United Spirits Limited

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

NOTICE IS HEREBY GIVEN OF THE ELEVENTH ANNUAL GENERAL MEETING of the Company to be held at Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025 on Wednesday, September 29, 2010 at 11.00 a.m. for the following purposes:

1. To receive and consider the accounts for the year ended March 31, 2010 and the reports of the Auditors and Directors thereon;

2. To declare dividend on Equity Shares;

3. To elect a Director in the place of **Mr. Subhash Raghunath Gupte,** who retires by rotation and being eligible, offers himself for re-appointment;

4. To elect a Director in the place of **Mr. Sudhindar Krishan Khanna,** who retires by rotation and being eligible, offers himself for re-appointment;

5. To appoint Auditors and fix their remuneration;

6. **Commission to Directors**

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

   RESOLVED that the Company's Directors other than a Managing Director or Director(s) in the wholetime employment of the Company, be paid every year a remuneration not exceeding one percent of the net profits of the Company, which amount they may apportion among themselves in any manner they deem fit, in addition to sitting fees, if any payable to each Director for every Meeting of the Board or Committee thereof attended by him/her, and that this Resolution remain in force for a period of five years from April 1, 2011.

By Order of the Board

Place : New Delhi
Date : August 18, 2010

V.S. VENKATARAMAN
Company Secretary

Notes:

1. Please refer to the Explanatory Statement given hereunder.

2. **A SHAREHOLDER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF ONLY ON A POLL. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

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

3. The Transfer Books and Register of Members will remain closed from Thursday, September 23, 2010 to Wednesday, September 29, 2010 (both days inclusive).

4. Members are required to intimate immediately to the Company's Registrars and Transfer Agents, M/s. Alpha Systems Pvt. Ltd., 30, Ramana Residency, 4th Cross, Sampige Road, Bangalore - 560 003 (Telephone No.080-23460815-818 Fax No.080 2346 0819):

   a. any change in their registered addresses along with PIN Code Number; and

   b. details about their bank account number, name of bank, bank's branch name and address to enable the Company to draw dividend warrant payable accordingly.

5. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depository. The Company will not act on any direct request from such members for change/deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants immediately.

7. Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.

8. Members may please address all their documents/correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.

9. Nomination facility for shares is available for members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents at the address as stated in Note No.4 above.

10. The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialised. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerialising their shareholdings in the Company.

11. a) All Unclaimed / Unpaid Dividend up to the financial year ended March 31, 1994, have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Those who have not encashed the Dividend Warrants for the said period may claim their dividends from the Registrar of Companies - Karnataka, II Floor, E-Wing, Kendriya Sadan, Koramangala, Bangalore - 560 034.

    b) All Unclaimed / Unpaid Dividend for the financial years 1994-95 to 2001-02, required to be transferred to the Investor Education and Protection Fund (Fund) in terms of Section 205C of the Companies Act, 1956, have been transferred to the Fund.

    c) In terms of Section 205A and 205C of the Companies Act, 1956, the amount of dividend declared for the financial year 2002-03 and thereafter remaining unclaimed for a period of seven years from the due date of payment shall hereafter be transferred to the Fund.

12. Members may kindly note that once the Unclaimed / Unpaid Dividend is transferred to the Fund, no claim shall lie against the Fund or the Company in respect of the individual amounts which were Unclaimed and Unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.

13. Members attending the Annual General Meeting are requested to bring with them the following:

    a. Members holding shares in dematerialised form, their DP & Client ID Numbers.

    b. Members holding shares in physical form, their Folio Numbers.

    c. Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting.

    d. The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company.

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

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

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

15. Corporate members are required to send to the Company a certified copy of the Board Resolution pursuant to Section 187 of the Companies Act 1956, authorizing their representative to attend and vote at the Annual General Meeting.

16. The details required to be given in pursuance of Clause 49 of the Listing Agreement in case of directors being reappointed are given in the Corporate Governance Section of the Annual Report.

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

Item No. 6: (Commission to Directors)

At the Annual General Meeting held on September 23, 2005 members had passed a Special Resolution pursuant to the provisions of Section 309(4) of the Companies Act, 1956, authorising the payment every year to the Company's Directors, other than a Managing Director or Wholetime Director(s) of a remuneration by way of commission on the net profits of the Company for that year, in addition to sitting fees. This Resolution is in force up to March 31, 2011. It is proposed to pass a fresh resolution as stated in this item to remain in force for a period of five years from April 1, 2011.

The Directors recommend the Resolution for approval by members.

All the Directors, who are not in the wholetime employment of the Company, are interested in this item of business to the extent of remuneration proposed for them.

By Order of the Board

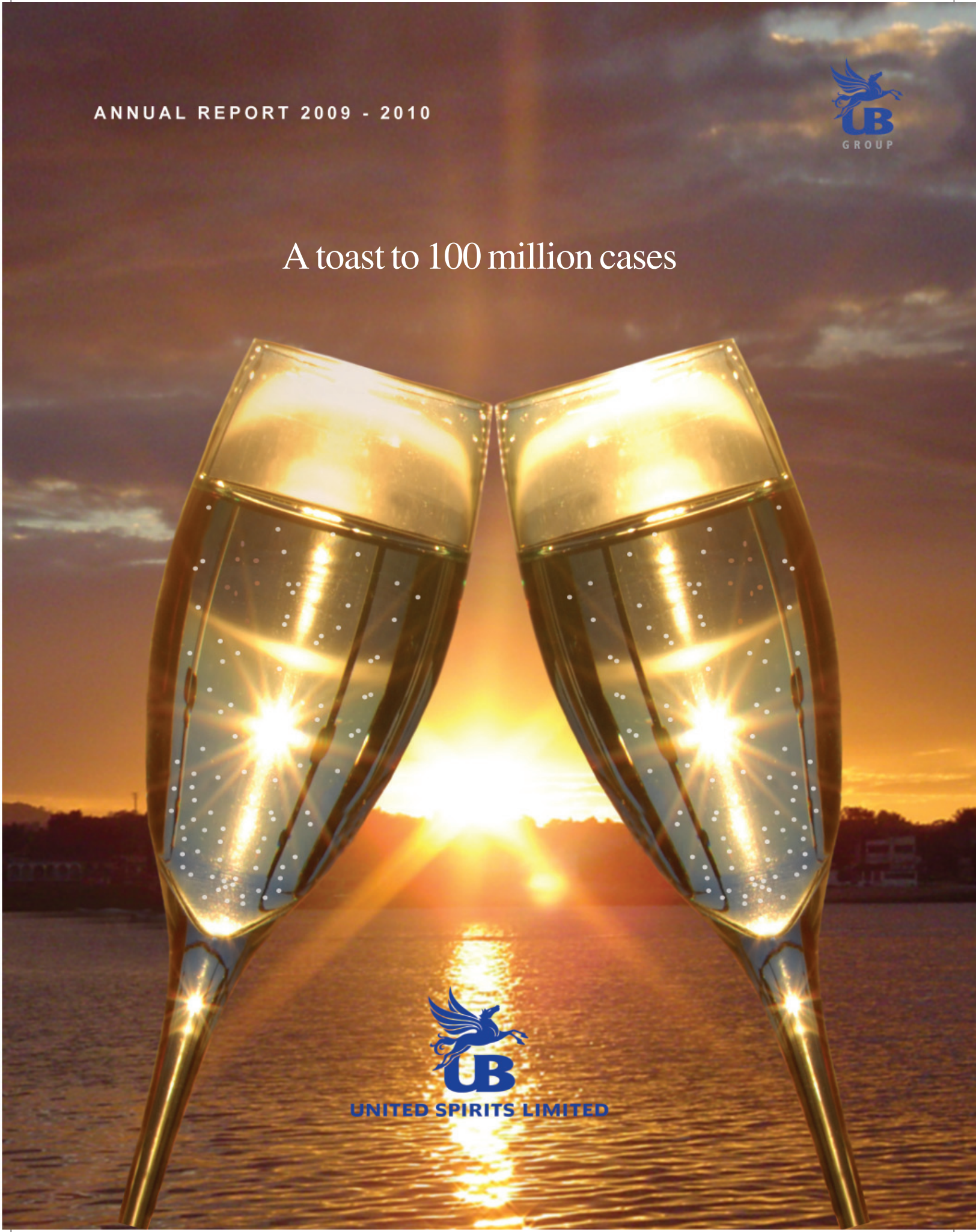
Place : New Delhi
Date : August 18, 2010

V.S. VENKATARAMAN
Company Secretary

ANNUAL REPORT 2009 - 2010

UB GROUP

A toast to 100 million cases



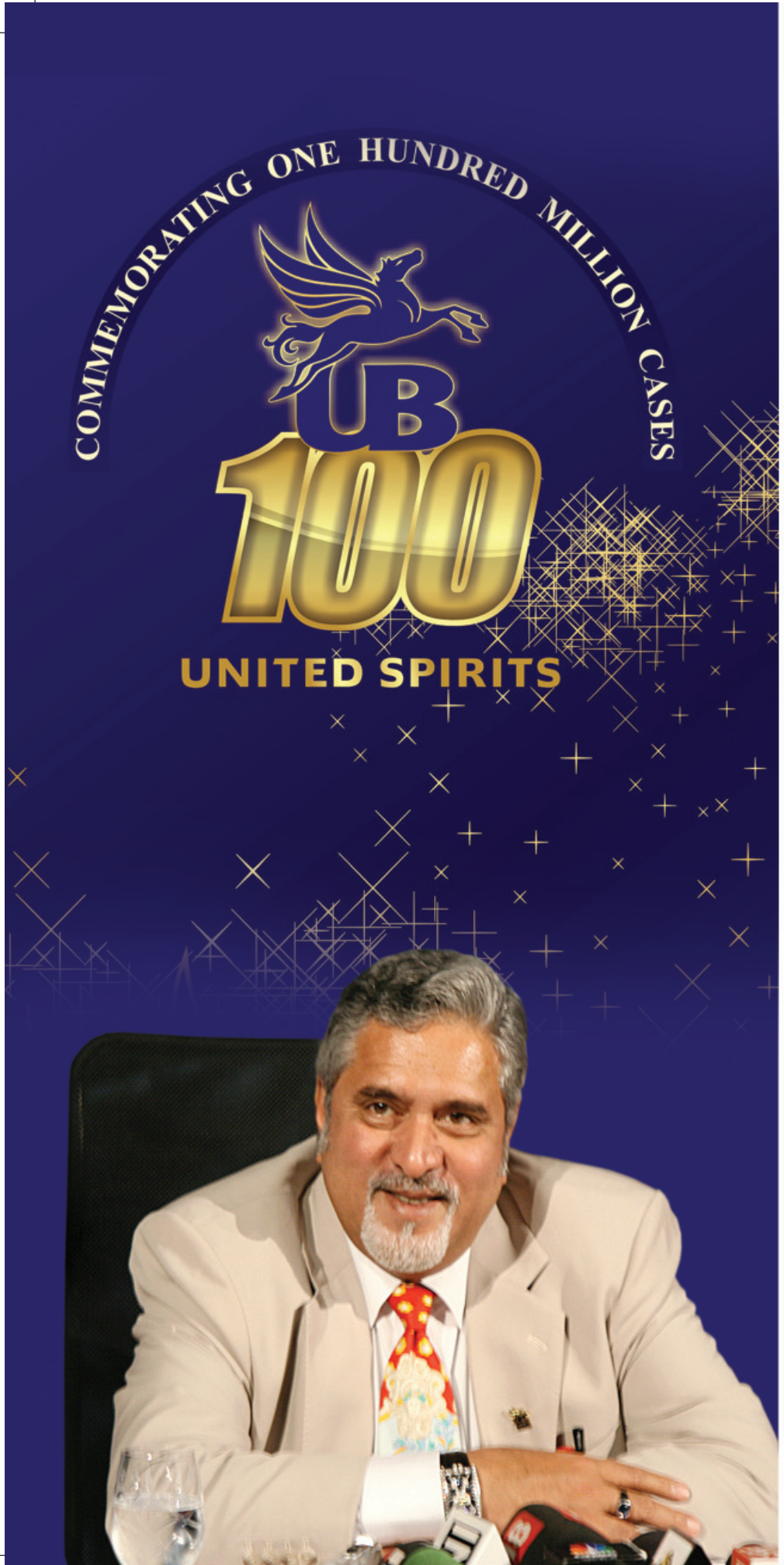
UNITED SPIRITS LIMITED

USL's Millionaire Brands

100 Million cases in 2009-10

- USL - Now Global # 2 - Poised to become # 1
- USL - India's Undisputed Leader
- In 25 years, USL has sold 740 Million cases
- USL has out-performed the FMCG peer set on Revenue and Profit growth
- USL brands grew 14% - world's top 100 spirits brands grew 1%*
- USL is one of the two companies in the world with more than 10 brands featuring in the Top 100 Brand Listing
- McDowell's - the largest alcobev umbrella brand in the world
- Whyte & Mackay - the fourth largest Scotch Whisky company in the world
- USL is one of five brands tipped to become a global brand from emerging markets
- McDowell's No.1 is India's largest FMCG brand by retail value and the world's largest alcobev brand
- Bagpiper and McDowell's No.1 - the largest selling whiskies in the world
- McDowell's No.1 - the largest selling brandy in the world
- Celebration Rum - the third largest selling rum in the world
- Black Dog - the largest premium Scotch Whisky in India
- Black Dog 12-Yr Old - fastest growing premium Scotch Whisky
- DSP Black - fastest growing in the prestige whisky category
- White Mischief - #1 in the regular vodka category
- Old Cask - fastest growing rum in the regular rum category
- Honey Bee - fastest growing in the regular brandy category

United Spirits Limited - Truly a global Indian FMCG company…



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Dr. Vijay Mallya
Chairman

Chairman's Statement

Dear Friends,

Having achieved landmark sales of over 100 million cases last year with prospects of double digit growth, I am sure you will join me in celebrating the achievements of our Company. Not only does the 100 million benchmark reiterate our position as the world's No. 2 player, but the differential growth rates that we expect in India vis-à-vis the current world leader, gives me good reason to believe that we shall shortly seize global leadership.

Needless to say these achievements have been made possible by a relentless focus on quality, control of costs and efficient management of an extremely complex machine. To give you an idea of the scale of your company's operations, USL sources nearly 100 brands in an average four pack sizes each in 28 differentiated markets from 80 manufacturing facilities. Given the variations of taxes and other regulations from State to State, even a minor misstep can result in huge costs. The fact that we have been able to consistently defend and indeed improve our profitability from year to year is proof of the ceaseless vigilance exercised by the Company and its management.

Ultimately, the success of any company depends on its customers and the strong, sustained demand for our Company's products from consumers across the length and breadth of the country is proof enough of our delivery on this very important promise.

We are a young country and, alongwith an increased propensity to consume, comes also the insistence on globally comparable products and services. The Indian consumer has evolved in a multiplicity of ways and any company that does not cater to these ever more sophisticated requirements is doomed to failure. I am proud to say that USL has not only met consumer expectations but has consistently tried to anticipate future needs. This is demonstrated by our consistent out performance in the market place.

Innovation has always been a priority in our Company and the recent past has seen new initiatives such as tetra packs and others, which while offering greater assurance and convenience to the consumer, is also more cost effective. New products launched in the market including the Black Dog 18-Year Old, a number of W&M products as well as wines have all been well received by the consumers and will form a firm foundation for future growth.

Scotch Whisky continues to be in short supply globally with rising demand in large emerging markets such as China and India. This is likely to result in unprecedented growth for this aspirational category. This bodes well for our significant investment in W&M. After a strategic review recently, we have decided to refocus W&M's business away from the sale of bulk scotch, into branded mature offerings. While this could result in reduced revenues and profits for W&M in the very near term, I believe this is an important step to ensure a sustainably profitable scotch business, in the future.

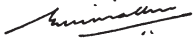
Recognizing the latent though still small demand for wines within India, USL has set up a state-of-the-art winery in Baramati with a capacity to bottle four million bottles per year. All the evidence points to this segment growing at a scorching pace, which can only be accelerated by USL's distribution strengths. I have no doubt that over the next several years, wines will develop to be an important category for us.

Various corporate actions including the amalgamation of Shaw Wallace & Company and its various associates into USL have been given effect to during the year. The Company has also made other strategic acquisitions such as Tern Distilleries, which will provide vital primary distillation capacity. The merger of Balaji Distilleries, a long time associate in the state of Tamil Nadu, with your Company is awaiting necessary approvals. All of these moves will give the company greater stability and sustainability in the future.

Our Company will continue to invest in the backend of the business so as to achieve flexibility of raw material (multi substrate distillation), increase use of Bio Mass in lieu of hydrocarbons, as also to cater to additional capacity needed to keep up with the demand, which is growing in double digits.

As the acknowledged leader in the country, we make every effort to ensure a sustainable framework in which the industry can thrive in the future. We promote responsible consumption while continuing to educate Governments on the need to free the industry from the chains of irrational legislation and hidden costs of doing business. As one of the major contributors to the exchequer of the States, we continue to be in the forefront of fulfilling social responsibilities.

I am thankful to all stake holders who have contributed to a landmark year and I look forward to a continued team effort as our Company rises to even greater heights.



Dr. Vijay Mallya
Chairman

Board of Directors	Vijay Mallya, **Chairman** S. R. Gupte, **Vice Chairman** V. K. Rekhi, **Managing Director** M. R. Doraiswamy Iyengar B. M. Labroo Sreedhara Menon Sudhindar Krishan Khanna
President & CFO – The UB Group	Ravi Nedungadi
Deputy President & CFO	P. A. Murali
Company Secretary	V. S. Venkataraman
Auditors	Price Waterhouse Chartered Accountants, Bangalore
Registered & Corporate Office	'UB Tower', #24, Vittal Mallya Road, Bangalore - 560 001
Registrars & Transfer Agents	Alpha Systems Private Limited 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003 Tel : 080 2346 0815 to 818 Fax : 080 2346 0819

UB GROUP UNITED SPIRITS

Your Directors have pleasure in presenting the Annual Report of your Company and the audited accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

	Rupees in Millions	
	2009-10	2008-09
The working of your Company for the year under review resulted in		
• Profit from operations	**5,123.093**	4,953.169
• Exceptional and other non-recurring items	**699.953**	-
	5,823.046	4,953.169
Less:		
• Depreciation	**386.302**	361.565
• Taxation (including deferred tax)	**1,676.529**	1,624.980
• Profit after tax	**3,760.215**	2,966.624
Profit B/F from previous year	**9,486.445**	7,018.342
Profit transferred on Amalgamation	**-**	103.983
Profit available for appropriation	**13,246.660**	10,088.949
Your Directors have made the following Appropriations:		
General Reserve	**500.00**	350.000
Proposed Dividend	**313.986**	215.825
Corporate Tax on Proposed Dividend	**52.149**	36.679
Balance carried to the Balance Sheet	**12,380.525**	9,486.445
EPS – Basic & Diluted (Rupees)	**32.51**	27.49

Your Directors propose a Dividend on the Equity Shares of the Company at the rate of Rs. 2.50 per share, including on 17,681,952 Equity Shares of Rs.10/- each fully paid up allotted during the year to the Qualified Institutional Buyers under a Qualified Institutions Placement.

CAPITAL

Consequent to amalgamation of Shaw Wallace & Company Limited and Primo Distributors Private Limited, the Authorised Capital of your Company stood increased from Rs.1,200,000,000/- divided into 110,000,000 Equity Shares of Rs.10/- each and 10,000,000 Preference Shares of Rs.10/- each to Rs.3,292,000,000/- divided into 245,000,000 Equity Shares of Rs.10/- each and 84,200,000 Preference Shares of Rs.10/- each. During the year under review, the Issued, Subscribed and Paid-up Equity Share Capital of the Company stood increased from Rs.1,001,632,560/- divided into 100,163,256 Equity Shares of Rs.10/- each to Rs.1,255,943,290/- divided into 125,594,329 Equity Shares of Rs.10/- each by issue and allotment of 7,749,121 Equity Shares of Rs.10/- each, fully paid-up, to the shareholders of Shaw Wallace & Company Limited consequent to its amalgamation with your Company and issue and allotment of 17,681,952 Equity Shares of Rs.10/- each, fully paid-up, to certain Qualified Institutional Buyers under a Qualified Institutions Placement.

GLOBAL DEPOSITARY SHARES

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

As on August 13, 2010, there was an outstanding of 1,854,454 GDSs representing 927,227 Equity Shares.

QUALIFIED INSTITUTIONS PLACEMENT

During the year under review, the Company raised funds of US$ 350 Million (equivalent to Rs. 1,615.60 Crores) by issue of 17,681,952 Equity Shares of Rs.10/- each at a price of Rs.913.70 per Share to certain Qualified Institutional Buyers through a Qualified Institutions Placement under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The funds so raised have been used to reduce part of the debt incurred for the acquisition of Whyte and Mackay Group Limited, to repay other debts, for capital expenditure and other corporate purposes.

PERFORMANCE OF THE COMPANY

The Company has turned in a stellar performance despite a challenging operating environment. Achieving sales of over 100 Million cases is a major milestone, confirming the Company's place as the No. 2 Spirits Marketeer in the World.

A difficult cost regime has been substantially mitigated by a combination of up-selling, cost control and efficiency increases.

AMALGAMATION OF BALAJI DISTRILLERIES LIMITED WITH THE COMPANY

At the Extraordinary General Meeting held on April 21, 2010, the shareholders have approved, by way of a Special Resolution, the Scheme of Arrangement between Balaji Distilleries Limited ('BDL'), Chennai Breweries Private Limited ('CBPL') and the Company ('the Scheme') and the Draft Rehabilitation Scheme ('DRS') of BDL as circulated by the Hon'ble Board for Industrial and Financial Reconstruction ('the BIFR') vide Order dated February 19, 2010. The Scheme envisages transfer of the Brewery Division Undertaking of BDL to CBPL and merger of BDL other than the Brewery Division Undertaking into the Company with effect from April 1, 2009.

The Scheme and the DRS are pending with the Hon'ble BIFR formed under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, for approval and the Scheme shall become effective on receipt of such approval.

SUBSIDIARIES

During the year under review, Tern Distilleries Private Limited having a unit for manufacture of Extra Neutral Alcohol in Andhra Pradesh, became a wholly owned subsidiary of your Company consequent upon the acquisition of its entire paid-up share capital by the Company.

Consequent to allotment of equity shares to another investor and to the Company, Four Seasons Wines Limited ceased to be a wholly owned subsidiary but continues to be a subsidiary of the Company.

Shaw Wallace & Company Limited, which was a subsidiary of your Company and had merged with your Company during the year under review, was subsequently dissolved without winding up by the order of the Hon'ble High Court at Calcutta.

In terms of the approval received from the Government of India pursuant to Section 212 (8) of the Companies Act, 1956, the Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report and other particulars of the Subsidiary Companies as on March 31, 2010 have not been attached with the Accounts of the Company. The Annual Accounts of the Subsidiaries and the related detailed information will be made available to any shareholder of the Company seeking such information at any point in time. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any shareholder of the Company at its Registered Office and that of the Subsidiary Companies concerned, during the business hours on any working day.

The Accounting year of United Spirits Nepal Private Limited (USNPL), your Company's Subsidiary in Nepal is from mid-July to mid-July every year. Accordingly, Accounting year of 2008-09 of USNPL ended on July 15, 2009 and the Accounting Year 2009-10 ended on July 16, 2010, i.e., after the end of the close of the financial year of the Company, which ended on March 31, 2010. For the purpose of compliance under Accounting Standard – 21, relating to "Consolidated Financial Statement," the Accounts of USNPL has been drawn up to March 31, 2010.

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

PROSPECTS

Your Company continues its winning ways in the early months of the current fiscal reporting strong growth. The Company is set to overtake the current World leader and seal its position as the World's largest Spirits marketeer in short order.

Input prices, particularly of spirit appear to be softening though steady increases in cost of glass and paper partially offset these gains.

DEPOSITORY SYSTEM

The trading in the Equity Shares of your Company is under compulsory dematerialisation mode. As on August 13, 2010, Equity Shares representing 97.31% of the equity share capital are in dematerialised form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialisation of the Company's shares.

DIRECTORS

Mr. Subhash Raghunath Gupte and Mr. Sudhindar Krishan Khanna retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

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

TAX AUDITORS

Your Directors have appointed M/s. Lodha & Co., Chartered Accountants as the Tax Auditors of the Company to carry out the tax audit of the Company for the year ended March 31, 2010.

LISTING OF SHARES OF THE COMPANY

The Equity Shares of your Company continue to remain listed with Bangalore Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The listing fees for the year 2010-11 have been paid to these Stock Exchanges.

7,749,121 Equity Shares and 17,681,952 Equity Shares issued and allotted to the shareholders of erstwhile Shaw Wallace & Company Limited and to certain Qualified Institutional Buyers, respectively as mentioned above, have also been listed on the aforesaid Stock Exchanges during the year under review.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

FIXED DEPOSITS

Fixed Deposits from the public and shareholders, stood at Rs. 2,215.463 Million as at March 31, 2010. Matured Deposits for which disposal instructions had not been received from the Depositors concerned stood at Rs. 12.440 Million as at March 31, 2010. Of this, a sum of Rs.3.894 Million has since been paid as per instructions received after the year-end.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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

HUMAN RESOURCES

Employee relations remained cordial at all Company's locations.

Particulars of employees drawing an aggregate remuneration of Rs.2,400,000/- or above per annum or Rs.200,000/- or above per month, as required under Section 217(2A) of the Companies Act, 1956 are annexed.

EMPLOYEE STOCK OPTION SCHEME

The Company has not offered any stock option to the employees during the year 2009-2010 either under the McD ESOP Scheme or McD-Employee Stock Option Scheme – 2002.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, ETC.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, in relation to financial statements for the year 2009-10, the Board of Directors reports that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- accounting policies have been selected and applied consistently and that the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year ended March 31, 2010;
- proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

THANK YOU

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

By Authority of the Board

New Delhi
August 18, 2010

Dr. VIJAY MALLYA
Chairman

UB GROUP UNITED SPIRITS

ANNEXURE TO DIRECTORS' REPORT

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

CONSERVATION OF ENERGY

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

- Steam Turbines were retrofitted to maximize generation of electricity.
- Cooling Towers were revamped to reduce consumption of electricity for process.
- Automation of Boilers were carried out to reduce power consumption.
- Replacing existing pumps with energy efficient ones helped to reduce electrical energy.

RESEARCH & DEVELOPMENT (R&D)

As an ongoing process the Company carries out research in its State-of-the-art in-house Research and Development Centre for development of new-age products, new innovative packaging materials and analytical method for quality management.

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

(a)	Capital	-	0.099
(b)	Recurring	-	35.305
(c)	**Total**	**-**	**35.404**
(d)	Total R & D expenditure as a percentage of total turnover – 0.076%		

TECHNOLOGY ABSORPTION

Technology imported during the last 5 years – Nil.

- The Company has evaluated and firmed-up order for Multi-fuel Boiler, wherein "Spent Grain", a by-product in the production of Malt Spirit, will be burnt effectively.
- The Company has also evaluated and firmed-up "Bio Gas Engine" for utilizing Methane gas, produced in Anaerobic Digester and generating captive power for running the Distilleries.
- The Company has evaluated and is in the process of implementing economically viable technology for treating distillery effluent to achieve Zero Discharge, as per statutory norms.

