

McDOWELL HOLDINGS LIMITED (in CIRP)

REPORT BY RESOLUTION PROFESSIONAL

Note: After the closure of the Financial year 2021-22, The Hon'ble National Company law Tribunal, Bengaluru Bench has admitted the petition filed by financial creditor vide its order CP(IB) No. 11/BB/2022 dated 08/04/2022 ordering the commencement of Corporate Insolvency Resolution Plan (CIRP) against the Corporate Debtor M/s. **MCDOWELL HOLDINGS LIMITED**. Further, Mr. KONDURU PRASANTH RAJU, has been appointed as Interim Resolution Professional (IRP) by the Hon'ble NCLT Vide its aforesaid Order. All the existing Board of Directors has been suspended w.e.f. 08/04/2022, so **instead of Board of Director's, Resolution Professional is presenting its report for members of the company as required under section 134 of Companies Act, 2013.**

Secondly, w.e.f. 8th April, 2022 all the powers of Board of Directors are vested with the Resolution professional appointed by the Hon'ble NCLT, Bengaluru Bench.

**TO,
THE MEMBERS,**

The Resolution Professional have pleasure in presenting the Annual Report of the Company along with Audited Accounts for the financial year ended March 31,2022.

The summary of the financial results of the Company for the financial year ended March 31,2022 is asunder;

| Particulars | For the Financial Year Ended | |
|--------------------------|------------------------------|---------------------------|
| | 31.03.2022 (Rs.Lakhs) | 31.03.2021 (Rs. Lakhs) |
| Income | 47.41 | 246.89 |
| Less: Expenditure | 332.43 | 360.55 |
| Profit/(Loss) before Tax | (285.03) | (113.66) |
| Tax Expense | - | - |
| Profit/(Loss) after Tax | (285.03) | (113.66) |

Corporate Insolvency Resolution Process (CIRP)

After the closure of the Financial Year, an Application for initiation of Corporate Insolvency Resolution Process (CIRP) Under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC Code, 2016) was filed by SUN STAR HOTELS AND ESTATES PRIVATE LIMITED, in its capacity as a Financial Creditor before the Hon'ble National Company law Tribunal, Bengaluru Bench (NCLT) against the Corporate Debtor (Company) i.e., McDowell Holdings Limited for its claimed outstanding of Rs.16,80,66,348/-. The Hon'ble National Company law Tribunal,

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Bengaluru Bench has admitted the said petition vide its order CP(IB) No. 11/BB/2022 dated 08/04/2022 ordering the commencement of CIRP against the Corporate Debtor ordering the commencement of the CIRP against the said Corporate Debtor. Further, Mr. KONDURU PRASANTH RAJU, has been appointed as Interim Resolution Professional (IRP) by the Hon'ble NCLT Vide its aforesaid Order.

Dividend

In view of the losses, no dividend has been recommended for the financial year ended March 31, 2022.

Operations of the Company

The total income of the Company during the financial year under review was Rs. 47.41 lakhs as against Rs. 246.89 lakhs in the previous financial year. The decrease in income was primarily due to reduction in profit on sale of investments, lower dividends received, reduction in provision no longer required written back and drop in service income. The total expenditure during the year was Rs. 332.43 lakhs as against Rs. 360.55 in the previous financial year. The net loss during the year was Rs. 285.03 lakhs as against a loss of Rs. 113.66 lakhs in the previous year.

Market Value of Company's investment

The Company's net worth, taking into account the market value of the Company's investments, (however all the shares are attached by Enforcement Directorate) may not be more than adequate to meet its liabilities and to continue its operations in future.

Directors and Key Managerial Personnel

Company has appointed Mr. NANJUNDAIAH RAMANNA (DIN: 08050965) and Mr. MURTHY VENKATA RAMANA GORLE (DIN: 09237825) as an Additional Directors in the capacity of Independent Directors w.e.f. 17/11/2021.

Mr. SREENIVASAN GOVINDARAJ (DIN: 07805594), Ms. SARVAMANGALA HADAPADA (DIN: 08395454) and Mr. SRIRAMAREDDY THEERTHESH (DIN: 08955326) have resigned from the position of Directors w.e.f. 25/11/2021.

Mr. NANJUNDAIAH RAMANNA (DIN: 08050965) has also give his resignation letter w.e.f. 17/02/2022.

After the closure of the FY, on 8th April, 2022 all the Directors has been suspended as company admitted into CIRP under Insolvency & Bankruptcy Code, 2016.

Resolution Professional' (Directors') Responsibility Statement

The **Resolution Professional** 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;

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Tel: +91 80 4668 6500, Fax: +91 80 2227 4890, www.mcdowellholdings.co.in
Corporate identity Number – L05190KA2004PLCO33485

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(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 existing statutory Auditors M/s. BVC & Co., Chartered Accountants, (Firm Registration No. 008154S) has given their resignation so Resolution professional has appointed M/s. S.K. Bajpai & Co. On 31st May 2022 as the Statutory Auditors of the Company for doing statutory audit for the FY 2021-22. The Auditors have confirmed that they fulfill the criteria for appointment as Auditor of the Company as prescribed under the Act and the Rules framed thereunder.

(b) Auditor's Qualifications and Board responses:

Certain issues relating to Company's income stream and its effect on the going concern aspects, Company's Investment in various companies is the subject matter of Qualification in the Audit Report. This Qualification has been explained in Note no. 21 to 36 of the financial statements.

Corporate Governance & Management Discussion and Analysis Reports

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

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 board and all of its committees are given in the Report on Corporate Governance. All the recommendations made by the Audit Committee and Nomination and Remuneration Committee from time to time were accepted by the Board.

