Upward sweep of premiumisation

UB GROUP

UNITED SPIRITS LIMITED

ANNUAL REPORT 2011 - 2012

Dr. Vijay Mallya
Chairman

"United Spirits Limited is one of the only two companies in the world with a dozen brands among the top 100 spirits brands worldwide"

"USL has also been in the forefront of innovation and has successfully experimented with alternative packaging which has resulted not only in greater consumer satisfaction, but also in reducing costs."

"Our Company is now universally acknowledged as one of the fastest growing scotch players in the world. Iconic brands like Dalmore and Jura consistently find their place among luxury brands in the world."

"United Spirits shall focus on profitability and Return on Capital Employed in the coming years and leverage its size and reach to achieve improved financial parameters in preference to volume growth goals. A combination of highly recognized brands and a high reputation for quality encourages me to view the future of USL with optimism."

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UNITED SPIRITS *scripts*

IT'S PREMIUMIZATION SUCCESS

Contribution by Premium Brands increases from 9% to 55% in less than a decade

United Spirits, the flagship company of the UB Group, chronicled its premiumization success this year, creating history with the multi-fold increase in contribution from its premium brands, from just 9% in 2005 to 55% in 2012. The EBITDA to NSR margins also doubled to 15% over six years. This is no surprise or stroke of luck for a company that has pushed the paradigm time and again with a strong leadership team, an unmatched brands portfolio, largest production capabilities, extensive distribution and of course the winning spirit. The company embarked on this mission a few years ago with the emerging opportunity in lifestyle consumption of alco bev brands in the Indian market. USL volumes in prestige and above segments grew by 15%. Signature Rare whisky and the Antiquity series grew by 25% whereas relevant competition recorded only a 20% growth. Royal Challenge whisky grew by 23% and faster than the growth of premium + prestige industry at 18%, with its repositioning. McDowell's No. 1 was rated as the largest alco bev franchise both by volume (44 million cases with a 9% growth) and value (USD 2 billion) by Impact International magazine for calendar year 2011.

Notwithstanding the global iconic premium labels in its portfolio – McDowell's No. 1, McDowell's No. 1 Platinum, McDowell's VSOP, Royal Challenge, Signature, Antiquity, Black Dog, Whyte & Mackay - United Spirits launched a series of premium brands across flavors specifically in the last one year, endorsed by the international panel of taste experts across a variety of global alco bev competitions.

Just ahead of its 130th year, Black Dog launched its 18 YO variant as a tribute to its Scottish founder, Sir Walter Millard, under the keen eyes of master blender, Richard Paterson. Black Dog 18 YO won the best in class gold at the International Wine and Spirit Competition usurping popular scotch labels from Diageo and Pernod Ricard. The Black Dog franchise grew by 28% last year. USL's BII scotch portfolio grew by 44% in volume (CAGR 2006-07 to 2011-12). Amongst single malts, Dalmore and Jura emerged as the fastest growing brands both worldwide and in India. Jura 10 YO, Superstition and 16 YO grew by 67% in 2011 while Dalmore grew by 92% last year.

Ashok Capoor, President & MD

"As a business philosophy, United Spirits has never rested on its laurels."

A new milestone in the Indian spirits industry was the launch of Signature Premier - a grain whisky, blended with 8YO scotch. The Signature franchise grew by 31% with this launch in 2011-12. Signature Premier was rated as the Whisky of the Year 2012 by the International Whisky Competition held in Chicago and the World Spirits Awards held in Austria this year. The brand also won a silver medal at the Ninth ISW International Spirits Competition, held in Germany.

Another runaway success was the launch of India's first twin flavoured vodkas both in the premium and in the regular segments under the Vladivar and White Mischief labels respectively. Vladivar swept the 2012 Gold at the Monde Selection Brussels.

If whiskies and vodkas witnessed hectic buying of

USL PERFORMANCE IN PERSPECTIVE: APR'11 - MAR'12
USL brands grew 7% in 2011-12.
World's top 100 spirits brands grew 2.9%.
16 of the top 25 global premium brands either lost ground or grew <3%.
USL is one of the two top companies with 12 brands featuring in the top 100 brand listing.
USL has 5 of the top 25 brands by volume.

Source - Impact DataBank

USL's premium launches, the rum and the brandy segment was not far behind. United Spirits launched McDowell's No. 1 Cariba Rum, creating for the first time a prestige category for rum in India with imported blend from the famous Jamaican Appleton Estate. West Indian cricketer, Chris Gayle, was signed up as Cariba's brand ambassador, echoing the true spirit of the Caribbean.

In the brandy category, Louis Vernant XO spiralled brandy category sales especially in the top end of the market. McDowell's VSOP achieved its millionaire status in the first full calendar year of its launch.

PA Murali, Jt. President & CFO

"United Spirits is poised for the next quantum leap."

United Spirits made significant strides in the wines segment, recording a growth of 65% albeit a comparatively smaller base in this sunrise category. Four Seasons alone grew by 91%. The company started wine exports under the Ritu label to evolved wine

USL - LINE SEGMENT WISE PERFORMANCE: APR'11 - MAR'12

	Vol in Mio. cases		Growth %	
	Act 10-11	Act 11-12	Yr 10-11	Yr 11-12
Prestige & Above	23.20	26.79	12%	15%
Regular	79.18	81.61	12%	3%

consumption markets including the UK, Germany and France. The company further plans to strengthen its foothold for Ritu in international markets.

As a business philosophy, United Spirits has never rested on its laurels. Creating value for its stakeholders has been its motto ever since it was set up more than five decades ago. With fully leveraged its acquisitions, results of which are showing on its rising profits graph, United Spirits is poised for the next quantum leap.

MCDOWELL'S NO.1 MAKES IT LARGER

McDowell's No. 1 set a new benchmark in the Indian alco bev industry by emerging as the single largest spirits franchise both by volume and value at USD 2 billion, according to Impact International. McDowell's No.1 franchise clocked over 44 million cases in FY 12. McDowell's No.1 whisky franchise sold 16.9 million cases in FY 12 surpassing all whiskies in the prestige and above categories in India. The nearest competitor whisky was 15% marketshare points behind McDowell's No.1 whisky franchise, for the same period.

TOP 100 SPIRIT BRANDS WORLDWIDE BY 2011E RETAIL VALUE: 26-50 1,2

BRAND	COMPANY	TYPE	SALES VOLUME (MILLIONS OF NINE-LITER CASES)	RETAIL VALUE (MILLIONS OF US DOLLARS)
McDowell's No.1 Whiskey	UNITED SPIRITS	INDIAN WHISKEY	16.1	930
McDowell's No.1 BRANDY	UNITED SPIRITS	BRANDY	11.7	485
McDowell's No.1 RUM	UNITED SPIRITS	RUM	15.6	645

Source: Impact Databank

McDowell's today, is the undisputed leader in the Prestige segment and continues to be flagship brand of United Spirits. According to Mr. Ashok Capoor, President and Managing Director, United Spirits, "In our pursuit to be the value leader, McDowell's No.1 has lead the charge and helped USL drive significant value growths in a tight year".

McDowell's No.1 Celebration Rum is the largest selling dark rum in the country beating its next competition Old Monk Rum by more than 8 million cases. McDowell's No. 1 Celebration Rum is the fastest growing rum (IWSR, Fastest Growing Spirits Brands Report Calendar Year 2011) and the second largest selling rum in the world (Impact International Report Calendar Year 2011). McDowell's No.1 Brandy continues to be the largest selling Brandy in the World despite some volume reversals in Tamil Nadu this year.

McDowell's No.1 Platinum – a new variant launched achieved 1 million cases in the first year of launch. McDowell's VSOP, a premium brandy, achieved the same feat in just 4 states of South India. The new premium Rum variant – McDowell's No.1 Cariba got off to an astounding start this year.

Put together, the McDowell's No.1 franchise across the various flavors of Whisky, Brandy & Rums (both Dark & White) have added 4 million cases of additional volume to USL's kitty. " McDowell's No.1 continues to build the base of consumers for the USL franchise helping us to sustain and migrate these consumer to premium variants and other flavors" – added Mr Capoor in his Financial year ending note.

McDowell's No.1 has constantly invested in brand innovations, new variants and product & packaging innovations. The star studded McDowell's No.1 franchise partnered with ace Bollywood producer, director, actor- Farhan Akhtar, Indian skipper, MS Dhoni, and West Indian cricketer, Chris Gayle as its brand ambassadors for McDowell's No.1 whisky, McDowell's No.1 Platinum whisky and McDowell's No.1 Cariba rum, respectively. Raise a toast to the No.1 spirit.

FAST FACTS

McDowell's No.1 Whisky Franchise	McDowell's No.1 Rum	Brandy Franchise
McDowell's No.1 whisky grew by 14% McDowell's No.1 Platinum grew by 56%. Fastest million in IMFL history McDowell's No.1 whisky franchise growth by 19% against segment growth of 18%. Pernod Ricard's Royal Stag grew by 11%. Platinum has a unique offering in its segment with mono-carton in QPN	McDowell's No.1 Celebration Rum fastest growing rum in the world. Largest selling dark rum in India, with a market share of 57.1% (only Civil Market). Sold more than 16 million cases in 2011-12. Regular Rum Industry grew at 7%; Old Monk Rum from Mohan Meakins at only 9% market share Launch of Cariba in the Prestige segment	McDowell's No.1 Brandy highest selling brandy in the world. Largest selling brandy franchise in the country. Achieved 11.65 million cases in 2011-12. Market share of 34%. Grew by 16% vs an Industry growth of 12% (excluding TN) Portfolio strategy in the regular segment with reputed & world class offerings such as Honey Bee Brandy, Golconda Brandy, White Mischief brandy etc. 80%share excluding TN. McDowell's VSOP launched in the prestige segment. Achieved millionaire status within 1.5 years of launch. Sold 1.37 million cases in 2011-12. Gained 9% share within 1.5 years. MVSOP growth of 52% in a segment that grew by 19% in 2011-12. Nearest competitor Mansion House dropped 6% share.

MICRO PLANNING SPURS PROFITABILITY FOR USL IN THE REGULAR SEGMENT

OLD TAVERN WHISKY RATED AS THE FASTEST GROWING WHISKY BY IWSR BEATING OFFICER'S CHOICE

AMONG TOP 25 FASTEST GROWTH SPIRITS BRANDS

Rank 4	Brand - Old Tavern	Category - Whiskey	Owner - UB India

[illegible]	Volume 2011	Volume change 2011 on '10	% share in lead market
[illegible]	11,300.0	2,250.0	100.0

All volumes in '000s of 9 litre cases

Source: The IWSR database 2012

United Spirits retained its top slot in the regular whisky category with the portfolio growing at 6% over last year and a dominant share of 58%. Old Tavern emerged as a true winner in this category recording highest growth in the top 25 fastest growing spirits tally by IWSR for 2011. Within the regular portfolio, Old Tavern Whisky, Gold Riband Whisky and McDowell's Green Label registered stupendous growth of 20%, 28% and 13% respectively on a sizeable volume base.

USL adopted a States-wise strategy for the Regular whisky portfolio – profitability being the key parameter. While Bagpiper remained the lead brand in most markets, large volume markets like Andhra Pradesh, Assam, Karnataka etc were tapped through brands such as the Old Tavern Whisky, creating a sizeable presence for this label. This prioritization and portfolio strategy was devised to drive profitability and higher profitable brands in each state. As a result of this micro planning and focus, USL brands grew much faster than the segment and added almost 4 mn cases to its portfolio in FY 11-12 . This is twice the incremental volume added by relevant competitor whisky brand in the same period.

According to Mr. Ashok Capoor, President and Managing Director, United Spirits Limited, "We'll continue our focus on Bagpiper. We are planning to roll-out new packaging on Bagpiper whisky, designed by leading London based design house – Claessens International. We have also developed higher priced variants and innovations for Bagpiper to leverage growth opportunities and drive profitability for the Bagpiper Franchise"

ROYAL CHALLENGERS PUSH THE BOUNDARIES

2012 saw two vital purchases for the RCB team at the IPL Auction. Muttiah Muralitharan and Vinay Kumar were bought to strengthen the team's bowling capabilities.. 2012 was also the first time, an external sponsor/partner was introduced to the franchise and on the team kit.

Off the field RCB became the World's first carbon neutral sports/cricket team and franchise purely through fan interaction and activations. Siddhartha Mallya was inspirational in his support of all "green initiatives" and is also to be congratulated on producing, launching and hosting the very successful No Boundaries Show that provided our many social networking members great insight to the players and took fan engagement to a new level.

Once again the green match (this time against Mumbai Indians on 14 May 2012) was well received and due to the focused strategy to improve our additional income streams, RCB launched and produced a merchandising lifestyle range designed by Kunal Rawal, a young up and coming Mumbai based fashion designer. Merchandise gross sales grew 120%. A special RCB stall/kiosk was strategically positioned for the duration on the IPL tournament on level 2 at UB City and an official Jeanswear partner (Flying Machine) was announced.

Ticket sales for the season were up about 65% on average per match with two matches having the house full signs up. In order to enhance, improve and refresh our ticket and merchandising sales this year, RCB took to Spiritzandmore.com and saw a 14% increase overall to the buying and selling of match tickets and online merchandise sales respectively.

The RCB Fan Summit provided valuable input to 2012 operational planning and strategy for RCB. Creative ideas from fans along with the strategic insights and experience of leadership and management combined to give rise to fresh ideas and plans for 2012 and beyond.

Going forward, the management team plans to continue to increase revenue streams and opportunities by introducing new income generation opportunities.

RCB IS GAME FOR MORE CHALLENGE

The Team


Ashok Capoor
President & MD

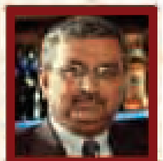

P.A. Murali
Jt. President & CFO

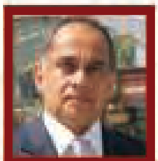

Ravi Nedungadi
President & Group CFO

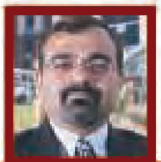

V.S. Venkataraman
Executive Vice President
& Co. Secretary


Amrit Thomas
Deputy President
Global Marketing

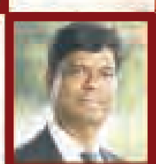

P.S. Gill
Deputy President
All India Operations

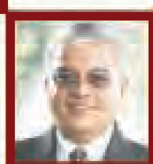

I.P. Suresh Menon

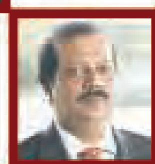

Ajay Baliga


Sanjay Raina


Kedar Ulman

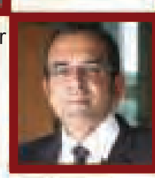

Dr. B.K. Maitin

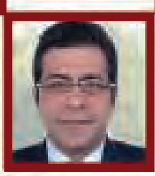

N.R. Rajsekher

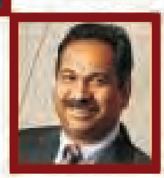

Vivek Prakash


Mathew Xavier


G.S. Nagappa


Anant Iyer


Vineet Chhabra


Abhay Kewadkar

United Spirits Limited

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

NOTICE

NOTICE IS HEREBY GIVEN OF THE THIRTEENTH 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 Tuesday, September 25, 2012 at 11.30 a.m. for the following purposes:

1. To receive and consider the accounts for the year ended March 31, 2012 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. Sreedhara Menon**, who retires by rotation and being eligible, offers himself for re-appointment;
4. To elect a Director in the place of **Dr. Vijay Mallya**, who retires by rotation and being eligible, offers himself for re-appointment;
5. To appoint Auditors and fix their remuneration.
6. **Appointment of Mr. Ghyanendra Nath Bajpai 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. Ghyanendra Nath Bajpai, who was appointed as an Additional Director and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

By order of the Board

Place : Mumbai
Date : May 29, 2012

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 Wednesday, September 19, 2012 to Tuesday, September 25, 2012 (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), # 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" introduced 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 dematerialization. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialized. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerializing 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 2003-04, 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 2004-05 and thereafter remaining unclaimed / unpaid 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.6 - Appointment of Mr. Ghyanendra Nath Bajpai as a Director:

Mr. Ghyanendra Nath Bajpai (Mr. Bajpai) was appointed as Additional Director of the Company on January 20, 2012 and would be holding office as Director up to the date of this Annual General Meeting.

Mr. Bajpai, aged 69 years, holds a Master's Degree in Commerce from the University of Agra and a degree in Law (LLB) from the University of Indore.

Mr. Bajpai, a distinguished leader in Indian Business community, was the Chairman of Securities and Exchange Board of India (SEBI) and Life Insurance Corporation of India (LIC). Mr.Bajpai has been the Chairman of Corporate Governance Task Force of International Organization of Securities Commissions and the Chairperson of the Insurance Institute of India, a counterpart of Chartered Insurance Institute, UK. He was the Non-Executive Chairman of National Stock Exchange of India Limited, Stock Holding Corporation of India Limited, LIC Housing Finance Limited and LIC International EC Bahrain and LIC Nepal Limited and was also on the Governing Board of Indian Institute of Management, Lucknow.

Mr.Bajpai is on the Board of Advisors of Indian Army Group Insurance Fund and on the Governing Board of National Insurance Academy. He is also Non-Executive Chairman and Non-Executive Director in several corporates in India.

Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the appointment of Mr. Bajpai as a Director of the Company at this Annual General Meeting.

Mr. Bajpai does not hold any shares in the Company.

The Board recommends the Ordinary Resolution for approval by the members.

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

By Order of the Board

Place : Mumbai
Date : May 29, 2012

V.S. Venkataraman
Company Secretary

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

G.N. Bajpai

President & CFO - The UB Group Ravi Nedungadi

Joint President & CFO P. A. Murali

Company Secretary V. S. Venkataraman

Auditors
Walker, Chandiok & Co.
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, 2012.

FINANCIAL RESULTS

	Rupees in Millions	
	2011-12	2010-11
The working of your Company for the year under review resulted in		
• Profit from operations	**5,755.508**	5,925.148
• Exceptional and other non-recurring items	**(108.163)**	368.399
	5,647.345	6,293.547
Less:		
• Depreciation	**608.453**	477.470
• Taxation (including deferred tax)	**1,610.951**	1,961.365
• Profit after tax	**3,427.941**	3,854.712
Profit B/F from previous year	**15,357.972**	12,380.525
Profit transferred on Amalgamation	**-**	4.030
Profit available for appropriation	**18,785.912**	16,239.267
Your Directors have made the following Appropriations :		
General Reserve	**500.000**	500.000
Proposed Dividend	**326.987**	326.987
Corporate Tax on Proposed Dividend	**53.046**	54.309
Balance carried to the Balance Sheet	**17,905.879**	15,357.971
EPS - Basic & Diluted (Rupees)	**26.91**	29.47

Your Directors propose a Dividend on the equity shares of the Company at the rate of Rs. 2.50 per share.

CAPITAL

The Authorised Capital of your Company remained unchanged at 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 your Company also remained unchanged at Rs.1,307,949,680/- divided into 130,794,968 equity shares of Rs.10/- each.

GLOBAL DEPOSITORY SHARES

Your Company had issued 17,502,762 Global Depository 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 May 25, 2012, there was an outstanding of 1,284,554 GDSs representing 642,277 equity shares.

PERFORMANCE OF THE COMPANY

During the year under review, your Company has achieved a sales volume of over 120 million cases (Previous year 112 Million cases), representing a growth of 7% over the previous year, thus continuing to maintain its position as the largest distilled spirits marketeer in the world in terms of volume. Profit from operations stood at Rs.5,755.508 million (previous year Rs.5,925.148 million) registering a marginal decrease over the previous year mainly on account of increase in input costs.

SUBSIDIARIES

During the year under review, Chennai Breweries Private Limited (CBPL), a wholly owned subsidiary ceased to be the subsidiary of the Company consequent to its amalgamation with United Breweries Limited (UBL), a UB group Company in terms of Scheme of Amalgamation. Consequent to the aforesaid amalgamation of CBPL with UBL, your Company received 8,500,000 equity shares of Rs. 1/- each of UBL for the shares held by the Company in CBPL.

Whyte and Mackay (Americas) Limited, LLC, a wholly owned subsidiary of Whyte and Mackay Limited, became an utlimate wholly owned subsidiary of your Company.

Sovereign Distilleries Limited (SDL) which became a subsidiary during the year under review became a wholly owned subsidiary of your Company on April 19, 2012 consequent to the acquisition of the balance 38.47% equity shares in terms of Share Purchase Agreement (SPA) executed with the erstwhile promoters of Sovereign Distilleries Limited (SDL).

Your Company is considering various steps including infusion of share capital to make the net worth of its subsidiaries viz. Pioneer Distilleries Limited, Sovereign Distilleries Limited and Tern Distilleries Private Limited, positive.

During the year under review, your Company subscribed to 15,612,245 12% Non Cumulative Redeemable Optionally Convertible Preference shares of Rs.10/- each at par in Four Seasons Wines Limited (FSWL), a subsidiary of the Company. Your Company also subscribed during the current year 8,000,000 12% Cumulative Redeemable Preference shares of Rs.10/- each at par in FSWL.

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 May 29, 2012 have given their consent for not attaching, inter alia, the balance sheet, profit and loss account etc. of its subsidiary companies since your Company has complied with all 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 2010-11 of USNPL ended on July 16, 2011 and the Accounting Year 2011-12 will end on July 16, 2012 i.e., after the end of the close of the financial year of the Company, which ended on March 31, 2012. 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, 2012.

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 10.75 million cases during the first month of the current financial year and judging by the continuing growth in the current year, the Company is set to maintain its current position as the world's largest distilled spirits marketeer by volume.

With the fixation of a more than comfortable floor price for ethanol supplies for oil blending by the Oil Marketing Companies coupled with the uncontrolled grant of permissions to export of molasses and spirit, the potential availability of Extra Neutral Alcohol (ENA), a primary raw material required in the manufacture of Company's products, has been adversely affected. To counter this hardship, as a part of its business strategy, your Company is continuing with its initiatives of building up supply side security by integrating backwards into distillation by way of acquiring substantial interest in Pioneer Distilleries Limited in Maharashtra and Sovereign Distilleries Limited in North Central Karnataka, both states rich in sugarcane cultivation. These will go a long way to reduce the Company's dependence on external supplies of ENA.

In order to mitigate the increase in the cost of glass bottles, which is another key ingredient, as a part of its business strategy initiatives, your Company has envisaged setting up a glass container manufacturing facility in south India for captive consumption, besides developing alternate packaging materials in some of the southern states of the

Country to reduce the impact of the increased cost of glass bottles.

With all these measures, your Directors are hopeful that your Company would achieve a structural improvement in its profitability in the years to come.

DEPOSITORY SYSTEM

The trading in the equity shares of your Company is under compulsory dematerialisation mode. As on May 25, 2012, equity shares representing 97.64 % 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. Sreedhara Menon and Dr. Vijay Mallya retire by rotation and being eligible, offer themselves for re-appointment.

Mr. G.N.Bajpai was appointed as Additional Director on January 20, 2012 and 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 by your Company from a member signifying his intention to propose the appointment of Mr. G.N. Bajpai as Director at the Annual General Meeting.

AUDITORS

M/s. Walker, Chandiok & Co., your Company's Auditors, are eligible for re-appointment at the Annual General Meeting and it is necessary to fix their remuneration.

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, 2012.

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 2012-13 have been paid to these 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. 6,387.556 Million as at March 31, 2012. Matured deposits for which disposal instructions had not been received from the depositors concerned stood at Rs. 105.338 Million as at March 31, 2012. Of this, a sum of Rs. 55.354 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 and Deposits, remaining unclaimed and unpaid for a period of 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 2011-12.

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 2011-12, 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, 2012;
- 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

Mumbai
May 29, 2012

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. Units requiring only hot water and not steam were gradually shifted to Solar energy.
4. Regular lighting was increasingly switched to CFLs. LED usage is being evaluated.
5. Moved towards natural lighting by fixing transparent sheets on roof top and having North light type roof construction.
6. Provided Turbo Ventilators for better ventilation replacing electricity based.

RESEARCH & DEVELOPMENT (R & D)

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

(a)	Capital	-	8.159
(b)	Recurring	-	61.813
	Total	**-**	**69.972**

Total R & D expenditure as a percentage of total turnover - 0.093%.

TECHNOLOGY ABSORPTION

1. "Multi-Fuel Boiler" with "Spent Grain", a by-product in the production of Malt Spirit, as a supplementary fuel, was burnt effectively resulting in reduction of fuel cost.
2. "Bio-Gas Engine" utilizing Methane Gas, produced in Anaerobic Digester and generating power was operated in the distillery and supplied to the grid.
3. Economically viable technology for treating distillery effluent to achieve Zero Discharge, as per statutory norms, was successfully implemented at 2 Group units.
4. Installed and commissioned state-of the-art Grape Spirit Plant at Baramati. The entire design was carried out in-house.

