



*McDowell Holdings Limited*

ANNUAL REPORT 2015 - 2016

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# McDOWELL HOLDINGS LIMITED

## Directors

Mr. N. Srinivasan *Independent Non Executive Director*

Mr. M. S. Kapur *Independent Non Executive Director*  
(from May 16, 2016)

Mr. Anil Pisharody *Non Executive Director*

Ms. Tushita Patel *Non Executive Director*

## President & Chief Financial Officer UB Group

Mr. Ravi Nedungadi  
(upto April 30, 2016)

## Company Secretary and Compliance Officer

Mr. Manoj Kumar

## Statutory Auditors

M/s Vishnu Ram & Co.,  
Chartered Accountants  
No.12, Margosa Road, Malleswaram,  
Bengaluru – 560 003

## Registered Office

UB Tower, Level - 12, UB City,  
No. 24 Vittal Mallya Road,  
Bengaluru – 560 001

## Registrars and Share Transfer Agent

Integrated Enterprises (India) Limited  
No. 30, Ramana Residency,  
4<sup>th</sup> Cross, Malleswaram,  
Bengaluru – 560 003

## TO THE MEMBERS,

The Directors have pleasure in presenting the Twelfth Annual Report of the Company along with Audited Accounts for the year ended 31<sup>st</sup> March, 2016.

Financial Performance for the year ended 31<sup>st</sup> March, 2016:

Particulars	For the Financial Year Ended	
	31.03.2016 (₹)	31.03.2015 (₹)
Income	10,66,00,154	14,08,85,782
Less : Expenditure	17,46,49,169	15,08,11,143
<b>Loss before Provisions, write off and diminution in value of investments</b>	<b>(6,80,49,015)</b>	<b>(99,25,361)</b>
Less : Provision for doubtful advances	15,09,26,605	10,97,82,640
Less : Advances no longer recoverable	1,65,72,77,723	-
Less : Diminution in value of investments	19,80,73,525	-
<b>Loss before tax and exceptional item</b>	<b>(2,07,43,26,868)</b>	<b>(11,97,08,001)</b>
Exceptional item : Profit on sale of pledged shares	1,89,73,86,112	17,42,87,937
<b>Profit / (Loss) before Tax</b>	<b>(1,69,40,756)</b>	<b>5,45,79,936</b>
Tax Expense (MAT)	3,70,00,000	Nil
<b>Profit / (Loss) After Tax</b>	<b>(21,39,40,756)</b>	<b>5,45,79,936</b>
Less : Transfer to statutory reserve	-	1,09,15,987
<b>Surplus / (Deficit) carried to Balance Sheet</b>	<b>(21,39,40,756)</b>	<b>4,36,63,949</b>

## Dividend

In view of the losses during the financial year, no dividend has been recommended for the financial year ended 31<sup>st</sup> March, 2016.

## Operations of the Company

The total income of the Company during the financial year under review has decreased to Rs. 10,66,00,154 against Rs. 14,08,85,782 in the previous financial year. The total expenditure during the year was Rs. 17,46,49,169 against Rs. 15,08,11,146 in the previous financial year resulting in a loss of Rs. 6,80,49,015 as compared to loss of Rs. 99,25,361 during the previous year.

In a significant development during the year under review, one of the lender bank, in whose favour one of the Company's investment was pledged, had sold the pledged shares resulting in a profit of Rs. 1,89,73,86,112. The Directors after critical review of the recoverability of certain loans & advances have written off Rs. 1,65,72,77,723 and provided for accrued interest and other dues amounting to Rs. 15,09,26,605. The Directors have also provided for the diminution in the value of investment amounts to Rs. 19,80,73,525 in a group company, which has been registered with the Board of Industrial and Financial Reconstruction under Section 15 of Sick Industrial Companies (SP) Act, 1985. The net effect of these is a net loss of Rs. 21,39,40,756.

Pursuant to the corporate guarantee given by the Company on behalf of the group companies borrowings, the lender bank has invoked the corporate guarantee and has demanded repayment of such dues to it by the borrowing group companies amounting to Rs. 208 Cr. The borrower group companies are in negotiation with the lender bank for restoration of facilities and in meanwhile they are servicing their obligation.

## Report of the Directors (Contd.)

### Market Value of Company's Investment

The market value of the Company's investment stocks is at Rs. 710 Cr., which is significantly higher than that of any potential financial exposure of the Company in future.

### Future Prospects

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

As the Company does not have minimum prescribed net owned fund, capital risk adequacy ratio etc. The Reserve Bank of India has advised the Company to apply for reclassification of the Company as a Core Investment Company, which is being addressed.

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

### Registration with Reserve Bank of India (RBI) as Non-banking Financial Company

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

Certain regulatory financial requirements prescribed under the said Act and Regulations made there under, could not be met by the Company. The matter is being addressed by the Board of Directors.

### Directors and Key Managerial Personnel

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

- i. Mr. M S Kapur (DIN: 00703815) was appointed as the Additional Director designated as Independent Director on the Board of the Company with effect from 16<sup>th</sup> May 2016. 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. M S Kapur as a candidate for the office of Independent Director of the Company.
- ii. Mr. M S Reddy, Director resigned from the Board of the Company w.e.f. 7<sup>th</sup> April, 2016. The Board records its appreciation for the service rendered by him during his tenure as Director.

Mr. Ritesh Shah, Company Secretary, resigned as Company Secretary and Compliance Officer w.e.f 12<sup>th</sup> June, 2015. Mr. Manoj Kumar was appointed as a Company Secretary and Compliance Officer of the Company w.e.f., 14<sup>th</sup> August, 2015.

The Company presently does not have a Managing Director and a Chief Financial Officer. The only Key Managerial Personnel of the Company is the Company Secretary.

The affairs of the Company for the year under review were monitored by the Group Chairman under the guidance of the Group Chief Financial Officer.

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 various 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;

- (c) proper and sufficient care have 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;
- (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) Ratification of 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 Meetings. The Company has received a letter from them to the effect that ratification, if made at the ensuing Annual General Meeting would be within the prescribed limits under Section 139 of the Companies Act, 2013.

#### (b) Auditors 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 – all these have been explained in the relevant Notes to Accounts.

### Corporate Governance & Management Discussion and Analysis Report

Pursuant to the erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations') a report on Corporate Governance and Management Discussion and Analysis Report is attached to this Report.

The Auditors' Certificate confirming compliance of conditions of Corporate Governance is appended to this report and CEO/ CFO Certificate as required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 signed by a Director of the Company is obtained.

### 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.

#### Declaration by Independent Directors

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

## Report of the Directors (Contd.)

### 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, Board of Directors and 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 Rule 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 period 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 to assume and execute responsibility as a corporate citizen towards the society at large. Since the average net profit of the Company in the preceding three financial years was negative, the Company has not carried out any CSR expenditure during the period 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 Company has appointed Mr. Sudhir Hulyalkar, Company Secretary in Practice having Certificate of Practice No. 6137 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 and Board response

- i. Efforts are still on for appointment of a suitable candidate for the position of the Managing Director and Chief Financial Officer.
- ii. Measures for compliance of the provisions under Section 117 of the Companies Act, 2013 are being taken.
- 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 issue of the same from a Director of the Company.
- iv. The matters relating to the non fulfilment of certain regulatory financial requirements prescribed under the Reserve Bank of India Act are being addressed by the Board of Directors.

### Internal Control System

The Internal Control System is effectively done by the Sr. Vice President – Finance & Accounts of the Group Company, who is also a Director in the Company. The Internal Auditor of the Company, on regular basis reviews the Internal Control System.

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 Control 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 ascertain any adverse observation.

### **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 enclosed as **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 said policy is available in the Company website, <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. The Bangalore Stock Exchange has been derecognised under the relevant provisions of the Securities and Exchange Board of India Act, 1992 and the Securities Contracts (Regulation) Act, 1956.

### **Extract of Annual Return**

An extract of Annual Return in Form MGT-9 as on March 31, 2016 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 enclosed as **Annexure - E** to this report. However no Managing Director and CFO were appointed during the period under review.

### **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 has been no related party transaction during the year under review, except for certain transaction exempted under Section 186 of the Companies Act, 2013. The Board had approved policy on Related Party Transactions. The policy has been uploaded on the Company's website: <http://www.mcdowellholdings.co.in>.

### **Familiarisation Programme for Independent Directors**

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

### **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,



## Report of the Directors (Contd.)

technology absorption do not apply to the Company, as the Company is not engaged in the manufacturing activities. Further there has not been any foreign exchange earnings or outgo during the period under review.

