



**McDOWELL HOLDINGS LIMITED**

Date: 31-08-2019

The Manager  
Dept. of Corporate Services  
BSE Limited  
Phiroze Jeejeebhoy Tower  
Dalal Street, Mumbai-400001

**BSE Scrip Code:532852**

✓ The Asst. Vice President  
Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, C-1, Block – G  
Bandra-Kurla Complex, Bandra (East)  
Mumbai-400051

**NSE Symbol: MCDHOLDING**

**Sub: Compliance of Regulation 34 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir,

In compliance to provisions under Regulation 34 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith Notice of the 15th Annual General Meeting scheduled to be held on Thursday, 26th September, 2019 at 3:30 p.m. at Level-1, UB Tower, UB City, 24 Vittal Mallya Road, Bangalore - 560001 and the Annual Report for the year 2018-19 of the Company.

The above is for your information and record.

Thanking You  
Yours Faithfully

For **McDowell Holdings Limited**

**Manoj Kumar**  
**DGM-Legal & Company Secretary**



*McDowell Holdings Limited*

ANNUAL REPORT  
**2018 - 2019**

# McDOWELL HOLDINGS LIMITED

<b>Directors</b>	Mr. M. S. Kapur	<i>Chairman, Independent Director</i>
	Mr. Ajay Kumar Vijay	<i>Executive Director and Chief Executive Officer</i>
	Ms. Tushita Patel	<i>Non-Executive Director</i>
	Mr. Nitin Kochhar	<i>Independent Director</i>
<b>Company Secretary and Compliance Officer</b>	Mr. Manoj Kumar	
<b>Chief Financial Officer</b>	Mr. Arindam Ash	
<b>Statutory Auditors</b>	M/s. BVC & Company Chartered Accountants No. 371, 1st Floor, 8th Main Road Sadashivanagar, Bengaluru – 560 080	
<b>Registered Office</b>	UB Tower, Level - 12, UB City, No. 24 Vittal Mallya Road, Bengaluru – 560 001	
<b>Registrars and Share Transfer Agent</b>	INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LTD CIN NO: U74900TN2015PTC101466 No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560 003	

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## McDOWELL HOLDINGS LIMITED

CIN: L05190KA2004PLC033485

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

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

Tel. : +91 80-46686060 Fax : +91 80 2227 4890

**NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING** of the Members of McDowell Holdings Limited will be held at Level - 1, UB Tower, UB City, 24, Vittal Mallya Road, Bengaluru – 560 001 on Thursday, September 26, 2019 at 03:30 p.m. to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and Cash Flow Statement for the financial year ended on that date and the Reports of the Auditors and Directors thereon.
2. To reappoint a Director in place of Ms. Tushita Patel (DIN 07017591), who retires by rotation and, being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS :

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

**“RESOLVED THAT** Mr. Ajay Kumar Vijay (DIN: 02599167), who was appointed as an Additional Director of the Company with effect from May 9, 2019 and who, in terms of Section 161 of the Companies Act, 2013 (“the Act”), holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Ajay Kumar Vijay, as a candidate for the office of Director, be and is hereby appointed a Director of the Company, not liable to retire by rotation, so long as he holds the office of the Whole Time Director of the Company.

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions, if any, read along with Schedule V of the Companies Act, 2013 (‘Act’) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the consent of the Members be and is hereby accorded to the appointment and terms of remuneration of Mr. Ajay Kumar Vijay (DIN: 02599167) as the Whole Time Director being designated as the Executive Director and Chief Executive Officer of the Company for a period of 3 years with effect from May 9, 2019 to May 8, 2022 not being liable to retire by rotation, upon the terms, conditions and remuneration set out herein below;

- (i) **Salary** : Basic Salary of ₹ 3,40,000/- per month with such increments as may be decided by the Board of Directors of the Company from time to time, and with proportionate increase in all benefits related to the quantum of salary.
- (ii) **Personal Allowance**: 1,12,950/- per month as per the rules of the Company.
- (iii) **Special Allowance**: 1,00,000/- per month.
- (iv) **Performance Evaluation Payment**: 35% of Basic Salary subject to performance in accordance with the rules of the Company.
- (v) **Perquisites**:
  - i) **Housing** – Unfurnished residential accommodation up to 60 % of the basic salary or house rent allowance of upto 50% of basic salary in lieu thereof per month.
  - ii) **Flexi Compensation Package (FCP)**:
    - a. FCP 1 - Comprising of LTA Allowance of ₹ 7,500/- per month as per the rules of the Company.
    - b. FCP 2 - Comprising of car lease rental, fuel, lunch vouchers, house repairs,

- painting and maintenance – ₹ 51,025/- per month as per the rules of the Company.
- c. FCP 3 - Comprising of driver's salary – ₹ 11,500/- per month as per the rules of the Company.
- iii) Medical Reimbursement – Expenses incurred for Mr. Ajay Kumar Vijay and his spouse as per the rules of the Company, at actuals.
- iv) Utility- reimbursement on actuals for gas, water and electricity subject to submission of bills.
- v) Club Fees – Fees of club subject to a maximum of one club. This will include admission and life membership fees.
- vi) Group Terminal Policy (GTP) – As per the rules of the Company for a capital sum of ₹ 100,00,000/-.
- vii) Group Medical Policy (GMP) for a sum of ₹ 5,00,000/-
- viii) Provident Fund – As per the applicable laws.
- ix) Superannuation Fund – Company's contribution to Superannuation Fund shall be in accordance with the rules of the fund.
- x) Gratuity – Payable in accordance with the rules of the approved Fund of the Company.
- xi) Encashment of leave not availed of, as per the rules of the Company.
- xii) Cell phone and telephone at the residence of Mr. Ajay Kumar Vijay as per the rules of the Company.
- xiii) Such other benefits, amenities, facilities and perquisites as per the rules of the Company and as may be applicable to employees at Grade M-1.

**FURTHER RESOLVED THAT**, in the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, special allowance, performance evaluation payment, perquisites, benefits, amenities and facilities payable to Mr. Ajay Kumar Vijay shall be subject to the provisions prescribed under Section 197 read with Schedule V of the Act, and Rules framed thereunder and any other applicable provisions of the Act or any Statutory modification or re-enactment thereof.

**FURTHER RESOLVED THAT**, Mr. Ajay Kumar Vijay, Executive Director and Chief Executive Officer be entrusted with powers of management of the Company in the ordinary course of business and perform all other functions as Executive Director and Chief Executive Officer and be responsible for the general conduct of the business and affairs of the Company under the overall supervision of the Board of Directors of the Company.

**FURTHER RESOLVED THAT**, the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

**By Order of the Board**

Bengaluru  
August 02, 2019

S/d.  
**Manoj Kumar**  
**DGM-Legal & Company Secretary**  
[FCS No. : F6698]

### NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UPTO AND NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
- 2) Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Transfer Books and Register of Members will remain closed from Friday, September 20, 2019 to Thursday, September 26, 2019 (both days inclusive).
- 3) Members are requested to intimate immediately to the Company's Registrars and Share Transfer Agent, Integrated Registry Management Services Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru 560 003 (Telephone No. 080-23460815-818 Fax No. 080 2346 0819), any change in their e-mail id / correspondence address along with Pin Code Number.
- 4) Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Share Transfer Agent at the address as stated in Note No. 3 above.
- 5) Members may address all their documents/ correspondence relating to the equity shares of the Company directly to the Company's Registrars and Share Transfer Agent at the address as stated in Note No. 3 above.
- 6) Nomination facility for shares is available for Members. The prescribed form in this regard can be obtained from the Company's Registrars and Share Transfer Agent at the address as stated in Note No. 3 above.
- 7) The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are in dematerialised mode. Members having physical share certificates are advised to consider opening a Demat Account with an authorised Depository Participant and arrange for dematerialising their shares in the Company.
- 8) The Company has designated an exclusive e-mail id viz, [mhlinvestor@ubmail.com](mailto:mhlinvestor@ubmail.com) to enable the investors to post their grievances and monitor their redressal.
- 9) There is no unclaimed dividend required to be transferred to the Investor Education and Protection Fund.
- 10) The cut-off-date for the purpose of ascertaining shareholders who are eligible to receive this notice is Friday, August 23, 2019.  
Members attending the Annual General Meeting are requested to bring with them the following:
  - a. Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting;
  - b. The Attendance Slip duly completed and clearly indicating their DP ID & Client ID, in case of shares held in dematerialised mode and Folio Number in case of shares held in physical mode, to facilitate identification of membership at the Meeting.
- 11) The Company would accept only the Attendance Slip from a Member actually attending the Annual General Meeting, or from the person attending as a Proxy under a valid Proxy Form registered with the Company not less than 48 hours prior to the Meeting. Attendance Slips of Members/valid Proxies not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted from any other member/person.
- 12) The Meeting is for Members or their proxies only. Please avoid being accompanied by non-members/ children.
- 13) Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- 14) Members are requested to quote the Folio Number / Client ID/DP ID in all correspondence.
- 15) Members may note that the Notice of the Fifteenth Annual General Meeting and the Annual Report for 2018-19 is also available on the Company's website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).
- 16) Physical copies of all documents referred to in the Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours on all working days except on Saturdays, Sundays and Public Holidays up to and including the date of Annual General Meeting of the Company.
- 17) The relevant information required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 seeking re-appointment/

appointment of Ms. Tushita Patel as Director and Mr. Ajay Kumar Vijay as Whole Time Director designated as Executive Director and Chief Executive Officer are given in the Annexure to the Notice and forms part of the Corporate Governance Report.

- 18) Electronic copies of the Annual Report and Notice are being sent to all the Members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report and Notice and being sent in the permitted mode. Members who require communication in physical form in addition to e-communication, or have any queries may write to Company on [mhlinvestor@ubmail.com](mailto:mhlinvestor@ubmail.com)

## 19) Voting options:

### I. Voting through electronic means:

- A. In terms of the provisions of Section 108 of the Companies Act, 2013 ("the Act") read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this Section of the Notice) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard SS-2 issued by the Institute of Company Secretaries of India, the Company is providing facility to exercise votes on the items of business given in the Notice through electronic voting system to Members holding shares as on Thursday, September 19, 2019 (end of day) being the Cut-off Date (Record Date for the purpose of Rule 20 (3) (vii) of the Rules) fixed for determining voting rights of Members, entitled to participate in the e-voting process, through

e-voting platform provided by Central Depositories Services (India) Limited (CDSL)

- B. The remote e-voting period begins on Monday September 23, 2019 at 9:00 a.m. and ends on Wednesday, September 25, 2019 at 5:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the Cut-off Date Thursday, September 19, 2019 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- C. The Members may participate even after casting their votes through e-voting but shall not be allowed to cast vote again at the AGM.
- D. The instructions for Members for voting electronically are as under:
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - Click on Shareholders.
  - Now Enter your User ID
    - For CDSL: 16 digits beneficiary ID,
    - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - Next enter the Image Verification as displayed and Click on Login.
  - If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

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

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

- (vii) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the Company "McDowell Holdings Limited".
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can

be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

- (xvii) Note for Non-Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same..
- (xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## II Voting at Annual General Meeting

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

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

- vote on any specific item it will be treated as abstained.
- D. A Member can opt for only one mode of voting i.e. either in person or through proxy at the Meeting or through remote e-voting. Members attending the Annual General Meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the Annual General Meeting. Members who have already cast their vote by remote e-voting shall not be allowed to vote again at the Annual General Meeting. If a member casts votes by all the modes, then voting done through e-voting shall prevail and voting through other means shall be treated as invalid.
- E. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the Cut-off Date i.e. Thursday, September 19, 2019, may obtain a copy of the Notice by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)/ [mhlinvestor@ubmail.com](mailto:mhlinvestor@ubmail.com). Such persons may follow the instructions given in the Notice for casting their votes through e-voting provided by CDSL. In case of any assistance on e-voting, please contact the Registrars at [irg@integratedindia.in](mailto:irg@integratedindia.in)/ Phone No. 080-23560815-818/ Fax: 080-23460819.
20. The Company has appointed Mr. Sudhir Hulyalkar, Company Secretary in Practice (Membership No. FCS 6040, CP No. 6137), as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
21. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman within a period not exceeding three (3) days from the conclusion of the Annual General Meeting.
22. The Results shall be declared at or after the Annual General Meeting of the Company by the Chairman or the person authorised by him. The results declared along with the Scrutinizer's Report shall be placed on the website of the Company- [www.mcdowellholdings.in](http://www.mcdowellholdings.in) and on the website of CDSL – [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.