FOREIGN EXCHANGE EARNINGS/OUTGO

(Rupees in Millions)

		2011-12	**2010-11**
1.	Earnings in Foreign Currency	33.858	46.555
2.	Imports / Expenditure in Foreign Currency	3,131.423	3,253.035

By Authority of the Board

Mumbai
May 29, 2012

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	REMUNERA-TION (Rs.)	QUALIFICATION	EXPERI-ENCE IN YEARS	DATE OF COMMENCE-MENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
1	A.HARISH BHAT	58	DEPUTY PRESIDENT & GROUP TREASURER	13085738	CA	34	22-Nov-90	MANAGER TREASURY - DIGITAL EQUIPMENT (I) LTD
2	AJAY B BALIGA	53	EXECUTIVE VICE PRESIDENT - MANUFACTURING, PROJECTS & QUALITY CONTROL	13263386	B.TECH (CHEM ENGG)	31	3-Nov-08	SENIOR VICE PRESIDENT - BUSINESS DEVELOPMENT & MANUFACTURING, ALLIED BLENDERS & DISTILLERS PRIVATE LIMITED
3	AKSHAY KUMAR	50	CHIEF OPERATING OFFICER	12741826	B.TECH, PGDM	27	30-Dec-10	CEO & REGIONAL HEAD - RELIANCE COMMUNICATIONS LIMITED
4	AMRIT THOMAS [b]	45	EXECUTIVE VICE PRESIDENT - MARKETING	19792733	B.TECH, PGDM	20	12-Jun-07	CATEGORY HEAD - BEVERAGES, HINDUSTAN UNILEVER LIMITED
5	ANANT IYER	52	CHIEF OPERATING OFFICER	10244442	M.SC., M.M.S.	28	15-Jun-92	CONTROLLER MARKETING, CONSOLIDATED DISTILLERIES LIMITED
6	ANIL KUMAR KUSH	56	CHIEF EXECUTIVE - VITTAL MALLYA SCIENTIFIC RESEARCH FOUNDATION	13925212	PHD, MBA	28	13-May-05	SCIENTIFIC DIRECTOR - GENESIS MANAGEMENT CONSULTANTS
7	ARVIND JAIN	49	DIVISIONAL VICE PRESIDENT - SALES	6569453	PGDM	28	12-Apr-91	AREA MANAGER - TITAN WATCHES LIMITED
8	ASHOK CAPOOR	59	PRESIDENT & MANAGING DIRECTOR	34071636	B.A. (ECO), MBA	37	12-May-92	CHIEF OPERATING OFFICER - ERSTWHILE HERBERTSONS LIMITED
9	BHARATH RAGHAVAN	48	SENIOR VICE PRESIDENT – LEGAL & SECRETARIAL	6947370	B.COM, ACS, BGL	17	13-Feb-98	SENIOR MANAGER – FIXED INCOME, PEREGRINE CAPITAL INDIA PVT LTD
10	DALIP KUMAR GARG [a]	58	DIVISIONAL VICE PRESIDENT - SALES	6415491	BA	31	4-Oct-01	VICE PRESIDENT – SALES, MILLENIUM BREWERIES LIMITED
11	DEBASHISH SHYAM	44	DIVISIONAL VICE PRESIDENT - MARKETING	7025431	BSC, PGDBM	21	20-Sep-04	HEAD - MARKETING & ALLIANCES (INTERNET SERVICES), BHARTI INFOTEL LIMITED, NEW DELHI
12	DEBASISH DAS	54	SENIOR VICE PRESIDENT - MANUFACTURING	7031874	B.SC, B.TECH, PGDBM	29	20-Aug-84	CHEMIST, EASTERN DISTILLERIES PVT LTD, KOLKATA
13	DHARMARAJAN S	54	DIVISIONAL VICE PRESIDENT – FINANCE HEAD	6374041	B.COM, ACA, LLB	28	7-Nov-86	CONSULTANT – N M RAIJI & COMPANY
14	DR. BINOD K MAITIN	63	SENIOR VICE PRESIDENT - QUALITY ASSURANCE & TECHNICAL	8034858	M.SC., PH.D.,	41	14-Dec-88	SENIOR RESEARCH OFFICER & HEAD, ANALYTICAL RESEARCH GROUP, SHRIRAM INSTITUTE FOR INDUSTRIAL RESEARCH
15	I.P. SURESH MENON	55	EXECUTIVE VICE PRESIDENT - PLANNING & CONTROL	11966130	MMS, B.A.(HONS.)	34	1-Apr-85	SECRETARY & FINANCE MANAGER ,UB ELECTRONIC INSTRUMENTS LIMITED
16	KAUSHIK CHATTERJEE [a]	51	CHIEF OPERATING OFFICER	12285158	B.COM	28	27-Apr-06	CEO - INDIAN OPERATIONS, MASON AND SUMMERS ALCOBEV PRIVATE LIMITED
17	KEDAR V ULMAN	38	EXECUTIVE VICE PRESIDENT - SOURCING & BUSINESS DEVELOPMENT	11596342	BE, IIM – B	16	24-Apr-09	SENIOR MANAGER, ACCENTURE SERVICES PRIVATE LIMITED
18	LALIT KUMAR GUPTA	52	SENIOR VICE PRESIDENT – LEGAL	7037516	BSC, LLB, DLL	29	1-Jan-98	JOINT MANAGER-LEGAL, SHRIRAM FOODS AND FERTILIZERS
19	LAXMI NARASIMHAN [a]	42	CHIEF OPERATING OFFICER	5356297	BE, PGDM, IIM - C	18	8-Dec-03	REGIONAL MANAGER, COCA COLA INDIA
20	MATHEW XAVIER	48	CHIEF OPERATING OFFICER	9306671	PGDM, B.COM	23	10-Nov-03	VICE PRESIDENT MARKETING, ERSTWHILE SHAW WALLACE DISTILLERIES LIMITED
21	N R RAJSEKHER	56	CHIEF OPERATING OFFICER	15179945	B.SC, PGCPM (IIM) - KOZHIKODE	33	8-Apr-82	SENIOR VICE PRESIDENT SALES, ERSTWHILE SHAW WALLACE DISTILLERIES LIMITED
22	NAGAPPA G S [c]	57	SENIOR VICE PRESIDENT – SALES	6721329	B. SC	37	1-Aug-75	EXECUTIVE – ERSTWHILE HERBERTSONS LTD
23	NANDINI VERMA	58	EXECUTIVE VICE PRESIDENT - CORPORATE AFFAIRS, UB GROUP	10753848	B.A.(HONS.), IFDAF	40	13-Apr-07	VICE PRESIDENT - CORPORATE AFFAIRS & PR, JET AIRWAYS
24	P A MURALI	54	JOINT PRESIDENT & CHIEF FINANCIAL OFFICER	31298903	B.COM, ACA	31	5-Jul-93	EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL OFFICER, UNITED BREWERIES LIMITED

Contd...

SL. No	NAME	AGE	DESIGNATION/ NATURE OF DUTIES	REMUNERA-TION (Rs.)	QUALIFICATION	EXPERI-ENCE IN YEARS	DATE OF COMMENCE-MENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
25	P.N. PODDAR	59	SENIOR VICE PRESIDENT - MANUFACTURING	9412952	M.TECH, DMS	36	1-Jan-88	PRODUCTION MANAGER, UNION CARBIDE (I) LTD
26	PARAMJIT SINGH GILL [b]	50	CHIEF OPERATING OFFICER	16571279	B.SC, M.PHIL, DIP IN LABOUR LAW, CHARTERED MARKETER	29	1-Jul-92	EXECUTIVE VICE PRESIDENT, UNITED NATIONAL BREWERIES (SA) (PTY) LIMITED, CENTURION
27	PHILIP SARGUNAR A B [a]	63	CHIEF OPERATING OFFICER	20232068	BA, MA	42	20-Nov-02	EXECUTIVE DIRECTOR & CHIEF REPUTATION OFFICER, THE EMPEE DISTILLERIES LIMITED
28	R SATSANGI	55	DIVISIONAL VICE PRESIDENT – MANUFACTURING	7105255	B.TECH(MECH)	33	19-Feb-96	PLANT MANAGER, PEPSICO INDIA HOLDING, BANGALORE
29	RAGHUNATHAN A	60	EXECUTIVE VICE PRESIDENT - FINANCE & ACCOUNTS	11788619	B.COM, ACA	37	24-Sep-79	EXECUTIVE VICE PRESIDENT- FINANCE & ACCOUNTS ERSTWHILE HERBERTSONS LIMITED
30	RAVI NEDUNGADI A K	54	PRESIDENT & CHIEF FINANCIAL OFFICER - UB GROUP	32443505	B.COM (HONS), AICWA, CA	33	1-Jan-90	GROUP FINANCE DIRECTOR, UB INTERNATIONAL LTD., U.K.
31	S.R.AINAPUR	54	ASSISTANT VICE PRESIDENT – FINANCE & ACCOUNTS	6110850	B.COM, ACA	29	1-Dec-87	ACCOUNTS ASSISTANT, KESARVAL BEVERAGES LTD, GOA
32	S.D.LALLA [a]	68	JOINT PRESIDENT	2328394	LC & SE, AMIE	50	5-Apr-94	MANAGING DIRECTOR - ERSTWHILE HERBERTSONS LIMITED
33	S.K. RASTOGI	58	DIVISIONAL VICE PRESIDENT - QUALITY CONTROL	7729944	M.SC.	40	14-Nov-82	QUALITY CONTROL OFFICER - JAGATJIT INDUSTRIES LIMITED
34	S.N. PRASAD	54	SENIOR VICE PRESIDENT – FINANCE & ACCOUNTS	7149926	B.COM, ACA, ACS	28	7-Mar-91	DEPUTY MANAGER, UB HOPPEKE ENERGY PRODUCT LIMITED
35	SANJAY RAINA	47	EXECUTIVE VICE PRESIDENT - HUMAN RESOURCES	13665035	MSW - PERSONNEL MGMT	25	19-Nov-08	HEAD HUMAN RESOURCE - NETWORK, SUPPLY CHAIN - INDIA & ER - SE ASIA, MOTOROLA INDA PVT LTD,
36	SHARMA V K	69	EXECUTIVE DIRECTOR - CHAIRMAN'S OFFICE	10538753	B.A (NDA), DIP IN BMIA & PM	38	5-Oct-84	EXECUTIVE DIRECTOR - CHAIRMAN'S OFFICE ERSTWHILE HERBERTSONS LIMITED
37	T V SUBRAMANIAN	57	ASSISTANT VICE PRESIDENT – BUSINESS DEVELOPMENTS	6586123	M.COM., ICWA	34	16-Jun-86	MANAGER – BRANCH SERVICES, DECOM MARKETING LTD.
38	V K REKHI [a]	66	MANAGING DIRECTOR [d]	1664390	MA (HONS.), PGDBA	41	03-Jan-72	REGIONAL DIRECTOR UB INTERNATIONAL LTD., U.K.
39	V S VENKATARAMAN	58	COMPANY SECRETARY & EXECUTIVE VICE PRESIDENT	11713969	B.COM (HONS.), ACS	40	20-Aug-82	DEPUTY COMPANY SECRETARY, UNITED BREWERIES LTD
40	VINEET CHHABRA [a]	47	CHIEF OPERATING OFFICER	10180277	B.COM, ACA	19	15-Jun-11	CHIEF EXECUTIVE OFFICER – GLOBAL GREEN
41	VIVEK PRAKASH	52	EXECUTIVE VICE PRESIDENT - CSD SALES	12450166	B COM, LLB, MBA	30	15-Jun-98	DEPUTY GENERAL MANAGER - ERSTWHILE SHAW WALLACE & COMPANY LIMITED

(a) Employed for part of the year.
(b) Promoted as Deputy President w.e.f. April 01, 2012.
(c) Acting as Chief Operating Officer w.e.f. April 09, 2012.
(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

Mumbai
May 29, 2012

Dr. VIJAY MALLYA
Chairman

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company, recognizing that good Corporate Governance is a systemic and continuous process for attaining economic efficiency and growth, follows the basic tenets of good Corporate Governance of integrity, accountability, fairness and transparency in letter and spirit, in all its operations. Your Company pursues growth by adopting best corporate practices and disclosures in order to enhance the long term value and aspirations of all stakeholders.

Good Corporate Governance, apart from enhancing the image of the Company, also helps in retaining stakeholders' confidence on a sustainable basis.

2. BOARD OF DIRECTORS

The Board of Directors comprises of a Non-Executive Chairman, a Managing Director and Six other Non- Executive Directors.

During the financial year under review, Six Board Meetings were held, i.e., on April 29, 2011, August 03, 2011, September 29, 2011, November 07, 2011, December 21, 2011 and January 20, 2012.

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 29.09.2011	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	6	Yes	9	4 (Chairman of 2)
Mr. V.K. Rekhi*	Executive / Managing Director	1	N.A.	N.A.	N.A.
Mr. Ashok Capoor**	Executive / Managing Director	5	Yes	2	1 (Chairman of 1)
Mr. M.R. Doraiswamy Iyengar	Independent Non Executive Director	6	Yes	3	4 (Chairman of 3)
Mr. B.M. Labroo	Independent Non Executive Director	6	Yes	7	1 (Chairman of 1)
Mr. Sreedhara Menon	Independent Non Executive Director	3	No	2	-NIL-
Mr. Sudhindar Krishan Khanna	Independent Non Executive Director	3	Yes	7	-NIL-
Mr. G.N. Bajpai***	Independent Non Executive Director	1	N.A.	21	-NIL-

* Ceased to be the Managing Director with effect from April 19, 2011 consequent upon the expiry of the term of his office as Managing Director and resigned as 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. Appointment as Director and as Managing Director were approved by the shareholders at the Annual General Meeting held on September 29, 2011.

*** Appointed as Additional Director with effect from January 20, 2012

NOTE:

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

a) Out of 19 other Companies in which Dr. Vijay Mallya is a Director, 7 are Private Limited Companies of which one is a subsidiary of a Public Company and 2 are Section 25 Companies.
b) Out of 9 other Companies in which Mr. S. R. Gupte is a Director, 2 are Private Limited Companies and 2 are Section 25 Companies.
c) Out of 3 other Companies in which Mr. M.R. Doraiswamy Iyengar is a Director, 1 is a Private Limited Company.
d) Out of 7 other Companies in which Mr. B.M. Labroo is a Director, 3 are Private Limited Companies.
e) Out of 7 other Companies in which Mr. Sudhindar Krishan Khanna is a Director, 2 are Private Limited Companies.
f) Out of 21 other Companies in which Mr. G.N. Bajpai is a Director, 5 are Private Limited Companies and 2 are Section 25 Companies.
h) 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. Sreedhara Menon

Mr. Sreedhara Menon (Mr. Menon), aged 75 years, is the Chairman of the Board and Strategic Advisor of VITEOS Capital Market Services Limited, a Business Process Outsourcing Company in India with a Sister Company located at Piscataway, New Jersey, U.S.A. Mr. Menon has previously held senior positions as Deputy President and Member of the Board of Directors of American Express Bank Limited, Chairman of the Board of Directors of American Express Bank International, Managing Director, Emerging Markets Group at Lehman Brothers Inc., New York and General Partner and Vice Chairman of RRE Ventures. Mr. Menon has served as a Member of the Board of Directors of U.S.-India Business Council, Asian-U.S. Business Council, President of the India-America Chamber of Commerce in New York, etc. Mr. Menon holds a Master's Degree in Economics from Maharaja's College of the University of Kerala. He resides in Short Hills, New Jersey, U.S.A.

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

Other Directorships	Position held
1. Viteos Capital Market Services Limited	Director
2. Viteos Fund Services Limited	Director

Mr. Menon is a Member of the Audit Committee of the Company.

Mr. Menon does not hold any share in the Company and is not related to any other Director.

Dr. Vijay Mallya

Dr. Vijay Mallya (Dr. Mallya), aged 56 years, is a well-known Industrialist and a Member of the Parliament (Council of States). He took over the reins of the United Breweries Group in 1983 at the age of 28, which today is a multi-national conglomerate. Dr. Mallya is the Chairman of several public companies, both in India as well as overseas.

Dr. Mallya has won wide recognition from distinguished institutions throughout the span of his career, which includes:

- Edmund Hillary Fellowship by the government of New Zealand 2011
- Entrepreneur of the Year Award – The Asian Awards, London - 2010
- Officer of the Legion of Honour conferred by the President of French Republic 2008
- Asia's Leading Airline Personality – World Travel Award – 2007

Details of Dr. Mallya's directorships in other Indian Companies and Committee Memberships are as under:

Other Directorships	Position held
1. Kingfisher Airlines Ltd.	Chairman & MD
2. Sanofi India Ltd.	Chairman
3. Bayer CropScience Ltd.	Chairman
4. Four Seasons Wines Ltd.	Chairman
5. Mangalore Chemicals and Fertilizers Ltd.	Chairman
6. McDowell Holdings Ltd.	Chairman
7. Shaw Wallace Breweries Ltd.	Chairman
8. United Breweries Ltd.	Chairman
9. United Breweries (Holdings) Ltd.	Chairman
10. United Racing and Bloodstock Breeders Ltd.	Chairman
11. Kamsco Industries Pvt. Ltd.	Chairman
12. Mallya Pvt. Ltd.	Chairman
13. Pharma Trading Company Pvt. Ltd.	Chairman
14. Royal Challengers Sports Pvt. Ltd.	Chairman
15. The Gem Investment & Trading Company Pvt. Ltd.	Chairman
16. United East Bengal Football Team Pvt. Ltd.	Chairman
17. VJM Investments Pvt. Ltd.	Chairman
18. Motor Sports Association of India	Managing Committee Member
19. SWEW Benefit Company	Patron (Chairman)

Dr. Mallya holds 12,510 Equity Shares in the Company and is not related to any other Director.

New Director

Mr. G.N. Bajpai

Mr. Ghyanendra Nath Bajpai (Mr. Bajpai), aged 69, holds a Master's Degree in Commerce from the University of Agra and a Degree in Law (LLB) from the University of Indore.

Mr. Bajpai, a distinguished leader in Indian Business community, was the Chairman of Securities and Exchange Board of India (SEBI) and Life Insurance Corporation of India (LIC). Mr.Bajpai has been the Chairman of Corporate Governance Task Force of International Organization of

Securities Commissions and the Chairperson of the Insurance Institute of India, a counterpart of Chartered Insurance Institute, UK. He was the Non-Executive Chairman of National Stock Exchange of India Limited, Stock Holding Corporation of India Limited, LIC Housing Finance Limited and LIC International EC Bahrain and LIC Nepal Limited and was also on the Governing Board of Indian Institute of Management, Lucknow.

Mr. Bajpai is on the Board of Advisors of Indian Army Group Insurance Fund and on the Governing Board of National Insurance Academy. He is also Non-Executive Chairman and Non-Executive Director in several corporates in India.

Mr. Bajpai was appointed as Additional Director of the Company on January 20, 2012 and will hold office as Director up to this Annual General Meeting.

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

	Other Directorships	Position held
1.	Future Generali India Life Insurance Company Ltd	Director
2.	Future Generali India Insurance Company Ltd	Director
3.	Dhanlaxmi Bank Ltd	Director
4.	Future Capital Holdings Ltd	Director
5.	Mandhana Industries Ltd	Director
6.	Future Ventures India Ltd	Director
7.	Nitesh Estates Ltd	Director
8.	New Horizons India Ltd	Director
9.	PNB Housing Finance Ltd	Director
10.	Usha Martin Ltd	Director
11.	Micromax Informatics Ltd	Director
12.	Walchandnagar Industries Ltd	Director
13.	Dalmia Cement (Bharat) Ltd	Director
14.	Intuit Consulting Pvt Ltd	Director
15.	Invent Asset Securitisation & Reconstruction Company Pvt Ltd	Director
16.	Infomerics Valuation & Rating Pvt Ltd	Director
17.	Apnapaisa Pvt Ltd	Director
18.	Invent ARC Pvt Ltd	Director
19.	IDE India	Director
20.	Institute of Insurance and Risk Management	Director
21.	NPS Trust	Chairperson

Mr. Bajpai does not hold any shares in the Company and is not related to any other Director.

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 of 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, 2012 and has recommended its adoption. In addition, the Committee has also reviewed Unaudited (Provisional) quarterly results for June 30, 2011, quarterly and half yearly results for September 30, 2011 and quarterly results for December 31, 2011 which were subjected to a Limited Review by the Statutory Auditors of the Company and audited financial results for the year ended March 31, 2012.

During the financial year, four meetings were held i.e., on April 29, 2011, August 03, 2011, November 07, 2011 and January 19, 2012. 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)	4	4
Mr. S.R. Gupte	4	4
Mr. B.M. Labroo	4	4
Mr. Sreedhara Menon	4	3

4. COMPENSATION COMMITTEE

The Compensation Committee constituted by the Company comprises at present of 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 April 29, 2011, 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, 2011 to March 31, 2012 are given below:

a) Executive Directors

Managing Director: Mr. Ashok Capoor

Salary & Allowances	Performance Linked incentive	Perquisites	Retirement Benefits
Rs.	Rs.	Rs.	Rs.
15,357,597	9,595,253	5,703,286	3,415,500

Notes:

1. Mr. Ashok Capoor was appointed as the Managing Director of the Company for a period of three years with effect from May 02, 2011. The terms and conditions of appointment and remuneration of Mr. Ashok Capoor are as set out in the resolution approved by the shareholders at the Annual General Meeting held on September 29, 2011 and as per the rules of the Company as applicable.
2. The employment of Mr. Ashok Capoor is terminable on either side by giving six months notice as per the rules of the Company.
3. There is no severance fee.
4. No stock option has been granted during the year.

Managing Director: Mr. V.K. Rekhi (Mr. Rekhi)*

Salary & Allowances	Performance Linked incentive	Perquisites	Retirement Benefits
Rs.	Rs.	Rs.	Rs.
1,387,613	-	-	276,777

*1. Mr. Rekhi ceased to be the Managing Director of the Company with effect from April 19, 2011 and also resigned as a Director of the Company with effect from close of business hours on April 29, 2011. Accordingly his remuneration was for the period from April 01, 2011 to April 19, 2011.

2. The employment of Mr. Rekhi was terminable on either side by giving six months notice as per the rules of the Company.
3. There was no severance fee.
4. No stock option was granted to him during the year.

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	3,10,000
Mr. V.K.Rekhi*	20,000
Mr. Ashok Capoor	N.A.
Mr. M.R.Doraiswamy Iyengar	4,20,000
Mr. B.M. Labroo	3,60,000
Mr. Sreedhara Menon	Nil
Mr. Sudhindar Krishan Khanna	60,000
Mr. G.N. Bajpai**	20,000

* Ceased to be the Managing Director with effect from April 19, 2011 and as Director with effect from the close of the business hours April 29, 2011.

** Appointed as Additional Director with effect from January 20, 2012.

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. 55,647,000/- on profits for the year ended March 31, 2012 will be paid after adoption of Accounts by Shareholders at the Annual General Meeting to be held on September 25, 2012 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*	152
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	2,414
Mr. G. N. Bajpai**	Nil

* Ceased to be Managing Director with effect from April 19, 2011 and as Director with effect from the close of business hours on April 29, 2011.

** Appointed as Additional Director with effect from January 20, 2012.

\+ held jointly.

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 29, 2011, August 03, 2011, November 07, 2011 and January 20, 2012 attended by both Mr. M.R. Doraiswamy Iyengar and Mr. B. M. Labroo, members of the Committee.

The Company/ Company's Registrars received 78 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, 2012.

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.

The Committee comprises at present, of 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, 2011	September 29, 2011	11.30 a.m.	Good Shepherd Auditorium, Opposite St.Joseph's Pre-University College, Residency Road, Bangalore - 560 025
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.

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, 2011:	Appointment of / Remuneration wpayable to Mr. Ashok Capoor as Managing Director.
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

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 special resolution at the last Annual General Meeting held which was required to be passed through Postal Ballot as per the provisions of the Companies Act, 1956 and the rules framed thereunder.

No special resolution was passed through Postal Ballot during 2011-12.

At this meeting also, there is no special resolution requiring passing by way of Postal Ballot.

No special resolution is proposed to be passed through Postal Ballot at present.

7. DISCLOSURES

During the financial year ended March 31, 2012, 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, 2012 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 E-mail 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 and Analysis Report is appended and forms an integral part of this Annual Report.

10. GENERAL SHAREHOLDER INFORMATION

a)	AGM Date, Time and Venue	Tuesday, September 25, 2012 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
	Audited Financial Results	By May 30
c)	Date of Book closure	Wednesday, September 19, 2012 to Tuesday, September 25, 2012 (both days inclusive)
d)	Dividend payment date	After September 25, 2012
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 2011-12 and 2012-13 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, 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, 2012)	Depositories / Shares / % NSDL 120070676 91.80 CDSL 7627837 5.83 Total 127698513 97.63
n)	Outstanding GDRs/ ADRs/ Warrants or any other Convertible instruments	1,356,936 Global Depository Shares (GDSs) representing 678,468 Equity Shares of Rs.10/- each as on March 31, 2012 (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. Puducherry (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, 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 by the Investor and its redressal, which has been displayed on the website of the Company www.unitedspirits.in

Pursuant to Clause 5A of the Listing Agreement, the Company's Registrars & Transfer Agents have already sent three reminders to all the shareholders whose share certificates were returned undelivered and remained unclaimed. Necessary action is being taken to transfer the unclaimed shares, in respect of the shareholders who have not yet responded, to a folio in the name of "Unclaimed Suspense Account". The voting rights on such shares shall remain frozen till rightful owners claim the shares.

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, 2012.

(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

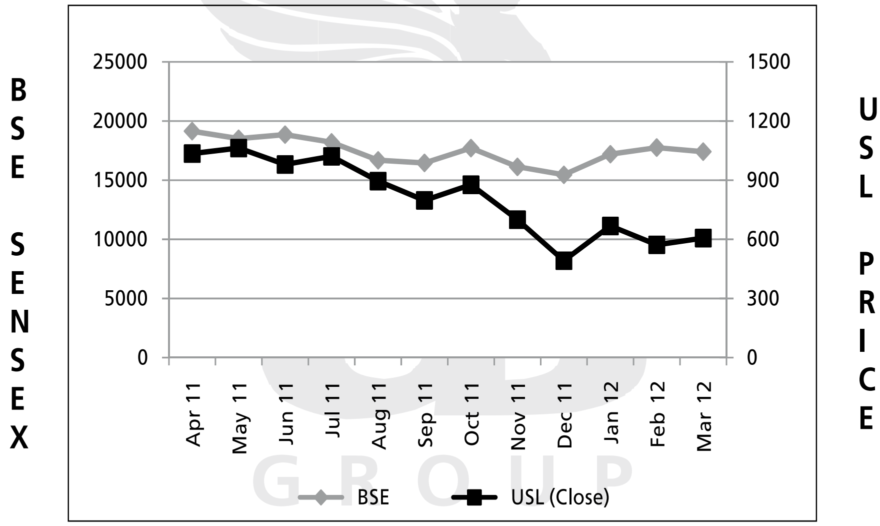
United Spirits Limited - Monthly BSE

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr-11	1,120.55	991.15	1,034.85	517,551
May-11	1,081.00	1,008.00	1,062.35	442,926
Jun-11	1,069.80	895.65	979.30	344,895
Jul-11	1,123.40	973.10	1,020.50	357,692
Aug-11	1,035.95	855.00	895.45	275,521
Sep-11	936.30	740.00	797.25	727,999
Oct-11	931.70	740.00	876.90	1,226,696
Nov-11	925.70	678.45	699.70	2,759,919
Dec-11	763.40	480.20	491.15	1,457,642
Jan-12	694.90	450.00	667.60	8,564,764
Feb-12	766.25	519.10	572.05	8,943,572
Mar-12	613.00	478.55	606.05	6,659,321

United Spirits Limited - Monthly NSE

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
April-11	1,119.70	991.00	1,035.70	6,079,544
May-11	1,162.20	1,006.00	1,060.70	6,460,676
June-11	1,069.60	871.55	980.15	6,941,480
July-11	1,124.50	974.70	1024.70	5,129,010
Aug-11	1,039.00	854.60	897.40	3,655,248
Sep-11	938.00	741.60	795.75	5,846,545
Oct-11	934.95	740.00	877.95	6,248,328
Nov-11	928.00	678.50	699.65	14,373,887
Dec-11	762.65	479.10	491.90	10,476,993
Jan-12	6,94.95	477.70	668.15	37,907,830
Feb-12	769.80	518.55	572.60	41,645,825
Mar-12	613.20	478.40	606.05	35,764,943

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



ANNEXURE C: DISTRIBUTION OF HOLDINGS (as on March 31, 2012)

VALUEWISE

Shareholding of nominal value		Shareholders		Share Amount	
Rs.		Number	% to Total	in Rs.	% to Total
(1)	(2)	(3)	(4)	(5)	
Upto -	5,000	99,242	97.31	69,881,000	5.34
5,001 -	10,000	1,364	1.34	10,145,780	0.78
10,001 -	20,000	569	0.56	8,179,620	0.63
20,001 -	30,000	167	0.16	4,217,830	0.32
30,001 -	40,000	93	0.09	3,268,120	0.25
40,001 -	50,000	70	0.07	3,242,800	0.25
50,001 -	100,000	130	0.13	9,442,260	0.72
100,001 and above		348	0.34	1,199,572,270	91.71
	Total	**101,983**	**100.00**	**1,307,949,680**	**100.00**

CATEGORYWISE

Category	No. of Shares	% of Equity Capital
Promoter Group	36,336,232	27.78
Resident Body Corporate (including clearing members)	2,547,784	1.95
Banks / FI / FII /MF /UTI / Trust / Central/ State Government & Insurance Companies	71,757,155	54.86
NRI / OCB / FCB / Foreign Nationals	6,369,206	4.87
G D S	678,468	0.52
Resident Individuals	13,106,123	10.02
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, 2012 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, 2012, 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
May 29, 2012

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.

Mumbai
May 29, 2012

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 ended March 31, 2012.

Mumbai
May 29, 2012

Ashok Capoor
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A. INDUSTRY OVERVIEW:

India is currently the 3rd largest market for branded alcoholic beverages in the world by volume, and the Indian Spirits Industry accounted for an estimated 13% of the global spirits volumes in calendar year 2011 according to Euromonitor International. The Indian Alcobev Industry has grown rapidly in recent years primarily due to favorable demographic trends, substantial economic growth, increased per capita consumption and a marked shift in societal acceptance of alcohol consumption.

In our estimates, for fiscal 2011-12, the Indian branded spirits industry was around 295 million cases (1 case = 9 Bulk Litres). Contrary to international trends, India continues to remain a ‘browns’ market with Whisky, Rum and Brandy being a dominant 95% of the market.

In 2010, your Company had become the largest distilled spirits marketeer in the world by volume with worldwide sales of over 114 million cases. While latest figures for other key players for calendar year 2011 are still unavailable, it is our belief that having added on over 8 million cases in fiscal 2012, we would remain at the *numero uno* position. The worldwide sales of the Company during fiscal 2012 were over 122 million cases, of this 119 million cases have been sold in a single geography, viz. India.

