



McDowell Holdings Limited

ANNUAL REPORT
2017 - 2018

McDOWELL HOLDINGS LIMITED

Directors	Mr. M. S. Kapur	<i>Independent Director (Chairman)</i>
	Ms. Tushita Patel	<i>Non-executive Director</i>
	Mr. Nitin Kochhar	<i>Independent Director</i>
Company Secretary and Compliance Officer	Mr. Manoj Kumar	
Chief Financial Officer	Mr. Arindam Ash	
Statutory Auditors	M/s. BVC & Company Chartered Accountants No. 371, 1st Floor, 8th Main Road Sadashivanagar, Bengaluru – 560 080	
Registered Office	UB Tower, Level - 12, UB City, No. 24 Vittal Mallya Road, Bengaluru – 560 001	
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	

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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 3985 6500 Fax : +91 80 2227 4890

NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING of the members of McDowell Holdings Limited will be held at Conference Hall, Level - 1, UB Tower, UB City, 24, Vittal Mallya Road, Bengaluru – 560 001 on Friday, September 28, 2018 at 2:30 P.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the financial year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mrs. Tushita Patel (DIN 07017591), who retires by rotation and, being eligible, offers herself for re-appointment.

By Order of the Board

s/d

Manoj Kumar

DGM-Legal & Company Secretary

[FCS No. : F6698]

Noida

August 07, 2018

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
- 2) Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Transfer Books and Register of Members will remain closed from Saturday, September 22, 2018, to Friday, September 28, 2018 (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. 4 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. 4 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. 4 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 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 Monday, August 24, 2018.

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 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 Fourteenth Annual General Meeting and the Annual Report for

2017-18 is also available on the Company's website 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 relating to Mrs. Tushita Patel, Director seeking re-appointment is 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

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 Saturday, September 22, 2018 (end of day) being the Cut-off Date (Record Date for the purpose of Rule 20 (3) (vii) of the Rules) fixed for determining voting rights of members, entitled to participate in the e-voting process, through the e-voting platform provided by Central Depositories Services (India) Limited (CDSL).

- B. The remote e-voting period begins on Tuesday, September 25, 2018 at 9:00 a.m. and ends on Thursday, September 27, 2018 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 Saturday, September 22, 2018 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.
 - 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 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"> 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. 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.
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"> 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).

- After entering these details appropriately, click on "SUBMIT" tab.
- 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.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the Company "McDowell Holdings Limited".
- 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.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box

will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non-Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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.
 - 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 and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked

Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to 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. Saturday, September 22, 2018, may obtain a copy of the Notice by sending a request at helpdesk.evoting@cdslindia.com / 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 / 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 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 and on the website of CDSL – www.cdslindia.com. The results shall simultaneously be communicated to the Stock Exchanges.

By Order of the Board

s/d

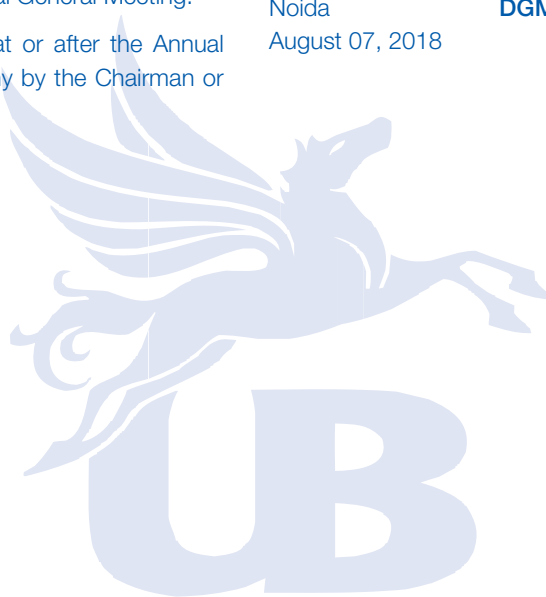
Manoj Kumar

DGM-Legal & Company Secretary

[FCS No. : F6698]

Noida

August 07, 2018



Annexure to Notice of Fourteenth Annual General Meeting

Sl. No.		Mrs. Tushita Patel
1	Director Identification Number (DIN)	07017591
2	Date of Birth	19-12-1969
3	Date of Appointment	20-03-2015
4	Qualifications	BA (Honours Political Science), Presidency College Calcutta
5	Expertise in specific field	Business Management and Administration
6	Directorship in other Companies	<ul style="list-style-type: none"> • Bestride Consultancy Pvt. Ltd. • GanpathyMallya Investments Pvt. Ltd • Talesi Venture Pvt. Ltd. • Vittal Investments Pvt. Ltd.
7	Membership in Committees	<ul style="list-style-type: none"> • Stakeholder Relationship Committee • Audit Committee • Nomination and Remuneration Committee • Corporate Social Responsibility Committee
8	Shareholding in McDowell Holdings Limited	Nil
9	Number of Board Meetings attended during the year 2017-18	Six

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 director also forms part of the Corporate Governance Report. The above Director is not related to any of the Directors and Key Managerial Personnel of the Company.

Route Map for the venue of the Annual General Meeting

“Conference Hall, 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.

Report of the Directors

TO THE MEMBERS,

The Directors have pleasure in presenting the Fourteenth Annual Report of the Company along with Audited Accounts for the year ended March 31, 2018.

Financial Performance for the year ended March 31, 2018:

Particulars	For the Financial Year Ended	
	31.03.2018 (₹)	31.03.2017 (₹)
Income	1,03,69,082	1,07,64,190
Less : Expenditure	2,64,80,221	5,10,10,143
Loss before Provisions, write off and diminution in value of investments	(1,60,84,139)	(4,02,45,953)
Less : Provision for doubtful advances	-	4,92,52,995
Less : Advances no longer recoverable	-	158,77,10,261
Loss before tax and exceptional item	(1,60,84,139)	(167,72,09,209)
Exceptional item : Profit on sale of pledged shares	-	146,61,41,592
Profit/(Loss) before Tax	(1,60,84,139)	(21,10,67,618)
Tax Expense (Earlier year)	(9,668)	3,35,064
Profit/(Loss) after Tax	(1,60,74,471)	(21,14,02,682)
Surplus/(Deficit) carried to Balance Sheet	(1,60,74,471)	(21,14,02,682)

Dividend

In view of the losses during the financial year, no dividend has been recommended for the financial year ended March 31, 2018.

Operations of the Company

The total income of the Company during the financial year under review was ₹ 1,03,69,082 as against ₹ 1,07,64,190 in the previous financial year. The reduction in income was primarily due to the reduced dividend income.

The total expenditure during the year was ₹ 2,64,80,221 as against ₹ 5,10,10,143 in the previous financial year. The decrease in expenditure was primarily due to decrease in finance costs. The net loss is ₹ 1,60,74,471 as against the loss of ₹ 21,14,02,682 in the previous year.

