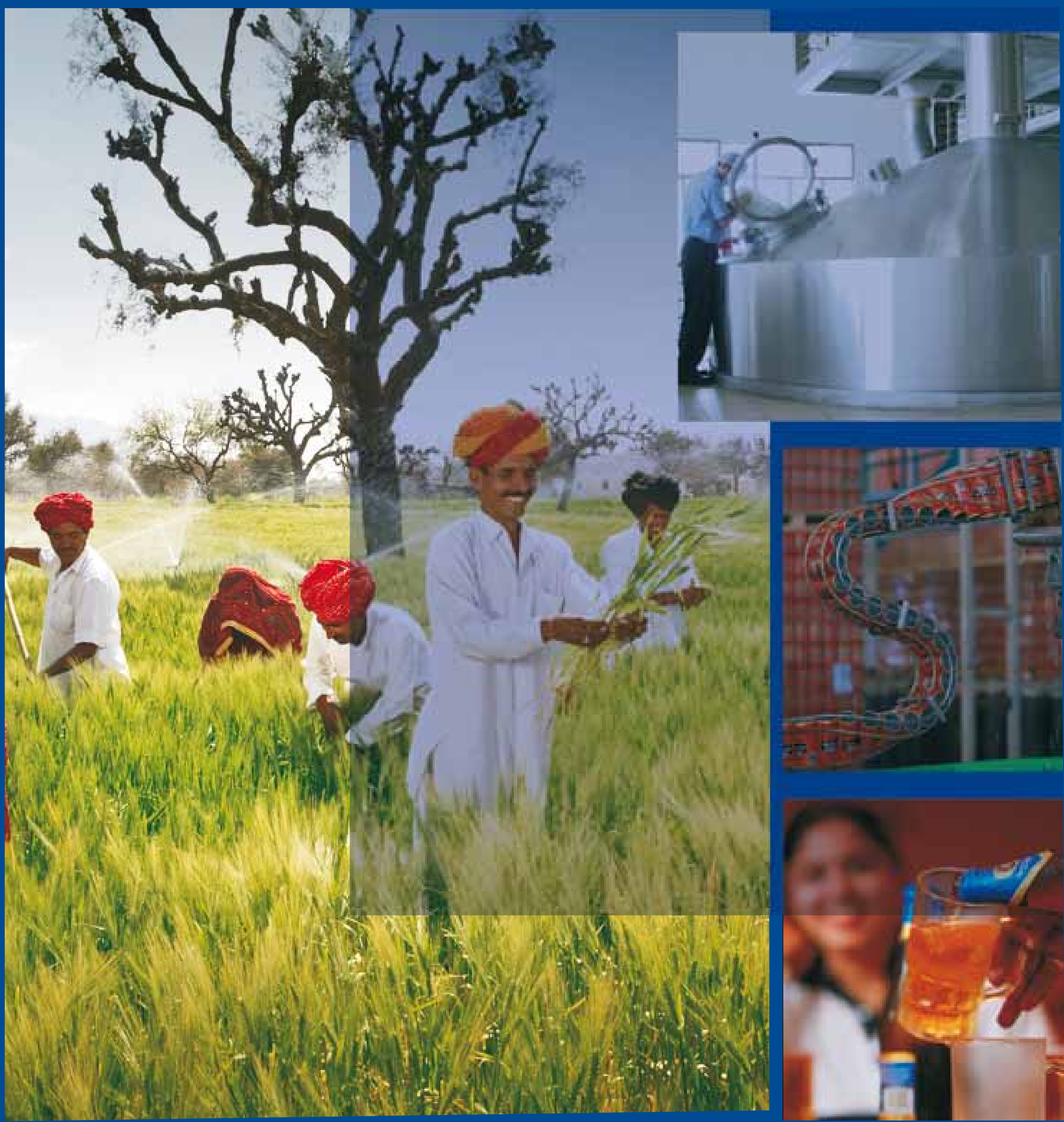
SAB MILLER | India

SKOL Breweries Limited

Annual Report 2011



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Managing Director Speaks

Dear Shareholders,

I extend my warm greetings to all of you and present the Annual Report for the year 2010-11.

The year under review was a challenging one in that we had to bear amongst other things, the brunt of the procurement policy in Andhra Pradesh as this State constitutes a significant beer market in India. However, I am happy to announce that we have come out with a fairly good result inspite of this setback. We have achieved turnover of Rs. 2453.85 crores, a 16% increase over the previous year and more importantly our losses have been more than halved compared to the prior year. In terms of volume, we have achieved an increase of 10% with major contributions coming from Karnataka, Haryana, Maharashtra, Uttar Pradesh and Madhya Pradesh.

Your Company has focused on the markets which provide higher returns instead of chasing volumes at any cost and without compromising our principles. The SABMiller Group is committed to a long term investment in India.

I am also happy to announce that our persistent representations against the procurement policy in Andhra Pradesh have started to bear fruit with the State announcing a reversal back to the original, pre 2010 policy, of procuring beer based on consumer preference in the State effective from September 2011. This we believe will set the scene for restoring the market share of your Company in Andhra Pradesh and would significantly improve the performance for the Financial Year 2011-12.

However, I am saddened by the bureaucracy and undue delay in allotting land by Government Agencies in Karnataka and Orissa and thereby delaying our plans to increase capacity to meet the ever increasing market demands.

Your Company has been at the forefront of Innovation with the introduction of proprietary bottles, which have helped us to stem the unprecedented price increase in returnable bottles on account of hoarding with consequential pressures on availability, which has been one of the key operational issues in the year.

Further, we have also introduced PET bottles, an industry first initiative which would reduce the cost of operation while providing ease of handling to the Customer and Consumer. PET bottles are eco-friendly and approved by BIS for storage of food and our PET bottles meet the BIS Standards.

A foreseeable factor which would make beer costlier is the exclusion of beer from the Goods and Service Tax (GST) by the Central Government. GST on our inputs would increase their cost to us as we would not be able to set-off certain taxes. We have made representations before the Government through industry associations. Any negative response from the Government would severely affect the industry which is already burdened by high rates of duties and taxes.

The performance of our core brands has been as follows:

Haywards' 5000
The new positioning "Hausla Buland" (strong resolve) has gained consumer traction and is working well for the brand. In February the Company had launched Haywards' 5000 in a 1Litre PET bottle in Maharashtra, the first beer in PET in India. The brand grew by 11% for the year under review mainly driven by volume growth in Haryana, UP, Maharashtra, West Bengal and Rajasthan.

Managing Director Speaks

Royal Challenge

Royal Challenge declined by 22% in F11 on account of Andhra Pradesh limiting the procurement of this brand. However, with the procurement policy reversed we hope for the situation to change.

Knock Out

Knock Out has been a star performer which grew by 35% vis-à-vis the previous year with Karnataka, Andhra Pradesh and Maharashtra primarily contributing to the growth.

Foster's

The brand declined by 1% in volume for the year. The brand showed growth in Maharashtra, Karnataka, Kerala and in the North-East Region. However, the same was off-set by a decline in other States. The Company has developed a core brand renovation plan to be implemented in F12 to rejuvenate this brand and return it to growth.

Technical

A continuous improvement in water usage remains a priority. Water usage has improved from 4.8 hl/hl of beer in Q3 to 4.5 hl/hl of beer in Q4 due to improved performance in all breweries, except for our brewery in Medak. Medak brewery under performance (3.7 hl/hl to 4.0 hl/hl) was due to your Company being limited to operating a single shift by local legislation. Water usage in our brewery in Haryana was reduced by 20% and has achieved the modern design usage parameters of 3.6 hl/hl, which should place the brewery in the top 10 SABMiller Breweries for water management in the world.

Our continued efforts and contribution as a part of Corporate Social Responsibility moved forward this year as well. Initiatives on conservation of water are being carried out in Haryana, Rajasthan and Andhra Pradesh. Awareness campaigns on Responsible Drinking and HIV / AIDS are being carried out in many cities including Puducherry, Gurgaon and Mumbai. A unique initiative has been taken in the installation of condom vending machines in all the Breweries, which will cater to the truckers who are significant players in moving beer across geographies and are prone to HIV / AIDS.

As a parting note, I am glad to say that the good news of Andhra Pradesh Government reversing its procurement policy has added a sparkle to our ambitious plans to grow in the Indian beer industry notwithstanding the significant challenges from various quarters including regulatory, supply, reputational and competitive.

I thank each one of you for your continued support and look forward to bubbling years ahead.

Cheers!
Paolo Lanzarotti

General Information

BOARD OF DIRECTORS

Mr. Ari Mervis – Chairman
Ms. Sue Clark
Mr. T.S.R. Subramanian
Mr. Mathew Dunn
Mr. Paolo Lanzarotti – Managing Director

AUDIT COMMITTEE

Mr. Ari Mervis
Ms. Sue Clark
Mr. Mathew Dunn - Chairman
Mr. Paolo Lanzarotti

STATUTORY AUDITORS

B S R & Co.,
Chartered Accountants
Maruthi Info-Tech Centre
11-12/1, Inner Ring Road
Koramangala, Bangalore – 560 071

REGISTERED OFFICE

Solitaire Corporate Park 10
Unit No. 1021, 2nd Floor
Survey No. 131 - A
Chakala, Andheri-Kurla Road
Andheri (East)
Mumbai – 400 093

BANKERS

Standard Chartered Bank
Royal Bank of Scotland
CitiBank N.A.
FirstRand Bank Limited
ICICI Bank Limited

CORPORATE OFFICE

Jalahalli Camp Road
Yeshwanthpur
Bangalore - 560 022

REGISTRAR AND SHARE TRANSFER AGENTS

Sharepro Services (India) Pvt Ltd
Samhita Warehousing Complex
Gala No. 52 to 56, Bldg No. 13 A-B
Near Sakinaka Telephone Exchange
Andheri – Kurla Road, Sakinaka
Mumbai – 400 072

UNITS

Charminar Breweries, Medak, AP
Haryana Breweries, Sonepat, Haryana
Mysore Breweries, Bangalore, Karnataka
Pals Distilleries, Aurangabad, Maharashtra
Rochees Breweries, Neemrana, Rajasthan
Central Distilleries & Breweries, Meerut, UP
East Coast Breweries & Distilleries, Cuttack, Orissa
Malabar Breweries, Chalakudy, Kerala
SICA Breweries, Puducherry

CONTENTS

Notice

NOTICE is hereby given that the 22nd Annual General Meeting of the members of the Company will be held at Juhu Jagruthi Seminar Hall, 1st Floor, Mithibai College, JVPD Road, Vile Parle (W), Mumbai 400 056 on Wednesday, the 21st September, 2011 at 4.00 P.M. to transact the following business:

Ordinary Business

01. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.

02. To appoint a Director in place of Mr. Ari Mervis, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.

03. To appoint auditors for the period commencing from the conclusion of 22nd Annual General Meeting till the conclusion of next Annual General Meeting and fix their remuneration.

    RESOLVED THAT M/s. B S R & Co., Chartered Accountants (ICAI firm registration number 101248W), who retire at the conclusion of this Annual General Meeting be and are hereby appointed as Statutory Auditors of the Company till the conclusion of next Annual General Meeting at a remuneration to be fixed by the Board of Directors and billed progressively.

Special Business

04. To consider revision in the remuneration of Mr. Paolo Alberto Francesco Lanzarotti, Managing Director of the Company.

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

    RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter called the "Act") read with the amended Schedule XIII to the said Act vide Notification No.G.S.R.70(E) of the Ministry of Corporate Affairs dated 8th February, 2011 and as amended upto date or any statutory modification or re-enactment thereof, the remuneration payable to Mr. Paolo Alberto Francesco Lanzarotti, Managing Director shall stand increased/revised as set out below (subject to maximum ceiling of 5% of the net profits in any year prescribed in Section I of Part II of Schedule XIII to the Act) with effect from 9th February 2011 to 8th February 2014 (both days inclusive) with liberty to the Directors to alter and vary the terms and conditions of the remuneration as the case may be as suggested by the shareholders and agreed between the Directors and Mr. Paolo Alberto Francesco Lanzarotti or as may be varied in the General Meeting.

I. Salary : Upto Rs. 27,50,000/- per month in the scale of Rs. 27,50,000-2,50,000-40,00,000.

The annual increments shall be decided by the Board of Directors depending upon the profitability of the Company and other relevant factors.

II. Perquisites: Classified into three categories A, B and C.

Category "A"

1. Housing : Furnished residential accommodation will be provided to the Managing Director. Expenses towards furniture, gas, electricity, water, servants, gardeners and security shall be borne and paid by the Company in accordance with the Company's Rules. The expenditure incurred by the Company on hiring furnished accommodation for the Managing Director will be subject to a ceiling of 50% of salary.

2. Leave Travel Assistance: Cost of travel on vacation for self and family as per the Company Rules.

3. Club Fees: Membership fee of one club.

4. Children's Education Allowance: In the case of children studying in India, an allowance limited to the actual expense incurred.

Category "B"

1. Contribution to Provident Fund and Superannuation Fund as per the Rules of the Company.
2. Earned/Privilege Leave: As per Rules of the Company. Encashment of earned leave (remaining unused) at the end of tenure will not be treated as perquisite.

Category "C"

Provision of Car with Driver for use in relation to Company's business purpose and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and personal use of Car shall be billed by the Company to the Managing Director.

III. Other Terms:

1. Managing Director shall be entitled to payment / reimbursement of actual expenses incurred in connection with the transfer of his Personal belonging from his last place of residence in Bangalore to his place of residence abroad at the time of his leaving the services of the Company. The payment / reimbursement shall be duly supported by expense vouchers.

2. As long as he functions as Managing Director, he shall not be paid any sitting fees to attend the meeting of the Board and/or Committee thereof.

RESOLVED FURTHER THAT Performance Based Bonus of an amount not exceeding Rs.1,50,00,000/- (Rupees One Crore Fifty lakhs only) based on the contributions made upto March 2011 by Mr. Paolo Alberto Francesco Lanzarotti, Managing Director towards the growth of the Company in various aspects be and is hereby approved and paid and the Board of Directors be and are hereby authorized to determine and pay such sum as Bonus based on the Annual Accounts of the Company for the year ended 31st March 2011.

RESOLVED FURTHER THAT in the event of loss or absence or inadequacy of profits during any financial year, the above remuneration shall be treated as minimum remuneration payable to Mr. Paolo Alberto Francesco Lanzarotti.

