Auditors' Report

To the Members of United Breweries Limited

1. We have audited the attached Balance Sheet of United Breweries Limited (the "Company") as at March 31, 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 the 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. We did not audit the financial statements of erstwhile Chennai Breweries Private Limited and UB Nizam Breweries Private Limited (the "Transferor Companies"), included in the financial statements pursuant to amalgamation with the Company (refer Schedule 19 Note 5), which constitute total assets of Rs.2,837,922 thousands and net assets of Rs.1,143,150 thousands as at March 31, 2011, total revenue of Rs.491,093 thousands and net loss of Rs.175,173 thousands for the year then ended. The financial statements and other financial information of the Transferor Companies have been audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

5. Without qualifying our opinion, we draw your attention to the following matters, for which no specific accounting treatment has been prescribed in the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956:

   (a) Note 5(A)(iii)(b) on Schedule 19 regarding the disclosure of the equity shares in the Company issued by the Company to UBL Benefit Trust; of which the Company is the sole beneficiary, as "Interest in UBL Benefit Trust" in the Balance Sheet as at March 31, 2011, and upon sale of those shares subsequent to the Balance Sheet date the disclosure of the resultant gains as adjustment to General Reserves (during the quarter ended September 30, 2011); and

   (b) Note 5 on Schedule 19 regarding the set off of debit balance in general reserve with the credit balance in capital reserve aggregating to Rs.2,156,553 thousands arising due to various amalgamations with the Company.

6. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) 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;

   (b) 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;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) 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 Act;

(e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2011;

(ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Price Waterhouse**
Firm Registration Number – 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership Number – 23997

Place: New Delhi
Date: November 23, 2011

UNITED BREWERIES LIMITED

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of United Breweries Limited on the financial statements for the year ended March 31, 2011.

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year except for assets aggregating to Rs.756,341 (original cost in thousands) and no material discrepancies between the book records and the physical inventory have been noticed.

   c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

   b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

   b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

   b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for purchase of services aggregating to Rs.66,180 thousands as there are no comparable market prices, which, however, are considered to be of special nature as explained by the management of the company.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

9. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

   b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2011 which have not been deposited on account of a dispute are given in Appendix 1.

10. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, funds amounting to Rs.505,698 thousands raised on a short-term basis have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

19. The Company has not issued debentures during the year and there are no debentures outstanding at the year-end.

20. The Company has not raised any money by public issues during the year. The Management has disclosed the end use of monies during the year, out of public issue raised in the earlier year (Refer Note 1 on Schedule 19) which has been verified by us.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **Price Waterhouse**
Firm Registration Number – 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership Number – 23997

Place: New Delhi
Date: November 23, 2011

Annexure to Auditors' Report (contd.)

Appendix 1 to the Auditors' Report

Referred to in paragraph 9 (b) of the Annexure to the Auditors' report of even date to the members of United Breweries Limited on the financial statements for the year ended March 31, 2011.

Name of the statute	Rs. in Thousands	Year to which amount relates	Forum where dispute is pending
Sales Tax Acts	4,225	1997-98	Additional Commissioner, Commercial Taxes
	38,060	2003-04 & 2004-05	High Court of Karnataka
	65,713	2005-06 to 2010-11	JCCT Appeals – Bangalore
	628	1983-84 to 1986-87	High Court of Kerala
	38	1990-91	High Court of Kerala
	1,088	2002-03	Sales Tax Appellate Tribunal, Karnataka
	90	1990-91	Sales Tax Appellate Tribunal, Mumbai
	13	2002-03	Assistant Commissioner (Assessment) Special Circle
	5,404	1975-76 to 1998-99,	Sales Tax Appellate Tribunal / Deputy
		2000-01 to 2001-02	Commissioner (Appeals)
	69	2001-02	Deputy Commissioner of Commercial Taxes (Appeals) Kollam
	130	2000-01	Deputy Commissioner of Commercial Taxes (Appeals) Kollam
	107	1991-92	Deputy Commissioner Appeals
	124	1988-89	High Court of Kerala
	289	1989-90	High Court of Kerala
	498	1990-91	High Court of Kerala
	459	2001-02	Court of Civil Judge, (Senior Division), Gurgaon
	841	1975 to 1994	Appellate Tribunal, Cherthala
	6,260	1991-92	Sales Tax Appellate Tribunal
	301	2003-04	Sales Tax Appellate Tribunal
	4,770	1991-92	Sales Tax Appellate Tribunal
	274	1993 to 2003	Sales Tax Appellate Tribunal
	987	2005-06 to 2007-08	High Court of Andhra Pradesh
Customs Act	2, 033	1991-92	Commissioner of Customs
	2,972	1998-99	High Court of Madras
	4,148	1991-92	Commissioner of Customs, Ludhiana
	3,174	1998-99	Deputy Commissioner of Customs, Siliguri
Central Excise Act	490	2005-2007	Commissioner (Appeals) Central Excise
	277	2007-2008	Commissioner (Appeals) Central Excise
	4,253	1998-99	High Court of Calcutta
	1,114	1987-88	Commissioner of Central Excise
State Excise Act	1,229	1981-82	High Court of Calcutta
	337	2000-01 to 2003-04	Excise Commissioner, Karnataka
	3,722	2004-05	High Court of Karnataka
	4,028	2000 to 2005	High Court of Karnataka
	1,866	1981-82 &1987-88	High Court of Calcutta
	8,076	2000-01 to 2003-04, 2005-06	High Court of Karnataka
	637	1988-89	High Court of Calcutta
	2,955	1998-99	High Court of Calcutta
Service Tax Act	209,437	2004-05 to 2007-08	Director General Central Excise & Intelligence, Bangalore
	34,510	2008-09	Commissioner of Service Tax, Bangalore
	699	2005-06 (June'05) to 2009-10 (June'09)	Commissioner of Service Tax, Mangalore
Income Tax Act	61,340	2004-05	Commissioner of Income Tax (Appeals)
	106,582	2006-07	Commissioner of Income Tax (Appeals)
	74,729	2008-09	Commissioner of Income Tax (Appeals)
	10,726	1997-98	Commissioner of Income Tax (Appeals)
	2,968	1997-98	Commissioner of Income Tax (Appeals)
	1,375	2000-01	Commissioner of Income Tax (Appeals)
	5,853	2000-01	Commissioner of Income Tax (Appeals)
	2,036	2001-02	Assistant Commissioner of Income Tax
	25,082	2003-04	Deputy Commissioner of Income Tax
	1,078	2007-08	Commissioner of Income Tax (Appeals)
	7,577	2007-07	Commissioner of Income Tax (Appeals)
	77,454	2007-08	Commissioner of Income Tax (Appeals)
	18,213	2008-09	Commissioner of Income Tax (Appeals)
	8,800	2009-10	Commissioner of Income Tax (Appeals)
Provident Fund Act	1,691	1998 to 2000	Employees Provident Fund Tribunal
Employee State Insurance Act	319	2009-10	Employee State Insurance Court Bangalore
	265	1991-92	High Court of Kerala

Balance Sheet as at March 31, 2011

Rs. in Thousands

	Schedule	2011		*2010*	
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	**2,723,545**		*2,709,048*	
Capital pending allotment	1A	**9,151**		—	
Reserves and Surplus	2	**10,217,384**	**12,950,080**	*8,888,712*	*11,597,760*
Loan Funds	3				
Secured Loans		**4,053,197**		*4,960,341*	
Unsecured Loans		**3,776,222**	**7,829,419**	*1,753,006*	*6,713,347*
Deferred Tax Liability [Refer Schedule 19 Note 15]			**288,773**		*216,306*
			21,068,272		*18,527,413*
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		**17,595,070**		*10,966,546*	
Less: Accumulated Depreciation and Amortisation		**6,700,863**		*3,158,670*	
Net Block		**10,894,207**		*7,807,876*	
Capital Work in Progress		**1,459,641**	**12,353,848**	*575,331*	*8,383,207*
Investments	5		**450,230**		*1,530,699*
Interest in UBL Benefit Trust [Refer Schedule 19 Note 5(A)(iii)(b)]			**1,429,430**		—
Current Assets, Loans and Advances					
Inventories	6	**2,898,008**		*1,960,165*	
Sundry Debtors	7	**5,136,425**		*6,162,470*	
Cash and Bank Balances	8	**1,296,591**		*833,169*	
Other Current Assets	9	**663,168**		*354,491*	
Loans and Advances	10	**3,465,391**		*2,769,404*	
		13,459,583		*12,079,699*	
Less: Current Liabilities and Provisions					
Liabilities	11	**6,245,386**		*3,212,170*	
Provisions	12	**379,433**		*254,022*	
		6,624,819		*3,466,192*	
Net Current Assets			**6,834,764**		*8,613,507*
			21,068,272		*18,527,413*
Significant Accounting Policies	18				
Notes on accounts	19				

The Schedules referred to above and the notes thereon form an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership No. -23997

New Delhi, November 23, 2011

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Profit and Loss Account for the year ended March 31, 2011

Rs. in Thousands

	Schedule	2011		*2010*	
INCOME					
Sales and Service	13	**45,571,227**		*29,558,009*	
Less: Excise Duty		**15,439,160**		*9,583,515*	
		30,132,067		*19,974,494*	
Other Income	14	**827,841**	**30,959,908**	*776,834*	*20,751,328*
EXPENDITURE					
Cost of Sales	15	**17,958,663**		*12,172,307*	
Other Expenses	16	**8,652,678**		*5,630,035*	
Interest and Finance Charges	17	**781,294**		*555,006*	
Depreciation and Amortisation		**1,305,123**	**28,697,758**	*882,692*	*19,240,040*
Profit before taxation			**2,262,150**		*1,511,288*
Provision for Taxation [Refer Schedule 19 Note 15]					
- Current Tax		**(476,464)**		*(498,395)*	
- MAT Credit (entitlement)		**476,169**		—	
- Deferred Tax (Charge)/ Write back		**(788,990)**	**(789,285)**	*(43,184)*	*(541,579)*
Profit after taxation			**1,472,865**		*969,709*
Less:					
Proposed Dividends [Refer Schedule 19 Note 22]			**(269,970)**		*(187,428)*
Transfer to General Reserve			**(150,000)**		*(100,000)*
			1,052,895		*682,281*
Profit brought forward from previous year			**2,096,938**		*1,414,657*
Profit carried forward to Balance Sheet			**3,149,833**		*2,096,938*
Earnings per share (Basic/Diluted) [Refer Schedule 19 Note 13]			**5.26**		*3.68*
Significant Accounting Policies	18				
Notes on Accounts	19				

The Schedules referred to above and the notes thereon form an integral part of the financial statements.

This is the Profit and Loss Account referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership No. -23997

New Delhi, November 23, 2011

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Cash Flow Statement for the year ended March 31, 2011

Rs. in Thousands

		2011		2010	
A	**Cash Flow from Operating Activities**				
	Profit before taxation		**2,262,150**		*1,511,288*
	Adjustments for:				
	Interest Income	**(316,635)**		*(327,015)*	
	Depreciation and Amortisation	**1,305,123**		*882,692*	
	Interest Expenses (Net)	**781,294**		*555,006*	
	Dividend Income	**(4,186)**		*(3,861)*	
	Profit on sale of Investments	**—**		*(117,982)*	
	Provision for Doubtful Debts	**31,743**		*1,184*	
	Provision for Doubtful Advances	**1,688**		—	
	Bad debts written off	**929**		—	
	Bad advances written off	**—**		*10,836*	
	Provision for Doubtful Debts no longer required written back	**(935)**		*(117)*	
	(Profit)/Loss on Sale of Assets	**(180)**	**1,798,841**	*3,426*	*1,004,169*
	Operating Profits before Working Capital Changes		**4,060,991**		*2,515,457*
	Adjustment for Working Capital Changes:				
	(Increase) / Decrease in Sundry Debtors	**994,308**		*(1,463,903)*	
	(Increase) / Decrease in Inventories	**(937,843)**		*(329,789)*	
	Increase / (Decrease) in Current Liabilities and Provisions	**3,076,085**		*1,158,519*	
	(Increase) / Decrease in Other Current Assets, Loans and Advances	**(192,530)**	**2,940,020**	*(150,102)*	*(785,275)*
	Cash Generated from Operations		**7,001,011**		*1,730,182*
	Direct taxes (Income Tax and Fringe Benefit Tax) paid (including TDS)		**(516,838)**		*(399,670)*
	Net Cash Generated from Operating Activities		**6,484,173**		*1,330,512*
B	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets (including acquisition on amalgamation)		**(5,287,941)**		*(1,443,476)*
	Sale of Fixed Assets		**12,357**		*17,089*
	(Purchase) / Sale of Investments		**490,000**		*528,240*
	Interest Income		**7,958**		*113,293*
	Dividend Income		**4,186**		*3,861*
	Net Cash used in Investing Activities		**(4,773,440)**		*(780,993)*

Cash Flow Statement for the year ended March 31, 2011 **(contd.)**

Rs. in Thousands

			2011		*2010*
C	**Cash Flow from Financing Activities**				
	(Repayment)/Proceeds from unsecured term loans (net)		**2,023,216**		—
	(Repayment)/Proceeds from Bank Borrowings (net)		**(910,747)**		*552,053*
	On merger		**(1,478,526)**		—
	Advance to subsidiary companies/others		**83,865**		*(74)*
	Interest Paid		**(777,691)**		*(557,277)*
	Dividend paid (including distribution tax)		**(187,428)**		*(128,785)*
	Net cash Generated from Financing Activities		**(1,247,311)**		*(134,083)*
	Net Increase/(Decrease) in cash and cash equivalents		**463,422**		*415,436*
	Opening cash and cash equivalents				
	Cash on hand including Remittances in Transit	**2,838**		*1,760*	
	Bank Balances including cheques on hand	**830,331**	**833,169**	*415,973*	*417,733*
	Closing cash and cash equivalents				
	Cash on hand including Remittances in Transit	**3,385**		*2,838*	
	Bank Balances including cheques on hand	**1,293,206**	**1,296,591**	*830,331*	*833,169*

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2011 and the related Profit and Loss Account for the year ended on that date.
2. The above Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS) - 3 on Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006 and the reallocations required for the purpose are as made by the Company.
3. Cash and cash equivalents include Rs.23,855 *(2010: Rs.5,850)* which are not available for use by the Company [Refer Note in Schedule 8].

This is the Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership No. -23997

New Delhi, November 23, 2011

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Schedules to Balance Sheet

Rs. in Thousands

	2011	2010
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
3,620,000,000 *(2010: 300,000,000)* Equity shares of Re.1 each	**3,620,000**	*300,000*
49,140,000 *(2010: 25,000,000)* Preference Shares of Rs.100 each	**4,914,000**	*2,500,000*
	8,534,000	*2,800,000*
Issued, Subscribed and Paid-up		
254,544,938 *(2010: 240,048,255)* Equity shares of Re.1 each fully paid [Refer Schedule 19 Note 5]	**254,545**	*240,048*
3% 17,283,000 Cumulative Redeemable Preference Shares of Rs.100 each fully paid - Series A [The above shares are redeemable at par at the earliest on March 31, 2011 and are extendable upto March 31, 2015 based on mutual agreement between the Company and Scottish and Newcastle India Limited (the preference shareholder)]	**1,728,300**	*1,728,300*
The above has been redeemed at par on April 14, 2011		
3% 7,407,000 Cumulative Redeemable Preference Shares of Rs.100 each fully paid - Series B [The above shares are redeemable at par at the earliest on March 31, 2015]	**740,700**	*740,700*
	2,723,545	*2,709,048*
SCHEDULE 1A		
9,150,633 Equity shares of Re. 1 each pending allotment [Refer Schedule 19 Note 5]	**9,151**	—
SCHEDULE 2		
RESERVES AND SURPLUS		
Securities Premium Account	**6,521,774**	*6,521,774*
Capital Reserve arising out of amalgamation [Refer Schedule 19 Note 5]	**125,777**	—
General Reserve:		
As per Last Balance Sheet	**270,000**	*170,000*
Transfer from Profit and Loss Account	**150,000**	*100,000*
	7,067,551	*6,791,774*
Profit and Loss Account balance	**3,149,833**	*2,096,938*
	10,217,384	*8,888,712*
SCHEDULE 3		
SECURED LOANS [Refer Schedule 19 Note 2(a)]		
Foreign Currency Loans		
- Working Capital Loan from Banks	**—**	*576,170*
- External Commercial Borrowing from Banks	**465,600**	*936,587*
- Term Loan from Banks	**438,078**	—
Term Loans from Banks	**866,017**	*1,055,651*
Other Loans		
- Working Capital Loan / Cash Credit from Banks	**2,151,364**	*2,368,960*
Interest accrued and due	**26,576**	*22,973*
From Others	**105,562**	—
	4,053,197	*4,960,341*
UNSECURED LOANS [Refer Schedule 19 Note 2(b)]		
Short Term Loans From Banks	**3,303,814**	*1,750,000*
From Others*	**449,984**	*3,006*
Interest accrued and due	**22,424**	—
	3,776,222	*1,753,006*

* Includes Deferred Sales Tax Loan of Rs.446,978 *(2010: Nil)* from Government of Maharashtra

UNITED BREWERIES LIMITED

SCHEDULE 4

FIXED ASSETS [Refer Schedule 19 Note 3]

