

## **NOTICE**

**NOTICE** is hereby given that the twenty first Annual General Meeting of the Members of **MILLENNIUM BEER INDUSTRIES LIMITED** will be held on Tuesday, September 28, 2010 at **THE CAPITOL HOTEL, NO. 3, RAJ BHAVAN ROAD, BANGALORE-560 001, at 12.45 p.m.** to transact the following business:

### **ORDINARY BUSINESS**

- 1) To receive and consider the Accounts for the year ended March 31, 2010, and the Reports of the Auditors' and Directors' thereon.
- 2) To appoint a Director in place of Mr. P Subramani, who retires by rotation and, being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. S R Gupte, who retires by rotation and, being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and authorize the Board of Directors to fix their remuneration.

By order of the Board,

Place: Bangalore  
Date: July 20, 2010



**Nitesh Bakshi**  
Company Secretary

**Notice (contd.)****NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. In order to be effective, the proxy must be lodged at the Registered Office of the Company not less than forty-eight hours before the time of the meeting.  
Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 forms part of this Notice.
2. The Register of Members and Share Transfer Books of the Company will remain closed on September 27, 2010 and September 28, 2010.
3. Members are requested to bring their copies of the Annual Report to the meeting together with the attendance slip duly filled in.
4. Members desiring any information about the accounts to be explained at the meeting are requested to furnish their queries, if any, to the Company at least 10 days in advance of the Annual General Meeting so that details can be kept ready at the meeting.
5. Members are requested to notify change of address to: (a) their respective Depository Participant, in respect of shares held in electronic form; and (b) Link Intime India Private Limited (Registrar & Transfer Agent) in respect of shares held in physical form.
6. Members holding shares in identical order of names in more than one folio are requested to write to the Registrar & Transfer Agent of the Company to enable the Company to consolidate their holdings under one folio.
7. The trading in the Company's Shares has been made compulsory in dematerialized form for all class of investors. In view of the numerous advantages offered by the Depository System, Members are requested to avail of the facility of dematerialization of the Company's Shares.
8. Profile of Directors retiring by rotation forms part of Corporate Governance Report. Their details are also attached to this Notice for perusal of the Members.
- 9. MEMBERS MAY PLEASE NOTE THAT NO GIFTS SHALL BE DISTRIBUTED AT THE MEETING.**

**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT ANNUAL GENERAL MEETING**

<b>PARTICULARS</b>	<b>Mr. P SUBRAMANI</b>	<b>Mr. S R GUPTA</b>
Qualifications	FCS	Chartered Accountant
Expertise in specific functional area	Corporate Legal Affairs	Finance and Corporate Strategy
Date of Appointment	06.10.2000	12.01.2001
Date of Birth	07.07.1937	06.03.1939
Directorships held in other Companies	<ol style="list-style-type: none"> <li>1. Bangalore Beverages Limited</li> <li>2. City Properties Maintenance Company Bangalore Limited</li> <li>3. UB Electronic Instruments Limited</li> <li>4. UB Distilleries Limited</li> <li>5. UB International Trading Limited</li> <li>6. I Q Bridge Limited</li> <li>7. Ambitious Computech [Mumbai] Private Limited</li> <li>8. Cine Blitz Productions Private Limited</li> <li>9. Gold Reef Investments Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Associated Breweries &amp; Distilleries Limited</li> <li>2. Aventis Pharma Limited</li> <li>3. Kingfisher Airlines Limited</li> <li>4. Mangalore Chemicals &amp; Fertilizers Limited</li> <li>5. Shaw Wallace Breweries Limited</li> <li>6. UB Electronic Instruments Limited</li> <li>7. United Spirits Limited</li> <li>8. United Helicharters Private Limited</li> <li>9. VJM Media Private Limited</li> </ol>
Committee Memberships held in other Companies	Nil	<p><b>Audit Committee</b></p> <ol style="list-style-type: none"> <li>1. Aventis Pharma Limited</li> <li>2. Kingfisher Airlines Limited</li> <li>3. Mangalore Chemicals &amp; Fertilizers Limited</li> <li>4. United Spirits Limited</li> </ol> <p><b>Shareholders'/Investors' Grievance Committee</b></p> <ol style="list-style-type: none"> <li>1. Aventis Pharma Limited</li> <li>2. Kingfisher Airlines Limited</li> </ol>

The above details do not include Committee Memberships not prescribed for the purpose of reckoning of limits in terms Clause 49 of the Listing Agreement. Brief Profile of the above Directors also forms part of Corporate Governance report. Neither of the above Directors holds any share in the Company. None of the Directors of the Company are related inter-se.

**DIRECTORS' REPORT**

To  
The Members,  
**MILLENNIUM BEER INDUSTRIES LIMITED**

Your Directors have pleasure in presenting their Annual Report together with the audited accounts of your Company for the financial year ended on March 31, 2010.

**FINANCIAL RESULT**

Rupees in Millions

<b>Sr. No.</b>	<b>Particulars</b>	<b>Current Year 2009-2010</b>	<i>Previous Year 2008-2009</i>
1	Sales & other Income	<b>2,911</b>	2,386
2	Expenditure	<b>2,984</b>	2,518
3	Profit/(Loss) After depreciation	<b>(73)</b>	(132)
4	Less: Adjustment for taxes / Deferred Taxation	—	(1)
5	Balance carried to Balance Sheet	<b>(73)</b>	(133)
6	Accumulated Losses	<b>(2,140)</b>	(2,067)
7	Net Worth	<b>(235)</b>	(162)

**CAPITAL**

There has been no change in the share capital of the Company during the year ended March 31, 2010. The authorized share capital of your Company stands at Rs.196 crore comprising of 1.9 crore Preference Shares of Rs.100 each and 6 crore Equity Shares of Re.1/- each. The issued, subscribed and paid-up share capital as on March 31, 2010 stood at Rs.190.48 crore comprising of 1.85 crore Cumulative Redeemable Preference Shares (CRPS) of Rs.100 each and 5.48 crore equity shares of Re.1 each.

**DIVIDEND**

In view of loss incurred during the year, your Directors express their inability to recommend any Dividend for the year 2009-2010.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**INDUSTRY OVERVIEW**

The per capita consumption of beer in India continues to be very low as compared to other countries. There has been a steady growth in the Indian Beer Industry of about 15% per year over the last five years, with Industry volumes crossing 200 million cases in financial year 2009-2010 from about 100 million cases in financial year 2003-2004. Considering the Indian demographics, with around 70% of the population below the age of 30 years, growing income and increasing international influence, the industry is expected to maintain if not exceed, its growth at present rate.

The Indian market infrastructure is a barrier to higher growth. In India, alcohol is available in around 65,000 outlets including shops, bars and restaurants which translates to roughly one outlet for every 18,000 residents, whereas the global average for the same is one outlet per 250 residents and the corresponding figure for China is one outlet for every 300 residents. For instance, in urban conglomeration like Greater Mumbai, there are around 2,500 outlets while in Shanghai, which has similar population base, the number of outlets selling alcohol is 18,000. An encouraging development is that in some cities, like Mumbai, the government has started to issue licenses for outlets to sell beer and wine only, delinking it from the sale of Spirits.

Taxation is another major factor which adversely affects the India brewing industry. In India, all the alcoholic beverages are taxed uniformly irrespective of their alcohol content. Consequently, same rate of taxation is applied for spirits, lager beer, strong beer and other alcoholic beverages, resulting in higher price for beer relative to high alcohol beverages. Across the globe, levies on beer are typically at half the rate applicable to spirits, providing an incentive for consumers towards lower alcohol beverages.

Due to the prevalent excise taxation structure, the majority of Indians who consume alcohol prefer to purchase spirits over beer as it contains higher alcohol at a similar price. Therefore in India, unlike most other countries, consumption

of spirits is higher than beer. Some states have recently started to delink beer taxation from spirits, thereby promoting a logical growth in the future.

Taxation & Regulation of alcohol being a State subject under the Constitution of India, each State has separate set of regulations, restrictions and taxation structure for the alcoholic beverages. Some States also impose high export duties and restrictions on the export of beer outside the State. Even the sales & distribution structure varies from State to State as some markets are open while in most States primary sale is canalized through State controlled corporations.

Over last 5 years, a plethora of foreign brands have entered the Country as 100% Foreign Direct Investment is permitted thereby increasing the choice of brands and competition. All major global brewers are now present in India.

## **OUTLOOK**

While multinational companies are expected to increase competition in the premium beer segment, established domestic brands have the advantage of having an established brand equity. Several international brewers have currently built brand associations and are marketing their brands aggressively through various point-of-sale promotions throughout their distribution networks. Your Company has the benefit of a strong route to market combined with India's leading brands.

A double digit growth rate is expected for the coming years, resulting from the increase in disposable income and the growth of consumers entering the legal drinking age.

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

## **OPERATIONS**

### **SALES**

During the year under report your Company sold 1,022,910 HL of beer as against 823,596 HL in the previous year representing a growth of 24.2%. The industry, grew by 10% during the same period. Net sales for the year 2009-2010 stood at Rs. 2,855 million as compared to Rs. 2,342 million in the previous financial year reflecting an increase of 22%. The growth was driven mainly by improved product mix and higher realization.

### **MANUFACTURING AND OTHER OPERATING EXPENSES**

Manufacturing expenses for the year under review stood at Rs.2,027 million constituting 71% of total expenses as compared to Rs.1,679 million in the previous year constituting 66.8% of the total expenses. Your Company has undertaken market focused initiatives and internal measures to contain costs and improve margins.

A significant increase in price of the second hand bottles on account of hoarding by bottle traders has adversely affected manufacturing costs. The units of have installed solid fuel boilers which has resulted in a reduction of fuel cost. The units are continuously improving efficiencies in the brewing process as well as packing thereby reducing the manufacturing costs.

### **PERSONNEL EXPENSES**

Personnel expenses during the year under report was Rs.81 million as compared to Rs. 68 million previous year. Personnel expenses during the year under review represented 2.8% of net sales.

### **SELLING AND BRAND PROMOTION EXPENSES**

During the period under review, your Company has spent 26.5% of net realizations from sales on selling and brand promotion exercise as compared to 23.2% of net sales spent in the previous year.

Your Company has been carrying out various promotional activities in major cities across the country in order to enhance visibility of its brands Sandpiper & Zingaro. A new campaign reflecting the rich culture, history and heritage of Rajasthan has been launched for the brand Bullet.