### **Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company**

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**

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

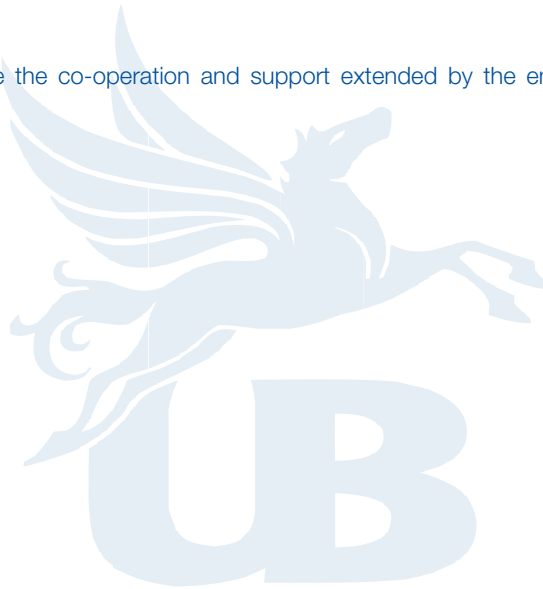
### **Acknowledgement**

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

**By order of the Board**

Place : Bengaluru  
Date : 04-07-2016

**N Srinivasan**  
Chairman  
[DIN: 00004195]



## 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 to Report of the Directors (Contd.)

### ANNEXURE – B

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2016**  
**[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 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, 2016, 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, 2016 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) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (No instances for compliance requirements during the year).
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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. *As mentioned in my report for the financial year ended on March 31, 2015, 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. *As prescribed under Section 403 of the Act, there has been an instance of delay beyond 270 days from due date for filing resolutions with the Registrar of Companies, under Section 117 of the Act in Form MGT -14. In Order to enable the Company to comply this, the Company is hereby advised to file necessary application with the Central Government under Section 460 of the Act for condoning the delay and complete the necessary filings with the Registrar of Companies.*
3. *The Company has obtained the certificate under Clause 49 (IX) and declaration under Clause 49 (II) (E) of the erstwhile listing agreement for the financial year ended on March 31, 2015 by the Chairman to the Board instead of and in absence of Chief Executive Officer or Managing Director or Manager or whole-time director and Chief Financial Officer.*
4. *As mentioned in my report for the financial year ended on 31/03/2015, the Company did not have minimum prescribed net owned funds, minimum prescribed Capital Risk Adequacy Ratio and loans made by the Company to a single borrower and single group were not as per the prescribed limits. The Reserve Bank of India (RBI) has also carried an inspection under Section 45N of the RBI Act, 1934 and has advised the Company to apply to RBI for reclassification of the Company as a Core Investment Company.*

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 and also in the cases wherever the matters other than agenda items were considered, the requisite compliance of Section 173 of the Act and Para 1.3 of Secretarial Standard 1 were carried out 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.

All the decisions carried through without dissent by any members are recorded in the minutes.

I further report that, subject to my observation as above for the requirement of internal auditors, there are adequate systems and processes in the Company commensurate 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 no specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place : Bengaluru  
Date : 04-07-2016

**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 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 - D

### MGT 9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

[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 560001; Contact No. : +91-80-39856500; Fax No. +91-80-22274890.
vi)	Whether listed company Yes / No	Yes
vii)	Name, Address and Contact details of Registrar and Share Transfer Agent, if any	Integrated Enterprises (India) 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 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
		Demat	Physical	Total number of Shares	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
	1. Indian									
	(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.	25,17,390	0	25,17,390	17.99	25,17,390	0	2517390.00	17.99	0.00
	(v) Banks/FIs	0	0	0	-	0	0	0	-	0.00
	(vi) Any Other	0	0	0	-	0	0	0	-	0.00
	Sub-Total (A)(1)	25,17,392	0	25,17,392	17.99	25,17,392	0	25,17,392	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 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total number of Shares	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other-Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<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	12,88,028	-	12,88,028	9.21	688	0.00	688	0.00	-9.20
(b) Banks/FI	514	3,579	4,093	0.03	514	3,579	4,093	0.03	-
(c) Central Govt.	20	0	20	0.00	20	0	20	0.00	-
(d) State Govt.(s)	0	0	0	-	0	0	0	0	-
(e) Venture Capital Funds	0	0	0	-	0	0	0	0	-
(f) Insurance Companies	0	0	0	-	0	0	0	0	-
(g) FIIs	42,99,919	0	42,99,919	30.73	29,58,010	0	29,58,010	21.14	-9.59
(h) Foreign Venture Capital Funds	0	0	0	-	0	0	0	0	-
(i) Others (specify) QFI	0	0	0	-	0	0	0	0	-
<b>Sub-Total (B)(1)</b>	<b>55,88,481</b>	<b>3,579</b>	<b>55,92,060</b>	<b>39.97</b>	<b>29,59,232</b>	<b>3,579</b>	<b>29,62,811</b>	<b>21.17</b>	<b>-18.79</b>
<b>2. Non-Institutions</b>									
(a) Bodies Corp.									
i) Indians	10,10,036	5,050	10,15,086	7.25	11,16,719	5,030	11,21,749	8.02	0.76
ii) Overseas	0	0	0	-	0	0	0	0	-
(b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 Lakh	32,06,100	3,24,666	35,30,766	25.23	46,22,442	3,14,182	49,36,624	35.28	10.05
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	7,38,649	0	7,38,649	5.28	16,94,252	0	16,94,252	12.11	6.83
iii) Others				-				-	-
Trust	13,235	0	13,235	0.09	13,235	0	13,235	0.09	-
NRI	3,85,143	1,18,266	5,03,409	3.60	4,31,713	1,16,650	5,48,363	3.92	0.32
Clearing Member	80,852	0	80,852	0.58	1,97,023	0	1,97,023	1.41	0.83
Overseas Corporate Bodies	-	809	809	0.01	0.00	809	809	0.01	-
Unclaimed Suspense Account	0	0	0	-	0	0	0	0	-
<b>Sub-Total (B)(2)</b>	<b>54,34,015</b>	<b>4,48,791</b>	<b>58,82,806</b>	<b>42.04</b>	<b>80,75,384</b>	<b>4,36,671</b>	<b>85,12,055</b>	<b>60.83</b>	<b>18.79</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1,10,22,496</b>	<b>4,52,370</b>	<b>1,14,74,866</b>	<b>82.01</b>	<b>1,10,34,616</b>	<b>4,40,250</b>	<b>1,14,74,866</b>	<b>82.01</b>	<b>0.00</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>1,35,39,888</b>	<b>4,52,370</b>	<b>1,39,92,258</b>	<b>100.00</b>	<b>1,35,52,008</b>	<b>4,40,250</b>	<b>1,39,92,258</b>	<b>100.00</b>	<b>0.00</b>

### (ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2015)			Shareholding at the end of the year (As on 31.03.2016)			% 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	2027707	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	2027707	14.49	01/04/2015 to 31/03/2016	0.00	No movement during the year	2,027,707	14.49
2	UNITED BREWERIES HOLDINGS LIMITED	489482	3.50		0.00		489482	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 01/04/2015		Date of Change	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during FY 2015-16	
		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	01.04.2015	0.00	No movement during the year	776,269	5.55
				31.03.2016			776,269	5.55
2	ROUTE ONE FUND I, L.P.	696,146	4.98	01.04.2015	0.00	No movement during the year	696,146	4.98
				31.03.2016			696,146	4.98
3	ROUTE ONE OFFSHORE MASTER FUND L.P.	613,202	4.38	01.04.2015	0.00	NA	613,202	4.38
		652,497	0.45	08.05.2015	39295.00	BOUGHT	652,497	4.66
				31.03.2016			652,497	4.66



