

**McDowell & Company Limited**  
**Unaudited Financial Results (Provisional) for the three months ended June 30, 2005**

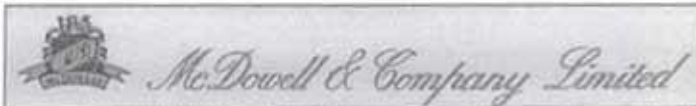
**Notes:**

1. The Company is engaged in the business of manufacture, purchase and sale of Indian Made Foreign Liquor including brand franchise, which constitutes a single business segment. The Company considers the whole of India as a single geographical segment.
2. The Accounts for the year ended 31st March 2004, carried qualifications, the current status of which are :
  - a. Diminution in the value of investments  
The market value of these investments as at 30<sup>th</sup> June 2005 are significantly in excess of their carrying value.
  - b. Recoverability of dues from the certain toll manufacturers:  
The Company continues to do substantial business with these manufacturers and current dues are being recovered. However a provision of Rs.18.32 crores has been made during the year ended March 31, 2005 in recognition of certain developments initiated by the lenders on one of the toll manufacturers.
3. The Accounts for the year ended 31st March 2004 contained a note on demand of Rs.35.46 crores from Central Excise Authorities towards differential duty and penalty of a similar amount on the value of royalty received on sale of IMFL and allegedly attributed to dispatches of Food Flavour from April 1997 to March 2001 for which an appeal has been filed by the company before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT). Further, demand of Rs. 34.00 crores for the subsequent periods from April 2001 to March 2004 and a penalty of Rs.4.34 crores have been received and appeal against the same has been filed. The company has been advised that it has a good case and, hence, no provision is considered necessary.
4. Potential liability for Turnover Tax in the state of Kerala, pursuant to an order of the Supreme Court of India dated May 6, 2005, is being examined. The impact, which is also under determination, will be considered during the finalisation of the audited accounts for the year ended March 31, 2005.
5. a) Pursuant to the open offer made by the Company along with Phipson Distillery Limited and United Spirits Limited ("Acquirers") and United Breweries (Holdings) Limited and Zelinka Limited ("Persons Acting in concert") under SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997, United Spirits Limited, a wholly owned subsidiary of the Company, acquired 25% of the paid up equity capital of Shaw Wallace & Company Limited. In terms of the Purchase Agreement dated March 21, 2005 and subsequent amendments thereto, entered into between the Acquirers along with Zelinka Limited with the Promoter Group of Shaw Wallace & Company Limited, the financial closure took place during the quarter.  
  
b) Consequent to the above, Shaw Wallace & Company Limited became a subsidiary of the Company as 75% of the equity share capital of Shaw Wallace & Company Limited is held by the subsidiaries of the Company viz., 43.60% by Zelinka Limited through its subsidiaries and 31.40% by United Spirits Limited.  
  
The following companies also became subsidiaries of the Company :  
  
Shaw Wallace Financial Services Limited, Primo Distributors Private Limited, Highland Distilleries Limited, Shaw Wallace Breweries Limited, Shaw Wallace Spirits Limited, Bhankerpur Simbhaoli Beverages Private Limited, Shaw Wallace Distilleries Limited, Ramanreti Investments and Trading Company Pvt. Ltd., Shaw Wallace Liquor Brands Private Limited, Shaw Wallace Beer Brands Private Limited, Palmer Investment Group Limited, R.G. Shaw & Company Limited, Shaw Scott & Company Limited, Shaw Darby & Company Limited, Thames Rice Milling Company Limited, Shaw Wallace Overseas Limited, Montrose International SA and JIHL Nominees Limited.
6. Details of number of investor complaints for the quarter ended June 30, 2005:  
Opening – Nil; Received – 61; Disposed off – 53; Pending – 8 (since resolved)
7. Previous year's figures have been regrouped, wherever necessary, to conform to the current period's classifications.
8. The Limited Review as required under Clause 41 of Listing Agreement has been completed by the Statutory Auditors. The above unaudited results were taken on record at the meeting of Board of Directors held on July 27, 2005.

By authority of the Board

Sd/-  
**V K REKHI**  
MANAGING DIRECTOR

Bangalore  
July 27, 2005



Regd. Office: 51, Richmond Road, Bangalore - 560 025

Unaudited Financial Results (Provisional) for the three months ended June 30, 2005

(Rs. in Crores)

	UNAUDITED		
	Quarter ended June 30		Previous Year Ended March 31,
	2005	2004	2005
Sales / Income from Operations	531.22	435.33	1,802.60
Less: Excise duty	204.86	156.85	627.42
<b>Net Sales / Income from Operations</b>	<b>326.36</b>	<b>278.48</b>	<b>1,175.18</b>
Other income	2.51	2.16	22.23
<b>Total Expenditure</b>			
a) (Inc)/Dec in Stock-in-trade	4.45	6.58	2.67
b) Consumption of Raw Materials	67.55	49.20	188.47
c) Staff Cost	21.99	20.46	79.55
d) Other Expenditure:			
i) Purchase of Finished Goods	75.83	58.91	265.68
ii) Consumption of Other Materials	63.82	56.10	286.56
iii) Advertisement & Sales Promotion	17.21	26.04	102.85
iv) Others	42.33	43.09	181.94
	<b>293.18</b>	<b>260.38</b>	<b>1,107.72</b>
<b>Earnings Before Interest, Depreciation, Non-recurring items and tax</b>	<b>35.69</b>	<b>20.26</b>	<b>89.69</b>
Interest (Net of receipts)	14.88	7.34	32.83
Depreciation	3.67	4.18	15.60
<b>Profit Before Non-recurring items and Tax</b>	<b>17.14</b>	<b>8.74</b>	<b>41.26</b>
<b>Non-recurring items (Net)</b>	<b>-</b>	<b>-</b>	<b>2.06</b>
<b>Profit Before Tax</b>	<b>17.14</b>	<b>8.74</b>	<b>43.32</b>
Provision for Taxation - Current	6.20	3.20	8.15
- Deferred	0.06	0.08	1.90
- Fringe Benefit Tax	0.50	-	-
<b>Net Profit after tax</b>	<b>10.38</b>	<b>5.46</b>	<b>33.27</b>
Share Capital (Face value Rs.10)	51.72	51.72	51.72
<b>EPS ( Basic) - Rs/share</b>	<b>2.00</b>	<b>1.06</b>	<b>6.43</b>
<b>Aggregate of non-promoters shareholding</b>			
-No. of shares	29,755,556	29,755,556	29,755,556
-Percentage of Shareholding	57.53	57.53	57.53