



MCDOWELL HOLDINGS LIMITED

Date: 30-03-2017

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: Audited Financial Results of the Company for the quarter/year ended 31st March 2017 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 Audited Financial Results of the Company together with notes to the financial statement for the quarter and year ended 31st March, 2017 and took on record the Audit Reports of the Statutory Auditors there on.

A copy of Audited Financial Results of the Company for the quarter and year ended 31st March, 2017 together with notes on financial statement and Audit Reports of the Statutory Auditors the on are enclosed herewith.

The Auditors have issued their Report with modified (qualified) opinion on the Financial Statements for the year ended March 31, 2017. Statement on impact of audit qualification for the year ended 31st March, 2017 as required under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016 is enclosed. The Board Meeting commenced at 12:00 noon and concluded at 5: 15 p.m.

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 Vital Mallya Road, Bangalore - 560 001
 Email: mhinvestor@ubmail.com | website: www.mcdowellholdings.co.in | CIN : L05190KA2004PLC033485

PART I

Rs. Lakhs (except Per share data)
Statement of Audited Financial Results for the Quarter and Year Ended March 31, 2017

PARTICULARS	Three months ended				Year ended	
	31-Mar-17		31-Dec-16		31-Mar-16	
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
1. Income from operations						
(a) Interest and Guarantee Commission	-	1.41	2.18	-	-	930.37
(b) Dividend income	-	-	-	-	93.41	135.63
Total income from operations	-	1.41	2.18	-	93.41	1,066.00
2. Expenses						
(a) Employee benefits expense	11.46	14.45	12.89	59.02	59.02	49.24
(b) Other expenses	34.28	13.97	16.76	90.37	90.37	86.65
(c) Depreciation	0.11	0.24	0.10	0.72	0.72	0.10
(d) Provision for doubtful advances (net)	975.25	-	1,509.27	492.53	492.53	1,509.27
(e) Diminution in value of investment	-	-	1,980.74	-	-	1,980.74
Total expenses	1,021.10	28.66	3,519.76	642.64	642.64	3,626.00
3. Loss from ordinary activities before other income, finance costs and exceptional item	(1,021.10)	(27.25)	(3,517.58)	(549.23)	(549.23)	(2,560.00)
4. Other income	0.62	13.62	-	14.23	-	-
5. Loss from ordinary activities before finance costs and exceptional item	(1,020.48)	(13.63)	(3,517.58)	(535.00)	(535.00)	(2,560.00)
6. Finance costs	88.77	90.74	414.61	360.00	360.00	1,610.50
7. Loss before exceptional item & tax	(1,109.24)	(104.36)	(3,932.19)	(895.00)	(895.00)	(4,170.50)
8. Exceptional items :						
a. Profit on sale of pledged shares	-	-	11,833.70	14,661.42	14,661.42	18,973.86
b. Advances no longer recoverable written off	-	-	16,572.78	15,877.10	15,877.10	16,572.78
9. Loss before tax	(1,109.24)	(104.36)	(8,671.27)	(2,110.69)	(2,110.69)	(1,769.42)
10. Tax expense	3.35	-	370.00	3.35	3.35	370.00
11. Loss for the period / year	(1,112.59)	(104.36)	(9,041.27)	(2,114.04)	(2,114.04)	(2,139.42)
12. Paid-up equity share capital (face value of ` 10/- each, fully paid up)	1,399.23	1,399.23	1,399.23	1,399.23	1,399.23	1,399.23
13. Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-	1,794.37
14. Earnings per share (face value of ` 10/- each) (not annualised)						
(a) Basic & diluted (before exceptional item)	(7.93)	(0.75)	(28.10)	(6.40)	(6.40)	(29.81)
(a) Basic & diluted (after exceptional item)	(7.95)	(0.75)	(64.62)	(15.11)	(15.11)	(15.29)



McDowell Holdings Limited

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Statement of Audited Financial Results for the Quarter and Year Ended March 31, 2017