# Annexure to Report of the Directors (Contd.)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the period 01/04/2015		Date of Change	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during FY 2015-16	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
4	ACACIA INSTITUTIONAL PARTNERS, LP	488,709	3.49	01.04.2015	0.00	No movement during the year	488,709	3.49
				31.03.2016			488,709	3.49
5	LKP FINANCE LIMITED	-	0.00	01.04.2015	0.00	NA	-	0.00
		309,308	0.21	17.04.2015	309308.00	BOUGHT	309,308	2.21
				31.03.2016			309,308	2.21
6	SURESH POONATI	250,322	0.17	01.04.2015	0.00	NA	250,322	1.79
		249,339	0.17	03.04.2015	-983.00	SOLD	249,339	1.78
		233,313	0.16	10.04.2015	-16026.00	SOLD	233,313	1.67
		182,551	0.13	17.04.2015	-50762.00	SOLD	182,551	1.30
		176,243	0.12	24.04.2015	-6308.00	SOLD	176,243	1.26
		176,404	0.12	01.05.2015	161.00	BOUGHT	176,404	1.26
		184,815	0.13	08.05.2015	8411.00	BOUGHT	184,815	1.32
		189,266	0.13	15.05.2015	4451.00	BOUGHT	189,266	1.35
		216,274	0.15	22.05.2015	27008.00	BOUGHT	216,274	1.55
		218,111	0.15	29.05.2015	1837.00	BOUGHT	218,111	1.56
		219,814	0.15	05.06.2015	1703.00	BOUGHT	219,814	1.57
		225,272	0.16	12.06.2015	5458.00	BOUGHT	225,272	1.61
		245,424	0.17	03.07.2015	20152.00	BOUGHT	245,424	1.75
		244,318	0.17	10.07.2015	-1106.00	SOLD	244,318	1.75
		251,941	0.17	17.07.2015	7623.00	BOUGHT	251,941	1.80
		221,221	0.17	31.07.2015	-30720.00	SOLD	221,221	1.58
		52,309	0.04	07.08.2015	-168912.00	SOLD	52,309	0.37
		129,815	0.09	14.08.2015	77506.00	BOUGHT	129,815	0.93
		131,515	0.09	21.08.2015	1700.00	BOUGHT	131,515	0.94
		134,465	0.09	28.08.2015	2950.00	BOUGHT	134,465	0.96
		146,424	0.09	04.09.2015	11959.00	BOUGHT	146,424	1.05
		151,464	0.10	25.09.2015	5040.00	BOUGHT	151,464	1.08
		152,164	0.10	23.10.2015	700.00	BOUGHT	152,164	1.09
153,864	0.10	13.11.2015	1700.00	BOUGHT	153,864	1.10		
215,969	0.11	11.12.2015	62105.00	BOUGHT	215,969	1.54		
215,969	0.15	18.12.2015	0.00		215,969	1.54		
226,969	0.16	31.12.2015	11000.00	BOUGHT	226,969	1.62		
241,546	0.17	01.01.2016	14577.00	BOUGHT	241,546	1.73		
256,924	0.18	08.01.2016	15378.00	BOUGHT	256,924	1.84		
257,424	0.18	15.01.2016	500.00	BOUGHT	257,424	1.84		
258,154	0.18	22.01.2016	730.00	BOUGHT	258,154	1.84		
264,575	0.18	29.01.2016	6421.00	BOUGHT	264,575	1.89		
268,407	0.18	05.02.2016	3832.00	BOUGHT	268,407	1.92		
271,807	0.19	12.02.2016	3400.00	BOUGHT	271,807	1.94		
274,307	0.19	19.02.2016	2500.00	BOUGHT	274,307	1.96		
				31.03.2016			274,307	1.96
7	ACACIA BANYAN PARTNERS	243,480	0.17	01.04.2015	0.00	No movement during the year	243,480	1.74
				31.03.2016			243,480	1.74

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the period 01/04/2015		Date of Change	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during FY 2015-16	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
8	Milky Investment And Trading Company	160,935	0.11	01.04.2015	0.00	No movement during the year	160,935	1.15
				31.03.2016			160,935	1.15
9	THOTA BIKSHAPATHI	-	0.00	01.04.2015	0.00	NA	-	0.00
		7,518	0.01	07.08.2015	7518.00	BOUGHT	7,518	0.05
		7,799	0.01	14.08.2015	281.00	BOUGHT	7,799	0.06
		8,538	0.01	21.08.2015	739.00	BOUGHT	8,538	0.06
		13,799	0.01	28.08.2015	5261.00	BOUGHT	13,799	0.10
		16,799	0.01	04.09.2015	3000.00	BOUGHT	16,799	0.12
		21,799	0.01	04.12.2015	5000.00	BOUGHT	21,799	0.16
		28,999	0.02	11.12.2015	7200.00	BOUGHT	28,999	0.21
		29,999	0.02	18.12.2015	1000.00	BOUGHT	29,999	0.21
		30,999	0.02	25.12.2015	1000.00	BOUGHT	30,999	0.22
		54,999	0.04	31.12.2015	24000.00	BOUGHT	54,999	0.39
		61,999	0.04	08.01.2016	7000.00	BOUGHT	61,999	0.44
		77,999	0.05	15.01.2016	16000.00	BOUGHT	77,999	0.56
		86,999	0.06	22.01.2016	9000.00	BOUGHT	86,999	0.62
		89,998	0.06	19.02.2016	2999.00	BOUGHT	89,998	0.64
		88,998	0.06	26.02.2016	-1000.00	SOLD	88,998	0.64
		98,998	0.07	04.03.2016	10000.00	BOUGHT	98,998	0.71
		108,999	0.08	11.03.2016	10001.00	BOUGHT	108,999	0.78
		110,999	0.08	18.03.2016	2000.00	BOUGHT	110,999	0.79
						31.03.2016		
10	SUDHISH CHUGH	-	0.00	01.04.2015	0.00	NA	-	0.00
		51,000	0.04	06.11.2015	51000.00	BOUGHT	51,000	0.36
		55,500	0.04	13.11.2015	4500.00	BOUGHT	55,500	0.40
		58,500	0.04	20.11.2015	3000.00	BOUGHT	58,500	0.42
		59,500	0.04	04.12.2015	1000.00	BOUGHT	59,500	0.43
		60,000	0.04	11.12.2015	500.00	BOUGHT	60,000	0.43
		61,000	0.04	18.12.2015	1000.00	BOUGHT	61,000	0.44
		61,500	0.04	25.12.2015	500.00	BOUGHT	61,500	0.44
		62,500	0.04	08.01.2016	1000.00	BOUGHT	62,500	0.45
		67,500	0.05	15.01.2016	5000.00	BOUGHT	67,500	0.48
		88,424	0.06	29.01.2016	20924.00	BOUGHT	88,424	0.63
		88,624	0.06	19.02.2016	200.00	BOUGHT	88,624	0.63
		129,612	0.09	26.02.2016	40988.00	BOUGHT	129,612	0.93
		134,672	0.09	11.03.2016	5060.00	BOUGHT	134,672	0.96
		135,172	0.09	18.03.2016	500.00	BOUGHT	135,172	0.97
		137,372	0.09	25.03.2016	2200.00	BOUGHT	137,372	0.98
						31.03.2016		

# Annexure to Report of the Directors (Contd.)

## (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	Nil	Nil	Nil	Nil
2.	Mr. M. S. Reddy	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

(Rs. In million)

Sl. No	Particulars	Secured loans (Excluding deposits)	Unsecured loans	Deposits	Total
1	<b>Opening Balance 1.4.2015</b>				
	i) Principal amount	500.00	200.00	-	700.00
	ii) Interest due but not paid	-	2.75	-	2.75
	iii) Interest accrued but not due	94.72	-	-	94.72
	<b>Total (i+ii+iii)</b>	<b>594.72</b>	<b>202.75</b>	<b>-</b>	<b>797.47</b>
2	<b>Change in Indebtedness during the financial year</b>				
	<b>Addition :</b>				
	i) Principal amount	-	-	-	-
	ii) Interest due but not paid	-	32.49	-	32.49
	iii) Interest accrued but not due	112.46	-	-	112.46
	<b>Reduction :</b>				
	i) Principal amount	-	-	-	-
	ii) Interest due but not paid	-	29.91	-	29.91
	iii) Interest accrued but not due	207.17	-	-	207.17
	<b>Net Change :</b>				
	i) Principal amount	(500.00)	-	-	(500.00)
	ii) Interest due but not paid	-	5.33	-	5.33
	iii) Interest accrued but not due	(207.17)	-	-	(207.17)
3	<b>Closing Balance 31.3.2016</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>-</b>	<b>205.33</b>	<b>-</b>	<b>205.33</b>

## 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 (Rs.)
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: \*\*

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount (Rs.)
		M S Reddy*	N. Srinivasan	Anil Pisharody	Tushita Patel	
<b>1</b>	<b>Independent Directors</b>					
	• Fee for attending board / committee meetings	2,20,000	2,00,000	-	-	4,20,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	2,20,000	2,00,000	-	-	4,20,000
<b>2.</b>	<b>Other Non-executive Directors</b>					
	• Fee for attending board / committee meetings	-	-	2,00,000	80,000	2,80,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	-	-	2,00,000	80,000	2,80,000
	Total =(1+2)	2,20,000	2,00,000	2,00,000	80,000	7,00,000
	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.				

\* Resigned w.e.f. April 07, 2016

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

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD \*\*\*

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total (Rs)
		Mr. Ritesh Shah (Company Secretary)	Mr. Manoj Kumar (DGM Legal & Company Secretary)	
1.	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	709074	1445859	2154933
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	46063	270431	316494
(c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
	- as % of profit	0	0	0
	- others, specify...	0	0	0
	Total	769947	1662487	2432434

\*\*\* Mr. Manoj Kumar was appointed as DGM -Legal and Company Secretary w.e.f. 14th August, 2015 and Mr. Ritesh Shah resigned as Company Secretary of the Company w.e.f 12th June, 2015.

## 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					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

By order of the Board

Place : Bengaluru  
Date : 04-07- 2016

N Srinivasan  
Chairman  
[DIN 00004195]

### 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.

### 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 meeting 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 standard 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 to Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board comprises of two Independent Directors and two Non-Executive Directors, which includes a women 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 during the year 2015-16 and the last Annual General Meeting and details of number of outside Directorship and Committee position held by each of the Directors as on date are given below:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 28.09.2015	No. of Directorship in other public companies	No of committees (other than the company) in which Chairman / Member
Mr. N. Srinivasan	Independent Non-Executive Director (Chairman)	6	Yes	8	8 (Chairman of 5)
Mr. M S Reddy*	Independent Non-Executive Director	6	Yes	4	Nil
Mr. Anil Pisharody	Non Executive Director	6	Yes	3	Nil
Ms. Tushita Patel	Non-Executive Director	5	Yes	1	Nil
Mr. M S Kapur**	Independent Non-Executive Director	NA	NA	7	7 (Chairman of 3)

\* Mr. M S Reddy resigned from the Board with effect from April 07, 2016.