The Hon'ble High Court of Karnataka on February 07, 2017 had passed an order of winding-up of a Promoter Company, in which the Company also holds 52,60,002 equity shares. The Promoter Company has filed an appeal against the said order which is pending adjudication, before the Hon'ble Divisional Bench of the High Court of Karnataka.

The Hon'ble National Company Law Tribunal, Mumbai on December 05, 2017 had passed an order for Liquidation of a Promotee Company, in which the Company holds 4,52,243 equity shares.

The Company has already provided for these investments and the impact of these orders on the shareholding in these Companies are being assessed.

The Company's investment of 16,71,344 shares in United Breweries Limited was unilaterally transferred from the demat account of the Company to the demat account of the Deputy Director, Enforcement Directorate, Mumbai on May 03, 2018. On the same day a total of 22,00,360 shares held in the Company by three Promoters were also transferred from their respective demat account to the demat account of the Deputy Director, Enforcement Directorate, Mumbai. These shares includes the shares held by two promoters, which were also attached by an Order of Attachment dated June 21, 2018 by the Recovery Officer, Debt Recovery Tribunal, Bangalore.

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 consequent to the direction of Enforcement Directorate. 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 lenders have communicated to the Company that consequent to the direction of Enforcement Directorate these shares, dividend thereon and the excess sum recovered by them cannot be released.

Two investee companies in which the Company holds strategic investments, have received an order 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. Against one of these investee company, the Hon'ble High Court of Karnataka on February 07, 2017 had passed an order of winding-up and the appeal against the said order in pending adjudication before the Hon'ble Divisional Bench of the High Court of Karnataka.

Market Value of Company's investment

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

Future Prospects

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

Based on the advice of the Reserve Bank of India (RBI) the Company had made an application to RBI for re-classification of the Company as a Core Investment Company. The RBI vide its letter dated 11th December, 2017 has informed that the existing Certificate of Registration as NBFC-ND stands cancelled and the Company now falls in the category of NBFC-CIC, exempted category.

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

Directors and Key Managerial Personnel

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

Mr. Anil Pisharody (DIN02500666) a Non-executive Non-Independent Director resigned as director of the Company w.e.f. October 31, 2017.

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

Mr. Arindam Ash, was appointed as the Chief Financial Officer of the Company w.e.f. March 23, 2018.

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

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

Directors' Responsibility Statement

The Board of Directors of the Company hereby 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;

Report of the Directors (Contd.)

- (b) accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss of the Company for that period;
- (c) proper and sufficient care 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 have 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. As per the provisions of Section 136 of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017 notified on May 07, 2018 appointment of the Statutory Auditors need not be retified at every Annual General Meeting. Therefore, the Notice convening the ensuing AGM does not carry any resolution for ratification of appointment of Statutory Auditors. 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 streams 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 Qualification in the audit report. These Qualifications have been explained in Note no. 25, 19 and 32 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, (SEBILODR) 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 SEBILODR has been signed by the CFO of the Company, as the Company does not presently have a CEO.

DISCLOSURES :

Board and its Committees

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

Declarations by Independent Directors

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

Performance Evaluation of the Board and Committees

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

Particulars of Employees and Related Disclosures

Disclosures required to be made under Section 197(12) of the Companies Act, 2013 read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 do not apply to Company for the year under review.

The Company had not offered any shares to its employees or Key Managerial Personnel under any scheme of Employees Stock Option and has also not issued any sweat equity at any time.

Deposits

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

Corporate Social Responsibility (CSR)

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

Secretarial Audit

(a) Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed, M/S. I B Harikrishna & Co. (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 in Secretarial Audit Report and Board responses

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

- i. Efforts are still on for the appointment of a Managing Director.
- ii. In the absence of a Chief Executive Officer/Managing Director, the requirement of providing the Certificate to the Board was possible only by obtaining of the same from 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.

Report of the Directors (Contd.)

Vigil Mechanism

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

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

The Whistle Blower Policy is available in the Company website, www.mcdowellholdings.co.in.

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 2018-2019.

Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on March 31, 2018 is available on website of the Company 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 approved and adopted the Company's Nomination and Remuneration Policy for the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company. The same is set out in **Annexure - 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.

Related Party Transactions

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

Familiarisation Programme for Independent Directors

The detailed programme for familiarisation of the Independent Directors, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters have been displayed on the Company's website: www.mcdowellholdings.co.in.

The Board comprises of independent and Non- executive Directors and they have been familiarized with the Company, its business their role, rights and responsibility.

Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo

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

Significant and material orders passed by the regulators

The following activities have been undertaken by the regulators:

- i. The Company's investment of 16,71,344 shares in UBL have been unilaterally transferred by the Dy. Director, Investment

Directorate, Mumbai on May 03, 2018 to their own Demat account, from the Company's Demat account.

- ii. The certain investment of the Company's which were pledged in favour of erstwhile lenders, have not been released consequent to the direction of Enforcement Directorate.
- iii. Two investee companies in which the Company holds strategic investments, have received an order 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.

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

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

Acknowledgement

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

Place: Noida
Date: August 07, 2018

By Order of the Board

M S Kapur
Chairman
[DIN 00703815]



PERFORMANCE EVALUATION PROCESS & CRITERIA

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

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

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

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

Evaluation of non independent Directors:

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

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

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

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018
[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, 2018, 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, 2018, according to the provisions of:

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

Annexure to Report of the Directors (Contd.)

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (No instances for compliance requirements during the year); and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. Reserve Bank of India Act, 1934 (RBI Act, 1934) and Regulations thereunder as applicable to Non Banking Financial Companies to the extent applicable to the Company.

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

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

1. The Company has no Managing Director or Chief Executive Officer or Manager or whole-time director as required under Section 203 (1) (i) of the Act.
2. Since the Company was not having Managing Director or Whole time director or Chief Executive Officer, the Company has not complied the requirements Regulation 17(8) and Regulation 33 (2) of SEBI (Listing Obligations and Requirements) Regulations, 2015.

I further report that

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

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

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

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. However in this regard it may be noted the Company has been categorized as High Risk category because of non compliance with the provisions of Prevention of Money Laundering Act, 2002 for non registration of the Company as reporting entity and Principal Officer with FIU-IND. The company had received letters from Reserve Bank of India and stock exchanges to comply with these requirements. The company has accordingly applied for necessary registrations.

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

1. The Reserve Bank of India vide its letter dated 11th December 2017 has informed that the Company qualifies as NBFC-CIC (Exempt Category) and has granted exemption of Section 45 IA of the RBI Act, 1934, in terms of Master Direction DNBR.PD.003/03.10.119/2016-17 dated August 25, 2016. Accordingly the Company ceases to be NBFC- ND.
2. The investments of the Company in the shares of two investee companies have been subjected to the Orders of Enforcement Directorate (ED) by way of directions to the investee companies not to allow the Company to sell/alienate/ create third party mortgages in any manner on the shares of such investee companies. Further some of investments which were pledged by the Company to certain lenders after invocation of pledge, the balance investments are still lying in the accounts of lenders due to the Order of ED to those lender companies. The Companies investments in shares of Mangalore Chemicals and Fertilisers Limited have been frozen by the Stock Holding Corporation of India Ltd under an instruction from National Stock Exchange of India Limited (NSEI).

