

## 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

## 6. GENERAL BODY MEETINGS

The details of the last three Annual General Meetings of the Company are furnished as under:

Financial Year ended	Date	Time	Venue
March 31, 2005	August 29, 2005	10.30 a.m.	51, Richmond Road, Bangalore – 560 025
March 31, 2006	December 28, 2006	1.00 p.m.	Dr. B R Ambedkar Bhavana, Miller's Road, Vasanthanagar, Bangalore – 560 052
March 31, 2007	September 28, 2007	5.00 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025

All the resolutions set out in the Notices, including Special Resolutions, were passed by the Shareholders.

### POSTAL BALLOT

The Company has not passed any resolution at the above Annual General Meetings held, which was required to be passed through postal ballot as per the provisions of the Companies Act, 1956 and the rules framed thereunder.

During the financial year 2007-08, pursuant to Section 192A of the Companies Act, 1956, the Company had conducted the postal ballot exercise following the provisions and rules framed under the Act for conducting Postal Ballot.

The details/results of the postal ballot exercise so conducted are as under:

Date of Notice of Postal Ballot	Date of Scrutinizer's Report	Description	Result
January 21, 2008	March 13, 2008	Special Resolution under Section 17 of the Companies Act, 1956, to amend the Objects Clause of the Memorandum of Association of Company by inserting a new sub-clause.	Carried with requisite majority. No. of votes cast in favour: 4,651,523 and No. of votes cast against: 2255.

The postal ballot exercise, under section 192A, was conducted by Mr. M R Gopinath, a Company Secretary in wholetime practice, scrutinizer, appointed for the purpose and his report was filed with the Office of Registrar of Companies, Karnataka, Bangalore.

There is no Ordinary or Special Resolution at this meeting, which is required to be passed by way of Postal Ballot.

## 7. DISCLOSURES

During the financial year ended March 31, 2008, the Company had no materially significant related party transactions with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

The Company has complied with all the statutory requirements comprised in the Listing Agreements/Regulations/Guidelines/Rules of the Stock Exchanges/SEBI/other statutory authorities.

There were no instances of non-compliance by the Company nor have any penalties, strictures been imposed by Stock Exchanges, SEBI or any statutory authority since incorporation of the Company on any matter related to capital markets.

## 8. MEANS OF COMMUNICATION

The unaudited quarterly results are sent to all the Stock Exchanges where the equity shares of the Company are listed. The results are normally published in 'The Asian Age' / 'Business Standard', and 'Kannada Prabha'. The results are also displayed on the Company's Website [www.mcdowellholdings.com](http://www.mcdowellholdings.com).

The Corporate Filing and Dissemination System (CFDS) portal, maintained by BSE & NSE is a single source to view information filed by listed companies. From the quarter commencing on January 2008, certain disclosures and correspondence filed with BSE & NSE were also filed on CFDS portal by the Company.

The Company has designated an exclusive e-mail id viz, [mhlinvestor@ubmail.com](mailto:mhlinvestor@ubmail.com) to enable the investors to post their grievances and monitor its redressal.

## 9. MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement, Management Discussion and Analysis Report is appended and forms a part of the Annual Report.

## 10. GENERAL SHAREHOLDER INFORMATION

a)	AGM Date, Time and Venue	Monday, September 22, 2008, at 2.00 p.m. at Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore 560 025
b)	Financial Year	April 01 to March 31
	First Quarterly Results	By July 31
	Second Quarterly Results	By October 31
	Third Quarterly Results	By January 31
	Fourth quarterly Results	By April 30
c)	Date of Books closure	September 18, 2008 to September 22, 2008 (both days inclusive).
d)	Dividend payment date	NA
e)	Listing on Stock Exchanges:	The shares of the Company are listed on the following Stock Exchanges: <ol style="list-style-type: none"> <li>1. Bangalore Stock Exchange Limited (BgSE).</li> <li>2. Bombay Stock Exchange Limited, (BSE).</li> <li>3. National Stock Exchange of India Limited (NSE).</li> <li>4. The Delhi Stock Exchange Association Ltd. (DSE).</li> </ol> <p>The Annual Listing Fees for the year 2008-09 have been paid to all the Stock Exchanges.</p> <p>During the year under review, the equity shares of the Company were delisted from Ahmedabad Stock Exchange Limited, Madras Stock Exchange Limited and the Calcutta Stock Exchange Association Limited in terms of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.</p> <p>Intimation from the Delhi Stock Exchange Association Limited on delisting of equity shares of the Company is awaited.</p>

