

The central piece
that holds it all together





Dr. Vijay Mallya
Chairman

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Chairman's Statement



Dear Fellow Shareholders,

It is a pleasure to be with you at this 95th Annual General Meeting of the Company. During the year, the world progressed hesitantly down a path to regain economic stability as it emerged from the global meltdown of 2008. While the Western world experienced modest recovery, Asia led by India and China registered high levels of growth. Inflation has, however, now emerged as the new global economic challenge, manifested by a substantial rise in the prices of almost all commodities. In India, despite large scale tightening of monetary policy by the RBI and other steps taken by Government, inflation has become the major cause of concern. High international oil and food prices are some of the principal contributors which lie outside the country's direct control. A silver lining, is that Indian exports registered a record growth of 37.7% in 2010-11 over the previous year, marking a new high post independence.

In many ways, India stands at crossroads, with a unique potential to seize the moment and set upon an extended period of high growth. But, this will call for visionary statesmanship and long term leadership. The people of India are crying out for a transformational policy framework where accountability is placed in the centrepiece. The wholesale public support for the "Lokpal" campaign is but one sign of the changing times.

While one may question the methods adopted, I do believe that addressing the angst pro-actively will help to develop a transparent framework which is best suited to India, emerging from the shadows of half a century of closed-door socialism into a new "Indian Century" led by an empowered youth.

Even as policy tries to find its way in this exciting environment that challenges many preconceived notions, we in the UB Group make our own path towards serving all our constituents and stake holders with value creation, good governance and transparency.

It has been a remarkable year for all our companies. Both United Spirits & United Breweries have achieved landmarks with sales exceeding 100 million cases each. In the process, United Spirits has become the world's largest distiller in terms of volume and United Breweries has attained market share exceeding 50% in the highly competitive brewing space. Other businesses too have performed well and I shall cover each briefly.

United Spirits Limited (USL):

United Spirits Limited (USL), the flagship alcobev Company of the UB Group, achieved global leadership of the alcoholic spirits industry by volume, selling over 113 million cases in FY 11 - a 13% leap over the previous year. The Company's tally of "millionaire" brands (ie brands that record annual sales in excess of a million cases) rose to 21. This includes its premium grain based whisky McDowell's No 1 Platinum, which achieved this distinction in the first year of its launch. USL has become India's largest FMCG Company with retail value of sales exceeding ₹ 34,000 crores.

The Global No. 1 slot achieved by the Company is an outcome of visionary leadership and meticulous execution spanning a gigantic network of manufacturing units, sales locations, brands and pack sizes. Innovation continues to be the norm at USL, and every effort is made to create unique lifestyle experiences for consumers. As the nation captures the demographic dividend of a youthful population, USL too is in the forefront of the race for value.

During the year, the Company has expanded its global reach by entering a number of new markets. New brands have been launched and more are in the pipeline to ensure that USL's product offering always remains fresh and contemporary, meeting the aspirations of an evolving customer base.

This focus on the front end of the business has not come at the cost of the manufacturing and supply chain which are so essential to produce and move the enormous quantities of product. Significant investments have been made into primary distillation, both through acquisition as well as by expansions and greenfield facilities. These new facilities are all multi substrate distilleries and thus provide the Company with enhanced strategic ownership of key inputs as also a natural hedge to cyclical trends in input prices of raw materials such as molasses and grain. By capturing the distillation margin, the Company will also be able to structurally enhance future profitability. Other investments are planned in the future to, not only enhance share of distillation but also in the packaging area. These will ensure sustainable double digit growth.

United Breweries Limited (UBL):

United Breweries Limited (UBL) had an outstanding year, achieving majority market share for the first



Chairman's Statement (contd.)

time in a highly competitive beer market, where every bottle is a high pitched battle with all the world's leading brewers. It is testimony to the quality of the Kingfisher brand offering and the skills of the management team, that the Company has been able to increase share in such an environment.

While Kingfisher Strong continues to rule the roost as the nation's largest selling beer, the launch of the super premium Kingfisher Ultra has met with unprecedented success in each of the markets that it has been launched.

Ultra is priced at a premium to major international brands and features innovations such as an embossed bottle with a flip top crown. These never seen before in India features, have made the brand the favourite of the aspirant consumer.

The partnership with Heineken is going well, and the Company benefits from the technological inputs provided by Heineken. These, together with major initiatives such as a "patented" bottle have gone a long way in ensuring that the cost structure remains under control even in a trying global environment that sees constant increase in the price of agricultural raw materials as well as energy.

UBL has commenced brewing Heineken Lager at its brewery in Talaja, Maharashtra. Heineken will be positioned as a ultra premium lager targeted at the affluent and discerning consumer. Its world class packaging including many firsts in the Indian market and complements the great international taste that global consumers are used to.

The Company has initiated a number of corporate reorganizations, which are at various stages of regulatory or judicial approval. Once completed, United Breweries Limited will have fully integrated the various companies and breweries acquired in different States over the last several years.

UBL Benefit Trust has in July 2011 placed out treasury shares amounting to 2.36% of the paid up capital of UBL with a major global investment institution. The proceeds of ₹ 283.57 crores has been remitted to UBL to reduce the debt which now stands at a very comfortable 2.55 times equity. This will enable the Company to readily source funds for its expansion plans in the future.

Kingfisher Airlines Limited (KFA):

Kingfisher Airlines Limited (KFA) is the nation's largest domestic carrier, having served over 12 million passengers across 59 domestic and 8 international destinations, on about 366 daily flights, last year.

The Airline has set new standards of service and customer satisfaction as manifested in the numerous awards, both national and global, that KFA has won in its six years since inception.

The industry continued to benefit from strong growth in passenger traffic on the back of an improving economic environment. Capacity creation has lagged demand growth and this helped to stabilise yields.

Several initiatives covering both revenue enhancement and cost management have begun to take effect.

KFA recorded its first year of EBITDA profits despite the challenges occasioned by grounding of part of the fleet on account of issues with the engines (resolved before the end of the year, in cooperation with the engine manufacturer) and upward trend in fuel costs.

The grounding of 14 Airbus aircraft progressively through the year resulted in a loss of 10% of the domestic capacity. However, through increased aircraft usage and sharply improved productivity, domestic passenger traffic increased by 2.6%. Ten of the 14 grounded planes were re-inducted into service before the end of the year and the rest have also been commissioned since then.

The Kingfisher product is working well in the international markets that the Company serves and several new routes have been launched during the year.

Recognising the unparalleled network and service standards, KFA has become the only Indian airline to be invited to a global alliance. Becoming a member - elect of ONEWORLD, the premier global alliance comprising leading names like BA, AA etc is a feather in KFA's cap and will help accelerate the Company's global footprint.

Following on the improved operating performance, the Company negotiated a debt recast with its

Chairman's Statement (contd.)

lenders under which, a part of the bank loans have been converted into Equity and Preference capital, the repayment of the balance loans extended to a nine year term and interest rates reduced. As a part of the whole package, our Company also converted loans extended to KFA into equity. Certain business associates who had advanced funds to KFA have also accepted Optionally Convertible Debentures in lieu of their loans.

Mangalore Chemicals & Fertilizers Limited (MCF):

The financial year 2010-2011 was yet another year of growth and improved performance for Mangalore Chemicals & Fertilizers Limited (MCF). The Company registered the highest ever turnover and Profit Before Tax, recording an increase of 21% and 33% respectively over the previous year. MCF also achieved a record sale of 1 Million metric tonnes of fertilizers for the second year in a row.

A state-of-the-art Sulphonated Naphthalene Formaldehyde (SNF) plant with an annual production capacity of 21,450 MTs of liquid SNF was commissioned in August 2010. SNF is predominantly used in the construction chemical industry for manufacture of super plasticizers. The demand for the product is expected to grow and the Company can ramp up the production capacity to meet the market needs.

Under its Integrated Nutrient Management (INM) program, the Company has been advocating adoption of a comprehensive approach for achieving improvement in soil fertility and productivity. Under this initiative the Company has been constantly engaged in educating farmers and channel partners on INM techniques that includes soil health management, water management, plant nutrition and plant protection.

As diversification and growth strategy, MCF introduced Plant Protection (PP) Chemicals of reputed pesticide manufactures through its channel partner network during July 2010 and registered a turnover of ₹12 crores during the first 9 months of operations. Going forward, the Company plans to also introduce its own brand of PP products for a few select molecules.

MCF continued to engage in various community development activities. During the year 2 specific schemes viz. "Mangala Akshara Mithra" for providing basic infrastructure to rural schools and "Project Eye care" for preventing/eradicating eye ailments in rural areas were launched which were highly appreciated.

UB Engineering Limited (UB ENGG):

With Government of India's continued focus on infrastructure and power as reflected in increased budgetary outlays, there is tremendous growth potential for the Company.

Despite intense competition in the domestic Transmission and Distribution business, the Company ended the year with a healthy order book of nearly ₹1200 crores as compared to ₹850 crores in the previous year recording an increase of 39.91%.

Considering the potential for pre-fabricated steel structures, the Company is in the process of setting up a fabrication unit at Chhattisgarh.

UB Infrastructure Limited, a wholly owned subsidiary of the Company is now poised to undertake projects for construction of roads, highways, bridges etc. This entity has already been awarded two road contracts.

The Company is also exploring avenues for overseas business ventures and has now established a Joint Venture Company UB OStan (India) Private Limited for manufacture of injection moulds, injection moulding components etc.

UB GLOBAL

UB Global attained the highest ever profits despite severe economic volatility in its key European markets. This was the result of rationalising customers, prudent foreign exchange management and a conscious climb in the value chain. Trading in wines from South Africa, widened the revenue stream.

On a consistent basis, UB Global has been picking up the best export performance award from APEDA in the Alcoholic Beverages category. For the year, it was

Chairman's Statement (contd.)

honored with the 'Golden Trophy'. Also, this year, the Federation of Karnataka Chambers of Commerce & Industry conferred on UB Global, the "Star Exporter Award" in Merchant Exporter category.

THE COLLECTION – UB CITY

The super luxury high end Mall – The Collection at UB CITY in Bangalore has transformed the luxury retail landscape in India, and increasingly affluent Indian consumers shop here for a dazzling array of exclusive products. Till the advent of this prestigious Mall, patrons of high-end fashion had not been offered the right setting and ambience in India. The Collection in UB CITY – the first of its kind in India, conceived and developed by the UB Group is spread over 1,25,000 square feet of sheer luxury, designed on the lines of a Venetian palazzo. It comprises more than 40 retail outlets, most of which are international high-end luxury brands as well as nine food and beverages outlets. White Italian marble decorates almost every surface of the mall, while the long corridors are dotted with recognizable designer names on either side.

The brand that symbolizes luxury globally, Louis Vuitton, was the first to open their doors to consumers in Bangalore. Others, like Ermenegildo Zegna, Salvatore Ferragamo, Canali, Etro, Jimmy Choo, Bottega Veneta, Kimaya, B & O, Corneliani, Paul Smith and Diesel occupy space at The Collection. Lifestyle brands such as Good Earth, Daum, Lladro and Rosenthal find numerous clients looking for sophisticated products to adorn their homes. Horologie is represented by names like Mont Blanc, Omega, Rolex and Tag Heuer. Estee Lauder, known for their premium quality cosmetics and skin care products has an exclusive store at this mall. Music concerts, art exhibitions, and many charitable events are hosted at its elegant and exclusive space.

KINGFISHER TOWERS – RESIDENCES AT UB CITY

Finally, Bangalore can boast of upscale residences that will vie with some of the premium addresses in the world. The UB Group's proposed super luxury residential project will come up soon on Vittal Mallya Road within the vicinity of the lush green Cubbon Park.

KINGFISHER TOWERS will, undoubtedly, be the most sought after and exclusive residential project to be

sold in Bangalore's real estate history. With over seven lakh square feet of saleable area, it will be as tall as UB Towers with over thirty floors, housing 75 flats, with two basements, rooftop helipad and four floors dedicated to parking over 500 cars ... the list of firsts is exhaustive.

This will be an exemplary piece of contemporary architecture which will add to the grandeur of UB CITY.

COMMUNITY SERVICE

As part of UB's commitment to society at large, we have consistently initiated steps to improve the lives of the local communities that we engage with by providing primary education, healthcare, conservation of water and energy and renewal of the water tables.

In conclusion, I wish to thank my colleagues on the Board and the Management team for their support and contribution during the year. Shareholders, suppliers, customers, the financial community and employees have all contributed to UB during the year and I thank them.



August 25, 2011

Dr. Vijay Mallya
Chairman

UNITED BREWERIES [HOLDINGS] LIMITED



Directors	<p>Dr. Vijay Mallya, Chairman</p> <p>Mr. Sidhartha V Mallya</p> <p>Mr. N Srinivasan</p> <p>Mr. S G Ruparel</p> <p>Mr. Piyush G Mankad</p> <p>Mr. B S Patil</p> <p>Mr. M S Kapur</p> <p>Mr. R N Pillai <i>[upto August 2, 2011]</i></p> <p>Mr. V K Rekhi <i>[w.e.f. August 2, 2011]</i></p> <p>Mr. A Harish Bhat, <i>Managing Director</i></p>
Executive Vice Chairman The UB Group	Mr. S R Gupte
President & Chief Financial Officer The UB Group	Mr. Ravi Nedungadi
Company Secretary and Compliance Officer	Mr. Kaushik Majumder
Auditors	M/s Vishnu Ram & Co., Chartered Accountants No.12, Margosa Road, Malleswaram, Bangalore – 560 003
Registered Office	UB Tower, Level 12, UB City, No.24, Vittal Mallya Road, Bangalore – 560 001
Registrars and Transfer Agents	Integrated Enterprises (India) Limited <i>(Alpha Systems is now Integrated)</i> No.30, Ramana Residency, 4 th Cross, Malleswaram, Bangalore – 560 003

Report of the Directors

Your Directors have pleasure in presenting the 95th Annual Report of your Company together with the Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

The summary of financial results of the Company for the financial year ended March 31, 2011 is as under:

(₹ in million)

	2010-2011	2009-2010
The working for the year resulted in		
• Profit from Operations	720.186	419.748
Less:		
• Depreciation	101.335	107.072
• Taxation	201.963	570.806
Add:		
• Exceptional Income	-	960.420
Profit after tax	416.888	702.290
Profit for the year	416.888	702.290
Your Directors have made the following appropriations:		
• Proposed Dividend	66.819	66.819
• Tax on Proposed Dividend	11.099	11.099
• Transfer to General Reserve	-	-
Surplus carried to the Balance Sheet	338.970	624.372

DIVIDEND

Taking into account the results for the year and the need for resources for meeting the business needs of the Company, your Directors have recommended a dividend of Re.1 per share (10%) for the year ended March 31, 2011 which is the same as in last year.

OPERATIONS

The Company's revenues comprise of sale/lease rentals of property at UB City, Bangalore, Export Sales, Trade Mark License Fees, Dividends, Guarantee Commission and Interest on Loans and Deposits.

PROPERTY DEVELOPMENT

The Company executed a Joint Development Agreement with a Developer on April 26, 2010 for development of a luxury residential building named as "Kingfisher Towers – Residences at UB City" in the available land in UB City. The super built up area of the building would be 7,67,870 sq. ft. The super built up area falling to the share of the Company would be 4,18,388 sq. ft. The statutory approvals for construction of the building have been received and the construction has since begun. When built, this residential development will add yet another landmark to Bangalore's skyline besides augmenting revenues by sale of the residential units.

Arising from the global economic slow down, several Lessees of rental space both office and retail have re-negotiated the rentals. This has impacted the potential revenue of the Company. A re-negotiated rental package with the retail lessees is now in place.

SALE OF PROPERTY

During the year, the Company sold Commercial Space measuring 31,103.64 sq.ft. of saleable super built up commercial area in UB City.

EXPORT BUSINESS

In recognition of consistent export performance, through innovative marketing initiatives, and aggressive growth strategies in the Alcoholic Beverages category, UB Global, the Export Division of the Company was once again awarded the 'Golden Trophy' by APEDA. The Federation of Karnataka Chambers of Commerce & Industry also honoured UB Global with the "Star Exporter Award" in the Merchant category.

The Export Division registered its highest ever profits this year, even though economic volatility in key markets of Europe and currency swings remained a major concern. High levels of domestic inflation, resulting in input cost spikes, affected the revenues of the Division. However,

prudent management of foreign exchange and realigning of certain products stood the Division in good stead.

Shipment of beer soared above the million cases mark once again. Kingfisher Bohemia wines entered new markets and adds to our on-premise presence in 10 countries.

The apparel business has consistently expanded its customer base, unit realizations, volumes and profitability. During the year, a new facility in Bangalore, entirely funded out of internal accruals, commenced production of premium casual wear.

The Division continued to invest in improving production capacity in the Leather footwear manufacturing unit at Ambur, a leather industry hub in Tamil Nadu. This enabled them to undertake production of high end women's footwear aimed at European customers.

KINGFISHER AIRLINES LIMITED

Kingfisher Airlines Limited [KFA], a major subsidiary of the Company which is supported by your Company by way of guarantees and pledge of securities achieved a substantial turnaround in its fortunes towards the end of the year. It was helped in the process by agreeing a Master Debt Recast Agreement [MDRA] with its Bankers to which your Company is a signatory. The terms of the MDRA include inter-alia:

- a) Conversion of part the outstanding loan into Compulsorily Convertible Preference Shares [CCPS] and part into Cumulative Redeemable Preference Shares [CRPS] redeemable at par after twelve years.
- b) The remnant loans will be repayable over a nine year period including a two year moratorium and a graduated schedule over seven subsequent years.
- c) Interest for the period from July 2010 to March 2011 will be converted into a term loan repayable over five years.
- d) Interest rate on loans reduced to by over 300 bps.
- e) Sanction of additional loan of ₹ 768 crores.

The Company's existing guarantees and pledge of securities to secure the KFA debt have been appropriately extended.

Simultaneously the Company along with Kingfisher Finvest India Limited [KFIL] a wholly owned subsidiary has converted the existing loan and preference shares aggregating to ₹ 745 crores into Compulsorily Convertible

Preference Shares [CCPS] on January 3, 2011 which was subsequently converted into equity shares on March 31, 2011 at a conversion price of ₹ 64.48 per equity share as per the formula for pricing prescribed in the SEBI Regulations. Consequent to the above conversion, the percentage of holding of the Company along with KFIL in KFA stood reduced to 52.85% (shareholding along with other subsidiaries stood at 55.57%).

STRATEGIC INVESTMENT IN APB INDIA

During the year under review, your Company through its Wholly Owned Overseas Subsidiary has acquired strategic interest by way of acquisition of 50% of the issued and paid up capital of UB Ajanta Breweries Private Limited and UB Nizam Breweries Private Limited (collectively referred to as "APB India") from Heineken International B.V., Netherlands.

DIRECTORS

Mr. R N Pillai resigned as Director of the Company with effect from August 2, 2011. The Board placed on record the valuable services rendered by Mr. Pillai during his tenure as a Director of the Company.

Mr. V K Rekhi was appointed as Director of the Company in the casual vacancy caused by the resignation of Mr. R N Pillai with effect from August 2, 2011.

Mr. Piyush G Mankad and Mr. N Srinivasan Directors, retire by rotation and, being eligible, offer themselves for re-appointment, as Directors liable to retire by rotation.

A brief resume of the Directors proposed to be re-appointed is given in the Annexure to the Notice.

AUDITORS

Messrs. Vishnu Ram & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

With regard to observations in the Auditors' Report on the accounts for the year ended March 31, 2011, the relevant financial notes are self explanatory and do not require further elucidation.

LISTING OF SHARES OF THE COMPANY

The shares of your Company are listed on Bangalore Stock Exchange Limited [Regional Exchange], The Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited.

Report of the Directors (contd.)

CORPORATE GOVERNANCE

A report on Corporate Governance is annexed separately as part of the report along with a Certificate of Compliance from the Statutory Auditor. Necessary requirements of obtaining certifications / declarations in terms of Clause 49 of the Listing Agreements have been complied with.

SUBSIDIARIES

The following are the subsidiaries of the Company:

A. Indian Subsidiary Companies

1. Bangalore Beverages Limited
2. City Properties Maintenance Company Bangalore Limited
3. Kingfisher Finvest India Limited [Formerly Kingfisher Radio Limited]
4. Kingfisher Airlines Limited [Formerly Deccan Aviation Limited]
5. Kingfisher Training and Aviation Services Limited [Formerly Kingfisher Airlines Limited]
6. Kingfisher Aviation Training Limited [Formerly Kingfisher Training Academy Limited]
7. Kingfisher Goodtimes Private Limited
8. UB Electronic Instruments Limited
9. UB Infrastructure Projects Limited
10. UB International Trading Limited
11. UB Sports Limited
12. Vitae India Spirits Limited

B. Overseas Subsidiary Companies

13. Inversiones Mirabel, S.A.
14. Mendocino Brewing Co. Inc, USA
15. Rubic Technologies Inc
16. Rigby International Corp
17. Releta Brewing Company LLC
18. UB Overseas Limited
19. UBHL [BVI] Limited
20. United Breweries of America Inc., Delaware
21. United Breweries International [UK] Limited
22. Kingfisher Beer Europe Limited (Formerly UBSN Limited)

A summary of performance of all the above mentioned subsidiaries including turnover, profit before and after taxation are available in the statement under the heading

Summarized Financials of Subsidiary Companies 2010-11 included in the Annual Report.

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2/2011 dated February 8, 2011 has issued directions under Section 212(8) of the Companies Act, 1956 granting general exemption from applicability of the provisions of Section 212 of the Companies Act, 1956 in relation to the Subsidiary Companies, subject to fulfillment of the conditions specified in the said circular.

The Company has availed the benefit of general exemption provided by the aforesaid circular and accordingly, the documents mentioned in Section 212(a) to (d) of the Companies Act, 1956 relating to the Company's subsidiaries are not attached to the Accounts of the Company. In terms of the said circular, your Company shall fulfill the prescribed conditions, make the requisite disclosures and further undertake that the Annual Accounts of the Subsidiary Companies and the related detailed information shall be made available to Shareholders of the Company and its Subsidiary Companies seeking such information. These documents will also be available for inspection during business hours at the Registered Office of the Company and of the respective Subsidiary Companies concerned.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis Report is appended and forms an integral part of the Report on Corporate Governance which is appended.

FIXED DEPOSITS

The Fixed Deposits accepted from the Public and Shareholders stood at ₹1,343.843 million as on March 31, 2011 (including an amount of ₹62.355 million accepted during the year under review).

A sum of ₹0.631 million from Public and Shareholders remained unclaimed as at March 31 2011.

There have been no defaults in the repayment of fixed deposits during the year.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A[5] and 205C of the Companies Act, 1956, an amount of ₹0.367

million [Previous Year ₹0.134 million] being the aggregate of the Unclaimed Dividend and Deposits, remaining unclaimed and unpaid for more than 7 years, have been transferred to the Investor Education and Protection Fund.

PARTICULARS OF EMPLOYEES

The information as are required to be provided in terms of Section 217[2A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules, 1975 is enclosed.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

Particulars of Conservation of Energy, Technology Absorption

The Provisions of Section 217[1][e] of the Act relating to conservation of energy and technology absorption do not apply to this Company since it is not engaged in manufacturing activities.

Foreign Exchange Earnings and outgo

The particulars are as under:

[₹ in million]

Description	Year ended	
	March 31, 2011	March 31, 2010
Foreign exchange earnings	1854.132	1888.084
Foreign exchange outgo	2075.281	1747.185

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217[2AA] of the Companies Act, 1956 the Board of Directors hereby state that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- (iii) 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 prevention and detection of fraud and other irregularities.

- (iv) the Annual Accounts have been prepared on a going concern basis.

GREEN INITIATIVE

Statutory disclosures in the print version of the Annual Report and other details are available in our website www.theubgroup.com.

ACKNOWLEDGEMENT

Your Directors place on record the support received from Group Companies, shareholders, depositors, banks, financial institutions and employees.

