

ANNUAL REPORT 2010-2011

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UNITED BREWERIES LIMITED

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Dr. Vijay Mallya
Chairman

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN of the Twelfth Annual General Meeting of the Members of **UNITED BREWERIES LIMITED** to be held at GOOD SHEPHERD AUDITORIUM, OPP. ST. JOSEPH'S PRE-UNIVERSITY COLLEGE, RESIDENCY ROAD, BANGALORE – 560 025 on Wednesday, December 21, 2011 at 3.00 p.m. for the following purposes:

1. To receive and consider the Accounts for the year ended March 31, 2011, and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Mr. Chhaganlal Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Ms. Kiran Mazumdar Shaw, who retires by rotation and, being eligible, offers herself for re-appointment.
5. To appoint a Director in the place of Mr. Madhav Bhatkuly, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification, the following Resolution as an **ORDINARY RESOLUTION:**

RESOLVED that Mr. Theodorus Antonius Fredericus de Rond, who in terms of Section 260 of the Companies Act, 1956 holds office till the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member under Section 257 of the said Act, be and is hereby appointed as a Director of the Company not liable to retire by rotation.

Registered Office:

"UB TOWER", UB CITY,
24, Vittal Mallya Road,
Bangalore – 560 001.
New Delhi, November 23, 2011

By Order of the Board
Govind Iyengar
Senior Vice President – Legal &
Company Secretary

NOTES:

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company. The proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 forms part of this Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed on **Tuesday, December 20, 2011 and Wednesday, December 21, 2011.**
4. Members are requested to intimate to the Company's Registrars and Share Transfer Agents viz., **INTEGRATED ENTERPRISES (INDIA) LIMITED** (Formerly known as Alpha Systems Pvt. Ltd.), 30, RAMANA RESIDENCY, 4TH CROSS, SAMPIGE ROAD, MALLESWARAM, BANGALORE - 560 003:
 - a. any change in their addresses, and
 - b. the Nomination facility to be availed by them.
5. Members holding Shares in the same name or in the same order of names under different Ledger Folio Numbers are requested to apply for consolidation of such Folios to the Company's Registrars and Share Transfer Agents, Integrated Enterprises (India) Limited.
6. Members are requested to:
 - bring their copy of **Annual Report** to the Meeting,
 - bring the **Attendance Slip sent herewith, duly filled in,**
 - bring their **Folio Number / DP and Client ID,** and
 - **avoid being accompanied by non-Members and children.**
7. Members are requested to quote the Folio Number / Client ID / DP ID in all correspondence.
8. Profile of Directors retiring by rotation and new Director form part of Corporate Governance Report. Their details are also attached to this Notice, as required, for perusal of the Members.
9. **MEMBERS PLEASE NOTE THAT NO GIFTS SHALL BE DISTRIBUTED AT THE MEETING.**

Notice (contd.)

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

Item No.: 7

Mr. Theodorus Antonius Fredericus de Rond was appointed an Additional Director of the Company on August 09, 2011, as an addition to the Board pursuant to the provisions of Article 115 of the Articles of Association of the Company. In terms of the said Article and Section 260 of the Companies Act, 1956, he will hold office only up to the date of this Annual General Meeting. A Notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500 has been received by the Company from a Member signifying his intention to propose the appointment of Mr. Theodorus Antonius Fredericus de Rond as a Director of the Company.

In terms of the Shareholders' Agreement inter alia with Heineken N.V., in addition to the Chairman, CEO and CFO, the office of one more Heineken designated Director shall not be liable to retire by rotation. Therefore, it is proposed by Heineken that Mr. Theodorus Antonius Fredericus de Rond shall not be liable to retire by rotation.

None of the Directors, other than Mr. Theodorus Antonius Fredericus de Rond, is concerned or interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

Registered Office:

"UB TOWER", UB CITY,
 24, Vittal Mallya Road,
 Bangalore – 560 001.
 New Delhi, November 23, 2011

By Order of the Board
Govind Iyengar
 Senior Vice President – Legal &
 Company Secretary

DETAILS OF NEW DIRECTOR

PARTICULARS	MR. THEODORUS ANTONIUS FREDERICUS DE ROND
Qualifications	General Management Program, INSEAD, FRANCE
Expertise in specific functional area	Marketing & overall Business Management
Date of Appointment	09.08.2011
Date of Birth	26.06.1954
Directorships held in other Companies in India	Nil
Membership in Committees	Nil

Brief Profile of the above Director also forms part of Corporate Governance Report. The above Director does not hold any equity shares in the company. He is not related to any of the Directors of the Company.

**DETAILS OF DIRECTORS SEEKING-REAPPOINTMENT AT
THE ANNUAL GENERAL MEETING**

PARTICULARS	MR. CHHAGANLAL JAIN	MS. KIRAN MAZUMDAR SHAW	MR. MADHAV BHATKULY
Qualifications	Chartered Accountant and Company Secretary	Honors degree in Zoology, Masters in Brewing and Hon. Doctorate in Science	Masters in Commerce, Masters in Economics
Expertise in specific functional area	Finance and Corporate Strategy	Biotechnology	Finance and Economics
Date of Appointment	27.01.2003	26.10.2009	26.10.2009
Date of Birth	15.11.1933	23.03.1953	22.01.1966
Directorships held in other Companies in India	<ul style="list-style-type: none"> i. NOCIL Limited ii. RPG Life Sciences Limited iii. Asit C. Mehta Investment Intermediaries Limited iv. Shaw Wallace Breweries Limited v. Practical Financial Services Private Limited 	<ul style="list-style-type: none"> i. Biocon Limited ii. Syngene International Limited iii. Clinigene International Limited iv. Biocon Biopharmaceuticals Limited v. Biocon Research Limited vi. Narayana Institute For Advanced Research Private Limited vii. Narayana Hrudayalaya Private Limited viii. Indian School of Business Private Limited ix. Glenloch Properties Private Limited 	<ul style="list-style-type: none"> i. New Horizon Financial Research Private Limited ii. New Horizon Wealth Management Private Limited
Membership in Committees	Audit Committee <ul style="list-style-type: none"> i. NOCIL Limited (Chairman) ii. RPG Life Sciences Limited (Chairman) 	Investors' Grievance Committee Biocon Limited	NIL

The above details do not include Committee Memberships not prescribed for the purpose of reckoning of limits in terms of Clause 49 of the Listing Agreement. Brief Profile of the above Directors also forms part of Corporate Governance Report.

Chairman's Statement

Dear fellow shareholders,

It's been another wonderful year for our company, with achievements on every front - sales of over 125 million cases, expansion of market share in the face of international competition, launch of Heineken in select markets, packaging innovations, corporate reorganisation, ... The list goes on!

Our company has clocked its highest ever volume growth of 23% during the year under review, driven by a 27% growth in strong beer and a healthy 16% in mild beer. In both segments, we have significantly outperformed the market.

Kingfisher Ultra continues its run as the preferred premium lager among discerning consumers, and has established its superiority over competing offerings from leading international brewers.

The highlight of the year, is the success launch of locally brewed Heineken in select markets. I am pleased that, through United Breweries Limited, India is amongst select countries in the world where this world leading premium brand is brewed. Connoisseurs confirm that in both taste and packaging, UB's offering matches the quality of Heineken available anywhere in the world.

Many consecutive years of outperforming the market in key large states, has enabled UBL to achieve a 54% national market share, the highest ever.

Operating, as we do, in a highly regulated environment, control of costs is an important element of our business, and considerable attention has been paid to this by the management.

A very significant innovation that will have long term benefits for the company, is the introduction of "patented" proprietary bottles. This initiative means that UB's patented bottles cannot be diverted to alternate uses and this has had a salutary effect on the price of second hand bottles.

Other cost containment initiatives, including use of biomass boilers for co-generation of power, have helped to keep our overall costs down despite an inflationary environment. This has enabled us to achieve a growth of over 45% in EBITDA in comparison to what was earned in the previous year.

We are committed to a continuous process of improving quality and vigorously attacking costs. To achieve this in the backdrop of robust growth in volume requires the company to make continuous investments in the manufacturing and sourcing end of the business.

With this intent, our company has earmarked investments exceeding Rs.1000 crores over the next 3 or 4 years to not merely augment capacities but also incorporate the latest technologies to improve even further, the quality of our already excellent product range.



Chairman's Statement (contd.)

The high yield variety of barley patented by the Vittal Mallya Scientific Research Foundation has captured the imagination of the farmers in northern India and the same is being sown in increasingly larger acreages. The extension of cropping of this vital input bodes well for the future availability of this most important raw material keeping pace with rising demand. Simultaneously, investments are planned in malting facilities so as to stay abreast of our requirements.

Our company has a conservative financial position, with very little debt in relation to its borrowing capacity. Our Debt to Equity ratio is also very healthy and has been recently augmented through the sale of Treasury Shares amounting to Rs. 285 crores. This enables us to raise the resources required for the investment programme at attractive rates.

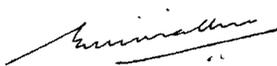
You will recall that a number of acquisitions over the years had led to a complex holding structure. The tie up with Heineken also brought the Asia Pacific Breweries' two manufacturing facilities into our fold. In an effort to simplify the corporate structure, integrate units, and enhance both operating and tax synergies, a number of mergers, already approved by all of us, have been completed and judicial orders in hand. Accordingly, the accounts for the year ended 31st March 2011 incorporate the numbers for Associated Breweries and Distilleries Limited, Millennium Alcobev Private Limited, Empee Breweries Limited, Millennium Beer Industires Limited, United Millennium Breweries Limited, UB Nizam Breweries Private Limited and Chennai Breweries Private Limited.

Even as we focus on our consumers, we have not lost sight of the communities in which we operate. We continue to be committed to education, health care and water initiatives in each location that we operate in. Not only have these won recognition from national & international agencies, but most importantly, have helped to make the lives of thousands of people better. It is our way of saying "thank you" and giving back more than we take out of our environment.

I look to the future with optimism. Despite the palpable sense of a slowing down of the global economy, India and its young population is still imbued with anticipation of good times to come. United Breweries is well placed to be a part of the good times, and this will translate into higher sales with improved profitability.

All stake holders have contributed to the success of our company and I look forward to the continuing and enthusiastic participation of all our employees, customers, suppliers, bankers, and above all, you, dear shareholders.

Thank You!



VIJAY MALLYA
CHAIRMAN



Report of the Directors

Your Directors have pleasure in presenting this Annual Report and the audited accounts of United Breweries Limited ('UBL' or 'your Company') for the year ended March 31, 2011 ('the year under review', 'the year' or 'FY11').

FINANCIAL RESULTS – AN OVERVIEW

(Amounts in Rupees million)

	Year ended March 31	
	2011	2010
Net Turnover	30,960	20,751
Profit before Interest & Depreciation	4,348	2,949
Interest	781	555
Depreciation	1,305	883
Profit before Taxation	2,262	1,511
Provision for Taxation	(789)	(542)
Profit after Tax available for appropriation	1,473	970
Appropriations:		
Proposed dividend on Equity Shares (including taxes thereon)	184	101
Dividend on Preference Shares paid (including taxes thereon)	86	87
Transfer to General Reserve	150	100
Balance your Directors propose to carry to the Balance Sheet	1,053	682
Total appropriations	1,473	970

DIVIDEND

Your Board of Directors take pleasure in declaring a dividend of Re.0.60 per Equity Share, including on 14.6 million Equity Shares of Re.1 each fully paid up that were allotted to the shareholders of Millennium Alcobev Private Limited ('MAPL'), Empee Breweries Limited ('Empee') and UB Nizam Breweries Private Limited ('UB Nizam') and 9 million Equity Shares of Re.1 each pending allotment to the shareholders of Chennai Breweries Private Limited ('CBPL') and Millennium Beer Industries Limited ('MBIL') since amalgamated with the Company.

UBL paid a dividend on Cumulative Redeemable Preference Shares ('CRPS') at the rate of 3% under the terms of the issue of 24.7 million CRPS held by Scottish & Newcastle India Limited.

The total equity dividend for the year ended March 31, 2011 is 60%, and the total dividend (including dividend tax) is Rs.184 million (about 12% of Profit after Tax).

AMALGAMATIONS

Your Directors are pleased to inform that the Amalgamations of Associated Breweries and Distilleries Limited ('ABDL'), MAPL, Empee and UB Nizam with Appointed Date of April 1, 2010, and CBPL with Appointed Date of close of business hours on March 31, 2011, were approved by the Honorable High Courts of Karnataka and Madras.