f)	Stock Code BSE NSE DSE BSE	532852 SYMBOL – MCDHOLDING 11337 McDHL
g)	ISIN No.	INE836H01014 (NSDL & CDSL)
h)	Market price data	As per Annexure A.
i)	Stock performance in comparison to BSE sensex	As per Annexure B.
j)	Registrar and Transfer Agents	Alpha Systems Private Limited Registered Office: 30, Ramana Residency, 4 <sup>th</sup> Cross, Sampige Road, Malleswaram, Bangalore 560 003
k)	Share Transfer System	In addition to the Committee of Directors, the Board has also authorized a Director and Company Secretary to jointly approve Share Transfer, Transmission etc., upto a specific limit.
l)	Distribution of Shareholding	As per Annexure C
m)	Dematerialisation of shares	As on August 15, 2008 (i.e. date of last benpos), 94.56 % of paid up share capital was held in dematerialized form.
n)	Outstanding GDRs/ADRs Warrants or any other Convertible instruments	N.A.
o)	Plant Locations	N.A.
p)	Address for correspondence	<p>Shareholder correspondence should be addressed to the Company's Registrars and Transfer Agents:</p> <p>Alpha Systems Private Limited Registered Office: 30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road, Malleswaram, Bangalore 560 003 Tel. Nos. (080) 2346 0815-818 ; Fax No.080 2346 0819 e-mail : alfint@vsnl.com</p> <p>Investors may also write or contact the Company Secretary, Mr. Ritesh R. Shah, at the Registered Office of the Company at 4, Convent Road, Bangalore 560 025 Tel. Nos. (080) 3051 0600 ; Fax No. (080) 2227 2973 e-mail : mhlinvestor@ubmail.com</p>

## ANNEXURE A: MONTHLY MARKET PRICE PERFORMANCE

Bombay Stock Exchange Limited					National Stock Exchange of India Limited			
Month	High	Low	Close	Volume	High	Low	Close	Volume
	(Rs.)	(Rs.)	(Rs.)	(no. of shares)	(Rs.)	(Rs.)	(Rs.)	(no. of shares)
Mar - 08	240.00	131.60	170.75	168,794	230.00	132.50	171.35	144009
Feb - 08	287.15	213.15	228.85	123,281	281.95	211.00	226.60	102830
Jan - 08	386.00	261.10	273.10	594,167	389.00	260.20	272.35	411094
Dec - 07	426.05	230.00	365.90	3,230,828	426.65	230.15	364.70	4083555
Nov - 07	249.00	201.10	230.95	703,142	248.95	205.05	231.00	1109733
Oct - 07	270.00	195.00	242.90	1,858,380	256.00	193.00	243.30	1547774
Sept - 07	268.40	190.00	234.15	1,775,220	267.50	187.00	233.40	3004854
Aug - 07	232.90	182.10	188.40	760,621	232.50	180.60	187.70	1050893
July - 07	251.40	201.15	231.60	3,151,244	252.00	203.00	231.70	3285872
June - 07	339.55	222.75	230.20	5,445,116	340.25	223.50	230.45	8200323
May - 07	NA	NA	NA	NA	NA	NA	NA	NA
April - 07	NA	NA	NA	NA	NA	NA	NA	NA

Note: The equity shares of the Company were listed on BSE/NSE on May 30, 2007.