The Indian Spirits market grew approximately 8% in FY12 which translates to about 22.5 million cases. The sales of the Company grew by 7% during the same period and added on 8 million cases. In contrast, the world’s top 100 spirits brands grew under 3%*. In 2011, 16 of the top 25 global premium brands either lost ground or grew under 3%*. Viewed in this light, the performance of the Company is even more remarkable.

The Indian Spirits market has grown at a CAGR of 12% over the last 5 years – your Company which has grown at 13% during the same period, thereby outperformed the industry.

B. REGULATORY ENVIRONMENT:

The Indian alcoholic beverage market is highly regulated resulting in significant barriers to entry, which in turn fosters a stable competitive environment. As directed by the Indian Constitution, the regulation, licensing and taxation of the alcoholic beverages industry is the prerogative of each of the Indian states, not of the Union Government. This structure creates a complex tax and licensing environment which limits the competitiveness of new manufacturers and new products. Introduction of new products and new brands must be approved by each of the States where they are proposed to be manufactured/sold, which is a highly time and capital intensive process. Production of alcoholic beverages requires licenses from respective State Governments who also control production and movement of key raw materials. Additionally, levies on inter-state movement of spirits and costs associated with logistics often force manufacturers to develop production and distribution capabilities in each of the Indian states in which they operate, requiring extensive capital investments. As a result, only few Spirits manufacturers operating in India have been able to find their way successfully around this labyrinth.

A Goods and Services Tax (GST) regime would have played a part in smoothening inter-state trade and commerce for the alcoholic beverages industry, 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.

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* Source – Impact Databank

C. BUSINESS ANALYSIS:

Indian GDP has grown from approximately Rs.34.5 trillion in 2005 to approximately Rs.51.9 trillion in 2010. Along with this, India is also experiencing a rise in the average level of disposable income per household as a result of which they are increasingly trading up from country liquor and low-end branded alcoholic spirits. With an increasing number of young Indians entering the consumer base for alcoholic spirits, the Indian Spirits market has a certain degree of insulation from economic cycles – this is evidenced by the 14.8% increase in the value of total spirits sold during the years of the global economic slowdown in 2007-08.

However, commodity cycles continue to affect the spirits industry. With the fixation of a more-than-comfortable floor price of Rs.27/litre for ethanol supplies for oil blending by the Oil Marketing Companies, the potential availability of Extra Neutral Alcohol (ENA) to the potable alcoholic industry could be hampered. Apart from this, the increased floor price takes the price of ENA for the potable sector to a higher level. Additionally, state-specific imbroglios like the one in U.P., and uncontrolled grant of permissions to export molasses and spirit as in Maharashtra, are serious cost dampeners for the domestic spirits industry.

Your Company, as part of its business strategy, has initiated the build up of supply side security by integrating backwards into distillation. In a move that was started towards the end of fiscal 2011, your Company continued with this initiative and acquired substantial interest in Pioneer Distilleries Limited in Maharashtra and Sovereign Distilleries Limited in North Central Karnataka – both states rich in sugarcane cultivation. These two units along with the earlier acquisition, Tern Distilleries Private Limited, near Vishakapatnam (Andhra Pradesh) have a combined distillation capacity of 378 Kilo Litres per day (KLPD) which would represent 20% of our current ENA requirements. Balancing investments are currently being made to utilize these capacities to the hilt and reduce our dependence on external suppliers, and in the process capture the Make vs. Buy arbitrage currently lying in the hands of external agencies.

The prices of another key input viz. Glass Bottles were affected by the increase in the price of crude and by general inflationary conditions. As a consequence, an increase of approximately 8% on Glass Bottles had to be granted to suppliers during Q4 of fiscal 2012. Your Company, as part of its business strategy initiatives has envisaged setting up a glass manufacturing facility in South India for captive consumption.

Your Company's leadership position in the Indian Branded Distilled Spirits Market coupled with the widespread geographical footprint of owned, leased and contracted manufacturing facilities across India provides us significant operational advantages. Less than 10% of the products sold in a state, cross inter-state borders.

As of March 31, 2012 your Company owned 28 manufacturing facilities in India and one in Nepal, operated 10 leased facilities in India from 3rd parties and contracted with 50 tie-up manufacturing facilities that are capable of distilling molasses or grain to produce ENA. This geographically diverse manufacturing footprint helps your Company reduce the otherwise high cost associated with inter-state commerce by minimizing inter-state taxes and duties as also the cost of transportation.

Sales of the Company's brands grew 7% to over 120 million cases (Previous Year 112 million); together with the sales of international subsidiaries, volumes were at over 122 million cases (Previous Year 114 million).

As part of the Company's continued focus on premiumization, sales volumes in the "Prestige and Above" segments grew 15% to 26.8 million cases, as a result, favorably impacting the growth in sales value and EBIDTA.

Two markets that adversely affected the performance of your Company during the fiscal year, are West Bengal & Tamil Nadu. West Bengal hiked the duties on alcoholic spirits sharply in Aug-Sept'11 which resulted in 48%

de-growth during the 3 months immediately following the hike. While the de-growth in Q4 of FY12 has come down to 19% both for the Company and the industry, the sharp drop in volumes in a very profitable market affected the Company's overall business growth. The de-growth in volumes in West Bengal is on the decline signifying an acceptance, albeit slow, of the increased consumer prices. Your Company has taken remedial measures to soften the impact on its portfolio which are yielding the desired results. The Company expects that over the next couple of quarters the situation would correct itself.

In Tamil Nadu, another large market both for the industry and for your Company, there was a sustained attempt at favoring new, local players at the cost of established national players like your Company. Your Company had the largest market share in this market and this attempt at favoritism with reference to consumer demand affected your Company substantially. While the situation is gradually correcting itself and our market shares in the state are climbing, they are yet to reach the levels that existed before this attempt was made.

D. MARKETING:

As per the data for 2011 calendar year compiled by Impact Databank and published by Impact International, a leading alcoholic beverage magazine, your Company is one of only two players with 12 brands among the Top 100 spirits brands worldwide.

McDowell's No.1 Whisky is India's largest selling spirits brand with sales of 16.9 million cases during fiscal 2012. The McDowell's No.1 franchise which has a presence across the Whisky, Brandy and Rum flavours sold over 44.5 million cases, an increase of 9% over the 40 million cases it sold in the previous fiscal.

As per Impact International, McDowell's No.1 Brandy continues to remain the world's largest selling brandy with sales in excess of 11.5 million cases. For the reasons explained earlier in this note the brand, for which Tamil Nadu is a key market, was impacted by environmental conditions thereby affecting its overall growth.

McDowell's No.1 Celebration Rum with sales in excess of 16 million cases grew at 11% to become the world's 2nd largest Rum and by far, India's largest.

Your Company ended fiscal 2012 with 22 'Millionaire' brands – brands that sell over a million cases in a fiscal year.

McDowell's VSOP Brandy, launched in fiscal 2011, became a 'Millionaire' brand during the current year.

Your Company has always been on the lookout for white spaces in the price ladder and attempted to plug them with new offerings so that it is able to retain consumers within its portfolio even when they move up or down the price ladder on any occasion. As part of this continuing strategy, your Company launched Signature Premier, a premium whisky blended with 8 Year Old Scotch which has received a very good response from the trade and from the consumers. Sales of this brand, in the few markets where it has been launched during the fiscal year, have exceeded all internal expectations.

Vladivar Vodka, a brand from the Whyte and Mackay stable was launched both as a standalone Vodka brand and with twin flavored variants. Flavours like Lemon & Mint, Green Apple & Mint and Orange & Pepper are a first in the industry.

To allow the numerous consumers of McDowell's No.1 Celebration Rum, a quality option to upgrade to, your Company launched McDowell's No.1 Cariba Rum blended with imported Jamaican Rum spirit. Although as yet launched only in a couple of markets, the response from consumers has been overwhelming.

Last fiscal, your Company had experimented with a repositioning of Royal Challenge Whisky in select markets as part of a strategy to facilitate consumers to conveniently 'step-up' from one price band to another without having to 'leap' across price bands. Having met with considerable success both in volumes and in value terms, this experiment is now being taken national.

Your Company's overseas subsidiaries – Whyte and Mackay, Bouvet Ladubay and Liquidity Inc. continue to perform well in international markets. Sales of these brands have been realigned so as to operate cohesively with export sales from India.

The Emerging Markets Division created early this fiscal has identified 4 key markets – 2 each in Africa and South East Asia as focus markets to start their foray into international emerging markets. The division has been progressively staffed over the year and partners have been identified through whom sales and subsequently local manufacture will be undertaken.

E. RISKS & CONCERNS, OPPORTUNITIES & THREATS:

The 'demographic window' is a much talked about factor in any discussion on India. For our industry too, the vast numbers of young Indians coming of legal drinking age over the next few years is a tremendous advantage and a huge potential consumer base. This has to be viewed in the context of a 'greying' population in other parts of the world. It's no wonder then that the growth in the Indian alcoholic beverage space far exceeds those of its counterparts in other countries. We expect that this 'young' India will continue to be a sustained growth opportunity for your Company. Indians are joining the work force sooner than in the past and together with changing life styles and the dismantling of social barriers to consumption of alcoholic products, we believe, will augur well for your Company in the foreseeable future. The Company's focused drive to upgrade its business is but a reflection of how we see Indian society moving in the years to come.

The alcoholic beverages industry continues to be a favorite with Governments, both at the Centre and at the States, when confronted with revenue pressures. Increasing levels of taxation coupled with over-regulation has pushed taxes and duties to about three-fifths of the retail prices of our products. As mentioned earlier in this report, the much-delayed Goods and Services Tax (GST) regime could have corrected the current system of tax-on–tax but with State Governments unwilling to let go of this golden goose, GST in the alcoholic beverage industry is still some way off.

Additionally, a new legislation viz.the Food Safety & Standards Act (FSSA) has now been extended to cover alcoholic beverages. Representations about the industry's inability to serve two masters viz. the local Excise authorities and the FSSA Inspectors, both often working at cross purposes, having fallen on deaf ears. The industry has now taken legal recourse against its inclusion under FSSA.

Shareholder communication over the past few years has consistently referred to a sharp rise in the prices of your Company's key ingredient, viz. Extra Neutral Alcohol (ENA) as a result of a step-up in the Ethanol Blending Program and an unfairly remunerative price fixed by the Govt. for this purpose. This has taken the prices of ENA for alcoholic beverage industry to a significantly higher level, thereby putting pressure on margins. With over 70% of the Company's products being sold to parastatal buying agencies who are loath to grant price increases even in line with inflation, margins will be under pressure. Your Company has sought to mitigate such cost increases through backward integration and the use of alternative substrates like grain and the extension of alternate packaging like tetra brick container to newer pack size have proved to be hugely successful in the market place.

Your Company has sought to reduce its emphasis in a single market by the creation of an Emerging Markets Division to focus on expanding into markets where there is substantial scope for Indian alcoholic spirit products. Progressive local manufacture of these products in these markets will benefit the Company through reduction of logistics costs.

Your Company has positioned its products at convenient price points staggered across the price ladders to enable consumers to remain within the Company's stable when looking to move up or down the value chain. The availability of rare and aged products from the Whyte and Mackay stable as also of wines from the Bouvet Ladubay and Four Seasons Wines portfolio have helped to reinforce your Company's presence across the product spectrum. The capability of introducing niche products like the 21 Year Old & 18 Year Old variants of Black Dog considerably scales up the image of the Company in the consumers' eyes.

As mentioned in earlier reports, Whyte and Mackay has substantially exited the bulk spirits business and is now focusing on the development of its major brands business, particularly Dalmore and Jura. Whyte and Mackay and the Emerging Markets Division are working together in opening up new markets for the composite product portfolio.

Your Company's foray into the nascent wine segment in India is gaining ground. Its Four Seasons range has now been extended to more upmarket products and these have been well received by consumers. Bouvet Ladubay's expansion of its winery to 8 million cases per annum is helping its growing demand for its products in Europe.

F. OUTLOOK:

In a scenario where two out of every three cases is sold by the Company to para-statal organisations, price increases are not easy to come by. However, your Company continues to be in the forefront of discussions with these agencies to push through price increases. Notwithstanding this, 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 certain markets as also through reduced trade spends.

Your Company has also been in the forefront of discussions with the Federal Govt. in the area of Service Tax and GST and has made out a strong case for the inclusion of alcoholic beverages in the appropriate legislation even if alcoholic beverages are to be kept out of the first phase of implementation.

G. INTERNAL CONTROL SYSTEM:

The company has a robust system of internal control which has been incorporated in the enterprise-wide SAP system. Additionally, during the year the Company introduced a new centralized Software ARIBA for price discovery and smoothening the procurement process. This is already yielding economies in procurement.

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

H. INTERNATIONAL OPERATIONS:

Bouvet Ladubay's wine operations grew 225 basis points in volume terms to 5.75 million bottles during fiscal 2012 while sales turnover was up 250 basis points approx. The Company's products continue to do well in their traditional markets of Europe, notably France & Germany.

Bouvet's expertise has been used in the development of products at India's largest winery at Four Seasons Wines Limited, near Baramati, Maharashtra. Six varietals of wine under the brand name Ritu have been exported to UK & France. The product has received listings at premium on-premise outlets and gourmet super market chain Waitrose. Expansion of the export markets to the rest of Europe, US & Japan is being planned out, as also the expansion of the product range through additional labels specifically targeted at off-premise outlets.

Whyte and Mackay's shift in focus from sale of bulk spirit to brand building was highlighted in the report for fiscal 2011. This strategy has been taken forward during the fiscal just ended and the demarcation of territories between the Whyte and Mackay Export Team and the Company's Emerging Markets Division have been clearly spelt out. The Company's Premium Single Malt Whisky, Dalmore was rated the fastest growing Malt Whisky during 2011, while the iconic Jura is also from the Whyte and Mackay stable came in second in the list of fastest growing Malt Whiskies, both growing at a rate approximately 40%.

The Emerging Markets Division which was set up during fiscal 2012 has zeroed in on 4 countries – 2 each in South East Asia and Africa. Country specific organisations are being created to lead the foray into these markets. The initial plans are to export products out of India and progressively go in for local manufacture.

I. HUMAN RESOURCES:

Your Company's human capital now stands at over 6,200 employees including permanent 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.

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

Mumbai
May 29, 2012

Dr. VIJAY MALLYA
Chairman

Auditors' Report to the Members of United Spirits Limited

1. We have audited the attached Balance Sheet of United Spirits Limited, (the 'Company') as at March 31, 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto (collectively referred as the 'financial statements'). 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 (the 'Order')(as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act'), we enclose 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 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 financial statements dealt with by this report are in agreement with the books of account;

   (d) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (e) In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

      (i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

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

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

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Aashish Arjun Singh**
Partner
Membership No. 210122

Place : Mumbai
Date : May 29, 2012

Annexure to the Auditors' Report of even date to the members of United Spirits Limited, on the financial statements for the year ended 31 March 2012.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets under which fixed assets are verified in a phased manner 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. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except goods-in-transit.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted unsecured loans to one party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs. 1,129.700 Million and the year-end balance is Rs. 180 Million.

(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 loans granted, receipt of the principal amount and interest is regular.

(d) There is no overdue amount in respect of loans granted to such companies, firms or other parties.

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. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

(iv) In our opinion, 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 and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

(b) In our opinion, 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 prevailing market prices at the relevant time.

(vi) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 as applicable 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, in this regard.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business

(viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are given in Appendix 1.

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

(xi) In our opinion, the Company has not defaulted in repayment of dues to any financial institution nor did it have any debentures outstanding during the year. In respect of dues to banks, their acceptance of the Company's application for reschedulement of certain amounts originally due on March 30 and March 31, 2012 totalling to an amount of Rs. 1,058.500 Million, was received subsequent to the year end and hence the amount is outstanding.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit .

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Aashish Arjun Singh**
Partner
Membership No. 210122

Place : Mumbai
Date : May 29, 2012

Appendix 1* to the Auditor's Report

UNITED SPIRITS

Referred to paragraph ix(b) of the Annexure to the Auditors' report of even date to the members of United Spirits Limited, on the financial statements for the year ended March 31, 2012.

Name of the statute	Demand (Rs. Million)	Payment (Rs. Million)	Period for which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	11.685	11.685	Assessment years 1992-93, 1993-94, 1994-95, 1995-96, 1996-97	Supreme Court
	468.252	434.539	Assessment years 1994-95, 1995-96, 2000-01, 2001-02, 2002-03, 2003-04, 2006-07, 2007-08	Income Tax Appellate Tribunal
	569.880	567.057	Assessment years 1991-92, 1992-93, 1995-96, 2002-03, 2003-04, 2004-05, 2005-06, 2008-09, 2009-10	Commissioner of Income Tax (Appeals)
	3.620	-	Assessment year 2004-05	Assessing Officer
Central and Respective State Sales Tax Acts	84.823	95.178	1981-82, 1982-83, 1983-84, 1984-85	Supreme Court
	87.724	27.992	1978-81, 1980-81, 1981-82, 1982-83, 1984-86, 1988- 89, 1989-90, 1990-91, 1992-93, 1995-96, 1996-97, 1997-98, 1999-00, 2001-02, 2002-03, 2003-08, 2005-06	High Court's
	150.058	98.255	1978-81, 1980-81, 1981-82, 1982-83, 1983-84, 1984-85, 1985-86, 1986-90, 1987-88, 1989-90, 1989-96, 1990-91, 1991-92, 1991-93, 1992-93, 1992-95, 1993-94, 1994-95, 1995-96, 1996-97, 1997-01, 1997-98, 1998-99, 1999-00, 2000-01, 2004-05, 2007-08	Appellate Tribunal
	215.451	217.930	1999-00, 2000-01, 2001-02, 2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10	Joint Commissioner
	53.690	42.671	1976-77, 1977-78, 1978-79, 1979-80, 1984-85, 1985-86, 1992-93, 2002-03, 2003-04, 2005-07, 2007-08, 2008-09, 2009-10, 2011-12	Deputy Commissioner
	221.981	20.877	1974-76, 1982-83, 1995-96, 1996-97, 1998-99, 1999-06, 2002-03, 2003-04, 2008-09	Assistant Commissioner
	8.612	6.604	1974-75, 1975-76, 1983-84, 1993-94, 1995-96, 1997-98, 1999-00, 2000-01, 2002-03, 2003-04, 2004-05	Assesing Officer
	54.980	-	1993-94, 2004-05, 2005-06, 2006-07	Appellate and Revisional board
	13.723	0.544	1993-94, 2004-05, 2005-06, 2006-07	Additional Commissioner
Respective State Excise Acts	46.778	-	1971-72, 1991-95, 1995-98, 2001-02, 2009-10	Supreme Court
	174.766	75.140	1963-64, 1972-74, 1983-84, 1986-87, 1988-91 , 1989-90, 1990-92, 1991-92, 1991-94, 1992-93, 1993-94, 1996-11, 1998-01, 1999-00, 2000-11, 2001-02, 2001-11, 2002-03, 2003-04, 2005-06, 2007-08, 2008-11, 2010-11	High Court's
	17.464	-	1995-96	Appellate Tribunal
	269.808	1.283	1974-81, 1980-81, 1981-82, 1982-83, 1983-84, 1983-85, 1984-85, 1985-86, 1985-87, 1986-87, 1987-88, 1987-89, 1988-89, 1989-90, 1991-92, 1991-96, 1993-94, 1993-95, 1995-96, 1995-98, 1998-99, 2001-02, 2002-03, 2003-04, 2004-05, 2004-05, 2005-06	Excise Commissioner
	1.593	-	1986-87, 1992-93, 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
	25.635	-	1989-97,1996-97, 2004-05	High Court's
	0.534	-	1995-95, 1995-96, 2004-05	Commissioner of Central excise
	0.481	-	1995-96	Assistant commissioner of Customs

* The annexure does not include cases where the respective authorities have appealed against orders in favour of the Company.

Balance Sheet as at March 31, 2012

	Note	2012	Rs. Million 2011
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	**1,307.950**	1,307.950
Reserves and Surplus	3	**57,476.922**	49,729.726
Non-current Liabilities			
Long term borrowings	4.1	**13,991.883**	17,241.849
Other Long-term liabilities	4.2	**200.184**	126.544
Long term provisions	4.3	**388.033**	348.663
Current Liabilities			
Short-term borrowings	5.1	**20,456.489**	12,777.708
Trade Payables	5.2	**14,675.329**	10,838.689
Other Current Liabilities	5.3	**11,808.312**	8,553.242
Short-term provisions	5.4	**712.148**	674.999
		121,017.250	101,599.370
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	6.1	**11,237.143**	9,096.715
Intangible Assets	6.2	**21.152**	25.248
Capital Work in Progress		**567.179**	360.072
Non Current Investments	7	**16,104.435**	14,509.143
Deferred Tax Assets (net)	8	**286.785**	202.736
Long term Loans and advances	9	**53,765.560**	48,554.098
Other Non Current Assets	10	**60.002**	48.708
Current Assets			
Current Investments	11.1	**188.776**	23.364
Inventories	11.2	**14,522.360**	11,621.315
Trade Receivables	11.3	**12,828.000**	9,585.883
Cash and Bank balance	11.4	**2,776.998**	1,549.204
Short term Loans and Advances	11.5	**8,657.514**	6,021.400
Other Current Assets	11.6	**1.346**	1.484
		121,017.250	101,599.370
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

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

For **Walker, Chandiok & Co**
Chartered Accountants

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aashish Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Mumbai
Date : May 29, 2012

Statement of Profit and Loss for the year ended March 31, 2012

	Note	2012	Rs. Million 2011
Revenue			
Revenue from Operations	12	**160,464.333**	128,366.032
Less: Excise Duty		**85,037.589**	64,677.133
		75,426.744	63,688.899
Other Income	13	**1,775.872**	965.139
		77,202.616	64,654.038
Expenses			
Cost of Materials Consumed	14	**38,261.482**	30,956.512
Purchase of Traded Goods		**8,592.734**	7,624.918
Change in inventories of Finished Goods, Work-in-Progress and Stock-in-trade	15	**(1,798.208)**	(2,773.308)
Employee Benefits expense	16	**4,210.075**	3,698.151
Finance Costs	17	**5,512.665**	4,674.673
Depreciation and Amortisation Expense		**608.453**	477.470
Other expenses	18	**16,668.360**	14,547.944
		72,055.561	59,206.360
Profit before Exceptional items and Taxation		**5,147.055**	5,447.678
Exceptional items [Refer Note 19]		**(108.163)**	368.399
Profit before Taxation		**5,038.892**	5,816.077
Tax Expense:			
Current Tax		**1,695.000**	1,793.500
Deferred Tax Charge / (Credit)		**(84.049)**	167.865
Profit for the year		**3,427.941**	3,854.712
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		**26.21**	29.47
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

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

For **Walker, Chandiok & Co**
Chartered Accountants

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aashish Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Mumbai
Date : May 29, 2012

Cash Flow statement for the year ended March 31, 2012

					Rs. Million
			2012		2011
A.	**Cash Flow from operating activities**				
	Profit before Exceptional and Other Non-Recurring Items and Taxation from continuing operations		**5,147.055**		5,447.678
	Adjustments for:				
	Depreciation	**608.453**		477.470	
	Unrealised Foreign Exchange Loss / (Gain)	**(502.661)**		345.421	
	Bad Debts/ Advances written off	**35.296**		31.481	
	Loss/(Gain) on Fixed Assets Sold/Written off (Net)	**(3.973)**		(3.381)	
	Liabilities no longer required written back	**(786.627)**		(95.702)	
	Provision for Doubtful Debts/ Advances/ Deposits (Net)	**432.815**		290.273	
	Provision for diminution in value of Investments (Net)	**0.326**		-	
	Provision - Others	**151.540**		167.342	
	Finance Cost	**5,943.450**		4,448.929	
	Dividend Income	**(44.607)**		(52.259)	
	Interest Income	**(559.206)**		(421.027)	
			5,274.806		5,188.547
	Operating profit before working capital changes		**10,421.861**		10,636.225
	(Increase)/decrease in Trade Receivables	**(3,291.695)**		192.785	
	(Increase)/decrease in other receivables	**(4,295.691)**		(2,215.931)	
	(Increase)/decrease in Inventories	**(2,901.045)**		(3,072.452)	
	Increase/(decrease) in Trade and Other payables	**5,243.834**		2,186.757	
			(5,244.597)		(2,908.841)
	Cash generated from operations		**5,177.264**		7,727.384
	Direct taxes paid		**(1,268.869)**		(1,928.405)
	Fringe Benefit taxes paid		**(0.118)**		2.544
	Cash Flow before Exceptional and Other Non-Recurring Items		**3,908.277**		5,801.523
	Exceptional and Other Non-Recurring Items		**-**		(871.798)
	Cash generated/ (used in) from operations		**3,908.277**		4,929.725
B.	**Cash Flow from investing activities**				
	Purchase of fixed assets	**(2,831.889)**		(1,959.011)	
	Sale of fixed assets	**12.663**		16.692	
	Finance Lease Payments	**-**		(8.259)	
	Purchase of long term investments	**-**		(86.736)	
	Consideration paid on acquisition of shares in a subsidiaries	**(399.641)**		(1,039.852)	
	Investment in an Associate	**-**		(35.198)	
	Disposal of Investment in Subsidiary	**-**		0.600	
	Purchase of current investments	**(160.000)**		-	
	Investments in bank deposits (with maturity of more than 3 months)	**(246.327)**		(253.742)	
	Loans given to Subsidiaries	**(6,042.555)**		(3,045.106)	
	Realisation of Loans from Subsidiary	**5,584.266**		3,984.140	
	Interest received	**530.017**		419.729	
	Dividend received	**39.195**		46.784	
	Net cash used in investing activities		**(3,514.271)**		(1,959.959)

Cash Flow statement for the year ended March 31, 2012 (Contd.)

				Rs. Million
		2012		2011
C. Cash Flow from financing activities				
Proceeds/(Repayment) of long term loans:				
Proceeds	**1,149.000**		3,218.700	
Repayment	**(3,041.172)**		(8,235.451)	
Proceeds/(Repayment) of fixed deposits	**977.950**		3,196.576	
Proceeds/(Repayment) of short term loans	**3,550.000**		5,470.000	
Repayment of short term loan	**(4,500.000)**		(4,020.000)	
Working Capital Loan / Cash Credit from Banks (net)	**8,628.777**		1,268.401	
Finance Costs paid [including on Finance lease Rs 3.427 Million (2011: Rs 1.350 Million)]	**(5,785.297)**		(4,792.563)	
Dividends paid	**(326.194)**		(313.575)	
Corporate Tax on distributed profit	**(54.309)**		(52.149)	
Net cash used in financing activities		**598.755**		(4,260.061)
Net (Decrease)/ Increase in cash and cash equivalents		**992.761**		(1,290.295)
Cash and cash equivalents as at March 31, 2011*		**1,344.170**		2,464.670
Cash and cash equivalents of transferor companies		**-**		169.795
Cash and cash equivalents as at March 31, 2012*		**2,336.931**		1,344.170
		992.761		(1,290.295)

*Refer Note 11.4

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2012 and the related Statement of Profit and Loss for the year ended on that date.
2. 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.
3. 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 **Walker, Chandiok & Co**
Chartered Accountants

per **Aashish Arjun Singh**
Partner

Place : Mumbai
Date : May 29, 2012

VIJAY MALLYA
Chairman

M.R. DORAISWAMY IYENGAR
Director

V.S. VENKATARAMAN
Company Secretary

ASHOK CAPOOR
Managing Director

P.A. MURALI
Chief Financial Officer

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 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.

1.2 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 and impairment losses if any.

1.3 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 Statement of Profit and Loss on accrual basis.

Income from operating leases is credited to Statement of Profit and Loss on a straight line basis over the lease term.

1.4 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 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 is not amortised.

(e) Goodwill arising on amalgamation is charged to the Statement of Profit and Loss 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

(g) Leasehold improvements are amortised over the period of lease.

