

ANNUAL REPORT 2012 - 2013

Leading Innovation



UNITED SPIRITS LIMITED



Dr. Vijay Mallya
Chairman

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Chairman's Statement

Dear Fellow Shareholders,

The Indian economic environment during 2012-13 was challenging, to say the least. While a GDP growth of 5.4% in the last fiscal may still be reasonable by the standards of the developed western world, it still is a far cry from the optimism of a few years ago when India's economic growth was all set to move into double digits. From the heady expectations of overtaking China, India is now being ranked as the last amongst the investment destinations of the BRICS countries - Brazil, Russia, India, China and South Africa.

With a large, skilled, English-aware and young workforce, India should have found itself with a competitive edge vis-a-vis China. Instead, the lack of adequate investment in infrastructure, policy paralysis, and loose fiscal administration has landed the economy in a situation of deteriorating public finances, high interest rates and spiraling inflation which even stringent monetary policies are unable to rein in. The current account deficit has increased and industrial output remains stagnant, unable to provide enough jobs for the 12-odd million young Indians joining the workforce each year.

The financial year 2012-13 has been a watershed year in many ways both for our Company as also for the industry. After many years of double-digit growth, the Indian spirits industry slowed down to a single-digit growth rate ending the year circa 305 million cases, up just 3.5% from the previous year's 295 million cases.

While our Company's overall growth rate was in line with that of the industry, the push for premiumisation across our portfolio continued to yield encouraging results. 21% growth at the upper end of the product portfolio on top of a 12% and 15% growth during the two previous fiscals pushed the ratio of this segment to 26% of the overall portfolio, up 300 basis points from the previous fiscal.

Trading conditions for the Alcobev industry were not at their best during fiscal 2013. Increasing costs fuelled by Governmental policies and, in our case, by revenue hungry State Governments - have all affected general business performance. Maharashtra and West Bengal are two instances of how revenue-hungry State Governments can stem the growth of the Alcobev industry - while the industry in these States is back to the growth phase, volumes are nowhere near the levels that existed prior to the sharp increases in duties and taxes. Under such circumstances, it is not surprising that consumer demand regresses down the value chain - our Company's sharp growth at the upper end of the portfolio therefore becomes even more commendable.

Such selfish focus on protecting their own turf is what is pushing State governments from extending the benefits of a proposed landmark legislation like the Goods and Services Tax to the Alcobev sector. What is worse is the proposal to keep the industry out of the Constitutional Amendment altogether. I am glad that the Parliamentary Standing Committee has seen reason in the demand of the Alcobev industry that the Constitution must provide for a 'perfect' GST and any 'imperfections' that may be necessitated in the early stages of the implementation of this path-breaking tax reform can be provided for in the GST Acts and rules of the States. I hope the Government will see merit in these recommendations and take them on board in the proposed new legislation.

The sugar lobby, citing cost increases, has been pushing for a huge increase in price for ethanol supplies to the Oil Marketing Companies(OMC) under the federal government mandated 5% Ethanol Blending Programme (EBP). In a country, where the acreage under sugarcane cultivation is shrinking and at a time of drought in some areas, and where the total availability of alcohol to the potable and chemical sectors is way below demand, the EBP is bound to put pressure on an already stressed demand-supply equation. What makes a mockery of the situation is that despite this excessive price, supplies under the EBP are a pittance - all that the OMC procurement prices have done is to raise the floor prices for supplies to other users like the chemical and potable sectors.

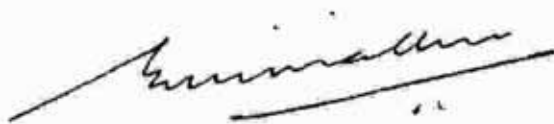
Consumer expenditure is expected to grow - however, the overall mood of the Indian consumer is, in my opinion, subdued. Depreciation of the rupee coupled with crippling inflation is taking its toll, on the economy which remains sluggish, and on the weak consumer market. Unstable currencies are pushing up prices of imported goods including articles of common use like fuel. Consumer confidence is therefore being undermined. I believe, however, that these are near-term risks and that the long-term potential is huge, in no small measure due to rising incomes and the burgeoning middle class. Notwithstanding this, the Indian consumer continues to be very exacting in his demands. As the world shrinks, and with innumerable opportunities for exposure to the rest of the world - cheap travel, the internet, TV, etc., the consumer has been insistent on good quality at an affordable price. The younger consumer with a propensity for the here-and-now marks a strategic shift compared to the earlier generation which was more focused on savings and planning for the future. I have no doubt that Indian Industry at large, and particularly aspirational product companies like USL, will only benefit from this going forward.

The fiscal year also saw a two-decade long business association, and a nearly five-decade long personal relationship, culminating in a strategic partnership. In the early 90s, the UB Group through McDowell & Company Limited had set-up a 50:50 joint venture with United Distillers plc, one of the companies that merged at the turn of the century to form what is today known as Diageo. This joint venture, for the first time in India, started bottling what are today Diageo's Scotch Whisky brands - Black & White and VAT 69, along with your Company's own Black Dog Scotch Whisky. Despite many twists and turns in the relationship over time due to the individual priorities of the partner companies, the wheel has now turned full circle with Diageo acquiring a 25.02% stake in your Company. I am sure that this partnership with the world's largest 'drinks' company with a truly global foot-print and with such iconic brands like Johnnie Walker, Smirnoff, Captain Morgan, Baileys & Guinness will augur well for our Company and not just reinforce its leadership in the domestic Indian market but also open new vistas in Asia and Africa.

I must thank Mr. S R Gupte, Mr. B M Labroo, Mr. M R Doraiswamy Iyengar, Mr. Sreedhara Menon and Mr. Sudhindar Khanna, who have all stepped down from the Board after a long association with our Company, and with me personally. I will be ever grateful for their support in steering this Company to its current leadership stature. It is also my pleasure to welcome Mr. Paul Walsh, Mr. Gilbert Ghostine, Mr. Ravi Rajagopal, Mr. Arunkumar Gandhi, Ms Renu Sud Karnad, Mr. D Sivanandhan, Mr. Sudhakar Rao and Mr. Vikram Singh Mehta, who have joined the Board pursuant to this partnership with Diageo. I look forward to their long and fruitful association with the Company to propel it to even greater heights.

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

A very warm thank you to all.



VIJAY MALLYA
CHAIRMAN

Leading Innovation



United Spirits is one of the leading FMCG companies in India. At the heart of USL's premiumization strategy was the need to build significant innovation capability. It is no surprise therefore, that innovation is on the top of the USL corporate agenda. United Spirits believes in delivering differentiated lifestyle offerings to consumers at all relevant price-value segments.

United Spirits' innovation approach was founded on two fundamental pillars:

Premiumization: Premiumize USL brands (McDowell's No.1) through innovation in positioning, packaging and blend delivery designed to appeal to the discerning consumer in each segment. Innovate both the core and deliver new offerings through new variants that addresses different motivations and occasions.

Access: Fulfil consumer aspirations by providing access at every price point through innovation in packaging formats.

In F13, USL's innovation (Brand / variants launched or refurbished during the last 5 years) have generated an incremental NSR of Rupees 4.72 billion (USD 74.8 million*), which translated into an innovation rate of approximately 9%.

Read on to get a better sense of USL's innovation thrust over the last few years.



*(1 USD = INR 63.1063 as on 19.8.2013)

Innovating the Core

The core variant of all brands needs to be refurbished at least once in 5 years in order to stay in step with the ever-changing consumer lifestyle.



Black Dog Scotch Whisky

It is with this in mind that the Black Dog Brand team undertook a major review of the evolving consumer lifestyle choices. The major components of this review consisted of (1) A semiotic review of the codes of the scotch and luxury brands, and (2) An ethnographic study in order to understand the aspirations and motivations of this luxury consumer.

Based on the understanding gained through the above review, the team unveiled a series of transformational steps that today continue to power the growth of the brand.

The core range of Black Dog, was re-architected under Gold Reserve and Black Reserve. The new packaging and its award-winning blend reaffirmed the brand's heritage and lineage. IWSR rated Black Dog as one of the fastest growing scotch whiskies in the world in its most recent edition. The brand grew with a robust 5-year CAGR of 35%.

Major Awards Won

Year	Event	Blend	Award
2013	Internationaler Spirituosen Wettbewerb 2013	Black Dog Quintessence Aged 21 Years	Gold
2013	Internationaler Spirituosen Wettbewerb 2013	Black Dog Reserve 18 YO	Gold
2011	Mundusvini	Black Dog Reserve 18 YO	Gold
2011	International Wine and Spirits Competition	Black Dog Reserve 18 YO	Gold
2011	Monde Selection	Black Dog Reserve 18 YO	Gold
2011	World Spirits Award	Black Dog Reserve 18 YO	Gold
2011	World Spirits Award	Black Dog 12 YO	Gold

Antiquity Blue Whisky

Antiquity Blue, is the largest premium whisky in its price band. It is amongst the two most expensive whiskies in the premium segment. It has always lived up to its promise of being the fusion of the finest scotch whiskies and Indian malts.

In order to further premiumize the brand and improve shelf presence, the brand team decided to improve the manner in which the brand was presented to the consumer through an innovation in its packaging format. The brand team in conjunction with the New Product and Packaging Development team used home-grown capability to value engineer the canister pack and thereby make it affordable for adoption by the brand. The value engineering involved using a thermal sealing process to create a canister from a 400 GSM board instead of the commonly seen composite cardboard canister. This is a first in the Indian beverage alcohol industry.

The Antiquity Blue canister effortlessly brings together aesthetic and technical excellence. With its sophisticated tone and high end cues, the Antiquity Blue canister spells luxury like never before

Major Awards Won

YEAR	AWARDS WON	COMPETITION
2012	Bronze	International Spirits Challenge, UK
2013	Bronze	International Spirits Challenge, UK
2013	Silver - Best Asian Whisky	International Whisky Competition, Chicago



McDowell's No.1 Celebration Spiced Rum

History has it that those who are brave and tread the offbeat path are rewarded. A growing trend amongst the young and the restless that wanted more from their drink made it imperative for USL to stretch the equity of the legendary McDowell's No.1 Celebration brand upwards and offer a unique and innovative proposition to consumers in the form of McDowell's No.1 Celebration Spiced Rum. Launched in two flavours, Pepper and Clove, the two have a unique aroma and flavour in themselves which augment the experience and take the consumers through a drinking adventure never felt before.

McDowell's No. 1 Celebration Spiced Rum has increased category penetration and glamorized the flavor while keeping the strength of rum balanced. It sports a clutter-breaking packaging that lends itself to an enhanced shelf appeal. The product has already been test launched in Orissa and is on its way to become a runaway success



Bagpiper Whisky

Since its launch, Bagpiper's rise over the years in sales and in consumer trust is nothing short of legendary. Bagpiper topped the global volume charts in the non-scotch category for three consecutive years. Bagpiper was the first beverage alcohol brand to be endorsed by celebrities from Indian cinema and associated with iconic sporting events. Bagpiper led packaging innovations that pushed the paradigm for the Indian beverage alcohol industry.

Bagpiper adapted itself to the changing aspirations of its consumers by launching itself in an all new international packaging with a specially crafted smooth blend. The new packaging and light body blend added significant premium cues to the brand.

Major Awards Won

BRAND	YEAR	AWARDS WON	COMPETITION
Bagpiper Gold Superior Grain Whisky	2012	Silver	IWC
Bagpiper DietMate Deluxe Whisky	2013	Bronze	IWC



Innovation through Variants

In addition to ensuring the core of the brand is always in sync with evolving consumer lifestyle aspirations and motivations, a brand team needs to always seek to extend its brand into relevant motivation 'white' spaces and occasions. These extensions ensure that as the consumer upgrades or explores the choice set available to suit a different occasion – the consumer always has the option to remain with his preferred brand. The extensions also provide the company an opportunity to premiumize the range offering of the brand in question.

McDowell's:

McDowell is India's largest beverage alcohol franchise. With a volume of 61.37 million cases in F13, a NSR of Rupees 51.57 billion (USD 817.2 million*) and a consumer purchase price of McDowell Family brands during F13 at Rupees 246.83 billion (USD 3.91 billion*), it is probably India's largest consumer goods franchise.

McDowell's No.1 deserves a specific mention as this whisky, rum and brandy franchise created a world record with its Rs. 188.77 billion (USD 3.0 billion*) valuation in terms of consumer purchase price. The McDowell's No.1 whisky franchise alone grew by 19% this year with sales volume of 20 + million cases, ranked as the largest non-scotch offering in the world; growth mostly led by McDowell's No.1 Platinum pure grain whisky, and McDowell's No.1 Diet Mate.



*(1 USD = INR 63.1063 as on 19.8.2013)

McDowell's No.1 Platinum Whisky

The McDowell's brand team launched McDowell's No.1 Platinum whisky in 2010.

Having studied the market for its growing preference towards grain-based spirit, Platinum was launched as a 100% premium grain whisky. The blend was created by the master blender, Richard Paterson, a third- generation master blender and creator of several award winning scotch blends.

It was a premium offering to its consumers within the portfolio. McDowell's No.1 Platinum, is the first brand in the segment to offer mono-carton packaging for all its three SKUs of Quart, Pint & Nip.

The brand also inspires young India (consumers in the age group of 25+ who are just beginning to join the work force) to "think different" and not get burdened by expectations of having to succeed.



McDowell's No.1 Cariba Rum

McDowell's No.1 Celebration rum is the largest selling dark rum in India with almost 2/3rd share of the market. Today, McDowell's No.1 Celebration rum sells in excess of 18 million cases annually, which makes it one of the largest and fastest growing rum brands in the world. The brand owes its success largely to the high quality standards that the McDowell's No.1 franchise provides to its consumers and this has been recognized at the highest International level through several prestigious awards.

While the market for rum is mostly in the regular segment, USL launched McDowell's No.1 Cariba - a premium variant of McDowell's No.1 Celebration. Cariba is a perfect blend of Caribbean and matured Indian rum with rich taste and unmatched smoothness. The brand commands a 20-30% price premium over Celebration rum. The brand has already made its presence felt in all the major rum markets in India, with some States like Orissa contributing to 216% growth over last year.

Awards won by McDowell's No 1 Cariba Luxury Gold Rum

YEAR	AWARD WON	COMPETITION
2013	Silver	International Wine & Spirit Competition 2013 (judging held in Surrey, England, UK)



McDowell's No.1 Platinum Whisky

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Board of Directors (As on 19-08-2013)



Dr. Vijay Mallya
Chairman



Ashok Capoor,
Managing Director



P. A. Murali,
Executive Director



Paul Steven Walsh



Gilbert Ghostine



Ravi Rajagopal



G. N. Bajpai



Arunkumar R. Gandhi



Renu Sud Karnad



D. Sivanandhan



Sudhakar Rao



Vikram Singh Mehta



NOTICE

NOTICE IS HEREBY GIVEN OF THE FOURTEENTH ANNUAL GENERAL MEETING of the Company to be held at Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025 on Tuesday, September 24, 2013 at 11.00 a.m. for the following purposes:

Ordinary Business:

1. To receive and consider the accounts for the year ended March 31, 2013 and the reports of the Auditors and Directors thereon;
2. To declare dividend on Equity Shares;
3. To elect a Director in the place of Dr. Vijay Mallya, who retires by rotation and being eligible, offers himself for re-appointment;
4. Appointment of Auditors:

To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution :

RESOLVED that M/s B S R & Co., Chartered Accountants (Firm Registration No.101248W) be and are hereby appointed Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company, in place of the retiring auditors, M/s Walker, Chandio & Co., Chartered Accountants, who are not seeking re-appointment.

Special Business:

To consider and if thought fit, to pass with or without modification(s), the following Resolutions:

5. **As an Ordinary Resolution:**

Appointment of Mr. Gilbert Ghostine as a Director :

RESOLVED that Mr. Gilbert Ghostine, who was appointed as an Additional Director of the Company on May 27, 2013, and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

6. **As an Ordinary Resolution:**

Appointment of Mr. Ravi Rajagopal as a Director :

RESOLVED that Mr. Ravi Rajagopal, who was appointed as an Additional Director of the Company on July 4, 2013 and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

7. **As an Ordinary Resolution:**

Appointment of Mr. P.A. Murali as a Director:

RESOLVED that Mr. P.A. Murali, who was appointed as an Additional Director of the Company on July 4, 2013 and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, not subject to retirement by rotation so long as he holds the office of the Executive Director.

8. **As a Special Resolution:**

Appointment of Mr. P.A. Murali as Executive Director:

RESOLVED that subject to the provisions of Section 269, read with Schedule XIII and other applicable provisions of the Companies Act, 1956, or any statutory modification or re-enactment thereof, Mr. P.A.Murali be and is hereby appointed as Executive Director of the Company with effect from July 4, 2013 for a period of 5 (five) years, on the following terms and conditions:

1. **Salary** Basic Salary of Rs 10,78,200/- per month, in the salary range of Rs 8,00,000/- to Rs 14,00,000/- per month, with such increments as may be decided by the Board of Directors of the Company from time to time, and with proportionate increase in all benefits related to the quantum of salary.
2. **Special Allowance** Special Allowance at the rate of 50% of the Basic Salary per month. This will be taken into account for calculation of Provident Fund, Gratuity, Superannuation Benefits, Performance Evaluation Payment and Contribution Improvement Incentive Scheme (CRIIS)
3. **Personal Allowance** Rs 3,82,500/-per month in the range of Rs 3,00,000/- to Rs. 6,00,000/- per month.
4. **Performance Evaluation Payment** Of such percentage of Basic Salary plus Special Allowance per annum as may be evaluated by the Board of Directors of the Company, in accordance with the rules of the Company in this regard.
5. **Contribution Improvement Incentive Scheme (CRIIS)** As per the rules framed in this regard.
6. **Long Term Incentive Payment (LTIP)** As per the rules framed in this regard.
7. **Perquisites:**
 - i) **Housing** – Furnished/ Unfurnished residential accommodation or house rent allowance of upto sixty per cent of salary in lieu thereof.
The expenditure incurred by the Company on gas, electricity, water and fuel shall be valued as per the Income Tax Rules, 1962.
 - ii) **Flexi Compensation Package (FCP)**
 - a) FCP 1 - Comprising LTA - Rs. 15,500/- per month as per the Rules of the Company as applicable.
 - b) FCP 2 - Comprising Car lease and lunch vouchers – Rs. 2,36,500/- per month as per the Rules of the Company as applicable.
 - c) FCP 3 - Comprising Driver's salary – 18,000/- per month as per the Rules of the Company as applicable.
 - iii) **National Pension Scheme Contribution (NPS)** – 10% of the Basic Salary per month.
 - iv) **Medical Reimbursement** – Expenses incurred for Mr. P.A. Murali and his family, as per the rules of the Company, at actuals.
 - v) **Club Fees** – Fees of clubs subject to a maximum of two clubs. This will include admission and life membership fees.
 - vi) **Group Mediclaim, Term Life and Personal Accident Insurance** – Premium as per the rules of the Company.
 - vii) **Provident Fund** – Company's contribution to Provident Fund shall be as per the Scheme of the Company.
 - viii) **Superannuation/Annuity Fund** – Company's contribution to Superannuation or Annuity Fund shall be in accordance with the Scheme of the Company.
 - ix) **Gratuity** – Payable in accordance with the rules of the approved Fund of the Company.
 - x) **Encashment of leave not availed of** – as per the rules of the Company.
 - xi) **Provision of cars, cell phone and telephone** at the residence of Mr. P.A. Murali as per the rules of the Company.
 - xii) Such other benefits, amenities, facilities and perquisites as per the rules of the Company and as may be permitted to the Executive Director, by the Board of Directors of the Company.

Provided that the remuneration payable to Mr. P.A. Murali (including Salary, Special Allowance, Personal Allowance, Performance Evaluation Payment, Contribution Improvement Incentive Scheme (CRIIS), Long Term Incentive Payment (LTIP), Perquisites, Benefits, Amenities and Facilities) shall be subject to the provisions laid down in Sections 198 and 309 and Schedule XIII of the Companies Act, 1956 or any other statutory provisions, modifications and re-enactments thereof.

Further **RESOLVED** that the remuneration as aforesaid by way of Salary, Special Allowance, Personal Allowance, Performance Evaluation Payment, Contribution Improvement Incentive Scheme (CRIIS), Long Term Incentive Payment (LTIP), perquisites, benefits, amenities and facilities shall be paid and provided as "minimum remuneration" to Mr. P.A. Murali notwithstanding the absence or inadequacy of profits in any financial year of the Company during the tenure of his office as the Executive Director of the Company, subject to the approval of the Central Government, if required.

Further **RESOLVED** that Mr. P.A. Murali shall be responsible in the areas of finance, accounts, taxation and strategy and carry out such other duties as may be entrusted to him by the Managing Director and the Board of Directors of the Company and exercise such powers as may be assigned to him subject to the superintendence, control and directions of the Board of Directors of the Company.

Further **RESOLVED** that Mr. P.A. Murali shall not be subject to retirement by rotation so long as he continues as Executive Director of the Company.

9. As an Ordinary Resolution:

Appointment of Mr. Arunkumar Ramanlal Gandhi as a Director:

RESOLVED that Mr. Arunkumar Ramanlal Gandhi, who was appointed as an Additional Director of the Company on July 4, 2013 and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

10. As an Ordinary Resolution:

Appointment of Mr. Sudhakar Rao as a Director:

RESOLVED that Mr. Sudhakar Rao, who was appointed as an Additional Director of the Company on July 4, 2013 and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

11. As an Ordinary Resolution:

Appointment of Mr. Sivanandhan Dhanushkodi as a Director:

RESOLVED that Mr. Sivanandhan Dhanushkodi, who was appointed as an Additional Director of the Company on July 4, 2013 and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

12. As an Ordinary Resolution:

Appointment of Ms. Renu Sud Karnad as a Director:

RESOLVED that Ms. Renu Sud Karnad, who was appointed as an Additional Director of the Company on July 4, 2013 and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

13. As an Ordinary Resolution:

Appointment of Mr. Paul Steven Walsh as a Director:

RESOLVED that Mr. Paul Steven Walsh who was appointed as an Additional Director of the Company on August 19, 2013 and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

14. As an Ordinary Resolution:**Appointment of Mr. Vikram Singh Mehta as a Director:**

RESOLVED that Mr. Vikram Singh Mehta who was appointed as an Additional Director of the Company on August 19, 2013 and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

15. As a Special Resolution:**Revision in the terms of remuneration payable to Mr. Ashok Capoor, Managing Director:**

RESOLVED that in partial modification to the Resolution No.7 passed at the Twelfth Annual General Meeting of the Company held on September 29, 2011, and in accordance with the provisions and subject to the limits prescribed under Sections 198, 269, 309, 310, Schedule XIII and any other applicable provisions of the Companies Act, 1956 and Rules framed thereunder and any statutory modification or re-enactment thereof, approval of the Company be and is hereby accorded to :

- (i) the revision of Special Allowance payable to Mr. Ashok Capoor, Managing Director of the Company, from the existing Rs 3,00,000/- per month to 50% of the basic salary per month with proportionate increase in all benefits linked to the Special Allowance with effect from May 02, 2011, till the end of his tenure as Managing Director of the Company;
- (ii) the revision of Personal Allowance payable to Mr. Ashok Capoor from the existing Rs.1,33,130/- per month to Rs. 4,13,075/- per month, with such further increases as may be permitted, as per rules of the Company, with effect from the month of April 2013 onwards till the end of his tenure as Managing Director of the Company and;
- (iii) one time exgratia payment of Rs. 23,00,000/- to Mr. Ashok Capoor.

with all other terms and conditions approved earlier, remaining unchanged.

Further **RESOLVED** that the remuneration, as approved at the Twelfth Annual General Meeting held on September 29, 2011, this revised Special Allowance of 50% of the basic salary per month with proportionate increase in all benefits linked to the Special Allowance and this revised Personal Allowance of Rs 4,13,075/- per month, with such further increases as may be permitted and this one time exgratia payment of Rs. 23,00,000/- shall be paid as "Minimum Remuneration" to Mr. Ashok Capoor, notwithstanding the absence or inadequacy of profits in any financial year of the Company during the tenure of his office as Managing Director of the Company, subject to the approval of the Central Government, if required.

Further **RESOLVED** that the Board of Directors of the Company or a Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.

16. As a Special Resolution:**Alteration of Articles of Association of the Company:**

RESOLVED that pursuant to Section 31 of the Companies Act, 1956, a new set of Articles of Association of the Company, a copy of which is placed before the meeting, duly initialled by Chairman of the meeting, for the purposes of identification, be and is hereby approved and adopted as the Articles of Association of the Company in substitution of the existing Articles.

Further **RESOLVED** that the Board of Directors of the Company be and is hereby authorised to take all steps as may be necessary for giving effect to the above resolution.

By order of the Board

Place : Goa
Date : August 19, 2013

V.S. Venkataraman
Company Secretary

Notes:

1. Please refer to the explanatory statement given hereunder.
2. **A SHAREHOLDER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF ONLY ON A POLL. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for the holding of the Meeting.
3. The Transfer Books and Register of Members will remain closed from Wednesday, September 18, 2013 to Tuesday, September 24, 2013, both days inclusive.
4. Members are required to intimate immediately to the Company's Registrars and Transfer Agents, M/s. Integrated Enterprises (India) Limited (IEIL), # 30, Ramana Residency, 4th Cross, Sampige Road, Bangalore - 560 003 (Telephone No.080-23460815-818 Fax No.080 2346 0819), in case of shares held in physical form and to their respective Depository Participants, in case of shares held in dematerialized/electronic form :-
 - a. any change in their registered addresses along with PIN Code Number ;
 - b. details about their email addresses, if any, so that all notices and other statutory documents which are required to be sent to the Members, as per the provisions of the Companies Act, 1956, can be sent to their email addresses, as a measure of "Green Initiatives" introduced by the Ministry of Corporate Affairs (MCA) ; and
 - c. details about their bank account number, name of bank, bank's branch name and address to enable the Company to draw dividend warrant payable accordingly.
5. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depository. The Company will not act on any direct request from such members for change/deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants immediately.
7. Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.
8. Members may please address all their documents/correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.
9. Nomination facility for shares is available for members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents at the address as stated in Note No.4 above.
10. The Company's equity shares are under compulsory dematerialization. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialized. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerializing their shareholdings in the Company.
11.
 - a) All Unclaimed/Unpaid Dividend up to the financial year ended March 31, 1994, have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Those who have not encashed the Dividend Warrants for the said period may claim their dividends from the Registrar of Companies - Karnataka, II Floor, E-Wing, Kendriya Sadan, Koramangala, Bangalore - 560 034.
 - b) All Unclaimed / Unpaid Dividend for the financial years 1994-95 to 2004-05, required to be transferred to the Investor Education and Protection Fund (Fund) in terms of Section 205C of the Companies Act, 1956, have been transferred to the Fund.
 - c) In terms of Section 205A and 205C of the Companies Act, 1956, the amount of dividend declared for the financial year 2005-06 and thereafter remaining unclaimed for a period of seven years from the due date of payment shall hereafter be transferred to the Investor Education and Protection Fund.

12. Members may kindly note that once the Unclaimed/Unpaid Dividend is transferred to the Fund, no claim shall lie against the Fund or the Company in respect of the individual amounts which were Unclaimed and Unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.
13. Members attending the Annual General Meeting are requested to bring with them the following:
 - a. Members holding shares in dematerialised form, their DP & Client ID Numbers.
 - b. Members holding shares in physical form, their Folio Numbers.
 - c. Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting.
 - d. The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company.

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

The Meeting is for members or their proxies only. Please avoid being accompanied by non-members/children.
14. The Company has designated an exclusive email Id viz., uslinvestor@ubmail.com to enable the investors to post their grievances and monitor its redressal.
15. Corporate members are required to send to the Company a certified copy of the Board Resolution pursuant to Section 187 of the Companies Act 1956, authorizing their representative to attend and vote at the Annual General Meeting.
16. The details required to be given in pursuance of Clause 49 of the Listing Agreement in case of directors being appointed/ reappointed are given in the Corporate Governance Section of the Annual Report.
17. As advised by BSE Limited, in terms of their email dated December 3, 2012, the shareholders are hereby informed that in connection with the preferential allotment of equity shares to Relay B.V., the "Relevant Date" has been reckoned as "November 13, 2012" instead of "November 14, 2012", as November 14, 2012 was a holiday.

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

Item no.4: Appointment of Auditors:

M/s Walker, Chandiok & Co., Chartered Accountants, the existing Statutory Auditors of the Company were appointed as Auditors of the Company by the Members to hold office from the conclusion of the last Annual General Meeting till the conclusion of the forthcoming Annual General Meeting. M/s Walker, Chandiok & Co., Chartered Accountants are not seeking re-appointment.

At the Meeting held on August 19, 2013, the Board of Directors have recommended the appointment of M/s B S R & Co., Chartered Accountants (Firm Registration No. 101248W) as Statutory Auditors of the Company, in place of the retiring auditors, M/s.Walker, Chandiok & Co., to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors, subject to the approval of the Members.

The resolution under this item seeks the approval of the Members for the said appointment of auditors.

None of the Directors of the Company is concerned or interested in this resolution.

Item no. 5: Appointment of Mr. Gilbert Ghostine as a Director:

Mr. Gilbert Ghostine (Mr. Ghostine) was appointed as Additional Director of the Company on May 27, 2013 and would be holding office as Director upto the date of this Annual General Meeting. Mr. Ghostine is a nominee of Relay B.V.

Mr. Ghostine graduated from Saint Joseph University, Lebanon, in 1985 with a Masters' in Business Administration and a major in marketing. Mr. Ghostine is President of Diageo Asia Pacific and a member of the Global Executive Committee of

Diageo plc. He is responsible for all of the Diageo's businesses in Australasia, Greater China, North Asia, South East Asia, India, the Middle East, North African and Global Travel. He has been with Diageo for 20 years covering leadership roles in Africa, Asia, the USA and Europe. His previous roles include Managing Director Continental Europe for Diageo Europe, President of US Major Markets and National Accounts for Diageo North America and Managing Director of Eastern / Central Europe, Middle East and Africa for Diageo Venture Markets.

Mr. Ghostine has over 25 years of experience.

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

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

The Board recommends the Ordinary Resolution under Item no 5 for approval by the members.

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

Item no. 6: Appointment of Mr. Ravi Rajagopal as a Director:

Mr. Ravi Rajagopal (Mr. Rajagopal) was appointed as Additional Director of the Company on July 04, 2013 and would be holding office as Director upto the date of this Annual General Meeting. Mr. Rajagopal is a nominee of Relay B.V.

Mr. Rajagopal is currently the Global Head of Business Development of Diageo plc and has been in this role since September, 2010. Mr. Rajagopal joined Diageo in 1997 and has held a variety of roles covering regional finance and group controller. He is a Chartered Accountant, a Cost Accountant and has attended the Advanced Management Program at the Harvard Business School. Prior to joining Diageo, Mr. Rajagopal worked with ITC, India where again he held a variety of senior positions both in finance and general management.

Mr. Rajagopal has over 30 years of experience.

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

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

The Board recommends the Ordinary Resolution under Item no 6 for approval by the members.

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

Item nos 7 & 8: Appointment of Mr. P.A. Murali as a Director and Executive Director:

Mr. P.A. Murali (Mr. Murali) was appointed as Additional Director of the Company on July 04, 2013 and would be holding office as Director up to the date of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose the appointment of Mr. Murali as a Director of the Company at this Annual General Meeting. Mr. Murali is a nominee of Relay B.V.

Mr. Murali, who was Joint President and Chief Financial Officer, was appointed as Executive Director of the Company on July 04, 2013 for a period of 5(five) years. The remuneration proposed to be paid to him and the terms and conditions of his appointment are detailed in the resolution under Item no.8. Mr. Murali will hold office for a period of 5 (five) years and shall not be subject to retirement by rotation so long as he continues as Executive Director of the Company. Mr. Murali shall be responsible in the areas of finance, accounts, taxation and strategy and carry out such other duties as may be entrusted to him by the Managing Director and the Board of Directors of the Company and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board of Directors of the Company.

Mr. Murali has had a rich experience of over two decades in UB Group and was instrumental in the creation of United Spirits Limited (USL) by the consolidation and merger of all the spirits businesses of the UB Group. He has spearheaded the efforts of USL for a successful completion of the GDR/FCCB issue of \$230 Million in 2006. He played a leading and vital role in the acquisition of Whyte and Mackay, UK, Bouvet Ladubay SA, France and Liquidity Inc, USA. He joined the UB Group as Senior Manager – Finance in Mumbai. He is a Chartered Accountant and holds a Bachelors' Degree in Commerce.

Mr. Murali has over 32 years of experience.

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

The Board recommends the Ordinary/Special Resolutions under Item nos.7 & 8 for approval by the members.

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

An Abstract under Section 302 of the Companies Act, 1956 in respect of this item has already been circulated separately to all the shareholders and the relevant resolution concerning the appointment of Mr. Murali as Executive Director in the accompanying notice may also be treated as a further abstract pursuant to Section 302 of the Companies Act, 1956.

Item no. 9 : Appointment of Mr. Arunkumar Ramanlal Gandhi as a Director:

Mr. Arunkumar Ramanlal Gandhi (Mr. Gandhi) was appointed as Additional Director of the Company on July 04, 2013 and would be holding office as Director upto the date of this Annual General Meeting.

Mr. Gandhi is a fellow member of the Institute of Chartered Accountants in England & Wales, the Institute of Chartered Accountants of India and an associate member of the Chartered Institute of Taxation, London. Prior to joining Tata Sons as an Executive Director in 2003 he was with M/s N.M.Raiji & Co. Chartered Accountants, a firm of over 60 years of professional standing. Mr. Gandhi continued as an Executive Director in Tata Sons Ltd till 2008 and as a Director till March 2013. He was also a member of Tata Group's Group Corporate Council and the member of Audit Committee of Tata Sons Ltd. Over the last 20 years, Mr. Gandhi has served on the boards of various Indian companies including Tata Global Beverages Limited, Tata Communications Limited, Paper Products Limited and Tata Limited (UK). Mr. Gandhi has also been a member of various committees constituted by industry forums and regulatory bodies such as SEBI's Takeover Panel Exemption Committee and the Accounting Standards Board of the Institute of Chartered Accountants of India.

Mr. Gandhi has 44 years of experience.

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

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

The Board recommends the Ordinary Resolution under Item no 9 for approval by the members.

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

Item no. 10: Appointment of Mr. Sudhakar Rao as a Director:

Mr. Sudhakar Rao (Mr. Rao) was appointed as Additional Director of the Company on July 04, 2013 and would be holding office as Director upto the date of this Annual General Meeting.

Mr. Rao is a retired Indian Administrative Service (IAS) Officer of the 1973 batch. He is currently a director in a number of Indian companies including Indian Oil Corporation Limited, BSE Limited, Binani Industries Limited, CMC Limited and L&T Infrastructure Development Projects Limited. He holds a Masters' Degree in Economics from the Delhi School of Economics and

a Masters' Degree in Public Administration from the Kennedy School of Government, Harvard University. He was conferred the Karnataka Rajyotsava Award in 2010. Having served across ministries in both the State and Central Governments, he retired from service as Chief Secretary, Karnataka. He also served as a Member of the Public Enterprises Selection Board, Government of India after retirement.

Mr. Rao has over 35 years of experience in public administration.

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

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

The Board recommends the Ordinary Resolution under Item no 10 for approval by the members.

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

Item no. 11: Appointment of Mr. Sivanandhan Dhanushkodi as a Director:

Mr. Sivanandhan Dhanushkodi (Mr. D. Sivanandhan) was appointed as Additional Director of the Company on July 04, 2013 and would be holding office as Director upto the date of this Annual General Meeting

Mr. D. Sivanandhan is one of the most highly regarded IPS officers in India with illustrious career spanning several postings during his 35 years in service and retired as the Director General of Police, Maharashtra. He is the driving force behind Securus First India Private Limited where he actively oversees and advises case teams during investigations. Most recently has been a member of the special task force in National Security Council Secretariat for revamping India's internal and external national security measures. He is also the security advisor to the Reserve Bank of India.

Mr. D. Sivanandhan has 35 years of experience.

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

Mr. D. Sivanandhan does not hold any shares in the Company.

The Board recommends the Ordinary Resolution under Item no 11 for approval by the members.

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

Item no. 12: Appointment of Ms. Renu Sud Karnad as a Director:

Ms. Renu Sud Karnad (Ms. Karnad) was appointed as Additional Director of the Company on July 04, 2013 and would be holding office as Director upto the date of this Annual General Meeting.

Ms. Karnad is a post graduate in Economics from the University of Delhi and holds a degree in law from the University of Mumbai. She brings with her rich experience and enormous knowledge in the mortgage sector, having been part of the nascent real estate and mortgage sector in India. She is also a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, USA. She joined HDFC Limited in 1978 and was inducted on to the board of directors as an Executive Director in 2000. She grew to become Joint Managing Director in 2007 and has been elevated to Managing Director with effect from 2010. She has also served as the President of the International Union for Housing Finance and Director, Asian Real Estate Society. She has served on the boards of a number of Indian and multinational companies like Akzo Nobel India Limited, Feedback Ventures Limited, HDFC Plc and Transunion LLC. She is a member of Senior Expert Council of IDFC Private Equity. She is also the recipient of many awards including "Outstanding Woman Business Leader" at CNBC TV18 Indian Business Leader Awards in 2012, was part of the 25 Most Influential Women Professional in India.

Ms. Karnad has 35 years of experience.

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

Ms. Karnad does not hold any shares in the Company.

The Board recommends the Ordinary Resolution under Item no 12 for approval by the members.

None of the Directors other than Ms. Karnad is interested or concerned in the Resolution.

Item no. 13: Appointment of Mr. Paul Steven Walsh as a Director:

Mr. Paul Steven Walsh (Mr. Walsh) was appointed as Additional Director of the Company on August 19, 2013 and would be holding office as Director upto the date of this Annual General Meeting. Mr. Walsh is a nominee of Relay B.V.

Mr. Walsh was Chief Executive, Diageo plc from September 1, 2000 to June 30, 2013 and is now an Advisor to the Chairman and Chief Executive Officer, Diageo plc.

Mr. Walsh joined GrandMet's brewing division in 1982 and became Finance Director in 1986. He held financial and commercial positions with inter-Continental Hotels and in the GrandMet food business, becoming CEO of The Pillsbury Company in 1992.

Mr. Walsh was appointed to the GrandMet board in October 1995 and to the Diageo Board in December 1997.

Mr. Walsh is a non-executive director of FedEx Corporation, Unilever plc, and Avanti Communications plc. He was previously a non-Executive Director of Centrica plc, stepping down in May 2009.

Mr. Walsh has also been appointed Business Ambassador for the food and drink industries by the UK Department for Business, Innovation and Skill and is a Council Member, and former Chairman of the Scotch Whisky Association.

Mr. Walsh has 31 years of experience.

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

Mr. Walsh does not hold any shares in the Company

The Board recommends the Ordinary Resolution under Item no 13 for approval by the members.

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

Item no. 14: Appointment of Mr. Vikram Singh Mehta as a Director:

Mr. Vikram Singh Mehta (Mr. Mehta) was appointed as Additional Director of the Company on August 19, 2013 and would be holding office as Director upto the date of this Annual General Meeting.

Mr. Mehta's career began with the Indian Administrative Service (IAS) of the Government of India in 1978. He resigned that position in 1980 and joined Philips Petroleum in London as their Senior Economist. He was with Philips Petroleum for 4 years in London and at their headquarters in Bartlesville, Oklahoma, USA. In 1984, he returned to India to join the Public Sector Oil Company, Oil India Limited as its advisor (Strategic Planning). He resigned from Oil India in 1988 and joined Shell International in London. In 1991, he was posted to Egypt as the Managing Director for Shell Markets and Chemicals, Egypt. In 1994, he returned to India as the Chairman of the Shell Group in India.

Mr. Mehta was a member of the National Council of the Confederation of Indian Industry (CII) and Chairman of its Hydrocarbon Committee. He was the Chairman of the Board of Trustees of the Youth Award for India (earlier the Duke of Edinburgh's Award program). He serves on the boards of Colgate Palmolive India Limited, Mahindra & Mahindra Limited, Vodafone India Limited, Apollo Tyres Limited and Larsen & Toubro Limited. Mr. Mehta is also on the Board of Governors of the Pandit Deendayal Petroleum University in Gujarat, India and a member of the Board of Overseers of the Fletcher School of Law & Diplomacy, Tufts University.