PARTICULARS	Three months ended				Year ended		Rs. Lakhs
	31-Mar-17	31-Dec-16	31-Mar-16	31-Mar-17	31-Mar-17	31-Mar-16	
	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	
1.SEGMENT REVENUE							
Investments	-	-	-	93.41	93.41	135.63	
Financial services	-	1.41	2.18	-	-	930.37	
	-	1.41	2.18	93.41	93.41	1,066.00	
2.SEGMENT RESULTS							
Investments	(22.92)	(14.33)	(14.86)	18.36	18.36	67.64	
Financial services	(111.69)	(103.66)	(427.31)	(435.05)	(435.05)	(748.13)	
Total	(134.61)	(117.99)	(442.18)	(416.69)	(416.69)	(680.49)	
Other income	(482.10)	13.62	-	14.23	14.23	-	
Provision for doubtful advances (net)	492.53	-	1,509.27	492.53	492.53	1,509.27	
Diminution in value of investment	-	-	1,980.74	-	-	1,980.74	
Exceptional items :							
a. Profit on sale of pledged shares	-	-	11,833.70	14,661.42	14,661.42	18,973.86	
b. Advances no longer recoverable written off	-	-	16,572.78	15,877.10	15,877.10	16,572.78	
Loss Before Tax	(1,109.24)	(104.36)	(8,671.27)	(2,110.69)	(2,110.69)	(1,769.42)	
3. Segment Assets and Liabilities							
Assets							
Investment	3,083.47	3,083.47	3,592.04	3,083.47	3,083.47	3,592.04	
Financial services	418.36	1,534.39	2,209.05	418.36	418.36	2,209.05	
Total	3,501.84	4,617.86	5,801.09	3,501.84	3,501.84	5,801.09	
Liabilities							
Investment	-	-	-	-	-	-	
Financial services	2,422.27	2,425.69	2,607.49	2,422.27	2,422.27	2,607.49	
Total	2,422.27	2,425.69	2,607.49	2,422.27	2,422.27	2,607.49	



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Statement of Audited Financial Results for the Quarter and Year Ended March 31, 2017

STANDALONE STATEMENT OF ASSETS AND LIABILITIES		Rs. Lakhs	
Particulars	As at March 31, 2017	As at March 31, 2016	Audited
	Audited	Audited	
I. Equity and Liabilities			
1. Shareholders' Funds:			
a. Share Capital	1,399.23	1,399.23	1,399.23
b. Reserves and Surplus	(319.65)	1,794.37	1,794.37
2. Current Liabilities			
a. Long-term borrowings	-	-	-
b. Other long term Liabilities	-	-	-
2. Current Liabilities			
a. Short-term borrowings	2,000.00	2,000.00	2,000.00
b. Other Current Liabilities	275.18	105.09	105.09
c. Short term provision	147.09	502.40	502.40
	3,501.85	5,801.09	5,801.09
II. Assets			
1. Non-current Assets			
a. Tangible assets	0.83	0.39	0.39
b. Non Current Investments	3,083.47	3,592.04	3,592.04
2. Current Assets			
a. Trade Receivables	-	46.73	46.73
b. Cash and Cash Equivalents	116.07	14.78	14.78
c. Short term Loans and Advances	184.11	396.42	396.42
d. Other current assets	117.37	1,750.73	1,750.73
	3,501.85	5,801.09	5,801.09



McDowell Holdings Limited

NOTES

1. The accompanying Statement of Audited Financial Results for the period ended 31st March, 2017 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30th May, 2017 and have been audited by the Statutory Auditor of the Company.
2. The Company had provided Corporate Guarantee and pledged securities in favour of a Lender to secure the borrowing of a Group Company and an erstwhile Group Company. The said lender had invoked the Corporate Guarantee and demanded repayment of loans. During the financial year, the Lender had invoked and sold the pledged securities and the proceeds thereof amounting to Rs. 151.55 crs and the cash margin of Rs. 7.22 crs were utilized by the Lender to liquidate the loan of the Group Company. The Company has written off the same in the books. As regards the borrowing of the erstwhile Group Company, the Company continues to treat the outstanding of Rs. 11.29 crs as on 31st March 2017 as contingent in nature.
3. An application has been made to Reserve Bank of India for reclassification of the Company from a Non-banking Financial Company (NBFC-ND) to a Core Investment Company (CIC) to carry on the business activities as CIC. The Application is pending disposal.
4. Two investee companies in which the Company holds strategic investments have received notice from Enforcement Directorate (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. The investee companies have written to NSDL and CDSL through their RTA to implement the directives of ED.