FOREIGN EXCHANGE EARNINGS/OUTGO

		(Rupees in Millions)	
		2009-10	**2008-09**
1.	Earnings in Foreign Currency	57.135	42.142
2.	Imports / Expenditure in Foreign Currency	3,210.683	1,944.014

By Authority of the Board

New Delhi
August 18, 2010

Dr. VIJAY MALLYA
Chairman

ANNEXURE TO DIRECTORS' REPORT

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

SL. No	NAME	AGE	DESIGNATION / NATURE OF DUTIES	REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
1	A. R. BANERJEE	52	ASSISTANT VICE PRESIDENT - FINANCE & ACCOUNTS	5,074,019	B.COM (HONS.), AICWA	31	1-Oct-85	COST ACCOUNTANT-BENGAL WATSPROOF LIMITED
2	A.HARISHA BHAT	56	DEPUTY PRESIDENT & GROUP TREASURER	9,837,392	CA	32	22-Nov-90	MANAGER - TREASURY, DIGITAL EQUIPMENT (I) LIMITED
3	ABHAY KEWADKAR	49	SENIOR VICE PRESIDENT - WINES	4,292,657	B.TECH (CHEM)	28	23-Aug-06	VICE PRESIDENT & WINE MAKER - GROVER VINEYARDS LIMITED
4	AJAY B. BALIGA	51	EXECUTIVE VICE PRESIDENT - PPMQC	6,407,372	B.TECH (CHEM ENGG)	28	3-Nov-08	SENIOR VICE PRESIDENT - BUSINESS DEVELOPMENT & MANUFACTURING, ALLIED BLENDERS & DISTILLERS PRIVATE LIMITED
5	ALOK KUMAR SEN	55	SENIOR GENERAL MANAGER - MATERIALS	3,181,076	M.COM	31	19-Apr-82	ACCOUNT ASSISTANT, CALCUTTA INDUSTRIAL SUPPLY CORPORATION
6	ALOKESH BANERJEE	44	SENIOR GENERAL MANAGER TRADE MARKETING & INSTITUTIONAL SALES	2,881,126	M TECH, MBA	16	18-Dec-06	CHIEF OF MARKETING, LAFARGE INDIA LIMITED, CALCUTTA
7	AMRIT THOMAS	43	EXECUTIVE VICE PRESIDENT - MARKETING	14,975,830	B.TECH, PGDM	18	12-Jun-07	CATEGORY HEAD - BEVERAGES, HINDUSTAN UNILIVER LIMITED
8	ANANT IYER	50	DIVISIONAL VICE-PRESIDENT-INSTITUTIONAL &TRADE MARKETING	7,051,283	M.SC., M.M.S.	26	15-Jun-92	CONTROLLER MARKETING, CONSOLIDATED DISTILLERIES LIMITED
9	ANIL KUMAR KUSH	54	CHIEF EXECUTIVE - VITTAL MALLYA SCIENTIFIC RESEARCH FOUNDATION	10,211,271	PHD, MBA	26	13-May-05	SCIENTIFIC DIRECTOR - GENESIS MANAGEMENT CONSULTANTS
10	ARUN BOPAIAH	58	DIVISIONAL VICE PRESIDENT - MANUFACTURING	5,434,276	B.SC, LLB	29	27-Oct-93	MANAGER - PERSONNEL & ADMINISTRATION, KARNATAKA JEWELS LIMITED
11	ARUN MOKAL	53	GENERAL MANAGER - ADMINISTRATION	2,572,954	B.COM	31	15-Apr-85	EXECUTIVE - TRAVEL, MACKINNON MACKENSIE CO LIMITED
12	ARVIND JAIN	47	DIVISIONAL VICE PRESIDENT - SALES	5,485,863	PGDM	26	12-Apr-91	AREA MANAGER-TITAN WATCHES LIMITED
13	ASHOK CAPOOR	57	DEPUTY PRESIDENT	21,827,285	B.A. (ECO), MBA	35	12-May-92	CHIEF OPERATING OFFICER - ERSTWHILE HERBERTSONS LIMITED
14	B. NARAYANA RAJU	56	ASSISTANT VICE PRESIDENT - DISTILLERY	2,862,365	M.SC	30	24-Jun-02	GENERAL MANAGER - PRODUCTION & ADMINISTRATION, BALAJI GROUP
15	B. RAVINDRA PAI	56	GENERAL MANAGER - MATERIALS	2,466,445	B.COM	33	1-Dec-87	ASSISTANT MANAGER, ASTRA IDL LIMITED
16	BHARATH RAGHAVAN	46	DIVISIONAL VICE PRESIDENT - LEGAL & SECRETARIAL	5,097,580	B.COM, ACS	24	13-Feb-98	SENIOR MANAGER - FIXED INCOME-PEREGRINE CAPITAL INDIA PRIVATE LIMITED
17	BHUPENDER SINGH	45	SENIOR GENERAL MANAGER - DISTILLERY	2,554,989	M TECH, MBA	19	14-Mar-07	DIRECTOR PLANY, PEPSI CO. FOBO-VARUN BEVERAGES
18	BINOO KRISHNA	40	SENIOR GENERAL MANAGER - ACCOUNTS	2,943,753	B.SC, CA, PGDFM	12	14-Sep-07	SENIOR MANAGER, DELOITTE HASKINS & SELLS
19	CYRUS MISTRY	60	GENERAL MANAGER - ADMINISTRATION	2,486,972	F Y SC, DIP	40	1-Jul-82	UNITED MOTORS, WORKSHOP MANAGER
20	DALIP KUMAR GARG	56	DIVISIONAL VICE PRESIDENT - SALES	5,528,370	BA	31	4-Oct-01	VICE PRESIDENT - SALES, MILLENIUM BREWERIES
21	DEBASHISH SHYAM	42	DIVISIONAL VICE PRESIDENT - MARKETING	5,261,547	BSC, PGDBM	19	20-Sep-04	HEAD - MARKETING & ALLIANCES (INTERNET SERVICES), BHARTI INFOTEL LIMITED, NEW DELHI
22	DEBASIS CHAUDHURI	45	GENERAL MANAGER - ACCOUNTS	2,497,001	B.COM, ICWA	21	10-Jan-97	ASSISTANT MANAGER, WINSOME TEXTILE INDUSTRIES LIMITED
23	DEBASISH DAS	52	DIVISIONAL VICE PRESIDENT - MANUFACTURING (SOUTH)	5,301,543	B.SC, B.TECH, PGDBM	27	20-Aug-84	CHEMIST, EASTERN DISTILLERIES PVT LIMITED, KOLKATA
24	DHARMARAJAN S.	52	DIVISIONAL VICE PRESIDENT - FINANCE & ACCOUNTS	5,240,704	B.COM, ACA, LLB	26	7-Nov-86	CONSULTANT, N M RAIJI & CO, BOMBAY
25	DR. BINOD K. MAITIN	61	SENIOR VICE PRESIDENT - QUALITY ASSURANCE & TECHNICAL	6,530,929	M.SC., PH.D.,	39	14-Dec-88	SENIOR RESEARCH OFFICER & HEAD - ANALYTICAL RESEARCH GROUP, SHRIRAM INSTITUTE FOR INDUSTRIAL RESEARCH
26	FEROZE G. MERCHANT	37	SENIOR GENERAL MANAGER - TRADE MARKETING & INSTITUTIONAL SALES	2,852,950	B.COM, MBA	13	1-Apr-99	SENIOR OFFICER - INTERNATIONAL TRADING, TATA IRON & STEEL COMPANY LIMITED (TISCO)
27	G. DEVANATHAN	54	SENIOR GENERAL MANAGER - INFORMATION SYSTEMS	3,319,460	B.SC.	32	3-May-95	GENERAL SYSTEMS MANAGER, AMCO BATTERIES LIMITED
28	G. R. KHERA	52	SENIOR GENERAL MANAGER - SALES	2,514,629	B.COM, DSLS/HM, RLS	29	11-Aug-81	SELF REPRESENTATIVE, SWASTIK HOUSE HOLD & INDUSTRIAL PRODUCTS
29	GAURAV BHARGAVA	36	SENIOR GENERAL MANAGER - METRO HEAD	2,436,168	IIT, MBA	11	15-Sep-08	GENERAL MANAGER-FRANCHISE OPERATIONS, COCA COLA INDIA LIMITED
30	I.P. SURESH MENON	53	SENIOR VICE PRESIDENT - PLANNING & CONTROL	8,603,423	MMS , B.A.(HONS.)	32	1-Apr-85	SECRETARY & FINANCE MANAGER , UB ELECTRONIC INSTRUMENTS LIMITED
31	JAISHANKAR SUBRAMANIAM	48	SENIOR GENERAL MANAGER - QUALITY MANAGEMENT	2,802,661	MSC, M.TECH	24	15-Apr-04	RESEARCH SCIENTIST, GENERAL ELECTRIC COMPANY
32	JOHN MATHEW ANTHRAPER	37	SENIOR GENERAL MANAGER - MARKETING	2,892,113	MSC, MBA	13	19-Jan-05	BRITANNIA INDUSTRIES LIMITED
33	K. KRISHNAMOORTHY	59	ASSISTANT VICE PRESIDENT - SECRETARIAL	4,010,973	B.Com (Hons), LLB, ACS., Inter ICWA	39	3-Sep-93	GENERAL MANAGER (CORPORATE FINANCE) & COMPANY SECRETARY, CEETA INDUSTRIES LIMITED
34	K. R. SANKARANARAYANA	54	SENIOR GENERAL MANAGER - TECHNICAL	3,201,284	M.SC., DIFAT	31	2-Jul-79	EXECUTIVE, TUNGA BHADRA SUGAR WORKS, SHIMOGA

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

SL. No	NAME	AGE	DESIGNATION / NATURE OF DUTIES	REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
35	K. VIJAY KUMAR	45	SENIOR GENERAL MANAGER - DISTILLERY	2,730,208	B.SC, PDDBM, DIFAT	23	17-Feb-04	SENIOR MANAGER - TECHNICAL, UDV INDIA LIMITED
36	KANTHASAMI E.	58	SENIOR GENERAL MANAGER - SALES	2,633,520	B.SC	36	13-Nov-78	SALES ORGANISER, TWILITE PRODUCTS (INDIA)
37	KAUSHIK CHATTERJEE	49	CHIEF OPERATING OFFICER-RPC (EAST)	14,352,762	B.COM	26	27-Apr-06	CEO - INDIAN OPERATIONS, MASON AND SUMMERS ALCOBEV PRIVATE LIMITED
38	KEDAR V. ULMAN	36	EXECUTIVE VICE PRESIDENT - SOURCING & BUSINESS DEVELOPMENT	5,142,327	BE, IIM - B	14	24-Apr-09	SENIOR MANAGER, ACCENTURE SERVICES PRIVATE LIMITED
39	KUSHAL BANERJEE *	52	SENIOR GENERAL MANAGER - PERSONNEL & ADMINISTRATION	2,611,029	B.COM, PGDPM (IISWBM)	31	8-Jul-02	CHIEF - INDUSTRIALIST, EXIDE INDUSTRIES LIMITED
40	LAL RANGWANI	44	ASSISTANT VICE PRESIDENT - TRADE MARKETING &INSTITUTIONAL SALES	3,342,927	M.COM	23	7-Aug-87	EXECUTIVE-ERSTWHILE HERBERTSONS LIMITED
41	LALIT GUPTA	50	SENIOR VICE PRESIDENT - LEGAL	5,248,290	BSC., LLB., DLL	27	1-Jan-98	JOINT MANAGER - LEGAL, SHRIRAM FOODS & FERTILIZERS LIMITED
42	LAXMI NARASIMHAN	40	CHIEF OPERATING OFFICER- RPC (ANDRA PRADESH)	7,426,091	BE, PGDM - IIM - C	16	8-Dec-03	REGIONAL MANAGER, COCA COLA INDIA
43	M. A. HAMEED	53	ASSISTANT VICE PRESIDENT - SALES	3,632,539	B.COM	26	1-Apr-03	BRANCH SALES MANAGER, SEAGRAM MANUFACTURING PRIVATE LIMITED
44	MAHESH NEDUNGADI	50	SENIOR GENERAL MANAGER - LEGAL	2,849,816	B.COM (HONS), ACS	27	6-May-96	COMPANY SECRETARY, NOVA GRANITES (INDIA) LIMITED
45	MANOJ KUMAR JAIN	49	SENIOR GENERAL MANAGER - DISTILLERY	2,855,946	BE	29	1-Jan-96	GENERAL MANAGER ,HILL PACKING LIMITED
46	MATHEW XAVIER	46	DIVISONAL VICE PRESIDENT - MARKETING & INNOVATIONS	6,423,775	PGDM / B.COM	21	10-Nov-03	VICE PRESIDENT MARKETING, ERSTWHILE SHAW WALLACE DISTILLERIES LIMITED
47	MOHAN P MEDEIRA	52	SENIOR GENERAL MANAGER - LOGISTCS, MATERIALS & MARKETING SERVICES	3,812,053	B.SC, (HONS), PGDSM, DBMM	32	17-Apr-84	SALES ASSISTANT, FIBREGLASS PILKINGTON LIMITED
48	MOHANTY B K	56	SENIOR GENERAL MANAGER - SALES	2,770,380	BA	33	20-Jul-77	NA
49	MONGIA S K	69	DIVISIONAL VICE PRESIDENT - BUSINESS PROMOTION	3,937,907	M.SC, DEF SC	52	2-Aug-93	COMMODORE-INDIAN NAVY
50	N R RAJSEKHER	54	CHIEF OPERATING OFFICER-RPC (WEST)	13,616,243	B.SC, PGCPM -(IIM), Kozhikode	31	8-Apr-82	SENIOR VICE PRESIDENT - ERSTWHILE SHAW WALLACE DISTILLERIES LIMITED
51	NAGAPPA G. S.	55	DIVISIONAL VICE PRESIDENT - SALES	5,201,565	B.SC	35	1-Aug-75	EXECUTIVE, ERSTWHILE HERBERTSONS LIMITED
52	NANDINI VERMA	55	EXECUTIVE VICE PRESIDENT - CORPORATE AFFAIRS AND PERSONAL RELATIONS, JET AIRWAYS	8,945,260	BA HONOURS, IFDAF	38	13-Apr-07	VICE PRESIDENT - CORPORATE AFFAIRS & PR, JET AIRWAYS
53	NAVRATAN DUGAR *	66	DEPUTY PRESIDENT - PROCUREMENT, PLANNING, MANUFACTURING & QUALITY CONTROL	10,251,360	B.COM, M.COM, MBA, MCIM	41	1-May-01	ADVISER - BALAJI GROUP COMPANIES
54	P. A. MURALI	52	DEPUTY PRESIDENT - CHIEF FINANCIAL OFFICER	21,104,410	B.COM, ACA	29	5-Jul-93	EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL OFFICER,UNITED BREWERIES LIMITED
55	P. N. PODDAR	57	SENIOR VICE PRESIDENT - MANUFACTURING	7,178,706	M.TECH, DMS	34	1-Jan-88	PRODUCTION MANAGER, UNION CARBIDE (I) LIMITED
56	P. SRIRAM*	50	ASSISTANT VICE PRESIDENT-MANUFACTURING	2,326,879	B.TECH, PGDIP PRODUCTION MANAGEMENT	27	4-Jan-95	ASSISTANT VICE PRESIDENT - MANUFACTURING, ERSTWHILE SHAW WALLACE DISTILLERIES LIMITED
57	P.V. ACHAR	58	GENERAL MANAGER - MATERIALS	2,745,677	B.COM, MBA, DIP IN MM	39	11-Jan-88	SENIOR STORES OFFICER, IDEAL JAWA (I) PVT LIMITED
58	PADMANABHAN N R	53	ASSISTANT VICE PRESIDENT - FINANCE & ACCOUNTS	4,297,142	B.COM, CA	27	31-Aug-94	SCHRADER DUNCAN LIMITED- ACCOUNTS SUPERINTENDENT
59	PARAMJIT SINGH GILL	48	CHIEF OPERATING OFFICER- RPC (NORTH)	11,245,171	B.SC, M.PHIL, DIP IN LABOUR LAW, CHARTERED MARKETER	27	1-Jul-92	EXECUTIVE VICE PRESIDENT, UNITED NATIONAL BREWERIES (SA) (PTY) LIMITED, CENTURION
60	PHILIP SARGUNAR A..B.	61	CHIEF OPERATING OFFICER-RPC (SOUTH)	17,808,737	BA, MA	40	20-Nov-02	EXECUTIVE DIRECTOR & CHIEF REPUTATION OFFICER, THE EMPEE DISTILLERIES LIMITED
61	PRAKASH MIRPURI	47	ASSISTANT VICE PRESIDENT - CORPORATE MEDIA	4,423,919	PGD	27	9-Apr-07	IPAN, DIRECTOR - CLIENT SERVICES
62	PRATIP SEN	58	ASSISTANT VICE PRESIDENT - MANUFACTURING	4,191,254	B.TECH (CHEM), PGDBM	36	24-Nov-03	CHIEF EXECUTIVE OFFICE, VIVADA CHEMICALS PRIVATE LIMITED
63	R. SATSANGI	53	DIVISIONAL VICE PRESIDENT - MANUFACTURING	5,566,354	B.TECH (MECH)	31	19-Feb-96	PLANT MANAGER, PEPSICO INDIA HOLDING, BANGALORE
64	R.N. PILLAI	54	DIVISIONAL VICE PRESIDENT - FINANCE	3,879,996	CA	34	1-Mar-86	ACCOUNTANT, ROYAL OMAN POLICE
65	RAGHUNATHAN A.	58	EXECUTIVE VICE PRESIDENT - FINANCE & ACCOUNTS	9,048,957	B.COM, ACA	35	24-Sep-79	EXECUTIVE VICE PRESIDENT - FINANCE & ACCOUNTS ERSTWHILE HERBERTSONS LIMITED
66	RAJA R. PETER	51	SENIOR GENERAL MANAGER - BUSINESS DEVELOPMENT	2,434,707	BE	21	16-Jul-07	GENERAL MANAGER & HEAD MARKETING ALLIANCES, TATA TELESERVICES LIMITED
67	RAJIV SURI	53	DIVISIONAL VICE PRESIDENT - FINANCE	4,559,606	B.COM (HONS), MBA, ACA	32	16-May-94	SENIOR MANAGER - MARKETING FINANCE, RELIANCE INDUSTRIES LIMITED
68	RAVI NEDUNGADI	52	PRESIDENT & CHIEF FINANCIAL OFFICER - UB GROUP	28,224,012	B.COM (HONS), AICWA, ACA	31	1-Jan-90	GROUP FINANCE DIRECTOR - UB INTERNATIONAL LIMITED, U.K.
69	S. ANANDA PRASAD	57	GENERAL MANAGER - TAXATION	2,984,733	B.COM.,LL.B.,	36	1-Jul-84	ASSISTANT MANAGER - ACCOUNTS, MYSORE WINE PRODUCTS LIMITED

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STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

SL. No	NAME	AGE	DESIGNATION / NATURE OF DUTIES	REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
70	S. R. AINAPUR	52	ASSISTANT VICE PRESIDENT - ACCOUNTS	4,895,956	CA	28	1-Dec-87	ACCOUNTS ASSISTANT, KESARVAL BEVERAGES LTD, GOA
71	S. A. BAGI	56	SENIOR GENERAL MANAGER - DISTILLERY	3,405,451	B.SC, DIFAT, DBM	35	13-Aug-75	NA
72	S. C. SINGHAL	57	DIVISIONAL VICE PRESIDENT - MANUFACTURING (EAST)	5,594,314	B.SC, DIFAT	33	1-Sep-89	ASSISTANT MANAGER (WORKS)- SHRI SHADILAL ENTERPRISES LIMITED
73	S. D. LALLA	66	JOINT PRESIDENT - OVERALL OPERATIONS	39,648,070	LC & SE, AMIE (Civil)	48	5-Apr-94	MANAGING DIRECTOR - ERSTWHILE HERBERTSONS LIMITED
74	S. K. RASTOGI	56	DIVISIONAL VICE PRESIDENT - QUALITY CONTROL	5,956,383	M.SC.,	38	14-Nov-82	QUALITY CONTROL OFFICER - JAGATJIT INDUSTRIES LIMITED
75	S. N. PRASAD	52	DIVISIONAL VICE PRESIDENT - FINANCE	5,535,034	B.COM, ACA, ACS	26	7-Mar-91	DEPUTY MANAGER-UB HOPPEKE ENERGY PRODUCT LIMITED
76	S. SATISH	50	ASSISTANT VICE PRESIDENT - PLANNING & CONTROL	4,798,775	B.COM.	30	21-Jul-89	ACCOUNTS OFFICER, BPL SANYO LIMITED
77	S. SURYANARAYANAN	50	ASSISTANT VICE PRESIDENT - ENGINEERING	4,264,373	B.SC,B.TECH (MECH)	28	10-Feb-89	PURCHASE OFFICER, SUNDARAM - CLAYTON LIMITED, HOSUR
78	SANJAY RAINA	45	EXECUTIVE VICE PRESIDENT - HUMAN RESOURCES	6,936,340	MSW - PERSONNEL MGMT	23	19-Nov-08	HEAD HUMAN REOURCE - NETWORK, SUPPLY CHAIN - INDIA & ER - SE ASIA, MOTOROLA INDIA PRIVATE LIMITED,
79	SANJAY ROY	36	HEAD - MARKETING & SALES - WINES	2,806,328	BCOM, PGDM	13	18-Sep-00	MARKETING OFFICER - FLASH LIGHTS, EVEREADY INDUSTRIES INDIA LIMITED,
80	SATENDRA CHAUDHARY	51	SENIOR GENERAL MANAGER - HUMAN RESOURCES	2,435,812	BA, LLB, PGDPM & IR	30	18-Sep-08	VICE PRESIDENT, ADITYA BIRLA GROUP
81	SATISH NAIR	58	ASSISTANT VICE PRESIDENT - MATERIALS	4,289,766	B.SC, D-STRS MGMT, MATS	35	6-Jul-84	STORES AND PURCHASE OFFICER, KARTNATAKA OXYGEN LIMITED
82	SHARMA V K	67	EXECUTIVE DIRECTOR - CHAIRMAN'S OFFICE	7,164,721	B.Com, MA, LLB	36	5-Oct-84	EXEUTIVE DIRECTOR - CHAIRMAN'S OFFICE ERSTWHILE HERBERTSONS LIMITED
83	SHIVKUMAR GUPTA	57	ASSISTANT VICE PRESIDENT-DISTILLERY MANUFACTURING	2,271,680	B. Sc., DIFT	36	13-Jan-06	GENERAL MANAGER - DISTILLERY, A B SUGARS LIMITED
84	SUDARSHAN V ACHARYA	51	DIVISIONAL VICE PRESIDENT - RAW MATERIALS & OVERSEAS SUPPLY CHAIN	4,796,081	B.COM., DO-MAT, DIP-LABOUR LAW	29	20-Jan-89	ASSISTANT MANAGER - PURCHASE, ASTRA IDL LIMITED, BANGALORE
85	SUNIL SETHU	58	SENIOR GENERAL MANAGER - DISTILLERY	2,493,039	B.SC	32	18-Apr-81	NA
86	T. K. SUBRAMANIAN	59	DIVISIONAL VICE PRESIDENT - SYSTEMS	7,236,218	B.SC., DMS	39	16-Mar-83	CONTROLLER - SYSTEMS, UBICS LIMITED
87	T. SAMBANDASAMY	51	DIVISIONAL VICE PRESIDENT - SALES	4,008,277	BBA, MBA	28	12-Apr-83	GENERAL MANAGER-SALES,ERSTWHILE SHOW WALLACE DISTRILLERIES LIMITED
88	T. N. SRINIVASAN	53	SENIOR GENERAL MANAGER - SALES	2,571,572	BA, PGDM	30	20-Mar-82	BRANCH MANAGER, PHIPSON & COMPANY LIMITED
89	T. V. SUBRAMANIAN	55	ASSISTANT VICE PRESIDENT - BUSINESS DEVELOPMENTS	5,071,602	M.COM. ICWA	32	16-Jun-86	MANAGER-BRANCH SERVICES, DECOM MARKETING LIMITED
90	V. K. REKHI	64	MANAGING DIRECTOR	46,536,337	MA (Hons.), PGDBA	39	3-Jan-72	REGIONAL DIRECTOR UB INTERNATIONAL LIMITED, U.K.
91	V. S. VENKATARAMAN	56	COMPANY SECRETARY & SENIOR VICE PRESIDENT	8,025,431	B.COM (Hons.), ACS	38	20-Aug-82	DEPUTY COMPANY SECRETARY, UNITED BREWERIES LIMITED
92	V. MURALI	48	SENIOR GENERAL MANAGER - DISTILLERY	3,239,628	ME (CHEM.), DBA	24	4-Oct-90	MANAGER - TECHNICAL SERVICE, ASSOCIATED DRUG CO P LTD, JAGDALE GROUP, BANGALORE
93	VIVEK PRAKASH	49	SENIOR VICE PRESIDENT - CSD SALES	8,630,723	L L B, B COM	28	15-Jun-98	DEPUTY GENERAL MANAGER - SHAW WALLACE & COMPANY LIMITED
94	WILLIAM DEVADASS	42	SENIOR GENERAL MANAGER - TRADE MARKETING & INSTITUTIONAL SALES	3,343,817	B.COM	19	25-Oct-06	REGIONAL SALES MANAGER, SEAGRAM MANUFACTURING PRIVATE LIMITED
95	ZELIA ALMEIDA	59	GENERAL MANAGER - ADMINISTRATION	2,492,137	BA	40	2-Nov-82	SECRETARY,GLOBE MARKETING SERVICES
96	ZEYN MIRZA	47	SENIOR GENERAL MANAGER - BUSINESS DEVELOPMENT	2,959,258	B.COM, DIP IN COMP, F&A, HRSE BREED	25	19-Aug-03	MANAGING DIRECTOR, ADROIT TECH SOLUTIONS LIMITED

* Employed for part of the year

Notes:

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

By Authority of the Board

New Delhi
August 18, 2010

Dr. VIJAY MALLYA
Chairman

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company recognizes that good corporate governance is a continuous exercise. The Company, therefore, follows good corporate governance by adopting best management practices, ethical standards, fairness, transparency and accountability in all its operations on an ongoing basis. Your Company firmly believes that these aspects as well as compliance with applicable laws and timely disclosures go a long way in nurturing and enhancing the long term value of all shareholders and other stakeholders.

2. BOARD OF DIRECTORS

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

During the financial year under review, Six Board Meetings were held, i.e., on April 27, 2009; July 29, 2009; September 30, 2009; October 26, 2009; January 21, 2010 and March 25, 2010.

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

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 30.09.2009	No. of other Companies in which Director	No of Committees (other than the Company) in which Chairman/ Member
Dr. Vijay Mallya	Non Executive Chairman	6	Yes	21	1 (Chairman)
Mr. S.R. Gupte	Non Executive Vice Chairman	6	Yes	11	7 (Chairman of 4)
Mr. V.K. Rekhi	Executive / Managing Director	6	Yes	2	Nil
Mr. M.R. Doraiswamy Iyengar	Independent Non Executive Director	6	Yes	5	2 (Chairman of 2)
Mr. B.M. Labroo	Independent Non Executive Director	5	Yes	7	2 (Chairman of 1)
Mr. Sreedhara Menon	Independent Non Executive Director	5	Yes	2	Nil
Mr. Sudhindar Krishan Khanna	Independent Non Executive Director	3	No	6	1

NOTE:

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

a) Out of 21 other Companies in which Dr. Vijay Mallya is a Director, 8 are Private Limited Companies and 2 are Section 25 Companies.

b) Out of 11 other Companies in which Mr. S.R. Gupte is a Director, 2 are Private Limited Companies and 2 are Section 25 Companies.

c) Out of 5 other Companies in which Mr. M.R. Doraiswamy Iyengar is a Director, 4 are Private Limited Companies.

d) Out of 7 other Companies in which Mr. B.M. Labroo is a Director, 3 are Private Limited Companies.

e) Out of 6 other Companies in which Mr. Sudhindar Krishan Khanna is a Director, 2 are Private Limited Companies.

g) None of the Directors is related to any other Director.

DISCLOSURES REGARDING APPOINTMENT AND REAPPOINTMENT OF DIRECTORS

Directors retiring by rotation and being reappointed

Mr. Subhash Raghunath Gupte

Mr. Subhash Raghunath Gupte (Mr. Gupte), aged 71 years, is a Chartered Accountant. He has worked with Caltex India Limited for 5½ years in various capacities. Mr. Gupte joined Air India in 1969 and worked in various positions in India and abroad. He was Director of Finance as also Director-Human Resources Development and Deputy Managing Director. He took over as acting Chairman and Managing Director of Air India from 17th July 1990 and was also Chairman of Hotel Corporation of India till November 1991. During his tenure with Air India, he was on the Board of Air Mauritius, Indian Airlines and was Deputy Chairman and Vice President of Airline Mutual Insurance based in Bermuda. He was a Member of International Air Transport Association (IATA) Executive and Financial Committees and Fuel Trade Group. He was also a Director on the Board of Pacific Asia Travel Association (PATA). He has been with the UB Group for the last 18 years.

Mr. Gupte has varied experience in financial, administration and personnel fields as he was heading these fields in Air India.

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

Other Directorships		Position held
1.	Associated Breweries & Distilleries Ltd.	Director
2.	Aventis Pharma Ltd.	Director
3.	Kingfisher Airlines Ltd.	Director
4.	Mangalore Chemicals & Fertilizers Ltd.	Director
5.	Millennium Beer Industries Ltd.	Director
6.	Shaw Wallace Breweries Ltd.	Director
7.	UB Electronics Instruments Ltd.	Chairman
8.	United Helicharters Pvt. Ltd.	Chairman
9.	VJM Media Pvt. Ltd.	Chairman
10.	SWEW Benefit Company	Managing Committee Member
11.	Federation of Indian Chambers of Commerce & Industry	Executive Committee Member

Mr. Gupte is a Member of the following Committees:

Name of the Committee	Position held
Audit Committee:	
Aventis Pharma Limited	Chairman
Millennium Beer Industries Limited	Chairman
Mangalore Chemicals & Fertilizers Limited	Member
Kingfisher Airlines Limited	Member
Shareholders/Investors Grievance Committee:	
Aventis Pharma Limited	Chairman
Millennium Beer Industries Limited	Chairman
Kingfisher Airlines Limited	Member

Mr. Gupte is a Member of the Audit Committee and Compensation Committee of the Company.

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

Mr. Sudhindar Krishan Khanna

Mr. Sudhindar Krishan Khanna (Mr. Khanna), aged 57 years, is a Chartered Accountant. Mr. Khanna joined Accenture, London as a senior consultant in 1977 and was promoted to partner in 1986. Mr. Khanna possesses a very large range of experience in advising clients in strategy, re-engineering and technology across a range of industries at the Chairman/ CEO level in approximately 20 countries. Mr. Khanna was responsible for setting up the Accenture business in India and was the Country Managing Partner for India at the Middle East. He retired from Accenture after 30 years, his last position being Global Managing Partner - Outsourcing, based in London. Presently, he is the Chairman of IEP Fund Advisors Private Limited, Mumbai, a Private Equity Firm.

Details of Mr. Khanna's directorships in other Indian Companies are as under:

Other Directorships		Position held
1.	IEP Fund Advisors Private Limited	Chairman
2.	Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited	Director
3.	Peninsula Land Limited	Director
4.	Navabharat Achieve Express Limited	Director
5.	Blue Star Design & Engineering Limited	Director
6.	Facet Construction Engineering Private Limited	Director

Mr. Khanna is also a Member of the Audit Committee and Remuneration Committee of Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited.

Mr. Khanna holds 3,684 Equity Shares in the Company.

3. AUDIT COMMITTEE

The Audit Committee constituted on April 19, 2001 to meet the requirements under both the Listing Agreement and Section 292A of the Companies Act, 1956, comprises at present the following Directors:

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

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

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
   - Any changes in accounting policies and practices
   - Major accounting entries based on exercise of judgment by management
   - Qualifications in draft audit report
   - Significant adjustments arising out of audit
   - Compliance with Stock Exchange and legal requirements concerning financial statements
   - Disclosure of any related party transactions.

d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

e) Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

f) Discussion with internal auditors any significant findings and follow up thereon.

g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

h) Discussion with statutory auditors before the audit commences nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.

i) Reviewing the Company's financial and risk management policies.

j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The Committee, *inter alia,* has reviewed the financial statements including Auditors' Report for the year ended March 31, 2010 and has recommended its adoption. In addition, the Committee has also reviewed quarterly results for June 30, 2009, quarterly and half yearly results for September 30, 2009, quarterly results for December 31, 2009 and quarterly results for March 31, 2010, which were subjected to a Limited Review by the Statutory Auditors of the Company.

During the financial year, four meetings were held i.e., on April 27, 2009; July 29, 2009; October 26, 2009 and January 21, 2010. The details of attendance by members of the Committee are as below:

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

4. COMPENSATION COMMITTEE

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

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

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

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

During the financial year, one meeting was held on January 20, 2010, which was attended by all the members of the Committee.

Remuneration of Directors:

The details of Remuneration paid/payable to the Directors during the Financial Year April 1, 2009 to March 31, 2010 are given below:

a) Executive Directors

Managing Director: Mr. V. K. Rekhi

Salary & Allowances	Performance Linked incentive	Perquisites	Retirement Benefits
Rs.	Rs.	Rs.	Rs.
19,736,290	18,555,263	3,727,973	4,516,811

Notes:

1. Mr. V. K. Rekhi (Mr. Rekhi) was appointed as the Managing Director of the Company for a period of five years with effect from April 19, 2001. Mr. Rekhi's re-appointment for a further period of five years with effect from April 19, 2006 and the remuneration payable have been approved by the Members at the Annual General Meeting held on December 28, 2006 with a revision thereon approved by the Members at the Annual General meeting held on December 26, 2008. The terms and conditions of appointment and remuneration of Mr. Rekhi are as set out in the resolution and as per the rules of the Company as applicable.
2. The employment of Mr. V. K. Rekhi is terminable on either side by giving six months notice as per the rules of the Company.
3. There is no severance fee.
4. No stock option was granted during the year.

b) Non – Executive Directors

Sitting Fees are paid to Non-Executive Directors for attending Board/ Committee Meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred for attending such meetings. The details of sitting feees paid during the year are as under:

Name of the Director	Sitting fees
Dr Vijay Mallya	Nil
Mr. S.R. Gupte	2,60,000
Mr. V.K.Rekhi	Nil
Mr. M.R.Doraiswamy Iyengar	4,90,000
Mr. B.M. Labroo	3,20,000
Mr. Sreedhara Menon	Nil
Mr. Sudhindar Krishan Khanna	60,000

Non-Executive Directors are also eligible for Commission every year not exceeding one per cent of the net profits of the Company as approved by the shareholders at the Annual General Meeting held on September 23, 2005 to remain in force for a period of five years from April 1, 2006. At the ensuing Annual General Meeting, a resolution has been proposed to seek the approval of the Shareholders to pay such commission for a further period of 5 years w. e. f. April 1, 2011. Such Commission may be apportioned amongst the Directors in any manner they deem fit.

The Commission of Rs.51,178,000/- on profits for the year ended March 31, 2010 will be paid after adoption of Accounts by Shareholders at the Annual General Meeting to be held on September 29, 2010 and apportioned amongst the Directors in any manner they deem fit.

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

Name of the Director	No. of Shares held
Dr. Vijay Mallya	10
Mr. S.R. Gupte	Nil
Mr. V. K. Rekhi*	152
Mr. M. R. Doraiswamy Iyengar	21
Mr. B.M. Labroo	1,36,200
Mr. Sreedhara Menon	Nil
Mr. S. K. Khanna	3,684

* held jointly

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

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

The Committee comprises at present the following Directors:

Mr. M.R. Doraiswamy Iyengar, Chairman

Mr. B.M. Labroo

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

During the financial year four meetings were held on April 27, 2009, July 29, 2009, October 26, 2009 and January 20, 2010 attended by both Mr. M.R. Doraiswamy Iyengar and Mr. B. M. Labroo, members of the Committee.