\*\* Mr. M S Kapur was appointed as the Director of the Company w.e.f. May 16, 2016.

### Note:

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

During the financial year under review, six board meetings were held i.e. on May 29, 2015, August 14, 2015, September 28, 2015, November 05, 2015, February 05, 2016, March 31, 2016. Necessary quorum was present in all the meetings and the gap between two consecutive meeting did not exceed 120 days.

### **Committees of the Board**

The Board of Directors has constituted the 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, erstwhile Clause 49 (III) (D) of the Listing Agreement with Stock Exchanges and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Members of the Audit Committee possess financial / accounting expertise / exposure.

Mr. M S Reddy resigned from the Board of the Company w.e.f. 7<sup>th</sup> April, 2016 and thus ceased to be member of the Audit Committee from such date. The Audit Committee was reconstituted on 16<sup>th</sup> May, 2016 to induct Mr. M S Kapur to occupy the vacancy arising out of the resignation of Mr. M S Reddy and it presently comprises of the following Directors.

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Mr. M S Kapur	Chairman	Independent Non-Executive Director
Mr. N Srinivasan	Member	Independent Non-Executive Director
Mr. Anil Pisharody	Member	Non-executive Director

The Committee, inter alia, has reviewed the financial statements for the year ended March 31, 2015 and has recommended its adoption. In addition the Committee has also reviewed the unaudited financial results for the quarter June 30, 2015, quarter and half year September 30, 2015, quarter and nine months December 31, 2015 which were subject to limited review by the Statutory Auditors of the Company and the Audited Financial Results for the year ended on March 31, 2016.

The Statutory, Internal Auditors and President and CFO of UB Group were invited to attend the Audit Committee meetings. The Company Secretary acts as the Secretary to the Committee.

During the period under review, four meetings of the Audit Committee were held i.e. on May 29, 2015, August 14, 2015, November 05, 2015 and February 02, 2016. The quorum was present in all the meeting 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 2015-16 are as follows:

<b>Name</b>	<b>Designation</b>	<b>Category</b>	<b>Meetings held during 2015-16</b>
Mr. M S Reddy	Chairman	Independent Non-Executive Director	4
Mr. N Srinivasan	Member	Independent Non-Executive Director	4
Mr. Anil Pisharody	Member	Non-executive Director	4

#### **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, erstwhile Clause 49 of the Listing Agreement with Stock Exchanges and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.



The Nomination and Remuneration Committee was reconstituted on 16<sup>th</sup> May, 2016 to induct Mr. M S Kapur to occupy the vacancy arising out of the resignation of Mr. M S Reddy and it presently comprises of the following Directors.

Name	Designation	Category
Mr. M S Kapur	Chairman	Independent Non-Executive Director
Mr. N Srinivasan	Member	Independent Non-Executive Director
Mr. Anil Pisharody	Member	Non-executive Director

## Terms of Reference

The role of the Committee is inter alia, to consider and recommend persons who are qualified for Board positions, evaluate 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 also 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 period under review the Nomination and Remuneration Committee met on 29<sup>th</sup> May, 2015 & 14<sup>th</sup> August, 2015. The quorum was present in both the meeting The composition and attendance of Members at the Meetings of the Nomination and Remuneration Committee held during 2015-16 are as follows:

Name	Designation	Category	Meetings held during 2015-16
Mr. M S Reddy	Chairman	Independent Director	2
Mr. N Srinivasan	Member	Independent Director	2
Mr. Anil Pisharody	Member	Non-executive Director	2

## 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, erstwhile Clause 49 (VIII) (E) (4) of the Listing Agreement with the Stock Exchanges and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Stakeholders Relationship Committee reviews all matters connected transfer of shares lodged for transfer, 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 Enterprises (India) Limited, Bengaluru, have adequate infrastructure to process the above mentioned activities.

The Stakeholders Relationship Committee was reconstituted on 16<sup>th</sup> May, 2016 and it 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
Mrs. Tushita Patel	Member	Non-executive Director

During the financial year, the Committee met on 24<sup>th</sup> December, 2015 and 5<sup>th</sup> February, 2016. The composition and attendance of Members at the meetings of the Stakeholders Relationship Committee held during 2015-16 are as follows:

Name	Designation	Category	Meetings held during 2015-16	Meetings attended
Mr. M S Reddy	Chairman	Independent Non-Executive Director	2	2
Mr. Anil Pisharody	Member	Non-executive Director	2	2

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

During the year under review one complaint was received from the shareholders/investors, which were replied / resolved to their satisfaction. There was no complaint pending as on 31<sup>st</sup> March, 2016. The Company has not received any investors complaints through SEBI or stock exchanges or investors associations.

### Corporate Social Responsibility (CSR)

The Company has constituted a Corporate Social Responsibility Committee to assume and execute responsibility as a corporate citizen towards the society at large. The Committee was reconstituted on 16<sup>th</sup> May, 2016 and it presently comprises of the following Directors:

Mr. M S Kapur (Chairman)	Independent Non-Executive Director
Mr. N Srinivasan	Independent Non-Executive Director
Mr. Anil Pisharody	Non-Executive Director

The Company had no occasion to meet during the period under review in absence of net profit as computed under Section 135 of the Companies Act, 2013 and rules made there under.

### Compliance Officer:

Mr. Ritesh Shah Company Secretary resigned on 12<sup>th</sup> July 2015. Mr. Manoj Kumar, was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 14<sup>th</sup> August, 2015 for the purpose of complying with various provisions of Securities and Exchange Board of India Regulations, Listing Regulations, Companies Act, 1956 & Companies Act, 2013 and for monitoring the share transfer process etc. His email address is manojkumar@ubhl.in the Company Secretary is Secretary to all other committees of Board.

### Remuneration of Directors and their share holdings 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 (Rs.)
Mr. N. Srinivasan	2,00,000
Mr. M Sreenivasulu Reddy*	2,20,000
Mr. Anil Pisharody	2,00,000
Ms. Tushita Patel	80,000

\* Resigned with effect from 7<sup>th</sup> April, 2016

c) Particulars of equity shares of the Company currently held by the Directors are furnished below:

Name of the Director	No. of Equity Shares held
Mr. N Srinivasan	Nil
Mr. M Sreenivasulu Reddy	Nil
Mr. Anil Pisharody	Nil
Ms. Tushita Patel	Nil
Mr. M S Kapur*	Nil

\*Appointed as an Non-executive Independent Director w.e.f. 16<sup>th</sup> May, 2016.

## General Body Meetings

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

Financial Year ended	Date	Time	Venue
March 31, 2013	September 24, 2013	4.30 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bengaluru – 560 025
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, 201	02.30 a.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 past three Annual General Meetings:

AGM held on	Subject matter of the Special Resolution
September 28, 2015	Nil
September 30, 2014	Authorisation under Section 180 (1) (c) to borrow money and for creation of charge/mortgage under Section 180 (1) (a) of the Companies Act, 2013.
September 24, 2013	Nil

All the resolutions set out in the Notices, including Special Resolution, 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 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 Twelfth 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. At this meeting also, there is no special resolution requiring passing by way of Postal Ballot.

### **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 Transaction**

There has not been any related party transaction during the year under review, except that of certain transaction exempted under Section 186 of the Companies Act, 2013. The Board had approved policies on Related Party Transactions and the same is uploaded on the Company's website : <http://www.mcdowellholdings.co.in>

#### **CEO/CFO Certification**

A certificate from CEO/CFO to the Board pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been obtained from the Director, since presently the Company has neither a Managing Director nor Manager nor a Chief Financial Officer.

#### **Share Capital**

Authorised Share Capital of the Company stands at Rs. 15,00,00,000 comprising of 150, 00,000 equity share of Rs. 10 each and the issued, subscribed and paid up capital of the Company as on 31<sup>st</sup> March, 2016 remain unchanged at Rs. 13,99,22,580 comprising of 1,39,92,258 equity shares of Rs. 10 each.

#### **Cash Flow Statement**

Cash Flow statement for the year ended 31<sup>st</sup> March, 2016 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 Service (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 Listing Regulations 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, 2016 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 SEBI (Prevention of Insider Trading) Regulations, 2015 and the same is posted on the Company website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in) .

These code are 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 Audit Committee.

