



McDOWELL HOLDINGS LIMITED

Date: 09-05-2019

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

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

BSE Scrip Code:532852

NSE Symbol: MCDHOLDING

Sub: Audited Financial Statements of the Company for the Quarter/year ended 31st March, 2019 and outcome of the Board Meeting.

Dear Sir,

Pursuant to the provisions under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company at its meeting held today have approved the Audited Financial Statements of the Company together with notes to the financial statement for the quarter/year ended 31st March, 2019 and took on record the Auditor's Report of the Statutory Auditors there on.

Time of commencement of Board Meeting: 2:30 PM

Time of conclusion of the Board Meeting: 4: 00 PM

A copy of Audited Financial Statements of the Company for the quarter/year ended 31st March, 2019 together with notes on financial statement and Auditor's Report of the Statutory Auditors thereon are enclosed herewith.

The above is for your information and record.

Thanking You

Yours Faithfully

For McDowell Holdings Limited

Manoj Kumar
DGM-Legal & Company Secretary

Encl: as above



BVC & Co.
Chartered Accountants

E-mail : info@bvcglobal.com
Web : www.bvcglobal.com

Head Office : No. 371, 1st Floor, 8th Main Road,
Sadashivanagar, Bangalore - 560 080
Ph. : 080 - 23612855 / 2856

Branch Office : 1st Floor, Akashganga Complex, Near
Karavali Junction NH-66, Udupi-576103
Ph. : 0820-2526563

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, 2019, 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, 2019 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. *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. 16, the Company continues to prepare its financial statements on going concern basis.*





BVC & Co.
Chartered Accountants

E-mail : info@bvcglobal.com
Web : www.bvcglobal.com

Head Office : No. 371, 1st Floor, 8th Main Road,
Sadashivanagar, Bangalore - 560 080
Ph. : 080 - 23612855 / 2856

Branch Office : 1st Floor, Akashganga Complex, Near
Karavali Junction NH-66, Udupi-576103
Ph. : 0820-2526563

- 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. 3)*
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 2019.*
5. Further as mentioned above, we report that the figures for the quarter ended March 31, 2019 represents the derived figures between the audited figures in respect of financial year ended March 31, 2019 and the published year-to-date figures up to December 31, 2018 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 : 09-05-2019

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

CA Vishwas Shetty T
Partner
Membership No.218619



McDowell Holdings Limited

Regd. Office: UB Tower, Level 12, UB City, 24 Vittal Mallya Road, Bangalore - 560 001

Email: mhlinvestor@ubmail.com | website: www.mcdowellholdings.co.in | CIN : L05190KA2004PLC033485

PART I

Rs. Lakhs (except Per share data)

Statement of Audited Financial Results for the Quarter and Year Ended March 31, 2019

PARTICULARS	Three months ended			Year ended	Year ended
	31-03-2019	31-12-2018	31-03-2018	31-03-2019	31-03-2018
	Unaudited	Unaudited	Unaudited	Audited	Audited
1. Income from Operations					
Dividend Income	-	149.29	-	149.29	100.69
2. Other Income	7.58	0.31	2.08	7.89	3.27
Total income from operations	7.58	149.60	2.08	157.18	103.96
3. Expenses					
(a) Employee benefits expense	100.09	70.16	14.59	196.18	60.68
(b) Finance Costs	1.47	1.50	-	2.97	89.75
(c) Other expenses	504.63	74.53	21.45	623.94	114.08
(d) Depreciation	0.05	0.05	0.07	0.18	0.29
Total expenses	606.24	146.24	36.10	823.27	264.80
4. Profit / (Loss) before exceptional item & tax	(598.66)	3.36	(34.02)	(666.09)	(160.84)
5. Exceptional items :					
a. Profit on sale of Investments	625.71	336.10	-	971.75	-
6. Profit / (Loss) before tax	27.05	339.46	(34.02)	305.66	(160.84)
7. Tax expense	5.00	-	(0.10)	5.00	(0.10)
8. Profit / (Loss) for the period / year	22.05	339.46	(33.93)	300.66	(160.74)
9. Paid-up equity share capital (face value of ` 10/- each, fully paid up)	1,399.23	1,399.23	1,399.23	1,399.23	1,399.23
10. Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-
11. Earnings per share (face value of ` 10/- each) (not annualised)					
(a) Basic & diluted (before exceptional item)	(4.28)	0.02	(0.24)	(4.76)	(1.15)
(b) Basic & diluted (after exceptional item)	0.16	2.43	(0.24)	2.15	(1.15)