Mr. Mehta has a BA (Hons) degree in Mathematics from St Stephen's College, Delhi University, an MA in Economics from Magdalen College, Oxford University and an MA from the Fletcher School of Law and Diplomacy, Tufts University.

Mr. Mehta has 35 years of experience.

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

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

The Board recommends the Ordinary Resolution under Item no 14 for approval by the members.

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

Item no.15: Revision in the terms of remuneration payable to Mr. Ashok Capoor, Managing Director:

At the Twelfth Annual General Meeting held on September 29, 2011, the shareholders had approved the appointment of and terms of remuneration payable to Mr. Ashok Capoor (Mr.Capoor) as Managing Director of the Company for a period of three years, with effect from May 02, 2011 on the terms and conditions, inter alia, with Basic Salary of Rs 8,50,000/- per month in the salary range of Rs. 8,00,000/- to Rs 12,00,000/- per month and Special Allowance of Rs 3,00,000/- per month.

Mr. Capoor, who was promoted to the position of President with effect from May 02, 2011, is entitled to Special Allowance at the rate of 50% of his Basic Salary per month, as applicable to the employees in the Grade of President, as per rules of the Company. On the basis of the recommendation from the Compensation Committee of Directors, the Board of Directors, at their meeting held on February 04, 2013, had decided:

- (i) To rectify the anomaly in the Special Allowance by revising the Special Allowance to Mr. Capoor from the existing Rs.3,00,000/- per month to 50% of his Basic Salary per month with proportionate increase in all benefits linked to the Special Allowance with effect from May 02, 2011 till the end of his tenure as Managing Director of the Company;
- (ii) To revise the Personal Allowance to Mr. Capoor, from the existing Rs. 1,33,130/- per month to Rs 4,13,075/- per month, with such further increases as may be permitted, as per rules of the Company, with effect from the month of April, 2013 onwards till the end of his tenure as Managing Director of the Company; and
- (iii) To make one time exgratia payment of Rs 23,00,000 to Mr. Capoor;

with all other terms and conditions approved earlier, remaining unchanged, subject to the approval of the shareholders at a general meeting, by way of a Special Resolution.

On the basis of the recommendation from the Compensation Committee of Directors, the Board of Directors has also approved that the remuneration as approved at the Annual General Meeting held on September 29, 2011, this revised special allowance of 50% of the basic salary per month with proportionate increase in all benefits linked to the special allowance and this revised Personal Allowance of Rs 4,13,075/- per month, with such further increases as may be permitted and this one time exgratia payment of Rs 23,00,000/- shall be paid as "Minimum Remuneration" to Mr. Capoor, notwithstanding the absence or inadequacy of profits in any financial year during the tenure of his office as Managing Director of the Company,

subject to the approval of the Central Government if required, and approval of the shareholders in a general meeting by way of a special resolution.

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

The Board recommends the Special Resolution under Item no.15 to the members for their approval.

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

An Abstract under Section 302 of the Companies Act, 1956 in respect of this item, has already been circulated separately to all the shareholders and the relevant Resolution concerning the revision in the term of remuneration payable to Mr. Capoor, Managing Director of the Company, in the accompanying Notice may also be treated as a further Abstract pursuant to Section 302 of the Companies Act, 1956.

Item No.16: Alteration of Articles of Association of the Company

Pursuant to the completion of the sale and purchase of certain shares of the Company held by United Breweries (Holdings) Limited ("UBHL"), Kingfisher Finvest India Limited ("KFIL"), SWEW Benefit Company, Palmer Investment Group Limited and UB Sports Management Overseas Limited, (collectively called "the Sellers") in terms of the Share Purchase Agreement dated November 9, 2012 (as amended from time to time) between the Sellers, Dr. Vijay Mallya and Mr. A. K. R. Nedungadi (as Trustees of USL Benefit Trust), Diageo plc and Relay B.V., an indirect wholly owned subsidiary of Diageo plc ("the Purchaser"), the Shareholders' Agreement dated November 9, 2012 (as amended from time to time), between Diageo, UBHL, KFIL and the Purchaser ("Shareholders' Agreement") became effective and the Company executed a Deed of Adherence on July 4, 2013 and became a party to the Shareholders' Agreement.

In order to reflect certain provisions of the Shareholders' Agreement, the existing Articles of Association is accordingly proposed to be altered by substitution with a new set of Articles of Association of the Company.

The Board recommends the Special Resolution under Item no.16 to the members for their approval.

As noted above, Relay B.V. and United Breweries (Holdings) Limited, together with other parties, have entered into the Shareholders' Agreement, and the existing Articles of Association are proposed to be altered by substitution with a new set of Articles of Association to reflect certain provisions of the Shareholders' Agreement. Currently, there are four directors nominated by Relay B.V. (Mr. Paul Walsh, Mr. Gilbert Ghostine, Mr. Ravi Rajagopal, Mr. P.A. Murali) and one director nominated by United Breweries (Holdings) Limited (Dr. Vijay Mallya) on the board of the Company. Further, Dr. Vijay Mallya is a promoter of United Breweries (Holdings) Limited. Except as mentioned above, none of the directors are concerned or interested in the Resolution.

A copy of the new set of Articles of Association of the Company will be open for inspection at the Registered Office of the Company on its working days between 10.00 a.m. and 12.30 p.m.

By order of the Board

Place : Goa
Date : August 19, 2013

V.S. Venkataraman
Company Secretary

**Board of Directors
(As on 19-08-2013)**

Dr. Vijay Mallya, **Chairman**

Ashok Capoor, **Managing Director**

P. A. Murali, **Executive Director**

Paul Steven Walsh

Gilbert Ghostine

Ravi Rajagopal

G. N. Bajpai

Arunkumar Ramanlal Gandhi

Sudhakar Rao

D. Sivanandhan

Renu Sud Karnad

Vikram Singh Mehta

Chief Financial Officer

P. A. Murali

Company Secretary

V. S. Venkataraman

Auditors

Walker, Chandio & Co.,
Chartered Accountants
Bangalore

Registered & Corporate Office

"UB Tower", # 24, Vittal Mallya Road,
Bangalore 560 001.

Registrars & Transfer Agents

Integrated Enterprises (India) Limited,
30, Ramana Residency, 4th Cross,
Sampige Road, Malleswaram,
Bangalore 560 003.

Tel: 080-2346 0815 to 818
Fax:080-2346 0819

**Board of Directors
(As on 31-03-2013)**

Dr. Vijay Mallya, **Chairman**

S. R. Gupte, **Vice Chairman**

Ashok Capoor, **Managing Director**

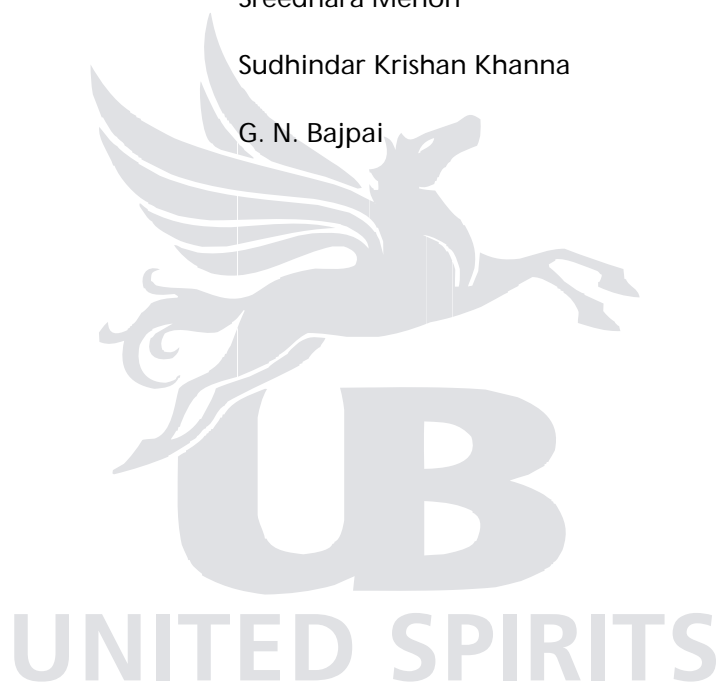
M. R. Doraiswamy Iyengar

B. M. Labroo

Sreedhara Menon

Sudhinder Krishan Khanna

G. N. Bajpai



Your Directors have pleasure in presenting the Annual Report of your Company and the audited accounts for the year ended March 31, 2013.

FINANCIAL RESULTS

	Rupees in Millions	
	2012-13	2011-12
The working of your Company for the year under review resulted in		
• Profit from operations	5,774.717	5,755.508
• Exceptional and other non-recurring items	(216.481)	(108.163)
	5,558.236	5,647.345
Less:		
• Depreciation	718.268	608.453
• Taxation (including deferred tax)	1,632.008	1,610.951
• Profit after tax	3,207.960	3,427.941
Profit B/F from previous year	17,905.879	15,357.972
Profit available for appropriation	21,113.839	18,785.912
Your Directors have made the following Appropriations :		
General Reserve	500.000	500.000
Proposed Dividend	326.987	326.987
Corporate Tax on Proposed Dividend	53.045	53.046
Balance carried to the Balance Sheet	20,233.807	17,905.879
EPS - Basic & Diluted (Rupees)	24.53	26.21

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

CAPITAL

The Authorised Capital of your Company remained unchanged at Rs.5,542,000,000/- divided into 395,000,000 Equity Shares of Rs.10/- each and 159,200,000 Preference Shares of Rs. 10/- each.

The issued, subscribed and paid-up Equity Share Capital of your Company also remained unchanged at Rs.1,307,949,680/- divided into 130,794,968 equity shares of Rs.10/- each.

GLOBAL DEPOSITORY SHARES

Your Company had issued 17,502,762 Global Depository Shares (GDSs) representing 8,751,381 Equity Shares ranking pari-passu in all respects with the existing paid up equity shares, 2 GDSs representing 1 equity share of par value of

Rs.10/- each at US\$7.4274 per GDSs aggregating to US\$ 130 mn. These GDSs are listed on the Luxembourg Stock Exchange.

As on May 10, 2013, there was an outstanding of GDSs 889,758 representing 444,879 equity shares.

PERFORMANCE OF THE COMPANY

During the year under review, your Company has achieved a sales volume of over 123.70 Million cases (Previous year 120.18 Million cases), representing a growth of 3% over the previous year, thus continuing to maintain its position as the largest distilled spirits marketeer in the world in terms of volume. Profit from operations stood at Rs.5,774.717 million (previous year Rs.5,755,508 million) registering a marginal increase over the previous year.

SUBSIDIARIES

During the year under review, Daffodils Flavours & Fragrances Private Limited, Jasmine Flavours & Fragrances Private Limited, United Vintners Limited, United Alcobev Limited, McDowell & Company Limited, McDowell Beverages Limited and BDL Distilleries Limited wholly owned subsidiaries ceased to be the subsidiaries of the Company consequent to the divestment of the entire paid up capital held by the Company in these subsidiaries. Similarly, Ramanreti Investments and Trading Company Limited, an indirect wholly owned subsidiary of the Company also ceased to be a subsidiary of the Company consequent to the divestment of the entire paid up capital held by your subsidiary SW Finance Co. Limited (formerly Shaw Wallace Breweries Limited) in this subsidiary. Your Company purchased 16,86,004 equity shares of Rs 10/- each held by its erstwhile wholly owned subsidiary, Ramanreti Investments and Trading Company Limited in SW Finance Co. Limited (formerly Shaw Wallace Breweries Limited), a wholly owned subsidiary of your Company.

Subsequent to the divestment of its entire equity shareholding in the Company by R G Shaw & Company Limited, Shaw Scott & Company Limited, Shaw Darby & Company Limited and Thames Rice Milling Company Limited, UK based wholly owned subsidiaries of the Company, to Palmer Investment Group Limited, BVI another wholly owned subsidiary of the Company, these four UK-based wholly owned subsidiaries have been dissolved. Accordingly, these four UK-based companies ceased to be the subsidiaries of the Company during the year under review.

During the year under review, Whyte and Mackay Singapore Pte. Limited, a wholly owned subsidiary of Whyte and Mackay Limited, became wholly owned subsidiary of your Company.

During the year under review, JIHL Nominees Limited, a wholly owned subsidiary of your Company has changed its name to UB Sports Management Overseas Limited.

In terms of the listing requirements to have minimum public shareholding, your Company is required to bring down its shareholding to a level of 75% of the total paid up capital of Pioneer Distilleries Limited (PDL) from the present holding of 81.58%. During the year under review, your Company was successful in divesting 55,100 Equity shares of PDL in the open market through a Stock Exchange mechanism (Offer for Sale) representing 0.41% of the paid up equity capital of PDL.

Pioneer Distilleries Limited (PDL), Sovereign Distilleries Limited (SDL) and Tern Distilleries Private Limited (TDPL) subsidiaries of the Company have made a reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985, in view of the erosion of the entire net worth of these companies. However, your Company, is considering various steps, inter alia, infusion of further share capital by way of conversion of existing loan into equity capital to make the net worth of its subsidiaries positive.

Four Seasons Wines Limited (FSWL), a subsidiary of the Company has made a reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 23 of Sick Industrial Companies (Special Provisions) Act, 1985 in view of erosion of more than 50% of its peak net worth during the immediately preceding four financial years.

In terms of Circular No.2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, a general exemption has been granted from the compliance of Section 212 of the Companies Act, 1956, requiring holding companies to attach with their balance sheet, a copy of the balance sheet, profit and loss account and other documents of each of its subsidiaries provided the Board of Directors of such companies give consent, by way of a resolution, for not attaching the balance sheet of the subsidiary companies concerned with the balance sheet of the Company and certain conditions prescribed by the Ministry in this regard are complied with.

The Board of Directors of your Company, at their meeting held on May 15, 2013 have given their consent for not attaching, inter alia, the balance sheet, profit and loss account etc. of its subsidiary companies since your Company has complied with all the conditions prescribed by the Ministry vide its circular dated February 8, 2011, in this regard.

In view of the above, the balance sheet, profit and loss account and other documents/details of the subsidiary companies, which are required to be attached with the balance sheet of the Company, are not attached. The Annual Accounts of the Subsidiaries and the related detailed information will be made available to any shareholder of the Company seeking such information at any point in time. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any shareholder of the Company at its Registered Office and that of the Subsidiary Companies concerned, during the business hours on any working day.

The Accounting Year of United Spirits Nepal Private Limited (USNPL), your Company's subsidiary in Nepal is from mid-July to mid-July every year. Accordingly, Accounting Year of 2011-12 of USNPL ended on July 15, 2012 and the Accounting Year 2012-13 will end on July 15, 2013 i.e., after the end of the close of the financial year of the Company, which ended on March 31, 2013. For the purpose of compliance under Accounting Standard – 21, relating to "Consolidated Financial Statement," the Accounts of USNPL has been drawn up to March 31, 2013.

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

Investment in The Equity Capital of the Company by Relay B.V., Netherlands

During the year under review, Palmer Investment Group Limited, UB Sports Management Overseas Limited (both wholly owned subsidiaries of the Company), USL Benefit Trust (of which your Company is a beneficiary), SWEW Benefit Company, United Breweries (Holdings) Limited and Kingfisher Finvest India Limited (both promoters of the Company) have entered into a Share Purchase Agreement with Relay B.V., an indirect wholly owned subsidiary of Diageo Plc and Diageo Plc for sale of equity shares of the Company constituting up to 19.29% of the present paid up equity share capital of the Company at a price of Rs. 1440/-

per equity share to Relay B.V. Simultaneously, your Company has also entered into a Preferential Allotment Agreement with Relay B.V. and Diageo Plc for issue of 14,532,775 equity shares of the face value of Rs. 10/- each constituting 10% of the post-issue equity share capital of the Company to Relay B.V. on a preferential allotment basis at a price of Rs. 1440/- per share. The consummation of the transactions referred to above, are subject to various conditions precedent, including receipt of approval from the Competition Commission of India and in case of the preferential allotment, approval of the shareholders of the Company by way of a special resolution through postal ballot. Shareholder approval to the preferential allotment and approval from the Competition Commission of India, has since been received. Consequent to the above agreements Relay B.V. has made an Open Offer to acquire up to 37,785,214 equity shares from the public shareholders of the Company. Relay B.V. has acquired 58,668 equity shares of the Company pursuant to the Open Offer.

PROSPECTS

Your Company achieved a sales volume of just under 10 Million cases during the first month of the current financial year and judging by the continuing growth in the current year, the Company is set to maintain leadership position in the World's spirits industry.

With over half of the Indian population under the age of 25 and more and more young Indians joining the workforce with more disposable income in their hands at ages earlier than the previous generation, the Indian Spirits Industry is expected to witness a sea change in its target consumers and hence continue on the growth path. Being an undisputed leader, by volume in the Spirits Industry, your Company will reap huge benefits from the above expansion of the target consumers. The only hindrance to such continued growth could be the unbridled efforts of the state governments to continue enhancing their revenues by increasing duties and taxes. To mitigate this partially, as reported last year, your Company has already embarked upon a strategy to build supply-side security to protect your Company against fluctuation in price and availability of its key raw material, Extra Neutral Alcohol (ENA), by targeting to reach a minimum level of 50% of ENA requirement through in-house distillation. During the current fiscal year, your Company has made investments in the creation of additional capacities in the existing in-house distillation plants.

Though your Company has temporarily heldback its plans to put up a glass container manufacturing facility for captive consumption, the prices of glass containers, a major packaging material which is a key ingredient in the cost of production, has recently dropped by 5% due to over-capacity in the industry.

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

DEPOSITORY SYSTEM

The trading in the equity shares of your Company is under compulsory dematerialisation mode. As on May 10, 2013, equity shares representing 98.20% of the equity share capital are in dematerialised form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialisation of the Company's shares.

DIRECTORS

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

The revision in the terms of remuneration payable to Mr. Ashok Capoor, Managing Director of the Company, as approved and recommended by the Compensation Committee of Directors, is being placed for the approval of the members at this Annual General Meeting.

AUDITORS

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

TAX AUDITORS

Your Directors have appointed M/s. Lodha & Co., Chartered Accountants as the Tax Auditors of the Company to carry out the tax audit of the Company for the year ended March 31, 2013.

LISTING OF SHARES OF THE COMPANY

The Equity Shares of your Company continue to remain listed with Bangalore Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited. The listing fees for the year 2013-14 have been paid to these Stock Exchanges.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

FIXED DEPOSITS

Fixed Deposits from the public and shareholders, stood at Rs. 4359.83 Million as at March 31, 2013. Matured deposits for which disposal instructions had not been received from the depositors concerned stood at Rs. 86.20 Million as at March 31, 2013. Of this, a sum of Rs. 30.128 Million (as of 26.5.2013) has since been paid as per instructions received after the year-end.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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

Necessary compliance under Rule 3 of the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 have been followed.

HUMAN RESOURCES

Employee relations remained cordial at all Company's locations.

Particulars of employees drawing an aggregate remuneration of Rs. 60,00,000/- or above per annum or Rs. 5,00,000/- or above per month, as required under Section 217(2A) of the Companies Act, 1956, as amended, is annexed.

EMPLOYEE STOCK OPTION SCHEME

The Company has not offered any stock option to the Employees during the year 2012-13.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, ETC.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, in relation to financial statements for the year 2012-13, the Board of Directors reports that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- accounting policies have been selected and applied consistently and that the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year ended March 31, 2013;
- proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

THANK YOU

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

By Authority of the Board

Bangalore
May 15, 2013

Dr. VIJAY MALLYA
Chairman

ANNEXURE TO DIRECTORS' REPORT

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

CONSERVATION OF ENERGY AND WATER

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

1. Automatic Power Factor Correction panels installed to increase power factor and hence reduction in Electrical Energy.
2. Variable Frequency Drives installed on Boiler and Cooling Tower Fans to optimize electrical energy consumption.
3. Modification in Process Cooling System to reduce energy usage.
4. Maximizing generation of electrical units from Steam Turbines by (a) installation of high pressure boilers (b) installation of reaction turbine vis-à-vis impulse turbine.
5. Gradual movement to LED from normal lightings and CFLs.
6. Recycling of bottle wash water for water conservation.
7. Reverse Osmosis of waste water to reduce effluent flow and water conservation.

RESEARCH & DEVELOPMENT (R & D)

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

(a) Capital	-	0.189
(b) Recurring	-	64.042
Total	-	64.231

Total R & D expenditure as a percentage of total turnover - 0.08%

TECHNOLOGY ABSORPTION

- a) Multi-Fuel Boiler was installed and commissioned with effective burning of Spent Grain- a by-product in the production of Malt Spirit.
- b) Bio-Gas Engine for utilizing Methane Gas, produced in Anaerobic Digester and generating captive power for running the distilleries is being firmed up for implementation.
- c) Economically viable technology for treating distillery effluent to achieve Zero Discharge, as per statutory norms has been successfully implemented in one of the Group Units.
- d) Usage of specific and relevant enzymes (Liquefaction and Sacchrification enzymes) has helped to operate Grain Plant at 28DS (compared to normal 23DS) resulting in 20% increase in production without drop in recovery and reduced water consumption.
- e) Trials are in process with different set of specific and relevant enzymes (Liquefaction and Sacchrification enzymes) for operating Grain Plant at 28DS without Jet Cooking which will reduce steam usage of 1 Kg./BL of ENA for the same recovery.

FOREIGN EXCHANGE EARNINGS/OUTGO

	(Rupees in Millions)	
	2012-13	2011-12
1. Earnings in Foreign Currency	688.138	33.858
2. Imports / Expenditure in Foreign Currency	2,072.596	3,131.423

By Authority of the Board

Bangalore
May 15, 2013

Dr. VIJAY MALLYA
Chairman

ANNEXURE TO DIRECTORS' REPORT

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

SL. No	NAME	AGE	DESIGNATION/ NATURE OF DUTIES	REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
1	ABHAY KEWADKAR	52	SENIOR VICE PRESIDENT - WINES	7575029	B.TECH (CHEM)	30	23-Aug-06	VICE PRESIDENT & WINE MAKER - GROVER VINEYARDS LTD
2	AINAPUR S R	55	DIVISIONAL VICE PRESIDENT - FINANCE & ACCOUNTS	6991729	B.COM, ACA	30	1-Dec-87	ACCOUNTS ASSISTANT, KESARVAL BEVERAGES LTD, GOA
3	AJAY B BALIGA	54	EXECUTIVE VICE PRESIDENT - MANUFACTURING, PROJECTS & QUALITY CONTROL	14661017	B.TECH (CHEM ENGG)	32	3-Nov-08	SENIOR VICE PRESIDENT - BUSINESS DEVELOPMENT & MANUFACTURING, ALLIED BLENDERS & DISTILLERS PRIVATE LIMITED
4	AKSHAY KUMAR ^(a)	51	CHIEF OPERATING OFFICER	5086218	B. TECH, PGDM	28	30-Dec-10	CHIEF EXECUTIVE OFFICER & REGIONAL HEAD - RELIANCE COMMUNICATIONS LIMITED
5	AMRIT THOMAS	46	DEPUTY PRESIDENT & CHIEF MARKETING OFFICER	23654853	B.TECH, PGDM	21	12-Jun-07	CATEGORY HEAD - BEVERAGES, HINDUSTAN
6	ANANT IYER	53	CHIEF OPERATING OFFICER	11671959	M.SC., M.M.S.	29	15-Jun-92	CONTROLLER MARKETING, CONSOLIDATED DISTILLERIES LTD
7	ANIL KUMAR KUSH	57	CHIEF EXECUTIVE - VITTAL MALLYA SCIENTIFIC RESEARCH FOUNDATION	15649613	PHD, MBA	29	13-May-05	SCIENTIFIC DIRECTOR - GENESIS MANAGEMENT CONSULTANTS
8	ARVIND JAIN	50	DIVISIONAL VICE PRESIDENT - SALES	6402689	PGDM	29	12-Apr-91	AREA MANAGER-TITAN WATCHES LTD.
9	ASHOK CAPOOR	60	PRESIDENT & MANAGING DIRECTOR	46523290	B.A. (ECO), MBA	38	12-May-92	CHIEF OPERATING OFFICER - ERSTWHILE HERBERTSONS LIMITED
10	BHARATH RAGHAVAN	49	SENIOR VICE PRESIDENT - LEGAL & SECRETARIAL	11144889	B.COM, ACS, BGL	18	13-Feb-98	SENIOR MANAGER- FIXED INCOME-PEREGRINE CAPITAL INDIA P LTD
11	CHANDRA BHUSHAN SRIVASTAVA	56	DIVISIONAL VICE PRESIDENT - SALES	6470448	B.SC.	35	8-Aug-11	RPC HEAD-ALLIED BLENDERS AND DISTILLERS PVT LTD.
12	DEBASHISH SHYAM	45	DIVISIONAL VICE PRESIDENT - MARKETING	8036276	B.SC., PGDBM	22	20-Sep-04	HEAD - MARKETING & ALLIANCES (INTERNET SERVICES), BHARTI INFOTEL LTD, NEW DELHI
13	DEBASISH DAS	55	SENIOR VICE PRESIDENT - MANUFACTURING	7610579	B.SC, B.TECH, PGDBM	30	20-Aug-84	CHEMIST, EASTERN DISTILLERIES PVT LTD, KOLKATA
14	DHARMARAJAN S	55	DIVISIONAL VICE PRESIDENT - FINANCE & ACCOUNTS	7247432	B.COM, ACA, LLB	29	7-Nov-86	CONSULTANT, N M RAJJI & COMPANY
15	DR. BINOD K MAITIN	64	SENIOR VICE PRESIDENT - QUALITY ASSURANCE & TECHNICAL	9371145	M.SC., PH.D.,	42	14-Dec-88	SENIOR RESEARCH OFFICER & HEAD, ANALYTICAL RESEARCH GROUP, SHRIRAM INSTITUTE FOR INDUSTRIAL RESEARCH
16	HARISH BHAT A	59	DEPUTY PRESIDENT & GROUP TREASURER	14985219	CA	35	22-Nov-90	MANAGER TREASURY - DIGITAL EQUIPMENT (I) LTD
17	KEDAR V ULMAN	39	EXECUTIVE VICE PRESIDENT - SOURCING & BUSINESS DEVELOPMENT	12599595	BE, MBA	17	24-Apr-09	SENIOR MANAGER, ACCENTURE SERVICES PRIVATE LTD
18	LALIT KUMAR GUPTA	53	SENIOR VICE PRESIDENT - LEGAL	8077184	B.SC, LLB, DLL	30	1-Jun-98	JOINT MANAGER - LEGAL, SHRIRAM FOODS AND FERTILIZERS LTD.
19	MATHEW XAVIER	49	CHIEF OPERATING OFFICER	11586498	B.COM., PGDM	24	10-Nov-03	VICE PRESIDENT MARKETING, ERSTWHILE SHAW WALLACE DISTILLERIES LIMITED
20	MURALI P A	55	JOINT PRESIDENT & CHIEF FINANCIAL OFFICER	43084753	B.COM, ACA	32	5-Jul-93	EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL OFFICER, UNITED BREWERIES LIMITED
21	N R RAJSEKHER	57	CHIEF OPERATING OFFICER	17226309	B.SC, PGCPM	34	8-Apr-82	SENIOR VICE PRESIDENT SALES, ERSTWHILE SHAW WALLACE DISTILLERIES LIMITED
22	NAGAPPA G S	58	CHIEF OPERATING OFFICER	8922070	B.SC	38	1-Aug-75	EXECUTIVE - ERSTWHILE HERBERTSONS LTD
23	NANDINI VERMA	59	EXECUTIVE VICE PRESIDENT - CORPORATE AFFAIRS - UB GROUP	12189893	B.A.(HONS), IFDAF	41	13-Apr-07	VICE PRESIDENT - CORPORATE AFFAIRS & PR, JET AIRWAYS LTD.
24	PARAMJIT SINGH GILL	51	DEPUTY PRESIDENT - ALL INDIA OPERATIONS	21090708	B.SC, M.PHIL, DIP IN LABOUR LAW, CHARTERED MARKETER	30	1-Jul-92	EXECUTIVE VICE PRESIDENT, UNITED NATIONAL BREWERIES (SA) (PTY) LIMITED, CENTURION
25	PODDAR P N ^(a)	60	SENIOR VICE PRESIDENT - MANUFACTURING	8955230	M.TECH, DMS	37	1-Jan-88	PRODUCTION MANAGER, UNION CARBIDE (I) LTD

Report of the Directors (Contd.)

SL. No	NAME	AGE	DESIGNATION/ NATURE OF DUTIES	REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
26	PRAKASH MIRPURI	49	ASSISTANT VICE PRESIDENT - CORPORATE MEDIA	6578751	BACHELOR OF GENERAL LAWS(BGL)	30	9-Apr-07	IPAN, DIRECTOR - CLIENT SERVICES
27	PRASAD S N	55	SENIOR VICE PRESIDENT- FINANCE & ACCOUNTS	8538753	B.COM, ACA, ACS	29	7-Mar-91	DEPUTY MANAGER, UB HOPPEKE ENERGY PRODUCT LIMITED
28	PRATIP SEN (a)	60	ASSISTANT VICE PRESIDENT - MANUFACTURING	3917984	B.TECH (CHEM), PGDBM	38	24-Nov-03	CHIEF EXECUTIVE OFFICER, VIVADA CHEMICALS PRIVATE LTD
29	RAGHUNATHAN A	61	EXECUTIVE VICE PRESIDENT - FINANCE & ACCOUNTS	14325715	B.COM, ACA	38	24-Sep-79	EXECUTIVE VICE PRESIDENT- FINANCE & ACCOUNTS ERSTWHILE HERBERTSONS LIMITED
30	RAJIV SURI	55	SENIOR VICE PRESIDENT-FINANCE & ACCOUNTS	5890380	B.COM, MBA, CA	35	16-May-94	SENIOR MANAGER - MARKETING FINANCE, RELIANCE INDUSTRIES LIMITED
31	RAVI NEDUNGADI A K	55	PRESIDENT & CHIEF FINANCIAL OFFICER - UB GROUP	35679521	B.COM (HONS), AICWA, CA	34	1-Jan-90	GROUP FINANCE DIRECTOR, UB INTERNATIONAL LTD., U.K.
32	SANJAY RAINA	48	EXECUTIVE VICE PRESIDENT - HUMAN RESOURCES	14584829	MSW - PERSONNEL MGMT, AMP (1 Year Advanced Management Certification)	26	19-Nov-08	HEAD HUMAN RESOURCE - NETWORK, SUPPLY CHAIN - INDIA & ER - SE ASIA, MOTOROLA INDIA PRIVATE LTD
33	SATISH S	53	ASSISTANT VICE PRESIDENT - PLANNING & CONTROL	6713196	B.COM.	32	21-Jul-89	ACCOUNTS OFFICER, BPL SANYO LTD
34	SATSANGI R	56	DIVISIONAL VICE PRESIDENT - MANUFACTURING	7546636	B.TECH(MECH)	34	19-Feb-96	PLANT MANAGER, PEPSICO INDIA HOLDING LTD., BANGALORE
35	SHARMA V K	70	EXECUTIVE DIRECTOR - CHAIRMAN'S OFFICE ERSTWHILE HERBERTSONS LTD	10681603	B.SC (NDA), DIP IN BMIA & PM	39	5-Oct-84	EXECUTIVE DIRECTOR - CHAIRMAN'S OFFICE
36	S.K. RASTOGI (a)	59	DIVISIONAL VICE PRESIDENT - QUALITY CONTROL	6693452	M.SC	41	14-Nov-82	QUALITY CONTROL OFFICER - JAGATJIT INDUSTRIES LTD
37	SREENATH K V	56	SENIOR GENERAL MANAGER - CHAIRMAN'S OFFICE	6654026	B.COM.	38	1-Apr-12	STENO - ACCOUNTS / CLERK - BOMBAY PAINTS & ALLIED PRODUCTS LTD
38	SUBRAMANIAN T V	58	ASSISTANT VICE PRESIDENT - BUSINESS DEVELOPMENTS	6620771	M.COM. ICWA	35	16-Jun-86	MANAGER-BRANCH SERVICES, DECOM MARKETING LTD
39	SUDARSHAN V ACHARYA	54	DIVISIONAL VICE PRESIDENT - RAW MATERIALS & OVERSEAS SUPPLY CHAIN	6266165	B.COM., DO-MAT, DIP-LABOUR LAW	31	20-Jan-89	ASSISTANT MANAGER - PURCHASE, ASTRA IDL LTD, BANGALORE
40	SURESH MENON I P	56	EXECUTIVE VICE PRESIDENT - PLANNING & CONTROL	12891388	MMS, B.A. (HONS.)	35	1-Apr-85	SECRETARY & FINANCE MANAGER, UB ELECTRONIC INSTRUMENTS LTD
41	SURYANARAYANAN S	52	ASSISTANT VICE PRESIDENT - ENGINEERING	6084371	B.SC, B.TECH (MECH)	30	10-Feb-89	PURCHASE OFFICER, SUNDARAM - CLAYTON LTD, HOSUR
42	UNNATI SINHA	46	SENIOR VICE PRESIDENT - MARKETING	10214914	B.SC, MBA,	22	14-Nov-11	SALES & MARKETING HEAD- COLGATE PALMOLIVE INDIA LTD.
43	VENKATARAMAN V S	59	EXECUTIVE VICE PRESIDENT & COMPANY SECRETARY	13035279	B.COM.(HONS.), ACS	41	20-Aug-82	DEPUTY COMPANY SECRETARY, UNITED BREWERIES LTD
44	VINEET CHHABRA	48	CHIEF OPERATING OFFICER	18016078	B.COM, ACA	20	15-Jun-11	CHIEF EXECUTIVE OFFICER - GLOBAL GREEN
45	VINEET KUMAR KAPILA ^(a)	52	CHIEF OPERATING OFFICER	6228155	B.COM, PDGM	28	30-Nov-12	PRESIDENT & CHIEF EXECUTIVE OFFICER - SPENCERS RETAIL
46	VIVEK PRAKASH	53	CHIEF OPERATING OFFICER - CSD	13029206	B.COM, LLB, MBA	31	15-Jun-98	DEPUTY GENERAL MANAGER - ERSTWHILE SHAW WALLACE & COMPANY LIMITED

(a) Employed for part of the year.

Notes:

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

By Authority of the Board

Bangalore
May 15, 2013

Dr. VIJAY MALLYA
Chairman

On May 27, 2013, Relay B.V., an indirect wholly owned subsidiary of Diageo plc, subscribed to a preferential allotment of shares in the Company in accordance with the terms of the Preferential Allotment Agreement ("PAA") entered into between Diageo plc, Relay B.V. and the Company on November 09, 2012. Relay B.V. was allotted 14,532,775 equity shares representing 10.00% of the post issue paid up equity capital of the Company.

Separately, Relay B.V. acquired 58,668 equity shares of the Company representing 0.04% of the post issue paid up equity capital of the Company from the public shareholders of the Company, pursuant to an Open Offer, made by Relay B.V. together with Diageo plc and others as persons acting in concert, in accordance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

On July 4, 2013, Relay B.V., acquired a further 21,767,749 equity shares representing 14.98% of the post issue capital of the Company, collectively from United Breweries (Holdings) Limited ("UBHL"), Kingfisher Finvest India Limited ("KFIL"), SWEW Benefit Company, Palmer Investment Group Limited and UB Sports Management Overseas Limited, (collectively called "the Sellers"), in accordance with the terms of the Share Purchase Agreement ("SPA") dated November 9, 2012 (as amended from time to time) entered into between the Sellers, Dr. Vijay Mallya and Mr. A. K. R. Nedungadi (as Trustees of USL Benefit Trust), Diageo plc and Relay B.V.

The acquisition by Relay B.V. of 3,459,090 equity shares representing 2.38% of the post issue paid up equity capital of the Company held by USL Benefit Trust (of which the Company is the sole beneficiary) in terms of the SPA, was not completed on July 4, 2013 and is proposed to be completed upon the release of security that is currently held over those shares by certain lenders.

Relay B.V. now holds 36,359,192 equity shares representing 25.02% of the post issue paid-up equity capital of the Company.

With completion of the acquisition of the shares under the SPA, the Shareholders' Agreement dated November 9, 2012 between Diageo plc, UBHL, KFIL and Relay B.V., as amended from time to time ("Shareholders' Agreement") is effective from July 4, 2013 and accordingly Diageo plc and Relay B.V. will be considered 'promoters' of the Company and will be included as promoters in subsequent disclosures by the Company. UBHL and KFIL will also continue as promoters of the Company.

Consequently, the Board and various Committees of the Board were re-constituted on July 4, 2013. In order to update the members, your Company provides herein the changes, by way of an addendum to the Directors' Report, which was approved by the Board of Directors at their meeting held on May 15, 2013 for submitting at the 14th Annual General Meeting of the Company.

1. Operations / Prospects

During the first quarter of the current financial year, your Company has achieved a sales volume of 31.34 million cases compared to 31.27 million cases in the same quarter of the previous year.

Profit from operations stood at Rs.1,967.82 million compared to Rs.2,300.84 million in the same quarter of the previous year. The reduction in the profit is mainly on account of increase in input costs.

The combined financial and marketing strength of both Diageo plc and the Company is expected to accelerate the growth of the Company in the years to come.

2. Capital and Dividend

The Authorised Capital of your Company remains unchanged at Rs. 5,542,000,000/- divided into 395,000,000 Equity Shares of Rs.10/- each and 159,200,000 Preference Shares of Rs.10/- each. However, after the financial year ended on March 31, 2013, the issued, subscribed and paid-up Equity Share capital of your Company stood increased to Rs 1,453,277,430/- divided into 145,327,743 Equity Shares of Rs 10/- each consequent upon the issue and allotment of 14,532,775 Equity Shares of Rs 10/- each, fully paid up at a price of Rs 1440/- per Equity Share on preferential basis to Relay B.V. pursuant to the PAA.

At the Meeting held on May 15, 2013, the Board of Directors recommended the payment of dividend at the rate of Rs. 2.50 per equity share on the then existing paid up shares of the Company for the financial year ended March 31, 2013 for consideration of the Shareholders at the ensuing Annual General Meeting. In terms of the regulations in this regard, the equity shares, issued on preferential basis, as aforesaid, rank pari passu with the existing shares of the company and, therefore, will also be eligible for the dividend at the rate of Rs.2.50 per Equity Share for the financial year ended March 31, 2013.

3. Global Depository Share (GDSs)

As on August 16, 2013, there was an outstanding of 952,826 GDSs representing 476,413 equity shares.

4. Subsidiary

Subsequent to the approval of the Directors' Report on May 15, 2013, Four Seasons Wines Limited, a subsidiary of the Company became a wholly owned subsidiary of the Company.

By order dated May 30, 2013, the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) declared Tern Distilleries Private Limited (Tern), a wholly owned subsidiary of the Company, as a sick industrial company and directed Tern to submit a fully tied up Draft Rehabilitation Scheme.

5. Depository System

As on August 16, 2013, equity shares representing 98.43% of the equity share capital are in dematerialized form.

6. Open Offer to the public shareholders of Pioneer Distilleries Limited, a subsidiary of the Company:

Pursuant to the completion of the acquisition of certain shares of the Company by Relay B.V and with the coming into effect of the Shareholders' Agreement, as described elsewhere in the Report, Diageo plc and Relay B.V. have been identified as part of the "Promoter & Promoter Group" of the Company and consequently, an Open Offer is proposed to be made by Relay B.V. along with Diageo plc and the Company, as persons acting in concert, pursuant to the relevant provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to the Public Shareholders of Pioneer Distilleries Limited ("PDL") to acquire up to 2,466,168 Equity Shares, representing 18.42% of the current paid capital of PDL at a cash price of Rs. 64.02 per Equity Share. The Detailed Public Statement on the above has been published on July 11, 2013 and the draft letter of offer has been filed with the Securities and Exchange Board of India on July 18, 2013.

7. Alteration of Articles of Association of the Company

With the consummation of the transactions contemplated under the SPA and the Shareholders' Agreement coming into effect from July 04, 2013, the existing Articles of Association of the Company are

proposed to be altered by substitution with a new set of Articles of Association, to reflect certain provisions of the Shareholders' Agreement.