### **Details of non-compliance**

There were no instances of non-compliance by the Company with any legal requirements nor have there have been any strictures passed by Stock Exchange 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 report confirms 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 all the Stock Exchanges, where the equity shares of the Company are listed. The results are normally published in 'Business Standard, (English Daily) and 'Vijaya Karnataka' (Kannada Daily). The results are also displayed on the Company's Website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in)

### **Designated e-mail ID for investors 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 its redressal.

## General Shareholder Information

a)	AGM Date, Time and Venue	Thursday, September 29, 2016, at 3:15 PM 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 14th
	Second Quarterly Results	By November 14th
	Third Quarterly Results	By February 14th
	Audited Financial Results	By May 30th
c)	Dates of Book Closure	Friday, 23rd September, 2016, to Thursday, 29th September, 2016 (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) 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	As per Annexure II.
j)	Registrar and Share Transfer Agent	Integrated Enterprises (India) Limited Registered Office: 30, Ramana Residency, 4 <sup>th</sup> Cross, Sampige Road, Malleswaram, Bengaluru 560 003 Tel. nos. (080) 2346 0815 – 0818 Fax no. (080) 2346 0819 E-mail id : bglsta@integratedindia.in
k)	Share Transfer System	In addition to the Committee of Directors, the Board has also authorized a Director and Company Secretary to jointly approve Share Transfer, Transmission etc., upto a specific limit as indicated under the heading Shareholders / Investors Grievance Committee. The requirements under the Listing Regulations / Statutory regulations in this regard are being followed.
l)	Distribution of Shareholding	As per Annexure-III
m)	Dematerialisation of shares	As on March 31, 2016, 96.85 .% of the paid-up share capital was held in dematerialized form.
n)	Outstanding GDRs/ ADRs / Warrants or any other Convertible instruments	N.A.
o)	Plant Locations	N.A.
p)	Address for correspondence	Shareholder correspondence should be addressed to the Company's Registrars and Share Transfer Agent: Integrated Enterprises (India) Limited Registered Office: 30, Ramana Residency, 4 <sup>th</sup> Cross, Sampige Road, Malleswaram, Bengaluru 560 003. Tel. Nos. (080) 2346 0815-818, Fax No.080 2346 0819 ; E-mail id : bglsta@integratedindia.in  Investors may also write 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

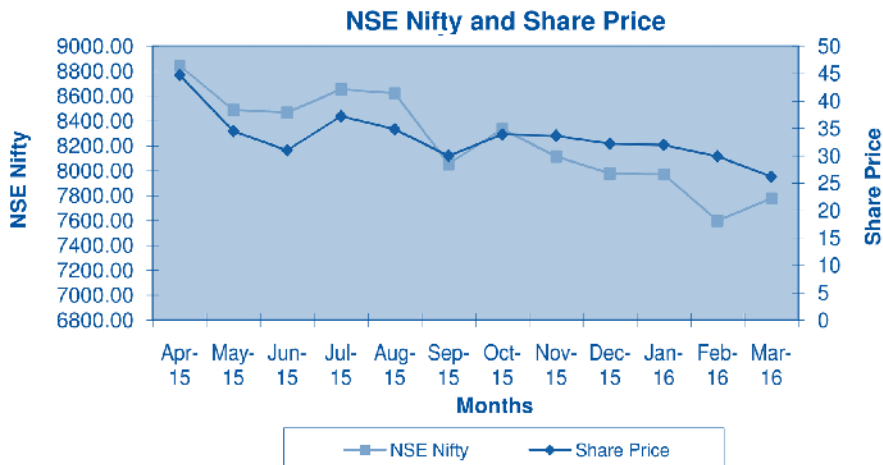
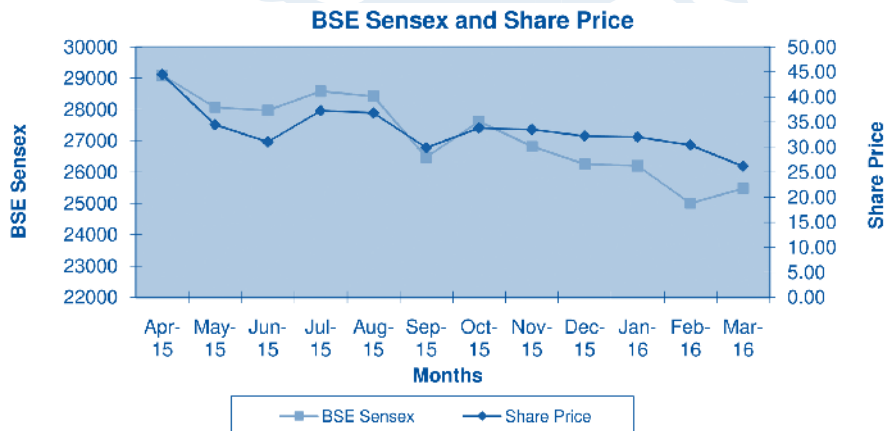
ANNEXURE -I

MARKET PRICE DATA OF MCDOWELLS HOLDINGS LIMITED

Monthly BSE				Monthly NSE			
Month	High Price	Low Price	No .of Shares	Month	High Price	Low Price	No of Shares
Apr-15	44.50	28.45	463087	Apr-15	44.75	28.10	1302869
May-15	34.45	30	97982	May-15	34.50	30.00	276019
Jun-15	31.00	25.1	47161	Jun-15	31.00	24.50	192119
Jul-15	37.25	27.25	1059724	Jul-15	37.20	27.15	3405343
Aug-15	36.80	21	694013	Aug-15	34.85	21.25	2270806
Sep-15	29.85	21.5	235341	Sep-15	30.00	22.00	1001852
Oct-15	33.80	24.65	1497691	Oct-15	33.90	24.60	5794618
Nov-15	33.50	28.1	583533	Nov-15	33.65	28.00	2035143
Dec-15	32.20	27.5	508472	Dec-15	32.20	27.00	1884043
Jan-16	32.00	22.6	175079	Jan-16	32.00	23.20	743379
Feb-16	30.40	21.7	439687	Feb-16	29.90	22.50	1416599
Mar-16	26.15	22.15	174189	Mar-16	26.20	22.25	762771

ANNEXURE II

STOCK PERFORMANCE IN COMPARISON TO BSE SENSEX AND NSE NIFTY



### DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on 31<sup>st</sup> March, 2016, is given below:

#### VALUE WISE

Shareholding of nominal value (₹)	No. of Shareholders	% to Total	Share Capital in Rupees	% to Total
Upto 5000	50400	96.37	23852920	17.07
5001 – 10000	927	1.77	7687880	5.49
10001 – 20000	483	.92	7322470	5.23
20001 – 30000	157	0.03	4131630	2.95
30001 – 40000	64	0.12	2209240	1.58
40001 – 50000	76	0.15	3623020	2.59
50001 – 100000	96	0.18	7022360	5.02
100001 and Above	98	0.19	84073060	60.09
<b>TOTAL</b>	<b>51550</b>	<b>100.00</b>	<b>139922580</b>	<b>100.00</b>

#### CATEGORY WISE

Category	No. of Shares	% of Equity
Promoter Group	2517392	17.99
Resident Body Corporate	1076811	7.70
Banks / FI / FII / MF / Trust	5486258	39.20
NRI / OCB / FFI	487926	3.49
Resident Individuals	4341570	31.03
Clearing Members	82301	0.59
<b>TOTAL</b>	<b>13992258</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 are being furnished in the financial notes to accounts.

#### Separate posts of Chairman and CEO

The Board is looking for a suitable person to be appointed as Managing Director / Whole-Time Director of the Company.

#### Reporting of Internal Auditor

The Internal Auditor directly reports 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, 2016, as stipulated in listing regulation.

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 listing regulation except the following condition;

- (i) *It has not obtained a certificate required to be obtained from CEO/CFO in terms of listing regulations 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, 2016 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  
Firm Registration No. 004742S

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

Place: Bengaluru  
Date: July 04, 2016

## Declaration regarding affirmation of Code of Conduct

In terms of the requirement of listing regulations, 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 period March 31, 2016.

Place: Bengaluru  
Date: July 04, 2016

N Srinivasn  
Chairman  
(DIN: 00004195)

## 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 characterized by fluctuations in prices, regulation and excessive taxation. Any downward movement of product prices of the investee Companies could affect their margins, which could be a threat to the Company's fortunes.

## Reclassification of the Company

Due to continues nonfulfillment of prescribed financial criteria of Reserve Bank Of India, the Company may have to decide to reclassify itself as a Core Investment Company with restricted field of operation as at present. The Comapny 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.

