

# Report of the Directors

Your Directors have pleasure in presenting this Annual Report on the business and operations with audited accounts of your Company for the year ended March 31, 2009.

## FINANCIAL RESULTS

Your Company's financial performance for the year ended March 31, 2009 is summarized below:

(Rupees in Million)

Particulars	2008-2009	2007-2008
Net Turnover	<b>17475.7</b>	13948.6
Profit before Interest & Depreciation	<b>2675.2</b>	1972.7
Interest	<b>896.4</b>	428.3
Depreciation	<b>762.1</b>	612.3
Profit before non-recurring items	<b>1016.7</b>	932.1
Non-recurring items	—	—
Profit before Taxation	<b>1016.7</b>	932.1
Provision for Taxation	<b>(391.8)</b>	(307.4)
Profit after Tax available for appropriation	<b>624.9</b>	624.7
<b>Appropriation</b>		
Dividend on Equity Shares (including Taxes thereon)		
Interim dividend paid	<b>42.1</b>	—
Final dividend proposed	<b>42.1</b>	—
Dividend on Preference Shares paid (including Taxes thereon)	<b>86.7</b>	86.7
Transfer to General Reserve	<b>65.0</b>	—
Balance your Directors propose to carry to the Balance Sheet	<b>389.0</b>	538.0

## DIVIDEND

During the year under review your Directors declared an interim dividend @ 15% on Equity Shares of Re.1 each. Your Board of Directors take pleasure in declaring a final dividend @ 15% to make a total equity dividend distribution of 30% for the year ended March 31, 2009.

Your Company paid a dividend on the Cumulative Redeemable Preference Shares (CRPS) at the rate of 3% under the terms of the issue of the 24.69 million CRPS held by Scottish & Newcastle.

## CAPITAL

The Authorized Share Capital of the Company remained unchanged at Rs.2,800 million comprising Equity Share Capital of Rs.300 million and Preference Share Capital of Rs.2,500 million. The Equity Share Capital base increased by Rs.24 million on account of allotment of 24,004,825 Equity Shares of Re.1 each in the Rights Issue which concluded in May, 2008. Consequently, the Issued, Subscribed and Paid-up Share Capital as on March 31, 2009 stood at Rs.2,709 million comprising Equity Share Capital of Re.1 each aggregating to Rs.240 million and Cumulative Redeemable Preference Shares of Rs.100 each aggregating to Rs.2,469 million.

## ALLIANCE WITH HEINEKEN N.V.

Consequent to the takeover of Scottish & Newcastle Plc. (S&N) by the Heineken Group, (Heineken), 37.5% Equity Shares held by S&N are now effectively owned by Heineken. Your company's promoters are in negotiation with Heineken N.V. for a comprehensive business partnership agreement to formalize Heineken's entry into United Breweries Limited. The terms and conditions of a formal agreement are yet to be finalized. Your Directors expect these issues to be resolved shortly.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

Globally, over 133 billion litres of beer is sold each year. In comparison, the Indian beer Industry contributes a meagre 1.28% of the global sales. The industry has been witnessing on an average, a steady growth of about 10% per year over the last ten years with volumes crossing 172 million cases in 2008-2009 from 70 million cases in 2002. With a relatively younger population and income levels on the rise, India is seeing an increase in the popularity of beer.

Consumption of beer in India is also constrained by lack of adequate market infrastructure. In China for instance, there is one outlet for every 300 persons. In contrast, India has one outlet for every 21,000 persons hampering free availability of beer. Total consumption of beer in China grew by 33.56% between the years 2000 and 2006 to reach a total market volume of 30.47 billion litres. With a per capita consumption of 22 litres, China is one of the largest beer consuming nations in the world.

Though beer is a milder form of alcohol, it is taxed by most states on the same basis as Spirits. The charge is on absolute alcohol basis. Globally on a per unit of alcohol basis, beer bears approximately 50% of levies imposed on Spirits whereas in India taxation is regressive on beer.

India is predominantly a hard liquor market and beer has a minority preference amongst those who consume alcohol. The per capita consumption of beer constitute a meagre 3% of global average. Typically the size of beer volumes in most countries is 7 to 10 times larger than spirits, whereas in India, spirits is larger.

The alcoholic beverage industry in India operates under a very complex regulatory environment which is the biggest challenge. In addition to restrictions on advertising, distribution infrastructure and retailing, varied tax structures, controlled pricing and licensing make operations more complex, consequently leading to higher costs, though providing entry barriers for new entrants as well.

The Indian beer market is dominated by strong beer which accounts for 74% of the total beer sale.

### OPERATIONS

The dynamic growth momentum seen in 2006 and 2007 slowed down in 2008 due to various reasons, including, slow down in the economy and policy changes in various Indian States. Growth also slowed due to lower consumption of beer in the peak summer season coupled with the early arrival of monsoons. Volumes in the southern region were also affected adversely by a month-long supply stand-off between beer producers and the state government in Andhra Pradesh, with the companies demanding a price hike. During this period, your company stopped supplies to the State, which is one of the country's biggest beer market.

Your Company has outperformed its competitors and added market share despite this decision to stop supplies.

Your Company has upgraded most of its breweries with latest equipment to produce world class beer. We have made substantial investment in oxygen control equipment to reduce oxygen levels in the beer to deliver quality product at par with international standards.

Last year your Company chalked out an investment plan of Rs.1,450 million in Greenfield Projects and capacity expansion in the existing breweries. Around 34% of the planned investment has already been made in the greenfield as well as in enhancement of production capacity. The Greenfield Project at Adhra Pradesh is expected to commence production before the end of the current financial year. Acquisition of land at Nanjangud, Karnataka through KIADB acquisition process is also expected to be completed shortly. Your Company will continue to invest in enhancement of capacities to maintain its leadership position in this fast growing market.

Though remaining separate entities, synergies in business operations with associate breweries owned by the Group have continued to accrue cost savings and varied product offering to the consumer.

The combined sales of all brands of the brewing entities managed by your Company for the year crossed 82 million cases.

While Kingfisher Premium dominates the mild beer category, Kingfisher Strong continues to be the fastest growing brand of beer in the country, recording a growth of 23% over the previous year. Beer packaged in cans continues to grow in popularity amongst consumers as the volumes grew by more than 30% over the previous year.

Kingfisher Strong beer continues to be the number one selling beer in India. The Kingfisher brand is the most visible and the largest selling beer in India. It is available in over 50 countries world over.

### SALES

During the year under report your Company and its associates sold 82.4 million cases of beer as against 75.3 million cases in the previous year. The net sales for the year 2008-2009 stood at Rs.17,475 million as against a net sale of Rs.13,949 million in the financial year 2007-2008 thereby growing at a rate of 25% over the comparable figure in the previous year. The combined market share of all beer brands of the brewing entities managed by your Company stood at 48% during the period under report. Despite a recessionary trend prevailing in India, your Company was able to maintain its market share and leadership position.

Your Company achieved a milestone in the month of March 2009 by selling over 10 million cases in a single month, the highest ever sale recorded in a month.

It would be worthwhile to note that despite the continuing impasse with the Government of Andhra Pradesh, the market share of all beer brands of the brewing entities managed by your Company crossed 50% in the 1st quarter of the current financial year.

## Report of the Directors (contd.)

Kingfisher Bohemia wine launched in Mumbai, Pune, Goa, Delhi and Bangalore. This was supported with extensive sampling, experimental marketing, leveraging on your Company's distribution strength. Within a year of launch, Kingfisher Bohemia has established itself as the No.1 imported wine across all markets of launch and is amongst the leading brands of premium wine in these markets. The brand is all set to enter the other key markets shortly.

Kingfisher Blue was launched in the premium beer category during the review period. The product was launched in 650 ml and 330 ml bottles and 500 ml cans in Mumbai, Pune, Thane, Karnataka, Haryana and Rajasthan. Targetted against various international brand offerings, the product has been well received by the industry and consumers alike.

Given the youthful demographics of the country, Kingfisher has kept pace with youth at every step. Your Company unveiled an attractive new look of Kingfisher, reflecting energy, youthfulness and freedom that are characteristic of a brand in full flight.

### MANUFACTURING EXPENSES

During the year manufacturing cost at Rs.10,473 million amounted to 61.7% of the net sales. In the previous financial year, the manufacturing cost stood at Rs.8,611 Million constituting 62.9% of the net sales. Your Company has undertaken market focused initiatives and internal measures to contain costs and improve margins.

Though focused efforts have resulted in containing costs of certain materials, increase in prices of key inputs like malt, bottles, energy and other packaging materials have continued to be a concern. Shortage of feed barley in many countries resulted in exports from India thereby increasing the local supply prices in India. Your Company has entered into a long term arrangement for procurement of malt, cans and barley to ensure that the impact of further hike in prices is minimized. Further, increase in the parity rate of the US Dollar has resulted in higher procurement cost of hops and cans. Your Company has entered into a long term agreement with local can manufacturers, which will help contain costs in the future.

The drop in oil prices during the year under review and the use of alternate fuel boilers which have been installed recently at various units of the Company, have neutralized the increase in prices of barley, hops, glass and energy in addition to improved manufacturing efficiency.

### PERSONNEL AND OTHER OPERATING EXPENSES

Personnel expenses of your Company stood at Rs.871 million as compared to Rs.774 million in the previous year. This constituted 5.1% of the net sales as against 5.7% of the net sales in the previous year. Other operating expenses amounted to Rs.909 million constituting 5.4% of the net sales. Personnel and other operating expenses were contained despite increased volumes during the year.

### SELLING AND BRAND PROMOTION EXPENSES

During the period under review, your Company has spent 25.2% of net sales on selling and brand promotion exercise as compared to 24.1% of net sales spent in the previous year.

Kingfisher has entered into an association with five of the eight participating teams of the Indian Premier League, as the Good Times Partner. The association with the teams was leveraged through visibility, retail and on-site promotions along with providing consumers and trade an opportunity to watch the finals live in South Africa.

Kingfisher is also associated with the Chennai Open, the first ATP tennis tournament of the year. The NDTV Good Times channel, the most viewed and top ranked Lifestyle channel in its category is in its 3rd year of operation. Through this partnership, your Company is already earning revenue pursuant to a sharing arrangement agreed upon.

Kingfisher strengthened its association with the Force India Formula One Team and provided a firsthand experience to members of the trade with a visit to the race at Shanghai. In addition to the Mumbai Marathon and the Delhi Half Marathon, Kingfisher was also associated with the Bangalore World 10K and the Bangalore Aero show. All these events were hugely popular and received tremendous media coverage.

The exclusive Kingfisher Sports Bar opened at Bangalore International Airport has been a huge success. In yet another innovative branding and distribution initiative, your Company has entered into a similar arrangement with an outlet at New Delhi Airport. The outlet is called the Kingfisher T2 bar.

Kingfisher continues its association with music events such as Voice of Goa, Pubrock fest, Bengaluru Habba and the International Film Festival of India (IFFI).

The 7th edition of the widely acclaimed and coveted Kingfisher Swimsuit Calendar 2009 was unveiled in the presence of prominent personalities. The event was full of fun, glamour and excitement and was widely covered by the media.

### PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION (PBIDT)

PBIDT for the year under review stood at Rs.2,675.2 million as compared to Rs.1,972.7 million in the previous year reflecting an increase of 35.6%. This increase in PBIDT is on account of increased volumes from creation of capacities in critical markets and product mix.

### INTEREST AND DEPRECIATION

Interest paid during the year amounted to Rs.896.4 million as against Rs.428.3 million in the previous year. Depreciation for the year was Rs.762.1 million as compared to Rs.612.3 million in the previous year.

Increase in interest cost is primarily due to exchange translation difference on Foreign Currency Working Capital facility availed by the company, the notional loss of which has been accounted. In addition the Company paid a one time processing fee for a term loan. Increase in Working Capital requirements has also led to higher interest costs as compared to the previous year. Over the past three years, your Company has increased the Fixed Assets base to the tune of around Rs.7,550 million including investments in Greenfield breweries in Orissa and Rajasthan, thereby increasing the depreciation charge.

### PROFIT BEFORE AND AFTER TAXATION

The Profit Before Taxation for the year stood at Rs.1,016.7 million as compared to Rs.932.1 million in the previous year. However, higher depreciation, amortization, and an increase in interest has resulted in maintaining the net profits at the same level as that of the previous year. The Profit After Taxation stood at Rs.624.9 million as against Rs.624.7 million in the previous year.

### PROSPECTS

While multinational companies are expected to increase competition in the premium beer segment, established domestic brands, particularly those of your Company have the advantage of having an established brand recall. International brands are expected to find the going tough as they try to penetrate the beer market in India. Several international brewers have currently built brand associations and are marketing their brands aggressively through various point-of-sale promotions throughout their distribution networks. Also, with rising input costs and a ban on advertising, new entrants are expected to struggle to expand their consumer base.

A CAGR of 11% is expected for beer in the next 5 years. The establishment of domestic production for international brands and the legalisation of beer sales through supermarkets / hypermarkets is expected to buoy growth rates, and a double-digit volume growth is expected through the next 5 years. Rising costs of raw materials and overheads are expected to drive up unit price. Crucial inputs such as glass, hops and barley are expected to become dearer on account of oil, power and agricultural produce shortage.

On-trade sales are expected to grow considerably with growing affluence among young consumers together with the culture of frequenting pubs and clubs that is now spreading to second-tier cities. Off-trade sales are meanwhile expected to be boosted by the gradual deregulation of beer retail, through supermarkets/hypermarkets.

In order to augment capacities in critical markets, the Greenfield Brewery in Andhra Pradesh is expected to commence commercial production in the last quarter of the current financial year. Work for setting up the new greenfield brewery in Karnataka is expected to commence in the next financial year.

### ENVIRONMENT INITIATIVE

Besides corporate social responsibility, the need for water conservation has also been our key focus. Also, with an expected 11% growth year on year, this need has considerably increased. Most of our units have a constraint on disposal of waste water, and therefore, the company has embarked upon a plan to install sophisticated equipment and modification process so as to reduce consumption of water and its disposal. This will in turn reduce need for acquisition of additional lands for waste water disposal. As an environment initiative, your company has installed bottle washers incorporating latest technology, at all units and is encouraging rain water harvesting at these units. Your company has also collaborated with a few agricultural universities for cultivation of identified crops with waste water from the Brewery and the irrigation of select soil.

Dry yeast recovery has also been earning revenue as an ingredient for probiotics, as a mixer with spent grain and pesticides. Going ahead, as an environment friendly initiative, your company is determined to focus on measures for reduction of process loss during production, reduction of pollutants and other wastages and utilization of natural methods of root zone treatments such as usage of duck weed / water hyacinth as an economical method for water purification. This is being done in addition to reducing pollutants which will in turn reduce load on the effluent treatment facility and thereby assist in conservation of the environment.

### SOCIAL INITIATIVE

Community development forms an integral part of your Company's corporate philosophy. Social responsibility is deeply ingrained in the corporate strategy of the organization. Your Company continues to strive to improve the quality of life of the communities within which it operates. The three key areas where we have made significant impact continue to be Primary Health, Primary Education and Water. These initiatives have been aligned to address the needs of the local community. Your Company's association with primary schools in Ludhiana, Rajasthan, Mumbai, Palakkad and Cherthala is already in place. The activities at these schools include providing educational aids, improving the infrastructure, deploying of teachers and enhancing the quality of mid-day meals. These initiatives have encouraged the enrolment of new students while at the same time bringing down the drop-out rates. Your Company provides primary health facilities in Goa, Kalyani and Rajasthan. Initiatives in the area of water are in place

## Report of the Directors (contd.)

at Orissa, Palakkad and Rajasthan. These initiatives have been implemented and are monitored by the local UBL teams. The feedback and testimonials from the communities bear witness to the success of all our endeavours in this arena.

### INTERNAL CONTROL SYSTEM

Your Company has put together an established 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 adequate 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 practice and to ensure total corporate governance, your Company has implemented risk assessment, control self assessment and legal compliance management. These have been updated during the year under review.

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

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

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

### OPPORTUNITIES & THREATS

With growing demand, the domestic production of beer is on the rise. With further investments, your company has been able to upgrade and expand its capacities and also its brands. International brewers have established breweries across India in order to extend their brand presence to more states. With these international brands starting domestic production in India, indigenous brands such as your company's face competition. International premium lager is growing steadily (though on a smaller base) as the companies have expanded their distribution across India, and have launched several new brands during the year under review. Despite this influx of new entrants, Kingfisher Lager continues to not just maintain market share, but indeed increased beyond 50% during the period under report.

India is predominantly a spirits market and beer is a minority preference for those who consume beverage alcohol. The low penetration in beer consumption in comparison to international levels offers the expectation of substantial and sustainable growth in demand for beer in years to come, particularly given the youthful age of India's populace.

Foreign brewers have been eyeing the Indian market for some years now as India is widely acknowledged to be the last untapped big growth market. However, consistent investments by your company, in the product, packaging and communication, along with well established distribution, puts UB in a strong position.

With the global markets experiencing low/stagnating growth in recent years, and the focus shifting to Asia – Pacific region, the industry is expected to witness a fast growth. For instance, the Chinese beer market has grown at an astounding pace in recent years, spurred by massive levels of foreign investment in its beer industry. It is expected that gradually there will be a deregulation in the Indian beer industry too, giving it a boost.

### RISKS AND CONCERNS

The Indian beer industry is plagued with a myriad of taxes & levies that vary from state to state. These along with price regulation, inadequate market infrastructure and restrictions in interstate movement of beer, pose a great challenge for the industry.

Unlike most developed countries where beer is less regulated and available freely, high level of regulation and higher end consumer price hampers beer sales in India.

Uniform tax regime for beer in all states will be a boon for the industry. If implemented, it will help the beer industry by rationalizing end consumer prices in all states, as is in the case of other consumer goods. Globally, the policy of uniform taxation has been a success because of inherent implications on revenue. In addition to economic contribution, a uniform tax structure will also create increased agro linkages that are beneficial to a country like India.

It is important to realize that the beer sector can contribute immensely to the agricultural sector, as beer is an agro-based product. Also marginal barley farmers, particularly stand to benefit from the growth of the beer sector.

## Report of the Directors (contd.)

Additionally, the continuing control on pricing as exercised by a number of state governments has resulted in our inability to raise prices on roughly 45% of our sales and has had a direct bearing upon the Company's profitability. As this challenge continues in the current financial year, it has resulted in a number of key markets becoming unattractive from a financial perspective.

Your Company has explored a variety of avenues to contain the risk of continued increase in basic costs and has entered into a number of long term agreements for sourcing vital inputs. There has been a continuing review of the long term strategy for procurement at an economical cost.

Excessive regulation and further extensions of government intervention, in the areas of distribution and pricing, is affecting the growth and profitability of the industry as well as restricting government revenues. In addition, restrictions on advertising and licensing of retail outlets continue to present challenges to the Industry.

### HUMAN RESOURCES

Your Company's Human Resource philosophy is to nurture and engage a performance-driven workforce. The emphasis in the year gone by has been on both attracting as well as retaining talent. The Company addressed this need in multiple ways such as providing challenging opportunities to promising employees, hiring laterally and strengthening relationships with institutes of repute.

In keeping with the organization's tradition of developing talent from within, your Company focused on enhancing its people capabilities. Your Company continues to implement competency-based learning interventions. Your Company also developed Human Resource policies and processes to leverage on the collective innovative strengths of its people. Initiatives have also been undertaken to effectively deploy technology in the area of Human Resources and institute leadership labs for employees in order to develop future leaders. Employees were also put through Leadership Labs.

Productivity and Safety were also key areas of focus in the year under review. Industrial Relations remained cordial during the year. Your Directors place on record their appreciation for the efforts and commitment of the 1653 employees.

### SUBSIDIARY COMPANIES

Associated Breweries & Distilleries Limited remains a wholly owned Subsidiary of your Company along with Maltex Malsters Limited where your Company holds 51% of Equity.

Your Company has made an application to the Central Government seeking exemption from attaching the accounts etcetera of the above Subsidiaries to the Balance Sheet of the Parent Company. If, in terms of the approval granted by the Central Government, the Accounts, etcetera, of the above subsidiaries are not required to be attached with the Balance Sheet of the Parent Company, these Accounts will be provided on request to any Member requiring to have a copy, on receipt of such request by the Company Secretary at the Registered Office of the Company.

Statement pursuant to Section 212 (1) (e) also forms part of the Annual Report.

### CONSOLIDATION

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

### DEPOSITORY SYSTEM

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.

### DIRECTORS

Mr. John Hunt and Mr. John Nicolson retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mrs. Lesley Jackson resigned from the position of CFO and from the Board effective June 22, 2008.

