

**McDOWELL HOLDINGS LIMITED**

Date: 12-11-2019

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 September, 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 (12-11-2019) have approved the Un-audited Financial Results together with notes to the financial statement for the quarter/six months ended 30th September, 2019 and took on record the Limited Review Reports of the Statutory Auditors there on.

Time of commencement of Board Meeting: 03:30 PM  
Time of conclusion of the Board Meeting: 04: 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 September, 2019 and Limited Review Reports of the Statutory Auditors for the period ended 30th September, 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

Statement of unaudited standalone financial results for the quarter and year to date period ended September 30, 2019

Figs. in Rs.

Particulars	3 months ended			Year to date figures for the period ended	
	30-09-2019	30-06-2019	30-09-2018	30-09-2019	30-09-2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Revenue from Operations</b>					
(i). Interest Income	-	-	-	-	-
(ii). Dividend income	1,13,77,500	-	-	1,13,77,500	-
(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) Sale of services	-	-	-	-	-
(ix) Others	-	-	-	-	-
<b>(I) Total Revenue from operations</b>	<b>1,13,77,500</b>	<b>-</b>	<b>-</b>	<b>1,13,77,500</b>	<b>-</b>
<b>Other income</b>					
Provision no longer required written back	-	9,39,43,190	-	9,39,43,190	-
Interest on fixed deposit	3,05,118	71,281	-	3,76,399	-
<b>(II) Total Other Income</b>	<b>3,05,118</b>	<b>9,40,14,471</b>	<b>-</b>	<b>9,43,19,589</b>	<b>-</b>
<b>Total Income (I+II)</b>	<b>1,16,82,618</b>	<b>9,40,14,471</b>	<b>-</b>	<b>10,56,97,089</b>	<b>-</b>
<b>Expenses</b>					
(a). Finance costs	32,21,171	5,20,86,857	-	5,53,08,028	-
(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	1,72,88,930	1,07,42,960	11,33,960	2,80,31,890	25,92,986
(j). Depreciation	7,750	3,512	1,080	11,262	8,423
(k). Other expenses					
(i). Travel and communication expenses	11,25,350	3,99,067	1,68,475	15,24,417	3,98,072
(ii). Secretarial expenses	97,572	1,24,363	-	2,21,935	-
(iii). Printing & stationery expenses	5,81,493	48,034	2,73,215	6,29,527	2,77,615
(iv). Director's sitting fees	15,00,000	12,00,000	15,00,000	27,00,000	16,20,000
(v). Auditor's remuneration	-	-	-	-	-
(vi). Advertising expenses	59,160	35,960	61,596	95,120	94,076
(vii). Depository and listing fees	7,15,399	5,14,986	7,158	12,30,385	9,10,019
(viii). Legal and Professional charges	1,76,600	68,43,109	5,000	70,19,709	2,26,750
(ix). Filing fees	59,200	-	-	59,200	-
(x). Interest on statutory dues	-	267	-	267	-
(xi). Loss on transfer of shares	3,63,467	-	-	3,63,467	-
(xii). Provision for Diminution in the value of Investments	10,49,37,040	-	-	10,49,37,040	-
(xiii). Miscellaneous expenses	33,49,065	6,79,173	9,09,936	39,30,888	9,51,821
<b>(III) Total Expenses</b>	<b>13,34,82,197</b>	<b>7,26,78,288</b>	<b>40,60,420</b>	<b>20,60,63,135</b>	<b>70,79,762</b>
<b>(IV). Profit/Loss before Exceptional item &amp; tax</b>	<b>(12,17,99,579)</b>	<b>2,13,36,183</b>	<b>(40,60,420)</b>	<b>(10,03,66,046)</b>	<b>(70,79,762)</b>
<b>(V) Exceptional items:</b>					
a. Profit on Sale of Investments	5,31,30,319	-	9,94,262	5,31,30,319	9,94,262
<b>(VI) Profit /Loss before taxation</b>	<b>(6,86,69,260)</b>	<b>2,13,36,183</b>	<b>(30,66,159)</b>	<b>(4,72,35,727)</b>	<b>(60,85,500)</b>
<b>(VII) Tax Expense:</b>					
i. Current Tax	-	-	-	-	-
ii. Earlier Years	-	-	-	-	-
<b>(VIII) Profit/(loss) for the period (VI-VII)</b>	<b>(6,86,69,260)</b>	<b>2,13,36,183</b>	<b>(30,66,159)</b>	<b>(4,72,35,727)</b>	<b>(60,85,500)</b>
<b>(IX) Other Comprehensive Income</b>	<b>4,45,96,923</b>	<b>(51,77,37,845)</b>	<b>1,04,37,96,067</b>	<b>(31,48,12,502)</b>	<b>2,40,66,06,249</b>
<b>(X) Profit/(loss) and other comprehensive income for the period (VIII+IX)</b>	<b>(2,40,72,338)</b>	<b>(49,64,01,662)</b>	<b>1,04,07,29,909</b>	<b>(36,20,48,229)</b>	<b>2,40,05,20,749</b>
<b>(XI) Earning per share (Face value Rs. 10 each)*</b>					
a. Basic earning per share (Before Exceptional Items)	(8.70)	1.52	(0.29)	(7.17)	(0.51)
Diluted earning per share (Before Exceptional Items)	(8.70)	1.52	(0.29)	(7.17)	(0.51)
b. Basic earning per share (After Exceptional Items)	(4.91)	1.52	(0.22)	(3.38)	(0.43)
Diluted earning per share (After Exceptional Items)	(4.91)	1.52	(0.22)	(3.38)	(0.43)

