

## BOARD OF DIRECTORS

**DR. VIJAY MALLYA**  
CHAIRMAN

**A. HARISH BHAT**  
MANAGING DIRECTOR

**N. SRINIVASAN**  
DIRECTOR

**M. R. DORAISWAMY IYENGAR**  
DIRECTOR

**S. G. RUPAREL**  
DIRECTOR

**V. S. VENKATARAMAN**  
DIRECTOR

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**COMPANY SECRETARY**  
RITESH SHAH

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### AUDITORS

VISHNU RAM & CO., CHARTERED ACCOUNTANTS, BANGALORE

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### REGISTERED OFFICE

4, CONVENT ROAD,  
BANGALORE – 560 025

Your Directors present the fourth Annual Report of your Company and the audited accounts for the year ended March 31, 2008.

## FINANCIAL RESULTS

Particulars	For the Financial Year Ended	
	31.03.2008 (Rs.)	31.03.2007 (Rs.)
Income	<b>18,281,787</b>	11,582,134
Less : Expenditure	<b>9,331,140</b>	2,894,416
Profit for the year before tax	<b>8,950,647</b>	8,687,718
Less : Income tax provision	-	-
Net Profit for the year	<b>8,950,647</b>	8,687,718
Less : Transfer to Statutory Reserve Fund	<b>1,790,129</b>	-
Profit brought forward from previous year	<b>11,513,511</b>	2,825,793
Balance carried forward to Balance Sheet	<b>18,674,029</b>	11,513,511

## DIVIDEND

In order to conserve the resources for operations, your Directors do not recommend any dividend on equity shares for the year ended March 31, 2008.

## REVIEW OF OPERATIONS

The total income of the Company during the year increased to Rs. 18,281,787 against Rs. 11,582,134 in the previous financial year. The total expenditure during the year was Rs. 9,331,140 against Rs. 2,894,416 in the previous year. The increase is mainly on account of expenditure incurred on listing the equity shares of the Company on Stock Exchanges in terms of the Composite Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka and increase in other expenses.

After transfer of an amount of Rs. 1,790,129 to Statutory Reserve Fund, pursuant to Section 45-1C of the Reserve Bank of India Act, 1934, the profit after tax for the year under review has marginally increased to Rs. 8,950,647 as against Rs. 8,687,718 in the previous year.

## PROSPECTS

Your Company continues to hold significant strategic investments in the UB Group Companies.

During the year under review, the Company acquired additional 125,623 equity shares of Rs. 10/- each of UB Engineering Limited on rights basis.

Subsequent to the Balance Sheet date, the Company has availed an inter-corporate deposit of Rs. 1900 lakhs from a group Company to finance the acquisition of 1,070,734 equity shares of Re. 1/- each of United Breweries Limited on rights basis.

As the performance of both the aforesaid investee companies is on the growth path, it is expected that the dividend yield would increase in the coming years.

The Company will focus on making long-term strategic investments in various existing/new ventures promoted by the UB group, besides consolidating the existing investments as and when occasion arises.

## INVESTMENT PORTFOLIO

Your Directors are happy to report that due to substantial appreciation in the market value of the quoted investments, the Net Asset Value (NAV) of the Company's equity share on March 31, 2008, works out to Rs. 477.20 per equity share as compared to Rs. 383.16 in the previous year.

## DIRECTORS

Dr. Vijay Mallya retires by rotation and being eligible, offers himself for re-appointment.

Mr. S G Ruparel was appointed as an Additional Director on July 24, 2008, in terms of Section 260 of the Companies Act, 1956 and will hold office upto the date of the ensuing Annual General Meeting.

Notice in writing has been received by your Company from a member signifying his intention to propose the appointment of Mr. S G Ruparel as Director at the Annual General Meeting.

As per the declarations received, none of the Directors of the Company is disqualified to be appointed as a Director of any Public Limited Company in terms of Section 274 (1) (g) of the Companies Act, 1956.

## AUDITORS

M/s. Vishnu Ram & Co., Chartered Accountants, the retiring Auditors, are eligible for re-appointment at the ensuing Annual General Meeting.

## LISTING OF EQUITY SHARES OF THE COMPANY

The equity shares of your Company continue to be listed on Bangalore Stock Exchange Limited (Regional Exchange), Bombay Stock Exchange Limited, National Stock Exchange of India Limited and The Delhi Stock Exchange Association Limited. The annual listing fees for the year 2008-09 have been paid to all these Stock Exchanges.