### **PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION**

The Profit before Interest, Depreciation and Taxation (PBIDT) for the year under review stood at Rs.114.3 million as against Rs. 56.9 million previous year reflecting an impressive increase of more than double over the previous year. This increase in PBIDT is resulting from strong revenue growth and sustained investment behind your Company's brands.

**Directors' Report (contd.)****INTEREST AND DEPRECIATION**

Your Company paid Rs.38.3 million as interest during the year in comparison to Rs. 52 million paid during the previous year. Depreciation for the year was Rs.151.0 million as against Rs.136.6 million in the previous year.

**POSITION OF PROFITABILITY**

The net loss before tax of your Company has been reduced to Rs.72.6 million as compared to a loss of Rs.132.0 million in the previous year reflecting a decrease in loss of 45%. The overall net worth of your Company is still negative and is expected to improve gradually over a period of time.

**SCHEME OF REHABILITATION**

The Scheme of Rehabilitation of your Company sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) is under implementation.

**OPPORTUNITIES & THREATS**

With growing demand, the domestic production of beer is on the rise. International brewers have established breweries across India in order to extend their brand presence to more States. With these international brands starting domestic production in India, indigenous brands such as your company's face competition. International premium lager is growing steadily (though on a smaller base) as the companies have expanded their distribution across India, and have launched several new brands during the year under review.

India is predominantly a spirits market and beer is a minority preference for those who consume beverage alcohol. The low penetration in beer consumption in comparison to international levels offers the expectation of substantial and sustainable growth in demand for beer in years to come, particularly given the youthful age of India's populace. It is expected that gradually there will be a deregulation in the Indian beer industry too, giving it a boost.

Foreign brewers have been eyeing the Indian market for some years now as India is widely acknowledged to be the last untapped big growth market.

**RISKS AND CONCERNS**

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

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

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

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

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

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

Inclusion of alcoholic beverages into Goods and Service Tax (GST) is uncertain. Non-inclusion of alcoholic beverages in purview of GST would be against the fundamental concept of GST and could have a material negative impact. However, even if it is included there may be material negative impact on input cost.

### **INTERNAL CONTROL SYSTEM**

Your Company has established a robust system of internal controls to ensure that assets are safeguarded and transactions are appropriately authorized, recorded and reported. Internal Audit evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Your Company's internal control systems are adequate and are routinely tested and certified by statutory and internal auditors. The process adopted provides reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

In order to continuously upgrade the internal control system, to be in line with International best practice and to ensure total corporate governance, your Company has implemented risk assessment, control self assessment and legal compliance management systems. These have been updated during the year under review.

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

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

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

### **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility has become an integral part of the organizational philosophy in the company. Primary Health, Primary Education and Water continue to be the areas of focus. In Dharuhera, your Company had adopted the Government Primary School and its long term engagement continues with them. During the year, your Company supported the school by not only providing educational aids and supplementing mid day meals but also enhanced the quality of education imparted by deploying more teachers. It is because of your Company's initiatives that the enrolment figures have increased from 33 in 2007 to 73 in 2010. The Aurangabad unit of your Company has planted about 150 trees around the boundary wall to develop a green belt around the plant. Also, the unit is in the process of setting up a Primary Health Centre and drinking water facility for the nearby village.

### **HUMAN RESOURCES**

People continue to be the focal point of the organization's development. The Human Resource agenda for the year was to strengthen its people capability and thus enhancing its people productivity. During the year, your Company invested significant time and effort in evaluating the job requirements and identifying individual developmental needs based on the same. The organization also completed the succession planning exercise that has enabled us to fill critical positions internally.

Your Company continued to significantly improve the performance in the areas of productivity and safety by means of focused initiatives. Your Company maintained harmonious employee relations during the year.

As on March 31, 2010, the total employee strength of your Company stands at 212. Your Directors place on record their sincere appreciation to all employees for their contribution towards the continuous success of the organization.

### **DIRECTORS**

Mr. P Subramani and Mr. S R Gupte retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

Brief resume of Mr. Subramani and Mr. Gupte form part of the Corporate Governance Report annexed herewith in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

### **SUBSIDIARY**

Millennium Alcobev Private Limited [MAPL] holds 88.95% of the Equity Share Capital and hence your Company is a subsidiary of MAPL.

Your Company does not have any subsidiary.

**Directors' Report (contd.)****PARTICULARS OF EMPLOYEES**

None of the employees of your Company draw remuneration exceeding the limited prescribed under Sub-section (2A) of Section 217 of the Companies Act, 1956.

**LISTING REQUIREMENTS**

The Equity Shares of your Company are listed on Stock Exchanges at Mumbai and Delhi. The listing fees have been paid to all the Stock Exchanges for the year 2010-2011. Your Company has made an application with the Delhi Stock Exchange Limited for voluntary delisting of its equity shares which is pending approval.

**CORPORATE GOVERNANCE**

In terms of Clause 49 of the Listing Agreement, a separate section on Corporate Governance is attached to this report and forms part thereof. A certificate from the Company Secretary in Practice as to the compliance of the provisions of the said Clause 49 is attached to the Corporate Governance Report.

**CASH FLOW STATEMENT**

A Cash Flow Statement for the year ended March 31, 2010 is appended.

**FIXED DEPOSIT**

Your Company has not taken, solicited/received any deposit from public.

**AUDITORS**

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

**AUDITORS' REPORT**

The Auditors have not made any qualification in their report for the period under review.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished as Annexure to this Report and forms part of it.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation for the continued support received from shareholders, banks and financial institutions. Your Directors are also grateful to the Company's business partners and customers for their continued support and patronage. Finally, your Directors wish to acknowledge the support and contribution on the part of all employees who constitute our most valuable asset.

By order of the Board,

Place : Bangalore  
Date : July 20, 2010

**P Subramani**  
Director

**Anup Kumar Das**  
Whole-time Director

**Annexure to the Directors' Report**

Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report.

**A. CONSERVATION OF ENERGY**

- By synchronizing operation of brewing and bottling considerable amount of energy has been saved.
- Monitoring of work in progress during off season has saved considerable amount of energy.
- On account of removal of bottleneck in the brew house, the average number of brews per day has increased from 7.75 to 8, this has also helped in energy conservation.
- The line efficiency of bottling line has been increased by 3%, consequently, improving energy conservation.
- Variable Frequency Drive for Boiler fans installed reducing electric energy.

**Water and Effluent Discharge**

- Due to removal of bottleneck and monitoring of section wise water consumption, the consumption of water has reduced, consequently reducing the quantity of effluent discharge.
- The Effluent Treatment Plant has been upgraded to take the additional loads to comply with the statutory requirements.
- Alternate Fuel Boilers installed at both the units leading to reduction in energy cost.
- Coil cooler has replaced the conventional radiators on the diesel generator set at Dharuhera unit for better efficiency.
- Soft starters installed on Refrigeration compressors to prevent starting surge and reduce maximum demand of electricity in Aurangabad unit.

**B. TECHNOLOGY ABSORPTION**

- Your Company continues to use latest Quality control equipments in process thereby ensuring improvement in Quality.
- Periodic guidance is being sought from the centralized R & D Department of United Breweries Limited to understand and implement the latest technological advances in brewing.
- New Automated Mash Kettle with improved agitator design installed at Aurangabad unit.

**Health, Safety and Environment**

- Waste Minimization program has been initiated.
- Medical check up of all employees done.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO**

Foreign Exchange earned : Nil

Foreign Exchange used : Nil

By order of the Board,

Place : Bangalore  
Date : July 20, 2010

**P Subramani**  
Director

**Anup Kumar Das**  
Whole-time Director

**REPORT ON CORPORATE GOVERNANCE**

**A. MANDATORY REQUIREMENTS**

**1. Company’s philosophy on Corporate Governance**

The objective of the Company on Corporate Governance is to build and adhere to the culture and high standards of Corporate Governance. The management endeavours to benchmark its adherence to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficient and ethical conduct of business to fulfil its obligation towards shareholders and other stakeholders.

The policies on Corporate Governance adopted by the company are in line with various statutory requirements and listing agreement with Stock Exchanges.

**2. Board of Directors**

The composition of Board of Directors is in line with requirements of Clause 49 of the listing agreement with stock exchanges. The Board of Directors comprises of 6 Directors, of which 5 are non-executive Directors (including 3 independent Directors) and 1 Whole-time Director. The Board does not have a permanent Chairman. At every meeting, the Directors present elect one of them to chair the meeting.

During financial year 2009-2010, five Board Meetings were held on April 29, 2009, July 27, 2009, September 30, 2009, October 29, 2009 and January 29, 2010:

**ATTENDANCE AT BOARD MEETINGS AND ANNUAL GENERAL MEETING**

Name of the Director	Category	Number of Board Meetings		Attendance at AGM held on 30.09.2009
		Held	Attended	
Mr. S R Gupte	Independent	5	5	Yes
Mr. P Subramani	Non-Executive	5	5	Yes
Mr. C L Jain	Independent	5	4	No
Mr. R N Pillai	Non-Executive	5	5	Yes
Mr. N Sunder Rajan	Independent	5	5	Yes
Mr. A K Das	Whole time	5	5	Yes

**MEMBERSHIP IN BOARD AND BOARD COMMITTEES  
(OTHER THAN MILLENNIUM BEER INDUSTRIES LIMITED)**

Name of the Director	Other Companies	
	Directorships	Committee Memberships
Mr. S R Gupte	9	6 (Chairman of 2 Committees)
Mr. P Subramani	9	Nil
Mr. C L Jain	7	5 (Chairman of 1 Committee)
Mr. R N Pillai	10	1
Mr. N Sunder Rajan	1	1
Mr. A K Das	1	Nil

The above position is as on date of this Report and includes Directorships in Indian Companies only. Also, the details of Committee Memberships include only those Committees, reckoned for the purpose of calculating the limits in terms of Clause 49 of the Listing Agreement.

**Notes:**

- a) Out of 9 other companies in which Mr. S R Gupte is a Director, 2 are Private Limited companies. Mr. Gupte is also a nominated Member of the Federation of the Managing Committee of Indian Chambers of Commerce & Industry, New Delhi.
- b) Out of 9 other companies in which Mr. P Subramani is a Director, 3 are Private Limited companies.
- c) Out of 7 other Companies in which Mr. C L Jain is a Director, 1 is a Private Limited Company.
- d) Out of 10 other Companies in which Mr. R N Pillai is a Director, 6 are Private Limited companies.