The Company/ Company's Registrars received 137 complaints during the financial year, all of which were resolved to the satisfaction of shareholders/investors.

There are no complaints or Transfer of Shares pending as on March 31, 2010.

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

The Committee comprises at present the following Directors:

Mr. S.R. Gupte
Mr. M.R. Doraiswamy Iyengar
Mr. V.K. Rekhi and
Mr. B.M. Labroo

6. GENERAL BODY MEETINGS

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

Financial Year ended	Date	Time	Venue
March 31, 2009	September 30, 2009	2.00 p.m.	Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025
March 31, 2008	December 26, 2008	10.15 a.m.	Dr. B.R. Ambedkar Bhavana, Miller's Road, Vasanthanagar, Bangalore 560 052
March 31, 2007	November, 28, 2007	3.30 p.m.	Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025

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

AGM held on	Subject matter of the Special Resolution
September 30, 2009:	(i) Issue of Securities to raise additional funds (ii) Investment by Foreign Institutional Investors
December 26, 2008:	Revision in terms of remuneration payable to Mr. Vijay Kumar Rekhi, Managing Director.
November 28, 2007:	Voluntary de-listing of equity shares of the Company from the Stock Exchanges at Ahmedabad, Chennai, Kolkata and New Delhi.

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

Extraordinary General Meeting:

At the Extraordinary General Meeting held on Wednesday, April 21, 2010, the Shareholders of the Company have approved the Scheme of Arrangement between Balaji Distilleries Limited and Chennai Breweries Private Limited and United Spirits Limited and the Draft Rehabilitation Scheme of Balaji Distilleries Limited, as circulated by the Honorable Board for Industrial and Financial Reconstruction, vide their Order dated February 19, 2010.

POSTAL BALLOT

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

No resolution was passed through Postal Ballot during 2009-10.

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

During the year 2010-2011, pursuant to Section 192A of the Companies Act, 1956, ("the Act") the Company had conducted a postal ballot exercise following the provisions and rules framed under the Act for conducting Postal Ballot.

The details/results of the postal ballot exercise so conducted are as under:

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

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

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

7. DISCLOSURES

During the financial year ended March 31, 2010, there were no materially significant related party transactions with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Details of related party transactions form part of Notes on Accounts.

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

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

Code of Conduct

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has adopted a Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel, a copy of which is available at the Company's website, www.unitedspirits.in. All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year ended March 31, 2010 and a declaration to this effect signed by the CEO is forming part of this report.

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

8. MEANS OF COMMUNICATION

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

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

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

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

10. GENERAL SHAREHOLDER INFORMATION

a)	AGM Date, Time and Venue	Wednesday, September 29, 2010 at 11.00 a.m. at Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025.
b)	Financial Year	April 1 to March 31
	First Quarterly Results	By July 31
	Second Quarterly Results	By October 31
	Third Quarterly Results	By January 31
	Fourth quarterly Results	By April 30
c)	Date of Book Closure	Thursday, September 23, 2010 to Wednesday, September 29, 2010 (both days inclusive)
d)	Dividend payment date	After September 29, 2010.
e)	Listing on Stock Exchanges:	The shares of the Company are listed on the following Stock Exchanges: 1. Bangalore Stock Exchange Limited (BgSE) 2. Bombay Stock Exchange Limited (BSE) 3. National Stock Exchange of India Limited (NSE) The listing fees for the years 2009-10 and 2010-11 have been paid to all the Stock Exchanges.
f)	Stock Code	
	BSE	Demat 532432 Physical 32432
	NSE	SYMBOL - McDOWELL-N
	BgSE	McDowell
g)	ISIN No.	INE854D01016
h)	Market price data	As per Annexure A
i)	Stock performance in comparison to BSE Sensex	As per Annexure B
j)	Registrar and Transfer Agents	Alpha Systems Private Limited Registered Office: 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003 Tel. Nos. (080) 2346 0815-818 Fax No. (080) 2346 0819 Email: alfint@vsnl.com
k)	Share Transfer System	The power to consider and approve share transfers / transmission / transposition / consolidation / sub-division, etc. has been delegated to a Committee of Directors as indicated under the heading Shareholders / Investors Grievance Committee. The Committee meets generally once in a fortnight. The requirements under the Listing Agreement/ Statutory regulations in this regard are being followed.
l)	Distribution of Shareholding	As per Annexure C
m)	Dematerialisation of shares (as on March 31, 2010)	

Depositories	Shares	%
NSDL	115622876	92.06
CDSL	6513097	5.19
Total	122135973	97.25

n)	Outstanding GDRs/ ADRs/ Warrants or any other Convertible instruments	2,253,084 Global Depository Shares (GDSs) representing 1,126,542 Equity Shares of Rs.10/- each as on March 31, 2010 (2 GDSs representing 1 equity share of Rs.10/- each).

o) Plant Locations

1. Cherthala (Kerala)
2. Hyderabad I (Andhra Pradesh)
3. Hyderabad II (Andhra Pradesh)
4. Ponda (Goa)
5. Hathidah (Bihar)
6. Kumbalgodu (Karnataka)
7. Rosa (Uttar Pradesh)
8. Udaipur (Rajasthan)
9. Serampore (West Bengal)
10. Bhopal - I (Madhya Pradesh)
11. Bhopal - II (Madhya Pradesh)
12. Asansol (West Bengal)
13. Nasik-I (Maharashtra)
14. Nasik-II (Maharashtra)
15. Puducherry (Pondicherry)
16. Alwar (Rajasthan)
17. Aurangabad (Maharashtra)
18. Meerut (Uttar Pradesh)
19. Hospet (Karnataka)
20. Pathankot (Punjab)
21. Palwal (Haryana)
22. Gopalpur-on-sea (Orissa)
23. Palakkad (Kerala)
24. Baddi (Himachal Pradesh)
25. Bhadrakali (West Bengal)
26. Baramati (Maharashtra)
27. Zuari Nagar (Goa)

p) Address for correspondence

Shareholder correspondence should be addressed to the Company's Registrars and Transfer Agents:
Alpha Systems Private Limited
30, Ramana Residency, 4th Cross,
Sampige Road, Malleswaram,
Bangalore - 560 003.
Tel. Nos. (080) 2346 0815-818
Fax No.080 2346 0819
Email: alfint@vsnl.com

Investors may also write or contact the Company Secretary, Mr. V.S. Venkataraman or Mr. Maloy Kumar Gupta, Sr. Manager–Secretarial at the Registered Office of the Company at 'UB Tower', #24, Vittal Mallya Road, Bangalore – 560 001. Tel. Nos. (080) 3985 6500, 2221 0705. Fax No. (080) 3985 6862.

In compliance with the provisions of Clause 47(f) of the Listing Agreement with the Stock Exchanges, an exclusive email Id, viz. uslinvestor@ubmail.com has been designated for registering complaint and its redressal by the Investor, which has been displayed on the website of the Company, www.unitedspirits.in.

NON MANDATORY REQUIREMENTS

(1) Chairman of the Board:

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

(2) Remuneration Committee:

The Company has formed a Compensation Committee.

(3) Shareholder Rights

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

(4) Audit qualifications

The Auditors have issued unqualified Report on the Financial Statements for the year ended March 31, 2010.

(5) Training of Board Members

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

(6) Mechanism for evaluating non-executive Board Members

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

(7) Whistle Blower Policy

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

ANNEXURE A: MARKET PRICE DATA

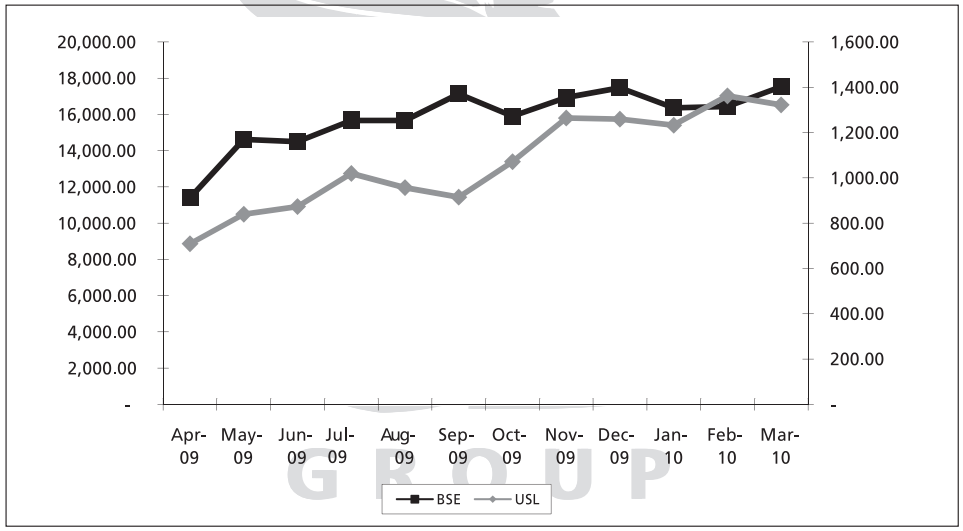
United Spirits Limited - Monthly BSE

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr-09	788.40	640.00	708.75	8,885,658
May-09	917.40	639.60	839.15	5,124,098
Jun-09	1,005.00	800.00	873.05	12,584,473
Jul-09	1,038.80	810.00	1,018.85	3,986,080
Aug-09	1,090.00	829.00	956.90	4,874,467
Sep-09	980.00	843.50	914.60	2,831,671
Oct-09	1,087.70	886.10	1,071.20	3,642,184
Nov-09	1,284.00	1,000.00	1,263.95	2,036,694
Dec-09	1,415.00	1,212.00	1,258.90	1,573,831
Jan-10	1,403.90	1,201.75	1,231.95	1,624,910
Feb-10	1,398.85	1,180.00	1,361.55	1,056,859
Mar-10	1,513.90	1,308.05	1,321.90	1,110,202

United Spirits Limited - Monthly NSE

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr-09	779.90	636.35	708.30	25,148,516
May-09	917.70	638.60	837.85	16,921,579
Jun-09	1,004.95	801.20	871.70	25,650,584
Jul-09	1,039.00	809.00	1,018.00	15,051,904
Aug-09	1,075.35	828.60	957.25	16,996,051
Sep-09	979.00	843.00	914.80	12,540,660
Oct-09	1,061.70	887.10	1,069.15	16,047,822
Nov-09	1,289.90	1,000.00	1,264.75	11,930,988
Dec-09	1,417.00	1,213.50	1,260.30	11,625,970
Jan-10	1,402.60	1,200.00	1,234.95	8,928,567
Feb-10	1,396.00	1,226.00	1,354.15	7,003,191
Mar-10	1,512.70	1,307.15	1,321.40	9,172,943

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



ANNEXURE C: DISTRIBUTION OF HOLDINGS (as on March 31, 2010)

VALUEWISE

Shareholding of nominal value		Shareholders		Share Amount	
Rs.		Number	% to Total	in Rs.	% to Total
(1)	(2)	(3)	(4)	(5)	
Upto -	5,000	78,008	97.10	62,588,450	4.98
5,001 -	10,000	1,090	1.36	8,104,100	0.65
10,001 -	20,000	488	0.61	6,951,960	0.55
20,001 -	30,000	136	0.17	3,424,130	0.27
30,001 -	40,000	68	0.08	2,383,280	0.19
40,001 -	50,000	53	0.07	2,456,510	0.20
50,001 -	100,000	121	0.15	8,683,190	0.69
100,001 and above		374	0.47	1,161,351,670	92.47
	Total	**80,338**	**100.00**	**1,255,943,290**	**100.00**

CATEGORYWISE

Category	No. of Shares	% of Equity Capital
Promoter Group	36,628,260	29.16
Resident Body Corporate (including clearing members)	3,188,185	2.54
Banks/FI/FII/ MF/Trust/Central/State Government & Insurance Companies	66,687,936	53.10
NRI/OCB/FCB/Foreign Nationals	5,986,267	4.76
G D S	1,126,542	0.90
Resident Individuals	11,977,139	9.54
Total	**125,594,329**	**100.00**

CERTIFICATE ON CORPORATE GOVERNANCE

The Members of,
United Spirits Limited

We have examined the compliance of conditions of Corporate Governance by United Spirits Limited, for the year ended on March 31, 2010 as stipulated in Clause 49 of the Listing Agreement, as amended, of the said Company with Stock Exchanges in India.

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

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

We state that in respect of investor grievances received during the year ended on March 31, 2010, no grievances are pending against the Company as per the records maintained by the company and presented to the Shareholders / Investors Grievance Committee.

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

Bangalore
August 18, 2010

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

CEO/CFO CERTIFICATE

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

New Delhi
August 18, 2010

V.K. REKHI
Managing Director

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirement of Clause 49 of the Listing Agreement, Code of Conduct as approved by the Board of Directors of the Company on December 30, 2005 had been displayed at the Company's website www.unitedspirits.in. All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year March 31, 2010.

New Delhi
August 18, 2010

V.K. REKHI
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A. INDUSTRY OVERVIEW:

Alcoholic Beverages have been a part of Indian folklore, with 'Somras' being the nectar to the Gods in ancient India. However, the industry as we know it today came into being during the British Raj with the establishment of a number of trading companies to import and supply Western spirits to the British troops and the establishment of a few manufacturing facilities to produce similar beverages in India.

The industry today is a combination of branded liquors across multiple price points and a commodity space operating at the lowest price point in the market. Locally produced products like Indian Made Foreign Liquor (IMFL), Beer and Wine operate in the branded space, apart from imported Bottled In Origin (BIO) products.

The global spirits industry is estimated at over 2 billion cases - with the Indian industry accounting for about 12% at 236 mio cases.

Your Company is by far, the lead player in India with sales in excess of 100 mio cases and is currently ranked as the world's Second largest distilled spirits marketeer by volume. The Indian spirits industry has grown at a CAGR of 14% over the last 5 years, while USL has out performed the market with growth of 20% during the same period.

The Indian spirits industry is predominantly a 'browns' market with Whisky, Rum and Brandy being the prominent flavours and White Spirits (Gin & Vodka) having only 5% share. This is contrary to International trends, where 'Whites' have a predominant presence.

With a large and growing number of youth coming into the legal drinking age category, the outlook for the industry is buoyant. In sharp contrast to countries like the USA and China which have an ageing population, and have passed the 'demographic window', India is still comparatively 'young' with over half the 1.2 billion population under 25 years of age. The increasing trend of urbanization and exposure to global life styles will further accelerate growth.

B. REGULATORY ENVIRONMENT:

The Constitution of India places the regulation and taxation of alcoholic beverages in the domain of the State rather than of the Federal Government. Even though the Federal Government is entrusted with the authority to licence greenfield manufacturing units and levy duties on imports, all other activities related to this industry like production, sale, stocking and taxation are controlled by the State Government. Your Company with its pan India presence operates in 28+ markets, each with its differing characteristics and its own labyrinth of regulations, policies and taxes.

The proposed GST regime could have played a part in smoothening Inter-State trade and commerce but with the States reluctant to give up their financial autonomy, particularly their control on the alcoholic beverages industry, a common alcoholic beverage market for India still seems a distant dream.

C. BUSINESS ANALYSIS:

During fiscal 2010, costs of Extra Neutral Alcohol (ENA), the company's primary ingredient, saw a step-up from the average price of the previous fiscal. However, on the positive side, prices during the year remained by and large flat and your Company did not experience the spikes witnessed during the previous fiscal. Concious initiatives like long-term contracts, switching between alternative feedstock like grain and molasses and capitalizing on the increased availability of molasses during the 2009-10 crushing season helped your Company to reduce the impact of high molasses/ENA prices.

The reduction in Central excise duties introduced as a fiscal relief measure by the Govt. during 2009-10 has brought about some savings in the cost of packaging materials.

A constant review of brand-wise profitability helped to ensure that sales of low-end brands were undertaken only on a very selective basis and on sound economic justification. Consequently, while main-line products added on 10.2 mio cases during fiscal 2010, the low-end products added on only 1.7 mio cases in sales. However, with the sales of the main line brands at 91% of the total sales, it will be imperative for your Company to focus on profitable growth even if it is at the lower end of the market.

Sales of your Company's brands grew to 100.2 Million cases, an increase of 14% over the 88.3 mio cases of the previous fiscal. Together with the brands of the international subsidiaries, the sales volume crossed 102 Million cases.

D. MARKETING:

The McDowell's No.1 range of alcoholic beverages, comprising whisky, brandy and rum, ended fiscal 2010 with sales of 35.7 mio cases, up 13% from the 31.5 mio cases of the previous fiscal, thereby retaining its pride of place as the largest umbrella brand in alcoholic beverages.

No.1 McDowell's Whisky occupies the 3rd spot internationally in the whisky rankings. McDowell's No.1 Brandy continues to be the largest selling brandy in the world with sales of 9.8 mio cases. McDowell's No.1 Celebration Rum has far out sold its competition in India with sales of 12.2 mio cases and is currently ranked as the 3rd largest rum in the world.

Bagpiper Whisky ended the year in the numero-uno position as the largest whisky in the world, with sales of over 16 mio cases.

During the year your Company added on its 20th Millionaire (a brand that sells more than a million cases in a fiscal year) in Bagpiper Rum. Your Company has now 3 brands that sell over 10 mio cases each in addition to two that sell between 5 and 10 mio cases each and every fiscal year.

Your company believes in giving the consumer a better experience and to this end, has constantly upgraded both the packaging and the blends of its brands. During the year the company introduced the Black Dog 18-Year Old Whisky – the packaging and blend have both received outstanding reviews from consumers.

The Company's leading brands and key markets have contributed significantly to the sales growth. In order to economically source the ever-growing volumes, your company has tied up additional capacities through new contract manufacturing arrangements wherever its own capacities have been insufficient to meet the demand.

Sales of the company's overseas subsidiaries viz., Whyte & Mackay, Bouvet Ladubay and Liquidity Inc. have registered good growth in international markets as also in the Indian market where they have been launched through the USL network. Whyte & Mackay Special, a mid-range Scotch, was launched in the Indian market as a Bottled in India product to very favourable response.

E. RISKS & CONCERNS, OPPORTUNITIES & THREATS:

A favourable demographic situation, increasing prosperity and disposable income coupled with attitudinal changes towards consumption indicate strong and sustained demand for many years ahead. The 'feel good' factor among young Indians translates into steady up-trading. The Company has witnessed double digits growth in the 1st line range of products. This trend is expected to continue. There is a clearly visible, though slow process of deregulation taking place and over time it is expected that these will result in increased retail penetration as also elimination of several infructuous regulations that add to the costs of doing business.

The Alcoholic Beverages industry is the favourite whipping boy of Governments, both Central & State, when they need to balance their budgets. As a result, the industry suffers from the twin impact of over-regulation and excessive taxation. About 55-60% of the street price of a bottle of alcohol goes to the State and local Governments by way of taxes and duties. The unreasonable levels of taxation show no sign of abatement and continue to impede profitability despite continuing growth in market demand.

During fiscal 2010, shareholder communication had consistently referred to the sharp rise in the prices of the Company's key inputs viz., Molasses/Spirit as a result of reduced acreage under sugarcane cultivation, unreasonable support prices fixed by local Governments and increase in fuel costs. The runaway inflation in the rupee-dollar parity as also in the price of oil in the previous fiscal impacted both spirit and glass prices. An oligopolistic situation in the glass industry ensured that when international prices of oil came down, the price increase that was granted to the suppliers of glass containers was not fully rolled back. However, excise duty concessions by the Federal Govt. in two tranches in December 2008 and February 2009 helped mitigate the situation somewhat.

In order to capitalize on an emerging segment in the alcoholic beverages space viz. wines, your Company had, in 2006, acquired M/s. Bouvet Ladubay SA, France and in fiscal 2007 invested in a subsidiary M/s. Four Seasons Wines Limited. The latter company has set up a state-of-the-art winery near Baramati in Maharashtra with a capacity to produce one million bottles per annum. Two brands, Zinzi (Red & White) and Four Seasons (which is now progressively available in 9 varietals) are being produced at this winery.

UB GROUP UNITED SPIRITS

Increased awareness through exposure gained from the media as also from global travel coupled with increased consumer spending has pushed up the sales at the premium end of the market. Through a well-balanced portfolio, both domestic and international, your Company is poised to drive significant advantages from sales of products from the Whyte & Mackay stable using the Bottled In Origin (BIO) and Bottled In India (BII) routes.

The hardening of scotch prices owing to reduced worldwide availability of matured malt of the required vintage has boosted business prospects at Whyte & Mackay. The Company is also focusing its branded spirits activity on select geographies including travel retail as against an earlier strategy that attempted a presence in every market.

F. OUTLOOK:

A substantial portion of the Company's sales are to monopoly distribution agencies owned by State Governments. Consequently price increases, even to negate inflation, are difficult to come by.

During fiscal 2010, the buying agency in the state of Andhra Pradesh granted a price increase after a long gap of 7 years. This has improved profitability in this large market. USL's leadership status across all States helps in securing price increses in some or other states.

Your Company continues its efforts to shore up profitability through a judicious blend of price increases, premiumisation in sales and cost control.

G. INTERNAL CONTROL SYSTEM:

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

Additional checks of the Company's systems are carried out by the independent auditors as also by the Company's own Operations Review team and by the UB Group's Internal Audit Department.

H. INTERNATIONAL OPERATIONS:

The acquisition of Whyte & Mackay, the 4th largest producer of Scotch in the world, in fiscal 2008 has provided your Company with a perennial use of Scotch for use in the blends of its IMFL brands. Additionally, it has provided your Company with access to a large stable of well-known brands to cater to the demand of the constantly up-trading Indian consumer. Local bottling of these brands is also being undertaken according to a carefully calibrated plan.

Based on a review of the operations of Whyte & Mackay, a strategic plan has been put in place to expand its share of the global branded Scotch whisky market as also to tap the huge India growth potential in addition to that of other emerging markets. The hitherto large business area of bulk Scotch will be focused on servicing growth in India. Whyte & Mackay would also tap opportunities in private labels in the key markets of Europe.

Bouvet Ladubay's expansion in capacity to 8 million bottles per annum has been completed. Its products continue to grow in the traditional markets of Europe and North America. The expertise available within M/s.Bouvet Ladubay has been successfully used in the establishment of India's largest, and state-of-the-art, winery under your Company's subsidiary Four Seasons Wines Limited at Baramati, Maharashtra.

I. HUMAN RESOURCES:

The Company's human capital is now in excess of 7,000 employees, including factory workmen. There has been no loss of production at any of the manufacturing facilities due to industrial unrest. The HR Dept. is geared to lend its support to the effort to make the Company a 'employer of choice' in the Indian market place.

J. FORWARD LOOKING STATEMENTS:

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

By Authority of the Board

Bangalore
August 18, 2010

Dr. VIJAY MALLYA
Chairman

Auditors' Report to the Members of United Spirits Limited

1. We have audited the attached Balance Sheet of **United Spirits Limited** (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

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

   (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

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

      (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;

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

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J. Majumdar
Partner
Membership Number: F51912

New Delhi
August 18, 2010

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of United Spirits Limited on the financial statements for the year ended March 31, 2010]

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

   (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

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

2. (a) The inventory, excluding stocks held by a wholly owned subsidiary in respect of which physical verification is not feasible because of the nature of business of the Company, has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, read with our remarks in paragraph 2(a), procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

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

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

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

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

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

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for sale of goods aggregating to Rs.652.507 Million and purchase of services aggregating to Rs.138.893 Million as there are no market prices comparable to those sold/purchased, which, however are considered to be of special nature as explained by the Management of the Company.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

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

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

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except dues in respect of Maharashtra Value Added Tax, the Company is regular in depositing undisputed statutory dues including investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2010, for a period of more than six months from the date they became payable are as follows :

Name of the statute	Nature of dues	Amount (Rs. in Million)	Period to which the amount relates	Due date	Date of Payment
Maharashtra Value Added Tax, 2002	Sales Tax	12.937	2005-06	April 1, 2006	Not yet paid

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2010 which have not been deposited on account of a dispute are given in Appendix 1.

10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

19. The Company has not issued debentures during the year and there are no debentures outstanding as at year end.

20. The Management has disclosed the end use of money raised by public issues (Refer Note 3 on Schedule 18) which has been verified by us.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J.Majumdar
Partner
Membership Number: F51912

Place : New Delhi
Date : August 18, 2010

[Referred to paragraph 9(b) of the Annexure to the Auditors' report of even date to the members of United Spirits Limited on the financial statements for the year ended March 31, 2010]

Name of the Statute	Amount* (Rs. Million)	Forum where dispute is pending	Year To Which The Amount Relates
The Income-Tax Act, 1961	302.860	Commissioner of Income tax (Appeals)	1993-94, 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2005-06, 2006-07
	3.620	Assessing Officer	2003-04, 2004-05
	140.476	Income Tax Appellate Tribunal	2002-03, 2003-04, 2004-05
The Wealth Tax Act, 1957	-	Commissioner of Income tax (Appeals)	1992-93, 1994-95, 1996-97
Central and Respective State Tax Acts	199.471	Supreme Court	1996-06
	78.631	High Court	1982-83, 1984-86,1999-00,1992-93, 1995-96, 2002-03, 2003-04, 2005-06
	88.536	Appellate Tribunal	1986-90,1985-86,1987-88,1989-96, 1999-00,1992-95,1991-93, 1994-95,1995-96, 1996-97,1997-98, 1998-99, 1999-00, 2000-01,2001-02
	22.650	Joint Commissioner	1995-96, 2000-01, 2001-02, 2002-03, 2006-07, 2007-08
	27.804	Deputy Commissioner	1984-85, 1992-93, 2002-03, 2005-07, 2007-08
	0.291	Commissioner of Sales Tax	1999-00, 2000-01
	1.308	Assistant Commissioner	1974-76,1995-96, 2002-03
	5.743	Assessing Officer	1993-94,1995-96, 1997-98, 2004-05
	2.021	Appellate and Revisional board	1993-94, 2004-05, 2005-06
	75.276	Additional Commissioner	2004-05, 2005-06, 2006-07
Respective State Excise Acts	4.785	Supreme Court	1971-72,1972-73,1973-74, 1977-78,1978-79,1979-80, 1980-81,1981-82,1981-2010
	217.839	High Court	1963-64,1972-74, 1983-84, 1984-85, 1985-86, 1986-87, 1988-91,1990-92, 1991-92, 1992-93, 1993-94, 1995-00, 1996-97,1997-98, 1998-99, 1999-00, 1998-01, 2000-01, 2001-08, 2002-03, 2003-04
	17.464	Appellate Tribunal	1995-96
	193.185	Excise Commissioner	1974-81, 1980-81, 1981-82, 1982-83, 1983-84, 1983-85,1984-85, 1985-86, 1985-87, 1995-98, 1986-87, 1987-88, 1988-89, 1989-90, 1991-92, 1991-96, 1993-94, 1993-95, 1995-96, 1998-99, 1999-00, 2001-02, 2002-03, 2004-05, 2005-06
	1.593	Excise Superintendent	1986-87, 1992-93,1992-99,1997-98, 2001-02
	1.701	District Magistrate and Collector	1994-95
	12.170	Chinsurah Court, Hooghly	1981-84
	8.311	Additional District Magistrate	1993-94
	0.081	Collector	1994-95
The Central Excise Act, 1944	6.000	Supreme Court	1991-95,1995-98, 2001-02
	25.635	High Court	1989-97,1996-97, 2004-05
	2.363	Commissioner of Central Excise	1994-95, 1995-96

* Net of amounts paid under protest or otherwise

Balance Sheet as at March 31, 2010

Rs. Million

	Schedule	2010	2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**1,255.943**	1,001.633
Share Capital Suspense	1A	**-**	77.491
Reserves and Surplus	2	**46,601.859**	29,708.037
Loan Funds			
Secured Loans	3	**25,892.537**	13,064.790
Unsecured Loans	4	**9,268.220**	6,362.590
Foreign Currency Monetary Items Translation Difference		**-**	311.347
		83,018.559	50,525.888
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		**9,288.565**	7,876.187
Less: Depreciation		**2,222.046**	1,949.852
Net Block		**7,066.519**	5,926.335
Capital Work in Progress		**395.842**	282.632
		7,462.361	6,208.967
Investments	6	**12,539.973**	20,514.765
Deferred Tax Asset (Net) [Schedule 18 Note 17(b)]		**64.874**	216.403
Foreign Currency Monetary Items Translation Difference		**323.641**	-
Current Assets, Loans and Advances			
Inventories	7	**8,291.882**	6,539.691
Sundry Debtors	8	**9,461.639**	6,650.397
Cash and Bank Balances	9	**2,464.670**	848.628
Other Current Assets	10	**3,268.493**	2,103.003
Loans and Advances	11	**50,471.227**	16,709.818
		73,957.911	32,851.537
Less: Current Liabilities and Provisions	12		
Liabilities		**10,512.451**	8,582.653
Provisions		**817.750**	683.131
		11,330.201	9,265.784
Net Current Assets		**62,627.710**	23,585.753
		83,018.559	50,525.888
Statement on Significant Accounting Policies	17		
Notes on Accounts	18		

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

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J. MAJUMDAR
Partner
Membership Number: F 51912

New Delhi
August 18, 2010

VIJAY MALLYA
Chairman

M.R. DORAISWAMY IYENGAR
Director

V.S. VENKATARAMAN
Company Secretary

New Delhi
August 18, 2010

V.K. REKHI
Managing Director

P.A. MURALI
Chief Financial Officer

Profit and Loss Account for the year ended March 31, 2010

Rs. Million

	Schedule	2010	2009
INCOME			
Sales (Gross)		**87,790.708**	71,130.831
Less: Excise Duty		**42,549.432**	33,654.208
		45,241.276	37,476.623
Income arising from Sale by Manufacturers under 'Tie-up' agreements (Tie-up units)		**3,460.158**	2,958.308
Income from Brand Franchise		**587.772**	460.493
Other Income	13	**563.812**	543.446
Exchange Gain (Net)		**-**	90.901
		49,853.018	41,529.771
EXPENDITURE			
Materials	14	**27,468.827**	23,118.263
Manufacturing and Other Expenses	15	**14,080.812**	11,500.545
Interest and Finance charges	16	**3,096.196**	1,957.794
Exchange Loss (Net)		**84.090**	-
		44,729.925	36,576.602
Profit before Exceptional and Other Non-Recurring Items, Depreciation and Taxation		**5,123.093**	4,953.169
Depreciation		**386.302**	361.565
Profit before Exceptional and Other Non-Recurring Items and Taxation		**4,736.791**	4,591.604
Exceptional and other non recurring items [Schedule 18 Note 2B]		**699.953**	-
Profit before Taxation		**5,436.744**	4,591.604
Provision for Taxation:			
Current Tax		**1,525.000**	1,760.925
Deferred Tax Charge / (Credit)		**151.529**	(186.008)
Fringe Benefit Tax		**-**	50.063
Profit after Taxation		**3,760.215**	2,966.624
Profit brought forward from previous year		**9,486.445**	7,018.342
Profit transferred on Amalgamation		**-**	103.983
		13,246.660	10,088.949
Appropriations:			
Proposed Dividend			
Equity Shares		**313.986**	215.825
Corporate Tax on Proposed Dividend		**52.149**	36.679
Transfer to General Reserve		**500.00**	350.000
Profit carried to Balance Sheet		**12,380.525**	9,486.445
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		**32.51**	27.49
Statement on Significant Accounting Policies	17		
Notes on Accounts	18		

The Schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account.