MBIL and United Millennium Breweries Limited ('UMBL') have been amalgamated into your Company by the orders passed by Board of Industrial Financial Reconstruction ('BIFR') with Appointed Date of April 1, 2010.

These consolidations have ensured creation of a larger combined entity, and synergies in the businesses besides economies of scale. Combining all functions and operations has not only resulted in enhanced financial performance but also has provided benefits in the form of managerial and technical expertise, and financial resources thereby enhancing shareholder value.

CAPITAL

In view of the consolidation of share capital through the amalgamation of various companies, the Authorized Share Capital of your Company now comprises of Equity Share Capital aggregating to Rs.3,620 million and Preference Share Capital of Rs.4,914 million. The Issued, Subscribed and Paid-up Share Capital as on March 31, 2011 stood at Rs.2,724 million, comprising of Equity Share Capital of Re.1 each aggregating to Rs.254.54 million and Cumulative Redeemable Preference Shares of Rs.100 each aggregating to Rs.2,469 million. Upon amalgamation, 9 million Equity Shares of Re. 1 each are to be allotted to eligible shareholders which will enhance the Issued, Subscribed and Paid-up Share Capital to Rs.1,004.4 million comprising of 263.7 million Equity Shares of Re. 1 each and Cumulative Redeemable Preference Shares of Rs.100 each aggregating to Rs.740.7 million. Your Company has redeemed 17,283,000 Series – A Cumulative Redeemable Preference Shares of Rs.100 each held by Scottish & Newcastle India Limited on April 14, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Beer is the world's most consumed alcoholic beverage and third most popular drink after water and tea. However, the consumption pattern in India is distinctly different from other countries, as alcohol consumption is skewed towards spirits. The per capita consumption of beer in India is very low – at about 1.5 liter per capita it is 5% of the global average.

We believe that the primary reasons for the extremely low consumption of beer are the tax structure, which does not differentiate between the alcohol content of various classes of beverages, and the low penetration of outlets for the sale and consumption of beer in India.

In India, spirits and beer are treated as similar alcoholic beverages and therefore, taxed on a similar basis without taking into account the fact that beer contains about 5-7% of alcohol by volume, whereas spirits contain over 40% of alcohol by volume. The result of this policy is that the consumer price of beer is 2 to 3 times higher than that of spirits on an equivalent alcohol basis.

In the context of availability, beer and spirits are viewed alike by the Excise Authorities, and the number of Points of Sale for beer is very low in the country. This too results in the suppression of beer consumption.

In many parts of the country, the wholesale, and at times the retail distribution points, are controlled by the State Government. Moreover, in about 60% of India, the State dictates the price at which beer can be sold by the brewers.

Notwithstanding the constraints mentioned above, we believe the future of the industry is very bright. As the economy develops, disposable incomes will keep rising and this in combination with the young demography of the country, will spur growth in the beer industry.

The size of the Indian beer industry in the year under review was approximately 225 million cases, showing a compounded annual growth rate of around 13% in the past 5 years. During the year under review the industry grew by 18%. Saliency of the strong beer segment continues to increase, and strong beer now accounts for an estimated 79% of volumes sold.

United Breweries Limited has not only successfully overcome the challenges of the industry, but also outpaced several global beer brands that have entered India in the recent past. In the process, your Company has increased its market share and widened the gap with its competitors.

The Central and State Governments have been considering a harmonized Goods and Services Tax ('GST') regime for a number of years, but have not been able to conclude on the terms of this regime. Most notably, there is a likelihood that the alcoholic beverages industry is excluded from GST altogether. Exclusion of an industry is against the foundation of GST and would not achieve the stated objective of creating a uniform market with uniform taxes.

Report of the Directors (contd.)

OPERATIONS

SALES

Your Company had an excellent year in which volumes grew by 23%, crossing the land mark figure of 125 million cases. The net sales for the year 2010-2011 stood at Rs.30,132 million as against net sales of Rs.19,975 million in the previous year, registering a growth of 51%.

In the year under review, our combined national market share reached 54%, which is more than twice the size of the nearest competitor. This is achieved through a national market share of 69% in the mild beer market, and 50% of the strong beer market. UBL achieved market leadership in the State of Andhra Pradesh for the first time, and strengthened its presence in Orissa and Uttar Pradesh.

The ubiquitous Kingfisher brand continues to be the largest selling beer brand in India, with a volume growth of 20% during the year. 'Kingfisher Ultra', 'Kingfisher Blue' and 'Kingfisher Red' are the latest additions to the Kingfisher portfolio, and have been received well in the market and are being rolled out across the country.

Your Company received two International Awards at the World Beer Awards 2010, as well as three national awards for excellence in packing at IndiaStar 2010. Kingfisher Premium and Kingfisher Strong received awards in Asia's Best Lager Premium and Asia's Best Lager Strong categories respectively. Kingfisher Ultra's bottle design, Kingfisher's Premium four-pack carrier and the Kingfisher premium gift pack were awarded at the IndiaStar 2010.

MANUFACTURING

Manufacturing expenses for the financial year 2010-2011 were Rs.15,067 million, constituting 50.0% of net sales, as against Rs.10,088 million in the previous financial year, which constituted 50.6% of net sales.

In the previous financial year, your Company started the infusion of patented bottles in order to secure the availability of bottles and to obtain efficiencies in the cost of bottles. Such bottles with embossed name and logo of your Company cannot be used by other brewers and are to be necessarily supplied back to your Company by the bottle vendors. This strategy is showing positive results, with the cost of recycled patented bottles being significantly lower compared to similar "industry" bottles. The Company intends to complete the establishment of a patented bottle pool across India in the financial year ending 31 March 2012, and the cost associated with accelerated investment in new patented bottles is expected to be recovered in the coming years. Your Company has agreements in place for the supply of malt, barley and bottles.

Most of the units have installed solid fuel boilers, which has resulted in a reduction in fuel cost. In order to further reduce power consumption, your Company is exploring conversion of organic waste into energy to obtain savings in electricity cost in an environmentally sustainable manner. The breweries are continuously improving efficiencies in the brewing process and in packaging, thereby containing overall manufacturing cost.

In order to keep pace with the growing demand, your Company proposes to expand its capacity through expansion of its existing breweries, building new breweries, and entering into new contract brewing agreements where required. The proposed Greenfield brewery at Nanjangud, Karnataka is expected to be commissioned in the next financial year. In view of the rapid growth, your Company is commencing a Greenfield brewery in the state of Bihar. The acquisition of land for this purpose at Naubatpur, Patna through the Bihar Industrial Area Development Authority is completed.

Your Company has augmented brewing capacity by amalgamations of its associate companies viz., UB Nizam, CBPL and UB Ajanta Breweries Private Limited ('UB Ajanta') that operate in the vital markets of Andhra Pradesh, Tamil Nadu and Maharashtra. Prior to the Scheme of Amalgamation, your management secured its rights over the CBPL brewery by payment of facility advance to the promoters of Balaji Distilleries Limited (now CBPL) which stands amalgamated into your Company. While the scheme for merger of UB Ajanta is pending approval by BIFR, your Company has secured its capacity by executing a management agreement.

PERSONNEL AND OTHER OPERATING EXPENSES

Personnel expenses of your Company stood at Rs.1,441 million, as compared to Rs.989 million in the previous year. This constituted 4.8% of net sales, as against 5.0% of net sales in the previous year. Other operating expenses amounted to Rs.1,450 million constituting 4.8% of net sales. Personnel and other operating expenses were contained despite increased volumes during the year due to enhanced productivity levels.

SELLING AND BRAND PROMOTION EXPENSES

During the period under review, your Company has spent 28.5% of net sales on selling and brand promotions as compared to 28.0% of net sales spent in the previous year. The selling and promotion expenses stood at Rs.8,582 million.

Your Company is recognized as one of the premier branded goods companies in India, and Kingfisher is perhaps one of the Country's best paced & recognized consumer brands. Your Company allocates its brand spends largely across three properties; sports, fashion, and music. Our aim is to enhance the brand equity by associating with the most valuable properties in a cost effective manner.

In sports, your Company's main focus is towards the highly popular Indian Premier League in cricket. Our association as 'Good Times Partner' with five of the leading teams of the IPL has been very effective for leveraging the flagship brand 'Kingfisher'. The brand also continued its association as Water Partner with large city-based sporting events such as the Mumbai Marathon, Delhi Half Marathon and Bangalore 10K. Your Company's association with Formula One has garnered tremendous popularity and has provided the Company with global visibility for the brand. Your Company has renewed its association with United East Bengal Football Team as the official sponsor of the team.

In Fashion, Kingfisher associated with Jaipur International Fashion Week for the first time and continued its association with the premier national fashion events like Wills Lifestyle, Lakme Fashion Week, Delhi & India Couture Week, Bangalore Fashion Week and Chennai International Fashion Week. The ninth edition of Kingfisher Calendar was revealed amidst much fanfare and a host of celebrities. Launch of the Kingfisher Calendar was preceded by Hunt for the Kingfisher Calendar Girl 2011 on national television.

In Music, our main activity was the Great Indian Octoberfest, which was held in Bangalore and drew huge response from the visitors with a combination of famed DJs, Bollywood artists, flea markets, and contests. Octoberfest has now become a much anticipated fixture in the Country's social and cultural calendar.

The Kingfisher brand is very active in new media, as evidenced by its Facebook fan page that now has a fan base of over 2.5 million. This has catapulted the brand into the top Facebook fan pages from India, and makes it one of the largest Facebook followings of any beer brand across the globe.

PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION (PBIDT)

PBIDT for the year under review stood at Rs.4,348 million, as compared to Rs.2,949 million in the previous year, reflecting an increase of 47.4%. This significant increase in PBIDT is a result of strong growth in the profitable markets of Karnataka, Maharashtra and West Bengal and an increased market position in the emerging markets of Bihar and Orissa, while fixed costs were contained as a percentage of net sales during the year.

INTEREST AND DEPRECIATION

Interest paid during the year amounted to Rs.781 million, as against Rs.555 million in the previous year. Depreciation for the year was Rs.1,305 million as compared to Rs.883 million in the previous year.

PROFIT BEFORE AND AFTER TAXATION

The Profit Before Taxation for the year stood at Rs.2,262 million, as compared to Rs.1,511 million in the previous year, reflecting an increase of around 49.7%. The Profit After Taxation stood at Rs.1,473 million, as against Rs.970 million in the previous year, reflecting a growth of 51.9%.

Report of the Directors (contd.)

OPPORTUNITIES, THREATS, RISKS & CONCERNS

In terms of revenue, beer accounts only for 7% of the Indian alcoholic beverage market and, it is a mere 5% of the global average in volume terms. This low penetration in beer consumption in comparison to international level offers an opportunity for substantial growth in the coming decades.

There is a huge demographic dividend that India will reap in the next decades. The UN expects the country to overtake China as the most populous country by 2025, while its inhabitants remain very young. Half of India's population is below the age of 25, and in 2030 about 20% of all people below 25 years of age in the world will be Indian as compared to 11% from China.

On the back of solid GDP growth, income levels are expected to rise substantially and NCAER estimates that today's middle class population of 160 million will grow to 547 million by 2026. This is especially significant as due to high consumer prices, beer consumption is skewed toward higher income consumers. This will also offer opportunities to further premiumise the beer industry.

In addition, increased urbanization and evolving consumer attitudes toward alcohol consumption will provide further levers for growth. With urban consumers being more exposed to western lifestyle, there has been a positive shift in consumer behavior towards alcohol consumption. Social habits are undergoing a transformation and with further urbanization, this acceptance is only going to increase, even as we focus on responsible consumption of alcohol.

The Indian beer market is one of the fastest growing in world today and with the aforementioned growth drivers in place, an extended period of high growth may be expected.

Despite drivers of growth being in place, government intervention in distribution, high taxation, restricted communication, and increased cost of raw materials are some negatives that the industry faces.

The Indian beer industry is suffering from a myriad taxes and levies that vary from state to state. No two States or Union Territories have the same policy, and policies are generally short term in their outlook, with little or no thought to long-term interests of all stakeholders, including the general public. Changes in taxation, both on a state level and on a national level, are particular high risks to this industry and might significantly impact profitability from time to time.

There are positive trends however. A number of states, including key states such as Maharashtra and Karnataka, have taken some steps to differentiate between spirits and lower alcohol alternatives such as beer. There have been several instances where state governments have increased excise duty for spirits while maintaining the excise rate for beer or opting for a smaller increase in rates than that of spirits. Although this is far away from an alcohol content based excise policy that is prevalent in most countries, even a small differentiation between beer and spirits taxation is a good step towards delinking the two. In Maharashtra, the government improved the availability of beer through the creation of beer shop licenses, which allow the sale of only beer and not spirits. This has been a significant driver for growth in the Maharashtra beer industry and in excise revenue.