8. Directors

A. Appointment of new directors:

- (i) **Mr. Gilbert Ghostine (Mr. Ghostine)**, a nominee of Relay B.V. has been appointed as Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 with effect from May 27, 2013. The Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder of the Company signifying his intention to propose the candidature of Mr. Ghostine as a director of your Company. Mr. Ghostine will hold office till the date of the forthcoming Annual General Meeting.
- (ii) **Mr. Ravi Rajagopal (Mr. Rajagopal) and Mr. P.A. Murali (Mr. Murali)**, nominees of Relay B.V., were appointed as Additional Directors of the Company in terms of Section 260 of the Companies Act, 1956 with effect from July 4, 2013. **Mr. Paul Steven Walsh (Mr. Walsh)**, a nominee of Relay B.V., was appointed as Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 with effect from August 19, 2013. The Company has received notices under Section 257 of the Companies Act, 1956 from the shareholders of the Company signifying their intention to propose the candidature of Mr. Rajagopal, Mr. Murali and Mr. Walsh as directors of your Company. Mr. Rajagopal, Mr. Murali and Mr. Walsh will hold office till the date of the forthcoming Annual General Meeting.

Mr. Murali was appointed as an Executive Director of the Company in terms of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, for a period of 5 (five) years, with effect from July 04, 2013 on the terms and conditions contained in the accompanying Notice convening the Annual General Meeting, subject to approval of the shareholders at the forthcoming Annual General Meeting.

So long as Mr. Murali continues as Executive Director of the Company, he shall not be liable to retire by rotation.

(iii) Mr. Arunkumar Ramanlal Gandhi (Mr. Gandhi), Mr. Sudhakar Rao (Mr. Rao), Mr. Sivanandhan Dhanushkodi (Mr. D. Sivanandhan) and Ms. Renu Sud Karnad (Ms. Karnad) have all been appointed as Additional Directors of the Company in terms of Section 260 of the Companies Act, 1956, in the capacity of independent directors, with effect from July 04, 2013. Mr Vikram Singh Mehta (Mr Mehta) has been appointed as Additional Director of the Company in terms of Section 260 of the Companies Act, 1956, in the capacity of independent director, with effect from August 19, 2013. The Company has received Notices under Section 257 of the Companies Act, 1956 from the shareholders of the Company signifying their intention to propose the candidatures of Mr. Gandhi, Mr. Rao, Mr. D. Sivanandhan, Ms. Karnad and Mr Mehta as directors of your Company. These Additional Directors will hold office till the date of the forthcoming Annual General Meeting.

B. Resignation of directors:

The following directors tendered their resignation to the Board which were accepted by the Board of Directors at their meeting held on July 4, 2013, to take effect from the conclusion of the meeting.

Mr. S.R.Gupte
Mr. M.R.Doraiswamy lyengar
Mr. B.M.Labroo
Mr. Sreedhara Menon and
Mr. Sudhindar Krishan Khanna

The Board placed on record their appreciation of the yeoman services rendered by the above directors during their tenure as directors of the Company.

Consequent to the resignation of the above directors, Dr.Vijay Mallya will retire by rotation instead of Mr.Subhash Raghunath Gupte and Mr.Sudhindar Krishan Khanna. Dr. Vijay Mallya being eligible, offers himself for re-appointment.

9. Appointment of Statutory Auditors

M/s Walker, Chandiok & Co., your Company's Auditors are not seeking re-appointment at the forthcoming Annual General Meeting. Your Directors place on record their appreciation of the valuable services rendered by them during their tenure as Auditors of your Company. It is proposed to appoint M/s. B S R & Co., Chartered Accountants (Registration No.101248W), as the Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. B S R & Co., Chartered Accountants (Registration No.101248W), have consented to be the Auditors of the Company if appointed by the Members at the Annual General Meeting and have also confirmed that their appointment would be within the limits specified under Section 224(1-B) of the Companies Act, 1956.

10. Corporate Governance

The Corporate Governance Report attached to the Directors' Report was approved by the Board of Directors at their meeting held on May 15, 2013, consequent upon the consummation of the Share Purchase Agreement and coming into effect of the Shareholders' Agreement, an Addendum to the aforesaid Corporate Governance Report is annexed hereto to update the members along with a certificate from a practicing Company Secretary on compliances thereof.

11. Fixed Deposits

Fixed Deposits from the public and shareholders, stood at Rs. 4359.83 Million as at March 31, 2013. Matured deposits for which disposal instructions had not been received from the depositors concerned stood at Rs. 86.20 Million as at March 31, 2013. Of this, a sum of 32.73 Million (as of 16.08.2013) has since been paid as per instructions received after the year-end.

By Authority of the Board,

Place : Goa
Date : August 19, 2013

Dr.Vijay Mallya
Chairman

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company believes that Good Corporate Governance, apart from enhancing the image of the Company, helps in retaining shareholders' and other stakeholders' confidence on a sustainable basis.

Your Company's philosophy on Corporate Governance is founded upon a rich legacy of integrity, accountability, fairness and transparency and therefore, your Company remains committed to these basic tenets towards achieving excellence in Corporate Governance. Your Company pursues growth by adopting best corporate practices and timely disclosures to enhance the long term value and aspirations of all shareholders and other stakeholders.

2. BOARD OF DIRECTORS

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

During the financial year under review, Eight Board Meetings were held, i.e., on April 25, 2012, May 29, 2012, July 27, 2012, September 25, 2012, October 11, 2012, November 09, 2012 (2 meetings), February 04, 2013.

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

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 25.09.2012	No. of other Companies in which Director	No of Committees (other than the Company) in which Chairman/Member
Dr. Vijay Mallya	Non Executive Chairman	8	Yes	17	-NIL-
Mr. S.R. Gupte	Non Executive Vice Chairman	8	Yes	8	4 (Chairman of 2)
Mr. Ashok Capoor	Executive / Managing Director	8	Yes	2	1 (Chairman of 1)
Mr. M.R. Doraiswamy Iyengar	Independent Non Executive Director	6	Yes	3	4 (Chairman of 3)
Mr. B.M. Labroo	Independent Non Executive Director	8	Yes	7	1 (Chairman of 1)
Mr. Sreedhara Menon	Independent Non Executive Director	6	No	2	-NIL-
Mr. Sudhindar Krishan Khanna	Independent Non Executive Director	6	Yes	10	-NIL-
Mr. G.N. Bajpai	Independent Non Executive Director	8	Yes	16	8 (Chairman of 5)

NOTE:

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

- Out of 17 other Companies in which Dr. Vijay Mallya is a Director, 7 are Private Limited Companies of which one is a subsidiary of a Public Company and 2 are Section 25 Companies.
- Out of 8 other Companies in which Mr. S. R. Gupte is a Director, 2 are Private Limited Companies and 2 are Section 25 Companies.
- Out of 3 other Companies in which Mr. M.R. Doraiswamy Iyengar is a Director, 1 is a Private Limited Company.
- Out of 7 other Companies in which Mr. B.M. Labroo is a Director, 5 are Private Limited Companies.
- Out of 10 other Companies in which Mr. Sudhindar Krishan Khanna is a Director, 2 are Private Limited Companies.
- Out of 16 other Companies in which Mr. G.N. Bajpai is a Director, 3 are Private Limited Companies and 2 are Section 25 Companies.
- None of the Directors are related to any other Director.

DISCLOSURES REGARDING APPOINTMENT AND REAPPOINTMENT OF DIRECTORS

Directors retiring by rotation and being reappointed

Mr. Subhash Raghunath Gupte

Mr. Subhash Raghunath Gupte (Mr. Gupte), aged 74 years, is a Chartered Accountant. He has worked with Caltex India Limited for 5½ years in various capacities. Mr. Gupte joined Air India in 1969 and worked in various positions in India and abroad. He was Director of Finance as also Director-Human Resources Development and Deputy Managing Director. He took over as acting Chairman and Managing Director of Air India from 17th July 1990 and was also Chairman of Hotel Corporation of India till November 1991. During his tenure with Air India, he was on the Board of Air Mauritius, Indian Airlines and was Deputy Chairman and Vice President of Airline Mutual Insurance based in Bermuda. He was a Member of International Air Transport Association (IATA) Executive and Financial Committees and Fuel Trade Group. He was also a Director on the Board of Pacific Asia Travel Association (PATA). He has been with the UB Group for the last 21 years.

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

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

Other Directorships	Position held
1. Sanofi India Limited (formerly Aventis Pharma Ltd)	Director
2. Kingfisher Airlines Ltd	Director
3. Mangalore Chemicals & Fertilizers Ltd	Director
4. UB Electronic Instruments Ltd	Chairman
5. United Helicharters Pvt Ltd	Chairman
6. VJM Media Pvt Ltd.	Chairman
7. SWEW Benefit Company	Managing Committee Member
8. Federation of Indian Chambers of Commerce & Industry (FICCI)	Executive Committee Member

Mr. Gupte is a Member of the following Committees:

Name of the Committee	Position Held
Audit Committee:	
Sanofi India Limited (formerly Aventis Pharma Ltd)	Chairman
Mangalore Chemicals & Fertilizers Ltd	Member
UB Electronic Instruments Ltd	
Shareholders/Investors Grievance Committee:	
Sanofi India Limited (formerly Aventis Pharma Ltd)	Chairman
Kingfisher Airlines Limited	Member

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

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

Mr. Sudhinder Krishan Khanna

Mr. Sudhinder Krishan Khanna (Mr. Khanna), aged 60 years, is a Chartered Accountant. Mr. Khanna joined Accenture, London as a senior consultant in 1977 and was promoted to partner in 1986. Mr. Khanna possesses a very large range of experience in advising clients in strategy, re-engineering and technology across a range of industries at the Chairman/CEO level in approximately 20 countries. Mr. Khanna was responsible for setting up the Accenture business in India and was the Country Managing Partner for India at the Middle East. He retired from Accenture after 30 years, his last position being Global Managing Partner - Outsourcing, based in London. Presently, he is the Chairman of IEP Fund Advisors Private Limited, Mumbai, a Private Equity Firm.

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

Other Directorships	Position held
1. IEP Fund Advisors Private Limited	Director
2. Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited	Director
3. Peninsula Land Limited	Director
4. Facet Construction Engineering Pvt. Ltd.	Director
5. HCL Technologies Limited	Director
6. Innovative Foods Limited	Director
7. My Home Industries Limited	Director
8. Axiss Dental Private Limited	Director
9. Startrek Logistics Private Limited	Director
10. R G Scientific Enterprises Private Limited	Director

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

Mr. Khanna holds 2,414 shares in the Company.

3. AUDIT COMMITTEE

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

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

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit
 - Compliance with Stock Exchange and legal requirements concerning financial statements
 - Disclosure of any related party transactions.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors

The Committee, *inter alia*, has reviewed the financial statements including Auditors' Report for the year ended March 31, 2013 and has recommended its adoption. In addition, the Committee has also reviewed Unaudited (Provisional) quarterly results for June 30, 2012, quarterly and half yearly results for September 30, 2012 and quarterly results for December 31, 2012 which were subjected to a Limited Review by the Statutory Auditors of the Company and audited financial results for the year ended March 31, 2013.

During the financial year, five meetings were held i.e., on April 25, 2012, May 29, 2012, July 27, 2012, November 08, 2012 and February 01, 2013. The details of attendance by members of the Committee are as below:

Name of the Director	No. of Meetings	Meetings attended
Mr. M.R. Doraiswamy Iyengar (Chairman)	5	5
Mr. S.R. Gupte	5	5
Mr. B.M. Labroo	5	5
Mr. Sreedhara Menon	5	5

4. COMPENSATION COMMITTEE

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

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

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

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

During the financial year, two meetings were held on July 27, 2012 and February 01, 2013 which were attended by all the members of the Committee.

Remuneration of Directors:

The details of Remuneration paid/payable to the Directors during the Financial Year April 1, 2012 to March 31, 2013 are given below:

a) Executive Directors

Managing Director: Mr. Ashok Capoor

Salary & Allowances	Performance Linked incentive	Perquisites	Retirement Benefits
Rs.	Rs.	Rs.	Rs.
20,944,060	13,296,595	7,208,118	5,074,517

Notes:

1. Mr. Ashok Capoor was appointed as the Managing Director of the Company for a period of three years with effect from May 02, 2011. The terms and conditions of appointment and remuneration of Mr. Ashok Capoor are as set out in the resolution approved by the shareholders at the Annual General Meeting held on September 29, 2011 and as per the rules of the Company as applicable.

2. The terms of remuneration payable to Mr Ashok Capoor was revised at the Board Meeting held on February 04, 2013, which are as set out in the Special Resolution to be approved by the shareholders at the ensuing Annual General Meeting to be held on September 24, 2013.
3. The employment of Mr. Ashok Capoor is terminable on either side by giving six months notice as per the rules of the Company.
4. There is no severance fee.
5. No stock option has been granted during the year.

b) Non - Executive Directors

Sitting Fees are paid to Non-Executive Directors for attending Board/ Committee Meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred for attending such meetings:

Name of the Director	Sitting fees
Dr. Vijay Mallya	1,60,000
Mr. S.R. Gupte	3,40,000
Mr. Ashok Capoor	N.A.
Mr. M.R.Doraiswamy Iyengar	4,60,000
Mr. B.M. Labroo	4,40,000
Mr. Sreedhara Menon	Nil
Mr. Sudhindar Krishan Khanna	1,50,000
Mr. G.N. Bajpai	1,90,000

Non-Executive Directors are also eligible for Commission every year not exceeding one per cent of the net profits of the Company as approved by the shareholders at the Annual General Meeting held on September 29, 2010 to remain in force for a period of five years from April 1, 2011. Such Commission may be apportioned amongst the Directors in any manner they deem fit.

The Commission of Rs. 5,59,86,000/- on profits for the year ended March 31, 2013 will be paid after adoption of Accounts by Shareholders at the Annual General Meeting to be held on September 24, 2013 and apportioned amongst the Directors in any manner they deem fit.

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

Name of the Director	No. of Shares held
Dr. Vijay Mallya	12,510
Mr. S.R. Gupte	Nil
Mr. Ashok Capoor	Nil
Mr. M. R. Doraiswamy Iyengar	21
Mr. B.M. Labroo	1,36,200
Mr. Sreedhara Menon	Nil
Mr. S. K. Khanna	2,414
Mr.G.N.Bajpai	Nil

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

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

The Committee comprises at present the following Directors:

Mr. M. R. Doraiswamy Iyengar, Chairman
Mr. B. M. Labroo

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

During the financial year four meetings were held on April 25, 2012, July 27, 2012, November 09, 2012 and February 01, 2013 attended by both Mr. M.R. Doraiswamy Iyengar and Mr. B. M. Labroo, members of the Committee.

The Company/Company's Registrars received 84 complaints during the financial year, all of which were resolved to the satisfaction of shareholders/investors.

There are no complaints or Transfer of Shares pending as on March 31, 2013.

The Company also has a Committee of Directors with authority delegated by the Board of Directors, inter alia, to approve transfer and transmission of shares, issue of new share certificates on account of certificates lost, defaced, etc., dealing with matters relating to post amalgamation of companies, delegated by the Board of Directors from time to time and for other routine operations such as issue of power of attorney, operation of bank accounts etc

The Committee comprises at present the following Directors:

Mr. S.R. Gupte
Mr. M.R. Doraiswamy Iyengar
Mr. Ashok Capoor and
Mr. B.M. Labroo

In connection with the proposed Open Offer by Relay B.V., an indirect wholly owned subsidiary of Diageo plc., to the public shareholders of the Company, a Committee of Independent Directors was constituted on December 14, 2012, pursuant to the requirement of Regulation 26(7) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 which comprises at present, of the following independent directors:

- Mr G N Bajpai, Chairman
- Mr M R Doraiswamy Iyengar
- Mr B M Labroo
- Mr Sreedhara Menon and
- Mr Sudhindar Krishan Khanna

During the financial year under review, three meetings were held on December 17, 2012, February 04, 2013 and March 25, 2013.

6. GENERAL BODY MEETINGS

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

Financial Year ended	Date	Time	Venue
March 31, 2012	September 25, 2012	11.30 a.m.	Good Shepherd Auditorium, Opposite St.Joseph's Pre-University College, Residency Road, Bangalore - 560 025
March 31, 2011	September 29, 2011	11.30 a.m.	Good Shepherd Auditorium, Opposite St.Joseph's Pre-University College, Residency Road, Bangalore - 560 025
March 31, 2010	September 29, 2010	11.00 a.m.	Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.

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

AGM held on	Subject matter of the Special Resolution
September 29, 2012	No special resolution was passed at this meeting.
September 29, 2011	Appointment of Mr. Ashok Capoor as Managing Director.
September 29, 2010	Approval for payment of commission to Non-Executive Directors

All the resolutions set out in the Notices including special resolutions as above were passed by the Shareholders.

POSTAL BALLOT

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

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

During the financial year 2012-2013, pursuant to Section 192A of the Companies Act, 1956, ("the Act") read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the Company had conducted a postal ballot exercise following the provisions and rules framed under the Act for conducting Postal Ballot.

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

Date of Notice of Postal Ballot	Date of scrutinizer's report	Description	Result
November 9, 2012	December 14, 2012	Special Resolution under Section 81(1A) of the Companies Act, 1956: Issue and Allotment of 1,45,32,775 equity shares of face value of Rs.10/- each at a price of Rs.1,440/- per share to Relay B.V., an indirect wholly owned subsidiary of Diageo plc.	Carried with requisite majority. Number of Votes cast in favour - 72,111,372 (98.635) and Number of Votes cast against - 1,003,411 (1.37%). Date of Announcement: December 14, 2012.

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

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

In compliance with the provisions of Section 192A of the Companies Act, 1956 read with the Rules, the Company had provided e-voting facility as an alternate, to all the shareholders to enable them cast their vote electronically instead of dispatching postal ballot form. However, exercising e-voting facility by the shareholders was optional.

7. DISCLOSURES

During the financial year ended March 31, 2013, the related party transactions with its promoters, the Directors or the management, their subsidiaries or relatives, etc., have been disclosed in the Notes on Accounts.

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

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

Code of Conduct

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has adopted a Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel, a copy of which is available at the Company's website, www.unitedspirits.in. All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year ended March 31, 2013 and a declaration to this effect signed by the Managing Director is forming part of this report.

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

8. MEANS OF COMMUNICATION

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

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

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

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

10. GENERAL SHAREHOLDER INFORMATION

a)	AGM Date, Time and Venue	Tuesday, September 24, 2013 at 11.00 a.m. at Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.
b)	Financial Year	April 1 to March 31
	First Quarterly Results	By August 14
	Second Quarterly Results	By November 14
	Third Quarterly Results	By February 14
	Audited Financial Results	By May 30
c)	Date of Book closure	September 18, 2013 to September 24, 2013 (Both days inclusive)
d)	Dividend payment date	After September 24, 2013
e)	Listing on Stock Exchanges:	The shares of the Company are listed on the following Stock Exchanges: 1. Bangalore Stock Exchange Limited (BgSE) 2. BSE Limited, (BSE) 3. National Stock Exchange of India Limited (NSE)

The listing fees for the years 2012-13 and 2013-14 (including the additional fees on increased paid up capital) have been paid to all the Stock Exchanges.

f)	Stock Code	
	BSE	Demat 532432 Physical 32432
	NSE	SYMBOL - McDOWELL-N
	BgSE	McDowell
g)	ISIN No.	INE854D01016
h)	Market price data	(As per Annexure A)

i)	Stock performance in comparison to BSE Sensex	(As per Annexure B)												
j)	Registrar and Transfer Agents	Integrated Enterprises (India) Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003 Tel. Nos. (080) 2346 0815-818 Fax No. (080) 2346 0819 Email: alfint@vsnl.com												
k)	Share Transfer System	The power to consider and approve share transfers / transmission / transposition / consolidation / subdivision etc. has been delegated to a Committee of Directors as indicated under the heading Shareholders' / Investors' Grievance Committee. The Committee meets generally once in a fortnight. The requirements under the Listing Agreement/ Statutory regulations in this regard are being followed.												
l)	Distribution of Shareholding	As per Annexure - C												
m)	Dematerialisation of shares (as on March 31, 2013)	<table> <thead> <tr> <th>Depositories</th> <th>Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>NSDL</td> <td>120631135</td> <td>92.23</td> </tr> <tr> <td>CDSL</td> <td>7797366</td> <td>5.96</td> </tr> <tr> <td>Total</td> <td>128428501</td> <td>98.19</td> </tr> </tbody> </table>	Depositories	Shares	%	NSDL	120631135	92.23	CDSL	7797366	5.96	Total	128428501	98.19
Depositories	Shares	%												
NSDL	120631135	92.23												
CDSL	7797366	5.96												
Total	128428501	98.19												
n)	Outstanding GDRs/ ADRs/ Warrants or any other Convertible instruments	742,390 Global Depository Shares (GDSs) representing 371,195 Equity Shares of Rs.10/- each as on March 31, 2013 (Two GDSs representing One equity share of Rs.10/- each).												
o)	Plant Locations	<ol style="list-style-type: none"> 1. Cherthala (Kerala) 2. Chennai (Tamil Nadu) 3. Hyderabad I (Andhra Pradesh) 4. Hyderabad II (Andhra Pradesh) 5. Ponda (Goa) 6. Hathidah (Bihar) 7. Kumbalgodu (Karnataka) 8. Rosa (Uttar Pradesh) 9. Udaipur (Rajasthan) 10. Serampore (West Bengal) 11. Bhopal - I (Madhya Pradesh) 12. Bhopal - II (Madhya Pradesh) 13. Asansol (West Bengal) 14. Nasik-I (Maharashtra) 15. Nasik-II (Maharashtra) 16. Puducherry (Puducherry) 17. Alwar (Rajasthan) 18. Aurangabad (Maharashtra) 19. Meerut (Uttar Pradesh) 20. Hospet (Karnataka) 21. Pathankot (Punjab) 22. Palwal (Haryana) 23. Gopalpur - on - sea (Orissa) 24. Palakkad (Kerala) 25. Baddi (Himachal Pradesh) 26. Bhadrakali (West Bengal) 27. Baramati (Maharashtra) 28. Zuari Nagar (Goa) 												

p)	Address for correspondence	<p>Shareholder correspondence should be addressed to the Company's Registrars and Transfer Agents:</p> <p>Integrated Enterprises (India) Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003. Tel. Nos. (080) 2346 0815-818 Fax No.(080) 2346 0819 Email: alfint@vsnl.com</p> <p>Investors may also write or contact the Company Secretary, Mr. V.S. Venkataraman or Mr. B. L. Akshara, Sr. Manager-Secretarial at the Registered Office of the Company at 'UB Tower', No.24, Vittal Mallya Road, Bangalore – 560 001. Tel. Nos. (080) 3985 6500 2221 0705 Fax No. (080) 3985 6862.</p> <p>In compliance with the provisions of Clause 47(f) of the Listing Agreement with the Stock Exchanges, an exclusive email Id, viz. uslinvestor@ubmail.com has been designated for registering complaint and its redressal by the Investor, which has been displayed on the website of the Company www.unitedspirits.in</p>
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Pursuant to Clause 5A of the Listing Agreement, an Unclaimed Suspense Account was opened with Stock Holding Corporation of India Limited on February 14, 2013 and the unclaimed shares as mentioned below were transferred to the account titled "United Spirits Limited Unclaimed Suspense Account" after the Company's Registrars & Transfer Agents sent three reminders to all the shareholders whose share certificates were returned undelivered and remained unclaimed.

Particulars	No. of shareholders	No. of equity shares held
Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying on March 12, 2013.	5,713	5,61,421
Number of shareholders who approached issuer for transfer of shares from Unclaimed Suspense Account during the year	Nil	Nil

Particulars	No. of shareholders	No. of equity shares held
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	Not Applicable	Not Applicable
Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying at the end of the year	5,713	5,61,421

The voting rights on the above shares shall remain frozen till the rightful owner claims the shares.

NON MANDATORY REQUIREMENTS

(1) Chairman of the Board

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

(2) Remuneration Committee

The Company has formed a Compensation Committee.

(3) Shareholder Rights

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

(4) Audit qualifications

The Auditors have issued unqualified Report on the Financial Statements for the year ended March 31, 2013.

(5) Training of Board Members

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

(6) Mechanism for evaluating non-executive Board Members

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

(7) Whistle Blower Policy

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

ANNEXURE A: MARKET PRICE DATA

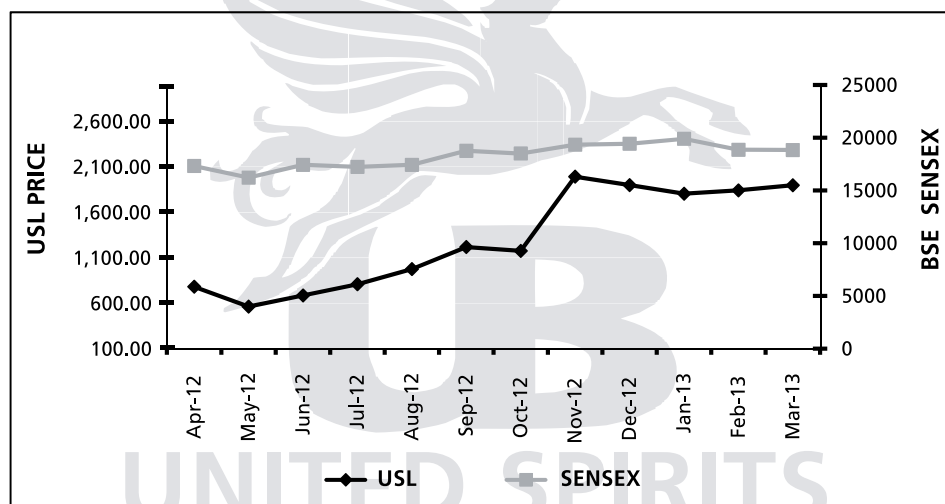
United Spirits Limited - Monthly BSE

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr-12	804.40	599.00	781.15	8425637
May-12	796.80	547.15	563.60	6639666
Jun-12	698.00	561.05	685.80	6728866
Jul-12	828.55	685.00	809.30	10666621
Aug-12	996.00	794.10	975.85	19063970
Sep-12	1294.95	799.00	1218.05	19875859
Oct-12	1424.30	990.00	1175.80	17764566
Nov-12	2149.00	1152.05	1992.30	24179587
Dec-12	2061.00	1855.00	1899.40	8230558
Jan-13	2002.35	1741.15	1805.00	5610691
Feb-13	1970.70	1770.00	1840.70	5898591
Mar-13	2013.80	1795.30	1898.00	5518960

United Spirits Limited - Monthly NSE

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr-12	804.70	599.15	781.45	40857208
May-12	796.35	547.30	563.70	34324486
Jun-12	695.00	505.00	686.35	31430090
Jul-12	828.55	681.50	809.20	55774161
Aug-12	996.00	793.00	969.15	95574330
Sep-12	1295.00	890.00	1216.10	94485767
Oct-12	1314.95	989.10	1175.75	85287415
Nov-12	2150.00	1151.60	1996.20	108053260
Dec-12	2061.00	1854.75	1898.75	38764488
Jan-13	2002.20	1740.00	1804.40	30098512
Feb-13	1972.25	1769.20	1840.10	30123030
Mar-13	2014.80	1796.90	1899.15	27551072

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



ANNEXURE C: DISTRIBUTION OF HOLDINGS (as on March 31, 2013)

VALUEWISE

Shareholding of nominal value	Shareholders		Share Amount	
	Number	% to Total	in Rs.	% to Total
Rs.	(3)	(4)	(5)	
(1) (2)	(3)	(4)	(5)	
Upto - 5,000	77,328	99.11	78,615,090	6.01
5,001 - 10,000	179	0.23	13,064,730	1.00
10,001 - 20,000	163	0.21	24,063,270	1.84
20,001 - 30,000	64	0.08	15,790,570	1.21
30,001 - 40,000	44	0.06	15,457,190	1.18
40,001 - 50,000	31	0.04	14,118,020	1.08
50,001 - 100,000	81	0.10	57,037,570	0.72
100,001 and above	135	0.17	1,089,803,240	83.32
Total	78,025	100.00	1,307,949,680	100.00

CATEGORYWISE

Category	No. of Shares	% of Equity Capital
Promoter Group	33,332,907	25.48
Resident Body Corporate (including clearing members)	7,873,592	6.02
Banks / FI / FII / MF / UTI / Trust / Central/ State Government & Insurance Companies	68,939,490	52.72
NRI / OCB / FCB / Foreign Nationals	5,744,219	4.39
G D S	371,195	0.28
Resident Individuals	14,533,565	11.11
Total	130,794,968	100.00

CERTIFICATE ON CORPORATE GOVERNANCE

The Members of,
United Spirits Limited

We have examined the compliance of conditions of Corporate Governance by United Spirits Limited, for the year ended on March 31, 2013 as stipulated in Clause 49 of the Listing Agreement, as amended, of the said Company with Stock Exchanges in India.

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

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

We state that in respect of investor grievances received during the year ended on March 31, 2013, no grievances are pending against the Company as per the records maintained by the company and presented to the Shareholders'/Investors' Grievance Committee.

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

Bangalore
May 15, 2013

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

CEO/CFO CERTIFICATE

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

Bangalore
May 15, 2013

Ashok Capoor
Managing Director

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirement of Clause 49 of the Listing Agreement, Code of Conduct as approved by the Board of Directors of the Company on December 30, 2005 had been displayed at the Company's website www.unitedspirits.in. All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year March 31, 2013.

Bangalore
May 15, 2013

Ashok Capoor
Managing Director

On May 27, 2013, Relay B.V., an indirect wholly owned subsidiary of Diageo plc, subscribed to a preferential allotment of shares in the Company in accordance with the terms of the Preferential Allotment Agreement ("PAA") entered into between Diageo plc, Relay B.V. and the Company on November 09, 2012. Relay B.V. was allotted 14,532,775 equity shares representing 10.00% of the post issue paid up equity capital of the Company.

Separately, Relay B.V. acquired 58,668 equity shares, representing 0.04% of the post issue paid up equity capital of the Company from the public shareholders of the Company, pursuant to an Open Offer made by Relay B.V. together with Diageo plc and others as persons acting in concert, in accordance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

On July 4, 2013, Relay B.V., acquired a further 21,767,749 equity shares representing 14.98% of the post issue capital of the Company, collectively from United Breweries (Holdings) Limited ("UBHL") and Kingfisher Finvest India Limited ("KFIL"), SWEW Benefit Company, Palmer Investment Group Limited and UB Sports Management Overseas Limited, (collectively called "the Sellers"), in accordance with the terms of the Share Purchase Agreement ("SPA") dated November 09, 2012 (as amended from time to time) entered into between the Sellers, Dr Vijay Mallya and Mr. A K R Nedungadi (as Trustees of USL Benefit Trust), Diageo plc and Relay B.V.

The acquisition by Relay B.V. of 3,459,090 equity shares representing 2.38% of the post issue paid up equity capital of the Company held by USL Benefit Trust (of which the Company is the sole beneficiary) in terms the SPA, was not completed on July 4, 2013 and is proposed to be completed upon the release of security that is currently held over those shares by certain lenders.

Relay B.V. now holds 36,359,192 equity shares representing 25.02% of the post issue paid-up equity capital of the Company.

With completion of the acquisition of the shares under the SPA, the Shareholders' Agreement dated November 9, 2012 entered into between UBHL, KFIL, Diageo plc and Relay B.V., as amended from time to time ("Shareholders' Agreement") is effective from July 04, 2013 and accordingly, Diageo plc and Relay B.V. will be considered 'promoters' of the Company and will be included as promoters in subsequent disclosures by the Company. UBHL and KFIL will also continue as promoters of the Company.

Consequently, the Board and various Committees of the Board were re-constituted on July 4, 2013. In order to update the members, your Company provides herein the changes, by way of an addendum to the Corporate Governance Report, which was approved by the Board of Directors at their meeting held on May 15, 2013 for submitting at the 14th Annual General Meeting of the Company.

I. BOARD OF DIRECTORS

The Board of Directors of the Company comprises of:

- 1 Non-Executive Chairman (Existing)
- 1 Managing Director (Existing)
- 1 Executive Director (New)
- 3 Non-Executive Directors (New) and
- 6 Independent Directors (one Existing and five New)

Category of directorships, details of number of outside Directorship and Committee position held by each of the new Directors as on date, are given below:

Name of the Director	Category of Directorship	No. of other Companies in which Director	No. of Mandatory Committees (other than the Company) in which Chairman/ Member
Mr. Gilbert Ghostine	Non Executive Director	NIL	NIL
Mr. Arunkumar Ramanlal Gandhi	Independent Non Executive Director	2	1
Mr. Sudhakar Rao	Independent Non Executive Director	11	4 (Chairman of 2)
Mr. D. Sivanandhan	Independent Non Executive Director	6	1 (Chairman)
Ms. Renu Sud Karnad	Independent Non Executive Director	19	5 (Chairperson of 3)
Mr. Ravi Rajagopal	Non Executive Director	NIL	NIL
Mr.P.A.Murali	Executive Director	10	2 (Chairman of 1)
Mr Paul Steven Walsh	Non Executive Director	NIL	NIL
Mr Vikram Singh Mehta	Independent Non Executive Director	7	2 (Chairman of 1)

Note:

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

- (i) Out of the 11 companies in which Mr Sudhakar Rao is a Director, 1 is a Private Limited Company and 4 are Section 25 companies.
- (ii) Out of 6 companies in which Mr D Sivanandhan is a Director, 1 is a Private Limited Company.

- (iii) Out of 19 companies in which Ms Renu Sud Karnad is a Director, 6 are Private Limited Companies of which 2 are subsidiaries of Public Limited Company and 1 is a Section 25 company.
- (iv) Out of 10 companies in which Mr P A Murali is a Director, 6 are Private Limited Companies of which two are subsidiaries of a Public Limited Company and 1 is a Section 25 company.
- (v) Out of 7 companies in which Mr.Vikram Singh Mehta (Mr.Mehta) is a Director, 1 is a Private Limited Company. Mr.Mehta is also Designated Partner in TMA Estates LLP.

DISCLOSURES REGARDING APPOINTMENT, REAPPOINTMENT AND RESIGNATION OF DIRECTORS

(1) New Directors:

(a) Mr. Gilbert Ghostine

Mr. Gilbert Ghostine (Mr. Ghostine) graduated from Saint Joseph University, Lebanon, in 1985 with a Masters' in Business Administration and a major in marketing. Mr. Ghostine is the President of Diageo Asia Pacific and a member of the Global Executive Committee of Diageo plc. He is responsible for all of the Diageo's businesses in Australasia, Greater China, North Asia, South East Asia, India, the Middle East, North African and Global Travel. He has been with Diageo for 20 years covering leadership roles in Africa, Asia, the USA and Europe. His previous roles include Managing Director Continental Europe for Diageo Europe, President of US Major Markets and National Accounts for Diageo North America and Managing Director of Eastern / Central Europe, Middle East and Africa for Diageo Venture Markets.

Mr. Ghostine has over 25 years of experience.

Mr. Ghostine is not a director in any other Indian Company.

At the Meeting of the Board of Directors held on July 31, 2013, Mr.Ghostine has been appointed as a Member of the Audit Committee and Compensation Committee of Directors of the Company.

(b) Mr P A Murali

Mr.P.A.Murali (Mr. Murali) was the Joint President and Chief Financial Officer of United Spirits Limited before he became an Executive Director.

Mr.Murali has had a rich experience of over two decades in UB Group and was instrumental in the creation of United Spirits Limited (USL) by the consolidation and mergers of all the spirits businesses of the UB Group. He has spearheaded the efforts of USL for a successful completion of the GDR/FCCB issue of \$230 Million in 2006. He played a leading and vital role in the acquisition of Whyte and Mackay, UK, Bouvet Ladubay SA, France and Liquidity Inc, USA. He joined the UB Group as Senior Manager – Finance in Mumbai. He is a Chartered Accountant and holds a Bachelors' Degree in Commerce.

Mr. Murali has over 32 years of experience.

Directorships in other Indian Companies	Position held
Four Seasons Wines Limited	Director
Pioneer Distilleries Limited	Chairman
Sovereign Distilleries Limited	Chairman
Royal Challengers Sports Private Limited	Director
Tern Distilleries Private Limited	Director
Talesi Ventures Private Limited	Director
VJM Investments Private Limited	Director
Yenkay Associates Private Limited	Director
Seeitfirst.com India Private Limited	Director
SWEW Benefit Company	Patron & Managing Committee Member

Mr. Murali is member of the Audit Committee of Pioneer Distilleries Limited and Chairman of Audit Committee of Sovereign Distilleries Limited.

(c) Mr. Ravi Rajagopal:

Mr. Ravi Rajagopal (Mr. Rajagopal) is currently the Global Head of Business Development of Diageo plc and has been in this role since September, 2010. Mr. Rajagopal joined Diageo in 1997 and has held a variety of roles covering regional finance and group controller. He is a Chartered Accountant, a Cost Accountant and has attended the Advanced Management Program at the Harvard Business School. Prior to joining Diageo, Mr. Rajagopal worked with ITC, India where again he held a variety of senior positions both in finance and general management.

Mr. Rajagopal has over 30 years of experience.

Mr. Rajagopal is not a director in any other Indian Company.

At the Meeting of the Board of Directors held on July 31, 2013, Mr.Rajagopal was appointed as a Member of the Audit Committee of Directors of the Company.

(d) Mr. Arunkumar Ramanlal Gandhi

Mr. Arunkumar Ramanlal Gandhi (Mr. Gandhi) is a fellow member of the Institute of Chartered Accountants in England & Wales, the Institute of Chartered Accountants of India and an associate member of the Chartered Institute of Taxation, London. Prior to joining Tata Sons as an Executive Director in 2003 he was with M/s N.M.Raiji & Co. Chartered Accountants, a firm of over 60 years of professional standing. Mr.Gandhi continued as an Executive Director in Tata Sons Ltd till 2008 and as a Director till March 2013. He was also a member of Tata Group's Group Corporate Council and the member of Audit Committee of Tata Sons Ltd. Over the last 20 years, Mr.Gandhi has served on the boards of various Indian companies including Tata Global Beverages Limited, Tata Communications Limited, Paper Products Limited and Tata Limited (UK). Mr.Gandhi has also been a member of various committees constituted by industry forums and regulatory bodies such as SEBI's Takeover Panel Exemption Committee and the Accounting Standards Board of the Institute of Chartered Accountants of India.

Mr. Gandhi has 44 years of experience.

Directorships in other Indian Companies	Position held
The Paper Products Limited	Director
Walchandnagar Industries Limited	Director

Mr Gandhi is a member of Audit Committee and Chairman of Remuneration Committee of Directors of The Paper Products Ltd.

Mr Gandhi is the Chairman of the Audit Committee, a member of Shareholders/Investors Grievance Committee and Chairman of Compensation Committee of Directors of the Company.

(e) Mr. Sudhakar Rao

Mr. Sudhakar Rao (Mr. Rao) is a retired Indian Administrative Service (IAS) Officer of the 1973 batch. He is currently a director in a number of Indian companies including Indian Oil Corporation

Limited, BSE Limited, Binani Industries Limited, CMC Limited and L&T Infrastructure Development Projects Limited. He holds a Masters' Degree in Economics from the Delhi School of Economics and a Masters' Degree in Public Administration from the Kennedy School of Government, Harvard University. He was conferred the Karnataka Rajyotsava Award in 2010. Having served across ministries in both the State and Central Governments, he retired from service as Chief Secretary, Karnataka. He also served as a Member of the Public Enterprises Selection Board, Government of India after retirement.

Mr. Sudhakar Rao has over 35 years of experience in public administration.

Directorships in other Indian Companies	Position held
BSE Institute Limited	Director
Indian Oil Corporation Limited	Director
BSE Limited	Director
CMC Limited	Director
Binani Industries Limited	Director
L&T Infrastructure Development Projects Ltd	Director
Nitstone Waste Management Pvt Ltd	Director
GMR Varalakshmi Foundation	Director
BFSI Sector Skill Council of India	Director
Common Purpose India	Director
IFFCO Foundation	Director

Mr. Rao is member of the Audit Committee of Indian Oil Corporation Limited and BSE Limited. He is Chairman of the Audit Committee and Shareholders/Investors' Grievance Committee of CMC Limited.