**By Order of the Board**

S/d.

**Manoj Kumar**

**DGM-Legal & Company Secretary**

[FCS No. : F6698]

Bengaluru

August 02, 2019

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

#### Item No. 3 & 4

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on May 9, 2019 had appointed Mr. Ajay Kumar Vijay (Mr. Vijay) as an Additional Director not liable to retire by rotation with effect from May 9, 2019 and Whole Time Director designated as the Executive Director and Chief Executive Officer of the Company for a period of 3 (three) years with effect from May 9, 2019 subject to the approval of Shareholders of the Company.

The Board, while appointing Mr. Vijay as the Executive Director and Chief Executive Officer of the Company, considered his background, experience and contributions to the Group Companies.

The Board on the recommendations of the Nomination and Remuneration Committee had approved the terms

of remuneration of Mr. Vijay, subject to the approval of the Shareholders specified under Item No. 4 of this Notice.

The profile and specific areas of expertise of Mr. Vijay are provided as an Annexure to this Notice.

#### Statement pursuant to Schedule V of the Companies Act, 2019

##### I. General Information:

- (1) Nature of industry: Investment and Financial Services
- (2) Date or expected date of commencement of commercial production: 04-03-2004
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable

(4) Financial performance based on given indicators;

Sr. No.	Particulars	Years		
		2016-17	2017-18	2018-19
1	Paid up Capital	1,399.22	1,399.22	1,399.22
2	Reserves and Surplus	(319.65)	(480.40)	(174.23)
3	Turnover	107.64	103.96	157.17
4	Net profit as per Sec.198 (read with Section 349) of the Companies Act, 1956	(2,114.02)	(16.67)	300.60
5	Amount of Dividend Paid	Nil	Nil	Nil
6	Rate of Dividend Declared	Nil	Nil	Nil

(5) Foreign investments or collaborations, if any. Nil

## II. Information about the appointee:

(1) Background details:

Mr. Vijay is a Chartered Accountant with an extensive experience of over 30 years. His skill sets are in the fields of financial accounting and reporting, corporate audit, treasury and banking, mergers, taxation, due diligences, regulatory and statutory compliances, corporate litigations, settlements and negotiations. He has worked in multi-cultural and cross functional teams with senior leaders. His expertise also lies in the fields of corporate planning, strategy formulations and corporate governance.

(2) Past remuneration: Mr. Vijay while in his previous employment was receiving a gross remuneration of ₹ 1.15 cr per annum.

(3) Recognition or awards: Award for Excellence in Commerce from St. Xavier's College.

(4) Job profile and his suitability: Mr. Vijay has a rich and diverse experience in Finance, Corporate Affairs, Treasury, General Management, Fund Management, Litigation and Settlements. With his proven track record under difficult conditions and his expertise, the Company will benefit immensely from his experience and will have a reinforced direction to steer through the challenging times.

(5) Remuneration proposed;

Details of the total remuneration comprising inter alia, salary, perquisites and allowances, other benefits, if any, which are proposed to be paid to Mr. Vijay for the period of 3 years effective from May 9, 2019 have been fully set out under Item No. 4 of this Notice.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).

The Nomination and Remuneration Committee and the Board of Directors had approved remuneration payable to Mr. Vijay considering the competence, subject matter expertise, diversified experience and considering his contribution, it is more than appropriate that Mr. Vijay be appointed as the Executive Director and Chief Executive Officer of the Company in order to drive the operations in the current phase of the Company which will help the Company to emerge successful. Therefore, the payment of aforesaid remuneration stated at the Resolution No.4 is reasonable and comparable to the remuneration paid to Professional Directors in the Industry and hence more than justified for payment to him.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Mr. Vijay is not related to any managerial personnel in the Company. He does not have any pecuniary relationship, directly or indirectly with the Company or with any managerial personnel nor does he have any direct or indirect interest in the equity share capital of the Company besides the remuneration set out in Resolution No.4.

## III. Other information:

(1) Reasons of loss or inadequate profits

Refer to Report of the Directors and Management Discussion and Analysis.

(2) Steps taken or proposed to be taken for improvement

Refer to Report of the Directors and Management Discussion and Analysis.

(3) Expected increase in productivity and profits in measurable terms.

Refer to Report of the Directors and Management Discussion and Analysis.

**IV. Disclosures:**

Details of the total remuneration comprising inter alia, salary, perquisites and allowances, other benefits, if any, which are proposed to be paid to Mr. Vijay for the period of 3 years effective from May 9, 2019 to May 8, 2022 have been fully set out in the Resolution under Item No.4 of this Notice.

No Director of the Company have been paid any remuneration other than sitting fee during the period under review and the same is disclosed in the Corporate Governance Report, which forms a part of the Report of the Board of Directors in the Annual Report of the Company for financial year 2018-19.

As mentioned earlier, since the payment of aforementioned remuneration set out under Resolution No. 4 as Minimum Remuneration to Mr. Vijay, Executive Director and Chief Executive Officer may exceed the ceiling limit for remuneration laid down in Sections 196, 197 and 198 read with Schedule V to the Companies Act, 2013, Shareholder's approval is sought by way of a Special Resolution for payment of the aforesaid remuneration for the respective financial years as specified in the Resolution No. 4 in accordance with Schedule V of the said Act.

The Board of Directors of the Company are of the view that as the Executive Director and Chief Executive Officer of the Company, Mr. Vijay shall be shouldered

with vast responsibilities and considering the industry benchmarks and his contribution to the Company, the aforementioned remuneration structure of Mr. Vijay as Executive Director and Chief Executive Officer commensurate with the remuneration packages paid to similarly placed persons, in other Companies and therefore recommend the Resolution No. 3 and Resolution No. 4 of the accompanying notice for your approval as Ordinary and Special Resolution respectively.

The Notice read with Explanatory Statement should be considered as an abstract of the terms of appointment and payment of remuneration to Mr. Vijay Executive Director and Chief Executive Officer and a memorandum as to the nature of the concern or interest of the Director as required under Section 102 of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Vijay, to whom the resolution relates, is concerned or interested in the Resolution mentioned at Item No. 3 & 4 of the Notice.

**By Order of the Board**

Bengaluru  
August 02, 2019

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

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### Annexure to Notice of Fifteenth Annual General Meeting

Sl. No.	Particulars	Ms. Tushita Patel	Mr. Ajay Kumar Vijay
1	Director Identification Number (DIN)	07017591	02599167
2	Date of Birth	19-12-1969	04-08-1963
3	Date of Appointment	20-03-2015	09-05-2019
4	Qualifications	BA (Honours Political Science), Presidency College, Calcutta	Chartered Accountant
5	Expertise in specific field	Business Management and Administration	Rich and diverse experience in financial accounting and reporting, corporate audit, treasury and banking, mergers, taxation, due diligences, regulatory and statutory compliances, corporate litigations, settlements and negotiations.
6	Directorship in other Companies	Bestride Consultancy Pvt. Ltd. Ganpathy Mallya Investments Pvt. Ltd Mallya Pvt. Limited The Gem Investments & Trading Pvt. Limited Pharma Trading Company Pvt. Limited Kamsco Industries Pvt. Limited Vittal Investments Pvt. Ltd.	Nil
7	Membership in Committees	Stakeholder Relationship Committee Audit Committee Nomination and Remuneration Committee Corporate Social Responsibility Committee	Nil
8	Shareholding in McDowell Holdings Limited	Nil	Nil
9	Number of Board Meetings attended during the year 2018-19	Five	Five (As invitee)

The above details do not include Committee Memberships not prescribed for the purpose of reckoning of limits in terms of Regulation 26(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Brief profile of the above Directors also forms part of the Corporate Governance Report. The above Directors are not related to any of the Directors and Key Managerial Personnel of the Company.

**Route Map for the venue of the Annual General Meeting**  
**“Level 1, UB Tower, UB City, # 24 Vittal Mallya Road, Bangalore - 560 001”**  
**forming part of this Notice is on the back inner cover page of this Annual Report.**

## TO THE MEMBERS,

The Directors have pleasure in presenting the Annual Report of the Company along with Audited Accounts for the year ended March 31, 2019.

Financial Performance for the year ended March 31, 2019:

Particulars	For the Financial Year Ended	
	31.03.2019 (₹)	31.03.2018 (₹)
Income	1,57,17,551	1,03,69,082
Less : Expenditure	8,23,26,647	2,64,80,221
Loss before tax and exceptional item	(6,66,09,096)	(1,60,84,139)
Exceptional item : Profit on sale of Investment	9,71,75,455	-
Profit/(Loss) before Tax	3,05,66,359	(1,60,84,139)
Tax Expense (Earlier year)	5,00,000	(9,668)
Profit/(Loss) after Tax	3,00,66,359	(1,60,74,471)

## Dividend

Considering the available fund position and the required future commitments, no dividend has been recommended for the financial year ended March 31, 2019.

## Operations of the Company

The total income of the Company during the financial year under review was ₹ 1,57,17,551 as against ₹ 1,03,69,082 in the previous financial year. The increase was primarily due to increased dividend income.

The total expenditure during the year was ₹ 8,23,26,647 as against ₹ 2,64,80,221 in the previous financial year. The increase in expenditure was primarily due to increase in employee costs and legal / professional expenses. The net profit is ₹ 3,00,66,359 as against a loss of ₹ 1,60,74,471 in the previous year. The profit for the year was earned from sale of investments.

## Market Value of Company's investment

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

## Future Prospects

Your Company is in the category of NBFC-CIC (exempted) and it continues to hold strategic investments in different companies. The dividend distribution by the Investee Companies contributes to the Company's revenue.

In order to strengthen the prospects of the Company, your Directors/Management were evaluating options to enter into additional activities. The attachment/transfer of the Company's investments by the Regulators has affected the cash flow position of the Company which in turn has affected these primary discussions. Should the situation improve, the Company would again evaluate available options during the current year.

## Directors and Key Managerial Personnel

Ms. Tushita Patel (DIN 07017591) a, Non-Executive Woman Director, is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers herself for re-appointment. The Nomination and Remuneration Committee has recommended the re-appointment of Ms. Tushita Patel as a Director liable to retire by rotation.

Mr. Ajay Kumar Vijay was appointed as a Whole Time Director and Key Managerial Personnel of the Company for a period of 3 years w.e.f. May 9, 2019 designated as Executive Director and Chief Executive Officer of the Company on

## Report of the Directors (Contd.)

the recommendation of the Nomination and Remuneration Committee. His appointment is subject to the approval of the Members of the Company.

The other Key Managerial Personnel are the Company Secretary, Mr. Manoj Kumar and the Chief Financial Officer, Mr. Arindam Ash.

The affairs of the Company are conducted under the overall supervision and guidance of the Board of Directors of the Company.

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

### Directors' Responsibility Statement

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

### Statutory Auditors

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

The Members of the Company had appointed M/s. BVC & Co., Chartered Accountants, (Firm Registration No. 008154S) as the Statutory Auditors of the Company for a period of five years commencing from the conclusion of the Thirteenth Annual General Meeting to the conclusion of the Eighteenth Annual General Meeting of the Company. The Auditors have confirmed that they continue to fulfil the criteria for appointment as Auditor of the Company as prescribed under the Act and the Rules framed thereunder.

