



UNITED BREWERIES LIMITED
ANNUAL REPORT 2015 - 2016

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OUR VISION

Our vision is to lead and develop the Indian beer market and deliver best-in-class performance through excellence in product and brand portfolio, capabilities and policies.

OUR VALUES

1. Passion for achievement, success and winning
2. Freedom to operate and learn from our mistakes
3. Treating people with respect and fairness
4. Respecting the environment
5. Integrity in all things and at all times

OUR BEHAVIOUR

1. We act with courage
2. We experiment and allow for mistakes
3. We discuss and decide on the basis of facts and data
4. We plan, set clear goals and do as we committed
5. We consider the consequences of our actions on others and for the future
6. We treat others in the way we would like to be treated ourselves
7. We celebrate success
8. We communicate, communicate and communicate...

India's largest beer company

A market leader in the truest sense

Brewing excellence since inception

With a hundred-year heritage



Board of Directors



Dr. Vijay Mallya
(Chairman)



Mr. Shekhar Ramamurthy
(Managing Director)



Mr. Henricus Petrus van Zon
(Director & CFO)
(Till 31 August, 2016)



Mr. Steven Bosch *(Director & CFO)*
(Replaces Mr. Henricus Petrus van Zon on 01 September, 2016)



Mr. A. K. Ravi Nedungadi
(Director)



Mr. Sijbe Hiemstra
(Director)

Board of Directors



Mr. Frans Erik Eusman
(Director)



Mr. Chugh Yoginder Pal
(Director)



Mr. Chhaganlal Jain
(Director)



Mr. Sunil Kumar Alagh
(Director)



Ms. Kiran Mazumdar Shaw
(Director)



Mr. Madhav Bhatkuly
(Director)



Mr. Stephan Gerlich
(Director)

Management Committee



Mr. Shekhar Ramamurthy
(Managing Director)



Mr. Henricus Petrus van Zon
(Director & CFO)
(Till 31 August, 2016)



Mr. Manmohan S. Kalsy
(Executive Vice President - HR)



Mr. Kiran Kumar
(Executive Vice President - Sales)



Mr. Govind Iyengar
(Senior Vice President -
Legal & Company Secretary)



Mr. Rohtash Kumar Jindal
(Senior Vice President - Operations & Malting)

Management Committee



Mr. Steven Bosch *(Director & CFO)*
*(Replaces Mr. Henricus Petrus van Zon
on 01 September, 2016)*



Mr. Cedric Vaz
(Executive Vice President - Manufacturing)



Mr. Samar Singh Shekhawat
(Senior Vice President - Marketing)



Mr. Perry Goes
*(Senior Vice President -
Strategic Planning & Business Analysis)*



Mr. Radhakrishnan Santosh Kumar
(Senior Vice President - Procurement & Logistics)



Mr. C. Gouri Shankar
(Senior Vice President - Operations)



Building Brands, Connecting With Consumers

Kingfisher continues to surprise its consumers with new and exciting initiatives. This time, it was through a Special Edition Cricket Pack. The initiative was extended to the marketplace with interesting and eye-catching visibility inputs. Whether one is supporting a country or a club team, whether one's team is winning or losing, Kingfisher's Special Edition Cricket Packs brought the nation together to celebrate the cricket season with The King of Good Times.



Kingfisher is proudly associated with six of the eight IPL Teams - Royal Challengers Bangalore, Rising Pune Supergiants, Mumbai Indians, Sunrisers Hyderabad, Delhi Daredevils and Kings XI Punjab. 22 players from these 6 teams came together for the TV commercial that captured the spirit of Good Times.



In the age of social media, Kingfisher has always been the original social network, bringing people together for Good Times!

'The Original Social Network'- a high intensity campaign, featuring the rising star and a fabulous actor Sushant Singh Rajput, was rolled out in November 2015 and has seen 3 interpretations of this message - The Beach, The Club & Cricket.



.....

The Kingfisher Calendar 2016 raised the bar once again and showcased the best of style and glamour. Shot on the picturesque beaches of Seychelles, the Kingfisher Calendar is the epitome of class and panache!

.....



Kingfisher continues to be The Good Times Partner of Sunburn, India's Largest EDM festival!

Millions of music-lovers partied hard with Kingfisher, The King Of Music, and the unique ensemble of EDM artists from across the world!

.....

When the world's most glamorous sport and India's youth icon, Kingfisher, come together, great things are bound to happen. Kingfisher's association with F1, through our sponsorship of the Sahara Force India team, is a highly successful story of partnership and camaraderie. Kingfisher's values of fun, thrill and glamour get reinforced with the rush of speed!

.....



In step with the rapid adoption of mobile wallets, Kingfisher ran a large-scale co-branded promotion with Paytm, thereby providing a new way to engage with its consumers.

.....



KINGFISHER BUZZ

STIRS UP THE MARKET!

Kingfisher Buzz, India's first ever malt-based ready-to-drink beverage was launched in two delicious and appreciated flavours - Berry and Lychee. This brand is set to excite young men and women who prefer something sweeter to drink!



UCL LIMITED EDITION BOTTLES & CANS

HEINEKEN - PROUD SPONSOR OF THE UEFA CHAMPIONS LEAGUE

Heineken® brought alive its global sponsorship of UEFA Champions League through Limited Edition Trophy Packs. This was complemented by "The Match" television campaign and Heineken® Foosball League.



SPECTRE BOTTLES & CANS



SPECTRE TVC

HEINEKEN OPENS BOND'S WORLD WITH SPECTRE

Heineken® marked its association with the latest Bond film by releasing Limited Edition SPECTRE packs. The brand's Bond campaign was supported by "The Chase" TVC featuring Daniel Craig.



In April 2015, Kingfisher Ultra underwent a refreshing change - with a distinct clean white front label balanced with gold in the neck label that has come to become the highlight of the brand's identity.

In keeping with this distinctly premium identity, Kingfisher Ultra has become the lead sponsor of The Indian Derby - India's biggest, richest and most prestigious horse race - which is now called 'The Kingfisher Ultra Indian Derby'!

Reaching Across Markets

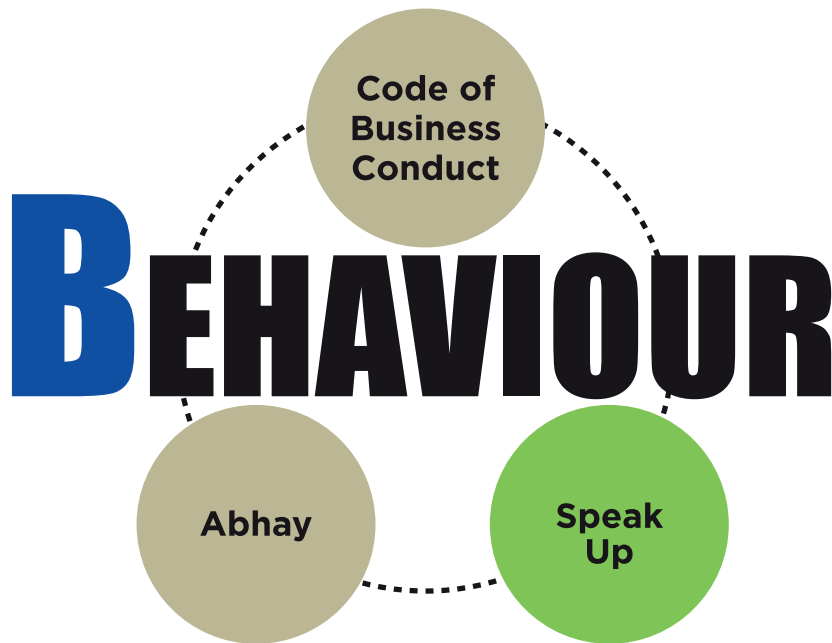


UBL is present in all of the roughly 90,000 outlets in the country that serve alcohol, through the strength of its extensive distribution network and portfolio of brands, that satisfy the needs of consumers across segments.

To drive excellence of execution at points of sale and consumption, and empower our sales force, we launched Project PRIDE. Each of our sales persons has been provided with a tab, which ensures they have access to each outlet's information, enabling them to have more productive sales calls.



HR Policies And Procedures

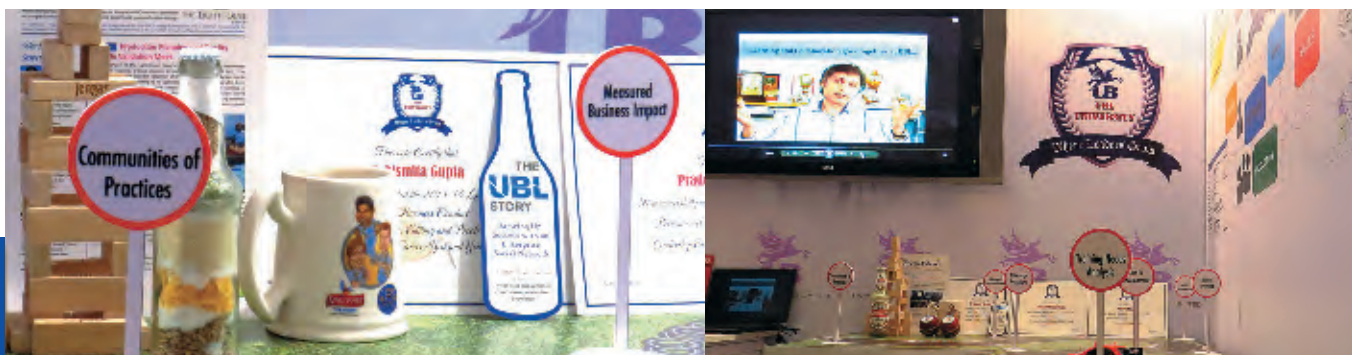


The company has established a formal feedback mechanism named 'SPEAK UP' in line with the Companies' Act that requires organisations to have a platform to receive reports on deviant practices that are not in line with the UBL Code of Business Conduct.

UBL has also implemented the 'Prevention Of Sexual Harrassment' policy to ensure a safe and conducive work environment.



Learning & Development



The NHRD Best Practice Award

UBL was nominated for the NHRD Best Practice Award, 2015 - with UBL University being showcased as the practice area. This nomination went through three rigorous rounds of evaluation - a business case submission, a presentation of the business case and a road-show. UBL qualified till the third and final round.

Overview Of Climate Survey 2015

In our constant endeavor to reinvent ourselves, we participated in a global climate survey conducted by a leading third party partner "Great Place to Work" for the fourth consecutive year.

77%

...of our employees say

"Taking everything into account, I would say this is a great place to work."

This is close to what employees in India's Top 50 organisations say in the same survey.



PRIDE



CREDIBILITY

Employer Branding

UBL has been featured as an organisation with "Workplace Excellence" in CNBC TV18's National-Level Workplace Excellence series that showcased the work culture and practices of select corporate houses in India.



UBL participates in Stepathon, a unique, pedometer based mass-participation and employee engagement event, which provides a simple and relevant way to transform the sedentary into active, and the active into healthy.

UBL as an organisation has bagged the Most Active Company award in the FMCG category in the 2015 Stepathon.

United For A Cause



UNITED BREWERIES LIMITED

**THE MOVEMENT
FOR MOVEMENT**



Manufacturing In UBL

United Breweries Limited has a network of 21 own breweries and 8 contract breweries across the country. The spread of the breweries gives a unique advantage of speed of delivery and freshness of stock across all regions of the country.

The manufacturing function in United Breweries Limited encompasses the entire gamut of operations starting from Procurement of Raw Materials, Brewery Operations, Logistics, Projects & Engineering, New Product Development and Centre of Manufacturing Excellence.

The company has got a capacity to produce 18 million hectolitres of beer per annum with a combination of bottling and can lines spread across strategic locations in the country.

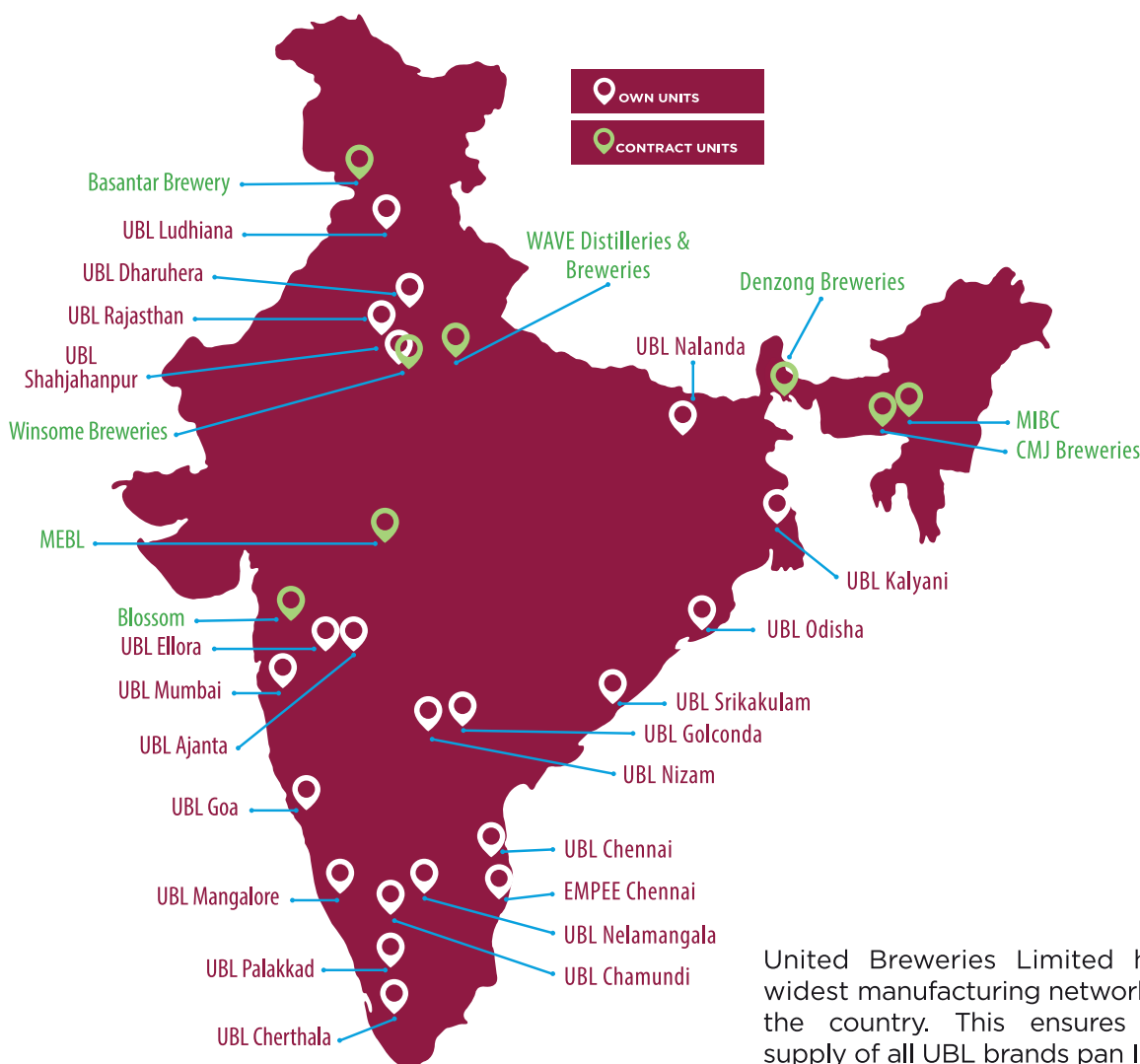
The geographic location advantage also results in improved profitability since the import/export duty structures are state specific. The old bottle

collection mechanism in each state ensures that the patented returnable glass bottle pool is protected to minimise overall product costs.

The CSR projects are focussed in and around the villages surrounding our breweries to engage with the local community in which the company operates.

The manufacturing function through its New Product Development (NPD) cell, continuously strives for innovation in new products. Last year, two premium brands viz., Kingfisher Ultra Max and Kingfisher Buzz were successfully launched.

The water sustainability projects aimed at making the organisation water balance positive are centred around the breweries. These projects provide sustainable watershed management practices to benefit the local communities in which the company operates.

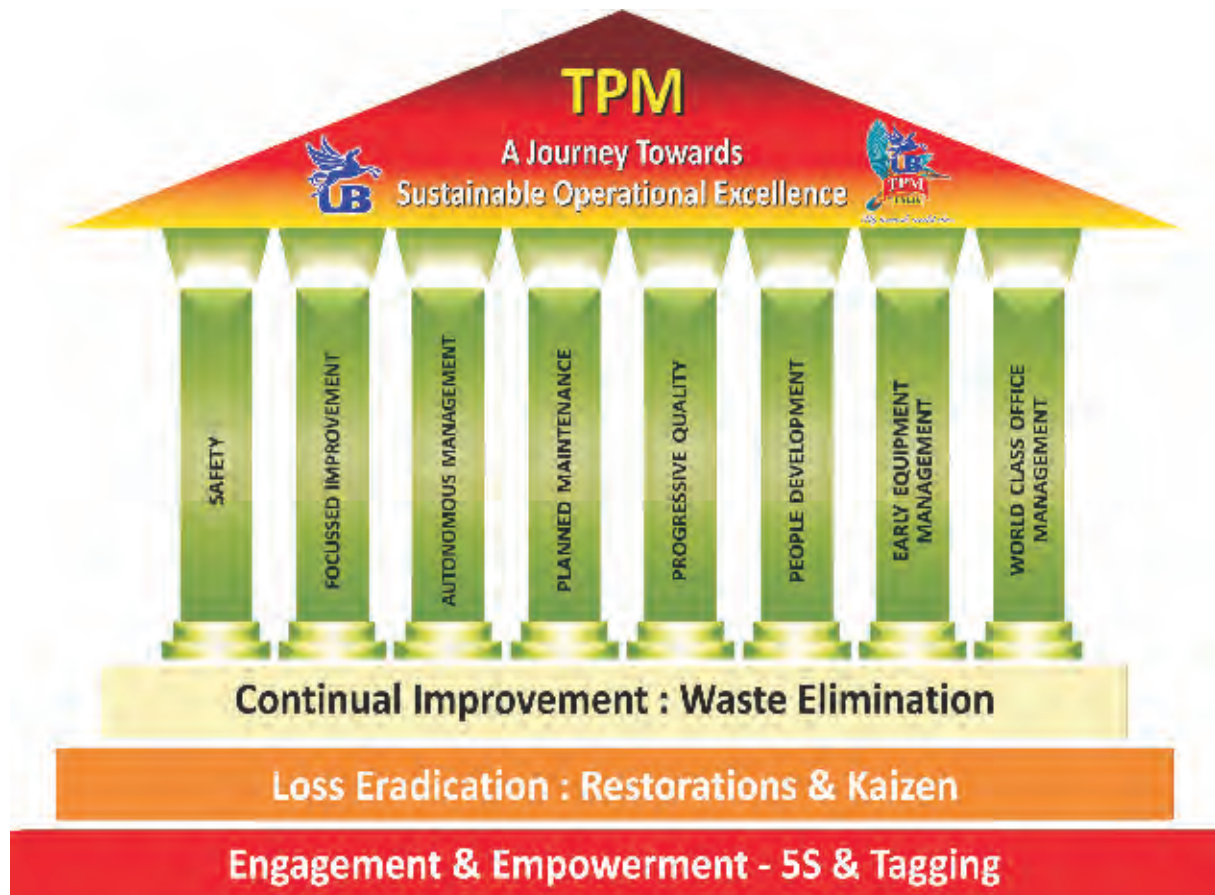


United Breweries Limited has the widest manufacturing network across the country. This ensures regular supply of all UBL brands pan India.

PROJECT UDAAN (TPM)

Purpose:

The objective is to develop a participative culture in the organisation using a structured methodology to drive sustainable improvements. This initiative is referred to as Total Productive Management (TPM) or Project UDAAN.



What we have done:

- Training the employees on the TPM methodology
- Launch of improvement teams (projects) for loss reduction
- Integration of TPM methodology into daily routine operations of the brewery
- Regular training, engagement, review and audit systems to monitor progress
- Reduced losses and improved technical efficiencies in the manufacturing operations due to structured ways of solving any operational issues

Benefits obtained:

- Transformation of the work culture among all sections of employees in the breweries
- Sustaining the improvements achieved
- Achieving the global benchmark on technical efficiencies such as electrical power consumption, boiler fuel usage and water consumption

PROJECT CHAMAK

The objective of this project is to improve “Hygiene & GHK” (Good Housekeeping) in our breweries. We want our breweries to be world class in Food Safety and Systems.



PROJECT KAVACH

Purpose:

To evolve a sustainable safety culture in the organisation using people-centric initiatives to inculcate the habit of safety at work.

What we have done:

- Framing of Environment, Health and Safety Policy in 2012
- With the basic belief that “All injuries can be prevented”, through a structured programme, a customised mandatory safety standard called PASS (Positive Assurance Safety System) was framed

- Regular review of implementation of mandatory safety systems and updation of the safety standards is being carried out

Benefits obtained:

- Improved awareness on occupational health and safety among all sections of employees in an effort to achieve zero accidents in the breweries

Way forward:

- Sustaining the accrued benefits and roll-out of this initiative to other functions



STAKEHOLDERS' ENGAGEMENT

Corporate Social Responsibility

United Breweries Limited is a socially conscious corporation committed to meaningfully participating and contributing towards various causes that enable better communities. We operate from several locations across the country, each non-uniform in levels of awareness, socio-economic development, education and practices. We focus our efforts on the communities in the vicinity of our breweries for our CSR initiatives. We have strongly integrated CSR initiatives in our corporate strategy and intend to drive it towards bringing about sustainable social development in those regions.

UBL firmly believes in sustainable development and we are committed to growing our business in a socially and environmentally responsible way, while meeting the legitimate interests of our stakeholders. We also believe in playing an active role in empowering local communities to achieve their ambitions. Our CSR and sustainability policy is dynamic and designed to address the changing needs of the community, towards achieving

long-term growth and development. We work to ensure that our CSR initiative is incorporated in our governance, management, business strategy and day-to-day decision-making and involves enthusiastic participation from all our operations. We invest in holistic welfare measures for our co-communities, including water, sanitation and hygiene along with education and primary health. All our initiatives are implemented after a thorough needs-assessment of the community.

We realise transforming communities requires focus, time, commitment and resources. Specific areas have been carefully chosen to maximise the output of our CSR initiatives and programmes have been consolidated with inputs from business units, employees and the communities we work with. The focus areas are:

- Water, Sanitation and Hygiene
- Education
- Primary Health
- Environmental Sustainability

The company abides by six guiding principles for implementation of its CSR programmes

- Leverage our resources, expertise, services, relationships and influence for the benefit of our communities and our community partners.
- Take community interests into account in our decision-making in the short and long-term.
- Actively work towards ensuring availability and accessibility of safe drinking water and sanitation for all our co-communities.
- Work towards improving availability and accessibility of education and health services for co-communities.
- Work towards environmental sustainability with particular focus on water conservation.
- Regularly monitor outcomes of our initiatives and publicly report on our progress in a transparent and effective manner.

UBL implements its CSR programmes either directly, or through partnerships with reputed not-for-profit organisations with expertise in chosen areas. A robust system of monitoring has been put in place to ensure effective implementation of the planned CSR initiatives. A monthly reporting system has been established for each of the programmes which is further consolidated into quarterly, and eventually annual CSR reports. The output of the intervention is closely evaluated to help identify the challenges faced in the process of implementation and solutions for the same.



Primary Education

United Breweries Limited is committed to providing quality primary education to children in the communities we work with. We adopt schools in the vicinity and work on teaching learning methodologies, along with developing physical infrastructure. Each brewery has adopted at least one primary school towards realising our dream of a literate and prosperous India.

Through the education initiative, we have supported over **10,000** children in **thirteen** states

Each brewery has adopted at least one primary school and **250** children on an average benefited

Mini Science centers have been established in **2** schools in Nanjangud, Karnataka and work has started in **5** more schools for establishment of the same

10 schools have been adopted in Chopanki, Rajasthan for complete infrastructure overhauling and improvement of teaching-learning environment impacting **2,600** children

1,666 children are being supported through mid-day meals in **11** schools at Mangalore, Karnataka

Mini Science Center

Project Implementation Period: November 2015–January 2016

Implementation Partner: Ace Education Trust

Location: Nanjangud Industrial Area, Mysore, Karnataka

UBL supported Science Centers in two upper primary government schools in Nanjangud Industrial Area, Mysore, Karnataka. These science centers offer the underprivileged children a clear understanding of the concepts associated with science. The

project was implemented between November 2015 and January 2016, partnering with Ace Education Trust, a not-for-profit organisation in the Chamundi Brewery vicinity. The first-of-their-kind in upper primary schools in India, these centres assist in practical learning of science in rural schools. Each centre is equipped with 30 working science models to help children understand the concepts in depth, rather than learning through a rote method.

The centres were inaugurated by Mr. Shekhar Ramamurthy,



Managing Director, UBL and Dr. K.S. Rangappa, Vice Chancellor, University of Mysore on January 21, 2016. Dr. Rangappa expressed his appreciation for the project and said that both the centers would go a long way in empowering rural children.



Respected Sir,

You have donated a very beautiful, useful and valuable Mini Science Center to our school. With this Mini Science Center our school has become popular in our taluk and it is like an additional feather in our cap. Many neighbouring schools' science teachers have visited our school along with their students and have praised this Mini Science Center a lot. I am very thankful to your company for setting up such a useful science center at our school. This is a great gift, to the children of our Panchayat Area, for learning science. This really helps the teachers by making teaching science easier and the students are more interested when they visit this Mini Science

Center. My co-teacher Mr. P Umashankar is taking a personal interest in making this science center popular, and all our other colleagues are very confident and are working hard to bring good results to the school. I am very thankful to you all for gifting such a wonderful science center.



Thanking you,
M Nagarathna
Headmistress, Govt. Higher
Primary School, K S Hundi



Dear Sir,

We are very thankful to the UB Company for setting up a very beautiful science center. With the help of this center we will find learning science lessons easier.



Thank you,
Balachandra Murthy
Student, 7th Std. Govt. Higher Primary School
Hulimavu, Najanagudu Taluk



Dear Sir,

The UB Company has set up a very beautiful Mini Science Center for us and for that we are very thankful. Like this, please send more teachers as well and set up more science centers in the other schools too.



H N Madhushree
Student, 7th Std.
Govt. Higher Primary School
Hulimavu, Nanjanagudu Taluk,
Mysore





Respected Sir,

The Mini Science Center that you have set up in our school is very useful because this allows children to see the theories they are learning in a text book come to life. It also helps improve their powers of grasping these theories, with the help of advancements in science. These science experiments are very useful for the 4th to 8th standard students as it almost completely matches their syllabus. This science center is not just useful for children of our school, but it is also useful to children of our neighbouring

schools. Many parents have also visited the center and felt very happy that their children are learning science in this method. This is all possible because of your kindness and I am very thankful to you all...



P Umashankar

Asst. Teacher, Govt. Higher Primary School, K S Hundi



Primary Health

United Breweries Limited envisages improving access to healthcare services for the benefit of communities we are involved with. Breweries in the region have established Health Centres/ Dispensaries/Mobile Medical units which provides free medical check-ups and basic medicines to communities.

Through the health initiative, we have provided health care services to over **35,000** people in **ten** states

Telangana: Health centre in Mallepally village benefitted 10,213 people, of which 30% were speciality treatments in gynaecology and paediatrics.

Rajasthan: Over 1,800 people have received health check-ups and free medicines through health camps in Gwalda, Gandhola, Pathredi and Chopanki villages.

Odisha: 177 people have received free medical consultation and medicines through a health camp at a primary school in Khurda municipality area.

Bihar: Eye check-up camp along with spectacles distribution in Chainpura village has benefitted 198 people.

Maharashtra: Health camps in Dongrichapada and Palekhurd village have benefitted over 1,000 people.



West Bengal: 500 patients of JNM hospital were supported with nutrition supplements. The dispensary at the Anne Sullivan Institution for the Sightless provides medical facilities to 36 residents and 31 families living in the vicinity.

Goa: Health centre in Bethoda village has benefitted over 1,400 individuals.

Kerala: Over 500 people have benefitted from the health center being run in Pudussery Panchayat besides regular support to the government PHC.

Tamil Nadu: Health camp conducted in Parvatharajpuram village benefitted 320 individuals.

Karnataka: Health centre in Gangadharapalya village has benefitted over 7,000 people.

Andhra Pradesh: 8,154 individuals have benefitted through primary health interventions in Kammbalapeta, Bantupalli and Nadikudutipalem villages.



Water



Water is the key to existence and growth of several enterprises across domains and more so for us, considering that it is the primary raw material for all our products. We have in place various sustainability initiatives and strive to reduce the consumption of fresh water in the production of each hectolitre of beer. Among our efforts is the recycling of waste water coming out of production. Other water-related initiatives include rainwater harvesting and de-silting of tanks, ponds and other natural water bodies. As a way forward, we have focussed on availability of safe drinking water and committed a significant proportion of our CSR budget to ensure the availability of safe drinking water for communities residing in the vicinity of each of our 21 company-owned breweries. Over 140 villages comprising a population of over 6,00,000 would be covered under this program. The program is in partnership with reputed non-governmental organisations and the respective gram panchayats and would be implemented over 5 years, beginning FY 15-16.

Through our water initiative, we have touched the lives of over **54,000** people in **three** states

3,700
people of 5 villages in
Karnataka

17,904
people of 10 villages in
Telangana

32,690
people of 10 villages in
Maharashtra

Safe Drinking Water Programme

Project Implementation

Period:

November 2015 – March 2016

Implementation Partner:

Sarvodaya Integrated Rural Development Society (SIRDS)

Location:

Nelamangala, Rural
Bangalore, Karnataka

A project was initiated to establish three 'Community Water Plants' to provide safe drinking water to residents of five villages at Nelamangala, in the vicinity of the brewery. The project was implemented in partnership with Sarvodaya Integrated Rural Development Society (SIRDS) in the period between November 2015 and March 2016.

UBL supported this project to ensure availability of safe drinking water to 3,700 residents at Gangadharpalya, Veernanjipura, Ananthapura, Dinnepalya and Bommenahalli villages in the vicinity. These

water plant rooms have been constructed on panchayat land and a committee has been constituted including panchayat members, the RO vendor, as well as NGO and UBL representatives to ensure maintenance of the plant for the next 5 years. Awareness generation activities have been carried out through wall writings and street plays.

The water plants were inaugurated by Mr. Shekhar Ramamurthy, Managing Director, UBL and Dr. Shrinivas Murthy, MLA, Nelamangala on March 2, 2016. Dr. Shrinivas Murthy appreciated the effort and urged other industrial establishments to follow UBL's example and contribute towards rural development.





“Earlier, the villagers used to drink tap water which was supplied

directly from tube wells and it was causing many health problems. We had to spend a lot of money on treatments. Now the community RO plant has been installed by UBL and people are getting purified (RO) water, therefore their health problems should reduce now. Everyone is getting water from this unit. Thank you UBL.”

MRS. LAKSHAMMA
52 years
Gangadharanapalya



“We were using tube well water for drinking purposes. It is

hard water and it is very salty. Now we use purified water. Its good in taste and people from the surrounding five villages are also using the same water. Our children are carrying the same water to school on a daily basis. We are really blessed to have such a facility at our doorstep. We are very grateful to UBL for providing us such a facility and thanks to Sarvodaya NGO for making this possible.”

MR. VEERAMAREGOUDA
65 years
Veeranajipur



“Earlier, we were using salty hard water from the public tap.

To avoid diseases, I was using boiled water which didn't taste good. Now, I am very happy to use purified (RO) water as I can use it without boiling it and it is very tasty as well. Along with us, people from the surrounding villages are also carrying the same water. We are using the cans provided by UBL to fetch the water. This is very helpful to us and people from neighbouring 3 villages. Thank you very much UBL.”

SMT. SHANTAMMA
48 years
Bommanahalli



Environment Water Conservation

United Breweries Limited is creating awareness about rainwater harvesting and encouraging residents in the areas we are engaged in to adopt RWH and incorporate the infrastructure in their surroundings. We are working closely with community representatives towards creating awareness on this aspect.

In our relentless pursuit for sustainability in manufacturing operations, the following initiatives were undertaken at and around our breweries in India.



Towards becoming A Water Positive Organisation

Recycling of treated waste water in breweries

Rainwater harvesting / watershed management projects in and around the breweries



Replacement of fossil fuels with agricultural waste (such as

rice husk, bagasse, saw dust, ground nut shell, coconut shell, soya husk)



Usage of renewable sources of energy (solar)

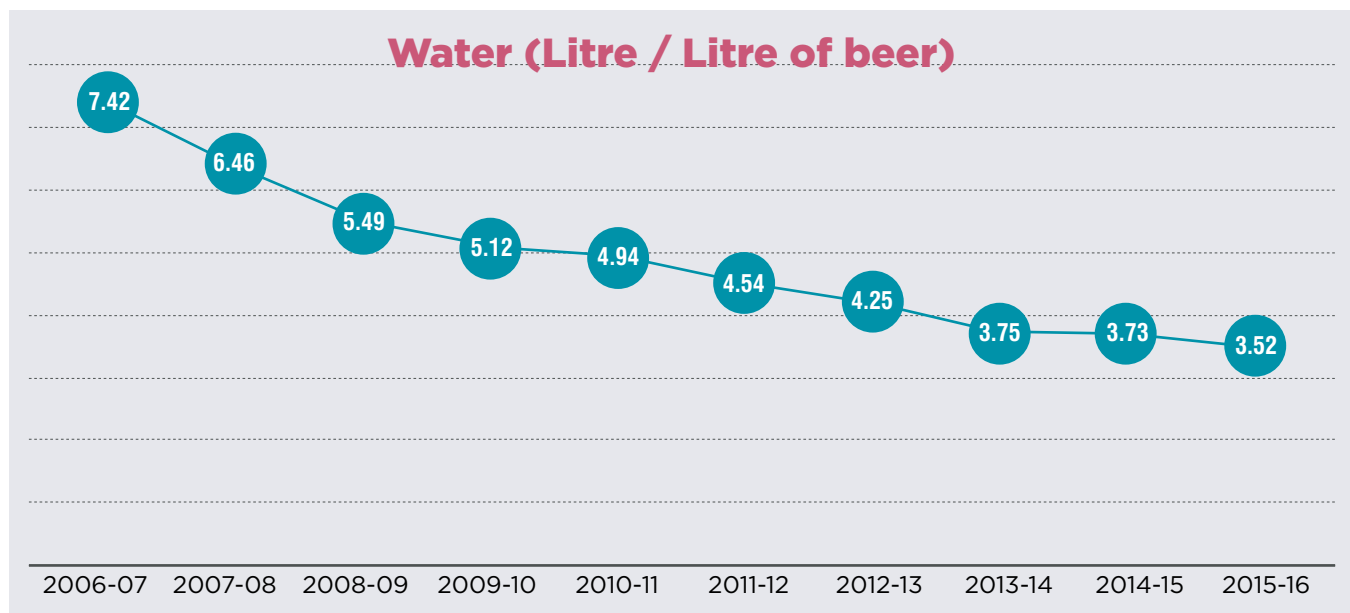
Water Positive Journey

To ensure that the quantum of fresh water used in producing beer is at least neutralised by harvesting rainwater and making it available for productive use in villages around our breweries.

Reduction of fresh water consumption:

Over the last decade, the fresh water consumption has been reduced by more than 50% across all our breweries. As part of the journey towards becoming a water positive organisation, waste water is recycled through sophisticated tertiary treatment systems and used in auxiliary functions in the plant.

As of March 31, 2016, the average overall water consumption is about 4.52 litre / litre of beer produced. Of this, the fresh water consumption is about 3.52 litre / litre of beer. UBL is one of the best among the breweries in Asia, in terms of fresh water usage for recycled beer bottle operations.



Rainwater harvesting / watershed management projects:

11 out of the 21 company owned breweries have got rainwater harvesting systems installed within the brewery premises, thereby effectively improving the water table.

Rainwater harvesting projects have also been installed outside the brewery premises in four states to help the local community derive benefit from this hitherto run-off water, by either collecting the same in ponds or diverting it to rainwater harvesting structures that feed into the underground water table.

