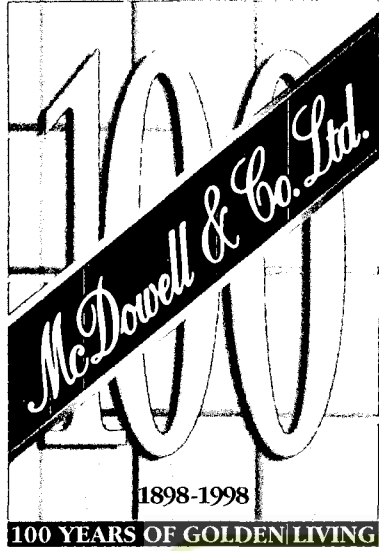




McDowell & Co. Ltd.

100TH ANNUAL REPORT MARCH 1998



A hundred years ago,
it was the
spirit of adventure
that unfurled
the beginnings of
McDowell & Company
in India.

Every step of the way,
it was the
spirit of innovation
that helped it grow.

Today, it is the
spirit of excellence
that serenades
the 100th year of
India's leading
spirits company.

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McDowell & Co. Ltd.

Registered Office: McDowell House, 3 Second Line Beach, Chennai - 600 001

NOTICE IS HEREBY GIVEN OF THE ONE HUNDREDTH ANNUAL GENERAL MEETING of the Company to be held at Sathguru Gnanananda Hall (Narada Gana Sabha), 254, T.T.K. Road, Chennai - 600 018, on Tuesday, September 15, 1998 at 11.00 a.m., for the following purposes:

1. To receive and consider the Accounts for the period ended March 31, 1998 and the reports of the Auditors and Directors thereon;
2. To declare dividend;
3. To elect a Director in the place of Mr. D. Basappa, who retires by rotation and being eligible, offers himself for re-appointment;
4. To elect a Director in the place of Ms. L. Mallya, who retires by rotation and being eligible, offers herself for re-appointment;
5. To elect a Director in the place of Mr. S. Ramanathan, who retires by rotation and being eligible, offers himself for re-appointment;
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that the number of Directors for the time being in office be reduced from thirteen to twelve."

7. Remuneration payable to Mr. V.K. Rekhi, Managing Director

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that in partial modification of Resolution No. 4 passed at the Extraordinary General Meeting of the Company held on October 1, 1996 and in accordance with the provisions and subject to the limits prescribed under Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and the rules made thereunder, and any statutory modification or re-enactment thereof, the Company hereby approves of the following revisions in the remuneration payable to Mr. V.K. Rekhi, Managing Director, with the other terms and conditions remaining unchanged, from July 1, 1998 for the remainder of his five year term of office upto August 31, 2001, viz.,:

Salary: In the range of Rs. 150,000 to Rs. 300,000 per month, of such amount and with such increments as may be decided by the Chairman of the Company, from time to time and with proportionate increases in all benefits related to the quantum of salary.

Performance Evaluation: Of such percentage of the salary per annum as may be evaluated by the Chairman, in accordance with the rules of the Company in this regard as applicable to senior executives.

"FURTHER RESOLVED that in the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, performance evaluation payment, perquisites, benefits, amenities and facilities payable to Mr. V.K. Rekhi shall not exceed the limits prescribed under the Companies Act, 1956, and the rules made thereunder or any statutory modification or re-enactment thereof."

8. To appoint Auditors and fix their remuneration.





9. **Alteration of Articles of Association:**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED that the Articles of Association of the Company be altered in the manner following:

The following heading, marginal note and the Article be added as Article 68 A, next below the Articles 68:

"BUY BACK OF SHARES

Buy Back of Shares

68A. The Company shall have the power, subject to and in accordance with all applicable provisions of law, to buy back/purchase/acquire any of its own shares, whether fully paid or otherwise, and whether or not they are redeemable and may make the payment including out of capital in respect of such buy back/purchase/acquisition and the same shall not be construed as reduction of equity share capital under Articles 65 and 68 hereinabove."