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

Certain issues relating to Company's income stream and its effect on the going concern aspects, Company's investments in a Promoter Company which is under winding up proceedings in Karnataka High Court and Company's investments in a Promotee Company which is in liquidation as per the Order of National Company Law Tribunal, Mumbai are the subject matter of Qualifications in the Audit Report. These Qualifications have been explained in Note no. 23 and 18 of the financial statements.

### Corporate Governance & Management Discussion and Analysis Reports

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

The Auditor's Certificate confirming compliance of conditions of Corporate Governance is appended to this report. (CEO/CFO Certificate) as required under Regulation 17 of the SEBI LODR has been signed by the CFO of the Company.

### **DISCLOSURES :**

#### **Board and its Committees**

The details of the composition of the Board and its Committees and the meetings of the Board and Committees held during the financial year are given in the Report on Corporate Governance. All the recommendations made by the Audit Committee and Nomination and Remuneration Committee from time to time were accepted by the Board.

#### **Declarations by Independent Directors**

All the Independent Directors have given a declaration in terms of sub-section (6) of Section 149 of the Companies Act, 2013. During the year your Company have not appointed any Independent Director.

#### **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 policy for performance evaluation of the Independent Directors and Board of Directors is available on the Company's website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).

#### **Details of remuneration to Directors**

During the year under review, none of the Directors were paid any remuneration other than sitting fees for attending the committee and board meetings, as such the disclosures required under Section 197(12) of the Companies Act, 2013 is not applicable to the Company. Sitting fees are paid to Independent Directors for attending Board/Committee meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred in attending such meetings.

#### **Particulars of Employees and Related Disclosures**

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

#### **Deposits**

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

#### **Corporate Social Responsibility (CSR)**

The Company has constituted a Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013. Since the average net profit of the Company for the preceding three financial years was negative, there was no necessity for the Company to carry out any CSR spending for 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 Board has appointed M/s. I B Harikrishna & Co.

## Report of the Directors (Contd.)

(C. P. No. 5302/Membership No. F 5829) Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report furnished by Auditor in the format prescribed is enclosed as **Annexure - B** to this report.

### (b) *Qualifications and Board responses*

*The Board responses to the qualifications of the Secretarial Audit are as under*

Mr. Ajay Kumar Vijay was appointed as a Whole Time Director and Key Managerial Personnel of the Company for a period of 3 years w.e.f. May 9, 2019 designated as Executive Director and Chief Executive Officer of the Company.

In the absence of a Chief Executive Officer/Managing Director, the Compliance Certificate has been obtained from the Chief Financial Officer of the Company.

### **Internal Control System**

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

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

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

### **Vigil Mechanism**

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

Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year under review. The Whistle Blower Policy is available in the Company website, [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).

### **Share Capital**

The Authorised Share Capital of the Company stands at ₹ 15,00,00,000 comprising of 1,50,00,000 equity share of ₹ 10 each and the issued, subscribed and paid up capital of the Company as on March 31, 2019 remain unchanged at ₹ 13,99,22,580 comprising of 1,39,92,258 equity shares of ₹ 10 each.

### **Depository System**

The trading in the equity shares of your Company is under compulsory dematerialisation mode. As the depository system offers numerous advantages, Members are requested to take advantage of the same and avail the facility of dematerialisation of the Company's shares. Moreover, transfer of shares of the Company by physical means has been barred from April 01, 2019 pursuant to SEBI's Notification dated December 3, 2018.

### **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 2019-2020.

### **Extract of Annual Return**

An extract of Annual Return in Form MGT-9 as on March 31, 2019 is available on the website of the Company [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in) and is available through the link <http://mcdowellholdings.co.in/investors/others>.

### Nomination and Remuneration Policy

The Board on the recommendation of the Nomination and Remuneration Committee has laid down a policy for the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company. The same is set out in **Annexure - D** to this report.

### Particulars of Loans, Guarantees or investments

Details of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are given in Note 8 & 11 of the Notes to the Financial Statements.

### Subsidiary, Associates and Joint Ventures

The Company does not have any Subsidiary, Associates or Joint Ventures

### Related Party Transactions

There were no related party transactions within the purview of Section 186 of the Companies Act, 2013. The Policy for Related Party Transactions, is available on the Company's website: [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).

### Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of the Independent Directors, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are available on the Company's website: [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in).

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

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

### Significant and material changes/commitment/events/orders passed by the regulators subsequent to the date of financial statement for the year under review.

The Company has entered into a Settlement Agreement dated June 17, 2019 (herein after referred to as "SA") with Zuari Agro Chemicals Limited (hereinafter referred to as "ZACL"), Pursuant to SA, the Company's dues to ZACL as on June 30, 2019 has been finalised at ₹ 18.52 crores (this includes interest of ₹ 7.91 crores and Principal of ₹ 10.61 crores.)

ZACL (in which Zuari Fertilizers and Chemicals Ltd has merged) had initiated Corporate Insolvency Resolution Process (under Section 7 of the Insolvency and Bankruptcy Code, 2016), on the premise of non-payment of dues of ₹ 17.87 crores from the Company to ZACL. Mangalore Chemicals and Fertilizers Limited (hereinafter referred to as "MCF"), which is a subsidiary of ZACL, owed ₹ 9.39 crores to the Company. The Company had sought for an adjustment of this amount from the total dues payable to ZACL. The SA was executed to bring an end to the Insolvency proceedings wherein the dues from MCF to the Company has been agreed to be adjusted by ZACL against their dues. The dues to ZACL as on June 17, 2019 has been finalised at ₹ 18.97 crores. This has been partly paid (₹ 5.91 crores) has been paid by transfer of 11,85,151 MCF shares to ZACL. Pursuant to this adjustment, the amount outstanding to ZACL as on July 31, 2019 is ₹ 12.74 crores only. The interest is accruing @18% per annum. As per the SA, the balance due is payable within 18 months from the date of SA and non-payment within this period gives a right to ZACL to re-initiate the Insolvency proceedings upon the Company.

Pursuant to this SA, all the related proceedings in City Civil Court, Supreme Court, High Court of Karnataka and NCLT (IBC proceedings) have been withdrawn by both the parties.

## Report of the Directors (Contd.)

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

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

### Acknowledgement

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

By Order of the Board

Place: Bengaluru  
Date: August 02, 2019

M S Kapur  
Chairman  
[DIN 00703815]



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#### PERFORMANCE EVALUATION PROCESS & CRITERIA

The 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, have 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.
- The Independent Directors at their separate meeting have 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 have 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.

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019**  
**[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  
Bangalore

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

Based on my verification of the Company's books, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, 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, 2019, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (No instances for compliance requirements during the year);
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (No instances for compliance requirements during the year);
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (No instances for compliance requirements during the year);

- (g) 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;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (No instances for compliance requirements during the year);
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (No instances for compliance requirements during the year); and
- (j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

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

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

1. *During the year under review the Company did not appoint Managing Director or Chief Executive Officer or Manager or whole-time director as required under Section 203 (1) (i) of the Act and pursuant to this there was also non-compliance Regulations 17 (1)(a), 17(8) and 33(2)(a) of SEBI (Listing Obligations and Requirements) Regulations, 2015.*

I further report that

1. Since the Chairperson of the Company was also the Chairperson of the Nomination and Remuneration Committee (NRC), there was noncompliance of Regulation 19(2) of the SEBI (Listing Obligations and Requirements) Regulations, 2015. However, the Company reconstituted the NRC and appointed another Independent Director as the Chairman of NRC with effect from November 12, 2018 and complied the said Regulation.
2. As required under Section 117 of the Act, the Company did not file certain resolutions passed at the board meeting in terms of Section 179(3) of the Act. However, the Company has now filed applications for condonation of delay in filing the same.

I further report that

Subject to my observations as mentioned above the Board of Directors of the Company was constituted with only Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors that took place during the period under review.

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

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

I further report that during the audit period there were no specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards referred to above.

Place: Bangalore  
Date: August 02, 2019

**I. B. Harikrishna**  
Company Secretary in Practice  
FCS No.: 5829; C P No. : 5302

### VIGIL MECHANISM

- A) Employees and Directors can make Protected Disclosure 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

### 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/re-appointment 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.
- Ability to provide guidance to the Board in matters of business, finance, strategy and corporate governance.

- Ability 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., Executive Director, Non-Executive Directors and Non-Executive Independent Directors.

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

### **Non-Executive Directors**

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

### **Reimbursement of expenses**

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

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

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

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

It is to be ensured that Key Managerial Personnel 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 Objective.

# Corporate Governance Report

## Company's Philosophy on Corporate Governance

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

## Board of Directors

### Composition and Category of Directors

In compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'), the Board comprises of two Independent Directors and one Non-Executive Woman Director. Mr. Ajay Kumar Vijay was appointed as the Whole Time Director and Key Managerial Personnel designated as the Executive Director and Chief Executive Officer of the Company for the period of three years w.e.f. May 9, 2019. His appointment is subject to the approval of the Members of the Company. The Chairman of the Board is a Independent Non-Executive Director. None of the Directors on the Board is a Member of more than seven committees or Chairman of more than five committees or Director/ Independent Director in more than seven listed company as specified under the SEBI LODR across all the companies in which he/she is a Director.

### Meeting and Attendance details

During the year under review, five board meetings were held on May 17, 2018, August 7, 2018, September 28, 2018, November 13, 2018, and February 11, 2019. Necessary quorum was present in all the meetings and the gap between two consecutive meetings did not exceed 120 days.

The names and categories of the Directors on the Board, their attendance at the board meetings held during the year 2018-19 and at the last Annual General Meeting and details of number of outside directorships and committee position held by each Director as on date are given below:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 28.09.2018	No. of Directorships in other public Companies	No. of committees (other than the Company) in which Chairman/Member
Mr. M. S. Kapur	Independent Non-Executive Director (Chairman)	5	Yes	4	-
Mr. Nitin Kochhar	Independent Non-Executive Director	5	Yes	1	-
Ms. Tushita Patel	Non-Executive Director	5	Yes	-	-

### Note:

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

### Committees of the Board

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

## Audit Committee

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

The Committee presently comprises of the following Directors:

Name	Designation	Category
Mr. M S Kapur	Chairman	Independent Non-Executive Director
Mr. Nitin Kochhar	Member	Independent Non-Executive Director
Ms. Tushita Patel	Member	Non-Executive Director

The Committee, inter alia, has reviewed the financial statements for the year ended March 31, 2019 and recommended its adoption. In addition, the Committee has also reviewed the unaudited financial results for the quarter ended June 30, 2018, September 30, 2018 and December 31, 2018 which were subject to limited review by the Statutory Auditors of the Company and the Audited Financial Results for the year ended March 31, 2019. The Statutory and Internal Auditors of Company were invited to attend the Audit Committee meetings.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on September 28, 2018.

## Meeting and Attendance details

During the year under review, four meetings of the Committee were held on May 17, 2018, August 7, 2018, November 13, 2018, and February 11, 2019. The quorum was present in all the meetings and the gap between two meetings did not exceed 120 days. The composition and attendance of Members at the meetings of the Audit Committee held during 2018-19 were as follows:

Name	Designation	Category	Meetings attended during 2018-19
Mr. M. S. Kapur	Chairman	Independent Non-Executive Director	4
Mr. Nitin Kochhar	Member	Independent Non-Executive Director	4
Ms. Tushita Patel	Member	Non-Executive Director	4

## Nomination and Remuneration Committee

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

The Committee presently comprises of the following Directors:

Name	Designation	Category
Mr. Nitin Kochhar*	Chairman*	Independent Non-Executive Director
Mr. M. S. Kapur	Member	Independent Non-Executive Director
Ms. Tushita Patel	Member	Non-Executive Director

\*Mr. Nitin Kochhar was appointed as the Chairman of the Committee w.e.f November 12, 2018.

