Annual Report 2011 - 2012

UNITED BREWERIES LIMITED

UNDISPUTED LEADERSHIP

CONTENTS

Dr. Vijay Mallya
Chairman

100 Million

cases and counting

Brand Kingfisher surges ahead


open
your world
Heineken
ORIGINAL RECIPE
HEINEKEN LAGER BEER
TRADE MARK
Heineken
PREMIUM QUALITY
ENJOY RESPONSIBLY

Chairman's Statement

Dear fellow shareholders,

The signal milestone of 100 million cases sale of Kingfisher Beer is the crowning highlight of our Company's growth story during fiscal 2012. You will recall that the entire market for beer in India, just 10 years ago, was as small as 26 million cases, throwing into sharp relief the pace of growth in the industry and more particularly of United Breweries Ltd.

Overall sales for the year amounted to 133 million cases representing a growth of 6% over the previous year. This has enabled our Company to notch up market share of 55%, more than twice that of our closest competitor. It is significant to note that our mild beers dominate the market with a 70% share, while Kingfisher Strong has achieved a 50%+ share in the much larger "strong beer segment" of the market.

It is a tribute to our Company's manufacturing processes that our breweries have not only been approved for local brewing of Heineken but also that the product brewed in India has been acknowledged to be one of the finest when compared with global beers. Locally brewed Heineken is now available in Delhi, Bangalore, Kolkata, Goa and Maharashtra. It has been well received in each of these markets and plans are underway to roll out the brand in other markets around the country during the coming year.

As proud as I am of the achievements of our brands, reflecting their primal position among major Indian consumer brands, we have been equally focused on long term strategies to improve manufacturing efficiencies and conserve resources. Thus, major initiatives such as introduction of patented bottles, control of energy and reduction of water consumed in the manufacturing process not only helped to keep costs down in an environment of severe cost pressure, but are also good practices that benefit the environment and the communities in which we operate.

The underlying demand is boosted by the demographics of the country as well as changing attitudes towards the consumption of alcoholic beverages, particularly beer, among our young population. To cater to this long term trend of growth, even though it is periodically interrupted by ill conceived government regulations and taxation, our Company is required to continuously invest in capacity enhancement. During the year under review capacity was expanded in West Bengal, Orissa, Andhra Pradesh and Maharashtra. The coming year should see commencement of production at the new greenfield brewery in Karnataka and commencement of construction of a new brewery in Bihar.

As in the past years, Kingfisher (and now Heineken) continue to have pride of place in the Indian consumers' mind. The aspirational qualities of our brands continue to be invigorated by consistent association across themes *which are close to the young consumers, i.e. Sports, Fashion, Music and Food. Our Company also leverages new social media such as Facebook and Twitter to advantage. In fact, Kingfisher's Facebook has a fan following of over 3.5 million, which makes it the second largest in the world for a beer brand.*

While seeking to take advantage of rapid and sustainable growth, we are also conscious of the need to de-risk the business. To this end, several strategic initiatives to cover Inputs, Packaging material and, indeed, Information Technology, have been put in place.

I would particularly draw your attention to:

- *Our Company has been reducing its carbon footprint through reduction of energy consumed by 5% – 10% annually.*
- *A ground breaking project to generate electricity from spent grain will be inaugurated during the current year.*
- *United Breweries Ltd. has won many awards for conservation of water and our aim is to reduce use of water to a level of 3.5 kl/kl, which is the global benchmark, from the already excellent level of 4 kl/kl.*
- *Our Company also invests in Primary Education and Primary Health Welfare in 27 villages where we operate. The educational initiatives presently cover over 2500 students with emphasis on female literacy.*
- *Potable water initiatives bring clean drinking water to 20 villages.*
- *In addition empowerment through contract farming helps nearly 5000 farmers.*

These initiatives will continue to receive the management's attention in the years to come.

During the year, the merger of UB Ajanta Breweries Private Limited into our Company was approved by the Courts. With this, United Breweries Ltd. has substantially completed its corporate restructuring and is now a fully integrated entity with brand ownership, manufacturing, sales and distribution – all under one roof.

I am grateful for the enthusiastic efforts of all stakeholders without whose participation and commitment our Company would not have been able to grow from strength to strength every year.

A very warm thank you to all.

VIJAY MALLYA
CHAIRMAN

Report of the Directors

Your Directors have pleasure in presenting this Annual Report and the audited accounts of United Breweries Limited ('UBL' or 'your Company') for the year ended March 31, 2012 ('the year under review', 'the year' or 'FY12').

FINANCIAL RESULTS – AN OVERVIEW

(Amounts in Rupees million)

	Year ended March 31	
	2012	*2011*
Net Turnover	**37,007**	*31,048*
EBITDA	**4,850**	*4,348*
Depreciation and amortization	**1,487**	*1,305*
EBIT	**3,363**	*3,043*
Interest	**991**	*781*
Provision for Dimunition in investment in Subsidiary	**196**	—
Profit before Taxation	**2,176**	*2,262*
Provision for Taxation	**(912)**	*(789)*
Profit after Tax available for appropriation	**1,264**	*1,473*
Appropriations:		
Proposed dividend on Equity Shares (including taxes thereon)	**215**	*184*
Dividend on Preference Shares paid (including taxes thereon)	**28**	*86*
Transfer to the General Reserve	**150**	*150*
Balance your Directors propose to carry to the Balance Sheet	**871**	*1,053*
Total appropriations	**1,264**	*1,473*

DIVIDEND

Your Board of Directors take pleasure in declaring a dividend of Re.0.70 per Equity Share, including on 9,860,211 Equity Shares of Re.1/- each fully paid up allotted during the year upon amalgamation of UB Nizam Breweries Private Limited, Chennai Breweries Private Limited, Millennium Beer Industries Limited and UB Ajanta Breweries Private Limited.

Your Company paid a dividend on Cumulative Redeemable Preference Shares ('CRPS') at the rate of 3% under the terms of the issue of 24.7 million CRPS held by Scottish & Newcastle India Limited, amounting to Rs.28 million.

The total dividend (including dividend tax) is Rs.243.25 million, which amounts to about 19.2% of Profit after Tax.

AMALGAMATIONS

Your Directors are pleased to inform that UB Ajanta Breweries Private Limited has been amalgamated into your Company by the Order of the Hon'ble Board for Industrial and Financial Reconstruction with the appointed date of April 1, 2011. The consolidation has ensured creation of a larger combined entity, and synergies in the businesses besides economies of scale. Combining all functions and operations has not only resulted in enhanced financial performance but also has provided benefits in the form of managerial and technical expertise, and financial resources thereby enhancing shareholder value.

As a final step towards consolidation and restructuring of all brewing entities of the Group, the Board of Directors of your Company and of Scottish and Newcastle India Private Limited (SNIPL), an Indian subsidiary of Heineken UK Limited (Heineken Group), have approved amalgamation of SNIPL into your Company under Sections 391 to 394 of the Companies Act, 1956. All requisite regulatory approvals for the said amalgamation have been obtained and an application has been filed with the High Courts of Karnataka and Bombay by your Company and SNIPL respectively.

CAPITAL

In view of the consolidation of share capital through the amalgamation of UB Ajanta Breweries Private Limited, the Authorized Share Capital of your Company now comprises of Equity Share Capital aggregating to Rs.3,674 million and Preference Share Capital of Rs.5,860 million. The Issued, Subscribed and Paid-up Share Capital as on

March 31, 2012 stood at Rs.1,005.1 million, comprising of Equity Share Capital of Re.1 each aggregating to Rs.264.4 million and Cumulative Redeemable Preference Shares of Rs.100 each aggregating to Rs.740.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The Indian beer market is at the start of its growth trajectory, with a per capita consumption of only about 1.5 liter. This is significantly below the global average per capita consumption of 27 liters and other emerging markets such as China (37 liter), Brazil (65 liter) and Russia (72 liter), as estimated by Canadean for the calendar year 2011.

Beer accounts for about 32% of the Indian alcoholic beverages market by volume. The largest segment in the Indian alcoholic beverages market is Indian Made Foreign Liquor ('IMFL') that accounts for about 41% by volume, while country liquor accounts for around 27% of the market. Both are spirits that typically contain over 40% alcohol.

Key reasons for the significantly lower consumption of beer, both compared to spirits consumption in India and to beer consumption in other emerging markets, are the taxation structure, which does not substantially differentiate between the alcohol content of various classes of beverages, and the limited number of outlets that are allowed to sell beer in India.

In India, regulation and taxation of alcoholic beverages is a State subject. The industry is highly regulated, often requiring a lengthy process to obtain a license for the manufacturing, distribution and sale of beer. In the majority of the country, the State governments control distribution and in states like Tamil Nadu and Kerala even the retail is operated by the government. Each state has its own taxation policy and regulations regarding cross border movements and pricing. In about 60% of the country, the State determines the price at which beer can be sold by the brewers.

Even though beer contains only 5-7% of alcohol by volume and spirits contain over 40% of alcohol, both are for historic reasons considered as liquor under the various State Excise policies and taxed on a similar basis. This results in a consumer price of beer that is 2 to 3 times higher than that of spirits on an equivalent alcohol basis.

The number of outlets that are permitted to sell beer is very low. It is estimated that 72,000 licensed outlets exist in India. This equates to one outlet per 17,000 people compared to an estimated 1 per 300 in China. This significantly reduces the availability of beer, and therewith reduces beer consumption.

Notwithstanding the constraints mentioned above, we believe the future of the industry is very bright.

A high growth economy and a young population bring significant opportunities for the beer industry. India's growing young population has led to the emergence of a substantial active workforce that has increasing disposable income. Growth in the alcoholic beverages sector has also been fueled by the increasing social acceptability of alcohol consumption, especially for beer and wine, and evolving consumer taste.

The size of the Indian beer industry in the year under review is estimated at about 235 million cases, showing a compounded annual growth rate of around 11% in the past 5 years. As a result of a weak economic climate, regulatory changes and a poor summer, growth of the Indian beer market in FY12 was significantly lower than the previous year. We estimate the market to have grown by about 4%. Strong beer continues to take share from mild beer, and is now estimated to account for 81% of the beer market.

United Breweries Limited has continued to expand its clear market leadership in the Indian beer market, overcoming the challenges of the highly regulated industry and competition from global brewers. For the 5th year in succession, your Company has increased its market share and widened the gap with its competitors.

OPERATIONS

SALES

Your Company has achieved a volume growth of 6% on a like-for-like basis in the year under review, outgrowing the industry in a difficult year. Our total sales volume has reached 133 million cases, driven primarily by growth in Andhra Pradesh, Karnataka, Rajasthan, Uttar Pradesh and Goa.

The net sales for the year 2011-2012 stood at Rs.36,277 million as against net sales of Rs.30,598 million in the previous year, registering a growth of 18.6%. This includes the first time consolidations of Chennai Breweries Private Limited and Asia Pacific Breweries Aurangabad Private Limited.

Our national market share in FY12 has exceeded 54.5%, which is twice the size of the nearest competitor. We continue to lead the mild beer market with 70% market share, and hold over 51% of the strong beer market. In the year under review, your Company has increased its market share in the states of Andhra Pradesh, Uttar Pradesh, Haryana, Maharashtra, Punjab, Rajasthan, West Bengal, Karnataka and Goa. Our shares in Tamil Nadu, Bihar and Kerala were affected by supply and environmental issues.

The flagship Kingfisher brand created history by achieving the milestone of 100 million cases sold in the financial year 2011-2012. A fantastic achievement in the history of the Indian beer industry, this success has been made possible by Kingfisher Strong, India's largest selling beer, further consolidating its leadership position by registering record volumes, while Kingfisher Premium continued its lead in the mild beer segment.

During the financial year, our brewery in Taloja near Mumbai was approved by Heineken for the brewing and bottling of Heineken Lager Beer. India-brewed Heineken rolled out into the markets of Mumbai and Pune on International Beer Day – 5 August 2011. As at the end of the financial year, locally brewed Heineken is available in Delhi, Bangalore, Kolkata, Goa and Maharashtra, and has been well received. In the coming year we will roll out in further markets.

MANUFACTURING

Manufacturing expenses for the financial year 2011-2012 amounted to Rs.16,278 million, constituting 44.9% of net sales, as against Rs.13,960 million in the previous financial year, which constituted 45.6% of net sales.

In the year under review, your company has continued the infusion of its own patented bottles in order to ensure sufficient availability of recycled bottles and to contain the cost of such bottles. The initiative has proven to be successful and has been the key driver behind the reduction in manufacturing variable cost, notwithstanding significant increases in the prices of new bottles.

Higher barley prices were the key reason behind the increase in cost of raw materials, although this was partly offset by better efficiencies. The cost of packaging materials was impacted by our decision to use higher quality cartons as well as by an increase in paper prices. In order to secure further growth, your Company has agreements in place for the supply of malt, barley and bottles.

The unit cost of power and fuel increased significantly in the year under review, the impact of which was mitigated by improved consumption efficiencies. In order to further reduce power consumption, your Company is exploring conversion of organic waste into energy to obtain savings in electricity cost in an environmentally sustainable manner.

Our breweries continue to achieve efficiency improvements through enhanced operating procedures as well as through economies of scale, and thereby limiting the increase in cost of goods sold.

Your Company continues to expand its brewing and bottling capacity to be able to cater to the market growth. In the year under review, your Company has expanded capacity in its breweries in West Bengal, Orissa, Andhra Pradesh and Maharashtra. Our Greenfield brewery at Nanjangud, Karnataka is expected to be commissioned shortly. In view of the rapid growth, your Company has proposed to set up Greenfield brewery in the state of Bihar.

EMPLOYEE BENEFIT EXPENSES

Employee Benefit expenses of your Company stood at Rs.1,882 million, as compared to Rs.1,441 million in the previous year. This constituted 5.2% of net sales, as against 4.7% of net sales in the previous year. Employee benefits expenses were higher on account of salaries increases and long term incentive settlements.

SELLING AND BRAND PROMOTION EXPENSES

During the period under review, your Company has spent 27.6% of net sales on selling and brand promotions as compared to 28.0% of net sales spent in the previous year. The selling and promotion expenses stood at Rs.10,003 million.

Rooted in the core of your Company's DNA are brands and innovation. Our outperformance in the market place depends on how well we leverage these. Your Company's consistent brand building skills have largely contributed to our successful performance and Kingfisher is perhaps one of the country's most well recognized consumer brands.

Your Company allocates its brand spends largely across four verticals; sports, fashion, music and food. Our aim is to enhance the brand equity by associating with the most aspirational properties while delivering strong returns on our marketing investment.

In sports, your Company's prime focus is towards the highly popular Indian Premier League in cricket. Our association as 'Good Times Partner' with six of the leading teams in the IPL has been very effective in leveraging the flagship brand 'Kingfisher'. Our sponsorship of Sahara Force India has provided the Company with global visibility for the brand. Kingfisher also continued its association as Water Partner with large city-based sporting events such as the Mumbai Marathon, Delhi

Half Marathon and Bangalore World 10K. Your Company has renewed its relation with United East Bengal Football Club as the official sponsor of the Kingfisher East Bengal FC team.

Fashion as a vertical has been aligned with Kingfisher Ultra, the super-premium brand in the portfolio, Kingfisher Ultra associated with premier national fashion events like Wills India Fashion Week, Lakme Fashion Week, Delhi & India Couture Week, Men's Fashion Week and also extended its association with the various emerging city based fashion weeks in Bangalore, Hyderabad, Kochi, Jaipur and Punjab. Kingfisher Premium continued with the high profile Kingfisher Calendar now in its tenth year. The launch of the Kingfisher Calendar was preceded by The Hunt for the Kingfisher Calendar Girl 2012 on national television.

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

With Food, we have continued our association with the Kingfisher Explocity Food Guides across seven cities and remain the brand that has invested over the years in the concept of Good Food Tastes Better with Kingfisher.

The Kingfisher brand is very active in new media, as evidenced by its Facebook fan page that now has a fan base of over 3.5 million. This has catapulted the brand into being one of the top five Facebook fan pages from India, and its following is the second largest across the globe for any beer brand fan page.

The aforementioned launch of Heineken has greatly bolstered our already robust portfolio. Great care is taken in the production and distribution of Heineken to ensure that the high standards of quality are maintained, and the consumer gets the value he is paying for. Our initial focus for the brand has been to install it well in its launch markets and create awareness through premium visibility and cold stock management. In the coming year, we will activate the brand by leveraging global Heineken properties such as the association with James Bond and UEFA Champions League football.

EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)

EBITDA for the year under review stood at Rs.4,850 million as compared to Rs.4,348 million in the previous year, reflecting an increase of 11.5%. This is a fine accomplishment in light of a volume growth of only 6%. The increase in EBITDA is to a large extent a result of strong growth in the profitable market of Karnataka and the continued leadership position in Maharashtra and West Bengal.

INTEREST AND DEPRECIATION

Interest paid during the year amounted to Rs.991 million, as against Rs.781 million in the previous year. Depreciation for the year was Rs.1,487 million as compared to Rs.1,305 million in the previous year.

PROFIT BEFORE AND AFTER TAXATION

The Profit before Taxation for the year stood at Rs.2,176 million, as compared to Rs.2,262 million in the previous year, reflecting an decrease of around 3.8%. The Profit after Taxation stood at Rs.1,264 million, as against Rs.1,473 million in the previous year.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

India is the second most populous country in the world, with a population of over 1.1 billion. India is estimated by the UN to overtake China as the most populous country by 2025. The country is entering a period where the working age group is particularly prominent, the so-called 'demographic window', with about half the population below 25 years of age. As per Datamonitor, about 38% of the alcoholic beverages consumption is from consumers in the age bracket of 25–34 years. Therefore India's demographic composition bodes well for high growth in the Indian beer market in years to come. Even in the longer term, this demographic divided provides for sustained growth as in 2030 still about 20% of all people below 25 years of age in the world will be Indian, as compared to 11% from China.

The growing economy will improve income levels substantially and NCAER estimates that today's middle class population of 160 million will grow to 547 million by 2026. This is especially significant as due to high consumer prices, beer consumption is skewed toward higher income consumers. Urban consumption of alcoholic beverages is estimated to contribute 70% to the total consumption (source: Datamonitor). The current urbanization of around 30% is expected to grow to 44% by 2030, providing a significant further impetus to growth.

Consumer attitudes towards alcohol, and especially lower alcoholic beverages such as beer, are rapidly evolving in India. With urban consumers being more exposed to a western lifestyle, there has been a positive shift in consumer behavior towards alcohol consumption. Social habits are undergoing a transformation and with further urbanization, this acceptance is only going to increase, while your company will continue to foster responsible consumption of alcohol.

Today, India is already one of the fastest growing beer markets in the world. With the abovementioned drivers for further growth, a long period of significant growth is foreseen.

Although the prospects of your Company are bright, there are significant risks and concerns that the industry and your Company face. These are mainly evolving around the significant government intervention in the industry, high taxation, restricted communication, and inflation in the cost of raw materials.

The largest challenge to the beer industry is the pervasive nature of government controls. The Indian beer industry is suffering from a myriad of taxes and levies that vary from state to state. No two States or Union Territories have the same policy, and policies are generally short term in their outlook and impacted by state budget deficits, with limited consideration to long-term interests of all stakeholders, including the general public. Changes in taxation and regulation are particular high risks to this industry and might significantly impact profitability from time to time.

Some states have taken positive steps to differentiate between spirits and lower alcohol alternatives such as beer. There have been multiple instances where state governments have increased excise duty for spirits while maintaining the excise rate for beer or opting for a smaller increase in rates than that of spirits. Although this is far away from an alcohol content based excise policy that is prevalent in most countries, even a small differentiation between beer and spirits taxation is a good step towards delinking the two. The State of Maharashtra has started to issue beer shop licenses, which allow the sale of only beer and wine and not spirits. This has been a significant driver for growth in the Maharashtra beer industry and in excise revenue.

A harmonized Goods and Services Tax ('GST') regime has been under consideration by the Central and State Governments for the past years. There are views that the alcoholic beverages industry should be excluded from GST altogether. Exclusion of an industry is against the foundation of GST and would not achieve the stated objective of creating a uniform market with uniform taxes, and could potentially increase taxation of the industry.

Shortage of input materials is a potential risk factor in any emerging market. Your company uses, amongst others, barley, hop, water, glass and aluminium for producing and packaging its products. Your company has explored a number of avenues to address increases in cost of input materials, and is taking measures to ensure we continue to receive a sustainable supply of quality barley. Your company is recognized by the UN for its efforts in responsible water consumption. In the year under review, your Company has also entered into a long term contract with a glass manufacturer to derive cost and supply advantages in packaging and thereby containing risk. Regulation over retail pricing in many states may create an environment where your Company is unable to pass on the real escalation in cost of raw materials, which could impact profitability from time to time.

RISK MANAGEMENT

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

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

PROSPECTS

After a year in which many challenges held back growth of the industry, your Company expects to see a healthy growth in sales volumes. In many markets your Company is dependent on State governments permitting price increases which may or may not be forthcoming. In those markets where your Company is allowed to determine its own selling prices, your Company aims to do so taking inflation into account.

The competitive environment is expected to remain intense. Your Company's strategy and focus remains consistent to robustly defend and strengthen our leadership positions, and to maintain its position as the clear leader in the Indian beer market.

In light of the high inflation and high interest rates, costs will continue to remain high and volatile, especially in the case of raw materials. The positive impact on costs from the infusion of patented bottles is continuing. Several smaller brewers have tried to use our bottles notwithstanding our patent, and we have used and will continue to use all legal means available to enforce our rights.

Your Company is implementing several operational improvement projects that will ensure that it remains competitive, in the market place and in costs, and will manage the business even more dynamically.

In view of the positive prospects, your Company is setting up Greenfield Breweries in Patna (Bihar) and Nanjangud (Karnataka). The brewery at Nanjangud is expected to be commissioned shortly and the brewery in Bihar is likely to be operational sometime during the financial year ending March 31, 2014. In addition, your Company will continue to invest towards increasing capacity and upgradation of its existing breweries.

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

SUSTAINABILITY & SUSTAINABLE GROWTH

There are four facets of sustainability that United Breweries Limited has built initiatives around:

1. **Reduction in carbon footprint, to ensure a better planet for the generations to come**
2. **Water conservation, critical in a country that is listed as drinking-water deficient**
3. **Positively impacting stake-holders that reside around our breweries**
4. **Helping farmers who are part of the value chain get better net remuneration for their produce**

Carbon footprint reduction

Your Company has set itself an aggressive target on reducing specific energy consumption (as well as controlling energy cost). The manufacturing team continues to reduce energy by 5-10% in use through efficiency improvement and innovative solution/technologies. Your Company is now proud to mention that all but a couple of its breweries use biomass/agri-waste boilers for generating steam, as part of if its campaign to progress renewable energy. The newer breweries have already installed solar energy based street lighting and lower carbon generating LED lights. Several breweries have now begun recovering heat from wort boiling.

Water conservation

After ensuring that all breweries now consume less than 5 kl/kl water, your Company has embarked on an aggressive initiative to bring water consumption down to a world class level of 3.5 kl/kl. Contemporary waste water treatment systems have been installed, to allow recycling of water into designated parts of the brewery. Several breweries have now touched levels of 4 kl/kl in consumption and your Company continues to drive water consumption down by almost 10% each year. In addition to this, rain water harvesting (RWH) has been taken up in select breweries that use ground water, so as to minimize depletion of water table.

Impacting stakeholders in villages

Two agricultural universities have now certified that our treated waste water can be used productively for crops. This is the outcome of a joint effort between the breweries and those universities, with tests being conducted within brewery premises. This certification will allow us to provide water for growing crops all the year round to villagers. It has been proven that the productivity of some crops is much higher with this water. At some breweries, your Company initiated organic farming as well as testing growing of barley.

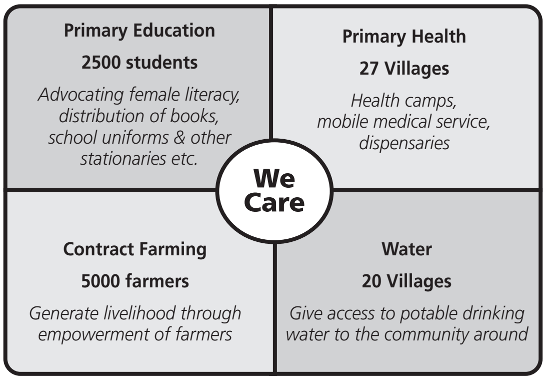
Helping farmers

Your Company has now expanded contract farming activities in Haryana through its associates and has also embarked on providing its own patented seeds for 6 row barley growing in new states like Uttar Pradesh, traditionally known for growing low quality varieties of feed barley. These initiatives not just help us assure availability in our supply chain but also help farmers increase productivity on their meager lands and assure remunerative prices for their produce.

CORPORATE SOCIAL RESPONSIBILITY

Your Company views Corporate Social Responsibility not as philanthropy but as a form of sustained partnership with the goal to generate long term value for all stakeholders. We believe it is our responsibility to contribute to the improvement of the society around us and our breweries, which in a country like India is translated into a focus on basic necessities of life. We focus CSR efforts on four areas: Potable Water Management, Contract Farming, Primary Health and Welfare, and Primary Education.

Each of these initiatives aim at creating long-term value and having a deep impact on the lives of those involved. With each of it addressing a very specific yet basic need of the communities, it ensures a rise in the overall quality of life of the local population in and around our breweries. To ensure better implementation and sustained success of these initiatives, most of these activities draw heavily from the local population when it comes to monitoring or initiating some key activities. This increases their stake in these activities, ensuring a level of local involvement which augurs well for the projects' long term continuation.



PRIMARY EDUCATION

Your Company cares strongly about investing in future and hence its attachment with the education sector has been strong. Not only basic education, but also providing educational aids and daily catering needs of children is covered under its ambit, making your Company contribute towards the development of underprivileged children in its own humble, yet effective way.

UBL Rajasthan's efforts on improving female literacy has featured on the website for Project EKTA, an initiative by the Government of Rajasthan to improve the condition of primary education of women in Rajasthan. UBL Rajasthan also received an award from the Rajasthan Health Minister in recognition of its CSR activities especially for adoption of multiple primary schools in the Alwar District under the PPP model. UBL Kalyani has been working progressively with the visually challenged kids of Anne Sullivan Institution for the Sightless, imparting vocational training and conducting motivational programs.

