

**McDOWELL HOLDINGS LIMITED**

August 26, 2021

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 June 30, 2021 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 their meeting held today (August 26, 2021) have approved inter-alia the Un-audited Financial Results of the Company for the quarter ended June 30, 2021.

Time of commencement of Board Meeting : 2:00 P.M.

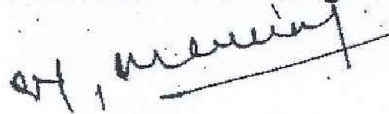
Time of conclusion of the Board Meeting : 3:00 P.M.

A copy of the Un-audited Financial Results of the Company together with notes thereon for the quarter ended June 30, 2021 and Limited Review Report of the Statutory Auditors for the quarter ended June 30, 2021 are enclosed herewith.

The above is for your information and record.

Thanking you,

Yours faithfully,  
For **McDowell Holdings Limited**



**G.Sreenivas**  
**Director**

encl: as above



**Statement of Un-audited Financial Results for the quarter ended June 30, 2021**

Rs. Lakhs

Particulars	For the quarter ended			For the Year Ended
	30-06-2021	31-03-2021	30-06-2020	31-03-2021
	Unaudited	Audited	Unaudited	Audited
<b>I. Revenue from Operations</b>				
(i). Interest Income	-	-	-	-
(ii). Dividend Income	-	-	-	120.06
(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	-	-	67.06	80.28
(ix) Others	-	-	-	-
<b>(I) Total Revenue from operations</b>	-	-	67.06	200.34
<b>II. Other Income</b>				
Provision no longer required written back	-	-	-	-
Excess Gratuity Provision Written Back	-	46.66	-	46.55
Bad Advances Recovered	-	-	-	-
Interest on Income tax refund	-	-	-	-
Interest on fixed deposit	-	-	-	-
<b>(II) Total Other Income</b>	-	46.66	-	46.55
<b>III. Total Income (I+II)</b>	-	46.66	67.06	246.89
<b>IV. Expenses</b>				
(a). Finance costs	-	25.43	26.02	103.60
(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	4.36	4.25	96.05	184.90
(j). Depreciation	0.02	0.06	0.06	0.25
(k). Other expenses				
(i). Travel and communication expenses	0.16	0.67	0.63	3.28
(ii). Secretarial expenses	0.27	1.19	1.03	4.03
(iii). Printing & stationery expenses	-	0.21	0.04	1.31
(iv). Director's sitting fees	1.35	1.80	6.00	16.60
(v). Auditor's remuneration	-	1.65	-	1.65
(vi). Advertising expenses	0.21	0.25	0.37	1.15
(vii). Depository and listing fees	-	-	5.07	9.56
(viii). Legal charges	-	-	-	2.20
(ix). Professional charges	0.04	1.71	0.40	4.20
(x). Filing fees	-	0.14	-	0.22
(xi). Interest on statutory dues	-	0.00	0.01	0.09
(xii). Loss on transfer of shares	-	-	-	-
(xiii). Provision for Diminution in the value of Investments	-	-	-	-
(xiv). Insurance for Directors & Officers	-	-	6.31	6.31
(xv). Miscellaneous expenses	0.93	2.83	8.87	21.20
<b>(IV) Total Expenses</b>	7.34	40.19	150.86	360.55
<b>(V) Profit/Loss before Exceptional item &amp; tax (III-IV)</b>	(7.34)	6.48	(83.80)	(113.66)
<b>(VI) Exceptional items:</b>				
a. Profit on Sale of Investments	-	-	-	-
<b>(VII) Profit/Loss before taxation (V-VI)</b>	(7.34)	6.48	(83.80)	(113.66)
<b>(VIII) Tax Expense:</b>				
i. Current Tax	-	-	-	-
ii. Earlier Years	-	-	-	-
<b>(IX) Profit/(loss) for the period / year from continuing operations (VII-VIII)</b>	(7.34)	6.48	(83.80)	(113.66)
<b>(X) Profit/(Loss) from discontinued operations</b>	-	-	-	-
<b>(XI) Tax expense of discontinued operations</b>	-	-	-	-
<b>(XII) Profit/(Loss) from discontinued operations (after Tax) (X-XI)</b>	-	-	-	-
<b>(XIII) Total Profit/(Loss) for the period (IX+XII)</b>	(7.34)	6.48	(83.80)	(113.66)
<b>(XIV) Other Comprehensive Income</b>				
(A) (i) Items that will not be reclassified to profit or loss	13,215.36	4,126.11	7,757.27	21,375.92
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
<b>Subtotal (A)</b>	13,215.36	4,126.11	7,757.27	21,375.92
(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	-	-	-	-
<b>Subtotal (B)</b>	-	-	-	-
<b>Other Comprehensive Income (A+B)</b>	13,215.36	4,126.11	7,757.27	21,375.92
<b>(XV) Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)</b>	13,208.02	4,132.58	7,673.48	21,262.26
<b>(XVI) Paid-up Equity Share Capital (face value of Rs.10/- each*, fully paid up)</b>	1,399.23	1,399.23	1,399.23	1,399.23
<b>(XVII) Earning per share (for continuing operations)</b>				
a. Basic earning per share (Before Exceptional Items)	(0.01)	0.05	(0.60)	(0.81)
Diluted earning per share (Before Exceptional Items)	(0.01)	0.05	(0.60)	(0.81)
<b>(XVIII) Earning per share (for discontinued operations)</b>				
a. Basic earning per share (Before Exceptional Items)	-	-	-	-
b. Diluted earning per share (Before Exceptional Items)	-	-	-	-
<b>(XIX) Earning per share (for continuing &amp; Discontinued operations)</b>				
a. Basic earning per share (Before Exceptional Items)	(0.01)	0.05	(0.60)	(0.81)
b. Diluted earning per share (Before Exceptional Items)	(0.01)	0.05	(0.60)	(0.81)
<b>(XX) Earning per share (for continuing operations)</b>				
b. Basic earning per share (After Exceptional Items)	(0.01)	0.05	(0.60)	(0.81)
Diluted earning per share (After Exceptional Items)	(0.01)	0.05	(0.60)	(0.81)
<b>(XXI) Earning per share (for discontinued operations)</b>				
a. Basic earning per share (After Exceptional Items)	-	-	-	-
b. Diluted earning per share (After Exceptional Items)	-	-	-	-
<b>(XXII) Earning per share (for continuing &amp; Discontinued operations)</b>				
a. Basic earning per share (After Exceptional Items)	(0.01)	0.05	(0.60)	(0.81)
b. Diluted earning per share (After Exceptional Items)	(0.01)	0.05	(0.60)	(0.81)