## Terms of Reference

The role of the Committee is inter alia, to consider and recommend persons who are qualified for Board positions, evaluate Director's performance, persons who are qualified to be Senior Management, formulate the criteria for determining qualifications, positive attributes and independence of a director and devising a policy on Board diversity. The Board has based on the recommendation of the Committee approved the Policy on Nomination and 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).

## Meeting and Attendance details

During the year under review, the Nomination and Remuneration Committee met on May 17, 2018, August 7, 2018, and February 11, 2019. The composition and attendance of Members at the meetings held during 2018-19 were as follows:

Name	Designation	Category	Meetings attended during 2018-19
Mr. Nitin Kochhar	Chairman	Independent Non-Executive Director	3
Mr. M S Kapur	Member	Independent Non-Executive Director	3
Ms. Tushita Patel	Member	Non-Executive Director	3

## Stakeholders Relationship Committee

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

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

The Stakeholders Relationship Committee presently comprises of the following Directors:

Name	Designation	Category
Mr. M. S. Kapur	Chairman	Independent Non-Executive Director
Mr. Nitin Kochhar*	Member	Independent Non-Executive Director
Ms. Tushita Patel	Member	Non-Executive Director

\* Mr. Nitin Kochhar, an Independent Non-executive Director was inducted as a Member of the Committee w.e.f August 07, 2018.

## Meeting and Attendance details

During the year under review, the Committee met on May 17, 2018, August 7, 2018, November 13, 2018, and February 11, 2019. The composition and attendance of Members at the meetings held during 2018-19 were as follows:

Name	Designation	Category	Meetings attended during 2018-19
Mr. M. S. Kapur	Chairman	Independent Non-Executive Director	4
Ms. Tushita Patel	Member	Non-Executive Director	4
Mr. Nitin Kochhar	Member	Independent Non-Executive Director	4

In addition to the Committee of Directors, in the interest of investors and for administrative convenience, the Board has authorised a Director and Company Secretary to jointly approve share transfers, transmissions, etc. upto a specified limit. During the year under review, 4 complaints was received from the shareholders/investors, which was replied/resolved to their satisfaction. There was no complaint pending as on March 31, 2019.

The Company has not received any complaints of investors through SEBI, stock exchanges or investors associations except that a petition has been filed in National Company Law Tribunal, Bangalore (NCLT) by Mr. Neel Rajesh Shah, against the Company and Integrated Registry Management Services Private Limited (RTA), claiming as a lawful owner of the 620 equity shares of the Company held by his late father Mr. Himatlal Bhai Shah and re-issue the said shares to the petitioner in dematerialized form. The NCLT have passed an order directing the Company to transfer 620 shares of the Company to the petitioner being distinctive no. 113633 to 114252. Since the order cannot practically be complied, the Company has written to the opposite party offering to pay the value of the said shares to the opposite party. Mr. Neel Rajesh Shah has also filed a criminal complaint against the Company and RTA vide CC No. 3118/2017. The matter is pending before the Addl. CMM, Bangalore.

## Corporate Social Responsibility Committee

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

The Committee presently comprises of the following Directors:

Name	Designation	Category
Mr. M. S. Kapur	Chairman	Independent Non-Executive Director
Mr. Nitin Kochhar	Member	Independent Non-Executive Director
Ms. Tushita Patel	Member	Non-Executive Director

Since the average net profit of the Company in the preceding three financial years was negative, there was no necessity to incur any CSR expenditure during the year under review.

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

## Compliance Officer

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

## REMUNERATION OF DIRECTORS AND THEIR SHAREHOLDINGS IN THE COMPANY

### a) Managing Director:

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

### b) Non-Executive Directors:

At present, the Non-executive Directors do not draw any remuneration from the Company. Sitting Fees are paid to Non-Executive Directors for attending Board/Committee Meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses, incurred for attending such meetings.

The details of sitting fees paid to the Directors during the year under review are as under:

Name of the Director	Sitting fees (₹)	No. of Equity Shares held
Mr. M. S. Kapur	10,80,000	Nil
Ms. Tushita Patel	9,60,000	Nil
Mr. Nitin Kochhar	10,80,000	Nil

## General Body Meetings

### Annual General Meetings

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

Financial Year ended	Date	Time	Venue
March 31, 2016	September 29, 2016	03.15 p.m.	UB Tower, Level 1, UB City, 24 Vittal Mallya Road, Bengaluru – 560 001
March 31, 2017	September 29, 2017	02.30 p.m.	UB Tower, Level 1, UB City, 24 Vittal Mallya Road, Bengaluru – 560 001
March 31, 2018	September 28, 2018	02.30 p.m.	UB Tower, Level 1, UB City, 24 Vittal Mallya Road, Bengaluru – 560 001

## Corporate Governance Report (Contd.)

No Special Resolutions were passed by the Shareholders at the last three Annual General Meetings held on September 29, 2017, September 29, 2017 and September 28, 2018.

### Voting through electronic means

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

### Postal Ballot

The Company has not passed any resolution through Postal Ballot during the period under review. None of the business proposed to be transacted in the ensuing Annual General Meeting requires passing of resolution through 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 Transactions

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

#### Compliance Certificate

The Compliance Certificate to the Board pursuant to Regulation 17 (8) of the SEBI LODR has been obtained from the Chief Financial Officer of the Company as the Company did not have Chief Executive Officer during the period under review.

#### Cash Flow Statement

Cash Flow statement for the year ended March 31, 2019, is appended as a part of Financial Statement.

#### Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics in terms of the SEBI LODR and the same is available on the Company website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in). All the Members of the Board have affirmed compliance with the Code for the year ended March 31, 2019 and a declaration to this effect signed by a Director is forming part of this report.

#### Code for Prevention of Insider Trading

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

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

## Whistle Blower Policy

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

## Details of compliance with mandatory requirements and adoption of the non mandatory requirements of the SEBI LODR

The Company has complied with all the mandatory requirements of the SEBI LODR except to the extent of qualification raised in the Secretarial Audit Report. No strictures had been passed by Stock Exchanges or Securities and Exchange Board of India, on any matters relating to the capital market during the last three years. The details of 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 confirm that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

## Means of Communication

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

## Designated e-mail ID for investor complaints

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

## General Shareholder information:

a)	AGM Date, Time and Venue	Thursday, September 26, 2019 at Level - 1, UB Tower, UB City, 24, Vittal Mallya Road, Bengaluru – 560 001
b)	Financial Year	April 01 to March 31
	First Quarterly Results	By August 14
	Second Quarterly Results	By November 14
	Third Quarterly Results	By February 14
	Audited Financial Results	By May 30

c)	Dates of Book Closure	(both days inclusive)
d)	Dividend payment date	NA
e)	Listing on Stock Exchanges:	The shares of the Company are listed on the following Stock Exchanges: BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) The Annual Listing Fees for the years 2019-20 have been paid.
f)	Stock Code:	
	BSE	532852
	NSE	SYMBOL – MCDHOLDING
g)	ISIN No.	INE836H01014 (NSDL & CDSL) – for equity shares
h)	Market price data	As per Annexure I
i)	Stock performance in comparison to BSE Sensex and NSE Nifty	As per Annexure II
j)	Registrars and Share Transfer Agent	Integrated Registry Management Services Private Ltd. CIN NO: U74900TN2015PTC101466 No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560 003 E-mail: bglsta@integratedindia.in Tel: +91-80-23460815-818   Fax: +91-80-2346081
k)	Share Transfer System	In addition to the Committee of Directors, the Board has authorised a Director and Company Secretary to jointly approve share transfers, transmissions etc., upto a specified limit. The requirements under the SEBI LODR and other statutory regulations in this regard are being followed.
l)	Distribution of Shareholding	As per Annexure-III
m)	Dematerialisation of shares	As on March 31, 2019, 96.85% of the paid-up share capital was held in dematerialised form.
n)	Outstanding GDRs/ ADRs/ NA Warrants or any other Convertible instruments	NA
o)	Plant Locations	NA
p)	Address for correspondence	Shareholder correspondence should be addressed to the Company's Registrars and Share Transfer Agent: Integrated Registry Management Services Private Ltd. CIN NO: U74900TN2015PTC101466 No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560 003 E-mail: bglsta@integratedindia.in Tel: +91-80-23460815-818   Fax: +91-80-2346081 Investors may also write to or contact the Company Secretary at the Registered Office of the Company at UB Tower, Level- 12, UB City, 24 Vittal Mallya Road, Bengaluru 560 001. Tel. Nos. (080) 4668 6060 / 4668 6080 ; Fax No. (080) 2227 4890 ; e-mail : mhlinvestor@ubmail.com

## DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on March 31, 2019, is given below:

### Value Wise:

Shareholding of nominal value of (₹)	Shareholders		Share Amount	
	Number	% to Total	In ₹	% to Total
(1)	(2)	(3)	(4)	(5)
Upto - 5,000	48,403	99.59	49,078,150	35.02
5,001 - 10,000	97	0.20	7,254,940	5.18
10,001 - 20,000	58	0.12	8,142,550	5.82
20,001 - 30,000	11	0.02	2,768,910	1.98
30,001 - 40,000	7	0.01	2,508,020	1.79
40,001 - 50,000	4	0.01	1,820,950	1.30
50,001 - 100,000	9	0.02	6,253,230	4.47
100,001 and above	11	0.03	62,095,830	44.38
<b>TOTAL</b>	<b>48,602</b>	<b>100.00</b>	<b>139,922,580</b>	<b>100.00</b>