Mr. Rao is a member of the Audit Committee, Shareholders / Investors' Grievance Committee and Compensation Committee of Directors of the Company.

(f) Mr. D. Sivanandhan

Mr.Sivanandhan Dhanushkodi (Mr.D.Sivanandhan) is one of the most highly regarded IPS officers in India with illustrious career spanning several postings during his 35 years in service and retired as the Director General of Police, Maharashtra. He is the driving force behind Securus First India Private Limited where he actively oversees and advises case teams during investigations. Most recently has been a member of the special task force in National Security Council Secretariat for

revamping India's internal and external national security measures. He is also the security advisor to the Reserve Bank of India.

Mr. D. Sivanandhan has 35 years of experience.

Directorships in other Indian Companies	Position held
S.D. Fine Chem Limited	Director
Forbes & Company Limited	Director
Aquamall Water Solutions Limited	Director
Eureka Forbes Limited	Director
The Ratnakar Bank Limited	Director
Securus First India Private Limited	Director

Mr. D. Sivanandhan is the Chairman of Audit Committee of Directors of Eureka Forbes Limited.

Mr. D. Sivanandhan is a member of the Audit Committee, Chairman of Shareholders / Investors' Grievance Committee and a member of Compensation Committee of Directors of the Company.

(g) Ms. Renu Sud Karnad

Ms. Renu Sud Karnad (Ms. Karnad) is a post graduate in Economics from the University of Delhi and holds a degree in law from the University of Mumbai. She brings with her rich experience and enormous knowledge in the mortgage sector, having been part of the nascent real estate and mortgage sector in India. She is also a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, USA. She joined HDFC Limited in 1978 and was inducted on to the board of directors as an Executive Director in 2000. She grew to become Joint Managing Director in 2007 and has been elevated to Managing Director with effect from 2010. She has also served as the President of the International Union for Housing Finance and Director, Asian Real Estate Society. She has served on the boards of a number of Indian and multinational companies like Akzo Nobel India Limited, Feedback Ventures Limited, HDFC Plc and Transunion LLC. She is a member of Senior Expert Council of IDFC Private Equity. She is also the recipient of many awards including "Outstanding Woman Business Leader" at CNBC TV18 Indian Business Leader Awards in 2012, was part of the 25 Most Influential Women Professional in India.

Ms. Karnad has 35 years of experience.

Directorships in other Indian Companies	Position held
Bosch Limited	Director
Credit Information Bureau (India) Ltd	Director
Gruh Finance Ltd	Director
Housing Development Finance Corporation Ltd	Managing Director
HDFC Bank Ltd	Director
HDFC Asset Management Company Ltd	Director
HDFC Ergo General Insurance Co Ltd	Director
HDFC Property Ventures Ltd	Director & Chairperson
HDFC Standard Life Insurance Co Ltd	Director
Akzo Nobel India Ltd	Director
Credila Financial Services Private Limited	Director & Chairperson
Indraprastha Medical Corporation Ltd	Director
Elh Limited	Director
HDFC Education and Development Services Pvt Ltd	Director & Chairperson
Feedback Infrastructure Services Pvt Ltd	Director
G4S Corporate Services (India) Pvt Ltd	Director
Value and Budget Housing Corporation (India) Pvt Ltd	Director
LaFarge India Pvt Ltd	Director
HT Parekh Foundation (a Section 25 company)	Director

Ms. Karnad is Chairperson/ member of the Audit Committees of Bosch Limited, Credit Information Bureau (India) Limited, Akzo Nobel India Limited.

Ms. Karnad is a member of the Audit Committee of HDFC Ergo General Insurance Co Ltd.

Ms. Karnad is a member of the Investor Grievance Committee of Bosch Limited

Ms. Karnad is a member of the Audit Committee, Shareholders / Investors' Grievance Committee and Compensation Committee of Directors of the Company.

(h) Mr Paul Steven Walsh

Mr Paul Steven Walsh (Mr. Walsh) was Chief Executive, Diageo plc from September 1, 2000 to June 30, 2013 and is now an Advisor to the Chairman and Chief Executive Officer of Diageo plc.

Mr Walsh joined GrandMet's brewing division in 1982 and became Finance Director in 1986. He

held financial and commercial positions with inter-Continental Hotels and in the GrandMet food business, becoming CEO of The Pillsbury Company in 1992. Mr Walsh was appointed to the GrandMet board in October 1995 and to the Diageo Board in December 1997.

Mr Walsh is a non-executive director of FedEx Corporation, Unilever plc, and Avanti Communications plc. He was previously a non-Executive Director of Centrica plc, stepping down in May 2009.

Mr Walsh has also been appointed Business Ambassador for the food and drink industries by the UK Department for Business, Innovation and Skill and is a Council Member, and former Chairman of the Scotch Whisky Association.

Mr Walsh has 31 years of experience.

Mr. Walsh is not a director in any other Indian Company.

(i) Mr Vikram Singh Mehta

Mr Vikram Singh Mehta's (Mr Mehta) career began with the Indian Administrative Service (IAS) of the Government of India in 1978. He resigned that position in 1980 and joined Philips Petroleum in London as their Senior Economist. He was with Philips Petroleum for 4 years in London and at their headquarters in Bartlesville, Oklahoma, USA. In 1984, he returned to India to join the Public Sector Oil Company, Oil India Limited as its advisor (Strategic Planning). He resigned from Oil India in 1988 and joined Shell International in London. In 1991, he was posted to Egypt as the Managing Director for Shell Markets and Chemicals, Egypt. In 1994, he returned to India as the Chairman of the Shell Group in India.

Mr Mehta was a member of the National Council of the Confederation of Indian Industry (CII) and Chairman of its Hydrocarbon Committee. He was the Chairman of the Board of Trustees of the Youth Award for India (earlier the Duke of Edinburgh's Award program). He serves on the boards of Colgate Palmolive India Limited, Mahindra & Mahindra Limited, Vodafone India Limited, Apollo Tyres Limited and Larsen & Toubro Limited. Mr Mehta is also on the Board of Governors of the Pandit Deendayal Petroleum

University in Gujarat, India and a member of the Board of Overseers of the Fletcher School of Law & Diplomacy, Tufts University.

Mr Mehta has a BA (Hons) degree in Mathematics from St Stephen's College, Delhi University, an MA in Economics from Magdalen College, Oxford University and an MA from the Fletcher School of Law and Diplomacy, Tufts University.

Mr Mehta has 35 years of experience.

Directorships in other Indian Companies	Position held
Colgate-Palmolive (India) Limited	Director
Mahindra and Mahindra Limited	Director
N V Advisory Services Private Limited	Director
Larsen and Toubro Limited	Director
Vodafone India Limited	Director
Apollo Tyres Limited	Director
Brookings Institution India Center	Director
TMA Estates LLP	Designated Partner

Mr. Mehta is the Chairman of the Remuneration Committee of Directors of Vodafone India Limited, a member of Audit Committee of Directors of Colgate-Palmolive (India) Limited and the Chairman of Shareholders/ Investors Grievance Committee of Directors of Larsen & Toubro Limited.

(2) Director retiring by rotation and being reappointed:

Dr Vijay Mallya:

Dr. Vijay Mallya (Dr Mallya) is a well-known Industrialist and a Member of the Parliament of India (Council of States). He took over the reins of the United Breweries Group in 1983 at the age of 28, which today is a multi-national conglomerate. Dr. Mallya is the Chairman of several public companies, both in India as well as overseas. Dr. Mallya has won wide recognition from distinguished institutions throughout the span of his career, which includes:

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

Dr. Mallya has over 32 years of experience.

Details of Dr Mallya's directorships in other Indian Companies are as under:

Name of the Company	Position held
Kingfisher Airlines Limited	Chairman & MD & Member
Bayer CropScience Limited	Director & Member
Mangalore Chemicals & Fertilizers Ltd	Director
Sanofi India Limited	Director & Member
United Breweries Limited	Director & Member
United Breweries (Holdings) Ltd	Director & Member
United Racing Bloodstock Breeders Ltd	Director & Member
Kamsco Industries Pvt Ltd	Director
Mallya Private Ltd	Director
Pharma Trading Company Private Ltd	Director & Member
Royal Challengers Sports Pvt Ltd	Director
The Gem Investment & Trading Company Pvt Ltd	Director & Member
United East Bengal Football Team Pvt Ltd	Director
VJM Investments Pvt Ltd	Director & Member

He is not a member of any of the Committees.

(3) Resignation of Directors

Mr S R Gupte, M R Doraiswamy Iyengar, Mr B M Labroo, Mr Sreedhara Menon and Mr Sudhindar Krishan Khanna have resigned from the Board at the conclusion of the Board Meeting held on July 04, 2013.

II. RECONSTITUTION OF COMMITTEE OF DIRECTORS:

a) Audit Committee:

With the resignation of Mr M R Doraiswamy Iyengar, Mr S R Gupte, Mr B M Labroo and Mr Sreedhara Menon from the Audit Committee with effect from July 04, 2013, the Audit Committee was reconstituted on July 04, 2013 comprising of the following Directors:

Mr Arunkumar Ramanlal Gandhi	Non Executive Independent Director
Mr G N Bajpai	Non Executive Independent Director
Mr. Sudhakar Rao	Non Executive Independent Director
Mr. D. Sivanandhan	Non Executive Independent Director
Ms Renu Sud Karnad	Non Executive Independent Director

At the meeting of the Audit Committee held on July 31, 2013, Mr Arunkumar Ramanlal Gandhi was elected as the Chairman of the Audit Committee.

b) Compensation Committee:

With the resignation of Mr B M Labroo, Mr S R Gupte and Mr. M R Doraiswamy Iyengar from the Compensation Committee with effect from July 04, 2013, the Compensation Committee was reconstituted on July 04, 2013 comprising of the following Directors:

Mr. Arunkumar Ramanlal Gandhi (Chairman)	Non Executive Independent Director
Mr. G N Bajpai	Non Executive Independent Director
Mr. Sudhakar Rao	Non Executive Independent Director
Mr. D Sivanandhan	Non Executive Independent Director
Ms Renu Sud Karnad	Non Executive Independent Director

At the Meeting of the Board of Directors held on July 31, 2013, Mr. Gilbert Ghostine, a Non Executive Director was appointed as a Member of the Compensation Committee.

c) Shareholders/Investors Grievance Committee:

With the resignation of Mr M R Doraiswamy Iyengar and Mr B M Labroo from the Shareholders/ Investors' Grievance Committee with effect from July 04, 2013, the Shareholders/Investors Grievance Committee was reconstituted on July 04, 2013 comprising of the following Directors:

Mr. D. Sivanandhan (Chairman)	Non Executive Independent Director
Mr G N Bajpai	Non Executive Independent Director
Mr. Arunkumar Ramanlal Gandhi	Non Executive Independent Director
Mr. Sudhakar Rao	Non Executive Independent Director
Ms Renu Sud Karnad	Non Executive Independent Director

With the resignation of Mr S R Gupte, Mr M R Doraiswamy Iyengar and Mr B M Labroo, the Committee of Directors with authority delegated by the Board of Directors, inter alia, to approve transfer and transmission of shares and for other routine operations such as issue of power of attorney, operation of bank accounts, was reconstituted comprising of the following Directors:

Mr Sudhakar Rao
Mr Ravi Rajagopal
Mr Ashok Kapoor
Mr P A Murali

III. Particulars of Equity Shares of the Company currently held by the new Directors, are furnished below:

Name of the Director	No. of Shares held
Mr Gilbert Ghostine	NIL
Mr Ravi Rajagopal	NIL
Mr P A Murali	NIL
Mr. Arunkumar Ramanlal Gandhi	NIL
Mr. Sudhakar Rao	NIL
Mr. D Sivanandhan	NIL
Ms Renu Sud Karnad	NIL
Mr Paul Steven Walsh	NIL
Mr Vikram Singh Mehta	NIL

IV. General Shareholders' information

Shareholding Pattern:

Consequent to the acquisition of equity shares in the Company by Relay B.V., an indirect wholly owned subsidiary of Diageo plc and coming into effect of the

Shareholders Agreement between Relay B.V., Diageo plc, United Breweries (Holdings) Limited and Kingfisher Finvest India Limited, Relay B.V. and Diageo plc are included as 'Promoters' of the Company along with the existing Promoters of the Company. Brief shareholding pattern of the Company as on August 16, 2013 is provided below:

Name of the Shareholder:		
Promoter & Promoter Group	Number of equity shares	% of total issued shares
Relay B.V.	36,359,192	25.02
United Breweries (Holdings) Limited	10,167,733	7.00
Kingfisher Finvest India Limited	5,940,590	4.09
Other Promoter Group members	82,597	0.05
Total	52,550,112	36.16
Public	92,777,631	63.84
Grand Total	145,327,743	100.00



 UNITED SPIRITS

CERTIFICATE ON CORPORATE GOVERNANCE

The Members of,
United Spirits Limited

We have examined the compliance of conditions of Corporate Governance by United Spirits Limited ("the Company"), for the year ended on March 31, 2013 as stipulated in Clause 49 of the Listing Agreement, as amended, with Stock Exchanges in India.

The Company has issued an Addendum to Corporate Governance Report, to update the members, in the light of changes in shareholding and directorships in the Company due to subscription and acquisition of equity shares of the Company by Relay B.V., an indirect wholly owned subsidiary of Diageo plc and Diageo plc and Relay B.V. becoming part of the Promoters of the Company, pursuant to the shareholders agreement entered into inter alia between Diageo plc, Relay B.V., United Breweries (Holdings) Limited and Kingfisher Finvest India Limited, the existing Promoters of the Company, becoming effective. This Certificate is issued with respect to such Addendum to Corporate Governance Report.

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

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

We state that in respect of investor grievances received during the year ended on March 31, 2013, no grievances are pending against the Company as per the records maintained by the company and presented to the Shareholders'/Investors' Grievance Committee.

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

Bangalore
August 19, 2013

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A. INDUSTRY OVERVIEW:

The Indian Spirits Industry is the second largest market and accounted for approximately 11% of global volumes for calendar year 2012 according to International Research Agency Euromonitor. During fiscal 2012-13 the Indian branded spirits industry was around 305 million cases, each case equal to 9 Bulk Litres. Despite relatively high growth in the white spirits (vodka, gin & white rum), India continues to be 'brown spirits' territory with Whisky, Brandy & Rum hogging over 95% of the spirits market.

For many years now, the Indian spirits market has been growing in double digits. During fiscal 2012-13, however, this dropped to a low 3.4%. In our opinion, this was due to the continuous enhancement in duties and taxes by State Governments which impact the consumption of discretionary goods like alcoholic beverages. Internationally the world's top 100 brands grew at about the same rate as the Indian market (3.5%). The top 25 brands, taken together, however, grew slightly better at 5.8% but 14 of the top 25 brands either lost ground or grew under 5%. It is a matter of pride for your Company that 5 of the top 25 brands belong to the USL stable.

B. REGULATORY ENVIRONMENT:

The last couple of years have seen some development with respect to the Goods and Services Tax (GST) which is set to replace a whole host of taxes currently levied by Federal and State Governments. Such a dramatic change in the taxation scenario would have helped to remove market distortions, spur economic growth through removal of cascading of taxes, provide for simpler compliance and better administration, as also providing a common national market for Goods and Services in general. However, numerous State Governments, guided by their selfish revenue considerations are proposing to not only keep potable alcohol out of the purview of GST but also specifically legislate as such in the Constitution itself. We believe that path breaking changes such as GST should be 'flawless' – the Constitution must provide for a 'perfect' GST and any 'imperfections' necessitated by pulls and pressures of

politics could be introduced via the GST Acts/Rules of the Centre and the States. However, this does not seem to be the way matters stand at present.

The Indian alcoholic beverage market is highly regulated by the States in whose purview this item falls as legislated in the Indian Constitution. The multiplicity of States creates a complex tax and licensing environment which limits the ability of new manufacturers and new products to achieve national distribution and gain any competitive advantage.

C. BUSINESS ANALYSIS:

India's demographic dividend is a well-known story. With over half of the Indian population under the age of 25 and more and more young Indians joining the work force with more disposable income in their hands at ages earlier than the previous generation, the Indian spirits industry is expected to see a large increase in its target consumers and hence continue on the growth path. The only hindrance to such continued growth could be the unbridled efforts of the State Governments to continue enhancing duties and taxes.

Commodity cycles continue to plague the alcoholic spirits industry. The trend that was started by fixing a more-than-comfortable floor price of Rs.27/litre for ethanol supplies to the Oil Marketing Companies (OMCs) is now being aggravated through a quantum jump in this floor price to over Rs.40/litre. While the OMCs continue to have inadequate quantities of spirit for blending, prices for the alcoholic spirits industry have taken a quantum step-up. Making matters worse is the decision taken by some local State Governments to allow export of molasses even where shortages to meet local consumption exist. Sugarcane is a high water consumption crop and the current drought conditions in a high sugarcane producing state like Maharashtra have reduced the availability of molasses for the alcohol industry leading to some serious cost increases.

As early as fiscal 2011, your Company had outlined a strategy to build supply-side security to protect the Company against such fluctuations in price and availability of its key raw material. As part of this strategy,

3 manufacturing facilities with a combined distillation capacity of 378 Kilo Litres Per Day (KLPD) were acquired in Maharashtra (Pioneer Distilleries Ltd.), Karnataka (Sovereign Distilleries Ltd.) and Andhra Pradesh (Tern Distilleries Pvt. Ltd.). The target is to progressively obtain 50% of our ENA requirement through in-house distillation capacity. This is a moving target – as volumes grow, the requirement of spirits also grows. The intent of your Company is to ensure that it makes adequate investments, both organic and inorganic, to attain this target and thereby capture the arbitrage that currently lies in the hands of external parties. During the current fiscal year, your Company has made investments in these plants to ensure compliance to regulatory and environmental requirements and started deriving advantages of lower cost of supply.

Your Company had, as part of this business strategy envisaged investing in a glass container manufacturing facility in South India for captive consumption. The Company has progressed down this path by engaging consultants and drawing up project reports, tying-up with sand mines and has also acquired land for the project. Inability to adequately fund the project forced the Company to put this project on the back burner for the time being. Coincidentally, despite the closure of some glass manufacturing facilities, there is currently an over capacity in the industry which has forced the two larger suppliers to agree to a 5% discount on their prices to USL effective the current fiscal (FY14).

As of March 31, 2013 your Company owned 28 manufacturing facilities in India and one in Nepal, operated 13 leased facilities in India from 3rd parties and contracted with 49 tie-up manufacturing facilities that are capable of distilling molasses or grain to produce ENA or bottling IMFL or both. This geographically diverse manufacturing footprint helps your Company reduce the otherwise high costs associated with inter-state commerce by minimizing inter-state taxes and duties as also the cost of transportation, inventory etc.

Sales of the Company's brands grew 3% to over 123.7 million cases (Previous Year 120.18 million); together with the sales of international subsidiaries, volumes were over 126.5 million cases (Previous Year 122 million).

As part of the Company's continued focus on premiumization, sales volumes in the "Prestige and Above" segments grew 21% to nearly 29 million cases, which favorably impacted the growth in sales value and in EBITDA.

The Tamil Nadu market continues to play spoil sport – consumers in Tamil Nadu are still deprived of their favorite brands from the USL portfolio because of the artificial restrictions placed on consumer choice by TASMAL – the parastatal wholesale and retail channel in Tamil Nadu. Against a capacity of 1 million cases per month at our Poonamallee Unit and a demand that is much larger, USL's monthly capacity is being artificially pegged at under 0.75 million cases with an additional compulsion to supply medium/cheap brands to the extent of 40% of such truncated capacity - both, to benefit new and other existing local players.

D. MARKETING:

As per the data for 2012 calendar year compiled by Impact Databank and published by Impact International, a leading alcoholic beverage magazine, your Company is one of only three players with 11 brands among the Top 100 spirits brands worldwide. 5 of the top 15 fastest growing brands during calendar year 2012 are from the USL stable.

McDowell's No.1 Whisky is India's largest selling spirits brand with sales of 19.5 million cases during fiscal 2013. The McDowell's No.1 franchise which has a presence across the Whisky, Brandy and Rum flavours sold over 47.9 million cases, an increase of 8% over the 44.5 million cases it sold in the previous fiscal.

McDowell's No.1 Celebration Rum with sales in excess of 18.2 million cases grew at 13.6% to become the world's 2nd largest Rum and by far, India's largest.

Your Company ended fiscal 2013 with 21 'Millionaire' brands – brands that sell over a million cases in a fiscal year.

McDowell's VSOP Brandy, launched in fiscal 2011, crossed the 2 million cases mark during the current year.

Your Company has always been on the lookout for white spaces in the price ladder and attempted to plug them with new offerings so that it is able to retain consumers

within its portfolio even when they move up or down the price ladder on any occasion. As part of this continuing strategy, your Company completed the national roll out of Signature Premier, a premium whisky blended with 8-Year Old Scotch which continues to receive very good response from trade and consumers alike.

In fiscal 2011, your Company had experimented with a repositioning of Royal Challenge Whisky in select markets as part of a strategy to facilitate consumers to conveniently 'step-up' from one price band to another without having to 'leap' across price bands. Having met with considerable success both in volumes and in value terms, this experiment has now been taken national and is yielding similar results – the brand has grown 23% each year in fiscal 2012 & 2013.

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

The Emerging Markets Division created early last fiscal had identified 4 key markets in Asia and Africa as their focus areas to start their foray into international emerging markets. Significant steps were taken in this direction during the year and 3rd party local manufacturing operations commenced in Myanmar & Vietnam. In addition to this, export of IMFL continued through the Company's subsidiary in Singapore and through UB Global, a division of UB Holdings Ltd. Overall exports were just under 2 million cases.

E. RISKS & CONCERNS, OPPORTUNITIES & THREATS:

Any discussion on India is incomplete without mention of the 'demographic window', particularly in the context of an 'ageing' population in other parts of the world. The vast numbers of young Indians coming of legal drinking age over the next few years is a tremendous advantage and a huge potential consumer base for your Company. It's no wonder then that the growth in the Indian alcoholic beverage space far exceeds those of its counterparts in other countries. It is our belief that this 'young' India will continue to provide sustained growth opportunities for your Company. Today, unlike in the past, Indians are joining the work force earlier and this, together with the dismantling of social barriers

to consumption of alcoholic products and changing life styles, we believe, will augur well for your Company in the foreseeable future. The Company's focused drive to upgrade its business is but a reflection of how and where we see Indian society moving in the years to come.

The alcoholic beverages industry continues to be a favourite with Governments, both at the Centre and at the States, when confronted with revenue pressures. Increasing levels of taxation coupled with over-regulation has pushed taxes and duties to about three-fifths of the retail prices of our products. As mentioned earlier in this report, the much-delayed Goods and Services Tax (GST) regime could have corrected the current system of tax-on-tax but with State Governments unwilling to let go of this golden goose, GST in the alcoholic beverage industry is still a long way off. On the contrary, as things stand the states seem unwilling to allow inclusion of alcobev in GST, only because they do not wish to allow the Centre to dip into what they see as their 'honey pot'.

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

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

pack sizes have proved to be hugely successful in the market place.

Your Company has sought to reduce its emphasis in a single geographical market by the creation of an Emerging Markets Division to focus on expanding into markets where there is substantial scope for Indian alcoholic spirit products. Progressive local manufacture of these products in these markets will benefit the Company through reduction of logistics and inventory carrying costs. Post the end of the year, local manufacturing operations have commenced in Myanmar and Vietnam.

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

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

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

F. OUTLOOK:

In a scenario where nearly three out of every four cases are sold by the Company to para-statal organisations, price increases are not easy to come by. However, your Company continues to be in the forefront of discussions

with these agencies to push through price increases. Notwithstanding this, your Company has managed price increases in various states through a mix of upgraded product launches at higher price points and judicious price corrections in certain markets as also through reduced trade spends.

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

G. INTERNAL CONTROL SYSTEM:

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

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

H. INTERNATIONAL OPERATIONS:

Bouvet Ladubay's Operating profit grew up during fiscal 2013 by 39% and the PAT grew by 40% when compared to the previous year. This is in spite of the reduction in wine operations by 2.3% in volume terms to 5.62 million bottles from 5.75 million bottles and sales turnover down by 1.49%. The Company's products continue to do well in their traditional markets of Europe, notably France & Germany.

In Whyte and Mackay (W&M), the branded goods turnover grew by 36% year on year and is now almost 45% of the company's turnover (38% last year).

While the Own Label business continues to be under pricing pressure, tactical one time sales of surplus bulk liquid generates both cash and profits.

W&M has improved its Gross Profit margin and Operating Profit margin by over 1%.

EBIDTA before exceptional items amounted to GBP 44.8 mio v GBP 35.9 mio in the previous year – an increase of 25%.

As mentioned earlier in this report, the Emerging Markets Division is progressing with its foray into the emerging markets of Nigeria, Angola, Myanmar & Vietnam. Additionally, through its indirect subsidiary in Singapore, plans are underway for trading of Scotch and Single Malt liquors in the designated areas. Through market research, a couple of other countries are also being identified to spread the emerging market canvas.

I. HUMAN RESOURCES:

Your Company's human capital now stands at over 6200 employees including permanent factory workmen and has focusing on improving HR efficiency, process effectiveness and ultimately attain reputation of 'Employer of Choice'.

During the fiscal year there has been no loss of production at any of the Company's manufacturing facilities due to industrial unrest.

J. FORWARD LOOKING STATEMENTS:

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

By Authority of the Board

Dr. VIJAY MALLYA
Chairman

Bangalore
May 15, 2013



Report on the Financial Statements

1. We have audited the accompanying financial statements of United Spirits Limited, ("the Company"), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in

the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw attention to note 26 to the financial statements with regard to the recoverability of certain loans and deposits made directly and indirectly to a group company. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
 - e. on the basis of written representations received from the directors, as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

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

Place : Bengaluru
Date : 15 May, 2013

Annexure to the Independent Auditors' Report of even date to the members of United Spirits Limited, on the financial statements for the year ended 31 March 2013.

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods in transit.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) (a) The Company has granted unsecured loans to one party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs. 4,382.405 million and the year-end balance is Rs. 4,382.405 million.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of the loans granted, the receipt of the interest is regular.
- (d) There is no overdue amount in respect of loans granted to such companies, firms or other parties.
- e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975, as applicable, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are given in Appendix 1.
- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in the repayment of dues to any financial institution nor did it have any debentures outstanding during the year. *However there have been certain delays in the repayment of interest and principal on term loans taken from the banks. The delay upto 30 days amounted to Rs. 662.7 million and Rs. 1,306.6 million with respect to interest and principal respectively and the delay between 30 to 90 days amounted to Rs. 672.2 million and Rs. 2,971.6 million with respect to interest and principal respectively.* There were no continuing defaults as at the balance sheet date.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

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

Place : Bengaluru
Date : 15 May, 2013

Referred to paragraph (ix) (b) of the Annexure to the Auditors' report of even date to the members of United Spirits Limited, on the financial statements for the year ended 31 March 2013.

Name of the statute	Demand (Rs. in Millions)	Payment (Rs. in Millions)	Period for which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	11.690	11.690	Assessment years 1992-93, 1993-94, 1994-95, 1995-96, 1996-97	Supreme Court
	619.680	718.952	Assessment years 1994-95, 1995-96, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2006-07, 2007-08	Income Tax Appellate Tribunal
	599.284	599.268	Assessment years 2003-04, 2004-05, 2008-09, 2009-10	Commissioner of Income Tax (Appeals)
	162.799	43.143	Assessment years 2002-03, 2010-11	Deputy Commissioner of Income Tax (Appeals)
	3.620	-	Assessment year 2004-05	Assessing Officer
Central and Respective State Sales Tax Acts	84.823	95.178	1981-82, 1982-83, 1983-84, 1984-85	Supreme Court
	90.840	27.992	1978-81, 1980-81, 1981-82, 1982-83, 1984-86, 1988-89, 1989-90, 1990-91, 1992-93, 1995-96, 1996-97, 1997-98, 1999-00, 2001-02, 2002-03, 2003-08, 2005-06	High Court's
	142.250	99.464	1978-81, 1980-81, 1981-82, 1982-83, 1983-84, 1984-85, 1985-86, 1986-90, 1987-88, 1989-90, 1989-96, 1990-91, 1991-92, 1991-93, 1992-93, 1992-95, 1993-94, 1994-95, 1995-96, 1996-97, 1997-01, 1997-98, 1998-99, 1999-00, 2000-01, 2004-05, 2007-08, 2007-11	Appellate Tribunal
	257.533	234.439	1999-00, 2000-01, 2001-02, 2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10	Joint Commissioner
	53.690	42.645	1976-77, 1977-78, 1978-79, 1979-80, 1984-85, 1985-86, 1992-93, 2002-03, 2003-04, 2005-07, 2007-08, 2008-09, 2009-10, 2011-12	Deputy Commissioner
	241.991	20.877	1974-76, 1982-83, 1995-96, 1996-97, 1998-99, 1999-06, 2002-03, 2003-04, 2008-09	Assistant Commissioner
	8.612	6.604	1974-75, 1975-76, 1983-84, 1993-94, 1995-96, 1997-98, 1999-00, 2000-01, 2002-03, 2003-04, 2004-05	Assessing Officer
	54.980	-	1993-94, 2004-05, 2005-06, 2006-07	Appellate and Revisional board
	17.093	0.544	1993-94, 2004-05, 2005-06, 2006-07, 2009-10	Additional Commissioner
	46.778	-	1971-72, 1991-95, 1995-98, 2001-02, 2009-10	Supreme Court
	173.142	75.778	1963-64, 1972-74, 1983-84, 1986-87, 1988-91, 1989-90, 1990-92, 1991-92, 1991-94, 1992-93, 1993-94, 1996-11, 1998-01, 1999-00, 2000-11, 2001-02, 2001-11, 2002-03, 2003-04, 2005-06, 2007-08, 2008-11, 2010-11, 2011-12, 2012-13	High Court's
Respective State Excise Acts	17.464	-	1995-96	Appellate Tribunal
	282.445	1.283	1974-81, 1980-81, 1981-82, 1982-83, 1983-84, 1983-85, 1984-85, 1985-86, 1985-87, 1986-87, 1987-88, 1987-89, 1988-89, 1989-90, 1991-92, 1991-96, 1993-94, 1993-95, 1995-96, 1995-98, 1998-99, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06	Excise Commissioner
	1.593	-	1986-87, 1992-93, 1992-99, 1997-98	Excise Superintendent
	1.701	-	1994-95	District Magistrate and Collector
	12.170	-	1981-84	Chinsurah Court, Hooghly
	8.311	-	1993-94	Additional District Magistrate
	0.081	-	1994-95	Collector
	6.000	-	1991-95, 1995-98, 2001-02	Supreme Court
	25.635	-	1989-97, 1996-97, 2004-05	High Court
The Central Excise Act, 1944	0.534	-	1994-95, 1995-96, 2004-05	Commissioner of Central Excise
	0.481	-	1995-96	Assistant Commissioner of Customs
Service Tax - Finance Act, 1994	693.725	-	2004-07, 2007-10, 2010-11, 2011-12, 2008-09, 2009-10, 2005-06	CESTAT

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

			Rs. Million
	Note	2013	2012
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	1,307.950	1,307.950
Reserves and Surplus	3	62,611.660	57,476.922
Non-current Liabilities			
Long term borrowings	4.1	9,986.307	13,991.883
Other Long-term liabilities	4.2	620.733	200.184
Long term provisions	4.3	376.258	388.033
Current Liabilities			
Short-term borrowings	5.1	23,572.401	20,456.489
Trade Payables	5.2	16,156.419	13,899.099
Other Current Liabilities	5.3	15,150.227	12,584.542
Short-term provisions	5.4	734.580	712.148
		130,516.535	121,017.250
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	6.1	11,557.538	11,237.143
Intangible Assets	6.2	17.056	21.152
Capital Work in Progress		341.974	567.179
Non Current Investments	7	16,004.628	16,104.435
Deferred Tax Assets (net)	8	325.777	286.785
Long term Loans and advances	9	61,998.307	53,765.560
Other Non Current Assets	10	380.119	198.002
Current Assets			
Current Investments	11.1	17.351	188.776
Inventories	11.2	13,214.592	14,522.360
Trade Receivables	11.3	17,686.906	12,828.000
Cash and Bank balance	11.4	1,456.056	2,638.998
Short term Loans and Advances	11.5	7,514.884	8,657.514
Other Current Assets	11.6	1.347	1.346
		130,516.535	121,017.250

Significant accounting policies

1

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

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

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

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aasheesh Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Bangalore
Date : May 15, 2013

			Rs. Million
	Note	2013	2012
Revenue			
Revenue from Operations	12	188,762.270	160,464.333
Less: Excise Duty		103,665.502	85,037.589
		85,096.768	75,426.744
Other Operating Income	13.1	754.234	379.066
Other Income	13.2	1,248.146	1,827.591
		87,099.148	77,633.401
Expenses			
Cost of Materials Consumed	14	42,578.624	38,261.482
Purchase of Traded Goods		7,251.090	8,592.734
Change in inventories of Finished Goods, Work-in-Progress and Stock-in-trade	15	1,704.764	(1,798.208)
Employee Benefits expense	16	4,764.447	4,210.075
Finance Costs	17	6,561.722	5,943.450
Depreciation and Amortisation Expense		718.268	608.453
Other expenses	18	18,463.784	16,668.360
		82,042.699	72,486.346
Profit before Exceptional items and Taxation		5,056.449	5,147.055
Exceptional items	19	(216.481)	(108.163)
Profit before Taxation		4,839.968	5,038.892
Tax Expense:			
Current Tax		1,671.000	1,695.000
Deferred Tax Charge / (Credit)		(38.992)	(84.049)
Profit for the year		3,207.960	3,427.941
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		24.53	26.21

Significant accounting policies

1

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

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

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

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aasheesh Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Bangalore
Date : May 15, 2013

	2013	Rs. Million 2012
A. Cash Flow from operating activities		
Profit before Exceptional and Other Non-Recurring Items and Taxation :	5,056.449	5,147.055
Adjustments for:		
Depreciation	718.268	608.453
Unrealised Foreign Exchange Loss / (Gain)	(333.262)	(502.661)
Bad Debts/Advances written off	37.044	35.296
Loss/(Gain) on Fixed Assets Sold/Written off (Net)	161.857	(3.973)
Loss/(Gain) on Sale of Investments (Net)	4.004	-
Liabilities no longer required written back	(213.690)	(786.627)
Provision for Doubtful Debts/ Advances/ Deposits (Net)	535.129	432.815
Provision for diminution in value of Investments (Net)	-	0.326
Provision - Others	10.658	151.540
Interest Expense and Finance Charges	6,561.722	5,943.450
Income from investments	48.389	(44.607)
Interest Income	(750.989)	(559.206)
Operating profit before working capital changes	11,835.579	10,421.861
(Increase)/decrease in Trade and other receivables	(4,897.963)	(3,291.695)
(Increase)/decrease in other receivables	747.856	(4,295.691)
(Increase)/decrease in Inventories	1,307.768	(2,901.045)
Increase/(decrease) in Trade and other payables	3,438.237	5,243.834
Cash generated from operations	12,431.477	5,177.264
Direct taxes paid	(1,637.330)	(1,268.869)
Fringe Benefit taxes paid	-	(0.118)
Cash Flow before Exceptional and Other Non-Recurring Items	10,794.147	3,908.277
Exceptional and Other Non-Recurring Items	-	-
Cash generated/ (used in) from operations	10,794.147	3,908.277
B. Cash Flow from investing activities		
Purchase of fixed assets	(1,292.617)	(2,831.889)
Sale of fixed assets	351.154	12.663
Finance Lease Payments	(11.609)	-
Consideration paid on acquisition of shares in a subsidiary	657.122	(399.641)
Purchase of current investments	187.587	(160.000)
Investments in bank deposits	119.275	(20.294)
(having original maturity of more than three months)		
Reduction in investment cost	-	(246.327)
Loans given to Subsidiaries	(7,956.472)	(6,042.555)
Inter Corporate Deposits	437.174	-
Realisation of Loans from Subsidiaries	1,437.633	5,584.266
Interest received	740.372	530.017
Dividend received	(65.183)	39.195
Net cash used in investing activities	(5,395.564)	(3,534.565)

Rs. Million
2012

2013

C. Cash Flow from financing activities

Proceeds/(Repayment) of long term loans:

Proceeds	6,083.131	1,149.000
Repayment	(6,569.984)	(3,041.172)
Proceeds/(Repayment) of fixed deposits	(1,963.207)	977.950
Proceeds/(Repayment) of short term loans	3,400.000	3,550.000
Repayment of short term loan	(1,500.000)	(4,500.00)
Working Capital Loan / Cash Credit from Banks (net)	1,215.912	8,628.777
Interest and Finance Charges paid [including on Finance lease Rs. 2.307 Million (2012: Rs. 3.427 Million)]	(6,566.635)	(5,785.297)
Dividends paid	(326.303)	(326.194)
Corporate Tax on distributed profit	(53.047)	(54.309)
Net cash used in financing activities	(6,280.133)	598.755
Net (Decrease)/ Increase in cash and cash equivalents	(881.550)	972.467
Cash and cash equivalents as at March 31, 2012*	2,316.637	1,344.170
Cash and Cash Equivalents of Transferor companies	-	-
Cash and cash equivalents as at March 31, 2013*	1,435.087	2,316.637
	(881.550)	972.467

*Refer Note 11.4

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2013 and the related Statement of Profit and Loss for the year ended on that date.
2. The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements as notified under Section 211(3C) of the Companies Act, 1956 and reallocation required for this purpose are as made by the Company.
3. Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

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

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

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aasheesh Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Bangalore
Date : May 15, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of Financial Statements

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

1.2 Fixed Assets

- (a) Fixed assets are stated at their original cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets concerned, except amounts adjusted on revaluation and amalgamation. Interest on borrowings attributable to qualifying assets are capitalised and included in the cost of fixed assets as appropriate.
- (b) The costs of Fixed Assets acquired in amalgamations are determined at their fair values, on the date of acquisition or nearer thereto, or as approved under the schemes of amalgamation.
- (c) Assets held for disposal are stated at their net book value or estimated net realisable value, whichever is lower.
- (d) Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation and impairment losses if any.

1.3 Leases

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

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

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

1.4 Depreciation and Amortisation

- (a) Depreciation is provided on the Straight Line Method, including on assets revalued, at rates prescribed in Schedule XIV to the Companies Act, 1956 except for the following, which are based on management's estimate of useful life of the assets concerned:
 - (i) Computers, Vehicles and Aircrafts over a period of three, five and eleven years respectively;
 - (ii) In respect of certain items of Plant and Machinery for which separate rates are prescribed in Schedule XIV based on the number of shifts, depreciation is provided for the full year on triple shift basis.
- (b) Fixed assets acquired on amalgamation over the remaining useful life computed based on rates prescribed in Schedule XIV, as below:

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

- (c) Assets taken on finance lease are depreciated over their estimated useful lives or the lease term, whichever is lower
- (d) Leasehold Land is not amortised.
- (e) Goodwill arising on amalgamation is charged to the Statement of Profit and Loss in the year of amalgamation.
- (f) Intangible assets are amortised, on a straight line basis, commencing from the date the assets are available for use, over their respective individual estimated useful lives as estimated by the management:

Trademark, Formulae and Licence	10 years
---------------------------------	----------
- (g) Leasehold improvements are amortised over the period of lease.
- (h) Fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase. Depreciation charged as above is not less than the minimum specified as per Schedule XIV.

1.5 Impairment

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

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

1.6 Investments

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

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

1.7 Inventories

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

1.8 Cash and Cash Equivalents

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

1.9 Revenue Recognition

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

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

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

1.10 Foreign Currency Transactions

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

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

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

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

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

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

1.11 Employee Benefits

(a) Defined-contribution plans

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

(b) Defined-benefit plans

Gratuity:

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

Provident Fund:

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

Death Benefit:

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

1.11 Employee Benefits (Contd...)

(c) Other employee benefits:

- i) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on an actuarial valuation.
- ii) Undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences (e.g., paid annual leave), performance incentives, etc.