Rs. in Thousands

Net Block of Assets as at March 31, 2010	**Particulars**	Gross Block of Assets as at March 31, 2010	Cost			**Gross Block of Assets as at March 31, 2011**	Depreciation / Amortisation					**Net Block of Assets as at March 31, 2011**
			Addition on Amalgamation	Additions	Deletions / Adjustments		As at March 31, 2010	Addition on Amalgamation	on Deletions	**for the year**	**As at March 31, 2011**	
	Intangible											
124,601	Good will	623,924	30,354	—	—	**654,278**	499,323	24,283	—	**127,638**	**651,244**	**3,034**
280,037	Licences & Rights	400,037	237,607	—	—	**637,644**	120,000	188,301	—	**63,761**	**372,062**	**265,582**
—	Brands	—	63,132	—	—	**63,132**	—	52,151	—	**6,313**	**58,464**	**4,668**
	Tangible											
1,261,349	Land - Freehold	1,261,349	229,655	—	—	**1,491,004**	—	—	—	**—**	**—**	**1,491,004**
250,293	Land - Leasehold	270,221	77,876	—	—	**348,097**	19,928	2,965	—	**4,059**	**26,952**	**321,145**
1,741,901	Buildings	1,954,392	958,716	159,075	—	**3,072,183**	212,491	180,794	—	**79,116**	**472,401**	**2,599,782**
1,707	Leasehold Improvements	6,407	—	—	—	**6,407**	4,700	—	—	**1,707**	**6,407**	**—**
3,869,301	Plant and Machinery	5,832,837	4,347,295	388,374	36,610	**10,531,896**	1,963,536	1,775,571	26,181	**925,938**	**4,638,864**	**5,893,032**
51,758	Office Equipments	110,057	18,107	13,451	272	**141,343**	58,299	10,309	192	**12,398**	**80,814**	**60,529**
150,256	Furniture & Fittings	396,487	17,894	49,998	1,301	**463,078**	246,231	11,762	354	**67,370**	**325,009**	**138,069**
45,852	Laboratory Equipments	59,822	44,359	9,060	—	**113,241**	13,970	10,695	—	**10,868**	**35,533**	**77,708**
30,821	Vehicles	51,013	16,969	6,535	1,750	**72,767**	20,192	7,815	849	**5,955**	**33,113**	**39,654**
7,807,876		**10,966,546**	**6,041,964**	**626,493**	**39,933**	**17,595,070**	**3,158,670**	**2,264,646**	**27,576**	**1,305,123**	**6,700,863**	**10,894,207**
	2010	*9,272,547*	—	*1,733,453*	*39,454*	*10,966,546*	*2,294,917*	—	*18,939*	*882,692*	*3,158,670*	
575,331	Capital work in Progress [including capital advances Rs.738,524 *(2010: Rs.476,733)*											**1,459,641**
8,383,207												**12,353,848**

SCHEDULE 5

INVESTMENTS [Refer Schedule 19 Note 4]

Rs. in Thousands

Particulars	2011				2010		
	Class of Shares	Number of Shares / Units	Face Value	Cost	*Number of Shares / Units*	*Face Value*	*Cost*
CURRENT INVESTMENTS INVESTMENT IN MUTUAL FUNDS - QUOTED - NON TRADE							
HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Daily Dividend Current Market Value of the Investment - Rs.Nil *(2010: Rs.493,804)*		—	—	—	*48,846,135*	*10*	*490,000*
LONG TERM INVESTMENTS (UNQUOTED) IN GOVERNMENT AND TRUSTEE SECURITIES - FULLY PAID							
National savings certificate		—	**130**	**130**	—	*70*	*70*
Zorastrian Co-operative Bank Limited	Equity	**2,000**	**25**	**50**	*2,000*	*25*	*50*
IN SUBSIDIARY COMPANIES - FULLY PAID SHARES							
Associated Breweries & Distilleries Limited	Equity	—	—	—	*10,000*	*1,000*	*1,000*
Maltex Malsters Limited	Equity	**22,950**	**2,295**	**450,000**	*22,950*	*2,295*	*450,000*
NON-TRADE IN JOINT VENTURE							
Millennium Alcobev Private Limited	Equity	—	—	—	*6,140,000*	*61,400*	*256,277*
Millennium Alcobev Private Limited	Preference	—	—	—	*3,000,000*	*300,000*	*333,252*
IN ASSOCIATES:							
United East Bengal Football Team Pvt Limited	Equity	**4,999**	**50**	**50**	*4,999*	*50*	*50*
TOTAL				**450,230**			*1,530,699*

Details of Investments In Mutual Funds during the year

Rs. in Thousands

Name of Mutual Fund	*Balance As at April 1, 2010*		Purchased during the year		Sold during the year		Balance as at March 31, 2011	
	No. of Units in '000s	*Cost*	No. of Units in '000s	Cost	No. of Units in '000s	Cost	No. of Units in '000s	Cost
HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Daily Dividend	*48,846*	*490,000*	**179,435**	**1,800,000**	**228,281**	**2,290,000**	—	—
Total	—	*490,000*	—	**1,800,000**	—	**2,290,000**	—	—

Rs. in Thousands

	2011	*2010*
SCHEDULE 6		
INVENTORIES		
Raw Materials	**794,861**	*572,550*
Packing Materials, Stores and Spares [Net of provisions Rs.45,774 *(2010: Rs.5,914)*]	**815,436**	*471,125*
Work in Progress / Finished Goods (including Traded Goods & Closing stock of CBPL Rs.30,471*)	**1,171,984**	*856,550*
Goods in transit	**115,727**	*59,940*
	2,898,008	*1,960,165*

*Refer Schedule 19 Note 5

	2011	*2010*
SCHEDULE 7		
SUNDRY DEBTORS (Unsecured)		
Considered Good		
- Over Six Months	**90,341**	*69,920*
- Others	**5,046,084**	*6,092,550*
Considered Doubtful		
- Over Six Months	**174,484**	*56,738*
- Others	**—**	*—*
	5,310,909	*6,219,208*
Less: Provision for Doubtful Debts	**(174,484)**	*(56,738)*
	5,136,425	*6,162,470*

	2011	*2010*
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on hand (including remittances in transit Rs.1,825 (2010:Rs.Nil)	**3,385**	*2,838*
Balances with Scheduled Banks:		
- in Current Account (including cheques on hand Rs.486 (2010:Rs.Nil) [Refer Note 1 below]	**941,283**	*818,484*
- in Deposit Account [Refer Note 2 below]	**351,923**	*11,847*
	1,296,591	*833,169*

Notes:
1. Includes balance in Unclaimed Dividend Account Rs.2,176 (2010:Rs.1,470)
2. Includes Rs.23,855 (2010: Rs.5,850) kept as margin against Letters of Credit and Bank Guarantees

	2011	*2010*
SCHEDULE 9		
OTHER CURRENT ASSETS (Unsecured, considered good)		
Income accrued on Investments and deposits	**663,168**	*354,491*
	663,168	*354,491*

Schedules to Balance Sheet (contd.)

Rs. in Thousands

	2011	2010
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advance to a Company [Refer Schedule 19 Note 26]	**1,550,000**	*1,550,000*
Advances recoverable in cash or in kind or for value to be received		
- Considered Good*	**513,595**	*333,665*
- Considered Doubtful	**99,310**	*8,403*
	2,162,905	*1,892,068*
*[including: Rs.Nil *(2010: Rs.Nil)* due from Directors of the Company		
- maximum amount due during the year Rs.36 *(2010: Rs.36*)		
Less: Provision for Doubtful Advances	**(99,310)**	*(8,403)*
	2,063,595	*1,883,665*
Advances to Subsidiary [Refer note below]	**—**	*83,865*
Balances with Excise Authorities	**281,631**	*224,236*
Other Deposits	**504,790**	*551,273*
MAT credit entitlement	**476,169**	*—*
Taxation [Net of Provisions]	**139,206**	*26,365*
	3,465,391	*2,769,404*

Note: Represents advances to Associated Breweries and Distilleries Limited [Maximum amount outstanding during the year Rs.Nil *(2010: Rs.83,873)*]

	2011	2010
SCHEDULE 11		
LIABILITIES		
Acceptances*	**902,366**	*10,441*
Sundry Creditors		
- Due to Micro, Small and Medium Enterprises [Refer Schedule 19 Note 7]	**20,393**	*11,527*
- Others	**2,623,481**	*1,791,827*
Other Liabilities	**2,696,970**	*1,396,905*
Unclaimed Dividend	**2,176**	*1,470*
	6,245,386	*3,212,170*

*Bills drawn against inland letters of credits - Rs.902,366 *(2010: Rs.10,441)* and secured by a charge on debtors, inventory & other current assets

	2011	2010
SCHEDULE 12		
PROVISIONS		
Dividend Payable [including dividend distribution tax Rs.37,683 *(2010: Rs.26,941)*] [Refer Schedule 19 Note 22]	**269,970**	*187,428*
Gratuity	**23,871**	*7,265*
Leave Entitlements	**85,592**	*59,329*
	379,433	*254,022*

Schedules to Profit and Loss Account

Rs. in Thousands

	2011	2010
SCHEDULE 13		
SALES AND SERVICE		
Sales	**44,207,615**	*28,505,356*
Income from Brand Franchise and Technical fees	**1,363,612**	*1,052,653*
	45,571,227	*29,558,009*
SCHEDULE 14		
OTHER INCOME		
Guarantee Commission	**—**	*21,322*
Liabilities no longer required written back	**51,255**	*54,725*
Dividend Income	**4,186**	*3,861*
Interest (Gross) [Tax deducted at source Rs.241 *(2010: Rs.31,271)*]	**316,635**	*327,015*
Profit on sale of Investments	**—**	*117,982*
Provision for Doubtful Debts no longer required written back	**935**	*117*
Provision for Doubtful Advances no longer required written back	**—**	*13*
Profit on sale of fixed assets (net)	**180**	*—*
Miscellaneous	**454,650**	*251,799*
	827,841	*776,834*
SCHEDULE 15		
COST OF SALES		
Manufacturing Expenses		
Consumption of Raw Materials	**3,962,272**	*2,521,576*
Consumption of Packing Material, Stores and Spares	**9,522,512**	*5,115,279*
Purchases of Finished Goods	**615,825**	*2,006,411*
Power and Fuel	**941,324**	*491,102*
Personnel Expenses		
Salaries, Wages and Bonus	**1,244,823**	*847,403*
Contribution to Provident and Other funds	**92,801**	*60,601*
Staff Welfare	**103,539**	*81,240*

Schedules to Profit and Loss Account (contd.)

Rs. in Thousands

	2011	2010
Others		
Rent (including asset rentals) [Refer Schedule 19 Note 11]	**101,435**	*82,608*
Insurance	**23,748**	*14,207*
Repairs to Buildings*	**30,512**	*13,612*
Repairs to Machinery*	**242,025**	*126,671*
Repairs - Others	**19,919**	*8,781*
Travel and Conveyance	**126,499**	*94,278*
Communication Expenses	**31,131**	*23,925*
Rates and taxes	**367,189**	*403,365*
Legal and Professional fees	**43,806**	*35,017*
Miscellaneous	**464,304**	*292,457*
*Includes Materials consumed Rs.209,111 *(2010: Rs.81,025)*		
Change in Inventory		
Opening Stock	**856,550**	*677,309*
Stock on amalgamation	**272,231**	—
Closing Stock	**(1,141,514)**	*(856,550)*
Excise Duty on Opening Stock	**(499,488)**	*(366,473)*
Excise Duty on Stock on amalgamation	**(146,817)**	—
Excise Duty on Closing Stock	**684,037**	*499,488*
	17,958,663	*12,172,307*

SCHEDULE 16

OTHER EXPENSES

	2011	2010
Selling and Promotion Expenses	**8,582,341**	*5,592,406*
Directors' Sitting fees and Commission	**25,402**	*15,666*
Auditor's Remuneration [Refer Schedule 19 Note 14]	**10,575**	*6,517*
Bad Debts Written Off	**929**	—
Bad Advances Written Off	—	*10,836*
Provision for Doubtful Debts	**31,743**	*1,184*
Loss on sale of Assets (net)	—	*3,426*
Provision for Doubtful Advances	**1,688**	—
	8,652,678	*5,630,035*

SCHEDULE 17

INTEREST AND FINANCE CHARGES

	2011	2010
Interest on Loans for a fixed period	**494,314**	*458,673*
Interest - Others [Including exchange [gain) / loss on foreign currency loans Rs.21,268 *(2010: Rs.(74,159))*]	**260,586**	*84,716*
Other Finance Charges	**26,394**	*11,617*
	781,294	*555,006*

UNITED BREWERIES LIMITED

Rs. in Thousands

SCHEDULE 18

1. **Basis of Presentation of Financial Statements:**
The Financial Statements of the Company have been prepared under historical cost convention, to comply in all material aspects with the applicable accounting principles in India, the applicable accounting standards notified under Section 211(3C) of the Companies Act, 1956 and with the relevant provisions of the Companies Act, 1956.

2. **Use of Estimates:**
The preparation of the Financial Statements in conformity with Generally Accepted Accounting Principles in India that requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the Financial Statements, and the reported amounts of revenue and expenses during the reported period. Actual result could differ from those estimates.

3. **Revenue Recognition:**
Revenue from sale of goods is recognised in accordance with the terms of sale, on dispatch from the Breweries/warehouses of the Company and is net of trade discount & Value Added Tax (VAT) where applicable but includes Excise Duty. Income from brand franchise is recognised at contracted rates on sale/production of the branded products by the franchisees. Dividend Income is recognised when the Company's right to receive the payment is established. Royalty from foreign entities (net of tax), technical advisory and management fees are recognised as per the terms of agreement. Interest income is recognised on accrual basis.

4. **Borrowing Costs:**
Borrowing costs incurred for the acquisition of qualifying assets are recognised as part of cost of such assets when it is considered probable that they will result in future economic benefits to the Company while other borrowing costs are expensed in the period in which they are incurred.

5. **Fixed Assets:**
Fixed assets are stated at their original cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses relating to acquisition and installation of such assets.
The cost of fixed assets acquired on amalgamation under purchase method have been determined at fair values as on the respective dates of amalgamation and as per the related Schemes of Arrangement and include taxes / duties thereof.

6. **Investments:**
Long term investments are carried at cost less provision made to recognise any decline, other than temporary in the values of such investments. Current investments are carried at cost or fair value, whichever is lower.

7. **Inventories:**
Inventories are valued at lower of cost and net realisable value. Costs include freight, taxes, duties and appropriate production overheads and are generally ascertained on the First in First Out (FIFO) basis. Excise/Customs duty on stocks in bond is added to the cost. Due allowance is made for obsolete and slow moving items.

8. **Foreign Currency Transactions:**
a) Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of such transactions.
All monetary items of foreign currency liabilities/ assets are restated at the rates ruling at the year end and all exchange gains/ losses arising from such restatement and receipts/payments during the year are adjusted to the Profit and Loss Account.
Exchange difference on forward contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts is recognised as income or expense for the year.
b) With retrospective effect from April 1, 2007 exchange differences on long term foreign currency monetary items (except for exchange differences on items forming part of the company's net investment in a non-integral foreign operation) are
i) adjusted to the cost of the asset in so far as they relate to the acquisition of a depreciable asset;
ii) accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and in other cases amortised over the period of the related long term foreign currency monetary item but not beyond March 31, 2011.

9. **Depreciation and Amortisation:**
Depreciation on fixed assets is provided on Straight Line Method based on the rates prescribed under Schedule XIV to the Companies Act, 1956 except as indicated below:

Rs. in Thousands

a) Plant and Machinery are depreciated at the rate of 10.34%. Further, depreciation is provided at higher rates in respect of certain specific items of plant and machinery having lower useful life based on technical evaluation carried out by the management.

b) Assets acquired on amalgamation (where original dates of acquisition are not readily available), are depreciated over the remaining useful life of the assets as certified by an expert.

c) Cost of Goodwill arising on amalgamation is amortised over a period of 5 years.

d) Other intangible assets are amortised on straight line basis over a period of 10 years.

e) Cost of Leasehold Land is amortised over the period of lease.

f) Assets purchased/sold during the year are depreciated from the month of purchase / until the month of sale of asset on a proportionate basis.

g) Assets individually costing less than Rs.5 are depreciated fully in the year of purchase.

10. Employee Retirement benefits:

i) Defined-contribution plans:
Contributions to the Employees' Provident Fund, Superannuation Fund, Employees' State Insurance and Employees' Pension Scheme are as per statute and are recognised as expenses during the period in which the employees perform the services.

ii) Defined-benefit plans:
Liability towards gratuity is determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains and Losses are recognised immediately in the Profit and Loss Account.

iii) Other long term employee benefits:
Liability towards leave encashment and compensated absences is recognised at the present value based on actuarial valuation at each balance sheet date.

iv) Short term employee benefits:
Undiscounted amount of liability towards earned leave, compensated absences, performance incentives etc. is recognised during the period when the employee renders the services.

11. Taxation:

Current tax is determined as per the provisions of the Income Tax Act, 1961

(i) Provision for current tax is made, based on the tax payable under the Income Tax Act 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with the provisions of section 115JB of the Income Tax Act,1961) over normal income-tax is recognized as an asset by crediting the Profit and Loss account only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.

(ii) Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised unless there is virtual / reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

12. Earnings per share:

Annualised earnings/(Loss) per equity share (basic and diluted) is arrived at based on ratio of profit/ (loss) attributable to equity shareholders to the weighted average number of equity shares.

13. Impairment of Assets:

At each Balance Sheet date, the Company assesses whether there is any indication that assets may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the accounts to the extent the carrying amount exceeds the recoverable amount.

14. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. When the company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, only when such reimbursement is virtually certain.

A disclosure for contingent liability is made where there is a possible obligation or present obligation that may probably not require an outflow of resources.

Rs. in Thousands

SCHEDULE 19

Notes on Accounts

1. During the quarter ended June 30, 2008 the Company had raised Rs.4,248,854 through an issue of shares on rights basis (Rights Issue). The proceeds of the Rights Issue were utilised in the following manner:

a) Rs.1,028,633 *(2010: Rs.2,026,980)* for repayment of cash credit/overdraft accounts and for additional working capital requirements.

b) Rs.2,963,421 *(2010: Rs.1,731,874)* for Capital Expenditure.

c) Rs.256,800 has been used for working capital requirements under the fund utilization category "General Corporate Purpose".

d) Pending utilisation the balance proceeds of Rs.Nil *(2010: Rs.490,000)* have been invested in mutual funds.

e) The entire amount pending as on March 31, 2011 has been fully utilized on subsequent capital requirements.