### AUDITORS AND AUDITORS' REPORT

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

There are no qualification/s or adverse remark/s in the Auditors' Report which require any clarification or explanation.

### LISTING REQUIREMENTS

Your Company's Equity Shares are presently listed at the National Stock Exchange of India Limited and the Stock Exchanges at Bangalore, Mumbai, Madras and New Delhi. The listing fees have been paid to all the Stock Exchanges for the year 2009-2010.

## Report of the Directors (contd.)

During the year under review, the Equity Shares of your Company have been delisted from Ahmedabad, Cochin, Kolkata and Ludhiana Stock Exchanges upon application made in terms of special resolution passed by the members in this regard. However, the delisting approvals from Madras and New Delhi Stock Exchanges are yet to be received.

### CASH FLOW STATEMENT

A Cash Flow Statement for the year ended March 31, 2009 is appended.

### CORPORATE GOVERNANCE

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

### FIXED DEPOSITS

The Company has not invited any Fixed Deposits.

### PARTICULARS OF EMPLOYEES, CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, ETC.

Information in accordance with sub-Section (2A) of Section 217 of the Companies Act, 1956 read with the Company's (Particulars of Employees) Rules, 1975 forms part of this Directors' Report and is annexed. Particulars required under Section 217(1)(e) are also annexed.

### DIRECTORS RESPONSIBILITY STATEMENT

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

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

### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the continued support received from shareholders, banks, risk assessment partners 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,

New Delhi  
July 23, 2009

**A K Ravi Nedungadi**  
Director

**Kalyan Ganguly**  
Managing Director

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

#### A. Conservation of Energy

Energy conservation measures taken by the Company:

##### Electrical Energy:

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

##### Fuel Oil 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 units at Cherthala and Goa . This has reduced fuel cost substantially.

##### Water Conservation:

Recycling of effluent treated water with programmable logic control operated reverse osmosis plant commissioned at Nelamangala Unit to ensure water conservation.

Bottle Washer waste water recovery plants have also been successfully commissioned in Talaja, Chopanki, Chennai, Nelamangala and Mangalore units. It has also been successfully implemented at Mangalore and Goa units, and is under commissioning at the Palghat and Kalyani units.

Rainwater harvesting initiative is being undertaken at Nelamangala, Chennai, Goa and Mangalore units in a phased manner to save water and enhance the ground water table.

##### Environment:

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

#### B. Technology Absorption

Latest technology in labellers, Auto PU controlled Pasteurizer and fillers for beer packaging has been implemented at the Talaja unit. This has resulted in improved quality, reduced wastages and higher productivities on the line. A superior technology filler has also been installed in Chennai units.

#### 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

Foreign Exchange earned	:	Rs. 10.00 million
Foreign Exchange used	:	Rs. 1,397.61 million



## Annexure to Directors' Report (contd.)

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

Sl. No.	Name	Age	Date of Joining	Total Remuneration	Designation	Educational Qualifications	Experience in Years	Previous Employment
1	K Ganguly	58	1-Feb-79	31471475	Managing Director	B.A. (Hons.), PGDBM (XLRI)	36	EVP - Marketing & Sales McDowell & Co. Ltd.
2	Shekhar Ramamurthy	48	15-May-89	16498662	Dy. President	B.Tech. (Civil) - IIT, Delhi, PGDM - IIM - Kolkata	22	General Manager - Marketing Herbertsons Ltd., Mumbai
3	Cedric Vaz	51	15-May-06	8114406	EVP - Manufacturing	B.Tech. (Mech.), IIT - Kanpur	27	Head Operations - Cadbury India Ltd.
4	J Noronha	54	15-Jul-91	7178547	EVP - Human Resources	B.Com. PGDPM-IR (XLRI)	29	Personnel Manager - The Oberoi Bogmalo Beach, Goa
5	Perry Goes	44	14-Jun-04	6531206	DVP - Strategic Planning & Business Analysis	B.E. (Mech.), PGDBM (Markt-Fin & HR) - Goa Inst. of Mgmt.	22	Group Leader for Business Analytics - Honeywell Technologies Solutions Labs
6	Sudhir Jain	49	15-Jan-04	3843744	DVP - Operations - South & West	B.E. (Mech.) University of Roorkee	23	G M Plant Operations - Pepsico India Holdings P. Ltd.
7	Kiran Kumar	41	28-Apr-97	5982093	DVP - Sales	B.Com., PGDM IIM-Ahmedabad	18	Marketing Manager - Herbertsons Limited
8	Ravikant Sabnavis	40	12-Mar-07	5151751	DVP - Marketing	B.E. (Comp.Sci.), MMS (SP Jain Inst. of Mgmt.)	17	Marketing Manager - Heinz India Pvt. Ltd.
9	Umesh Hingorani	40	2-Feb-93	3603218	DVP - Business Development	BBA - University of Southern California	16	Marketing Manager - Castle Breweries Limited
10	R K Jindal	48	19-Mar-85	4398129	DVP - Operations North & East and Malting	B.Com., F C A	24	First Employment
11	Govind Iyengar	42	5-Feb-01	4070460	DVP - Legal & Company Secretary	B.Com., LL.B (Gujarat University), ACS (ICSI)	19	Company Secretary - Citurgia Biochemicals Ltd.
12	Govind Tiwari	57	12-Feb-75	4716016	DVP - UBL, Goa & Contract Units	B.Sc., PGDIFAT, DBA, PGDM & IR	39	Asst. Brewer - Indo Lowenbrau Breweries Limited, Faridabad
13	Sharad Dalmia	44	1-Feb-01	3552304	DVP - Engineering & Projects	B.E. (Mech.), PGDM (Mech. & Elec. Engg.) (Jamshedpur Tech. Inst.)	22	General Manager - McDowell & Co. Ltd.,
14	George Paul	45	6-Jan-03	3181671	AVP	B.Tech. (Mech.), MBM (Asian Inst. of Mgmt.)	21	General Manager - A W Faber Castel (I) Pvt. Ltd.
15	R Santosh Kumar	44	1-Jul-98	4134795	DVP - Commercial	B.E., PGDCA	21	Mfg. Manager - Pepsico India Holdings
16	Samrat Chadha	36	2-May-97	3092762	General Sales Manager - West	B.Sc., PGDM (T.A. Pai Mgmt. Inst.)	12	First Employment
17	Gurpreet Singh	34	20-Apr-98	3108366	General Marketing - Manager	B.Com., PGDM (T.A. Pai Mgmt.Inst.)	11	First Employment
18	M R Srinivasan	58	15-Jul-89	3083472	AVP	B.Sc., MSW (University of Mysore)	35	Personnel Executive - Indl. Relations & Welfare - Cipla Ltd.
19	P A Poonacha	38	1-Jul-96	3438195	AVP - Finance	B.Com., ACA, AICWA	14	Accounts Executive - BPL Sanyo Technologies Ltd.
20	R Raghupathy	49	10-Jul-89	2998741	Controller - Finance	B.Com., AICWA	22	Accounts Executive - Laurel Aromatics Pvt. Ltd.
21	P L Murugappan	38	27-Sep-97	2909153	Controller-Finance	B.Sc., MBA (Fin.), AICWA	17	Head Finance - Cipla Ltd. (Bangalore Unit)
22	Jayant Basu	57	11-May-98	3103214	AVP	B.Sc., PGDPMIR, LLB, MBA	35	Plant Manager - Pfizer Limited
23	S Ramakrishnan	49	1-Jun-95	3136821	General Manager - IT	M.Com., Dip. in Comp. Sc.	24	Senior Manager - Systems - McDowell & Co. Ltd.
24	Susheel Kumar	57	19-Apr-02	2788443	AVP	B.Sc., Tech., Bio Engg. & PGDMM	32	Chief Executive - MABL (Empee Breweries Ltd.)
25	Rakesh Chandra Gupta	40	1-Jun-04	2643491	AVP	B.E. (Mech.), MFM, Master in SAP-PS, MDP	17	Senior Manager - Projects - Birla Management Corporation
26	C Gouri Sankar	43	14-Mar-07	2744122	General Manager	B.E. (Mech.), Adv. Dip. in Business Adm.	20	Senior Manager - Production - Asian Paints (I) Ltd.
<b>Employed for part of the year and in receipt of remuneration in aggregate of not less than the prescribed limit</b>								
*1	Lesley Jackson	45	13-Jun-05	661187	C F O	B.A. (Hons), ACA, MBA, FCA	24	Finance Director & Systems Director - Scottish & New Castle PLC. (UK Business)

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

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

\*Mrs. Lesley Jackson has resigned with effect from June 22, 2008.

NOTES:

- Remuneration shown above includes salary, allowance, medical, leave travel expenses and monetary value of perquisites as per Income Tax Rules. None of the employees mentioned above is a relative of any Director of the Company except Mr. Umesh Hingorani, for whom necessary approval of Central Government has been obtained. None of the above mentioned employees holds more than 2% of the paid-up equity capital in the Company.

By Authority of the Board,

New Delhi  
July 23, 2009

**A K Ravi Nedungadi**  
Director

**Kalyan Ganguly**  
Managing Director

## A. MANDATORY REQUIREMENTS

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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 towards 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 support the broad principles of Corporate Governance and lay 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. 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 and Share Transfer Committee to look into the aspects of each Committee. Internal Audit carried out by the Group Internal Audit team commensurate with the size of the organization. There is comprehensive management reporting systems involving the preparation of operating results and their review by senior management and by the Board.

In addition to securing Board approvals for various matters prescribed under the Companies Act, 1956, matters such as annual budget, operating plans, significant and material show cause notice 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, 2009, 6 Board Meetings were held on June 13, 2008, June 23, 2008, July 25, 2008, September 10, 2008, October 23, 2008 and January 20, 2009.

### 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 10.09.2008
Dr. Vijay Mallya	Chairman (NE)	6	5	YES
Mr. Kalyan Ganguly	Managing Director	6	5	YES
Mr. A K Ravi Nedungadi	Director (NE)	6	5	YES
Mr. John Hunt	Director (NE)	6	4	YES
Mr. John Nicolson	Director (NE)	6	2	NO
Mrs. Lesley Jackson*	Director (CFO)	6	1	NO
Mr. Chugh Yoginder Pal	Director (NE, Ind)	6	5	YES
Mr. Sunil Alagh	Director (NE, Ind)	6	4	NO
Mr. Chhaganlal Jain	Director (NE, Ind)	6	6	YES

Notes:

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

\*Mrs. Lesley Jackson has resigned from the Board with effect from June 22, 2008.

## Report on Corporate Governance (contd.)

### 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	24	NIL	1 (Chairman of 1 Committee)
Mr. Kalyan Ganguly	6	2 (Chairman of 2 Committees)	2 (Chairman of 2 Committees)
Mr. A K Ravi Nedungadi	12	6 (Chairman of 1 Committee)	2
Mr. John Hunt	2	1 (Chairman of 1 Committee)	1
Mr. John Nicolson	1	1	NIL
Mr. Chugh Yoginder Pal	4	4 (Chairman of 3 Committees)	2
Mr. Sunil Alagh	5	1 (Chairman of 1 Committee)	1
Mr. Chhaganlal Jain	9	7 (Chairman of 3 Committees)	6

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 Committees

#### NOTES:

- Out of 24 other Companies in India in which Dr. Vijay Mallya is a Director, 10 are Private Limited Companies and 2 are Section 25 companies. Dr. Vijay Mallya is also on the Board of 33 Overseas Companies.
- Out of 6 other Companies in which Mr. Kalyan Ganguly is a Director, 1 is a Private Limited Company. Mr. Kalyan Ganguly is also on the Board of 1 Overseas Company.
- Out of 12 other Companies in which Mr. A K Ravi Nedungadi is a Director, 4 are Private Limited Companies and 1 is a Section 25 Company. Mr. A K Ravi Nedungadi is also on the Board of 6 Overseas Companies.
- Mr. John Hunt is a Director in 2 Private Limited Companies.
- Mr. John Nicolson is a Director in 1 Private Limited Company.
- Out of 4 other Companies in which Mr. Chugh Yoginder Pal is a Director, 1 is a Private Limited Company.
- Out of 5 other Companies in which Mr. Sunil Alagh is a Director, 3 are Private Limited Companies.
- Out of 9 other Companies in which Mr. Chhaganlal Jain is a Director, 1 is a Private Limited Company. Mr. Jain is also on the Board of 1 Overseas Company.

#### PARTICULARS OF DIRECTORS RETIRING BY ROTATION AND BEING RE-APPOINTED

Mr. John Hunt and Mr. John Nicolson retire at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Brief particulars of Mr. John Hunt and Mr. John Nicolson are mentioned overleaf.

## Report on Corporate Governance (contd.)

### PROFILE OF DIRECTORS RETIRING BY ROTATION

Brief resume	Other Directorships & Committee Memberships
<p><b>Mr. John Hunt</b></p> <p>Mr. John Hunt is an M.A. (Hons.) in Mech Engineering and a Post-Graduate in Production Engineering from Cambridge University. He is also an ACA &amp; has completed Executive Development Programs at S&amp;N's Senior Executive Program, IMD-Lausanne and Harvard Business School. He commenced his Professional career with KPMG as Audit Senior (1985-1989), then moved on to the Foster's Brewing Group in London where he was elevated from the role of Operational Audit Manager (1989-1991) to the level of Commercial Director (1993-1996) of Holsten UK, a Foster's JV in the UK. He then moved on as Finance &amp; Airtime Sales Director (1996-1998) of a BBC/Pearson JV running BBC's World &amp; Prime satellite TV channels in Europe. He then joined S&amp;N in April 1998 as Corporate Development Manager where he was part of a small team that acquired the No.1 French &amp; the No.2 Portuguese brewers &amp; a £1 billion Pub Company. Mr. John Hunt held few other positions in the S&amp;N Group, including that of Managing Director, Asia Region. Upon the S&amp;N Group having been taken over by Heineken NV, he is currently the Managing Director, Development Markets, a part of Heineken West European Region. He brings with him a very wide &amp; international experience in the industry.</p> <p>Mr. John Hunt was appointed as an additional Director on April 29, 2005.</p>	<p><b>Other Boards</b> Millennium Alcobev Private Limited Scottish &amp; Newcastle (India) Private Limited</p> <p><b>Audit Committee</b> Millennium Alcobev Private Limited</p>
<p><b>Mr. John Nicolson</b></p> <p>Mr. John Nicolson is the President of Heineken Americas and a member of the Heineken Executive Committee. He is the Deputy Chairman of CCU SA in Chile, and a Board member of FIFCO in Costa Rico, plus he is S&amp;N's representative on Boards in India. He is a member of the Advisory Board to the Business School at Edinburgh University. He was previously a Board member of the Scottish &amp; Newcastle plc and was its Managing Director Eastern Europe, Asia and the USA. He was also the Chairman of BBH (Baltic Beverages Holding), which was S&amp;N's Joint Venture in Russia, Kazakhstan, Ukraine and the Baltics. Until July 2000, he was Corporate Development Director for Scottish &amp; Newcastle, responsible for strategy and acquisitions. Following University he joined ICI Paints Division and then moved to Brooke Bond Oxo. In 1988 he was transferred within Unilever to Sales and Marketing Director of Lipton International. He then became Marketing Director of Ice Cream at Birds Eye Walls Limited, with additional responsibility for one of Unilever's International Ice Cream Groups. In 1993 he joined Courage as Group Executive Director, where he was the Managing Director of its UK Take Home business and also the Groups Marketing Director. With the acquisition of Courage by Scottish &amp; Newcastle plc, Mr. John moved to Edinburgh where he became the Marketing Director of Scottish Courage, S&amp;N's Beer Division and Chairman of its Irish company Beamish &amp; Crawford.</p> <p>Mr. John was appointed as an Additional Director on July 20, 2007.</p>	<p><b>Other Boards</b> Millennium Alcobev Private Limited</p> <p><b>Audit Committee</b> Millennium Alcobev Private Limited</p>

**NOTE:**

Committee Memberships of Directors mentioned above includes only those Committees prescribed for reckoning of limits under Clause 49 of the Listing Agreement.

## Report on Corporate Governance (contd.)

### COMMITTEES OF DIRECTORS

The Board has constituted Committees of Directors to deal with matters which need quick 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 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 into 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 shall mandatorily review 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, 2009, 4 Audit Committee Meetings were held on June 23, 2008, July 25, 2008, October 23, 2008 and January 20, 2009.

## Report on Corporate Governance (contd.)

### ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Names of the Directors	Category	Number of Audit Committee Meetings held	Number of Audit Committee Meetings attended
Mr. Chugh Yoginder Pal	CHAIRMAN	4	4
Mr. Sunil Alagh	MEMBER	4	3
Mr. Chhaganlal Jain	MEMBER	4	4

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

### SHARE TRANSFER COMMITTEE

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

The Terms of reference are as under:

- To monitor Transfer, Transmission and Transposition of the Shares of the Company;
- Issue of Duplicate Share Certificates in lieu of Certificates lost or misplaced;
- Issue of New Share Certificates in lieu of Certificates torn, mutilated, cages for transfer filled up etc.;
- Consolidation and sub-division of Share Certificates;
- To oversee compliance of the norms laid down under the Depositories Act, 1996;
- To appoint/remove Registrars and Transfer Agents;
- To oversee compliance of the norms laid down under the Tripartite Agreement with National Securities Depository Limited/ Central Depository Services (India) Limited;
- 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 Alpha Systems Private Limited, Registrars and Transfer Agents and the same are being processed and approved on fortnightly basis.

During the year ended March 31, 2009 the Committee met 13 times on April 21, 2008, April 30, 2008, May 31, 2008, June 30, 2008, July 31, 2008, August 30, 2008, October 03, 2008, October 31, 2008, December 01, 2008, December 31, 2008, January 31, 2009, March 02, 2009 and March 31, 2009 for approving the transactions falling within the Terms of reference mentioned above.

The Board of Directors has, by a circular resolution 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'/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, Divisional Vice President – Legal and Company Secretary.

Number of Shareholders' complaints received from 1-4-2008 to 31-3-2009 (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.)	60
Number of complaints not solved to the satisfaction of the Shareholders	NIL
Number of pending Share transfers	NIL

## Report on Corporate Governance (contd.)

During the year ended March 31, 2009 Investors' Grievance Committee Meetings were held on August 02, 2008 and January 20, 2009.

### 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 relating to compensation by way of salary, perquisites, benefits, etc., to the Managing Director/ Executive/Wholtime 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 the employees/Directors in terms of prescribed Guidelines.

During the year ended March 31, 2009, a Meeting of Remuneration Committee was held on January 18, 2009 which was 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, 2009, Mr. Kalyan Ganguly, Managing Director and Mrs. Lesley Jackson, (then CFO) were paid remuneration as under:

(Rupees)

	Salary	Perquisites	Retiral Benefits
Mr. Kalyan Ganguly	2,37,61,807	40,87,988	36,21,680
Mrs. Lesley Jackson	5,25,000	1,36,187	—

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. In view of resignation of Mrs. Lesley Jackson effective June 22, 2008, the remuneration mentioned above reflects remuneration paid for part of the year only.

### SITTING FEES PAID TO DIRECTORS DURING 2008-2009

Sl. No.	Name of the Director	Sitting Fees paid (Rupees)
1.	Dr. Vijay Mallya	66,628/-*
2.	Mr. A K Ravi Nedungadi	2,70,000/-
3.	Mr. Chugh Yoginder Pal	2,30,000/-
4.	Mr. Chhaganlal Jain	2,60,000/-
5.	Mr. Sunil Alagh	1,50,000/-
6.	Mr. John Hunt	55,280/-*
7.	Mr. John Nicolson	27,640/-*

\* (net of TDS).

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.

## Report on Corporate Governance (contd.)

### OTHER COMMITTEE MEETINGS

A Rights Issue Committee comprising of Mr. Chugh Yoginder Pal, Mr. A K Ravi Nedungadi, Mr. Kalyan Ganguly and Mrs. Lesley Jackson was constituted to consider and approve matters relating to the Rights' issue and carry out the requisite formalities in relation thereto. The Committee met on April 05, 2008 and was attended by all the members.

A Committee of Directors comprising of Mr. Kalyan Ganguly, Mr. A K Ravi Nedungadi, Mr. Chugh Yoginder Pal and Mr. Chhaganlal Jain was also formed for investment of funds received through the Rights issue and not required immediately for CAPEX purposes. The Committee met on June 06, 2008 and was attended by Mr. Chugh Yoginder Pal and Mr. Chhaganlal Jain.