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J. MAJUMDAR
Partner
Membership Number: F 51912

New Delhi
August 18, 2010

VIJAY MALLYA
Chairman

M.R. DORAISWAMY IYENGAR
Director

V.S. VENKATARAMAN
Company Secretary

New Delhi
August 18, 2010

V.K. REKHI
Managing Director

P.A. MURALI
Chief Financial Officer

UB GROUP UNITED SPIRITS

Cash Flow Statement for the year ended March 31, 2010

Rs. Million

		2010		2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before Exceptional and Other Non-Recurring Items and Taxation	**4,736.791**		4,591.604
	Adjustments for:			
	Depreciation	**386.302**	361.565	
	Unrealised Foreign Exchange Loss / (Gain)	**2.822**	(168.432)	
	Bad Debts/ Advances written off	**4.046**	6.005	
	Loss/(Gain) on Fixed Assets Sold/Written Off (Net)	**(5.142)**	(44.955)	
	Loss/(Gain) on Sale of Investments (Net)	**-**	(3.355)	
	Liabilities no longer required written back	**(188.606)**	(136.599)	
	Provision for Doubtful Debts/ Advances/ Deposits	**255.170**	210.345	
	Provision for diminution in value of Investments (Net)	**26.635**	0.030	
	Provision - Others	**25.016**	96.372	
	Interest Expense and Finance Charges	**3,150.645**	2,008.538	
	Income from investments	**(58.317)**	(42.017)	
	Interest Income	**(54.449)**	**3,544.122**	(50.744)	2,236.753
	Operating profit before working capital changes	**8,280.913**		6,828.357
	(Increase)/decrease in Trade and other receivables	**(4,310.270)**	(5,417.056)	
	(Increase)/decrease in Inventories	**(1,752.191)**	(2,578.433)	
	Increase/(decrease) in Trade payables	**1,870.993**	**(4,191.468)**	1,915.761	(6,079.728)
	Cash generated from operations	**4,089.445**		748.629
	Direct taxes paid	**(2,036.527)**		(2,047.839)
	Fringe Benefit taxes paid	**(4.013)**		(43.569)
	Cash flow before Exceptional and Other Non-Recurring Items	**2,048.905**		(1,342.779)
	Exceptional and Other Non-Recurring Items	**8,912.526**		-
	Cash generated / (used in) from operations	**10,961.431**		(1,342.779)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets	**(1,652.724)**	(106.662)	
	Sale of fixed assets	**18.170**	62.875	
	Finance Lease Payments	**(10.049)**	(17.259)	
	Purchase of long term investments	**(139.539)**	-	
	Purchase of current Investments	**-**	(50.000)	
	Disposal of investment in Associate	**-**	10.700	
	Sale of long term investments	**-**	38.162	
	Sale of current investments	**-**	45.000	
	Investments in Subsidiaries	**(123.838)**	(26.635)	
	Loans given to Subsidiaries	**(37,035.797)**	(2,694.980)	
	Realisation of Loans from Subsidiaries	**1,241.825**	133.895	
	Interest received	**47.838**	34.713	
	Dividend received	**57.278**	55.386	
	Net cash used in investing activities	**(37,596.836)**		(2,514.805)

Cash Flow Statement for the year ended March 31, 2010 (Contd.)

Rs. Million

	2010	2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares to QIBs	**16,156.000**	-
Expenses incurred on issue of shares to QIBs	**(696.274)**	-
Proceeds/(Repayment) of long term loans:		
Proceeds	**15,590.996**	3,686.681
Repayment	**(2,182.102)**	(2,619.985)
Proceeds/(Repayment) of fixed deposits	**1,555.884**	95.169
Proceeds/(Repayment) of short term loans	**8,270.000**	2,150.000
Repayment of short term loan	**(7,150.000)**	-
Working Capital Loan / Cash Credit from Banks (net)	**(151.700)**	2,347.704
Interest and Finance Charges paid [including on Finance lease Rs.2.444 Million (2009: Rs 2.981 Million)]	**(2,888.248)**	(1,641.688)
Dividends paid	**(216.415)**	(208.446)
Corporate Tax on distributed profit	**(36.694)**	(25.862)
Net cash used in financing activities	**28,251.447**	3,783.573
Net (Decrease)/ Increase in cash and cash equivalents	**1,616.042**	(74.011)
Cash and cash equivalents as at March 31, 2009*	**848.628**	280.013
Cash and Cash equivalents of Transferor Companies as at April 1, 2008	**-**	642.626
Cash and cash equivalents as at March 31, 2010*	**2,464.670**	848.628
	1,616.042	(74.011)

* Refer Schedule 9

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2010 and the related Profit and Loss Account for the year ended on that date.
2. The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements as notified under Section 211(3C) of the Companies Act, 1956 and reallocation required for this purpose are as made by the Company
3. Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J. MAJUMDAR
Partner
Membership Number: F 51912

New Delhi
August 18, 2010

VIJAY MALLYA
Chairman

M.R. DORAISWAMY IYENGAR
Director

V.S. VENKATARAMAN
Company Secretary

New Delhi
August 18, 2010

V.K. REKHI
Managing Director

P.A. MURALI
Chief Financial Officer

Schedules forming part of Balance Sheet as at March 31, 2010

Rs. Million

	2010	2009
1. SHARE CAPITAL		
Authorised		
245,000,000 (2009: 245,000,000) Equity Shares of Rs.10/- each	**2,450.000**	2,450.000
84,200,000 (2009: 84,200,000) Preference Shares of Rs.10/- each	**842.000**	842.000
	3,292.000	3,292.000
Issued, Subscribed and Paid-up		
125,594,329 (2009: 100,163,256) Equity Shares of Rs.10/- each fully paid up	**1,255.943**	1,001.633
	1,255.943	1,001.633

Notes :

Of the above,

1. 51,719,968 (2009: 51,719,968) Equity Shares were allotted as fully paid up on July 9, 2001 to the shareholders of the erstwhile McDowell & Company Limited, pursuant to the schemes of Amalgamation for consideration other than cash.

2. 34,010,521 (2009: 34,010,521) Equity Shares were allotted as fully paid on November 6, 2006 to Equity Shareholders of erstwhile Herbertsons Limited, Triumph Distillers & Vintners Private Limited, Baramati Grape Industries Limited, United Distillers India Limited, and Shaw Wallace Distilleries Limited pursuant to a Scheme of Amalgamation for consideration other than cash.

3. 8,751,381 (2009: 8,751,381) Equity shares of Rs.10/- each fully paid up represent 17,502,762 (2009: 17,502,762) Global Depository Shares issued by the Company on March 29, 2006.

4. 5,681,326 (2009: 5,681,326) Equity shares of Rs.10/- each fully paid up were allotted consequent to conversion of 100,000, 2% Convertible Bonds in Foreign Currency during 2008.

5. 7,749,121 (2009: Nil) Equity Shares were allotted as fully paid up on July 24, 2009 to the shareholders of the erstwhile Shaw Wallace & Company Limited, pursuant to the scheme of Amalgamation for consideration other than cash [Schedule 18 Note 2A].

6. 17,681,952 (2009: Nil) Equity shares of Rs.10/- each fully paid up were alloted to eligible Qualified Institutional Buyers through a Qualified Institutions Placement on October 23,2009 [Schedule 18 Note 3].

1A SHARE CAPITAL SUSPENSE		
Equity Share Suspense		
Nil (2009: 7,749,121) Equity Shares of Rs.10/- each to be issued as fully paid up to the equity shareholders of Transferor Companies pursuant to the Scheme of Amalgamation for consideration other than cash [Schedule 18 Note 2A]	**-**	77.491
	-	77.491

Rs. Million

		2010		2009
2. RESERVES AND SURPLUS				
Central Subsidy				
As per last Balance Sheet		**1.500**		1.500
Capital Redemption Reserve				
As per last Balance Sheet	**578.946**		541.946	
Add: Adjustment on Amalgamation	**-**		37.000	
		578.946		578.946
Securities Premium Account				
As per last Balance Sheet	**9,893.917**		9,893.917	
Add : On issue of equity shares alloted to Qualified Institutional Buyer's [Schedule 18 Note 3]	**15,979.180**		-	
	25,873.097		9,893.917	
Less: Expenses incurred on issue of Equity shares to Qualified Institutional Buyer's	**696.274**		-	
		25,176.823		9,893.917
Foreign Currency Translation Reserve [Schedule 18 Note 5(d)]				
As per last Balance Sheet	**(463.905)**		(821.948)	
Addition during the year	**(1,783.164)**		(357.000)	
Transfer to General Reserve on Amalgamation	**-**		144.912	
Reversed during the year due to Amalgamation	**-**		570.131	
		(2,247.069)		(463.905)
Contingency Reserve				
As per last Balance Sheet		**110.000**		110.000
General Reserve				
As per last Balance sheet	**10,101.134**		2,347.839	
Add: Addition during the year:				
(a) Reserve arising on amalgamation	**-**		7,849.035	
(b) Transfer from Foreign Currency Translation Reserve on amalgamation	**-**		(144.912)	
(c) Adjustment on Amalgamation	**-**		20.000	
(d) Transfer from Profit and Loss Account	**500.00**		350.000	
	10,601.134		10,421.962	
Less:				
(a) Expenses relating to Amalgamation	**-**		(146.879)	
(b) Diminution in value of certain fixed assets of the Company	**-**		(80.704)	
(c) Adjustment on adoption of notification under Companies (Accounting Standards) Rules, 2009 relating to AS11 - "The Effects of Changes in Foreign Exchange Rates"	**-**		(93.245)	
		10,601.134		10,101.134
Surplus in Profit and Loss account		**12,380.525**		9,486.445
		46,601.859		29,708.037

UB GROUP UNITED SPIRITS

		Rs. Million 2009
3. SECURED LOANS		
Term Loans		
From Banks [Note (i)]	**18,316.555**	5,327.059
[Repayable within one year: Rs.3,100.721 Million (2009: Rs.1,296.805 Million)]		
Working Capital Loan / Cash Credit from Banks [Note (ii)]	**7,559.307**	7,711.007
Finance Lease [Note (iii)]	**16.675**	26.724
	25,892.537	13,064.790
Notes:		
(i) Out of the above loans:		
(a) Secured by a charge on certain fixed assets of the Company including Land and Building.	**879.222**	1,426.205
(b) Secured by a charge on certain fixed assets of the Company including Land and Buildings and also by pledge of certain investments held by other companies.	**1,374.977**	2,062.499
(c) Secured by a second charge on certain fixed assets of the Company including Land and Building.	**-**	62.500
(d) Foreign Currency External Commercial Borrowings secured by:		
(i) charge on certain fixed assets of the Company including Land and Building, a Trademark and a fixed deposit with bank.	**-**	1,775.550
(ii) charge on specific fixed deposit with bank.	**1,571.500**	-
(e) Secured by a hypothecation of specific fixed assets acquired under respective agreements.	**-**	0.305
(f) Secured by a hypothecation of maturing stock held in overseas branch and charge on certain fixed assets including Land and Building and pledge of certain investments held by the other companies.	**1,646.300**	-
(g) Secured by a charge on certain fixed assets of the Company including Land and Building, pledge of shares held by the USL Benefit Trust and hypothecation of certain Trademarks of the Company.	**12,844.556**	-
(ii) Secured by a hypothecation of inventories (except those held outside India), book debts and other current assets.		
(iii) Secured against assets acquired under lease agreements.		
4. UNSECURED LOANS		
Fixed Deposits	**2,201.785**	631.505
[Repayable within one year Rs.709.807 Million (2009: Rs.148.294 Million)]		
Long term loan from a bank	**750.000**	750.000
(Guaranteed by a Director of the Company)		
[Repayable within one year Rs Nil (2009: Rs.Nil)]		
Short term loan from banks	**3,270.001**	2,150.000
[Repayable within one year Rs 3,270.001 Million (2009: Rs.2,150 Million)]		
From Subsidiary Company	**2,970.842**	2,755.493
[Repayable within one year Rs Nil (2009: Rs Nil)]		
From Others	**35.000**	35.000
Interest accrued and due [Schedule 18 Note 9]	**40.592**	40.592
	9,268.220	6,362.590

UB GROUP UNITED SPIRITS

Schedules forming part of Balance Sheet as at March 31, 2010 (Contd.)

5. FIXED ASSETS

Rs. Million

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	2009	on Amal-gamation	Addi-tions	Deletion/ Adjust-ments	**2010**	2009	On Amalga-mation	For the year	Deletion/ Adjust-ments	**2010**	**2010**	2009
Tangible:												
Land (Note 1):												
Freehold	2,536.895	-	-	-	**2,536.895**	-	-	-	-	**-**	**2,536.895**	2,536.895
Leasehold	112.261	-	-	-	**112.261**	-	-	-	-	**-**	**112.261**	112.261
Buildings (Notes 2 and 3)	1,494.315	-	351.809	0.201	**1,845.923**	318.726	-	50.514	0.033	**369.207**	**1,476.716**	1,175.589
Plant & Machinery	2,974.702	-	899.487	71.434	**3,802.755**	1,286.683	-	255.048	66.901	**1,474.830**	**2,327.925**	1,688.019
Furniture & Fixture and Office Equipments:												
Finance Lease	46.892	-	7.024	33.136	**20.780**	32.130	-	8.536	27.525	**13.141**	**7.639**	14.762
Others	316.038	-	275.466	3.495	**588.009**	133.063	-	38.041	7.420	**163.684**	**424.325**	182.975
Vehicles :												
Finance Lease	21.230	-	-	4.613	**16.617**	5.590	-	3.578	-	**9.168**	**7.449**	15.640
Others	152.348	-	-	14.257	**138.091**	134.859	-	9.752	12.229	**132.382**	**5.709**	17.489
Aircraft	180.562	-	5.728	-	**186.290**	31.297	-	16.737	-	**48.034**	**138.256**	149.265
Intangible:												
Trademark, Formulae and License	40.944	-	-	-	**40.944**	7.504	-	4.096	-	**11.600**	**29.344**	33.440
	7,876.187	-	1,539.514	127.136	**9,288.565**	1,949.852	-	386.302	114.108	**2,222.046**	**7,066.519**	5,926.335
2009	6,530.725	1,219.816	195.760	70.114	**7,876.187**	1,602.381	38.100	361.565	52.194	**1,949.852**		
Capital Work-in-Progress (including Advances)											**395.842**	282.632
											7,462.361	6,208.967

Notes:

1. The Company is in the process of registering certain freehold and leasehold land in its own name.
2. Cost of buildings includes the following payments made for the purpose of acquiring the right of occupation of Mumbai godown space:
   i) 660 equity shares (unquoted) of Rs.100 each fully paid in Shree Madhu Industrial Estate Limited Rs.0.066 Million (2009: Rs.0.066 Million). Application has been made for duplicate share certificates and the same is in the process.
   ii) 199, 6 % Debentures (unquoted) of Rs.1,000 each fully paid in Shree Madhu Industrial Estate Limited Rs. 0.199 Million (2009: Rs.0.199 Million). Application has been made for duplicate debentures certificates and the same is in the process.
   iii) Deposit with Shree Madhu Industrial Estate Limited Rs. 0.132 Million (2009: Rs. 0.132 Million)
3. Include value of fully paid shares Rs. 0.006 Million (2009: Rs 0.006 Million) held in Co-operative Housing Societies.

UNITED SPIRITS GROUP

Rs. Million

6. INVESTMENTS

Particulars	Face Value (Rs)	Nos.	**2010**	Nos.	2009
CURRENT					
Unquoted Investments					
Units (Fully Paid)					
SBI SHF Liquid Plus	10	1,459,097	**14.600**	1,405,232	14.059
HSBC Mutual Fund	10	152,906	**1.546**	148,341	1.491
ICICI Prudential Liquid Fund (Note 4)	100	60,504	**6.052**	583,580	5.836
Total Current Investments			**22.198**		21.386
LONG TERM					
Quoted Investments					
A Trade					
Fully Paid Equity Shares					
Mangalore Chemicals & Fertilizers Limited (Note 2)	10	6,150	**0.032**	6,150	0.032
McDowell Holdings Limited	10	50,000	**0.500**	50,000	0.500
			0.532		0.532
B Non-Trade					
Fully Paid Equity Shares					
Housing Development Finance Corporation Limited (Note 2)	10	240	**0.002**	240	0.002
ICICI Bank Limited	10	8,916	**0.382**	8,916	0.382
HDFC Bank Limited (Note 2)	10	200	**0.002**	200	0.002
Vijaya Bank	10	38,900	**0.466**	38,900	0.466
Radico Khaitan Limited	2	537,850	**2.043**	537,850	2.043
Khaitan Chemicals & Fertilizers Limited (Note 2)	10	13,880	**0.725**	13,880	0.725
Rampur Fertilizers Limited (Note 2 and 3)	10	27,760	**0.527**	27,760	0.527
Units (Fully Paid)					
Unit Trust of India (Note 1)					
- UTI Balance Fund -Income - Retail (formerly known as US 2002)	10	344,151	**4.066**	328,547	3.838
			8.213		7.985
Total Quoted Investments (A+B)			**8.745**		8.517

UB GROUP UNITED SPIRITS

Rs. Million

6. INVESTMENTS (Contd)

Particulars	Face Value (Rs)	Nos.	**2010**	Nos.	2009
Unquoted Investments					
C Trade					
Fully paid Equity Shares					
Yenkay Associates Private Limited (Note 2)	100	1	**0.004**	1	0.004
Goa Fruit Distilleries Private Limited	100	350	**0.035**	350	0.035
Baramati Teluka Fruits Growers Fed Limited	100	1,000	**0.500**	1,000	0.500
In Subsidiary Companies					
Shaw Wallace Breweries Limited	10	78,512,509	**3,240.191**	78,512,509	3,240.191
Asian Opportunities & Investments Limited	US$1	4,998,706	**301.000**	4,998,706	301.000
United Spirits Nepal Private Limited	NRS 100	67,716	**65.626**	67,716	65.626
Palmer Investment Group Limited	US$ 1	15,000,000	**6,917.801**	15,000,000	6,917.801
Montrose International S.A	US$ 1000	500	**133.932**	500	133.932
Liquidity Inc.	US$0.0001	4,000,000	**119.313**	4,000,000	119.313
Four Seasons Wines Limited	10	12,433,799	**124.338**	50,000	0.500
McDowell & Co.,Scotland Limited	£ 1	1,575,000	**125.505**	1,575,000	125.505
Daffodils Flavours & Fragrances Private Limited	10	10,000	**0.100**	10,000	0.100
United Vintners Limited	10	50,000	**0.500**	50,000	0.500
USL Holdings Limited	US$ 1	500,000	**22.183**	500,000	22.183
McDowell Beverages Limited	10	50,000	**0.500**	50,000	0.500
United Alcobev Limited	10	50,000	**0.500**	50,000	0.500
Herbertsons Limited	10	60,000	**0.600**	60,000	0.600
United Spirits (Shanghai) Trading Company Limited	RMB 10	500,000	**26.635**	500,000	26.635
McDowell & Company Limited	10	50,000	**0.500**	50,000	0.500
Jasmine Flavours & Fragnances Private Limited	10	10,000	**0.100**	10,000	0.100
Royal Challengers Sports Private Limited	10	10,000	**0.100**	10,000	0.100
Tern Distilleries Private Limited	10	4,000,000	**139.539**	-	-
Fully paid Preference Shares					
In Subsidiary Company					
7% Non Cumulative redeemable preference shares of Shaw Wallace Breweries Limited	100	1,197,000	**119.700**	1,197,000	119.700
			11,339.202		11,075.825

UB GROUP UNITED SPIRITS

Rs. Million

6. INVESTMENTS (Contd)

Particulars	Face Value (Rs)	Nos.	**2010**	Nos.	2009
D Non-Trade					
In Government Securities					
Indira Vikas Patra			**0.003**		0.003
National Savings/Plan/Def. Certificates (Deposited with Govt.Authorities)			**0.192**		0.193
In Fully Paid Debentures					
Non-Redeemable					
6.5% Bengal Chamber of Commerce & Industry	1000	2	**0.002**	2	0.002
5% Woodland Hospital & Medical Centre Limited	1	7,000	**0.007**	7,000	0.007
0.5% Woodlands Medical Centre Limited (Note 2)	100	117	**0.012**	117	0.012
5.0% Woodlands Medical Centre Limited	100	270	**0.027**	270	0.027
Fully paid Equity Shares					
Madhav Co-operative Housing Society Limited (Rs.250)	50	5	**0.000**	5	0.000
Sangam Bhavan Cooperative Housing Society Limited	10	15	**0.001**	15	0.001
U.B. Electronics Instruments Limited	100	1,996	**0.129**	1,996	0.129
			0.373		0.374
E Others					
Interest as Sole Beneficiary in USL Benefit Trust			**1,196.969**		9,409.542
Total Unquoted Investments (C+D+E)			**12,536.544**		20,485.741
Total Long Term Investments (A+B+C+D+E)			**12,545.289**		20,494.258
Total Current and Long Term Investments			**12,567.487**		20,515.644
Less: Provision for diminution in the value of investments			**27.514**		0.879
Total			**12,539.973**		20,514.765
Aggregate value of Quoted Investments:					
- Book value			**7.866**		7.638
- Market value			**94.141**		47.361
Aggregate Book value of Unquoted Investments			**12,532.107**		20,507.127

Notes:

1 Investments in units of Unit Trust of India represent those made under Rule 3A of the Companies (Acceptance of Deposit) Rules, 1975.

2 The Company is in the process or has made an application for duplicate certificates.

3. Market Quotations are not available.

4 Face value of the Units have been revised from Rs.10 to Rs.100 per Unit.

5 Also Refer Schedule 18 Note 6

		Rs. Million
	2010	2009
7. INVENTORIES		
Raw Materials including materials in transit	**1,068.269**	964.531
Packing Materials, Stores and Spares	**914.449**	897.769
Finished goods including goods in transit	**2,390.156**	2,052.475
Work-in-Progress [including held by a wholly owned subsidiary outside India Rs 1,617.661 Million (2009: Rs 955.030 Million)]	**3,919.008**	2,624.916
	8,291.882	6,539.691
8. SUNDRY DEBTORS		
(Unsecured)		
Exceeding six months		
Considered Good	**143.397**	14.434
Considered Doubtful	**72.347**	66.947
	215.744	81.381
Others: Considered Good	**9,318.242**	6,635.963
	9,533.986	6,717.344
Less: Provision for Doubtful Debts	**72.347**	66.947
	9,461.639	6,650.397
9. CASH AND BANK BALANCES		
Cash on Hand	**4.456**	4.475
Remittances-in-Transit/ Cheques on Hand	**20.805**	73.624
Balances with Scheduled Banks:		
On Current Accounts [Note (i) and (ii)]	**1,979.059**	304.061
On Unpaid Dividend Account	**17.330**	17.878
On Deposit Account [Notes (iii) and (iv)]	**443.020**	448.590
	2,464.670	848.628

Notes:

(i) includes Rs.28.389 Million (2009: Rs.32.097 Million) in Exchange Earners Foreign Currency (EEFC) Account and Rs. 13.575 Million (2009: Rs.8.703 Million) in Foreign Currency.

(ii) Includes Rs.1,571.500 Million (2009:Rs.Nil) pledged against a Foreign Currency Loan.

(iii) a) includes Rs.0.464 Million (2009: Rs.0.587 Million) pledged with Government Departments.

b) includes Rs.1.450 Million (2009:Rs.1.450 Million) as margin.

(iv) includes Rs.133.926 Million (2009: Rs.133.926 Million) pledged as security against loan from a bank.

10. OTHER CURRENT ASSETS		
(Unsecured, considered good except where otherwise stated)		
Income accrued on Investments and Deposits	**24.722**	18.111
Other Deposits - Considered Good	**3,238.898**	2,080.019
- Considered Doubtful	**13.197**	9.940
Fixed assets held for sale	**4.873**	4.873
	3,281.690	2,112.943
Less: Provision for Doubtful Deposits	**13.197**	9.940
	3,268.493	2,103.003

Rs. Million

	2010	2009
11. LOANS AND ADVANCES		
(Unsecured, considered good except where otherwise stated)		
Loans and Advances to Subsidiaries	**44,262.147**	11,093.202
Advances recoverable in cash or in kind or for value to be received:		
Advances to Tie-up units - Considered Good	**1,703.130**	2,449.150
- Considered Doubtful	**21.519**	20.314
Advance Income Tax (Net of Provisions)	**936.245**	424.718
Taxes and Duties Paid in Advance	**915.809**	722.034
Other Advances - Considered Good	**2,653.896**	2,020.714
- Considered Doubtful	**746.255**	500.947
	51,239.001	17,231.079
Less: Provision for Doubtful Advances	**767.774**	521.261
	50,471.227	16,709.818
12. CURRENT LIABILITIES AND PROVISIONS		
A. Liabilities		
Acceptances *	**1,115.281**	1,126.924
Sundry Creditors		
Micro and Small Enterprises [Schedule 18 Note 7]	**58.686**	34.443
Others	**7,510.076**	5,785.664
Dues to Subsidiaries	**30.915**	309.838
Dues to Directors	**51.620**	49.169
Investor Education and Protection Fund [Schedule 18 Note 8]		
Unclaimed Debentures	**0.001**	0.001
Unclaimed Dividends	**18.998**	19.588
Unclaimed Fixed Deposits	**13.678**	28.074
Security Deposit	**119.732**	128.109
Advances Received from Customers	**351.636**	220.326
Interest accrued but not due	**577.599**	315.202
Other Liabilities	**664.229**	565.315
	10,512.451	8,582.653

* Bills drawn against inland letters of credit - Rs.1,115.281 Million (2009: Rs.876.924 Million) and secured by a charge on debtors, inventories and other current assets.

B. Provisions		
Proposed Dividend	**313.986**	215.825
Corporate Tax on Proposed Dividend	**52.149**	36.694
Fringe Benefit Tax (Net of Payments)	**4.514**	8.527
Employee Benefits	**447.101**	422.085
	817.750	683.131

UB GROUP UNITED SPIRITS

Rs. Million

	2010	2009
13. OTHER INCOME		
Income from Investments:		
Dividend income from Subsidiary (Gross)	**57.135**	40.107
[Tax deducted at source Rs.2.857 Million (2009 : Rs.2.645 Million)]		
Dividend income from other investments (Gross)	**1.182**	1.910
Profit on Sale of Fixed Assets (Net)	**5.315**	44.965
Profit on Sale of Investments	**-**	3.355
Liabilities no longer required written back	**188.606**	136.599
Provision for diminution in value of investment written back	**-**	0.291
Bad debts / Advances recovered	**0.160**	0.072
Scrap Sales	**221.016**	157.577
Insurance Claims	**2.850**	2.814
Miscellaneous	**87.548**	155.756
	563.812	543.446
14. MATERIALS		
Raw Materials Consumed	**12,258.759**	10,207.958
Purchase of Finished Goods	**6,493.067**	5,186.702
Packing Materials Consumed	**10,127.600**	9,477.688
Movement in Stocks		
Opening Stock:		
Work-in-Progress	**2,624.916**	1,097.897
Finished Goods	**2,052.475**	1,526.985
	4,677.391	2,624.882
Add : Stocks of the Transferor Companies as on April 1, 2008		
Work-in-Progress	**-**	3.696
Finished Goods	**-**	56.647
	-	60.343
Closing Stock:		
Work-in-Progress	**3,919.008**	2,624.916
Finished Goods	**2,390.156**	2,052.475
	6,309.164	4,677.391
(Increase)/ Decrease in Stocks	**(1,631.773)**	(1,992.166)
Excise Duty on Opening/Closing Stock of Finished Goods (net)	**221.174**	238.081
	27,468.827	23,118.263

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Rs. Million

	2010	2009
15. MANUFACTURING AND OTHER EXPENSES		
Employee Cost:		
Salaries, Wages and Bonus	**2,486.446**	2,183.409
Contribution to Provident and Other Funds	**274.627**	262.454
Workmen and Staff Welfare	**143.419**	146.452
Power and Fuel	**193.360**	196.797
Stores and Spares Consumed	**61.135**	47.940
Repairs and Maintenance:		
Buildings	**40.215**	49.390
Plant and Machinery	**85.216**	70.646
Others	**77.206**	53.392
Rent	**492.517**	322.595
Rates and Taxes	**405.414**	311.443
Insurance	**48.633**	38.316
Travelling and Conveyance	**453.529**	460.965
Legal and Professional	**501.296**	459.907
Freight Outwards	**1,082.902**	836.505
Advertisement and Sales Promotion	**4,735.426**	3,467.676
Commission on Sales	**391.593**	311.980
Royalty/ Brand Fee/ Trade Mark Licence Fees	**58.269**	60.032
Cash Discount	**556.649**	362.937
Sales Tax	**244.123**	192.964
Fixed Assets Written Off	**0.173**	0.010
Directors' Remuneration:		
Sitting Fee	**1.490**	1.180
Commission [Schedule 18 Note 19]	**51.178**	48.727
Bad Debts and Advances Written Off	**4.046**	6.005
Investments Written Off	**-**	0.291
Provision for Doubtful Debts/ Advances/ Deposits	**255.170**	210.345
Provision for Diminution in Value of Investments	**26.635**	0.030
Research and Development	**35.305**	30.033
Others:		
Personnel and Administration	**292.507**	265.733
Selling and Distribution	**846.463**	828.115
Miscellaneous	**235.870**	274.276
	14,080.812	11,500.545
16. INTEREST AND FINANCE CHARGES		
Interest on:		
Fixed Loans	**1,859.892**	822.464
Other Loans	**950.546**	925.627
Finance Charges (Including Bill Discounting)	**340.207**	260.447
	3,150.645	2,008.538
Less: Interest Income:		
On Investments	**-**	1.054
On Deposits and Other Accounts (Gross)	**54.243**	45.305
[Tax Deducted at Source Rs.5.150 Million (2009: Rs.3.825 Million)]		
On Income Tax Refunds	**0.206**	4.385
	3,096.196	1,957.794

17. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

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

2. Fixed Assets

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

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

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

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

3. Leases

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

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

4. Depreciation and Amortisation

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

i) Computers, Vehicles and Aircrafts over a period of three, five and eleven years respectively;

ii) In respect of certain items of Plant and Machinery for which separate rates are prescribed in Schedule XIV based on the number of shifts, depreciation is provided for the full year on triple shift basis.

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

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

c) Assets taken on finance lease are depreciated over their estimated useful lives or the lease term, whichever is lower.

d) Leasehold Land are not amortised.

e) Goodwill arising on amalgamation is charged to the Profit and Loss Account in the year of amalgamation.

f) Intangible assets are amortised, on a straight line basis, commencing from the date the assets are available for use, over their respective individual estimated useful lives as estimated by the management:

Trademark, Formulae and Licence	10 years

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

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

5. Impairment

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

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

6. Investments

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

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

7. Inventories

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

8. Revenue Recognition

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

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

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

9. Foreign Currency Transactions

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

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

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

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

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

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

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

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

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

Also refer Schedule 18 Note 12.

10. Employee Benefits

a) Defined-contribution plans

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

b) Defined-benefit plans

Gratuity:

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

Provident Fund:

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

Death Benefit:

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

c) Other long term employee benefits:

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

d) Short term employee benefits:

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

11. Expenditure on account of Voluntary Retirement Scheme

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

12. Research and Development

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

13. Taxes on Income

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

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

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

Fringe Benefit Tax (discontinued with effect from April 1, 2009) is determined at applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under the Income Tax Act, 1961.

14. Earnings per Share (EPS)

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

15. Provisions

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

16. Contingencies

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

17. Share issue expenses

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

18. Expenditure

Expenses are net of taxes recoverable, where applicable.