(h) Fixed assets individually costing less than Rs 5,000 are fully depreciated in the year of purchase. Depreciation charged as above is not less than the minimum specified as per Schedule XIV.

1.5 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.

1.6 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.

1.7 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.

1.8 Cash and Cash Equivalents

Cash and Cash Equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

1.9 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.

1.10 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 Statement of Profit and Loss, 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 Statement of Profit and Loss 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.

1.11 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 Statement of Profit and Loss as income or expense. Gratuity fund benefits are administered by a Trust formed for this purpose.

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 Statement of Profit and Loss 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 employee benefits:**

i) 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.

ii) 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.

1.12 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.

1.13 Research and Development

Revenue expenditure on research and development is charged to the Statement of Profit and Loss 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.

1.14 Taxes on Income

Tax expense 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.

1.15 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.

1.16 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.

1.17 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 to the accounts.

1.18 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.

1.19 Expenditure

Expenses are net of taxes recoverable, where applicable.

1.20 Debt Issue Costs

Expenditure incurred for raising borrowed funds represents ancilliary costs incurred in connection with the arrangement of borrowings and is amortised over the tenure of the respective borrowings. Amortisation of such debt issue costs is included under Finance Costs.

1.21 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.

Rs. Million

		2012	2011
2.	**Share Capital**		
	Authorised		
	395,000,000 (2011:395,000,000) Equity Shares of Rs.10/- each	**3,950.000**	3,950.000
	159,200,000 (2011:159,200,000) Preference Shares of Rs.10/- each	**1,592.000**	1,592.000
		5,542.000	5,542.000
	Issued, Subscribed and Paid-up		
	130,794,968 (2011:130,794,968) Equity Shares of Rs.10/- each fully paid up.	**1,307.950**	1,307.950
		1,307.950	1,307.950

a. **Reconciliation of the number of shares outstanding**

	No. of Shares	2012	No. of Shares	2011
Balance at the beginning of the year	**130,794,968**	**1,307.950**	125,594,329	1,255.943
Add: Equity shares issued to shareholders of the erstwhile Balaji Distilleries Limited pursuant to the scheme of Amalgamation	**-**	**-**	5,200,639	52.007
Balance at the end of the year	**130,794,968**	**1,307.950**	130,794,968	1,307.950

b. **Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a face value of Rs. 10 per share. Each holder of the equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their holdings.

c. **Shares held by holding/ ultimate holding company and/or their subsidiaries / associates**

Out of the equity shares issued by the Company, shares held by its Promoter company, ultimate holding company and their subsidiaries/associates are as below:

	No. of Shares	2012	No. of Shares	2011
United Breweries (Holdings) Limited	**23,577,293**	**235.773**	23,881,821	238.818
Mallya Private Limited	**1,005**	**0.010**	1,005	0.010
Dr. Vijay Mallya	**12,510**	**0.125**	12,510	0.125
Devi Investments Private Limited	**2,700**	**0.027**	2,700	0.027
Vittal Investments Private Limited	**31,270**	**0.313**	31,270	0.313
Rossi & Associates Private Limited	**35,112**	**0.351**	35,112	0.351
Kingfisher Finvest India Limited (formerly "Kingfisher Radio Limited ")	**12,676,342**	**126.763**	12,676,342	126.763
	36,336,232		36,640,760	

	2012	2011
d. **Aggregate number shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date**		
Equity shares allotted as fully paid up pursuant to amalgamations for consideration other than cash	**46,960,281**	46,960,281

The 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 Million. These GDSs are listed on the Luxembourg Stock Exchange. Out of the above, 678,468 GDS outstanding (representing 339,234 equity shares) as of March 31, 2012, will have no voting rights.

e. **Details of shareholders holding more than 5% shares in the company**

	2012		2011	
	No. of Shares	**% of Holding**	No. of Shares	% of Holding
United Breweries (Holdings) Limited	**23,577,293**	**18.03%**	23,881,821	18.26%
Kingfisher Finvest India Limited (formerly "Kingfisher Radio Limited")	**12,676,342**	**9.69%**	12,676,342	9.69%
HSBC Global Investment Funds	**9,852,229**	**7.53%**	8,270,000	6.32%

The above represents both legal and beneficial ownership of shares.

3. Reserves and Surplus

Rs. Million

		2012		2011
Capital Redemption Reserve		**578.946**		578.946
Securities Premium Account		**25,176.823**		25,176.823
Other Reserves:				
Central Subsidy*		**1.500**		1.500
Contingency Reserve*		**110.000**		110.000
Foreign Currency Translation Reserve [Refer Note 9 (c)]				
At the beginning of the year	**(2,271.244)**		(2,247.069)	
Add: Addition during the year	**4,699.288**		(24.175)	
		2,428.044		(2,271.244)
General Reserve				
At the beginning of the year	**10,775.730**		10,601.134	
Add: Addition during the year				
(a) Reserve arising on amalgamation	**-**		(325.404)	
(b) Transferred from Profit and Loss Account	**500.000**		500.000	
		11,275.730		10,775.730
Surplus as per Profit and Loss account				
At the beginning of the year	**15,357.971**		12,380.525	
Add: Profit transferred on amalgamation	**-**		4.030	
Add: Profit for the year	**3,427.941**		3,854.712	
	18,785.912		16,239.267	
Less: Appropriations:				
Proposed Dividend on Equity Shares	**326.987**		326.987	
Corporate Tax on Proposed Dividend	**53.046**		54.309	
Transfer to General Reserve	**500.000**		500.000	
		17,905.879		15,357.971
		57,476.922		49,729.726

* Taken over on amalgamation.

Rs. Million

	2012	2011
4.1. Long-term Borrowings		
Secured		
Term Loans from banks	**13,623.005**	16,343.534
Finance Lease	**25.208**	8.416
Unsecured		
Fixed Deposits	**6,282.218**	5,358.220
Long term loan from banks	**2,348.356**	1,520.000
Inter Corporate Deposit	**75.592**	75.592
	22,354.379	23,305.762
Less: Current Maturities		
Secured		
Term Loans from banks	**4,088.900**	3,719.771
Finance Lease	**11.382**	5.303
Unsecured		
Fixed Deposits	**3,568.044**	2,338.839
Long term loan from banks	**694.170**	-
	13,991.883	17,241.849

a. **Nature of security and terms of repayment for secured borrowings:**

Nature of Security	Terms of Repayment
(i) Term loans from Banks amounting to Rs 111.6 Million (2011: Rs 224.4 Million) are secured by a charge on certain fixed assets of the Company.	Repayable in 16 equal quarterly installments from the date of loan (March 6,2008) along-with interest of 13.5%.
(ii) Term loans from Banks amounting to Nil (2011: Rs 687.477 Million) are secured by a charge on certain fixed assets of the Company including Land and Building and also by pledge of certain investments held by other company.	Repayable in 16 equal quarterly installments from the date of loan (April 29, 2006) along-with interest of 13%.
(iii) Term loans from Banks amounting to Nil (2011: Rs 142.601 Million) are secured by a charge on certain fixed assets of the Company including Land and Building.	Repayable in 12 equal quarterly installments from the date of loan (October 31, 2008) along-with interest of 13%.
(iv) Term loans from Banks amounting to Rs 2,258.5 Million (2011: Rs 2,109.5 Million) are 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.	Repayable in 3 equal annual installments commencing from March 31, 2012 along-with interest of 15.5%.
(v) Term loans from Banks amounting to Rs 5,271.949 Million (2011: Rs 6,260.5 Million) are 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.	Repayable in 10 half-yearly installments from the date of loan (January 18, 2010) along-with interest of 14.5%.

Nature of Security	Terms of Repayment
(vi) Term loans from Banks amounting to Rs 5,316.456 Million (2011: Rs 6,254.556 Million) are 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.	Repayable in 16 quarterly installments from the date of loan (January 19, 2010) along-with interest of 13.25%.
(vii) Term loans from Banks amounting to Rs 664.5 Million (2011: Rs 664.5 Million) are secured by a charge on certain fixed assets of the Company.	Repayable in 5 annual installments from the date of loan (October 25, 2010) along-with interest of 13.25%.

b. **Terms of repayment for unsecured borrowings**

Borrowings	Terms of Repayment
i. Long term loan from banks:	
(a) amounting to Rs 750 Million (2011: Rs 750 Million) are guaranteed by a director of the Company	Repayable in 2 equal installments, 4 years from the date of loan (December 18, 2008) along-with interest of 17.2%.
(b) amounting to Rs 598.353 Million (2011: Rs 770 Million).	Repayable in 36 equal monthly installments with a Moratorium of 1 year from the date of loan (August 27, 2010) along-with interest of 15.5%.
(c) amounting to Rs 1,000 Million (2011: Nil)	Repayable in 16 equal quarterly installments, starting 15 months from the date of first disbursement December 12, 2011 along-with interest of 12%.
ii. Fixed Deposits	Repayable within 1-2 years from the date of issue and not on demand or notice except at the discretion of the Company. Rate of interest is 11-11.5%.
iii. Inter-corporate deposits	These represent 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. Adjustments, if any, shall be carried out as and when the amounts are determined on final disposal/ settlement of the matter.

c. The Company has renegotiated the repayment terms for the term loan specified in (a)(iv) above and has accordingly disclosed Rs 558.500 Million under Current Borrowings.

Rs. Million

	2012	2011
4.2. Other Long term Liabilities		
Security Deposits	**200.184**	126.544
	200.184	126.544
4.3. Long-term Provisions		
Employee Benefits:		
Provision for Death Relief Scheme	**20.332**	18.536
Provision for Shortfall in Provident Fund Trust	**107.746**	103.047
Provision for Leave Encashment	**235.799**	203.116
Provision for Pension Liability	**24.156**	23.964
	388.033	348.663

Rs. Million

	2012	2011
5.1.Short Term Borrowings		
Secured		
Working capital loans from banks	**17,456.489**	8,827.708
Unsecured		
Short term loan from banks	**3,000.000**	3,950.000
	20,456.489	12,777.708

a) Working capital loans are secured by hypothecation of inventories (except those held outside India), book debts and other current assets. The average rate of interest is 12.5%.

b) The Company has re-negotiated the repayment terms for a short term loan from banks falling due on March 30, 2012, amounting to Rs 500 Million

	2012	2011
5.2. Trade Payables		
Acceptances*	**3,034.045**	1,378.616
Dues to Micro and Small Enterprises	**71.510**	71.284
Trade Creditors	**10,221.187**	8,257.204
Dues to Related Parties	**1,348.587**	1,131.585
	14,675.329	10,838.689

* Includes bills drawn against inland letters of credit of Rs 2,504.031 Million (2011: Rs 1,055.713 Million) and secured by a charge on debtors, inventories and other current assets.

	2012	2011
5.3. Other Current Liabilities		
Current maturities of :		
Long-term borrowings	**8,351.114**	6,058.610
Finance Lease obligations	**11.382**	5.303
Interest accrued but not due	**453.655**	312.294
Unpaid / Unclaimed Dividends	**20.202**	19.409
Unpaid / Unclaimed matured Debentures	**0.001**	0.001
Unpaid / Unclaimed matured Fixed Deposits	**110.528**	56.576
Advances from Customers	**594.157**	313.657
Others:		
Due to Directors	**56.089**	62.652
Employee payables	**412.703**	390.380
Sales tax payable	**1,640.239**	1,210.685
TDS payable	**119.019**	92.474
Other Liabilities	**39.223**	31.201
	11,808.312	8,553.242

As required under Section 205C of the Companies Act, 1956, the Company has transferred Rs. 2.847 Million (2011: Rs.2.801 Million) to the Investor Education and Protection Fund (IEPF) during the year. On March 31, 2012, no amount was due for transfer to the IEPF.

	2012	2011
5.4. Short-term Provisions		
Proposed Dividend	**326.987**	326.987
Corporate Tax on Proposed Dividend	**53.046**	54.309
Fringe Benefit Tax (Net of Payments)	**1.857**	1.975
Employee Benefits:		
Provision for Gratuity	**243.588**	212.090
Provision for Leave Encashment	**85.825**	78.896
Provision for Leave Travel Allowance	**0.845**	0.742
	712.148	674.999

6. Fixed Assets

6.1. Tangible

Rs. Million

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	2011	on Amalgamation (Note 4)	Additions	Deletion/ Adjustments	**2012**	2011	on Amalgamation (Note 4)	For the year	Deletion/ Adjustments	**2012**	**2012**	2011
Land:												
Freehold	**3,011.560**	-	126.405	-	**3,137.965**	**-**	-	-	-	**-**	**3,137.965**	**3,011.560**
Leasehold	**112.261**	-	-	-	**112.261**	**-**	-	-	-	**-**	**112.261**	**112.261**
Buildings (Notes 1 to 3 below)	**2,470.081**	-	858.957	2.198	**3,326.840**	**441.556**	-	77.940	1.951	**517.545**	**2,809.295**	**2,028.525**
Plant and Equipment	**5,104.761**	-	1,623.674	40.381	**6,688.054**	**1,815.411**	-	409.003	34.878	**2,189.536**	**4,498.518**	**3,289.350**
Furniture and Fixture	**408.690**	-	17.296	1.880	**424.106**	**80.095**	-	26.803	0.993	**105.905**	**318.201**	**328.595**
Office Equipments:												
Finance Lease	**7.024**	-	21.174		**28.198**	**3.389**	-	13.362		**16.751**	**11.447**	**3.635**
Others	**302.993**	-	41.127	4.435	**339.685**	**135.928**	-	34.779	3.077	**167.630**	**172.055**	**167.065**
Vehicles:												
Finance Lease	**15.778**	-	13.293	8.159	**20.912**	**11.907**	-	4.030	7.602	**8.335**	**12.577**	**3.871**
Others	**177.205**	-	51.411	8.478	**220.138**	**150.757**	-	21.384	8.478	**163.663**	**56.475**	**26.448**
Aircraft	**186.290**	-	-	-	**186.290**	**60.885**	-	17.056	-	**77.941**	**108.349**	**125.405**
	11,796.643	-	2,753.337	65.531	**14,484.449**	**2,699.928**	-	604.357	56.979	**3,247.306**	**11,237.143**	**9,096.715**

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	2010	on Amalgamation (Note 4)	Additions	Deletion/ Adjustments	**2011**	2010	on Amalgamation (Note 4)	For the year	Deletion/ Adjustments	**2011**	**2011**	2010
Land:												
Freehold	**2,536.895**	474.600	0.065	-	3,011.560	**-**	-	-	-	**-**	**3,011.560**	**2,536.895**
Leasehold	**112.261**	-	-	-	112.261	**-**	-	-	-	**-**	**112.261**	**112.261**
Buildings (Notes 2 and 3 below)	**1,845.923**	80.038	549.411	5.291	2,470.081	**369.207**	5.667	67.286	0.604	**441.556**	**2,028.525**	**1,476.716**
Plant and Equipment	**3,802.755**	248.750	1,069.766	16.510	5,104.761	**1,474.830**	42.012	312.155	13.586	**1,815.411**	**3,289.350**	**2,327.925**
Furniture and Fixture	**335.245**	-	75.422	1.976	408.690	**56.102**	-	24.614	0.621	**80.095**	**328.595**	**279.143**
Office Equipments:												
Finance Lease	**20.780**	-	-	13.756	7.024	**13.141**	-	4.004	13.756	**3.389**	**3.635**	**7.639**
Others	**252.764**	6.630	45.836	2.238	302.993	**107.582**	1.615	28.244	1.513	**135.928**	**167.065**	**145.182**
Vehicles:												
Finance Lease	**16.617**	-	-	0.839	15.778	**9.168**	-	3.578	0.839	**11.907**	**3.871**	**7.449**
Others	**138.091**	30.887	22.585	14.358	177.205	**132.382**	8.471	20.642	10.738	**150.757**	**26.448**	**5.709**
Aircraft	**186.290**	-	-	-	186.290	**48.034**	-	12.851	-	**60.885**	**125.405**	**138.256**
	9,247.621	840.905	1,763.085	54.968	11,796.643	**2,210.446**	57.765	473.374	41.657	**2,699.928**	**9,096.715**	**7,037.176**

6.2. Intangible

Rs. Million

	GROSS BLOCK					AMORTISATION					NET BLOCK	
	2011	on Amalgamation (Note 4)	Additions	Deletion/ Adjustments	**2012**	2011	on Amalgamation (Note 4)	For the year	Deletion/ Adjustments	**2012**	**2012**	2011
Trademark, Formulae and License	40.944	-	-	-	**40.944**	15.696	-	4.096	-	**19.792**	**21.152**	25.248
	40.944	-	-	-	**40.944**	15.696	-	4.096	-	**19.792**	**21.152**	25.248

	GROSS BLOCK					AMORTISATION					NET BLOCK	
	2010	on Amalgamation (Note 4)	Additions	Deletion/ Adjustments	2011	2010	on Amalgamation (Note 4)	For the year	Deletion/ Adjustments	2011	2011	2010
Trademark, Formulae and License	40.944	-	-	-	**40.944**	11.600	-	4.096	-	**15.696**	**25.248**	29.344
	40.944	-	-	-	**40.944**	11.600	-	4.096	-	**15.696**	**25.248**	29.344

Notes:

1. The cost of Building amounting to Rs.331.428 Million is yet to be registered in the name of the Company.
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 (2011: 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 (2011: 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 (2011: Rs. 0.132 Million)
3. Include value of fully paid shares Rs. 0.006 Million (2011: Rs 0.006 Million) held in Co-operative Housing Societies.
4. Previous year includes additions/deletions and depreciation of the transferor companies.

Rs. Million

7. Non-current Investments

(Valued at Cost)

Particulars	Face Value (Rs)	Nos.	**2012**	Nos.	2011
Trade investments					
Quoted					
In fully paid Equity shares					
McDowell Holdings Limited	10	50,000	**0.500**	50,000	0.500
Pioneer Distilleries Limited	10	10,977,132	**1,251.034**	977,212	86.736
United Breweries Limited	1	8,500,000	**150.000**	-	-
Unquoted					
In fully paid Equity shares					
Yankay Associates Private Limited	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	500	1,000	**0.500**	1,000	0.500
In Subsidiary Companies					
Sovereign Distilleries Limited	10	54,946,630	**310.393**	24,274,280	35.198
Shaw Wallace Breweries Limited	10	78,512,509	**3,240.191**	78,512,509	3,240.191
Asian Opportunities & Investments Limited	US$1	4,998,706	**301.000**	4,998,706	301.000
United Spirits Nepal Limited	NRS 100	67,716	**65.626**	67,716	65.626
Palmer Investment Group Limited	US$ 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$0.0001	4,000,000	**119.313**	4,000,000	119.313
Four Seasons Wines Limited	10	14,111,139	**141.111**	14,111,139	141.111
McDowell Scotland Limited	£ 1	1,575,000	**125.505**	1,575,000	125.505
Daffodils Flavours & Fragrances Private Limited	10	10,000	**0.100**	10,000	0.100
United Vintners Limited	10	50,000	**0.500**	50,000	0.500
USL Holdings Limited	US$ 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
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 & Fragrances Private Limited	10	10,000	**0.100**	10,000	0.100
Royal Challengers Sports Private Limited	10	14,690	**1,699.053**	14,690	1,699.053
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	10	-	**-**	15,000,000	150.000
In fully paid Preference shares					
In Subsidiary Companies					
7% Non Cumulative redeemable preference shares of Shaw Wallace Breweries limited	100	1,197,000	**119.700**	1,197,000	119.700
12% Non Cumulative redeemable optionally convertible Preference shares of Four Seasons Wines Limited	10	15,612,245	**156.122**	-	-
			14,922.377		13,326.761

Rs. Million

7. Non-current Investments (Contd.)

Particulars	Face Value (Rs)	Nos.	2012	Nos.	2011
Other Investments					
Quoted					
In fully paid Equity shares					
Mangalore Chemicals & Fertilizers Limited	10	6,150	**0.032**	6,150	0.032
Housing Development Finance Corporation Limited	10	240	**0.002**	240	0.002
ICICI Bank Limited	10	8,916	**0.382**	8,916	0.382
HDFC Bank Limited	10	200	**0.002**	200	0.002
Vijaya Bank	10	42,100	**0.466**	42,100	0.466
Radico Khaitan Limited	2	537,850	**2.043**	537,850	2.043
Khaitan Chemicals & Fertilizers Limited	10	13,880	**0.725**	13,880	0.725
Rampur Fertilizers Limited	10	27,760	**0.527**	27,760	0.527
In fully paid Units					
Unit Trust of India					
- UTI Balance Fund -Income - Retail (formerly known as US 2002)	10	365,979	**8.374**	365,979	8.374
Unquoted					
In 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
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	100	117	**0.012**	117	0.012
5.0% Woodlands Medical Centre Limited	100	270	**0.027**	270	0.027
In Government securities					
Indira Vikas Patra			**0.003**		0.003
National Savings/Plan/Def. Certificates (Deposited with Govt.Authorities)			**0.194**		0.195
Others					
Interest as Sole Beneficiary in USL Benefit Trust			**1,196.969**		1,196.969
			1,209.897		1,209.896
Total Investments			**16,132.274**		14,536.657
Less: Provision for diminution in the value of investments			**27.839**		27.514
			16,104.435		14,509.143
Aggregate value of Quoted Investments:					
- Book value			**1,414.087**		99.789
- Market value			**5,086.573**		143.778
Aggregate Book value of Unquoted Investments			**14,690.348**		14,409.354

Note:

The carrying cost of certain investments amounting to Rs 8,168.835 Million (2011: 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 subsidiaries. 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.

Rs. Million

			2012		2011
8.	**Deferred Tax Assets (Net)**				
	Deferred Tax Assets				
	Provision for Doubtful debts		**500.023**		371.030
	Employee Benefits		**232.398**		207.433
	Other timing differences		**106.467**		74.657
			838.888		653.120
	Deferred Tax Liabilities				
	Depreciation		**552.103**		450.384
			286.785		202.736
9.	**Long term Loans and Advances**				
	(Unsecured, considered good unless stated otherwise)				
	Capital Advances		**104.142**		232.697
	Loans to Tie-up Units		**619.059**		698.070
	Loans and Advances to Related Parties		**46,558.491**		41,990.006
	Advance Income Tax (Net of Provisions)		**653.175**		1,079.306
	Security Deposits :				
	- Considered Good	**5,626.398**		2,900.024	
	- Considered Doubtful	**6.808**		10.425	
		5,633.206		2,910.449	
	Less: Provision for doubtful Deposits	**6.808**		10.425	
			5,626.398		2,900.024
	Other Recoverables :				
	- Considered Good	**204.295**		1,653.995	
	- Considered Doubtful	**1,407.655**		1,020.775	
		1,611.950		2,674.770	
	Less: Provision for Doubtful Advances	**1,407.655**		1,020.775	
			204.295		1,653.995
			53,765.560		48,554.098

(a) Of the above:

(i) Rs.44,659.039 Million (2011: Rs.39,825.429 Million) given as interest free loans to subsidiaries.

(ii) An amount of Rs. 265 Million (2011: Rs. 265 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 (2011: 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 2.144 Million (2011: Rs. 1.777 Million). Maximum amount outstanding at any time during the year Rs.2.144 Million (2011: Rs. 1.777 Million).

(v) Due from the Managing Director of the Company Rs. 6.120 Million (2011: Rs. 3.799 Million).

(b) During the year the Company has acquired 7,322,280 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 2,677,640 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.

(c) The Company has, granted interest free loans in foreign currency amounting to Rs.39,816.801 Million (2011: Rs. 36,857.536 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.38,110.395 Million (2011: Rs. 33,411.109 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, exchange difference aggregating to Rs.2,428.044 Million (credit) [2011: Rs. 2,271.244 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.

Rs. Million

		2012		2011
10. Other Non-Current Assets				
(Unsecured)				
(i) Long-term Trade Receivables				
- Considered Doubtful	**61.935**		61.935	
Less: Provision for Doubtful Debts	**61.935**		61.935	
		-		-
(ii) Others				
Long-term deposits with banks:				
On Deposit account	**58.702**		47.408	
On Margin money deposits	**1.300**		1.300	
		60.002		48.708
		60.002		48.708

	2012	2011
11.1. Current Investments		
(Valued at Cost or Market Value, whichever is less)		
Unquoted		
Investments in Mutual Funds :		
HSBC Mutual Fund	**1.696**	1.633
ICICI Prudential Liquid Fund	**6.796**	6.361
SBI SHF Liquid Plus	**87.056**	15.370
SBI-Premier Liquid Fund	**93.228**	-
	188.776	23.364
11.2.Inventories		
(Valued at lower of Cost and Net Realisable Value)		
Raw Materials	**1,587.703**	1,010.865
[(including materials in transit Rs 125.153 Million (2011: Rs 198.544 Million)]		
Work-in-Progress	**8,172.494**	6,406.805
[(including held by a branch outside India Rs 5,095.178 Million(2011: Rs 3,753.177 Million)]		
Finished goods	**2,906.990**	2,730.874
Stock-in-trade [including goods in transit Rs 3.857 Million (2011: Rs 30.408 Million)]	**86.672**	111.781
Packing Materials, Stores and Spares	**1,768.501**	1,360.990
	14,522.360	11,621.315
Interest included in the Closing Stock of Work in progress (Malt and Grape Spirit under maturation)	**883.907**	494.115

	2012	2011
		Rs. Million
11.3. Trade Receivables		
(Unsecured, considered good unless stated otherwise)		
Exceeding six months:		
Considered Good	**144.029**	64.972
Considered Doubtful	**39.951**	25.665
	183.980	90.637
Others: Considered Good*	**12,683.971**	9,520.911
	12,867.951	9,611.548
Less: Provision for Doubtful Debts	**39.951**	25.665
	12,828.000	9,585.883

* includes due from related parties - Rs 207.074 Million (2011:Rs 308.825 Million)

	2012	2011
11.4. Cash and Bank balance		
(a) Cash and Cash Equivalents:		
Cash on Hand	**4.908**	3.299
Cheques on Hand	**7.485**	4.744
Balances with Banks:		
On Current accounts	**1,895.971**	938.250
On Deposit account with original maturity of less than three months	**408.273**	377.850
On Unpaid dividend account	**20.294**	20.027
	2,336.931	1,344.170
(b) Other Bank balances:		
Margin money deposits	**1.300**	1.300
Deposits with original maturity for more than three months	**498.769**	252.442
	500.069	253.742
(c) Amounts disclosed under non-current assets (Note 10)		
On Deposit account	**(58.702)**	(47.408)
On Margin money deposits	**(1.300)**	(1.300)
	(60.002)	(48.708)
	2,776.998	1,549.204

The above deposit accounts:

(i) include Rs. 32.170 Million (2011: Rs. 28.199 Million) in Exchange Earners Foreign Currency (EEFC) Account and Rs. 10.754 Million (2011: Rs. 7.862 Million) in Foreign Currency.

(ii) a) include Rs 0.464 Million (2011: Rs.0.464 Million) pledged with Government Departments.

b) include Rs. 381.166 Million (2011 : Rs 123.375 Million) deposited in accordance with Companies (Acceptance of Deposit) Rules, 1975.

(iii) includes Rs. 250 Million (2011: Nil) pledged as security against loan from a bank.

(iv) includes Rs 55.583 Million (2011: Rs. 162.070 Million) held in a Escrow account towards acquisition of Pioneer Distilleries Limited and Sovereign Distilleries Limited.

Bank balance with scheduled banks includes Rs.190.053 Million (2011: Rs.177.343 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.

Rs. Million

	2012	2011
11.5. Short Term Loans and Advances		
(Unsecured, considered good unless stated otherwise)		
Income accrued on Investments and Deposits	**52.319**	23.130
Loans to Related Parties	**738.500**	-
Loans and Advances to Tie-up units:*		
Considered Good	**3,110.899**	1,825.566
Considered Doubtful	**21.519**	21.519
Taxes and Duties paid in advance	**1,636.149**	859.990
Loans and advances to Employees	**33.827**	42.992
Pre-paid Expenses (including advances to suppliers)	**3,085.820**	3,269.722
	8,679.033	6,042.919
Less: Provision for Doubtful Advances	**21.519**	21.519
	8,657.514	6,021.400

* Includes an amount of Rs. 1,060.593 Million (2011: Rs. 233.991 Million) due from the Tie-up units which secured by the assets of the Tie-up unit and/or equity shares of the Tie-up unit.

