. Please avoid being accompanied by non-members/children.
- 14) 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.
- 15) Members are requested to quote the Folio Number / Client ID/DP ID in all correspondence.
- 16) Members may note that the Notice of the Thirteenth Annual General Meeting and the Annual Report for 2016-17 is also available on the Company's website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).
- 17) Physical copies of all documents referred to in the Notice and the Explanatory Statement shall be open

## Notice (Contd.)

for inspection at the Registered Office of the Company during normal business hours on all working days except on Saturdays, Sundays and Public Holidays up to and including the date of Annual General Meeting of the Company.

- 18) The relevant information required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Mr. Nitin Kochhar and Mrs. Tushita Patel, Directors seeking appointment/re-appointment are given in the Annexure to the Notice and forms part of the Corporate Governance Report.
- 19) Electronic copies of the Annual Report and Notice are being sent to all the Members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report and Notice and being sent in the permitted mode. Members who require communication in physical form in addition to e-communication, or have any queries may write to Company on [mhlinvestor@ubmail.com](mailto:mhlinvestor@ubmail.com)

### 20) Voting options:

#### I. Voting through electronic means:

- A. In terms of the provisions of Section 108 of the Companies Act, 2013 ("the Act") read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this Section of the Notice) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard SS-2 issued by the Institute of Company Secretaries of India, the Company is providing facility to exercise votes on the items of business given in the Notice through electronic voting system to members holding shares as on Wednesday, September 20, 2017

(end of day) being the Cut-off Date (Record Date for the purpose of Rule 20 (3) (vii) of the Rules) fixed for determining voting rights of members, entitled to participate in the e-voting process, through the e-voting platform provided by Central Depositories Services (India) Limited (CDSL).

- B. The remote e-voting period begins on Saturday, September 23, 2017 at 9:00. a.m. and ends on Monday, September 25, 2017 at 5:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the Cut-off Date Wednesday, September 20, 2017 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- C. The members may participate even after casting their votes through e-voting but shall not be allowed to cast vote again at the AGM.
- D. The instructions for members for voting electronically are as under:
- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (ii) Click on Shareholders.
  - (iii) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (iv) Next enter the Image Verification as displayed and Click on Login.
  - (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used

(vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat share holders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the Company "McDowell Holdings Limited".
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## II Voting at Annual General Meeting

Members who have not cast their votes through remote e-voting, can exercise their voting rights at the AGM.

- A. Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- B. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- C. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

- D. A Member can opt for only one mode of voting i.e. either in person or through proxy at the Meeting or through remote e-voting. Members attending the Annual General Meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the Annual General Meeting. Members who have already cast their vote by remote e-voting shall not be allowed to vote again at the Annual General Meeting. If a member casts votes by all the modes, then voting done through e-voting shall prevail and voting through other means shall be treated as invalid.
- E. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the Cut-off Date i.e. Wednesday, September 20, 2017, may obtain a copy of the Notice by sending a request at [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com)/ [mhlinvestor@ubmail.com](mailto:mhlinvestor@ubmail.com). Such persons may follow the instructions given in the Notice for casting their votes through e-voting provided by CDSL. In case of any assistance on e-voting, please contact the Registrars at [irg@integratedindia.in](mailto:irg@integratedindia.in)/ Phone No. 080-23560815-818/ Fax: 080-23460819.
- F. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.
21. The Company has appointed Mr. Sudhir Hulyalkar, Company Secretary in Practice (Membership No. FCS 6040, CP No. 6137), as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
22. The Scrutinizer shall immediately after the conclusion of the General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman within a period not exceeding three (3) days from the conclusion of the Annual General Meeting.
23. The Results shall be declared at or after the Annual General Meeting of the Company by the Chairman or the person authorised by him. The results declared along with the Scrutinizer's Report shall be placed on the website of the Company- [www.mcdowellholdings.in](http://www.mcdowellholdings.in) and on the website of CDSL – [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.

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

#### Item No. 4

Mr. Nitin Kochhar was appointed as an Additional Director of the Company with effect from February 14, 2017 pursuant to the provisions of Section 161 and other applicable provisions of the Companies Act, 2013, Article 112 of the Articles of Association of the Company, Section 149(1) of the Companies Act, 2013 and the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He was appointed in the capacity of Non-executive Independent Director. He holds office upto the date of this Annual General Meeting.

Mr. Kochhar is a Practicing Company Secretary with more than 15 years' experience and has vast experience in the areas of accounts, finance, taxation and corporate laws.

A notice in writing in the prescribed manner as required by Section 160 of the Companies Act, 2013 and Rules made thereunder has been received from a Member proposing the candidature of Mr. Kochhar for the office of Independent Director of the Company and necessary deposit has been made by the shareholder as required under law.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail the services of Mr. Kochhar. Accordingly, the Board recommends the resolution as set out under Item No. 4 for the appointment of Mr. Kochhar as an Independent Director for a term of 5 years w.e.f. February 14, 2017 for approval by the Members of the Company as Ordinary Resolution. If appointed, Mr. Kochhar will be an Independent Non-executive Director, not liable to retire by rotation.

Except Mr. Kochhar, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4. Mr. Kochhar does not hold any equity shares of the Company.

**By Order of the Board**

Delhi  
August 16, 2017

**Manoj Kumar**  
**DGM-Legal & Company Secretary**  
[Membership No. : F6698]





# Report of the Directors

## TO THE MEMBERS,

The Directors have pleasure in presenting the Thirteenth Annual Report of the Company along with Audited Accounts for the year ended March 31, 2017.

Financial Performance for the year ended March 31, 2017:

Particulars	For the Financial Year Ended	
	31.03.2017 (₹)	31.03.2016 (₹)
Income	1,07,64,190	10,66,00,154
Less : Expenditure	5,10,10,143	17,46,49,169
<b>Loss before Provisions, write off and diminution in value of investments</b>	<b>(4,02,45,953)</b>	<b>(6,80,49,015)</b>
Less : Provision for doubtful advances	4,92,52,995	15,09,26,605
Less : Advances no longer recoverable	158,77,10,261	165,72,77,723
Less : Diminution in value of investments	-	1980,73,525
<b>Loss before tax and exceptional item</b>	<b>(167,72,09,209)</b>	<b>(207,43,26,868)</b>
Exceptional item : Profit on sale of pledged shares	146,61,41,592	189,73,86,112
<b>Profit/(Loss) before Tax</b>	<b>(21,10,67,617)</b>	<b>(17,69,40,756)</b>
Tax Expense (MAT)	3,35,064	3,70,00,000
<b>Profit/(Loss) after Tax</b>	<b>(21,14,02,681)</b>	<b>(2139,40,756)</b>
Less : Transfer to statutory reserve	-	-
<b>Surplus/(Deficit) carried to Balance Sheet</b>	<b>(21,14,02,681)</b>	<b>(2139,40,756)</b>

## Dividend

In view of the losses during the financial year, no dividend has been recommended for the financial year ended March 31, 2017.

## Operations of the Company

The total income of the Company during the financial year under review was ₹ 1,07,64,190 as against ₹ 10,66,00,154 in the previous financial year. The reduction in income was primarily due to reduction in dividends and non-receipt of commission and interest income.

The total expenditure during the year was ₹ 5,10,10,143 as against ₹ 17,46,49,169 in the previous financial year. The reduction in expenditure was primarily due to decrease in Finance costs.

During the year under review, a lender, in whose favour one of the Company's investments was pledged to secure the loans made to certain promoter companies, sold the pledged shares to liquidate the loan of a promoter company, resulting in a profit of ₹ 146,61,41,592.

Pursuant to the corporate guarantee given by the Company on behalf of some group companies and an erstwhile group company's borrowings, the lender invoked the corporate guarantee on non-payment of the borrowings and sold pledged securities and proceeds thereof of ₹ 151.55 crores and a cash margin of ₹ 7.22 crores were utilised by the lender to liquidate the loans of the said borrowing companies. Your Directors have consequently written off a sum of ₹ 158,77,10,261. However, the Company has initiated steps to recover the dues from the borrowing companies.

After making provision for tax, the net loss was ₹ 21,14,02,681 as against the loss of ₹ 21,39,40,756 in the previous year.

The Hon'ble High Court of Karnataka on February 7, 2017 has passed an order for winding-up of a promoter company in which your Company holds 52,60,002 equity shares. The said company has filed an appeal against the said order which is pending and hence the investment continues to be shown at cost.

### Market Value of Company's investment

The Company's net worth taking into account the market value of the Company's investment stocks, would be more than adequate to meet its liabilities and to continue its operations in future.

### Future Prospects

Your Company continues to hold strategic investments in UB Group companies and dividend distribution by the investee companies would enhance its revenue progressively.

The Company does not have minimum prescribed net owned funds, capital risk adequacy ratio, etc. for being classified as Non-Banking Financial Company (NBFC). As advised by the Reserve Bank of India, the Company had made an application for re-classification of the Company as a Core Investment Company.

In order to strengthen the prospects of the Company, your Directors are evaluating different options to enter into additional activities. Should such opportunities prove to be attractive, your Company would consider them during the current year.

### Directors and Key Managerial Personnel

Since the last Annual General Meeting, the following changes have taken place in the Board of Directors:

Mr. N. Srinivasan (DIN 00004195) an independent director of the Company resigned with effect from December 1, 2016. The Board placed on record its appreciation for the valuable guidance and support given by Mr. Srinivasan during his tenure as a Director of the Company.

Mr. Nitin Kochhar (DIN 03559734) was appointed as an Additional Director of the Company on the capacity of Independent Director with effect from February 14, 2017. He holds office upto the date of the ensuing Annual General Meeting. A Notice has been received from a member pursuant to Section 160 of the Companies Act, 2013 proposing Mr. Nitin Kochhar as a candidate for the office of Independent Director of the Company.

Mrs. Tushita Patel (DIN 07017591) Non-executive Director is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers herself for re-appointment.

The Nomination and Remuneration Committee has recommended the appointment and reappointment of Mr. Nitin Kochhar and Mrs. Tushita Patel as Directors of the Company.

The Company presently does not have a Managing Director and Chief Financial Officer. The only Key Managerial Personnel of the Company is the Company Secretary. The affairs of the Company are conducted under the supervision and guidance of the Board of Directors of the Company and the Group Chairman.

None of the Directors of the Company are disqualified under Section 164 (2) of the Companies Act, 2013. Your Directors have made necessary disclosures as required under the provisions of the Companies Act, 2013.

### Directors' Responsibility Statement

The Board of Directors of the Company hereby states 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) accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss of the Company for that period;

## Report of the Directors (Contd.)

- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;
- (d) the Annual Accounts have been prepared on a going concern basis;
- (e) Internal Financial Controls have been laid down to be followed by the Company and that such Internal Financial Controls are adequate and operating effectively and
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively

### Statutory Auditors

#### *(a) Appointment of Statutory Auditors:*

M/s. Vishnu Ram & Co., Chartered Accountants (Firm Registration No. 004742S), the Statutory Auditors of the Company, in terms of the provisions contained in the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, were appointed for a period of three financial years commencing from 2014-2015 to hold office from the conclusion of the Tenth Annual General Meeting till the conclusion of the Thirteenth Annual General Meeting subject to ratification by the Members at each subsequent Annual General Meeting and thus their term ends with the conclusion of the ensuing Annual General Meeting.

The Company has received a letter from M/s. BVC & Co., Chartered Accountants, (Firm Registration No. 008154S) to the effect that if they are appointed as the auditors of the Company at the ensuing Annual General Meeting would be within the prescribed limits under Section 139 of the Companies Act, 2013.

The Audit Committee has recommended to the Board that M/s. BVC & Co., Chartered Accountants, (Firm Registration No. 008154S) be appointed as the Statutory Auditors of the Company for a period of 5 years. The Board of Directors recommends their appointment as Statutory Auditors of the Company for a term of 5 years commencing from the conclusion of the Thirteenth Annual General Meeting to the conclusion of the Eighteenth Annual General Meeting of the Company.

#### *(b) Auditor's Qualifications and Board responses:*

Certain matters relating to invocation of corporate guarantee and pledge of securities by a lender bank against borrowing of group companies and preparation of the financial statements on going concern basis are subject matter of qualification in the Audit Report which have been explained in the relevant Notes to the financial statements.

### Corporate Governance & Management Discussion and Analysis Reports

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBELODR) a report on Corporate Governance and Management Discussion and Analysis Report are attached to this Report.

The Auditor's Certificate confirming compliance of conditions of Corporate Governance is appended to this report. CEO/CFO Certificate as required under Regulation 17 of the SEBELODR has been signed by a Director of the Company, as the Company does not presently have a CEO and CFO.

### DISCLOSURES :

#### Board and its Committees

The details of the meetings of the Board and its committees held during the financial year, the composition of the committees and the details of Committee Meetings are given in the Report on Corporate Governance.

