



**McDOWELL HOLDINGS LIMITED**

**Date: 11-02-2019**

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/nine months ended 31st December, 2018 and outcome of the Board Meeting.**

Dear Sir,

Pursuant to the provisions under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company at its meeting held today have approved the Un-audited Financial Results of the Company together with notes to the financial statement for the quarter/nine months ended 31st December, 2018 and and took on record the Limited Review Reports of the Statutory Auditors there on.

Time of commencement of Board Meeting: 4:00 PM

Time of conclusion of the Board Meeting: 6: 00 PM

A copy of Un-audited Financial Results of the Company for the quarter/nine months ended 31st December, 2018 together with notes on financial statement and Limited Review Reports of the Statutory Auditors for the period ended 31st December, 2018 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**

*Rs. Lakhs (except Per share data)*

**Statement of Unaudited Financial Results for the Quarter and Nine month Ended December 31, 2018**

PARTICULARS	Three months ended			Nine Months ended		Year ended
	31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1. Income from operations</b>						
Dividend Income	149.29	-	100.69	149.29	100.69	100.69
<b>2. Other Income</b>	0.31	-	0.10	0.31	1.20	3.27
<b>Total income from operations</b>	<b>149.60</b>	<b>-</b>	<b>100.79</b>	<b>149.60</b>	<b>101.89</b>	<b>103.96</b>
<b>3. Expenses</b>						
(a) Employee benefits expense	70.16	11.34	17.44	96.09	45.86	60.68
(b) Finance Costs	1.50	-	-	1.50	89.75	89.75
(c) Other expenses	74.53	29.25	35.50	119.31	0.22	114.08
(d) Depreciation	0.05	0.01	0.07	0.13	92.63	0.29
<b>Total expenses</b>	<b>146.24</b>	<b>40.60</b>	<b>53.01</b>	<b>217.03</b>	<b>228.47</b>	<b>264.80</b>
<b>4. Profit/(Loss) before exceptional item &amp; tax</b>	<b>3.36</b>	<b>(40.60)</b>	<b>47.78</b>	<b>(67.43)</b>	<b>(126.58)</b>	<b>(160.84)</b>
<b>8. Exceptional items :</b>						
a. Profit on sale of Investments	336.10	9.94	-	346.04	-	-
<b>9. Profit / (Loss) before tax</b>	<b>339.46</b>	<b>(30.66)</b>	<b>47.78</b>	<b>278.61</b>	<b>(126.58)</b>	<b>(160.84)</b>
<b>10. Tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.10)</b>
<b>11. Profit / (Loss) for the period / year</b>	<b>339.46</b>	<b>(30.66)</b>	<b>(37.24)</b>	<b>278.61</b>	<b>(126.58)</b>	<b>(160.74)</b>
<b>12. Paid-up equity share capital</b> (face value of ` 10/- each, fully paid up)	<b>1,399.23</b>	<b>1,399.23</b>	<b>1,399.23</b>	<b>1,399.23</b>	<b>1,399.23</b>	<b>1,399.23</b>
<b>13. Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>14. Earnings per share</b> (face value of ` 10/- each) (not annualised)						
(a) Basic & diluted (before exceptional item)	0.02	(0.29)	0.34	(0.48)	(1.25)	(1.15)
(a) Basic & diluted (after exceptional item)	2.43	(0.22)	0.34	1.99	(0.90)	(1.15)