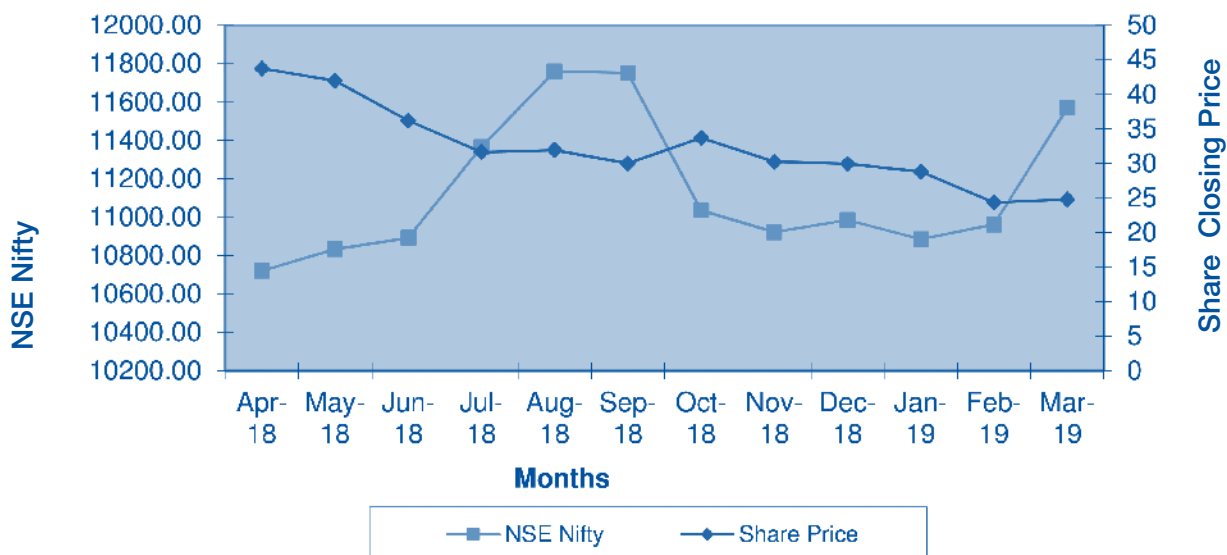
## ANNEXURE - I

### MARKET PRICE DATA OF McDOWELL HOLDINGS LIMITED

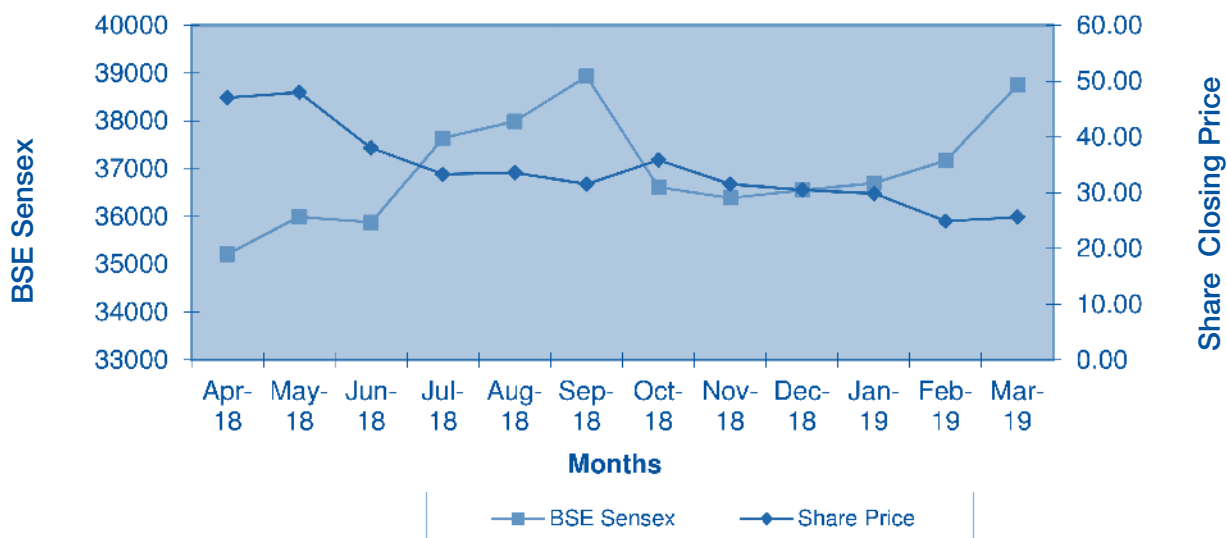
Monthly NSE				Monthly BSE			
Date	High Price	Low Price	Volume	Date	High Price	Low Price	Volume
April 2018	43.75	40.10	22,635	April 2018	47.00	36.10	2,987
May 2018	41.95	31.55	18,425	May 2018	48.00	31.00	2,116
June 2018	36.20	30.75	11,643	June 2018	38.00	26.50	1,802
July 2018	31.65	24.75	9,165	July 2018	33.30	23.35	1,344
August 2018	31.95	27.70	13,634	August 2018	33.60	26.65	1,780
September 2018	30.00	24.30	5,223	September 2018	31.50	22.80	566
October 2018	33.70	21.10	13,246	October 2018	35.85	19.30	1,607
November 2018	30.25	28.05	2,094	November 2018	31.50	27.10	461
December 2018	29.95	28.10	2,256	December 2018	30.50	27.90	314
January 2019	28.80	24.50	1,452	January 2019	29.85	24.10	191
February 2019	24.25	21.45	1,140	February 2019	24.90	21.10	194
March 2019	24.80	22.35	1,825	March 2019	25.65	22.10	196

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

## NSE Nifty and Share Price



## BSE Sensex and Share Price



## ANNEXURE-III

### Category Wise Distribution of Shareholders as on March 31, 2019:

Category	No. of Shares	% of Equity
Promoter Group	3,170,302	2.27
Resident Body Corporate	718,654	5.14
Banks/FI/FII/MF/Trust/GOV	5,181,213	37.03
NRI/OCB/FCB/Foreign Nationals	754,146	5.39
Resident Individuals	6,900,771	49.31
Clearing Members	120,441	0.86
<b>Total</b>	<b>13,992,258</b>	<b>100.00</b>

On May 03, 2018 certain shares held by the three Promoters of the Company have been transferred from their demat accounts to the demat account of the Deputy Director, Directorate of Enforcement, Mumbai. The promoters holding in the Company have come down from 2,517,392 to 3,17,032 shares.

### NON MANDATORY REQUIREMENTS

#### Shareholders Rights

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

#### Audit qualifications

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

#### Separate posts of Chairman and Chief Executive Officer (CEO)

The Company during the period did not have a Managing Director/Whole-Time Director/manager. Mr. Ajay Kumar Vijay was appointed as the Whole Time Director and Key Managerial Personnel for a period of three years w.e.f. May 9, 2019 designated as Executive Director and Chief Executive Officer of the Company.

#### Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

## CERTIFICATE

The Members of

### **McDOWELL HOLDINGS LIMITED**

We have examined the compliance of conditions of Corporate Governance by McDOWELL HOLDINGS LIMITED ("the Company"), for the year ended on March 31, 2019, as stipulated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

- (i) *The Company has not obtained a certificate as required to be obtained from CEO/CFO. The same is obtained from the CFO, since the Company does not have a CEO.*

We state that no investor grievance is pending for a period exceeding one month as on March 31, 2019 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 **BVC &Co.**  
(Chartered Accountants)

**(Vishwas Shetty T.)**

Partner

(Membership No. 218619)

Firm Registration No. 008154S

Date : August 02, 2019

Place : Bengaluru

## DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirement of Regulation 26(3) read with Schedule V Para D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Code of Conduct of the Company has been displayed at the Company's website [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in). All the Members of the Board and the senior management personnel had affirmed compliance with the code for the year ended March 31, 2019.

Place : Bengaluru

Date : August 02, 2019

**M S Kapur**

Chairman

(DIN 00703815)

## Overview – Financial Performance

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

## Industry Structure & Developments

Your Company is essentially a financing/investment company having strategic investments in other companies, which were / 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 which declare dividend based on their performance as well as fluctuations in the quotations on the Stock Market.

## Opportunities and Risks

The Company continues to hold significant investments in equity share capital of Investee Companies engaged in the business of Manufacture and Sale of Beer and Chemicals & Fertilizers, etc., which are characterised by fluctuations in prices, regulation and excessive taxation. These investments are subject matter of an Attachment Order by the Enforcement Directorate. The Company has filed submissions in the appropriate Court seeking release of these shares. These investments, being attached, are not in a position to be dealt with till the attachment is vacated. Any downward movement of product prices of the Investee Companies could also affect their margins, which could be a threat to the Company's prospects.

On May 3, 2018 a total of 22,00,360 shares held in the Company by three Promoters were also transferred from their respective demat accounts to the demat account of the Deputy Director, Enforcement Directorate, Mumbai. These shares include the shares held by the two Promoters, which were also attached by Order of Attachment dated June 21, 2018 by the Recovery Officer, Debt Recovery Tribunal, Bangalore.

## Human Resources Management

The Company presently has 22 employees who are professionals in their field and are given independent responsibilities to perform appropriate roles in the Company's development. The Company will strengthen its operative staff as and when the need arises.

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# Independent Auditor's Report

To,  
The Members Of  
**McDOWELL HOLDINGS LIMITED**

## Report on the Financial Statements

We have audited the financial statements of **McDOWELL HOLDINGS LIMITED ("the Company")**, which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, Cash flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

## 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 other 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.

## 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 thereunder.

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 the accounting policies used and the reasonableness of the accounting estimates made by 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 Audit Opinion on the financial statements.

## Basis for qualified opinion

- a. The Company's income streams are not sufficient to meet its recurring financial obligations. The Company has defaulted in repaying the inter-corporate deposits taken by it. These factors have adversely affected the going concern assumptions used in the preparation of financial statements. However, for the reasons stated in note no. 23, the Company continues to prepare its financial statements on going concern basis.
- b. United Breweries (Holdings) Limited, (UBHL) in which the company holds 52,60,002 shares with a carrying value of 10.49 crores has been ordered to be wound up pursuant to an order dated 07-02-2017 of the Honourable High Court

of Karnataka. The decline, other than temporary, in the value of such investments as a result of this development has not been quantified and provided for, in the accounts.(refer note no. 18).

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit and its cash flows for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

- a. Attention is invited to note no. 19 regarding the pledge created by the company on its 45,51,000 shares in United Breweries Limited (UBL) which has not yet been cancelled, even though no amounts are owed to the pledgee.
- b. Attention is invited to note no. 20 regarding 1,22,667 shares in United Breweries Limited (UBL) belonging to the company which are lying with erstwhile lenders, who claim that they have been directed by the Enforcement Directorate not to part with those shares.
- c. Attention is invited to note no.8 regarding 63,45,011 shares in United Breweries Limited (UBL) (inclusive of the shares referred to in paragraphs in (a) and (b) above) and 52,60,002 shares in United Breweries (Holdings)Limited (UBHL) in respect of which Enforcement Directorate has restrained UBL and UBHL from allowing the company to sell/alienate/ create any third party mortgage over those shares.
- d. Attention is invited to note no. 24 regarding continuing default in repayment of its matured inter corporate deposit of ₹ 23.24 crores (including interest).
- e. Attention is invited to note no. 24 regarding accounting of interest expense on inter corporate deposit.
- f. Attention is invited to note no. 21 and note 8 regarding freezing of 57,219 shares of Mangalore Chemicals and Fertilizers Limited by the Company.
- g. Attention is invited to note no. 33 regarding 16,71,344 shares in United Breweries Limited (UBL) belonging to the company has been transferred from the Demat account of the company to the Demat account of to the Deputy Director, Enforcement Directorate.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined that there are no key audit matters to communicate in our report.

### Report on Other Legal and Regulatory Requirements

1. 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 Companies Act 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- (e) The matters described in the Basis for Qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
- (f) On the basis of the written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
- (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 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 B V C & Co.,**  
Chartered accountants,  
Firm Reg. No.: 008154S

**CA Vishwas Shetty T**  
Partner  
Membership No.:218619

Place: Bengaluru  
Date: 09<sup>th</sup> May, 2019

## “ANNEXURE A” TO AUDITORS’ REPORT

### McDowell Holdings Limited

The annexure referred to in the Auditors’ report to the members of McDowell Holdings Limited (“the Company”) for the year ended 31<sup>st</sup> March 2019. We report that:

- i. (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.
- ii. As the Company is neither a manufacturing nor a material trading Company, paragraph 3 clause (ii) (a), (b) and (c) of the Order is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 clause (iii) (a) to (c) of the Order are not applicable to the Company.
- iv. The Company has not given loans, guarantees or securities or made investments to which the provisions of section 185 and 186 of the Companies Act, 2013 apply. Hence, paragraph 3 clause (iv) of the Order is not applicable to the Company.
- v. The Company has not accepted any deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under and the directives issued by the Reserve Bank of India are applicable. Hence paragraph 3 clause (v) of the Order is not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us the provisions of sub section (1) of Section 148 of the Companies Act, 2013 with regard to maintenance of cost records are not applicable to the Company. Accordingly, paragraph 3 clause (vi) of the Order is not applicable to the Company.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally 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 any other statutory dues with the appropriate authorities. According to information and explanations given to us, no undisputed amount payable in respect of aforesaid dues were outstanding as at March 31, 2019 for a period of more than six months from the date of becoming payable.
- (b) 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 (₹ lakhs)	Forum Where dispute is pending
Income Tax Act, 1961	Income tax for the A.Y. 2014-15	141.53	ITAT

- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any funds from financial institution, bank, Government or debenture holders, therefore paragraph 3 clause (viii) of the Order is not applicable to the Company.

## Annexure to the Independent Auditor's Report (Contd.)

- ix. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provision of paragraph 3 clause (ix) of the Order is not applicable to the Company.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the Company has complied with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a Nidhi Company. Therefore, paragraph 3 clause(xii) of the Order is not applicable to the Company.
- xiii. In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3 clause (xiv) of the Order is not applicable to the Company.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 clause (xv) of the Order is not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, paragraph 3 clause (xvi) of the order is not applicable to the company.

