VISHNU RAM & CO.,
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

(Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Board of Directors of
McDOWELL HOLDINGS LIMITED.

1. We have audited the Statement of Financial Results ('the Statement') of **McDOWELL HOLDINGS LIMITED** ('the Company')for the year ended 31st March, 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the quarter ended 31st March, 2016 and the corresponding quarter ended in the previous year as reported in the Statement are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the end of the third quarter of the relevant financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit.

   This Statement has been prepared by the Company on the basis of the financial statements and reviewed quarterly financial results up to the end of the third quarter, which is the responsibility of the Company's Management and approved by the Board of Directors of the Company. Our responsibility is to express an opinion on this Statement based on our audit of the financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India and in compliance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our qualified opinion.

3. *Basis for qualified opinion*

   a. *A beneficiary of the company's corporate guarantee and pledge of shares who had extended loans to certain group companies has demanded repayment of such loans amounting to Rs. 206.68 crore for defaults by the borrowers and has invoked the guarantee extended and exercised the pledge on the shares provided by the company. The borrowers are in negotiation with the lender for restoration of the credit facilities and on*

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that basis the company continues to disclose its exposure as contingent liability. The appropriateness of such disclosure instead of recognizing it in the accounts would depend upon the lender restoring the facilities that have been withdrawn. (Ref note no. 3).

b. The company has prepared its financial statements on "Going Concern" basis for the reasons mentioned in note no. 5. The appropriateness of such basis would depend upon the lender agreeing to restore the credit facilities (as mentioned in note no. 3) and granting sufficient time to the borrowers for repayment of the dues.

4. In our opinion and to the best of our information and according to the explanations given to us, these financial results:

   (a) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 in this regards

   (b) except for the effects of the matter described in the paragraph 3 above, give a true and fair view of the net loss and other financial information for the year ended 31st March 2016.

5. Further as mentioned above, we report that the figures for the quarter ended March 31, 2016 represents the derived figures between the audited figures in respect of financial year ended March 31, 2016 and the published year-to-date figures up to December 31, 2015 being the date of the end of the third quarter of the current financial year, which were subjected to limited review as stated in paragraph 1 above as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Bangalore
Date : 30-05-2016

For Vishnu Ram & Co.,
Chartered Accountants,

VISHNU RAM & CO. BANGALORE CHARTERED ACCOUNTANTS

(S. Vishnumurthy)
Proprietor.
Membership No.22715
Firm Registration No. 004742S

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