19. Borrowing Costs

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

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18. NOTES ON ACCOUNTS

Rs. Million

		2010	2009
1.	**Contingent Liabilities**		
a)	(i) Guarantee given on behalf of other bodies corporate (including performance guarantees)	**-**	31,397.558
	(ii) Guarantees given by the Company's bankers for which Counter Guarantees have been given by the Company	**172.335**	172.217
b)	Disputed claims against the Company not acknowledged as debts, currently under appeal/ sub judice:		
	(i) Excise demands for excess wastages and distillation losses	**190.338**	238.384
	(ii) Other miscellaneous claims	**250.475**	244.274
	(iii) Income Tax demand (including interest) under appeal	**452.575**	305.186
	(iv) Sales Tax demands under appeal in various states	**557.912**	604.036
c)	Bills Receivables discounted – since fully settled	**480.150**	-
d)	Co-accepted bills of Tie-up Units – since fully settled	**-**	15.016
e)	Claims from suppliers not acknowledged as debts	**57.511**	45.449

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

2. A. The Scheme of Amalgamation of Shaw Wallace & Company Limited ('SWCL') and Primo Distributors Private Limited ('Primo') with the Company ('Scheme') sanctioned by the Hon'ble High Court of Karnataka at Bangalore, the Hon'ble High Court of Judicature of Bombay and the Hon'ble High Court at Calcutta, has become effective on July 6, 2009. Pursuant to the Scheme, 7,749,121 equity shares of Rs.10 each fully paid up in the Company have been allotted to the eligible shareholders of SWCL on July 24, 2009, resulting in the increase of the paid up share capital of the Company to Rs.1,079,123,770 divided into 107,912,377 equity shares of Rs.10 each fully paid up. As Primo was a wholly owned subsidiary of the Company, no consideration was payable.

B. On June 30, 2009 SWCL sold 10,282,553 equity shares of Rs.10 each, held by it in the Company in the open market through the Stock Exchanges. However, as the aforesaid equity shares, in terms of the Scheme, vest with USL Benefit Trust, of which the Company is the Beneficiary, the resulting surplus of Rs.699.953 Million, being the excess of the net sale proceeds over corresponding carrying value of these shares, has been shown as Exceptional and other non-recurring item in the Profit and Loss Account.

C. The Board of Directors of the Company at their meeting held on November 29, 2008 have approved the proposal of merger of Balaji Distilleries Limited ('BDL') with the Company with effect from April 1, 2009 as per the Scheme of Arrangement between BDL, Chennai Breweries Private Limited ('CBPL') and the Company, subject to necessary approvals ('the Scheme').

At an Extraordinary General Meeting held on April 21, 2010, the Equity Shareholders of the Company have approved, by way of a Special Resolution, the Scheme and the Draft Rehabilitation Scheme ('DRS') of BDL as circulated by the Hon'ble Board for Industrial and Financial Reconstruction ('the BIFR'), formed under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, vide Order dated February 19, 2010.

The Scheme and the DRS are pending with the Hon'ble BIFR for approval. The accounting effect of the scheme and the DRS shall be given in the year in which the same are approved and become effective.

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

3. During the year the Company has raised funds amounting to Rs.16,156 Million (equivalent to US$350 Million) by allotment of 17,681,952 Equity Shares of Rs.10 each at a price of Rs.913.70 per Equity Share (including a premium of Rs.903.70 per Equity Share) on October 23, 2009 to certain Qualified Institutional Buyers (QIBs) through a Qualified Institutions Placement (QIP) under the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("the SEBI Regulations"). Consequently, the issued, subscribed and paid-up Equity Share Capital of the Company stands increased from Rs.1,079,123,770 divided into 107,912,377 equity shares of Rs.10 each to Rs.1,255,943,290 divided into 125,594,329 equity shares of Rs.10 each.

The net proceeds of Rs.15,459.726 Million from the issue to QIBs has been utilised for part repayment of certain debt incurred upon the acquisition of Whyte and Mackay Group Limited, capital expenditure and other general corporate purposes.

4. Fixed Assets

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.83.709 Million (2009: Rs.106.562 Million).

5. Current Assets, Loans and Advances

a) Loans and Advances include:

i) Rs. 44,262.147 Million (2009: Rs.11,093.202 Million) given as interest free loans to subsidiaries.

ii) An amount of Rs.733.982 Million (2009: Rs. 736.429 Million) due from the Tie-up units secured by the assets of the Tie-up unit and/or equity shares of the Tie-up unit.

iii) Rs.3 Million (2009: Rs.3 Million) being amount paid to BDA Limited (BDA) towards reassignment of certain Liquor Brands/ Trade Marks pursuant to a Memorandum of Understanding dated March 20, 1992. Pending execution of the deed for such assignments and judicial resolutions of various disputes with BDA pertaining to control of BDA and ownership of the 'Officers Choice' and other brands currently sub-judice at various courts, the advance given to BDA has been provided for as a matter of prudence. All consequential adjustments arising out of the above matters will be made as and when ascertained.

iv) Due from an Officer of the Company Rs 1.407 Million (2009: Rs.1.193 Million). Maximum amount outstanding at any time during the year Rs.1.407 Million (2009: Rs.1.193 Million).

v) Due from the Managing Director of the Company Rs. 3.454 Million (2009: Rs. 3.140 Million). Maximum amount outstanding at any time during the year Rs. 3.454 Million (2009: Rs. 3.140 Million)

b) Certain confirmation of balances from Sundry Debtors, Loans and Advances, Deposits and Sundry Creditors are awaited and the account reconciliations of some parties where confirmations have been received are in progress. Adjustment for differences, if any, arising out of such confirmations/ reconciliations would be made in the accounts on receipt of such confirmations and reconciliation thereof. The Management is of the opinion that the impact of adjustments, if any, is not likely to be significant. In the opinion of the management, all current assets, loans and advances including advances on capital accounts would be realised at the values at which these are stated in the accounts, in the ordinary course of business.

c) Bank Balance with scheduled bank includes Rs.168.069 Million (2009: Rs.154.000 Million) out of the proceeds of the beer business of erstwhile SWCL, sold in an earlier year which has been kept under escrow pending resolution of various taxation matters.

d) The Company has, granted interest free loans in foreign currency amounting to Rs.39,557.598 Million [2009: Rs. 7,435.245 Million), to USL Holdings Limited, BVI (USL Holdings) a subsidiary of the Company, for acquisition of long term strategic investments. Management is of the view that out of these loans, Rs.33,435.283 Million (2009: Rs.3,630.300 Million), from the inception of the grant of loans, in substance, form part of the Company's net investment in the subsidiary, as the settlement of these loans is neither planned nor likely to occur in the foreseeable future and management intends to convert these loans into investment in share capital of the subsidiary in near future. Accordingly, in line with AS 11 - The Effects of Changes in Foreign Exchange Rates (AS 11), exchange difference aggregating to Rs.2,247.069 Million (2009: Rs. 463.905 Million) arising on such loans has been accumulated in a foreign currency translation reserve, which at the time of the disposal of the net investment in these subsidiaries would be recognised as income or as expenses.

6. Investment

a)

Description	Face Value	Purchased during the Year		Sold / Adjustments during the year	
	Rs.	Nos.	Rs. Million	Nos.	Rs. Million
CURRENT					
Unquoted Investments					
Units (Fully Paid)					
SBI SHF Liquid Plus	10	53,865	0.541	-	-
HSBC MF Investments	10	4,565	0.055	-	-
ICICI Prudential Liquid Fund	100	13,872	0.216	536.948	-
LONG TERM					
Quoted Investments					
Non Trade					
Unit Trust of India	10	15,604	0.228	-	-
Unquoted Investments					
Trade					
Fully paid Equity Shares					
In Subsidiary Companies					
Tern Distilleries Pvt. Limited	10	4,000,000	139.539	-	-
Four Seasons Wines Limited	10	12,383,799	123.838	-	-
Non – Trade					
In Government Securities					
National Savings/Plan/Def. Certificates	-	-	-	-	0.001
Others					
Interest as Sole Beneficiary in USL Benefit Trust	-	-	-	10,282,553	8,212.573

b) Investment in USL Benefit Trust represents beneficial interest of the Company in the Trust. Trust holds 3,459,090 (2009: 13,741,643) equity shares of Rs 10 each of the Company, with all additions or accretions thereto for the benefit of the Company.

c) The carrying cost of investment in Palmer Investment Group Limited amounting to Rs.6,917.801 Million, substantially exceeds the year end net worth and the market value of shares held by the Company directly and indirectly through its subsidiary. The management of the Company believes that this reflects intrinsic value far in excess of the carrying cost of investments and that such shortfall in net worth / decline in market value of such shares is purely temporary in nature and, hence, no provision is considered necessary for the same.

d) During the year, the Company has acquired the entire share capital of Tern Distilleries Private Limited (Tern), a Company in Andhra Pradesh having a manufacturing unit at Visakhapatnam District. Accordingly, Tern has become a wholly owned subsidiary of the Company with effect from November 23, 2009.

e) During the year, Four Seasons Wines Limited ceased to be a wholly owned Subsidiary of the Company.

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

		Rs. Million	
		2010	2009
a) (i)	The principal amount remaining unpaid as at March 31, 2010	**51.536**	32.359
(ii)	Interest due thereon remaining unpaid on March 31, 2010	**1.796**	0.047
b)	The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year:		
(i)	Delayed payments of principal beyond the appointed date during the entire accounting year	**209.374**	132.355
(ii)	Interest actually paid under Section 16 of the Micro, Small and Medium 'Enterprises Development Act, 2006	**-**	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium 'Enterprises Development Act, 2006	**-**	-
d)	The amount of interest accrued and remaining unpaid on March 31, 2010 in respect of principal amount settled during the year	**3.270**	2.037
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium 'Enterprises Development Act, 2006.	**2.084**	-

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

8. As required under Section 205C of the Companies Act, 1956, the Company has transferred Rs. 2.882 Million (2009: Rs. 4.678 Million) to the Investor Education and Protection Fund (IEPF) during the year. On March 31, 2010, no amount was due for transfer to the IEPF.

9. Interest on inter corporate deposit Rs. 40.592 Million (2009: Rs. 40.592 Million) included under Unsecured Loan – Other in Schedule 4 represents an obligation acquired on amalgamation in an earlier year, where negotiation/ settlement has not been finalised and the same has been provided in terms of the decree and / or otherwise considered adequate by the management. In the opinion of the management, interest so far provided is adequate and no further provision is necessary in this respect. Adjustments, if any, shall be carried out as and when the amounts are determined on final disposal / settlement of the matter.

10. Employee Benefits

a) Defined Contribution Plans

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

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

Rs. Million

	2010	2009
Provident Fund and Employee's Pension Scheme *	**48.900**	45.614
Superannuation Fund	**38.520**	33.380
Employees' State Insurance	**6.402**	8.738
	93.822	87.732

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

b) Defined Benefit Plans

Gratuity:

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

Provident Fund:

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

Death Benefit:

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

UB GROUP UNITED SPIRITS

10. Employee Benefits

b) Defined Benefit Plans (Contd.)

Rs Million

Particulars	2010				2009				
	Funded		Non-Funded		Funded		Non-Funded		
	Gratuity	PF	Pension	Death Benefit	Gratuity	PF	Gratuity	Pension	Death Benefit
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:									
Obligation at the beginning of the year	**609.017**	**1,168.836**	**27.375**	**14.811**	506.729	998.230	-	-	3.854
On amalgamation	**-**	**-**	**-**	**-**	8.212	54.746	0.505	17.450	-
Contribution by Plan Participants	**-**	**95.211**	**-**	**-**	-	114.921	-	-	-
Current service cost	**33.532**	**39.894**	**2.585**	**1.862**	56.310	106.378	0.060	9.925	10.957
Interest cost	**45.741**	**88.933**	**-**	**-**	39.188	78.211	0.037	-	-
Actuarial (gain)/loss on obligations	**71.423**	**-**	**-**	**-**	48.277	-	(0.023)	-	-
Past service cost - (vested benefits)	**4.656**	**-**	**-**	**-**	-	-	-	-	-
Benefits paid	**(37.633)**	**(96.700)**	**5.748**	**-**	(50.199)	(183.650)	(0.079)	-	-
Obligation at the end of the year	**726.736**	**1,296.174**	**24.212**	**16.673**	608.517	1,168.836	0.500	27.375	14.811
B) Reconciliation of opening and closing balances of the fair value of plan assets:									
Plan Assets at the beginning of the year	**495.156**	**1,095.733**	**-**	**-**	423.665	938.021	-	-	-
On amalgamation	**-**	**-**	**-**	**-**	6.250	35.440	-	-	-
Contribution by Plan Participants	**-**	**95.211**	**-**	**-**	-	114.921	-	-	-
Contribution by the Company	**102.158**	**67.392**	**-**	**-**	86.044	55.722	0.079	-	-
Expected return on plan assets	**42.192**	**90.295**	**-**	**-**	35.895	77.196	-	-	-
Actuarial gains / (losses)	**(9.218)**	**(18.033)**	**-**	**-**	(6.499)	58.083	-	-	-
Reversal of Exit Load	**6.020**	**-**	**-**	**-**	-	-	-	-	-
Benefits paid	**(29.910)**	**(96.700)**	**-**	**-**	(50.199)	(183.650)	(0.079)	-	-
Plan assets at the end of the year	**606.398**	**1,233.898**	**-**	**-**	495.156	1,095.733	-	-	-
C) Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the balance sheet:									
Present value of obligation at the end of the year	**726.736**	**1,296.174**	**24.212**	**16.673**	608.517	1,168.836	0.500	27.375	14.811
Fair value of plan assets at the end of the year	**606.398**	**1,233.898**	**-**	**-**	495.156	1,095.733	-	-	-
Liability/(Net Asset) Recognised in Balance Sheet *[Included under Provisions in Schedule 12(B)]*	**120.338**	**62.276**	**24.212**	**16.673**	113.361	73.103	0.500	27.375	14.811

UNITED SPIRITS GROUP

10. Employee Benefits

b) Defined Benefit Plans (Contd.)

Rs Million

Particulars	2010				2009				
	Funded		Non-Funded		Funded		Non-Funded		
	Gratuity	PF	Pension	Death Benefit	Gratuity	PF	Gratuity	Pension	Death Benefit
D) Expenses recognised in the Profit and Loss Account :									
Current service cost	**33.531**	**39.895**	**2.585**	**1.862**	56.310	106.378	0.060	9.925	10.957
Interest cost	**45.741**	**88.933**	**-**	**-**	39.188	78.211	0.037	-	-
Expected return on plan assets	**(42.193)**	**(90.925)**	**-**	**-**	(35.895)	(77.196)		-	-
Past service cost - vested benefits	**4.656**	**-**	**-**	**-**	-	-	-	-	-
Actuarial (gains)/losses	**80.641**	**18.033**	**-**	**-**	54.777	(58.083)	(0.023)	-	-
Total Expenses recognized in the P & L Account	**122.376**	**56.566**	**2.585**	**1.862**	114.380	49.310	0.074	9.925	10.957
E) Investment details of plan assets									
Government securities	0%	34%			0%	38%			
Securities guaranteed Government	0%	0%			1%	0%			
Private Sector Bonds	0%	0%			0%	0%			
Public Sector / Financial Institutional Bonds	0%	39%			0%	33%			
Special Deposit Scheme	0%	15%			0%	17%			
Fund balance with Insurance Companies	60%	0%			86%	0%			
Others (including bank balances)	40%	12%			13%	12%			
	100%	100%			100%	100%			
Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return is expected to vary from year to year reflecting the returns on matching government bonds.									
F) Actual return on plan assets	**6.0%**	**6.0%**	**-**	**-**	7.6%	7.75%		-	-
G) Assumptions									
Discount Rate (per annum)	**8.10%**	**8.10%**	**-**	**-**	7.75%	8.00%		-	-
Expected Rate of Return on Plan Assets	**8.00%**	**8.00%**	**-**	**-**	8.00%	8.19%		-	-
Rate of increase in Compensation levels	**5.00%**	**NA**	**-**	**-**	5.00%	NA		-	-
Attrition Rate	**6.00%**	**NA**	**-**	**-**	1.00%	NA		-	-
Average past service of employees (years)	**13.7**	**NA**	**-**	**-**	14	NA		-	-
Mortality rates	**LIC 1994-96 ultimate table**	**LIC 1994-96 ultimate table**	**-**	**-**	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table		-	-

10. Employee Benefits

b) Defined Benefit Plans (Contd.)

Rs Million

	2010		2009		2008		2007	
	Gratuity	**PF**	**Gratuity**	**PF**	Gratuity	PF	Gratuity	PF
H) Others (Funded)								
Present value of obligation	**726.736**	**1,296.174**	608.517	1,168.836	506.729	998.320	451.227	799.633
Present value of plan assets	**606.398**	**1,233.898**	495.156	1,095.733	423.665	938.021	414.821	747.196
Amount recognised in Balance sheet – Liability	**120.338**	**62.276**	113.361	73.103	83.064	60.299	36.406	52.437
Experience adjustments on Present value of obligation	**(44.591)**	**7.506**	(33.091)	(12.043)	(0.860)	-	1.249	-
Experience adjustments on Plan assets	**(9.218)**	**32.413**	(6.500)	59.034	(10.550)	12.287	(7.492)	(36.842)

	2010		2009		2008	2007
	Pension	**Death Benefit**	**Gratuity**	**Pension**	Death Benefit	Death Benefit	Death Benefit
Others (Non Funded)							
Present value of obligation	**24.212**	**16.673**	0.500	27.375	14.811	3.854	3.525
Present value of plan assets	**-**	**-**	-	-	-	-	-
Amount recognised in Balance sheet – Liability	**24.212**	**16.673**	0.500	27.375	14.811	3.854	3.535
Experience adjustments on Present value of obligation	-	-	-	-	-	-	-
Experience adjustments on Plan assets	-	-	-	-	-	-	-

Notes :

1. The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
2. As per the best estimate of the management, contribution of Rs 130 Million is expected to be paid to the plans during the year ending March 31, 2011.

11. Borrowing Costs

Rs. Million

	2010	2009
Interest included in the Closing Stock of Malt and Grape Spirit under maturation	**209.944**	82.643

12. Foreign Currency Transactions

a) As on March 31, 2010, the Company has the following derivative instruments outstanding :
Interest and currency swap arrangement (USD-INR) amounting to USD 35 Million (2009 : USD 35 Million), which has been since fully settled.

b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under :
Loans and Advances to Subsidiaries USD 794.290 Million, GBP 59.450 Million, Euro 27.750 Million (2009:USD 76.086 Million, GBP 55.200 Million, Euro 24.750 Million).

13. Segment Reporting

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

14. Related Party Disclosures

a) Names of related parties and description of relationship
Enterprise where there is control

i) Subsidiary Companies:

1) United Spirits Nepal Private Limited (USNPL), 2) Asian Opportunities & Investment Limited (AOIL), 3) Bouvet -Ladubay S.A.S (BL)^, 4) Chapin Landais S.A.S (CL)^, 5) Palmer Investment Group Limited(PIG), 6) Montrose International SA (MI)^, 7) JIHL Nominees Limited (JIHL), 8) RG Shaw & Company Limited (RGSC), 9) Shaw Darby & Company Limited (SDC), 10) Shaw Scott & Company Ltd (SSC, 11) Thames Rice Milling Company Limited (TRMCL), 12) Shaw Wallace Overseas Limited (SWOL)^, 13) McDowell (Scotland) Limited (MSL), 14) USL Holdings Limited (USLHL), 15) Royal Challengers Sports Private Limited (RCSPL), 16) Spring Valley Investment Holdings Inc (SVIHI)^, 17) USL Holdings (UK) Limited^, 18) United Spirits (UK) Limited^, 19) United Spirits (Great Britain) Limited^, 20) Shaw Wallace Breweries Limited (SWBL), 21) Ramanretti Investment & Trading Limited (RITL)^, 22) Daffodils Fragrance and Flavours Private Limited (DFFPL), 23) Four Seasons Wines Limited (FSWL), 24)Herbertsons Limited (HL), 25) United Vintners Limited (UVL), 26) United Alcobev Limited (UAL) , 27) McDowell Beverages Limited (MBL), 28) McDowell & Company Limited, 29) Jasmine Flavours and Fragrances Limited, 30) Liquidity Inc, 31) Whyte and Mackay Group Limited^, 32) Whyte and Mackay Holdings Ltd^, 33) Whyte and Mackay Limited (W&M), 34) Whyte and Mackay Warehousing Limited^, 35) Bruce & Company (Leith) Limited^, 36) Charles Mackinlay & Company Limited^, 37) Dalmore Distillers Limited^, 38) Dalmore Whyte & Mackay Limited^, 39) Edinburgh Scotch Whisky Company Limited^, 40) Ewen & Company Limited^, 41) Fettercairn Distillery Limited^, 42) Findlater Scotch Whisky Limited^, 43) Glayva Liqueur Limited^, 44) Glentalla Limited^, 45) GPS Realisations Limited^, 46) Grey Rogers & Company Limited^, 47) Hay & MacLeod Limited^, 48) Invergordon Distillers (Holdings) Limited^, 49) Invergordon Distillers Group Limited^, 50) Invergordon Distillers Limited^, 51) Invergordon Gin Limited^, 52) Isle of Jura Distillery Company Limited^, 53) Jarvis Halliday & Company Limited^, 54) John E McPherson & Sons Limited^, 55) Kensington Distillers Limited^, 56) Kyndal Spirits Limited^, 57) Leith Distillers Limited^, 58) Loch Glass Distilling Company Limited^, 59) Longman Distillers Limited^, 60) Lycidas (437) Limited^, 61) Pentland Bonding Company Limited^, 62) Ronald Morrison & Company Limited^, 63) St The Sheep Dip Whisky Company Limited^, 64) Vincent Street (437) Limited^, 65) Tamnavulin-Glenlivet Distillery Company Limited^, 66) TDL Realisations Limited^, 67) W & S Strong Limited^, 68) Watson & Middleton Limited^, 69) Wauchope Moodie & Company Limited^, 70) Whyte & Mackay Distillers Limited^, 71) William Muir Limited^, 72) WMB Realisations Limited^, 73) Whyte and Mackay Property Limited^, 74) Whyte and Mackay de Venezuela CA^, 75) KI Trustees Limited^, 76) USL Shanghai Trading Company Limited 77) Tern Distillery Private Limited(Tern)*

ii) USL Benefit Trust

* Became a subsidiary during the year

^ No transactions during the year.

Associates :

Wine Soc. of India Private Limited^

^ No transactions during the year.

Key Management personnel :

Mr.V.K.Rekhi, Managing Director

Employees' Benefit Plans where there is significant influence:

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

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b) Summary of the transactions with related parties:

Rs. Million

Sl. No.	Nature of transactions **	2010 Entities where there is control	2010 Associates	2010 Key Management personnel	2010 Employees' Benefit Plans where there is significant influence	2010 Total	2009 Entities where there is control	2009 Associates	2009 Key Management personnel	2009 Employees' Benefit Plans where there is significant influence	2009 Total
a)	Purchase of goods										
	- W&M	1,035.783	-	-	-	**1,035.783**	1,321.002	-	-	-	1,321.002
	- Tern	218.978	-	-	-	**218.978**	-	-	-	-	-
	- Others	69.588	-	-	-	**69.588**	9.724	-	-	-	9.724
b)	Sale of goods										
	- USNPL	108.518	-	-	-	**108.518**	87.395	-	-	-	87.395
	- Utkal	-	-	-	-	**-**	-	0.981	-	-	0.981
	- Others	2.297	-	-	-	**2.297**	7.671	-	-	-	7.671
c)	Income from sale by Tie-up Units										
	- Utkal	-	-	-	-	**-**	-	30.858	-	-	30.858
	Income from Brand Franchise										
	- USNPL	50.547	-	-	-	**50.547**	23.360	-	-	-	23.360
d)	Other Income										
	- USNPL	57.135	-	-	-	**57.135**	40.206	-	-	-	40.206
e)	Advertisement & Sales Promotion										
	- RCSPL	107.567	-	-	-	**107.567**	107.507	-	-	-	107.507
f)	Rent										
	- W & M	254.389	-	-	-	**254.389**	104.805	-	-	-	104.805
g)	Royalty and Brand Fee										
	- W & M	12.646	-	-	-	**12.646**	-	-	-	-	-
h)	Interest Expense										
	- SWBL	224.838	-	-	-	**224.838**	182.413	-	-	-	182.413
i)	Rental Deposit	-	-	3.454	-	**3.454**	-	-	3.140	-	3.140
j)	Interest as Sole Beneficiary in USL Benefit Trust	1,196.969	-	-	-	**1,196.969**	9,409.542	-	-	-	9,409.542
k)	Finance (including loans and equity contributions in cash or in kind)						-				
	- USLHL	32,106.437	-	-	-	**32,106.437**	1,244.520	-	-	-	1,244.520
	- RCSPL	955.134	-	-	-	**955.134**	806.749	-	-	-	806.749
	- AOIL	(173.727)	-	-	-	**(173.727)**	449.508	-	-	-	449.508
	- FSWL	78.542	-	-	-	**78.542**	261.744	-	-	-	261.744
	- SWBL	(215.440)	-	-	-	**(215.440)**	(1,652.733)	-	-	-	(1,652.733)
	- Utkal	-	-	-	-	**-**	-	(126.478)	-	-	(126.478)
	- Others	(701.853)	-	-	-	**(701.853)**	148.574	-	-	-	148.574

UNITED SPIRITS GROUP

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

Sl. No.	Nature of transactions **	Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Total	Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Total
l)	Guarantees and Collaterals given										
	- USLHL	-	-	-	-	**-**	31,397.558	-	-	-	31,397.558
m)	Managing Directors' Remuneration	-	-	46.536	-	**46.536**	-	-	42.362	-	42.362
n)	Rent	-	-	3.375	-	**3.375**	-	-	3.069	-	3.069
0)	Contribution to Gratuity Fund										
	- McD OGF	-	-	-	136.284	**136.284**	-	-	-	43.692	43.692
	- McD SGF	-	-	-	(34.679)	**(34.679)**	-	-	-	33.493	33.493
	- SWCGF	-	-	-	-	**-**	-	-	-	0.654	0.654
p)	Contribution to Provident Fund										
	- McD PF	-	-	-	67.025	**67.025**	-	-	-	55.068	55.068
	- SWC PF	-	-	-	0.368	**0.368**	-	-	-	-	-
q)	Dividend Paid										
	- USL Benefit Trust	6.918	-	-	-	**6.918**	3.229	-	-	-	3.229
	- SSC	1.355	-	-	-	**1.355**	-	-	-	-	-
	- SDC	1.325	-	-	-	**1.325**	-	-	-	-	-
	- JIHL	1.097	-	-	-	**1.097**	-	-	-	-	-
	- TRMCL	1.054	-	-	-	**1.054**	-	-	-	-	-
	- RGSC	5.015	-	-	-	**5.015**	-	-	-	-	-
r)	Amount due from										
	- USLHL	39,557.598	-	-	-	**39,557.598**	7,451.161	-	-	-	7,451.161
	- AOIL	1,501.271	-	-	-	**1,501.271**	1,674.998	-	-	-	1,674.998
	- RCSPL	1,876.369	-	-	-	**1,876.369**	910.174	-	-	-	910.174
	- FSWL	534.173	-	-	-	**534.173**	498.627	-	-	-	498.627
	- Others	1,012.580	-	-	-	**1,012.580**	641.161	-	-	-	641.161
s)	Amount due to										
	- W&M	30.915	-	-	-	**30.915**	309.838	-	-	-	309.838
t)	Loan from SWBL	2,970.842	-	-	-	**2,970.842**	2,755.493	-	-	-	2,755.493
u)	Interest accrued and dues										
	- SWBL	431.298	-	-	-	**431.298**	247.789	-	-	-	247.789

*** Excludes Reimbursement of Expenses and Cost sharing arrangements.*

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

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

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

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

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

Rs. Million

Particulars	2010		2009	
	Present Value of payments	**Minimum lease payments**	Present Value of payments	Minimum lease payments
Later than one year and not later than five years	**8.411**	**9.146**	15.618	17.137
Later than five years	**-**	**-**	-	-
	8.411	**9.146**	15.618	17.137
Not later than one year	**8.264**	**9.669**	11.106	12.930
	16.675	**18.815**	26.724	30.067
Less: Finance Charges		**2.140**		3.343
Present value of net minimum lease payments		**16.675**		26.724

16. Earnings Per Share:

	2010	2009
Nominal Value of equity shares (Rs)	**10**	10
a) Net Profit after tax (Rs. Million)	**3,760.215**	2,966.624
b) Basic number of Equity Shares of Rs.10 each outstanding during the year**	**125,594,329**	107,912,377
c) Weighted Average number of Equity Shares of Rs.10 each outstanding during the year**	**115,663,370**	107,912,377
d) Basic Earnings Per Share (Rs.) (a /c)	**32.51**	27.49

** Including Equity Shares to be issued referred to in Note 2(A).

17. Taxes on Income:

a) Current Taxation

Rs. Million

Provision for current taxation includes:

	2010	2009
i) Income Tax	**1,512.200**	1,747.925
ii) Wealth Tax	**12.800**	13.000
	1,525.000	1,760.925

b) Deferred Taxation

The net Deferred Tax (Asset) / Liability as on March 31, 2010 has been arrived at as follows:

Rs. Million

Particulars	Deferred Tax (Assets) / Liabilities as on 1.4.2009	Current Year charge / (credit)	**Deferred Tax (Assets) / Liabilities as on 31.03.2010**
Difference between book and tax depreciation	306.257	27.483	**333.740**
Provision for Doubtful Debts	(203.310)	(80.140)	**(283.450)**
Employee Benefits	(118.320)	(32.104)	**(150.424)**
Others	(201.030)	236.290	**35.260**
	(216.403)	151.529	**(64.874)**

18. Remuneration paid/payable to Managing Director

	2010	2009
Salary and Allowances	**19.736**	18.062
Incentives paid	**18.555**	17.085
Contribution to Provident and other Funds *	**4.517**	3.940
Value of Perquisites	**3.728**	3.275
	46.536	42.362

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

19. Directors' Commission

		2010	2009
Computation of Net Profits under Section 198 of the Companies Act, 1956			
Net Profit before Taxation		**5,436.744**	4,591.604
Add:	Depreciation as per Books	**386.302**	361.565
	Remuneration to Managing Director	**46.536**	42.362
	Directors' Fees	**1.490**	1.180
	Directors' Commission	**51.178**	48.727
	Book deficit/(surplus) on fixed assets sold, written-off, etc (net) as per books	**(5.142)**	(45.105)
	Provision for Doubtful Debts	**255.170**	210.345
	Diminution in value of Investments	**26.635**	0.030
		6,198.913	5,210.708
Less:	Depreciation under Section 350 of the Companies Act, 1956	**386.302**	361.565
	Profit on Sale of Investments	**-**	3.355
	The surplus being excess of net sale proceeds over carrying value of interest in USL Benefit Trust	**699.953**	-
	Deficit/(Surplus) on disposal of fixed assets under Section 349 of the Companies Act, 1956	**(5.142)**	(26.891)
Net profit		**5,117.800**	4,872.679
Commission 1% thereof		**51.178**	48.727

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

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

a. Particulars of Capacity and Production:

Description	Unit	2010 Licensed Capacity	2010 Installed Capacity	2010 Actual Production (Note iv)	2009 Licensed Capacity	2009 Installed Capacity	2009 Actual Production
Beverage Alcohol [Note (i)]	Ltrs	**169,660,000**	**134,172,000**	**252,065,462**	162,460,000	126,972,000	186,609,997

Notes:

i. Includes alcohol produced and bottled out of purchased rectified spirit. This activity is not considered as manufacture under the Industries (Development and Regulation) Act, 1951.

ii. The Company's applications for the Carry On Business licenses for certain Units are still pending with the authority.

iii. The Licensed and Installed Capacity has been certified by the Company's management and relied upon by the Auditors, this being a technical matter.

iv. Includes production at manufacturing facilities taken on lease.

b. Particulars of opening stock of Finished Goods:

Rs. Million

Description	Unit	2010 Quantity	2010 Value	2009 Quantity	2009 Value
Beverage Alcohol	Cases	**1,530,313**	**2,052.475**	1,342,421	1,526.985
			2,052.475		1,526.985

c. Particulars of stock of finished goods of the Transferor Companies as on April 1, 2008 acquired on amalgamation:

Description	Unit	Quantity	Value	Quantity	Value
Beverage Alcohol	Cases	**-**	**-**	66,899	56.647
			-		56.647

d. Particulars of closing stock of Finished Goods:

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

e. Particulars of Turnover:

Description	Unit	Quantity	Value	Quantity	Value
Beverage Alcohol	Cases	**61,053,386**	**87,790.708**	52,932,510	71,130.831
			87,790.708		71,130.831

f. Particulars of purchase of traded goods:

Description	Unit	Quantity	Value	Quantity	Value
Beverage Alcohol	Cases	**6,011,337**	**6,493.067**	3,914,188	5,186.702
			6,493.067		5,186.702

UB GROUP UNITED SPIRITS

21. Particulars of Raw Materials Consumed:

Rs Million

Description	Unit	2010 Quantity	2010 Value	2009 Quantity	2009 Value
Spirits	Litres	**199,403,997**	**9,314.845**	175,537,178	7,841.101
Malt	Kg.	**17,530,507**	**427.643**	15,426,159	415.177
Molasses	Kg.	**112,754,902**	**741.478**	123,317,858	605.718
Others			**1,774.793**		1,345.962
			12,258.759		10,207.958
Whereof:		**%**	**Value**	%	Value
Imported		**14**	**1,742.464**	18	1,888.249
Indigenous		**86**	**10,516.295**	82	8,319.709
		100	**12,258.759**	100	10,207.958

22. Consumption of Packing Material, Stores and Spares:
(including stores consumed in Repairs and Maintenance expenses)

	2010 %	2010 Value	2009 %	2009 Value
Imported	**2**	**223.899**	1	124.304
Indigenous	**98**	**10,007.157**	99	9,410.332
	100	**10,231.056**	100	9,534.636

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

Rs Million

	2010	2009
Raw Materials and Packing Materials	**2,083.146**	1,470.157
Components and Spare Parts	**3.416**	2.691
Plant and Machinery	**191.992**	25.131
	2,278.554	1,497.979

24. Earnings in Foreign Currency:

Interest on Fixed Deposits (net)	**-**	1.936
Dividend income from subsidiary	**57.135**	40.206
	57.135	42.142

25. Expenditure in Foreign Currency:

Interest	**115.718**	115.803
Rent	**186.754**	104.805
Others (Royalty, Travelling, Subscription, Professional fees, Foreign Travel Expenses, Advertisement, Bank Charges, Finance Charges, etc.)	**629.657**	225.427
	932.129	446.035

UB GROUP UNITED SPIRITS

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

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

27. Auditors' Remuneration (Refer Notes below)

		Rs Million
	2010	2009
Statutory Audit	**10.000**	10.000
Other Services (Note b)	**6.982**	6.950
Out-of-pocket Expenses	**0.820**	0.407
	17.802	17.357

Notes:

a) Included under Legal and Professional Charges in Schedule 15.
b) Including relating to earlier year Rs. Nil (2009: Rs.1.000 Million)
c) Excludes Rs.18.735 Million being charges for professional services in connection with issue of shares to QIBs which has been debited to Share Premium.