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, 2009	As on March 31, 2008
1.	Dr. Vijay Mallya	21353620*	19218260
2.	Mr. Kalyan Ganguly	14690*	12020
3.	Mr. A K Ravi Nedungadi	—	—
4.	Mr. John Hunt	—	—
5.	Mr. John Nicolson	—	—
6.	Mr. Chugh Yoginder Pal	—	—
7.	Mr. Sunil Alagh	6800*	6000
8.	Mr. Chhaganlal Jain	—	—

\*Additional shares allotted during the Rights' Issue of 2008.

### 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
September 10, 2008	11.00 a.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025.	Three
September 28, 2007	12.30 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025.	Three
September 19, 2006	12.00 Noon	Dr. B R Ambedkar Bhavana, Miller's Road, Vasanthanagar, Bangalore – 560 052.	None

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

### DISCLOSURES

During the financial year ended March 31, 2009, 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.



## Report on Corporate Governance (contd.)

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

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

### MEANS OF COMMUNICATION

The Company has its own Web-site and all vital information relating to the Company and its performance involving quarterly results, official Press release and presentation to analysts are posted on the Company's Web-site "www.kingfisherworld.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 The Asian Age, Financial Express and in Kannada Prabha Newspapers.

In line with 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 the immediately subsequent year.

Division of Financial Calendar		Declaration of Unaudited Results	
1 <sup>st</sup> Quarter	April 1 to June 30	1 <sup>st</sup> Quarter	By July, 31 <sup>st</sup>
2 <sup>nd</sup> Quarter	July 1 to September 30	2 <sup>nd</sup> Quarter	By October, 31 <sup>st</sup>
3 <sup>rd</sup> Quarter	October 1 to December 31	3 <sup>rd</sup> Quarter	By January, 31 <sup>st</sup>
4 <sup>th</sup> Quarter	January 1 to March 31	4 <sup>th</sup> Quarter	By April, 30 <sup>th</sup>

### ANNUAL GENERAL MEETING INFORMATION

Board Meeting for Consideration of Accounts	July 23, 2009
Posting of Annual Report	August 13, 2009
Book Closure dates	September 9, 2009 and September 10, 2009
Last date for receiving proxy	September 8, 2009
Date of AGM	September 10, 2009

#### ANNUAL GENERAL MEETING ON

September 10, 2009

#### VENUE

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

#### TIME

11.00 a.m.

#### DATES OF BOOK CLOSURE

September 9, 2009 & September 10, 2009

## Report on Corporate Governance (contd.)

### LISTINGS AT

STOCK EXCHANGE	SCRIP CODE
BANGALORE STOCK EXCHANGE LIMITED	UNITEDBRED
MADRAS STOCK EXCHANGE LIMITED	UNITEDBREW
BOMBAY STOCK EXCHANGE LIMITED	532478
DELHI STOCK EXCHANGE LIMITED	121113
NATIONAL STOCK EXCHANGE OF INDIA LIMITED	UBL

The Company has got its securities voluntarily de-listed from the following Stock Exchanges:

Cochin Stock Exchange Limited	w.e.f. 23.05.2009
Calcutta Stock Exchange Assn. Limited	w.e.f. 31.03.2009
Ludhiana Stock Exchange Limited	w.e.f. 25.04.2009
Ahmedabad Stock Exchange Limited	w.e.f. 12.03.2009

De-listing application with the Stock Exchanges at Delhi and Madras is pending approval.

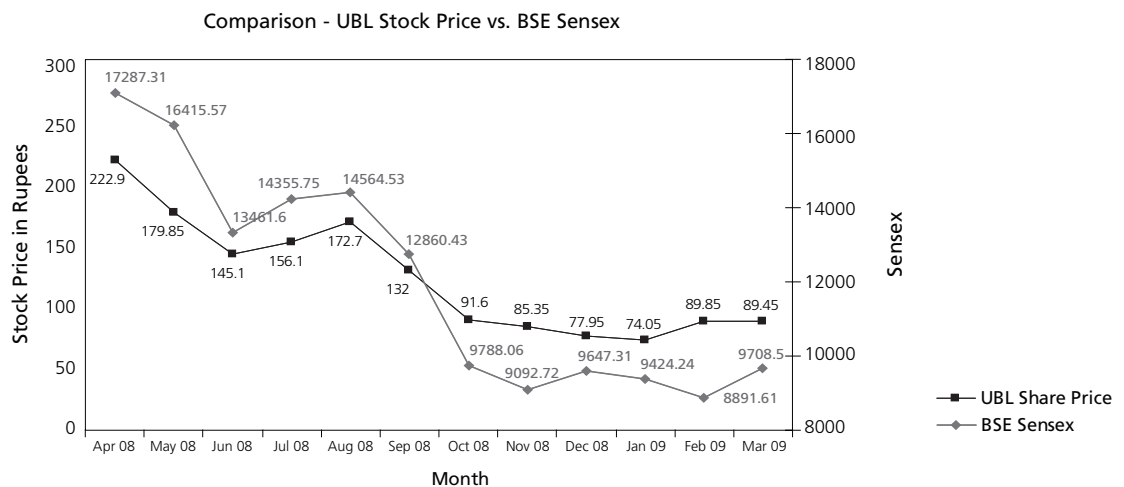
SEBI has derecognized The Hyderabad Stock Exchange Limited, effective August 29, 2007 and the name of the exchange has been changed to The Hyderabad Securities and Enterprises Limited.

Market price data of the Company's Equity Shares traded on the Bombay Stock Exchange Limited (BSE) during the period April 2008 to March 2009:

Month	High	Low	Close	BSE SENSEX-CLOSE
April 2008	240.00	170.90	222.90	17287.31
May 2008	255.75	176.00	179.85	16415.57
June 2008	194.00	143.30	145.10	13461.60
July 2008	175.00	123.05	156.10	14355.75
August 2008	202.00	150.70	172.70	14564.53
September 2008	176.85	124.00	132.00	12860.43
October 2008	135.45	81.00	91.60	9788.06
November 2008	105.00	82.55	85.35	9092.72
December 2008	93.90	75.90	77.95	9647.31
January 2009	86.80	67.75	74.05	9424.24
February 2009	95.70	71.00	89.85	8891.61
March 2009	93.50	75.00	89.45	9708.50

(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:



## Report on Corporate Governance (contd.)

### SHARE TRANSFER SYSTEM

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

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

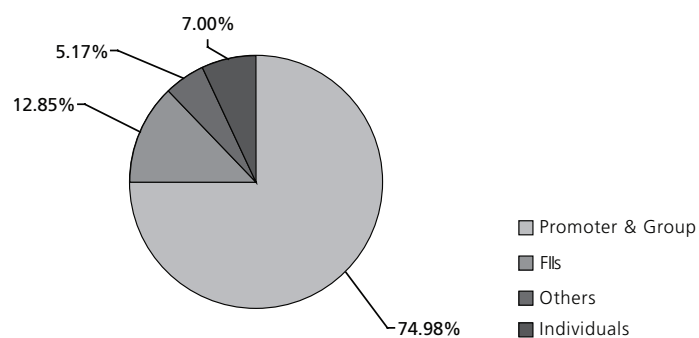
The distribution of shareholding as on March 31, 2009 is furnished below:

Category (Rs.)	No. of Shareholders	% (Percentage)	No. of Shares held	% (Percentage)
Up to 5000	36424	99.09	11472833	4.78
5001 – 10000	139	0.38	991636	0.41
10001 – 20000	74	0.20	1038250	0.43
20001 – 30000	36	0.10	902117	0.38
30001 – 40000	19	0.05	671573	0.28
40001 – 50000	12	0.03	558254	0.23
50001 – 100000	14	0.04	978150	0.41
100001 and Above	42	0.11	223435442	93.08
<b>TOTAL</b>	<b>36760</b>	<b>100.00</b>	<b>240048255</b>	<b>100.00</b>

### Shareholding Pattern as on March 31, 2009

Category	No. of Shares held	Percentage of Shareholding
<b>Promoters</b>		
Indian	89994960	37.49
Foreign	89994960	37.49
<b>Institutional Investors</b>		
Mutual Funds/UTI	2072970	0.86
Banks Financial Institutions	50160	0.02
Central/State Governments	660	0.00
Insurance Companies	2064844	0.86
Foreign Institutional Investors	30853033	12.85
<b>Others</b>		
Bodies Corporate	7966942	3.32
Individuals	16800965	7.00
Trust	248761	0.10
<b>Total</b>	<b>240048255</b>	<b>100.00</b>

Pie-chart of Shareholding Pattern



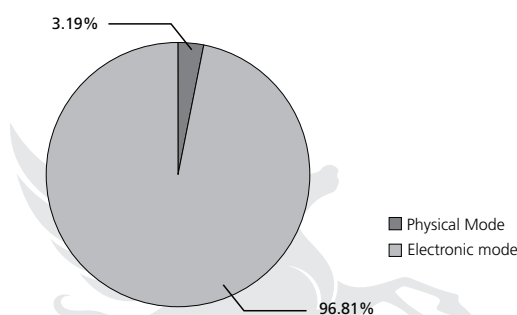
## Report on Corporate Governance (contd.)

### 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, 2009 is as under:

Mode	No. of Shares	% (Percentage)	No. of Shareholders
Physical mode	7656625	3.19	15918
Electronic mode	232391630	96.81	20842
<b>TOTAL</b>	<b>240048255</b>	<b>100.00</b>	<b>36760</b>

### Shares held in physical & demat form as on March 31, 2009



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:

<p><b>ALPHA SYSTEMS PRIVATE LIMITED</b> 30, RAMANA RESIDENCY 4TH CROSS, SAMPIGE ROAD, MALLESWARAM BANGALORE – 560 003.</p> <p>Tel. No.: (080) 2346 0815 to 2346 0818 Fax No.: (080) 2346 0819 email: <a href="mailto:alfint@vsnl.com">alfint@vsnl.com</a></p> <p>Contact Persons: MR. VIJAYAGOPAL or MR. RAJARAMAN Investors can also post their queries to '<a href="mailto:ublinvestor@ubmail.com">ublinvestor@ubmail.com</a>'</p>
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### OWN MANUFACTURING NETWORK

ANDHRA PRADESH – HYDERABAD	MAHARASHTRA – TALOJA
GOA – PONDA	PUNJAB – LUDHIANA
KERALA – CHERTHALA & PALAKKAD	WEST BENGAL – KALYANI
KARNATAKA – MANGALORE & NELAMANGALA	RAJASTHAN – CHOPANKI
ORISSA – KHURDA	

### CONTRACT MANUFACTURING NETWORK

In addition, the Company also has Manufacturing facilities through Associate Companies / Contract Breweries at Alwar, Aurangabad, Bhopal, Daman, Dharuhera, Ghaziabad, Indore, Kuthambakkam, Lucknow, Srikakulam and Thiruvallur.

## Report on Corporate Governance (contd.)

### 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) Audit Qualifications:

Auditor's qualifications have been addressed to in the Annual report.

#### e) 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.

#### f) Mechanism for evaluating Non-Executive Directors:

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

#### g) Whistle Blower Policy:

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

### COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Clause 49 sub-clause (l) (D) (ii) of the Listing Agreement, it is hereby confirmed that during the year 2008-2009, all the members of the Board of Directors and Senior Managerial personnel have affirmed their Compliance with the Company's Code of Business Conduct and Ethics.

Place: New Delhi  
Date: July 23, 2009

**Kalyan Ganguly**  
Managing Director

## Report on Corporate Governance (contd.)

### 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, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

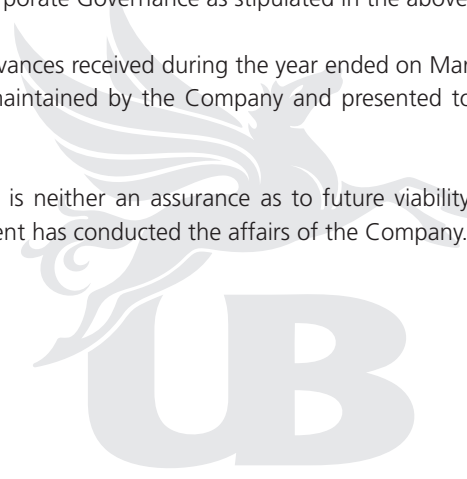
The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of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

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

We state that in respect of investor grievances received during the year ended on March 31, 2009, 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.

Date: July 23, 2009



**M R Gopinath**  
Company Secretary (In practice)  
Bangalore

FCS 3812 CP 1030

UNITED BREWERIES LIMITED

# Auditors' Report

## To the Members of United Breweries Limited

1. We have audited the attached Balance Sheet of United Breweries Limited as at March 31, 2009, the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' 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 said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) 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;
  - (ii) 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;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
  - (v) On the basis of written representations received from the directors of the Company, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - (vi) 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 also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**J. Majumdar**  
Partner  
Membership Number - F51912

Place: New Delhi  
Date: July 23, 2009

For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

[Referred to in Paragraph 3 of the Auditors' Report of even date to the members of United Breweries Limited on the financial statements for the year ended March 31, 2009]

- i.
  - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year except for assets aggregating to Rs.721,522 (original cost in thousands) at 3 locations 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.
- ii.
  - a) The inventory has been physically verified by the management during the year. 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) In our opinion, and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies between the physical inventory and the book records as noticed on physical verification are not material and have been properly dealt with in the books of accounts.
- iii.
  - 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, and accordingly, clauses (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Order are not applicable.
  - 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 and therefore paragraphs iii(f) and iii(g) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanations that certain items purchased are of a special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system, commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v.
  - a) In our opinion and based on the examination of the records of the Company, the particulars of the contracts / 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.
- vi. 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 thereunder.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) Section 209 of the Act for any of the products of the Company.
- ix.
  - 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 the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
  - b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2009 which have not been deposited on account of a dispute are given in Appendix 1.
- x. The Company has no accumulated losses as at March 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. 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.
- xii. 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.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
- xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year are not prejudicial to the interest of the Company.



## Annexure to Auditors' Report (contd.)

- xvi. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii. 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 short-term basis which have been used for long-term investment.
- xviii. 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.
- xix. The Company has not issued debentures during the year and there are no debentures outstanding as at the year-end.
- xx. The management has disclosed the end use of money raised by public issues (Refer Schedule 19, Note 1) and the same has been verified by us.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**J. Majumdar**  
 Partner  
 Membership Number - F51912

For and on behalf of  
**Price Waterhouse**  
 Chartered Accountants

Place: New Delhi  
 Date: July 23, 2009

### Appendix 1 to the Auditors' Report

Referred to in paragraph ix (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, 2009.

Name of the statute	Rs. in Thousands	Forum where dispute is pending	Year to which amount relates	
Customs Act, 1962	4,148	Commissioner of Customs, Ludhiana	1991-92	
	2,033	High Court at Bombay	1991-92	
	2,972	High Court of Madras	1998-99	
	3,174	Deputy Commissioner of Customs, Siliguri	1998-99	
	Central Excise Act, 1944 / State Excise Acts	4,253	High Court of Calcutta	1998-99
		571	High Court of Andhra Pradesh	1992-98
		1,866	High Court, Calcutta	1987-88
		8,076	High Court of Karnataka	2000-2001 to 2003-2004, 2005-06
		1,229	High Court, Calcutta	1981-82
		637	High Court, Calcutta	1988-89
	2,955	High Court, Calcutta	1998-99	
Sales Tax Acts	4,028	Commissioner of Excise	2000 to 2005	
	490	Commissioner (Appeals) Central Excise	2005- 2007	
	277	Commissioner (Appeals) Central Excise	2007- 2008	
	401	High Court of Andhra Pradesh	1997-98 to 1998-99	
	628	High Court of Kerala	1983-84 to 1986-87	
	38	High Court of Kerala	1990-91	
	4,225	High Court, Calcutta	1997-98	
	1,088	Sales tax Appellate Tribunal, Karnataka	2002-03	
	90	Sales tax Appellate Tribunal, Mumbai	1990-91	
	13	Assistant Commissioner (Assessment) Special Circle	2002-03	
	5,404	Sales Tax Appellate Tribunal / Deputy Commissioner (Appeals)	1975-76 to 1998-99, 2000-01 to 2001-02	
	69	Deputy Commissioner of Commercial Taxes (Appeals) Kollam	2001-02	
	130	Deputy Commissioner of Commercial Taxes (Appeals) Kollam	2000-01	
	107	Deputy Commissioner Appeals	1991-92	
	124	High Court of Kerala	1988-89	
	289	High Court of Kerala	1989-90	
	498	High Court of Kerala	1990-91	
459	Court of Civil Judge, (Senior Division) Gurgaon	2001-02		
185	Sales Tax Appellate Tribunal	1997-98		
83	Sales Tax Appellate Tribunal	1998-99		
841	Appellate Tribunal, Cherthala	1975 to 1994		
Income Tax Act	61,340	Commissioner of Income Tax (Appeals)	2004-05	
	10,726	Commissioner of Income Tax (Appeals)	1997-98	
	2,968	Commissioner of Income Tax (Appeals)	1997-98	
	1,375	Commissioner of Income Tax (Appeals)	2000-01	
	5,853	Commissioner of Income Tax (Appeals)	2000-01	
Service Tax Act	223,466	Director General Central Excise & Intelligence, Bangalore	2006-07	
	46,954	Commissioner of Service Tax, Bangalore	2006-07	
	107,287	Commissioner of Service Tax, Bangalore	2007-08	
Employee State Insurance Act	265	High Court of Kerala	1991-92	

## Balance Sheet as at March 31, 2009

Rs. in Thousands

	Schedule	2009	2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	2,709,048	2,685,043
Reserves and Surplus	2	<u>8,106,431</u>	<u>3,427,554</u>
		<b>10,815,479</b>	6,112,597
<b>LOAN FUNDS</b>			
Secured Loans	3	4,410,559	4,538,387
Unsecured Loans		<u>1,753,006</u>	<u>809,985</u>
Deferred Tax Liability [Refer Schedule 19 Note 15]		<u>173,122</u>	<u>90,302</u>
		<b>17,152,166</b>	<u>11,551,271</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	9,272,547	7,149,646
Less: Accumulated Depreciation and Amortisation		<u>2,294,917</u>	<u>1,547,755</u>
Net Block		<b>6,977,630</b>	5,601,891
Capital Work in Progress		<u>865,308</u>	<u>1,576,089</u>
		<b>7,842,938</b>	7,177,980
<b>Investments</b>	5	<b>1,940,957</b>	1,040,709
<b>Current Assets, Loans And Advances</b>			
Inventories	6	1,630,376	1,169,167
Sundry Debtors	7	4,699,634	3,221,537
Cash and Bank Balances	8	417,733	175,912
Other Current Assets	9	140,769	2,282
Loans and Advances	10	<u>2,728,788</u>	<u>1,179,419</u>
		<b>9,617,300</b>	5,748,317
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	11	2,065,734	2,291,592
Provisions	12	<u>183,295</u>	<u>124,143</u>
		<b>2,249,029</b>	2,415,735
Net Current Assets		<u>7,368,271</u>	<u>3,332,582</u>
		<b>17,152,166</b>	<u>11,551,271</u>
<b>Significant Accounting Policies</b>	18		
<b>Notes on accounts</b>	19		

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

**J. Majumdar**  
Partner

For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

New Delhi, July 23, 2009.

**Kalyan Ganguly**  
Managing Director

**Govind Iyengar**  
Company Secretary

New Delhi, July 23, 2009.

**A K Ravi Nedungadi**  
Director

# Profit and Loss Account for the year ended March 31, 2009

Rs. in Thousands

	Schedule	2009	2008
<b>INCOME</b>			
Sales and Service	13	24,604,481	19,802,844
Less: Excise Duty		7,621,772	6,112,233
		16,982,709	13,690,611
Other Income	14	492,991	257,948
		17,475,700	13,948,559
<b>EXPENDITURE</b>			
Cost of Sales	15	10,472,894	8,611,492
Other Expenses	16	4,327,570	3,364,369
Interest and Finance Charges	17	896,377	428,282
Depreciation and Amortisation		762,150	612,276
		16,458,991	13,016,419
Profit before taxation		1,016,709	932,140
Provision for Taxation [Refer Schedule 19 Note 15]			
– Current Tax		(294,549)	(264,889)
– Fringe Benefit Tax		(14,400)	(12,000)
– Deferred Tax (Charge)/Write back		(82,820)	(30,526)
		(391,769)	(307,415)
Profit after taxation		624,940	624,725
Less:		(170,912)	(86,658)
Dividends [Refer Schedule 19 Note 22]			
Transfer to General Reserve		(65,000)	—
Profit carried to Balance Sheet		389,028	538,067
Earnings per share (Basic/Diluted) [Refer Schedule 19 Note 13]		2.29	2.49
<b>Significant Accounting Policies</b>	18		
<b>Notes on Accounts</b>	19		

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

**J. Majumdar**  
Partner

For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

New Delhi, July 23, 2009.