To,

The Members of  
**McDOWELL HOLDINGS LIMITED**

## 1. Report on the Financial Statements

We have audited the accompanying financial statements of **McDOWELL HOLDINGS LIMITED** ('the Company') which comprise the Balance Sheet as at 31st March 2016, 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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. *A beneficiary of the company's corporate guarantee and pledge of shares who had extended loans to certain group companies has demanded repayment of such loans amounting to Rs. 206.68 crore for defaults by the borrowers and has invoked the guarantee extended and exercised the pledge on the shares provided by the company. The borrowers are in negotiation with the lender for restoration of the credit facilities and on that basis the company continues to disclose its exposure as contingent liability. The appropriateness of such disclosure instead of recognizing it in the accounts would depend upon the lender restoring the facilities that have been withdrawn. (Ref note no. 19).*
- b. *The company has prepared its financial statements on "Going Concern" basis for the reasons mentioned in note no. 23. The appropriateness of such basis would depend upon the lender agreeing to restore the credit facilities (as mentioned in note no. 19) and granting sufficient time to the borrowers for repayment of the dues.*

#### 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 31st March 2016, 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. 20 and note no. 24 regarding provision made to the extent of Rs. 1.90 crores and Rs. 17.91 crore respectively for diminution in value of investment in group companies.
- b. Attention is invited to note no. 22 regarding write off of an amount of Rs. 114.85 crores dues from group companies.
- c. Attention is invited to note no. 21 regarding write off of an amount of Rs. 50.88 crore due from a group company and provision made to the extent of Rs. 15.10 crore for the probable non-recovery of dues from a group company.
- d. Attention is invited to Note no. 21 regarding non recognition of income by way of interest and security commission to the extent of Rs. 2.70 crore and Rs. 0.31 crore respectively.

#### 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 Rule 7 of the Companies (Accounts) Rules, 2014.
- 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 31st March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016, 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.

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

**(S. Vishnumurthy)**  
Proprietor

Membership No. 22715

Firm Registration No. 004742S

Place : Bengaluru

Date : May 30, 2016

## 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 31-3-2016 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)

- (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 the company has obtained registration.

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

**(S. Vishnumurthy)**  
Proprietor

Membership No. 22715

Firm Registration No. 004742S

Place : Bengaluru

Date : May 30, 2016

## 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 31st March, 2016 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 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 31st March 2016, 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.

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

**(S. Vishnumurthy)**  
Proprietor

Membership No. 22715

Firm Registration No. 004742S

Place : Bengaluru

Date : May 30, 2016

	Note No.	As at 31-03-2016 ₹	As at 31-03-2015 ₹
<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	179,437,488	393,378,243
<b>2. Non-current liabilities</b>			
a. Long term borrowings	4	-	-
<b>3. Current Liabilities</b>			
a. Short-term borrowings	5	200,000,000	200,000,000
b. Other Current Liabilities	6	10,509,235	601,009,980
c. Short term provision	7	50,240,106	13,240,106
		<u>580,109,409</u>	<u>1,347,550,909</u>
<b>II. Assets</b>			
<b>1. Non-current Assets</b>			
a. Tangible assets	8	39,324	-
b. Non Current Investments	9	359,203,959	619,177,404
<b>2. Current Assets</b>			
a. Trade Receivables	10	4,672,555	17,988,061
b. Cash and Cash Equivalents	11	1,478,071	5,635,785
c. Short term Loans and Advances	12	39,641,817	632,929,702
d. Other Current Assets	13	175,073,683	71,819,957
		<u>580,109,409</u>	<u>1,347,550,909</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

**N. Srinivasan**

Chairman

DIN : 00004195

**Anil Pisharody**

Director

DIN : 02500666

**M. S. Kapur**

Director

DIN : 00703815

**(S. Vishnumurthy)**

Proprietor

Membership No. 22715

**Tushita Patel**

Director

DIN : 07017591

**Manoj Kumar**

Company Secretary

FCS : F6698

Place : Bengaluru

Date : 30th May 2016

# Statement of Profit and Loss for the year ended March 31, 2016



	Note No.	31-03-2016 ₹	31-03-2015 ₹
<b>I. Revenue</b>			
a. Revenue from operations	14	<b>106,600,154</b>	140,885,782
		<b>106,600,154</b>	140,885,782
<b>II. Expenses</b>			
a. Employee benefit expenses	15	<b>4,924,356</b>	5,173,322
b. Finance costs	16	<b>161,049,793</b>	140,083,922
c. Other expenses	17	<b>8,665,354</b>	5,553,899
d. Provision for doubtful advances	18	<b>150,926,605</b>	109,782,640
e. Advances no longer recoverable		<b>1,657,277,723</b>	-
f. Diminution in value of investments		<b>198,073,525</b>	-
g. Depreciation	8	<b>9,666</b>	-
		<b>2,180,927,022</b>	260,593,783
<b>III. Loss before Exceptional item &amp; tax</b>		<b>(2,074,326,868)</b>	(119,708,001)
Exceptional item : Profit on sale of pledged shares		<b>1,897,386,112</b>	<b>174,287,937</b>
<b>IV. Profit / (Loss) before taxation</b>		<b>(176,940,756)</b>	54,579,936
a. Tax Expense:			
i. Current Tax		<b>37,000,000</b>	-
<b>V. Profit / (loss) for the year</b>		<b>(213,940,756)</b>	54,579,936
<b>VI. Earning per share</b> (Face value Rs. 10 each)			
a. Basic / Diluted earning per share (before exceptional item)		<b>(148.25)</b>	(8.56)
b. Basic / Diluted earning per share (after exceptional item)		<b>(15.29)</b>	3.90
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

**N. Srinivasan**

Chairman

DIN : 00004195

**Anil Pisharody**

Director

DIN : 02500666

**M. S. Kapur**

Director

DIN : 00703815

**(S. Vishnumurthy)**

Proprietor

Membership No. 22715

**Tushita Patel**

Director

DIN : 07017591

**Manoj Kumar**

Company Secretary

FCS : F6698

Place : Bengaluru

Date : 30th May 2016

## Cash Flow Statement for the year ended March 31, 2016

	For the year ending 31-03-2016 ₹	For the year ending 31-03-2015 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) before tax	(176,940,756)	54,579,936
Adjustments for :		
Depreciation	9,666	-
Provision for doubtful advances	150,926,605	109,782,640
Advances no longer recoverable	1,657,277,723	-
Investments written off	198,073,525	-
Exceptional item	<u>(1,897,386,112)</u>	<u>(174,287,937)</u>
Operating profit before working capital changes	(68,039,349)	(9,925,361)
Adjustments for :		
(Increase)/Decrease in trade and other receivables	(1,295,457,117)	(260,743,539)
Increase/(Decrease) in trade payables/other liabilities	<u>(590,500,745)</u>	<u>95,071,277</u>
	<u>(1,885,957,862)</u>	<u>(165,672,262)</u>
Cash generated from/(used in) operations	(1,953,997,211)	(175,597,623)
Direct taxes paid	<u>(9,397,545)</u>	<u>(2,423,070)</u>
Net cash generated from/( used in) operations	<u>(1,963,394,756)</u>	<u>(178,020,693)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(48,990)	-
Proceeds from sale of investments	<u>1,959,286,032</u>	<u>181,142,710</u>
Cash flow generated from investing activities	<u>1,959,237,042</u>	<u>181,142,710</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net increase/(decrease) in cash and cash equivalents	(4,157,714)	3,122,017
Cash and cash equivalents at the beginning of the year	<u>5,635,785</u>	<u>2,513,768</u>
Closing Balance of Cash and cash equivalents	<u>1,478,071</u>	<u>5,635,785</u>
Cash and cash equivalents comprises of:		
Balance with banks	<u>1,478,071</u>	<u>5,635,785</u>
	<u>1,478,071</u>	<u>5,635,785</u>

As per our report of even date.

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

**N. Srinivasan**  
Chairman  
DIN : 00004195

**Anil Pisharody**  
Director  
DIN : 02500666

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

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

**Tushita Patel**  
Director  
DIN : 07017591

**Manoj Kumar**  
Company Secretary  
FCS : F6698

Place : Bengaluru  
Date : 30th May 2016

## 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. Presently, the company is engaged in the business of investment and financing.

## 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 Rule 7 of the Companies (Accounts) Rules, 2015 as amended.

### 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.

### 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.
- ii. Security commission and Interest income are recognized on accrual basis.