## ANNEXURE B: STOCK PERFORMANCE COMPARED TO BSE SENSEX



## ANNEXURE C: DISTRIBUTION OF HOLDINGS

The distribution of shareholding as on August 15, 2008 (i.e. date of last benpos), is given below:

### VALUEWISE

Shareholding of nominal value (Rs.)	No. of Shareholders	% to Total	Share Capital in Rupees	% to Total
Upto 5000	67,697	98.77	23,910,580	19.68
5001 -- 10000	456	0.67	3,538,660	2.91
10001 – 20000	196	0.29	2,909,500	2.40
20001 – 30000	63	0.09	1,577,820	1.30
30001 – 40000	28	0.04	1,003,790	0.83
40001 – 50000	26	0.04	1,199,810	0.99
50001 – 100000	30	0.04	2,246,510	1.85
100001 and Above	40	0.06	85,056,140	70.04
<b>TOTAL</b>	<b>68,536</b>	<b>100.00</b>	<b>121,442,810</b>	<b>100.00</b>

### CATEGORYWISE

Category	No. of Shares	% of Equity
Promoter Group	4,451,624	36.66
Resident Body Corporate	562,775	4.63
Banks / FI / FII / MF / Trust	3,659,976	30.14
NRI / OCB / FFI	270,472	2.23
Resident Individuals	3,199,434	26.34
<b>TOTAL</b>	<b>12,144,281</b>	<b>100.00</b>

## Certificate on Corporate Governance

The Members of,  
McDowell Holdings Limited

We have examined the compliance of conditions of Corporate Governance by McDowell Holdings Limited (“the Company”), for the year ended on March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management of the company. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the management of the Company, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month as on March 31, 2008, against the company as per records maintained by the company and presented to the Shareholders'/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Vishnu Ram & Co.**  
Chartered Accountants

(**S. Vishnumurthy**)  
Proprietor  
Membership No. 22715

Bangalore  
August 21, 2008



### CEO/CFO Certificate

In terms of the requirement of Clause 49 of the Listing Agreement, the certificates from CEO/CFO have been obtained.

Bangalore  
August 21, 2008

**A. Harish Bhat**  
Managing Director

### Declaration regarding affirmation of Code of Conduct

In terms of the requirement of Clause 49 of the Listing Agreement, Code of Conduct as approved by the Board of Directors of the Company on January 23, 2007, has been displayed at the Company's website [www.mcdowellholdings.com](http://www.mcdowellholdings.com). All the members of the Board had affirmed compliance with the Code for the period March 31, 2008.

Bangalore  
August 21, 2008

**A. Harish Bhat**  
Managing Director

## Overview – Financial Performance

This has been comprehensively covered in the Report of the Directors for the year under review.

## Industry Structure & Developments

Your Company is an investment holding company having investments primarily in the UB Group companies, which are engaged in the business of Exports & Property Development, Manufacture and Sale of Beer and Chemicals & Fertilizers, etc. The profitability of the Company is linked to the performances of the investee companies as well as fluctuations in the quotations on the Stock Market.

## Opportunities, Risks, Threats and Concerns

Considering that the economy on the whole is doing well, the Company foresees a lot of opportunities coming up for equity participation in new projects / expansion of existing projects of the Investee Companies in the near future. The Company would also explore other opportunities which may come up.

The Company continues to hold significant investments in equity of investee Companies as stated above, which are characterized by cyclic fluctuations in prices, regulation and excessive taxation. Downward movement of product prices of the investee Companies and Government Regulations and taxation could affect their margins, which in turn would reflect in lower dividend distribution.

## Outlook

Your Company has already filed application with Reserve Bank of India seeking registration as Non-Banking Financial Company (non deposit taking) and the Certificate of Registration is awaited.

The Company has since acquired additional 125,623 equity shares of Rs. 10/- each of UB Engineering Limited as well as 1,070,734 equity shares of Re. 1/- each of United Breweries Limited on rights basis. During the year under review, the performance of both the aforesaid investee companies has been excellent, which would result in receipt of higher dividends by the Company in the coming year.

Barring unforeseen circumstances, the future prospects of the Company appears good.

## Internal Control System

Your Company has a system of internal control which is reviewed by the Audit Committee of the Board of Directors. The Group Internal Audit Department evaluates the functioning and quality of the internal controls and provides assurance through periodic reporting. The Audit Committee reviews the Internal Audit Reports and the adequacy of internal control on regular basis, which also acts as a tool for minimising any possible risk in the operations of the Company.

