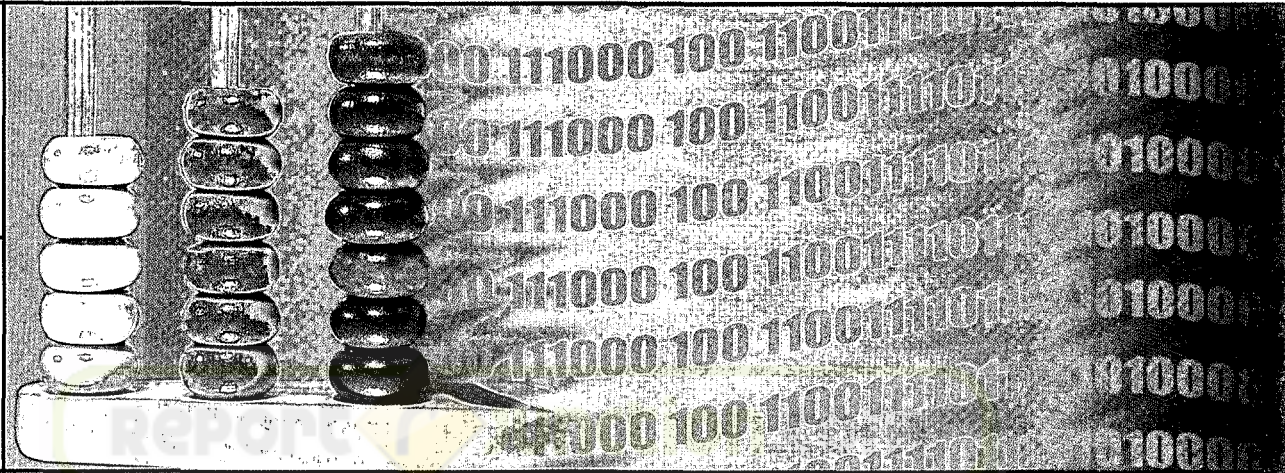




Consolidating value. Nurturing success



ANNUAL REPORT 2006 - 2007



UNITED BREWERIES (HOLDINGS) LIMITED

## The future is bright with promise

United Breweries (Holdings) Ltd., owns the controlling equity stake in all Group companies and is also the custodian of its prized assets.

Ever since its inception, United Breweries (Holdings) Ltd., has identified opportunities, created companies and nurtured them until they were ready to dazzle the world on their own. In fact, it wouldn't be an overstatement to claim that UBHL is the Mother of all UB companies. A cycle of judicious expansion followed by seamless consolidation has seen a steady stream of brilliant performers:

**UB City**, one of the largest mixed-use developments of real estate in the heart of Bangalore...

**UB Global** - a recognised export house (Golden Status) ...

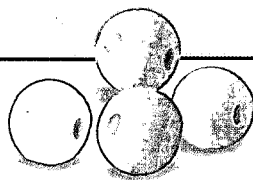
**UB Engineering Ltd.**, an ISO-9001-2000 certified Group Company that specialises in the installation of industrial plants...

**Mangalore Chemicals & Fertilizers Ltd.**, producers of the famous 'Mangala' brand of fertilizer that is very popular amongst farmers in South India...

**Kingfisher Airlines Ltd.**, which has achieved a significant market share while bagging 21 National and International awards in less than two years...

Investments in **Beer and Spirits** are seeing burgeoning growth...

All promise a whole new era of growth and consolidation.



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# Notice of Annual General Meeting



**NOTICE IS HEREBY GIVEN** of the Ninety-first Annual General Meeting of the Members of **UNITED BREWERIES [HOLDINGS] LIMITED** to be held at "GOOD SHEPHERD AUDITORIUM", Opp. St. Joseph's Pre-University College, Residency Road, Bangalore 560 025, on Wednesday, November 28, 2007 at 11.00 A.M. for the following purposes:

1. To receive and consider the Accounts for the year ended March 31, 2007 and the Reports of the Auditors and Directors thereon.
2. To declare Dividend.
3. To appoint a Director in the place of Mr N Srinivasan, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr P A Murali, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr Sidhartha V Mallya, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors for the current year and fix their remuneration. The retiring Auditors are eligible for re-appointment.

## SPECIAL BUSINESS

### 7. Investment in the Share Capital of United Breweries Limited

To consider and if thought fit, to pass, with or without modification, the following Resolution as a **SPECIAL RESOLUTION** :

**RESOLVED** that pursuant to the provisions of Section 372A and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals, as may be necessary and further subject to applicable Guidelines prescribed by Securities and Exchange Board of India and / or other Statutory Authorities, consent of the Company be and is hereby accorded to the Board of Directors of the Company for investing the Company's funds for acquisition of the Rights Shares proposed to be issued by United Breweries Limited as also the unsubscribed portion, if any, and the renounced shares, if any, upto a limit of Rs. 212.50 crores, subject to compliance of regulatory provisions applicable, notwithstanding that the aggregate of the loans and investments so far made, the amount for which the Guarantee or Security so far provided to or in all other Bodies Corporate along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceeds the limits prescribed under the said Section 372A.