2. Loan Funds:

	Particulars	2011	*2010*
(a)	**Secured Loans:** (i) Foreign Currency Loans [including interest accrued and due Rs.13,227 *(2010: Rs.17,920)*] Amount repayable within one year - Rs.883,038 *(2010: Rs.886,570)* Foreign Currency Loan consists of Loan from HDFC Bank, Axis Bank and External Commercial Borrowing (ECB) from BNP Paribas. ECB from BNP Paribas is secured by first charge on all moveable and immovable properties of the Company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries,UB Nizam and Srikakulam plants. HDFC Bank Loan is secured by Pari-passu charge on all moveable and immovable properties of the Company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam and Srikakulam plants. Axis Bank Loan is secured by first charge on fixed assets and current assets of the Srikakulam Plant.	**916,905**	*1,530,677*
	(ii) Term Loan from Banks [including interest accrued and due Rs.3,303 *(2010: Rs.Nil)*] Term Loan consists of loans from Citi Bank, Yes Bank, BNP Paribas and Standard Chartered Bank. Term loan from Citi Bank is secured by First Charge over all moveable and immovable assets of the Company other than at Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam and Srikakulam plants. Term Loan of Yes Bank and BNP Paribas is secured by charge on all movable and immovable fixed assets of Empee Breweries. Standard Chartered Bank loan is secured by first mortgage and charge on all immovable and movable properties (excluding current assets) of Chennai Breweries. Amount repayable within one year – Rs.531,634 *(2010: Rs.164,384)*	**869,320**	*493,151*
	(iii) Term Loan from Banks Secured by Pari-passu charge on all moveable and immovable properties of the Company except Taloja plant. Term loan from HDFC Bank has been converted into a foreign currency term loan Amount repayable within one year – Rs.Nil *(2010: Rs.250,000)*	—	*562,500*

Rs. in Thousands

	(iv) From Banks [including interest accrued and due Rs.5,276 *(2010: Rs.5,053)*] Amount repayable within one year – Rs.2,156,640 *(2010: Rs.2,374,013)* Secured by hypothecation of stock in trade, stores, raw materials, book debts and a second charge on all the immovable properties of the Company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam and Srikakulam plants.	**2,156,640**	*2,374,013*
	(v) From Others [including interest accrued and due Rs.4,770 *(2010: Rs.Nil)*] Amount repayable within one year – Rs.110,332 *(2010: Rs.Nil)* Secured by hypothecation of stock in trade, stores, raw materials, book debts and a second charge on the Dharuhera and Aurangabad plants.	**110,332**	—
(b)	**Unsecured Loans:** (i) Loans from Banks [including interest accrued and due Rs.22,424 *(2010: Rs.Nil)*] Amount repayable within one year – Rs.1,576,238 *(2010: Rs.Nil)* *Rs.1,750,000 is covered by personal guarantee of a Director of the Company.	**3,326,238***	*1,750,000**
	(ii) From Others Amount repayable within one year – Rs.Nil *(2010: Rs.Nil)*	**449,984**	*3,006*

3. **Fixed Assets:**

Buildings amounting to Rs.53,416 *(2010: Rs.53,030)* and Plant and Machinery amounting to Rs.531,148 *(2010: Rs.502,517)* are in premises not owned by the Company.

4. **Investments:**

Investment in Maltex Malsters Limited is strategic in nature and the diminution in book value is considered temporary. The Company has obtained independent valuation which is in excess of the carrying costs of the investment, and hence, no provision for diminution in the value is considered necessary.

5. **Note on Amalgamation**

A. The scheme of amalgamation under sections 391 to 394 of the Companies Act, 1956 between Associated Breweries and Distilleries limited (ABDL), Millennium Alcobev Private Limited (MAPL), Empee Breweries Limited (EBL) and the Company (the Scheme) and their respective shareholders and creditors with April 01, 2010 as the appointed date has been approved by the Honorable High Courts of Karnataka and Madras respectively vide their orders dated January 21, 2011 and February 1, 2011 respectively. Upon necessary filing with the Registrar of Companies on March 10, 2011, the scheme has become effective and the effect thereof has been given in these accounts. Consequently,

i) In respect of the merger of ABDL with the Company -

a) In terms of the Scheme, the entire business and the whole of the undertaking of ABDL, as a going concern stands transferred to and vested in the Company with effect from April 01, 2010, being the Merger Appointed Date.

b) As ABDL was a wholly owned subsidiary of the Company, no consideration was payable pursuant to amalgamation of ABDL with the Company.

c) Accounting for Amalgamation:
The amalgamation of ABDL with the Company is accounted for on the basis of the Purchase Method as envisaged in the Accounting Standard (AS) - 14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

- All asset and liabilities of the ABDL were recorded at their respective Fair Values.
- Rs.44,986 being the difference between the value of net assets of the ABDL transferred to the Company (determined as stated above) and the carrying value of the Company's investment in MAPL (cancelled as above) has been adjusted to Capital/General Reserve of the Company. This accounting treatment of the reserve has been prescribed in the Scheme and approved by the High Court(s). Had the scheme not prescribed this treatment, this amount would have been debited to Goodwill, which would have been set-off against the Capital Reserve / General Reserve arising on the merger of other companies.

  ABDL was an Investment Company, which was 100% subsidiary of the Company.

Rs. in Thousands

ii) In respect of the merger of MAPL with the Company -

a) In terms of the Scheme, the entire business and the whole of the undertaking of MAPL , as a going concern stands transferred to and vested in the Company with effect from April 01, 2010, being the Merger Appointed Date.

b) In consideration of the amalgamation of MAPL with the Company, the Company has issued 8,489,270 equity shares of Rs.1/- each aggregating to Rs.8,489 in the ratio of 6 fully paid up Equity shares of the face value of Rs.1/- each of the Company for every 31 fully paid up equity shares of Rs.10/- each held in MAPL. The Company's investment in MAPL aggregating to Rs.589,529 comprising of 61,40,000 equity shares (with voting rights) and 65,99,312 equity shares (without voting rights) of Rs.10/- each stood cancelled.

c) Accounting for Amalgamation :

The amalgamation of MAPL with the Company is accounted for on the basis of the Purchase Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below.

All asset and liabilities of the MAPL were recorded at their respective Fair Values.

Rs.4,037,324 being the difference between the value of net assets of the MAPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment in MAPL (cancelled as above) has been adjusted to Capital/General Reserve of the Company. This accounting treatment of the reserve has been prescribed in the Scheme and approved by the High Court(s). Had the scheme not prescribed this treatment, this amount would have been credited to Capital Reserve.

MAPL was a Joint Venture between the Company and Scottish & Newcastle India Private Limited, which had 3 subsidiaries engaged in the brewing business. One subsidiary of MAPL, i.e. Empee Breweries Ltd. was also merged into UBL simultaneously with MAPL. Subsequent to the merger of MAPL into UBL, the other two subsidiaries of MAPL, namely Millennium Beer Industries Limited (MBIL) and United Millennium Breweries Limited (UMBL) became the subsidiaries of the Company and all of them have been since amalgamated with the Company.

iii) In respect of the merger of Empee Breweries Limited with the Company -

a) In terms of the Scheme, the entire business and the whole of the undertaking of EBL, as a going concern stands transferred to and vested in the Company with effect from April 01, 2010, being the Merger Appointed Date.

b) On the amalgamation of EBL with the Company, 50% of the holding stood cancelled and for the balance 50% of the holding, the Company issued 6,007,413 equity shares of Rs.1/- each aggregating to Rs.6,007 in the ratio of 33 fully paid up Equity shares of the face value of Rs.1/- each of the Company for every 16 fully paid up equity shares of Rs.10/- of EBL to UBL Benefit Trust. UBL Benefit Trust has subsequent to the Balance Sheet date sold these shares and remitted the proceeds to the Company.

c) Accounting for Amalgamation :

The amalgamation of EBL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

– All asset and liabilities of the EBL were recorded at their respective book values under the respective accounting heads of the Company.

– Rs.1,364,532 being the difference between the value of net assets of the EBL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.

– The Shares issued to UBL Benefit Trust appears as a separate line item in the Balance Sheet of the Company as Interest in UBL Benefit Trust.

The inter company balances and transactions stood cancelled.

EBL was engaged in the brewing business.

B. The scheme of amalgamation under sections 391 to 394 of the Companies Act, 1956 between UB Nizam Breweries Private Limited (UBNPL) and the Company (the Scheme) and their respective shareholders and creditors, with April 01, 2010 as the appointed date has been approved by the Honorable High Court of Karnataka vide its order dated August 26, 2011. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 8, 2011 and the effect thereof has been given in these accounts. Consequently,

In respect of the merger of UB Nizam Breweries Private Limited (UBNPL) with the Company -

Rs. in Thousands

a) In terms of the Scheme, the entire business and the whole of the undertaking of UBNPL, as a going concern stands transferred to and vested in the Company with effect from April 1, 2010, being the Merger Appointed Date.

b) In consideration of the amalgamation of UBNPL with the Company, the Company had issued 145,902 equity shares of Rs.1/- each aggregating to Rs.146 in the ratio of 1 fully paid up Equity shares of the face value of Rs.1/- each of the Company for every 454 fully paid up equity shares of Rs.10/- each held in UBNPL and in the ratio of 1 fully paid up Equity Shares of the face value of Rs.1/-each of the Company for every 454 fully paid preference shares of Rs.10/- each in UBNPL.

c) Accounting for Amalgamation:

The amalgamation of UBNPL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

- All asset and liabilities of UBNPL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.48,822 being the difference between the value of net assets of UBNPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances and the transactions stood cancelled.

UBNPL was engaged in the brewing business.

C. The scheme of amalgamation under sections 391 to 394 of the Companies Act, 1956 between Chennai Breweries Private Limited (CBPL) and the Company (the Scheme) and their respective shareholders and creditors with March 31, 2011 as the appointed date has been approved by the Honorable High Court of Karnataka and Honorable High Court of Madras, vide its order dated August 26, 2011 and October 11, 2011 respectively. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 12, 2011 and the effect thereof has been given in these accounts. Consequently, in respect of the merger of Chennai Breweries Private Limited (CBPL) with the Company -

a) In terms of the Scheme, the entire business and the whole of the undertaking of CBPL, as a going concern stands transferred to and vested in the Company with effect from the closing hours of March 31, 2011, being the Merger Appointed Date.

b) In consideration of the amalgamation of CBPL with the Company, the Company would issue 8,500,000 equity shares of Rs.1/- each aggregating to Rs.8,500 in the ratio of 17 fully paid up Equity shares of the face value of Rs.1/- each of the Company for every 30 fully paid up equity shares of Rs.10/- each held in CBPL which is pending allotment.

c) Accounting for Amalgamation:

The amalgamation of CBPL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

- All asset and liabilities of CBPL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.164,489 being the difference between the value of net assets of CBPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances stood cancelled.

CBPL was engaged in the brewing business.

D. The scheme of amalgamation between Millennium Beer Industries Limited (MBIL) and the Company (the Scheme) and their respective shareholders and creditors with April 01, 2010 as the appointed date has been approved by the Honorable BIFR Court, Delhi vide its order dated November 11, 2011. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 16, 2011 and the effect thereof has been given in these accounts. Consequently, in respect of the merger of Millennium Beer Industries Limited (MBIL) with the Company

Rs. in Thousands

a) In terms of the Scheme approved by the BIFR Court, the entire business and the whole of the undertaking of MBIL, as a going concern stands transferred to and vested in the Company with effect from April 01, 2010, being the Merger Appointed Date.

b) On the amalgamation of MBIL with the Company, the Company's holding stands cancelled and for the rest the Company is to issue 504,731 equity shares of Rs.1/- each aggregating to Rs.505 in the ratio of 1 fully paid up Equity shares of the face value of Rs.1/- each of the Company for every 12 fully paid up equity shares of Rs.1/- of MBIL which is pending for allotment.

c) Accounting for Amalgamation:

The amalgamation of MBIL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

- All asset and liabilities of MBIL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.3,051,445 being the difference between the value of net assets of MBIL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances and transactions stood cancelled.

MBIL was engaged in the brewing business.

E. The scheme of amalgamation between United Millennium Breweries Limited (UMBL) and the Company (the Scheme) and their respective shareholder and creditors with April 1, 2010 as the appointed date has been approved by the Honorable BIFR Court, Delhi vide its order dated November 21, 2011. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 21, 2011 and the effect there of have been given in these accounts. Consequently, in respect of the merger of United Millennium Breweries Limited (UMBL) with the Company

a) In terms of the Scheme approved by the BIFR Court, the entire business and the whole of the undertaking of UMBL, as a going concern stands transferred to and vested in the Company with effect from April 01, 2010 being the Merger Appointed Date.

b) As UMBL was a wholly owned subsidiary of the Company, no consideration was payable pursuant to amalgamation of UMBL with the Company.

c) Accounting for Amalgamation:

The amalgamation of UMBL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

- All asset and liabilities of UMBL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.466,835 being the difference between the value of net assets of UMBL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances and transactions stood cancelled.

UMBL was engaged in the brewing business.

Pursuant to all the schemes referred to in A to E above, the bank accounts, agreements, licences and certain immovable properties of the transferor companies are in the process of being transferred in the name of the Company.

Pursuant to the schemes referred to in A to E above, the Authorized Share Capital of the Company stands increased and reclassified, without any further act or deed on the part of the company, including payment of stamp duty and Registrar of Companies fees, by Rs.5,734,000 comprising of 3,320,000,000 Equity Shares of Rs.1 each & 24,140,000 Preference Shares of Rs.100 each, being the authorized share capital of the transferor company, and Memorandum of Association and Articles of Association of the Company stand amended accordingly without any further act or deed on the part of the company.

Notes on Accounts for the year ended March 31, 2011 (contd.)

Rs. in Thousands

The Summary of additions/(deletions) to/(from) Capital Reserve/General Reserve arising out each of the amalgamating entities is given below:

Particulars	General Reserve	Capital Reserve
Expenses relating to mergers	—	(35,785)
Arising on amalgamating ABDL	—	(44,986)
Arising on amalgamating MAPL	—	4,037,324
Arising on amalgamating EBL	12,651	(1,377,183)
Arising on amalgamating UBN	(613,432)	662,254
Arising on amalgamating CBPL	22,989	141,500
Arising on amalgamating MBIL	(2,139,651)	(911,794)
Arising on amalgamating UMBL	(277,835)	(189,000)
DTA arising on amalgamation	838,725	—
Total	**(2,156,553)**	**2,282,330**
Resultant Capital Reserve on amalgamation		**125,777**

6. **Investor Education and Protection Fund:**

   There are no overdue balances unremitted to the fund under section 205C of the Companies Act, 1956.

7. **Disclosure of dues/ payments to micro and small enterprises to the extent such enterprises are identified by the company.**

Sl. No.	Particulars	2011	*2010*
(i)	The principal amount remaining unpaid as at year end.	**16,139**	*9,505*
(ii)	Interest due thereon remaining unpaid on year end.	**143**	*42*
(iii)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	**—**	—
(iv)	Delayed payment of principal beyond the appointed date during the year	**—**	—
(v)	Interest actually paid under section 16 of MSME Act, 2006	**—**	—
(vi)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	**—**	—
(vii)	The amount of interest accrued and remaining unpaid on year end in respect of principal amount settled during the year.	**1,031**	*464*
(viii)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	**4,254**	*2,022*

The information given above and in Schedule 11 has been determined to the extent such parties have been identified by the Company, on the basis of information disclosed by the creditors, which has been relied upon by the auditors.

8. **Segmental Reporting:**

   The company is engaged in manufacture, purchase and sale of beer including licensing of brands which constitutes a single business segment. The Company operates only in India. Accordingly, primary and secondary reporting disclosures for business and geographical segment as envisaged in AS-17 are not applicable to the company.

Notes on Accounts for the year ended March 31, 2011 (contd.)

Rs. in Thousands

9. Capital Commitments:

Particulars	2011	2010
Estimated amount of Contracts remaining to be executed (net of capital advances) on capital account and not provided for	**737,736**	*257,321*

10. Contingent Liabilities:

	Particulars	2011	2010
a)	Sales Tax/other taxes demands under appeal *	**130,369**	*14,672*
b)	Employees State Insurance Demand *	**2,275**	*265*
c)	Demand towards Water charges under appeal *	**182,462**	—
d)	Excise Duty/Customs Duty demands under appeal *	**41,311**	*36,709*
e)	Income Tax demands under appeal*	**403,813**	*188,844*
f)	Service Tax demands under appeal*	**244,646**	*229,114*
g)	Claims against the Company not acknowledged as debt *	**41,320**	*30,568*
h)	Letter of Credit outstanding	**1,079,418**	*78,926*
i)	Guarantees given by the company: - on behalf of Subsidiaries of Joint Venture to third parties Millennium Beer Industries Limited United Millennium Breweries Limited Empee Breweries Limited - to third parties	 — — — **26,624**	 *800,000* *600,000* *730,000* *19,060*
j)	Letter of undertaking to distributors towards countervailing duty for imports from Nepal	**38,500**	*38,500*

*In the opinion of the management, the above demands / claims are not sustainable in law and accordingly no provision has been made in the accounts

11. Operating Lease:

The Company has entered into leasing arrangements for vehicles, computers, equipments, office premises and residential premises that are renewable on a periodic basis, and cancellable/ non-cancellable in nature. Such leases are generally for a period of 11 to 60 months with options of renewal against increased rent and premature termination of agreement through notice period of 2 to 3 months, except in the case of certain leases where there is a lock-in period of 11 to 26 months.

Particulars	2011	2010
Lease payments during the year including minimum lease payments Rs.Nil *(2010: Rs.4,999)* on non-cancellable leases.	**101,435**	*82,608*
At the balance sheet date, future minimum lease rentals under non-cancellable operating leases are as under:		
Not later than one year	**19,640**	*17,518*
One to five years	**26,938**	*15,374*
Total	**46,578**	*32,892*

Rs. in Thousands

12. Related party disclosures:

A Name of the related parties:

1) Subsidiary:

Associated Breweries & Distilleries Limited (ABDL)*
Maltex Malsters Limited (MML)

2) Associate:

United East Bengal Football Team Private Limited (UEBFTPL)

3) Joint Venture:

Millennium Alcobev Private Limited (MAPL)*

4) Subsidiaries of the Joint Venture:

(a) Empee Breweries Limited (EBL)*

(b) United Millennium Breweries Limited (UMBL)*

(c) Millennium Beer Industries Limited (MBIL)*

* These companies have since amalgamated with the Company with merger appointed date of April 1, 2010.

5) Entity which has significant influence:

Scottish & Newcastle India Limited (SNIL)

United Breweries (Holdings) Limited (UBHL)

6) Others:

(a) Scottish & Newcastle Limited (S&N)

(b) Heineken UK Limited, Holding Company of SNIL and Subsidiary of Scottish & Newcastle Limited

(c) Scottish & Newcastle UK Limited (SNUK), Subsidiary of Scottish & Newcastle Limited

(d) Scottish & Newcastle India Private Limited (SNIPL), Subsidiary of Heineken UK Limited

(e) Heineken International B.V.