1.12 Expenditure on account of Voluntary Retirement Scheme

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

1.13 Research and Development

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

1.14 Taxes on Income

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

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

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

1.15 Earnings per Share (EPS)

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

1.16 Provisions

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

1.17 Contingencies

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

1.18 Share issue expenses

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

1.19 Expenditure

Expenses are net of taxes recoverable, where applicable.

1.20 Debt Issue Costs

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

1.21 Borrowing Costs

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



	2013	Rs. Million 2012
2. Share Capital		
Authorised		
395,000,000 (2012:395,000,000) Equity Shares of Rs. 10/- each	3,950.000	3,950.000
159,200,000 (2012:159,200,000) Preference Shares of Rs. 10/- each	1,592.000	1,592.000
	5,542.000	5,542.000
Issued, Subscribed and Paid-up		
130,794,968 (2012:130,794,968) Equity Shares of Rs.10/- each fully paid up.	1,307.950	1,307.950
	1,307.950	1,307.950

a. Reconciliation of the number of shares outstanding

	No. of Shares	2013	No. of Shares	2012
Balance at the beginning of the year	130,794,968	1,307.950	130,794,968	1,307.950
Add: Equity shares issued during the year	-	-	-	-
Balance at the end of the year	130,794,968	1,307.950	130,794,968	1,307.950

b. Rights, preferences and restrictions attached to shares

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

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

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

	No. of Shares	2013	No. of Shares	2012
United Breweries (Holdings) Limited	20,573,968	205.740	23,577,293	235.773
Mallya Private Limited	1,005	0.010	1,005	0.010
Dr. Vijay Mallya	12,510	0.125	12,510	0.125
Devi Investments Private Limited	2,700	0.027	2,700	0.027
Vittal Investments Private Limited	31,270	0.313	31,270	0.313
Rossi & Associates Private Limited	35,112	0.351	35,112	0.351
Kingfisher Finvest India Limited (formerly "Kingfisher Radio Limited ")	12,676,342	126.763	12,676,342	126.763
	33,332,907		36,336,232	

d. Aggregate number shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date

	2013	2012
Equity shares allotted as fully paid up pursuant to amalgamations for consideration other than cash not earlier than five years	12,949,760	46,960,281

The Company had issued 17,502,762 Global Depositary Shares (GDSs) representing 8,751,381 Equity Shares ranking pari-passu in all respects with the existing paid up equity shares, 2 GDSs representing 1 equity share of par value of Rs. 10/- each at US \$7.4274 per GDSs aggregating to US \$ 130 million. These GDSs are listed on the Luxembourg Stock Exchange. Out of the above, 742,390 GDS outstanding (representing 371,195 equity shares) as of March 31, 2013, have no voting rights.

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

	2013		2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
United Breweries (Holdings) Limited	20,573,968	15.73%	23,577,293	18.03%
Kingfisher Finvest India Limited (formerly "Kingfisher Radio Limited")	12,676,342	9.69%	12,676,342	9.69%
HSBC Global Investment Funds	-	-	9,852,229	7.53%

The above represents both legal and beneficial ownership of shares.

3. Reserves and Surplus

	2013		2012	
				Rs. Million
Capital Redemption Reserve	578.946		578.946	
Securities Premium Account	25,176.823		25,176.823	
Other Reserves:				
Central Subsidy*	1.500		1.500	
Contingency Reserve*	110.000		110.000	
Foreign Currency Translation Reserve [Refer Note 9 (b)]				
At the beginning of the year	2,428.044	(2,271.244)		
Add: Addition during the year	2,306.810	4,699.288		
	4,734.854		2,428.044	
General Reserve				
At the beginning of the year	11,275.730	10,775.730		
Add: Addition during the year				
Transferred from Statement of Profit & Loss	500.000	500.000		
	11,775.730		11,275.730	
Surplus as per Statement of Profit and Loss				
At the beginning of the year	17,905.879	15,357.971		
Add: Profit for the year	3,207.960	3,427.941		
	21,113.839	18,785.912		
Less: Appropriations:				
Proposed Dividend on Equity Shares [(Dividend Rs. 2.50 per share) (2012: Rs. 2.50 per share)]	326.987	326.987		
Corporate Tax on Proposed Dividend	53.045	53.046		
Transfer to General Reserve	500.000	500.000	17,905.879	
	62,611.660		57,476.922	

* Taken over on amalgamation.

	Rs. Million	
	2013	2012
4.1. Long-term Borrowings		
Secured		
Term Loans		
From banks	14,267.287	13,623.005
From Others	500.000	-
Finance Lease	13.599	25.208
Unsecured		
Fixed Deposits	4,273.626	6,282.218
Long term loan from banks	717.222	2,348.356
Inter Corporate Deposit	506.801	75.592
	20,278.535	22,354.379
Less: Current Maturities		
Secured		
Term Loans		
From banks	6,261.475	4,088.900
From Others	140.000	-
Finance Lease	6.048	11.382
Unsecured		
Fixed Deposits	2,775.452	3,568.044
Long term loan from banks	631.670	694.170
Inter Corporate Deposit	477.583	-
	9,986.307	13,991.883

A. Nature of security and terms of repayment for secured borrowings:

Nature of Security	Terms of Repayment
(i) Term loans from Banks amounting to Rs. NIL (2012: Rs. 111.600 Million) are secured by a charge on certain fixed assets of the Company.	The loan has been repaid fully during the year.
(ii) Term loans from Banks amounting to Rs. NIL (2012: Rs. 2,258.500 Million) are secured by hypothecation of maturing stock held in overseas branch and charge on certain fixed assets including Land and Building and pledge of certain investments held by other companies.	The loan has been repaid fully during the year.
(iii) Term loans from Banks amounting to Rs. 3,954.000 (2012: Rs. 5,271.949 Million) are secured by a charge on certain fixed assets of the Company including Land and Building, pledge of shares held by the USL Benefit Trust and hypothecation of certain trademarks of the Company.	Repayable in 10 half-yearly installments from the date of loan (January 18, 2010) alongwith interest of 13.75%.
(iv) Term loans from Banks amounting to Rs. 4,065.656 Million (2012: Rs. 5,316.456 Million) are secured by a charge on certain fixed assets of the Company including Land and Building, pledge of shares held by the USL Benefit Trust and hypothecation of certain trademarks of the Company.	Repayable in 16 quarterly installments from the date of loan (January 19, 2010) alongwith interest of 12.75%.

Nature of Security	Terms of Repayment
(v) Term loans from Banks amounting to Rs. 664.500 Million (2012: Rs. 664.500 Million) are secured by a charge on certain fixed assets of the Company.	Repayable in 5 annual installments from the date of loan (October 25, 2010) alongwith interest of 12.50%.
(vi) Term loans from Banks amounting to Rs. 1,500.000 Million (2012: NIL) are secured by a charge on certain fixed assets of the Company and fixed asset of a Subsidiary company.	Repayable in 16 Quarterly installments from the date of loan (May 22, 2012) alongwith interest of 13.25%.
(vii) Term loans from Banks amounting to Rs. 2,000.000 Million (2012: NIL) are secured by a charge on certain fixed assets of the Company and pledge of certain shares held by the company.	Repayable at the end of One year from the date of loan (January 15, 2013) alongwith interest of 12%.
(viii) Term Loan from banks amounting to Rs. 937.500 Million (2012: Rs. 1,000.000 Million) are secured by a charge on certain fixed assets of the Company.	Repayable in 16 equal quarterly installments, starting 15 months from the date of first disbursement (December 12, 2011) alongwith interest of 12%.
(ix) Term Loan from banks amounting to Rs. 1,145.631 Million (2012: Rs. NIL) are secured by a charge on certain fixed assets of the Company.	Repayable in 16 equal quarterly installments, starting 15 months from the date of first disbursement (March 22, 2013) alongwith interest of 12%.
(x) Term loans from Financial Institution amounting to Rs. 500.000 Million (2012: Rs. NIL) are secured by a charge on certain fixed assets of the Company.	Repayable within 14 Quarterly Installemnts from the date of loan (August 21, 2012) alongwith interest of 14.5%.

b. Terms of repayment for unsecured borrowings

Borrowings	Terms of Repayment
i. Long term loan from banks:	
(a) amounting to Rs. 375.000 Million (2012: Rs. 750.000 Million) are guaranteed by a director of the Company.	Repayable in 2 equal installments, 4 years from the date of loan (December 18, 2008) alongwith interest of 17.2%.
(b) amounting to Rs. 342.221 Million (2012: Rs. 598.353 Million).	Repayable in 36 equal monthly installments with a moratorium of 1 year from the date of loan (August 27, 2010) alongwith interest of 15.5%.
ii. Fixed Deposits	Repayable within 1-2 years from the date of issue and not on demand or notice except at the discretion of the Company. Rate of interest is 11-11.5%.
iii. Inter-corporate deposits	
(a) amounting to Rs. 22.174 Million (2012: Rs. 35.000 Million).	These represent an obligation acquired on amalgamation of erstwhile Shaw Wallace & Company Limited (SWCL) with the Company in an earlier year. Pursuant to the Order of Honb'le High Court of Calcutta on 5th June 2012, directed the Company to pay in monthly instalments over the period of two years.
(b) amounting to Rs. 200.000 Million (2012: Nil).	Repayable within 1 year from the date of loan (May 11, 2012) alongwith interest of 18%.
(c) amounting to Rs. 250.000 Million (2012: Nil).	Repayable within one month from the date of loan (March 26, 2013) alongwith interest of 18%.

	Rs. Million	
	2013	2012
4.2. Other Long term Liabilities		
Security Deposits	304.006	200.184
Due to Asset Vendors	316.727	-
	620.733	200.184
4.3. Long-term Provisions		
Employee Benefits:		
Provision for Death Relief Scheme	21.734	20.332
Provision for Shortfall in Provident Fund Trust	57.638	107.746
Provision for Leave Encashment	274.649	235.799
Provision for Pension Liability	22.237	24.156
	376.258	388.033
5.1. Short Term Borrowings		
Secured		
Working Capital Loans from banks	18,672.401	17,456.489
Short Term From Banks	3,900.000	-
Unsecured		
Short term loan from banks	1,000.000	3,000.000
	23,572.401	20,456.489
	Nature of Security	Terms of Repayment
(i) Working capital loans are secured by hypothecation of inventories, book debts and other current assets.	The average rate of interest is 14.3%.	
(ii) Short term loan from bank amounting to Rs. 1500.000 Million (2012: Nil) are secured by a charge on certain fixed assets of the Company and pledge of shares of the Company held by the related parties.	Repayable in 9 months from the date of disbursement (September 7, 2012) alongwith interest of 12%.	
(iii) Short Term Loan from bank amounting to Rs. 2400.000 Million (2012: Nil) are secured by a charge on current assets and pledge of certain shares held by the Company.	Repayable in 6 months from the date of disbursement (December 28, 2012) alongwith interest of 12%.	
5.2. Trade Payables		
Acceptances*	3,084.065	3,034.045
Dues to Micro and Small Enterprises	70.627	71.510
Trade Creditors	13,000.942	9,444.957
Dues to Related Parties	0.785	1,348.587
	16,156.419	13,899.099

* Includes bills drawn against inland letters of credit of Rs. 2686.569 Million (2012: Rs. 2,504.031 Million) and secured by a charge on debtors, inventories and other current assets.

Rs. Million

2013 2012

5.3. Other Current Liabilities

Current maturities of :

Long-term borrowings	10,286.177	8,351.114
Finance Lease obligations	6.048	11.382
Interest accrued but not due	454.707	453.655
Unpaid /unclaimed Dividends	20.886	20.202
Unpaid /unclaimed matured Debentures	0.001	0.001
Unpaid /unclaimed matured Fixed Deposits	155.913	110.528
Advances from Customers	637.419	594.157
Others:		
Due to Directors	56.428	56.089
Due to Asset Vendors	458.001	776.230
Employee payables	689.517	412.703
Sales tax payable	2,220.675	1,640.239
TDS payable	114.076	119.019
Other Liabilities	50.379	39.223
	15,150.227	12,584.542

As required under Section 205C of the Companies Act, 1956, the Company has transferred Rs. 3.414 Million (2012: Rs. 2.847 Million) to the Investor Education and Protection Fund (IEPF) during the year. No amount was due for transfer to the IEPF as on March 31, 2013.

5.4. Short-term Provisions

Proposed Dividend	326.987	326.987
Corporate Tax on Proposed Dividend	53.045	53.046
Fringe Benefit Tax (Net of payments)	1.857	1.857
Employee Benefits:		
Provision for Gratuity	247.691	243.588
Provision for Death Relief Scheme	1.732	-
Provision for Leave Encashment	102.616	85.825
Provision for Leave Travel Allowance	0.652	0.845
	734.580	712.148

6. Fixed Assets

Rs. Million

6.1. Tangible

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	2012	Additions	Deletion/ Adjustments	2013	2012	For the year	2013	2012
Land								
Freehold	3,137.965	19.701	-	3,157.666	-	-	3,157.666	3,137.965
Leasehold	112.261	-	-	112.261	-	-	112.261	112.261
Buildings (Notes 1 to 3 below)	3,326.840	149.065	2.093	3,473.812	517.545	94.887	611.374	2,862.438
Plant and Equipment	6,688.054	1,343.533	614.092	7,417.495	2,189.536	498.907	2,584.738	4,498.518
Furniture and Fixture	424.106	8.431	2.430	430.107	105.905	30.160	134.561	318.201
Office Equipments:								
Finance Lease	28.198	-	7.024	21.174	16.751	8.400	18.127	11.447
Others	339.685	24.872	1.262	363.295	167.630	39.870	206.522	156.773
Vehicles:								
Finance Lease	20.912	-	5.756	15.156	8.335	3.854	6.433	12.577
Others	220.138	1.978	5.126	216.990	163.663	16.832	175.749	56.475
Aircraft	186.290	-	-	186.290	77.941	21.263	99.204	108.349
	14,484.449	1,547.580	637.783	15,394.246	3,247.306	714.173	3,836.708	11,237.143
	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	2011	Additions	Deletion/ Adjustments	2012	2011	For the year	2012	2011
Land (Note 1 below):								
Freehold	3,011.560	126.405	-	3,137.965	-	-	3,137.965	3,011.560
Leasehold	112.261	-	-	112.261	-	-	112.261	112.261
Buildings (Notes 1 to 3 below)	2,470.081	858.957	2.198	3,326.840	441.556	77.940	517.545	2,028.525
Plant and Equipment	5,104.761	1,623.674	40.381	6,688.054	1,815.411	409.003	2,189.536	3,289.350
Furniture and Fixture	408.690	17.296	1.880	424.106	80.095	26.803	105.905	328.595
Office Equipments:								
Finance Lease	7.024	21.174	-	28.198	3.389	13.362	16.751	3.635
Others	302.993	41.127	4.435	339.685	135.928	34.779	167.630	167.065
Vehicles:								
Finance Lease	15.778	13.293	8.159	20.912	11.907	4.030	8.335	12.577
Others	177.205	51.411	8.478	220.138	150.757	21.384	163.663	26.448
Aircraft	186.290	-	-	186.290	60.885	17.056	77.941	125.405
	11,796.643	2,753.337	65.531	14,484.449	2,699.928	604.357	3,247.306	9,096.715

6.2. Intangible

	Rs. Million					
	GROSS BLOCK			AMORTISATION		NET BLOCK
	2012	2013	2012	2013	2012	2013
	Additions	Deletion/ Adjustments	For the year	Deletion/ Adjustments		
Trademark, Formulae and License	40.944	-	19.792	4.096	23.888	21.152
	40.944	-	19.792	4.096	23.888	21.152
	GROSS BLOCK			AMORTISATION		NET BLOCK
	2011	2012	2011	2012	2011	2012
	Additions	Deletion/ Adjustments	For the year	Deletion/ Adjustments		
Trademark, Formulae and License	40.944	-	15.696	4.096	19.792	25.248
	40.944	-	15.696	4.096	19.792	25.248

Notes:

- The cost of Building amounting to Rs.331.428 Million (2012: Rs.331.428 Million) is yet to be registered in the name of the Company.
- Cost of buildings includes the following payments made for the purpose of acquiring the right of occupation of Mumbai godown space:
 - 660 equity shares (unquoted) of Rs.100 each fully paid in Shree Madhu Industrial Estate Limited Rs.0.066 Million (2012: Rs.0.066 Million). Application has been made for duplicate share certificates and the same is in the process.
 - 199, 6 % Debentures (unquoted) of Rs.1,000 each fully paid in Shree Madhu Industrial Estate Limited Rs. 0.199 Million (2012: Rs.0.199 Million). Application has been made for duplicate debentures certificates and the same is in the process.
 - Deposit with Shree Madhu Industrial Estate Limited Rs. 0.132 Million (2012: Rs. 0.132 Million).
- Include value of fully paid shares Rs. 0.006 Million (2012: Rs. 0.006 Million) held in Co-operative Housing Societies.

Rs. Million

7. Non-current Investments

(Valued at Cost)

Particulars	Face Value (Rs)	Nos.	2013	Nos.	2012
Trade investments					
Quoted					
In fully paid Equity shares					
McDowell Holdings Limited	10	50,000	0.500	50,000	0.500
Pioneer Distilleries Limited	10	10,922,032	1,244.754	10,977,132	1,251.034
United Breweries Limited	1	8,500,000	150.000	8,500,000	150.000
Unquoted					
In fully paid Equity shares					
Yankay Associates Private Limited	100	1	0.004	1	0.004
Goa Fruit Distilleries Private Limited	100	350	0.035	350	0.035
Baramati Teluka Fruits Growers Fed Limited	500	1,000	0.500	1,000	0.500
In Subsidiary Companies					
Sovereign Distilleries Limited	10	58,442,746	315.462	54,946,630	310.393
SW Finance Co. Limited (Formerly Shaw Wallace Breweries Limited)	10	80,198,513	3,302.175	78,512,509	3,240.191
Asian Opportunities & Investments Limited	US\$1	4,998,706	301.000	4,998,706	301.000
United Spirits Nepal Limited	NRS 100	67,716	65.626	67,716	65.626
Palmer Investment Group Limited	US\$ 1	15,000,000	6,917.801	15,000,000	6,917.801
Montrose International S.A	US\$ 1000	500	133.932	500	133.932
Liquidity Inc.	US\$0.0001	4,000,000	119.313	4,000,000	119.313
Four Seasons Wines Limited	10	14,111,139	141.111	14,111,139	141.111
McDowell Scotland Limited	£ 1	1,575,000	125.505	1,575,000	125.505
Daffodils Flavours & Fragrances Private Limited	10	-	-	10,000	0.100
United Vintners Limited	10	-	-	50,000	0.500
USL Holdings Limited	US\$ 1	500,000	22.183	500,000	22.183
McDowell Beverages Limited	10	-	-	50,000	0.500
United Alcobev Limited	10	-	-	50,000	0.500
United Spirits Shanghai Trading Company Limited	RMB 10	500,000	26.635	500,000	26.635
McDowell & Company Limited	10	-	-	50,000	0.500
Jasmine Flavours & Fragrances Private Limited	10	-	-	10,000	0.100
Royal Challengers Sports Private Limited	10	14,690	1,699.053	14,690	1,699.053
Tern Distilleries Private Limited	10	4,000,000	139.539	4,000,000	139.539
BDL Distilleries Private Limited	10	-	-	190,000	-
In fully paid Preference shares					
In Subsidiary Companies					
7% Non Cumulative redeemable preference shares of SW Finance Co. Limited (Formerly Shaw Wallace Breweries Limited)	100	-	-	1,197,000	119.700
12% Non- Cumulative Redeemable Optionally Convertible preference shares of Four Seasons Wines Limited	10	15,612,245	156.122	15,612,245	156.122
12% Cumulative Redeemable (redeemable after 20 years) preference shares of Four Seasons Wines Limited	10	8,000,000	80.000	-	-
			<u>14,941.250</u>		<u>14,922.377</u>

Rs. Million

7. Non-current Investments (Contd.)

Particulars	Face Value (Rs.)	Nos.	2013	Nos.	2012
Other Investments					
Quoted					
In fully paid Equity shares					
Mangalore Chemicals & Fertilizers Limited	10	6,150	0.032	6,150	0.032
Housing Development Finance Corporation Limited	10	240	0.002	240	0.002
ICICI Bank Limited	10	8,916	0.382	8,916	0.382
HDFC Bank Limited	10	200	0.002	200	0.002
Vijaya Bank	10	42,100	0.466	42,100	0.466
Radico Khaitan Limited	2	537,850	2.043	537,850	2.043
Khaitan Chemicals & Fertilizers Limited	1	138,800	0.725	138,800	0.725
In fully paid Units					
Unit Trust of India (Note 1)					
- UTI Balance Fund -Income - Retail (formerly known as US 2002)	10	402,201	9.005	365,979	8.374
Unquoted					
In fully paid Equity shares					
Madhav Co-operative Housing Society Limited (Rs.250)	50	5	-	5	-
Sangam Bhavan Cooperative Housing Society Limited	10	15	0.001	15	0.001
U.B. Electronics Instruments Limited	100	1,996	0.129	1,996	0.129
Rampur Fertilizers Limited	10	27,760	0.527	27,760	0.527
Inv-Ansa Industrial Premises Co-op Soc Ltd.	50	60	0.003	-	-
In fully paid Debentures (Non-redeemable)					
6.5% Bengal Chamber of Commerce & Industry	1000	2	0.002	2	0.002
5% Woodland Hospital & Medical Centre Limited	1	7,000	0.007	7,000	0.007
0.5% Woodlands Medical Centre Limited (Note 2)	100	117	0.012	117	0.012
5.0% Woodlands Medical Centre Limited (Note 2)	100	270	0.027	270	0.027
In Government securities					
Indira Vikas Patra			0.003		0.003
National Savings/Plan/Def. Certificates (Deposited with Govt. Authorities)			0.193		0.194
Others					
Interest as Sole Beneficiary in USL Benefit Trust			1,196.969		1,196.969
			1,210.530		1,209.897
Total Investments			16,151.780		16,132.274
Less: Provision for diminution in the value of investments			147.152		27.839
			16,004.628		16,104.435
Aggregate value of Quoted Investments:					
- Book value			1,408.438		1,414.087
- Market value			6,646.955		5,086.573
Aggregate Book value of Unquoted Investments			14,596.190		14,690.348

Note:

- Investments in units of Unit Trust of India represent those made under Rule 3A of the Companies (Acceptance of Deposit) Rules, 1975.
- Market quotations are not available.

The carrying cost of certain investments amounting to Rs. 8162.555 Million (2012: Rs. 8,168.835 Million), substantially exceeds the year end net worth and the market value of shares held by the Company directly and indirectly through its subsidiaries. The management of the Company believes that this reflects intrinsic value far in excess of the carrying cost of investments and that such shortfall in net worth /decline in market value of such shares is purely temporary in nature and, hence no provision is considered necessary for the same.

	2013	Rs. Million 2012
8. Deferred Tax Assets (Net)		
Deferred Tax Assets		
Provision for Doubtful debts/advances/deposits	706.992	500.023
Employee Benefits	232.002	232.398
Other timing differences	82.672	106.467
	<u>1,021.666</u>	<u>838.888</u>
Deferred Tax Liabilities		
Depreciation	695.889	552.103
	<u>325.777</u>	<u>286.785</u>
9. Long term Loans and Advances		
(Unsecured, considered good unless stated otherwise)		
Capital Advances	74.385	104.142
Loans and Advances to Tie-up Units	373.602	619.059
Loans and Advances to Related Parties	55,037.496	46,558.491
Advance Income Tax (Net of Provisions)	619.505	653.175
Security Deposits:		
- Considered Good	5,564.843	5,626.398
- Considered Doubtful	6.809	6.808
	<u>5,571.652</u>	<u>5,633.206</u>
Less: Provision for doubtful Deposits	6.809	6.808
	<u>5,564.843</u>	<u>5,626.398</u>
Other Recoverables :		
- Considered Good	328.476	204.295
- Considered Doubtful	1,995.500	1,407.655
	<u>2,323.976</u>	<u>1,611.950</u>
Less: Provision for Doubtful Advances	1,995.500	1,407.655
	<u>328.476</u>	<u>204.295</u>
	<u>61,998.307</u>	<u>53,765.560</u>
(a) Of the above:		
(i) Rs. 48,833.202 Million (2012: Rs. 44,659.039 Million) given as interest free loans to subsidiaries.		
(ii) An amount of Rs.150.000 Million (2012: Rs. 265.000 Million) due from the Tie-up units secured by the assets of the Tie-up unit and/or equity shares of the Tie-up unit.		
(iii) Rs. NIL (2012: Rs. 3.000 Million) being amount paid to BDA Limited (BDA) towards reassignment of certain Liquor Brands/ Trade Marks pursuant to a Memorandum of Understanding dated March 20, 1992. Consequent to the out of court settlement order dated November 2, 2012, various disputes has been settled with BDA.		
(iv) Due from an Officer of the Company Rs. 2.579 Million (2012: Rs. 2.144 Million). Maximum amount outstanding at any time during the year Rs. 2.579 Million (2012: Rs. 2.144 Million).		
(v) Due from the Managing Director of the Company Rs. 7.250 Million (2012: Rs. 6.120 Million).		
(b) The Company has, granted interest free loans in foreign currency amounting to Rs. 41,340.968 Million (2012: Rs. 39,816.801 Million), to USL Holdings Limited, BVI (USL Holdings) a subsidiary of the Company, for acquisition of long term strategic investments. Management is of the view that out of these loans, Rs. 40,417.206 Million (2012: Rs. 38,110.395 Million), from the inception of the grant of loans, in substance, form part of the Company's net investment in the subsidiary, as the settlement of these loans is neither planned nor likely to occur in the foreseeable future and management intends to convert these loans into investment in share capital of the subsidiary in near future. Accordingly, in line with AS 11 - The Effects of Changes in Foreign Exchange Rates (AS 11), exchange difference aggregating to Rs. 4734.854 Million (Credit) [2012: Rs. 2,428.044 Million] such loans has been accumulated in a foreign currency translation reserve, which at the time of the disposal of the net investment in these subsidiaries would be recognised as income or as expenses.		
(c) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under: Loans and Advances to Subsidiaries USD 740.890 Million, GBP 16.100 Million, Euro 28.750 Million (2012:USD 736.290 Million,GBP 31.100 Million, Euro 28.750 Million).		

		2013	Rs. Million 2012
10. Other Non-Current Assets (Unsecured)			
(i) Long-term Trade Receivables			
- Considered Doubtful	61.935	- 61.935	-
Less: Provision for Doubtful Debts	61.935	- 61.935	-
(ii) Others			
Long-term deposits with banks:			
On Deposit account	378.819	196.702	
On Margin money deposits	1.300	1.300	
	380.119		198.002
Foreign Currency Monetary Items Translation Difference	-	-	-
Share Issue Expenses	-	-	-
	380.119		198.002
		2013	2012
11.1. Current Investments			
(Valued at Cost or Market Value, whichever is less)			
Unquoted			
Investments in Mutual Funds :			
HSBC Mutual Fund		1.696	1.696
ICICI Prudential Liquid Fund		7.279	6.796
SBI SHF Liquid Plus		0.439	87.056
SBI-Premier Liquid Fund		7.622	93.228
SBI SHF Short Term Debt Fund		0.315	-
		17.351	188.776
11.2. Inventories			
(Valued at lower of Cost and Net Realisable Value)			
Raw Materials		1,303.643	1,587.703
[including materials in transit Rs.137.195 Million (2012: Rs. 125.153 Million)]			
Work-in-Progress		6,476.423	8,172.494
[including held by a branch outside India Rs.2,361.481 Million (2012: Rs.5,095.178 Million)]			
Finished goods		3,701.853	2,906.990
Stock-in-trade		82.449	86.672
[including goods in transit Rs.3.308 Million (2012: Rs. 3.857 Million)]			
Packing Materials, Stores and Spares		1,650.224	1,768.501
		13,214.592	14,522.360
Interest included in the Closing Stock of Work in progress (Malt and Grape Spirit under maturation)		570.302	883.907

Rs. Million
2013 2012

11.3. Trade Receivables

(Unsecured, considered good unless stated otherwise)

Exceeding six months:

Considered Good

Considered Doubtful

Others: Considered Good*

Less: Provision for Doubtful Debts

188.673	144.029
15.752	39.951
204.425	183.980
17,498.233	12,683.971
17,702.658	12,867.951
15.752	39.951
17,686.906	12,828.000

* includes due from related parties - Rs. 517.551 Million (2012:Rs. 207.074 Million).

11.4. Cash and Bank balance

(a) Cash and Cash Equivalents:

Cash on Hand

Cheques on Hand

Balances with Banks:

On Current accounts

On Deposit account with original maturing of less than three months

4.559	4.908
37.914	7.485
806.155	1,895.971
586.459	408.273
1,435.087	2,316.637

(b) Other Bank balances:

On Unpaid dividend account

Margin money deposits

Deposits with original maturity for more than three months

20.969	20.294
1.300	1.300
378.819	498.769
401.088	520.363

(c) Amounts disclosed under non-current assets (Note 10)

On Deposit account

On Margin money deposits

(378.819)	(196.702)
(1.300)	(1.300)
(380.119)	(198.002)
1,456.056	2,638.998

The above deposit accounts:

- (i) include Rs. Nil (2012: Rs. 32.170 Million) in Exchange Earners Foreign Currency (EEFC) Account and Rs. 7.181 Million (2012: Rs. 10.754 Million) in Foreign Currency.
- (ii) a) include Rs. 0.464 Million (2012: Rs. 0.464 Million) pledged with Government Departments.
b) include Rs. 583.528 Million (2012: Rs. 381.166 Million) deposited in accordance with Companies (Acceptance of Deposit) Rules, 1975.
- (iii) includes Rs. 138.000 Million (2012: Rs. 250.000 Million) pledged as security against loan from a bank.
- (iv) includes Rs. Nil (2012: Rs. 55.583 Million) held in a Escrow account towards acquisition of Pioneer Distilleries Limited and Sovereign Distilleries Limited.

Bank balance with scheduled banks includes Rs. 207.634 Million (2012: Rs. 190.053 Million) out of the proceeds of the beer business of erstwhile Shaw Wallace & Company Ltd. (SWCL), sold in an earlier year which has been kept under escrow pending resolution of various taxation matters.

	Rs. Million	
	2013	2012
11.5. Short Term Loans and Advances		
(Unsecured, considered good unless stated otherwise)		
Income accrued on Investments and Deposits	62.936	52.319
Advances to Related Parties	1,423.146	738.500
Advances to Tie-up units:*		
Considered Good	1,916.349	3,110.899
Considered Doubtful	-	21.519
Taxes and Duties paid in advance	1,729.890	1,636.149
Loans and advances to Employees	29.322	33.827
Pre-paid Expenses (including advances to suppliers)	2,353.241	3,085.820
	7,514.884	8,679.033
Less: Provision for Doubtful Advances	-	21.519
	7,514.884	8,657.514
* Includes an amount of Rs. 874.920 Million (2012: Rs. 1,060.593 Million) due from a tie-up unit secured by the total assets of the tie-up unit.		
11.6. Other Current Assets		
Assets held for sale (net of provisions)	1.347	1.346
	1.347	1.346
12. Revenue from Operations		
Sales (Gross)	183,897.194	155,805.403
Income arising from Sale by Manufacturers under 'Tie-up' agreements (Tie-up units)	4,412.598	4,216.502
Income from Brand Franchise	452.478	442.428
	188,762.270	160,464.333
13.1. Other Operating Income		
Scrap Sales	324.498	285.829
Miscellaneous	429.736	93.237
	754.234	379.066
13.2. Other Income		
Interest Income	750.989	559.206
Dividend income:		
From Subsidiary company	25.394	33.858
From Others	22.995	10.749
Exchange Gain (Net)	232.343	430.785
Profit on Sale of Fixed Assets	-	4.218
Liabilities no longer required written back	213.690	786.627
Bad debts/ Advances recovered	1.053	-
Insurance Claims	1.682	2.148
	1,248.146	1,827.591

		Rs. Million	
		2013	2012
14. Cost of Materials Consumed			
Raw Materials		23,390.603	21,148.853
Packing Materials		19,188.021	17,112.629
		<u>42,578.624</u>	<u>38,261.482</u>
15. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade			
Opening Stock:			
Finished Goods		2,906.990	2,730.874
Work-in-Progress		8,172.494	6,406.805
Stock-in-trade		86.672	111.781
		<u>11,166.156</u>	<u>9,249.460</u>
Closing Stock:			
Finished Goods		3,701.853	2,906.990
Work-in-Progress		6,476.423	8,172.494
Stock-in-trade		82.449	86.672
		<u>10,260.725</u>	<u>11,166.156</u>
Excise Duty on Opening/Closing Stock of Finished Goods (net)		799.333	118.488
		<u>1,704.764</u>	<u>(1,798.208)</u>
16. Employee Benefits Expense			
Salaries, Wages and Bonus		3,979.307	3,465.574
Contribution to Provident and Other Funds		461.297	472.495
Staff Welfare Expenses		323.843	272.006
		<u>4,764.447</u>	<u>4,210.075</u>
17. Finance Costs			
Interest Expense		6,452.941	5,873.900
Debt issue costs		108.781	69.550
		<u>6,561.722</u>	<u>5,943.450</u>
18. Other Expenses			
Consumption of Stores and Spares		101.404	184.356
Power and Fuel		348.400	299.668
Rent		1,046.401	922.709
Repairs and Maintenance:			
Buildings		52.285	52.458
Plant and Machinery		150.085	114.252
Others		56.101	49.372
Insurance		96.855	76.683
Rates and Taxes		779.312	637.082
Travelling and Conveyance		687.335	530.354

	Rs. Million	
	2013	2012
18. Other Expenses (Contd.)		
Legal and Professional	860.601	702.576
Freight Outwards	2,126.288	1,827.139
Advertisement and Sales Promotion	7,779.046	7,445.846
Commission on Sales	496.883	447.871
Cash Discount	905.327	769.509
Sales Tax	298.779	286.156
Fixed Assets Written Off	0.992	0.245
Directors' Remuneration:		
Sitting Fee	1.730	1.300
Commission	55.986	55.647
Bad Debts and Advances Written Off	37.044	35.296
Loss on Sale of Fixed Assets	160.865	-
Loss on Sale of Investments	4.004	-
Provision for Diminution in Value of Investments	-	0.326
Provision for Doubtful Debts/ Advances/ Deposits	535.129	432.815
Research and Development	64.042	47.605
Others		
Administrative expenses	414.446	387.213
Distribution Costs	1,126.700	1,110.876
Miscellaneous	277.744	251.006
	18,463.784	16,668.360
Auditors' Remuneration* (included in Legal and Professional Charges)		
Statutory Audit	10.000	10.000
Other Services (including Limited Reviews)	6.980	3.418
Out-of-pocket Expenses	1.344	1.424
	18.324	14.842
* Excluding the Service tax		
19. Exceptional items		
Provision towards Turn Over Tax relating to earlier years under Amnesty Scheme	(43.360)	-
Provision for diminution in the value of investments in a Subsidiary	(119.313)	-
Provision for doubtful advances in a Subsidiary	(53.808)	-
Provision towards Excise Liability relating to earlier years based on legal pronouncement	-	(88.400)
Water Charges relating to Prior years based on the legal pronouncement received during the year	-	(19.763)
	(216.481)	(108.163)
20. Earnings Per Share		
Nominal Value of equity shares (Rs.)	10	10
(a) Net Profit after tax (Rs. Million)	3,207.960	3,427.941
(b) Basic number of Equity Shares of Rs. 10 each outstanding during the year	130,794,698	130,794,698
(c) Weighted Average number of Equity Shares of Rs. 10 each outstanding during the year	130,794,698	130,794,698
(d) Basic Earnings per Share (Rs.)	24.53	26.21

21. (a) Defined Contribution Plans

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

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss, which are included in Contribution to Provident and other funds.

	Rs. Million	
	2013	2012
Provident Fund and Employee's Pension Scheme *	66.689	61.234
Superannuation Fund	63.758	52.594
Employees' State Insurance	12.522	14.463
	142.969	128.291

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

(b) Defined Benefit Plans

Gratuity:

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

Provident Fund:

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

Death Benefit:

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

21. (b) Defined Benefit Plans (cont'd)

Particulars	2013				2012			
	Funded		Non Funded		Funded		Non Funded	
	Gratuity	PF	Pension	Death Benefit	Gratuity	PF	Pension	Death Benefit
A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation								
Obligation at the beginning of the year	1,059.468	1,602.320	24.155	20.331	930.137	1,459.897	22.801	18.442
On amalgamation								
Contribution by Plan Participants	-	200.197	-	-	-	163.881	-	-
Current service cost	62.497	128.334	3.494	-	74.717	109.548	6.394	-
Interest cost	87.025	118.733	-	1.749	67.333	104.381	-	1.475
Actuarial (gain)/loss on obligations	181.277	-	-	1.386	164.222	-	-	0.414
Past service cost - (vested benefits)	-	-	-	-	-	-	-	-
Benefits paid	(95.101)	(202.559)	(5.412)	-	(176.941)	(235.387)	(5.040)	-
Obligation at the end of the year	1,295.166	1,847.025	22.237	23.466	1,059.468	1,602.320	24.155	20.331
B. Reconciliation of opening and closing balances of the fair value of plan assets								
Plan Assets at the beginning of the year	815.880	1,494.056	-	-	718.068	1,357.567	-	-
Contribution by Plan Participants	-	200.197	-	-	-	163.881	-	-
Contribution by the Company	246.091	115.623	-	-	211.819	93.043	-	-
Expected return on plan assets	82.452	123.852	-	-	68.034	109.467	-	-
Actuarial gains / (losses)	(1.847)	58.216	-	-	(5.100)	5.485	-	-
Benefits paid	(95.101)	(202.559)	-	-	(176.941)	(235.387)	-	-
Plan assets at the end of the year	1,047.475	1,789.385	-	-	815.880	1,494.056	-	-
C. Reconciliation of Present Value of Defined Benefit Obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance sheet								
Present value of obligation at the end of the year	1,295.166	1,847.025	22.237	23.466	1,059.468	1,602.320	24.155	20.331
Fair value of plan assets at the end of the year	1,047.475	1,789.385	-	-	815.880	1,494.056	-	-
Liability/(Net Asset) Recognized in Balance Sheet	247.691	57.640	22.237	23.466	243.588	108.264	24.155	20.331
D. Expenses recognized in the Statement of Profit and Loss								
Current service cost	62.497	128.334	3.494	-	74.717	109.548	6.394	-
Interest cost	87.025	118.733	-	1.749	67.333	104.381	-	1.475
Expected return on plan assets	(82.452)	(123.852)	-	-	(68.034)	(109.467)	-	-
Actuarial (gains)/losses	183.124	(58.216)	-	1.386	169.322	(5.485)	-	0.414
Total Expenses recognized in the Statement of Profit and Loss	250.194	64.999	3.494	3.135	243.338	98.977	6.394	1.889

Particulars	2013				2012			
	Funded		Non Funded		Funded		Non Funded	
	Gratuity	PF	Pension	Death Benefit	Gratuity	PF	Pension	Death Benefit
E. Investment details of plan assets								
Government securities	0%	19%			0%	19%		
Securities guaranteed by Government	0%	0%			0%	0%		
Private Sector Bonds	0%	0%			0%	0%		
Public Sector/Financial Institutional Bonds	0%	71%			0%	73%		
Special Deposit Scheme	0%	7%			0%	6%		
Fund balance with Insurance Companies	84%	0%			97%	0%		
Others (including bank balances)	16%	3%			3%	2%		
	100%	100%			100%	100%		

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

F. Actual return on plan assets	6.0%	6.0%			6.0%	6.0%		
G. Assumptions								
Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%	8.60%	8.00%	8.60%	8.60%
Expected Rate of Return on Plan Assets	9.25%	8.00%	NA	NA	9.25%	8.00%	NA	NA
Rate of increase in Compensation levels	7.00%	NA	NA	7.00%	6.00%	NA	NA	6.00%
Attrition Rate	8.50%	NA	NA	8.50%	8.50%	NA	NA	8.50%
Average past service of employees (years)	13.3	NA	NA	10	13.6	NA	NA	10.8
Mortality rates	Standard India Assured Lives 2006-08 ultimate Table	LIC (a) 1996-98 Ultimate Table, Standard India Assured Lives 2006-08 Ultimate Table	LIC (a) 1996-98 Ultimate Table	Standard India Assured Lives ultimate Table	Standard India Assured Lives (1994-96) ultimate Table	Standard India Assured Lives (1994-96) ultimate Table	LIC (a) 1996-98 Ultimate Table	Standard India Assured Lives (1994-96) ultimate Table

Rs. Million

H. Others (Funded)								
Particulars	2013		2012		2011		2010	
	Gratuity	PF	Gratuity	PF	Gratuity	PF	Gratuity	PF
Present value of obligation	1,295.166	1,847.025	1,059.468	1,602.320	930.137	1,459.897	726.736	1,296.174
Present value of plan assets	1,047.475	1,789.385	815.880	1,494.056	718.068	1,357.567	606.398	1,233.898
Amount recognised in Balance sheet – Liability	247.691	57.640	243.588	108.264	212.069	102.330	120.338	62.276
Experience adjustments on Present value of obligation	(92.425)	-	(176.898)	-	(80.631)	-	(44.591)	7.506
Experience adjustments on Plan assets	(1.847)	58.216	(5.100)	5.485	(18.490)	(25.559)	(9.218)	32.413

Others (Non-funded)

Particulars	2013		2012		2011		2010	
	Pension	Death Benefit	Pension	Death Benefit	Pension	Death Benefit	Pension	Death Benefit
Present value of obligation	22.237	23.466	24.155	20.331	22.801	18.443	24.212	16.673
Present value of plan assets	-	-	-	-	718.068	1,357.567	-	-
Amount recognised in Balance Sheet – Liability	22.237	23.466	24.155	20.331	22.801	18.443	24.212	16.673

Notes:

- The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- As per the best estimate of the management, contribution of Rs. 270.000 Million is expected to be paid to the plans during the year ending March 31, 2014.