05. Alteration of Articles of Association of the Company.

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

RESOLVED THAT the Articles of Association of the Company be and is hereby substituted by the Articles of Association as under:

Till repealed the regulation contained in or incorporated in Table-A of Schedule-1 to the Companies Act, 1956 (hereinafter referred to as Table-A) shall be the Articles of the Company, except to the extent amended below:

a) Article 66 of Table-A shall not apply to the Company and accordingly directors need not hold any shares in the Company to qualify as a director.

b) Article 70 of Table-A shall apply to the company as amended and stated below:

All Cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board and / or a Committee of the Board shall from time to time by resolution determine.

c) Article 84 of Table-A shall apply to the company as amended and stated below:

(1) The Board shall provide for safe custody of the seal.

(2) The seal of the Company shall not be affixed to any instrument except by the authority or a resolution of the Board or of a Committee of the Board authorised by it in that behalf, and except in the presence of atleast one director and of the secretary or such other person as the Board may appoint for the purpose; and the director(s) and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

BY ORDER OF THE BOARD

Place : Bangalore — Sridhar S

Date : 26th July 2011 — Company Secretary

NOTES:

01. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll in his/her stead. A proxy need not be a member of the Company. Proxies in order to be effective must be deposited at the registered office of the Company not less than forty-eight hours before the meeting. A blank proxy form is enclosed.

02. The Register of Members and the Share Transfer Books of the Company will remain closed from 15th September, 2011 to 21st September, 2011 [both days inclusive].

03. For convenience of members an attendance slip is also annexed. Members are requested to affix their signature at the space provided therefore and hand over the same at the place of Meeting. The Proxy of a member should mark on the attendance slip as Proxy. Members are also requested to bring their copies of the Annual Report to the venue of the Meeting.

04. All queries relating to non-receipt of share certificates after transfer/transmission/dematerialization/rematerialization, mandates, change of address, nomination etc. may be sent to the Registrar & Share Transfer Agents, Sharepro Services (India) Pvt. Ltd, Samhita Warehousing Complex, Gala No-52 to 56, Bldg No.13A-B, Near Sakinaka Telephone Exchange, Andheri–Kurla Road, Sakinaka, Mumbai - 400 072, Tel: 022-67720300 / 022-67720400, Fax No:022-28591568/022-28508927, E-mail: sharepro@shareproservices.com

05. The Ministry of Corporate Affairs (MCA) has permitted Companies to issue Notices of General Meetings and Annual Report to the Shareholders through electronic mode via emails and publish on the Websites of the Company. Accordingly, with a view to support this green initiative of the MCA, the Company proposes to give option to its Shareholders to receive notices and Annual Report in electronic mode from the next Financial Year. The Shareholders are requested to communicate their email IDs to which the communication can be sent. A Communiqué is attached at the end of this Annual Report on the procedure to be followed for registering your email ID.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 4

Revision in the Remuneration of the Managing Director

Mr. Paolo Alberto Francesco Lanzarotti was appointed as Managing Director of the Company at the Board Meeting held on 23rd September 2009 with a Remuneration of Rs.3,30,00,000/- per annum and the same was approved by the members at their meeting held on 16th November 2009. The Company made an application to the Ministry of Corporate Affairs on 17th December 2009 for the appointment and payment of managerial remuneration of Rs.3,30,00,000/- to Mr. Paolo Alberto Francesco Lanzarotti as the same was in excess of the limits prescribed under the Companies Act, 1956. His appointment and remuneration payable has been approved by the Ministry of Corporate Affairs vide its letter dated 13th December, 2010, but the managerial remuneration was limited to Rs.2,24,35,000/-. Subsequently the Company made an application to the said Ministry vide its letter dated January 16th, 2011 and further representation on 14th February 2011 seeking for a revision in approval granted under Sections 269, 198, 309, 310 and 637AA of the Companies Act, 1956 as the sanctioned limit was less than applied for.

Subsequently, the Ministry of Corporate Affairs published a Notification in the Gazette of India dated 8th February, 2011 exempting the unlisted Public Companies from seeking the approval of Central Government for Managerial Remuneration provided the remuneration shall not exceed 5% of the net profits for one such managerial personnel and approval by the Remuneration Committee and the share-holders as provided in the Act. Accordingly, approval of the Central Government is not required now for payment of Managerial Remuneration by the Company subject to conditions specified in Schedule XIII of the Act.

Considering approval of the Ministry of Corporate Affairs of only Rs.2,24,35,000/- per annum and the subsequent amendment in the Companies Act exempting the unlisted companies from seeking approval of the Central Government, the Board of Directors at their meeting held on 9th February 2011 have revised the remuneration payable to the Managing Director as set out in the Resolution upon the same being approved by the Remuneration Committee at their meeting held on even date. Revised remuneration as approved by the Board is subject to the consent of the Shareholders in terms of Schedule XIII to the Companies Act read with Sections 198, 309, 310 and other applicable provisions of the Companies Act. Accordingly, Company seeks the approval of the Shareholders under the amended provisions of the Companies Act, 1956 for remuneration of Rs.3,30,00,000/- per annum and perquisites and allowances as set out in the Notice and also for payment of Performance Based Bonus of an amount upto Rs.1,50,00,000/- subject to Board deciding the amount based on annual performance of the company for the financial year ended 31st March 2011.

Based on the representation made by the Company to the Central Government for the revision in the approved limits as referred to supra, the Central Government vide its letter dated 5th July 2011 has granted approval for remuneration of Rs.3,30,00,000/- per annum from the date of appointment upto 7th February 2011. As the remuneration payable subsequent to this period requires no approval of the Central Government, the same is being paid in terms of Board Resolution of 9th February 2011 subject to your approval in this Annual General Meeting.

The Resolution for payment of Remuneration to the Managing Director is commended for your approval.

None of the Directors are either directly or indirectly interested in this Resolution, except Mr. Paolo Alberto Francesco Lanzarotti to the extent of the remuneration proposed.

The particulars as required in sub-clause (C) of Section II of Part II of Schedule XIII are as under:

I. GENERAL INFORMATION

1	Nature of Industry	The Company is engaged in the manufacture and sale of beer, packaged drinking water and soda.
2	Date of commencement of commercial production	The Company was incorporated on 18th November 1988.
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4	Financial performance based on given indicators Turnover Profit Before Tax	(₹ in Crores) 31-03-09 / 31-03-10 / 31-03-11 2173.01 / 2116.08 / 2453.85 (72.57) / (142.24) / (60.36)
5	Export performance and net foreign exchange collaborations	(₹ in Crores) 31-03-09 / 31-03-10 / 31-03-11 16.10 / 19.14 / 22.35
6	Foreign investments or collaborations, if any	SABMiller Asia BV, Netherlands holds 37.78% in the equity share capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE

1	Background details	Mr. Paolo Alberto Francesco Lanzarotti did his BSc (Hons) at Kings College University, London and a MBA at Open University, England. Mr. Paolo Alberto Francesco Lanzarotti has more than 23 years of experience with leading companies of the World including 4 years as Head of Operation of Mobil in India. Prior to being appointed as Managing Director of SKOL Breweries Limited, he was the Managing Director of Pivovary Topvar A S, a Brewing Company in Slovakia and held various positions in the SABMiller Group such as Director Sales and Distribution in Italy.
2	Past remuneration	(₹ in Crores) 2009 - 2010: 1.40 2010 - 2011: 2.73
3	Recognition or Awards	N.A.
4	Job profile and his suitability	With the vast and rich experience of more than 23 years and with experience within the SABMiller Group in various critical positions including Director-Sales & Distribution and Managing Director, Mr. Paolo Alberto Francesco Lanzarotti is a suitable candidate to look after the entire beer operations of the Group in India as Managing Director of SKOL Breweries Limited.
5	Remuneration proposed	As set out in the Resolution.
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates, the relevant details would be w.r.t. the country of his origin)	The only Competitor of SKOL Breweries Limited is United Breweries Limited. The nature and size of business of United Breweries and SKOL Breweries are similar. Further, Mr. Paolo Alberto Francesco Lanzarotti is an expatriate and he is a national of United Kingdom. His compensation is determined in accordance with the Remuneration Policy of the SABMiller Group and in keeping with persons of his qualification, experience and the responsibility assigned.
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Paolo Alberto Francesco Lanzarotti has no pecuniary relationship directly or indirectly either with the Company or with any managerial personnel, except to the extent of the remuneration proposed.

III.OTHER INFORMATION

1	Reasons for loss or inadequate profits	Losses are mainly due to regulatory constraints resulting in loss of business in the State of Andhra Pradesh, high cost of recycled containers and investment in existing plant & machinery.		
2	Steps taken or proposed to be taken for improvement	New investments in Plant to develop capacity and continuous upgrading and implementing best practices at all Breweries to increase productivity and cut down costs.		
3				(₹ in Crores)
	Expected increase in productivity and profits in measurable terms	31-03-12	31-03-13	31-03-14
	Turnover	3172.22	3730.74	4367.85
	Profit Before Tax	(47.44)	(95.85)	(23.01)

IV. DISCLOSURES

1	The shareholders of the company shall be informed of the remuneration package of the managerial person	Shareholders consent sought in this Annual General Meeting for the remuneration.
2	The following disclosure shall be mentioned in the Board of Director's Report under the heading "Corporate Governance", if any, attached to the annual report (i) All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc., of all the directors; (ii) Details of fixed component and performance linked incentives along with the performance criteria; (iii) Service contracts, notice period, severance fees; (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable	Details of Remuneration of Managing Director is set out in the Resolution proposed in the Notice.

Item No. 5

Alteration of Articles of Association of the company

The Company had adopted Table-A to Schedule-1 of the Companies Act, 1956 as its Articles of Association. Whereas to suit the business needs of the Company certain Articles needs to be amended within the applicable provisions of the Act. Accordingly, it is proposed to amend the Article by continuing to adopt Table-A and amending therein Articles 66, 70 and 84 of Table-A. The amended Articles are set-out in the Notice for the consent of the Shareholders.

None of the Directors are either directly or indirectly interested in this Resolution.

The Board commends the resolution for the approval of the Shareholders.

BY ORDER OF THE BOARD

Place : Bangalore
Date : 26th July 2011

Sridhar S
Company Secretary

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their 22nd Report and the Statement of accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

(₹ in Crores)

	Financial Year 2010-2011	Financial Year 2009-2010
Gross Revenue	2453.85	2116.08
Profit/(Loss) before taxation	(60.36)	(142.25)
Less: Provision for taxation	(0.22)	0.01
Profit/(Loss) after taxation	(60.14)	(142.26)
Surplus/(deficit) brought forward from previous year	(302.35)	(160.09)
Balance carried to Balance Sheet	(362.49)	(302.35)

OPERATIONS

The performance of your Company during the year 2010-11 has significantly improved. The turnover increased by 16% to Rs.2454 crores from Rs.2116 crores in the previous year.

Improved volume and margins contributed by key States and a focus on driving sales of more profitable brands along with a reduction in operating expenses by stringent controls and monitoring has resulted in your company bringing down losses substantially. However, your company could not achieve a turnaround this year on account of regulatory hurdles in major beer consuming States and higher input costs. As stated in the previous Annual Report, the procurement policy in Andhra Pradesh affected sales severely and led to under-utilisation of capacity. This coupled with our complete withdrawal from the Tamil Nadu market where factors caused cash losses and prevented us from achieving profitability.

On account of our sustained efforts the revised procurement policy in the State of Andhra Pradesh has now been reversed and the basis of procurement by the State restored to the earlier policy of procuring beer based on market demand and consumer preference, a proposition we support. Your Company should be in a position to regain its market share consequent to this development.

Your Board enjoys the unqualified support of all its financiers whose confidence in the future of your company is evidenced by the fact that all borrowings have been made without the bankers taking any charges over your company's assets and are used for both short term and long term purposes.

DIVIDEND

As the Company has incurred loss during the year, the Directors do not recommend any dividend on the equity capital.

SUSTAINABLE DEVELOPMENT

Sustainable Development is fundamental to our business success. Your company`s clear, well-embedded approach to sustainable development brings tangible benefits both to the business and to the communities in which it works.

Water Management

Water is one of the key raw materials used at every stage of the brewing process. Making more beer but using less water is one of our main global focus areas for sustainable development.

Water recharge structure at Neemrana Rajasthan

As a founding signatory of the United Nations CEO Water Mandate, your company recognizes their responsibility to promote responsible water use both within and outside the company. This is reflected in the "5R", water management strategy which has internal measure to Reduce, Reuse and Recycle and external measure to Protect and Redistribute. Your company has set a demanding target of reducing water use per hectoliter of beer by 25% between 2008 and 2015. Your company has initiated numerous projects during the year to conserve water resources in areas where it operates.

Ground Water Management initiative at Neemrana, Rajasthan

Water Management workshop with farmers

In a bid to address the largely ignored issue of Ground water management in Rajasthan, your company along with the Confederation of Indian Industry (CII) and Advanced Center on groundwater Resources Development and Management (ACWADAM) have identified 27,500 hectares for interventions. This comprises two watersheds – Neemrana and Behror of 12,500 and 15,000 hectares respectively.

This initiative is the largest in the region around Neemrana, just off the Delhi-Jaipur National Highway. Totally devoid of any exogenous water supply this area survives mainly on groundwater resource and small traditional water tanks with rainwater, as the only means of recharge. Losses through runoff and evaporation are very high with the shallow aquifer almost dry. The looming scarcity of the resources threatens the livelihoods of the small and medium farm holders.

The project intends to manage water supply by exploiting the natural conditions in the ridges for deep recharge, building small water diversion structures and demand management through enhancing water use efficiency in agriculture. The project has the potential to help decrease the groundwater abstraction in the region by 23% and reduce the overall run in the region by as much as 40%.

Community Water Resources Management initiative at Sangareddy, Andhra Pradesh

The Community Water Resources Management initiative is located near Sangareddy town with a project area of around 3500 hectares in four villages. The population in these four villages is primarily dependant on agriculture for their livelihood. The gloomy water scenario in the region and the projected increasing demand for water by competing sectors like agriculture and industry, are bound to put more pressure on the scarce and finite water resources in the region. The project is aimed at demonstrating the importance of water management in improving the livelihoods within the community watersheds and developing strategies for sustainable management of water resources in the region.

Farmers gathered to discuss best practices in Agriculture

The soil and water conservation measures implemented have already led to conservation of about 5500 cubic meters of additional rainwater during the last monsoon season in project villages. This initiative has lead to 45% increase in the crop productivity with approx. 22% increase in the net income of the farmers. Further, the initiatives have the

Check Dam built in the Medak Project

potential to improve groundwater recharge by about 20-25%, reduce the total runoff by about 30-45% and soil loss by about 60-65% in the target villages.