	2012	2011
11.6. Other Current Assets		
Assets held for sale (net of provisions)	**1.346**	1.484
	1.346	1.484
12. Revenue from Operations		
Sales (Gross)	**155,805.403**	123,661.179
Income arising from Sale by Manufacturers under 'Tie-up' agreements (Tie-up units)	**4,216.502**	4,217.395
Income from Brand Franchise	**442.428**	487.458
	160,464.333	128,366.032
13. Other Income		
Interest Income	**559.206**	421.027
Dividend income :		
From Subsidiary company	**33.858**	46.555
From Others	**10.749**	5.704
Other Non Operating Income:		
Profit on Sale of Fixed Assets (Net)	**4.218**	3.628
Liabilities no longer required written back	**786.627**	95.702
Bad debts/ Advances recovered	**-**	0.078
Scrap Sales	**285.829**	239.109
Insurance Claims	**2.148**	5.303
Miscellaneous	**93.237**	148.033
	1,775.872	965.139
14. Cost of Materials Consumed		
Raw Materials	**21,148.853**	16,723.491
Packing Materials	**17,112.629**	14,233.021
	38,261.482	30,956.512

	2012	2011
		Rs. Million
15. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade		
Opening Stock:		
Finished Goods	**2,730.874**	2,324.645
Work-in-Progress	**6,406.805**	3,919.008
Stock-in-trade	**111.781**	65.511
	9,249.460	6,309.164
Add : Stocks of the Transferor Companies as on April 1, 2010		
Finished Goods	**-**	80.001
Work-in-Progress	**-**	29.356
	-	109.357
Closing Stock:		
Finished Goods	**2,906.990**	2,730.874
Work-in-Progress	**8,172.494**	6,406.805
Stock-in-trade	**86.672**	111.781
	11,166.156	9,249.460
Excise Duty on Opening/Closing Stock of Finished Goods (net)	**118.488**	57.631
	(1,798.208)	(2,773.308)
16. Employee Benefits Expense		
Salaries, Wages and Bonus	**3,465.574**	3,024.661
Contribution to Provident and Other Funds	**472.495**	448.326
Staff Welfare Expenses	**272.006**	225.164
	4,210.075	3,698.151
17. Finance Costs		
Interest Expense	**5,873.900**	4,448.929
Debt issue costs	**69.550**	-
Exchange Loss (Net)	**(430.785)**	225.744
	5,512.665	4,674.673
18. Other Expenses		
Consumption of Stores and Spares	**184.356**	137.191
Power and Fuel	**299.668**	266.134
Rent	**922.709**	772.709
Repairs and Maintenance:		
Buildings	**52.458**	45.105
Plant and Machinery	**114.252**	96.810
Others	**49.372**	49.213

	2012	2011
		Rs. Million
Insurance	**76.683**	57.975
Rates and Taxes	**467.144**	425.164
Travelling and Conveyance	**530.354**	428.951
Legal and Professional	**702.576**	630.774
Freight Outwards	**1,827.139**	1,591.966
Advertisement and Sales Promotion	**7,445.846**	6,705.146
Commission on Sales	**447.871**	401.124
Royalty/ Brand Fee/ Trade Mark Licence Fees	**-**	12.521
Cash Discount	**769.509**	710.639
Sales Tax	**286.156**	245.566
Fixed Assets Written Off	**0.245**	0.247
Directors' Remuneration:		
Sitting Fee	**1.300**	1.563
Commission	**55.647**	62.210
Bad Debts and Advances Written Off	**35.296**	31.481
Provision for Diminution in Value of Investments	**0.326**	-
Provision for Doubtful Debts/ Advances/ Deposits	**432.815**	290.273
Research and Development	**47.605**	54.298
Others		
Administrative expenses	**387.213**	319.056
Distribution Costs	**1,280.814**	918.929
Miscellaneous	**251.006**	292.899
	16,668.360	14,547.944
Auditors' Remuneration* (included in Legal and Professional)		
Statutory Audit	**10.000**	10.000
Other Services (including Limited Review)	**3.418**	4.739
Out-of-pocket Expenses	**1.424**	0.801
	14.842	15.540

* Excluding the Service tax

19. Exceptional items

(a) 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).	**-**	368.399
(b) Provision towards Excise Liability relating to earlier years based on legal pronouncement	**(88.400)**	-
(c) Water Charges relating to prior years based on the legal pronouncement received during the year	**(19.763)**	-
	(108.163)	368.399

		2012	2011
20.	**Earnings Per Share**		
	Nominal Value of equity shares (Rs)	**10**	10
(a)	Net Profit after tax (Rs. Million)	**3,427.941**	3,854.712
(b)	Basic number of Equity Shares of Rs 10 each outstanding during the year	**130,794,968**	130,794,968
(c)	Weighted Average number of Equity Shares of Rs 10 each outstanding during the year	**130,794,968**	130,794,968
(d)	Basic Earnings per Share (Rs) (a/c)	**26.21**	29.47

21. (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 Statement of Profit and Loss, which are included in Contribution to Provident and other funds

Rs. Million

	2012	2011
Provident Fund and Employee's Pension Scheme *	**61.234**	59.669
Superannuation Fund	**52.594**	47.839
Employees' State Insurance	**14.463**	15.293
	128.291	122.801

* 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.

Rs. Million

	Particulars	2012				2011			
		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	**930.137**	**1,459.897**	**22.801**	**18.442**	726.736	1,296.174	24.212	16.673
	On amalgamation	**-**	**-**	**-**	**-**	35.540	-	-	-
	Contribution by Plan Participants	**-**	**163.881**	**-**	**-**	-	109.007	-	-
	Current service cost	**74.717**	**109.548**	**6.394**		45.683	81.615	3.843	1.769
	Interest cost	**67.333**	**104.381**	**-**	**1.475**	58.583	112.392	-	-
	Actuarial (gain)/loss on obligations	**164.222**	**-**	**-**	**0.414**	141.640	-	-	-
	Past service cost - (vested benefits)	**-**	**-**	**(5.040)**	**-**	-	-	-	-
	Benefits paid	**(176.941)**	**(235.387)**	**-**	**-**	(78.045)	(139.291)	(5.254)	-
	Obligation at the end of the year	**1,059.468**	**1,602.320**	**24.155**	**20.331**	930.137	1,459.897	22.801	18.442
B.	**Reconciliation of opening and closing balances of the fair value of plan assets**								
	Plan Assets at the beginning of the year	**718.068**	**1,357.567**	**-**	**-**	606.398	1,233.898	-	-
	On amalgamation	**-**	**-**	**-**	**-**	27.298	-	-	-
	Contribution by Plan Participants	**-**	**163.881**	**-**	**-**	-	109.007	-	-
	Contribution by the Company	**211.819**	**93.043**	**-**	**-**	120.337	79.876	-	-
	Expected return on plan assets	**68.034**	**109.467**	**-**	**-**	60.573	100.695	-	-
	Actuarial gains / (losses)	**(5.100)**	**5.485**	**-**	**-**	(18.493)	(26.618)	-	-
	Benefits paid	**(176.941)**	**(235.387)**	**-**	**-**	(78.045)	(139.291)	-	-
	Plan assets at the end of the year	**815.880**	**1,494.056**	**-**	**-**	718.068	1,357.567	-	-
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	**1,059.468**	**1,602.320**	**24.155**	**20.331**	930.137	1,459.897	22.801	18.443
	Fair value of plan assets at the end of the year	**815.880**	**1,494.056**	**-**	**-**	718.068	1,357.567	-	-
	Liability/(Net Asset) Recognised in Balance Sheet	**243.588**	**108.264**	**24.155**	**20.331**	212.069	102.330	22.801	18.443
D.	**Expenses recognized in the Statement of Profit and Loss**								
	Current service cost	**74.717**	**109.548**	**6.394**	**-**	45.683	81.615	3.843	1.769
	Interest cost	**67.333**	**104.381**	**-**	**1.475**	58.583	112.392	-	-
	Expected return on plan assets	**(68.034)**	**(109.467)**	**-**	**-**	(60.573)	(100.695)	-	-
	Actuarial (gains)/losses	**169.322**	**(5.485)**	**-**	**0.414**	160.133	26.618	-	-
	Total Expenses recognised in the Statement of Profit and Loss	**243.338**	**98.977**	**6.394**	**1.889**	203.826	119.930	3.843	1.769

Particulars	2012				2011			
	Funded		Non Funded		Funded		Non Funded	
	Gratuity	PF	Pension	Death Benefit	Gratuity	PF	Pension	Death Benefit
E. Investment details of plan assets								
Government securities	**0%**	**19%**			0%	34%		
Securities guaranteed by Government	**0%**	**0%**			1%	0%		
Public Sector / Financial Institutional Bonds	**0%**	**73%**			0%	29%		
Special Deposit Scheme	**0%**	**6%**			0%	19%		
Fund balance with Insurance Companies	**97%**	**0%**			95%	0%		
Others (including bank balances)	**3%**	**2%**			4%	18%		
	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 is expected to vary from year to year reflecting the returns on matching government bonds.

	2012 Gratuity	2012 PF			2011 Gratuity	2011 PF		
F. Actual return on plan assets	**6.0%**	**6.0%**			6.0%	6.0%		
G. Assumptions								
Discount Rate (per annum)	**8.60%**	**8%**			8.00%	8.00%		
Expected Rate of Return on Plan Assets	**9.25%**	**8%**			9.25%	8.00%		
Rate of increase in Compensation levels	**6.00%**	**NA**			6.00%	NA		
Attrition Rate	**8.50%**	**NA**			8.00%	NA		
Average past service of employees (years)	**13.60**	**NA**			13.60	NA		
Mortality rates	**LIC 1994-96 Ultimate table**	**LIC 1994-96 Ultimate table**			LIC 1994-96 Ultimate table	LIC 1994-96 Ultimate table		

Rs. Million

H. Others (Funded)

Particulars	2012		2011		2010		2009	
	Gratuity	PF	Gratuity	PF	Gratuity	PF	Gratuity	PF
Present value of obligation	**1,059.468**	**1,602.320**	930.137	1,459.897	726.736	1,296.174	608.517	1,168.836
Present value of plan assets	**815.880**	**1,494.056**	718.068	1,357.567	606.398	1,233.898	495.156	1,095.733
Amount recognised in Balance sheet – Liability	**243.588**	**108.264**	212.069	102.330	120.338	62.276	113.361	73.103
Experience adjustments on Present value of obligation	**(80.631)**	**-**	(80.631)	-	(44.591)	7.506	(33.091)	(12.043)
Experience adjustments on Plan assets	**(18.490)**	**(25.559)**	(18.490)	(25.559)	(9.218)	32.413	(6.500)	59.034

Others (Non-funded)

Particulars	2012		2011		2010		2009		
	Pension	Death Benefit	Pension	Death Benefit	Pension	Death Benefit	Gratuity	Pension	Death Benefit
Present value of obligation	**24.155**	**20.331**	22.801	18.443	24.212	16.673	0.500	27.375	14.811
Present value of plan assets	**-**	**-**	718.068	1,357.567			-	-	-
Amount recognised in Balance sheet – Liability	**24.155**	**20.331**	22.801	18.443	24.212	16.673	0.500	27.375	14.811

Notes:

1. 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.
2. As per the best estimate of the management, contribution of Rs 250 Million is expected to be paid to the plans during the year ending March 31, 2013.

22. Leases

a) Finance Lease

The Company has acquired computer equipments and cars on finance leases. The lease agreements are for a primary period of 36 to 48 months for computer equipments and 36 to 60 months for cars. The Company has an option to renew these leases for a secondary period.

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

Rs. Million

Particulars	2012 Present Value of payments	2012 Minimum lease payments	2011 Present Value of payments	2011 Minimum lease payments
Later than one year and not later than five years	**12.962**	**15.330**	3.113	3.346
Later than five years	**0.864**	**0.880**	-	-
	13.826	**16.210**	3.113	3.346
Not later than one year	**11.382**	**13.928**	5.303	5.851
	25.208	**30.138**	8.416	9.197
Less: Finance Charges		**4.930**		0.781
Present value of net minimum lease payments		**25.208**		8.416

b) Operating Lease

The Company's significant leasing arrangements in respect of operating leases for premises (residential, office, stores, godown, manufacturing facilities etc) and plant and machineries, which includes both cancellable and non cancellable leases and 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 Note 18 to the accounts.

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

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

	2012	2011
Later than one year and not later than five years	**42.465**	-
Later than five years	**-**	-
	42.465	-
Not later than one year	**32.200**	7.500
	74.665	7.500

23. 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.

24 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) Ramanreti 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) Sovereign Distilleries Limited* 77) Pioneer Distilleries Limited*. 78) Whyte and Mackay Americas Limited*

ii) **USL Benefit Trust**

* Became a subsidiary during the year.
^ No transactions during the year.

Associates:
Wine Soc. of India Private Limited^

Promoter Holding together with its Subsidiary is more than 20%.
United Breweries (Holdings) Limited

^ No transactions during the year.

Key Management personnel:
a) Mr V K Rekhi - April 01, 2011 to April 18, 2011
b) Mr Ashok Capoor - May 02, 2011 onwards

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.

b) **Summary of transactions with related parties**

Rs. Million

Sl. No.	Nature of transactions **	2012 Entities where there is control	2012 Associates	2012 Key Management personnel	2012 Employees' Benefit Plans where there is significant influence	2012 Promoter	2012 Total	2011 Entities where there is control	2011 Associates	2011 Key Management personnel	2011 Employees' Beefit Plans where there is significant influence	2011 Promoter	2011 Total
a)	Purchase of goods												
	- W&M	1,359.560	-	-	-	-	**1,359.560**	1,745.427	-	-	-	-	1,745.427
	- Tern	327.173	-	-	-	-	**327.173**	215.875	-	-	-	-	215.875
	- PDL	718.704					**718.704**	-	-	-	-	-	-
	- Others	92.322	-	-	-	-	**92.322**	53.037	-	-	-	-	53.037
b)	Sale of goods												
	- USNPL	176.469	-	-	-	-	**176.469**	176.877	-	-	-	-	176.877
	- Others	0.063	-	-	-	-	**0.063**	1.086	-	-	-	-	1.086
	- UBHL	-	-	-	-	658.346	**658.346**	-	-	-	-	571.645	571.645
c)	Income from Brand Franchise												
	- USNPL	68.273	-	-	-	-	**68.273**	64.593	-	-	-	-	64.593
d)	Other Income												
	- USNPL	33.858	-	-	-	-	**33.858**	44.227	-	-	-	-	44.227
e)	Interest Income												
	-SWBL	254.603	-	-	-	-	**254.603**	0.392	-	-	-	-	0.392
	-PDL	34.781	-	-	-	-	**34.781**	-	-	-	-	-	-
	-FSWL	3.064	-	-	-	-	**3.064**	5.324	-	-	-	-	5.324
	-DFFPL	2.636	-	-	-	-	**2.636**	-	-	-	-	-	-
	-UBHL	-	-	-	-	1.887	**1.887**	-	-	-	-	257.608	257.608
f)	Guarantee Commission Received												
	-SWBL	2.759	-	-	-	-	**2.759**	-	-	-	-	-	-
g)	Advertisement & Sales Promotion												
	- RCSPL	90.000	-	-	-	-	**90.000**	78.400	-	-	-	-	78.400
	-UBHL	-	-	-	-	28.124	**28.124**	-	-	-	-	83.937	83.937
h)	Rent												
	- W&M	72.003	-	-	-	-	**72.003**	200.466	-	-	-	-	200.466
	- Daffodils	0.900	-	-	-	-	**0.900**	-	-	-	-	-	-
i)	Royalty and Brand Fee												
	- W&M	-	-	-	-	-	**-**	11.199	-	-	-	-	11.199
j)	Interest Expense												
	- SWBL	-	-	-	-	-	**-**	167.453	-	-	-	-	167.453
k)	Guarantee /Security Commission Paid												
	- UBHL	-	-	-	-	6.762	**6.762**	-	-	-	-	6.793	6.793
l)	Sale/(Purchase) of Fixed asset												
	- W&M	(67.970)	-	-	-	-	**(67.970)**	(226.686)	-	-	-	-	(226.686)
	- UBHL	-	-	-	-	(541.471)	**(541.471)**	-	-	-	-	(392.443)	(392.443)
	- Others	5.548	-	-	-	-	**5.548**	-	-	-	-	-	-

Rs. Million

Sl. No.	Nature of transactions **	2012 Entities where there is control	2012 Associates	2012 Key Management personnel	2012 Employees' Benefit Plans where there is significant influence	2012 Promoter	2012 Total	2011 Entities where there is control	2011 Associates	2011 Key Management personnel	2011 Employees' Beefit Plans where there is significant influence	2011 Promoter	2011 Total
m)	Finance (including loans and equity contributions in cash or in kind)												
	- USLHL	2,959.265	-	-	-	-	**2,959.265**	(2,700.062)	-	-	-	-	(2,700.062)
	- RCSPL	615.932	-	-	-	-	**615.932**	427.870	-	-	-	-	427.870
	- AOIL	120.236	-	-	-	-	**120.236**	130.994	-	-	-	-	130.994
	- FSWL	87.273	-	-	-	-	**87.273**	(206.073)	-	-	-	-	(206.073)
	- SWBL	(584.320)	-	-	-	-	**(584.320)**	4,896.084	-	-	-	-	4,896.084
	- Sovereign	776.457	-	-	-	-	**776.457**	-	-	-	-		-
	- PDL	439.971	-	-	-	-	**439.971**	-	-	-	-	-	-
	-UBHL	-	-	-	-	180.000	**180.000**	-	-	-	-	(257.608)	(257.608)
	- Others	198.190	-	-	-	-	**198.190**	108.630	-	-	-	-	108.630
n)	Managing Directors' Remuneration	-	-	35.736	-	-	**35.736**	-	-	50.827	-	-	50.827
o)	Rent	-	-	5.927	-	-	**5.927**	-	-	3.712	-		3.712
p)	Contribution to Gratuity Fund												
	- McD OGF	-	-	-	156.761	-	**156.761**	-	-	-	120.337	-	120.337
	- McD SGF	-	-	-	53.190	-	**53.190**	-	-	-	-	-	-
q)	Contribution to Provident Fund												
	- McD PF	-	-	-	93.043	-	**93.043**	-	-	-	79.876	-	79.876
r)	Dividend Paid	-	-	-	-	-							
	- USL Benefit Trust	8.648	-	-	-	-	**8.648**	8.648	-	-	-	-	8.648
	-SSC	1.694	-	-	-	-	**1.694**	1.694	-	-	-	-	1.694
	-SDC	1.656	-	-	-	-	**1.656**	1.656	-	-	-	-	1.656
	-JIHL	1.371	-	-	-	-	**1.371**	1.371	-	-	-	-	1.371
	-TRMCL	1.318	-	-	-	-	**1.318**	1.318	-	-	-	-	1.318
	-RGSC	6.268	-	-	-	-	**6.268**	6.268	-	-	-	-	6.268
	-Palmer	0.006	-	-	-	-	**0.006**	0.006	-	-	-	-	0.006
	-UBHL	-	-	-	-	91.395	**91.395**	-	-	-	-	91.395	91.395
s)	Guarantees and Collaterals given												
	- USLHL	35,298.160	-	-	-	-	**35,298.160**	4,460.000	-	-	-	-	4,460.000
	- SWBL	550.000	-	-	-	-	**550.000**	-	-	-	-	-	-
	- SDL	1,250.000	-	-	-	-	**1,250.000**	-	-	-	-	-	-
	- PDL	934.400	-	-	-	-	**934.400**	-	-	-	-	-	-
	- RCSPL	350.000	-	-	-	-	**350.000**	-	-	-	-	-	-
t)	Guarantees and Collaterals Received											-	
	- UBHL	-	-	-	-	550.000	**550.000**	-	-	-	-	410.000	410.000

(c) **Summary of closing balances with related parties:**

Rs. Million

Sl. No.	Nature of transactions **	2012: Entities where there is control	2012: Associates	2012: Key Management personnel	2012: Employees' Benefit Plans where there is significant influence	2012: Promoter	2012: Total	2011: Entities where there is control	2011: Associates	2011: Key Management personnel	2011: Employees' Beefit Plans where there is significant influence	2011: Promoter	2011: Total
u)	Lease deposit											-	
	-SDL	506.330	-	-	-	-	**506.330**	-	506.330	-	-	-	506.330
v)	Deposits outstanding												
	-UBHL	-	-	-	-	1,400.000	**1,400.000**	-	-	-	-	1,941.471	1,941.471
w)	Deposits outstanding												
	- W&M	107.160	-	-	-	-	**107.160**	107.160	-	-	-	-	107.160
x)	Deposit-Rental	-	-	6.120	-	-	**6.120**	-	-	3.799	-	-	3.799
y)	Amount due from												
	- USLHL	39,816.801	-	-	-	-	**39,816.801**	36,857.536	-	-	-	-	36,857.536
	- AOIL	1,752.501	-	-	-	-	**1,752.501**	1,632.265	-	-	-	-	1,632.265
	- RCSPL	1,057.041	-	-	-	-	**1,057.041**	528.363	-	-	-	-	528.363
	- FSWL	392.200	-	-	-	-	**392.200**	316.343	-	-	-	-	316.343
	-SWBL	974.465	-	-	-	-	**974.465**	1,326.883	-	-	-	-	1,326.883
	-SDL	804.266	-	-	-	-	**804.266**	-	516.330	-	-	-	516.330
	- PDL	1,305.690	-	-	-	-	**1,305.690**	-	-	-	-	-	-
	- UBHL	-	-	-	-	274.922	**274.922**	-	-	-	-	-	-
	- Others	1,129.325	-	-	-	-	**1,129.325**	1,888.191	-	-	-	-	1,888.191
z)	Amount due to												
	- W&M	(1,348.627)	-	-	-	-	**(1,348.627)**	1,013.429	-	-	-	-	1,013.429
	-UBHL	-	-	-	-	-	**-**	-	-	-	-	30.336	30.336
aa)	Interest as Sole Beneficiary in USL Benefit Trust	1,196.969	-	-	-	-	**1,196.969**	1,196.969	-	-	-	-	1,196.969
ab)	Guarantees and Collaterals Oustanding												
	- USLHL	40,386.160	-	-	-	-	**40,386.160**	4,460.000	-	-	-	-	4,460.000
	- SWBL	550.000	-	-	-	-	**550.000**	-	-	-	-	-	-
	- SDL	1,250.000	-	-	-	-	**1,250.000**	-	-	-	-	-	-
	- PDL	934.400	-	-	-	-	**934.400**	-	-	-	-	-	-
	- RCSPL	350.000	-	-	-	-	**350.000**	-	-	-	-	-	-

** Excludes Reimbursement 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.

25. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.341.114 Million (2011: Rs.351.264 Million).
(b) Other Commitments relating to Advertisement and Sales Promotion as on March 31, 2012 - Rs.523.950 Million.

26. Contingent Liabilities

	2012	Rs Million 2011
(a) (i) Guarantee given on behalf of other bodies corporate.	**43,470.560**	4,460.000
(ii) Guarantees given by the Company's bankers for which Counter Guarantees have been given by the Company.	**456.828**	217.832
(b) Disputed claims against the Company not acknowledged as debts, currently under appeal/ sub judice:		
(i) Excise demands for excess wastages and distillation losses	**286.899**	235.001
(ii) Other miscellaneous claims	**252.063**	185.212
(iii) Income Tax demand (including interest) under appeal	**723.113**	516.221
(iv) Sales Tax demands under appeal in various states	**726.507**	704.693
(c) Bills Receivables discounted – since fully settled	**880.319**	746.215
(d) Claims from suppliers not acknowledged as debts	**87.044**	74.417

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

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

(a) (i) The principal amount remaining unpaid	**59.003**	62.326
(ii) Interest due thereon remaining unpaid	**0.691**	3.600
(b) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, alongwith 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	**183.684**	280.647
(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 in respect of principal amount settled during the year	**2.858**	3.604
(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.	**8.958**	5.354

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.

28. Remuneration paid/payable to Managing Director

Salary and Allowances	**16.747**	22.911
Incentives paid	**9.595**	18.864
Contribution to Provident and other Funds *	**3.693**	5.309
Value of Perquisites	**5.703**	3.743
	35.736	50.827

* 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.

Rs Million

			2012		2011
29.	**Details of Consumption and Purchases**				
	(a) **Purchase of Traded Goods :**				
	Beverage Alcohol		**8,592.734**		7,624.918
	(b) **Raw Materials Consumed :**				
	Spirits		**13,938.817**		12,480.987
	Grain		**1,115.726**		694.226
	Molasses		**759.367**		599.151
	Others		**5,334.943**		2,949.127
			21,148.853		16,723.491
	Imported	10%	**2,199.706**	17%	2,779.255
	Indigenous	90%	**18,949.147**	83%	13,944.236
	(c) **Consumption of Packing Material, Stores and Spares**				
	Imported	2%	**408.097**	3%	381.043
	Indigenous	98%	**16,888.888**	97%	13,989.169
			17,296.985		14,370.212
30.	**Value of Imports on C.I.F. basis**				
	Raw Materials and Packing Materials		**2,144.491**		2,545.365
	Plant and Machinery		**289.034**		135.971
			2,433.525		2,681.336
31.	**Earnings in Foreign Currency**				
	Dividend income from subsidiary		**33.858**		46.555
32.	**Expenditure in Foreign Currency**				
	Interest		**-**		23.461
	Rent		**282.921**		287.136
	Others (Royalty, Travelling, Subscription, Professional fees, Foreign Travel Expenses, Advertisement, Bank Charges, Finance Charges, etc.)		**414.977**		261.102
			697.898		571.699
33.	**Amount remitted during the year in foreign currency on account of dividend to Non-resident shareholders**				
	Year to which dividend relates		**2011**		2010
	Number of non-resident shareholders		**12**		12
	Number of Shares		**4,928,835**		4,928,835
	Amount remitted (Rs. Million)		**12.322**		12.322

Rs Million

	2012	2011
34. Repairs and Maintenance:		
(a) **Plant and Machinery include:**		
Wages	**12.922**	8.905
Stores Consumed	**39.459**	41.402
	52.381	50.307
(b) **Building include:**		
Wages	**3.552**	2.936
Stores Consumed	**5.871**	4.907
	9.423	7.843

35. Research and Development expenses comprise the following

	2012	2011
Salaries and Wages	**26.760**	22.576
Contribution to Provident Fund and other Funds	**2.373**	1.959
Staff Welfare Expenses	**1.314**	1.194
Rent	**4.631**	5.723
Contribution	**12.000**	12.000
Miscellaneous Expenses	**14.735**	10.845
	61.813	54.297

36. Previous Years Figures

The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31,2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements. Previous years financial statements were audited by another firm of Chartered Accountants.