5. The Hon'ble High Court of Karnataka on 7th February, 2017 had passed an order of winding-up on a promoter Company. The Company also holds 52,60,002 equity shares in the paid up capital of the Promoter Company and is assessing the impact of the winding up on its shareholding.
6. The Company's investment include 18,06,000 shares in United Breweries Limited which were pledged in favour of an erstwhile lender. No amount is outstanding as on date but the lender has not released the pledge on the said shares. The Company is in discussion with the lender to release the pledge on these shares.
7. Certain shares held by the Company in United Breweries Limited were pledged to certain Lenders, who had invoked a portion of the shares to liquidate its dues and the balance 1,22,667 shares (out of the total invoked shares) are lying in the Demat account of the Lenders. The Company is in discussion with the lender for the release of the shares.
8. The Company's investments include 1,21,767 shares in Mangalore Chemicals and Fertilizers Limited which has been frozen by Stock Holding Corporation of India Ltd under the instruction from the stock exchanges. The Company is in contact with the stock exchanges to defreeze the shares.
9. The Company has dues of Rs. 22.43 crs to Zuari Fertilisers & Chemicals Limited. The Company is in negotiation with the lender for an extension of time for repayment and adjustment of these dues.



10. The lender with whom the Company has pledged its securities to secure the borrowing of a Group Company, has invoked and sold the pledged securities, and utilized the proceeds to recover its dues. The Company had initially accounted this adjustment of Rs. 9.39 crs as dues from the respective borrowing entity. However, based on a critical review of the recoverability, the Board of Directors have approved the write off of Rs.9.39 crs, as a matter of commercial prudence.
11. Zuari Fertilisers & Chemicals Limited has filed a 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 mis management of the affairs of Mangalore Chemicals & Fertilisers 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 mis management of the affairs of MCF. The matter is pending before NCLT, Bangalore and is fixed for hearing on June 13, 2017. The Company would be contesting the allegations levied against them.
12. The Company is one of the Claimant in an Arbitration matter against Zuari Fertilizers and Chemicals Ltd (ZFCL) and Zuari Agro Chemicals Ltd (ZACL), the respondents. The arbitration proceeds have been concluded and Arbitration Award dated 8th May 2017 is received by the Company through the legal counsels. The Arbitrator having dismissed the claim, has ordered the claimants to pay to the respondents as sum of Rs. 75 lacs which is contingent in nature and hence not recognized in books. The Company is examining the future course of action against this award.



13. 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'.
14. The Company does not have a Managing Director and a Chief Financial Officer. The affairs of the Company in the interregnum are monitored by executives of the Group, with the guidance of the Group Chairman.
15. Previous year / periods figures have been regrouped wherever necessary.
16. The qualifications in the Limited Review Report of the Statutory Auditor are answered in the Note Nos 5,13 and above.
17. The financial results and notes are also available on the websites of the Stocks Exchanges, viz, www.bseindia.com and www.nseindia.com and also on the website of the Company viz, www.mcdowellholdings.co.in

By Authority of the Board


Director



Place: Bangalore

Date : May 30, 2017

VISHNU RAM & CO.,
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

(Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Board of Directors of
McDOWELL HOLDINGS LIMITED.

1. We have audited the Statement of Financial Results ('the Statement') of **McDOWELL HOLDINGS LIMITED** ('the Company') for the year ended 31st March, 2017, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the quarter ended 31st March, 2017 and the corresponding quarter ended in the previous year as reported in the Statement are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the end of the third quarter of the relevant financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit.