3. The Company is one of the promoters of UB Engineering Limited (UBEL), which is under liquidation pursuant to the Order of the National Company Law Tribunal, Mumbai Bench. Since the UBEL was not complying with the listing regulations for quite some time, the NSE has initiated the process of compulsory delisting of the UBEL and has informed the Company vide its letter dated March 07, 2018. Consequent to this as per Regulation 23 of the SEBI (Delisting of Equity Shares) Regulations, 2009, the promoters of UBEL are under obligation to acquire the delisted shares from the public shareholders by paying them the value determined by valuers. Further as per Regulation 24 of these regulations, the promoters and the Companies which are promoted by them shall not directly or indirectly access the security market or seek listing for any equity shares for a period of ten years from the date of delisting.

Place: Bangalore
Date: August 07, 2018

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

ANNEXURE – C

VIGIL MECHANISM

- A) Employees and Directors can make Protected Disclosure a letter addressed to the Ethics Counselor 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 Counselor / Chairman of the Audit Committee shall after end of investigation make a detailed written record of the Protected Disclosure.
- D) The Ethics Counselor / 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 Counselor / Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Ethics Counselor / 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.

NOMINATION AND REMUNERATION POLICY OF THE COMPANY

Part A – Policy on appointment of Directors

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

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

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

Diversity of Board

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

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

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

Qualification and positive attributes

The Committee may also assess the following criteria:

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

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

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

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

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

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

Remuneration of Directors

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

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

Non-Executive Directors

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

Reimbursement of expenses

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

Remuneration to Key Managerial Personnel and Senior Management Personnel

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

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

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

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

Annexure to Report of the Directors (Contd.)

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

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

Board of Directors

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

The names and categories of the Directors on the Board, their attendance at the board meetings held during the year 2017-18 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 26.09.2017	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)	7	Yes	4	3 (Chairman of 3)
Mr. Nitin Kochhar	Independent Non-executive Director	7	Yes	1	-
Mr. Anil Pisharody**	Non-executive Director	3	No	-	-
Ms. Tushita Patel	Non-executive Director	6	No	-	-

* Mr. M. S. Kapur was appointed as the Chairman of the Board w.e.f. August 14, 2017.

** Mr. Anil Pisharody resigned w.e.f. October 31, 2017 and hence ceased to be a Director from that date.

Note:

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

During the year under review, seven board meetings were held on May 30, 2017, August 14, 2017, August 16, 2017, September 26, 2017, November 14, 2017, February 13, 2017 and March 23, 2017. Necessary quorum was present in all the meetings and the gap between two consecutive meetings did not exceed 120 days.

Committees of the Board

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

Audit Committee

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

Mr. Anil Pisharody resigned from the Board of the Company w.e.f. October 31, 2017 and thus ceased to be member of the Audit Committee. Ms. Tushita Patel was inducted as a member of the Audit Committee at the Board Meeting held on November 14, 2017. 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, 2018 and recommended its adoption. In addition, the Committee has also reviewed the unaudited financial results for the quarter ended June 30, 2017, September 30, 2017 and December 31, 2017 which were subject to limited review by the Statutory Auditors of the Company and the Audited Financial Results for the year ended March 31, 2018.

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

During the year under review, five meetings of the Committee were held on May 30, 2017, August 14, 2017, November 14, 2017, February 13, 2018 and March 23, 2018. 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 2017-18 were as follows:

Name	Designation	Category	Meetings attended during 2017-18
Mr. M. S. Kapur	Chairman	Independent Non-executive Director	5
Mr. Nitin Kochhar	Member	Independent Non-executive Director	5
Ms. Tushita Patel	Member	Non-executive Director	2
Mr. Anil Pisharody*	Member	Non-executive Director	2

* Mr. Anil Pisharody resigned w.e.f. October 31, 2017 and hence ceased to be member of the Committee from that date.

Nomination and Remuneration Committee

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

The Committee presently comprises of the following Directors:

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

Terms of Reference

The role of the Committee is inter alia, to consider and recommend persons who are qualified for Board positions, evaluate Director's performance, persons who are qualified to be Senior Management, formulate the criteria for determining qualifications, positive

Annexure to Report of the Directors (Contd.)

attributes and independence of a director and devising a policy on Board diversity. The Board has based on the recommendation of the Committee approved Policy on Nomination & Remuneration of Directors, KMP and Senior Managerial Personnel which has been placed on the website of the Company: www.mcdowellholdings.co.in

During the year under review, the Nomination and Remuneration Committee met on August 14, 2018 and March 23, 2018. The composition and attendance of Members at the meetings held during 2017-18 were as follows:

Name	Designation	Category	Meetings attended during 2017-18
Mr. M. S. Kapur	Chairman	Independent Non-executive Director	2
Mr. Nitin Kochhar	Member	Independent Non-executive Director	2
Ms. Tushita Patel	Member	Non-executive Director	1
Mr. Anil Pisharody*	Member	Non-executive Director	1

Mr. Anil Pisharody resigned w.e.f. October 31st 2017 and hence ceased to be member of the Committee from that date.

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
Mrs. Tushita Patel	Member	Non-executive Director

* Mr. Nitin Kochhar, an Independent Non-executive Director was inducted as a member of the Committee on August 07, 2018.

During the year under review, the Committee met on May 30, 2017, August 14, 2017 and August 14, 2018. The composition and attendance of Members at the meetings of the Stakeholders Relationship Committee held during 2017-18 were as follows:

Name	Designation	Category	Meetings attended during 2017-18
Mr. M. S. Kapur	Chairman	Independent Non-executive Director	3
Ms. Tushita Patel	Member	Non-executive Director	3
Mr. Anil Pisharody*	Member	Non-executive Director	2

*Mr. Anil Pisharody resigned w.e.f. October 31st 2017 and hence ceased to be member of the Committee from that date.

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, one complaint was received from the shareholders/investors, which was replied/resolved to their satisfaction. There was no complaint pending as on March 31, 2018.

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 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 Himatlal Bhai Shah and re-issue the said shares to the petitioner in dematerialized form. The matter is pending adjudication. 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 by Section 135 of the Companies Act, 2013 the Board has constituted a Corporate Social Responsibility (CSR) Committee to assume and execute responsibility as a corporate citizen towards the society at large.

The Committee presently comprises of the following Directors:

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

* Ms. Tushita Patel was inducted as member of the Committee w.e.f. March 23, 2018.