Discouraging Irresponsible Drinking

As a corporate social responsibility your company is taking steps to promote responsible drinking and combat alcohol abuse. Towards this end, many awareness campaigns were carried out to educate and remind people to drink responsibly.

Campaign on responsible drinking in Puducherry

To promote responsible consumption, your company in partnership with the Social Organisation for Network Information and Communication (SONIC) and launched the 'Thozha Vizhithukol' campaign to create awareness among the people of Puducherry and provide them with important information about responsible drinking.

The campaign was launched in four districts of Puducherry, Olgarate, Villianur and Ariyankuppam over a period of five months. Activities across the four districts during the campaign included street plays, exhibitions, a bar intervention programme, referral services, digital displays and wall painting. The campaign`s core message on responsible and safe drinking behaviour was well interpreted and appreciated by the local communities.

Campaign on responsible drinking in Gurgaon

The Campaign was carried out through Innovative outdoor Billboards. Billboards with creative and eye catching messages were mounted at major Metro Stations. Your Company identified the Metro Stations that were highly thronged by commuters and tapped the opportunity of connecting and communicating the message of responsible drinking behaviour.

The clutter breaking campaign saw huge success amongst the target group and not only captured eye-balls but was a head turner. The campaign also got mentions in key advertising and marketing press.

CONTRIBUTION TO REDUCTION OF HIV/AIDS

HIV/AIDS is one of the most important development challenges facing India and the Company recognizes this fact and has been working towards fighting HIV/AIDS through various initiatives.

Launch of project Humsafar at Haryana Breweries, Sonepat

The Company's HIV/AIDS truckers programme 'HUMSAFAR', has been able to create mass awareness through various outreach activities at Breweries in high prevalence States like Rajasthan, Puducherry and Karnataka. Humsafar was first launched at Rochees Breweries in Rajasthan in partnership with a Rajasthan-based NGO and Rajasthan State Aids Control Society and was later extended to other locations – SICA Breweries in Puducherry and Mysore Breweries in Karnataka and more recently to Haryana Breweries in Sonepat.

As part of the project, interventions were conducted by local partner NGOs and State AIDS Control Societies, supported by Company's HIV/AIDs master trainers.

Counselling session with truckers is an important component of Humsafar program

Your Company has been recognized by the International Labour Organisation (ILO) as a Corporate Partner that has made valuable contributions to the National AIDS Control Programme. The company has also received endorsements from the local governments appreciating and recognizing the company's efforts.

INDUSTRY'S FIRST BEER IN PET BOTTLE

Your Company has set a benchmark in the Indian beer industry with the introduction of beer in PET bottles. Beer in a PET bottle was launched in February 2011 in Maharashtra and plans are to roll out to other geographies. PET bottles are eco-friendly and user-friendly. PET bottles due to their lesser weight compared to Glass bottles, contribute to reduced transportation costs and saving on fossil fuels.

PET bottles are approved by the Bureau of Indian Standards (BIS) as safe for food and the PET bottles used by your Company meet their Standards. Your Company has set-up state of art plant for bottling of beer in PET by investing substantially at the Brewery in Aurangabad. The flash pasteurisation process ensures hygienic, fresh and quality beer in PETs.

INTRODUCTION OF PROPRIETARY BOTTLES

Availability of sufficient bottles to meet the ever increasing demand for beer is one of the important factors in the beer industry. Your company has introduced Proprietary bottles to bring efficiencies in the cost of reused bottles.

Proprietary bottles have already been introduced in Rajasthan, Haryana, Delhi, Punjab, Chandigarh, Maharashtra, Puducherry and Orissa and plans are on to introduce in other States.

TECHNICAL IMPROVEMENTS AND INNOVATION

Your Company continues to exert efforts to maintain and further improve the quality of its products. Towards this end, investments were made in setting-up electron spin resonance (ESR) machines for flavour stability.

SABMiller continued to make improvements and innovation on a wide front of technical aspects. Our World Class Manufacturing Programme is fully aligned with the global SABMiller Manufacturing Way and the implementation has produced positive results, not only in performance, but improving effective work practices in many aspects like Process Controls, Quality Management, Asset Care and Competency Development. An energy usage benchmarking study was conducted by McKinsey Consultants at one of the Breweries and opportunities to reduce energy usage by 30% have been identified.

DIRECTORS

In accordance with the Articles of Association, Mr. Ari Mervis, Director of the Company retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

AUDIT COMMITTEE

Pursuant to the provisions of Section 292A of the Companies Act, 1956 the Audit Committee has been re-constituted. The present members of the Committee are Mr. Ari Mervis, Mr. Mathew Dunn, Ms. Sue Clark and Mr. Paolo Lanzarotti. Mr. Mathew Dunn is the Chairman of the Committee.

AUDITORS

M/s BSR & Co., Chartered Accountants, retiring Auditors, have signified their willingness to be reappointed as Statutory Auditors of the Company. They have confirmed that their reappointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their appointment at the ensuing Annual General Meeting.

PUBLIC DEPOSIT

During the year, the Company has not accepted any public deposits as defined in the Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS OF EMPLOYEES

The details of employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder, as amended to date is enclosed as an Annexure to the Report.

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

The statement pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 to the extent applicable are set out in the annexure hereto.

DIRECTORS' RESPONSIBILITY STATEMENT U/S 217 (2AA) OF THE COMPANIES ACT, 1956

Your Directors state that:

1. The financial statements have been prepared in conformity with the generally accepted accounting principles and applicable accounting standards in India.
2. The Directors have selected such accounting policies as are applicable and have applied them consistently and made reasonable and prudent judgment and estimates so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the year.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The financial statements have been prepared on the basis of "Going Concern" considering the ability of the Company to carry on its business in the foreseeable future.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for contribution made by employees at all levels. The Directors would also like to acknowledge the continued support extended by Bankers, Distributors, Shareholders, Customers and Suppliers.

FOR AND ON BEHALF OF THE BOARD

Ari Mervis   Paolo Alberto Francesco Lanzarotti

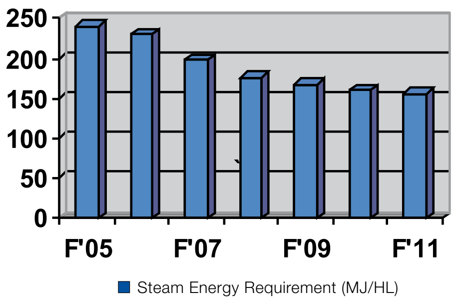
Place: Hong Kong
Date: 26th July 2011

DISCLOSURE AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988.

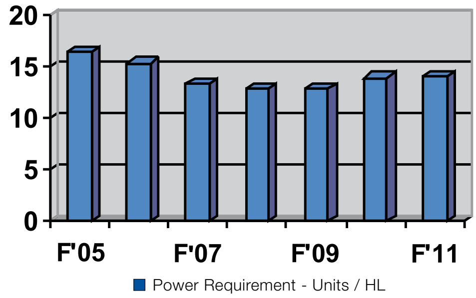
A. CONSERVATION OF ENERGY

Energy efficiency in breweries is achieved through a process of continuous improvement. The Company continues to identify opportunities through benchmarking globally against breweries of the SABMiller group.

STEAM ENERGY PER HL OF BEER MANUFACTURED



ELECTRICITY PER HL OF BEER MANUFACTURED



The company has been able to leverage the benefits of capital investments at the Sonepat brewery made over the previous years. The company has a robust energy management practice that involves:

1. Aggressive target setting in breweries based on extensive benchmarking against global standards across the SABMiller group.
2. Routine reviews of investments for energy improvements on a continuous basis. Such investments are made at appropriate times after a thorough review of benefits, costs, existing practices and people capabilities.
3. Rolling out the manufacturing excellence initiative, Manufacturing way (Mway), at three of its largest breweries in India. Mway is a global SABMiller practice that targets systematic improvement of operation efficiencies through practices like Teamwork and Asset care. This is planned to be extended to two more breweries this year. A significant part of energy savings is due to such improved operation practices.

Plans to get some of its operations personnel certified as accredited energy auditors from the Bureau of Energy Efficiency to drive continuous improvement in energy utilization in its breweries.

B. TECHNOLOGY ABSORPTION

The company has not made any purchases of technology or made payments towards transfer of technology during the year under review. It continues to benefit from its relationships with global capital equipment suppliers who make available equipment with their respective advanced technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Company has earned Rs.22.35 Crores in foreign exchange. An amount of Rs.52.95 Crores was incurred in foreign exchange.

FOR AND ON BEHALF OF THE BOARD

Ari Mervis Paolo Alberto Francesco Lanzarotti

Place: Hong Kong
Date: 26th July 2011

Auditors' Report

To the Members of SKOL Breweries Limited

We have audited the attached balance sheet of SKOL Breweries Limited ("the Company") as at 31 March 2011, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003, as amended, ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

Further to our comments in the Annexure referred to above, we report that:

(i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

(iii) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;

(iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

(v) on the basis of written representations received from the directors of the Company as on 31 March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2011;

b. in the case of the profit and loss account, of the loss of the Company for the year ended on that date; and

c. in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

for B S R & Co.
Firm registration number: 101248W
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore
27th July 2011

Annexure to the Auditors' report

Annexure referred to in the Auditors' Report to the Members of SKOL Breweries Limited ("the Company") for the year ended 31 March 2011. We report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

ii. (a) The inventory, except for goods-in-transit and stock lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.

(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the 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 Companies Act, 1956. Accordingly, paragraph 4(iii)(a), 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Order is not applicable.

(e) The Company has taken loan from a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year and the year-end balance of such loan was Rs 355,857,619 and Rs 2,338,439 respectively.

(f) In our opinion, the rate of interest for the above loan taken from the company, listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. Tenure and repayment terms have not been specified for such loans.

(g) According to the information and explanations given to us, the tenure and repayment terms have not been specified for the above mentioned loan. Consequently, we are unable to comment on paragraph 4(iii)(g) of the Order.

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 with regard to purchase of inventories and fixed assets and with regard to the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under/ the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

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

viii. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured by the Company.

ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax/ Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

There are no dues on account of Cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax, Sales Tax/ Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues which were in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Wealth Tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. The following dues of Income-tax, Sales Tax/ Value Added Tax, Service Tax, Customs Duty and Excise Duty have not been deposited by the Company on account of disputes.

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Punjab Excise Act, 1914	Duty on beer loss	11,245,236	1974-75 to 1990-91	Financial Commissioner, Haryana
Orissa and Bihar Excise Act, 1965	Interest on excise loan draw back scheme	3,222,705	1988 - 89	Orissa High Court
	Adhesive label fees	10,877,028	2001-02 to 2004-05	Orissa High Cout
	Duty on sediment beer	1,284,936	2002 -03	Orissa High Cout
	Overtime wages of excise staff	327,231	2005-06	Orissa High Cout
Bombay Prohibition Act, 1949	Supervision charges of excise staff	550,930	1983-84 to 1988-89	Bombay High Court
	Duty on expired beer	1,037,085	2000-01	Commissioner of State Excise, Maharashtra
Karnataka Excise Act, 1965	Duty on breakages	329,131	1997-98 to 1999-00	Commissioner of State Excise, Karnataka
	Overtime wages of excise staff	4,005,062	1998-99 to 2004-05	Commissioner of State Excise, Karnataka
Central Excise Act, 1944	Central excise duty	70,235,608	1996-97 to 1999-00	Customs Excise Service Tax Appellate Tribunal, Mumbai
Orissa Sales Tax Act, 1947	Sales Tax	35,029,024	1994-95 to 2000-01	Sales Tax Tribunal, Orissa
Orissa Entry Tax Act, 1999	Sales Tax	242,508	2000-01	Sales Tax Tribunal, Orissa

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Delhi Sales Tax Act, 1975	Sales Tax	576,486	2002-03	Assistant Commissioner of Commercial Taxes (Appeals), New Delhi
	Sales Tax	217,200,913	2007-08	Additional Commissioner-II, Department of Trade & Taxes, New Delhi.
Bombay Sales Tax Act, 1959	Sales Tax	1,514,943	1992-93	Appellate Tribunal, Maharashtra
	Sales Tax	4,139,154	1995-96	Sales Tax Tribunal, Maharashtra
	Sales Tax	1,445,537	1996-97	Sales Tax Tribunal, Maharashtra
Bombay Sales Tax Act, 1959 & Central Sales	Sales Tax	13,617,495	2001-02	Sales Tax Tribunal, Maharashtra
Tax Act, 1956	Sales Tax	8,050,922	2002-03	Joint Commissioner (Appeals), Mumbai
	Sales Tax	4,984,290	2002-03	Joint Commissioner (Appeals), Mumbai
Uttar Pradesh Trade Tax Act,1948	Penalty	185,000	2003-04	Sales Tax Tribunal, Uttar Pradesh
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	3,675,677	1991-92 to 1992-93	Andhra Pradesh High Court
Pondicherry General Sales Act, 1967	Sales Tax	11,982,000	1981-82 to 1984-85, 1997-98 to 1998-99	Assessing Authority, Pondicherry
Haryana Sales Tax Act, 1973	Sales Tax	2,226,804	1989-90 to 1996-97, 1998-99 to 2003-04	Sales Tax Tribunal, Haryana
Central Sales Tax Act, 1956	Sales Tax	5,428,400	2002-03	Assessing Officer, Uttar Pradesh
	Sales Tax	51,114	2006-07	Joint Commissioner, Meerut
Uttar Pradesh Tax on Entry of	Penalty	379,728	2003-04	Sales Tax Tribunal, Meerut
Goods Act, 2000	Entry Tax	17,015,894	2003-04 to 2009-10	Supreme Court
Haryana Local Area Development Tax Act, 2000	Local Area Development Tax	10,050,426	2000-01 to 2003-04	Chandigarh High Court

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Finance Act,1994	Service Tax and penalty	32,129,640	2006-07 to 2007-08	Customs Excise and Service Tax Appellate Tribunal, Mumbai
	Service Tax and penalty	29,456,392	April 2008 to December 2009	Customs Excise and Service Tax Appellate Tribunal, Mumbai
Customs Act, 1962	Customs Duty	261,555	2007-08	Customs Excise and Service Tax Appellate Tribunal, Mumbai

Note: The amounts paid under protest have been reduced from the amounts demanded in arriving at the aforesaid disclosure.

x. The Company has accumulated losses amounting to Rs. 3,624,878,213 at the end of the financial year which is less than fifty per cent of its net worth. The Company has not incurred cash losses in the current financial year. *However cash losses were incurred in the immediately preceding financial year.*

xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions or debenture holders during the year.

xii. The Company has not granted any loans and advances on the basis of security by way of pledge of debentures and other securities.

xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.

xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

xv. 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.

xvi. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that *funds raised on short-term basis amounting to Rs. 5,140,169,981 have been used for long-term purposes.*

xviii. The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.

xix. The Company did not have any outstanding debentures during the year.

xx. The Company has not raised any money by public issues during the year.

xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for B S R & Co.

