

ANNUAL REPORT 2010 - 2011



UNITED SPIRITS LIMITED

United Spirits Limited

Registered Office : 'UB Tower', # 24, Vittal Mallya Road, Bangalore - 560 001

NOTICE IS HEREBY GIVEN OF THE TWELFTH ANNUAL GENERAL MEETING of the Company to be held at Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025 on Thursday, September 29, 2011 at 11.30 a.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 dividend on Equity Shares;
3. To elect a Director in the place of **Mr. M.R. Doraiswamy Iyengar**, who retires by rotation and being eligible, offers himself for re-appointment;
4. To elect a Director in the place of **Mr. B. M. Labroo**, who retires by rotation and being eligible, offers himself for re-appointment;

5. **Appointment of Auditors:**

To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

RESOLVED that M/s. Walker, Chandiok & Co., Chartered Accountants, be and are hereby appointed Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company, in place of the retiring auditors M/s.Price Waterhouse, Chartered Accountants, who are not seeking re-appointment.

6. **Appointment of Mr. Ashok Capoor as a Director:**

To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that Mr. Ashok Capoor, who was appointed as an Additional Director by the Board of Directors of the Company, be and is hereby appointed as a Director of the Company, not subject to retirement by rotation so long as he holds the office of the Managing Director of the Company.

7. **Appointment of Mr. Ashok Capoor as Managing Director:**

To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:-

RESOLVED that subject to the provisions of Section 269, read with Schedule XIII and other applicable provisions of the Companies Act, 1956, or any statutory modification or re-enactment thereof, Mr. Ashok Capoor be and is hereby

appointed as Managing Director of the Company with effect from May 2, 2011 for a period of three years, on the following terms and conditions.

1. Salary Basic Salary of Rs 8,50,000/- per month, in the salary range of Rs 8,00,000/- to Rs.12,00,000/- per month, with such increments as may be decided by the Board of Directors of the Company from time to time, and with proportionate increase in all benefits related to the quantum of salary.
2. Special Allowance Rs 3,00,000/- per month. This will be taken into account for calculation of Provident Fund, Gratuity, Superannuation Benefits, Performance Evaluation Payment and Contribution Improvement Incentive Scheme (CRIIS)
3. Personal Allowance Rs 1,33,130/- per month as per the rules of the Company.
4. Performance Evaluation Payment Of such percentage of Basic Salary plus Special Allowance per annum as may be evaluated by the Board of Directors of the Company, in accordance with the rules of the Company in this regard.
5. Contribution Improvement Incentive Scheme (CRIIS) As per the rules framed in this regard.
6. Long Term Incentive Payment (LTIP) As per the rules framed in this regard.
7. Perquisites
 - i) Housing – Furnished/ Unfurnished residential accommodation or house rent allowance of upto sixty per cent of salary in lieu thereof.

The expenditure incurred by the Company on gas, electricity, water and fuel shall be valued as per the Income Tax Rules, 1962.
 - ii) Flexi Compensation Package (FCP)
 - a) FCP 1 - Comprising LTA & Fixed Allowance - Rs.47,000/- per month as per the Rules of the Company as applicable.
 - b) FCP 2 - Comprising Car lease, fuel, lunch vouchers, House repairs, painting and maintenance - Rs.2,28,325/- per month as per the Rules of the Company as applicable.
 - c) FCP 3 - Comprising Driver's salary – Rs.10,000/- per month as per the Rules of the Company as applicable.
 - iii) Medical Reimbursement – Expenses incurred for Mr. Ashok Capoor and his family, as per the rules of the Company, at actuals.
 - iv) Club Fees – Fees of clubs subject to a maximum of two clubs. This will include admission and life membership fees.

- v) Personal Accident Insurance – Premium as per the rules of the Company.
- vi) Provident Fund – Company's contribution to Provident Fund shall be as per the Scheme of the Company.
- vii) Superannuation/Annuity Fund – Company's contribution to Superannuation or Annuity Fund shall be in accordance with the Scheme of the Company.
- viii) Gratuity – Payable in accordance with the rules of the approved Fund of the Company.
- ix) Encashment of leave not availed of – as per the rules of the Company.
- x) Provision of cars, cell phone and telephone at the residence of Mr Ashok Capoor as per the rules of the Company.
- xi) Such other benefits, amenities, facilities and perquisites as per the rules of the Company and as may be permitted to the Managing Director, by the Board of Directors of the Company.

Provided that the remuneration payable to Mr Ashok Capoor (including Salary, Special Allowance, Personal Allowance, Performance Evaluation Payment, Contribution Improvement Incentive Scheme (CRIIS), Long Term Incentive Payment (LTIP), Perquisites, Benefits, Amenities and Facilities) shall be subject to the provisions laid down in Sections 198 and 309 and Schedule XIII of the Companies Act, 1956 or any other statutory provisions, modifications and re-enactments thereof.

Further RESOLVED that the remuneration as aforesaid by way of Salary, Special Allowance, Personal Allowance, Performance Evaluation Payment, Contribution Improvement Incentive Scheme (CRIIS), Long Term Incentive Payment (LTIP), Perquisites, Benefits, Amenities and Facilities shall be paid and provided as "minimum remuneration" to Mr Ashok Capoor notwithstanding the absence or inadequacy of profits in any financial year of the Company during the tenure of his office as the Managing Director of the Company, subject to the approval of the Central Government, if required.

Further RESOLVED that, the Managing Director, Mr Ashok Capoor be entrusted with substantial powers of management and will be responsible for the general conduct and management of the business and affairs of the Company, subject to the superintendence, control and supervision of the Board of Directors of the Company.

Further RESOLVED that Mr Ashok Capoor shall not be subject to retirement by rotation so long as he continues as Managing Director of the Company.

By Order of the Board

Place : Bangalore
Date : August 3, 2011

V.S. VENKATARAMAN
Company Secretary

Notes:

1. Please refer to the Explanatory Statement given hereunder.
2. A SHAREHOLDER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF ONLY ON A POLL. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for the holding of the Meeting.

3. The Transfer Books and Register of Members will remain closed from Friday, September 23, 2011 to Thursday, September 29, 2011 (both days inclusive).
4. Members are required to intimate immediately to the Company's Registrars and Transfer Agents, M/s. Integrated Enterprises (India) Limited (IEIL), (Alpha Systems Private Limited, erstwhile Registrars and Transfer Agents merged with IEIL) 30, Ramana Residency, 4th Cross, Sampige Road, Bangalore - 560 003 (Telephone No.080-23460815-818 Fax No.080 2346 0819), in case of shares held in physical form and to their respective Depository Participants, in case of shares held in dematerialized/electronic form :
 - a. any change in their registered addresses along with PIN Code Number ;
 - b. details about their email addresses, if any, so that all notices and other statutory documents which are required to be sent to the Members, as per the provisions of the Companies Act, 1956, can be sent to their email addresses, as a measure of "Green Initiatives" proposed by the Ministry of Corporate Affairs (MCA) ; and
 - c. details about their bank account number, name of bank, bank's branch name and address to enable the Company to draw dividend warrant payable accordingly.
5. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depository. The Company will not act on any direct request from such members for change/deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants immediately.
7. Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.
8. Members may please address all their documents/correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.

9. Nomination facility for shares is available for members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents at the address as stated in Note No.4 above.
10. The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialised. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerialising their shareholdings in the Company.
11.
 - a) All Unclaimed/Unpaid Dividend up to the financial year ended March 31, 1994, have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Those who have not encashed the Dividend Warrants for the said period may claim their dividends from the Registrar of Companies - Karnataka, II Floor, E-Wing, Kendriya Sadan, Koramangala, Bangalore - 560 034.
 - b) All Unclaimed / Unpaid Dividend for the financial years 1994-95 to 2002-03, required to be transferred to the Investor Education and Protection Fund (Fund) in terms of Section 205C of the Companies Act, 1956, have been transferred to the Fund.
 - c) In terms of Section 205A and 205C of the Companies Act, 1956, the amount of dividend declared for the financial year 2003-04 and thereafter remaining unclaimed for a period of seven years from the due date of payment shall hereafter be transferred to the Investor Education and Protection Fund.
12. Members may kindly note that once the Unclaimed/Unpaid Dividend is transferred to the Fund, no claim shall lie against the Fund or the Company in respect of the individual amounts which were Unclaimed and Unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.
13. Members attending the Annual General Meeting are requested to bring with them the following.
 - a. Members holding shares in dematerialised form, their DP & Client ID Numbers.
 - b. Members holding shares in physical form, their Folio Numbers.
 - c. Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting.
 - d. The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company.

The Company would accept only the Attendance Slip from a member actually attending the Meeting; or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours prior to the Meeting. Attendance Slips of Members/valid proxies not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted from any other member/person.

The Meeting is for members or their proxies only. Please avoid being accompanied by non-members/children.

14. The Company has designated an exclusive email Id viz., uslinvestor@ubmail.com to enable the investors to post their grievances and monitor its redressal.
15. Corporate members are required to send to the Company a certified copy of the Board Resolution pursuant to Section 187 of the Companies Act 1956, authorizing their representative to attend and vote at the Annual General Meeting.
16. The details required to be given in pursuance of Clause 49 of the Listing Agreement in case of directors being appointed/reappointed are given in the Corporate Governance Section of the Annual Report.

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

Item No.5 : (Appointment of Auditors):

M/s.Price Waterhouse, Chartered Accountants, were appointed Auditors of the Company by the Members to hold office from the conclusion of the last Annual General Meeting till the conclusion of the forthcoming Annual General Meeting. M/s.Price Waterhouse, Chartered Accountants are not seeking re-appointment.

It is proposed, that M/s. Walker, Chandio & Co., Chartered Accountants, be appointed Statutory Auditors of the Company to hold office from the conclusion of the forthcoming Annual General Meeting till the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors.

The resolution under this item seeks the approval of the Members for the said appointment of auditors.

None of the Directors of the Company is concerned or interested in this resolution.

Item No. 6 & 7:

Mr. Ashok Capoor has been appointed as Additional Director by the Board of Directors of the Company on April 29, 2011. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose the appointment of Mr. Ashok Capoor as a Director of the Company at this Annual General Meeting.

Mr. Ashok Capoor, a graduate in Economics, had obtained his Masters in Business Administration (Marketing) from Faculty of Management Studies, Delhi. He has also successfully completed an Advanced Management Program from Harvard University, Boston.

Mr. Ashok Capoor has over 35 years' experience across companies and various functions, sales and marketing being his major specialization. Mr. Ashok Capoor has been with the UB Group since 1992 having joined as Divisional Vice President in erstwhile Herbertsons Limited, since merged with the Company. After having been Deputy President of the Company since October 2, 2007, he has been promoted to the position of President with effect from May 2, 2011.

The Board of Directors has appointed Mr. Ashok Capoor as Managing Director of the Company with effect from May 02, 2011 for a period of three years. The remuneration proposed to be paid to him is detailed in the resolution under item No.7. He will hold office for a period of three years and shall not be subject to retirement by rotation so long as he continues

as Managing Director of the Company. Mr. Ashok Capoor shall be entrusted with substantial powers of management and will be responsible for the general conduct and management of the business and affairs of the Company subject to the superintendence, control and supervision of the Board of Directors of the Company.

Mr. Ashok Capoor does not hold any shares in the Company.

The Board recommends the Resolutions under item nos. 6 & 7 to the members for their approval.

None of the Directors other than Mr. Ashok Capoor is interested or concerned in the Resolution.

An abstract under Section 302 of the Companies Act, 1956 in respect of this item has already been circulated separately to all the shareholders and the relevant resolution concerning the appointment of Mr. Ashok Capoor as Managing Director in the accompanying notice may also be treated as a further abstract pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board

Place : Bangalore
Date : August 3, 2011

V.S. VENKATARAMAN
Company Secretary



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Board of Directors

Vijay Mallya,
Chairman

S. R. Gupte,
Vice Chairman

Ashok Capoor,
Managing Director

M. R. Doraiswamy Iyengar

B. M. Labroo

Sreedhara Menon

Sudhindar Krishan Khanna

President & CFO - The UB Group

Ravi Nedungadi

Joint President & CFO

P. A. Murali

Company Secretary

V. S. Venkataraman

Auditors

Price Waterhouse
Chartered Accountants,
Bangalore

Registered & Corporate Office

'UB Tower', #24, Vittal Mallya Road,
Bangalore - 560 001

Registrars & Transfer Agents

Integrated Enterprises (India) Limited
30, Ramana Residency, 4th Cross,
Sampige Road, Malleswaram,
Bangalore - 560 003
Tel : 080 2346 0815 To 818
Fax : 080 2346 0819

Your Directors have pleasure in presenting the Annual Report of your Company and the audited accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

	Rupees in Millions	
	2010-11	2009-10
The working of your Company for the year under review resulted in		
• Profit from operations	5,925.149	5,123.093
• Exceptional and other non-recurring items	368.399	699.953
	6,293.548	5,823.046
Less:		
• Depreciation	477.470	386.302
• Taxation (including deferred tax)	1,961.365	1,676.529
• Profit after tax	3,854.713	3,760.215
Profit B/F from previous year	12,380.525	9,486.445
Profit transferred on Amalgamation	4.030	-
Profit available for appropriation	16,239.268	13,246.660
Your Directors have made the following Appropriations :		
General Reserve	500.000	500.000
Proposed Dividend	326.987	313.986
Corporate Tax on Proposed Dividend	54.309	52.149
Balance carried to the Balance Sheet	15,359.972	12,380.525
EPS - Basic & Diluted (Rupees)	29.47	32.51

Your Directors propose a Dividend on the equity shares of the Company at the rate of Rs. 2.50 per share, including on 5,200,639 Equity Shares of 10/- each fully paid up allotted during the year to the shareholders of Balaji Distilleries Limited ("BDL"), since amalgamated with the Company.

CAPITAL

During the year under review, consequent to amalgamation of Balaji Distilleries Limited with the Company, the Authorised Capital of your company stood increased from Rs. 3,292,000,000/- divided into 245,000,000 Equity Shares of Rs.10/- each and 84,200,000 Preference Shares of Rs.10/- each to Rs. 5,542,000,000/- divided into 395,000,000 Equity Shares of Rs.10/- each and 159,200,000 Preference Shares of Rs.10/- each. The Issued, Subscribed and Paid-up Equity Share Capital of the Company stood increased from

Rs. 1,255,943,290/- divided into 125,594,329 Equity Shares of Rs.10/- each to Rs.1,307,949,680/- divided into 130,794,968 Equity Shares of Rs. 10/- each by issue and allotment of 5,200,639 Equity Shares of Rs.10/- each, fully paid-up, to the shareholders of Balaji Distilleries Limited consequent to its amalgamation with your Company.

GLOBAL DEPOSITARY SHARES

Your Company had issued 17,502,762 Global Depositary Shares ("GDSs") representing 8,751,381 Equity Shares ranking pari-passu in all respects with the existing paid up equity shares, 2 GDSs representing 1 equity share of par value of Rs.10/- each at US\$7.4274 per GDSs aggregating to US\$ 130 mn. These GDSs are listed on the Luxembourg Stock Exchange.

As on July 29, 2011, there was an outstanding of 1,662,666 GDSs representing 831,333 equity shares.

PERFORMANCE OF THE COMPANY

During the year under review, the Company has achieved a sales volume of over 112 million cases, representing a growth of 12% over the previous year, thus making it the largest distilled spirits marketer in the world in terms of volume. Profit from operations at Rs. 5,925.149 millions registered a growth of 16% over the previous year.

Through a combination of premiumization, cost control and increased efficiency at every stage of its process, the Company has been able to not only mitigate cost increases but also improve its profitability.

AMALGAMATION OF BALAJI DISTILLERIES LIMITED WITH THE COMPANY

The Hon'ble Appellate Authority for Industrial and Financial Reconstruction has sanctioned the Rehabilitation Scheme of Balaji Distilleries Limited which includes the Scheme of Arrangement between Balaji Distilleries Limited ("BDL"), Chennai Breweries Private Limited ("CBPL") and United Spirits Limited ("USL") (the "Company") and their respective Shareholders and Creditors ("the Scheme") vide its order dated November 29, 2010, and the Scheme became effective from December 27, 2010. In terms of the sanctioned scheme, all the assets and liabilities of BDL, other than Brewery Division Undertaking, as a going concern stood transferred to and vested in the Company with effect from 1st April,

2009, being the "Merger Appointed Date" and "BDL" stood dissolved without winding up. In terms of the Scheme, the shareholders of BDL were issued and allotted in aggregate 5,200,639 equity shares of Rs.10/- each of fully paid up in the Company in the ratio of 2 equity shares of Rs. 10/- each fully paid up in the Company for every 55 equity shares of Rs. 10 /- each fully paid up in BDL.

ACQUISITION OF PIONEER DISTILLERIES LIMITED

In terms of Share Purchase Agreement ("SPA") executed with the promoters of Pioneer Distilleries Limited ("PDL"), a company listed on Pune Stock Exchange Limited, National Stock Exchange of India Limited and Bombay Stock Exchange Limited, your Company acquired 7,322,280 Equity shares constituting 54.69% of the paid up capital of PDL. Further, 977,212 Equity shares, constituting 7.30% and 2,677,640 Equity shares, constituting 20.00% of the paid up capital of PDL were acquired from the open market and through open offer in terms of SEBI Takeover Regulations, respectively, thereby acquiring a total of 10,977,132 Equity shares, aggregating to 81.99% of the paid up capital of PDL. Consequently, PDL has become a subsidiary of the Company. PDL is in the business of manufacture and sale of Extra Neutral Alcohol ("ENA"), which is the primary ingredient for manufacture of Indian Made Foreign Liquor ("IMFL") and having a manufacturing plant in Balapur Village, Dharmabad Taluk, Nanded District, Maharashtra.

Pursuant to the provisions of listing agreements executed with the concerned stock exchanges, the Company would take necessary steps to bring down its total shareholding in PDL to 75% of the paid up capital, in due course.

ACQUISITION OF SOVEREIGN DISTILLERIES LIMITED

In terms of Share Purchase Agreement ("SPA") executed with the promoters of Sovereign Distilleries Limited ("SDL"), your Company proposes to acquire 100% of the paid up capital of SDL and has so far acquired 35,954,280 equity shares constituting 61.53% of the paid up capital of SDL. Consequently, SDL has become a subsidiary of the Company. SDL is engaged in the business of manufacturing, sale and / or marketing of Extra Neutral Alcohol ("ENA"), and Indian Made Foreign Liquor ("IMFL") and having a manufacturing plant at Village Singapur, District Raichur, Karnataka.

SUBSIDIARIES

During the year under review, Chennai Breweries Private Limited ("CBPL"), a wholly owned subsidiary of Balaji Distilleries Limited ("BDL") became a wholly owned subsidiary of the Company consequent to amalgamation of BDL with the Company. CBPL is proposed to be amalgamated with United Breweries Limited, a UB Group Company in terms of the Scheme of Amalgamation, subject to the approval of the Hon'ble High Court of Karnataka and Madras. Upon the Scheme becoming effective, the Company would receive 8,500,000 equity shares of Rs. 1/- each of United Breweries Limited for the shares held in CBPL.

Pioneer Distilleries Limited, and Sovereign Distilleries Limited became subsidiaries of the Company during the current year consequent upon their acquisition as aforesaid.

During the year under review, Herbertsons Limited and Spring Valley Investments Holding Inc., have ceased to be subsidiaries of your Company consequent to the sale of shares and liquidation respectively.

In terms of Circular No.2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, a general exemption has been granted from the compliance of Section 212 of the Companies Act, 1956, requiring holding companies to attach with their balance sheet, a copy of the balance sheet, profit and loss account and other documents of each of its subsidiaries provided the Board of Directors of such companies give consent, by way of a resolution, for not attaching the balance sheet of the subsidiary companies concerned with the balance sheet of the Company and certain conditions prescribed by the Ministry in this regard are complied with.

The Board of Directors of your Company, at their meeting held on August 03, 2011 have given their consent for not attaching, inter alia, the balance sheet, profit and loss account etc. of its subsidiary companies and have also agreed to comply with the conditions prescribed by the Ministry vide its circular dated February 8, 2011, in this regard.

In view of the above, the balance sheet, profit and loss account and other documents/details of the subsidiary companies, which are required to be attached with the balance sheet of the Company, are not attached. The Annual Accounts of the Subsidiaries and the related detailed information will be made available to any shareholder of the Company seeking such information at any point in time. The Annual

Accounts of the Subsidiary Companies will also be kept for inspection by any shareholder of the Company at its Registered Office and that of the Subsidiary Companies concerned, during the business hours on any working day.

The Accounting year of United Spirits Nepal Private Limited ("USNPL"), your Company's Subsidiary in Nepal is from mid-July to mid-July every year. Accordingly, Accounting year of 2009-10 of USNPL ended on July 14, 2010 and the Accounting Year 2010-11 ended on July 16, 2011 i.e., after the end of the close of the financial year of the Company, which ended on March 31, 2011. For the purpose of compliance under Accounting Standard – 21, relating to "Consolidated Financial Statement," the Accounts of USNPL has been drawn up to March 31, 2011.

For the purpose of compliance under Accounting Standard - 21, "Consolidated Financial Statement" presented by the Company includes the financial information of its subsidiaries.

PROSPECTS

Your Company achieved a sales volume of 30.73 million cases during the first quarter of the current financial year and judging by continuing growth in the current year, the Company is set to maintain its current position as the world's largest spirits marketer by volume.

The energy inflation prevailing in the market had adversely affected the cost of Extra Neutral Alcohol ("ENA"), a primary raw material required in the manufacture of your Company's products. Your Company presently procures the majority of its ENA requirement from external suppliers, some of whom are also competitors in the finished product arena. In order to reduce the dependence on such suppliers, your Company has acquired two entities having primary distillation units, during the year, namely Pioneer Distilleries Limited and Sovereign Distilleries Limited, having plants in Maharashtra and Karnataka respectively. These also will go a long way to help the Company to gain the arbitrage over ENA costs.

The price of glass containers also rose substantially due to inflation and the near monopoly situation existing in the market. In order to mitigate the cost of glass containers, your Company has developed alternate packaging materials viz., PET and Tetra Brick Packaging, which have proved a big success in Karnataka and Andhra Pradesh. Upon

procuring regulatory approvals, such alternative packaging will be rolled out in other markets too. Apart from these measures, your Company is evaluating plans to set up a glass manufacturing unit in South India for captive consumption. With these measures, your Directors are hopeful that your Company would achieve a structural improvement in future profitability in the years to come.

DEPOSITORY SYSTEM

The trading in the equity shares of your Company is under compulsory dematerialisation mode. As on July 29, 2011, equity shares representing 97.49 % of the equity share capital are in dematerialised form. 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.

DIRECTORS

Mr. M.R. Doraiswamy Iyengar and Mr. B.M. Labroo retire by rotation and being eligible, offer themselves for re-appointment.

Mr. V.K. Rekhi ceased to be the Managing Director of the Company with effect from April 19, 2011 consequent upon the expiry of his office as Managing Director and resigned as a Director of the Company with effect from the close of business hours on April 29, 2011.

Your Directors place on record their appreciation of the valuable services rendered by Mr. V.K. Rekhi during his tenure as Managing Director of your Company.

Mr. Ashok Capoor was appointed as an Additional Director of the Company with effect from April 29, 2011 and as Managing Director of the Company for a period of 3 (three) years commencing from May 2, 2011 to May 1, 2014. The appointment of and remuneration payable to Mr. Ashok Capoor as approved and recommended by the Compensation Committee of Directors is being placed for the approval of the members at this Annual General Meeting.

Mr. Ashok Capoor will hold office in terms of Section 260 of the Companies Act, 1956 up to the date of the ensuing Annual General Meeting. A notice in writing has been received from a member signifying the intention to propose the appointment of Mr. Ashok Capoor as a Director at the Annual General Meeting.

Mr. Ashok Capoor's appointment as Director and the appointment and the remuneration payable to him as Managing Director of the Company, have been included in the Notice convening this Annual General Meeting for your approval.

AUDITORS

M/s.Price Waterhouse, your Company's Auditors are not seeking re-appointment at the forthcoming Annual General Meeting. Your Directors place on record their appreciation of the valuable services rendered by them during their tenure as Auditors of your Company. It is proposed to appoint M/s. Walker, Chandio & Co., Chartered Accountants, as the Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. Walker, Chandio & Co., Chartered Accountants, have consented to be the Auditors of the Company if appointed by the Members at the Annual General Meeting and have also confirmed that their appointment would be within the limits specified under section 224(1-B) of the Companies Act, 1956.

TAX AUDITORS

Your Directors have appointed M/s. Lodha & Co., Chartered Accountants as the Tax Auditors of the Company to carry out the tax audit of the Company for the year ended March 31, 2011.

LISTING OF SHARES OF THE COMPANY

The Equity Shares of your Company continue to remain listed with Bangalore Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The listing fees for the year 2011-12 have been paid to these Stock Exchanges.

5,200,639 Equity Shares issued and allotted to the shareholders of *erstwhile* Balaji Distilleries Limited as mentioned above during the year under review have also been listed on the aforesaid stock exchanges.

CORPORATE GOVERNANCE

A report on the Corporate Governance is annexed separately as part of this report along with a certificate of compliance from a Company Secretary in practice. Necessary requirements of obtaining certifications/declarations in terms of Clause 49 have been complied with.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report is annexed and forms an integral part of the Annual Report.

FIXED DEPOSITS

Fixed Deposits from the public and shareholders, stood at Rs. 5,412.039 Million as at March 31, 2011. Matured deposits for which disposal instructions had not been received from the depositors concerned stood at Rs. 53.819 Million as at March 31, 2011. Of this, a sum of Rs. 24.651 Million has since been paid as per instructions received after the year-end.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Unclaimed Dividend, Debentures and Deposits, remaining unclaimed and unpaid for more than 7 years, have been transferred to the Investor Education and Protection Fund.

HUMAN RESOURCES

Employee relations remained cordial at all Company's locations.

Particulars of employees drawing an aggregate remuneration of Rs. 60,00,000/- or above per annum or Rs. 5,00,000/- or above per month, as required under Section 217(2A) of the Companies Act, 1956, as amended, is annexed.

EMPLOYEE STOCK OPTION SCHEME

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

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, ETC.

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the required information relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo is annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, in relation to financial statements for the year 2010-11, the 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;
- accounting policies have been selected and applied consistently and that the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year ended March 31, 2011;
- 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.

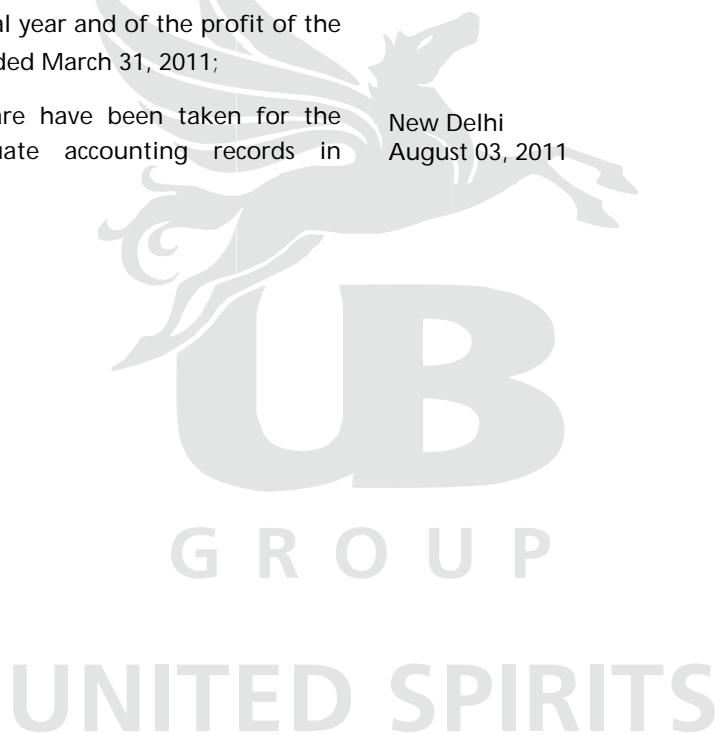
THANK YOU

Your Directors place on record their sincere appreciation for the continued support from shareholders, customers, suppliers, banks and financial institutions and other business associates. A particular note of thanks to all employees of your Company, without whose contribution, your Company could not have achieved the year's performance.

By Authority of the Board

New Delhi
August 03, 2011

Dr. VIJAY MALLYA
Chairman



ANNEXURE TO DIRECTORS' REPORT

[Additional information given pursuant to requirement of Section 217(1)(e) of the Companies Act, 1956]

CONSERVATION OF ENERGY

With reference to energy conservation and cost reduction, steps taken by the Company at its various manufacturing units were as under:

1. Automatic Power Factor Correction Panels installed to increase Power Factor and hence reduction in Electrical Energy Consumption.
2. Variable Frequency Drives installed on Boiler and Cooling Tower Fans to optimize electrical energy consumption.
3. Modification in Process Cooling Systems to reduce energy usage.
4. Units requiring only hot water and not steam are being gradually shifted to Solar energy.
5. Regular lighting is increasingly being switched to CFLs. LED usage is being evaluated.

RESEARCH & DEVELOPMENT (R&D)

Expenditure on R & D: (Rs. in Millions)

(a) Capital	-	23.439
(b) Recurring	-	54.297
Total	-	77.736

Total R & D expenditure as a percentage of total turnover - 0.132%.

TECHNOLOGY ABSORPTION

- a) "Multi-Fuel Boiler", wherein "Spent Grain" a by-product in the production of Malt Spirit, will be burnt effectively was installed and is in the process of commissioning.
- b) "Bio-Gas Engine" for utilizing Methane Gas, produced in Anaerobic Digester and generating captive power for running the distilleries is being firmed up for implementation.
- c) Economically viable technology for treating distillery effluent to achieve Zero Discharge, as per statutory norms, is being implemented at 2 Group units. Based on their successful operation, the same will be extended to other distilleries.

FOREIGN EXCHANGE EARNINGS/OUTGO

	(Rupees in Millions)	
	2010-11	2009-10
1. Earnings in Foreign Currency	46.555	57.135
2. Imports / Expenditure in Foreign Currency	3,253.035	3,210.683

By Authority of the Board

New Delhi
August 03, 2011

Dr. VIJAY MALLYA
Chairman

ANNEXURE TO DIRECTORS' REPORT

Statement of Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

SL. No	NAME	AGE	DESIGNATION/ NATURE OF DUTIES	REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
1	A.HARISH BHAT	57	DEPUTY PRESIDENT & GROUP TREASURER	11,078,875	CA	33	22-Nov-90	MANAGER TREASURY - DIGITAL EQUIPMENT (I) LTD
2	AJAY B BALIGA	52	EXECUTIVE VICE PRESIDENT - PROCUREMENT, PLANNING, MANUFACTURING & QUALITY CONTROL	10,228,619	B.TECH (CHEM ENGG)	29	3-Nov-08	SENIOR VICE PRESIDENT - BUSINESS DEVELOPMENT & MANUFACTURING, ALLIED BLENDERS & DISTILLERS PRIVATE LIMITED
3	AKSHAY KUMAR ^(a)	49	EXECUTIVE VICE PRESIDENT / CHIEF OPERATING OFFICER, MUMBAI	2,746,986	B.TECH, MBA (IIM-A)	26	30-Dec-10	CEO & REGIONAL HEAD - RELIANCE COMMUNICATIONS LIMITED
4	AMRIT THOMAS	44	EXECUTIVE VICE PRESIDENT - MARKETING	16,940,576	B.TECH, PGDM	19	12-Jun-07	CATEGORY HEAD - BEVERAGES, HINDUSTAN UNILEVER LIMITED
5	ANANT IYER	51	SENIOR VICE PRESIDENT - LUXURY BRANDS, TRADE MARKETING & IS	8,290,368	M.SC., M.M.S.	27	15-Jun-92	CONTROLLER MARKETING, CONSOLIDATED DISTILLERIES LIMITED
6	ANIL KUMAR KUSH	55	CHIEF EXECUTIVE - VITTAL MALLYA SCIENTIFIC RESEARCH FOUNDATION	11,234,050	PHD, MBA	27	13-May-05	SCIENTIFIC DIRECTOR - GENESIS MANAGEMENT CONSULTANTS
7	ARVIND JAIN	48	DIVISIONAL VICE PRESIDENT - SALES	6,278,787	PGDM	27	12-Apr-91	AREA MANAGER - TITAN WATCHES LIMITED
8	ASHOK CAPOOR ^(b)	58	DEPUTY PRESIDENT	23,374,811	B.A. (ECO), MBA	36	12-May-92	CHIEF OPERATING OFFICER - ERSTWHILE HERBERTSONS LIMITED
9	DEBASHISH SHYAM	43	DIVISIONAL VICE PRESIDENT - MARKETING	6,447,685	BSC, PGDBM	20	20-Sep-04	HEAD - MARKETING & ALLIANCES (INTERNET SERVICES), BHARTI INFOTEL LIMITED, NEW DELHI
10	DEBASISH DAS	53	DIVISIONAL VICE PRESIDENT - MANUFACTURING (SOUTH)	6032544	B.SC, B.TECH, PGDBM	28	20-Aug-84	CHEMIST, EASTERN DISTILLERIES PVT LTD, KOLKATA
11	DR. BINOD K MAITIN	62	SENIOR VICE PRESIDENT - QUALITY ASSURANCE & TECHNICAL	7,277,089	M.SC., PH.D.,	40	14-Dec-88	SENIOR RESEARCH OFFICER & HEAD, ANALYTICAL RESEARCH GROUP, SHRIRAM INSTITUTE FOR INDUSTRIAL RESEARCH
12	I.P. SURESH MENON	54	EXECUTIVE VICE PRESIDENT - PLANNING & CONTROL	9,822,932	MMS, B.A.(HONS.)	33	1-Apr-85	SECRETARY & FINANCE MANAGER, UB ELECTRONIC INSTRUMENTS LIMITED
13	KAUSHIK CHATTERJEE	50	CHIEF OPERATING OFFICER-RPC (EAST)	14,585,155	B.COM	27	27-Apr-06	CEO - INDIAN OPERATIONS, MASON AND SUMMERS ALCOBEV PRIVATE LIMITED
14	KEDAR V ULMAN	37	EXECUTIVE VICE PRESIDENT - SOURCING & BUSINESS DEVELOPMENT	8,907,146	BE, IIM - B	15	24-Apr-09	SENIOR MANAGER, ACCENTURE SERVICES PRIVATE LIMITED
15	LALIT KUMAR GUPTA	51	SENIOR VICE PRESIDENT - LEGAL	6,363,478	BSC,LLB. DLL	28	1-Jan-98	JOINT MANAGER-LEGAL, SHRIRAM FOODS AND FERTILIZERS
16	LAXMI NARASIMHAN	41	CHIEF OPERATING OFFICER, RPC (ANDHRA PRADESH)	9,069,182	BE, PGDM - IIM - C	17	8-Dec-03	REGIONAL MANAGER, COCA COLA INDIA
17	MATHEW XAVIER	47	SENIOR VICE PRESIDENT - MARKETING & INNOVATIONS	7,509,868	PGDM / B.COM	22	10-Nov-03	VICE PRESIDENT MARKETING, ERSTWHILE SHAW WALLACE DISTILLERIES LIMITED
18	N R RAJSEKHER	55	CHIEF OPERATING OFFICER, RPC (WEST)	13,895,047	B.SC, PGCPM (IIM) - KOZHIKODE	32	8-Apr-82	SENIOR VICE PRESIDENT SALES, ERSTWHILE SHAW WALLACE DISTILLERIES LIMITED
19	NANDINI VERMA	56	EXECUTIVE VICE PRESIDENT - CORPORATE AFFAIRS, UB GROUP	9,284,899	B.A.(HONS.), IFDAF	39	13-Apr-07	VICE PRESIDENT - CORPORATE AFFAIRS & PR, JET AIRWAYS
20	P A MURALI ^(c)	53	DEPUTY PRESIDENT & CHIEF FINANCIAL OFFICER	22,511,344	B.COM, ACA	30	5-Jul-93	EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL OFFICER, UNITED BREWERIES LIMITED
21	P.N. PODDAR	58	SENIOR VICE PRESIDENT - MANUFACTURING	8,154,814	M.TECH, DMS	35	1-Jan-88	PRODUCTION MANAGER, UNION CARBIDE (I) LTD
22	PARAMJIT SINGH GILL	49	CHIEF OPERATING OFFICER, RPC (NORTH)	13,854,089	B.SC, M.PHIL, DIP IN LABOUR LAW, CHARTERED MARKETER	28	1-Jul-92	EXECUTIVE VICE PRESIDENT, UNITED NATIONAL BREWERIES (SA) (PTY) LIMITED, CENTURION

Contd...