** Mr. Anil Pisharody resigned w.e.f. October 31st 2017 and hence ceased to be member of the Committee from that date.

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

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

Compliance Officer

Mr. Manoj Kumar, DGM – Legal & Company Secretary is the Compliance Officer of the Company for the purpose of complying with various provisions of the SEBILODR, 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
Mr. Anil Pisharody*	3,40,000	Nil
Ms. Tushita Patel	6,00,000	Nil
Mr. Nitin Kochhar	9,60,000	Nil

* Mr. Anil Pisharody resigned w.e.f. October 31st 2017 and hence ceased to be member of the Committee from that date.

Annexure to Report of the Directors (Contd.)

General Body Meetings

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

Financial Year ended	Date	Time	Venue
March 31, 2015	September 28, 2015	02.30 p.m.	UB Tower, Level 1, UB City, 24 Vittal Mallya Road, Bengaluru – 560 001
March 31, 2016	September 29, 2016	03.15 p.m.	UB Tower, Level 1, UB City, 24 Vittal Mallya Road, Bengaluru – 560 001
March 31, 2017	September 29, 2017	02.30 p.m.	UB Tower, Level 1, UB City, 24 Vittal Mallya Road, Bengaluru – 560 001

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

AGM held on	Subject matter of the Special Resolution
September 26, 2017	Nil
September 29, 2016	Nil
September 28, 2015	Authorisation under Section 180 (1) (c) of the Companies Act, 2013 to borrow money.

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

Voting through electronic means

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

Postal Ballot

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

Disclosures:

Familiarization Programme

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

Related Party Transactions

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

CEO/CFO Certification

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 does not have a CEO.

Share Capital

Authorised Share Capital of the Company stands at ₹ 15,00,00,000 comprising of 150,00,000 equity share of ₹ 10 each and the issued, subscribed and paid up capital of the Company as on March 31, 2018 remain unchanged at ₹ 13,99,22,580 comprising of 1,39,92,258 equity shares of ₹ 10 each.

Cash Flow Statement

Cash Flow statement for the year ended March 31, 2018, is appended as a part of Financial Statement.

Depository System

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

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics in terms of the SEBI LODR and the same is posted on the Company website www.mcdowellholdings.co.in. All the members of the Board had affirmed compliance with the Code for the year ended March 31, 2018 and a declaration to this effect signed by a Director is forming part of this report.

Code for Prevention of Insider Trading

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

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

Whistle Blower Policy

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

Details of non-compliance

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

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

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

Corporate Governance 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.

Reconciliation of Share Capital Audit

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

Means of Communication

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

Designated e-mail ID for investor complaints

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

General Shareholder information:

a)	AGM Date, Time and Venue	Friday, September 28, 2018, at 2:30 p.m. at Conference Hall, UB Tower, Level - 1, UB City, 24 Vittal Mallya Road, Bengaluru – 560 001
b)	Financial Year	April 01 to March 31
	First Quarterly Results	By August 14
	Second Quarterly Results	By November 14
	Third Quarterly Results	By February 14
	Audited Financial Results	By May 30
c)	Dates of Book Closure	Saturday, September 22, 2018, to Friday, September 28, 2018 (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 2018-19 have been paid.
f)	Stock Code:	
	BSE	532852
	NSE	SYMBOL – MCDHOLDING
g)	ISIN No.	INE836H01014 (NSDL & CDSL) – for equity shares
h)	Market price data	As per Annexure I
i)	Stock performance in comparison to BSE Sensex and NSE Nifty	As per Annexure II

j)	Registrars and Share Transfer Agent	Integrated Registry Management Services Private Ltd. CIN NO: U74900TN2015PTC101466 No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560 003 E-mail: bglsta@integratedindia.in Tel: +91-80-23460815-818 Fax: +91-80-2346081
k)	Share Transfer System	In addition to the Committee of Directors, the Board has authorised a Director and Company Secretary to jointly approve share transfers, transmissions etc., upto a specified limit. The requirements under the SEBILODR and other statutory regulations in this regard are being followed.
l)	Distribution of Shareholding	As per Annexure-III
m)	Dematerialisation of shares	As on March 31, 2018, 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 VittalMallya Road, Bengaluru 560 001. Tel. Nos. (080) 3985 6500 Fax No. (080) 2227 4890 e-mail : mhlinvestor@ubmail.com

DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on March 31, 2018, is given below:

Value Wise:

Shareholding of nominal value of (₹)	Shareholders		Share Amount	
	Number	% to Total	In ₹	% to Total
(1)	(2)	(3)	(4)	(5)
Upto - 5,000	49720	99.62	44,379,540	31.72
5,001 - 10,000	90	0.18	6,694,680	4.78
10,001 - 20,000	47	0.09	6,728,740	4.81
20,001 - 30,000	11	0.02	2,731,630	1.95
30,001 - 40,000	6	0.01	2,112,580	1.51
40,001 - 50,000	9	0.02	4,256,290	3.04
50,001 - 100,000	10	0.02	7,450,750	5.32
100,001 and above	15	0.03	65,568,370	46.86
TOTAL	49908	100.00	139,922,580	100.00

ANNEXURE - I

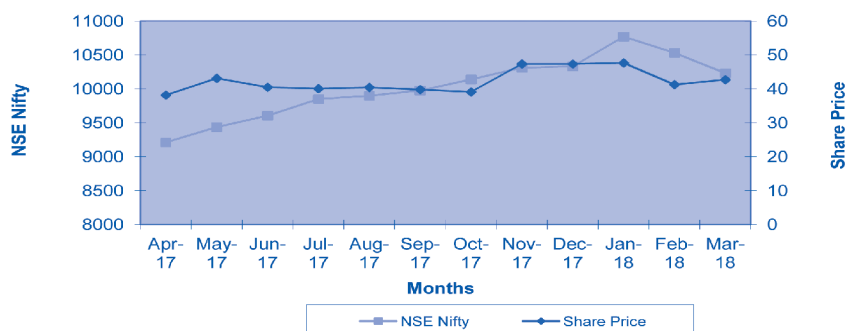
MARKET PRICE DATA OF MCDOWELLS HOLDINGS LIMITED

Monthly NSE				Monthly BSE			
Date	High Price	Low Price	Volume	Date	High Price	Low Price	Volume
April 2017	39.10	37.30	262	April 2017	45.00	35.80	913
May 2017	44.62	41.64	2038	May 2017	52.00	35.55	10275
June 2017	41.55	39.51	615	June 2017	47.80	36.80	2303
July 2017	40.94	39.25	611	July 2017	42.50	37.60	2412
August 2017	41.74	39.21	1127	August 2017	49.55	36.05	6580
September 2017	40.70	38.97	541	September 2017	46.95	37.30	2131
October 2017	39.97	38.29	866	October 2017	45.00	36.00	2864
November 2017	49.32	45.45	2627	November 2017	57.90	39.15	13267
December 2017	48.54	46.19	773	December 2017	53.85	42.45	2842
January 2018	48.92	46.41	1483	January 2018	57.00	40.60	5253
February 2018	42.56	40.01	1345	February 2018	49.20	35.25	2663
March 2018	43.93	41.55	1914	March 2018	48.50	39.00	5198