## Cautionary Statement:

Statement in this Management Discussion and Analysis Report, describing the Company's outlook, projections, estimates or expectations may be "Forward looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied.



**To**  
**The members of**  
**McDOWELL HOLDINGS LIMITED.**

1. We have audited the attached Balance Sheet of McDowell Holdings Limited, as at 31<sup>st</sup> March 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (1 of 1956), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31-03-2008 from being appointed as a director in terms of clause (g) of sub-section (1) to section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India;
    - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31-03-2008;
    - b. in the case of the Profit and Loss account, of the profit for the year ended on that date; and
    - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Vishnu Ram & Co.**  
Chartered Accountants

**(S. Vishnumurthy)**  
Proprietor  
Membership No. 22715

Bangalore  
August 21, 2008

### Re: McDowell Holdings Limited

Referred to in paragraph 3 of our report of even date

- (a) The company did not have any fixed assets. Therefore, the provisions of clause 4(i) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (b) There were no stocks of goods. Therefore, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (c) The company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii)(a) to 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (d) The company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii)(e) to 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (e) In our opinion and according to the information and explanations given to us there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of the audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (f) According to the information and explanations given to us, there were no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v)(a) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (g) In our opinion and according to the information and explanation given to us, there were no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v)(b) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (h) The company has not accepted any deposits from the public. Therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (i) The company does not have an internal audit system of its own. However, the company is subjected to internal audit by the group internal audit department. In our opinion, the prevalent system is commensurate with the size of the company and nature of its business.
- (j) Provisions with regard to maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to this company.
- (k) The company is regular in depositing with appropriate authorities undisputed statutory dues including income tax and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (l) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31-3-2008 for a period of more than six months from the date they became payable.

- (m) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (n) The company does not have any accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.
- (o) The company has not taken any loans from banks or financial institution nor issued any debentures. Therefore, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (p) The company has not granted any loans on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (q) The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (r) The company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (s) The company has not given any guarantees for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (t) The company has not raised any term loans during the year. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (u) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment.
- (v) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (w) According to the information and explanations given to us, the company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (x) During the year, the company has not raised any money by public issue. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (y) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Vishnu Ram & Co.**  
Chartered Accountants

**(S. Vishnumurthy)**  
Proprietor  
Membership No. 22715

Bangalore  
August 21, 2008

	Schedule	31-03-2008 Rupees	31-03-2007 Rupees
<b>I. SOURCES OF FUNDS</b>			
<b>(1) Shareholder's funds</b>			
(a) Share capital	1	121,442,810	121,442,810
(b) Reserves and surplus	2	335,279,653	326,329,006
<b>(2) Loan funds</b>			
(a) Secured loan			
(b) Unsecured loan	3	-	205,480
		<u>456,722,463</u>	<u>447,977,296</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>(1) Fixed assets</b>			
Gross block			-
Less: Depreciation and amortisation		-	-
Net block		-	-
<b>(2) Investments</b>			
	4	453,276,885	437,448,387
<b>(3) Current assets, loans and advances</b>			
(a) Cash and bank balances	5	2,772,395	11,032,812
(b) Loans and advances	6	905,582	-
		<u>3,677,976</u>	<u>11,032,812</u>
Current liabilities and provisions	7	232,398	503,903
Net current assets		3,445,578	10,528,909
		<u>456,722,463</u>	<u>447,977,296</u>
Notes to accounts	9		

The schedules referred to above and the notes thereon form an integral part of the accounts.

As per our report of even date.