(f) Heineken Romania S.A.

(g) Heineken Brouwerijen B.V.

(h) Heineken Supply Chain B.V.

(i) Force India F1 Team Ltd

7) Key Management Personnel (KMP):

Mr. Kalyan Ganguly

Mr. Guido de Boer

8) Relative of Key Management Personnel:

Mrs.Suparna Bakshi Ganguly (Wife of Mr. Kalyan Ganguly)

B. (i) Transactions with related parties during the year:

Rs. in Thousands

Particulars	MBIL		MAPL		UMBL		EMPEE		UEBFTPL		KMP		MML		UBHL		FORCE INDIA	
	2011	*2010*	**2011**	*2010*	**2011**	*2010*	**2011**	*2010*	**2011**	*2010*	**2011**	*2010*	**2011**	*2010*	**2011**	*2010*	**2011**	*2010*
Purchase of goods	—	2,131,421	—	—	—	*7,489*	—	*31,004*	—	—	—	—	—	—	—	—	—	—
Sale of goods [including sales taxes / VAT]	—	186,164	—	—	—	*94,181*	—	*82,898*	—	—	—	—	—	—	*96,126*	*39,063*	—	—
Receipts/(Payments) against rendering Services	—	45,363	—	—	—	*32,975*	—	*1,690*	—	—	—	—	—	—	—	—	—	—
Brand Fees paid	—	25,398	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Technical, Advisory and Management Fee	—	—	—	—	—	*40,000*	—	*160,000*	—	—	—	—	—	—	—	—	—	—
Sponsorship and other payments	—	—	—	—	—	—	—	—	50,255	*52,042*	—	—	—	—	*564*	*1,485*	*97,278*	*117,545*
Guarantee Commission received	—	8,022	—	—	—	*6,000*	—	*7,300*	—	—	—	—	—	—	—	—	—	—
Purchase of Assets	—	135	—	—	—	*15,249*	—	—	—	—	—	—	—	—	—	—	—	—
Sale of Assets/Spares	—	71	—	—	—	*12,239*	—	—	—	—	—	—	—	—	—	—	—	—
Lease Rentals	—	3,223	—	—	—	—	—	—	—	—	—	—	6,561	*5,682*	*6,389*	*5,304*	—	—
Royalty on logo	—	—	—	—	—	—	—	—	—	—	—	—	—	—	*66,180*	*66,180*	—	—
Interest Paid	—	—	—	—	—	—	—	—	—	—	—	—	1,815	*1,720*	—	—	—	—
Recovery of employees Salaries(on deputation)	—	18,259	—	—	—	*5,536*	—	*9,175*	—	—	—	—	—	—	—	—	—	—
Payments (For Supplies including loan in cash or kind)	—	2,320,534	—	*19,130*	—	*116,033*	—	*(233,701)*	50,264	*52,034*	—	—	5,712	*8,841*	*(25,518)*	*67,612*	*117,128*	*117,545*
Remuneration to Directors*	—	—	—	—	—	—	—	—	—	—	58,126	*41,035*	—	—	—	—	—	—
Guarantees and Collaterals	*Refer Schedule 19 Note 10(i)*																	
Amount Due From/(To)	—	*1,163,240*	—	*65,469*	—	*731,685*	—	*102,358*	(18)	*(26)*	—	—	(13,362)	*(10,697)*	*26,280*	*28,806*	*91,401*	*71,551*

*Kalyan Ganguly: Rs.41,472 *(2010: Rs.34,266)* [Including payment to relative of KMP and a firm in which such relative is a partner - Rs.Nil *(2010: Rs.Nil)*]
Guido de Boer : Rs.16,653 *(2010: Rs.6,769)*
Figures in bracket indicate amounts received

Rs. in Thousands

(ii) Transactions with Subsidiaries:

Balance due from ABDL – NA *(2010: Rs.83,865)*

C. Transactions with Heineken Group

(1) Transaction with S & N

Management Fees Rs.Nil *(2010: Rs.45,000)*

(2) Transactions with SNUK

Purchase of Raw Material Rs.Nil *(2010: Rs.123)*

(3) Transactions with SNIL

Balance of Preference Share Capital Rs.2,469,000 *(2010: Rs.2,469,000)*

Dividend on above Rs.74,070 *(2010: Rs.74,070)*

Interim Dividend on Equity Shares Rs.Nil *(2010: Rs.Nil)*

Final Dividend on Equity Shares Rs.Nil *(2010: Rs.13,499)*

(4) Transaction with Heineken UK Ltd.

Purchase of Raw Material Rs.673 *(2010: Rs.Nil)*

Reimbursements Rs.56 *(2010: Rs.Nil)*

(5) Transaction with Heineken Romania S.A.

Mould Development Charges Rs.48 *(2010: Rs.Nil)*

(6) Transaction with Heineken Brouwerijen B.V.

Technical services Fees Rs.60,000 *(2010: Rs.Nil)*

(7) Transaction with Heineken International B.V.

Reimbursements Rs.5,568 *(2010: Rs.Nil)*

(8) Transaction with Heineken Supply Chain B.V.

Consultants fee Rs.1,683 *(2010: Rs.Nil)*

13. Earnings per Share:

	Particulars	2011	*2010*
a)	Profit after taxation as per profit and loss account	**1,472,865**	*969,709*
b)	Less: Preference Dividend (including dividend distribution tax thereon)	**86,086**	*86,658*
c)	Net Profit attributable to equity shareholders	**1,386,779**	*883,051*
d)	Weighted average number of equity shares outstanding (Face value of Re.1 per share)*	**263,695,571**	*240,048,255*
e)	Earnings per share (Basic/Diluted)	**5.26**	*3.68*

* Includes 91,50,633 Equity shares of Re. 1 each pending allotment refer note 5.

14. Remuneration to Auditors: (Excludes Service tax)

Particulars	2011	*2010*
Fees	**7,100**	*3,900*
Tax Audit	**1,045**	*560*
Out of Pocket Expenses	**35**	*167*
Other Services	**2,995***	*1,890*
Total	**11,175**	*6,517*

* Includes Rs.600 pertaining to services rendered in connection with amalgamation and adjusted to capital reserve.

Rs. in Thousands

15. Accounting for Taxes on Income:

Deferred Tax - The net deferred tax liability amounting to Rs.288,773 *(2010: Rs.216,306)* has been arrived as follows:

Particulars	2011	*2010*
Deferred Tax Liability arising from:		
Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return	**458,137**	*263,947*
Less: Deferred tax asset arising from:		
Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act, 1961	**39,093**	*25,500*
Provision for Doubtful Debts	**88,820**	*22,141*
Net deferred tax liability before merger	**330,224**	*216,306*
Deferred Tax asset on Merger [Refer Note 5]	**(838,725)**	—
Deferred Tax asset utilised from Carry forward loss and depreciation of merged entities	**797,274**	—
Net deferred tax liability	**288,773**	*216,306*
Movement during the year	**(72,467)**	*(43,184)*
Movement from last year of Deffered Tax Liability	**(113,917)**	—
Deffered Tax Liability of the merged entities	**122,201**	—
Utilization of deferred Tax assets of the merged entities	**(797,274)**	—
Net Deferred tax charged off / (written back) in the profit and loss account	**(788,990)**	*(43,184)*

The tax impact for the above purpose has been arrived by applying a tax rate of 32.45% *(2010: 33.22%)* being the subsequently enacted tax rate for Indian Companies under the Income Tax Act, 1961.

16. Remuneration/Commission to Directors:

a) Remuneration to Executive Directors

Particulars	2011	*2010*
Salary and Allowances	**48,632**	*32,480*
Contribution to Provident and Other Funds	**5,956**	*4,235*
Perquisites	**3,538**	*4,320*
Total	**58,126**	*41,035*

Provision for contribution to employee retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis are excluded from the above disclosure.

b) Commission to Non Executive Directors - Rs.23,782 *(2010: Rs.14,511)*

c) Computation of net profits in accordance with Section 198 of the Companies Act, 1956:

Particulars	2011		*2010*	
Net Profit after taxation		**1,472,865**		*969,709*
Add: Depreciation and Amortisation (as per accounts)	**1,305,123**		*882,692*	
Executive Directors' Remuneration	**58,126**		*41,035*	
Directors' Fees	**1,620**		*1,155*	
Commission to Non Executive Directors	**23,782**		*14,511*	
Provision/(Write back) for doubtful debts and advances (net)	**32,496**		*1,067*	
Book deficit/ (surplus) on fixed assets sold, scrapped, etc. (net)	**(180)**		*3,426*	
Taxation for the year	**789,285**	**2,210,252**	*541,579*	*1,485,465*
		3,683,117		*2,455,174*
Less: Depreciation as per Section 350		**1,305,123**		*882,692*

Notes on Accounts for the year ended March 31, 2011 (contd.)

Rs. in Thousands

Particulars	2011		2010	
Deficit / (Surplus) on disposal of fixed assets (net) as per Section 349		**(180)**		*3,426*
Profit on sale of Investment		**—**		*117,982*
Net Profit for Section 198 of the Companies Act, 1956		**2,378,174**		*1,451,074*
Remuneration Limit to Executive Directors - 10% (*2010:10%*) of Net Profit as computed above.		**237,817**		*145,107*
Commission to Non Executive Directors- 1% of Net Profit as computed above.		**23,782**		*14,511*
Remuneration Paid:				
Executive Directors		**58,126**		*41,035*
Non Executive Directors		**23,782**		*14,511*

17. A. Quantitative Particulars

Particulars	2011		*2010*	
	Beer in Hectolitres	**Value in Rs.**	*Beer in Hectolitres*	*Value in Rs.*
Licensed Capacity*	**13,787,500**		*8,585,000*	
Installed Capacity per annum*	**12,115,500**		*7,030,000*	
Actual Production for the year	**7,787,868**		*4,340,391*	
Sales – during the year	**7,811,961**	**42,639,472**	*4,324,612*	*24,201,951*
Malt Sales in Tonnes during the year	**11,279**	**206,653**	*25,632*	*437,518*
Opening Stock – Finished Goods	**80,071**	**175,600**	*64,292*	*141,002*
Opening Stock – Finished Goods on Merger	**29,692**	**71,184**	—	—
Closing Stock – Finished Goods	**85,670**	**192,543**	*80,071*	*175,600*

*Note: Licensing of products of the Company under the Industries (Development and Regulation) Act, 1951 is discontinued and consequently the reported capacities are as per permissions obtained from the respective regulatory authorities on a yearly basis. As regards installed capacity, the same has been certified by the Management and relied upon by the Auditors, being a technical matter.

UNITED BREWERIES LIMITED

B. Particulars of Goods Traded by the Company

Particulars	2011		*2010*	
	Quantity in Hectolitres	**Value in Rs.**	*Quantity in Hectolitres*	*Value in Rs.*
Opening Stock	**5,843**	**19,949**	*1,248*	*3,707*
Purchases during the year	**174,969**	**615,825**	*481,607*	*2,006,411*
Sales during the year	**179,910**	**1,361,490**	*477,012*	*3,865,887*
Closing Stock	**902**	**4,573**	*5,843*	*19,949*

C. Consumption of Raw Materials

Particulars	2011		*2010*	
	Quantity in Tonnes	**Value in Rs.**	*Quantity in Tonnes*	*Value in Rs.*
Malt	**97,388**	**2,137,851**	*53,880*	*1,205,383*
Brewing Materials	**66,454**	**1,511,682**	*36,274*	*1,145,253*
Other Materials *		**312,739**		*170,940*
Total		**3,962,272**		*2,521,576*

* In view of the large number of items, individually comprising less than 10% of the total consumption, quantitative details are not given.

Rs. in Thousands

18. Value of Imports during the year calculated on CIF basis:

Particulars	2011	2010
Raw Materials	**272,748**	*366,030*
Components and Spares	**5,293**	*20,834*
Capital Goods	**53,293**	*31,294*

19. Consumption:

Particulars	2011		2010	
	Value	Percentage to total Consumption	Value	Percentage to total Consumption
Value of Imported Raw Materials Consumed	**227,011**	**6**	*153,898*	*6*
Value of indigenous Raw Materials Consumed	**3,735,261**	**94**	*2,367,678*	*94*
Value of Imported Packing materials and stores and Spares Consumed	**170,540**	**2**	*360,763*	*7*
Value of indigenous Packing materials and stores and Spares Consumed	**9,561,083**	**98**	*4,835,541*	*93*

20. Expenditure in Foreign Currency:

Particulars	2011	2010
Foreign Travel expenses of employees and others (net of recoveries)	**10,180**	*11,717*
Technical Services Fees	**60,000**	*45,000*
Selling and Promotion Expenses	**117,998**	*117,617*
Interest and Finance charges	**58,791**	*54,028*
Others	**2,567**	*4,214*

21. Earnings in Foreign Exchange:

Particulars	2011	2010
Services – Royalty	**19,947**	*9,422*

22. Details of Dividend:

Particulars	2011	2010
Dividend payable on Preference Share Capital @ 3%	**74,070**	*74,070*
Dividend Distribution tax payable on above	**12,016**	*12,588*
Final Dividend payable on Equity Shares @ 60% *(2010:36%)*	**158,217**	*86,417*
Dividend Distribution tax payable on above	**25,667**	*14,353*
Total	**269,970**	*187,428*

23. Details of Dividend Paid in Foreign Currency:

Particulars	2011	2010
Number of non-resident shareholders	**3**	*1*
Number of equity shares held on which dividend was due	**110,945,914**	*89,994,960*
Amount remitted	**39,940**	*13,499*
Number of preference share held on which dividend was due	**24,690,000**	*24,690,000*
Amount remitted	**74,070**	*74,070*

Notes on Accounts for the year ended March 31, 2011 (contd.)

Rs. in Thousands

24. (i) Disclosures envisaged in AS 15 in respect of gratuity are given below:

	Particulars	2011	2010	2009	2008
A)	Reconciliation of opening and closing balances of the present value of the defined benefit obligation:				
	Obligations at period beginning	161,429	153,948	142,593	116,056
	Obligation at period beginning from Merger	9,742			
	Service Cost	22,576	8,369	13,052	43,502
	Interest cost	12,559	11,818	9,601	9,284
	Benefits settled	(23,414)	(12,456)	(10,881)	(25,964)
	Actuarial (gain)/loss	4,857	(250)	(417)	(285)
	Obligations at period end	**187,749**	**161,429**	**153,948**	**142,593**
B)	Change in plan assets				
	Plan assets at period beginning, at fair value	154,165	133,055	136,455	116,056
	Plan assets at period beginning from Merger	5,510	—	—	—
	Expected return on plan assets	12,495	10,155	10,657	9,284
	Actuarial gain/(loss)	(1,325)	(1,698)	(7,569)	10,799
	Contributions	15,870	25,109	4,393	26,280
	Benefits settled	(22,837)	(12,456)	(10,881)	(25,964)
	Plan assets at period end, at fair value	**163,878**	**154,165**	**133,055**	**136,455**
C)	Reconciliation of present value of the obligation and the fair value of the plan assets				
	Fair value of plan assets at the end of the year	163,878	154,165	133,055	136,455
	Present value of the defined benefit obligations at the end of the period	187,749	161,429	153,948	142,593
	Liability recognised in the balance sheet	**(23,871)**	**(7,265)**	**(20,893)**	**(6,138)**
D)	**Details of Gratuity cost**				
	Service cost	22,576	8,369	13,052	43,502
	Interest cost	12,559	11,818	9,601	9,284
	Expected return on plan assets	(12,495)	(10,155)	(10,657)	(9,284)
	Prior Period Adjustment	—	—	—	(23,739)
	Actuarial (gain)/loss	5,605	1,447	6,243	6,243
	Net gratuity cost	**28,245**	**11,479**	**18,239**	**26,006**
E)	**Description of the basis used to determine the overall expected rate of return on assets including major categories of plan assets**				
	The expected return is calculated on the average fund balance based on the mix of investments and the expected yield on them.				
	Actual return on plan assets (Value)	15,083	12,371	7,001	23,997
	Actual return on plan assets	11,170	8,457	3,087	20,083
F)	**Assumptions**				
	Interest rate	8.00%	8.00%	7.00%	8.00%
	Discount factor	8.00%	8.00%	7.00%	8.00%
	Estimated rate of return on plan assets	8.00%	8.00%	8.00%	8.00%
	Salary Increase	5.00%	5.00%	5.00%	5.00%
	Attrition rate	1.00%	1.00%	1.00%	1.00%
	Retirement age	58	58	58	58

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the Employment market.

UNITED BREWERIES LIMITED

Rs. in Thousands

ii) Contribution to Provident and Other Funds under Manufacturing and Other Expenses (Schedule 15) includes Rs.92,801 *(2010: Rs.49,122)* being expenses debited under the following defined contribution plans:

Particulars	2011	2010	2009	2008
Provident Fund	**45,762**	*36,034*	*28,225*	*28,815*
Superannuation Fund	**18,794**	*13,088*	*10,949*	*9,352*

25. Disclosure Under Accounting Standard 21 and 27

a. The disclosure required with respect to the holdings in subsidiaries are given below:

Name	Country of Incorporation	Percentage of ownership interest at March 31, 2011	*Percentage of ownership interest at March 31, 2010*
Associated Breweries & Distilleries Limited (ABDL)	India	—	100
Maltex Malsters Limited (MML)	India	51	51

The reporting date of the subsidiaries and the accounting polices of the subsidiaries are same as those of the holding company.

b. The disclosure required with respect to the holdings in associates are given below:

Name	Country of Incorporation	Percentage of ownership interest at March 31, 2011	*Percentage of ownership interest at March 31, 2010*
United East Bengal Football Team Private Limited (UEBFTPL)	India	50	50

c. The Company's interests, as a venturer, in jointly controlled entity (Incorporated Joint Venture) are:

Name	Country of Incorporation	Percentage of ownership interest at March 31, 2011	*Percentage of ownership interest at March 31, 2010*
Millennium Alcobev Private Limited	India	NA#	50*

* of the 50% of ownership interest, 10% represents control exercised through the subsidiary Associated Breweries & Distilleries Limited (ABDL)

Refer Note 5 of Schedule 19

The aggregate amounts of each of the assets, liabilities, income and expenses related to the Company's interests in the jointly controlled entity is as follows:

Particulars	2011	2010
Assets		
Fixed Assets	NA#	*887,322*
Current Assets, Loans and Advances		
Inventories	NA#	*243,453*
Sundry Debtors	NA#	*532,311*
Cash and Bank Balances	NA#	*93,187*
Loans and Advances	NA#	*78,258*
Liabilities		
Secured Loans	NA#	*1,018,398*
Unsecured Loans	NA#	*223,489*
Current Liabilities and Provisions		
Liabilities	NA#	*1,601,224*
Provisions	NA#	*2,717*
Income		
Sales less excise duty	NA#	*2,780,518*
Other Income	NA#	*54,729*

Notes on Accounts for the year ended March 31, 2011 (contd.)