28.

(a) Repairs to Plant and Machinery include:

Wages	**6.905**	7.588
Stores Consumed	**39.569**	7.840
	46.474	15.428

(b) Repairs to Building include:

Wages	**1.426**	1.708
Stores consumed	**2.752**	1.168
	4.178	2.876

29. Research and Development expenses comprise the following:

Salaries and Wages	**20.007**	15.959
Contribution to Provident Fund and other Funds	**1.743**	1.674
Staff Welfare Expenses	**1.548**	0.972
Rent	**4.017**	3.861
Miscellaneous Expenses	**7.990**	7.567
	35.305	30.033

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J. MAJUMDAR
Partner
Membership Number: F 51912

New Delhi
August 18, 2010

VIJAY MALLYA
Chairman

M.R. DORAISWAMY IYENGAR
Director

V.S. VENKATARAMAN
Company Secretary

New Delhi
August 18, 2010

V.K. REKHI
Managing Director

P.A. MURALI
Chief Financial Officer

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956 as at March 31, 2010

Sl. No	Name of the subsidiary	a) No of shares held at the end of thefinancial year of the subsidiary		b) Extent of holding		Net aggregate Profit/loss of the subsidiary so far as it concerns the members of the company			
				%	%	a) Not dealt with in the accounts of the company		b) Dealt with in the accounts of the company	
						(i)	(ii)	(i)	(ii)
		United Spirits Ltd	Other subsidiary companies	United Spirits Ltd	Other subsidiary companies	for the subsidiary's financial year ended 31.03.2010	for the previous financial years of the subsidiary since it became a subsidiary	for the subsidary's financial year ended 31.03.2010	for the previous financial years of the subsidiary since it became a subsidiary
									(Rs. Million)
	1	2	3	4	5	6	7	8	9
1	Asian Opportunities & Investments Ltd	4,998,706 Shares	-	100%	-	(97.136)	(208.669)	-	-
2	United Spirits Nepal P. Ltd. (formerly known as McDowell Nepal Ltd.)	67,716 Shares	-	82.46%	-	55.958	106.525	-	-
3	Ramanretti Investments & Trading Ltd	-	50,000 Shares	-	100%	(0.066)	(0.275)	-	-
4	Shaw Wallace Breweries Ltd	78,512,509 Shares	-	-	100%	170.010	1,913.317	-	-
5	Palmer Investment Group Ltd	15,000,000 Shares	-	100%	-	2.688	(0.890)	-	-
6	RG Shaw & Company Ltd	-	7,690,180 Shares	-	100%	3.447	40.412	-	-
7	Shaw Scott & Company Ltd	-	105,609 Shares	-	100%	0.766	10.760	-	-
8	Shaw Darby & Company Ltd	-	130,845 Shares	-	100%	0.944	9.420	-	-
9	Thames Rice Milling Company Ltd	-	90,160 Shares	-	100%	0.746	7.198	-	-
10	Shaw Wallace Overseas Ltd	-	357,745 Shares	-	100%	0.468	0.864	-	-
11	JIHL Nominees Ltd	-	10 Shares	-	100%	0.675	8.036	-	-
12	Montrose International S.A	-	500 Shares	-	100%	2.649	30.478	-	-
13	Bouvet Ladubay S.A.S.	-	540,000 Shares	-	100%	45.609	124.372	-	-
14	Chapin Landais S.A.S.	-	5,000 Shares	-	100%	0.886	0.451	-	-
15	McDowell & Co. (ScotLand) Ltd	-	1,575,000 Shares	-	100%	(7.888)	(58.659)	-	-
16	Spring Valley Investments Holdings Inc	-	50,000 Shares	-	100%	0.200	(0.338)	-	-
17	United Spirits (Great Britain) Ltd	-	100 Shares	-	100%	(686.833)	(2,328.351)	-	-
18	USL Holdings Ltd	500,000 Shares	-	100%	-	457.537	467.945	-	-
19	USL Holdings (UK) Ltd	-	100,000 Shares	-	100%	(4,572.093)	(8,224.084)	-	-
20	United Spirits (UK) Ltd	-	100 Shares	-	100%	(0.213)	(0.483)	-	-
21	Daffodils Flavours & Fragrances Pvt Ltd	10,000 Shares	-	100%	-	0.036	(1.168)	-	-

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956 as at March 31, 2010 (Contd.)

Sl. No	Name of the subsidiary	a) No of shares held at the end of thefinancial year of the subsidiary		b) Extent of holding		Net aggregate Profit/loss of the subsidiary so far as it concerns the members of the company			
				%	%	a) Not dealt with in the accounts of the company		b) Dealt with in the accounts of the company	
						(i)	(ii)	(i)	(ii)
		United Spirits Ltd	Other subsidiary companies	United Spirits Ltd	Other subsidiary companies	for the subsidiary's financial year ended 31.03.2010	for the previous financial years of the subsidiary since it became a subsidiary	for the subsidary's financial year ended 31.03.2010	for the previous financial years of the subsidiary since it became a subsidiary
									(Rs. Million)
	1	2	3	4	5	6	7	8	9
22	Four Seasons Wines Ltd	12,433,799 Shares	-	51%	-	(69.073)	(125.395)	-	-
23	Herbertsons Ltd	60,000 Shares	-	100%	-	(0.136)	(0.065)	-	-
24	McDowell Beverages Ltd	50,000 Shares	-	100%	-	(0.750)	(0.103)	-	-
25	United Alcobev Ltd	50,000 Shares	-	100%	-	(0.065)	(0.110)	-	-
26	United Vintners Ltd	50,000 Shares	-	100%	-	(5.575)	(24.822)	-	-
27	McDowell and Company Ltd	50,000 Shares	-	100%	-	(0.118)	(0.205)	-	-
28	Royal Challengers Sports Pvt. Ltd	10,000 Shares	-	100%	-	(53.208)	(63.761)	-	-
29	Jasmine Flavours and Fragrances P Ltd	10,000 Shares	-	100%	-	(0.140)	(0.127)	-	-
30	Whyte and Mackay Group Limited	-	4,600,349,728 Shares	-	100%	1,184.939	2,399.424	-	-
31	Liquidity Inc.,	4,000,000 Shares	-	-	51%	(55.535)	(101.631)	-	-
32	United Spirits (Shanghai) Trading Company Limited	500,000 Shares	-	100%	-	(5.363)	(26.41)	-	-
33	Tern Distilleries Private Limited	4,000,000 Shares	-	100%	-	(1.743)	-	-	-

Statement Pursuant to Section 212(1)(f) of the Companies Act, 1956 as at March 31, 2010

Material changes that have occurred between the close of subsidiary's financial year and March 31, 2010

Sl. No.	Name of the subsidiary	Subsidiary's Financial year ended on	Company's Interest in the Subsidiary	Subsidiary's Fixed Assets	Subsidiary's Investments	Moneys lent by the Subsidiary	Moneys borrowed by the subsidiary for the purposes other than that of meeting current liabilities
							(Rs. Million)
1.	United Spirits Nepal P. Ltd. (formerly known as McDowell Nepal Ltd.)	15.07.2009	82.46%	1.854	-	-	-

VIJAY MALLYA
Chairman

V.K.REKHI
Managing Director

M.R.DORAISWAMY IYENGAR
Director

New Delhi
August 18, 2010

P.A.MURALI
Chief Financial Officer

V. S. VENKATARAMAN
Company Secretary

Details of Subsidiary Companies

(Amount in Millions)

	Name of the Subsidiary	R.G. Shaw & Company Limited		Palmer Investment Group Limited		Montrose International S.A.		Shaw Scott & Company Limited		Shaw Darby & Company Limited		Thames Rice Milling Company Limited	
		GBP	INR	USD	INR	USD	INR	GBP	INR	GBP	INR	GBP	INR
1.	Capital	0.077	5.231	15.000	673.500	0.500	22.450	0.106	7.210	0.131	8.911	0.090	6.133
2.	Reserves	1.081	73.533	1.270	57.029	0.250	11.225	0.098	6.673	0.070	4.761	0.102	6.964
3.	Total Assets	1.340	91.168	16.270	730.529	0.750	33.675	0.204	13.876	0.020	1.360	0.192	13.097
4.	Total Liabilities	1.340	91.168	16.270	730.529	0.750	33.675	0.204	13.876	0.020	1.360	0.192	13.097
5.	Investments	0.720	49.005	16.234	728.906	-	-	0.098	6.666	0.109	7.414	0.123	8.346
6.	Turnover	-	-	-	-	2.153	102.80	-	-	-	-	-	-
7.	Profit before Taxation	0.056	4.245	0.056	2.688	0.055	2.649	0.012	0.909	0.154	1.176	0.012	0.922
8.	Provision for Taxation	0.010	0.798	-	-	-	-	0.002	0.143	0.003	0.232	0.002	0.176
9.	Profit after Taxation	0.045	3.447	0.056	2.688	0.055	2.649	0.010	0.766	0.012	0.944	0.098	0.746
10.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-

	Name of the Subsidiary	JIHL Nominees Limited		USL Holdings (UK) Limited		Spring Valley Investments Holding Inc.		USL Holdings Limited		United Spirits (Great Britain) Limited		United Spirits (UK) Limited		Ramanreti Investments and Trading Company Private Ltd
		USD	INR	GBP	INR	USD	INR	USD	INR	GBP	INR	GBP	INR	INR
1.	Capital	-	0.001	0.001	0.068	0.050	2.245	0.050	22.450	-	-	-	-	0.500
2.	Reserves	0.193	8.678	(161.990)	(11,018.610)	(0.012)	(0.543)	19.805	889.259	(40.702)	(2,768.094)	(0.009)	(0.598)	(6.720)
3.	Total Assets	0.204	9.163	580.634	39,494.730	151.180	6,787.966	906.670	40,709.336	542.394	36,887.379	393.120	26,740.033	23.430
4.	Total Liabilities	0.204	9.163	580.634	39,494.730	151.180	6,787.966	906.670	40,709.336	542.394	36,887.379	393.120	26,740.033	23.430
5.	Investments	-	-	-	-	0.001	0.088	0.050	2.245	506.794	34,466.300	-	-	16.860
6.	Turnover	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	Profit before Taxation	0.014	0.675	(60.002)	(4,572.093)	0.004	0.200	9.583	457.537	(14.026)	(953.894)	(0.003)	(0.213)	(0.066)
8.	Provision for Taxation	-	-	-	-	-	-	-	-	3.927	267.060	-	-	-
9.	Profit after Taxation	0.014	0.675	(60.002)	(4,572.093)	0.004	0.200	9.583	457.537	(10.099)	(686.833)	(0.003)	(0.213)	(0.066)
10.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-

Details of Subsidiary Companies (Contd.)

(Amount in Millions)

	Name of the Subsidiary	United Spirits Nepal Pvt. Ltd. (Formerly known as McDowell Nepal Ltd)		Asian Opportunities and Investments Limited		Shaw Wallace Overseas Limited		Shaw Wallace Breweries Limited	Four Seasons Wines Limited	United Vintners Limited	United Alcobev Limited	McDowell Beverages Limited	McDowell (Scotland) Limited		Bouvet Ladubay S.A.S	
		NRS	INR	USD	INR	GBP	INR	INR	INR	INR	INR	INR	GBP	INR	EURO	INR
1.	Capital	8.212	5.133	4.999	224.442	0.358	24.351	1,645.850	243.800	0.500	0.500	0.500	1.575	107.132	10.800	653.616
2.	Reserves	79.390	49.619	(5.306)	(238.248)	0.157	10.653	3,525.560	(194.498)	(30.427)	(0.205)	(0.221)	(1.048)	(71.295)	3.075	186.125
3.	Total Assets	171.900	107.438	39.522	1,774.544	0.367	24.961	5,171.400	846.533	31.841	0.549	0.549	10.842	737.475	23.554	1,425.496
4.	Total Liabilities	171.900	107.438	39.522	1,774.544	0.367	24.961	5,171.400	846.533	31.841	0.549	0.549	10.842	737.475	23.554	1,425.496
5.	Investments	-	-	27.189	1,220.786	-	-	58.573	12.564	-	-	-	-	-	0.202	12.196
6.	Turnover	1,063.600	664.744	-	-	-	-	-	127.054	1.687	-	-	-	-	16.412	1,107.788
7.	Profit before Taxation	128.837	80.517	(2.034)	(97.136)	0.009	0.650	257.683	(69.073)	(5.575)	(0.065)	(0.750)	(0.104)	(7.888)	0.995	67.108
8.	Provision for Taxation	39.294	24.559	-	-	0.002	0.182	87.586	-	-	-	-	-	-	0.319	21.499
9.	Profit after Taxation	89.533	55.958	(2.034)	(97.136)	0.006	0.468	170.010	(69.073)	(5.575)	(0.065)	(0.750)	(0.104)	(7.888)	0.676	45.609
10.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Name of the Subsidiary	Chapin Landias S.A.S		Herbert-sons Limited	Daffodils Flavours & Fragrances Private Limited	Liquidity Inc.,		White & Mackay Group Ltd.		White & Mackay Ltd.		Royal Challeng-ers Sports P Ltd	Jasmine Flavours and Fragran-ces P Ltd	United Spirits (Trading) Shanghai Co. P Ltd		McDowell and Company Limited	Tern Distiller-ies
		EURO	INR	INR	INR	USD	INR	GBP	INR	GBP	INR	INR	INR	RMB	INR	INR	INR
1.	Capital	0.100	6.052	0.600	0.100	0.001	0.045	62.315	4,237.976	178.973	12,171.685	0.100	0.100	5.000	33.032	0.500	40.000
2.	Reserves	0.092	5.552	0.202	(1.186)	(5.120)	(229.888)	19.899	1,353.330	129.163	8,784.193	(116.969)	(0.268)	(5.164)	(34.115)	(0.323)	(47.532)
3.	Total Assets	0.192	11.604	0.661	29.478	5.938	266.603	299.349	20,358.294	923.968	62,837.697	5,320.364	27.725	6.980	46.113	0.570	411.190
4.	Total Liabilities	0.192	11.604	0.661	29.478	5.938	266.603	299.349	20,358.294	923.968	62,837.697	5,320.364	27.725	6.980	46.113	0.570	411.190
5.	Investments	-	-	-	-	-	-	0.171	11.608	483.555	32,885.829	-	-	-	-	-	-
6.	Turnover	2.644	178.404	-	-	0.603	28.772	175.172	11,913.152	172.139	11,706.883	913.381	-	1.930	13.512	-	176.395
7.	Profit before Taxation	0.020	1.331	(0.136)	0.167	(1.163)	(55.535)	23.520	1,599.588	36.804	2,502.991	(84.690)	(0.140)	(0.766)	(5.363)	(0.118)	(14.717)
8.	Provision for Taxation	0.007	0.445	-	0.131	-	-	6.097	414.649	14.699	999.680	31.482	-	-	-	-	(12.974)
9.	Profit after Taxation	0.013	0.886	(0.136)	0.036	(1.163)	(55.535)	17.423	1,184.939	22.105	1,503.310	(53.208)	(0.140)	(0.766)	(5.363)	(0.118)	(1.743)
10.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	L01551KA1999PLC024991	State Code	08
Balance Sheet Date	31 03 2010		

II Capital Raised during the period (Rs. Million)

Public issue	NIL	Rights issue	NIL
Bonus Shares	NIL	Private Placement	NIL
Others*	254.310	Naked Warrants / Pref. offer	NIL

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

Total Liabilities	83018.559	Total Assets	83018.559
Sources of funds			
Paid-up Capital	1255.943	Reserves & Surplus	46601.859
Share Capital		Secured Loans	25892.537
Suspense	NIL	Unsecured Loans	9268.220
Application of Funds			
Net Fixed Assets	7462.361	Investments	12539.973
Net Current Assets	62627.710	Misc. Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Asset (Net)	64.874

IV Performance of Company (Rs. Million)

Turnover (Gross Revenue)	49853.018	Total Expenditure	44729.925
(+) Profit / (-) Loss Before Tax	+5436.744	(+) Profit / (-) Loss After Tax (incl. Deferred Tax)	+3760.215
Earning (Basic) per share in Rs.	32.51		
Earnings (Diluted) per Share in Rs.	32.51	Dividend rate %	25

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

Item Code No. (ITC Code)	22083000
Product Description	WHISKY
Item Code No. (ITC Code)	22082001
Product Description	BRANDY
Item Code No. (ITC Code)	22084001
Product description	RUM

* 7,749,121 shares @ Rs.10 issued to shareholders of erstwhile SWCL since merged with the company and 17,681,952 shares @ Rs. 10 alloted to QIBs through a QIP.

VIJAY MALLYA
Chairman

V.K. REKHI
Managing Director

M.R. DORAISWAMY IYENGAR
Director

New Delhi
August 18, 2010

P.A. MURALI
Chief Financial Officer

V.S. VENKATARAMAN
Company Secretary

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

1. We have audited the attached consolidated Balance Sheet of **United Spirits Limited** (the "Company") and its subsidiaries and associate company; hereinafter referred to as the "Group" (refer Note 2 on Schedule 18 to the attached consolidated financial statements) as at March 31, 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We did not audit the financial statements of (i) 77 subsidiaries included in the consolidated financial statements, which constitute total assets of Rs.19,261.048 Million and net assets of Rs.12,859.471 Million as at March 31, 2010, total revenue of Rs.14,618.775 Million, net loss of Rs.3,983.447 Million and net cash inflows amounting to Rs.1,580.242 Million for the year then ended; and (ii) one associate company which constitute net loss of Rs.3.843 Million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4 We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements notified under sub-section 3C of Section 211of the Companies Act, 1956.

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

   a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;

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

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J.Majumdar
Partner
Membership Number: F51912

New Delhi
August 18, 2010

Consolidated Financial Statement
Balance Sheet as at March 31, 2010

Rs. Million

	Schedule	2010	2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**1,206.691**	1,001.633
Share Capital Suspense	1A	**-**	28.239
Reserves and Surplus	2	**36,528.662**	22,826.141
Minority Interest		**84.675**	62.854
Loan Funds			
Secured Loans	3	**48,700.113**	69,926.045
Unsecured Loans	4	**6,362.116**	3,678.829
Term Liability towards Franchisee rights [Schedule 19 Note 4]		**3,443.896**	4,431.413
		96,326.153	101,955.154
APPLICATION OF FUNDS			
a) Fixed Assets	5		
Gross Block		**23,744.602**	22,919.456
Less: Depreciation		**6,493.258**	6,649.966
Net Block		**17,251.344**	16,269.490
Capital Work in Progress		**942.714**	288.382
		18,194.058	16,557.872
b) Goodwill on Consolidation		**42,443.639**	44,738.318
Investments	6	**1,265.359**	9,501.457
Deferred Tax Asset (Net) [Schedule 19 Note 15(b)]		**714.503**	917.977
Foreign Currency Monetory Item Translation Difference		**1,412.917**	5,597.523
Current Assets, Loans and Advances			
Inventories	7	**17,462.479**	17,458.044
Sundry Debtors	8	**13,401.218**	8,879.604
Cash and Bank Balances	9	**7,686.307**	4,490.023
Other Current Assets	10	**3,219.160**	2,145.024
Loans and Advances	11	**7,810.168**	7,399.294
		49,579.332	40,371.989
Less: Current Liabilities and Provisions	12		
Liabilities		**14,912.496**	13,878.812
Provisions		**2,819.282**	2,584.477
		17,731.778	16,463.289
Net Current Assets		**31,847.554**	23,908.700
Miscellaneous Expenditure (to the extent not written off)	13	**448.123**	733.307
		96,326.153	101,955.154
Statement on Significant Accounting Policies	18		
Notes on Accounts	19		

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

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J. MAJUMDAR
Partner
Membership Number: F 51912

New Delhi
August 18, 2010

VIJAY MALLYA
Chairman

M.R.DORAISWAMY IYENGAR
Director

V.S.VENKATARAMAN
Company Secretary

New Delhi
August 18, 2010

V.K.REKHI
Managing Director

P.A.MURALI
Chief Financial Officer

Consolidated Financial Statement
Profit and Loss Account for the year ended March 31, 2010

Rs. Million

	Schedule	2010	2009
INCOME			
Sales (Gross)		**105,189.937**	88,991.063
Less: Excise Duty		**46,659.524**	38,449.701
		58,530.413	50,541.362
Income arising from Sale by Manufacturers under 'Tie-up' agreements (Tie-up units)		**3,460.158**	2,286.740
Income from Brand Franchise		**719.120**	1,417.905
Income from IPL Franchise		**913.381**	434.608
Other Income	14	**848.721**	1,038.408
		64,471.793	55,719.023
EXPENDITURE			
Materials	15	**31,778.412**	26,909.455
Manufacturing and Other Expenses	16	**21,529.361**	20,067.629
Interest and Finance charges	17	**6,068.886**	7,175.643
Exchange Loss (Net)		**3,145.303**	3,809.315
		62,521.962	57,962.042
Profit/(Loss) before Exceptional and Other Non-Recurring items, Depreciation and Taxation		**1,949.831**	(2,243.019)
Depreciation		**950.207**	925.839
Profit/(Loss) before Exceptional and Other Non-Recurring Items and Taxation		**999.624**	(3,168.858)
Exceptional and Other Non-Recurring Items (Net) - [Schedule 19 Note 2B]		**699.953**	-
Profit/(Loss) before Taxation and before share in Profit/(Losses) of Associates			
Provision for Taxation:		**1,699.577**	(3,168.858)
Current Tax		**1,781.494**	1,815.351
Deferred Tax Credit/(Charge)		**150.018**	(949.703)
Fringe Benefit Tax		**-**	50.063
Profit/ (Loss) after Taxation and before share in Profits/(Losses) of Associates		**(231.935)**	(4,084.569)
Share in Profits/ (Losses) of Associates (Net)		**(3.843)**	(1.308)
Profit/ (Loss) before Minority Interest		**(235.778)**	(4,085.877)
Minority Interest in (Profit)/Loss		**(8.703)**	(1.741)
Net Profit/ (Loss) for the year		**(227.075)**	(4,084.136)
Profit brought forward from previous year		**3,188.739**	8,036.929
Profit transferred on Amalgamation		**-**	(162.543)
		2,961.664	3,790.250
Appropriations:			
Proposed Dividend - Equity Shares			
Interim		**8.997**	8.552
Final		**304.826**	206.280
Corporate Tax on Proposed Dividend		**52.149**	36.679
Transfer to General Reserve		**533.825**	350.000
Profit carried to Balance Sheet		**2,061.867**	3,188.739
Basic/ Diluted Earnings Per Share (Rs.) (Face Value of Rs. 10 each)		**(2.05)**	(39.66)
Statement on Significant Accounting Policies	18		
Notes on Accounts	19		

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

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J. MAJUMDAR
Partner
Membership Number: F 51912

New Delhi
August 18, 2010

VIJAY MALLYA
Chairman

M.R.DORAISWAMY IYENGAR
Director

V.S.VENKATARAMAN
Company Secretary

New Delhi
August 18, 2010

V.K.REKHI
Managing Director

P.A.MURALI
Chief Financial Officer

UB GROUP UNITED SPIRITS

Consolidated Financial Statement
Cash Flow Statement for the Year Ended March 31, 2010

Rs. Million

		2010		2009
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit/(loss) before prior period Exceptional and Other Non-recurring items and Taxation		**999.624**		(3,168.858)
Adjustments for :				
Depreciation	**950.207**		925.839	
Unrealised Foreign Exchange Loss / (Gain)	**5,742.568**		3,173.927	
Bad Debts/ Advances written off	**49.747**		19.289	
Loss/(Gain) on Fixed Assets Sold/ Written Off (Net)	**(24.754)**		(142.002)	
Loss/(Gain) on Sale of Investments (Net)	**-**		(24.500)	
Liabilities no longer required written back	**(163.662)**		(136.619)	
Provision for Doubtful Debts/ Advances/ Deposits	**230.228**		212.444	
Provision for diminution in value of Investments / (Written back)	**26.634**		0.322	
Provision for Onerous Lease / (Written back)	**230.876**		403.578	
Provision - Others	**30.989**		1,057.645	
Interest and Finance Charges	**6,187.315**		7,377.259	
Income from investments	**(10.824)**		(31.696)	
Interest Income	**(118.429)**	**13,130.895**	(201.616)	12,633.870
Operating profit before working capital changes		**14,130.519**		9,465.012
(Increase)/decrease in Trade and other receivables	**(5,712.730)**		(3,991.660)	
(Increase)/decrease in Inventories	**41.926**		(2,608.017)	
Increase/(decrease) in Trade payables	**1,093.453**	**(4,577.351)**	1,846.147	(4,753.530)
Cash generated from operations		**9,553.168**		4,711.482
Direct taxes paid		**(2,547.614)**		(2,314.180)
Fringe Benefit taxes paid		**(3.953)**		(43.632)
Cash flow before Exceptional and Other Non-Recurring Items		**7,001.601**		2,353.670
Exceptional and Other Non-Recurring items		**8,912.525**		-
Cash generated/(used in) from operations		**15,914.126**		**2,353.670**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	**(2,866.068)**		(951.509)	
Payment towards Franchise rights	**(987.517)**		(501.575)	
Sale of fixed assets	**131.992**		189.223	
Finance Lease Payments	**(10.049)**		(17.257)	
Purchase of long term investments	**(2.476)**		(9.683)	
Purchase of current investments	**(0.632)**		(50.000)	
Purchase of Investment in Associate	**(3.843)**		10.700	
Sale of long term investments	**-**		1,068.924	
Sale of current investments	**-**		881.551	
Consideration paid on acquisitions of shares in Subsidiaries *[net of cash and cash equivalent on the acquisition date Rs. 42.169 Million]*	**(97.370)**		-	
Interest received	**105.799**		214.423	
Dividend received	**10.824**		29.993	
Net cash used in investing activities		**(3,719.340)**		864.790

UB GROUP UNITED SPIRITS

Rs. Million

	2010	2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares to QIBs	**16,155.999**	50.000
Expenses incurred on issue of shares to QIBs	**(696.274)**	-
Proceeds/(Repayment) of long term loans		
Proceeds	**14,490.856**	2,170.756
Repayment	**(35,365.248)**	(4,465.117)
Proceeds/(Repayment) of fixed deposits	**1,555.884**	95.169
Proceeds/(Repayment) of short term loans	**1,113.006**	2,814.552
Working Capital Loan / Cash Credit from Banks (net)	**(186.771)**	2,415.467
Interest and Finance charges Paid		
[including on Finance lease Rs 2.444 Million (2009: Rs 2.981 Million)]	**(5,801.333)**	(7,104.189)
Dividends paid	**(227.942)**	(142.913)
Corporate Tax on distributed profit	**(36.679)**	-
Net cash used in financing activities	**(8,998.502)**	(4,166.275)
Net increase in cash and cash equivalents	**3,196.284**	(947.815)
Cash and cash equivalents as at March 31, 2009	**4,490.023**	5,437.838
Cash and cash equivalents as at March 31, 2010	**7,686.307**	4,490.023
	3,196.284	(947.815)

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2010 and the related Profit and Loss Account for the year ended on that date.
2. The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements as notified under Section 211(3C) of the Companies Act, 1956 and reallocation required for this purpose are as made by the Company.
3. Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J. MAJUMDAR
Partner
Membership Number: F 51912

New Delhi
August 18, 2010

VIJAY MALLYA
Chairman

M.R.DORAISWAMY IYENGAR
Director

V.S.VENKATARAMAN
Company Secretary

New Delhi
August 18, 2010

V.K.REKHI
Managing Director

P.A.MURALI
Chief Financial Officer

Rs. Million

	2010	2009
1. SHARE CAPITAL		
Authorised		
245,000,000 (2009: 245,000,000) Equity Shares of Rs.10/- each	**2,450.000**	2,450.000
84,200,000 (2009: 84,200,000) Preference Shares of Rs.10/- each	**842.000**	842.000
	3,292.000	3,292.000
Issued, Subscribed and Paid-up		
125,594,329 (2009: 100,163,256) Equity Shares of Rs.10/- each fully paid up	**1,255.943**	1,001.633
Less: 4,925,231 (2009: Nil) Equity Shares held by Subsidiaries	**49.252**	-
	1,206.691	1,001.633

Notes :

Of the above,

1. 51,719,968 (2009: 51,719,968) Equity Shares were allotted as fully paid up on July 9, 2001 to the shareholders of the erstwhile McDowell & Company Limited, pursuant to the schemes of Amalgamation for consideration other than cash.
2. 34,010,521 (2009: 34,010,521) Equity Shares were allotted as fully paid on November 6, 2006 to Equity Shareholders of erstwhile Herbertsons Limited, Triumph Distillers & Vintners Private Limited, Baramati Grape Industries Limited, United Distillers India Limited, and Shaw Wallace Distilleries Limited pursuant to a Scheme of Amalgamation for consideration other than cash.
3. 8,751,381 (2009: 8,751,381) Equity shares of Rs.10/- each fully paid up represent 17,502,762 (2009: 17,502,762) Global Depository Shares issued by the Company on March 29, 2006.
4. 5,681,326 (2009: 5,681,326) Equity shares of Rs.10/- each fully paid up were allotted consequent to conversion of 100,000, 2% Convertible Bonds in Foreign Currency during 2008.
5. 7,749,121 (2009: NIL) Equity Shares were allotted as fully paid up on July 24, 2009 to the shareholders of the erstwhile Shaw Wallace & Company Limited, pursuant to the schemes of Amalgamation for consideration other than cash [Schedule 19 Note 2A].
6. 17,681,952 (2009: Nil) Equity shares of Rs.10/- each fully paid up were allotted to eligible Qualified Institutional Buyer's through a Qualified Institutions Placement on October 23, 2009 [Schedule 19 Note 3].