**Kalyan Ganguly**  
Managing Director

**Govind Iyengar**  
Company Secretary

New Delhi, July 23, 2009.

**A K Ravi Nedungadi**  
Director

## Cash Flow Statement for the year ended March 31, 2009

Rs. in Thousands

	2009	2008
<b>A Cash Flow from Operating Activities</b>		
Profit before taxation	1,016,709	932,140
Adjustments for:		
Interest Income	(147,143)	(29,692)
Depreciation and Amortisation	762,150	612,276
Interest Expenses (Net)	896,377	428,282
Dividend Income	(48,954)	—
Provision for Doubtful Debts	2,710	34,008
Provision for Doubtful Advances	928	8,220
Bad debts written off	8,991	2,700
Bad advances written off	5,866	543
(Profit)/Loss on Sale of Assets	2,185	1,483,110
	<u>1,483,110</u>	<u>5,926</u>
<b>Operating Profits before Working Capital changes</b>	<b>2,499,819</b>	<b>1,994,403</b>
Adjustment for Working Capital Changes:		
(Increase) / Decrease in Sundry Debtors	(1,489,798)	(1,112,436)
(Increase) / Decrease in Inventories	(461,209)	(45,524)
Increase / (Decrease) in Current Liabilities and Provisions	(208,833)	245,864
(Increase) / Decrease in Other Current Assets, Loans and Advances	(1,556,589)	(3,716,429)
	<u>(3,716,429)</u>	<u>16,182</u>
<b>Cash generated from Operations</b>	<b>(1,216,610)</b>	<b>1,098,489</b>
Direct Taxes paid (including TDS)	(309,292)	(295,386)
<b>Net cash generated from Operating Activities</b>	<b>(1,525,902)</b>	<b>803,103</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of Fixed Assets (including acquisition on amalgamation)	(1,441,519)	(2,566,939)
Sale of Fixed Assets	12,226	33,109
Purchase of Investments	(900,248)	(450,010)
Interest Income	9,547	29,692
Dividend Income	48,954	—
Net cash used in investing activities	<u>(2,271,040)</u>	<u>(2,954,148)</u>

## Cash Flow Statement for the year ended March 31, 2009 (contd.)

Rs. in Thousands

	2009	2008	
<b>C Cash Flow from Financing Activities</b>			
(Repayment) / Proceeds from unsecured term loans (net)	943,021	392,997	
(Repayment) / Proceeds from Bank Borrowings (net)	(267,215)	182,917	
Loan / Repayment from United Breweries (Holdings) Limited	—	801,310	
Proceeds from Rights Issue	4,248,854	—	
Advance to subsidiary companies / others	(122)	(223)	
Interest Paid	(756,990)	(417,500)	
Dividend paid (including distribution tax)	(128,785)	(25,276)	
<b>Net cash generated from Financing Activities</b>	<b>4,038,763</b>	<b>934,225</b>	
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>241,821</b>	<b>(1,216,820)</b>	
<b>Opening Cash and cash equivalents</b>			
Cash on hand including Remittances in Transit	8,037	7,192	
Bank Balances including cheques on hand	167,875	175,192	1,385,540
<b>Closing cash and cash equivalents</b>			
Cash on hand including Remittances in Transit	1,760	8,037	
Bank Balances including cheques on hand	415,973	417,733	167,875
			175,912

### Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2009 and the relative 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 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. 19,925 (2008: Rs. 12,215) which are not available for use by the Company. [Refer Note in Schedule 8]
4. Previous year's figures have been regrouped / reclassified wherever necessary to conform with current year's classification.

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

**J. Majumdar**  
Partner

For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

Place: New Delhi  
Date: July 23, 2009

**Kalyan Ganguly**  
Managing Director

**Govind Iyengar**  
Company Secretary

Place: New Delhi  
Date: July 23, 2009

**A K Ravi Nedungadi**  
Director

## Schedules to Balance Sheet

Rs. in Thousands

	2009	2008
<b>SCHEDULE 1</b>		
<b>CAPITAL</b>		
<b>Authorised</b>		
300,000,000 (2008: 300,000,000) Equity shares of Re.1 each	300,000	300,000
25,000,000 (2008: 25,000,000) Preference Shares of Rs.100 each	2,500,000	2,500,000
	<u>2,800,000</u>	<u>2,800,000</u>
<b>Issued, Subscribed and Paid-up</b>		
240,048,255 (2008: 216,043,430) Equity shares of Re.1 each fully paid [Refer Schedule 19 Note 1]	240,048	216,043
3% 17,283,000 Cumulative Redeemable Preference Shares of Rs.100 each fully paid - Series A [The above shares are redeemable at par at the earliest on March 31, 2011 and are extendable upto March 31, 2015 based on mutual agreement between the Company and Scottish and Newcastle India Limited (the preference shareholder)]	1,728,300	1,728,300
3% 7,407,000 Cumulative Redeemable Preference Shares of Rs.100 each fully paid - Series B [The above shares are redeemable at par at the earliest on March 31, 2015]	740,700	740,700
	<u>2,709,048</u>	<u>2,685,043</u>
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Securities Premium Account	2,296,925	2,296,925
Add: Premium on Equity Shares issued during the year [Refer Schedule 19 Note 1]	4,224,849	—
	<u>6,521,774</u>	<u>2,296,925</u>
General Reserve:		
As per Last Balance Sheet	105,000	105,000
Transfer from Profit and Loss Account	65,000	—
	<u>170,000</u>	<u>105,000</u>
Profit and Loss Account balance	1,025,629	489,385
Less: Adjustment on account of adoption of Accounting Standard 15 'Employee Benefits' [net of deferred tax credit of Rs.Nil (2008: Rs.939)] [Schedule 19 Note 24 (i)]	—	(1,823)
Add: Profit for the year	389,028	538,067
	<u>1,414,657</u>	<u>1,025,629</u>
	<u>8,106,431</u>	<u>3,427,554</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b> [Refer Schedule 19 Note 2(a)]		
Foreign Currency Loans		
- Working Capital Loan from Banks	650,329	510,843
- External Commercial Borrowing		
- From Banks	1,404,069	1,394,835
- From Others	—	440,242
Term Loans from Banks	1,470,034	888,696
Other Loans		
- Working Capital Loan / Cash Credit from Banks	860,883	1,276,084
- From Others (including HP creditors)	—	2,344
Interest accrued and due	25,244	25,343
	<u>4,410,559</u>	<u>4,538,387</u>
<b>UNSECURED LOANS</b> [Refer Schedule 19 Note 2(b)]		
Long Term Loan From Bank	1,750,000	—
Short Term Loans From Banks	—	806,979
Other Loan	3,006	3,006
	<u>1,753,006</u>	<u>809,985</u>

## Schedules to Balance Sheet (contd.)

### SCHEDULE 4

FIXED ASSETS [Refer Schedule 19 Note 3]

Rs. in Thousands

Net Value of Assets as at March 31, 2008	Particulars	Gross Value of Assets as at March 31, 2008	Cost		Gross Value of Assets as at March 31, 2009	Depreciation			Net Value of Assets as at March 31, 2009	
			Additions	Deletions / Adjustments		As at March 31, 2008	on Deletions	for the year		As at March 31, 2009
374,716	Goodwill	623,924	—	—	623,924	249,208	—	125,511	374,719	249,205
360,037	Licenses	400,037	—	—	400,037	40,000	—	40,000	80,000	320,037
1,130,778	Land - Freehold	1,130,778	6,620	—	1,137,398	—	—	—	—	1,137,398
224,132	Land - Leasehold	237,688	529	—	238,217	13,556	—	3,186	16,742	221,475
840,818	Buildings	955,582	661,095	—	1,616,677	114,764	—	43,881	158,645	1,458,032
—	Leasehold Improvements	—	6,407	—	6,407	—	—	2,350	2,350	4,057
2,492,166	Plant and Machinery	3,448,913	1,276,143	12,191	4,712,865	956,747	5,840	462,216	1,413,123	3,299,742
22,212	Office Equipments	60,023	46,524	1,240	105,307	37,811	862	10,628	47,577	57,730
106,649	Furniture and Fittings	216,879	113,516	721	329,674	110,230	205	65,523	175,548	154,126
22,387	Laboratory Equipments	27,591	19,671	—	47,262	5,204	—	3,501	8,705	38,557
27,996	Vehicles	48,231	21,795	15,247	54,779	20,235	8,081	5,354	17,508	37,271
<b>5,601,891</b>		<b>7,149,646</b>	<b>2,152,300</b>	<b>29,399</b>	<b>9,272,547</b>	<b>1,547,755</b>	<b>14,988</b>	<b>762,150</b>	<b>2,294,917</b>	<b>6,977,630</b>
	2008	5,090,062	2,118,158	58,574	7,149,646	955,018	19,539	612,276	1,547,755	
<b>1,576,089</b>	Capital work in Progress [including capital advances Rs. 615,625 (2008: Rs.1,071,551)]									<b>865,308</b>
<b>7,177,980</b>										<b>7,842,938</b>

## Schedules to Balance Sheet (contd.)

### SCHEDULE 5

INVESTMENTS [Refer Schedule 19 Note 4]

Rs. in Thousands

Particulars	2009				2008			
	Class of Shares	Number of Shares / Units	Face Value	Cost	Number of Shares / Units	Face Value	Cost	
<b>CURRENT INVESTMENTS INVESTMENT IN MUTUAL FUNDS – UNQUOTED</b>								
HDFC FMP 370D June 2008 VIII – Wholesale Plan Growth		20,000,000	200,000	200,000	—	—	—	
IDFC FMP Yearly Series 22 Plan B Growth		10,000,000	100,000	100,000	—	—	—	
I-Growth Capital Protection Portfolio		3,000	300,000	300,000	—	—	—	
Kotak FMP 12M Series 7 Institutional – Growth Plan		15,025,820	150,258	150,258	—	—	—	
Reliance Blended Debt Plus-Hybrid Option – Series XIV Plan		500,000	50,000	50,000	—	—	—	
Reliance Fixed Horizon Fund- IX - Series 2 – Institutional Growth Plan		10,000,000	100,000	100,000	—	—	—	
				900,258				
<b>LONG TERM INVESTMENTS (UNQUOTED, LONG TERM) IN GOVERNMENT AND TRUSTEE SECURITIES – FULLY PAID</b>								
National savings certificate		—	70	70	—	80	80	
<b>IN SUBSIDIARY COMPANIES - FULLY PAID SHARES</b>								
Associated Breweries & Distilleries Limited	Equity	10,000	1,000	1,000	10,000	1,000	1,000	
Maltex Malsters Limited	Equity	22,950	2,295	450,000	22,950	2,295	450,000	
<b>NON TRADE: IN JOINT VENTURE</b>								
Millennium Alcobev Private Limited	Equity	6,140,000	61,400	256,277	6,140,000	61,400	256,277	
Millennium Alcobev Private Limited	Preference	3,000,000	300,000	333,252	3,000,000	300,000	333,252	
<b>IN ASSOCIATES</b>								
United East Bengal Football Team Pvt Limited	Equity	4,999	50	50	4,999	50	50	
Zorastrian Co-operative Bank Limited*	Equity	2,000	25	50	2,000	25	50	
<b>TOTAL</b>				<b>1,940,957</b>			<b>1,040,709</b>	

\* Acquired on amalgamation



# Schedules to Balance Sheet (contd.)



## SCHEDULE 5

### INVESTMENTS (contd.)

#### Details of Investments In Mutual Funds during the year

Rs. in Thousands

Name of Mutual Fund	Balance as at April 1, 2008		Purchased during the year		Sold during the year		Balance as at March 31, 2009	
	No. of Units in 000's	Cost	No. of Units in 000's	Cost	No. of Units in 000's	Cost	No. of Units in 000's	Cost
HDFC Arbitrage fund-Wholesale Plan-Monthly Dividend	—	—	35,073	351,814	35,073	351,814	—	—
HDFC Cash Management Fund-Savings Plus Plan-Wholesale-Daily dividend	—	—	160,323	1,608,279	160,323	1,608,279	—	—
HDFC FMP 370D June 2008 VIII -Wholesale Plan Growth	—	—	20,000	200,000	—	—	20,000	200,000
HDFC FMP 90D July 2008 (IX) (2) - Wholesale Plan Dividend	—	—	15,000	150,000	15,000	150,000	—	—
HDFC FMP 90D June 2008 VIII -Wholesale Plan Dividend	—	—	20,000	200,000	20,000	200,000	—	—
HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvest	—	—	16,506	202,366	16,506	202,366	—	—
HDFC Quarterly Interval Fund - Plan A Wholesale Dividend	—	—	20,000	200,000	20,000	200,000	—	—
ICICI Prudential Flexible Income Plan Dividend Daily Reinvest Dividend	—	—	23,740	251,014	23,740	251,014	—	—
ICICI Prudential FMP Series 44 - One Month Plan D Retail Dividend	—	—	50,000	500,000	50,000	500,000	—	—
ICICI Prudential FMP Series 44 One Month Plan A Retail Dividend	—	—	50,000	500,000	50,000	500,000	—	—
ICICI Prudential FMP Series 44 Three Month Plan D Retail Dividend	—	—	15,000	150,000	15,000	150,000	—	—
ICICI Prudential Interval Fund IV Quarterly Interval Plan B Retail Dividend	—	—	5,000	50,000	5,000	50,000	—	—
IDFC Arbitrage Fund Plan B Dividend	—	—	14,474	151,437	14,474	151,437	—	—
IDFC FMP Quarterly Series 35 Dividend	—	—	15,269	152,691	15,269	152,691	—	—
IDFC FMP Yearly Series 22 Plan B Growth	—	—	10,000	100,000	—	—	10,000	100,000
I-Growth Capital Protection Portfolio	—	—	3	300,000	—	—	3	300,000
Kotak Flexi Debt Scheme-Daily Dividend	—	—	14,979	150,258	14,979	150,258	—	—
Kotak FMP 12M Series 7 Institutional - Growth	—	—	15,026	150,258	—	—	15,026	150,258
Reliance Blended Debt Plus-Hybrid Option -Series XIV	—	—	0.50	50,000	—	—	0.50	50,000
Reliance Fixed Horizon Fund- IX - Series 2 - Institutional Growth Plan	—	—	10,000	100,000	—	—	10,000	100,000
Reliance Medium Term Fund - Daily Divided Plan	—	—	29,504	504,393	29,504	504,393	—	—
RelianceFixed Horizon Fund-VIII-Series 8 -Institutional Dividend Payout Plan	—	—	20,000	200,000	20,000	200,000	—	—
<b>Total</b>				<b>6,222,510</b>		<b>5,322,252</b>		<b>900,258</b>

## Schedules to Balance Sheet (contd.)

Rs. in Thousands

	2009	2008
<b>SCHEDULE 6</b>		
<b>INVENTORIES</b>		
Raw Materials	422,017	250,061
Packing Materials, Stores and Spares [Net of provisions Rs.36,536 (2008: Rs.14,897)]	492,407	318,800
Work in Progress / Finished Goods (including Traded Goods)	677,309	529,462
Goods in transit	38,643	70,844
	<u>1,630,376</u>	<u>1,169,167</u>
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good unless otherwise stated)		
Considered Good		
- Over Six Months	174,000	8,395
- Others [Refer Schedule 19 Note 5]	4,525,634	3,213,142
Considered Doubtful		
- Over Six Months	55,671	54,265
- Others	—	—
	<u>4,755,305</u>	<u>3,275,802</u>
Less: Provision for Doubtful Debts	<u>(55,671)</u>	<u>(54,265)</u>
	<u>4,699,634</u>	<u>3,221,537</u>
<b>SCHEDULE 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand (including remittances in transit Rs.Nil (2008: Rs.7,521))	1,760	8,037
Balances with Scheduled Banks:		
- in Current Account (including cheques on hand Rs.7,537 (2008: Rs.2,093) [Refer Note 1 below]	396,131	156,011
- in Deposit Account [Refer Note 2 below]	19,842	11,864
	<u>417,733</u>	<u>175,912</u>
Note 1: includes balance in Unclaimed Dividend Account Rs.880 (2008: Rs.865)		
Note 2: includes Rs.19,045 (2008: Rs.11,350) kept as margin against Letters of Credit and Bank Guarantees		
<b>SCHEDULE 9</b>		
<b>OTHER CURRENT ASSETS</b>		
(Unsecured, considered good)		
Income accrued on Investments and Deposits	140,770	2,282
	<u>140,770</u>	<u>2,282</u>

## Schedules to Balance Sheet (contd.)

Rs. in Thousands

	2009	2008
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
Advance towards Contract Brewing Rights [Refer Schedule 19 Note 26]	<b>1,550,000</b>	—
Advances recoverable in cash or in kind or for value to be received		
- Considered Good*	<b>188,143</b>	156,565
- Considered Doubtful	<b>8,416</b>	7,855
	<b>1,746,559</b>	164,420
*[including: Rs.36 (2008: Rs.62) due from Directors of the Company - maximum amount due during the year Rs.62 (2008: Rs.88)]		
Less: Provision for Doubtful Advances	<b>(8,416)</b>	(7,855)
	<b>1,738,143</b>	156,565
Advances to Subsidiary [Refer note below]	<b>83,791</b>	83,669
Balances with Excise Authorities	<b>147,932</b>	148,495
Other Deposits [Refer Schedule 19 Note 5]	<b>633,832</b>	665,943
Taxation [Net of Provisions]	<b>125,090</b>	124,747
	<b>2,728,788</b>	1,179,419
Note: Represents advances to Associated Breweries and Distilleries Limited [Maximum amount outstanding during the year Rs 83,791 (2008: Rs.83,669)]		
<b>SCHEDULE 11</b>		
<b>LIABILITIES</b>		
Acceptances	<b>63,986</b>	63,132
Sundry Creditors		
- Due to Micro, Small and Medium Enterprises [Refer Schedule 19 Note 7]	<b>5,735</b>	18,236
- Others	<b>1,202,902</b>	1,187,426
Other Liabilities	<b>792,231</b>	1,021,933
Unclaimed Dividend	<b>880</b>	865
	<b>2,065,734</b>	2,291,592
<b>SCHEDULE 12</b>		
<b>PROVISIONS</b>		
Dividend Payable [including dividend distribution tax Rs.18,708 (2008: Rs.12,588)] [Refer Schedule 19 Note 22]	<b>128,785</b>	86,658
Gratuity	<b>20,893</b>	6,138
Leave Entitlements	<b>33,617</b>	31,347
	<b>183,295</b>	124,143

## Schedules to Profit and Loss Account

Rs. in Thousands

	2009	2008
<b>SCHEDULE 13</b>		
<b>SALES AND SERVICE</b>		
Sales	23,564,973	18,934,825
Income from Brand Franchise and Technical fees	1,039,508	868,019
	<u>24,604,481</u>	<u>19,802,844</u>
<b>SCHEDULE 14</b>		
<b>OTHER INCOME</b>		
Guarantee Commission	21,300	31,524
Liabilities no longer required written back	51,059	24,442
Dividend Income	48,954	—
Interest Received (Gross) [Tax deducted at source Rs.2,103 (2008: Rs.4,773)]	147,143	29,692
Provision for Doubtful Debts no longer required written back	1,304	1,682
Provision for Doubtful Advances no longer required written back	367	543
Miscellaneous	222,864	170,065
	<u>492,991</u>	<u>257,948</u>
<b>SCHEDULE 15</b>		
<b>COST OF SALES</b>		
<b>Manufacturing Expenses</b>		
Consumption of Raw Materials	2,141,148	1,562,011
Consumption of Packing Material, Stores and spares	3,951,047	3,303,024
Purchases of Finished Goods	2,087,358	1,539,757
Power and Fuel	575,268	558,143
<b>Personnel Expenses</b>		
Salaries, Wages and Bonus [including provision for leave encashment Rs.2,270 (2008: Rs.565)]	750,776	637,326
Contribution to Provident and Other funds [including provision for gratuity Rs.14,796 (2008: Rs.12,751)]	57,413	74,937
Staff Welfare	62,547	62,118
<b>Others</b>		
Rent (including asset rentals) [Refer Schedule 19 Note 11]	80,307	83,238
Insurance	12,775	15,064
Repairs Building*	12,295	6,351
Repairs to Machinery*	99,318	90,080
Repairs Others	9,830	15,695
Travel and Conveyance	84,458	92,475
Communication Expenses	23,380	21,675
Rates and taxes	257,456	282,562
Legal and Professional fees	91,641	70,367
Miscellaneous	237,221	218,523
*Includes Materials consumed Rs.84,089 (2008: Rs.62,028)		

## Schedules to Profit and Loss Account (contd.)

Rs. in Thousands

	2009	2008
<b>Change in Inventory</b>		
Opening Stock	529,462	490,161
Closing Stock	(677,309)	(529,462)
Excise Duty on Opening Stock	(279,970)	(262,523)
Excise Duty on Closing Stock	366,473	279,970
	<u>10,472,894</u>	<u>8,611,492</u>
 <b>SCHEDULE 16</b>		
<b>OTHER EXPENSES</b>		
Selling and Promotion Expenses	4,288,278	3,300,642
Directors' Sitting fees	11,772	1,309
Auditor's Remuneration [Refer Schedule 19 Note 14]	6,809	11,021
Bad Debts Written Off	8,991	2,700
Bad Advances Written Off	5,866	543
Provision for Doubtful Debts	2,710	34,008
Provision for Idle Assets	31	—
Loss on sale of Assets (net)	2,185	5,926
Provision for Doubtful Advances	928	8,220
	<u>4,327,570</u>	<u>3,364,369</u>
 <b>SCHEDULE 17</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on Loans for a fixed period	394,522	284,153
Interest - Others	152,843	125,323
Exchange Loss on translation of Foreign Currency Loans	139,486	10,843
Other Finance Charges	209,526	7,963
	<u>896,377</u>	<u>428,282</u>



## Significant Accounting Policies for the year ended March 31, 2009

Rs. in Thousands

### SCHEDULE 18

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

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

#### 2. 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.

#### 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 but includes Excise Duty. Income from brand franchise is recognised at contracted rates on sale/production of the branded products by the franchisees. Dividend Income is recognised when the Company's right to receive the payment is established. Royalty from foreign entities (net of tax), technical advisory and management fees is recognised as per the terms of agreement.

