

McDOWELL HOLDINGS LIMITED

Date: August 20, 2020

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, 2020 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 (August 20, 2020) have approved the Un-audited Financial Results together with notes thereon for the quarter ended 30th June, 2020 and took on record the Limited Review Report of the Statutory Auditors thereon.


Time of commencement of Board Meeting: 3:30 PM
Time of conclusion of the Board Meeting: 4:45 PM

A copy of the Un-audited Financial Results of the Company together with notes thereon for the quarter ended 30th June, 2020 and Limited Review Report of the Statutory Auditors for the period ended 30th June, 2020 are enclosed herewith.

The above is for your information and record.

Thanking you,

Yours faithfully,
For **McDowell Holdings Limited**


Arindam Ash
Chief Financial Officer

Encl: as above

Statement of Unaudited Standalone Financial Results for the quarter ended June 30, 2020

Figs. in Rs

Particulars	For the quarter ended			For the year ended
	30-06-2020	31-03-2020	30-06-2019	31-03-2020
	Unaudited	Unaudited	Unaudited	Audited
I. Revenue from Operations				
(i). Interest Income	-	-	-	-
(ii). Dividend Income	-	-	-	1,26,34,686
(iii). Rental Income	-	-	-	-
(iv). Fees and commission Income	-	-	-	-
(v). Net gain on fair value changes	-	-	-	-
(vi). Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-
(vii). Sale of products (including Excise Duty)	-	-	-	-
(viii). Service Income	67,05,932	1,50,00,008	-	1,50,00,000
(ix). Others	-	11,054	-	11,054
(I) Total Revenue from operations	67,05,932	1,50,11,054	-	2,76,45,740
II. Other Income				
Provision no longer required written back	-	12,28,500	9,39,43,190	9,51,71,690
Excess Gratuity Provision Written Back	-	26,658	-	-
Bad Advances Recovered	-	10,00,000	-	10,00,000
Interest on Income tax refund	-	275	-	275
Interest on fixed deposit	-	-	71,281	3,92,618
(II) Total Other Income	-	22,55,433	9,40,14,471	9,65,64,583
III. Total Income (I+II)	67,05,932	1,72,66,487	9,40,14,471	12,42,10,323
IV. Expenses				
(a). Finance costs	26,01,823	26,15,480	5,20,86,857	6,05,86,840
(b). Fees and commission expense	-	-	-	-
(c). Net loss on fair value changes	-	-	-	-
(d). Net loss on derecognition of financial instruments under amortised cost category	-	-	-	-
(e). Impairment on financial instruments	-	-	-	-
(f). Cost of materials consumed	-	-	-	-
(g). Purchases of stock-in-trade	-	-	-	-
(h). Changes in inventories of finished goods, stock-in-trade and work-in-progress	-	-	-	-
(i). Employee benefit expenses	96,05,127	1,09,06,684	1,07,42,960	5,62,72,835
(j). Depreciation	6,269	10,522	3,512	34,503
(k). Other expenses				
(i). Travel and communication expenses	63,003	2,82,412	3,99,067	22,60,479
(ii). Secretarial expenses	1,02,653	1,26,590	1,24,363	5,23,385
(iii). Printing & stationery expenses	3,780	47,593	48,034	8,52,317
(iv). Director's sitting fees	6,00,000	3,60,000	12,00,000	33,00,000
(v). Auditor's remuneration	-	1,65,000	-	1,65,000
(vi). Advertising expenses	37,120	37,120	35,960	1,89,080
(vii). Depository and listing fees	5,07,455	51,183	5,14,986	13,00,773
(viii). Legal charges	-	1,32,000	6,00,000	7,57,000
(ix). Professional charges	40,006	7,48,771	62,43,109	72,10,980
(x). Filing fees	-	32,700	-	1,05,500
(xi). Interest on statutory dues	1,299	-	267	2,055
(xii). Loss on transfer of shares	-	-	-	3,63,467
(xiii). Provision for Diminution in the value of Investments	-	-	-	10,49,37,040
(xiv). Insurance	6,30,506	5,50,000	-	10,53,255
(xv). Miscellaneous expenses	8,86,581	17,83,391	6,79,173	62,34,563
(IV) Total Expenses	1,50,85,616	1,78,49,446	7,26,78,288	24,61,49,072
(V) Profit/Loss before Exceptional Item & tax (III-V)	(83,79,684)	(5,82,959)	2,13,36,183	(12,19,38,749)
(VI) Exceptional Items:				
a. Profit on Sale of Investments	-	-	-	5,31,30,319
(VII) Profit/Loss before taxation (V-VI)	(83,79,684)	(5,82,959)	2,13,36,183	(6,88,08,430)
(VIII) Tax Expense:				
i. Current Tax	-	3,99,081	-	3,99,081
ii. Earlier Years	-	-	-	-
(IX) Profit/(Loss) for the period / year from continuing operations (VII-VIII)	(83,79,684)	(1,83,878)	2,13,36,183	(6,84,09,349)
(X) Profit/(Loss) from discontinued operations	-	-	-	-
(XI) Tax expense of discontinued operations	-	-	-	-
(XII) Profit/(Loss) from discontinued operations (after Tax) (X-XI)	-	-	-	-
(XIII) Total Profit/(Loss) for the period (IX+XII)	(83,79,684)	(1,83,878)	2,13,36,183	(6,84,09,349)
(XIV) Other Comprehensive Income				
(A) (i) Items that will not be reclassified to profit or loss	77,57,27,332	(2,25,73,52,390)	(51,77,37,845)	(3,09,94,45,792)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
Subtotal (A)	77,57,27,332	(2,25,73,52,390)	(51,77,37,845)	(3,09,94,45,792)
(B) (i) Items that will be reclassified to profit or loss	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Subtotal (B)	-	-	-	-
Other Comprehensive Income (A+B)	77,57,27,332	(2,25,73,52,390)	(51,77,37,845)	(3,09,94,45,792)
(XV) Total Comprehensive Income* for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)	76,73,47,648	(2,25,75,36,268)	(49,64,01,662)	(3,16,78,55,141)
(XVI) Paid-up Equity Share Capital (face value of Rs.10/- each*, fully paid up)	13,99,22,580	13,99,22,580	13,99,22,580	13,99,22,580
(XVII) Earning per share (for continuing operations)				
a. Basic earning per share (Before Exceptional Items)	(0.60)	(0.04)	0.15	(8.71)
b. Diluted earning per share (Before Exceptional Items)	(0.60)	(0.04)	0.15	(8.71)
(XVIII) Earning per share (for discontinued operations)				
a. Basic earning per share (Before Exceptional Items)	-	-	-	-
b. Diluted earning per share (Before Exceptional Items)	-	-	-	-
(XIX) Earning per share (for continuing & Discontinued operations)				
a. Basic earning per share (Before Exceptional Items)	(0.60)	(0.04)	0.15	(8.71)
b. Diluted earning per share (Before Exceptional Items)	(0.60)	(0.04)	0.15	(8.71)
(XX) Earning per share (for continuing operations)				
b. Basic earning per share (After Exceptional Items)	(0.60)	(0.01)	1.52	(4.89)
b. Diluted earning per share (After Exceptional Items)	(0.60)	(0.01)	1.52	(4.89)
(XXI) Earning per share (for discontinued operations)				
a. Basic earning per share (After Exceptional Items)	-	-	-	-
b. Diluted earning per share (After Exceptional Items)	-	-	-	-
(XXII) Earning per share (for continuing & Discontinued operations)				
a. Basic earning per share (After Exceptional Items)	(0.60)	(0.01)	1.52	(4.89)
b. Diluted earning per share (After Exceptional Items)	(0.60)	(0.01)	1.52	(4.89)