ANNEXURE TO DIRECTORS' REPORT (Contd..)

Statement of Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

SL. No	NAME	AGE	DESIGNATION/ NATURE OF DUTIES	REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
23	PHILIP SARGUNAR A B	62	CHIEF OPERATING OFFICER - RPC (SOUTH)	18,717,118	BA, MA	41	20-Nov-02	EXECUTIVE DIRECTOR & CHIEF REPUTATION OFFICER, THE EMPER DISTILLERIES LIMITED
24	R SATSANGI	54	DIVISIONAL VICE PRESIDENT - MANUFACTURING	6,184,780	B.TECH(MECH)	32	19-Feb-96	PLANT MANAGER, PEPSICO INDIA HOLDING, BANGALORE
25	RAGHUNATHAN A	59	EXECUTIVE VICE PRESIDENT - FINANCE & ACCOUNTS	10,142,534	B.COM, ACA	36	24-Sep-79	EXECUTIVE VICE PRESIDENT- FINANCE & ACCOUNTS ERSTWHILE HERBERTSONS LIMITED
26	RAVI NEDUNGADI A K	53	PRESIDENT & CHIEF FINANCIAL OFFICER - UB GROUP	24,402,607	B.COM (HONS), AICWA, CA	32	1-Jan-90	GROUP FINANCE DIRECTOR, UB INTERNATIONAL LTD., U.K.
27	S.C.SINGHAL	58	DIVISIONAL VICE PRESIDENT - MANUFACTURING (EAST)	6,208,446	B.SC, DIFAT	34	1-Sep-89	ASSISTANT MANAGER (WORKS) - SHRI SHADILAL ENTERPRISES LIMITED
28	S.D.LALLA	67	JOINT PRESIDENT - OVERALL OPERATIONS	43,677,605	LC & SE, AMIE	49	5-Apr-94	MANAGING DIRECTOR - ERSTWHILE HERBERTSONS LIMITED
29	S.K. RASTOGI	57	DIVISIONAL VICE PRESIDENT - QUALITY CONTROL	6,558,456	M.SC.	39	14-Nov-82	QUALITY CONTROL OFFICER - JAGATJIT INDUSTRIES LIMITED
30	S.N. PRASAD	53	DIVISIONAL VICE PRESIDENT - FINANCE	6,077,360	B.COM, ACA, ACS	27	7-Mar-91	DEPUTY MANAGER, UB HOPPEKE ENERGY PRODUCT LIMITED
31	SANJAY RAINA	46	EXECUTIVE VICE PRESIDENT - HUMAN RESOURCES	11,224,955	MSW - PERSONNEL MGMT	24	19-Nov-08	HEAD HUMAN RESOURCE - NETWORK, SUPPLY CHAIN - INDIA & ER - SE ASIA, MOTOROLA INDIA PVT LTD,
32	SHARMA V K	68	EXECUTIVE DIRECTOR - CHAIRMAN'S OFFICE	9,569,996	B.A (NDA), DIP IN BMIA & PM	37	5-Oct-84	EXECUTIVE DIRECTOR - CHAIRMAN'S OFFICE ERSTWHILE HERBERTSONS LIMITED
33	T K SUBRAMANIAN ^(a)	60	DIVISIONAL VICE PRESIDENT - SYSTEMS	3,540,899	B.SC., DMS	40	16-Mar-83	CONTROLLER - SYSTEMS, UBICS LTD
34	V K REKHI ^(d)	65	PRESIDENT & MANAGING DIRECTOR	50,827,232	MA (HONS.), PGDBA	40	3-Jan-72	REGIONAL DIRECTOR UB INTERNATIONAL LTD., U.K.
35	V S VENKATARAMAN	57	COMPANY SECRETARY & EXECUTIVE VICE PRESIDENT	9,491,782	B.COM (HONS.), ACS	39	20-Aug-82	DEPUTY COMPANY SECRETARY, UNITED BREWERIES LTD
36	VIVEK PRAKASH	50	EXECUTIVE VICE PRESIDENT - CSD SALES	9,776,278	B COM, L L B.	29	15-Jun-98	DEPUTY GENERAL MANAGER - ERSTWHILE SHAW WALLACE & COMPANY LIMITED

^(a) Employed for part of the year.

^(b) Promoted as President & appointed as Managing Director w.e.f May 02, 2011.

^(c) Promoted as Joint President w.e.f May 02, 2011.

^(d) Ceased to be Managing Director w.e.f April 19, 2011.

Notes:

1. No Employee is on Contract Employment. Other Terms and Conditions are as per Service Rules of the Company from time to time.
2. None of the above mentioned employees is related to any Director of the Company.
3. Remuneration as shown above includes Salary, House Rent Allowance, Company's contribution to Provident Fund and Super Annuation Fund, Value of Residential Accommodation, Bonus, Medical and other facilities.

By Authority of the Board

Place: New Delhi
Date: August 03, 2011

Dr VIJAY MALLYA
Chairman

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company is committed to good Corporate Governance and accordingly follows the basic tenets of integrity, fairness, transparency and commitment to value in all facets of its operations and in interactions with all its stakeholders. Your Company pursues growth by adopting best corporate practices and timely disclosures which will enhance the long term value of all shareholders and other stakeholders.

2. BOARD OF DIRECTORS

The Board of Directors comprises of a Non - Executive

Chairman, a Managing Director and five other Non Executive Directors.

During the financial year under review, nine Board Meetings were held, i.e., on April 21, 2010, July 20, 2010, August 18, 2010, September 13, 2010, September 29, 2010, September 30, 2010, October 27, 2010, February 09, 2011 and March 11, 2011.

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

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 29.09.2010	No. of other Companies in which Director	No of Committees (other than the Company) in which Chairman/Member
Dr. Vijay Mallya	Non Executive Chairman	6	Yes	19	-NIL-
Mr. S.R. Gupte	Non Executive Vice Chairman	9	Yes	10	8 (Chairman of 5)
Mr. V.K. Rekhi*	Executive / Managing Director	7	Yes	2	-NIL-
Mr. Ashok Capoor**	Executive / Managing Director	N.A.	N.A.	-NIL-	-NIL-
Mr. M.R. Doraiswamy Iyengar	Independent Non Executive Director	9	Yes	2	2 (Chairman of 2)
Mr. B.M. Labroo	Independent Non Executive Director	9	Yes	7	1 (Chairman of 1)
Mr. Sreedhara Menon	Independent Non Executive Director	5	Yes	2	-NIL-
Mr. Sudhindar Krishan Khanna	Independent Non Executive Director	6	Yes	5	-NIL-

* Ceased to be the Managing Director with effect from April 19, 2011 consequent upon the expiry of the terms of his office as Managing Director and resigned as the Director with effect from close of business hours on April 29, 2011

** Appointed as Additional Director with effect from April 29, 2011 and as Managing Director with effect from May 2, 2011

NOTE:

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

- Out of 19 other Companies in which Dr. Vijay Mallya is a Director, 7 are Private Limited Companies and 2 are Section 25 Companies.
- Out of 10 other Companies in which Mr. S. R. Gupte is a Director, 2 are Private Limited Companies and 2 are Section 25 Companies.
- Out of 2 other Companies in which Mr. M.R. Doraiswamy Iyengar is a Director, 1 is a Private Limited Company.
- Out of 7 other Companies in which Mr. B.M. Labroo is a Director, 3 are Private Limited Companies.
- Out of 5 other Companies in which Mr. Sudhindar Krishan Khanna is a Director, 2 are Private Limited Companies.
- None of the Directors is related to any other Director.

DISCLOSURES REGARDING APPOINTMENT AND REAPPOINTMENT OF DIRECTORS

Directors retiring by rotation and being reappointed

Mr. M.R. Doraiswamy Iyengar

Mr. M.R. Doraiswamy Iyengar, aged 77 years, is a Fellow of the Institute of Chartered Accountants of India and a Graduate in Law. Mr. Doraiswamy Iyengar was a Senior Partner in M/s. K.V. Narasimhan & Co., Chartered Accountants, in Bangalore. He has been in practice since 1965 having wide experience in Audit and Taxation.

Details of Mr. M.R. Doraiswamy Iyengar's directorships in other Indian Companies and Committee Memberships are as under:

Other Directorships	Position held
1. McDowell Holdings Limited	Director
2. Vittal Investments Private Limited	Director

Mr. M.R. Doraiswamy Iyengar is the Chairman of the Audit Committee and Shareholders / Investors Grievance Committee of the Board of Directors of the Company and a Member of the Compensation Committee of the Company.

Mr. M.R. Doraiswamy Iyengar is the Chairman of the Audit Committee and Shareholders/Investors Grievance Committee of McDowell Holdings Limited.

Mr. M.R. Doraiswamy Iyengar holds 21 Equity shares in the Company and is not related to any other Director.

Mr. B.M. Labroo

Mr. B.M. Labroo, aged 80 years, is an Industrialist and has wide experience in Marketing, Finance and Corporate Governance. Mr. Labroo is an M.A. in Political Science from Punjab University and is the promoter and Chairman of Asahi India Glass Limited.

Details of Mr. B.M. Labroo's directorships in other Indian Companies and Committee Memberships are as under:

Other Directorships	Position held
1. Asahi India Glass Ltd.	Chairman
2. Allied Fincap Services Pvt. Ltd.	Director
3. Maltex Malsters Ltd.	Director
4. Nishi Electronics Pvt. Ltd.	Director
5. North-West Distilleries Pvt. Ltd.	Director
6. Samir Paging Systems Ltd.	Director
7. Shield Autoglass Ltd	Chairman

Mr. B.M. Labroo is the Chairman of the Compensation Committee and a Member of the Audit Committee and Shareholders/Investors Grievance Committee of the Company.

Mr. B.M. Labroo is the Chairman of the Shareholders/Investors Grievance Committee of the Board of Directors of Asahi India Glass Ltd.

Mr. B.M. Labroo holds 1,36,200 Equity Shares in the Company and is not related to any other Director.

New Director

Mr. Ashok Capoor

Mr. Ashok Capoor, aged 58 years, is a graduate in Economics (Hons.) and had obtained his Masters in Business Administration (Marketing) from Faculty of Management Studies, Delhi. He has also successfully completed an Advanced Management Program from Harvard University, Boston.

Mr. Ashok Capoor has over 35 years experience across Companies and various functions, sales and marketing being his major specialization. Mr. Ashok Capoor has been with the UB Group since 1992 having joined as Divisional Vice President in *erstwhile* Herbertsons Limited, since merged with the Company. He was the Deputy President of the Company since October 2, 2007 and was promoted to the position of President of the Company with effect from May 2, 2011.

The Board of Directors of the Company at their meeting held on April 29, 2011 has appointed Mr. Ashok Capoor as an Additional Director of the Company with immediate effect and as the Managing Director of the Company for a period of 3 (three) years commencing from May 2, 2011 to May 1, 2014, subject to approval of the shareholders in the ensuing Annual General Meeting and applicable provisions of the Companies Act, 1956 or any statutory modification or re-enactment thereof.

Mr. Ashok Capoor is not a Director in any other Company and is not holding any shares in the Company.

3. AUDIT COMMITTEE

The Audit Committee constituted on April 19, 2001 to meet the requirements under both the Listing

Agreement and Section 292A of the Companies Act, 1956, comprises at present the following Directors:

Mr. M.R. Doraiswamy Iyengar (Chairman)	Non Executive Independent Director
Mr. B.M. Labroo	Non Executive Independent Director
Mr. S.R. Gupte	Non Executive Director
Mr. Sreedhara Menon	Non Executive Independent Director

The terms of reference of the Audit Committee covers all matters specified under the Listing Agreement as well as the provisions of Section 292A of the Companies Act, 1956 and inter alia, includes the following:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit
 - Compliance with Stock Exchange and legal requirements concerning financial statements
 - Disclosure of any related party transactions.
- d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function 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.

- f) Discussion with internal auditors any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors

The Committee, *inter alia*, has reviewed the financial statements including Auditors' Report for the year ended March 31, 2011 and has recommended its adoption. In addition, the Committee has also reviewed quarterly results for June 30, 2010, quarterly and half yearly results for September 30, 2010, quarterly results for December 31, 2010 and quarterly results for March 31, 2011, which were subjected to a Limited Review by the Statutory Auditors of the Company.

During the financial year, five meetings were held i.e., on April 21, 2010, July 20, 2010, August 18, 2010, October 27, 2010 and February 08, 2011. The details of attendance by members of the Committee are as below:

Name of the Director	No. of Meetings	Meetings attended
Mr. M.R. Doraiswamy Iyengar (Chairman)	5	5
Mr. S.R. Gupte	5	5
Mr. B.M. Labroo	5	5
Mr. Sreedhara Menon	5	4

4. COMPENSATION COMMITTEE

The Compensation Committee constituted by the Company comprises at present the following Directors:-

Mr. B.M. Labroo	Chairman
Mr. S.R. Gupte	
Mr. M. R. Doraiswamy Iyengar	

The Committee is authorised, *inter alia*, to deal with the matters related to compensation by way of salary, perquisites, benefits etc. to the Managing/Whole Time Directors of the Company, and set guidelines for salary, performance pay and perquisites to other senior employees from the level of Executive Vice President and above.

The Committee is also empowered to formulate and implement the Scheme for grant of Stock Option to employees.

During the financial year, one meeting was held on August 02, 2010, which was attended by all the members of the Committee.

Remuneration of Directors:

The details of Remuneration paid/payable to the Directors during the Financial Year April 1, 2010 to March 31, 2011 are given below:

a) Executive Directors

Managing Director: Mr. V. K. Rekhi

Salary & Allowances	Performance Linked incentive	Perquisites	Retirement Benefits
Rs.	Rs.	Rs.	Rs.
22,911,278	18,864,080	5,309,064	3,742,810

Notes:

- Mr. V. K. Rekhi (Mr. Rekhi) was appointed as the Managing Director of the Company for a period of five years with effect from April 19, 2001. Mr. Rekhi's reappointment for a further period of five years with effect from April 19, 2006 and the remuneration payable was approved by the Members at the Annual General Meeting held on December 28, 2006 with a revision thereon approved by the Members at the Annual

General meeting held on December 26, 2008. The terms and conditions of appointment and remuneration of Mr. Rekhi were as set out in the resolution and as per the rules of the Company as applicable.

- The employment of Mr. Rekhi was terminable on either side by giving six months notice as per the rules of the Company.
- There was no severance fee.
- No stock option was granted during the year.
- On the expiry of term of his office, Mr. Rekhi ceased to be the Managing Director of the Company with effect from April 19, 2011 and has also resigned as a Director of the Company with effect from close of business hours on April 29, 2011.

b) Non - Executive Directors

Sitting Fees are paid to Non-Executive Directors for attending Board/ Committee Meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred for attending such meetings:

Name of the Director	Sitting fees
Dr. Vijay Mallya	1,20,000
Mr. S.R. Gupte	3,70,000
Mr. V.K.Rekhi	Nil
Mr. Ashok Capoor*	N.A.
Mr. M.R.Doraiswamy Iyengar	4,90,000
Mr. B.M. Labroo	4,30,000
Mr. Sreedhara Menon	Nil
Mr. Sudhindar Krishan Khanna	1,20,000

- * Appointed as Additional Director with effect from April 29, 2011 and as Managing Director with effect from May 2, 2011.

Non-Executive Directors are also eligible for Commission every year not exceeding one per cent of the net profits of the Company as approved by

the shareholders at the Annual General Meeting held on September 29, 2010 to remain in force for a period of five years from April 1, 2011. Such Commission may be apportioned amongst the Directors in any manner they deem fit.

The Commission of Rs. 62,210,000 on profits for the year ended March 31, 2011 will be paid after adoption of Accounts by Shareholders at the Annual General Meeting to be held on September 29, 2011 and apportioned amongst the Directors in any manner they deem fit.

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

Name of the Director	No. of Shares held
Dr. Vijay Mallya	12,510
Mr. S.R. Gupte	Nil
Mr. V. K. Rekhi*	52
Mr. Ashok Capoor**	Nil
Mr. M. R. Doraiswamy Iyengar	21
Mr. B.M. Labroo	1,36,200
Mr. Sreedhara Menon	Nil
Mr. S. K. Khanna	3,684

* Held jointly

** Appointed as Additional Director with effect from April 29, 2011 and as Managing Director with effect from May 2, 2011

5. **SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

A Shareholders/Investors Grievance Committee was constituted on April 19, 2001, to operate in terms of the provisions related thereto in the Listing Agreements with the Stock Exchanges and /or the provisions as prescribed or as may be prescribed in this regard by the Companies Act, 1956.

The Committee comprises at present the following Directors:

Mr. M. R. Doraiswamy Iyengar, Chairman

Mr. B. M. Labroo

Mr. V. S. Venkataraman, Company Secretary is the Compliance Officer.

During the financial year four meetings were held on April 21 2010, July 20, 2010, October 27, 2010 and February 09, 2011 attended by both Mr. M.R. Doraiswamy Iyengar and Mr. B. M. Labroo, members of the Committee.

The Company/ Company's Registrars received 113 complaints during the financial year, all of which were resolved to the satisfaction of shareholders/investors.

There are no complaints or Transfer of Shares pending as on March 31, 2011.

The Company also has a Committee of Directors with authority delegated by the Board of Directors, *inter alia*, to approve transfer and transmission of shares, issue of new share certificates on account of certificates lost, defaced, etc., dealing with matters relating to post amalgamation of companies, delegated by the Board of Directors from time to time and for other routine operations such as issue of power of attorney, operation of bank accounts etc.

Subsequent to the resignation of Mr. V.K.Rekhi and the appointment of Mr. Ashok Capoor in his place, the Committee comprises at present the following Directors:

Mr. S.R. Gupte

Mr. M.R. Doraiswamy Iyengar

Mr. Ashok Capoor and

Mr. B.M. Labroo

6. **GENERAL BODY MEETINGS**

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

Financial Year ended	Date	Time	Venue
March 31, 2010	September 29, 2010	11.00 a.m.	Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025
March 31, 2009	September 30, 2009	2.00 p.m.	Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.

Financial Year ended	Date	Time	Venue
March 31, 2008	December 26, 2008	10.15 a.m.	Dr. B.R. Ambedkar Bhavana, Miller's Road, Vasanthanagar, Bangalore - 560 052.

The following Special Resolutions were passed by the Shareholders at the past three Annual General Meetings (AGMs):

AGM held on	Subject matter of the Special Resolution
September 29, 2010:	Approval for payment of commission to Non-Executive Directors
September 30, 2009:	(i) Issue of Securities to raise additional funds (ii) Investment by Foreign Institutional Investors
December 26, 2008:	Revision in terms of remuneration payable to Mr. Vijay Kumar Rekhi, Managing Director.

All the Resolutions set out in the Notices including Special Resolutions as above were passed by the Shareholders.

POSTAL BALLOT

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

At this meeting also, there is no Ordinary or Special Resolution requiring passing by way of Postal Ballot.

During the financial year 2010-2011, pursuant to Section 192A of the Companies Act, 1956, ("the Act") read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the Company had conducted a Postal Ballot exercise following the provisions and rules framed under the Act for conducting Postal Ballot.

The details/results of the Postal Ballot exercise so conducted are as under:

Date of Notice of Postal Ballot	Date of scrutinizer's report	Description	Result
March 25, 2010	May 6, 2010	Special Resolution under Section 314(1B) of the Companies Act, 1956: Appointment of Mr. Sidhartha V Mallya, a relative of Dr. Vijay Mallya, Chairman of the Company to hold an office or place of profit in the Company as "Deputy General Manager- New Generation Sales Outlets" for a period of five (5) years with effect from June 1, 2010, upon receipt of the necessary approvals.	Carried with requisite majority. Number of Votes cast in favour 8,16,18,160 and Number of Votes cast against 10,951.

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

No Special Resolution is proposed to be passed through Postal Ballot at present.

7. DISCLOSURES

During the financial year ended March 31, 2011, the related party transactions with its promoters, the Directors or the management, their subsidiaries or relatives, etc., have been disclosed in the Notes on Accounts.

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

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

Code of Conduct

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has adopted a Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel, a copy of which is available at the Company's website, www.unitedspirits.in. All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year ended March 31, 2011 and a declaration to this effect signed by the Managing Director is forming part of this report.

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a "Code of Conduct for prevention of Insider Trading". This Code is applicable to all the Directors and designated employees of the Company.

8. MEANS OF COMMUNICATION

The unaudited quarterly and half-yearly results are sent to all the Stock Exchanges where the shares of the Company are listed. The results are normally published in "Business Standard" (English Daily) and "Kannada Prabha" (Kannada Daily). The results are displayed on the Company's Website www.unitedspirits.in. Press Releases are also issued, which are also displayed on the Company's Website.

The required disclosures to the extent applicable including results were also posted in the portal www.corpfiling.co.in, which is jointly owned, managed and maintained by Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Company has designated an exclusive Email Id viz. uslinvestor@ubmail.com to enable the investors to post their grievances and monitor its redressal.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion & Analysis Report is appended and forms an integral part of this Annual Report.

10. GENERAL SHAREHOLDER INFORMATION

a)	AGM Date, Time and Venue	Thursday, September 29, 2011 at 11.30 a.m. at Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.
b)	Financial Year	April 1 to March 31
	First Quarterly Results	By August 14
	Second Quarterly Results	By November 14
	Third Quarterly Results	By February 14
	Fourth quarterly Results	By May 15

c)	Date of Book closure	Friday, September 23, 2011 to Thursday, September 29, 2011 (both days inclusive)
d)	Dividend payment date	After September 29, 2011
e)	Listing on Stock Exchanges:	The shares of the Company are listed on the following Stock Exchanges: 1. Bangalore Stock Exchange Limited (BgSE) 2. Bombay Stock Exchange Limited, (BSE) 3. National Stock Exchange of India Limited (NSE)

The listing fees for the years 2010-11 and 2011-12 have been paid to all the Stock Exchanges.

f)	Stock Code													
	BSE	Demat 532432 Physical 32432												
	NSE	SYMBOL - McDOWELL-N												
	BgSE	McDowell												
g)	ISIN No.	INE854D01016												
h)	Market price data	(As per Annexure A)												
i)	Stock performance in comparison to BSE Sensex	(As per Annexure B)												
j)	Registrar and Transfer Agents	Integrated Enterprises (India) Limited, (Alpha Systems Private Limited, erstwhile Registrars and Transfer Agents, merged with Integrated Enterprises (India) Limited) 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 Tel. Nos. (080) 2346 0815-818 Fax No. (080) 2346 0819 Email: alfint@vsnl.com												
k)	Share Transfer System	The power to consider and approve share transfers / transmission / transposition / consolidation / subdivision etc. has been delegated to a Committee of Directors as indicated under the heading Shareholders' / Investors' Grievance Committee. The Committee meets generally once in a fortnight. The requirements under the Listing Agreement/ Statutory regulations in this regard are being followed.												
l)	Distribution of Shareholding	As per Annexure - C												
m)	Dematerialisation of shares (as on March 31, 2011)	<table> <tr> <th>Depositories</th><th>Shares</th><th>%</th></tr> <tr> <td>NSDL</td><td>120245637</td><td>91.93</td></tr> <tr> <td>CDSL</td><td>7219283</td><td>5.52</td></tr> <tr> <td>Total</td><td>127464920</td><td>97.45</td></tr> </table>	Depositories	Shares	%	NSDL	120245637	91.93	CDSL	7219283	5.52	Total	127464920	97.45
Depositories	Shares	%												
NSDL	120245637	91.93												
CDSL	7219283	5.52												
Total	127464920	97.45												
n)	Outstanding GDRs/ ADRs/ Warrants or any other Convertible instruments	Global Depository Shares (GDSs) representing 660,614 Equity Shares of Rs.10/- each as on March 31, 2011 (Two GDSs representing One equity share of Rs.10/- each).												

o)	Plant Locations	1.Cherthala (Kerala) 2.Chennai (Tamil Nadu) 3. Hyderabad I (Andhra Pradesh) 4. Hyderabad II (Andhra Pradesh) 5. Ponda (Goa) 6. Hathidah (Bihar) 7. Kumbalgodu (Karnataka) 8. Rosa (Uttar Pradesh) 9. Udaipur (Rajasthan) 10. Serampore (West Bengal) 11. Bhopal - I (Madhya Pradesh) 12. Bhopal - II (Madhya Pradesh) 13. Asansol (West Bengal) 14. Nasik-I (Maharashtra) 15. Nasik-II (Maharashtra) 16. Pondicherry (Pondicherry) 17. Alwar (Rajasthan) 18. Aurangabad (Maharashtra) 19. Meerut (Uttar Pradesh) 20. Hospet (Karnataka) 21. Pathankot (Punjab) 22. Palwal (Haryana) 23. Gopalpur - on - sea (Orissa) 24. Palakkad (Kerala) 25. Baddi (Himachal Pradesh) 26. Bhadrakali (West Bengal) 27. Baramati (Maharashtra) 28. Zuari Nagar (Goa)
p)	Address for correspondence	Shareholder correspondence should be addressed to the Company's Registrars and Transfer Agents: Integrated Enterprises (India) Limited, (Alpha Systems Private Limited, erstwhile Registrar and Transfer Agents, merged with Integrated Enterprises (India) Limited) 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003. Tel. Nos. (080) 2346 0815-818 Fax No.(080) 2346 0819 Email: alfint@vsnl.com Investors may also write or contact the Company Secretary, Mr. V.S. Venkataraman or Mr. B. L. Akshara, Sr. Manager-Secretarial at the Registered Office of the Company at 'UB Tower', No.24, Vittal Mallya Road, Bangalore – 560 001. Tel. Nos. (080) 3985 6500, 2221 0705. Fax No. (080) 3985 6862.

		In compliance with the provisions of Clause 47(f) of the Listing Agreement with the Stock Exchanges, an exclusive email Id, viz. uslinvestor@ubmail.com has been designated for registering complaint and its redressal by the Investor, which has been displayed on the website of the Company www.unitedspirits.in
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Pursuant to new Clause 5A of the Listing Agreement, the Company's Registrars & Transfer Agents have already sent one reminder to all the shareholders whose share certificates were returned undelivered and remain unclaimed so far. Two more reminders 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.

NON MANDATORY REQUIREMENTS

(1) Chairman of the Board

The Company maintains the Chairman's Office at Company's expenses and also reimburses the expenses incurred in performance of his duties.

(2) Remuneration Committee

The Company has formed a Compensation Committee.

(3) Shareholder Rights

The Company's half yearly results are published in English and Kannada Newspapers. Hence, the same are not sent to the shareholders.

(4) Audit qualifications

The Auditors have issued unqualified Report on the Financial Statements for the year ended March 31, 2011.

(5) 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.

(6) Mechanism for evaluating non-executive Board Members

The Board of Directors may consider adopting such requirement in future.

(7) Whistle Blower Policy

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

ANNEXURE A: MARKET PRICE DATA

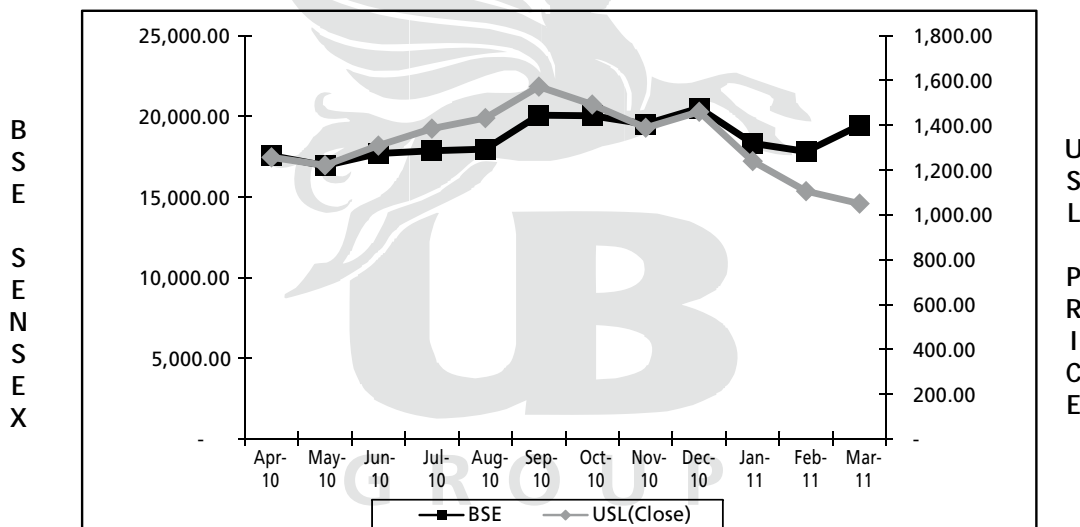
United Spirits Limited - Monthly BSE

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr-10	1,387.00	1,190.00	1,257.00	1,127,854
May-10	1,306.70	1,057.65	1,221.70	1,018,430
Jun-10	1,325.00	1,132.00	1,309.55	1,084,847
Jul-10	1,455.00	1,262.00	1,385.20	792,866
Aug-10	1,469.00	1,325.00	1,432.50	416,707
Sep-10	1,663.00	1,432.00	1,573.00	706,993
Oct-10	1,683.80	1,472.35	1,492.70	547,290
Nov-10	1,534.90	1,220.00	1,389.35	876,673
Dec-10	1,494.75	1,320.50	1,460.55	308,103
Jan-11	1,500.00	1,182.15	1,240.25	355,240
Feb-11	1,257.00	951.80	1,105.90	1,131,364
Mar-11	1,190.00	1,005.00	1,050.55	1,116,585

United Spirits Limited - Monthly NSE

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
April-10	1,400.00	1,184.00	1,257.50	10,280,256
May-10	1,302.75	1,057.00	1,224.00	6,918,630
June-10	1,325.00	1,154.40	1,310.25	7,685,687
July-10	1,456.85	1,260.00	1,385.00	6,801,053
Aug-10	1,468.70	1,325.00	1,432.45	4,680,887
Sep-10	1,662.90	1,428.45	1,573.35	5,767,018
Oct-10	1,688.20	1,463.90	1,495.15	4,805,180
Nov-10	1,537.65	1,301.00	1,389.75	5,805,419
Dec-10	1,494.70	1,343.45	1,463.75	3,742,100
Jan-11	1,640.00	1,225.60	1,241.80	4,262,924
Feb-11	1,318.40	949.00	1,107.10	10,186,801
Mar-11	1,144.00	1,009.10	1,024.80	8,297,803

ANNEXURE B: UNITED SPIRITS LIMITED, SHARE PRICES COMPARED TO BSE SENSEX



ANNEXURE C: DISTRIBUTION OF HOLDINGS (as on March 31, 2011)

VALUEWISE

Shareholding of nominal value	Shareholders		Share Amount	
Rs.	Number	% to Total	in Rs.	% to Total
(1)	(2)	(3)	(4)	(5)
Upto - 5,000	87,331	99.48	8,492,130	6.49
5,001 - 10,000	101	0.12	755,021	0.58
10,001 - 20,000	80	0.09	1,117,756	0.85
20,001 - 30,000	43	0.05	1,060,961	0.81
30,001 - 40,000	27	0.03	943,818	0.72
40,001 - 50,000	12	0.01	552,566	0.42
50,001 - 100,000	52	0.06	3,792,490	2.90
100,001 and above	139	0.16	114,080,226	87.22
Total	87,785	100.00	130,794,968	100.00

CATEGORYWISE

Category	No. of Shares	% of Equity Capital
Promoter Group	36,640,760	28.01
Resident Body Corporate (including clearing members)	5,390,040	4.12
Banks/FI/FII/ MF/Trust/Central/State Government & Insurance Companies	69,875,634	53.43
NRI/OCB/FCB/Foreign Nationals	6,139,805	4.70
G D S	660,614	0.50
Resident Individuals	12,088,115	9.24
Total	130,794,968	100.00

CERTIFICATE ON CORPORATE GOVERNANCE

The Members of,
United Spirits Limited

We have examined the compliance of conditions of Corporate Governance by United Spirits Limited, for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement, as amended, 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 the 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.