\*Earnings per share for the interim periods are not annualised





**McDOWELL HOLDINGS LIMITED**

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

**Annexure 1**

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

Particulars	Quarter Ended			Rs. Lakhs
	June 30, 2021	March 31, 2021	June 30, 2020	Year Ended March 31, 2021
<b>Segment Revenue</b>				
a. NBFC	-	-	-	120.06
b. Others	-	46.66	67.06	126.83
<b>Total Revenue</b>	-	46.66	67.06	246.89
<b>Segment Results</b>				
a. NBFC	(0.48)	(1.44)	(6.47)	105.31
b. Others	(6.86)	7.92	(77.32)	(218.97)
<b>Profit Before tax</b>	(7.34)	6.48	(83.80)	(113.66)
<b>Segment Assets</b>				
a. NBFC	93,094.84	79,883.95	66,350.06	79,883.95
b. Others	-	-	-	-
<b>Total</b>	93,094.84	79,883.95	66,350.06	79,883.95
<b>Segment Liabilities</b>				
a. NBFC	1,590.24	1,587.36	1,642.26	1,587.36
b. Others	-	-	-	-
<b>Total</b>	1,590.24	1,587.36	1,642.26	1,587.36
<b>Capital Employed (Segment Assets-Segment Liabilities)</b>				
a. NBFC	91,504.60	78,296.59	64,707.81	78,296.59
b. Others	-	-	-	-
<b>Total</b>	91,504.60	78,296.59	64,707.81	78,296.59