#### 4. Borrowing Costs:

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

#### 5. Fixed Assets:

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

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

Fixed assets taken on finance lease prior to March 31, 2001 are not capitalised.

#### 6. Investments:

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

#### 7. Inventories:

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

#### 8. Foreign Currency Transactions:

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

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

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

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

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

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

## Significant Accounting Policies for the year ended March 31, 2009 (contd.)

Rs. in Thousands

### 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.
  - (i) Cost of Goodwill arising on amalgamation is amortised over a period of 5 years.
  - (ii) Cost of Leasehold Land is amortised over the period of lease.
  - (iii) Assets individually costing less than Rs.5 are depreciated fully in the year of purchase.

### 10. Employee Retirement benefits:

- (i) Defined-contribution plans  
Contributions to the Employees' Provident Fund, Superannuation Fund, Employees' State Insurance and Employees' Pension Scheme are as per statute and are recognised as expenses during the period in which the employees perform the services.
- (ii) Defined-benefit plans  
Liability towards gratuity is determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains and Losses are recognised immediately in the Profit and Loss Account.
- (iii) Other long term employee benefits:  
Liability towards leave encashment and compensated absences are recognised at the present value based on actuarial valuation at each balance sheet date.
- (iv) Short term employee benefits:  
Liability of earned leave, compensated absences, performance incentives etc. are recognised during the period when the employee renders the services.

### 11. Taxation:

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

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.

Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under Income Tax Act, 1961.

### 12. Earnings per share:

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

### 13. Impairment of Assets:

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

### 14. Provisions, Contingent Liabilities and Contingent Assets:

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

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

## Notes on Accounts for the year ended March 31, 2009

Rs. in Thousands

### SCHEDULE 19

#### Notes on Accounts

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

- Rs.3,197,300 for repayment of cash credit/overdraft accounts and for additional working capital requirements.
- Rs.501,500 for Capital Expenditure.
- Pending utilisation the balance proceeds of Rs.550,258 have been invested in mutual funds.

#### 2. Loan Funds :

Particulars		2009	2008
(a)	<b>Secured Loans</b>		
	(i) Foreign Currency Loans [including interest accrued and due Rs.19,923 (2008: Rs.17,689)] Amount repayable within one year - Rs. 960,729 (2008: Rs.817,004)  Foreign Currency Loan consists of External Commercial Borrowing (ECB) from BNP Paribas and demand loan from Axis Bank. ECB from BNP Paribas is secured by first charge on all moveable and immovable properties of the Company except Taloja plant. Foreign currency demand loan from Axis Bank is secured by first charge on the current assets namely, stock of raw materials, work in progress and finished goods, stores and spares, bills receivable and book debts.	<b>2,074,321</b>	2,363,609
	(ii) Term Loan from Banks Secured by First Charge over all moveable and immovable assets. Amount repayable within one year – Rs.164,384 (2008: Rs.164,384)	<b>657,534</b>	888,696
	(iii) Term Loan from Banks Secured by Pari-passu charge on all moveable and immovable properties of the Company except Taloja plant. Amount repayable within one year – Rs.250,000 (2008: Rs.Nil)	<b>812,500</b>	—
	(iv) From Banks [including interest accrued and due Rs.5,321 (2008: Rs.7,654)] Amount repayable within one year – Rs.414,384 (2008: Rs.238,815) Secured by hypothecation of stock in trade, stores, raw materials, book debts and a second charge on all the immovable properties of the Company.	<b>866,204</b>	1,283,738
	(v) From Others Hire Purchase Creditors Amount repayable within one year Rs.Nil (2008: Rs.2,344) Secured by Assets purchased under Hire Purchase Scheme	—	2,344
(b)	<b>Unsecured Loans</b>		
	(i) Loans from Banks [including interest accrued and due Rs.Nil (2008: Rs.6,979)] Amount repayable within one year – Rs.Nil (2008: Rs.806,979) *covered by personal guarantee of a Director of the Company	<b>1,750,000*</b>	806,979
	(ii) From Others Amount repayable within one year – Rs.Nil (2008: Rs.Nil)	<b>3,006</b>	3,006

#### 3. Fixed Assets:

Buildings amounting to Rs.49,619 and Plant and Machinery amounting to Rs.473,319 are in premises not owned by the Company.

#### 4. Investments:

A. The investment in Millennium Alcobev Private Limited is strategic in nature and the diminution in its book value is considered temporary. The Company has obtained an independent valuation which is in excess of the book value of the investment, and, hence, no provision for diminution in the value of the investment is considered necessary.



## Notes on Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

- B.** The Company has acquired 51% stake by purchasing 22,950 equity shares of Rs.10 each in Maltex Malsters Limited (MML) for a consideration of Rs.450,000 paid in cash based on valuation done by an independent consultant. These shares were purchased during March 2008. The net worth of MML based on the audited accounts as of March 31, 2009 is Rs.23,295. MML is engaged in the manufacturing of certain raw materials used by the Company. This is considered to be a strategic investment by the Company and provides an important move to manage the supply of malt. Further MML owns freehold land worth Rs.200,000 (Fair value based on valuation by an independent valuer). The management is of the view that currently there is no diminution in the value of the investments.
- 5.** The following amounts are due from a Company whose brewing facilities are being utilised by the Company for the production of Company's brand of beer under contract brewery arrangements.

Particulars	2009	2008
Included under Sundry Debtors Considered Good – Others	<b>368,302</b>	78,973
Included in other deposits under Loans and Advances	<b>50,000</b>	72,500

The said Company has been declared as a sick industrial undertaking by the Board for Industrial and Financial Reconstruction (BIFR).

### 6. Investor Education and Protection Fund:

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

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

Sl. No.	Particulars	2009	2008
(i)	The principal amount remaining unpaid as at March 31, 2009.	<b>4,176</b>	17,407
(ii)	Interest due thereon remaining unpaid on March 31, 2009.	<b>44</b>	145
(iii)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	—	—
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	—	—
(v)	The amount of interest accrued and remaining unpaid on March 31, 2009.	<b>1,515</b>	684
(vi)	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.	<b>1,559</b>	829

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

### 8. Segmental Reporting:

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

### 9. Capital Commitments:

Particulars	2009	2008
Estimated amount of contracts remaining to be executed (net of capital advances) on capital account and not provided for	<b>689,134</b>	960,615

## Notes on Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

### 10. Contingent Liabilities:

Particulars		2009	2008
a)	Sales Tax/other taxes demands under appeal*	14,672	12,434
b)	Employees State Insurance Demand*	265	265
c)	Demand towards Water charges under appeal*	133,019	114,326
d)	Excise Duty/Customs Duty demands under appeal*	36,709	18,915
e)	Income Tax demands under appeal*	82,262	56,747
f)	Service Tax demands under appeal*	377,708	—
g)	Claims against the Company not acknowledged as debt*	27,377	1,158
h)	Letter of Credit outstanding	33,230	64,680
i)	Guarantees given by the Company:		
	- on behalf of Subsidiaries of Joint Venture to third parties		
	Millennium Beer Industries Limited	800,000	800,000
	United Millennium Breweries Limited	600,000	600,000
	Empee Breweries Limited	730,000	730,000
	- to third parties	28,348	24,027
j)	Letter of undertaking to distributors towards countervailing duty for imports from Nepal	38,500	38,500

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

### 11. Operating Lease:

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

Particulars	2009	2008
Lease payments during the year including Minimum lease payments Rs.4,999 (2008: Rs.4,999) on non-cancellable leases.	80,307	83,238
At the balance sheet date, future minimum lease rentals under non- cancellable operating leases are as under:		
Not later than one year	28,288	22,439
One to five years	12,887	23,301
<b>Total</b>	<b>41,175</b>	<b>45,740</b>

### 12. Related party disclosures:

#### A Name of the related parties:

##### (1) Subsidiary:

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

##### (2) Associate:

United East Bengal Football Team Private Limited (UEBFTPL)

##### (3) Joint Venture:

Millennium Alcobev Private Limited (MAPL)

##### (4) Subsidiaries of the Joint Venture:

(a) Empee Breweries Limited (EBL)  
 (b) United Millennium Breweries Limited (UMBL)  
 (c) Millennium Beer Industries Limited (MBIL)

## Notes on Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

(5) **Entity which has significant influence**

Scottish & Newcastle India Limited (SNIL)

(6) **Others**

(a) Scottish & Newcastle Ltd. (S & N), Holding Company of SNIL

(b) Scottish & Newcastle UK Limited (SNUK), Fellow Subsidiary of SNIL

(c) Scottish & Newcastle India Private Limited (SNIPL), Fellow Subsidiary of SNIL

(7) **Key Management Personnel (KMP):**

Mr. Kalyan Ganguly (Managing Director)

Mrs. Lesley Jackson (Part of the year)

(8) **Relative of Key Management Personnel:**

Mrs. Suparna Bakshi Ganguly

(Wife of Mr. Kalyan Ganguly)

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

Particulars	MBIL		MAPL		UMBL		EMPEE		UEBFTPL		KMP		MML	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Purchase of goods	2,374,835	1,780,716	—	—	4,304	2,800	6,061	6,480	—	—	—	—	—	—
Sale of goods [including sales taxes / VAT]	187,471	97,384	—	—	86,994	57,499	76,336	59,559	—	—	—	—	—	—
Receipts/(Payments) against rendering Services	130,671	20,380	—	—	72,897	124,381	100,000	40,000	—	—	—	—	—	—
Brand Fees paid	18,021	12,164	—	—	—	—	—	—	—	—	—	—	—	—
Sponsorship and other payments	—	—	—	—	—	—	—	—	56,767	30,899	—	—	—	—
Guarantee Commission received	8,000	10,345	—	—	6,000	11,379	7,300	9,799	—	—	—	—	—	—
Purchase of Assets	5,397	—	—	—	2,386	51	26	—	—	—	—	—	—	—
Sale of Assets/Spares	—	—	—	—	5,264	27,368	225	—	—	—	—	—	—	—
Lease Rentals on Machinery	2,798	—	—	—	—	—	—	—	—	—	—	—	5,901	—
Interest Paid	—	—	—	—	—	—	—	—	—	—	—	—	2,021	—
Recovery of employees Salaries(on deputation)	18,690	12,817	—	—	6,253	5,339	7,884	5,560	—	—	—	—	—	—
Payments (For Supplies including loan in cash or kind)	2,602,249	1,548,454	15,315	19,486	19,649	(50,875)	(211,572)	39,445	50,248	37,399	—	—	8,499	—
Remuneration to Directors	—	—	—	—	—	—	—	—	—	—	34,354#	32,267#	—	—
Guarantees and Collaterals	Refer Schedule 19 Note 10(i)													
Amount Due From/(To)	745,006	198,975	46,339	31,024	447,458	257,089	106,001	131,913	(18)	6,502	—	—	(12,136)	(12,713)

Figures in bracket indicate amounts received.

# Remuneration paid to the Managing Director includes **Rs.2,883** (2008: Rs.2,064) towards residential accommodation and car arrangement paid to the relative of the KMP (including a firm in which such relative is a partner), in terms of the rules framed by the Company within his overall approved remuneration entitlement.

### (ii) Transactions with Subsidiaries

Balance due from ABDL – Rs.83,791 (2008: Rs.83,669)

### C. Transactions with S & N Group

#### 1. Transaction with S & N Management Fees

Management Fees

**Rs. Nil** (2008: Rs.32,599)

#### 2. Transactions with SNUK

Balance amount on account of ECB with SNUK

**Rs. Nil** (2008: Rs.440,242)

Interest on ECB

**Rs.17,852** (2008: Rs.32,095)

Purchase of Fixed Assets

**Rs.Nil** (2008: Rs.4,526)

Purchase of Raw Material

**Rs.186** (2008: Rs.127)

#### 3. Transactions with SNIL

Balance of Preference Share Capital

**Rs.2,469,000** (2008: Rs.2,469,000)

Dividend on above

**Rs.74,070** (2008: Rs.74,070)

Interim Dividend on Equity Shares

**Rs.13,499** (2008: Rs.Nil)

## Notes on Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

### 13. Earnings per Share:

Particulars		2009	2008
a)	Profit after taxation as per profit and loss account	624,940	624,725
b)	Less: Preference Dividend (including dividend distribution tax thereon)	86,658	86,658
c)	Net Profit attributable to equity shareholders	538,284	538,067
d)	Weighted average number of equity shares outstanding (Face value of Re.1 per share)	234,589,624	216,043,430
e)	Earnings per share (Basic/Diluted)	2.29	2.49

### 14. Remuneration to Auditors

Particulars	2009	2008
Fees	3,900	3,900
Tax Audit	560	560
Out of Pocket Expenses	287	159
Other Services	1,320	5,190
Service Tax	741	1,212
<b>Total</b>	<b>6,809</b>	<b>11,021</b>

### 15. Accounting for Taxes on Income:

Deferred Tax - The net deferred tax liability amounting to **Rs.173,122** (2008: Rs.90,302) has been arrived as follows:

Particulars	2009	2008
Deferred Tax Liability arising from: Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return	213,433	121,488
<b>Less:</b> Deferred tax asset arising from: Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act, 1961	18,528	12,741
Provision for Doubtful Debts	21,783	18,445
<b>Net deferred tax liability</b>	<b>173,122</b>	<b>90,302</b>
Movement during the year	(82,820)	(29,587)
Deferred Tax debit on account of leave encashment adjustment (Refer Schedule 19 Note 24(i) )	—	(939)
Net Deferred tax charged off/(written back) in the profit and loss account	(82,820)	(30,526)

The tax impact for the above purpose has been arrived by applying a tax rate of 33.99% (2008: 33.99%) being the enacted tax rate for Indian Companies under the Income Tax Act, 1961.

### 16. Remuneration/Commission to Directors:

#### a) Remuneration to Executive Directors

Particulars	2009	2008
Salary and Allowances	23,762	21,679
Contribution to Provident and Other Funds	3,622	3,056
Perquisites	4,088	5,468
<b>Total</b>	<b>31,471</b>	<b>30,203</b>

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

#### b) Commission to Non Executive Directors – **Rs.10,612** (2008: Rs.Nil)

## Notes on Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

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

Particulars	2009		2008	
	Net Profit after taxation		624,940	
<b>Add:</b>				
Depreciation and Amortisation (as per accounts)	762,150		612,276	
Executive Directors' Remuneration	31,471		30,203	
Directors' Fees	1,160		1,309	
Commission to Non Executive Directors	10,612		—	
Provision/(Write back) for doubtful debts and advances (net)	1,998		42,228	
Book deficit/ (surplus) on fixed assets sold, scrapped, etc. (net)	2,185		5,926	
Taxation for the year	391,769	1,201,345	307,415	999,357
		1,826,285		1,624,082
<b>Less:</b>				
Depreciation as per Section 350		762,150		612,276
Deficit / (Surplus) on disposal of fixed assets (net) as per Section 349		2,185		5,926
Net Profit for Section 198 of the Companies Act, 1956		1,061,950		1,005,880
Remuneration Limit to Executive Director - 5% (2008:10%) of Net Profit as computed above.		53,595		100,588
Commission to Non Executive Directors- 1% of Net Profit as computed above.		10,620		—
<b>Remuneration Paid:</b>				
Executive Directors		31,471		30,203
Non Executive Directors		10,612		—

### 17. Quantitative Details:

#### A. Quantitative Particulars

Particulars	2009		2008	
	Beer in Hecto Litres	Value in Rs.	Beer in Hecto Litres	Value in Rs.
Licensed Capacity*	5,995,000		5,233,260	
Installed Capacity per annum*	6,110,000		6,025,000	
Actual Production for the year	3,674,632		3,133,684	
Sales – during the year	3,676,610	19,704,934	3,284,662	16,595,442
Malt Sales in Tonnes during the year	19,966	383,195	13,522	232,033
Opening Stock – Finished Goods	57,251	183,385	221,751	319,133
Closing Stock – Finished Goods	55,273	114,627	57,251	183,385

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

#### B. Particulars of Goods Traded by the Company

Particulars	2009		2008	
	Quantity in Hecto Litres	Value in Rs.	Quantity in Hecto Litres	Value in Rs.
Opening Stock	1	6	9	28
Purchases during the year	450,203	2,087,358	332,956	1,539,757
Sales during the year	448,956	3,476,844	332,964	2,107,350
Closing Stock	1,248	3,707	1	6

## Notes on Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

### C. Consumption of Raw Materials

Particulars	2009		2008	
	Quantity in Tonnes	Value in Rs.	Quantity in Tonnes	Value in Rs.
Malt	45,660	1,082,006	41,059	819,856
Brewing Materials	30,302	910,637	26,579	608,336
Other Materials*		148,504		133,819
<b>Total</b>		<b>2,141,148</b>		<b>1,562,011</b>

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

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

Particulars	2009	2008
Raw Materials	208,882	127,378
Packing Material, Components and Spares	656,877	523,554
Capital Goods	97,196	71,614

### 19. Consumption:

Particulars	2009		2008	
	Value	Percentage to total Consumption	Value	Percentage to total Consumption
Value of Imported Raw Materials Consumed	133,622	6	79,214	5
Value of indigenous Raw Materials Consumed	2,007,526	94	1,482,797	95
Value of Imported Packing Materials, Stores and Spares Consumed	854,216	21	762,057	23
Value of indigenous Packing Materials, Stores and Spares Consumed	3,180,920	79	2,602,995	77

### 20. Expenditure in Foreign Currency:

Particulars	2009	2008
Foreign Travel expenses of employees and others (net of recoveries)	9,152	6,681
Management Fees	—	32,599
Legal and Professional Charges	—	2,513
Selling and Distribution expenses	169,725	6,784
Interest and Finance charges	167,181	145,524
Others	1,028	653

### 21. Earnings in Foreign Exchange:

Particulars	2009	2008
Services – Royalty	10,043	5,526

### 22. Details of Dividend:

Particulars	2009	2008
Dividend payable on Preference Share Capital @3%	74,070	74,070
Dividend Distribution tax payable on above	12,588	12,588
Interim Dividend paid on Equity Shares @15%	36,007	—
Dividend Distribution tax paid on above	6,120	—
Final Dividend payable on Equity Shares @15%	36,007	—
Dividend Distribution tax payable on above	6,120	—
<b>Total</b>	<b>170,912</b>	<b>86,658</b>

## Notes on Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

### 23. Details of Dividend paid in Foreign Currency:

Particulars	2009	2008
Number of non-resident shareholders	1	2
Number of equity shares held on which dividend was due	89,994,960	99,851,330
Amount remitted	13,499	9,985
Number of preference share held on which dividend was due	24,690,000	24,690,000
Amount remitted	74,070	—

24. (i) For the financial year ended March 31, 2008, the Company had adopted Accounting Standard 15 (AS 15) on Employee Benefits as notified under Companies (Accounting Standards) Rules, 2006. Disclosures envisaged in AS 15 in respect of gratuity are given below:

Particulars	2009	2008
<b>A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>		
Obligations at period beginning	142,593	116,056
Service Cost	13,052	43,502
Interest cost	9,601	9,284
Benefits settled	(10,881)	(25,964)
Actuarial (gain)/loss	(417)	(285)
<b>Obligations at period end</b>	<b>153,948</b>	<b>142,593</b>
<b>B) Change in plan assets</b>		
Plans assets at period beginning, at fair value	136,455	116,056
Expected return on plan assets	10,657	9,284
Actuarial gain/(loss)	(7,569)	10,799
Contributions	4,393	26,280
Benefits settled	(10,881)	(25,964)
Plans assets at period end, at fair value	<b>133,055</b>	<b>136,455</b>
<b>C) Reconciliation of present value of the obligation and the fair value of the plan assets:</b>		
Fair value of plan assets at the end of the year	133,055	136,455
Present value of the defined benefit obligations at the end of the period	153,948	142,593
<b>Liability recognised in the balance sheet</b>	<b>(20,893)</b>	<b>(6,138)</b>
<b>D) Details of Gratuity cost</b>		
Service cost	13,052	43,502
Interest cost	9,601	9,284
Expected return on plan assets	(10,657)	(9,284)
Prior Period Adjustment	—	(23,739)
Actuarial (gain)/loss	6,243	6,243
Net gratuity / leave cost	<b>18,239</b>	<b>26,006</b>

## Notes on Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

Particulars		2009	2008
<b>E)</b>	<b>Description of the basis used to determine the overall expected rate of return on assets including major categories of plan assets.</b>		
	The expected return is calculated on the average fund balance based on the mix of investments and the expected yield on them.		
	Actual return on plan assets (Value)	<b>7,001</b>	23,997
	Actual return on plan assets	<b>3,087</b>	20,083
<b>F)</b>	<b>Assumptions</b>		
	Interest rate	<b>7.00%</b>	8.00%
	Discount factor	<b>7.00%</b>	8.00%
	Estimated rate of return on plan assets	<b>8.00%</b>	8.00%
	Salary Increase	<b>5.00%</b>	5.00%
	Attrition rate	<b>1.00%</b>	1.00%
	Retirement age	<b>58</b>	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.