Bangalore
August 03, 2011

M.R. GOPINATH
Company Secretary (in practice)
FCS 3812 CP 1030

CEO/CFO CERTIFICATE

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

New Delhi
August 03, 2011

Ashok Capoor
Managing Director

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirement of Clause 49 of the Listing Agreement, Code of Conduct as approved by the Board of Directors of the Company on December 30, 2005 had been displayed at the Company's website www.unitedspirits.in All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year March 31, 2011.

New Delhi
August 03, 2011

Ashok Capoor
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A. INDUSTRY OVERVIEW:

The International Alcoholic Beverage Industry comprises mainly of Spirits, Beer and Wine. The international industry for Spirits is estimated to be around 2200 million cases (1 case = 9 Bulk Litres) in the calendar year 2010. The traditional dominance of 'Whites' – Vodka, White Rum and Gin continues in the international sphere.

The Indian Branded Spirits Industry was around 270 million cases in Fiscal year 2010-11 or 12.3% of the international industry. Contrary to international trends, India continues to remain a 'Browns' market with Whisky, Rum and Brandy being the dominant flavours.

It is a matter of pride that United Spirits Limited, your Company has become, in 2010, the largest distilled Spirits marketer in the world by volume, with sales of over 112 million cases in India. Including the sales of its international subsidiaries, the volume figure stands at just under 114 million cases. Your Company pipped long time industry leader Diageo to the number one spot. The high point of this achievement is that almost all of your Company's volume has been sold in a single geography, viz India, in contrast to the world-wide spread of other international players.

Growths in the Indian Spirits market have been way above that of other geographies. Your Company's brands grew over 12% in the last Fiscal, the world's top 100 Spirits brands grew just 4.3%. 17 of the top 25 global premium Spirits brands either lost ground or grew less than 5%. Well-known names like Smirnoff, Bacardi, Johnnie Walker and Absolut, collectively added less than 3 million cases during the year, while your Company's brands added over 12 million cases.

The Indian Spirits market has grown at a CAGR of 15% over the last 5 years while your Company has outperformed the Industry during the same period with a growth of just under 17%.

The much talked about 'demographic window' with a large and growing population of youth coming of legal

drinking age will only improve the business prospects for your Company. Of the Indian population of 1.2 billion, over half is under 25 years of age; in comparison the developed countries of the American and European continents and China all have a vastly ageing population. With younger persons joining the work force and with increased exposure, through media and travel, of international trends and lifestyles, the growth of your Company, and indeed of the Indian spirits market, can only accelerate.

B. REGULATORY ENVIRONMENT:

The founding fathers of the Constitution of India thought it fit to place the regulation and taxation of alcoholic beverages in the domain of the States rather than in that of the Union Government. While the Union Government retains with itself the authority to licence green-field manufacturing units and to tax imports in this sector, all other activities relating to this industry – production, sale, manufacture, stocking and taxation are regulated and controlled by the State Governments. For players like your Company, operating in 30+ markets across the country, it can be a veritable nightmare dealing with the different characteristics of each market and ploughing through the maze of regulations, taxes and policies.

The much delayed GST regime would have played a part in smoothening inter-state trade and commerce in the alcoholic beverage space, but with States reluctant to give up their Fiscal autonomy and control over this industry, and over a few others like Electricity, Coal and Real Estate, it is improbable that GST will cover alcoholic beverages in the near term.

C. BUSINESS ANALYSIS:

Inflationary pressures which emanated from food items had an impact on all areas as the year progressed. Your Company's primary ingredient in the manufacturing process, namely Extra Neutral Alcohol ("ENA") is, in effect, an agricultural by-product as it is distilled from molasses (a by-product of sugar manufacture) or from

broken/spent grain. In the previous year, the Company had reported a huge step-up in the prices of ENA vis-a-vis the previous period. While the average price in FY11 remained lower than that of FY10, the increasing trend in prices of ENA remains a cause for worry. Supply of ethanol to the Oil Marketing Companies has potential to reduce availability of ENA for the potable alcohol industry, which could impact prices. However, in the near term it appears that acreage under sugar cultivation is set to increase and this should have a favorable effect.

A well conceived initiative to build up supply side security through backward integration into distillation is the corner stone of your Company's business strategy. Towards end FY11 and subsequent to the end of that Fiscal, your Company has invested substantially in two entities having primary distillation units, namely Pioneer Distilleries Limited and Sovereign Distilleries Limited in Maharashtra and Karnataka respectively. These two units together have a distillation capacity of 340 Kilo Litres Per Day ("KLPD") representing 25% of requirement and should go a long way to reduce dependency on external suppliers. Bringing supplies in house also helps to capture the distillation margin which would have been payable to external suppliers.

The increasing price of crude and general inflationary conditions have pushed up prices of another key input, namely glass bottles. With one player dominating the glass industry, your Company had no option but to grant price increases in August 2010 and again in February 2011. In order to mitigate the cost increase in glass bottles, your Company is evaluating plans to set up a glass manufacturing unit in South India for captive consumption.

Despite an ever expanding manufacturing footprint that seeks to localise over 90% of the sales volume within each State, your Company was required to meet the sharp growth in demand for your Company's products. Additional capacity is being added on in Company-owned manufacturing facilities, wherever possible through the operation of multiple shifts and extended working hours. Wherever this is not possible,

your Company is seeking additional capacity through contract manufacturing arrangements. A concerted focus on ensuring profitable volume sales has helped the Company to add around 11 million cases in its main-line product portfolio, while adding only a million cases to what is referred to as a 'second-line' products.

Sales of the Company's brands grew to 112.24 million cases, an increase of 12% over the 100.23 million cases of the previous Fiscal; together with the sales of its international subsidiaries, volumes were nearly 114 million cases.

D. MARKETING:

Your Company is one of the two companies with 12 brands among the Top 100 Spirits Brands Worldwide as published by Impact International - a well known beverage alcohol magazine.

Bagpiper Whisky continues to be the world's largest whisky with sales in excess of 16 million cases while McDowell's No. 1 Whisky is the third largest whisky in the world.

The umbrella, 'McDowell's No. 1' brand, which has a presence across three flavours - Whisky, Brandy and Rum, registered sales of over 40 million cases in FY 11, an increase of 16% over the 35 million cases of the previous Fiscal. This sharp increase has helped it retain its number one position as the world's largest beverage alcohol umbrella brand.

McDowell's No. 1 Brandy continues to remain the world's largest selling Brandy with sales in excess of 12 million cases and a growth of 22%. This is despite it being hampered by a change of ordering process in Tamilnadu, its largest market.

McDowell's No. 1 Celebration Rum with a sale of 14.5 million cases and a growth of 19% is far and away India's largest Rum and the world's third largest seller in this flavour category.

During the year, your Company added yet another 'millionaire' in McDowell's No. 1 Platinum Whisky - a 100% grain offering launched less than 12 months ago.

It is the first time that a new launch at this price point has crossed the million cases mark in its launch year. The momentum of this brand continues in the current Fiscal and its descriptive packaging coupled with its smooth blend has been very well received both by the trade and the consumers.

In Fiscal 2011, the Company introduced a niche extension of its Black Dog range through the launch of Black Dog 18 Year Old Whisky – this outstanding offering has been very well received by the market and has significantly upped the image of the Black Dog brand.

Post the end of the year, a similarly upgraded offering has been introduced, viz., Signature Premier – a Super Premium whisky blended with 8-year old Scotch. This brand is currently being rolled out nationally and initial responses have been very encouraging.

To meet the growth in its key brands, your Company has expanded its manufacturing units and tied up with third parties for additional capacities, wherever necessary.

Of the increase of 12 million cases in the current Fiscal, the key brands of the Company contributed 90%. This is in keeping with your Company's deliberate premiumization strategy to move its consumers up the value chain.

On a trial basis, your Company reduced the prices of Royal Challenge in select markets as part of a strategy to plug gaps in the price ladder. This was done to facilitate consumers to 'step up' from one price band to another without having to 'leap' across price bands. This strategy has been very successful with volumes jumping in these markets as high as 25-40% while simultaneously growing the contribution in monetary terms.

The Company's overseas subsidiaries - Whyte and Mackay, Bouvet Ladubay and Liquidity Inc continue to perform well in the international markets. Post the end of Fiscal 2011, Vladivar Vodka, a Whyte and Mackay brand, has been introduced in the Indian market. This is now being produced at your Company's Nashik facility.

Consumer response has been very good to the brand and its flavoured variants.

As part of the strategy to grow sales in international markets, your Company has set up an Emerging Markets Division which will be responsible for the sales of the Indian brands together with the Whyte and Mackay portfolio in the markets of Africa, Asia and the Far East. This Division is being appropriately staffed to drive the sales of this portfolio in these markets. Wherever opportunities exist, local manufacturing arrangements are also being explored.

E. RISKS & CONCERNS, OPPORTUNITIES & THREATS:

India's 'young' population demographic in comparison with an 'ageing' population in other parts of the world is seen as the engine of sustainable growth. A young population is set to join the workforce and generate disposable income, which is a key advantage. In the case of your Company, this is accentuated by changing attitudes towards consumption of alcoholic beverages which underpins exposure to life styles and products through travel and media. The Company believes that all the above factors indicate a strong and sustained demand for your Company's products for many years to come. The younger Indian consumer is also more ambitious than the earlier generation and the pervasive good feeling amongst such consumers is expected to translate into constant up-trading, reflected in your Company's case by the consistent double digit growth in its first line range of products. The Company feels that this trend will continue and, in fact, grow.

Notwithstanding a steady, albeit slow, process of deregulation, the alcoholic beverages industry continues to be the favorite target of the Governments, both at the Centre and in the States when faced with revenue pressures. Consequently, the industry suffers from the twin impact of over-regulation and excessive taxation. State and local Governments receive, by way of taxes and duties, as much as 55-60% of what the consumer pays as the retail price for the alcoholic industry's products. The proposed Goods and Services Tax (GST) legislation

could have helped reduce the burden of this excessive taxation – unfortunately State Governments seem to be unwilling to bring alcoholic beverages under the ambit of GST for fear of reduced flexibility in their hands. Increasing levels of taxation and imposition of newer and ingenious levies show no sign of abatement in the near future – a factor that impedes profitability despite continuing growth in consumer demand.

Over the past couple of years, shareholder communication from the Company has consistently referred to increases in the price of the Company's key input viz., Molasses/Spirit. This has come about due to fluctuating acreages under cultivation, local policy decisions affecting supplies within a state and resurgence in the use of spirit for ethanol blending. Increasing prices of crude have impacted the prices of both spirit and glass – the latter compounded by an oligopolistic situation in the Indian glass industry. Your Company has sought to mitigate this through development of alternate packaging like PET and TetraBrik containers, which have proved to be highly successful in large markets.

Your Company's foray into the emerging wine segment through the acquisition of Bouvet Ladubay, SA, France, in 2006 and the setting up of a subsidiary M/s. Four Seasons Wines Limited ("FSWL"), is bearing fruit. The French subsidiary has more than doubled its capacity through a new state-of-the-art winery at Saumur, France, while simultaneously aiding FSWL, set-up India's largest winery near Baramati in Maharashtra. FSWL's products viz., Zinzi and Four Seasons, have been well received by consumers – the latter particularly, has been the recipient of numerous awards both in India and overseas.

Your Company has positioned its products at convenient price points ranging from the low end to premium, aged, niche products. In this endeavor, the repertoire of brands from the Whyte and Mackay's stable has been advantageous in both enhancing the product offering as also in scaling up the image of the Company in the eyes of the consumers.

Whyte and Mackay has reworked its strategy to focus on the sale of its brands rather than being a producer and seller of bulk spirit. The Company is also focusing its branded spirits activity of select geographies while working alongside the Emerging Markets Division for sales in other territories.

F. OUTLOOK:

Over two-thirds of the Company's sales are made to large parastatal organisations controlled by the State Governments. Requests for price increases are often a tedious process and take considerable time to materialise.

Your Company is in the fore front of negotiation with various State Governments in this regard. Consequently, your Company has managed price increases in various States through a mix of upgraded product launches at higher price points and judicious price corrections in linked markets. Additionally, effective realisation to the Company has been pushed up through reductions in market spends and implementation of various cost-cutting measures.

G. INTERNAL CONTROL SYSTEM:

The company has a robust system of internal control which has been incorporated in the enterprise-wide SAP system.

In addition, review of the Company's systems is carried out by the UB Group's Internal Audit Department, the Company's own operation review personnel, and by independent auditors.

H. INTERNATIONAL OPERATIONS:

The Winery at Bouvet Ladubay had been shifted over a year ago to swanky new premises while simultaneously expanding its capacity to about 8 million bottles per annum. The Company's products have been growing and continue to do well in their traditional markets. The Bouvet products have been introduced in India and have found increasing consumer expansion. The expertise of the French wine making subsidiary has been used while

building India's largest Winery at Four Seasons Wines Limited near Baramati, as also in the development of a range of varietal wines. The policies of some of the State Governments with respect to imported spirits have hampered the sales of Bouvet Ladubay products in India to an extent.

As part of a well crafted strategy, Whyte and Mackay has de-emphasised the sale of bulk spirit and instead decided to focus on brand-building. Re-organisation of selling arrangements in North America and the planned integration into the emerging markets for market development in Africa, Asia and the Far East will definitely go a long way in making Whyte and Mackay a force to reckon with in single malt and blended whiskeys.

I. HUMAN RESOURCES:

Your Company's human capital is now upwards of 7,500 employees including factory workmen. During the Fiscal year, there has been no loss of production at any of the Company's manufacturing facilities due to industrial unrest.

The HR department is working to make your Company the 'Employer of Choice' and a great place to work on the Indian Corporate scene.

J. FORWARD LOOKING STATEMENTS:

This Report contains forward-looking statements that involve risks and uncertainties. Your Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

By Authority of the Board

New Delhi
August 03, 2011

Dr. VIJAY MALLYA
Chairman

UB
GROUP
UNITED SPIRITS

1. We have audited the attached Balance Sheet of **United Spirits 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. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse

Firm Registration Number: 007568S

Chartered Accountants

Usha A. Narayanan

Partner

New Delhi

August 3, 2011

Membership Number: 23997

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of United Spirits 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 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 held by a wholly owned subsidiary in respect of which physical verification is not feasible because of the nature of business of the Company, has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, read with our remarks in paragraph 2(a), 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 granted unsecured loans, to a Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year end balance of such loans aggregates to Rs. 2,796.086 Million and Rs. Nil, respectively.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
- (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
- (e) 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.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of incometax, 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 terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
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, there are no funds raised on a short-term basis which 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 as at year end.
20. The Company has not raised any money by public issues during the year.
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: 007568S
Chartered Accountants

Usha A. Narayanan

Partner

Place : New Delhi

Date : August 3, 2011

Membership Number: 23997

[Referred to paragraph 9(b) of the Annexure to the Auditors' report of even date to the members of United Spirits Limited]

Name of the Statute	Amount (Rs. Million)	Period to which the amount relates	Forum where the dispute is pending
The Income-Tax Act, 1961	194.268	2002-03, 2003-04, 2004-05, 2008-09	Commissioner of Income tax (Appeals)
	251.261	1994-95, 2000-01, 2001-02, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08	Income Tax Appellate Tribunal
	3.620	2004-05	Assessing Officer
Central and Respective State Tax Acts	68.870	1982-83, 1984-86, 1988-89, 1989-90, 1990-91, 1992-93, 1995-96, 1996-97, 1997-98, 1999-00, 2001-02, 2005-06	High Court
	82.662	1985-86, 1987-88, 1993-94, 1994-95, 1995-96, 1996-97, 1997-98, 1997-01, 1998-99, 1999-00, 2000-01	Appellate Tribunal
	9.210	1999-00, 2000-01, 2001-02, 2002-03, 2007-08	Joint Commissioner
	18.056	1984-85, 1992-93, 2002-03, 2005-07, 2007-08	Deputy Commissioner
	200.780	1974-76, 1995-96, 1999-06, 2002-03	Assistant Commissioner
	2.835	1993-94, 1995-96, 1997-98, 2004-05	Assessing Officer
	54.980	1993-94, 2004-05, 2005-06, 2006-07	Appellate and Revisional board
	5.579	2006-07, 2007-08	Additional Commissioner
Respective State Excise Acts	5.287	1971-72, 1972-73, 1973-74, 1977-78, 1978-79, 1979-80, 1980-81, 1981-82, 1981-2011	Supreme Court
	232.226	1963-64, 1972-74, 1983-84, 1986-87, 1988-91, 1991-92, 1992-93, 1993-94, 1996-97, 1997-98, 1998-99, 1999-00, 1998-01, 2000-01, 2002-03, 2003-04, 2001-11, 2008-10	High Court
	17.464	1995-96	Appellate Tribunal
	265.254	1974-81, 1980-81, 1981-82, 1982-83, 1983-84, 1983-85, 1984-85, 1985-86, 1985-87, 1986-87, 1987-88, 1988-89, 1989-90, 1991-92, 1991-96, 1993-94, 1993-95, 1995-96, 1995-98, 1998-99, 2001-02, 2002-03, 2004-05, 2005-06	Excise Commissioner
	1.593	1986-87, 1992-99, 1992-99, 1997-98	Excise Superintendent
	1.701	1994-95	District Magistrate and Collector
	12.170	1981-84	Chinsurah Court, Hooghly
	8.311	1993-94	Additional District Magistrate
	0.081	1994-95	Collector
The Central Excise Act, 1944	6.000	1991-95, 1995-98, 2001-02	Supreme Court
	0.534	1994-95	Commissioner of Central Excise
	25.635	1989-97, 1996-97, 2004-05	High Court
	0.481	1995-96	Assistant Commissioner of Customs

	Schedule	2011	Rs. Million 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,307.950	1,255.943
Reserves and Surplus	2	49,729.727	46,601.859
Loan Funds			
Secured Loans	3	25,179.658	25,892.537
Unsecured Loans	4	10,903.812	9,268.220
		<u>87,121.147</u>	<u>83,018.559</u>
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		11,837.587	9,288.565
Less: Depreciation		<u>2,715.624</u>	<u>2,222.046</u>
Net Block		9,121.963	7,066.519
Capital Work in Progress		<u>592.768</u>	<u>395.842</u>
		<u>9,714.731</u>	<u>7,462.361</u>
Investments	6	14,532.508	12,539.973
Deferred Tax Asset (Net) [Schedule 18 Note 17(b)]		202.736	64.874
Foreign Currency Monetary Item Translation Difference		-	323.641
Current Assets, Loans and Advances			
Inventories	7	11,621.315	8,291.882
Sundry Debtors	8	9,585.883	9,461.639
Cash and Bank Balances	9	1,597.912	2,464.670
Other Current Assets	10	3,203.092	3,268.493
Loans and Advances	11	<u>51,136.172</u>	<u>50,381.668</u>
		<u>77,144.374</u>	<u>73,868.352</u>
Less: Current Liabilities and Provisions	12		
Liabilities		13,406.160	10,394.595
Provisions		<u>1,067.042</u>	<u>846.047</u>
		<u>14,473.202</u>	<u>11,240.642</u>
Net Current Assets		<u>62,671.172</u>	<u>62,627.710</u>
		<u>87,121.147</u>	<u>83,018.559</u>
Statement on Significant Accounting Policies	17		
Notes on Accounts	18		

The Schedules referred to above and the notes thereon form an integral part of the Accounts

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

USHA A. NARAYANAN
Partner
Membership Number: 23997

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

New Delhi
August 3, 2011

V.S. VENKATARAMAN
Company Secretary

New Delhi
August 3, 2011

Bangalore
August 3, 2011

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

	Schedule	2011	Rs. Million 2010
INCOME			
Sales (Gross)		123,661.179	87,790.708
Less: Excise Duty		<u>64,677.133</u>	<u>42,549.432</u>
		58,984.046	45,241.276
Income arising from Sale by Manufacturers under 'Tie-up' agreements (Tie-up units)		4,217.395	3,460.158
Income from Brand Franchise		487.458	587.772
Other Income	13	<u>544.112</u>	<u>563.812</u>
		64,233.011	49,853.018
EXPENDITURE			
Materials	14	35,808.122	27,468.827
Manufacturing and Other Expenses	15	18,246.094	14,080.812
Interest and Finance charges	16	4,027.902	3,096.196
Exchange Loss (Net)		<u>225.744</u>	<u>84.090</u>
		58,307.862	44,729.925
Profit before Exceptional and Other Non-Recurring Items, Depreciation and Taxation		5,925.149	5,123.093
Depreciation		<u>477.470</u>	<u>386.302</u>
Profit before Exceptional and Other Non-Recurring Items and Taxation		5,447.679	4,736.791
Exceptional and other non recurring items [Schedule 18 Note 10]		<u>368.399</u>	<u>699.953</u>
Profit before Taxation		5,816.078	5,436.744
Provision for Taxation:			
Current Tax		1,793.500	1,525.000
Deferred Tax Charge / (Credit)		<u>167.865</u>	<u>151.529</u>
Profit after Taxation		3,854.713	3,760.215
Profit brought forward from previous year		12,380.525	9,486.445
Profit transferred on Amalgamation [Schedule 18 Note 2(A)(c)]		<u>4.030</u>	<u>-</u>
		16,239.268	13,246.660
Appropriations:			
Proposed Dividend		326.987	313.986
Corporate Tax on Proposed Dividend		54.309	52.149
Transfer to General Reserve		<u>500.000</u>	<u>500.000</u>
Profit carried to Balance Sheet		<u>15,357.972</u>	<u>12,380.525</u>
Basic / Diluted Earnings Per Share (Face value of Rs. 10 each)		29.47	32.51
Statement on Significant Accounting Policies	17		
Notes on Accounts	18		

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

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

USHA A. NARAYANAN
Partner
Membership Number: 23997

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

New Delhi
August 3, 2011

V.S. VENKATARAMAN
Company Secretary

New Delhi
August 3, 2011

Bangalore
August 3, 2011

Cash Flow Statement for the year ended March 31, 2011

	2011	2010	Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Exceptional and Other Non-Recurring Items and Taxation	5,447.679		4,736.791
Adjustments for:			
Depreciation	477.470	386.302	
Unrealised Foreign Exchange Loss / (Gain)	345.421	2.822	
Bad Debts/ Advances written off	31.481	4.046	
Loss/(Gain) on Fixed Assets Sold/Written off (Net)	(3.381)	(5.142)	
Liabilities no longer required written back	(95.702)	(188.606)	
Provision for Doubtful Debts/ Advances/ Deposits (Net)	290.273	255.170	
Provision for diminution in value of Investments (Net)	-	26.635	
Provision - Others	167.342	25.016	
Interest Expense and Finance Charges	4,448.929	3,150.645	
Income from investments	(52.259)	(58.317)	
Interest Income	(421.027)	(54.449)	3,544.122
Operating profit before working capital changes	10,636.226		8,280.913
(Increase)/decrease in Trade and other receivables	(2,023.147)	(4,310.270)	
(Increase)/decrease in Inventories	(3,072.452)	(1,752.191)	
Increase/(decrease) in Trade payables	2,186.757	1,870.993	
	(2,908.842)		(4,191.468)
Cash generated from operations	7,727.384		4,089.445
Direct taxes paid	(1,928.405)		(2,036.527)
Fringe Benefit taxes paid	2.544		(4.013)
Cash flow before Exceptional and Other Non-Recurring Items	5,801.523		2,048.905
Exceptional and Other Non-Recurring Items	(871.798)		8,912.526
Cash generated / (used in) from operations	4,929.725		10,961.431
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(1,959.011)	(1,652.724)	
Sale of fixed assets	16.692	18.170	
Finance Lease Payments	(8.259)	(10.049)	
Purchase of long term investments	(86.736)	(139.539)	
Consideration paid on acquisition of shares [Schedule 18 (Note 4(b))]	(1,039.852)	-	
Investment in an Associate	(35.198)	-	
Disposal of Investment in Subsidiary	0.600	-	
Investments in Subsidiaries	-	(123.838)	
Loans given to Subsidiaries	(3,045.106)	(37,035.797)	
Realisation of Loans from Subsidiaries	3,984.140	1,241.825	
Interest received	419.729	47.838	
Dividend received	46.784	57.278	
Net cash used in investing activities	(1,706.217)		(37,596.836)

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

	2011	Rs. Million 2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares to QIBs	-	16,156.000
Expenses incurred on issue of shares to QIBs	-	(696.274)
Proceeds/(Repayment) of long term loans:		
Proceeds	3,218.700	15,590.996
Repayment	(8,235.451)	(2,182.102)
Proceeds/(Repayment) of fixed deposits	3,196.576	1,555.884
Proceeds/(Repayment) of short term loans	5,470.000	8,270.000
Repayment of short term loan	(4,020.000)	(7,150.000)
Working Capital Loan / Cash Credit from Banks (net)	1,268.401	(151.700)
Interest and Finance Charges paid [including on Finance lease Rs. 1.350 Million (2010: Rs. 2.444 Million)]	(4,792.563)	(2,888.248)
Dividends paid	(313.575)	(216.415)
Corporate Tax on distributed profit	(52.149)	(36.694)
Net cash used in financing activities	(4,260.061)	28,251.447
Net (Decrease)/ Increase in cash and cash equivalents	(1,036.553)	1,616.042
 Cash and cash equivalents as at March 31, 2010*	 2,464.670	 848.628
Cash and Cash Equivalents of Transferor companies	169.795	-
Cash and cash equivalents as at March 31, 2011*	1,597.912	2,464.670
	(1,036.553)	1,616.042

*Refer Schedule 9

Notes:

- 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.
- The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements as notified under Section 211(3C) of the Companies Act, 1956 and reallocation required for this purpose are as made by the Company.
- Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

USHA A. NARAYANAN
Partner
Membership Number: 23997

VIJAY MALLYA
Chairman

M.R. DORAISWAMY IYENGAR
Director
New Delhi
August 3, 2011

V.S. VENKATARAMAN
Company Secretary

ASHOK CAPOOR
Managing Director

P.A. MURALI
Chief Financial Officer

New Delhi
August 3, 2011

Bangalore
August 3, 2011

	2011	Rs. Million 2010
1. SHARE CAPITAL		
Authorised		
395,000,000 (2010: 245,000,000) Equity Shares of Rs. 10/- each	3,950.000	2,450.000
159,200,000 (2010: 84,200,000) Preference Shares of Rs. 10/- each	1,592.000	842.000
	<u>5,542.000</u>	<u>3,292.000</u>
Issued, Subscribed and Paid-up		
130,794,968 (2010: 125,594,329) Equity Shares of Rs. 10/- each fully paid up.	1,307.950	1,255.943
	<u>1,307.950</u>	<u>1,255.943</u>

Notes :

Of the above,

- 51,719,968 (2010: 51,719,968) Equity Shares were allotted as fully paid up on July 9, 2001 to the shareholders of the erstwhile McDowell & Company Limited, pursuant to the schemes of Amalgamation for consideration other than cash.
- 34,010,521 (2010: 34,010,521) Equity Shares were allotted as fully paid on November 6, 2006 to Equity Shareholders of erstwhile Herbertsons Limited, Triumph Distillers & Vintners Private Limited, Baramati Grape Industries Limited, United Distillers India Limited, and Shaw Wallace Distilleries Limited pursuant to a Scheme of Amalgamation for consideration other than cash.
- 8,751,381 (2010: 8,751,381) Equity shares of Rs. 10/- each fully paid up represent 17,502,762 (2010: 17,502,762) Global Depository Shares issued by the Company on March 29, 2006.
- 5,681,326 (2010: 5,681,326) Equity shares of Rs. 10/- each fully paid up were allotted consequent to conversion of 100,000, 2% Convertible Bonds in Foreign Currency during 2008.
- 7,749,121 (2010: 7,749,121) Equity Shares were allotted as fully paid up on July 24, 2009 to the shareholders of the erstwhile Shaw Wallace & Company Limited, pursuant to the schemes of Amalgamation for consideration other than cash.
- 17,681,952 (2010: 17,681,952) Equity shares of Rs. 10/- each fully paid up were allotted to eligible Qualified Institutional Buyer's through a Qualified Institutional Placement on October 23, 2009.
- 5,200,639 Equity Shares were allotted as fully paid up on January 14, 2011 to the shareholders of the erstwhile Balaji Distilleries Limited, pursuant to the scheme of Amalgamation for consideration other than cash.

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

	2011	Rs. Million 2010
2. RESERVES AND SURPLUS		
Central Subsidy		
As per last Balance Sheet	1.500	1.500
Capital Redemption Reserve		
As per last Balance Sheet	578.946	578.946
Securities Premium Account		
As per last Balance Sheet	25,176.823	9,893.917
Add: On issue of equity shares allotted to Qualified Institutional Buyers	-	15,979.180
	<u>25,176.823</u>	<u>25,873.097</u>
Less: Expenses incurred on issue of Equity shares to Qualified Institutional Buyers	-	696.274
	<u>25,176.823</u>	<u>25,176.823</u>
Foreign Currency Translation Reserve [Schedule 18 Note 4(d)]		
As per last Balance Sheet	(2,247.069)	(463.905)
Addition during the year	<u>(24.175)</u>	<u>(1,783.164)</u>
	<u>(2,271.244)</u>	<u>(2,247.069)</u>
Contingency Reserve		
As per last Balance Sheet	110.000	110.000
General Reserve		
As per last Balance sheet	10,601.134	10,101.134
Add: Addition during the year:		
(a) Reserve arising on amalgamation [Schedule 18 Note 2A]	(325.404)	-
(b) Transfer from Profit and Loss Account	<u>500.000</u>	<u>500.000</u>
	<u>10,775.730</u>	<u>10,601.134</u>
Surplus in Profit and Loss account	<u>15,357.972</u>	<u>12,380.525</u>
	<u>49,729.727</u>	<u>46,601.859</u>

	2011	Rs. Million 2010
3. SECURED LOANS		
Term Loans		
From Banks [Note (i)]	16,343.534	18,316.555
[Repayable within one year: Rs. 3,719.771 Million (2010: Rs. 3,100.721 Million)]		
Working Capital Loan / Cash Credit from Banks [Note (ii)]	8,827.708	7,559.307
Finance Lease [Note (iii)]	8.416	16.675
	<u>25,179.658</u>	<u>25,892.537</u>
Notes:		
(i) Out of the above loans:		
(a) Secured by charge on certain fixed assets of the Company including Land and Building.	367.001	879.222
(b) Secured by a charge on certain fixed assets of the Company including Land and Buildings, and also by pledge of certain investments held by other company.	687.477	1,374.977
(c) Foreign Currency External Commercial Borrowings secured by charge on specific fixed deposit with bank.	-	1,571.500
(d) Secured by hypothecation of maturing stock held in overseas branch and charge on certain fixed assets including Land and Building and pledge of certain investments held by other companies.	2,109.500	1,646.300
(e) Secured by a charge on certain fixed assets of the Company including Land and Building, pledge of shares held by the USL Benefit Trust and hypothecation of certain Trademarks of the Company.	12,515.056	12,844.556
(f) Secured by a charge on certain fixed assets of the Company.	664.500	-
(ii) Secured by hypothecation of inventories (except those held outside India), book debts and other current assets.		
(iii) Secured against assets acquired under lease agreements		
4. UNSECURED LOANS		
Fixed Deposits	5,358.220	2,201.785
[Repayable within one year Rs. 2,338.839 Million (2010: Rs. 709.807 Million)]		
Long term loan from a bank	750.000	750.000
[Repayable within one year Nil (2010: Nil)]		
Short term loan from banks	4,720.000	3,270.001
[Repayable within one year Rs. 4,099.722 Million (2010: Rs. 3,270.001 Million)]		
From Subsidiary Company	-	2,970.842
[Repayable within one year Nil (2010: Nil)]		
Inter Corporate Deposit [Schedule 18 Note 8]	75.592	75.592
[Including interest accrued and due Rs. 40.592 Million (2010: Rs. 40.592 Million)]		
	<u>10,903.812</u>	<u>9,268.220</u>

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

5. FIXED ASSETS

[illegible]

Notes:

1. The Company is in the process of registering certain freehold and leasehold land in its own name.
2. Cost of buildings includes the following payments made for the purpose of acquiring the right of occupation of Mumbai godown space:
 - i) 660 equity shares (unquoted) of Rs. 100 each fully paid in Shree Madhu Industrial Estate Limited Rs. 0.066 Million (2010: Rs. 0.066 Million). Application has been made for duplicate share certificates and the same is in the process.
 - ii) 199, 6 % Debentures (unquoted) of Rs. 1,000 each fully paid in Shree Madhu Industrial Estate Limited Rs. 0.199 Million (2010: Rs. 0.199 Million). Application has been made for duplicate debentures certificates and the same is in the process.
 - iii) Deposit with Shree Madhu Industrial Estate Limited Rs. 0.132 Million (2010: Rs. 0.132 Million)
3. Include value of fully paid shares Rs. 0.006 Million (2010: Rs. 0.006 Million) held in Co-operative Housing Societies.
4. Includes additions/deletions (Gross Block) and depreciation of the transferor company for the year ended March 31, 2010 [Schedule 18 Note 2(A)].