**DETAILS OF DIRECTORS RETIRING BY ROTATION BEING RE-APPOINTED**

Mr. P Subramani and Mr. S R Gupte retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. Brief resume of Mr. Subramani and Mr. Gupte form part of this Report.

**Profile of directors being reappointed**

Brief resume	Other Directorships & Committee Memberships
<p>Mr. P Subramani is a Fellow member of the Institute of Company Secretaries of India. Prior to joining the UB Group, Mr. Subramani was working as a Senior Executive in the Amalgamation Group. Mr. Subramani joined the UB Group in 1990 and rose to the position of Senior Vice President – Legal &amp; Company Secretary over a short span of time overseeing the Legal &amp; Statutory matters. During the year 2003-04 Mr. Subramani also held the position of Whole time Director of United Breweries (Holdings) Limited, a UB Group company. He has a total experience of about 45 years.</p> <p>Mr. Subramani is on the Board of a few public companies and has been a director of the Company since 6th October 2000.</p>	<p><b>OTHER DIRECTORSHIPS</b></p> <ol style="list-style-type: none"> <li>1. Bangalore Beverages Limited</li> <li>2. City Properties Maintenance Company Bangalore Limited</li> <li>3. UB Electronic Instruments Limited</li> <li>4. UB Distilleries Limited</li> <li>5. UB International Trading Limited</li> <li>6. I Q Bridge Limited</li> <li>7. Ambitious Computech [Mumbai] Private Limited</li> <li>8. Cine Blitz Productions Private Limited</li> <li>9. Gold Reef Investments Private Limited</li> </ol> <p><b>COMMITTEE MEMBERSHIPS</b> Nil</p>
<p>Mr. S R Gupte is the Executive Vice Chairman of The UB Group. He worked with Caltex India Limited from 1964 for five and half years in various positions. He then joined Air India in 1969 and worked in various positions in India and abroad. He was promoted as Director of Finance in May 1988 and also took charge as Director – HRD in August 1988. He was also entrusted with the functions of Deputy Managing Director at the same time. He later on took over as Acting Chairman and Managing Director of Air India from July 1990 and also held the position of Chairman in Hotel Corporation of India till November 1991. During his tenure with Air India, he was on the Boards of Air Mauritius and 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 Fuels Trade Group. He was also a Director on the Board of Pacific Asia Travel Association. Mr. Gupte is an Executive Committee Member of the Federation of Indian Chambers of Commerce &amp; Industry (FICCI).</p> <p>Mr. Gupte is also Managing Committee member of Shaw Wallace Employee Welfare Benefit Company.</p> <p>Mr. Gupte has been a Director of the Company since January 12, 2001.</p>	<p><b>OTHER DIRECTORSHIPS</b></p> <ol style="list-style-type: none"> <li>1. Mangalore Chemicals &amp; Fertilizers Limited</li> <li>2. Associated Breweries &amp; Distilleries Limited</li> <li>3. Aventis Pharma Limited</li> <li>4. Kingfisher Airlines Limited</li> <li>5. Shaw Wallace Breweries Limited</li> <li>6. UB Electronic Instruments Limited</li> <li>7. United Spirits Limited</li> <li>8. United Helicharters Private Limited</li> <li>9. VJM Media Private Limited</li> </ol> <p><b>COMMITTEE MEMBERSHIPS</b></p> <p><b>Audit Committee</b></p> <ol style="list-style-type: none"> <li>1. Aventis Pharma Limited</li> <li>2. Kingfisher Airlines Limited</li> <li>3. Mangalore Chemicals &amp; Fertilizers Limited</li> <li>4. United Spirits Limited</li> </ol> <p><b>Shareholders' / Investors' Grievance Committee</b></p> <ol style="list-style-type: none"> <li>1. Aventis Pharma Limited</li> <li>2. Kingfisher Airlines Limited</li> </ol>

Note: Committee membership of directors mentioned above includes only those Committees prescribed for reckoning of limits under Clause 49 of the Listing Agreement.

## Report on Corporate Governance (contd.)

### 3. Committees of the Board of Directors

The Board of Directors has constituted various committees for quick decisions and timely monitoring of activities within their terms of reference set out by the Board of Directors. The composition of Committees of the Boards and their terms of reference are summarized below:

#### I. Audit Committee

The Audit Committee of the Board of Directors of the Company comprises of Mr. S R Gupte, Mr. C L Jain, Mr. R N Pillai and Mr. N Sunder Rajan. All the members of the Committee are financially literate. Mr. S R Gupte is the Chairman of the Committee. The Company Secretary acts as the secretary to the Audit Committee at its meetings.

The terms of reference of the Committee are in line with the requirements of Clause 49 of the Listing Agreement and are as under:

- i) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of Audit Fee;
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause 2AA of Section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by the Management;
  - d. Significant adjustments made in the financial statements arising out of Audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report;
- v) Reviewing with the Management the quarterly financial statements before submission to the Board for approval;
- vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii) Reviewing with the Management, performance of statutory and internal auditors and adequacy of the internal control systems;
- viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- ix) Discussing with Internal Auditors any significant findings and follow up there on;
- x) Reviewing the findings of any internal investigations by the Internal Auditors in to 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;
- xi) Discussing with Statutory Auditors before the Audit commences, about the nature and scope of Audit as well as post-audit discussion to ascertain any area of concern;
- xii) 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;

**Report on Corporate Governance (contd.)**

- xiii) To review the function of the Whistle Blower mechanism, in case the same is existing;
- xiv) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate. and
- xv) Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee from time to time.

**The Audit Committee mandatorily reviews the following information:**

1. Management discussion and analysis of financial conditions and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal auditor.

During the financial year 2009-2010, four Audit Committee Meetings were held on April 29, 2009, July 27, 2009, October 29, 2009 and January 29, 2010. Attendance of the members at these meetings was as under:

Name of Director / Member	Category	No. of Meetings held	No. of Meetings attended
Mr. S R Gupte	Chairman	4	4
Mr. C L Jain	Member	4	4
Mr. R N Pillai	Member	4	4
Mr. N Sunder Rajan	Member	4	4

The Statutory Auditor, Finance Head, Head of Internal Audit and the Executive Director are generally invitees in the Audit Committee Meetings. The Company Secretary is in attendance In these Meetings.

**II. Shareholders' / Investors' Grievance Committee**

The Shareholders' / Investors' Grievance Committee comprises of Mr. S R Gupte, Mr. P Subramani and Mr. R N Pillai. Mr. S R Gupte is the Chairman of the Committee.

The Terms of Reference for the Committee include, inter-alia, specifically looking into the redressing of Shareholders' and Investors' complaints. The Committee is empowered to operate in terms of the provisions of the Listing Agreement and/or the provisions as prescribed under the Companies Act, 1956 and other related Regulations.

Mr. Nitesh Bakshi, Company Secretary, is the Compliance Officer of the Company.

During the financial year 2009-2010, two meetings of Investors' Grievance Committee were held on April 29, 2009 and January 29, 2010 which were attended by all the Members.

Details of redressal of shareholders' grievances during the year 2009-2010 are as under:

No. of shareholders' grievances received*	79
No. of shareholders' grievances not solved to the satisfaction of the shareholders	Nil
No. of pending share transfers	Nil

\* include complaints viz. non-receipt of Annual Report/Change of Address/share certificates upon transfer of Shares, Demat Credit/Duplicate Shares etc. received from SEBI, Stock Exchanges and directly from Investors.

**III. Share Transfer Committee**

The Share Transfer Committee of the Board of Directors has been formed for effective functioning of activities relating to share transfer, transmissions, issue of duplicate shares, remat of shares, sub-division and consolidation of shares of the Company and other shares related activities.

**Report on Corporate Governance (contd.)**

The Share Transfer Committee comprises of Mr. S R Gupte, Mr. C L Jain and Mr. R N Pillai as members. Mr. S R Gupte is the Chairman of the Committee.

In order to facilitate prompt and efficient service to the Shareholders all transactions in connection with Transfer, Transmission, issue of Duplicate Certificates, etc., have been entrusted to Intime Spectrum Registry Limited, Registrars and Transfer Agents and the same are being processed and approved on fortnightly basis.

The Board of Directors has, delegated the power to approve transfers / transmission etc., upto 5000 shares to the Company Secretary.

During the year ended March 31, 2010 the Committee met 4 times on April 29, 2009, July 22, 2009, October 29, 2009 and January 29, 2010 for approving the transactions falling within the Terms of reference mentioned above which were attended by all the members.

**IV. Remuneration Committee (a non mandatory requirement)**

The Remuneration Committee comprises of Mr. S R Gupte, Mr. C L Jain and Mr. N Sunder Rajan. Mr. S R Gupte is the Chairman of the Remuneration Committee. The Company Secretary acts as the secretary to the Remuneration Committee at its meetings.

The terms of reference of the Committee inter-alia include fixing of remuneration by way of salary, perquisites benefits etcetera of Executive Directors viz. Managing or Wholetime or Senior Executives of the Company.

During the financial year 2009-2010, no meetings of Remuneration Committee were held.

**V. Remuneration Policy**

In line with the remuneration policy of the UB Group, the Company's Remuneration Policy is designed to ensure that the remuneration applicable to Managers in the Company is comparable with multinational companies operating in the Brewing or similar industry in India.

No remuneration is paid to Non-Executive Directors, except payment of sitting fees for every Meeting of the Board of Directors and Committees thereof attended by them. The sitting fee paid to the Non-Executive Directors for each meeting of the Board is Rs.10,000/- and Rs.5,000/- for each meeting of the Committees of the Board. The sitting fee being paid to the Non-Executive Directors is within the limits prescribed under Rule 10(B) of the Companies Central Government Rule, 1956 and in terms of Articles of Association of the Company. Mr. A K Das is on deputation from United Breweries Limited and is drawing a token remuneration of Re.1/- per annum.

During the financial year 2009-2010 sitting fee paid to the non-executive Directors for attending the meetings of Board and Committees thereof were as under:

Sl. No.	Name of the Director	Sitting Fee paid (Rs.)
1.	Mr. S R Gupte	1,00,000/-
2.	Mr. P Subramani	60,000/-
3.	Mr. C L Jain	80,000/-
4.	Mr. R N Pillai	1,00,000/-
5.	Mr. N Sunder Rajan	70,000/-

Apart from payment of sitting fees for attending Board / Committee Meetings, there is no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company. None of the Directors are related inter-se and none of them hold any Equity Share in the Company except Mr. A K Das who holds 2968 equity shares in the Company. The Company has not granted any stock options to any of the Directors.