### Declarations by Independent Directors

The Company has received declarations from all Independent Directors that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

### Performance Evaluation of the Board and Committees

The details of annual evaluation made by the Board of its own performance and that of its committees, individual Directors individually and performance criteria for Independent Directors laid down by the Nomination and Remuneration Committee are enclosed as Annexure – A to this Report. The Company has formulated a policy for performance evaluation of the Independent Directors and Board of Directors which is available on the Company's website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).

### Particulars of Employees and Related Disclosures

Disclosures required to be made under Section 197(12) of the Companies Act, 2013 read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 do not apply to Company for the year under review. The Company had not offered any shares to its employees or Key Managerial Personnel under any scheme of Employees Stock Option and has also not issued any sweat equity at any time.

### Deposits

During the year under review, your Company did not accept any deposits within the meaning of provisions of Chapter-V, (Acceptance of Deposits by Companies) of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

### Corporate Social Responsibility (CSR)

The Company has constituted a Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013. The average net profit of the Company in the preceding three financial years was negative. Hence, the Company was not required to incur any CSR expenditure during the year under review.

### Secretarial Audit

#### (a) Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Mr. Sudhir Hulyalkar, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report furnished by Auditor in the format prescribed is enclosed as **Annexure - B** to this report.

#### (b) Qualifications in Secretarial Audit Report and Board responses

Responses to qualifications in the Secretarial Auditor Report are given herein below:

- i. Efforts are still on for appointment of a Managing Director and Chief Financial Officer.
- ii. Measures for compliance of the provisions under Section 117 of the Companies Act, 2013 has already been initiated.
- iii. In the absence of a Chief Executive Officer/Managing Director and Chief Financial Officer, the requirement of providing the Certificate to the Board was possible only by obtaining of the same from a Director of the Company.
- iv. As advised by the Reserve Bank of India the Company has filed an application for re-classification of the Company to Core Investment Company.

## Report of the Directors (Contd.)

### Internal Control System

The Company has a robust system of internal control. The effectiveness of which is tested by the process of internal audit under the supervision of Audit committee.

Your Company through internal audit under the supervision of the Audit Committee reviews the risk management process, risk mitigation plans and risk reporting.

The adequacy and effectiveness of Internal Financial Controls have been endorsed by the Internal Auditor and the Statutory Auditors. The report of the Independent Statutory Auditors in the annexure to their Audit Report does not contain any adverse observations.

### Vigil Mechanism

The Company has implemented a vigil mechanism to provide a framework for the Company's employees and Directors to promote responsible and secure whistle blowing. It protects the employees who raise concern about serious irregularities within the Company. A brief summary of the vigil mechanism implemented by the Company is set out in **Annexure - C** to this report.

Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

The Whistle Blower Policy is available in the Company website, [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).

### Listing Requirements

Your Company's Equity Shares are listed on the BSE Limited (formerly Bombay Stock Exchange Limited) and National Stock Exchange of India Limited. The listing fees have been paid to both the Stock Exchanges for the year 2016-2017.

### Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on March 31, 2017 is enclosed as **Annexure - D** to this Report.

### Nomination and Remuneration Policy

The Board on the recommendation of the Nomination and Remuneration Committee has approved and adopted the Company's Nomination and Remuneration Policy for the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company. The same is set out in **Annexure - E** to this report.

### Particulars of Loans, Guarantees or investments

Details of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are given in Note 9 of the Notes to the Financial Statements.

### Related Party Transactions

There were no related party transactions within the purview of Section 186 of the Companies Act, 2013. The Board had approved a policy on Related Party Transactions, which is displayed on the Company's website: [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).

### Familiarisation Programme for Independent Directors

The detailed programme for familiarisation of the Independent Directors, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters have been displayed on the Company's website: [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in). The Board comprises of independent and Non- executive Directors and they have been familiarized with the Company, its business their role, rights and responsibility.

### Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo

The provisions under Section 134 of the Companies Act, 2013 and rules made there under relating to energy conservation, technology absorption do not apply to the Company, as the Company is not engaged in the manufacturing activities. There were no foreign exchange earnings or outgo during the year under review.

### Significant and material orders passed by the regulators

There were no material orders passed by the regulators or courts or tribunals which may impact the going concern status of the Company.

### Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

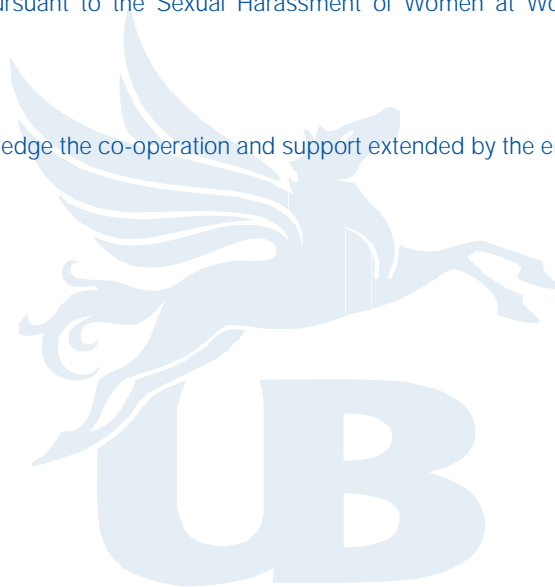
There were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### Acknowledgement

Your Directors wish to acknowledge the co-operation and support extended by the employees and the shareholders of the Company.

Place: Delhi

Date: August 16, 2017



By Order of the Board

M S Kapur  
Chairman

[DIN 00703815]

# Annexure to Report of the Directors

## ANNEXURE – A

### PERFORMANCE EVALUATION PROCESS & CRITERIA

Nomination and Remuneration Committee (N & R Committee) of Board of Directors has formulated criteria and questionnaires to evaluate the performance of Board, its committees and Individual Directors including the Independent Directors. Further, the Independent Directors at their separate meeting, formulated the criteria and questionnaire to evaluate the performance of Non Independent Directors and the Chairman of the Board.

The formal annual evaluation has been carried out in the manner given below:

- Based on the questionnaire and feedback, the performance of every Director was evaluated in the meeting of the Nomination and Remuneration Committee.
- Independent Directors at their separate meeting has carried out annual evaluation on the performance of Non Independent Directors, Board as a whole and performance of the Chairman of the Company.
- As stipulated under the Code for Independent Directors, the Board of Directors has carried out the performance evaluation of each Independent Directors by circulating the questionnaires to the other Board members, excluding the Director being evaluated.

Some of the key criteria for performance evaluation are as follows:

#### Evaluation of non independent Directors:

- Attendance and participation at Board and Committee meetings.
- Level of familiarity and compliance with the codes and policies.
- Familiarity with all the spheres of the activities of the Company.
- Level of participation in developing Business Strategies.
- Quality of relationship with other members of the Board.

#### Evaluation of independent Directors: (in addition to the criteria for non independent Directors)

- Ability to exercise responsibilities in a bona fide manner.
- Level of Contribution in Implementing best Corporate Governance practice.
- Independent Judgment during Board's deliberation on strategy, performance, risk management etc.

### ANNEXURE – B

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
McDowell Holdings Limited,  
Bengaluru.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by McDowell Holdings Limited (CIN: L05190KA2004PLC033485) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by McDowell Holdings Limited ("the Company") for the financial year ended on March 31, 2017, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (No instances for compliance requirements during the year);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI');
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (No instances for compliance requirements during the year);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (No instances for compliance requirements during the year);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (No instances for compliance requirements during the year);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (No instances for compliance requirements during the year);
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (No instances for compliance requirements during the year); and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.



## Annexure to Report of the Directors (Contd.)

- vi. Reserve Bank of India Act, 1934 and Regulations thereunder as applicable to Non Banking Financial Companies to the extent applicable to the Company.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, etc as mentioned above wherever applicable subject to the following observations:

1. *The Company has no Managing Director or Chief Executive Officer or Manager or whole-time director as required under Section 203 (1) (i) of the Act and Chief Financial Officer as required under Section 203 (1) (iii) of the Act.*
2. *There were instances of delay beyond 270 days from due date for filing resolutions with the Registrar of Companies, under Section 117 read with Section 403 of the Act.*
3. *Since the Company was not having Managing Director or Whole time director or Chief Executive Officer and Chief Financial Officer, the Company has not complied the requirements Regulation 17(8) and Regulation 33 (2) of SEBI (Listing Obligations and Requirements) Regulations, 2015.*
4. *The Company being Non-Banking (non deposits accepting) Financial Company registered with Reserve Bank of India, did not have minimum prescribed net owned funds, minimum prescribed Capital Risk Adequacy Ratio.*

I further report that

*Subject to my observations as mentioned above the Board of Directors of the Company is constituted with only Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.*

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed note on agenda were sent at least seven days in advance and wherever sent at shorter period, the requisite consent from the directors was obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions carried through are recorded in the minutes. I did not find any dissenting views recorded in the minutes. It was informed to me that, in absence of any such dissenting views it was not required to record any such views in the minutes.

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were following specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards referred to above:

1. The Board at its meeting held on July 28, 2016 resolved to surrender to Reserve Bank of India, the Certificate of Registration as Non-Banking Financial Company and the Company had accordingly made an application to Reserve Bank of India on July 28, 2016 surrendering its current registration and reclassification of the Company from a Non-Banking Financial Company (NBFC-ND) to a Core Investment Company (CIC) to carry on the business activities as CIC. The application is pending for disposal.

Place : Bangalore  
Date : August 14, 2017

**Sudhir Vishnupant Hulyalkar**  
Company Secretary in Practice  
FCS No.: 6040 ; C P No. : 6137

### ANNEXURE – C

#### VIGIL MECHANISM

- A) Employees and Directors can make Protected Disclosure in a letter addressed to the Ethics Counsellor or to the Chairman of the Audit Committee.
- B) Name of the Whistle Blower need not be disclosed to the Whistle Officer/Committee.
- C) The Ethics Counsellor/Chairman of the Audit Committee shall after end of investigation make a detailed written record of the Protected Disclosure.
- D) The Ethics Counsellor/Chairman of the Audit Committee shall finalize and submit the report to the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.
- E) On submission of report, the Ethics Counsellor/Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Ethics Counsellor/Chairman of the Audit Committee deems fit. It is clarified that any disciplinary or corrective action initiated against the subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.
- F) Notwithstanding the above, the Whistle Blower shall have direct access to the Chairman of the Audit Committee in exceptional cases.

# Annexure to Report of the Directors (Contd.)

**ANNEXURE – D**  
**MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on March 31, 2017  
(Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014)

## I. REGISTRATION AND OTHER DETAILS:

i) CIN	L05190KA2004PLC033485
ii) Registration Date	March 01, 2004
iii) Name of the Company	McDowell Holdings Limited
iv) Category/Sub-Category of the Company	Company having Share Capital
v) Address of the Registered office and contact details	UB Tower, Level 12, UB City, 24 Vittal Mallya Road, Bengaluru 560 001; Contact No. : +91-80-39856500; Fax No. +91-80-22274890.
vi) Whether listed company Yes/No	Yes
vii) Name, Address and Contact details of Registrars and Share Transfer Agent, if any	Integrated Registry Management Services Limited 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560 003 Tel.No. : 080 – 23460815 – 18 Fax No. : 080 – 23460819

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	Invest in securities, provide guarantee & security and lend money	8024	99.73 %

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ associate	% of shares held	Applicable Section
1.	-	-	-	-	-

The Company does not have any subsidiary or associate Companies on the reporting date.