## NOTES

1. The accompanying Statement of Un-audited Financial Results for the quarter / nine months ended on 31<sup>st</sup> December, 2018 were reviewed and recommended by the Audit Committee and thereafter approved and taken on record by the Board of Directors at their meeting held on 11<sup>th</sup> February 2019. The unaudited financial results for the quarter / nine months ended on 31<sup>st</sup> December 2018 is subjected to limited review by the Statutory Auditor of the Company.
2. Two investee companies being United Breweries Limited and United Breweries (Holdings) Ltd. (hereinafter referred to UBL and UBHL respectively) in which the Company holds strategic investments have received orders in May 2016 from Enforcement Directorate (hereinafter referred to as ED) directing them not to allow the Company to sell / alienate / create third party mortgage rights in any manner on the shares of such investee companies. These investee companies have written to NSDL and CDSL through their Registrar and Transfer Agent to implement the directives of ED. The Company is in the process of taking appropriate steps in consultation with the lawyers to deal with the matter.
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 UBHL, in which the Company also holds 52,60,002 equity shares. The impact of the winding up order on the shareholding in this Promoter Company is being assessed, pending the appeal filed in the Hon'ble High Court of Karnataka by the Promoter Company.
4. The Company's investments include 45,51,000 shares in UBL which were pledged in favour of erstwhile lenders. As on date no dues are outstanding to these lenders but the pledge on these shares have not been released. The Company had asked the lenders to release the pledge. The lenders have communicated to the Company that consequent to the directions of ED the pledge on these shares cannot be released. The Company is in the process of taking appropriate steps in consultation with the lawyers to deal with the matter.



5. Further, 1,22,667 shares of UBL, being the balance pledged shares, consequent to invocation by the erstwhile lenders and after liquidation of their dues, are lying in the demat accounts of the said lenders. The Company had asked the lenders to release the shares. The lenders have communicated to the Company that consequent to the directions of ED, these shares, dividend thereon and the excess sum recovered by them cannot be released. The Company is in the process of taking appropriate steps in consultation with the lawyers to deal with the matter.
6. The Company's investment of 16,71,344 shares in United Breweries Limited has been unilaterally transferred from the demat account of the Company to the demat account of the Deputy Director, Enforcement Directorate, Mumbai on 3<sup>rd</sup> May, 2018. As per the statutory requirements the Company has intimated the Stock Exchange. The Company is in consultation the lawyers for the next course of action.
7. The Company's investments include 2,11,712 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 National Stock Exchange (NSE), where the shares of the Company are listed. The Company has filed an appeal before the Securities Appellate Tribunal, Mumbai (SAT), pursuant to which, 1,54,493 MCF shares have been defrozen. The remaining 57,219 MCF shares continue to be frozen. The Company is taking necessary steps to have it defreezed..
8. The Company had dues of Rs. 23.24 crores (includes interest of Rs. 3.24 crores and principal ICD of Rs. 20 crores) as on 30th June, 2017 to Zuari Fertilisers & Chemicals Limited (hereinafter referred to as ZFCL). The Company had sought adjustment of Rs. 9.39 crores (shown as contingent dues from MCF, a subsidiary of ZFCL) against the above dues. ZFCL has also filed a petition in NCLT (refer note no.9). In view of the pendency of this NCLT matter and the fact that the Company has sought adjustment of Rs. 9.39 crores, the interest on the ICD (refer note 11 as well) shall be accounted on the basis of the outcome of the said NCLT matter.





9. ZFCL has filed a Company Petition before the National Company Law Tribunal (NCLT), Bangalore, inter alia against McDowell Holdings Limited u/s 241, 242, 244, 246 and other provisions of Companies Act, 2013, alleging mismanagement of the affairs of Mangalore Chemicals & Fertilizers Ltd. (MCF) and seeking certain reliefs in the form of disinvestment of UB Group's holding in MCF in their favour, and making good the purported losses arising on account of the alleged mismanagement of the affairs of MCF. The matter is pending before NCLT, Bangalore.
10. The Company is one of the Claimants in an Arbitration matter against Zuari Fertilisers & Chemicals Limited (ZFCL) and Zuari Agro Chemicals Ltd (ZACL), the respondents. The arbitration proceedings have been concluded and vide the Arbitration Award dated 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.
11. ZACL has filed an application in November 2018, initiating Corporate Insolvency Resolution Process {under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016} against the Company in November 2018, seeking Company's insolvency on the premise that the Incorporate Deposit (ICD) of Rs. 17.87 crores remains unpaid (refer note no. 8 as well). The principal ICD was of Rs. 20 crores and in this application ZACL has stated regarding the adjustment of Rs. 9.39 crores (being the dues receivable by the Company from MCF, a subsidiary of ZACL). Post such adjustment ZACL is now allegedly claiming an amount of Rs. 17.87 crores . The matter is pending to be heard at NCLT.
12. ZACL has also filed a suit through a memo of plaint (under Order VII Rule 1 r.w.s. 26 of the Code of Civil Procedure 1908 r.w.s. 38 of the Specific Relief Act, 1963) against the company in December 2018, being OS no. 9232 of 2018. The premise of the suit is primarily the pending ICD of Rs. 17.87 crores (refer note no. 8 and 11 above). In order to protect their financial interest, ZACL has sought a perpetual injunction by way of a restraint on the Company from selling its investments in MCF till ZACL recovers its financial debt from the Company.