(ii) Contribution to Provident and Other Funds under Manufacturing and Other Expenses (Schedule 15) includes **Rs.41,644** (2008: Rs.38,167) being expenses debited under the following defined contribution plans:

Particulars	2009	2008
Provident Fund	<b>30,695</b>	28,815
Superannuation	<b>10,949</b>	9,352

### 25. Disclosure Under Accounting Standard 21 and 27

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

Name	Country of Incorporation	Percentage of ownership interest at March 31, 2009	Percentage of ownership interest at March 31, 2008
Associated Breweries & Distilleries Limited (ABDL)	India	<b>100</b>	100
Maltex Malsters Limited (MML)	India	<b>51</b>	51

The reporting date of the subsidiaries and the accounting policies of the subsidiaries are same as that of the holding Company.

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

Name	Country of Incorporation	Percentage of ownership interest at March 31, 2009	Percentage of ownership interest at March 31, 2008
United East Bengal Football Team Private Limited (UEBFTPL)	India	<b>50</b>	50

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

Name	Country of Incorporation	Percentage of ownership interest at March 31, 2009	Percentage of ownership interest at March 31, 2008
Millennium Alcobev Private Limited	India	<b>50*</b>	50*

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



## Notes on Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

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

Particulars	2009	2008
<b>Assets</b>		
Fixed Assets	<b>955,019</b>	843,179
Current Assets, Loans and Advances		
Inventories	<b>158,103</b>	138,023
Sundry Debtors	<b>294,630</b>	344,476
Cash and Bank Balances	<b>93,352</b>	33,466
Loans and Advances	<b>83,168</b>	79,990
<b>Liabilities</b>		
Secured Loans	<b>1,248,766</b>	1,311,548
Unsecured Loans	<b>223,489</b>	223,489
Current Liabilities and Provisions		
Liabilities	<b>1,093,005</b>	685,395
Provisions	<b>2,111</b>	573
<b>Income</b>		
Sales less excise duty	<b>2,311,864</b>	1,917,102
Other Income	<b>42,826</b>	41,890
<b>Expenditure</b>		
Cost of Sales	<b>1,563,138</b>	1,240,030
Other Expenses	<b>665,402</b>	534,558
Interest and Finance Charges	<b>159,637</b>	147,480
Depreciation and Amortisation	<b>129,402</b>	119,360
<b>Other Matters</b>		
Capital Commitments		
- Estimated amount of Contracts remaining to be executed on capital account and not provided for.	<b>46,348</b>	132,488
<b>Contingent Liabilities</b>		
- Sales Tax/other taxes demands under appeal	<b>3,281</b>	3,281
- ESIC / PF demands under appeal	<b>898</b>	53
- Bank Guarantee given to Commissioner of Excise for Export of Beer	<b>5,855</b>	750
- Demand towards Water charges under appeal	<b>26,250</b>	15,950
- Interest for delayed payment of Interest Free Loans	<b>4,829</b>	4,829
- Dividend on 1% Non Convertible Cumulative Redeemable Preference Shares	<b>18,500</b>	9,250
- Income Tax*	<b>22,028</b>	12,541
Claims against the Company not acknowledged as debt	<b>6,107</b>	—

\*Net of Deposit under appeal – **Rs.1,018** (2008: Rs. 1,018)

26. The Company does not own any brewing facility in Tamil Nadu, which is one of the major markets in India contributing about 18% of the Company's business. With an intention of ensuring supplies from Balaji Distilleries Limited (BDL), having brewing facilities in Tamil Nadu, the Company has entered into an agreement with the promoters of BDL to secure to the Company perpetual usage of brewery owned by BDL, and has advanced an amount of Rs.1,550,000 to one of the Promoter Companies of BDL, acting for and on behalf of the other promoters also. In June 2009, BDL has allotted 90,000 Equity Shares upon conversion of warrants to certain parties. These parties have entered into a supplemental agreement with the Company to the effect that they will be bound by the terms and conditions of the earlier agreement between the Company and the promoters of BDL.

## Notes on Accounts for the year ended March 31, 2009 (contd.)

In October 2008, the Boards of Directors of BDL and United Spirits Limited (USL) have considered and approved a proposal for merger of BDL into USL, which is subject to obtaining of the necessary regulatory approvals by both the Companies. The Company has obtained a commitment from USL that the arrangement with Promoters will be adhered to on completion of the proposed merger. The advance will be repaid upon the completion of the merger or in accordance with the terms of the related Agreement, whichever is earlier.

- 27.** As the Company does not have any long term monetary item since April 1, 2007 till date, the change in the accounting policy referred to in Schedule 18 Note 8(b) has no impact on the profit for the year.
- 28.** All amounts disclosed in Notes to Account and other Schedules are in Rs.000 except for:
- (i) Number of Shares / units in Notes on Schedule 1, Schedule 5, Note 4, Note 15, Note 24, and Note 27.
  - (ii) Basic and Diluted EPS in the Profit and Loss Account and in Note 15.
  - (iii) Quantitative data in Schedule 19.
- 29.** The previous year's figures have been regrouped to conform to current year's classification.

**Kalyan Ganguly**  
Managing Director

**A K Ravi Nedungadi**  
Director

**Govind Iyengar**  
Company Secretary

### STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956 AS AT MARCH 31, 2009

Sl. No.	Name of the Subsidiary	a) No. of Equity Shares at the end of the financial year of the Subsidiary				b) Extent of Holdings				Net aggregate Profit/(Loss) of the subsidiary so far as it concerns the Members of the Company			
		United Breweries Limited		Other Subsidiary Companies		United Breweries Limited		Other Subsidiary Companies		Not dealt with in the Accounts		Dealt with in the Accounts of the Company	
		(i)	(ii)	(i)	(ii)	(i)	(ii)	(i)	(ii)	(i)	(ii)		
		For Subsidiary's Financial Year ended 31.3.2009	For previous Financial Years of Subsidiary since it became a Subsidiary	For the Subsidiary's Financial Year ended 31.3.2009	For previous Financial Years of the Subsidiary since it became a Subsidiary								
1.	Associated Breweries & Distilleries Ltd.	10,000	—	100%	—	(132)	(1,286)	—	—				
2	Maltex Malsters Limited	22,950	—	51%	—	(210)	(762)	—	—				

### DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT

Name of the listed Company: United Breweries Limited

Rs. in Thousands

Name of the Company	Amount outstanding as at March 31, 2009	Value of investments as at March 31, 2009	Terms
Subsidiaries:			No stipulation towards repayment and interest
Associated Breweries & Distilleries Ltd. (ABDL)	83,791	1,000	
Maltex Malsters Limited	(12,136)	450,000	—
Joint Venture:			No stipulation towards repayment and interest
Millennium Alcobev Pvt. Ltd.	46,339	589,529	
Associates:			
United East Bengal Football Team Pvt. Ltd.	(18)	50	—

# Balance Sheet Abstract

## COMPANY'S GENERAL BUSINESS PROFILE

Rs. in Thousands

### I. Registration Details

Registration No.	:	25195
State Code	:	08
Balance Sheet Date	:	31.03.2009

### II. Capital Raised during the year

Public Issue	:	—
Right Issue	:	4,248,854
Bonus Issue	:	—
Private Placement	:	—

### III. Position of Mobilisation and Deployment of Funds

Total Liabilities	17,152,166	Total Assets	17,152,166
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid up Capital	2,709,048	Net Fixed Assets	7,842,938
Reserves & Surplus	8,106,431	Investments	1,940,957
Secured Loans	4,410,559	Net Current Assets	7,368,271
Unsecured Loans	1,753,006	Deferred Tax Assets	NIL
Deferred Credit	—	Miscellaneous Expenditure	NIL
Deferred Tax Liability	173,122		

### IV. Performance of Company

Turnover	17,475,700	Total Expenditure	16,458,991
(Includes non-recurring items)		(Includes non-recurring items)	
Profit Before Tax	1,016,709	Profit After Tax	624,940
Earnings per Share	Rs. 2.291	Dividend Rate	30%

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

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

**SUMMERISED FINANCIALS OF SUBSIDIARY COMPANY AS REQUIRED IN TERMS OF APPROVAL  
UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956, GRANTED BY THE GOVERNMENT OF INDIA,  
MINISTRY OF CORPORATE AFFAIRS, VIDE LETTER DATED 06.08.09**

Sl. No.	Name of the Subsidiary	Issued & Subscribed Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Profit & Loss Account Debit Balance	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1.	Associated Breweries & Distilleries Ltd.	1,000	—	84,791	84,791	83,380	1,418	—	(132)	—	(132)	—
2	Maltex Malsters Limited	4,500	18,795	36,291	36,291	—	—	7,921	2,206	(2,416)	(210)	—

**Note:**

The Annual Report along with related information of the above companies shall be made available for investors of the Company and its subsidiaries 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 Company.

# Auditors' Report on Consolidated Financial Statements

## TO THE BOARD OF DIRECTORS OF UNITED BREWERIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of United Breweries Limited ('the Company') and its subsidiaries and joint venture (UB Group) as at March 31, 2009 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 following subsidiaries, which reflect total assets as at March 31, 2009 and total revenues for the year ended on that date as given below. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

(Rs. in Thousands)

Name of subsidiary	Total Assets	Revenues
Associated Breweries and Distilleries Limited	83,373	Nil
Maltex Malsters Limited	36,291	7,921

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 – "Consolidated Financial Statements" and Accounting Standard 27 – "Financial Reporting of Interests in Joint Venture", as specified in the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and in consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to explanations given to us, 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 UB Group as at March 31, 2009;
  - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement of the cash flows for the year ended on that date.

**J. Majumdar**  
Partner  
Membership Number - F51912

For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

Place: New Delhi  
Date: July 23, 2009

## Consolidated Balance Sheet as at March 31, 2009

Rs. in Thousands

	Schedule	2009	Joint Venture	Total 2009	2008				
<b>SOURCES OF FUNDS</b>									
<b>Shareholder's Funds</b>									
Capital	1	2,709,048	467,000	3,176,048	3,152,043				
Reserves and Surplus	2	8,104,805	10,813,853	162,603	629,603	8,267,408	11,443,456	3,588,871	6,740,914
<b>Loan Funds</b>									
Secured Loans	3	4,422,855	1,248,765	5,671,620	5,868,866				
Unsecured Loans		1,753,706	6,176,561	223,489	1,472,254	1,977,195	7,648,815	1,034,174	6,903,040
Minority Interest [Refer Schedule 19 Note 5]			11,517	—	11,517	11,517	11,517	11,517	
Deferred Tax Liability (Net) [Refer Schedule 19 Note 12]			172,676	3,287	175,963	175,963	175,963	87,715	
			<u>17,174,607</u>	<u>2,105,144</u>	<u>19,279,751</u>	<u>19,279,751</u>	<u>19,279,751</u>	<u>13,743,186</u>	
<b>APPLICATION OF FUNDS</b>									
Goodwill [Refer Schedule 19 Note 4]		438,062	1,428,463	1,866,525	1,866,525				
<b>Fixed Assets</b>									
Gross Block	4	9,296,531	1,551,993	10,848,524	8,568,202				
Less: Accumulated Depreciation and Amortisation		2,299,712	703,817	3,003,529	2,211,759				
Net Block		6,996,819	848,176	7,844,995	6,356,443				
Capital Work in Progress		865,308	7,862,127	106,843	955,019	972,151	8,817,146	1,688,700	8,045,143
Investments	5	1,573,287	(672,850)	900,437	192				
Foreign Currency Monetary Item Translation Difference Account [Refer Schedule 19 Note 19]		—	40,792	40,792	—				
<b>Current Assets, Loans and Advances</b>									
Inventories	6	1,630,376	158,103	1,788,479	1,307,190				
Sundry Debtors	7	4,711,351	294,630	5,005,981	3,563,511				
Cash and Bank Balances	8	417,906	93,351	511,257	209,497				
Other Current Assets	9	140,769	832	141,601	2,395				
Loans and Advances	10	2,657,330	82,202	2,739,532	1,194,784				
		<u>9,557,732</u>	<u>629,118</u>	<u>10,186,850</u>	<u>6,277,377</u>				
<b>Less: Current Liabilities and Provisions</b>									
Liabilities	11	2,073,306	1,093,008	3,166,314	2,977,194				
Provisions	12	183,295	1,976	185,271	124,716				
		<u>2,256,601</u>	<u>1,094,984</u>	<u>3,351,585</u>	<u>3,101,910</u>				
Net Current Assets		7,301,131	(465,866)	6,835,265	3,175,467				
Profit and Loss Account		—	819,586	819,586	655,859				
		<u>17,174,607</u>	<u>2,105,144</u>	<u>19,279,751</u>	<u>13,743,186</u>				
Significant Accounting Policies	18								
Notes on accounts	19								

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

**J. Majumdar**  
Partner

For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

Place: New Delhi  
Date: July 23, 2009

**Kalyan Ganguly**  
Managing Director

**Govind Iyengar**  
Company Secretary

Place: New Delhi  
Date: July 23, 2009

**A K Ravi Nedungadi**  
Director

# Consolidated Profit and Loss Account for the year ended March 31, 2009

Rs. in Thousands

	Schedule	2009	Joint Venture	Total 2009	2008
<b>INCOME</b>					
Sales and Service	13	24,604,481	3,248,844	27,853,325	22,504,750
Less: Excise Duty		7,621,772	936,978	8,558,750	6,897,037
		<u>16,982,709</u>	<u>2,311,866</u>	<u>19,294,575</u>	<u>15,607,713</u>
Other Income	14	492,991	42,825	535,816	301,957
		<u>17,475,700</u>	<u>2,354,691</u>	<u>19,830,391</u>	<u>15,909,670</u>
<b>EXPENDITURE</b>					
Cost of Sales	15	10,467,650	1,563,093	12,030,743	9,851,747
Other Expenses	16	4,327,619	665,402	4,993,021	3,901,037
Interest and Finance Charges	17	894,701	159,637	1,054,338	575,762
Depreciation and Amortisation		766,945	129,402	896,347	731,636
		<u>16,456,915</u>	<u>2,517,534</u>	<u>18,974,449</u>	<u>15,060,182</u>
Profit/(Loss) before taxation		1,018,785	(162,843)	855,942	849,488
Provision for Taxation					
- Current tax		(294,791)	(1,281)	(296,072)	(263,896)
- Fringe Benefit Tax		(14,433)	(1,397)	(15,830)	(13,110)
- Deferred Tax (Charge) / Write back		(84,961)	(3,287)	(88,248)	(30,748)
		<u>(394,185)</u>	<u>(5,965)</u>	<u>(400,150)</u>	<u>(307,754)</u>
Profit/(Loss) after taxation		624,600	(168,808)	455,792	541,734
Profit/(Loss) brought forward from previous year		1,024,343	(655,858)	368,485	(379,861)
Less: Adjustment on account of adoption of AS-15					
on Employee Benefits		—	—	—	(2,253)
Adjustment on account of Scheme of Rehabilitation		—	—	—	295,522
"Adjustment on account of adoption of Accounting Standard 11 on Foreign fluctuation"		—	5,080	5,080	—
		<u>1,648,943</u>	<u>(819,586)</u>	<u>829,357</u>	<u>455,142</u>
Less: Appropriations					
Transfer to General Reserve		(65,000)	—	(65,000)	—
Dividend [Refer Schedule 19 Note 15]		(170,912)	—	(170,912)	(86,658)
Balance carried to Balance Sheet		<u>1,413,031</u>	<u>(819,586)</u>	<u>593,445</u>	<u>368,484</u>
Earnings per share (Basic/Diluted) [Refer Schedule 19 Note 14]				1.57	2.11
<b>Significant Accounting Policies</b>	18				
<b>Notes on Accounts</b>	19				

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

**J. Majumdar**  
Partner

For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

Place: New Delhi  
Date: July 23, 2009

**Kalyan Ganguly**  
Managing Director

**Govind Iyengar**  
Company Secretary

Place: New Delhi  
Date: July 23, 2009

**A K Ravi Nedungadi**  
Director

## Consolidated Cash Flow Statement for the year ended March 31, 2009

Rs. in Thousands

	2009	2008
<b>A Cash Flow from Operating Activities</b>		
Profit before taxation and non-recurring items.	855,942	849,488
Adjustments for:		
Dividend Income	(48,954)	—
Interest Income	(150,541)	(31,348)
Depreciation and Amortisation	896,347	731,636
(Profit)/Loss on Sale of Assets	2,159	6,245
Bad Debts Written Off	9,699	4,197
Bad Advances written off	5,866	1,086
Provision for Doubtful Debts	2,716	50,454
Provision for Doubtful advances	1,000	917
Interest Expenses (net)	1,054,338	575,762
Deferred Revenue	—	1,338,949
	<b>1,772,630</b>	<b>—</b>
<b>Operating profits before Working Capital changes</b>	<b>2,628,572</b>	<b>2,188,437</b>
<b>Adjustment for Working Capital changes:</b>		
(Increase)/Decrease in Sundry Debtors	(1,454,885)	(1,109,740)
(Increase)/Decrease in Inventories	(481,289)	(45,524)
(Increase)/Decrease in Joint Venture share in working capital	—	30,687
Increase/(Decrease) in Current Liabilities and Provisions	378,460	369,673
(Increase)/Decrease in Other Current Assets, Loans and Advances	(1,553,224)	(22,503)
	<b>(3,110,938)</b>	<b>(777,407)</b>
<b>Cash generated from Operations</b>	<b>(482,366)</b>	<b>1,411,030</b>
Direct Taxes paid (including TDS)	(477,733)	(304,624)
Net cash generated/(used in) from Operating Activities	<b>(960,099)</b>	<b>1,106,406</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,686,682)	(2,566,941)
Interest Income	12,945	31,348
Dividend Income	48,954	—
Purchase of Fixed assets - Share of Joint Venture	—	(233,534)
Sale of Fixed Assets	16,173	33,399
Acquisition of subsidiary	—	(450,000)
Sale/(Purchase) of Investments (net)	(900,245)	(7)
Net cash used in investing activities	<b>(2,508,855)</b>	<b>(3,185,735)</b>



# Consolidated Cash Flow Statement for the year ended March 31, 2009 (contd.)

Rs. in Thousands

	2009		2008	
<b>C Cash flow from Financing Activities</b>				
(Repayments)/Proceeds of Unsecured loans (net)		<b>943,021</b>		171,115
(Repayments) / Proceeds from Bank borrowings (net)		<b>(419,233)</b>		379,609
Repayment of Loan from United Breweries (Holdings) Ltd.		—		801,310
Proceeds from Rights Issue		<b>4,248,854</b>		—
Interest Paid		<b>(873,143)</b>		(508,744)
Dividend paid		<b>(128,785)</b>		(25,276)
<b>Net cash generated from / (used in) financing activities</b>		<b>3,770,714</b>		818,014
<b>Net Increase / (Decrease) in cash and cash equivalents</b>		<b>301,760</b>		(1,261,315)
<b>Opening cash and cash equivalents</b>				
Cash and Cheques on hand including Remittances in Transit		<b>8,404</b>		29,684
Bank Balances		<b>201,093</b>	<b>209,497</b>	1,441,128
				<b>1,470,812</b>
<b>Closing cash and cash equivalents</b>				
Cash and Cheques on hand including Remittances in Transit		<b>4,620</b>		8,404
Bank Balances		<b>506,637</b>	<b>511,257</b>	201,093
				<b>209,497</b>

## Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2009 and the relative 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 Companies (Accounting Standards) Rules, 2006.
3. Cash and cash equivalents include Rs.19,820 (2008: Rs.12,100) which are not available for use by the Company. [Refer Note on Schedule 8].
4. Previous year's figures have been regrouped/reclassified wherever necessary to conform with current year's classification.