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



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**Statement of Standalone Assets and Liabilities**

Figs in Rs.

Particulars	As at 30th September, 2019	As at 30th September, 2018
	Unaudited	Unaudited
<b>ASSETS</b>		
<b>1 Financial Assets</b>		
(a) Cash and cash equivalents	36,03,373	6,90,852
(b) Bank balances other than Cash and Cash equivalents above	-	-
(c) Derivative financial instruments	-	-
(d) Receivables	-	-
(I) Trade Receivables	-	-
(II) Other Receivables	-	-
(e) Loans and advances	2,32,54,981	1,83,25,625
(f) Investments	18,04,25,096	30,82,26,716
(g) Other financial assets	1,98,86,049	1,18,59,548
<b>2 Non Financial assets</b>		
(a) Inventories	-	-
(b) Current tax assets (Net)	-	-
(c) Deferred tax Assets (Net)	-	-
(d) Investment Property	-	-
(e) Biological assets other than bearer plants	-	-
(f) Property, Plant and Equipment	91,508	45,291
(g) Capital work-in-progress	-	-
(h) Intangible assets under development	-	-
(i) Goodwill	-	-
(j) Other Intangible assets	-	-
(k) Other non-financial assets	-	-
<b>Total Assets</b>	<b>22,72,61,007</b>	<b>33,91,48,032</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>1 Financial Liabilities</b>		
(a) Derivative financial instruments	-	-
(b) Payables	-	-
(I) Trade Payables	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(II) Other Payables	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(c) Debt Securities	-	-
(d) Borrowings (Other than Debt Securities)	6,08,13,786	20,00,00,000
(e) Deposits	-	-
(f) Subordinated Liabilities	-	-
(g) Other financial liabilities(to be specified)	-	-
<b>2 Non- Financial Liabilities</b>		
(a) Current tax liabilities (Net)	-	-
(b) Provisions	1,47,06,028	1,47,06,028
(c) Deferred tax liabilities (Net)	-	-
(d) Other non-financial liabilities(to be specified)	7,70,27,647	3,86,44,589
<b>3 Equity</b>		
(a) Equity Share capital	13,99,22,580	13,99,22,580
(b) Other equity	(6,52,09,034)	(5,41,25,165)
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>22,72,61,007</b>	<b>33,91,48,032</b>



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**Unaudited standalone cash flow statement for the year to date period ended September 30, 2019**

Figs. in Rs.

	30-09-2019	30-09-2018
	Unaudited	Unaudited
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit/(loss) before tax	(4,72,35,727)	(60,85,500)
Adjustments for :		
Depreciation	11,262	8,423
Interest expenses	5,53,08,028	-
Interest income	(3,76,399)	-
Profit on sale of investments	(5,31,30,319)	(9,94,262)
Provision for Dimunition in the value of Investments	10,49,37,040	
Provision no longer required written back	(9,39,43,190)	-
	<u>1,28,06,422</u>	<u>(9,85,839)</u>
<b>Operating profit before working capital changes</b>	<b>(3,44,29,305)</b>	<b>(70,71,339)</b>
<b>Changes in working capital:</b>		
<b>Financial Assets/liabilities:</b>		
(Increase) / Decrease in receivables	31,85,703	(2,87,053)
Increase/(decrease) in payables	(70,13,614)	38,71,721
<b>Cash generated from operations</b>	<b>(3,82,57,216)</b>	<b>(34,86,671)</b>
Direct taxes paid	-	-
<b>Net cash generated / (used) in operations</b>	<b>(3,82,57,216)</b>	<b>(34,86,671)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Sale value of Investments	-	11,14,982
(Purchase) / Sale of Fixed Assets	(58,315)	-
Interest income	3,76,399	-
<b>Net cash generated/(used) in investing activities</b>	<b>3,18,084</b>	<b>11,14,982</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment of loan	-	-
Interest expenses	(2,56,229)	-
Loan taken	-	-
<b>Net cash generated/ (used) in financing activities</b>	<b>(2,56,229)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>(3,81,95,361)</b>	<b>(23,71,689)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4,17,98,734</b>	<b>30,62,541</b>
<b>Closing balance of cash and cash equivalents</b>	<b>36,03,373</b>	<b>6,90,852</b>
Cash and cash equivalents comprises of :		
Cash on hand	7,045	54
Balance with banks	35,96,328	6,90,798
	<u>36,03,373</u>	<u>6,90,852</u>