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 30<sup>th</sup> June 2021 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 26<sup>th</sup> August 2021 and has been subjected to limited review by the Statutory Auditor of the Company
2. The aforesaid Un-audited 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 7<sup>th</sup> 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. As understood, UBHL had filed an appeal against the said winding up order before the Hon'ble Divisional Bench of High Court of Karnataka The Hon'ble High Court of Karnataka vide order dated 6<sup>th</sup> March 2020 dismissed this appeal of UBHL. Thereafter, UBHL had filed a Special Leave Petition challenging the order dated 6<sup>th</sup> March, 2020. The aforementioned Special Leave Petition filed by UBHL was dismissed by an Order dated 26<sup>th</sup> October, 2020 passed by the Hon'ble Supreme Court of India confirming UBHL's winding up. Meanwhile, the Stock Exchanges have also delisted the shares of UBHL. Considering all these facts, the Company had written off the investments in UBHL (which was previously provided for).
4. The Official Liquidator (**OL**) of UBHL vide an advertisement dated 28<sup>th</sup> September, 2020 (published in the Times of India (Bangalore Edition) on 30<sup>th</sup> September 2020) has asked for furnishing of claims by the creditors of UBHL on or before 29<sup>th</sup> October 2020. Pursuant to the same, the Company has on 27<sup>th</sup> October 2020 filed its claim of Rs.329.52 crores on UBHL, with the OL. Further, the Company, in June 2021 has followed up vide another letter to the OL to release the funds. The matter is pending.
5. Two investee companies being United Breweries Limited (hereinafter referred to "**UBL**") and UBHL in which the Company holds strategic investments had 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 had thereafter written to NSDL and CDSL through their Registrar and Transfer Agent (RTA) to implement the directives of ED.





6. The Company's investments include 45,51,000 shares in UBL lying in its demat account 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.
7. 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 still 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. The Company has written to the lenders in June and August 2021 to release the dividends and the excess amounts retained. The lenders have replied while maintaining their stand that they will act upon ED's directions to release.
8. The Company's investment of 16,71,344 shares in UBL was unilaterally transferred from the demat account of the Company to the demat account of the Deputy Director, ED, Mumbai on 3<sup>rd</sup> May, 2018. As per the statutory requirements the Company had intimated the Stock Exchanges. With respect to the same, the Company came to know vide newspaper articles dated 30<sup>th</sup> May 2021 and 7<sup>th</sup> June 2021 that pursuant to orders passed by the PMLA court, the ED had transferred 4,13,15,690 UBL shares to the Recovery officer of the DRT for the purpose of sale. The company has written to the ED on 15<sup>th</sup> June 2021 seeking clarity on its shareholding of 16,71,344 UBL shares. Meanwhile, UBL also disclosed to the Stock Exchanges that Heineken N.V. has acquired only 3,96,44,346 UBL shares on 23<sup>rd</sup> June 2021. Further, DRT vide an Order dated 14.6.21 has cancelled the sale while also stating that 16,71,344 UBL shares has been transferred back to ED on 11.6.21.
9. The Company had received a Show Cause Notice dated 3<sup>rd</sup> July 2018 under the Fugitive Economic Offenders Act 2018 (hereinafter referred to as "FEOA") to show cause why the Company's investments in UBL and UBHL should not be confiscated. The Company has filed its objections in the designated court for FEOA, Mumbai. The matter is still pending in Court.
10. In a separate proceeding before the Court of Special Judge for Prevention of Money Laundering Act, 2002 (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 31<sup>st</sup> 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.

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11. The Company's demat account maintained with Stock Holding Corporation of India has been suspended for debit on the instructions of ED since 29<sup>th</sup> 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 also been given. Further hearings were held by the Enforcement Directorate in which clarification have been submitted and the matter is pending..

On 3<sup>rd</sup> May 2018, the Deputy Director, ED, Mumbai had transferred a total of 22,00,360 shares of the Company, held by three Promoters, to the ED's demat account from the demat accounts of the respective Promoters. The ED under the PMLA has also attached 2 shares of the Company held by an individual Promoter. The Company has been given to understand now that these Promoters have filed appeals before the Appellate Tribunal under the PMLA against the attachment of its shares in the Company and the appeals are pending. Further, as understood from the letter dated 17<sup>th</sup> June 2021 of the RTA to the Company, these shares have been transferred by ED to the Recovery Officer of DRT on 4<sup>th</sup> June 2021.

Further, a total of 25,17,189 shares (which total includes 22,00,159 shares) of the Company held by two Promoters (included in three Promoters above) has also been attached by an order of attachment dated 21<sup>st</sup> June 2018 passed by the Recovery Officer, Debt Recovery Tribunal, Bangalore .

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 (hereinafter referred to as "SAT") which is pending adjudication.
13. The Company is one of the claimants in an arbitration matter against Zuari Fertilisers & Chemicals Limited (hereinafter referred to as "ZFCL") ZFCL and Zuari Agro Chemicals Ltd (hereinafter referred to as "ZACL"), the respondents. The arbitration proceedings have been concluded and vide the Arbitration Award dated 8<sup>th</sup> May 2017, the Arbitrator has dismissed the Company's claims and has ordered all the claimants to pay to the respondents costs of 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. The Company has filed an appeal against the aforesaid order before a Division Bench of the Hon'ble High Court, Bombay which is pending. Thus this amount is treated as contingent in nature.
14. The Company has entered into a Settlement Agreement dated 17<sup>th</sup> 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.