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of total equity)

### (i) Category-wise Shareholding

	Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% change during the year
		Demat	Physical	Total number of Shares	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
	<b>1. Indian</b>									
	(i) Individual/HUF	2	0	2	0.00	2	0	2	0.00	0.00
	(ii) Central Govt.	0	0	0	-	0	0	0	-	0.00
	(iii) State Govt.(s)	0	0	0	-	0	0	0	-	0.00
	(iv) Bodies Corp.	2,517,390	0	2,517,390	17.99	2,517,390	0	2,517,390.00	17.99	0.00
	(v) Banks/Fls	0	0	0	-	0	0	0	-	0.00
	(vi) Any Other	0	0	0	-	0	0	0	-	0.00
	Sub-Total (A)(1)	2,517,392	0	2,517,392	17.99	2,517,392	0	2,517,392	17.99	0.00

## Annexure to Report of the Directors (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% change during the year
	Demat	Physical	Total number of Shares	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
(a) NRIs-Individuals	0	0	0	-	0	0	0	0	0.00
(b) Other-Individuals	0	0	0	-	0	0	0	0	0.00
(c) Bodies Corp.	0	0	0	-	0	0	0	0	0.00
(d) Banks/Fl	0	0	0	-	0	0	0	0	0.00
(e) Any Other	0	0	0	-	0	0	0	0	0.00
<b>Sub-Total (A)(2)</b>	-	0	-	-	-	-	-	-	-
<b>Total Shareholding of Promoters (A)=(A)(1)+(A)(2)</b>	<b>2,517,392</b>	<b>0</b>	<b>2,517,392</b>	<b>17.99</b>	<b>2,517,392</b>	<b>0</b>	<b>2,517,392</b>	<b>17.99</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds	688	0.00	688	0.00	688	0.00	688	0.00	0.00
(b) Banks/Fl	514	3,579	4,093	0.03	12,679	3,579	16,258	0.12	0.09
(c) Central Govt.	20	0	20	0.00	20	0	20	0.00	0.00
(d) State Govt.(s)	0	0	0	0	0	0	0	0	-
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
(f) Insurance Companies	0	0	0	0	0	0	0	0	-
(g) Flls	2,958,010	0	2,958,010	21.14	2,957,220	0	2,957,220	21.13	-0.01
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	-
(i) Others (specify) QFI	0	0	0	0	0	0	0	0	-
<b>Sub-Total (B)(1)</b>	<b>2,959,232</b>	<b>3,579</b>	<b>2,962,811</b>	<b>21.17</b>	<b>2,970,607</b>	<b>3,579</b>	<b>2,974,186</b>	<b>21.26</b>	<b>0.08</b>
<b>2. Non-Institutions</b>									
(a) Bodies Corp.									
i) Indians	1,116,719	5,030	1,121,749	8.02	1,198,304	5,030	1,203,334	8.60	0.58
ii) Overseas	0	0	0	-	0	0	0	0	-
(b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 Lakh	4,622,442	314,182	4,936,624	35.28	4,185,046	307,697	4,492,743	32.11	-3.17
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,694,252	0	1,694,252	12.11	1,654,796	0	1,654,796	11.83	-0.28
iii) Others				-				-	-
Trust	13,235	0	13,235	0.09	13,295	0	13,295	0.10	0.00
NRI	431,713	116,650	548,363	3.92	638,476	114,488	752,964	5.38	1.46
Clearing Member	197,023	0	197,023	1.41	382,739	0	382,739	2.74	1.33
Overseas Corporate Bodies	0.00	809	809	0.01	0.00	809	809	0.01	-
Unclaimed Suspense Account	0	0	0	0	0	0	0	0	-
<b>Sub-Total (B)(2)</b>	<b>8,075,384</b>	<b>436,671</b>	<b>8,512,055</b>	<b>60.83</b>	<b>8,072,656</b>	<b>428,024</b>	<b>8,500,680</b>	<b>60.75</b>	<b>-0.08</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>11,034,616</b>	<b>440,250</b>	<b>11,474,866</b>	<b>82.01</b>	<b>11,043,263</b>	<b>431,603</b>	<b>11,474,866</b>	<b>82.01</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Sub Total (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>13,552,008</b>	<b>440,250</b>	<b>13,992,258</b>	<b>100.00</b>	<b>13,560,655</b>	<b>431,603</b>	<b>13,992,258</b>	<b>100.00</b>	<b>-</b>

## Annexure to Report of the Directors (Contd.)

### (ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2016)			Shareholding at the end of the year (As on 31.03.2017)			% of Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	KINGFISHER FINVEST INDIA LIMITED	2,027,707	14.49	0	2027707	14.49	0	0.00
2	UNITED BREWERIES (HOLDINGS) LIMITED	489482	3.50	12.59	489482	3.50	12.59	0.00
3	MALLYA PRIVATE LIMITED	201	0.00	0	201	0.00	0	0.00
4	VIJAY MALLYA	2	0.00	0	2	0.00	0	0.00
	<b>Total</b>	<b>2,517,392</b>	<b>17.99</b>	<b>12.59</b>	<b>2,517,392</b>	<b>17.99</b>	<b>12.59</b>	<b>0.00</b>

### (iii) Change in Promoters' Shareholding

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	KINGFISHER FINVEST INDIA LIMITED	2,027,707	14.49	01/04/2016 to 31/03/2017	0.00	No movement during the year	2,027,707	14.49
2	UNITED BREWERIES (HOLDINGS) LIMITED	489,482	3.50		0.00		489,482	3.50
3	MALLYA PRIVATE LIMITED	201	0.00		0.00		201	0.00
4	VIJAY MALLYA	2	0.00		0.00		2	0.00
	<b>Total</b>	<b>2,517,392</b>	<b>17.99</b>		<b>2,517,392</b>		<b>2,517,392</b>	<b>17.99</b>

**Note:** Shareholding and Cumulative Shareholding of all promoters remains unchanged during the year

### (iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the period 01.04.2016		Date of Change	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during FY 2016-17	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	ACACIA PARTNERS, LP	776,269	5.55	01.04.2016	0.00	No movement during the year	776,269	5.55
				31.03.2017			776,269	5.55
2	ROUTE ONE FUND I, L.P.	664,761	4.75	01.04.2016	0.00	No movement during the year	664,761	4.75
				31.03.2017			664,761	4.75

## Annexure to Report of the Directors (Contd.)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the period 01.04.2016		Date of Change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during FY 2016-17	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
3	ROUTE ONE OFFSHORE MASTER FUND L.P.	652,497	4.66	01.04.2016	0.00	No movement during the year	652,497	4.66
				31.03.2017			652,497	4.66
4	ACACIA INSTITUTIONAL PARTNERS, LP	488,709	3.49	01.04.2016	0.00	No movement during the year	488,709	3.49
				31.03.2017			488,709	3.49
5	LKP FINANCE LIMITED	309,308	2.21	01.04.2016	0.00	NA	309,308	2.21
				23.09.2016	-50000.00	SOLD	259,308	1.85
				10.02.2017	-259308.00	SOLD	0	0.00
				31.03.2017			0	0.00
6	SURESH POONATI	274,307	1.96	01.04.2016	0.00	NA	274,307	1.96
				08.07.2016	9500.00	BOUGHT	283,807	2.03
				21.10.2016	-16322.00	SOLD	267,485	1.91
				28.10.2016	7000.00	BOUGHT	274,485	1.96
				31.03.2017			274,485	1.96
7	ACACIA BANYAN PARTNERS	243,480	1.74	01.04.2016	0.00	No movement during the year	243,480	1.74
				31.03.2017			243,480	1.74
8	MILKY INVESTMENT AND TRADING COMPANY	160,935	1.15	01.04.2016	0.00	NA	160,935	1.15
				14.10.2016	-160935.00	SOLD	0	0.00
				18.11.2016	160935.00	BOUGHT	160,935	1.15
				31.03.2017			160,935	1.15
9	BIKSHAPATHI THOTA	145,999	1.04	01.04.2016	0.00	NA	145,999	1.04
				15.04.2016	12000.00	BOUGHT	157,999	1.13
				22.04.2016	3000.00	BOUGHT	160,999	1.15
				29.04.2016	1000.00	BOUGHT	161,999	1.16
				06.05.2016	2000.00	BOUGHT	163,999	1.17
				10.06.2016	2000.00	BOUGHT	165,999	1.19
				30.06.2016	-1000.00	SOLD	164,999	1.18
				07.10.2016	-8000.00	SOLD	156,999	1.12
				14.10.2016	-12000.00	SOLD	144,999	1.04
				21.10.2016	-23000.00	SOLD	121,999	0.87
				28.10.2016	2000.00	BOUGHT	123,999	0.89
				25.11.2016	4000.00	BOUGHT	127,999	0.91
				02.12.2016	-28000.00	SOLD	99,999	0.71
				16.12.2016	-6636.00	SOLD	93,363	0.67
				23.12.2016	3.00	BOUGHT	93,366	0.67
06.01.2017	-11367.00	SOLD	81,999	0.59				
31.03.2017	-500.00	SOLD	81,499	0.58				
31.03.2017			81,499	0.58				

## Annexure to Report of the Directors (Contd.)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the period 01.04.2016		Date of Change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during FY 2016-17	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
10	SUDHISH CHUGH	137,372	0.09	01.04.2016	0.00	NA	137,372	0.98
				08.04.2016	3200.00	BOUGHT	140,572	1.00
				15.04.2016	200.00	BOUGHT	140,772	1.01
				23.09.2016	2000.00	BOUGHT	142,772	1.02
				30.09.2016	3000.00	BOUGHT	145,772	1.04
				21.10.2016	1300.00	BOUGHT	147,072	1.05
				11.11.2016	4650.00	BOUGHT	151,722	1.08
				18.11.2016	1800.00	BOUGHT	153,522	1.10
				09.12.2016	1630.00	BOUGHT	155,152	1.11
				10.02.2017	200.00	BOUGHT	155,352	1.11
				17.02.2017	800.00	BOUGHT	156,152	1.12
31.03.2017			156,152	1.12				

### (V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. N. Srinivasan (resigned w.e.f. 01-12-2016)	Nil	Nil	Nil	Nil
2.	Mr. Nitin Kochhar (appointed w.e.f. 14-02-2017)	Nil	Nil	Nil	Nil
3.	Mr. Anil Pisharody	Nil	Nil	Nil	Nil
4.	Ms. Tulshita Patel	Nil	Nil	Nil	Nil
5.	Mr. M. S. Kapur (w.e.f. 16.05.2016)	Nil	Nil	Nil	Nil

### VI INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in million)

Sl. No	Particulars	Secured loans (Excluding deposits)	Unsecured loans	Deposits	Total
1	<b>Opening Balance 1.4.2016</b>				
	i) Principal amount	-	200.00	-	200.00
	ii) Interest due but not paid	-	5.33	-	5.33
	iii) Interest accrued but not due	-	-	-	-
	<b>Total (i+ii+iii)</b>	-	<b>205.33</b>	-	<b>205.33</b>
2	<b>Change in indebtedness during the financial year</b>	-			
	<b>Addition :</b>	-			
	i) Principal amount	-	-	-	-
	ii) Interest due but not paid	-	32.40	-	32.40
	iii) Interest accrued but not due	-	-	-	-

Sl. No	Particulars	Secured loans (Excluding deposits)	Unsecured loans	Deposits	Total
	<b>Reduction :</b>	-			
	i) Principal amount	-	-	-	-
	ii) Interest due but not paid	-	13.40	-	13.40
	iii) Interest accrued but not due	-	-	-	207.17
	<b>Net Change :</b>	-			
	i) Principal amount	-	-	-	(500.00)
	ii) Interest due but not paid	-	19.00	-	19.00
	iii) Interest accrued but not due	-	-	-	(207.17)
3	<b>Closing Balance 31.3.2017</b>	-			
	i) Principal amount	-	200.00	-	200.00
	ii) Interest due but not paid	-	24.32	-	24.32
	iii) Interest accrued but not due	-	-	-	-
	<b>Total (i+ii+iii)</b>	-	224.32	-	224.32

### VII REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager: \*

Sl. No.	Particulars of Remuneration		Total Amount (₹)
1.	Gross salary	-	-
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5.	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	-	-

\* There were no Managing Director, Whole-time Directors and/or Manager during the year under review.

#### B. Remuneration to other Directors: \*\*

None of the Directors are paid any remuneration except sitting fees for attending meetings of the Board and Committee

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹)
		Mr. M. S. Kapur	Mr. N. Srinivasan	Mr. Nitin Kochhar	Mr. Anil Pisharody	Mrs. Tushita Patel	
1	<b>Independent Directors</b>						
	• Fee for attending board/committee meetings	5,40,000	4,20,000	80,000	-	-	10,80,000
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	5,40,000	4,20,000	80,000	-	-	10,80,000



## Annexure to Report of the Directors (Contd.)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹)
		Mr. M. S. Kapur	Mr. N. Srinivasan	Mr. Nitin Kochhar	Mr. Anil Pisharody	Mrs. Tushita Patel	
2.	<b>Other non-executive Directors</b>						
	• Fee for attending board/committee meetings	-	-	-	4,40,000	3,30,000	7,70,000
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	4,40,000	3,30,000	7,70,000
	Total =(1+2)	5,40,000	4,20,000	80,000	4,40,000	3,30,000	7,70,000
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	Sitting Fees not exceeding Rupees One Lakh per meeting of the Board or Committee thereof in terms of Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel ) Rules, 2014.					

### C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Manoj Kumar (DGM-Legal & Company Secretary)	Total (₹)
1.	Gross Salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,00,800	10,00,800
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	14,46,504	14,46,504
(c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
	Total	24,47,304	24,47,304

### PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

By Order of the Board

Place : Delhi  
Date : August 16, 2017

M S Kapur  
Chairman  
[DIN 00703815]

## Nomination and Remuneration Policy of the Company

### Part A – Policy on appointment of Directors

For the Board of a Company to be effective and efficient, it should comprise of individuals who have professional qualifications and proven experience in their respective fields of specialization.

The Nomination and Remuneration Committee evaluates the Directors and recommends the Board for their appointment/reappointment and ensures optimum composition of Board. While recommending appointment of an Individual as a Director on the Board, the committee has to consider the following factors:

- Diversity of the Board
- Qualification and positive attributes
- Independence of Directors (in the case of Independent Directors)

### Diversity of Board

The Committee shall take into consideration the following to ensure Board diversity:

- Optimum composition of Executive Directors and Non-Executive Directors on the Board;
- Professional experience and expertise in different areas of specialization;
- Diversity criteria including, but not limited to gender, age, ethnicity, race, religion, culture and geographic background;
- Academic qualification, functional expertise, personal skills and qualities.