**FURTHER RESOLVED** that the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or contractual or otherwise in relation to such investment; to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the Company, in connection with such investment and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.

### 8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a **SPECIAL RESOLUTION**:

**RESOLVED** that pursuant to the provisions of Section 372A of the Companies Act, 1956, Resolution of the Board of Directors passed at its Meeting held on the date indicated authorizing the Company to issue Guarantee in accordance with the provisions of said Section of the Companies Act favouring beneficiary as per details furnished hereunder and for the amount shown against such Resolution be and is hereby confirmed:

Date of Board Resolution	Guarantee Amount	Guarantee given on behalf of	Favouring
27.07.2007	Rs.100 crore	Mangalore Chemicals & Fertilizers Limited	IndiaBulls Financial Services Limited

### 9. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a **SPECIAL RESOLUTION**:

**RESOLVED** that, pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals, guidelines prescribed by Securities and Exchange Board of India or other Statutory Authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to regularise the loans availed of by Kingfisher Airlines Limited, a subsidiary of the Company from UB Infrastructure Projects Limited, Wholly Owned Subsidiary of the Company, out of the loans availed of by such Wholly Owned Subsidiary from the Company as per details given hereunder, notwithstanding that the aggregate of the loans and investments so far made, the amount for which the Guarantee or Security so far provided to or in all other Bodies Corporate along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceeded the limits prescribed under the said Section.

Loan made to UB Infrastructure Projects Limited by the Company.		Loan made to Kingfisher Airlines Limited by UB Infrastructure Projects Limited.	
Date	Amount [Rs. In crores]	Date	Amount [Rs. In crores]
30.03.2007	100	30.3.2007	100



10. To consider and if thought fit to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

**RESOLVED THAT**

in accordance with

1. the provisions of Section 81(1A) and all other provisions applicable, if any, of the Companies Act, 1956 (the Act) including any statutory modification or re-enactment thereof for the time being in force,
2. the provisions of the Memorandum and Articles of Association of the Company,
3. the provisions of the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed,
4. the provisions of Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder,

and subject to

1. the applicable statutes, guidelines, regulations, approvals, consents, permissions or sanctions of the Central Government, the Reserve Bank of India and any other appropriate authorities, institutions or bodies (the "Approvals"); and
2. such conditions as may be prescribed by any of the concerned authorities while granting any such Approvals, which may be agreed to, in its sole discretion, by the Board of Directors of the Company (hereinafter called "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution) ;

Consent of the Company be and is hereby accorded to the Board to offer, issue and allot, on such occasion or occasions, in one or more tranches, as may be determined by the Board in the course of domestic and/or international offering(s), to domestic and/or foreign institutions, non-resident Indians, Indian public companies, corporate bodies, approved mutual funds, banks, insurance companies, pension funds, Qualified Institutional Buyers as defined under Clause 2.2.2B(v) of Chapter XIII-A of the Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI (DIP) Guidelines") ("QIBs") under the provisions of the SEBI (DIP) Guidelines, individuals or otherwise, whether shareholders of the Company or not, through a public issue and/or on a private placement basis equity shares and/or securities linked to equity shares and/or convertible securities including but not limited to Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) (hereinafter referred to as "Securities"), such that the total amount raised through the aforesaid Securities shall not exceed Rs. 600 crores (Rupees six hundred crores only) (including greenshoe, if any), of incremental funds for the Company ("Issuance");