Apart from these, UBL has been actively involved with primary level schools from distributing uniforms and organising midday meals to providing vocational training to students with special needs. UBL also supports needy students, provide them with nutritional supplements, in addition to supporting mid-day meal schemes. Modernisation of education through teaching aids and academic tools are of key priority. Efforts are also being made towards enrolling and retaining maximum number of girl students. Financial support to needy students of Palakkad, maintenance of school premises in Ludhiana, mid-day meal schemes in Cherthala, providing teaching aids to schools in Goa, Dharuhera, Srikakulam, and gender based literacy initiatives in Goa, Dharuhera, and Srikakulam are some of our endeavors in this area.

With the intention of nursing and providing a better foundation for tomorrow's healthy, responsible and productive citizens, we are investing into long term value enhancing projects, which go on to reiterate our commitment to the growth and development of the local communities in and around UBL's breweries.

PRIMARY HEALTH

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

The objective of our initiatives is to foster good health and to make primary health care more accessible and affordable. For instance, the mobile medical service in identified villages in/around Srikakulam treats hundreds of villagers on a weekly basis. In Nelamangala, more than 900 families today benefit from the health centre set up for them. UBL Mumbai has held several medical camps at Palekhurd and Dongerpada villages. UBL Aurangabad has been involved in disbursing free medicines from its health check-up centres. Furthermore the actions of UBL Cherthala in ensuring the control of epidemics and contagious diseases in Allepey district of Kerala have been commendable. The other activities include free check-up camps for the visually challenged in Kalyani, free consultation and medication in Goa, healthcare centres at Aurangabad, Rajasthan, Mumbai and Mangalore, free medical check-up for students of Gurukul school by UBL Aurangabad.

CONTRACT FARMING

Your Company's belief that social initiatives are more acts of partnership than philanthropy is best reiterated with its contract farming initiative with barley-cultivating farmers. Your Company initiated the Barley Information Centre - Barley Hubs to ensure that there is ample knowledge dispersal with regards to barley cultivation.

Your Company is making efforts to improve the conditions of farmers by helping them grow high quality and high yielding barley varieties in Punjab, Haryana, Rajasthan and Uttar Pradesh. This has provided us significant goodwill with the State governments. This initiative has helped the farmers to improve the quality of their barley crops.

To evaluate the present production technology and to transfer advanced technology to farmers, your Company has tied up with ITC's Agricultural Division and have conducted 600 demonstrations to prove higher yields of its patented improved varieties of barley in different states like Punjab, Haryana, Rajasthan and Uttar Pradesh.

WATER MANAGEMENT

Water is probably the most essential and basic of our needs, and also a key input material for our industry. It is in our own interest to conserve water, given the water dependence of our industry; hence our investments into technological knowhow in dealing with water and its purification gives us an advantage when it comes to providing local communities with a source of potable water.

Our water conservation and regeneration schemes are devised to provide a sustainable benefit to the local communities around our breweries. Recent initiatives such as Project Jeevan Dhara - distribution of potable water to villagers during the harsh summers under the aegis of UBL Odisha - have been highly acclaimed by the authorities and local population alike.

We have been optimising our beer brewing and bottling process to reuse and reduce the water consumption. In the past years, we have made a significant reduction in the usage of water, and we aim at achieve a world class efficiency in water consumption in the coming years. Our ongoing initiatives such as installation of state-of-the-art equipment, such as waste water recycling systems and use of Reverse Osmosis plants, have led to production of and re-use of water in several areas of our plants. Also the change of systems and processes has led to reduction of consumption and disposal of water.

Furthermore, UBL has been demonstrating the use of ETP treated water for crop cultivation to local farmers. The initial work in this aspect has been done with respect to barley and vegetable cultivation in UBL Golconda and UMBL Srikakulam. The latter is also entering into a Memorandum of Understanding with the Acharya NG Ranga Agricultural University for a collaborative research project on the use of brewery effluents for farming.

OTHER INFORMATION

INTERNAL CONTROL SYSTEM

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

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

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

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

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

HUMAN RESOURCES

During the year under review, significant steps have been taken towards redefining HR processes, systems and initiatives. Your Company has implemented an online performance appraisal system for executives and staff. This system was implemented to increase visibility, speed, and transparency, with the intent to integrate the performance appraisal system with other employee life-cycle events (such as succession planning, training and development and compensation). We have also revamped our collaboration portal Sampark – as part of your Company's organizational theme on 'redefine, re-invent, re-charge'. This portal has been designed taking into consideration a multi-dimensional need of collaboration and engagement across a distributed workforce. Both of these initiatives were implemented with a long term focus on organisational performance and collaboration.

Your Company has a diverse employee base across many locations and providing a platform for learning which is relevant, distributed, advanced and offers a consistent experience is a significant asset to your Company. During the year, we have launched the UBL University which provides an advanced distributed learning platform to its widely dispersed employee population and brings about a culture of learning through different forms and means. Further, our focus on organic capability building at our breweries has shown significant traction, with more than 35% of the trainings at our breweries being conducted by internal subject matter experts and an increased focus on around-the-machine training.

In a complex industrial relations environment, the long-term-settlement processes that have been completed or initiated in the year under review had a specific focus on alignment and engagement with our associates. The year under review has been exemplary with regards to industrial harmony. We continued to significantly improve our performance in the areas of productivity, hygiene and safety through focused initiatives.

As on March 31, 2012, the total employee strength at United Breweries Limited stands at 2,489. Your Company has not offered any stock options to the employees during the year under review.

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

SUBSIDIARY COMPANIES

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

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

CONSOLIDATION

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

CASH FLOW STATEMENT

A Cash Flow Statement for the year ended March 31, 2012 is appended.

LISTING REQUIREMENTS

Your Company's Equity Shares are listed on the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and the Bangalore Stock Exchange Limited. The listing fees have been paid to all the Stock Exchanges for the year 2012– 2013.

Your Company has obtained in principle listing approvals of stock exchanges where listed, in respect of 709,578 Equity Shares issued and allotted to the shareholders of erstwhile UB Ajanta Breweries Private Limited upon amalgamation as mentioned above during the year under review.

DEPOSITORY SYSTEM

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

FIXED DEPOSITS

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

ADDITIONAL STATUTORY INFORMATION

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

CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to 'Management Discussion and Analysis' and 'Opportunities, Threats, Risks and Concerns', describing your Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

DIRECTORS

The Board of Directors of your company comprises of twelve Directors, with a balanced combination of Independent and Promoter Directors.

Mr. A K Ravi Nedungadi, Mr. Chugh Yoginder Pal and Mr. Sunil Alagh retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

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

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any; and
- accounting policies have been selected and applied consistently, and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period; and
- 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; and
- the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

AUDITORS AND AUDITORS' REPORT

Messrs Price Waterhouse, Statutory Auditors of your Company are not seeking re-appointment at the forthcoming Annual General Meeting. Your Directors place on record their appreciation for the valuable services rendered by them during their tenure as Auditors of your Company.

It is proposed to appoint Messrs S.R. Batliboi & Associates, Chartered Accountants, as the Statutory Auditors of your Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

Messrs S.R. Batliboi & Associates, Chartered Accountants, have consented to be the Auditors of your Company if appointed by the Members at the Annual General Meeting and have also confirmed that their appointment would be within the limits specified under section 224(1B) of the Companies Act, 1956.

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

ACKNOWLEDGEMENT

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

By Authority of the Board,

June 08, 2012	**Kalyan Ganguly**	**Guido de Boer**
Bangalore	Managing Director	Director, CFO

Annexure to Directors' Report

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

A. Conservation of Energy

Energy conservation measures taken by the Company:

Electrical Energy:

- Vapour absorption machine commissioned in Chennai brewery unit for generating chilled water for wort cooling instead of using high electricity consuming reciprocating compressors.
- Automation on all alternate fuel boilers installed to reduce electricity consumption.
- Lighting energy savers installed at Mumbai, Bangalore and Mangalore units.
- Focus on optimal work-in-process during the off-season has reduced refrigeration load and consequently reduced energy consumption.

Fuel Oil Consumption:

- De-super heaters installed at Bangalore, Palakkad and Kalyani units to generate higher feed water temperature in boilers leading to reduced solid fuel consumption.
- After successful implementation of alternate fuel boilers at units located at Punjab, West Bengal and Andhra Pradesh, alternate fuel boilers are installed at all units except at Cherthala. This has reduced fuel cost substantially.

Water Conservation:

- Recycling of effluent treated water with programmable logic control operated reverse osmosis plant installed at Mallepally, Srikakulam and Ludhiana Unit to ensure water conservation.
- Rainwater harvesting initiative is being undertaken at Mallepally unit in a phased manner to save water and enhance the ground water table.

Environment:

- LED coupled with solar power and geo-thermal office cooling system installed at Mallepally unit.
- Vapor Heat recovery systems are installed at Bombay and Hyderabad.
- Heat recovery system is installed in the wort kettle at the Goa unit, which substantially reduces heat emission into the atmosphere. This initiative is a part of reduction in emissions.

B. Technology Absorption

- Mash filter and high speed 36000 BPH bottling line commissioned at Mallepally unit.
- Coil cooler installed for DG sets at Dharuhera and Hyderabad units in place of radiators to increase efficiency of DG sets during longer running hrs at high temperature regions.
- Latest technology in labellers, Auto PU controlled pasteurizer and fillers for beer packaging has been implemented at Mallepally unit. This has resulted in improved quality, reduced wastages and higher line productivity.

C. Research and Development

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

D. Foreign Exchange Inflow and Outflow

		(Rupees in Million)
Foreign Exchange earned	:	Rs.14.90
Foreign Exchange used	:	Rs.1,271

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

Sl. No.	Name	Age	Date of Joining	Total Remuneration	Designation	Educational Qualifications	Experience in Years	Previous Employment
1	Kalyan Ganguly	61	1-Feb-79	66,833,375	Managing Director	B.A. (Hons), PGDBM (XLRI)	39	EVP - Marketing & Sales McDowell & Co. Ltd.
2	Shekhar Ramamurthy	51	15-May-89	38,092,593	Deputy President	B.Tech. (Civil)-IIT, Delhi, PGDBM-IIM-Kolkata	25	General Manager - Marketing Herbertsons Ltd.
3	Guido de Boer	40	1-Oct-09	22,537,944	Director & CFO	M.Sc., Economics & Business	15	Heineken International B.V.
4	Cedric Vaz	54	15-May-06	17,498,396	EVP – Manufacturing	B.Tech. (Chem. Eng.) IIT-Kanpur	30	Head Operations - Cadbury India Ltd.
5	Joseph Noronha	57	15-Jul-91	16,046,622	EVP – HR	B.Com. (Hons.) PGDPM-IR (XLRI)	32	Personnel Manager - The Oberoi Bogmalo Beach, Goa
6	Kiran Kumar	44	28-Apr-97	14,574,510	SVP – Sales	B.Com., PGDBM IIM-Ahmedabad	21	Marketing Manager - Herbertsons Ltd.
7	Perry Goes	47	14-Jun-04	14,313,971	SVP - Strategic Planning & Business Analysis	B.E. (Meh.), PGDBM (Mktg-Fin. & HR) - Goa Inst. of Mgmt.	25	Group Leader for Business Analytics - Honeywell Technologies Solutions Labs
8	Henk Breederveld	61	11-Oct-10	14,302,808	Technological Advisor	Chemical Engineer (M.Sc., Biochemistry) Delft University of Technology - The Netherlands	34	Heineken International B.V.
9	Samar Singh Sheikhawat	46	9-Nov-09	12,660,494	SVP – Marketing	B.A., MBA (Marketing) Symbiosis Inst.of Mgmt., Pune	22	Vice President - Marketing - Spencers Retail Ltd.
10	Govind Iyengar	45	5-Feb-01	9,772,686	SVP - Legal & Secretarial	B.Com., L.L.B, A.C.S	22	Company Secretary - Citurgia Biochemicals Ltd.
11	Govind Tiwari	60	12-Feb-75	9,764,000	DVP - UBL Goa	B.Sc., PGD IFAT, DBA, PGDM & IR	42	Assistant Brewer - Indo Lowenbrau Breweries Ltd., Faridabad
12	R K Jindal	51	19-Mar-85	9,526,321	SVP - Operations & Malting	B.Com., F.C.A	27	First Employment
13	R Santosh Kumar	46	1-Jul-98	9,495,046	SVP - Procurement & Logistics	B.E. (Industrial & Production), PGDCA	24	Manufacturing Manager - Pepsi Co India Holdings
14	P A Poonacha	41	1-Jul-96	7,940,317	AVP – Finance	B.Com., A.C.A, A.I.C.W.A.	17	Accounts Executive - BPL Sanyo Technologies Ltd.
15	S Ramakrishnan	51	1-Jun-95	7,242,638	AVP – IT	B.Com., M.Com., DCM, MBA-IIMS Calcutta	31	Senior Manager - Systems - McDowell & Co. Ltd.

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

CFO - Chief Financial Officer, EVP - Executive Vice President, SVP - Senior Vice President, DVP - Divisional Vice President, AVP - Assistant Vice President.

By Authority of the Board,

June 08, 2012
Bangalore

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Report on Corporate Governance

A. MANDATORY REQUIREMENTS

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

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

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

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

During the financial year ended on March 31, 2012, 5 Board Meetings were held on April 27, 2011, August 09, 2011, October 31 2011, November 23, 2011 and February 07, 2012.

ATTENDANCE AT BOARD MEETINGS AND ANNUAL GENERAL MEETING (AGM)

Names of the Directors	Category	Number of Board Meetings held	Number of Board Meetings attended	Attendance at the last AGM held on 21.12.2011
Dr. Vijay Mallya	Chairman (NE)	5	5	YES
Mr. Kalyan Ganguly	Managing Director	5	4	YES
Mr. A K Ravi Nedungadi	Director (NE)	5	5	YES
Mr. Duco Reinout Hooft Graafland	Director (NE)	5	3	—
Mr. Theodorus Antonius Fredericus de Rond	Director (NE)	5	2	YES
Mr. Guido de Boer	Director (CFO)	5	5	YES
Mr. Chugh Yoginder Pal	Director (NE, Ind)	5	5	YES
Mr. Sunil Alagh	Director (NE, Ind)	5	4	YES
Mr. Chhaganlal Jain	Director (NE, Ind)	5	5	YES
Ms. Kiran Mazumdar Shaw	Director (NE, Ind)	5	2	—
Mr. Madhav Bhatkuly	Director (NE, Ind)	5	4	YES
Mr. Stephan Gerlich	Director (NE, Ind)	5	2	—
Mr. Sijbe Hiemstra @	Director (NE)	5	1	—

Notes: NE – Non Executive, Ind – Independent, CFO – Chief Financial Officer
@ Mr. Sijbe Hiemstra opted out of the Board on August 09, 2011.

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

Names of the Directors	Membership in Boards other than UBL	Membership in Board Committees other than UBL	
		Prescribed for reckoning the limits under Clause 49 of the Listing Agreement **	Other Committees not so prescribed ***
Dr. Vijay Mallya	19	NIL	NIL
Mr. Kalyan Ganguly	3	NIL	NIL
Mr. A K Ravi Nedungadi	8	6 (Chairman of 1 Committee)	1
Mr. Duco Reinout Hooft Graafland	NIL	NIL	NIL
Mr. Theodorus Antonius Fredericus de Rond	NIL	NIL	NIL
Mr. Guido de Boer	NIL	NIL	NIL
Mr. Chugh Yoginder Pal	7	4 (Chairman of 3 Committees)	3
Mr. Sunil Alagh	4	1 (Chairman of 1 Committee)	2
Mr. Chhaganlal Jain	5	2 (Chairman of 2 Committees)	1
Ms. Kiran Mazumdar Shaw	9	1	NIL
Mr. Madhav Bhatkuly	2	NIL	NIL
Mr. Stephan Gerlich	4	1	2 (Chairman of 2 Committees)

The above position is as on the date of this Report and in respect of their Directorships only in Indian Companies.
** Audit & Investors' Grievance Committees *** Remuneration, Share Transfer & Other Committees

NOTES:

a) Out of 19 other Companies in India in which Dr. Vijay Mallya is a Director, 7 are Private Limited Companies and 2 are Section 25 Companies. Dr. Vijay Mallya is also on the Board of 36 Overseas Companies.

b) Out of 3 other Companies in which Mr. Kalyan Ganguly is a Director, 1 is a Private Limited Company. Mr. Kalyan Ganguly is also on the Board of 1 Overseas Company.

c) Out of 8 other Companies in which Mr. A K Ravi Nedungadi is a Director, 2 are Private Limited Companies and 1 is a Section 25 Company. Mr. A K Ravi Nedungadi is also on the Board of 9 Overseas Companies.

d) Mr. Duco Reinout Hooft Graafland is on Board of 2 Overseas Companies.

e) Mr. Theodorus Antonius Fredericus de Rond is on Board of 20 Overseas Companies.

f) Mr. Guido de Boer is not a Director in any other Company.

g) Out of 7 other Companies in which Mr. Chugh Yoginder Pal is a Director, 1 is a Private Limited Company.

h) Out of 4 other Companies in which Mr. Sunil Alagh is a Director, 1 is Private Limited Company.

i) Out of 5 other Companies in which Mr. Chhaganlal Jain is a Director, 1 is a Private Limited Company.

j) Out of 9 other Companies in which Ms. Kiran Mazumdar Shaw is a Director, 4 are Private Limited Companies and 1 is a Section 25 Company. Ms. Mazumdar is also on Board of 4 Overseas Companies.

k) Mr. Madhav Bhatkuly is a Director in 2 Private Limited Companies. Mr. Bhatkuly is also on Board of 2 Overseas Companies.

l) Out of 4 other Companies in which Mr. Stephan Gerlich is Director, 2 are Private Limited Companies and 1 is a Section 25 Company.

PARTICULARS OF DIRECTORS RETIRING BY ROTATION AND BEING RE-APPOINTED

Mr. A K Ravi Nedungadi, Mr. Chugh Yoginder Pal and Mr. Sunil Alagh retire at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Their brief particulars are mentioned below:

Brief resume	Other Directorships & Committee Memberships
Mr. A K Ravi Nedungadi A trained Chartered Accountant, Mr Nedungadi set early academic records by qualifying in the final of the Chartered Accountancy Exam at the age of 20. He joined the UB Group in 1990 as the Corporate Treasurer. Within two years, he was transferred to London as Group Finance Director of the Group's international business managing the businesses of UB International, which included the paint giant Berger Jenson and Nicholson, spanning 27 countries. He was instrumental in listing the Berger group companies on London and Singapore bourses. Since his appointment as the President and Group CFO in 1998, he led the way to sharpening the focus of the Group, on areas of core competence and global reach. This saw the group focus on three verticals – Brewing, Distilling & Aviation, each area presenting clear leadership within India and global significance too. He was also responsible for opening up the beverage alcohol sector to Global Best Practices and Transparency, enabling the entry of institutional investors and rerating of the industry itself. Mr. Nedungadi is the recipient of many awards of excellence including the Udyog Ratan Award; CNBC TV 18's – CFO of the year – M&A (2006), the CNBC Award for India's best CFO in the FMCG & Retail Sector (2007), the IMA Award for CFO of the year (2007), etc. Memberships in esteemed organizations like WHO's Who of Professionals only reinforce the above testimonials. Further, he is on the Board of Directors of several companies, both in India and overseas. Mr. Nedungadi joined the Board on August 09, 2002.	**Other Boards** - Sanofi India Limited - Bayer CropScience Limited - Kingfisher Airlines Limited - Shaw Wallace Breweries Limited - Millenea Vision Advertising (P) Limited - Beta Edutech Limited - Idea Streamz Consultants Private Limited **Audit Committees** - Kingfisher Airlines Limited - Sanofi India Limited - Bayer CropScience Limited **Investors' Grievance Committees** - Kingfisher Airlines Limited - Sanofi India Limited - Bayer CropScience Limited (Chairman)
Mr. Chugh Yoginder Pal Mr. Chugh Yoginder Pal is a Graduate in Engineering with First Class (Distinction) from Delhi University. He started his career at TELCO in 1958 & was trained in Industrial Engineering after which he moved to Hindustan Lever in 1960, where he held various positions starting as an Industrial Engineer & moving up quickly in the Management hierarchy in a variety of Productions, Factory and General Management roles and was head of Corporate Materials Management (1975-1977). He then joined Cadbury India Limited & held various positions as Technical Director (1977-1982), Managing Director (1983-1987), Chairman & Managing Director (1987-1994), Executive Chairman (1994-1997); He continues to be the Chairman (Non-Executive) at Cadbury India Limited. Mr. Pal brings with him great expertise & understanding of the Indian Business environment. Mr. Pal is on the Board of UBL since April 29, 2005.	**Other Boards** - Induri Farm Limited - Maya Entertainment Limited - Cadbury India Limited - Shriram Pistons & Rings Limited - Aptech Limited - Franchising Association of India - Renfro India Private Limited **Audit Committees** - Cadbury India Limited (Chairman) - Aptech Limited (Chairman) - Shriram Pistons & Rings Limited **Investors' Grievance Committee** - Cadbury India Limited (Chairman)

Mr. Sunil Alagh Mr. Sunil Alagh is Chairman of SKA Advisors, a Business Advisory / Consultancy firm with a focus on Marketing and Brand building strategies. He is a graduate in Economics (Hons.) with MBA from IIM Calcutta. He has worked with ITC Limited, Jagatjit Industries Limited and Britannia Industries Limited. He was Managing Director and CEO of Britannia Industries Limited from 1989 to 2003. During his tenure, Britannia figured in the Forbes Magazine list of 300 Best Small Companies in the world for 3 years. It also became the Number 1 food Brand in India. He is a member of the Governor's of IIM Bangalore. In addition, he is a member of the Round Table on Higher Education of the Ministry of HRD, Government of India and on the Advisory Board of the Jawaharlal Darda Institutute of Engineering & Technology, Yavatmal. He is a former member of the Board of IL&FS Investsmart Ltd., the Indian Advisory Board of Schindler, Switzerland, an erstwhile Member of the Board of Governors of IIIM Indore and Governing Council of the National Institute of Design, Ahmedabad. He was honoured with the 'Gold Medal Kashalkar Memorial Award 2000' for outstanding contribution to the food processing industry in India. He was a finalist for the Ernst and Young Entrepreneur of the Year Award, 2002. Mr. Alagh is on the Board of UBL since April 29, 2005.	**Other Boards** - GATI Limited - Indofil Industries Limited - GATI Import Export Trading Limited - SKA Advisors Private Limited **Investors' Grievance Committee** - Indofil Industries Limited (Chairman)

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

COMMITTEES OF DIRECTORS

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

AUDIT COMMITTEE

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

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

i) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of Audit fee;

iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv) Reviewing, with the Management, the Annual Financial Statements before submission to the Board for approval, with particular reference to;

- Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause 2AA of Section 217 of the Companies Act, 1956;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by the Management;
- Significant adjustments made in the financial statements arising out of Audit findings;

- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Qualifications in the draft audit report;

v) Reviewing with the Management the quarterly financial statements before submission to the Board for approval;

vi) Reviewing with the Management, performance of Statutory and Internal Auditors, adequacy of Internal Control Systems;

vii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

viii) Discussing with Internal Auditors any significant findings and follow up there on;

ix) Reviewing the findings of any internal investigations by the Internal Auditors in to matters where there is suspected fraud or irregularity or failure of Internal Control Systems of a material nature and reporting the matter to the Board;

x) Discussing with Statutory Auditors before the audit commences, about the nature and scope of Audit as well as post-audit discussion to ascertain any area of concern;

xi) To look into the reasons for substantial defaults in the payment to Depositors, Shareholders (in case of non-payment of declared Dividends), Debenture-holders and Creditors;

xii) To review the function of the Whistle Blower mechanism, in case the same is existing, and

xiii) Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee from time to time.

The Audit Committee mandatorily reviews the following information:

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

During the Year ended March 31, 2012, 5 Audit Committee Meetings were held on April 27, 2011, August 09, 2011, October 31, 2011, November 23, 2011 and February 07, 2012.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Names of the Directors	Category	Number of Audit Committee Meetings held	Number of Audit Committee Meetings attended
Mr. Chugh Yoginder Pal	CHAIRMAN	5	5
Mr. Sunil Alagh	MEMBER	5	4
Mr. Chhaganlal Jain	MEMBER	5	5

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

SHARE TRANSFER COMMITTEE

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

The Terms of reference are as under:

- To monitor Transfer, Transmission and Transposition of the Shares of the Company;
- Issue of Duplicate Share Certificates, in lieu of Certificates lost or misplaced;
- Issue of New Share Certificates in lieu of Certificates torn, mutilated, cages for transfer filled up etcetera;
- Consolidation and sub-division of Share Certificates;
- To oversee compliance of the norms laid down under the Depositories Act, 1996;

- To appoint/remove Registrar and Transfer Agent;
- To oversee compliance of the norms laid down under the Tripartite Agreement with National Securities Depository Limited /Central Depository Services (India) Limited, and
- Perform all such acts and deeds, matters and things as it may in its absolute discretion deem necessary, expedient, desirable, usual or proper and to settle any question, dispute, difficulty or doubt that may arise in regard to the matters arising out of the aforesaid acts.

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

During the year ended March 31, 2012 the Committee met 4 times on April 27, 2011, August 9, 2011, October 31, 2011, and February 07, 2012 for approving the transactions falling within the Terms of reference mentioned above.

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

INVESTORS' GRIEVANCE COMMITTEE

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

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

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

Number of Shareholders' complaints received from 01-04-2011 to 31-03-2012 (These complaints pertained mainly to non-receipt of Share Certificates upon transfer, non-receipt of Annual Report, non-receipt of Dividend / Interest Warrants / Redemption Warrants, etc.)	38
Number of complaints not solved to the satisfaction of the Shareholders	NIL
Number of pending Share transfers	NIL

During the year ended March 31, 2012, one meeting of Meeting of Investors' Grievance Committee was held on August 09, 2011 which was attended by all the members.

REMUNERATION /COMPENSATION COMMITTEE (A NON MANDATORY REQUIREMENT)

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

The Committee is authorized inter alia:

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

During the year ended March 31, 2012, 2 Meeting of Remuneration Committee were held on October 31, 2011 and November 23, 2011 which were attended by all the Members.