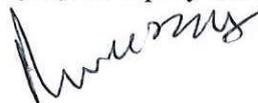
## McDowell Holdings Limited

### NOTES

1. The accompanying Statement of Un-audited Financial Results for the quarter ended on 30<sup>th</sup> September 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 12<sup>th</sup> November 2019. The Unaudited Financial Results for the quarter ended on 30<sup>th</sup> September, 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 1<sup>st</sup> 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 September 30, 2019 is as under

Particulars	Rs. Lakhs
	<b>For the Quarter ended September 30, 2019 (Unaudited)</b>
<b>Net Profit or loss as per Previous GAAP (Indian GAAP)</b>	<b>(686.69)</b>
<b>Adjustment increasing / (decreasing) net profit after tax as reported under Previous GAAP</b>	
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
<b>Net Profit / Loss as per Ind AS</b>	<b>(686.69)</b>
Other comprehensive income, net of income tax	445.96
<b>Total comprehensive income for the period</b>	<b>(240.72)</b>

6. The Hon’ble High Court of Karnataka on February 07, 2017 had passed an order of winding-up of a Promoter Company being United Breweries (Holdings) Ltd. (hereinafter referred to UBHL), in which the Company also holds 52,60,002 equity shares.





UBHL has filed an appeal against the said winding up order before the Hon'ble Divisional Bench of the High Court of Karnataka and also filed a Special Leave Petition against its interim order, in the Hon'ble Supreme Court, which are pending. Further the Stock Exchanges have delisted the shares of UBHL. Considering these facts, the Company has provided for the diminution in value of investments in UBHL.

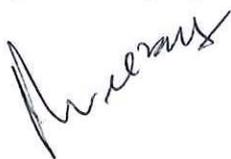
7. Two investee companies being United Breweries Limited (hereinafter referred to as UBL) and UBHL in which the Company holds strategic investments have received orders in May 2016 from Enforcement Directorate (hereinafter referred to as ED) directing them not to allow the Company to sell / alienate / create third party mortgage rights in any manner on the shares of such investee companies. These investee companies have 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 the lenders will not be released by the lenders.
10. 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 3<sup>rd</sup> May, 2018. As per the statutory requirements the Company has intimated the Stock Exchanges.
11. The Company has received a Show Cause Notice dated 3<sup>rd</sup> 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 now posted for hearing in November 2019.
12. 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. The Company is in consultation with the lawyers, while in related proceedings, before the PMLA Court the Company has placed its objections on record.

*Arvind*



13. 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.
14. 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.
15. 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 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. On 19.8.19, NCLT on request of ZFCL disposed of the petition as withdrawn with a liberty to file a fresh petition.
16. 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 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 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.
17. The Company has entered into a Settlement Agreement dated 17th June, 2019 (herein after referred to as "SA") with 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 ZFCL 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. 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.

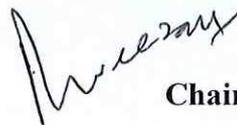


Pursuant to this adjustment, the amount outstanding to ZACL as on 30th September, 2019 is Rs. 12.89 crores only. The interest is accruing @18% per annum. As per the SA, the balance due is payable within 18 months from the date of SA and non-payment within this period gives a right to ZACL to re-initiate 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.

18. 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 21<sup>st</sup> June 2018.
19. 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'.
20. In view of the available business losses of earlier years, no provision for tax is considered in the quarterly accounts. Liability towards Minimum Alternate Tax, if any, would be provided in the final accounts.
21. Previous year / periods figures have been regrouped wherever necessary.
22. The qualification in the Limited Review Report of the Statutory Auditor is answered in the Note No. 19 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



**Chairman**



Place: Bangalore

Date : November 12, 2019