Increase in demand for malt is resulting in limited availability of locally produced barley and this shortage is anticipated to increase in coming years. Your company has explored a number of avenues to address increases in cost of raw materials, and is taking measures to invest in the upstream supply chain to ensure the company continues to receive a sustainable supply of quality barley. Your company has also entered into long term contract with glass manufacturers to derive cost and supply advantages in packaging and thereby containing risk. Regulation over retail pricing in many states may create an environment where the company is unable to pass on the real escalation in cost of raw materials, which would impact profitability from time to time.

RISK MANAGEMENT

Your company has evolved a framework for management of business risks. Towards this end, the company performs a risk assessment in which strategic risks, operative risks, information technology risks and financial risks are considered and mitigating actions are identified. This is reviewed regularly by the internal audit team and Audit Committee of the Board.

Continuity and sustainability of the business is as important to stakeholders as growing and operating the business. Managing risks and protecting the business from the effects of material adverse events are focal points on the management's agenda.

PROSPECTS

Your Company achieved a sales volume growth of 6% during the first six months of the current financial year and strengthened its market share further. Judging by this performance, the Company is set to maintain its position as the clear leader in the Indian beer market.

The infusion of patented bottles is continuing, and we have seen a positive impact on prices of recycled patented bottles in the markets where the patented bottle pool has been established. Several smaller brewers have tried to use our bottles notwithstanding our patent, and we have used and will continue to use all legal means available to enforce our rights.

In light of the high inflation and increases in interest rates, fixed costs are expected to show a continued increase in the coming financial year.

In view of the positive prospects, your Company is setting up Greenfield Breweries in Patna (Bihar) and Nanjangud (Karnataka). These breweries are expected to be commissioned in the financial year ending March 31, 2013. In addition your Company will continue to invest towards increasing capacity and upgradation of its existing breweries.

Through these actions, your Directors are hopeful that your Company would achieve a sustained leadership position, grow ahead of the market and realize a structural improvement in profitability in the years to come.

CORPORATE SOCIAL RESPONSIBILITY

At United Breweries, we have a belief: No business can exist without impacting or being impacted by the environment it operates in. It is this belief that has led us to think beyond our business, beyond our breweries.

We believe social initiatives are not sporadic acts of charity but that of partnership - where we always strive to give back to the environment and to society more than we receive. Social responsibility is integrated in the corporate philosophy of your Company and we have been able to positively impact the lives of the communities that we work in. In our approach to impact our immediate environment, we focus and concentrate on four areas of Corporate Social Responsibility: Water Management, Contract Farming, Primary health and welfare, and Primary education.

Every initiative undertaken is long term and sustainable and addresses a specific need of the local community. These are implemented and monitored in partnership with representatives of the community. Our teams work relentlessly to ensure that each of these meet the needs of the local people.

WATER MANAGEMENT

Water is an indispensable life giving, life sustaining and life saving element. Technological changes, rapid urbanization and population growth all have irreversible effects on water. Potable water is gradually becoming a scarce resource. Our industry has a significant dependence on water, both in terms of quantity and quality. Therefore, the need to conserve it is besides the social responsibility of UBL also for its own future. UBL realizes that providing safe drinking water as well as water for domestic purpose to the community would go a long way in fulfilling a significant responsibility as corporate citizens. Towards these goals we have initiated following projects, in order to create the right positive impact.

Our most important focus is to reduce the water requirement for the production of beer. In the past years, we have made a significant reduction in the usage of water, and we aim at achieve a world class efficiency in water usage in the coming years. We have numerous initiatives in place that will help us drive this ambition.

- The company is installing sophisticated equipment and is changing processes so as to reduce consumption of water and its disposal. This will in turn reduce need for acquisition of additional lands for waste water disposal.
- As an environment initiative, your company has installed bottle washers incorporating latest technology at all units.
- We have implemented rain water harvesting in the breweries of Rajasthan, Nelamangala, Palakkad, Chennai, Mangalore, both inside and outside the breweries.
- Your company has also collaborated with several agricultural universities for cultivation of identified crops with waste water from the Brewery being used for irrigation on a select basis.

Report of the Directors (contd.)

Your Company also provides clean drinking water to its neighbourhoods. Its water conservation and regeneration schemes are devised to provide a sustainable benefit to the community around breweries. This includes building and maintaining water tanks for providing clean drinking water in schools. For instance UBL has constructed underground pipelines and water storage facility in Srikakulam which serves almost 250 households and also an overhead tank (10,000 litres capacity) with distribution network in Nelamangala that caters to almost 600 families. The company also provides clean drinking water to the community of around 350 people adjacent to Mangalore unit and drinking water on tap in the villages of Jogeshwari and Lavaki in Aurangabad and distributes potable water to villagers during summer in Orissa. Units in Ludhiana, Rajasthan, and Goa also serve clean drinking water in nearby schools.

UBL's industry leading role has been recognized when it received two prestigious Water Digest Water Awards in 2009-10 for Best Water Conserver - Wastewater Management Company as well as CSR Company for water practices. These awards are supported and judged by UNESCO, PHDCCI and various Government of India agencies. This recognition reinforces the fact that UBL not only excels in delivering its business goals, but also fulfills its commitment towards society as a responsible corporate citizen.

CONTRACT FARMING

Your Company's belief that social initiatives are more acts of partnership than philanthropy is best reiterated with its contract farming initiative with barley-cultivating farmers.

Your Company, in association with the Directorate for Wheat Research, the Punjab Agricultural University and the University of Agricultural Sciences, Dharwad, has helped develop high-yield varieties of barley. Your Company is actively developing contract farming for barley. By entering into contracts with farmers, United Breweries has helped turn the tide for farmers, making them less dependent on the monsoon and traditional high-risk crops. What originated as an experiment on 500 acres of land in 2003 has grown into 25,000 acres today, with United Breweries buying barley from its farmers at prices higher than government-supported prices. This, in turn, has provided over 4500 farmers access to a consistently better quality of life.

PRIMARY HEALTH

We believe that the wellbeing of society starts with the good health of its people. From operating primary health care camps in the vicinity of our breweries in association with local governing bodies, to providing infrastructure to existing dispensaries and organising awareness programs, primary healthcare remains to be the centre of our focus area.

From immunization drives and eye camps to first-aid training and HIV & AIDS awareness programs, the objective of our initiatives is to foster good health and to make primary health care more accessible and affordable. For instance, the mobile medical service in Srikakulam in identified villages treats hundreds of villagers on a weekly basis. In Nelamangala, more than 900 families today benefit from the health centre set up for them. The other activities include free check-up camps for the visually challenged in Kalyani, free consultation & medication in Goa, healthcare centres at Aurangabad, Rajasthan, Mumbai & Mangalore.

PRIMARY EDUCATION

United Breweries strongly believes in giving children the right to basic necessities and joys of childhood. From catering to their daily needs to facilitating their education, United Breweries Limited contributes towards the development of underprivileged children in its own humble, yet effective way.

We are actively involved with primary level schools from distributing uniforms and organizing midday meals to providing vocational training to students with special needs. We also support needy students, provide them with nutritional supplements, in addition to supporting mid-day meal schemes. Modernization of education through teaching aids and academic tools are of top priority in our scheme of things. Efforts are also being made towards enrolling and retaining maximum number of girl students. Financial support to needy students of Palakkad (Kerala, India), maintenance of school premises in Ludhiana, mid-day meal schemes in Cherthala, providing teaching aids to schools in Goa, Dharuhera, Srikakulam, and gender based literacy initiatives in Goa, Dharuhera, and Srikakulam are some of our endeavors in this area.

With the intention of nursing and providing a better foundation for tomorrow's healthy, responsible and productive citizens, we have ensured that over 2500 students benefitted from our initiatives.

INTERNAL CONTROL SYSTEM

Your Company has established a robust system of internal controls to ensure that assets are safeguarded and transactions are appropriately authorized, recorded and reported. Internal Audit evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Your Company's internal control systems are robust and are routinely tested and certified by statutory and internal auditors. The process adopted provides reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

In order to continuously upgrade the internal control system, to be in line with international best practices and to ensure proper corporate governance, your Company has implemented risk assessment, control self assessment and legal compliance management. These have been updated during the year under review.

The internal control system evaluates adequacy of segregation of duties and reliability of management information systems, including controls in the area of authorization procedures and steps for safeguarding assets. Planned periodic reviews are carried out for identification of control deficiencies and opportunities for bridging gaps with best practices along with formalization of action plans to minimize risks.

Your Company believes that the overall internal control system is dynamic, and reflects the current requirements at all times, hence ensuring that appropriate procedures and controls, in operating and monitoring practices are in place.

Internal Audit reports to the Audit Committee and recommends control measures from time to time.

HUMAN RESOURCES

People continue to be the focal point of the organization's development. Your Company believes in building a stimulating, conducive and transparent culture that drives high level of performance. For a high performance organization, it is imperative that it has right people in the right job equipped with the right set of skills. As such, the emphasis this year was in identifying and developing people capability to ensure that we not only maintain but accelerate our rate of growth and performance. With this intent, an in-depth evaluation of role requirement and the individual's strengths was carried out. This was to ensure right deployment of people and also identify their developmental needs that will strengthen and consolidate our leadership pipeline. The organization also completed the succession planning exercise that has also enabled it to fill critical positions internally.

We continued to significantly improve our performance in the areas of productivity and safety by means of focused initiatives. Your Company maintained harmonious employee relations during the year.

As on March 31, 2011, the total employee strength at United Breweries Limited stands at 2315.

Your Directors place on record their sincere appreciation to all employees for their contribution towards the continuous success of the organization.

The Company has not offered any stock options to the Employees during the year 2010-11.

SUBSIDIARY COMPANIES

Maltex Malsters Limited is the only subsidiary in which your Company holds 51% of equity capital. A copy of Accounts of Maltex Malsters Limited will be provided on request to any member, on receipt of such request by the Company Secretary at the Registered Office of the Company.

The statement pursuant to Section 212 (1) (e) also forms part of this Annual Report.

CONSOLIDATION

As per the Listing Agreement, the Consolidated Accounts conforming to the applicable Accounting Standards are attached to this Annual Report.

Report of the Directors (contd.)

CASH FLOW STATEMENT

A Cash Flow Statement for the year ended March 31, 2011 is appended.

LISTING REQUIREMENTS

Your Company's Equity Shares are listed on the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and the Bangalore Stock Exchange Limited. The listing fees have been paid to all the Stock Exchanges for the year 2011– 2012.

14,496,683 Equity Shares issued and allotted to the shareholders of erstwhile Empee and MAPL as mentioned above during the year under review have also been listed on the aforesaid stock exchanges. 145,902 Equity Shares have been allotted to the shareholders of erstwhile UB Nizam on November 14, 2011 which are pending listing. Upon amalgamation of CBPL and MBIL 9,004,731 Equity Shares are pending allotment to the eligible shareholders of respective Companies.

DEPOSITORY SYSTEM

The trading in the equity shares of your Company is under compulsory dematerialization mode. Your Company has entered into Agreement with National Securities Depository Limited and Central Depository Services (India) Limited in accordance with the provisions of the Depositories Act, 1996 and as per the directions issued by Securities and Exchange Board of India. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialisation of the Company's shares.

FIXED DEPOSITS

There were no outstanding fixed deposits at the end of the previous financial year. The Company has not invited any Fixed Deposits during the year.

ADDITIONAL STATUTORY INFORMATION

The statement containing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 forms a part of this Directors' Report and is annexed. Particulars required under Section 217(1)(e) are also annexed.

DIRECTORS

The Board of Directors of your company comprises of twelve Directors, with a balanced combination of Independent and Promoter Directors. Mr. Hiemstra resigned from our Board on August 09, 2011. In his place, Mr. De Rond from Heineken has been appointed as a Non-executive and Promoter Director. The Board welcomes Mr. De Rond, and places on record its appreciation for the contributions of Mr. Hiemstra while on our Board.

Mr. Chhaganlal Jain, Ms. Kiran Mazumdar Shaw and Mr. Madhav Bhatkuly retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Board of Directors reports that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- accounting policies have been selected and applied consistently, and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A Report on Corporate Governance forms part of this Report along with the Certificate from the Company Secretary in Practice.

AUDITORS AND AUDITORS' REPORT

M/s Price Waterhouse, Statutory Auditors hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification or explanation.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the continued support received from shareholders, banks and financial institutions. Your Directors are also grateful to the Company's business partners and customers for their continued support and patronage. Finally, your Directors wish to acknowledge the support and contribution on the part of all employees who constitute our most valuable asset.