REMUNERATION POLICY

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

For the financial year ended March 31, 2012, Mr. Kalyan Ganguly, Managing Director and Mr. Guido de Boer, CFO were paid remuneration as under:

(Rupees)

	Salary & Allowance	Perquisites	Retiral Benefits
Mr. Kalyan Ganguly	53,667,481/-	6,587,147/-	6,763,601/-
Mr. Guido de Boer	20,292,436/-	39,600/-	2,018,573/-

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

SITTING FEES PAID TO DIRECTORS DURING 2011–2012

Sl. No.	Name of the Director	Sitting Fees paid (Rupees)
1.	Dr. Vijay Mallya	100,000/-
2.	Mr. A K Ravi Nedungadi	230,000/-
3.	Mr. Chugh Yoginder Pal	210,000/-
4.	Mr. Chhaganlal Jain	290,000/-
5.	Mr. Sunil Alagh	170,000/-
6.	Mr. Duco Reinout Hooft Graafland	60,000/-
7.	Ms. Kiran Mazumdar Shaw	70,000/-
8.	Mr. Madhav Bhatkuly	80,000/-
9.	Mr. Stephan Gerlich	40,000/-
10.	Mr. Theodorus Antonius Fredericus de Rond	40,000/-
11.	Mr. Sijbe Hiemstra	20,000/-
Total		**1,310,000/-**

Sitting fees are being paid @ Rs.20,000/- for attending Board and Audit Committee Meetings and Rs.10,000/- for attending other Committee Meetings. No stock options are granted to any of the Directors so far.

COMMISSION PAID TO DIRECTORS DURING 2011–2012

Sl. No.	Name of the Director	Commission (Rupees)
1.	Dr. Vijay Mallya	14,269,200/-
2.	Mr. Chugh Yoginder Pal	1,654,400/-
3.	Mr. Chhaganlal Jain	1.654.400/-
4.	Mr. Sunil Alagh	1,654,400/-
5.	Mr. Madhav Bhatkuly	1,654,400/-
6.	Ms. Kiran Mazumdar Shaw	1,654,400/-
7.	Mr. Stephan Gerlich	1,240,800/-

OTHER COMMITTEE MEETINGS

BORROWING COMMITTEE

The Board has constituted a Borrowing Committee on February 10, 2011, comprising of Mr. Guido de Boer, Mr. A K Ravi Nedungadi, Mr. Chhaganlal Jain and Ms. Kiran Mazumdar as Members. Mr. Chhaganlal Jain is the Chairman of the Committee. During the year four (4) meetings were held on May 23, 2011, August 09, 2011, September 30, 2011 and February 07, 2012.

AMALGAMATION COMMITTEE

An Amalgamation Committee comprising of Mr. Chhaganlal Jain, Mr. Guido de Boer, Mr. A K Ravi Nedungadi, Mr. Sunil Alagh and Ms. Kiran Mazumdar Shaw was formed to look into the Amalgamation of various companies into your Company. During the year Six (6) meetings were held on April 27, 2011, July 01, 2011, July 27, 2011, November 14, 2011, December 8, 2011 and March 12, 2012.

SPECIAL COMMITTEE

A Special Committee (Selection Committee) is constituted comprising of Mr. Sunil Alagh, Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal and Mr. Sheshagiri Hedge (Consultant & Expert). During the Financial Year 2011-2012 no meeting of the Selection Committee was held.

GENERAL BODY MEETINGS

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

Date	Time	Venue	Special Resolutions Passed
December 21, 2011	03.00 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025	Nil
August 20, 2010	12.15 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025	One
September 10, 2009	11.00 a.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025	One

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

During the year under review, pursuant to Order dated April 21, 2011 of the Hon'ble High Court of Karnataka, Court Convened Meetings of Equity Shareholders were held on May 23, 2011 at 11.00 a.m. and 12.30 p.m. for the purpose of considering and approving the Schemes for amalgamation of UB Nizam Breweries Pvt. Ltd. and Chennai Breweries Pvt. Ltd. into your Company. These Schemes were approved with requisite majority at the respective Meetings.

An Extra-ordinary General Meeting was convened and held on July 27, 2011 for the purpose of considering and approving the Schemes for amalgamation of Millennium Beer Industries Ltd., United Millennium Breweries Ltd. and UB Ajanta Breweries Pvt. Ltd. into your Company through the Board for Industrial and Financial Reconstruction. All these Schemes were unanimously approved at the Meeting.

POSTAL BALLOT

Your Company had not conducted any Postal Ballot during the year and there is no resolution proposed to be passed by postal ballot at the ensuing Annual General Meeting.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of resolution through postal ballot.

DISCLOSURES

During the financial year ended March 31, 2012, there were no materially significant related party transactions with the Company's Directors or their relatives. Details of related party transaction form part of Notes on Accounts. In preparation of financial statements for the year under review, treatment as prescribed in Accounting Standards has been followed.

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

The Company did not suffer from any levies and there were no strictures on any Capital market related matters since incorporation. The Company has complied with the mandatory requirements of Clause 49.

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

DIVIDEND

Dividend on Equity Shares for the financial year ended March 31, 2012 post its declaration at this Annual General Meeting will be paid to the Members whose names appear:

i. as Beneficial Owners as at the close of business hours on Monday, September 24, 2012 as per the list to be furnished by the Depositories in respect of the Shares held in electronic form, and

ii. as Members in the Register of Members of the Company as on Wednesday, September 26, 2012 after giving effect to all valid Share transfers in physical form which are lodged with the Company on or before Monday, September 24, 2012.

UNCLAMIED SHARES

In terms of Clause 5A.II of the Listing Agreement relating to unclaimed shares, the Registrar and Transfer Agent of your Company has sent three mandatory reminders to shareholders whose share certificates remained unclaimed. In terms of the Listing Agreement, shares remained unclaimed after sending three reminders to shareholders shall be transferred into one folio in the name of "Unclaimed Suspense Account" and will be kept in a separate demat account. Voting rights on the outstanding shares in Unclaimed Suspense Account shall remain frozen till the rightful owner of such shares claims the shares.

MEANS OF COMMUNICATION

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

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

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

GENERAL SHAREHOLDER INFORMATION

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

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

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

ANNUAL GENERAL MEETING INFORMATION

Board Meeting for Consideration of Accounts	June 08, 2012
Posting of Annual Report	August 30, 2012
Book Closure dates	September 25, 2012 and September 26, 2012
Last date for receiving proxy	September 24, 2012
Date of AGM	September 26, 2012

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

ANNUAL GENERAL MEETING ON
Wednesday, September 26, 2012

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

TIME
11.30 a.m.

DATES OF BOOK CLOSURE
September 25, 2012 to September 26, 2012

LISTINGS AT

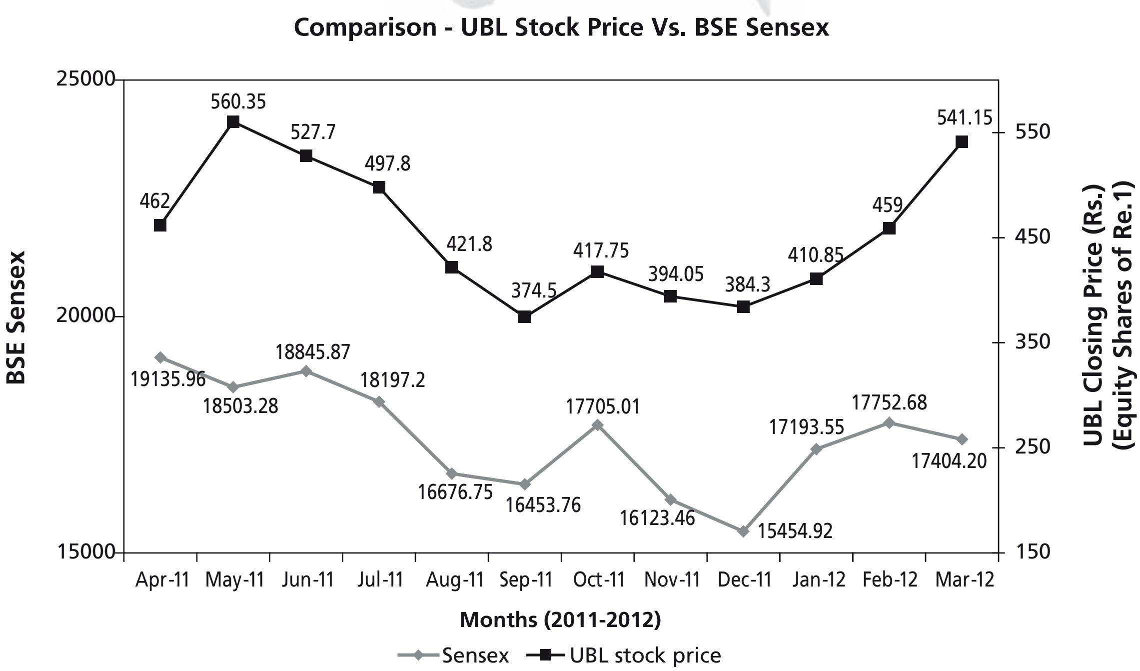
STOCK EXCHANGE	SCRIP CODE
BANGALORE STOCK EXCHANGE LIMITED	UNITEDBRED
BOMBAY STOCK EXCHANGE LIMITED	532478
NATIONAL STOCK EXCHANGE OF INDIA LIMITED	UBL

Market price data of the Company's Equity Shares traded on the Bombay Stock Exchange Limited, (BSE) during the period April 2011 to March 2012

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Sensex – Close
	BSE	BSE	BSE	BSE
April 2011	499.95	446.00	462.00	19,135.96
May 2011	604.40	460.05	560.35	18,503.28
June 2011	613.80	486.05	527.70	18,845.87
July 2011	543.95	464.45	497.80	18,197.20
August 2011	514.80	408.00	421.80	16,676.75
September 2011	453.80	367.50	374.50	16,453.76
October 2011	442.95	354.00	417.75	17,705.01
November 2011	455.00	361.05	394.05	16,123.46
December 2011	501.80	373.75	384.30	15,454.92
January 2012	507.00	339.50	410.85	17,193.55
February 2012	476.00	410.00	459.00	17,752.68
March 2012	644.00	445.00	541.15	17,404.20

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

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

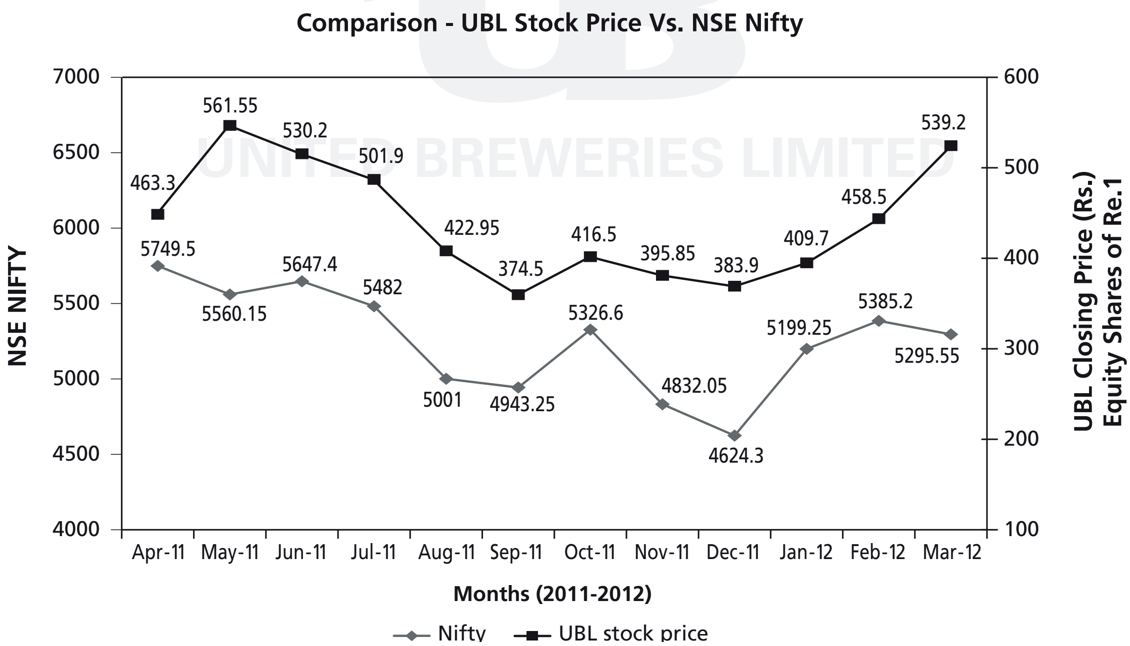


Market price data of the Company's Equity Shares traded on the National Stock Exchange of India Limited, (NSE) during the period April 2011 to March 2012

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Close
	NSE	NSE	NSE	NSE
April 2011	500.00	446.60	463.30	5749.50
May 2011	604.00	461.15	561.55	5560.15
June 2011	614.00	489.95	530.20	5647.40
July 2011	543.00	466.00	501.90	5482.00
August 2011	512.40	405.00	422.95	5001.00
September 2011	452.00	370.10	374.50	4943.25
October 2011	442.90	352.25	416.50	5326.60
November 2011	421.95	361.55	395.85	4832.05
December 2011	502.80	372.60	383.90	4624.30
January 2012	507.00	381.10	409.70	5199.25
February 2012	484.85	410.50	458.50	5385.20
March 2012	648.95	448.00	539.20	5295.55

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

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



SHARE TRANSFER SYSTEM

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

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

The distribution of shareholding as on March 31, 2012 is furnished below:

Category (Rs.)	No. of Shareholders	% (Percentage)	No. of Shares held	% (Percentage)
Up to 5000	43587	99.20	9893342	3.74
5001 – 10000	146	0.33	1096796	0.41
10001 – 20000	74	0.17	1054554	0.40
20001 – 30000	29	0.07	719591	0.27
30001 – 40000	12	0.03	414856	0.16
40001 – 50000	8	0.02	367200	0.14
50001 – 100000	16	0.04	1106255	0.42
100001 and Above	67	0.15	249752555	94.46
TOTAL	**43939**	**100.00**	**264405149**	**100.00**

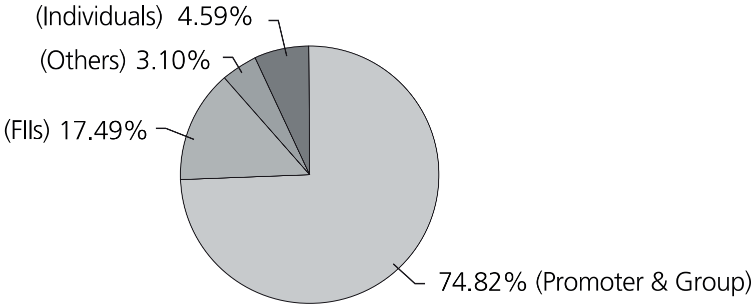
During the year 9,860,211 Equity Shares of Re.1 each were allotted upon amalgamation of UB Nizam Breweries Private Limited, Chennai Breweries Private Limited, Millennium Beer Industries Limited and UB Ajanta Breweries Private Limited.

Shareholding Pattern as on March 31, 2012

Category	No. of Shares held	Percentage of Shareholding
Promoters		
Indian	106,984,230	40.46
Foreign	90,850,440	34.36
Sub-Total	**197,834,670**	**74.82**
Foreign Institutional Investors (FIIs)	**46,236,644**	**17.49**
Individuals	**12,127,123**	**4.59**
Others		
Mutual Funds	178,525	0.07
Banks/Financial Institutions	28,380	0.01
Central/State Governments	660	0.00
Insurance Companies	1,702,757	0.64
Bodies Corporate	5,263,840	1.99
Trust	248,761	0.09
NRI	651,722	0.25
Clearing Members	127,387	0.05
Overseas Corporate Bodies	4,680	0.00
Sub-Total	**8,206,712**	**3.10**
Total	**264,405,149**	**100.00**

Report on Corporate Governance (contd.)

Pie-chart of Shareholding Pattern



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

Sl. No.	Name	Number of Equity Shares held	
		As on March 31, 2012	As on March 31, 2011
1.	Dr. Vijay Mallya	21,353,620	21,353,620
2.	Mr. Kalyan Ganguly	14,690	14,690

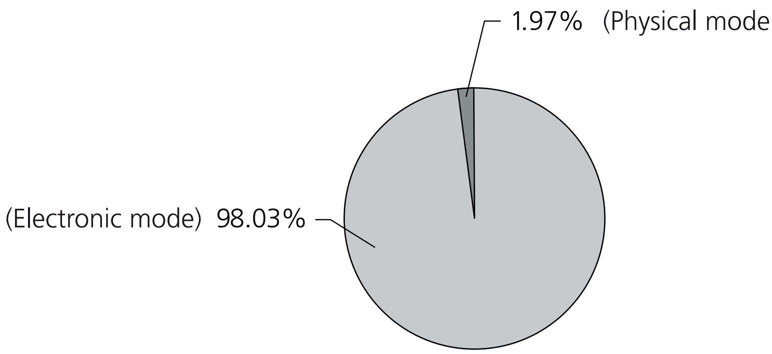
DEMATERIALIZATION OF SHARES

The Company has set up requisite facilities for dematerialization of its Equity Shares in accordance with the provisions of the Depositories Act, 1996 with National Securities Depository Limited and Central Depository Services (India) Limited. The Company has entered into agreements with both the Depositories for the benefit of Shareholders. The status of Dematerialization of the Company's Shares as on March 31, 2012 is as under:

Mode	No. of Shares	% age	No. of Shareholders
Physical mode	5,178,047	1.97	21,156
Electronic mode	258,517,524	98.03	22,781
TOTAL	**263,695,571**	**100.00**	**43,937**

709,578 Equity Shares allotted on 12.03.2012 upon amalgamation were pending credit into Demat accounts of the aloottees as on 31.03.2012.

Shares held in physical and demat form as on March 31, 2012



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

INTEGRATED ENTERPRISES (INDIA) LIMITED
(FORMERLY KNOWN AS ALPHA SYSTEMS PRIVATE LIMITED),
30, RAMANA RESIDENCY, 4TH CROSS, SAMPIGE ROAD, MALLESWARAM,
BANGALORE – 560 003.
Tel. No.: (080) 2346 0815 to 2346 0818 Fax No.: (080) 2346 0819
email: alfint@vsnl.com
Contact Persons: MR. VIJAYAGOPAL or MR. RAJARAMAN
Investors can also post their queries to 'ublinvestor@ubmail.com'

OWN MANUFACTURING NETWORK

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

CONTRACT MANUFACTURING NETWORK

In addition, the Company also has Manufacturing facilities through Contract Breweries at Aligarh, Alwar, Bhopal, Daman, Gauhati, Ghaziabad, Indore, Lucknow and Rangpo.

REGISTERED OFFICE:
"UB TOWER", UB CITY, 24, VITTAL MALLYA ROAD,
BANGALORE - 560 001.
Phone: (91-80) 39855000, 22272806 & 22272807
Fax No. (91-80) 22211964 - 22229488
Cable: UBEEGEE

B. NON-MANDATORY REQUIREMENTS

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

b) Remuneration Committee:
The Company has set up a remuneration Committee.

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

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

e) Audit Qualifications:
There are no qualifications or adverse remarks in Auditor's Report which require any clarification or explanation.

f) **Training of Board Members:**
Having regard to the seniority and expertise in their respective areas of specialization, their training is not considered necessary for the time being.

g) **Mechanism for evaluating Non-Executive Directors:**
The Board may at its discretion consider such requirement in future.

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

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Clause 49 sub-clause (I) (D) (ii) of the Listing Agreement, it is hereby confirmed that during the year 2011- 2012, all the members of the Board of Director and Senior Managerial personnel have affirmed their Compliance with the Company's Code of Business Conduct and Ethics.

Place: Bangalore
Date: June 08, 2012

Kalyan Ganguly
Managing Director

COMPLIANCE CERTIFICATE

To the Members of
UNITED BREWERIES LIMITED

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

We have examined the compliance of conditions of Corporate Governance by United Breweries Limited for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according 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 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.

M R Gopinath
Company Secretary (In practice)
Bangalore
FCS 3812 CP 1030

Bangalore, June 08, 2012

Auditor's Report

To the Members of United Breweries Limited

1. We have audited the attached Balance Sheet of United Breweries Limited (the "Company") as at March 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under the reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financials 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 test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. We draw your attention to Note 38(I)(B) to the attached financial statements regarding the recognition of gains, aggregating Rs.14,049 lakhs, on sale of equity shares of the Company during the year by UBL Benefit Trust, of which the Company is the sole beneficiary, by way of credit to General Reserves Account in the absence of any specific accounting treatment being prescribed in the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per section 211 (3C) of 'The Companies Act, 1956'. Our conclusion is not qualified in this respect.

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

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on March 31, 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;

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

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

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

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

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

Usha A Narayanan
Partner
Membership Number – 23997

Place: Bangalore
Date: June 8, 2012

Annexure to Auditor's Report

Referred to in paragraph 3 of the Auditor's Report of even date to the members of United Breweries Limited on the financial statements as of and for the year ended March 31, 2012.

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

   (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year except for asset aggregating to Rs.5,097 (original cost in lakhs) and Rs.2,828 (written down value in lakhs) at one location of the Company, and no material discrepancies between the book records and the physical inventory have been noticed.

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

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

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

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

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

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

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

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

   (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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

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

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

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, service tax, provident fund and employees' state insurance, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including investor education and protection fund, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

   (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty as at March 31, 2012 which have not been deposited on account of a dispute, are given in Annexure 1.

10. The Company has no accumulated losses.

Annexure to Auditor's Report (contd.)

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short- term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management, except for fraudulent tampering and misappropriations of cheques drawn in favor of the Company aggregating to Rs.16 lakhs, in respect of which Company has initiated legal action.

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

Usha A Narayanan
Partner
Membership Number – 23997

Place: Bangalore
Date: June 8, 2012

Appendix 1 to the Auditor's Report

Referred to in paragraph 9 (b) of the Annexure to the Auditor's report of even date to the members of United Breweries Limited on the financial statements for the year ended March 31, 2012.

Name of the statute	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Acts	42	1997-98	Additional Commissioner, Commercial Taxes
	381	2003-04 & 2004-05	High Court of Karnataka
	697	2005-06 to 2010-11	JCCT Appeals — Bangalore
	6	1983-84 to 1986-87	High Court of Kerala
	1	1990-91	High Court of Kerala
	11	2002-03	Sales Tax Appellate Tribunal, Karnataka
	1	1990-91	Sales Tax Appellate Tribunal, Mumbai
	1	2002-03	Assistant Commissioner (Assessment) Special Circle
	54	1975-76 to 1998-99, 2000-01 to 2001-02	Sales Tax Appellate Tribunal / Deputy Commissioner (Appeals)
	1	2001-02	Deputy Commissioner of Commercial Taxes (Appeals) Kollam
	1	2000-01	Deputy Commissioner of Commercial Taxes (Appeals) Kollam
	1	1991-92	Deputy Commissioner Appeals
	1	1988-89	High Court of Kerala
	3	1989-90	High Court of Kerala
	5	1990-91	High Court of Kerala
	5	2001-02	Court of Civil Judge, (Senior Division), Gurgaon
	8	1975 to 1994	Appellate Tribunal, Cherthala
	63	1991-92	Sales Tax Appellate Tribunal
	3	2003-04	Sales Tax Appellate Tribunal
	48	1991-92	Sales Tax Appellate Tribunal
	3	1993 to 2003	Sales Tax Appellate Tribunal
	10	2005-06 to 2007-08	High Court of Andhra Pradesh
	5	2008-09	J C Appeal, Commercial Taxes, Patna Bihar
Customs Act	20	1991-92	Commissioner of Customs
	30	1998-99	High Court of Madras
	51	1991-92	Commissioner of Customs, Ludhiana
Central Excise Act	5	2005- 2007	Commissioner (Appeals) Central Excise
	3	2007- 2008	Commissioner (Appeals) Central Excise
	43	1998-99	High Court of Calcutta
	11	1987-88	Commissioner of Central Excise
State Excise Act	12	1981-82	High Court of Calcutta
	3	2000-01 to 2003-04	Excise Commissioner, Karnataka
	37	2004-05	High Court of Karnataka
	40	2000 to 2005	High Court of Karnataka
	19	1981- 82 &1987-88	High Court of Calcutta
	81	2000-01 to 2003-04, 2005-06	High Court of Karnataka
	6	1988-89	High Court of Calcutta
	30	1998-99	High Court of Calcutta
	1	2009-10	DEO, Nagaur, Rajasthan

Appendix 1 to the Auditor's Report (contd.)

Referred to in paragraph 9 (b) of the Annexure to the Auditor's report of even date to the members of United Breweries Limited on the financial statements for the year ended March 31, 2012.