**VI. General Body Meetings**

The schedules of the last three Annual General Meetings were as under:

<b>AGM</b>	<b>Date and time</b>	<b>Venue</b>	<b>Special Resolutions Passed</b>
18 <sup>th</sup> AGM	September 25, 2007 at 9.30 A.M.	Ashok Country Resort, Rajokri Road, Kapashera, New Delhi 110 037.	None
19 <sup>th</sup> AGM	September 26, 2008 at 9:30 A.M.	Ashok Country Resort, Rajokri Road, Kapashera, New Delhi 110 037.	Two
20 <sup>th</sup> AGM*	September 30, 2009 at 10.30 A.M.	The Capitol Hotel, No. 3, Raj Bhavan Road, Bangalore 560 001.	None

\* Registered office of the Company was shifted from Delhi to Bangalore with effect from May 19, 2009.

All the resolutions set out in respective notices including special resolutions were passed unanimously by the shareholders at the respective Annual General Meetings.

**VII. Disclosures**

During the financial year ended March 31, 2010, there were no materially significant related party transactions with the Company's Directors or their relatives. Details of related party transactions form part of the Notes on Accounts. In preparation of financial statements for the year under review, treatment as prescribed in Accounting Standards has been followed.

The Company has complied with the Statutory requirements comprised in the Listing Agreements/ Regulations/ guidelines/rules of the Stock Exchanges/SEBI/ other Statutory Authorities.

The Company has complied with mandatory requirements of Clause 49. The Company has also constituted a Remuneration Committee, which is a non-mandatory requirement.

None of the Directors of the Company incur any disqualification as prescribed in Section 274(1)(g) of the Companies Act, 1956.

**VIII. Means of communication**

The Company's quarterly results are generally published in the newspapers namely 'Financial Express', 'Kannada Prabha' and The Times of India (Kannada) after the same are approved by the Board of Directors. The financial results and shareholding pattern of the Company are displayed on the website of the Company viz. www.mbil.in and are submitted to Stock Exchanges where the Equity Shares of the Company are listed.

In line with requirement of Clause 47(f) of the Listing Agreement, the Company has designated an exclusive e-mail ID viz. mbilinvestor@ubmail.com for the purpose of sending complaints / feedback by the investors. The said e-mail ID is displayed on the website www.mbil.in of the Company under the 'Investor Relations' link. The said e-mail ID is checked on a daily basis and the complaints, if any, are cleared immediately as far as possible.

Management Discussion & Analysis forms part of the Directors' Report.

**IX. General Shareholder information**

**a. Schedule of the next Annual General Meeting:**

Day, Date	Tuesday, September 28, 2010
Time	12.45 p.m.
Venue	The Capitol Hotel, No.3, Raj Bhavan Road, Bangalore – 560 001

**b. Financial Calendar**

<b>Activity</b>	<b>Date(s)</b>
Board Meeting for approval of Accounts for the financial year ended on March 31, 2010	July 20, 2010
Period of Book Closure	September 27, 2010 and September 28, 2010
Deadline for receipt of Proxy Forms	September 26, 2010, 12.45 p.m.

**Report on Corporate Governance (contd.)**

The Company's financial year begins on April 01 and ends on March 31 of the immediately subsequent year.

Division of Financial Calendar		Declaration of Unaudited Results	
1 <sup>st</sup> Quarter	April 01 to June 30	1 <sup>st</sup> Quarter	By August 14 <sup>th</sup>
2 <sup>nd</sup> Quarter	July 01 to September 30	2 <sup>nd</sup> Quarter	By November 14 <sup>th</sup>
3 <sup>rd</sup> Quarter	October 01 to December 31	3 <sup>rd</sup> Quarter	By February 14 <sup>th</sup>
4 <sup>th</sup> Quarter	January 01 to March 31	4 <sup>th</sup> Quarter	By May 15 <sup>th</sup>

In terms of amendment to the Listing Agreements, the unaudited results of the Company are to be declared with 45 days of the end of the quarter.

**c. Listing on Stock Exchanges**

The Equity Shares of the Company are listed on the following Stock Exchanges:

Stock Exchange	Address	Stock Code
Delhi Stock Exchange Limited	DSE House, 3 / 1, Asaf Ali Road, New Delhi - 110 002	09108
Bombay Stock Exchange Limited	P J Towers, Dalal Street, Mumbai - 400001.	521147

The Company has filed an application for voluntary delisting of its securities from Delhi Stock Exchange Limited which is pending approval.

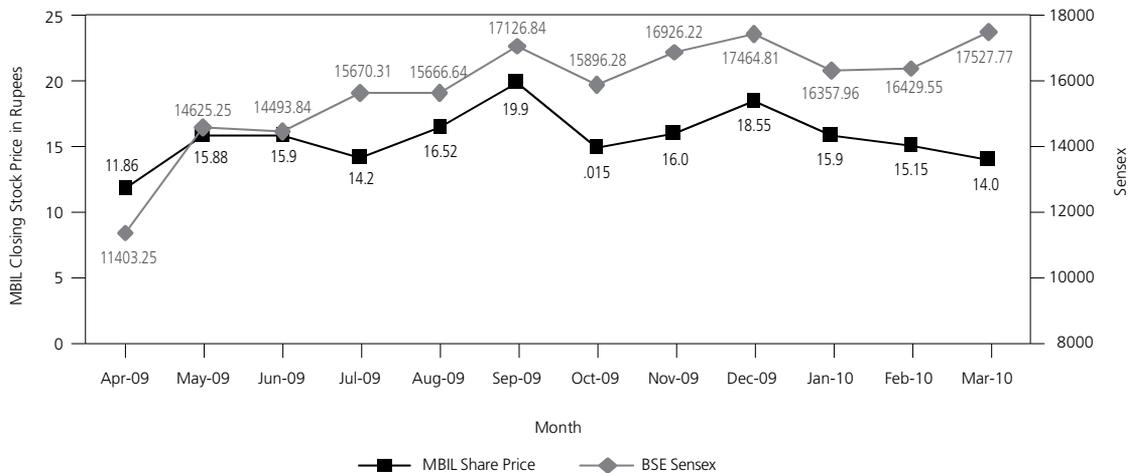
**d. Market price data**

The trading data of the Equity Shares of the Company on Bombay Stock Exchange Limited during the financial year 2009-2010 is as under:

(Source: www.bseindia.com)

Month	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume (No. of Shares)
April 2009	9.30	13.40	9.30	11.86	33592
May 2009	12.00	15.88	9.73	15.88	45945
June 2009	16.65	21.20	15.45	15.90	108075
July 2009	16.65	16.65	13.60	14.20	45047
August 2009	13.60	16.59	12.33	16.52	59254
September 2009	16.60	21.65	14.65	19.90	211289
October 2009	18.95	20.10	14.30	15.00	88303
November 2009	15.50	16.60	14.00	16.00	85407
December 2009	15.70	21.55	15.00	18.55	224613
January 2010	19.40	19.95	15.20	15.90	93353
February 2010	16.00	17.25	14.25	15.15	31396
March 2010	16.00	17.15	13.00	14.00	79104

**Comparison - MBIL Stock Price Vs. BSE Sensex**



(Market price data source: www.bseindia.com)

**e. Registrar & Share Transfer Agent and Share Transfer System**

Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited), New Delhi is the Registrar & Transfer Agent (the Registrar) of the Company for Equity Shares in physical as well as demat form and are providing complete share registry services. The share transfer / demat activities are carried out by the Registrar at their office at 'A-40, 2nd Floor, Near Batra Banquet Hall, Naraina Industrial Area, Phase-II, New Delhi - 110 028. Members are advised to forward all requests / communications / grievances in respect of their shareholding to the Registrar.

Proposals for transfer of shares in physical form are normally processed and approved within 15 days from the date of receipt, barring isolated instances. However, the demat requests are processed within a week of date of receipt.

**f. Distribution of shareholding of the Company as on March 31, 2010**

Shareholding	No. of Members	%	No. of shares	%
Upto 2500	11130	97.94	2923028	5.33
2501-5000	137	1.21	510612	0.93
5001-10000	49	0.43	369157	0.67
10001-20000	25	0.22	365200	0.67
20001-30000	9	0.08	244941	0.45
30001-40000	0	0.00	0	0.00
40001-50000	1	0.01	50000	0.09
50001-100000	5	0.04	442620	0.81
100001 & above	8	0.07	49894380	91.05
Total	11364	100.00	54799938	100.00

**Report on Corporate Governance (contd.)**

Category wise shareholding as on March 31, 2010

Category	Number of Share held	Percentage of Shareholding
Promoters - Indian	48743164	88.95
Institutional Investors - Mutual Funds/ UTI	289965	0.53
Others		
- Bodies Corporate	586525	1.07
- Individuals	4776177	8.72
- NRIs	335022	0.61
- Clearing Members	775	0.00
- HUF	68310	0.12
<b>Total</b>	<b>54799938</b>	<b>100</b>

**g. Dematerialization of shares and liquidity**

The Company has established electronic connectivity with National Securities Depository Limited and Central Depository Services (India) Limited.

The details of Equity Shares held in Demat and Physical form as on March 31, 2010 is as under:

Shares held in	No. of Shares	%	No. of Shareholders	%
Physical form	23764679	43.37	7842	69.01
Demat form	31035259	56.63	3522	30.99
<b>Total</b>	<b>54799938</b>	<b>100</b>	<b>11364</b>	<b>100</b>

**h. Plant Locations**

Main Delhi-Jaipur Highway, Village Joniawas, Dharuhera, Distt. Rewari - 122 106 HARYANA	Plot No.L-10, MIDC, Waluj Industrial Area, Aurangabad - 431 136 MAHARASHTRA
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**i. Address for correspondence**

<p><b>Registered Office</b></p> <p>'UB Tower', UB City, 24, Vittal Mallya Road, Bangalore-560 001. Phone: 080-22272807 Fax: 080-22211964</p>
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<p><b>Registrar and Share Transfer Agent</b></p> <p>Link Intime India Private Limited A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area Phase – II, New Delhi-110 028. Phone : 011-41410592, 41410593 Fax: 011-41410591</p>
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**B. NON-MANDATORY REQUIREMENTS**

**a) Chairman of the Board**

The Company has so far not designated any Director as Chairman of the Board. Hence for the time being no office of the Chairman is being maintained and no expenses are being reimbursed.