1. In the case of the issue of the Securities by way of Qualified Institutional Placement, to issue the Securities or any part thereof at such a price so that the price paid by each investor shall not be less than the price arrived at in accordance with provisions of Chapter XIII-A of the SEBI (DIP) Guidelines;
2. The relevant date for the issuance of the Securities by Qualified Institutional Placements in accordance with the provisions of Chapter XIII-A of the SEBI (DIP) Guidelines shall be 30 days prior to the passing of this resolution i.e. October 29, 2007 ("Relevant Date") ;
3. The Equity Shares as may be issued and allotted including that upon conversion of any convertible securities forming part of any Issuance, as may be necessary in accordance with the terms of the relevant offering, shall rank pari passu with the then existing equity shares in the Company in all respects, including in respect of dividend;
4. For the purpose of giving effect to the foregoing and without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, the Board be and is hereby authorized for and on behalf of the Company:
  - a) to dispose of, from time to time, such of the Securities as are not subscribed, in such manner, as the Board may deem fit in its absolute discretion;
  - b) to enter into and execute all such arrangements as the case may be with any lead managers, merchant bankers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries (the "Agencies") in relation to the Issuance and to remunerate any of the Agencies in any manner including payment of commission, brokerage, fee or payment of their remuneration for their services;
  - c) to settle any questions, difficulties or doubts that may arise in regard to the Issuance;
  - d) to seek and obtain the listing of the equity shares or any other securities, as may arise from out of any Issuance, as may be required, on one or more stock exchanges;
  - e) to do all such acts, deeds, matters and things as the Board may at its discretion deem necessary or desirable for such purpose, including without limitation the drafting, finalization, entering into and execution of any arrangements or agreements;
  - f) to delegate from time to time, all or any of the powers conferred herein upon the Board or to any Committee of the Board or the Managing Director or any other Director or any other Officer or Officers of the Company.

## Notice (Contd.)

11. To consider and if thought fit to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION:**

### **RESOLVED THAT**

in accordance with

1. the provisions of Section 81(1A) and all other provisions applicable, if any, of the Companies Act, 1956 (the Act) including any statutory modification or re-enactment thereof for the time being in force,
  2. the provisions of the Memorandum and Articles of Association of the Company,
  3. the provisions of the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed,
  4. the provisions of Foreign Exchange Management Act, 1999 (FEMA) and rules and regulations framed thereunder,
- and subject to

1. the applicable statutes, guidelines, regulations, approvals, consents, permissions or sanctions of the Central Government, the Reserve Bank of India and any other appropriate authorities, institutions or bodies (the "Approvals"); and
2. such conditions as may be prescribed by any of the concerned authorities while granting such Approvals, which may be agreed to in its sole discretion, by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution);

Consent of the Company be and is hereby accorded to the Board to offer, issue and allot on preferential basis, to select members (including corporate entity named below) of the Promoters' Group and/or their nominees ("the Allottees") equity warrants ("Warrants") (and for the allotment of equity Shares on exercise of such warrants) such that the aggregate amount shall not exceed Rs.720 Crores (Rupees Seven hundred twenty Crores only), where each such Warrant being exercisable, at the option of the holder, in one or more tranches, and pursuant thereto being allotted one fully paid up equity share of Rs. 10, at an exercise price ("the Exercise Price") (including premium) being a price not lower than the minimum price specified as per Chapter XIII of the SEBI (DIP) Guidelines for preferential issue;

1. The Board may issue the Warrants or any part thereof at such discount or premium to the market price, as the Board may decide, provided that, wherever applicable under the provisions of the SEBI (DIP) Guidelines, the price paid by each investor shall not be less than the price arrived at in accordance with provisions of Chapter XIII of the SEBI (DIP) Guidelines;
2. The relevant date for the issuance of Warrants in accordance with the provisions of Chapter XIII of the SEBI (DIP) Guidelines shall be 30 days prior to the passing of this resolution i.e. October 29, 2007 ("Relevant Date");
3. The Equity Shares as may be issued and allotted including that upon conversion of Warrants, as may be necessary in accordance with the terms of the relevant offering, shall rank pari passu with the then existing equity shares in the Company in all respects, including in respect of dividend;
4. A sum of 10% of the exercise price (such amount being referred to hereinafter as "the Strike Price") shall be payable by the Allottee at the time of allotment of the Warrants. If the Allottees do not exercise the Warrants during the conversion period, the Strike Price shall be forfeited by the Company. In case the Allottees exercise the warrants, the Strike Price shall be adjusted against the share application monies payable by the Allottees and only the balance 90% shall be payable by them;
5. The Warrants shall be allotted within a period of 15 days of the passing of this resolution. Provided that where the allotment in one or more lots of preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of such approval;
6. The Warrants shall be exercisable at the option of the holder in such number of warrants as is exercised by the holder of such warrants at any time within the exercise period. The exercise period shall not exceed 18 months from the date of allotment;
7. The Warrants and Equity Shares allotted on exercise of such Warrants shall be locked in the manner specified, during the lock-in period so specified under the SEBI (DIP) Guidelines except to the extent and in the manner permitted thereunder;
8. The proposed allottee for the Warrants is:

#### **FirStart Inc.**

9. The inter se allocation (if any) within the above entity and/or its nominees, shall be decided by the Board or by any Committee of the Board or the Chairman and Managing Director or any Wholtime Director or any other Officer or Officers of the Company, at the time of allotment of Warrants;
10. For the purpose of giving effect to the foregoing and without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, the Board be and is hereby authorized for and on behalf of the Company:
  - a) to dispose of, from time to time, such of the Warrants as are not subscribed, in such manner, as the Board may deem fit in its absolute discretion;
  - b) to enter into and execute all such arrangements as the case may be with any lead managers, merchant bankers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries (the "Agencies") in relation to the issuance of Warrants and to remunerate any of the Agencies in any manner including payment of commission, brokerage, fee or payment of their remuneration for their services;
  - c) to settle any questions, difficulties or doubts that may arise in regard to the issuance of Warrants;
  - d) to seek and obtain the listing of the equity shares or any other securities, as may arise from out of any issuance of Warrants, as may be required, on one or more stock exchanges;
  - e) to do all such acts, deeds, matters and things as the Board may at its discretion deem necessary or desirable for such purpose, including without limitation the drafting, finalization, entering into and execution of any arrangements or agreements;
  - f) to delegate from time to time, all or any of the powers conferred herein upon the Board to any Committee of the Board or the Chairman and Managing Director or any Wholtime Director or any other Officer or Officers of the Company.



12. To consider and if thought fit to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

**RESOLVED THAT**

in accordance with

1. the provisions of the Companies Act, 1956 (the Act) including any statutory modification or re-enactment thereof for the time being in force,
  2. the provisions of the Memorandum and Articles of Association of the Company,
  3. the provisions of the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed,
  4. the provisions of Securities & Exchange Board of India Act, 1992 and rules and regulations framed thereunder,
  5. the provisions of Foreign Exchange Management Act, 1999 (FEMA) and rules and regulations framed thereunder,
- and subject to

1. the applicable statutes, guidelines, regulations, approvals, consents, permissions or sanctions of the Central Government, the Reserve Bank of India and any other appropriate authorities, institutions or bodies (the "Approvals"); and
2. such conditions as may be prescribed by any of the concerned authorities while granting such Approvals, which may be agreed to in its sole discretion, by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution);

In supersession of the resolution passed by the shareholders at the meeting held on September 22, 2001, consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors, either directly or through their sub-accounts (hereinafter collectively referred to as "the FIIs"), in shares in the Company or any other security/ies that is/are convertible into shares in the Company ("Securities"), by purchase or acquisition of such Securities from the stock market under the Portfolio Investment Scheme under FEMA, subject to the condition that the total holding of all FIIs put together shall not exceed 60 [Sixty] per cent of the paid up equity share capital or paid up value of the respective series of the respective convertible security of the Company;

3. for the purpose of giving effect to the foregoing and without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, the Board be and is hereby authorized for and on behalf of the Company:
  - a. to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto;
  - b. to delegate from time to time, all or any of the powers conferred herein upon the Board to any Committee of the Board or the Chairman and Managing Director or any Wholetime Director or any other Officer or Officers of the Company.

**By Order of the Board**

**P Subramani**

Senior Vice President - Legal  
& Company Secretary

Registered Office:  
"UB ANCHORAGE"  
5<sup>th</sup> Floor, No.100/1  
Richmond Road  
Bangalore 560 025

Mumbai, October 29, 2007

**NOTES:**

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself / herself and such proxy need not be a Member of the Company. The proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.**
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos.7 to 12 are annexed to and forms part of this Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from **24th day of November, 2007 to 28th day of November, 2007 [both days inclusive]**.
4. Members / Proxies are requested to bring their copy of the **Annual Report** and **Attendance / Proxy Slip** sent herewith duly filled in for attending the meeting to avoid inconvenience and delay at the time of registration **and avoid being accompanied by non-members and children**. Copies of Annual Report and Attendance slip will NOT be available for distribution at the venue of the meeting.
5. The trading in the Company's Shares has been made compulsory in dematerialized form effective August 28, 2000 for all class of investors. In view of the numerous advantages offered by the Depository System, shareholders are requested to avail of the facility of dematerialization of the Company's Shares.
6. Members are requested to quote the Folio Number / Client ID /DP ID in all correspondence. The Company has designated an e-mail ID of the Compliance Officer viz., **ubhlinvestor@ubmail.com** exclusively for the purpose of registering complaints, if any, by Investors.