1A. SHARE CAPITAL SUSPENSE		
Equity Share Suspense		
Nil (2009: 7,749,121) Equity Shares of Rs.10/- each to be issued as fully paid up to the equity shareholders of Transferor Companies pursuant to the Scheme of Amalgamation for consideration other than cash [Schedule 19 Note 2(A)]	**-**	77.491
Less:Nil (2009: 4,925,231) Equity Shares to be held by Subsidiaries	**-**	49.252
	-	28.239

Rs. Million

		2010		2009
2. RESERVES AND SURPLUS				
Central Subsidy				
As per Last Balance Sheet	**1.500**		1.500	
Add: Arising on acquisition	**6.000**		-	
		7.500		1.500
Capital Redemption Reserve				
As per last Balance Sheet		**578.946**		578.946
Capital Reserve on Consolidation		**76.791**		-
Securities Premium Account				
As per last Balance Sheet	**9,893.918**		9,893.918	
Add: On issue of equity shares allotted to QIB's [Schedule 19 Note 3]	**15,979.180**		-	
	25,873.098		9,893.918	
Less: Expenses incurred on QIP issue	**696.274**		-	
		25,176.823		9,893.918
Employee Housing Fund				
As per last Balance Sheet		**0.625**		0.625
Foreign Currency Translation Reserve		**(719.601)**		350.527
Contingency Reserve				
As per last Balance Sheet		**110.000**		110.000
General Reserve				
As per last Balance Sheet	**8,701.886**		1,346.987	
Add: Additions during the year				
(a) Reserve arising on amalgamation	**-**		7,849.035	
(b) Adjustment on adoption of notification under Companies (Accounting Standards) Rules, 2009 relating to AS11 - "The Effects of Changes in Foreign Exchange Rates"	**-**		99.360	
(c) Transfer from Profit and Loss Account	**533.825**		350.000	
	9,235.711		9,645.382	
Less:				
(a) Expenses relating to Amalgamation	**-**		(146.879)	
(b) Diminution in value of certain fixed assets of the Company	**-**		(80.704)	
(c) Transfer from Foreign Currency Translation Reserve on amalgamation	**-**		(715.913)	
		9,235.711		8,701.886
Surplus in Profit and Loss Account		**2,061.867**		3,188.739
		36,528.662		22,826.141

UB GROUP UNITED SPIRITS

Rs. Million

	2010	2009
3. SECURED LOANS		
Term Loans		
From Banks [Note (i)]	**40,833.858**	61,893.339
[Repayable within one year: Rs.3,465.857 Million (2009: Rs.6,314.639 Million]		
Working Capital Loan / Cash Credit from Banks [Note (ii)]	**7,849.580**	8,005.982
Finance Lease [Note (iii)]	**16.675**	26.724
	48,700.113	69,926.045
Notes:		
(i) Out of the above loans:		
(a) Secured by charge on certain fixed assets of the Company including Land and Building.	**879.222**	1,426.205
(b) Secured by charge on certain fixed assets of the Company including Land and Buildings and also pledge of certain investments held by other companies.	**1,374.977**	2,062.412
(c) Secured by a second charge on certain fixed assets of the Company including Land and Building.	**-**	62.500
(d) Foreign Currency External Commercial Borrowings secured by:		
(i) charge on certain fixed assets of the company including Land and Building, a Trade mark and a fixed deposit with bank	**-**	1,775.550
(ii) charge on specific fixed deposit with bank.	**1,571.500**	**-**
(e) Secured by hypothecation of specific fixed assets acquired under respective agreements	**-**	**0.305**
(f) Secured by hypothecation of maturing stock held in overseas branch and charge on certain fixed assets including Land and Building and pledge of certain investments held by the other companies.	**1,646.300**	-
(g) Secured by a charge on certain fixed assets of the Company including Land and Building, pledge of shares held by the USL Benefit Trust and hypothecation of certain Trademarks of the Company.	**12,844.556**	-
(h) Secured by a charge on fixed and floating securities over the group's assets including a pledge on Group's maturing stock and pledge over the share capital of subsidiary companies in United Kingdom.	**21,888.532**	24,358.044
(i) Secured by hypothecation of certain Trademarks of the Group Pledge of certain shares held by the Group and Trust including charge on Immovable property, Current Assets including Inventories held by the Group.	**-**	31,428.520
(j) Secured by charge on property.	**249.385**	308.200
(k) Secured by fixed assets and inventory.	**380.385**	471.603
(i) Secured by charge on certain fixed assets of the Company including land and building and hypothecation of inventories (except those held outside India), book debts and other current assets.		
(ii) Secured against assets acquired under lease agreements		
4. UNSECURED LOANS		
Fixed Deposits	**2,201.785**	631.505
[Repayable within one year Rs.709.807 Million (2009: Rs. 148.294 Million)]		
Long term loan from a bank	**750.000**	750.000
[Guaranteed by a Director of the Company]		
[Repayable within one year Rs.Nil (2009: Rs. Nil)]		
Short term loan from banks	**3,270.001**	2,150.000
[Repayable within one year Rs.3,270.001 Million (2009: Rs. 2,150.000 Million)]		
From Others	**99.738**	106.732
Interest accrued and due [Schedule 19 Note 9]	**40.592**	40.592
	6,362.116	3,678.829

GROUP UNITED SPIRITS

Consolidated financial Statement
Schedules forming part of Balance Sheet as at March 31, 2010 (Contd.)

5. FIXED ASSETS — Rs. Million

	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	2009	Translation Adjustments	Acquisition/ Amalgamation	Additions	Deletion/ Adjust-ments	**2010**	2009	Translation Adjustments	Acquisition / Amalgamation	For the year	Deletion/ Adjust-ments	**2010**	**2010**	2009
Tangible														
Land (Note 1 below):														
Freehold	2,988.996	(350.460)	5.032	-	-	**2,643.568**	-	-	-	-	-	**-**	**2,643.568**	2,988.996
Leasehold	84.841	100.767	-	-	-	**185.608**	-	-	-	-	-	**-**	**185.608**	84.841
Buildings (Notes 2 and 3 below)	4,432.240	26.781	47.579	470.834	22.709	**4,954.725**	1,043.209	(73.496)	5.356	124.296	6.250	**1,093.115**	**3,861.610**	3,389.031
Plant and Machinery	8,641.824	(437.252)	128.266	1,283.467	438.577	**9,177.728**	4,437.109	(274.780)	21.999	551.634	360.121	**4,375.841**	**4,801.887**	4,204.715
Furniture and Fixtures and									-		-			-
Office Equipments :														
Finance Lease	40.746	6.146	-	7.024	32.518	**21.398**	32.130	1.133	-	8.536	27.525	**14.274**	**7.124**	8.616
Others	1,029.534	(37.355)	0.815	433.544	303.246	**1,123.292**	768.538	(46.806)	0.204	97.725	303.246	**516.415**	**606.877**	260.996
Vehicles :														
Finance Lease	21.230	-	-	-	4.613	**16.617**	5.590	-	-	3.578	-	**9.168**	**7.449**	15.640
Others	197.894	(15.681)	0.843	1.356	19.367	**165.045**	179.566	(15.373)	0.259	10.335	17.339	**157.447**	**7.598**	18.328
Aircraft	180.562	-	-	5.728	-	**186.290**	31.298	-	-	16.737	-	**48.035**	**138.255**	149.264
Intangible														
Trademark, Formulae and License	368.601	(36.918)	-	10.321	4.661	**337.343**	53.866	(6.958)	-	38.707	3.972	**81.643**	**255.700**	314.735
Franchisee Rights	4,932.988	-	-	-	-	**4,932.988**	98.660	-	-	98.660	-	**197.320**	**4,735.668**	4,834.328
	22,919.456	(743.972)	182.535	2,212.274	825.691	**23,744.602**	6,649.966	(416.281)	27.818	950.208	718.453	**6,493.258**	**17,251.344**	16,269.490
2009	16,985.241	(708.269)	809.275	6,132.979	299.770	**22,919.456**	6,357.133	(380.457)	4,111.633	925.839	252.549	**6,649.966**		
Capital Work-in-Progress (including Advances)													**942.714**	288.382
													18,194.058	16,557.872

Notes:

1. The Company is in the process of registering certain freehold and leasehold land in its own name. Deletions/adjustments include Rs. 100.766 Million reclassified from leasehold land to freehold land.
2. Cost of buildings includes the following payments made for the purpose of acquiring the right of occupation of Mumbai Godown space:
   i) 660 equity shares (unquoted) of Rs.100 each fully paid in Shree Madhu Industrial Estate Limited Rs.0.066 Million (2009: Rs.0.066 Million). Application has been made for duplicate share certificates and the same is in the process.
   ii) 199, 6 % Debentures (unquoted) of Rs.1,000 each fully paid in Shree Madhu Industrial Estate Limited Rs. 0.199 Million (2009: Rs.0.199 Million). Application has been made for duplicate debentures certificates and the same is in the process.
   iii) Deposit with Shree Madhu Industrial Estate Limited Rs. 0.132 Million (2009: Rs. 0.132 Million).
3. Include value of fully paid shares Rs. 0.006 Million (2009: Rs 0.006 Million) held in Co-operative Housing Societies.

UNITED SPIRITS GROUP

Rs. Million

		2010		2009
6. INVESTMENTS				
CURRENT				
Unquoted Investments				
Units (Fully Paid)				
Mutual funds Investments		**22.198**		21.386
Total Current Investments		**22.198**		21.386
LONG TERM				
Quoted Investments				
A. Trade				
Fully Paid Equity Shares		**0.532**		0.532
B. Non-Trade				
Fully Paid Equity Shares		**4.147**		4.147
		4.679		4.679
Units (Fully Paid) (Note 1)		**4.066**		3.839
Total Quoted Investments (A+B)		**8.745**		8.518
Unquoted Investments				
C. Trade				
Fully paid Equity Shares		**13.584**		10.828
Associates**	**12.567**		8.721	
Add: Accumulated Profits/ (Losses) of Associates (net of dividend received)	**(12.567)**		(8.721)	
		-		-
*** Including Goodwill on acquisition of Associates Rs.7.361 Million (2009: Rs. 3.518 Million)*				
		13.584		10.828
D. Non-Trade				
In Government Securities		**0.200**		0.200
In Fully Paid Debentures		**0.048**		0.048
Fully Paid Equity Shares		**9.988**		10.675
		10.236		10.923
E. Others (Note 2)		**1,238.109**		9,450.681
Total Unquoted Investments (C+D+E)		**1,261.929**		9,472.432
Total Long Term Investments (A+B+C+D+E)		**1,270.674**		9,480.950
Total Current and Long Term Investments		**1,292.872**		9,502.336
Less: Provision for diminution in the value of Investments		**27.513**		0.879
Total		**1,265.359**		9,501.457
Aggregate Value of Quoted Investments				
- Book Value		**8.745**		8.518
- Market Value		**94.141**		68.748
Aggregate book value of Unquoted Investments		**1,261.929**		9,472.432
Additions during the year		**6.951**		52.666
Adjustments to Investments		**-**		9,256.005
Sold during the year		**8,212.572**		1,927.486

Notes:

1. Investments in units of Unit Trust of India amounting to Rs.4.066 Million (2009: Rs 3.839 Million) represent those made under Rule 3A of the Companies (Acceptance of Deposit) Rules, 1975.
2. Rs. 41.140 Million (2009: Rs 41.140 Million) pertaining to 72,416,505 (2009: 72,416,505) Equity Shares of SWBL whose beneficial ownership vested with SWFSL are kept with escrow agent in view of court order. Pursuant to a scheme of amalgamation, such beneficial interest are held in trust by the trustee of SWFSL benefit trust for the benefit of SWBL.

Rs. Million

	2010	2009
7. INVENTORIES		
Raw Materials including materials in transit	**1,279.345**	1,210.364
Packing Materials, Stores and Spares	**1,040.209**	1,065.984
Finished goods including goods in transit	**3,377.668**	3,320.363
Work-in-Progress	**11,765.257**	11,861.333
	17,462.479	17,458.044
8. SUNDRY DEBTORS		
(Unsecured)		
Exceeding six months:		
Considered Good	**143.397**	14.434
Considered Doubtful	**128.163**	147.707
	271.560	162.141
Others: Considered Good	**13,257.821**	8,865.170
	13,529.381	9,027.311
Less: Provision for Doubtful debts	**128.163**	147.707
	13,401.218	8,879.604
9. CASH AND BANK BALANCES		
Cash on Hand	**5.472**	5.527
Remittance in Transit/ Cheques on Hand	**20.805**	232.624
Balances with Scheduled Banks:		
On Current Accounts [Note (i)]	**3,145.214**	2,398.959
On Unpaid Dividend Account	**17.330**	17.878
On Deposit Account [Note (ii) and Note (iii)]	**4,497.486**	1,835.035
	7,686.307	4,490.023

Notes:

(i) (a) includes Rs.28.389 Million (2009: Rs.32.097 Million) in Exchange Earners Foreign Currency (EEFC) Account and Rs.13.575 Million (2009: Rs.8.703 Million) in Foreign Currency.

(b) includes Rs. 1,571.500 Million (2009: Nil) pledged against a foreign currency loan.

(ii) (a) includes Rs. 0.464 Million (2009: Rs.0.587 Million) pledged with Government Departments.

(b) includes Rs.1.450 Million (2009: Rs.1.450 Million) as margin.

(iii) includes Rs.133.926 Million (2009: Rs.133.926 Million) pledged as Security against loan from a bank

10. OTHER CURRENT ASSETS		
(Unsecured, Considered Good except otherwise stated)		
Income accrued on Investments and Deposits	**58.961**	46.331
Other Deposits – Considered Good	**3,155.326**	2,093.820
– Considered Doubtful	**13.197**	9.940
Fixed assets held for sale	**4.873**	4.873
	3,232.357	2,154.964
Less: Provision for Doubtful Deposits	**13.197**	9.940
	3,219.160	2,145.024

UB GROUP UNITED SPIRITS

Rs. Million

	2010	2009
11. LOANS AND ADVANCES		
(Unsecured, considered good except where otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Advances to Tie-up units – Considered Good	**1,808.291**	2,522.168
– Considered Doubtful	**21.519**	20.314
Advances Income Tax (Net of Provisions)	**1,257.363**	491.243
Taxes and Duties Paid in Advance	**920.844**	731.729
Other Advances – Considered Good	**3,823.670**	3,654.154
– Considered Doubtful	**746.255**	500.947
	8,577.942	7,920.555
Less: Provision for Doubtful Advances	**767.774**	521.261
	7,810.168	7,399.294
12. CURRENT LIABILITIES AND PROVISIONS		
A. Liabilities		
Acceptances *	**1,115.281**	1,126.924
Sundry Creditors	**10,308.317**	9,790.924
Dues to Directors	**51.620**	49.193
Investors Education and Protection Fund [Schedule 19 Note 8]		
Unclaimed Debentures	**0.001**	0.001
Unclaimed Dividends	**18.998**	19.518
Unclaimed Fixed Deposits	**13.678**	28.074
Security Deposit	**119.950**	130.847
Advances Received from Customers	**362.981**	371.992
Interest accrued but not due	**1,965.905**	1,847.209
Other Liabilities	**955.765**	514.130
	14,912.496	13,878.812

* Bills drawn against inland letters of credit - Rs.1,115.281 Million (2009: Rs.876.924 Million) and secured by a charge on debtors, inventories and other current assets.

B. Provisions		
Proposed Dividend		
Equity Shares - Final	**304.826**	206.280
Corporate Tax on Proposed Dividend	**52.149**	36.679
Taxation (Net of Payments)	**-**	-
Fringe Benefit Tax (Net of Payments)	**4.514**	8.467
Onerous Lease Provision [Schedule 19 Note 16]	**1,002.175**	909.890
Employee Benefits	**1,455.618**	1,423.161
	2,819.282	2,584.477
13. MISCELLANEOUS EXPENDITURE		
Expenditure Incurred for Raising Borrowed Funds		
As per the last Balance Sheet	**733.307**	966.770
Less : Amortisation during the year	**267.286**	160.140
	466.021	806.630
Less: Translation Adjustments	**17.898**	73.323
	448.123	733.307

UB GROUP UNITED SPIRITS

Rs. Million

	2010	2009
14. OTHER INCOME		
Income from Investments:		
Dividend income from other investments (Gross)	**10.824**	31.696
[Tax deducted at source Rs.2.857 Million (2009: Rs.1.905 Million)]		
Lease Rent	**270.528**	322.776
Profit on Sale of Fixed Assets (Net)	**24.927**	142.012
Profit on Sale of Investments	**-**	24.500
Liabilities no longer required written back	**163.662**	136.619
Bad debts/ Advances recovered	**0.161**	0.088
Scrap Sales	**222.617**	158.491
Insurance Claims	**2.850**	2.814
Miscellaneous	**153.152**	219.412
	848.721	1,038.408
15. MATERIALS		
Raw Materials Consumed	**14,183.696**	12,140.730
Purchase of Finished Goods	**5,494.544**	5,292.096
Packing Materials Consumed	**11,840.227**	11,097.935
Movement in Stocks:		
Opening Stock:		
Work-in-Progress	**11,861.333**	10,770.302
Finished Goods	**3,320.363**	2,548.239
	15,181.696	13,318.541
Closing Stock:		
Work-in-Progress	**11,765.257**	11,861.333
Finished Goods	**3,377.668**	3,320.363
	15,142.925	15,181.696
(Increase)/ Decrease in Stocks	**38.771**	(1,863.155)
Excise Duty on Opening/Closing Stock of Finished Goods (Net)	**221.174**	241.849
	31,778.412	26,909.455

UB GROUP UNITED SPIRITS

Rs. Million

	2010	2009
16. MANUFACTURING AND OTHER EXPENSES		
Employee Cost:		
Salaries, Wages and Bonus	**4,162.998**	4,174.779
Contribution to Provident and Other Funds	**435.929**	441.248
Workmen and Staff Welfare	**134.298**	132.447
Actuarial Loss/ (Gain) on Pension	**576.529**	1,746.228
	5,309.754	6,494.702
Direct Expenses on IPL Franchise	**718.393**	411.571
Power and Fuel	**582.724**	706.332
Stores and Spares Consumed	**115.032**	130.584
Repairs and Maintenance:		
Buildings	**66.001**	87.824
Plant and Machinery	**221.142**	182.926
Others	**176.463**	217.315
Rent	**461.231**	107.924
Rates and Taxes	**539.397**	457.318
Insurance	**137.854**	133.719
Travelling and Conveyance	**613.410**	640.265
Legal and Professional	**810.488**	656.441
Freight Outwards	**1,280.669**	1,008.744
Advertisement and Sales Promotion	**6,803.122**	5,378.471
Commission on Sales	**452.006**	390.848
Royalty/ Brand Fee/ Trade Mark Licence Fees	**58.269**	60.032
Cash Discount	**557.477**	363.748
Sales Tax	**246.812**	194.732
Fixed Assets Written Off	**0.173**	0.010
Directors' Remuneration:		
Sitting Fee	**2.386**	1.180
Commission	**51.178**	48.727
Bad Debts and Advances Written Off	**49.747**	19.289
Provision for Doubtful Debts/ Advances / Deposits	**230.228**	212.444
Provision for Onerous Lease	**230.876**	403.578
Provision for Diminution in Value of Investments (Net)	**26.634**	0.031
Research and Development	**36.308**	30.536
Others:		
Personnel and Administration	**402.942**	415.636
Selling and Distribution	**985.797**	977.023
Miscellaneous	**362.848**	335.679
	21,529.361	20,067.629

UB GROUP UNITED SPIRITS

Rs. Million

	2010	2009
17. INTEREST AND FINANCE CHARGES		
Interest on:		
Fixed Loans	**3,739.372**	4,795.748
Others Loans	**1,469.209**	1,998.334
Amortisation of Expenditure Incurred for Raising Borrowed Funds	**267.286**	160.140
Finance Charges (including Bill discounting charges)	**711.448**	423.037
	6,187.315	7,377.259
Less : Interest Income:		
On Investments	**6.308**	1.222
On Deposits and Other Accounts (Gross)	**111.915**	196.009
[Tax Deducted at Source Rs.5.150 Million (2009: Rs.3.825 Million)]		
On Income Tax Refunds	**0.206**	4.385
	6,068.886	7,175.643

GROUP
UNITED SPIRITS

18. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Consolidated Financial Statements

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

On occasion, a subsidiary company whose financial statements are consolidated may issue its shares to third parties as either a public offering or private placement at per share amounts in excess of or less than the Company's average per share carrying value. With respect to such transactions, the resulting gains or losses arising from the dilution of interest are recorded as Capital Reserve/Goodwill. Gains or losses arising on the direct sale by the Company of its investment in its subsidiaries or associated companies to third parties are transferred to the Profit and Loss Account. Such gains or losses are the difference between the sale proceeds and the net carrying value of the investments.

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

(A) Subsidiary Companies:

Sl. No.	Name of the Company	Country of Incorporation	Proportion of owner-ship interest (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest(%)	
			2010	2009	**2010**	2009
1	Asian Opportunities & Investments Limited (AOIL)	Mauritius	**100**	100	**-**	-
2	United Spirits Nepal Private Limited	Nepal	**82.47**	82.47	**-**	-
3	Ramanretti Investments & Trading Ltd. (RITL)	India	**100**	100	**-**	-
4	Shaw Wallace Breweries Limited (SWBL)	India	**100**	100	**-**	-
5	Palmer Investment Group Ltd.(PIG)	British Virgin Islands	**100**	100	**-**	-
6	RG Shaw & Company Ltd. (RGSC)	U.K.	**100**	100	**-**	-
7	Shaw Scott & Company Ltd. (SSC)	U.K.	**100**	100	**-**	-
8	Shaw Darby & Company Ltd. (SDC)	U.K.	**100**	100	**-**	-
9	Tern Distilleries Private Limited (Tern) (i)	India	**100**	-	**-**	-
10	Thames Rice Milling Company Limited (TRMC)	U.K.	**100**	100	**-**	-
11	Shaw Wallace Overseas Limited (SWOL)	U.K.	**100**	100	**-**	-
12	JIHL Nominees Limited(JIHL)	Jersey Islands	**100**	100	**-**	-
13	Montrose International S.A (MI)	Panama	**100**	100	**-**	-
14	USL Holdings Limited (UHL)	British Virgin Islands	**100**	100	**-**	-
15	Spring Valley Investments Holding Inc.(SVIH)	British Virgin Islands	**100**	100	**-**	-

(A) Subsidiary Companies (Contd.)

Sl. No.	Name of the Company	Country of Incorporation	Proportion of owner-ship interest (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest(%)	
			2010	2009	**2010**	2009
16	USL Holdings (UK) Limited (UHUKL)	U.K	**100**	100	**-**	-
17	United Spirits (UK) Limited (USUKL)	U.K	**100**	100	**-**	-
18	United Spirits (Great Britain) Limited (USGBL)	U.K	**100**	100	**-**	-
19	Four Seasons Wines Limited (FSWL)(iii)	India	**51**	100	**-**	-
20	United Vintners Limited (UVL)	India	**100**	100	**-**	-
21	United Alcobev Limited (UAL)	India	**100**	100	**-**	-
22	McDowell Beverages Limited (MBL)	India	**100**	100	**-**	-
23	McDowell & Co (Scotland) Limited (MSL)	Scotland	**100**	100	**-**	-
24	Bouvet Ladubay S.A.S (BL)	France	**100**	100	**-**	-
25	Chapin Landias S.A.S (CL)	France	**100**	100	**-**	-
26	Herbertsons Limited (HL)	India	**100**	100	**-**	-
27	Daffodils Flavours & Fragrances Private Limited (DFFPL)	India	**100**	100	**-**	-
28	Jasmine Flavours and Fragrances Private Limited	India	**100**	100	**-**	-
29	Royal Challengers Sports Private Limited	India	**100**	100	**-**	-
30	McDowell and Company Limited	India	**100**	100	**-**	-
31	Liquidity Inc.	USA	**51**	51	**-**	-
32	United Spirits (Shanghai) Trading Company Limited (USLS)	China	**100**	100	**-**	-
Whyte and Mackay Group						
33	Whyte and Mackay Group Limited	U.K	**100**	100	**-**	-
34	Bruce & Company (Leith) Limited	U.K	**100**	100	**-**	-
35	Charles Mackinlay & Company Limited	U.K	**100**	100	**-**	-
36	Dalmore Distillers Limited	U.K	**100**	100	**-**	-
37	Dalmore Whyte & Mackay Limited	U.K	**100**	100	**-**	-
38	Edinburgh Scotch Whisky Company Limited	U.K	**100**	100	**-**	-
39	Ewen & Company Limited	U.K	**100**	100	**-**	-
40	Fettercairn Distillery Limited	U.K	**100**	100	**-**	-
41	Findlater Scotch Whisky Limited	U.K	**100**	100	**-**	-
42	Glayva Liqueur Limited	U.K	**100**	100	**-**	-
43	Glentalla Limited	U.K	**100**	100	**-**	-
44	GPS Realisations Limited	U.K	**100**	100	**-**	-
45	Grey Rogers & Company Limited	U.K	**100**	100	**-**	-
46	Hay & MacLeod Limited	U.K	**100**	100	**-**	-
47	Invergordon Distillers (Holdings) Limited	U.K	**100**	100	**-**	-
48	Invergordon Distillers Group Limited	U.K	**100**	100	**-**	-
49	Invergordon Distillers Limited	U.K	**100**	100	**-**	-
50	Invergordon Gin Limited	U.K	**100**	100	**-**	-
51	Isle of Jura Distillery Company Limited	U.K	**100**	100	**-**	-

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(A) Subsidiary Companies (Contd.)

Sl. No.	Name of the Company	Country of Incorporation	Proportion of owner-ship interest (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest(%)	
			2010	2009	**2010**	2009
52	Jarvis Halliday & Company Limited	U.K	**100**	100	**-**	-
53	John E McPherson & Sons Limited	U.K	**100**	100	**-**	-
54	Kensington Distillers Limited	U.K	**100**	100	**-**	-
55	Kyndal Spirits Limited	U.K	**100**	100	**-**	-
56	Leith Distillers Limited	U.K	**100**	100	**-**	-
57	Loch Glass Distilling Company Limited	U.K	**100**	100	**-**	-
58	Longman Distillers Limited	U.K	**100**	100	**-**	-
59	Lycidas (437) Limited	U.K	**100**	100	**-**	-
60	Pentland Bonding Company Limited	U.K	**100**	100	**-**	-
61	Ronald Morrison & Company Limited	U.K	**100**	100	**-**	-
62	St Vincent Street (437) Limited	U.K	**100**	100	**-**	-
63	Tamnavulin-Glenlivet Distillery Company Limited	U.K	**100**	100	**-**	-
64	TDL Realisations Limited	U.K	**100**	100	**-**	-
65	The Sheep Dip Whisky Company Limited	U.K	**100**	100	**-**	-
66	W & S Strong Limited	U.K	**100**	100	**-**	-
67	Watson & Middleton Limited	U.K	**100**	100	**-**	-
68	Whyte & Mackay Distillers Limited	U.K	**100**	100	**-**	-
69	William Muir Limited	U.K	**100**	100	**-**	-
70	WMB Realisations Limited	U.K	**100**	100	**-**	-
71	Whyte and Mackay Property Limited	U.K	**100**	100	**-**	-
72	Whyte and Mackay de Venezuela CA	Venezuela	**100**	100	**-**	-
73	KI Trustees Limited	U.K	**100**	100	**-**	-
74	Wauchope Moodle & Company Limited	U.K	**100**	100	**-**	-
75	Whyte and Mackay Limited	U.K	**100**	100	**-**	-
76	Whyte and Mackay Warehousing Limited	U.K	**100**	100	**-**	-
77	Whyte and Mackay Holdings Limited	U.K	**100**	100	**-**	-

(B) Associate Companies (Note 4 below)

	Name of the Company	Country of Incorporation	Proportion of owner-ship interest (%)	
			2010	2009
1	Wine Soc of India Private Limited	India	**20.47**	49.00

Notes:

(i) Became a subsidiary during the year.

(ii) Consolidated Financial Statements also include financial statements of USL Benefit Trust and SWFSL Benefit Trust.

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

3. Principles of Consolidation

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

4. Accounting for Investment in Associates

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

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

5. Basis of presentation of Financial Statements

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

6. Fixed Assets

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

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

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

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

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

7. Leases

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

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

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

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8. Depreciation and Amortisation

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

i) Computers, Vehicles and Aircrafts over a period of three, five and eleven years respectively;

ii) In respect of certain items of Plant and Machinery for which separate rates are prescribed in Schedule XIV based on the number of shifts, depreciation is provided for the full year on triple shift basis;

iii) In respect of fixed assets of Whyte and Mackay Group, depreciation is provided based on management estimate of useful lives of the assets concerned as below:

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

Also refer Note 6(b) on Schedule 19

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

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

c) Assets taken on finance lease are depreciated over their estimated useful life or the lease term, whichever is lower.

d) Leasehold Land are not amortised.

e) Goodwill arising on amalgamation is charged to the Profit and Loss Account in the year of amalgamation.

f) Goodwill arising on Consolidation is not amortised.

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

h) Intangible assets are amortised, on a straight line basis, commencing from the date the asset is available for its use, over their respective individual estimated useful lives as estimated by the management:

Trademark , formulae and License	10 Years
Franchise Rights in Perpetuity	50 Years (Refer Schedule 19 Note 4)

9. Impairment

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

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

10. Investments

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

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

11. Inventories

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

12. Revenue Recognition

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

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

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

13. Foreign Currency Transactions

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

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

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

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

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

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

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

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

For forward exchange contracts and other derivatives that are not covered by AS-11 'The Effects of Changes in Foreign Exchange Rates', the Company follows the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008 whereby for each category of derivatives, the Company records any net mark- to- market losses. Net mark-to-market gains are not recorded for such derivatives. [Also refer Schedule 19 Note 17].

Foreign Company:

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

14. Employee Benefits

a) Defined-contribution plans

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

b) Defined-benefit plans

Gratuity:

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

Pension:

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

Provident Fund:

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

Death Benefit:

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

c) Other long term employee benefits:

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

d) Short term employee benefits:

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

15. Expenditure on account of Voluntary Retirement Scheme

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

16. Research and Development

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

17. Taxes on Income

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

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

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

Fringe Benefit Tax (discontinued with effect from April 1, 2009) is determined at applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under the Income Tax Act, 1961.

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

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

19. Provisions

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

Onerous Lease Provision:

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

20. Contingencies

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

21. Share issue expenses

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

22. Expenditure

Expenses are net of taxes recoverable, where applicable.