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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 31st March 2021 is Rs.14.25 crores only. The interest is accruing @18% per annum. As per the SA, this balance was payable within 18 months from the date of SA and non-payment within this period gave 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, Hon'ble Supreme Court, Hon'ble 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.

The Company vide its letter dated 15<sup>th</sup> December 2020 had appraised ZACL of the current situation and requested ZACL to extend the time limit for repayment for a further period of 1 year from the time limit granted as per the SA. ZACL vide letter dated 16<sup>th</sup> December 2020 informed that the time limit as per SA is 18<sup>th</sup> December 2020 and requested the Company to pay the dues. Further, ZACL vide letter dated 20<sup>th</sup> January 2021 informed the Company that in view of Company's request they are extending the time limit till 16<sup>th</sup> June 2021 provided the Company makes a payment of Rs.10 lakhs towards the outstanding dues. The Company vide letter dated 18<sup>th</sup> February 2021 informed ZACL of its continuing financial crisis due to which it could pay Rs.1 lakh only.

Due to the ongoing Covid-19 pandemic and subsequent lockdowns, the adjudication of the litigations of the Company did not take place and the necessary reliefs have been delayed. Thus the Company is unable to generate funds and in view of this the Company vide letter dated 15<sup>th</sup> June 2021, requested ZACL to extend the time for repayment for a period of 6 months, which was not acceded to by ZACL vide their letter dated 29<sup>th</sup> June 2021. The Company in its reply dated 30<sup>th</sup> June 2021 also clarified to ZACL that none of the Company's shareholding in UBL has been released by ED. ZACL vide another letter dated 28<sup>th</sup> July 2021 has asked for payment of Rs.14.59 crs towards the ICD Outstanding and further Rs. 75 lakhs in reference to an arbitration matter (refer note 14).

The Company in its reply dated 6<sup>th</sup> August 2021 has clarified that in the arbitration matter, its appeal is pending before the Division Bench of the Bombay High Court. Further, in this arbitration matter, there are other parties involved and hence Rs.75 lakhs is not the liability of the Company only. Regarding the ICD outstanding the company reiterated its reply dated 30<sup>th</sup> June 2021. The matter is pending therein.

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.

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Accordingly, the Company continues to present its financial statements on the principles applicable to 'going concern'. (Though the Company's cash flows are strained). Exigent circumstances are prevailing upon the company where upon its investments which could generate income has been attached and frozen by the ED. Under these circumstances, the company has not been able to pay salaries from May'2020 as also the Company is finding it difficult to meet its expenses. The required data to ED has been submitted alongwith the fact that the company is unconnected and independent company which has been unnecessarily drawn in to the investigation. being carried out in the matter of Kingfisher Airlines Ltd / Dr Vijay Mallya. Till date, the investments have not been de-frozen. The Company's efforts are directed towards resolving these issues.

16. The National Stock Exchange on 28<sup>th</sup> October 2020 intimated the Company about a complaint/query/request filed by an investor regarding the disclosures of the Company. Under advice of its counsels, the Company vide its reply dated 2<sup>nd</sup> November 2020 has clarified its position to the National Stock Exchange. Subsequently NSE has sought further clarification which has been duly replied - last being on 12<sup>th</sup> February 2021. On 25<sup>th</sup> July 2021, after a gap of 5 months, NSE again sent a questionnaire. The Company has replied on 28<sup>th</sup> July 2021 stating that SEBI vide mail dated 19.4.21 has already intimated that the case is disposed . Also it was submitted that the Company is facing severe financial problems with salaries not being paid since May 2020 and mostly all employees have left making it very difficult for the Company to function properly.
17. The position of Company Secretary, Chief Financial Officer and the Executive Director of the Company fell vacant on 10<sup>th</sup> December 2019, 16<sup>th</sup> November 2020 and on 18<sup>th</sup> November 2020 respectively and efforts to identify the successors,. has been delayed due to COVID 19 pandemic. Further, due to the attachment of Company's investments by the ED and the resultant financial crisis on the company, no person is willing to join the company.
18. The Stock Exchanges has sought clarifications from the Company on non-appointment of a Company secretary, last being on 20<sup>th</sup> August 2021 and also on Corporate Governance Reports,. Further, the Stock Exchange has sought clarification for non-appointment of six Directors, last being 20<sup>th</sup> August 2021. Under advice of its counsels, the Company has filed its reply explaining the reasons.
19. The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, contributing 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.