**For B V C & Co.,**  
Chartered accountants,  
Firm Reg. No.: 008154S

Place: Bengaluru  
Date: 09<sup>th</sup> May, 2019

**CA Vishwas Shetty T**  
Partner  
Membership No.: 218619

### **“ANNEXURE B” TO AUDITORS’ REPORT**

**Annexure to the independent auditor’s report of even date on the Financial statements of McDowell Holdings Limited.**

**Report on the Internal Financial Control under clause(i) of Sub-section 3 of section 143 of the companies Act, 2013 (“the Act”).**

We have audited the internal financial controls over financial reporting of McDowell Holdings Limited (“the Company”) as of March 31, 2019 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. 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 and 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 judgement, 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 control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, 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 B V C & Co.,**  
Chartered accountants,  
Firm Reg. No.: 008154S

**CA Vishwas Shetty T**  
Partner  
Membership No.:218619

Place: Bengaluru  
Date: 09<sup>th</sup> May, 2019

## Balance Sheet as at March 31, 2019

	Note No.	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<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	(17,473,306)	(48,039,665)
<b>2. Current Liabilities</b>			
a. Short-term Borrowings	4	207,000,000	200,000,000
b. Other Current Liabilities	5	35,838,066	34,772,867
c. Short-term Provision	6	14,206,028	14,706,028
		<b>379,493,368</b>	<b>341,361,810</b>
<b>II. Assets</b>			
<b>1. Non-current Assets</b>			
a. Property, plant and equipment	7	44,455	53,714
b. Non-Current Investments	8	291,323,446	308,347,436
<b>2. Current Assets</b>			
a. Trade Receivables	9	-	-
b. Cash and Cash Equivalents	10	41,798,734	3,062,541
c. Short-term Loans and Advances	11	20,702,873	18,325,625
d. Other Current Assets	12	25,623,859	11,572,494
		<b>379,493,368</b>	<b>341,361,810</b>
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 B V C & Co.,**  
Chartered Accountants  
Firm Registration No. 008154S

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

**Nitin Kochhar**  
Director  
DIN: 03559734

**Tushita Patel**  
Director  
DIN : 07017591

**Vishwas Shetty T**  
Partner  
Membership No. 218619

**Arindam Ash**  
Chief Financial Officer

**Manoj Kumar**  
Company Secretary  
FCS No. : F6698

Place : Bengaluru

Date : May 9, 2019

# Statement Of Profit And Loss For The Year Ended March 31, 2019



	Note No.	31-03-2019 ₹	31-03-2018 ₹
<b>I. Revenue</b>			
a. Revenue from operations	13	14,928,828	10,069,110
b. Other income	14	788,723	326,972
		<b>15,717,551</b>	<b>10,396,082</b>
<b>II. Expenses</b>			
a. Employee benefit expenses	15	19,617,609	6,067,726
b. Finance costs	16	296,685	8,975,342
c. Other expenses	17	62,393,907	11,407,781
d. Depreciation	7	18,446	29,372
		<b>82,326,647</b>	<b>26,480,221</b>
<b>III. Loss before Exceptional Item &amp; Tax</b>		<b>(66,609,096)</b>	<b>(16,084,139)</b>
<b>Exceptional Items:</b>			
Profit on Sale of Investments		97,175,455	-
<b>IV. Profit before taxation</b>		<b>30,566,359</b>	<b>(16,084,139)</b>
Tax Expense:			
i. Current Tax		-	-
ii. Earlier Years		500,000	(9,668)
<b>V. Net Profit / (Loss) for the year</b>		<b>30,066,359</b>	<b>(16,074,471)</b>
<b>VI. Earning per share</b> (Face value ₹10 each)			
a. Basic / Diluted earning per share (before exceptional item)		<b>(4.76)</b>	<b>(1.15)</b>
b. Basic / Diluted earning per share (after exceptional item)		<b>2.15</b>	<b>(1.15)</b>

## 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 B V C & Co.,**  
Chartered Accountants  
Firm Registration No. 008154S

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

**Nitin Kochhar**  
Director  
DIN: 03559734

**Tushita Patel**  
Director  
DIN : 07017591

**Vishwas Shetty T**  
Partner  
Membership No. 218619

**Arindam Ash**  
Chief Financial Officer

**Manoj Kumar**  
Company Secretary  
FCS No. : F6698

Place : Bengaluru

Date : May 9, 2019

# Cash Flow Statement for the year ended March 31, 2019

	For the year ending 31-03-2019 ₹	For the year ending 31-03-2018 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before tax	30,566,359	(16,084,139)
Adjustments for :		
Depreciation	18,446	29,372
Dividend income	(14,928,828)	(10,069,110)
Interest income	(259,283)	(119,975)
Provision for doubtful advances and receivable	-	-
Exceptional item - Profit on sale of shares	(97,175,455)	-
Operating profit before working capital changes	(81,778,761)	(26,243,852)
Adjustments for :		
(Increase)/Decrease in trade and other receivables	(16,428,613)	247,909
Inventories		
Increase/(Decrease) in trade payables/other liabilities	8,065,199	7,252,395
	(8,363,414)	7,500,304
Cash used in operations	(90,142,175)	(18,743,548)
Direct taxes paid	(500,000)	9,668
Net cash used in operations	(90,642,175)	(18,733,880)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(9,259)	-
Dividend Received	14,928,828	10,069,110
Interest received	259,283	119,975
Proceeds from sale of investments - Working 3	114,199,516	-
Cash flow generated from investing activities	129,378,368	10,189,085
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	-	-
<b>D. Net increase/(decrease) in cash and cash equivalents</b>	38,736,193	(8,544,795)
Cash and cash equivalents at the beginning of the year	3,062,541	11,607,336
<b>Closing Balance of Cash and cash equivalents</b>	41,798,734	3,062,541
Cash and cash equivalents comprises of :		
Balance with banks	41,792,416	3,061,533
Cash in hand	6,318	1,008
	41,798,734	3,062,541

As per our report of even date.

**For B V C & Co.,**  
Chartered Accountants  
Firm Registration No. 008154S

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

**Nitin Kochhar**  
Director  
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**Tushita Patel**  
Director  
DIN : 07017591

**Vishwas Shetty T**  
Partner  
Membership No. 218619

**Arindam Ash**  
Chief Financial Officer

**Manoj Kumar**  
Company Secretary  
FCS No. : F6698

Place : Bengaluru  
Date : May 9, 2019

## 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.

The Company had obtained registration from the Reserve Bank of India, to carry on the business of a Non-Banking (Non Deposit accepting) Financial Company. On the application of the Company, the Reserve Bank of India has reclassified the Company as a Core Investment Company (CIC).

## 1. ACCOUNTING POLICIES

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

The financial statements are prepared under the historical cost convention, having due regard to the fundamental accounting assumptions of going concern, consistency, accrual and in compliance with the mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013 ('Act') read with relevant rules issued thereunder.

### ii. Use of estimates :

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

### iii. Investments :

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

### iv. Fixed Assets :

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

### v. Depreciation :

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

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

### vi. Revenue recognition:

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

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

**vii. Provision and contingencies :**

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

**viii. Tax expense :**

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

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

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

**ix. Segmental reporting :**

Currently, the Company is operating in a single segment, being Investments, hence the disclosure requirement as per AS-17 is not applicable.

**x. Cash Flow :**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**xi. Employee Benefit**

Defined-contribution plans

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

	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<b>2. Share Capital</b>		
<b>Authorised</b>		
15,000,000 Equity shares of ₹ 10 each	150,000,000	150,000,000
	<b>150,000,000</b>	<b>150,000,000</b>
<b>Issued, Subscribed and Paid-up</b>		
13,992,258 (2018: 13,992,258) Equity shares of ₹ 10 each fully paid up	139,922,580	139,922,580
	<b>139,922,580</b>	<b>139,922,580</b>

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

	No. of Shares	₹ 31-03-2019	No. of Shares	₹ 31-03-2018
As at the beginning of the period	13,992,258	139,922,580	13,992,258	139,922,580
Issued during the year	-	-	-	-
Outstanding at the end of the period	13,992,258	139,922,580	13,992,258	139,922,580

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

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

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

	31-03-2019		31-03-2018	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹ 10 each fully paid				
Kingfisher Finvest India Limited	-	-	2,027,707	14.49%
Acacia Partners LP	776,269	5.55%	776,269	5.55%

\* The entire holdings of Kingfisher Finvest India Limited (Promoter) in the Company has been transferred from its demat account to the demat account of the Deputy Director, Directorate of Enforcement, Mumbai. We are given to understand that the said transfer has been affected under Rule 4 (4) of the Prevention of Money Laundering (Taking possession of attached and frozen Properties Confirmed by the Adjudicating Authority) Rule, 2013.

# Notes to the financial statements for the year ended March 31, 2019

	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<b>3. Reserves and Surplus</b>		
General Reserve		
As per last Balance Sheet	314,815,495	314,815,495
Statutory Reserve		
As per last Balance Sheet	28,246,733	28,246,733
Add: Addition during the year	<u>-</u>	<u>-</u>
	28,246,733	28,246,733
Securities Premium Account		
As per last Balance Sheet	156,649,203	156,649,203
Deficit as per statement of Profit and Loss		
As per last Balance Sheet	(547,751,096)	(531,676,625)
Profit / (Loss) for the year	<u>30,566,359</u>	<u>(16,074,471)</u>
	<u>(17,473,306)</u>	<u>(48,039,665)</u>
<b>4. Short Term Borrowings</b>		
<b>Unsecured</b>		
Inter Corporate Deposit	200,000,000	200,000,000
PE Data Centre Resources Pvt. Ltd.	<u>7,000,000</u>	<u>-</u>
	<u>207,000,000</u>	<u>200,000,000</u>
<b>Nature of security and terms of repayment for unsecured Borrowings</b>		
Intercompany deposit of ₹ 200 Million (Previous Year ₹ 200 million)	Overdue for repayment. Rate of Interest @ 18% p.a Extension of loan term being negotiated with the lender.	
Unsecured borrowings from PE Data Centre Resources Pvt. Ltd. (Previous Year ₹ Nil)	Rate of Interest @8.5%p.a payable on quarterly basis. Repayable in single instalment within 365days from the date of borrowing.	
<b>5. Other Current Liabilities</b>		
Interest accrued and due	32,400,003	32,400,003
Employee dues	303,302	36,888
TDS payable	10,760	165,866
Professional tax payable	3,800	400
Audit fees payable	135,000	135,000
GST payable	-	81,000
Other liabilities	<u>2,985,201</u>	<u>1,953,710</u>
	<u>35,838,066</u>	<u>34,772,867</u>
<b>6. Short term provision</b>		
Provision for tax	<u>14,206,028</u>	<u>14,706,028</u>
	<u>14,206,028</u>	<u>14,706,028</u>

# Notes to the financial statements for the year ended March 31, 2019

## 7. Property, plant and equipment

Amount in ₹

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2018	Additions	Deletions	As at 31.03.2019	Upto 31.03.2018	During the Year	Deductions	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
<b>Tangible Assets</b>										
Computers	99,240	-	-	99,240	91,353	4,981	-	96,334	2,906	7,887
Office Equipment	-	9,187	-	9,187	-	1,600	-	1,600	7,587	-
Furniture and Fixtures	65,400	-	-	65,400	19,573	11,865	-	31,438	33,962	45,827
<b>TOTAL</b>	<b>164,640</b>	<b>9,187</b>	<b>-</b>	<b>173,827</b>	<b>110,926</b>	<b>18,446</b>	<b>-</b>	<b>129,371</b>	<b>44,455</b>	<b>53,714</b>
Previous Year			-	164,640	81,555	29,372	-	110,927	53,714	83,085