**b) Remuneration Committee**

The Company has set up a Remuneration Committee.

**c) Shareholder Rights**

The Company's half yearly results are published in English and Hindi Newspapers having wide circulation and are also displayed on the Company's website. Hence, same are not sent to the shareholders.

**d) Audit Qualifications**

The Auditors have not made any qualification in their report. Hence, no mention is made to this effect in the Annual Report.

**e) Training of Board Members**

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

**f) Mechanism for evaluating Non-Executive Directors**

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

**g) Whistle Blower Policy**

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

**COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS**

In accordance with Clause 49 sub-clause (l) (D) (ii) of the Listing Agreement with Stock Exchanges, it is hereby confirmed all the members of the Board of Directors and Senior Management personnel have affirmed their compliance with the Company's Code of Business Conduct and Ethics for the financial year ended on March 31, 2010.

Bangalore  
July 20, 2010

**A K Das**  
Whole-time Director

**Report on Corporate Governance (contd.)**

The Members

**Millennium Beer Industries Limited**

**Certificate of Compliance with the Conditions of Corporate Governance  
as stipulated under Clause 49 of the Listing Agreement**

**Certificate of Compliance with the conditions of Corporate Governance as stipulated under Clause 49 of  
the Listing Agreement**

We have examined the compliance of conditions of Corporate Governance by Millennium Beer Industries Limited (formerly known as Inertia Industries Ltd.), for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement, of the said company with Stock Exchanges in India.

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

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

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

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

20.07.2010  
Bangalore

**M R Gopinath**  
Company Secretary  
(In practice)  
FCS 3812 CP 1030

**AUDITORS' REPORT**

**To the Members of Millennium Beer Industries Limited**

1. We have audited the attached Balance Sheet of Millennium Beer Industries Limited as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to:  
Schedule 19 Note 2 to the financial statement. For reasons mentioned therein, these financial statements have been prepared on a "going concern" basis, inspite of the accumulated losses at the year end exceeding the shareholders' funds.
4. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
5. Further to our comments in the Annexure referred to in paragraph 4 above, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;
    - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Price Waterhouse**  
Firm Registration Number – 007568 S  
Chartered Accountants

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

Place: Bangalore  
Date: July 20, 2010

**Annexure to Auditors' Report**

Referred to in Paragraph 4 of the Auditors' Report of even date to the members of Millennium Beer Industries Limited on the financial statements for the year ended March 31, 2010.

- i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- ii. a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act and, therefore, paragraph 3(b), 3(c) and 3(d) of the Order are not applicable.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, and, therefore, paragraph 3(f) and 3(g) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Customs duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities.
- b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income-Tax, Sales-Tax, Wealth-Tax, Service-Tax, Customs duty, Excise duty and Cess as at March 31, 2010 which have not been deposited on account of a dispute, are as follows:

**Annexure to Auditors' Report (contd.)**

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount (Rs.'000)</b>	<b>Period to which the amount relates</b>	<b>Forum where the dispute is pending</b>
Haryana Sales Tax Act	Sales Tax	6,260	1991-92	Sales Tax Appellate Tribunal
Haryana Sales Tax Act	Sales Tax	4,770	1991-92	Sales Tax Appellate Tribunal
Haryana Sales Tax Act	Sales Tax	301	2003-04	Sales Tax Appellate Tribunal

- x. The Company has accumulated losses of Rs.2,139,650, exceeding fifty percent of its paid-up capital and reserves as at March 31, 2010. It has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
- xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are funds raised on a short-term basis amounting to Rs. 422,110, which have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **Price Waterhouse**  
Firm Registration Number – 007568 S  
Chartered Accountants

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

Place: Bangalore  
Date: July 20, 2010

**Balance Sheet as at March 31, 2010**

Rs. in Thousands

	Schedule	2010	2009
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Capital	1	1,904,800	1,904,800
Reserves and Surplus	2	—	1,904,800
<b>Loan Funds</b>			
Secured Loans	3	246,310	387,059
Unsecured Loans		446,978	446,978
		<b>693,288</b>	<b>834,037</b>
		<b>2,598,088</b>	<b>2,738,837</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	4	1,699,524	1,644,397
Less: Accumulated Depreciation and Amortisation		820,741	670,131
Net Block		878,783	974,266
Capital Work in Progress		1,755	9,552
		<b>880,538</b>	<b>983,818</b>
<b>Investments</b>			
	5	10	18
<b>Current Assets, Loans And Advances</b>			
Inventories	6	318,413	175,632
Sundry Debtors	7	807,500	412,904
Cash and Bank Balances	8	148,789	93,419
Other Current Assets	9	1,002	805
Loans and Advances	10	191,504	176,998
		<b>1,467,208</b>	<b>859,758</b>
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	11	1,885,351	1,169,455
Provisions	12	3,967	2,326
		<b>1,889,318</b>	<b>1,171,781</b>
<b>Net Current Assets</b>		<b>(422,110)</b>	<b>(312,023)</b>
<b>Profit and Loss Account</b>		<b>2,139,650</b>	<b>2,067,024</b>
		<b>2,598,088</b>	<b>2,738,837</b>
<b>Significant Accounting Policies</b>	18		
<b>Notes on Accounts</b>	19		

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

For **Price Waterhouse**  
Firm Registration Number: 007568 S  
Chartered Accountants

**A K Das**  
Wholetime Director

**P Subramani**  
Director

**J Majumdar**  
Partner  
Membership No. F51912

**Nitesh Bakshi**  
Company Secretary

Bangalore, July 20, 2010

Bangalore, July 20, 2010

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

Rs. in Thousands

	Schedule	2010	2009	
<b>Income</b>				
Sales and Service Income	13	<b>4,646,413</b>	3,799,751	
Less: Excise Duty		<b>1,791,507</b>	1,457,581	
		<b>2,854,906</b>	2,342,170	
Other Income	14	<b>56,043</b>	43,427	2,385,597
<b>Expenditure</b>				
Cost of Sales	15	<b>2,027,356</b>	1,679,124	
Other Expenses	16	<b>766,928</b>	649,557	
Interest and Finance Charges	17	<b>38,289</b>	52,272	
Depreciation and Amortisation		<b>151,002</b>	136,621	2,517,574
<b>Profit/(Loss) before taxation</b>		<b>(72,626)</b>		(131,977)
Provision for Taxation [Refer Schedule 19 Note 10]				
- Current Tax		—	(94)	
- Fringe Benefit Tax		—	(785)	
- Deferred Tax (Charge)/Write back		—	—	(879)
<b>Profit/(Loss) after taxation</b>		<b>(72,626)</b>		(132,856)
Loss brought forward from previous year		<b>(2,067,024)</b>		(1,934,168)
<b>Loss carried to Balance Sheet</b>		<b>(2,139,650)</b>		(2,067,024)
Earnings/(Loss) per share (Basic/Diluted)		<b>(1.33)</b>		(2.42)
[Refer Schedule 19 Note 11]				
Face Value Per Equity Share (Rupee)		<b>1</b>		1
<b>Significant Accounting Policies</b>	18			
<b>Notes on Accounts</b>	19			

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

For **Price Waterhouse**  
Firm Registration Number: 007568 S  
Chartered Accountants

**A K Das**  
Wholetime Director

**P Subramani**  
Director

**J Majumdar**  
Partner  
Membership No. F51912

**Nitesh Bakshi**  
Company Secretary

Bangalore, July 20, 2010

Bangalore, July 20, 2010

**Cash Flow Statement for the year ended March 31, 2010**

Rs. in Thousands

	2010	2009
<b>A Cash Flow from Operating Activities</b>		
Profit before taxation and non-recurring items	<b>(72,626)</b>	(131,977)
Adjustments for:		
Depreciation and Amortisation	<b>151,002</b>	136,621
(Profit)/Loss on Sale of Assets	<b>296</b>	(52)
Investment written off	<b>8</b>	—
Interest Expenses (Net)	<b>38,289</b>	52,272
Bad Debts written off	—	1,428
Bad Advances written off	<b>214</b>	—
Provision for Doubtful Debtors net of writeback (net)	<b>3,532</b>	(1,152)
Provision for Doubtful Advances net of writeback (net)	<b>778</b>	144
Liabilities no longer required written back	<b>(8,858)</b>	(10,861)
Interest Income	<b>(1,973)</b>	(2,084)
	<b>183,288</b>	176,316
	<b>110,662</b>	44,339
<b>Adjustment for working capital changes:</b>		
(Increase) / Decrease in trade and other receivables	<b>(398,128)</b>	41,953
(Increase) / Decrease in inventories	<b>(142,781)</b>	(27,506)
Increase / (Decrease) in current liabilities and provisions	<b>726,395</b>	537,317
(Increase) / Decrease in other current assets	<b>(8,910)</b>	(82,578)
	<b>176,576</b>	469,186
<b>Cash generated from operations</b>	<b>287,238</b>	513,525
Direct taxes (Paid)/Received (Including Fringe Benefit Tax)-Net	<b>(6,588)</b>	(8,630)
<b>Net cash generated from operating activities (A)</b>	<b>280,650</b>	504,895
<b>B Cashflow from Investing Activities</b>		
Purchase of Fixed Assets	<b>(48,223)</b>	(272,806)
Sale of Assets	<b>205</b>	6,638
Interest Income	<b>1,776</b>	1,313
<b>Net cash used for investing activities (B)</b>	<b>(46,242)</b>	(264,855)

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

Rs. in Thousands

	2010	2009
<b>C Cashflow from Financing Activities</b>		
Repayment of Loans	<b>(140,749)</b>	(140,636)
Interest Paid	<b>(38,289)</b>	(52,272)
<b>Net cash from financing activities (C)</b>	<b>(179,038)</b>	(192,908)
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>55,370</b>	47,132
Cash and cash equivalents – Opening Balance	<b>93,419</b>	46,287
Cash and cash equivalents – Closing Balance	<b>148,789</b>	93,419

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2010 and the related Profit and Loss Account for the year ended on that date.
2. The above Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS) - 3 on Cash Flow Statements notified under the Companies (Accounting Standards) Rules, 2006 and the reallocations required for the purpose are as made by the Company.
3. Previous year's figures have been regrouped/ reclassified wherever necessary to conform with current year's classification.