A few notable projects

- Rejuvenation of a temple pond in Aranvoyal village, Thiruvallur district (Tamil Nadu state) – through deepening of the pond and clearing of the natural water channels that aid water flow into the pond, thereby increasing the water table in the region
- Rejuvenation of a village pond in Nelamangala village near Bangalore
- Rejuvenation of a village pond near our brewery at Patna through rainwater harvesting which enables improvement in the water table in the locality
- Rejuvenation of a drinking water well in Chachara Sabara Sahi Village, Khurda near our brewery at Odisha wherein the rainwater recharge system ensures that the well has got water throughout the year



Statistics on artificial rainwater recharge quantity:

As of March 31, 2016, the total water recharged is 17% of the total fresh water consumption compared to 12% in the last financial year.

The mission is to move towards becoming a water positive organisation by the year 2025.

Note: A detailed report of Corporate Social Responsibility is annexed separately along with this Annual Report.

Directors' Report

Your Directors have pleasure in presenting this Annual Report on the business and operations of the company and the audited accounts of United Breweries Limited ('UBL' or 'your Company' or 'the Company') for the Financial Year ended March 31, 2016 ('the year under review', 'the year' or 'FY16').

FINANCIAL SUMMARY

Financial performance for the year ended March 31, 2016 is summarized below:

(Amounts in Rupees million)

FINANCIAL RESULTS

	Year ended March 31	
	2016	2015
Net Turnover	51,263	47,299
EBITDA	7,678	6,584
Depreciation and amortization	2,435	2,074
EBIT	5,243	4,510
Interest	759	730
Provision for Diminution in investment in Subsidiary	—	—
Profit before Taxation	4,484	3,780
Provision for Taxation	(1,538)	(1,184)
Profit after Tax available for appropriation	2,946	2,596
<u>Appropriations:</u>		
Proposed dividend on Equity Shares (including taxes thereon)	366	318
Dividend on Preference Shares paid (including taxes thereon)	—	27
Transfer to the General Reserve	295	260
Transfer to Capital Redemption Reserve	—	741
Depreciation Adjustment	—	72
Balance your Directors propose to carry to the Balance Sheet	2,285	1,178
Total appropriations	2,946	2,596

The net turnover of UBL grew by 8.38% on account of increased Sales in line with the industry growth. Interest cost increased by 4% due to higher working capital requirements. EBITDA for the year under review stood at Rs.7,678 million as compared to Rs.6,584 million in the previous year, reflecting an increase of 17%. Growth in EBITDA is the result of volume growth, improved brand mix and effective management of input costs and fixed costs.

Depreciation for the year was Rs. 2,435 million as compared to Rs.2,074 million in the previous year.

Profit before Taxation for the year stood at Rs.4,484 million as compared to Rs.3,780 million in the previous year, reflecting an increase of almost 19%. Profit after Taxation finally stood at Rs.2,946 million as against Rs.2,596 million in the previous year.

DIVIDEND

We take pleasure in proposing a dividend of Rs.1.15 per Equity Share of Re.1/- each for the year ended March 31, 2016. The dividend declared for the previous year was Re.1/- per Equity Share of Re.1/- each.

The total dividend (including dividend tax) is Rs.366 million, which amounts to about 12.42% of the Profit after Tax.

RESERVES

UBL proposes to transfer Rs.295 million to the General Reserve.

CAPITAL

The Authorized Share Capital of the Company stands at Rs.9,990 million, comprising Equity Share Capital of Rs.4,130 million and Preference Share Capital of Rs.5,860 million. The Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2016 remains unchanged at Rs.264.4 million comprising 26,44,05,149 Equity Shares of Re.1/- each.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

On the basis of alcohol content, beer in India can be categorized into Strong and Mild Beers. Strong beer which has an alcohol content between 6% and 8% dominates the beer market accounting for over 85% of the total beer consumed in India. The Super Premium beer segment within both the Strong and Mild beer categories has been growing faster than the overall beer industry and has grown at a Compounded Annual Growth Rate (CAGR) of almost 30 per cent over the last three years. The Indian beer market continues to grow in line with expectations. Industry volumes grew at a Compounded Annual Growth Rate (CAGR) of 8% during the last five years. During 2015-16, the Indian beer market grew 4%, to cross 294 million cases.

Though the alcohol industry in India has been dominated by Spirits (IMFL and country liquor) and Beer comprises about 11% of the total alcohol consumed in India, recent surveys show that beer is the preferred alcoholic beverage for young Indians and has a bright future. It has registered robust growth in the last 10 years. From a total industry consumption of about 100 million cases in 2005, the consumption has nearly tripled to 294 million cases in 2016. Two leading players contribute over 70% of the total industry sales, with our company being the market leader with a market share of about 50% and sales of 151.5 million cases in FY16.

There has been a trend of emergence of brew pubs in large cities such as Bengaluru, Pune and Gurgaon over the last few years. These outlets have introduced consumers to new types of beers for e.g., wheat beer.

Our competitors too, have introduced brands from their international portfolio.

UBL has been successful in meeting all these challenges and is continuing to strengthen its position in the market.

Compared to the global average per capita consumption of about 30 litres, the per capita consumption in India is about 2 litres. However, the scope for growth in India continues to remain positive given the climate, young demographics and increasing disposable income.

The Industry remains highly regulated with high taxation. In many parts of the country, wholesale and/or retail distribution is controlled by State Government monopolies. Also in 60% of the markets, State Governments dictate the price at which beer can be sold. However, in combination with the young demographics and warm climate of the country, we believe in the long term growth prospects of the beer market notwithstanding the constraints mentioned above.

The introduction of the Goods and Services Tax (GST) is being eagerly looked forward to by the Indian industry at large. The legislation that has been under discussion for the past decade envisages to bring the country under a single tax regime that would avoid cascading taxes and be simple to implement. However, the alcohol industry is being kept out of the GST reform. We will be outside the tax reform on our output, but pay GST rates on our input materials. This would result in higher tax incidence on input materials pushing up our cost of production.

We are actively pursuing remedial measures with the Government in order to mitigate the negative impact of the legislation on our business.

Sales and Marketing

Our national market share in FY16 is about 50%, which is more than double the size of the nearest competitor.

Kingfisher Strong continues to lead the Indian beer market with a market share of about 40% in the Strong beer category. Kingfisher Premium continues to grow market share and is the first choice of mild beer consumers across the country. Kingfisher Ultra crossed 1.59 million cases sales in FY16 and commands a market share of over 16% in Super Premium category. It has become the most aspirational super premium mild beer in the country and is ubiquitously present all over India.

Heineken is the fastest growing brand in UBL's portfolio. The brand has established itself in India as a world class super premium beer. It has been promoted leveraging the Global marketing platforms of football, James Bond and music.

The Company maintains sustainable investment in brand building activities for Kingfisher in the fields of Sports, Food, Music and Fashion. We have a significant and market leading presence in the Indian Premier League T20 Cricket Tournament, Kingfisher East Bengal Football Club, the Kingfisher Ultra Derby and Formula One Racing. Our association with restaurants/bars/pubs/clubs/star hotels/night clubs is uninterrupted.

The Kingfisher Calendar continues to maintain its high aspirational value. We have created excitement around this property by hosting a very popular Supermodel hunt on a leading TV Channel.

In 2014, Kingfisher was featured in the list of 100 most valuable brands for its credibility and consumer following by the World Consulting and Research Corporation. In 2015, Kingfisher was one of the Top 50 most valuable Indian brands in the WPP and Milward Brown Survey.

Supply Chain

Our manufacturing expenses for the FY16 amounted to Rs.20,107 million, representing 39% of net sales, as against Rs.19,091 million in the previous financial year, which constituted 40.68% of net sales. The relative decrease is due to tight cost control in the manufacturing process in an environment of relatively high inflation.

To cater to the increasing demand for our products, we have further expanded our capacity with the Greenfield brewery near Patna in Bihar that had commenced operations during the course of the year. To further augment capacities in Rajasthan, we have acquired brewery assets in a strategic location near Shahjahanpur. This Brewery commenced operations from February 2016 following refurbishment and overhaul. UBL will continue to expand capacity either at its existing breweries or by acquisition or building of new ones where required.

Bottles remain our biggest cost element. Our decision to move to dedicated bottles with Trade Mark and design registration has ensured tight control on the cost of recycled bottles.

Key material imports for Heineken requirements have now been localized and substituted with Heineken approved local vendors. This has ensured lower procurement cost and greater flexibility of sourcing. Softening of commodity prices coupled with better negotiations have helped us contain prices.

We are continuing our efforts to develop new varieties of barley in association with leading Government Institutes. We work with farmers in helping them cultivate barley and provide them with good quality seeds and offer a package of good practices in order to increase productivity. During the year under review, we have worked on about 30,000 acres and built relationships with about 7000 farmers.

Research and Development

UBL's Research and Development function continues to support our growth strategy with a focus on new capabilities, development of new products, enhancement of existing products, productivity improvement and cost reduction.

Human Resources

UBL recognizes people as the primary source of its competitiveness and continues to focus on people development by leveraging technology and developing a continuously learning human resource base to unleash their potential and fulfil their aspirations.

Your Company has a long standing practice of developing talent from within by providing on the job learning opportunities and career development platforms to all employees.

The Human Resources strategy is aimed at talent acquisition, development, motivation and retention. The Human Resource function acts as an effective lever for driving the company's strategic initiatives and helps in integrating and aligning all the people towards UBL's business priorities.

UBL employs 2,793 people across all locations. The Company has not offered any stock options to the employees during the year under review. All the wage agreements have been renewed in a timely manner and are all valid and subsisting. Operatives and unions support implementation of reforms that impact quality, cost and improvements in productivity across all locations, which is commendable.

Total employee benefit expenses for the year stood at Rs.3,360 million, as compared to Rs.2,974 million in the previous year. This constituted 7% of net sales. Employee benefit expenses were higher on account of salary increases.

Your Directors place on record their sincere appreciation to all employees for their contribution towards the continuous success of the organization.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Corporate Social Responsibility (CSR) is a partnership between the corporate and the community to assume and execute responsibility towards the impact of the business on the society. Being one of India's largest beverage companies with a strong brand name has instilled high expectations from the Company. UBL takes cognisance of this fact and thus feels responsible for meaningfully contributing towards environmental conservation and creation of social capital. Companies do not function in isolation from the society around them. In fact, their ability to operate depends heavily on the circumstances of the locations where they operate. UBL operates from a large number of locations all across the country that are characterized by non-uniformity in the level of socio-economic development, education, poverty, practices and rituals. While India is a very large country with multitude of social issues and concerns, your Company has decided to focus on the communities residing in the vicinity of its breweries as a starting point for its CSR interventions. The Company has integrated CSR in its corporate strategy and intends to drive it with a vision to bring about sustainable social development for its co-communities. The CSR Policy of the Company is posted on its website www.unitedbreweries.com and is available through the link <http://unitedbreweries.com/csr>.

Building and transforming communities requires focus, time, commitment and resources. The thematic areas have been carefully chosen to maximise the output of the corporate social responsibility initiatives. The programmes have been solidified with the participation of business units, employees and the community that we work with, and focus areas have emerged as:

- Water, Sanitation and Hygiene
- Education
- Primary Health
- Environmental Sustainability

In the last financial year, UBL has implemented its CSR programmes either directly or through partnerships with reputed non-profit organisations having expertise in the selected thematic areas. Emanating from the belief that the co-communities deserve attention on priority, the CSR implementation area has been defined within a 10km radius of UBL's operations and manufacturing facilities.

A robust system of monitoring has been put in place to ensure effective implementation of planned CSR initiatives. A monthly reporting system has been established for each of the programmes, which is consolidated into quarterly and eventually annual CSR reports. The output of the intervention is gauged through a planned and actual comparison, which helps identify the gaps and challenges faced in the process of implementation and solutions for the same. The project sites are visited on a regular basis to understand the physical progress.

UBL has committed a significant proportion of its CSR budget to availability of safe drinking water for the communities residing in the vicinity of each of its 21 owned breweries. Over 140 villages comprising a population of over 600,000 would be covered under this program. The program will be implemented brewery by brewery for effective monitoring and supervision. It will be implemented in partnership with reputed non-government organisations and respective gram panchayats over five years commencing in FY16.

CSR activities undertaken by UBL are included in the Report of Stakeholders' Engagement detailed in pages 1 to 8 to this report. The Business Responsibility Report in the format prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the current Listing Regulations) is annexed as **Annexure-A**. Annual Report on CSR activities in terms of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014, is annexed as **Annexure-B**.

Sustainability

UBL's sustainability reporting articulates our perspective on the emerging forces in the global sustainability landscape and UBL's response on multiple dimensions. For each of the three dimensions i.e. economic, ecological and social sustainability, we articulate key issues as well as opportunities that emerge and update our engagements.

Towards sustainability, UBL has undertaken proactive measures in water consumption, rain water harvesting and reduction in energy consumption thereby reducing the carbon foot print, energy and fuel consumption.

Awards

The Company's brewery at Hyderabad was bestowed with the "Green Manufacturing Excellence Awards 2015" under the category "Challengers Award-Medium Business" from Frost & Sullivan's. The brewery at Rajasthan has been recognised for its contribution through corporate social responsibility by the Alwar District Administration.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

India is the second most populous country in the world, with over 1.3 billion people, i.e. more than a sixth of the world's population. Over 50% of its population is below the age of 25 and more than 65% below the age of 35 as per United Nations, Department of Economic and Social Affairs statistics.

The beer market in India is growing each year. With a Sales Volume of about 189 million cases in 2010, the Volume crossed 294 million cases during FY16. The continuing growth of the Indian beer market can be attributed to the young

demographics of the country along with growing affluence of the population. Our current per capita consumption of beer at 2 litres is well below the Global average of around 30 litres and can only grow.

In terms of revenue, beer accounts for around 11% of the Indian alcoholic beverage market. Compared to various international markets, such a low penetration in beer consumption offers an opportunity for substantial growth in the future. Your Company views tremendous opportunity in meeting the ever increasing demand, armed with a consistent expansion programme each year.

UBL has added 2 new brands to its portfolio. Kingfisher Ultra Max, a Super Premium Strong beer and Kingfisher Buzz, a flavoured beer, to cater to new consumers and market opportunities.

UBL faces a challenge in the form of consolidation of competition. The world's largest beer maker AB InBev took over its closest rival, SAB Miller, thereby enhancing its combined presence to control nearly a third of the global market.

There are a variety of taxes & levies in each state. These along with price regulation, inadequate market infrastructure and restrictions in interstate movement of beer, pose a great challenge to the industry. Roughly one-fifth of most state government budgets are funded by the alcoholic beverage category. Despite drivers of growth being in place, government intervention in distribution, high taxation, restricted communication and increased cost of raw materials remain some of the negatives faced by the industry.

The threat to sales in some territories in the country arises due to changes in government regulations and the threat of prohibition which stems from constant changes in the political climate in the country. Though sales have been prohibited in certain states, we are in the process of identifying avenues for increasing sales by exporting to other states. The industry as a whole faces the threat of drought in a few states resulting in severe shortage of water supply.

Prospects

UBL is the leading player in the industry with a market share of about 50%. Effective marketing strategies have helped us reinforce our position as the clear market leader in the country. Our flagship brand, Kingfisher is almost synonymous with beer in India.

Despite many challenges, the Indian market provides a huge opportunity with its extremely low per capita consumption when compared to other countries in the world like China and US which consume 37 litres and 78 litres of beer respectively per person per annum. We believe that favourable demographics, rising disposable incomes, urbanization and rising acceptability of drinking will bring winds of change to the industry. Beer industry is expected to grow at 6% to 8% p.a. for the next few years.

Also, what augurs well for the Indian beer industry is our large population and the fact that over 50% of the population is under 25 years of age. India is expected to overtake China to become the most populous nation in the world by 2025. All this will result in India reaping a huge demographic dividend.

Consumer acceptance of beer has led to innovations, such as new product introductions and success of brewpubs, selling freshly brewed beer in cities like Bengaluru, Gurgaon and Pune. Growth in premium modern trade and on-premise outlets in metropolitan cities has increased the range of availability of products and improved the retail environment. Some state governments, notably Maharashtra, Uttar Pradesh and Kerala, offer separate licenses for beer sale further boosting growth prospects for the industry.

UBL has invested significantly in brand visibility to sustain its "top of mind" recall with consumers. High profile sponsorships and brand activations have ensured that its brands, especially Kingfisher, retain their iconic status. The company has a strong route-to-market, combined with a portfolio of market leading brands.

We have through a series of strategic investments, taken steps to enhance our leadership in the industry in this unfolding scenario. UBL continues to invest in both capacities and brands. Though already established efficiency programmes apply to all aspects of our business, there is a constant drive towards continuous identification of new ways of improving organizational capabilities and speed, whilst reducing cost.

Even in a highly competitive scenario, your Company has not only successfully overcome the challenges of the industry, but also outpaced several global beer brands that have entered India in the recent past and has constantly maintained its leadership position.

Risk Management

Considering the risks affecting our industry, we have an established and robust framework for managing and mitigating various risks. We also continuously assess and update the framework based on the changes in the level of risk. To achieve this control, UBL performs risk assessment in which Strategic, Operative, Information Technology, Financial and other Risks are analysed. This is reviewed regularly by the Internal Audit team and the Board. UBL has evolved a framework for management of business risk. We periodically assess risks in the internal and external environment, along with the cost of treating risk and incorporates risk treatment plans in its strategy, business and operational plans.

High taxation and price control by several states inhibits our ability to significantly improve the margin profile of our business.

UBL has explored a variety of avenues to contain the risk of continued increase in basic costs and has entered into a few long term agreements for sourcing vital inputs. There has been a continuing review of the long term strategy for procurement at an economical cost.

In order to mitigate the risk of water shortages, most of our breweries have implemented ground water recharge. As part of Corporate Social Responsibility (CSR) initiatives, UBL has committed to availability of safe drinking water for communities residing in the vicinity of each of its 21 owned breweries. Over 140 villages comprising a population of over 6 Lakh villagers would be covered over a period of 5 years commencing in FY16.

From a consumption level of about 6 litres of water per litre of beer produced 7–8 years ago, we are at a level of about 3.5 litres per litre of beer today. This is ahead of the world average of about 4 litres. Some of our newer breweries are at a level of 2.5–2.8 litres of water per litre of beer. This would place your Company amongst the elite of world breweries in the area of water consumption.

UBL has constituted a Risk Management Committee comprising senior board members. Further, the Assurance Committee comprising of functional Heads, periodically reviews the identified risks and takes mitigative actions. The Company has formulated a Risk Management Policy and the management has laid down procedures for risk assessment, identification, minimization and mitigation which are presented to the Audit Committee and the Board of Directors on a periodical basis.

Internal control system

UBL has established a robust system of Internal Controls to ensure that assets are safeguarded and transactions are appropriately authorized, recorded and reported. With the introduction of Internal Controls in Financial Reporting (ICFR) in the Companies Act, 2013, we have made an evaluation of functioning and quality of internal controls. In addition to statutory mandate, Internal Audit evaluates and provides assurance of its adequacy and effectiveness through periodic reporting. Controls in place are routinely evaluated and certified by the Internal and Statutory Auditors

and gaps are identified by the Auditors through a detailed testing exercise. The revised process of internal control ensures orderly and efficient conduct of business, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

Internal Control evaluates adequacy of segregation of duties, transparency in authorization of transactions, adequacy of records and documents, accountability & safeguarding of assets and reliability of the management information system. Periodic reviews are carried out for identification of control deficiencies and opportunities for bridging gaps with best practices along with formalization of action plans to minimize risks.

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

OTHER INFORMATION

Subsidiary Company

Maltex Malsters Limited is the only subsidiary in which your Company holds 51% of equity capital. Maltex Malsters Limited is a non-listed entity and is not a material non-listed subsidiary as defined in Clause 49 of the earlier Listing Agreement and Regulation 16(1)(c) of the current Listing Regulations.

UBL has formulated a policy for determining material subsidiaries which is placed on the website of the Company www.unitedbreweries.com and is available through the link <http://unitedbreweries.com/pdf/policyandcodes/Policy%20for%20Determining%20Material%20Subsidiaries-PDF.pdf>.

The consolidated financial statement of the company including the financial statement of its subsidiary forms part of this Report in terms of the Companies Act, 2013 and the current Listing Regulations. A statement containing the salient features of the financial statement of the subsidiary/associate is attached as **Annexure-C** to this Report.

Cash Flow Statement

A Cash Flow Statement for the year ended March 31, 2016 is appended.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Listing requirements

Your Company's equity shares are listed on the BSE Limited (formerly Bombay Stock Exchange Limited) and National Stock Exchange of India Limited. The listing fees have been paid to all these Stock Exchanges for the year 2016-2017.

Depository System

The trading in the equity shares of the Company is under compulsory dematerialization mode. The Company has entered into an agreement with National Securities Depository Limited and Central Depository Service (India) Limited in accordance with the provisions of the Depositories Act, 1996 and as per the directions issued by the Securities and Exchange Board of India. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail the facility of dematerialization of the Company's shares.

Deposits

There were no outstanding deposits at the end of the previous financial year. The Company has not invited any deposits during the year.

Additional statutory information

Particulars of Employees & Managerial Remuneration

Information required under sub-section (12) of Section 197 of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company, forms part of this Report. Details of remuneration of managerial personnel as required under sub-section (12) of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 also forms part of this Report.

In terms of first proviso to sub-section (1) of Section 136 of the Companies Act, 2013, the reports and accounts are being sent to the shareholders excluding the aforesaid information. Any shareholder interested in inspection of the documents pertaining to above information or desires a copy thereof may write to the Company Secretary.

Cautionary Statement

Statements in this report, particularly those which relate to 'Management Discussion and Analysis' and 'Opportunities, Threats, Risks and Concerns', describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

Employees Stock Option Scheme and Sweat Equity Shares

The Company has not offered any shares to its employees or Key Managerial Personnel under a scheme of Employees' Stock Option and has also not issued any Sweat Equity Shares at any time.

Related Party Transactions

Details of transactions with related parties as defined in the Companies Act, 2013 and the Rules framed thereunder, the Listing Agreement/current Listing Regulations and Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006, have been reported in the Notes to financial statements. Approval of the Audit Committee and the Board of Directors as required under the Listing Agreement/current Listing Regulations has been obtained for such transactions.

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions which is placed on the website of the Company viz., www.unitedbreweries.com and is available through the link <http://unitedbreweries.com/pdf/PolicyandCodes/Policy%20on%20Related%20Party%20Transactions.pdf>.

All transactions entered by the Company during FY16 with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Familiarization programme for Independent Directors

The existing Board comprises Executive, Independent and Non-Executive Directors who have been at the helm of Management of the Company for several years and are fully conversant with the business and operations of the Company. The familiarization programme for new Independent Directors as and when inducted shall aim to familiarize them with the Company, their roles, rights, responsibility in the Company, market, business model of the Company etc.

The existing Board of Directors have complete access to the information within the Company.

Presentations are regularly made to the Board of Directors/Audit Committee/Nomination & Remuneration Committee on various related matters, where Directors get an opportunity to interact with Senior Managers. The Company has issued appointment letters to the Independent Directors which also incorporates their role, duties and responsibilities.

Whistle Blower Policy

The Company has adopted vigil mechanism which is a channel for receiving and redressing of complaints about any misconduct, actual or suspected fraud, actual or potential violations of the Company's code of conduct and any other unethical, unlawful or improper practices, acts or activities within the Company. The Company has formulated a Whistle Blower Policy for Employees & Directors and has ensured adequate safeguards against victimization of whistle blowers. The details of establishment of the vigil mechanism are disclosed on the website of the Company.

None of the Employees & Directors have been denied access to the Chairman of the Audit Committee.

Conservation of Energy

The company is taking continuous steps to conserve energy. Its "Sustainability" initiatives are disclosed separately as part of this report.

The information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as stipulated under Clause (m) of sub-section (3) of Section 134 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014 is set out herewith as **Annexure-D** to this report.

Code of Business Conduct and Ethics

The Board of Directors of UBL have adopted a Code of Business Conduct and Ethics in terms of the Listing Regulations which has been posted on the website of the Company viz., www.unitedbreweries.com.

Code for Prevention of Insider Trading

Your Company has adopted a comprehensive 'Code of Conduct to Regulate, Monitor and Report of Trading by Insiders' and also a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' under the provisions of the Securities Exchange Board of India (Prevention of Insider Trading) Regulations, 2015.

Directors

The Board of Directors of UBL comprises twelve Directors, with a balanced combination of Independent and Promoter Directors.

Mr. A K Ravi Nedungadi, Non-Executive Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Following his transfer to a new assignment by Heineken N.V., the term of Mr. Henricus Petrus van Zon as Director and Chief Financial Officer shall end on August 31, 2016. Mr. Steven Bosch has been seconded by Heineken N.V. in place of Mr. van Zon to take charge on September 01, 2016. Mr. Bosch will also be a Key Managerial Personnel as per the Companies Act, 2013.

Independent Directors viz., Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal, Mr. Sunil Alagh, Ms. Kiran Mazumdar Shaw, Mr. Madhav Bhatkuly and Mr. Stephan Gerlich have been appointed for a period of five years till September 03, 2019.

Declaration from Independent Directors

All Independent Directors have given a declaration that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013.

Meetings of the Board of Directors and Committees of the Board

The meetings of the Board and Committees are pre-scheduled and a tentative calendar of the meetings finalized in consultation with the Directors is circulated to them in advance to facilitate them to plan their schedule. In case of special and urgent business needs, approval is taken by passing resolutions through circulation. During FY16, four (4) Board Meetings were held. Other details including composition of the Board and various Committees and Meetings thereof held in FY16 are given in the Corporate Governance Report forming part of this report.

Audit Committee

The Audit Committee of the Board of Directors is constituted to act in accordance with the terms of reference and perform roles, as prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement. The composition of the Audit Committee, its terms of reference, roles and details of meetings convened and held during the year under review is given in Corporate Governance Report forming part of this report.

During the year, all the recommendations of the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted to act in accordance with the terms of reference and perform roles, as prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement. The composition of the Nomination and Remuneration Committee, its terms of reference, roles and details of meetings convened and held during the year under review is given in the Corporate Governance Report forming part of this report.

Performance Evaluation of Directors

To ensure an effective Board evaluation process, the Nomination and Remuneration Committee (NRC) has put in place a robust evaluation framework for conducting the exercise with key steps and practices defined clearly. As part of this process, customized questionnaires, after review by the NRC, were circulated to all Directors of the Company. Each Director was required to undertake assessment of all other Directors and the Chairperson. Additionally, the effectiveness of the Board and Committees was required to be evaluated by each member of the Board.

Keeping in view the sensitivity and confidentiality associated with the exercise, an external agency was engaged to anchor the process. Responses from Directors were submitted through an electronic platform and were kept confidential.

Performance of the Board was evaluated on various parameters such as composition, strategy, tone at the top, risk and controls and diversity. Similarly a questionnaire for Committees was framed on parameters such as adherence to the terms of reference and adequate reporting to the Board. Parameters for the Directors included intellectual independence of the Director, participation in formulation of business plans, constructive engagement with colleagues and understanding of risk profile of the company. Chairperson of the Company was evaluated on parameters, such as leadership style and motivation of Directors.

Questionnaire was completed by each Director, responses were analysed and the results were subsequently discussed at a meeting of the NRC. Additionally, each Director was given an Individual report regarding his/her peer evaluation by other Directors, for deeper and fruitful understanding of development areas.

The recommendations arising from this entire process were considered by the Board to improve its overall effectiveness and optimize individual strength of Directors.

Policy on Performance Evaluation

UBL has formulated a Performance Evaluation Policy inter alia prescribing evaluation criteria for Independent Directors and the Board of Directors of the Company. The Policy also lays down criteria for appointment of Directors and the remuneration of Directors/Key Managerial Personnel. The Policy of the Company is posted on the website of the Company viz., www.unitedbreweries.com and is available through the link <http://unitedbreweries.com/pdf/policyandcodes/Directors%20performance%20Evaluation%20Policy.pdf>. Criteria for making payment to non-executive Directors is placed on the website of the Company viz., www.unitedbreweries.com.

Foreign Exchange Earnings and Outgo

During FY16 total foreign exchange earnings of the Company stood at Rs.438 Lakhs (Previous Year: Rs.467 Lakhs) and foreign exchange outgo stood at Rs.18,821 Lakhs (Previous Year: Rs.16,808 Lakhs).

Corporate Governance Report

Report on Corporate Governance forms part of this report along with the Certificate from the Company Secretary in Practice.

Annual Return

As required under sub-section (3) of Section 92 of Companies Act, 2013 and Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 is annexed as **Annexure-E** to this report.

Auditors and the Auditor's Report

In terms of the provisions contained in the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Messrs S R Batliboi & Associates LLP, Chartered Accountants were appointed Statutory Auditors of UBL at 15th Annual General Meeting held on September 04, 2014 for a period of three years i.e. from the conclusion of 15th Annual General Meeting till the conclusion of 18th Annual General Meeting. Their appointment in the office of Statutory Auditors during the said period is subject to ratification by Members at every Annual General Meeting.

There are no qualifications or adverse remarks in the Auditor's Report. The Auditors have expressed their opinion that the Company's internal financial controls with respect to obtaining customer/vendor confirmation and their reconciliation with the books of accounts of the Company in certain cases were not operating effectively. The Directors are of the view that though the Company was unable to achieve the said controls in certain cases there is no risk of material misstatement of the outstanding of debtors/creditors in the books of accounts.

Secretarial Audit

Pursuant to the Section 204 of the Companies Act, 2013 and Rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sudhir Hulyalkar, Company Secretaries, to undertake Secretarial Audit of the Company for the FY16. The Secretarial Audit Report forms part of this report and is annexed as **Annexure-F**.

There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report.

Details of Significant and Material Orders

No order has been passed or stringent action taken by any regulator or court or tribunal impacting the going concern status of the Company. The Company has complied with the requirements of the regulators on matters related to stakeholders, as applicable.

Directors' Responsibility Statement

Pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the Board of Directors report that:

- (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;

- (e) the Directors have laid down internal financial controls to be followed by the Company and ensured that such internal financial controls are adequate and were operating effectively, and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and ensured that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors take this opportunity to thank UBL's customers, shareholders, suppliers, bankers, business partners and associates, financial institutions and central and state governments for their consistent support and encouragement to the Company. Finally, your Directors would like to convey sincere appreciation to all employees of the Company for their hard work and commitment.

By Authority of the Board

May 13, 2016
Mumbai

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Henricus Petrus van Zon
Director & CFO
DIN: 06485007



UNITED BREWERIES LIMITED

Corporate Governance Report

As Manifested in the Company's vision, United Breweries Limited (UBL) has always strived for excellence in Corporate Governance. Beyond mere compliance, we are committed towards taking all strategic initiatives to enhance Shareholders' wealth in the long term. In pursuit of corporate goals, the Company accords high importance to transparency, accountability and integrity in its dealings. Our philosophy on Corporate Governance is driven towards welfare of all the Stakeholders and the Board of Directors remains committed towards this end.

The Board of Directors supports the broad principles of Corporate Governance and lays strong emphasis on its role to align and direct the actions of the Company in achieving its objectives.

BOARD OF DIRECTORS

The Company is managed and controlled through a professional Board of Directors. The Board comprises of a balanced combination of non-Executive and independent Directors in addition to the Managing Director (MD) and the Chief Financial Officer (CFO). The Board consists of eminent persons with considerable professional expertise and experience.

Chairman

Dr. Vijay Mallya

Executive Directors

Mr. Shekhar Ramamurthy (Managing Director)

Mr. Henricus Petrus van Zon (Director & CFO) *

Non – Executive Directors

Mr. A K Ravi Nedungadi

Mr. Sijbe Hiemstra

Mr. Frans Erik Eusman

Senior Vice President – Legal & Company Secretary

Audit Committee

Mr. Chugh Yoginder Pal	Chairman
Mr. Chhaganlal Jain	Member
Mr. Sunil Alagh	Member

Nomination and Remuneration Committee

Mr. Sunil Alagh	Chairman
Mr. A K Ravi Nedungadi	Member
Mr. Frans Erik Eusman	Member
Mr. Chhaganlal Jain	Member
Mr. Chugh Yoginder Pal	Member

Risk Management Committee

Dr. Vijay Mallya	Chairman
Mr. Shekhar Ramamurthy	Member
Mr. Henricus Petrus van Zon*	Member
Mr. Chhaganlal Jain	Member
Mr. Chugh Yoginder Pal	Member
Ms. Kiran Mazumdar Shaw	Member
Mr. Madhav Bhatkuly	Member

Share Transfer Committee

Mr. A K Ravi Nedungadi	Chairman
Mr. Shekhar Ramamurthy	Member
Mr. Henricus Petrus van Zon*	Member

Auditors

S.R. Batliboi & Associates LLP, Chartered Accountants

Registrar and Share Transfer Agent

Integrated Enterprises (India) Limited

Independent Directors

Mr. Chhaganlal Jain

Mr. Chugh Yoginder Pal

Mr. Sunil Alagh

Ms. Kiran Mazumdar Shaw

Mr. Madhav Bhatkuly

Mr. Stephan Gerlich

Mr. Govind Iyengar

Stakeholders' Relationship Committee

Mr. Chugh Yoginder Pal	Chairman
Mr. Chhaganlal Jain	Member
Mr. Sunil Alagh	Member

Borrowing Committee

Mr. Chhaganlal Jain	Chairman
Mr. Henricus Petrus van Zon*	Member
Mr. A K Ravi Nedungadi	Member
Ms. Kiran Mazumdar Shaw	Member

Corporate Social Responsibility Committee

Dr. Vijay Mallya	Chairman
Mr. Shekhar Ramamurthy	Member
Mr. Henricus Petrus van Zon*	Member
Mr. Sunil Alagh	Member
Ms. Kiran Mazumdar Shaw	Member
Mr. Madhav Bhatkuly	Member

Note: * Mr. Steven Bosch shall replace Mr. Henricus Petrus van Zon w.e.f. September 01, 2016 in the Board and respective committees.