The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

### Qualification and positive attributes

The Committee may also assess the following criteria:

- Financially literate, which means he/she possess the ability to read and understand basic financial statements i.e. balance sheet, statement of profit and loss, and statement of cash flow.
- Possess high levels of personal, professional integrity.
- Have appropriate knowledge/experience about the industry and the Company, or ability to acquire required knowledge and understanding.
- Able to provide guidance to the Board in matters of business, finance, strategy and corporate governance.
- Able to analytically look into the issues placed before the Board and provide strategies to solve them.
- Possess better communication skills and ability to work harmoniously with fellow Directors and Management.
- Willingness to devote the required time, Including being available to attend Board and Committee meetings.

### Independence of Directors (only in the case of Independent Directors)

Any relationship between the Company and Directors other than in the normal course will affect the Independence of Directors in many ways. The Committee shall assure that the candidate proposed for the position of Independent Director meets the minimum criteria for Independence set out under Section 149 of the Companies Act, 2013. It shall also assess if the candidate would be able to meet the standards mentioned in the code for Independent Directors under the Companies Act, 2013.

## Annexure to Report of the Directors (Contd.)

### Part B – Policy on Remuneration to Board of Directors, Key Managerial Personnel and other Employees

#### Introduction:

With the view to attract and retain qualified industry professionals for the Board and Management in order to achieve its strategic goals this policy is designed for adopting the highest standards of good corporate governance. The remuneration policy of the Company is aimed at rewarding performance, based on review of achievements on a regular basis and is in consonance with the existing industry practices.

This policy is now framed to ensure that the requirements of Section 178 of the Companies Act, 2013 is met and it intends to define general guidelines for the Company's pay to the Board of Directors, Key Managerial Personnel and Senior Management and other employees.

#### Remuneration of Directors

The Board of McDowell Holdings Limited comprises of three categories of Directors viz., Managing Director, Non-Executive Directors and Non-Executive Independent Directors.

The Remuneration to Managing Director and Non - Executive Directors are governed by the provisions of Companies Act, 2013 and the rules framed thereunder and the notifications issued by the Ministry of Corporate Affairs from time to time.

#### Non-Executive Directors

The Non-Executive directors including Non-Executive Independent Directors are eligible for fixed amount of sitting fees for attending meetings of the Board of Directors and its Committees as allowed under the Companies Act, 2013.

#### Reimbursement of expenses

All expenses incurred by the Board of Directors for attending the meetings and events of the Company are reimbursed at actuals.

#### Remuneration to Key Managerial Personnel and Senior Management Personnel

The remuneration structure to the Key Managerial Personnel and Senior Management Personnel shall include the following components:

- (i) Basic Pay
- (ii) Variable Pay
- (iii) Perquisites and Allowances
- (iv) Retrial benefits
- (v) Performance Evaluation Payment

It is to be ensured that Key Managerial Personnel (KMP) and Senior Management Personnel are paid as per the trend prevalent in the similar industry, nature and size of business and the risks and responsibilities associated for holding such position. The level and components of remuneration is reasonable and sufficient to attract and retain the KMPs and Senior Management.

The Annual Plan and Objectives for Key Managerial Personnel and Senior Management Personnel shall be reviewed by the Nomination and Remuneration Committee and Performance Evaluation Payment will be approved by the Committee based on the achievements against the Annual Plan and Objectives.

## CORPORATE GOVERNANCE REPORT

### Company's Philosophy on Corporate Governance

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

### Board of Directors

In compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBILODR'), the Board comprises of two Independent Directors and two Non-executive Directors, one of whom is a woman Director. The Chairman of the Board is a Non-executive Independent Director. None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees as specified under the SEBILODR across all the companies in which he/she is a Director.

The names and categories of the Directors on the Board, their attendance at the board meetings held during the year 2016-17 and at the last Annual General Meeting and details of number of outside directorships and committee position held by each Director as on date are given below:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 28.09.2016	No. of Directorships in other public companies	No. of committees (other than the Company) in which Chairman/Member
Mr. N. Srinivasan*	Independent Non-executive Director (Chairman)	7	Yes	-	-
Mr. M. S. Kapur**	Independent Non-executive Director	7	Yes	5	3 (Chairman of 3)
Mr. Anil Pisharody	Non-executive Director	5	No	1	-
Ms. Tushita Patel	Non-executive Director	6	No	-	-
Mr. Nitin Kochhar***	Independent Non-executive Director	1	NA	1	-

\* Mr. N. Srinivasan, who was Chairman resigned from the Board w.e.f. December 01, 2016.

\*\* Mr. M. S. Kapur was appointed as Director w.e.f. May 16, 2016. He was appointed as the Chairman of the Board w.e.f. August 14, 2017.

\*\*\* Mr. Nitin Kochhar was appointed as Director w.e.f. February 14, 2017.

#### Note:

- The above details are in respect of their directorships only in companies incorporated in India and do not include directorships in private limited companies, companies incorporated under Section 8 of Companies Act, 2013, chambers, committees and federations.
- In accordance with the SEBILODR membership/chairmanship of audit committee and stakeholder relationship committee in all public limited companies (excluding the Company) have been considered.
- None of the Directors is related to any other Director or has any business relationship with the Company.

## Corporate Governance Report (Contd.)

During the year under review, 8 board meetings were held on May 16, 2016, May 30, 2016, July 04, 2016, July 28, 2016, August 13, 2016, September 28, 2016, November 10, 2016 and February 11, 2017. Necessary quorum was present in all the meetings and the gap between two consecutive meetings did not exceed 120 days.

### Committees of the Board

The Board of Directors has constituted five Committees viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Committee of Directors.

#### Audit Committee

The composition, terms of reference powers and role of the Audit Committee meet the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI LODR. All the members of the Audit Committee are financially literate and have accounting or related financial management expertise.

Mr. M. S. Reddy and Mr. N. Srinivasan resigned from the Board of the Company w.e.f. April 5, 2016 and December 1, 2016 respectively and thus ceased to be members of the Audit Committee. Mr. M. S. Kapur was appointed as the Chairman of the Audit Committee on May 16, 2016 and Mr. Nitin Kochhar was inducted as a member of the Audit Committee on February 14, 2017. The Committee presently comprises of the following Directors:

Name	Designation	Category
Mr. M S Kapur	Chairman	Independent Non-executive Director
Mr. Anil Pisharody	Member	Non-executive Director
Mr. Nitin Kochhar	Member	Independent Non-executive Director

The Committee, inter alia, has reviewed the financial statements for the year ended March 31, 2016 and recommended its adoption. In addition, the Committee has also reviewed the unaudited financial results for the quarter ended June 30, 2016, September 30, 2016 and December 31, 2016 which were subject to limited review by the Statutory Auditors of the Company and the Audited Financial Results for the year ended March 31, 2017.

The Statutory and Internal Auditors of Company were invited to attend the Audit Committee meetings. The Company Secretary acts as the Secretary to the Committee.

During the year under review, 4 meetings of the Committee were held on May 30, 2016, August 13, 2016, November 10, 2016 and February 14, 2017. The quorum was present in all the meetings and the gap between two meetings did not exceed 120 days. The composition and attendance of members at the meetings of the Audit Committee held during 2016-17 were as follows:

Name	Designation	Category	Meetings attended during 2016-17
Mr. M. S. Kapur	Chairman	Independent Non-executive Director	4
Mr. N. Srinivasan	Member	Independent Non-executive Director	3
Mr. Anil Pisharody	Member	Non-executive Director	3
Mr. Nitin Kochhar	Member	Independent Non-executive Director	1

#### Nomination and Remuneration Committee

The constitution, terms of reference and role of the Nomination and Remuneration Committee are in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI LODR.

The Committee presently comprises of the following Directors:

Name	Designation	Category
Mr. M. S. Kapur	Chairman	Independent Non-executive Director
Mr. Nitin Kochhar	Member	Independent Non-executive Director
Mr. Anil Pisharody	Member	Non-executive Director

Mr. N. Srinivasan resigned w.e.f. December 1, 2016 hence ceased to be member of the Committee from that date.

### Terms of Reference

The role of the Committee is inter alia, to consider and recommend persons who are qualified for Board positions, evaluate Director's performance, persons who are qualified to be Senior Management, formulate the criteria for determining qualifications, positive attributes and independence of a director and devising a policy on Board diversity. The Board has based on the recommendation of the Committee approved Policy on Nomination & Remuneration of Directors, KMP and Senior Managerial Personnel which has been placed on the website of the Company: [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in)

During the year under review the Nomination and Remuneration Committee met on May 16, 2016, which was attended by all the members of the Committee.

### Stakeholders Relationship Committee

The composition and terms of reference of the Stakeholders Relationship Committee meet the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBILODR.

The Stakeholders Relationship Committee reviews all matters connected with transfers of shares, transmission, dematerialization, rematerialization, split and consolidation and complaints received from shareholders and other statutory bodies. The Company's Registrars and Share Transfer Agent viz., Integrated Registry Management Services Private Ltd., Bengaluru, have adequate infrastructure to process the above mentioned activities.

The Stakeholders Relationship Committee comprises of the following Directors:

Name	Designation	Category
Mr. M. S. Kapur	Chairman	Independent Non-executive Director
Mr. Anil Pisharody	Member	Non-executive Director
Mrs. Tushita Patel	Member	Non-executive Director

During the year under review, the Committee met on May 30, 2016, November 10, 2016 and February 11, 2017. The composition and attendance of Members at the meetings of the Stakeholders Relationship Committee held during 2016-17 were as follows:

Name	Designation	Category	Meetings attended
Mr. M. S. Kapur	Chairman	Independent Non-executive Director	3
Mr. Anil Pisharody	Member	Non-executive Director	2
Mrs. Tushita Patel	Member	Non-executive Director	2

In addition to the Committee of Directors, in the interest of investors and for administrative convenience, the Board has authorised a Director and Company Secretary to jointly approve share transfers, transmissions, etc. upto a specified limit.

## Corporate Governance Report (Contd.)

During the year under review, one complaint was received from the shareholders/investors, which was replied/resolved to their satisfaction. There was no complaint pending as on March 31, 2017.

The Company has not received any complaints of investors through SEBI, stock exchanges or investors associations.

### Corporate Social Responsibility Committee

As required by Section 135 of the Companies Act, 2013 the Board has constituted a Corporate Social Responsibility (CSR) Committee to assume and execute responsibility as a corporate citizen towards the society at large.

The Committee presently comprises of the following Directors:

Name	Designation	Category
Mr. M. S. Kapur	Chairman	Independent Non-executive Director
Mr. Nitin Kochhar*	Member	Independent Non-executive Director
Mr. Anil Pisharody	Member	Non-Executive Director

\* Mr. Nitin Kochhar was inducted as member of the Committee w.e.f. February 14, 2017.

Mr. N. Srinivasan resigned w.e.f. December 1, 2016 hence ceased to be member of the Committee from that date.

The average net profit of the Company in the preceding three financial years was negative. Hence the Company is not required to incur any CSR expenditure during the year under review.

No meeting of the Committee was held during the year under review.

### Compliance Officer

Mr. Manoj Kumar, Company Secretary is the Compliance Officer of the Company for the purpose of complying with various provisions of the SEBIODR, Companies Act, 2013 and for monitoring the share transfers process, etc. His email address is manojkumar@ubhl.in. He is Secretary to all committees of the Board.

### Remuneration of Directors and their shareholdings in the Company

a) Managing Director:

There was no Managing Director in the Company during the period under review.

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 (₹)	No. of Equity Shares held
Mr. M. S. Kapur	5,40,000	Nil
Mr. N. Srinivasan	4,20,000	Nil
Mr. Anil Pisharody	4,40,000	Nil
Ms. Tushita Patel	3,30,000	Nil
Mr. Nitin Kochhar	80,000	Nil

## General Body Meetings

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

Financial Year ended	Date	Time	Venue
March 31, 2014	September 30, 2014	10.30 a.m.	UB Tower, Level 1, UB City, 24 Vittal Mallya Road, Bengaluru-560 001
March 31, 2015	September 28, 2015	02.30 p.m.	UB Tower, Level 1, UB City, 24 Vittal Mallya Road, Bengaluru – 560 001
March 31, 2016	September 29, 2016	03.15 p.m.	UB Tower, Level 1, UB City, 24 Vittal Mallya Road, Bengaluru – 560 001

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

AGM held on	Subject matter of the Special Resolution
September 29, 2016	Nil
September 28, 2015	Nil
September 30, 2014	Authorisation under Section 180 (1) (c) of the Companies Act, 2013 to borrow money.

All the resolutions set out in the Notices were passed by the Shareholders with requisite majority.

## Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013 and the rules made thereunder, every listed company is required to provide to its members facility to exercise their right to vote at general meetings by electronic means. The Company has entered into an arrangement with Central Depository Services (India) Limited for this purpose, to facilitate such e-voting for its members. Detailed procedure for e-voting is given in the Notice of the Thirteenth Annual General Meeting and the same is also placed on the website of the Company.

## Postal Ballot

The Company has not passed any resolution at the above Annual General Meetings held which was required to be passed through postal ballot as per the provisions of the Companies Act, 2013 and the rules framed thereunder. There is no special resolution requires resolution to be passed by way of Postal Ballot at the ensuing Annual General Meeting.

## Disclosures:

### Familiarization Programme

Your Company follows a structured orientation and familiarisation programme through various reports/codes/ internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. Periodic presentations are made at the board meetings on business and performance, long term strategy, initiatives and risks involved.

### Related Party Transactions

There were no related party transactions within the purview of Section 180 of the Companies Act, 2013 during the year under review. The Board had approved policy on Related Party Transactions and the same is uploaded on the Company's website: [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in)



## Corporate Governance Report (Contd.)

### CEO/CFO Certification

Certificate to the Board pursuant to Regulation 17 (8) of the SEBILODR has been obtained from a Director, as the Company does not have a CEO/CFO.

### Share Capital

Authorised Share Capital of the Company stands at ₹ 15,00,00,000 comprising of 150,00,000 equity share of ₹ 10 each and the issued, subscribed and paid up capital of the Company as on March 31, 2017 remain unchanged at ₹ 13,99,22,580 comprising of 1,39,92,258 equity shares of ₹ 10 each.

### Cash Flow Statement

Cash Flow statement for the year ended March 31, 2017, is appended as a part of Financial Statement.

### Depository System

As per the directions issued by the Securities and Exchange Board of India, the Company has entered into an agreement with National Securities Depository Limited and Central Depository Services (India) Limited. As the Company's shares are under compulsory dematerialization mode, members are requested to take advantage of depository system and avail the facility of dematerialization of the Company's shares.

### Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics in terms of the SEBILODR and the same is posted on the Company website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in) All the members of the Board had affirmed compliance with the Code for the year ended March 31, 2017 and a declaration to this effect signed by a Director is forming part of this report.

### Code for Prevention of Insider Trading

The Company has adopted a Code for Prevention of Insider Trading in terms of the SEBI (Prevention of Insider Trading) Regulations, 2015 and the same is posted on the Company's website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).

The Code is applicable to all the Directors, employees and connected persons. The Code ensures prevention of dealing in shares of the Company by persons having access to price sensitive information.

### Whistle Blower Policy

The Company believes in the conduct of the affairs of the Company in a fair and transparent manner by adopting high standards of professionalism, honesty, integrity and ethical behavior. It has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. During the year under review, no employee was denied access to the Chairman of the Audit Committee.

### Details of non-compliance

There were no instances of non-compliance by the Company with any legal requirements nor have there been any strictures passed by Stock Exchanges or Securities and Exchange Board of India, on any matters relating to the capital market during the last three years.

## Details of compliance with mandatory requirements and adoption of the non mandatory requirements of the SEBILODR

The Company has complied with all the mandatory requirements of the SEBILODR except to the extent of CEO/CFO certification. The details of these compliances have been given in the relevant sections of this Report.

## Determination of materiality for disclosure and Policy on Archival of Documents

The company has adopted a policy for Determination of Materiality for Disclosures and Policy on Archival of Documents. These policies are available on the Company's website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).

## Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit reports confirm that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

## Means of Communication

The unaudited quarterly results and audited annual results are uploaded on the website of the Stock Exchanges, on which equity shares of the Company are listed. The results are normally published in 'Business Standard, (English Daily) and 'Vijaya Karnataka' (Kannada Daily). The results are also displayed on the Company's website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).

## Designated e-mail ID for investor complaints

The Company has designated an exclusive e-mail id viz., [mhlinvestor@ubmail.com](mailto:mhlinvestor@ubmail.com) to enable the investors to post their grievances and monitor their redressal.

## General Shareholder information:

a)	AGM Date, Time and Venue	Tuesday, September 26, 2017, at 2:30 p.m. at Conference Hall, UB Tower, Level - 1, UB City, 24 Vittal Mallya Road, Bengaluru – 560 001
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	Wednesday, September 20, 2017, to Tuesday, September 26, 2017 (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: BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) The Annual Listing Fees for the years 2016-17 have been paid.
f)	Stock Code:	
	BSE	532852
	NSE	SYMBOL – MCDHOLDING
g)	ISIN No.	INE836H01014 (NSDL & CDSL) – for equity shares

h)	Market price data	As per Annexure I.
i)	Stock performance in comparison to BSE Sensex and NSE Nifty	As per Annexure II.
j)	Registrars and Share Transfer Agent	Integrated Registry Management Services Private Ltd. CIN NO: U74900TN2015PTC101466 No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560 003 E-mail: bglsta@integratedindia.in Tel: +91-80-23460815-818   Fax: +91-80-2346081
k)	Share Transfer System	In addition to the Committee of Directors, the Board has authorised a Director and Company Secretary to jointly approve share transfers, transmissions etc., upto a specified limit. The requirements under the SEBILODR and other statutory regulations in this regard are being followed.
l)	Distribution of Shareholding	As per Annexure-III
m)	Dematerialisation of shares	As on March 31, 2017, 96.85% of the paid-up share capital was held in dematerialised form.
n)	Outstanding GDRs/ ADRs/ Warrants or any other Convertible instruments	NA
o)	Plant Locations	NA
p)	Address for correspondence	Shareholder correspondence should be addressed to the Company's Registrars and Share Transfer Agent: Integrated Registry Management Services Private Ltd. CIN NO: U74900TN2015PTC101466 No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560 003 E-mail: bglsta@integratedindia.in Tel: +91-80-23460815-818   Fax: +91-80-2346081 Investors may also write to or contact the Company Secretary at the Registered Office of the Company at UB Tower, Level- 12, UB City, 24 Vittal Mallya Road, Bengaluru 560 001. Tel. Nos. (080) 3985 6500 Fax No. (080) 2227 4890 e-mail : mhlinvestor@ubmail.com

## ANNEXURE - I

### MARKET PRICE DATA OF MCDOWELLS HOLDINGS LIMITED

Monthly NSE			
Date	High Price	Low Price	Volume
April 2016	26.40	24.50	2263
May 2016	25.50	24.05	3821
June 2016	26.40	25.55	6948
July 2016	32.00	30.00	18995
August 2016	28.50	27.50	4408
September 2016	37.40	34.95	52929
October 2016	52.90	51.75	62893
November 2016	47.90	43.50	41581
December 2016	46.75	43.45	19884
January 2017	43.70	41.90	12216
February 2017	43.15	42.15	10264
March 2017	41.15	39.50	5624

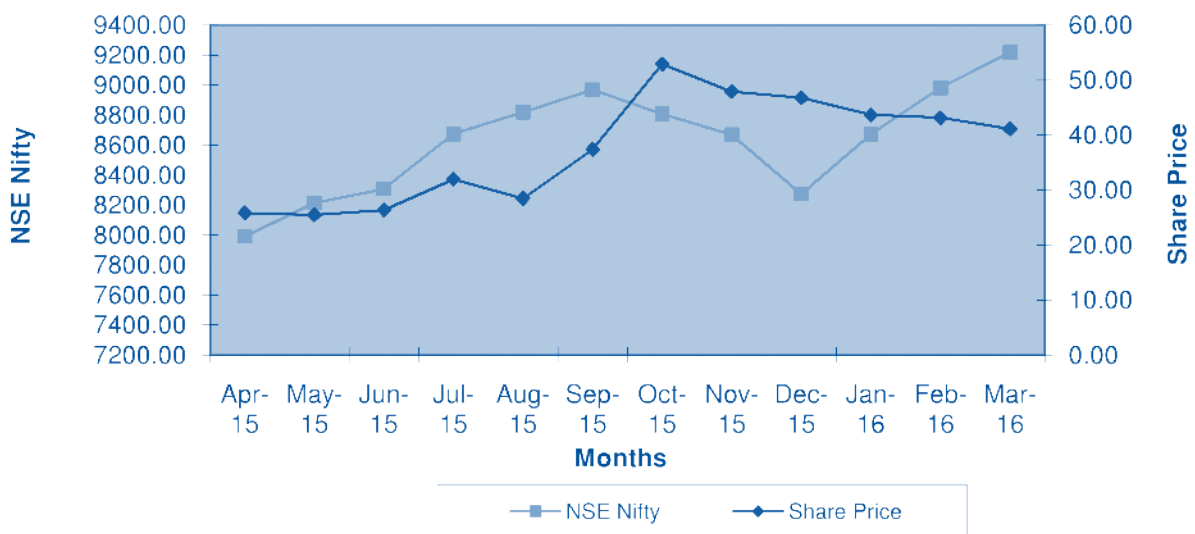
Monthly BSE			
Date	High Price	Low Price	Volume
April 2016	26.00	23.90	494
May 2016	28.90	23.60	1113
June 2016	27.80	23.00	2319
July 2016	37.00	24.90	7780
August 2016	33.00	26.10	1075
September 2016	42.90	27.30	20791
October 2016	58.65	36.15	21345
November 2 016	53.00	30.20	11266
December 2016	47.30	38.00	4697
January 2017	47.70	41.00	3766
February 2017	46.50	40.80	2988
March 2017	47.85	38.85	1693

## ANNEXURE - II

### STOCK PERFORMANCE IN COMPARISON TO BSE SENSEX AND NSE NIFTY

#### NSE-Nifty and Share Price

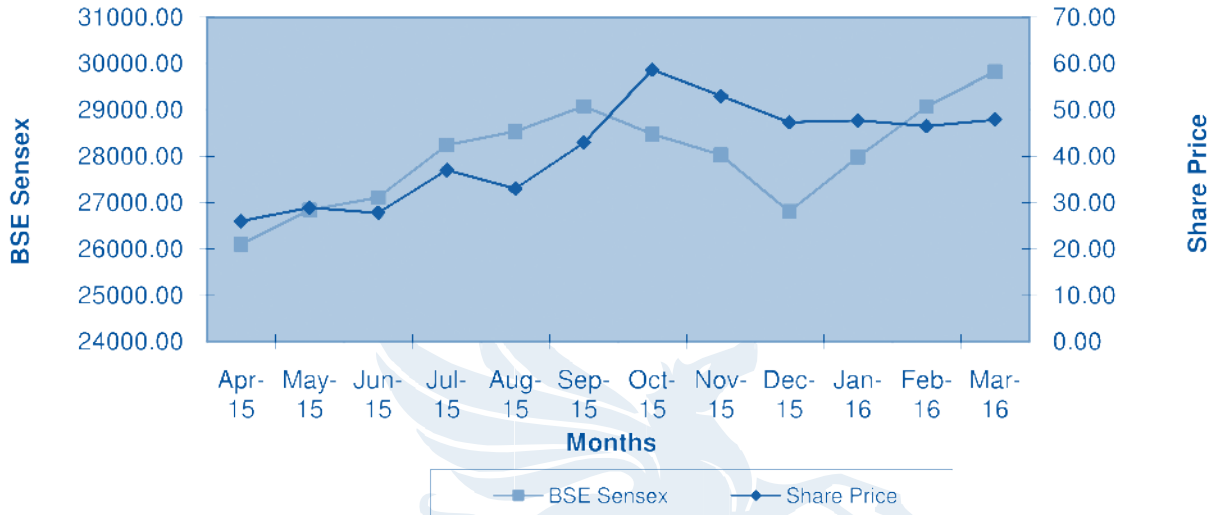
#### NSE Nifty and Share Price



# Corporate Governance Report (Contd.)

## BSE-Sensex and Share Price

### BSE Sensex and Share Price



## DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on March 31, 2017, is given below:

Value Wise:

Shareholding of nominal value of (₹)	Shareholders		Share Amount	
	Number	% to Total	In ₹	% to Total
(1)	(2)	(3)	(4)	(5)
Upto - 5,000	49720	99.62	44379540	31.72
5,001 - 10,000	90	0.18	6694680	4.78
10,001 - 20,000	47	0.09	6728740	4.81
20,001 - 30,000	11	0.02	2731630	1.95
30,001 - 40,000	6	0.01	2112580	1.51
40,001 - 50,000	9	0.02	4256290	3.04
50,001 - 100,000	10	0.02	7450750	5.32
100,001 and above	15	0.03	65568370	46.86
<b>TOTAL</b>	<b>49908</b>	<b>100.00</b>	<b>139922580</b>	<b>100.00</b>

### Category Wise:

Category	No. of Shares	% of Equity
Promoter Group	2,517,392	17.99
Resident Body Corporate	1,203,334	8.60
Banks/FI/FII/MF/Trust/GOV	2,987,481	21.35
NRI/OCB/FCB/Foreign Nationals	753,773	5.39
G D S	-	0.00
Resident Individuals	6,147,539	43.94
Clearing Members	382,739	2.74
<b>Total</b>	<b>13,992,258</b>	<b>100.00</b>

### NON MANDATORY REQUIREMENTS

#### Shareholders Rights

The Company's half yearly results are published in English and Kannada newspapers. Hence the same are not sent to the shareholders.