23. Government grants

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

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

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

25. Borrowing Costs

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

19. NOTES ON ACCOUNTS

1. Contingent Liabilities

Rs. Million

	2010	2009
a) Guarantees given by the Company's bankers for which Counter Guarantees have been given by the Company	**172.755**	172.217
b) Disputed claims against the Company not acknowledged as debts, currently under appeal/ sub judice:		
(i) Excise demands for excess wastages and distillation losses	**191.219**	238.384
(ii) Other miscellaneous claims	**250.475**	244.274
(iii) Income Tax demand (including interest) under appeal	**462.781**	1,436.973
(iv) Sales Tax demands under appeal in various states	**557.911**	604.036
c) Bills Receivable discounted – since fully settled	**480.150**	-
d) Co-accepted bills of Tie-up Units - since fully settled	**-**	15.016
e) Claims from suppliers not acknowledged as debts	**57.511**	45.490

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

2. A. The Scheme of Amalgamation of Shaw Wallace & Company Limited ('SWCL') and Primo Distributors Private Limited ('Primo') with the Company ('Scheme') sanctioned by the Hon'ble High Court of Karnataka at Bangalore, the Hon'ble High Court of Judicature of Bombay and the Hon'ble High Court at Calcutta, has become effective on July 6, 2009. Pursuant to the Scheme, 7,749,121 equity shares of Rs.10/- each fully paid up in the Company have been allotted to the eligible shareholders of SWCL on July 24, 2009, resulting in the increase of the paid up share capital of the Company to Rs.1,079,123,770/- divided into 107,912,377 equity shares of Rs.10/- each fully paid up. As Primo was a wholly owned subsidiary of the Company, no consideration is payable.

B. On June 30, 2009, SWCL sold 10,282,553 equity shares of Rs.10/- each, held by it in the Company in the open market through the Stock Exchanges. However, as the aforesaid equity shares, in terms of the Scheme, vest with USL Benefit Trust, of which the Company is the Beneficiary, the resulting surplus of Rs.699.953 Million, being the excess of the net sale proceeds over corresponding carrying value of these shares, has been shown as Exceptional and other non-recurring item in the Profit and Loss Account.

C. The Board of Directors of the Company at their meeting held on November 29, 2008 have approved the proposal of merger of Balaji Distilleries Limited ('BDL') with the Company with effect from April 1, 2009 as per the Scheme of Arrangement between BDL, Chennai Breweries Private Limited ('CBPL') and the Company, subject to the necessary approvals ('the Scheme').

At an Extraordinary General Meeting held on April 21, 2010, the Equity Shareholders of the Company have approved, by way of a Special Resolution, the Scheme and the Draft Rehabilitation Scheme ('DRS') of BDL as circulated by the Hon'ble Board for Industrial and Financial Reconstruction ('the BIFR'), formed under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, vide Order dated February 19, 2010.

The Scheme and the DRS are pending with the Hon'ble BIFR for approval. The accounting effect of the scheme and the DRS shall be given in the year in which the same are approved and become effective.

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

3. During the year the Company has raised funds to the extent of Rs.16,156 Million (equivalent to US$350 Million) by allotment of 17,681,952 Equity Shares of Rs.10/- each at a price of Rs.913.70 per Equity Share (including a premium of Rs.903.70 per Equity Share) on October 23rd, 2009 to certain Qualified Institutional Buyers (QIBs) through a Qualified Institutions Placement (QIP) under the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("the SEBI Regulations"). Consequently, the issued, subscribed and paid-up Equity Share Capital of the Company stands increased from Rs.1,079,123,770/- divided into 107,912,377 equity shares of Rs.10/- each to Rs.1,255,943,290/- divided into 125,594,329 equity shares of Rs.10/- each.

The net proceeds of Rs.15,459.726 Million from the issue to QIB's has been utilised for repayment of certain debt to fund acquisition of Whyte and Mackay Group Limited, capital expenditure and other general corporate purposes.

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

- The game of cricket has been in existence for over 100 years and there is no indication of interest in the game and the commercial prospects waning.
- The shorter version of the game is increasingly popular.
- The commercial exploitation of the shorter version is on an increasing scale and is expected to reach the scale which other games like soccer have reached.
- This industry (cricket) is, therefore, highly stable and the market demand for this game is likely to remain for more than 50 years with its spread to many countries.
- IPL and its teams have acquired brand status and teams are not identified with countries or geographies but with brand names.
- The franchisees have the intent and ability to provide the necessary financial and other resources required to obtain the expected future economic benefits from this for atleast 50 years.

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

The carrying amount of Franchise Rights as at March 31, 2010 is Rs.4,735.668 Million (2009: Rs. 4,834.328 Million) to be amortised over the remaining period of 48 years (2009: 49 years).

Term liability towards franchisee rights at the year end aggregating to Rs.3,443.896 Million (2009: Rs. 4,431.413 Million) is payable over a period of 8 years (2009: 9 years), of which Rs.492.379 Million (2009: Rs.492.379 Million) is payable within one year.

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

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

5. Employee Benefits

a) Defined Contribution Plans

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

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

		Rs. Million
	2010	2009
Provident Fund and Employees' Pension Scheme*	**66.701**	95.887
Superannuation Fund	**59.264**	33.494
Employees' State Insurance	**8.733**	8.738
	134.698	138.119

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

b) Defined Benefit Plans

Gratuity:

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

Pension:

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

Provident Fund:

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

Death Benefit:

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

GROUP
UNITED SPIRITS

b) Defined Benefit Plans (Contd.)

Rs. Million

Particulars	2010						2009					
	Funded			Non-Funded			Funded			Non-Funded		
	Gratuity	Pension Fund	PF	Gratuity	Pension Fund	Death-Benefit	Gratuity	PF	Pension Fund	Gratuity	Pension Fund	Death-Benefit
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation												
Obligation at the beginning of the year	631.202	6,971.705	1,168.835	5.741	27.375	14.811	539.162	1,052.977	7,700.334	5.196	17.450	3.854
Contributions by plan participants	-	47.014	95.211	-	-	-	-	114.921	50.249	-	-	-
Current service cost	34.334	82.903	39.895	(1.057)	2.585	1.862	56.952	106.379	100.895	0.946	9.925	10.957
Interest cost	46.726	505.650	88.933	0.014	-	-	39.990	78.211	522.040	0.048	-	-
Actuarial (gain)/ loss on obligations	71.922	2,050.336	-	(0.110)	-	-	46.667	-	(413.074)	0.125	-	-
Past service cost - (vested benefits)	4.656	-	-	-	-	-	-	-	-	-	-	-
Benefits paid	(39.371)	(805.489)	(96.700)	-	(5.748)	-	(53.020)	(187.650)	(302.763)	(0.079)	-	-
Exchange Fluctuation	(1.815)	(641.630)	-	(0.017)	-	-	0.950	-	(685.974)	0.000	-	-
Obligation at the end of the year	747.654	8,210.490	1,296.174	4.571	24.212	16.673	630.701	1,168.838	6,971.707	6.236	27.375	14.811
B) Reconciliation of opening and closing balances of the fair value of plan assets												
Plan Assets at the beginning of the year	504.069	6,078.217	1,095.733	-	-	-	438.144	973.462	8,214.975	-	-	-
Contributions by plan participants	-	47.014	95.211	-	-	-	-	114.921	50.249	-	-	-
Contributions by the Company	102.885	332.833	67.392	-	-	-	89.589	55.722	351.430	0.079	-	-
Expected return on plan assets	42.539	379.390	90.295	-	-	-	36.260	77.196	533.119	-	-	-
Actuarial gains / (losses)	(9.245)	1,565.945	(18.033)	-	-	-	(7.190)	58.083	(2,159.302)	-	-	-
Reversal of Exit Load	6.020	-	-	-	-	-	-	-	-	-	-	-
Benefits paid	(39.371)	(520.051)	(96.700)	-	-	-	(53.020)	(187.650)	(302.763)	(0.079)	-	-
Transfer from Other Trust	7.723	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation	(0.635)	(577.184)	-	-	-	-	0.285	-	(609.490)	-	-	-
Plan assets at the end of the year	613.984	7,306.164	1,233.898	-	-	-	504.069	1,091.734	6,078.217	-	-	-
C) Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the balance sheet:												
Present value of obligation at the end of the year	747.654	8,210.490	1,296.174	4.571	24.212	16.673	630.701	1,168.838	6,971.707	6.236	27.375	14.811
Fair value of plan assets at the end of the year	613.984	7,306.164	1,233.898	-	-	-	504.068	1,091.734	6,078.218	-	-	-
Liability/ (Asset) Recognised in Balance Sheet	133.669	904.326	62.276	4.571	24.212	16.673	126.633	77.104	893.489	6.236	27.375	14.811
[Included under Provisions in Schedule 12(B)]												
(Net Asset) Recognised in Balance Sheet	-	-	-	-	-	-	-	-	-	-	-	-
[Included under Loans and Advances in Schedule 11]												

b) Defined Benefit Plans (Contd.)

Rs. Million

Particulars	2010 Funded Gratuity	2010 Funded Pension Fund	2010 Funded PF	2010 Non-Funded Gratuity	2010 Non-Funded Pension Fund	2010 Non-Funded Death-Benefit	2009 Funded Gratuity	2009 Funded PF	2009 Funded Pension Fund	2009 Non-Funded Gratuity	2009 Non-Funded Pension Fund	2009 Non-Funded Death-Benefit
D) Expenses recognised in the Profit and Loss Account												
Current service cost	**34.334**	**82.903**	**39.895**	**(1.057)**	**2.585**	**1.862**	56.953	106.308	100.895	0.947	9.925	10.957
Interest cost	**46.726**	**505.650**	**88.933**	**0.014**	**-**	**-**	39.990	78.212	522.040	0.048	-	-
Expected return on plan assets	**(42.539)**	**(379.390)**	**(90.295)**	**-**	**-**	**-**	(36.212)	(72.522)	(533.119)	-	-	-
Past service cost - vested benefits	**4.656**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
Actuarial (gains)/losses	**81.168**	**484.391**	**18.033**	**(0.110)**	**-**	**-**	53.809	(61.640)	1,746.228	0.125	-	-
Total Expenses recognised in the Profit and Loss Account	**124.345**	**693.554**	**56.566**	**(1.152)**	**2.585**	**1.862**	114.539	50.358	1,836.044	1.120	9.925	10.957
Included in:												
Contribution to Provident and Other Funds in Schedule 15	**124.345**	**117.025**	**56.566**	**(1.152)**	**2.585**	**1.862**	114.539	50.358	89.816	1.120	9.925	10.957
Actuarial Gain on Pension Scheme in Schedule 15	**-**	**576.529**	**-**	**-**	**-**	**-**	-	-	1,746.228	-	-	-
	124.345	**693.554**	**56.566**	**(1.152)**	**2.585**	**1.862**	**114.539**	**50.358**	**1,836.044**	**1.120**	**9.925**	**10.957**

E) Investment details of plan assets	2010 Gratuity	2010 PF	2010 Pension	2009 Gratuity	2009 PF	2009 Pension
Government securities	**-**	**34%**	**-**	-	38%	32%
Securities guaranteed by Government	**-**	**-**	**-**	1%	-	16%
Public Sector / Financial Institutional Bonds	**-**	**39%**	**-**	-	33%	-
Special Deposit Scheme	**-**	**15%**	**-**	-	17%	-
Fund balance with Insurance Companies	**60%**	**-**	**-**	91%	-	-
Others (including bank balances)	**40%**	**12%**	**-**	8%	12%	52%
	100%	**100%**	**-**	100%	100%	100%

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

F) Actual return on plan assets	**6%**	**6%**	**-**	7.60%	7.75%	(19.30)%
G) Assumptions						
Discount Rate (per annum)	**8.1%**	**8.1%**	**-**	7.75%	8.00%	7.10%
Expected Rate of Return on Plan Assets	**8.0%**	**8.0%**	**-**	8.00%	8.19%	6.00%
Rate of increase in Compensation levels	**5.0%**	**Not Applicable**	**-**	5.00%	Not Applicable	3.50%
Average past service of employees (years)	**13.7**	**Not Applicable**	**-**	14	Not Applicable	13
Mortality rates	**LIC 1994-96 ultimate table**	**LIC 1994-96 ultimate table**	**Table PA00 year of birth – 117% loading for current pensioners and a 123% loading for future pensioners**	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table	Table PA00 year of birth – 117% loading for current pensioners and a 123% loading for future pensioners

b) Defined Benefit Plans (Contd.)

Rs. Million

Particulars	2010			2009			2008			2007		
	Gratuity	**Pension**	**PF**	**Gratuity**	**Pension**	**PF**	Gratuity	**Pension**	**PF**	Gratuity	**Pension**	**PF**
H) **Others (Funded)**												
Present value of obligation	**747.653**	**8,210.490**	**1,296.174**	**630.701**	**6,971.707**	**1,168.838**	539.162	7,700.334	1,052.977	478.663	-	962.623
Present value of plan assets	**613.984**	**7,306.164**	**1,233.898**	**504.068**	**6,078.218**	**1,091.734**	438.144	8,214.975	973.462	427.553	-	896.106
Amount recognised in Balance sheet – Liability	**133.669**	**904.326**	**62.276**	**126.633**	**893.489**	**77.104**	101.018	(514.641)	79.515	51.110	-	66.517
Experience adjustments on Present value of obligation	**(44.591)**	**-**	**7.506**	**(33.091)**	**-**	**(12.043)**	(0.860)	-	-	1.249	-	-
Experience adjustments on Plan assets	**(9.218)**	**-**	**32.413**	**(6.500)**	**-**	**59.034**	(10.550)	-	12.287	(7.492)	-	(36.842)
Others (Unfunded)												
Present value of obligation	**5.571**	**24.212**	**16.673**	**-**	**6.236**	**27.375**	14.811	-	5.196	17.450	3.854	-
Present value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Amount recognised in Balance sheet – Liability	**5.571**	**24.212**	**16.673**	-	6.236	**27.375**	14.811	-	5.196	17.450	3.854	-

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

As per the best estimate of the management, contribution of Rs.130 Million is expected to be paid to the plan during the year ending March 31, 2011.

6. Fixed Assets

a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs.83.709 Million (2009: Rs.472.728 Million).

b) In view of different sets of environment in which foreign subsidiaries operate in their respective countries, provision for depreciation is made to comply with local laws and use of management estimate. It is practically not possible to align rates of depreciation of such subsidiaries with those of the Company. However on review, the management is of the opinion that provision of such depreciation is adequate.

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

Rs. Million

	2010		2009	
	Gross Block	**Proportion %**	Gross Block	Proportion %
Building	**2,086.920**	**42%**	2,195.330	49%
Plant & Machinery	**5,194.290**	**53%**	5,193.470	61%
Vehicles	**22.548**	**7%**	28.880	16%

7. Current Assets, Loans and Advances

a) Loans and Advances include:

(i) An amount of Rs.733.982 Million (2009: Rs. 736.429 Million) due from the Tie-up units secured by the assets of the Tie-up units and/or equity shares of the Tie-up units.

(ii) Rs.3 Million (2009: Rs.3 Million) being amount paid to BDA Limited (BDA) towards reassignment of certain Liquor Brands/ Trade Marks pursuant to a Memorandum of Understanding dated March 20, 1992. Pending execution of the deed for such assignments and judicial resolutions of various disputes with BDA pertaining to control of BDA and ownership of the 'Officers Choice' and other brands currently sub-judice at various courts, the advance given to BDA has been provided for as a matter of prudence. All consequential adjustments arising out of the above matters will be made as and when ascertained.

b) Certain confirmation of balances from Sundry Debtors, Loans and Advances, Deposits and Sundry Creditors are awaited and the account reconciliations of some parties where confirmations have been received are in progress. Adjustment for differences, if any, arising out of such confirmations/ reconciliations would be made in the accounts on receipt of such confirmations and reconciliation thereof. The Management is of the opinion that the impact of adjustments, if any, is not likely to be significant. In the opinion of the management, all Current Assets, Loans and Advances including advances on capital accounts would be realised at the values at which these are stated in the accounts, in the ordinary course of business.

c) Bank Balance with scheduled bank includes Rs.168.069 Million (2009: Rs.154.000 Million) out of the proceeds of the beer business of erstwhile SWCL, sold in an earlier year which has been kept under escrow pending resolution of various taxation matters.

d) The Company has, granted interest free loans in foreign currency amounting to Rs.39,557.598 Million (2009: Rs. 7,435.245 Million), to USL Holdings Limited, BVI (USL Holdings) a subsidiary of the Company, for acquisition of long term strategic investments. Management is of the view that out of these loans, Rs.33,435.283 Million (2009: Rs.3,630.300 Million), from the inception of the grant of loans, in substance, form part of the Company's net investment in the subsidiary, as the settlement of these loans is neither planned nor likely to occur in the foreseeable future and management intends to convert these loans into investment in share capital of the subsidiary in near future. Accordingly, in accordance with AS 11 - The Effects of Changes in Foreign Exchange Rates (AS 11), exchange difference aggregating to Rs.2,247.069 Million (2009: Rs.463.905 Million) arising on such loans has been accumulated in a foreign currency translation reserve, which at the time of the disposal of the net investment in these subsidiaries would be recognised as income or as expenses.

8. As required under Section 205C of the Companies Act, 1956, the Company has transferred Rs. 2.882 Million (2009: Rs. 4.678 Million) to the Investor Education and Protection Fund (IEPF) during the year. On March 31, 2010, no amount was due for transfer to the IEPF.

9. Interest on inter corporate deposit Rs.40.592 Million (2009: Rs.40.592 Million) included under Unsecured Loan – other in Schedule 4 represents an obligation acquired on amalgamation in an earlier year, where negotiation/ settlement has not been finalised and the same has been provided in terms of the decree and/ or otherwise considered adequate by the management. In the opinion of the management, interest so far provided is adequate and no further provision is necessary in this respect. Adjustments, if any, shall be carried out as and when the amounts are determined on final disposal/ settlement of the matter.

10. Borrowing Costs

Rs. Million

	2010	2009
a) Interest included in the Closing Stock of Malt and Grape Spirit under maturation	**209.944**	82.643
b) Amortisation of Expenditure Incurred for Raising Borrowed Funds	**267.286**	160.140

11. Segment Reporting

The Company is primarily organised into two main geographic segments:

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

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

11. Segment Reporting (Contd.)

A. Primary Segmental Reporting

Rs. Million

Geographic Segment		India		Outside India		Un allocated/Elimination		Total	
		2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
(i)	**Revenue**								
	External	**93,926.133**	75,414.761	**17,194.360**	18,722.267	**-**	-	**111,120.493**	94,137.028
	Less: Excise Duty	**42,551.723**	33,655.018	**4,107.801**	4,794.683	**-**	-	**46,659.524**	38,449.701
	Inter-segment	**220.596**	118.227	**1,027.489**	1,803.187	**(1,248.085)**	(1,921.414)	**-**	-
	Total Revenue	**51,153.814**	41,641.516	**12,059.070**	12,124.396	**(1,248.085)**	(1,921.414)	**64,460.969**	55,687.327
(ii)	**Result**								
	Segment Result Profit/(Loss)	**8,960.744**	6,534.077	**(1,203.106)**	(2,558.989)	**-**	-	**7,757.638**	3,975.088
	Unallocated corporate expenses/(income)	**-**	-	**-**	-	**-**	-	**-**	-
	Income from Investments	**1.182**	7.964	**9.642**	23.732	**-**	-	**10.824**	31.696
	Interest and Finance Charges	**2,833.662**	3,496.371	**3,235.224**	3,679.272	**-**	-	**6,068.886**	7,175.643
	Profit/(Loss) before Taxation	**6,128.264**	3,045.670	**(4,428.688)**	(6,214.529)	**-**	-	**1,699.577**	(3,168.858)
	Profit before taxation	**6,128.264**	3,045.670	**(4,428.688)**	(6,214.529)	**-**	-	**1,699.577**	(3,168.858)
	Provision for taxation	**-**	-	**-**	-	**1,931.512**	915.712	**1,931.512**	915.712
	Profit/(Loss) after Taxation	**6,128.264**	3,045.670	**(4,428.688)**	(6,214.529)	**(1,931.512)**	(915.712)	**(231.935)**	(4,084.570)
	Total Revenue							**64,460.969**	55,687.327
	Income from Investments							**10.824**	31.696
								64,471.793	55,719.023
(iii)	**Other information**								
	Segment Assets	**55,118.044**	55,644.947	**14,368.828**	11,519.678	**44,571.059**	51,253.818	**156,501.570**	163,156.761
	Segment Liabilities	**12,902.335**	17,526.859	**7,184.056**	7,355.128	**56,151.512**	69,617.589	**76,237.902**	94,499.576
	Capital Expenditure	**1,892.366**	106.662	**974.238**	844.847	**-**	-	**2,866.604**	951.509
	Depreciation	**493.455**	463.294	**456.753**	462.544	**-**	-	**950.208**	925.837
	Other non cash expenses	**380.123**	290.926	**24.689**	1,265.452	**-**	-	**404.986**	1,556.378

B. Secondary Segmental Reporting

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

11. Segment Reporting (Contd.)

Notes:

a. Segment accounting policies are in line with the accounting policy of the company.

b. Segment revenue includes sales and other income directly identifiable with/allocable to the segment including intersegment revenues.

c. Expenses that are directly identifiable with/allocable to segment are considered for determining the segment results. Expenses which relates to the group as a whole and not allocable to segments, are included under "Unallocable Corporate expenses".

d. Income which relates to the group as a whole and not allocable to segments is included in "Unallocable Corporate income"

e. Segment revenue resulting from transactions with other segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

f. Segment assets and liabilities includes those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represents the assets and liabilities that relates to the company as a whole and not allocable to any segments. Unallocable assets mainly comprise trade investments in associate companies. Unallocable liabilities include mainly loan funds and proposed dividend.

12. Related Party Disclosures

a) Names of related parties and description of relationship

Associates with whom transactions have taken place during the year	Key Management personnel	Employees' Benefit Plans where there is significant influence
Utkal Distillers Limited (Utkal) (upto July, 2008)	Mr. V.K.Rekhi Managing Director	Mc Dowell & Company Limited Staff Gratuity Fund (McD SGF)
UB Distilleries Limited [Schedule 18 Note 4(b)]^		McDowell & Company Limited Officers'Gratuity Fund (McD OGF)
Wine Soc of India Private Limited		SWDL Group Officers Gratuity Fund (SWDL OGF)^
		SWDL Employees Gratuity Fund (SWDL EGF)^
		Herbertsons Limited Employees Gratuity Fund (HL EGF)^
		Phipson & Company Limited Management Staff Gratuity Fund. (PCL SGF)^
		Phipson & Company Limited Gratuity Fund. (PCL GF)^
		Carew & Company Ltd. Gratuity Fund (CCL GF)^
		Mc Dowell & Company Limited Provident Fund (McD PF)
		Shaw Wallce & Associated Companies Employees' Gratuity Fund^
		Shaw Wallce & Associated Companies Executive Staff Gratuity Fund^
		Shaw Wallce & Associated Companies Provident Fund^
		Whyte and Mackay Pension Scheme

^ No transactions during the year.

12. Related Party Disclosures (Contd.)

b) Summary of the transactions with related parties:

Rs. Million

Sl. No.	Nature of transactions *	2010 Associates	2010 Key Management personnel	2010 Employees' Benefit Plans where there is significant influence	2010 **Total**	2009 Associate	2009 Key Management personnel	2009 Employees' Benefit Plans where there is significant influence	2009 Total
a)	Sale of goods								
	- Utkal	-	-	-	**-**	0.981	-	-	0.981
b)	Income from sale by Tie-up Units.								
	- Utkal	-	-	-	**-**	30.858	-	-	30.858
c)	Interest received from associates								
	- Wine Soc of India	6.308	-	-	**6.308**	1.809	-	-	1.809
d)	Rental Deposit	-	3.454	-	**3.454**	-	3.140	-	3.140
e)	Finance (including loans and equity contributions in cash or in kind)								
	- Wine Soc of India	69.876	-	-	**69.876**	49.320	-	-	49.320
	- Utkal	-	-	-	**-**	(126.478)	-	-	(126.478)
f)	Managing Directors' Remuneration	-	46.536	-	**46.536**	-	42,362	-	42,362
g)	Rent	-	3.375	-	**3.375**	-	3.069	-	3.069
h)	Contribution to Gratuity Fund								
	- McD OGF	-	-	136.284	**136.284**	-	-	43.693	43.693
	- McD SGF	-	-	(34.679)	**(34.679)**	-	-	33.493	33.493
	- SWC PF	-	-	-	**-**	-	-	0.654	0.654
i)	Contribution to Provident Fund								
	-McD PF	-	-	67.393	**67.393**	-	-	55.068	55.068
	-SWC PF	-	-	0.368	**0.368**	-	-	-	-
j)	Contribution to Pension Scheme	-						-	
	Whyte and Mackay Pension Scheme	-	-	332.833	**332.833**	-	-	351.416	351.416
k)	Amount due from								
	- Wine Soc	69.876	-	-	**69.876**	49.320	-	-	49.320

* Excludes Reimbursement of Expenses and Cost sharing arrangements.

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

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

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

The Whyte and Mackay Group entered into an operating lease agreement in September 2006 to rent a property over a 30 year period at an annual cost of Rs. 59.123 Million (2009: Rs. 69.310 Million). The annual rent payable is subject to review every 5 years. There are no contingent rent payments. The aggregate lease rentals payable are charged as Rent under Schedule 16 to the accounts.

Sub-lease payments received Rs.270.528 Million (2009: Rs.322.776 Million) have been recognised in the statement of Profit and Loss for the year and are included under Schedule 14.

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

Rs. Million

		2010	2009
(i)	Not later than one year;	**10.271**	30.228
(ii)	later than one year and not later than five years;	**15.508**	9.337
(iii)	later than five years; the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date;	**59.109**	68.764
		84.888	108.329

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

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

Rs. Million

	2010		2009	
Particulars	**Present Value of payments**	**Minimum lease payments**	Present Value of payments	Minimum lease payments
Later than one year and not later than five years	**8.441**	**9.146**	15.618	17.137
Later than five years	**-**	**-**	-	-
	8.441	**9.146**	15.618	17.137
Not later than one year	**8.264**	**9.669**	11.106	12.930
	16.675	**18.815**	26.724	30.067
Less: Finance Charges		**2.140**		3.343
Present value of net minimum lease payments		**16.675**		26.724

14. Earnings / (Loss) per Share:

Rs. Million

		2010	2009
	Nominal Value of equity shares (Rs)	**10**	10
a)	Net Profit/(Loss) after tax and attributable to Minority (Rs. Million)	**(227.075)**	(4,084.136)
b)	Basic number of Equity Shares of Rs.10 each outstanding during the year	**120,669,098**	102,985,569
c)	Weighted Average number of Equity Shares of Rs.10 each outstanding during the year	**110,738,139**	102,985,569
d)	Basic Earnings Per Share (Rs.) (a /c)	**(2.05)**	(39.66)

15. Taxes on Income:

a) Current Taxation

Provision for current taxation includes:

Rs. Million

		2010	2009
i)	Income Tax	**1768.694**	1,802.351
ii)	Wealth Tax	**12.800**	13.000
	Total	**1781.494**	1,815.351

b) **Deferred Taxation**

The net Deferred Tax (Asset) / Liability as on March 31, 2010 has been arrived at as follows:

Rs. Million

Particulars	Deferred Tax (Assets) / Liabilities as on 1.4.2009	Current Year charge / (credit)	Translation Adjustment	**Deferred Tax (Assets) / Liabilities as on 31.03.2010**
Difference between book and tax depreciation	785.981	339.338	(8.679)	**1,116.640**
Provision for Doubtful Debts	(203.310)	(84.761)	-	**(288.071)**
Employee Benefits	(544.990)	34.804	19.238	**(490.948)**
Others	(955.658)	(139.363)	42.897	**(1,052.124)**
Total	(917.977)	150.018	53.456	**(714.503)**

16. Onerous Lease Provision

Rs. Million

	2010	2009
At the beginning of the year	**909.890**	600.601
Translation Adjustment	**(138.591)**	(94.289)
	771.299	506.312
Add/ (Less): Provisions made/ (Written back) during the year	**230.876**	403.578
Charged/ (Credited) to income statement	**230.876**	403.578
(Less): Utilised (incurred and charged against provision) during the year	**-**	-
At the end of the year	**1,002.175**	909.890

Note:

These provisions were set up in relation to certain leasehold properties of Whyte and Mackay Group, which are un-let or sub-let at a discount. The provisions take account of current market conditions and expected future vacant periods and are utilised over the remaining period of the lease, which at March 31, 2010 is between 8 and 21 years.

17. Foreign Currency Transactions

a) The Group has marked to market all the outstanding derivative contracts on the Balance Sheet date and has recognised the resultant loss amounting to Rs.1,374.004 Million (2009: Rs.1,350.142 Million) during the year.

b) As on March 31, 2010, the Group has the following derivative instruments outstanding:

i) Forward currency exchange contracts (Euro - GBP) amounting to Euro. Nil (2009: Euro 1 Million) for the purpose of hedging its exposures to foreign currency loans.

ii) Interest and Currency Swap arrangement (USD-INR) in connection with borrowings amounting to USD 35 Million (2009: USD 35 Million).

iii) Interest Rate Swap arrangements in connection with borrowings amounting to GBP 171.250 Million (2009: GBP. 171.250 Million)

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

i) Receivables: USD 1.778 Million (2009: USD 0.876 Million), Euro 0.248 Million (2009: Euro 0.188 Million), Canadian Dollar 0.333 Million (2009: Canadian Dollar 0.298 Million), Taiwan Dollar 2.347 Million (2009: Taiwan Dollar 3.639 Million).

ii) Term Loans USD Nil (2009: USD 641.175 Million).

18. During the year the Company acquired Tern Distilleries Private Limited, engaged in the business of alcoholic beverages for a sum of Rs.139.539 Million. Consequently, Tern Distilleries Private Limited, has become a wholly owned subsidiary of the Company. Pursuant to the above, the figures of the current year include figures relating to the above subsidiary as given below:

	Rs. Million
Liabilities:	
Secured Loans	45.923
Unsecured Loans	-
Current Liabilities	0.722
Provisions	0.241
Deferred Tax Liability	-
Assets:	
Net Block of Fixed Assets	272.414
Goodwill on Consolidation	163.351
Investments	-
Inventories	39.627
Sundry Debtors	-
Cash and Bank Balances	41.402
Other Current Assets	0.693
Loans and Advances	4.486
Profit/(Loss) after tax for the year	(14.717)

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

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

J. MAJUMDAR
Partner
Membership Number: F 51912

New Delhi
August 18, 2010

VIJAY MALLYA
Chairman

M.R. DORAISWAMY IYENGAR
Director

V.S. VENKATARAMAN
Company Secretary

New Delhi
August 18, 2010

V.K. REKHI
Managing Director

P.A. MURALI
Chief Financial Officer

NOTES

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The Team

V.K. Rekhi

S.D. Lalla

Ravi Nedungadi

Ashok Capoor

P.A. Murali

Amrit Thomas

Kedar Ulman

Sanjay Raina

Ajay Baliga

I.P. Suresh Menon

Dr. B.K. Maitin

P.A.B. Sargunar

P.S. Gill

N.R. Rajsekher

K. Chatterjee

Abhay Kewadkar

K. Laxminarasimhan

Vivek Prakash

V.S. Venkataraman
Company Secretary

COMMEMORATING ONE HUNDRED MILLION CASES

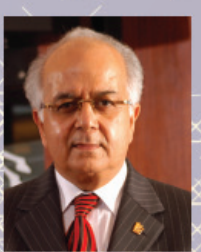
UB 100

UNITED SPIRITS

Board of Directors

Dr. Vijay Mallya
Chairman

S.R. Gupte
Vice Chairman



V. K. Rekhi
Managing Director

M. R. D. Iyengar

B. M. Labroo

Sreedhara Menon

S. K. Khanna

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