**For Vishnu Ram & Co.,**  
Chartered Accountants

**A. Harish Bhat**  
Managing Director

**M.R. Doraiswamy Iyengar**  
Director

**N. Srinivasan**  
Director

**(S. Vishnumurthy)**  
Proprietor  
Membership No. 22715

Bangalore  
August 21, 2008

**Ritesh Shah**  
Company Secretary

**V.S. Venkataraman**  
Director

# Profit & Loss Account for the year ended March 31, 2008



	Schedule	31-03-2008 Rupees	31-03-2007 Rupees
<b>INCOME</b>			
Dividend		11,038,245	9,045,111
Provision no longer required written back		-	2,367,503
Commission		6,875,000	169,520
Interest income [Tax deducted at source Rs.75,604 (2007: Nil)]		367,012	-
Other income		1,530	-
		<b>18,281,787</b>	<b>11,582,134</b>
<b>EXPENDITURE</b>			
Administrative and other expenses	8	9,331,140	2,894,416
Profit before tax		8,950,647	8,687,718
Provision for Taxation		-	-
<b>Profit After Tax</b>		<b>8,950,647</b>	<b>8,687,718</b>
<b>Appropriations</b>			
Transferred to Statutory Reserve		1,790,129	-
<b>Profit for the year</b>		<b>7,160,518</b>	<b>8,687,718</b>
Balance brought forward from previous year		11,513,511	2,825,793
<b>Balance carried forward to the Balance Sheet</b>		<b>18,674,029</b>	<b>11,513,511</b>
Earnings Per Share ( Basic/Diluted (in Rs.))		<b>0.74</b>	0.72
Notes to accounts	9		

The schedules referred to above and the notes thereon form an integral part of the accounts.

As per our report of even date.

**For Vishnu Ram & Co.,**  
Chartered Accountants

**A. Harish Bhat**  
Managing Director

**M.R. Doraiswamy Iyengar**  
Director

**N. Srinivasan**  
Director

**(S. Vishnumurthy)**

Proprietor  
Membership No. 22715

Bangalore  
August 21, 2008

**Ritesh Shah**  
Company Secretary

**V.S. Venkataraman**  
Director

# Cash Flow Statement for the year ended March 31, 2008

	31-03-2008 Rupees	31-03-2007 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit/(loss) before tax	8,950,647	8,687,718
Adjustments for :		
Interest income	(367,012)	-
Dividend income	(11,038,245)	(9,045,111)
Provision no longer required written back	-	(2,367,503)
	<u>(11,405,257)</u>	<u>(11,412,614)</u>
Operating profit before working capital changes	(2,454,610)	(2,724,896)
Adjustments for :		
Increase in receivables	(905,582)	-
Increase/(decrease) in payables	(271,505)	364,113
Cash generated / (used) in operations	(3,631,696)	(2,360,783)
Direct taxes paid	-	(267,000)
Net cash generated / (used) in operations	(3,631,696)	(2,627,783)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Interest received	367,012	-
Amount received on sale of investments	-	2,368,148
Dividend received	11,038,245	9,045,111
Purchase of investments	(15,828,498)	-
Net cash generated/(used) in investing activities	(4,423,241)	11,413,259
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment of loan	(205,480)	-
Loan taken	-	205,480
Net cash generated/ (used) in financing activities	(205,480)	205,480
<b>Net increase in cash and cash equivalents</b>	<b>(8,260,417)</b>	<b>8,990,956</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>11,032,812</b>	<b>2,041,856</b>
<b>Closing balance of cash and cash equivalents</b>	<b>2,772,395</b>	<b>11,032,812</b>
Cash and cash equivalents comprises of :		
Cash on hand	-	-
Balance with banks	2,772,395	11,032,812
	<u>2,772,395</u>	<u>11,032,812</u>

Note : Cash flow is prepared under the indirect method as mentioned in AS-3 Cash Flow Statement

As per our report of even date.