Name of the statute	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Service Tax Act	3,778	2004-05 to 2007-08	Director General Central Excise & Intelligence, Bangalore
	3,736	2008-09 to 2010-11	Commissioner of Service Tax, Bangalore
Income Tax Act	358	2003-04	High Court of Karnataka
	567	2004-05	Income Tax Appellate Tribunal, Bangalore
	152	2005-06	Commissioner of Income Tax (Appeals)
	1,066	2006-07	Commissioner of Income Tax (Appeals)
	505	2007-08	Commissioner of Income Tax (Appeals)
	640	2008-09	Commissioner of Income Tax (Appeals)
	137	1997-98	Commissioner of Income Tax (Appeals)
	73	2000-01	Commissioner of Income Tax (Appeals)
	29	2001-02	High Court of Madras
	995	2002-03	DCIT
	166	2003-04	DCIT
	579	2004-05	DCIT
	375	2005-06	DCIT
	368	2006-07	DCIT
	307	2002-03	Commissioner of Income Tax (Appeals)
	142	2003-04	Commissioner of Income Tax (Appeals)
	512	2004-05	Commissioner of Income Tax (Appeals)
	368	2005-06	Commissioner of Income Tax (Appeals)
	111	2006-07	Income Tax Appellate Tribunal
	374	2008-09	Commissioner of Income Tax (Appeals)
	26	2001-02	Commissioner of Income Tax (Appeals)
	15	2003-04	Income Tax Appellate Tribunal
	14	2004-05	Income Tax Appellate Tribunal
	8	2005-06	Income Tax Appellate Tribunal
	6	2006-07	Commissioner of Income Tax (Appeals)
	66	2007-08	Commissioner of Income Tax (Appeals)
	345	2008-09	Commissioner of Income Tax (Appeals)
	8	2009-10	Commissioner of Income Tax (Appeals)
	168	2006-07	Commissioner of Income Tax (Appeals)
	939	2007-08	Commissioner of Income Tax (Appeals)
	734	2008-09	Commissioner of Income Tax (Appeals)
	88	2009-10	Commissioner of Income Tax (Appeals)
Provident Fund Act	13	1998 to 2000	Employees Provident Fund Tribunal
Employee State Act	3	2009-10	Employee State Insurance Court, Bangalore
	3	1991-92	High Court of Kerala

Balance Sheet as at March 31, 2012

(All amounts in Rs.lacs, unless otherwise stated)

	Note	As at March 31, 2012	*As at March 31, 2011*
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,051	*27,235*
Reserves and surplus	4	126,463	*102,174*
		136,514	*129,409*
Share capital pending allotment	5	—	*92*
Non-current liabilities			
Long-term borrowings	6	40,280	*27,472*
Deferred tax liabilities (Net)	7	5,140	*2,888*
Long-term provisions	8	1,108	*704*
		46,528	*31,064*
Current liabilities			
Short-term borrowings	9	43,550	*34,016*
Trade payables	10	57,426	*39,056*
Other current liabilities	11	41,229	*42,842*
Short-term provisions	8	4,011	*3,941*
		146,216	*119,855*
TOTAL		**329,258**	*280,420*
ASSETS			
Non-current assets			
Fixed assets	12		
Tangible assets		119,837	*106,209*
Intangible assets		2,032	*2,732*
Capital work-in-progress		20,735	*7,195*
Non-current investments	13	2,547	*4,502*
Interest in UBL Benefit Trust (Refer Note 38)		—	*14,294*
Long-term loans and advances	14	14,376	*11,985*
Other non-current assets	15	1,166	*1,086*
		160,693	*148,003*
Current assets			
Inventories	16	39,988	*28,980*
Trade receivables	17	69,997	*51,986*
Cash and bank balances	18	17,723	*12,906*
Short-term loans and advances	14	29,265	*29,122*
Other current assets	19	11,592	*9,423*
		168,565	*132,417*
TOTAL		**329,258**	*280,420*

The notes referred above form an integral part of these financial statements.

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

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

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, June 8, 2012

For and on behalf of the Board of Directors of United Breweries Limited

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Senior Vice President–Legal & Company Secretary

Bangalore, June 8, 2012

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

(All amounts in Rs.lacs, unless otherwise stated)

	Note	Year ended March 31, 2012	Year ended March 31, 2011
Income			
Revenue from operations (gross)	24	586,494	*460,450*
Less: Excise duty		223,725	*154,469*
Revenue from operations (net)		**362,769**	*305,981*
Other income	25	7,298	*4,499*
Total revenue (I)		**370,067**	*310,480*
Expenses			
Cost of materials consumed	26	160,376	*133,258*
Purchases of stock-in-trade	27	4,230	*6,007*
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(1,825)	*337*
Employee benefits expense	29	18,823	*14,411*
Other expenses	30	139,960	*112,981*
Total expenses (II)		**321,564**	*266,994*
Earnings before interest, tax, depreciation and amortisation (I-II)		**48,503**	*43,486*
Finance costs	31	9,912	*7,813*
Depreciation and amortisation expense	12	14,866	*13,051*
Profit before Exceptional Items and Tax		**23,725**	*22,622*
Exceptional Item: Provision for dimunition in investments in subsidiary	13	1,959	*—*
Profit before tax		**21,766**	*22,622*
Tax expense:			
(1) Current tax		4,925	*4,765*
(2) MAT credit (availed) / utilised		1,137	*(4,762)*
(3) Deferred tax charge / (write back)		3,060	*7,890*
Profit for the period		**12,644**	*14,729*
Earnings per Equity share in Rs. [Nominal value per share Re.1 each *(2011: Re.1 each)*]	37		
(1) Basic		4.68	*5.26*
(2) Diluted		4.68	*5.26*

The notes referred above form an integral part of the financial statements.

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

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

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, June 8, 2012

For and on behalf of the Board of Directors of United Breweries Limited

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Senior Vice President–Legal & Company Secretary

Bangalore, June 8, 2012

Cash Flow Statement for the year ended March 31, 2012

(All amounts in Rs.lacs, unless otherwise stated)

		Year ended			
		March 31, 2012		*March 31, 2011*	
A	**Cash flow from operating activities**				
	Profit before taxation		21,766		*22,621*
	Adjustments for:				
	Depreciation and amortisation	14,866		*13,051*	
	(Profit) / Loss on sale of assets	(1)		*(2)*	
	Provision for doubtful debts	49		*317*	
	Provision for doubtful advances	64		*17*	
	Provision for dimunition in investments	1,959		—	
	Bad debts written off	954		*9*	
	Bad advances written off	980		—	
	Provision for doubtful debts no longer required written back	(1,290)		*(9)*	
	Provision for doubtful advances no longer required written back	(998)		—	
	Interest expenses (Net)	9,872		*7,601*	
	Interest income	(3,300)		*(3,166)*	
	Exchange Loss / (Gains) on foreign currency loans	40		*213*	
	Dividend income	(19)	23,176	*(42)*	*17,989*
	Operating profits before working capital changes		**44,942**		*40,610*
	Adjustment for working capital changes:				
	(Increase) / Decrease in Trade Receivables	(17,187)		*9,943*	
	(Increase) / Decrease in inventories	(10,663)		*(9,378)*	
	Increase / (Decrease) in current liabilities and provisions	27,689		*30,761*	
	(Increase) / Decrease in other current assets, loans and advances	(2,894)	(3,055)	*(1,985)*	*29,341*
	Cash generated from operations		**41,887**		*69,951*
	Direct taxes (Income Tax and Fringe Benefit Tax) paid (including TDS)		(6,588)		*(5,168)*
	Cash generated from operations before non-recurring items		**35,299**		*64,783*
	Non-recurring items		—		—
	Net cash generated from operating activities		**35,299**		*64,783*
B	**Cash flow from investing activities**				
	Purchase of fixed assets (including acquisition on amalgamation)		(38,141)		*(52,880)*
	Sale of fixed assets		79		*124*
	(Purchase) / Sale of investments		(3)		*4,900*
	Interest income		3,534		*80*
	Dividend income		19		*42*
	Net cash used in investing activities		**(34,512)**		*(47,734)*

Cash Flow Statement for the year ended March 31, 2012 (contd.)

(All amounts in Rs.lacs, unless otherwise stated)

		Year ended	
		March 31, 2012	*March 31, 2011*
C	**Cash Flow from Financing activities**		
	(Repayment) / Proceeds from unsecured term loans (net)	(19,033)	*20,232*
	(Repayment) / Proceeds from bank borrowings (net)	24,440	*(9,107)*
	On merger	—	*(14,785)*
	Repayment of preference share capital	(17,283)	—
	Advance to subsidiary companies and others	—	*839*
	Proceeds from UBL Benefit Trust	28,343	—
	Interest paid	(9,776)	*(7,777)*
	Dividend paid (including distribution tax)	(2,678)	*(1,874)*
	Net cash generated from financing activities	**4,013**	*(12,472)*
	Net Increase/(Decrease) in cash and cash equivalents	**4,800**	*4,575*
	Opening cash and cash equivalents		
	Cash on hand including remittances in transit	34	*28*
	Bank Balances including cheques on hand	12,872	*8,303*
		12,906	*8,331*
	Cash and cash equivalents of transferor company as at April 1, 2011	17	—
	Closing cash and cash equivalents		
	Cash on hand including remittances in transit	34	*34*
	Bank balances including cheques on hand	17,689	*12,872*
		17,723	*12,906*

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 profit and loss account for the year ended on that date.
2. The above Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS)-3 on Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006 and the reallocations required for the purpose are as made by the Company.
3. Cash and cash equivalents include Rs.465 *(2011: Rs.1,706)* which are not available for use by the Company.

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

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

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, June 8, 2012

For and on behalf of the Board of Directors of United Breweries Limited

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Senior Vice President–Legal & Company Secretary

Bangalore, June 8, 2012

Notes to Financial Statements

(All amounts in Rs.lacs, unless otherwise stated)

1. General Information:

United Breweries Limited (UBL) is engaged primarily in the manufacture and sale of beer. The Company has manufacturing plants in India and sells its product only in India. The Company is a public limited Company and is listed on the Bombay Stock Exchange (BSE), Bangalore Stock Exchange (BgSE) and the National Stock Exchange (NSE).

2. Summary of Significant Accounting Policies

2.1 Basis of Presentation of Financial Statements

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Use of Estimates:

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

2.3 Revenue Recognition:

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

2.4 Borrowing Costs:

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

2.5 Fixed Assets:

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

2.6 Investments:

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.7 Inventories:

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

2.8 Foreign Currency Transactions:

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

(All amounts in Rs.lacs, unless otherwise stated)

b) All monetary assets and liabilities in foreign currency are restated at the end of accounting period. With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Company has adopted the following policy:

- Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of the depreciable asset/CWIP , which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

The premium or discount arising att the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

Forward exchange contracts outstanding as at the year end on account of firm commitment/highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

2.9 Depreciation and amortisation:

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

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

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

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

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

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

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

2.10 Employee benefits:

(i) Defined-contribution plans:

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

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

(ii) Defined-benefit plans:

Provident fund: In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(All amounts in Rs.lacs, unless otherwise stated)

Gratuity: Liability towards gratuity is determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains and Losses are recognised immediately in the Statement of Profit and Loss.

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

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

2.11 Taxation:

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

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

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

2.12 Earnings per share:

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

2.13 Impairment of Assets:

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

2.14 Provisions, Contingent Liabilities and Contingent Assets:

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

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

2.15 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

(All amounts in Rs.lacs, unless otherwise stated)

	As at March 31, 2012	*As at March 31, 2011*
3. SHARE CAPITAL		
Authorised		
3,674,000,000 *(2011: 3,620,000,000)* Equity shares of Re.1 each	36,740	*36,200*
58,600,000 *(2011: 49,140,000)* Preference Shares of Rs.100 each	58,600	*49,140*
	95,340	*85,340*
Issued, Subscribed and Paid-up		
264,405,149 *(2011: 254,544,938)* Equity shares of Re.1 each fully paid	2,644	*2,545*
3% Nil *(2011: 17,283,000)* Cumulative Redeemable Preference Shares of Rs.100 each fully paid - Series A	—	*17,283*
3% 7,407,000 *(2011: 7,407,000)* Cumulative Redeemable Preference Shares of Rs.100 each fully paid - Series B	7,407	*7,407*
	10,051	*27,235*

Cumulative Redeemable Preference Shares - Series A are redeemable at par at the earliest on March 31, 2011 and are extendable upto March 31, 2015 based on mutual agreement between the Company and Scottish and Newcastle India Limited (the preference shareholder). The shares have been redeemed at par on April 14, 2011.

Cumulative Redeemable Preference Shares - Series B are redeemable at par at the earliest on March 31, 2015.

a) Reconciliation of number of shares

Equity Shares	As at March 31, 2012		*As at March 31, 2011*	
	Nos.	Rs.	*Nos.*	*Rs.*
Balance as at the beginning of the year	**254,544,938**	**2,545**	*240,048,255*	*2,400*
Issued during the year - amalgamations (Refer Note 38)				
Scottish & Newcastle India Private Limited at the ratio of 6:31 in lieu of equity shares of Millennium Alcobev Pvt. Ltd.	—	—	*8,489,270*	*85*
UBL Benefit Trust at the ratio of 33:16 in lieu of equity shares of Empee Breweries Ltd.	—	—	*6,007,413*	*60*
Heineken International B.V. at the ratio of 135:1 in lieu of equity shares of UB Ajanta Breweries Pvt. Ltd.	354,789	4	—	—
UB Overseas Limited at the ratio of 135:1 in lieu of equity shares of UB Ajanta Breweries Pvt. Ltd.	354,789	4	—	—
Heineken International B.V. at the ratio of 454:1 in lieu of equity shares of UB Nizam Breweries Pvt. Ltd.	72,951	1	—	—
UB Overseas Limited at the ratio of 454:1 in lieu of equity shares of UB Nizam Breweries Pvt. Ltd.	72,951	1	—	—
United Spirits Limited at the ratio of 30:17 in lieu of equity shares of Chennai Breweries Pvt. Ltd.	8,500,000	85	—	—
Public shareholders of erstwhile Millennium Beer Industries Limited at the ratio of 12:1	504,731	5	—	—
Outstanding at the end of the year	**264,405,149**	**2,644***	*254,544,938*	*2,545*

** Rounded off to Rs.2,644*

(All amounts in Rs.lacs, unless otherwise stated)

Preference Shares	As at March 31, 2012		*As at March 31, 2011*	
	Nos.	Rs.	*Nos.*	*Rs.*
Preference shares - Series A				
Balance as at the beginning of the year	17,283,000	17,283	*17,283,000*	*17,283*
Issued during the year	—	—	—	—
Redeemed during the year	17,283,000	17,283	—	—
Outstanding at the end of the year	**—**	**—**	*17,283,000*	*17,283*
Preference shares - Series B				
Balance as at the beginning of the year	7,407,000	7,407	*7,407,000*	*7,407*
Issued during the year	—	—	—	—
Redeemed during the year	—	—	—	—
Outstanding at the end of the year	**7,407,000**	**7,407**	*7,407,000*	*7,407*

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

Equity Shares: The company has one class of equity shares having a par value of Re.1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in 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 thteir shareholding.

3% Redeemable preference shares - Series A: 172,83,000, 3% Redeemable preference shares of Rs.100 each were issued in April 2005 to the Scottish & Newcastle India Limited. These shares have been redeemed on April 14, 2011. In the event of liquidation, the preference shareholders are eligible to receive the paid up value of the preference shares along with arrears of preference dividend, if any out of the remaining assets of the company in preference to equity shareholders.

3% Redeemable preference shares - Series B: 74,07,000, 3% Redeemable preference shares of Rs.100 each were issued in April 2005 to the Scottish & Newcastle India Limited. These shares are redeemable at par at the earliest on March 31, 2015. In the event of liquidation, the preference shareholders are eligible to receive the paid up value of the preference shares along with arrears of preference dividend, if any out of the remaining assets of the company in preference to equity shareholders.

c) **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at March 31, 2012		*As at March 31, 2011*	
	Nos.	% holding in the class	*Nos.*	*% holding in the class*
Equity shares of Re.1 each fully paid				
Scottish & Newcastle India Limited	89,994,960	34.04%	*89,994,960*	*35.36%*
United Breweries Holdings Limited	30,295,911	11.46%	*30,295,911*	*11.90%*
Dr. Vijay Mallya	21,353,620	8.09%	*21,353,620*	*8.39%*
Preference shares of Rs.100 each fully paid - Series A				
Scottish & Newcastle India Limited	—	—	*24,690,000*	*100.00%*
Preference shares of Rs.100 each fully paid - Series B				
Scottish & Newcastle India Limited	7,407,000	100.00%	*7,407,000*	*100.00%*

(All amounts in Rs.lacs, unless otherwise stated)

d) **Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2012).**

2011-12: 9,860,211 equity shares issued on account of amalgamation of Chennai Breweries Private Limited, UB Nizam Breweries Private Limited, Millennium Beer Industries Limited and UB Ajanta Breweries Private Limited.

2010-11: 14,496,683 equity shares issued on account of amalgamation of Millennium Alcobev Private Limited and Empee Breweries Limited.

	As at March 31, 2012	*As at March 31, 2011*
4. RESERVES AND SURPLUS		
Securities premium account	**65,218**	*65,218*
Capital reserve		
Opening balance	1,258	—
Add: Additions on amalgamations [Refer Note 38(I)(A)]	28	*1,258*
Less: Deductions on amalgamations [Refer Note 38(I)(A)]	—	—
Closing balance	**1,286**	*1,258*
General reserve		
Opening balance	4,200	*2,700*
Add: Transferred from surplus in Statement of Profit and Loss	1,500	*1,500*
Add: Gain on sale of interest in UBL Benefit Trust [Refer Note 38(I)(B)]	14,049	—
Closing balance	**19,749**	*4,200*
Surplus in Statement of Profit and Loss		
Opening balance	31,498	*20,969*
Add: Profit for the year	12,644	*14,729*
Less: Appropriations		
- Proposed dividends (Refer Note 22)	2,432	*2,700*
- Transfer to General reserve	1,500	*1,500*
Closing balance	**40,210**	*31,498*
Total Reserves and Surplus	**126,463**	*102,174*

5. SHARE CAPITAL PENDING ALLOTMENT		
Nil *(2011: 9,150,633)* Equity shares of Re.1 each pending allotment [Refer Note 38(II)]	**—**	*92*

(All amounts in Rs.lacs, unless otherwise stated)

6. LONG-TERM BORROWINGS

	Non-current portion		Current portion	
	As at March 31, 2012	*As at March 31, 2011*	**As at March 31, 2012**	*As at March 31, 2011*
Secured borrowings				
Foreign currency term loans				
External commercial borrowing from banks	35,810	—	—	*4,656*
Term loan from banks	—	*625*	625	*3,756*
Indian currency term loans from banks	—	*3,344*	1,700	*5,316*
Other loans	—	—	—	*1,056*
	35,810	*3,969*	**2,325**	*14,784*
Unsecured borrowings				
From banks	—	*19,033*	1,533	*1,533*
Deferred payment liabilities	4,470	*4,470*	—	—
	4,470	*23,503*	**1,533**	*1,533*
Amount disclosed under the head "Other Current Liabilities" (Note 11)	—	—	(3,858)	*(16,317)*
Total	**40,280**	*27,472*	**—**	—

Nature of security and terms of repayment for secured borrowings

Nature of security	Terms of repayment
Foreign currency term loans	
HDFC Bank Ltd: Rs.625 *(2011: Rs.3,125)* secured by first pari-passu charge on all moveable and immoveable properties of the company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam, UB Ajanta and Srikakulam breweries.	Repayable in 16 quarterly instalments from the date of loan (June 2008) along with interest of 9.45% per annum (fully hedged)
DBS Bank Ltd: Rs.25,578 *(2011: Rs. Nil)* secured by pari-passu charge on other than current assets of present and future except Taloja and Aranvoyal breweries.	Repayable from February 27, 2016 i.e. end of 4th year in 9 equal quarterly instalments till February 27, 2018 along with interest of 9.58% per annum (fully hedged)
Rabobank International: Rs.10,232 *(2011: Rs. Nil)* secured by pari-passu charge on other than current assets of present and future except Taloja and Aranvoyal Breweries.	3 year ECB Loan repayable on January 10, 2015. Interest of 7.15% per annum payable on quarterly basis (fully hedged)
BNP Paribas: Rs.Nil *(2011: Rs.4,656)* secured by first charge on all moveable and immovable properties of the Company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam, UB Ajanta and Srikakulam breweries.	Repayable in December 2011 on completion of 5 years from the date of loan (December 2006) along with interest of 8.85% per annum (fully hedged)
Axis Bank Ltd: Rs.Nil *(2011: Rs.1,256)* secured by first charge on fixed assets and current assets of Srikakulam brewery.	Repayable in 16 quarterly instalments from the date of loan (December 2007) along with interest of 6-months Libor + 275 basis points (not hedged)

(All amounts in Rs.lacs, unless otherwise stated)

Nature of security	Terms of repayment
Indian currency term loans	
Citibank Ltd: Rs. Nil *(2011: Rs.3,288)* secured by first charge on all moveable and immoveable properties of the company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam, UB Ajanta and Srikakulam Breweries.	Repayable in 73 monthly instalments after completion of one year moratorium period from the date of loan (April 2006) along with interest of 8.5% per annum
Standard Chartered Bank: Rs.1,700 *(2011: Rs.4,250)* secured by first mortgage and charge on all immoveable and movable properties (excluding current assets) of Chennai Breweries.	Repayable in 56 monthly instalments from the date of loan (February 2008) along with interest of 12% per annum
Yes Bank: Rs. Nil *(2011: Rs.560)* secured by second charge on all moveable and immoveable assets of Empee Breweries.	Repayable in 60 monthly instalments from the date of loan (March 2007) along with interest of 13% per annum
BNP Paribas: Rs. Nil *(2011: Rs.562)* secured by first charge on all moveable and immoveable assets of Empee Breweries	Repayable in 48 monthly instalments after completion of one year moratorium period from the date of loan (September 2006) along with interest of 9.71% per annum
Rabo India Finance Ltd.: Rs. Nil *(2011: Rs.1,056)* secured by exclusive charge on all moveable and immovable properties and second charge on all current assets	Repayable in 59 equal monthly instalments from January 2007 along with interest of 1 year Government of India Security yield + 225 basis points per annum. Interest rate reset on annual basis.
Unsecured borrowings	
Deferred sales tax liability of Millennium Beer Industries Ltd.–Aurangabad unit amounting to Rs.4,470 *(2011: Rs.4,470)* is payable to the Government of Maharashtra by virtue of being eligible after having established a manufacturing unit in a notified backward area. The confirmation of the sanction to the Company is contained in 'Certificate of Entitlement' No. 431133-S/R-31B/Pioneer Unit/1322 dated 17.07.2002 issued under Part-I of the 1993 Package Scheme of Government of Maharashtra.	This amount is repayable in 10 years from May 2013.
ICICI Bank Ltd.: Rs.Nil *(2011: Rs.17,500)* covered by personal guarantee of a director of the company	Loan availed in October 2008, repayable in 2 annual installments starting from end of 4th & 5th year from date of first drawdown. This has been repaid during the current year. Applicable interest rate is 15.7%
Citibank: Rs.1,533 *(2011: Rs.3,066)* shown as current liablities since payable within next 12 months period	Loan availed in February 2010 repayable in 3 annual equal instalments from February 2011. Applicable interest rate is 12%.

(All amounts in Rs.lacs, unless otherwise stated)

	As at March 31, 2012	*As at March 31, 2011*
7. DEFERRED TAX LIABILITIES (NET)		
Deferred tax asset		
Provision for doubtful advances and debts	252	*888*
Gratuity and Compensated absenses	506	*355*
Bonus provision	48	*36*
Carryforward losses from amalgamated company	809	*8,387*
Gross deferred tax asset	**1,615**	*9,666*
Deferred tax liability		
Depreciation	5,946	*4,581*
Deferred tax asset utilised from carry forward loss and depreciation of amalgamated company	809	*7,973*
Gross deferred tax liability	**6,755**	*12,554*
Net deferred tax liability	**5,140**	*2,888*

Deferred tax asset and liabilities have been set off as they relate to same governing taxation laws

	Long-term		Short-term	
	As at March 31, 2012	*As at March 31, 2011*	**As at March 31, 2012**	*As at March 31, 2011*
8. PROVISIONS				
Provision for employee benefits				
Gratuity	381	*85*	182	*154*
Compensated absenses	727	*619*	270	*230*
	1,108	*704*	**452**	*384*
Other provisions				
Provision for proposed dividend and tax there on	—	—	2,432	*2,700*
Provision for water charges	—	—	554	*406*
Provision for local area development tax	—	—	406	*284*
Provision for custom duty	—	—	167	*167*
	—	—	**3,559**	*3,557*
	1,108	*704*	**4,011**	*3,941*

	Local area development tax		Water charges	
	As at March 31, 2012	*As at March 31, 2011*	**As at March 31, 2012**	*As at March 31, 2011*
Balance as at the beginning of the year	284	*170*	406	*316*
Additions	122	*114*	148	*90*
Amounts used	—	—	—	—
Unused amounts reversed	—	—	—	—
Balance as at the end of the year	**406**	*284*	**554**	*406*

Provisions for local area development tax, water charges and custom duty matter are sub judice. There are no additions, amounts used or unused amounts reversed during the year with respect to customs duty.

(All amounts in Rs.lacs, unless otherwise stated)

	As at March 31, 2012	*As at March 31, 2011*
9. SHORT-TERM BORROWINGS		
Secured borrowings		
Working capital loan / cash credit from banks (repayable on demand)	38,520	*26,486*
	38,520	*26,486*
Unsecured borrowings		
Short-term loans from banks	5,000	*7,500*
From others	30	*30*
	5,030	*7,530*
Total	**43,550**	*34,016*

Working capital loan from banks are secured by hypothecation of stock-in-trade, stores, raw materials, book debts.

Short-term loans from banks comprise of ING Vysya Bank: Rs.2,500 *(2011: Rs.5,000)* repayable in maximum of 365 days and Yes Bank: Rs.2,500 *(2011: Rs.2,500)* repayable in maximum of 90 days.