Profile of Directors and their other Directorships

Brief resume	Other Directorships & Committee Memberships in India
<p>Dr. Vijay Mallya (Din: 00122890)</p> <p>Dr. Vijay Mallya served two terms as a Member of India's Parliament and is Chairman of The United Breweries (UB) Group. He was born in 1955 and became the Chairman of The UB Group at the age of 28 following his father's demise. Prior to being entrusted with the responsibilities of running The UB conglomerate, Dr. Mallya worked for American Hoechst Corporation in the United States and Jenson & Nicholson Ltd. in England. Since 1980 he assisted his father, then Chairman of the UB Group in managing the important brewing and spirits divisions. Upon assuming the position of Chairman in October 1983, Dr. Mallya initiated the process of inducting professional management and consolidating businesses. The UB Group is solely focused on increasing value for its stakeholders through its various market leading brands and through strategic partnerships and alliances.</p> <p>Dr. Mallya has received several professional awards both in India and overseas and has been Director and Chairman of United Breweries Ltd. since March 30, 2002.</p>	<p>Other Boards</p> <ul style="list-style-type: none"> - Bayer CropScience Limited - Kingfisher Airlines Limited - United Breweries (Holdings) Limited - United Racing and Bloodstock Breeders Limited - Kingfisher East Bengal Football Team Private Limited - VJM Investments Private Limited - Motor Sports Association of India
<p>Mr. Shekhar Ramamurthy (Din: 00504801)</p> <p>Mr. Shekhar Ramamurthy is an alumnus of IIT Delhi and IIM Kolkata. He has been with the UB Group since 1989 and has been in several roles across the Group. He joined in the Corporate Planning function and soon thereafter moved into a Marketing role with what is now United Spirits Limited. He spent over 9 years in the Spirits business in Marketing and Sales roles before joining United Breweries Limited as the Head of Marketing and Sales in October 1999. He took on greater responsibilities as the Deputy President of UBL from October 2007 and then as the Joint President of the company from September 2012 till taking over as the Managing Director on 01 August 2015.</p> <p>He has been an integral part of the dynamic growth story of the Company that has seen brand Kingfisher establish itself as the number 1 choice of consumers in India.</p>	<p>Other Boards</p> <ul style="list-style-type: none"> - Kingfisher East Bengal Football Team Private Limited
<p>Mr. Henricus Petrus van Zon (Din: 06485007)</p> <p>Mr. Henricus Petrus van Zon, is an MSC in Business Economics and Post Graduate in Accountancy from Erasmus University, Rotterdam, Netherlands. He has also completed various Executive Development Programs from IMD-Lausanne, Switzerland and INSEAD-Fontainebleau, France. In 2007 he joined Brau Holding International GmbH and Co. KGaA, a Joint Venture between Schorhuber UG and Heineken NV as Executive Director and CFO. During his tenure he has also been operationally responsible as the Chairman of the Management Board and CFO of Kulmbacher Brauerei AG.</p> <p>Prior to this Mr. van Zon held several important portfolios in organisations like Grupa Zywiec, Heineken Espana, Heineken NV, Vietnam Brewery Ltd., Commonwealth Brewery Ltd. and Heineken Netherlands BV. Mr. van Zon brings with him over 3 decades experience of a professional in finance and general management, possessing broad business skills and an understanding of diverse emerging markets.</p> <p>Mr. van Zon has been on the Board of UBL since December 07, 2012.</p>	<p>NIL</p>

Brief resume	Other Directorships & Committee Memberships in India
<p>Mr. A K Ravi Nedungadi (Din: 00103214)</p> <p>A trained Chartered and Cost Accountant, Mr Nedungadi joined the United Breweries Group in 1990 as the Corporate Treasurer. Within two years, he became the Group Finance Director of the Group's International business managing the businesses of UB International Ltd., which comprised the paint giant Berger Jenson and Nicholson having operations spanning 27 countries. He played a lead role in listing the Berger Group Companies on various international Stock Exchanges including the London and Singapore bourses. Since his appointment as the President and Group CFO in 1998, he led the way to sharpening the focus of the Group, which had a conglomerate approach, on areas of competence and global reach. This saw the Group focus on clearly defined verticals each area presenting clear leadership within India and global significance. He played a key role in a number of corporate actions including domestic and international acquisitions, mergers, etc. leading to a manifold increase in the market capitalization of the Group.</p> <p>Mr Nedungadi is the recipient of many awards of excellence, including Udyog Ratan Award, IMA's CFO of the Year, CNBC TV 18's – CFO of the Year – M&A, etc. Memberships in esteemed organizations like Who's Who of Professionals only reinforce the above testimonials. Further, he is on the Board of several companies, both in India and overseas.</p> <p>Mr Nedungadi has been on the Board of UBL since August 09, 2002.</p>	<p>Other Boards</p> <ul style="list-style-type: none"> - Sanofi India Limited - Bayer CropScience Limited <p>Audit Committee</p> <ul style="list-style-type: none"> - Sanofi India Limited - Bayer CropScience Limited <p>Stakeholders Relationship Committee:</p> <ul style="list-style-type: none"> - Sanofi India Limited - Bayer CropScience Limited (Chairman)
<p>Mr. Sijbe Hiemstra (Din: 00442940)</p> <p>Mr. Sijbe Hiemstra has Bachelor's degree in Business Administration at the School of Higher Economic Studies, Rotterdam and has attended various International Management programmes. Mr. Hiemstra joined Heineken in 1978. The first six years he worked with Gedistilleerd en Wijngroep Nederland. He started in various commercial and logistic projects, culminating in Product, Brand and Category Manager. In 1985 he was appointed Export Manager Softdrinks with Heineken Export Department/Vrumona. In 1989 Mr. Hiemstra started his overseas career as Country Manager of Heineken Export in Seoul, South Korea. This was followed by several years as Commercial Manager with South Pacific Holdings in Papua New Guinea and as General Manager of Brasseries de Bourbon in ILLe de La Reunion. In 1995 he returned to the Netherlands to take up the position of Deputy Director Central Africa for Heineken's Africa/Middle East Cluster. In 1998 he was appointed Regional Director SEA/Oceania with Asia Pacific Breweries Ltd in Singapore. In 2001 he became Director of Heineken Technical Services in Zoeterwoude. In October 2005 he was appointed Regional President, Heineken Asia Pacific based in Singapore. In 2011, he assumed the role of President – Africa and Middle East and thereafter retired in September 01, 2015.</p> <p>Mr. Hiemstra has been appointed on the Board of UBL effective July 23, 2015.</p>	NIL

Brief resume	Other Directorships & Committee Memberships in India
<p>Mr. Frans Erik Eusman (Din: 07242083)</p> <p>Mr. Frans Erik Eusman joined Heineken in 1987. He has worked in various finance and general management positions in Europe and Asia. He has been appointed President of Asia Pacific Region at Heineken NV since July 1, 2015. Previously Mr. Eusman served as the Chief Business Services Officer at Heineken NV from 2010 to July 1, 2015. Mr. Eusman was Managing Director of Heineken France S.A.S. from 2005 until October 1, 2010 and Corporate Control & Accounting Director from 2003 to 2005. He was a Member of the Executive Committee from October 2010 to 30 June 2015 and since 1 July 2015, a member of the Executive Team at Heineken NV.</p> <p>Mr. Eusman has been appointed on the Board of UBL effective August 01, 2015.</p>	<p>NIL</p>
<p>Mr. Chhaganlal Jain (Din: 00102910)</p> <p>Mr. Chhaganlal Jain is a Chartered Accountant and a Company Secretary by profession, having more than 45 years of Corporate experience in various organizations including ICI and Hindustan Lever Ltd. He was Finance Director of Hoechst India Ltd. He was also External Faculty Member at Bajaj Institute of Management for 17 years. He was also Chairman of Banking and Finance Committee of Bombay Chamber of Commerce and Industry for four years. Apart from Directorship he holds in esteemed public companies, he is also a trustee of Nayana Parekh Charitable Trust, Sangeeta Jain Charitable Trust and Oswal Mitra Mandal.</p> <p>Mr. Jain has been on the Board of UBL since January 27, 2003.</p>	<p>Other Boards</p> <ul style="list-style-type: none"> - Asit C. Mehta Investment Intermediates Limited - RPG Life Sciences Limited - Practical Financial Services Private Limited - NOCIL Limited <p>Audit Committees</p> <ul style="list-style-type: none"> - NOCIL Limited (Chairman) - RPG Life Sciences Limited (Chairman) - Asit C. Mehta Investment Intermediates Limited (Chairman)
<p>Mr. Chugh Yoginder Pal (Din: 00106536)</p> <p>Mr. Chugh Yoginder Pal is a first class Graduate in Engineering from Delhi University. After a brief Industrial Engineering training stint in TELCO he joined Hindustan Lever in 1960, where he held various positions starting in Industrial Engineering and moved up quickly in the Management hierarchy in a variety of Production, Factory and General Management roles leading to head of Corporate Materials Management. He joined Cadbury India Limited as Technical Director and became Managing Director in 1983 and Chairman & Managing Director in 1987. He retired as Executive Chairman in 1997 and as Non-Executive Chairman of Cadbury India Limited (now Mondelez India Foods Limited) in March, 2015.</p> <p>Mr. Pal brings with him great expertise and understanding of the Indian Business environment. He was President of the prestigious Bombay Chamber of Commerce and Industry.</p> <p>Mr. Pal has been on the Board of UBL since April 29, 2005.</p>	<p>Other Boards</p> <ul style="list-style-type: none"> - Maya Entertainment Limited - Shriram Pistons & Rings Limited - Aptech Limited - Franchising Association of India - Renfro India Private Limited <p>Audit Committees</p> <ul style="list-style-type: none"> - Aptech Limited (Chairman) - Shriram Pistons & Rings Limited

Brief resume	Other Directorships & Committee Memberships in India
<p>Mr. Sunil Alagh (Din: 00103320)</p> <p>Mr. Sunil Alagh is Chairman of SKA Advisors, a Business Advisory/ Consultancy firm with a focus on Marketing and Brand building strategies. He is a graduate in Economics (Hons.) with MBA from IIM Calcutta. He has worked with ITC Limited, Jagatjit Industries Limited and Britannia Industries Limited. He was Managing Director and CEO of Britannia Industries Limited from 1989 to 2003. During this tenure, Britannia figured in the Forbes Magazine list of 300 Best Small Companies in the world for 3 years. It also became the Number 1 food Brand in India.</p> <p>He is on the Boards of GATI Ltd. (a JV with KWE, Japan), GATI Import & Export Trading Ltd. and Indofil Industries Ltd. In addition, he is a Member of the Prasar Bharati Board, India, Member on the Advisory Board of the Jawaharlal Darda Institute of Engineering and Technology, Yavatmal, Advisory Board of Setco Automotive Ltd., Mumbai, Senior Advisor to Hannover Re, Germany, and on the Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He is a former member of the Board of IL&FS Investsmart Ltd. The Indian Advisory Board of Schindler Switzerland, Board of Governors' of IIM Bangalore and IIM Indore, the Governing Council of the National Institute of Design, Ahmedabad and a member of the Round Table on Higher Education of the Ministry of HRD, Government of India. He was honoured with the 'Gold Medal Kashlkar Memorial Award 2000' for outstanding contribution to the food processing industry in India. He was a finalist for the Ernst and Young Entrepreneur of the Year Award, 2002.</p> <p>Mr. Alagh has been on the Board of UBL since April 29, 2005.</p>	<p>Other Boards</p> <ul style="list-style-type: none"> - GATI Limited - Indofil Industries Limited - GATI Import Export Trading Limited - SKA Advisors Private Limited - Prasar Bharati <p>Stakeholders' Relationship Committee</p> <ul style="list-style-type: none"> - Indofil Industries Limited - GATI Limited (Chairman) <p>Audit Committee</p> <ul style="list-style-type: none"> - Indofil Industries Limited
<p>Mr. Madhav Bhatkuly (Din: 00796367)</p> <p>Mr. Madhav Bhatkuly has a Master's Degree in Commerce from Sydenham College, Bombay and a Master's Degree in Economics from the London School of Economics. He is a recipient of the Foreign and Commonwealth Scholarship from the British Government. Mr. Bhatkuly was a country partner of Arisaig Partners from 1999 to 2005. Prior to that, he was associated with SG Securities and ICICI Bank Limited. He partnered with Chris Hohn of The Children's Investment Fund, (UK) TCI to set up a dedicated India Fund. He is credited to have been amongst the first institutional investors in many small companies which have gone on to become some of India's leading names. He has been featured on several TV shows including "CNBC's wizards of Dalal Street", Indianomics, the Karan Thapar Show etc. and has been invited to speak at many business schools such as the Indian Institute of Management, and by many organisations such as the Confederation of India Industries (CII), Goldman Sachs etc.</p> <p>He currently serves as director on the board of New Horizon Opportunities Master Fund (NHOF). Based on the information in public domain, NHOF has been the best performing India fund in the world over the past 6 years.</p> <p>Mr. Bhatkuly has been on the Board of UBL since October 26, 2009.</p>	<p>Other Boards</p> <ul style="list-style-type: none"> - New Horizon Financial Research Private Limited - New Horizon Wealth Management Private Limited

Brief resume	Other Directorships & Committee Memberships in India
<p>Ms. Kiran Mazumdar Shaw (Din: 00347229)</p> <p>Ms. Kiran Mazumdar Shaw is a pioneer of the biotechnology industry in India and the founder of Asia's leading bio-pharmaceuticals enterprise, Biocon. Named among TIME magazine's 100 most influential people in the world, Ms. Mazumdar-Shaw is recognized as a thought leader who has made her country proud by building a globally recognized biopharmaceutical enterprise that is committed to innovation and affordability in delivering best-in-class therapeutics to patients across the globe.</p> <p>As a global influencer, she is ranked among 'World's 25 Most Influential People in Biopharma' by Fierce Biotech, Forbes magazine's '100 Most Powerful Women' and Fortune's 'Top 25 Most Powerful Women in Asia-Pacific.' More recently, she was featured in 'The Worldview 100 List' of the most influential visionaries by Scientific American magazine and named among the '100 Leading Global Thinkers' by Foreign Policy magazine. She was ranked second among the 100 Most Influential People in the field of medicine in the 'Global Medicine Maker Power List 2015' published by a top UK-based medical publication. Ms. Shaw is also an Independent Member of the Board of Infosys, a global leader in consulting, technology and outsourcing solutions. She is also the Chairperson of the Board of Governors of the Indian Institute of Management, Bangalore.</p> <p>At home, Ms. Shaw has been awarded with the Padma Shri and Padma Bhushan, the most coveted Civilian National Awards of India.</p> <p>Ms. Mazumdar-Shaw holds a bachelor's degree in science (Zoology Hons.) from Bangalore University and a master's degree in malting and brewing from Ballarat College, Melbourne University. She has been awarded with several honorary degrees from Ballarat (2004), University of Abertay (2007), University of Glasgow (2008), Heriot-Watt University (2008), National University of Ireland (2012) and Trinity College, Dublin (2012) for her pre-eminent contributions to field of biotechnology.</p> <p>Recently, Federation University Australia (FedUni) honoured her by dedicating a road at the University's Mt Helen Campus to her as 'Mazumdar Drive'. She has also been appointed as an Ambassador of the University for a three-year term.</p> <p>Ms. Mazumdar-Shaw is also on the honorary board of advisors of The National Society of High School Scholars, US. She is a founder member of the Society for the formation of "Institute for Stem Cell Biology and Regenerative Medicine". Moreover, she serves on the Global Advisory Committee for "Women and the Green Economy Campaign" (WAGE)TM initiative.</p> <p>She pioneered the setting up of Association of Biotech Led Enterprises, which has been instrumental in bringing government, industry and academia together to charter a clear and progressive growth path for biotechnology in India. She also serves as a member of the Governing Body of the Indian Pharmacopoeia Commission. As founder member of Karnataka's Vision Group on Biotechnology, she currently chairs this forum.</p> <p>She has won several national and global awards, including Ernst & Young Best Entrepreneur: Healthcare & Life Sciences Award (2002), The Economic Times Business Woman of the Year Award (2004) and Nikkei Asia Prize for Regional Growth (2009). She is also the Honorary Consul of Ireland in Bangalore.</p> <p>Ms. Shaw has been on the Board of UBL since October 26, 2009.</p>	<p>Other Boards</p> <ul style="list-style-type: none"> - Biocon Limited - Syngene International Limited - Biocon Research Limited - Narayana Institute for Advanced Research Private Limited - Narayana Hrudayalaya Limited - Biocon Academy - Mazumdar Shaw Medical Foundation - Infosys Limited - Biocon Pharma Limited - Narayana Vaishno Devi Speciality Hospitals Private Limited - Glenloch Properties Private Limited - Biocon Biologics India Limited

Brief resume	Other Directorships & Committee Memberships in India
<p>Mr. Stephan Gerlich (Din: 00063222)</p> <p>In April 2014, Mr. Stephan Gerlich assumed the role as CEO of Bayer de Mexico and spokesperson of the Bayer Group in Mexico. Formerly, in his assignment in India, Mr. Gerlich was the Country Group Speaker for the Bayer Group in India.</p> <p>Mr. Gerlich started his career with Bayer AG in Germany in 1978 and shortly later moved to a subsidiary in France. After 3 years in France, he joined the Bayer operations in Mexico. In 1994, he took over as Director Sales & Marketing and Key Account Manager in Bayer France. In 1995, he became President / CEO of the Bayer / Hoechst Joint Venture, Dystar, in Mexico. In 2000, he became Vice President in charge of Sales in US & Canada for Dystar, based in North Carolina.</p> <p>Mr. Gerlich has been on the Board of UBL since July 02, 2010.</p>	NIL

Note: Committee Memberships of Directors mentioned above includes only those Committees prescribed for reckoning of limits under Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. None of the Directors are related inter-se.

Profile of New Director and his other Directorships

Brief resume	Other Directorships & Committee Memberships in India
<p>Mr. Steven Bosch (Din 07573930)</p> <p>Mr. Bosch holds an MSc. in Business Administration from the University of Groningen, The Netherlands. He has completed various Finance and Management Development programs at CERAM School of Management & Technology and at INSEAD-Fontainebleau. He started his career in 2002 in the banking industry and held various roles of increasing responsibility with ABN AMRO's investment banking division, located in Amsterdam, Paris and Jakarta. Before joining Heineken, he was a Vice President with the Royal Bank of Scotland, based in Hong Kong. As a Director in Heineken International's Global Business Development team, Mr. Bosch has led a wide range of projects including acquisitions, divestitures, mergers, restructuring and business due diligence projects.</p> <p>In addition to a diverse professional experience in mature markets globally, he has held project leadership positions in emerging markets including Argentina, Indonesia, Ivory Coast, Russia and South Africa. Mr. Bosch' expertise includes business planning, financial analysis, due diligence, valuation, transaction structuring, integration planning, project management, acquisitions, mergers, divestments and equity capital markets solutions. He brings with him about 15 years' experience of a professional in finance, investment banking and business development.</p> <p>Mr. Bosch is appointed to the board of UBL effective September 01, 2016.</p>	NIL

Membership in Boards and Board Committees - other than United Breweries Limited (UBL)

Name of the Directors	Membership in Boards other than UBL in India	Membership in Board Committees other than UBL	
		Prescribed for reckoning the limits under Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 **	Other Committees not so prescribed ***
Dr. Vijay Mallya	7	NIL	NIL
Mr. Shekhar Ramamurthy	1	NIL	NIL
Mr. Henricus Petrus van Zon	NIL	NIL	NIL
Mr. A K Ravi Nedungadi	2	4 (Chairman of 1 Committee)	1
Mr. Sijbe Hiemstra	NIL	NIL	NIL
Mr. Frans Erik Eusman	NIL	NIL	NIL
Mr. Chhaganlal Jain	4	3 (Chairman of 3 Committees)	4
Mr. Chugh Yoginder Pal	5	2 (Chairman of 1 Committee)	5
Mr. Sunil Alagh	5	3 (Chairman of 1 Committee)	2
Ms. Kiran Mazumdar Shaw	12	NIL	5
Mr. Madhav Bhatkuly	2	NIL	NIL
Mr. Stephan Gerlich	NIL	NIL	NIL

Membership in Boards and Board Committees of New Director - other than United Breweries Limited (UBL)

Name of the Directors	Membership in Boards other than UBL in India	Membership in Board Committees other than UBL	
		Prescribed for reckoning the limits under Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 **	Other Committees not so prescribed ***
Mr. Steven Bosch	NIL	NIL	NIL

The above position is as on the date of this Report and in respect of their Directorships only in Indian Companies.

** Audit Committee and Stakeholders' Relationship Committee.

*** Nomination and Remuneration Committee, Share Transfer Committee and Other Committees.

Notes:

- Out of 7 other Companies in India in which Dr. Vijay Mallya is a Director, 2 are Private Limited Companies and 1 is a Section 25 Company under the Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013). Dr. Vijay Mallya is also on the Board of 20 Overseas Companies.
- Mr. Shekhar Ramamurthy is a Director in 1 Private Limited Company. He is also on the Board of 1 Overseas Company.
- Mr. Henricus Petrus van Zon is not a Director in any other Company.
- Mr. A K Ravi Nedungadi is a Director in 2 Companies in India. Mr. A K Ravi Nedungadi is also on the Board of 5 Overseas Companies.
- Mr. Sijbe Hiemstra is on the Board of 2 Overseas Companies.
- Mr. Frans Erik Eusman is on the Board of 21 Overseas Companies.
- Out of 4 other Companies in which Mr. Chhaganlal Jain is a Director, 1 is a Private Limited Company.
- Out of 5 other Companies in which Mr. Chugh Yoginder Pal is a Director, 1 is a Private Limited Company and 1 is a Section 25 Company under the Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013).
- Out of 5 other Companies in which Mr. Sunil Alagh is a Director, 1 is a Private Limited Company.
- Out of 12 other Companies in which Ms. Kiran Mazumdar Shaw is a Director, 3 are Private Limited Companies and 1 is a Section 25 Company under the Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013). Ms. Mazumdar is also on the Board of 6 Overseas Companies.

- l) Mr. Madhav Bhatkuly is a Director in 2 Private Limited Companies. Mr. Bhatkuly is also on the Board of 1 Overseas Company.
- m) Mr. Stephan Gerlich is not a Director in any other Company.
- n) Mr. Steven Bosch is not a Director in any other Company.

Board Meetings

Matters of policy and other relevant and significant information are regularly made available to the Board. In order to ensure better Corporate Governance and transparency, the Company has constituted an Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Share Transfer Committee, Corporate Social Responsibility Committee, Risk Management Committee and Borrowing Committee to look into the aspects of each Committee. Internal Audit carried out by the Internal Audit team is commensurate with the size of the organization. There is a comprehensive management reporting system involving preparation of operating results and their review by senior management and by the Board.

In addition to securing Board approvals for various matters prescribed under the Companies Act, matters such as annual budget, operating plans, material show cause notices and demands, if any, minutes of committee meetings and subsidiary company, control self-assessment, risk management and updates thereof are regularly placed before the Board.

During the financial year ended on March 31, 2016, four (4) Board Meetings were held on May 28, 2015, July 22, 2015, November 02, 2015 and February 02, 2016.

Attendance at Board Meetings and Annual General Meeting (AGM)

Names of the Directors	Category	Number of Board Meetings held	Number of Board Meetings attended	Attendance at the last AGM held on 22.09.2015
Dr. Vijay Mallya	Chairman (NE)	4	4	Yes
Mr. Shekhar Ramamurthy *	Managing Director	4	2	Yes
Mr. Kalyan Ganguly *	Managing Director	4	2	---
Mr. Henricus Petrus van Zon	Director (CFO)	4	4	Yes
Mr. A K Ravi Nedungadi	Director (NE)	4	3	Yes
Mr. Sijbe Hiemstra **	Director (NE)	4	2	Yes
Mr. Duco Reinout Hooft Graafland **	Director (NE)	4	NIL	---
Mr. Frans Erik Eusman ***	Director (NE)	4	2	Yes
Mr. Roland Pirmez ***	Director (NE)	4	1	---
Mr. Ernst Willem Arnold Van De Weert ****	Director (NE)	4	1	---
Mr. Chhaganlal Jain	Director (NE, IND)	4	4	Yes
Mr. Chugh Yoginder Pal	Director (NE, IND)	4	4	Yes
Mr. Sunil Alagh	Director (NE, IND)	4	4	Yes
Ms. Kiran Mazumdar Shaw	Director (NE, IND)	4	3	---
Mr. Madhav Bhatkuly	Director (NE, IND)	4	2	---
Mr. Stephan Gerlich	Director (NE, IND)	4	3	---

Notes: NE – Non Executive, IND – Independent, CFO – Chief Financial Officer

* Mr. Shekhar Ramamurthy replaced Mr. Kalyan Ganguly w.e.f. August 01, 2015.

** Mr. Sijbe Hiemstra replaced Mr. Duco Reinout Hooft Graafland w.e.f. July 23, 2015.

*** Mr. Frans Erik Eusman replaced Mr. Roland Pirmez w.e.f. August 01, 2015.

**** Mr. Ernst Willem Arnold Van De Weert was appointed as an Alternate Director in place of Mr. Duco Reinout Hooft Graafland on March 31, 2015 who attended 1 Board Meeting held on May 28, 2015.

COMMITTEES OF DIRECTORS

The Board has constituted Committees of Directors as mandatorily required and to deal with matters which need urgent decisions and timely monitoring of the activities falling within their terms of reference. The Board Committees are as follows:

Audit Committee

The Audit Committee comprises of Mr. Chugh Yoginder Pal, Mr. Chhaganlal Jain and Mr. Sunil Alagh as members, all of whom are independent Directors. The Chairmanship of the Committee vests with Mr. Chugh Yoginder Pal.

The Committee oversees the financial reporting process, disclosure requirements and matters relating to Internal Control System. The Committee also reviews periodically the financial accounts, adequacy of the internal audit function, compliance with accounting standards and other areas within its terms of reference, as under;

- i) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii) Recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company;
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) Reviewing, with the Management, the Annual Financial Statements and auditor's report before submission to the Board for approval, with particular reference to;
 - Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgement by the Management;
 - Significant adjustments made in the financial statements arising out of Audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions;
 - Modified opinion(s) in the draft audit report;
- v) Reviewing with the Management the quarterly financial statements before submission to the Board for approval;
- vi) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- vii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- viii) Approval or any subsequent modification of transactions of the Company with related parties;
- ix) Scrutiny of inter-corporate loans and investments;
- x) Valuation of undertakings or assets of the company, wherever it is necessary;
- xi) Evaluation of internal financial controls and risk management systems;
- xii) Reviewing with the management the performance of statutory and internal auditors, adequacy of the internal control system;
- xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- xiv) Discussion with internal auditors of any significant findings and follow-up there on;
- xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xvi) Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii) To review the functioning of Whistle Blower mechanism;
- xix) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
- xx) Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

The Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial conditions and results of operations;
2. Statement of significant related party transactions submitted by the management;
3. Management letters/ letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor; and
6. Statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency;
 - (b) annual statement of funds utilized for purposes other than those stated in the offer documents/prospectus/ notice.

During the Year ended March 31, 2016, six (6) Audit Committee Meetings were held on May 22, 2015, July 22, 2015, September 22, 2015, November 01, 2015, February 01, 2016 and March 14, 2016.

Attendance at Audit Committee Meetings

Names of the Directors	Category	Number of Audit Committee Meetings held	Number of Audit Committee Meetings attended
Mr. Chugh Yoginder Pal	CHAIRMAN	6	6
Mr. Chhaganlal Jain	MEMBER	6	6
Mr. Sunil Alagh	MEMBER	6	4

The Company Secretary was present in all the Meetings of Audit Committee.

Share Transfer Committee

The Share Transfer Committee comprises of Mr. A K Ravi Nedungadi, Mr. Shekhar Ramamurthy, and Mr. Henricus Petrus van Zon as Members. Mr. A K Ravi Nedungadi, a non-executive Director is the Chairman of the Committee. Mr. Steven Bosch shall replace Mr. Henricus Petrus van Zon as a member of the Committee w.e.f. September 01, 2016.

The Terms of reference are as under:

- To monitor Transfer, Transmission and Transposition of the Shares of the Company;
- Issue of Duplicate Share Certificates, in lieu of Certificates lost or misplaced;
- Issue of New Share Certificates in lieu of Certificates torn, mutilated, cages for transfer filled up etcetera;

- Consolidation and sub-division of Share Certificates;
- To oversee compliance of the norms laid down under the Depositories Act, 1996;
- To appoint/remove Registrar and Transfer Agent;
- To oversee compliance of the norms laid down under the Tripartite Agreement with National Securities Depository Limited/Central Depository Services (India) Limited, and
- Perform all such acts and deeds, matters and things as it may in its absolute discretion deem necessary, expedient, desirable, usual or proper and to settle any question, dispute, difficulty or doubt that may arise in regard to the matters arising out of the aforesaid acts.

In order to facilitate prompt and efficient service to the Shareholders all the transactions in connection with Transfer, Transmission, issue of Duplicate Certificates, etc., have been entrusted to Integrated Enterprises (India) Limited, Registrar and Share Transfer Agent and the same are being processed and approved once in ten days.

During the year ended March 31, 2016 the Committee met six (6) times on April 08, 2015, May 22, 2015, July 22, 2015, November 02, 2015, January 05, 2016 and March 24, 2016 for approving the transactions falling within the Terms of reference mentioned above.

Attendance at Share Transfer Committee Meetings

Names of the Directors	Category	Number of Share Transfer Committee Meetings held	Number of Share Transfer Committee Meetings attended
Mr. A K Ravi Nedungadi	CHAIRMAN	6	6
Mr. Shekhar Ramamurthy *	MEMBER	6	3
Mr. Kalyan Ganguly *	MEMBER	6	3
Mr. Henricus Petrus van Zon **	MEMBER	6	3

* Mr. Shekhar Ramamurthy replaced Mr. Kalyan Ganguly w.e.f. August 01, 2015.

** Mr. Henricus Petrus van Zon was appointed as a Member of the Committee w.e.f. August 01, 2015.

The Board of Directors has, by a resolution by circulation passed on May 5, 2004, delegated the power to approve transfers/transmission etc., up to 5000 shares to the Managing Director and the Company Secretary, who can act severally in the above matter.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Mr. Chugh Yoginder Pal, Mr. Chhaganlal Jain and Mr. Sunil Alagh as members. Mr. Chugh Yoginder Pal is the Chairman of the Committee.

The Terms of Reference for the Committee include inter alia to specifically look into the redressing of Shareholders' Grievances like non-receipt of Balance Sheet, non-receipt of declared Dividends, non-receipt of Share certificates, Demat Credit, etcetera, and shall inter alia operate and cover areas as may be prescribed under the Companies Act, and other applicable Regulations from time to time.

The Compliance Officer is Mr. Govind Iyengar, Senior Vice President – Legal and Company Secretary.

Number of Shareholders' complaints received from 01-04-2015 to 31-03-2016 (These complaints pertained mainly to non-receipt of Share Certificates upon transfer, non-receipt of Annual Report, non-receipt of Dividend, etc.)	26
Number of complaints not solved to the satisfaction of the Shareholders	NIL
Number of pending Share transfers	NIL

During the year ended March 31, 2016, two (2) Meetings of Stakeholders Relationship Committee were held on July 22, 2015 and February 02, 2016 which was attended by all the members.

Corporate Social Responsibility Committee

Your Company has been focussing on Corporate Social Responsibility (CSR) activities viz., primary health and welfare, primary education and potable water in the vicinity of its brewing locations. UBL has formulated a CSR policy for a seamless integration of market place, work place, environment and community concerns with its business operations. We use CSR as an integral business process in order to support sustainable development and inclusive growth and constantly endeavours to be a good corporate.

The Corporate Social Responsibility Committee comprises of Dr. Vijay Mallya, Mr. Shekhar Ramamurthy, Mr. Henricus Petrus van Zon, Mr. Sunil Alagh, Ms. Kiran Mazumdar Shaw and Mr. Madhav Bhatkuly as Members. Dr. Vijay Mallya is the Chairman of the Committee. Mr. Steven Bosch shall replace Mr. Henricus Petrus van Zon as a member of the Committee w.e.f. September 01, 2016.

During the year ended March 31, 2016, one (1) Meeting of Corporate Social Responsibility Committee was held on September 22, 2015 which was attended by Dr. Vijay Mallya, Mr. Shekhar Ramamurthy, Mr. Henricus Petrus van Zon and Mr. Sunil Alagh.

Risk Management Committee

The Risk Management Committee shall inter alia operate and cover areas as may be prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Companies Act and other applicable Regulations from time to time.

The Committee comprises of Dr. Vijay Mallya, Mr. Shekhar Ramamurthy, Mr. Henricus Petrus van Zon, Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal, Ms. Kiran Mazumdar Shaw and Mr. Madhav Bhatkuly as Members. Dr. Vijay Mallya is the Chairman of the Committee. Mr. Steven Bosch shall replace Mr. Henricus Petrus van Zon as a member of the Committee w.e.f. September 01, 2016.

During the year ended March 31, 2016, one (1) Meeting of Risk Management Committee was held on February 02, 2016 which was attended by all the members.

Borrowing Committee

Having regard to the size of operations, frequency of funds requirement and administration convenience, the Board has constituted a Borrowing Committee of Directors and has delegated powers to borrow moneys within approved limits from time to time.

The Borrowing Committee comprises of Mr. Chhaganlal Jain, Mr. Henricus Petrus van Zon, Mr. A K Ravi Nedungadi and Ms. Kiran Mazumdar Shaw as Members. Mr. Chhaganlal Jain is the Chairman of the Committee. During the year ended March 31, 2016, one (1) Meeting of Borrowing Committee were held on September 22, 2015, which was attended by all the Members, excluding Ms. Kiran Mazumdar Shaw. Mr. Steven Bosch shall replace Mr. Henricus Petrus van Zon as a member of the Committee w.e.f. September 01, 2016.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Sunil Alagh, Mr. A K Ravi Nedungadi, Mr. Frans Erik Eusman, Mr. Chhaganlal Jain and Mr. Chugh Yoginder Pal as Members. Mr. Sunil Alagh is the Chairman of the Committee.

The Committee is authorized inter alia:

- to deal with matters related to compensation by way of salary, perquisites, benefits, etc., to the Managing Director / Executive / Whole time Directors of the Company and set guidelines for the salary, performance, pay and perquisites to other Senior Employees,

- to formulate and implement Employee Stock Option Scheme to Employees/Directors in terms of prescribed Guidelines, and
- shall inter alia operate and cover areas as may be prescribed under the Companies Act, and other applicable Regulations from time to time.

During the year ended March 31, 2016, nine (9) Meetings of Nomination and Remuneration Committee were held on May 28, 2015, July 22, 2015 (two meetings), September 22, 2015, October 20, 2015, November 02, 2015, November 27, 2015, February 02, 2016 and February 19, 2016.

Attendance at Nomination and Remuneration Committee Meetings

Names of the Directors	Category	Number of Nomination and Remuneration Committee Meetings held	Number of Nomination and Remuneration Committee Meetings attended
Mr. Sunil Alagh	CHAIRMAN	9	9
Mr. A K Ravi Nedungadi	MEMBER	9	6
Mr. Frans Erik Eusman *	MEMBER	9	3
Mr. Chhaganlal Jain	MEMBER	9	9
Mr. Chugh Yoginder Pal	MEMBER	9	9

* Mr. Frans Erik Eusman was appointed as a Member of the Committee w.e.f. August 01, 2015.

Remuneration Policy

The Company carries out periodic reviews of comparable Companies and through commissioned survey ascertains the remuneration levels prevailing in these Companies. The Company's Remuneration Policy is designed to ensure that the remuneration applicable to Managers in the Company is comparable with multinational Companies operating in the Brewing or similar industry in India.

For the financial year ended March 31, 2016, Mr. Kalyan Ganguly, (Managing Director till July 31, 2015), Mr. Shekhar Ramamurthy, (Managing Director effective August 01, 2015) and Mr. Henricus Petrus van Zon, (Director & CFO) were paid remuneration as under:

(Rupees)

Name	Salary & Allowance	Perquisites	Retiral Benefits
Mr. Kalyan Ganguly (April 01, 2015 to July 31, 2015)	3,87,92,000/-	30,72,698/-	2,50,25,314/-
Mr. Shekhar Ramamurthy (August 01, 2015 to March 31, 2016)	3,35,87,860/-	92,48,343/-	63,99,361/-
Mr. Henricus Petrus van Zon (April 01, 2015 to March 31, 2016)	5,87,46,926/-	75,64,073/-	49,46,858/-

Mr. Kalyan Ganguly, had agreed to the proposal to relinquish/ retire from office of Managing Director before the completion of his tenure effective August 01, 2015. Mr. Ganguly was paid a total compensation of Rs.133,143,336 for loss of office in terms of Section 202 of the Companies Act, 2013. Mr. Shekhar Ramamurthy was appointed as Managing Director of the Company with effect from August 01, 2015 for a period of five years. The remuneration details of Mr. Kalyan Ganguly and Mr. Shekhar Ramamurthy reflects remuneration paid for part of the year only.

Sitting fees to Directors during 2015-2016

Sl. No.	Name of the Director	Sitting Fees paid (Rupees)*
1.	Dr. Vijay Mallya #	2,90,000/-
2.	Mr. A K Ravi Nedungadi	5,15,000/-
3.	Mr. Roland Pirmez	60,000/-
4.	Mr. Ernst Willem Arnold Van De Weert	60,000/-
5.	Mr. Sijbe Hiemstra	1,20,000/-
6.	Mr. Frans Erik Eusman	1,95,000/-
7.	Mr. Chhaganlal Jain	10,15,000/-
8.	Mr. Chugh Yoginder Pal	9,90,000/-
9.	Mr. Sunil Alagh	8,90,000/-
10.	Ms. Kiran Mazumdar Shaw	2,55,000/-
11.	Mr. Madhav Bhatkuly	1,45,000/-
12.	Mr. Stephan Gerlich	2,40,000/-
	TOTAL	47,75,000/-

* Subject to deduction of tax at source, as applicable.