**For Vishnu Ram & Co.,**  
Chartered Accountants

**A. Harish Bhat**  
Managing Director

**M.R. Doraiswamy Iyengar**  
Director

**N. Srinivasan**  
Director

**(S.Vishnumurthy)**  
Proprietor  
Membership No. 22715

Bangalore  
August 21, 2008

**Ritesh Shah**  
Company Secretary

**V.S. Venkataraman**  
Director

# Schedules forming part of Balance Sheet as at March 31, 2008



		31-03-2008		31-03-2007		
		Rupees		Rupees		
<b>1</b>	<b>SHARE CAPITAL</b>					
	Authorised					
	15,000,000 Equity shares of Rs. 10 each		<b>150,000,000</b>		150,000,000	
	Issued, subscribed and paid up					
	12,144,281 Equity shares of Rs. 10 each fully paid up		<b>121,442,810</b>		121,442,810	
			<b>121,442,810</b>		121,442,810	
<b>2</b>	<b>RESERVES AND SURPLUS</b>					
	General Reserve		<b>314,815,495</b>		314,815,495	
	Statutory Reserve		<b>1,790,129</b>		-	
	Profit and loss account		<b>18,674,029</b>		11,513,511	
			<b>335,279,653</b>		326,329,006	
<b>3</b>	<b>UNSECURED LOANS</b>					
	From others		-		205,480	
			-		205,480	
<b>4</b>	<b>INVESTMENTS (refer note no.8 of notes to accounts)</b>					
	<b>LONG TERM</b>					
	<b>Quoted Investments</b>					
	<b>A. Fully Paid Equity Shares</b>					
	<b>Trade :</b>					
	Mangalore Chemicals & Fertilizers Limited	10	<b>7,026,828</b>	<b>35,344,945</b>	7,026,828	35,344,945
	UB Engineering Limited	10	<b>452,243</b>	<b>18,996,712</b>	326,620	3,168,214
	United Breweries (Holdings) Limited	10	<b>5,260,002</b>	<b>284,013,853</b>	5,260,002	284,013,853
	United Breweries Limited	1	<b>9,636,610</b>	<b>104,065,749</b>	9,636,610	104,065,749
				<b>442,421,259</b>		426,592,761

## Schedules forming part of Balance Sheet as at March 31, 2008 (Contd.)

4. INVESTMENTS (Contd.)	Face Value	Nos.	31-03-2008 Rupees	Nos.	31-03-2007 Rupees
<b>Non-Trade :</b>					
Aventis Pharma Limited	10	17,550	8,204,625	17,550	8,204,625
Corporation Bank	10	3,100	234,050	3,100	234,050
HDFC Bank Limited	10	500	127,590	500	127,590
Housing Development Finance Corporation Limited	10	1,680	297,108	1,680	297,108
State Bank of Bikaner & Jaipur	100	1,380	376,050	1,380	376,050
State Bank of Travancore	100	2,335	517,203	2,335	517,203
Vijaya Bank	10	97,200	972,000	97,200	972,000
			<u>10,728,626</u>		<u>10,728,626</u>
			453,149,885		437,321,387
<b>B. Unquoted Investments</b>					
<b>Non-Trade Other Investments</b>					
UB Electronic Instruments Limited	100	1,991	127,000	1,991	127,000
<b>Total quoted and Unquoted Investments</b>			<u>453,276,885</u>		<u>437,448,387</u>
Aggregate Value of Quoted investments					
Book value			453,149,885		437,321,387
Market Value			5,791,653,202		4,642,573,160
<b>Additions during the year :</b>					
United Breweries (Holdings) Limited - Bonus Shares		-	-	2,630,001	Nil
UB Engineering Limited	10	125,623	15,828,498	-	-
<b>Deletion during the year</b>					
Castle Breweries Limited		-	-	11,350	23,193
<b>5 CASH AND BANK BALANCES</b>					
Balance with Scheduled Banks					
In current account			<u>2,772,395</u>		<u>11,032,812</u>
			2,772,395		11,032,812
<b>6 LOANS AND ADVANCES</b>					
(Unsecured, considered good)					
Advances recoverable in cash or in kind or for value to be received			31,830		-
Tax deducted at source			873,752		-
			<u>905,582</u>		<u>-</u>
<b>7 CURRENT LIABILITIES AND PROVISIONS</b>					
Creditors for expenses					
			232,398		503,903
			<u>232,398</u>		<u>503,903</u>