Rs. Million

6. INVESTMENTS

Particulars	Face Value (Rs.)	Nos.	2011	Nos.	2010
CURRENT					
Unquoted Investments					
Units (Fully Paid)					
SBI SHF Liquid Plus	10	1,536,085	15.370	1,459,097	14.600
HSBC Mutual Fund	10	160,330	1.633	152,906	1.546
ICICI Prudential Liquid Fund	100	63,597	6.361	60,504	6.052
Total Current Investments			<u>23.364</u>		<u>22.198</u>
LONG TERM					
Quoted Investments					
A Trade					
Fully Paid Equity Shares					
Mangalore Chemicals & Fertilizers Limited (Note 2)	10	6,150	0.032	6,150	0.032
McDowell Holdings Limited (Note 2)	10	50,000	0.500	50,000	0.500
Pioneer Distilleries Limited	10	977,212	86.736	-	-
			<u>87.268</u>		<u>0.532</u>
B Non-Trade					
Fully Paid Equity Shares					
Housing Development Finance Corporation Limited (Note 2)	10	240	0.002	240	0.002
ICICI Bank Limited	10	8,916	0.382	8,916	0.382
HDFC Bank Limited (Note 2)	10	200	0.002	200	0.002
Vijaya Bank	10	38,900	0.466	38,900	0.466
Radico Khaitan Limited	2	537,850	2.043	537,850	2.043
Khaitan Chemicals & Fertilizers Limited (Note 2)	10	13,880	0.725	13,880	0.725
Rampur Fertilizers Limited (Notes 2 and 3)	10	27,760	0.527	27,760	0.527
Units (Fully Paid)					
Unit Trust of India (Note 1)					
- UTI Balance Fund -Income - Retail					
(formerly known as US 2002)	10	365,979	8.374	344,151	4.066
			<u>12.521</u>		<u>8.213</u>
Total Quoted Investments (A+B)			<u>99.789</u>		<u>8.745</u>

Rs. Million

6. INVESTMENTS (Contd)

Particulars	Face Value (Rs.)	Nos.	2011	Nos.	2010
Unquoted Investments					
C Trade					
Fully paid Equity Shares					
Yankay Associates Private Limited (Note 2)	100	1	0.004	1	0.004
Goa Fruit Distilleries Private Limited	100	350	0.035	350	0.035
Baramati Teluka Fruits Growers Fed Limited	100	5,000	0.500	5,000	0.500
Sovereign Distilleries Limited	10	24,274,280	35.198	-	-
In Subsidiary Companies					
Shaw Wallace Breweries Limited	10	78,512,509	3,240.191	78,512,509	3,240.191
Asian Opportunities & Investments Limited	US\$1	4,998,706	301.000	4,998,706	301.000
United Spirits Nepal Private Limited	NRS 100	67,716	65.626	67,716	65.626
Palmer Investment Group Limited	US\$ 1	15,000,000	6,917.801	15,000,000	6,917.801
Montrose International S.A	US\$ 1000	500	133.932	500	133.932
Liquidity Inc.	US\$0.0001	4,000,000	119.313	4,000,000	119.313
Four Seasons Wines Limited	10	14,111,140	141.111	12,433,799	124.338
McDowell Scotland Limited	£ 1	1,575,000	125.505	1,575,000	125.505
Daffodils Flavours & Fragrances Private Limited	10	10,000	0.100	10,000	0.100
United Vintners Limited	10	50,000	0.500	50,000	0.500
USL Holdings Limited	US\$ 1	500,000	22.183	500,000	22.183
McDowell Beverages Limited	10	50,000	0.500	50,000	0.500
United Alcobev Limited	10	50,000	0.500	50,000	0.500
Herbertsons Limited	10	-	-	60,000	0.600
United Spirits Shanghai Trading Company Limited	RMB 10	500,000	26.635	500,000	26.635
McDowell & Company Limited	10	50,000	0.500	50,000	0.500
Jasmine Flavours & Fragnances Private Limited	10	10,000	0.100	10,000	0.100
Royal Challangers Sports Private Limited	10	14,690	1,699.053	10,000	0.100
Tern Distilleries Private Limited	10	4,000,000	139.539	4,000,000	139.539
BDL Distilleries Private Limited	10	190,000	-	-	-
Chennai Breweries Private Limited [Schedule 18 Note 5(e)]	10	15,000,000	150.000	-	-
Fully paid Preference Shares					
In Subsidiary Company					
7% Non Cumulative redeemable preference shares of					
Shaw Wallace Breweries Limited	100	1,197,000	119.700	1,197,000	119.700
			<u>13,239.526</u>		<u>11,339.202</u>

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

						Rs. Million
6. INVESTMENTS (Contd)						
Particulars	Face Value (Rs.)	Nos.	2011	Nos.	2010	
D Non-Trade						
In Government Securities						
Indira Vikas Patra			0.003		0.003	
National Savings/Plan/Def. Certificates (Deposited with Govt. Authorities)			0.193		0.192	
In Fully Paid Debentures						
Non-Redeemable						
6.5% Bengal Chamber of Commerce & Industry	1000	2	0.002	2	0.002	
5% Woodland Hospital & Medical Centre Limited	1	7,000	0.007	7,000	0.007	
0.5% Woodlands Medical Centre Limited (Note 2)	100	117	0.012	117	0.012	
5.0% Woodlands Medical Centre Limited	100	270	0.027	270	0.027	
Fully paid Equity Shares						
Madhav Co-operative Housing Society Limited (Rs. 250)	50	5	0.000	5	0.000	
Sangam Bhavan Cooperative Housing Society Limited	10	15	0.001	15	0.001	
U.B. Electronics Instruments Limited	100	1,996	0.129	1,996	0.129	
			<u>0.374</u>		<u>0.373</u>	
E Others						
Interest as Sole Beneficiary in USL Benefit Trust [Refer Schedule 18 Note 5(b)]			1,196.969		1,196.969	
Total Unquoted Investments (C+D+E)			<u>14,436.869</u>		<u>12,536.544</u>	
Total Long Term Investments (A+B+C+D+E)			<u>14,536.658</u>		<u>12,545.289</u>	
Total Current and Long Term Investments			<u>14,560.022</u>		<u>12,567.487</u>	
Less: Provision for diminution in the value of investments			27.514		27.514	
Total			<u>14,532.508</u>		<u>12,539.973</u>	
Aggregate value of Quoted Investments:						
- Book value			99.789		8.745	
- Market value			143.778		94.141	
Aggregate Book value of Unquoted Investments			14,432.719		12,531.228	

Notes:

- Investments in units of Unit Trust of India represent those made under Rule 3A of the Companies (Acceptance of Deposit) Rules, 1975.
- The Company is in the process or has made an application for duplicate certificates.
- Market Quotations are not available.
- Also Refer Schedule 18 Note 5.

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

	2011	Rs. Million 2010
7. INVENTORIES		
Raw Materials including materials in transit	1,010.865	1,068.269
Packing Materials, Stores and Spares	1,360.990	914.449
Finished goods including goods in transit	2,842.655	2,390.156
Work-in-Progress [including held by a wholly owned subsidiary outside India Rs. 3,753.177 Million (2010: Rs. 1,617.661 Million)]	6,406.805	3,919.008
	<u>11,621.315</u>	<u>8,291.882</u>
8. SUNDRY DEBTORS		
(Unsecured)		
Exceeding six months:		
Considered Good	208.017	143.397
Considered Doubtful	<u>87.600</u>	<u>72.347</u>
	295.617	215.744
Others: Considered Good	<u>9,377.866</u>	<u>9,318.242</u>
	9,673.483	9,533.986
Less: Provision for Doubtful Debts	<u>87.600</u>	<u>72.347</u>
	<u>9,585.883</u>	<u>9,461.639</u>
9. CASH AND BANK BALANCES		
Cash on Hand	3.299	4.456
Remittances-in-Transit/ Cheques on Hand	4.744	20.805
Balances with Scheduled Banks:		
On Current Accounts [Notes (i) and (ii)]	940.075	1,979.059
On Unpaid Dividend Account	19.502	17.330
On Deposit Account [Notes (iii) to (vi)]	<u>630.292</u>	<u>443.020</u>
	<u>1,597.912</u>	<u>2,464.670</u>
Notes:		
(i) includes Rs. 28.199 Million (2010: Rs. 28.389 Million) in Exchange Earners Foreign Currency (EEFC) Account and Rs. 7.862 Million (2010: Rs. 13.575 Million) in Foreign Currency.		
(ii) includes Nil (2010: Rs. 1,571.500 Million) pledged against a Foreign Currency Loan.		
(iii) a) includes Rs. 0.464 Million (2010: Rs. 0.464 Million) pledged with Government Departments.		
b) includes Rs. 1.300 Million (2010: Rs. 1.450 Million) as margin.		
(iv) includes Rs. Nil (2010: Rs. 133.926 Million) pledged as security against loan from a bank.		
(v) includes Rs. 162.070 Million (2010: Nil) held in a Escrow account towards acquisition of Pioneer Distilleries Limited.		
(vi) Refer Schedule 18 Note 4(c)		
10. OTHER CURRENT ASSETS		
(Unsecured, considered good except where otherwise stated)		
Income accrued on Investments, Deposits, Loans and Advances	26.020	24.722
Other Deposits - Considered Good	3,172.316	3,238.898
- Considered Doubtful	<u>13.697</u>	<u>13.197</u>
Fixed assets held for sale	<u>4.756</u>	<u>4.873</u>
	3,216.789	3,281.690
Less: Provision for Doubtful Deposits	<u>13.697</u>	<u>13.197</u>
	<u>3,203.092</u>	<u>3,268.493</u>

	2011	Rs. Million 2010
11. LOANS AND ADVANCES		
(Unsecured, considered good except where otherwise stated)		
Loans and Advances to Subsidiaries	41,468.655	44,262.147
Advances recoverable in cash or in kind or for value to be received:		
Loans and Advances to Tie-up units - Considered Good	2,523.636	2,207.130
- Considered Doubtful	21.519	21.519
Advance Income Tax (Net of Provisions)	1,076.416	936.245
Taxes and Duties Paid	1,022.381	826.250
Other Advances - Considered Good	5,045.084	2,149.896
- Considered Doubtful	1,020.775	746.255
	<u>52,178.466</u>	<u>51,149.442</u>
Less: Provision for Doubtful Advances	<u>1,042.294</u>	<u>767.774</u>
	<u>51,136.172</u>	<u>50,381.668</u>
12. CURRENT LIABILITIES AND PROVISIONS		
A. Liabilities		
Acceptances*	1,378.616	1,115.281
Sundry Creditors		
Micro and Small Enterprises [Schedule 18 Note 6]	71.284	58.686
Others	8,798.424	7,481.779
Dues to Subsidiaries	1,013.429	30.915
Dues to Directors	62.652	51.620
Investor Education and Protection Fund [Schedule 18 Note 7]		
Unclaimed Debentures	0.001	0.001
Unclaimed Dividends	19.409	18.998
Unclaimed Fixed Deposits	53.819	13.678
Security Deposit	126.544	119.732
Advances Received from Customers	313.657	351.636
Interest accrued but not due	233.965	577.599
Other Liabilities	1,334.360	574.670
	<u>13,406.160</u>	<u>10,394.595</u>
* Includes bills drawn against inland letters of credit of Rs. 1,055.713 Million (2010: Rs. 1,115.281 Million) and secured by a charge on debtors, inventories and other current assets.		
B. Provisions		
Proposed Dividend	326.987	313.986
Corporate Tax on Proposed Dividend	54.309	52.149
Fringe Benefit Tax (Net of Payments)	1.975	4.514
Employee Benefits	640.763	447.101
Provision - Others	43.008	28.297
	<u>1,067.042</u>	<u>846.047</u>

	2011	Rs. Million 2010
13. OTHER INCOME		
Income from Investments:		
Dividend income from Subsidiary (Gross)	46.555	57.135
[Tax deducted at source Rs. 2.328 Million (2010: Rs. 2.857 Million)]		
Dividend income from other investments (Gross)	5.704	1.182
Profit on Sale of Fixed Assets (Net)	3.628	5.315
Liabilities no longer required written back	95.702	188.606
Bad debts/ Advances recovered	0.078	0.160
Scrap Sales	239.109	221.016
Insurance Claims	5.303	2.850
Miscellaneous	148.033	87.548
	<u>544.112</u>	<u>563.812</u>
14. MATERIALS		
Raw Materials Consumed	16,723.491	12,258.759
Purchase of Finished Goods	7,624.918	6,493.067
Packing Materials Consumed	14,233.021	10,127.600
Movement in Stocks		
Opening Stock:		
Work-in-Progress	3,919.008	2,624.916
Finished Goods	2,390.156	2,052.475
	<u>6,309.164</u>	<u>4,677.391</u>
Add : Stocks of the Transferor Companies as on April 1, 2010 [Schedule 18 Note (2A)]		
Work-in-Progress	29.356	-
Finished Goods	80.001	-
	<u>109.357</u>	<u>-</u>
Closing Stock:		
Work-in-Progress	6,406.805	3,919.008
Finished Goods	2,842.655	2,390.156
	<u>9,249.460</u>	<u>6,309.164</u>
(Increase)/ Decrease in Stocks	<u>(2,830.939)</u>	<u>(1,631.773)</u>
Excise Duty on Opening/Closing Stock of Finished Goods (net)	57.631	221.174
	<u>35,808.122</u>	<u>27,468.827</u>

Schedules forming part of Profit & Loss Account for the year ended March 31, 2011 (Contd.)

	2011	Rs. Million 2010
15. MANUFACTURING AND OTHER EXPENSES		
Employee Cost:		
Salaries, Wages and Bonus	3,024.661	2,486.446
Contribution to Provident and Other Funds	448.326	274.627
Workmen and Staff Welfare	174.159	143.419
Power and Fuel	266.134	193.360
Stores and Spares Consumed	137.191	61.135
Repairs and Maintenance:		
Buildings	45.105	40.215
Plant and Machinery	96.810	85.216
Others	49.213	77.206
Rent	772.709	492.517
Rates and Taxes	425.164	405.414
Insurance	57.975	48.633
Travelling and Conveyance	428.951	453.529
Legal and Professional	630.774	501.296
Freight Outwards	1,591.966	1,082.902
Advertisement and Sales Promotion	6,705.146	4,735.426
Commission on Sales	401.124	391.593
Royalty/ Brand Fee/ Trade Mark Licence Fees	12.521	58.269
Cash Discount	710.639	556.649
Sales Tax	245.566	244.123
Fixed Assets Written Off	0.247	0.173
Directors' Remuneration:		
Sitting Fee	1.563	1.490
Commission [Schedule 18 Note 20]	62.210	51.178
Bad Debts and Advances Written Off	31.481	4.046
Provision for Doubtful Debts/ Advances/ Deposits (Net)	290.273	255.170
Provision for Diminution in Value of Investments	-	26.635
Research and Development	54.298	35.305
Others:		
Personnel and Administration	365.040	292.507
Selling and Distribution	918.929	846.463
Miscellaneous	297.919	235.870
	<u>18,246.094</u>	<u>14,080.812</u>
16. INTEREST AND FINANCE CHARGES		
Interest on:		
Fixed Loans	2,942.807	1,859.892
Other Loans	1,290.787	950.546
Finance Charges (Including Bill Discounting)	215.335	340.207
	<u>4,448.929</u>	<u>3,150.645</u>
Less: Interest Income:		
On Deposits and Other Accounts (Gross)	421.027	54.449
[Tax Deducted at Source Rs. 40.714 Million (2010: Rs. 5.150 Million)]		
	<u>4,027.902</u>	<u>3,096.196</u>

17. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

The Financial Statements of the Company are prepared under historical cost convention, except as otherwise stated, in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the Accounting Standards as specified in the Companies (Accounting Standard) Rules 2006, and the relevant provisions of the Companies Act, 1956.

2. Fixed Assets

- (a) Fixed assets are stated at their original cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets concerned, except amounts adjusted on revaluation and amalgamation. Interest on borrowings attributable to qualifying assets are capitalised and included in the cost of fixed assets as appropriate.
- (b) The costs of Fixed Assets acquired in amalgamations are determined at their fair values, on the date of acquisition or nearer thereto, or as approved under the schemes of amalgamation.
- (c) Assets held for disposal are stated at their net book value or estimated net realisable value, whichever is lower.
- (d) Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation.

3. Leases

Assets acquired under Leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired as leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

4. Depreciation and Amortisation

- a) Depreciation is provided on the Straight Line Method, including on assets revalued, at rates prescribed in Schedule XIV to the Companies Act, 1956 (Schedule XIV) except for the following, which are based on management's estimate of useful life of the assets concerned:
 - i) Computers, Vehicles and Aircrafts over a period of three, five and eleven years respectively;
 - ii) In respect of certain items of Plant and Machinery for which separate rates are prescribed in Schedule XIV based on the number of shifts, depreciation is provided for the full year on triple shift basis.

- b) Fixed assets acquired on amalgamation over the remaining useful life computed based on rates prescribed in Schedule XIV, as below:

Buildings – Factory	1 to 30 years
- Non factory	1 to 54 years
Plant & Machinery	1 to 20 years
Vehicles	1 to 4 years
Computers	1 to 2 years

- c) Assets taken on finance lease are depreciated over their estimated useful lives or the lease term, whichever is lower.
- d) Leasehold Land are not amortised.
- e) Goodwill arising on amalgamation is charged to the Profit and Loss Account in the year of amalgamation.
- f) Intangible assets are amortised, on a straight line basis, commencing from the date the assets are available for use, over their respective individual estimated useful lives as estimated by the management:

Trademark, Formulae and Licence	10 years
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- g) Leasehold improvements are amortised over the period of lease.

Depreciation charged as above is not less than the minimum specified as per Schedule XIV.

5. Impairment

Impairment loss, if any, is provided to the extent the carrying amounts of assets exceed their recoverable amount.

Recoverable amount is higher of the net selling price of an asset and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

6. Investments

Long-term Investments are stated at cost to the Company. Provision for diminution in the value is made to recognise a decline, other than temporary, in the value of long-term investments.

Current investments are valued at cost or market value, whichever is less.

7. Inventories

Inventories are valued at lower of cost and net realisable value. The costs are, in general, ascertained under Weighted Average Method. Finished goods and Work-in-Progress include appropriate manufacturing overheads and borrowing costs, as applicable. Excise/ Customs duty payable on stocks in bond is added to the cost. Due allowance is made for obsolete and slow moving items.

8. Revenue Recognition

Sales are recognised when goods are despatched from distilleries/ warehouses of the Company in accordance with the terms of sale except where such terms provide otherwise, where sales are recognised based on such terms. Gross Sales are inclusive of excise duty but are net of trade discounts and sales tax, where applicable.

Income arising from sales by manufacturers under "Tie-up" agreements (Tie-up units) and income from brand franchise are recognised in terms of the respective contracts on sale of the products by the Tie-up units / Franchisees. Income from brand franchise is net of service tax, where applicable.

Dividend income on investments are recognised and accounted for when the right to receive the payment is established.

9. Foreign Currency Transactions

Transactions in foreign currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Liabilities/ assets in foreign currencies are reckoned in the accounts as per the following principles:

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment.

Exchange differences arising on reporting of long term foreign currency monetary items, with the exception of exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation, at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are accounted as below:

- (a) In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and
- (b) In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortised over the balance period of such long term asset/liability but not beyond March 31, 2011.

Exchange differences in respect of all other monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/ losses arising there from are adjusted to the Profit and Loss Account, except those covered by forward contracted rates where the premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

Exchange differences 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.

For forward exchange contracts and other derivatives that are not covered by Accounting Standard (AS) -11 'The Effects of Changes in Foreign Exchange Rates', the Company follows the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008, whereby for each category of derivatives, the Company records any net mark-to-market losses. Net mark-to-market gains are not recorded for such derivatives.

Also refer Schedule 18 Note 12.

10. Employee Benefits

a) Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund with the government, superannuation fund and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

b) Defined-benefit plans

Gratuity:

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to certain categories of employees. Liability with regard to gratuity plan is accrued based on actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

Provident Fund:

Company's Provident Funds administered by trusts set up by the Company where the Company's obligation is to provide the agreed benefit to the employees and the actuarial risk and investment risk fall, in substance, on the Company are treated as a defined benefit plan. Liability with regard to such provident fund plans are accrued based on actuarial valuation, based on Projected Unit Credit Method, carried out by an independent actuary at the balance sheet date. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

Death Benefit:

Death Benefit payable at the time of death is actuarially ascertained at the year-end and provided for in the accounts.

c) Other long term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on an actuarial valuation.

d) Short term employee benefits:

Undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences (e.g., paid annual leave), performance incentives, etc.

11. Expenditure on account of Voluntary Retirement Scheme

Expenditure on account of Voluntary Retirement Scheme of employees is expensed in the period in which it is incurred.

12. Research and Development

Revenue expenditure on research and development is charged to Profit and Loss Account in the period in which it is incurred. Capital Expenditure is included as part of fixed assets and depreciated on the same basis as other fixed assets.

13. Taxes on Income

Provision for income tax comprises current taxes and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable/ virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

14. Earnings per Share (EPS)

Basic EPS is arrived at based on Net Profit after Taxation available to equity shareholders to the weighted average number of equity shares outstanding during the year. The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

15. Provisions

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

16. Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and, to the extent not provided for, are disclosed by way of notes on accounts.

17. Share issue expenses

Share issue expenses incurred are adjusted to the Securities Premium Account as permitted by Section 78(2) of the Companies Act, 1956

18. Expenditure

Expenses are net of taxes recoverable, where applicable.

19. 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.

18. NOTES ON ACCOUNTS

1. Contingent Liabilities

		Rs. Million
	2011	2010
a) (i) Guarantee given on behalf of other bodies corporate (including performance guarantees)	4,460.000	-
(ii) Guarantees given by the Company's bankers for which Counter Guarantees have been given by the Company	217.832	172.335
b) Disputed claims against the Company not acknowledged as debts, currently under appeal/ sub judice:		
(i) Excise demands for excess wastages and distillation losses	235.001	190.338
(ii) Other miscellaneous claims	185.212	250.475
(iii) Income Tax demand (including interest) under appeal	516.221	452.575
(iv) Sales Tax demands under appeal in various states	704.693	557.912
c) Bills Receivables discounted – since fully settled	746.215	480.150
d) Claims from suppliers not acknowledged as debts	74.417	57.511

The Management is hopeful of succeeding in the above appeals/ disputes based on legal opinions/ legal precedents.

2. A. The rehabilitation scheme inter alia containing the scheme of arrangement between Balaji Distilleries Limited (BDL), Chennai Breweries Private Limited ('CBPL') and the Company (the Scheme) and their respective shareholders and creditors with April 01, 2009 as the appointed date has been approved by the Honourable Appellate Authority for Industrial and Financial Reconstruction (AAIFR), vide its order dated November 29, 2010. Upon necessary filing with the Registrar of Companies, the scheme has become effective on December 27, 2010 and the effect thereof have been given in these accounts. Consequently,

- a) In terms of the Scheme the entire business and undertaking of BDL, as a going concern (post transfer of the brewery division undertaking to its wholly owned subsidiary CBPL) ("Balaji") stand transferred to and vested in the Company with effect from April 1, 2009 being the Merger Appointed Date.
- b) In consideration of the amalgamation, the Company has issued 5,200,639 equity shares of Rs. 10/- each aggregating to Rs. 52.006 Million in the ratio of 2 (Two) fully paid up Equity shares of the face value of Rs. 10/- each of the Company for every 55 (Fifty Five) fully paid up equity shares of Rs. 10/- each held in BDL.
- (I) Pursuant to the scheme, the Authorised 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. 2,250.000 Million, being the authorised 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.

(II) Accounting for Amalgamation :

The amalgamation of the Transferor Companies 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,

- a) All tangible asset and liabilities of the BDL at their respective Fair Values.

- b) Rs. 325.404 Million being the difference between the value of net assets of the Transferor Companies transferred to the Company (determined as stated above) and the face value of equity shares allotted in BDL is adjusted to General Reserve of the Company. This accounting treatment of the reserve has been prescribed in the Scheme and approved by AAIFR. Had the scheme not prescribed this treatment, this amount would have been debited to Goodwill, which would have been charged to the profit & loss account as per the accounting policy of the Company having corresponding impact on the results for the year ended March 31, 2011.
- c) From April 01, 2009 BDL had carried out the business of Balaji in trust on behalf of the Company. Accordingly, Profit for the year ended March 31, 2010 of the Balaji after making the following adjustments have been added to the Profit and Loss Account:

Rs. Million

Profit/(Loss) After taxation for the year ended March 31, 2010 as per accounts audited by the auditors of BDL	(53.572)
Less: Profit/(Loss) Transferred to CBPL	(70.156)
Profit after Taxation relating to BDL for the year ended March 31, 2010	16.584
Amalgamation Adjustments	(12.554)
Amount Transferred to Profit and Loss Account on Amalgamation	<u>4.030</u>

- d) Pursuant to the Scheme, the bank accounts, agreements, licences and certain immovable properties are in the process of being transferred in the name of the Company.

- B. The Board of Directors of the erstwhile Central Distilleries & Breweries Limited (CDBL) (amalgamated with erstwhile Shaw Wallace Distilleries Ltd. , which was amalgamated with the Company in an earlier year) on April 29, 1986 decided to issue 134,700 Equity Shares of Rs. 10 each, the allotment whereof was stayed by the Hon'ble High Court of Delhi on September 13, 1988. The Hon'ble High Court of Delhi had vacated its order and has ordered to keep in abeyance the allotment on 72,556 shares and the matter is sub-judice. The holders, in exchange of these shares will be entitled to 17,776 equity shares of Rs. 10 each of the Company pursuant to a Scheme of Arrangement. Necessary adjustments in this respect will be carried out on disposal of the matter pending before the aforesaid Court.

3. Fixed Assets

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 351.264 Million (2010: Rs. 83.709 Million).

4. Current Assets, Loans and Advances

a) Loans and Advances include:

- i) Rs. 39,825.429 Million (2010: Rs. 44,262.147 Million) given as interest free loans to subsidiaries.
- ii) An amount of Rs. 498,991 Million (2010: Rs. 733.982 Million) due from the Tie-up units secured by the assets of the Tie-up unit and/or equity shares of the Tie-up unit.
- iii) Rs. 3 Million (2010: Rs. 3 Million) being amount paid to BDA Limited (BDA) towards reassignment of certain Liquor Brands/ Trade Marks pursuant to a Memorandum of Understanding dated March 20, 1992. Pending execution of the deed for such assignments and judicial resolutions of various disputes with BDA pertaining to control of BDA and ownership of the 'Officers Choice' and other brands currently sub-judice at various courts, the advance given to BDA has been provided for as a matter of prudence. All consequential adjustments arising out of the above matters will be made as and when ascertained.
- iv) Due from an Officer of the Company Rs. 1.777 Million (2010: Rs. 1.407 Million). Maximum amount outstanding at any time during the year Rs. 1.777 Million (2010: Rs. 1.407 Million).
- v) Due from the Managing Director of the Company Rs. 3.799 Million (2010: Rs. 3.454 Million). Maximum amount outstanding at any time during the year Rs. 3.799 Million (2010: Rs. 3.454 Million).
- vi) Rs. 156.120 Million paid towards Preference Shares application money to subsidiary of the company.

- b) Subsequent to the Balance Sheet date, the Company has acquired 73,22,280 equity shares from the Promoters of Pioneer Distilleries Limited (PDL) on May 24, 2011 pursuant to the Share Purchase Agreement dated September 13, 2010 and 26,77,640 equity shares under the Open offer as per the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and SEBI (Prohibition of Insider Trading) Regulations, 1992. Consequent to the above, Loans and Advances includes Rs. 1,039.820 Million paid towards cost of Investment as on March 31, 2011.
- c) Bank Balance with scheduled bank includes Rs. 177.343 Million (2010: Rs. 168.069 Million) out of the proceeds of the beer business of erstwhile Shaw Wallace & Company Ltd.(SWCL), sold in an earlier year which has been kept under escrow pending resolution of various taxation matters.
- d) The Company has, granted interest free loans in foreign currency amounting to Rs. 36,857.536 Million [2010: Rs. 39,557.598 Million], to USL Holdings Limited, BVI (USL Holdings) a subsidiary of the Company, for acquisition of long term strategic investments. Management is of the view that out of these loans, Rs. 33,411.109 Million (2010: Rs. 33,435.283 Million), from the inception of the grant of loans, in substance, form part of the Company's net investment in the subsidiary, as the settlement of these loans is neither planned nor likely to occur in the foreseeable future and management intends to convert these loans into investment in share capital of the subsidiary in near future. Accordingly, in line with AS 11 - The Effects of Changes in Foreign Exchange Rates (AS 11), exchange difference aggregating to Rs. 2,271.244 Million (debit) [2010: Rs. 2,247.069 Million (debit)] arising on such loans has been accumulated in a foreign currency translation reserve, which at the time of the disposal of the net investment in these subsidiaries would be recognised as income or as expenses.

5. Investments

Description	Face Value	Purchased during the year		Sold / Adjustments during the year	
	Rs.	Nos.	Rs. Million	Nos.	Rs. Million
CURRENT					
Unquoted Investments					
Units (Fully Paid)					
SBI SHF Liquid Plus	10	76,988	0.770	-	-
HSBC Mutual Fund	10	7,424	0.087	-	-
ICICI Prudential Liquid Fund	100	3,093	0.309	-	-
LONG TERM					
Quoted Investments					
Trade					
Pioneer Distilleries Ltd.	10	9,77,212	86.736	-	-
Non Trade					
Unit Trust of India	10	21,828	4.308	-	-
Unquoted Investments					
Trade					
Fully paid Equity Shares					
In Subsidiary Companies					
Four Seasons Wines Limited	10	16,77,340	16.773	-	-
Herbertsons Limited	10	-	-	60,000	0.600
Royal Challengers Sports Pvt Ltd	10	4,690	1698.953	-	-
Chennai Breweries Pvt Ltd (Note 2A)*	10	15,000,000	150.000	-	-
Sovereign Distilleries Limited	10	24,274,280	35.198	-	-

* Addition pursuant to rehabilitation scheme referred to in Note 18 (2A)

- b) Investment in USL Benefit Trust represents beneficial interest of the Company in the Trust. Trust holds 3,459,090 (2010: 3,459,090) equity shares of Rs. 10 each of the Company, with all additions or accretions thereto for the benefit of the Company.

- c) The carrying cost of investment in Palmer Investment Group Limited amounting to Rs. 6,917.801 Million, substantially exceeds the year end net worth and the market value of shares held by the Company directly and indirectly through its subsidiary. The management of the Company believes that this reflects intrinsic value far in excess of the carrying cost of investments and that such shortfall in net worth / decline in market value of such shares is purely temporary in nature and, hence, no provision is considered necessary for the same.
- d) During the year, the Company has acquired 41.54% of equity stake in Karnataka based Sovereign Distilleries Limited (SDL). SDL is engaged in manufacture and sale of Extra Neutral Alcohol (ENA) and Indian Made Foreign Liquor (IMFL). SDL has become associate of the Company with effect from March 31, 2011.
- e) The Board of CBPL, a wholly owned Subsidiary of the Company, at its meeting held on March 11, 2011 has considered and approved the amalgamation of CBPL into United Breweries Limited (UBL) with effect from close of business hours of March 31, 2011, being the Appointed date and hence the Investment is held with the intention to transfer to UBL.

6. Disclosures of dues/payments to Micro, Small and medium enterprises to the extent such enterprises are identified by the Company.

		Rs. Million	
		2011	2010
a) (i)	The principal amount remaining unpaid as at March 31, 2011	62.326	51.536
	(ii) Interest due thereon remaining unpaid on March 31, 2011	-	1.796
b)	The amount of interest paid by the Company 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:		
	(i) Delayed payments of principal beyond the appointed date during the entire accounting year	280.647	209.374
	(ii) Interest actually paid under Section 16 of the Micro, Small and Medium 'Enterprises Development Act, 2006	-	-
c)	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	-	-
d)	The amount of interest accrued and remaining unpaid on March 31, 2011 in respect of principal amount settled during the year	3.604	3.270
e)	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.	5.354	2.084

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

7. As required under Section 205C of the Companies Act, 1956, the Company has transferred Rs. 2.801 Million (2010: Rs. 2.882 Million) to the Investor Education and Protection Fund (IEPF) during the year. On March 31, 2011, no amount was due for transfer to the IEPF.
8. Inter corporate deposit and Interest accrued and due thereon Rs. 75.592 Million (2010: Rs. 75.592 Million) included under Unsecured Loan in Schedule 4 represents an obligation acquired on amalgamation of SWCL in an earlier year, where negotiation/ settlement has not been finalised and the same has been provided in terms of the decree and / or otherwise considered adequate by the management. In the opinion of the management, interest so far provided is adequate and no further provision is necessary in this respect. Adjustments, if any, shall be carried out as and when the amounts are determined on final disposal / settlement of the matter.