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

**J. Majumdar**  
Partner

For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

Place: New Delhi  
Date: July 23, 2009

**Kalyan Ganguly**  
Managing Director

**Govind Iyengar**  
Company Secretary

Place: New Delhi  
Date: July 23, 2009

**A K Ravi Nedungadi**  
Director

## Schedules to Consolidated Balance Sheet

Rs. in Thousands

	2009	Joint Venture	Total	2008
<b>SCHEDULE 1</b>				
<b>Capital</b>				
<b>Authorised</b>				
300,000,000 (2008: 300,000,000) Equity shares of Re.1 each	300,000	—	300,000	300,000
25,000,000 (2008: 25,000,000) Preference Shares of Rs.100 each	2,500,000	—	2,500,000	2,500,000
	<u>2,800,000</u>	<u>—</u>	<u>2,800,000</u>	<u>2,800,000</u>
<b>Issued, Subscribed and Paid-up</b>				
240,048,255 (2008: 216,043,430) Equity shares of Re.1 each fully paid	240,048	—	240,048	216,043
3%, 17,283,000 (2008: 17,283,000) Cumulative Redeemable Preference Shares of Rs.100 each - Series A [The above shares are redeemable at par at the earliest on March 31, 2011 and are 'extendable upto March 31, 2015 based on mutual agreement between the Company and 'Scottish and Newcastle India Limited (the preference shareholder)]	1,728,300	—	1,728,300	1,728,300
3%, 7,407,000 (2008: 7,407,000) Cumulative Redeemable Preference Shares of Rs.100 each - Series B [The above shares are redeemable at par at the earliest on March 31, 2015]	740,700	—	740,700	740,700
Convertible Redeemable Preference Shares	—	467,000	467,000	467,000
	<u>2,709,048</u>	<u>467,000</u>	<u>3,176,048</u>	<u>3,152,043</u>
<b>SCHEDULE 2</b>				
<b>Reserves and Surplus</b>				
Capital Reserve	—	1,204	1,204	1,204
Securities Premium Account	2,296,925	161,399	2,458,324	2,458,324
Premium received during the year	4,224,849	—	4,224,849	—
General Reserve:				
As per last Balance Sheet	105,000	—	105,000	105,000
Transfer from Profit and Loss Account	65,000	—	65,000	—
Profit and Loss Account balance	1,413,031	—	1,413,031	1,024,343
	<u>8,104,805</u>	<u>162,603</u>	<u>8,267,408</u>	<u>3,588,871</u>
<b>SCHEDULE 3</b>				
<b>Secured Loans</b> [Refer Schedule 19 Note 6]				
Foreign Currency Loans				
- Working Capital Loan from Bank	650,329	—	650,329	510,843
- Term Loan from Bank	—	262,711	262,711	281,039
External Commercial Borrowings				
- From Banks	1,404,069	—	1,404,069	1,394,835
- From Others	—	—	—	440,242
Term Loans from Banks	1,482,330	224,625	1,706,955	1,217,617
Other Loans				
- Working Capital Loan / Cash Credit from Banks	860,883	—	860,883	947,163
Interest accrued and due	25,244	2,976	28,220	66,669
From Others ( including HP creditors)	—	564,924	564,924	746,610
From Rabo Finance India Private Limited	—	193,529	193,529	263,848
	<u>4,422,855</u>	<u>1,248,765</u>	<u>5,671,620</u>	<u>5,868,866</u>
<b>Unsecured Loans</b> [Refer Schedule 19 Note 6]				
Long Term Loans from Banks	1,750,000	—	1,750,000	—
Short Term Loans	—	—	—	806,979
Others Loans	3,706	—	3,706	3,706
Deferred Sales Tax Loan	—	223,489	223,489	223,489
	<u>1,753,706</u>	<u>223,489</u>	<u>1,977,195</u>	<u>1,034,174</u>

## Schedules to Consolidated Balance Sheet (contd.)

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

Net Value of Assets as at March 31, 2008	Particulars	Gross Value of Assets as at March 31, 2008		Cost		Gross Value of Assets as at March 31, 2009		Depreciation / Amortisation for the year		As at March 31, 2009		Net Value of Assets as at March 31, 2009
		Additions	Deletions / Adjustments	As at March 31, 2008	As at March 31, 2008	As at March 31, 2009	on Deletions	As at March 31, 2009				
								125,511	374,719			
374,716	Goodwill	—	—	623,924	—	623,924	—	125,511	374,719	249,205		
360,037	Licenses	—	—	400,037	—	400,037	—	40,000	80,000	320,037		
1,130,887	Land - Freehold	6,620	—	1,130,887	—	1,137,507	—	3,186	16,742	1,137,507		
224,132	Land - Leasehold	529	—	237,688	—	238,217	—	44,420	159,184	221,475		
847,112	Buildings	661,095	—	961,876	—	1,622,971	—	2,350	2,350	1,463,787		
—	Leasehold - Improvements	6,407	—	—	—	6,407	—	—	1,417,297	4,057		
2,509,348	Plant and Machinery	1,276,143	12,191	3,466,095	12,191	4,730,047	5,840	466,390	1,417,297	3,312,750		
22,253	Office Equipments	46,524	1,240	60,064	1,240	105,348	862	10,634	47,583	57,765		
106,666	Furniture and Fittings	113,516	721	216,896	721	329,691	205	65,525	175,550	154,141		
22,386	Laboratory Equipments	19,671	—	27,590	—	47,261	—	3,501	8,705	38,556		
28,338	Vehicles	21,795	15,247	48,573	15,247	55,121	8,081	5,428	17,582	37,539		
<b>5,625,875</b>		<b>2,152,300</b>	<b>29,399</b>	<b>7,173,630</b>	<b>29,399</b>	<b>9,296,531</b>	<b>14,988</b>	<b>766,945</b>	<b>2,299,712</b>	<b>6,996,819</b>		
730,568	Share of Joint Venture	250,931	93,510	1,394,572	93,510	1,551,993	89,589	129,402	703,817	848,176		
<b>6,356,443</b>		<b>2,403,231</b>	<b>122,909</b>	<b>8,568,202</b>	<b>122,909</b>	<b>10,848,524</b>	<b>104,577</b>	<b>896,347</b>	<b>3,003,529</b>	<b>7,844,995</b>		
	2008	2,402,478	59,528	6,225,252	59,528	8,568,202	19,884	731,636	2,211,759			
<b>1,576,089</b>	Capital work in Progress [including capital advances Rs. 615.625 (2008:Rs.1,071,551)]									<b>865,308</b>		
<b>112,611</b>	Share of Joint Venture									<b>106,843</b>		
<b>8,045,143</b>										<b>8,817,146</b>		

### SCHEDULE 5 INVESTMENTS

Particulars	Class of Shares	2009		2008		Cost
		Number of Shares / Units	Face Value	Number of Shares / Units	Face Value	
<b>CURRENT INVESTMENTS</b>						
Investment in Mutual Funds- Non trade						
HDFC FMP 370D June 2008 VIII -Wholesale Plan Growth		20,000,000	200,000	—	—	200,000
IDFC FMP Yearly Series 22 Plan B Growth		10,000,000	100,000	—	—	100,000
I-Growth Capital Protection Portfolio		3,000	300,000	—	—	300,000
Kotak FMP 12M Series 7 Institutional - Growth Plan		15,025,820	150,258	—	—	150,258
Reliance Blended Debt Plus-Hybrid Option -Series XIV Plan		500,000	50,000	—	—	50,000
Reliance Fixed Horizon Fund- IX - Series 2 - Institutional Growth Plan		10,000,000	100,000	—	—	100,000
<b>LONG TERM INVESTMENTS (Unquoted, Long Term)</b>						
<b>In Government and Trustee Securities - Fully paid</b>						
National savings certificate		—	70	—	—	70
<b>Non trade In Associates</b>						
United East Bengal Football Team Pvt Limited	Equity	4,999	50	4,999	50	—
Zorastrian Co-operative Bank Limited *	Equity	4,000	25	4,000	25	100
<b>TOTAL</b>						<b>900,428</b>
Share in Joint Venture Investments			9		12	12
<b>TOTAL</b>						<b>900,437</b>

\* Acquired on Amalgamation

## Schedules to Consolidated Balance Sheet (contd.)

Rs. in Thousands

	2009	Joint Venture	Total	2008
<b>SCHEDULE 6</b>				
<b>Inventories</b>				
Raw Materials	422,017	34,539	456,556	283,102
Packing Material, Stores and Spares [Net of provision Rs.38,640 (2008: Rs.17,932)]	492,407	47,411	539,818	358,437
Work In Progress / Finished Goods (including Traded Goods) [Net of provision Rs.63 (2008: Rs.38)]	677,309	64,530	741,839	585,671
Goods in transit	38,643	11,623	50,266	79,980
	<u>1,630,376</u>	<u>158,103</u>	<u>1,788,479</u>	<u>1,307,190</u>

### SCHEDULE 7

#### Sundry Debtors

(Unsecured, Considered good unless stated otherwise)

Considered Good [Refer Schedule 19 Note 8]

- Over Six Months	185,434	—	185,434	8,395
- Others	4,525,917	294,630	4,820,547	3,555,116

Considered Doubtful

- Over Six Months	55,671	33,273	88,944	88,114
- Others	—	—	—	—

	<u>4,767,022</u>	<u>327,903</u>	<u>5,094,925</u>	<u>3,651,625</u>
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Less: Provision for Doubtful Debts

	<u>(55,671)</u>	<u>(33,273)</u>	<u>(88,944)</u>	<u>(88,114)</u>
	<u>4,711,351</u>	<u>294,630</u>	<u>5,005,981</u>	<u>3,563,511</u>

### SCHEDULE 8

#### Cash and Bank Balances

Cash on hand [including Remittances - in Transit Rs.Nil (2008: Rs.7,529)]	1,792	2,828	4,620	8,404
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Balances with Scheduled Banks:

- in Current Account [including cheques on hand Rs.10,125 (2008: Rs.2,093)]	396,272	77,783	474,055	156,130
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- in Deposit account [Refer notes below]	19,842	12,740	32,582	44,963
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	<u>417,906</u>	<u>93,351</u>	<u>511,257</u>	<u>209,497</u>
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Note:

1. Includes Rs.19,820 (2008: Rs.12,100) kept as margin against letter of credit and bank guarantees
2. Includes balance in Unclaimed dividend Account Rs.880 (2008: Rs.865)

## Schedules to Consolidated Balance Sheet (contd.)

Rs. in Thousands

	2009	Joint Venture	Total	2008
<b>SCHEDULE 9</b>				
Other Current Assets				
Income accrued on Investments and deposits	140,769	832	141,601	2,395
	<u>140,769</u>	<u>832</u>	<u>141,601</u>	<u>2,395</u>
<b>SCHEDULE 10</b>				
<b>Loans and Advances</b>				
[Refer Schedule 19 Note 8]				
(Unsecured, Considered good unless otherwise stated)				
Advance towards Contract Brewing unit [Refer Schedule 19 Note 18]	1,550,000	—	1,550,000	—
Advances recoverable in cash or in kind or for value to be received	192,331	31,717	224,048	181,942
Considered Doubtful	8,416	43,258	51,674	47,622
	<u>1,750,747</u>	<u>74,975</u>	<u>1,825,722</u>	<u>229,564</u>
Less: Provision for Doubtful Advances *including: Rs. 36 (2008: Rs.62) due from Directors of the Company [maximum amount due during the year Rs.62 (2008: Rs.88)]	(8,416)	(43,258)	(51,674)	(47,622)
	<u>1,742,331</u>	<u>31,717</u>	<u>1,744,048</u>	<u>181,942</u>
Balances with Excise Authorities	148,004	15,926	163,930	171,989
Other Deposits	635,443	18,102	653,545	682,305
Advance Tax / Tax Deducted at Source (net)	131,552	16,457	148,009	158,548
	<u>2,657,330</u>	<u>82,202</u>	<u>2,739,532</u>	<u>1,194,784</u>
<b>SCHEDULE 11</b>				
<b>Liabilities</b>				
Sundry Creditors	1,216,120	213,163	1,429,283	1,391,890
Other Liabilities	792,320	877,460	1,669,780	1,518,922
Interest accrued but not due	—	2,385	2,385	2,385
Unclaimed Dividend	880	—	880	865
Acceptances	63,986	—	63,986	63,132
	<u>2,073,306</u>	<u>1,093,008</u>	<u>3,166,314</u>	<u>2,977,194</u>
<b>SCHEDULE 12</b>				
<b>Provisions</b>				
Dividend payable [Refer Schedule 19 Note 15]	128,785	—	128,785	86,658
Gratuity	20,893	1,205	22,098	6,240
Leave Entitlements	33,617	771	34,388	31,818
	<u>183,295</u>	<u>1,976</u>	<u>185,271</u>	<u>124,716</u>

## Schedules to Consolidated Profit and Loss Account

Rs. in Thousands

	2009	Joint Venture	Total	2008
<b>SCHEDULE 13</b>				
<b>Sales and Service</b>				
Sales	23,564,973	3,224,927	26,789,900	21,579,151
Income from Brand Franchise and Technical Fees	1,039,508	23,917	1,063,425	925,599
	<u>24,604,481</u>	<u>3,248,844</u>	<u>27,853,325</u>	<u>22,504,750</u>
<b>SCHEDULE 14</b>				
<b>Other Income</b>				
Guarantee Commission	21,300	—	21,300	31,524
Liability no longer required written back	51,059	5,535	56,594	36,578
Profit on sale of Assets	—	26	26	—
Profit on sale of Investment (net)	—	2	2	—
Dividend Income	48,954	—	48,954	—
Interest Received [Gross] {Tax deducted at source Rs.2,379 (2008:Rs.5,261)}	147,143	3,398	150,541	31,348
Provision for Doubtful Debts no longer required written back	1,304	576	1,880	3,251
Provision for Doubtful Advances no longer required written back	367	—	367	1,182
Miscellaneous Income	222,864	33,288	256,152	198,074
	<u>492,991</u>	<u>42,825</u>	<u>535,816</u>	<u>301,957</u>
<b>SCHEDULE 15</b>				
<b>Cost of Sales</b>				
Manufacturing Expenses				
Consumption of Raw Materials	2,141,148	432,379	2,573,527	1,891,543
Consumption of Packing material and Stores and spares	3,951,047	821,505	4,772,552	3,918,071
Purchases of finished goods	2,087,358	2,388	2,089,746	1,553,307
Power and Fuel	575,268	126,129	701,397	682,667
Personnel Expenses				
Salaries, wages and Bonus [including provision for leave encashment Rs.2,570 (2008: Rs.1,036)]	750,809	62,291	813,100	685,313
Contribution to Provident and Other funds [including provision for gratuity Rs.15,858 (2008: Rs.13,037)]	57,413	3,798	61,211	77,034
Welfare Expenses	62,586	3,668	66,254	64,796
<b>Others</b>				
Rent including Lease rent	74,470	664	75,134	85,581
Insurance	12,775	1,463	14,238	17,218
Repairs Building	12,295	2,158	14,453	9,519
Repairs to Machinery	99,318	28,597	127,915	113,810
Repairs - Others	9,831	1,124	10,955	15,695
Travel and Conveyance	84,611	4,850	89,461	96,846
Communication Expenses	23,421	740	24,161	22,332
Rates and taxes	257,471	46,295	303,766	326,652
Legal and Professional fees	91,679	6,039	97,718	74,963
Miscellaneous expenses [includes material consumed Rs.107,781 (2008:Rs. 79,079)]	237,494	23,046	260,540	236,946

## Schedules to Consolidated Profit and Loss Account (contd.)

Rs. in Thousands

	2009	Joint Venture	Total	2008
<b>Change in Inventory</b>				
Opening Stock	529,462	56,209	585,671	546,980
Closing Stock	(677,309)	(64,530)	(741,839)	(585,671)
Excise Duty on Opening Stock	(279,970)	(20,730)	(300,700)	(282,556)
Excise Duty on Closing Stock	366,473	25,010	391,483	300,700
	<u>10,467,650</u>	<u>1,563,093</u>	<u>12,030,743</u>	<u>9,851,747</u>

### SCHEDULE 16

#### Other Expenses

Selling and Promotion Expenses	4,288,278	542,077	4,830,355	3,738,420
Technical Management Fee	—	120,000	120,000	80,000
Directors Sitting fees	11,788	335	12,123	1,682
Auditors Remuneration	6,842	1,582	8,424	12,740
Bad debts written off	8,991	708	9,699	5,766
Bad Advances written off	5,866	—	5,866	1,086
Provision for Doubtful Debts	2,710	6	2,716	46,382
Provision for Idle assets / Fixed Assets written off	31	—	31	—
Inventory written off including provisions	—	622	622	—
Loss on sale of Assets	2,185	—	2,185	6,245
Provision for Doubtful advances	928	72	1,000	8,716
	<u>4,327,619</u>	<u>665,402</u>	<u>4,993,021</u>	<u>3,901,037</u>

### SCHEDULE 17

#### Interest and Finance Charges

Interest on Loans for a fixed period	394,522	112,784	507,306	406,821
Interest Others	151,167	944	152,111	144,688
Finance Charges	209,526	10,843	220,369	7,963
Foreign Exchange Loss	139,486	35,066	174,552	16,290
	<u>894,701</u>	<u>159,637</u>	<u>1,054,338</u>	<u>575,762</u>

# Significant Accounting Policies for the year ended March 31, 2009

Rs. in Thousands

## SCHEDULE 18

### CONSOLIDATED ACCOUNTS

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

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

#### Basis of Consolidation:

The Financial Statements of the Subsidiaries and the Joint Venture (JV) used in the consolidation are drawn up to the same reporting date as that of the parent Company, i.e., year ended March 31, 2009.

#### Estimates:

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

#### 2. Principles of Consolidation:

- (i) The financial statement of the parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditure after eliminating intra group balances and intra group transactions.
- (ii) The financial statements of the parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events.
- (iii) The financial statement of the Joint Venture has been consolidated using proportionate consolidation on the basis of control exercised in the Joint Venture.
- (iv) Goodwill represents the difference between the Company's share in the net-worth and the cost of acquisition of subsidiary and Joint Venture at each stage of acquisition of investment. Goodwill arising on consolidation is not amortised. Negative goodwill is recognised as capital reserve on consolidation.

#### 3. Revenue Recognition:

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

#### 4. Borrowing Costs:

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

#### 5. Fixed Assets:

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

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

Fixed assets taken on finance lease prior to March 31, 2001 are not capitalised.

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

#### 6. Investments:

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

#### 7. Inventories:

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

#### 8. Foreign Currency Transactions:

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

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

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



## Significant Accounting Policies for the year ended March 31, 2009 (contd.)

Rs. in Thousands

- b. With retrospective effect from April 1, 2007 exchange differences on long term foreign currency monetary items (except for exchange differences on items forming part of the Company's net investment in a non-integral foreign operation), are
  - (i) adjusted to the cost of the asset in so far as they relate to the acquisition of a depreciable asset;
  - (ii) accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the period of the related long term foreign currency monetary item but not beyond March 31, 2011.

### 9. Depreciation and amortisation:

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

- (i) 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.
- (ii) 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.  
Cost of Goodwill arising on amalgamation is amortised over a period of 5 years.  
Cost of Leasehold Land is amortised over the period of lease.  
Assets individually costing less than Rs.5 are depreciated fully in the year of purchase.

### 10. Employee Retirement benefits:

- (i) Defined-contribution plans  
Contributions to the Employees' Provident Fund, Superannuation Fund, Employees' State Insurance and Employees' Pension Scheme are as per statute and are recognised as expenses during the period in which the employees perform the services.
- (ii) Defined-benefit plans  
Liability towards gratuity is determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains and Losses are recognised immediately in the Profit and Loss Account.
- (iii) Other long term employee benefits:  
Liability towards leave encashment and compensated absences are recognised at the present value based on actuarial valuation at each balance sheet date.
- (iv) Short term employee benefits:  
Liability of earned leave, compensated absences, performance incentives etc. are recognised during the period when the employee renders the services.