**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**

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

	As at 31-03-2016 ₹	As at 31-03-2015 ₹
<b>2. Share Capital</b>		
<b>Authorised</b>		
15,000,000 Equity shares of ₹ 10 each	<b>150,000,000</b>	150,000,000
	<b>150,000,000</b>	150,000,000
<b>Issued, Subscribed and Paid-up</b>		
13,992,258 (2015: 13,992,258) Equity shares of ₹ 10 each fully paid up	<b>139,922,580</b>	139,922,580
	<b>139,922,580</b>	139,922,580

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

	No. of Shares	₹ 31-03-2016	No. of Shares	₹ 31-03-2015
As at the beginning of the period	<b>13,992,258</b>	<b>139,922,580</b>	13,992,258	139,922,580
Issued during the year	-	-	-	-
Outstanding at the end of the period	<b>13,992,258</b>	<b>139,922,580</b>	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**

	31-03-2016		31-03-2015	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹ 10 each fully paid				
Kingfisher Finvest India Limited	<b>2,027,707</b>	<b>14.49%</b>	2,027,707	14.49%
Acacia Partners LP	<b>776,269</b>	<b>5.55%</b>	776,269	5.55%
SBIMF - Magnum Sector Funds				
Umbrella- Emerging Business Fund	-	-	1,287,340	9.20%
Barca Global Master Fund LP	-	-	1,341,909	9.59%

	As at 31-03-2016 ₹	As at 31-03-2015 ₹
<b>3. Reserves and Surplus</b>		
General Reserve		
As per last Balance Sheet	<b>314,815,495</b>	314,815,495
Statutory Reserve		
As per last Balance Sheet	<b>28,246,733</b>	17,330,746
Add: Addition during the year	<u>-</u>	<u>10,915,987</u>
	<b>28,246,733</b>	28,246,733
Securities Premium Account		
As per last Balance Sheet	<b>156,649,203</b>	156,649,203
Surplus / (deficit) as per statement of Profit and Loss		
As per last Balance Sheet	<b>(106,333,188)</b>	(149,997,136)
Profit / (loss) for the year	<u>(213,940,756)</u>	<u>54,579,936</u>
	<b>(320,273,943)</b>	(95,417,200)
Appropriations:		
Transfer to Statutory Reserve	<u>-</u>	<u>10,915,987</u>
	<b>(320,273,943)</b>	(106,333,188)
	<b>179,437,488</b>	393,378,243
<b>4. Long Term Borrowings</b>		
<b>Secured</b>		
From others	-	500,000,000
Less: Current maturities of long term borrowings	<u>-</u>	<u>500,000,000</u>
	<u>-</u>	<u>-</u>
<b>5. Short Term Borrowings</b>		
<b>Unsecured</b>		
Inter Corporate Deposit	<u>200,000,000</u>	<u>200,000,000</u>
	<b>200,000,000</b>	200,000,000

### Nature of security and terms of repayment for unsecured borrowings

Intercorporate deposit of Rs. 200 Million  
(Previous Year Rs. 200 million)

Repayable on March 31st 2017; Rate of  
interest @ 18% p.a



	As at 31-03-2016 ₹	As at 31-03-2015 ₹
<b>6. Other Current Liabilities</b>		
Interest accrued and due	5,326,027	2,751,781
Interest accrued but not due	-	94,716,676
Employee dues	318,206	315,162
TDS payable	1,440,414	1,369,340
Professional tax payable	400	400
Provision for standard assets	1,272,000	1,272,000
Audit fees payable	182,875	175,000
Service tax payable	53,988	-
Directors Sitting Fees Payable	144,000	-
Other liabilities	1,771,325	409,621
Current maturities of long term borrowing	-	500,000,000
	<b>10,509,235</b>	<b>601,009,980</b>
<b>7. Short term provision</b>		
Provision for tax	50,240,106	13,240,106
	<b>50,240,106</b>	<b>13,240,106</b>

## 8. Fixed Assets

Amount in Rs.

Particulars	COST			DEPRECIATION				NET VALUE OF ASSET		
	As at 01.04.2015	Addi- tions	Delet- ions	As at 31.03.2016	As at 31.03.2015	For the year	Deduc- tions	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Tangible Assets										
Computers	-	48,990	-	48,990	-	9,666	-	9,666	39,324	-
	-	48,990	-	48,990	-	9,666	-	9,666	39,324	-
<b>TOTAL</b>	-	48,990	-	48,990	-	9,666	-	9,666	39,324	-
Previous Year	-	-	-	-	-	-	-	-	-	-

	No. of shares	Face value	As at 31-03-2016 ₹	No. of shares	Face value	As at 31-03-2015 ₹
<b>9. Non-current Investments</b>						
<b>Trade investments</b>						
<b>Quoted</b>						
Fully paid Equity shares						
Mangalore Chemicals & Fertilizes Limited	5,826,828	10	<b>29,308,945</b>	5,826,828	10	29,308,945
UB Engineering Limited *	452,243	10	<b>18,996,712</b>	452,243	10	18,996,712
United Breweries (Holdings) Limited *	5,260,002	10	<b>284,013,853</b>	5,260,002	10	284,013,853
United Breweries Limited **	8,199,796	1	<b>224,830,975</b>	10,457,344	1	286,730,894
* Trading has been suspended temporarily						
** Includes 77,452 Shares held in custody of a lender after they have invoked the pledge of the shares.						
Less: Provision for Diminution in value of investments			<b>198,073,525</b>			-
			<b>359,070,959</b>			<b>619,050,404</b>
<b>Non-Trade Other Investments</b>						
<b>Unquoted</b>						
Hyderabad Electronic Instrument Limited (Formerly U.B. Electronics Instruments Limited)	1,991	100	<b>127,000</b>	1,991	100	127,000
<b>Total Investments</b>			<b>359,203,959</b>			<b>619,177,404</b>
<b>Aggregate value of :</b>						
Quoted Investments			<b>359,076,959</b>			619,050,404
Un quoted Investments			<b>127,000</b>			127,000
Market value of quoted Investments			<b>7,096,098,771</b>			11,095,209,546

Note :

64,51,000 shares of United Breweries Limited are under pledge to secure the borrowing availed by the Group Companies. The carrying cost of such investments is Rs. 178.57 million and the market value is Rs. 5,315.62 million.

## MOVEMENTS IN SHAREHOLDING DURING THE YEAR

PARTICULARS	No. of Shares	Cost ₹
<b>Sale during the year</b>		
United Breweries Limited	2,257,548	61,899,919
<b>Total</b>	<b>2,257,548</b>	<b>61,899,919</b>

	As at 31-03-2016 ₹	As at 31-03-2015 ₹
<b>10. Trade Receivables</b>		
(Unsecured, considered good unless stated otherwise)		
Outstanding for more than six months	3,988,783	828,383
Others: Considered Good	683,772	17,159,678
Others: Considered doubtful	23,772,480	-
	<u>28,445,035</u>	<u>17,988,061</u>
Provision for doubtful receivables	23,772,480	-
	<u>4,672,555</u>	<u>17,988,061</u>
<b>11. Cash and Cash Equivalents</b>		
Balances with Banks:		
In Current accounts with scheduled bank	1,478,071	5,635,785
	<u>1,478,071</u>	<u>5,635,785</u>
<b>12. Short Term Loans and Advances</b>		
(Unsecured, considered good unless stated otherwise)		
Loans and advances	-	618,582,640
Interest accrued and due on loan	127,154,125	93,385,670
Advance tax & tax deducted at source	39,288,657	29,891,112
Staff deposits	353,160	852,920
	<u>166,795,942</u>	<u>742,712,342</u>
Provision for doubtful loans and advances	127,154,125	109,782,640
	<u>39,641,817</u>	<u>632,929,702</u>
<b>13. Other Current Assets</b>		
Balance with statutory authorities	136,424	186,947
Prepaid insurance	-	272,940
Other receivables	174,937,259	71,360,070
	<u>175,073,683</u>	<u>71,819,957</u>
<b>14. Revenue from operations</b>		
Dividends	13,563,441	16,403,804
Commission	10,293,985	15,982,266
Interest	82,742,728	108,120,000
Other income	-	379,712
	<u>106,600,154</u>	<u>140,885,782</u>

	As at 31-03-2016 ₹	As at 31-03-2015 ₹
<b>15. Employee benefit expenses</b>		
Salaries	4,608,395	4,771,859
Contribution to provident & Superannuation fund	315,961	401,463
	<u>4,924,356</u>	<u>5,173,322</u>
<b>16. Finance costs</b>		
Interest on loan /Inter Corporate Deposits	161,049,793	140,083,922
	<u>161,049,793</u>	<u>140,083,922</u>
<b>17. Other expenses</b>		
Travel and communication expenses	960,085	1,194,223
Secretarial expenses	549,821	599,725
Printing & stationery expenses	1,954,124	21,634
Insurance	356,611	24,814
Director's sitting fees	700,000	670,000
Auditor's remuneration	175,000	185,000
Advertising expenses	419,805	485,401
Depository and listing fees	783,374	961,251
Legal and professional charges	2,036,580	1,055,211
Filing fees	124,422	38,550
Interest on TDS	3,178	194,729
	<b>FY 2015-16</b>	<b>FY 2014-15</b>
Bad advance written off	10,97,82,640	20,50,70,767
Less : Provision withdrawn	<u>(10,97,82,640)</u>	<u>(20,50,70,767)</u>
Miscellaneous expenses	602,354	123,361
	<u>8,665,354</u>	<u>5,553,899</u>
<b>18. Provisions</b>		
Provision for doubtful advances	150,926,605	109,782,640
	<u>150,926,605</u>	<u>109,782,640</u>

19. The company has provided corporate guarantee, pledge of securities, in addition to cash margins in favour of a lender against dues totaling to Rs. 212.08 crore, to secure the borrowings of certain Group Companies.

The said lender has invoked the pledge of securities and demanded repayment of loans amounting to Rs.206.68 crore from the borrowers. In view of the ongoing negotiations with the lender on this issue, the company continues to treat its obligations under the guarantees given, as contingent.