The Hon. City Civil Court, Bangalore vide an ex-parte order dated 20.12.18, issued a temporary injunction as sought by ZACL. Against this order, the Company preferred an appeal in the Hon. High Court of Karnataka, which vide an order dated 28.1.19 has stayed the ex-parte order dated 20.12.18. The matter is now pending both at the City Civil Court, Bangalore and at the Hon. High Court of Karnataka.

13. The NCLT, Mumbai on 5th December, 2017 had passed an order for Liquidation of a Promotee Company being UB Engineering Limited (hereinafter referred to as UBENGG), in which the Company also holds 4,52,243 equity shares. The Company has provided for the diminution in value of investments in this Promotee Company.
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 21<sup>st</sup> June 2018.
15. 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 United Breweries Ltd. and United Breweries (Holdings) Ltd. are proposed to be confiscated. The Company has filed its objections in the designated court for FEOA, Mumbai. The matter was last heard on 5<sup>th</sup> February 2019 and is now posted for hearing on 13<sup>th</sup> March 2019.
16. In view of the available business losses of earlier years, no provision for tax is considered in the quarterly accounts. Further, liability towards Minimum Alternative Tax, if any would be provided in the final accounts..
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 is operating in a single segment.





19. The Company does not have a Managing Director. The affairs of the Company in the interregnum are being managed, under the guidance of the Board of Directors.
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 3 above.
22. 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: New Delhi

Date: February 11, 2019



### 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 December 31, 2018. 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. Our review has been confined to the figures shown in the column headed "three months ended December 31, 2018" and "for the nine months ended December 31, 2018".
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. *Based on the audited financial statements for the year ending 31<sup>st</sup> March, 2018, the report was qualified with regard to :*
  - (i) *appropriateness of preparation of financial statement on going concern basis (refer note No. 17) on account of Company's income streams not being sufficient to meet its recurring financial obligations and defaults in repaying the inter-corporate deposits taken by it. Our reservation with regard to appropriateness of preparation of financial statement on going concern basis continues.*







- (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. 3).*

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. 4).*
- 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.5).*
- c. *The Company holds 63,45,011 shares in United Breweries Limited (UBL) (inclusive of the shares referred to in paragraphs in 5(a) and 5(b) above) and 52,60,002 shares in United Breweries (Holdings) Limited (UBHL). Enforcement Directorate has restrained UBL and UBHL from allowing the company to sell/alienate/create any third party mortgage over these shares (refer Note no. 2).*
- d. *The Company continues to be in default of repayment of its matured inter corporate deposit of Rs. 23.24 crores and interest for the same has not been provided from the Quarter ended September 30, 2017. (refer Note No. 8)*





**BVC & Co.**  
Chartered Accountants

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- e. The Company has received a show cause notice dated 3rd July 2018 under the Fugitive Economic Offenders Ordinance 2018 (FEO). The Company has filed its objections in the designated court for FEO. The matter is pending. (refer Note No. 15)
- f. The National Company Law Tribunal, Mumbai on 5th December, 2017 had passed an order for liquidation of a Promotee Company, in which the Company also holds 4,52,243 equity shares. The impact of the order on the shareholding in this Promotee Company is being assessed. However the Company has already provided 100% provision for the investments in the above said Promotee Company. (refer Note No. 13)
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 applicable accounting standards 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 B V C & Co.**  
**Chartered Accountants,**  
**Firm Registration No.008154S**

**CA Vishwas Shetty T**  
**Partner**  
**Membership No: 218619**



Place : New Delhi  
Date: 11<sup>th</sup> February, 2019