By Authority of the Board,

November 23, 2011
New Delhi

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO



UNITED BREWERIES LIMITED

Annexure to Directors' Report

STATEMENT UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

A. Conservation of Energy:

Energy conservation measures taken by the Company.

Electrical Energy:

Vapour absorption machine commissioned in Chennai brewery unit for generating chilled water for wort cooling instead of using high electricity consuming reciprocating compressors.

Automation on all alternate fuel boilers installed to reduce electricity consumption.

Lighting energy savers installed at Mumbai, Bangalore and Mangalore units.

Focus on optimal work in process during the off season has reduced refrigeration load and consequently saved on energy consumption.

Fuel Oil Consumption:

De-super heaters installed at Bangalore, Palakkad and Kalyani units to generate higher feed water temperature in boilers leading to reduced solid fuel consumption.

After successful implementation of alternate fuel boilers at units located at Punjab, West Bengal and Andhra Pradesh, alternate fuel boilers are installed at all units except at Cherthala unit. This has reduced fuel cost substantially.

Water Conservation:

Recycling of effluent treated water with programmable logic control operated reverse osmosis plant installed at Mallepally, Srikakulam and Ludhiana Unit to ensure water conservation.

Rainwater harvesting initiative is being undertaken at Mallepally unit in a phased manner to save water and enhance the ground water table.

Environment:

LED coupled with solar power & geo thermal office cooling system installed at Mallepally unit. In 2nd stage Vapor Heat recovery systems are installed at Bombay & Hyderabad.

Heat recovery system is installed in the Wort kettle in the Goa unit, which substantially reduces heat emission into the atmosphere. This initiative is a part of reduction in global warming.

B. Technology Absorption

First Mash filter & high speed 36000 BPH bottling line commissioned at Mallepally unit in Andhra Pradesh.

Coil cooler installed for DG sets at Dharuhera & Hyderabad units in place of Radiators to increase efficiency of DG sets during longer running hours at high temperature regions.

Latest technology in labellers, Auto PU controlled Pasteurizer and fillers for beer packaging has been implemented at Mallepally, Greenfield brewery. This has resulted in improved quality, reduced wastages and higher productivities on the line.

C. Research and Development

The Company has continued its Research & Development (R&D) program in the area of development of two row malting variety of Barley. The Company will shortly launch a flavoured beer in the market by utilizing the technology developed by our R&D department.

D. Foreign Exchange Inflow and Outflow

(Rupees in Million)

Foreign Exchange earned	:	Rs.694.88
Foreign Exchange used	:	Rs.19.95

Annexure to Directors' Report (contd.)

STATEMENT UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 (EMPLOYED FOR FULL YEAR)

Sl. No.	Name	Age	Date of Joining	Total Remuneration	Designation	Educational Qualifications	Experience in Years	Previous Employment
1.	Kalyan Ganguly	60	01 Feb 1979	41472230	Managing Director	B.A. (Hons.), PGDBM (XLRI)	38	EVP-Marketing & Sales McDowell & Co. Ltd
2.	Shekhar Ramamurthy	50	15 May 1989	21628936	Deputy President	B.Tech. (Civil)-IIT, Delhi, PGDBM-IIM-Kolkata	24	General Manager - Marketing Herbertsons Ltd
3.	Guido de Boer	39	01 Oct 2009	16653300	Director & CFO	M.Sc. in Economics & Business	14	Heineken International B.V
4.	Cedric Vaz	53	15 May 2006	10866398	EVP - Manufacturing	B.Tech. (Chem. Engg.) IIT-Kanpur	29	Head Operations - Cadbury India Ltd.
5.	Joseph Noronha	56	15 Jul 1991	10009572	EVP - HR	B.Com., (Hons.) PGDPM-IR (XLRI)	33	Personnel Manager - The Oberoi Bogmalo Beach, Goa
6.	Kiran Kumar	43	28 Apr 1997	9052808	SVP - Sales	B.Com., PGDBM IIM-Ahmedabad	20	Marketing Manger - Herbertsons Ltd
7.	Perry Goes	46	14 Jun 2004	8939462	SVP - Strategic Planning & Business Analysis	B.E. (Mech.), PGDBM (Mktg-Fin & HR) - Goa Inst. of Mgmt.	24	Group Leader for Business Analytics - Honeywell Technologies Solutions Labs
8.	Samar Singh Sheikhwat	45	09 Nov 2009	8145052	SVP - Marketing	B.A., MBA (Marketing)-Symbiosis Inst. of Mgmt., Pune	21	Vice President Marketing - Spencers Retail Ltd

Employed for part of the year and in receipt of remuneration in aggregate of not less than Rs.60,00,000/- per annum

Sl. No.	Name	Age	Date of Joining	Total Remuneration	Designation	Educational Qualifications	Experience in Years	Previous Employment
1.	H Breederveld	60	11 Oct 2010	5067504	Technological Advisor	Chemical Engineer (M.Sc.; Biochemistry) Delft University of Technology - The Netherlands	33	Heineken International B.V.

All the employees mentioned above are in full time employment with the Company.

SVP- Senior Vice President, EVP- Executive Vice President, CFO - Chief Financial Officer.

NOTES: Remuneration shown above includes salary, allowances, medical, leave travel expenses and monetary value of perquisites as per Income Tax Rules. None of the employees mentioned above is a relative of any Director of the Company. None of the above mentioned employees holds more than 2% of the paid-up equity capital in the Company.

UNITED BREWERIES LIMITED

By Authority of the Board,

November 23, 2011
New Delhi

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

"Persons constituting group coming within the definition "group" for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:"

Dr. Vijay Mallya
Mr. Sidhartha V Mallya
Ms. Ritu Mallya
Kamsco Industries Private Limited
The Gem Investment & Trading Company Private Limited
Mallya Private Limited
McDowell Holdings Limited
United Breweries (Holdings) Limited
Pharma Trading Company Private Limited

Vittal Investments Private Limited
Devi Investments Private Limited
VJM Investments Private Limited
Scottish & Newcastle India Limited
Heineken International B.V.
Heineken UK
Heineken N.V.
Scottish and Newcastle India Private Limited
UB Overseas Limited

Report on Corporate Governance

A. MANDATORY REQUIREMENTS

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

As Manifested in the Company's vision, United Breweries Limited has always strived for excellence in Corporate Governance. Beyond mere compliance, we are committed towards taking all strategic initiatives to enhance Shareholders' wealth in the long term. In pursuit of corporate goals, the Company accords high importance to transparency, accountability and integrity in its dealings. Our philosophy on Corporate Governance is driven towards welfare of all the Stakeholders and the Board of Directors remains committed towards this end.

The Board of Directors supports the broad principles of Corporate Governance and lays strong emphasis on its role to align and direct the actions of the Company in achieving its objectives.

BOARD OF DIRECTORS

Your Company is managed and controlled through a professional Board of Directors. The Board comprises of a balanced combination of non-Executive and independent Directors in addition to the Managing Director and the Chief Financial Officer. Your Company's Board consists of eminent persons with considerable professional expertise and experience.

Matters of policy and other relevant and significant information are regularly made available to the Board. In order to ensure better Corporate Governance and transparency, the Company has constituted an Audit Committee, Investors' Grievance Committee, Remuneration / Compensation Committee, Share Transfer Committee, Amalgamation Committee and Borrowing Committee and to look into the aspects of each Committee. Internal Audit carried out by the Group Internal Audit team that is commensurate with the size of the organization. There is comprehensive management reporting systems involving the preparation of operating results and their review by senior management and by the Board.

In addition to securing Board approvals for various matters prescribed under the Companies Act, 1956, matters such as annual budget, operating plans, material show cause notices and demands, if any, minutes of Committee meetings, control self assessment, risk management and updates thereof are regularly placed before the board.

During the financial year ended on March 31, 2011, 7 Board Meetings were held on May 05, 2010, July 21, 2010, August 20, 2010, September 13, 2010, October 28, 2010, February 10, 2011 and March 11, 2011.

ATTENDANCE AT BOARD MEETINGS AND ANNUAL GENERAL MEETING (AGM)

Names of the Directors	Category	Number of Board Meetings held	Number of Board Meetings attended	Attendance at the last AGM held on 20.08.2011
Dr. Vijay Mallya	Chairman (NE)	7	5	YES
Mr. Kalyan Ganguly	Managing Director	7	6	YES
Mr. A K Ravi Nedungadi	Director (NE)	7	7	YES
Mr. Duco Reinout Hooft Graafland	Director (NE)	7	3	YES
Mr. Sijbe Hiemstra@	Director (NE)	7	4	YES
Mr. Guido de Boer	Director (CFO)	7	7	YES
Mr. Chugh Yoginder Pal	Director (NE, Ind)	7	7	YES
Mr. Sunil Alagh	Director (NE, Ind)	7	7	YES
Mr. Chhaganlal Jain	Director (NE, Ind)	7	7	YES
Ms. Kiran Mazumdar Shaw	Director (NE, Ind)	7	3	YES
Mr. Madhav Bhatkuly	Director (NE, Ind)	7	6	YES
Mr. Stephan Gerlich	Director (NE, Ind)	7	6	YES
Mr. Theodorus Antonius Fredericus de Rond #	Director (NE)	7	—	—

Notes: NE – Non Executive, Ind – Independent, CFO – Chief Financial Officer

Report on Corporate Governance (contd.)

@ Mr. Sijbe Hiemstra resigned from the Board on August 09, 2011.

Mr. Theodorus Antonius Fredericus de Rond has been appointed as Non Executive Director with effect from August 9, 2011 in place of Mr. Sijbe Hiemstra.

Mr. Kenneth Choo Tay Sian, Alternate Director for Mr.Sijbe Hiemstra and Mr. Ernst Willem Arnold van de Weert, Alternate Director for Mr. Duco Reinout Hooft Graafland attended one (1) and two (2) Board Meetings respectively.

MEMBERSHIP IN BOARDS AND BOARD COMMITTEES – OTHER THAN UNITED BREWERIES LIMITED (UBL)

Names of the Directors	Membership in Boards other than UBL	Membership in Board Committees other than UBL	
		Prescribed for reckoning the limits under Clause 49 of the Listing Agreement **	Other Committees not so prescribed ***
Dr. Vijay Mallya	19	NIL	NIL
Mr. Kalyan Ganguly	3	NIL	NIL
Mr. A K Ravi Nedungadi	8	5 (Chairman of 1 Committee)	2
Mr. Duco Reinout Hooft Graafland	NIL	NIL	NIL
Mr. Sijbe Hiemstra	NIL	NIL	NIL
Mr. Guido de Boer	NIL	NIL	NIL
Mr. Chugh Yoginder Pal	4	3 (Chairman of 3 Committees)	2
Mr. Sunil Alagh	3	1 (Chairman of 1 Committee)	1
Mr. Chhaganlal Jain	5	2 (Chairman of 2 Committees)	1
Ms. Kiran Mazumdar Shaw	9	1	NIL
Mr. Madhav Bhatkuly	2	NIL	NIL
Mr. Stephan Gerlich	3	1	2 (Chairman of 2 Committees)
Mr. Theodorus Antonius Fredericus de Rond	NIL	NIL	NIL

The above position is as on the date of this Report and in respect of their Directorships only in Indian Companies.

** Audit & Investors' Grievance Committees *** Remuneration, Share Transfer & Other Committees

NOTES:

- Out of 19 other Companies in India in which Dr. Vijay Mallya is a Director, 7 are Private Limited Companies and 2 are Section 25 Companies. Dr. Vijay Mallya is also on the Board of 36 Overseas Companies.
- Out of 3 other Companies in which Mr. Kalyan Ganguly is a Director, 1 is a Private Limited Company. Mr. Kalyan Ganguly is also on the Board of 1 Overseas Company.
- Out of 8 other Companies in which Mr. A K Ravi Nedungadi is a Director, 2 are Private Limited Companies and 1 is a Section 25 Company. Mr. A K Ravi Nedungadi is also on the Board of 10 Overseas Companies.
- Mr. Duco Reinout Hooft Graafland is on Board of 2 Overseas Companies.
- Mr. Sijbe Hiemstra is a director on Board of 13 Overseas Companies.
- Mr. Guido de Boer is not a Director in any other Company.
- Out of 4 other Companies in which Mr. Chugh Yoginder Pal is a Director, 1 is a Private Limited Company.
- Out of 3 other Companies in which Mr. Sunil Alagh is a Director, 1 is a Private Limited Company.
- Out of 5 other Companies in which Mr. Chhaganlal Jain is a Director, 1 is a Private Limited Company.