Firm registration number: 101248W
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore
27th July 2011

Balance sheet as on 31 March 2011

(₹)

	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	2,311,837,450	2,311,837,450
Reserves and surplus	3	6,140,637,748	6,140,637,748
		8,452,475,198	8,452,475,198
Loan funds			
Unsecured loans	4	9,503,958,240	8,745,273,358
		17,956,433,438	17,197,748,556
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		15,204,414,277	14,208,781,789
Less: Accumulated depreciation		(4,028,497,652)	(3,112,513,576)
Less: Provision for impairment of fixed assets		(120,855,107)	(122,920,799)
Net block		11,055,061,518	10,973,347,414
Capital work-in-progress		158,768,000	495,094,892
		11,213,829,518	11,468,442,306
Investments	6	11,391,402	13,359,725
Current assets, loans and advances			
Inventories	7	2,187,251,686	1,987,421,581
Sundry debtors	8	3,454,566,614	3,270,632,782
Cash and bank balances	9	380,499,623	410,300,842
Loans and advances	10	1,340,224,720	867,392,782
		7,362,542,643	6,535,747,987
Current liabilities and provisions			
Current liabilities	11	3,995,292,891	3,628,395,308
Provisions	12	499,752,207	453,748,750
		4,495,045,098	4,082,144,058
Net current assets		2,867,497,545	2,453,603,929
Amalgamation adjustment reserve account	18 (20)	1,457,236,076	1,457,236,076
Debit balance in profit and loss account		3,624,878,213	3,023,505,836
Less: Balance in general reserve account	3	(1,218,399,316)	(1,218,399,316)
		2,406,478,897	1,805,106,520
		17,956,433,438	17,197,748,556
Significant accounting policies	1		
Notes to the financial statements	18		

The schedules referred to above form an integral part of the balance sheet

As per our report attached

for **B S R & Co.**
Firm registration number : 101248W
Chartered Accountants

for **SKOL Breweries Limited**

Zubin Shekary
Partner
Membership No. 48814

Paolo Alberto Francesco Lanzarotti
Managing Director

Ari Mervis
Director

Paul Aloysius D'Silva
Chief Finance Officer

Sridhar S
Company Secretary

Bangalore
27th July 2011

Hong Kong
26th July 2011

Profit and loss account

(₹)

	Schedule	For the year ended 31 March 2011	For the year ended 31 March 2010
Income			
Sale of manufactured goods, gross		24,518,276,272	21,122,149,181
Sale of traded goods, gross		20,263,108	38,638,725
		24,538,539,380	21,160,787,906
Less: Excise duty		(8,686,862,970)	(7,547,702,144)
Less: Discounts		(1,332,453,508)	(1,020,951,450)
Sales, net		**14,519,222,902**	**12,592,134,312**
Income from contract bottling		96,157,876	76,871,218
Other income	13	358,128,435	234,659,008
		14,973,509,213	**12,903,664,538**
Expenditure			
Cost of materials	14	7,577,938,818	6,591,267,174
Personnel costs	15	1,144,002,591	1,058,203,502
Other expenses	16	5,085,948,153	5,074,064,661
Depreciation	5	950,690,263	805,280,273
Finance costs	17	818,568,659	797,279,385
		15,577,148,484	**14,326,094,995**
Loss before tax		**(603,639,271)**	**(1,422,430,457)**
Provision for tax			
- current tax		-	-
- pertaining to earlier years (reversal)		(2,286,091)	-
- deferred tax (credit)/ charge	18 (14)	-	-
- wealth tax		19,197	131,230
Loss after tax		**(601,372,377)**	**(1,422,561,687)**
Debit balance in profit and loss account brought forward		(3,023,505,836)	(1,600,944,149)
Debit balance in profit and loss account carried over to the balance sheet		**(3,624,878,213)**	**(3,023,505,836)**
Earnings per share (par value; Rs. 10 each)			
- Basic and diluted	18 (5)	(2.60)	(6.15)
Significant accounting policies	1		
Notes to the financial statements	18		

The Schedules referred to above form an integral part of the profit and loss account

As per our report attached

for **B S R & Co.**
Firm registration number : 101248W
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore
27th July 2011

for **SKOL Breweries Limited**

Paolo Alberto Francesco Lanzarotti
Managing Director

Ari Mervis
Director

Paul Aloysius D'Silva
Chief Finance Officer

Sridhar S
Company Secretary

Hong Kong
26th July 2011

Schedules to the financial statements

1. Significant accounting policies

Background

SKOL Breweries Limited ("the Company" or "SKOL") was incorporated as a public limited company under the Companies Act, 1956 on 18 November 1988. The Company is primarily engaged in the business of brewing, packaging, distribution, marketing and sale of beer.

1.1 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting. The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards ('AS') prescribed by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable. These financial statements are prepared and presented in Indian Rupees.

1.2 Going concern

These financial statements have been prepared on a going concern basis, notwithstanding accumulated losses and reliance on short term borrowings due to the following considerations:

- Expected steady future growth reflected in financial projections prepared by the management;
- Expected continual technical and financial support by the SABMiller group
- Subsequent renewal of short term borrowings from banks.

These financial statements, therefore, do not include any adjustments relating to recoverability and classification of asset amounts or to classification and amount of liabilities that may be necessary if the Company was unable to continue as a going concern.

1.3 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting period end. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

(i) Sale of goods

Revenue from sale of manufactured and traded goods is recognised on transfer of all the significant risks and rewards of ownership to the buyer which normally takes place on despatch of goods. The amount recognised as sale is net of sales tax, sales returns and trade discount. Sales are presented both gross and net of excise duty.

(ii) Income from contract bottling

Income from contract bottling is recognised when the right to receive bottling fee is established which normally takes place on dispatch of goods by contract bottlers to its customers.

(iii) Interest

Interest income is recognised using the time proportion basis taking into account the amount outstanding and the interest rate applicable.

(iv) Sales of scrap and spent malt

Revenue from sale of scrap and spent malt is recognised on transfer of all the significant risks and rewards of ownership to the buyer which normally takes place on despatch of goods. The amount recognised as sale is net of sales tax and sales returns.

1.5 Fixed assets

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation and provision for impairment of assets. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised to the extent they relate to the period till such assets are ready to be put to use. Intangible assets are recorded at their acquisition cost.

The costs of the fixed assets, which are not ready for their intended use on such date, are disclosed as capital work-in-progress.

1.6 Depreciation

Depreciation on fixed assets is provided on the straight-line method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as minimum rates. However, where the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on

Schedules to the financial statements

a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of useful life/ remaining useful life.

Pursuant to this policy the following fixed assets are depreciated to their residual value over their estimated useful life:

Class of assets	*Years*
Buildings	28
Plant and machinery	
- Chillers	5
- Crates	2
- Wooden pallets	3
- Others	14-18
Computer equipment	4
Furniture, fittings and office equipment	6
Motor vehicles	5
Brands	20
Computer software	4

Freehold land is not depreciated. Leasehold land is amortised over the lease term. Leasehold improvements are amortised over the lease term or its estimated useful life of 5 years, whichever is lower.

Pro-rated depreciation is provided on all assets purchased or sold during the year. Assets, costing individually Rs 5,000 or less, are depreciated in full in the year of purchase.

The useful lives of brands, which primarily represent brands purchased, have been determined based on management's assessment of market conditions in India, intent to use and ability to maintain these assets, previous history of these brands and internationally accepted practices.

1.7 Impairment

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. The recoverable amount is higher of the asset's net selling price and value in use.

After recognition of impairment loss, depreciation is provided on the revised carrying amount of the asset, less its residual value (if any), over its remaining useful life.

If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

1.8 Borrowing costs

Borrowing costs directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised. Other borrowing costs are accounted as an expense.

1.9 Investments

Long-term investments are carried at cost less any other-than-temporary diminution in the value, as determined by management on commercial consideration determined separately for each individual investment.

1.10 Inventories

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

The methods of determination of cost of various categories of inventories are as follows:

Raw materials, packing materials, stores and spares and traded goods	– First-in-first-out (FIFO) method
Work-in-progress and finished goods (including goods in transit)	– FIFO method. Production overheads are allocated on the basis of normal capacity of production facilities.

Maintenance spares, which are in regular use and are not an integral part of any fixed asset, are treated as inventory and valued at cost.

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The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished goods in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale. Raw materials, packing materials and other supplies held for use in production of inventories are not written below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

1.11 Foreign exchange

Foreign exchange transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date; the resultant exchange differences are recognised in the profit and loss account.

Forward contracts and other derivatives are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or as expense for the period.

The exchange difference on the forward exchange contract entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting period in which the exchange rates change.

For forward exchange contracts and other derivatives that are not covered by AS 11 and that relate to a firm commitment or highly probable forecast transactions, the Company has adopted the principles of Accounting Standard ('AS') 30, 'Financial Instruments: Recognition and Measurement' with effect from April 1, 2008 . Derivative financial instruments, which qualify for cash flow hedge accounting and where Company has met all the conditions of cash flow hedge accounting, are fair valued at balance sheet date and the resultant exchange loss/ gain is debited/credited to the hedge reserve. This loss/ gain would be recorded in profit and loss account when the underlying transactions affect earnings. Other derivative instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting have been recorded at fair value at the reporting date and the resultant exchange loss/ gain has been debited/ credited to profit and loss account for the year.

1.12 Employee benefits

(i) Contributions to provident funds, which is a defined contribution scheme, are charged to the profit and loss account on an accrual basis.

(ii) The Company has an arrangement with Life Insurance Corporation of India to administer its superannuation scheme, which is a defined contribution scheme. The contributions to the said scheme are charged to the profit and loss account on an accrual basis.

(iii) Gratuity, which is a defined benefit scheme is provided for based on an actuarial valuation carried out by an independent actuary as at the balance sheet date. Actuarial gains/ losses are recognised immediately in the profit and loss account and are not deferred. Only such changes in legislation are taken into account while providing for gratuity that have been enacted upto the balance sheet date.

(iv) Compensated absences are provided for based on an actuarial valuation carried out by an independent actuary as at the balance sheet date.

1.13 Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

1.14 Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

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Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

1.15 Taxation

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

The Company offsets, the current (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

1.16 Earnings per share

The basic earnings per share is computed by dividing the net profit or loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of equity shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which would have been issued on conversion of all potentially dilutive equity shares. Potential dilutive equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The potentially dilutive equity shares have been adjusted for the proceeds receivable had the shares been actually issued at a fair value (i.e. the average market value of the outstanding shares).

In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

1.17 Employee stock compensation cost

The Company applies intrinsic value method of accounting for stock options granted by the ultimate holding company to the employees of the Company after 1 April 2005. The intrinsic value of the employee services received in exchange for the grant of such options is recognised as an expense. The amount recognised is spread over the vesting period which is also the period over which some of the scheme performance criteria relate. At each balance sheet date, the estimates of the number of options that are expected to become excercisable are revised. It recognises the impact of the revision of the original estimates, if any, in the profit and loss account over the remaining vesting period. The effect of uncertainty as to whether any performance criteria of share options will be met is dealt with by estimating the probability of shares vesting and therefore the cost is adjusted and readjusted for the probability of vesting in the vesting period.

1.18 Cash flow statement

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

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(₹)

2. Share capital	As at 31 March 2011	As at 31 March 2010
Authorised		
300,000,000 (previous year:300,000,000) equity shares of Rs.10 each	3,000,000,000	3,000,000,000
	3,000,000,000	3,000,000,000
Issued, subscribed and paid up		
231,183,745 (previous year: 231,183,745) equity shares of Rs. 10 each fully paid up	2,311,837,450	2,311,837,450
	2,311,837,450	2,311,837,450

Of the above :

1) 142,067,511 (previous year: 142,058,715) equity shares of Rs. 10 each are held by SABMiller Breweries Private Limited, the immediate holding company. 87,341,038 (previous year: 87,341,038) equity shares of Rs. 10 each are held by SABMiller Asia BV. SABMiller Plc is the ultimate holding company.

2) Pursuant to a scheme of arrangement 34,636,335 (previous year: 34,636,335) equity shares of Rs. 10 each were allotted, in earlier years, for consideration other than in cash.

(₹)

3. Reserves and surplus	As at 31 March 2011	As at 31 March 2010
Capital reserve		
At the beginning of the year	2,000,000	2,000,000
Securities premium	6,138,637,748	6,138,637,748
General reserve		
At the beginning of the year	1,218,399,316	1,218,399,316
Less: Debit balance in profit and loss account	(1,218,399,316)	(1,218,399,316)
	-	-
	6,140,637,748	6,140,637,748

(₹)

4. Unsecured loans	As at 31 March 2011	As at 31 March 2010
Bank overdraft	309,538,851	27,835,207
Short term bank loans	7,370,500,000	5,494,011,986
Other loans		
From banks		
- External commerical borrowings [Refer note (a) below]	1,771,759,478	908,460,000
- Others [Refer note (a) below]	-	2,100,000,000
From others:		
- loan from holding company [Refer note (b) below]	2 ,338,439	167,034,977
- loan from fellow subsidiary [Refer note (b) below]	49,821,472	47,931,188
	9,503,958,240	8,745,273,358

Notes:

a) Amount repayable within a period of 12 months Rs.Nil (previous year: Rs. Nil).

b) Tenure and terms for repayment have not been specified for loans obtained from holding company and fellow subsidiary.