	As at March 31, 2012	*As at March 31, 2011*
10. TRADE PAYABLES		
Acceptances	22,872	*9,024*
Sundry Creditors (Refer Note 23)	31,971	*29,066*
Others: Creditors - Capex	2,583	*966*
	57,426	*39,056*
11. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings: Secured (Refer Note 6)	2,325	*14,784*
Interest accrued but not due on borrowings	626	*490*
	2,951	*15,274*
Current maturities of long-term debt: Unsecured (Refer Note 6)	1,533	*1,533*
Security deposits	1,639	*1,429*
Unpaid dividends*	44	*22*
	3,216	*2,984*
Other payables		
- Statutory dues	11,173	*7,701*
- Advances received from customers	861	*811*
- Overtime and bonus payable	341	*300*
- Other expenses payable	22,687	*15,772*
	35,062	*24,584*
Total	**41,229**	*42,842*

* There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

12. FIXED ASSETS

(All amounts in Rs.lacs, unless otherwise stated)

	Gross Block					Depreciation / Amortisation					Net Block	
	As at April 1, 2011	Addition on Amalga-mation	Additions	Deletions/ adjustments	**As at March 31, 2012**	*As at April 1, 2011*	Addition on Amalga-mation	On Deletions	For the year	**As at March 31, 2012**	**As at March 31, 2012**	*As at March 31, 2011*
Intangible												
Goodwill	*6,543*	—	—	—	**6,543**	*6,512*	—	—	31	**6,543**	**—**	*31*
Licences & Rights	*6,376*	—	—	—	**6,376**	*3,721*	—	—	639	**4,360**	**2,016**	*2,655*
Brands	*631*	—	—	—	**631**	*585*	—	—	30	**615**	**16**	*46*
Total - Intangible	*13,550*	**—**	**—**	**—**	**13,550**	*10,818*	**—**	**—**	**700**	**11,518**	**2,032**	*2,732*
Tangible												
Land - Freehold (Note a, b & c)	*14,910*	—	1,180	—	**16,090**	*—*	—	—	—	**—**	**16,090**	*14,910*
Land - Leasehold	*3,481*	141	2	—	**3,624**	*270*	26	—	116	**412**	**3,212**	*3,211*
Buildings	*30,722*	876	2,147	(51)	**33,796**	*4,724*	301	—	1,329	**6,354**	**27,442**	*25,998*
Leasehold Improvements	*64*	—	—	—	**64**	*64*	—	—	—	**64**	**—**	*—*
Plant and Machinery	*105,319*	3,916	20,428	492	**129,171**	*46,389*	2,079	214	11,604	**59,858**	**69,313**	*58,930*
Office Equipment	*1,413*	80	102	(75)	**1,670**	*808*	53	11	155	**1,005**	**665**	*605*
Furniture & Fittings	*4,631*	64	815	(2)	**5,512**	*3,250*	54	1	715	**4,018**	**1,494**	*1,381*
Lab Equipments	*1,132*	90	392	(90)	**1,704**	*355*	26	—	175	**556**	**1,148**	*777*
Vehicles	*728*	5	177	76	**834**	*331*	4	46	72	**361**	**473**	*397*
Total - Tangible	*162,400*	5,172	25,243	350	**192,465**	*56,191*	2,543	272	14,166	**76,628**	**119,837**	*106,209*
Total	***175,950***	**5,172**	**25,243**	**350**	**206,015**	***67,009***	**2,543**	**272**	**14,866**	**84,146**	**121,869**	***108,941***
Capital work-in-progress											**20,735**	*7,195*
											142,604	*116,136*
As at March 31, 2011	*109,665*	*60,420*	*6,264*	*399*	*175,950*	*31,588*	*22,646*	*276*	*13,051*	*67,009*		

Notes:

a. The Company has obtained a stay against resumption proceedings initiated by MIDC over the Land aggregating 6 Acres valued at Rs. 329 *(2011: Rs.329)* allotted by MIDC to MBIL (since amalgamated with the Company. The matter is yet to be finally heard.

b. The Company has filed a Writ petition in the High Court of Kerala at Cochin seeking fixation of rate for issue of Final Patta with respect land measuring 8.0937 hectares valued at Rs.1 *(2011: Rs.1)*. The matter is yet to be heard.

c. Land measuring 9.04 acres [Cost Rs.72 *(2011: Rs.72)*] is pending registration in the name of the Company.

d. All the above pieces of land are in physical possession of the Company.

13. NON CURRENT INVESTMENTS

(All amounts in Rs.lacs, unless otherwise stated)

	Class of shares	As at March 31, 2012			*As at March 31, 2011*		
		Number of shares/units	**Face value in Rs.**	**Cost**	*Number of shares/units*	*Face value in Rs.*	*Cost*
Trade Investments (valued at cost unless otherwise stated)							
Unquoted equity instruments							
In subsidiary companies - fully paid up shares:							
Maltex Malsters Limited (Net of provision for dimunition in value of investments of Rs.1959 *(2011: Rs. NIL)* [Refer Note (A) below]	Equity	22,950	100	2,541	*22,950*	*100*	*4,500*
In associates:							
United East Bengal Football Team Private Limited	Equity	4,999	50	1	*4,999*	*50*	*1*
Other Investments (valued at cost unless otherwise stated)							
Unquoted equity instruments							
Zorastrian Co-operative Bank Limited	Equity	2,000	25	1	*2,000*	*25*	*1*
Skol Breweries Limited	Equity	300	10	0	—	—	—
Jupiter Breweries Limited	Equity	50	10	0	—	—	—
Mohan Meakins Limited	Equity	100	5	0	—	—	—
Blossom Breweries Limited	Equity	100	3	0	—	—	—
Cosmos co-operative Bank Limited	Equity	5,000	100	1	—	—	—
In government and trustee securities							
National savings certificate		—	—	3	—	—	*1*
[Net of provision for dimunition in value of investments of Rs.15 *(2011: Rs.15)*]							
Total				**2,547**			*4,502*

a) The investment in Maltex Malsters Limited (MML) which had a carrying value of Rs.4,500, has been revalued at Rs. 2,541. The diminution in value of this investment has been due to continued delays in obtaining necessary approvals to expand its malting facility at Patiala. Considering the constraints in MML's expansion plans and the high overhead costs incurred on operating at its current level of capacity, it has been decided to value the investment based on the failr value of net assets of MMIL.

b) Following investments costing less than Rs.1 Lac have been disclosed below in absolute amount in rupees.

United East Bengal Football Team Pvt Limited	50,000
Zorastrian Co-operative Bank Limited	50,000
Skol Breweries Limited	1,727
Jupiter Breweries Limited	188
Mohan Meakins Limited	925
Blossom Breweries Limited	300
Total	**103,140**

Notes to Financial Statements (contd.)

(All amounts in Rs.lacs, unless otherwise stated)

	Long-term		Short-term	
	As at March 31, 2012	*As at March 31, 2011*	**As at March 31, 2012**	*As at March 31, 2011*
14. LOANS AND ADVANCES				
Secured, considered good				
Other loans and advances				
Star Investments Private Limited (Refer Note 42)	—	—	15,500	*15,500*
	—	—	**15,500**	*15,500*
Unsecured, considered good				
Capital advances	8,624	*7,385*	—	—
Security deposits	4,408	*4,469*	627	*659*
Advances to suppliers	—	—	3,522	*3,244*
Prepaid expenses	123	*101*	2,848	*2,312*
Other loans and advances				
MAT credit entitlement	—	—	3,624	*4,762*
Advance tax/TDS receivable (net of provision)	—	—	3,056	*1,392*
Others	1,221	*30*	88	*1,253*
	14,376	*11,985*	**13,765**	*13,622*
Unsecured, considered doubtful				
Capital advances	51	—	—	—
Security deposits	6	*42*	—	—
Advances to suppliers	—	—	41	*52*
Other loans and advances	—	*740*	—	*151*
Allowance for bad and doubtful loans and advances	(57)	*(782)*	(41)	*(203)*
	—	—	—	—
Total	**14,376**	*11,985*	**29,265**	*29,122*

	As at March 31, 2012	*As at March 31, 2011*
15. OTHER NON CURRENT ASSETS		
Unsecured, Considered good		
Bank deposits with original maturity of greater than 12 months	26	—
Others		
Sales tax recoverable	1,127	*1,073*
Storage/privilage fee recoverable	13	*13*
Total	**1,166**	*1,086*
16. INVENTORIES [net of obsolete provisions]		
Raw materials [Includes in transit: Rs.1,191 *(2011: Rs.668)*]	11,070	*8,603*
Packing materials and bottles [Includes in transit: Rs.60 *(2011: Rs.81)*]	6,551	*4,659*
Work-in-progress	12,732	*8,680*
Finished goods* [Includes in transit: Rs.689 *(2011: Rs.405)*]	5,331	*3,395*
Stock-in-trade	1	*46*
Stores and spares [Includes in transit: Rs.12 *(2011: Rs.4)*]	4,303	*3,597*
Total	**39,988**	*28,980*

* Net of Obsolete provision of Rs.22 *(2011: Rs.3)*

(All amounts in Rs.lacs, unless otherwise stated)

	As at March 31, 2012	*As at March 31, 2011*
17. TRADE RECEIVABLES		
Unsecured, Considered good		
– Outstanding for a period exceeding six months from the date they are due for payment	3,114	*1,130*
– Others	66,883	*50,856*
Unsecured, Considered doubtful		
– Outstanding for a period exceeding six months from the date they are due for payment	668	*1,706*
– Others	12	*39*
Less: Provision for bad and doubtful debts	(680)	*(1,745)*
Total	**69,997**	*51,986*
18. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	34	*29*
Cheques, drafts on hand	1	*5*
Bank balances In current account (Refer Note i)	2,030	*9,413*
Demand deposits with maturity of less than 3 months	15,000	*1,700*
	17,065	*11,147*
Other balances with Banks		
In Deposits		
Less than 12 months but more than 3 months	105	*—*
Greater than 12 months	88	*53*
Margin money/security	465	*1,706*
	658	*1,759*
Total	**17,723**	*12,906*

i. Includes balance in Unpaid Dividend Account Rs.39 *(2011: Rs.22)*

	As at March 31, 2012	*As at March 31, 2011*
19. OTHER CURRENT ASSETS		
Unsecured, Considered good		
Income accrued on deposits and others	6,442	*6,676*
Excise duty deposits	5,150	*2,747*
Total	**11,592**	*9,423*
20. CAPITAL COMMITMENTS		
Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	15,792	*7,377*
	15,792	*7,377*

(All amounts in Rs.lacs, unless otherwise stated)

	As at March 31, 2012	As at March 31, 2011
21. CONTINGENT LIABILITIES		
a) Sales Tax/other taxes demands under appeal#	1,349	*1,304*
b) Employees state insurance/Provident Fund demand#	19	*23*
c) Demand towards water charges under appeal#	2,694	*1,825*
d) Excise Duty/Customs Duty demands under appeal#	392	*413*
e) Income Tax demands under appeal#	10,238	*4,038*
f) Service Tax demands under appeal#	7,513	*2,446*
g) Claims against the company not acknowledged as debt#	1,002	*413*
h) Letter of undertaking to distributors towards countervailing duty for imports from Nepal#	—	*385*
	23,207	*10,847*

It is not practicable for the company to estimate the timing of cashflows if any, in respect of the above, pending resolution of the respective proceedings. The company does not expect any reimbursements in respect of the above contingent liabilities.

	As at March 31, 2012	As at March 31, 2011
22. PROPOSED DIVIDENDS		
Dividend payable on Preference share capital @ Rs.3 per share *(2011: Rs.3 per share)*	242	*741*
Dividend distribution tax payable on above	39	*120*
Proposed dividend on equity shares @ Re.0.70 per share *(2011: Re.0.60 per share)*	1,851	*1,582*
Dividend distribution tax payable on above	300	*257*
Total	**2,432**	*2,700*

There are no arrears of dividend related to preference shares

	As at March 31, 2012	As at March 31, 2011
23. Disclosure of dues/payments to micro and small enterprises to the extent such enterprises are identified by the company.		
a) The principal amount remaining unpaid as at year end	272	*161*
b) Interest due thereon remaining unpaid on year end	2	*1*
c) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	—	—
d) Delayed payment of principal beyond the appointed date during the year	—	—
e) Interest actually paid under section 16 of MSME Act, 2006	—	—
f) The amount of interest accrued and remaining unpaid on year end in respect of principal amount settled during the year	41	*10*
g) 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	43	*43*

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

(All amounts in Rs.lacs, unless otherwise stated)

	Year ended	
	March 31, 2012	*March 31, 2011*
24. REVENUE FROM OPERATIONS		
Sale of products	568,357	*443,024*
Sale of services	357	*561*
Other operating revenues	17,780	*16,865*
Revenue from operations (gross)	**586,494**	*460,450*
Less: Excise duty	223,725	*154,469*
Revenue from operations (net)	**362,769**	*305,981*
25. OTHER INCOME		
Interest income	3,300	*3,166*
Dividend income [Include dividend received from subsidiary company of Rs.2 *(2011: Nil)*]	19	*42*
Net gain/(loss) on sale of assets/investments	1	*2*
Liabilities no longer required written back	585	*513*
Provision for doubtful debts, no longer required written back	1,290	*9*
Provision for doubtful advances, no longer required written back	998	—
Other non-operating income	1,105	*767*
Total	**7,298**	*4,499*
26. COST OF MATERIALS CONSUMED		
Raw materials		
Opening stock	8,603	*5,725*
Stocks received from amalgamated entity	105	*570*
Purchases	56,946	*42,833*
Closing stock	11,070	*8,603*
Consumption	**54,584**	*40,525*
Packing materials		
Opening stock	4,659	*2,755*
Stocks received from amalgamated entity	1,694	*1,112*
Purchases	105,440	*93,211*
Closing stock	6,550	*4,659*
Consumption	**105,243**	*92,419*
Other manufacturing expenses	**549**	*314*
Total	**160,376**	*133,258*
27. PURCHASES OF STOCK-IN-TRADE		
Finished goods	4,230	*6,007*
Total	**4,230**	*6,007*

(All amounts in Rs.lacs, unless otherwise stated)

	Year ended March 31, 2012	Year ended March 31, 2011
28. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Stock at the end of the year:		
Finished goods	5,353	*2,954*
Finished goods - Traded	1	*46*
Work-in-progress	12,732	*8,416*
	18,086	*11,416*
Less: Stock at the beginning of the year:		
Finished goods	2,954	*2,134*
Finished goods - Traded	46	*198*
Work-in-progress	8,416	*6,233*
Stock of amalgamated entities - Finished goods	42	*525*
Stock of amalgamated entities - Work-in-progress	409	*2,197*
	11,867	*11,287*
(Increase)/decrease in stocks	**(6,219)**	*(129)*
Excise duty movement on closing stock	4,394	*466*
Total	**(1,825)**	*337*
29. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	16,248	*12,404*
Gratuity	343	*305*
Contribution to provident and other funds	829	*623*
Welfare expenses	1,403	*1,079*
Total	**18,823**	*14,411*

i) Disclosures envisaged in AS 15 in respect of defined benefit plans (Gratuity and Provident Fund administered by a trust setup by the Company) are given below:

Particulars	2012 Gratuity	2012 Provident fund	*2011* Gratuity	*2010* Gratuity	*2009* Gratuity	*2008* Gratuity
A) *Reconciliation of opening and closing balances of the present value of the defined benefit obligation:*						
Obligations at period beginning	1,878	3,434	*1,614*	*1,539*	*1,426*	*1,161*
Obligation at period beginning from Amalgamation	37	—	*97*	—	—	—
Service cost	326	680	*226*	*85*	*130*	*435*
Interest cost	156	284	*126*	*118*	*96*	*93*
Benefits settled	(158)	(172)	*(234)*	*(125)*	*(109)*	*(260)*
Actuarial (gain)/loss	(20)	(4)	*49*	*(3)*	*(4)*	*(3)*
Obligations at period end	**2,219**	**4,222**	*1,878*	*1,614*	*1,539*	*1,426*
B) *Change in plan assets*						
Plan assets at period beginning, at fair value	1,639	3,490	*1,542*	*1,331*	*1,365*	*1,161*
Plan assets at period beginning from Amalgamation	37	—	*54*	—	—	—
Expected return on plan assets	128	308	*125*	*102*	*107*	*93*
Actuarial gain/(loss)	(10)	50	*(13)*	*(17)*	*(76)*	*108*
Contributions	20	658	*159*	*251*	*44*	*263*
Benefits settled	(158)	(172)	*(228)*	*(125)*	*(109)*	*(260)*
Plan assets at period end, at fair value	**1,656**	**4,334**	*1,639*	*1,542*	*1,331*	*1,365*

(All amounts in Rs.lacs, unless otherwise stated)

Particulars	2012 Gratuity	2012 Provident fund	2011 Gratuity	2010 Gratuity	2009 Gratuity	2008 Gratuity
C) *Reconciliation of present value of the obligation and the fair value of the plan assets*						
Fair value of plan assets at the end of the year	1,656	4,334	*1,639*	*1,542*	*1,331*	*1,365*
Present value of the defined benefit obligations at the end of the period	2,219	4,222	*1,878*	*1,614*	*1,539*	*1,426*
Liability recognised in the balance sheet	**(563)**	**112**	*(239)*	*(72)*	*(208)*	*(61)*
D) *Expenses recognised in Statement of Profit and Loss*						
Service cost	326	680	*249*	*84*	*131*	*435*
Interest cost	156	285	*126*	*118*	*96*	*93*
Expected return on plan assets	(128)	(308)	*(125)*	*(102)*	*(107)*	*(93)*
Prior Period adjustment	—	—	—	—	—	*(237)*
Actuarial (gain)/loss	(11)	(54)	*55*	*14*	*62*	*62*
Total expenses recognised in Statement of Profit and Loss	**343**	**603**	*305*	*114*	*182*	*260*
E) Major category of Plan Assets as a % of total Plan assets						
Government Securities	—	41%	—	—	—	—
Corporate Bonds	—	59%	—	—	—	—
Fund balance with insurance companies	100%	—	*100%*	*100%*	*100%*	*100%*
F) *Description of the basis used to determine the overall expected rate of return on assets including major categories of plan assets*						
The expected return is calculated on the average fund balance based on the mix of investments and the expected yield on them.						
Actual return on plan assets	115	—	*112*	*85*	*31*	*201*
G) *Assumptions*						
Interest rate	8.5%	8.5%	*8.0%*	*8.0%*	*7.0%*	*8.0%*
Discount factor	8.5%	8.5%	*8.0%*	*8.0%*	*7.0%*	*8.0%*
Estimated rate of return on plan assets	8.0%	8.25%	*8.0%*	*8.0%*	*8.0%*	*8.0%*
Salary increase	5.0%	5.0%	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Attrition rate	1.0%	1.0%	*1.0%*	*1.0%*	*1.0%*	*1.0%*
Retirement age	58	58	*58*	*58*	*58*	*58*

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

As per the best estimate of management, Provident Fund contribution of Rs.875 *(2011: Rs.850)* and Gratuity contribution of Rs.400 *(2011: Rs.350)* is expected to be paid to the plans during the year ending March 31, 2013.

(ii) Contribution to Provident and Other Funds (Note 29) includes Rs.1,172 *(2011: Rs.928)* being expenses debited under the following defined contribution plans

Particulars	2012 Gratuity	2012 Provident fund	2011	2010	2009	2008
Provident Fund	600	—	*458*	*360*	*282*	*288*
Superannuation fund and National Pension scheme	229	—	*165*	*131*	*109*	*94*
Total	**829**	**—**	*623*	*491*	*391*	*382*

(All amounts in Rs.lacs, unless otherwise stated)

	Year ended			
	March 31, 2012		*March 31, 2011*	
30. OTHER EXPENSES				
Power and fuel		14,151		*10,196*
Rent		1,136		*1,014*
Repairs to buildings		386		*290*
Repairs to machinery*		7,494		*5,070*
Repairs to others		319		*214*
Insurance		353		*237*
Rates and taxes		3,637		*2,779*
Auditor remuneration				
As auditor	78		*71*	
For other services	42	120	*36*	*107*
Sales promotion expenses		60,450		*53,860*
Outward freight/halting/breakage expenses		19,535		*15,400*
Selling & Distribution expenses		20,046		*16,488*
Provision for doubtful debts		49		*317*
Provision for doubtful advances		64		*17*
Miscellaneous expenses		12,221		*6,992*
Total		**139,960**		*112,981*

*Repairs to machinery includes stores and spares consumed Rs.3,488 *(2011: Rs.2,420)*

31. FINANCE COSTS		
Interest expense	9,392	*7,336*
Other borrowing costs	480	*264*
Net gain/(loss) on foreign currency transactions and translation differences	40	*213*
Total	**9,912**	*7,813*
32. CIF VALUE OF IMPORTS		
Raw materials	3,879	*2,727*
Components and spares	127	*53*
Capital goods	4,593	*533*
Total	**8,599**	*3,313*
33. EXPENDITURE IN FOREIGN CURRENCY		
Foreign travel expenses of employees and others (net of recoveries)	103	*102*
Technical services fees	654	*600*
Selling and promotion expenses	1,897	*1,180*
Interest and finance charges	701	*588*
Others	86	*26*
Total	**3,441**	*2,496*

(All amounts in Rs.lacs, unless otherwise stated)

	Year ended March 31, 2012	Year ended March 31, 2011
34. DETAILS OF CONSUMPTION AND PURCHASES		
a) Purchase of traded goods (Beer)		
Opening stock	46	*199*
Purchases during the year	4,230	*6,008*
Sales during the year	4,275	*6,161*
Closing stock	**1**	*46*
b) Consumption of materials		
Malt	31,130	*21,379*
Brewing materials	16,468	*15,117*
Bottles	71,700	*63,886*
Packing materials	33,543	*28,533*
Other materials	7,536	*4,344*
Total	**160,377**	*133,259*

c) Value of imported and indigenous materials	**%**	**Value in Rs.**	*%*	*Value in Rs.*
Value of imported raw materials consumed	5%	2,663	*6%*	*2,270*
Value of indigenous raw materials consumed	95%	51,921	*94%*	*38,255*
Value of imported packing materials and stores and spares consumed	1%	1,350	*2%*	*1,705*
Value of indigenous packing materials and stores and spares consumed	99%	107,930	*98%*	*93,448*

	Year ended March 31, 2012	Year ended March 31, 2011
35. DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Dividend paid during the year	667	*399*
Number of non resident shareholders	5	*3*
Number of equity shares held by such non resident shareholders	111,801,394	*110,945,914*
Number of preference shares held by such non resident shareholders	7,407,000	*24,690,000*
Year to which dividend relates to	(2010-11)	(2009-10)
36. EARNINGS IN FOREIGN CURRENCY		
Services - Royalty	149	*199*
37. EARNINGS PER SHARE		
Profit after exceptional items and taxation as per statement of profit and loss	12,644	*14,729*
Less: Preference dividend (including dividend distribution tax thereon)	281	*861*
Net profit attributable to equity shareholders	12,363	*13,868*
Weighted average number of equity shares outstanding (Face value of Re.1 per share)	264,405,149	*263,695,571**
Earnings per share (Basic/Diluted)	4.68	*5.26*

*Includes 91,50,633 equity shares of Re.1 each pending allotment

(All amounts in Rs.lacs, unless otherwise stated)

38. AMALGAMATIONS

I. 2011-12

A. The scheme of amalgamation under sections 391 to 394 of the Companies Act, 1956 between UB Ajanta Breweries Private Limited (UBA) and the Company (the Scheme) and their respective shareholders and creditors with April 1, 2011 as the appointed date has been approved by the Honorable BIFR court, Delhi vide their order dated February 13, 2012. Upon necessary filing with the Registrar of Companies on February 21, 2012, the scheme has become effective and the effect thereof has been given in these accounts. Consequently,

In respect of the merger of UBA with the Company –

a) In terms of the scheme, the entire business and the whole of the undertaking of UBA, as a going concern stands transferred to and vested in the Company with effect from April 1, 2011, being the Merger Appointed Date.

b) In consideration of the amalgamation of UBA with the company, the company has issued 709,578 equity shares of Re.1/- each aggregating to Rs.7 in the ratio of 135:1.

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

- All asset and liabilities of the UBA at their respective Book Values under the respective heads of the company.
- Rs.28 being the difference between the value of net assets of the UBA transferred to the Company (determined as stated above) and the carrying value of the Company's investment (cancelled as above) has been adjusted to Capital/General Reserve of the Company.
- The intercompany balances and the transactions stood cancelled.

UBA was engaged in brewing business.

[The Authorised Share capital of the Company stands increased by Rs.540 of Equity Share Capital of Re.1/- each and enhanced by Rs.9,460 of Rs.100/- each in Preference Share Capital. This increase is arising on account of amalgamation of UBA with United Breweries Limited.]

B. UBL Benefit Trust

Arising out of the Amalgamation of EBL into UBL [Refer II A(iii) below], UBL Benefit Trust held 6,007,413 equity shares in UBL constituting 2.36% of UBL's paid up equity capital. The Trust has sold its entire shareholding and remitted the entire proceeds aggregating Rs.28,357 to UBL. The entire proceeds has been used in reducing the Debt of the Company. In the absence of any specific accounting treatment being prescribed in the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per section 211(3C), the gain on sale of these shares held by UBL Benefit Trust (of which the Company is the sole beneficiary) aggregating to Rs.14,049 has been credited to the General Reserve.

II. 2010-11

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

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

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

(All amounts in Rs.lacs, unless otherwise stated)

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

c) Accounting for Amalgamation:

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

– All asset and liabilities of the ABDL at their respective Fair Values.

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

ABDL was an investment company which was 100% subsidiary of the Company.

(ii) In respect of the merger of MAPL with the Company –

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

b) In consideration of the amalgamation of MAPL with the Company, the Company has issued 8,489,270 equity shares of Re.1/- each aggregating to Rs.85 in the ratio of 6 fully paid up Equity shares of the face value of Re.1/- each of the Company for every 31 fully paid up equity shares of Rs.10/- each held in MAPL. The Company's investment in MAPL aggregating to Rs.5,895 comprising of 61,40,000 equity shares (with voting rights) and 65,99,312 equity shares (without voting rights) of Rs.10/- each stood cancelled.

c) Accounting for Amalgamation:

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

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

– Rs.40,373 being the difference between the value of net assets of the MAPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment in MAPL (cancelled as above) has been adjusted to Capital/General Reserve of the Company. This accounting treatment of the reserve has been prescribed in the Scheme and approved by the High Court(s). Had the scheme not prescribed this treatment, this amount would have been credited to Capital Reserve.

MAPL was a Joint Venture between the Company and Scottish & Newcastle India Private Limited, which had 3 subsidiaries engaged in the brewing business. One subsidiary of MAPL, i.e. Empee Breweries Ltd., was also merged into UBL simultaneously along with MAPL. Subsequent to the merger of MAPL into UBL, the other 2 subsidiaries of MAPL, namely Millennium Beer Industries Limited (MBIL) and United Millennium Breweries Limited (UMBL) became the subsidiaries of the Company and all of them have been since amalgamated with the Company.

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

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

b) On the amalgamation of EBL with the Company, 50% of the holding stood cancelled and for the balance 50% of the holding, the Company issued 6,007,413 equity shares of Re.1/- each aggregating to Rs.60 in the ratio of 33 fully paid up Equity shares of the face value of Re.1/- each of the Company for every 16 fully paid up equity shares of Rs.10/- of EBL to UBL Benefit Trust. UBL Benefit Trust has subsequent to the Balance Sheet date sold these shares and remitted the proceeds to the Company.

(All amounts in Rs.lacs, unless otherwise stated)

c) Accounting for Amalgamation:

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

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

– Rs.13,645 being the difference between the value of net assets of the EBL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.

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

– The inter company balances and transactions stood cancelled.

EBL was engaged in the brewing business.

B. The scheme of amalgamation under sections 391 to 394 of the Companies Act, 1956 between UB Nizam Breweries Private Limited (UBNPL) and the Company (the Scheme) and their respective shareholders and creditors, with April 1, 2010 as the appointed date, has been approved by the Honorable High Court of Karnataka vide its order dated August 26, 2011. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 8, 2011 and the effect thereof has been given in these accounts. Consequently, in respect of the merger of UB Nizam Breweries Private Limited (UBNPL) with the Company -

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

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

c) Accounting for Amalgamation:

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

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

– Rs.488 being the difference between the value of net assets of UBNPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.