This Statement has been prepared by the Company on the basis of the financial statements and reviewed quarterly financial results up to the end of the third quarter, which is the responsibility of the Company's Management and approved by the Board of Directors of the Company. Our responsibility is to express an opinion on this Statement based on our audit of the financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India and in compliance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our qualified opinion.

3. *Basis for qualified opinion*

a. *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. 13, the Company continues to prepare its financial statements on going concern basis.*



VISHNU RAM & CO.,
CHARTERED ACCOUNTANTS

- b. *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. 5)*
- c. *The company has shown Rs. 0.88 crore as due from a party but the party has not confirmed the same even after repeated follow up.*
4. In our opinion and to the best of our information and according to the explanations given to us, these financial results:
- (a) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 in this regards
- (b) *except for the effects of the matter described in the paragraph 3 above, give a true and fair view of the net loss and other financial information for the year ended 31st March 2017.*
5. Further as mentioned above, we report that the figures for the quarter ended March 31, 2017 represents the derived figures between the audited figures in respect of financial year ended March 31, 2017 and the published year-to-date figures up to December 31, 2016 being the date of the end of the third quarter of the current financial year, which were subjected to limited review as stated in paragraph 1 above as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Bangalore
Date : 30-05-2017

For Vishnu Ram & Co.,
Chartered Accountants,

(S. Vishnumurthy)
Proprietor.
Membership No. 22215
Firm Registration No. 004742S



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ANNEXURE - I

Statement on Impact of Audit Qualification for the Year Ended March 31, 2017 [see Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
Amounts in Rs. Lakhs				
I. S/No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjustment for Audit Qualifications	Adjusted Figures (audited figures after adjusting for qualifications)
1	Turnover / Total Income	108	-	108
2	Total Expenditure *	16,883	1,137	18,020
3	Exceptional item	14,661	-	14,661
4	Net Profit / (Loss)	(2,114)	(1,137)	(3,251)
5	Earnings Per Share		-	(14.52)
	a. Basic / Diluted earning per share (before exceptional item)	(6.40)	-	(23.23)
6	b. Basic / Diluted earning per share (after exceptional item)	(15.11)	-	2,365
7	Total Assets	3,502	(1,137)	2,422
8	Total Liabilities	2,422	-	(57)
9	Net Worth	1,080	(1,137)	-
	Any other financial item(s) (as felt appropriate by the management) * Expenditure includes the following :			
	a. Provision for doubtful advances and receivables	493	-	-
	b. Advances no longer recoverable	15,877	-	-

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

i. a. 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.

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

iii. The company has shown Rs. 0.88 crore as due from a party but the party has not confirmed the same even after repeated follow up.

b. Type of Audit Qualification : All three are Qualified Opinion

c. Frequency of qualification :

1. Point a (i) - Repetitive since FY 2013-14
2. Point a (ii) - First time in FY 2016-17
3. Point a (iii) - First time in FY 2016-17

d. For Audit Qualification(s) where the Impact is quantified by the auditor, Management's views:
Management View:

For Qualification a (ii) above : The Company is yet to assess the impact of the winding up order.

For Qualification a (iii) above : The Company is trying to recover the amount from the party.

e. For Audit Qualification(s) where the Impact is not quantified by the auditor -

(i) Management's estimation on the Impact of audit qualification:

For Qualification (i) above : Not ascertained

(ii) If management is unable to estimate the Impact, reasons for the same: - Not Applicable

(iii) Auditors' Comments on (i) or (ii) above:

III. Signatories:

• Audit Committee Chairman :

M S Kapur

• Director

Nitin Kochhar

• Director :

Tushita Patel

• Statutory Auditor:

S. Vishnumurthy

Proprietor, Vishnu Ram & Co.

Place : Bengaluru

Date : May 30th, 2017



Handwritten signatures in black ink, including "MS Kapur", "Nitin Kochhar", and "Tushita Patel".