Report on Corporate Governance (contd.)

- j) Out of 9 other Companies in which Ms. Kiran Mazumdar Shaw is a Director, 4 are Private Limited Companies. Ms. Mazumdar is also on Board of 4 Overseas Companies.
- k) Mr. Madhav Bhatkuly is a Director in 2 Private Limited Companies. Mr. Bhatkuly is also on Board of 2 Overseas Companies.
- l) Out of 3 other Companies in which Mr. Stephan Gerlich is Director, 2 are Private Limited Companies.
- m) Mr. Theodorus Antonius Fredericus de Rond is a Director on Board of 20 Overseas Companies.

PARTICULARS OF NEW DIRECTOR AND DIRECTORS RETIRING BY ROTATION AND BEING RE-APPOINTED

PROFILE OF NEW DIRECTOR

Brief resume	Other Directorships & Committee Memberships in India
<p>Mr. Theodorus Antonius Fredericus de Rond</p> <p>Mr. Theodorus Antonius Fredericus de Rond currently holds the position of Regional President, Heineken Asia Pacific, and he is also a member of Heineken Executive Committee. He is currently the Chairman of Heineken Asia Pacific Pte Ltd. and holds directorship in Asia Pacific Investment Pte Ltd. and Asia Pacific Breweries Group's subsidiaries and associate companies. He is also a Board Member of P T Multi Bintang Indonesia Tbk which is listed in Indonesia.</p> <p>Mr. De Rond was appointed to the Board of Directors of Asia Pacific Breweries Limited in August 2011. He joined the Heineken Group in 1978 and had held several international senior management positions in Europe, Latin America and Asia Pacific. Mr. De Rond was Guinness Anchor Berhad's Managing Director (2003-2007) and Heineken International's Corporate Marketing Director (2001-2003) responsible for the global marketing of Heineken and Commercial Director of Heineken Nederland (1999-2001). His prior appointment was General Manager, Cervecera CCU Chile (2007-2011).</p>	<p>NIL</p>

Mr. Chhaganlal Jain, Ms. Kiran Mazumdar Shaw and Mr. Madhav Bhatkuly retire at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Their brief particulars, are mentioned below:

PROFILE OF DIRECTORS RETIRING BY ROTATION

Brief resume	Other Directorships & Committee Memberships
<p>Mr. Chhaganlal Jain</p> <p>Mr. Chhaganlal Jain is a Chartered Accountant and a Company Secretary by profession, having more than 45 years of Corporate experience in various organizations including ICI and Hindustan Lever Ltd. He was Finance Director of Hoechst India Ltd. He was also External Faculty Member at Bajaj Institute of Management for 17 years. Apart from Directorship he holds in esteemed public companies, he is also a trustee of Nayana Parekh Charitable Trust and Sangeeta Jain Charitable Trust.</p> <p>Mr. Jain joined the Board on January 27, 2003.</p>	<p>Other Boards</p> <p>NOCIL Limited</p> <p>RPG Life Sciences Limited</p> <p>Asit C. Mehta Investment Intermediaries Limited</p> <p>Shaw Wallace Breweries Limited</p> <p>Practical Financial Services Pvt. Ltd.</p> <p>Audit Committees</p> <p>NOCIL Limited (Chairman)</p> <p>RPG Life Sciences Limited (Chairman)</p>

Ms. Kiran Mazumdar Shaw

Ms. Kiran Mazumdar Shaw is a first generation entrepreneur with more than 34 years of experience in the field of biotechnology. After graduating in B.Sc. (Zoology Hons) from Bangalore University in 1973, she completed her post-graduate degree in malting and brewing from Ballarat College, Melbourne University in 1975. She has been awarded with several honorary degrees including Honorary Doctorates of Science from Ballarat University, in recognition of pre-eminent contribution in the field of Biotechnology, 2004, Doctor of Technology from the University of Abertay Dundee, 2007, Doctor of science from the University of Glasgow, 2008 and Doctor of Science from the Heriot-Watt University, Edinburgh, 2008.

She is the founder promoter and has led Biocon Limited since its inception in 1978. She is the recipient of several awards, the most noteworthy being the 'Padmabhushan' Award (one of the highest civilian awards in India) in 2005 conferred by the President of India, the Nikkei Asia Prize, 2009 for Regional Growth, Express Pharmaceutical Leadership Summit Award 2009 for Dynamic Entrepreneur, the Economic Times 'Businesswomen of the Year', the 'Veuve Clicquot Initiative for Economic Development for Asia', Ernst & Young's Entrepreneur of the Year Award for Life Science & Healthcare, 'Technology Pioneer' recognition by World Economic Forum and The Indian Chamber of Commerce Lifetime Achievement Award. She heads several biotechnology task forces including the Karnataka Vision Group on Biotechnology, an initiative by the Government of Karnataka and the National Taskforce on Biotechnology for the Confederation of Indian Industry (CII). She is a member of the Prime Minister's council on Trade and Industry and also serves as a Member, Governing Body and general Body of the Indian Pharmacopoeia Commission, an Autonomous Body of the Government of India. She has been nominated as a Member of the Board of Trade, Directorate General of Foreign Trade, Ministry of Commerce and Industry. She is highly respected in the corporate world and has been named among TIME magazine's 100 most influential people in the world and has also been recently declared by Financial Times to be one of its 50 most powerful business women.

Ms. Kiran Mazumdar Shaw is on the Board of UBL since October 26, 2010.

Other Boards

Biocon Limited
Syngene International Limited
Clinigene International Limited
Biocon Biopharmaceuticals Limited
Biocon Research Limited
Narayana Institute For Advance Research Private Limited
Narayana Hrudayalaya Private Limited
Indian School of Business Private Limited
Glenloch Properties Private Limited

Investors' Grievance Committee

Biocon Limited

Mr. Madhav Bhatkuly

Mr. Madhav Bhatkuly has a Masters Degree in Commerce from Sydenham College, Bombay and a Masters Degree in Economics from the London School of Economics. He is a recipient of the Foreign and Commonwealth Scholarship from the British Government. Mr. Bhatkuly was a country partner of Arisaig Partners from 1999 to 2005. Prior to that, he was associated with SG Securities and ICICI Bank Limited. He partnered with Chris Hohn of The Children's Investment Fund, (UK) TCI to set up a dedicated India Fund. He is credited to have been amongst the first institutional investors in many small companies which have gone on to become some of India's leading names. He has been featured on several TV shows including "CNBC's wizards of Dalal Street", Indianomics, the Karan Thapar Show etc. and has been invited to speak at many business schools such as the India Institute of Management, and by many organizations such as the Confederation of India Industries (CII), Goldman Sachs etc.

Mr. Madhav Bhatkuly is on the Board of UBL since October 26, 2010.

Other Boards

New Horizon Financial Research Private Limited
New Horizon Wealth Management Private Limited

NOTE: Committee Memberships of Directors mentioned above includes only those Committees prescribed for reckoning of limits under Clause 49 of the Listing Agreement. None of the Directors are related inter-se.

COMMITTEES OF DIRECTORS

The Board has constituted Committees of Directors as mandatorily required and to deal with matters which need urgent decisions and timely monitoring of the activities falling within their terms of reference. The Board Committees are as follows:

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Chugh Yoginder Pal, Mr. Sunil Alagh and Mr. Chhaganlal Jain as members, all of whom are independent Directors. The Chairmanship of the Committee vests with Mr. Chugh Yoginder Pal.

The Committee oversees the financial reporting process, disclosure requirements and matters relating to Internal Control System. The Committee also reviews periodically the financial accounts, adequacy of the internal audit function, compliance with accounting standards and other areas within its terms of reference, as under;

- i) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of Audit fee;
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) Reviewing, with the Management, the Annual Financial Statements before submission to the Board for approval, with particular reference to;
 - Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause 2AA of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by the Management;
 - Significant adjustments made in the financial statements arising out of Audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in the draft audit report;
- v) Reviewing with the Management the quarterly financial statements before submission to the Board for approval;
- vi) Reviewing with the Management, performance of Statutory and Internal Auditors, adequacy of Internal Control Systems;
- vii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- viii) Discussing with Internal Auditors any significant findings and follow up there on;
- ix) Reviewing the findings of any internal investigations by the Internal Auditors in to matters where there is suspected fraud or irregularity or failure of Internal Control Systems of a material nature and reporting the matter to the Board;
- x) Discussing with Statutory Auditors before the audit commences, about the nature and scope of Audit as well as post-audit discussion to ascertain any area of concern;
- xi) To look into the reasons for substantial defaults in the payment to Depositors, Shareholders (in case of non-payment of declared Dividends), Debenture-holders and Creditors;
- xii) To review the function of the Whistle Blower mechanism, in case the same is existing, and
- xiii) Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee from time to time.

Report on Corporate Governance (contd.)

The Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial conditions and results of operations;
2. Statement of significant related party transactions submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses, and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

During the Year ended March 31, 2011, 4 Audit Committee Meetings were held on May 5, 2010, July 21, 2010, October 28, 2010 and February 10, 2011.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Names of the Directors	Category	Number of Audit Committee Meetings held	Number of Audit Committee Meetings attended
Mr. Chugh Yoginder Pal	CHAIRMAN	4	4
Mr. Sunil Alagh	MEMBER	4	4
Mr. Chhaganlal Jain	MEMBER	4	4

The Company Secretary was present in all the Meetings of Audit Committee.

SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprises of Mr. A K Ravi Nedungadi and Mr. Kalyan Ganguly as Members. Mr. A. K. Ravi Nedungadi, a non-executive Director is the Chairman of the Committee.

The Terms of reference are as under:

- To monitor Transfer, Transmission and Transposition of the Shares of the Company;
- Issue of Duplicate Share Certificates, in lieu of Certificates lost or misplaced;
- Issue of New Share Certificates in lieu of Certificates torn, mutilated, cages for transfer filled up etcetera;
- Consolidation and sub-division of Share Certificates;
- To oversee compliance of the norms laid down under the Depositories Act, 1996;
- To appoint/remove Registrar and Transfer Agent;
- To oversee compliance of the norms laid down under the Tripartite Agreement with National Securities Depository Limited /Central Depository Services (India) Limited, and
- Perform all such acts and deeds, matters and things as it may in its absolute discretion deem necessary, expedient, desirable, usual or proper and to settle any question, dispute, difficulty or doubt that may arise in regard to the matters arising out of the aforesaid acts.

In order to facilitate prompt and efficient service to the Shareholders all the transactions in connection with Transfer, Transmission, issue of Duplicate Certificates, etc., have been entrusted to Integrated Enterprises (India) Limited (Formerly known as Alpha Systems Private Limited), Registrar and Transfer Agent and the same are being processed and approved on fortnightly basis.

During the year ended March 31, 2011 the Committee met 5 times on April 30, 2010, June 16, 2010, July 21, 2010, October 28, 2010 and February 10, 2011 for approving the transactions falling within the Terms of reference mentioned above.

The Board of Directors has, by a resolution by circulation passed on May 5, 2004, delegated the power to approve transfers / transmission etc., upto 5000 shares to the Managing Director and the Company Secretary, who can act severally in the above matter.

Report on Corporate Governance (contd.)

INVESTORS' GRIEVANCE COMMITTEE

The Investors' / Shareholders' Grievance Committee comprises of Mr. Chugh Yoginder Pal, Mr. Sunil Alagh and Mr. Chhaganlal Jain as Members. Mr. Chugh Yoginder Pal is the Chairman of the Committee.

The Terms of Reference for the Committee include inter alia specifically to look into the redressing of Shareholders' and Investors' complaints like non-receipt of Balance Sheet, non-receipt of declared Dividends, non-receipt of Share certificates, Demat Credit, etcetera, and operate in terms of the provisions of the Listing Agreement and/or the provisions as may be prescribed under the Companies Act, 1956 and other related Regulations from time to time.

The Compliance Officer is Mr. Govind Iyengar, Senior Vice President – Legal and Company Secretary.

Number of Shareholders' complaints received from 1-4-2010 to 31-3-2011 (These Complaints pertained mainly to non-receipt of Share Certificates upon transfer, non-receipt of Annual Report, non-receipt of Dividend etc.)	40
Number of complaints not solved to the satisfaction of the Shareholders	NIL
Number of pending Share transfers	NIL

During the year ended March 31, 2011 the Committee met 2 times on July 21, 2010 and February 10, 2011 which were attended by all the Members.

REMUNERATION /COMPENSATION COMMITTEE (A NON MANDATORY REQUIREMENT)

The Remuneration Committee comprises of Mr. Chugh Yoginder Pal, Mr. Sunil Alagh and Mr. Chhaganlal Jain as Members. Mr. Sunil Alagh is the Chairman of the Committee.