By Order of the Board

Dr. Vijay Mallya
Chairman

Mumbai
August 25, 2011

Annexure to Directors' Report

Statement under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2011.

Employed throughout the year and in receipt of remuneration in aggregate of not less than ₹ 60,00,000 per annum.							
Sl. No.	Name	Age	Total Remuneration (₹ in lacs)	Designation	Educational Qualifications	Experience in years	Previous Employment
1.	Anand Deepak	62	282.80	President	B.A. (Eco.) (Hons), A.C.A.	37	Director, A F Ferguson & Co, Mumbai
2.	Ashoke Roy	54	108.70	Deputy President – Internal Audit	B.Com., A.C.A., ICMA, ICSA	27	Senior Auditor, Philips India Limited
3.	Shashikanth V	50	117.20	Deputy President – Overseas Business	B.E., PGDIT	27	Project Director, Bharat Forge Limited, Pune
4.	Ramanujam S	59	77.20	Executive Vice President – Taxation	B.Sc., A.C.A.	33	Manager, Group Taxation, Investment Trust of India Limited, Chennai
5.	D Banerjee	52	70.50	Sr. Vice President	B.Tech. (Hons.) PGDM	27	United Spirits Limited

Notes:

1. Remuneration shown above includes Salary, Allowance, Medical Leave, Travel Expenses and monetary value of perquisites as per Income Tax Rules.
2. None of the employees mentioned above is a relative of any Director of the Company.
3. None of the above mentioned employees is holding more than 2% of the Paid up Equity Capital of the Company.

Annexure to Directors' Report (contd.)



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

(₹ in million)

Sl. No.	Name of the Subsidiary	No. of equity shares at the end of the financial year of the Company		Percentage of holding		Net Aggregate Profit/(Loss) of the Subsidiary so far as it concerns the Shareholders of the Company			
		United Breweries (Holdings) Limited	Other Subsidiary Companies	United Breweries (Holdings) Limited	Other Subsidiary Companies	a) Not dealt with in the Accounts of the Company		b) Dealt with in the Accounts of the Company	
						(i)	(ii)	(i)	(ii)
						For the subsidiary's financial year ended March 31, 2011	For previous year of the subsidiary since it became a subsidiary	For the subsidiary's financial year ended March 31, 2011	For previous year of the subsidiary since it became a subsidiary
1	2	3	4	5	6	7	8		
1	Bangalore Beverages Limited	-	50,000	-	100.00	4.061	(0.053)	-	-
2	City Properties Maintenance Company Bangalore Limited	50,000	-	55.00	-	1.002	2.056	-	-
3	Kingfisher Finvest India Limited [Formerly Kingfisher Radio Limited]	50,000	-	100.00	-	(604.841)	(821.060)	-	-
4	Kingfisher Airlines Limited	199,598,555	77,041,750	40.10	15.47	(5,709.250)	(9,980.510)	-	-
5	Kingfisher Training and Aviation Services Limited [Formerly Kingfisher Airlines Limited]	33,216	2,747	66.43	5.49	(13.778)	(11.950)	-	-
6	Kingfisher Aviation Training Limited [Formerly Kingfisher Training Academy Limited]	3,000,000	-	100.00	-	(0.107)	(0.152)	-	-
7	UB Electronic Instruments Limited	280,976	6,410	96.25	2.19	2.977	4.422	-	-
8	UB Infrastructure Projects Limited	50,000	-	100.00	-	(0.055)	3.173	-	-
9	UB International Trading Limited	50,002	-	100.00	-	2.974	(15.710)	-	-
10	Vitae India Spirits Limited	-	50,000	-	100.00	(0.022)	(0.031)	-	-
11	UB Sports Limited	-	50,000	-	100.00	(6.055)	-	-	-
12	Kingfisher Goodtimes Private Limited	-	9,960	-	99.60	(0.004)	-	-	-
13	Rigby International Corp.	15,115,488	-	100.00	-	(0.089)	(0.095)	-	-
14	UB Overseas Limited	50	950	5.00	95.00	(45.029)	(154.038)	-	-
15	Rubic Technologies Inc.	5,500,000	-	100.00	-	(0.051)	0.610	-	-
16	UBHL (BVI) Limited	238,370	-	100.00	-	(44.902)	(0.286)	-	-
17	United Breweries International (UK) Limited	-	100,000	-	100.00*	0.71	1.229	-	-
18	Kingfisher Beer Europe Limited [Formerly UBSN Limited]	-	100,000	-	100.00*	(34.611)	(30.083)	-	-
19	United Breweries of America Inc., Delaware	-	14,542	-	92.49	(0.548)	(3.049)	-	-
20	Releta Brewing Company LLC	-	100	-	100.00*	(0.174)	(9.803)	-	-
21	Inversiones Mirabel, S.A	-	2	-	100.00	(0.134)	(0.143)	-	-
22	Mendicino Brewing Company Inc. USA	-	8,587,818	-	69.10*	12.873	3.738	-	-

*Effective % of holding is 67.24%

Dr. Vijay Mallya
Chairman

August 25, 2011

Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below.

1. COMPANY'S POLICY ON CORPORATE GOVERNANCE

The Company has always endorsed the principles of good Corporate Governance and has endeavored to follow these principles in their true letter and spirit. The Board of the Company, which is charged with the responsibility of ensuring true Corporate Governance, is always striving to ensure that the management protects the long term interests of all the stake-holders of the Company.

2. BOARD OF DIRECTORS

Composition and Category of Directors

In compliance of Clause 49 of the Listing Agreements with the Stock Exchanges, the Board consists of 5 Independent Directors and 4 Non-Independent Directors (including a Non Executive Chairman and a Managing Director). The requirement of the Listing Agreements that 50% of the Board should comprise of Independent Directors is met.

The Company held Nine Board Meetings during 2010-11 and the gap between two meetings did not exceed four months. The Board Meetings were held on April 29, 2010, July 21, 2010, August 20, 2010, August 31, 2010, September 30, 2010, November 9, 2010, February 5, 2011, February 9, 2011 and March 25, 2011.

The details of attendance of Directors at the Board meetings during the financial year 2010-11 and at the last Annual General Meeting (AGM) held on September 30, 2010, and also the number of Directorships and Committee positions held by them in other Companies as on date are given below:

Name	Category	No. of Board Meetings Attended	Attendance at the last AGM held on 30.9.2010	Directorship in Other Public Limited Companies	No. of Committees (other than the Company) in which Member/Chairman
Dr. Vijay Mallya	Non-Executive Chairman	6	Yes	11	Nil
Mr. N Srinivasan	Independent Director	9	Yes	13	9 (Chairman of 4)
Mr. S G Ruparel	Independent Director	6	Yes	4	1 (Chairman of 1)
Mr. A Harish Bhat	Executive/ Managing Director	9	Yes	10	3 (Chairman of 1)
Mr. Sidhartha V Mallya	Non-Executive Director	4	Yes	1	Nil
Mr. Piyush G Mankad	Independent Director	7	Yes	11	9 (Chairman of 2)
Mr. B S Patil	Independent Director	8	Yes	9	7 (Chairman of 2)
Mr. R N Pillai*	Non-Executive Director	6	No	4	2 (Chairman- Nil)
Mr. M S Kapur	Independent Director	7	Yes	8	5 (Chairman of 2)
Mr. V K Rekhi**	Non-Executive Director	0	No	3	Nil

* Resigned w.e.f. August 2, 2011; ** Appointed w.e.f. August 2, 2011

Notes:

1. Mr. V K Rekhi was appointed as a Director in the casual vacancy caused by the resignation of Mr. R N Pillai w.e.f. August 2, 2011.
2. Except Dr. Vijay Mallya and Mr. Sidhartha V Mallya none of the other Directors are inter-related.
3. None of the Directors has any business relationships with the Company.
4. The above numbers exclude Directorships in Private Limited Companies, Companies incorporated under Section 25 of the Act, Chamber and Committee.

Directors seeking Re-appointment

The brief particulars of the Directors of the Company, seeking re-appointment at the ensuing Annual General Meeting are given in the Annexure to the Notice.

3. COMMITTEES OF THE BOARD

The Board of Directors has constituted Mandatory Committees viz., Audit Committee, and Shareholders' and Investors' Grievance Committee and Non-Mandatory Committees i.e. Remuneration Committee and General Committee of Directors. The functions of these Committees are summarized below.

AUDIT COMMITTEE

Terms of Reference and Composition, Names of Members and Chairman

The powers of the Audit Committee are as mentioned in Clause 49(II) [c] and [d] of the Listing Agreement and Section 292A of the Companies Act, 1956. The terms of reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreement. The Committee acts as a link between the Management, the Statutory and the Internal Auditors on one side and the Board of Directors of the Company on the other side and oversees the financial reporting process.

The Executive Vice Chairman, The UB Group, The Chief Financial Officer, The UB Group, the Managing Director and the Internal Auditors are permanent invitees of the Audit Committee. The Statutory Auditors are also invited to attend the meetings. The Company Secretary acts as the Secretary to the Committee.

Five Meetings of the Audit Committee were held during 2010-11 i.e., on April 29, 2010, July 21, 2010, August 19, 2010, November 9, 2010, and February 9, 2011. The composition and attendance of Members at the Meetings of the Audit Committee held during 2010-11 are as follows:

Name	Designation	Category	Meetings held during 2010-11	Meetings attended
Mr. N Srinivasan	Chairman	Independent Director	5	5
Mr. S G Ruparel	Member	Independent Director	5	4
Mr. A Harish Bhat*	Member	Non Independent Director	5	5
Mr. B S Patil	Member	Independent Director	5	5

* Mr. A Harish Bhat resigned from the Audit Committee w.e.f. February 9, 2011.

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee oversees the transfer of shares lodged for transfer, transmission, dematerialization / rematerialization, split and stock option allotments and complaints received from shareholders and other statutory bodies. The Company's Registrars and Share Transfer Agents viz., Integrated Enterprises (India) Limited (*Alpha Systems is now Integrated*), Bangalore, have adequate infrastructure to process the above mentioned activities.

Majority of the complaints from Shareholders are received directly by Integrated Enterprises (India) Limited (*Alpha Systems is now Integrated*), Registrars & Share Transfer Agents, and those received by the Company are forwarded to them for immediate redressal.

Report on Corporate Governance (contd.)

Six Meetings of the Shareholders' / Investors' Grievance Committee were held during 2010-11 i.e., on April 29, 2010, July 21, 2010, October 22, 2010, December 17, 2010, January 29, 2011 and March 18, 2011. The composition and attendance of Members at the Meetings of the Shareholders'/ Investors' Grievance Committee held during 2010-11 are as follows:

Name	Designation	Category	Meetings held during 2010-11	Meetings attended
Mr. S G Ruparel	Chairman	Independent Director	6	2
Mr. B S Patil	Member	Independent Director	6	6
Mr. R N Pillai	Member	Non-Independent Director	6	6

Consequent to the resignation of Mr. R N Pillai, the Committee was reconstituted on August 2, 2011 and Mr. A Harish Bhat was appointed as a Member of this Committee in place of Mr. R N Pillai w.e.f. August 2, 2011.

Mr. Kaushik Majumder, Corporate Vice President-Legal & Company Secretary is the Compliance Officer.

Details of complaints resolved during the financial year 2010-11 are as follows:

No. of Complaints	Received during 2010-11	Resolved during 2010-11	Closing
As per SEBI Category	26	26	Nil
Other Correspondences	505	505	Nil

None of the complaints were kept pending for more than one month. As on March 31, 2011, no share transfer requests or complaints were pending at our end.

REMUNERATION / COMPENSATION COMMITTEE

The Remuneration / Compensation Committee of the Board recommends to the Board, from time to time, compensation package for Whole-Time Directors.

Composition of Remuneration Committee

Name	Designation	Category
Mr. S G Ruparel	Chairman	Independent Director
Mr. N Srinivasan	Member	Independent Director
Mr. B S Patil	Member	Independent Director

There was no occasion for the Remuneration Committee to meet during the year 2010-11.

Remuneration to Managing Director

Mr. R N Pillai, who was the Managing Director of the Company up to the close of business hours of August 20, 2010, did not draw any remuneration and perquisites from the Company. Mr. Harish Bhat was appointed as the Managing Director of the Company with effect from the close of business hours of August 20, 2010 in place of Mr. R N Pillai without payment of any remuneration. The Company does not have Service Contract with any of the other Directors.

Remuneration to Non-Executive Directors

Non-Executive Directors are being paid sitting fees of ₹ 20,000 per meeting of the Board and Audit Committee and ₹ 10,000 per meeting of the other Committees attended by them, effective November 28, 2007.

Report on Corporate Governance (contd.)



The details of sitting fees paid to the Directors of the Company for attending the Board and Committee Meetings for the year 2010-11 are as follows:

Name	Fees Paid (₹)
Dr. Vijay Mallya	120,000
Mr. N Srinivasan	280,000
Mr. S G Ruparel	220,000
Mr. A Harish Bhat	120,000
Mr. Sidhartha V Mallya	80,000
Mr. Piyush G Mankad	140,000
Mr. B S Patil	320,000
Mr. R N Pillai	100,000
Mr. M S Kapur	140,000
Total	1,520,000

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

Name	Number of Shares held	
	As on March 31, 2011	As on March 31, 2010
Dr. Vijay Mallya	5,284,978	5,284,978
Mr. N Srinivasan	120	120
Mr. S G Ruparel	Nil	Nil
Mr. A Harish Bhat	600	600
Mr. Sidhartha V Mallya	Nil	Nil
Mr. Piyush G Mankad	Nil	Nil
Mr. B S Patil	Nil	Nil
Mr. R N Pillai	Nil	Nil
Mr. M S Kapur	Nil	Nil

GENERAL COMMITTEE OF DIRECTORS

In view of the difficulties in convening Board Meeting[s] with requisite quorum at short notice, for matters requiring immediate and prompt action, on behalf of the Company, the Board constituted a Committee of Directors on October 26, 2006.

The powers to be delegated to the Committee of Directors consisting of Mr. N Srinivasan, Mr. A Harish Bhat and Mr. R N Pillai are regulated by the Board of Directors from time to time. There was no occasion for the General Committee to meet during the year 2010-11.

Consequent to the resignation of Mr. R N Pillai, the Committee was reconstituted on August 2, 2011 and Mr. B S Patil was appointed as a Member of this Committee in place of Mr. R N Pillai w.e.f. August 2, 2011.

4. SECRETARIAL AUDIT

A Secretarial Audit was carried out by a qualified Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges, NSDL and CDSL and is also placed before the Board of Directors.

5. COMPLIANCE OFFICER

The Secretarial and Legal Department is headed by Mr. Kaushik Majumder, Corporate Vice President-Legal and Company Secretary, who is responsible for ensuring compliance of the Companies Act and allied laws.

Report on Corporate Governance (contd.)

Mr. Kaushik Majumder has been functioning as Compliance Officer for the purpose of complying with various provisions of Securities and Exchange Board of India Regulations, Listing Agreements with Stock Exchanges, Registrar of Companies and for monitoring the share transfer process etc. His email address is kmajumder@ubmail.com.

6. GENERAL BODY MEETINGS

The last three Annual General Meetings (AGMs) of the Company were held on the following dates, time and venue:

Financial Year	Date	Time	Venue	Special Resolutions passed
92 nd Annual General Meeting April 2007 – March 2008	Friday, December 26, 2008	12.30.p.m.	Dr. B R Ambedkar Bhavana, Vasanthanagar Bangalore 560 052	1. Confirmation of Resolutions passed by the Board of Directors to furnish Corporate Guarantees in exceptional circumstances under Section 372A of the Companies Act, 1956 on behalf of Associate Companies.
93 rd Annual General Meeting April 2008 – March 2009	Thursday, September 10, 2009	3.15.p.m.	Good Shepherd Auditorium, Residency Road, Bangalore 560 025	1. Alteration of Clause 112 of the Articles of Association to increase the minimum number of directors from 3 to 9. 2. To restrict the FII limits at 26% and authorize the Board to amend or modify the percentage of FII investment as may be warranted.
94 th Annual General Meeting April 2009 – March 2010	Thursday, September 30, 2010	10.30.a.m	Good Shepherd Auditorium, Residency Road, Bangalore 560 025	1. Re-appointment of Mr. R N Pillai as Managing Director of the Company, without remuneration, from March 18, 2010 up to the close of business of August 20, 2010. 2. Appointment of Mr. A Harish Bhat as Managing Director of the Company, without remuneration, from the close of business hours of August 20, 2010 for a period of three years or date of superannuation whichever is earlier. 3. Conversion of loans given by the Company to Kingfisher Airlines Limited, into convertible instrument which is compulsorily convertible into equity shares

Postal Ballot

Pursuant to Section 192A of the Companies Act, 1956, an Ordinary Resolution was passed by the Members through Postal Ballot:

Date of Notice of Postal Ballot	Date of Passing	Description	Result
September 30, 2010	November 9, 2010	Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of mortgage(s) and/or charge(s) in favour of Banker(s), Financial Institution(s), Mutual Fund(s) or other lender(s) to secure the borrowings up to a limit of ₹ 2500 crores	Carried with requisite majority

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.

There is no Special Resolution at this meeting, which is required to be passed by way of Postal Ballot.

7. DISCLOSURES

Materially significant related party transactions

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

Transactions with related parties as per the requirements of Accounting Standards 18 issued by The Institute of Chartered Accountants of India are disclosed in the relevant Schedule of Notes to Annual Accounts.

Details of non-compliance

There has been no instance of non-compliance with any legal requirements nor have there been any strictures passed by Stock Exchanges or SEBI, on any matters relating to the capital market over the last three years.

Code of Conduct

The Company has adopted a Code of Ethics for Board Members and Senior Management Personnel. This code is in addition to the Company's Code of Business Conduct, applicable to all the designated employees of the Company.

A copy of the said Code of Ethics for Board Members and Senior Management Personnel is available at the Company's website, www.theubgroup.com.

All the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Ethics for Board Members and Senior Management Personnel and the Code of Business Conduct, as on March 31, 2011.

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company adopted a "Code of Conduct for Dealing in Securities" at the meeting of the Board of Directors held on September 30, 2002. The Company has updated the Code as per the requirements of SEBI and has made it applicable to all Directors and designated employees. The Code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

Designated Officer To oversee the Corporate Disclosures Practices	Mr. S. R. Gupte Executive Vice Chairman of UB Group
Compliance Officer To carry out the responsibilities as set out in SEBI Regulations	Mr. Kaushik Majumder Corporate Vice President-Legal & Company Secretary

Details of compliance with mandatory requirements and adoption of the non mandatory requirements of this clause

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this Report. The status of compliance with the Non mandatory requirements is given at the end of the Report.

8. MEANS OF COMMUNICATION

Website

The Company has its own web-site and all vital information relating to the Company and its performance, including quarterly results, official press releases and presentation to analysts are posted on the web-site. The Company's website address is www.theubgroup.com.

Other means of communication

Quarterly Results	The Company's quarterly results are published in English and Kannada newspapers. Press Releases are also issued which are carried by other newspapers. Hence, same are not sent to the residence of Shareholders.
Newspapers in which Results are normally published in	i) The Financial Express ii) Times of India/Kannada Prabha (Kannada) [a regional daily published from Bangalore]
Any website where displayed	www.theubgroup.com
Whether it also displays official news releases and the presentations made to Institutional Investors or to the analysts:	Yes
Whether Management Discussion and Analysis is a part of the Annual Report	Yes

Report on Corporate Governance (contd.)

Designated e-mail Address for Investor Services

In terms of Clause 47[f] of the Listing Agreement, the designated e-mail address for investor complaints is ubhlinvestor@ubmail.com.

9. GENERAL SHAREHOLDER INFORMATION

The particulars of the Annual General Meeting for the year ended March 31, 2011 is as under:

Date of 95 th Annual General Meeting		Venue		Time
September 28, 2011		Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore 560 025		2.30 p.m.
Book Closure	From	September 26, 2011	To	September 28, 2011

The Company's financial year begins on April 1 and ends on March 31 of the following year:

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

Unclaimed Dividend

Section 205A of the Companies Act, 1956, mandates that Companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund [IEPF]. In accordance with the following schedule, the dividend for the years mentioned below, if unclaimed within a period of seven years, will be transferred to IEPF.

Financial Year	Type of dividend	Dividend per Share ₹	Date of declaration	Due date for transfer
2003-04	No Dividend Declared			-
2004-05	No Dividend Declared			-
2005-06	Interim / Final	₹ 0.50 per share	September 30, 2006	October 28, 2013
2006-07	Final	₹ 1.00 per share	November 28, 2007	December 26, 2014
2007-08	Final	₹ 1.00 per share	December 26, 2008	January 24, 2015
2008-09	No Dividend Declared			-
2009-10	Final	₹ 1.00 per share	September 30, 2010	October 29, 2017

The Company has sent communications to the concerned shareholders, advising them to lodge their claims with respect to unclaimed dividend. Shareholders are advised that once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof, either against the Company or against IEPF.

Equity Shares in the Suspense Account

As on March 31, 2011 there were 3,25,349 unclaimed (returned undelivered) Equity Shares, in accordance with Clause 5A (I) of the Listing Agreement. The Registrars and Share Transfer Agent [Integrated Enterprises (India) Limited] had issued two reminder notices at the addresses of 8644 such shareholders, and as on the date of this report 24 responses for 1354 shares have been received from the concerned shareholders and the relevant share certificates were returned back to the said shareholders.

Report on Corporate Governance (contd.)



Listing on Stock Exchanges and Stock Codes

The Company's Shares are currently listed and traded on the following Stock Exchanges:

Sl. No.	Name of the Stock Exchanges	Address	Scrip Name, Scrip Code & Scrip ID
1	Bangalore Stock Exchange Limited [Regional Exchange]	No. 51, Stock Exchange Towers, I Cross, J C Road Cross, Bangalore 560 027	UNITEDBRED
2	The Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	United Brewr / 507458/ UBHOLDING
3	National Stock Exchange of India Limited	Bandra Kurla Complex, Bandra East, Mumbai 400 051	UBHOLDINGS

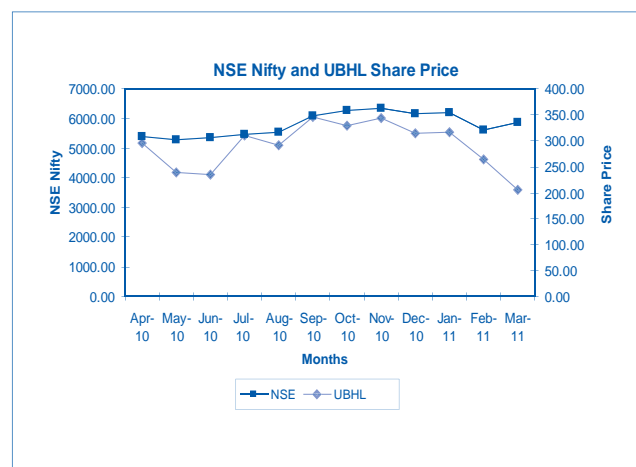
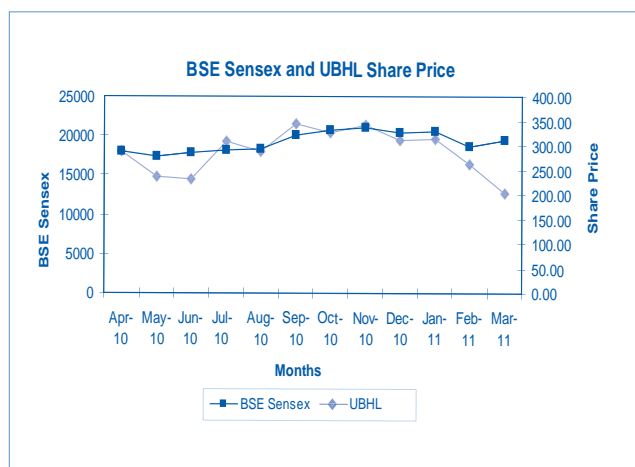
The Listing Fees for the year 2011-2012 has been paid to all the above Stock Exchanges.