– The inter company balances and the transactions stood cancelled.

UBNPL was engaged in the brewing business.

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

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

(All amounts in Rs.lacs, unless otherwise stated)

b) In consideration of the amalgamation of CBPL with the Company, the Company has issued 8,500,000 equity shares of Re.1/- each aggregating to Rs.85 in the ratio of 17 fully paid up Equity shares of the face value of Re.1/- each of the Company for every 30 fully paid up equity shares of Rs.10/- each held in CBPL which is pending allotment.

c) Accounting for Amalgamation:

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

- All asset and liabilities of CBPL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.1,645 being the difference between the value of net assets of CBPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances stood cancelled.

CBPL was engaged in the brewing business.

D. The scheme of amalgamation between Millennium Beer Industries Limited (MBIL) and the Company (the Scheme) and their respective shareholders and creditors with April 1, 2010 as the appointed date has been approved by the Honorable BIFR Court, Delhi vide its order dated November 11, 2011. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 16, 2011 and the effect thereof has been given in these accounts. Consequently, in respect of the merger of Millennium Beer Industries Limited (MBIL) with the Company.

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

b) On the amalgamation of MBIL with the Company, the Company's holding stands cancelled and for the rest the Company has issued 504,731 equity shares of Re.1/- each aggregating to Rs.5 in the ratio of 1 fully paid up Equity shares of the face value of Re.1/- each of the Company for every 12 fully paid up equity shares of Re.1/- of MBIL allotment.

c) Accounting for Amalgamation:

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

- All asset and liabilities of MBIL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.30,514 being the difference between the value of net assets of MBIL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances and transactions stood cancelled.

MBIL was engaged in the brewing business.

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

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

(All amounts in Rs.lacs, unless otherwise stated)

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

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

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

– Rs.4,668 being the difference between the value of net assets of UMBL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.

– The inter company balances and transactions stood cancelled.

UMBL was engaged in the brewing business.

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

Pursuant to the schemes referred to in II A to E above, the Authorized Share Capital of the Company stands increased and reclassified, without any further act or deed on the part of the company, including payment of stamp duty and Registrar of Companies fees, by Rs.57,340 comprising of 3,320,000,000 Equity Shares of Re.1 each and 24,140,000 Preference Shares of Rs.100 each, being the authorized share capital of the transferor company, and Memorandum of Association and Articles of Association of the Company stand amended accordingly without any further act or deed on the part of the company.

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

Particulars	General Reserve	Capital Reserve
Expenses relating to mergers	—	(358)
Arising on amalgamating ABDL	—	(450)
Arising on amalgamating MAPL	—	40,373
Arising on amalgamating EBL	127	(13,772)
Arising on amalgamating UBN	(6,134)	6,623
Arising on amalgamating CBPL	230	1,415
Arising on amalgamating MBIL	(21,397)	(9,118)
Arising on amalgamating UMBL	(2,778)	(1,890)
DTA arising on amalgamation	8,387	—
Total	**(21,565)**	**22,823**
Resultant capital reserve on amalgamation		**1,258**

The shares outstanding to be issued in respect of amalgamation of UBNPL, CBPL and MBIL were disclosed as share capital pending allotment in the financial statements for the year ended March 31, 2011 pending completion of allotment formalities. These shares have been alloted during the year ended March 31, 2012.

iii. Subsequent to the amalgamation of UBNPL, EPL, CBPL, UBAPL, UMBL and MBIL with the Company as indicated above, the Company has initiated the process of obtaining its name recorded in the state excise records and with other regulatory authorities in place of UBNPL, EBL, CBPL, UBAPL, UMBL and MBIL. Pending completion of these formalities, the name of UBNPL, EBL, CBPL, UBAPL, UMBL and MBIL are continued to be used in various documents, records, invoices and vouchers etc.

iv. On 7th February 2012, the Company has obtained Board approval for amalgamation of Scottish & Newcastle India Private Limited with an appointed date of April 1, 2012. Applications have been filed with Honourable High Court of Karnataka for necessary approvals.

(All amounts in Rs.lacs, unless otherwise stated)

39. RELATED PARTY DISCLOSURES

A. Related parties with whom transactions have taken place during the year

Subsidiary:	Maltex Malsters Limited (MML)
Associate:	United East Bengal Football Team Private Limited (UEBFTPL)
Entity which has significant influence:	a) Scottish & Newcastle India Limited (SNIL)
	b) United Breweries (Holdings) Limited (UBHL)
Others:	a) Scottish & Newcastle Limited (S&N)
	b) Heineken UK Limited, holding company of SNIL and subsidiary of Scottish & Newcastle Limited
	c) Scottish & Newcastle UK Limited (SNUK), Subsidiary of Scottish & Newcastle Limited
	d) Scottish & Newcastle India Private Limited (SNIPL), subsidiary of Heineken UK Limited
	e) Heineken International B.V.
	f) Heineken Romania S.A.
	g) Heineken Brouwerijen B.V.
	h) Heineken Supply Chain B.V.
	i) Force India F1 Team Limited (Force India)
Key Management Personnel (KMP):	Mr. Kalyan Ganguly Mr. Guido de Boer
Relative of KMP	Mrs. Suparna Bakshi Ganguly (Wife of Mr. Kalyan Ganguly)

B. Transactions with related parties during the year:

	MML		UEBFTPL		UBHL		FORCE INDIA		KMP	
	2012	*2011*	**2012**	*2011*	**2012**	*2011*	**2012**	*2011*	**2012**	*2011*
Sale of goods [including sales taxes/VAT]	—		—	—	1,187	*961*	—	—	—	—
Sponsorship and other payments	29	—	911	*503*	15	*6*	1,376	*973*	—	—
Lease rentals/processing charges	1,156	66	—	—	61	*64*	—	—	—	—
Royalty on logo	—	—	—	—	662	*662*	—	—	—	—
Interest paid	23	18	—	—	—	—	—	—	—	—
Payments (for supplies including loan in cash or kind)#	1,222	57	911	*503*	(608)	*(255)*	462	*1,171*	—	—
Remuneration to Directors*	—	—	—	—	—	—	—	—	894	*581*
Amount due from/(to)	(120)	(134)	(18)	*(18)*	104	*263*	—	*914*	—	—

*Kalyan Ganguly: Rs.670 *(2011: Rs.415),* Guido de Boer: Rs.224 *(2011: Rs.166)*
#Figures in brackets indicate amounts received

C. Transactions with Heineken Group

(1) Transactions with SNIL

Balance of preference share capital	Rs.7,407 *(2011: Rs.24,690)*
Dividend on above	Rs.242 *(2011: Rs.741)*
Redemption of preference share capital	Rs.17,283 *(2011: Rs.NIL)*
Final dividend on equity shares	Rs.630 *(2011: Rs.399)*

(2) Transaction with Heineken UK Ltd.

Purchase of raw material	Rs.2 *(2011: Rs.7)*
Reimbursements	Rs.2 *(2011: Rs.1)*

(3) Transaction with Heineken Romania S.A.

Mould development charges	Rs.NIL *(2011: Rs.1)*

(All amounts in Rs.lacs, unless otherwise stated)

(4) Transaction with Heineken Brouwerijen B.V.

Technical services fee	Rs.600 *(2011: Rs.600)*
Sales promotion	Rs.2 *(2011: Rs.NIL)*

(5) Transaction with Heineken International B.V.

Reimbursements	Rs.66 *(2011: Rs.56)*
Final dividend on equity shares	Rs.3 *(2011: Rs.NIL)*

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

Consultancy fee	Rs.54 *(2011: Rs.17)*

40. OPERATING LEASE

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

Particulars	Year ended	
	March 31, 2012	*March 31, 2011*
Lease payments during the year	**1,136**	*1,014*
At the balance sheet date, future minimum lease rentals under non-cancellable operating leases are as under:		
Not later than one year	173	*196*
One to five years	108	*269*
Total	**281**	*465*

41. DETAILS OF SUBSIDIARY/ASSOCIATE

Particulars	Ownership %		Country of Incorporation
	2012	*2011*	
Name of the Subsidiary			
Maltex Malsters Limited (MML)	**51**	*51*	**India**
Name of the Associate			
United East Bengal Football Team Private Limited (UEBFTPL)	**49.99**	*49.99*	**India**

42. ADVANCE MADE TO STAR INVESTMENTS

The Company had entered into an agreement with the promoters of Balaji Distilleries Limited (BDL) with a view to secure perpetual usage of its brewery and grant of first right of refusal in case of sale or disposal of its brewery unit in any manner by BDL, towards which the Company had made a refundable facility advance of Rs.15,500 to Star Investments Private Ltd. (Star Investments), one of the Promoter Companies of BDL, acting for itself and on behalf of the other Promoters.

Subsequently, BDL filed a scheme of arrangement for amalgamation of its distillery into United Spirits Limited (USL) and de-merger of its brewery into Chennai Breweries Private Limited (CBPL) and the said Scheme was approved by Appellate Authority for Industrial & Financial Reconstruction in November 2010. The Brewery assets proposed to be acquired by the Company from the Promoters of BDL eventually vested in CBPL which was a 100% subsidiary of USL. A Scheme for Amalgamation of CBPL into the Company was then filed. Upon amalgamation of CBPL into the Company, USL has been allotted equity shares in terms of the approved Scheme.

On November 22, 2011, the Company has entered into an agreement extending the repayment of principal and interest outstanding till March 2012, and obtained a pledge of securities from associate companies of Star to secure the outstanding amounts. Commitment has been received from Star Investments for accruing of interest on the outstanding till the same is fully repaid.

(All amounts in Rs.lacs, unless otherwise stated)

The company has received payments of Rs.2,980 towards interest after the repayment date and the aggregate amount due as on March 31, 2012 is Rs.21,196. The Company continued to receive interest and TDS payments to the tune of Rs.11,190 after March 31, 2012 till date.

43. DERIVATIVE INSTRUMENTS

Particulars	Purpose	As at March 31, 2012	*As at March 31, 2011*
a) Derivatives outstanding as at reporting date			
Forward contracts to buy USD	Hedge of External commercial borrowings	USD 20 Million, Rs.52.70	—
Forward contracts to buy USD	Hedge of External commercial borrowings	USD 50 Million, Rs.49.285	—
Forward contracts to buy USD	Hedge of External commercial borrowings	—	*USD 10 Million, Rs.46.56*
Forward contracts to buy USD	Hedge of Foreign currency loan	USD 1.38 Million, Rs.45.06	*USD 6.94 Million, Rs.45.06*
b) Mark to market losses			
Mark to market gains (net) not recognised		212	—

44. SEGMENT REPORTING

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

45. PREVIOUS YEAR FIGURES

a) The previous year's figures have been regrouped to conform to current year's classification. Further in view of the amalgamations described in Note 38 above, the figures for the current year are not comparable with those of previous year.

b) The financial statements for 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 the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, June 8, 2012

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Senior Vice President–Legal & Company Secretary

Bangalore, June 8, 2012

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

Rs. in lacs

		a) No. of Equity Shares at the end of the financial year of the Subsidiary		b) Extent of Holdings		Net aggregate Profit/(Loss) of the subsidiary so far as it concerns the Members of the Company			
						Not dealt with in the Accounts of the Company		Dealt with in the Accounts of the Company	
						(i)	(ii)	(i)	(ii)
Sl. No.	Name of the Subsidiary	United Breweries Limited	Other Subsidiary Companies	United Breweries Limited	Other Subsidiary Companies	For Subsidiary's Financial year ended 31.03.2012	For previous Financial Years of Subsidiary since it became a Subsidiary	For the Subsidiary's Financial year ended 31.03.2012	For previous Financial years of Subsidiary since it became a Subsidiary
1.	Maltex Malsters Limited	22,950	—	51%	—	32	20	—	—

DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT

Rs. in lacs

Name of the Company	Amount outstanding as at March 31, 2012	Value of investments as at March 31, 2012	Terms
Subsidiaries: Maltex Malsters Limited	(120)	2541	—
Associates: United East Bengal Football Team Pvt. Ltd.	(18)	1	—

Auditor's Report on the Consolidated Financial Statements

The Board of Directors of United Breweries Limited

1. We have audited the attached consolidated balance sheet of United Breweries Limited (the "Company") and its subsidiary; hereinafter referred to as the "Group" (refer Note 41 to the attached consolidated financial statements) as at March 31, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiary included in the consolidated financial statements, which constitute total assets of Rs.344 lakhs and net assets of Rs.166 lakhs as at March 31, 2012, total revenue of Rs.82 lakhs, net profit of Rs.47 lakhs and net cash flows amounting to Rs.26 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditor.

4. We draw your attention to Note 38(I)(B) to the attached financial statements regarding the recognition of gains, aggregating Rs. 14,049 lakhs, on sale of equity shares of the Company during the year by UBL Benefit Trust, of which the Company is the sole beneficiary, by way of credit to General Reserves Account in the absence of any specific accounting treatment being prescribed in the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of 'The Companies Act, 1956'. Our conclusion is not qualified in this respect.

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

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

   a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;

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

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

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

Usha A Narayanan
Partner
Membership Number – 23997

Place: Bangalore
Date: June 8, 2012

Consolidated Balance Sheet as at March 31, 2012

(All amounts in Rs.lacs, unless otherwise stated)

	Note	As at March 31, 2012	*As at March 31, 2011*
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,051	*27,235*
Reserves and surplus	4	126,524	*102,209*
		136,575	*129,444*
Share capital pending allotment	5	—	*92*
Minority Interest	43	**115**	*115*
Non-current liabilities			
Long-term borrowings	6	40,280	*27,472*
Deferred tax liabilities (Net)	7	5,136	*2,886*
Long-term provisions	8	1,108	*704*
		46,524	*31,062*
Current liabilities			
Short-term borrowings	9	43,555	*34,023*
Trade payables	10	57,394	*38,992*
Other current liabilities	11	41,233	*42,843*
Short-term provisions	8	4,017	*3,944*
		146,199	*119,802*
Total		**329,413**	*280,515*
ASSETS			
Non-current assets			
Fixed assets	12		
Tangible assets		119,950	*106,345*
Intangible assets		2,032	*2,732*
Capital work-in-progress		20,736	*7,196*
Goodwill on consolidation	42	2,421	*4,380*
Non-current investments	13	5	*2*
Interest in UBL Benefit Trust (Refer Note 38)		—	*14,294*
Long-term loans and advances	14	14,392	*12,001*
Other non-current assets	15	1,166	*1,086*
		160,702	*148,036*
Current assets			
Inventories	16	40,067	*28,981*
Trade receivables	17	69,997	*52,002*
Cash and bank balances	18	17,740	*12,907*
Short-term loans and advances	14	29,315	*29,165*
Other current assets	19	11,592	*9,424*
		168,711	*132,479*
TOTAL		**329,413**	*280,515*

The notes referred above form an integral part of these financial statements.

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

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

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, June 8, 2012

For and on behalf of the Board of Directors of United Breweries Limited

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Senior Vice President–Legal & Company Secretary

Bangalore, June 8, 2012

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

(All amounts in Rs.lacs, unless otherwise stated)

	Note	Year ended March 31, 2012	*March 31, 2011*
Income			
Revenue from operations (gross)	24	586,572	*460,450*
Less: Excise duty		224,057	*154,469*
Revenue from operations (net)		**362,515**	*305,981*
Other income	25	7,303	*4,499*
Total revenue (I)		**369,818**	*310,480*
Expenses			
Cost of materials consumed	26	159,220	*133,258*
Purchases of stock-in-trade	27	4,230	*6,007*
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(1,825)	*337*
Employee benefits expense	29	19,129	*14,413*
Other expenses	30	140,511	*112,933*
Total expenses (II)		**321,265**	*266,948*
Earnings before interest, tax, depreciation and amortisation (I-II)		**48,553**	*43,532*
Finance costs	31	9,890	*7,793*
Depreciation and amortisation expense	12	14,889	*13,081*
Profit before Exceptional Items and Tax		**23,774**	*22,658*
Exceptional Item: Provision for impairment of Goodwill	42	1,959	—
Profit before tax		**21,815**	*22,658*
Tax expense:			
(1) Current tax		4,942	*4,778*
(2) MAT credit (availed)/utilised		1,137	*(4,762)*
(3) Deferred tax charge/(write back)		3,059	*7,893*
Profit for the period		**12,677**	*14,749*
Earnings per Equity share in Rs. **[Nominal value per share Re.1 each** *(2011: Re.1 each)*]	37		
(1) Basic		4.69	*5.27*
(2) Diluted		4.69	*5.27*

The notes referred above form an integral part of these financial statements.

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

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

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, June 8, 2012

For and on behalf of the Board of Directors of United Breweries Limited

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Senior Vice President–Legal & Company Secretary

Bangalore, June 8, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

(All amounts in Rs.lacs, unless otherwise stated)

		Year ended			
		March 31, 2012		*March 31, 2011*	
A	**Cash flow from operating activities**				
	Profit before taxation		21,815		22,658
	Adjustments for:				
	Depreciation and amortisation	14,889		13,081	
	(Profit)/Loss on sale of assets	(1)		(2)	
	Provision for doubtful debts	49		317	
	Provision for doubtful advances	64		17	
	Provision for dimunition in investments	1,959		—	
	Bad debts written off	954		9	
	Bad advances written off	980		—	
	Provision for doubtful debts no longer required written back	(1,290)		(9)	
	Provision for doubtful advances no longer required written back	(998)		(513)	
	Interest expenses (Net)	9,850		7,793	
	Interest income	(3,304)		(3,166)	
	Exchange Loss / (Gains) on foreign currency loans	40		—	
	Dividend income	(19)	23,173	(42)	17,485
	Operating profits before working capital changes		**44,988**		40,143
	Adjustment for working capital changes:				
	(Increase) / Decrease in Trade Receivables	(17,171)		15,266	
	(Increase) / Decrease in inventories	(10,741)		(6,944)	
	Increase / (Decrease) in current liabilities and provisions	27,724		15,146	
	(Increase) / Decrease in other current assets, loans and advances	(2,918)	(3,106)	(1,337)	22,131
	Cash generated from operations		**41,882**		62,274
	Direct taxes (Income Tax and Fringe Benefit Tax) paid (including TDS)		(6,588)		(5,161)
	Cash generated from operations before non-recurring items		**35,294**		57,113
	Non-recurring items		—		—
	Net cash generated from operating activities		**35,294**		57,113
B	**Cash flow from investing activities**				
	Purchase of fixed assets (including acquisition on amalgamation)		(38,141)		(44,010)
	Sale of fixed assets		79		124
	(Purchase) / Sale of investments		(2)		4,899
	Interest income		3,538		87
	Dividend income		19		42
	Net cash used in investing activities		**(34,507)**		(38,858)

Consolidated Cash Flow Statement for the year ended March 31, 2012 (contd.)

(All amounts in Rs.lacs, unless otherwise stated)

	Year ended	
	March 31, 2012	*March 31, 2011*
C Cash Flow from Financing activities		
(Repayment)/Proceeds from unsecured term loans (net)	(19,033)	*17,997*
(Repayment)/Proceeds from bank borrowings (net)	24,438	*(19,331)*
On merger	—	*(3,741)*
Repayment of preference share capital	(17,283)	—
Proceeds from UBL Benefit Trust	28,343	—
Interest paid	(9,754)	*(7,665)*
Dividend paid (including distribution tax)	(2,682)	*(1,874)*
Net cash generated from financing activities	**4,029**	*(14,614)*
Net Increase / (Decrease) in cash and cash equivalents	**4,816**	*3,641*
Opening cash and cash equivalents		
Cash on hand including remittances in transit	34	*32*
Bank Balances including cheques on hand	12,873	*9,234*
	12,907	*9,266*
Cash and cash equivalents of transferor company as at April 1, 2011	17	—
Closing cash and cash equivalents		
Cash on hand including remittances in transit	35	*34*
Bank balances including cheques on hand	17,705	*12,873*
	17,740	*12,907*

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 profit and loss account for the year ended on that date.
2. The above Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS)-3 on Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006 and the reallocations required for the purpose are as made by the company.
3. Cash and cash equivalents include Rs.465 *(2011: Rs.1,706)* which are not available for use by the Company.

This is the cash flow statement referred to
in our report of even date

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

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, June 8, 2012

For and on behalf of Board of Directors of
United Breweries Limited

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Senior Vice President–Legal &
Company Secretary

Bangalore, June 8, 2012

Notes to Consolidated Financial Statements

(All amounts in Rs.lacs, unless otherwise stated)

1. General Information:

United Breweries Limited (UBL) is engaged primarily in the manufacture and sale of beer. The Company has manufacturing plants in India and sells its product only in India. The Company is a public limited company and is listed on the Bombay Stock Exchange (BSE), Bangalore Stock Exchange (BgSE) and the National Stock Exchange (NSE).

2. Summary of Significant Accounting Policies

2.1 Basis of Presentation of Financial Statements

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Basis of Consolidation:

The Financial Statements of the Subsidiary used in the consolidation are drawn up to the same reporting date as that of the parent company, i.e., year ended March 31, 2012.

The Consolidated Financial Statement (CFS) presents the consolidated accounts of United Breweries Limited (the Company) and its Subsidiary as shown below:

Name of the Subsidiary	Ownership Percentage		Country of Incorporation
	2012	*2011*	
Maltex Malsters Limited (MML)	51	*51*	India

The Company's interest in United East Bengal Football Team Private Limited (UEBFTPL), an associate of the Company has not been included in consolidation as the same is not considered material.

2.3 Use of Estimates:

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

2.4 Principles of Consolidation:

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

ii) The financial statements of the parent company and its subsidiary have been consolidated using uniform accounting policies for like transactions and other events.

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

2.5 Revenue Recognition:

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

2.6 Borrowing Costs:

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

(All amounts in Rs.lacs, unless otherwise stated)

2.7 Fixed Assets:

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

2.8 Investments:

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

2.9 Inventories:

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

2.10 Foreign Currency Transactions:

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

b) All monetary assets and liabilities in foreign currency are restated at the end of accounting period. With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Company has adopted the following policy:

- Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of the depreciable asset/Capital work-in-progress, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/liability.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

Forward exchange contracts outstanding as at the year end on account of firm commitment/highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

2.11 Depreciation and amortisation:

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

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

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

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

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

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

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

2.12 Employee benefits:

i) Defined-contribution plans:

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

(All amounts in Rs.lacs, unless otherwise stated)

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

ii) Defined-benefit plans:
Provident fund: In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Gratuity: Liability towards gratuity is determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains and Losses are recognised immediately in the Statement of Profit and Loss.

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

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

2.13 Taxation:

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

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

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

2.14 Earnings per share:

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

2.15 Impairment of Assets:

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

2.16 Provisions, Contingent Liabilities and Contingent Assets:

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

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

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

(All amounts in Rs.lacs, unless otherwise stated)

	As at March 31, 2012	*As at March 31, 2011*
3. SHARE CAPITAL		
Authorised		
3,674,000,000 *(2011: 3,620,000,000)* Equity shares of Re.1 each	36,740	*36,200*
58,600,000 *(2011: 49,140,000)* Preference Shares of Rs.100 each	58,600	*49,140*
	95,340	*85,340*
Issued, Subscribed and Paid-up		
264,405,149 *(2011: 254,544,938)* Equity shares of Re.1 each fully paid	2,644	*2,545*
3% Nil *(2011: 17,283,000)* Cumulative Redeemable Preference Shares of Rs.100 each fully paid - Series A	—	*17,283*
3% 7,407,000 *(2011: 7,407,000)* Cumulative Redeemable Preference Shares of Rs.100 each fully paid - Series B	7,407	*7,407*
	10,051	*27,235*

Cumulative Redeemable Preference Shares - Series A are redeemable at par at the earliest on March 31, 2011 and are extendable upto March 31, 2015 based on mutual agreement between the Company and Scottish and Newcastle India Limited (the preference shareholder). The shares have been redeemed at par on April 14, 2011.

Cumulative Redeemable Preference Shares - Series B are redeemable at par at the earliest on March 31, 2015.

a) Reconciliation of number of shares

Equity shares	As at March 31, 2012		*As at March 31, 2011*	
	Nos.	**Rs.**	*Nos.*	*Rs.*
Balance as at the beginning of the year	**254,544,938**	**2,545**	*240,048,255*	2,400
Issued during the year - amalgamations (Refer Note 38)				
Scottish & Newcastle India Pvt. Ltd. at the ratio of 6:31 in lieu of equity shares of Millennium Alcobev Pvt. Ltd.	—	—	*8,489,270*	85
UBL Benefit Trust at the ratio of 33:16 in lieu of equity shares of Empee Breweries Ltd.	—	—	*6,007,413*	60
Heineken International B.V. at the ratio of 135:1 in lieu of equity shares of UB Ajanta Breweries Pvt. Ltd.	354,789	4	—	—
UB Overseas Limited at the ratio of 135:1 in lieu of equity shares of UB Ajanta Breweries Pvt. Ltd.	354,789	4	—	—
Heineken International B.V. at the ratio of 454:1 in lieu of equity shares of UB Nizam Breweries Pvt. Ltd.	72,951	1	—	—
UB Overseas Limited at the ratio of 454:1 in lieu of equity shares of UB Nizam Breweries Pvt. Ltd.	72,951	1	—	—
United Spirits Limited at the ratio of 30:17 in lieu of equity shares of Chennai Breweries Pvt. Ltd.	8,500,000	85	—	—
Public shareholders of erstwhile Millennium Beer Industries Ltd. at the ratio of 12:1	504,731	5	—	—
Outstanding at the end of the year	**264,405,149**	**2,644***	*254,544,938*	*2,545*

** Rounded off to Rs.2,644*

Notes to the Consolidated Financial Statements (contd.)

(All amounts in Rs.lacs, unless otherwise stated)

Preference shares	As at March 31, 2012		*As at March 31, 2011*	
	Nos.	**Rs.**	*Nos.*	*Rs.*
Preference shares - Series A				
Balance as at the beginning of the year	17,283,000	17,283	*17,283,000*	*17,283*
Issued during the year	—	—	—	—
Redeemed during the year	17,283,000	17,283	—	—
Outstanding at the end of the year	**—**	**—**	*17,283,000*	*17,283*
Preference shares - Series B				
Balance as at the beginning of the year	7,407,000	7,407	*7,407,000*	*7,407*
Issued during the year	—	—	—	—
Redeemed during the year	—	—	—	—
Outstanding at the end of the year	**7,407,000**	**7,407**	*7,407,000*	*7,407*

b) Rights, preferences and restrictions attached to shares

Equity Shares: The company has one class of equity shares having a par value of Re.1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in 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 shareholding.