Schedules to the financial statements

5. Fixed assets

(₹)

Description	Gross Block				Accumulated Depreciation				Provision for impairment as at 31 March 2011 (refer note 1 below)	Net Block	
	As at 1 April 2010	Additions	Deletions	As at 31 March 2011	As at 1 April 2010	Charge	Deletions	As at 31 March 2011		As at 31 March 2011	As at 31 March 2010
Tangible assets											
Freehold land	405,346,807	-	-	405,346,807	-	-	-	-	16,600,000	388,746,807	388,746,807
Leasehold land	15,831,621	-	-	15,831,621	6,585,539	1,020,191	-	7,605,730	-	8,225,891	9,246,082
Leasehold improvements	10,196,909	-	-	10,196,909	4,368,252	1,939,674	-	6,307,926	-	3,888,983	5,828,657
Buildings	2,036,599,983	273,215,776	73,331	2,309,742,428	269,464,230	78,015,163	29,799	347,449,594	10,760,114	1,951,532,720	1,756,332,107
Plant and machinery	8,013,192,634	693,027,135	33,651,933	8,672,567,836	1,900,781,322	648,034,080	30,988,084	2,517,827,318	91,609,835	6,063,130,683	6,018,813,661
Computer equipment	112,367,964	19,204,333	1,366,709	130,205,588	79,090,260	18,894,831	1,366,709	96,618,382	860,707	32,726,499	32,416,997
Furniture, fittings and office equipment	73,264,491	14,742,847	384,375	87,622,963	47,060,687	9,984,416	371,257	56,673,846	787,113	30,162,004	25,403,565
Motor vehicles	19,415,576	-	2,460,898	16,954,678	14,204,207	2,674,920	1,950,338	14,928,789	237,338	1,788,551	4,952,813
Intangible assets											
Brands	3,410,920,245	-	-	3,410,920,245	720,425,361	170,546,012	-	890,971,373	-	2,519,948,872	2,690,494,884
Computer software	111,645,559	33,379,643	-	145,025,202	70,533,718	19,580,976	-	90,114,694	-	54,910,508	41,111,841
Total	14,208,781,789	1,033,569,734	37,937,246	15,204,414,277	3,112,513,576	950,690,263	34,706,187	4,028,497,652	120,855,107	11,055,061,518	10,973,347,414
Previous year	*13,556,110,406*	*771,675,378*	*119,003,995*	*14,208,781,789*	*2,397,970,441*	*805,280,273*	*90,737,138*	*3,112,513,576*	*122,920,799*	*10,973,347,414*	

Note 1: Provision for impairment

(₹)

Description	Provision for impairment			
	As at 1 April 2010	(Reversal)	Deletion	As at 31 March 2011
Freehold land	16,600,000	-	-	16,600,000
Buildings	10,803,646	-	43,532	10,760,114
Plant and machinery	93,597,651	-	1,987,816	91,609,835
Computer equipment	860,707	-	-	860,707
Furniture, fittings and office equipment	800,239	-	13,126	787,113
Motor vehicles	258,556	-	21,218	237,338
Total	122,920,799	-	2,065,692	120,855,107
Previous year	*143,814,725*	-	*20,893,926*	*122,920,799*

Schedules to the financial statements

(₹)

6. Investments	As at 31 March 2011	As at 31 March 2010
Long term investments		
1. Non trade - unquoted		
(i) Government and trust securities		
National Savings Certificates	2,061,677	4,020,000
Indira Vikas Patra	26,550	26,550
	2,088,227	4,046,550
(ii) Fully paid up equity shares		
1 (previous year:1) fully paid up equity shares of Rs. 10 each of MBL (AP) Breweries Limited	1	1
12,000 (previous year: 12,000) fully paid up equity shares of Rs. 10 each of Shushruta Medical Aid and Research Hospitals Limited	12,000	12,000
5,000 (previous year: 5,000) fully paid up equity shares of Rs. 10 each of Maini Granites Limited	5,000	5,000
300 (previous year: 300) fully paid up equity shares of Rs. 10 each in AP Heavy Machinery & Engineering Limited	300	300
Nil (previous year:10,000) fully paid up equity shares of Rs. 10 each in Ramanashree Comforts Limited	-	10,000
10,000 (previous year: 10,000) fully paid up equity shares of Rs. 10 each in Anusha International Limited	10,000	10,000
1,700 (previous year: 1,700) fully paid up equity shares of Rs. 100 each in Maa Communication Bozel Limited	1,700	1,700
7,000 (previous year: 7,000) fully paid up equity shares of Rs. 10 each in Sachdev International Limited	7,000	7,000
12,500 (previous year: 12,500) fully paid up equity shares of Rs. 10 each in Scarlet Flowers and Agritech Limited	12,500	12,500
100 (previous year: 100) fully paid up equity shares of Rs. 10 each in Indana Spices and Food India Limited	100	100
80,000 (previous year: 80,000) fully paid up equity shares of Rs. 10 each in Vulcan Leasing and Investments Limited	80,000	80,000
5,005 (previous year: 5,005) fully paid up equity shares of Rs. 100 each in Janata Sahakari Bank Limited	500,500	500,500
295 (previous year: 295) fully paid up equity shares of Rs. 100 each in Haryana State Cooperative Bank Limited	29,500	29,500
50,000 (previous year: 50,000) fully paid up equity shares of Rs. 10 each in SDF Industries Limited	50,000	50,000
	708,601	718,601
2. Non trade - quoted		
Fully paid up equity shares		
30,000 (previous year: 15,000) fully paid up equity shares of Re. 1 each in ITC Limited	2,619,750	2,619,750
400 (previous year: 400) fully paid up equity shares of Rs. 10 each in Ultratech Cement Limited	400,060	400,060
80 (previous year: 80) fully paid up equity shares of Rs. 10 each in Tata Motors Limited	56,944	56,944
15,000 (previous year: 15,000) fully paid up equity shares of Rs. 2 each in Gujarat Ambuja Cement Limited	2,115,000	2,115,000
2,000 (previous year: 2,000) fully paid up equity shares of Rs. 2 each in Larsen & Toubro Limited	2,598,850	2,598,850
1,400 (previous year: 1,400) fully paid up equity shares of Rs. 2 each in Satyam Computers Limited	633,500	633,500
8,600 (previous year: 8,600) fully paid up equity shares of Rs. 10 each in Syndicate Bank Limited	700,470	700,470
	9,124,574	9,124,574
Total long term investment	11,921,402	13,889,725
Less: Provision for, other than temporary, diminution in the value of investments	(530,000)	(530,000)
	11,391,402	13,359,725

The aggregate book value and market value of quoted investments and book value of unquoted investments are as follows:

Quoted investment		
Aggregate book value	9,124,574	9,124,574
Aggregate market value	12,649,890	10,397,936
Aggregate book value of unquoted investments	2,266,828	4,235,151

Schedules to the financial statements

(₹)

7. Inventories	As at 31 March 2011	As at 31 March 2010
Raw materials and packing materials	1,136,711,036	810,385,289
Goods in transit - raw materials	4,292,906	15,229,710
Stores and spares	178,445,503	127,383,319
Work-in-progress	175,549,615	195,653,564
Finished goods	688,242,227	823,707,023
Goods in transit - finished goods	4,010,399	14,410,106
Traded goods	-	652,570
	2,187,251,686	1,987,421,581

(₹)

8. Sundry debtors	As at 31 March 2011	As at 31 March 2010
Unsecured		
Debts outstanding for a period exceeding six months		
- considered good	96,986,720	155,606,753
- considered doubtful	368,986,442	306,912,453
	465,973,162	462,519,206
Other debts		
- considered good	3,357,579,894	3,115,026,029
- considered doubtful	-	-
	3,823,553,056	3,577,545,235
Less: Provision for doubtful debts	(368,986,442)	(306,912,453)
	3,454,566,614	3,270,632,782

(₹)

9. Cash and bank balances	As at 31 March 2011	As at 31 March 2010
Balances with scheduled banks		
- in current accounts	344,521,445	378,946,793
- in margin money deposit accounts	14,525,423	13,905,163
- in exchange earners foreign currency (EEFC) account	21,452,755	17,448,886
	380,499,623	410,300,842

Schedules to the financial statements

(₹)

10. Loans and advances	As at 31 March 2011	As at 31 March 2010
Unsecured		
Considered good		
Advances recoverable in cash or in kind or for value to be received	556,810,577	256,808,975
Prepaid expenses	156,937,420	166,507,548
Inter-company deposit	-	22,063,518
Rental deposits	46,598,197	41,111,826
Other deposits	228,870,567	115,415,529
Advance fringe benefit tax (net of provision for fringe benefit tax)	1,973,463	1,973,463
Advance tax and tax deducted at source (net of provision for income-tax)	148,143,821	128,803,402
Balances with excise authorities	198,843,263	132,460,906
Interest accrued but not due	2,047,412	2,247,615
	1,340,224,720	867,392,782
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	160,027,863	145,233,817
Less: Provision for doubtful advances	(160,027,863)	(145,233,817)
	1,340,224,720	867,392,782

Notes:

Advances recoverable in cash or in kind or for value to be received:		
Dues from directors as at the balance sheet date:		
Jean-Marc Delpon de Vaux, Managing Director (upto 7 August 2009)	-	2,628,331
Paolo Alberto Francesco Lanzarotti, Managing Director (from 23 September 2009)	4,332,527	1,471,291
Maximum amount outstanding during the year:		
Jean-Marc Delpon de Vaux, Managing Director (upto 7 August 2009)	2,628,331	2,628,331
Paolo Alberto Francesco Lanzarotti, Managing Director (from 23 September 2009)	4,332,527	1,471,291

Advances recoverable in cash or in kind or for value to be received:

Dues from company under the same management as defined under section 370(1B) of the Companies Act, 1956 as at the balance sheet date:

SABMiller Vietnam	120,511	-
SABMiller Plc	18,648	279,365
SABMiller Europe AG	18,095	18,095
Maximum amount outstanding during the year:		
SABMiller Vietnam	431,126	-
SABMiller Plc	279,365	1,876,636
SABMiller Europe AG	18,095	18,095

Schedules to the financial statements

(₹)

11. Current liabilities	As at 31 March 2011	As at 31 March 2010
Acceptances	128,370,210	48,842,735
Sundry creditors		
- micro and small enterpises (refer note 18 of schedule 18)	14,901,889	23,012,839
- others	1,500,694,708	1,585,647,142
Payable to group companies	291,103,184	209,151,648
Deposits from customers and del credre agents	217,478,239	83,856,336
Book overdraft	1,456,327	2,755,465
Interest accrued but not due	53,521,311	30,041,316
Accrual for sales schemes and discounts	308,932,902	248,477,306
Excise duty payable	317,697,956	351,743,311
Other liabilities	1,161,136,165	1,044,867,210
	3,995,292,891	3,628,395,308

(₹)

12. Provisions	As at 31 March 2011	As at 31 March 2010
Provision for compensated absences	39,697,982	5 3,403,968
Provision for gratuity (refer to note 10 of Schedule 18)	66,381,856	4 8,856,679
Provision for income-tax (net of advance tax and tax deducted at source)	18,011,044	1 8,011,044
Provision for fringe benefit tax (net of advance tax)	4,489,085	4 ,489,085
Provision for claims (refer to note 12 of Schedule 18)	371,172,240	328,987,974
	499,752,207	453,748,750

(₹)

13. Other Income	For the year ended 31 March 2011	For the year ended 31 March 2010
Sale of spent malt and scrap	210,761,292	171,408,965
Sale of raw materials	43,421,571	2,592,475
Foreign exchange gain, net	64,407,000	-
Interest on fixed deposit [tax deducted at source Rs. 120,893 (previous year: Rs.354,658)]	1,232,376	3,970,121
Profit on sale of fixed assets, net	331,347	20,121,947
Profit on sale of investments, net	290,000	-
Duty draw back on export	11,189,664	16,956,697
Royalty income	21,961,467	14,813,453
Dividend income	356,800	179,848
Miscellaneous income	4,176,918	4,615,502
	358,128,435	234,659,008

Schedules to the financial statements

(₹)

14. Cost of materials			For the year ended 31 March 2011		For the year ended 31 March 2010
Cost of traded goods sold			10,127,036		34,735,297
Raw materials and packing materials consumed			7,300,487,990		6,555,731,699
Malt processing charges			136,434,739		65,038,647
Opening stock					
Work-in-progress		195,653,564		182,761,543	
Finished goods		838,117,129		814,209,811	
		1,033,770,693		996,971,354	
Less: Excise duty on opening stock		371,335,344		398,774,474	
	(A)	662,435,349		598,196,880	
Closing stock					
Work-in-progress		175,549,615		195,653,564	
Finished goods (including goods in transit)		692,252,626		838,117,129	
		867,802,241		1,033,770,693	
Less: Excise duty on closing stock		336,255,945		371,335,344	
	(B)	531,546,296		662,435,349	
(Increase)/ decrease in work-in-progress and finished goods	(A-B)		130,889,053		(64,238,469)
			7,577,938,818		6,591,267,174

(₹)

15. Personnel costs	For the year ended 31 March 2011	For the year ended 31 March 2010
Salaries, wages and bonus	1,063,209,762	939,018,938
Contributions to provident and other funds	37,244,541	33,501,875
Gratuity	18,383,041	1,536,399
Compensated absences	(9,867,230)	16,901,748
Workmen and staff welfare	35,032,477	67,244,542
	1,144,002,591	1,058,203,502

Schedules to the financial statements

(₹)

16. Other expenses	For the year ended 31 March 2011	For the year ended 31 March 2010
Sales scheme expenses	708,440,897	770,817,493
Commission on sales	189,064,600	225,000,435
Freight outward	919,465,723	813,190,943
Power and fuel	631,240,693	574,467,881
Advertisement and publicity	816,765,684	825,787,061
Management fees	-	461,725,791
Management group service charge	251,702,115	-
Rates and taxes	119,994,864	129,067,081
Legal and professional	183,252,209	248,640,253
Clearing and forwarding	153,542,012	110,654,121
Travel and conveyance	128,502,451	106,985,109
Consumption of stores and spares	74,117,778	161,230,340
Rent	176,129,469	181,317,912
Repairs and maintenance		
- buildings	4,728,358	9,804,956
- plant and machinery	76,248,769	26,443,584
- others	130,708,421	50,865,077
Telephone and other communication	56,639,395	49,339,722
Training and development	46,610,789	25,865,704
Insurance	38,810,518	35,419,843
Provision for doubtful debts	62,073,989	69,710,455
Printing and stationery	12,030,545	9,776,780
Provision for doubtful loans and advances	14,794,046	(91,765,225)
Advances written off	159,412	1,000,000
Provision for claims, net	42,184,266	29,368,264
Foreign exchange loss, net	-	26,166,454
Miscellaneous expenses	248,741,150	223,184,627
	5,085,948,153	5,074,064,661

(₹)

17. Finance costs	For the year ended 31 March 2011	For the year ended 31 March 2010
Interest		
- On external commerical borrowings	115,360,052	72,779,493
- On term loans	660,067,976	672,031,068
- Others	26,430,335	32,466,161
Bank charges	16,710,296	20,002,663
	818,568,659	797,279,385

Schedules to the financial statements

18. Notes to the financial statements

1. Contingent liabilities and other commitments

(₹)

Particulars	As at 31 March 2011	As at 31 March 2010
Claims against the Company not acknowledged as debts in respect of:		
a) Sales tax matters	94,261,168	90,838,719
b) Excise matters	94,448,957	90,081,557
c) Service tax matters	153,442,644	123,741,134
d) Custom matters	261,555	261,555
e) Other matters	59,784,812	46,234,080
Other commitments		
f) Bank guarantees	59,641,873	9,243,540
g) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	220,663,923	505,701,966

2. Early adoption of AS 30

During the year ended 31 March 2009, the Company early adopted the principles of AS 30 effective 1 April 2009 for forward exchange contracts and other derivatives that are not covered by AS 11 and that relate to a firm commitment or a highly probable forecast transaction.