The Committee is authorized inter alia:

- to deal with matters related to compensation by way of salary, perquisites, benefits, etc., to the Managing Director/ Executive/Wholetime Directors of the Company and set guidelines for the salary, performance, pay and perquisites to other Senior Employees, and
- to formulate and implement Employee Stock Option Scheme to employees/Directors in terms of prescribed Guidelines.

During the year ended March 31, 2011, 2 Meetings of Remuneration Committee were held on August 2, 2010 and October 28, 2010 which were attended by all the Members.

REMUNERATION POLICY

The Company carries out periodic reviews of comparable Companies and through commissioned survey ascertains the remuneration levels prevailing in these Companies. The Company's Remuneration Policy is designed to ensure that the remuneration applicable to Managers in the Company is comparable with multinational Companies operating in the Brewing or similar industry in India.

For the financial year ended March 31, 2011, Mr. Kalyan Ganguly, Managing Director and Mr. Guido de Boer, CFO was paid remuneration as under:

(Rupees)

	Salary & Allowance	Perquisites	Retiral Benefits
Mr. Kalyan Ganguly	32,305,322	3,498,688	5,668,220
Mr. Guido de Boer	16,325,700	39,600	288,000

After his initial term of 5 years, as Managing Director, Mr. Kalyan Ganguly was re-appointed as Managing Director for a further period of 5 years effective August 09, 2007 till August 08, 2012.

Report on Corporate Governance (contd.)

SITTING FEES PAID TO DIRECTORS DURING 2010 - 2011

Sl. No.	Name of the Director	Sitting Fees paid (Rupees)
1.	Dr. Vijay Mallya	1,00,000/-
2.	Mr. A K Ravi Nedungadi	2,00,000/-
3.	Mr. Chugh Yoginder Pal	2,70,000/-
4.	Mr. Chhaganlal Jain	2,80,000/-
5.	Mr. Sunil Alagh	2,70,000/-
6.	Mr. Duco Reinout Hooft Graafland	60,000/-
7.	Mr. Sijbe Hiemstra	80,000/-
8.	Ms. Kiran Mazumdar Shaw	60,000/-
9.	Mr. Madhav Bhatkuly	1,20,000/-
10.	Mr. Stephan Gerlich	1,20,000/-
Total		15,60,000/-

Sitting fees are being paid @ Rs.20,000/- for attending Board and Audit Committee Meetings and Rs.10,000/- for attending other Committee Meetings. No stock options are granted to any of the Directors so far. Mr. Kenneth Choo Tay Sian and Mr. Ernst Willem Arnold Van De Weert (Alternate Directors) were paid Rs.20,000/- and Rs.40,000/- respectively as sitting fees during the year.

COMMISSION PAID TO DIRECTORS DURING 2010 - 2011

Sl. No.	Name of the Director	Commission (Rupees)
1.	Dr. Vijay Mallya	8,706,443
2.	Mr. Chugh Yoginder Pal	1,503,597
3.	Mr. Chhaganlal Jain	1,503,597
4.	Mr. Sunil Alagh	1,503,597
5.	Mr. Madhav Bhatkuly	646,753
6.	Ms. Kiran Mazumdar Shaw	646,753

OTHER COMMITTEE MEETINGS

SPECIAL COMMITTEE

A Meeting of the Special Committee (Selection Committee) comprising of Mr. Sunil Alagh, Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal and Mr. Sheshagiri Hedge (Consultant & Expert) was held on July 21, 2010 to consider the re-appointment of Mr. Umesh Hingorani (a relative of the Chairman of the Company) as Divisional Vice President – Business Development, which was attended by all the Members.

AMALGAMATION COMMITTEE

An Amalgamation Committee comprising of Mr. Chhaganlal Jain, Mr. Guido de Boer, Mr. A. K. Ravi Nedungadi and Ms. Kiran Mazumdar Shaw was formed to look into the Amalgamation of various companies into your Company. During the year Two (2) meetings were held on October 17, 2010 and March 11, 2011.

BORROWING COMMITTEE

The Board has constituted a Borrowing Committee on February 10, 2011, comprising Mr. Guido de Boer, Mr. A. K. Ravi Nedungadi, Mr. Chhaganlal Jain and Ms. Kiran Mazumdar as Members. Mr. A. K. Ravi Nedungadi is the Chairman of the Committee. No meetings were held prior to March 31, 2011.

Report on Corporate Governance (contd.)

The particulars of Equity Shares of the Company held by the Directors are furnished below:

Sl. No.	Name	Number of Equity Shares held	
		As on March 31, 2011	As on March 31, 2010
1.	Dr. Vijay Mallya	21,353,620	21,353,620
2.	Mr. Kalyan Ganguly	14,690	14,690
3.	Mr. Sunil Alagh	Nil	6,800

GENERAL BODY MEETINGS

The previous three Annual General Meetings of the Company were held on the dates, time and venue as given below:

Date	Time	Venue	Special Resolutions Passed
August 20, 2010	12.15 p.m	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.	One
September 10, 2009	11.00 a.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.	One
September 10, 2008	11.00 a.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.	Three

All the Resolutions set out in respective Notices including Special Resolutions were passed by the Members at the above Annual General Meetings.

DISCLOSURES

During the financial year ended March 31, 2011, there were no materially significant related party transactions with the Company's Directors or their relatives. Details of related party transaction form part of Notes on Accounts. In preparation of financial statements for the year under review, treatment as prescribed in Accounting Standards has been followed.

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

The Company did not suffer from any levies and there were no strictures on any Capital market related matters since incorporation. The Company has complied with the mandatory requirements of Clause 49 save and except the clause relating to the number of independent Directors on the Board.

The Company has also constituted a Remuneration Committee which is a non-mandatory requirement.

MEANS OF COMMUNICATION

The Company has its own Web-site and all vital information relating to the Company and its performance involving quarterly results, official Press release and presentation to analysts are posted on the Company's Web-site "www.unitedbreweries.com". Apart from furnishing copies of Results to all the Stock Exchanges, the Quarterly, Half-yearly and Annual Results of the Company's performance are being published in Financial Express and in Kannada Prabha Newspapers.

In line with the requirement of clause 47 (f) of the Listing Agreement, the Company has designated an exclusive email ID viz, ublinvestor@ubmail.com for the purpose of registering complaints by the investors. The investors can post their grievances by sending a mail to the said email ID.

Management Discussion and Analysis form part of the Directors' Report.

Report on Corporate Governance (contd.)

GENERAL SHAREHOLDER INFORMATION

The Company's financial year begins on April 1 and ends on March 31 of immediately subsequent year.

Division of Financial Calendar		Declaration of Unaudited Results	
1 st Quarter	April 1 to June 30	1 st Quarter	By August 14 th
2 nd Quarter	July 1 to September 30	2 nd Quarter	By November 14 th
3 rd Quarter	October 1 to December 31	3 rd Quarter	By February 14 th
4 th Quarter	January 1 to March 31	4 th Quarter	By May 15 th

In terms of amendment to the Listing Agreements, the unaudited results of the Company are to be declared with 45 days of the end of the quarter.

ANNUAL GENERAL MEETING INFORMATION

Board Meeting for Consideration of Accounts	November 23, 2011
Posting of Annual Report	November 26, 2011
Book Closure dates	December 20, 2011 and December 21, 2011
Last date for receiving proxy	December 19, 2011
Date of AGM	December 21, 2011

In terms of the circular dated 21.04.2011 issued by the Ministry of Corporate Affairs, as a Green Initiative, the Company has effected service of its Annual Report and Notice by electronic mode at the respective email IDs registered and available in Company records.

<p>ANNUAL GENERAL MEETING ON Wednesday, December 21, 2011</p> <p>VENUE Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.</p> <p>TIME 3.00 p.m.</p> <p>DATES OF BOOK CLOSURE December 20, 2011 and December 21, 2011</p>
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In order to present a consolidated position of financials post Amalgamation of various Companies into United Breweries Limited, extension for holding the Annual General Meeting (AGM) was sought and granted by the Registrar of Companies (ROC), Karnataka.

Pursuant to new Clause 5A of the Listing Agreement, the Company's Registrars & Transfer Agents have already sent two reminders to all the shareholders whose share certificates were returned undelivered and remain unclaimed so far. One more reminder will be sent in due course to those shareholders. If no response is received after three reminders, the unclaimed shares shall be transferred to one folio in the name of "Unclaimed Suspense Account", and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Your Company is taking all necessary actions to comply with clause 5A of the Listing Agreement.

Report on Corporate Governance (contd.)

LISTINGS AT

STOCK EXCHANGE	SCRIP CODE
BANGALORE STOCK EXCHANGE LIMITED	UNITEDBRED
BOMBAY STOCK EXCHANGE LIMITED	532478
NATIONAL STOCK EXCHANGE OF INDIA LIMITED	UBL

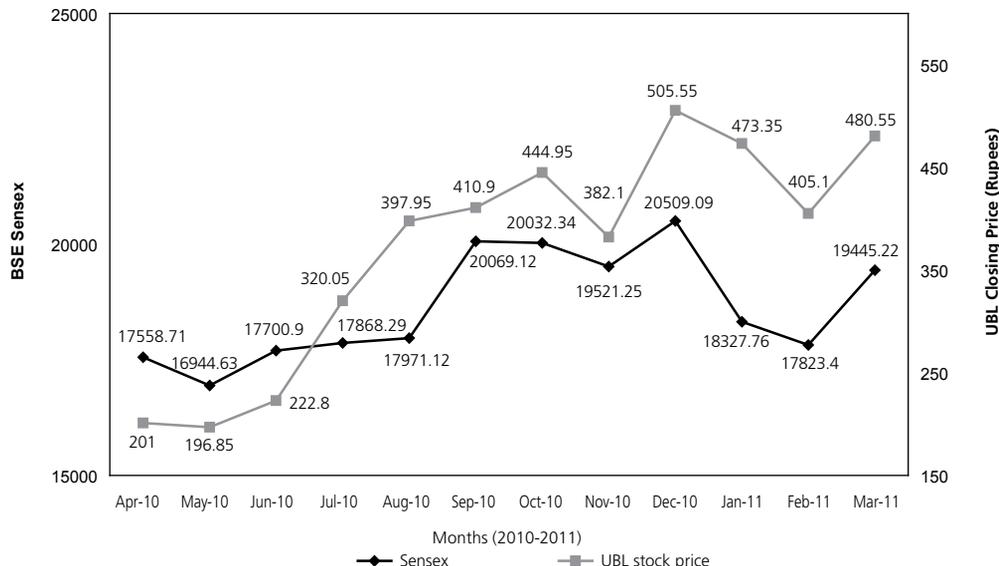
Market price data of the Company's Equity Shares traded on the Bombay Stock Exchange Limited, (BSE) during the period April 2010 to March 2011:

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Sensex – Close
	BSE	BSE	BSE	BSE
April 2010	211.00	190.55	201.00	17,558.71
May 2010	220.95	185.00	196.85	16,944.63
June 2010	248.45	193.25	222.80	17,700.90
July 2010	342.80	208.00	320.05	17,868.29
August 2010	413.00	310.10	397.95	17,971.12
September 2010	479.95	403.00	410.90	20,069.12
October 2010	495.00	413.50	444.95	20,032.34
November 2010	484.50	378.10	382.10	19,521.25
December 2010	536.00	375.05	505.55	20,509.09
January 2011	520.00	418.80	473.35	18,327.76
February 2011	481.00	346.00	405.10	17,823.40
March 2011	506.00	406.60	480.55	19,445.22

(Market Price data source: www.bseindia.com)

Graphical representation of the Company's Shares in comparison to broad-based indices i.e., BSE Sensex, is given below:

Comparison - UBL Stock Price Vs. BSE Sensex



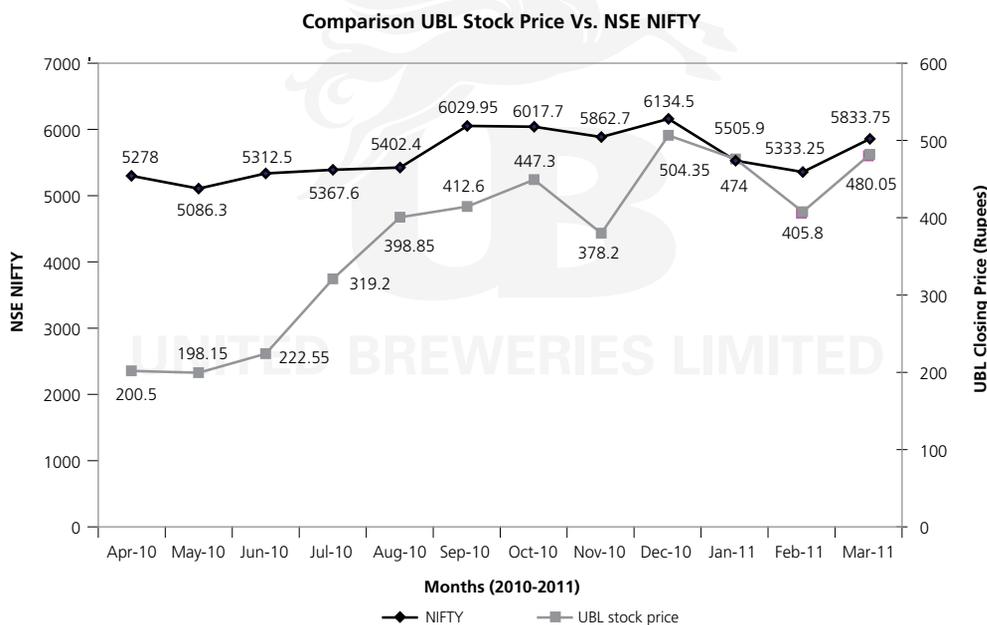
Report on Corporate Governance (contd.)