Effective February 03, 2016, sitting fees are being paid @ Rs. 1,00,000/- for attending Board Meetings and Audit Committee Meetings and Rs.50,000/- for attending other Committee Meetings including Independent Directors Meeting. No stock options have been granted to any of the Directors so far.

Commission to Directors during 2015-2016

Sl. No.	Name of the Director	Commission (Rupees)**
1.	Dr. Vijay Mallya #	2,83,18,711/-
2.	Mr. Chhaganlal Jain	31,46,523/-
3.	Mr. Chugh Yoginder Pal	31,46,523/-
4.	Mr. Sunil Alagh	31,46,523/-
5.	Ms. Kiran Mazumdar Shaw	31,46,523/-
6.	Mr. Madhav Bhatkuly	31,46,523/-
7.	Mr. Stephan Gerlich	31,46,523/-

** Subject to deduction of tax at source and service tax, as applicable.

Pursuant to the notice received from the Income Tax department, the Company has withheld payments effective March 2016.

SHAREHOLDERS' INFORMATION

General Body Meetings

The previous three Annual General Meetings of the Company were held on the dates, time and venue as given below:

Date	Time	Venue	Special Resolutions Passed
September 22, 2015	11.00 a.m.	Level 1, UB Tower, UB City, #24 Vittal Mallya Road, Bengaluru-560 001.	Nil
September 04, 2014	11.30 a.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bengaluru-560 025.	Three
September 12, 2013	11.30 a.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bengaluru-560 025.	Nil

All the Resolutions set out in respective Notices including Special Resolutions were passed by the Members at the above Annual General Meetings.

Postal Ballot

United Breweries Limited had not conducted any Postal Ballot during the year and there is no resolution proposed to be passed by postal ballot at the ensuing Annual General Meeting.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of resolution through postal ballot.

Remote E-voting

In terms of Section 108 of the Companies Act, 2013, Rules framed thereunder and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is providing remote e-voting facility to its shareholders in respect of all shareholders' resolutions proposed to be passed at this Annual General Meeting.

Dividend

Post its declaration at this Annual General Meeting, dividend on Equity Shares for the financial year ended March 31, 2016 will be paid on or before October 06, 2016 to the Members whose names appear:

- as Beneficial Owners as at the close of the business hours on Wednesday, August 31, 2016 as per the list to be furnished by the Depositories in respect of the Shares held in electronic form, and
- as Members in the Register of Members of the Company as on Wednesday, September 07, 2016 after giving effect to all valid Share transfers in physical form which are lodged with the Company on or before Wednesday, August 31, 2016.

Unclaimed Dividend

The unclaimed Interim Dividend for the financial year ended March 31, 2009 and March 31, 2010 will be due for transfer to the Investor Education and Protection Fund (IEPF) on October 12, 2016 and September 16, 2017 respectively, in terms of the applicable provisions of the Companies Act. Members who have not encashed the Dividend Warrants for the aforesaid Dividends are requested to approach the Registrars and Share Transfer Agents of the Company as no claims shall lie against IEPF or the Company after such transfer of unclaimed Dividend to IEPF.

Unclaimed Shares

After due compliance with the procedure prescribed in Schedule VI of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 relating to unclaimed shares, we have transferred all unclaimed equity shares in one folio and has dematerialized these equity shares in a demat account with National Securities Depository Limited. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Details relating to unclaimed equity shares as on March 31, 2016 as required under the Schedule V (F) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is given hereunder:

No. of Shareholders Holding unclaimed shares as on 01.04.2015	No. of unclaimed Shares as on 01.04.2015	No. of Shareholders Claimed shares during the year	No. of unclaimed shares transferred during the year	No. of Shareholders Holding unclaimed shares as on 31.03.2016	Balance Unclaimed Shares as on 31.03.2016	Voting Rights Frozen (%)
7909	1343820	33	7988	7877	1335832	0.51

Means of Communication

The Company has its own website and all vital information relating to the Company and its performance including quarterly financial results, official Press releases, presentation to analysts, Shareholding Pattern etc., are posted on the Company's website "www.unitedbreweries.com". Apart from furnishing financial results to all the Stock Exchanges, the Quarterly, Half-yearly and Annual Results of the Company's performance are published in 'The Financial Express' and 'Kannada Prabha' Newspapers.

The Company has designated an exclusive email ID viz., ubinvestor@ubmail.com for the purpose of registering complaints by the investors. The investors can post their grievances by sending a mail to the said email ID.

Disclosures

- Management Discussion and Analysis form part of the Directors' Report.
- During the financial year ended March 31, 2016, there were no materially significant related party transactions with the Company's Directors or their relatives. Details of related party transaction form part of Notes to Accounts. In preparation of financial statements for the year under review, treatment as prescribed in Accounting Standards has been followed.
- The Company has complied with all the statutory requirements comprised in the Listing Agreements / Regulations / Guidelines / Rules of the Stock Exchanges / SEBI / other Statutory Authorities.
- The Company did not suffer from any levies and there were no strictures on any Capital market related matters since incorporation. The Company has complied with the mandatory requirements of Clause 49 of earlier listing agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Company has not issued any Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments.
- The Company mitigates commodity pricing risks by using pricing benchmarks and tracking pricing trends over a longer period of time. The Company has managed the foreign exchange risks with appropriate hedging activities. The Company uses forward exchange contracts to hedge against its foreign currency exposures.
- Pursuant to Order of Debt Recovery Tribunal, Karnataka, Bangalore, (the Tribunal) dated 30th September 2015, dividend for the financial year 2015-2016 and thereafter, if declared and payable to Dr. Vijay Mallya and United Breweries (Holdings) Limited shall be withheld till further Orders.

General Shareholder Information

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

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

* In terms of the Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is required to publish Audited Results for the last quarter within 60 days of the end of the financial year.

Annual General Meeting Information

Board Meeting for Consideration of Accounts	May 13, 2016
Cut-off-Date for ascertaining Shareholders entitled for Notice	August 05, 2016
Posting of Annual Report	August 13, 2016
Cut-off-Date for determining the eligibility to vote by electronic voting system and at the AGM	August 31, 2016 (close of business hours)
Book Closure dates	September 01, 2016 to September 07, 2016 (both days inclusive)
Last date for receiving proxy	September 05, 2016
Remote E-voting starting date and time	September 04, 2016, at 9.00 a.m.
Remote E-voting closure date and time	September 06, 2016, at 5.00 p.m.
Date of Annual General Meeting	September 07, 2016
Time	11.00 a.m.
Venue	Level 1, UB City, #24, Vittal Mallya Road, Bengaluru-560 001.
Dividend Payment date	October 06, 2016.

In terms of Companies Act, 2013 service of documents including Annual Report, Notice of Annual General Meeting and other requisite correspondence may be made by the Company to its Shareholders by Electronic mode. In continuation of our endeavour to support the Green Initiative of e-communication, the Company is sending the Annual Report and Notice convening 17th Annual General Meeting by electronic mode to the shareholders. The Annual Report and the Notice is also available on the website of the Company viz., www.unitedbreweries.com.

Listing with Stock Exchanges

The Equity Shares of UBL are listed with National Stock Exchange of India Limited and BSE Limited (Formerly Bombay Stock Exchange Limited). UBL has paid the Annual Listing Fee to all these Stock Exchanges for the year 2016-2017. Securities and Exchange Board of India notified the new Listing Regulations viz., SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which came into effect on December 01, 2015. In terms of new current Listing Regulations, the Company has executed a revised version of Listing Agreement with the Stock Exchanges. The Scrip Code of United Breweries Limited Equity Shares on these Stock Exchanges is as under:

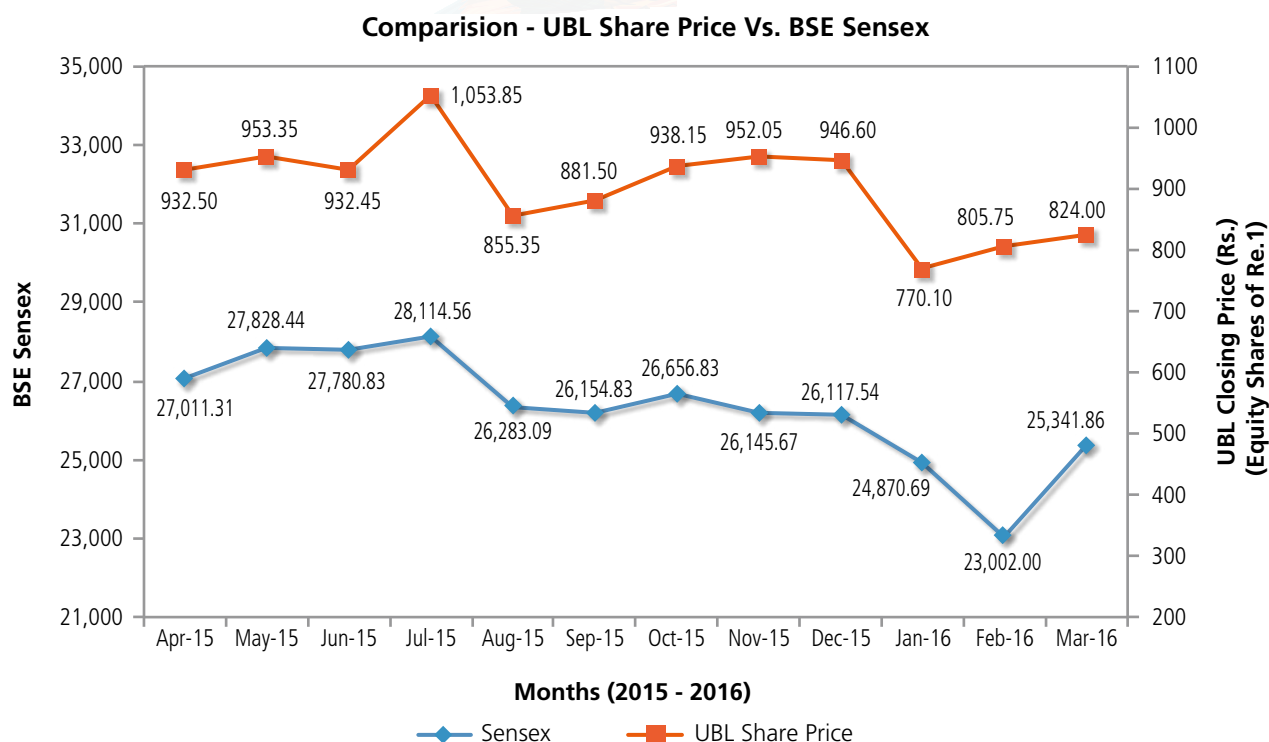
STOCK EXCHANGE	SCRIP CODE
BSE LIMITED Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	532478
NATIONAL STOCK EXCHANGE OF INDIA LIMITED Address: Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai-400 051	UBL

**Market price data of the Company's Equity Shares traded on the BSE Limited,
during the period April 2015 to March 2016.**

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Sensex – Close
April, 2015	1,225.00	899.60	932.50	27,011.31
May, 2015	1,029.00	893.95	953.35	27,828.44
June, 2015	969.90	852.95	932.45	27,780.83
July, 2015	1,070.40	915.35	1,053.85	28,114.56
August, 2015	1,077.15	795.05	855.35	26,283.09
September, 2015	940.85	802.35	881.50	26,154.83
October, 2015	979.00	870.05	938.15	26,656.83
November, 2015	1,014.00	924.60	952.05	26,145.67
December, 2015	989.50	872.65	946.60	26,117.54
January, 2016	975.70	760.00	770.10	24,870.69
February, 2016	828.00	756.00	805.75	23,002.00
March, 2016	864.00	776.00	824.00	25,341.86

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

Graphical representation of the Company's Share in comparison to broad-based indices i.e., BSE Sensex, is given below:

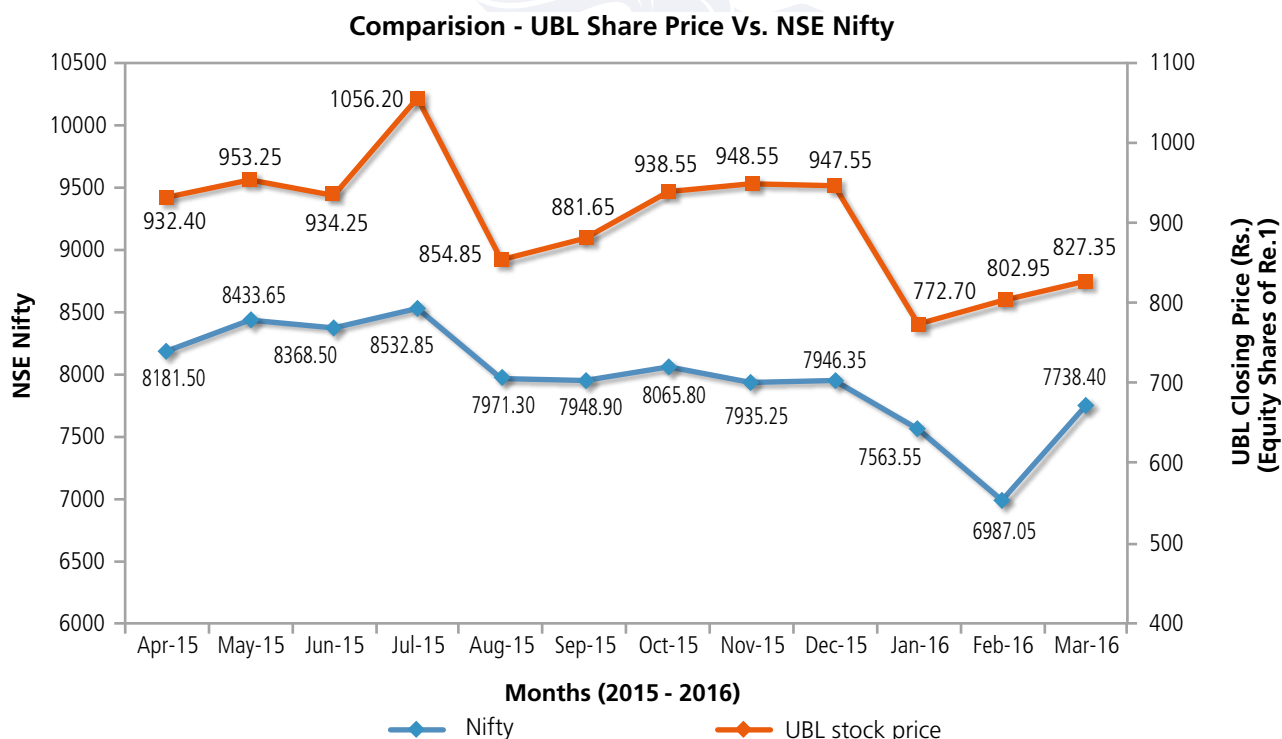


Market price data of the Company's Equity Shares traded on the National Stock Exchange of India Limited, (NSE) during the period April 2015 to March 2016.

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Nifty – Close
April, 2015	1,226.00	900.00	932.40	8,181.50
May, 2015	1,029.90	895.00	953.25	8,433.65
June, 2015	970.00	851.40	934.25	8,368.50
July, 2015	1,071.95	914.15	1056.20	8,532.85
August, 2015	1,074.95	789.95	854.85	7,971.30
September, 2015	940.30	800.00	881.65	7,948.90
October, 2015	979.00	868.20	938.55	8,065.80
November, 2015	1,014.95	915.00	948.55	7,935.25
December, 2015	985.00	876.00	947.55	7,946.35
January, 2016	974.60	761.15	772.70	7,563.55
February, 2016	825.95	752.95	802.95	6,987.05
March, 2016	864.00	777.00	827.35	7,738.40

(Market Price data source: www.nseindia.com)

Graphical representation of the Company's Shares in comparison to broad-based indices i.e., NSE Nifty, is given below:



Share Transfer System

All matters pertaining to Share Transfer are being handled by Integrated Enterprises (India) Limited, the Registrar and Share Transfer Agent of the Company. The Share Transfer requests received are processed by them and a Memorandum of Transfer is sent to the Company for approval. Time taken for processing Share Transfer requests including dispatch of Share Certificates is 10 days, while it takes a minimum of 10-12 days for processing dematerialization requests. The Company regularly monitors and supervises the functioning of the system so as to ensure that there are no delays or lapses in the system.

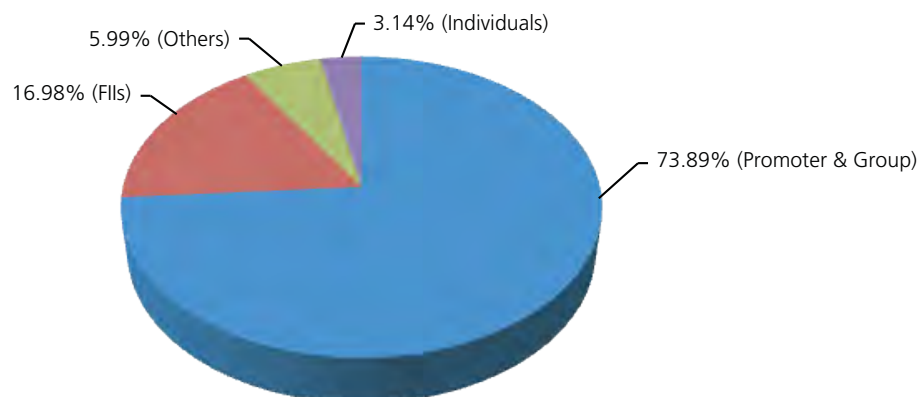
The distribution of shareholding as on March 31, 2016 is furnished below:

Category (Rs.)	No. of Shareholders	% (Percentage)	No. of Shares held	% (Percentage)
Up to 5000	33,001	98.68	7,365,342	2.79
5001 – 10000	152	0.45	1,128,072	0.43
10001 – 20000	84	0.25	1,201,931	0.45
20001 – 30000	37	0.11	912,011	0.34
30001 – 40000	17	0.05	578,457	0.22
40001 – 50000	15	0.04	691,945	0.26
50001 – 100000	43	0.13	3,099,038	1.17
100001 and Above	97	0.29	249,428,353	94.34
TOTAL	33,446	100.00	264,405,149	100.00

Shareholding Pattern as on March 31, 2016

Category	No. of Shares held	Percentage of Shareholding
Promoters		
Indian	81,188,930	30.71
Foreign	114,177,828	43.18
Sub-Total	195,366,758	73.89
Foreign Institutional Investors (FIIs)	44,888,796	16.98
Individuals	8,313,941	3.14
Others		
Mutual Funds	7,464,021	2.82
Banks / Financial Institution	1,996,727	0.76
Central / State Governments	239,856	0.09
Insurance Companies	—	—
Bodies Corporate	5,260,559	1.99
Trust	255,461	0.10
NRI	473,672	0.18
Clearing Members	143,478	0.05
Overseas Corporate Bodies	1,880	0.00
Qualified Foreign Investors	—	—
Sub-Total	69,038,391	26.11
Total	264,405,149	100.00

Pie-Chart of Shareholding Pattern



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

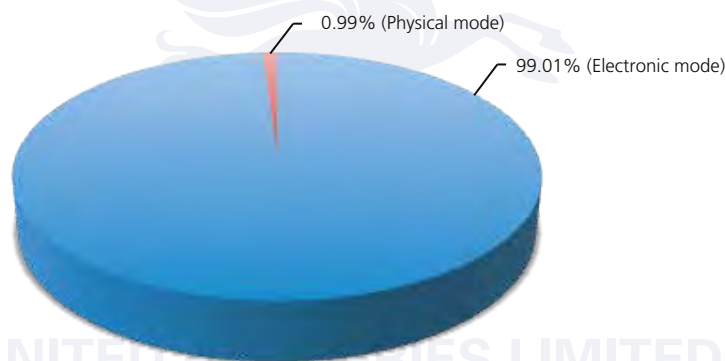
Sl. No.	Name	Number of Equity Shares held	
		As on March 31, 2016	As on March 31, 2015
1.	Dr. Vijay Mallya	21,353,620	21,353,620
2.	Mr. Shekhar Ramamurthy	1,150	1,150

Dematerialization of Shares

The Company has set up requisite facilities for dematerialization of its Equity Shares in accordance with the provisions of the Depositories Act, 1996 with National Securities Depository Limited and Central Depository Services (India) Limited. The Company has entered into agreements with both the Depositories for the benefit of Shareholders. The International Securities Identification Number (ISIN) allotted to Equity Shares of the Company is INE686F01025. The status of Dematerialization of the Company's Shares as on March 31, 2016 is as under:

Mode	No. of Shares	% age	No. of Shareholders
Physical mode	2,611,222	0.99	10,657
Electronic mode	261,793,927	99.01	22,789
TOTAL	264,405,149	100	33,446

Shares held in physical and demat form as on March 31, 2016



For any assistance regarding Share Transfers, Transmissions, change of address, issue of duplicate / lost Share Certificates/ exchange of Share Certificate / Dematerialization and other relevant matters, please write to the Registrar and Share Transfer Agent of the Company, at the address given below:

INTEGRATED ENTERPRISES (INDIA) LIMITED

30, RAMANA RESIDENCY, 4TH CROSS, SAMPIGE ROAD, MALLESWARAM, BENGALURU - 560 003.

Tel.No.: (+91-080) 2346 0815 to 2346 0818 Fax No.: (+91-080) 2346 0819

CIN:U65993TN1987PLC014964 Email: bglsta@integratedindia.in

Contact Person: MR. VIJAYAGOPAL

Investors can also post their queries to 'ublinvestor@ubmail.com'

Additional information on Corporate Governance Report is attached as **Annexure-G** to this Report.

Independent Auditor's Report

To the Members of United Breweries Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of United Breweries Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 37 to the accompanying standalone financial statements, which more fully describes the uncertainty related to the outcome of writ petition filed by the Company with the Honourable High Court at Patna, in relation to ban imposed by the Bihar State Government on trade and consumption of foreign liquor in the state of Bihar with effect from April 5, 2016. Pending final disposal of the petition, no adjustments are considered necessary in these financial statements. Our opinion is not qualified in respect of this matter.

Independent Auditor's Report contd.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 7 and 19 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 to the financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain

Partner

Membership Number: 205839

Place of signature: Mumbai

Date: May 13, 2016

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF UNITED BREWERIES LIMITED

Statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's report) Order, 2016 ("the Order")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management and confirmation from banks relating to title deeds of immovable properties mortgaged with the banks (refer Note 5 to the accompanying standalone financial statements for details) for securing the borrowings raised by the Company, the title deeds of immovable properties included in fixed assets are held in the name of the Company, except for 1 immovable property of 9.04 acres (forming part of land parcel of 23.87 acres with gross book value of Rs. 211 Lakhs) where registration of title deed is pending, 2 immovable properties aggregating to 1.8 acres (forming part of land parcel of 142.96 acres with gross book value of Rs. 4,309 Lakhs) for which titles are under dispute and pending resolution at the Civil Courts as at March 31, 2016 and 4 immovable properties aggregating to 181.63 acres (with gross book value of Rs. 1,754 Lakhs) for which title deeds are held in the name of erstwhile merged entities.
- (ii) The inventory (excluding inventories with outside parties) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii)(a),(b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of investments made by the Company have been complied with. The Company has not advanced loans to directors / to a company in which the director is interested to which provisions of section 185 of the Act apply and has not given loans / guarantees/ provided security to which the provisions of section 186 of the Act apply and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Independent Auditor's Report contd.

(c) According to the records of the Company, the dues outstanding of income tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (including interest and penalty) (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income tax/ tax deducted at source	15,704	1,333	FY 2002-03 and 2011-12	Commissioner of Income Tax (Appeals)
		114	—	FY 2012-13 to 2014-15	Commissioner of Income Tax (TDS)
		4,859	924	FY 2002-03 to 2009-10	Income Tax Appellate Tribunal
		2,445	458	FY 2001-02 to 2009-10	High Court of Madras
		69	46	FY 2009-10	High Court of Andhra Pradesh and Telengana
		19	19	FY 2003-04	High Court of Karnataka
The Finance Act, 1994	Service tax	2,192	96	2009-10 to 2011-12	Commissioner of Customs and Central Excise, Aurangabad
		2,273	—	2010-11	Commissioner of Service Tax, Bangalore
		7,220	—	2004-05 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty/ disallowance of cenvat credit	1	—	2007-08	Commissioner (Appeals) Central Excise, Chandigarh
		16	—	2010-11 to 2014-15	Commissioner of Central Excise, Customs & Service Tax, Aurangabad
		9	9	2005-06 to 2007-08	Customs, Excise and Service Tax Appellate Tribunal
State Excise (various statutes)	Storage and privilege fees, excise duty, etc.	3	—	2000-01 to 2003-04	Excise Commissioner, Karnataka
		2	2	2013-14	Rajasthan Tax Board, Ajmer
		218	150	1999-00 to 2005-06	High Court of Karnataka
		43	13	1988-89	High Court of Calcutta
		19	5	2009-10 to 2012-13	High Court of Madhya Pradesh
Sales Tax (various statutes)	Sales tax/value added tax/Entry tax	3,114	—	2007-08	Department of Trade and Taxes, New Delhi
		3,001	1,245	2001-02 to 2013-14	Rajasthan Tax Board, Ajmer
		353	—	2010-11	Deputy Commissioner of Commercial Taxes, Dhanbad
		71	—	2013-14	Assistant Commissioner of Commercial Taxes, Patna

Independent Auditor's Report contd.

Name of the statute	Nature of the dues	Amount (including interest and penalty) (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax (various statutes)	Sales tax/value added tax/ Entry tax	69	6	2008-09 to 2010-11	Joint Commissioner of Sales Tax (Appeals), Maharashtra
		63	—	2002-03	Jt. Excise and Taxation Commissioner (Appeals), Faridabad
		51	—	2008-09 to 2011-12	Joint Commissioner of Commercial Taxes (Appeal), Patna
		26	—	2011-12 to 2012-13	Commissioner of Commercial Taxes, Bihar
		22	8	2003-04 and 2006-07	Maharashtra Sales Tax Tribunal
		10	4	2005-06 to 2007-08	Sales Tax Appellate Tribunal, Andhra Pradesh
		5	—	2011-12	Commercial Tax Tribunal, Bihar
		3	—	2008-09	The Commercial Taxes Tribunal, Bihar
		426	—	2006-07 to 2013-14	Supreme Court of India

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution or bank or government. The Company did not have any outstanding dues in respect of debenture holders during the year.
- (ix) In our opinion and according to information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purposes for which loans were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and hence not commented upon.
- (x) We have been informed that an employee of the Company, whose service has since been terminated, in collusion with certain transport operators had inflated freight invoices raised on the Company resulting in a loss of Rs. 88 Lakhs to the Company, as estimated by the management. The Company has carried out a detailed investigation in respect of this matter and has accordingly recovered Rs. 49 Lakhs from the concerned transport operators.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

Independent Auditor's Report contd.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain

Partner

Membership Number: 205839

Place of signature: Mumbai

Date: May 13, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF UNITED BREWERIES LIMITED

Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of United Breweries Limited ("the Company") as of March 31, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016:

The Company's internal financial controls with respect to obtaining customer/vendor confirmations, in certain cases, and their reconciliation with books of accounts at regular intervals were not operating effectively, which could potentially result in misstatement of receivables/payables.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

Explanatory paragraph

We have considered the material weakness, identified and reported above, in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of the Company and this report does not affect our report dated May 13, 2016, which expressed an unqualified opinion on those financial statements.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain

Partner

Membership Number: 205839

Place of signature: Mumbai

Date: May 13, 2016

Balance Sheet as at March 31, 2016

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,644	2,644
Reserves and surplus	4	2,08,116	1,82,319
		2,10,760	1,84,963
Non-current liabilities			
Long-term borrowings	5	19,822	51,156
Deferred tax liabilities (net)	6	6,273	6,636
Long-term provisions	7	839	517
		26,934	58,309
Current liabilities			
Short-term borrowings	8	21,288	18,758
Trade payables	9		
Total outstanding dues of micro enterprises and small enterprises		424	385
Total outstanding dues of creditors other than micro enterprises and small enterprises		37,916	33,889
Other current liabilities	10	1,04,113	79,763
Short-term provisions	7	11,567	11,996
		1,75,308	1,44,791
Total		4,13,002	3,88,063
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,76,198	1,77,022
Intangible assets	11	3,538	4,062
Capital work-in-progress		6,084	9,016
Non-current investments	12	2,547	2,547
Long-term loans and advances	13	23,052	19,239
Other non-current assets	14	504	443
		2,11,923	2,12,329
Current assets			
Inventories	15	60,510	55,838
Trade receivables	16	1,14,303	96,428
Cash and bank balances	17	1,134	1,076
Short-term loans and advances	13	24,293	22,344
Other current assets	14	839	48
		2,01,079	1,75,734
Total		4,13,002	3,88,063
Summary of significant accounting policies	2.1		

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

As per our report of even date

For and on behalf of the Board of Directors of
United Breweries Limited

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Henricus Petrus van Zon
Director, CFO
DIN: 06485007

per Mahendra Jain
Partner
Membership Number: 205839

Govind Iyengar
Company Secretary

Place: Mumbai, May 13, 2016

Place: Mumbai, May 13, 2016

Statement of Profit and Loss for the year ended March 31, 2016

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	March 31, 2016	March 31, 2015
INCOME			
Revenue from operations (gross)	21	9,16,773	8,23,868
Less: Excise duty		4,08,625	3,54,639
Revenue from operations (net)		5,08,148	4,69,229
Other income	22	4,479	3,759
Total		5,12,627	4,72,988
EXPENSES			
Cost of materials consumed	23	1,94,617	1,86,883
Purchases of traded goods	24	7,176	5,593
Increase in inventories of finished goods, work-in-progress and traded goods	25	(724)	(1,565)
Employee benefits expense	26	33,604	29,737
Depreciation and amortisation expense	11	24,351	20,739
Finance costs	27	7,591	7,299
Other expenses	28	2,01,174	1,86,505
Total		4,67,789	4,35,191
Profit before tax		44,838	37,797
Tax expenses			
Current tax		15,744	12,791
Deferred tax charge		(363)	(947)
Total tax expenses		15,381	11,844
Profit for the year		29,457	25,953
Earnings per equity share in Rs.	34		
[nominal value per share Re.1 (Previous year: Re.1)]			
Basic		11.14	9.71
Diluted		11.14	9.71
Summary of significant accounting policies	2.1		

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

As per our report of even date

For and on behalf of the Board of Directors of
United Breweries Limited

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain
Partner
Membership Number: 205839

Place: Mumbai, May 13, 2016

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Govind Iyengar
Company Secretary

Place: Mumbai, May 13, 2016

Henricus Petrus van Zon
Director, CFO
DIN: 06485007

Cash Flow Statement for the year ended March 31, 2016

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	March 31, 2016	March 31, 2015
A Cash flow from operating activities			
Profit before tax		44,838	37,797
Adjustments for:			
Depreciation and amortisation expense	24,351	20,739	
Bad debts/advances written off	623	83	
Provision for doubtful debts	2,884	616	
Provision for doubtful advances	30	3	
Net loss on sale of fixed assets	438	41	
Liabilities no longer required written back	(2,476)	(517)	
Provision for doubtful debts, no longer required written back	(1)	(773)	
Provision for doubtful advances, no longer required written back	(599)	—	
Interest expense	7,546	7,196	
Interest income	(207)	(763)	
Dividend income	(9)	(9)	26,616
Operating profit before working capital changes		77,418	64,413
Movement in working capital:			
Increase/(decrease) in trade payables	5,527	13,846	
Increase/(decrease) in other current liabilities and provisions	11,536	9,816	
(Increase)/decrease in inventories	(4,672)	(1,510)	
(Increase)/decrease in trade receivables	(20,775)	(469)	
(Increase)/decrease in loans and advances	(2,887)	11,835	
(Increase)/decrease in other assets	(762)	(12,033)	129
Cash generated from operations		65,385	98,060
Direct taxes paid (net of refund)		(16,010)	(14,195)
Net cash flow from operating activities (A)		49,375	83,865
B Cash flow from investing activities			
Purchase of fixed assets including capital work-in-progress and capital advances		(24,360)	(40,747)
Proceeds from sale of fixed assets		60	55
Investments in bank deposits (having original maturity of more than three months)		(433)	(567)
Redemption/maturity of bank deposits (having original maturity of more than three months)		21	7,693
Interest received		178	835
Dividend received from subsidiary company		9	9
Net cash used in investing activities (B)		(24,525)	(32,722)

Cash Flow Statement contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	March 31, 2016	March 31, 2015
C Cash flow from financing activities			
Proceeds from long term borrowings		—	12,121
Repayment of long term borrowings		(16,529)	(21,565)
Redemption of preference share capital		—	(7,407)
Proceeds from/(repayment of) short term borrowings (net)		2,530	(30,133)
Interest paid		(7,716)	(7,169)
Dividend paid (including dividend distribution tax)		(3,428)	(3,028)
Net cash flow used in financing activities (C)		(25,143)	(57,181)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(293)	(6,038)
Cash and cash equivalents at the beginning of the year		609	6,647
Cash and cash equivalents at the end of the year		316	609
Components of cash and cash equivalents			
Cash on hand		19	30
Bank balances on current accounts*		294	576
Bank balances on deposit accounts		3	3
Total cash and cash equivalents		316	609
Summary of significant accounting policies	2.1		

* Includes Rs. 109 Lakhs (Previous Year: Rs. 87 Lakhs) towards unpaid dividend accounts which can be utilised only towards settlement of unpaid dividends.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain
Partner
Membership Number: 205839

Place: Mumbai, May 13, 2016

For and on behalf of the Board of Directors of
United Breweries Limited

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Govind Iyengar
Company Secretary

Place: Mumbai, May 13, 2016

Henricus Petrus van Zon
Director, CFO
DIN: 06485007

Notes to Financial Statements for the year ended March 31, 2016

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

1. Corporate information

United Breweries Limited ("UBL" or "the Company") is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged primarily in the manufacture and sale of beer. The Company has manufacturing facilities in India.

2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ("Indian GAAP"). The Company has prepared these financial statements to comply in all material respects with the accounting standards specified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, as at end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line method ("SLM") basis using the useful lives estimated by the management. For the purpose of depreciation calculation, residual value is determined as 5% of the original cost for all the assets, as estimated by the management basis independent assessment by an expert. The Company has used the following useful lives to provide depreciation on its fixed assets:

	Useful life (years)
Factory buildings	30
Other buildings (RCC)	60
Other buildings (Non-RCC)	30
Roads (RCC)	10
Roads (Non-RCC), Fences, etc	5
Plant and machinery	15*
Electrical installations	10
Office equipments	5
Computers	3
Servers and networks	6
Furniture and fixtures	10
Laboratory equipments	10
Vehicles	8 and 10

*In respect of assets used at any time during the year on double shift or triple shift basis, the depreciation for that period is increased by 50% or 100%, respectively.

In respect of following assets, not included above, the useful lives estimated by the management, basis technical assessment, are different from those indicated in Schedule II to the Companies Act, 2013:

- (i) Assets acquired on amalgamation, etc. (where original dates of acquisition are not readily available), are depreciated over the remaining useful life of the assets, as certified by an expert.
- (ii) Beer dispensers (included under furniture and fixtures) and Kegs (included under plant and machinery) are depreciated on a straight-line basis over a period of 3 years being useful life, as estimated by the management considering nature of these assets.
- (iii) Assets individually costing Rs. 5,000 or less and coolers (included under furniture and fixtures) are depreciated on a straight-line basis over a period of 1 year being useful life, as estimated by the management considering such assets do not have enduring benefits.

Leasehold land is amortized on a straight-line basis over the period of lease i.e. 90–99 years. Leasehold improvements are amortized on straight-line basis over the lower of useful life of the asset and the remaining period of the lease.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

date when the asset is available for use. All intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

A summary of amortization policies applied to the Company's intangible assets is as below:

	Useful life (years)
Goodwill	5
Licenses and rights	10
Brands	10

(e) Leases

Where the Company is lessee

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as expense in the statement of profit and loss on a straight-line basis over the lease term.