Rs. in Thousands

Particulars	2011	*2010*
Expenditure		
Cost of Sales	NA#	*1,882,475*
Other Expenses	NA#	*731,623*
Interest and Finance Charges	NA#	*111,888*
Depreciation and Amortisation	NA#	*154,057*
Other Matters		
Capital Commitments		
- Estimated amount of Contracts remaining to be executed on capital account and not provided for	NA#	*8,896*
Contingent Liabilities		
- Sales Tax/other taxes demands under appeal	NA#	*3,774*
- ESIC / PF demands under appeal	NA#	*845*
- Bank Guarantee given to Commissioner of Excise for Export of Beer	NA#	*10,155*
- Demand towards Water charges under appeal	NA#	—
- Interest for delayed payment of Interest Free Loans	NA#	*1,169*
- Dividend on 1% Non Convertible Cumulative Redeemable Preference Shares	NA#	*27,750*
- Income Tax*	NA#	*5,055*
Claims against the Company not acknowledged as debt	NA#	*5,877*

* Net of Deposit under appeal - Rs.NA *(2010: Rs.3,789)*

Refer Note 5 of [Schedule 19]

26. The Company had entered into an agreement with the promoters of Balaji Distilleries Limited (BDL) with a view to secure the perpetual usage of its brewery and grant of first right of refusal in case of sale or disposal of its brewery unit in any manner by BDL, towards which the Company had made a refundable facility advance of Rs.1,550,000 to Star Investments Private Ltd. (Star), one of the Promoter Companies of BDL, acting for itself and on behalf of the other Promoters.

Subsequently, BDL filed a scheme of arrangement for amalgamation of its distillery into United Spirits Limited (USL) and de-merger of its brewery into Chennai Breweries Private Limited (CBPL) and the said scheme was approved by Appellate Authority for Industrial & Financial Reconstruction in November 2010. The Brewery assets proposed to be acquired by the Company from the Promoters of BDL, eventually vested in CBPL which was a 100% subsidiary of USL. In the changed scenario as consideration for merger of CBPL into the Company. USL would be alloted 85,00,000 Equity Shares of UBL and facility advance given to the promoters of BDL remained outstanding and recoverable [Refer Note 5].

Therefore, the Company has entered into a new agreement extending the repayment of principal and interest outstanding till March 2012, and obtained a pledge of securities from associate companies of Star to secure the outstanding amounts. The aggregate amount due is Rs.2,207,617 as on March 31, 2011.

27. All amounts disclosed in Notes to Account and other Schedules are in Rs.000 except for:

i. Number of Shares / units in Notes on Schedule 1, Schedule 5, Note 5, Note 13, Note 23 and in Note 26.

ii. Basic and Diluted EPS in the Profit and Loss Account and in Note 13.

iii. Quantitative data in Note 17.

28. The previous year's figures have been regrouped to conform to current year's classification. Further in view of the amalgamations described in Note 5 above, the figures for the current year are not comparable with those of previous year.

For **Price Waterhouse**
Firm Registration Number: 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership No. -23997

New Delhi, November 23, 2011

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Notes on Accounts for the year ended March 31, 2011 (contd.)

STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956 AS AT MARCH 31, 2011

Rs.in Thousands

Sl. No.	Name of the Subsidiary	a) No. of Equity Shares at the end of the financial year of the Subsidiary		b) Extent of Holdings		Net aggregate Profit/(Loss) of the subsidiary so far as it concerns the Members of the Company			
						Not dealt with in the Accounts of the Company		Dealt with in the Accounts of the Company	
						(i)	(ii)	(i)	(ii)
		United Breweries Limited	Other Subsidiary Companies	United Breweries Limited	Other Subsidiary Companies	For Subsidiary's Financial Year ended 31.3.2011	For previous Financial Years of Subsidiary since it became a Subsidiary	For the Subsidiary's Financial Year ended 31.3.2011	For previous Financial Years of the Subsidiary since it became a Subsidiary
1	Maltex Malsters Limited	22,950	—	51%	—	2.007	1,967	—	—

DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT

Name of the listed Company: United Breweries Limited Rs. in Thousands

Name of the Company	Amount outstanding as at March 31, 2010	Value of investments as at March 31, 2010	Terms
Subsidiaries:			
Maltex Malsters Limited	(13,362)	450,000	—
Associates:			
United East Bengal Football Team Pvt. Ltd.	—	50	—

Balance Sheet Abstract

COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	:	25195
State Code	:	08
Balance Sheet Date	:	31.03.2011

II. Capital Raised during the year

Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

Total Liabilities	**21,068,272**	**Total Assets**	**21,068,272**
Sources of Funds		**Application of Funds**	
Paid up Capital	2,732,696	Net Fixed Assets	12,353,848
Reserves & Surplus	10,217,384	Investments	1,879,660
Secured Loans	4,053,197	Net Current Assets	6,834,764
Unsecured Loans	3,776,222	Deferred Tax Assets	NIL
Deferred Credit	NIL	Miscellaneous Expenditure	NIL
Deferred Tax Liability	288,773		

IV. Performance of Company (Rs. in Thousands)

Turnover	30,959,908	Total Expenditure (Includes non-recurring items)	28,697,758
Profit Before Tax	2,262,150	Profit After Tax	1,472,865
Earnings per Share (Rs.)	5.26	Dividend Rate	60%

V. Generic Names of three Principal Products/Services of the Company

Item Code – ITC Code	22030000
Product Description	Beer made from Malt

Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF UNITED BREWERIES LIMITED

1. We have audited the attached consolidated balance sheet of United Breweries Limited (the "Company") and its subsidiary hereinafter referred to as the "Group" (refer Note 1 on Schedule 19 to the attached consolidated financial statements) as at March 31, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated 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 the 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. We did not audit the financial statements of (i) one subsidiary; (ii) the erstwhile Chennai Breweries Private Limited and UB Nizam Breweries Private Limited which have since amalgamated with the Company as noted in Note 6 to Schedule 19 (the "Transferor Companies") included in the consolidated financial statements, which together constitute total assets of Rs. 2,860,546 thousands and net assets of Rs.1,154,592 thousands as at March 31, 2011, total revenue of Rs.491,093 thousands, net loss of Rs.179,552 thousands and net cash flows amounting to Rs.4,220 thousands for the year then ended; These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. Without qualifying our opinion, we draw your attention to the following matters, for which no specific accounting treatment has been prescribed in the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956:

   a) Note 6 (A)(iii)(b) on Schedule 19 regarding the disclosure of the equity shares in the Company issued by the Company to UBL Benefit Trust; of which the Company is the sole beneficiary, as "Interest in UBL Benefit Trust" in the Balance Sheet as at March 31, 2011, and upon sale of those shares subsequent to the Balance Sheet date the disclosure of the resultant gains as adjustment to General Reserves (during the quarter ended September 30, 2011); and

   b) Note 6 on Schedule 19 regarding the set off of debit balance in general reserve with the credit balance in capital reserve aggregating to Rs.2,156,553 thousands arising due to various amalgamations with the Company.

5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under sub-section 3C of Section 211of the Companies Act, 1956.

6. Based on our audit and on consideration of reports of other auditor(s) on separate financial statements and on the other financial information of the component(s) of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;

   b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date: and

   c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Price Waterhouse**
Firm Registration Number – 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership Number – 23997

Place: Bangalore
Date: November 25, 2011

Consolidated Balance Sheet as at March 31, 2011

Rs. in Thousands

	Schedule	2011		*2010*	
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	**2,723,545**		*3,176,048*	
Capital pending allotment	1A	**9,151**		—	
Reserves and Surplus	2	**10,220,857**	**12,953,553**	*9,051,511*	*12,227,559*
Loan Funds	3				
Secured Loans		**4,053,197**		*5,984,310*	
Unsecured Loans		**3,776,872**	**7,830,069**	*1,977,195*	*7,961,505*
Minority Interest [Refer Schedule 19 Note 4]			**11,517**		*11,517*
Deferred Tax Liability (Net) [Refer Schedule 19 Note 12]			**288,569**		*236,114*
			21,083,708		*20,436,695*
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		**17,620,143**		*12,704,251*	
Less: Accumulated Depreciation and Amortization		**6,712,251**		*4,021,892*	
Net Block		**10,907,892**		*8,682,359*	
Capital Work in Progress		**1,459,641**	**12,367,533**	*604,369*	*9,286,728*
Goodwill [Refer Schedule 19 Note 4]			**438,012**		*1,866,525*
Investments	5		**230**		*490,175*
Interest in UBL Benefit Trust [Refer Schedule 19 Note 6(A)(iii)(b)]			**1,429,430**		—
Foreign Currency Monetary Item Translation Difference Account			—		*10,864*
Current Assets, Loans and Advances					
Inventories	6	**2,898,008**		*2,203,618*	
Sundry Debtors	7	**5,136,425**		*6,694,798*	
Cash and Bank Balances	8	**1,296,713**		*926,587*	
Other Current Assets	9	**663,168**		*355,220*	
Loans and Advances	10	**3,471,351**		*2,772,435*	
		13,465,665		*12,952,658*	
Less: Current Liabilities and Provisions					
Liabilities	11	**6,237,435**		*4,808,257*	
Provisions	12	**379,727**		*256,739*	
		6,617,162		*5,064,996*	
Net Current Assets			**6,848,503**		*7,887,662*
Profit and Loss Account			—		*894,741*
			21,083,708		*20,436,695*
Significant Accounting Policies	18				
Notes on accounts	19				

The Schedules referred to above and the notes thereon form an integral part of the consolidated financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, November 25, 2011

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Consolidated Profit and Loss Account for the year ended March 31, 2011

Rs. in Thousands

	Schedule	2011		*2010*	
INCOME					
Sales and Service	13	**45,571,227**		*33,481,945*	
Less: Excise Duty		**15,439,160**		*10,726,933*	
		30,132,067		*22,755,012*	
Other Income	14	**827,841**	**30,959,908**	*831,600*	*23,586,612*
EXPENDITURE					
Cost of Sales	15	**17,953,985**		*14,050,794*	
Other Expenses	16	**8,652,757**		*6,361,719*	
Interest and Finance Charges	17	**779,293**		*665,207*	
Depreciation and Amortisation		**1,308,057**	**28,694,092**	*1,040,414*	*22,118,134*
Profit before Taxation			**2,265,816**		*1,468,478*
Provision for Taxation [Refer Schedule 19 Note 12]					
- Current Tax		**(477,823)**		*(511,951)*	
- MAT Credit (entitlement)		**476,169**		*—*	
- Deferred Tax (Charge)/Write back		**(789,289)**	**(790,943)**	*(60,151)*	*(572,102)*
Profit after Taxation			**1,474,873**		*896,376*
Less: Appropriations					
- Proposed Dividends [Refer Schedule 19 Note 15]			**(270,264)**		*(187,428)*
- Transfer to General Reserve			**(150,000)**		*(100,000)*
			1,054,609		*608,948*
Profit brought forward from previous year			**1,202,393**		*593,445*
Profit carried forward to Balance Sheet			**2,257,002**		*1,202,393*
Earnings per share (Basic/Diluted) [Refer Schedule 19 Note 14]			**5.27**		*3.37*
Significant Accounting Policies	18				
Notes on Accounts	19				

The Schedules referred to above and the notes thereon form an integral part of the consolidated financial statements.
This is the Consolidated Profit and Loss Account referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, November 25, 2011

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Consolidated Cash Flow Statement for the year ended March 31, 2011

Rs. in Thousands

		2011		2010	
A	**Cash Flow from Operating Activities**				
	Profit before taxation		**2,265,816**		*1,468,478*
	Adjustments for:				
	Interest Income	**(316,635)**		*(328,516)*	
	Depreciation and Amortisation	**1,308,057**		*1,040,414*	
	Interest Expenses (Net)	**779,293**		*665,207*	
	Dividend Income	**(4,186)**		*(3,868)*	
	Profit on Sale of Investments	**—**		*(117,982)*	
	Provision for Doubtful Debts	**31,743**		*3,005*	
	Provision for Doubtful Advances	**1,688**		*399*	
	Bad Debts Written Off	**929**		*—*	
	Bad Advances Written Off	**—**		*10,947*	
	Liability no longer required written back	**(51,255)**		*(62,173)*	
	Provision for Doubtful Debts no longer required written back	**(935)**		*(172)*	
	Provision for Doubtful Advances no longer required written back	**—**		*(23)*	
	Investment written off	**—**		*4*	
	Inventory written off including provisions	**—**		*1,289*	
	(Profit)/Loss on Sale of Assets	**(180)**	**1,748,519**	*3,354*	*1,211,885*
	Operating profits before Working Capital changes		**4,014,335**		*2,680,363*
	Adjustment for Working Capital Changes:				
	(Increase) / Decrease in Sundry Debtors	**1,526,636**		*(1,691,650)*	
	(Increase) / Decrease in Inventories	**(694,390)**		*(416,428)*	
	Increase / (Decrease) in Current Liabilities and Provisions	**1,520,585**		*1,654,768*	
	(Increase) / Decrease in Other Current Assets, Loans and Advances	**(133,715)**	**2,219,116**	*(77,848)*	*(531,158)*
	Cash Generated from Operations		**6,233,451**		*2,149,205*
	Direct taxes (Income Tax and Fringe Benefit Tax) paid (including TDS)		**(516,088)**		*(416,157)*
	Net Cash Generated from Operating Activities		**5,717,363**		*1,733,048*
B	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets (including acquisition on amalgamation)		**(4,401,039)**		*(1,530,753)*
	Sale of Fixed Assets		**12,357**		*17,404*
	(Purchase) / Sale of Investments		**489,945**		*528,240*
	Interest Income		**8,687**		*114,897*
	Dividend Income		**4,186**		*3,868*
	Net Cash used in Investing Activities		**(3,885,864)**		*(866,344)*

Consolidated Cash Flow Statement for the year ended March 31, 2011 (contd.)

Rs. in Thousands

		2011		2010
C Cash Flow from Financing Activities				
(Repayment)/Proceeds from unsecured term loans (net)		**1,799,677**		—
(Repayment)/Proceeds from Bank Borrowings (net)		**(1,933,072)**		*346,221*
On Merger		**(374,080)**		—
Interest Paid		**(766,470)**		*(668,810)*
Dividend Paid (including Distribution Tax)		**(187,428)**		*(128,785)*
Net Cash Generated from Financing Activities		**(1,461,373)**		*(451,374)*
Net Increase / (Decrease) in Cash and Cash Equivalents		**370,126**		*415,330*
Opening Cash and Cash Equivalents				
Cash on hand including Remittances in Transit	**3,230**		*4,620*	
Bank Balances including cheques on hand	**923,357**	**926,587**	*506,637*	*511,257*
Closing Cash and Cash Equivalents				
Cash on hand including Remittances in Transit	**3,402**		*3,230*	
Bank Balances including cheques on hand	**1,293,311**	**1,296,713**	*923,357*	*926,587*

Notes:

1. The above Consolidated Cash Flow Statement has been compiled from and is based on the Consolidated Balance Sheet as at March 31, 2011 and the related Consolidated Profit and Loss Account for the year ended on that date.
2. The above Consolidated Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS) - 3 on Cash Flow Statements as notified under Companies (Accounting Standards) Rules, 2006 and the reallocations required for the purpose are as made by the Company.
3. Cash and cash equivalents include Rs.23,855 *(2010: Rs.10,350)* which are not available for use by the Company. [Refer Note in Schedule 8]

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, November 25, 2011

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Schedules to Consolidated Balance Sheet

Rs. in Thousands

	2011	2010
SCHEDULE 1		
Share Capital		
Authorised		
3,620,000,000 *(2010: 300,000,000)* Equity shares of Re.1 each	**3,620,000**	*300,000*
49,140,000 *(2010: 25,000,000)* Preference Shares of Rs.100 each	**4,914,000**	*2,500,000*
	8,534,000	*2,800,000*
Issued, Subscribed and Paid-up		
254,544,938 *(2010: 240,048,255)* Equity shares of Re.1 each fully paid [Refer Schedule 19 Note 6]	**254,545**	*240,048*
3% 17,283,000 Cumulative Redeemable Preference Shares of Rs.100 each fully paid - Series A	**1,728,300**	*1,728,300*
[The above shares are redeemable at par at the earliest on March 31, 2011 and are extendable upto March 31, 2015 based on mutual agreement between the Company and Scottish and Newcastle India Limited (the preference shareholder)]		
The above has been redeemed at par on April 14, 2011		
3% 7,407,000 Cumulative Redeemable Preference Shares of Rs.100 each fullypaid - Series B [The above shares are redeemable at par at the earliest on March 31, 2015]	**740,700**	*740,700*
Convertible Redemable Preference Shares	**—**	*467,000*
	2,723,545	*3,176,048*
SCHEDULE 1A		
91,50,633 Equity shares of Re. 1 each pending allotment [Refer Schedule 19 Note 6]	**9,151**	—
SCHEDULE 2		
Reserves And Surplus		
Securities Premium Account	**6,521,774**	*6,683,173*
Capital Reserve arising out of amalgamation [Refer Schedule 19 Note 6]	**125,777**	*1,204*
General Reserve:		
As per Last Balance Sheet	**270,000**	*170,000*
Add: Adjustment of Joint Venture losses transferred on amalgamation	**894,741**	—
Add: Adjustment of Subsidiary losses transferred on amalgamation	**1,563**	—
Transfer from Profit and Loss Account	**150,000**	*100,000*
	7,963,855	*6,954,377*
Profit and Loss Account balance	**2,097,134**	*1,413,031*
Less: Joint Venture losses transferred to Reserves on amalgamation	**(894,741)**	—
Add: Profit for the year	**1,054,609**	*684,103*
	2,257,002	*2,097,134*
	10,220,857	*9,051,511*
SCHEDULE 3		
Secured Loans [Refer Schedule 19 Note 5(a)]		
Foreign Currency Loans		
- Working Capital Loan from Banks	**—**	*576,170*
- External Commercial Borrowing from Banks	**465,600**	*936,587*
- Term Loans from Banks	**438,078**	*148,116*
Term Loans from Banks	**866,017**	*1,201,597*
Other Loans		
- Working Capital Loan / Cash Credit from Banks	**2,151,364**	*2,368,960*
Interest accrued and due	**26,576**	*24,617*
From Others	**105,562**	*728,263*
	4,053,197	*5,984,310*
Unsecured Loans [Refer Schedule 19 Note 5(b)]		
Short Term Loans From Banks	**3,303,814**	*1,753,706*
From Others*	**450,634**	*223,489*
Interest accrued and due	**22,424**	—
	3,776,872	*1,977,195*