## Notice (Contd.)

7. Members are requested to notify change in their address, quoting Folio number to the Company's Registrars and Share Transfer Agents viz., **ALPHA SYSTEMS PRIVATE LIMITED, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003.**
8. Members holding shares in dematerialised form should address all their correspondence including change of address, nominations, ECS mandates, bank details to be incorporated on dividend warrants, powers of attorney, etc. **to their Depository Participant.**
9. [a] The amount of the unclaimed and unpaid Dividends up to the financial year ended March 31, 1995 has been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956, in force at that time. Shareholders who have not encashed their Dividend Warrants up to the said period are requested to claim the same from the Registrar of Companies, Karnataka, "Kendriya Sadan", "E" Wing, Second Floor, Koramangala, Bangalore - 560 034.
- [b] Pursuant to Section 205A and 205C of the Companies Act, 1956, unclaimed dividends for the year ended March 31, 1999 have been transferred to the Investor Education and Protection Fund.
- [c] In terms of Section 205A and 205C any dividend, deposits and debentures with interest thereon remaining unclaimed for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. **Once unclaimed dividends, deposits and debentures with interest thereon are so transferred, shareholders will not be entitled to claim these dividends, deposits and debentures with interest thereon.**  
Shareholders who have not encashed their Dividend Warrants for the year 1999-2000 or thereafter are requested to write to the Company's Registrars and Share Transfer Agents.
10. Section 109A has been inserted by the Companies [Amendment] Act, 1999 enabling the shareholders [a] to nominate, a person to whom his / her share[s] in the Company shall vest in the event of his / her death. Where the shares are held in joint names, such nomination has to be made jointly. The nominee shall, on the death of the shareholder or all joint holders, as the case may be, become entitled to all rights in the shares to the exclusion of all other persons unless the nomination is varied or cancelled by the shareholder[s] in the prescribed manner.  
Shareholder[s] desirous of nominating a person as a nominee may write to the Registered Office of the Company or to the Registrars & Share Transfer Agents of the Company for obtaining the prescribed Nomination Form.
11. Particulars of Directors seeking re-appointment viz., Mr. N. Srinivasan, Mr. P.A. Murali and Mr. Sidhartha V. Mallya are furnished in the Report on Corporate Governance.
12. SHAREHOLDERS MAY KINDLY NOTE THAT THE DISTRIBUTION OF GIFTS HAS BEEN DISCONTINUED.

## EXPLANATORY STATEMENT as required under Section 173 of the Companies Act, 1956.

### Item No. 7:

Your Company has an investment of 27,266,320 Equity shares of Re.1 each constituting 12.62 % in the equity capital of United Breweries Limited, Bangalore. United Breweries Limited proposes to issue capital on rights basis to its existing shareholders. Your Directors desire to invest the Company's funds for acquisition of the Rights shares to be issued by United Breweries Limited as also the unsubscribed portion, if any, and the renounced shares, if any, upto a total limit of Rs. 212.50 crores, subject to compliance of regulatory provisions applicable.

As the proposed investment would be in excess of the limits prescribed under Section 372A of the Companies Act, 1956, approval of the members is sought for the proposed investment.

Source of Funds : Internal Accruals / Borrowings

Your Directors recommend this Special Resolution for approval by the Members.

None of the Directors except Dr Vijay Mallya, who is a Director of United Breweries Limited, is concerned or interested in the Resolution.

### Item No. 8

In terms of the provisions of Section 372A of the Companies Act, 1956, in the case of giving Corporate Guarantee, in exceptional circumstances, the Board of Directors is permitted to furnish a Corporate Guarantee without being previously authorized by a Special Resolution, subject to the condition that the Board Resolution so authorizing giving of the Guarantee is confirmed in a General Meeting or the Annual General Meeting first held immediately after furnishing of the said Guarantee by the Company, whichever is earlier. Accordingly, the Board of Directors of your Company authorized furnishing of Guarantee in exceptional and urgent circumstances on behalf of an Associate Company viz. Mangalore Chemicals & Fertilizers Limited subject to the confirmation of the Resolution by the Members.

Your Directors recommend passing of the Resolution as set out in Item No.8

None of the Directors except Dr Vijay Mallya, Mr S G Ruparel and Mr B S Patil who are Directors of Mangalore Chemicals & Fertilizers Limited is concerned or interested in the passing of this Resolution.

### Item No. 9

The provisions of Section 372A of the Companies Act, 1956 prescribe that the Company shall not directly or indirectly make a loan to any other body corporate in excess of limits prescribed therein unless the making of such loan has been previously authorized by a Special Resolution passed in a General Meeting. On certain occasions, UB Infrastructure Projects Limited, a wholly owned subsidiary of the Company, have availed of loan from the Company and have in turn loaned identical amount against such availment of loan from the Company to Kingfisher Airlines Limited, a subsidiary of the Company. The said transaction may give rise to an interpretation as though Kingfisher Airlines Limited, not being a Wholly Owned Subsidiary of the Company and said company not having adequate limits for grant of such loans under the Act, has been facilitated to avail of the assistance of the loans extended to them by the Company's Wholly Owned Subsidiary out of money received from the Company by the said Wholly Owned Subsidiary leading to it being interpreted as grant of loan by the Company indirectly to non wholly owned subsidiary Kingfisher Airlines Limited.