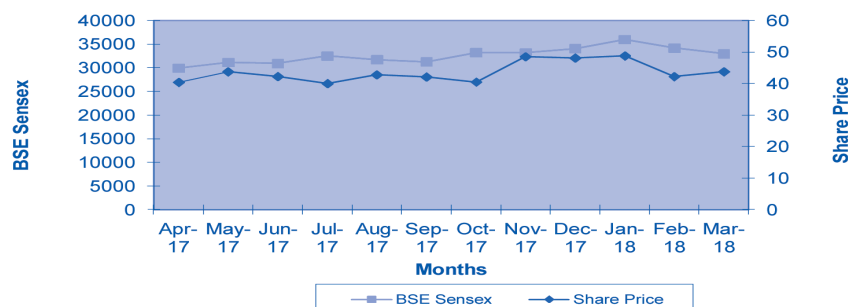
ANNEXURE - II

STOCK PERFORMANCE IN COMPARISON TO BSE SENSEX AND NSE NIFTY

NSE Nifty and Share Price



BSE Sensex and Share Price



ANNEXURE-III

Category Wise as on March 31, 2018:

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

On May 03, 2018 certain shares held by the three Promoters of the Company has been transferred from their demat account 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 CEO

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

Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

CERTIFICATE

The Members of

McDOWELL HOLDINGS LIMITED

We have examined the compliance of conditions of Corporate Governance by McDOWELL HOLDINGS LIMITED ("the Company"), for the year ended on March 31, 2018, 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, 2018 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.)

Date : August 7, 2018
Place : Bangalore

Proprietor
(Membership No. 218619)
Firm Registration No. 008154S

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct as approved by the Board of Directors of the Company, has been displayed on the Company's website www.mcdowellholdings.co.in. All the members of the Board had affirmed compliance with the Code for the year ended March 31, 2018.

Place : Noida
Date : August 07, 2018

M S Kapur
Chairman
(DIN 00703815)

Overview – Financial Performance

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

Industry Structure & Developments

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

Opportunities and Risks

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

Reclassification of the Company

On the application of the Company the Company has been re-classified from NBFC-ND to Core Investment Company with restricted field of operation as at present. The Company will have to explore other activities such as trading, agency business, etc.

Human Resources Management

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

Independent Auditor's Report

To,

The Members of
McDOWELL HOLDINGS LIMITED

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, 2018, 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. 25, the Company continues to prepare its financial statements on going concern basis.

- b. United Breweries (Holdings) Limited, (UBHL) in which the company holds 52,60,002 shares with a carrying value of 10.49 crores has been ordered to be wound up pursuant to an order dated 07-02-2017 of the Honourable High Court of Karnataka. The decline, other than temporary, in the value of such investments as a result of this development has not been quantified and provided for, in the accounts (refer note no. 19).
- c. UB Engineering Limited in which company holds 4,52,243 shares with a book value of Rs. 1.90 crores has been ordered for liquidation pursuant to an order dated 05-12-2017 of the Honourable National Company Law Tribunal (NCLT), Mumbai. 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. 32).

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, 2018, and its loss 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. 20 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. 21 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 6(a) and 6(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. 27 regarding continuing default in repayment of its matured inter corporate deposit of Rs. 23.24 crores.
- e. Attention is invited to note no. 27 regarding accounting of interest expense on inter corporate deposit.
- f. Attention is invited to note no. 22 and note 8 regarding freezing of 171,578 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.

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, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 any pending litigations which would impact its financial position.
 - ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses except for the matters specified in the Basis for Qualified Opinion paragraph.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

C A Vishwas Shetty T
Partner
Membership No.:218619

Place : Bengaluru

Date : May 17, 2018

Annexure – A to the Auditor's Report

Re: McDowell Holdings Limited

The annexure referred to in the Auditors' report to the members of McDowell Holdings Limited ("the Company") for the year ended 31st March 2018. 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, 2018 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 (Rs. millions)	Forum where dispute is pending.
Income Tax Act, 1961	Income tax for the A.Y. 2013-14	77.67	CIT (Appeals)
Income Tax Act, 1961	Income tax for the A.Y. 2014-15	168.97	CIT (Appeals)

- 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

- 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 managerial remuneration has been paid or provided in accordance 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

C A Vishwas Shetty T
Partner
Membership No.:218619

Place : Bengaluru
Date : May 17, 2018

"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, 2018 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.

Annexure to the Independent Auditor's Report

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 2018, 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

Place : Bengaluru
Date : May 17, 2018

C A Vishwas Shetty T
Partner
Membership No.:218619

Balance Sheet as at March 31, 2018

	Note No.	As at 31-03-2018 ₹	As at 31-03-2017 ₹
I. Equity and Liabilities			
1. Shareholders' Funds			
a. Share Capital	2	139,922,580	139,922,580
b. Reserves and Surplus	3	(48,039,665)	(31,965,194)
2. Current Liabilities			
a. Short-term Borrowings	4	200,000,000	200,000,000
b. Other Current Liabilities	5	34,772,867	27,517,567
c. Short-term Provision	6	14,706,028	14,708,933
		341,361,810	350,183,886
II. Assets			
1. Non-current Assets			
a. Property, plant and equipment	7	53,714	83,085
b. Non-Current Investments	8	308,347,436	308,347,436
2. Current Assets			
a. Trade Receivables	9	-	-
b. Cash and Cash Equivalents	10	3,062,541	11,607,336
c. Short-term Loans and Advances	11	18,325,625	18,410,982
d. Other Current Assets	12	11,572,494	11,735,046
		341,361,810	350,183,886
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
DGM-Legal & Company Secretary
FCS No. : F6698

Place : Bengaluru

Date : May 17, 2018

Statement Of Profit And Loss For The Year Ended March 31, 2018

	Note No.	31-03-2018 ₹	31-03-2017 ₹
I. Revenue			
a. Revenue from operations	13	10,069,110	9,340,696
b. Other income	14	326,972	1,423,494
		10,396,082	10,764,190
II. Expenses			
a. Employee benefit expenses	15	6,067,726	5,901,685
b. Finance costs	16	8,975,342	36,000,000
c. Other expenses	17	11,407,781	9,036,570
d. Provision for doubtful advances and receivables	18	-	49,252,995
e. Depreciation	7	29,372	71,888
		26,480,221	100,263,138
III. Loss before Exceptional Item & Tax		(16,084,139)	(89,498,948)
Exceptional Items:			
a. Profit on sale of pledged shares		-	1,466,141,592
b. Advances no longer recoverable		-	1,587,710,261
IV. Loss before Taxation		(16,084,139)	(211,067,618)
a. Tax Expense:			
i. Current Tax		-	-
ii. Earlier Years		(9,668)	335,064
V. Net loss for the year		(1,607,471)	(211,402,682)
VI. Earning per share (Face value ₹10 each)			
a. Basic / Diluted earning per share (before exceptional item)		(1.15)	(6.40)
b. Basic / Diluted earning per share (after exceptional item)		(1.15)	(15.11)