20. Considering the fact that a Group Company has been registered with the Board for Industrial and Financial Reconstruction u/s 15 (1) of the Sick Industrial Companies Act (SP) Act 1985, the Board of Directors has decided and approved to provided for Investments of Rs.1.90 crs.
21. Further, winding up petitions under section 433 and 434 of Company's Act,1956 have been filed in the High Court of Karnataka against another Group Company to whom the Company has provided a loan of Rs. 50.88 crs and also accounted interest and other dues of Rs. 15.10 crs. Considering the uncertainty involved and also the fact that the recovery of loans from the Group Company will take a protracted period of time, the Board of Directors of the Company have approved the write off of the loan of Rs. 50.88 crs and for provisioning of Interest and Other dues of Rs.15.10 crs pertaining to the said Group Company as a matter of commercial prudence. Likewise, for the quarter ended March 31st 2016, the Company has not recognized Interest of Rs. 2.70 crs and Security/Guarantee commission of Rs. 0.31 crs on loan of Rs. 50.88 crs to the said Group Company.
22. Also, the lender with whom the Company has pledged its securities to secure the borrowing of this Group Company, has invoked and sold the pledged securities, and utilized the proceeds to recover its dues. The Company had initially accounted this adjustment as dues from the respective borrowing entities, totaling to Rs.124.24 crs. However, based on a critical review of the recoverability of these dues, the Board of Directors have approved the write off of Rs.114.85 crs, as a matter of commercial prudence.
23. 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".
24. The Company has provided for Rs. 17.91 crore as diminution in value of investment in one of the Group Company after having considered the market value of the same.
25. The Company is registered with Reserve Bank of India as a Non-Banking (non deposit accepting) Financial Company. Certain regulatory requirements prescribed by the Reserve Bank of India under NBFC Regulations are yet to be complied with. The matter is under serious consideration of the Board of Directors.
26. 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 and the Group Chief Financial Officer.
27. Estimated amount of contracts remaining to be executed on capital account and not provided for is Nil (Previous year Rs. Nil)

## 28. Remuneration to Auditors :

	2015-16	2014-15
Statutory Audit	125,000	125,000
Limited Review & Certification of Corporate Governance	50,000	50,000
Certification Fees	-	10,000
<b>Total</b>	<b>175,000</b>	<b>185,000</b>

## 29. Segmental reporting:

Segment-wise business performance for the year ended March 31, 2016 is as follows:

### Primary Segment Information

#### 1. Segment Revenue

	31.03.2016 (₹)	31.03.2015 (₹)
Investments	13,563,441	16,403,804
Financial Services	93,036,713	124,481,978
<b>Total Revenue</b>	<b>106,600,154</b>	<b>140,885,782</b>

#### 2. Segment Results

Investment	6,763,753	11,040,194
Financial Services	78,412,768	(20,965,555)
<b>Total Result</b>	<b>(68,049,015)</b>	<b>(9,925,361)</b>
Add: Provision for doubtful loans and advances	150,926,605	109,782,640
Add: Advance no longer recoverable	1,657,277,723	-
Add: Diminution in value of investments	18,996,712	-
Less: Exceptional item : Profit on sale of pledged shares	1,897,386,112	174,287,937
<b>Profit / (Loss) before tax</b>	<b>17,69,40,756</b>	<b>54,579,936</b>

Other information	31.03.2016		31.03.2015	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Investments	359,203,959	Nil	619,177,404	Nil
Financial services	220,905,449	256,249,341	728,373,505	814,250,086

### 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.

## 30. Deferred tax

Particulars	2015-16	2014-15
<b>Deferred Tax Asset in respect of</b>		
Allowance for carried forward losses	620,410,140	12,340,443
<b>Total</b>	<b>620,410,140 *</b>	<b>12,340,443*</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.

31. 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 2015-16	FY 2014-15
United Breweries (Holdings) Limited	<b>Opening Balance</b>	<b>61,64,08,460</b>	52,74,98,089
	Interest Income	<b>8,27,42,728</b>	10,81,20,000
	Interest income received	<b>4,07,00,000</b>	1,99,60,000
	Security commission income	<b>94,17,806</b>	1,24,99,991
	Security commission received	-	-
	Finance (including loans in cash or in kind paid)	<b>1,09,49,77,936</b>	3,12,379
	Finance (including loans in cash or in kind received)	<b>86,42,148</b>	1,20,61,999
	Advances no longer recoverable	<b>1,60,32,78,176</b>	-
	Balance outstanding	<b>15,09,26,606</b>	61,64,08,460
	Guarantee Given	<b>2,500 Million</b>	2,500 Million

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

Earnings per share (before exceptional items)	2015-16	2014-15
Loss before exceptional items	(207,436,868)	(119,708,001)
Number of equity shares	13,992,258	13,992,258
Earnings per share (Basic)/ (Diluted) - in ₹	(148.25)	(8.56)

Earnings per share (after exceptional items)	2015-16	2014-15
Profit / (Loss) after exceptional items and tax	(213,940,756)	54,579,936
Number of equity shares	13,992,258	13,992,258
Earnings per share (Basic)/ (Diluted) - in ₹	<b>(15.29)</b>	<b>3.90</b>

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

34. 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

**N. Srinivasan**

Chairman

DIN : 00004195

**Anil Pisharody**

Director

DIN : 02500666

**M. S. Kapur**

Director

DIN : 00703815

**(S. Vishnumurthy)**

Proprietor

Membership No. 22715

**Tushita Patel**

Director

DIN : 07017591

**Manoj Kumar**

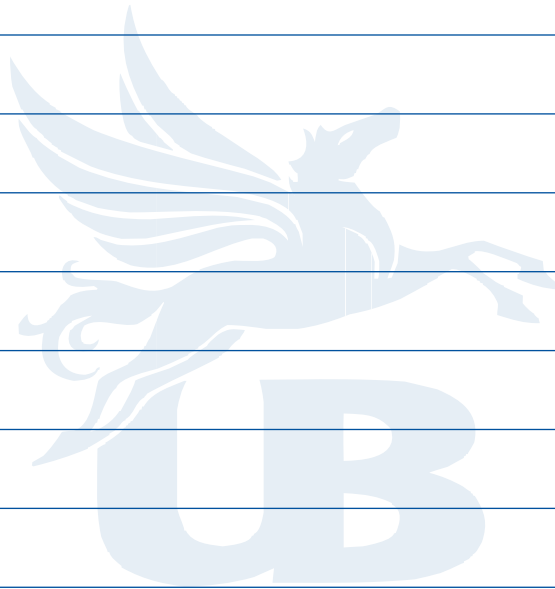
Company Secretary

FCS : F6698

Place : Bengaluru

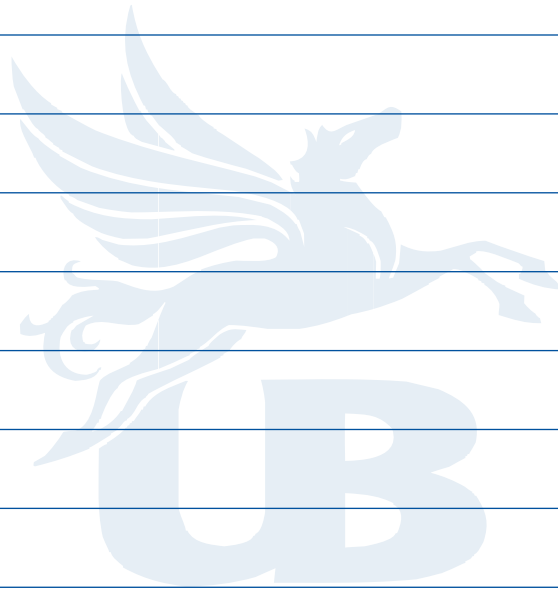
Date : 30th May 2016

# NOTES

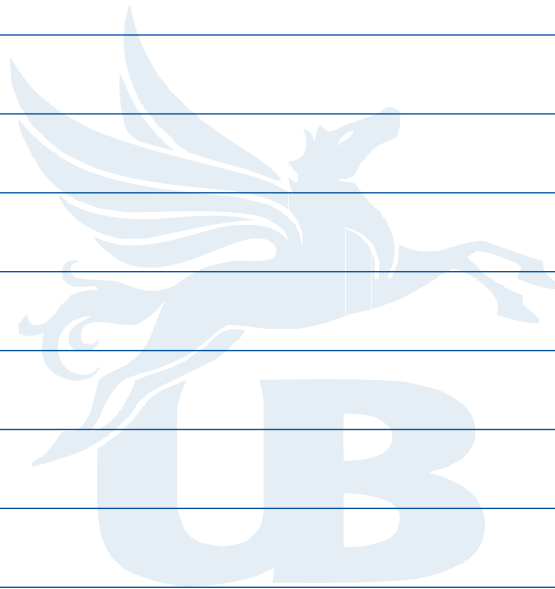




# NOTES



## NOTES





*McDowell Holdings Limited*

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