9. Employee Benefits

a) Defined Contribution Plans

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government, Superannuation Fund (SF) and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees while the SF covers certain executives and the ESI covers certain workers. Contribution to SF is made to trust managed by the Company, while other contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the provident fund and the ESI Scheme, contributions into the pension fund and the superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Company has recognised the following amounts in the Profit and Loss Account, which are included in Contribution to Provident and other funds in Schedule 15:

	Rs. Million	
	2011	2010
Provident Fund and Employee's Pension Scheme *	59.669	48.900
Superannuation Fund	47.839	38.520
Employees' State Insurance	15.293	6.402
	<u>122.801</u>	<u>93.822</u>

* Excluding contribution to PF made to trusts managed by the Company

b) Defined Benefit Plans

Gratuity:

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company has employees' gratuity funds managed by the Company as well as by Insurance Companies.

Provident Fund:

For certain executives and workers of the Company, contributions are made as per applicable Indian laws towards Provident Fund to certain Trusts set up and managed by the Company, where the Company's obligation is to provide the agreed benefit to the employees and the actuarial risk and investment risk fall, in substance, on the Company. Having regard to the assets of the Fund and the return on the investments, shortfall in the assured rate of interest notified by the Government, which the Company is obliged to make good is determined actuarially.

Death Benefit:

The Company provides for Death Benefit, a defined benefit plan (the Death Benefit Plan), to certain categories of employees. The Death Benefit Plan provides a lump sum payment to vested employees, on death, of an amount based on the respective employee's last drawn salary and remaining years of employment with the Company after adjustments for any compensation received from the insurance company and restricted to limits set forth in the said plan. The Death Benefit Plan is Non-Funded.

9. Employee Benefits

b) Defined Benefit Plans (Contd.)

Particulars	2011				2010				Rs. Million
	Funded		Non-Funded		Funded		Non-Funded		
	Gratuity	PF	Pension	Death Benefit	Gratuity	PF	Pension	Death Benefit	
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation									
Obligation at the beginning of the year	726.736	1,296.174	24.212	16.673	609.017	1,168.836	27.375	14.811	
On amalgamation	35.540	-	-	-	-	-	-	-	
Contribution by Plan Participants	-	109.007	-	-	-	95.211	-	-	
Current service cost	45.683	81.615	3.843	1.769	33.532	39.894	2.585	1.862	
Interest cost	58.583	112.392	-	-	45.741	88.933	-	-	
Actuarial (gain)/loss on obligations	141.640	-	-	-	71.423	-	-	-	
Past service cost - (vested benefits)	-	-	-	-	4.656	-	-	-	
Benefits paid	(78.045)	(139.291)	(5.254)	-	(37.633)	(96.700)	(5.748)	-	
Obligation at the end of the year	930.137	1459.897	22.801	18.442	726.736	1,296.174	24.212	16.673	
B) Reconciliation of opening and closing balances of the fair value of plan assets									
Plan Assets at the beginning of the year	606.398	1,233.898	-	-	495.156	1,095.733	-	-	
On amalgamation	27.298	-	-	-	-	-	-	-	
Contribution by Plan Participants	-	109.007	-	-	-	95.211	-	-	
Contribution by the Company	120.337	79.876	-	-	102.158	67.392	-	-	
Expected return on plan assets	60.573	100.695	-	-	42.192	90.295	-	-	
Actuarial gains / (losses)	(18.493)	(26.618)	-	-	(9.218)	(18.033)	-	-	
Reversal of Exit Load	-	-	-	-	6.020	-	-	-	
Benefits paid	(78.045)	(139.291)	-	-	(29.910)	(96.700)	-	-	
Plan assets at the end of the year	718.068	1,357.567	-	-	606.398	1,233.898	-	-	
C) Reconciliation of Present Value of Defined Benefit Obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance Sheet									
Present value of obligation at the end of the year	930.137	1,459.897	22.801	18.443	726.736	1,296.174	24.212	16.673	
Fair value of plan assets at the end of the year	718.068	1,357.567	-	-	606.398	1,233.898	-	-	
Liability/(Net Asset) Recognised in Balance Sheet	212.069	102.330	22.801	18.443	120.338	62.276	24.212	16.673	
[Included under Provisions in Schedule 12(B)]									

9. Employee Benefits

b) Defined Benefit Plans (Contd.)

Particulars	2011				2010			
	Funded		Non-Funded		Funded		Non-Funded	
	Gratuity	PF	Pension	Death Benefit	Gratuity	PF	Pension	Death Benefit
D) Expenses recognized in the Profit and Loss Account								
Current service cost	45.683	81.615	3.843	1.769	33.531	39.895	2.585	1.862
Interest cost	58.583	112.392	-	-	45.741	88.933	-	-
Expected return on plan assets	(60.573)	(100.695)	-	-	(42.193)	(90.925)	-	-
Past service cost - vested benefits	-	-	-	-	4.656	-	-	-
Actuarial (gains)/losses	160.133	26.618	-	-	80.641	18.033	-	-
Total Expenses recognized in the P & L Account	203.826	119.930	3.843	1.769	122.376	55.936	2.585	1.862

E) Investment details of plan assets

Government securities	0%	34%
Securities guaranteed Government	1%	0%
Private Sector Bonds	0%	0%
Public Sector / Financial Institutional Bonds	0%	29%
Special Deposit Scheme	0%	19%
Fund balance with Insurance Companies	95%	0%
Others (including bank balances)	4%	18%
	100%	100%

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 is expected to vary from year to year reflecting the returns on matching government bonds.

F) Actual return on plan assets

6.0%	6.0%	-	-	6.0%	6.0%	-	-
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G) Assumptions

Discount Rate (per annum)	8.00%	8.00%	-	-	8.10%	8.10%	-	-
Expected Rate of Return on Plan Assets	9.25%	8.00%	-	-	8.00%	8.00%	-	-
Rate of increase in Compensation levels	6.00%	NA	-	-	5.00%	NA	-	-
Attrition Rate	8.00%	NA	-	-	6.00%	NA	-	-
Average past service of employees (years)	13.6	NA	-	-	13.7	NA	-	-
Mortality rates	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table	-	-	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table	-	-

10. Exceptional and other Non-recurring items

	Rs. Million	
	2011	2010
Net Write back of Sales tax liabilities pursuant to settlement of arrears of sales tax and interest thereon under the Tamil Nadu Sales Tax (Settlement of Arrears) Act, 2010, (includes Rs. 478.042 Million arising on the amalgamation of BDL as referred in Note 2A above).	368.399	-
Excess of Net sale proceeds over carrying value of Investments held by the USL Benefit Trust	-	699.953
	<u>368.399</u>	<u>699.953</u>

11. Borrowing Costs

	2011	2010
Interest included in the Closing Stock of Work in progress (Malt and Grape Spirit under maturation)	494.115	209.944

12. Foreign Currency Transactions

- a) As on March 31, 2011, the Company has the following derivative instruments outstanding :

Interest and currency swap arrangement (USD-INR) amounting to USD Nil (2010 : USD 35 Million fully settled during the year).

- b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Loans and Advances to Subsidiaries USD 732.290 Million, GBP 60.655 Million, Euro 28.750 Million (2010:USD 794.290 Million, GBP 59.450 Million, Euro 27.750 Million).

13. Segment Reporting

The Company is engaged in the business of manufacture, purchase and sale of Beverage Alcohol (Spirits and Wines) including through Tie-up units/ brand franchise, which constitutes a single business segment. The Company's operations outside India did not exceed the quantitative threshold for disclosure envisaged in AS 17 on 'Segment Reporting' specified in the Companies (Accounting Standard) Rules 2006. In view of the above, primary and secondary reporting disclosures for business/geographical segment as envisaged in AS-17 are not applicable to the Company.

14. Related Party Disclosures

- a) Names of related parties and description of relationship

Enterprise where there is control

- i) Subsidiary Companies:

1)United Spirits Nepal Private Limited (USNPL), 2) Asian Opportunities & Investment Limited (AOIL), 3) Bouvet -Ladubay S.A.S (BL)^, 4) Chapin Landais S.A.S (CL)^, 5) Palmer Investment Group Limited(PIG), 6) Montrose International SA (MI)^, 7) JIHL Nominees Limited (JIHL), 8) RG Shaw & Company Limited (RGSC), 9) Shaw Darby & Company Limited (SDC), 10) Shaw Scott & Company Ltd (SSC), 11) Thames Rice Milling Company Limited (TRMCL), 12) Shaw Wallace Overseas Limited (SWOL)^, 13) McDowell (Scotland) Limited (MSL), 14) USL Holdings Limited (USLHL), 15) Royal Challengers Sports Private Limited (RCSPL), 16) USL Holdings (UK) Limited^, 17) United Spirits (UK) Limited^, 18) United Spirits (Great Britain) Limited^, 19) Shaw Wallace Breweries Limited (SWBL), 20) Ramanretti Investment & Trading Limited (RITL)^, 21) Daffodils Fragrance and Flavours Private Limited (DFFPL), 22) Four Seasons Wines Limited (FSWL), 23) United Vintners Limited (UVL), 24) United Alcobev Limited (UAL) ,

25) McDowell Beverages Limited (MBL), 26) McDowell & Company Limited, 27) Jasmine Flavours and Fragrances Limited, 28) Liquidity Inc, 29) Whyte and Mackay Group Limited[^], 30) Whyte and Mackay Holdings Ltd[^], 31) Whyte and Mackay Limited (W&M), 32) Whyte and Mackay Warehousing Limited[^], 33) Bruce & Company (Leith) Limited[^], 34) Charles Mackinlay & Company Limited[^], 35) Dalmore Distillers Limited[^], 36) Dalmore Whyte & Mackay Limited[^], 37) Edinburgh Scotch Whisky Company Limited[^], 38) Ewen & Company Limited[^], 39) Fettercairn Distillery Limited[^], 40) Findlater Scotch Whisky Limited[^], 41) Glayva Liqueur Limited[^], 42) Glentalla Limited[^], 43) GPS Realisations Limited[^], 44) Grey Rogers & Company Limited[^], 45) Hay & MacLeod Limited[^], 46) Invergordon Distillers (Holdings) Limited[^], 47) Invergordon Distillers Group Limited[^], 48) Invergordon Distillers Limited[^], 49) Invergordon Gin Limited[^], 50) Isle of Jura Distillery Company Limited[^], 51) Jarvis Halliday & Company Limited[^], 52) John E McPherson & Sons Limited[^], 53) Kensington Distillers Limited[^], 54) Kyndal Spirits Limited[^], 55) Leith Distillers Limited[^], 56) Loch Glass Distilling Company Limited[^], 57) Longman Distillers Limited[^], 58) Lycidas (437) Limited[^], 59) Pentland Bonding Company Limited[^], 60) Ronald Morrison & Company Limited[^], 61) St The Sheep Dip Whisky Company Limited[^], 62) Vincent Street (437) Limited[^], 63) Tamnavulin-Glenlivet Distillery Company Limited[^], 64) TDL Realisations Limited[^], 65) W & S Strong Limited[^], 66) Watson & Middleton Limited[^], 67) Wauchope Moodie & Company Limited[^], 68) Whyte & Mackay Distillers Limited[^], 69) William Muir Limited[^], 70) WMB Realisations Limited[^], 71) Whyte and Mackay Property Limited[^], 72) Whyte and Mackay de Venezuela CA[^], 73) KI Trustees Limited[^], 74) USL Shanghai Trading Company Limited 75) Tern Distillery Private Limited(Tern) 76) Balaji Distillery Private Limited(BDPL)* 77) Chennai Breweries Private Limited(CBPL)* 78) Spring Valley Investment Holding Inc(SVIHI)^{^^} 79)Herbertsons Limited(HL)^{^^}.

ii) USL Benefit Trust

* Became a subsidiary during the year.

[^] No transactions during the year.

^{^^}Ceased to be a subsidiary during the year.

Associates

Wine Soc. of India Private Limited[^]

Sovereign Distilleries Limited (SDL)*

Promoter Holding together with its Subsidiary is more than 20%

United Breweries (Holdings) Limited

* Became an associate during the year.

[^] No transactions during the year..

Key Management personnel:

Mr.V.K.Rekhi, Managing Director

Employees' Benefit Plans where there is significant influence:

Mc Dowell & Company Limited Staff Gratuity Fund (McD SGF), McDowell & Company Limited Officers' Gratuity Fund (McD OGF), Phipson & Company Limited Management Staff Gratuity Fund. (PCL SGF), Phipson & Company Limited Gratuity Fund. (PCL GF), Carew & Company Ltd. Gratuity Fund (CCL GF), McDowell & Company Limited Provident Fund (McD PF), Shaw Wallace & Associated Companies Employees Gratuity Fund (SWCEGF), Shaw Wallace & Associated Companies Executive Staff Fund (SWCSGF), Shaw Wallace & Co. Associated Companies Provident Fund (SWCPF), Balaji Distilleries Employees Gratuity Trust.

14. b) Summary of the transactions with related parties:

Sl. No.	Nature of transactions **	2011					2010				
		Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter	Total	Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence
a)	Purchase of goods										
	- W&M	1,745,427	-	-	-	-	1,745,427	1,035,783	-	-	-
	- Tern	215,875	-	-	-	-	215,875	218,978	-	-	-
	- Others	53,037	-	-	-	-	53,037	69,588	-	-	-
b)	Sale of goods										
	- USNPL	176,877	-	-	-	-	176,877	108,518	-	-	-
	- Others	1,086	-	-	-	-	1,086	2,297	-	-	-
	- UBHL	-	-	-	-	571,645	571,645	-	-	781,237	781,237
c)	Income from Brand Franchise										
	- USNPL	64,593	-	-	-	-	64,593	50,547	-	-	-
d)	Other Income										
	- USNPL	44,227	-	-	-	-	44,227	57,135	-	-	-
e)	Advertisement & Sales Promotion										
	- RCSP	78,400	-	-	-	-	78,400	107,567	-	-	-
	- UBHL	-	-	-	-	83,937	83,937	-	-	128,808	128,808
f)	Rent										
	- W&M	200,466	-	-	-	-	200,466	254,389	-	-	-
	- UBHL	-	-	-	-	-	-	-	-	6,277	6,277
g)	Royalty and Brand Fee										
	- W&M	11,199	-	-	-	-	11,199	12,646	-	-	-
	- UBHL	-	-	-	-	-	-	-	-	44,374	44,374
h)	Interest Expense										
	- SWBL	(167,453)	-	-	-	-	(167,453)	224,838	-	-	-
i)	Guarantee /Security Commission Paid										
	- UBHL	-	-	-	-	6,793	6,793	-	-	-	3,676
j)	Interest Income										
	- SWBL	0,392	-	-	-	-	0,392	-	-	-	-
	- FSWL	5,324	-	-	-	-	5,324	-	-	-	-
	- UBHL	-	-	-	-	257,608	257,608	-	-	-	-

14. b) Summary of the transactions with related parties: (Contd.)

UNITED SPIRITS GROUP													Rs. Million
Sl. No.	Nature of transactions **	2011					2010					Total	
		Entities where there is control	Associates	Key Management per sonnel	Employees' Benefit Plans where there is significant influence	Promoter	Total	Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence		Promoter
k)	Deposit-Rental	-	-	3,799	-	-	3,799	-	-	3,454	-	-	3,454
l)	Interest as Sole Beneficiary in USL Benefit Trust	1,196.969	-	-	-	-	1,196.969	1,196.969	-	-	-	-	1,196.969
m)	Sale/(Purchase) purchase of Fixed asset	(226.686)	-	-	-	-	(226.686)	-	-	-	-	-	-
	- W&M	-	-	-	-	-	(392.443)	(392.443)	-	-	-	-	-
	- UBHL	-	-	-	-	-	-	-	-	-	-	-	-
n)	Finance (including loans and equity contributions in cash or in kind)	-	-	-	-	-	-	-	-	-	-	-	-
	- USLHL	(2,700.062)	-	-	-	-	(2,700.062)	32,106.437	-	-	-	-	32,106.437
	- RCSPL	427.870	-	-	-	-	427.870	955.134	-	-	-	-	955.134
	- AOIL	130.994	-	-	-	-	130.994	(173.727)	-	-	-	-	(173.727)
	- FSWL	(206.073)	-	-	-	-	(206.073)	78.542	-	-	-	-	78.542
	- SWBL	4,896.084	-	-	-	-	4,896.084	(215.440)	-	-	-	-	(215.440)
	- UBHL@	-	-	-	-	(257.608)	(257.608)	-	-	-	-	(86.983)	(86.983)
	- Others	108.630	-	-	-	-	108.630	(701.853)	-	-	-	-	(701.853)
o)	Guarantees and Collaterals given	-	-	-	-	-	-	-	-	-	-	-	-
	- USLHL	4,460.000	-	-	-	-	4,460.000	-	-	-	-	-	-
p)	Guarantees and Collaterals Received	-	-	-	-	-	-	-	-	-	-	-	-
	- UBHL	-	-	-	-	410.000	410.000	-	-	-	-	410.000	410.000
q)	Managing Directors' Remuneration	-	-	50.827	-	-	50.827	-	-	46.536	-	-	46.536
r)	Rent	-	-	3,712	-	-	3,712	-	-	3,375	-	-	3,375
s)	Lease deposit	-	-	-	-	-	-	-	-	-	-	-	-
	-SDL	-	506.330	-	-	-	506.330	-	-	-	-	-	-
t)	Contribution to Gratuity Fund	-	-	-	-	-	-	-	-	-	-	-	-
	- McD OGF	-	-	-	120.337	-	120.337	-	-	-	136.284	-	136.284
	- McD SGF	-	-	-	-	-	-	-	-	-	(34.679)	-	(34.679)
u)	Contribution to Provident Fund	-	-	-	-	-	-	-	-	-	-	-	-
	- McD PF	-	-	-	79.876	-	79.876	-	-	-	67.025	-	67.025
	- SWC PF	-	-	-	-	-	-	-	-	-	0.368	-	0.368

14. b) Summary of the transactions with related parties: (Contd.)

UNITED SPIRITS GROUP													Rs. Million
Sl. No.	Nature of transactions **	2011					2010					Total	
		Entities where there is control	Associates	Key Management per sonnel	Employees' Benefit Plans where there is significant influence	Promoter	Total	Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence		Promoter
v)	Dividend Paid												
	- USL Benefit Trust	8,648	-	-	-	-	8,648	6,918	-	-	-	-	6,918
	-SSC	1,694	-	-	-	-	1,694	1,355	-	-	-	-	1,355
	-SDC	1,656	-	-	-	-	1,656	1,325	-	-	-	-	1,325
	-JIHL	1,371	-	-	-	-	1,371	1,097	-	-	-	-	1,097
	-TRMCL	1,318	-	-	-	-	1,318	1,054	-	-	-	-	1,054
	-RGSC	6,268	-	-	-	-	6,268	5,015	-	-	-	-	5,015
	-Palmer	0,006	-	-	-	-	0,006	-	-	-	-	-	-
	-UBHL	-	-	-	-	-	91,395	91,395	-	-	-	73,116	73,116
w)	Amount due from												
	- USLHL	36,857,536	-	-	-	-	36,857,536	39,557,598	-	-	-	-	39,557,598
	- AOIL	1,632,265	-	-	-	-	1,632,265	1,501,271	-	-	-	-	1,501,271
	- RC SPL	528,363	-	-	-	-	528,363	1,876,369	-	-	-	-	1,876,369
	- FSWL	316,343	-	-	-	-	316,343	534,173	-	-	-	-	534,173
	-SWBL	1,326,883	-	-	-	-	1,326,883	-	-	-	-	-	-
	-SDL	-	516,330	-	-	-	516,330	-	-	-	-	-	-
	- Others	1,888,191	-	-	-	-	1,888,191	1,012,580	-	-	-	-	1,012,580
x)	Amount due to												
	- W&M	1,013,429	-	-	-	-	1,013,429	30,915	-	-	-	-	30,915
	- UBHL	-	-	-	-	-	30,336	30,915	-	-	-	121,790	121,790
y)	Deposits Outstanding (Net)	-	-	-	-	-	1,941,471	2,970,842	-	-	-	2,110,000	2,110,000
z)	Loan from SWBL	-	-	-	-	-	-	2,970,842	-	-	-	-	2,970,842
za)	Interest accrued and due	-	-	-	-	-	-	-	-	-	-	-	-
	SWBL	-	-	-	-	-	-	431,298	-	-	-	-	431,298

@ Net of Loan given and received during the year Rs. 2,796.085 Million

** Excludes Reimbursement of Expenses and Cost sharing arrangements.

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

15. (a) The Company's significant leasing arrangements in respect of operating leases for premises (residential, office, stores, godown, manufacturing facilities etc), which are not non-cancellable, range between 11 months and 3 years generally (or longer in certain cases) and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 15 to the accounts.

Leasing arrangements entered into prior to April 1, 2001 have not been considered for treatment under AS 19 'Accounting for Leases'.

- (b) The Company has acquired computer equipment and cars on finance leases. The lease agreement is for a primary period of 48 months for computer equipment and 36 months to 60 months for cars. The Company has an option to renew these leases for a secondary period. There are no exceptional/restrictive covenants in the lease agreements.

The minimum lease payments and their present value, for each of the following periods are as follows:

Particulars	2011		2010	
	Present Value of payments	Minimum lease payments	Present Value of payments	Minimum lease payments
Later than one year and not later than five years	3.113	3.346	8.411	9.146
Later than five years	-	-	-	-
	3.113	3.346	8.411	9.146
Not later than one year	5.303	5.851	8.264	9.669
	8.416	9.197	16.675	18.815
Less: Finance Charges		0.781		2.140
Present value of net minimum lease payments		8.416		16.675

16. Earnings Per Share:

	2011	2010
	10	10
Nominal Value of equity shares (Rs.)		
a) Net Profit after tax (Rs. Million)	3,854.713	3,760.215
b) Basic number of Equity Shares of Rs. 10 each outstanding during the year*	130,794,698	125,594,329
c) Weighted Average number of Equity Shares of Rs. 10 each outstanding during the year*	130,794,698	115,663,370
d) Basic Earnings Per Share (Rs.) (a/c)	29.47	32.51

* Including Equity Shares issued as referred to in Note 2(A)(b)

17. Taxes on Income:

a) Current Taxation

		Rs. Million	
Provision for current taxation includes:			
		2011	2010
i) Income Tax		1,780.000	1,512.200
ii) Wealth Tax		13.500	12.800
Total		1,793.500	1,525.000

Schedules forming part of account for the year ended March 31, 2011 (Contd.)

b) Deferred Taxation

The net Deferred Tax (Asset) / Liability as on March 31, 2011 has been arrived at as follows:

Rs. Million

Particulars	Deferred Tax (Assets) / Liabilities as on 1.4.2010	Taken over on Amalgamation	Current Year charge / (credit)	Deferred Tax (Assets) / Liabilities as on 31.03.2011
Difference between book and tax depreciation	333.740	56.536	60.109	450.384
Provision for Doubtful Debts	(283.450)	-	(87.580)	(371.030)
Employee Benefits	(150.424)	(16.681)	(40.328)	(207.433)
Others	35.260	(345.581)	235.664	(74.657)
	<u>(64.874)</u>	<u>(305.726)</u>	<u>167.865</u>	<u>(202.736)</u>

18. Provisions – Others

Rs. Million

Particulars	Balance as on 31.03.2010	Additions during the Year	Utilised/ reversed during the Year	Balance as on 31.03.2011
Others *	28.297	14.711	-	43.008

* Provision - Others, relates to estimated costs relating to certain tax matters. The estimate of provision is primarily based on an internal assessment by the Company. The actual provision could differ from the estimated amounts and could require adjustments in the subsequent years.

19. Remuneration paid/payable to Managing Director

Rs. Million

	2011	2010
Salary and Allowances	22.911	19.736
Incentives paid	18.864	18.555
Contribution to Provident and other Funds *	5.309	4.517
Value of Perquisites	3.743	3.728
	<u>50.827</u>	<u>46.536</u>

* Provision for contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall company basis are excluded.

20. Directors' Commission

Rs. Million

	2011	2010
Computation of Net Profits under Section 198 of the Companies Act, 1956		
Net Profit before Taxation	5,816.078	5,436.744
Add: Depreciation as per Books	477.470	386.302
Remuneration to Managing Director	50.827	46.536
Directors' Fees	1.563	1.490
Directors' Commission	62.210	51.178
Book deficit/(surplus) on fixed assets sold, written-off, etc (net) as per books	(3.382)	(5.142)
Provision for Doubtful Debts	290.273	255.170
Diminution in value of Investments	-	26.635
	<u>6,695.039</u>	<u>6,198.913</u>
Less: Depreciation under Section 350 of the Companies Act, 1956	477.470	386.302
The surplus being excess of net sale proceeds over carrying value of interest in USL Benefit Trust	-	699.953
Deficit/(Surplus) on disposal of fixed assets under Section 349 of the Companies Act, 1956	(3.382)	(5.142)
Net profit	<u>6,220.951</u>	<u>5,117.800</u>
Commission 1% thereof	62.210	51.178

The total remuneration as stated above is within the maximum permissible limit under the Companies Act, 1956.

21. Quantitative Information in respect of goods manufactured and sold by the Company

a. Particulars of Capacity and Production:

Description	Unit	2011			2010		
		Licensed Capacity	Installed Capacity	Actual Production (Note iv)	Licensed Capacity	Installed Capacity	Actual Production
Beverage Alcohol [Note (i)]	Ltrs	276,580,000	241,092,000	337,413,018	169,660,000	134,172,000	252,065,462

Notes:

- Includes alcohol produced and bottled out of purchased rectified spirit. This activity is not considered as manufacture under the Industries (Development and Regulation) Act, 1951.
- The Company's applications for the Carry On Business licenses for certain Units are still pending with the authority.
- The Licensed and Installed Capacity has been certified by the Company's management and relied upon by the Auditors, this being a technical matter.
- Includes production at manufacturing facilities taken on lease.

b. Particulars of opening stock of Finished Goods:

Description	Unit	2011		2010	
		Quantity	Value	Quantity	Value
Beverage Alcohol	Cases	1,759,887	2,390.156	1,530,313	2,052.475
			2,390.156		2,052.475

c. Particulars of stock of finished goods of the Transferor Companies as on April 1, 2010 acquired on amalgamation:

Description	Unit	Quantity	Value	Quantity	Value
Beverage Alcohol	Cases	71,738	80.001	-	-
			80.001	-	-

d. Particulars of closing stock of Finished Goods:

Description	Unit	Quantity	Value	Quantity	Value
Beverage Alcohol	Cases	1,955,468	2,842.655	1,759,887	2,390.156
			2,842.655		2,390.156

e. Particulars of Turnover:

Description	Unit	Quantity	Value	Quantity	Value
Beverage Alcohol	Cases	79,461,533	123,661.179	61,053,386	87,790.708
			123,661.179		87,790.708

f. Particulars of purchase of traded goods:

Description	Unit	2011		2010	
		Quantity	Value	Quantity	Value
Beverage Alcohol	Cases	6,449,949	7,624.918	6,011,337	6,493.067
			7,624.918		6,493.067

22. Particulars of Raw Materials Consumed:

Description	Unit	Quantity	Value	Quantity	Value
Spirits	Litres	281,613,978	12,480.987	199,403,997	9,314.845
Grain	Kg.	34,897,017	694.226	17,530,507	427.643
Molasses	Kg.	123,864,387	599.151	112,754,902	741.478
Others			2,949.127		1,774.793
			16,723.491		12,258.759
		%	Value	%	Value
Whereof:					
Imported		17	2,779.255	14	1,742.464
Indigenous		83	13,944.236	86	10,516.295
		100	16,723.491	100	12,258.759

23. Consumption of Packing Material, Stores and Spares

(including stores consumed in Repairs and Maintenance expenses)

	%	Value	%	Value
Imported	3	381.043	2	223.899
Indigenous	97	14,035.478	98	10,007.157
	100	14,416.521	100	10,231.056

24. Value of Imports on C.I.F. basis:

	Rs. Million	
	2011	2010
Raw Materials and Packing Materials	2,545.365	2,083.146
Components and Spare Parts	-	3.416
Plant and Machinery	135.971	191.992
	2,681.336	2,278.554

25. Earnings in Foreign Currency:

Dividend income from subsidiary	46.555	57.135
	46.555	57.135

26. Expenditure in Foreign Currency:

Interest	23.461	115.718
Rent	287.136	186.754
Others (Royalty, Travelling, Subscription, Professional fees, Foreign Travel Expenses, Advertisement, Bank Charges, Finance Charges, etc.)	261.102	629.657
	571.699	932.129

27. Amount remitted during the year in foreign currency on account of dividend to Non-resident shareholders.

Year to which dividend relates	2010	2009
Number of non-resident shareholders	12	11
Number of Shares	4,928,835	4,926,624
Amount remitted (in Rs. Million)	12.322	9.853

28. Auditors' Remuneration (Refer Notes below)

Rs. Million

	2011	2010
Statutory Audit	10.000	10.000
Other Services (Note b)	4.739	6.982
Out-of-pocket Expenses	0.801	0.820
	<u>15.540</u>	<u>17.802</u>

Notes:

- a) Included under Legal and Professional Charges in Schedule 15.
- b) Excludes Nil (2010: Rs. 18.735 Million) being charges for professional services in connection with issue of shares to QIBs which has been debited to Share Premium.