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
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DGM-Legal & Company Secretary
FCS No. : F6698

Place : Bengaluru

Date : May 17, 2018

Cash Flow Statement for the year ended March 31, 2018

	For the year ending 31-03-2018 ₹	For the year ending 31-03-2017 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before tax	(16,084,139)	(211,067,618)
Adjustments for :		
Depreciation	29,372	71,888
Dividend income	(10,069,110)	(9,340,696)
Interest income	(119,975)	(61,758)
Provision for doubtful advances and receivable	-	49,252,995
Advances no longer recoverable	-	1,587,710,261
Diminution in value of investments	-	-
Exceptional item - Profit on sale of Pledged shares	-	(1,466,141,592)
Operating profit before working capital changes	(26,243,852)	(49,576,519)
Adjustments for :		
(Increase)/Decrease in trade and other receivables	247,909	(1,468,952,064)
Inventories		
Increase/(Decrease) in trade payables/other liabilities	7,252,395	17,008,332
	7,500,304	(1,451,943,732)
Cash used in operations	(18,743,548)	(1,501,520,251)
Direct taxes paid	9,668	(14,635,402)
Net cash used in operations	(18,733,880)	(1,516,155,653)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	(115,650)
Dividend Received	10,069,110	9,340,696
Interest received	119,975	61,758
Proceeds from sale of investments - Working 3	-	1,516,998,115
Cash flow generated from investing activities	10,189,085	1,526,284,919
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	(8,544,795)	10,129,265
Cash and cash equivalents at the beginning of the year	11,607,336	1,478,071
Closing Balance of Cash and cash equivalents	3,062,541	11,607,336
Cash and cash equivalents comprises of :		
Balance with banks	3,061,533	11,590,519
Cash in hand	1,008	16,817
	3,062,541	11,607,336

As per our report of even date.

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

M. S. Kapur
Director
DIN : 00703815

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Partner
Membership No. 218619

Arindam Ash
Chief Financial Officer

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

Place : Bengaluru
Date : May 17, 2018

CORPORATE INFORMATION :

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

The Company 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.

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

vii. Provision and contingencies :

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

viii. Tax expense :

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

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

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

ix. Segmental reporting :

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

x. Employee Benefit

a. Defined-contribution plans

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

	As at 31-03-2018 ₹	As at 31-03-2017 ₹
2. Share Capital		
Authorised		
15,000,000 Equity shares of ₹ 10 each	150,000,000	150,000,000
	150,000,000	150,000,000
Issued, Subscribed and Paid-up		
13,992,258 (2017: 13,992,258) Equity shares of ₹ 10 each fully paid up	139,922,580	139,922,580
	139,922,580	139,922,580

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

	No. of Shares	₹ 31-03-2018	No. of Shares	₹ 31-03-2017
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

	31-03-2018		31-03-2017	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹ 10 each fully paid				
Kingfisher Finvest India Limited	2,027,707	14.49%	2,027,707	14.49%
Acacia Partners LP	776,269	5.55%	776,269	5.55%

Notes to the financial statements for the year ended March 31, 2018

	As at 31-03-2018	As at 31-03-2017
	₹	₹
3. Reserves and Surplus		
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	-	-
	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	(531,676,625)	(320,273,943)
Loss for the year	(16,074,471)	(211,402,682)
	(48,039,665)	(31,965,194)
4. Short Term Borrowings		
Unsecured		
Inter Corporate Deposit	200,000,000	200,000,000
	200,000,000	200,000,000
Nature of security and terms of repayment for unsecured borrowings		
Intercompany deposit of ₹200 Million	Overdue for repayment. Rate of interest @ 18% p.a.	
(Previous Year ₹200 million)	Extension of loan term being negotiated with the lender.	
5. Other Current Liabilities		
Interest accrued and due	32,400,003	24,322,195
Employee dues	36,888	722,762
TDS payable	165,866	994,306
Professional tax payable	400	-
Audit fees payable	135,000	183,752
GST payable	81,000	-
Other liabilities	1,953,710	1,294,552
	34,772,867	27,517,567
6. Short term provision		
Provision for tax	14,706,028	14,708,933
	14,706,028	14,708,933

7. Property, plant and equipment

Amount in ₹

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK		
	As at 01.04.2017	Addi- tions	Dele- tions	As at 31.03.2018	Upto 31.03.2017	During the Year	Deduc- tions	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017	
Tangible Assets											
Computers	99,240	-	-	99,240	77,933	13,420	-	91,353	7,887	21,307	
Furniture and Fixtures	65,400	-	-	65,400	3,621	15,952	-	19,573	45,827	61,779	
TOTAL	164,640	-	-	164,640	81,555	29,372	-	110,925	53,714	83,085	
Previous Year		115,650	-	164,640	-	81,555	-	81,555	83,085	-	

	No. of shares	Face value	As at 31-03-2018 ₹	No. of shares	Face value	As at 31-03-2017 ₹
8. Non-current Investments						
Trade investments						
Quoted						
Fully paid Equity shares						
Mangalore Chemicals & Fertilizes Limited	5,826,828	10	29,308,945	5,826,828	10	29,308,945
UB Engineering Limited *	452,243	10	18,996,712	452,243	10	18,996,712
United Breweries (Holdings) Limited	5,260,002	10	284,013,853	5,260,002	10	284,013,853
United Breweries Limited **	6,345,011	1	173,974,451	6,345,011	1	173,974,451
* Trading has been suspended and referred to NCLT						
Less : Provision for Diminution in value of investments			198,073,525			198,073,525
			<u>308,220,436</u>			<u>308,220,436</u>
Non-Trade Other Investments						
Unquoted						
U.B. Electronics Instruments Limited	1,991	100	127,000	1,991	100	127,000
Total Investments			<u>308,347,436</u>			<u>308,347,436</u>
Aggregate value of :						
Quoted Investments			308,220,436			308,220,436
Unquoted Investments			127,000			127,000
Market value of quoted Investments			6,422,690,522			5,386,162,628

Note:

- A. In respect of investments in United Breweries Limited is concerned :
- None of the shares are transferable in view of Enforcement Directorate's order to United Breweries Ltd.
 - 27,45,000 shares are under pledge to secure the borrowing availed by a erstwhile Group Company.
 - 18,06,000 shares are under pledge with a lender whose dues have been repaid in full.
 - 1,22,667 shares are held in custody of lenders pending their release.
- B. In respect of investments in United Breweries (Holdings) Limited is concerned :
- None of the shares are transferable in view of Enforcement Directorate's order to United Breweries (Holdings) Ltd.
 - United Breweries (Holdings) Limited has been ordered to be wound up vide High Court of Karnataka dated February 7th 2017.
- C. In respect of investments in Mangalore Chemicals and Fertilizers Limited is concerned :
- 1,71,518 shares are not transferable in view of their freezing by the depository pursuant to order by stock exchanges.