Market price data of the Company's Equity Shares traded on the National Stock Exchange of India Limited, (NSE) during the period April 2010 to March 2011

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	NSE Close
April 2010	211.85	191.70	200.50	5278.00
May 2010	220.40	186.50	198.15	5086.30
June 2010	249.00	193.15	222.55	5312.50
July 2010	342.80	215.00	319.20	5367.60
August 2010	414.65	311.00	398.85	5402.40
September 2010	478.80	341.00	412.60	6029.95
October 2010	494.70	408.55	447.30	6017.70
November 2010	480.05	370.30	378.20	5862.70
December 2010	536.40	375.00	504.35	6134.50
January 2011	520.95	420.15	474.00	5505.90
February 2011	487.95	345.00	405.80	5333.25
March 2011	509.90	406.25	480.05	5833.75

(Market Price data source: www.nseindia.com)

Graphical representation of the Company's Shares in comparison to broad-based indices i.e., NSE NIFTY, is given below:



SHARE TRANSFER SYSTEM

All matters pertaining to Share Transfer are being handled by Integrated Enterprises (India) Limited (Formerly known as Alpha Systems Private Limited), the Registrar and Share Transfer Agent of the Company. The Share Transfer requests received are processed by them and a Memorandum of Transfer is sent to the Company for approval by the Committee. The average time taken for processing Share Transfer requests including despatch of Share Certificates is 15 days, while it takes a minimum of 10-12 days for processing dematerialization requests. The Company regularly monitors and supervises the functioning of the system so as to ensure that there are no delays or lapses in the system.

The Company was offering the facility of transfer-cum- demat as per SEBI Guidelines. However, SEBI has vide its Circular No. SEBI/MRD/Cir-10/2004 dated February 10, 2004, withdrawn transfer-cum-demat scheme. In line with the above, on receipt of transfer requests the Company has discontinued issuing of option letters to the shareholders.

Report on Corporate Governance (contd.)

The distribution of shareholding as on March 31, 2011 is furnished below:

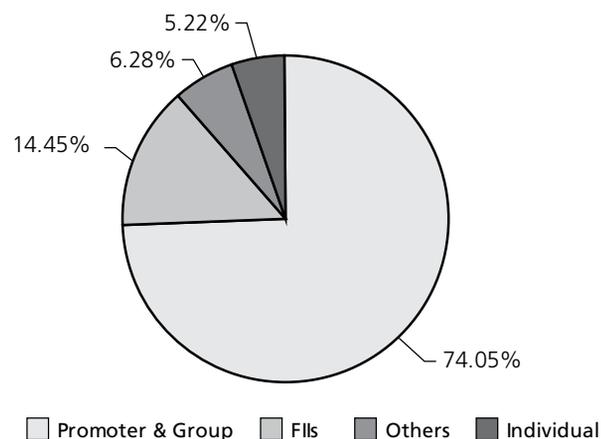
Category (Rs.)	No. of Shareholders	% (Percentage)	No. of Shares held	% (Percentage)
Up to 5000	35670	99.03	10190685	4.00
5001 – 10000	141	0.39	1036349	0.41
10001 – 20000	76	0.21	1092189	0.43
20001 – 30000	25	0.07	619481	0.24
30001 – 40000	15	0.04	532174	0.21
40001 – 50000	7	0.02	327678	0.13
50001 – 100000	24	0.07	16082203	6.32
100001 and Above	60	0.17	224664179	88.26
TOTAL	36018	100.00	254544938	100.00

In view of allotment of 145,902 Equity Shares of Re.1 each on 14.11.2011 of the Company upon amalgamation of UB Nizam Breweries Private Limited, the paid-up Equity Share Capital increased from 254,544,938 to 254,690,840 Equity Shares.

Shareholding Pattern as on March 31, 2011

Category	No. of Shares held	Percentage of Shareholding
Promoters		
Indian	98,484,230	38.69
Foreign	89,994,960	35.36
Institutional Investors		
Mutual Funds/UTI	1,306,508	0.51
Banks Financial Institutions	28,380	0.01
Central/State Governments	660	0.00
Insurance Companies	1,702,757	0.67
Foreign Institutional Investors	36,777,246	14.45
Others		
Bodies Corporate	6,008,226	2.36
Individuals	13,289,916	5.22
Trust	6,256,174	2.46
NRI	643,222	0.25
Clearing Member	52,659	0.02
Total	254,544,938	100.00

Pie-chart of Shareholding Pattern

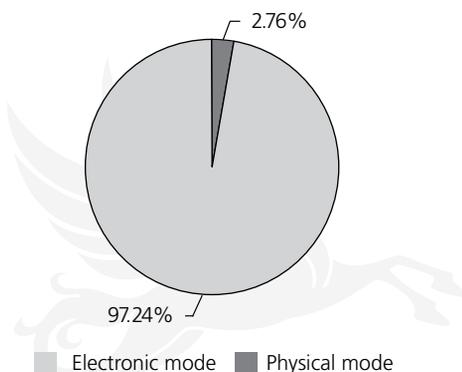


DEMATERIALIZATION OF SHARES

The Company has set up requisite facilities for dematerialization of its Equity Shares in accordance with the provisions of the Depositories Act, 1996 with National Securities Depository Limited and Central Depository Services (India) Limited. The Company has entered into agreements with both the Depositories for the benefit of Shareholders. The status of Dematerialization of the Company's Shares as on March 31, 2011 is as under:

Mode	No. of Shares	% age	No. of Shareholders
Physical mode	7,015,862	2.76	14592
Electronic mode	247,529,076	97.24	21426
TOTAL	254,544,938	100.00	36018

Shares held in physical & demat form as on March 31, 2011



For any assistance regarding Share Transfers, Transmissions, change of address, issue of duplicate / lost Share Certificates/ exchange of Share Certificate / Dematerialization and other relevant matters, please write to the Registrar and Share Transfer Agent of the Company, at the address given below:

INTEGRATED ENTERPRISES (INDIA) LIMITED
(FORMERLY KNOWN AS ALPHA SYSTEMS PRIVATE LIMITED),
30, RAMANA RESIDENCY, 4TH CROSS, SAMPIGE ROAD, MALLESWARAM,
BANGALORE - 560 003.
Tel. No. : (080) 2346 0815 to 2346 0818 Fax No. : (080) 2346 0819
email: alfint@vsnl.com

Contact Persons: MR. VIJAYAGOPAL or MR. RAJARAMAN

Investors can also post their queries to 'ublinvestor@ubmail.com'

OWN MANUFACTURING NETWORK

ANDHRA PRADESH – MALLEPALLY, KOTHLAPUR & SRIKAKULAM	MAHARASHTRA – TALOJA & AURANGABAD
GOA – PONDA	ORISSA – KHURDA
HARYANA – DHARUHERA	PUNJAB – LUDHIANA
KARNATAKA – MANGALORE & NELMANGALA	RAJASTHAN – CHOPANKI
KERALA – CHERTHALA & PALAKKAD	TAMIL NADU – KUTHAMBAKKAM & ARANVOYAL
WEST BENGAL – KALYANI	

CONTRACT MANUFACTURING NETWORK

In addition, the Company also has Manufacturing facilities through Associate Companies/Contract Breweries at Aligarh, Alwar, Aurangabad, Bhopal, Daman, Dharuhera, Gauhati, Ghaziabad, Indore, Lucknow, Ranchi & Rangpo.

REGISTERED OFFICE:

"UB TOWER", UB CITY, 24, VITTAL MALLYA ROAD,
BANGALORE - 560 001.

Phone: (91-80) 39855000, 22272806 & 22272807

Fax No. (91-80) 22211964 - 22229488

Cable: UBEEGEE

B. NON-MANDATORY REQUIREMENTS

a) Chairman of the Board:

The Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and allowed reimbursement of expenses incurred in performance of his duties.

b) Remuneration Committee:

The Company has set up a remuneration Committee.

c) Shareholder Rights:

The Company's half yearly results are published in English and Kannada Newspapers having wide circulation and are also displayed on the Company's website. Press Releases are also issued which are carried by a few newspapers and also displayed on the Company's website. Hence, same are not sent to the shareholders.

d) Green initiative:

The Green Initiative is paperless compliances by Companies i.e. servicing documents through electronic mode. The Company has adopted green initiative and therefore started communicating through email to shareholders having registered their email ids.

e) Audit Qualifications:

There are no qualifications or adverse remarks in Auditor's Report which require any clarification or explanation.

f) Training of Board Members:

Having regard to the seniority and expertise in their respective areas of specialization, their training is not considered necessary for the time being.

g) Mechanism for evaluating Non-Executive Directors:

The Board may at its discretion consider such requirement in future.

h) Whistle Blower Policy:

Though covered briefly in the code of conduct adopted by the Company, the Board may consider adopting a separate mechanism for Whistle Blower Policy in future.

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Clause 49 sub-clause (l) (D) (ii) of the Listing Agreement, it is hereby confirmed that during the year 2010-2011, all the members of the Board of Directors and Senior Managerial personnel have affirmed their Compliance with the Company's Code of Business Conduct and Ethics.

Place: New Delhi
Date: November 23, 2011

Kalyan Ganguly
Managing Director

COMPLIANCE CERTIFICATE

To the Members of
UNITED BREWERIES LIMITED

Certificate of Compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement

We have examined the compliance of conditions of Corporate Governance by United Breweries Limited for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.

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

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

We state that in respect of investor grievances received during the year ended on March 31, 2011, no grievances are pending against the company as per records maintained by the company and presented to the Shareholders'/Investors' Grievance Committee.

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

UNITED BREWERIES LIMITED

M R Gopinath

Company Secretary (In practice)
Bangalore

Date: November 23, 2011

FCS 3812 CP 1030

Auditors' Report

To the Members of United Breweries Limited

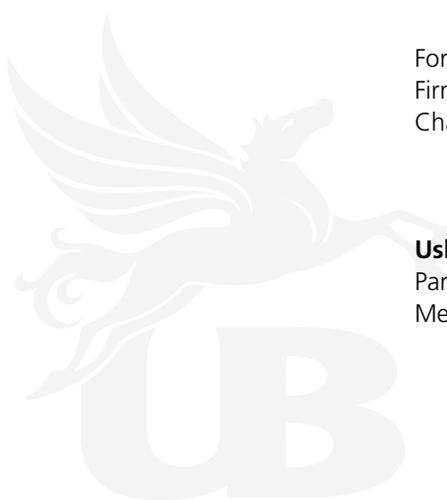
1. We have audited the attached Balance Sheet of United Breweries Limited (the "Company") as at March 31, 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements 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.

Place: New Delhi
Date: November 23, 2011

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

Usha A Narayanan
Partner
Membership Number – 23997



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.

Annexure to Auditors' Report (contd.)