During the year, the equity shares of your Company were delisted from the Ahmedabad Stock Exchange Limited, the Calcutta Stock Exchange Association Limited and Madras Stock Exchange Limited in terms of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. Intimation from the Delhi Stock Exchange Association Limited on de-listing of equity shares of the Company is awaited.

## DEPOSITORY SYSTEM

The trading in the equity shares of your Company is under compulsory dematerialisation mode. As on August 15, 2008 (i.e. date of last benpos), equity shares representing 94.56 % of the equity share capital are in dematerialised form.

## AMENDMENT OF OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION

The Board of Directors of the Company had passed a resolution on January 21, 2008, for amendment of the Objects Clause of the Memorandum of Association by inserting a new sub-clause to facilitate the Company to seek registration from Reserve Bank of India (RBI) as a Non Banking Financial Institution (NBFI).

The necessary amendment was approved by the members through Postal Ballot. The Certificate of Registration as NBFI is awaited from RBI.

## SHIFTING OF REGISTERED OFFICE

Pursuant to the decision taken by the Board of Directors of the Company, the Registered Office of your Company was shifted from 51, Richmond Road, Bangalore – 560 025, to 4, Convent Road, Bangalore – 560 025, with effect from June 2, 2008.

### CORPORATE GOVERNANCE

A report on Corporate Governance is annexed separately as part of the Annual Report along with a certificate of compliance from the Auditors.

### MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the listing agreement with the stock exchanges, Management Discussion and Analysis Report is annexed and forms an integral part of the Annual Report.

### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION ETC.

Your Company is not engaged in manufacturing activity and therefore disclosure of information in respect of conservation of energy and technology absorption pursuant to Section 217 (1) (e) of the Companies Act, 1956, is not applicable.

During the year under review, the Company had no transactions in foreign exchange and no expenditure was incurred on Research & Development.

### EMPLOYEES

Since the Company has no employee, the Statement containing particulars of employees in terms of Section 217 (2A) of the Companies Act, 1956, is not annexed.

### FIXED DEPOSITS

The Company has not accepted any deposits from public during the year.

### DIRECTORS` RESPONSIBILITY STATEMENT

Pursuant to the provisions contained in Section 217 (2AA) of the Companies Act, 1956, your Directors, in respect of the Audited Accounts of the Company for the financial year ended March 31, 2008, wish to state as under –

- a. That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. That the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. That the Directors have prepared the Annual Accounts on a going concern basis.

### ACKNOWLEDGEMENT

Your Directors wish to acknowledge the co-operation, understanding and support extended by the Group Companies, Shareholders, Regulatory Bodies and Bankers.

**By Authority of the Board**

Bangalore  
August 21, 2008

**A. Harish Bhat**  
Managing Director

**N. Srinivasan**  
Director

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company follows the best Corporate Practices and believes that adopting and adhering to good Corporate Governance framework is a key element in attaining economic efficiency and growth. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value. Your Company recognizes the significance of integrity, transparency, accountability and responsibility in all its business affairs and strives to communicate all the material development and its financial performance in a timely and meaningful manner.

## 2. BOARD OF DIRECTORS

The Board of Directors comprises a Non - Executive Chairman (Promoter), a Managing Director and four other Non Executive Directors.

During the financial year under review, Seven (07) Board Meetings were held on April 30, 2007, May 21, 2007, July 27, 2007, August 24, 2007, September 28, 2007, October 29, 2007 and January 21, 2008.

Attendance of each Director at the Board Meetings and the last Annual General Meeting and details of number of outside Directorship and Committee position held by each of the Directors as on date are given below:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 28.09.2007	No. of other Companies in which Director	No of committees (other than the company) in which Chairman/ Member
Dr. Vijay Mallya	Non Executive Chairman (Promoter)	04	Yes	23	01 (Chairman)
Mr. A. Harish Bhat	Managing Director	07	Yes	15	01
Mr. N. Srinivasan	Independent Non Executive Director	07	Yes	19	09 (Chairman of 05)
Mr. M.R.Doraiswamy Iyengar	Independent Non Executive Director	07	Yes	05	01 (Chairman)
Mr. V S Venkataraman	Non Executive Director	07	Yes	12	01
Mr. S G Ruparel*	Independent Non Executive Director	N.A.	N.A.	05	04

\* appointed as an additional director with effect from July 24, 2008.

## NOTE:

The above details are in respect of their Directorship only in Indian Companies.