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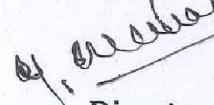


On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 46 days up till May 31, 2020 across the country to contain the spread of the virus. Further, in Bangalore where the Company is situated, there was another lockdown from 8p.m. 14<sup>th</sup> July 2020 to 5.am. 22<sup>nd</sup> 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. Further, on the outbreak of 2<sup>nd</sup> wave of Covid-19 pandemic, restrictions/curfew/lockdown has been imposed.

In Bangalore, from 25<sup>th</sup> April 2021 to 21<sup>st</sup> June 2021 restrictions/curfew/lockdown were imposed. 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.

20. The Company is undergoing acute financial crisis and accordingly has not provided for interest payable for this quarter ended June 30, 2021.
21. Previous year / periods figures have been regrouped wherever necessary.
22. The qualification in the Audit Report of the Statutory Auditor is answered in the Note No. 15 and 20 above.
23. The financial results and notes are also available on the websites of the Stocks Exchanges, viz, [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) and also on the website of the Company viz, [www.mcdowellholdings.co.in](http://www.mcdowellholdings.co.in)

By Authority of the Board

  
Director



Place: Bengaluru

Date : August 26, 2021





**BVC & Co.**  
Chartered Accountants

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Ph. : 0820-2526563

### 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, 2021. 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 conclusion*
  - (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. 15, the Company continues to prepare its financial statements on going concern basis.*
  - (ii) *The Company has not accounted for interest costs on intercorporate borrowings amounting ₹25.71 lakhs for the quarter. Accordingly Finance Costs would have been increased by ₹25.71 lakhs and loss for the year would have increased and Equity fund would have been reduced by ₹25.71 lakhs. (Refer Note No. 20)*
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. 6)*
- 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.7)*
- 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. 8)
- d. The Company has received a Show Cause Notice dated 3rd July 2018 under the Fugitive Economic Offenders Act 2018 (hereinafter referred to as "FEOA") to show cause why the Company's investments in UBL and UBHL should not be confiscated. The Company has filed its objections in the designated court for FEOA, Mumbai. The matter is still pending in Court. (Refer Note No. 9)
- 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 UBHL have been attached. The Company in related proceedings, before the PMLA Court has placed its objections on record. (Refer Note No. 10)
- 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. Thereafter ED had issued summons pursuant to which details were submitted and a statement has been given. (Refer Note No. 11)
- 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. 13)
- h. The Company has defaulted on amount due to Zuari Agro Chemicals Limited (ZACL) as per settlement agreement dated 17/06/2019. Total amount outstanding as on 31/12/2020 is Rs. 14.04 crores.  
The Company vide its letter dated 15th December 2020 appraised ZACL of the current situation and requested ZACL to extend the time limit for repayment for a further period of 1 year from the time limit granted as per the SA. ZACL vide letter dated 16th December 2020 informed that the time limit as per SA is 18th December 2020 and requested the Company to pay the dues. Further, ZACL vide letter dated 20th January 2021 informed the Company that in view of Company's request they are extending the time limit till 16th June 2021 provided the Company makes a payment of Rs.10 lakhs towards the outstanding dues. The Company vide letter dated 18th February 2021 informed ZACL of its continuing financial crisis due to which it could pay Rs.1lakh only. (Refer Note No. 14)
- i. The position of the Chief Financial Officer and the Executive Director fell vacant on 16th November 2020 and on 18th November 2020 respectively. The Company is trying to identify successors. Due to the attachment of Company's investments by the ED and the resultant financial crisis on the company, no person is willing to join the company as Chief Financial Officer / Executive Director, despite the continuous efforts of the Company. (Refer Note No. 17)
- j. 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. Due to the attachment of Company's investments by the ED and the resultant financial crisis on the company, no person is willing to join the company as Company Secretary, despite the continuous efforts of the Company. (Refer Note No. 18)







**BVC & Co.**  
Chartered Accountants

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**6. Qualified Conclusion**

Based on our review conducted as above and subject to our observations in paragraphs 4 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. 008154S

**CA Vishwas Shetty T**

Partner

Membership No: 218619

UDIN: 21218619AAAAJK4735



Place: Bangalore

Date: 26<sup>th</sup> August, 2021