22. Leases

a) Finance Lease

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

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

Particulars	2013		2012	
	Present Value of payments	Minimum lease payments	Present Value of payments	Minimum lease payments
Later than one year and not later than five years	7.551	8.757	12.962	15.330
Later than five years	-	-	0.864	0.880
	7.551	8.757	13.826	16.210
Not later than one year	6.048	7.454	11.382	13.928
	13.599	16.211	25.208	30.138
Less: Finance Charges		2.612		4.930
Present value of net minimum lease payments		13.599		25.208

b) Operating Lease

The Company's significant leasing arrangements in respect of operating leases for premises (residential, office, stores, godown, manufacturing facilities etc) and plant and machineries, which includes both cancellable and non cancellable leases and range between 11 months and 3 years generally (or longer in certain cases) and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Note 18 to the accounts.

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

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

	2013	2012
Later than one year and not later than five years	-	42.465
Later than five years	-	-
	-	42.465
Not later than one year	15.000	32.200
	15.000	74.665

23. Segment Reporting

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

24 Related Party Disclosures

(a) Names of related parties and description of relationship

Enterprise where there is control

(i) Subsidiary Companies:

1) United Spirits Nepal Private Limited (USNPL), 2) Asian Opportunities & Investment Limited (AOIL), 3) Bouvet -Ladubay S.A.S (BL), 4) Chapin Landais S.A.S (CL)^, 5) Palmer Investment Group Limited (PIG)^, 6) Montrose International SA (MI)^, 7) UB Sports Management Overseas Limited (UBSMOL) [Formerly known as JIHL Nominees Limited (JIHL)]^, 8) RG Shaw & Company Limited (RGSC)^^, 9) Shaw Darby & Company Limited (SDC)^^, 10) Shaw Scott & Company Ltd (SSC)^^, 11) Thames Rice Milling Company Limited (TRMCL)^^, 12) Shaw Wallace Overseas Limited (SWOL)^, 13) McDowell (Scotland) Limited (MSL), 14) USL Holdings Limited (USLHL), 15) Royal Challengers Sports Private Limited (RCSPL), 16) USL Holdings (UK) Limited, 17) United Spirits (UK) Limited^, 18) United Spirits (Great Britain) Limited^, 19) SW Finance Co. Limited (SWFCL)^^, 20) Ramanreti Investment & Trading Limited (RITL)^^, 21) Daffodils Fragrance and Flavours Private Limited (DFFPL)^^, 22) Four Seasons Wines Limited (FSWL), 23) United Vintners Limited (UVL)^^, 24) United Alcobev Limited (UAL)^^, 25) McDowell Beverages Limited (MBL)^^, 26) McDowell & Company Limited^^, 27) Jasmine Flavours and Fragrances Limited^^, 28) Liquidity Inc, 29) Whyte and Mackay Group Limited^, 30) Whyte and Mackay Holdings Ltd^, 31) Whyte and Mackay Limited (W&M), 32) Whyte and Mackay Warehousing Limited^, 33) Bruce & Company (Leith) Limited^, 34) Charles Mackinlay & Company Limited^, 35) Dalmore Distillers Limited^, 36) Dalmore Whyte & Mackay Limited^, 37) Edinburgh Scotch Whisky Company Limited^, 38) Ewen & Company Limited^, 39) Fettercairn Distillery Limited^, 40) Findlater Scotch Whisky Limited^, 41) Glayva Liqueur Limited^, 42) Glentalla Limited^, 43) GPS Realisations Limited^, 44) Grey Rogers & Company Limited^, 45) Hay & MacLeod Limited^, 46) Invergordon Distillers (Holdings) Limited^, 47) Invergordon Distillers Group Limited^, 48) Invergordon Distillers Limited^, 49) Invergordon Gin Limited^, 50) Isle of Jura Distillery Company Limited^, 51) Jarvis Halliday & Company Limited^, 52) John E McPherson & Sons Limited^, 53) Kensington Distillers Limited^, 54) Kyndal Spirits Limited^, 55) Leith Distillers Limited^, 56) Loch Glass Distilling Company Limited^, 57) Longman Distillers Limited^, 58) Lycidas (437) Limited^, 59) Pentland Bonding Company Limited^, 60) Ronald Morrison & Company Limited^, 61) St The Sheep Dip Whisky Company Limited^, 62) Vincent Street (437) Limited^, 63) Tamnavulin-Glenlivet Distillery Company Limited^, 64) TDL Realisations Limited^, 65) W & S Strong Limited^, 66) Watson & Middleton Limited^, 67) Wauchope Moodie & Company Limited^, 68) Whyte & Mackay Distillers Limited^, 69) William Muir Limited^, 70) WMB Realisations Limited^, 71) Whyte and Mackay Property Limited^, 72) Whyte and Mackay de Venezuela CA^, 73) KI Trustees Limited^, 74) USL Shanghai Trading Company Limited^ 75) Tern Distillery Private Limited (Tern) 76) Sovereign Distilleries Limited 77) Pioneer Distilleries Limited. 78) Whyte and Mackay Americas Limited 79) Whyte and Mackay Singapore* 80) BDL Distilleries Private Ltd.^^

ii) USL Benefit Trust

* Became a subsidiary during the year.

^ No transactions during the year.

^^ Shaw Wallace Breweries Limited renamed as " SW Finance Co. Limited" W.E.F. January 16, 2013

^^^ Ceased to be subsidiary during the year

Associates:

Wine Soc. of India Private Limited^

Promoter Holding together with its Subsidiary is more than 20%.

United Breweries (Holdings) Limited

^ No transactions during the year.

Key Management personnel:

Mr Ashok Capoor

Employees' Benefit Plans where there is significant influence:

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

b) Summary of transactions with related parties

Rs. Million

		2013						2012					
Sl. No.	Nature of transactions **	Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter	Total	Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter	Total
a)	Purchase of goods												
	- W&M	699,489	-	-	-	-	699,489	1,359,560	-	-	-	-	1,359,560
	- Tern	117,721	-	-	-	-	117,721	327,173	-	-	-	-	327,173
	- PDL	655,873	-	-	-	-	655,873	718,704	-	-	-	-	718,704
	- SDL	32,157	-	-	-	-	32,157	-	-	-	-	-	-
	- FSWL	114,885	-	-	-	-	114,885	88,392	-	-	-	-	88,392
	- Others	2,184	-	-	-	-	2,184	3,930	-	-	-	-	3,930
b)	Sale of goods												
	- USNPL	212,909	-	-	-	-	212,909	176,469	-	-	-	-	176,469
	- UBHL	-	-	-	-	609,000	609,000	-	-	-	-	658,346	658,346
	- W&M Singapore	471,605	-	-	-	-	471,605	-	-	-	-	-	-
	- Others	-	-	-	-	-	-	0.063	-	-	-	-	0.063
c)	Income from Brand Franchise												
	- USNPL	62,106	-	-	-	-	62,106	68,273	-	-	-	-	68,273
d)	Other Operating Income												
	- W&M Singapore	181,247	-	-	-	-	181,25	-	-	-	-	-	-
	- USNPL	25,394	-	-	-	-	25,39 4	33,858	-	-	-	-	33,858
e)	Interest Income												
	- SWFCL	147,312	-	-	-	-	147,312	254,603	-	-	-	-	254,603
	- PDL	24,897	-	-	-	-	24,897	34,781	-	-	-	-	34,781
	- FSWL	17,388	-	-	-	-	17,388	3,064	-	-	-	-	3,064
	- DFFPL	1,540	-	-	-	-	1,540	2,636	-	-	-	-	2,636
	- UBHL	-	-	-	-	339,504	339,504	-	-	-	-	1,887	1,887
f)	Guarantee Commission Received												
	- SWFCL	5,290	-	-	-	-	5,290	2,759	-	-	-	-	2,759
g)	Advertisement & Sales Promotion												
	- RCSPL	100,000	-	-	-	-	100,000	90,000	-	-	-	-	90,000
	- UBHL	-	-	-	-	18,439	18,439	-	-	-	-	28,124	28,124
h)	Rent												
	- W&M	76,169	-	-	-	-	76,169	72,003	-	-	-	-	72,003
	- DFFPL	0,675	-	-	-	-	0,675	0,900	-	-	-	-	0,900
i)	Guarantee /Security Commission Paid												
	- UBHL	-	-	-	-	6,623	6,623	-	-	-	-	6,762	6,762

UNITED SPIRITS

Rs. Million

Sl. No.	Nature of transactions **	2013						2012					
		Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter	Total	Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter	Total
j)	Sale/(Purchase) of Fixed asset	-	-	-	-	-	-	(67.970)	-	-	-	-	(67.970)
	- W&M	-	-	-	-	-	-	-	-	-	-	(541.471)	(541.471)
	- UBHL	-	-	-	-	-	-	-	-	-	-	-	-
	- DFFPL	(25.596)	-	-	-	-	(25.596)	-	-	-	-	-	-
	- JFPL	(25.996)	-	-	-	-	(25.996)	-	-	-	-	-	-
	- SDL	(1.888)	-	-	-	-	(1.888)	-	-	-	-	-	-
	- Tern	3.884	-	-	-	-	3.884	-	-	-	-	-	-
	- Others	0.810	-	-	-	-	0.810	5.548	-	-	-	-	5.548
k)	Finance (including loans and equity contributions in cash or in kind)	-	-	-	-	-	-	-	-	-	-	-	-
	- USLHL	1,526.363	-	-	-	-	1,526.363	2,959.265	-	-	-	-	2,959.265
	- RCSPL	1,266.639	-	-	-	-	1,266.639	615.932	-	-	-	-	615.932
	- AOIL	39.945	-	-	-	-	39.945	120.236	-	-	-	-	120.236
	- FSWL	21.984	-	-	-	-	21.984	87.273	-	-	-	-	87.273
	- SWFCL	880.751	-	-	-	-	880.751	(584.320)	-	-	-	-	(584.320)
	- Sovereign	362.216	-	-	-	-	362.216	776.457	-	-	-	-	776.457
	- PDL	498.570	-	-	-	-	498.570	439.971	-	-	-	-	439.971
	- UBHL	-	-	-	-	4,274.096	4,274.096	-	-	-	-	180.000	180.000
	- Others	132.738	-	-	-	-	132.738	198.190	-	-	-	-	198.190
l)	Managing Directors' Remuneration	-	-	46.523	-	-	46.523	-	-	35.736	-	-	35.736
m)	Rent	-	-	6.970	-	-	6.970	-	-	5.927	-	-	5.927
n)	Contribution to Gratuity Fund	-	-	-	-	-	-	-	-	-	-	-	-
	- McD OGF	-	-	-	-	-	-	-	-	-	156.761	-	156.761
	- McD SGF	-	-	-	-	-	-	-	-	-	53.190	-	53.190
o)	Contribution to Provident Fund	-	-	-	-	-	-	-	-	-	-	-	-
	- McD PF	-	-	-	-	-	-	-	-	-	93.043	-	93.043
p)	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-
	- USL Benefit Trust	8.648	-	-	-	-	8.648	8.648	-	-	-	-	8.648
	- SSC	-	-	-	-	-	-	1.694	-	-	-	-	1.694
	- SDC	-	-	-	-	-	-	1.656	-	-	-	-	1.656
	- UBSPOL	1.371	-	-	-	-	1.371	1.371	-	-	-	-	1.371
	- TRMCL	-	-	-	-	-	-	1.318	-	-	-	-	1.318
	- RGSC	-	-	-	-	-	-	6.268	-	-	-	-	6.268
	- Palmer	10.942	-	-	-	-	10.942	0.006	-	-	-	-	0.006
	- UBHL	-	-	-	-	58.950	58.950	-	-	-	-	91.395	91.395
q)	Guarantees and Collaterals given	-	-	-	-	-	-	-	-	-	-	-	-
	- USLHL	-	-	-	-	-	-	35,298.160	-	-	-	-	35,298.160
	- SWFCL	-	-	-	-	-	-	550.000	-	-	-	-	550.000
	- SDL	-	-	-	-	-	-	1,250.000	-	-	-	-	1,250.000
	- PDL	-	-	-	-	-	-	934.400	-	-	-	-	934.400
	- RCSPL	-	-	-	-	-	-	350.000	-	-	-	-	350.000

(c) Summary of closing balances with related parties:

Rs. Million

Sl. No.	Nature of transactions **	2013						2012					
		Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter	Total	Entities where there is control	Associates	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter	Total
r)	Guarantees and Collaterals Received	1,500.000	-	-	-	-	1,500.000	-	-	-	-	-	-
	- FSWL	-	-	-	-	-	-	-	-	-	-	-	-
	- UBHL	-	-	-	-	-	-	-	-	-	-	-	-
s)	Lease deposit	506.330	-	-	-	-	506.330	506.330	-	-	-	-	506.330
	-SDL	-	-	-	-	-	-	-	-	-	-	-	-
t)	Deposits outstanding	-	-	-	-	1,400.000	1,400.000	-	-	-	-	1,400.000	1,400.000
u)	Deposits outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	-UBHL	-	-	-	-	-	-	-	-	-	-	-	-
	-W&M	-	-	-	-	-	-	107.160	-	-	-	-	107.160
v)	Deposit-Rental	-	-	7.250	-	-	7.250	-	-	6.120	-	-	6.120
w)	Amount due from	-	-	-	-	-	-	-	-	-	-	-	-
	- USLHL	41,340.968	-	-	-	-	41,340.968	39,816.801	-	-	-	-	39,816.801
	- AOIL	1,792.446	-	-	-	-	1,792.446	1,752.501	-	-	-	-	1,752.501
	- RCSPL	2,225.564	-	-	-	-	2,225.564	1,057.041	-	-	-	-	1,057.041
	- FSWL	366.771	-	-	-	-	366.771	392.200	-	-	-	-	392.200
	- SWFCL	1,992.337	-	-	-	-	1,992.337	974.465	-	-	-	-	974.465
	- SDL	1,116.728	-	-	-	-	1,116.728	804.266	-	-	-	-	804.266
	- PDL	1,734.358	-	-	-	-	1,734.358	1,305.690	-	-	-	-	1,305.690
	- W&M Singapore	288.664	-	-	-	-	288.664	-	-	-	-	-	-
	- W&M	10.428	-	-	-	-	10.428	-	-	-	-	-	-
	- UBHL	-	-	-	-	4,960.631	4,960.631	-	-	-	-	-	-
	- Others	1,129.878	-	-	-	-	1,129.878	1,129.325	-	-	-	274.922	1,129.325
x)	Amount due to	-	-	-	-	-	-	-	-	-	-	-	-
	- W&M	-	-	-	-	-	-	-	-	-	-	-	-
y)	Interest as Sole Beneficiary in USL Benefit Trust	1,196.969	-	-	-	-	1,196.969	(1,348.627)	-	-	-	-	(1,348.627)
	- USL Benefit Trust	-	-	-	-	-	-	1,196.969	-	-	-	-	1,196.969
z)	Guarantees and Collaterals given/(received) Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	- USLHL	41,007.610	-	-	-	-	41,007.610	40,386.160	-	-	-	-	40,386.160
	- SWFCL	-	-	-	-	-	-	550.000	-	-	-	-	550.000
	- SDL	1,250.000	-	-	-	-	1,250.000	1,250.000	-	-	-	-	1,250.000
	- PDL	934.400	-	-	-	-	934.400	934.400	-	-	-	-	934.400
	- FSWL	(1,500.000)	-	-	-	-	(1,500.000)	-	-	-	-	-	-
	- UBHL	-	-	-	-	(550.000)	(550.000)	(550.000)	-	-	-	-	(550.000)
	- RCSPL	-	-	-	-	-	-	350.000	-	-	-	-	350.000

** Excludes Reimbursement of Expenses and Cost sharing arrangements.

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

25. During the year :

- a) Palmer Investment Group Limited and UB Sports Management Overseas Limited (both wholly owned subsidiaries of the Company), USL Benefit Trust (of which the Company is a beneficiary), SWEW Benefit Company, United Breweries (Holdings) Limited and Kingfisher Finvest India Limited (both promoters of the Company) had executed to a Share Purchase Agreement, with Relay B.V. and Diageo PLC, on November 9, 2012, for the sale of 25, 226,839 equity shares constituting approximately 19.29% of the present paid up equity share capital of the Company and approximately 17.36% of the paid up equity share capital of the Company following the preferential allotment referred to in paragraph (b) below, at a price of Rs. 1,440/- per equity share.
- b) Simultaneously with the execution of the Share Purchase Agreement, a Preferential Allotment Agreement between Relay B.V. the Company and Diageo PLC has been entered with, for issue of 14,532,775 equity shares of face value of Rs.10/- of the Company, each constituting 10% of the post-issue equity share capital of the Company to Relay B.V. an indirect wholly owned subsidiary of Diageo PLC on a preferential allotment basis at a price of Rs.1,440 per equity share.
- c) The consummation of the transaction referred to above are subject to various conditions precedent, including receipt of approval from the Competition Commission of India and in case of the preferential allotment, approval of the shareholders of the Company by way of a special resolution through postal ballot. Shareholder approval to the preferential allotment and approval from the Competition Commission of India has since been received.
- d) As a consequence, inter alia, of the transactions referred to in (a) and (b) above, Relay B.V., acting through JM Financial Institutional Securities Private Limited, has made an open offer which commenced on April 10, 2013 and ended on May 13, 2013, to acquire up to 37,785,214 equity shares from the public shareholders of the Company pursuant to Regulation 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Relay B.V., has acquired 58,668 equity shares constituting 0.04% of paid up capital of the Company pursuant to the open offer.

26. The Company has directly advanced loans and provided a deposit to a group company and one of its wholly owned subsidiary has further advanced loans to this entity. The amounts recoverable from the group company and the investment and loan to said subsidiary aggregate to Rs.11,554.77 million as at March 31, 2013. The group company has assets with significant market value and has a track record of disposing off assets, if required to settle its dues. The group company has currently provided significant corporate guarantees to lenders and other vendors of its related party, of which certain corporate guarantees have been invoked and are currently being challenged at appropriate forums. The Management is reasonably confident that no material liability, if any, would eventually devolve upon the group company and based on the assets it owns and future business prospects, the Company will be able to recover the amounts stated above, as per the agreed terms and that no provision is considered necessary for these amounts as at 31 March 2013.

27. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.403.793 Million (2012: Rs. 341.114 Million).
- (b) Other commitments relating to Advertisement and Sales Promotion Rs.1,383.516 Million (2012: Rs. 523.950 Million).

28. Contingent Liabilities

	Rs. Million	
	2013	2012
(a) (i) Guarantee given on behalf of other bodies corporate	43,192.010	43,470.560
(ii) Guarantees given by the Company's bankers for which Counter Guarantees have been given by the Company	305.063	456.828
(b) Disputed claims against the Company not acknowledged as debts, currently under appeal/ sub judice:		
(i) Excise and Service tax demands for excess wastages and distillation losses	992.911	286.899
(ii) Other miscellaneous claims	231.941	252.063
(iii) Income Tax demand (including interest) under appeal	668.546	723.113
(iv) Sales Tax demands under appeal in various states	792.075	726.507
(c) Bills Receivables discounted - since fully settled	897.126	880.319
(d) Claims from suppliers not acknowledged as debts	83.257	87.044

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

Rs. Million

2013 2012

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

(a) (i) The principal amount remaining unpaid	70.627	59.003
(ii) Interest due thereon remaining unpaid	1.555	0.691
(b) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, alongwith the amount of the payment made to the supplier beyond the appointed day during each accounting year:	-	-
(i) Delayed payments of principal beyond the appointed date during the entire accounting year	202.864	183.684
(ii) Interest actually paid under Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) The amount of interest accrued and remaining unpaid on in respect of principal amount settled during the year	6.953	2.858
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	11.816	8.958

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

30. Remuneration paid/payable to Managing Director

Salary and Allowances	20.944	16.747
Incentives paid	13.297	9.595
Contribution to Provident and other Funds*	5.074	3.693
Value of Perquisites	7.208	5.703
	<u>46.523</u>	<u>35.738</u>

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

Rs. Million

2013 2012

31. Details of Consumption and Purchases

(a) Purchase of Traded Goods :				
Beverage Alcohol		7,251.090		8,592.734
(b) Raw Materials Consumed :				
Spirits		14,492.034		13,938.817
Grain		1,121.130		1,115.726
Molasses		839.312		759.367
Others		6,938.127		5,334.943
		<u>23,390.603</u>		<u>21,148.853</u>
Imported	6%	1,298.894	10%	2,199.706
Indigenous	94%	22,091.709	90%	18,949.147
(c) Consumption of Packing Material, Stores and Spares				
Imported	3%	601.012	2%	408.097
Indigenous	97%	18,688.413	98%	16,888.888
		<u>19,289.425</u>		<u>17,296.985</u>

	2013	Rs. Million 2012
32. Value of Imports on C.I.F. basis		
Raw Materials and Packing Materials	1,422.549	2,144.491
Plant and Machinery	62.911	289.034
	<u>1,485.460</u>	<u>2,433.525</u>
33. Earnings in Foreign Currency		
Export of goods and services on FOB basis	600.638	-
Income from Brand Franchise	62.106	68.273
Dividend income from subsidiary	25.394	33.858
	<u>688.138</u>	<u>102.131</u>
34. Expenditure in Foreign Currency		
Rent	197.075	282.921
Others (Royalty, Travelling, Subscription, Professional fees, Foreign Travel Expenses, Advertisement, Bank Charges, Finance Charges, etc.)	390.061	414.977
	<u>587.136</u>	<u>697.898</u>
35. Amount remitted during the year in foreign currency on account of dividend to Non-resident shareholders		
Year to which dividend relates	2012	2011
Number of non-resident shareholders	12	12
Number of Shares	4,928,835	4,928,835
Amount remitted (in Rs. Million)	12.322	12.322
36. Repairs and Maintenance:		
(a) Plant and Machinery include:		
Wages	19.914	12.922
Stores Consumed	50.312	39.459
	<u>70.226</u>	<u>52.381</u>
(b) Building include:		
Wages	4.366	3.552
Stores Consumed	3.804	5.871
	<u>8.171</u>	<u>9.422</u>
37. Research and Development expenses comprise the following		
Salaries and Wages	31.620	26.760
Contribution to Provident Fund and other Funds	3.081	2.373
Staff Welfare Expenses	1.475	1.314
Rent	5.358	4.631
Contribution	12.000	12.000
Miscellaneous Expenses	10.508	14.735
	<u>64.042</u>	<u>61.813</u>

38. Disclosure required by Clause 32 of the Listing Agreement

- i) Amount of Investment, loans and advances in the nature of loans outstanding from subsidiaries as at March 31, 2013

Subsidiary Company	Value of Investment	Amount Outstanding as at March 31, 2013	Maximum amount outstanding during the year
Asian Opportunities & Investments Limited	301.000	1,792.446	1,873.400
Four Season Wines Ltd	377.234	184.412	184.412
SW Finance Company Ltd (Formerly known as Shaw Wallace Breweries Ltd.)	3,302.175	1,992.337	1,992.337
USL Holdings Ltd	22.183	41,340.968	43,949.341
Pioneer Distilleries Ltd	1,244.754	504.177	504.177
USL Nepal Limited	65.626	-	-
Palmer Investment Group Ltd	6,917.801	-	-
Montrose International S.A	133.932	-	-
United Spirits (Shanghai) Trading Company Ltd	26.635	15.741	16.263
McDowell & Company (Scotland)	125.505	344.484	358.984
Royal Challengers Sports Pvt Ltd	1,699.053	2,225.564	2,225.603
Tern Distilleries Pvt Ltd	139.539	606.564	662.437
Liquidity Inc	119.313	53.808	55.608
Sovereign Distilleries Limited	315.462	1,116.728	1,122.624

- ii) Loans and advances in the nature of loans to firms/companies in which directors are interested

UB Holdings Limited	-	4,382.406	4,385.406
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39. Previous year's figures have been regrouped / rearranged wherever necessary.

For Walker, Chandio & Co
Chartered Accountants

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aasheesh Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Bangalore
Date : May 15, 2013

	2	3	4	5	6	7
4,998,706 Shares	-	-	100%	-	(58.881)	(14.0)
67,716 Shares	-	-	82.46%	-	49.737	31.0
ing Ltd	-	-	-	-	-	(0.0)
known as "d")	80,198,513 Shares	-	100%	-	57.342	266.0
15,000,000 Shares	-	-	100%	-	(372.205)	14.0
-	-	-	-	-	-	(31.0)
-	-	-	-	-	-	(8.0)
-	-	-	-	-	-	(9.0)
Ltd	-	-	-	-	-	(10.0)
-	-	357,745 Shares	-	100%	1.122	(0.0)
as Ltd	-	-	-	-	-	-

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956 as at March 31, 2013 (Contd.)

Sl. No	Name of the subsidiary	a) No of shares held at the end of the financial year of the subsidiary		b) Extent of holding		Net aggregate Profit/loss of the subsidiary so far as it concerns the members of the company			
		United Spirits Ltd.	Other subsidiary companies	United Spirits Ltd.	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)
Rs. Million									
1	2	3	4	5	6	7	8	9	
22	McDowell Beverages Ltd	-	-	-	-	-	(0.074)	-	-
23	United Alcobev Ltd	-	-	-	-	-	(0.069)	-	-
24	United Vintners Ltd	-	-	-	-	-	(0.199)	-	-
25	McDowell and Company Ltd	-	-	-	-	-	(0.096)	-	-
26	Royal Challengers Sports Pvt. Ltd	14,690 Shares	-	100%	-	(78.585)	(70.755)	-	-
27	Jasmine Flavours and Fragrances P Ltd	-	-	-	-	-	(0.077)	-	-
28	Whyte and Mackay Group Limited	-	4,600,349,728 Shares	-	100%	2,320.234	1,523.387	-	-
29	Liquidity Inc.,	4,000,000 Shares	-	51%	-	(17.962)	(27.493)	-	-
30	United Spirits Trading (Shanghai) Company Ltd	500,000 Shares	-	100%	-	(1.122)	(1.801)	-	-
31	Tern Distilleries Private Limited	4,000,000 Shares	-	100%	-	(44.447)	(0.637)	-	-
32	Pioneer Distilleries Limited	10,922,032 Shares	-	81.58%	-	-	-	-	-
33	Sovereign Distilleries Limited	58,442,746 Shares	-	100.00%	-	-	-	-	-

Material changes that have occurred between the close of subsidiary's financial year and March 31, 2013

Sl. No.	Name of the subsidiary	Subsidiary's Financial year ended on	Company's Interest in the Subsidiary	Subsidiary's Fixed Assets	Subsidiary's Investments	Moneys lent by the Subsidiary	Moneys borrowed by the subsidiary for the purposes other than that of meeting current liabilities
STATEMENT PURSUANT TO SECTION 212(1)(f) OF THE COMPANIES ACT, 1956 AS AT MARCH 31, 2013							
1.	United Spirits Nepal P Ltd	15.07.2012	82.46%	(0.179)	-	-	-

M.R.DORAISWAMY IYENGAR
Director

ASHOK CAPOOR
MANAGING DIRECTOR

P.A.MURALI
CHIEF FINANCIAL OFFICER

V.S.VENKATARAMAN
COMPANY SECRETARY

Bangalore
May 15, 2013

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956
as at March 31, 2013

Details of Subsidiaries as per the Exemption for 31.03.2013 Companies

Rs. Million

Name of the Subsidiary	Palmer Investment Group Limited		Montrose International S.A.		UB Sports Management Overseas Limited (Formerly Known as JHL Nominees Limited)		USL Holdings (UK) Limited		USL Holdings Limited		United Spirits (Great Britain) Limited	
	USD	INR	USD	INR	USD	INR	GBP	INR	USD	INR	GBP	INR
1. Capital	15,000	814,200	0.500	27,140	0.000	0.001	0.001	0.082	0.500	27,140	0.000	0.000
2. Reserves	(5,294)	(287,367)	0.099	5,395	0.239	12,995	(229,814)	(18,883,856)	4,236	229,940	(56,552)	(4,646,908)
3. Total Assets	16,464	893,671	0.664	36,019	0.253	13,750	695,214	57,125,708	853,868	46,347,954	603,282	49,571,699
4. Total Liabilities	16,464	893,671	0.664	36,019	0.253	13,750	695,214	57,125,708	853,868	46,347,954	603,282	49,571,699
5. Investments	16,234	881,181	-	-	-	-	-	-	0.002	0.107	506,794	41,643,302
6. Turnover	-	-	0.600	32,555	-	-	3,475	285,501	-	-	-	-
7. Profit before Taxation	(6,857)	(372,205)	(0.072)	(3,888)	0.000	0.012	(60,918)	(5,005,668)	(10,550)	(572,663)	3,034	249,340
8. Provision for Taxation	-	-	-	-	-	-	-	-	-	-	0.646	53,120
9. Profit after Taxation	(6,857)	(372,205)	(0.072)	(3,888)	0.000	0.012	(60,918)	(5,005,668)	(10,550)	(572,663)	2,388	196,221
10. Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-

Name of the Subsidiary	United Spirits (UK) Limited			United Spirits Nepal P Ltd			Asian Opportunities and Investments Limited		Shaw Wallace Overseas Limited		SW Finance Co Limited (Formerly known as Shaw Wallace Breweries Ltd)		Four Seasons Wines Limited	
	GBP	INR	NRS	INR	USD	INR	USD	INR	GBP	INR	INR	INR	INR	INR
1. Capital	0.000	0.000	8,212	5,132	4,999	271,330	4,999	271,330	0.358	29,396	1,526,150	662,811	-	-
2. Reserves	(0,228)	(18,766)	77,016	48,135	(10,720)	(581,897)	(10,720)	(581,897)	(0,148)	(12,141)	4,039,466	(390,858)	-	-
3. Total Assets	658,887	54,140,744	628,686	392,929	30,441	1,652,363	30,441	1,652,363	0.224	18,381	7,560,262	840,080	-	-
4. Total Liabilities	658,887	54,140,744	628,686	392,929	30,441	1,652,363	30,441	1,652,363	0.224	18,381	7,560,262	840,080	-	-
5. Investments	0.000	0.000	-	-	27,189	1,475,814	-	1,475,814	-	-	42,575	31,818	-	-
6. Turnover	-	-	1,217,809	761,131	-	-	-	-	-	-	410,069	262,738	-	-
7. Profit before Taxation	(0,005)	(0,411)	113,736	71,085	(1,085)	(58,881)	(1,085)	(58,881)	0.014	1,122	91,542	(71,835)	-	-
8. Provision for Taxation	-	-	34,156	21,347	-	-	-	-	-	-	34,200	-	-	-
9. Profit after Taxation	(0,005)	(0,411)	79,580	49,737	(1,085)	(58,881)	(1,085)	(58,881)	0.014	1,122	57,342	(71,835)	-	-
10. Proposed Dividend	-	-	49,270	30,794	-	-	-	-	-	-	-	-	-	-

Details of Subsidiary Companies (Contd.)

Rs. Million

Name of the Subsidiary	McDowell (Scotland) Limited		Bouvet Ladubay S.A.S		Chapin Landias S.A.S		Liquidity Inc		Whyte and Mackay Group Limited		Royal Challengers Sports P Ltd		United Spirits (Trading) Shanghai Co. P Ltd		Tern Distilleries Private Limited	Pioneer Distilleries Limited	Sovereign Distilleries Limited
	GBP	INR	EURO	INR	EURO	INR	USD	INR	GBP	INR	INR	INR	RMB	INR	INR	INR	INR
1. Capital	1.575	129.418	10.800	750.060	0.100	6.945	0.001	0.043	46.003	3,780.067	0.147	0.147	5.000	43.250	40.000	134.194	584.427
2. Reserves	(2.262)	(185.828)	5.637	391.462	0.045	3.128	(4.218)	(228.976)	84.587	6,950.514	1,378.306	(50.390)	(5.825)	(50.390)	(98.829)	(440.287)	(1,951.977)
3. Total Assets	9.685	795.845	32.532	2,259.351	0.378	26.260	0.502	27.254	306.562	25,190.200	5,766.182	8.603	0.995	8.603	571.259	2,927.795	1,672.549
4. Total Liabilities	9.685	795.845	32.532	2,259.351	0.378	26.260	0.502	27.254	306.562	25,190.200	5,766.182	8.603	0.995	8.603	571.259	2,927.795	1,672.549
5. Investments	9.609	789.571	0.039	2.683	-	-	-	-	0.118	9.696	-	-	-	-	-	-	0.378
6. Turnover	-	-	19.512	1,355.140	3.653	253.676	-	-	277.065	22,766.431	813.854	-	-	-	113.749	1,036.299	135.999
7. Profit before Taxation	(0.688)	(56.535)	1.676	116.426	0.005	0.314	(0.331)	(17.962)	29.479	2,422.289	(116.333)	(1.122)	(0.130)	(1.122)	(44.447)	(273.133)	(448.460)
8. Provision for Taxation	-	-	0.581	40.343	0.003	0.202	-	-	1.242	102.055	(37.748)	-	-	-	-	5.443	-
9. Profit after Taxation	(0.688)	(56.535)	1.096	76.084	0.002	0.112	(0.331)	(17.962)	28.237	2,320.234	(78.585)	(1.122)	(0.130)	(1.122)	(44.447)	(278.576)	(448.460)
10. Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

To the Board of Directors of United Spirits Limited

1. We have audited the accompanying Consolidated Financial Statement of United Spirits Limited, ("the Company") its subsidiaries and an associate (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at 31 March 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedure selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financials statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2013;
 - ii) In the case of the consolidated Statement of profit and Loss, of the loss for the year ended on that date; and
 - iii) In the case of the consolidated Cash Flow Statement of the cash flows for the year ended on that date.

Emphasis of matter

7. We draw attention to note 27(b) to the financial statements with regard to the recoverability of certain loans and deposits made directly and indirectly with a Group Company. Our opinion is not qualified in respect of this matter.

Other Matter

8. We did not audit the financial statements of certain subsidiaries and an associate included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs. 91,861.457 Million as at 31 March 2013, total revenues (after eliminating intra-group transactions) of Rs. 21,628.507 Million and net cash flows aggregating to Rs. 122.72 Million for the year then ended; These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year ended to the extent they relate to the financial statement not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

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

Place : Bengaluru
Date : May 15, 2013

	Note	2013	Rs. Million 2012
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	1,258.698	1,258.698
Reserves and Surplus	3	46,614.264	45,358.981
Minority Interest		110.593	146.105
Non-current Liabilities			
Long term borrowings	4.1	46,777.946	51,648.808
Other Long-term liabilities	4.2	2,286.825	2,548.881
Long term provisions	4.3	2,036.869	1,688.798
Current Liabilities			
Short-term borrowings	5.1	24,109.755	21,270.928
Trade Payables	5.2	22,210.186	19,951.113
Other Current Liabilities	5.3	17,648.622	13,930.688
Short-term provisions	5.4	795.061	762.438
		163,848.819	158,565.438
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	6.1	20,304.715	20,188.069
Intangible Assets	6.2	6,340.390	6,943.818
Capital Work in Progress		1,312.311	1,080.282
Goodwill on Consolidation		52,045.471	51,674.025
Non Current Investments	7	2,161.701	2,168.834
Deferred Tax Assets (net)	8	589.318	591.851
Long term Loans and advances	9	19,169.038	12,400.054
Other Non Current Assets	10	2,595.329	2,793.420
Current Assets			
Current Investments	11.1	17.351	189.167
Inventories	11.2	25,112.021	27,547.603
Trade Receivables	11.3	24,170.461	17,737.085
Cash and Bank balance	11.4	2,434.045	3,632.267
Short term Loans and Advances	11.5	7,595.321	11,617.617
Other Current Assets	11.6	1.347	1.346
		163,848.819	158,565.438

Significant accounting policies

1

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

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

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

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aasheesh Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Bangalore
Date : May 15, 2013

Consolidated Financial Statements

Statement of Profit and Loss for the year ended March 31, 2013



	Note	2013	Rs. Million 2012
Revenue			
Revenue from Operations	12	216,168.459	182,335.415
Less: Excise Duty		110,188.604	90,470.504
		<u>105,979.855</u>	<u>91,864.911</u>
Other Operating Income	13.1	970.000	578.712
Other Income	13.2	1,562.987	2,510.525
		<u>108,512.842</u>	<u>94,954.148</u>
Expenses			
Cost of Materials Consumed	14	49,341.260	46,629.746
Purchase of Traded Goods		7,252.808	8,908.297
Change in inventories of Finished Goods, Work-in-Progress and Stock-in-trade	15	2,927.994	(4,753.434)
Employee Benefits expense	16	7,945.954	7,246.455
Finance Costs	17	9,849.099	8,756.652
Depreciation and Amortisation Expense		1,784.024	1,474.149
Other expenses	18	28,573.285	23,231.230
		<u>107,674.424</u>	<u>91,493.095</u>
Profit before Exceptional items and Taxation		838.418	3,461.053
Exceptional items [Refer Note.19] - on disposal of subsidiaries & Prop profit / loss of disposed subsidiaries		(108.297)	(108.163)
Profit before Taxation and before share in Profits /(Losses) of Associates		730.121	3,352.890
Tax Expense:			
Current Tax		1,771.539	1,713.099
Deferred Tax Charge / (Credit)		9.015	(232.194)
Profit after Taxation and before share in Profits/(Losses) of Associates		(1,050.433)	1,871.986
Share in Profits/ (losses) of Associates (Net)		-	(5.475)
Profit before Minority Interest		(1,050.433)	1,866.510
Minority Interest in Profit/(Loss)		(38.315)	(12.708)
Net Profit / (Loss) for the year		<u>(1,012.118)</u>	<u>1,879.218</u>
Basic / Diluted Earnings Per Share (Face value of Rs. 10 each)		(8.04)	14.93

Significant accounting policies

1

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

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

For Walker, Chandio & Co
Chartered Accountants

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per Aasheesh Arjun Singh
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Bangalore
Date : May 15, 2013

Consolidated Financial Statements

Cash Flow Statement for the Year Ended March 31, 2013

	Rs. Million	
	2013	2012
A. Cash Flow from operating activities		
Net profit/(loss) before Prior Period, Exceptional and Other Non- recurring items and Taxation	838.418	3,461.052
Adjustments for:		
Depreciation	1,784.024	1,474.149
Unrealised Foreign Exchange Loss / (Gain)	2,596.614	456.852
Bad Debts/ Advances written off	52.434	38.399
Loss/(Gain) on Fixed Assets Sold/ Written Off (Net)	90.673	(68.732)
Liabilities no longer required written back	(146.532)	(825.740)
Provision for Doubtful Debts/ Advances/ Deposits (Net)	535.213	429.958
Provision for diminution in value of Investments / (Written back)	13.838	0.326
Provision for Onerous Lease / (Written back)	-	(2.731)
Provision - Others	376.078	1,347.671
Interest and Finance Charges	9,849.099	8,756.652
Income from investments	(37.788)	(12.937)
Interest Income	(988.072)	(983.360)
	<u>14,125.581</u>	<u>10,610.507</u>
Operating profit before working capital changes	14,963.999	14,071.559
(Increase)/decrease in Trade and other receivables	(9,307.479)	(4,539.188)
(Increase)/decrease in Inventories	2,435.581	(6,083.294)
Increase/(decrease) in Trade payables	3,900.659	5,586.259
	<u>(2,971.239)</u>	<u>(5,036.223)</u>
Cash generated from operations	11,992.760	9,035.336
Direct taxes paid	(1,901.820)	(1,474.189)
Fringe Benefit taxes paid	-	(0.149)
Cash flow before Exceptional and Other Non - Recurring items	10,090.940	7,560.998
Exceptional and Other Non-Recurring Items	-	-
Cash generated/ (used in) from operations	10,090.940	7,560.998
B. Cash Flow from investing activities		
Purchase of fixed assets	(2,242.548)	(6,338.646)
Payment towards Franchise rights	(659.744)	(492.379)
Sale of fixed assets	736.538	143.394
Finance Lease repayments	(11.609)	-
Purchase of long term investments	-	(5.475)
Purchase of current investments	(1,042.413)	(160.000)
Investments in bank deposits (having original maturity of more than three months)	116.576	(246.327)
Consideration paid on acquisitions of shares in Subsidiaries	-	(386.256)
[net of cash and cash equivalent on the acquisition date	-	0.600
Rs. Nil (2012: Rs. 13.388 Million)]		
Sale of long term investments	0.265	15.172
Government grants received	45.593	63.601
Sale of Current Investments	1,230.391	-
Inter Corporate Deposits	437.174	(4,000.000)
Interest received	880.767	696.584
Dividend received	20.995	7.589
Net cash used in investing activities	(488.015)	(10,702.743)

Consolidated Financial Statements

Cash Flow Statement for the Year Ended March 31, 2013 (Contd.)