As and by way of abundant caution it is proposed that the said transaction is approved by the Members' through a Special Resolution passed in this General Meeting.

None of the Directors of your Company is concerned or interested except Dr Vijay Mallya, Mr Piyush G Mankad and Mr R N Pillai, who are members of the Board in Kingfisher Airlines Limited.

#### Item No. 10

Your Company is going through a buoyant growth cycle and needs more of own funds to augment its working capital for growth, capital expenditure and for other corporate purposes

It is, therefore, proposed to raise further capital:

- In Indian / international markets in one or more tranches
- By way of public issue and/or on a private placement basis as per the Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI (DIP) Guidelines").
- By way of equity shares and/or securities linked to equity shares and/or convertible securities including but not limited to Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) (hereinafter referred to as "Securities").
- By way of offerings of the Securities to domestic and/or foreign institutions, non-resident Indians, Indian public companies, corporate bodies approved mutual funds, banks, insurance companies, pension funds, Qualified Institutional Buyers as defined under Clause 2.2.2B(v) of SEBI (DIP) Guidelines (by way of Qualified Institutional Placements) under Chapter XIII A of the SEBI (DIP) Guidelines, individuals or otherwise, whether shareholders of the Company or not.
- To list the Securities on the Bombay Stock Exchange Limited and the Bangalore Stock Exchange Limited, where the equity shares of the Company are listed.

It is proposed that the issue of Securities as above will be such that the total amount raised through the aforesaid Securities shall not exceed Rs. 600 crore (Rupees six hundred crore only) (including greenshoe, if any), of incremental funds for the Company ("Issuance") at a price which is in accordance with the relevant SEBI/RBI guidelines / notifications, as may be applicable in this regard. The issue price of the securities to be issued in the proposed offerings will be determined at the time of the offer depending on the then prevailing market conditions and in consultations with the merchant bankers.

As per Chapter XIII-A of the said SEBI (DIP) Guidelines, issue of Equity shares, on Qualified Institutional Placements basis, can be made at a price not less than the higher of the following:

- a. The average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the six months preceding the "Relevant Date"; or
- b. The average of the weekly high and low of the closing prices of the Equity Shares quoted on a stock exchange during the two weeks preceding the "Relevant Date".

The "Relevant Date" means the date thirty days prior to the date on which this Annual General Meeting ("AGM") of the Company is held to consider amongst others, the proposed Qualified Institutional Placements under Section 81(1A) of the Act. Accordingly the "Relevant Date" for the QIP is October 29, 2007. For this purpose, stock exchange means the Bombay Stock Exchange Limited in which the highest trading volume in the company's shares has been recorded during the six months immediately preceding the relevant date. The average price as computed on the above basis during the six months preceding the Relevant Date is Rs. 714.61 per Equity Share where as during the two weeks preceding the Relevant Date is Rs. 1,003.43 per Equity Share. Hence the floor price is Rs. 1,003.43 per Equity Share.

In the case of Qualified Institutional Placements, the allotment of equity shares will be made within a period of one year from the date of passing of the aforesaid Special Resolution in the ensuing Annual General Meeting excluding the time taken in obtaining the necessary approvals, if any, or within such further period as may be prescribed or allowed by the SEBI, Stock Exchange(s) or other concerned authorities.

The offerings of the Securities may require appointment of Merchant Bankers, Underwriters, Legal Advisors and Experts or such other Authority or Authorities to advise the Company especially in relation to the pricing of the Issue and to remunerate any of the said agencies in any manner including payment of commission, brokerage, fee or payment of their remuneration for their services. The detailed terms and conditions of the Issue as and when made will be determined in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other Experts in accordance with the terms of approval of the Government of India, Reserve Bank of India, SEBI and such other authorities as may be required.

Section 81(1A) of the Companies Act, 1956, provides, inter alia, that where it is proposed to increase the Subscribed Share Capital of the Company by allotment of further shares, such further shares shall be offered to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion to the capital paid up on those shares as of that date unless the Shareholders decide otherwise by way of a Special Resolution. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all Securities to the existing Equity Shareholders of the Company unless the Shareholders decide otherwise.

The proposed Special Resolution gives (a) adequate flexibility and discretion to the Board to finalise the terms of the issue, in consultation with the Lead Managers, Underwriters, Legal Advisors and experts or such other authority or authorities as need to be consulted including in relation to the pricing of the Issue in accordance with the normal practice and (b) powers to issue and market any securities issued including the power to issue such Securities in such tranche or tranches.