**Schedules forming part of Profit & Loss Account  
for the year ended March 31, 2008 (Contd.)**

	31-03-2008	31-03-2007
	Rupees	Rupees
<b>8 ADMINISTRATIVE AND OTHER EXPENSES</b>		
Advertising Expenses	2,172,992	-
Printing & Stationery	1,117,453	632,451
Annual General Meeting Expenses	21,531	36,656
Directors' Sitting Fees	570,000	272,500
Travelling Expenses	94,988	69,900
Auditors Remuneration	230,458	370,392
Miscellaneous Expenses	13,612	96,795
Professional Charges	1,160,828	8,612
Depository & Listing Fees	779,021	982,227
Postage & Courier Charges	2,379,522	424,883
Folio Maintenance Charges	790,735	-
	<u>9,331,140</u>	<u>2,894,416</u>



## 9. NOTES FORMING PART OF THE ACCOUNTS

### A. Basis for preparation

#### 1. Accounting Convention:

The financial statements are prepared under the historical cost convention, having due regard to the fundamental accounting assumptions of going concern, consistency, accrual and in compliance with the mandatory accounting standards as specified in the Companies (Accounting Standards) Rule, 2006.

#### 2. Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### B. Significant Accounting Policies

#### 1. Investments:

Investments are stated at cost. Permanent decline in the value of long-term investments is recognized. Temporary decline in the value of long-term investments is ignored.

#### 2. Revenue recognition:

All revenues are generally recognized on accrual basis except where there is an uncertainty of ultimate realization.

- i. Dividend from investment in shares is recognized as and when the company's right to receive payment is established.
- ii. Security commission and interest income is recognized on accrual basis in accordance with the terms of relevant agreement.

#### 3. Provision and contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

#### 4. Tax expense:

Tax expense comprises of current tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

# Schedules forming Part of Accounts for the year ended March 31, 2008 (Contd.)



## 5. Segmental reporting:

The operations of the company are divided into investment and financial services. Accordingly, the primary segment reporting comprises the performance under these segments.

## C. Notes to accounts

1. In view of exemption of dividend income and other allowable deductions under the provisions of Income Tax Act, there is no tax liability on the profit for the year.
2. Related Party disclosures as required as per Accounting Standard (AS-18) are as below:

Associate: United Breweries (Holdings) Limited

The following is the transaction during the period with the related party :

Company	Particulars	Amount
United Breweries (Holding) Limited	Dividend Income	5,260,002

3. Estimated amount of contracts remaining to be executed on capital account not provided for is Rs. Nil.
4. Information under paragraphs of 4C and 4D of part II of Schedule VI of the Companies Act, 1956 are not furnished, as they are not applicable.
5. Figures for the previous year have been re-grouped /re-classified wherever necessary.
6. Figures in the Balance Sheet, Profit and Loss account and Schedules have been rounded off to the nearest rupee.
7. Segmental reporting:

Segment-wise business performance for the year ended March 31, 2008 is as follows:

## Primary Segment Information

### 1. Segment Revenue

	<b>31.03.2008</b>	31.03.2007
	<b>(Rupees)</b>	(Rupees)
Investments	<b>11,038,245</b>	9,045,111
Financial Services	<b>6,875,000</b>	169,520
Others	<b>368,542</b>	-
Provision Written Back	-	2,367,503
<b>Total Revenue</b>	<b>18,281,787</b>	11,582,134

**2. Segment Results**

	<b>31.03.2008</b>	31.03.2007
	<b>(Rupees)</b>	(Rupees)
Investments	<b>11,038,245</b>	9,045,111
Financial Services	<b>(2,456,140)</b>	(2,724,896)
Others	<b>368,542</b>	-
Provision Written Back	-	2,367,503
<b>Total Result</b>	<b>8,950,647</b>	8,687,718
Profit/(Loss) before tax	<b>8,950,647</b>	8,687,718
Less: Provision for tax	-	-
<b>Net Profit /(Loss)</b>	<b>8,950,647</b>	8,67,718

<b>Other information</b>	<b>31.03.2008</b>		<b>31.03.2007</b>	
	<b>Segment Assets (Rupees)</b>	<b>Segment Liabilities (Rupees)</b>	Segment Assets (Rupees)	Segment Liabilities (Rupees)
Investments	<b>456,954,862</b>	<b>232,398</b>	448,481,199	709,383

**Notes:**

1. Income under the segment 'investments' represents dividends received.
2. Segment results represent profit before tax.
3. Segment assets include Investments, Current Assets, Loans and Advances.
4. Segment liabilities include current liabilities and provisions.