McDowell Holdings Limited

Regd. Office: UB Tower, Level 12, UB City, 24 Vittal Mallya Road, Bangalore - 560 001

Email: mhlinvestor@ubmail.com | website: www.mcdowellholdings.co.in | CIN : L05190KA2004PLC033485

STANDALONE STATEMENT OF ASSETS AND LIABILITIES**Rs. Lakhs**

PARTICULARS	As at March 31, 2019 Audited	As at March 31, 2018 Audited
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1,399.23	1,399.23
b. Reserves and Surplus	(174.73)	(480.40)
2. Current Liabilities		
a. Short-term borrowings	2,070.00	2,000.00
Trade Payables	-	-
b. Other Current Liabilities	358.38	347.73
Short-term provisions	-	-
c. Short term provision	142.06	147.06
	3,794.93	3,413.62
II. Assets		
1. Non-current Assets		
a. Tangible assets	0.44	0.54
b. Non Current Investments	2,913.23	3,083.47
2. Current Assets		
a. Trade Receivables	-	-
b. Cash and Cash Equivalents	417.99	30.63
c. Short term Loans and Advances	207.03	183.26
d. Other Current Assets	256.24	115.72
	3,794.93	3,413.62



McDowell Holdings Limited

NOTES

1. The accompanying Statement of Audited Financial Results for the year ended on 31st March 2019 have been reviewed and recommended by the Audit Committee and thereafter approved and taken on record by the Board of Directors at their meeting held on 9th May 2019 and has been audited by the Statutory Auditor of the Company.
2. Two investee companies being United Breweries Limited and United Breweries (Holdings) Ltd. (hereinafter referred to UBL and UBHL respectively) in which the Company holds strategic investments have received orders in May 2016 from Enforcement Directorate (hereinafter referred to as ED) directing them not to allow the Company to sell / alienate / create third party mortgage rights in any manner on the shares of such investee companies. These investee companies have written to NSDL and CDSL through their Registrar and Transfer Agent to implement the directives of ED. The Company is in the process of taking appropriate steps in consultation with the lawyers.
3. The Hon'ble High Court of Karnataka on 7th February, 2017 had passed an order of winding-up on a Promoter Company being UBHL, 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.
4. The Company's investments include 45,51,000 shares in UBL which were pledged in favour of erstwhile lenders. As on date no dues are outstanding to these lenders but the pledge on these shares have not been released pursuant to the directions of ED. The Company is in the process of taking appropriate steps in consultation with the lawyers.
5. Further, 1,22,667 shares of UBL, being the balance pledged shares, consequent to invocation by the erstwhile lenders and after liquidation of their dues, are lying in the demat accounts of the said lenders. The Company understands that pursuant to the directions of ED, these shares, dividend thereon and the excess sum recovered by them cannot be released. The Company is in the process of taking appropriate steps in consultation with the lawyers.



6. 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. As per the statutory requirements the Company has intimated the Stock Exchange. The Company is in the process of taking appropriate steps in consultation with the lawyers.
7. The Company's investments include 57,219 shares in Mangalore Chemicals and Fertilizers Limited (hereinafter referred to as MCF) which were frozen by the Stock Holding Corporation of India Ltd under an instruction from the Stock Exchanges, where the shares of the Company are listed. The Company has filed an appeal before the Securities Appellate Tribunal, Mumbai (SAT) and is pending adjudication.
8. The Company had dues of Rs. 23.24 crores (includes interest of Rs. 3.24 crores and principal ICD of Rs. 20 crores) as on 30th June, 2017 to Zuari Fertilisers & Chemicals Limited (hereinafter referred to as ZFCL). The Company had sought adjustment of Rs. 9.39 crores (shown as contingent dues from MCF, a subsidiary of ZFCL) against the above dues. ZFCL has also filed a petition in NCLT (refer note no.9). In view of the pendency of this NCLT matter and the fact that the Company has sought adjustment of Rs. 9.39 crores, the interest on the ICD (refer note 11 as well) shall be accounted on the basis of the outcome of the said NCLT matter.
9. ZFCL has filed a Company 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.
10. The Company is one of the Claimants in an Arbitration matter against Zuari Fertilisers & Chemicals Limited (ZFCL) and Zuari Agro Chemicals Ltd (ZACL), the respondents. The arbitration proceedings have been concluded and vide the Arbitration Award dated 8th May 2017, the Arbitrator has dismissed the Company's claims and has ordered all the claimants to pay to the respondents a total sum of Rs. 75 lakhs.