Accordingly, the consent of the shareholders is being sought, pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, and SEBI (DIP) Guidelines, and in terms of the provisions of the Listing Agreements, to issue and allot securities as stated in the Special Resolution.

The proposed issue of securities is in the interest of the Company and your Directors recommend the passing of the resolution under this item as a special resolution.

None of the Directors of the Company is interested or concerned in any manner in the proposed resolution.



# Notice (Contd.)



## Item No. 11

The members are aware of the policy of the Company to grow with pace by spotting opportunities early and implementing them without loss of time. As the business scenario continues to provide good growth potential, and your Company is targeting maximum and speedy growth; various measures are required to enhance the Company's financial resources, including capital expenditure and long term working capital. In view of this, and considering the Promoters' desire to acquire further shares in the Company to strengthen their holding, it is proposed to issue warrants carrying an option to acquire equivalent number of Equity Shares to the Promoters of the Company, on private placement / preferential basis and as per the details given in the special resolution at item no. 11 of the notice.

The offer, issue and allotment of Warrants (each carrying a right to apply for one equity share of Rs. 10/- each of the Company in exchange of the said warrant) of the Company as envisaged under the proposed special resolution at item no. 11 above shall be completed within the prescribed period of 15 days from the date of passing of the said resolution in accordance with the guidelines of the Securities & Exchange Board of India (SEBI) for Preferential Issues, being Chapter XIII to the SEBI (DIP) Guidelines or within such other time as may be permitted under the said guidelines. The registered owner of the Warrant shall be entitled to apply for at his option, and seek allotment of one equity share of Rs. 10/- each in the manner aforesaid, within a period not exceeding 18 (Eighteen) months from the date of issue of such Warrants. The Warrant shall have such face value and shall be subject to such terms and conditions, as are stated in the special resolution under item no.11 above.

A copy of the certificate of the Auditors of the Company certifying the adherence to SEBI's guidelines for Preferential Issues, being Chapter XIII of the SEBI's (DIP) Guidelines, for the proposed issues shall be laid before the shareholders at the Annual General Meeting.

Disclosures in terms of Clause 13.1A of the SEBI (DIP) Guidelines are given as under:

### a) Objects of the Issue :

To finance capital expenditure and for long term working capital requirements and to strengthen the Promoters' shareholding in the Company.

### b) Intention of Promoters/ Directors/ Key-Management persons to subscribe to the offer :

The following Promoters of the Company have conveyed to the Company in writing of their respective intention to subscribe to/acquire Warrants of the Company on preferential/private placement basis as proposed under special resolution at item no. 11 above:

Sl. No.	Particulars of the Promoters	Maximum No. of Warrants to be issued
1	FirStart Inc.	7,175,388 *
	Total	7,175,388

\* Calculated at a floor price of Rs.1,003.43 and a ceiling amount of Rs.720 crores. The maximum number of warrants could change if the allotment price is higher than the floor price or funds raised through the issue of warrants is less than Rs.720 crores.

### c) Shareholding Pattern before and after issue of equity shares to QIBs (covered under item number 10) and issue of equity shares resulting from the exercise of options by the Warrant holders in respect of the Warrants covered under item no. (11), based on the shareholding pattern as on October 16, 2007 is as follows:

	Shareholding Pattern	Existing shareholding		After proposed allotment of shares to QIB. **		After proposed allotment of shares against warrants. *	
	Particulars	No. of Shares	% to total capital	No. of Shares	% to total capital	No. of Shares	% to total capital
A.	<b>Promoters holding</b>						
1.	Indian Promoters	18,493,766	31.12	18,493,766	28.27	18,493,766	25.47
2.	Foreign Promoters	14,159,986	23.82	14,159,986	21.64	21,335,374	29.39
3.	Person acting in concert	-	-	-	-	-	-
	<b>Sub-total</b>	<b>32,653,752</b>	<b>54.93</b>	<b>32,653,752</b>	<b>49.91</b>	<b>39,829,140</b>	<b>54.86</b>
B.	<b>Non-promoters holding</b>						
4.a	Institutional Investors, Mutual Funds & Insurance Companies	3,190,472	5.37	3,190,472	4.88	3,190,472	4.40
b	Banks	15,614	0.03	15,614	0.02	15,614	0.02
c	FII's	14,740,359	24.80	14,740,359	22.53	14,740,359	20.30
d	QIBs	-	-	5,979,490	9.14	5,979,490	8.24
	<b>Sub-total</b>	<b>17,946,445</b>	<b>30.20</b>	<b>23,925,935</b>	<b>36.57</b>	<b>23,925,935</b>	<b>32.96</b>
5.	<b>Others</b>						
a	Private Corporate Bodies	1,751,747	2.94	1,751,747	2.68	1,751,747	2.41
b	Indian Public	6,786,141	11.42	6,786,141	10.38	6,786,141	9.35
c	NRI	250,859	0.42	250,859	0.38	250,859	0.35
d	Foreign Corporate Bodies	0	0.00	0	0.00	0	0.00
e	Any other	52,954	0.09	52,954	0.08	52,954	0.07
	<b>Sub-total</b>	<b>8,841,701</b>	<b>14.87</b>	<b>8,841,701</b>	<b>13.52</b>	<b>8,841,701</b>	<b>12.18</b>
	<b>GRAND TOTAL</b>	<b>59,441,898</b>	<b>100.00</b>	<b>65,421,388</b>	<b>100.00</b>	<b>72,596,776</b>	<b>100.00</b>