(f) Borrowing costs

Borrowing cost includes interest, exchange differences arising from short-term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset or group of assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Government grant and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them and (ii) the grant/subsidy will be received.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

(i) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(j) Inventories

Raw materials, packing materials and bottles, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of products

Revenue from sale of products is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods from breweries/warehouses and is net of trade discounts. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of services

Royalty income is recognized at agreed rate on sale of branded products by the licensee, as per the terms of the agreement.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Income from contract manufacturing units

Income from Contract Manufacturing Units ("CMUs") relates to net share of the Company as per terms of the respective agreements and is recognized on the basis of information provided to the Company by CMUs and when the right to receive the payment is established, usually on sale of goods by CMUs to their customers.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend Income is recognized when the Company's right to receive the payment is established on or before the balance sheet date.

(I) Foreign currency transactions

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. The Company has adopted economic hedge accounting whereby only net exchange loss (if any) on the underlying item, after considering exchange gain on hedge is capitalized or accumulated in FCMITDA, as applicable.

In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

- (iv) Forward exchange contracts are entered into, to hedge foreign currency risk of an existing asset/liability.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change.

Any profit or loss arising on cancellation or renewal of such a forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(1) and (iii)(2).

(m) Retirement and other employee benefits

- (i) Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund.

In respect of certain employees, the Company has established a Provident Fund Trust, which is a defined benefit plan, to which contributions towards provident fund are made each month. The Provident Fund Trust guarantees a specified rate of return on such contributions on a periodical basis. The Company will meet the shortfall in the return, if any, which is determined based on an actuarial valuation carried out, as per projected unit credit method, as at the date of balance sheet. Contributions to provident fund are charged to the statement of profit and loss on an accrual basis.

The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for the service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution paid exceeds the contribution due for services received before the balance sheet date, the excess is recognized as an asset.

- (ii) Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has established a Superannuation Fund Trust to which contributions are made each month. The Company recognizes contribution payable to the superannuation fund scheme as expenditure, when an employee renders the related service. The Company has no other obligations beyond its monthly contributions.
- (iii) The Company operates defined benefit plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method.
- (iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

(v) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(n) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

(o) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(p) Provisions

A provision is recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

When the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when such reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(r) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(s) Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, is marked to market on a portfolio basis, and the net loss, if any is charged to the statement of profit and loss. Net gain, if any is ignored.

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Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3. SHARE CAPITAL

Authorised shares

4,12,98,00,000 (Previous year: 4,12,98,00,000) equity shares of Re. 1 each

5,86,00,000 (Previous year: 5,86,00,000) preference shares of Rs. 100 each

Issued, subscribed and fully paid-up shares

26,44,05,149 (Previous year: 26,44,05,149) equity shares of Re. 1 each

As at March 31, 2016	As at March 31, 2015
41,298	41,298
58,600	58,600
99,898	99,898
2,644	2,644
2,644	2,644

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2016		As at March 31, 2015	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Equity shares				
At the beginning of the year	26,44,05,149	2,644	26,44,05,149	2,644
Issued during the year	—	—	—	—
Outstanding at the end of the year	26,44,05,149	2,644	26,44,05,149	2,644
Preference shares - Series B				
At the beginning of the year	—	—	74,07,000	7,407
Redeemed during the year	—	—	74,07,000	7,407
Outstanding at the end of the year	—	—	—	—

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity share is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2016, the amount of dividend recognised as distributions to equity shareholders is Rs. 3,041 Lakhs (Previous year: Rs. 2,644 Lakhs).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Terms of redemption of preference shares

74,07,000, 3% cumulative redeemable preference shares-Series B of Rs. 100 each were issued in April 2005 to Scottish & Newcastle India Limited. The preference shares carried dividend @3% per annum. Each holder of preference share were entitled to one vote per share only on resolutions placed before the Company which directly affects the rights attached to these shares.

In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares had priority over equity shares in the payment of dividend and repayment of capital. These shares were fully redeemed at par on March 31, 2015.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

d) Details of shareholders holding more than 5% of the shares in the Company

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	Nos.	% holding in the class	Nos.	% holding in the class
<u>Equity shares of Re.1 each fully paid</u>				
Scottish & Newcastle India Limited	8,99,94,960	34.04%	8,99,94,960	34.04%
United Breweries (Holdings) Limited	2,83,37,911	10.72%	3,02,95,911	11.46%
Dr. Vijay Mallya (including joint holdings)	2,13,53,620	8.08%	2,13,53,620	8.08%
Heineken International B.V	1,52,65,858	5.77%	42,35,770	1.60%

As per records of the Company, the above shareholding represents legal ownership of shares.

e) Aggregate number of shares issued for consideration other than cash during period of 5 years immediately preceding the reporting date:

	As at March 31, 2016	As at March 31, 2015
Equity shares issued in 2012-13 on amalgamation of Scottish and Newcastle India Private Limited (Nos.)	84,89,270	84,89,270
Equity shares issued in 2011-12 on amalgamation of Chennai Breweries Private Limited, UB Nizam Breweries Private Limited, Millennium Beer Industries Limited and UB Ajanta Breweries Private Limited (Nos.)	98,60,211	98,60,211
Equity shares issued in 2010-11 on amalgamation of Millenium Alcobev Private Limited and Empee Breweries Limited (Nos.)	1,44,96,683	1,44,96,683
	3,28,46,164	3,28,46,164

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Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

4. RESERVES AND SURPLUS

Capital redemption reserve

Balance as per last financial statements

Add: Transfer from surplus in statement of profit and loss on redemption of preference shares*

Closing balance

* Capital redemption reserve had been created in respect of 3% cumulative redeemable preference shares-Series B, redeemed during the year ended March 31, 2015.

Securities premium account

Balance as per last financial statements

General reserve

Balance as per last financial statements

Add: Transfer from statement of profit and loss

Closing balance

Surplus in the statement of profit and loss

Balance as per last financial statements

Add: Profit for the year

Less: Appropriations

Proposed final equity dividend [amount per share Rs.1.15 (Previous year: Re.1)]

Tax on proposed equity dividend

Dividend on preference shares [amount per share Rs. Nil (Previous Year: Rs. 3)]

Tax on preference dividend

Transfer to general reserve

Transfer to capital redemption reserve

Depreciation adjustment [net of deferred tax of Rs. Nil (Previous Year: Rs. 371 Lakhs)]**

Closing balance

Total reserves and surplus

As at March 31, 2016	As at March 31, 2015
24,690	17,283
—	7,407
24,690	24,690
62,938	62,938
22,122	19,527
2,946	2,595
25,068	22,122
72,569	60,787
29,457	25,953
(3,041)	(2,644)
(619)	(538)
—	(222)
—	(45)
(2,946)	(2,595)
—	(7,407)
—	(720)
95,420	72,569
2,08,116	1,82,319

**Pursuant to the notification of Schedule II of the Companies Act, 2013 ("the Act"), by the Ministry of Corporate Affairs effective April 1, 2014, so as to conform to the requirements of the Act, the carrying value of Rs. 720 Lakhs (net of tax adjustment of Rs. 371 Lakhs), in case of assets with nil revised remaining useful life as at April 1, 2014 had been reduced from the retained earnings as on such date.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

5. LONG-TERM BORROWINGS**Secured borrowings**

Foreign currency term loans

	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
External commercial borrowing from banks	19,822	35,211	15,388	13,383
Term loan from bank	—	12,120	12,120	—
Total	19,822	47,331	27,508	13,383

Unsecured borrowings

Deferred payment liabilities

	—	3,825	—	335
	—	3,825	—	335

Amount disclosed under the head

"Other current liabilities" (refer note 10)

	—	—	(27,508)	(13,718)
Total	19,822	51,156	—	—

Secured borrowings

Nature of security	Repayment and other terms
Foreign currency term loans	
DBS Bank Ltd: Rs.21,904 Lakhs (Previous year: Rs.24,643 Lakhs) secured by exclusive charge on immovable assets of the Company located at Goa, Kalyani, Khurda. Further, the loan is secured by pari-passu charge on immovable assets of the Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and all present and future movable assets of the Company other than assets of Taloja unit.	Repayable in 9 equal quarterly installments starting from February 27, 2016. The loan carries interest of 9.58% per annum.
Rabobank International: Rs.13,306 Lakhs (Previous year: Rs.13,306 Lakhs) secured by pari-passu charge on immovable assets of the Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and on all movable assets of the Company, other than assets of Taloja.	Repayable in 3 equal annual installments commencing on February 8, 2017 till February 8, 2019. The loan carries interest of 9.78% per annum payable on quarterly basis.
Rabobank International: Rs.Nil (Previous year: Rs.10,645 Lakhs) secured by pari-passu charge on immovable assets of the Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and on all movable assets of the Company, other than assets of Taloja.	Repayable after 3 years on February 6, 2016. The loan carries interest of 8.75% per annum payable on quarterly basis.
Citibank: Rs.12,120 Lakhs (Previous year: Rs.12,120 Lakhs) secured by pari-passu charge on all movable and immovable fixed assets of the Company, other than assets of Taloja unit.	Repayable after 24 months from the date of drawal i.e., on April 28, 2016. The loan carries interest of 9.75% per annum payable on monthly basis.

Unsecured borrowings

Deferred payment liability of Rs. Nil (Previous year: Rs.4,160 Lakhs) pertains to sales tax payable to the Government of Maharashtra by virtue of being eligible for deferred payment after having established a manufacturing unit in a notified backward area. This amount was repayable in five equal annual installments on completion of 10 years from the end of respective year to which sales tax liability relates. The Company has fully repaid this amount during the current year.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

6. DEFERRED TAX LIABILITIES (NET)

Deferred tax liability

Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charge for the financial reporting

Gross deferred tax liability

Deferred tax asset

Provision for doubtful debts and advances

Provision for gratuity and compensated absences

Other provisions

Gross deferred tax asset

Net deferred tax liability

As at March 31, 2016	As at March 31, 2015
9,754	9,876
9,754	9,876
1,549	748
1,558	1,728
374	764
3,481	3,240
6,273	6,636

7. PROVISIONS

Provision for employee benefits

Gratuity

Compensated absences

Other provisions

Provision for proposed dividend and tax thereon

Provision for litigations

Provision for claims

Total

Long-term		Short-term	
As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
839	517	1,000	2,000
—	—	2,663	2,476
839	517	3,663	4,476
—	—	3,660	3,450
—	—	2,644	2,041
—	—	1,600	2,029
—	—	7,904	7,520
839	517	11,567	11,996

	At the beginning of the year	Additions during the year	Utilised during the year	Unused amounts reversed	At the end of the year
Provision for litigations	2041	1,569	—	966	2,644
	(1,771)	(270)	(—)	(—)	(2,041)
Provision for claims	2,029	—	—	429	1,600
	(2,707)	(—)	(119)	(559)	(2,029)

Figures in brackets are of previous year.

Provision for litigations relates to matters which are sub-judice. Although the Company continues to contest these cases, the management believes that outflow of resources embodying economic benefits is probable and hence created provision towards these obligations.

Provision for claims relates to amount expected to be paid as reimbursements. The management believes that outflow of resources embodying economic benefits is probable and hence created provision towards these obligations.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

8. SHORT-TERM BORROWINGS**Secured borrowings**

Indian currency cash credit from banks

12,290 3,758

12,290 3,758**Unsecured borrowings**

Indian currency commercial papers

[Nil (Previous year: 3,000 of Rs. 5,00,000 each)]

— 15,000

Indian currency bank overdraft

8,998 —

8,998 15,000**Total****21,288 18,758****Secured borrowings**

Cash credit facilities from banks are secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts both present and future. These are repayable on demand and carries interest in the range of 9.30% to 10.75% p.a.

Unsecured borrowings

a) Commercial papers were repayable after a term of 60 days from issue and carried interest rate of 9.20% p.a.

These have been fully redeemed during the year.

b) Bank overdraft are repayable on demand and carry interest in the range of 9.30% to 9.80% p.a.

9. TRADE PAYABLESTotal outstanding dues of micro enterprises and small enterprises
(refer note 20 for details)

424 385

Total outstanding dues of creditors other than micro enterprises and
small enterprises

Acceptances

737 324

Others

37,179 33,565

Total**38,340 34,274****10. OTHER CURRENT LIABILITIES**

Current maturities of long-term borrowings (refer note 5)

27,508 13,718

Liability for capital goods

2,379 3,524

Interest accrued but not due on borrowings

656 826

Security deposits

2,536 2,171

Unpaid dividends*

109 87

Statutory dues payable

15,035 12,916

Advances from customers

1,890 1,960

Advances from commission agents

529 1,359

Salaries and bonus payable

3,014 1,815

Other expenses payable

50,457 41,387

Total**1,04,113 79,763**

* There are no amounts due for payment to the Investor Education and Protection Fund under the Companies Act, 2013 as at the year end.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

11. FIXED ASSETS

	Gross Block				Depreciation / Amortisation				Net Block		
	As at April 1, 2015	Additions	Assets acquired	Deletions/ adjustments	As at March 31, 2016	As at April 1, 2015	On Deletions	For the year	Adjusted to Reserves	As at March 31, 2016	As at March 31, 2016
Tangible assets											
Freehold land (refer note a)	20,066	—	—	—	20,066	—	—	—	—	—	20,066
Leasehold land (refer note b)	11,397	—	—	75	11,322	550	75	124	—	599	10,723
Buildings (refer note c and d)	50,366	4,892	—	1	55,257	11,969	1	2,240	—	14,208	41,049
Leasehold improvements	64	—	—	—	64	64	—	—	—	64	—
Plant and machinery (refer note c)	207,592	14,191	—	944	220,839	104,110	459	18,261	—	121,912	98,927
Office equipments	1,120	288	—	—	1,408	857	—	104	—	961	447
Computers	1,353	63	—	21	1,395	966	20	234	—	1,180	215
Furniture and fixtures	8,776	3,513	—	144	12,145	7,170	133	2,199	—	9,236	2,903
Laboratory equipments	2,812	214	—	4	3,022	1,232	4	288	—	1,516	1,506
Vehicles	975	70	—	37	1,008	581	36	107	—	652	356
Total	304,521	23,231	—	1,226	326,526	127,499	728	23,557	—	150,328	176,198
Intangible assets											
Goodwill	6,543	—	—	—	6,543	6,543	—	—	—	6,543	—
Licenses and rights	10,066	270	—	—	10,336	6,004	—	794	—	6,798	3,538
Brands	631	—	—	—	631	631	—	—	—	631	—
Total	17,240	270	—	—	17,510	13,178	—	794	—	13,972	3,538
Grand Total	321,761	23,501	—	1,226	344,036	140,677	728	24,351	—	164,300	179,736
Previous year											
	As at April 1, 2014	Additions	Assets acquired (Refer note 38)	Deletions/ adjustments	As at March 31, 2015	As at April 1, 2014	On Deletions	For the year	Adjusted to Reserves (Refer note 4)	As at March 31, 2015	As at March 31, 2015
Tangible assets											
Freehold land (refer note a)	20,066	—	—	—	20,066	—	—	—	—	—	20,066
Leasehold land (refer note b)	3,981	5,826	1,590	—	11,397	496	—	54	—	550	10,847
Buildings (refer note c and d)	46,061	3,457	848	—	50,366	9,010	—	2,121	838	11,969	38,397
Leasehold improvements	64	—	—	—	64	64	—	—	—	64	—
Plant and machinery (refer note c)	182,670	19,998	6,148	1,224	207,592	89,584	1,142	15,637	31	104,110	103,482
Office equipments	1,063	61	—	4	1,120	595	4	127	139	857	263
Computers	1,227	154	—	28	1,353	706	27	250	37	966	387
Furniture and fixtures	7,490	1,314	—	28	8,776	5,607	16	1,550	29	7,170	1,606
Laboratory equipments	2,506	306	—	—	2,812	998	—	222	12	1,232	1,580
Vehicles	940	66	—	31	975	499	30	107	5	581	394
Total	266,068	31,182	8,586	1,315	304,521	107,559	1,219	20,068	1,091	127,499	177,022
Intangible assets											
Goodwill	6,543	—	—	—	6,543	6,543	—	—	—	6,543	—
Licenses and rights	7,516	6	2,544	—	10,066	5,333	—	671	—	6,004	4,062
Brands	631	—	—	—	631	631	—	—	—	631	—
Total	14,690	6	2,544	—	17,240	12,507	—	671	—	13,178	4,062
Grand Total	280,758	31,188	11,130	1,315	321,761	120,066	1,219	20,739	1,091	140,677	181,084

Notes:

- Freehold land measuring 9.04 acres at Kuthambakkam (Tamilnadu) is pending registration in the name of the Company and titles of freehold lands measuring 1.78 acres and 0.02 acres at Nanjangud (Karnataka) and Mallepally (Telangana), respectively, are in dispute and pending resolution in the Civil Courts as at March 31, 2016. Further, titles of freehold lands measuring 63.07 acres and 54.54 acres at Kothlapur (Telangana) and Srikakulam (Andhra Pradesh), respectively, are held in the name of erstwhile merged entities.
- The titles of leasehold land measuring 64.02 acres at Aurangabad (Maharashtra) are held in the name of erstwhile merged entities.
- Buildings and Plant and machinery additions during the year includes Rs. Nil (Previous year: Rs. 170 Lakhs) and Rs. Nil (Previous year: Rs. 878 Lakhs), respectively towards borrowing costs capitalised during the year.

d) Buildings include those constructed on leasehold land as follows:

	As at March 31, 2016	As at March 31, 2015
Gross block	23,035	20,175
Depreciation charge for the year	871	1,195
Accumulated depreciation	5,421	4,550
Net block	17,614	15,625

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

12. NON-CURRENT INVESTMENTS**(unquoted, valued at cost unless otherwise stated)****Trade investments***Equity instruments*Investments in subsidiary company

Maltex Malsters Limited ('MML')

[22,950 (Previous year: 22,950) equity shares of Rs. 100 each]

Less: Provision for diminution in value of investments*

Investment in associate

Kingfisher East Bengal Football Team Private Limited

[4,999 (Previous year: 4,999) equity shares of Rs. 10 each]

Non-trade investments*Equity instruments*

The Zoroastrian Co-operative Bank Limited

[2,000 (Previous year: 2,000) equity shares of Rs. 25 each]

SAB Miller India Limited (Formerly, Skol Breweries Limited)

[300 (Previous year: 300) equity shares of Rs. 10 each]**

Castle Breweries Limited (Formerly, Jupiter Breweries Industries Limited)

[50 (Previous year: 50) equity shares of Rs. 10 each]**

Mohan Meakin Limited

[100 (Previous year: 100) equity shares of Rs. 5 each]**

Blossom Industries Limited

100 (Previous year: 100) equity shares of Rs. 3 each]**

The Cosmos Co-operative Bank Limited

[1,000 (Previous year: 1,000) equity shares of Rs. 100 each]

In Government securities

National savings certificate

Less: Provision for diminution in value of investments

Total

	As at March 31, 2016		As at March 31, 2015	
	4,500		4,500	
	(1,959)	2,541	(1,959)	2,541
		1		1
		1		1
		0		0
		0		0
		0		0
		1		1
	18		18	
	(15)	3	(15)	3
		2,547		2,547

* The diminution in value of investment in MML is due to continued delay in obtaining necessary approvals to expand malting facility at MML, leading to losses due to high overhead costs incurred on operating at its current level of capacity. In view of management, no further provision for diminution is considered necessary as at March 31, 2016.

**Rounded off.

Aggregate amount of unquoted investments (net)

2,547

2,547

Aggregate provision for diminution in value of investments

1,974

1,974

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Long-term		Short-term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
13. LOANS AND ADVANCES				
Unsecured, considered good				
Capital advances	5,685	3,039	—	—
Security deposits	3,788	3,352	—	1,950
Advance to suppliers*	3,018	2,851	2,199	1,441
Receivable from a related party (refer note 41)	—	—	9	27
Prepaid expenses	152	175	4,892	5,904
Balance with statutory/government authorities	1,877	1,504	16,983	12,811
Other loans and advances				
Advance income tax (net of provision)	8,406	8,140	—	—
Other advances recoverable in cash or kind	126	178	210	211
	23,052	19,239	24,293	22,344
Unsecured, considered doubtful				
Capital advances	76	76	—	—
Security deposits	16	16	—	—
Advance to suppliers	83	55	—	—
Advance to Star Investments Private Limited**	—	597	—	—
Provision for doubtful advances	(175)	(744)	—	—
	—	—	—	—
Total	23,052	19,239	24,293	22,344

* Long-term advance to suppliers relates to amount paid under protest to Maharashtra Industrial Development Corporation ('MIDC') towards increased charges for water supplies. The Company has filed a special leave petition before the Supreme Court in respect of this matter and the management, basis a legal advice, believes that the Company's position will be upheld in the appellate process and accordingly, the same has been considered as a contingent liability as at year end.

** The Company had entered into an agreement with the promoters of Balaji Distilleries Limited ('BDL') with a view to secure perpetual usage of its brewery and grant of first right of refusal in case of sale or disposal of its brewery unit. In respect of the same, the Company had made a refundable advance of Rs. 15,500 Lakhs to Star Investments Private Limited ('Star'), one of the promoter companies of BDL. Subsequently, pursuant to a scheme of arrangement, BDL demerged its brewery into Chennai Breweries Private Limited ('CBPL') which was later merged with the Company. The Company then entered into an agreement with Star and extended the repayment of this advance including interest thereon. The principal amount had been repaid and the remaining unpaid interest thereon of Rs. 597 Lakhs, had been fully provided for and the same have been fully written off during the year.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Non-current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
14. OTHER ASSETS				
Unsecured, considered good				
Bank deposits with original maturity of more than 12 months	65	13	—	—
Margin money deposits towards bank guarantees	111	102	—	—
Interest accrued on fixed deposits, loans and advances	—	—	77	48
Government grant receivable	328	328	762	—
Total	504	443	839	48
15. INVENTORIES				
(valued at lower of cost and net realisable value)				
Raw materials [Includes in transit: Rs. 39 Lakhs (Previous year: Rs. 173 Lakhs)]			13,180	13,056
Packing materials and bottles [Includes in transit: Rs. 549 Lakhs (Previous year: Rs. 301 Lakhs)]			8,055	6,288
Work-in-progress			21,079	19,738
Finished goods*			12,263	11,450
Traded goods			110	148
Stores and spares [Includes in transit: Rs. 184 Lakhs (Previous year: Rs. 130 Lakhs)]			5,823	5,158
Total			60,510	55,838
*Net of provision for obsolete stock Rs. 487 Lakhs (Previous year: Rs. 196 Lakhs)				
16. TRADE RECEIVABLES				
Secured, considered good				
- Outstanding for a period exceeding six months from the date they are due for payment			811	1,782
- Others			379	158
			1,190	1,940
Unsecured, considered good				
- Outstanding for a period exceeding six months from the date they are due for payment			—	—
- Others			1,13,113	94,488
			1,13,113	94,488
Unsecured, considered doubtful				
- Outstanding for a period exceeding six months from the date they are due for payment			1,504	907
- Others			2,797	511
			4,301	1,418
Less: Provision for doubtful receivables			4,301	1,418
Total			1,14,303	96,428

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

17. CASH AND BANK BALANCES

Cash and cash equivalents

Bank balances on current accounts [refer note (a) below] 294 576
Bank deposits with original maturity of 3 months or less 3 3
Cash on hand 19 30

As at
March 31, 2016

As at
March 31, 2015

316 609

Other bank balances [refer note (b) below]

Bank deposits with original maturity of:

Less than 12 months but more than 3 months 405 384
Greater than 12 months 413 83

818 467

1,134 1,076

Total

Notes:

a) Includes balance in unpaid dividend account Rs. 109 Lakhs (Previous year: Rs. 87 Lakhs).

b) Other bank balances excludes bank deposits with remaining maturity of more than 12 months and margin money deposits (refer note 14).

18. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for 12,023 13,444
Other contractual commitments 1,760 1,901

13,783 15,345

For commitments relating to lease arrangements, refer note 35.

19. CONTINGENT LIABILITIES

Bank guarantees 3,534 2,690
Letter of credit 1,219 1,111
Demands under appeal for following matters*
- Income tax 25,462 14,064
- Service tax 22,929 22,929
- Water charges 3,018 3,737
- Sales tax 12,312 7,050
- Excise duty 144 66
- Employee state insurance/provident fund 51 16
Claims against the company not acknowledged as debts* 4,824 1,121

Total

73,493 52,784

* The Company is contesting these demands and the management, based on advise of its advisors, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations. The Company does not expect any reimbursements in respect of the above contingent liabilities.

In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have material effect on the Company's results of operations or financial condition.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	As at March 31, 2016	As at March 31, 2015
20. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ('MSMED') ACT, 2006		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	424	385
- Interest due on above	7	4
Total	431	389
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year	34	28
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	151	117

Note: The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.

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Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

21. REVENUE FROM OPERATIONS

Sale of products*

Sale of services**

Other operating revenue

Revenue from operations (gross)

Less: Excise duty

Revenue from operations (net)

* Comprises of sale of beer Rs. 8,58,518 Lakhs
(Previous year: Rs. 7,66,369 Lakhs) and sale of malt
Rs. 6,374 Lakhs (Previous year: Rs. 5,556 Lakhs).

** Royalty income

March 31, 2016	March 31, 2015
8,64,892	7,71,925
709	683
51,172	51,260
9,16,773	8,23,868
4,08,625	3,54,639
5,08,148	4,69,229

22. OTHER INCOME

Interest income on fixed deposits, loans and advances

Dividend income on investment in subsidiary company

Government grant (industrial promotion subsidy)

Liabilities no longer required written back

Provision for doubtful debts, no longer required written back

Provision for doubtful advances, no longer required written back

Other non-operating income

Total

207	763
9	9
762	1,090
2,476	517
1	773
599	—
425	607
4,479	3,759

23. COST OF MATERIALS CONSUMED

Raw materials

Inventories at the beginning of the year

Add: Purchases

Less: Inventories at the end of the year

Consumption

Packing materials and bottles

Inventories at the beginning of the year

Add: Purchases

Less: Inventories at the end of the year

Consumption

Total

13,056	17,470
71,480	65,331
13,180	13,056
71,356	69,745
6,288	5,002
1,25,028	1,18,424
8,055	6,288
1,23,261	1,17,138
1,94,617	1,86,883

24. PURCHASES OF TRADED GOODS

Beer

7,176	5,593
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Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	March 31, 2016	March 31, 2015
25. INCREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Inventories at the beginning of the year		
Finished goods	11,646	8,858
Traded goods	148	57
Work-in-progress	19,738	18,229
	31,532	27,144
Less: Inventories at the end of the year		
Finished goods	12,750	11,646
Traded goods	110	148
Work-in-progress	21,079	19,738
	33,939	31,532
Increase in inventories	(2,407)	(4,388)
Increase in excise duty on inventories	1,683	2,823
Total	(724)	(1,565)
26. EMPLOYEE BENEFITS EXPENSE*		
Salaries, wages and bonus	28,965	24,168
Gratuity expense [refer note (i) below]	1,327	2,674
Contribution to provident and other funds [refer note (ii) below]	1,474	1,414
Staff welfare expenses	1,838	1,481
Total	33,604	29,737

* Includes Rs. 1,331 Lakhs (Previous year: Nil) towards compensation for loss of office to erstwhile Managing Director, incremental charge of Rs. Nil (Previous year : Rs. 2,367 Lakhs) on account of change in actuarial assumptions in respect of gratuity and compensated absences and is net of reversal of provision no longer required amounting to Rs. 424 Lakhs (Previous year : Rs. 871 Lakhs)

(i) The Company operates two defined benefit plans i.e., gratuity and provident fund for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. Under the provident fund benefit plan, the Company contributes to the provident fund trust which guarantees a specified rate of return on such contributions on a periodical basis. The shortfall in the return, if any, is borne by the Company. The following table summarises the components of net benefit expenses and the funded status for respective plans:

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Gratuity		Provident fund	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	6,936	4,016	8,234	6,656
Current service cost	547	332	1,418	1,398
Interest cost	480	359	748	611
Past service cost	—	(13)	—	—
Benefits paid	(1,570)	(282)	(601)	(505)
Actuarial (gain)/loss	541	2,524	(22)	74
Obligations at end of the year	6,934	6,936	9,777	8,234
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	4,419	3,170	8,304	6,765
Expected return on plan assets	382	291	755	621
Contributions during the year	2,005	1,003	1,401	1,397
Benefits paid	(1,570)	(282)	(601)	(505)
Actuarial gain/(loss)	(141)	237	—	26
Plan assets at end of the year	5,095	4,419	9,859	8,304
Actual return on plan assets	241	528	757	647
c) Benefit asset/(liability)				
Fair value of plan assets	5,095	4,419	9,859	8,304
Present value of the defined benefit obligations	6,934	6,936	9,777	8,234
Benefit asset/(liability)	(1,839)	(2,517)	82	70
d) Net employee benefit expense recognised in the employee cost				
Current service cost	547	332	1,418	1,398
Interest cost	480	359	748	611
Past service cost	—	(13)	—	—
Expected return on plan assets	(382)	(291)	(755)	(621)
Actuarial (gain)/loss	682	2,287	(22)	48
Net employee benefit expense*	1,327	2,674	1,389	1,436

* In respect of provident fund trust, since there is no shortfall in defined benefit obligation, the amount recognised in the statement of profit and loss is the amount contributed to provident fund by the Company.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Gratuity		Provident fund	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
e) Major category of plan assets as a percentage of fair value of total plan assets				
Government securities	—	—	48%	48%
Corporate bonds	—	—	52%	48%
Fund balance with insurance companies	100%	100%	—	4%
Total	100%	100%	100%	100%
f) The principal assumptions used in determining gratuity and provident fund obligations for the Company plans are as shown below:				
Discount rate	7.70%	7.80%	7.70%	7.80%
Estimated rate of return on plan assets	8.25%	8.25%	8.20% - 9.20%	8.60% - 9.25%
Salary increase rate	10.00% - 10.50%	10.00% - 10.50%	10.00% - 10.50%	10.50%
Employee turnover	5.00% - 15.00%	5.00% - 15.00%	5.00% - 15.00%	5.00% - 15.00%

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

The Company expects to contribute Rs. 1,000 Lakhs (Previous year: Rs. 2,000 Lakhs) and Rs. 1,100 Lakhs (Previous year: Rs. 1,500 Lakhs) to gratuity and provident fund, respectively, in the next year.

g) Amounts for current and previous periods are as follows:

	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
<u>Gratuity</u>					
Defined benefit obligation	6,934	6,936	4,016	2,869	2,219
Plan assets	5,095	4,419	3,170	2,353	1,656
Surplus/(deficit)	(1,839)	(2,517)	(846)	(516)	(563)
Experience adjustment on plan liabilities	(494)	(472)	1,254	67	(20)
Experience adjustment on plan assets	(141)	235	(70)	35	(10)
<u>Provident fund</u>					
Defined benefit obligation	9,777	8,234	6,656	4,951	4,222
Plan assets	9,859	8,304	6,765	5,303	4,303
Surplus/(deficit)	82	70	109	352	81
Experience adjustment on plan liabilities	(22)	74	250	(2)	(4)
Experience adjustment on plan assets	—	26	7	223	50

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

(ii) Contribution to provident and other funds includes the following defined contributions:

	March 31, 2016	March 31, 2015
Provident fund	1,031	954
Superannuation fund and national pension scheme	407	413
Employees state insurance fund	36	47
Total	1,474	1,414

27. FINANCE COSTS

Interest expense	7,546	7,196
Other borrowing costs	45	103
Total	7,591	7,299

28. OTHER EXPENSES

	March 31, 2016	March 31, 2015
Consumption of stores and spares	9,429	8,555
Power and fuel	14,125	14,192
Rent	2,706	2,419
Repairs and maintenance		
Plant and machinery	4,361	3,220
Buildings	609	357
Others	1,173	733
Insurance	835	558
Rates and taxes	8,776	6,169
Auditor remuneration		
Statutory audit fee	130	106
Limited review fee	25	25
Tax audit fee	17	17
Others	25	24
Sales promotion expenses	85,032	77,499
Outward freight, halting and breakage expenses	30,026	33,273
Selling and distribution expense [net of reversal of Rs. 2,239 Lakhs (Previous year: Rs. 1,956 Lakhs)]	24,717	26,091
CSR expenditure (refer details below)	651	495
Bad debts/advances written off	623	83
Provision for doubtful debts	2,884	616
Provision for doubtful advances	30	3
Net loss on sale of fixed assets	438	41
Miscellaneous expenses	14,562	12,029
Total	2,01,174	1,86,505
Details of CSR expenditure		
Gross amount required to be spent by the Company during the year	651	545
Amount spent during the year	609	224
Amount yet to be spent/paid	42	271
Total	651	495

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

29. CIF VALUE OF IMPORTS

	March 31, 2016	March 31, 2015
Raw materials and packing materials	8,686	5,308
Stores and spares	871	676
Capital goods	1,870	3,613
Total	11,427	9,597

30. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Royalty	256	139
Technical service fees	600	600
Sales promotion expenses	2,902	2,626
Professional expenses	71	95
Interest expense	1,383	1,898
Others	634	514
Total	5,846	5,872

31. DETAILS OF CONSUMPTION**a) Details of materials consumed**

Malt	38,936	38,101
Brewing materials	23,695	23,641
Bottles	74,564	73,097
Packing materials	48,697	44,041
Others	8,725	8,003
Total	1,94,617	1,86,883

b) Imported and indigenous materials consumedRaw materials

	March 31, 2016		March 31, 2015	
	%	Rs. in Lakhs	%	Rs. in Lakhs
Imported	5%	3,573	4%	3,122
Indigenous	95%	67,783	96%	66,623
Total	100%	71,356	100%	69,745

Packing materials

Imported	3%	3,121	2%	2,644
Indigenous	97%	1,20,140	98%	1,14,494
Total	100%	1,23,261	100%	1,17,138

Stores and spares

Imported	6%	587	4%	361
Indigenous	94%	8,842	96%	8,194
Total	100%	9,429	100%	8,555

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

32. NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

	March 31, 2016	March 31, 2015
Year of remittance (ending on)	March 31, 2016	March 31, 2015
Period to which it relates to	2014-15	2013-14
Number of non-resident shareholders	5	5
Number of equity shares held on which dividend was due	13,25,98,694	12,40,98,694
Number of preference shares held on which dividend was due	74,07,000	74,07,000
Amount remitted (in equivalent Indian Rupees in Lakhs)	1,548	1,339

33. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

Sale of services	438	467
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34. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation:

Profit after tax	29,457	25,953
Less: Dividend on preferential shares (including dividend distribution tax thereon)	—	(267)
Net profit attributable to equity shareholders	29,457	25,686
Weighted average number of equity shares considered for calculating basic/diluted EPS	26,44,05,149	26,44,05,149
Earnings per share (Basic/Diluted)	11.14	9.71

35. OPERATING LEASE

The Company has entered into operating lease arrangements for vehicles, computers, equipments, office premises and employee residential premises. These leases are for a period of 11 to 60 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 12 to 60 months. There are certain sub-lease restrictions placed upon the Company by entering into these leases. The total lease rentals expense for the year is Rs. 2,706 Lakhs (Previous year: Rs. 2,419 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2016	March 31, 2015
Within one year	490	648
After one year but not more than five years	—	490
More than five years	—	—
Total	490	1,138

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

36. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE**a) Derivatives outstanding as at the reporting date**

Particulars	Purpose	Currency	March 31, 2016		March 31, 2015	
			Foreign currency (in millions)	Rs. in Lakhs	Foreign currency (in millions)	Rs. in Lakhs
Cross currency swaps for INR against USD*	Hedge of foreign currency loans- Principal and interest	USD	89.00	47,330	115.00	60,714
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	USD	89.00	47,330	115.00	60,714

*Amount disclosed represents the underlying principal amount of loan.

b) Particulars of un-hedged foreign currency exposure as at the reporting date

	March 31, 2016	March 31, 2015
Trade payables	1,697	815
Liability for capital goods	337	74
Advances to suppliers	270	310
Capital advances	417	344

37. SUBSEQUENT EVENT

The Bihar State Government vide its notification dated April 5, 2016 has imposed ban on trade and consumption of foreign liquor in the state of Bihar with immediate effect. Pursuant to such notification, the Company has filed a writ petition with the Honourable High Court at Patna, requesting to set aside the said notification or to defer its implementation or to direct the authorities to make payment for beer supplied till the date of aforesaid notification, refund all advance duties and taxes paid by the Company and compensate for losses incurred on account of such abrupt notification.