Market Price Data

The details of market price of the shares of the Company at the Bombay Stock Exchange Limited and National Stock Exchange of India Limited during the period from April 1, 2010 to March 31, 2011 are provided in the table hereunder.

Months	BSE			NSE		
	High	Low	Volume	High	Low	Volume
	₹	₹		₹	₹	
April, 2010	289.00	225.00	3,32,512	295.00	226.15	6,85,423
May, 2010	239.00	190.80	5,52,605	238.25	190.45	9,06,190
June, 2010	233.70	188.05	5,04,483	233.90	182.10	9,69,473
July, 2010	310.70	196.35	76,59,049	309.90	195.30	1,89,87,012
August, 2010	290.55	255.20	41,74,093	291.30	253.00	1,04,67,386
September, 2010	345.60	281.40	44,93,400	345.50	284.00	1,18,36,046
October, 2010	328.50	279.85	15,74,343	328.40	284.00	3,643,595
November, 2010	343.40	260.30	17,74,215	343.00	263.40	40,66,192
December, 2010	313.30	247.00	25,38,230	313.60	245.60	50,81,567
January, 2011	315.40	239.00	8,86,857	315.50	232.20	21,31,495
February, 2011	263.75	173.50	7,90,307	263.50	174.10	17,15,729
March, 2011	204.85	175.00	35,76,571	205.00	175.00	35,46,094

The stock performance in comparison to BSE Sensex and NSE Nifty are provided in the chart below.



Report on Corporate Governance (contd.)

Registrars and Share Transfer Agents

During the year under review, Integrated Enterprises India Limited (*Alpha Systems is now Integrated*), Bangalore, continued as the Company's Registrars and Share Transfer Agents.

All matters pertaining to Share Transfers / Transmissions were handled by Integrated Enterprises India Limited. Share Transfer requests were processed by them and a Memorandum of Transfer along with relevant documents sent to the Company for approval by the Investors' / Shareholders' Grievances Committee.

Shares sent for physical transfer were effected after giving a 15 day notice to the seller for confirmation of the sale. The average time taken for processing Share Transfer requests including dispatch of Share Certificates was 21 days, while 10-12 days were required for processing dematerialisation requests.

Share Transfer System

The power of approving transfers up to 5000 shares has been delegated to the Company Secretary and two Directors. Transfers are approved every fortnight. Share transfers above 5000 shares are approved by the Board of Directors.

Dematerialization of shares and liquidity

United Breweries [Holdings] Limited shares are tradable compulsorily in electronic form and through Integrated Enterprises India Limited (*Alpha Systems is now Integrated*), Registrars and Share Transfer Agents. The Company has established connectivity with both the depositories i.e., National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL]. The International Securities Identification Number [ISIN] allotted to the Company's Shares under the Depository System is INE696A01025.

Percentage of Shares held in Physical & Electronic form as on March 31, 2011

Sl. No.	Particulars	No. of Share Holders	No. of Shares	%
1	Demat Mode			
	NSDL	20043	62232281	93.14
	CDSL	6221	2638757	3.95
	Total	26264	64871038	97.09
2	Physical Mode	16766	1947483	2.91
	Grand Total	43030	66818521	100.00

ECS (Electronic Clearing Service) / Mandates / Bank Details

Members may please note that ECS details contained in the BENPOS downloaded from the Depositories would be reckoned for payment of dividend. In order to avoid fraudulent encashment of dividend, please register either ECS mandate or Bank details for payment of dividend.

Distribution of Shareholding as on March 31, 2011

Category	Number of Shareholders	%	Number of Shares	%
Up to 5,000	42767	99.39	6407125	9.59
5,001 - 10,000	108	0.25	768831	1.15
10,001 - 20,000	54	0.13	800281	1.20
20,001 - 30,000	17	0.04	409801	0.61
30,001 - 40,000	10	0.02	352277	0.53
40,001 - 50,000	7	0.02	320696	0.48
50,001 - 1,00,000	21	0.05	1598427	2.39
1,00,001 and above	46	0.11	56161083	84.05
Total	43030	100.00	66818521	100.00

Report on Corporate Governance (contd.)



Total Foreign Share Holding as on March 31, 2011 is 31682252 Equity Shares i.e. 47.42% [FDI comprising of 31614505 Equity Shares representing 47.31%] of total paid up Capital.

Outstanding Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Warrants or Convertible Bonds

- Not Applicable -

Shareholding Pattern as on March 31, 2011

Categories of Shareholding	%
Indian Promoters	
Dr. Vijay Mallya and his relatives	7.91
Kamsco Industries Private Limited	3.62
Mallya Private Limited	3.62
The Gem Investments and Trading Company Private Limited	1.60
Pharma Trading Company Private Limited	0.63
Vittal Investments Private Limited	0.15
Devi Investments Private Limited	0.69
McDowell Holdings Limited	7.87
Ganapathy Mallya Investments Private Limited	-
Rossi & Associates Private Limited	-
VJM Investments Private Limited	-
Foreign Promoters	
Watson Limited	21.19
FirStart Inc	4.22
Total Promoters' Holdings	51.50
Foreign Institutional Investors	21.52
Mutual Funds /UTI	4.22
Financial Institutions / Banks	0.03
Insurance Companies	1.18
Other Bodies Corporate	8.33
Individuals holding up to ₹ 1 lakh in nominal capital	9.30
Individuals holding more than ₹ 1 lakh in nominal capital	3.01
Others	0.43
NRIs	0.48
Total Non-Promoter's Holdings	48.50
Grand Total	100.00

Plant Location

The Company has no plants.

Report on Corporate Governance (contd.)

Address for Correspondence

For any assistance regarding Share Transfers, Transmissions, change of address, non- receipt of dividends, duplicate / misplaced Share Certificates and other relevant matters, shareholders may write to:

Address for correspondence with Registrars and Share Transfer Agents	Integrated Enterprises (India) Limited <i>[Alpha Systems is now Integrated]</i> 30, Ramana Residency, 4 th Cross, Sampige Road, Malleswaram, Bangalore – 560 003 Tel.No. : 080 – 23460815 – 18 Fax No. : 080 – 23460819
Contact Persons	Mr. S Vijayagopal / Mr. S Rajaraman / Mr. Ramesh Chandra
e-mail address	vijayagopal@iepindia.com; rajaraman@123alpha.com; alfint@vsnl.com
Address for correspondence with the Company	The Company Secretary United Breweries (Holdings) Limited "UB Tower", Level 12, UB City No.24, Vittal Mallya Road, Bangalore 560 001. Tel. No.: 080 - 3985 6079 / 3985 6097 / 3985 6094 Fax No.: 080 – 2227 4890
Address for correspondence for shareholders holding shares in dematerialised form	Shareholders holding shares in dematerialized form should address all their correspondence (including change of address, nominations, ECS mandates, bank details to be incorporated on dividend warrants, powers of attorney, etc.) to their Depository Participant.

10. NON MANDATORY REQUIREMENTS

Chairman of the Board

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

Remuneration Committee

The Company has constituted a Remuneration Committee.

Shareholders Rights

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

Audit qualifications

The Auditors have not qualified the financial statements of the Company. However the Auditors have drawn attention to certain financial notes to the Annual Accounts.

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.

Mechanism for evaluating non-executive Board Members

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

Whistle Blower Policy

The Board may consider adopting a separate mechanism for Whistle Blower Policy in future.

Report on Corporate Governance (contd.)



CEO/ CFO Certificate

In terms of the requirement of the amended Clause 49, the certificates from CEO/ CFO have been obtained.

On behalf of the Board of Directors

Mumbai
August 25, 2011

A Harish Bhat
Managing Director

Annexure

Corporate Governance Report of United Breweries [Holdings] Limited

Compliance with Code of Business Conduct and Ethics

In accordance with Clause 49 of the Listing Agreements with the Stock Exchanges, the Board Members and Senior Management Personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics for the financial year ended March 31, 2011.

Mumbai
August 25, 2011

A Harish Bhat
Managing Director

CERTIFICATE

To the Members of
United Breweries (Holdings) Limited

We have examined the compliance of conditions of Corporate Governance by United Breweries [Holdings] Limited ("the Company"), for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with 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 and representations made by the Directors and the management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month as on March 31, 2011 against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

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

For Vishnu Ram & Co
Chartered Accountants

Mumbai
August 25, 2011

S Vishnumurthy
Proprietor
Membership No. : 22715

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE COMPANY

The Company is the flagship Holding Company of the UB Group, through which the Promoters and the Promoter Group own controlling interest in a number of Companies collectively forming the UB Group that have market-leading positions in a fast-growing consumer space reflecting the aspiration of a growing consumer class in India. Through its holdings in Kingfisher Airlines Limited, United Spirits Limited and United Breweries Limited the Company is one of the leading conglomerates in the consumer-oriented products and services industry in India, with a leading market share in the Indian aviation, spirits and beer industries besides fertilizers market. While the Company is primarily the investment arm of the UB Group, which is in the business of investing and funding various Group Companies, it also facilitates the UB Group's entry into new business ventures. The Company also has a presence in the property development, fertilizer and engineering industries through UB City, Mangalore Chemicals & Fertilizers Limited, McDowell Holdings Limited and UB Engineering Limited. The Company derives income mainly from export sales, lease rentals, property development, dividend from Investee Companies, licensing fees, interest and guarantee commissions from Investee Companies. The Company owns several brands and trademarks, including the UB "Pegasus" and the "Kingfisher" brand under certain classes of the Trade Marks Act, 1999.

2. RISKS, CONCERNS AND MITIGATIONS

a) Risk Identification process

The Company has put in place a risk identification and mitigation process. This process generally involves the following steps:

- Identifying risks inherent in the Group strategy
- Selecting the appropriate risk management strategy
- Implementing controls to manage the risks
- Monitoring the effectiveness of risk management processes and controls
- Periodically reviewing the Internal control effectiveness and effecting improvements to give reassurance to the Audit Committee.

b) Risks & Concerns

The Company is exposed to the following risks and concerns:

- i) The Company is dependent on dividends and distributions from our Investments, income from property development as well as royalty payments and revenue streams from UB Global, a division of the Company. Failure of UB Global, the Export Division of the Company or any of the Investee Companies to be profitable, or an inability of any of the Investee Companies to pay us dividends and royalty payments could impact the revenue stream of the Company.
- ii) The Company has given advances to some Investee Companies and inability of these Companies to service and repay the advances could impact the revenue stream and financial condition of the Company.
- iii) The Company has significant Guarantee exposure towards certain Investee Companies under their loan and other operating agreements. In the event of default on their obligations and our guarantees are invoked, it could impact the financial condition of the Company. This has not however, resulted in any loss to the Company till date.
- iv) The Company has pledged some shares in the Investee Companies as collateral under certain loan agreements. The Company may be forced to relinquish ownership of such pledged shares to the respective lenders if any such lender exercises its rights in respect of the pledge under the relevant loan agreement. Till date, no lender has exercised its pledge.

v) Rental income from property in UB City is subject to variations as lessees who represent international brands are susceptible to global economic trends and preference of rich Indians for international brands at the prevailing prices at any relevant point of time.

c) **Risk Mitigation**

The Chairman, Managing Director, the Audit Committee and Internal Audit keep constant vigil over the functioning and performance of individual companies in the Group.

3. **INTERNAL CONTROL SYSTEM**

The adequacy of the internal control system is reviewed by the Audit Committee of the Board of Directors. The Group Internal Audit Department evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Your Board believes that appropriate procedures, controls and monitoring assessment procedures are in place and considered adequate.





To

The members of
United Breweries (Holdings) Limited.

1. We have audited the attached Balance Sheet of **United Breweries (Holdings) Limited**, Bangalore, as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (1 of 1956), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. *We draw attention, without qualifying our report, to Note No 8(d) in Schedule 12 regarding diminution in the carrying value of certain long term investments, Note No. 11 in Schedule 12 regarding possible protracted delay in recovery of unsecured advances to subsidiaries amounting to Rs. 19,236.010 million and Note No. 15 in Schedule 12 regarding company's exposure to guarantees given on behalf of a major subsidiary.*
5. Further to our comments in the annexure referred to above, we report that:
 - i we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31-03-2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31-03-2011;
 - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Vishnu Ram & Co.,**
Chartered Accountants,

(S. Vishnumurthy)
Proprietor.

Membership No.22715
Firm Registration No. 004742S

Mumbai
August 25, 2011

Annexure to the Auditor's Report

(Referred to in paragraph 3 of our report of even date)

Re: United Breweries (Holdings) Limited

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) Most of the assets have been physically verified by the management during the year. Some of the assets have not been verified. However, there is a regular programme of physical verification whereunder, every asset gets verified atleast once every three years. In our opinion, such verification is reasonable having regard to the size of the company and the nature of its assets. Discrepancies noticed on verification during the year have been properly dealt with in the books of account.
- (c) During the year, the company has disposed off a portion of its land and building. In our opinion, this transaction has not affected the "going concern" status of the company.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of its inventory. The discrepancies noticed on physical verification of inventory have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the company has granted unsecured loans to parties covered in the register maintained under section 301 of the Companies Act, 1956. Maximum amount involved during the year is Rs. 5,766.800 million. The amount of such loans outstanding as at 31-3-2011 is Rs. 452.554 million. In our opinion, the rate of interest and other terms and conditions of loans given by the company are prima facie not prejudicial to the interest of the company. The repayments of the dues are in accordance with terms and conditions stipulated.
- (b) According to the information and explanations given to us, the company has taken unsecured loans from parties covered in the register maintained under section 301 of the Companies Act, 1956. Maximum amount involved during the year is Rs. 6,747.055 million. The amount of loans outstanding as at 31-3-2011 is Rs. 3,950.970 million. In our opinion, the rate of interest and other terms and conditions of loans taken by the company are prima facie not prejudicial to the interest of the company. The repayments of the dues are in accordance with terms and conditions stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there exists in the company an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system of the company.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or Reserve Bank of India or any Court or any other Tribunal in relation to the deposits accepted by the company.
- (vii) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) In our opinion and according to the information and explanations given to us the provisions of section 209(1)(d) of the Companies Act, 1956 with regard to maintenance of cost records are not applicable to the company.
- (ix) (a) In our opinion and according to the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including dues in respect of provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax and other material statutory dues except service tax amounting to Rs. 22.153 million (including an amount of Rs. 11.591

Annexure to the Auditor's Report (contd.)



million which is outstanding for more than six months) that has not been remitted on account of the service receivers refusing to reimburse such service tax in the light of Delhi High Court judgement and an amount of Rs. 0.700 million in respect of customs duty (outstanding for more than six months) which has already been provided for in the accounts.

- (b) According to the information and explanations given to us, following is the list of dues on account of taxes, which have not been deposited on account of disputes

Name of the Statute	Nature of dues	Disputed amount (Rs. in million)	Forum where dispute is pending.
Income Tax Act, 1961	Income tax for the A.Y. 1997-98.	31.998	Supreme Court
Income Tax Act, 1961	Interest for A.Y 2001-02	1.929	High Court of Karnataka
Income Tax Act, 1961	Income tax for the A.Y. 2007-08.	263.080	CIT (Appeals)
Income Tax Act, 1961	Income tax for the A.Y. 2008-09.	171.040	CIT (Appeals)
Foreign Trade (Development & Regulation) Act, 1992	Penalty	5.000	High Court of Judicature, Madras

- (x) The company does not have any accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution or banks. The company has not issued any debentures.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures or other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the year have been applied for the purposes for which they were raised.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment except an amount of Rs. 566.800 million raised on short term basis which have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to any parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xix) According to the information and explanations given to us, the company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) According to the information and explanations given to us, the company has not raised any money during the year by public issue. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Vishnu Ram & Co.,
Chartered Accountants,

(S. Vishnumurthy)
Proprietor.

Membership No.22715

Firm Registration No. 004742S

Balance Sheet as at March 31, 2011

₹ in million

	Schedule	As at March 31, 2011		As at March 31, 2010	
I SOURCES OF FUNDS					
(1) SHAREHOLDERS' FUNDS					
(a) Capital	1	668.185		668.185	
(b) Reserves and surplus	2	15,345.849	16,014.034	15,039.547	15,707.732
(2) Foreign Currency Monetary Item Translation Difference Account			-		0.371
(3) LOAN FUNDS	3				
(a) Secured loans		16,532.583		7,791.783	
(b) Unsecured loans		6,783.784	23,316.367	1,303.877	9,095.660
			39,330.401		24,803.763
II APPLICATION OF FUNDS					
(1) FIXED ASSETS	4				
(a) Gross Block		2,550.533		2,499.126	
(b) Less : Depreciation		384.076		290.836	
(c) Net Block		2,166.457		2,208.290	
(d) Capital work-in-progress		925.626	3,092.083	13.185	2,221.475
(2) INVESTMENTS	5		19,067.725		10,594.610
(3) CURRENT ASSETS, LOANS AND ADVANCES	6				
(a) Inventories		74.651		53.808	
(b) Sundry debtors		393.784		331.065	
(c) Cash and bank balances		769.264		1,848.707	
(d) Loans and advances		20,796.787		14,294.338	
(e) Other current assets		54.810		63.276	
		22,089.296		16,591.194	
Less: CURRENT LIABILITIES AND PROVISIONS	7				
(a) Current liabilities		3,779.635		3,658.118	
(b) Provisions		1,139.068		945.398	
		4,918.703		4,603.516	
Net current assets			17,170.593		11,987.678
			39,330.401		24,803.763
ACCOUNTING POLICIES	11				
NOTES TO ACCOUNTS	12				

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

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

For Vishnu Ram and Co.,
Chartered Accountants

Dr. Vijay Mallya
Chairman

N. Srinivasan
Director

A. Harish Bhat
Managing Director

S.Vishnumurthy
Proprietor
Membership No. 22715
Firm Registration No. 0047425

Mumbai
August 25, 2011

Kaushik Majumder
Company Secretary

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



₹ in million

	Schedule	For the year ended March 31, 2011		For the year ended March 31, 2010	
INCOME	9				
Sales and services		3,401.012		3,345.536	
Profit on sale of old assets		0.113		0.365	
Property development		361.929		292.664	
Profit on sale of investments		9.892		114.843	
Other income		1,354.063	5,127.009	742.527	4,495.935
EXPENDITURE	10				
Direct costs		1,653.903		1,787.620	
Personnel costs		189.284		170.139	
Other expenses		337.306	2,180.493	645.560	2,603.319
Profit before interest, depreciation, exceptional item and tax			2,946.516		1,892.616
Less: Interest and finance charges			2,226.330		1,472.868
Profit before depreciation, exceptional Item and tax			720.186		419.748
Less : Depreciation			101.335		107.072
Profit before exceptional item and tax			618.851		312.676
Add Exceptional income			-		960.420
Profit before tax			618.851		1,273.096
Less : Provision for tax					
Current year		158.663		206.502	
Earlier years		43.300	201.963	364.304	570.806
Profit for the year			416.888		702.290
Less :Appropriations					
Proposed dividend		66.819		66.819	
Tax on proposed dividend		11.099	77.918	11.099	77.918
Surplus carried forward			338.970		624.372
Earnings per share (Basic/ Diluted) in ₹.			6.24		10.51
ACCOUNTING POLICIES	11				
NOTES TO ACCOUNTS	12				

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

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

For Vishnu Ram and Co.,
Chartered Accountants

Dr. Vijay Mallya
Chairman

N. Srinivasan
Director

A. Harish Bhat
Managing Director

S.Vishnumurthy
Proprietor
Membership No. 22715
Firm Registration No. 0047425

Mumbai
August 25, 2011

Kaushik Majumder
Company Secretary

Cash Flow Statement for the year ended March 31, 2011

₹ in million

	March 31,2011		March 31,2010	
A Cash Flow from Operating Activities				
Profit before tax		618.851		1,273.096
Adjustments for :				
Depreciation	101.335		107.072	
Dividend income	(99.655)		(76.136)	
Profit on sale of investments (other than short term investments)	-		(110.628)	
Profit on sale of old assets	(0.113)		(0.365)	
Property development	(361.929)		(292.664)	
Interest and finance charges	2,226.330		1,472.868	
Interest income	(1,169.899)		(517.124)	
Liabilities no longer required written back	-		(3.320)	
Provision for bad and doubtful advances	-		6.912	
Provision for doubtful debts	5.403		-	
Bad debts written off	-		4.620	
Unrealised exchange fluctuation (gain) / loss	4.199		(0.372)	
Exceptional income	-		(960.420)	
Old assets written off / loss on sale of old assets	0.118		0.438	
Loss on asset discarded	-		19.320	
Provision for diminution in value of Investments	26.558		-	
		732.347		(349.799)
Operating profit before working capital changes		1,351.197		923.297
Adjustments for :-				
(Increase)/decrease in trade and other receivables	(212.008)		204.237	
(Increase) /decrease in inventories	(20.843)		(27.992)	
(Decrease) / increase in trade payables / other creditors	123.212		1,419.386	
		(109.639)		1,595.631
Cash from operations		1,241.558		2,518.928
Direct taxes paid		(256.344)		(243.562)
Net cash generated from operating activities		985.214		2,275.366
B Cash Flow from Investing Activities				
Purchase of fixed assets (including changes in capital work in progress)	(1,036.015)		(182.957)	
Sale of assets	393.330		323.643	
Loans to subsidiaries (net)	(6,108.312)		(253.472)	
Acquisition of investments	(8,464.225)		(1,343.992)	
Sale of investments (other than short term investments)	-		137.500	
Exceptional income	-		960.420	
Dividend income	99.655		76.136	
(Increase)/ decrease in fixed deposits with bank	554.473		(420.167)	
Net cash used in investing activities		(14,561.094)		(702.889)

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



₹ in million

	March 31,2011		March 31,2010	
C Cash Flow from Financing activities				
Interest and finance charges	(2,226.330)		(1,472.868)	
Interest received	1,169.899		517.124	
Dividend and dividend distribution tax paid	(77.918)		-	
Short term loan : increase / (decrease)	4,111.438		894.811	
Bank borrowings : increase / (decrease)	2,719.411		(210.823)	
Long term borrowings: increase / (decrease)	7,389.859		71.341	
Net cash (used in) / generated from financing activities		13,086.359		(200.415)
Net increase / (decrease) in cash and cash equivalents		(489.521)		1,372.062
Cash and cash equivalents at the beginning of the year		1,512.577		140.515
Closing balance of cash and cash equivalents		1,023.056		1,512.577
Cash and Cash equivalents comprises of:				
Cash in hand (including foreign currencies)		0.154		0.129
Balances with banks in current accounts		751.201		1,276.196
Short term investments		271.701		236.252
		1,023.056		1,512.577

Notes to the Cash Flow Statement

1. Short term investments represent amounts invested in mutual funds which are readily convertible into cash.
2. Balances with banks include ₹ 2.456 million being balances in unpaid dividend account which can not be used by the Company except for payment of unpaid dividend / transfer to Investor Education and Protection Fund.

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

UBHL

For Vishnu Ram and Co.,
Chartered Accountants

Dr. Vijay Mallya
Chairman

N. Srinivasan
Director

A. Harish Bhat
Managing Director

S.Vishnumurthy
Proprietor
Membership No. 22715
Firm Registration No. 0047425

Mumbai
August 25, 2011

Kaushik Majumder
Company Secretary

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

₹ in million

SCHEDULE 1

SHARE CAPITAL

Authorised

100,000,000 Equity shares of ₹ 10 each

1,000.000

1,000.000

Issued, Subscribed and Paid-up

66,818,521 shares of ₹ 10/- each fully paid (PY - 66,818,521 shares)

668.185

668.185

Of the above shares,

1. 34,008 shares to the extent of ₹. 7.50 per share were issued for a consideration other than cash.
2. 7,905,249 shares were allotted for consideration other than cash under scheme / arrangement sanctioned by the court.
3. 1,114,089 shares were allotted through conversion of debentures in 1989.
4. 5,784,099 shares were allotted as fully paid bonus shares by capitalisation of reserves.
5. 825,256 shares were allotted, as per scheme of amalgamation in 1995.
6. 29,720,949 shares were allotted as fully paid bonus shares by capitalising the securities premium.