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

For **Price Waterhouse**  
Firm Registration Number: 007568 S  
Chartered Accountants

**J Majumdar**  
Partner  
Membership No. F51912

Bangalore, July 20, 2010

**A K Das**  
Wholetime Director

**Nitesh Bakshi**  
Company Secretary

Bangalore, July 20, 2010

**P Subramani**  
Director

**Schedules to Balance Sheet**

Rs. in Thousands

	2010	2009
<b>SCHEDULE 1</b>		
<b>CAPITAL</b>		
<b>Authorised</b>		
60,000,000 (2009: 60,000,000) Equity Shares of Re.1 each	<b>60,000</b>	60,000
19,000,000 (2009: 19,000,000) Preference Shares of Rs.100 each	<b>1,900,000</b>	1,900,000
	<b>1,960,000</b>	1,960,000
<b>Issued, Subscribed and Paid-up</b>		
54,799,938 (2009: 54,799,938) Equity Shares of Re.1 each fully paid up for cash	<b>54,800</b>	54,800
18,500,000 1% Non Convertible Cumulative Redeemable Preference Shares of Rs.100 each	<b>1,850,000</b>	1,850,000
	<b>1,904,800</b>	1,904,800
Notes:		
1) 48,743,164 (2009: 48,743,164) equity shares of Re.1 each and 15,000,000 (2009: 15,000,000) 1% Non Convertible Cumulative Redeemable Preference Shares are held by Millennium Alcobev Private Limited, the holding company.		
2) The preference shares are redeemable at par in eight equal annual installments from the end of financial year 2010-11.		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Securities Premium Account		
As per last Balance Sheet	—	—
Less: Transferred to Profit and Loss Account	—	—
	—	—
<b>SCHEDULE 3</b>		
<b>SECURED LOANS [Refer Schedule 19 Note 1]</b>		
From Rabo India Finance Private Limited [Repayable within a year Rs.140,749 (2009: Rs.140,749)]	<b>246,310</b>	387,059
	<b>246,310</b>	<b>387,059</b>
<b>Unsecured Loans [Refer Schedule 19 Note 3]</b>		
Deferred Sales Tax Loan	<b>446,978</b>	446,978
	<b>446,978</b>	446,978

**SCHEDULE 4  
FIXED ASSETS**

Rs. in Thousands

Net Value of Assets as at March 31, 2009	Particulars	Cost			Depreciation/Amortisation				Net Value of Assets as at March 31, 2010
		Gross Value of Assets as at March 31, 2009	Additions/ Adjustments	Deletions/ Adjustments	Gross Value of Assets as at March 31, 2010	As at March 31, 2009	For the year	As at March 31, 2010	
10,958	<b>Intangible Assets</b>								
9,106	Brands	47,682	—	—	47,682	36,724	4,768	41,492	6,190
	Goodwill	30,354	—	—	30,354	21,248	3,035	24,283	6,071
133,025	<b>Tangible Assets</b>								
74,031	Freehold Land	133,025	—	—	133,025	—	—	—	133,025
	Leasehold Land [Refer Notes 1 below]	76,088	1,788	—	77,876	2,057	908	2,965	74,911
151,882	Buildings	208,423	9,945	—	218,368	56,541	6,656	63,197	155,171
461	Computers	4,606	94	—	4,700	4,145	167	4,312	388
1,136	Furniture & Fittings	9,008	—	—	9,008	7,872	512	8,384	624
5,281	Lab equipments	6,944	206	—	7,150	1,663	1,851	3,514	3,636
5,83,587	Plant & Machinery [Refer Note 2 below]	1,119,300	43,537	—	1,162,837	535,713	132,502	668,215	494,622
2,819	Office Equipments	4,409	450	—	4,859	1,590	228	1,818	3,041
1,980	Vehicles	4,558	—	(893)	3,665	2,578	392	2,561	1,104
9,74,266		<b>1,644,397</b>	<b>56,020</b>	<b>(893)</b>	<b>1,699,524</b>	<b>670,131</b>	<b>392</b>	<b>820,741</b>	<b>878,783</b>
	2009	1,356,353	302,494	(14,450)	1,644,397	541,377	7,867	670,131	
9,552	<b>Capital work in Progress [Including Capital Advances Rs.905 (2009: Rs.235)]</b>								1,755
983,818									880,538

**Note:**

- Represents Land taken on lease for a period of 95 years from Maharashtra Industrial Development Corporation. The lease has been taken on March 24, 1995 and will expire in 2090.
- Includes Rs. 64,937 (2009: Rs. 64,937) being assets given on lease.

**Schedules to Balance Sheet (contd.)**

Rs. in Thousands

	2010	2009
<b>SCHEDULE 5</b>		
<b>Investments</b>		
Unquoted – Long Term, Non Trade		
National Savings Certificate [Sold during the year Rs.Nil (2009: Rs.Nil)]	10	10
800 equity shares of Tinna Oil Mills of Rs.10 each fully paid up	8	8
Less: Investments written off	<b>(8)</b>	—
	<b>10</b>	18
<b>SCHEDULE 6</b>		
<b>Inventories</b>		
Raw Materials	28,733	40,637
Packing Materials, Stores and Spares [Net of provisions Rs.2,828 (2009: Rs.3,027)]	91,816	41,209
Work in Progress and Finished Goods (including Traded Goods)	179,396	83,039
Goods in transit	18,468	10,747
	<b>318,413</b>	175,632
<b>SCHEDULE 7</b>		
<b>Sundry Debtors</b>		
(Unsecured, considered good unless otherwise stated)		
Considered Good		
– Over Six Months	46,831	—
– Others	760,669	412,904
Considered Doubtful		
– Over Six Months	70,078	66,546
– Others	—	—
	<b>877,578</b>	479,450
Less: Provision for Doubtful Debts	<b>(70,078)</b>	(66,546)
	<b>807,500</b>	412,904
<b>SCHEDULE 8</b>		
<b>Cash And Bank Balances</b>		
Cash on hand	676	309
Balances with Scheduled Banks		
– Current Account [including cheques on hand Rs.3,133 (2009: Rs.Nil)]	134,363	82,642
– Deposit Account	13,750	10,468
	<b>148,789</b>	93,419



Schedules to Balance Sheet (contd.)

Rs. in Thousands

	2010	2009
<b>SCHEDULE 9</b>		
<b>Other Current Assets</b>		
Interest Accrued on Deposits	1,002	805
	<u>1,002</u>	<u>805</u>
<b>SCHEDULE 10</b>		
<b>Loans And Advances</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good [Refer Notes 1 and 2 below]	116,548	106,052
Considered Doubtful	87,174	86,396
	<u>203,722</u>	<u>192,448</u>
Less: Provision for Doubtful Advances	(87,174)	(86,396)
	<u>116,548</u>	<u>106,052</u>
Balances with Excise Authorities	37,716	29,669
Other Deposits	13,116	23,741
Taxation (Net of Provision)	24,124	17,536
	<u>191,504</u>	<u>176,998</u>
Notes:		
1. Includes Rs.2,472 (2009: Rs.21,091) due from Millennium Alcobev Private Limited, the holding company [Maximum amount outstanding during the year Rs.229,747 (2009: Rs.27,013)]		
2. Includes Rs.74,636 (2009: Rs.48,186) due from fellow subsidiaries Empee Breweries Limited, [Maximum amount outstanding during the year Rs.74,636 (2009: Rs.48,867)] and United Millennium Breweries Limited Rs.25,860 (2009: Rs.22,242) [Maximum amount outstanding during the year Rs.26,644 (2009: Rs.25,246)].		
<b>SCHEDULE 11</b>		
<b>Liabilities</b>		
Sundry Creditors		
– Dues to Micro, Small and Medium Enterprises [Refer Schedule 19 Note 4]	3,865	4,441
– Others	315,357	203,262
Other Liabilities	1,561,359	956,982
Interest accrued but not due on Sales Tax	4,770	4,770
	<u>1,885,351</u>	<u>1,169,455</u>
<b>SCHEDULE 12</b>		
<b>Provisions</b>		
Gratuity	3,132	1,608
Leave Entitlements	835	718
	<u>3,967</u>	<u>2,326</u>

**Schedules to Profit and Loss Account**

Rs. in Thousands

	2010	2009
<b>SCHEDULE 13</b>		
<b>Sales And Service</b>		
Sales	4,567,403	3,751,916
Income from Brand Franchise	79,010	47,835
	<b>4,646,413</b>	<b>3,799,751</b>
<b>SCHEDULE 14</b>		
<b>Other Income</b>		
Liabilities no longer required written back	8,858	10,861
Interest Income (Gross) [Tax deducted at source Rs.85 (2009: Rs.196)]	1,973	2,084
Profit on sale of assets (net)	—	52
Provision for Doubtful Debts no longer required written back (net)	110	1,152
Provision for Doubtful Advances no longer required written back	20	—
Miscellaneous	45,082	29,278
	<b>56,043</b>	<b>43,427</b>
<b>SCHEDULE 15</b>		
<b>COST OF SALES</b>		
<b>Manufacturing Expenses</b>		
Consumption of Raw Materials	520,096	502,497
Consumption of Packing Material and Stores and spares	1,178,611	867,580
Purchases of finished goods	8,007	4,777
Power and Fuel	107,965	113,451
<b>Personnel Expenses</b>		
Salaries, Wages and Bonus	70,533	60,098
Contribution to Provident and Other funds	4,183	3,173
Staff Welfare	6,054	5,095
<b>Others</b>		
Rent (including asset rentals)	1,700	1,281
Insurance	1,447	1,430
Repairs Building *	7,382	1,827
Repairs to Machinery *	39,122	29,490
Travel and Conveyance	5,333	6,027
Communication Expenses	1,050	1,112
Rates and taxes	40,662	42,552
Legal and Professional fees	13,415	14,114
Miscellaneous	27,037	24,380



\* Includes stores and spares consumed Rs.26,227 (2009: Rs. 19,398)

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

Rs. in Thousands

	2010	2009
<b>Change in Inventory</b>		
Opening Stock	83,039	76,063
Closing Stock	<b>(179,396)</b>	<b>(83,039)</b>
Excise Duty on Opening Stock	<b>(40,285)</b>	<b>(33,069)</b>
Excise Duty on Closing Stock	<b>131,401</b>	<b>40,285</b>
	<b><u>2,027,356</u></b>	<b><u>1,679,124</u></b>

**SCHEDULE 16**

**Other Expenses**

Selling and Promotion Expenses	757,388	544,654
Technical Management Fees	—	100,000
Director's Sitting Fees	410	460
Auditor's Remuneration [Refer Schedule 19 Note 12]	1,593	1,627
Bad Debts Written Off	—	1,428
Bad advances written off	214	—
Provision for Doubtful Debts	3,642	—
Investments Written Off	8	—
Loss on sale of Assets (net)	296	—
Provision for Doubtful Advances	798	144
Obsolete Stock Written Off	2,579	1,244
	<b><u>766,928</u></b>	<b><u>649,557</u></b>



**SCHEDULE 17**

**Interest And Finance Charges**

Interest on Loans for a Fixed Period	30,113	42,844
Interest Others	154	1,428
Other Finance Charges	8,022	8,000
	<b><u>38,289</u></b>	<b><u>52,272</u></b>

**Significant Accounting Policies for the year ended March 31, 2010****SCHEDULE 18**

Rs. in Thousands

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

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

**2. Use of Estimates:**

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

**3. Revenue Recognition:**

Revenue from sale of goods is recognised in accordance with the terms of sale, on dispatch from the Breweries/ warehouses of the Company and is net of trade discount but includes Excise Duty. Income from brand franchise is recognised at contracted rates on sale/production of the branded products by the franchisees.