Rs. Million

	2013	2012
C. Cash Flow from financing activities		
Expenses incurred on arrangement of borrowings	-	(2,632.837)
Proceeds/(Repayment) of long term loans		
Proceeds	6,159.945	30,548.833
Repayment	(7,128.469)	(27,801.203)
Proceeds / (Repayment) of fixed deposits	(1,966.876)	977.950
Proceeds / (Repayment) of short term loans	(850.000)	(600.000)
Repayment of Deferred Sales Tax Liability	(9.730)	-
Working Capital Loan / Cash Credit from Banks (net)	3,682.783	8,522.779
Interest and Finance charges paid	(9,863.986)	(8,413.061)
[including on Finance lease Rs. 2.307 Million (2012: Rs. 3.472 Million)]		
Dividends paid	(331.701)	(330.978)
Corporate Tax on distributed profit	(53.046)	(54.309)
Net cash generated / (used in) financing activities	(10,361.080)	217.174
Net (Decrease)/ Increase in cash and cash equivalents	(758.155)	(2,924.571)
Cash and cash equivalents as at March 31, 2012*	3,192.199	6,116.770
Cash and Cash Equivalents of Transferor companies	-	-
Cash and cash equivalents as at March 31, 2013*	2,434.044	3,192.199
	(758.155)	(2,924.571)

* Refer Note 11.4

Notes:

- The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2013 and the related Statement of Profit and Loss for the year ended on that date.
- The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements as notified under Section 211(3C) of the Companies Act, 1956 and reallocation required for this purpose are as made by the Company.
- Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

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

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

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aasheesh Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Bangalore
Date : May 15, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of Financial Statements

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

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

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

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

(A) Subsidiary Companies:

Sl. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest (%)	
			2013	2012	2013	2012
1	Asian Opportunities & Investments Limited (AOIL)	Mauritius	100	100	-	-
2	United Spirits Nepal Private Limited	Nepal	82.47	82.47	-	-
3	Ramanreti Investments & Trading Ltd. (RITL)*	India	-	100	-	-
4	SW Finance Co Ltd (Formerly known as ("Shaw Wallace Breweries Limited"))	India	100	100	-	-
5	Palmer Investment Group Ltd.(PIG)	British Virgin Islands	100	100	-	-
6	RG Shaw & Company Ltd. (RGSC)*	U.K.	-	100	-	-
7	Shaw Scott & Company Ltd. (SSC)*	U.K.	-	100	-	-
8	Shaw Darby & Company Ltd. (SDC)*	U.K.	-	100	-	-
9	Tern Distilleries Private Limited (Tern)	India	100	100	-	-
10	Thames Rice Milling Company Limited (TRMC)*	U.K.	-	100	-	-
11	Shaw Wallace Overseas Limited (SWOL)	U.K.	100	100	-	-
12	UB Sports Management Overseas Limited [Formerly Known as JIHL Nominees Limited (JIHL)]	Jersey Islands	100	100	-	-
13	Montrose International S.A (MI)	Panama	100	100	-	-
14	USL Holdings Limited (UHL)	British Virgin Islands	100	100	-	-
15	USL Holdings (UK) Limited (UHUKL)	U.K.	100	100	-	-
16	United Spirits (UK) Limited (USUKL)	U.K.	100	100	-	-

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

Sl No.	Name of the Company	Country of Incorporation	Proportion of ownership interest (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest(%)	
			2013	2012	2013	2012
17	United Spirits (Great Britain) Limited (USGBL)	U.K.	100	100	-	-
18	Four Seasons Wines Limited (FSWL)	India	51	51	-	-
19	United Vintners Limited (UVL)*	India	-	100	-	-
20	United Alcobev Limited (UAL)*	India	-	100	-	-
21	McDowell Beverages Limited (MBL)*	India	-	100	-	-
22	McDowell (Scotland) Limited (MSL)	Scotland	100	100	-	-
23	Bouvet Ladubay S.A.S (BL)	France	100	100	-	-
24	Chapin Landias S.A.S (CL)	France	100	100	-	-
25	Daffodils Flavours & Fragrances Private Limited (DFFPL)	India	-	100	-	-
26	Jasmine Flavours and Fragrances Private Limited	India	-	100	-	-
27	Royal Challengers Sports Private Limited	India	100	100	-	-
28	McDowell and Company Limited	India	-	100	-	-
29	Liquidity Inc.	USA	51	51	-	-
30	USL Shanghai Trading Company Limited (USLS)	China	82.46	82.46	-	-
31	Sovereign Distilleries Limited	India	100	94.02	-	-
32	Pioneer Distilleries Limited	India	81.58	81.99	-	-
Whyte and Mackay Group						
33	Whyte and Mackay Group Limited	U.K.	100	100	-	-
34	Bruce & Company (Leith) Limited	U.K.	100	100	-	-
35	Charles Mackinlay & Company Limited	U.K.	100	100	-	-
36	Dalmore Distillers Limited	U.K.	100	100	-	-
37	Dalmore Whyte & Mackay Limited	U.K.	100	100	-	-
38	Edinburgh Scotch Whisky Company Limited	U.K.	100	100	-	-
39	Ewen & Company Limited	U.K.	100	100	-	-
40	Fettercairn Distillery Limited	U.K.	100	100	-	-
41	Findlater Scotch Whisky Limited	U.K.	100	100	-	-
42	Glavya Liqueur Limited	U.K.	100	100	-	-
43	Glentalla Limited	U.K.	100	100	-	-
44	GPS Realisations Limited	U.K.	100	100	-	-
45	Grey Rogers & Company Limited	U.K.	100	100	-	-
46	Hay & MacLeod Limited	U.K.	100	100	-	-
47	Invergordon Distillers (Holdings) Limited	U.K.	100	100	-	-
48	Invergordon Distillers Group Limited	U.K.	100	100	-	-
49	Invergordon Distillers Limited	U.K.	100	100	-	-
50	Invergordon Gin Limited	U.K.	100	100	-	-
51	Isle of Jura Distillery Company Limited	U.K.	100	100	-	-
52	Jarvis Halliday & Company Limited	U.K.	100	100	-	-
53	John E McPherson & Sons Limited	U.K.	100	100	-	-
54	Kensington Distillers Limited	U.K.	100	100	-	-
55	Kyndal Spirits Limited	U.K.	100	100	-	-
56	Leith Distillers Limited	U.K.	100	100	-	-
57	Loch Glass Distilling Company Limited	U.K.	100	100	-	-
58	Longman Distillers Limited	U.K.	100	100	-	-

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

Sl No.	Name of the Company	Country of Incorporation	Proportion of ownership interest (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest (%)	
			2013	2012	2013	2012
59	Lycidas (437) Limited	U.K.	100	100	-	-
60	Pentland Bonding Company Limited	U.K.	100	100	-	-
61	Ronald Morrison & Company Limited	U.K.	100	100	-	-
62	St Vincent Street (437) Limited	U.K.	100	100	-	-
63	Tamnavulin-Glenlivet Distillery Company Limited	U.K.	100	100	-	-
64	TDL Realisations Limited	U.K.	100	100	-	-
65	The Sheep Dip Whisky Company Limited	U.K.	100	100	-	-
66	W & S Strong Limited	U.K.	100	100	-	-
67	Watson & Middleton Limited	U.K.	100	100	-	-
68	Whyte & Mackay Distillers Limited	U.K.	100	100	-	-
69	William Muir Limited	U.K.	100	100	-	-
70	WMB Realisations Limited	U.K.	100	100	-	-
71	Whyte and Mackay Property Limited	U.K.	100	100	-	-
72	Whyte and Mackay de Venezuela CA	Venezuela	100	100	-	-
73	KI Trustees Limited	U.K.	100	100	-	-
74	Wauchope Moodle & Company Limited	U.K.	100	100	-	-
75	Whyte and Mackay Limited	U.K.	100	100	-	-
76	Whyte and Mackay Warehousing Limited	U.K.	100	100	-	-
77	Whyte and Mackay Holdings Limited	U.K.	100	100	-	-
78	Whyte and Mackay Americas Limited	U.K.	100	100	-	-
79	Whyte and Mackay Singapore Limited	Singapore	100	-	-	-
(B) Associate Companies:						
1	Wine Soc of India Private Limited	India	16.99	16.99	-	-

* Ceased to be subsidiary during the year.

1.3 Principles of Consolidation

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

1.4 Accounting for Investment in Associates

- a) Accounting for Investments in Associate Companies has been carried out under the Equity Method of accounting prescribed under AS 23 wherein Goodwill/Capital Reserve arising at the time of acquisition and the Group's share of profits or losses after the date of acquisition have been adjusted in the investment value.
- b) U B Distilleries Limited (UBDL)
UBDL, which was an associate company of erstwhile HL in view of significant influence, ceased its operations in 2003-04, consequent to the order of the Hon'ble Supreme Court of India vesting the distillery unit with the state of Bihar. Since the Company does not have any investment /significant influence in UBDL, the same has not been accounted for as an associate in these Consolidated Financial Statements under the Equity Method.

1.5 Fixed Assets

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

- b) The costs of Tangible Assets acquired in amalgamations are determined at their fair values, on the date of acquisition or nearer thereto, or as approved under the schemes of amalgamation.
- c) Assets held for disposal are stated at their net book value or estimated net realisable values, whichever is lower.
- d) Goodwill on consolidation represents the difference between the Company's share in the net worth of a subsidiary and cost of acquisition at each point of time of making the investment in the subsidiary. Negative goodwill is shown separately as Capital Reserve on consolidation.
- e) Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation and impairment losses if any.

1.6 Leases

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

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

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

1.7 Depreciation and Amortisation

- a) Depreciation is provided on the Straight Line Method, including on assets revalued, at rates prescribed in Schedule XIV to the Companies Act, 1956 of India except for the following, which are based on management's estimate of useful life of the assets concerned:
 - i) Computers, Vehicles and Aircrafts over a period of three, five and eleven years respectively;
 - ii) In respect of certain items of Plant and Machinery for which separate rates are prescribed in Schedule XIV based on the number of shifts, depreciation is provided for the full year on triple shift basis;
 - iii) In respect of fixed assets of Whyte and Mackay Group, depreciation is provided based on management estimate of useful lives of the assets concerned as below:

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

 Also refer Note 30
- b) Fixed assets acquired on amalgamation, over the remaining useful life computed based on rates prescribed in Schedule XIV, as below:

Buildings - Factory	1 to 30 years
- Non Factory	1 to 54 years
Plant and Machinery	1 to 20 years
Vehicles	1 to 4 years
Computers	1 to 2 years
- c) Assets taken on finance lease are depreciated over their estimated useful life or the lease term, whichever is lower.
- d) Leasehold Land are not amortised.
- e) Goodwill arising on amalgamation is charged to the Statement of Profit and Loss in the year of amalgamation.
- f) Goodwill arising on Consolidation is not amortised.

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

Trademark , formulae and License	10 Years
Franchise Rights in Perpetuity	50 Years (Refer Note 21)

1.8 Impairment

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

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

1.9 Investments

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

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

1.10 Inventories

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

1.11 Revenue Recognition

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

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

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

1.12 Foreign Currency Transactions

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

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

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

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

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

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

Foreign Company:

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

1.13 Employee Benefits

(a) Defined-contribution plans

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

(b) Defined-benefit plans

Gratuity:

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

Pension:

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

Provident Fund:

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

Death Benefit:

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

(c) **Other long term employee benefits:**

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

(d) **Short term employee benefits:**

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

1.14 Expenditure on account of Voluntary Retirement Scheme

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

1.15 Research and Development

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

1.16 Taxes on Income

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

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

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

1.17 Earnings per Share (EPS)

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

1.18 Provisions

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

Onerous Lease Provision:

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

1.19 Contingencies

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

1.20 Share issue expenses

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

1.21 Expenditure

Expenses are net of taxes recoverable, where applicable.

1.22 Government Grants

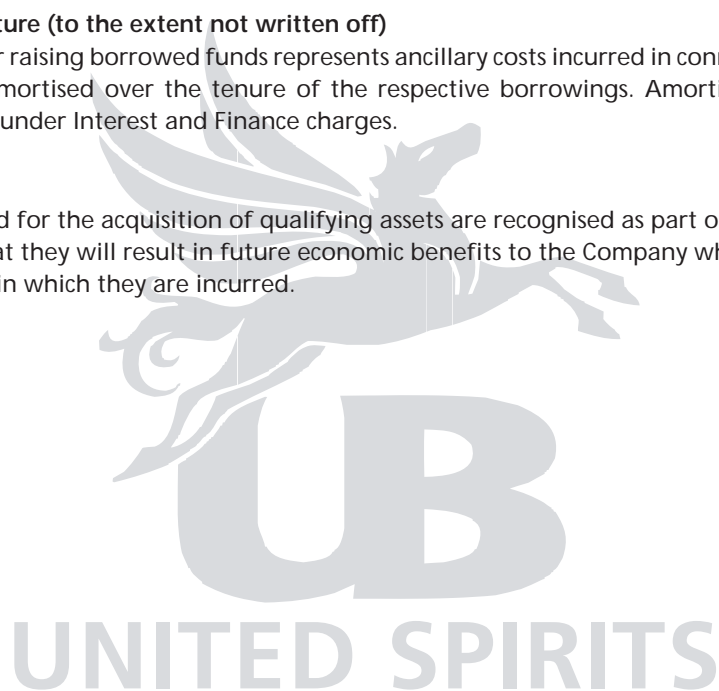
Government grants related to revenue expenses are recognised on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

1.23 Miscellaneous Expenditure (to the extent not written off)

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

1.24 Borrowing Costs

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



Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

	Rs. Million	2013	2012
2. Share Capital			
Authorised			
395,000,000 (2012: 395,000,000) Equity Shares of Rs. 10/- each	3,950.000	3,950.000	
159,200,000 (2012: 159,200,000) Preference Shares of Rs. 10/- each	1,592.000	1,592.000	
	5,542.000	5,542.000	
Issued, Subscribed and Paid-up			
130,794,968 (2012: 130,794,968) Equity Shares of Rs. 10/- each fully paid up	1,307.950	1,307.950	
Less: 4,925,231 (2012: 4,925,231) Equity shares held by Subsidiaries	49.252	49.252	
	1,258.698	1,258.698	

a. Reconciliation of the number of shares outstanding

	No. of Shares	2013	No. of Shares	2012
Number of equity shares at the beginning	130,794,968	1,307.950	130,794,968	1,307.950
Number of equity shares at the end	130,794,968	1,307.950	130,794,968	1,307.950

b. Rights, preferences and restrictions attached to shares

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

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

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

	No. of Shares	2013	No. of Shares	2012
United Breweries (Holdings) Limited	20,573,968	205.740	23,577,293	235.773
Mallya Private Limited	1,005	0.010	1,005	0.010
Dr. Vijay Mallya	12,510	0.125	12,510	0.125
Devi Investments Private Limited	2,700	0.027	2,700	0.027
Vittal Investments Private Limited	31,270	0.313	31,270	0.313
Rossi & Associates Private Limited	35,112	0.351	35,112	0.351
Kingfisher Finvest India Limited (formerly "Kingfisher Radio Limited ")	12,676,342	126.763	12,676,342	126.763
	33,332,907		36,336,232	

d. Aggregate number shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

	2013	2012
Equity shares allotted as fully paid up pursuant to amalgamations for consideration other than cash	12,949,760	46,960,281

The Company had issued 17,502,762 Global Depositary Shares (GDSs) representing 8,751,381 Equity Shares ranking pari-passu in all respects with the existing paid up equity shares, 2 GDSs representing 1 equity share of par value of Rs. 10/- each at US \$7.4274 per GDSs aggregating to US \$ 130 million. These GDSs are listed on the Luxembourg Stock Exchange. Out of the above, 742,390 GDS outstanding (representing 371,195 equity shares) as of March 31, 2013, have no voting rights.

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

	2013		2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
United Breweries (Holdings) Limited	20,573,968	15.73%	23,577,293	18.03%
Kingfisher Finvest India Limited (formerly "Kingfisher Radio Limited ")	12,676,342	9.69%	12,676,342	9.69%
HSBC Global Investment Funds	-		9,852,229	7.53%

3. Reserves and Surplus

	2013		2012	
	Rs. Million		Rs. Million	
Capital Redemption Reserve	578.946		578.946	
Securities Premium Account	25,176.823		25,176.823	
Capital Reserve on Consolidation	76.791		76.791	
Other Reserves:				
Central Subsidy*				
At the beginning of the year	59.646		7.500	
Add: Addition during the year	37.382		52.146	
	97.028		59.646	
Contingency Reserve*	110.000		110.000	
Employee Housing Fund	0.625		0.625	
Foreign Currency Translation Reserve				
At the beginning of the year	1,564.436		(1,715.734)	
Add: Addition during the year	2,571.305		3,280.170	
	4,135.741		1,564.436	
General Reserve				
At the beginning of the year	9,910.308		9,410.308	
Add: Addition during the year				
(a) Subsidiary reserve adjustment	(2.311)		-	
(b) Transferred from Statement of Profit & Loss	500.000		500.000	
	10,407.997		9,910.308	
Surplus as per Statement of Profit and Loss				
At the beginning of the year	7,881.405		6,882.221	
Add: Subsidiary reserve adjustment	41.058		-	
Add: Profit for the year	(1,012.118)		1,879.217	
	6,910.345		8,761.438	
Less: Appropriations:				
Proposed Dividend on Equity Shares	326.987		326.987	
[Dividend Rs. 2.5 per share (2012: Rs. 2.5 per share)]				
Corporate Tax on Proposed Dividend	53.045		53.046	
Transfer to General Reserve	500.000		500.000	
	6,030.313		7,881.405	
	46,614.264		45,358.981	

* Taken over on amalgamation/acquisition.

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

		Rs. Million
	2013	2012
4.1. Long-term Borrowings		
Secured		
Term Loans:		
From banks	51,989.401	49,806.553
From others	500.528	952.430
Finance Lease	13.599	25.208
Unsecured		
Fixed Deposits	4,273.626	6,282.218
Long term loan from banks	717.223	2,880.856
Deferred Sales Tax Liability	258.826	271.371
From Others	76.752	66.857
Inter Corporate Deposit	506.801	75.592
	58,336.756	60,361.085
Less: Current Maturities		
Secured		
Term Loans:		
From banks	7,528.056	4,436.251
From others	140.000	2.430
Finance Lease	6.048	11.382
Unsecured		
Fixed Deposits	2,775.452	3,568.044
Long term loan from banks	631.671	694.170
Inter Corporate Deposit	477.583	-
	46,777.946	51,648.808

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

Nature of Security	Terms of Repayment
(i) Term loans from Banks amounting to Rs. NIL (2012: Rs. 111.600 Million) are secured by a charge on certain fixed assets of the Company.	The loan has been repaid fully during the year.
(ii) Term loans from Banks amounting to Rs. NIL (2012: Rs. 2,258.500 Million) are secured by hypothecation of maturing stock held in overseas branch and charge on certain fixed assets including Land and Building and pledge of certain investments held by other companies.	The loan has been repaid fully during the year.
(iii) Term loans from Banks amounting to Rs. 3,954.000 Million (2012: Rs. 5,271.949 Million) are secured by a charge on certain fixed assets of the Company including Land and Building, pledge of shares held by the USL Benefit Trust and hypothecation of certain trademarks of the Company.	Repayable in 10 half-yearly installments from the date of loan (January 18, 2010) alongwith interest of 13.75%.

Nature of Security	Terms of Repayment
(iv) Term loans from Banks amounting to Rs. 4,065.656 Million (2012: Rs. 5,316.456 Million) are secured by a charge on certain fixed assets of the Company including Land and Building, pledge of shares held by the USL Benefit Trust and hypothecation of certain trademarks of the Company.	Repayable in 16 quarterly installments from the date of loan (January 19, 2010) alongwith interest of 12.75%.
(v) Term loans from Banks amounting to Rs. 664.500 Million (2012: Rs. 664.500 Million) are secured by a charge on certain fixed assets of the Company.	Repayable in 5 annual installments from the date of loan (October 25, 2010) alongwith interest of 12.50%.
(vi) Term loans from Banks amounting to Rs. 1,500.000 Million (2012: NIL) are secured by a charge on certain fixed assets of the Company and Fixed Asset of a Subsidiary company.	Repayable in 16 quarterly installments from the date of loan (May 22, 2012) alongwith interest of 13.25%.
(vii) Term loans from Banks amounting to Rs. 2000.000 Million (2012: NIL) are secured by a charge on certain fixed assets of the Company and Pledge of Certain Shares held by company.	Repayable at the end of One year from the date of loan (January 15, 2013) alongwith interest of 12%.
(viii) Term Loan from banks amounting to Rs. 937.500 Million (2012: Rs. 1,000.000 Million) are secured by a charge on certain fixed assets of the Company.	Repayable in 16 equal quarterly installments, starting 15 months from the date of first disbursement (December 12, 2011) alongwith interest of 12%.
(ix) Term Loan from banks amounting to Rs. 1,145.631 Million (2012: Rs. NIL) are secured by a charge on certain fixed assets of the Company.	Repayable in 16 equal quarterly installments, starting 15 months from the date of first disbursement (March 22, 2013) alongwith interest of 12%.
(x) Term loans from Financial Institution amounting to Rs.500.000 Million (2012: Rs. NIL) are secured by a charge on certain fixed assets of the Company.	Repayable within 14 quarterly Installments from the date of loan (August 21, 2012) alongwith interest of 14.5%.
(xi) Term loans from Banks amounting to Rs. 288.951 Million (2012: Rs. 270.287 Million) are secured by a charge on property.	Repayable on demand . Rate of Interest 11.25%
(xii) Term loans from Banks amounting to Rs. 102.312 Million (2012: Rs. 127.506 Million) are secured by a guarantee of the holding company and by way of a charge on Fixed Assets of the company including Plant & Machinery and buildings.	Repayable in 5 equal quarterly installments commencing from March-13 along with interest of 14%.
(xiii) Term loans from a Banks amounting to Rs. 206.618 Million (2012: Rs. 223.600 Million) are secured by a guarantee of the holding company and by way of a charge on land & buildings and current assets.	Repayable in 13 equal quarterly installments commencing from March-13 alongwith interest of 14%
(xiv) Term loans from Banks amounting to Rs. 49.693 Million (2012: Rs. 55.854 Million) are secured by a guarantee of the holding company and by way of a charge over the land & buildings and current assets.	Repayable in 9 equal quarterly Installments commencing from March-13 alongwith interest of 14%.
(xv) Term loans from Banks amounting to Rs. 296.434 Million (2012: Rs. 194.061 Million) are secured by a guarantee of the holding company and by way of a charge over the land & buildings	Repayable in 21 installments commencing from March 13, 2012) alongwith interest of 13.25%
(xvi) Term loans from Banks amounting to Rs. 300.000 Million (2012: Rs. 300.000 Million) are secured by a guarantee of the holding company and by way of a charge over the land & buildings	Repayable in 3 equal annual installments with a moratorium of 2 years from the date of the loan (October 28, 2011) alongwith interest of 12.4%.

Nature of Security	Terms of Repayment
(xvii) Term loans from others amounting to Rs. 0.528 Million (2012: Rs. 2.430 Million) are secured by charge on certain vehicles.	Repayable in 5 installments from the date of loan (November 28, 2007) alongwith interest of 13.25%.
(xviii) Term loans from others amounting to Rs. 950.000 Million (2012: Rs. 950.000 Million) are secured by a guarantee of the holding company and by way of a charge over the land & buildings and current assets.	Repayable in 3 equal annual installments with a moratorium of 2 years from the date of the loan (October 28, 2011) alongwith interest of 12.4%.
(xix) Term loans from Banks amounting to Rs. 133.115 Million (2012: Rs. 138.584 Million) secured by a charge on a specific fixed asset acquired by the Company.	Repayable in 4 quarterly installments alongwith a interest of 2.03%
(xx) Term loans from Banks amounting to Rs. 4613.800 Million (2012: Rs. 4,324.80 Million) are secured by guarantee and fixed assets of the holding company.	Repayable in 5 annual installments starting Oct 2013 along with an interest of 6%.
(xxi) Term loans from Banks amounting to Rs. 320.380 Million (2012: Rs. 309.624 Million) are secured by a charge on the property and current assets.	Repayable in 15 years with a moratorium of 5 years from the date of loan (October 10, 2007) along with a interest of 5%.
(xxii) Term loans from Banks amounting to Rs. 27.190 Million (2012: Rs. 36.956 Million) are secured by a charge on the plant and machinery.	Repayable in 28 quarterly installments from the date of loan (April 15, 2008) alongwith a interest of 5.5%.
(xxiii) Term loans from Banks amounting to Rs. 25.560 Million (2012: Rs. 34.744 Million) are secured by a charge on the plant and machinery.	Repayable in 84 monthly installments from the date of loan (June 1, 2008)
(xxiv) Term loans from Banks amounting to Rs. 4.250 Million (2012: Rs. 5.131 Million) are secured by a charge on the plant and machinery.	Repayable in 60 monthly installments from the date of loan (February 1, 2012) alongwith an interest of 4.46%.
(xxv) Term loans from Banks amounting to Rs. 4.300 Million (2012: Nil) are secured by a charge on the plant and machinery.	Repayable in 60 monthly installments from the date of loan (February 1, 2012) alongwith an interest of 2.47%.
(xxvi) Term loans from Banks amounting to Rs. 30,402.900 Million (2012: 30,162.400 Million) are secured by a charge on the immovable properties, current assets including inventories held by the subsidiary companies in United Kingdom, charge on Trademarks and second charge by hypothecation of certain Trademarks held by the holding company.	Moratorium of 3 years from drawdown. Repayment commences from FY 2014-15 and is repayable within the next 4 years. Rate of interest LIBOR+4.35%.

b. Terms of repayment for unsecured borrowings

Borrowings	Terms of Repayment
i. Long term loan from banks:	
(a) amounting to Rs. 375.000 Million (2012: Rs. 750.000 Million) are guaranteed by a director of the Company	Repayable in 2 equal installments 4 years from the date of loan (December 18, 2008) alongwith interest of 17.2%.
(b) amounting to Rs. 342.221 Million (2012: Rs. 598.353 Million).	Repayable in 36 equal monthly installments with a moratorium of 1 year from the date of loan (August 27, 2010) alongwith interest of 15.5%.

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)



(c) amounting to Rs. NIL (2012: 532.50 Million) are guaranteed by the holding company.

ii. Fixed Deposits

iii. Inter-corporate deposits

Repayable within 3 years from the date of loan (September 24, 2011) along with interest of base rate plus 2.75%.

Repayable within 1-2 years from the date of issue and not on demand or notice except at the discretion of the Company. Rate of interest is 11-11.5%.

These represent an obligation acquired on amalgamation of erstwhile Shaw Wallace & Company Limited (SWCL) with the Company in an earlier year. Pursuant to the Order of Hon'ble High Court of Calcutta on 5th June 2012, directed the Company to pay in monthly instalments over the period of two years.

c. The liability on Sales Tax Deferment provision for Pioneer Distilleries Limited made up to 2009-10 is Rs. 287.806 Million which has been collected under deferral scheme of Maharashtra State Government and is repayable in 14 years starting from the end of the 10th year i.e 2010-11. During the year 2012-13 the subsidiary has repaid its 3rd installment of Rs. 9.729 Million (2011-12 Rs. 6.240 Million).

	2013	Rs. Million 2012
4.2. Other Long term Liabilities		
Security Deposits	318.418	237.457
Due to Asset Vendors	316.727	-
Term Liability towards Franchisee rights	1,651.680	2,311.424
	<u>2,286.825</u>	<u>2,548.881</u>

4.3. Long-term Provisions

Employee Benefits:

Provision for Death Relief Scheme	21.734	20.332
Provision for Shortfall in PF Trust	79.833	137.199
Provision for Leave Encashment	276.308	237.612
Provision for Pension Liability	1,062.954	700.195
Provision for Contingencies	-	2.037
Onerous Lease Provision (Refer Note 22)	596.040	591.423
	<u>2,036.869</u>	<u>1,688.798</u>

5. Current Liabilities

5.1. Short Term Borrowings

Secured

Working capital loan from banks	19,209.755	17,920.928
Short term loan from banks	3,900.000	-

Unsecured

Short term loan from banks	1,000.000	3,350.000
	<u>24,109.755</u>	<u>21,270.928</u>

Nature of Security

Terms of Repayment

- (i) Working capital loans are secured by hypothecation of inventories, book debts and other current assets. The average rate of interest is 14.3%.
- (ii) Short Term Loan from bank amounting to Rs.1,500.00 Million (2012: Nil) are secured by a charge on certain fixed assets of the Company and pledge of shares of the Company held by the related parties. Repayable in 9 months from the date of disbursement (September 7, 2012) alongwith interest of 12%.
- (iii) Short Term Loan from bank amounting to Rs.2,400.00 Million (2012: Nil) are secured by a charge on current assets and pledge of certain shares held by the Company. Repayable in 6 months from the date of disbursement (December 28, 2012) alongwith interest of 12%.

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

	2013	Rs. Million 2012
5.2. Trade Payables		
Acceptances*	3,232.826	3,159.574
Trade Creditors	18,977.360	16,791.539
	<u>22,210.186</u>	<u>19,951.113</u>

* Includes bills drawn against inland letters of credit of Rs. 2686.569 Million (2012: Rs. 2,504.031 Million) and secured by a charge on debtors, inventories and other current assets.

5.3. Other Current Liabilities

Current maturities of :

Long-term borrowings	11,552.762	8,700.896
Finance Lease obligations	6.048	11.382
Deferred Sales Tax Liability	12.520	9.730
Interest accrued but not due	1,001.640	1,450.026
Liability towards Franchisee rights	446.400	492.379
Advance received from Customers	665.402	618.929
Unpaid /Unclaimed Dividends	20.886	20.202
Unpaid /Unclaimed matured Debentures	0.001	0.001
Unpaid /Unclaimed matured Fixed Deposits	152.244	110.528

Others:

Due to Directors	56.428	56.089
Employee payables	740.613	470.899
Sales tax payable	2,221.063	1,755.997
TDS payable	159.531	146.339
Other Liabilities	613.084	87.291

	<u>17,648.622</u>	<u>13,930.688</u>
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As required under Section 205C of the Companies Act, 1956, the Company has transferred Rs.3.414 Million (2012: Rs. 2.847 Million) to the Investor Education and Protection Fund (IEPF) during the year. On March 31, 2013, no amount was due for transfer to the IEPF.

5.4. Short-term Provisions

Proposed Dividend	326.987	326.987
Corporate Tax on Proposed Dividend	53.045	53.046
Fringe Benefit Tax (Net of Payments)	1.389	1.389
Employee Benefits:		
Provision for Gratuity	307.914	272.331
Provision for Leave Encashment	105.074	107.840
Provision for Leave Travel Allowance	0.652	0.845
	<u>795.061</u>	<u>762.438</u>

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

6. Fixed Assets 6.1 Tangible

Rs. Million

	GROSS BLOCK				DEPRECIATION				NET BLOCK				
	2012	Translation Adjustments	on Amalgamation (Note 4)	Additions	Deletion/ Adjustments	2013	2012	Translation Adjustments	on Amalgamation (Note 4)	For the year	Deletion/ Adjustments	2013	2012
Land (Note 1 below):													
Freehold	3,400,532	1,682	-	19,701	-	3,421,915	-	-	-	-	-	3,421,915	3,400,532
Leasehold	112,263	-	-	-	-	112,263	-	-	-	-	-	112,263	112,263
Buildings (Notes 1, 2 and 3 below)	7,523,305	31,293	-	308,850	23,846	7,839,602	1,551,158	7,560	-	196,026	3,038	1,751,706	6,087,896
Plant and Equipment	16,590,552	57,707	-	1,611,335	659,031	17,600,563	6,765,426	14,441	-	1,013,729	113,945	7,679,651	9,825,125
Furniture and Fixture	1,107,502	11,703	-	19,603	2,430	1,136,378	512,235	8,739	-	81,685	1,504	601,155	595,268
Office Equipments:													
Finance Lease	28,198	-	-	-	7,024	21,174	16,750	-	-	8,400	5,756	19,394	11,448
Others	364,179	0,528	-	47,566	2,645	409,628	309,295	1,358	-	56,540	5,983	361,210	54,884
Vehicles:													
Finance Lease	20,911	-	-	-	5,756	15,155	8,336	-	-	3,854	5,756	6,434	12,575
Others	286,596	0,344	-	3,463	7,421	282,982	191,117	(0,504)	-	18,908	7,041	202,480	95,480
Aircraft	186,290	-	-	-	-	186,290	77,942	-	-	21,263	-	99,205	108,348
	29,620,328	103,257	-	2,010,518	708,153	31,025,950	9,432,259	31,594	-	1,400,405	143,023	10,721,235	20,188,069

	GROSS BLOCK				DEPRECIATION				NET BLOCK				
	2011	Translation Adjustments	on Amalgamation (Note 4)	Additions	Deletion/ Adjustments	2012	2011	Translation Adjustments	on Amalgamation (Note 4)	For the year	Deletion/ Adjustments	2012	2011
Land (Note 1 below):													
Freehold	3,198,779	23,170	52,178	126,405	-	3,400,532	-	-	-	-	-	3,400,532	3,198,779
Leasehold	112,263	-	-	-	-	112,263	-	-	-	-	-	112,263	112,263
Buildings (Notes 1, 2 and 3 below)	5,863,470	396,843	274,456	1,207,239	218,703	7,523,305	1,254,898	90,620	85,919	121,673	1,951	5,972,146	4,608,573
Plant and Equipment	10,802,533	744,829	3,139,494	2,082,091	178,395	16,590,552	5,036,045	438,459	548,241	851,750	109,068	6,765,427	5,766,488
Furniture and Fixture	1,015,085	52,080	3,106	39,111	1,880	1,107,502	401,130	38,031	2,067	71,999	0,993	512,234	613,955
Office Equipments:													
Finance Lease	7,024	-	-	21,174	-	28,198	3,389	-	-	13,361	-	16,750	3,635
Others	278,484	24,770	5,334	60,325	4,734	364,179	239,837	20,582	1,764	50,319	3,207	309,295	38,647
Vehicles:													
Finance Lease	15,778	-	-	13,292	8,159	20,911	11,907	-	-	4,030	7,601	8,336	3,871
Others	233,687	2,954	7,277	54,511	11,833	286,596	161,764	2,740	13,992	22,475	9,855	191,116	71,923
Aircraft	186,290	-	-	-	-	186,290	60,886	-	-	17,056	-	77,942	125,404
	21,713,393	1,244,646	3,481,845	3,604,148	423,704	29,620,328	7,169,856	590,432	651,983	1,152,663	132,675	9,432,259	14,543,539

6.2 Intangible

Intangible												Rs. Million

Notes:

1. The cost of Building amounting to Rs.331.428 Million (2012: Rs. 331.428 Million) is yet to be registered in the name of the Company
2. Cost of buildings includes the following payments made for the purpose of acquiring the right of occupation of Mumbai godown space:
 - i) 660 equity shares (unquoted) of Rs.100 each fully paid in Shree Madhu Industrial Estate Limited Rs.0.066 Million (2012: Rs.0.066 Million). Application has been made for duplicate share certificates and the same is in the process.
 - ii) 199, 6 % Debentures (unquoted) of Rs.1,000 each fully paid in Shree Madhu Industrial Estate Limited Rs. 0.199 Million (2012: Rs.0.199 Million). Application has been made for duplicate debentures certificates and the same is in the process.
 - iii) Deposit with Shree Madhu Industrial Estate Limited Rs. 0.132 Million (2012: Rs. 0.132 Million)
 - iv) 60 Equity Shares (Unquoted) of Rs.50 Each Fully Paid in ANSA Industrial Premises Co operative society Limited- Rs. 0.003 Million. (2012: Rs. Nil)
3. Include value of fully paid shares Rs. 0.006 Million (2012: Rs 0.006 Million) held in Co-operative Housing Societies.
4. There has been change in accounting policy for depreciation in case of Sovereign Distilleries Limited. As a result there has been a reversal of depreciation expense to the extent of Rs. Nil. (2012: Rs. 40.43 Million).
5. During the Previous year there was a change to the intended use of these properties which has resulted to their reclassification from Tangible Fixed Assets to investment property (carried at cost).
6. Previous year's figures have been regrouped / re-arranged wherever necessary.

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)



	2013	Rs. Million 2012
7. Non-current Investments		
Investment property (at Cost)	789.571	798.307
Less: Accumulated Depreciation	-	14.982
Net Block	789.571	783.325
Trade investments (Valued at Cost)		
Quoted		
In fully paid Equity shares	150.532	150.532
Unquoted		
In fully paid Equity shares	11.635	11.809
Associates**	31.821	31.821
Add: Accumulated Profits/(Losses) of Associates (net of dividend received)	(31.821)	(31.821)
	-	-
** including Goodwill on acquisition of Associates Rs 3.518 Million (2012: Rs 3.518 Million) and Capital Reserve of Nil (2012: Nil)		
	162.167	162.341
Other Investments		
Quoted		
In fully paid Equity shares	4.147	4.147
In fully paid Units (Note 1)	9.005	8.374
Unquoted		
In fully paid Equity shares	0.130	0.130
In fully paid Debentures (Non-redeemable)	0.048	0.048
In Government securities	0.196	0.200
Others (Note 2)	1,238.115	1,238.109
	1,251.641	1,251.008
Total Investments	2,203.379	2,196.674
Less: Provision for diminution in the value of investments	41.678	27.840
	2,161.701	2,168.834
Aggregate value of Quoted Investments:		
Book value	163.685	163.053
Market value	6,015.661	5,086.573
Aggregate Book value of Unquoted Investments	1,998.018	2,005.781

Notes:

- Investments in units of Unit Trust of India represent those made under Rule 3A of the Companies (Acceptance of Deposit) Rules, 1975.
- Includes Rs. 41.140 Million (2012: Rs 41.140 Million) pertaining to 72,416,505 Equity Shares of SWFCL whose beneficial ownership vested with SWFSL are kept with escrow agent in view of court order. Pursuant to a scheme of amalgamation, such beneficial interest are held in trust by the trustee of SWFSL benefit trust for the benefit of SWFSL.
- During the previous year there was a change to the intended use of these properties which has resulted to their reclassification from Tangible Fixed Assets to investment property (carried at cost).