668.185

668.185

SCHEDULE 2

RESERVES AND SURPLUS

Capital Reserve

As per last Balance sheet

511.365

21.200

Addition during the year

-

511.365

490.165

511.365

Security Premium

8,331.975

8,331.975

Fixed assets revaluation reserve

As per last Balance Sheet

1,123.179

1,150.484

Adjustment on sale of land and building

32.668

1,090.511

27.304

1,123.179

General Reserve

As per last Balance Sheet

-

-

Add Transferred from Contingency Reserve

75.000

75.000

-

-

Contingency Reserve

As per last Balance Sheet

75.000

75.000

Less. Transferred to General Reserve

75.000

-

-

75.000

Surplus in Profit & loss account (Refer Sch 8)

5,336.998

4,998.028

15,345.849

15,039.547

SCHEDULE 3

SECURED LOANS

From Banks (for details of securities and amounts due within one year Refer Note 3(i) in Sch 12)

2,580.498

362.902

From Others (for details of securities and amounts due within one year Refer Note 3(ii) in Sch 12)

13,952.085

7,428.881

16,532.583

7,791.783

UNSECURED LOANS

From a group company

4,001.730

-

From Bank

501.815

-

Public Deposits (including interest accrued and due)

1,365.191

1,303.877

From Others

915.048

-

6,783.784

1,303.877

Schedules to Balance Sheet forming part of accounts as at March 31, 2011(contd.)

Schedule 4

FIXED ASSETS

₹ in million

Description of tangible assets	COST / VALUATION			DEPRECIATION				Net Value of Assets as at 31.03.11	Net Value of Assets as at 31.03.10
	As on 01.04.10	Additions during the year	Deductions during the year	As on 31.03.11	As on 01.04.10	Deductions during the year	For the year		
Land (Refer Note 1 in Sch 12)	1,171.249	-	33.256	1,137.993	-	-	-	1,137.993	1,171.249
Buildings	728.169	40.642	35.207	733.605	103.449	5.281	30.912	604.524	624.720
Plant & Machinery	343.471	46.553	-	390.024	86.691	-	37.268	266.065	256.781
Office Equipment	33.687	0.842	0.174	34.355	8.261	0.053	3.570	22.576	25.427
Furniture & Fixture	177.864	31.610	0.154	209.320	59.658	0.064	25.493	124.232	118.206
Computers	15.294	3.184	0.142	18.336	10.476	0.096	2.297	5.659	4.817
Vehicles	29.392	0.744	3.234	26.901	22.301	2.601	1.795	5.407	7.090
TOTAL	2,499.126	123.574	72.167	2,550.533	290.836	8.095	101.335	2,166.457	2,208.290
Previous Year	2,496.713	182.807	180.395	2,499.126	286.483	102.719	107.072	2,208.290	2,210.230
Advances for capital works and expenses pending capitalisation. (Refer Note 7 in Sch 12)								925.626	13.185
								3,092.083	2,221.475

Note: On completion of the "UB CITY" project in 2007, the Company was allotted 556,503 sq. ft. of super built area in exchange for 137,844 sq. ft. undivided share of land which was valued at an agreed figure of ₹ 560 million and this amount was capitalised as "Buildings".

Schedules to Balance Sheet forming part of accounts as at March 31, 2011(contd.)

SCHEDULE 5 INVESTMENTS (Refer Note 8 in Sch 12)

₹ in million

PARTICULARS	AS AT MARCH 31, 2011			AS AT MARCH 31, 2010		
	NUMBER OF SHARES	FACE VALUE	COST	NUMBER OF SHARES	FACE VALUE	COST
QUOTED						
TRADE INVESTMENTS IN FULLY PAID EQUITY SHARES:						
LONG TERM						
United Breweries Limited	30,295,911	₹ 1	1,165.238	30,295,911	₹ 1	1,165.238
Mangalore Chemicals & Fertilizers Limited	29,043,797	₹ 10	334.569	29,043,797	₹ 10	334.569
United Spirits Limited	23,881,821	₹ 10	701.894	23,881,821	₹ 10	701.894
McDowell Holdings Limited	4,392,691	₹ 10	146.038	4,392,691	₹ 10	146.038
UB Engineering Limited	6,345,554	₹ 10	424.928	6,345,554	₹ 10	424.928
IN SUBSIDIARY COMPANY						
Kingfisher Airlines Limited	199,598,555	₹ 10	9,315.321	86,385,156	₹ 10	2,015.321
			12,087.988			4,787.988
UN-QUOTED						
In Equity Shares						
In Subsidiary Companies						
Kingfisher Training & Aviation Services Limited	33,216	₹ 10	0.332	33,216	₹ 10	0.332
UB Infrastructure Projects Limited	50,000	₹ 10	0.500	50,000	₹ 10	0.500
UB Electronic Instruments Limited	280,976	₹ 100	27.209	280,976	₹ 100	27.209
UB International Trading Limited	50,002	₹ 10	0.500	50,002	₹ 10	0.500
Kingfisher Finvest India Limited	50,000	₹ 10	0.500	50,000	₹ 10	0.500
Kingfisher Aviation Training Limited	3,000,000	₹ 10	30.000	3,000,000	₹ 10	30.000
City Properties Maintenance Company Bangalore Limited	50,000	₹ 10	0.500	50,000	₹ 10	0.500
UB Overseas Limited	50	USD 1	0.002	50	USD 1	0.002
Advance against equity - UB Overseas Limited			-			1,343.991
UBHL (BVI) Limited	238,370	USD 1	10.040	238,370	USD 1	10.040
Rigby International Corp.	15,115,488	USD 1	660.238	15,115,488	USD 1	660.238
Rubic Technologies Inc.	5,500,000	USD 0.01	26.558	5,500,000	USD 0.01	26.558
			756.379			2,100.370
In other Companies						
United Racing & Bloodstock Breeders Limited	40,045	₹ 10	0.400	40,045	₹ 10	0.400
WIE Engineering Limited	306,860	₹ 10	1.419	306,860	₹ 10	1.419
UB Pharma (Kenya) Limited	120,000	KS 100	7.616	120,000	KS 100	7.616
			9.435			9.435
In Preference Shares						
In Subsidiary Companies						
UB Overseas Limited - 0.001%	72,115,605	USD 1	3,318.216	-		-
Kingfisher Airlines Limited - 6%	-		-	9,700,000	₹ 100	970.000
Kingfisher Finvest India Limited	10,000,000	₹ 1	2,500.000	10,000,000	₹ 1	2,500.000
			5,818.216			3,470.000
CURRENT INVESTMENT						
In Mutual funds			431.701			236.252
			19,103.719			10,604.046
Less : Provision for diminution in value of investments			35.994			9.436
Net value of investments			19,067.725			10,594.610
Aggregate amount of quoted investments			12,519.688			5,024.240
Aggregate amount of un quoted investments			6,548.037			5,570.370
Market value of quoted investments			50,033.138			44,004.342

Schedules to Balance Sheet forming part of accounts as at March 31, 2011(contd.)

SCHEDULE 5 INVESTMENTS (contd.)

₹ in million

ADDITION DURING THE YEAR	No. of Shares	COST
Kingfisher Airlines Limited	113,213,399	7,300.000*
UB Overseas Limited	72,115,605	3,318.216**
In Mutual Funds		2,677.998
Total		13,296.214
SALES / REALISATION DURING THE YEAR		
In Mutual Funds		2,482.549
Total		2,482.549

* including conversion of preference shares of ₹ 970.000 million. ** including advance against equity of ₹ 1,343.991 million paid during the previous year.

SCHEDULE 6 CURRENT ASSETS, LOANS AND ADVANCES

A. CURRENT ASSETS

1. INVENTORIES

Trading goods	53.875	37.124
Packing material	20.776	16.684
	<u>74.651</u>	<u>53.808</u>

2. SUNDRY DEBTORS

(Unsecured, considered good unless otherwise stated)

Outstanding for a period exceeding six months

Debts considered good for which the company holds no security other than debtor's personal security	27.360	40.900
Considered doubtful	7.941	2.538
	<u>35.301</u>	<u>43.438</u>
Less : Provision	7.941	2.538
	<u>27.360</u>	<u>40.900</u>

Outstanding for a period not exceeding six months

Debts considered good for which the company holds no security other than debtor's personal security	366.424	290.165
	<u>393.784</u>	<u>331.065</u>

3. CASH AND BANK BALANCES

(a) Cash on hand (includes foreign currency notes)	0.154	0.129
(b) Bank balances with scheduled banks		
(i) in current account	751.201	1,276.196
(including unpaid dividend account of ₹ 2.456 million)		
(ii) in deposit accounts (Refer Note 3 (i) (d) in Sch 12)	17.909	572.382

Schedules to Balance Sheet forming part of accounts as at March 31, 2011(contd.)

₹ in million

	AS AT March 31, 2011		AS AT March 31, 2010	
	<u>769.264</u>		<u>1,848.707</u>	
SCHEDULE 6 (contd.)				
4. LOANS AND ADVANCES				
Due from subsidiaries - considered good	19,236.010		13,131.541	
- considered doubtful	20.000		20.000	
	19,256.010		13,151.541	
Less : Provisions	20.000	19,236.010	20.000	13,131.541
Dues from others - considered good	606.027		90.326	
- considered doubtful	33.635		33.635	
	639.663		123.961	
Less : Provisions	33.635	606.027	33.635	90.326
Advances recoverable in cash or in kind or for value to be received				
Tax deducted at source	954.484		708.128	
Others - considered good	0.266	954.750	364.343	1,072.471
Others considered doubtful	231.629		231.629	
Less : Provisions	231.629	-	231.629	-
		20,796.787		14,294.338
5. OTHER CURRENT ASSETS				
Deposits with government departments and others	54.810		63.276	
	54.810		63.276	
SCHEDULE 7				
CURRENT LIABILITIES				
Sundry Creditors (Refer Note 20 in Sch 12)				
- due to micro and small enterprises	-		-	
- due to others	752.122		855.378	
Trademark licence security deposits	2,035.000		1,745.000	
Lease security deposits	885.882		1,040.628	
Interest accrued but not due on public deposits	83.544		14.421	
Advances from allottees for residential units	20.000		-	
Investor Education and Protection Fund				
- Unclaimed public deposits / interest*	0.631		1.048	
- Unclaimed dividends*	2.456	3,779.635	1.643	3,658.118
*no amount is due for transfer to Investor Education and Protection Fund				
PROVISIONS FOR				
Proposed dividend	66.819		66.819	
Tax on proposed dividend	11.099		11.099	
Income tax	999.903		807.928	
Claims against the company	37.428		37.428	
Leave encashment	23.819	1,139.068	22.124	945.398
		4,918.703		4,603.516
SCHEDULE 8				
PROFIT & LOSS ACCOUNT				
Balance as per last balance sheet	4,998.028		4,373.656	
Surplus for the year	338.970	5,336.998	624.372	4,998.028
Balance		5,336.998		4,998.028

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



	₹ in million	
	Year ended March 31, 2011	Year ended March 31, 2010
SCHEDULE 9		
INCOME		
SALES AND SERVICES		
Sales	1,967.727	2,046.237
Dividends		
From trade investments	99.655	72.638
From non trade investments	-	3.498
Guarantee commission (tax deducted at source ₹ 61.567 million)	608.177	522.606
Lease Rent (tax deducted at source ₹ 37.393 million)	408.591	359.336
Income from property maintenance	87.392	70.699
Licence fees (tax deducted at source ₹ 22.476 million)	203.770	248.922
Management services fees (tax deducted at source ₹ 2.835 million)	25.700	21.600
	<u>3,401.012</u>	<u>3,345.536</u>
OTHER INCOME		
Interest income (tax deducted at source ₹ 114.103 million)	1,169.899	517.124
Duty drawback	109.116	186.541
Provisions / liabilities no-longer required / payable written back	-	3.320
Miscellaneous income	44.090	32.008
Exchange gain	30.958	3.534
	<u>1,354.063</u>	<u>742.527</u>
SCHEDULE 10		
EXPENDITURE		
DIRECT COSTS		
Cost of trading goods	1,437.421	1,532.648
Packing material consumed	57.706	75.694
Freight & transport	148.133	171.173
Other direct costs	10.643	8.105
	<u>1,653.903</u>	<u>1,787.620</u>
PERSONNEL COSTS		
Salaries, wages and bonus	145.789	133.572
Contribution to provident and other funds	15.702	13.075
Provision for leave encashment	2.431	2.791
Welfare expenses	25.362	20.701
	<u>189.284</u>	<u>170.139</u>

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

₹ in million

SCHEDULE 10 (contd.)

OTHER EXPENSES

	Year ended March 31, 2011	Year ended March 31, 2010
Rent including lease rent	12.511	13.343
Rates and taxes	29.806	25.709
Insurance premia	2.116	1.232
Communication expenses	6.944	6.819
Travel and conveyance	26.505	29.907
Electricity charges	1.739	2.097
Printing and stationery	5.155	5.066
Repairs & maintenance to		
i) Buildings	11.486	6.762
ii) Machinery	1.532	1.341
iii) Others	1.072	1.226
Vehicle repairs and maintenance	5.620	6.448
Property maintenance expenses	63.942	52.513
Advertisement and sales promotion	51.932	277.821
Brokerage	3.853	9.735
Rebate and discount	5.519	35.081
Commission paid to selling agents	8.314	11.754
Miscellaneous expenses	12.688	12.541
Claims paid	0.082	1.776
Legal and professional fees	49.462	108.079
Directors' sitting fees	1.520	1.350
Auditor's remuneration	3.429	3.670
Loss on asset discarded	-	19.320
Provision for bad and doubtful advances	-	6.912
Provision for diminution in value of Investments	26.558	-
Provision for bad and doubtful debts	5.403	-
Bad debts written off	-	4.620
Loss on sale of fixed assets	0.118	0.438
	<u>337.306</u>	<u>645.560</u>

INTEREST AND FINANCE CHARGES

Interest on fixed loans	1,837.641	1,359.821
Interest on working capital loan	17.246	1.105
Interest to others	161.166	51.630
Processing fees and bank charges	210.277	60.312
	<u>2,226.330</u>	<u>1,472.868</u>

SCHEDULE 11: ACCOUNTING POLICIES

A) Basis for preparation

1. Accounting Convention:

The financial statements of the Company have been prepared, unless otherwise stated, under historical cost convention, having due regard to the fundamental accounting assumptions of going concern, consistency, accrual and in compliance with the mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006.

2. Use of estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

B) Significant Accounting Policies

1. Revenue recognition:

Revenues are generally recognised on accrual basis except where there is an uncertainty of ultimate realisation.

- i) Sales are recognised when the property in goods are transferred for a price and their collection is expected within the agreed time.
- ii) Lease income from non-cancellable operating leases are recognised in the statement of Profit & Loss Account, on straight line basis, over the lease term. In respect of other operating leases, lease income is recognised in accordance with the terms of the lease deeds as modified based on negotiations from time to time.
- iii) Interest is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- iv) Dividends and royalty income are accounted for, when the right to receive the payment is established.

2. Valuation of Inventories:

Inventories are valued at lower of weighted average cost and net realisable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

3. Fixed Assets:

Fixed assets are stated at cost less depreciation, wherever applicable. The land in Bangalore is stated at the revalued amount as adjusted in accordance with the revaluation done in August 2001 at the market value determined by approved valuers. All costs relating to the acquisition and installation of fixed assets are capitalised and such costs include borrowing cost relating to borrowed funds attributable to the acquisition of qualifying assets for the period upto the date of acquisition / installation.

4. Borrowing Cost:

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

5. Depreciation:

Depreciation has been provided under written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

6. Effects of changes in Foreign Exchange rates :

- i) Transactions in foreign currencies are translated applying the following exchange rates:
 - a) In respect of export transactions, at the average exchange rate prevailing in the month preceding the month in which the transaction took place.
 - b) In respect of all other transactions at the rate of exchange prevailing on the date of transaction.
- ii) Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the Balance Sheet date and the resultant gain or loss is recognised in the Profit & Loss Account .
- iii) Non monetary items are carried at historical cost denominated in foreign currency and these are translated using the exchange rate prevailing on the date of transaction.

7. Accounting for Government Revenue Grants :

Government revenue grants available to the Company are considered for inclusion in the accounts, where there is reasonable assurance that the Company will comply with the conditions attached to them and where such benefits have been earned by the Company and it is reasonably certain that the ultimate collection will be made. Grants of revenue nature are recognised in the Profit & Loss Account.

8. Investments:

- i) Current investments refer to the investments that are readily realisable and intended to be held for not more than a year.
- ii) Trade investments refer to the investments made with the aim of enhancing the group's business interest.
- iii) Long term investments are stated at cost. All expenses relating to acquisition of investments are capitalised. Diminution in the value of investments, if considered permanent, is provided for.
- iv) Current investments are stated at lower of cost and fair value on the Balance Sheet date.

9. 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, 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 (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, 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 & Loss Account as income or expense.

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 actuarial valuation carried out at each Balance Sheet date.

d) Short term employee benefits:

Undiscounted amount of short term employees benefits expected to be paid in exchange for the services rendered by the employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave and performance incentives.

10. Segment reporting:

The operations of the Company are divided into alcoholic beverages, leather products, investments, guarantee services, property development and other activities. Accordingly, the primary segment reporting comprises the performance under these segments and the secondary segment reporting is based on geographical locations of customers.

11. Related Party disclosures:

Transactions between related parties are disclosed as per Accounting Standard 18 - "Related Party Disclosures". Accordingly, disclosures regarding the name of the transacting related party, description of the relationship between the parties, nature of transactions and the amount outstanding as at the end of the accounting year, are made.

12. 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 reasonable / virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

13. Impairment of assets:

The Company evaluates all its assets for assessing any impairment and accordingly recognises the impairment, wherever applicable, as provided in Accounting Standard 28 - "Impairment of Assets".

14. Provisions and Contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an out flow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on Management estimates 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.

15. Earnings per share:

Earnings per equity share (basic / diluted) is arrived at by dividing the Net Profit or Loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

SCHEDULE 12: NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

1. UB City Luxury residential Project

The Company has executed a Joint Development Agreement with a Developer on 26th April, 2010 for development of a luxury residential building named as “Kingfisher Towers – Residences at UB City” in the available land in UB City. The super built up area of the building would be 767,870 sq ft. The super built up area falling to the share of the Company would be 418,388 sq. ft.

The Company has issued allotment letters in respect of two residential units in Kingfisher Towers by collecting booking amounts of ₹ 20 million.

2. Estimated amount of contracts remaining to be executed on capital account as at March 31, 2011 and not provided for is ₹ 23.550 million (net of advances) (Pr year ₹ 85.699 million).

3. Secured Loans:

- i) Details of securities provided for loans availed from banks :

- a) Loan from The Lakshmi Vilas Bank Limited amounting to ₹ 323.228 million (Pr year ₹ 362.902 million) is secured by assignment of future receivables for use of Pegasus logo by Group Companies. An amount of ₹ 45.198 million is repayable within one year.
- b) Loan from State Bank of India amounting to ₹ 107.401 million is secured by the pledge of 395,000 shares in United Spirits Limited held by the Company. The entire amount of ₹ 107.401 million has been since repaid.
- c) Loan from Yes Bank Limited amounting to ₹ 2,001.429 million is secured by subservient charge on all current assets and movable fixed assets of the Company, both present and future, deposit in Debt Service Reserve Account equal to a total amount of scheduled interest payment due for one month and assignment of 4,434,000 shares in United Breweries Limited and 1,285,000 shares in United Spirits Limited held by the Company. No amount is repayable within one year.
- d) Overdraft facility from HDFC Bank Limited amounting to ₹ 33.679 million is secured by pledge of 297,103 shares in United Spirits Limited, 4,753,881 shares in Mangalore Chemicals & Fertilizers Limited held by the Company, first charge on movable fixed assets ie. plant and machinery, furniture & fixtures valued at ₹ 370 million and a lien marked on a fixed deposit of ₹ 6.400 million.
- e) Packing credit facility availed from Federal Bank Limited amounting to ₹ 114.762 million is secured by hypothecation of current assets of the Company.

- ii) Details of securities provided for loans availed from others :

- a) Loans from HDFC, amounting to ₹ 6,854.515 million (Pr year ₹ 1,943.242 million) are secured by the pledge of 1,585,154 shares in United Spirits Limited, 317,030 shares in McDowell Holdings Limited held by the Company, mortgage by deposit of title deeds of the Company's land in Bangalore, the super structure thereon and assignment of the rent receivable from the property let out, securitisation of future sale proceeds from the luxury residential building “Kingfisher Towers – Residences in UB City” and pledge of 5,000,000 shares in United Spirits Limited and 35,222,231 shares in Kingfisher Airlines Limited held by a subsidiary company. An amount of ₹ 563.645 million is repayable within one year.
- b) Loan from IL&FS Financial Services Limited amounting to ₹ 1,000 million (Pr year ₹ 1,500.410 million) is secured by the pledge of 1,000,000 shares in United Spirits Limited held by the Company and pledge of 875,647 shares in United Spirits Limited held by a subsidiary company. No amount is repayable within one year.
- c) Loan from IFCI Limited amounting to ₹ 2,514.671 million (Pr year ₹ 2,512.937 million) is secured by the pledge of 1,237,477 shares in United Spirits Limited and 7,673,422 shares in United Breweries Limited held by the Company and pledge of 1,467,523 shares in United Spirits Limited held by a subsidiary company. No amount is repayable within one year.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

- d) Loan from SICOM Limited amounting to ₹ 540 million (Pr year ₹ 430 million) is secured by pledge of 400,000 shares in Kingfisher Airlines Limited and 250,000 shares in United Spirits Limited held by the Company and pledge of 17,600,000 shares in Kingfisher Airlines Limited held by a subsidiary company. The facility has been availed for revolving period of 3 years, renewable every year on a put-call option.
- e) Loan from Future Capital Holdings Limited amounting to ₹ 1,009.321 million (Pr year nil) is secured by the pledge of 10,93,688 shares in United Spirits Limited held by the Company and 363,312 shares in United Spirits Limited held by a subsidiary company and a non-disposable undertaking of 86,000 shares in United Spirits Limited held by the Company and 667,000 shares in United Spirits Limited held by a subsidiary company. No amount is repayable within one year.
- f) Loan from L&T Finance Limited amounting to ₹ 33.578 million (Pr year 41.999 million) is secured by the fixed assets for which the loan was taken. An amount of ₹ 9.669 million is repayable within one year.
- g) Loan from ECL Finance Limited amounting to ₹ 500 million (Pr year ₹ 500 million) is secured by the pledge of 1,115,000 shares in United Spirits Limited held by the Company. The entire amount of ₹ 500 million has been since repaid.
- h) Loan from Quant Capital and Investment Private Limited amounting to ₹ 500 million (Pr year nil) is secured by the pledge of 870,000 shares in United Spirits Limited held by the Company. The entire amount of ₹ 500 million is repayable within one year.
- i) Loan from Religare Finvest Limited amounting to ₹ 1,000 million (Pr year nil) is secured by the pledge of 2,052,683 shares in United Spirits Limited held by the Company. No amount is repayable within one year.

4. Unsecured Loans

The Company, during the year has accepted fixed deposits from the Public amounting to ₹ 62.355 million (Pr year ₹ 1,287.902 million). An amount of ₹ 983.100 million is repayable within one year.

5. Contingent liabilities:

		2010-11	2009-10
a	Guarantees given by the Company on behalf of subsidiaries to banks and financial institutions and others	72,321.000	72,897.227
b	Guarantees given by the Company on behalf of associates to banks	1,778.400	2,578.400
c	Demand raised by Income Tax authorities against which the Company has preferred appeals	127.700	- Nil -

6. Events occurring after the Balance Sheet date

After the Balance Sheet date, the Company has issued the following corporate guarantees :

- a) Guarantees for ₹ 2,815.400 million in favour of lenders on behalf of a subsidiary
- b) Guarantees for ₹ 140.000 million in favour of others on behalf of an associate.