For **Walker, Chandiok & Co**
Chartered Accountants

per **Aashish Arjun Singh**
Partner

VIJAY MALLYA
Chairman

M.R. DORAISWAMY IYENGAR
Director

V.S. VENKATARAMAN
Company Secretary

ASHOK CAPOOR
Managing Director

P.A. MURALI
Chief Financial Officer

Place : Mumbai
Date : May 29, 2012

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956 as at March 31, 2012

Rs. Million

Sl. No	Name of the subsidiary	a) No of shares held at the end of the financial year of the subsidiary: United Spirits Ltd.	a) No of shares held at the end of the financial year of the subsidiary: Other subsidiary companies	b) Extent of holding: % United Spirits Ltd.	b) Extent of holding: % Other subsidiary companies	Net aggregate Profit/loss of the subsidiary so far as it concerns the members of the company: a) Not dealt with in the accounts of the company (i) for the subsidiary's financial year ended 31.03.2012	a) Not dealt with in the accounts of the company (ii) for the previous financial years of the subsidiary since it became a subsidiary	b) Dealt with in the accounts of the company (i) for the subsidary's financial year ended 31.03.2012	b) Dealt with in the accounts of the company (ii) for the previous financial years of the subsidiary since it became a subsidiary
	1	2	3	4	5	6	7	8	9
1	Asian Opportunities & Investments Ltd	4,998,706 Shares	-	100%	-	(14.480)	(185.022)	-	-
2	United Spirits Nepal P. Ltd	67,716 Shares	-	82.46%	-	31.968	45.117	-	-
3	Ramanreti Investments & Trading Ltd	-	50,000 Shares	-	100%	(0.060)	(0.070)	-	-
4	Shaw Wallace Breweries Ltd	78,512,509 Shares	-	100%	-	266.768	189.798	-	-
5	Palmer Investment Group Ltd	15,000,000 Shares	-	100%	-	14.204	0.007	-	-
6	RG Shaw & Company Ltd	-	7,690,180 Shares	-	100%	(31.342)	6.564	-	-
7	Shaw Scott & Company Ltd	-	105,609 Shares	-	100%	(8.985)	1.371	-	-
8	Shaw Darby & Company Ltd	-	130,845 Shares	-	100%	(9.701)	1.592	-	-
9	Thames Rice Milling Company Ltd	-	90,160 Shares	-	100%	(10.758)	1.245	-	-
10	Shaw Wallace Overseas Ltd	-	357,745 Shares	-	100%	(0.308)	0.059	-	-
11	JIHL Nominees Ltd	-	10 Shares	-	100%	1.308	0.870	-	-
12	Montrose International S.A	-	500 Shares	0%	-	(3.874)	0.045	-	-
13	Bouvet Ladubay S.A.S	-	540,000 Shares	-	100%	52.340	41.375	-	-
14	Chapin Landais S.A.S	-	5,000 Shares	-	100%	0.602	0.162	-	-
15	McDowell & Co. (ScotLand) Ltd	1,575,000 Shares	-	100%	-	(25.688)	(13.813)	-	-
16	United Spirits (Great Britain) Ltd	-	100 Shares	-	100%	(547.857)	(796.936)	-	-
17	USL Holdings Ltd	500,000 Shares	-	100%	-	(419.058)	452.585	-	-
18	USL Holdings (UK) Ltd	-	100,000 Shares	-	100%	(1,301.079)	707.281	-	-
19	United Spirits (UK) Ltd	-	100 Shares	-	100%	(13.689)	2.694	-	-
20	Daffodils Flavours & Fragrances Pvt Ltd	10,000 Shares	-	100%	-	(2.324)	0.119	-	-
21	Four Seasons Wines Ltd	14,111,139 Shares	-	51%	-	(55.899)	(68.625)	-	-
22	McDowell Beverages Ltd	50,000 Shares	-	100%	-	(0.074)	0.094	-	-

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956 as at March 31, 2012 (Contd.)

Rs. Million

Sl. No	Name of the subsidiary	a) No of shares held at the end of the financial year of the subsidiary: United Spirits Ltd.	a) No of shares held at the end of the financial year of the subsidiary: Other subsidiary companies	b) Extent of holding: % United Spirits Ltd.	b) Extent of holding: % Other subsidiary companies	Net aggregate Profit/loss of the subsidiary so far as it concerns the members of the company: a) Not dealt with in the accounts of the company (i) for the subsidiary's financial year ended 31.03.2012	a) Not dealt with in the accounts of the company (ii) for the previous financial years of the subsidiary since it became a subsidiary	b) Dealt with in the accounts of the company (i) for the subsidiary's financial year ended 31.03.2012	b) Dealt with in the accounts of the company (ii) for the previous financial years of the subsidiary since it became a subsidiary
	1	2	3	4	5	6	7	8	9
23	United Alcobev Ltd	50,000 Shares	-	100%	-	(0.069)	(0.069)	-	-
24	United Vintners Ltd	50,000 Shares	-	100%	-	(0.199)	(6.791)	-	-
25	McDowell and Company Ltd	50,000 Shares	-	100%	-	(0.096)	(0.103)	-	-
26	Royal Challengers Sports Pvt. Ltd	14,690 Shares	-	100%	-	(70.755)	(54.292)	-	-
27	Jasmine Flavours and Fragrances P Ltd	10,000 Shares	-	100%	-	(0.077)	(0.070)	-	-
28	Whyte and Mackay Group Limited	-	4,600,349,728 Shares	-	100%	1,523.387	1,777.252	-	-
29	Liquidity Inc.,	4,000,000 Shares	-	51%	-	(27.493)	(55.611)	-	-
30	United Spirits Trading (Shanghai) Company Ltd	500,000 Shares	-	100%	-	(1.801)	(1.844)	-	-
31	Tern Distilleries Private Limited	4,000,000 Shares	-	100%	-	(0.637)	(6.213)	-	-
32	Pioneer Distilleries Limited	10,977,132 Shares	-	81.99%	-				
33	Sovereign Distilleries Limited	54,946,630 Shares	-	94.02%	-				

STATEMENT PURSUANT TO SECTION 212(1)(f) OF THE COMPANIES ACT, 1956 AS AT MARCH 31, 2012

Material changes that have occurred between the close of subsidiary's financial year and March 31, 2012

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.	15.07.2011	82.46%	3.229	-	-	-

VIJAY MALLYA	**M.R. DORAISWAMY IYENGAR**	**ASHOK CAPOOR**	**P.A.MURALI**	**V.S. VENKATARAMAN**
Chairman	Director	Managing Director	Chief Financial Officer	Company Secretary

Place : Mumbai
Date : May 29, 2012

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956 as at March 31, 2012

UNITED SPIRITS

Details of Subsidiary Companies

Rs. Million

	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	0.000	0.000	15.000	763.200	0.500	25.440	0.000	0.000	0.000	0.000	0.000	0.000
2.	Reserves	0.845	68.878	1.563	79.524	0.171	8.701	0.107	8.708	0.097	7.939	0.071	5.786
3.	Total Assets	1.091	88.900	17.770	904.150	2.265	115.235	0.110	8.958	0.098	8.024	0.072	5.892
4.	Total Liabilities	1.091	88.900	17.770	904.150	2.265	115.235	0.110	8.958	0.098	8.024	0.072	5.892
5.	Investments	0.291	23.715	16.234	825.986	-	-	-	-	-	-	-	-
6.	Turnover	-	-	-	-	5.139	249.376	-	-	-	-	-	-
7.	Profit before Taxation	(0.537)	(41.577)	0.293	14.204	(0.080)	(3.874)	(0.160)	(12.385)	(0.168)	(12.998)	(0.173)	(13.360)
8.	Provision for Taxation	(0.132)	(10.235)	-	-	-	-	(0.044)	(3.400)	(0.043)	(3.297)	(0.034)	(2.602)
9.	Profit after Taxation	(0.405)	(31.342)	0.293	14.204	(0.080)	(3.874)	(0.116)	(8.985)	(0.125)	(9.701)	(0.139)	(10.758)
10.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-

	Name of the Subsidiary	JIHL 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	INR
1.	Capital	0.000	0.001	0.001	0.082	0.500	25.440	-	-	(0.223)	(18.210)	0.500
2.	Reserves	0.239	12.170	(168.896)	(13,768.405)	10.396	528.933	(58.940)	(4,804.817)	708.718	57,774.711	(6.847)
3.	Total Assets	0.263	13.376	745.709	60,790.222	880.797	44,814.944	654.519	53,356.416	708.718	57,774.711	16.904
4.	Total Liabilities	0.263	13.376	745.709	60,790.222	880.797	44,814.944	654.519	53,356.416	-	-	16.904
5.	Investments	-	-	-	-	0.002	0.100	506.794	41,313.885	-	-	16.860
6.	Turnover	-	-	3.178	245.967	-	-	-	-	(0.177)	(13.689)	-
7.	Profit before Taxation	0.027	1.308	(16.810)	(1,301.079)	(8.635)	(419.058)	(6.044)	(467.771)	-	-	(0.060)
8.	Provision for Taxation	-	-	-	-	-	-	1.035	80.087	(0.177)	(13.689)	-
9.	Profit after Taxation	0.027	1.308	(16.810)	(1,301.079)	(8.635)	(419.058)	(7.078)	(547.857)	-	-	(0.060)
10.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-

Details of Subsidiary Companies (Contd.)

Rs. Million

	Name of the Subsidiary	United Spirits Nepal P Ltd (formerly known as McDowell Nepal Limited		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	254.334	0.358	29.163	1,645.850	582.811	0.500	0.500	0.500	1.575	128.394	10.800	733.320
2.	Reserves	46.706	29.191	(9.636)	(490.256)	(0.161)	(13.159)	3,982.124	(319.022)	(37.417)	(0.344)	(0.389)	(1.573)	(128.270)	4.541	308.339
3.	Total Assets	686.901	429.313	32.018	1,629.078	0.219	17.884	7,143.523	859.112	4.515	0.229	0.184	9.689	789.862	30.320	2,058.727
4.	Total Liabilities	686.901	429.313	32.018	1,629.078	0.219	17.884	7,143.523	859.112	4.515	0.229	0.184	9.689	789.862	30.320	2,058.727
5.	Investments	-	-	27.189	1,383.372	-	-	58.573	31.818	-	-	-	9.609	783.325	0.039	2.623
6.	Turnover	1,245.463	778.414	-	-	-	-	-	246.985	0.114	-	-	-	-	19.999	1,334.900
7.	Profit before Taxation	73.213	45.758	(0.298)	(14.480)	(0.004)	(0.299)	399.268	(55.899)	(0.199)	(0.069)	(0.074)	(0.332)	(25.688)	1.092	72.911
8.	Provision for Taxation	22.064	13.790	-	-	0.000	0.009	132.500	-	-	-	-	-	-	0.308	20.571
9.	Profit after Taxation	51.150	31.968	(0.298)	(14.480)	(0.004)	(0.308)	266.768	(55.899)	(0.199)	(0.069)	(0.074)	(0.332)	(25.688)	0.784	52.340
10.	Proposed Dividend	65.693	41.058	-	-	-	-	-	-	-	-	-	-	-	-	-

	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 Challeng-ers Sports P Ltd	Jasmine Flavours and Fragrances P Ltd	United Spirits (Trading) Shanghai Co. P Ltd		McDowell and Company Limited	Tern Distiller-ies Private Limited	Pioneer Distiller-ies Limited	Sovereign Distiller-ies Limited
		EURO	INR	INR	USD	INR	GBP	INR	GBP	INR	INR	INR	RMB	INR	INR	INR	INR	INR
1.	Capital	0.100	6.790	0.100	0.001	0.040	46.003	3,750.165			0.147	0.100	0.520	34.450	0.500	40.000	134.194	584.427
2.	Reserves	0.043	2.948	(3.629)	(3.888)	(197.796)	62.279	5,076.984			1,456.890	(0.415)	(5.696)	(39.244)	(0.521)	(54.382)	(207.303)	(1,503.516)
3.	Total Assets	0.338	22.980	27.987	0.613	31.203	326.515	26,617.503			5,771.366	27.382	1.130	7.783	0.107	550.232	2,484.331	1,815.554
4.	Total Liabilities	0.338	22.980	27.987	0.613	31.203	326.515	26,617.503			5,771.366	27.382	1.130	7.783	0.107	550.232	2,484.331	1,815.554
5.	Investments	-	-	-	-	-	0.121	9.864			-	-	-	-	-	-	-	0.391
6.	Turnover	4.522	301.818	-	0.028	1.372	229.766	17,783.888			944.390	-	0.026	0.176	-	315.009	1,044.525	437.896
7.	Profit before Taxation	0.016	1.045	(2.324)	(0.564)	(27.383)	15.406	1,192.424			(94.921)	(0.077)	(0.263)	(1.801)	(0.096)	(0.637)	(253.037)	(196.902)
8.	Provision for Taxation	0.007	0.443	-	0.002	0.109	4.276	330.962			(24.166)	-	-	-	-	-	-	135.441
9.	Profit after Taxation	0.009	0.602	(2.324)	(0.567)	(27.493)	19.682	1,523.387			(70.755)	(0.077)	(0.263)	(1.801)	(0.096)	(0.637)	(253.037)	(332.343)
10.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Auditors' Report to the Board of Directors of United Spirits Limited

1. We have audited the attached Consolidated Balance Sheet of United Spirits Limited, its subsidiaries and associates (hereinafter collectively referred to as 'the Group'), as at March 31, 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on the date, annexed thereto (collectively referred as the 'Consolidated Financial Statements'). These Consolidated Financial Statements are the responsibility of the Group's management and have been prepared by the Group's management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated 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 report that:

   (a) the Consolidated Financial Statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements' and Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

   (b) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs. 92,486.626 Million as at March 31, 2012, total revenues (after eliminating intra-group transactions) of Rs. 16,676.972 Million and net cash flows aggregating to Rs. 3,916.783 Million for the year then ended. We also did not audit the financial statements of an associate whose financial statements reflect the Company's share of loss of Rs. 5.475 Million for the year then ended included in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management, and our opinion is based solely on the reports of the other auditors.

4. Based on our audit and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the subsidiaries and associates, 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, in case of:

   (a) the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;

   (b) the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

   (c) the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co.**
Chartered Accountants
Firm Registration No: 001076N

per **Aashish Arjun Singh**
Partner
Membership No. 210122

Place : Mumbai
Date : May 29, 2012

Consolidated Financial Statements
Balance Sheet as at March 31, 2012

	Note	2012	Rs. Million 2011
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	**1,258.698**	1,258.698
Reserves and Surplus	3	**45,358.981**	40,527.480
Minority Interest		**146.105**	175.074
Non-current Liabilities			
Long term borrowings	4.1	**53,960.231**	24,612.329
Other Long-term liabilities	4.2	**237.457**	137.386
Long term provisions	4.3	**1,688.799**	990.853
Current Liabilities			
Short-term borrowings	5.1	**21,270.928**	13,037.678
Trade Payables	5.2	**19,951.112**	14,076.502
Other Current Liabilities	5.3	**13,930.687**	33,574.144
Short-term provisions	5.4	**762.438**	698.749
		158,565.435	129,088.893
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	6.1	**20,188.069**	14,543.539
Intangible Assets	6.2	**6,943.818**	4,855.518
Capital Work in Progress		**1,080.282**	1,025.514
Goodwill on Consolidation		**51,674.025**	44,320.104
Non Current Investments	7	**2,168.834**	1,370.852
Deferred Tax Assets (net)	8	**591.851**	325.312
Long term Loans and advances	9	**12,400.054**	13,469.402
Other Non Current Assets	10	**2,793.419**	496.355
Current Assets			
Current Investments	11.1	**189.167**	173.365
Inventories	11.2	**27,547.602**	21,168.196
Trade Receivables	11.3	**19,729.425**	13,868.199
Cash and Bank balance	11.4	**3,632.266**	6,321.804
Short term Loans and Advances	11.5	**9,625.277**	7,149.249
Other Current Assets	11.6	**1.346**	1.484
		158,565.435	129,088.893
Significant accounting policies	1		

The accompanying notes are an integral part of the Consolidated Financial Statements.

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

For **Walker, Chandiok & Co**
Chartered Accountants

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aashish Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Mumbai
Date : May 29, 2012

Consolidated Financial Statements
Statement of Profit and Loss for the year ended March 31, 2012

Rs. Million

	Note	2012	2011
Revenue			
Revenue from Operations	12	**182,335.414**	142,087.556
Less: Excise Duty		**90,470.504**	68,325.691
		91,864.910	73,761.865
Other Income	13	**2,692.122**	2,111.225
		94,557.032	75,873.090
Expenses			
Cost of Materials Consumed	14	**46,629.746**	33,765.097
Purchase of Traded Goods		**8,908.297**	7,801.164
Change in inventories of Finished Goods, Work-in-Progress and Stock-in-trade	15	**(4,753.434)**	(3,039.839)
Employee Benefits expense	16	**7,246.455**	4,659.223
Finance Costs	17	**8,359.536**	4,560.034
Depreciation and Amortisation Expense		**1,474.149**	1,023.272
Other expenses	18	**23,231.231**	19,136.977
		91,095.980	67,905.928
Profit before Exceptional items and Taxation		**3,461.052**	7,967.162
Exceptional items [Refer Note 19]		**(108.163)**	368.399
Profit before Taxation and before share in Profits /(Losses) of Associates		**3,352.889**	8,335.561
Tax Expense:			
Current Tax		**1,713.099**	1,927.827
Deferred Tax Charge / (Credit)		**(232.194)**	724.463
Profit after Taxation and before share in Profits/(Losses) of Associates		**1,871.984**	5,683.271
Share in Profits/ (losses) of Associates (Net)		**(5.475)**	(13.779)
Profit before Minority Interest		**1,866.509**	5,669.492
Minority Interest in Profit/(Loss)		**(12.708)**	(25.717)
Net Profit for the year		**1,879.217**	5,695.209
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		**14.93**	45.25
Significant accounting policies	1		

The accompanying notes are an integral part of the Consolidated Financial Statements.

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

For **Walker, Chandiok & Co**
Chartered Accountants

per **Aashish Arjun Singh**
Partner

Place : Mumbai
Date : May 29, 2012

VIJAY MALLYA
Chairman

M.R. DORAISWAMY IYENGAR
Director

V.S. VENKATARAMAN
Company Secretary

ASHOK CAPOOR
Managing Director

P.A. MURALI
Chief Financial Officer

Cash Flow Statement for the Year Ended March 31, 2012

Rs. Million

			2012		2011
A.	**Cash Flow from operating activities**				
	Profit before Exceptional and Other Non-Recurring Items and Taxation from continuing operations		**3,461.052**		7,967.161
	Adjustments for:				
	Depreciation	**1,474.149**		1,023.272	
	Unrealised Foreign Exchange Loss / (Gain)	**456.852**		(1,507.024)	
	Bad Debts/ Advances written off	**38.399**		53.467	
	Loss/(Gain) on Fixed Assets Sold/Written off (Net)	**(68.732)**		(191.509)	
	Liabilities no longer required written back	**(825.740)**		(95.718)	
	Provision for Doubtful Debts/ Advances/ Deposits (Net)	**429.958**		302.343	
	Provision for diminution in value of Investments (Net)	**0.326**		-	
	Provision for Onerous Lease/ (Written back)	**(2.731)**		(531.612)	
	Provision - Others	**1,347.671**		(641.291)	
	Finance Cost	**8,756.652**		5,574.963	
	Income from investments	**(12.937)**		(19.197)	
	Interest Income	**(983.360)**		(590.246)	
			10,610.507		3,377.448
	Operating profit before working capital changes		**14,071.559**		11,344.609
	(Increase)/decrease in Trade and other receivables	**(4,539.188)**		(8,455.665)	
	(Increase)/decrease in Inventories	**(6,083.294)**		(3,448.737)	
	Increase/(decrease) in Trade payables	**5,586.259**		2,391.445	
			(5,036.223)		(9,512.957)
	Cash generated from operations		**9,035.336**		1,831.652
	Direct taxes paid		**(1,474.189)**		(2,119.895)
	Fringe Benefit taxes paid		**(0.149)**		2.075
	Cash flow before Exceptional and Other Non - Recurring items		**7,560.998**		(286.168)
	Exceptional and Other Non-Recurring Items		**-**		(871.798)
	Cash generated/ (used in) from operations		**7,560.998**		(1,157.966)
B.	**Cash Flow from investing activities**				
	Purchase of fixed assets	**(6,338.646)**		(2,616.594)	
	Payment towards Franchise rights	**(492.379)**		(147.714)	
	Sale of fixed assets	**143.394**		308.848	
	Finance Lease repayments	**-**		(8.259)	
	Purchase of long term investments	**(5.475)**		(87.143)	
	Purchase of current investments	**(160.000)**		-	
	Investments in bank deposits (having original maturity of more than three months)	**(246.327)**		(253.194)	
	Investment in an Associate	**-**		(48.977)	
	Disposal of Investment in Subsidiary	**-**		0.600	
	Sale of long term investments	**15.172**		-	
	Government grants received	**63.601**		-	
	Consideration paid on acquisitions of shares in Subsidiaries [net of cash and cash equivalent on the acquisition date Rs.13.388 Million (2011: Nil)]	**(386.256)**		(1,039.852)	
	Deposit with a Financial Institution	**(4,000.000)**		-	
	Interest received	**696.584**		519.658	
	Dividend received	**7.589**		13.722	
	Net cash used in investing activities		**(10,702.743)**		(3,358.905)

Cash Flow Statement for the Year Ended March 31, 2012 (Contd.)

Rs. Million

			2012		2011
C.	**Cash Flow from financing activities**				
	Expenses incurred on arrangement of borrowings	**(2,632.837)**		(76.136)	
	Proceeds/(Repayment) of long term loans:				
	Proceeds	**30,548.833**		8,138.624	
	Repayment	**(27,801.203)**		(5,278.523)	
	Proceeds/(Repayment) of fixed deposits	**977.950**		3,156.435	
	Proceeds/(Repayment) of short term loans	**(600.000)**		1,450.000	
	Working Capital Loan / Cash Credit from Banks (net)	**8,522.779**		1,218.846	
	Finance Costs paid [including on Finance lease Rs.3.427 Million (2011: Rs 1.350 Million)]	**(8,413.061)**		(5,475.143)	
	Dividends paid	**(330.978)**		(304.415)	
	Corporate Tax on distributed profit	**(54.309)**		(52.149)	
	Net cash used in financing activities		**217.174**		2,777.539
	Net (Decrease)/ Increase in cash and cash equivalents		**(2,924.571)**		(1,739.332)
	Cash and cash equivalents as at March 31, 2011*		**6,116.770**		7,686.307
	Cash and Cash Equivalents of Transferor companies		**-**		169.795
	Cash and cash equivalents as at March 31, 2012*		**3,192.199**		6,116.770
			(2,924.571)		(1,739.332)

* Refer Note 11.4

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2012 and the related Statement of Profit and Loss for the year ended on that date.
2. 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.
3. 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 **Walker, Chandiok & Co**
Chartered Accountants

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aashish Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Mumbai
Date : May 29, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of 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 statement. 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.

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.

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 investment in subsidiaries or associated companies to third parties are transferred to Statement of Profit and Loss. Such gains or losses are the difference between the sale proceeds and the net carrying value of the investments.

1.2 Subsidiary and Associate Companies considered in the Consolidated Financial Statements:

(A) **Subsidiary Companies:**

Sl 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 (%)	
			2012	2011	**2012**	2011
1	Asian Opportunities & Investments Limited (AOIL)	Mauritius	**100**	100	**-**	-
2	United Spirits Nepal Private Limited	Nepal	**82.46**	82.46	**-**	-
3	Ramanreti 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	USL Holdings (UK) Limited (UHUKL)	U.K.	**100**	100	**-**	-
16	United Spirits (UK) Limited (USUKL)	U.K.	**100**	100	**-**	-

Sl 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(%)	
			2012	2011	**2012**	2011
17	United Spirits (Great Britain) Limited (USGBL)	U.K.	**100**	100	**-**	-
18	Four Seasons Wines Limited (FSWL)	India	**100**	100	**-**	-
19	United Vintners Limited (UVL)	India	**100**	100	**-**	-
20	United Alcobev Limited (UAL)	India	**100**	100	**-**	-
21	McDowell Beverages Limited (MBL)	India	**100**	100	**-**	-
22	McDowell (Scotland) Limited (MSL)	Scotland	**100**	100	**-**	-
23	Bouvet Ladubay S.A.S (BL)	France	**100**	100	**-**	-
24	Chapin Landias S.A.S (CL)	France	**100**	100	**-**	-
25	Daffodils Flavours & Fragrances Private Limited (DFFPL)	India	**100**	100	**-**	-
26	Jasmine Flavours and Fragrances Private Limited	India	**100**	100	**-**	-
27	Royal Challengers Sports Private Limited	India	**100**	100	**-**	-
28	McDowell and Company Limited	India	**100**	100	**-**	-
29	Liquidity Inc.	USA	**100**	100	**-**	-
30	USL Shanghai Trading Company Limited (USLS)	China	**100**	100	**-**	-
31	Sovereign Distilleries Limited	India	**94.02**	41.54	**-**	-
32	Pioneer Distilleries Limited	India	**81.99**	-	**-**	-
	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	Glayva 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	**-**	-
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	**-**	-

Sl 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 (%)	
			2012	2011	**2012**	2011
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	**-**	-
78	Whyte and Mackay Americas Limited	U.K.	**100**	-	**-**	-

(B) **Associate Companies:** (Refer Note 1.4 below)

Sl No.	Name of the Company	Country of Incorporation	Proportion of ownership interest (%)	
			2012	2011
1	Wine Soc of India Private Limited	India	**16.99**	25.48
2	Sovereign Distilleries Limited	India	**-**	41.54

1.3 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.

1.4 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.

1.5 Fixed Assets

a) Tangible 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 Tangible 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 and impairment losses if any.

1.6 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 Statement of Profit and Loss on accrual basis.

Income from operating leases is credited to Statement of Profit and Loss on a straight line basis over the lease term.

1.7 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 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 29.

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 and 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 Statement of Profit and Loss 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 Note 21)

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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 Statement of Profit and Loss, 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 Statement of Profit and Loss 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.

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.

1.13 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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.

1.14 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.

1.15 Research and Development

Revenue expenditure on research and development is charged to Statement of Profit and Loss 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.

1.16 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.

1.17 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 share unless impact is anti-dilutive.

1.18 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.

1.19 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 to the accounts.

1.20 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.

1.21 Expenditure

Expenses are net of taxes recoverable, where applicable.

1.22 Government Grants

Government grants related to revenue expenses are recognised on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

1.23 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.

1.24 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.

	2012	2011
		Rs. Million
2. Share Capital		
Authorised		
395,000,000 (2011: 395,000,000) Equity Shares of Rs.10/- each	**3,950.000**	3,950.000
159,200,000 (2011: 159,200,000) Preference Shares of Rs.10/- each	**1,592.000**	1,592.000
	5,542.000	5,542.000
Issued, Subscribed and Paid-up		
130,794,968 (2011:130,794,968) Equity Shares of Rs.10/- each fully paid up.	**1,307.950**	1,307.950
Less: 4,925,231 (2011: 4,925,231) Equity shares held by Subsidiaries	**49.252**	49.252
	1,258.698	1,258.698

a. **Reconciliation of the number of shares outstanding**

	No. of Shares	2012	No. of Shares	2011
Number of equity shares at the beginning	**130,794,968**	**1,307.950**	125,594,329	1,255.943
Add: Equity shares issued to shareholders of the erstwhile Balaji Distilleries Limited pursuant to the scheme of Amalgamation	**-**	**-**	5,200,639	52.007
Number of equity shares at the end	**130,794,968**	**1,307.950**	130,794,968	1,307.950

b. **Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a face value of Rs10 per share. Each holder of the equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their holdings.

c. **Shares held by holding/ ultimate holding company and/or their subsidiaries/ associates**

Out of the equity shares issued by the Company, shares held by its promoters, ultimate holding company and their subsidiaries/associates are as below:

	No. of Shares	2012	No. of Shares	2011
United Breweries (Holdings) Limited	**23,577,293**	**235.773**	23,881,821	238.818
Mallya Private Limited	**1,005**	**0.010**	1,005	0.010
Dr. Vijay Mallya	**12,510**	**0.125**	12,510	0.125
Devi Investments Private Limited	**2,700**	**0.027**	2,700	0.027
Vittal Investments Private Limited	**31,270**	**0.313**	31,270	0.313
Rossi & Associates Private Limited	**35,112**	**0.351**	35,112	0.351
Kingfisher Finvest India Limited (formerly "Kingfisher Radio Limited ")	**12,676,342**	**126.763**	12,676,342	126.763
	36,336,232		36,640,760	

	2012	2011
d. **Aggregate number shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**		
Equity shares allotted as fully paid up pursuant to amalgamations for consideration other than cash	**46,960,281**	46,960,281

The 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 USD 7.4274 per GDSs aggregating to USD 130 Million. These GDSs are listed on the Luxembourg Stock Exchange. Out of the above, 678,468 GDS outstanding (representing 339,234 equity shares) as of March 31, 2012, will have no voting rights.

e. **Details of shareholders holding more than 5% shares in the company**

	2012		2011	
	No. of Shares	**% of Holding**	No. of Shares	% of Holding
United Breweries (Holdings) Limited	**23,577,293**	**18.03%**	23,881,821	18.26%
Kingfisher Finvest India Limited (formerly "Kingfisher Radio Limited ")	**12,676,342**	**9.69%**	12,676,342	9.69%
HSBC Global Investment Funds	**9,852,229**	**7.53%**	8,270,000	6.32%

The above represents both legal and beneficial ownership of shares.