#### Audit qualifications

With regard to audit qualification necessary explanations have been furnished in the Notes to the financial statements.

#### Separate posts of Chairman and CEO

The Company presently does not have a Managing Director/Whole-Time Director/Manager.

#### Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

## CERTIFICATE

The Members of

### McDOWELL HOLDINGS LIMITED

We have examined the compliance of conditions of Corporate Governance by **McDOWELL HOLDINGS LIMITED** ("the Company"), for the year ended on March 31, 2017, as stipulated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

*(i) It has not obtained a certificate as required to be obtained from CEO/CFO since it does not have a CEO/CFO.*

We state that no investor grievance is pending for a period exceeding one month as on March 31, 2017 against the Company as per the records maintained by the Stakeholders Relationship Committee.

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

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

(**S. Vishnumurthy**)

Proprietor

(Membership No. 22715)

Firm Registration No. 004742S

Date : August 14, 2017

Place : Bangalore

## DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct as approved by the Board of Directors of the Company, has been displayed on the Company's website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in). All the members of the Board had affirmed compliance with the Code for the year ended March 31, 2017.

Place : Delhi

Date : August 14, 2017

**M S Kapur**

Chairman

(DIN 00703815)

## Overview – Financial Performance

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

## Industry Structure & Developments

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

## 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 characterised 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.

## Reclassification of the Company

Due to nonfulfillment of prescribed financial criteria of the Reserve Bank of India (RBI) and as suggested by the RBI an application have been made for reclassification of the Company from NBFC-ND to Core Investment Company with restricted field of operation as at present. The Company will have to explore other activities such as trading, agency business, etc.

## Human Resources Management

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



# Independent Auditor's Report

To,

The Members of  
**McDOWELL HOLDINGS LIMITED**

## 1. Report on the Financial Statements

We have audited the accompanying financial statements of **McDOWELL HOLDINGS LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

## 2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### 4. Basis for qualified opinion

- a. *The Company's income streams are not sufficient to meet its recurring financial obligations. The Company has defaulted in repaying the inter-corporate deposits taken by it. These factors have adversely affected the going concern assumptions used in the preparation of financial statements. However, for the reasons stated in note no. 25, the Company continues to prepare its financial statements on going concern basis.*
- b. *United Breweries (Holdings) Limited, (UBHL) in which the company holds 52,60,002 shares with a carrying value of 10.49 crores has been ordered to be wound up pursuant to an order dated 07-02-2017 of the Honourable High Court of Karnataka. The decline, other than temporary, in the value of such investments as a result of this development has not been quantified and provided for, in the accounts (refer Note No. 20).*
- c. *The company has shown Rs. 0.88 crore as due from a party but the party has not confirmed the same. The possible loss on account of this development has not been recognised in the financial statements.*

#### 5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph above*, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

#### 6. Emphasis of Matter

- a. Attention is invited to note no. 21 regarding provision made to the extent of Rs. 9.86 crores for provision for doubtful advances and debts.
- b. Attention is invited to note no. 19 regarding write off of an amount of Rs. 158.77 crores dues from a group company.
- c. Attention is invited to note no. 22 regarding the pledge created by the company on its 18,06,000 shares in United Breweries Limited (UBL) which has not yet been cancelled, even though no amounts are owed to the pledgee.
- d. Attention is invited to note no. 19 & note no. 8 regarding 27,45,000 shares in United Breweries Limited which stands pledged in favour of a lender to secure third party dues of Rs. 11.29 crore.
- e. Attention is invited to note no. 23 regarding 122,667 shares in United Breweries Limited (UBL) belonging to the company which are lying with erstwhile lenders, who claim that they have been directed by the Enforcement Directorate not to part with those shares.
- f. Attention is invited to note no. 8 regarding 63,45,011 shares in United Breweries Limited (UBL) (inclusive of the shares referred to in paragraphs in 6(c), 6(d) and 6(e) above) and 52,60,002 shares in United Breweries (Holdings) Limited (UBHL) in respect of which Enforcement Directorate has restrained UBL and UBHL from allowing the company to sell/alienate/create any third party mortgage over those shares.
- g. Attention is invited to note no. 27 regarding continuing default in repayment of its matured inter corporate deposit of Rs. 22.43 crores
- h. Attention is invited to note 8 regarding freezing of 121,767 shares of Mangalore Chemicals and Fertilizers Limited by the Company.

## Independent Auditor's Report (Contd.)

### 7. Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- ii. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
  - e. The matters described in the Basis for Qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
  - f. On the basis of the written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
  - g. We have issued a separate report on the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls. The said report can be found in "Annexure B" to this report.
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The company does not have any pending litigations which would impact its financial position.
    - ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses except for the matters specified in the Basis for Qualified Opinion paragraph.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the company. Refer note no. 10 to the financial statements.

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

**(S. Vishnumurthy)**  
Proprietor

Membership No. 22715

Firm Registration No. 004742S

Place : Bengaluru

Date : May 30, 2017

## Annexure – A to the Auditor's Report

### Re: McDowell Holdings Limited

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

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year and such physical verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies have been noticed on such verification.
- (c) The company did not have any immovable properties. Therefore, the provisions of clause 3(i)(c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (d) The company did not have any stocks of goods. Therefore, the provisions of clause 3(ii) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (e) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii)(a) to 3(iii)(c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (f) According to the information and explanation given to us and based on our examination of the records of the company, the company has not given any loans, made any investments, provided any guarantee/security to any persons during the year. Therefore, the provisions of clause 3(iv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (g) The company has not accepted any deposits from the public in contravention of the provisions of sections 73 to 76 and any other relevant provisions of the Companies Act and the rules framed there under. Therefore, the provisions of clause 3(v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (h) Provisions with regard to maintenance of cost records under section 148(1) of the Companies Act, 2013 are not applicable to this company.
- (i) The company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues were in arrears, as at 31-3-2017 for a period of more than six months from the date they became payable.

- (j) According to the information and explanations given to us, following is the list of tax dues, which have not been deposited on account of disputes

Name of the Statute	Nature of dues	Disputed amount (Rs. millions)	Forum where dispute is pending.
Income Tax Act, 1961	Income tax for the A.Y. 2013-14	8.136	CIT (Appeals)
Income Tax Act, 1961	Income tax for the A.Y. 2014-15	17.720	CIT (Appeals)

## Annexure to the Independent Auditor's Report

- (k) The company has not taken any loans from banks or financial institutions or government nor issued any debentures. Therefore, the provisions of clause 3(viii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (l) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, the provisions of clause 3(ix) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (m) According to the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (n) The company has not paid/provided any managerial remuneration during the year. Therefore, the provisions of clause 3(xi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (o) In our opinion and according to the information and explanations given to us, the company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (p) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (q) According to the information and explanation given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (r) According to the information and explanation given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (s) The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained such registration.

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

**(S. Vishnumurthy)**

Proprietor

Membership No. 22715

Firm Registration No. 004742S

Place : Bengaluru

Date : May 30, 2017

## Annexure – B to the Auditor's Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **McDowell Holdings Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting

## Annexure to the Independent Auditor's Report

principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Bengaluru

Date : May 30, 2017



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

**(S. Vishnumurthy)**

Proprietor

Membership No. 22715

Firm Registration No. 004742S

	Note No.	As at 31-03-2017 ₹	As at 31-03-2016 ₹
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	2	139,922,580	139,922,580
b. Reserves and Surplus	3	(31,965,194)	179,437,488
<b>2. Current Liabilities</b>			
a. Short-term Borrowings	4	200,000,000	200,000,000
b. Other Current Liabilities	5	27,517,567	10,509,235
c. Short-term Provision	6	14,708,933	50,240,106
		<u>350,183,886</u>	<u>580,109,409</u>
<b>II. Assets</b>			
<b>1. Non-current Assets</b>			
a. Tangible Assets	7	83,086	39,324
b. Non-Current Investments	8	308,347,436	359,203,959
<b>2. Current Assets</b>			
a. Trade Receivables	9	-	4,672,555
b. Cash and Cash Equivalents	10	11,607,336	1,478,071
c. Short-term Loans and Advances	11	18,410,982	39,641,817
d. Other Current Assets	12	11,735,046	175,073,683
		<u>350,183,886</u>	<u>580,109,409</u>
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES	1		

The accompanying notes are an integral part of the accounts.

As per our report of even date.

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

**M. S. Kapur**  
Director  
DIN : 00703815

**Tushita Patel**  
Director  
DIN : 07017591

**Nitin Kochhar**  
Director  
DIN : 03559734

**(S. Vishnumurthy)**  
Proprietor  
Membership No. 22715

**Manoj Kumar**  
Company Secretary  
FCS : F6698

Place : Bengaluru  
Date : May 30, 2017



# Statement of Profit and Loss for the year ended March 31, 2017

	Note No.	31-03-2017 ₹	31-03-2016 ₹
<b>I. Revenue</b>			
a. Revenue from operations	13	9,340,696	106,600,154
b. Other income	14	1,423,494	–
		<b>10,764,190</b>	<b>106,600,154</b>
<b>II. Expenses</b>			
a. Employee benefit expenses	15	5,901,685	4,924,356
b. Finance costs	16	36,000,000	161,049,793
c. Other expenses	17	9,036,570	8,665,354
d. Provision for doubtful advances and receivables	18	49,252,995	150,926,605
e. Diminution in value of investments		–	198,073,525
f. Depreciation	7	71,888	9,666
		<b>100,263,138</b>	<b>523,649,299</b>
<b>III. Loss before Exceptional Item &amp; Tax</b>		<b>(89,498,948)</b>	<b>(417,049,145)</b>
<b>Exceptional Items:</b>			
a. Profit on sale of pledged shares		1,466,141,592	1,897,386,112
b. Advances no longer recoverable		1,587,710,261	1,657,277,723
<b>IV. Loss before Taxation</b>		<b>(211,067,618)</b>	<b>(176,940,756)</b>
a. Tax Expense:			
i. Current Tax		–	37,000,000
ii. Earlier Years		335,064	–
<b>V. Net loss for the year</b>		<b>(211,402,682)</b>	<b>(213,940,756)</b>
<b>VI. Earning per share</b> (Face value ₹10 each)			
a. Basic / Diluted earning per share (before exceptional item)		(6.40)	(29.81)
b. Basic / Diluted earning per share (after exceptional item)		(15.11)	(15.29)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES 1

The accompanying notes are an integral part of the accounts.

As per our report of even date.

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

**M. S. Kapur**  
Director  
DIN : 00703815

**Tushita Patel**  
Director  
DIN : 07017591

**Nitin Kochhar**  
Director  
DIN : 03559734

**(S. Vishnumurthy)**  
Proprietor  
Membership No. 22715

**Manoj Kumar**  
Company Secretary  
FCS : F6698

Place : Bengaluru  
Date : May 30, 2017

## Cash Flow Statement for the year ended March 31, 2017

	For the year ending 31-03-2017 ₹	For the year ending 31-03-2016 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss before tax	(211,067,618)	(176,940,756)
Adjustments for :		
Depreciation	71,888	9,666
Provision for doubtful advances and receivable	49,252,995	150,926,605
Advances no longer recoverable	1,587,710,261	1,657,277,723
Diminution in value of investments	-	198,073,525
Exceptional item – Profit on sale of pledged shares	<u>(1,466,141,592)</u>	<u>(1,897,386,112)</u>
Operating profit before working capital changes	(40,174,065)	(68,039,349)
Adjustments for :		
(Increase)/Decrease in trade and other receivables	(1,468,952,064)	(1,295,457,117)
Increase/(Decrease) in trade payables/other liabilities	<u>17,008,332</u>	<u>(590,500,745)</u>
	(1,451,943,732)	(1,885,957,862)
Cash used in operations	(1,492,117,797)	(1,953,997,211)
Direct taxes paid	<u>(14,635,402)</u>	<u>(9,397,545)</u>
Net cash used in operations	(1,506,753,199)	(1,963,394,756)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(115,650)	-
Proceeds from sale of investments	<u>1,516,998,115</u>	<u>1,959,286,032</u>
Cash flow generated from investing activities	<u>1,516,882,465</u>	<u>1,959,237,042</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net increase/(decrease) in cash and cash equivalents	10,129,266	(4,157,714)
Cash and cash equivalents at the beginning of the year	<u>1,478,071</u>	<u>5,635,785</u>
Closing Balance of Cash and cash equivalents	<u>11,607,336</u>	<u>1,478,071</u>
Cash and cash equivalents comprises of :		
Balance with banks	11,590,519	1,478,071
Cash in hand	<u>16,817</u>	<u>-</u>
	<u>11,607,336</u>	<u>1,478,071</u>

As per our report of even date.