3% Redeemable preference shares - Series A: 17,283,000, 3% Redeemable preference shares of Rs.100 each were issued in April 2005 to the Scottish & Newcastle India Limited. These shares have been redeemed on April 14, 2011. In the event of liquidation, the preference shareholders are eligible to receive the paid up value of the preference shares along with arrears of preference dividend if any out of the remaining assets of the company in preference to equity shareholders.

3% Redeemable preference shares - Series B: 7,407,000, 3% Redeemable preference shares of Rs.100 each were issued in April 2005 to the Scottish & Newcastle India Limited. These shares are redeemable at par at the earliest on March 31, 2015. In the event of liquidation, the preference shareholders are eligible to receive the paid up value of the preference shares along with arrears of preference dividend if any out of the remaining assets of the company in preference to equity shareholders.

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2012		*As at March 31, 2011*	
Equity shares of Re.1 each fully paid	**Nos.**	**% holding in the class**	*Nos.*	*% holding in the class*
Scottish & Newcastle India Limited	89,994,960	34.04%	*89,994,960*	*35.36%*
United Breweries Holdings Limited	30,295,911	11.46%	*30,295,911*	*11.90%*
Dr. Vijay Mallya	21,353,620	8.09%	*21,353,620*	*8.39%*
Preference shares of Rs.100 each fully paid - Series A				
Scottish & Newcastle India Limited	—	—	*24,690,000*	*100.00%*
Preference shares of Rs.100 each fully paid - Series B				
Scottish & Newcastle India Limited	7,407,000	100.00%	*7,407,000*	*100.00%*

(All amounts in Rs.lacs, unless otherwise stated)

d) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2012).

2011-12: 9,860,211 equity shares issued on account of amalgamation of Chennai Breweries Private Limited, UB Nizam Breweries Private Limited, Millennium Beer Industries Limited and UB Ajanta Breweries Private Limited.

2010-11: 14,496,683 equity shares issued on account of amalgamation of Millennium Alcobev Private Limited and Empee Breweries Limited.

	As at March 31, 2012	*As at March 31, 2011*
4. RESERVES AND SURPLUS		
Securities premium account	**65,218**	*65,218*
Capital reserve		
Opening balance	1,258	—
Add: Additions on amalgamations [Refer Note 38(I)(A)]	28	*1,258*
Less: Deductions on amalgamations [Refer Note 38(I)(A)]	—	—
Closing balance	**1,286**	*1,258*
General reserve		
Opening balance	4,200	*2,700*
Add: Transferred from surplus in Statement of Profit and Loss	1,500	*1,500*
Add: Gain on sale of interest in UBL Benefit Trust [Refer Note 38(I)(B)]	14,049	—
Closing balance	**19,749**	*4,200*
Surplus in Statement of Profit and Loss		
Opening balance	31,533	*20,987*
Add: Profit for the year	12,677	*14,749*
Less: Appropriations		
- Proposed dividends (Refer Note 22)	2,439	*2,703*
- Transfer to General reserve	1,500	*1,500*
Closing balance	**40,271**	*31,533*
Total Reserves and Surplus	**126,524**	*102,209*

5. SHARE CAPITAL PENDING ALLOTMENT		
Nil *(2011: 9,150,633)* Equity shares of Re. 1 each pending allotment [Refer Note 38(ii)]	—	*92*

Notes to the Consolidated Financial Statements (contd.)

(All amounts in Rs.lacs, unless otherwise stated)

6. LONG-TERM BORROWINGS

	Non-current portion		Current portion	
	As at March 31, 2012	*As at March 31, 2011*	**As at March 31, 2012**	*As at March 31, 2011*
Secured borrowings				
Foreign currency term loans				
External commercial borrowing from banks	35,810	—	—	*4,656*
Term loan from banks	—	*625*	625	*3,756*
Indian currency term loans	—	*3,344*	1,700	*5,316*
Other loans	—	—	—	*1,056*
	35,810	*3,969*	2,325	*14,784*
Unsecured borrowings				
From banks	—	*19,033*	1,533	*1,533*
Deferred payment liabilities	4,470	*4,470*	—	—
	4,470	*23,503*	1,533	*1,533*
Amount disclosed under the head " Other current liabilities" (Note 11)	—	—	(3,858)	*(16,317)*
Total	**40,280**	*27,472*	**—**	—

Nature of security and terms of repayment for secured borrowings

Nature of security	Terms of repayment
Foreign currency term loans	
HDFC Bank Ltd: Rs.625 *(2011: Rs.3,125)* secured by first pari-passu charge on all moveable and immoveable properties of the company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam, UB Ajanta and Srikakulam breweries.	Repayable in 16 quarterly instalments from the date of loan (June 2008) along with interest of 9.45% per annum (fully hedged)
DBS Bank Ltd: Rs.25,578 *(2011: Rs. Nil)* secured by pari-passu charge on other than current assets of present and future except Taloja and Aranvoyal breweries.	Repayable from February 27, 2016 i.e. end of 4th year in 9 equal quarterly instalments of till February 27, 2018 along with interest of 9.58% per annum (fully hedged)
Rabobank International: Rs.10,232 *(2011: Rs. Nil)* secured by pari-passu charge on other than current assets of present and future except Taloja and Aranvoyal Breweries.	3 year ECB Loan repayable on January 10, 2015. Interest of 7.15% per annum payable on quarterly basis (fully hedged)
BNP Paribas: Rs.Nil *(2011: Rs.4,656)* secured by first charge on all moveable and immovable properties of the Company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam, UB Ajanta and Srikakulam breweries.	Repayable in December 2011 on completion of 5 years from the date of loan (December 2006) along with interest of 8.85% per annum (fully hedged)
Axis Bank Ltd: Rs.Nil *(2011: Rs.1,256)* secured by first charge on fixed assets and current assets of Srikakulam brewery.	Repayable in 16 quarterly instalments from the date of loan (December 2007) along with interest of 6-months Libor + 275 basis points (not hedged)

(All amounts in Rs.lacs, unless otherwise stated)

Nature of security	Terms of repayment
Indian currency term loans	
Citibank Ltd.: Rs.Nil *(2011: Rs.3,288)* secured by first charge on all moveable and immoveable properties of the company except Taloja, Aurangabad, Dharuhera, Chennai Breweries, Empee Breweries, UB Nizam, UB Ajanta and Srikakulam breweries.	Repayable in 73 monthly instalments after completion of one year moratorium period from the date of loan (April 2006) along with interest of 8.5% per annum
Standard Chartered Bank: Rs.1,700 *(2011: Rs.4,250)* secured by first mortgage and charge on all immoveable and movable properties (excluding current assets) of Chennai Breweries.	Repayable in 56 monthly instalments from the date of loan (February 2008) along with interest of 12% per annum
Yes Bank: Rs. Nil *(2011: Rs.560)* secured by second charge on all moveable and immoveable assets of Empee Breweries	Repayable in 60 monthly instalments from the date of loan (March 2007) along with interest of 13% per annum
BNP Paribas: Rs.Nil *(2011: Rs.562)* secured by first charge on all moveable and immoveable assets of Empee Breweries	Repayable in 48 monthly instalments after completion of one year moratorium period from the date of loan (September 2006) along with interest of 9.71% per annum
Rabo India Finance Ltd.: Rs. Nil *(2011: Rs.1,056)* secured by exclusive charge on all moveable and immovable properties and second charge on all current assets	Repayable in 59 equal monthly instalments from January 2007 along with interest of 1 year Government of India Security yield + 225 basis points per annum. Interest rate reset on annual basis.
Unsecured borrowings	
Deferred sales tax liability of Millennium Beer Industries Ltd. - Aurangabad unit amounting to Rs.4,470 *(2011: Rs.4,470)* is payable to the Government of Maharashtra by virtue of being eligible after having established a manufacturing unit in a notified backward area. The confirmation of the sanction to the Company is contained in 'Certificate of Entitlement' No. 431133-S/R-31B/Pioneer Unit/1322 dated 17.07.2002 issued under Part-I of the 1993 Package Scheme of Government of Maharashtra.	This amount is repayable in 10 years from May 2013.
ICICI Bank Ltd: Rs.Nil *(2011: Rs.17,500)* covered by personal guarantee of a director of the company	Loan availed in October 2008, repayable in 2 annual installments starting from end of 4th & 5th year from date of first drawdown. This has been repaid during the current year. Applicable interest rate is 15.7%.
Citibank: Rs.1,533 *(2011: Rs.3,066)* shown as current liablities since payable within next 12 months period	Loan availed in February 2010 repayable in 3 annual equal instalments from February 2011. Applicable interest rate is 12%.

(All amounts in Rs.lacs, unless otherwise stated)

	As at March 31, 2012	*As at March 31, 2011*
7. DEFERRED TAX LIABILITIES (NET)		
Deferred tax asset		
Provision for doubtful advances and debts	252	*888*
Gratuity and compensated absenses	506	*355*
Bonus provision	48	*36*
Carryforward losses for amalgamated companies	809	*8,387*
Share of subsidiary	3	*2*
Gross deferred tax asset	**1,618**	*9,668*
Deferred tax liability		
Depreciation	5,945	*4,581*
Deferred tax asset utilised from carry forward loss and depreciation of amalgamated companies	809	*7,973*
Gross deferred tax liability	**6,754**	*12,554*
Net deferred tax liability	**5,136**	*2,886*

Deferred tax asset and liabilities have been set off as they relate to same governing taxation laws.

	Long-term		**Short-term**	
	As at March 31, 2012	*As at March 31, 2011*	**As at March 31, 2012**	*As at March 31, 2011*
8. PROVISIONS				
Provision for employee benefits				
Gratuity	381	*85*	182	*154*
Compensated absenses	727	*619*	269	*230*
	1,108	*704*	**451**	*384*
Other provisions				
Provision for proposed dividend and tax there on	—	—	2,438	*2,703*
Provision for water charges	—	—	554	*406*
Provision for local area development tax	—	—	406	*284*
Provision for customs duty	—	—	168	*167*
	—	—	**3,566**	*3,560*
Total	**1,108**	*704*	**4,017**	*3,944*

	Local area development tax		**Water charges**	
	As at March 31, 2012	*As at March 31, 2011*	**As at March 31, 2012**	*As at March 31, 2011*
Balance as at the beginning of the year	284	*170*	406	*316*
Additions	122	*114*	148	*90*
Amounts used	—	—	—	—
Unused amounts reversed	—	—	—	—
Balance as at the end of the year	**406**	*284*	**554**	*406*

Provision for local area development tax, water charges and customs duty matters are sub-judice. There are no additions, amounts used or unused amounts reversed during the year with respect to customs duty.

(All amounts in Rs.lacs, unless otherwise stated)

	As at March 31, 2012	*As at March 31, 2011*
9. SHORT-TERM BORROWINGS		
Secured borrowings		
Working capital loan/cash credit from banks (Repayable on demand)	38,520	*26,486*
	38,520	*26,486*
Unsecured borrowings		
Short-term loans from banks	5,000	*7,500*
From others#	35	*37*
	5,035	*7,537*
Total	**43,555**	*34,023*

Working capital loan from banks are secured by hypothecation of stock-in-trade, stores, raw materials, book debts.

Short-term loans from banks comprise of ING Vysya Bank: Rs.2,500 *(2011: Rs.5,000)* repayable in maximum of 365 days and Yes Bank: Rs.2,500 *(2011: Rs.2,500)* repayable in maximum of 90 days.

Includes Loan from directors are unsecured, repayble on demand and carries interest @ 13.25% p.a.

	As at March 31, 2012	*As at March 31, 2011*
10. TRADE PAYABLES		
Acceptances	22,872	*9,024*
Sundry Creditors (Refer note 23)	31,939	*29,002*
Others		
Creditors - Capex	2,583	*966*
	57,394	*38,992*
11. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings: Secured (Refer Note 6)	2,325	*14,784*
Interest accrued but not due on borrowings	626	*490*
	2,951	*15,274*
Current maturities of long-term debt: Unsecured (Refer Note 6)	1,533	*1,533*
Security deposits	1,639	*1,430*
Unpaid dividends*	44	*22*
	3,216	*2,985*
Other payables		
- Statutory dues	11,174	*7,701*
- Advances received from customers	861	*811*
- Overtime and bonus payable	341	*300*
- Other expenses payable	22,690	*15,772*
	35,066	*24,584*
Total	**41,233**	*42,843*

* There are no amounts due for payment to the Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at the year end.

12. FIXED ASSETS

(All amounts in Rs.lacs, unless otherwise stated)

	Gross Block					Depreciation / Amortisation					Net Block	
	As at April 1, 2011	Addition on Amalgamation	Additions	Deletions/ adjustments	**As at March 31, 2012**	*As at April 1, 2011*	Addition on Amalgamation	On Deletions	For the year	**As at March 31, 2012**	**As at March 31, 2012**	*As at March 31, 2011*
Intangible												
Goodwill	*6,543*	—	—	—	**6,543**	*6,512*	—	—	31	**6,543**	**—**	*31*
Licences & Rights	*6,376*	—	—	—	**6,376**	*3,721*	—	—	639	**4,360**	**2,016**	*2,655*
Brands	*631*	—	—	—	**631**	*585*	—	—	30	**615**	**16**	*46*
Total - Intangible	*13,550*	**—**	**—**	**—**	**13,550**	*10,818*	**—**	**—**	**700**	**11,518**	**2,032**	*2,732*
Tangible												
Land - Freehold (Note a, b & c)	*14,911*	—	1,180	—	**16,091**	*—*	—	—	—	**—**	**16,091**	*14,911*
Land - Leasehold	*3,481*	141	2	—	**3,624**	*270*	26	—	116	**412**	**3,212**	*3,211*
Buildings	*30,861*	876	2,147	(51)	**33,935**	*4,815*	301	—	1,333	**6,449**	**27,486**	*26,046*
Leasehold Improvements	*64*	—	—	—	**64**	*64*	—	—	—	**64**	—	—
Plant and Machinery	*105,970*	3,916	20,428	492	**129,822**	*46,954*	2,079	214	11,623	**60,442**	**69,380**	*59,016*
Office Equipment	*1,414*	80	102	(75)	**1,671**	*809*	53	11	155	**1,006**	**665**	*605*
Furniture & Fittings	*4,635*	64	815	(2)	**5,516**	*3,254*	54	1	715	**4,022**	**1,494**	*1,381*
Lab Equipments	*1,132*	90	392	(90)	**1,704**	*355*	26	—	175	**556**	**1,148**	*777*
Vehicles	*751*	5	177	76	**857**	*353*	4	46	72	**383**	**474**	*398*
Total - Tangible	*163,219*	**5,172**	**25,243**	**350**	**193,284**	*56,874*	**2,543**	**272**	**14,189**	**73,334**	**119,950**	*106,345*
Total	***176,769***	**5,172**	**25,243**	**350**	**206,834**	***67,692***	**2,543**	**272**	**14,889**	**84,852**	**121,982**	***109,077***
Capital work-in-progress											**20,736**	*7,196*
											142,718	*116,273*
As at March 31, 2011	*127,610*	*60,420*	*6,269*	*17,530*	*176,769*	*40,788*	*22,646*	*8,823*	*13,081*	*67,692*		

Notes:

a. The Company has obtained a stay against resumption proceedings initiated by MIDC over the Land aggregating 6 Acres valued at Rs.329 *(2011: Rs.329)* allotted by MIDC to MBIL (since amalgamated with the Company). The matter is yet to be finally heard.

b. The Company has filed a Writ petition in the High Court of Kerala at Cochin seeking fixation of rate for issue of Final Patta with respect to land measuring 8.0937 hectares valued at Rs.1 *(2011: Rs.1)*. The matter is yet to be heard.

c. Land measuring 9.04 acres [Cost Rs.72 *(2011: Rs.72)*] is pending registration in the name of the Company.

d. All the above pieces of land are in physical possession of the Company.

13. NON CURRENT INVESTMENTS

(All amounts in Rs.lacs, unless otherwise stated)

	Class of shares	As at March 31, 2012			*As at March 31, 2011*		
		Number of shares/units	**Face value in Rs.**	**Cost**	*Number of shares/units*	*Face value in Rs.*	*Cost*
Trade Investments (valued at cost)							
Unquoted equity instruments							
In subsidiary companies - fully paid up shares:							
In associates:							
United East Bengal Football Team Pvt. Limited	Equity	4,999	50.00	1	*4,999*	*50*	*1*
Other Investments (valued at cost unless otherwise stated)							
Unquoted equity instruments							
Zorastrian Co-operative Bank Limited	Equity	2,000	25.00	1	*2,000*	*25*	*1*
Skol Breweries Limited	Equity	300	10.00	0	—	—	—
Jupiter Breweries Limited	Equity	50	10.00	0	—	—	—
Mohan Meakins Limited	Equity	100	5.00	0	—	—	—
Blossom Breweries Limited	Equity	100	3.00	0	—	—	—
Cosmos co-operative Bank Limited	Equity	5,000	100.00	1	—	—	—
In government and trustee securities							
National savings certificate		—	3	3	—	—	—
[Net of provision for dimunition in value of investments of Rs.15 *(2011: Rs.15)*]							
Total				**5**			*2*

Following investments costing less than Rs.1 Lac have been disclosed below in absolute amount in rupees

United East Bengal Football Team Pvt Limited	50,000
Zorastrian Co-operative Bank Limited	50,000
Skol Breweries Limited	1,727
Jupiter Breweries Limited	188
Mohan Meakins Limited	925
Blossom Breweries Limited	300
Total	**103,140**

Notes to the Consolidated Financial Statements (contd.)

(All amounts in Rs.lacs, unless otherwise stated)

	Long-term		Short-term	
	As at March 31, 2012	*As at March 31, 2011*	**As at March 31, 2012**	*As at March 31, 2011*
14. LOANS AND ADVANCES				
Secured, considered good				
Other loans and advances				
Star Investments Private Limited (Refer Note 44)	—	—	15,500	*15,500*
	—	—	**15,500**	*15,500*
Unsecured, considered good				
Capital advances	8,624	*7,385*	—	—
Security deposits	4,424	*4,485*	627	*659*
Advances to suppliers	—	—	3,522	*3,244*
Prepaid expenses	123	*101*	2,858	*2,311*
Other loans and advances				
MAT credit entitlement	—	—	3,624	*4,762*
Advance tax/TDS receivable (net of provision)	—	—	3,076	*1,430*
Others	1,221	*30*	108	*1,259*
	14,392	*12,001*	**13,815**	*13,665*
Unsecured, considered doubtful				
Capital advances	51	—	—	—
Security deposits	6	*42*	—	—
Advances to suppliers	—	—	41	*52*
Other loans and advances	—	*740*	—	*151*
Allowance for bad and doubtful loans and advances	(57)	*(782)*	(41)	*(203)*
	—	—	—	—
Total	**14,392**	*12,001*	**29,315**	*29,165*

	As at March 31, 2012	*As at March 31, 2011*
15. OTHER NON CURRENT ASSETS		
Unsecured, Considered good		
Bank deposits with original maturity of greater than 12 months	26	—
Others		
Sales tax recoverable	1,127	*1,073*
Storage/privilage fee recoverable	13	*13*
Total	**1,166**	*1,086*
16. INVENTORIES (net of obsolete provisions)		
Raw materials [Includes in transit: Rs.1,191 *(2011: Rs.668)*]	11,070	*8,603*
Packing materials and bottles [Includes in transit: Rs.60 *(2011: Rs.81)*]	6,551	*4,659*
Work-in-progress	12,732	*8,680*
Finished goods* [Includes in transit: Rs.689 *(2011: Rs.405)*]	5,331	*3,395*
Stock-in-trade	1	*46*
Stores and spares [Includes in transit: Rs.12 *(2011: Rs.4)*]	4,382	*3,598*
Total	**40,067**	*28,981*

*Net of Obsolete provision of Rs.22 *(2011: Rs.3)*

(All amounts in Rs.lacs, unless otherwise stated)

	As at March 31, 2012	As at March 31, 2011
17. TRADE RECEIVABLES		
Unsecured, Considered good		
- Outstanding for a period exceeding six months from the date they are due for payment	3,114	*1,147*
- Others	66,883	*50,855*
Unsecured, Considered doubtful		
- Outstanding for a period exceeding six months from the date they are due for payment	668	*1,706*
- Others	12	*39*
Less: Provision for bad and doubtful debts	(680)	*(1,745)*
Total	**69,997**	*52,002*
18. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	34	*29*
Cheques, drafts on hand	1	*5*
Bank balances In current account (Refer Note i)	2,047	*9,415*
Demand deposits with maturity of less than 3 months	15,000	*1,700*
	17,082	*11,149*
Other balances with Banks		
In Deposits		
Less than 12 months but more than 3 months	105	*—*
Greater than 12 months	88	*53*
Margin money/security	465	*1,705*
	658	*1,758*
	17,740	*12,907*

i. Includes balance in Unpaid Dividend Account Rs.39 *(2011: Rs.22)*

	As at March 31, 2012	As at March 31, 2011
19. OTHER CURRENT ASSETS		
Unsecured, Considered good		
Income accrued on deposits and others	6,442	*6,676*
Excise duty deposits	5,150	*2,748*
Total	**11,592**	*9,424*
20. CAPITAL COMMITMENTS		
Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	15,792	*7,377*
Other commitments	—	*—*
	15,792	*7,377*

Notes to the Consolidated Financial Statements (contd.)

(All amounts in Rs.lacs, unless otherwise stated)

	As at March 31, 2012	*As at March 31, 2011*
21. CONTINGENT LIABILITIES		
a) Sales Tax/other taxes demands under appeal#	1,349	*1,304*
b) Employees state insurance/Provident Fund demand#	19	*23*
c) Demand towards water charges under appeal#	2,694	*1,825*
d) Excise Duty/Customs Duty demands under appeal#	491	*413*
e) Income Tax demands under appeal#	10,345	*4,038*
f) Service Tax demands under appeal#	7,513	*2,446*
g) Claims against the company not acknowledged as debt#	1,002	*413*
h) Letter of undertaking to distributors towards countervailing duty for imports from Nepal#	—	*385*
	23,413	*10,847*

It is not practicable for the company to estimate the timing of cashflows if any, in respect of the above, pending resolution of the respective proceedings. The company does not expect any reimbursements in respect of the above contingent liabilities.

22. PROPOSED DIVIDENDS		
Dividend payable on Preference share capital @ Rs.3 per share *(2011: Rs.3 per share)*	242	*741*
Dividend distribution tax payable on above	39	*120*
Proposed dividend on equity shares @ Re.0.70 per share *(2011: Re.0.60 per share)*	1,851	*1,582*
Dividend distribution tax payable on above	300	*257*
Dividend Payable of Subsidiary @ Rs.10 per share *(2011: Rs.10 per share)*	4	*2*
Dividend Distribution tax payable on above	2	*1*
Total	**2,438**	*2,703*

There are no arrears of dividend related to preference shares

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

a) The principal amount remaining unpaid as at year end	272	*161*
b) Interest due thereon remaining unpaid on year end	2	*1*
c) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	—	—
d) Delayed payment of principal beyond the appointed date during the year	—	—
e) Interest actually paid under section 16 of MSME Act, 2006	—	—
f) The amount of interest accrued and remaining unpaid on year end in respect of principal amount settled during the year	41	*10*
g) 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	43	*43*

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

(All amounts in Rs.lacs, unless otherwise stated)

	Year ended March 31, 2012	Year ended March 31, 2011
24. REVENUE FROM OPERATIONS		
Sale of products	568,358	*443,024*
Sale of services	357	*561*
Other operating revenues	17,857	*16,865*
Revenue from operations (gross)	**586,572**	*460,450*
Less: Excise duty	224,057	*154,469*
Revenue from operations (net)	**362,515**	*305,981*
25. OTHER INCOME		
Interest income	3,304	*3,166*
Dividend income	19	*42*
Net gain/(loss) on sale of assets/investments	1	*2*
Liabilities no longer required written back	585	*513*
Provision for doubtful debts, no longer required written back	1,290	*9*
Provision for doubtful advances, no longer required written back	998	—
Other non-operating income	1,106	*767*
Total	**7,303**	*4,499*
26. COST OF MATERIALS CONSUMED		
Raw materials		
Opening stock	8,603	*5,725*
Stocks received from amalgamated entity	105	*570*
Purchases	55,790	*42,833*
Closing stock	11,070	*8,603*
Consumption	**53,428**	*40,525*
Packing materials		
Opening stock	4,659	*2,755*
Stocks received from amalgamated entity	1,694	*1,112*
Purchases	105,440	*93,211*
Closing stock	6,550	*4,659*
Consumption	**105,243**	*92,419*
Other manufacturing expenses	**549**	*314*
Total	**159,220**	*133,258*
27. PURCHASES OF STOCK-IN-TRADE		
Finished goods	4,230	*6,007*
Total	**4,230**	*6,007*

Notes to the Consolidated Financial Statements (contd.)