3. Reserves and Surplus

Rs. Million

		2012		2011
Capital Redemption Reserve		**578.946**		578.946
Securities Premium Account		**25,176.823**		25,176.823
Capital Reserve on Consolidation		**76.791**		76.791
Other Reserves:				
Central Subsidy*				
At the beginning of the year	**7.500**		7.500	
Add: Addition during the year	**52.146**		-	
		59.646		7.500
Contingency Reserve*		**110.000**		110.000
Employee Housing Fund		**0.625**		0.625
Foreign Currency Translation Reserve				
At the beginning of the year	**(1,715.734)**		(719.601)	
Add: Addition during the year	**3,280.170**		(996.133)	
		1,564.436		(1,715.734)
General Reserve				
At the beginning of the year	**9,410.308**		9,235.711	
Add: Addition during the year				
(a) Reserve arising on amalgamation	**-**		(325.404)	
(b) Transferred from Profit and Loss account	**500.000**		500.000	
		9,910.308		9,410.308
Surplus as per Profit and Loss account				
At the beginning of the year	**6,882.221**		2,061.867	
Add: Profit transferred on amalgamation	**-**		4.030	
Add: Profit for the year	**1,879.217**		5,695.209	
	8,761.438		7,761.105	
Less: Appropriations:				
Proposed Dividend on Equity Shares	**326.987**		324.574	
Corporate Tax on Proposed Dividend	**53.046**		54.310	
Transfer to General Reserve	**500.000**		500.000	
		7,881.405		6,882.221
		45,358.981		40,527.480

* Taken over on amalgamation/acquisition.

Rs. Million

	2012	2011
4.1. Long-term Borrowings		
Secured		
Term Loans:		
From banks	**49,806.553**	43,747.785
From others	**952.430**	-
Finance Lease	**25.208**	8.416
Unsecured		
Fixed Deposits	**6,282.218**	5,358.220
Long term loan from banks	**2,880.856**	1,520.000
Term Liability towards Franchisee rights (Refer Note 21)	**2,803.803**	3,296.182
Deferred Sales Tax Liability (Refer note d below)	**271.371**	-
From Others	**66.857**	63.064
Inter Corporate Deposit	**75.592**	75.592
	63,164.888	54,069.258
Less: Current Maturities		
Secured		
Term Loans:		
From banks	**4,436.252**	26,620.409
From others	**2.430**	-
Finance Lease	**11.382**	5.303
Unsecured		
Fixed Deposits	**3,568.044**	2,338.839
Long term loan from banks	**694.170**	-
Term Liability towards Franchisee rights	**492.379**	492.379
	53,960.231	24,612.329

a. **Nature of security and terms of repayment for secured borrowings:**

Nature of Security	Terms of Repayment
(i) Term loans from banks amounting to Rs 111.6 Million (2011: Rs 224.4 Million) are secured by a charge on certain fixed assets of the Company.	Repayable in 16 equal quarterly installments from the date of loan (March 6,2008) alongwith interest of 13.5%.
(ii) Term loans from banks amounting to Nil (2011: Rs 687.477 Million) are secured by a charge on certain fixed assets of the Company including Land and Building and also by pledge of certain investments held by other company.	Repayable in 16 equal quarterly installments from the date of loan (April 29, 2006) alongwith interest of 13%.
(iii) Term loans from banks amounting to Nil (2011: Rs 142.601 Million) are secured by a charge on certain fixed assets of the Company including Land and Building.	Repayable in 12 equal quarterly installments from the date of loan (October 31, 2008) alongwith interest of 13%.
(iv) Term loans from banks amounting to Rs 2,258.5 Million (2011: Rs 2,109.5 Million) are 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.	Repayable in 3 equal annual installments commencing from March 31, 2012 alongwith interest of 15.5%.

	Nature of Security	Terms of Repayment
(v)	Term loans from banks amounting to Rs 5,271.949 Million (2011: Rs 6,260.5 Million) are 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.	Repayable in 10 half-yearly installments from the date of loan (January 18, 2010) alongwith interest of 14.5%.
(vi)	Term loans from banks amounting to Rs 5,316.456 Million (2011: Rs 6,254.556 Million) are 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.	Repayable in 16 quarterly installments from the date of loan (January 19, 2010) alongwith interest of 13.25%.
(vii)	Term loans from banks amounting to Rs 664.5 Million (2011: Rs 664.5 Million) are secured by a charge on certain fixed assets of the Company.	Repayable in 5 annual installments from the date of loan (October 25, 2010) alongwith interest of 13.25%.
(viii)	Term loans from banks amounting to Rs 138.584 Million (2011: Rs 127.359 Million) are secured by a charge on a specific fixed asset acquired by the Company.	Repayable in 4 quarterly installments alongwith a interest of 2.03%.
(ix)	Term loans from banks amounting to Rs 270.287 Million (2011: Rs 235.915 Million) are secured by a charge on property.	The loan facility was cancelled during the year and the full amount, plus accrued interest is due for repayment by May 20, 2012. The rate of interest is 2.05%.
(x)	Term loans from banks amounting to Rs 127.506 Million (2011: Nil) are secured by a guarantee of the holding company and by way of a charge over the land and buildings and current assets.	Repayable in 5 installments from the date of loan (November 28, 2007) alongwith interest of 13.25%.
(xi)	Term loans from banks amounting to Rs 223.601 Million (2011: Nil) are secured by a guarantee of the holding company and by way of a charge over the land and buildings and current assets.	Repayable in 9 installments from the date of loan (April 19, 2009) alongwith interest of 13.25%.
(xii)	Term loans from banks amounting to Rs 55.854 Million (2011: Nil) are secured by a guarantee of the holding company and by way of a charge over the land and buildings and current assets.	Repayable in 13 installments from the date of loan (July 2, 2009) alongwith interest of 13.25%.
(xiii)	Term loans from banks amounting to Rs 194.061 Million (2011: Nil) are secured by a guarantee of the holding company and by way of a charge over the land and buildings and current assets.	Repayable in 21 installments from the date of loan (March 20, 2012) alongwith interest of 13.25%.
(xiv)	Term loans from banks amounting to Rs 300 Million (2011: Nil) are secured by a guarantee of the holding company and by way of a charge over the land and buildings and current assets.	Repayable in 3 equal annual installments with a moratorium of 2 years from the date of the loan (October 28, 2011) alongwith interest of 12.4%.
(xv)	Term loans from others amounting to Rs 950 Million (2011: Nil) are secured by a guarantee of the holding company and by way of a charge over the land and buildings and current assets.	Repayable in 3 equal annual installments with a moratorium of 2 years from the date of the loan (October 28, 2011) alongwith interest of 12.4%.
(xvi)	Term loans from others amounting to Rs 2.430 Million (2011: Nil) are secured by charge on certain vehicles.	Repayable within 1 year.
(xvii)	Term loans from banks amounting to Rs 4,324.80 Million (2011: Rs 3,791 Million) are secured by guarantee and fixed assets of the holding company.	Repayable in 5 annual installments starting October 2013 alongwith interest of 6%.

Nature of Security	Terms of Repayment
(xviii) Term loans from banks amounting to Rs 309.624 Million (2011: Rs 288.42 Million) are secured by a charge on the property.	Repayable in 15 years with a moratorium of 5 years from the date of loan (October 10, 2007) alongwith a interest of 5%.
(xix) Term loans from banks amounting to Rs 36.956 Million (2011: Rs 43.845 Million) are secured by a charge on the plant and machinery.	Repayable in 28 quarterly installments from the date of loan (April 15, 2008) alongwith a interest of 5.5%.
(xx) Term loans from banks amounting to Rs 34.744 Million (2011: Rs 41.226 Million) are secured by a charge on the plant and machinery.	Repayable in 84 monthly installments from the date of loan (June 1, 2008) alongwith a interest of 5.5%.
(xxi) Term loans from banks amounting to Rs 5.131 Million (2011: Nil) are secured by a charge on the plant and machinery.	Repayable in 60 monthly installments from the date of loan (February 1, 2012) alongwith a interest of 4.46%.
(xxii) Term loans from banks amounting to Rs 30,162.4 Million (2011: Nil) are secured by a charge on the immovable properties, current assets including inventories held by the subsidiary companies in United Kingdom, charge on Trademarks and second charge by hypothecation of certain Trademarks held by the holding company.	Moratorium of 3 years from drawdown. Repayment commences from FY 2014-15 and is repayable within the next 4 years. Rate of interest is LIBOR+4.1%.

b. **Terms of repayment for unsecured borrowings**

Borrowings	Terms of Repayment
i. Long term loan from banks:	
(a) amounting to Rs 750 Million (2011: Rs 750 Million) are guaranteed by a director of the Companyw	Repayable in 2 equal installments, 4 years from the date of loan (December 18, 2008) alongwith interest of 17.2%.
(b) amounting to Rs 598.353 Million (2011: Rs 770 Million).	Repayable in 36 monthly installments with a Moratorium of 1 year from the date of loan (August, 27, 2010) alongwith interest of 15.5%.
(c) amounting to Rs 1,000 Million (2011: Nil)	Repayable in 16 equal quarterly installments, starting 15 months from the date of first disbursement (December 12, 2011) alongwith interest of 12%.
(d) amounting to Rs 532.5 Million (2011: Nil) are guaranteed by the holding company.	Repayable within 3 years from the date of loan (September 24, 2011) alongwith interest of base rate plus 2.75%.
ii. Fixed Deposits	Repayable within 1-2 years from the date of issue and not on demand or notice except at the discretion of the Company. Rate of interest is 11-11.5%.
iii. Inter-corporate deposits	These represent 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. Adjustments, if any, shall be carried out as and when the amounts are determined on final disposal/settlement of the matter.

c. The Company has re-negotiated the repayment terms for the term loan specified in (a)(iv) above and has accordingly disclosed Rs.558.500 Million under Current Borrowings.

d. The liability on Sales Tax Deferment provision for Pioneer Distilleries Limited made up to 2009-10 is Rs. 287.806 Million which has been collected under deferral scheme of Maharashtra State Government and is repayable in 14 years starting from the end of the 10th year i.e 2010-11. During the year 2011-12 the subsidiary has repaid its 2nd installment of Rs.6.240 Million.

Rs. Million

	2012	2011
4.2. Other Long term Liabilities		
Security Deposits	**237.457**	137.386
	237.457	137.386
4.3. Long-term Provisions		
Employee Benefits:		
Provision for Death Relief Scheme	**20.332**	18.536
Provision for Shortfall in PF Trust	**137.199**	138.659
Provision for Leave Encashment	**237.612**	204.196
Provision for Pension Liability	**700.195**	106.351
Provision for Contingencies	**2.037**	1.581
Onerous Lease Provision (Refer Note 22)	**591.424**	521.530
	1,688.799	990.853
5.1. Short Term Borrowings		
Secured		
Working capital loans from banks	**17,920.928**	9,087.678
Unsecured		
Short term loan from banks	**3,350.000**	3,950.000
	21,270.928	13,037.678

a) Working capital loans are secured by hypothecation of inventories (except those held outside India), book debts and other current assets.

b) The Company has re-negotiated the repayment terms for a short term loan from banks falling due on March 30, 2012, amounting to Rs 500 Million.

	2012	2011
5.2. Trade Payables		
Acceptances*	**3,159.574**	1,409.088
Trade Creditors	**16,791.538**	12,667.414
	19,951.112	14,076.502

* Includes bills drawn against inland letters of credit of Rs 2,504.031 Million (2011: Rs 1,055.713 Million) and secured by a charge on debtors, inventories and other current assets.

Rs. Million

	2012	2011
5.3. Other Current Liabilities		
Current maturities of :		
Long-term borrowings	**9,193.275**	29,451.627
Finance Lease obligations	**11.382**	5.303
Deferred Sales Tax Liability	**9.730**	-
Interest accrued but not due	**1,450.026**	1,762.064
Advance received from Customers	**618.929**	331.389
Unpaid / Unclaimed Dividends	**20.202**	19.409
Unpaid / Unclaimed matured Debentures	**0.001**	0.001
Unpaid / Unclaimed matured Fixed Deposits	**110.528**	56.576
Others:		
Due to Directors	**56.089**	62.652
Employee payables	**470.899**	467.220
Sales tax payable	**1,755.997**	1,240.434
TDS payable	**146.338**	106.909
Other Liabilities	**87.291**	70.560
	13,930.687	33,574.144

As required under Section 205C of the Companies Act, 1956, the Company has transferred Rs. 2.847 Million (2011: Rs. 2.801 Million) to the Investor Education and Protection Fund (IEPF) during the year. On March 31, 2012, no amount was due for transfer to the IEPF.

	2012	2011
5.4. Short-term Provisions		
Proposed Dividend	**326.987**	324.574
Corporate Tax on Proposed Dividend	**53.046**	54.309
Fringe Benefit Tax (Net of Payments)	**1.389**	1.538
Employee Benefits:		
Provision for Gratuity	**272.331**	226.331
Provision for Leave Encashment	**107.840**	91.255
Provision for Leave Travel Allowance	**0.845**	0.742
	762.438	698.749

6. **Fixed Assets**

6.1 **Tangible**

Rs. Million

	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	2011	Translation Adjust-ments	on Amal-gamation (Note 4)	Additions	Deletion/ Adjust-ments	**2012**	2011	Translation Adjust-ments	on Amalga-mation (Note 4)	For the year	Deletion/ Adjust-ments	**2012**	**2012**	2011
Land														
Freehold	3,198.779	23.170	52.178	126.405	-	**3,400.532**	-	-	-	-	-	**-**	**3,400.532**	3,198.779
Leasehold	112.263	-	-	-	-	**112.263**	-	-	-	-	-	**-**	**112.263**	112.263
Buildings (Notes 1, 2 and 3 below)	5,863.470	396.843	274.456	1,207.239	218.703	**7,523.305**	1,254.898	90.619	85.919	121.673	1.951	**1,551.158**	**5,972.147**	4,608.573
Plant and Equipment	10,802.533	744.829	3,139.494	2,082.091	178.395	**16,590.552**	5,036.045	438.459	548.241	851.750	109.068	**6,765.426**	**9,825.125**	5,766.488
Furniture and Fixture	1,015.085	52.080	3.106	39.111	1.880	**1,107.502**	401.130	38.031	2.067	71.999	0.993	**512.235**	**595.267**	613.955
Office Equipments:														
Finance Lease	7.024	-	-	21.174	-	**28.198**	3.389	-	-	13.361	-	**16.750**	**11.448**	3.635
Others	278.484	24.770	5.334	60.325	4.734	**364.179**	239.837	20.582	1.764	50.319	3.207	**309.295**	**54.885**	38.648
Vehicles:														
Finance Lease	15.778	-	-	13.293	8.159	**20.911**	11.907	-	-	4.030	7.601	**8.336**	**12.575**	3.871
Others	233.687	2.954	7.277	54.511	11.833	**286.596**	161.764	2.740	13.992	22.475	9.855	**191.117**	**95.480**	71.923
Aircraft	186.290	-	-	-	-	**186.290**	60.886	-	-	17.056	-	**77.942**	**108.348**	125.404
	21,713.393	1,244.646	3,481.843	3,604.149	423.704	**29,620.328**	7,169.856	590.431	651.983	1,152.663	132.675	**9,432.261**	**20,188.069**	14,543.539

	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	2010	Translation Adjust-ments	on Amal-gamation (Note 4)	Additions	Deletion/ Adjust-ments	**2011**	2010	Translation Adjust-ments	on Amalga-mation (Note 4)	For the year	Deletion/ Adjust-ments	**2011**	**2011**	2010
Land														
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	17.369	**1,254.898**	**4,608.573**	3,861.610
Plant and Equipment	9,177.728	220.056	248.750	1,387.703	231.704	**10,802.533**	4,375.841	246.640	42.012	515.606	144.053	**5,036.045**	**5,766.488**	4,801.887
Furniture and Fixture	549.850	169.620	-	75.422	(220.194)	**1,015.085**	232.140	82.548	-	24.614	(61.828)	**401.130**	**613.955**	317.710
Office Equipments:														
Finance Lease	21.398	(0.618)	-	-	13.756	**7.024**	14.274	(1.133)	-	4.004	13.756	**3.389**	**3.635**	7.124
Others	573.442	(360.529)	6.630	63.954	5.013	**278.484**	284.275	(129.169)	1.615	88.137	5.021	**239.837**	**38.648**	289.167
Vehicles:														
Finance Lease	16.617	-	-	-	0.839	**15.778**	9.168	-	-	3.578	0.839	**11.907**	**3.871**	7.449
Others	165.045	31.020	30.887	25.342	18.606	**233.687**	157.447	(8.114)	8.471	18.947	14.987	**161.764**	**71.923**	7.598
Aircraft	186.290	-	-	-	-	**186.290**	48.035	-	-	12.851	-	**60.886**	**125.404**	138.255
	18,474.271	215.083	840.905	2,269.198	86.062	**21,713.393**	6,214.295	116.633	57.765	915.360	134.197	**7,169.856**	**14,543.539**	12,259.976

6.2 Intangible

Rs. Million

	GROSS BLOCK						AMORTISATION						NET BLOCK	
	2011	Translation Adjust-ments	on Amal-gamation (Note 4)	Additions	Deletion/ Adjust-ments	**2012**	2011	Translation Adjust-ments	on Amalga-mation (Note 4)	For the year	Deletion/ Adjust-ments	**2012**	**2012**	2011
Trademark, Formulae and License	325.180	39.169	-	-	-	**364.349**	106.670	11.586	-	33.547	-	**151.802**	**212.547**	218.510
Franchisee Rights	4,932.988	120.905	-	2,271.371	-	**7,325.264**	295.980	10.075	-	287.938	-	**593.993**	**6,731.271**	4,637.008
	5,258.168	160.074	-	2,271.371	-	**7,689.613**	402.650	21.661	-	321.485	-	**745.795**	**6,943.818**	4,855.518

	GROSS BLOCK						AMORTISATION						NET BLOCK	
	2010	Translation Adjust-ments	on Amal-gamation (Note 4)	Additions	Deletion/ Adjust-ments	**2011**	2010	Translation Adjust-ments	on Amalga-mation (Note 4)	For the year	Deletion/ Adjust-ments	**2011**	**2011**	2010
Trademark, Formulae and License	337.343	220.707	-	0.206	233.076	**325.180**	81.643	83.378	-	9.252	67.603	**106.670**	**218.510**	255.700
Franchisee Rights	4,932.988	-	-	-	-	**4,932.988**	197.320	-	-	98.660	-	**295.980**	**4,637.008**	4,735.668
	5,270.331	220.707	-	0.206	233.076	**5,258.168**	278.963	83.378	-	107.912	67.603	**402.650**	**4,855.518**	4,991.368

Notes:

1. The cost of Building amounting to Rs.331.428 Million is yet to be registered in the name of the Company
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 (2011: 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 (2011: 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 (2011: Rs. 0.132 Million)
3. Include value of fully paid shares Rs. 0.006 Million (2011: Rs 0.006 Million) held in Co-operative Housing Societies.
4. Includes additions/deletions (Gross Block) and depreciation of the subsidiary companies acquired during the year.
5. There has been change in accounting policy for depreciation in case of Sovereign Distilleries Limited. As a result there has been a reversal of depreciation expense to the extent of Rs. 40.430 Million for the current year.
6. During the year there was a change to the intented use of these properties which has resulted to their reclassification from Tangible Fixed Assets to investment property (carried at cost).
7. Previous year's figures have been regrouped / re-arranged wherever necessary.

Rs. Million

		2012		2011
7. Non-current Investments				
(Valued at Cost)				
Investment property (Note 3)		**798.307**		-
Less: Accumulated Depreciation		**14.982**		-
Net Block		**783.325**		-
Trade investments				
Quoted				
In fully paid Equity shares		**0.532**		87.268
Unquoted				
In fully paid Equity shares		**161.809**		14.187
Associates**	**31.821**		61.540	
Add : Accumulated Profits / (Losses) of Associates (net of dividend received)	**(31.821)**		(26.346)	
		-		35.194
*** Including Goodwill on acquisition of Associates Rs. 3.518 Million (2011 : Rs. 3.518 Million) and Capital Reserve of Nil (2011 : Rs. 81.001 Million)*				
		162.341		136.649
Other Investments				
Quoted				
In fully paid Equity shares		**4.147**		4.147
In fully paid Units (Note 1)		**8.374**		8.374
Unquoted				
In fully paid Equity shares		**0.130**		10.838
In fully paid Debentures (Non-redeemable)		**0.048**		0.048
In Government securities		**0.200**		0.200
Others (Note 2)		**1,238.109**		1,238.109
		1,251.008		1,261.716
Total Investments		**2,196.674**		1,398.365
Less: Provision for diminution in the value of investments		**27.840**		27.513
		2,168.834		1,370.852
Aggregate value of Quoted Investments:				
Book value		**13.053**		99.789
Market value		**5,086.573**		143.778
Aggregate Book value of Unquoted Investments		**2,155.781**		1,271.063

Notes:

1. Investments in units of Unit Trust of India represent those made under Rule 3A of the Companies (Acceptance of Deposit) Rules, 1975.
2. Includes Rs. 41.140 Million (2011: Rs 41.140 Million) pertaining to 72,416,505 (2011: 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 of SWBL.
3. During the year there was a change to the intented use of these properties which has resulted to their reclassification from Tangible Fixed Assets to investment property (carried at cost).

Rs. Million

			2012		2011
8.	**Deferred Tax Assets (Net)**				
	Deferred Tax Assets				
	Provision for Doubtful debts		**500.022**		371.030
	Employee Benefits		**394.624**		226.108
	Other Timing Differences		**616.785**		1,183.576
			1,511.431		1,780.714
	Deferred Tax Liabilities				
	Depreciation		**919.580**		1,455.401
			591.851		325.312
9.	**Long term Loans and Advances**				
	(Unsecured, considered good unless stated otherwise)				
	Capital Advances		**315.341**		265.391
	Deposit with a Financial Institution		**4,000.000**		-
	Loans to Tie-up Units		**619.059**		698.070
	Loans and Advances to Related Parties		**210.873**		4,348.860
	Advance Income Tax (Net of Provisions)		**1,177.051**		1,456.946
	Security Deposits :				
	- Considered Good	**5,030.345**		2,568.588	
	- Considered Doubtful	**6.808**		10.425	
		5,037.153		2,579.013	
	Less: Provision for doubtful Deposits	**6.808**		10.425	
			5,030.345		2,568.588
	Other Recoverables :				
	- Considered Good	**1,047.385**		4,131.547	
	- Considered Doubtful	**1,408.877**		1,021.998	
		2,456.262		5,153.545	
	Less: Provision for Doubtful Advances	**1,408.877**		1,021.998	
			1,047.385		4,131.547
			12,400.054		13,469.402

(a) Of the above:

(i) An amount of Rs. 265 Million (2011: Rs. 265 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.

(ii) Rs.3 Million (2011: 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.

(iii) Due from an Officer of the Company Rs 2.144 Million (2011: Rs. 1.777 Million). Maximum amount outstanding at any time during the year Rs.2.144 Million (2011: Rs. 1.777 Million).

(iv) Due from the Managing Director of the Company Rs. 6.120 Million (2011: Rs. 3.799 Million).

(b) During the year the Company has acquired 7,322,280 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 2,677,640 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.

(c) The Company has, granted interest free loans in foreign currency amounting to Rs. 39,816.801 Million [2011: Rs. 36,857.536 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. 38,110.395 Million (2011: Rs. 33,411.109 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, exchange difference aggregating to Rs. 2,428.043 Million (credit) [2011: Rs. 2,271.244 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.

(d) A lien has been created for the deposit with financial institution.

Rs. Million

			2012		2011
10.	**Other Non-Current Assets**				
	Unsecured				
	(i) Long-term Trade Receivables - Considered Good	**155.490**		-	
	- Considered Doubtful	**61.935**		61.935	
		217.425		61.935	
	Less: Provision for Doubtful Debts	**61.935**		61.935	
			155.490		-
	(ii) Others				
	Long term deposits with banks:				
	On Deposit account	**58.702**		47.408	
	On Margin money deposits	**1.300**		1.300	
			60.002		48.708
	Miscellaneous Expenditure (Expenditure incurred for raising borrowed funds)		**2,577.927**		447.647
			2,793.419		496.355

		2012	2011
11.1.	**Current Investments**		
	(Valued at Cost or Market Value, whichever is less)		
	Unquoted		
	Investments in Mutual Funds	**189.167**	23.365
	Other	**-**	150.000
		189.167	173.365
11.2.	**Inventories**		
	(Valued at lower of Cost and Net Realisable Value)		
	Raw Materials	**2,319.911**	1,279.248
	Work-in-Progress	**18,116.667**	14,232.803
	Finished goods	**5,018.335**	4,005.167
	Stock-in-trade	**86.672**	111.782
	Packing Materials, Stores and Spares	**2,006.017**	1,539.195
		27,547.602	21,168.196
	Interest included in the Closing Stock of Work in progress (Malt and Grape Spirit under maturation)	**884.907**	494.115

	2012	2011
		Rs. Million
11.3. Trade Receivables		
(Unsecured, considered good unless stated otherwise)		
Exceeding six months:		
Considered Good	**144.029**	208.017
Considered Doubtful	**126.745**	95.934
	270.774	303.951
Others: Considered Good*	**19,585.396**	13,660.182
	19,856.170	13,964.133
Less: Provision for Doubtful Debts	**126.745**	95.934
	19,729.425	13,868.199

* includes due from related parties - Rs 63.865 Million

	2012	2011
11.4. Cash and Bank balance		
(a) Cash and Cash Equivalents:		
Cheques on Hand	**7.485**	4.744
Cash on Hand	**6.644**	5.287
Balances with Banks:		
On Current accounts	**2,655.600**	4,908.736
On Unpaid dividend account	**20.294**	19.502
On Deposit account with original maturity of less than three months	**502.176**	1,178.501
	3,192.199	6,116.770
(b) Other Bank balances:		
Margin money deposits	**1.300**	1.300
Deposits with original maturity for more than three months	**498.769**	252.442
	500.069	253.742
(c) Amounts disclosed under non-current assets (Note 10)		
On Deposit account	**(58.702)**	(47.408)
On Margin money deposits	**(1.300)**	(1.300)
	(60.002)	(48.708)
	3,632.266	6,321.804

The above deposit accounts:

(i) include Rs. 32.170 Million (2011: Rs. 28.199 Million) in Exchange Earners Foreign Currency (EEFC) Account and Rs. 10.754 Million (2011: Rs. 7.862 Million) in Foreign Currency.

(ii) a) include Rs 0.464 Million (2011: Rs.0.464 Million) pledged with Government Departments.

b) include Rs. 381.166 Million (2011 : Rs. 123.375 Million) deposited in accordance with Companies (Acceptance of Deposit) Rules, 1975.

(iii) includes Rs. 250 Million (2011: Nil) pledged as security against loan from a bank.

(iv) includes Rs. 55.583 Million (2011: Rs.162.070 Million) held in a Escrow account towards acquisition of Pioneer Distilleries Limited and Sovereign Distilleries Limited.

Bank balance with scheduled banks includes Rs.190.053 Million (2011: Rs.177.343 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.