**4. Borrowing Costs:**

Borrowing costs are expensed except interest on borrowing attributable to qualifying assets which are capitalised and included in the cost of fixed assets as appropriate.

**5. Fixed Assets:**

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

Assets held for disposal are stated at their estimated net realisable value.

**6. Investments:**

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

**7. Inventories:**

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

**8. Foreign Currency Transactions:**

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

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

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

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

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

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

**9. Depreciation and Amortisation:**

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

**Significant Accounting Policies for the year ended March 31, 2010 (contd.)**

Plant and Machinery are depreciated at the rate of 10.34%. Further, depreciation is provided at higher rates in respect of certain specific items of plant and machinery having lower useful life based on technical evaluation carried out by the management.

Cost of Goodwill and Brand is amortised over a period of 10 years.

Cost of Leasehold Land is amortised over the period of lease.

Assets individually costing less than Rs.5 are depreciated fully in the year of purchase.

**10. Employee Retirement benefits:**

**(i) Defined-contribution plans**

Contributions to the Employees' Provident Fund, Superannuation Fund, Employees' State Insurance and Employees' Pension Scheme are as per statute and are recognised as expenses during the period in which the employees perform the services.

**(ii) Defined-benefit plans**

Liability towards gratuity is determined on actuarial valuation using the Projected Unit Credit Method at the Balance Sheet date. Actuarial Gains and Losses are recognised immediately in the Profit and Loss Account.

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

Liability towards leave encashment and compensated absences are recognised at the present value based on actuarial valuation at each Balance Sheet date.

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

Undiscounted amount of liability towards earned leave, compensated absences, performance incentives etc. are recognised during the period when the employee renders the services.

**11. Taxation:**

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

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

**12. Earnings / (loss) per share:**

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

**13. Impairment of Assets:**

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

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

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

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

**Notes on Accounts for the year ended March 31, 2010**

Rs. in Thousands

**SCHEDULE 19**

**Notes on Accounts**

**1. Loan Funds:**

Particulars		2010	2009
<b>(a)</b>	<b>Secured Loans</b>		
	From Rabo India Finance Private Limited	<b>246,310</b>	387,059
	(i). Secured by charge on all movable and immovable properties and current assets, both present and future of the company and covered by a corporate guarantee issued by United Breweries Limited (a Joint Venture partner of the holding company)		
	(ii). Amounts repayable within one year – Rs.140,749 (2009: Rs.140,749)		

2. The company's accumulated losses as at March 31, 2010 amounts to Rs. 2,139,650 (2009: Rs.2,067,024) as against capital and free reserves of Rs.1,904,800 (2009: Rs. 1,904,800). The management believes despite the erosion in the net worth, the company will continue as a 'going concern' and be able to discharge its liabilities in the normal course of business in view of the turn around strategy adopted by the holding company by synergising the operations of the company with that of the joint venture partner of the holding company, which inter alia includes management operational and marketing support to the company and the company's ability to leverage on the brands of the said joint venture partner of the holding Company.

3. In terms of Part – I of 1993 package scheme of Incentives notified by the Government of Maharashtra vide resolution No. IDL1093/(8889)/IND 8 dated May 7, 1993, the company is eligible for deferment of sales tax for a period of 11 years from April 4, 2002, subject to a maximum of Rs. 446,987 being 1.1 times of the investment in eligible assets. The amount of sales tax liability which has been deferred in accordance with the said scheme aggregating to Rs.446,978 (2009: Rs.446,978) has been disclosed under Unsecured Loans (Schedule 3).

4. Disclosure of dues/ payments to micro and small enterprises to the extent such enterprises are identified by the company.

Particulars		2010	2009
(i)	The principal amount remaining unpaid as at year end.	<b>3,085</b>	3,831
(ii)	Interest due thereon remaining unpaid as at year end.	<b>53</b>	26
(iii)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	—	—
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	—	—
(v)	The amount of interest accrued and remaining unpaid as at year end.	<b>727</b>	584
(vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	<b>780</b>	610

The above information and that disclosed in Schedule 11 regarding Micro, Medium and Small Enterprises has been determined to an extent such parties have been identified on the basis of information disclosed by the creditors available with the Company. This has been relied upon by the auditors.

**Notes on Accounts for the year ended March 31, 2010 (contd.)**

Rs. in Thousands

**5. Investor Education Protection Fund:**

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

**6. Contingent Liabilities:**

Particulars		2010	2009
a)	Sales Tax demands under appeal [Amount paid under dispute Rs.44 (2009: Rs.44) and disclosed in loans and advances in Schedule 10]	6,561	6,561
b)	Interest for delayed payment of Interest Free Loans	2,338	9,658
c)	ESIC / PF demands under appeal [Amount paid under dispute Rs.Nil (2009: Rs.105) and disclosed in loans and advances in Schedule 10]	1,691	1,901
d)	Demand towards Water charges under appeal	—	52,500
e)	Claims against the Company not acknowledged as debt [Amount paid under dispute Rs.155 (2009: Rs.155) and disclosed in loans and advances in Schedule 10]	11,753	12,213
f)	Dividend on 1% Non Convertible Cumulative Redeemable Preference Shares (Excluding Dividend Distribution Tax)	55,500	37,000
g)	Guarantees given by the company: – to third parties	11,310	10,210

**7. Capital Commitments:**

Particulars	2010	2009
Estimated amount of Contracts remaining to be executed on capital account and not provided for	5,540	36,187

**8. Segmental Reporting:**

The company is primarily engaged in manufacture, purchase and sale of beer including licensing of brands which constitutes a single business segment. The Company's revenue from sale of malt is less than 10% of its turnover. Further, the Company operates only in India. Accordingly, primary and secondary reporting disclosures for business and geographical segment as envisaged in AS-17 notified under the Companies (Accounting Standards) Rules, 2006 are not applicable to the company.

**9. Related party disclosures:**

**Name of the related parties:**

**a. Holding company:**

Millennium Alcobev Private Limited (MAPL),

**b. Fellow Subsidiaries**

1. United Millennium Breweries Limited (UMBL),
2. Empee Breweries Limited (EMPEE)

**c. Parties having control on the Company**

1. United Breweries Limited (UBL)
2. Scottish & Newcastle UK Limited (SNUK)
3. Scottish & Newcastle India Limited (SNIL)
4. Scottish & Newcastle India (Private) Limited (SNIPL)

**d. Key Management Personnel (KMP):**

Mr. A.K.Das

**e. Relative of Key Management Personnel**

Mrs. Gopa Das

**Notes on Accounts for the year ended March 31, 2010 (contd.)**

Rs. in Thousands

**f. Transactions with related parties during the year:**

Particulars	UBL		UMBL		EMPEE		MAPL		KMP	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Purchase of goods	186,164	187,471	6,629	1,398	62	—	—	—	—	—
Sale of Raw materials	2,131,421	2,374,835	6,733	20,443	8,942	26,429	—	—	—	—
Purchase of Assets	71	—	—	—	—	—	—	—	—	—
Sale of Assets/Spares	135	5,397	—	—	—	338	—	—	—	—
Payment against rendering Service	45,363	130,671	—	—	—	—	4,707	1,260	—	—
Receipts against rendering Services	25,398	18,021	801	1,892	19,032	16,428	—	—	—	—
Lease rental on machinery paid	3,223	2,798	—	—	—	—	—	—	—	—
Recharge of Employee cost	18,259	18,690	—	—	—	—	—	—	—	—
Finance (Including loans in cash or kind)*	(2,320,534)	(2,602,249)	2,713	(818)	—	(1,227)	(13,912)	15,509	—	—
Guarantees and Collaterals taken by the Company	800,000	800,000	—	—	—	—	—	—	—	—
Remuneration to Managing Director [Notes Below]	—	—	—	—	—	—	—	—	—	1,588
Guarantee Commission Paid	8,022	8,000	—	—	(1,462)	—	—	—	—	—
Amount due From/(To)	(1,163,240)	(745,006)	25,860	22,242	74,636	48,186	2,472	21,091	—	—

\* Figures in brackets indicate Amounts received

Notes: Excluding payments made by United Breweries Limited as explained in Note 13 below.

**10. Taxes on Income:**

a. Current Tax includes Wealth Tax Rs.Nil (2009: Rs.94)

b. Deferred Tax

The net deferred tax liability amounting to Rs.Nil (2009: Rs.Nil) has been arrived as follows:

Particulars	2010	2009
<b>Deferred Tax Liability arising from:</b>	<b>49,452</b>	<b>68,641</b>
Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return		
<b>Less:</b>		
<b>Deferred tax asset arising from:</b>		
Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act, 1961	—	—
Provision for Doubtful Advances	<b>24,284</b>	29,366
Carry forward of unabsorbed depreciation / business loss	—	15,865
Provision for Doubtful Debts	<b>23,820</b>	22,619
Gratuity/Leave Encashment	<b>1,348</b>	791
<b>Net deferred tax liability</b>	<b>—</b>	<b>—</b>
Net Deferred tax charged off / (written back) in the profit and loss account	—	—

**Notes on Accounts for the year ended March 31, 2010 (contd.)**

Rs. in Thousands

The deferred tax asset as at March 31, 2010 arising from certain other expenses allowable for tax purposes in subsequent year and unabsorbed business loss/depreciation amounts to Rs.895,620 (2009: Rs.910,618). However the same is restricted to the amount of Deferred Tax Liability arising from timing differences amounting to Rs.49,452 (2009: Rs.68,641). The difference amounting to Rs.846,168 (2009: Rs.841,977) has not been recognised in the absence of virtual certainty of future profits as per the explanation provided in Accounting Standard 22 notified under the Companies (Accounting Standards) Rules, 2006.