7. Fixed Assets

- a) The Company's land in Bangalore was revalued in August 2001, based on an independent valuer's report. Accordingly, the value of the land was restated at ₹ 1,707 million, with a corresponding adjustment to the Fixed Assets Revaluation Reserve.
- b) The Company owns certain valuable trademarks which are carried at NIL value. Some of these trademarks / logo have been licenced to Group companies.
- c) The Company's UB City property is under charge in favour of HDFC for facility granted to the Company.
- d) The Company's property in Goa is under charge in favour of a bank for facilities granted to a subsidiary.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

8. Investments:

- a) The Company has pledged 10,193,910 shares held in United Spirits Limited, 10,000,000 shares held in Mangalore Chemicals & Fertilizers Limited, 769,728 shares held in UB Engineering Limited, 85,985,156 shares held in Kingfisher Airlines Limited and 2,700,000 shares held in McDowell Holdings Limited to secure the borrowings of subsidiary companies and associate companies.

Subsequent to the Master Debt Recast Agreement [MDRA], executed by the Company's Subsidiary, Kingfisher Airlines Limited with its Bankers, the Company was allotted 113,213,399 equity shares of Kingfisher Airlines Limited, which is since pledged to secure the borrowings of the subsidiary company.

In addition to the above, the Company has given negative lien of shares in United Breweries Limited amounting ₹ 1,250 million in favour of ICICI Bank Limited to secure the borrowings of a subsidiary company.

- b) The Company has given a letter of undertaking in favour of ICICI Bank Limited, undertaking not to dispose of its investments in Kingfisher Airlines Limited, till such time as there are borrowings from ICICI Bank Limited to Kingfisher Airlines Limited.
- c) The Company's investment of ₹ 160.000 million with IDFC Mutual Fund is given as a lien to secure the borrowings of a subsidiary company.
- d) The investment in subsidiaries (including step down subsidiaries) have been considered as long term strategic investments and diminution in their market value / net worth, though significant is considered temporary and hence no provision is considered necessary.
- e) The Redemption of the Preference Shares issued by a wholly owned overseas subsidiary, UB Overseas Limited will be made at the end of 10 years from the date of allotment of the shares. The Preference shareholder will have the option for partial / full conversion into equity shares of the subsidiary, at the rate of one equity share for one preference share held, at face value of USD 1 each to be determined and issued by the Issuer.
9. A major subsidiary of the Company, Kingfisher Airlines Limited has entered into a Master Debt Recast Agreement [MDRA] with its Bankers. The terms of the MDRA include inter-alia:
- a) Conversion of part of the outstanding loan into Compulsorily Convertible Preference Shares [CCPS] and part into Cumulative Redeemable Preference Shares [CRPS] redeemable at par after twelve years.
- b) The remnant loans will be repayable over a nine year period including a two year moratorium and a graduated schedule over seven subsequent years.
- c) Interest for the period from July 2010 to March 2011 was converted into a term loan repayable over five years.
- d) The interest rate has been reduced by over 300 bps.
- e) Sanction of additional loan of ₹ 7,680 million

The Company is a signatory to the MDRA

Simultaneously the Company has converted its existing loan of ₹ 6,330 million as well as Non Convertible Preference Shares [NCPS] of ₹ 970 million into Compulsorily Convertible Preference Shares [CCPS].

The Company's existing guarantees and pledge to secure the KFA debt have been extended for the period of outstanding.

The Master Debt Recast Agreement [MDRA] executed by the Company's Subsidiary, Kingfisher Airlines Limited [KFA] with its Banks has been implemented in totality. The Company has exercised its option to convert all its 730,000,000 Compulsorily Convertible Preference Shares [CCPS] acquired at a cost of ₹ 7,300 million and KFA has allotted 113,213,399 equity shares to the Company. The shareholding of the Company in KFA now stands at 40.09%. Along with the holding with its Subsidiaries, the shareholding of the Company in KFA now stands at 55.57%. In terms of the MDRA, the entire share holding of the company in KFA is pledged with the Security Trustee acting on behalf of consortium of lenders.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

10. Confirmation of balances from certain Sundry Debtors and Sundry Creditors are awaited. Adjustment for differences, if any, arising out of confirmation and reconciliation thereof would be made in the current year. The Management is of the opinion that the impact of adjustments, if any, is not likely to be significant.

11. The Company, over the years has advanced significant amounts to subsidiaries including overseas subsidiaries aggregating ₹ 19,236.010 million (including ₹ 10,556.250 million advanced during the year). Interest has not been charged on loans advanced aggregating ₹ 10,387.428 million. Considering, the income stream of those companies, the repayment of loans could possibly take protracted period of time beyond those stipulated in the Loan Agreements. The Directors are of the view that all the amounts are ultimately recoverable with interest wherever applicable taking into consideration their business plans and growth strategies. Accordingly the advances to subsidiaries are considered presently good and recoverable except to the extent of ₹ 20 million.

12. Strategic investment in APB India

During the year under review, your Company through its wholly owned overseas subsidiary, UB Overseas Limited has acquired strategic interest by way of acquisition of 50% of the issued and paid up capital of UB Ajanta Breweries Private Limited and UB Nizam Breweries Private Limited (collectively referred to as "APB India") from Heineken International B.V., Netherlands.

13. Cash in hand includes foreign currency notes.

14. As required under Section 205C of the Companies Act, 1956, the Company has transferred ₹ 0.367 million (Pr year ₹0.134 million) to the Investor Education and Protection Fund (IEPF) during the year. As on March 31, 2011, no amount was due to be transferred to the IEPF.

15. Guarantee Commission represents the commission charged by the Company for the corporate guarantees provided on behalf of subsidiaries and certain associate companies. Security Commission represents the commission charged by the Company for the securities pledged on behalf of a subsidiary and an associate company.

The Company has significant guarantee exposure on behalf of subsidiaries and other associated companies. Wherever any guarantee has been invoked, the guaranteed amount has been paid by the beneficiaries. The Management is reasonably confident that none of the other guarantees would eventually devolve upon the Company.

16. Given the nature of the Company's cash flow, the Company has been borrowing from time to time. Management has comprehensive plans including additional borrowings to ensure liquidity besides accelerated sale of residential and/or office space in the UB City. Accordingly the accounts have been prepared on principles applicable to going concern.

17. Remuneration to Chairman, Managing Director and Managerial Personnel

i) The Chairman of the Company has received remuneration from two subsidiaries, amounting to USD 120,000 (Pr year USD 120,000) and GBP 89,600 (Pr year GBP 89,600) for the year 2010-11.

ii) The Company as a policy does not pay any remuneration to the Managing Director.

Mr. R.N. Pillai, who was the Managing Director of the Company up to the close of business hours of August 20, 2010 did not draw any remuneration and perquisites from the Company. However, he has received remuneration of ₹ 1.455 million till August 2010 as an executive of an associate company.

Mr. A. Harish Bhat was appointed as Managing Director of the Company with effect from the close of business hours of August 20, 2010 in place of Mr. R.N. Pillai without payment of any remuneration. However, he has received remuneration of ₹ 6.015 million from September 2010 to March 2011 as an executive of an associate company.

iii) Subsidiaries have paid sitting fees of ₹ 0.100 million (Pr year ₹ 0.155 million) to Directors including the Managing Director.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

	2010-11	2009-10
18. Remuneration to Auditors:		
Statutory Audit	2.000	2.000
Tax Audit	0.200	0.200
Limited Reviews	0.300	0.300
Certification fees	0.929	1.170
	3.429	3.670
19. Employee benefit		
Gratuity computations as on 31-03-2011		
Disclosure as per AS 15		
Defined benefit plans		
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	31.03.2011	31.03.2010
Obligations at period beginning	52.042	37.134
Service cost	5.071	18.043
Interest cost	4.031	2.748
Benefits settled	(3.317)	(5.563)
Actuarial (gain)/loss	(1.652)	(0.320)
Obligations at period end	56.175	52.042
Defined benefit obligation liability as at the balance sheet		
Is wholly funded by the Company		
Change in plan assets		
Plan assets at period beginning, at fair value	57.678	49.568
Asset available in another policy	4.000	3.659
Expected return on plan assets	4.801	4.238
Actuarial gain/(loss)	0.463	0.721
Contributions	-	5.055
Benefits settled	(3.317)	(5.563)
Plans assets at period end, at fair value	63.625	57.678
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year	63.625	57.678
Present value of the defined benefit obligations at the end of the period	56.175	52.042
	7.450	5.636
Details of Gratuity cost		
Service cost	5.072	18.043
Interest cost	4.031	2.748
Expected return on plan assets	(4.802)	(4.238)
Actuarial (gain) / loss	(2.115)	(1.040)
Net gratuity cost	2.186	15.513
Actual return on plan assets	5.264	4.958
Description of the basis used to determine the overall expected rate of return on assets including major categories of plan assets.		
The expected return is calculated on the average fund balance based on the mix of investments and the expected yield on them.		
Assumptions		
Interest rate	8.00%	8.00%
Discount factor	8.00%	8.00%
Estimated rate of return on plan assets	8.00%	8.00%

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

Salary Increase	5.00%	5.00%
Attrition rate	1.00%	1.00%
Retirement age	58	58

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

20. Details of outstanding to Micro, Small and Medium Enterprises and Small Scale Industries.

Based on the response received by the Company, there are no outstanding as at March 31, 2011 to suppliers, as defined under the Micro, Small & Medium Enterprises Development Act, 2006.

Amount due to Small Scale Industries (SSI) is nil to the extent of information disclosed by creditors.

21. The Company has recognised the rent from cancellable operating leases in accordance with the terms of the lease deed.

In respect of the non- cancellable operating leases, the Company has recognised the rent on a straight line basis over the non- cancellable lease term.

Future minimum lease payments receivable under non-cancellable operating lease up to one year ₹ Nil (Pr year nil)

22. The gross carrying amount, accumulated depreciation and net carrying value of leased building are as follows:

Description	31.03.2011	31.03.2010
Gross Block	507.320	507.320
Accumulated depreciation	77.794	55.187
Net Block	429.526	452.133

23. Deferred tax

Particulars	31.03.2011	31.03.2010
Deferred Tax Liability in respect of		
i) Depreciation on fixed assets	9.210	-
Total	9.210	-
Deferred Tax Asset in respect of		
i) Depreciation of fixed assets		0.734
ii) Allowance for carried forward losses	9.210	202.596
Total	*9.210	**203.330

Note : * Deferred tax asset is recognised only to the extent of deferred tax liability.

**Deferred tax asset is not recognised as a matter of prudence.

24. Quantitative Particulars

Particulars of Purchases and Sales of Goods traded by the Company

Products	Units	Opening Stock		Purchases		Sales		Closing Stock	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1. Alcoholic Beverages	Cases	104,655 (11,623)	26.529 (9.310)	2,433,006 (2,861,128)	805.990 (10,017.050)	2,434,933 (2,768,096)	1,285.820 (1,353.000)	102,728 (104,655)	34.123 (26.529)
2. Leather Products	Pairs	610 (-)	0.480 (-)	284,124 (271,141)	254.241 (322.000)	280,351 (270,531)	263.188 (350.410)	4,383 (610)	4.104 (0.480)
3. Processed Food	Tons	- (78.90)	- (3.770)	1,656 (1,738.100)	88.786 (94.070)	1,656 (1,817)	130.990 (127.950)	- (-)	- (-)

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

4. Readymade Garments	Pcs	14,974 (5,151)	2,540 (1,040)	1,029,804 (765,068)	263.750 (148.550)	1,007,715 (755,245)	271.362 (156.020)	37,063 (14,974)	8,584 (2,540)
5. Pharmaceuticals	Boxes EA	- -	- -	29,360 (8,180)	9.377 (2.480)	29,360 (8,180)	10.495 (2.530)	- -	- -

Figures in brackets relates to previous year.

25. Segment Reporting:

Segment-wise business performance for the year ended March 31, 2011

Primary Segment Information	Segment Revenue		Segment Result	
	2010-11	2009-10	2010-11	2009-10
a) Alcoholic Beverages	1,350.703	1,500.393	285.288	190.481
b) Leather Products	288.184	406.170	16.422	35.939
c) Investments	109.659	190.979	(7.260)	81.508
d) Guarantee Services	608.177	522.606	517.816	412.771
e) Property development	770.521	652.000	651.441	522.665
f) Others	785.665	670.970	167.373	(10.637)
Total	3,912.909	3,943.118	1,631.080	1,232.727
Provision / liabilities no longer required			-	3.320
Exceptional Income			-	960.420
Miscellaneous Income			44.202	32.374
Interest Expenses			(2,226.330)	(1,472.868)
Interest Income			1,169.899	517.123
Profit before tax			618.851	1,273.096

Other Information:	2010-11		2009-10		2010-11		2009-10	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation	Capital Expenditure	Depreciation
a) Alcoholic Beverages	688.012	384.665	624.941	397.299	-	0.070	0.011	0.109
b) Leather Products	304.958	145.237	201.899	80.408	49.717	4.559	24.163	1.593
c) Investments	40,166.664	26,551.152	25,895.237	12,295.773	-	-	-	-
d) Property Development	1,637.716	-	1,714.215	-	0.920	30.912	-	29.210
e) Others	497.272	76.196	262.859	39.850	72.937	65.793	158.633	76.160
Total	43,294.622	27,157.250	28,699.151	12,813.330	123.574	101.335	182.807	107.072

Notes :

- Income under the segment "investments" represents dividends received, profit on sale of investments/assets.
- Income under the segment "property development" represents lease rent and property development income.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

- 3 Segment results represents profit/(loss) before finance expenses, interest income and tax.
- 4 Capital expenditure represents the gross additions made to fixed assets during the year.
- 5 Segment assets include Fixed Assets, Investments, Current Assets, Loans & Advances except income tax assets.
- 6 Segment Liabilities include Secured and Unsecured Loans, Current Liabilities and Provisions except provision for tax and dividend.

Secondary segments, based on geographical locations

Particulars	Segment Revenue		Segment Assets	
	2010-11	2009-10	2010-11	2009-10
Segment				
Within India	2,001.049	1,953.186	38,477.863	25,915.501
Outside India	1,911.860	1,989.932	4,816.759	2,783.650
Total	3,912.909	3,943.118	43,294.622	28,699.151

Note: Segment Assets include Fixed Assets, Investments, Current Assets, Loans and Advances except income tax assets.

26. Related Party Transactions:

Key Management Personnel: Mr. R.N. Pillai – Managing Director up to 20.10.2010

Mr. A. Harish Bhat - Managing Director wef 21.10.2010

i) Name of the Related Parties and description of relationship

Subsidiaries

UB Electronic Instruments Limited *, UB Infrastructure Projects Limited *, UB International Trading Limited *, Kingfisher Finvest India Limited*, Kingfisher Airlines Limited *, Kingfisher Training and Aviation Services Limited*, Kingfisher Aviation Training Limited*, Kingfisher Goodtimes Private Limited, City Properties Maintenance Company Bangalore Limited*, Bangalore Beverages Limited *, UB Sports Limited*, Vitae India Spirits Limited, Rigby International Corp., United Breweries of America Inc, Delaware, Inversiones Mirabel, S.A, Mendocino Brewing Co. Inc, USA, United Breweries International [UK] Limited, Kingfisher Beer Europe Limited (formerly known as UBSN Limited), Rubic Technologies, Inc, Releta Brewing Company LLC, UB Overseas Limited *, UBHL (BVI) Limited *

Associates

United Spirits Limited *, Mangalore Chemicals & Fertilizers Limited *, UB Engineering Limited*, WIE Engineering Limited (Under Liquidation), McDowell Holdings Limited*, Pixray India Limited, UB Pharma (Kenya) Limited, DCL Holdings Private Limited and UB Ajantha Breweries Private Limited & UB Nizam Breweries Private Limited.

Subsidiary of an Associate

Shaw Wallace Breweries Limited*

* With which there have been transactions during the year.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

ii) Transactions with Related Parties during the year:

Subsidiary Companies	Kingfisher Finvest India Ltd		UB Electronic Instruments Ltd		Kingfisher Airlines Ltd		Kingfisher Training and Aviation Services Ltd		UB Infrastructure Projects Ltd		Kingfisher Aviation Training Ltd	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Purchase of goods (finished or unfinished)	-	-	-	-	-	-	-	-	-	-	-	-
Sale of goods (finished or unfinished)	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Receiving of services	-	-	0.031	0.085	0.316	0.758	-	-	-	-	-	-
Leasing arrangement	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Licence fee	-	-	-	-	56.000	58.250	-	-	-	-	-	-
Finance (including loans in cash or in kind) paid	5,635.064	1,259.755	0.007	0.085	5,751.159	2,007.020	15.800	56.754	827.556	1,069.501	-	0.300
Finance (including loans in cash or in kind) received	2,378.553	4,098.468	-	-	2,671.652	1,004.894	0.051	0.055	3,246.029	82.939	-	-
Investments made	-	-	-	-	6,330.000	-	-	-	-	-	-	-
Guarantee Commission received	-	-	-	-	580.095	494.820	0.515	0.515	-	-	-	-
Deposit Received	-	-	-	-	-	-	-	-	-	-	-	-
Interest Received	-	-	-	-	632.480	249.386	7.916	-	157.291	195.062	-	-
Guarantees and collaterals given	-	-	-	-	91,351.700	103,599.700	-	51.500	-	-	-	-
Amount due from as on Mar 31, 2011	8,934.957	5,678.446	-	-	1,230.735	3,212.337	88.513	64.333	1,002.603	3,263.785	383.298	383.298
Amount due to as on Mar 31, 2011	-	-	0.024	-	-	-	-	-	-	-	-	-

Associate Companies	United Spirits Ltd		Mangalore Chemicals and Fertilizers Ltd		UB Engineering Ltd		Shaw Wallace Breweries Ltd**		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Purchase of goods (finished or unfinished)	469.445	839.062	-	-	-	-	-	-	469.445	839.062
Leasing arrangement	-	6.323	-	-	-	-	-	-	-	6.323
Sale of Assets	392.444	-	-	-	-	-	-	-	392.444	-
Licence fee	-	45.000	60.000	60.000	27.770	25.672	-	-	87.770	130.672
Finance (including loans in cash or in kind) paid	3,674.606	1,860.494	0.127	18.770	5.358	92.933	5.640	-	3,685.731	1,972.197
Finance (including loans in cash or in kind) received	2,799.683	1,248.161	69.815	167.893	6.729	110.659	3,950.970	-	6,827.197	1,526.713
Dividend received	59.705	47.764	29.044	20.330	-	-	-	-	88.748	68.094
Guarantee Commission received	8.532	4.100	-	-	17.661	17.167	-	-	26.194	21.267
Deposit Received	223.915	1,030.000	100.000	-	250.000	-	-	-	573.915	1,030.000
Interest Received	-	-	-	-	12.600	8.353	-	-	12.600	8.353
Interest Paid	282.286	-	-	-	-	-	56.400	-	338.686	-
Guarantees and collaterals	550.000	410.000	-	-	800.000	2,160.000	-	-	1,350.000	2,570.000
Management contracts including deputation of employees	-	-	25.700	21.600	-	2.086	-	-	25.700	23.686
Amount due from as on March 31, 2011	118.156	96.329	16.042	0.029	143.667	90.000	-	-	277.865	186.358
Amount due to as on March 31, 2011	2,086.565	2,468.444	100.000	-	250.000	2.993	4,001.730	-	6,438.295	2,471.437

**Subsidiary of an associate.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)



City Properties Maintenance Company Bangalore Ltd		UB International Trading Ltd		UB Overseas Ltd		UBHL (BVI) Ltd		Bangalore Beverages Ltd		UB Sports Ltd		Kingfisher Beer Europe Ltd*		Total	
2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
-	-	254.241	279.532	-	-	-	-	-	-	-	-	-	-	254.241	279.532
-	-	1.037	27.875	-	-	-	-	-	-	-	-	-	-	1.037	27.875
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.753	8.537	-	-	-	-	-	-	-	-	-	-	1.603	-	12.703	9.380
0.619	-	-	-	-	-	-	-	-	-	-	-	-	-	0.619	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	56.000	58.250
24.339	56.411	281.038	273.326	-	-	-	-	7,000.000	-	6.500	-	-	-	19,541.463	4,723.152
26.200	53.654	4.836	7.567	-	-	-	-	327.255	-	-	-	-	-	8,654.576	5,247.577
-	-	-	-	1,974.225	1,343.991	-	-	-	-	-	-	-	-	8,304.225	1,343.991
-	-	-	-	1.373	6.004	-	-	-	-	-	-	-	-	581.983	501.339
0.412	-	-	-	-	-	-	-	-	-	-	-	-	-	0.412	-
-	-	-	-	28.030	31.817	-	-	321.994	-	-	-	-	-	1,147.711	476.265
-	-	-	-	-	2,415.000	-	-	-	-	-	-	-	-	91,351.700	106,066.200
7.670	20.068	76.917	44.264	284.620	257.312	225.483	227.957	6,994.740	-	6.500	-	-	-	19,236.036	13,151.800
0.125	0.117	-	0.018	-	-	-	-	-	-	-	-	1.603	-	1.752	0.135

* Formerly known as UBSN Ltd.



Schedules forming part of accounts for the year ended March 31, 2011(contd.)

27. Disclosures required by Accounting Standard (AS) 29 - "Provisions, Contingent Liabilities and Contingent Assets"

Provisions:

Particulars of disclosure		Provision for contingent claims	Provision for leave encashment
1	Balance as on 1.04.10	37.428	22.124
2	Provision made during year	-	2.431
3	Provision used during the year.	-	0.735
4	Balance as on 31.03.11	37.428	23.820

Year and quantum of outflow of cash in respect of the above contingent claims is not presently ascertainable. Time of outflow of cash on account of leave encashment is contingent upon the time of employee's separation from the Company.

28. With a view to facilitating the smooth business operation of its subsidiary, Kingfisher Airlines Limited, the Company, as part of its obligation as Holding Company has expressed its intention to honour the financial obligations to the lending institutions on the due dates.

29.	Earnings per Share	2010-11	2009-10
	Net profit after tax	416.888	702.290
	Number of equity shares	66,818.521	66,818.521
	Earnings per share (Basic)/ (Diluted) - in ₹	6.24	10.51

30.	Value of imports calculated on CIF basis	2010-11	2009-10
	Raw materials	21.300	61.398
	Packing materials	22.170	62.254
	Capital Goods	27.160	5.937
	Total	70.630	129.589

31.	Expenditure in Foreign Currency:	2010-11	2009-10
	Foreign Travel expenses	4.304	6.826
	Commission to Agents	1.890	2.005
	Professional and Legal fees	11.162	4.661
	Imports of material and capital goods	70.630	129.589
	Others	13.070	260.113
	Investments	1,974.225	1343.991
	Total	2,075.281	1747.185

32.	Earnings in Foreign Exchange	2010-11	2009-10
	Export of goods calculated on FOB basis	1,836.565	1,888.084
	Others	17.567	-
	Total	1,854.132	1,888.084

33. The Company has not entered into any speculative derivative transactions. Hedging is restricted to the business needs of the Company. As at the Balance Sheet date, foreign currency receivable / payable that is not hedged by any derivative instrument or otherwise are as under:

Particulars	Net Receivable / (Payable) Foreign Currency Amount		Net Receivable / (Payable) Amount in local currency	
	2010-11	2009-10	2010-11	2009-10
Currency				
USD	11.424	10.995	510.102	501.226
Euro	(0.017)	(0.002)	(1.090)	(0.150)
Euro	-	0.003	-	0.210
USD	(0.042)	(0.219)	(1.920)	(9.827)
GBP	(0.022)	-	(1.638)	-

Schedules forming part of accounts for the year ended March 31, 2011(contd.)