\* Calculated at a floor price of Rs.1,003.43 and a ceiling amount of Rs.720 Crores. The maximum number of warrants could change if the allotment price is higher than the floor price or funds raised through the issue of warrants is less than Rs.720 Crores.

\*\* Calculated at a floor price of Rs.1,003.43 and a ceiling amount of Rs.600 Crores. The number of Securities could change if the allotment price is higher than the floor price or funds raised through the issue of Securities is less than Rs.600 Crores.

The proposed preferential allotment will not result in any change in management control. Voting rights will change according to the change in shareholding pattern mentioned above.



**d) Proposed time within which allotment will be completed.**

The allotment of warrants as proposed under special resolution at item no. 11 of the notice will be completed within 15 days period from the date of this meeting, or such other time as may be prescribed under the SEBI's Guidelines on Preferential Issues. The allotment of equity shares resulting from exercise of the options attached to the said warrants will be completed within 18 months from the date of issue of the Warrants, as may be decided by the Board of Directors of the Company.

**e) Identity of allottees with percentage of expanded capital to be held by them :**

Identity of proposed Allottee	No. of Warrants to be allotted	% on post issue Equity Capital
FirStart Inc.	7,175,388 *	9.88**

\* Calculated at a floor price of Rs.1,003.43 and a ceiling amount of Rs.720 Crores. The maximum number of warrants could change if the allotment price is higher than the floor price or funds raised through the issue of warrants is less than Rs.720 Crores.

\*\* The % of post issue share capital has been calculated at the floor price of Rs. 1,003.43 and ceiling amount of Rs.720 Crores for issue of warrants and Rs.600 Crores for issue of Securities. The percentage of expanded capital to be held by the allottee can change if the Warrants and Securities are issued at a price that is more than the floor price and if funds raised through the issue of warrants and securities are less than Rs.720 Crores and Rs.600 Crores respectively. As a result, this will change the total number of issued shares and hence the percentage of expanded capital to be held by the allottee.

The Warrants when converted into Equity Shares shall be under lock in for a period of one year from the date of allotment/ conversion.

Section 81 of the Companies Act, 1956 provides inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares etc. such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81, unless the shareholders in general meeting decide otherwise by passing a special resolution.

Hence, the consent of the shareholders by way of special resolution is being sought pursuant to the provisions of Section 81 and all other applicable Provisions of the Companies Act, 1956 and in terms of the provisions of the SEBI (DIP) Guidelines and the listing agreements executed by the Company with the Stock Exchanges where the Company's Shares are listed.

The members are, therefore, requested to accord their approval authorising the Board to go for the proposed private placement and / or preferential issue as set out in the special resolutions at item no. 11 of the notice.

Except Dr. Vijay Mallya and Mr. Sidhartha V. Mallya, no other Director of the Company is in any way concerned or interested in the aforesaid proposed resolutions.

**Item No. 12**

The shareholders at their meeting held on September 22, 2001 had authorized overall investments in the equity share capital of the Company by Foreign Institutional Investors (FIIs) to the extent of 49 % of the paid up capital. In order to enable the Company to offer the Securities out of the further issue of capital to FIIs, it is also proposed that the overall present limit of FII holdings in the share capital of the Company be raised from the present limit of 49 % to 60 %. In accordance with Reserve Bank of India's Notification No.20/2000-RB dated May 03, 2000, as amended from time to time, the proposed increase in the FII investment in the Company would require the approval of the Members by way of a Special Resolution.

Your Directors recommend the resolution for your approval. None of the Directors of the Company is interested or concerned in any manner in the proposed resolution.

The members are hereby informed that the special resolutions proposed in item no. 10 to 12 are independent of each other.

Registered Office:  
"UB ANCHORAGE"  
5<sup>th</sup> Floor, No.100/1  
Richmond Road  
Bangalore 560 025

Mumbai, October 29, 2007

**By Order of the Board**

**P Subramani**  
Senior Vice President - Legal,  
& Company Secretary