As at March 31, 2016, the Company has fixed assets of Rs. 25,801 Lakhs, inventories of Rs. 2,317 Lakhs, trade receivables of Rs. 2,517 Lakhs and advances of Rs. 1,863 Lakhs at its units in Bihar. The Honourable High Court at Patna has passed an interim order, which is subject to the final order, confirming payment obligation of Bihar State Beverages Corporation Limited (BSBCL) in respect of the supplies made by the manufacturers. Further, vide notification dated April 9, 2016, the Bihar State Government has allowed production of beer in the state of Bihar for export to outside states.

Considering the favourable interim order passed by the Honourable High Court at Patna and permission to produce and export beer to other states, the management is confident of utilization of aforesaid assets and recovery of aforesaid balances. Pending outcome of the writ petition, no provision has been considered necessary by the management in this regard.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

38. ACQUISITION OF ASSETS OF PACIFIC SPIRITS PRIVATE LIMITED

During the year ended March 31, 2015, pursuant to the approval of the Board of Directors in its meeting held on August 13, 2013, the Company had acquired certain assets of Pacific Spirits Private Limited on September 1, 2014 for an aggregate consideration of Rs. 10,500 Lakhs. Accordingly, these assets including cost of such acquisition had been recorded by the Company at their respective values, determined by an independent valuer, as detailed below:

Particulars	Amount (Rs. in Lakhs)*
Leasehold land	1,590
Buildings	848
Plant and machinery	6,148
Licenses and rights	2,544
Total	11,130

*Includes Rs. 630 Lakhs relating to cost of acquisition of these assets.

The aforesaid assets are being depreciated over the remaining useful life of respective assets, as estimated by the management based on certification by an expert.

39. Pursuant to merger of Empee Breweries Limited (EBL), with the Company during the year ended March 31, 2011, the Company is in the process of getting the name of this merged entity changed in the records of state excise and other regulatory authorities. Pending completion of these formalities, the name of merged entity is continued to be used in various documents and records of the Company.

40. CAPITALIZATION OF EXPENDITURE

During the year, the Company has capitalized the following expenses to the cost of fixed asset/capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

	March 31, 2016	March 31, 2015
Salaries, wages and bonus	—	216
Power and fuel	—	154
Interest expenses (net)	—	1,048
Other expenses	—	1,512
Total	—	2,930

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Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

41. RELATED PARTY DISCLOSURES**A. Name of related parties and related party relationships****Related party where control exists:**

Subsidiary : Maltex Malsters Limited ('MML')

Related parties under AS-18 with whom transactions have taken place during the year:

Associate : Kingfisher East Bengal Football Team Private Limited ('KEBFTPL')

Enterprises having significant influence : Scottish & Newcastle India Limited, UK ('SNIL')
United Breweries (Holdings) Limited ('UBHL')Key management personnel (KMP) : Mr. Shekhar Ramamurthy, Managing Director
(effective August 1, 2015)
Mr. Kalyan Ganguly, Managing Director (till July 31, 2015)
Mr. Henricus Petrus van Zon, Director, CFORelative of KMP : Mrs. Suparna Bakshi Ganguly
(Wife of Mr. Kalyan Ganguly) (till July 31, 2015)Enterprises over which investing parties or KMP have significant influence : Heineken UK Limited ('HUL'), holding company of SNIL
Heineken International B.V. ('HIBV')
Heineken Brouwerijen B.V. ('HBBV')
Heineken Supply Chain B.V. ('HSCBV')
Heineken Asia Pacific Pte. Ltd. ('HAPPL')
Asia Pacific Breweries (Singapore) Pte. Ltd. ('APBS')
Heineken Ceska Republika ('HCR')
Force India F1 Team Limited, UK ('Force India')**Additional related parties as per the Companies Act, 2013 with whom transactions have taken place during the year:**Directors : Dr. Vijay Mallya, Chairman
Mr. A K Ravi Nedungadi
Mr. Duco Reinout Hooft Graafland (till July 23, 2015)
Mr. Roland Pirmez (till August 1, 2015)
Mr. Sijbe Hiemstra (effective July 23, 2015)
Mr. Frans Erik Eusman (effective August 1, 2015)
Mr. Ernst Van De Weert (till July 23, 2015)
Mr. Stephan Gerlich
Mrs. Kiran Majumdar Shaw
Mr. Madhav Bhatkuly
Mr. Chugh Yoginder Pal
Mr. Chhaganlal Jain
Mr. Sunil Alagh

Key management personnel (KMP): : Mr. Govind Iyengar, Company Secretary

Relative of director or KMP : Mr. Umesh Hingorani
Mrs. Jenbagalakshmi Iyengar (Wife of Mr. Govind Iyengar)

Private companies in which a director is a director (included in 'Others' below) : Royal Challengers Sports Private Limited ('RCSPL')

Body corporate/Private companies whose Board of directors is accustomed to act in accordance with advise, directions or instructions of a director (included in 'Others' below) : United Breweries International (UK) Limited, UK ('UBIUK')
Mandwa Farms Private Limited ('MFPL')
H. Parson Private Limited ('HPPL')
UB Air Private Limited ('UBAPL')
Blitz Publications Private Limited ('BPPL')
Blitz Multimedia Private Limited ('BMPL')
United Spirits Limited ('USL') (till February 25, 2016)

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

B. Transactions with related parties during the year along with balances as at year end:

a) Transactions during the year

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence			Others	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2016	March 31, 2015
a) Transactions during the year													
Sale of products													
UBHL	-	-	-	-	295	329	-	-	-	-	-	-	-
HPPL	-	-	-	-	-	-	-	-	-	-	11,727	11,310	-
	-	-	-	-	295	329	-	-	-	-	11,727	11,310	-
Royalty income													
UBIUK	-	-	-	-	-	-	-	-	-	-	27	140	-
HPPL	-	-	-	-	-	-	-	-	-	-	8	-	-
	-	-	-	-	-	-	-	-	-	-	35	140	-
Purchase of materials													
HUL	-	-	-	-	-	-	-	2	5	-	-	-	-
HSCBV	-	-	-	-	-	-	-	4	3	-	-	-	-
HAPPL	-	-	-	-	-	-	-	1	-	-	-	-	-
USL	-	-	-	-	-	-	-	-	-	-	-	-	6
	-	-	-	-	-	-	-	7	8	-	-	-	6
Processing charges paid													
MML	1,798	1,537	-	-	-	-	-	-	-	-	-	-	-
	1,798	1,537	-	-	-	-	-	-	-	-	-	-	-
Sales promotion expenses													
KEBFTPL	-	-	1,025	925	-	-	-	-	-	-	-	-	-
UBHL	-	-	-	-	5	29	-	-	-	-	-	-	-
Force India	-	-	-	-	-	-	-	-	2,515	2,285	-	-	-
HIBV	-	-	-	-	-	-	-	-	8	8	-	-	-
HBBV	-	-	-	-	-	-	-	-	13	13	-	-	-
RCSPL	-	-	-	-	-	-	-	-	-	-	650	600	-
HPPL	-	-	-	-	-	-	-	-	-	-	135	389	-
BMPL	-	-	-	-	-	-	-	-	-	-	-	-	7
	-	-	1,025	925	5	29	-	-	2,536	2,306	785	996	-
Rent expense													
UBHL	-	-	-	-	78	68	-	-	-	-	-	-	-
MFPL	-	-	-	-	-	-	-	-	-	-	157	155	-
BPPL	-	-	-	-	-	-	-	-	-	-	42	38	-
USL	-	-	-	-	-	-	-	-	-	-	2	2	-
Mrs. Suparna Ganguly	-	-	-	-	-	-	-	26	-	-	-	-	-
Mrs. Jenbagalakshmi	-	-	-	-	-	-	-	13	-	-	-	-	-
	-	-	-	-	78	68	-	39	-	-	201	195	-
Technical service fees													
HIBV	-	-	-	-	-	-	-	-	600	600	-	-	-
	-	-	-	-	-	-	-	-	600	600	-	-	-

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Subsidiary	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence			Others	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2016	March 31, 2015
Royalty paid											
UBHL	-	-	683	674	-	-	-	-	-	-	-
HBBV	-	-	-	-	-	-	256	139	-	-	-
	-	-	683	674	-	-	256	139	-	-	-
Consultancy fees paid											
HSCBV	-	-	-	-	-	-	60	71	-	-	-
HIBV	-	-	-	-	-	-	-	1	-	-	-
HBBV	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	60	72	-	-	-
Aircraft charges paid											
UBAPL	-	-	-	-	-	-	-	-	-	-	634
	-	-	-	-	-	-	-	-	-	-	634
Reimbursements received											
UBHL	-	-	3	7	-	-	-	-	-	-	-
HAPPL	-	-	-	-	-	-	2	-	-	-	-
HPPL	-	-	-	-	-	-	-	-	-	-	9
USL	-	-	-	-	-	-	-	-	59	51	-
	-	-	3	7	-	-	2	-	59	51	60
Reimbursements paid											
MML	3	19	-	-	-	-	-	-	-	-	-
UBHL	-	-	471	11	-	-	-	-	-	-	-
HIBV	-	-	-	-	-	-	231	168	-	-	-
HCR	-	-	-	-	-	-	25	44	-	-	-
HAPPL	-	-	-	-	-	-	-	3	-	-	-
APBS	-	-	-	-	-	-	1	1	-	-	-
HPPL	-	-	-	-	-	-	-	-	66	52	-
USL	-	-	-	-	-	-	-	-	121	116	-
	3	19	471	11	-	-	257	216	187	168	-
Interest paid											
MML	-	17	-	-	-	-	-	-	-	-	-
	-	17	-	-	-	-	-	-	-	-	-
Remuneration paid [Refer note (b)]											
Mr. Shekhar Ramamurthy	-	-	-	-	492	-	-	-	-	-	-
Mr. Kalyan Ganguly	-	-	-	-	669	844	-	-	-	-	-
Mr. Henricus Petrus van Zon	-	-	-	-	626	690	-	-	-	-	-
Mr. Govind Iyengar	-	-	-	-	135	117	-	-	-	-	-
Mr. Umesh Hingorani	-	-	-	-	93	86	-	-	-	-	-
	-	-	-	-	2,015	1,737	-	-	-	-	-
Compensation for loss of office paid											
Mr. Kalyan Ganguly	-	-	-	-	1,331	-	-	-	-	-	-
	-	-	-	-	1,331	-	-	-	-	-	-

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Subsidiary	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence			Others	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2016	March 31, 2015
Sitting fee paid											
Dr. Vijay Mallya	-	-	-	-	3	3	-	-	-	-	-
Mr. A K Ravi Nedungadi	-	-	-	-	5	4	-	-	-	-	-
Mr. Duco Reinout Hooft Graafland	-	-	-	-	-	1	-	-	-	-	-
Mr. Roland Pimez	-	-	-	-	1	1	-	-	-	-	-
Mr. Sijbe Hiemstra	-	-	-	-	1	-	-	-	-	-	-
Mr. Frans Erik Eusman	-	-	-	-	2	-	-	-	-	-	-
Mr. Ernst Van De Weert	-	-	-	-	1	-	-	-	-	-	-
Mr. Stephan Gerlich	-	-	-	-	2	1	-	-	-	-	-
Mrs. Kiran Majumdar Shaw	-	-	-	-	3	3	-	-	-	-	-
Mr. Madhav Bhatkuly	-	-	-	-	1	1	-	-	-	-	-
Mr. Chugh Yoginder Pal	-	-	-	-	10	6	-	-	-	-	-
Mr. Chhaganlal Jain	-	-	-	-	10	6	-	-	-	-	-
Mr. Sunil Alagh	-	-	-	-	9	5	-	-	-	-	-
Director commission paid					48	31	-	-	-	-	-
Dr. Vijay Mallya [Refer note (c)]	-	-	-	-	246	201	-	-	-	-	-
Mr. Stephan Gerlich	-	-	-	-	27	22	-	-	-	-	-
Mrs. Kiran Majumdar Shaw	-	-	-	-	27	22	-	-	-	-	-
Mr. Madhav Bhatkuly	-	-	-	-	27	22	-	-	-	-	-
Mr. Chugh Yoginder Pal	-	-	-	-	27	22	-	-	-	-	-
Mr. Chhaganlal Jain	-	-	-	-	27	22	-	-	-	-	-
Mr. Sunil Alagh	-	-	-	-	27	22	-	-	-	-	-
Redemption of preference shares					408	333	-	-	-	-	-
SNIL	-	-	-	-	-	-	-	-	-	-	-
Dividend paid on preference shares					7,407	-	-	-	-	-	-
SNIL	-	-	-	-	7,407	-	-	-	-	-	-
Dividend paid on equity shares					222	-	-	-	-	-	-
SNIL	-	-	222	222	-	-	-	-	-	-	-
Dividend paid on equity shares					222	-	-	-	-	-	-
SNIL	-	-	900	810	-	-	-	-	-	-	-
UBHL	-	-	303	273	-	-	-	-	-	-	-
Dr. Vijay Mallya (including joint holdings)	-	-	-	-	214	189	-	-	-	-	-
HUL	-	-	-	-	-	-	85	76	-	-	-
HIBV	-	-	-	-	-	-	127	38	-	-	-
USL	-	-	-	-	-	-	-	-	-	-	77
Dividend received					1,203	1,083	212	114	-	-	77
MML	9	9	-	-	214	189	-	-	-	-	-
	9	9	-	-	-	-	-	-	-	-	-

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Subsidiary	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
b) Balances outstanding as at year end										
Trade payables										
MML	(76)	(45)	—	—	—	—	—	—	—	—
KEBFTPL	—	—	(150)	(116)	—	—	—	—	—	—
UBHL	—	—	—	—	—	—	—	—	—	—
HIBV	—	—	—	(571)	(1,374)	—	(558)	(540)	—	—
HBBV	—	—	—	—	—	—	(69)	(35)	—	—
HUL	—	—	—	—	—	—	—	(1)	—	—
	(76)	(45)	(150)	(116)	(1,374)	—	(627)	(576)	—	—
Investment in equity shares										
MML	4,500	4,500	—	—	—	—	—	—	—	—
KEBFTPL	—	—	1	1	—	—	—	—	—	—
	4,500	4,500	1	1	—	—	—	—	—	—
Provision for diminution in value of investments										
MML	(1,959)	(1,959)	—	—	—	—	—	—	—	—
	(1,959)	(1,959)	—	—	—	—	—	—	—	—
Trade receivables (gross)										
UBHL	—	—	—	—	6	—	—	—	953	575
HPPL	—	—	—	—	—	—	—	—	60	74
UBIUK	—	—	—	—	6	—	—	—	1,013	649
	—	—	—	—	—	—	—	—	—	—
Security deposits										
UBHL	—	—	—	—	—	—	—	—	—	—
Mrs. Suparna Ganguly	—	—	—	59	2,009	—	37	—	—	—
Mrs. Jenbagalakshmi Iyengar	—	—	—	—	—	—	20	—	—	—
	—	—	—	59	2,009	—	57	—	—	—
Other receivables										
HSCBV	—	—	—	—	—	—	9	27	—	—
	—	—	—	—	—	—	9	27	—	—
Prepaid expenses										
Force India	—	—	—	—	—	—	—	2,513	—	—
	—	—	—	—	—	—	—	2,513	—	—

Notes:

(a) Fixed assets with gross block of Rs. 235 Lakhs (Previous year : Rs. 235 Lakhs) are lying with MML.

(b) The remuneration to key managerial personnel and relatives does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the Company as a whole.

(c) The Company has received an order dated September 30, 2015 from the Debt Recovery Tribunal, Karnataka, Bangalore (DRT) whereby the Company has been directed not to pay/release amounts that may be payable with respect to shares in the Company held by a director (including his joint holdings) and United Breweries (Holdings) Limited, without its prior permission. Accordingly, the Company would withhold payment of proposed dividend on aforesaid shares, which is subject to approval by the shareholders in the ensuing annual general meeting.

The Company has also received an order dated March 11, 2016 from the Deputy Commissioner of Income Tax (International Taxation), Bangalore, requesting the Company to create a charge in favour of the Central Government on any amount due or likely to be due to a director of the Company, to the extent of Rs. 67,980 Lakhs relating to tax demands on Kingfisher Airlines Limited. The Company has accordingly withheld payment of Rs. 161 Lakhs (net of TDS) relating to director commission payable to the aforesaid director.

Notes to Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

42. SEGMENT REPORTING

The Company's business activity falls within a single business segment i.e. manufacture and sale of beer including licensing of brands. Also, the Company's operations are predominantly in India. Hence, there are no material additional disclosures to be provided under Accounting Standard 17 – Segment Reporting, other than those already provided in the financial statements.

43. PREVIOUS YEAR FIGURES

The previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

For and on behalf of the Board of Directors of
United Breweries Limited

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain
Partner
Membership Number: 205839
Place: Mumbai, May 13, 2016

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Govind Iyengar
Company Secretary

Place: Mumbai, May 13, 2016

Henricus Petrus van Zon
Director, CFO
DIN: 06485007



UNITED BREWERIES LIMITED

Independent Auditor's Report on the Consolidated Financial Statements

To the Members of United Breweries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of United Breweries Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associate in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in

Independent Auditor's Report on the Consolidated Financial Statements contd.

conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associate as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 32 to the accompanying consolidated financial statements, which more fully describes the uncertainty related to the outcome of writ petition filed by the Holding Company with the Honourable High Court at Patna, in relation to ban imposed by the Bihar State Government on trade and consumption of foreign liquor in the state of Bihar with effect from April 5, 2016. Pending final disposal of the petition, no adjustments are considered necessary in these consolidated financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. Except for the non-availability of audited financial statements of an associate, as required by section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 and taken on record by the Board of Directors of the Holding Company and the report of the auditors who are appointed under section 139 of the Act, of its subsidiary company incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164(2) of the Act;
 - (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary company incorporated in India, refer to our separate report in "Annexure 1" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 7 and 19 to the consolidated financial statements;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 to the consolidated financial statements in respect of such items as it relates to the Group;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

Independent Auditor's Report on the Consolidated Financial Statements contd.

Other Matters

- (a) The accompanying consolidated financial statements include total assets of Rs. 535 Lakhs as at March 31, 2016, total revenues of Rs. 143 Lakhs and net cash inflows of Rs. 21 Lakhs, for the year ended on that date, in respect of a subsidiary, which have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

- (b) The accompanying consolidated financial statements does not include the Holding Company's share of net profit for the year ended March 31, 2016 in respect of an associate, which is considered as not material to the Group.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain

Partner

Membership Number: 205839

Place of signature: Mumbai

Date: May 13, 2016



Independent Auditor's Report on the Consolidated Financial Statements contd.

ANNEXURE 1 INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of United Breweries Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary and associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Independent Auditor's Report on the Consolidated Financial Statements contd.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls system over financial reporting in case of its subsidiary, which is a company incorporated in India, the following material weakness has been identified in the operating effectiveness of the Holding Company's internal financial controls over financial reporting as at March 31, 2016:

The Holding Company's internal financial controls with respect to obtaining customer/vendor confirmations, in certain cases, and their reconciliation with books of accounts at regular intervals were not operating effectively, which could potentially result in misstatement of receivables/payables.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, the Holding Company and its subsidiary, which is a company incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting as of March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, internal financial controls over financial reporting of the Holding Company and its subsidiary, which is a company incorporated in India were operating effectively as of March 31, 2016.

Other Matters

Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. The accompanying consolidated financial statements does not include the Holding Company's share of net profit for the year ended March 31, 2016 in respect of an associate, which is considered as not material to the Group.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Group, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 13, 2016 expressed an unqualified opinion thereon.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain

Partner

Membership Number: 205839

Place of signature: Mumbai

Date: May 13, 2016

Consolidated Balance Sheet as at March 31, 2016

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,644	2,644
Reserves and surplus	4	2,08,248	1,82,417
		2,10,892	1,85,061
Minority interest		243	217
Non-current liabilities			
Long-term borrowings	5	19,822	51,158
Deferred tax liabilities (net)	6	6,264	6,629
Long-term provisions	7	839	517
		26,925	58,304
Current liabilities			
Short-term borrowings	8	21,288	18,758
Trade payables	9		
Total outstanding dues of micro enterprises and small enterprises		424	385
Total outstanding dues of creditors other than micro enterprises and small enterprises		37,861	33,885
Other current liabilities	10	1,04,183	79,826
Short-term provisions	7	11,598	12,021
		1,75,354	1,44,875
Total		4,13,414	3,88,457
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,76,262	1,77,099
Intangible assets	11	3,538	4,062
Capital work-in-progress		6,084	9,016
Goodwill on consolidation	38	2,421	2,421
Non-current investments	12	6	6
Long-term loans and advances	13	23,157	19,334
Other non-current assets	14	504	443
		2,11,972	2,12,381
Current assets			
Inventories	15	60,582	55,910
Trade receivables	16	1,14,308	96,434
Cash and bank balances	17	1,390	1,312
Short-term loans and advances	13	24,323	22,372
Other current assets	14	839	48
		2,01,442	1,76,076
Total		4,13,414	3,88,457
Summary of significant accounting policies	2.1		

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

As per our report of even date

For and on behalf of the Board of Directors of
United Breweries Limited

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Henricus Petrus van Zon
Director, CFO
DIN: 06485007

per Mahendra Jain
Partner
Membership Number: 205839

Govind Iyengar
Company Secretary

Place: Mumbai, May 13, 2016

Place: Mumbai, May 13, 2016

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	March 31, 2016	March 31, 2015
INCOME			
Revenue from operations (gross)	21	9,16,916	8,24,001
Less: Excise duty		4,09,335	3,55,190
Revenue from operations (net)		5,07,581	4,68,811
Other income	22	4,512	3,765
Total		5,12,093	4,72,576
EXPENSES			
Cost of materials consumed	23	1,92,819	1,85,346
Purchases of traded goods	24	7,176	5,593
Increase in inventories of finished goods, work-in-progress and traded goods	25	(717)	(1,567)
Employee benefits expense	26	34,035	30,097
Depreciation and amortisation expense	11	24,363	20,754
Finance costs	27	7,591	7,283
Other expenses	28	2,01,858	1,87,170
Total		4,67,125	4,34,676
Profit before tax		44,968	37,900
Tax expenses			
Current tax		15,788	12,826
Deferred tax charge		(365)	(948)
Total tax expenses		15,423	11,878
Profit after tax but before minority interest		29,545	26,022
Minority interest		37	38
Profit for the year		29,508	25,984
Earnings per equity share in Rs.	29		
[nominal value per share Re.1 (Previous year: Re.1)]			
Basic		11.16	9.73
Diluted		11.16	9.73
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain
Partner
Membership Number: 205839

Place: Mumbai, May 13, 2016

For and on behalf of the Board of Directors of
United Breweries Limited

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Govind Iyengar
Company Secretary

Place: Mumbai, May 13, 2016

Henricus Petrus van Zon
Director, CFO
DIN: 06485007

Consolidated Cash Flow Statement for the year ended March 31, 2016

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	March 31, 2016	March 31, 2015
A Cash flow from operating activities			
Profit before tax		44,968	37,900
Adjustments for:			
Depreciation and amortisation expense	24,363	20,754	
Bad debts/advances written off	623	83	
Provision for doubtful debts	2,884	616	
Provision for doubtful advances	30	3	
Net loss on sale of fixed assets	438	41	
Liabilities no longer required written back	(2,476)	(518)	
Provision for doubtful debts, no longer required written back	(1)	(773)	
Provision for doubtful advances, no longer required written back	(599)	—	
Interest expense	7,546	7,180	
Interest income	(239)	32,569	26,610
Operating profit before working capital changes		77,537	64,510
Movement in working capital:			
Increase/(decrease) in trade payables	5,464	13,813	
Increase/(decrease) in other current liabilities and provisions	11,545	10,016	
(Increase)/decrease in inventories	(4,672)	(1,496)	
(Increase)/decrease in trade receivables	(20,774)	(474)	
(Increase)/decrease in loans and advances	(2,889)	11,817	
(Increase)/decrease in other assets	(762)	(12,088)	33,805
Cash generated from operations		65,449	98,315
Direct taxes paid (net of refund)		(16,064)	(14,234)
Net cash flow from operating activities (A)		49,385	84,081
B Cash flow from investing activities			
Purchase of fixed assets including capital work-in-progress and capital advances		(24,364)	(40,747)
Proceeds from sale of fixed assets		65	55
Investments in bank deposits (having original maturity of more than three months)		(452)	(797)
Redemption/maturity of bank deposits (having original maturity of more than three months)		21	7,693
Interest received		210	848
Net cash used in investing activities (B)		(24,520)	(32,948)

Consolidated Cash Flow Statement contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	March 31, 2016	March 31, 2015
C Cash flow from financing activities			
Proceeds from long term borrowings		—	12,120
Repayment of long term borrowings		(16,530)	(21,567)
Repayment of preference share capital		—	(7,407)
Proceeds from/(repayment of) short term borrowings (net)		2,530	(30,133)
Interest paid		(7,716)	(7,153)
Dividend paid (including dividend distribution tax)		(3,441)	(3,031)
Net cash flow used in financing activities (C)		(25,157)	(57,171)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(292)	(6,038)
Cash and cash equivalents at the beginning of the year		615	6,653
Cash and cash equivalents at the end of the year		323	615
Components of cash and cash equivalents			
Cash on hand		20	31
Bank balances on current accounts*		300	581
Bank balances on deposit accounts		3	3
Total cash and cash equivalents		323	615
Summary of significant accounting policies	2.1		

* Includes Rs. 109 Lakhs (Previous Year: Rs. 88 Lakhs) towards unpaid dividend accounts which can be utilised only towards settlement of unpaid dividends.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain

Partner

Membership Number: 205839

Place: Mumbai, May 13, 2016

For and on behalf of the Board of Directors of
United Breweries Limited

Shekhar Ramamurthy

Managing Director

DIN: 00504801

Govind Iyengar

Company Secretary

Place: Mumbai, May 13, 2016

Henricus Petrus van Zon

Director, CFO

DIN: 06485007

Notes to Consolidated Financial Statements for the year ended March 31, 2016

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

1. Corporate information

United Breweries Limited ("UBL" or "the Company") is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged primarily in the manufacture and sale of beer. The Company has manufacturing facilities in India.

2. Basis of preparation of consolidated financial statements

The consolidated financial statements of the Company, its subsidiary (together referred to as "the Group") and associate have been prepared in accordance with generally accepted accounting principles in India ("Indian GAAP"). The Company has prepared these consolidated financial statements to comply in all material respects with the accounting standards specified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention.

In the preparation of the consolidated financial statements, subsidiary have been consolidated in accordance with the Accounting Standard 21, 'Consolidated Financial Statements', ('AS 21'), as notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements have been prepared on the following basis:

- (i) Subsidiary company is consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship comes into existence. A subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains controls and continue to consolidate until the date that such control ceases.
- (ii) The difference between the cost to the Group of investment in subsidiary and the proportionate share in the equity of the investee company at the date of investment is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment at the balance sheet date.
- (iii) Minorities' interest in net profits of consolidated subsidiary for the period is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the parent company.
- (iv) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances are presented, to the extent possible, in the same manner as the Company's standalone financial statements.
- (v) The financial statements of the subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the Company.

The consolidated financial statements relate to the Group and associate, which in addition to the Company comprises of the following entities:

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Name of the company	Relationship	Country of incorporation	% of Ownership Interest as at March 31, 2016	% of Ownership Interest as at March 31, 2015
Maltex Malsters Limited ('MML')	Subsidiary	India	51%	51%
Kingfisher East Bengal Football Team Private Limited ('KEBFTPL')*	Associate	India	49.99%	49.99%

* The Group's interest in KEBFTPL has not been included in the consolidated financial statements as the same has not been considered as material by the management of the Company.

The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, as at end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Group adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The Group identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line method ("SLM") basis using the useful lives estimated by the management of the Company. For the purpose of depreciation calculation, residual value is determined as 5% of the original cost for all the assets, as estimated by the management basis independent assessment by an expert. The Group has used the following useful lives to provide depreciation on its fixed assets:

	Useful life (years)
Factory buildings	30
Other buildings (RCC)	60
Other buildings (Non-RCC)	30
Roads (RCC)	10
Roads (Non-RCC), Fences, etc	5
Plant and machinery	15*
Electrical installations	10
Office equipments	5
Computers	3
Servers and networks	6
Furniture and fixtures	10
Laboratory equipments	10
Vehicles	8 and 10

* In respect of assets used at any time during the year on double shift or triple shift basis, the depreciation for that period is increased by 50% or 100%, respectively.

In respect of following assets, not included above, the useful lives estimated by the management, basis technical assessment, are different from those indicated in Schedule II to the Companies Act, 2013:

- Assets acquired on amalgamation, etc (where original dates of acquisition are not readily available), are depreciated over the remaining useful life of the assets, as certified by an expert.
- Beer dispensers (included under furniture and fixtures) and Kegs (included under plant and machinery) are depreciated on a straight-line basis over a period of 3 years being useful life, as estimated by the management considering nature of these assets.
- Assets individually costing Rs. 5,000 or less and coolers (included under furniture and fixtures) are depreciated on a straight-line basis over a period of 1 year being useful life, as estimated by the management considering such assets do not have enduring benefits.

Leasehold land is amortized on a straight-line basis over the period of lease i.e. 90–99 years. Leasehold improvements are amortized on straight-line basis over the lower of useful life of the asset and the remaining period of the lease.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight-line basis over the estimated useful economic life. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

date when the asset is available for use. All intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

A summary of amortization policies applied to the Group's intangible assets is as below:

	Useful life (years)
Goodwill	5
Licenses and rights	10
Brands	10

(e) Leases

Where the company is lessee

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as expense in the statement of profit and loss on a straight-line basis over the lease term.

(f) Borrowing costs

Borrowing cost includes interest, exchange differences arising from short-term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset or group of assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Government grant and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Group will comply with the conditions attached to them and (ii) the grant/subsidy will be received.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

(i) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the consolidated financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(j) Inventories

Raw materials, packing materials and bottles, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of products

Revenue from sale of products is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods from breweries/warehouses and is net of trade discounts. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of services

Royalty income is recognized at agreed rate on sale of branded products by the licensee, as per the terms of the agreement.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Income from contract manufacturing units

Income from Contract Manufacturing Units ("CMUs") relates to net share of the Company as per terms of the respective agreements and is recognized on the basis of information provided to the Company by CMUs and when the right to receive the payment is established, usually on sale of goods by CMUs to their customers.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the consolidated statement of profit and loss.

Dividends

Dividend Income is recognized when the company's right to receive the payment is established on or before the balance sheet date.

(I) Foreign currency transactions

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the Group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. The Group has adopted economic hedge accounting whereby only net exchange loss (if any) on the underlying item, after considering exchange gain on hedge is capitalized or accumulated in FCMITDA, as applicable.

In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

- (iv) Forward exchange contracts are entered into, to hedge foreign currency risk of an existing asset/ liability. The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change.
- Any profit or loss arising on cancellation or renewal of such a forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(1) and (iii)(2).

(m) Retirement and other employee benefits

- (i) Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund.

In respect of certain employees, the Company has established a Provident Fund Trust, which is a defined benefit plan, to which contributions towards provident fund are made each month. The Provident Fund Trust guarantees a specified rate of return on such contributions on a periodical basis. The Company will meet the shortfall in the return, if any, which is determined based on an actuarial valuation carried out, as per projected unit credit method, as at the date of balance sheet. The contributions to provident fund are charged to the statement of profit and loss on an accrual basis.

The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for the service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution paid exceeds the contribution due for services received before the balance sheet date, the excess is recognized as an asset.

- (ii) Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has established a Superannuation Fund Trust to which contributions are made each month. The Company recognizes contribution payable to the superannuation fund scheme as expenditure, when an employee renders the related service. The Company has no other obligations beyond its monthly contributions.
- (iii) The Group operates defined benefit plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method.
- (iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.
- The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.
- (v) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(n) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

(o) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(p) Provisions

A provision is recognized when the Group has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. When the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when such reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit and loss net of any reimbursement.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

(r) Cash and cash equivalents

Cash and cash equivalents for the purposes of consolidated cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(s) Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, is marked to market on a portfolio basis, and the net loss, if any is charged to the statement of profit and loss. Net gain, if any is ignored.



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UNITED BREWERIES LIMITED

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3. SHARE CAPITAL**Authorised shares**

4,12,98,00,000 (Previous year: 4,12,98,00,000) equity shares of Re. 1 each

5,86,00,000 (Previous year: 5,86,00,000) preference shares of Rs. 100 each

Issued, subscribed and fully paid-up shares

26,44,05,149 (Previous year: 26,44,05,149) equity shares of Re. 1 each

As at March 31, 2016	As at March 31, 2015
41,298	41,298
58,600	58,600
99,898	99,898
2,644	2,644
2,644	2,644

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2016		As at March 31, 2015	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Equity shares				
At the beginning of the year	26,44,05,149	2,644	26,44,05,149	2,644
Issued during the year	—	—	—	—
Outstanding at the end of the year	26,44,05,149	2,644	26,44,05,149	2,644
Preference shares - Series B				
At the beginning of the year	—	—	74,07,000	7,407
Redeemed during the year	—	—	74,07,000	7,407
Outstanding at the end of the year	—	—	—	—

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity share is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2016, the amount of dividend recognised as distributions to equity shareholders (including minority shareholders) is Rs. 3,053 Lakhs (Previous year: Rs. 2,644 Lakhs).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Terms of redemption of preference shares

74,07,000, 3% cumulative redeemable preference shares-Series B of Rs. 100 each were issued in April 2005 to Scottish & Newcastle India Limited. The preference shares carried dividend @3% per annum. Each holder of preference share were entitled to one vote per share only on resolutions placed before the Company which directly affects the rights attached to these shares.

In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares had priority over equity shares in the payment of dividend and repayment of capital. These shares were fully redeemed at par on March 31, 2015.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

d) Details of shareholders holding more than 5% of the shares in the Company

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of Re.1 each fully paid				
Scottish & Newcastle India Limited	8,99,94,960	34.04%	8,99,94,960	34.04%
United Breweries (Holdings) Limited	2,83,37,911	10.72%	3,02,95,911	11.46%
Dr. Vijay Mallya (including joint holdings)	2,13,53,620	8.08%	2,13,53,620	8.08%
Heineken International B.V	1,52,65,858	5.77%	42,35,770	1.60%

As per records of the Company, the above shareholding represents legal ownership of shares.

e) Aggregate number of shares issued for consideration other than cash during period of 5 years immediately preceding the reporting date:

	As at March 31, 2016	As at March 31, 2015
Equity shares issued in 2012-13 on amalgamation of Scottish and Newcastle India Private Limited (Nos.)	84,89,270	84,89,270
Equity shares issued in 2011-12 on amalgamation of Chennai Breweries Private Limited, UB Nizam Breweries Private Limited, Millennium Beer Industries Limited and UB Ajanta Breweries Private Limited (Nos.)	98,60,211	98,60,211
Equity shares issued in 2010-11 on amalgamation of Millenium Alcobev Private Limited and Empee Breweries Limited (Nos.)	1,44,96,683	1,44,96,683
	3,28,46,164	3,28,46,164

UNITED BREWERIES LIMITED

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Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

4. RESERVES AND SURPLUS**Capital redemption reserve**

Balance as per last financial statements

24,690 17,283

Add: Transfer from surplus in statement of profit and loss on redemption of preference shares*

— 7,407

Closing balance**24,690 24,690**

* Capital redemption reserve had been created in respect of 3% cumulative redeemable preference shares-Series B, redeemed during the year ended March 31, 2015.