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

	2013	Rs. Million 2012
8. Deferred Tax Assets (Net)		
Deferred Tax Assets		
Provision for Doubtful debts	707.893	500.022
Employee Benefits	471.856	394.624
Other Timing Differences	586.636	616.785
	<u>1,766.385</u>	<u>1,511.431</u>
Deferred Tax Liabilities		
Depreciation	1,177.067	919.580
	<u>589.318</u>	<u>591.851</u>
9. Long term Loans and Advances (Unsecured, considered good unless stated otherwise)		
Capital Advances	62.334	315.341
Deposit with Financial Institution	-	4,000.000
Loans to Tie-up Units	373.602	619.059
Loans and Advances to Related Parties	11,123.130	210.873
Advance Income Tax (Net of Provisions)	1,307.331	1,177.051
Security Deposits		
- Considered Good	5,071.364	5,030.345
- Considered Doubtful	6.809	6.808
	<u>5,078.173</u>	<u>5,037.153</u>
Less: Provision for doubtful Deposits	6.809	6.808
	<u>5,071.364</u>	<u>5,030.345</u>
Other Recoverables :		
- Considered Good	1,231.277	1,047.385
- Considered Doubtful	1,942.915	1,408.877
	<u>3,174.192</u>	<u>2,456.262</u>
Less: Provision for Doubtful Advances	1,942.915	1,408.877
	<u>1,231.277</u>	<u>1,047.385</u>
	<u>19,169.038</u>	<u>12,400.054</u>

(a) Of the above:

- (i) An amount of Rs.150.000 Million (2012: Rs. 265.000 Million) due from the Tie-up units secured by the assets of the Tie-up unit and/or equity shares of the Tie-up unit.
- (ii) Rs. NIL (2012: Rs. 3.000 Million) being amount paid to BDA Limited (BDA) towards reassignment of certain Liquor Brands/ Trade Marks pursuant to a Memorandum of Understanding dated March 20, 1992. Consequent to the out of court settlement order dated November 2, 2012, various disputes has been settled with BDA.
- (iii) Due from an Officer of the Company Rs. 2.579 Million (2012: Rs. 2.144 Million). Maximum amount outstanding at any time during the year Rs.2.579 Million (2012: Rs. 2.144 Million).
- (iv) Due from the Managing Director of the Company Rs. 7.250 Million (2012: Rs. 6.120 Million).

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

		2013	Rs. Million 2012
10. Other Non-Current Assets			
Unsecured			
(i) Long-term Trade Receivables - Considered Good	-	155.490	
- Considered Doubtful	61.935	61.935	
	<u>61.935</u>	<u>217.425</u>	
Less: Provision for Doubtful Debts	61.935	61.935	
	-	-	155.490
(ii) Others			
Long term deposits with banks:			
On Deposit account	378.819	58.702	
On Margin money deposits	4.674	1.300	
	<u>383.493</u>	<u>60.002</u>	
Miscellaneous Expenditure	2,211.836	2,577.928	
	<u>2,595.329</u>	<u>2,793.420</u>	
		2013	2012
11. Current Assets			
11.1. Current Investments			
(Valued at Cost or Market Value, whichever is less)			
Unquoted			
Investments in Mutual Funds		17.351	189.167
		<u>17.351</u>	<u>189.167</u>
11.2. Inventories			
(Valued at lower of Cost and Net Realisable Value)			
Raw Materials		2,107.302	2,319.911
Work-in-Progress		16,417.945	18,116.667
Finished goods		4,592.618	5,018.335
Stock-in-trade		82.449	86.672
Packing Materials, Stores and Spares		1,911.707	2,006.018
		<u>25,112.021</u>	<u>27,547.603</u>
Interest included in the Closing Stock of Work in progress (Malt and Grape Spirit under maturation)		570.302	884.907
11.3. Trade Receivables			
(Unsecured, considered good unless stated otherwise)			
Exceeding six months:			
Considered Good		188.673	144.029
Considered Doubtful		82.768	126.745
		<u>271.441</u>	<u>270.774</u>
Others: Considered Good*		23,981.788	17,593.056
		<u>24,253.229</u>	<u>17,863.830</u>
Less: Provision for Doubtful Debts		82.768	126.745
		<u>24,170.461</u>	<u>17,737.085</u>

* includes due from related parties Rs. 100.383 Million (2012: Rs. 63.865 Million)

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

	Rs. Million	
	2013	2012
11.4. Cash and Bank balance		
(a) Cash and Cash Equivalents:		
Cheques on Hand	38.327	7.485
Cash on Hand	6.022	6.644
Balances with Banks:		
On Current accounts	1,684.494	2,655.601
On Unpaid dividend account	20.969	20.294
On Deposit account with original maturity of less than three months	684.233	502.176
	<u>2,434.045</u>	<u>3,192.200</u>
(b) Other Bank balances:		
Margin money deposits	4.674	1.300
Deposits with original maturity for more than three months	378.819	498.769
	<u>383.493</u>	<u>500.069</u>
(c) Amounts disclosed under non-current assets (Note 10)		
On Deposit account	(378.819)	(58.702)
On Margin money deposits	(4.674)	(1.300)
	<u>(383.493)</u>	<u>(60.002)</u>
	<u>2,434.045</u>	<u>3,632.267</u>
The above deposit accounts:		
(i) include Rs. Nil (2012: Rs. 32,170 Million) in Exchange Earners Foreign Currency (EEFC) Account and Rs. 946.993 Million (2012: Rs. 797.912 Million) in foreign currency.		
(ii) a) include Rs 0.464 Million (2012: Rs. 0.464 Million) pledged with Government Departments.		
b) include Rs. 381.166 Million (2012 : Rs 381.166 Million) deposited in accordance with Companies (Acceptance of Deposit) Rules, 1975.		
(iii) includes Rs. 138.000 Million (2012: Rs. 250.000 Million) pledged as security against loan from a bank.		
(iv) includes Rs. Nil (2012: Rs 55.583 Million) held in a Escrow account towards acquisition of Pioneer Distilleries Limited and Sovereign Distilleries Limited.		
Bank balance with scheduled banks includes Rs. 207.634 Million (2012: Rs. 190.053 million) out of the proceeds of the beer business of erstwhile Shaw Wallace & Company Ltd. (SWCL), sold in an earlier year which has been kept under escrow pending resolution of various taxation matters.		
11.5. Short Term Loans and Advances		
(Unsecured, considered good unless stated otherwise)		
Income accrued on Investments and Deposits	520.780	413.474
Loans to Related Parties	298.729	1,992.340
Advances to Tie-up units:		
Considered Good	1,916.349	3,110.899
Considered Doubtful	-	21.519
Taxes and Duties paid in advance	1,619.673	1,497.878
Loans and advances to Employees	29.729	33.795
Pre-paid Expenses (including advances to suppliers)	3,210.061	4,569.231
	<u>7,595.321</u>	<u>11,639.136</u>
Less: Provision for Doubtful Advances	-	21.519
	<u>7,595.321</u>	<u>11,617.617</u>
11.6. Other Current Assets		
Assets held for sale (net of provisions)	1.347	1.346
	<u>1.347</u>	<u>1.346</u>

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)



	Rs. Million	
	2013	2012
12. Revenue from Operations		
Sales (Gross)	210,627.887	176,842.665
Income arising from Sale by Manufacturers under 'Tie-up' agreements (Tie-up units)	4,351.692	4,154.230
Income from Brand Franchise	475.026	484.130
Income from IPL Franchise	713.854	854.390
	<u>216,168.459</u>	<u>182,335.415</u>
13.1 Other Operating Income		
Scrap Sales	346.762	369.454
Miscellaneous	623.238	209.257
	<u>970.000</u>	<u>578.712</u>
13.2 Other Income		
Interest Income	988.072	983.360
Exchange Gain	-	397.116
Dividend income on:		
Current Investments	37.788	12.937
Profit on Sale of Investments	30.780	-
Other Non Operating Income:		
Lease Rent	356.629	217.327
Profit on Sale of Fixed Assets	-	69.164
Liabilities no longer required written back	146.532	825.740
Bad debts/ Advances recovered	1.283	0.002
Insurance Claims	1.903	2.148
Provision for Onerous Lease written back	-	2.731
	<u>1,562.987</u>	<u>2,510.525</u>
14. Cost of Materials Consumed		
Raw Materials	28,540.807	27,767.222
Packing Materials	20,800.453	18,862.524
	<u>49,341.260</u>	<u>46,629.746</u>
15. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade		
Opening Stock:		
Work-in-Progress	18,116.667	14,232.803
Finished Goods	5,018.335	4,005.167
Stock-in-trade	86.672	111.782
	<u>23,221.674</u>	<u>18,349.752</u>
Closing Stock:		
Work-in-Progress	16,417.946	18,116.667
Finished Goods	4,592.618	5,018.335
Stock-in-trade	82.449	86.672
	<u>21,093.013</u>	<u>23,221.674</u>
Excise Duty on Opening/Closing Stock of Finished Goods (net)	799.333	118.486
	<u>2,927.994</u>	<u>(4,753.434)</u>

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

		Rs. Million	
		2013	2012
16. Employee Benefits Expenses			
Salaries, Wages and Bonus		6,342.624	5,565.814
Contribution to Provident and Other Funds		873.467	590.039
Staff Welfare Expenses		350.473	294.764
Actuarial Loss/(Gain) on Pension		379.390	795.838
		<u>7,945.954</u>	<u>7,246.455</u>
17. Finance Costs			
Interest		9,409.634	8,117.816
Debt issue costs		439.465	638.836
		<u>9,849.099</u>	<u>8,756.652</u>
18. Other Expenses			
Exchange Loss		2,260.132	-
Direct Expenses on IPL Franchise		814.888	827.355
Consumption of Stores and Spares		225.006	530.778
Power and Fuel		934.441	828.087
Rent		1,579.502	1,092.330
Repairs and Maintenance:			
Buildings		222.513	161.961
Plant and Machinery		359.618	302.461
Others		165.686	140.985
Rates and Taxes		988.509	634.434
Insurance		176.476	149.328
Travelling and Conveyance		920.323	711.773
Legal and Professional		1,291.089	933.813
Freight Outwards		2,520.673	2,097.435
Advertisement and Sales Promotion		10,805.365	10,111.419
Commission on Sales		622.943	564.036
Cash Discount		906.798	770.438
Sales Tax		298.779	286.163
Fixed Assets Written Off		0.992	0.432
Directors' Remuneration:			
Sitting Fee		2.290	2.292
Commission		55.986	55.647
Bad Debts and Advances Written Off		52.434	38.399
Loss on Sale of Investments		5.664	-
Loss on Sale of Fixed Assets		89.681	-
Provision for Doubtful Debts/ Advances/ Deposits		535.213	429.958
Provision for Diminution in Value of Investments		13.838	0.326
Research and Development		64.592	47.605
Others			
Administrative expenses		634.377	662.949
Distribution Costs		1,235.684	1,467.010
Miscellaneous		789.793	383.816
		<u>28,573.285</u>	<u>23,231.230</u>

	Rs. Million	
	2013	2012
19. Exceptional and other Non-recurring items		
(a) Provision towards Turn Over Tax relating to earlier years under Amnesty Scheme	(43.361)	-
(b) Adjustment of Goodwill on Account diminution in the value of Investment	(64.936)	-
(c) Provision towards Excise Liability relating to earlier years based on legal pronouncement	-	(88.400)
(d) Water Charges relating to prior years based on the legal pronouncement received during the year	-	(19.763)
	(108.297)	(108.163)
20. Earnings Per Share		
Nominal Value of equity shares (Rs)	10	10
(a) Net Profit after tax (Rs. Million)	(1,012.118)	1,879.218
(b) Basic number of Equity Shares of Rs. 10 each outstanding during the year	125,869,737	125,869,737
(c) Weighted Average number of Equity Shares of Rs. 10 each outstanding during the year	125,869,737	125,869,737
(d) Basic / Diluted Earnings per Share (Rs.)	(8.04)	14.93

21. Term Liability towards Franchisee rights:

The Company holds the perpetual right to the Bangalore Franchise of BCCI-IPL. Although this right is perpetual, it would be prudent to consider this having a 'finite' rather than an 'infinite' life. The limited over version of the game which was first introduced in 1970s is continuing even now after 39 years and an even shorter version (20 over) has only recently being introduced and is more popular than the 50 over format. The Management has held discussion internally as well as with other experts in the field on the subject of useful life and the period of amortisation. Although the Management regards the useful life as indefinite, as a measure of prudence a useful life of 50 years is considered as appropriate and the rights are amortised over 50 years having regard to the following factors:

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

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

The carrying amount of Franchise Rights as at March 31, 2013 is Rs. 4,183.305 Million (2012: Rs. 4,538.349 Million) to be amortised over the remaining period of 45 years (2012: 46 years).

Term liability towards franchisee rights at the year end aggregating to Rs. 2,098.080 Million (2012: Rs.2,803.803 Million) is payable over a period of 5 years (2012: 6 years), of which Rs.446.400 Million (2012: Rs..492.379 Million) is payable within one year.

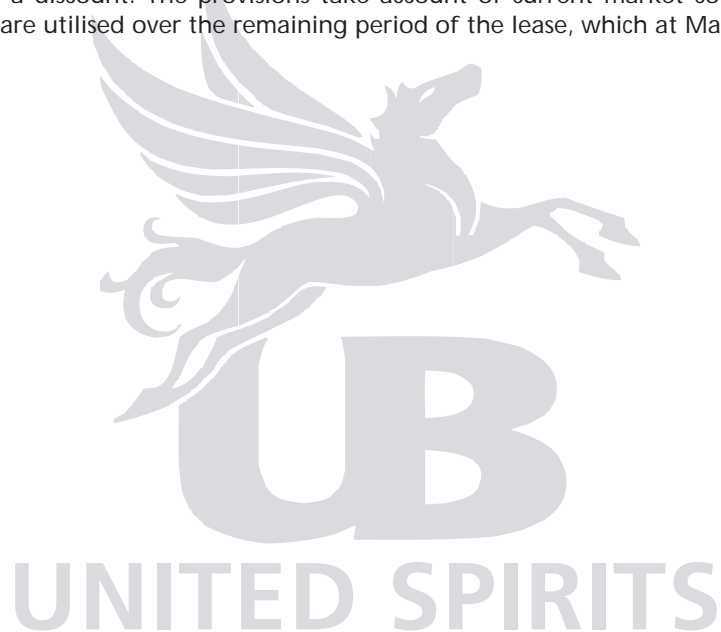
The governing bodies of this sport in India and globally, over a period of last 7 to 15 years have experienced annualized growth of 19% to 35% in their Media/Central Rights. The management believes that given the sheer appeal of this format, which has surpassed all expectations, an annualized growth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

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

		Rs. Million
	2013	2012
22. Onerous Lease Provision		
At the beginning of the year	591.424	521.530
Translation Adjustment	4.616	72.625
	<u>596.040</u>	<u>594.155</u>
Charged / (Credited) to the income statement	-	(2.731)
At the end of the year	<u>596.040</u>	<u>591.424</u>

Note:

These provisions were set up in relation to certain leasehold properties of Whyte and Mackay Group, which are un-let or sub-let at a discount. The provisions take account of current market conditions and expected future vacant periods and are utilised over the remaining period of the lease, which at March 31, 2013 is between 8 and 21 years.



23. Employee Benefits

(a) Defined Contribution Plans

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

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

	Rs. Million	
	2013	2012
Provident Fund and Employees Pension Scheme*	230.836	115.760
Superannuation Fund	123.371	110.471
Employees State Insurance	12.522	14.467
	366.729	240.698

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

(b) Defined Benefit Plans

Gratuity:

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

Pension:

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

Provident Fund:

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

Death Benefit:

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

23. (b) Defined Benefit Plans

Particulars	2013						2012					
	Funded			Non Funded			Funded			Non Funded		
	Gratuity	Pension Fund	PF	Gratuity	Pension Fund	Death Benefit	Gratuity	Pension Fund	PF	Gratuity	Pension Fund	Death Benefit
(A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation												
Obligation at the beginning of the year	1,090.818	10,196.115	1,602.320	1.355	24.155	20.331	964.877	8,197.412	1,459.897	0.979	22.801	18.442
Contribution by Plan Participants	-	-	200.197	-	-	-	-	11.765	163.881	-	-	-
Current service cost	65.106	-	128.334	0.314	3.494	-	77.366	47.059	109.548	0.172	6.394	-
Interest cost	88.851	528.559	118.733	0.097	-	1.749	69.119	492.961	104.381	0.071	-	1.475
Actuarial (gain)/loss on obligations	184.095	1,623.444	-	(0.106)	-	1.386	164.802	609.293	-	0.110	-	0.414
Benefits paid	(97.310)	(425.434)	(202.559)	(0.023)	(5.412)	-	(187.072)	(347.913)	(235.387)	-	(5.040)	-
Exchange Fluctuation	0.379	0.101	-	0.007	-	-	1.726	1,185.538	-	0.023	-	-
Obligation at the end of the year	1,331.939	11,922.785	1,847.025	1.644	22.237	23.466	1,090.818	10,196.115	1,602.320	1.355	24.155	20.331
(B) Reconciliation of opening and closing balances of the fair value of plan assets												
Plan Assets at the beginning of the year	817.888	9,520.151	1,494.056	-	-	-	726.920	8,125.433	1,357.567	-	-	-
Contribution by Plan Participants	0.977	1.121	200.197	0.023	-	-	-	11.765	163.881	-	-	-
Contribution by the Company	250.421	179.779	115.623	-	-	-	214.265	231.890	93.043	-	-	-
Expected return on plan assets	82.640	544.425	123.852	-	-	-	68.272	545.825	109.467	-	-	-
Actuarial gains / (losses)	(1.900)	1,047.203	58.216	-	-	-	(4.986)	(192.339)	5.485	-	-	-
Benefits paid	(97.310)	(425.434)	(202.559)	(0.023)	-	-	(187.072)	(347.913)	(235.387)	-	-	-
Exchange Fluctuation	0.008	12.558	-	-	-	-	0.489	1,145.490	-	-	-	-
Plan assets at the end of the year	1,052.724	10,879.803	1,789.385	-	-	-	817.888	9,520.151	1,494.056	-	-	-

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Notes to the financial statements for the year ended March 31, 2013 (Contd.)

Particulars	2013					2012					Rs. Million	
	Funded			Non Funded		Funded			Non Funded			
	Gratuity	Pension Fund	PF	Gratuity	Pension Fund	Death Benefit	Gratuity	Pension Fund	PF	Gratuity		Pension Fund
(D) Expenses recognised in the Statement of Profit and Loss												
Current service cost	65.106	-	128.334	0.314	3.494	-	77.366	47.059	109.548	0.172	6.394	-
Interest cost	88.851	528.559	118.733	0.097	-	1.749	69.119	492.961	104.381	0.071	-	1.475
Expected return on plan assets	(82.640)	(544.425)	(123.852)	-	-	-	(68.272)	(545.825)	(109.467)	-	-	-
Actuarial (gains)/losses	185.995	576.242	(58.216)	(0.106)	-	1.386	169.788	801.632	(5.485)	0.110	-	0.414
Total Expenses recognised in the Statement of Profit and Loss	257.312	560.376	64.999	0.305	3.494	3.135	248.001	795.827	98.977	0.353	6.394	1.889
Included in:												
Contribution to Provident and Other Funds in Note 16	257.312	180.986	64.999	0.305	3.494	3.135	248.001	(0.011)	98.977	0.353	6.394	1.889
Staff Welfare expenses in Note 16	-	379.390	-	-	-	-	-	795.838	-	-	-	-
(E) Investment details of plan assets												
Government securities	0%	21%	19%				0%	22%	19%			
Securities guaranteed by Government	0%	0%	0%				0%	0%	0%			
Private Sector Bonds	0%	18%	0%				0%	19%	0%			
Public Sector / Financial Institutional Bonds	0%	0%	71%				0%	0%	73%			
Special Deposit Scheme	0%	0%	7%				0%	0%	6%			
Fund balance with Insurance Companies	84%	0%	0%				97%	0%	0%			
Others (including bank balances)	16%	61%	3%				3%	59%	2%			
	100%	100%	100%				100%	100%	100%			

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

(F) Actual return on plan assets	6.00%	6.00%	6.00%
(G) Assumptions			
Discount Rate (per annum)	8.00%	4.30%	8.00%
Expected Rate of Return on Plan Assets	9.25%	5.30%	8.00%
Rate of increase in Compensation levels	7.00%	2.00%	NA
Attrition Rate	8.50%	NA	NA
Average past service of employees (years)	13.3	14.0	NA

Mortality rates	Standard Indian Assured Lives (2006-08) Ultimate Table	S1 series base tables adjusted by 115% plus medium cohort improvement with a 1% underpin	Standard Indian Assured Lives (2006-08) Ultimate Table	Rs. Million			
				LIC 1994-96 ultimate table	Table PA00 year of birth - 117% loading for current pensioners and a 123% loading for future pensioners	LIC 1994-96 ultimate table	

(H) Others (Funded)

	2013				2012				2011				2010			
	Gratuity	Pension	PF		Gratuity	Pension	PF		Gratuity	Pension	PF		Gratuity	Pension	PF	
Present value of obligation	1,331.939	11,922.785	1,847.025		1,090.818	10,196.115	1,602.320		955.322	8,197.412	1,459.897		747.653	8,210.490	1,296.174	
Present value of plan assets	1,052.724	10,879.803	1,789.385		817.888	9,520.151	1,494.056		726.664	8,125.433	1,357.567		613.984	7,306.164	1,233.898	
Amount recognised in Balance sheet - Liability	279.2165	1,042.982	57.640		272.930	675.964	108.264		228.658	71.979	102.330		133.669	904.326	62.276	
Experience adjustments on Present value of obligation	(94.788)	-	-		(80.822)	-	-		(80.729)	-	-		(44.591)	-	7.506	
Experience adjustments on Plan assets	(1.900)	-	58.216		(18.421)	-	(25.559)		(18.607)	-	(25.559)		(9.218)	-	32.413	

Others (Non-funded)

	2013				2012				2011				2010			
	Gratuity	Pension	Death Benefit		Gratuity	Pension	Death Benefit		Gratuity	Pension	Death Benefit		Gratuity	Pension	Death Benefit	
Present value of obligation	1.644	22.237	23.466		1.355	24.155	20.331		6.322	22.801	18.442		5.571	24.212	16.673	
Present value of plan assets	-	-	-		-	-	-		-	-	-		-	-	-	
Amount recognised in Balance sheet - Liability	1.644	22.237	23.466		1.355	24.155	20.331		6.322	22.801	18.442		5.571	24.212	16.673	
Experience adjustments on Present value of obligation	-	-	-		-	-	-		-	-	-		-	-	-	
Experience adjustments on Plan assets	-	-	-		-	-	-		-	-	-		-	-	-	

Notes:

1. The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
2. As per the best estimate of the management, contribution of Rs 270 Million is expected to be paid to the plans during the year ending March 31, 2014.

24. Leases

a) Finance Leases

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

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

Particulars	2013		2012	
	Present Value of payments	Minimum lease payments	Present Value of payments	Minimum lease payments
Later than one year and not later than five years	7.551	8.757	12.962	15.331
Later than five years	-	-	0.864	0.880
	7.551	8.757	13.826	16.211
Not later than one year	6.048	7.454	11.382	13.928
	13.599	16.211	25.208	30.139
Less: Finance Charges		2.612		4.930
Present value of net minimum lease payments		13.599		25.209

b) Operating Leases

The Company's significant leasing arrangements in respect of operating leases for premises (residential, office, stores, godown, manufacturing facilities etc.) and plant and machineries, which includes both cancellable and non cancellable leases, and range between 11 months and 3 years generally (or longer in certain cases) and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Note 18 to the accounts.

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

The Company entered into an operating lease agreement in March 2011 to rent one plant and machineries over a period of 36 months at an annual cost of Rs. 22.2 Million.

The Whyte and Mackay Group entered into an operating lease agreement in September 2006 to rent a property over a 30 year period at an annual cost of Rs. 74.947 Million (2012: Rs.67.276 Million). The annual rent payable is subject to review every 5 years. There are no contingent rent payments. Sub-lease payments received Rs.42.422 Million (2012: Rs. 38.545 Million) have been recognised in the Statement of Profit and Loss for the year and are included under Note 13.

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

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

	Rs. Million	
	2013	2012
(i) not later than one year;	135.860	130.900
(ii) later than one year and not later than five years;	376.630	481.370
(iii) later than five years; the total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date;	364.010	404.690
	876.500	1,016.960

25. Segment Reporting

The Company is primarily organised into two main geographic segments:

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

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

Rs. Million

A. Primary Segmental Reporting

Geographic Segment	2013				2012			
	India	Outside India	Unallocated / Eliminations	Total	India	Outside India	Unallocated / Eliminations	Total
(i) Revenue								
External	191,469.033	27,232.040	-	218,701.073	164,510.921	20,913.730	-	185,424.651
Less: Excise Duty	103,678.374	6,510.230	-	110,188.604	85,046.258	5,424.246	-	90,470.504
Inter-segment	953.261	954.826	(1,908.087)	-	278.663	1,422.050	(1,700.713)	-
Total Revenue	86,837.398	19,766.984	1,908.087	108,512.469	79,186.000	14,067.434	1,700.713	94,954.148
(ii) Result								
Segment Result – Profit/(Loss)	11,350.986	(840.328)	-	10,510.658	11,096.638	999.967	-	12,096.605
Unallocated corporate expenses/ (income):								
Income from Investments	-	-	68.562	68.562	-	-	(12.937)	(12.937)
Finance Cost	-	-	9,849.099	9,849.099	-	-	8,756.656	8,756.656
Profit/(Loss) before Taxation	11,350.986	(840.328)	(9,780.537)	730.121	11,096.638	999.967	(8,743.719)	3,352.889
Prior Period, Exceptional and Other Non-Recurring Items	-	-	-	-	-	-	-	-
Profit before taxation	11,350.986	(840.328)	(9,780.537)	730.121	11,096.638	999.967	(8,743.719)	3,352.889
Provision for taxation	-	-	1,780.554	1,780.554	-	-	1,480.905	1,480.905
Profit/(Loss) after Taxation	11,350.986	(840.328)	(11,561.091)	(1,050.433)	11,096.638	999.967	(10,224.624)	1,871.983
Total Revenue				108,443.906				94,941.211
Income from Investments				68.562				12.937
				108,512.469				94,954.148
(iii) Other information								
Segment Assets	81,469.582	29,744.439	52,634.789	163,848.810	75,307.090	30,992.472	52,265.877	158,565.438
Segment Liabilities	26,753.228	6,671.577	84,404.562	117,829.367	18,624.088	8,741.748	84,435.815	111,801.652
Capital Expenditure	1,899.898	445.907	-	2,345.804	1,320.844	2,338.072	-	3,658.916
Depreciation	1,026.612	757.412	-	1,784.024	833.790	640.359	-	1,474.149
Other non cash expenses (net of Income)	385.812	434.409	-	820.221	(231.146)	134.192	-	(96.953)

B. Secondary Segmental Reporting

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

Notes:

- Segment accounting policies are in line with the accounting policy of the Company.
- Segment revenue includes sales and other income directly identifiable with/allocable to the segment including intersegment revenues.
- Expenses that are directly identifiable with/allocable to segment are considered for determining the segment results. Expenses which relates to the Group as a whole and not allocable to segments, are included under "Unallocable Corporate expenses".
- Income which relates to the Group as a whole and not allocable to segments is included in "Unallocable Corporate income".
- Segment revenue resulting from transactions with other segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.
- Segment assets and liabilities includes those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represents the assets and liabilities that relates to the Company as a whole and not allocable to any segments. Unallocable assets mainly comprise trade investments in associate companies. Unallocable liabilities include mainly loan funds and proposed dividend.

26. Related Party Disclosures

a) Names of related parties and description of relationship

Associates with whom transactions have taken place during the year	Key Management personnel	Employees' Benefit Plans where there is significant influence	Promoter Holding together with its Subsidiary is more than 20%
UB Distilleries Limited Wine Soc of India Private Limited	Mr. Ashok Capoor Managing Director	Mc Dowell & Company Limited Staff Gratuity Fund (McD SGF) McDowell & Company Limited Officers 'Gratuity Fund (McD OGF) SWDL Group Officers Gratuity Fund (SWDL OGF)^ SWDL Employees Gratuity Fund (SWDL EGF)^ Phipson & Company Limited Management Staff Gratuity Fund (PCL SGF)^ Phipson & Company Limited Gratuity Fund. (PCL GF)^ Carew & Company Ltd. Gratuity Fund (CCL GF)^ Mc Dowell & Company Limited Provident Fund (McD PF) Shaw Wallace & Associated Companies Employees' Gratuity Fund^ Shaw Wallace & Associated Companies Executive Staff Gratuity Fund^ Shaw Wallace & Associated Companies Provident Fund^ Whyte and Mackay Pension Scheme Balaji Distilleries Employees Gratuity Trust	United Breweries (Holdings) Limited (UBHL)

Notes:

^ No transactions during the year.

Consolidated Financial Statements

Notes to the financial statements for the year ended March 31, 2013 (Contd.)

b) Summary of transactions with related parties

Rs. Million

Sl. No.	Nature of transactions*	2013					2012				
		Associates	Key Management Personnel	Employees Benefit Plans where there is significant influence	Promoter	Total	Associates	Key Management Personnel	Employees Benefit Plans where there is significant influence	Promoter	Total
a)	Purchase of goods										
	- UBHL	-	-	-	-	-	-	-	-	245.075	245.075
b)	Interest received from associates										
	- Wine Soc of India	12.165	-	-	-	12.165	11.036	-	-	-	11.036
c)	Sale of goods										
	-UBHL	-	-	-	609.000	609.000	-	-	-	658.346	658.346
d)	Advertisement and Sales Promotion										
	-UBHL	-	-	-	18.439	18.439	-	-	-	28.124	28.124
e)	Interest Income										
	-UBHL	-	-	-	647.664	647.664	-	-	-	358.048	358.048
f)	Guarantee/ Security Commission Paid										
	-UBHL	-	-	-	6.623	6.623	-	-	-	6.762	6.762
g)	Deposits		7.250	-	-	7.250		6.120	-	-	6.120
h)	Sale/ (Purchase) of fixed assets										
	-UBHL	-	-	-	-	-	-	-	-	(541.471)	(541.471)
i)	Finance (including loans and equity contributions in cash or in kind)										
	-UBHL	-	-	-	8,539.411	8,539.411	-	-	-	(1,549.690)	(1,549.690)
	-Wine Soc of India	27.900	-	-	-	27.900	10.003	-	-	-	10.003
j)	Guarantees and Collaterals given										
	- UBHL	-	-	-	550.000	550.000	-	-	-	550.000	550.000
k)	Managing Directors' Remuneration		46.523	-	-	46.523		35.736	-	-	35.736
l)	Rent		6.970	-	-	6.970		5.927	-	-	5.927
m)	Contribution to Gratuity Fund										
	- McD OGF	-	-	194.110	-	194.110	-	-	156.761	-	156.761
	- McD SGF	-	-	51.980	-	51.980	-	-	53.190	-	53.190
n)	Contribution to Provident Fund										
	- McD PF	-	-	115.630	-	115.630	-	-	93.043	-	93.043
o)	Dividend Paid										
	- UBHL	-	-	-	58.950	58.950	-	-	-	91.395	91.395
p)	Contribution to Pension Scheme										
	- Whyte and Mackay Pension Scheme	-	-	179.779	-	179.779	-	-	231.890	-	231.890
q)	Amount due from										
	- UBHL	-	-	-	11,886.610	11,886.610	-	-	-	2,723.832	2,723.832
	- Wine Soc of India	122.777	-	-	-	122.777	95.261	-	-	-	95.261
r)	Deposits Outstanding										
	- UBHL	-	-	-	1,400.000	1,400.000	-	-	-	1,400.000	1,400.000

* Excludes reimbursement of expenses and cost sharing arrangements.

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

27. (a) During the year-

- (i) Palmer Investment Group Limited and UB Sports Management Overseas Limited (both wholly owned subsidiaries of the Company), USL Benefit Trust (of which the Company is a beneficiary), SWEW Benefit Company, United Breweries (Holdings) Limited and Kingfisher Finvest India Limited (both promoters of the Company) had executed a Share Purchase Agreement, with Relay B.V. and Diageo PLC, on November 9, 2012, for the sale of 25, 226,839 equity shares constituting approximately 19.29% of the present paid up equity share capital of the Company and approximately 17.36% of the paid up equity share capital of the Company following the preferential allotment referred to in paragraph (b) below, at a price of Rs 1,440/- per equity share.
- (ii) Simultaneously with the execution of the Share Purchase Agreement, a Preferential Allotment Agreement between Relay B.V. the Company and Diageo PLC has been entered with, for issue of 14,532,775 equity shares of face value of Rs.10/- of the Company, each constituting 10% of the post-issue equity share capital of the Company to Relay B.V. an indirect wholly owned subsidiary of Diageo PLC on a preferential allotment basis at a price of Rs.1,440 per equity share.
- (iii) The consummation of the transaction referred to above are subject to various conditions precedent, including receipt of approval from the Competition Commission of India and in case of the preferential allotment, approval of the shareholders of the Company by way of a special resolution through postal ballot. Shareholder approval to the preferential allotment and approval from the Competition Commission of India has since been received.
- (iv) As a consequence, inter alia, of the transactions referred to in (a) and (b) above, Relay B.V., acting through JM Financial Institutional Securities Private Limited, has made an open offer which commenced on April 10, 2013 and ended on May 13, 2013, to acquire up to 37,785,214 equity shares from the public shareholders of the Company pursuant to Regulation 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Relay B.V., has acquired 58,668 equity shares constituting 0.04% of paid up capital of the Company pursuant to the open offer.
- (b) The Company and two of its subsidiaries has advanced loans and provided a deposit to a Group Company aggregating to Rs. 13,186.244 million that are outstanding as at March 31, 2013. The Group Company has assets with significant market value and has a track record of disposing off assets, if required to settle its dues. The Group Company has currently provided significant corporate guarantees to lenders and other vendors of its related party, of which certain corporate guarantees have been invoked and are currently being challenged at appropriate forums. The Management is reasonably confident that no material liability, if any, would eventually devolve upon the Group Company and based on the assets it owns and future business prospects, it will be able to recover the amounts stated above, as per the agreed terms and that no provision is considered necessary for these amounts as at 31 March 2013.

28. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.568.673 Million (2012: Rs.1,088.916 Million).
- (b) Other Commitment as on March 31, 2013
 - (i) Advertising Contracts - Rs 1,383.516 Million (2012: Rs. 535.220 Million)
 - (ii) Players and Support Staff -Rs. 579.375 (2012: Rs 582.773 Million)

29. Contingent Liabilities

	Rs Million	
	2013	2012
(a) Guarantees given by the Company's bankers for which Counter Guarantees have been given by the Company	315.063	466.828
(b) Disputed claims against the Company not acknowledged as debts, currently under appeal/ sub judice:		
(i) Excise and Service Tax demands for excess wastages and distillation losses	1,176.694	426.804
(ii) Other miscellaneous claims	231.941	258.142
(iii) Income Tax demand (including interest) under appeal	2,572.766	2,762.836
(iv) Sales Tax demands under appeal in various states	792.075	726.884
(c) Bills Receivables discounted – since fully settled	897.126	880.319
(d) Claims from suppliers not acknowledged as debts	98.137	101.924

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

30. Fixed Assets

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

Accounting policies followed by United Spirits (Great Britain) Limited and its subsidiaries in respect of depreciation on fixed assets are different from accounting policies of the Company as mentioned in Note 1.7. The proportion of the fixed assets in the Consolidated Financial Statement to which different accounting policies have been applied are as below:

	Rs Million			
	2013		2012	
	Gross Block	Proportion (%)	Gross Block	Proportion (%)
Building	3,071.943	39%	2,928.448	39%
Plant and Machinery	6,025.364	34%	5,884.334	35%
Vehicles	26.387	9%	24.775	8%

31. Foreign Currency Transactions

- a) The Group has marked to market all the outstanding derivative contracts on the Balance Sheet date and has recognised the resultant loss amounting to Rs.152.015 Million (2012: Rs. 699.523 Million) during the year.
- b) As on March 31, 2013, the Group has the following derivative instruments outstanding:
 - i) Interest and Currency Swap arrangement (USD) in connection with borrowings amounting to USD Nil (2012: USD 85 Million).
 - ii) Interest Rate Swap arrangements in connection with borrowings amounting to GBP 90.000 Million (2012: GBP 171.250 Million)
- c) The year end foreign currency exposures that have not been hedged by a derivate instrument or otherwise are as under:
 Receivables: USD 2.806 Million (2012: USD 0.896 Million), Euro 0.384 Million (2012: Euro 0.319 Million Credit), Canadian Dollar 0.382 Million (2012: Canadian Dollar 0.423 Million), INR 44.118 Million (2012: INR 44.134 Million), Singapore Dollar 1.065 Million (2012: Singapore Dollar Nil), Emirate Dirhams 0.056 Million (2012: Emirate Dirhams Nil).

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

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

VIJAY MALLYA
Chairman

ASHOK CAPOOR
Managing Director

M.R. DORAISWAMY IYENGAR
Director

P.A. MURALI
Chief Financial Officer

per **Aasheesh Arjun Singh**
Partner

V.S. VENKATARAMAN
Company Secretary

Place : Bangalore
Date : May 15, 2013

The Team



Ashok Capoor
President & MD



P.A. Murali
Executive Director & CFO



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



Amrit Thomas
Deputy President
Global Marketing



P.S. Gill
Deputy President
All India Operations



I.P. Suresh
Menon



Ajay Baliga



Sanjay Raina



Kedar Ulman



Dr. B.K. Maitin



N.R. Rajsekher



Vivek Prakash



Mathew Xavier



G.S. Nagappa



Anant Iyer



Vineet Chhabra



Vineet K. Kapila



Abhay Kewadkar



UNITED SPIRITS LIMITED


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www.unitedspirits.in

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	United Spirits Limited
2.	Annual financial statements for the year ended	31 March 2013
3.	Type of Audit observation	<p>A. The report of statutory auditors contains the following observations on the standalone financial statements:</p> <p>(i) Emphasis of Matter in the Independent Auditors' Report on the financial statements</p> <p>"We draw attention to note 26 to the financial statements with regard to the recoverability of certain loans and deposits made directly and indirectly to a group company. Our opinion is not qualified in respect of this matter."</p> <p>(ii) Observation in the annexure to the Independent Auditor's Report under the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956:</p> <p>"In our opinion, the Company has not defaulted in the repayment of dues to any financial institution nor did it have any debentures outstanding during the year. <i>However there have been certain delays in the repayment of interest and principal on term loans taken from the banks. The delay up to 30 days amounted to Rs.662.7 million and Rs.1,306.6 million with respect to interest and principal respectively and the delay between 30 to 90 days amounted to Rs. 672.2 million and Rs. 2,971.6 million with respect to interest and principal respectively. There were no continuing defaults as at the balance sheet date.</i>"</p> <p>B. The report of statutory auditors contains the following observation on the consolidated financial statements:</p> <p>(i) Emphasis of Matter in the Independent Auditors' Report on the consolidated financial statements</p> <p>1. "We draw attention to note 27 to the financial statements with regard to the collection of certain loans and deposits made directly and indirectly with a group company. Our opinion is not qualified in respect of this matter."</p>



4.	Frequency of observation	Observations A (i), A (ii) and B (i) have been reported for the first time during the year ended 31 March 2013.
5.	<p>Signed by-</p> <ul style="list-style-type: none"> Ashok Capoor, Managing Director P.A. Murali, Joint President and Chief Financial Officer Auditor of the company: <i>Walker, Chandio & Co</i> For <i>Walker, Chandio & Co</i> Chartered Accountants Firm Registration No.: 001076N <i>Aasheesh Arjun Singh</i> Partner Membership No.: 240122 M.R. Doraiswamy Iyengar, Audit Committee Chairman 	<p><i>A. Capoor</i></p> <p><i>P.A. Murali</i></p> <p><i>Aasheesh Arjun Singh</i></p> <p><i>M.R. Doraiswamy Iyengar</i></p> 

Place: Bengaluru

Date: 02 July 2013