

ANNUAL REPORT 2010 - 2011



UNITED SPIRITS LIMITED

United Spirits Limited

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

NOTICE IS HEREBY GIVEN OF THE TWELFTH 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 Thursday, September 29, 2011 at 11.30 a.m. for the following purposes:

1. To receive and consider the accounts for the year ended March 31, 2011 and the reports of the Auditors and Directors thereon;
2. To declare dividend on Equity Shares;
3. To elect a Director in the place of **Mr. M.R. Doraiswamy Iyengar**, who retires by rotation and being eligible, offers himself for re-appointment;
4. To elect a Director in the place of **Mr. B. M. Labroo**, who retires by rotation and being eligible, offers himself for re-appointment;
5. **Appointment of Auditors:**

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

RESOLVED that M/s. Walker, Chandiok & Co., Chartered Accountants, 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.Price Waterhouse, Chartered Accountants, who are not seeking re-appointment.

6. **Appointment of Mr. Ashok Capoor as a Director:**

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

RESOLVED that Mr. Ashok Capoor, who was appointed as an Additional Director by the Board of Directors of the Company, 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 Managing Director of the Company.

7. **Appointment of Mr. Ashok Capoor as Managing Director:**

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

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. Ashok Capoor be and is hereby

appointed as Managing Director of the Company with effect from May 2, 2011 for a period of three years, on the following terms and conditions.

1. Salary 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, 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 Rs 3,00,000/- 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 1,33,130/- per month as per the rules of the Company.
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 & Fixed Allowance - Rs.47,000/- per month as per the Rules of the Company as applicable.
 - b) FCP 2 - Comprising Car lease, fuel, lunch vouchers, House repairs, painting and maintenance - Rs.2,28,325/- per month as per the Rules of the Company as applicable.
 - c) FCP 3 - Comprising Driver's salary – Rs.10,000/- per month as per the Rules of the Company as applicable.
 - iii) Medical Reimbursement – Expenses incurred for Mr. Ashok Capoor and his family, as per the rules of the Company, at actuals.
 - iv) Club Fees – Fees of clubs subject to a maximum of two clubs. This will include admission and life membership fees.

- v) Personal Accident Insurance – Premium as per the rules of the Company.
- vi) Provident Fund – Company's contribution to Provident Fund shall be as per the Scheme of the Company.
- vii) Superannuation/Annuity Fund – Company's contribution to Superannuation or Annuity Fund shall be in accordance with the Scheme of the Company.
- viii) Gratuity – Payable in accordance with the rules of the approved Fund of the Company.
- ix) Encashment of leave not availed of – as per the rules of the Company.
- x) Provision of cars, cell phone and telephone at the residence of Mr Ashok Capoor as per the rules of the Company.
- xi) Such other benefits, amenities, facilities and perquisites as per the rules of the Company and as may be permitted to the Managing Director, by the Board of Directors of the Company.

Provided that the remuneration payable to Mr Ashok Capoor (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 Ashok Capoor notwithstanding the absence or inadequacy of profits in any financial year of the Company during the tenure of his office as the Managing Director of the Company, subject to the approval of the Central Government, if required.

Further RESOLVED that, the Managing Director, Mr Ashok Capoor be entrusted with substantial powers of management and will be responsible for the general conduct and management of the business and affairs of the Company, subject to the superintendence, control and supervision of the Board of Directors of the Company.

Further RESOLVED that Mr Ashok Capoor shall not be subject to retirement by rotation so long as he continues as Managing Director of the Company.

By Order of the Board

Place : Bangalore
Date : August 3, 2011

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 Friday, September 23, 2011 to Thursday, September 29, 2011 (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), (Alpha Systems Private Limited, erstwhile Registrars and Transfer Agents merged with 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" proposed 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 dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialised. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerialising their shareholdings in the Company.
11.
 - a) All Unclaimed/Unpaid Dividend up to the financial year ended March 31, 1994, have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Those who have not encashed the Dividend Warrants for the said period may claim their dividends from the Registrar of Companies - Karnataka, II Floor, E-Wing, Kendriya Sadan, Koramangala, Bangalore - 560 034.
 - b) All Unclaimed / Unpaid Dividend for the financial years 1994-95 to 2002-03, 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 2003-04 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.

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

Item No.5 : (Appointment of Auditors):

M/s.Price Waterhouse, Chartered Accountants, were appointed 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.Price Waterhouse, Chartered Accountants are not seeking re-appointment.

It is proposed, that M/s. Walker, Chandio & Co., Chartered Accountants, be appointed Statutory Auditors of the Company to hold office from the conclusion of the forthcoming Annual General Meeting till the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors.

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. 6 & 7:

Mr. Ashok Capoor has been appointed as Additional Director by the Board of Directors of the Company on April 29, 2011. 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. Ashok Capoor as a Director of the Company at this Annual General Meeting.

Mr. Ashok Capoor, a graduate in Economics, had obtained his Masters in Business Administration (Marketing) from Faculty of Management Studies, Delhi. He has also successfully completed an Advanced Management Program from Harvard University, Boston.

Mr. Ashok Capoor has over 35 years' experience across companies and various functions, sales and marketing being his major specialization. Mr. Ashok Capoor has been with the UB Group since 1992 having joined as Divisional Vice President in erstwhile Herbertsons Limited, since merged with the Company. After having been Deputy President of the Company since October 2, 2007, he has been promoted to the position of President with effect from May 2, 2011.

The Board of Directors has appointed Mr. Ashok Capoor as Managing Director of the Company with effect from May 02, 2011 for a period of three years. The remuneration proposed to be paid to him is detailed in the resolution under item No.7. He will hold office for a period of three years and shall not be subject to retirement by rotation so long as he continues

as Managing Director of the Company. Mr. Ashok Capoor shall be entrusted with substantial powers of management and will be responsible for the general conduct and management of the business and affairs of the Company subject to the superintendence, control and supervision of the Board of Directors of the Company.

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

The Board recommends the Resolutions under item nos. 6 & 7 to the members for their approval.

None of the Directors other than Mr. Ashok 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 appointment of Mr. Ashok Capoor as Managing Director in the accompanying notice may also be treated as a further abstract pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board

Place : Bangalore
Date : August 3, 2011

V.S. VENKATARAMAN
Company Secretary



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Board of Directors

Vijay Mallya,
Chairman

S. R. Gupte,
Vice Chairman

Ashok Capoor,
Managing Director

M. R. Doraiswamy Iyengar

B. M. Labroo

Sreedhara Menon

Sudhindar Krishan Khanna

President & CFO - The UB Group

Ravi Nedungadi

Joint President & CFO

P. A. Murali

Company Secretary

V. S. Venkataraman

Auditors

Price Waterhouse
Chartered Accountants,
Bangalore

Registered & Corporate Office

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

Registrars & Transfer Agents

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