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Declarations by Independent Directors

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

Performance Evaluation of the Board and it's Committees

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

Details of remuneration to Directors

During the year under review, remuneration was paid to the Executive Director. The Non-Executive Directors were paid sitting fee for attending the committee and board meetings and reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred in attending such meetings.

Particulars of Employees and Related Disclosures

Disclosures with respect to the remuneration of Directors and Employees as required under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure D** to this Report.

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

Deposits

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

Corporate Social Responsibility (CSR)

The Company has constituted a Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013. Since the average net profit of the Company for the preceding three financial years was negative, there was no necessity for the Company to carry out any CSR spending for the period under review.

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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 Resolution Professional has appointed M/s. Sachin Thakkar & Associates (C.P.No.15881/Membership No. FCS 11396, 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 - E** to this report.

(b) Qualifications and Board responses

The Resolution Professional responses to the qualifications of the Secretarial Audit are as under:

(i) Consequent to the resignation of the Company Secretary from the services of the Company w.e.f. December 10, 2019. Due to the attachment of the Company's investments and also the freezing of the Company's Demat account by the Enforcement Directorate (in connection with their investigation against Kingfisher Airlines Limited, Dr. Vijay Mallya / Ors) the generation of funds to pay salary, dues and other administrative expenses have been adversely affected. In view of these facts, the candidates identified by the Placement Agency did not agree to join the Company. Apart from these candidates, few more candidates also disagreed to join on the same grounds. The Company is continuing in its efforts to fill the vacancy.

However after the closure of the Financial Year, Resolution professional has appointed Ms. Rekha Jhanwar as the company secretary and compliance officer.

(ii) The Chief Financial Officer and executive director of the Company resigned from the services of the Company w.e.f. November 16, 2020 and November 18, 2020 respectively. Due to the attachment of the Company's investments and also the freezing of the Company's Demat account by the Enforcement Directorate (in connection with their investigation against Kingfisher Airlines Limited, Dr. Vijay Mallya / Ors) the generation of funds to pay salary, dues and other administrative expenses have been adversely affected. In view of these facts, the candidates disagreed to join on the Company.

However after the closure of the Financial Year, Resolution professional has appointed Mr. CA Krishna Mohan Maddulaas the chief Financial officer.

(iii) Regarding qualification no. 3 to 11:

Due to lack of information and non-compliances done by suspended Directors, Resolution Professional (RP) could not file / complied with the same. However every possible efforts has been made by the RP for making / resolving the non-compliances.

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

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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.

Share Capital

The Authorised Share Capital of the Company stands at Rs.15,00,00,000 comprising of 150,00,000 equity share of Rs.10 each and the issued, subscribed and paid-up capital of the Company as on March 31, 2022 remain unchanged at Rs.13,99,22,580 comprising of 1,39,92,258 equity shares of Rs.10 each.

Depository System

The trading in the equity shares of your Company is under compulsory dematerialisation mode. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail the facility of dematerialisation of the Company's shares. Moreover, transfer of shares of the Company by physical means has been barred from April 1, 2019 pursuant to SEBI's Notification dated December 3, 2018.

Listing Requirements

Your Company's Equity Shares are listed on the BSE Limited and National Stock Exchange of India Limited. The listing fees have been paid to both the Stock Exchanges for the year 2021-2022.

Annual Return

As required under sub-section (3) of Section 92 of the Act as amended by the Companies (Amendment) Act, 2017, the Company has placed a copy of the Annual Return in Form MGT-7 on its website www.mcdowellholdings.co.in through the link <https://www.mcdowellholdings.co.in/others.html>.

Nomination and Remuneration Policy

The Board on the recommendation of the Nomination and Remuneration Committee has laid down a policy for the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company. The same is set out in Annexure - C 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 4 & 12 of the Notes to the Financial Statements.

Subsidiary, Associates and Joint Ventures

The Company does not have any Subsidiary, Associates and Joint Ventures.

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Related Party Transactions

During the year under review, all contracts/arrangements entered by your Company with related parties, were on an arm's length basis and in the ordinary course of business, and did not consummate material transactions with any related party as defined in the Act. All related party transactions, entered for the year under review, have been approved by the Audit Committee, wherever applicable.

Transactions with related parties as per the requirements of Accounting Standards 18 issued by The Institute of Chartered Accountants of India are disclosed in the relevant Schedule of Notes to Annual Accounts. The Policy for Related Party Transactions is available on the Company's website: www.mcdowellholdings.co.in.

Familiarisation Programme for Independent Directors

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

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.

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

Resolution Professional wish to acknowledge the co-operation and support extended by the employees and the members of the Company.

FORMcDOWELL HOLDINGS LIMITED (in CIRP)

Sd/-
(signature)
Konduru Prasanth Raju,
Resolution Professional
IBBI/IPA-002/IP-N00708/2018-19/12200

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As Company is in CIRP so all the Board of Directors are suspended w.e.f. 8th April 2022, so Below information / policy effective upto 7th April, 2022. W.e.f. 8th April, 2022 all the powers are vested with the Resolution professional appointed by the Hon'ble NCLT, Bengaluru Bench.

ANNEXURE – A

PERFORMANCE EVALUATION PROCESS & CRITERIA

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

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

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

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

Evaluation of Non Independent Directors:

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

Evaluation of Independent Directors: (in addition to the criteria for Non Independent Directors)

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

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ANNEXURE – B

VIGIL MECHANISM

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

ANNEXURE – C

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;

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- 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.