10. **Buy Back of Shares:**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED that in terms of the provisions of Articles 68A of the Articles of Association of the Company and subject to all applicable provisions of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force and subject to such other legislations, acts, rules, guidelines, norms, approvals, permissions and sanctions as may be prescribed and subject further to such terms and conditions as may be imposed while granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors, or by its duly constituted Committee (hereinafter referred to as "the Board"), the consent of the Company be and is hereby accorded to the Board to buy back/purchase/acquire any of its own shares on such terms and conditions and upto such limits as may be statutorily prescribed from time to time and to make the payment therefor, including out of capital; provided that such buy back/purchase/acquisition shall not be construed as reduction of equity share capital under Articles 65 and 68 of the Articles of Association of the Company and that the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary or proper to implement this resolution".

Notes :

1. Please refer to the Explanatory Statement given hereunder.
2. A Shareholder entitled to attend the Meeting and vote thereat may appoint a proxy to attend and vote on his behalf only on a poll. Such a proxy need not be a Member of the Company. The proxy form duly completed must reach the Registered Office of the Company not later than forty eight hours before the time appointed for the holding of the Meeting.
3. The Transfer Books and Register of Members will remain closed from Tuesday, September 1, 1998 to Tuesday, September 15, 1998 (both days inclusive).
4. Members are required to intimate immediately to the Company's Registrars and Transfer Agents, Share Aids Private Limited, 4, First Main Road, C.I.T. Colony, Mylapore, Chennai - 600 004 (Telephone No. 499 5255 Fax No. 044 499 1643) :

(a) any change in their registered addresses alongwith Pin Code Number; and

- (b) details about their bank account number, name of bank, bank's branch name and address to enable the Company to draw dividend warrant payable accordingly.
5. No deduction of income tax will be made at source from out of the dividend payable, in terms of the current provision in this regard under the Income Tax Act.
 6. Members holding more than one share certificate in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note No. 4 above.
 7. Pursuant to Section 205A of the Companies Act, 1956, all dividend warrants remaining unclaimed for three years or more are to be transferred to the General Revenue Account of the Central Government. The Company has notified the concerned shareholders in this regard. Such shareholders are to prefer their claims for payment to the Registrar of Companies (Tamilnadu), Shastri Bhavan, 26, Haddows Road, Chennai - 600 006, by submitting an application in the form prescribed by the Government. Shareholders requiring further details in this regard may write to the Company's Registrars and Transfer Agents, at the address as stated in Note No. 4 above.
 8. Members may please address all their documents/correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note No. 4 above.

In respect of any matter remaining unresolved or where Members need assistance from the Company, they may contact the Company's Investor Relations Cell functioning from the Registered Office of the Company, at "McDowell House", 3, Second Line Beach, Chennai - 600 001 (Tel : 522 0469, Fax : 044 522 7192)

9. Members attending the Annual General Meeting are requested to bring with them the following:

- (a) Copy of the Annual Report and Notice, in two copies thereof would be distributed at the Meeting.
- (b) The Attendance Slip duly completed and signed in terms of a resolution previously passed with the Company.

The Company would accept only the Attendance Slip that is received from the Company (including the Meeting) or from the person attending in its duty regard to the same. Attendance Slips of Members not personally present at the Meeting, or otherwise obtained, will be invalid, will not be accepted from any other Member/Person.

The Meeting is for Members only. Please need not bring your children by non-members or children.

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 6 : (Reduction in number of Directors)

Mr. Y.V. Sivaramakrishnaya, Director of the Company, expired on May 12, 1997 and the number of Directors for the time being in office, stands reduced from thirteen to twelve.

Accordingly, the resolution as set out in Item No. 6 is placed before the members for approval.

None of the Directors of the Company is interested or concerned in this resolution.

Item No. 7 : (Remuneration payable to Mr. V.K. Sekhi, Managing Director)

At the Extraordinary General Meeting of the Company held on October 1, 1996, the shareholders had





approved the appointment of Mr. V.K. Rekhi as Managing Director of the Company for a period of five years from September 1, 1996 and also the terms and conditions of his remuneration. His salary was fixed at Rs. 89,500 per month, with such increments as may be determined by the Chairman of the Company from time to time, in the salary range of Rs. 89,500 to Rs. 150,000 per month. Mr. Rekhi's salary as on June 30, 1998 was Rs. 150,000 per month. Considering the growth in the operations and progress made by the Company under Mr. V.K. Rekhi's management and the envisaged future growth plans, the Board of Directors have proposed to revise his remuneration as detailed in the resolution under this item. The said revision in the remuneration is subject to approval by Members and is recommended by the Board.