**For Vishnu Ram & Co.,**

Chartered Accountants

Firm Registration No. 004742S

**M. S. Kapur**

Director

DIN : 00703815

**Tushita Patel**

Director

DIN : 07017591

**Nitin Kochhar**

Director

DIN : 03559734

**(S. Vishnumurthy)**

Proprietor

Membership No. 22715

**Manoj Kumar**

Company Secretary

FCS : F6698

Place : Bengaluru

Date : May 30, 2017

## CORPORATE INFORMATION :

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

The Company has obtained registration from the Reserve Bank of India, to carry on the business of a Non-Banking (Non Deposit accepting) Financial Company.

## 1. 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 prescribed under section 133 of the Companies Act, 2013 ('Act') read with relevant rules issued thereunder.

### 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. Fixed Assets :

Fixed Assets are stated at their original cost of acquisition and subsequent improvement thereto including taxes, duties, freight and other incidental expenses relating to acquisition and installation of such assets.

### v. Depreciation :

Depreciation is allocated over the useful life of an asset as specified in Schedule II of the Companies Act, 2013 on written down value method.

Nature of Asset	Estimated useful life
1. Computer	3 years
2. Furniture and Fixtures	10 years

### vi. Revenue recognition:

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

- i. Dividend from investment in shares is recognized as and when the company's right to receive payment is established.

**vii. 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.

**viii. Tax expense :**

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

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

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

**ix. 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.

**x. 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 maintained by the Promoter Company 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 31-03-2017 ₹	As at 31-03-2016 ₹
<b>2. Share Capital</b>		
<b>Authorised</b>		
15,000,000 Equity shares of ₹ 10 each	150,000,000	150,000,000
	<b>150,000,000</b>	<b>150,000,000</b>
<b>Issued, Subscribed and Paid-up</b>		
13,992,258 (2016: 13,992,258) Equity shares of ₹ 10 each fully paid up	139,922,580	139,922,580
	<b>139,922,580</b>	<b>139,922,580</b>

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

	No. of Shares	₹ 31-03-2017	No. of Shares	₹ 31-03-2016
As at the beginning of the period	13,992,258	139,922,580	13,992,258	139,922,580
Issued during the year	-	-	-	-
Outstanding at the end of the period	13,992,258	139,922,580	13,992,258	139,922,580

**b. Terms and rights attached to equity shares**

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

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

	31-03-2017		31-03-2016	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹ 10 each fully paid				
Kingfisher Finvest India Limited	2,027,707	14.49%	2,027,707	14.49%
Acacia Partners LP	776,269	5.55%	776,269	5.55%

# Notes to the financial statements for the year ended March 31, 2017

	As at 31-03-2017	As at 31-03-2016
	₹	₹
<b>3. Reserves and Surplus</b>		
General Reserve		
As per last Balance Sheet	314,815,495	314,815,495
Statutory Reserve		
As per last Balance Sheet	28,246,733	28,246,733
Add: Addition during the year	<u>-</u>	<u>-</u>
Securities Premium Account		
As per last Balance Sheet	156,649,203	156,649,203
Deficit as per statement of Profit and Loss	(320,273,943)	(106,333,188)
As per last Balance Sheet	(211,402,682)	(213,940,756)
Loss for the year	<u>(531,676,625)</u>	<u>(320,273,943)</u>
	<u>(31,965,194)</u>	<u>179,437,488</u>
<b>4. Short Term Borrowings</b>		
<b>Unsecured</b>		
Inter Corporate Deposit	<u>200,000,000</u>	<u>200,000,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>
<b>Nature of security and terms of repayment for unsecured borrowings</b>		
Intercompany deposit of ₹200 Million (Previous Year ₹200 million)		Overdue for repayment. Rate of interest @ 18% p.a. Extension of loan term being negotiated with the lender.
<b>5. Other Current Liabilities</b>		
Interest accrued and due	24,322,195	5,326,027
Employee dues	722,762	318,206
TDS payable	994,306	1,440,414
Professional tax payable	-	400
Provision for standard assets	-	1,272,000
Audit fees payable	183,752	182,875
Service tax payable	-	53,988
Directors Sitting Fees Payable	-	144,000
Other liabilities	<u>1,294,552</u>	<u>1,771,325</u>
	<u>27,517,567</u>	<u>10,509,235</u>
<b>6. Short term provision</b>		
Provision for tax	<u>14,708,933</u>	<u>50,240,106</u>
	<u>14,708,933</u>	<u>50,240,106</u>

## 7. Fixed Assets

Amount in ₹

Particulars	COST			DEPRECIATION				NET VALUE OF ASSET		
	As at 01.04.2016	Addi- tions	Delet- ions	As at 31.03.2017	Upto 31.03.2016	During the year	Deduc- tions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Tangible Assets										
Computers	48,990	50,250	-	99,240	9,666	68,267	-	77,933	21,307	39,324
Furniture and Fixtures		65,400	-	65,400	-	3,621	-	3,621	61,779	-
<b>TOTAL</b>	<b>48,990</b>	<b>115,650</b>	<b>-</b>	<b>164,640</b>	<b>9,666</b>	<b>71,889</b>	<b>-</b>	<b>81,554</b>	<b>83,086</b>	<b>39,324</b>
Previous Year		48,990	-	48,990	-	9,666	-	9,666	39,324	-

	No. of shares	Face value	As at 31-03-2017 ₹	No. of shares	Face value	As at 31-03-2016 ₹
<b>8. Non-current Investments</b>						
<b>Trade investments</b>						
<b>Quoted</b>						
Fully paid Equity shares						
Mangalore Chemicals & Fertilizes Limited	5,826,828	10	29,308,945	5,826,828	10	29,308,945
UB Engineering Limited *	452,243	10	18,996,712	452,243	10	18,996,712
United Breweries (Holdings) Limited	5,260,002	10	284,013,853	5,260,002	10	284,013,853
United Breweries Limited **	6,345,011	1	173,974,451	8,199,796	1	224,830,975
* Trading has been suspended and referred to NCLT						
Less: Provision for Diminution in value of investments			198,073,525			198,073,525
			<u>308,220,436</u>			<u>359,076,959</u>
<b>Non-Trade Other Investments</b>						
<b>Unquoted</b>						
U.B. Electronics Instruments Limited	1,991	100	127,000	1,991	100	127,000
<b>Total Investments</b>			<u>308,347,436</u>			<u>359,203,959</u>
<b>Aggregate value of :</b>						
Quoted Investments			308,220,436			359,076,959
Unquoted Investments			127,000			127,000
Market value of quoted Investments			5,386,162,628			7,096,098,771

**Note:**

- A. In respect of investments in United Breweries Limited is concerned :
- None of the shares are transferable in view of Enforcement Directorate's order to United Breweries Ltd.
  - 27,45,000 shares are under pledge to secure the borrowing availed by a erstwhile Group Company.
  - 18,06,000 shares are under pledge with a lender whose dues have been repaid in full.
  - 1,22,667 shares are held in custody of lenders pending their release.
- B. In respect of investments in United Breweries (Holdings) Limited is concerned :
- None of the shares are transferable in view of Enforcement Directorate's order to United Breweries (Holdings) Ltd.
  - United Breweries (Holdings) Limited has been ordered to be wound up vide Hon'ble High Court of Karnataka dated February 7, 2017.
- C. In respect of investments in Mangalore Chemicals and Fertilizers Limited is concerned :
- 1,21,767 shares are not transferable in view of their freezing by the depository pursuant to order by stock exchanges.

**MOVEMENTS IN SHAREHOLDING DURING THE YEAR**

Particulars	No. of Shares	Cost
<b>Sale during the year</b>		
United Breweries Limited	1,854,785	50,856,524
<b>Total</b>	<b>1,854,785</b>	<b>50,856,524</b>

	As at 31-03-2017 ₹	As at 31-03-2016 ₹	
<b>9. Trade Receivables</b>			
Outstanding for more than six months	-	3,988,783	
Others: Considered Good	-	683,772	
Others: Considered doubtful	<u>28,445,035</u>	<u>23,772,480</u>	
	<u>28,445,035</u>	<u>28,445,035</u>	
Provision for doubtful receivables	<u>28,445,035</u>	<u>23,772,480</u>	
	<u>-</u>	<u>4,672,555</u>	
<b>10. Cash and Cash Equivalents</b>			
Balances with Banks:			
In Current accounts with scheduled bank	11,590,519	1,478,071	
Cash on Hand	<u>16,817</u>	<u>-</u>	
	<u>11,607,336</u>	<u>1,478,071</u>	
<b>Disclosures are per Notification No. GSR 308(E) (F.No. 17/62/2015-CL/V-(VOL. I)], dated 30 March 2017</b>			
Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016			
Particulars	Specified Bank	Other	Total
Closing cash in had as at 8 November 2016	-	-	-
(+) Permitted receipts in specified notes	-	-	-
(-) Permitted payments in specified notes	-	-	-
(-) Amount deposited in banks	-	-	-
(-) Payments through other denomination notes	-	-	-
(+) Receipt of other denomination notes	-	-	-
Closing Cash in hand as at 30 December 2016	<u>-</u>	<u>-</u>	<u>-</u>
<b>11. Short Term Loans and Other Advances</b>			
Interest accrued and due on loan	79,454,125	127,154,125	
Advance tax & tax deducted at source	18,057,822	39,288,657	
Staff deposits	<u>353,160</u>	<u>353,160</u>	
	<u>97,865,107</u>	<u>166,795,942</u>	
Provision for interest on loan which are doubtful of recovery	79,454,125	127,154,125	
	<u>18,410,982</u>	<u>39,641,817</u>	
<b>12. Other Current Assets</b>			
Balance with statutory authorities	1,453,123	136,424	
Other receivables	<u>104,225,113</u>	<u>174,937,259</u>	
	<u>105,678,236</u>	<u>175,073,683</u>	
Less : Provision for doubtful receivables	<u>93,943,190</u>	<u>-</u>	
	<u>11,735,046</u>	<u>175,073,683</u>	



	As at 31-03-2017 ₹	As at 31-03-2016 ₹
<b>13. Revenue from operations</b>		
Dividends	9,340,696	13,563,441
Commission	-	10,293,985
Interest	-	82,742,728
	<u>9,340,696</u>	<u>106,600,154</u>
<b>14. Other income</b>		
Interest on Income tax refund	1,361,736	-
Provision no longer required written back	-	-
Interest on fixed deposit	61,758	-
	<u>1,423,494</u>	<u>-</u>
<b>15. Employee benefit expenses</b>		
Salaries	5,477,884	4,608,395
Contribution to Provident & Superannuation fund	423,801	315,961
	<u>5,901,685</u>	<u>4,924,356</u>
<b>16. Finance costs</b>		
Interest on loan/Inter Corporate Deposits	36,000,000	161,049,793
	<u>36,000,000</u>	<u>161,049,793</u>
<b>17. Other expenses</b>		
Travel and communication expenses	1,300,315	960,085
Secretarial expenses	572,344	549,821
Printing & stationery expenses	960,936	1,954,124
Insurance	-	356,611
Director's sitting fees	1,810,000	700,000
Auditor's remuneration	202,500	175,000
Advertising expenses	275,334	419,805
Depository and listing fees	848,031	783,374
Legal and professional charges	2,236,052	2,036,580
Filing fees	15,541	124,422
Interest on statutory dues	32,234	3,178
Miscellaneous expenses	783,283	602,354
	<u>9,036,570</u>	<u>8,665,354</u>
<b>18. Provisions</b>		
Provision for doubtful advances and receivables	98,615,745	150,926,605
Less : Provision no longer required written back	49,362,750	-
	<u>49,252,995</u>	<u>150,926,605</u>

19. The Company had provided Corporate Guarantee and pledged securities in favour of a Lender to secure the borrowing of a Group Company and an erstwhile Group Company.

The said lender had invoked the Corporate Guarantee and demanded repayment of loans. During the financial year, the Lender had invoked and sold the pledged securities and the proceeds thereof amounting to ₹151.55 crs and the cash margin of ₹7.22 crs were utilized by the Lender to liquidate the loan of the Group Company. The Company has written off the same in the books. As regards the borrowing of the erstwhile Group Company, the Company continues to treat the outstanding of ₹11.29 crs as contingent in nature.