Notes to the financial statements for the year ended March 31, 2018

	As at 31-03-2018 ₹	As at 31-03-2017 ₹
9. Trade Receivables		
Outstanding for more than six months	-	-
Others: Considered Good	-	-
Others: Considered doubtful	28,445,035	28,445,035
Provision for doubtful receivables	28,445,035	28,445,035
	<u>-</u>	<u>-</u>
10. Cash and Cash Equivalents		
Balances with Banks:		
In Current accounts with scheduled bank	3,061,533	11,590,519
Cash on Hand	1,008	16,817
	<u>3,062,541</u>	<u>11,607,336</u>
11. Short Term Loans and Other Advances		
(Unsecured, considered good unless stated otherwise)		
Interest accrued and due on loan	79,454,125	79,454,125
Advance tax & tax deducted at source	17,819,465	18,057,822
Staff deposits	506,160	353,160
	<u>97,779,750</u>	<u>97,865,107</u>
Provision for interest on loan which are doubtful of recovery	79,454,125	79,454,125
	<u>18,325,625</u>	<u>18,410,982</u>
12. Other Current Assets		
Balance with statutory authorities	1,290,571	1,453,123
Other receivables	104,225,113	104,225,113
	<u>105,515,684</u>	<u>105,678,236</u>
Less : Provision for doubtful receivables	93,943,190	93,943,190
	<u>11,572,494</u>	<u>11,735,046</u>
13. Revenue from operations		
Dividends	10,069,110	9,340,696
	<u>10,069,110</u>	<u>9,340,696</u>
14. Other income		
Interest on Income tax refund	206,997	1,361,736
Interest on fixed deposit	119,975	61,758
	<u>326,972</u>	<u>1,423,494</u>

Notes to the financial statements for the year ended March 31, 2018

	As at 31-03-2018 ₹	As at 31-03-2017 ₹
15. Employee benefit expenses		
Salaries	5,486,740	5,477,884
Contribution to Provident & Superannuation fund	580,986	423,801
	<u>6,067,726</u>	<u>5,901,685</u>
16. Finance costs		
Interest on loan/Inter Corporate Deposits	8,975,342	36,000,000
	<u>8,975,342</u>	<u>36,000,000</u>
17. Other expenses		
Travel and communication expenses	2,146,370	1,300,315
Secretarial expenses	566,690	572,344
Printing & stationery expenses	592,047	960,936
Director's sitting fees	2,980,000	1,810,000
Auditor's remuneration	150,000	202,500
Advertising expenses	179,423	275,334
Depository and listing fees	1,331,960	848,031
Legal and Professional charges	727,992	2,236,052
Filing fees	72,400	15,541
Interest on statutory dues	62,061	32,234
Miscellaneous expenses	2,598,838	783,283
	<u>11,407,781</u>	<u>9,036,570</u>
18. Provisions		
Provision for doubtful advances and receivables	-	98,615,745
Less : Provision no longer required written back	-	49,362,750
	<u>-</u>	<u>49,252,995</u>

Notes to the financial statements for the year ended March 31, 2018

19. 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.
20. 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. The lenders have communicated to the Company that consequent to the order of Enforcement Directorate the pledge on these shares cannot be released. The Company is in the process of taking appropriate steps in consulting with the lawyers to deal with the matter.
21. 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 lenders have communicated to the Company that consequent to the order of Enforcement Directorate 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 to deal with the matter.
22. The Company's investments include 1,71,518 shares in Mangalore Chemicals and Fertilizers Limited (hereinafter referred to as MCF) which have been frozen by 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 made a representation before NSE & Securities and Exchange Board of India (SEBI) for defreezing the said shares.
23. The Company has received orders from Directorate of Enforcement, Govt of India dated 10th and 12th May 2016 in connection with an ongoing investigation against Kingfisher Airlines Limited and Dr. Vijay Mallya under the provisions of Prevention of Money Laundering Act, 2002, directing the Company that United Breweries Holdings Limited and Kingfisher Finvest Limited shall not be allowed to sell/alienate/create third party mortgage rights in any manner over their shares in the Company. Accordingly the Company has intimated to Registrar and Share Transfer Agent and the two entities.
24. Two investee companies in which the Company holds strategic investments have received an order 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. The 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 consulting with the lawyers to deal with the matter.
25. The Company's net worth, taking into account the market value of investments, would be more than adequate to meet all its liabilities and it could continue to operate in the future. Accordingly, the accounts of the company are presented on principles applicable to a "going concern".
26. The Company was registered with Reserve Bank of India as 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).
27. The Company has dues of Rs. 23.24 crs (includes interest of Rs. 3.24 crs) as on 30th June, 2017 to Zuari Fertilizers & Chemicals Limited (hereinafter referred to as ZFCL). The Company has sought adjustment of Rs. 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 Rs. 9.39 crs, the interest on the principal amount of Rs. 20 crs shall be accounted on the basis of the outcome of the said NCLT matter.

28. Zuari Fertilisers & Chemicals Limited has filed a Petition before the National Company Law Tribunal (NCLT), Bangalore, inter alia against McDowell Holdings Limited u/s 241, 242, 244, 246 and other provisions of Companies Act, 2013, alleging 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 and is fixed for hearing on 25th May, 2018.

29. Contingent Liabilities :

	2017-18	2016-17
A) Demand raised by Income tax authorities against which the Company has preferred appeals	2,46,64,640	2,58,55,540
B) The Company is one of the Claimants in an Arbitration matter against ZFCL and Zuari Agro Chemicals Ltd (hereinafter referred to as 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 Rs. 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 Company has appointed a Chief Financial Officer on 23rd March 2018. The affairs of the Company in the interregnum are monitored by executives of the Group, with the guidance of the Group Chairman.		
31. Estimated amount of contracts remaining to be executed on capital account and not provided for is Nil (Previous year ₹ Nil)		
32. The Hon'ble National Company Law Tribunal (NCLT), 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. The impact of the order on the shareholding in this Promotee Company is being assessed.		

33. **Events occurring after the date of the Balance Sheet**

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 5,99,640 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 consulting the lawyers for the next course of action.