	No. of shares	Face value	As at 31-03-2018 ₹	No. of shares	Face value	As at 31-03-2017 ₹
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## 8. Non-current Investments

### Trade investments

#### Quoted

Fully paid Equity shares

Mangalore Chemicals & Fertilizes Limited	2,442,337	10	<b>12,284,955</b>	5,826,828	10	29,308,945
UB Engineering Limited *	-	-	-	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	6,345,011	1	<b>173,974,451</b>	6,345,011	1	173,974,451

\* Trading has been suspended and referred to NCLT

\*\* Trading has been suspended

Less : Provision for Diminution in value of investments

<b>179,076,813</b>	<b>198,073,525</b>
<b>291,196,446</b>	<b>308,220,436</b>

### Non-Trade Other Investments

#### Unquoted

U.B. Electronics Instruments Limited	1,991	100	<b>127,000</b>	1,991	100	127,000
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<b>Total Investments</b>			<b>291,323,446</b>			<b>308,347,436</b>
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### Aggregate value of :

Quoted Investments	<b>291,196,446</b>	<b>308,220,436</b>
Unquoted Investments	<b>127,000</b>	<b>127,000</b>
Market value of quoted Investments	<b>8,952,622,147</b>	<b>6,422,690,522</b>

### Note:

- A. In respect of investments in United Breweries Limited is concerned :
- None of the shares are transferable in view of Enforcement Directorate's order to United Breweries Ltd.
  - 27,45,000 shares are under pledge to secure the borrowing availed by a erstwhile Group Company, whose dues have been repaid in full.
  - 18,06,000 shares are under pledge with a lender whose dues have been repaid in full.
  - 1,22,667 shares are held in custody of lenders pending their release.
- B. In respect of investments in United Breweries (Holdings) Limited is concerned :
- None of the shares are transferable in view of Enforcement Directorate's order to United Breweries (Holdings) Ltd.
  - United Breweries (Holdings) Limited has been ordered to be wound up vide High Court of Karnataka dated February 7th 2017.

# Notes to the financial statements for the year ended March 31, 2019

- C. In respect of investments in Mangalore Chemicals and Fertilizers Limited is concerned :
- 57,219 shares are not transferable in view of their freezing by the depository pursuant to order by stock exchanges.
- D. In respect of investments in UB Engineering Limited is concerned :
- The Hon'ble National Company Law Tribunal (NCLT), Mumbai on 5th December, 2017 had passed an order for Liquidation. In view of the liquidation, the investments in this Company has been written off in this Financial Year.

## MOVEMENTS IN SHAREHOLDING DURING THE YEAR

Particulars	No. of shares	Cost (₹)
<b>Sale during the year</b>		
Mangalore Chemicals & Fertilizes Limited	3,384,491	17,023,990
<b>Total</b>	<b>3,384,491</b>	<b>17,023,990</b>
	<b>As at</b>	<b>As at</b>
	<b>31-03-2019</b>	<b>31-03-2018</b>
	<b>₹</b>	<b>₹</b>
<b>9. Trade Receivables</b>		
Others: Considered doubtful	28,445,035	28,445,035
Less : Provision for doubtful receivables	28,445,035	28,445,035
	-	-
<b>10. Cash and Cash Equivalents</b>		
Balances with Banks:		
In Current accounts with scheduled bank	27,115,854	3,061,533
Cash on Hand	6,318	1,008
Fixed Deposit	14,676,562	-
	41,798,734	3,062,541
<b>11. Short Term Loans and Other Advances</b>		
(Unsecured, considered good unless stated otherwise)		
Interest accrued and due on loan	79,454,125	79,454,125
Advance tax & tax deducted at source	17,845,393	17,819,465
Staff deposits	2,857,480	506,160
	100,156,998	97,779,750
Less : Provision for interest on loan which are doubtful of recovery	79,454,125	79,454,125
	20,702,873	18,325,625
<b>12. Other Current Assets</b>		
Balance with statutory authorities	4,162,805	1,290,571
Advance for Expenses	10,237,609	-
<b>Other receivables</b>	105,166,636	104,225,113
	119,567,050	105,515,684
Less : Provision for doubtful receivables	93,943,190	93,943,190
	25,623,860	11,572,494

	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<b>13. Revenue from operations</b>		
Dividends	14,928,828	10,069,110
	<u>14,928,828</u>	<u>10,069,110</u>
<b>14. Other income</b>		
Interest on Income tax refund	477,552	206,997
Interest on Income tax refund	51,888	-
Interest on fixed deposit	259,283	119,975
	<u>788,723</u>	<u>326,972</u>
<b>15. Employee benefit expenses</b>		
Salaries	18,306,957	5,486,740
Contribution to Provident & Superannuation fund	1,310,652	580,986
	<u>19,617,609</u>	<u>6,067,726</u>
<b>16. Finance costs</b>		
Interest on loan /Inter Corporate Deposits	296,685	8,975,342
	<u>296,685</u>	<u>8,975,342</u>
<b>17. Other expenses</b>		
Travel and communication expenses	1,540,558	2,146,370
Secretarial expenses	438,244	566,690
Printing & stationery expenses	497,304	592,047
Director's sitting fees	3,120,000	2,980,000
Auditor's remuneration	150,000	150,000
Advertising expenses	159,036	179,423
Depository and listing fees	1,000,848	1,331,960
Legal and Professional charges	47,207,094	727,992
Filing fees	53,220	72,400
Interest on statutory dues	169,745	62,061
Miscellaneous expenses	8,057,858	2,598,838
	<u>62,393,907</u>	<u>11,407,781</u>

## Notes to the financial statements for the year ended March 31, 2019

18. The Hon'ble High Court of Karnataka on 7th February, 2017 had passed an order of winding-up of a Promoter Company, in which the Company also holds 52,60,002 equity shares. The impact of the winding up order on the shareholding in this Promoter Company is being assessed, pending the appeal filed in the Hon'ble High Court of Karnataka by the Promoter Company.
19. The Company's investments include 45,51,000 shares in United Breweries Limited (hereinafter referred to as UBL) which were pledged in favour of erstwhile lenders. As on date no dues are outstanding to these lenders but the pledge on these shares have not been released pursuant to the directions of the Enforcement Directorate (ED). The Company is in the process of taking appropriate steps in consulting with the lawyers.
20. Further, 1,22,667 shares of UBL, being the balance pledged shares, consequent to invocation by the erstwhile lenders and after liquidation of their dues, are lying in the Demat accounts of the said lenders. The Company understands that pursuant to the directions of ED these shares, dividend thereon and the excess sum recovered by them cannot be released. The Company is in the process of taking appropriate steps in consulting with the lawyers.
21. The Company's investments include 57,219 shares in Mangalore Chemicals and Fertilizers Limited (hereinafter referred to as MCF) which were frozen by the Stock Holding Corporation of India Ltd under an instruction from the National Stock Exchange (NSE), where the shares of the Company are listed. The Company has filed an appeal before the Securities Appellate Tribunal, Mumbai (SAT) and is pending adjudication.
22. Two investee companies being United Breweries Limited and United Breweries (Holdings) Ltd. (hereinafter referred to as UBL and UBHL respectively) in which the Company holds strategic investments have received orders in May 2016 from Enforcement Directorate (hereinafter referred to as ED) directing them not to allow the Company to sell / alienate / create third party mortgage rights in any manner on the shares of such investee companies. These investee companies have written to NSDL and CDSL through their Registrar and Transfer Agent to implement the directives of ED. The Company is in the process of taking appropriate steps in consultation with the lawyers.
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 dues of ₹ 23.24 crs (includes interest of ₹ 3.24 crs) as on 30th June, 2017 to Zuari Fertilizers & Chemicals Limited (hereinafter referred to as ZFCL). The Company has sought adjustment of ₹ 9.39 crs (dues from MCF, a subsidiary company of ZFCL) against the above dues. ZFCL has also filed a petition in NCLT. In view of the pendency of this NCLT matter and the fact that the Company has sought adjustment of ₹ 9.39 crs, the interest on the principal amount of ₹ 20 crs shall be accounted on the basis of the outcome of the said NCLT matter.
25. ZFCL has filed a Petition before the National Company Law Tribunal (NCLT), Bangalore, inter alia against McDowell Holdings Limited u/s 241, 242, 244, 246 and other provisions of Companies Act, 2013, alleging mismanagement of the affairs of Mangalore Chemicals & Fertilizers Ltd. (MCF) and seeking certain reliefs in the form of disinvestment of UB Group's holding in MCF in their favour, and making good the purported losses arising on account of the alleged mismanagement of the affairs of MCF. The matter is pending before NCLT, Bangalore.
26. Zuari Agro Chemicals Limited (hereinafter referred to as ZACL) has filed an application in November 2018, initiating Corporate Insolvency Resolution Process (under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016) against the Company seeking Company's insolvency on the premise that the dues of ₹ 17.87 crores remains unpaid (refer note no. 24 as well). The principal ICD was of ₹ 20 crores and in the said application, ZACL has stated an adjustment of ₹ 9.39 crores (being the dues receivable by the Company from MCF, a subsidiary of ZACL). Post such adjustment ZACL is now claiming an amount of ₹ 17.87 crores. The matter is pending before NCLT.

27. ZACL also filed a suit in the Hon'ble City Civil Court in Bangalore against the Company in December 2018, primarily regarding the pending dues of ₹ 17.87 crores (refer note nos. 24 and 26 above), seeking a perpetual injunction by way of a restraint on the Company from selling its investments in MCF till ZACL recovers its dues. The Hon. City Civil Court, vide an ex-parte order dated 20.12.18, issued a temporary injunction as sought by ZACL. This order was appealed against by the Company in the Hon. High Court of Karnataka, which vide an order dated 28.1.19 granted a stay on the order dated 20.12.18. Thereafter, ZACL approached the Hon'ble Supreme Court (vide a SLP) against the High Court order dated 28.1.19. Vide an order dated 20.2.19 the Hon'ble Supreme Court remitted the matter back to the City Civil Court to decide on the maintainability of the suit. The Company also gave an undertaking for not selling any further shares held in MCF. On 16.3.19, the City Civil Court dismissed the suit filed by ZACL which appealed against it in the Karnataka High Court. On 18.3.19, the Court granted an interim stay restraining the Company from selling any further MCF shares and reserved its order. With a view to reach an amicable settlement for the litigations as referred herein and in note no. 26, the company initiated a settlement process and has executed a Letter of Intent dated 2.5.19 with ZACL.

## 29. Contingent Liabilities :

	<u>2018-19</u>	<u>2017-18</u>
A) Demand raised by Income tax authorities against which the Company has preferred appeals	<b>1,41,53,390</b>	2,46,64,640
B) The Company is one of the Claimants in an Arbitration matter against ZFCL / ZACL, the respondents. The arbitration proceeds have been concluded and vide the Arbitration Award dated 8th May 2017, the Arbitrator has dismissed the Company's claims and has ordered the claimants to pay to the respondents a sum of ₹ 75 lakhs. The Company has filed an appeal against the Arbitration award before the Hon'ble High Court, Bombay and this amount is treated as contingent in nature.		
30. The Company does not have a Managing Director. The affairs of the Company in the interregnum are being managed, under the guidance of the Board of Directors.		
31. Estimated amount of contracts remaining to be executed on capital account and not provided for is Nil (Previous year ₹ Nil)		
32. The Hon'ble National Company Law Tribunal, Mumbai on 5th December, 2017 had passed an order for Liquidation of a Promotee Company, in which the Company also holds 4,52,243 equity shares. In view of the liquidation, the investments in this Promotee Company has been written off in this Financial Year.		
33. a) The company's investment of 16,71,344 shares in United Breweries Limited has been unilaterally transferred from the Demat account of the company to the Demat account of the Deputy Director, Enforcement Directorate, Mumbai on 3rd May, 2018. On the same day, a total of 22,00,360 shares in the company held by three Promoters has also been transferred from their respective Demat account to the Demat account of the Deputy Director, Enforcement Directorate, Mumbai. The Company is in the process of taking appropriate steps in consulting with the lawyers.		
b) The Company has received a Show Cause Notice dated 3rd July 2018 under the Fugitive Economic Offenders Act 2018 (FEOA) whereby the Company's investments in United Breweries Ltd. and United Breweries (Holdings) Ltd. are alleged to be confiscated. The Company has filed its objections in the designated court for FEOA, Mumbai. The matter is now posted for hearing on 1st July 2019.		