Rs. Million

	2012	2011
11.5. Short Term Loans and Advances		
(Unsecured, considered good unless stated otherwise)		
Income accrued on Investments and Deposits	**413.474**	126.699
Advances to Tie-up units:*		
Considered Good	**3,110.899**	1,825.566
Considered Doubtful	**21.519**	21.519
Taxes and Duties paid in advance	**1,497.878**	755.141
Loans and advances to Employees	**33.795**	47.561
Pre-paid Expenses (including advances to suppliers)	**4,569.231**	4,394.282
	9,646.796	7,170.768
Less: Provision for Doubtful Advances	**21.519**	21.519
	9,625.277	7,149.249

* Includes an amount of Rs. 1,060.593 Million (2011: Rs. 233.991 Million) due from the Tie-up units which secured by the assets of the Tie-up unit and/or equity shares of the Tie-up unit.

	2012	2011
11.6. Other Current Assets		
Assets held for sale (net of provisions)	**1.346**	1.484
	1.346	1.484
12. Revenue from Operations		
Sales (Gross)	**176,842.665**	136,912.220
Income arising from Sale by Manufacturers under 'Tie-up' agreements (Tie-up units)	**4,154.229**	4,217.395
Income from Brand Franchise	**484.130**	499.222
Income from IPL Franchise	**854.390**	458.719
	182,335.414	142,087.556
13. Other Income		
Interest Income	**983.360**	590.011
Dividend income on Current Investments	**12.937**	19.197
Profit on Sale of Investments	**-**	0.202
Other Non Operating Income:		
Lease Rent	**217.329**	226.017
Profit on Sale of Fixed Assets (Net)	**69.164**	191.756
Liabilities no longer required written back	**825.740**	95.718
Bad debts/ Advances recovered	**0.002**	0.093
Scrap Sales	**369.454**	242.920
Insurance Claims	**2.148**	5.303
Provision for Onerous Lease written back	**2.731**	531.612
Miscellaneous	**209.257**	208.396
	2,692.122	2,111.225
14. Cost of Materials Consumed		
Raw Materials	**27,767.222**	18,366.737
Packing Materials	**18,862.524**	15,398.360
	46,629.746	33,765.097

Rs. Million

	2012	2011
15. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade		
Opening Stock:		
Work-in-Progress	**14,232.803**	11,765.257
Finished Goods	**4,005.167**	3,312.157
Stock-in-trade	**111.782**	65.511
	18,349.752	15,142.925
Add :Stocks of the Transferor Companies as on April 1, 2010		
Work-in-Progress	**-**	29.356
Finished Goods	**-**	80.001
	-	109.357
Closing Stock:		
Work-in-Progress	**18,116.667**	14,232.803
Finished Goods	**5,018.335**	4,005.167
Stock-in-trade	**86.672**	111.782
	23,221.674	18,349.752
Excise Duty on Opening/Closing Stock of Finished Goods (net)	**118.488**	57.631
	(4,753.434)	(3,039.839)
16. Employee Benefits Expenses		
Salaries, Wages and Bonus	**5,565.814**	4,701.365
Contribution to Provident and Other Funds	**590.039**	594.521
Staff Welfare Expenses	**294.764**	240.839
Actuarial Loss/(Gain) on Pension	**795.838**	(877.502)
	7,246.455	4,659.223
17. Finance Costs		
Interest	**8,117.816**	5,475.142
Debt issue costs	**638.836**	99.820
Exchange Loss (Net)	**(397.116)**	(1,014.928)
	8,359.536	4,560.034
18. Other Expenses		
Direct Expenses on IPL Franchise	**827.355**	436.191
Consumption of Stores and Spares	**530.778**	194.034
Power and Fuel	**828.087**	590.850
Rent	**1,092.330**	880.665
Repairs and Maintenance:		
Buildings	**161.961**	294.129
Plant and Machinery	**302.461**	219.538
Others	**140.985**	124.643

Rs. Million

	2012	2011
Rates and Taxes	**634.434**	573.631
Insurance	**149.328**	129.410
Travelling and Conveyance	**711.773**	568.800
Legal and Professional	**933.813**	804.528
Freight Outwards	**2,097.435**	1,845.543
Advertisement and Sales Promotion	**10,111.419**	8,703.203
Commission on Sales	**564.036**	445.976
Cash Discount	**770.438**	711.383
Sales Tax	**286.163**	245.566
Fixed Assets Written Off	**0.432**	0.247
Directors' Remuneration:		
Sitting Fee	**2.292**	2.304
Commission	**55.647**	62.210
Bad Debts and Advances Written Off	**38.399**	53.835
Provision for Doubtful Debts/ Advances/ Deposits	**429.958**	302.343
Provision for Diminution in Value of Investments	**0.326**	-
Research and Development	**47.605**	54.298
Others		
Administrative expenses	**662.949**	437.818
Distribution Costs	**1,467.010**	1,046.958
Miscellaneous	**383.817**	408.874
	23,231.231	19,136.977

19. Exceptional and other Non-recurring items

	2012	2011
(a) 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).	**-**	368.399
(b) Provision towards Excise Liability relating to earlier years based on legal pronouncement	**(88.400)**	-
(c) Water Charges relating to prior years based on the legal pronouncement received during the year	**(19.763)**	-
	(108.163)	368.399

20. Earnings Per Share

	2012	2011
Nominal Value of equity shares (Rs)	**10**	10
(a) Net Profit after tax (Rs. Million)	**1,879.217**	5,695.209
(b) Basic number of Equity Shares of Rs 10 each outstanding during the year	**125,869,737**	125,869,737
(c) Weighted Average number of Equity Shares of Rs 10 each outstanding during the year	**125,869,737**	125,869,737
(d) Basic / Diluted Earnings per Share (Rs) (a/c)	**14.93**	45.25

21. Term Liability towards Franchisee rights:

The Company holds the perpetual right to the Bangalore Franchise of BCCI-IPL. Although this right is perpetual, it would be prudent to consider this having a 'finite' rather than an 'infinite' life. The limited over version of the game which was first introduced in 1970s is continuing even now after 39 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 amortized 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.
- 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 at least 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, 2012 is Rs. 4,538.349 Million (2011: Rs. 4,637.008 Million) to be amortised over the remaining period of 46 years (2011: 47 years).

Term liability towards franchisee rights at the year end aggregating to Rs. 2,803.803 Million (2011: Rs.3,296.182 Million) is payable over a period of 6 years (2011: 7 years), of which Rs.492.379 Million (2011: Rs.837.044 Million) is payable within one year.

The governing bodies of this sport in India and globally, over a period of last 7 to 15 years have experienced annualized 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 annualized growth of 20% from 2015 to 2025, a 15% annualised growth from 2026 to 2035 and a 4% annualized 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 / premiumization 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.

		Rs. Million
	2012	2011
22. Onerous Lease Provision		
At the beginning of the year	**521.530**	1,002.175
Translation Adjustment	**72.625**	50.967
	594.155	1,053.142
Charged / (Credited) to the income statement	**(2.731)**	(531.612)
At the end of the year	**591.424**	521.530

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, 2012 is between 8 and 21 years.

23. Employee Benefits

(a) **Defined Contribution Plans**

The Group offers its employees in India 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 Statement of Profit and Loss, which are included in Contribution to Provident and other funds in Note 16:

Rs Million

	2012	2011
Provident Fund and Employees Pension Scheme*	**114.587**	99.452
Superannuation Fund	**110.471**	104.062
Employees State Insurance	**14.467**	15.294
	239.525	218.808

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

(b) Defined Benefit Plans

Gratuity:

The Group provides for gratuity, a defined benefit plan (the Gratuity Plan), to its Indian 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 in India. 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.

23. (b) Defined Benefit Plans

Rs. Million

Particulars	2012						2011					
	Funded			Non Funded			Funded			Non Funded		
	Gratuity	Pension Fund	PF	Gratuity	Pension Fund	Death Benefit	Gratuity	Pension Fund	PF	Gratuity	Pension Fund	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	**959.004**	**8,197.412**	**1,459.897**	**7.382**	**22.801**	**18.442**	747.654	8,210.490	1,296.174	4.571	24.212	16.673
On amalgamation	-	-	-	-	-	-	35.540	-	-	-	-	-
Contribution by Plan Participants	-	**11.765**	**163.881**	-	-	-	-	14.639	109.007	-	-	-
Current service cost	**77.082**	**47.059**	**109.548**	**0.561**	**6.394**	-	46.548	55.843	81.615	0.305	3.843	1.769
Interest cost	**68.666**	**492.961**	**104.381**	**0.596**	-	**1.475**	59.627	491.372	112.392	0.383	-	-
Actuarial (gain)/loss on obligations	**164.257**	**609.293**	-	**1.708**	-	**0.414**	143.134	(634.835)	-	0.917	-	-
Benefits paid	**(186.377)**	**(347.913)**	**(235.387)**	-	**(5.040)**	-	(78.258)	(365.334)	(139.291)	-	(5.254)	-
Exchange Fluctuation	**1.726**	**1,185.538**	-	**0.023**	-	-	1.077	425.236	-	0.146	-	-
Obligation at the end of the year	**1,084.359**	**10,196.114**	**1,602.320**	**10.270**	**24.155**	**20.331**	955.322	8,197.412	1,459.897	6.322	22.801	18.443
(B) Reconciliation of opening and closing balances of the fair value of plan assets												
Plan Assets at the beginning of the year	**726.920**	**8,125.433**	**1,357.567**	-	-	-	613.984	7,306.164	1,233.898	-	-	-
On amalgamation	-	-	-	-	-	-	27.298	-	-	-	-	-
Contribution by Plan Participants	-	**11.765**	**163.881**	-	-	-	-	14.639	109.007	-	-	-
Contribution by the Company	**212.708**	**231.890**	**93.043**	-	-	-	120.991	256.433	79.876	-	-	-
Expected return on plan assets	**68.246**	**545.825**	**109.467**	-	-	-	60.886	486.374	100.695	-	-	-
Actuarial gains / (losses)	**(5.032)**	**(192.339)**	**5.485**	-	-	-	(18.606)	47.131	(26.618)	-	-	-
Benefits paid	**(186.377)**	**(347.913)**	**(235.387)**	-	-	-	(78.258)	(487.373)	(139.291)	-	-	-
Exchange Fluctuation	**0.489**	**1,145.490**	-	-	-	-	0.369	502.065	-	-	-	-
Plan assets at the end of the year	**816.955**	**9,520.150**	**1,494.056**	-	-	-	726.664	8,125.433	1,357.567	-	-	-
(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	**1,084.359**	**10,196.114**	**1,602.320**	**10.270**	**24.155**	**20.331**	955.322	8,197.412	1,459.897	6.322	22.801	18.443
Fair value of plan assets at the end of the year	**816.955**	**9,520.150**	**1,494.056**	-	-	-	726.664	8,125.433	1,357.567	-	-	-
Liability/(Net Asset) Recognised in Balance Sheet	**267.404**	**675.964**	**108.264**	**10.270**	**24.155**	**20.331**	228.658	71.979	102.330	6.322	22.801	18.443

Rs. Million

Particulars	2012						2011					
	Funded			Non Funded			Funded			Non Funded		
	Gratuity	Pension Fund	PF	Gratuity	Pension Fund	Death Benefit	Gratuity	Pension Fund	PF	Gratuity	Pension Fund	Death Benefit
(D) **Expenses recognised in the Statement of Profit and Loss**												
Current service cost	**77.082**	**47.059**	**109.548**	**0.456**	**6.394**	**-**	46.548	55.843	81.615	0.305	3.843	1.769
Interest cost	**68.666**	**492.961**	**104.381**	**0.553**	**-**	**1.475**	59.627	491.372	112.392	0.383	-	-
Expected return on plan assets	**(68.246)**	**(545.825)**	**(109.467)**	**-**	**-**	**-**	(60.886)	(486.374)	(100.695)	-	-	-
Actuarial (gains)/losses	**169.290**	**801.632**	**(5.485)**	**1.727**	**-**	**0.414**	161.740	(681.966)	26.618	0.917	-	-
Total Expenses recognised in the Statement of Profit and Loss	**246.791**	**795.827**	**98.977**	**2.736**	**6.394**	**1.889**	207.029	(621.124)	119.930	1.605	3.843	1.769
Included in:												
Contribution to Provident and Other Funds in Note 16	**246.791**	**(0.011)**	**98.977**	**-**	**-**	**-**	207.029	256.378	119.930	1.605	3.843	1.769
Staff Welfare Expense in Note 16	**-**	**795.838**	**-**	**-**	**-**	**-**	-	(877.502)	-	-	-	-
(E) **Investment details of plan assets**												
Government securities	**-**	**22%**	**34%**				-	22%	34%			
Securities guaranteed by Government	**1%**	**-**	**-**				1%	-	-			
Private Sector Bonds	**-**	**19%**	**-**				-	19%	-			
Public Sector / Financial Institutional Bonds	**-**	**-**	**29%**				-	-	29%			
Special Deposit Scheme	**-**	**-**	**19%**				-	-	19%			
Fund balance with Insurance Companies	**95%**	**-**	**-**				95%	-	-			
Others (including bank balances)	**4%**	**59%**	**18%**				4%	59%	18%			
	100%	**100%**	**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 the assets is expected to vary from year to year reflecting the returns on matching government bonds.

Particulars	2012 Funded Gratuity	2012 Funded Pension Fund	2012 Funded PF	2011 Funded Gratuity	2011 Funded Pension Fund	2011 Funded PF
(F) **Actual return on plan assets**	**6.00%**		**6.00%**	6.00%		6.00%
(G) **Assumptions**						
Discount Rate (per annum)	**8.60%**		**8%**	8.00%		8.10%
Expected Rate of Return on Plan Assets	**9.25%**		**8%**	9.25%		8.00%
Rate of increase in Compensation levels	**6.00%**		**NA**	5.00%		NA
Attrition Rate	**8.50%**		**NA**	8.00%		NA
Average past service of employees (years)	**13.6**		**NA**	13.6		NA
Mortality rates	**LIC 1994-96 ultimate table**	**Table PA00 year of birth -117% loading for current pensioners and a 123% loading for future pensioners**	**LIC 1994-96 ultimate table**	LIC 1994-96 ultimate table	Table PA00 year of birth - 117% loading for current pension-ers and a 123% loading for future pensioners	LIC 1994-96 ultimate table

Rs. Million

(H) **Others (Funded)**

	2012			2011			2010			2009		
	Gratuity	**Pension**	**PF**	Gratuity	Pension	PF	Gratuity	Pension	PF	Gratuity	Pension	PF
Present value of obligation	**1,084.359**	**10,196.114**	**1,602.320**	955.322	8,197.412	1,459.897	747.653	8,210.490	1,296.174	630.701	6,971.707	1,168.838
Present value of plan assets	**816.955**	**9,520.150**	**1,494.056**	726.664	8,125.433	1,357.567	613.984	7,306.164	1,233.898	504.068	6,078.218	1,091.734
Amount recognised in Balance Sheet – Liability	**267.404**	**675.964**	**108.264**	228.658	71.979	102.330	133.669	904.326	62.276	126.633	893.489	77.104
Experience adjustments on Present value of obligation	**(80.822)**	**-**	**-**	(80.729)	-	-	(44.591)	-	7.506	(33.091)	-	(12.043)
Experience adjustments on Plan assets	**(18.421)**	**-**	**(25.559)**	(18.607)	-	(25.559)	(9.218)	-	32.413	(6.500)	-	59.034

Others (Non-funded)

	2012			2011			2010			2009		
	Gratuity	**Pension**	**Death Benefit**	Gratuity	Pension	Death Benefit	Gratuity	Pension	Death Benefit	Gratuity	Pension	Death Benefit
Present value of obligation	**10.270**	**24.155**	**20.331**	6.322	22.801	18.442	5.571	24.212	16.673	6.236	27.375	14.811
Amount recognised in Balance Sheet – Liability	**10.270**	**24.155**	**20.331**	6.322	22.801	18.442	5.571	24.212	16.673	6.236	27.375	14.811

Notes:

1. 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.

2. As per the best estimate of the management, contribution of Rs 250 Million is expected to be paid to the plans during the year ending March 31, 2013.

24. Leases

a) **Finance Leases**

The Company has acquired computer equipment and cars on finance leases. The lease agreement is for a primary period of 36 to 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.

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

Rs. Million

Particulars	2012		2011	
	Present Value of payments	**Minimum lease payments**	Present Value of payments	Minimum lease payments
Later than one year and not later than five years	**12.962**	**15.331**	3.113	3.346
Later than five years	**0.864**	**0.880**	-	-
	13.826	**16.211**	3.113	3.346
Not later than one year	**11.382**	**13.928**	5.303	5.851
	25.208	**30.139**	8.416	9.197
Less: Finance Charges		**4.930**		0.781
Present value of net minimum lease payments		**25.208**		8.416

b) **Operating Leases**

The Company's significant leasing arrangements in respect of operating leases for premises (residential, office, stores, godown, manufacturing facilities etc.) and plant and machineries, which includes both cancellable and non cancellable leases, and 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 Note 18 to the accounts.

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

The Company entered into an operating lease agreement in March 2011 to rent two plant and machineries over a period of 36 months at an annual cost of Rs 32.2 Million.

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. 67.276 Million (2011: Rs.62.070 Million). The annual rent payable is subject to review every 5 years. There are no contingent rent payments. Sub-lease payments received Rs.166.874 Million (2011: Rs.151.117 Million) have been recognised in the Statement of Profit and Loss for the year and are included under Note 13.

The aggregate lease rentals payable are charged as Rent under Note 18 to the accounts.

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

Rs. Million

	2012	2011
(i) not later than one year;	**49.645**	15.998
(ii) later than one year and not later than five years;	**67.166**	44.845
(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;	**70.841**	62.055
	187.652	122.898

25. 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.

Rs. Million

A. Primary Segmental Reporting

	2012				2011			
Geographic Segment	**India**	**Outside India**	**Unallocated / Eliminations**	**Total**	India	Outside India	Unallocated / Eliminations	Total
(i) **Revenue**								
External	**164,113.806**	**20,913.730**	**-**	**185,027.536**	129,764.958	14,433.823	-	144,198.781
Less: Excise Duty	**85,046.258**	**5,424.246**	**-**	**90,470.504**	64,680.260	3,645.431	-	68,325.691
Inter-segment	**278.664**	**1,422.050**	**1,700.714**	**-**	625.110	2,331.022	2,956.132	-
Total Revenue	**78,788.884**	**14,067.434**	**1,700.714**	**94,557.032**	64,459.588	8,457.370	2,956.132	75,873.090
(ii) **Result**								
Segment Result – Profit/(Loss)	**10,699.521**	**999.967**	**-**	**11,699.488**	10,216.388	2,660.010	-	12,876.398
Unallocated corporate expenses/ (income):								
Income from Investments	**-**	**-**	**(12.937)**	**(12.937)**	-	-	(19.197)	(19.197)
Finance Cost	**-**	**-**	**8,359.536**	**8,359.536**	-	-	4,560.034	4,560.034
Profit/(Loss) before Taxation	**10,699.521**	**999.967**	**(8,346.599)**	**3,352.889**	10,216.388	2,660.010	(4,540.837)	8,335.561
Provision for Taxation			**1,480.905**	**1,480.905**			2,652.291	2,652.291
Profit/(Loss) after Taxation	**10,699.521**	**999.967**	**(9,827.504)**	**1,871.984**	10,216.388	2,660.010	(7,193.128)	5,683.271
Total Revenue				**94,544.095**				75,853.893
Income from Investments				**12.937**				19.197
				94,557.032				75,873.090
(iii) **Other information**								
Segment Assets	**75,307.090**	**30,992.472**	**52,265.874**	**158,565.435**	58,442.441	26,001.040	44,645.412	129,088.893
Segment Liabilities	**18,624.088**	**8,741.748**	**84,435.815**	**111,801.652**	13,434.491	6,586.497	67,106.937	87,127.925
Capital Expenditure	**1,320.844**	**2,338.072**	-	**3,658.916**	2,235.197	382.395	-	2,617.593
Depreciation	**833.790**	**640.359**	-	**1,474.149**	597.694	425.578	-	1,023.272
Other non cash expenses (net of Income)	**(231.146)**	**134.192**	-	**(96.953)**	428.142	(1,329.095)	-	(900.953)

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.

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.

26. 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	a) Mr. V K Rekhi - April 01, 2011 to April 18, 2011	McDowell & Company Limited Staff Gratuity Fund (McD SGF)	United Breweries (Holdings) Limited (UBHL)
	b) Mr. Ashok Capoor - May 02, 2011 onwards	McDowell & Company Limited Officers 'Gratuity Fund (McD OGF)	
Wine Soc of India Private Limited	Managing Director	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)^	
		McDowell & 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	

Notes:

^ No transactions during the year.

b) **Summary of transactions with related parties**

Rs. Million

Sl. No.	Nature of transactions*	2012					2011				
		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	-	-	-	**245.075**	**245.075**	-	-	-	98.632	98.632
b)	Interest received from associates										
	- Wine Soc of India	**11.036**	-	-	-	**11.036**	7.957	-	-	-	7.957
c)	Sale of goods										
	-UBHL	-	-	-	**658.346**	**658.346**	-	-	-	571.645	571.645
d)	Advertisement and Sales Promotion										
	-UBHL	-	-	-	**28.124**	**28.124**	-	-	-	83.937	83.937
e)	Interest Income										
	-UBHL	-	-	-	**358.048**	**358.048**	-	-	-	308.368	308.368
f)	Guarantee/ Security Commission Paid										
	-UBHL	-	-	-	**6.762**	**6.762**	-	-	-	6.793	6.793
g)	Deposits	-	**6.120**	-	-	**6.120**	-	3.799	-	-	3.799
h)	Sale/ (Purchase) of fixed assets										
	-UBHL	-	-	-	**(541.471)**	**(541.471)**	-	-	-	(392.443)	392.443)
i)	Finance (including loans and equity contributions in cash or in kind)										
	-UBHL	-	-	-	**(1,549.690)**	**(1,549.690)**	-	-	-	3,693.362	3,693.362
	-Wine Soc of India	**10.003**	-	-	-	**10.003**	85.258	-	-		85.258
j)	Guarantees and Collaterals given										
	- UBHL	-	-	-	**550.000**	**550.000**	-	-	-	410.000	410.000
k)	Managing Directors' Remuneration	-	**35.736**	-	-	**35.736**	-	50.827	-	-	50.827
l)	Rent	-	**5.927**	-	-	**5.927**	-	3.712	-	-	3.712
m)	Contribution to Gratuity Fund										
	- McD OGF	-	-	**156.761**	-	**156.761**	-	-	136.868	-	136.868
	- McD SGF	-	-	**53.190**	-	**53.190**	-	-	7.391	-	7.391
n)	Contribution to Provident Fund										
	- McD PF	-	-	**93.043**	-	**93.043**	-	-	79.871	-	79.871
	- SWC PF	-	-	-	-	-	-	-	5.006	-	5.006
o)	Dividend Paid										
	- UBHL	-	-	-	**91.395**	**91.395**	-	-	-	91.395	91.395
p)	Contribution to Pension Scheme										
	- Whyte and Mackay Pension Scheme	-	-	**231.890**	-	**231.890**	-	-	256.433	-	256.433
q)	Amount due to										
	- UBHL	-	-	-	-	-	-	-	-	30.336	30.336
r)	Amount due from										
	- UBHL	-	-	-	**2,723.832**	**2,723.832**	-	-	-	3,950.970	3,950.970
	- Wine Soc of India	**95.261**	-	-	-	**95.261**	85.258	-	-	-	85.258
	- Sovereign Distilleries Ltd	-	-	-	-	-	516.330	-	-	-	516.330
s)	Deposits Outstanding	-	-	-	**1,400.000**	**1,400.000**	-	-	-	1,683.863	1,683.863
t)	Lease Deposit										
	- Sovereign Distilleries Ltd	-	-	-	-	-	506.330	-	-	-	506.330

* 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.

27. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.1,088.916 Million (2011: Rs.717.612 Million).

(b) Other Commitments as on March 31, 2012:

(i) Advertising Contracts - Rs 535.220 Million

(ii) Players and Support Staff - Rs 582.773 Million

28. Contingent Liabilities

Rs Million

	2012	2011
(a) Guarantees given by the Company's bankers for which Counter Guarantees have been given by the Company	**466.828**	217.832
(b) Disputed claims against the Company not acknowledged as debts, currently under appeal/ sub judice:		
(i) Excise demands for excess wastages and distillation losses	**289.370**	235.882
(ii) Other miscellaneous claims	**395.576**	237.312
(iii) Income Tax demand (including interest) under appeal	**2,762.836**	2,541.946
(iv) Sales Tax demands under appeal in various states	**726.884**	705.070
(c) Bills Receivables discounted – since fully settled	**880.319**	746.215
(d) Claims from suppliers not acknowledged as debts	**101.924**	89.297

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

29. Fixed Assets

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 United Spirits (Great Britain) Limited and its subsidiaries in respect of depreciation on fixed assets are different from accounting policies of the Company as mentioned in Note 1.7 The proportion of the fixed assets in the consolidated financial statement to which different accounting policies have been applied are as below:

Rs Million

	2012		2011	
	Gross Block	**Proportion (%)**	Gross Block	Proportion (%)
Building	**2,928.448**	**39%**	2,280.257	39%
Plant and Machinery	**5,884.334**	**35%**	5,492.758	51%
Vehicles	**24.775**	**8%**	20.818	8%

30. 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.699.523 Million (2011: Rs. 998.708 Million) during the year.

b) As on March 31, 2012, the Group has the following derivative instruments outstanding:

i) Interest and Currency Swap arrangement (USD) in connection with borrowings amounting to USD 85 Million (2011: USD 85 Million).

ii) Interest Rate Swap arrangements in connection with borrowings amounting to GBP 171.250 Million (2011: 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:

Receivables: USD 0.896 Million (2011: USD 1.722 Million), Euro 0.319 Million (2011: Euro 0.205 Million Credit), Canadian Dollar 0.423 Million (2011: Canadian Dollar 0.304 Million), INR 44.134 Million (2011: INR 44.118 Million).

31. Previous Years Figures

The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements. Previous years financial statements were audited by another firm of Chartered Accountants.

For **Walker, Chandiok & Co**
Chartered Accountants

per **Aashish Arjun Singh**
Partner

Place : Mumbai
Date : May 29, 2012

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

V.S. VENKATARAMAN
Company Secretary

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

THIRTEENTH ANNUAL GENERAL MEETING

Tuesday, September 25, 2012

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 Thirteenth Annual General Meeting of the Company to be held on Tuesday, September 25, 2012 at 11.30 a.m. and at any adjournment or adjournments thereof.

Signed this ____________ day of ______________ 2012.

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

Board of Directors

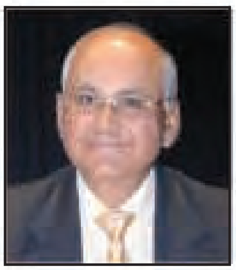
S.R. Gupte
Vice Chairman

Ashok Capoor
Managing Director

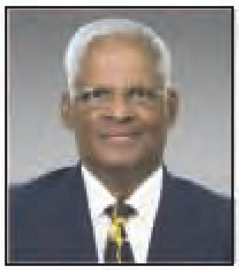
M. R. D. Iyengar

B. M. Labroo

Dr. Vijay Mallya
Chairman



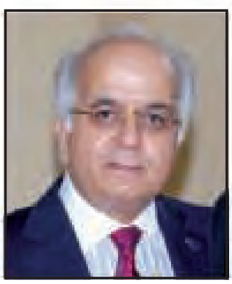
G. N. Bajpai



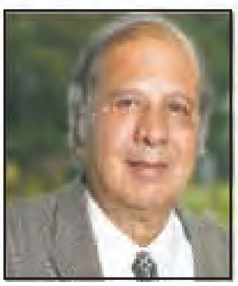
Sreedhara Menon

S. K. Khanna

The Executive Committee



V. K. Rekhi
Chairman



S. D. Lalla
Vice Chairman

Ashok Capoor

P.A. Murali

GROUP

UNITED SPIRITS LIMITED

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