



McDOWELL HOLDINGS LIMITED

Date: 02-08-2019

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: Un-audited Financial Results of the Company for the quarter ended 30th June, 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 (02-08-2019) have approved the Un-audited Financial Results of the Company together with notes to the financial statement for the quarter ended 30th June, 2019 and took on record the Limited Review Reports of the Statutory Auditors there on.

Time of commencement of Board Meeting: 2:30 PM
Time of conclusion of the Board Meeting: 3: 30 PM

A copy of the Un-audited Financial Results of the Company together with notes to the financial statement for the quarter ended 30th June, 2019 and Limited Review Reports of the Statutory Auditors for the period ended 30th June, 2019 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

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

Statement of Unaudited Financial Results for the Quarter Ended June 30, 2019

Rs. Lakhs

PARTICULARS	For the quarter ended	
	30-Jun-19	30-Jun-18
	Unaudited	Unaudited
1. Revenue from operations	-	-
2. Other income	940.14	-
Total income	940.14	-
3. Expenses		
(a) Employee benefits expense	107.43	14.59
(b) Finance Costs	520.87	-
(c) Depreciation	0.04	0.07
(d) Other expenses	98.45	15.53
Total expenses	726.78	30.19
4. Profit/(Loss) before exceptional item & tax	213.36	(30.19)
5. Exceptional items :		
a. Profit on sale of pledged shares	-	-
b. Advances no longer recoverable written off	-	-
6. Profit/(Loss) before tax	213.36	(30.19)
7. Tax expense	0	0
8. Profit/(Loss) for the period / year	213.36	(30.19)
9. Other Comprehensive Income		
(i) Items that will not be reclassified to profit or loss	(5,177.38)	11,169.76
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-
(iii) Items that will be reclassified to profit or loss	-	-
(iv) Income tax relating to items that will be reclassified to profit or loss	-	-
Total other Comprehensive income for the year, net of tax	(5,177.38)	11,169.76
10. Total Comprehensive Income for the period	(4,964.02)	11,139.57
11. Paid-up equity share capital (face value of ` 10/- each, fully paid up)	1,399.23	1,399.23
12. Earnings per share (face value of ` 10/- each) (not annualised)		
(a) Basic & diluted (before exceptional item)	1.52	(0.22)
(a) Basic & diluted (after exceptional item)	1.52	(0.22)



McDowell Holdings Limited

NOTES

1. The accompanying Statement of Un-audited Financial Results for the quarter ended on 30th June 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 2nd August 2019. The Unaudited Financial Results for the quarter ended on 30th June, 2019 is subjected to limited review by the Statutory Auditor of the Company.
2. The Company has adopted Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended till date from 1st April 2019 and the effective date of such transition is April 1, 2018. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder (collectively referred to as “the Previous GAAP”).
3. The quarterly financial results are reported pursuant to the option made available as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and read with circular dated July 5, 2016.
4. The Company’s business activity falls within a single business segment. As such there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment.
5. In accordance with Ind AS 101 – ‘First time adoption of Ind AS’ reconciliation between standalone financial results, as previously reported (under previously applicable Indian GAAP) and Ind AS for the quarter ended on June 30, 2018 is as under

Particulars	Rs. Lakhs
	For the Quarter ended June 30, 2018 (Unaudited)
Net Profit or loss as per Previous GAAP (Indian GAAP)	(30.19)
Adjustment increasing / (decreasing) net profit after tax as reported under Previous GAAP	
Impact on account of Fair valuation of Financial Instruments	0.00
Impact on account of Fair valuation of stock options as per Ind AS 102	0.00
Deferred tax on GAAP differences	0.00
Net Profit / Loss as per Ind AS	(30.19)
Other comprehensive income, net of income tax	11,169.57
Total comprehensive income for the period	11,139.57



6. The Hon'ble High Court of Karnataka on 7th February, 2017 had passed an order of winding-up on a Promoter Company being United Breweries (Holdings) Ltd. 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.
7. 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.
8. 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.
9. 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.
10. 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 Exchanges.
11. 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 UBL and UBHL 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 19th August 2019.
12. 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 Limited 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.
13. 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.



14. 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.
15. The Company has entered into a Settlement Agreement dated 17th June, 2019 (herein after referred to as "SA") with Zuari Agro Chemicals Limited (hereinafter referred to as "ZACL"). Pursuant to SA, the Company's dues to ZACL as on 30th June, 2019 has been finalised at Rs.18.52 crores (this includes interest of Rs.7.91 crores and Principal of Rs.10.61 crores).