34. The Board of Directors have proposed a dividend of ₹ 1/- per share (10%) for the year ended March 31, 2011 (previous year ₹1/- per share).
35. All amounts are in Rupees million, unless otherwise stated.
36. Previous year's figures have been regrouped wherever necessary to conform with the current year's classification/presentation.

SIGNATURES TO SCHEDULES 1 TO 12

Dr. Vijay Mallya
Chairman

N. Srinivasan
Director

A. Harish Bhat
Managing Director

For Vishnu Ram & Co.,
Chartered Accountants

S. Vishnumurthy
Proprietor
Membership No. 22715
Firm Regn. No. 0047425

Mumbai
25 August, 2011

Kaushik Majumder
Company Secretary



Company's General Business Profile

I Registration Details

Registration / CIN	:	740 / L85110KA1915PLC000740
State Code	:	08
Balance Sheet Date	:	31.03.2011

II Capital Raised during the year

Public Issue	:	Nil
Rights Issue	:	Nil
Private Placement	:	Nil
Bonus Issue	:	Nil

III Position of Mobilisation and Deployment of Funds

(₹ in Thousands)

Total Liabilities	39,330,401	Total Assets	39,330,401
Sources of funds		Application of Funds	
Paid up Capital	668,185	Net Fixed Assets	3,092,083
Reserves and Surplus	15,345,849	Investments	19,067,725
Secured Loans	16,532,583	Net Current Assets	17,170,593
Unsecured Loans	6,783,784	Profit and Loss Account	-

IV Performance of the Company

Turnover	5,127,009	Total Expenditure	2,281,828
Profit Before Tax	618,851	Profit after Tax	416,888
Earning per share ₹	6.24	Dividend Rate	10%

V Generic Name of three Principal Products / Services of the Company

1 Trading in following goods

ITC Code	Beer	-	220300
	Liquor	-	220830
	Leather Shoes	-	640320

2 Real Estate Development and Investment holding	-	NA
--	---	----

Disclosure under Clause 32 of the Listing Agreement
in the Books of the Holding Company United Breweries (Holdings) Limited



₹ in million

SI No	Name of the Company	Value of investment			Amount of Outstanding as at March 31,2011	Maximum amount outstanding during the year
		Parent Company	Subsidiaries	Total		
	Subsidiaries					
1	Bangalore Beverages Limited	-	0.500	0.500	6,994.739	6,994.739
2	City Properties Management Company Bangalore Limited	0.500	-	0.500	7.670	23.123
3	Kingfisher Finvest India Limited	2,500.500	-	2,500.500	8,934.957	8,934.957
4	Kingfisher Airlines Limited	9,315.321	11,869.439	21,184.760	1,230.735	9,658.866
5	Kingfisher Training and Aviation Services Limited	0.332	0.027	0.359	88.513	88.513
6	Kingfisher Aviation Training Limited	30.000	-	30.000	383.298	383.298
7	UB Electronic Instruments Limited.	27.209	0.327	27.536	-	-
8	UB Infrastructure Projects Limited.	0.500	-	0.500	1,002.603	3,281.384
9	UB Internatinal Trading Limited.	0.500	-	0.500	76.917	76.917
10	Vitae India Spirits Limited	-	0.500	0.500	-	-
11	UB Sports Limited	-	0.500	0.500	6.500	6.500
12	Kingfisher Goodtimes Pvt Limited	-	0.100	0.100	-	-
13	Rigby International Corp.	660.238	-	660.238	-	-
14	UB Overseas Limited	3,318.218	0.038	3,318.256	284.619	284.619
15	Rubic Technologies Inc.	26.558	-	26.558	-	-
16	UBHL (BVI) Limited	10.040	-	10.040	225.482	235.330
17	Kingfisher Beer Europe Limited (formerly known as UBSN Limited)	-	-	-	1.638	1.638
		15,889.916	11,871.431	27,761.347	19,237.671	29,970.884
	Associates					
1	United Spirits Limited	701.894	421.319	1,123.213	118.156	118.156
2	McDowell Holdings Limited	146.038	178.196	324.234	-	-
3	Mangalore Chemicals & Fertilizers Limited	334.569	-	334.569	16.041	17.038
4	United Racing & Bloodstock Breeders Limited	0.400	-	0.400	24.974	24.974
5	Pixray India Limited	-	0.153	0.153	-	-
6	WIE Engineering Limited	1.419	-	1.419	-	-
7	DCL Holdings Private Limited	-	700.000	700.000	-	-
8	UB Pharma (Kenya) Limited	7.616	-	7.616	-	-
9	UB Engineering Limited	424.928	-	424.928	143.667	143.667
10	UB Ajanta Breweries Pvt Limited & UB Nizam Breweries Pvt Limited	-	721.347	721.347	-	-
		1,616.864	2,021.015	3,637.879	302.838	303.835

Auditor's Report on Consolidated Financial Statements

The Board of Directors,
United Breweries (Holdings) Limited,
Bangalore.

1. We have audited the attached Consolidated Balance Sheet of United Breweries (Holdings) Limited Group, as at 31st March 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the United Breweries (Holdings) Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 certain subsidiaries, whose financial statements reflect total assets of Rs. 106,372.339 million as at 31st March 2011, total revenues of Rs. 65,974.742 million and net cash out flows amounting to Rs. 951.271 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 is based solely on the report of such other auditors.
4. *The auditors of a subsidiary company have drawn attention of the members to;*
 - (a) *note 10(b) of schedule 12 regarding recognition of deferred tax asset and reported that in view of Explanation 1 to Paragraph 17 of Accounting Standard 22, they cannot express any independent opinion in the matter of recognition of deferred tax asset of Rs. 4,934.180 million (net) for the year and total deferred tax asset of Rs.29,277.831 million as at 31-03-2011.*
 - (b) *note 14 of schedule 12 regarding method of accounting of costs incurred on major repairs and maintenance of engines of aircraft taken on operating lease during the year aggregating to Rs. 1,225.685 million which have been included under fixed assets and amortised over the estimated useful life of the repairs. In the opinion of the auditors of the subsidiary company, this accounting treatment is not in accordance with current accounting standards.*
 - (c) *note 15 of schedule 12 regarding treatment of use fee payable by the subsidiary company in respect of certain assets taken on operating lease and aggregating to Rs. 557.645 million as maintenance reserves, in accordance with its understanding. Pending formalization of the matter with the relevant lessors, the auditors of the subsidiary company have expressed their inability to express an independent opinion in the matter.*
5. *The financial statements of certain associate companies mentioned in Sl No. 2 of schedule 11 have not been considered in the Consolidated Financial Statements for the reasons stated against their names.*
6. The financial statements of certain associate companies, which reflect the group's share of profit (net) for the year of Rs. 1,755.493 million have been audited by other auditors and we have relied upon such audited financial statements for the purpose of our examination of the Consolidated Financial Statements.
7. *Subject to our comments in paragraphs 4 and 5 above, we report that the consolidated financial statements have been prepared by the United Breweries (Holdings) Limited'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 specified in the Companies (Accounting Standards) Rule, 2006.*

Auditor's Report on Consolidated Financial Statements (contd.)



8. 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, and to the best of our information and according to the explanations given to us, and *subject to our observations in paragraphs 4 and 5 above*, we are of the opinion that 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 United Breweries (Holdings) Limited Group as at 31st March 2011;
 - (b) in the case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Mumbai
August 25, 2011



For Vishnu Ram & Co.,
Chartered Accountants

(S. Vishnumurthy)
Proprietor
Membership no. 22715
Firm Registration No.0047425

Consolidated Balance Sheet as at March 31, 2011

₹ in million

	Schedule	As at March 31, 2011		As at March 31, 2010	
I SOURCES OF FUNDS					
(1) SHAREHOLDERS' FUNDS					
(a) Capital	1	668.185		668.185	
(b) Employee stock option outstanding (Refer note 8 in Sch 12)		29.509		74.818	
(c) Reserves and surplus	2	15,858.387	16,556.081	16,453.132	17,196.135
(2) MINORITY INTEREST			76.791		88.495
(3) LOAN FUNDS	3				
(a) Secured loans		71,258.100		62,478.485	
(b) Unsecured loans		23,972.029	95,230.129	26,886.418	89,364.903
			111,863.001		106,649.533
II APPLICATION OF FUNDS					
(1) FIXED ASSETS	4				
(a) Gross Block		26,226.165		24,086.814	
(b) Less : Depreciation		7,716.061		5,679.152	
(c) Less : Impairment		0.500		0.500	
(d) Net Block		18,509.604		18,407.162	
(e) Capital work-in-progress		7,338.712	25,848.316	9,497.005	27,904.167
(2) GOODWILL ON CONSOLIDATION			21,766.660		20,536.907
(3) INVESTMENTS	5		16,840.062		14,438.299
(4) Foreign Currency Monetary Item Translation Difference account					279.457
(5) DEFERRED TAX ASSET			29,274.486		24,340.056
(6) CURRENT ASSETS, LOANS AND ADVANCES	6				
(a) Inventories		2,103.919		1,822.900	
(b) Sundry Debtors		5,077.770		3,858.677	
(c) Cash and Bank balances		3,379.584		4,585.848	
(d) Other current assets		11,322.077		9,297.685	
(e) Loans and Advances		19,893.083		10,686.990	
		41,776.433		30,252.100	
Less: CURRENT LIABILITIES AND PROVISIONS	7				
(a) Current liabilities		45,957.789		39,360.190	
(b) Provisions		1,689.017		1,384.077	
		47,646.806		40,744.267	
Net current assets			(5,870.373)		(10,492.167)
(7) (a) Miscellaneous Expenditure (to the extent not written off or adjusted) (Refer Note 5 in Sch 12)			1,258.397		1,456.423
(b) Profit and Loss Account	8		22,745.453		28,186.391
			111,863.001		106,649.533
ACCOUNTING POLICIES	11				
NOTES TO ACCOUNTS	12				

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

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

For Vishnu Ram & Co.,
Chartered Accountants

Dr. Vijay Mallya
Chairman

N. Srinivasan
Director

A. Harish Bhat
Managing Director

S. Vishnumurthy
Proprietor
Membership No.: 22715
Firm Registration No. : 0047425

Mumbai
August 25, 2011

Kaushik Majumder
Company Secretary

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



₹ in million

	Schedule	For the year ended March 31, 2011		For the year ended March 31, 2010	
INCOME	9				
Sales and services		66,963.144		55,462.696	
Property development		361.929		292.664	
Profit on sale of assets		0.113		25.512	
Profit on sale of investments		9.892		-	
Other income		3,173.785	70,508.863	2,326.558	58,107.430
EXPENDITURE	10				
Direct costs		47,901.921		43,562.074	
Personnel costs		7,014.776		7,110.234	
Loss on sale of investments		-		94.531	
Other expenses		13,094.818	68,011.515	15,106.943	65,873.782
Profit /(loss) before interest, depreciation, exceptional items and tax			2,497.348		(7,766.352)
Interest and finance charges			14,691.504		12,370.405
Loss before depreciation, exceptional items and tax			(12,194.156)		(20,136.757)
Depreciation			2,198.106		2,152.837
Loss before exceptional items and tax			(14,392.262)		(22,289.594)
Exceptional Items					
Add: Cost incurred on account of premature termination of lease/purchase contracts			912.465		3,576.547
Less: Exceptional income			-		960.420
Loss before tax			(15,304.727)		(24,905.721)
Provision for tax					
Current tax		164.593		212.435	
Previous years		43.300		303.689	
Deferred tax		(4,934.430)	(4,726.537)	(7,645.628)	(7,129.504)
Loss after tax			(10,578.190)		(17,776.217)
Share of minority interest			9.278		15.409
Share of profit in associates			1,750.968		95.330
Loss for the year			(8,817.944)		(17,665.478)
Appropriations					
Proposed dividend			66.819		66.819
Tax on proposed dividend			11.099		11.099
Loss carried forward			(8,895.862)		(17,743.396)
Earnings per share (Basic / Diluted) in ₹			(131.97)		(264.38)
ACCOUNTING POLICIES	11				
NOTES TO ACCOUNTS	12				

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

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

For Vishnu Ram & Co.,
Chartered Accountants

Dr. Vijay Mallya
Chairman

N. Srinivasan
Director

A. Harish Bhat
Managing Director

S. Vishnumurthy
Proprietor

Mumbai
August 25, 2011

Kaushik Majumder
Company Secretary

Membership No.: 22715
Firm Registration No. : 004742S

Consolidated Cash Flow Statement for the year ended March 31, 2011

₹ in million

	For the year ended March 31, 2011		For the year ended March 31, 2010	
A. Cash flow from operating activities				
Net loss before tax		(15,304.727)		(24,905.721)
Adjustments for :				
Depreciation	2,198.106		2,152.837	
Dividend income	(144.146)		(145.943)	
Interest income	(477.478)		(180.302)	
Increase/ (decrease) in provision for stock obsolescence	(10.000)		(8.535)	
Income on sale and lease back transaction	(4.142)		(4.142)	
Property development	(361.929)		(292.664)	
Profit on sale of assets	(0.113)		(25.512)	
Loss on sale of investments (other than short term investments)	-		98.746	
Interest and finance charges	14,691.504		12,370.405	
Liabilities no longer required	(733.337)		(1,297.199)	
Amortisation of initial cost on lease of aircraft	198.026		288.811	
Amortisation of shares issue expenses	-		45.088	
Amortisation of slot charges	182.105		211.001	
Loss on asset discarded/sold/ written off/ impairment of old assets	11.215		19.757	
Provision for employee compensation written back	(45.310)		(6.277)	
Provision for frequent flyer scheme	43.540		82.785	
Provision for contingency	70.000		-	
Unrealised exchange fluctuation loss	231.284		548.702	
Bad debts / advances written off	188.009		4.620	
Provision for bad and doubtful advances / debts	66.124		6.912	
Exceptional income	-		(960.420)	
		16,103.458		12,908.670
Operating profit / (loss) before working capital changes		798.731		(11,997.051)
Adjustment for changes in working capital:				
Increase in inventories	(271.019)		(184.645)	
Increase in trade and other receivables	(11,934.867)		(4,934.944)	
Increase in current liabilities and provisions	7,349.983	(4,855.903)	3,662.946	(1,456.644)
Cash used in operations		(4,057.173)		(13,453.695)
Less : taxes paid (including fringe benefit tax)		(508.374)		(205.714)
Net cash used in operating activities		(4,565.547)		(13,659.409)
B. Cash flow from investing activities				
Movement in fixed assets (including changes in capital work in progress)	(402.060)		2,415.253	
Lease rentals for aircraft on finance lease (principal portion)	(1,149.691)		(886.958)	
Sale of fixed assets	400.002		1,100.983	
Acquisition of investments	(1,056.477)		-	
Sale of investments (other than short term investments)	-		4,199.649	
Loan to other companies	(296.010)		(3.471)	
Dividend income	144.146		145.943	
Interest received	477.478		180.302	
Exceptional income	-		960.420	
(Increase)/ decrease in fixed deposits with bank	565.835		(858.848)	
Net cash generated from /(used in) investing activities		(1,316.775)		7,253.273

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



₹ in million

	For the year ended March 31, 2011		For the year ended March 31, 2010	
C. Cash flow from financing activities				
Proceeds from issue of shares	13,032.000		2.754	
Interest and finance charges	(14,691.503)		(12,370.405)	
Dividend and corporate dividend tax paid	(77.918)		-	
Proceeds from loans from banks and others (net)	7,014.918		20,630.333	
Net cash generated from financing activities		5,277.496		8,262.681
Net increase / (decrease) in cash and cash equivalents		(604.826)		1,856.545
Cash and cash equivalents at the beginning of the year		2,537.828		684.647
Exchange gain / (loss) on opening cash and cash equivalents		(0.152)		(3.365)
Cash and cash equivalents at the end of the year		1,932.849		2,537.828
Cash and cash equivalents comprise of :				
Cash in hand		23.660		18.742
Balances with banks in current accounts		1,637.488		2,282.834
Short term investments		271.701		236.252
		1,932.849		2,537.828

Notes to the Consolidated Cash Flow Statement

- 1 Short term investments represent amounts invested in mutual funds which are readily convertible into cash
- 2 Balances with banks include ₹ 2.732 million being balances in unpaid dividend account which cannot be used by the Company except for payment of unpaid dividend / transfer to Investor Education and Protection Fund.

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

For Vishnu Ram & Co.,
Chartered Accountants

Dr. Vijay Mallya
Chairman

N. Srinivasan
Director

A. Harish Bhat
Managing Director

S. Vishnumurthy
Proprietor

Mumbai
August 25, 2011

Kaushik Majumder
Company Secretary

Membership No.: 22715
Firm Registration No. : 0047425

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

₹ in million

SCHEDULE 1

SHARE CAPITAL

Authorised

100,000,000 equity shares of ₹10 each

Issued, Subscribed and Paid-up

66,818,521 shares of Rs 10/- each fully paid (PY - 66,818,521 shares)

Of the above shares,

1. 34,008 shares to the extent of ₹ 7.50 per share were issued for a consideration other than cash.
2. 7,905,249 shares were allotted for consideration other than cash under scheme / arrangement sanctioned by the Court.
3. 1,114,089 shares allotted through conversion of debentures in 1989.
4. 5,784,099 shares were allotted as fully paid bonus shares by capitalisation of reserves.
5. 825,256 shares allotted, as per scheme of amalgamation in 1995.
6. 29,720,949 shares were allotted as fully paid bonus shares by capitalising the securities premium.

SCHEDULE 2

RESERVES AND SURPLUS

Capital Reserve

As per last Balance Sheet

Additions during the year

Security premium

Fixed Assets Revaluation Reserve

As per last Balance Sheet

Adjustment on sale of land and building

Capital Reserve arising on consolidation of associates

Foreign Currency Translation Reserve

General Reserve

As per last Balance sheet

Add: Transfer from Contingency Reserve

Less: Transferred to profit and loss account schedule

Contingency Reserve

As per last Balance sheet

Less: Transfer to General Reserve

SCHEDULE 3

SECURED LOANS

From Banks

From Others

(Secured by pledge of shares held by the parent Company and its subsidiary, deposit of title deeds of the parent Company's land and structures in Bangalore and in Goa, charge on fixed asset, assignment of rights under purchase agreement entered with aircraft manufacturers for purchase of aircraft, hypothecation of underlying aircraft under finance lease liability, hypothecation of stocks, charge on supply advances, book debts, securitization of rent receivable from the property let out, assignment of receivables for use of trademark and securitisation of the sale proceeds from the luxury residential building.)

UNSECURED LOANS

From Banks

From Others

8% Optionally Convertible Debentures

Public Deposits (including Interest accrued and due)

	As at March 31, 2011	As at March 31, 2010
100,000,000 equity shares of ₹10 each	1,000.000	1,000.000
Issued, Subscribed and Paid-up		
66,818,521 shares of Rs 10/- each fully paid (PY - 66,818,521 shares)	668.185	668.185
Of the above shares,		
1. 34,008 shares to the extent of ₹ 7.50 per share were issued for a consideration other than cash.		
2. 7,905,249 shares were allotted for consideration other than cash under scheme / arrangement sanctioned by the Court.		
3. 1,114,089 shares allotted through conversion of debentures in 1989.		
4. 5,784,099 shares were allotted as fully paid bonus shares by capitalisation of reserves.		
5. 825,256 shares allotted, as per scheme of amalgamation in 1995.		
6. 29,720,949 shares were allotted as fully paid bonus shares by capitalising the securities premium.	668.185	668.185
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	511.365	21.200
Additions during the year	-	490.165
	511.365	511.365
Security premium	8,331.975	8,331.975
Fixed Assets Revaluation Reserve		
As per last Balance Sheet	1,123.179	1,150.484
Adjustment on sale of land and building	32.668	27.304
	1,090.511	1,123.180
Capital Reserve arising on consolidation of associates	6,282.580	6,723.827
Foreign Currency Translation Reserve	(358.044)	(312.215)
General Reserve		
As per last Balance sheet	-	-
Add: Transfer from Contingency Reserve	75.000	-
	75.000	-
Less: Transferred to profit and loss account schedule	75.000	-
	-	-
Contingency Reserve		
As per last Balance sheet	75.000	75.000
Less: Transfer to General Reserve	75.000	-
	-	75.000
	15,858.387	16,453.132
SCHEDULE 3		
SECURED LOANS		
From Banks	47,651.591	40,692.924
From Others	23,606.509	21,785.561
	71,258.100	62,478.485
UNSECURED LOANS		
From Banks	6,071.393	19,128.006
From Others	9,442.246	6,454.535
8% Optionally Convertible Debentures	7,093.199	-
Public Deposits (including Interest accrued and due)	1,365.191	1,303.88
	23,972.029	26,886.418

Schedules to Balance Sheet forming part of accounts as at March 31, 2011 (contd.)



SCHEDULE 4 FIXED ASSETS AS AT MARCH 31, 2011

₹ in million

Description of Assets	Cost / Valuation				Depreciation			Impairment		Net value of Asset	
	As at 01.04.10	Additions during the year	Deletion during the year	As at 31.03.11	As at 01.04.10	Deductions during the year	Depreciation for the year	As at 31.03.11	As at 31.03.10	As at	
										31.03.11	31.03.10
Intangible Assets											
Computer Software	151.413	68.183	-	219.596	97.178	-	42.766	139.944	-	79.652	54.235
Designs (Aircraft interiors)	24.646	-	-	24.646	8.562	-	3.521	12.083	-	12.563	16.084
Others	1.903	-	-	1.903	-	-	-	-	-	1.903	1.903
Non-Compete fee	300.000	-	-	300.000	130.164	-	60.000	190.164	-	109.836	169.836
Tangible Assets											
Land	1,207.431	-	33.256	1,174.175	-	-	-	-	-	1,174.175	1,207.431
Buildings	1,351.909	40.642	35.207	1,357.344	211.941	5.281	43.988	250.648	-	1,106.696	1,139.968
Buildings on rented land	86.586	-	-	86.586	3.345	-	1.473	4.818	-	81.768	83.241
Plant & Machinery	852.419	82.304	2.502	932.221	388.648	0.015	76.232	464.866	0.500	466.855	463.271
Office Equipments	227.531	7.908	16.414	219.025	51.976	10.218	14.213	55.971	-	163.054	175.555
Furniture & Fixtures	630.241	102.136	9.646	722.731	195.260	8.762	60.989	247.486	-	475.245	434.981
Computers	585.689	25.397	24.233	586.853	280.311	20.964	93.244	352.591	-	234.263	305.378
Aircraft	1,680.228	635.350	-	2,315.578	209.390	-	126.241	335.631	-	1,979.947	1,470.838
Vehicles	357.682	17.130	4.283	370.529	121.617	3.650	35.957	153.924	-	216.605	236.065
Tangible Assets (others)											
Improvement to lease-hold Buildings	289.971	86.963	2.771	374.163	136.362	1.806	80.917	215.473	-	158.689	153.609
Improvement to lease-hold Aircraft	2,886.351	1,283.450	-	4,169.801	947.814	-	946.576	1,894.390	-	2,275.411	1,938.537
Improvement to lease-hold Plants	64.975	0.058	0.745	64.288	37.455	0.745	3.160	39.869	-	24.419	27.520
Plant and Machinery acquired under lease	66.807	-	-	66.807	10.137	-	2.634	12.771	-	54.036	56.670
Ground support & other equipment	1,271.801	28.727	0.140	1,300.388	176.035	0.055	59.933	235.913	-	1,064.475	1,095.766
Aircraft acquired under financial lease	12,049.231	-	109.700	11,939.531	2,672.957	109.700	546.262	3,109.519	-	8,830.012	9,376.274
TOTAL	24,086.814	2,378.248	238.896	26,226.165	5,679.152	161.196	2,198.106	7,716.061	0.500	18,509.604	18,407.162
Previous Year	22,494.387	2,750.060	1,157.633	24,086.814	3,854.080	327.765	2,152.837	5,679.152	0.500	18,407.162	18,639.807
Add: Capital work-in-progress and advance payment for Capital Works										7,338.712	9,497.005
(Refer Note 4 in Sch 12)										25,848.316	27,904.167

Note: On completion of the "UB CITY" project in 2007, the Company was allotted 556,503 sq. ft of super built area in exchange for 137,844 sq. ft undivided share of land which was valued at an agreed figure of ₹ 560 million and this amount was capitalised as "Buildings".