The tax impact for the above purpose has been arrived by applying a tax rate of 33.22% (2009: 33.99%) being the enacted tax rate for Indian Companies under the Income Tax Act, 1961.

**11. Earnings/(Loss) Per Share:**

Particulars	2010	2009
Net Profit /(Loss) after taxation (Rs.)	<b>(72,626)</b>	(132,856)
Weighted Average number of Equity Shares of Re.1 each (2009: Re.1) (fully paid up).	<b>54,799,938</b>	54,799,938
Basic and Diluted Earning/(Loss) per share (Rs.) – [Face value of Re.1 per share (2009: Re.1)]	<b>(1.33)</b>	(2.42)

**12. Remuneration to Auditors:**

Particulars	2010	2009
Statutory Audit	<b>775</b>	775
Tax Audit	<b>220</b>	220
Other Services	<b>440</b>	440
Out of Pocket Expenses	<b>10</b>	15
Service Tax	<b>149</b>	177
<b>Total</b>	<b>1,593</b>	1,627

**13. Remuneration to Whole Time Director:**

Particulars	2010	2009
Salary and Allowances	—	1,159
Contribution to Provident and Other Funds	—	137
Perquisites	—	292
<b>Total</b>	—	1,588

(a) The amount disclosed above for the previous year relates to remuneration paid to Mr. Rakesh Chandra Gupta for period April 1, 2008 to October 31, 2008 during which he was the Whole time Director.

(b) Mr. A K Das, Whole Time Director has been paid Rs.2,582 (2009: Rs.741) by United Breweries Limited, Joint Venture Partner of Millennium Alcobev Private Limited, the holding company. The Company has not received any recharge towards such remuneration paid by United Breweries Limited. The above does not include such amounts paid by United Breweries Limited to Mr. A K Das.

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

**Notes on Accounts for the year ended March 31, 2010 (contd.)**

Rs. in Thousands

**14. Quantitative Details:**

**A. Quantitative Particulars - Beer**

Particulars	2010		2009	
	Beer in Hecto Litres	Value in Rs.	Beer in Hecto Litres	Value in Rs.
Licensed Capacity*	1,060,000	—	1,060,000	—
Installed Capacity per annum*	1,225,000	—	1,225,000	—
Actual Production for the year	1,027,389	—	824,484	—
Sales during the year	1,022,910	4,539,720	823,596	3,666,828
Opening Stock – Finished Goods	8,247	15,031	3,946	7,412
Closing Stock – Finished Goods	12,726	24,271	8,247	15,031

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

**B. Quantitative Particulars - Malt**

Particulars	2010		2009	
	Barley Malt in MT	Value in Rs.	Barley Malt in MT	Value in Rs.
Actual Production for the year (Refer Note below)	940	—	3,521	—
Sales during the year	1,064	19,676	3,677	80,987
Opening Stock	126	2,741	282	5,408
Closing Stock	2	27	126	2,741

Note: Actual production is net of internal consumption. Further, as malt is used for internal consumption as well as for sale, the inventories thereof are classified under raw materials.

**C. Particulars of Goods Traded by the Company - Beer**

Particulars	2010		2009	
	Quantity in HL	Value in Rs.	Quantity in HL	Value in Rs.
Opening Stock	13	89	165	1,052
Purchases during the year	1,263	7,943	550	4,777
Sales during the year	1,272	8,007	702	4,101
Closing Stock	4	25	13	89

**D. Consumption of Raw Materials**

Particulars	2010		2009	
	Quantity in Tonnes	Value in Rs.	Quantity in Tonnes	Value in Rs.
Malt	13,621	273,871	11,307	258,685
Brewing Materials	11,228	213,548	11,423	218,129
Other Materials *		32,677		25,683
<b>Total</b>		<b>520,096</b>		<b>502,497</b>

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

**Notes on Accounts for the year ended March 31, 2010 (contd.)**

Rs. in Thousands

**15. Consumption:**

Particulars	2010		2009	
	Value in Rs.	Percentage to total consumption	Value in Rs.	Percentage to total consumption
Value of Imported Raw Materials consumed	—	—	—	—
Value of indigenous Raw Materials consumed	520,096	100	502,497	100
Value of Imported Packing materials and Stores and Spares consumed	14,153	1	—	—
Value of indigenous Packing materials and Stores and Spares consumed	1,190,685	99	886,978	100

**16. Value of Imports during the year calculated on CIF basis:**

Particulars	2010	2009
Packing materials and Stores and Spares	14,153	—

**17. Disclosures envisaged in AS 15 in respect of gratuity are given below:**

Particulars		2010	2009	2008
<b>A)</b>	<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>			
	Obligations at the beginning of the year	2,276	1,611	1,244
	Add: Current Service cost	1,706	705	181
	Add: Interest cost	134	48	106
	Add: Actuarial (gains)/Losses	(47)	(63)	80
	(Less): Benefits paid during the year	(74)	(26)	—
	Obligations at the end of the year	3,995	2,276	1,611
<b>B)</b>	<b>Reconciliation of opening and closing balances of the fair value of plan assets:</b>			
	Fair Value of Plan assets at the beginning of the year	668	526	365
	Add: Expected Return on Plan Assets	60	40	39
	Add: Actuarial Gain	5	12	(1)
	Add: Contributions	203	125	123
	(Less): Benefits Paid	(74)	(35)	—
	Fair Value of Plan assets at the end of the year	862	668	526
<b>C)</b>	<b>Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the balance sheet:</b>			
	Present Value of Obligation as at March 31, 2010	3,994	2,276	1,611
	(Less): Fair Value of Plan Assets as at March 31, 2010	862	668	526
	Amount recognised in the Balance Sheet	3,132	1,608	1,085

**Notes on Accounts for the year ended March 31, 2010 (contd.)**

Rs. in Thousands

<b>D) Expenses recognized in Profit and Loss account under "Employee Cost" in Schedule 15:</b>			
Current service cost	<b>1,706</b>	365	181
Add: Interest cost	<b>134</b>	24	106
(Less): Expected Return on Plan Assets	<b>(60)</b>	(40)	(39)
Add: Actuarial (gains)/losses	<b>(52)</b>	(75)	80
	<b>1,728</b>	275	328
<b>E) Investment details of plan assets:</b>			
Insurer managed funds	<b>862</b>	668	526
Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the return.			
<b>F) Actual return on plan assets:</b>	<b>65</b>	(22)	38
<b>G) Assumptions:</b>			
Discount rate per annum	<b>8.00%</b>	7.00%	8.00%
Interest rate per annum	<b>8.00%</b>	7.00%	—
Expected return on plan assets	<b>8.00%</b>	7.00%	8.00%
Expected salary increase per annum	<b>6.00%</b>	6.00%	5.00%
Average past services of employees	<b>9.77</b>	9.74	—
Mortality rate - LIC (94-96) Ultimate Mortality Table			
The estimates of future increase in salary, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.			
As per management estimate, contribution of Rs.300 is expected to be paid to the plan during the year ending March 31, 2011.			

(ii) Contribution to Provident and Other Funds under Personnel Expenses (Schedule 15) includes Rs.2,455 (2009: Rs.2,898) being expenses debited under the following defined contribution plans:

<b>Particulars</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Provident Fund	<b>2,136</b>	2,511	1,735
Superannuation	<b>319</b>	387	202
<b>Total</b>	<b>2,455</b>	2,898	1,937

18. The Company has not accrued Dividend on Preference Shares due to losses incurred during the year.
19. All amounts disclosed in Notes to Account and other Schedules are in rupees thousands except for:
  - i) Number of Shares in Notes on Schedule 1, Schedule 5 and in Note 11.
  - ii) Basic and Diluted EPS in the Profit and Loss Account and in Note 11.
20. As the company does not have any long term monetary item since April 1, 2007 till date, the change in the accounting policy referred to in Schedule 18 Note 8(b) has no impact on the loss for the year.
21. The previous year's figures have been regrouped to conform to current year's classification.

For **Price Waterhouse**  
Firm Registration Number: 007568 S  
Chartered Accountants

**J Majumdar**  
Partner  
Membership No. F51912  
Bangalore, July 20, 2010

**A K Das**  
Wholetime Director

**P Subramani**  
Director

**Nitesh Bakshi**  
Company Secretary  
Bangalore, July 20, 2010

**BALANCE SHEET ABSTRACT**

**COMPANY'S GENERAL BUSINESS PROFILE**

Rs. in Thousands

**I. Registration Details**

Registration No. : 38156  
 State Code : 55  
 Balance Sheet Date : 31.03.2010

**II. Capital Raised during the year**

Public Issue : Nil  
 Right Issue : Nil  
 Bonus Issue : Nil  
 Private Placement : Nil

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

<b>Total Liabilities</b> (including Shareholders' Fund)	<b>2,598,088</b>	<b>Total Assets</b>	<b>2,598,088</b>
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	1,904,800	Net Fixed Assets	880,538
Reserves & Surplus	—	Investments	10
Secured Loans	246,310	Deferred Taxation (Net)	—
Unsecured Loans	446,978	Net Current Assets	(422,110)
		Miscellaneous Expenditure (To the extent not written off or adjusted)	—
		Accumulated Losses	2,139,650

**IV. Performance of Company**

Turnover (Including Other Income)	2,910,949	Total Expenditure	2,983,575
(Please tick appropriate box + for Profit, – for Loss)			
Profit/Loss Before Tax	<input type="checkbox"/> + <input checked="" type="checkbox"/> - 72,626	Profit / Loss After Tax	<input type="checkbox"/> + <input checked="" type="checkbox"/> - 72,626
(Please tick appropriate box + for positive – for negative)			
Earnings per Share (basic)	<input type="checkbox"/> + <input checked="" type="checkbox"/> - Rs. 1.33	Dividend Rate %	—

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

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