29.**a) Repairs to Plant and Machinery include:**

Wages	8.905	6.905
Stores Consumed	<u>41.402</u>	<u>39.569</u>
	<u>50.307</u>	<u>46.474</u>

b) Repairs to Building include:

Wages	2.936	1.426
Stores consumed	<u>4.907</u>	<u>2.752</u>
	<u>7.843</u>	<u>4.178</u>

30. Research and Development expenses comprise the following:

Salaries and Wages	22.576	20.007
Contribution to Provident Fund and other Funds	1.959	1.743
Staff Welfare Expenses	1.194	1.548
Rent	5.723	4.017
Contribution	12.000	-
Miscellaneous Expenses	<u>10.845</u>	<u>7.990</u>
	<u>54.297</u>	<u>35.305</u>

31. Previous year's figures have been regrouped / rearranged wherever necessary.

For Price Waterhouse
 Firm Registration Number: 007568S
 Chartered Accountants

VIJAY MALLYA
 Chairman

ASHOK CAPOOR
 Managing Director

USHA A. NARAYANAN
 Partner
 Membership Number: 23997

M.R. DORAISWAMY IYENGAR
 Director

P.A. MURALI
 Chief Financial Officer

New Delhi
 August 3, 2011

V.S. VENKATARAMAN
 Company Secretary

New Delhi
 August 3, 2011

Bangalore
 August 3, 2011

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956 as at March 31, 2011

Sl. No	Name of the subsidiary	a) No of shares held at the end of the financial year of the subsidiary		b) Extent of holding		Net aggregate Profit/loss of the subsidiary so far as it concerns the members of the company			
		United Spirits Ltd	Other subsidiary companies	United Spirits Ltd	Other subsidiary companies	a) Not dealt with in the accounts of the company		b) Dealt with in the accounts of the company	
						(i)	(ii)	(i)	(ii)
						for the subsidiary's financial year ended 31.03.2011	for the previous financial years of the subsidiary since it became a subsidiary	for the subsidiary's financial year ended 31.03.2011	for the previous financial years of the subsidiary since it became a subsidiary (Rs. Million)
1	2	3	4	5	6	7	8	9	
1	Asian Opportunities & Investments Ltd	4,998,706 Shares	-	100%	-	(185.022)	(305.805)	-	-
2	United Spirits Nepal P. Ltd	67,716 Shares	-	82.46%	-	45.117	162.483	-	-
3	Ramanreti Investments & Trading Ltd	-	50,000 Shares	-	100%	(0.070)	(0.341)	-	-
4	Shaw Wallace Breweries Ltd	78,512,509 Shares	-	100%	-	189.798	2,083.327	-	-
5	Palmer Investment Group Ltd	15,000,000 Shares	-	100%	-	0.007	(1.798)	-	-
6	RG Shaw & Company Ltd	-	7,690,180 Shares	-	100%	6.564	43.859	-	-
7	Shaw Scott & Company Ltd	-	105,609 Shares	-	100%	1.371	11.526	-	-
8	Shaw Darby & Company Ltd	-	130,845 Shares	-	100%	1.592	10.364	-	-
9	Thames Rice Milling Company Ltd	-	90,160 Shares	-	100%	1.245	7.944	-	-
10	Shaw Wallace Overseas Ltd	-	357,745 Shares	-	100%	0.059	1.332	-	-
11	JHHL Nominees Ltd	-	10 Shares	-	100%	0.870	8.711	-	-
12	Montrose International S.A	-	500 Shares	-	100%	0.045	33.127	-	-
13	Bouvet Ladubay S.A.S	-	540,000 Shares	-	100%	41.375	169.981	-	-
14	Chapin Landais S.A.S	-	5,000 Shares	-	100%	0.162	1.337	-	-
15	McDowell & Co. (ScotLand) Ltd	1,575,000 Shares	-	100%	-	(13.813)	(66.547)	-	-
16	United Spirits (Great Britain) Ltd	-	100 Shares	-	100%	(796.936)	(3,015.184)	-	-
17	USL Holdings Ltd	500,000 Shares	-	100%	-	452.585	925.482	-	-
18	USL Holdings (UK) Ltd	-	100,000 Shares	-	100%	707.281	(12,796.177)	-	-
19	United Spirits (UK) Ltd	-	100 Shares	-	100%	2.694	(0.696)	-	-
20	Daffodils Flavours & Fragrances Pvt Ltd	10,000 Shares	-	100%	-	0.119	(1.132)	-	-
21	Four Seasons Wines Ltd	14,111,140 Shares	-	51%	-	(68.625)	(194.468)	-	-

**Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956
as at March 31, 2011 (Contd.)**

Sl. No	Name of the subsidiary	a) No of shares held at the end of the financial year of the subsidiary		b) Extent of holding		Net aggregate Profit/loss of the subsidiary so far as it concerns the members of the company			
		United Spirits Ltd	Other subsidiary companies	United Spirits Ltd	Other subsidiary companies	a) Not dealt with in the accounts of the company		b) Dealt with in the accounts of the company	
						(i)	(ii)	(i)	(ii)
						for the subsidiary's financial year ended 31.03.2011	for the previous financial years of the subsidiary since it became a subsidiary	for the subsidiary's financial year ended 31.03.2011	for the previous financial years of the subsidiary since it became a subsidiary (Rs. Million)
1	2	3	4	5	6	7	8	9	
22	McDowell Beverages Ltd	50,000 Shares	-	100%	-	0.094	(0.178)	-	-
23	United Alcobev Ltd	50,000 Shares	-	100%	-	(0.069)	(0.175)	-	-
24	United Vintners Ltd	50,000 Shares	-	100%	-	(6.791)	(30.397)	-	-
25	McDowell and Company Ltd	50,000 Shares	-	100%	-	(0.103)	(0.323)	-	-
26	Royal Challengers Sports Pvt. Ltd	14,690 Shares	-	100%	-	(54.292)	(116.969)	-	-
27	Jasmine Flavours and Fragrances P Ltd	10,000 Shares	-	100%	-	(0.070)	(0.267)	-	-
28	Whyte and Mackay Group Limited	-	4,600,349,728 Shares	-	100%	1,777.252	3,584.363	-	-
29	Liquidity Inc.,	4,000,000 Shares	-	51%	-	(55.611)	(157.166)	-	-
30	United Spirits Trading (Shanghai) Company Ltd	500,000 Shares	-	100%	-	(1.844)	(31.773)	-	-
31	Tern Distilleries Private Limited	4,000,000 Shares	-	100%	-	(6.213)	(1.743)	-	-

Statement Pursuant to Section 212(1)(f) of the Companies Act, 1956 as at March 31, 2011

Material changes that have occurred between the close of subsidiary's financial year and March 31, 2011

(Rs. Million)

Sl. No.	Name of the subsidiary	Subsidiary's Financial year ended on	Company's Interest in the Subsidiary	Subsidiary's Fixed Assets	Subsidiary's Investments	Moneys lent by the Subsidiary	Moneys borrowed by the subsidiary for the purposes other than that of meeting current liabilities
1.	United Spirits Nepal P. Ltd.	15.07.2010	82.46%	1.278	-	-	-

VIJAY MALLYA
Chairman

M.R.DORAISWAMY IYENGAR
Director

ASHOK CAPOOR
Managing Director

P.A.MURALI
Chief Financial Officer

New Delhi
August 3, 2011

V. S. VENKATARAMAN
Company Secretary

Bangalore
August 3, 2011

Details of Subsidiary Companies

(Amount in Millions)

Name of the Subsidiary	R.G. Shaw & Company Limited		Palmer Investment Group Limited		Montrose International S.A.		Shaw Scott & Company Limited		Shaw Darby & Company Limited		Thames Rice Milling Company Limited	
	GBP	INR	USD	INR	USD	INR	GBP	INR	GBP	INR	GBP	INR
1. Capital	0.077	5.502	15.000	669.000	0.500	22.300	0.106	7.556	0.131	9.362	0.090	6.451
2. Reserves	1.173	83.925	1.270	56.655	0.251	11.187	0.117	8.393	0.092	6.574	0.120	8.573
3. Total Assets	1.436	102.776	16.270	725.655	0.751	33.487	0.227	16.221	0.226	16.171	0.213	15.205
4. Total Liabilities	1.436	102.776	16.270	725.655	0.751	33.487	0.227	16.221	0.226	16.171	0.213	15.205
5. Investments	0.720	51.548	16.234	724.036	-	-	0.098	6.982	0.109	7.770	0.123	8.779
6. Turnover	-	-	-	-	2.269	104.132	-	-	-	-	-	-
7. Profit before Taxation	0.081	5.816	0.000	0.007	0.001	0.045	0.017	1.236	0.019	1.375	0.015	1.080
8. Provision for Taxation	(0.010)	(0.747)	-	-	-	-	(0.002)	(0.134)	(0.003)	(0.217)	(0.002)	(0.165)
9. Profit after Taxation	0.092	6.564	0.000	0.007	0.001	0.045	0.019	1.371	0.022	1.592	0.017	1.245
10. Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-

Name of the Subsidiary	JJHL Nominees Limited		USL Holdings (UK) Limited		USL Holdings Limited		United Spirits (Great Britain) Limited		United Spirits (UK) Limited		Ramanreti Investments and Trading Company Private Ltd	
	USD	INR	GBP	INR	USD	INR	GBP	INR	GBP	INR	GBP	INR
1. Capital	0.000	0.000	0.001	0.072	0.050	2.230	-	-	-	-	-	0.500
2. Reserves	0.212	9.466	(152.086)	(10,881.770)	18.952	845.269	(51.862)	(3,710.726)	(0.047)	(3.329)	(6.786)	(6.786)
3. Total Assets	0.232	10.352	558.961	39,993.668	930.832	41,515.121	509.236	36,435.836	362.175	25,913.648	23.509	23.509
4. Total Liabilities	0.232	10.352	558.961	39,993.668	930.832	41,515.121	509.236	36,435.836	362.175	25,913.648	23.509	23.509
5. Investments	-	-	-	-	0.002	0.088	506.794	36,261.111	-	-	16.860	16.860
6. Turnover	-	-	1.167	83.309	-	-	-	-	-	-	-	-
7. Profit before Taxation	0.019	0.870	9.905	707.281	9.860	452.585	(9.683)	(691.463)	0.038	2.694	(0.070)	(0.070)
8. Provision for Taxation	-	-	-	-	-	-	1.477	105.473	-	-	-	-
9. Profit after Taxation	0.019	0.870	9.905	707.281	9.860	452.585	(11.160)	(796.936)	0.038	2.694	(0.070)	(0.070)
10. Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-

Details of Subsidiary Companies (Contd.)

(Amount in Millions)

Name of the Subsidiary	United Spirits Nepal P Ltd		Asian Opportunities and Investments Limited		Shaw Wallace Overseas Limited		Shaw Wallace Breweries Limited	Four Seasons Wines Limited	United Vintners Limited	United Alcobev Limited	McDowell Beverages Limited	McDowell & Co (Scotland) Limited		Bouvet Ladubay S.A.S	
	NRS	INR	USD	INR	GBP	INR	INR	INR	INR	INR	INR	GBP	INR	EURO	INR
1. Capital	8,212	5,132	4,999	222,942	0,358	25,597	1,645,850	276,689	0,500	0,500	0,500	1,575	112,691	10,800	683,100
2. Reserves	61,249	38,281	(9,337)	(416,438)	0,157	11,265	3,715,356	(263,123)	(37,218)	(0,274)	(0,314)	(1,242)	(88,835)	3,757	237,628
3. Total Assets	121,770	76,106	42,335	1,888,152	0,370	26,480	6,688,089	1,023,178	33,530	0,549	0,549	10,878	778,292	24,062	1,521,919
4. Total Liabilities	121,770	76,106	42,335	1,888,152	0,370	26,480	6,688,089	1,023,178	33,530	0,549	0,549	10,878	778,292	24,062	1,521,919
5. Investments	-	-	27,189	1,212,626	-	-	58,573	26,343	-	-	-	-	-	0,208	13,153
6. Turnover	1,243,852	777,407	-	-	-	-	-	149,173	2,715	-	-	-	-	19,275	1,170,193
7. Profit before Taxation	100,406	62,754	(4,031)	(185,022)	0,001	0,082	284,219	(68,625)	(6,791)	(0,069)	0,094	(0,193)	(13,813)	0,990	60,119
8. Provision for Taxation	28,218	17,637	-	-	(0,000)	(0,023)	94,420	-	-	-	-	-	-	0,309	18,744
9. Profit after Taxation	72,187	45,117	(4,031)	(185,022)	0,001	0,059	189,798	(68,625)	(6,791)	(0,069)	0,094	(0,193)	(13,813)	0,682	41,375
10. Proposed Dividend	15,840	9,900	-	-	-	-	-	-	-	-	-	-	-	-	-

Name of the Subsidiary		Chapin Landias S.A.S		Daffodils Flavours & Fragrances Private Limited		Liquidity Inc.,		Whyte and Mackay Group Limited		Whyte and Mackay Limited		Royal Challengers Sports P Ltd		Jasmine Flavours and Fragrances P Ltd		United Spirits (Trading) Shanghai Co. P Ltd		McDowell and Company Limited		Tern Distilleries Private Limited	
		EURO	INR	INR	USD	INR	GBP	INR	GBP	INR	INR	INR	INR	INR	RMB	INR	INR	INR	INR	INR	
1.	Capital	0.100	6.325	0.100	0.001	0.035	62.315	4,458,638	178,973	12,805,518	0.147	0.147	0.100	0.100	5.000	34.450	0.500	40.000			
2.	Reserves	0.034	2.176	(1.305)	(3.321)	(148.117)	44.788	3,204,581	160,838	11,507,959	(171.260)	(171.260)	(0.338)	(0.338)	(5.433)	(37.433)	(0.425)	(53.745)			
3.	Total Assets	0.134	8.501	29.489	6.772	302.018	304.632	21,796,420	937,479	67,076,622	5,523,597	5,523,597	27.754	27.754	6.901	47,550	0.570	387,545			
4.	Total Liabilities	0.134	8.501	29.489	6.772	302.018	304.632	21,796,420	937,479	67,076,622	5,523,597	5,523,597	27.754	27.754	6.901	47,550	0.570	387,545			
5.	Investments	-	-	-	-	-	0.171	12,235	483,555	34,598,360	-	-	-	-	-	-	-	-			
6.	Turnover	4.122	250.223	-	0.545	25.010	140,616	10,041,389	138,018	9,855,865	538,719	538,719	-	-	0.130	0.890	-	209,138			
7.	Profit before Taxation	0.005	0.302	(0.034)	(1.206)	(55.357)	31,603	2,256,770	37,519	2,679,232	(78.416)	(78.416)	(0.070)	(0.070)	(0.269)	(1.844)	(0.103)	(6.213)			
8.	Provision for Taxation	0.002	0.140	0.085	0.006	0.254	6,715	479,518	5,842	417,177	(24.124)	(24.124)	-	-	-	-	-	-			
9.	Profit after Taxation	0.003	0.162	0.119	(1.212)	(55.611)	24,888	1,777,252	31,677	2,262,055	(54.292)	(54.292)	(0.070)	(0.070)	(0.269)	(1.844)	(0.103)	(6.213)			
10.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. State Code

Balance Sheet Date

II Capital Raised during the period (Rs. Million)

Public issue Rights issue

Bonus Shares Private Placement

Others* Naked Warrants / Pref. offer

III Position of Mobilisation and Deployment of Funds (Rs. Million)

Total Liabilities Total Assets

Sources of funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses Deferred Tax Asset (Net)

IV Performance of Company (Rs. Million)

Turnover Total Expenditure

(Gross Revenue)

(+) Profit / (-) Loss (+) Profit / (-) Loss

Before Tax After Tax

(incl. Deferred Tax)

Earning (Basic) per share in Rs.

Earnings (Diluted) per Share in Rs. Dividend rate %

V Generic Name of Three Principal Products / Services of Company (as per monetary items)

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product description

* 5,200,639 shares @ Rs. 10 issued to shareholders of erstwhile BDL since merged with the company.

VIJAY MALLYA
Chairman

M.R.DORAISWAMY IYENGAR
Director

ASHOK CAPOOR
Managing Director

P.A.MURALI
Chief Financial Officer

New Delhi
August 3, 2011

V. S. VENKATARAMAN
Company Secretary

Bangalore
August 3, 2011

1. We have audited the attached Consolidated Balance Sheet of **United Spirits Limited** (the "Company") and its subsidiaries and associate companies; hereinafter referred to as the "Group" (refer Note 2 on Schedule 18 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) 75 subsidiaries included in the Consolidated Financial Statements, which constitute total assets of Rs. 28,642.970 Million and net assets of Rs. 18,971.854 Million as at March 31, 2011, total revenue of Rs. 11,990.787 Million, net profit of Rs. 2,053.518 Million and net cash outflows amounting to Rs. 449.585 Million for the year then ended; and (ii) two associate companies which constitute net loss of Rs. 13.779 Million 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. 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 and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate Financial Statements and on the other Financial information of the components 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: 007568S
Chartered Accountants

New Delhi
August 3, 2011

Usha A. Narayanan
Partner
Membership Number: 23997

Consolidated Financial Statement Balance Sheet as at March 31, 2011

	Schedule	2011	Rs. Million 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,258.698	1,206.691
Reserves and Surplus	2	40,527.479	36,528.662
Minority Interest		175.074	84.675
Loan Funds			
Secured Loans	3	52,843.689	48,700.113
Unsecured Loans	4	10,966.876	6,360.442
Term Liability towards Franchisee rights [Schedule 19 Note 3(a)]		<u>3,296.182</u>	<u>3,443.896</u>
		<u>109,067.999</u>	<u>96,324.479</u>
APPLICATION OF FUNDS			
a) Fixed Assets	5		
Gross Block		26,971.561	23,744.602
Less: Depreciation		<u>7,572.506</u>	<u>6,493.258</u>
Net Block		19,399.055	17,251.344
Capital Work in Progress		<u>1,290.905</u>	<u>942.714</u>
		<u>20,689.960</u>	<u>18,194.058</u>
b) Goodwill on Consolidation		44,320.104	42,443.639
Investments	6	1,544.217	1,265.359
Deferred Tax Asset (Net) [Schedule 19 Note 16(b)]		325.313	714.503
Foreign Currency Monetary Item Translation Difference		-	1,412.917
Current Assets, Loans and Advances			
Inventories	7	21,168.196	17,462.479
Sundry Debtors	8	14,825.126	13,401.218
Cash and Bank Balances	9	6,369.964	7,686.307
Other Current Assets	10	3,207.020	3,219.160
Loans and Advances	11	<u>16,272.073</u>	<u>7,720.609</u>
		<u>61,842.379</u>	<u>49,489.773</u>
Less: Current Liabilities and Provisions	12		
Liabilities		18,330.755	14,796.314
Provisions		<u>1,770.866</u>	<u>2,847.579</u>
		<u>20,101.621</u>	<u>17,643.893</u>
Net Current Assets		41,740.758	31,845.880
Miscellaneous Expenditure (to the extent not written off)	13	447.647	448.123
		<u>109,067.999</u>	<u>96,324.479</u>
Statement on Significant Accounting Policies	18		
Notes on Accounts	19		

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

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

USHA A. NARAYANAN
Partner
Membership Number: 23997

VIJAY MALLYA
Chairman

M.R.DORAIWAMY IYENGAR
Director

New Delhi
August 3, 2011

V.S.VENKATARAMAN
Company Secretary

Bangalore
August 3, 2011

ASHOK CAPOOR
Managing Director

P.A.MURALI
Chief Financial Officer

New Delhi
August 3, 2011

Consolidated Financial Statement

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

	Schedule	2011	Rs. Million 2010
INCOME			
Sales (Gross)		136,912.220	105,189.937
Less: Excise Duty		<u>68,325.727</u>	<u>46,659.524</u>
		68,586.493	58,530.413
Income arising from Sale by Manufacturers under 'Tie-up' agreements (tie-up units)		4,217.395	3,460.158
Income from Brand Franchise		499.222	719.120
Income from IPL Franchise		458.719	913.381
Other Income	14	1,435.715	848.721
Exchange Gain (Net)		<u>1,014.669</u>	<u>-</u>
		<u>76,212.213</u>	<u>64,471.793</u>
EXPENDITURE			
Materials	15	38,526.703	31,778.412
Manufacturing and Other Expenses	16	23,710.360	21,529.361
Interest and Finance charges	17	4,984.717	6,068.886
Exchange Loss (Net)		<u>-</u>	<u>3,145.303</u>
		<u>67,221.780</u>	<u>62,521.962</u>
Profit/ (Loss) before Exceptional and Other Non Recurring items, Depreciation and Taxation		8,990.433	1,949.831
Depreciation		<u>1,023.272</u>	<u>950.207</u>
Profit/ (Loss) before Exceptional and Other Non-Recurring Items and Taxation		7,967.161	999.624
Exceptional and other non recurring items (Net) [Schedule 19 Note 11]		<u>368.399</u>	<u>699.953</u>
Profit/ (Loss) before Taxation and before share in Profits /(Losses) of Associates		8,335.560	1,699.577
Provision for Taxation:			
Current Tax		1,927.827	1,781.494
Deferred Tax Credit/ (Charge)		<u>724.463</u>	<u>150.018</u>
Profit/ (Loss) after Taxation and before share in Profits/(Losses) of Associates		5,683.270	(231.935)
Share in Profits/ (losses) of Associates (Net)		<u>(13.779)</u>	<u>(3.843)</u>
Profit/ (Loss) before Minority Interest		5,669.491	(235.778)
Minority Interest in Profit/(Loss)		<u>(25.716)</u>	<u>(8.703)</u>
Net Profit/ (Loss) for the year		5,695.207	(227.075)
Profit brought forward from previous year		2,061.867	3,188.739
Profit transferred on Amalgamation [Schedule 19 Note 2(A)(II)(c)]		<u>4.030</u>	<u>-</u>
		<u>7,761.104</u>	<u>2,961.664</u>
Appropriations:			
Proposed Dividend - Equity Shares			
Interim		-	8.997
Final		324.574	304.826
Corporate Tax on Proposed Dividend		54.309	52.149
Transfer to General Reserve		<u>500.000</u>	<u>533.825</u>
Profit carried to Balance Sheet		<u>6,882.221</u>	<u>2,061.867</u>
Basic/ Diluted Earnings Per Share (Rs.) (Face Value of Rs. 10 each)		45.25	(2.05)
Statement on Significant Accounting Policies	18		
Notes on Accounts	19		

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

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

USHA A. NARAYANAN
Partner
Membership Number: 23997

M.R.DORAISWAMY IYENGAR
Director

P.A.MURALI
Chief Financial Officer

New Delhi
August 3, 2011

V.S.VENKATARAMAN
Company Secretary

Bangalore
August 3, 2011

New Delhi
August 3, 2011

Consolidated Financial Statement

Cash Flow Statement for the Year Ended March 31, 2011

	2011	Rs. Million 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before prior period Exceptional and Other		
Non-recurring items and Taxation	7,967.161	999.624
Adjustments for :		
Depreciation	1,023.272	950.207
Unrealised Foreign Exchange Loss / (Gain)	(1,507.024)	5,742.568
Bad Debts/ Advances written off	53.467	49.747
Loss/(Gain) on Fixed Assets Sold/ Written Off (Net)	(191.509)	(24.754)
Liabilities no longer required written back	(95.718)	(163.662)
Provision for Doubtful Debts/ Advances/ Deposits (Net)	302.343	230.228
Provision for diminution in value of Investments / (Written back)	-	26.634
Provision for Onerous Lease / (Written back)	(531.612)	230.876
Provision - Others	(641.291)	30.989
Interest and Finance Charges	5,574.963	6,187.315
Income from investments	(19.197)	(10.824)
Interest Income	(590.246)	(118.429)
Operating profit before working capital changes	11,344.609	14,130.519
(Increase)/decrease in Trade and other receivables	(8,455.665)	(5,712.730)
(Increase)/decrease in Inventories	(3,448.737)	41.926
Increase/(decrease) in Trade payables	2,391.445	1,093.453
	(9,512.957)	(4,577.351)
Cash generated from operations	1,831.652	9,553.168
Direct taxes paid	(2,119.895)	(2,547.614)
Fringe Benefit taxes paid	2.075	(3.953)
Cash flow before Exceptional and Other Non - Recurring items	(286.168)	7,001.601
Exceptional and Other Non-Recurring Items	(871.798)	8,912.525
Cash generated/ (used in) from operations	(1,157.966)	15,914.126
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,616.594)	(2,866.068)
Payment towards Franchise rights	(147.714)	(987.517)
Sale of fixed assets	308.848	131.992
Finance Lease repayments	(8.259)	(10.049)
Purchase of long term investments	(87.143)	(2.476)
Purchase of current investments	-	(0.632)
Investment in Associate	(48.977)	(3.843)
Disposal of Investments in Subsidiary	0.600	-
Consideration paid on acquisitions of shares [Schedule 19(Note 7(b))]	(1,039.852)	(97.370)
Interest received	519.658	105.799
Dividend received	13.722	10.824
Net cash used in investing activities	(3,105.711)	(3,719.340)

Consolidated Financial Statements

Cash Flow Statement for the Year Ended March 31, 2011 (Contd.)

	2011	Rs. Million 2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares to QIBs	-	16,155.999
Expenses incurred on arrangement of borrowings	(76.136)	-
Expenses incurred on issue of shares to QIPs	-	(696.274)
Proceeds/(Repayment) of long term loans		
Proceeds	8,138.624	14,490.856
Repayment	(5,278.523)	(35,365.248)
Proceeds/(Repayment) of fixed deposits	3,156.435	1,555.884
Proceeds/(Repayment) of short term loans	1,450.000	1,113.006
Working Capital Loan / Cash Credit from Banks (net)	1,218.846	(186.771)
Interest and Finance charges Paid		
<i>[including on Finance lease Rs. 1.350 Million (2010: Rs. 2.444 Million)]</i>	(5,475.143)	(5,801.333)
Dividends paid	(304.415)	(227.942)
Corporate Tax on distributed profit	(52.149)	(36.679)
Net cash used in financing activities	2,777.539	(8,998.502)
Net increase in cash and cash equivalents	(1,486.138)	3,196.284
Cash and cash equivalents as at March 31, 2010	7,686.307	4,490.023
Cash and Cash Equivalents of Transferor companies	169.795	-
Cash and cash equivalents as at March 31, 2011	<u>6,369.964</u>	<u>7,686.307</u>
	<u>(1,486.138)</u>	<u>3,196.284</u>

Notes:

- 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.
- The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements as notified under Section 211(3C) of the Companies Act, 1956 and reallocation required for this purpose are as made by the Company.
- Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

USHA A. NARAYANAN
Partner
Membership Number: 23997

New Delhi
August 3, 2011

VIJAY MALLYA
Chairman

M.R.DORAISWAMY IYENGAR
Director

New Delhi
August 3, 2011

V.S.VENKATARAMAN
Company Secretary

Bangalore
August 3, 2011

ASHOK CAPOOR
Managing Director

P.A.MURALI
Chief Financial Officer

Consolidated Financial Statement

Schedules forming part of Balance Sheet as at March 31, 2011

		Rs. Million
	2011	2010
1. SHARE CAPITAL		
Authorised		
395,000,000 (2010: 245,000,000) Equity Shares of Rs. 10/- each	3,950.000	2,450.000
159,200,000 (2010: 84,200,000) Preference Shares of Rs. 10/- each	1,592.000	842.000
	<u>5,542.000</u>	<u>3,292.000</u>
Issued, Subscribed and Paid-up		
130,794,968 (2010:125,594,329) Equity Shares of Rs. 10/- each fully paid up	1,307.950	1,255.943
Less: 4,925,231 (2010: 4,925,231) Equity Shares held by Subsidiaries	49.252	49.252
	<u>1,258.698</u>	<u>1,206.691</u>

Notes :

Of the above,

- 51,719,968 (2010: 51,719,968) Equity Shares were allotted as fully paid up on July 9, 2001 to the shareholders of the erstwhile McDowell & Company Limited, pursuant to the schemes of Amalgamation for consideration other than cash.
- 34,010,521 (2010: 34,010,521) Equity Shares were allotted as fully paid on November 6, 2006 to Equity Shareholders of erstwhile Herbertsons Limited, Triumph Distillers & Vintners Private Limited, Baramati Grape Industries Limited, United Distillers India Limited, and Shaw Wallace Distilleries Limited pursuant to a Scheme of Amalgamation for consideration other than cash.
- 8,751,381 (2010: 8,751,381) Equity shares of Rs. 10/- each fully paid up represent 17,502,762 (2010: 17,502,762) Global Depository Shares issued by the Company on March 29, 2006.
- 5,681,326 (2010: 5,681,326) Equity shares of Rs. 10/- each fully paid up were allotted consequent to conversion of 100,000, 2% Convertible Bonds in Foreign Currency during 2008.
- 7,749,121 (2010: 7,749,121) Equity Shares were allotted as fully paid up on July 24, 2009 to the shareholders of the erstwhile Shaw Wallace & Company Limited, pursuant to the schemes of Amalgamation for consideration other than cash.
- 17,681,952 (2010: 17,681,952) Equity shares of Rs. 10/- each fully paid up were allotted to eligible Qualified Institutional Buyer's through a Qualified Institutions Placement on October 23, 2009
- 5,200,639 Equity Shares were allotted as fully paid up on January 14, 2011 to the shareholders of the erstwhile Balaji Distilleries Limited, pursuant to the scheme of Amalgamation for consideration other than cash.

Consolidated Financial Statement
Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

	2011	Rs. Million 2010
2. RESERVES AND SURPLUS		
Central Subsidy		
As per Last Balance Sheet	7.500	1.500
Add: Arising on acquisition	-	6.000
	<u>7.500</u>	<u>7.500</u>
Capital Redemption Reserve		
As per last Balance Sheet	578.946	578.946
Capital Reserve on Consolidation	76.791	76.791
Securities Premium Account		
As per last Balance Sheet	25,176.823	9,893.918
Add: On issue of equity shares allotted to QIBs	-	15,979.180
	<u>25,176.823</u>	<u>25,873.098</u>
Less: Expenses incurred on QIP issue	-	696.274
	<u>25,176.823</u>	<u>25,176.823</u>
Employee Housing Fund		
As per last Balance Sheet	0.625	0.625
Foreign Currency Translation Reserve	(1,715.734)	(719.601)
Contingency Reserve		
As per last Balance Sheet	110.000	110.000
General Reserve		
As per last Balance Sheet	9,235.711	8,701.886
Add: Additions during the year		
(a) Reserve arising on amalgamation [Schedule 19 Note 2A]	(325.404)	-
(b) Transfer from Profit and Loss Account	500.000	533.825
	<u>9,410.307</u>	<u>9,235.711</u>
Surplus in Profit and Loss Account	<u>6,882.221</u>	<u>2,061.867</u>
	<u>40,527.479</u>	<u>36,528.662</u>

Consolidated Financial Statement

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

	2011	Rs. Million 2010
3. SECURED LOANS		
Term Loans		
From Banks [Note (i)]	43,651.479	40,833.858
[Repayable within one year: Rs. 6,223.595 Million (2010: Rs. 3,465.857 Million)]		
Working Capital Loan / Cash Credit from Banks [Note (ii)]	9,183.794	7,849.580
Finance Lease [Note (iii)]	8.416	16.675
	52,843.689	48,700.113
Notes:		
(i) Out of the above loans:		
(a) Secured by charge on certain fixed assets of the Company including Land and Building.	367.001	879.222
(b) Secured by charge on certain fixed assets of the Company including Land and Buildings, and also pledge of certain investments held by other company.	687.477	1,374.977
(c) Foreign Currency External Commercial Borrowings secured by charge on specific fixed deposit with bank.	-	1,571.500
(d) Secured by hypothecation of maturing stock held in overseas branch and charge on certain fixed assets including Land and Building and pledge of certain investments held by the other companies.	2,109.500	1,646.300
(e) Secured by a charge on certain fixed assets of the Company including Land and Building, pledge of shares held by the USL Benefit Trust and hypothecation of certain Trademarks of the Company.	12,515.056	12,844.556
(f) Secured by a charge on certain fixed assets of the Company.	664.500	-
(g) Secured by a charge on fixed and floating securities over the group's assets including a pledge on Group's maturing stock and pledge over the share capital of subsidiary companies in United Kingdom.	22,992.610	21,888.532
(h) Secured by charge on property.	235.915	249.385
(i) Secured by fixed assets and inventory.	288.420	379.386
(j) Secured by guarantee of the holding company.	3,791.000	-
(ii) Secured by charge on certain fixed assets of the Company including land and building and hypothecation of inventories (except those held outside India), book debts and other current assets.		
(iii) Secured against assets acquired under lease agreements.		
4. UNSECURED LOANS		
Fixed Deposits	5,358.220	2,201.785
[Repayable within one year Rs. 2,338.839 Million (2010: Rs. 709.807 Million)]		
Long term loan from a bank	750.000	750.000
Short term loan from banks	4,720.000	3,270.001
[Repayable within one year Rs. 4,099.722 Million (2010: Rs. 3,270.001 Million)]		
From Others	63.064	63.064
Inter Corporate Deposit [Schedule 19 Note 9]	75.592	75.592
[Including interest accrued and due Rs. 40.592 Million (2010: Rs. 40.592 Million)]		
	10,966.876	6,360.442

Consolidated financial Statement

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

5. FIXED ASSETS

GROSS BLOCK							DEPRECIATION				NET BLOCK		Rs. Million
	2010	Translation Adjustments	On Amalgamation (Note 4)	Additions	Deletion/ Adjust-ments	2011	2010	Translation Adjustments	On Amalgamation (Note 4)	For the year	2011	2010	
Tangible													
Land (Note 1 below)													
Freehold	2,643,568	80,546	474,600	0,065	-	3,198,779	-	-	-	-	-	3,198,779	2,643,568
Leasehold	185,608	(73,345)	-	-	-	112,263	-	-	-	-	-	112,263	185,608
Buildings (Notes 2 and 3 below)	4,954,725	148,333	80,038	716,712	36,338	5,863,470	1,093,115	(74,139)	5,667	247,623	1,254,898	4,608,573	3,861,610
Plant and Machinery	9,177,728	220,056	248,750	1,387,703	231,704	10,802,533	4,375,841	246,640	42,012	515,606	5,036,045	5,766,488	4,801,887
Furniture and Fixtures and Office Equipments :													
Finance Lease	21,398	(0,618)	-	-	13,756	7,024	14,274	(1,133)	-	4,004	3,389	3,635	7,124
Others	1,123,292	(190,909)	6,630	139,375	6,989	1,071,399	516,415	(46,621)	1,615	112,751	579,139	492,260	606,877
Vehicles :													
Finance Lease	16,617	-	-	-	0,839	15,778	9,168	-	-	3,578	11,907	3,871	7,449
Others	165,045	31,020	30,887	25,342	18,607	233,687	157,447	(8,114)	8,471	18,947	161,764	71,923	7,598
Aircraft	186,290	-	-	-	-	186,290	48,035	-	-	12,851	60,886	125,404	138,255
Intangible													
Trademark, Formulae and License	337,343	220,707	-	0,206	10,906	547,350	81,643	83,378	-	9,252	168,498	378,852	255,700
Franchisee Rights	4,932,988	-	-	-	-	4,932,988	197,320	-	-	98,660	295,980	4,637,008	4,735,668
	23,744,602	435,790	840,905	2,269,403	319,139	26,971,561	6,493,258	200,011	57,765	1,023,272	7,572,506	19,399,055	17,251,344
2010	22,919,456	(743,972)	182,535	2,212,274	825,691	23,744,602	6,649,966	(416,281)	27,818	950,202	718,453	6,493,258	
Capital Work-in-Progress (including Advances)												1,290,905	942,714
												20,689,960	18,194,058

Notes:

- The Company is in the process of registering certain freehold and leasehold land in its own name.
- Cost of buildings includes the following payments made for the purpose of acquiring the right of occupation of Mumbai godown space:
 - 660 equity shares (unquoted) of Rs. 100 each fully paid in Shree Madhu Industrial Estate Limited Rs. 0.066 Million (2010: Rs. 0.066 Million). Application has been made for duplicate share certificates and the same is in the process.
 - 199,6% Debentures (unquoted) of Rs. 1,000 each fully paid in Shree Madhu Industrial Estate Limited Rs. 0.199 Million (2010: Rs. 0.199 Million). Application has been made for duplicate debenture certificate and the same is in the process.
 - Deposit with Shree Madhu Industrial Estate Limited Rs. 0.132 Million (2010 : Rs. 0.132 Million).
- Include value of fully paid shares Rs. 0.006 Million (2010: Rs. 0.006 Million) held in Co-operative Housing Societies.
- Includes additions/deletions (Gross Block) and depreciation of the transferor company for the year ended March 31, 2010 [Schedule 19 Note 2(A)].

Consolidated Financial Statement

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

	2011	Rs. Million 2010
6. INVESTMENTS		
CURRENT		
Unquoted Investments		
Units (Fully Paid)		
Mutual funds Investments	23.365	22.198
Other	150.000	-
Total Current Investments	173.365	22.198
LONG TERM		
Quoted Investments		
A. Trade		
Fully Paid Equity Shares	87.268	0.532
B. Non-Trade		
Fully Paid Equity Shares	4.147	4.147
	91.415	4.679
Units (Fully Paid) (Note 1)	8.374	4.066
Total Quoted Investments (A+B)	99.789	8.745
Unquoted Investments		
C. Trade		
Fully paid Equity Shares	14.187	13.584
Associates**	61.540	12.567
Add: Accumulated Profits/ (Losses) of Associates (net of dividend received)	(26.346)	(12.567)
	35.194	-
<i>** Including Goodwill on acquisition of Associates Rs. 3.518 Million (2010: Rs. 3.518 Million) and Capital Reserve of Rs. 81.001 Million (2010: Nil)</i>		
	49.381	13.584
D. Non-Trade		
In Government Securities	0.200	0.200
In Fully Paid Debentures	0.048	0.048
Fully Paid Equity Shares	10.838	9.988
	11.086	10.236
E. Others (Note 2)	1,238.109	1,238.109
Total Unquoted Investments (C+D+E)	1,298.576	1,261.929
Total Long Term Investments (A+B+C+D+E)	1,398.365	1,270.674
Total Current and Long Term Investments	1,571.730	1,292.872
Less: Provision for diminution in the value of Investments	27.513	27.513
Total	1,544.217	1,265.359
Aggregate Value of Quoted Investments		
- Book Value	99.789	8.745
- Market Value	143.778	94.141
Aggregate book value of Unquoted Investments	1,444.428	1,256.614
Additions during the year	129.458	6.951
Taken over on amalgamation	150.000	-
Sold during the year	0.600	8,212.572

Notes:

- Investments in units of Unit Trust of India represent those made under Rule 3A of the Companies (Acceptance of Deposit) Rules, 1975.
- Rs. 41.140 Million (2010: Rs. 41.140 Million) pertaining to 72,416,505 (2010: 72,416,505) Equity Shares of SWBL whose beneficial ownership vested with SWFSL are kept with escrow agent in view of court order. Pursuant to a scheme of amalgamation, such beneficial interest are held in trust by the trustee of SWFSL benefit trust for the benefit trust for the benefit of SWBL.