Schedules to Balance Sheet forming part of accounts as at March 31, 2011 (contd.)

₹ in million

	As at March 31, 2011	As at March 31, 2010		
SCHEDULE 5				
INVESTMENTS				
Long term investments				
In fully paid equity shares				
In associate companies	13,427.730	12,286.240		
Goodwill on acquisition of Associate	-	450.450		
In other companies	<u>2,990.067</u>	<u>1,474.793</u>		
	16,417.797	14,211.483		
Less : Provision for diminution in value of investments	<u>9.436</u>	<u>9.436</u>		
	16,408.361	14,202.047		
Current Investments	<u>431.701</u>	<u>236.252</u>		
	<u>16,840.062</u>	<u>14,438.299</u>		
SCHEDULE 6				
CURRENT ASSETS, LOANS AND ADVANCES				
1. INVENTORIES				
Packing material	20.776	16.684		
Trading goods	185.676	149.589		
Work in progress	21.012	7.854		
Rotables, tools and engineering consumables	1,657.368	1,382.624		
Less: Provision for obsolescence	(54.371)	(64.371)		
Inflight stores consumables	<u>273.458</u>	<u>330.520</u>	2,103.919	1,822.900
2. SUNDRY DEBTORS				
(Unsecured, considered good unless otherwise stated)				
Outstanding for a period exceeding six months				
Debts considered good for which the company holds no security other than the debtor's personal security				
	254.532	216.990		
considered doubtful	<u>15.941</u>	<u>2.538</u>		
	270.473	219.528		
Less : Provision	<u>15.941</u>	<u>2.538</u>	254.532	216.990
Other debts				
Debts considered good for which the company holds no security other than the debtor's personal security				
	<u>4,823.238</u>	<u>3,641.687</u>		
	<u>5,077.770</u>	<u>3,858.677</u>		
3. CASH AND BANK BALANCES				
(a) Cash on hand	23.660	18.742		
(b) Bank balances				
(i) in current account	1,637.487	2,282.833		
(including unpaid dividend account of ₹ 2.732 million)				
(ii) in deposit account	<u>1,718.437</u>	<u>2,284.273</u>		
	<u>3,379.584</u>	<u>4,585.848</u>		

Schedules to Balance Sheet forming part of accounts as at March 31, 2011 (contd.)



₹ in million

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 6 (contd.)		
4. LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received		
Considered good	19,893.083	10,686.990
Considered doubtful	337.986	285.265
	<u>20,231.069</u>	<u>10,972.255</u>
Less: Provision	337.986	285.265
	<u>19,893.083</u>	<u>10,686.990</u>
5. OTHER CURRENT ASSETS		
Deposits considered good	9,880.967	8,329.411
Income tax refund due / advance tax paid	1,441.110	968.274
	<u>11,322.077</u>	<u>9,297.685</u>
SCHEDULE 7		
CURRENT LIABILITIES		
Sundry Creditors	36,624.583	33,042.593
Advance Received / forward sales	6,135.440	3,485.074
Interest accrued but not due on loans / public deposits	253.933	43.928
Trademark licence security deposit	2,035.000	1,745.000
Lease security deposits	885.470	1,040.628
Advances from allottees for residential units	20.000	-
Investor Education and Protection Fund		
- Unclaimed Public deposits / Interest*	0.631	1.048
- Unclaimed dividends*	2.732	1.919
	<u>45,957.789</u>	<u>39,360.190</u>
*no amount is due for transfer to Investor Education and Protection Fund		
PROVISIONS FOR		
Income tax	1,121.311	948.957
Proposed dividend	66.819	66.819
Frequent flyers scheme	216.575	173.034
Provisions for contingencies	107.428	37.428
Tax on proposed dividend	11.099	11.099
Leave encashment	165.785	146.740
	<u>1,689.017</u>	<u>1,384.077</u>
SCHEDULE 8		
PROFIT AND LOSS ACCOUNT		
Balance as per last balance sheet	(28,186.391)	(10,410.165)
Loss for the year	(8,895.862)	(17,743.396)
Less: General reserve	75.000	-
Share of brought forward loss transferred to minority on additional investment by minority	12,346.369	4.929
Adjustment on account of additional investment by parent Company	1,915.315	-
Less: On account of an associate being held for disposal	0.116	-
Less: On transfer of associate	-	(37.759)
	<u>(22,820.453)</u>	<u>(28,186.391)</u>

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

₹ in million

SCHEDULE 9

INCOME

SALES & SERVICES

	Year ended March 31, 2011	Year ended March 31, 2010
Sales	3,618.409	3,808.363
Income from air passanger , cargo & other related services	62,333.790	50,678.151
Dividends	144.146	145.943
Guarantee commission	26.194	27.749
Lease rent	409.965	359.336
Maintenance charges received	199.645	165.635
Training charges received	57.526	65.247
Licence fees	147.770	190.672
Management service fees	25.700	21.600
	<u>66,963.144</u>	<u>55,462.696</u>

OTHER INCOME

Interest income	477.478	180.302
Duty drawback	1,371.733	406.103
Income on sale and lease back transaction	4.142	4.142
Provisions / liabilities no longer required	733.337	1,297.199
Miscellaneous income	587.095	438.812
	<u>3,173.785</u>	<u>2,326.558</u>

SCHEDULE 10

EXPENDITURE

DIRECT COSTS

Cost of trading goods	2,516.676	2,726.468
Packing material consumed	57.706	75.694
Aircraft Fuel, Lease rentals, Maintenance & other expenses	45,075.109	40,465.126
Other direct costs	252.430	294.786
	<u>47,901.921</u>	<u>43,562.074</u>

PERSONNEL COSTS

Salaries, wages and bonus	6,708.560	6,870.293
Contribution to gratuity, provident & other funds	190.421	111.841
Employee compensation expenses (Refer Note 8 in Sch 12)	(45.310)	(6.277)
Welfare expenses	161.105	134.377
	<u>7,014.776</u>	<u>7,110.234</u>



UBHHL

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



	₹ in million	
	Year ended March 31, 2011	Year ended March 31, 2010
SCHEDULE 10 (contd.)		
OTHER EXPENSES		
Rent (Including lease rent)	517.915	593.408
Rates and taxes	481.909	777.022
Insurance premia	767.620	617.688
Communication expenses	270.187	339.951
Travel and conveyance	687.642	727.084
General administrative expenses	276.613	295.722
Repairs and maintenance	376.895	295.234
Vehicle expenses	5.620	6.448
Selling and promotion expenses	4,958.802	5,831.091
Commission paid	1,958.054	1,609.927
Brokerage	3.853	9.735
Training expenses	181.520	246.665
Recruitment expenses	14.975	12.240
Miscellaneous expenses	360.049	456.731
Hire charges	433.809	552.729
Legal & professional fees	947.447	1,022.665
Director's sitting fees	2.940	2.745
Auditor's remuneration	16.271	14.922
Amortisation of initial cost on lease of aircraft	198.026	288.811
Amortisation of issue expenses of shares	-	45.088
Amortisation of slot charges	182.105	211.001
Loss on sale/ write off of asset / Impairment	11.215	0.437
Loss on discard of asset	-	19.320
Provision for contingencies	70.000	-
Bad debts / advances / deposits written off	188.009	4.620
Provision for bad and doubtful advances	66.124	6.912
Exchange loss	117.136	1,116.972
Claims paid	0.082	1.776
	13,094.818	15,106.943
INTEREST AND FINANCE CHARGES		
Interest on loans	13,150.186	11,918.218
Processing fees & bank charges	1,541.318	452.187
	14,691.504	12,370.405

Schedules forming part of accounts for the year ended March 31, 2011

SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.

1. Basis of Preparation of Consolidated Financial Statements:

The consolidated financial statements relate to UNITED BREWERIES (HOLDINGS) LIMITED (the Company), its subsidiaries and associates (the Group). The consolidated financial statements are prepared in accordance with Accounting Standard 21 - "Consolidated Financial Statements" and Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated Financial Statements". 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, except as otherwise stated.

2. The subsidiary companies considered in the consolidated financial statements are:

	Name of the Subsidiary	Ownership Percentage	Country of Incorporation
1	Kingfisher Airlines Limited	55.57	India
2	Kingfisher Training and Aviation Services Limited	71.92	India
3	UB International Trading Limited	100.00	India
4	UB Electronics Instruments Limited	98.44	India
5	Kingfisher Finvest India Limited	100.00	India
6	UB Infrastructure Projects Limited	100.00	India
7	Kingfisher Aviation Training Limited	100.00	India
8	City Properties Maintenance Company Bangalore Limited	55.00	India
9	Bangalore Beverages Limited	100.00	India
10	Vitae India Spirits Limited	55.57	India
11	UB Sports Limited	100.00	India
12	Kingfisher Goodtimes Private Limited	71.89	India
13	Rigby International Corp.	100.00	British Virgin Islands
14	Rubic Technologies Inc.	100.00	British Virgin Islands
15	United Breweries of America Inc., Delaware	92.49	United States of America
16	Inversiones Mirabel, S.A.	100.00	Republic of Panama
17	Mendocino Brewing Company, Inc.	67.24	United States of America
18	United Breweries International [UK] Limited	67.24	United Kingdom
19	Kingfisher Beer Europe Limited (Formerly known as UBSN Limited)	67.24	United Kingdom
20	Releta Brewing Company, LLC	67.24	United States of America
21	UB Overseas Limited	100.00	British Virgin Islands
22	UBHL [BVI] Limited	100.00	British Virgin Islands

The associate companies required to be considered in the consolidated financial statements are:

	Name of the Associate Company	Ownership Percentage	Country of Incorporation
1	UB Engineering Limited	37.18	India
2	Mangalore Chemicals & Fertilizers Limited	24.51	India
3	United Spirits Limited	27.95	India
4	McDowell Holdings Limited	39.27	India
5	DCL Holdings Private Limited	35.00	India
6	Pixray India Limited	30.36	India
7	WIE Engineering Limited (under liquidation)	25.88	India
8	UB Pharma (Kenya) Limited	50.00	Kenya
9	UB Ajanta Breweries Private Limited	50.00	India
10	UB Nizam Breweries Private Limited	50.00	India

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

The following companies are excluded from the consolidation for the year under review for reasons mentioned there against.

	Name of the Associate Company	Reason for exclusion
1	WIE Engineering Limited	Under liquidation proceedings
2	UB Pharma (Kenya) Limited	Closed operations
3	DCL Holdings Private Limited	Investment held for disposal
4	UB Ajanta Breweries Private Limited	Refer note below*
5	UB Nizam Breweries Private Limited	Refer note below*

*Note: These companies are acquired for disposal. Under the scheme of arrangement approved by the Shareholders of these companies, they would cease to be associates of the company.

3. Basis of Presentation of Financial Statements:

The financial statements of the parent Company and that of its subsidiaries, UB Electronic Instruments Limited, Kingfisher Finvest India Limited, Kingfisher Airlines Limited, UB International Trading Limited, UB Infrastructure Projects Limited, Kingfisher Aviation Training Limited, Kingfisher Training and Aviation Services Limited, Kingfisher Goodtimes Pvt. Limited, City Properties Maintenance Company Bangalore Limited, Bangalore Beverages Limited, UB Sports Limited and Vitae India Spirits Limited have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India and the financial statements of Rigby International Corp, Rubic Technologies Inc, Inversiones Mirabel, S.A., Mendocino Brewing Company, Inc., United Breweries of America inc, Delaware, United Breweries International (UK) Limited, Kingfisher Beer Europe Limited (formerly known as UBSN Limited), Releta Brewing Company LLC, UB Overseas Limited and UBHL [BVI] Limited have been prepared in accordance with the accounting / financial reporting standards applicable in their respective countries of incorporation and as realigned to GAAP applicable in india. The consolidated financial statements have been prepared based on such financial statements.

4. Principles of Consolidation:

- i) The financial statements of the parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions.
- ii) Unless otherwise stated, the financial statements of the parent Company and its subsidiaries have been consolidated using uniform accounting polices for like transactions and other events in similar circumstances.
- iii) Goodwill represents the difference between the group's share in the networth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary. Goodwill arising on consolidation is not amortised. For this purpose the group's share of networth is determined on the basis of the latest financial statement prior to the acquisition after making necessary adjustments for material events between the date of such audited financial statement and the date of respective acquisition. Negative goodwill is recognised as capital reserve on consolidation. However for the purposes of consolidation, capital reserve arising on consolidation of subsidiaries is set off against the goodwill arising on consolidation.

5. Accounting for Investment in Associates:

Accounting for investments in Associate companies have been carried out under the Equity method of accounting prescribed under Accounting Standard 23 - "Accounting for Investments in Associates", wherein goodwill/ capital reserve arising on acquisition of an associate included in the carrying amount of the investment is disclosed separately.

	Name of the Associate Company	Basis of inclusion
1	UB Engineering Limited	Audited results for the year ended 31/3/11
2	Mangalore Chemicals & Fertilizers Limited	Audited results for the year ended 31/3/11
3	United Spirits Limited	Audited results for the year ended 31/3/11
4	McDowell Holdings Limited	Audited results for the year ended 31/3/11
5	Pixray India Limited	Un-audited results for the year ended 31/3/11

6. Valuation of Inventories:

Inventories are valued at lower of costs and net realizable value. Cost of inventories comprise of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

In respect of the parent Company and its Indian subsidiary, UB International Trading Limited, and its overseas subsidiaries, cost is determined under the weighted average cost method.

In respect of the subsidiary, Kingfisher Airlines Limited, cost is determined on first in first out basis. In respect of reusable items such as rotables, provision for obsolescence is made based on the estimated useful life of such assets as derived from Schedule XIV to the Companies Act, 1956. In-flight inventory is valued on weighted average basis, while Inventory of fuel is valued on the basis of last fuel uplifted rates in respective aircraft.

7. Revenue recognition:

All revenues are generally recognized on accrual basis except where there is uncertainty of ultimate realization.

- i) Sales are recognized when the property in goods are transferred for a price and it is reasonable to expect the ultimate collection.
- ii) Lease Income from non cancellable operating leases are recognized in the statement of Profit and Loss Account, on straight line basis, over the non-cancellable lease term.
- iii) Interest is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iv) Dividends and royalty income are accounted for, when the right to receive the payment is established.
- v) In respect of the subsidiary, Kingfisher Airlines Limited,
 - a) Revenue from sale of tickets of the airline operations and cargo operations are recognized in the period in which the service is provided, i.e. on flown / carried basis. Such revenue is net of the statutory fees to be collected from customers as per government regulations. Unearned revenue represents consideration on sale of passenger tickets and cargo against which the Company has to provide services in future periods and is included under advances from customers. The same is released to the Profit and Loss Account as the services are rendered.
 - b) Fees for passenger initiated changes in and cancellations of tickets are recognized as revenues in the period in which such changes / cancellations are effected.
- vi) Revenue from training activities is recognized over the period of the course programmes or as per the terms of agreement, as the case may be.

8. Fixed Assets:

- i) Fixed assets are stated at cost less depreciation, wherever applicable. The land in Bangalore is stated at the revalued amount as adjusted in accordance with the revaluation done in August 2001 at the market value determined by approved valuers. All costs relating to the acquisition and installation of fixed assets are capitalized and include borrowing cost relating to borrowed funds attributable to the acquisition of qualifying assets for the period upto the date of acquisition.
- ii) Capital work-in-progress comprise advances paid towards acquisition of fixed assets and cost of fixed assets that are not ready for intended use at the year-end.
- iii) Assets acquired under leases where the acquiring company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at lower of the fair value and the present value of minimum lease payments. .

9. Borrowing costs:

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

10. Depreciation:

- i) Depreciation has been provided at the rates prescribed under Schedule XIV of the Companies Act, 1956, under written down value method with regard to the parent Company and its Indian subsidiaries other than Kingfisher Airlines Limited and Kingfisher Training and Aviation Services Limited.
- ii) In respect of Kingfisher Airlines Limited,
 - a) Depreciation on fixed assets (other than non-compete fees, computer software, design – aircraft interiors, leasehold improvements (aircraft and others), movable cabins and mobile phones) is provided on straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

- b) Non-compete fees are amortized over the period of agreement (i.e. five years).
- c) Computer Software is amortized over the period of one to four years, based on estimated useful life as ascertained by the management.
- d) Design – Aircraft Interiors are amortized over the period of seven years.
- e) Leasehold improvements are amortized over the shorter of the period of lease and their estimated useful lives.
- f) Movable cabins and mobile phones are depreciated over the period of five and two years, respectively, on a straight-line method.
- g) Cost of major maintenance and overhaul of the engines are amortized over the period of estimated useful life of the repairs.

- iii) In respect of Kingfisher Training and Aviation Services Limited,
 - a) Depreciation on fixed assets (other than computer software and interiors) is provided on straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.
 - b) Computer Software is amortized over a period of four years.
 - c) Interiors in leased premises are amortized over a period of five years.
- iv) In respect of foreign subsidiaries, depreciation is provided on straight line basis.

11. Effect of changes in foreign exchange rates:

- i) Transactions in foreign currencies are translated applying the following exchange rates:
 - a) In respect of export transactions of the parent Company, at the average exchange rate prevailing in the month preceding the month in which the transaction took place.
 - b) In respect of all other transactions, at the rate of exchange prevailing on the date of transaction.
- ii) Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the Balance Sheet date and the resultant gain or loss is recognized in the Profit and Loss Account
- iii) Financial statements of non-integral foreign operations are translated using the average rate of exchange for the year, in so far as their profit and loss is concerned and the closing rate in so far as their Balance Sheet is concerned.
- iv) Exchange difference arising on translation of financial statements of non-integral foreign operations is accumulated in foreign currency translation reserve.

12. Accounting for Government Revenue Grants:

Government grants available to the Company are considered for inclusion in the accounts, where there is reasonable assurance that the Company will comply with the conditions attached to them and where such benefits have been earned by the Company and it is reasonably certain that the ultimate collection will be made. Revenue grants are recognized in the Profit and Loss Account.

13. Investments:

- i) Current investments refer to the investments that are readily realizable and intended to be held for not more than a year.
- ii) Trade investments refer to the investments made with the aim of enhancing the group's business interest.
- iii) Long term investments are stated at cost. All expenses relating to acquisition of shares are capitalized. Diminution in the value of investment, if considered permanent, is provided for.
- iv) Current investments are stated at the lower of cost and fair value.

14. Retirement 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, Superannuation Fund and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans recognized as expenses during the period in which the employees perform the services that the payment covers.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

b) Defined-benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (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, 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 are recognized immediately in the Profit and Loss Account as income or expense.

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 recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date based on actuarial valuation carried out at each Balance Sheet date.

d) Short term employee benefits:

Undiscounted amount of short term employees benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave and performance incentives.

15. Segment reporting:

The operations of the Group are divided into alcoholic beverages, leather products, investment, property development, maintenance, training, airlines and other activities. Accordingly, the primary segment reporting comprises the performance under these segments and the secondary segment reporting is based on geographical locations of customers.

16. Related Party disclosures:

Transactions between related parties is disclosed as per Accounting Standard 18, "Related Party Disclosure", and disclosure regarding the name of the transacting related party, description of the relationship between the parties, nature of transactions and amount outstanding as at the end of the accounting year, are made.

17. Taxes on Income:

- i) Tax expenses comprises of current and deferred tax.
- ii) Current income tax is measured at the amount expected to be paid to the tax authorities by the components (holding and subsidiary companies) and in accordance with the Income tax laws of the respective countries in which they are incorporated.
- iii) Deferred tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

18. Accounting for Leases:

In respect of the parent Company,

Lease income from non cancellable operating leases are recognized in the statement of Profit and Loss Account, on straight line basis, over the non-cancellable lease term. In respect of other operating leases, lease income is recognised in accordance with the terms of the lease deeds as modified based on negotiations from time to time.

In respect of the subsidiary, Kingfisher Airlines Limited,

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

term.

Leases where the lessors effectively retain substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease payments including expenses incurred for bringing the leased asset to its working condition for intended use are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

Profit or loss on sale and leaseback arrangements resulting in operating leases are recognized immediately in case the transaction is established at a fair value, else the excess over the fair value is deferred and amortised over the period for which the asset is expected to be used. If the sale price is below the fair value and the loss is compensated by future lease payments at below market price, the same is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the fair value at the time of sale and lease back transaction is less than the carrying amount of the asset, a loss equal to the amount of difference between the carrying amount and fair value is recognised immediately. In case of sale and leaseback arrangement resulting in a finance lease, any excess or deficiency of sales proceeds over the carrying value is deferred and amortised over the lease term in proportion to the depreciation of the leased asset.

19. Impairment of assets:

The group evaluates all the assets for assessing any impairment and accordingly recognizes the impairment wherever applicable as provided in Accounting Standards 28-“Impairment of Assets”.

20. Employee Stock Options Scheme:

Stock Options granted to employees under the Employee Stock Option Plan are accounted as per the accounting treatment prescribed in the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

The Company measures compensation cost relating to employee stock options using the Net Intrinsic Value Method. Compensation expense is amortized over the vesting period of the option. The accounting value of the options net of deferred compensation expense is disclosed as Employees Stock Option Outstanding.

21. Provisions and Contingencies:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an out flow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on Management estimates 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.

22. Maintenance Costs:

Payments for maintenance of aircraft to lessors and third party service providers as per the related maintenance agreements, comprising fixed period-based amounts and variable activity-based amounts, are expensed on accrual basis.

In respect of aircraft acquired on finance lease, payments made to lessors for major maintenance expenditure in terms of the lease agreements are initially considered as Maintenance Deposits and expensed to Profit and Loss Account as and when maintenance expenditure is incurred under “Direct Expense Method”.

23. Earnings per share:

Earnings per equity share (basic/diluted) is arrived at by dividing the net profit or loss for the year attributable to the equity share holders by the weighted average number of equity shares outstanding during the year.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

SCHEDULE 12 : NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

1. UB City Luxury residential Project

The Company has executed a Joint Development Agreement with a Developer on 26th April, 2010 for development of a luxury residential building named as "Kingfisher Towers – Residences at UB City" in the available land in UB City. The super built up area of the building would be 767,870 sq ft. The super built up area falling to the share of the Company would be 418,388 sq. ft.

The Company has issued allotment letters in respect of two residential units in Kingfisher Towers by collecting booking amounts of ₹ 20 million.

2. Estimated amount of contracts remaining to be executed, on capital account as on 31.03.11 and not provided for, in the case of :

- The parent company is ₹ 23.550 million (net of advances) (Pr year ₹85.699 million)
- A subsidiary of the parent Company, Kingfisher Airlines Limited, is ₹ 222,728.748 million (Pr year ₹226,764.057 million)
- A subsidiary of the parent Company, UB International Trading Limited, is ₹ 1.476 million (Pr year ₹0.999 million)

3. Events occurring after the Balance Sheet date;

The following events have occurred subsequent to the date of the Balance Sheet.

After the Balance Sheet date, the parent Company has issued the following corporate guarantees;

- Guarantees for ₹ 2,815.400 million in favour of lenders on behalf of a subsidiary
- Guarantees for ₹ 140.000 million in favour of others on behalf of an associate.

4. Fixed Assets :

- The parent Company's land in Bangalore was revalued during August 2001, based on an independent valuer's report. Accordingly, the value of the land stood restated at ₹1,707 million, with a corresponding adjustment to the Fixed Assets Revaluation Reserve.
- Depreciation has been charged under the written-down value method as per the rates prescribed under the Companies Act 1956, in respect of the parent Company and its Indian subsidiaries except Kingfisher Airlines Limited and Kingfisher Training and Aviation Services Limited. In respect of Kingfisher Airlines Limited, Kingfisher Training and Aviation Services Limited and the overseas subsidiaries, depreciation is charged under the straight-line method at the rates prescribed under the statute governing those subsidiaries. The net book value of fixed assets on which straight-line method of depreciation is used, is ₹ 16,310.761 million (Pr year ₹ 16,179.245 million).