3. Income from contract bottling operations pertains to the revenue share the Company has earned on sales made by the tie up units. These revenues are recorded on a net basis in order to comply with relevant statutory regulations where by tie up units raise invoices on its customers, accounts for collections in its books of accounts, discharge statutory dues and taxes and records sales on a gross basis in the financial statements. The contract bottling agreement further specifies that the dealing between the Company and the contract bottlers is on a principal to principal basis. The above practice is consistent with prevalent industry practice.

4. Auditors' remuneration, net of service tax (included under legal and professional fees)

(₹)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
As auditor		
- Statutory audit	9,200,000	9,200,000
- Tax audit	1,000,000	1,000,000
Reimbursement of expenses	443,728	550,123

5. Earnings per share

(Figures in ₹ except number of shares)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Loss for the year attributable to equity shareholders	(601,372,377)	(1,422,561,687)
Weighted average number of equity shares of Rs. 10 each used for calculation of basic and diluted earnings per share	231,183,745	231,183,745
Basic and diluted earnings per share	(2.60)	(6.15)

Schedules to the financial statements

18. Notes to the financial statements

6. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 (quantitative information has been compiled from records and technical data in respect of each class of goods manufactured/ purchased by the Company):

(a) Details of finished goods (including goods in transit) and turnover (gross)

	For the year ended 31 March 2011		For the year ended 31 March 2010	
Beer	Quantity (in cases)	Amount (₹)	Quantity (in cases)	Amount (₹)
Opening stock	2,434,518	838,117,129	2,509,859	814,209,811
Sales (gross of excise duty and discounts)*	51,763,888	24,518,276,272	47,657,252	21,122,149,181
Closing stock	2,161,500	692,252,626	2,434,518	838,117,129

* Includes 112,854 (previous year: 183,139) cases charged to consumption on account of breakages, damages and wastage.

(b) Details of traded goods

	For the year ended 31 March 2011		For the year ended 31 March 2010	
Beer	Quantity (in cases)	Amount (₹)	Quantity (in cases)	Amount (₹)
Opening stock	1,429	652,570	5,074	2,222,471
Purchases	21,033	9,474,466	71,560	33,165,396
Sales (gross of excise duty and discounts)**	22,462	20,263,108	75,205	38,638,725
Closing stock	-	-	1,429	652,570

** Includes 54 (previous year: 941) cases charged to consumption on account of breakages, damages and wastage.

(c) Details of capacity and production (in cases)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Licensed capacity#	77,559,542	77,559,542
Installed capacity*	73,522,209	73,522,209
Actual production	51,490,870	47,581,911

* Installed capacity is as certified by management and relied upon by the auditors being a technical matter.

Licensed capacity is 6,049,644 HLs (previous year: 6,049,644 HLs) which is converted in cases considering 7.8 litres per case.

(d) Consumption of raw materials and packing materials

Particulars	Units	For the year ended 31 March 2011		For the year ended 31 March 2010	
		Quantity	Amount (₹)	Quantity	Amount (₹)
Malt (Note 1)	MT	57,763	1,290,141,575	51,470	1,243,685,709
Bottles	Nos	648,514,968	3,209,076,886	599,687,755	2,881,926,643
Others (Note 2)			2,937,704,268		2,495,157,994
Total			**7,436,922,729**		**6,620,770,346**

Note 1: Includes processing charges.

Note 2: It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total consumption.

Schedules to the financial statements

18. Notes to the financial statements

(e) Consumption of imported and indigenous raw materials and packing materials

Particular	For the year ended 31 March 2011		For the year ended 31 March 2010	
	Amount (₹)	%	Amount (₹)	%
Imported	140,574,830	2	475,511,406	7
Indigenous	7,296,347,899	98	6,145,258,940	93
Total	**7,436,922,729**	**100**	**6,620,770,346**	**100**

(f) Consumption of imported and indigenous stores and spares

Particular	For the year ended 31 March 2011		For the year ended 31 March 2010	
	Amount (₹)	%	Amount (₹)	%
Imported	10,281,516	14	7,930,322	5
Indigenous	63,836,262	86	153,300,018	95
Total	**74,117,778**	**100**	**161,230,340**	**100**

7. Value of imports on CIF basis

(₹)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Raw materials and packing materials	78,446,536	295,143,601
Spare parts	25,642,280	8,434,358
Capital goods	204,940,031	4,572,806
Total	**309,028,847**	**308,150,765**

8. Expenditure in foreign currency (accrual basis)

(₹)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Travel	13,068,301	8,301,094
Management fees *	-	461,725,791
Management group service charge *	251,702,115	-
Salaries, wages and bonus	61,933,979	-
Interest **	115,360,052	72,779,493
Professional and consultation fees	20,319,541	50,248,458
Others *	67,117,565	11,982,111
Total	**529,501,553**	**605,036,947**

* Includes withholding taxes of Rs. 25,170,212 (previous year: Rs. 47,716,128) and research and development cess Rs. Nil (previous year: Rs. 23,858,064)
** Includes withholding taxes of Rs. 7,803,184 (previous year: Rs. 2,020,271)

9. Earnings in foreign currency (accrual basis)

(₹)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Export sales at FOB value	223,483,118	191,352,648

Schedules to the financial statements

18. Notes to the financial statements

10. Gratuity

The Company has a gratuity plan for the employees of the Company. Every employee who has completed 5 years or more of service is eligible for gratuity on separation, worked out at 15 days salary (last drawn salary) for each completed year of service. The obligation under the scheme is partially funded by contributions being made towards qualifying insurance policies obtained from the insurer.

Profit and loss account

Net employee benefit expense (recognised in personnel expenses)

(₹)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Current service cost	8,047,190	8,757,060
Interest cost on defined benefit obligation	6,389,264	5,111,058
Expected return on plan assets	(2,399,102)	(1,942,892)
Net actuarial (gain) recognised for the year	(6,654,500)	(10,388,827)
Past service cost	13,000,189	-
Net benefit expense	**18,383,041**	**1,536,399**
Actual return on plan assets	2,963,123	6,313,683

Balance sheet

Details of provision for gratuity

(₹)

Particulars	As at 31 March 2011	As at 31 March 2010
Defined benefit obligations	96,375,972	77,776,137
Fair value of plan assets	29,994,116	28,919,458
Plan liabilities	**66,381,856**	**48,856,679**

Changes in the present value of the defined benefit obligation

(₹)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Opening defined benefit obligation	77,776,137	75,152,540
Current service cost	8,047,190	8,757,060
Interest cost	6,389,264	5,111,058
Benefits paid	(2,746,329)	(5,226,485)
Past Service cost	13,000,189	-
Actuarial (gain)/ loss on obligation	(6,090,479)	(6,018,036)
Closing defined benefit obligation	**96,375,972**	**77,776,137**

Changes in the fair value of plan assets

(₹)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Opening fair value of plan assets	28,919,458	22,454,555
Expected return on plan assets	2,399,102	1,942,892
Actuarial gain on plan assets	564,021	4,370,791
Contributions by employer	857,864	5,377,705
Benefits paid	(2,746,329)	(5,226,485)
Closing fair value of plan assets	**29,994,116**	**28,919,458**

Schedules to the financial statements

18. Notes to the financial statements

Major Categories of plan assets as a percentage of the fair value of total plan assets

Particulars	As at 31 March 2011	As at 31 March 2010
Qualifying insurance policies from the insurer	100%	100%

Principal assumptions used in determining gratuity benefit obligations for the Company's plan

Particulars	As at 31 March 2011	As at 31 March 2010
Discount rate	8.15%	7.85%
Expected rate of return on plan assets	7.50%	7.50%
Salary increase	10% for Executives 7% for Others	9% for Executives 7% for Workers
Employee turnover	21% for Executives 2% for Workers	10% for Executives 2% for Workers
Retirement age	58 Years	58 Years

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

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four years:

(₹)

Particulars	As at 31 March 2011	As at 31 March 2010	As at 31 March 2009	As at 31 March 2008	As at 31 March 2007
Defined benefit obligation	96,375,972	77,776,137	75,152,540	62,980,939	51,632,939
Plan assets	29,994,116	28,919,458	22,454,555	18,491,154	17,982,945
(Deficit)	(66,381,856)	(48,856,679)	(52,697,985)	(44,489,785)	(33,649,994)
Experienced adjustments on plan liabilities	(3,036,056)	4,845,181	(2,341,056)	(293,399)	(904,245)
Experienced adjustments on plan assets	564,021	4,370,791	641,263	(250,707)	149,941

11. Segmental reporting

Business segments:

The Company's sole business segment is 'Beer'. Consequently, the requirement for separate business segment disclosures as required under AS 17 – 'Segment Reporting' is not applicable.

Geographical segments:

The Company operates in two principal geographical areas of the world: India and the rest of the world.

The accounting principles used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to the individual segments as these expenses are common in nature. The Company therefore believes that it is not practicable to provide segment disclosure relating to such expenses and accordingly such expenses are separately disclosed as unallocated and directly charged against total income.

Certain segment assets and liabilities are directly attributable to the segment. Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors and loans and advances. Segment liabilities include trade creditors, creditors for expenses and other operating liabilities and provisions. Certain assets and liabilities that are not specifically allocable to the individual segments have been separately disclosed as unallocated.

Schedules to the financial statements

18. Notes to the financial statements

(₹)

Revenue (net of duties, taxes and discount)	For the year ended 31 March 2011	For the year ended 31 March 2010
India	14,295,739,784	12,400,781,664
Rest of world	223,483,118	191,352,648
	14,519,222,902	**12,592,134,312**

Segment asset	As at 31 March 2011	As at 31 March 2010
India	18,584,245,265	18,016,112,801
Rest of world	3,518,298	1,437,217
	18,587,763,563	**18,017,550,018**

Capital expenditure	As at 31 March 2011	As at 31 March 2010
India	794,849,667	962,924,658
Rest of world	-	-
	794,849,667	**962,924,658**

12. Provisions for claims

The provisions are utilised to settle previously anticipated and determined adverse outcomes of legal cases against the Company. The provision is based on independent advice obtained by the Company from external legal counsel. The time frame of utilisation of the provision is determined by the course of the legal proceedings.

(₹)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Provision for indirect tax cases		
Opening balance	256,915,091	231,973,104
Add: Addition during the year	39,622,823	60,513,168
Less: Unused amounts reversed during the year	(11,372,896)	(35,571,181)
Closing balance	**285,165,018**	**256,915,091**
Provision for water charges		
Opening balance	72,072,883	67,646,606
Add: Addition during the year	13,934,339	4,426,277
Closing balance	**86,007,222**	**72,072,883**

Provision for indirect tax cases

Details of provisions made during the year are:

A. Value Added Tax ("VAT"):

(i) The Andhra Pradesh VAT authorities have raised a demand to levy VAT on sale of spent malt (residue product arising from the beer manufacturing process) for the period from April 2003 to March 2005 and January 2009 to December 2010. The authorities have raised a demand of Rs. 10,260,680 including interest and penalty. The Company has filed an appeal before the Deputy Commissioner against the demand and the matter is pending for hearing. The Company has provided for Rs. 6,667,550 (previous year: Rs. 9,341,005) towards the demand during the current year.

(ii) The Karnataka VAT authorities have raised a demand to levy VAT on sale of spent malt for the period from April 2005 to March 2009. The Authorities have raised a demand of Rs. 4,389,618. The Company has filed an appeal before the Joint Commissioner of Commercial Taxes. The Company has provided for Rs. 4,059,212 (previous year: Rs. Nil) towards the demand during the current year.

Schedules to the financial statements

18. Notes to the financial statements

B. Entry Tax:

(i) The Government of Haryana has abolished the local area development tax ("LADT") and introduced entry tax on inter-state purchases. However, the government is yet to frame rules for payment of entry tax due to which entry tax is not being paid. As the rules may have retrospective effect, the Company assesses the probability of an adverse outcome of the case and has accordingly made a provision. During the current year the Company has made an additional provision for Rs. 26,008,144 towards entry tax on barley procured from other states.

(ii) Entry tax is a disputed matter in the state of Uttar Pradesh. The High Court of Uttar Pradesh has ruled that the levy of entry tax on interstate purchase is unconstitutional. The state government has filed an appeal before the Supreme Court against the above order and the matter is pending for disposal. Pending the outcome of the appeal, the Company has made additional provision of Rs. 2,241,783 for towards entry tax on interstate purchases in the current year.

C. For various other miscellaneous matters, the Company has provided Rs. 646,134 during the current year.

Details of amounts reversed during the year

Sales Tax:

The Company has collected some of the pending statutory C Forms and submitted to Sales Tax Department. Accordingly the Company has reversed the provision amounting to Rs. 11,372,896 during the current year.

Provision for water charges

The Maharashtra Industrial Development Corporation ("MIDC") had, vide order no EE/E&M/785/2005 dated 25 May 2005, made a demand for increase in water charges with retrospective effect from 1 Nov, 2001. Waluj Industries Association of which the Company is a member has filed a writ petition against such demand in the Honourable High Court of Aurangabad. The Honourable High Court has given a stay order against such increase in water charges. However, the Company provides for the differential rate levied from 25 May 2005 (i.e. date of order) in the books pending final outcome of the writ petition.