20. The Hon'ble High Court of Karnataka on February 7, 2017 had passed an order of winding-up on a promoter Company. The Company holds 52,60,002 equity shares in the paid up capital of the Promotor Company and is assessing the impact of the winding up on its shareholding.
21. The erstwhile lender with whom the Company has pledged its securities to secure the borrowing of an erstwhile Group Company, has invoked and sold the pledged securities, and utilized the proceeds to recover its dues. The Company had initially accounted this adjustment of ₹9.39 crs along with receivables of ₹0.38 crs as dues from the borrowing entity. However, based on a critical review of the recoverability, the Board of Directors have approved a provision of ₹9.86 crs as a matter of commercial prudence. Further, an amount of ₹0.08 crs receivable from a party has been provided as a matter of commercial prudence.
22. The Company's investment include 18,06,000 shares in United Breweries Limited which were pledged in favour of an erstwhile lender. No amount is outstanding as on date but the lender has not released the pledge on the said shares. The Company is in discussion with the lender to release the pledge on these shares.
23. Certain shares held by the Company in United Breweries Limited were pledged to certain Lenders, who had invoked a portion of the shares to liquidate their dues and the balance 1,22,667 shares (out of the total invoked shares) are lying in the Demat account of the Lenders. The Company is in discussion with the lender for the release of the shares.
24. The Company has received orders from Directorate of Enforcement, Govt. of India dated 10<sup>th</sup> and May 12, 2016 in connection with an ongoing investigation against Kingfisher Airlines Limited and Dr. Vijay Mallya under the provisions of Prevention of Money Laundering Act, 2002, directing the Company that United Breweries Holdings Limited and Kingfisher Finvest Limited shall not be allowed to sell/alienate/create third party mortgage rights in any manner over their shares in the Company. Accordingly the Company has intimated to Registrar and Share Transfer Agent and the two entities.
25. The company's net worth, taking into account the market value of investments, would be more than adequate to meet all its liabilities and it could continue to operate in the future. Accordingly, the accounts of the company are presented on principles applicable to a "going concern".
26. The Company is registered with Reserve Bank of India as a Non-Banking (non deposit accepting) Financial Company. Application has been made to Reserve Bank of India for reclassification of the Company from a Non-banking Financial Company (NBFC-ND) to a Core Investment Company (CIC) to carry on the business activities as CIC. The Application is pending disposal.
27. The Company has dues of ₹22.43 crs to Zuari Fertilisers & Chemicals Limited. The Company is in negotiation with the lender for an extension of time for repayment and adjustment of these dues.
28. Zuari Fertilizers & Chemicals Limited has filed a Petition before the National Company Law Tribunal (NCLT), Bangalore, inter alia against McDowell Holdings Limited u/s 241, 242, 244, 246 and other provisions of Companies Act, 2013, alleging mis management of the affairs of Mangalore Chemicals & Fertilizers Ltd. (MCF) and seeking certain reliefs in

the form of disinvestment of UB Group's holding in MCF in their favour, and making good the purported losses arising on account of the alleged mis management of the affairs of MCF. The matter is pending before NCLT, Bangalore and is fixed for hearing on June 13, 2017.

29. Contingent Liabilities :

	2016-17	2015-16
A) Demand raised by Income tax authorities against which the Company has preferred appeals	2,58,55,540	81,36,030
B) The Company is one of the Claimant in an Arbitration matter against Zuari Fertilizers and Chemicals Ltd. (ZFCL) and Zuari Agro Chemicals Ltd. (ZACL), the respondents. The arbitration proceeds have been concluded and Arbitration Award dated May 8, 2017 is received by the Company through the legal counsels. The Arbitrator having dismissed the claim, has ordered the claimants to pay to the respondents as sum of ₹75 lacs which is contingent in nature and hence not recognized in books. The Company is examining the future course of action against this award.		

30. The Company does not have a Managing Director and a Chief Financial Officer. The affairs of the Company in the interregnum are monitored by executives of the Group, with the guidance of the Group Chairman.

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

32. Remuneration to Auditors :

	2016-17	2015-16
Statutory Audit	125,000	125,000
Limited Review & Certification of Corporate Governance	50,000	50,000
Certification Fees	27,500	-
<b>Total</b>	<b>202,500</b>	<b>175,000</b>

33. Segmental reporting :

Segment-wise business performance for the year ended March 31, 2017 is as follows:

**Primary Segment Information**

**1. Segment Revenue**

	31.03.2017	31.03.2016
Investments	93,40,696	13,563,441
Financial Services	-	93,036,713
<b>Total Revenue</b>	<b>93,40,696</b>	<b>106,600,154</b>

## 2. Segment Results

Investment	18,35,624	6,763,753
Financial Services	(4,35,05,072)	(78,412,768)
<b>Total Result</b>	<b>(4,16,69,447)</b>	<b>(68,049,015)</b>
Add : Other income	14,23,494	-
Add: Provision for doubtful loans and advances	4,92,52,995	150,926,605
Add: Advance no longer recoverable	158,77,10,261	1,657,277,723
Add: Diminution in value of investments	-	18,996,712
Less: Exceptional item : Profit on sale of pledged shares	146,61,41,592	1,897,386,112
<b>Loss before tax</b>	<b>(21,10,67,618)</b>	<b>(17,69,40,756)</b>

Other information	31.03.2017		31.03.2016	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Investments	308,347,436	Nil	359,203,959	Nil
Financial services	41,836,450	242,226,500	220,905,449	260,749,341

### Notes:

- Income under the segment 'investments' represents dividends received.
- Segment results represent profit / (loss) before tax, provision for doubtful loans & advances, advance no longer recoverable, diminution in value of investments and exceptional items.
- Segment assets include Non-Current Assets and Current Assets.
- Segment liabilities include Non-Current Liabilities and Current Liabilities.

### 34. Deferred tax

Particulars	2016-17	2015-16
Deferred Tax Asset in respect of		
Allowance for carried forward losses	117,97,67,393	620,410,140
<b>Total</b>	<b>117,97,67,393*</b>	<b>620,410,140*</b>

#### Note:

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

35. Related Party disclosure as required as per Accounting Standard (AS-18) are as below:

United Breweries (Holdings) Limited

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

Company	Particulars	FY 2016-17	FY 2015-16
United Breweries (Holdings) Limited	Opening Balance	15,09,26,606	61,64,08,460
	Interest Income	-	8,27,42,728
	Interest income received	4,77,00,000	4,07,00,000
	Security commission income	-	94,17,806
	Security commission received	-	-
	Finance (including loans in cash or in kind paid)	158,80,85,085	1,09,49,77,936
	Finance (including loans in cash or in kind received)	3,74,824	86,42,148
	Advances no longer recoverable	158,77,10,261	1,60,32,78,176
Balance outstanding	10,32,26,606	15,09,26,606	
Guarantee given	-	2,500 million	

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

<b>Earnings per Share (before exceptional items)</b>	<b>2016-17</b>	<b>2015-16</b>
Loss before exceptional items	<b>(8,94,98,948)</b>	(41,70,49,145)
Number of equity shares	<b>13,992,258</b>	13,992,258
Earnings per share (Basic)/(Diluted) – in ₹	<b>(6.40)</b>	(29.80)

<b>Earnings per Share (after exceptional items)</b>	<b>2016-17</b>	<b>2015-16</b>
Profit/(Loss) after exceptional items and tax	<b>(21,14,02,682)</b>	(213,940,756)
Number of equity shares	<b>13,992,258</b>	13,992,258
Earnings per share (Basic)/(Diluted) – in ₹	<b>(15.11)</b>	(15.29)

37. Figures for the previous year have been regrouped /reclassified where ever necessary.
38. Figures in the Balance Sheet, Statement of Profit and Loss and Schedules have been rounded off to the nearest rupee.

As per our report of even date.

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

**(S. Vishnumurthy)**  
Proprietor  
Membership No. 22715

Place : Bengaluru  
Date : 30th May 2017

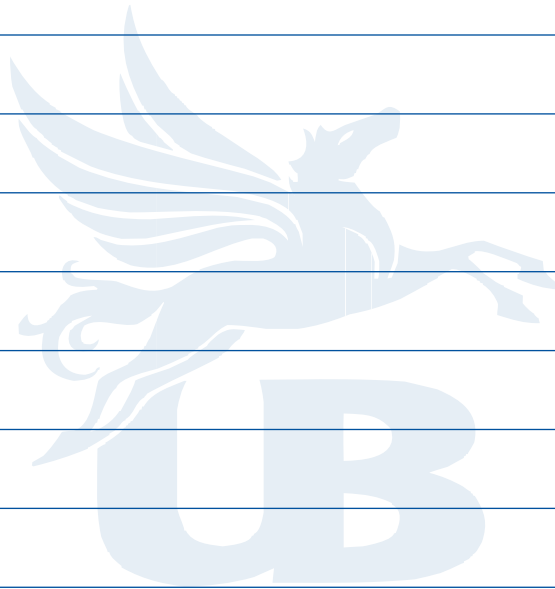
**M. S. Kapur**  
Director  
DIN : 00703815

**Nitin Kochhar**  
Director  
DIN : 03559734

**Tushita Patel**  
Director  
DIN : 07017591

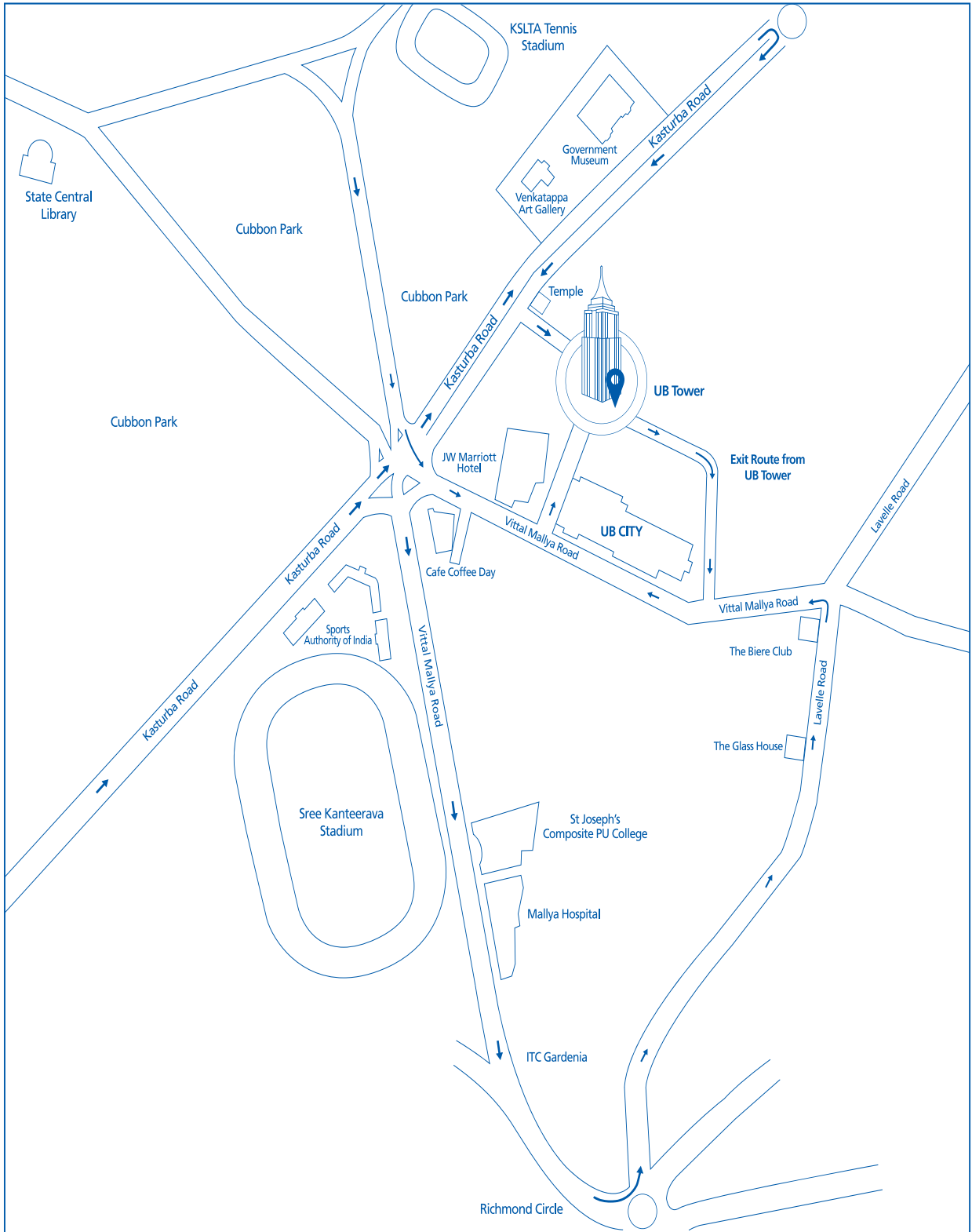
**Manoj Kumar**  
Company Secretary  
FCS : F6698

## NOTES



# ROUTE MAP

VENUE: CONFERENCE HALL, LEVEL 1, UB TOWER, UB CITY, # 24 VITTAL MALLYA ROAD, BENGALURU - 560 001.





*McDowell Holdings Limited*

CIN: L05190KA2004PLC033485

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

E-mail: [mhlinvestor@ubmail.com](mailto:mhlinvestor@ubmail.com) , Website: [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in)

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