- a) Out of 23 other Companies in which Dr. Vijay Mallya is a Director, 07 are Private Limited Companies, one Private Limited Company, which is a subsidiary of a Public Company and 02 are Section 25 Companies.
- b) Out of 15 other Companies in which Mr. A. Harish Bhat is a Director, one is a Private Limited Company, one Private Limited Company, which is a subsidiary of a Public Company and one is a Section 25 Company.
- c) Out of 19 other Companies in which Mr. N. Srinivasan is a Director, 05 are Private Limited Companies.
- d) Out of 05 other Companies in which Mr. M.R. Doraiswamy Iyengar is a Director, 04 are Private Limited Companies.
- e) Out of 12 other Companies in which Mr. V. S. Venkataraman is a Director 02 are Private Limited Companies and four are Private Limited Companies, which are subsidiaries of Public Company.

## DISCLOSURES REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Dr. Vijay Mallya (Dr. Mallya) retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

The brief particulars of Dr. Mallya are as under:

Dr. Mallya, aged 52 years, who holds a Ph.D. in Business Administration, is a well-known Industrialist. He took over the reins of the United Breweries Group in 1983, at the young age of 28, which today is a multi-national conglomerate. Dr. Mallya is the Chairman of several public companies both in India as well as overseas.

Dr. Mallya has won wide recognition from distinguished institutions throughout the span of his career, which includes:

- The Fellowship Award 2003 – the Institute of Directors, New Delhi
- Global Leader for Tomorrow – World Economic Forum, Davos, Switzerland
- Sir M. Visvesvaraya Memorial Award instituted by the Federation of Karnataka Chambers of Commerce.

Details of Dr. Mallya's directorships in other Indian companies and committee memberships are as under:-

Sl. No.	Other Directorships	Position held
1.	United Spirits Limited	Chairman
2.	United Breweries Limited	Chairman
3.	United Breweries (Holdings) Limited	Chairman
4.	Kingfisher Airlines Limited	Chairman & Managing Director
5.	Deccan Aviation Limited	Chairman
6.	Deccan Charters Limited	Director
7.	Aventis Pharma Limited	Chairman
8.	Bayer CropScience Limited	Chairman
9.	Mangalore Chemicals and Fertilizers Limited	Chairman

Sl. No.	Other Directorships	Position held
10.	Shaw Wallace & Company Limited	Chairman
11.	Four Seasons Wines Limited	Chairman
12.	United Racing and Bloodstock Breeders Limited	Chairman
13.	Shaw Wallace Breweries Limited	Chairman
14.	Kamsco Industries Private Limited	Chairman
15.	Mallya Private Limited	Chairman
16.	Millennium Alcobev Private Limited	Director
17.	Pharma Trading Company Private Limited	Chairman
18.	The Gem Investment & Trading Company Private Limited	Chairman
19.	United East Bengal Football Team Private Limited	Chairman
20.	United Mohun Bagan Football Team Private Limited	Chairman
21.	Royal Challengers Sports Private Limited	Chairman
22.	Motorsports Association of India	Managing Committee Member
23.	Shaw Wallace Executives' Welfare and Benefit Company	Patron (Chairman)

Dr. Mallya is the Chairman of the Remuneration Committee of Millennium Alcobev Private Limited.

Dr. Mallya holds 02 equity shares in the Company and is not related to any other Directors of the Company.

#### NEW DIRECTOR:

Mr. S G Ruparel (Mr. Ruparel) holds a Masters Degree in Arts from Oxon and a Masters Degree in Science from London. He joined Kolhapur Sugar Mills in 1968 and held the position of Managing Director during the years 1971 & 1991. He was also in the Board of State Bank of India for 18 years. Mr. Ruparel has held Chairmanship of various Companies and Councils including Indo US Joint Business Council, Indo France Joint Business Council and Indo Swedish Joint Business School. He is also in the Advisory Board of Stanford Research Institute and has held important positions in various other Educational Centers.

Mr. Ruparel was appointed as an Additional Director of the Company on July 24, 2008 and will hold office as Director up to this Annual General Meeting.

Details of Mr. Ruparel's directorships in other Indian companies and committee memberships are as under:

Sl. No.	Other Directorships	Position held
1.	Ruparel Enterprises Limited	Chairman
2.	Bentley Finance (India) Limited	Chairman
3.	United Breweries (Holdings) Limited	Director & Member of Audit Committee & Shareholders'/Investors Grievance Committee
4.	Mangalore Chemicals and Fertilizers Limited	Director
5.	Shaw Wallace & Company Limited	Director & Member of Audit Committee & Shareholders'/Investors Grievance Committee

Mr. Ruparel does not hold any equity share in the Company and is not related to any other Directors of the Company.