Consolidated Financial Statement
Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

	2011	Rs. Million 2010
7. INVENTORIES		
Raw Materials including materials in transit	1,285.100	1,279.345
Packing Materials, Stores and Spares	1,539.573	1,040.209
Finished goods including goods in transit	4,111.096	3,377.668
Work-in-Progress	14,232.427	11,765.257
	<u>21,168.196</u>	<u>17,462.479</u>
8. SUNDRY DEBTORS		
(Unsecured)		
Exceeding six months:		
Considered Good	208.017	143.397
Considered Doubtful	157.127	126.941
	<u>365.144</u>	<u>270.338</u>
Others: Considered Good	14,617.109	13,257.821
	<u>14,982.253</u>	<u>13,528.159</u>
Less: Provision for Doubtful debts	157.127	126.941
	<u>14,825.126</u>	<u>13,401.218</u>
9. CASH AND BANK BALANCES		
Cash on Hand	4.928	5.472
Remittance in Transit/ Cheques on Hand	4.744	20.805
Balances with Scheduled Banks:		
On Current Accounts [Notes (i) and (ii)]	4,914.373	3,145.214
On Unpaid Dividend Account	19.502	17.330
On Deposit Accounts [Note (iii) to (vi)]	1,426.417	4,497.486
	<u>6,369.964</u>	<u>7,686.307</u>
Notes:		
(i) includes Rs. 28.199 Million (2010: Rs. 28.389 Million) in Exchange Earners Foreign Currency (EEFC) Account and Rs. 7.862 Million (2010: Rs. 13.575 Million) in Foreign Currency		
(ii) includes Nil (2010: Rs. 1,571.500 Million) pledged against a foreign currency loan.		
(iii) (a) includes Rs. 0.464 Million (2010: Rs. 0.464 Million) pledged with Government Departments.		
(b) includes Rs. 1.300 Million (2010: Rs. 1.450 Million) as margin.		
(iv) includes Nil (2010: Rs. 133.926 Million) pledged as Security against loan from a bank.		
(v) includes Rs. 162.070 Million (2010: Nil) held in a Escrow account towards acquisition of Pioneer Distilleries Limited.		
(vi) Refer Schedule 19 Note 7 (c).		
10. OTHER CURRENT ASSETS		
(Unsecured Considered Good except otherwise stated)		
Income accrued on Investments, Deposits, Loans and Advances	129.549	58.961
Other Deposits - Considered Good	3,072.715	3,155.326
- Considered Doubtful	13.697	13.197
Fixed assets held for sale	4.756	4.873
	<u>3,220.717</u>	<u>3,232.357</u>
Less: Provision for Doubtful Deposits	13.697	13.197
	<u>3,207.020</u>	<u>3,219.160</u>

Consolidated Financial Statement

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd.)

	2011	Rs. Million 2010
11. LOANS AND ADVANCES		
(Unsecured, considered good except where otherwise stated)		
Advances recoverable in cash or in kind or for value to be received:		
Loans and Advances to Tie-up units - Considered Good	2,523.636	2,312.291
- Considered Doubtful	21.519	21.519
Advances Income Tax (Net of Provisions)	1,454.698	1,257.363
Taxes and Duties Paid	1,038.835	831.285
Other Advances - Considered Good	11,254.904	3,319.670
- Considered Doubtful	1,021.998	747.477
	<u>17,315.590</u>	<u>8,489.61</u>
Less: Provision for Doubtful Advances	1,043.517	768.996
	<u>16,272.073</u>	<u>7,720.609</u>
12. CURRENT LIABILITIES AND PROVISIONS		
A. Liabilities		
Acceptances*	1,378.616	1,115.281
Sundry Creditors	13,304.384	10,280.020
Dues to Directors	62.652	51.620
Investors Education and Protection Fund [Schedule 19 Note 8]		
Unclaimed Debentures	0.001	0.001
Unclaimed Dividends	19.409	18.998
Unclaimed Fixed Deposits	53.819	13.678
Security Deposit	128.043	121.624
Advances Received from Customers	323.561	362.981
Interest accrued but not due	1,683.734	1,965.905
Other Liabilities	1,376.536	866.206
	<u>18,330.755</u>	<u>14,796.314</u>
* Bills drawn against inland letters of credit of Rs. 1,055.713 Million (2010: Rs. 1,115.281 Million) and secured by a charge on debtors, inventories and other current assets.		
B. Provisions		
Proposed Dividend		
Equity Shares - Final	324.574	304.826
Corporate Tax on Proposed Dividend	54.309	52.149
Fringe Benefit Tax (Net of Payments)	1.507	4.514
Provision - Others	43.008	28.297
Onerous Lease Provision [Schedule 19 Note 17]	521.530	1,002.175
Employee Benefits	825.938	1,455.618
	<u>1,770.866</u>	<u>2,847.579</u>
13. MISCELLANEOUS EXPENDITURE		
Expenditure Incurred for Raising Borrowed Funds		
As per the last Balance Sheet	448.123	733.307
Add : Additions during the year	76.136	-
	<u>524.259</u>	<u>733.307</u>
Less : Amortisation during the year	99.820	267.286
	<u>424.439</u>	<u>466.021</u>
Less: Translation Adjustments	(23.208)	17.898
	<u>447.647</u>	<u>448.123</u>

Consolidated Financial Statement

Schedules forming part of Profit and Loss Account for the year ended March 31, 2011

	2011	2010
14. OTHER INCOME		
Income from Investments:		
Dividend income from other investments (Gross)	19.197	10.824
Lease Rent	151.117	270.528
Profit on Sale of Fixed Assets (Net)	191.756	24.927
Profit on Sale of Investments	0.202	-
Liabilities no longer required written back	95.718	163.662
Bad debts/ Advances recovered	0.093	0.161
Scrap Sales	242.920	222.617
Insurance Claims	5.303	2.850
Provision for Onerous Lease written back	531.612	-
Miscellaneous	197.797	153.152
	<u>1,435.715</u>	<u>848.721</u>
15. MATERIALS		
Raw Materials Consumed	18,341.604	14,183.696
Purchase of Finished Goods	7,784.988	5,494.544
Packing Materials Consumed	15,433.721	11,840.227
Movement in Stocks		
Opening Stock:		
Work-in-Progress	11,765.257	11,861.333
Finished Goods	3,377.668	3,320.363
	<u>15,142.925</u>	<u>15,181.696</u>
Add :Stocks of the Transferor Companies as on April 1, 2010 [Schedule 19 Note (2A)]		
Work-in-Progress	29.356	-
Finished Goods	80.001	-
	<u>109.357</u>	<u>-</u>
Closing Stock:		
Work-in-Progress	14,232.427	11,765.257
Finished Goods	4,111.096	3,377.668
	<u>18,343.523</u>	<u>15,142.925</u>
(Increase)/ Decrease in Stocks	(3,091.241)	38.771
Excise Duty on Opening/Closing Stock of Finished Goods (Net)	57.631	221.174
	<u>38,526.703</u>	<u>31,778.412</u>

Consolidated Financial Statement

Schedules forming part of Profit and Loss Account for the year ended March 31, 2011 (Contd.)

	2011	Rs. Million 2010
16. MANUFACTURING AND OTHER EXPENSES		
Employee Cost:		
Salaries, Wages and Bonus	4,506.322	4,162.998
Contribution to Provident and Other Funds	809.360	435.929
Workmen and Staff Welfare	186.233	134.298
Actuarial Loss/ (Gain) on Pension	<u>(877.502)</u>	<u>576.529</u>
	4,624.413	5,309.754
Direct Expenses on IPL Franchise	436.191	718.393
Power and Fuel	590.568	582.724
Stores and Spares Consumed	195.124	115.032
Repairs and Maintenance:		
Buildings	249.536	66.001
Plant and Machinery	218.448	221.142
Others	145.075	176.463
Rent	803.998	461.231
Rates and Taxes	572.768	539.397
Insurance	128.874	137.854
Travelling and Conveyance	565.432	613.410
Legal and Professional	797.815	810.488
Freight Outwards	1,845.543	1,280.669
Advertisement and Sales Promotion	8,697.015	6,803.122
Commission on Sales	445.976	452.006
Royalty/ Brand Fee/ Trade Mark Licence Fees	-	58.269
Cash Discount	711.383	557.477
Sales Tax	245.566	246.812
Fixed Assets Written Off	0.247	0.173
Directors' Remuneration:		
Sitting Fee	2.248	2.386
Commission	62.210	51.178
Bad Debts and Advances Written Off	53.467	49.747
Provision for Doubtful Debts/ Advances / Deposits (Net)	302.343	230.228
Provision for Onerous Lease	-	230.876
Provision for Diminution in Value of Investments	-	26.634
Research and Development	54.298	36.308
Others:		
Personnel and Administration	481.113	402.942
Selling and Distribution	1,040.107	985.797
Miscellaneous	<u>440.602</u>	<u>362.848</u>
	23,710.360	21,529.361
17. INTEREST AND FINANCE CHARGES		
Interest on:		
Fixed Loans	3,492.833	3,739.372
Others Loans	1,763.912	1,469.209
Amortisation of Expenditure Incurred for Raising Borrowed Funds	99.820	267.286
Finance Charges (including Bill discounting charges)	<u>218.398</u>	<u>711.448</u>
	5,574.963	6,187.315
Less: Interest Income:		
On Investments	7.957	6.308
On Deposits and Other Accounts (Gross)	574.848	111.915
[Tax Deducted at Source Rs. 40.714 Million (2010: Rs. 5.150 Million)]		
On Income Tax Refunds	<u>7.441</u>	<u>0.206</u>
	4,984.717	6,068.886

18. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Consolidated Financial Statements

The Consolidated Financial Statements relate to United Spirits Limited (the Company) and its subsidiaries and associates (the Group). The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements and AS 23 on Accounting for Investments in Associates in Consolidated Financial Statement as specified in the Companies (Accounting Standard) Rules, 2006, and the relevant provisions of the Companies Act, 1956 of India. The Consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

On occasion, a subsidiary company whose Financial Statements are Consolidated may issue its shares to third parties as either a public offering or private placement at per share amounts in excess of or less than the Company's average per share carrying value. With respect to such transactions, the resulting gains or losses arising from the dilution of interest are recorded as Capital Reserve/Goodwill. Gains or losses arising on the direct sale by the Company of its profit and loss account. Such gains or losses are the difference between the sale proceeds and the net carrying value of the investments.

2. Subsidiary and Associate Companies considered in the Consolidated Financial Statements:

(A) Subsidiary Companies:

SI No.	Name of the Company	Country of Incorporation	Proportion of ownership interest (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest(%)	
			2011	2010	2011	2010
1	Asian Opportunities & Investments Limited (AOIL)	Mauritius	100	100	-	-
2	United Spirits Nepal Private Limited	Nepal	82.47	82.47	-	-
3	Ramanretti Investments & Trading Ltd. (RITL)	India	100	100	-	-
4	Shaw Wallace Breweries Limited (SWBL)	India	100	100	-	-
5	Palmer Investment Group Ltd.(PIG)	British Virgin Islands	100	100	-	-
6	RG Shaw & Company Ltd. (RGSC)	U.K.	100	100	-	-
7	Shaw Scott & Company Ltd. (SSC)	U.K.	100	100	-	-
8	Shaw Darby & Company Ltd. (SDC)	U.K.	100	100	-	-
9	Tern Distilleries Private Limited (Tern)	India	100	100	-	-
10	Thames Rice Milling Company Limited (TRMC)	U.K.	100	100	-	-
11	Shaw Wallace Overseas Limited (SWOL)	U.K.	100	100	-	-
12	JIHL Nominees Limited(JIHL)	Jersey Islands	100	100	-	-
13	Montrose International S.A (MI)	Panama	100	100	-	-
14	USL Holdings Limited (UHL)	British Virgin Islands	100	100	-	-
15	Spring Valley Investments Holding Inc. (SVIH)(i)	British Virgin Islands	-	100	-	-

Consolidated Financial Statement

Schedules forming part of account for the year ended March 31, 2011 (Contd.)

(A) Subsidiary Companies: (Contd.)

Sl No.	Name of the Company	Country of Incorporation	Proportion of owner-ship interest (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest(%)	
			2011	2010	2011	2010
16	USL Holdings (UK) Limited (UHUKL)	U.K	100	100	-	-
17	United Spirits (UK) Limited (USUKL)	U.K	100	100	-	-
18	United Spirits (Great Britain) Limited (USGBL)	U.K	100	100	-	-
19	Four Seasons Wines Limited (FSWL)	India	51	51	-	-
20	United Vintners Limited (UVL)	India	100	100	-	-
21	United Alcobev Limited (UAL)	India	100	100	-	-
22	McDowell Beverages Limited (MBL)	India	100	100	-	-
23	McDowell (Scotland) Limited (MSL)	Scotland	100	100	-	-
24	Bouvet Ladubay S.A.S (BL)	France	100	100	-	-
25	Chapin Landias S.A.S (CL)	France	100	100	-	-
26	Herbertsons Limited (HL)(i)	India	-	100	-	-
27	Daffodils Flavours & Fragrances Private Limited (DFFPL)	India	100	100	-	-
28	Jasmine Flavours and Fragrances Private Limited	India	100	100	-	-
29	Royal Challengers Sports Private Limited	India	100	100	-	-
30	McDowell and Company Limited	India	100	100	-	-
31	Liquidity Inc.	USA	51	51	-	-
32	USL Shanghai Trading Company Limited (USLS)	China	100	100	-	-
Whyte and Mackay Group						
33	Whyte and Mackay Group Limited	U.K	100	100	-	-
34	Bruce & Company (Leith) Limited	U.K	100	100	-	-
35	Charles Mackinlay & Company Limited	U.K	100	100	-	-
36	Dalmore Distillers Limited	U.K	100	100	-	-
37	Dalmore Whyte & Mackay Limited	U.K	100	100	-	-
38	Edinburgh Scotch Whisky Company Limited	U.K	100	100	-	-
39	Ewen & Company Limited	U.K	100	100	-	-
40	Fettercairn Distillery Limited	U.K	100	100	-	-
41	Findlater Scotch Whisky Limited	U.K	100	100	-	-
42	Glavya Liqueur Limited	U.K	100	100	-	-
43	Glentalla Limited	U.K	100	100	-	-
44	GPS Realisations Limited	U.K	100	100	-	-
45	Grey Rogers & Company Limited	U.K	100	100	-	-
46	Hay & MacLeod Limited	U.K	100	100	-	-
47	Invergordon Distillers (Holdings) Limited	U.K	100	100	-	-
48	Invergordon Distillers Group Limited	U.K	100	100	-	-
49	Invergordon Distillers Limited	U.K	100	100	-	-
50	Invergordon Gin Limited	U.K	100	100	-	-
51	Isle of Jura Distillery Company Limited	U.K	100	100	-	-
52	Jarvis Halliday & Company Limited	U.K	100	100	-	-

Consolidated Financial Statement
Schedules forming part of account for the year ended March 31, 2011 (Contd.)

(A) Subsidiary Companies: (Contd.)

SI No.	Name of the Company	Country of Incorporation	Proportion of owner-ship interest (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest(%)	
			2011	2010	2011	2010
53	John E McPherson & Sons Limited	U.K	100	100	-	-
54	Kensington Distillers Limited	U.K	100	100	-	-
55	Kyndal Spirits Limited	U.K	100	100	-	-
56	Leith Distillers Limited	U.K	100	100	-	-
57	Loch Glass Distilling Company Limited	U.K	100	100	-	-
58	Longman Distillers Limited	U.K	100	100	-	-
59	Lycidas (437) Limited	U.K	100	100	-	-
60	Pentland Bonding Company Limited	U.K	100	100	-	-
61	Ronald Morrison & Company Limited	U.K	100	100	-	-
62	St Vincent Street (437) Limited	U.K	100	100	-	-
63	Tamnavulin-Glenlivet Distillery Company Limited	U.K	100	100	-	-
64	TDL Realisations Limited	U.K	100	100	-	-
65	The Sheep Dip Whisky Company Limited	U.K	100	100	-	-
66	W & S Strong Limited	U.K	100	100	-	-
67	Watson & Middleton Limited	U.K	100	100	-	-
68	Whyte & Mackay Distillers Limited	U.K	100	100	-	-
69	William Muir Limited	U.K	100	100	-	-
70	WMB Realisations Limited	U.K	100	100	-	-
71	Whyte and Mackay Property Limited	U.K	100	100	-	-
72	Whyte and Mackay de Venezuela CA	Venezuela	100	100	-	-
73	KI Trustees Limited	U.K	100	100	-	-
74	Wauchope Moodle & Company Limited	U.K	100	100	-	-
75	Whyte and Mackay Limited	U.K	100	100	-	-
76	Whyte and Mackay Warehousing Limited	U.K	100	100	-	-
77	Whyte and Mackay Holdings Limited	U.K	100	100	-	-

(B) Associate Companies (Note 4 below)

SI No.	Name of the Company	Country of Incorporation	Proportion of owner-ship interest (%)	
			2011	2010
1	Wine Soc of India Private Limited	India	25.48	20.47
2	Sovereign Distilleries Limited	India	41.54	Nil

Note:

- (i) During, the year, ceased to be wholly owned subsidiary of the Company.

3. Principles of Consolidation

These Consolidated Financial Statements have been prepared by consolidation of the Financial Statements of the Company and its subsidiaries on a line-by-line basis after fully eliminating the inter-Company transactions.

4. Accounting for Investment in Associates

a) Accounting for Investments in Associate Companies has been carried out under the Equity Method of accounting prescribed under AS 23 wherein Goodwill/Capital Reserve arising at the time of acquisition and the Group's share of profits or losses after the date of acquisition have been adjusted in the investment value.

b) U B Distilleries Limited (UBDL)

UBDL, which was an associate company of erstwhile HL in view of significant influence, ceased its operations in 2003-04, consequent to the order of the Hon'ble Supreme Court of India vesting the distillery unit with the state of Bihar. Since the Company does not have any investment /significant influence in UBDL, the same has not been accounted for as an associate in these Consolidated Financial Statements under the Equity Method.

5. Basis of presentation of Financial Statements

The Consolidated Financial Statements of the Group have been prepared under historical cost convention, except as otherwise stated, in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006, and the relevant provisions of the Companies Act, 1956 of India.

6. Fixed Assets

(a) Fixed assets are stated at their original cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets concerned, except amounts adjusted on revaluation and amalgamation. Interest on borrowings attributable to qualifying assets are capitalised and included in the cost of fixed assets as appropriate.

(b) The costs of Fixed Assets acquired in amalgamations are determined at their fair values, on the date of acquisition or nearer thereto, or as approved under the schemes of amalgamation.

(c) Assets held for disposal are stated at their net book value or estimated net realisable values, whichever is lower.

(d) Goodwill on consolidation represents the difference between the Company's share in the net worth of a subsidiary and cost of acquisition at each point of time of making the investment in the subsidiary. Negative goodwill is shown separately as Capital Reserve on consolidation.

(e) Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation.

7. Leases

Assets acquired under Leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired on leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

Income from operating leases is credited to profit and loss account on a straight line basis over the lease term.

8. Depreciation and Amortisation

- a) Depreciation is provided on the Straight Line Method, including on assets revalued, at rates prescribed in Schedule XIV to the Companies Act, 1956 (Schedule XIV) of India except for the following, which are based on Management's estimate of useful life of the assets concerned:

- i) Computers, Vehicles and Aircrafts over a period of three, five and eleven years respectively;
- ii) In respect of certain items of Plant and Machinery for which separate rates are prescribed in Schedule XIV based on the number of shifts, depreciation is provided for the full year on triple shift basis;
- iii) In respect of fixed assets of Whyte and Mackay Group, depreciation is provided based on Management estimate of useful lives of the assets concerned as below:

Buildings	50 years
Plant and Machinery	10 to 20 years
Vehicles	4 years
Computers	3 years

Also refer Note 5 (b) on Schedule 19

- b) Fixed assets acquired on amalgamation, over the remaining useful life computed based on rates prescribed in Schedule XIV, as below:

Buildings – Factory	1 to 30 years
-Non Factory	1 to 54 years
Plant & Machinery	1 to 20 years
Vehicles	1 to 4 years
Computers	1 to 2 years

- c) Assets taken on finance lease are depreciated over their estimated useful life or the lease term, whichever is lower.
- d) Leasehold Land are not amortised.
- e) Goodwill arising on amalgamation is charged to the Profit and Loss Account in the year of amalgamation.
- f) Goodwill arising on Consolidation is not amortised.
- g) Leasehold improvements are amortised over the period of lease.
- h) Intangible assets are amortised, on a straight line basis, commencing from the date the asset is available for its use, over their respective individual estimated useful lives as estimated by the Management:

Trademark , formulae and License	10 Years
Franchise Rights in Perpetuity	50 Years (Refer Schedule 19 Note 3)

9. Impairment

Impairment loss, if any, is provided to the extent the carrying amounts of assets exceed their recoverable amounts.

Recoverable amount is higher of the net selling price of an asset and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

10. Investments

Long-term Investments are stated at cost to the Company. Provision for diminution in the value is made to recognise a decline, other than temporary, in the value of long-term investments.

Current investments are valued at cost or market value, whichever is less.

11. Inventories

Inventories are valued at lower of cost and net realisable value. The costs are, in general, ascertained under Weighted Average Method. Finished goods and Work-in-Progress include appropriate manufacturing overheads and borrowing costs, as applicable. Excise / Customs duty payable on stocks in bond is added to the cost. Due allowance is made for obsolete and slow moving items.

12. Revenue Recognition

Sales are recognised when goods are despatched from distilleries/ warehouses of the Company in accordance with the terms of sale except where such terms provide otherwise, where sales are recognised based on such terms. Gross Sales are inclusive of excise duty but are net of trade discounts and sales tax, where applicable.

Income arising from sales by manufacturers under "Tie-up" agreements (Tie-up units) and income from brand franchise are recognised in terms of the respective contracts on sale of the products by the Tie-up units/ Franchisees. Income from brand franchise is net of service tax, where applicable.

Dividend income on investments are recognised and accounted for when the right to receive the payment is established.

13. Foreign Currency Transactions

Transactions in foreign currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Liabilities/ assets in foreign currencies are reckoned in the accounts as per the following principles:

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the enterprise's Financial Statements until the disposal of the net investment.

Exchange differences arising on reporting of long term foreign currency monetary items, with the exception of exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation, at rates different from those at which they were initially recorded during the period or reported in previous Financial Statements are accounted as below:

- (a) In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and

- (b) In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance period of such long term asset/liability but not beyond March 31, 2011.

Exchange differences in respect of all other monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/ losses arising there from are adjusted to the Profit and Loss Account, except those covered by forward contracted rates where the premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

Exchange differences 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.

For forward exchange contracts and other derivatives that are not covered by AS-11 'The Effects of Changes in Foreign Exchange Rates', the Company follows the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008 whereby for each category of derivatives, the Company records any net mark- to- market losses. Net mark-to-market gains are not recorded for such derivatives. [Also refer Schedule 19 Note 18].

Foreign Company:

In respect of overseas subsidiary companies, Income and Expenses are translated at average exchange rate for the year. Assets and Liabilities, both monetary and non-monetary, are translated at the year-end exchange rates. The differences arising out of translation are included in the foreign currency translation reserve. Any Goodwill or Capital Reserve arising on acquisition of non integral operation is translated at closing rate.

14. Employee Benefits

a) Defined-contribution plans

These are plans in which the Group pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund with the government, superannuation fund and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Group's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payments cover.

b) Defined-benefit plans

Gratuity:

The Group provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. Liability with regard to gratuity plan is accrued based on actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

Pension:

Whyte and Mackay Group operates and contributes in a defined benefit pension scheme (the Pension Plan). Liability with regard to Pension Plan is accrued based on actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

Provident Fund:

Group's Provident Funds administered by trusts set up any company in the Group where the company's obligation is to provide the agreed benefit to the employees and the actuarial risk and investment risk fall, in substance, on the company, are treated as a defined benefit plan. Liability with regard to such provident fund plans are accrued based on actuarial valuation, based on Projected Unit Credit Method, carried out by an independent actuary at the balance sheet date. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

Death Benefit:

Death Benefit payable at the time of death is actuarially ascertained at the year-end and provided for in the accounts.

c) Other long term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on an actuarial valuation.

d) Short term employee benefits:

Undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences (e.g., paid annual leave), performance incentives, etc.

15. Expenditure on account of Voluntary Retirement Scheme

Expenditure on account of Voluntary Retirement Scheme of employees is expensed in the period in which it is incurred.

16. Research and Development

Revenue expenditure on research and development is charged to Profit and Loss Account in the period in which it is incurred. Capital Expenditure is included as part of fixed assets and depreciated on the same basis as other fixed assets.

17. Taxes on Income

Provision for income tax comprises current taxes and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the period in accordance with the applicable laws.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable / virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

18. Earnings/ (Loss) per Share (EPS)

Basic EPS is arrived at based on Net Profit after Taxation available to equity shareholders to the weighted average number of equity shares outstanding during the year. The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

19. Provisions

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

Onerous Lease Provision:

When a leasehold property ceases to be used in the business or a commitment is entered into which would cause this to occur, provision is made for the entire amount by which the recoverable amount of interest in the property is expected to be insufficient to cover future obligations relating to the lease.

20. Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and, to the extent not provided for, are disclosed by way of notes on the accounts.

21. Share issue expenses

Share issue expenses incurred are adjusted to the Securities Premium Account as permitted by Section 78(2) of the Companies Act, 1956.

22. Expenditure

Expenses are net of taxes recoverable, where applicable.

23. Government grants

Government grants related to revenue expenses are recognised on a systematic basis in the profit and loss account over the periods necessary to match them with the related costs which they are intended to compensate.

24. Miscellaneous Expenditure (to the extent not written off)

Expenditure incurred for raising borrowed funds represents ancillary costs incurred in connection with the arrangement of borrowings and is amortised over the tenure of the respective borrowings. Amortisation of such Miscellaneous Expenditure is included under Interest and Finance charges.

25. 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.

19. NOTES ON ACCOUNTS

1. Contingent Liabilities

	2011	Rs. Million 2010
a) Guarantees given by the Company's bankers for which Counter Guarantees have been given by the Company	217.832	172.755
b) Disputed claims against the Company not acknowledged as debts, currently under appeal/ sub judice:		
(i) Excise demands for excess wastages and distillation losses	235.882	191.219
(ii) Other miscellaneous claims	237.312	250.475
(iii) Income Tax demand (including interest) under appeal	2,541.946	2,478.300
(iv) Sales Tax demands under appeal in various states	705.070	557.912
c) Bills Receivable discounted – since fully settled	746.215	480.150
d) Claims from suppliers not acknowledged as debts	89.297	72.391

The Management is hopeful of succeeding in the above appeals/ disputes based on legal opinions / legal precedents.

2. A. (I) The rehabilitation scheme inter alia containing the scheme of arrangement between Balaji Distilleries Limited (BDL), Chennai Breweries Private Limited ('CBPL') and the Company (the Scheme) and their respective shareholders and creditors with April 01, 2009 as the appointed date has been approved by the Honourable Appellate Authority for Industrial and Financial Reconstruction (AAIFR), vide its order dated November 29, 2010. Upon necessary filing with the Registrar of Companies, the scheme has become effective on December 27, 2010 and the effect thereof have been given in these accounts. Consequently,

- a) In terms of the Scheme the entire business and undertaking of BDL, as a going concern (post transfer of the brewery division undertaking to its wholly owned subsidiary CBPL) ("Balaji") stands transferred to and vested in the Company with effect from April 1, 2009 being the Merger Appointed Date.
- b) In consideration of the amalgamation, the Company has issued 5,200,639 equity shares of Rs. 10/- each aggregating to Rs. 52.006 Million in the ratio of 2 (Two) fully paid up Equity shares of the face value of Rs. 10/- each of the Company for every 55 (Fifty Five) fully paid up equity shares of Rs. 10/- each held in BDL.

Pursuant to the scheme, the Authorised 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. 2,250.000 Million, being the authorised 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.

(II) Accounting for Amalgamation :

The amalgamation of the Transferor Companies 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,

- a) All tangible asset and liabilities of the BDL at their respective fair Values.

19. NOTES ON ACCOUNTS (Contd.)

- b) Rs. 325.404 Million being the difference between the value of net assets of the Transferor Companies transferred to the company (determined as stated above) and the face value of equity shares allotted in BDL is adjusted to General Reserve of the Company. This accounting treatment of the reserve has been prescribed in the Scheme and approved by AAIFR. Had the scheme not prescribed this treatment, this amount would have been debited to Goodwill, which would have been charged to the profit & loss account as per the accounting policy of the Company having corresponding impact on the results for the year ended March 31, 2011.
- c) From April 01, 2009 BDL had carried out the business of Balaji in trust on behalf of the Company. Accordingly, Profit for the year ended March 31, 2010 of the Balaji after making the following adjustments have been added to the Profit and Loss Account:

	Rs. Million
Profit/(Loss) After taxation for the year ended March 31, 2010 as per audited accounts audited by the auditors of BDL	(53.572)
Less: Profit/(Loss) Transferred to CBPL	(70.156)
Profit after Taxation relating to BDL for the year ended March 31, 2010	16.584
Amalgamation Adjustments	(12.554)
Amount Transferred to Profit and Loss Account on Amalgamation	4.030

- d) Pursuant to the Scheme, the bank accounts, agreements, licences and certain immovable properties are in the process of being transferred in the name of the company.

B. The Board of Directors of the erstwhile Central Distilleries & Breweries Limited (CDBL) (amalgamated with erstwhile Shaw Wallace Distilleries Ltd.(SWDL), which was amalgamated with the Company in an earlier year) on April 29, 1986 decided to issue 134,700 Equity Shares of Rs. 10 each, the allotment whereof was stayed by the Hon'ble High Court of Delhi on September 13, 1988. The Hon'ble High Court of Delhi had vacated its order and has ordered to keep in abeyance the allotment on 72,556 shares and the matter is sub-judice. The holders, in exchange of these shares will be entitled to 17,776 equity shares of Rs. 10 each of the Company pursuant to a Scheme of Arrangement. Necessary adjustments in this respect will be carried out on disposal of the matter pending before the aforesaid Court.

3. (a) The Group through Royal Challengers Sports Private Limited, a subsidiary Company, holds the perpetual right to the Bangalore Franchise of BCCI-IPL. Although this right is perpetual it would be prudent to consider this as having a 'finite' rather than an 'infinite' life. The limited over version of the game of cricket which was first introduced in 1970s is continuing even now after 38 years and an even shorter version (20 over) has only recently being introduced and is more popular than the 50 over format. The Management has held discussion internally as well as with other experts in the field on the subject of useful life and the period of amortisation.

Although the Management regards the useful life as indefinite, as a measure of prudence a useful life of 50 years is considered as appropriate and the rights are amortised over 50 years having regard to the following factors:

- The game of cricket has been in existence for over 100 years and there is no indication of interest in the game and the commercial prospects waning.
- The shorter version of the game is increasingly popular.
- The commercial exploitation of the shorter version is on an increasing scale and is expected to reach the scale which other games like soccer have reached.

19. NOTES ON ACCOUNTS (Contd.)

- This industry (cricket) is, therefore, highly stable and the market demand for this game is likely to remain for more than 50 years with its spread to many countries.
- IPL and its teams have acquired brand status and teams are not identified with countries or geographies but with brand names.
- The franchisees have the intent and ability to provide the necessary financial and other resources required to obtain the expected future economic benefits from this for atleast 50 years

The carrying value of the capitalized Rights would be assessed for impairment at every Balance Sheet Date.

The carrying amount of Franchise Rights as at March 31, 2011 is Rs. 4,637.008 Million (2010: Rs. 4,735.668 Million) to be amortised over the remaining period of 47 years (2010: 48 years).

Term liability towards franchisee rights at the year end aggregating to Rs. 3,296.182 Million (2010: Rs. 3,443.896 Million) is payable over a period of 7 years (2010: 8 years), of which Rs. 837.044 Million (2010: Rs. 492.379 Million) is payable within one year.

- (b) The governing bodies of this sport in India and globally, over a period of last 7 to 15 years have experienced an annualised growth of 19% to 35% in their Media/Central Rights. The Management believes that given the sheer appeal of this format, which has surpassed all expectations, an annualised growth of 20% from 2015 to 2025, a 15% annualized growth from 2026 to 2035 and a 4% annualised growth for the balance period of life. The Gate Receipts and Merchandising revenues are based on specific interventions designed to increase the same in the near to medium term, including geographical expansion in the case of Merchandising revenue, with a 5% - 7% inflation / premiumisation assumptions built in. The key assumption in Local Rights has been indexed to Central Rights. Based on the facts above, the Management believes that there is no impairment on the Franchise Rights.