34. **Remuneration to Auditors :**

	2017-18	2016-17
Statutory Audit	125,000	125,000
Limited Review & Certification of Corporate Governance	25,000	25,000
Certification Fees	-	27,500
Total	150,000	202,500

Notes to the financial statements for the year ended March 31, 2018

35. Segmental reporting :

Segment-wise business performance for the year ended March 31, 2018 is as follows:

Primary Segment Information

1. Segment Revenue

	31.03.2018	31.03.2017
Investments	1,00,69,110	93,40,696
Financial Services	-	-
Total Revenue	1,00,69,110	93,40,696

2. Segment Results

Investment	13,16,670	18,35,624
Financial Services	(1,77,27,781)	(4,35,05,072)
Total Result	(1,64,11,111)	(4,16,69,447)
Add : Other income	3,26,972	14,23,494
Add: Provision for doubtful loans and advances	-	4,92,52,995
Add: Advance no longer recoverable	-	158,77,10,261
Add: Diminution in value of investments	-	-
Less: Exceptional item : Profit on sale of pledged shares	-	146,61,41,592
Loss before tax	(1,60,84,139)	(21,10,67,618)

Other information	31.03.2018		31.03.2017	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Investments	308,347,436	NIL	308,347,436	Nil
Financial services	33,014,374	249,478,895	41,836,450	242,226,500

Notes:

1. Income under the segment 'investments' represents dividends received.
2. Segment results represent profit / (loss) before tax.
3. Segment assets include Non- Current Assets and Current Assets.
4. Segment liabilities include Non-Current Liabilities and Current Liabilities.

36. Deferred tax

Particulars	2017-18	2016-17
Deferred Tax Asset in respect of		
Allowance for carried forward losses	119,98,02,841	117,97,67,393
Total	119,98,02,841*	117,97,67,393

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.

Notes to the financial statements for the year ended March 31, 2018

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

United Breweries (Holdings) Limited

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

Company	Particulars	FY 2017-18	FY 2016-17
United Breweries (Holdings) Limited	Opening Balance	10,32,26,606	15,09,26,606
	Interest Income	-	-
	Interest income received	-	4,77,00,000
	Security commission income	-	-
	Security commission received	-	-
	Finance (including loans in cash or in kind paid)	-	158,80,85,085
	Finance (including loans in cash or in kind received)	-	3,74,824
	Advances no longer recoverable	-	158,77,10,261
	Balance outstanding	10,32,26,606	10,32,26,606
	Guarantee given	-	-

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)	2017-18	2016-17
Loss before exceptional items	(1,60,84,139)	(8,94,98,948)
Number of equity shares	13,992,258	13,992,258
Earnings per share (Basic)/(Diluted) – in ₹	(1.15)	(6.40)

Earnings per Share (after exceptional items)	2017-18	2016-17
Profit/(Loss) after exceptional items and tax	(1,60,74,471)	(21,14,02,682)
Number of equity shares	13,992,258	13,992,258
Earnings per share (Basic)/(Diluted) – in ₹	(1.15)	(15.11)

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
DGM-Legal & Company Secretary
FCS No. : F6698

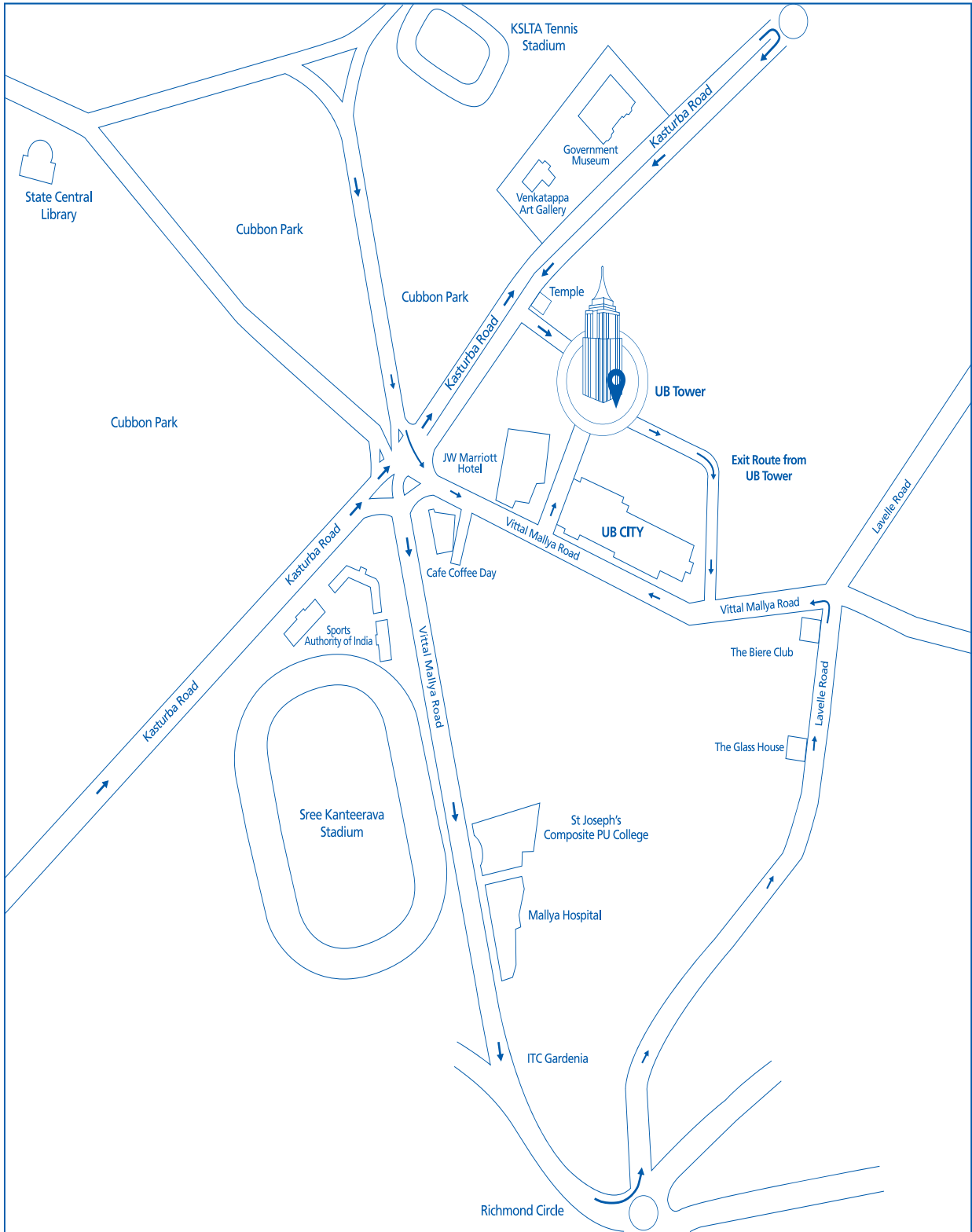
Place : Bengaluru

Date : May 17, 2018



ROUTE MAP

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





McDowell Holdings Limited

CIN: L05190KA2004PLC033485

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

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