* Includes Deferred Sales Tax Loan of Rs.446,978 *(2010: Rs.223,489)* from Government of Maharashtra

UNITED BREWERIES LIMITED

SCHEDULE 4 Consolidated Fixed Assets (Refer Schedule 19 Note 7)

Rs.in Thousands

Net Block of Assets as at March 31, 2010	**Particulars**	Gross Block of Assets as at March 31, 2010	Cost			**Gross Block of Assets as at March 31, 2011**	Depreciation / Amortisation					**Net Block of Assets as at March 31, 2011**
			Addition on Amalgamation	Additions	Deletions / Adjustments		As At March 31, 2010	Addition on Amalgamation	on Deletions	**for the year**	**As At March 31, 2011**	
	Intangible											
124,601	Good will	623,924	30,354	—	—	**654,278**	499,323	24,283	—	**127,639**	**651,245**	**3,033**
280,037	Licences & Rights	400,037	237,607	—	—	**637,644**	120,000	188,301	—	**63,761**	**372,062**	**265,582**
—	Brands	—	63,132	—	—	**63,132**	—	52,151	—	**6,313**	**58,464**	**4,668**
	Tangible											
1,261,458	Land - Freehold	1,261,458	229,655	—	—	**1,491,113**	—	—	—	**—**	**—**	**1,491,113**
250,293	Land - Leasehold	270,221	77,876	—	—	**348,097**	19,928	2,965	—	**4,059**	**26,952**	**321,145**
1,747,166	Buildings	1,960,686	958,716	159,075	—	**3,078,477**	213,520	180,794	—	**79,561**	**473,875**	**2,604,602**
1,707	Leasehold Improvements	6,407	—	—	—	**6,407**	4,700	—	—	**1,707**	**6,407**	**—**
3,879,892	Plant and Machinery	5,850,688	4,347,295	388,794	36,610	**10,550,167**	1,970,796	1,775,571	26,181	**928,383**	**4,648,569**	**5,901,598**
51,788	Office Equipments	110,098	18,107	13,451	272	**141,384**	58,310	10,309	192	**12,403**	**80,830**	**60,554**
150,269	Furniture & Fittings	396,504	17,894	49,998	1,301	**463,095**	246,235	11,762	354	**67,371**	**325,014**	**138,081**
45,851	Laboratory Equipments	59,821	44,359	9,060	—	**113,240**	13,970	10,695	—	**10,868**	**35,533**	**77,707**
31,013	Vehicles	51,355	16,969	6,535	1,750	**73,109**	20,342	7,815	849	**5,992**	**33,300**	**39,809**
7,824,075		**10,991,199**	**6,041,964**	**626,913**	**39,933**	**17,620,143**	**3,167,124**	**2,264,646**	**27,576**	**1,308,057**	**6,712,251**	**10,907,892**
858,284	Share of Joint Venture	1,713,052	—	—	1,713,052	**—**	854,768	—	854,768	**—**	**—**	
8,682,359		**12,704,251**	**6,041,964**	**626,913**	**1,752,985**	**17,620,143**	**4,021,892**	**2,264,646**	**882,344**	**1,308,057**	**6,712,251**	
	2010	*10,848,524*	—	*1,898,536*	*42,809*	*12,704,251*	*3,003,529*	—	*22,051*	*1,040,414*	*4,021,892*	
575,331	Capital work in Progress [including capital advances Rs.738,524 *(2010: Rs.476,733)*]											**1,459,641**
29,038	Share of Joint Venture [including capital advance Rs.Nil *(2010: Rs.1,252)*]											**—**
9,286,728												**12,367,533**

SCHEDULE 5
Investments

Rs. in Thousands

Particulars	Class of Shares	2011			*2010*		
		Number of Share/Units	**Face Value**	**Cost**	*Number of Shares / Units*	*Face Value*	*Cost*
Current Investments							
Investment in Mutual Funds - Quoted, Non Trade							
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend Current Market Value of the Investment - Rs.Nil *(2010: Rs.493,804)*		—	—	—	*48,846,135*	*10*	*490,000*
Long Term Investments (unquoted, long term) In Government and Trustee Securities - Fully Paid							
National Savings Certificate		—	**130**	**130**	—	*70*	*70*
Non Trade							
In Associates:							
United East Bengal Football Team Private Limited	Equity	**4,999**	**50**	**50**	*4,999*	*50*	*50*
In Others:							
Zorastrian Co-operative Bank Limited	Equity	**2,000**	**25**	**50**	*2,000*	*25*	*50*
Share in Joint Venture Investments						*5*	*5*
TOTAL				**230**			*490,175*

Details of Investments In Mutual Funds during the year

Name of Mutual Fund	*Balance as at April 1, 2010*		**Purchased during the year**		**Sold during the year**		**Balance as at March 31, 2011**	
	No. of Units in '000s	*Cost*	**No. of Units in '000s**	**Cost**	**No. of Units in '000s**	**Cost**	**No. of Units in '000s**	**Cost**
HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Daily Dividend	*48,846*	*490,000*	**179,435**	**1,800,000**	**228,281**	**2,290,000**	—	—
Total		*490,000*		**1,800,000**		**2,290,000**		—

Schedules to Consolidated Balance Sheet (contd.)

Rs. in Thousands

	2011	*2010*
SCHEDULE 6		
Inventories		
Raw Materials	**794,861**	*596,151*
Packing Materials, Stores and Spares [Net of provisions Rs.45,774 *(2010: Rs.7,656)*]	**815,436**	*554,950*
Work in Progress / Finished Goods (incl. Traded Goods & Closing stock of CBPL* Rs.30,471) *(2010: Rs.Nil)*	**1,171,984**	*977,213*
Goods in Transit	**115,727**	*75,304*
* Refer Schedule 19 Note 6	**2,898,008**	*2,203,618*
SCHEDULE 7		
Sundry Debtors (Unsecured)		
Considered Good		
- Over Six Months	**90,341**	*93,335*
- Others	**5,046,084**	*6,601,463*
Considered Doubtful		
- Over Six Months	**174,484**	*91,777*
- Others	**—**	*—*
	5,310,909	*6,786,575*
Less: Provision for Doubtful Debts	**(174,484)**	*(91,777)*
	5,136,425	*6,694,798*
SCHEDULE 8		
Cash And Bank Balances		
Cash on hand (including remittances in transit Rs.1,825 *(2010: Rs.Nil)*	**3,402**	*3,230*
Balances with Scheduled Banks:		
- in Current Account (including cheques on hand Rs.486 *(2010: Rs.1,566)* [Refer Note 1 below]	**941,388**	*899,207*
- in Deposit Account [Refer Note 2 below]	**351,923**	*24,150*
	1,296,713	*926,587*

Notes:

1. Includes balance in Unclaimed Dividend Account Rs.2,176 *(2010: Rs.1,470)*
2. Includes Rs.23,855 *(2010: Rs.10,350)* kept as margin against Letters of Credit and Bank Guarantees

	2011	*2010*
SCHEDULE 9		
Other Current Assets		
(Unsecured, considered good)		
Income accrued on Investments and deposits	**663,168**	*355,220*
	663,168	*355,220*

Schedules to Consolidated Balance Sheet (contd.)

Rs. in Thousands

	2011	2010
SCHEDULE 10		
Loans And Advances		
(Unsecured, considered good unless otherwise stated)		
Advance to a Company [Refer Schedule 19 Note 8]	**1,550,000**	*1,550,000*
Advances recoverable in cash or in kind or for value to be received		
- Considered Good*	**514,217**	*359,613*
- Considered Doubtful	**99,310**	*52,050*
	2,163,527	*1,961,663*
*[including: Rs.Nil (2010: Rs.Nil) due from Directors of the Company - maximum amount due during the year Rs.36 *(2010: Rs.36)*		
Less: Provision for Doubtful Advances	**(99,310)**	*(52,050)*
	2,064,217	*1,909,613*
Balances with Excise Authorities	**281,631**	*245,126*
Other Deposits	**506,399**	*565,481*
MAT Credit Entitlement	**476,169**	*—*
Taxation [Net of Provisions]	**142,935**	*52,215*
	3,471,351	*2,772,435*
SCHEDULE 11		
Liabilities		
Acceptances*	**902,366**	*10,441*
Sundry Creditors		
- Due to Micro, Small and Medium Enterprises	**20,393**	*14,623*
- Others	**2,623,481**	*2,068,484*
Other Liabilities	**2,689,019**	*2,713,239*
Unclaimed Dividend	**2,176**	*1,470*
	6,237,435	*4,808,257*
*Bills drawn against inland letters of credits - Rs.902,366 *(2010: Rs.10,441)* and secured by a charge on debtors, inventory & other current assets		
SCHEDULE 12		
Provisions		
Dividend Payable [including Dividend Distribution Tax Rs.37,756 *(2010: Rs.26,941)*] [Refer Schedule 19 Note 15]	**270,264**	*187,428*
Gratuity	**23,871**	*9,137*
Leave Entitlements	**85,592**	*60,174*
	379,727	*256,739*

UNITED BREWERIES LIMITED

Schedules to Consolidated Profit and Loss Account

Rs. in Thousands

	2011	2010
SCHEDULE 13		
Sales And Service		
Sales	**44,207,615**	*32,389,787*
Income from Brand Franchise and Technical fees	**1,363,612**	*1,092,158*
	45,571,227	*33,481,945*
SCHEDULE 14		
Other Income		
Guarantee Commission	—	*21,322*
Liabilities no longer required written back	**51,255**	*62,173*
Dividend Income	**4,186**	*3,868*
Interest (Gross) [Tax Deducted at Source Rs.422 *(2010: Rs.31,367)*]	**316,635**	*328,516*
Profit on Sale of Investments	—	*117,982*
Provision for Doubtful Debts no longer required written back	**935**	*172*
Provision for Doubtful Advances no longer required written back	—	*23*
Profit on Sale of Fixed Assets (net)	**180**	*220*
Miscellaneous	**454,650**	*297,324*
	827,841	*831,600*
SCHEDULE 15		
Cost Of Sales		
Manufacturing Expenses		
Consumption of Raw Materials	**3,962,272**	*3,035,954*
Consumption of Packing Material & Stores and spares	**9,522,512**	*6,141,248*
Purchases of Finished Goods	**615,825**	*2,010,414*
Power and Fuel	**941,324**	*614,164*
Personnel Expenses		
Salaries, Wages and Bonus	**1,244,905**	*919,741*
Contribution to Provident and Other funds	**92,801**	*64,129*
Staff Welfare	**103,628**	*87,580*
Others		
Rent (including asset rentals)[Refer Schedule 19 Note 11]	**95,550**	*79,594*
Insurance	**23,748**	*15,896*
Repairs to Buildings*	**30,612**	*21,467*
Repairs to Machinery*	**242,025**	*165,133*
Repairs - Others	**19,919**	*10,337*
Travel and Conveyance	**126,937**	*99,195*
Communication Expenses	**31,162**	*24,725*
Rates and Taxes	**367,192**	*415,278*
Legal and Professional fees	**43,870**	*80,832*
Miscellaneous	**464,704**	*319,990*

* Includes materials consumed Rs.209,111 *(2010: Rs.81,025)*

Schedules to Consolidated Profit and Loss Account (contd.)

Rs. in Thousands

		2011	*2010*
Change in Inventory			
Opening Stock	**976,839**		
Stock on amalgamation	**272,231**		
Less: Adjustment of Opening Stock Share of Joint Venture	**(120,289)**		
Opening Stock		**1,128,781**	*741,839*
Closing Stock		**(1,141,514)**	*(976,839)*
Excise Duty on Opening Stock	**(571,600)**		
Excise Duty on Stock on amalgamation	**(146,817)**		
Less: Adjustment of Excise Duty on Stock Share of Joint Venture	**72,112**		
Excise Duty on Opening Stock		**(646,305)**	*(391,483)*
Excise Duty on Closing Stock		**684,037**	*571,600*
		17,953,985	*14,050,794*

SCHEDULE 16

Other Expenses

	2011	2010
Selling and Promotion Expenses	**8,582,360**	*6,218,394*
Technical Management Fee	—	*100,000*
Directors' Sitting fees and Commission	**25,420**	*15,974*
Auditor's Remuneration	**10,617**	*8,133*
Bad Debts Written Off	**929**	—
Bad advances written off	—	*10,947*
Provision for Doubtful Debts	**31,743**	*3,005*
Inventory Written off including Provisions	—	*1,289*
Loss on sale of Assets (net)	—	*3,574*
Provision for Doubtful Advances	**1,688**	*399*
Investments written off	—	*4*
	8,652,757	*6,361,719*

SCHEDULE 17

Interest and Finance Charges

	2011	2010
Interest on Loans for a fixed period	**494,407**	*555,758*
Interest - Others [Including exchange (gain) / loss on foreign currency loans Rs.(21,268) *(2010: Rs.(74,159)*]	**258,492**	*86,991*
Other Finance Charges	**26,394**	*22,458*
	779,293	*665,207*

Significant Accounting Policies for the year ended March 31, 2011

Rs. in Thousands

SCHEDULE 18

1. **Basis of Presentation of Financial Statements:**

   The Financial Statements of the Company have been prepared under historical cost convention, to comply in all material aspects with the applicable accounting principles in India, the applicable accounting standards notified under Section 211(3C) of the Companies Act, 1956 and to relevant provisions of the Companies Act, 1956.

   Basis of Consolidation:

   The Financial Statements of the Subsidiaries and the Joint Venture (JV) used in the consolidation are drawn up to the same reporting date as that of the parent company, i.e., year ended March 31, 2011.

   Estimates:

   The preparation of the Financial Statements in conformity with Generally Accepted Accounting Policies (GAAP) in India requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the Financial Statements, and the reported amounts of revenue and expenses during the reported period. Actual result could differ from those estimates.

2. **Principles of Consolidation:**

   i) The Financial Statement of the parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditure after eliminating intra group balances and intra group transactions.

   ii) The Financial Statements of the parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events.

   iii) The Financial Statement of the Joint Venture has been consolidated using proportionate consolidation on the basis of control exercised in the Joint Venture.

   iv) Goodwill represents the difference between the company's share in the net-worth and the cost of acquisition of subsidiary and Joint Venture at each stage of acquisition of investment. Goodwill arising on consolidation is not amortised. Negative goodwill is recognised as capital reserve on consolidation.

3. **Revenue Recognition:**

   Revenue from sale of goods is recognised in accordance with the terms of sale, on dispatch from the Breweries/warehouses of the Company and is net of trade discount and Value Added Tax (VAT) where applicable but includes Excise Duty. Income from brand franchise is recognised at contracted rates on sale/production of the branded products by the franchisees. Dividend Income is recognised when the Company's right to receive the payment is established. Royalty from foreign entities (net of tax), technical advisory and management fees is recognised as per the terms of agreement. Interest income is recognised on accrual basis.

4. **Borrowing Costs:**

   Borrowing costs incurred for the acquisition of qualifying assets are recognised as a part of cost of such assets when it is considered probable that they will result in future economic benefits to the Company while other borrowing costs are expensed in the period in which they are incurred.

5. **Fixed Assets:**

   Fixed assets are stated at their original cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses relating to acquisition and installation of such assets.

   The cost of fixed assets acquired on amalgamation have been determined at fair values as on the respective dates of amalgamation and as per the related Schemes of Arrangement and include taxes / duties thereof.

   Intangible assets are amortised on straight line basis over a period of 5 years for goodwill and 10 years for all other intangible assets.

   Assets identified and evaluated technically as obsolete and held for disposal are stated at their estimated net realisable value.

6. **Investments:**

   Long term investments are carried at cost less provision made to recognise any decline, other than temporary, in the values of such investments. Current investments are carried at cost or net realisable value, whichever is lower.

7. **Inventories:**

   Inventories are valued at lower of cost and net realisable value. Costs include freight, taxes, duties and appropriate production overheads and are generally ascertained on the First in First Out (FIFO) basis. Excise/Customs duty on stocks in bond is added to the cost. Due allowance is made for obsolete and slow moving items.

8. **Foreign Currency Transactions:**

   a) Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of such transactions.

      All monetary items of foreign currency liabilities/ assets are restated at the rates ruling at the year end and all exchange gains/ losses arising therefrom are adjusted to the Profit and Loss Account.

   b) Exchange difference on forward contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts is recognised as income or expense for the year.

   c) With retrospective effect from April 1, 2007 exchange differences on long term foreign currency monetary items (except for exchange differences on items forming part of the company's net investment in a non-integral foreign operation), are

Rs. in Thousands

i) adjusted to the cost of the asset in so far as they relate to the acquisition of a depreciable asset;

ii) accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the period of the related long term foreign currency monetary item but not beyond March 31, 2011.