The appeal filed by the Company against the Arbitration award before the Hon'ble High Court, Bombay is pending and thus the said amount is treated as contingent in nature.

11. ZACL has filed an application in November 2018, initiating Corporate Insolvency Resolution Process {under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016} against the Company seeking Company's insolvency on the premise that the dues of Rs. 17.87 crores remains unpaid (refer note no. 8 as well). The principal ICD was of Rs. 20 crores and in the said application, ZACL has stated an adjustment of Rs. 9.39 crores (being the dues receivable by the Company from MCF, a subsidiary of ZACL). Post such adjustment ZACL is now claiming an amount of Rs. 17.87 crores. The matter is pending before NCLT.
12. ZACL also filed a suit in the Hon'ble City Civil Court in Bangalore against the Company in December 2018, primarily regarding the pending dues of Rs. 17.87 crores (refer note nos. 8 and 11 above), seeking a perpetual injunction by way of a restraint on the Company from selling its investments in MCF till ZACL recovers its dues. The Hon. City Civil Court, vide an ex-parte order dated 20.12.18, issued a temporary injunction as sought by ZACL. This order was appealed against by the Company in the Hon. High Court of Karnataka, which vide an order dated 28.1.19 granted a stay on the order dated 20.12.18. Thereafter, ZACL approached the Hon'ble Supreme Court (vide a SLP) against the High Court order dated 28.1.19. Vide an order dated 20.2.19 the Hon'ble Supreme Court remitted the matter back to the City Civil Court to decide on the maintainability of the suit. The Company also gave an undertaking for not selling any further shares held in MCF. On 16.3.19, the City Civil Court dismissed the suit filed by ZACL which appealed against it in the Karnataka High Court. On 18.3.19, the Court granted an interim stay restraining the Company from selling any further MCF shares and reserved its order.. With a view to reach an amicable settlement for the litigations as referred herein and in note no. 11, the company initiated a settlement process and has executed a Letter of Intent dated 2.5.19 with ZACL.



13. The NCLT, Mumbai on 5th December, 2017 had passed an order for Liquidation of a Promotee Company being UB Engineering Limited, in which the Company also holds 4,52,243 equity shares. In view of the liquidation, the investments in this Promotee Company has been written off in this Financial Year.
14. On 3rd May 2018, the Deputy Director, Enforcement Directorate, Mumbai had transferred a total of 22,00,360 shares in the Company, held by three Promoters, to their demat account from the respective Promoters demat accounts. Thereafter, a total of 25,17,189 shares (which includes the above 22,00,160 shares) in the Company held by two Promoters (included in three above) has also been attached by an order of attachment of shares by the Recovery Officer, Debt Recovery Tribunal, Bangalore on 21st June 2018.
15. The Company has received a Show Cause Notice dated 3rd July 2018 under the Fugitive Economic Offenders Act 2018 (FEOA) whereby the Company's investments in United Breweries Ltd. and United Breweries (Holdings) Ltd. are alleged to be confiscated. The Company has filed its objections in the designated court for FEOA, Mumbai. The matter is now posted for hearing on 1st July 2019.
16. The Company's net worth taking into account the market value of its investments, would be more than adequate to meet all its liabilities and to continue to operate in the future. Accordingly, the Company continues to present its financial statements on the principles applicable to 'going concern'.
17. The Company is operating in a single segment.
18. The Company does not have a Managing Director. The affairs of the Company in the interregnum are being managed, under the guidance of the Board of Directors.
19. Previous year / periods figures have been regrouped wherever necessary.
20. The qualifications in the Audit Report of the Statutory Auditor are answered in the Note Nos. 16 and 3 above.



21. The financial results and notes are also available on the websites of the Stocks Exchanges, viz, www.bseindia.com and www.nseindia.com and also on the website of the Company viz, www.mcdowellholdings.co.in

By Authority of the Board



Chairman



Place: Bangalore

Date : May 9, 2019

McDowell Holdings Limited

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

ANNEXURE - I

Amounts in Rs. Lakhs

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

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

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

II. Audit Qualification (each audit qualification separately):

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

III. Signatories:

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

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

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



Audit Committee Chairman :
M S Kapur

DIN : 00703815

Director :
Nitin Kochhar

DIN: 03559734

Director :
Tushita Patel

DIN: 07017591