13. Related parties

(i) Names of related parties and description of relationship with the Company:

Enterprises where control exists

1. Ultimate holding company	SABMiller Plc
2. Holding company	SABMiller Breweries Private Limited
3. Significant influence	SABMiller Asia & Africa BV

Names of other related parties with whom transactions have taken place during the year

1. Fellow subsidiaries	S.p.A. Birra Peroni SABMiller India Limited SABMiller International BV SABMiller Management (IN) BV SABMiller Africa & Asia (Pty) Limited SABMiller Vietnam SABMiller (Asia) Limited SABMiller Europe AG MUBEX SABMiller Management BV
2. Key managerial personnel	Paolo Alberto Francesco Lanzarotti, Managing Director (from 23 September, 2009) Jean-Marc Delpon de Vaux, Managing Director (upto 7 August, 2009)

Schedules to the financial statements

18. Notes to the financial statements

(ii) Related party transactions

(₹)

	For the year ended 31 March 2011	For the year ended 31 March 2010
SABMiller Breweries Private Limited		
Income from contract bottling	83,337,284	66,936,618
Purchase of traded goods	6,991,654	30,445,072
Purchase of raw materials	12,390,267	16,046,695
Sale of raw materials	43,421,571	2,592,475
Reimbursement of expenses incurred on behalf of the Company	902,250	734,720
Reimbursement of expenses incurred on behalf of other companies	17,110,679	136,103,249
Loan repaid, net	164,696,538	44,589,516
Purchase of fixed asset	-	70,294
Sale of fixed assets	-	300,020
SABMiller Asia & Africa (Pty) Limited		
Reimbursement of expenses incurred on behalf of the Company	6,237,854	7,708,505
Reimbursement of expenses incurred on behalf of other Company	3,618,701	804,720
Purchase of raw materials	426,323	438,167
SABMiller Plc		
Reimbursement of expenses incurred on behalf of the Company	26,318	333,715
Reimbursement of expenses incurred on behalf of other companies	-	2,471,736
SABMiller Management (IN) BV		
Management fees	-	461,725,791
Management group service charge	251,702,115	-
Reimbursement of expenses incurred on behalf of other companies	-	2,432,461
MUBEX		
Purchase of raw materials	-	1,541,174
S.p.A. Birra Peroni		
Purchase of traded goods	2,482,812	2,720,324
SABMiller India Limited		
Interest expense	2,875,871	2,768,747
Loan taken, net	1,890,284	1,812,024
SABMIller Management BV		
Salaries, Wages and Bonus	61,933,979	-
SABMiller Vietnam		
Reimbursement of expenses incurred on behalf of other companies	649,236	447,164
SABMiller (Asia) Limited		
Reimbursement of expenses incurred on behalf of other companies	164,866	150,160
SABMiller International BV		
Reimbursement of expenses incurred on behalf of the Company	-	119,474
SABMiller Europe AG		
Reimbursement of expenses incurred on behalf of other companies	-	18,095
Key managerial personnel		
Remuneration	27,288,632	14,043,496
Advance given	2,861,236	2,748,851

Schedules to the financial statements

18. Notes to the financial statements

(iii) Amount outstanding as at the balance sheet date:

(₹)

	As at 31 March 2011	As at 31 March 2010
SABMiller Breweries Private Limited		
Unsecured loan	2,338,439	167,034,977
SABMiller Plc		
Advances recoverable in cash or in kind or for value to be received	18,648	279,365
SABMiller Asia & Africa (Pty) Limited		
Payable to group companies	8,770,916	4,772,313
SABMiller India Limited		
Unsecured loan	49,821,472	47,931,188
SABMiller Management (IN) BV		
Payable to group companies	220,398,289	201,946,874
SABMiller Europe AG		
Advances recoverable in cash or in kind or for value to be received	18,095	18,095
SABMiller Vietnam		
Advances recoverable in cash or in kind or for value to be received	120,511	-
SABMiller Management BV		
Payable to group Companies	61,933,979	-
Key managerial personnel		
Advances recoverable in cash or in kind or for value to be received	4,332,527	1,471,291

(iv) The Company has obtained unsecured loans from its holding company and a fellow subsidiary for which no terms and tenure for repayment have been specified. The loan from the fellow subsidiary and holding company is interest free.

(v) Corporate guarantees have been given by SABMiller Plc for loan facility obtained by the Company as at balance sheet date amounting to Rs. 4,065,250,300 (previous year: Rs 4,065,250,300).

(vi) SABMiller Plc operates a variety of equity-settled share-based compensation plans for few select employees of the Company, costs of which are not re-charged to the Company (Refer note 19 below for further details).

14.Deferred tax assets/(liabilities)

(₹)

Particulars	As at 31 March 2011	As at 31 March 2010
Deferred tax assets		
Investments	176,053	180,147
Debtors	115,044,144	96,620,640
Loans and advances	46,580,190	42,634,954
Provision for retirement benefits	35,237,070	34,758,394
Provision for claims	87,639,083	75,338,769
Unabsorbed depreciation	1,130,608,418	1,121,216,547
Total	**1,415,284,958**	1,370,749,451
Deferred tax liabilities		
Fixed assets	1,415,284,958	1,370,749,451
Total	**1,415,284,958**	1,370,749,451
Deferred tax liabilities, net	-	-

In view of the accumulated losses and in accordance with AS 22 – “Accounting for taxes on income”, deferred tax assets on unabsorbed depreciation and other temporary timing differences have been recognised only to the extent of those timing differences, the reversal of which will result in sufficient taxable income.

Schedules to the financial statements

18. Notes to the financial statements

15. Derivative instruments and un-hedged foreign currency exposure

Derivative instruments

Particulars	Purpose	As at 31 March 2011	As at 31 March 2010
Forward contract	Towards repayment of sundry creditors	Euro 997,288 USD 429,950	USD 329,176
Forward contract	Towards repayment of interest on foreign currency loan	JPY 231,069,320	JPY 133,086,750
Currency swap contract	Towards repayment of foreign currency loan	JPY 3,218,455,000	JPY 1,800,000,000

Particulars of un-hedged foreign currency exposure as at the balance sheet date

Underlying asset/ liability	As at 31 March 2011		As at 31 March 2010	
	Foreign currency amount	Amount in (₹)	Foreign currency amount	Amount in (₹)
Bank balance	USD 480,192	21,450,176	USD 379,406	17,448,886
	JPY 4,685	2,579	-	-
Sundry debtors	USD 78,762	3,518,298	USD 31,251	1,437,217
Advances recoverable in cash or in kind or for value to be received	USD 3,520	157,254	USD 6,074	279,365
Sundry creditors	USD 17,054	(761,798)	USD 160,121	(7,363,983)
	ZAR 7,948	(53,808)	EURO 697,288	(42,764,673)
	GBP 7,332	(527,415)	-	-
	EURO 25,310	(1,600,589)	-	-
Interest accrued but not due	JPY 2,852,156	(1,570,397)	JPY 2,293,222	(1,157,389)
Payable to group companies	ZAR 1,294,738	(8,770,916)	ZAR 767,253	(4,772,313)
	USD 6,320,400	(282,332,268)	-	-
Total		**(270,488,884)**		**(36,892,890)**

16. Managerial remuneration

The details of remuneration paid to the Managing Director are as follows:

(₹)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Salary and allowance	4,638,476	9,756,981
Contribution to provident fund	1,430,618	1,294,369
Stock compensation cost	6,926,388	1,194,961
Perquisites	14,293,150	1,797,185
Total	**27,288,632**	**14,043,496**

Note:

i. Mr. Jean Marc Delpon de Vaux (upto 7 August 2009) and Mr. Paolo Alberto Francesco Lanzarotti (from 23 September 2009).

ii. As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to Managing Director is not ascertainable and, therefore not included above.

Schedules to the financial statements

18. Notes to the financial statements

17. Operating leases

The Company is obligated under non-cancellable operating leases for a brewing facility and other office premises which are renewable at the option of the lessor and lessee. Total lease rental expense under non-cancellable operating leases amounted to Rs. 79,218,180 (previous year: Rs. 72,737,958) for the year ended 31 March 2011. Future minimum lease payments under non-cancellable operating leases are as follows:

(₹)

Period	As at 31 March 2011	As at 31 March 2010
Not later than 1 year	77,118,180	74,313,338
Later than 1 year and not later than 5 years	125,372,163	194,543,814
Later than 5 years	-	-

The Company is also obligated under cancellable lease for residential, vehicles and office premises, which are renewable at the option of both the lessor and lessee. Total rental expense under cancellable operating lease entered amounted to Rs. 96,911,289 (previous year: Rs. 108,579,954) for the year ended 31 March 2011.

18. Based on the confirmations received from the suppliers who provide goods and services to the Company regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has prepared the following disclosure as required under the said Act. The Company however has not received any claim for interest from any supplier under the said Act.

(₹)

Particulars	As at 31 March 2011	As at 31 March 2010
(i) The principal amount remaining unpaid to any supplier as at the end of each accounting year;	12,960,563	21,218,661
(ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	-	-
(iii) 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 this Act;	147,148	733,942
(iv) The amount of interest accrued and remaining unpaid at the end of the year; and	1,941,326	1,794,178
(v) 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.	1,794,178	1,060,236

19. Employee stock compensation cost

Guidance Note on "Accounting for Employee Share Based Payments" issued by the ICAI ('the Guidance Note') establishes financial and reporting principles for employees share based payment plans. The Guidance Note applies to employee share based payment plans, the grant date in respect of which falls on or after 1 April 2005. SABMiller Plc ('the Group') operates a variety of equity settled share-based compensation plans for the employees of the Company.

(i) During the year ended 31 March 2011, the Group had the following share-based payment arrangements for the employees of the Company.

Executive Share Option Scheme [Approved and (No 2) Scheme]

Particulars	As at 31 March 2011	As at 31 March 2010
Date of grant	1 June 2010	15 May 2009
Number of shares granted	155,000	146,400
Method of settlement	Equity	Equity
Contractual life	10 years	10 years
Vesting period	3 years	3 years
Vesting conditions	Achievement of a target growth in earnings per share	Achievement of a target growth in earnings per share

Schedules to the financial statements

18. Notes to the financial statements

International Performance Share Award Sub-Scheme

Particulars	As at 31 March 2011	As at 31 March 2010	
Date of grant	1 June 2010	18 May 2007*	16 May 2008*
Number of shares granted	-	6,000	7,000
Method of settlement	Equity	Equity	
Contractual life	10 years	10 years	
Vesting period	3 years	3 years	
Vesting conditions	Achievement of a target growth in earnings per share	Achievement of a target growth in earnings per share	

** The options represent transferred options relating to employees transferred from other companies within the SABMiller Group during earlier years.*

SABMiller Plc share Award Plan 2008

Particulars	As at 31 March 2011	As at 31 March 2010
Date of grant	1 June 2010	15 May 2009
Number of shares granted	9,000	14,000*
Method of settlement	Equity	Equity
Contractual life	10 years	10 years
Vesting period	3 years	3 years
Vesting conditions	Achievement of a target growth in earnings per share	Achievement of a target growth in earnings per share

** The options represent transferred options relating to employees transferred from other companies within the SABMiller Group during earlier years.*

(ii) The details of the activity of shares issued after 1 April 2005 under Executive Share Option Scheme [Approved and (No 2) Scheme] are as follows:

Particulars	31 March 2011		31 March 2010	
	Number of Options	*Weighted average exercise price (₹)*	*Number of Options*	*Weighted average exercise price (₹)*
Outstanding at the beginning of the year	364,700	961	277,827	950
Granted during the year	155,000	1,313	146,400	930
Transferred in/ (out) during the year*	(49,300)	(924)	109,900	857
Lapsed during the year	14,000	1,024	34,000	982
Exercised during the year	81,650	972	135,427	799
Outstanding at the end of the year	374,750	1,107	364,700	961
Exercisable at the end of the year	16,850	921	22,350	802

** The options transferred represents options relating to employees transferred from companies within the SABMiller Group during earlier years.*

The weighted average share price at the date of exercise for stock options exercised during the year was Rs. 1,471 (previous year: Rs. 1,141). The options outstanding as at 31 March 2011 had a weighted average remaining contractual life of 8.2 years (previous year: 8.1 years).

Schedules to the financial statements

18. Notes to the financial statements

The details of the activity of shares issued after 1 April 2005 under International Performance Share Award Sub-Scheme are as follows:

Particulars	31 March 2011		31 March 2010	
	Number of Options	*Weighted average exercise price (₹)*	*Number of Options*	*Weighted average exercise price (₹)*
Outstanding at the beginning of the year	14,000	-	16,000	-
Granted during the year	-	-	-	-
Transferred in during the year	-	-	14,000	-
Lapsed during the year	-	-	16,000	-
Vested during the year	6,000	-	-	-
Outstanding at the end of the year	8,000	-	14,000	-
Exercisable at the end of the year	-	-	-	-

The weighted average share price at the date of exercise for stock options exercised during the year was Rs. Nil (previous year: Rs. Nil). The options outstanding as at 31 March 2011 had a weighted average remaining contractual life of 7.1 years (previous year: 7.7 years).

The weighted average fair value of stock options granted during the year is Rs. 439 (Previous year: Rs. 325). The estimate of fair value on the date of the grant was made using the Binomial model valuation and Monte Carlo model with the following assumptions:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Share price at the grant date	₹ 1,311	₹ 920
Exercise price at the grant date	₹ 1,313/ ₹ Nil	₹ 930/ ₹ Nil
Expected volatility	28.10%	31.30%
Contractual life (vesting and exercise period) in years	10 years	10 years
Expected dividends	2.48%	3.22%
Average risk-free interest rate	3.58%	3.54%

The expected volatility was determined based on historical daily share price volatility of SABMiller Plc share price.

(iii) Since the Company uses the intrinsic value method, the impact on the reported net loss and earnings per share is computed by applying the fair value based method. The Guidance Note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Applying the fair value based method defined in the said Guidance Note, the impact on the reported net loss and earnings per share would be as follows:

(₹)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Net loss as reported	(601,372,377)	(1,422,561,687)
Add : Employee stock compensation under intrinsic value method	-	-
Less : Employee stock compensation under fair value method	(44,563,640)	(35,675,185)
Proforma net income	(645,936,017)	(1,458,236,872)
Earnings per share as reported		
- Basic	(2.60)	(6.15)
- Diluted	(2.60)	(6.15)
Proforma earnings per share		
- Basic	(2.79)	(6.31)
- Diluted	(2.79)	(6.31)

Schedules to the financial statements

18. Notes to the financial statements

20. Amalgamation adjustment reserve account

With effect from 21 May 2003, the direct and step down subsidiaries of the Company were amalgamated into the Company. The Company has accounted for amalgamation adjustment reserve as per the Scheme approved by the Honourable High Courts. Amalgamation adjustment reserve account represents excess of the carrying value of investments, over the share capital of the Transferor companies.

21. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

22. The comparative figures have been regrouped/ reclassified, wherever necessary, to conform to the current year's presentation.

for B S R & Co.
Firm registration number : 101248W
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore
27th July 2011

for **SKOL Breweries Limited**

Paolo Alberto Francesco Lanzarotti
Managing Director

Ari Mervis
Director

Paul Aloysius D'Silva
Chief Finance Officer

Sridhar S
Company Secretary

Hong Kong
26th July 2011

Cash flow statement

(₹)

Particulars		For the year ended 31 March 2011	For the year ended 31 March 2010
Cash flows from operating activities			
Loss before tax		(603,639,271)	(1,422,430,457)
Adjustments:			
Depreciation		950,690,263	805,280,273
Dividend income		(356,800)	(179,848)
Interest and financing charges		801,858,363	797,279,385
Interest income		(1,232,376)	(3,970,121)
Profit on sale of fixed assets		(331,347)	(20,121,947
Profit on sale of investments		(290,000)	-
Unrealised foreign exchange difference		(36,851,191)	25,142,619
Operating cash flows before working capital changes		**1,109,847,641**	**180,999,904**
(Increase)/decrease in sundry debtors		(183,933,832)	119,711,432
(Increase)/decrease in loans and advances		(286,321,991)	348,850,719
Increase in inventories		(199,830,105)	(337,340,070)
Increase/(decrease) in current liabilities and provisions		492,105,231	(1,005,657,085)
Cash generated from operations		**931,866,944**	**(693,435,100)**
Taxes paid, net of refund		(17,073,525)	(15,057,608)
Net cash provided by/ (used in) operating activities	a	**914,793,419**	**(708,492,708)**
Cash flows from investing activities			
Purchase of fixed assets		(794,849,667)	(962,924,658)
Proceeds from sale of fixed assets		1,496,715	27,494,878
Dividend income		356,800	179,848
Interest received		1,432,579	4,148,975
Purchase of investments		-	(2,000,500)
Sale of investments		2,258,323	-
Net cash used in investing activities	b	**(789,305,250)**	**(933,101,457)**
Cash flows from financing activities			
Proceeds from borrowings		19,867,755,607	31,188,461,002
Repayment of borrowings		(19,244,769,676)	(28,665,344,512)
Interest and financing charges paid		(778,378,368)	(787,553,884)
Public deposit refunded		-	(30,000)
Unclaimed dividend		-	(88,315)
Net cash (used in)/ provided by financing activities	c	**(155,392,437)**	**1,735,444,291**
Effect of exchange rate changes on cash and cash equivalents	d	103,049	(944,727)
Net increase in cash and cash equivalents	a+b+c+d	(29,801,219)	92,905,399
Cash and cash equivalents at the beginning of the year		410,300,842	317,395,443
Cash and cash equivalents at the end of the year		380,499,623	410,300,842
Net increase in cash and cash equivalents*		(29,801,219)	92,905,399

* Includes Rs. 14,525,423 (previous year: Rs. 13,905,163) in margin money deposit account.

As per our report attached

for B S R & Co.
Firm registration number : 101248W
Chartered Accountants

for SKOL Breweries Limited

Zubin Shekary
Partner
Membership No. 48814

Paolo Alberto Francesco Lanzarotti
Managing Director

Ari Mervis
Director

Paul Aloysius D'Silva
Chief Finance Officer

Sridhar S
Company Secretary

Bangalore
27th July 2011

Hong Kong
26th July 2011

Additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	**Registration Details**		
	Registration No :	49687	State Code : 11
	Balance Sheet Date:	31-Mar-11	
II	**Capital Raised during the year (Amount in ₹ Thousands)**		
	Public Issue		Rights Issue
	Nil		Nil
	Bonus Issue		Private Placement
	Nil		Nil
III	**Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)**		
	Total Liabilities		Total Assets
	17,956,433		17,956,433
	Sources of Funds		
	Paid - up Capital		Reserves and Surplus
	2,311,837		6,140,638
	Secured Loans		Unsecured Loans
	0		9,503,958
	Application of Funds		
	Net Fixed Assets		Investments
	11,213,830		11,391
	Net Current Assets		Misc Expenditure
	2,867,498		1,457,236
	Accumulated Losses		
	2,406,479		
IV	**Performance of the Company (Amount in ₹ Thousands)**		
	Turnover *		Total Expenditure
	14,973,509		15,577,148
	* Turnover includes Other Income		
	Profit/(Loss) Before Tax		Profit/ Loss After Tax
	(603,639)		(601,372)
	Earnings Per Share in ₹		Dividend Rate %
	(2.60)		0
V	**Generic Names of Three Principal Products/ Services of the Company (as per monetary terms)**		
	Item code No [ITC Code]	220300	
	Product Description	Beer	

for **SKOL Breweries Limited**

Paolo Alberto Francesco Lanzarotti
Managing Director

Ari Mervis
Director

Paul Aloysius D'Silva
Chief Finance Officer

Sridhar S
Company Secretary

Hong Kong
26th July 2011

SKOL BREWERIES LIMITED

Regd Off: Solitaire Corporate Park 10, Unit No.1021, 2nd Floor, Survey No.131-A, Chakala, Andheri-Kurla Road, Andheri East, Mumbai 400 093

July 26, 2011

Dear Shareholder,

As a responsible corporate citizen, your Company welcomes and supports the "Green Initiative" taken by the Ministry of Corporate Affairs, Government of India (MCA), vide its Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011. In terms of the enabling provisions of these Circulars, the Company is desirous of effecting electronic delivery of documents including the Annual Report to you on an email ID to be registered by you for this purpose.

For supporting this initiative:

1) **If you hold shares in electronic form** – please intimate your email ID to your Depository Participant (DP). The same will be deemed to be your registered email address for serving notices/documents, including those covered under Section 219 of the Companies Act, 1956;

2) **If you hold shares in physical form** – please intimate your email ID to the Company's Registrars & Transfer Agents (RTA) at the following address:

Sharepro Services (India) Pvt. Ltd
(Unit: SKOL Breweries Limited)
Samhita Warehousing Complex
Gala No-52 to 56, Bldg No.13 A-B
Near Sakinaka Telephone Exchange
Andheri –Kurla, Road, Sakinaka
Mumbai - 400072

The request letter should be signed by the first/sole holder as per the specimen signature recorded with the RTA and should mention your correct folio number. Alternatively, you may send a scanned copy of your above request letter on sharepro@shareproservices.com

If you do not register your mail ID, a physical copy of the Annual Report and other communication/documents will be sent to you free of cost, as per the current practice.

The Annual Report and other communication sent electronically will also be displayed on the Company's website www.sabmiller.in

We are sure that you will support this initiative of "Green Initiative" and co-operate with the Company to make it a success.

For **SKOL Breweries Limited**

Sridhar S
Company Secretary

SKOL BREWERIES LIMITED

Regd. Off: Solitaire Corporate Park 10, Unit No. 1021, 2nd Floor, Survey No. 131 - A, Chakala, Andheri-Kurla Road, Andheri (East), Mumbai – 400 093

PROXY FORM

I/We...
of...
being a Member(s) of the above named Company hereby appoint..
of...
(or failing whom)..
of...
as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Juhu Jagruthi Seminar Hall, 1st Floor, Mithibai College, JVPD Road, Vile Parle (W), Mumbai 400 056 on Wednesday, the 21st September 2011 at 4.00 p.m. and at any adjournment thereof.

Signed this ....day of ....
Signed by the said...

N.B.: This Proxy form must reach the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

please cut along this line

SKOL BREWERIES LIMITED
Regd. Office: Solitaire Corporate Park 10, Unit No. 1021, 2nd Floor, Survey No 131-A, Chakala, Andheri Kurla Road, Mumbai-400 093

ATTENDACE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.
SKOL Breweries Limited
Solitaire Corporate Park 10, Unit No. 1021, 2nd Floor, Survey No 131-A, Chakala, Andheri Kurla Road, Mumbai-400 093

I hereby record my presence at the Annual General Meeting of the Company to be held at Juhu Jagruthi Seminar Hall, 1st Floor, Mithibai College, JVPD Road, Vile Parle (W), Mumbai 400 056 on Wednesday, the 21st September 2011 at 4.00 p.m.

Member's Name (in Block Capitals):

Share Ledger Folio No.:

DP ID No.:

Client ID No.:

Member's/Proxy's Signature:

Royal Challenge – Atleast something is Smoooooooooth in life where life is not at all smooth, rising prices, traffic jams, out-of-reach property prices, etc.. etc.. Royal Challenge is the smoothest beer owing to its longer brewing cycle. In today's world, the smoothness of the beer makes the consumer wish his life were as smooth as a Royal Challenge Beer.

Knock Out is for the discerning who "make the most of choices" because Knock Out is the only strong beer that doesn't sacrifice taste and by choosing Knock Out, the consumer is making the most of his choice of beer. That is why "Boss, this is MY choice".

HAUSLA BADHAO AB KAHIN BHI!

Haywards 5000 represents "strong resolve" because for its loyalists the moments spent with the brand are those when they disengage from the pulls and pressure of everyday life, reflect on the day gone by and discuss their ambitions and aspirations with their close friends. Due to its heritage and optimum strength, it's an enabler for those moments when they reflect on their life and decide to move ahead. Haywards 5000 is not just a Beer - it symbolizes the "Hausla", the resolve that keeps them going despite the reverses.

FOR THE FIRST TIME IN INDIA, BEER IN A PET BOTTLE

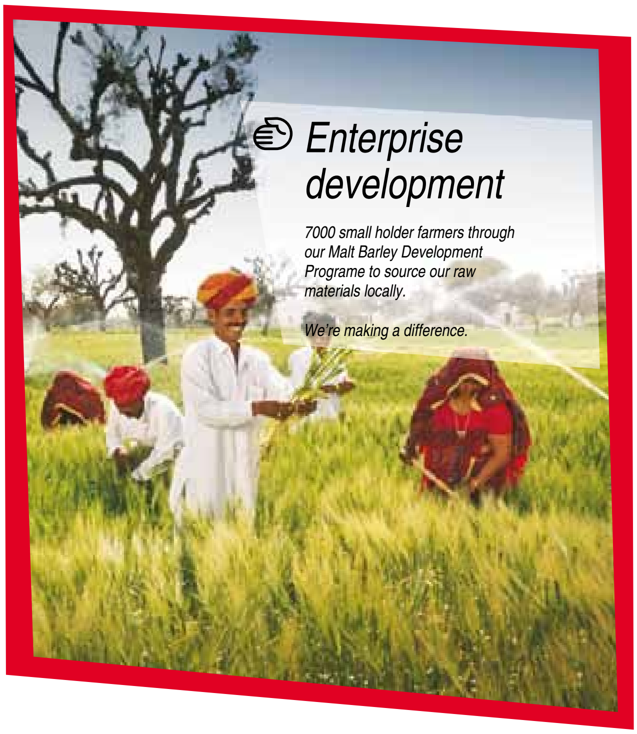
Haywards HAI TO HAUSLA BULAND

HAYWARDS 5000

CAN't get better

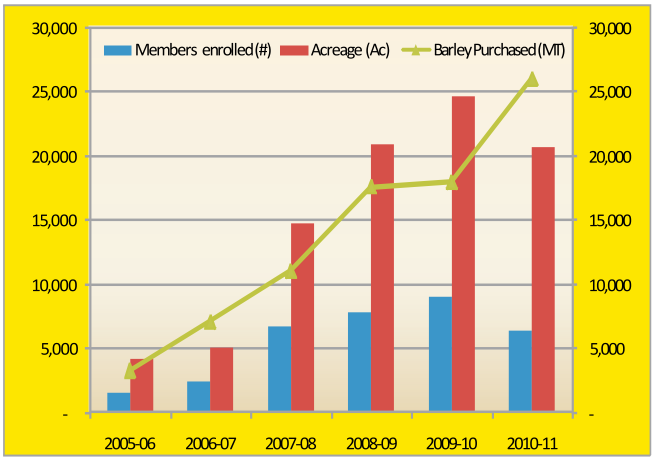
In an increasingly complex world, younger guys, in particular, are looking for ways and means to chill out and relax. Foster's brings to its consumers the `Art of Chilling' – a new philosophy and a new way of life !! Be it offices or homes, any occasion, any environment – when it's a chill out take on life, it has to be with a Foster's.

Ten Priorities. One Future.



Highlights of SABMiller India`s Malt Barley Development Program

SABMiller India: Barley Development progress



Malt Barley Development

i. Door delivery of certified seed to member farmers through 'seeds-on-wheel' campaign;
ii. Over thirty member team of agronomists assisting the farmers in adopting improved POP in barley cultivation in three States;
iii. Assured buy back of barley produced from established 'Saanjhi Unnati' (Progress through Partnership) centers;

Varietal Development Program

i. In-house barley varietals breeding program since 2006-07. Over forty varieties from Europe, South Africa, Australia tested for their suitability for introduction and using the germ-plasm for breeding in house;
ii. Actively associated with trying various varieties bred by various agricultural universities in different States and agro climatic zones;
iii. Effective linkage between breeders and farmers in trying out new barley varieties;
iv. In the process of establishing an in-house micro malting system to provide more effective linkages between research-farm-brewing.

Making beer

GRAINS AND WATER

Brewing beer is an art.

In order to make an alcohol beverage, some form of fermentable sugar is needed. Unlike wine, which uses crushed grapes for fermentable sugar, beer gets its fermentable sugar by using cereal grain (e.g. malted barley, wheat or sorghum) or some combination of grains. The type(s) of grain used will produce different flavours.

Turning grain into fermentable sugar requires skill. The grain is soaked in water, germinated and then dried in a kiln to become 'malt'. The length of time and temperature at which grain is dried determines its colour and flavour. The malted grain is milled to gently break open the kernel (also known as 'grist').

Our brew-masters mix the grist with hot water in a process called 'mashing'. This activates enzymes in the malt, which convert the naturally occurring starch in the malt into sugar. The mash is then filtered, leaving a fermentable, sugar-laden liquid called 'wort'.

HOPS

Hops are added to the wort and boiled (or 'brewed') in a brew kettle. Hops are vines whose cone-like flowers, or cones, give beer its bitter flavour and aroma. The hops also help preserve beer. Boiling is also important to sterilise and stabilise the wort, and to develop colour and flavour. At the end of the boil period, the wort is cooled so yeast can be added.

YEAST

Similar to baking bread, yeast is critical to making beer. Yeast is added to the wort to turn the sugars into alcohol and carbon dioxide in a process called fermentation. We're careful about the quality of the yeast we use – it affects how well fermentation works, as well as the quality of the beer's flavour. After fermentation, the beer is aged in tanks or casks. We then filter the beer to remove small particles of yeast or protein that might make it cloudy. The beer is then ready to be put into bottles, cans and kegs.

SAB MILLER | India

SKOL Breweries Limited
Solitaire Corporate Park 10, Unit No. 1021, 2nd Floor
Survey No. 131 - A, Chakala, Andheri-Kurla Road
Andheri (East), Mumbai – 400 093

www.sabmiller.in

Designed by : www.enthuse-answers.com