9. Depreciation and Amortisation:

Depreciation on fixed assets is provided on Straight Line Method based on the rates prescribed under Schedule XIV to the Companies Act, 1956 except as indicated below:

a) Plant and Machinery are depreciated at the rate of 10.34%. Further, depreciation is provided at higher rates in respect of certain specific items of plant and machinery having lower useful life based on technical evaluation carried out by the management.

b) Assets acquired on amalgamation (where original dates of acquisition are not readily available), are depreciated over the remaining useful life of the assets as certified by an expert.

c) Cost of Goodwill arising on amalgamation is amortised over a period of 5 years.

d) Cost of Leasehold Land is amortised over the period of lease.

e) Assets individually costing less than Rs.5 are depreciated fully in the year of purchase.

f) Other intangible assets are amortised on straight line basis over a period of 10 years.

g) Assets purchased/sold during the year are depreciated from the month of purchase / until the month of sale of asset on a proportionate basis.

10. Employee Retirement benefits:

i) Defined-contribution plans:
Contributions to the Employees' Provident Fund, Superannuation Fund, Employees' State Insurance and Employees' Pension Scheme are as per statute and are recognised as expenses during the period in which the employees perform the services.

ii) Defined-benefit plans:
Liability towards gratuity is determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains and Losses are recognised immediately in the Profit and Loss Account.

iii) Other long term employee benefits:
Liability towards leave encashment and compensated absences are recognised at the present value based on actuarial valuation at each balance sheet date.

iv) Short term employee benefits:
Undiscounted amount of liability towards earned leave, compensated absences, performance incentives etc. are recognised during the period when the employee renders the services.

11. Taxation:

Current tax is determined as per the provisions of the Income Tax Act, 1961

(i) Provision for current tax is made, based on the tax payable under the Income Tax Act.1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with the provisions of section 115JB of the Income Tax Act,1961) over normal income-tax is recognized as an asset by crediting the Profit and Loss account only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.

(ii) Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

12. Earnings per share:

Annualised Earnings/(Loss) per equity share (basic and diluted) is arrived at based on ratio of profit/ (loss) attributable to equity shareholders to the weighted average number of equity shares.

13. Impairment of Assets:

At each Balance Sheet date, the Company assesses whether there is any indication that assets may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the assets exceeds its recoverable amount, an impairment loss is recognised in the accounts to the extent the carrying amount exceeds the recoverable amount.

14. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. When the company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, only when such reimbursement is virtually certain.

A disclosure for contingent liability is made where there is a possible obligation or present obligation that may probably not require an outflow of resources.

Notes on Consolidated Accounts for the year ended March 31, 2011

Rs. in Thousands

SCHEDULE 19

1. The Consolidated Financial Statement (CFS) presents the consolidated accounts of United Breweries Limited (the Company) with its following Subsidiaries, Associates and Joint Venture ('UBL Group' or 'Group')

Particulars	Ownership Percentage		Country of Incorporation
	2011	*2010*	
Name of the Subsidiary			
Associated Breweries & Distilleries Limited (ABDL)	**NA#**	*100*	India
Maltex Malsters Limited (MML)	**51**	*51*	India
Name of the Associate			
United East Bengal Football Team Private Limited (UEBFTPL)	**50**	*50*	India
Name of the Joint Venture (JV)			
Millennium Alcobev Private Limited (MAPL)	**NA#**	*50**	India

Refer Note 6 of Schedule 19

*Of which 10% represents control exercised through the subsidiary ABDL.

2. During the quarter ended June 30, 2008 the Company has raised Rs.4,248,854 through an issue of shares on rights basis (Rights Issue).The proceeds of the Rights Issue have been utilised in the following manner:

a) Rs.1,028,633 *(2010: Rs.2,026,980)* for repayment of cash credit/overdraft accounts and for additional working capital requirements.

b) Rs.2,963,421 *(2010: Rs.1,731,874)* for Capital Expenditure.

c) Rs.256,800 has been used for working capital requirements under the fund utilization category "general corporate purpose".

d) Pending utilisation the balance proceeds of Rs.Nil *(2010: Rs.490,000)* have been invested in mutual funds.

e) The entire amount pending as on March 31, 2011 has been fully utilized on subsequent capital requirements.

3. The group evaluates the carrying value of its Goodwill whenever events or changes in circumstances indicate that its carrying value may be impaired for diminution, other than temporary. The group has currently reassessed the circumstances that could indicate the carrying amount of Goodwill may be impaired. As a consequence of such reassessment, the management believes that the expected revenues and earnings of the acquired entities are sustainable in the foreseeable future, and hence goodwill is not impaired.

4. Acquisition of Maltex Malsters Limited:

During the financial year ended March 31, 2008 the Company has acquired 22,950 equity shares of Rs.100 each in Maltex Malsters Limited for a consideration of Rs.450,000 which is based on an independent valuation, resulting in a goodwill of Rs.438,012 as detailed below.

Particulars		
Fixed Assets (Net book value)		**23,983**
Deferred Tax Assets		**2,587**
Current Assets		
Sundry Debtors	13,187	
Cash & Bank Balances	94	
Loans & Advances	11,567	
	24,848	
Current Liabilities and Provision		
Current Liabilities	8,072	
Provisions	209	
	8,281	

Notes on Consolidated Accounts for the year ended March 31, 2011 (contd.)

Rs. in Thousands

Particulars		
Net Current Asset		**16,567**
Loans		
Secured Loans	18,932	
Unsecured Loans	700	**19,632**
Net Worth as on March 31, 2008		**23,505**
UBL's Share - 51%		**11,988**
Purchase Consideration		450,000
Goodwill		**438,012**
Minority Interest		**11,517**

5. **Loan Funds:**

	Particulars	2011	*2010*
(a)	**Secured Loans:**		
(i)	Foreign Currency Loans [including interest accrued and due Rs.13,227 *(2010: Rs.18,848)*] Amount repayable within one year - Rs.883,038 *(2010: Rs.871,207)* Foreign Currency Loan consists of Loan from HDFC Bank, Axis Bank and External Commercial Borrowing (ECB) from BNP Paribas. ECB from BNP Paribas is secured by first charge on all moveable and immovable properties of the Company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries,UB Nizam and Srikakulam plants. HDFC Bank Loan is secured by Pari-passu charge on all moveable and immovable properties of the Company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam and Srikakulam plants. Axis Bank Loan is secured by first charge on fixed assets and current assets of the Srikakulam Plant.	**916,905**	*1,679,721*
(ii)	Term Loan from Banks [including interest accrued and due Rs.3,303 *(2010: Rs.716)*] Term Loan consists of loan from Citi Bank, Yes Bank, BNP Paribas and Standard Chartered Bank. Term loan from Citi Bank is secured by First Charge over all moveable and immovable assets of the Company other than at Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam and Srikakulam plants. Term Loan of Yes Bank and BNP Paribas is secured by charge on all movable and immovable fixed assets of Empeee Breweries. Standard Chartered Bank loan is secured by first mortgage and charge on all immovable and movable properties (excluding current assets) of Chennai Breweries. Amount repayable within one year – Rs.531,634 *(2010: Rs.248,634)*	**869,320**	*639,813*
(iii)	Term Loan from Banks Secured by Pari-passu charge on all moveable and immovable properties of the Company except Taloja plant. Term loan from HDFC Bank has been converted into a foreign currency term loan Amount repayable within one year – Rs.Nil *(2010: Rs.250,000)*	—	*562,500*

Rs. in Thousands

(iv)	From Banks [including interest accrued and due Rs.5,276 *(2010: Rs.5,053)*] Amount repayable within one year – Rs.2,156,640 *(2010: Rs.2,374,013)* Secured by hypothecation of stock in trade, stores, raw materials, book debts and a second charge on all the immovable properties of the Company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries,UB Nizam and Srikakulam plants.	**2,156,640**	*2,374,013*
(v)	From Other[including interest accrued and due Rs.4,770 [*(2010: Rs.Nil)*] Amount repayable within one year – Rs.110,332 *(2010: Rs.70,374)* Secured by hypothecation of stock in trade, stores, raw materials, book debts and a second charge on the Dharuhera and Aurangabad Plants.	**110,332**	*728,263*
(b)	**Unsecured Loans:**		
(i)	Loans from Banks [including interest accrued and due Rs.22,424 *(2010: Rs.Nil)*] Amount repayable within one year – Rs.1,576,238 *(2010: Rs.Nil)* *Rs.1,750,000 is covered by personal guarantee of a Director of the Company.	**3,326,238***	*1,750,000**
(ii)	From Others Amount repayable within one year – Rs.Nil *(2010: Rs.Nil)*	**450,634**	*227,195*

6. Note on Amalgamation

A. The scheme of amalgamation under sections 391 to 394 of the Companies Act, 1956 between Associated Breweries and Distilleries limited (ABDL), Millennium Alcobev Private Limited (MAPL), Empee Breweries Limited (EBL) and the Company (the Scheme) and their respective shareholders and creditors with April 01, 2010 as the appointed date has been approved by the Honorable High Courts of Karnataka and Madras respectively vide their orders dated January 21, 2011 and February 1, 2011 respectively. Upon necessary filing with the Registrar of Companies on March 10, 2011, the scheme has become effective and the effect thereof has been given in these accounts. Consequently,

i) In respect of the merger of ABDL with the Company -

a) In terms of the Scheme, the entire business and the whole of the undertaking of ABDL, as a going concern stands transferred to and vested in the Company with effect from April 01, 2010, being the Merger Appointed Date.

b) As ABDL was a wholly owned subsidiary of the Company, no consideration was payable pursuant to amalgamation of ABDL with the Company.

c) Accounting for Amalgamation:
The amalgamation of ABDL with the Company is accounted for on the basis of the Purchase Method as envisaged in the Accounting Standard (AS) - 14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

- All asset and liabilities of the ABDL were recorded at their respective Fair Values.
- Rs.44,986 being the difference between the value of net assets of the ABDL transferred to the Company (determined as stated above) and the carrying value of the Company's investment in MAPL (cancelled as above) has been adjusted to Capital/General Reserve of the Company. This accounting treatment of the reserve has been prescribed in the Scheme and approved by the High Court(s). Had the scheme not prescribed this treatment, this amount would have been debited to Goodwill, which would have been set-off against the Capital Reserve / General Reserve arising on the merger of other companies.

  ABDL was an Investment Company, which was 100% subsidiary of the Company.

ii) In respect of the merger of MAPL with the Company -

a) In terms of the Scheme, the entire business and the whole of the undertaking of MAPL , as a going concern stands transferred to and vested in the Company with effect from April 01, 2010, being the Merger Appointed Date.

b) In consideration of the amalgamation of MAPL with the Company, the Company has issued 8,489,270 equity shares of Rs.1/- each aggregating to Rs.8,489 in the ratio of 6 fully paid up Equity shares of the face value of Rs.1/- each of the Company for every 31 fully paid up equity shares of Rs.10/- each held in MAPL. The Company's investment in MAPL aggregating to Rs.589,529 comprising of 61,40,000 equity shares (with voting rights) and 65,99,312 equity shares (without voting rights) of Rs.10/- each stood cancelled.

Rs. in Thousands

c) Accounting for Amalgamation :

The amalgamation of MAPL with the Company is accounted for on the basis of the Purchase Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below.

All asset and liabilities of the MAPL were recorded at their respective Fair Values.

Rs.4,037,324 being the difference between the value of net assets of the MAPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment in MAPL (cancelled as above) has been adjusted to Capital/General Reserve of the Company. This accounting treatment of the reserve has been prescribed in the Scheme and approved by the High Court(s). Had the scheme not prescribed this treatment, this amount would have been credited to Capital Reserve.

MAPL was a Joint Venture between the Company and Scottish & Newcastle India Private Limited, which had 3 subsidiaries engaged in the brewing business. One subsidiary of MAPL, i.e. Empee Breweries Ltd. was also merged into UBL simultaneously with MAPL. Subsequent to the merger of MAPL into UBL, the other two subsidiaries of MAPL, namely Millennium Beer Industries Limited (MBIL) and United Millennium Breweries Limited (UMBL) became the subsidiaries of the Company and all of them have been since amalgamated with the Company.

iii) In respect of the merger of Empee Breweries Limited with the Company -

a) In terms of the Scheme, the entire business and the whole of the undertaking of EBL, as a going concern stands transferred to and vested in the Company with effect from April 01, 2010, being the Merger Appointed Date.

b) On the amalgamation of EBL with the Company, 50% of the holding stood cancelled and for the balance 50% of the holding, the Company issued 6,007,413 equity shares of Rs.1/- each aggregating to Rs.6,007 in the ratio of 33 fully paid up Equity shares of the face value of Rs.1/- each of the Company for every 16 fully paid up equity shares of Rs.10/- of EBL to UBL Benefit Trust. UBL Benefit Trust has subsequent to the Balance Sheet date sold these shares and remitted the proceeds to the Company.

c) Accounting for Amalgamation:

The amalgamation of EBL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

– All asset and liabilities of the EBL were recorded at their respective book values under the respective accounting heads of the Company.

– Rs.1,364,532 being the difference between the value of net assets of the EBL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.

– The Shares issued to UBL Benefit Trust appears as a separate line item in the Balance Sheet of the Company as Interest in UBL Benefit Trust.

The inter company balances and transactions stood cancelled.

EBL was engaged in the brewing business.

B. The scheme of amalgamation under sections 391 to 394 of the Companies Act, 1956 between UB Nizam Breweries Private Limited (UBNPL) and the Company (the Scheme) and their respective shareholders and creditors, with April 01, 2010 as the appointed date has been approved by the Honorable High Court of Karnataka vide its order dated August 26, 2011. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 8, 2011 and the effect thereof has been given in these accounts. Consequently,

In respect of the merger of UB Nizam Breweries Private Limited (UBNPL) with the Company -

a) In terms of the Scheme, the entire business and the whole of the undertaking of UBNPL, as a going concern stands transferred to and vested in the Company with effect from April 1, 2010, being the Merger Appointed Date.

b) In consideration of the amalgamation of UBNPL with the Company, the Company had issued 145,902 equity shares of Rs.1/- each aggregating to Rs.146 in the ratio of 1 fully paid up Equity shares of the face value of Rs.1/- each of the Company for every 454 fully paid up equity shares of Rs.10/- each held in UBNPL and in the ratio of 1 fully paid up Equity Shares of the face value of Rs.1/-each of the Company for every 454 fully paid preference shares of Rs.10/- each in UBNPL.

c) Accounting for Amalgamation:

The amalgamation of UBNPL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

- All asset and liabilities of UBNPL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.48,822 being the difference between the value of net assets of UBNPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances and the transactions stood cancelled.

UBNPL was engaged in the brewing business.

C. The scheme of amalgamation under sections 391 to 394 of the Companies Act, 1956 between Chennai Breweries Private Limited (CBPL) and the Company (the Scheme) and their respective shareholders and creditors with March 31, 2011 as the appointed date has been approved by the Honorable High Court of Karnataka and Honorable High Court of Madras, vide its order dated August 26, 2011 and October 11, 2011 respectively. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 12, 2011 and the effect thereof has been given in these accounts. Consequently, in respect of the merger of Chennai Breweries Private Limited (CBPL) with the Company -

a) In terms of the Scheme, the entire business and the whole of the undertaking of CBPL, as a going concern stands transferred to and vested in the Company with effect from the closing hours of March 31, 2011, being the Merger Appointed Date.

b) In consideration of the amalgamation of CBPL with the Company, the Company would issue 8,500,000 equity shares of Rs.1/- each aggregating to Rs.8,500 in the ratio of 17 fully paid up Equity shares of the face value of Rs.1/- each of the Company for every 30 fully paid up equity shares of Rs.10/- each held in CBPL which is pending allotment.

c) Accounting for Amalgamation:

The amalgamation of CBPL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

- All asset and liabilities of CBPL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.164,489 being the difference between the value of net assets of CBPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances stood cancelled.

CBPL was engaged in the brewing business.

D. The scheme of amalgamation between Millennium Beer Industries Limited (MBIL) and the Company (the Scheme) and their respective shareholders and creditors with April 01, 2010 as the appointed date has been approved by the Honorable BIFR Court, Delhi vide its order dated November 11, 2011. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 16, 2011 and the effect thereof has been given in these accounts. Consequently, in respect of the merger of Millennium Beer Industries Limited (MBIL) with the Company

a) In terms of the Scheme approved by the BIFR Court, the entire business and the whole of the undertaking of MBIL, as a going concern stands transferred to and vested in the Company with effect from April 01, 2010, being the Merger Appointed Date.

b) On the amalgamation of MBIL with the Company, the Company's holding stands cancelled and for the rest the Company is to issue 504,731 equity shares of Rs.1/- each aggregating to Rs.505 in the ratio of 1 fully paid up Equity shares of the face value of Rs.1/- each of the Company for every 12 fully paid up equity shares of Rs.1/- of MBIL which is pending for allotment.

c) Accounting for Amalgamation:

The amalgamation of MBIL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

- All asset and liabilities of MBIL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.3,051,445 being the difference between the value of net assets of MBIL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances and transactions stood cancelled.

MBIL was engaged in the brewing business.

Rs. in Thousands

E. The scheme of amalgamation between United Millennium Breweries Limited (UMBL) and the Company (the Scheme) and their respective shareholder and creditors with April 1, 2010 as the appointed date has been approved by the Honorable BIFR Court, Delhi vide its order dated November 21, 2011. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 21, 2011 and the effect there of have been given in these accounts. Consequently, in respect of the merger of United Millennium Breweries Limited (UMBL) with the Company

a) In terms of the Scheme approved by the BIFR Court, the entire business and the whole of the undertaking of UMBL, as a going concern stands transferred to and vested in the Company with effect from April 01, 2010 being the Merger Appointed Date.

b) As UMBL was a wholly owned subsidiary of the Company, no consideration was payable pursuant to amalgamation of UMBL with the Company.

c) Accounting for Amalgamation:

The amalgamation of UMBL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 on Accounting for Amalgamations specified in the Companies (Accounting Standard) Rules 2006 and in terms of the scheme, as below,

– All asset and liabilities of UMBL were recorded at their respective book values under the respective accounting heads of the Company.

– Rs.466,835 being the difference between the value of net assets of UMBL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.

– The inter company balances and transactions stood cancelled.

UMBL was engaged in the brewing business.

Pursuant to all the schemes referred to in A to E above, the bank accounts, agreements, licences and certain immovable properties of the transferor companies are in the process of being transferred in the name of the Company.

