

McDowell & Company Limited
Unaudited Financial Results (Provisional) for the three months ended March 31, 2005

Notes:

1. The Company is engaged in the business of manufacture, purchase and sale of Indian Made Foreign Liquor in India, which constitutes a single business 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 investments as at 31st March 2005 are significantly in excess of their carrying value
 - b. Recoverability of dues from the certain toll manufacturers:
While the Company continues to do substantial business with these manufacturers, and current dues are being recovered, a provision for Rs.18.32 crores has been made in recognition of certain developments initiated by the lenders to 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.28.66 crores for the subsequent periods from April 2001 to December 2003 has 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. During the Quarter:
 - a. United Spirits Limited and Zelinka Limited (a company incorporated in Cyprus), became subsidiaries of the Company.
 - b. Phipson Distillery Limited, a wholly owned subsidiary of the company has acquired 46,72,791 equity shares in Herbertsons Limited in terms of the Order dated March 7, 2005 of the Honorable Supreme Court of India. Consequent to the above acquisition, Herbertsons Limited became a subsidiary of Phipson Distillery Limited, and therefore, the ultimate subsidiary of the Company.
 - c. Triumph Distillers & Vintners Pvt. Ltd, a subsidiary of Phipson Distillery Limited and an ultimate subsidiary of the Company became the wholly owned subsidiary of Phipson Distillery Limited.
5. During the quarter, the company along with its subsidiaries, Phipson Distillery Limited and United Spirits Limited (Acquirers) and United Breweries (Holdings) Limited as Person Acting in Concert, made a voluntary open offer by public announcement published on February 23, 2005 to acquire up to 12,001,518 fully paid equity shares representing 25% of the paid up equity share capital of Shaw Wallace & Company Limited at Rs. 250/- per equity share under Regulation 10 of Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeover), Regulation, 1997 ("SEBI Regulations"). In the mean time, Acquirers along with Zelinka Limited entered into a Purchase Agreement, on March 21, 2005, with the Promoter Group of Shaw Wallace & Company Limited inter alia to acquire up to 54.54% of the fully paid up equity share capital of Shaw Wallace & Company Limited. In view of the foregoing, the above open offer is now under Regulation 10 & 12 of the SEBI Regulations. The offer price has been revised upwards to Rs. 260 per share. The offer opened on April 18, 2005 and will close on May 7, 2005.
6. The non-recurring items include Rs. 24.38 crores on account of profit on sale of investments held by the Company, provision for dues from toll manufacturer Rs.18.32 crores and provision for diminution in value of investments of Rs. 4 crores (2004: Rs. 9.53 crores being the surplus arising on premature repayment of deferred sales tax loan).
7. Details of number of investor complaints for the quarter ended March 31, 2005:
Opening – Nil; Received – 56; Disposed off – 56; Pending – nil
8. Previous years' figures have been regrouped wherever necessary, to confirm with the current year's classifications.
9. 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 April 27, 2005.

By authority of the Board

Sd/-

V K REKHI
MANAGING DIRECTOR