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,	High Court of Karnataka
		2005-06	
	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
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	<u>10,217,384</u>	<u>8,888,712</u>
		12,950,080	11,597,760
Loan Funds			
Secured Loans	3	4,053,197	4,960,341
Unsecured Loans		<u>3,776,222</u>	<u>1,753,006</u>
Deferred Tax Liability [Refer Schedule 19 Note 15]		288,773	216,306
		<u>21,068,272</u>	<u>18,527,413</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	17,595,070	10,966,546
Less: Accumulated Depreciation and Amortisation		<u>6,700,863</u>	<u>3,158,670</u>
Net Block		10,894,207	7,807,876
Capital Work in Progress		<u>1,459,641</u>	<u>575,331</u>
		12,353,848	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	<u>3,465,391</u>	<u>2,769,404</u>
		13,459,583	12,079,699
Less: Current Liabilities and Provisions			
Liabilities	11	6,245,386	3,212,170
Provisions	12	<u>379,433</u>	<u>254,022</u>
		6,624,819	3,466,192
Net Current Assets		<u>6,834,764</u>	<u>8,613,507</u>
		<u>21,068,272</u>	<u>18,527,413</u>
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

Kalyan Ganguly
Managing Director

Govind Iyengar
Company Secretary

Guido de Boer
Director, CFO

New Delhi, November 23, 2011

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	776,834
		30,959,908	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	882,692
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)	(43,184)
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

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Guido de Boer
Director, CFO

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
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)
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	415,973
	833,169	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	830,331
	1,296,591	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

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Guido de Boer
Director, CFO

	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)] The above has been redeemed at par on April 14, 2011	1,728,300	1,728,300
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

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	—	—

Schedules to Balance Sheet (contd.)

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
	<u>2,898,008</u>	<u>1,960,165</u>

*Refer Schedule 19 Note 5

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	—	—
	<u>5,310,909</u>	<u>6,219,208</u>
Less: Provision for Doubtful Debts	<u>(174,484)</u>	<u>(56,738)</u>
	<u>5,136,425</u>	<u>6,162,470</u>

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
	<u>1,296,591</u>	<u>833,169</u>

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

SCHEDULE 9

OTHER CURRENT ASSETS

(Unsecured, considered good)

Income accrued on Investments and deposits	663,168	354,491
	<u>663,168</u>	<u>354,491</u>

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
	<u>2,162,905</u>	<u>1,892,068</u>
*[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)
	<u>2,063,595</u>	<u>1,883,665</u>
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
	<u>3,465,391</u>	<u>2,769,404</u>
Note: Represents advances to Associated Breweries and Distilleries Limited [Maximum amount outstanding during the year Rs.Nil (2010: Rs.83,873)]		
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
	<u>6,245,386</u>	<u>3,212,170</u>
*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.37,683 (2010: Rs.26,941)] [Refer Schedule 19 Note 22]	269,970	187,428
Gratuity	23,871	7,265
Leave Entitlements	85,592	59,329
	<u>379,433</u>	<u>254,022</u>

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
	<u>17,958,663</u>	<u>12,172,307</u>
SCHEDULE 16		
OTHER EXPENSES		
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	—
	<u>8,652,678</u>	<u>5,630,035</u>
SCHEDULE 17		
INTEREST AND FINANCE CHARGES		
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
	<u>781,294</u>	<u>555,006</u>

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 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:

Significant Accounting Policies for the year ended March 31, 2011 (contd.)

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.

Notes on Accounts for the year ended March 31, 2011

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 Talaja, 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 Talaja, 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 Talaja, 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 Talaja 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	

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

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 -

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

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 -

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

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

- 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 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

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)

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

Rs. in Thousands

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

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	2011
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	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
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	—

Refer Schedule 19 Note 10(i)

*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

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

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.

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

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.

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.

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

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.

Notes on 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.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 policies 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 allotted 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:
- Number of Shares / units in Notes on Schedule 1, Schedule 5, Note 5, Note 13, Note 23 and in Note 26.
 - Basic and Diluted EPS in the Profit and Loss Account and in Note 13.
 - 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

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Guido de Boer
Director, CFO

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	
		United Breweries Limited	Other Subsidiary Companies	United Breweries Limited	Other Subsidiary Companies	(i)	(ii)	(i)	(ii)
						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	—

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 211 of 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	<u>10,220,857</u>	<u>9,051,511</u>
	3	12,953,553	12,227,559
Loan Funds			
Secured Loans		4,053,197	5,984,310
Unsecured Loans		<u>3,776,872</u>	<u>1,977,195</u>
Minority Interest [Refer Schedule 19 Note 4]		11,517	11,517
Deferred Tax Liability (Net) [Refer Schedule 19 Note 12]		<u>288,569</u>	<u>236,114</u>
		21,083,708	<u>20,436,695</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	17,620,143	12,704,251
Less: Accumulated Depreciation and Amortization		<u>6,712,251</u>	<u>4,021,892</u>
Net Block		10,907,892	8,682,359
Capital Work in Progress		<u>1,459,641</u>	<u>604,369</u>
		12,367,533	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	<u>3,471,351</u>	<u>2,772,435</u>
		13,465,665	<u>12,952,658</u>
Less: Current Liabilities and Provisions			
Liabilities	11	6,237,435	4,808,257
Provisions	12	<u>379,727</u>	<u>256,739</u>
		6,617,162	<u>5,064,996</u>
Net Current Assets		6,848,503	7,887,662
Profit and Loss Account		—	894,741
		21,083,708	<u>20,436,695</u>
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

Kalyan Ganguly
Managing Director

Govind Iyengar
Company Secretary

Guido de Boer
Director, CFO

Bangalore, November 25, 2011

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
		<u>30,132,067</u>	<u>22,755,012</u>
Other Income	14	827,841	831,600
		<u>30,959,908</u>	<u>23,586,612</u>
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	1,040,414
		<u>28,694,092</u>	<u>22,118,134</u>
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)	(60,151)
		<u>(790,943)</u>	<u>(572,102)</u>
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)
		<u>1,054,609</u>	<u>608,948</u>
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

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Guido de Boer
Director, CFO

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)	3,354
	<u>1,748,519</u>	<u>1,211,885</u>
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)	(77,848)
	<u>2,219,116</u>	<u>(531,158)</u>
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

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Guido de Boer
Director, CFO

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 [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	1,728,300	1,728,300
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
Convertible Redeemable 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

Schedules to Consolidated Balance Sheet (contd.)

Rs.in Thousands

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

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	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	141,384	58,310	10,309	192	12,403	—	80,830	60,554
150,269	Furniture & Fittings	396,504	17,894	49,998	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	73,109	20,342	7,815	849	5,992	—	33,300	39,809
7,824,075		10,991,199	6,041,964	626,913	17,620,143	3,167,124	2,264,646	27,576	1,308,057	1,308,057	6,712,251	10,907,892
858,284	Share of Joint Venture	1,713,052	—	—	—	854,768	—	854,768	—	—	—	—
8,682,359		12,704,251	6,041,964	626,913	17,620,143	4,021,892	2,264,646	882,344	1,308,057	1,308,057	6,712,251	
	2010	10,848,524	—	1,898,536	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

Schedules to Consolidated Balance Sheet (contd.)
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	<u>2,898,008</u>	<u>2,203,618</u>
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	—	—
	<u>5,310,909</u>	<u>6,786,575</u>
Less: Provision for Doubtful Debts	<u>(174,484)</u>	<u>(91,777)</u>
	<u>5,136,425</u>	<u>6,694,798</u>
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
	<u>1,296,713</u>	<u>926,587</u>
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		
SCHEDULE 9		
Other Current Assets		
(Unsecured, considered good)		
Income accrued on Investments and deposits	663,168	355,220
	<u>663,168</u>	<u>355,220</u>

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

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	<u>(120,289)</u>	
Opening Stock	1,128,781	741,839
Closing Stock	<u>(1,141,514)</u>	(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	<u>72,112</u>	
Excise Duty on Opening Stock	(646,305)	(391,483)
Excise Duty on Closing Stock	<u>684,037</u>	571,600
	<u>17,953,985</u>	<u>14,050,794</u>

SCHEDULE 16

Other Expenses

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
	<u>8,652,757</u>	<u>6,361,719</u>

SCHEDULE 17

Interest and Finance Charges

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	<u>26,394</u>	22,458
	<u>779,293</u>	<u>665,207</u>

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

Significant Accounting Policies for the year ended March 31, 2011 (contd.)

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

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:
- Rs.1,028,633 (2010: Rs.2,026,980) for repayment of cash credit/overdraft accounts and for additional working capital requirements.
 - Rs.2,963,421 (2010: Rs.1,731,874) for Capital Expenditure.
 - Rs.256,800 has been used for working capital requirements under the fund utilization category "general corporate purpose".
 - Pending utilisation the balance proceeds of Rs.Nil (2010: Rs.490,000) have been invested in mutual funds.
 - 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)	<p>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)</p> <p>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 Talaja, 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 Talaja, 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.</p>	916,905	1,679,721
(ii)	<p>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 Talaja, 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.248,634)</p>	869,320	639,813
(iii)	<p>Term Loan from Banks Secured by Pari-passu charge on all moveable and immovable properties of the Company except Talaja 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)</p>	—	562,500

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

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 -

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

- 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.
- 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.

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

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,

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

Rs. in Thousands

- 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.

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

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

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

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 allotted 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)

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

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

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

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:
- Number of Shares in Notes on Schedule 1, Schedule 5, Note 6 and in Note 14.
 - 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

Govind Iyengar
Company Secretary

New Delhi, November 23, 2011

Guido de Boer
Director, CFO

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

UNITED BREWERIES LIMITED

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.

IMPORTANT

MEMBERS ARE ADVISED THAT NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

UNITED BREWERIES LIMITED

Regd. Office : 'UB TOWER', UB CITY, 24, Vittal Mallya Road, BANGALORE - 560 001.

Attendance Slip

[Empty box for recording attendance]

I hereby record my presence at the TWELFTH ANNUAL GENERAL MEETING of the Company being held on Wednesday, December 21, 2011 at 03.00 p.m. at Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025

SIGNATURE OF THE ATTENDING MEMBER / PROXY

1. The Company will accept only the Attendance Slip of a person personally attending the Meeting as a Member or a valid Proxy duly registered in time with the Company. The Company will not accept Attendance Slip from any other person even if signed by a Member. Members are requested not to accompany non-Members or children.
2. Shareholder/Proxyholder attending the Meeting should bring his copy of the **Annual Report** for reference at the Meeting.
3. To facilitate Members, registration of attendance will commence at **01.30 p.m. on December 21, 2011.**

UNITED BREWERIES LIMITED

Regd. Office : 'UB TOWER', UB CITY, 24, Vittal Mallya Road, BANGALORE - 560 001.

Proxy

I/We _____
of _____ in the district of _____ being
a Member / Members of the Company, hereby appoint _____
of _____ in the district of _____ or failing him/her
_____ of _____ in the district of _____
_____ as my/our Proxy to attend and vote for me/us and on my/our behalf
at the Twelfth Annual General Meeting of the Company, **to be held on Wednesday, December 21, 2011 at 03.00 p.m. at Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025** and at any adjournment thereof.

Signed this _____ day of _____ 2011

Folio No. : _____
D.P. & Client ID No. : _____
No of Shares : _____
Proxy No. : _____

Signature _____

Affix Re. 1.00 Revenue Stamp

The Proxy Form duly completed must be deposited at the Registered Office of the Company at "UB TOWER", UB City, No. 24, Vittal Mallya Road, Bangalore - 560 001, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.



Board of Directors

1. **Dr. Vijay Mallya**, Chairman
2. **Kalyan Ganguly**, Managing Director
3. **A K Ravi Nedungadi**, Director
4. **Guido de Boer**, Director & CFO
5. **Rene Hooff Graafland**, Director
6. **Theo de Rond**, Director
7. **Chugh Yoginder Pal**, Director
8. **Chhaganlal Jain**, Director
9. **Sunil Kumar Alagh**, Director
10. **Kiran Mazumdar Shaw**, Director
11. **Madhav Bhatkuly**, Director
12. **Stephan Gerlich**, Director

5 9 8 7 11 6 12
 10 4 1 3 2

The Management Team



1. **Kalyan Ganguly**
Managing Director
2. **Shekhar Ramamurthy**
Deputy President
3. **Guido de Boer**
Director & CFO
4. **Cedric Vaz**
Executive Vice President -
Manufacturing
5. **Joseph Noronha**
Executive Vice President - HR
6. **Kiran Kumar**
Senior Vice President - Sales
7. **Samar Singh Shekhawat**
Senior Vice President - Marketing
8. **Perry Goes**
Senior Vice President -
Strategic Planning & Business Analysis
9. **Govind Iyengar**
Senior Vice President -
Legal & Company Secretary
10. **Rohtash Kumar Jindal**
Senior Vice President -
Operations & Malting
11. **Radhakrishnan Santosh Kumar**
Senior Vice President -
Procurement & Logistics

10 6 4 7 1 2 5 3 9 8 11



UNITED BREWERIES LIMITED

UB Tower, UB City, 24, Vittal Mallya Road, Bangalore - 560 001.
www.unitedbreweries.com