# Notes to the financial statements for the year ended March 31, 2019

## 34. Remuneration to Auditors :

	2018-19	2017-18
Statutory Audit	125,000	125,000
Limited Review & Certification of Corporate Governance	25,000	25,000
Total	150,000	150,000

35. The Defined Benefit Plan being Gratuity is funded under multi-employer plan. The Company has considered the defined contribution plan. However there is no requirement to contribute any fund during the year by the company as Gratuity Trust fund has surplus plan assets.

## 36. Deferred tax

Particulars	2018-19	2017-18
Deferred Tax Asset in respect of Allowance for carried forward losses	122,78,39,377	119,98,02,841
<b>Total</b>	<b>122,78,39,377*</b>	119,98,02,841

### Note:

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

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

The following are the balances outstanding for the current period with the related party:

There were no transactions with the related party.

Company	Particulars	2018-19	2017-18
United Breweries (Holdings) Limited	Opening Balance	10,32,26,606	10,32,26,606
	Balance outstanding	10,32,26,606	10,32,26,606

38. 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)	2018-19	2017-18
Profit / (Loss) before exceptional items	(6,66,09,096)	(1,60,84,139)
Number of equity shares	13,992,258	13,992,258
Earnings per share (Basic) / (Diluted) - in ₹	(4.76)	(1.15)

Earnings per Share (after exceptional items)	2018-19	2017-18
Profit / (Loss) after exceptional items and tax	3,00,66,359	(1,60,74,471)
Number of equity shares	13,992,258	13,992,258
Earnings per share (Basic) / (Diluted) - in ₹	2.15	(1.15)

39. Figures for the previous year have been regrouped /reclassified where ever necessary.
40. 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 B V C & Co.,**  
Chartered Accountants  
Firm Registration No. 008154S

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

**Nitin Kochhar**  
Director  
DIN: 03559734

**Tushita Patel**  
Director  
DIN : 07017591

**Vishwas Shetty T**  
Partner  
Membership No. 218619

**Arindam Ash**  
Chief Financial Officer

**Manoj Kumar**  
Company Secretary  
FCS No. : F6698

Place : Bengaluru

Date : May 9, 2019





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## McDOWELL HOLDINGS LIMITED

CIN: L05190KA2004PLC033485

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

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

Tel. : +91 80-46686060 Fax : +91 80 2227 4890

### PROXY FORM (FORM NO. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : \_\_\_\_\_  
 Registered Address : \_\_\_\_\_  
 E-mail ID : \_\_\_\_\_  
 Folio No. / Client ID. : \_\_\_\_\_ DP ID. : \_\_\_\_\_

I/We, being the holder(s) of \_\_\_\_\_ Equity Shares of McDowell Holdings Limited hereby appoint :

(1) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
 E-mail ID : \_\_\_\_\_ Signature : \_\_\_\_\_, or failing him/her  
 (2) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
 E-mail ID : \_\_\_\_\_ Signature : \_\_\_\_\_, or failing him/her  
 (3) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
 E-mail ID : \_\_\_\_\_ Signature : \_\_\_\_\_, or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the FIFTEENTH ANNUAL GENERAL MEETING of the Company, to be held on Thursday, September 26, 2019 at 03:30 P.M. at Level 1, UB Tower, UB City, #24, Vittal Mallya Road, Bengaluru – 560 001 and at any adjournment(s) thereof in respect of such resolutions as are indicated below:

S.No.	Resolutions
1.	Receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2019, and the Reports of the Auditors and Directors thereon.
2.	Re-appointment of Ms. Tushita Patel (DIN 07017591) as Director, liable to retire by rotation.
3.	Appointment of Mr. Ajay Kumar Vijay (DIN 02599167) as Director, not liable to retire by rotation.
4.	Appointment of Mr. Ajay Kumar Vijay as Whole Time Director being designated as the Executive Director and Chief Executive Officer of the Company.

Signed this .....day of .....2019.

Affix  
Re.1/-  
Revenue  
Stamp

.....  
Signature of the Shareholder(s)

.....  
Signature of the Proxy holder(s)

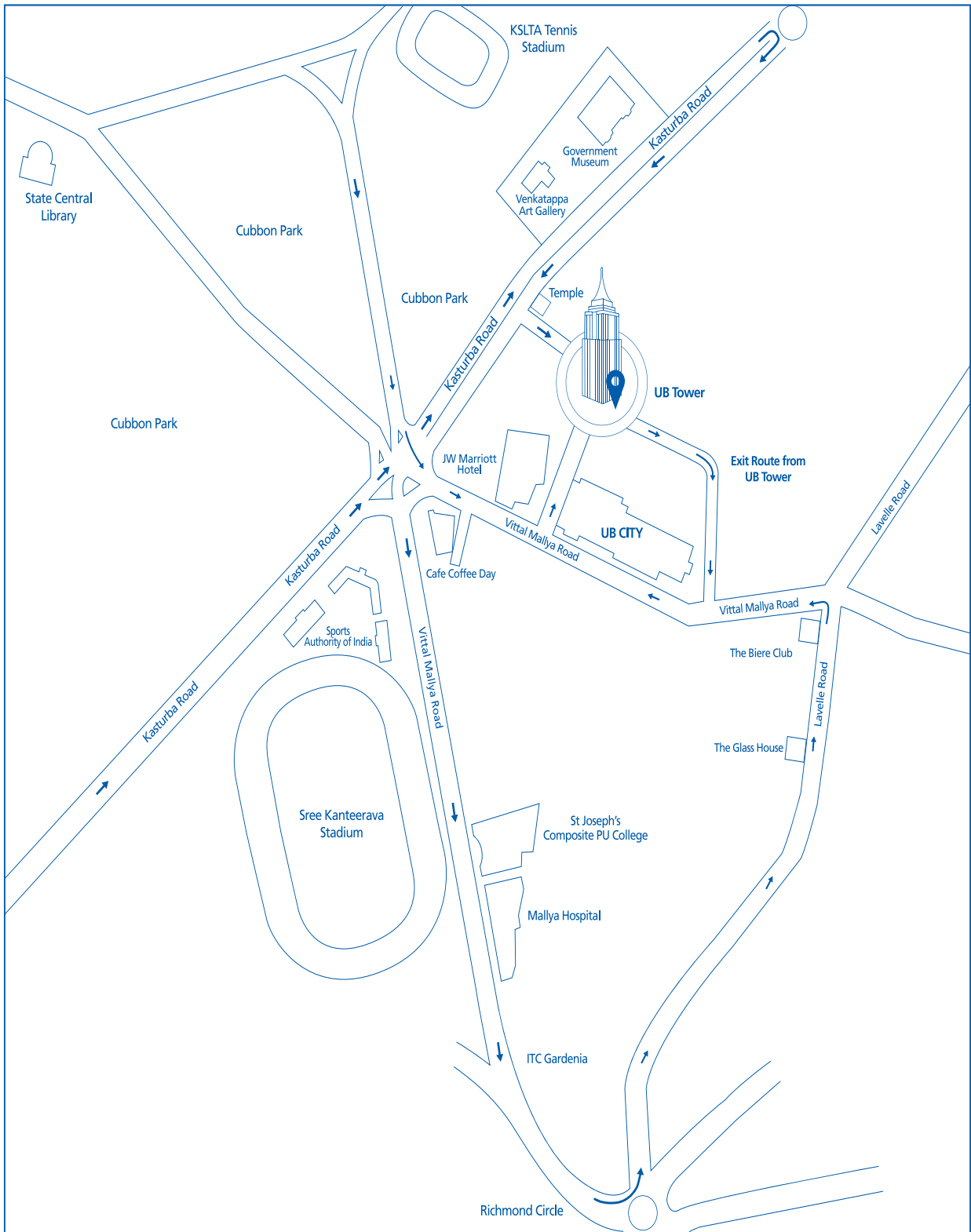
#### NOTES :

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- A person can act as proxy on behalf of Members not exceeding Fifty Members and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
- A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.



# ROUTE MAP

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





# *McDowell Holdings Limited*

CIN: L05190KA2004PLC033485

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

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

Tel. : +91 80 4668 6060 Fax : +91 80 2227 4890

**McDowell Holdings Limited**

Regd. Office: UB Tower, Level 12, UB City, 24 Vittal Mallya Road, Bangalore - 560 001  
Email: mhlinvestor@ubmail.com | website: www.mcdowellholdings.co.in | CIN : L05190KA2004PLC033485

**ANNEXURE - I**

*Amounts in Rs. Lakhs*

**Statement on Impact of Audit Qualification for the Year Ended March 31, 2019**

[see Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl.No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjustment for Audit Qualifications	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income	157.18	-	157.18
	2	Total Expenditure	823.27	-	823.27
	3	Exceptional item	971.75	-	971.75
	4	Net Profit / (Loss)	305.66	-	305.66
	5	Earnings Per Share		-	
		a. Basic / Diluted earning per share (before exceptional item)	(4.76)	-	(4.76)
		b. Basic / Diluted earning per share (after exceptional item)	2.15	-	2.18
	6	Total Assets	3,795	-	3,795
	7	Total Liabilities	2,570	-	2,570
	8	Net Worth	1,224	-	1,224
	9	Any other financial item(s) (as felt appropriate by the management)			

**II. Audit Qualification (each audit qualification separately):**

- a. Details of Audit Qualification:
- The Company's income streams are not sufficient to meet its recurring financial obligations. The Company has defaulted in repaying the inter-corporate deposits taken by it. These factors have adversely affected the going concern assumptions used in the preparation of financial statements.
  - United Breweries (Holdings) Limited, (UBHL) in which the company holds 52,60,002 shares with a carrying value of 10.49 crores has been ordered to be wound up pursuant to an order dated 07-02-2017 of the Honourable High Court of Karnataka. The decline, other than temporary, in the value of such investments as a result of this development has not been quantified and provided for in the accounts.
- b. Type of Audit Qualification : **All are Qualified Opinion**
- c. Frequency of qualification :
- Point a (i) - Repetitive since FY 2013-14
  - Point a (ii) - Repetitive since FY 2016-17
- d. For Audit Qualification(s) where the Impact is quantified by the auditor, Management's views: NOT APPLICABLE
- e. For Audit Qualification(s) where the Impact is not quantified by the auditor: -
- Management's estimation on the Impact of audit qualification:
  - If management is unable to estimate the Impact, reasons for the same:  
**For Qualification a (ii) above : The Company is in the process of evaluating the impact of the winding up order pending the outcome of the appeal filed by UBHL.**
  - Auditors' Comments on (i) or (ii) above:  
**Impact on financials could not be ascertained at this stage of winding up process of UBHL pening the outcome of the appeal.**

**III. Signatories:**

**For B V C & Co.,  
Chartered Accountants  
Firm Registration No.008154S**

Statutory Auditor:  
**Vishwas Shetty T  
Partner, B V C & Co.  
Membership No. 218619**

**Place : Bengaluru  
Date : May 9, 2019**



Audit Committee Chairman : **M S Kapur**

DIN : 00703815

Director : **Nitin Kochhar**

DIN: 03559734

Director : **Tushita Patel**

DIN: 07017591

**Arindam Ash**  
Arindam Ash (CFO)