*Earnings per share for the interim periods are not annualised



Annexure 1

Segment wise Revenue, results and capital employed for the Unaudited Financial results under regulation 33 of the listing regulations 2013

Particulars	Figs. in Rs.		
	June 30, 2020	Quarter Ended March 31, 2020	Year Ended March 31, 2020
Segment Revenue			
a. NBFC	-	-	1,26,34,686
b. Others	67,05,932	15,00,000	15,00,000
Total Revenue	67,05,932	15,00,000	27,63,46,86
Segment Results			
a. NBFC	(6,47,229)	(23,06,344)	(7,09,30,896)
b. Others	(77,32,456)	212,466	212,466
Profit Before tax	(83,79,684)	(1,83,878)	(6,88,08,430)
Segment Assets			
a. NBFC	6,63,50,06,111	5,86,43,22,699	5,86,43,22,699
b. Others	-	-	-
Total	6,63,50,06,111	5,86,43,22,699	5,86,43,22,699
Segment Liabilities			
a. NBFC	16,42,25,579	15,45,33,883	15,45,33,883
b. Others	-	63,55,932	63,55,932
Total	16,42,25,579	16,08,89,815	16,08,89,815
Capital Employed (Segment Assets-Segment Liabilities)			
a. NBFC	6,47,07,80,531	5,70,97,88,816	5,70,97,88,816
b. Others	-	(63,55,932)	(63,55,932)
Total	6,47,07,80,531	5,70,97,88,816	5,70,97,88,816

NBFC segment includes income from investments and expenses relates to interest expenses, employee benefit expenses, statutory and other administrative expenses
 Others includes consultancy services



McDowell Holdings Limited

NOTES

1. The accompanying Statement of Un-audited Financial Results for the quarter ended on 30th June 2020 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 20th August 2020. The Unaudited Financial Results for the quarter ended on 30th June, 2020 is subjected to limited review by the Statutory Auditor of the Company.
2. The aforesaid unaudited financial results are reported as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standard ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended).
3. 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. (hereinafter referred to UBHL), in which the Company also holds 52,60,002 equity shares. The Company understands that UBHL had filed an appeal against the said winding up order before the Divisional Bench of High Court of Karnataka which vide order dated 6th March 2020 disposed of this appeal. Further, the Stock Exchanges have also delisted the shares of UBHL. Considering all these facts, the company had provided for diminution in the value of its investments in UBHL. Meanwhile as understood from the lawyers, UBHL has filed a Special Leave Petition in the Hon'ble Supreme Court of India, which is pending.
4. Two investee companies being United Breweries Limited (hereinafter referred to UBL) and UBHL 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 thereafter written to NSDL and CDSL through their Registrar and Transfer Agent to implement the directives of ED.
5. The Company's investments include 45,51,000 shares in UBL which were pledged in favour of erstwhile lenders. As per Company records, as on date no dues are outstanding to these lenders but the pledge on these shares have not been released by them, pursuant to the directions of ED.
6. 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 from these lenders that pursuant to the directions of ED, these shares, dividend thereon and also the excess sum recovered by the lenders will not be released by the lenders.