### 3. AUDIT COMMITTEE

The Audit Committee, constituted on November 06, 2006, to meet the requirements under both, the Listing Agreement and Section 292A of the Companies Act, 1956, comprises the following Directors:

Mr. M R Doraiswamy Iyengar (Chairman)	Non Executive Independent Director
Mr. N Srinivasan	Non Executive Independent Director
Mr. V S Venkataraman	Non Executive Director

Mr. N Srinivasan ceased to be Chairman of the Audit Committee with effect from October 1, 2007. Consequently, Mr. M R Doraiswamy Iyengar was appointed as Chairman of the Audit Committee with effect from October 1, 2007.

The terms of reference of this Committee are in accordance with the provisions of Section 292A of the Companies Act, 1956, and Clause 49 of the Listing Agreement.

The Committee, inter alia, has reviewed the financial statements including Auditors' Report for the year ended March 31, 2008 and has recommended its adoption. In addition, the Committee has also reviewed quarterly results for June 30, 2007, quarterly and half yearly results for September 30, 2007, quarterly results for December 31, 2007 and quarterly results for March 31, 2008, which were subjected to a Limited Review by the Statutory Auditors of the Company.

The Company Secretary, Mr. Ritesh Shah, acts as the Secretary of the Committee.

During the financial year, five meetings of the Audit Committee were held on April 30, 2007, July 27, 2007, August 24, 2007, October 29, 2007 and January 21, 2008. The details of attendance by members of the Committee are as follows:

Name of the Director	No. of Meetings	Meetings attended
Mr. M.R. Doraiswamy Iyengar	5	5
Mr. N. Srinivasan	5	5
Mr. V S Venkataraman	5	5

### 4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

A Shareholders/Investors Grievance Committee was constituted on November 06, 2006, to operate in terms of the provisions related thereto in the Listing Agreements with the Stock Exchanges and /or the provisions as prescribed under the Companies Act, 1956, and listing requirements.

The Committee comprises the following Directors:

Mr. M R Doraiswamy Iyengar (Chairman)	Non Executive Independent Director
Mr. V S Venkataraman	Non Executive Director

Mr. Ritesh Shah, Company Secretary is the Compliance Officer.

In the interest of the investors and for administrative convenience, the Board has authorised a Director and Company Secretary to jointly approve Share Transfer, Transmission, etc. upto a specific limit.

### Committee of Directors

The Company has constituted a Committee of Directors with authority delegated by the Board of Directors, inter alia, to approve transfer and transmission of shares, issue of new share certificates on account of certificates lost,



defaced, etc., and for other routine operations such as issue of powers of attorney, operation of bank accounts etc.

The Committee comprises the following Directors:

Mr. N Srinivasan  
 Mr. M.R.Doraiswamy Iyengar  
 Mr. A. Harish Bhat and  
 Mr. V S Venkataraman

During the year under review, sixty one complaints were received, which were resolved. There was no complaint pending as on March 31, 2008.

## 5. REMUNERATION COMMITTEE

The Company has not constituted a Remuneration Committee as the need has not arisen.

### Remuneration of Directors:

#### a) Managing Director:

Mr. A. Harish Bhat continues as Managing Director without remuneration in terms of the approval of the shareholders at the Second Annual General Meeting of the Company held on December 28, 2006.

#### b) Non – Executive Directors

At present, the Non-Executive Directors do not draw any remuneration from the Company. Sitting Fees are paid to Non-Executive Directors for attending Board/ Committee Meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred for attending such meetings. The details of sitting fees paid to the Directors during the year under review are as under:

Name of the Director	Sitting fees
Dr. Vijay Mallya	26,404*
Mr. A Harish Bhat	NIL
Mr. N. Srinivasan	150,000
Mr. M. R. Doraiswamy Iyengar	190,000
Mr. V S Venkataraman	190,000
Mr. S G Ruparel**	N.A.

\* Net of tax deducted at source.

\*\* appointed as an additional director with effect from July 24, 2008.

#### c) Particulars of Equity Shares of the Company currently held by the Directors, are furnished below:

Name of the Director	No. of Equity Shares held
Dr. Vijay Mallya	02
Mr. A. Harish Bhat	202
Mr. N. Srinivasan	NIL
Mr. M. R. Doraiswamy Iyengar	04
Mr. V S Venkataraman	NIL
Mr. S G Ruparel*	NIL

\* appointed as an additional director with effect from July 24, 2008