None of the Directors other than Mr. V.K. Rekhi is interested or concerned in this resolution. Mr. Rekhi holds 1,100 Equity Shares in the Company.

The resolution under Item No. 7 together with this Explanatory Statement may be treated as abstract under Section 302 of the Companies Act, 1956.

Item Nos. 9 & 10 : (Alteration of Articles of Association & Buy Back of Shares):

Flexibility to buy back its own shares by a Company is now recognised and permitted by law in several countries, since it positions the capital structure realistically based on a periodical review and is in the interests of enhancing the value of the shares for the benefit of the shareholders. Reports indicate that such a statutory enactment has been approved in principle by the Government of India and is expected to be legislated shortly. It is, therefore, proposed that the Company provides a suitable provision in its Articles of Association; as well as obtain the approval of members to buy back any of its shares, which shall not be construed as reduction of capital in terms of the present provisions in that regard; and further, to authorise the Board of Directors of the Company or its duly constituted Committee to implement the proposal.

The resolutions under Items 9 & 10 are recommended for approval by members.

None of the directors of the Company are concerned or interested in these items, except that those Directors who hold shares of the Company at the time of implementation of the buy back may be deemed to be interested to the extent of such shareholding which they may offer for buy back.

Inspection of Documents :

Copy of resolution passed by the Members at the Extraordinary General Meeting held on October 1, 1996 relating to the appointment of Mr. V.K. Rekhi as Managing Director and fixing the terms and conditions of remuneration payable to him and the Memorandum & Articles of Association of the Company, will be available for inspection by Members at the Registered Office of the Company from 11.00 a.m. to 1.00 p.m. on every working day of the Company till the Annual General Meeting.

By Order of the Board,

P.B. MADHAVAN

Vice President-Legal &
Company Secretary

Bangalore
August 5, 1998

1. The person(s) named below is/are the member(s) of the company named in the margin.
2. The person(s) named below is/are the person(s) who is/are authorized to sign the proxy on behalf of the member(s) named in the margin.
(a) The person(s) named below is/are the person(s) who is/are authorized to sign the proxy on behalf of the member(s) named in the margin.
(b) The person(s) named below is/are the person(s) who is/are authorized to sign the proxy on behalf of the member(s) named in the margin.
3. The person(s) named below is/are the person(s) who is/are authorized to sign the proxy on behalf of the member(s) named in the margin.

Name of Member
Name of Authorized Signatory
Signature of Authorized Signatory
Date

Region Office: "MCD" ...
In, Second Line ...
C/O ...
Thresh ...
Said ...
2004 ...

Name of Member
Name of Authorized Signatory
Signature of Authorized Signatory
Date



Name of Address
Name of Member
Name of Authorized Signatory
Signature of Authorized Signatory
Date

Name of Member
Name of Authorized Signatory
Signature of Authorized Signatory
Date

Region Office: "MCD" ...

PROXY FORM

I/We ... being a member/buy ... LIMITED do hereby ... my/our proxy to vote for me/us and on my/our behalf ... on Tuesday, the 15th September 2005 ...

Signed this ...
Name ...
Register Folio Number ...



McDowell & Co. Ltd.

BOARD

VIJAY MALLYA
Chairman

S.R. GUPTA
Vice Chairman

V.K. REKHI
Managing Director

D. BASAPPA

S. RAMANATHAN

R. MALLYA

L. MALLYA

P.K. KAKODKAR

P. MALLYA

B.M. LABROO

VE. RAMANATHAN

M.R. DORAISWAMY IYENGAR

Y.V. SIVARAMAKRISHNAYYA (upto May 1997)

COMPLIANCE OFFICER

P.B. MADHAVAN

AUDITORS

FRASER & ROSS, CHARTERED ACCOUNTANTS, BANGALORE

REGISTERED OFFICE

"McDOWELL HOUSE"

3, SECOND LINE BEACH, CHENNAI - 600 001





McDowell & Co. Ltd.

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