(All amounts in Rs.lacs, unless otherwise stated)

	Year ended	
	March 31, 2012	*March 31, 2011*
28. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Stock at the end of the year:		
Finished goods	5,353	*2,954*
Finished goods - Traded	1	*46*
Work-in-progress	12,732	*8,416*
	18,086	*11,416*
Less: Stock at the beginning of the year:		
Finished goods	2,954	*2,134*
Finished goods - Traded	46	*198*
Work- in- progress	8,416	*6,233*
Stock of amalgamated entities - Finished goods	42	*525*
Stock of amalgamated entities - Work-in-progress	409	*2,197*
	11,867	*11,287*
(Increase)/decrease in stocks	**(6,219)**	*(129)*
Excise duty movement on closing stock	4,394	*466*
Total	**(1,825)**	*337*
29. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	16,531	*12,405*
Gratuity	343	*305*
Contribution to provident and other funds	846	*623*
Welfare expenses	1,409	*1,081*
Total	**19,129**	*14,413*

(i) Disclosures envisaged in AS 15 in respect of defined benefit plans (Grautity and Provident fund administered by a trust setup by the company) are given below:

	2012		*2011*	*2010*	*2009*	*2008*
	Gratuity	**Provident fund**	*Gratuity*			
A) *Reconciliation of opening and closing balances of the present value of the defined benefit obligation:*						
Obligations at period beginning	1,878	3,434	*1,614*	*1,539*	*1,426*	*1,161*
Obligation at period beginning from Amalgamation	37	—	*97*	—	—	—
Service cost	326	680	*226*	*85*	*130*	*435*
Interest cost	156	284	*126*	*118*	*96*	*93*
Benefits settled	(158)	(172)	*(234)*	*(125)*	*(109)*	*(260)*
Actuarial (gain)/loss	(20)	(4)	*49*	*(3)*	*(4)*	*(3)*
Obligations at period end	**2,219**	**4,222**	*1,878*	*1,614*	*1,539*	*1,426*
B) *Change in plan assets*						
Plan assets at period beginning, at fair value	1,639	3,490	*1,542*	*1,331*	*1,365*	*1,161*
Plan assets at period beginning from Amalgamation	37	—	*54*	—	—	—
Expected return on plan assets	128	308	*125*	*102*	*107*	*93*
Actuarial gain/(loss)	(10)	50	*(13)*	*(17)*	*(76)*	*108*
Contributions	20	658	*159*	*251*	*44*	*263*
Benefits settled	(158)	(172)	*(228)*	*(125)*	*(109)*	*(260)*
Plan assets at period end, at fair value	**1,656**	**4,334**	*1,639*	*1,542*	*1,331*	*1,365*

(All amounts in Rs.lacs, unless otherwise stated)

	2012		2011	2010	2009	2008
	Gratuity	Provident fund	Gratuity			
C) *Reconciliation of present value of the obligation and the fair value of the plan assets*						
Fair value of plan assets at the end of the year	1,656	4,334	1,639	1,542	1,331	1,365
Present value of the defined benefit obligations at the end of the period	2,219	4,222	1,878	1,614	1,539	1,426
Liability recognised in the balance sheet	**(563)**	**112**	(239)	(72)	(208)	(61)
D) *Expenses recognised in Statement of Profit and Loss*						
Service cost	326	680	249	84	131	435
Interest cost	156	285	126	118	96	93
Expected return on plan assets	(128)	(308)	(125)	(102)	(107)	(93)
Prior Period adjustment	—	—	—	—	—	(237)
Actuarial (gain)/loss	(11)	(54)	55	14	62	62
Total expenses recognised in Statement of Profit and Loss	**343**	**603**	305	114	182	260
E) Major category of Plan Assets as a % of total Plan assets						
Government Securities	—	41%	—	—	—	—
Corporate Bonds	—	59%	—	—	—	—
Fund balance with insurance companies	100%		100%	100%	100%	100%

F) *Description of the basis used to determine the overall expected rate of return on assets including major categories of plan assets*

The expected return is calculated on the average fund balance based on the mix of investments and the expected yield on them.

	2012 Gratuity	2012 Provident fund	2011	2010	2009	2008
Actual return on plan assets	115	—	112	85	31	201
G) *Assumptions*						
Interest rate	8.50%	8.50%	8.00%	8.00%	7.00%	8.00%
Discount factor	8.50%	8.50%	8.00%	8.00%	7.00%	8.00%
Estimated rate of return on plan assets	8.00%	8.25%	8.00%	8.00%	8.00%	8.00%
Salary increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Attrition rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Retirement age	58	58	58	58	58	58

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

As per the best estimate of management, Provident Fund contribution of Rs.875 *(2011: Rs.850)* and Gratuity contribution of Rs.400 *(2011: Rs.350)* is expected to be paid to the plans during the year ending March 31, 2013.

(ii) Contribution to Provident and Other Funds (Note 29) includes Rs.1,189 *(2011: Rs.928)* **being expenses debited under the following defined contribution plans**

	2012 Gratuity	2012 Provident fund	2011	2010	2009	2008
Provident Fund	600	—	458	360	282	288
Superannuation Fund and National Pension Scheme	229	—	165	131	109	94
Total	**829**	**—**	623	491	391	382

Notes to the Consolidated Financial Statements (contd.)

(All amounts in Rs.lacs, unless otherwise stated)

	Year ended			
	March 31, 2012		*March 31, 2011*	
30. OTHER EXPENSES				
Power and fuel		14,606		*10,196*
Rent		1,136		*955*
Repairs to buildings		386		*290*
Repairs to machinery*		7,561		*5,070*
Repairs to others		319		*214*
Insurance		354		*237*
Rates and taxes		3,638		*2,779*
Auditor remuneration		122		*108*
As auditor	79		*71*	
For other services	43		*36*	
Sales promotion expenses		60,451		*53,860*
Outward freight/halting/breakage expenses		19,535		*15,400*
Selling & Distribution expenses		20,046		*16,488*
Provision for doubtful debts		49		*317*
Provision for doubtful advances		64		*17*
Miscellaneous expenses		12,244		*7,002*
Total		**140,511**		*112,933*

*Repairs to machinery includes stores and spares consumed of Rs.3,488 *(2011: Rs.2,420)*

31. FINANCE COSTS		
Interest expense	9,370	*7,316*
Other borrowing costs	480	*264*
Net gain/(loss) on foreign currency transactions and translation differences	40	*213*
Total	**9,890**	*7,793*

32. CIF VALUE OF IMPORTS		
Raw materials	3,879	*2,727*
Components and spares	127	*53*
Capital goods	4,593	*533*
Total	**8,599**	*3,313*

33. EXPENDITURE IN FOREIGN CURRENCY		
Foreign travel expenses of employees and others (net of recoveries)	103	*102*
Technical services fees	654	*600*
Selling and promotion expenses	1,897	*1,180*
Interest and finance charges	701	*588*
Others	86	*26*
Total	**3,441**	*2,496*

Notes to the Consolidated Financial Statements (contd.)

(All amounts in Rs.lacs, unless otherwise stated)

	Year ended	
	March 31, 2012	*March 31, 2011*
34. DETAILS OF CONSUMPTION AND PURCHASES		
a) Purchase of traded goods - Beer		
Opening stock	46	*199*
Purchases during the year	4,230	*6,008*
Sales during the year	4,275	*6,161*
Closing stock	**1**	*46*
b) Consumption of materials		
Malt	29,974	*21,379*
Brewing materials	16,468	*15,117*
Bottles	71,700	*63,886*
Packing materials	33,543	*28,533*
Other materials	7,535	*4,343*
Total	**159,220**	*133,258*

c) Value of imported and indigenous materials	**%**	**Value in Rs.**	*%*	*Value in Rs.*
Value of imported raw materials consumed	5%	2,663	*6%*	*2,270*
Value of indigenous raw materials consumed	95%	51,921	*94%*	*38,255*
Value of imported packing materials and stores and spares consumed	1%	1,350	*2%*	*1,705*
Value of indigenous packing materials and stores and spares consumed	99%	107,930	*98%*	*93,448*

	Year ended	
	March 31, 2012	*March 31, 2012*
35. DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Dividend paid during the year	667	*399*
Number of non resident shareholders	5	*3*
Number of equity shares held by such non resident shareholders	111,801,394	*110,945,914*
Number of preference shares held by such non resident shareholders	7,407,000	*24,690,000*
Year to which dividend relates to	2010-11	*2009-10*
36. EARNINGS IN FOREIGN CURRENCY		
Services - Royalty	149	*199*
37. EARNINGS PER SHARE		
Profit after exceptional items & taxation as per Statement of Profit and Loss	12,677	*14,749*
Less: Preference dividend (including dividend distribution tax thereon)	281	*861*
Net profit attributable to equity shareholders	12,396	*13,888*
Weighted average number of equity shares outstanding (Face value of Re.1 per share)	264,405,149	*263,695,571**
Earnings per share (Basic/Diluted)	4.69	*5.27*

*Includes 91,50,633 equity shares of Re.1 each pending allotment

38. AMALGAMATIONS

I. 2011-12

A. The scheme of amalgamation under sections 391 to 394 of the Companies Act, 1956 between UB Ajanta Breweries Private Limited (UBA) and the Company (the Scheme) and their respective shareholders and creditors with April 1, 2011 as the appointed date has been approved by the Honorable BIFR court, Delhi vide their order dated February 13, 2012. Upon necessary filing with the Registrar of Companies on February 21, 2012, the scheme has become effective and the effect thereof has been given in these accounts. Consequently,

In respect of the merger of UBA with the Company -

a) In terms of the scheme, the entire business and the whole of the undertaking of UBA, as a going concern stands transferred to and vested in the Company with effect from April 1, 2011, being the Merger Appointed Date.

b) In consideration of the amalgamation of UBA with the company, the company has issued 709,578 equity shares of Re.1/- each aggregating to Rs.7 in the ratio of 135:1

c) Accounting for Amalgamation:

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

– All asset and liabilities of the UBA at their respective Book Values under the respective heads of the company.

– Rs.28 being the difference between the value of net assets of the UBA transferred to the Company (determined as stated above) and the carrying value of the Company's investment (cancelled as above) has been adjusted to Capital/General Reserve of the Company.

– The intercompany balances and the transactions stood cancelled

UBA was engaged in brewing business.

[The Authorised Share capital of the Company has been stand increased by Rs.540 of Equity Share Capital of Re.1/- each and enhanced by Rs.9,460 of Rs.100/- each in Preference Share Capital. This increase is arising on account of amalgamation of UBA with United Breweries Limited.]

B. UBL Benefit Trust

Arising out of the Amalgamation of EBL into UBL [Refer II A(iii) below], UBL Benefit Trust held 6,007,413 equity shares in UBL constituting 2.36% of UBL's paid up equity capital. The Trust has sold its entire shareholding and remitted the entire proceeds aggregating Rs.28,357 to UBL. The entire proceeds has been used in reducing the Debt of the Company. In the absence of any specific accounting treatment being prescribed in the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C), the gain on sale of these shares held by UBL Benefit trust (of which the company is the sole beneficiary) aggregating to Rs.14,049 has been credited to the General Reserve.

II. 2010-11

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

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

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

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

(All amounts in Rs.lacs, unless otherwise stated)

c) Accounting for Amalgamation:

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

– All asset and liabilities of the ABDL at their respective Fair Values.

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

ABDL was an investment company which was 100% subsidiary of the Company.

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

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

b) In consideration of the amalgamation of MAPL with the Company, the Company has issued 8,489,270 equity shares of Re.1/- each aggregating to Rs.85 in the ratio of 6 fully paid up Equity shares of the face value of Re.1/- each of the Company for every 31 fully paid up equity shares of Rs.10/- each held in MAPL. The Company's investment in MAPL aggregating to Rs.5,895 comprising of 6,140,000 equity shares (with voting rights) and 6,599,312 equity shares (without voting rights) of Rs.10/- each stood cancelled.

c) Accounting for Amalgamation:

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

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

– Rs. 40,373 being the difference between the value of net assets of the MAPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment in MAPL (cancelled as above) has been adjusted to Capital/General Reserve of the Company. This accounting treatment of the reserve has been prescribed in the Scheme and approved by the High Court(s). Had the scheme not prescribed this treatment, this amount would have been credited to Capital Reserve.

MAPL was a Joint Venture between the Company and Scottish & Newcastle India Private Limited, which had 3 subsidiaries engaged in the brewing business. One subsidiary of MAPL, i.e. Empee Breweries Ltd., was also merged into UBL simultaneously along with MAPL. Subsequent to the merger of MAPL into UBL, the other 2 subsidiaries of MAPL, namely Millennium Beer Industries Limited (MBIL) and United Millennium Breweries Limited (UMBL) became the subsidiaries of the Company and all of them have been since amalgamated with the Company.

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

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

b) On the amalgamation of EBL with the Company, 50% of the holding stood cancelled and for the balance 50% of the holding, the Company issued 6,007,413 equity shares of Re.1/- each aggregating to Rs.60 in the ratio of 33 fully paid up Equity shares of the face value of Re.1/- each of the Company for every 16 fully paid up equity shares of Rs.10/- of EBL to UBL Benefit Trust. UBL Benefit Trust has subsequent to the Balance Sheet date sold these shares and remitted the proceeds to the Company.

c) Accounting for Amalgamation:

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

(All amounts in Rs.lacs, unless otherwise stated)

- All asset and liabilities of the EBL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.13,645 being the difference between the value of net assets of the EBL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The Shares issued to UBL Benefit Trust appears as a separate line item in the Balance Sheet of the Company as Interest in UBL Benefit Trust.
- The inter company balances and transactions stood cancelled.

EBL was engaged in the brewing business.

B. The scheme of amalgamation under sections 391 to 394 of the Companies Act, 1956 between UB Nizam Breweries Private Limited (UBNPL) and the Company (the Scheme) and their respective shareholders and creditors, with April 1, 2010 as the appointed date, has been approved by the Honorable High Court of Karnataka vide its order dated August 26, 2011. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 8, 2011 and the effect thereof has been given in these accounts. Consequently,

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

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

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

c) Accounting for Amalgamation:

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

- All asset and liabilities of UBNPL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.488 being the difference between the value of net assets of UBNPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances and the transactions stood cancelled.

UBNPL was engaged in the brewing business.

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

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

b) In consideration of the amalgamation of CBPL with the Company, the Company has issued 8,500,000 equity shares of Re.1/- each aggregating to Rs.85 in the ratio of 17 fully paid up Equity shares of the face value of Re.1/- each of the Company for every 30 fully paid up equity shares of Rs.10/- each held in CBPL which is pending allotment.

(All amounts in Rs.lacs, unless otherwise stated)

c) Accounting for Amalgamation:

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

- All asset and liabilities of CBPL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.1,645 being the difference between the value of net assets of CBPL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances stood cancelled.

CBPL was engaged in the brewing business.

D. The scheme of amalgamation between Millennium Beer Industries Limited (MBIL) and the Company (the Scheme) and their respective shareholders and creditors with April 1, 2010 as the appointed date has been approved by the Honorable BIFR Court, Delhi vide its order dated November 11, 2011. Upon necessary filing with the Registrar of Companies, the scheme has become effective on November 16, 2011 and the effect thereof has been given in these accounts. Consequently, in respect of the merger of Millennium Beer Industries Limited (MBIL) with the Company

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

b) On the amalgamation of MBIL with the Company, the Company's holding stands cancelled and for the rest the Company has issued 504,731 equity shares of Re.1/- each aggregating to Rs.5 in the ratio of 1 fully paid up Equity shares of the face value of Re.1/- each of the Company for every 12 fully paid up equity shares of Re.1/- of MBIL allotment.

c) Accounting for Amalgamation:

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

- All asset and liabilities of MBIL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.30,514 being the difference between the value of net assets of MBIL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances and transactions stood cancelled.

MBIL was engaged in the brewing business.

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

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

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

c) Accounting for Amalgamation:

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

(All amounts in Rs.lacs, unless otherwise stated)

- All asset and liabilities of UMBL were recorded at their respective book values under the respective accounting heads of the Company.
- Rs.4,668 being the difference between the value of net assets of UMBL transferred to the Company (determined as stated above) and the carrying value of the Company's investment has been adjusted to Capital/General Reserve of the Company.
- The inter company balances and transactions stood cancelled.

UMBL was engaged in the brewing business.

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

Pursuant to the schemes referred to in II A to E above, the Authorized Share Capital of the Company stands increased and reclassified, without any further act or deed on the part of the company, including payment of stamp duty and Registrar of Companies fees, by Rs.57,340 comprising of 3,320,000,000 Equity Shares of Re.1 each and 24,140,000 Preference Shares of Rs.100 each, being the authorized share capital of the transferor company, and Memorandum of Association and Articles of Association of the Company stand amended accordingly without any further act or deed on the part of the company.

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

	General Reserve	Capital Reserve
Expenses relating to mergers	—	(358)
Arising on amalgamating ABDL	—	(450)
Arising on amalgamating MAPL	—	40,373
Arising on amalgamating EBL	127	(13,772)
Arising on amalgamating UBN	(6,134)	6,623
Arising on amalgamating CBPL	230	1,415
Arising on amalgamating MBIL	(21,397)	(9,118)
Arising on amalgamating UMBL	(2,778)	(1,890)
DTA arising on amalgamation	8,387	—
Total	**(21,565)**	**22,823**
Resultant capital reserve on amalgamation		**1,258**

The shares outstanding to be issued in respect of amalgamation of UBNPL, CBPL and MBIL were disclosed as share capital pending allotment in the financial statements for the year ended March 31, 2011 pending completion of allotment formalities. These shares have been alloted during the year ended March 31, 2012.

III. Subsequent to the amalgamation of UBNPL, EBL, CBPL, UBAPL, UMBL and MBIL with the Company as indicated above, the Company has initiated the process of obtaining its name recorded in the state excise records and with other regulatory authorities in place of UBNPL, EBL, CBPL, UBAPL, UMBL and MBIL. Pending completion of these formalities, the name of UBNPL, EBL, CBPL, UBAPL, UMBL and MBIL are continued to be used in various documents, records, invoices and vouchers etc.

IV. On February 17, 2012, the Company has obtained Board approval for amalgamation of Scottish & Newcastle India Private Limited with an appointed date of April 1, 2012. Applications have been filed with Honourable High Court of Karnataka for necessary approvals.

(All amounts in Rs.lacs, unless otherwise stated)

39. RELATED PARTY DISCLOSURES

A. Related parties with whom transactions have talen place during the year

Associate:	United East Bengal Football Team Private Limited (UEBFTPL)
Entity which has significant influence:	a) Scottish & Newcastle India Limited (SNIL) b) United Breweries (Holdings) Limited (UBHL)
Others:	a) Scottish & Newcastle Limited (S&N) b) Heineken UK Limited, holding company of SNIL and subsidiary of Scottish & Newcastle Limited c) Scottish & Newcastle UK Limited (SNUK), subsidiary of Scottish & Newcastle Limited d) Scottish & Newcastle India Private Limited (SNIPL), subsidiary of Heineken UK Limited e) Heineken International B.V. f) Heineken Romania S.A. g) Heineken Brouwerijen B.V. h) Heineken Supply Chain B.V. i) Force India F1 Team Limited (Force India)
Key Management Personnel (KMP):	Mr. Kalyan Ganguly Mr. Guido de Boer
Relative of KMP	Mrs. Suparna Bakshi Ganguly (Wife of Mr. Kalyan Ganguly)

B. Transactions with related parties during the year:

	UEBFTPL		UBHL		FORCE INDIA		KMP	
	2012	*2011*	**2012**	*2011*	**2012**	*2011*	**2012**	*2011*
Sale of goods [including sales taxes/VAT]	—	—	1,187	*961*	—	—	—	—
Sponsorship and other payments	911	*503*	15	*6*	1,376	*973*	—	—
Lease rentals	—	—	61	*64*	—	—	—	—
Royalty on logo	—	—	662	*662*	—	—	—	—
Payments (for supplies including loan in cash or kind)#	911	*503*	(608)	*(255)*	462	*1,171*		
Remuneration to Directors*	—	—	—	—	—	—	894	*581*
Amount due from/(to)	(18)	*(18)*	104	*263*	—	*914*	—	—

*Kalyan Ganguly: Rs.670 *(2011: Rs.415)*, Guido de Boer: Rs.224 *(2011: Rs.166)*
#Figures in brackets indicate amounts received

C. Transactions with Heineken Group

(1) Transactions with SNIL

Balance of preference share capital	Rs. 7,407 *(2011: Rs.24,690)*
Dividend on above	Rs. 242 *(2011: Rs.741)*
Redemption of preference share capital	Rs.17,283 *(2011: Rs.NIL)*
Final dividend on equity shares	Rs. 630 *(2011: Rs.399)*

(2) Transaction with Heineken UK Ltd.

Purchase of raw material	Rs.2 *(2011: Rs.7)*
Reimbursements	Rs.2 *(2011: Rs.1)*

(All amounts in Rs.lacs, unless otherwise stated)

(3) Transaction with Heineken Romania S.A.

Mould development charges	Rs.NIL *(2011: Rs.1)*

(4) Transaction with Heineken Brouwerijen B.V.

Technical services fee	Rs.600 *(2011: Rs.600)*
Sales promotion	Rs.2 *(2011: Rs.NIL)*

(5) Transaction with Heineken International B.V.

Reimbursements	Rs.66 *(2011: Rs.56)*
Final dividend on equity shares	Rs.3 *(2011: Rs.NIL)*

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

Consultancy fee	Rs.54 *(2011: Rs.17)*

40. OPERATING LEASE

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

	Year ended	
	March 31, 2012	*March 31, 2011*
Lease payments during the year	1,136	*1,014*
At the balance sheet date, future minimum lease rentals under non-cancellable operating leases are as under:		
Not later than one year	173	*196*
One to five years	108	*269*
Total	**281**	*465*

41. DETAILS OF SUBSIDIARY/ASSOCIATE

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

	Ownership %		Country of Incorporation
	2012	*2011*	
Name of the Subsidiary			
Maltex Malsters Limited (MML)	51	*51*	India

The Company's interest in United East Bengal Football Team Private Limited (UEBFTPL), and associate of the Company has not been included in consolidation as the same is not considered material.

42. GOODWILL ON CONSOLIDATION

The group evaluates the carrying value of its Goodwill whenever events or changes in circumstances indicate that its carrying value may be impaired for diminution, other than temporary. The group has currently reassessed the circumstances that could indicate the carrying amount of Goodwill may be impaired. Accordingly, the investment in Maltex Malsters Limited (MML) which had a carrying value of Rs.4,500 has been revalued at Rs.2,541 and the differential amount adjusted against goodwill arising on consolidation. The dimunition in value of this investment has been due to continued delays in obtaining necessary approvals to expand its malting facility at Patiala. Considering the constraints in MML's expansion plans and high overhead costs incurred on operating assets current level of capacity, it has been decided to value the investments based on the fair value of net assets of MML.

(All amounts in Rs.lacs, unless otherwise stated)

43. ACQUISITION OF MALTEX MALSTERS LIMITED

During the financial year ended March 31, 2008 the Company has acquired 22,950 equity shares of Rs.100 each in Maltex Malsters Limited for a consideration of Rs.4,500 which is based on an independent valuation, resulting in a goodwill of Rs.4,380 as detailed below.

	Rs.	Rs.
Fixed Assets (Net book value)		**240**
Deferred Tax Assets		**26**
Current Assets		
Sundry Debtors	132	
Cash & Bank Balances	1	
Loans & Advances	116	
Total	**249**	
Current Liabilities and Provision		
Current Liabilities	81	
Provisions	2	
Total	**83**	
Net Current Asset		**166**
Loans		
Secured Loans	189	
Unsecured Loans	7	**196**
Net Worth as on March 31, 2008		**236**
UBL's Share -51%		**120**
Purchase Consideration		4,500
Goodwill		**4,380**
Minority Interest		**115**

44. ADVANCE MADE TO STAR INVESTMENTS

The Company had entered into an agreement with the promoters of Balaji Distilleries Limited (BDL) with a view to secure perpetual usage of its brewery and grant of first right of refusal in case of sale or disposal of its brewery unit in any manner by BDL, towards which the Company had made a refundable facility advance of Rs.15,500 to Star Investments Private Ltd. (Star Investments), one of the Promoter Companies of BDL, acting for itself and on behalf of the other Promoters.

Subsequently, BDL filed a scheme of arrangement for amalgamation of its distillery into United Spirits Limited (USL) and de-merger of its brewery into Chennai Breweries Private Limited (CBPL) and the said Scheme was approved by Appellate Authority for Industrial & Financial Reconstruction in November 2010.The Brewery assets proposed to be acquired by the Company from the Promoters of BDL eventually vested in CBPL which was a 100% subsidiary of USL. A Scheme for amalgamation of CBPL into the Company was then filed. Upon amalgamation of CBPL into the Company, USL has been allotted equity shares in terms of the approved Scheme.

On November 22, 2011, the Company has entered into an agreement extending the repayment of principal and interest outstanding till March 2012, and obtained a pledge of securities from associate companies of Star to secure the outstanding amounts. Commitment has been received from M/s Star Investments for accruing of interest on the outstanding till the same is fully repaid.

The company has received payments of Rs.2,980 towards interest after the repayment date and the aggregate amount due as on March 31, 2012 is Rs.21,196. The Company continued to receive interest and TDS payments to the tune of Rs.11,190 after March 31, 2012 till date.

(All amounts in Rs.lacs, unless otherwise stated)

45. DERIVATIVE INSTRUMENTS

	Particulars	Purpose	As at March 31, 2012	*As at March 31, 2011*
a)	Derivatives outstanding as at reporting date			
	Forward contracts to buy USD	Hedge of External commercial borrowings	USD 20 Million, Rs.52.70	—
	Forward contracts to buy USD	Hedge of External commercial borrowings	USD 50 Million, Rs.49.285	—
	Forward contracts to buy USD	Hedge of External commercial borrowings	—	*USD 10 Million, Rs.46.56*
	Forward contracts to buy USD	Hedge of Foreign currency loan	USD 1.38 Million, Rs.45.06	*USD 6.94 Million, Rs.45.06*
b)	Mark to market losses			
	Mark to market gains (net) not recognised		212	—

46. SEGMENT REPORTING

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

47. PREVIOUS YEAR FIGURES

a) The previous year's figures have been regrouped to conform to current year's classification. Further in view of the amalgamations described in Note 38 above, the figures for the current year are not comparable with those of previous year.

b) The financial statements for 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 the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

Usha A Narayanan
Partner
Membership No. -23997

Bangalore, June 8, 2012

Kalyan Ganguly
Managing Director

Guido de Boer
Director, CFO

Govind Iyengar
Senior Vice President–Legal &
Company Secretary

Bangalore, June 8, 2012

SUMMARISED FINANCIALS OF SUBSIDIARY COMPANY AS REQUIRED IN TERMS OF GENERAL EXEMPTION GRANTED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956, BY THE GOVERNMENT OF INDIA, MINSTRY OF CORPORATE AFFAIRS, VIDE GENERAL CIRCULAR NO. 2/2011, DATED 8TH FEBRUARY 2011

Rs. in lacs

Sl. No.	Name of the Subsidiary	Issued & Subscribed Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Profit & Loss Account Debit Balance	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
	Maltex Malsters Limited	45	244	467	467	—	—	930	47	15	32	10

Note:

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

Notes:

Board of Directors

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

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

The Management Team

10 6 4 7 1 2 5 3 9 8 11

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

UNITED BREWERIES LIMITED

UB Tower, UB City, 24 Vittal Mallya Road, Bangalore – 560 001, India.

www.unitedbreweries.com

Printed at : Ravi Graphics, Bangalore Ph : 40889977