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

Pursuant to this SA, all the related proceedings in City Civil Court, Supreme Court, High Court of Karnataka and NCLT (insolvency proceedings) have been withdrawn by both the parties, and currently no proceedings are pending against the Company in this regard.

16. 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.
17. 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'.



18. The Company has appointed an Executive Director and Chief Executive Officer with effect from 9th May 2019.. .
19. In view of the available business losses of earlier years, no provision for tax is considered in the quaterly accounts. Liability towards Minimum Alternate Tax, if any, would be provided in the final accounts.
20. Previous year / periods figures have been regrouped wherever necessary.
21. The qualifications in the Limited Review Report of the Statutory Auditor are answered in the Note Nos. 17 and 6 above.
22. 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 : August 2, 2019



McDOWELL HOLDINGS LIMITED

CIN: L05190KA2004PLC033485

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EXTRACT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2019

(Rs. in Lakhs)

S. No.	Particulars	Quarter Ended	
		30-06-2019 (Un-audited)	30-06-2018 (Un-audited)
1	Total income	940.14	-
2	Net Profit /(Loss) from ordinary activities before exceptional items and tax	213.36	(30.19)
3	Net Profit /(Loss) for the period after tax(after exceptional items)	213.36	(30.19)
4	Total Comprehensive Income for the period [comprising Profit/(loss) for the period (after tax) and Other Comprehensive Income (after tax)]	(4964.02)	11139.57
5	Equity Share Capital	1,399.23	1,399.23
6	Reserves (Excluding Revaluation Reserve as shown in the balance sheet of previous year)	-	-
7	Earning per shares (before exceptional items)		
	i. Basic (Rs.)	1.52	(0.22)
	ii. Diluted (Rs.)	1.52	(0.22)
	Earning per shares (after exceptional items)		
	i. Basic (Rs.)	1.52	(0.22)
	ii. Diluted (Rs.)	1.52	(0.22)

Note:

- 1) The above is an extract of the detailed format of Un-audited Financial Results for the quarter ended 30th June, 2019 under Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The full format of it along with the financial notes to accounts together with qualified Limited Review Report of the Statutory Auditors are available on the Stock Exchange website; <http://www.bseindia.com> and <http://www.nseindia.com> and on the Company website; mcdowellholdings.co.in
- 2) The quarterly financial results are reported pursuant to the option made available as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and read with circular dated July 5, 2016.

By the Authority of the Board

Place: Bangalore
Date: 02-08-2019

M S Kapur
Chairman





LIMITED REVIEW REPORT

1. We have reviewed the accompanying statement of **Unaudited Financial Results of McDowell Holdings Limited, Bangalore, ("the Company")** for the period ended June 30, 2019. This statement is the responsibility of the Company's management and it has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related unaudited interim financial statements which has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus, provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.





4. *Basis for qualified opinion*

- (i) *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. 17, the Company continues to prepare its financial statements on going concern basis.*
- (ii) *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. 6)*

5. *Emphasis of the matter:*

Attention is invited to the following:

- a. *The pledge created by the Company on its 45,51,000 shares in United Breweries Limited (UBL) in favour of erstwhile lenders has not yet been cancelled even though no amounts are owed to the pledgee because the Enforcement Directorate has directed not to part with those shares (refer Note no. 8).*
- b. *122,667 shares in United Breweries Limited (UBL) belonging to the Company are lying with erstwhile lenders, who have conveyed that it has been directed by the Enforcement Directorate not to part with those shares (refer Note no.9).*





- c. *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. (refer Note No. 10)*
- d. *The Company has received a show cause notice dated 3rd July 2018 under the Fugitive Economic Offenders Ordinance Act 2018 (FEOA). The Company has filed its objections in the designated court for FEOA. The matter is pending. (refer Note No. 11)*
- e. *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. (refer Note No. 12)*
- f. *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. (refer Note No. 13)*





BVC & Co.
Chartered Accountants

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6. Based on our review conducted as above and subject to our observations in paragraphs 4 and 5 above, we report that nothing else has come to our attention that causes us to believe that the accompanying statement of un-audited financial results prepared in accordance with the requirements of Ind AS 34 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed or that it contains any material misstatement.

For BVC & Co.
Chartered Accountants,
Firm Registration No.0081545S


CA Vishwas Shetty T
Partner
Membership No: 218619



UDIN : 19218619AAAAFA2360

Place: Bangalore

Date: 2nd August, 2019