7. The Company's investment of 16,71,344 shares in UBL 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.
8. 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 were show caused to be confiscated. The Company has filed its objections in the designated court for FEOA, Mumbai. The matter is still pending in Court.
9. In a separate proceeding before the Court of Special Judge for Prevention of Money Laundering Act (hereinafter referred to as PMLA), an individual promoter of the company has been declared as a proclaimed offender. Pursuant to this declaration, the company's investments in UBL and UBHL have been attached under the PMLA. In related proceedings, before the PMLA Court the Company had placed its objections on record. The PMLA Court vide order dated 31st December 2019 lifted the attachment on assets in the name of the individual promoter. The Company is in consultation with the lawyers on this issue.
10. The Company's demat account maintained with Stock Holding Corporation of India has been suspended for debit on the instructions of ED since 29th July 2019. The company has filed submissions with ED seeking removal of this attachment. Thereafter ED had issued summons pursuant to which details were submitted and a statement has been given. The matter is pending.
11. 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) which is pending adjudication.
12. The Company is one of the claimants in an arbitration matter against 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 was disposed of in January 2020 and the Company is in the process of filing an appeal against the said order before the Division Bench of the Hon'ble High Court, Bombay which is delayed due to Covid-19 pandemic. Thus this amount is treated as contingent in nature.
13. The Company has entered into a Settlement Agreement dated 17th June, 2019 (herein after referred to as "SA") with ZACL wherein, the Company's dues to ZACL was finalised at Rs.18.97 crores (this includes interest of Rs.8.36 crores and Principal of Rs.10.61 crores).



ZACL had instituted Insolvency proceedings and other associated proceedings for recovery of their dues from the Company. The SA was executed to bring an end to the Insolvency proceedings, as well as other associated proceedings by/against the Company in various Courts. Pursuant to the SA, the dues of ZACL have 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, and after further application of interest the amount outstanding to ZACL as on 30th June 2020 is Rs.13.58 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.

On execution of 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.

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'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'. (Though the Company's cash flows are strained)
16. The position of Company Secretary of the Company fell vacant on 10th December 2019 and efforts are being made to identify a successor. This process has been further delayed due to COVID 19 pandemic.
17. The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 46 days up till May 31, 2020 across the country to contain the spread of the virus. Further, in Bangalore where the Company is situated, there was another lockdown from 8p.m. 14th July 2020 to 5.am. 22nd July 2020.



The extent to which the COVID-19 pandemic will impact the results of the Company will depend on future developments, which are incapable of assessment at this point in time, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company. The Company substantively holds investments in other companies. On the Company, there is no material impact of COVID-19, other than the fall in the market value of its investments in the initial days of lockdown in March 2020. The dynamic nature of the pandemic situation and its future developments may have an impact on the carrying value of the investments held by the Company in future.

18. Previous year/ periods figures have been regrouped wherever necessary.
19. The qualification in the Audit Report of the Statutory Auditor is answered in the Note No. 15 above.
20. 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

Place: Bengaluru
Date : August 20, 2020



By Authority of the Board

Chairman



BVC & Co.
Chartered Accountants

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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, 2020. 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. However, the Company has entered into settlement agreements with the lenders with respect to payment of*



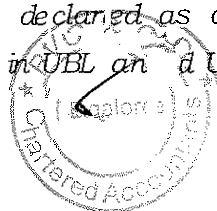


dues. These factors have adversely affected the going concern assumptions used in the preparation of financial statements. However, for the reasons stated in note no. 15, the Company continues to prepare its financial statements on going concern basis.

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. 5).
- 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.6).
- 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. 7)
- 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. 8)
- e. In a separate proceeding before the Court of Special Judge for Prevention of Money Laundering Act (PMLA), an individual promoter of the company has been declared as a proclaimed offender and the company's investments in UBL and UHL have been attached. The





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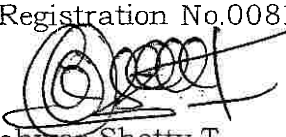
Company in related proceedings, before the PMLA Court has placed its objections on record. The matter is pending. (refer Note No. 9)

f. *The Company's demat account maintained with Stock Holding Corporation of India has been suspended for debit on the instructions of Enforcement Directorate since 29th July 2019. The company has filed submissions with Enforcement Directorate seeking removal of this attachment. The matter is pending. (refer Note No. 10)*

g. *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. 11)*

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 unaudited 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: 20218619AAAADW9484



Place: Bangalore
Date: 20th August, 2020