Securities premium account

Balance as per last financial statements

62,938 62,938**General reserve**

Balance as per last financial statements

22,249 19,577

Add: Transfer from statement of profit and loss

2,996 2,672

Closing balance**25,245 22,249****Surplus in the statement of profit and loss**

Balance as per last financial statements

72,540 60,813

Add: Profit for the year

29,508 25,984

Less: Appropriations

Proposed final equity dividend [amount per share Rs. 1.15 (Previous year: Re. 1)]

(3,053) (2,644)

Tax on proposed equity dividend

(624) (542)

Dividend on preference shares [amount per share Rs. Nil (Previous Year: Rs. 3)]

— (222)

Tax on preference dividend

— (45)

Transfer to general reserve

(2,996) (2,672)

Transfer to capital redemption reserve

— (7,407)

Depreciation adjustment

— (725)

[net of deferred tax of Rs. Nil (Previous Year: Rs. 371 Lakhs)]**

Closing balance**95,375 72,540****Total reserves and surplus****2,08,248 1,82,417**

** Pursuant to the notification of Schedule II of the Companies Act, 2013 ("the Act"), by the Ministry of Corporate Affairs effective April 1, 2014, so as to conform to the requirements of the Act, the carrying value of Rs. 720 Lakhs (net of tax adjustment of Rs. 371 Lakhs), in case of assets with nil revised remaining useful life as at April 1, 2014 had been reduced from the retained earnings as on such date.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

5. LONG-TERM BORROWINGS

Secured borrowings

Foreign currency term loans

External commercial borrowing from banks 19,822 35,211 15,388 13,383

Term loan from bank — 12,120 12,120 —

Indian currency term loan — 2 2 2

19,822 47,333 27,510 13,385

Unsecured borrowings

Deferred payment liabilities — 3,825 — 335

— 3,825 — 335

Amount disclosed under the head

"Other current liabilities" (refer note 10) — — (27,510) (13,720)

Total 19,822 51,158 — —

Secured borrowings

Nature of security

Repayment and other terms

Foreign currency term loans

DBS Bank Ltd: Rs. 21,904 Lakhs (Previous year: Rs. 24,643 Lakhs) secured by exclusive charge on immovable assets of the Company located at Goa, Kalyani, Khurda. Further, the loan is secured by pari-passu charge on immovable assets of the Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and all present and future movable assets of the Company other than assets of Taloja unit.

Repayable in 9 equal quarterly installments starting from February 27, 2016. The loan carries interest of 9.58% per annum.

Rabobank International: Rs. 13,306 Lakhs (Previous year: Rs. 13,306 Lakhs) secured by pari-passu charge on immovable assets of the Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and on all movable assets of the Company, other than assets of Taloja.

Repayable in 3 equal annual installments commencing on February 8, 2017 till February 8, 2019. The loan carries interest of 9.78% per annum payable on quarterly basis.

Rabobank International: Rs. Nil (Previous year: Rs. 10,645 Lakhs) secured by pari-passu charge on immovable assets of the Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and on all movable assets of the Company, other than assets of Taloja.

Repayable after 3 years on February 6, 2016. The loan carries interest of 8.75% per annum payable on quarterly basis.

Citibank: Rs. 12,120 Lakhs (Previous year: Rs. 12,120 Lakhs) secured by pari-passu charge on all movable and immovable fixed assets of the Company, other than assets of Taloja unit.

Repayable after 24 months from the date of drawal i.e., on April 28, 2016. The loan carries interest of 9.75% per annum payable on monthly basis.

Indian currency term loan

NBFC: Rs. 2 Lakhs (Previous year: Rs. 4 Lakhs) secured by hypothecation of vehicle.

Repayable in 36 equated monthly instalments from the date of avilment of loan i.e. December 11, 2013.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Unsecured borrowings

Deferred payment liability of Rs. Nil (Previous year: Rs. 4,160 Lakhs) pertains to sales tax payable to the Government of Maharashtra by virtue of being eligible for deferred payment after having established a manufacturing unit in a notified backward area. This amount was repayable in five equal annual installments on completion of 10 years from the end of respective year to which sales tax liability relates. The Company has fully repaid this amount during the current year.

6. DEFERRED TAX LIABILITIES (NET)**Deferred tax liability**

Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charge for the financial reporting

Gross deferred tax liability**Deferred tax asset**

Provision for doubtful debts and advances

Provision for gratuity and compensated absences

Other provisions

Gross deferred tax asset**Net deferred tax liability**

As at March 31, 2016	As at March 31, 2015
9,745	9,870
9,745	9,870
1,549	748
1,558	1,728
374	765
3,481	3,241
6,264	6,629

7. PROVISIONS**Provision for employee benefits**

Gratuity

Compensated absences

Other provisions

Provision for proposed dividend and tax thereon

Provision for litigations

Provision for claims

Total

Long-term		Short-term	
As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
839	517	1,000	2,000
—	—	2,667	2,479
839	517	3,667	4,479
—	—	3,687	3,472
—	—	2,644	2,041
—	—	1,600	2,029
—	—	7,931	7,542
839	517	11,598	12,021

	At the beginning of the year	Additions during the year	Utilised during the year	Unused amounts reversed	At the end of the year
Provision for litigations	2041	1,569	—	966	2,644
	(1,771)	(270)	(—)	(—)	(2,041)
Provision for claims	2,029	—	—	429	1,600
	(2,707)	(—)	(119)	(559)	(2,029)

Figures in brackets are of previous year.

Provision for litigations relates to matters which are sub-judice. Although the Company continues to contest these cases, the management believes that outflow of resources embodying economic benefits is probable and hence created provision towards these obligations.

Provision for claims relates to amount expected to be paid as reimbursements. The management believes that outflow of resources embodying economic benefits is probable and hence created provision towards these obligations.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

8. SHORT-TERM BORROWINGS

Secured borrowings

Indian currency cash credit from banks

12,290

3,758

12,290
3,758

Unsecured borrowings

Indian currency commercial papers [Nil (Previous year: 3,000 of Rs. 5,00,000 each)]

—

15,000

Indian currency bank overdraft

8,998

—

8,998
15,000

Total

21,288
18,758

Secured borrowings

Cash credit facilities from banks are secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts both present and future. These are repayable on demand and carries interest in the range of 9.30% to 10.75% p.a.

Unsecured borrowings

a) Commercial papers were repayable after a term of 60 days from issue and carried interest rate of 9.20% p.a.

These have been fully redeemed during the year.

b) Bank overdraft are repayable on demand and carry interest in the range of 9.30% to 9.80% p.a.

9. TRADE PAYABLES

Total outstanding dues of micro enterprises and small enterprises (refer note 20 for details of dues to micro and small enterprises)

424

385

Total outstanding dues of creditors other than micro enterprises and small enterprises

Acceptances

737

324

Others

37,124

33,561

Total

38,285
34,270

10. OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings (refer note 5)

27,510

13,720

Liability for capital goods

2,379

3,524

Interest accrued but not due on borrowings

656

826

Security deposits

2,542

2,177

Unpaid dividends*

109

88

Statutory dues payable

15,042

12,924

Advances from customers

1,890

1,960

Advances from commission agents

529

1,359

Salaries and bonus payable

3,014

1,815

Other expenses payable

50,512

41,433

Total

1,04,183
79,826

* There are no amounts due for payment to the Investor Education and Protection Fund under the Companies Act, 2013 as at the year end.

11. FIXED ASSETS

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 1, 2015	Additions	Assets acquired	Deletions/ adjustments	As at March 31, 2016	As at April 1, 2015	On Deletions	For the year	Adjusted to Reserves	As at March 31, 2016
Tangible assets										
Freehold land (refer note a)	20,067	—	—	—	20,067	—	—	—	—	20,067
Leasehold land (refer note b)	11,397	—	—	75	11,322	550	75	124	—	10,723
Buildings (refer note c and d)	50,506	4,893	—	1	55,398	12,079	1	2,243	—	41,077
Leasehold improvements	64	—	—	—	64	64	—	—	—	64
Plant and machinery (refer note c)	2,08,183	14,194	—	944	2,21,433	1,04,663	454	18,267	—	1,22,476
Office equipments	1,121	288	—	—	1,409	859	—	104	—	963
Computers	1,353	63	—	21	1,395	966	20	234	—	1,180
Furniture and fixtures	8,780	3,513	—	144	12,149	7,174	133	2,199	—	9,240
Laboratory equipments	2,812	214	—	4	3,022	1,232	4	288	—	1,516
Vehicles	1,013	70	—	37	1,046	610	36	110	—	684
Total	3,05,296	23,235	—	1,226	3,27,305	1,28,197	723	23,569	—	1,51,043
Intangible assets										
Goodwill	6,543	—	—	—	6,543	6,543	—	—	—	6,543
Licenses and rights	10,066	270	—	—	10,336	6,004	—	794	—	6,798
Brands	631	—	—	—	631	631	—	—	—	631
Total	17,240	270	—	—	17,510	13,178	—	794	—	13,972
Grand Total	3,22,536	23,505	—	1,226	3,44,815	1,41,375	723	24,363	—	1,65,015

Previous year

Financial year	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 1, 2014	Additions	Assets acquired (Refer note 33)	Deletions/ adjustments	As at March 31, 2015	As at April 1, 2014	On Deletions	For the year	Adjusted to Reserves (Refer note 4)	As at March 31, 2015
Tangible assets										
Freehold land (refer note a)	20,067	—	—	—	20,067	—	—	—	—	20,067
Leasehold land (refer note b)	3,981	5,826	1,590	—	11,397	496	—	54	—	10,847
Buildings (refer note c and d)	46,201	3,457	848	—	50,506	9,113	—	2,124	842	38,427
Leasehold improvements	64	—	—	—	64	64	—	—	—	64
Plant and machinery (refer note c)	1,83,261	19,998	6,148	1,224	2,08,183	90,129	1,142	15,645	31	1,04,663
Office equipments	1,064	61	—	4	1,121	596	4	127	140	859
Computers	1,227	154	—	28	1,353	706	27	250	37	966
Furniture and fixtures	7,494	1,314	—	28	8,780	5,611	16	1,550	29	7,174
Laboratory equipments	2,506	306	—	—	2,812	998	—	222	12	1,232
Vehicles	978	66	—	31	1,013	524	30	111	5	610
Total	2,66,843	31,182	8,586	1,315	3,05,296	1,08,237	1,219	20,083	1,096	1,28,197
Intangible assets										
Goodwill	6,543	—	—	—	6,543	6,543	—	—	—	6,543
Licenses and rights	7,516	6	2,544	—	10,066	5,333	—	671	—	6,004
Brands	631	—	—	—	631	631	—	—	—	631
Total	14,690	6	2,544	—	17,240	12,507	—	671	—	13,178
Grand Total	2,81,533	31,188	11,130	1,315	3,22,536	1,20,744	1,219	20,754	1,096	1,41,375
										1,81,161

Notes:

- a) Freehold land measuring 9.04 acres at Kuthambakkam (Tamilnadu) is pending registration in the name of the Company and titles of freehold lands measuring 1.78 acres and 0.02 acres at Naniangud (Karnataka) and Mallepally (Telangana), respectively, are in dispute and pending resolution in the Civil Courts as at March 31, 2016. Further, titles of freehold lands measuring 63.07 acres and 54.54 acres at Kothlapur (Telangana) and Srikakulam (Andhra Pradesh), respectively, are held in the name of erstwhile merged entities.
- b) The titles of leasehold land measuring 64.02 acres at Aurangabad (Maharashtra) are held in the name of erstwhile merged entities.
- c) Buildings and Plant and machinery additions during the year includes Rs. Nil (Previous year: Rs. 170 Lakhs) and Rs. Nil (Previous year: Rs. 878 Lakhs), respectively towards borrowing costs capitalised during the year.

d) Buildings include those constructed on leasehold land as follows:

	As at March 31, 2016	As at March 31, 2015
Gross block	23,035	20,175
Depreciation charge for the year	871	1,195
Accumulated depreciation	5,421	4,550
Net block	17,614	15,625

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	As at March 31, 2016	As at March 31, 2015
12. NON-CURRENT INVESTMENTS (unquoted, valued at cost unless otherwise stated)		
Trade investments		
<i>Equity instruments</i>		
<u>Investment in associate</u>		
Kingfisher East Bengal Football Team Private Limited [4,999 (Previous year: 4,999) equity shares of Rs. 10 each]	1	1
Non-trade investments		
<i>Equity instruments</i>		
The Zoroastrian Co-operative Bank Limited [2,000 (Previous year: 2,000) equity shares of Rs. 25 each]	1	1
SAB Miller India Limited (Formerly, Skol Breweries Limited) [300 (Previous year: 300) equity shares of Rs. 10 each]*	0	0
Castle Breweries Limited (Formerly, Jupiter Breweries Industries Limited) [50 (Previous year: 50) equity shares of Rs. 10 each]*	0	0
Mohan Meakin Limited [100 (Previous year: 100) equity shares of Rs. 5 each]*	0	0
Blossom Industries Limited [100 (Previous year: 100) equity shares of Rs. 3 each]*	0	0
The Cosmos Co-operative Bank Limited [1,000 (Previous year: 1,000) equity shares of Rs. 100 each]	1	1
In Government securities		
National savings certificate	18	18
Less: Provision for diminution in value of investments	(15)	(15)
Total	6	6
*Rounded off.		
Aggregate amount of unquoted investments (net)	6	6
Aggregate provision for diminution in value of investments	15	15

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Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

13. LOANS AND ADVANCES**Unsecured, considered good**

	Long-term		Short-term	
	As at March 31, 2016	<i>As at March 31, 2015</i>	As at March 31, 2016	<i>As at March 31, 2015</i>
Capital advances	5,685	3,039	—	—
Security deposits	3,818	3,382	—	1,950
Advance to suppliers*	3,018	2,851	2,199	1,441
Receivable from a related party (refer note 37)	—	—	9	27
Prepaid expenses	152	175	4,903	5,914
Balance with statutory/government authorities	1,877	1,504	16,983	12,811
Other loans and advances				
Advance income tax (net of provision)	8,481	8,205	—	—
Other advances recoverable in cash or kind	126	178	229	229
Total	23,157	<i>19,334</i>	24,323	<i>22,372</i>

Unsecured, considered doubtful

Capital advances	76	76	—	—
Security deposits	16	16	—	—
Advance to suppliers	83	55	—	—
Advance to Star Investments Private Limited**	—	597	—	—
Provision for doubtful advances	(175)	(744)	—	—
Total	23,157	<i>19,334</i>	24,323	<i>22,372</i>

* Long-term advance to suppliers relates to amount paid under protest to Maharashtra Industrial Development Corporation ('MIDC') towards increased charges for water supplies. The Company has filed a special leave petition before the Supreme Court in respect of this matter and the management, basis a legal advice, believes that the Company's position will be upheld in the appellate process and accordingly, the same has been considered as a contingent liability as at year end.

** The Company had entered into an agreement with the promoters of Balaji Distilleries Limited ('BDL') with a view to secure perpetual usage of its brewery and grant of first right of refusal in case of sale or disposal of its brewery unit. In respect of the same, the Company had made a refundable advance of Rs. 15,500 Lakhs to Star Investments Private Limited ('Star'), one of the promoter companies of BDL. Subsequently, pursuant to a scheme of arrangement, BDL demerged its brewery into Chennai Breweries Private Limited ('CBPL') which was later merged with the Company. The Company then entered into an agreement with Star and extended the repayment of this advance including interest thereon. The principal amount had been repaid and the remaining unpaid interest thereon of Rs. 597 Lakhs, had been fully provided for and the same have been fully written off during the year.

14. OTHER ASSETS**Unsecured, considered good**

	Non-current		Current	
	As at March 31, 2016	<i>As at March 31, 2015</i>	As at March 31, 2016	<i>As at March 31, 2015</i>
Bank deposits with original maturity of more than 12 months	65	13	—	—
Margin money deposits towards bank guarantees	111	102	—	—
Interest accrued on fixed deposits, loans and advances	—	—	77	48
Government grant receivable	328	328	762	—
Total	504	<i>443</i>	839	<i>48</i>

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

15. INVENTORIES

(valued at lower of cost and net realisable value)

	As at March 31, 2016	As at March 31, 2015
Raw materials [Includes in transit: Rs. 39 Lakhs (Previous year: Rs. 173 Lakhs)]	13,180	13,056
Packing materials and bottles [Includes in transit: Rs. 549 Lakhs (Previous year: Rs. 301 Lakhs)]	8,055	6,288
Work-in-progress	21,079	19,745
Finished goods*	12,263	11,450
Traded goods	110	148
Stores and spares [Includes in transit: Rs. 184 Lakhs (Previous year: Rs. 130 Lakhs)]	5,895	5,223
Total	60,582	55,910

*Net of provision for obsolete stock Rs. 487 Lakhs (Previous year: Rs. 196 Lakhs).

16. TRADE RECEIVABLES

Secured, considered good

- Outstanding for a period exceeding six months from the date they are due for payment	811	1,782
- Others	379	158
	1,190	1,940

Unsecured, considered good

- Outstanding for a period exceeding six months from the date they are due for payment	—	—
- Others	1,13,118	94,494
	1,13,118	94,494

Unsecured, considered doubtful

- Outstanding for a period exceeding six months from the date they are due for payment	1,504	907
- Others	2,797	511
	4,301	1,418
Less: Provision for doubtful receivables	4,301	1,418
Total	1,14,308	96,434

17. CASH AND BANK BALANCES

Cash and cash equivalents

Bank balances on current accounts [refer note (a) below]	300	581
Bank deposits with original maturity of 3 months or less	3	3
Cash on hand	20	31
	323	615

Other bank balances [refer note (b) below]

Bank deposits with original maturity of:		
Less than 12 months but more than 3 months	654	614
Greater than 12 months	413	83
	1,067	697
Total	1,390	1,312

Notes: a) Includes balance in unpaid dividend account Rs. 109 Lakhs (Previous year: Rs. 88 Lakhs).

b) Other bank balances excludes bank deposits with remaining maturity of more than 12 months and margin money deposits (refer note 14).

Notes to Consolidated Financial Statements contd.
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

18. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for
Other contractual commitments

As at March 31, 2016	As at March 31, 2015
12,023	13,444
1,760	1,901
13,783	15,345

For commitments relating to lease arrangements, refer note 30.

19. CONTINGENT LIABILITIES

Bank guarantees	3,534	2,690
Letter of credit	1,219	1,111
Demands under appeal for following matters*		
- Income tax	25,567	14,160
- Service tax	22,946	22,946
- Water charges	3,018	3,737
- Sales tax	12,312	7,050
- Excise duty/customs duty	225	228
- Employee state insurance/provident fund	51	16
Claims against the company not acknowledged as debts*	4,824	1,121
Total	73,696	53,059

* The Group is contesting these demands and the management, based on advice of its advisors, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the consolidated financial statements for these demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations. The Group does not expect any reimbursements in respect of the above contingent liabilities.

In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have material effect on the Group's results of operations or financial condition.

20. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ('MSMED') ACT, 2006

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year

- Principal amount due to micro and small enterprises	424	385
- Interest due on above	7	4
Total	431	389

The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	—	—
--	---	---

The amount of interest accrued and remaining unpaid at the end of each accounting year

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	34	28
	151	117

Note: The information given above is to the extent such parties have been identified by the Group on the basis of information disclosed by the suppliers.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	March 31, 2016	March 31, 2015
21. REVENUE FROM OPERATIONS		
Sale of products*	8,65,006	7,72,039
Sale of services**	709	683
Other operating revenue	51,201	51,279
Revenue from operations (gross)	9,16,916	8,24,001
Less: Excise duty	4,09,335	3,55,190
Revenue from operations (net)	5,07,581	4,68,811
* Comprises of sale of beer Rs. 8,58,518 Lakhs (Previous year: Rs. 7,66,369 Lakhs) and sale of malt Rs. 6,488 Lakhs (Previous year: Rs. 5,670 Lakhs).		
** Royalty income		
22. OTHER INCOME		
Interest income on fixed deposits, loans and advances	239	776
Government grant (industrial promotion subsidy)	762	1,090
Liabilities no longer required written back	2,476	518
Provision for doubtful debts, no longer required written back	1	773
Provision for doubtful advances, no longer required written back	599	—
Other non-operating income	435	608
Total	4,512	3,765
23. COST OF MATERIALS CONSUMED		
Raw materials		
Inventories at the beginning of the year	13,056	17,470
Add: Purchases	69,682	63,794
Less: Inventories at the end of the year	13,180	13,056
Consumption	69,558	68,208
Packing materials and bottles		
Inventories at the beginning of the year	6,288	5,002
Add: Purchases	1,25,028	1,18,424
Less: Inventories at the end of the year	8,055	6,288
Consumption	1,23,261	1,17,138
Total	1,92,819	1,85,346
24. PURCHASES OF TRADED GOODS		
Beer	7,176	5,593

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	March 31, 2016	March 31, 2015
25. INCREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Inventories at the beginning of the year		
Finished goods	11,646	8,858
Traded goods	148	57
Work-in-progress	19,745	18,234
	31,539	27,149
Less: Inventories at the end of the year		
Finished goods	12,750	11,646
Traded goods	110	148
Work-in-progress	21,079	19,745
	33,939	31,539
Increase in inventories	(2,400)	(4,390)
Increase in excise duty on inventories	1,683	2,823
Total	(717)	(1,567)
26. EMPLOYEE BENEFITS EXPENSE*		
Salaries, wages and bonus	29,371	24,503
Gratuity expense [refer note (i) below]	1,327	2,674
Contribution to provident and other funds [refer note (ii) below]	1,492	1,434
Staff welfare expenses	1,845	1,486
Total	34,035	30,097

* Includes Rs. 1,331 Lakhs (Previous year: Nil) towards compensation for loss of office to erstwhile Managing Director, incremental charge of Rs. Nil (Previous year : Rs. 2,367 Lakhs) on account of change in actuarial assumptions in respect of gratuity and compensated absences and is net of reversal of provision no longer required amounting to Rs. 424 Lakhs (Previous year: Rs. 871 Lakhs)

- (i) The Group operates two defined benefit plans i.e., gratuity and provident fund for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. Under the provident fund benefit plan, the Group contributes to the provident fund trust which guarantees a specified rate of return on such contributions on a periodical basis. The shortfall in the return, if any, is borne by the Group. The following table summarises the components of net benefit expenses and the funded status for respective plans:

	Gratuity		Provident fund	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	6,936	4,016	8,234	6,656
Current service cost	547	332	1,418	1,398
Interest cost	480	359	748	611
Past service cost	—	(13)	—	—
Benefits paid	(1,570)	(282)	(601)	(505)
Actuarial (gain)/loss	541	2,524	(22)	74
Obligations at end of the year	6,934	6,936	9,777	8,234

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Gratuity		Provident fund	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	4,419	3,170	8,304	6,765
Expected return on plan assets	382	291	755	621
Contributions during the year	2,005	1,003	1,401	1,397
Benefits paid	(1,570)	(282)	(601)	(505)
Actuarial gain/(loss)	(141)	237	—	26
Plan assets at end of the year	5,095	4,419	9,859	8,304
Actual return on plan assets	241	528	757	647
c) Benefit asset/(liability)				
Fair value of plan assets	5,095	4,419	9,859	8,304
Present value of the defined benefit obligations	6,934	6,936	9,777	8,234
Benefit asset/(liability)	(1,839)	(2,517)	82	70
d) Net employee benefit expense recognised in the employee cost				
Current service cost	547	332	1,418	1,398
Interest cost	480	359	748	611
Past service cost	—	(13)	—	—
Expected return on plan assets	(382)	(291)	(755)	(621)
Actuarial (gain)/loss	682	2,287	(22)	48
Net employee benefit expense*	1,327	2,674	1,389	1,436
* In respect of provident fund trust, since there is no shortfall in defined benefit obligation, the amount recognised in the statement of profit and loss is the amount contributed to provident fund by the Group.				
e) Major category of plan assets as a percentage of fair value of total plan assets				
Government securities	—	—	48%	48%
Corporate bonds	—	—	52%	48%
Fund balance with insurance companies	100%	100%	—	4%
Total	100%	100%	100%	100%

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Gratuity		Provident fund	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
f) The principal assumptions used in determining gratuity and provident fund obligations for the group plans are as shown below:				
Discount rate	7.70%	7.80%	7.70%	7.80%
Estimated rate of return on plan assets	8.25%	8.25%	8.20% - 9.20%	8.60% - 9.25%
Salary increase rate	10.00% - 10.50%	10.00% - 10.50%	10.00% - 10.50%	10.50%
Employee turnover	5.00% - 15.00%	5.00% - 15.00%	5.00% - 15.00%	5.00% - 15.00%

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

The Group expects to contribute Rs. 1,000 Lakhs (Previous year: Rs. 2,000 Lakhs) and Rs. 1,100 Lakhs (Previous year: Rs. 1,500 Lakhs) to gratuity and provident fund, respectively, in the next year.

g) Amounts for current and previous periods are as follows:

	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
<u>Gratuity</u>					
Defined benefit obligation	6,934	6,936	4,016	2,869	2,219
Plan assets	5,095	4,419	3,170	2,353	1,656
Surplus/(deficit)	(1,839)	(2,517)	(846)	(516)	(563)
Experience adjustment on plan liabilities	(494)	(472)	1,254	67	(20)
Experience adjustment on plan assets	(141)	235	(70)	35	(10)
<u>Provident fund</u>					
Defined benefit obligation	9,777	8,234	6,656	4,951	4,222
Plan assets	9,859	8,304	6,765	5,303	4,303
Surplus/(deficit)	82	70	109	352	81
Experience adjustment on plan liabilities	(22)	74	250	(2)	(4)
Experience adjustment on plan assets	—	26	7	223	50

(ii) Contribution to provident and other funds includes the following defined contributions:

	March 31, 2016	March 31, 2015
Provident fund	1,049	974
Superannuation fund and national pension scheme	407	413
Employees state insurance fund	36	47
Total	1,492	1,434

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

27. FINANCE COSTS

	March 31, 2016	March 31, 2015
Interest expense	7,546	7,180
Other borrowing costs	45	103
Total	7,591	7,283

28. OTHER EXPENSES

	March 31, 2016	March 31, 2015
Consumption of stores and spares	9,434	8,567
Power and fuel	14,704	14,761
Rent	2,709	2,419
Repairs and maintenance		
Plant and machinery	4,428	3,283
Buildings	609	357
Others	1,173	733
Insurance	837	560
Rates and taxes	8,780	6,172
Auditor remuneration		
Statutory audit fee	132	108
Limited review fee	25	25
Tax audit fee	17	17
Others	25	24
Sales promotion expenses	85,037	77,500
Outward freight, halting and breakage expenses	30,026	33,273
Selling and distribution expense [net of reversal of Rs. 2,239 Lakhs (Previous year: Rs. 1,956 Lakhs)]	24,717	26,091
CSR expenditure (refer details below)	651	495
Bad debts/advances written off	623	83
Provision for doubtful debts	2,884	616
Provision for doubtful advances	30	3
Net loss on sale of fixed assets	438	41
Miscellaneous expenses	14,579	12,042
Total	2,01,858	1,87,170
Details of CSR expenditure		
Gross amount required to be spent by the Group during the year	651	545
Amount spent during the year	609	224
Amount yet to be spent/paid	42	271
Total	651	495

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

29. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation:

Profit after tax

Less: Dividend on preferential shares (including dividend distribution tax thereon)

Net profit attributable to equity shareholders

Weighted average number of equity shares considered for calculating basic/diluted EPS

Earnings per share (Basic/Diluted)

March 31, 2016	March 31, 2015
29,508	25,984
—	(267)
29,508	25,717
26,44,05,149	26,44,05,149
11.16	9.73

30. OPERATING LEASE

The Group has entered into operating lease arrangements for vehicles, computers, equipments, office premises and employee residential premises. These leases are for a period of 11 to 60 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 12 to 60 months. There are certain sub-lease restrictions placed upon the Group by entering into these leases. The total lease rentals expense for the year is Rs. 2,709 Lakhs (Previous year: Rs. 2,419 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

Within one year

After one year but not more than five years

More than five years

Total

March 31, 2016	March 31, 2015
490	648
—	490
—	—
490	1,138

31. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE**a) Derivatives outstanding as at the reporting date**

Particulars	Purpose	Currency	March 31, 2016		March 31, 2015	
			Foreign currency (in millions)	Rs. in Lakhs	Foreign currency (in millions)	Rs. in Lakhs
Cross currency swaps for INR against USD*	Hedge of foreign currency loans- Principal and interest	USD	89.00	47,330	115.00	60,714
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	USD	89.00	47,330	115.00	60,714

*Amount disclosed represents the underlying principal amount of loan.

b) Particulars of un-hedged foreign currency exposure as at the reporting date

	March 31, 2016	March 31, 2015
Trade payables	1,697	815
Liability for capital goods	337	74
Advances to suppliers	270	310
Capital advances	417	344

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

32. SUBSEQUENT EVENT

The Bihar State Government vide its notification dated April 5, 2016 has imposed ban on trade and consumption of foreign liquor in the state of Bihar with immediate effect. Pursuant to such notification, the Company has filed a writ petition with the Honourable High Court at Patna, requesting to set aside the said notification or to defer its implementation or to direct the authorities to make payment for beer supplied till the date of aforesaid notification, refund all advance duties and taxes paid by the Company and compensate for losses incurred on account of such abrupt notification.

As at March 31, 2016, the Company has fixed assets of Rs. 25,801 Lakhs, inventories of Rs. 2,317 Lakhs, trade receivables of Rs. 2,517 Lakhs and advances of Rs. 1,863 Lakhs at its units in Bihar. The Honourable High Court at Patna has passed an interim order, which is subject to the final order, confirming payment obligation of Bihar State Beverages Corporation Limited (BSBCL) in respect of the supplies made by the manufacturers. Further, vide notification dated April 9, 2016, the Bihar State Government has allowed production of beer in the state of Bihar for export to outside states.

Considering the favourable interim order passed by the Honourable High Court at Patna and permission to produce and export beer to other states, the management is confident of utilization of aforesaid assets and recovery of aforesaid balances. Pending outcome of the writ petition, no provision has been considered necessary by the management in this regard.

33. ACQUISITION OF ASSETS OF PACIFIC SPIRITS PRIVATE LIMITED

During the year ended March 31, 2015, pursuant to the approval of the Board of Directors in its meeting held on August 13, 2013, the Company had acquired certain assets of Pacific Spirits Private Limited on September 1, 2014 for an aggregate consideration of Rs. 10,500 Lakhs. Accordingly, these assets including cost of such acquisition had been recorded by the Company at their respective values, determined by an independent valuer, as detailed below:

Particulars	Amount (Rs. in Lakhs)*
Leasehold land	1,590
Buildings	848
Plant and machinery	6,148
Licenses and rights	2,544
Total	11,130

*Includes Rs. 630 Lakhs relating to cost of acquisition of these assets.

The aforesaid assets are being depreciated over the remaining useful life of respective assets, as estimated by the management based on certification by an expert.

34. Pursuant to mergers of Empee Breweries Limited (EBL), with the Company during the year ended March 31, 2011, the Company is in the process of getting the name of this merged entity changed in the records of state excise and other regulatory authorities. Pending completion of these formalities, the name of merged entity is continued to be used in various documents and records of the Company.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

35. The summary of net assets and share in consolidated profit as included in consolidated financial statements is as follows:

March 31, 2016

	As a % of consolidated net assets	Net assets	As a % of consolidated net profit	Net profit/ (loss)
United Breweries Limited, Parent	99.7%	210,472	105.8%	31,217
Maltex Malsters Limited, Indian subsidiary	0.2%	420	(5.9)%	(1,746)
Minority interest in subsidiary	0.1%	243	0.1%	37
Total	100.00%	211,135	100.00%	29,508

March 31, 2015

	As a % of consolidated net assets	Net assets	As a % of consolidated net profit	Net profit/ (loss)
United Breweries Limited, Parent	99.7%	184,671	105.7%	27,460
Maltex Malsters Limited, Indian subsidiary	0.2%	390	(5.8)%	(1,514)
Minority interest in subsidiary	0.1%	217	0.1%	38
Total	100.00%	185,278	100.00%	25,984

36. CAPITALIZATION OF EXPENDITURE

During the year, the Group has capitalized the following expenses to the cost of fixed asset/capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

	March 31, 2016	March 31, 2015
Salaries, wages and bonus	—	216
Power and fuel	—	154
Interest expenses (net)	—	1,048
Other expenses	—	1,512
Total	—	2,930

[This space has been intentionally left blank]

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

37. RELATED PARTY DISCLOSURES

A. Name of related parties and related party relationships

Related parties under AS-18 with whom transactions have taken place during the year:

Associate	: Kingfisher East Bengal Football Team Private Limited ('KEBFTPL')
Enterprises having significant influence	: Scottish & Newcastle India Limited, UK ('SNIL') United Breweries (Holdings) Limited ('UBHL')
Key management personnel (KMP)	: Mr. Shekhar Ramamurthy, Managing Director (effective August 1, 2015) Mr. Kalyan Ganguly, Managing Director (till July 31, 2015) Mr. Henricus Petrus van Zon, Director, CFO
Relative of KMP	: Mrs. Suparna Bakshi Ganguly (Wife of Mr. Kalyan Ganguly) (till July 31, 2015)
Enterprises over which investing parties or KMP have significant influence:	: Heineken UK Limited ('HUL'), holding company of SNIL Heineken International B.V. ('HIBV') Heineken Brouwerijen B.V. ('HBBV') Heineken Supply Chain B.V. ('HSCBV') Heineken Asia Pacific Pte. Ltd. ('HAPPL') Asia Pacific Breweries (Singapore) Pte. Ltd. ('APBS') Heineken Ceska Republika ('HCR') Force India F1 Team Limited, UK ('Force India')

Additional related parties as per the Companies Act, 2013 with whom transactions have taken place during the year:

Directors of Holding Company	: Dr. Vijay Mallya, Chairman Mr. A K Ravi Nedungadi Mr. Duco Reinout Hooft Graafland (till July 23, 2015) Mr. Roland Pirmez (till August 1, 2015) Mr. Sijbe Hiemstra (effective July 23, 2015) Mr. Frans Erik Eusman (effective August 1, 2015) Mr. Ernst Van De Weert (till July 23, 2015) Mr. Stephan Gerlich Mrs. Kiran Majumdar Shaw Mr. Madhav Bhatkuly Mr. Chugh Yoginder Pal Mr. Chhaganlal Jain Mr. Sunil Alagh
Directors of subsidiary	: Mrs. Kanta Labroo
Key management personnel (KMP):	: Mr. Govind Iyengar, Company Secretary
Relative of director or KMP	: Mr. Umesh Hingorani Mrs. Jenbagalakshmi Iyengar (Wife of Mr. Govind Iyengar)
Private companies in which a director is a director (included in 'Others' below)	: Royal Challengers Sports Private Limited ('RCSPL')
Body corporate/Private companies whose Board of directors is accustomed to act in accordance with advise, directions or instructions of a director (included in 'Others' below)	: United Breweries International (UK) Limited, UK ('UBIUK') Mandwa Farms Private Limited ('MFPL') H. Parson Private Limited ('HPPL') UB Air Private Limited ('UBAPL') Blitz Publications Private Limited ('BPPL') Blitz Multimedia Private Limited ('BMPL') United Spirits Limited ('USL') (till February 25, 2016)

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

B. Transactions with related parties during the year along with balances as at year end:

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
a) Transactions during the year										
Sale of products										
UBHL	-	-	295	329	-	-	-	-	-	-
HPPL	-	-	-	-	-	-	-	-	11,727	11,310
	-	-	295	329	-	-	-	-	11,727	11,310
Royalty income										
UBIUK	-	-	-	-	-	-	-	-	27	140
HPPL	-	-	-	-	-	-	-	-	8	-
	-	-	-	-	-	-	-	-	35	140
Purchase of materials										
HUL	-	-	-	-	-	-	2	5	-	-
HSCBV	-	-	-	-	-	-	4	3	-	-
HAPPL	-	-	-	-	-	-	1	-	-	-
USL	-	-	-	-	-	-	-	-	-	6
	-	-	-	-	-	-	7	8	-	6
Sales promotion expenses										
KEBFTPL	1,025	925	-	-	-	-	-	-	-	-
UBHL	-	-	5	29	-	-	-	-	-	-
Force India	-	-	-	-	-	-	2,515	2,285	-	-
HIBV	-	-	-	-	-	-	8	8	-	-
HBBV	-	-	-	-	-	-	13	13	-	-
RCSPL	-	-	-	-	-	-	-	-	-	600
HPPL	-	-	-	-	-	-	-	-	135	389
BMPL	-	-	-	-	-	-	-	-	-	7
	1,025	925	5	29	-	-	2,536	2,306	785	996
Rent expense										
UBHL	-	-	78	68	-	-	-	-	-	-
MFPL	-	-	-	-	-	-	-	-	157	155
BPPL	-	-	-	-	-	-	-	-	42	38
USL	-	-	-	-	-	-	-	-	2	2
Mrs. Suparna Ganguly	-	-	-	-	-	-	26	-	-	-
Mrs. Jenbagalakshmi	-	-	-	-	-	-	13	-	-	-
	-	-	78	68	-	-	-	-	201	195
Technical service fees										
HIBV	-	-	-	-	-	-	600	600	-	-
	-	-	-	-	-	-	600	600	-	-