### 11. Taxation:

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

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.

Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under Income Tax Act, 1961.

### 12. Earnings per share:

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

### 13. Impairment of Assets:

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

### 14. Provisions, Contingent Liabilities and Contingent Assets:

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

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

## Notes on Consolidated Accounts for the year ended March 31, 2009

Rs. in Thousands

### SCHEDULE 19

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

Particulars	Ownership Percentage		Country of Incorporation
	2009	2008	
<b>Name of the Subsidiary</b>			
Associated Breweries & Distilleries Limited (ABDL)	100	100	India
Maltex Malsters Limited (MML)	51	51	India
<b>Name of the Associate</b>			
United East Bengal Football Team Private Limited (UEBFTPL)	50	50	India
<b>Name of the Joint Venture (JV)</b>			
Millennium Alcobev Private Limited (MAPL)	50*	50*	India

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

2. During the quarter ended June 30, 2008 the Company has raised Rs.4,248,854 through an issue of shares on rights basis (Rights Issue). The proceeds of the rights issue have been utilised in the following manner:
- Rs.3,197,300 for repayment of cash credit/overdraft accounts and for additional working capital requirements.
  - Rs.501,500 for Capital Expenditure.
  - Pending utilisation the balance proceeds of Rs.550,258 have been invested in mutual funds.
3. The Consolidated Financial Statements of Millennium Alcobev Private Limited (MAPL), represents consolidation of MAPL and its subsidiaries Empee Breweries Limited (EBL), United Millennium Breweries Limited (UMBL) and Millennium Beer Industries Limited (MBIL) as per Accounting Standard (AS) – 21.
4. The group evaluates the carrying value of its Goodwill whenever events or changes in circumstances indicate that its carrying value may be impaired for diminution, other than temporary. The group has currently reassessed the circumstances that could indicate the carrying amount of Goodwill may be impaired. As a consequence of such reassessment, the management believes that the expected revenues and earnings of the acquired entities are sustainable in the foreseeable future, and hence goodwill is not impaired.
5. **Acquisition of Maltex Malsters Limited:**  
During the previous year, the Company has acquired 22,950 equity shares of Rs.100 each in Maltex Malsters Limited for a consideration of Rs.450,000 which was based on an independent valuation, resulting in goodwill of Rs.438,012 as detailed below:

Particulars	Rs.	Rs.
<b>Fixed Assets (Net book value)</b>		<b>23,983</b>
Deferred Tax Assets		<b>2,587</b>
<b>Current Assets</b>		
Sundry Debtors	13,187	
Cash & Bank Balances	94	
Loans & Advances	11,567	
	<b>24,848</b>	
<b>Current Liabilities and Provisions</b>		
Current Liabilities	8,072	
Provisions	209	
	<b>8,281</b>	
Net Current Asset		<b>16,567</b>
<b>Loans</b>		
Secured Loans	18,932	
Unsecured Loans	700	<b>19,632</b>
Net Worth as on March 31, 2008		<b>23,505</b>
UBL's Share -51%		<b>11,988</b>
Purchase Consideration		450,000
Goodwill		<b>438,012</b>
Minority Interest		<b>11,517</b>

## Notes on Consolidated Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

### 6. Loan Funds:

Particulars		2009	2008
<b>(a) Secured Loans</b>			
	Foreign Currency Loans Including Interest Accrued and due Rs.21,839 (2008: Rs.19,623)	<b>2,338,948</b>	2,646,582
	Loans repayable within one year - Rs.1,056,260 (2008: Rs.817,004)		
	Foreign Currency Loans consist of External Commercial Borrowing (ECB) from BNP Paribas and Foreign Currency Loan from Axis Bank. ECB from BNP Paribas is secured by first charge on all moveable and immovable properties of the Company except Taloja plant. Foreign currency loan from Axis bank includes demand loan and term loan which are secured by First Charge on the Fixed Assets of a subsidiary of joint venture and current assets namely, Stock of Raw Material, Work In Progress & Finished Goods, Stores & Spares, Bills Receivable and Book Debts of the Company.		
<b>(b)</b>	Term Loan from Bank [including interest accrued and due Rs.1,060 (2008: Rs.1,115)]	<b>225,685</b>	309,990
	Loan repayable within one year – Rs.84,250 (2008: Rs.84,250)		
	Secured against charge on all movable and immovable fixed assets of Empee Breweries Limited and covered by a corporate guarantee issued by the Company.		
	Term Loan from Bank Secured by way of hypothecation of all plant and machineries lying at factory or elsewhere both present and future of MML, a subsidiary of the Company.	<b>12,296</b>	18,931
	Term Loan from Bank Loan repayable within one year – Rs.164,384 (2008: Rs.164,384)	<b>657,534</b>	888,696
	Secured by first charge over all moveable and immovable assets.		
	Term Loan from Bank Loan repayable within one year – Rs.250,000 (2008: Rs.Nil)	<b>812,500</b>	—
	Secured by Pari-Passu charge on all moveable and immovable properties of the Company except Taloja plant.		
<b>(c)</b>	From Banks [including interest accrued and due Rs.5,321 (2008: Rs.7,654)]	<b>866,204</b>	947,163
	Amount repayable within one year – Rs.414,384 (2008: Rs.238,815)		
	Secured by hypothecation of stock in trade, stores, raw materials, book debts and a second charge on all the immovable properties of the Company.		
<b>(d)</b>	From Others [including interest accrued and due Rs.68,824 (2008: Rs.38,277)]	<b>564,924</b>	791,312
	Hire Purchase Creditors Secured by Assets purchased under Hire Purchase Scheme	—	2,344
	From Rabo Finance India Private Limited [including interest accrued and due] Secured by charge on all movable and immovable properties and current assets, both present and future of MBIL (a subsidiary of the Joint Venture) and covered by a corporate guarantee issued by United Breweries Limited. Amounts repayable within one year – Rs.70,375 (2008: Rs.70,375)	<b>193,529</b>	263,848
<b>(e) Unsecured Loans</b>			
<b>(i)</b>	Loans from Banks [including interest accrued and due Rs. Nil (2008: Rs.6,979)]	<b>1,750,000*</b>	806,979
	Amount repayable within one year – Rs.Nil (2008: Rs.806,979)		
	*Covered by personal guarantee of a Director of the Company.		
<b>(ii)</b>	From Others Amount repayable within one year – Rs. Nil (2008: Rs. Nil)	<b>227,195</b>	227,195

## Notes on Consolidated Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

### 7. Fixed Assets:

Buildings amounting to Rs.49,619 and Plant and Machinery amounting to Rs.473,319 are in premises not owned by the Group.

8. The following amounts are due from a Company whose brewing facilities are being utilised by the Group for the production of Group's brand of Beer under contract brewing arrangements.

Particulars	2009	2008
Included under Sundry Debtors Considered Good – Others	<b>368,302</b>	78,973
Included in other deposits under Loans and Advances	<b>50,000</b>	72,500

The said Company has been declared as a sick industrial undertaking by the Board for Industrial and Financial Reconstruction (BIFR).

### 9. Capital Commitments:

Particulars	2009	2008
Estimated amount of Contracts remaining to be executed on capital account and not provided for.	<b>689,134</b>	960,615

#### Share of joint venture:

Particulars	2009	2008
Estimated amount of Contracts remaining to be executed on capital account and not provided for.	<b>46,348</b>	132,488

### 10. Contingent Liabilities:

Particulars	2009	2008
a) Sales Tax/other taxes demands under appeal*	<b>14,672</b>	12,434
b) Employee State Insurance Demand*	<b>265</b>	265
c) Demand towards Water charges under appeal*	<b>133,019</b>	114,326
d) Excise Duty/Customs Duty demands under appeal*	<b>36,709</b>	18,915
e) Income Tax demands under appeal	<b>82,262</b>	56,747
f) Service Tax demands under appeal*	<b>377,708</b>	—
g) Claims against the Company not acknowledged as debt*	<b>27,377</b>	1,158
h) Letter of Credit outstanding	<b>33,230</b>	64,680
i) Guarantees given by the Company:		
- on behalf of Subsidiaries of Joint Venture to third parties		
Millennium Beer Industries Limited	<b>800,000</b>	800,000
United Millennium Breweries Limited	<b>600,000</b>	600,000
Empee Breweries Limited	<b>730,000</b>	730,000
- to third parties	<b>28,348</b>	24,027
j) Letter of undertaking to distributors towards countervailing duty for imports from Nepal	<b>38,500</b>	38,500

# Notes on Consolidated Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

## Share of Joint Venture

Particulars		2009	2008
a)	Sales Tax/other taxes demands under appeal [Amount paid under dispute Rs.22 (2008: Rs.22) and disclosed in loans and advances in Schedule 9]	3,281	3,281
b)	ESIC / PF demands under appeal [Amount paid under dispute Rs.53 (2008: Rs.53) and disclosed in loans and advances in Schedule 9]	898	53
c)	Bank Guarantee given to Commissioner of Excise for Export of Beer*	5,855	750
d)	Demand towards Water charges under appeal*	26,250	15,950
e)	Interest for delayed payment of Interest Free Loans*	4,829	4,829
f)	Dividend on 1% Non Convertible Cumulative Redeemable Preference Shares	18,500	9,250
g)	Income Tax#	22,028	12,541
h)	Claims against the subsidiaries of the joint venture not acknowledged as debt [Amount paid under dispute Rs.78 (2008: Rs.78) and disclosed in loans and advances in Schedule 9]	6,107	6,107

# Net of deposit under appeal – **Rs. 1,018** (2008: Rs.1,018)

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

## 11. Operating Lease:

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

Particulars	2009	2008
Lease payments during the year including Minimum lease payments <b>Rs.4,999</b> (2008: Rs.4,999) on non-cancellable leases.	80,307	83,238
At the balance sheet date, future minimum lease rentals under non- cancelable operating leases are as under:		
Not later than one year	28,288	22,439
One to five years	12,887	23,301
<b>Total</b>	<b>41,175</b>	<b>45,740</b>

## 12. Accounting for Taxes on Income:

Deferred Tax – The net deferred tax liability amounting to **Rs.175,963** (2008: Rs.87,715) has been arrived as follows:

Particulars	2009	2008
Deferred Tax Liability arising from:		
Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return	212,987	121,488
Less:		
Deferred tax asset arising from:		
Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act, 1961	18,528	12,741
Provision for Doubtful Debts	21,783	18,445
Deferred tax asset arising on account of acquisition of subsidiary	—	2,587
	<b>172,676</b>	<b>87,715</b>

## Notes on Consolidated Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

Particulars	2009	2008
Share of Joint venture	3,287	—
Net deferred tax liability	175,963	87,715
Movement during the year	(88,248)	(29,809)
Deferred tax (charged off) / written back in the profit and loss account	(88,248)	(29,809)
Deferred Tax debit on account of leave encashment adjustment	—	(939)
Net Deferred tax (charged off) / written back in the profit and loss account	(88,248)	(30,748)

The tax impact for the above purpose has been arrived by applying a tax rate of 33.99% (2008: 33.99%) being the enacted tax rate for Indian Companies under the Income Tax Act, 1961.

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

### 13. Related Party Disclosures:

#### A. Name of the related parties:

##### (1) Entity which has significant influence

Scottish & Newcastle India Limited (SNIL)

##### (2) Others

(a) Scottish & Newcastle Ltd. (S & N), Holding Company of SNIL

(b) Scottish & Newcastle UK Limited (SNUK), Fellow Subsidiary of SNIL

(c) Scottish & Newcastle India Private Limited (SNIPL), Fellow Subsidiary of SNIL

##### (3) Key Management Personnel(KMP):

Mr Kalyan Ganguly (Managing Director)

Mrs. Lesley Jackson (Part of the year)

##### (4) Relative of Key Management Personnel:

Mrs. Suparna Bakshi Ganguly

(Wife of Mr. Kalyan Ganguly)

#### B. Transactions with related parties during the year:

Particulars	UEBTFL		KMP	
	2009	2008	2009	2008
Sponsorships and Other Payments	56,767	30,899	—	—
Finance(including loan in cash or kind)	50,248	37,399	—	—
Remuneration to Directors (#)	—	—	34,354	32,267
Amount Due From/(To)	(18)	6,502	—	—

Figures in bracket indicate amounts received.

# Remuneration paid to the Managing Director includes **Rs.2,883** (2008: Rs.2,064) towards residential accommodation and car arrangement paid to the relative of the KMP (including a firm in which such relative is a partner), in terms of the rules framed by the Company within his overall approved remuneration entitlement.

#### C. Transactions with S & N Group

##### (i) Transaction with S & N

Management Fees

**Rs. Nil** (2008: Rs.32,599)

##### (ii) Transactions with SNUK

Balance amount on account of ECB with SNUK

**Rs. Nil** (2008: Rs.440,242)

Interest on ECB

**Rs. 17,852** (2008: Rs.32,095)

Purchase of Fixed Assets

**Rs. Nil** (2008: Rs.4,526)

Purchase of Raw Material

**Rs. 186** (2008: Rs.127)

##### (iii) Transactions with SNIL

Balance of Preference Share Capital

**Rs. 2,469,000** (2008: Rs.2,469,000)

Dividend on above

**Rs. 74,070** (2008: Rs.74,070)

Interim Dividend on Equity Shares

**Rs. 13,499** (2008: Rs. Nil)

## Notes on Consolidated Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

### 14. Earnings Per Share:

Particulars		2009	2008
a)	Profit after taxation as per profit and loss account	455,792	541,734
b)	Less: Preference Dividend (including dividend distribution tax thereon)	86,658	86,658
c)	Net Profit attributable to equity shareholders	369,134	455,076
d)	Weighted average number of equity shares outstanding (Face value of Re.1 per share)	234,589,624	216,043,430
e)	Earnings per share (Basic / Diluted)	1.57	2.11

### 15. Details of Dividend:

Particulars		2009	2008
Dividend payable on Preference Share Capital @3%		74,070	74,070
Dividend Distribution tax payable on above		12,588	12,588
Interim Dividend paid on Equity Shares @15%		36,007	—
Dividend Distribution tax paid on above		6,120	—
Final Dividend payable on Equity Shares @15%		36,007	—
Dividend Distribution tax payable on above		6,120	—
<b>Total</b>		<b>170,912</b>	<b>86,658</b>

### 16. Segmental Reporting:

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

17. (i) For the financial year ended March 31, 2008, the Group had adopted Accounting Standard 15 (AS 15) on Employee Benefits as notified under the Companies (Accounting Standard) Rules 2006. Disclosures envisaged in AS 15 in respect of gratuity are given below:

Particulars		2009	2008
<b>A)</b>	<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>		
	Obligations at the beginning of the year	144,890	118,048
	Add: Transitional Obligation	—	101
	Add: Current Service cost	14,268	43,745
	Add: Interest cost	9,691	9,349
	Add: Actuarial (gains)/Losses	(696)	(333)
	Less: Benefits paid during the year	(10,837)	(26,020)
	<b>Obligations at the end of the year</b>	<b>157,316</b>	<b>144,890</b>
<b>B)</b>	<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>		
	Fair Value of Plan assets at the beginning of the year	138,650	117,753
	Add: Expected Return on Plan Assets	10,824	9,425
	Add: Actuarial Gain	(7,776)	10,738
	Add: Contributions	4,683	26,754
	Less: Benefits Paid	(11,163)	(26,020)
	<b>Fair Value of Plan assets at the end of the year</b>	<b>135,218</b>	<b>138,650</b>

## Notes on Consolidated Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

Particulars		2009	2008
<b>C)</b>	<b>Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the balance sheet:</b>		
	Present Value of Obligation as at March 31, 2009	157,316	144,890
	Less: Fair Value of Plan Assets as at March 31, 2009	135,218	138,650
	Amount recognised in the Balance Sheet	<b>22,098</b>	6,240
<b>D)</b>	<b>Expenses recognised in Profit and Loss account under "Employee Cost" in Schedule 15</b>		
	Current service cost	14,268	43,745
	Add: Interest cost	9,691	9,349
	Less: Expected Return on Plan Assets	(10,824)	(9,425)
	Prior period adjustment	—	(23,739)
	Add: Actuarial (gains) / losses	6,493	6,256
	<b>Net Gratuity Cost</b>	<b>19,628</b>	26,186
<b>E)</b>	<b>Investment details of plan assets</b>		
	Plan assets are invested in Government Securities, Private Sector Bonds, Managed Funds and others.		
	Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the return.		
<b>F)</b>	<b>Actual return on plan assets</b>	<b>7,269</b>	24,077
<b>G)</b>	<b>Assumptions</b>		
	Discount rate per annum	<b>7.00%</b>	8.00%
	Interest rate per annum	<b>7.00%</b>	8.00%
	Expected return on plan assets	<b>7% to 8%</b>	8.00%
	Expected salary increase per annum	<b>5% to 6%</b>	5.00%
	Attrition Rate	<b>1.00%</b>	1.00%
	Retirement Age	<b>58</b>	58
	Mortality rate - LIC (94-96) Ultimate Mortality Table		

The estimates of future increase in salary, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(ii) Contribution to Provident and Other Funds under Manufacturing and Other Expenses (Schedule 15) includes Rs.43,790 (2008: Rs.30,412) being expenses debited under the following defined contribution plans:

Particulars	2009	2008
Provident Fund	<b>32,577</b>	9,301
Superannuation	<b>11,213</b>	21,111

18. The Company does not own any brewing facility in Tamil Nadu, which is one of the major markets in India contributing about 18% of the Company's business. With an intention of ensuring supplies from Balaji Distilleries Limited (BDL), having brewing facilities in Tamil Nadu, the Company has entered into an agreement with the promoters of BDL to secure to the Company perpetual usage of brewery in any manner by BDL, and has advanced an amount of Rs.1,550,000 to one of the Promoter Companies of BDL, acting for and on behalf of the other Promoters also. In June 2009, BDL has allotted 90,000



## Notes on Consolidated Accounts for the year ended March 31, 2009 (contd.)

Rs. in Thousands

Equity Shares upon conversion of warrants to certain parties. These parties have entered into a supplemental agreement with the Company to the effect that they will be bound by the terms and conditions of the earlier agreement between the Company and the promoters of BDL.

In October 2008, the Boards of Directors of BDL and United Spirits Limited (USL) have considered and approved a proposal for merger of BDL into USL, which is subject to obtaining of the necessary regulatory approvals by both the Companies. The Company has obtained a commitment from USL that the arrangement with Promoters will be adhered to on completion of the proposed merger. The advance will be repaid upon the completion of the merger or in accordance with the terms of the related Agreement, whichever is earlier.

19. (i) Pursuant to notification dated March 31, 2009 issued by the Ministry of Corporate Affairs, the Group, with retrospective effect from April 1, 2007 changed its accounting policy in respect of exchange differences on long term foreign currency monetary items, with the exception of exchange differences on items forming part of the Group's net investment in a non-integral foreign operation. Consequently, the Group has accounted for unrealised exchange losses as given below:
- (a) Unrealised foreign exchange loss amounting to Rs.5,080 (2008: Rs.Nil) recognised in the profit and loss account during the year ended March 31, 2008 has been transferred to the Foreign Currency Monetary Item Translation Difference Account (FCMITDA) by adjusting the opening balance of the profit and loss account. Rs. 2,032 (2008: Rs.Nil) being charge for the current year is recognised in the profit and loss account under Interest and Finance Charges (Schedule 17). Balance amount of Rs.3,048 (2008: Rs.Nil) is retained in the FCMITDA as at the year end.
  - (b) Unrealised foreign exchange loss as of March 31, 2009 amounting to Rs.56,616 (2008: Rs.Nil) is transferred to FCMITDA. Rs.20,904 (2008: Rs.Nil) being charge for the current year is recognised in the profit and loss account under Interest and Finance Charges (Schedule 17). Balance amount of Rs.37,744 (2008: Rs.Nil) is retained in the FCMITDA as at the year end.
- (ii) Had the Group not opted to apply the aforesaid notification, loss for the year would have been higher by Rs. 37,744, having consequential impact on the net worth of the Group.
20. All amounts disclosed in Notes to Account and other Schedules are in Rs. 000 except for:
- (i) Number of Shares in Notes on Schedule 1, Note 5 and in Note 14.
  - (ii) Basic and Diluted EPS in the Profit and Loss Account and in Note 14.
21. The previous year's figures have been regrouped to conform to current year's classification.

**Kalyan Ganguly**  
Managing Director

**A K Ravi Nedungadi**  
Director

**Govind Iyengar**  
Company Secretary



UNITED BREWERIES LIMITED