Management has tested for impairment of Franchise Rights at the Balance Sheet date based on the cash flow projection using the above assumptions, which did not indicate any impairment.

4. Employee Benefits

a) Defined Contribution Plans

The Group offers its employees defined contribution plan in the form of Provident Fund (PF) with the government, Superannuation Fund (SF) and certain state plans such as Employees' State Insurance (ESI) and Employees' Pension Scheme (EPS). PF and EPS cover substantially all regular employees while the SF covers certain executives and the ESI covers certain workers. Contribution to SF is made to trust managed by the Group, while other contributions are made to the Government's funds. While both the employees and the Group pay predetermined contributions into the provident fund and the ESI Scheme, contributions into the pension fund and the superannuation fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Group has recognised the following amounts in the Profit and Loss Account, which are included in Contribution to Provident and other funds in Schedule 16:

	Rs. Million	
	2011	2010
Provident Fund and Employees' Pension Scheme*	99.452	66.701
Superannuation Fund	104.062	59.264
Employees' State Insurance	15.294	8.733
	<u>218.808</u>	<u>134.698</u>

*Excluding contribution to PF made to trusts managed by the Company

19. NOTES ON ACCOUNTS (Contd.)

b) Defined Benefit Plans

Gratuity:

The Group provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Group. The Group has employees' gratuity funds managed by the Group as well as by Insurance Companies.

Pension:

Whyte and Mackay Group operates and contributes in a defined benefit pension scheme, under which amounts are held in a separately administered trust.

Provident Fund:

For certain executives and workers of the Group, contributions are made as per applicable Indian laws towards Provident Fund to certain Trusts set up and managed by the Group, where the Company's obligation is to provide the agreed benefit to the employees and the actuarial risk and investment risk fall, in substance, on the Group. Having regard to the assets of the Fund and the return on the investments, shortfall in the assured rate of interest notified by the Government, which the Group is obliged to make good is determined actuarially.

Death Benefit:

The Company provides for Death Benefit, a defined benefit plan, (the Death Benefit Plan) to certain categories of employees. The Death Benefit Plan provides a lump sum payment to vested employees, on Death, of an amount based on the respective employee's last drawn salary and remaining years of employment with the Company after adjustments for any compensation received from the insurance Company and restricted to limits set forth in the said plan. The Death Benefit Plan is Non-Funded.

GROUP
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Consolidated Financial Statement

Schedules forming part of account for the year ended March 31, 2011 (Contd.)

19. NOTES ON ACCOUNTS (Contd.)

b) Defined Benefit Plans (Contd.)

2011											2010				Rs. Million
Particulars	Funded			Non-Funded			Funded			Non-Funded			Death-Benefit		
	Gratuity	Pension Fund	PF	Pension	Pension Fund	Death-Benefit	Gratuity	Pension Fund	PF	Gratuity	Pension Fund	Pension Fund			
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation															
Obligation at the beginning of the year	747,654	8,210,490	1,296,174	4,571	24,212	16,673	631,202	6,971,705	1,168,835	5,741	27,375	14,811			
On Amalgamation	35,540	-	-	-	-	-	-	-	-	-	-	-			
Contributions by plan participants	-	14,639	109,007	-	-	-	-	47,014	95,211	-	-	-			
Current service cost	46,548	55,843	81,615	0,305	3,843	1,769	34,334	82,903	39,895	(1,057)	2,585	1,862			
Interest cost	59,627	491,372	112,392	0,383	-	-	46,726	505,650	88,933	0,014	-	-			
Actuarial (gain)/ loss on obligations	143,134	(634,835)	-	0,917	-	-	71,922	2,050,336	-	(0,110)	-	-			
Past service cost - (vested benefits)	-	-	-	-	-	-	4,656	-	-	-	-	-			
Benefits paid	(78,258)	(365,334)	(139,291)	-	(5,254)	-	(39,371)	(805,489)	(96,700)	-	(5,748)	-			
Exchange Fluctuation	1,077	425,235	-	0,146	-	-	(1,815)	(641,630)	-	(0,017)	-	-			
Obligation at the end of the year	955,322	8,197,410	1,459,897	6,322	22,801	18,442	747,654	8,210,490	1,296,174	4,571	24,212	16,673			
B) Reconciliation of opening and closing balances of the fair value of plan assets															
Plan Assets at the beginning of the year	613,984	7,306,164	1,233,898	-	-	-	504,069	6,078,217	1,095,733	-	-	-			
On Amalgamation	27,298	-	-	-	-	-	-	-	-	-	-	-			
Contributions by plan participants	-	14,639	109,007	-	-	-	-	47,014	95,211	-	-	-			
Contributions by the Company	120,991	256,433	79,876	-	-	-	102,885	332,833	67,392	-	-	-			
Expected return on plan assets	60,886	486,374	100,695	-	-	-	42,539	379,390	90,295	-	-	-			
Actuarial gains / (losses)	(18,606)	47,131	(26,618)	-	-	-	(9,245)	1,565,945	(18,033)	-	-	-			
Reversal of Exit Loan	-	-	-	-	-	-	6,020	-	-	-	-	-			
Benefits paid	(78,258)	(487,373)	(139,291)	-	-	-	(39,371)	(520,051)	(96,700)	-	-	-			
Transfer from Other Trust	-	-	-	-	-	-	7,723	-	-	-	-	-			
Exchange Fluctuation	0,369	502,065	-	-	-	-	(0,635)	(577,184)	-	-	-	-			
Plan assets at the end of the year	726,664	8,125,433	1,357,567	-	-	-	613,984	7,306,164	1,233,898	-	-	-			
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 at the end of the year	955,322	8,197,410	1,459,897	6,322	22,801	18,442	747,654	8,210,490	1,296,174	4,571	24,212	16,673			
Fair value of plan assets at the end of the year	726,664	8,125,433	1,357,567	-	-	-	613,984	7,306,164	1,233,898	-	-	-			
Liability/ (Asset) Recognised in Balance Sheet	228,658	71,977	102,330	6,322	22,801	18,442	133,669	904,326	62,276	4,571	24,212	16,673			
[Included under Provisions in Schedule 12(B)]															
(Net Asset) Recognised in Balance Sheet -															
[Included under Loans and Advances in Schedule 11]															

19. NOTES ON ACCOUNTS (Contd.)

b) Defined Benefit Plans (Contd.)

2011											2010				Rs. Million
Particulars	Funded			Non-Funded			Funded			Non-Funded			Death-Benefit		
	Gratuity	Pension Fund	PF	Pension	Pension Fund	Death-Benefit	Gratuity	Pension Fund	PF	Gratuity	Pension Fund	Death-Benefit			
D) Expenses recognised in the Profit and Loss Account															
Current service cost	46.548	55.843	81.615	0.305	3.843	1.769	34.334	82.903	39.895	(1.057)	2.585	1.862			
Interest cost	59.627	491.372	112.392	0.383	-	-	46.726	505.650	88.933	0.014	-	-			
Expected return on plan assets	(60.886)	(486.374)	(100.695)	-	-	-	(42.539)	(379.390)	(90.295)	-	-	-			
Past service cost - vested benefits	-	-	-	-	-	-	4.656	-	-	-	-	-			
Actuarial (gains)/losses	161.740	(681.966)	26.618	0.917	-	-	81.768	484.391	18.033	(0.110)	-	-			
Total Expenses recognised in the Profit and Loss Account	207.029	(621.124)	119.930	1.605	3.843	1.769	124.345	693.554	56.566	(1.152)	2.585	1.862			
Included in:															
Contribution to Provident and Other Funds in Schedule 16	207.029	256.378	119.930	1.605	3.843	1.769	124.345	117.025	56.566	(1.152)	2.585	1.862			
Actuarial Gain on Pension Scheme in Schedule 16	-	(877.502)	-	-	-	-	-	576.529	-	-	-	-			
	207.029	(621.124)	119.930	1.605	3.843	1.769	124.345	693.554	56.566	(1.152)	2.585	1.862			
E) Investment details of plan assets				2011					2010						
Government securities		Gratuity		PF	Pension		Gratuity		PF	Pension					
Securities guaranteed by Government		-		34%	-		-		34%	-					
Public Sector / Financial Institutional Bonds		1%		-	-		-		-	-					
Special Deposit Scheme		-		29%	-		-		39%	-					
Fund balance with Insurance Companies		95%		19%	-		-		15%	-					
Others (including bank balances)		4%		18%	-		60%		-	-					
		100%		100%	-		100%		100%	-					
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 returns on matching government bonds.															
F) Actual return on plan assets															
G) Assumptions															
Discount Rate (per annum)		6%		6%	-		6%		6%	-					
Expected Rate of Return on Plan Assets		8.0%		8.1%	-		8.1%		8.1%	-					
Rate of increase in Compensation levels		9.25%		8.0%	-		8.0%		8.0%	-					
Average past service of employees (years)		5.0%		Not Applicable	-		5.0%		Not Applicable	-					
		13.6		Not Applicable	-		13.7		Not Applicable	-					
Mortality rates															
		LIC 1994-96 ultimate table		LIC 1994-96 ultimate table			LIC 1994-96 ultimate table		LIC 1994-96 ultimate table						
				Table PA00 year of birth - 117% loading for current pensioners and a 123% loading for future pensioners					Table PA00 year of birth - 117% loading for current pensioners and a 123% loading for future pensioners						

19. NOTES ON ACCOUNTS (Contd.)

b) Defined Benefit Plans (Contd.)

Particulars	2011			2010			2009			2008		
	Gratuity	Pension	PF	Gratuity	Pension	PF	Gratuity	Pension	PF	Gratuity	Pension	PF
H) Others (Funded)												
Present value of obligation	955.322	8,197.410	1459.897	747.653	8,210.490	1,296.174	630.701	6,971.707	1,168.838	539.162	7,700.334	1052.977
Present value of plan assets	726.664	8,125.433	1,357.567	613.984	7,306.164	1,233.898	504.068	6,078.218	1,091.734	438.144	8,214.975	973.462
Amount recognised in Balance sheet – Liability	228.658	71.977	102.330	133.669	904.326	62.276	126.633	893.489	77.104	101.018	(514.641)	79.515
Experience adjustments on Present value of obligation	(80.729)	-	-	(44.591)	-	7.506	(33.091)	-	(12.043)	(0.860)	-	-
Experience adjustments on Plan assets	(18.607)	-	(25.559)	(9.218)	-	32.413	(6.500)	-	59.034	(10.550)	-	12.287
H) Others (Non-funded)												
Present value of obligation	6.322	22.801	18.442	5.571	24.212	16.673	-	6.236	27.375	14.811	-	5.196
Present value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Amount recognised in Balance sheet – Liability	6.322	22.801	18.442	5.571	24.212	16.673	-	6.236	27.375	14.811	-	5.196

The estimates of future increase in compensation levels, 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.

As per the best estimate of the Management, contribution of Rs. 200 million is expected to be paid to the plan during the year ending March 31, 2012.

19. NOTES ON ACCOUNTS (Contd.)

5. Fixed Assets

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs. 717.612 Million (2010: Rs. 372.096 Million).
- b) In view of different sets of environment in which foreign subsidiaries operate in their respective countries, provision for depreciation is made to comply with local laws and use of Management estimate. It is practically not possible to align rates of depreciation of such subsidiaries with those of the Company. However on review, the Management is of the opinion that provision of such depreciation is adequate.

Accounting policies followed by Whyte and Mackay Group in respect of depreciation on fixed assets are different from accounting policies of the Company as mentioned in Note 8 (a)(iii) Schedule 18. The proportion of the fixed assets in the Consolidated Financial Statement to which different accounting policies have been applied are as below:

	2011		2010	
	Gross Block	Proportion%	Gross Block	Proportion%
Building	2,280.257	39%	2,086.920	42%
Plant & Machinery	5,492.758	51%	5,194.290	53%
Vehicles	20.818	8%	22.548	7%

6. Investments

The Board of CBPL, a wholly owned Subsidiary of the Company, at its meeting held on March 11, 2011 has considered and approved the amalgamation of CBPL into United Breweries Limited (UBL) with effect from close of business hours of March 31, 2011. Accordingly, the Company does not intend to carry out any operations in BDPL in the near future hence the investment has been excluded from consolidation.

7. Current Assets, Loans and Advances

- a) Loans and Advances include:
 - (i) An amount of Rs. 498.991 Million (2010: Rs. 733.982 Million) due from the Tie-up units secured by the assets of the Tie-up units and/or equity shares of the Tie-up units.
 - (ii) Rs. 3 Million (2010: Rs. 3 Million) being amount paid to BDA Limited (BDA) towards reassignment of certain Liquor Brands/ Trade Marks pursuant to a Memorandum of Understanding dated March 20, 1992. Pending execution of the deed for such assignments and judicial resolutions of various disputes with BDA pertaining to control of BDA and ownership of the 'Officers Choice' and other brands currently sub-judice at various courts, the advance given to BDA has been provided for as a matter of prudence. All consequential adjustments arising out of the above matters will be made as and when ascertained.
- b) Subsequent to the Balance Sheet date, the Company has acquired 73,22,280 equity shares from the Promoters of Pioneer Distilleries Limited on May 24, 2011 pursuant to the Share Purchase Agreement dated September 13, 2010 and 26,77,640 equity shares under the Open offer as per the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and SEBI (Prohibition of Insider Trading) Regulations, 1992. Consequent to the above, Loans and Advances includes Rs. 1,039.820 Million paid towards cost of Investment as on March 31, 2011.
- c) Bank Balance with scheduled bank includes Rs. 177.343 Million (2010: Rs. 168.069 Million) out of the proceeds of the beer business of erstwhile SWCL, sold in an earlier year which has been kept under escrow pending resolution of various taxation matters.

19. NOTES ON ACCOUNTS (Contd.)

- d) The Company has, granted interest free loans in foreign currency amounting to Rs. 36,857.536 Million (2010: Rs. 39,557.598 Million), to USL Holdings Limited, BVI (USL Holdings) a subsidiary of the Company, for acquisition of long term strategic investments. Management is of the view that out of these loans, Rs. 33,411.109 Million (2010: Rs. 33,435.283 Million), from the inception of the grant of loans, in substance, form part of the Company's net investment in the subsidiary, as the settlement of these loans is neither planned nor likely to occur in the foreseeable future and Management intends to convert these loans into investment in share capital of the subsidiary in near future. Accordingly, in accordance with AS 11 - The Effects of Changes in Foreign Exchange Rates (AS 11), exchange difference aggregating to Rs. 2,271.244 Million (debit) [2010: Rs. 2,247.069 Million (debit)] arising on such loans has been accumulated in a foreign currency translation reserve, which at the time of the disposal of the net investment in these subsidiaries would be recognised as income or as expenses.

In line with the above treatment, USL Holdings has accumulated Rs. 395.687 Million in a foreign currency translation reserve. The same would be recognized as income or expense at the time of the disposal of the net investment by the Company.

8. As required under Section 205C of the Companies Act, 1956, the Company has transferred Rs. 2.801 Million (2010: Rs. 2.882 Million) to the Investor Education and Protection Fund (IEPF) during the year. On March 31, 2011, no amount was due for transfer to the IEPF.
9. Inter corporate deposit and Interest accrued and due thereon Rs. 75.592 Million (2010: Rs. 75.592 Million) included under Unsecured Loan – other in Schedule 4 represents an obligation acquired on amalgamation of SWCL in an earlier year, where negotiation/ settlement has not been finalised and the same has been provided in terms of the decree and / or otherwise considered adequate by the Management. In the opinion of the Management, interest so far provided is adequate and no further provision is necessary in this respect. Adjustments, if any, shall be carried out as and when the amounts are determined on final disposal / settlement of the matter.

10. Borrowing Costs

	Rs. Million	
	2011	2010
a) Interest included in the Closing Stock of Malt and Grape Spirit under maturation	494.115	209.944
b) Amortisation of Expenditure Incurred for Raising Borrowed Funds	99.820	267.286

11. Exceptional and other Non-recurring items

	Rs. Million	
	2011	2010
Net write back of Sales tax liabilities pursuant to settlement of arrears of sales tax and interest thereon under the Tamil Nadu Sales Tax (Settlement of Arrears) Act, 2010, (includes Rs. 478.042 Million arising on the amalgamation of BDL as referred in Note 2A above).	368.399	-
Excess of Net sale proceeds over carrying value of Investments held by the USL Benefit Trust	-	699.953

19. NOTES ON ACCOUNTS (Contd.)

12. Segment Reporting

The Company is primarily organised into two main geographic segments:

India: The 'India' segment is engaged in the business of manufacture, purchase and sale of Beverage Alcohol (Spirits and Wines) including through Tie-up units/ brand franchisees within India.

Outside India: The 'Outside India' segment is engaged in the business of manufacture, purchase and sale of Beverage Alcohol (Spirits and Wines) including through Tie-up units/ brand franchisees outside India.

A. Primary Segmental Reporting

Geographic Segment	Rs. Million							
	India		Outside India		Un allocated / Elimination		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
(i) Revenue								
External	128,997.851	93,926.133	14,525.417	17,194.360	-	-	143,523.270	111,120.493
Less: Excise Duty	64,680.260	42,551.723	3,645.467	4,107.801	-	-	68,325.727	46,659.524
Inter-segment	625.110	220.596	2,331.022	1,027.489	2,956.132	1,248.085	-	-
Total Revenue	63,692.481	51,153.814	8,548.928	12,059.070	2,956.132	1,248.085	75,197.543	64,460.969
(ii) Result								
Segment Result – Profit/(Loss)	9,515.348	8,960.744	3,785.733	(1,203.106)	-	-	13,301.081	7,757.638
Unallocated corporate expenses/ (income)	-	-	-	-	-	-	-	-
Income from Investments	5.704	1.182	13.492	9.642	-	-	19.197	10.824
Interest and Finance Charges	3,735.174	2,833.662	1,249.544	3,235.224	-	-	4,984.718	6,068.886
Profit/(Loss) before Taxation	5,785.879	6,128.264	2,549.681	(4,428.688)	-	-	8,335.560	1,699.577
Prior Period, Exceptional and Other Non-Recurring Items	-	-	-	-	-	-	-	-
Profit before Taxation	5,785.879	6,128.264	2,549.681	(4,428.688)	-	-	8,335.560	1,699.577
Provision for taxation	-	-	-	-	2,652.291	1,931.512	2,652.291	1,931.512
Profit/(Loss) after Taxation	5,785.879	6,128.264	2,549.681	(4,428.688)	(2,652.291)	(1,931.512)	5,683.269	(231.935)
Total Revenue							75,178.346	64,460.969
Income from Investments							19.197	10.824
							75,197.543	64,471.793
(iii) Other information								
Segment Assets	58,559.800	55,118.044	25,964.403	14,368.828	44,645.417	44,571.059	129,169.620	114,057.931
Segment Liabilities	16,898.985	12,902.335	6,510.818	7,184.056	63,810.878	56,151.512	87,220.681	76,237.903
Capital Expenditure	2,235.197	1,892.366	382.395	974.238	-	-	2,617.593	2,866.604
Depreciation	597.694	493.455	425.578	456.753	-	-	1,023.272	950.208
Other non cash expenses	428.142	380.123	(1,329.095)	24.689	-	-	(900.953)	404.812

B. Secondary Segmental Reporting

The Group is engaged in the business of manufacture, purchase and sale of Beverage Alcohol (Spirits and Wines) including through Tie-up units/ brand franchisees, which constitutes a single business segment. The Group's other operations did not exceed the quantitative threshold for disclosure as envisaged in AS 17- 'Segment Reporting' specified in the Companies (Accounting Standard) Rules 2006.

19. NOTES ON ACCOUNTS (Contd.)

12. Segment Reporting (Contd.)

Notes:

- a. Segment accounting policies are in line with the accounting policy of the company.
- b. Segment revenue includes sales and other income directly identifiable with/allocable to the segment including intersegment revenues.
- c. Expenses that are directly identifiable with/allocable to segment are considered for determining the segment results. Expenses which relates to the group as a whole and not allocable to segments, are included under "Unallocable Corporate expenses".
- d. Income which relates to the group as a whole and not allocable to segments is included in "Unallocable Corporate income"
- e. Segment revenue resulting from transactions with other segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.
- f. Segment assets and liabilities includes those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represents the assets and liabilities that relates to the company as a whole and not allocable to any segments. Unallocable assets mainly comprise trade investments in associate companies. Unallocable liabilities include mainly loan funds and proposed dividend.

13. Related Party Disclosures

a) Names of related parties and description of relationship

Associates with whom transactions have taken place during the year	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter Holding together with its Subsidiary is more than 20%
UB Distilleries Limited [Schedule 18 Note 4(b)] (i) Wine Soc of India Private Limited	Mr.V.K.Rekhi Managing Director	Mc Dowell & Company Limited Staff Gratuity Fund (McD SGF) McDowell & Company Limited Officers' Gratuity Fund (McD OGF) SWDL Group Officers Gratuity Fund (SWDL OGF)^ SWDL Employees Gratuity Fund (SWDL EGF)^ Phipson & Company Limited Management Staff Gratuity Fund. (PCL SGF)^ Phipson & Company Limited Gratuity Fund. (PCL GF)^ Carew & Company Ltd. Gratuity Fund (CCL GF)^ Mc Dowell & Company Limited Provident Fund (McD PF) Shaw Wallace & Associated Companies Employees' Gratuity Fund^ Shaw Wallace & Associated Companies Executive Staff Gratuity Fund^ Shaw Wallace & Associated Companies Provident Fund^ Whyte and Mackay Pension Scheme Balaji Distilleries Employees Gratuity Trust.	United Breweries (Holdings) Limited (UBHL)
Sovereign Distilleries Limited (SDL) (ii)			

Notes:

- (i) ^ No transactions during the year
- (ii) During the year, the Company has acquired 41.54% of equity stake in Karnataka based Sovereign Distilleries Limited (SDL). SDL is engaged in manufacture and sale of Extra Neutral Alcohol (ENA) and Indian made Foreign Liquor (IMFL). SDL has become associate of the Company with effect from March 31, 2011.

Consolidated Financial Statement
Schedules forming part of account for the year ended March 31, 2011 (Contd.)

19. NOTES ON ACCOUNTS (Contd.)

13. b) Summary of the transactions with related parties:

		2011						2010					
Sl. No.	Nature of transactions *	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter	Total		Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter	Total	
a)	Purchase of Goods												
	- UBHL	-	-	-	98.632	98.632		-	-	-	94.698	94.698	
b)	Interest received from associates												
	- Wine Soc of India	7.957	-	-	-	7.957	6.308	-	-	-	-	6.308	
c)	Sale of Goods												
	- UBHL	-	-	-	571.645	571.645		-	-	-	781.237	781.237	
d)	Advertisement and Sales Promotion												
	- UBHL	-	-	-	83.937	83.937		-	-	-	128.808	128.808	
e)	Royalty and Brand Fee												
	- UBHL	-	-	-	-	-		-	-	-	44.374	44.374	
f)	Rent												
	- UBHL	-	-	-	-	-		-	-	-	6.277	6.277	
g)	Interest Income												
	- UBHL	-	-	-	308.368	308.368		-	-	-	-	-	
h)	Guarantee /Security Commission Paid												
	- UBHL	-	-	-	6.793	6.793		-	-	-	3.676	3.676	
i)	Deposits	-	3.799	-	-	3.799		-	3.454	-	-	3.454	
j)	Sale/Purchase of Fixed Asset												
	- UBHL	-	-	-	(392.443)	(392.443)		-	-	-	-	-	
k)	Finance (including loans and equity contributions in cash or in kind)												
	- UBHL (Net)	-	-	-	3,693.362	3,693.362		-	-	-	(86.983)	(86.983)	
	- Wine Soc of India	85.258	-	-	-	85.258	69.876	-	-	-	-	69.876	
l)	Guarantees and Collaterals Received												
	- UBHL	-	-	-	410.000	410.000		-	-	-	410.000	410.000	
m)	Rent	-	3.712	-	-	3.712		-	3.375	-	6.277	9.652	
n)	Contribution to Gratuity Fund												
	- McD OGF	-	-	136.868	-	136.868		-	-	136.284	-	136.284	
	- McD SGF	-	-	7.391	-	7.391		-	-	(34.679)	-	(34.679)	
o)	Contribution to Provident Fund												
	- McD PF	-	-	79.871	-	79.871		-	-	67.025	-	67.025	
	- SWC PF	-	-	5.006	-	5.006		-	-	0.368	-	0.368	
p)	Dividend Paid												
	- UBHL	-	-	-	91.395	91.395		-	-	-	73.116	73.116	
q)	Contribution to Pension Scheme												
	- Whyte and Mackay Pension Scheme	-	-	256.433	-	256.433		-	-	332.833	-	332.833	
r)	Amount due to												
	- UBHL	-	-	-	30.336	30.336		-	-	-	171.831	171.831	

19. NOTES ON ACCOUNTS (Contd.)

13. b) Summary of the transactions with related parties: (Contd.)

		Rs. Million					
		2011			2010		
Sl. No.	Nature of transactions *	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter	Total	
s)	Amount due from						
	- UBHL	-	-	-	3,950.970**	3,950.970	-
	- Wine Soc	85.258	-	-	-	85.258	69.876
	- Sovereign Distilleries Ltd	516.330	-	-	-	516.330	-
t)	Deposits Outstanding	-	-	-	1,683.863	1,683.863	-
u)	Lease Deposit						
	- Sovereign Distilleries Ltd	506.330	-	-	-	506.330	-

* Excludes Reimbursement of Expenses and Cost sharing arrangements.

** Since repaid in full.

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

- 14 (a) The Company's significant leasing arrangements in respect of operating leases for premises (residential, office, stores, godown, manufacturing facilities etc), which are not non-cancellable, range between 11 months and 3 years generally (or longer in certain cases) and are usually renewable by mutual consent on mutually agreeable terms.

Leasing arrangements entered into prior to April 1, 2001 have not been considered for treatment under AS 19 'Accounting for Leases'.

The Whyte and Mackay Group entered into an operating lease agreement in September 2006 to rent a property over a 30 year period at an annual cost of Rs. 62.070 Million (2010: Rs. 59.123 Million). The annual rent payable is subject to review every 5 years. There are no contingent rent payments. The aggregate lease rentals payable are charged as Rent under Schedule 16 to the accounts.

Sub-lease payments received Rs. 151.117 Million (2010: Rs. 270.528 Million) have been recognised in the statement of profit and loss for the year and are included under Schedule 14.

Total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Rs. Million	
	2011	2010
(i) not later than one year;	8.498	10.271
(ii) later than one year and not later than five years;	44.845	15.508
(iii) later than five years; the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date;	62.055	59.109
	<u>115.398</u>	<u>84.888</u>

- (b) The Company has acquired computer equipment and cars on finance leases. The lease agreements are for a primary period of 48 months for computer equipments and for 36 months to 60 months for cars. The Company has an option to renew these leases for a secondary period. There are no exceptional/restrictive covenants in the lease agreements.

19. NOTES ON ACCOUNTS (Contd.)

The minimum lease payments and their present value, for each of the following periods are as follows:

Particulars	2011		2010	
	Present Value of payments	Minimum lease payments	Present Value of payments	Minimum lease payments
Later than one year and not later than five years	3.113	3.346	8.441	9.146
Later than five years	-	-	-	-
	3.113	3.346	8.441	9.146
Not later than one year	5.303	5.851	8.234	9.669
	8.416	9.197	16.675	18.815
Less: Finance Charges		0.781		2.140
Present value of net minimum lease payments		8.416		16.675

15. Earnings Per Share:

	2011	2010
Nominal Value of equity shares (Rs.)	10	10
a) Net Profit/(Loss) after tax and attributable to Minority (Rs. Million)	5,695.208	(227.075)
b) Basic number of Equity Shares of Rs. 10 each outstanding during the year	125,869,467	120,669,098
c) Weighted Average number of Equity Shares of Rs. 10 each outstanding during the year	125,869,467	110,738,139
d) Basic Earnings Per Share (Rs.) (a /c)	45.25	(2.05)

16. Taxes on Income:

a) Current Taxation

Provision for current taxation includes:

	2011	2010
i) Income Tax	1,914.327	1,768.494
ii) Wealth Tax	13.500	12.800
Total	1,927.827	1,781.494

b) Deferred Taxation

The net Deferred Tax (Asset) / Liability as on March 31, 2011 has been arrived at as follows:

Particulars	Deferred Tax (Assets) / Liabilities as on 1.4.2010	Adjustment on Amalgamation	Current Year charge / (credit)	Translation Adjustment	Deferred Tax (Assets)/ Liabilities as on 31.3.2011
Difference between book and tax depreciation	1,116.640	56.536	264.758	17.467	1,455.401
Provision for Doubtful Debts	(288.071)	-	(87.580)	4.621	(371.030)
Employee Benefits	(490.948)	(16.681)	293.657	(12.136)	(226.108)
Others	(1,052.124)	(345.581)	253.628	(39.499)	(1,183.576)
	(714.503)	(305.726)	724.463	(29.547)	(325.313)

19. NOTES ON ACCOUNTS (Contd.)

17 Onerous Lease Provision

	2011	Rs. Million 2010
At the beginning of the year	1002.175	909.890
Translation Adjustment	50.967	(138.591)
	1,053.142	771.299
Charged/ (Credited) to income statement	(531.612)	230.876
(Less): Utilised (incurred and charged against provision) during the year	-	-
At the end of the year	521.530	1,002.175

Note:

These provisions were set up in relation to certain leasehold properties of Whyte and Mackay Group, which are un-let or sub-let at a discount. The provisions take account of current market conditions and expected future vacant periods and are utilised over the remaining period of the lease, which at March 31, 2011 is between 8 and 21 years.

18 Foreign Currency Transactions

- a) The Group has marked to market all the outstanding derivative contracts on the Balance Sheet date and has recognised the resultant loss amounting to Rs. 998.708 Million (2010: Rs. 1,374.004 Million) during the year.
- b) As on March 31, 2011, the Group has the following derivative instruments outstanding:
 - i) Interest and Currency Swap arrangement (USD-INR) in connection with borrowings amounting to Nil (2010: USD 35 Million).
 - ii) Interest and Currency Swap arrangement (USD) in connection with borrowings amounting to USD 85 Million (2010: Nil).
 - iii) Interest Rate Swap arrangements in connection with borrowings amounting to GBP 171.250 Million (2010: GBP 171.250 Million).
- c) The year end foreign currency exposures that have not been hedged by a derivate instrument or otherwise are as under:
 - i) Receivables: USD 1.722 Million (2010: USD 1.778 Million), Euro 0.205 Million (2010: Euro 0.248 Million), Canadian Dollar 0.304 Million (2010: Canadian Dollar 0.333 Million), Taiwan Dollar Nil (2010: Taiwan Dollar 2.347 Million), INR 44.118 Million (2010: INR 44.118 Million).

19 Previous year's figures have been regrouped/ re-arrangement wherever necessary.

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

USHA A. NARAYANAN
Partner
Membership Number: 23997

M.R.DORAISWAMY IYENGAR
Director

P.A.MURALI
Chief Financial Officer

New Delhi
August 3, 2011

V.S.VENKATARAMAN
Company Secretary

Bangalore
August 3, 2011

New Delhi
August 3, 2011

Notes:

1. The proxy form duly completed must reach the Registered office of the Company not less than 48 hours before the time for holding the 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.
2. Members attending the Annual General Meeting are requested to bring with them the following:

(a) Copy of the Annual Report and Notice, as no copies thereof would be distributed at the meeting.

(b) The Attendance Slip duly completed and signed as per the **specimen signature** lodged with the Company. The Company would accept only the Attendance Slip from a Member actually attending the Meeting or from the person attending as a duly registered proxy. Attendance Slips of Members / valid proxies, not personally present at the Meeting or relating to proxies which are invalid, will not be accepted from any other member / person. The Meeting is for Members or their Proxies only. Please avoid being accompanied by non-members and / or children.
3. To facilitate members, registration of attendance will commence at 10.30 a.m.



UNITED SPIRITS LIMITED

Regd. Office: 'UB Tower',
24, Vittal Mallya Road, Bangalore - 560 001

TWELFTH ANNUAL GENERAL MEETING

Thursday, September 29, 2011
at 11.30 a.m.

VENUE:

Good Shepherd Auditorium
Opp. St. Joseph's Pre-University College,
Residency Road, Bangalore - 560 025

ADMISSION SLIP

PLEASE HAND OVER THE ADMISSION SLIP AT THE
ENTRANCE OF THE MEETING HALL, DULY COMPLETED.

FOLIO No.:

DP & CLIENT ID No.:

HOLDING:

PLEASE TICK:

☐ MEMBER

OR

☐ PROXY

NAME OF THE MEMBER / PROXY ATTENDING (IN CAPITAL LETTERS)

Name & Address of Member (Folio No. / DP & Client ID No. must be filled in)

I hereby register my presence at the meeting

Signature of the Member / Proxy



UNITED SPIRITS LIMITED

Regd. Office: 'UB Tower', # 24, Vittal Mallya Road, Bangalore - 560 001

PROXY FORM

I/We _____ of _____

being a member/members of UNITED SPIRITS LIMITED do hereby appoint _____

of _____ or failing him / her _____

of _____ as my / our proxy to vote for me / us and on my / our behalf at the Twelfth Annual General Meeting
of the Company to be held on Thursday, September 29, 2011 at 11.30 a.m. and at any adjournment or adjournments thereof.

Signed this _____ day of September 2011.

Signature (across the stamp) _____

Name _____

Registered Folio No. _____

DP & Client ID No. _____

Affix
Re.1/-
Revenue
Stamp

Members are advised that no gifts will be distributed at the Annual General Meeting



UNITED SPIRITS LIMITED

UB Tower, Level 6 -10, UB City, 24 Vittal Malli Road, Bangalore - 560 001
www.unitedspirits.in