## Schedules forming Part of Accounts for the year ended March 31, 2008 (Contd.)

### 8. Investments

During the year UB Engineering Limited (a Group Company) came out with a rights issue in the ratio of 5 equity shares for every 13 shares held. The company has subscribed for its entitlements of 125,623 equity shares at Rs. 126/- per share, which were fully allotted to the company.

7,026,828 shares in Mangalore Chemicals & Fertilizers Limited, 17,550 shares in Aventis Pharmaceuticals Limited, 9,530,000 shares in United Breweries Limited are under pledge against the borrowings availed by the Group Company. The carrying cost of these investments is Rs. 146.464 Million and the market value is Rs.1,929.405 Million .

### 9. Remuneration to Auditors

	<b>2007-08</b> <b>(Rupees)</b>	2006-07 (Rupees)
Statutory Audit	<b>125,000</b>	100,000
Limited Review & Certification of Corporate Governance	<b>50,000</b>	-
Certification Fees	<b>30,000</b>	230,000
Service Tax	<b>25,458</b>	40,392
<b>Total</b>	<b><u>230,458</u></b>	<u>370,392</u>



## Schedules forming Part of Accounts for the year ended March 31, 2008 (Contd.)

10. The Company has adopted Accounting Standard – 20, “Earning Per Share” for calculation of EPS and the disclosures in this regard are as given below:

Particulars	Year ended 31.03.2008 (Rupees)	Year ended 31.03.2007 (Rupees)
Net Profit after tax	8,950,647	8,687,718
Weighted average number of equity shares of Rs. 10/- each outstanding during the year	12,144,281	12,144,281
<b>Basic / diluted earnings per share (Rs.)</b>	<b>0.74</b>	0.72

As per our report of even date.

**For Vishnu Ram & Co.,**  
Chartered Accountants

**A. Harish Bhat**  
Managing Director

**M.R. Doraiswamy Iyengar**  
Director

**N. Srinivasan**  
Director

**(S.Vishnumurthy)**  
Proprietor  
Membership No. 22715

Bangalore  
August 21, 2008

**Ritesh Shah**  
Company Secretary

**V.S. Venkataraman**  
Director

**UB**  
GROUP

# Balance Sheet Abstract and Company's General Business Profile



## I. Registration Details

Registration No. L 0 5 1 9 0 K A 2 0 0 4 P L C 0 3 3 4 8 5

Balance Sheet Date: 3 1 - 0 3 - 2 0 0 8

## II. Capital raised during the year (Amount in Rs.)

Public Issue N I L Rights Issue N I L

Bonus Issue N I L Private Placement N I L

Others N I L Naked Warrants/Pref. Shares N I L

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities 4 5 6 7 2 2 Total Assets 4 5 6 7 2 2

### Sources of Funds

Paid Up Capital 1 2 1 4 4 3 Reserves & Surplus 3 3 5 2 8 0

Secured Loan N I L Unsecured Loan N I L

Deferred Tax Liability N I L

### Application of Funds

Net Fixed Assets N I L Investments 4 5 3 2 7 7

Net Current Assets 3 4 4 6 Misc. Expenditure N I L

Accumulated Losses N I L Deferred Tax Assets N I L

## IV. Performance of Company (Amount in Rs. Thousand)

Turnover (Includes other income) 1 8 2 8 2 Total Expenditure 9 3 3 1

Profit/-Loss Before Tax 8 9 5 1 Profit/-Loss After Tax 8 9 5 1

Earnings per share in Rs. 0 . 7 4 Dividend rate % N I L

## V. Generic Names of Three Principal Products of Company (as per monetary terms)

Item Code No. (ITC Code) N I L

Product Description N I L

**A. Harish Bhat**  
Managing Director

**M.R. Doraiswamy Iyengar**  
Director

**N. Srinivasan**  
Director

Bangalore  
August 21, 2008

**Ritesh Shah**  
Company Secretary

**V.S. Venkataraman**  
Director