Pursuant to the schemes referred to in A to E above, the Authorized Share Capital of the Company stands increased and reclassified, without any further act or deed on the part of the company, including payment of stamp duty and Registrar of Companies fees, by Rs.5,734,000 comprising of 3,320,000,000 Equity Shares of Rs. 1 each & 24,140,000 Preference Shares of Rs.100 each, being the authorized share capital of the transferor company, and Memorandum of Association and Articles of Association of the Company stand amended accordingly without any further act or deed on the part of the company.

The Summary of additions/(deletions) to/(from) Capital Reserve/General Reserve arising out each of the amalgamating entities is given below:

Particulars	General Reserve	Capital Reserve
Expenses relating to mergers	—	(35,785)
Arising on amalgamating ABDL	—	(44,986)
Arising on amalgamating MAPL	—	4,037,324
Arising on amalgamating EBL	12,651	(1,377,183)
Arising on amalgamating UBN	(613,432)	662,254
Arising on amalgamating CBPL	22,989	141,500
Arising on amalgamating MBIL	(2,139,651)	(911,794)
Arising on amalgamating UMBL	(277,835)	(189,000)
DTA arising on amalgamation	838,725	—
Total	**(2,156,553)**	**2,282,330**
Resultant Capital Reserve on amalgamation	—	**125,777**

7. Fixed Assets:

Buildings amounting to Rs.53,416 *(2010: Rs.53,030)* and Plant and Machinery amounting to Rs.531,148 *(2010: Rs.502,517)* are in premises not owned by the Company.

8. The Company had entered into an agreement with the promoters of Balaji Distilleries Limited (BDL) with a view to secure the perpetual usage of its brewery and grant of first right of refusal in case of sale or disposal of its brewery unit in any manner by BDL, towards which the Company had made a refundable facility advance of Rs.1,550,000 to Star Investments

Rs. in Thousands

Private Ltd. (Star), one of the Promoter Companies of BDL, acting for itself and on behalf of the other Promoters.

Subsequently, BDL filed a scheme of arrangement for amalgamation of its distillery into United Spirits Limited (USL) and de-merger of its brewery into Chennai Breweries Private Limited (CBPL) and the said scheme was approved by Appellate Authority for Industrial & Financial Reconstruction in November 2010. The Brewery assets proposed to be acquired by the Company from the Promoters of BDL, eventually vested in CBPL which was a 100% subsidiary of USL. In the changed scenario as consideration for merger of CBPL into the Company. USL would be alloted 85,00,000 Equity Shares of UBL and facility advance given to the promoters of BDL remained outstanding and recoverable [Refer Note 5].

Therefore, the Company has entered into a new agreement extending the repayment of principal and interest outstanding till March 2012, and obtained a pledge of securities from associate companies of Star to secure the outstanding amounts. The aggregate amount due is Rs.2,207,617 as on March 31, 2011.

9. Capital Commitments:

Particulars	**2011**	*2010*
Estimated amount of Contracts remaining to be executed (net of capital advances) on capital account and not provided for	**737,736**	*257,321*

Share of joint venture:

Particulars	**2011**	*2010*
Estimated amount of Contracts remaining to be executed on capital account and not provided for.	**NA#**	*8,896*

Refer Note 6 of Schedule 19

10. Contingent Liabilities:

	Particulars	**2011**	*2010*
a)	Sales Tax/other taxes demands under appeal*	**130,369**	*14,672*
b)	Employees State Insurance Demand*	**2,275**	*265*
c)	Demand towards Water charges under appeal*	**182,462**	—
d)	Excise Duty/Customs Duty demands under appeal*	**41,311**	*36,709*
e)	Income Tax demands under appeal*	**403,813**	*188,844*
f)	Service Tax demands under appeal*	**244,646**	*229,114*
g)	Claims against the Company not acknowledged as debt*	**41,320**	*30,568*
h)	Letter of Credit outstanding	**1,079,418**	*78,926*
i)	Guarantees given by the company: - on behalf of Subsidiaries of Joint Venture to third parties Millennium Beer Industries Limited United Millennium Breweries Limited Empee Breweries Limited - to third parties	 — — — **26,624**	 *800,000* *600,000* *730,000* *19,060*
j)	Letter of undertaking to distributors towards countervailing duty for imports from Nepal	**38,500**	*38,500*

Share of joint venture:

	Particulars	**2011**	*2010*
a)	Sales Tax/other taxes demands under appeal [Amount paid under dispute Rs.223 *(2010: Rs.223)* and disclosed in loans and advances in schedule 10]	**NA^**	*3,774*
b)	ESIC / PF demands under appeal [Amount paid under dispute Rs.Nil *(2010: Rs.Nil)* and disclosed in loans and advances in schedule 10]	**NA^**	*845*
c)	Bank Guarantees given*	**NA^**	*10,155*
d)	Interest for delayed payment of Interest Free Loans*	**NA^**	*1,169*

Notes on Consolidated Accounts for the year ended March 31, 2011 (contd.)

Rs. in Thousands

	Particulars	2011	2010
e)	Dividend on 1% Non Convertible Cumulative Redeemable Preference Shares	**NA^**	*27,750*
f)	Income Tax #	**NA^**	*5,055*
g)	Claims against the subsidiaries of the joint venture not acknowledged as debt [Amount paid under dispute Rs.Nil *(2010: Rs.78)* and disclosed in loans and advances in schedule 10]	**NA^**	*5,877*

^ Refer Note 6 of Schedule 19

Net of deposit under appeal – Rs.Nil (*2010: Rs.3,789*)

* In the opinion of the management, the above demands / claims are not sustainable in law and accordingly no provision has been made in the accounts.

11. Operating Lease:

The Group has entered into leasing arrangements for vehicles, computer, equipments, office premises and residential premises that are renewable on a periodic basis, and cancelable/non-cancelable in nature. Such leases are generally for a period of 11 to 60 months with options of renewal against increased rent and premature termination of agreement through notice period of 2 to 3 months, except in the case of certain leases where there is a lock-in period of 11 to 26 months.

Particulars	2011	2010
Lease payments during the year including Minimum lease payments Rs.Nil (*2010: Rs.4,999*) on non-cancellable leases.	**95,550**	*79,594*
At the balance sheet date, future minimum lease rentals under non-cancellable operating leases are as under: Not later than one year	**19,640**	*17,518*
One to five years	**26,938**	*15,374*
Total	**46,578**	*32,892*

12. Accounting for Taxes on Income:

Deferred Tax - The net deferred tax liability amounting to Rs.288,569 (*2010: Rs.236,114*) has been arrived as follows:

Particulars	2011	2010
Deferred Tax Liability arising from:		
Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return	**458,137**	*263,445*
Less: Deferred tax asset arising from: Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act, 1961	**39,094**	*25,500*
Provision for Doubtful Debts	**88,820**	*22,141*
Net deferred tax liability before merger	**330,223**	*215,804*
Deferred Tax asset on Merger	**(838,725)**	—
Deferred Tax asset utilised from Carry forward loss and depreciation of merged entities	**797,274**	—
Share of Joint Venture	**—**	*20,310*
Share of Subsidiary	**(203)**	—
Net deferred tax liability	**288,569**	*236,114*
Movement during the year	**52,455**	*(60,151)*
Movement from last year of Deferred Tax Liability	**(113,917)**	—
Deferred Tax Liability of the merged entities	**122,201**	—
Utilization of deferred Tax assets of the merged entities	**(797,274)**	—
Share of Subsidiary	**(299)**	—
Net Deferred tax charged off / (written back) in the profit and loss account	**(789,289)**	*(60,151)*

Rs. in Thousands

The tax impact for the above purpose has been arrived by applying a tax rate of **32.45%** (*2010: 33.22%*) being the subsequently enacted tax rate for Indian Companies under the Income Tax Act, 1961.

No deferred tax asset has been recognised, in case of loss making joint venture / subsidiaries, in the absence of virtual certainty of future profits as per the explanation provided in Accounting Standard 22 notified under the Companies (Accounting Standards) Rules, 2006.

13. Related Party Disclosures:

A Name of the related parties:

(1) Associate:
United East Bengal Football Team Private Limited (UEBFTPL)

(2) **Entity which has significant influence:**
Scottish & Newcastle India Limited (SNIL)
United Breweries (Holdings) Limited (UBHL)

(3) **Others:**
(a) Scottish & Newcastle Limited (S&N)
(b) Heineken UK Limited, Holding Company of SNIL and Subsidiary of Scottish & Newcastle Limited
(c) Scottish & Newcastle UK Limited (SNUK), Subsidiary of Scottish & Newcastle Limited
(d) Scottish & Newcastle India Private Limited (SNIPL), Subsidiary of Heineken UK Limited
(e) Heineken International B.V.
(f) Heineken Romania S.A.
(g) Heineken Brouwerijen B.V.
(h) Heineken Supply Chain B.V.
(i) Force India F1 Team Ltd

(4) **Key Management Personnel(KMP):**
Mr. Kalyan Ganguly
Mr. Guido de Boer

(5) **Relative of Key Management Personnel:**
Mrs. Suparna Bakshi Ganguly
(Wife of Mr. Kalyan Ganguly)

B. Transactions with related parties during the year:

Particulars	UBHL		FORCE INDIA		UEBFTPL		KMP	
	2011	*2010*	**2011**	*2010*	**2011**	*2010*	**2011**	*2010*
Sale of goods [including sales taxes / VAT]	**96,126**	*39,063*	—	—	—	—	—	—
Sponsorships and Other Payments	**564**	*1,485*	**97,278**	*117,545*	**50,255**	52,042	—	—
Lease Rentals	**6,389**	*5,304*	—	—	—	—	—	—
Royalty on logo	**66,180**	*66,180*	—	—	—	—	—	—
Finance(including loan in cash or kind)	**(25,518)**	*67,612*	**117,128**	*117,545*	**50,264**	52,034	—	—
Remuneration to Directors*	—	—	—	—	—	—	**58,126**	*41,035*
Amount Due From/(To)	**26,280**	*28,806*	**91,401**	*71,551*	**(18)**	(26)	—	—

*Kalyan Ganguly: Rs.41,472 *(2010:Rs.*34,266*)* [Including payment to relative of KMP and a firm in which such relative is a partner - Rs.Nil (*2010:Rs.Nil*)]

Guido de Boer : Rs.16,653 *(2010:Rs.*6,769*)*

Figures in bracket indicate amounts received

C. Transactions with Heineken Group

i. **Transaction with S & N**
Management Fees — Rs.Nil *(2010: Rs.45,000)*

ii. **Transactions with SNUK**
Purchase of Raw Material — Rs.Nil *(2010: Rs.123)*

iii. **Transactions with SNIL**
Balance of Preference Share Capital — Rs.2,469,000 *(2010: Rs.2,469,000)*
Dividend on above — Rs.74,070 *(2010: Rs.74,070)*
Interim Dividend on Equity Shares — Rs.Nil *(2010: Rs.Nil)*
Final Dividend on Equity Shares — Rs.Nil *(2010: Rs.13,499)*

Notes on Consolidated Accounts for the year ended March 31, 2011 (contd.)

Rs. in Thousands

iv.	**Transaction with Heineken UK Ltd.**	
	Purchase of Raw Material	Rs.673 *(2010: Rs.Nil)*
	Reimbursements	Rs.56 *(2010: Rs.Nil)*
v.	**Transaction with Heineken Romania S.A.**	
	Mould Development Charges	Rs.48 *(2010: Rs.Nil)*
vi.	**Transaction with Heineken Brouwerijen B.V.**	
	Technical services Fees	Rs.60,000 *(2010: Rs.Nil)*
vii.	**Transaction with Heineken International B.V.**	
	Reimbursements	Rs.5,568 *(2010: Rs.Nil)*
viii.	**Transaction with Heineken Supply Chain B.V.**	
	Consultants fee	Rs.1,683 *(2010: Rs.Nil)*

14. Earnings Per Share:

	Particulars	2011	2010
a)	Profit after taxation as per profit and loss account	**1,474,873**	*896,376*
b)	Less: Preference Dividend (including dividend distribution tax thereon)	**86,086**	*86,658*
c)	Net Profit attributable to equity shareholders	**1,388,787**	*809,718*
d)	Weighted average number of equity shares outstanding (Face value of Re.1 per share)	**263,695,571**	*240,048,255*
e)	Earnings per share (Basic / Diluted)	**5.27**	*3.37*

15. Details of Dividend:

Particulars	2011	2010
Dividend payable on Preference Share Capital @ 3%	**74,070**	*74,070*
Dividend Distribution tax payable on above	**12,016**	*12,588*
Final Dividend payable on Equity Shares @ 60% *(2010: 36%)*	**158,217**	*86,417*
Dividend Distribution tax payable on above	**25,667**	*14,353*
Dividend Payable of Subsidiary @ 10%	**221**	—
Dividend Distribution tax payable on above	**73**	—
Total	**270,264**	*187,428*

16. Segmental Reporting:

The Group is engaged in manufacture, purchase and sale of beer including licensing of brands which constitutes a single business segment. The Group operates only in India. Accordingly, primary and secondary reporting disclosures for business and geographical segment as envisaged in AS-17 are not applicable to the Group.

17. (i) Disclosures envisaged in AS 15 in respect of gratuity are given below:

	Particulars	2011	2010	2009	2008
A)	**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**				
	Obligations at the beginning of the year	**161,429**	*157,316*	*144,890*	*118,048*
	Obligation at period beginning from Merger	**9,742**	—	—	—
	Add: Transitional Obligation	**—**	—	—	*101*
	Add: Current Service cost	**22,576**	*9,902*	*14,268*	*43,745*
	Add: Interest cost	**12,559**	*11,985*	*9,691*	*9,349*
	Add: Actuarial (gains)/losses	**(23,414)**	*(500)*	*(696)*	*(333)*
	(Less): Benefits paid during the year	**4,857**	*(12,646)*	*(10,837)*	*(26,020)*
	Obligations at the end of the year	**187,749**	*166,057*	*157,316*	*144,890*

Rs. in Thousands

B)	**Reconciliation of opening and closing balances of the fair value of plan assets**				
	Fair Value of Plan assets at the beginning of the year	**154,165**	*135,218*	*138,650*	*117,753*
	Plan assets at period beginning from Merger	**5,510**	—	—	—
	Add: Expected Return on Plan Assets	**12,495**	*10,337*	*10,824*	*9,425*
	Add: Actuarial Gain	**(1,325)**	*(1,490)*	*(7,776)*	*10,738*
	Add: Contributions	**15,870**	*25,501*	*4,683*	*26,754*
	(Less): Benefits Paid	**(22,837)**	*(12,646)*	*(11,163)*	*(26,020)*
	Fair Value of Plan assets at the end of the year	**163,878**	*156,920*	*135,218*	*138,650*
C)	**Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the balance sheet**				
	Present Value of Obligation as at March 31, 2011	**187,749**	*166,057*	*157,316*	*144,890*
	(Less): Fair Value of Plan Assets as at March 31, 2011	**163,878**	*156,920*	*135,218*	*138,650*
	Amount recognised in the Balance Sheet	**23,871**	*9,137*	*22,098*	*6,240*
D)	**Expenses recognised in Profit and Loss account under "Employee Cost" in Schedule 15**				
	Current service cost	**22,576**	*9,902*	*14,268*	*43,745*
	Add: Interest cost	**12,559**	*11,985*	*9,691*	*9,349*
	(Less): Expected Return on Plan Assets	**(12,495)**	*(10,337)*	*(10,824)*	*(9,425)*
	Prior period adjustment	**—**	—	—	*(23,739)*
	Add: Actuarial (gains) / losses	**5,605**	*990*	*6,493*	*6,256*
	Net Gratuity Cost	**28,245**	*12,540*	*19,628*	*26,186*
E)	**Investment details of plan assets**				
	Plan assets are invested in Government Securities, Private Sector Bonds, Managed Funds and others.	**—**	—	—	—
	Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the return	**—**	—	—	—
F)	**Actual return on plan assets**	**15,083**	*12,760*	*7,269*	*24,077*
G)	**Assumptions**				
	Discount rate per annum	**8%**	*8%*	*7%*	*8%*
	Interest rate per annum	**8%**	*8%*	*7%*	*8%*
	Expected return on plan assets	**8%**	*8%*	*7% to 8%*	*8%*
	Expected salary increase per annum	**5% to 6%**	*5% to 6%*	*5% to 6%*	*5%*
	Attrition Rate	**1%**	*1%*	*1%*	*1%*
	Retirement Age	**58**	*58*	*58*	*58*
	Mortality rate - LIC (94-96) Ultimate Mortality Table	**—**	—	—	—
	The estimates of future increase in salary, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.				

Notes on Consolidated Accounts for the year ended March 31, 2011 (contd.)

Rs. in Thousands

ii) Contribution to Provident and Other Funds under Manufacturing and Other Expenses (Schedule 15) includes Rs.92,801 *(2010: Rs.51,589)* being expenses debited under the following defined contribution plans:

Particulars	2011	2010	2009	2008
Provident Fund	**45,762**	*38,671*	*30,370*	*29,737*
Superannuation Fund	**18,794**	*12,918*	*11,213*	*21,111*

18. All amounts disclosed in Notes to Account and other Schedules are in Rs.'000 except for:

i) Number of Shares in Notes on Schedule 1, Schedule 5, Note 6 and in Note 14.

ii) Basic and Diluted EPS in the Profit and Loss Account and in Note 14.

19. The previous year's figures have been regrouped to conform to current year's classification. Further in view of the amalgamations described in Note 6 above, the figures for the current year are not comparable with those of previous year.

For **Price Waterhouse**
Firm Registration Number: 007568 S
Chartered Accountants

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, November 25, 2011

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

SUMMARISED FINANCIALS OF SUBSIDIARY COMPANY IN TERMS OF GENERAL EXEMPTION GRANTED BY THE MINSTRY OF CORPORATE AFFAIRS, VIDE GENERAL CIRCULAR NO.2/2011 DATED 8TH FEBRUARY 2011

Rs.in Thousands

Sl. No.	Name of the Subsidiary	Issued & Subscribed Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Profit & Loss Account Debit Balance	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	Maltex Malsters Limited	4,500	22,247	27,397	27,397	—	—	8,045	3,665	(658)	2,007	523

Note:
The Annual Report along with related information of the subsidiary company shall be made available for investors of the Company and its subsidiary seeking the Report / information at any point of time. The Annual Report is also available for inspection of investors at the Registered Office of the Companies.