5. Miscellaneous Expenditure:

In respect of the subsidiary, Kingfisher Airlines Limited, expenses directly attributable and incurred in relation to aircraft acquired on operating lease arrangement are deferred and amortized over the period of lease of aircraft. Such expenses inter-alia include initial borrowing costs incurred on the pre-delivery payments for acquisition of aircraft till the novation of the right to acquire the aircraft in favour of lessors

6. Disclosures pursuant to Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated Financial Statements":

The details of carrying value of investments in associates as on March 31, 2011 is as under.

1	Cost of investments in associates (excluding goodwill and capital reserve)	2,113.170
2	Share of profits of associates up to 31.03.2011	5,031.980
3	Movement in share of equity in Associates	6,282.580
4	Carrying value of investments in associates	13,427.730

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

7. Leases:

- a) Future Minimum Lease Payments (in respect of Finance Lease):
(Aircraft Lease Rentals)

Particulars	Future Minimum Lease Payments	Present Value of Minimum Lease Payments
	As at March 31, 2011	As at March 31, 2011
Not later than one year	1,313.368	912.657
	(1,731.157)	(1,304.738)
Later than one year and not later than five years	4,725.846	3,768.780
	(4,669.454)	(3,480.342)
Later than five years	1,623.786	1,422.638
	(2,808.170)	(2,468.686)
Total	7,663.000	6,104.075
	(9,208.781)	(7,253.766)

Note - Figures in bracket indicate previous year figures.

- b) Future Minimum Lease Payments (in respect of Operating Lease):
(Aircraft and Engine Lease Rentals)

Particulars	As at March 31, 2011	As at March 31, 2010
Not later than one year	9,361.634	10,041.903
Later than one year and not later than five years	26,431.946	31,455.195
Later than five years	10,382.235	17,291.821
Total	46,175.815	58,788.919

- c) Future Minimum Lease Payments (in respect of Operating Lease):
(Other than Aircraft and Engine Lease Rentals)

Particulars	As at March 31, 2011	As at March 31, 2010
Not later than one year	11.955	13.533
Later than one year and not later than five years	9.434	19.486
Later than five years	-	-
Total	21.389	33.019

- d) Salient features of Finance Lease Agreement:

- Monthly aircraft lease rentals are paid in the form of fixed rentals.
- The lessee is responsible for keeping the aircraft airworthy in all respects and in good condition and insuring the same throughout the lease period.
- The lessee has an option to purchase the aircraft either during the term of the lease on payment of the outstanding principal amount or at the end of the lease term on payment of a nominal option price.
- In the event of default, the Lessee is responsible for payment of all costs of the Owner including financing costs and other associated costs. Further, a right of repossession is available to the Owner/ Lessee.

- e) Salient features of Operating Lease Agreement:

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

- Lease periods range up to twelve years and are usually non-cancellable.
 - Lease rentals are usually fixed over the term of the lease while some arrangements are subject to adjustments linked to the Libor rates movements.
 - The lessee also has agreements for maintenance and lease of stores and spares for such aircraft for which fixed and variable rentals are paid. Variable rentals are paid on a pre-determined rate payable on the basis of actual flying hours / cycles. Such variable rentals are subject to annual escalations as stipulated in the agreements. However, the subsidiary is eligible to claim reimbursement of maintenance costs to the extent eligible under the agreements.
 - The lessee does not have an option to buy the aircraft or helicopters and spare engines or to renew the leases.
 - In case of default by the lessee in addition to repossession of the aircraft, penalties are stipulated in the agreements.
 - The lessee is required to deposit a commitment fee and a security deposit with the lessor or provide a letter of credit for such amounts.
- f) The aircraft lease rental recognised in the Profit and Loss Account during the year is ₹ 9,839.956 million (Pr year ₹ 10,938.152 million).
- g) The subsidiaries of the parent Company have entered into cancellable lease agreement for its premises. The rentals paid and recognised in the Profit and Loss Account is ₹ 500.334 million (Pr year ₹ 573.147 million)

8. Employee stock option plan [ESOP]

On March 16, 2005, the shareholders of Kingfisher Airlines Limited, a subsidiary approved an employee stock option plan [ESOP 2005]. Further, on December 21, 2005, the Board of Directors approved the ESOP 2006 scheme, which will govern issuance of options on or after January 1, 2006. Options issued under ESOP 2005 would continue to be governed under ESOP 2005. The shareholders have approved the issuance of 8,181,779 options in aggregate | subject to a maximum of 10% of the aggregate number of issued and outstanding equity shares (calculated on an "as converted" basis), under both the options put together.

During the year ended March 31, 2011, no options under ESOP 2006 scheme have been issued. Details of number and weighted average exercise prices of options are given below:

Particulars	2010-11		2009-10	
	Number of options	Weighted average exercise price (per share) (In ₹)	Number of options	Weighted average exercise price (per share) (In ₹)
Outstanding at the beginning of the year	822,310	65	1,793,180	65
Granted during the year	Nil	Nil	Nil	Nil
Exercised during the year	Nil	Nil	Nil	Nil
Forfeited during the year	351,710	65	363,470	65
Outstanding at the end of the year	470,600	65	1,429,710	65
Exercisable at the end of the year	426,380	65	822,310	65

The weighted average contractual remaining life of the options is 5.71 years as at March 31, 2011.

The subsidiary has determined intrinsic values, based on the fair value of the shares on the date of grant, as follows:

Month & year of grant	Intrinsic value determined (₹)
June 2005	62.97
December 2005	62.97
April 2007	49.90
September 2007	83.80
February 2008	91.95

The subsidiary has written back deferred compensation expense of ₹ 45.310 million (Pr year ₹ 6.277 million)

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

during the year, on account of forfeitures of options issued.

Accounting value of stock options outstanding	29.836
Less : Deferred stock compensation expense to be amortized in future years	<u>0.327</u>
Employee stock option outstanding	<u>29.509</u>

The Board of Directors of the subsidiary are yet to formulate the stock option plan to the employees of the commercial airline division of Kingfisher Training and Aviation Services Limited taken over by the subsidiary, pursuant to clause 11.1 of the Scheme.

9. Employee benefit

Gratuity computations as on 31-03-2011

Disclosure as per AS 15

Defined benefit plans

	31.03.2011	31.03.2010
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:		
Obligations at period beginning	157.677	128.237
Service Cost	38.781	52.143
Interest cost	14.901	11.935
Past service cost – vested benefit	0.850	-
Benefits settled	(10.256)	(12.231)
Actuarial (gain)/loss	1.838	(22.408)
Obligations at period end	203.790	157.677
Defined benefit obligation liability as at the Balance Sheet is wholly funded by the respective company		
Change in plan assets		
Plans assets at period beginning, at fair value	57.678	49.568
Assets available in another policy	4.000	3.659
Expected return on plan assets	4.802	4.238
Actuarial gain/(loss)	0.463	0.721
Contributions	-	5.055
Benefits settled	(3.317)	(5.563)
Plan assets at period end, at fair value	63.625	57.678
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year	63.625	57.678
Present value of the defined benefit obligations at the end of the period	203.790	157.677
Liability recognized in the Balance Sheet	(140.165)	(99.999)
Details of Gratuity cost		
Service cost	38.781	52.143
Interest cost	14.901	11.935
Post service cost – vested benefit	0.850	-
Expected return on plan assets	(4.802)	(4.238)
Actuarial (gain) / loss	1.375	(23.128)
Net gratuity cost	51.105	36.712

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

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

Actual return on plan assets	5.264	4.958
Assumptions		
Interest rate	8.00%	8.00%
Discount factor	8.00%	8.00%
Estimated rate of return on plan assets	8.00%	8.00%
Salary Increase	5.00%	5.00%
Retirement age (years)	58	58

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority,

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

promotion and other relevant factors such as supply and demand factors in the employment market.

10. Deferred Tax:

a) The following deferred tax assets / liabilities are recognized for the year.

Name of the Company	Deferred tax Liability	Deferred Tax Asset
United Breweries (Holdings) Limited	9.210	9.210
City Properties Maintenance Company Bangalore Limited		0.381
UB Electronic Instruments Limited		0.095
UB International Trading Limited	0.226	
Kingfisher Airlines Limited		4,934.180
Kingfisher Training and Aviation Services Limited	4.885	4.885
Total	14.321	4,948.751
Total deferred tax asset (recognized in the Profit and Loss Account)		4,934.430

b) Kingfisher Airlines Limited, a subsidiary of the parent Company has recognized in its financial statements, deferred tax assets on unabsorbed depreciation and business losses on the basis on the business plan prepared by the Management, which takes into account certain future receivables arising out of contractual obligations. The Management of the subsidiary is of the opinion that there is virtual certainty supported by convincing evidences that sufficient future taxable income will be available against which the deferred tax assets can be realized.

11. Segment Reporting:

Segment-wise business performance for the year ended March 31, 2011

Primary Segment Information	Segment Revenue		Segment Results	
	2010 -11	2009 -10	2010 -11	2009 -10
Segment Revenue:				
a) Alcoholic Beverages	2,995.861	3,276.616	279.800	164.706
b) Leather products	290.699	389.264	20.257	39.637
c) Investments	154.038	146.311	(17.546)	(111.854)
d) Airlines	64,868.280	51,332.004	(2,108.127)	(14,219.000)
e) Property development	769.960	652.000	656.283	522.665
f) Maintenance	201.240	165.851	26.058	21.634
g) Training	59.619	65.261	(13.447)	(7.426)
h) Others	691.685	602.621	114.440	(75.743)
Total	70,031.382	56,629.928	(1,042.282)	(13,665.381)
Interest cost			(14,691.504)	(12,370.405)
Interest income			477.478	180.302
Exceptional income			-	960.420
Unallocated corporate expenses			(48.420)	(10.658)
Net loss before tax			(15,304.727)	(24,905.721)

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

Other Information		2010-11		2009-10		2010-11		2009-10	
		Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation	Capital Expenditure	Depreciation
a)	Alcoholic Beverages	1,469.245	1,072.655	1,521.959	1,078.176	26.827	50.686	34.188	49.151
b)	Leather Products	412.471	179.122	338.861	139.314	60.771	8.728	31.179	4.162
c)	Investments	27,146.352	29,454.300	17,869.519	18,384.576	-	-	-	-
d)	Airlines	51,641.628	110,644.129	49,427.042	109,163.506	2,209.446	2,028.602	2,521.916	1,979.878
e)	Property Development	1,637.716	-	1,714.215	-	0.920	30.912	-	29.210
f)	Maintenance	54.480	41.432	88.577	58.886	2.067	1.812	4.047	1.924
g)	Training	110.562	110.269	107.980	118.701	0.086	10.411	0.097	10.897
h)	Others	551.247	175.805	558.137	139.134	78.130	66.954	158.633	77.615
	Total	83,023.701	141,677.711	71,626.290	129,082.293	2,378.248	2,198.105	2,750.060	2,152.837

Notes :

- Income under the segment "investments" represents dividends received, profit on sale of investments/ assets.
- Income under the segment "property development" represents lease rent and property development
- Segment results represents profit/(loss) before finance expenses, interest income and tax.
- Capital expenditure represents the gross additions made to fixed assets during the year.
- Segment assets include Fixed Assets, Investments, Current Assets, Loans & Advances except goodwill and income tax assets.
- Segment Liabilities include Secured and Unsecured Loans, Current Liabilities and Provisions except provision for tax and dividend.

Secondary segments, based on geographical locations

Particulars	Segment Revenue		Segment Assets	
	2010-11	2009-10	2010-11	2009-10
Segment				
Within India	51,873.645	47,405.057	80,894.941	70,218.600
Outside India	18,157.737	9,224.871	2,128.760	1,407.690
Total	70,031.382	56,629.928	83,023.701	71,626.290

Note: Segment Assets Includes Fixed Assets, Investments, Current Assets, Loans and Advances except goodwill and income tax assets.

12. Related Party Transactions:

- Key Management Personnel : Dr. Vijay Mallya, Chairman of the parent Company and Chairman & Managing Director of its subsidiary, Kingfisher Airlines Limited, Mr. R N Pillai - Managing Director of the parent Company up to 20th August 2010
Mr. A. Harish Bhat - Managing Director wef 21st August 2010

Name of the Related Parties where control exists:

Associates

United Spirits Limited *, Mangalore Chemicals & Fertilizers Limited *, UB Engineering Limited*, WIE Engineering Limited (Under Liquidation), McDowell Holdings Limited*, Pixray India Limited, UB Pharma (Kenya) Limited, DCL Holdings Private Limited, UB Ajanta Breweries Private Limited and UB Nizam Breweries Private Limited.

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

Subsidiary of an associate

Shaw Wallace Breweries Limited*

* With which there have been transactions during the year.

ii. Transactions with Related Parties during the year :

Sl. No.	Nature of Transactions	Associates		Subsidiary of Associates		Key Management Personnel	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Purchase of goods/services	469.445	839.062				
2	Rendering of services	30.478	22.546				
3	Leasing arrangement	-	6.323				
4	Licence Fees received	87.770	130.672				
5	Dividend received	120.439	93.447				
6	Guarantee commission received	26.194	27.749				
7	Interest received	12.888	40.340				
8	Interest paid	282.286	-	56.400			
9	Investment made	175.129	-				
10	Guarantees given	1,350.000	2,570.000				
11	Finance (including loans in cash or in kind) paid	3,680.091	1,972.194	5.640			
12	Finance (including loans in cash or in kind) received	2,876.227	1,649.405	3,950.970			
13	Payment of remuneration for employment	-	-			12.405	15.942
14	Management contracts	25.700	23.686				
15	Deposit received	573.915	1,030.000				
16	Sale of assets	392.444	-				
17	Amount Due from as on March 31, 2011	299.926	410.194				
18	Amount Due to as on March 31, 2011	2,436.565	2,417.437	4,001.730			

13. Contingent liabilities:

	2010-11	2009-10
i) Guarantees given	14,643.584	9,713.270
ii) Claims against the parent Company and its subsidiaries, not acknowledged as debts	5,855.893	4,056.205
iii) Liability for deduction of tax at source on lease payments in respect of aircraft and engines, where agreements were entered into with lessors prior to March 31, 2007	1,799.399	864.415
iv) Demands raised by Income Tax Authorities against which the subsidiaries has preferred appeals	140.479	134.192
v) Arrears of fixed cumulative preference dividends (including tax thereon)	430.589	-
vi) Demand raised by Income Tax authorities against which the parent Company has preferred appeals	127.700	Nil

14. Accounting of costs on major repairs and maintenance of its engines:

During the year and immediate previous year, the subsidiary of the Company Kingfisher Airlines Limited has adopted the exposure draft on Accounting Standard - 10 (Revised) 'Tangible Fixed Assets' which allows such costs on major repairs and maintenance incurred to be amortized over the incremental life of the asset. The subsidiary has extended

Schedules forming part of accounts for the year ended March 31, 2011(contd.)

the same treatment to costs and maintenance for engines pertaining to aircraft acquired on operating lease. Earlier, the subsidiary used to charge off the cost of such repairs and maintenance of its engines to the Profit and Loss Account as and when incurred. But for such accounting practice, the loss before and after tax for the year would have been higher by ₹ 372.683 million and ₹ 251.766 million respectively.

15. Use fees payable by a subsidiary of the parent company in respect of certain assets taken on operating lease aggregating to ₹ 557.645 million have, in accordance with the subsidiary's understanding, been treated as maintenance reserves. In terms of the subsidiary's accounting policy, these fees are initially included under Loans and Advances and are expensed out to the Profit and Loss Account at the time of incurrence of major expenditure /termination of agreements. The subsidiary is taking steps to formalize this understanding with the relevant lessor.
16. The subsidiary of the parent company, Kingfisher Airlines Limited has incurred substantial losses and its net worth has been eroded. However, having regard to improved passenger and cargo load in recent months, improvement in economic sentiment and business prospects, cost savings schemes being implemented, premature termination of certain lease / purchase contracts, recently launched international routes, route rationalization programs, the master debt recast agreement signed with banks in December 2010, augmentation of capital by conversion of a part of loans from banks and group companies, capital raising plans etc, the financial statements have been prepared on the basis that it is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

17. Earnings per Share:

	2010-11	2009-10
Loss for the year	(8,817.944)	(17,665.478)
Weighted average number of equity shares	66,818,521	66,818,521
Earnings per share (Basic / Diluted) - in ₹	(131.97)	(264.38)

18. There are no speculative derivative transactions. Hedging is restricted to the business needs of the companies. As at the Balance Sheet date, foreign currency exposures that have not been hedged by any derivative instrument or otherwise are as follows:

	2010-11	2009-10
Capital advances	5,030.117	8,485.564
Prepaid Maintenance Reserve	7,325.338	6,101.197
Other assets	4,496.561	3,907.755
Finance lease for aircraft and other term loan from financial institution	6,788.889	7,688.036
Other liabilities	5,406.477	12,222.743

19. All amounts are in Rupees millions, unless otherwise stated.

20. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

SIGNATURES TO SCHEDULES 1 TO 12

For Vishnu Ram and Co.,
Chartered Accountants

Dr. Vijay Mallya
Chairman

N. Srinivasan
Director

A. Harish Bhat
Managing Director

S.Vishnumurthy
Proprietor
Membership No. 22715
Firm Registration No. 0047425

Mumbai
August 25, 2011

Kaushik Majumder
Company Secretary

SUMMARISED FINANCIALS OF SUBSIDIARY COMPANIES 2010-11

Name of the Company	Capital	Reserves	Total Assets	Total Liabilities	Investments	Total Revenue	Profit before Tax	Tax Provision	Profit after Tax
Indian Subsidiaries									
1 UB Electronic Instruments Ltd	29.193	13.981	52.195	9.021	-	12.936	4.379	1.355	3.024
2 Kingfisher Finvest India Ltd	10.500	(170.515)	11,645.304	11,805.319	11,133.314	93.115	(604.841)	-	(604.841)
3 UB International Trading Ltd	0.500	(7.253)	110.016	116.770	-	257.976	3.795	0.821	2.974
4 City Properties Maintenance Company Bangalore Ltd	0.909	25.879	75.890	49.102	-	114.817	2.600	0.779	1.821
5 Vitae India Sprits Ltd	0.500	(0.243)	0.343	0.087	-	-	(0.039)	-	(0.039)
6 Bangalore Beverages Ltd	0.500	3.865	7,033.061	7,028.696	-	327.859	5.790	1.728	4.061
7 Kingfisher Training and Aviation Services Ltd	0.500	(105.304)	155.047	259.851	0.100	54.027	(19.158)	-	(19.158)
8 Kingfisher Aviation Training Ltd	30.000	0.825	415.445	384.620	-	0.008	(0.107)	-	(0.107)
9 UB Infrastructure Projects Ltd	0.500	3.989	1,009.807	1,005.318	300.000	158.381	(0.055)	-	(0.055)
10 Kingfisher Airlines Ltd	10,508.792	(41,308.626)	81,468.920	112,268.754	0.500	64,955.623	(15,207.829)	(4,933.849)	(10,273.980)
11 Kingfisher Goodtimes Pvt Ltd	0.100	(0.073)	0.051	0.025	-	-	(0.005)	-	(0.005)
12 UB Sports Ltd	0.500	(6.055)	1.038	6.593	-	-	(6.055)	-	(6.055)
Overseas Subsidiaries									
1 Rigby International Corp.	674.907	(0.652)	674.907	0.652	674.907	-	(0.089)	-	(0.089)
2 UB Overseas Ltd	3,220.006	(493.876)	3,027.998	301.867	2,998.135	-	(45.029)	-	(45.029)
3 Rubic Technologies Inc.	24.558	(24.768)	0.012	0.223	-	-	(0.051)	-	(0.051)
4 UBHL (BVI) Ltd	10.643	(45.350)	190.843	225.549	0.040	-	(44.902)	-	(44.902)
5 United Breweries International (UK) Ltd	7.193	10.453	38.854	21.208	21.516	75.314	1.061	-	1.061
6 Kingfisher Beer Europe Ltd (formerly known as UBSN Ltd)	7.193	(123.159)	227.924	343.890	-	930.000	(51.474)	-	(51.474)
7 United Breweries of America Inc., Delaware	701.987	(182.820)	611.002	91.834	451.989	4.066	(0.557)	0.036	(0.593)
8 Relata Brewing Company LLC	223.250	(205.118)	237.453	219.321	-	280.470	0.335	0.594	(0.259)
9 Inverstones Mirabel, S.A.	0.001	237.538	248.031	10.492	248.031	-	(0.134)	-	(0.134)
10 Mendicino Brewing Company Inc. USA	681.846	(246.848)	882.686	447.688	277.946	483.179	19.181	0.036	19.145

Note:

- The exchange rate prevalent on the last day of the financial year has been taken for conversion for the balance sheet items while the conversion rate for the revenues has been the average rate for the period.
- None of the above Companies has proposed any dividend.
- The Annual Report along with related information of the above companies shall be made available for investors of the Company and its subsidiaries seeking the Report /information at any point of time.
- The Annual Report is also available for inspection of investors at the Registered Office of the Company and its Subsidiaries.
- In respect of overseas subsidiaries, USD is valued at ₹ 44.65 and GBP at ₹ 71.93 as on 31.03.2011 (for Balance sheet items) and average rate at ₹ 44.69 for USD , ₹ 70.05 for GBP (for Profit and Loss account items).



Attendance Slip

I hereby record my presence at the **NINETY-FIFTH ANNUAL GENERAL MEETING** of the Company being held on **Wednesday, September 28, 2011** at **2.30 p.m.** at **Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College Residency Road, Bangalore - 560 025**

SIGNATURE OF THE ATTENDING MEMBER/PROXY

NOTE :

1. The Meeting is for Members of the Company only. Members are requested not to bring non-Members or children.
2. The Company will accept only the Attendance Slip of a person personally attending the Meeting as a Member or a valid Proxy duly registered in time with the Company. The Company will not accept Attendance Slip from any other person even if signed by a Member.
3. Member/Proxyholder attending the Meeting should bring his copy of the **Annual Report** for reference at the Meeting.
4. To facilitate Members, registration of attendance will commence at **2.00 p.m.** on **Wednesday, September 28, 2011.**



Proxy

I/We _____
 of _____ in the district of _____ being
 a Member/Members of the Company, hereby appoint _____
 of _____ in the district of _____ or failing him/her
 _____ of _____ in the district of _____
 _____ as my/our Proxy to attend and vote for me/us and on my/our
 behalf at the **Ninety - Fifth Annual General Meeting** of the Company, to be held on **Wednesday, September 28, 2011**
 at **2.30 p.m.** at **Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025** and at any adjournment hereof.

Signed this _____ day of September 2011

Folio No. :
 D.P. & Client ID No. :
 No of Shares :
 Proxy No. :

Affix
 Re. 1.00
 Revenue
 Stamp

NOTE :

The Proxy Form duly completed must be deposited at the Registered Office of the Company at 'UB Tower', Level 12, UB City, No. 24, Vittal Mallya Road, Bangalore - 560 001, not later than **FORTY-EIGHT HOURS** before the time for holding the aforesaid Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

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

Board of Directors



Dr. Vijay Mallya
Chairman



N. Srinivasan



S. G. Ruparel



Piyush Mankad



V. K Rekhi



Sidhartha V. Mallya



B. S. Patil



M.S Kapur



A. Harish Bhat
Managing Director



Kaushik Majumder
Corporate Vice President - Legal
& Company Secretary

The Team



Left to Right: V. Shashikanth, Subhash R. Gupte, Ravi Nedungadi, S. Ramanujam, and Ashoke Roy

UNITED BREWERIES (HOLDINGS) LIMITED

UB Tower, Level 12-16, UB City, 24 Vital Mallya Road, Bangalore - 560 001,
www.theubgroup.com