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Royalty paid										
UBHL	-	-	683	674	-	-	-	-	-	-
HBBV	-	-	-	-	-	-	256	139	-	-
	-	-	683	674	-	-	256	139	-	-
Consultancy fees paid										
HSCBV	-	-	-	-	-	-	60	71	-	-
HIBV	-	-	-	-	-	-	-	1	-	-
	-	-	-	-	-	-	60	72	-	-
Aircraft charges paid										
UBAPL	-	-	-	-	-	-	-	-	-	634
	-	-	-	-	-	-	-	-	-	634
Reimbursements received										
UBHL	-	-	3	7	-	-	-	-	-	-
HAPPL	-	-	-	-	-	-	2	-	-	-
HPPL	-	-	-	-	-	-	-	-	-	9
USL	-	-	-	-	-	-	-	-	59	51
	-	-	3	7	-	-	2	-	59	60
Reimbursements paid										
UBHL	-	-	471	11	-	-	-	-	-	-
HIBV	-	-	-	-	-	-	231	168	-	-
HCR	-	-	-	-	-	-	25	44	-	-
HAPPL	-	-	-	-	-	-	-	3	-	-
APBS	-	-	-	-	-	-	1	1	-	-
HPPL	-	-	-	-	-	-	-	-	66	52
USL	-	-	-	-	-	-	-	-	121	116
	-	-	471	11	-	-	257	216	187	168
Remuneration paid [Refer note (a)]										
Mr. Shekhar Ramamurthy	-	-	-	-	492	-	-	-	-	-
Mr. Kalyan Ganguly	-	-	-	-	669	844	-	-	-	-
Mr. Henricus Petrus van Zon	-	-	-	-	626	690	-	-	-	-
Mr. Govind Iyengar	-	-	-	-	135	117	-	-	-	-
Mr. Umesh Hingorani	-	-	-	-	93	86	-	-	-	-
Mrs. Kanta Labroo	-	-	-	-	18	17	-	-	-	-
	-	-	-	-	2,033	1,754	-	-	-	-
Compensation for loss of office paid										
Mr. Kalyan Ganguly	-	-	-	-	1,331	-	-	-	-	-
	-	-	-	-	1,331	-	-	-	-	-

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Associate	Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Sitting fee paid								
Dr. Vijay Mallya	-	-	3	3	-	-	-	-
Mr. A K Ravi Nedungadi	-	-	5	4	-	-	-	-
Mr. Duco Reinout Hooft Graafland	-	-	-	1	-	-	-	-
Mr. Roland Pimez	-	-	1	1	-	-	-	-
Mr. Sijbe Hiemstra	-	-	1	-	-	-	-	-
Mr. Frans Erik Eusman	-	-	2	-	-	-	-	-
Mr. Ernst Van De Wreet	-	-	1	-	-	-	-	-
Mr. Stephan Gerlich	-	-	2	1	-	-	-	-
Mrs. Kiran Majumdar Shaw	-	-	3	3	-	-	-	-
Mr. Madhav Bhatkuly	-	-	1	1	-	-	-	-
Mr. Chugh Yoginder Pal	-	-	10	6	-	-	-	-
Mr. Chhaganlal Jain	-	-	10	6	-	-	-	-
Mr. Sunil Alagh	-	-	9	5	-	-	-	-
	-	-	48	31	-	-	-	-
Director commission paid								
Dr. Vijay Mallya [Refer note (b)]	-	-	246	201	-	-	-	-
Mr. Stephan Gerlich	-	-	27	22	-	-	-	-
Mrs. Kiran Majumdar Shaw	-	-	27	22	-	-	-	-
Mr. Madhav Bhatkuly	-	-	27	22	-	-	-	-
Mr. Chugh Yoginder Pal	-	-	27	22	-	-	-	-
Mr. Chhaganlal Jain	-	-	27	22	-	-	-	-
Mr. Sunil Alagh	-	-	27	22	-	-	-	-
	-	-	408	333	-	-	-	-
Redemption of preference shares								
SNIL	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Dividend paid on preference shares								
SNIL	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Dividend paid on equity shares								
SNIL	-	-	-	-	-	-	-	-
UBHL	-	-	-	-	-	-	-	-
Dr. Vijay Mallya (including joint holdings)	-	-	214	189	-	-	-	-
HUL	-	-	-	-	85	76	-	-
HIBV	-	-	-	-	127	38	-	-
USL	-	-	-	-	-	-	-	77
	-	-	214	189	212	114	-	77
	-	-	1,203	1,083	-	-	-	77

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
b) Balances outstanding as at year end										
Trade payables										
KEBFTPL	(150)	(116)	—	—	—	—	—	—	—	—
UBHL	—	—	(571)	(1,374)	—	—	—	—	—	—
HIBV	—	—	—	—	—	—	(558)	(540)	—	—
HBBV	—	—	—	—	—	—	(69)	(35)	—	—
HUL	—	—	—	—	—	—	—	(1)	—	—
	(150)	(116)	(571)	(1,374)	—	—	(627)	(576)	—	—
Investment in equity shares										
KEBFTPL	1	1	—	—	—	—	—	—	—	—
	1	1	—	—	—	—	—	—	—	—
Trade receivables (gross)										
UBHL	—	—	—	6	—	—	—	—	—	—
HPPL	—	—	—	—	—	—	—	—	953	575
UBIUK	—	—	—	—	—	—	—	—	60	74
	—	—	—	6	—	—	—	—	1,013	649
Security deposits										
UBHL	—	—	—	2,009	—	—	—	—	—	—
Mrs. Suparna Ganguly	—	—	—	—	—	—	37	—	—	—
Mrs. Jenbagalakshmi Iyengar	—	—	—	—	—	—	20	—	—	—
	—	—	—	2,009	—	—	57	—	—	—
Other Receivables										
HSCBV	—	—	—	—	—	—	9	27	—	—
	—	—	—	—	—	—	9	27	—	—
Prepaid expenses										
Force India	—	—	—	—	—	—	—	2,513	—	—
	—	—	—	—	—	—	—	2,513	—	—

Notes:

- (a) The remuneration to key managerial personnel and relatives does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the company as a whole.
- (b) The Company has received an order dated September 30, 2015 from the Debt Recovery Tribunal, Karnataka, Bangalore (DRT) whereby the Company has been directed not to pay/release amounts that may be payable with respect to shares in the Company held by a director (including his joint holdings) and United Breweries (Holdings) Limited, without its prior permission. Accordingly, the Company would withhold payment of proposed dividend on aforesaid shares, which is subject to approval by the shareholders in the ensuing annual general meeting.
- The Company has also received an order dated March 11, 2016 from the Deputy Commissioner of Income Tax (International Taxation), Bangalore, requesting the Company to create a charge in favour of the Central Government on any amount due or likely to be due to a director of the Company, to the extent of Rs. 67,980 Lakhs relating to tax demands on Kingfisher Airlines Limited. The Company has accordingly withheld payment of Rs. 161 Lakhs (net of TDS) relating to director commission payable to the aforesaid director.

Notes to Consolidated Financial Statements contd.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

38. GOODWILL ON CONSOLIDATION

The goodwill on consolidation relates to goodwill arisen on consolidation of MML and the same is net of impairment loss of Rs. 1,959 Lakhs (Previous year: Rs. 1,959 Lakhs). The impairment loss has arisen due to continued delay in obtaining necessary approvals to expand malting facility at MML, leading to losses due to high overhead costs incurred on operating at its current level of capacity. In view of management, no further provision for impairment is considered necessary as at March 31, 2016.

39. SEGMENT REPORTING

The Group's business activity falls within a single business segment i.e. manufacture and sale of beer including licensing of brands. Also, the Group's operations are predominantly in India. Hence, there are no material additional disclosures to be provided under Accounting Standard 17 – Segment Reporting, other than those already provided in the consolidated financial statements.

40. PREVIOUS YEAR FIGURES

The previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Mahendra Jain

Partner

Membership Number: 205839

Place: Mumbai, May 13, 2016

For and on behalf of the Board of Directors of
United Breweries Limited

Shekhar Ramamurthy

Managing Director

DIN: 00504801

Govind Iyengar

Company Secretary

Place: Mumbai, May 13, 2016

Henricus Petrus van Zon

Director, CFO

DIN: 06485007

Annexures

ANNEXURE - A: BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

Section A: General Information about the Company

1. **Corporate Identity Number (CIN)** : L36999KA1999PLC025195
2. **Name of the Company** : United Breweries Limited
3. **Registered Address** : "UB Tower", UB City,
#24, Vittal Mallya Road,
Bengaluru – 560 001.
4. **Website** : www.unitedbreweries.com
5. **Email id** : ublinvestor@ubmail.com
6. **Financial Year reported** : April 1, 2015 – March 31, 2016
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**
United Breweries Limited (UBL/the Company) is engaged in manufacture and supply of beer governed by State Excise laws of respective State Governments which regulates manufacturing, bottling and supply of beer.
 - National Industrial Classification : Class – 1103
 - Indian Trade Classification : Code – 22030000
8. **Three key products / services that the Company manufactures / provides (as in balances sheet):**
UBL is engaged in manufacture and sale of beer including licensing of brands which constitutes a single business segment.
9. **Total number of locations where business activity is undertaken by the Company:**
 - i. **Number of International-Locations** : The Company has licensed its Brands for manufacture and supply of beer at 3 International locations viz., United Kingdom, Australia and Newzeland.
 - ii. **Number of National Locations** : The Company operates through 21 owned breweries and 8 contract breweries. The business activities are also carried out from Registered cum Corporate Office at Bengaluru and from Regional Sales Offices located at various places in India.
10. **Markets served by the Company – Local / State / National / International:**
UBL's brands are available across India and also in about 52 countries worldwide.

Section B: Financial Details of the Company

1. **Paid up Capital (INR)** : 264.41 million
2. **Total Turnover (INR)** : 51,263 million
3. **Total profit after taxes (INR)** : 2,946 million
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**
UBL spent on CSR activities during the financial year 2015-2016 Rs.61.08 Million, which constitutes 2.07% of its profit after tax (PAT).
5. **List of activities in which expenditure in 4 above has been incurred:**
The major areas in which the above expenditure has been incurred includes inter alia Primary Health, Primary Education and providing Safe Drinking Water. In addition Sanitation, Hygiene and Environmental Sustainability have also been the Focus areas.

Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?

The Company has one (1) subsidiary company, viz. Maltex Malsters Limited.

2. Do the Subsidiary Company/Companies participate in the Business Responsibility Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).

UBL encourages its subsidiary company viz., Maltex Malsters Limited, to adopt its policies and practices and actively participates in the initiatives of the Company.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the Business Responsibility initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The suppliers, distributors or any other entity/entities do not participate in the Business Responsibility initiatives of the Company.

Section D: Business Responsibility Information

1. Details of Directors responsible for Business Responsibility:

a) Details of the Directors responsible for implementation of the Business Responsibility policy:

Name	DIN Number	Designation
Mr. Shekhar Ramamurthy	00504801	Managing Director
Mr. Henricus Petrus van Zon	06485007	Director & CFO

b) Details of the Business Responsibility head:

Sl. No.	Particulars	Details
1.	DIN Number	00504801
2.	Name	Mr. Shekhar Ramamurthy
3.	Designation	Managing Director
4.	Telephone Number	080-3985 5000
5.	E-mail ID	shr@ubmail.com

2. Principle-wise (as per NVGs) Business Responsibility Policy / policies:

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs are as under:

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Business should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of Compliance (Reply in Y/N)

Sl. No.	Questions	Business Ethics	Product Sustainability	Employees' Wellbeing	Stakeholders' Interest	Human Rights	Environment Protection	Policy Advocacy	Inclusive Growth	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has framed policies which inter-alia cover all the aspects of NVGs in one section or another.								
2.	Has the policy been formulated in consultation with the relevant Stakeholders?	The Policies have been formulated keeping in view the interest of all Stakeholders though Stakeholders have not been directly consulted.								
3.	Does the policy conform to any national/ international standards? If yes, specify?	Yes. Policies conform to all the applicable laws and National and International Standards in letter and spirit. Certain units of the Company are in conformance of international standards and have been accredited with various certifications like ISO 9001:2008 (Quality Management System); ISO 14001:2004 (Environmental Management System); ISO 22000:2005 (Food Safety Management System); OHSAS 18001:2007 (Occupational Health Safety Assessment System). The brands of the Company have been bestowed with various quality awards.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board of Directors?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Yes. All the policies are approved by the Board. The MD/CEO and/ or the Company Secretary authenticates the policies approved by the Board.								
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the Implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Board has framed various committees whose role includes formulation and implementation of policies within their terms of reference. Certain Internal committees are also in place to look after the respective responsibility area.								
6.	Indicate the link for the policy to be viewed online?	Policies covering certain Stakeholders can be viewed on Company's Website www.unitedbreweries.com . Other internal policies are restricted to be viewed by employees only on Company's Intranet portal https://sampark.ublnet.in/Pages/HRPolicies .								
7.	Has the policy been formally communicated to all relevant internal and external Stakeholders?	Policies have been communicated to key internal Stakeholders of the Company. It is an on going process whereby the Stakeholders are informed about the Company's Policies.								
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the Policy / policies?	Yes. The Stakeholders Relationship Committee of the Board of Directors addresses Stakeholders Grievances. The Company has also formed Internal Committees' viz., Whistle Blower Management Committee (WBMC), Internal Complaints Committee etc. to address Stakeholders grievances within their terms of reference.								
10.	Has the Company carried out Independent audit/evaluation of the working of this policy by an internal or external agency?	Yes. Policies are reviewed from time to time by the Management team, Internal and External Auditors. Whistle Blowing portal is managed by a third party agency.								

(b) If answer to the question at Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	Not Applicable.								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next six months									
5.	It is planned to be done within next one year									
6.	Any other reason (please specify)									

3. Governance related to Business Responsibility:

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the Business Responsibility performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Board of Directors of UBL assesses various initiatives forming part of the Business Responsibility performance of the Company Annually. The CSR head, MD/CEO and CFO meet regularly to oversee implementation of CSR projects/programmes/activities to be undertaken by the Company. The CSR committee of the Board of Directors of the Company meets annually to oversee the implemented project of CSR.

b) Does the Company publish a Business Responsibility or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

UBL publishes its Business Responsibility/CSR activities/performance in its quarterly in-house magazine/periodicals viz., 'Beer Update' and also publishes the same on the internal portal of the Company viz., <https://sampark.ublnet.in/>. UBL publishes its brief activities on CSR as a part of Report of the Directors in its Annual Report. An electronic version of this Report is uploaded in the official website of the Company viz., 'www.unitedbreweries.com'. Internal periodicals are available on the Intranet portal.

Section E: Principle-wise performance

Principle 1:

Business should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Yes. The Company has a policy on the Code of Business Conduct and Ethics approved by the Board of Directors. The policy is applicable to all Board Members and employees of the Company and affirmation to the compliance of the Code/Policy is taken from them. The Code also provides for obligations of the employees with respect to non-disclosure of confidential information, accounting and payment practices, accurate financial disclosures, etc. The Code is available on the Company's website at viz., www.unitedbreweries.com. The policy does not extend to other Stakeholders. However, our engagement checkpoints with our supplier consider adherence to ethical practices.

The Company also has a Whistle Blower Policy to promote responsible and secure whistleblowing at workplace. It aims to protect employees who raise any concern about any misconduct or potential violations of the Code of Conduct within the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

In FY16, 26 Investors' complaints and 1520 consumer complaints were received which have been resolved satisfactorily. Details of consumer complaints are given in reply to Principle 9 of this report.

Principle 2:

Businesses should provide goods and services that are safe and contribute sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Not Applicable.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain.

Not Applicable.

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Yes. UBL believes in not just undertaking usage of materials that reduce the carbon footprint and are through a Sustainable mechanism, but also has long-term engagement with its suppliers that commit to social responsibility and international standards. The Company has procedures and policy in place for selecting vendors who supply in a sustainable manner. The entire source of thermal energy of all breweries is from agri-waste and the primary packaging of its products, both glass bottles and aluminium cans are recyclable. Primary packaging constitutes almost 40% of all input cost and thermal energy inputs about 5% of cost. The secondary packaging (cartons) are from recycle paper. In addition, the company has recently signed an agreement for use of solar/wind energy for most of its electricity consumption at its 3 breweries located in Karnataka.

UBL sources its transport requirements from local vendors at all locations. These initiatives on one hand benefits in terms of time and cost of transportation and on the other hand contributes towards environment protection through reduction in fuel consumption and resultant carbon emission. Supplier and transporter meets are held on a periodical basis where UBL's management engages and encourages them to undertake sustainable practices across supply chain.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

Towards its endeavour of inclusive growth, the Company procures goods and services like transportation, packaging materials, housekeeping, contract labours and the like from communities located in the vicinity of the breweries of the Company. Various steps have been taken for creating awareness and to ensure timely and regular supply of quality materials and services.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes. Measures for Waste minimization are undertaken by UBL at all its Breweries. UBL is committed to adopt best-in-class practices to reduce wastages during conversion of raw materials to finished goods. These measures are reviewed by the Management on regular intervals. Waste generated during the production operations is disposed/recycled in compliance with the applicable environmental laws. Maximum efforts are made to reduce the quantum of waste-water generated due to cleaning operations. Trade effluent generated is treated in compliance with the applicable environmental laws and is recycled back into certain parts of the production processes or discharged within the brewery for landscaping/gardening/horticulture-development purposes, instead of using fresh water. The Company's breweries treat and directly recycle into the process almost 25% of total water.

The Company reuses patented glass bottles for bottling Beer. Over 80 % of the bottles are reused thereby protecting environment. Broken glass cullet are sent back to glass manufacturers. All the aluminium cans used for beer, are recycled by scrap dealers directly back into Aluminium manufacturing companies. Paper scrap largely find its way to the paper mills. Most of the units of the Company operate on 'Zero Discharge' mechanism, whereby treated effluent is used within the premises for horticulture and not let out of the factory. All the "Spent Yeast" that is a process waste, is treated, dried and sold as poultry feed. Spent grain from the brewing process is used as cattle feed. We are constantly working towards adopting the best standards in environment. The manufacturing units of the Company comply with all environmental norms.

Principle 3:

Businesses should promote the wellbeing of all employees.

1. Please indicate the Total number of employees:

The total number of permanent employees as on March 31, 2016 (excluding temporary/contractual/casual basis) is 2793.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis:

The total number of employees hired on temporary/contractual/casual basis as on March 31, 2016 is 4867.

3. Please indicate the Number of permanent women employees:

As on March 31, 2016, there were 121 permanent women employees.

4. Please indicate the Number of permanent employees with disabilities:

There are no employees with permanent disabilities as on March 31, 2016.

5. Do you have an employee association that is recognized by Management?

There are various workers' union/association in the manufacturing units of the Company affiliated with recognised Trade Unions. The relations between the Management and workers' union/association are harmonious.

6. What percentage of your permanent employees are members of this recognised employee association?

Approximately 47.8% (total unionised permanent workmen/total permanent employees including workmen) of permanent employees are members of recognised employees' unions/associations.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour / forced labour / involuntary labour	NIL	NIL
2.	Sexual harassment	1	NIL
3.	Discriminatory employment	NIL	NIL

UBL has a policy for Prevention of Sexual Harassment which applies to all the employees at all its establishments. It ensures prevention and deterrence towards the commissioning of acts of sexual harassment and communicates procedures for their resolution, settlement or prosecution. Internal Complaint committees have been constituted at various locations in accordance with the requirements under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which ensures implementation and compliance with the Law as well as the policy at workplace.

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

Sl. No.	Category	Safety	Skill up-gradation
1.	Permanent Employees	100%	96%
2.	Permanent Women Employees	100%	77%
3.	Casual/Temporary/Contractual Employees	100%	100%
4.	Employees with Disabilities	Not applicable	Not applicable

Principle 4:

Business should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes. UBL has mapped its stakeholders as a part of its stakeholder's engagement process. UBL engages identified stakeholders through a constructive consultation and structures selection process. Engagement mechanism whereby each stakeholder group provides timely feedback and response through formal and informal channels are in place.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

Yes. UBL has identified the disadvantaged, vulnerable and marginalized stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

The Company's initiatives including generation of employment for differently-abled people in local communities at its various Unit locations, include CSR activities such as Primary Health, Primary Education and providing Safe Drinking Water. UBL conducts free health camps, blood donation camps, mobile dispensary etc. for benefit of the local communities. (Safety training programs which are conducted for employees and workmen are also extended to contractual employees).

Principle 5:

Business should respect and promote human rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

It covers only the Company. UBL upholds human values in every interaction and complies with applicable laws in this regard. UBL treats all its stakeholders alike with respect and dignity. The Company has not received any complaints of human rights violations during the reporting period.

2. How many stakeholders' complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?

Other than those mentioned in reply to Principle 1 and Principle 9 of this Report, no complaints were received during the FY16.

Principle 6:

Business should respect, protect, and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Environment, Health and Safety (EHS) Policy of the Company is focused on nurturing and safeguarding the environment for sustainable business. Employees and other stakeholder groups such as contractors, suppliers and customers are engaged for their shared responsibilities towards environment protection. The Company gives high importance to compliance of environment laws of the country.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.

As a part of its initiative towards carbon footprint reduction, UBL has been focusing continuously on alternate methods for reducing energy consumption and protecting environment. The Company has taken two significant measures to reduce carbon footprint and global warming. First, the entire thermal energy needs is sourced from agri-waste fuels. The company is now also moving significantly towards use of Solar and Wind energy in its breweries. An agreement has been signed with a third party Solar energy provider, for electricity in the State of Karnataka. These steps will definitely contribute towards reduction in Global warming. The Company uses recycled bottles for bottling of beer thereby protecting environment, reducing the carbon footprint in glass manufacture.

3. Does the Company identify and assess potential environmental risk? Yes/No

Yes. The Company has a mechanism to identify and assess potential environmental risks. Every unit conducts impact study of various activities and identifies controllable/uncontrollable and normal/abnormal/emergency scenarios of the operations. Any deviations from laid-down policy and procedure are tackled and reviewed by effective procedures of corrective action.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

Yes. The Company has commissioned a Green Power Project at its Brewery located at Nelemangala, Bengaluru for generating of electricity through spent grain. This is under Clean Development Mechanism (CDM) and the Company is looking forward to environmental benefits in the form of carbon credits through the implantation of this Green Power Project.

The Company has also introduced renewal energy technology of biomass boilers and has replaced oil fired boilers with rice husk or briquette fired boilers. The Company is in the process of CDM declaration for carbon credit.

Under the Clean Development Management initiative, the Company has initiated project in collaboration with Thermax Ltd. for use of Bio-Mass Boilers in its four units. The Company has sought approval of the Ministry of Environment and Forests in this regard and has already received Ministry's approval in respect of two units.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc.? If yes, please give hyperlink to the web page etc.

The Company has undertaken several initiatives on energy efficiency, renewable energy under the 'Project Chamak'. All breweries use agro-waste as fuel in boilers which is a renewable energy source. Details of measures taken in conservation of energy are mentioned in **Annexure-D** to the Director's Report forming part of the Annual Report. Research and Development in our field of Business has played a significant role in the growth of the business. In addition to this, the company has signed an agreement with a third-party owner of solar power company to supply electricity, generated through this CDM, to three of the breweries in the state of Karnataka.

6. Are the Emission/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. The emissions/waste generated at the manufacturing units of UBL are within the permissible limits prescribed by Central Pollution Control Board/State Pollution Control Board (CPCB/SPCB) for the financial year being reported.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.

There are no show cause/legal notices received from CPCB/SPCB during the financial year.

Principle 7:

Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.

Yes. UBL is a member of All India Brewers' Association (AIBA) which voices concerns of the beer industry with the Government, media and other sectors of society.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).

The All India Brewers' Association (AIBA) plays an important role in representing the beer industry for various policy advocacy in consultation with the trade and industry chambers and other Government departments while framing guidelines, rules etc.

Principle 8:

Business should support inclusive growth and equitable development.

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

The company has specified programmes in pursuit of the CSR policy focussing largely on primary education, primary health and providing safe drinking water in the vicinity of the manufacturing units. The details of the CSR initiatives undertaken by UBL in FY16 are provided in the main section of this Annual Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

UBL implements CSR activities through its in-house team and also through external NGOs at various manufacturing units of UBL to roll out various CSR activities for welfare of the communities residing in the vicinity of the brewery.

3. Have you done any impact assessment of your initiative?

Impact assessment has not been done for UBL's CSR initiatives, but a robust monitoring system has been put in place in which field visits and regular reporting are used as tools to ensure effective implementation of the projects. Regular feedback is taken from the beneficiaries and other stakeholders for continuous improvement in implementation. The Company has also received awards and accolades which includes a recognition by the district administration of Alwar to UBL-Rajasthan for its exemplary contribution in the field of CSR and several "Bhama Shah" Awards by the Government of Rajasthan over the years for contribution to education.

4. What is the Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

The Company's contribution towards community development projects i.e., Primary Health, Primary Education and Providing Safe Drinking Water during FY16 was Rs.61.08 million. Details of CSR projects undertaken are disclosed in the website of the Company.

5. Have you taken steps to ensure that this community development initiative is successful adopted by the community? Please explain in 50 words, or so.

Yes. UBL follows participatory approach in its initiatives. The relevant stakeholders in the local community are involved during fundamental assessment, project planning and implementation. The Company conducts base line studies and need based assessment surveys before initiating any development interventions. UBL's intent is to utilise human resources responsibly and engage with its stakeholders to understand their need and fulfil them to the extent possible.

Principle 9:

Business should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentages of customer complaints/consumer cases are pending as on the end of financial year?

During the FY16, a total of 1520 Customer complaints (including 1515 grievances received by Consumer Services Cell) were received, out of which 1515 (99.67%) complaints were resolved and 5 (0.33%) complaints are pending.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Yes. Additional information about the product is displayed on the labels, over and above what is mandated as per laws.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

There are no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

Yes. The marketing team of the Company organizes awareness events periodically to redress grievances and to assess consumer trend, choice and consumer satisfaction survey.

ANNEXURE - B: ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2015-16

[Pursuant to Section 135 of the Companies Act, 2013 read with Clause (1) of Rule 8 of Companies (Corporate Social Responsibility) Rules, 2014.]

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Board of Directors at its meeting held on 27th May, 2014 adopted the CSR Policy pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Rule 5 of Companies (Corporate Social Responsibility Policy) Rules, 2014, (as amended). In line with the guidelines given under Schedule VII of the Companies Act, 2013, the CSR committee has identified activities primarily in three major areas viz., Primary Health, Primary Education and providing Safe Drinking Water around which your Company shall be focusing its CSR initiatives and channelizing the resources in a sustained manner.

The Corporate Social Responsibility (CSR) Policy is placed on the Company's website www.unitedbreweries.com and the CSR Projects/Programme undertaken by the Company can be accessed through the web-link www.unitedbreweries.com/csr under the head Corporate Social Responsibility.

2. The composition of the CSR committee as on March 31, 2016 is as follows:

Dr. Vijay Mallya	-	Chairman
Mr. Shekhar Ramamurthy	-	Managing Director
Mr. Henricus Petrus van Zon	-	Director (Chief Financial Officer)
Ms. Kiran Mazumdar Shaw	-	Director (Non-Executive, Independent Director)
Mr. Sunil Alagh	-	Director (Non-Executive, Independent Director)
Mr. Madhav Bhatkuly	-	Director (Non-Executive, Independent Director)

Financial Details

Rs. in Million

3.	Average net profit of the company for last three financial years	3257.10
4.	Prescribed CSR Expenditure (two percent of the above average net profit)	65.10
5.	Details of CSR spent during the financial year:	
	(a) Total amount to be spent for the financial year	65.10
	(b) Amount unspent, if any	4.02

(c) Manner in which the amount spent during the financial year is detailed below:

Rs. in Million

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) District expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1.	Primary Education Vocational training to students, providing of uniforms, books, note books, stationary, Teachers' Salary, Computer Education, etc.	Promotion of education and vocation skills.	1. Local Area in the vicinity of our Brewery locations. 2. State and Units: Rajasthan (Chopanki, Alwar District), Karnataka (Nanjangud Industrial Area, Mysore District and Baikampady Industrial Area, Mangalore District, Bengaluru Rural District), Andhra Pradesh (Srikakulam), Telengana (Mallepally & Kothlapur), Odisha (Khurda), West Bengal (Kalyani), Tamil Nadu (Arnavoyal & Kuthambakam), Kerala (Palakkad & Cherthala), Bihar (Naubatpur), Maharashtra (Aurangabad (2) units), Goa (Ponda), Haryana (Dharuhera) and Punjab (Ludhiana)	30.80	30.80	30.80	Direct and through Implementing Agencies (NGOs) namely Sir Syed Trust (SST), Ace Education Trust, Akshaya Patra Foundation and Sarvodaya Integrated Rural Development Society (SIRDS)
2.	Water Management Maintaining quality of water and providing water tanks and safe drinking water and conservation.	Ensuring environmental Sustainability.	1. Local Area in the vicinity of our Brewery locations. 2. State and Units: Karnataka (Nelemangala, Bengaluru Rural District, Nanjangud), Telengana (Mallepally, Medak District), Andhra Pradesh (Bantupalli village), Maharashtra (Waluj Industrial Area, Aurangabad District), Tamil Nadu (Arnavoyal & Kuthambakkam), Odisha (Khurda), West Bengal (Kalyani) and Rajasthan (Chopanki)	22.20	22.20	53.00	Direct and through Implementing Agencies (NGOs) Sarvodaya Integrated Rural Development Society (SIRDS), ASSIST and Dilasa Janvikas Pratinthan

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) District expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
3.	Primary Health Free Medicine for poor people, Health Care activities, Health awareness camps and organising Blood Donation Camp etc..	Promoting preventive Health care and Sanitation.	1. Local Area in the vicinity of our Brewery locations. 2. State and Units: Karnataka (Nelamangala), Andhra Pradesh (Srikakulam), Telangana (Mallepally), Goa (Ponda), Kerala (Palakkad), Rajasthan (Chopanki), Maharashtra (Taloja & Aurangabad (1) unit)	3.20	3.20	56.20	Direct
4.	Others Chennai Flood relief initiative 2015	Eradicating Hunger and Health Care	Local area in the vicinity of our brewery located at Chennai, Tamil Nadu	2.68	2.68	58.88	Direct and through Implementing Agency namely Akshaya Patra Foundation a charitable trust registered under Indian Trust Act
5.	Administrative Expenses	Personnel Expenses		2.20	2.20	61.08	
	TOTAL			65.28	61.08	—	—

6. A few of the projects undertaken are multi-year projects and the Company has also spent certain amounts in its sustainability initiatives, which on a consolidated level will be more than the prescribed amounts. The amount spent on CSR projects as mentioned above does not include certain administrative overheads.
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the company.

By Authority of the Board

May 13, 2016
Bengaluru

Chairman (CSR Committee)/ Managing Director/Director and CFO
DIN: 00122890 DIN: 00504801 DIN: 06485007

ANNEXURE - C: FORM AOC-I

[Pursuant to first Proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiary

(Amounts in Rs. Million)

1.	Name of the Subsidiary	Maltex Malsters Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	Not applicable
4.	Share capital	4.50
5.	Reserves & Surplus	45.15
6.	Total Assets	73.47
7.	Total Liabilities	73.47
8.	Investments	NIL
9.	Turnover	126.49
10.	Profit before taxation	13.24
11.	Provision for taxation	4.37
12.	Profit after taxation	8.87
13.	Proposed Dividend	2.25
14.	% of Shareholding	51%

1. Names of subsidiary which are yet to commence operations : Not Applicable.

2. Names of subsidiary which have been liquidated or sold during the year : Not Applicable.

Part "B": Associates and Joint Ventures

(Amounts in Rs. Million)

Name of Associates/Joint Ventures		Kingfisher East Bengal Football Team Private Limited (Formerly, United East Bengal Football Team Private Limited)
1.	Latest Audited Balance Sheet Date	March 31, 2016
2.	Shares of Associate/Joint Ventures held by the company on the year end	Associate
	Number:	4,999 Equity Shares
	Amount of Investment in Associate/Joint Venture:	0.049
	Extend of Holding (%):	49.99%
3.	Description of how there is significant influence	By virtue of Investment in excess of 20% of voting rights.
4.	Reason why the Associate/Joint Venture is not consolidated	The Company's interest in the associate has not been included in the consolidated financial statements as the same has not been considered as material.
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	3.84
6.	Profit/Loss for the Year	
	i. Considered in Consolidation	NIL
	ii. Not Considered in Consolidation	2.93

1. Names of Associates or Joint Ventures which are yet to commence operations : Not Applicable.

2. Names of Associates or Joint Ventures which have been liquidated or sold during the year : Not Applicable.

For and on behalf of the Board of Directors of
United Breweries Limited

May 13, 2016
Bangaluru

Govind Iyengar
Company Secretary

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Henricus Petrus van Zon
Director & CFO
DIN: 06485007

ANNEXURE - D: STATEMENT UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

(A) Conservation of energy

Electrical Energy:

- Vapour Absorption Machine has been commissioned at Srikakulam Unit. This would bring down the electricity consumption for refrigeration.
- Lighting energy savers installed at Pallakad Unit.
- Continued focus on optimal work-in-process during off-season has reduced refrigeration load and consequently reduced energy consumption.

Water Conservation:

- Recycling of effluent treated water with programmable logic control operated reverse osmosis plant installed at Srikakulam and Pallakad Units to ensure water conservation.

Capital investment on Energy Conservation:

- During FY16 UBL spent Rs.30 Million on Energy Conservation equipment.

(B) Technology absorption

- All Surface Empty Bottle Inspectors installed in Nelamangala Unit.

Research & Development

- The company has continued its Research & Development program in the area of development of two row malting variety of Barley.

Expenditure on Research & Development

- During FY16 UBL spent Rs.6 Million on Research & Development.

(C) Foreign Exchange Earnings and Outgo

(Rupees in Million)

Foreign Exchange earned	43.80
Foreign Exchange used	1,882.10

ANNEXURE- E: FORM NO. MGT-9

Extract of Annual Return as on the Financial Year ended on 31st March 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L36999KA1999PLC025195
- ii) Registration Date : May 13, 1999
- iii) Name of the Company : UNITED BREWERIES LIMITED
- iv) Category/Sub-Category of the Company : Manufacturing
- v) Address of the Registered office and contact details : UB Tower, UB City, #24 Vittal Mallya Road
Bengaluru - 560 001, KARNATAKA.
Phone No.: 080-2227 2806 to 807, 3985 5000
Fax No.: 080-2221 1964 & 2222 9488
Email ID.: ublinvestor@ubmail.com
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Integrated Enterprises (India) Limited,
#30, Ramana Residency, 4th Cross, Sampige Road,
Malleswaram, Bengaluru - 560 003, KARNATAKA.
Phone No.: 080-2346 0815 to 818
Fax No.: 080-2346 0819
Email ID.: bglsta@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service		% to total turnover of the company
1	Manufacture and Sale of Beer	Class-1103	Code-22030000	99.13%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Maltex Malsters Limited Add: Maltex House, P.B. No. 45, Rauni, Patiala, Punjab-147 001.	U15137PB1968PLC002895	Subsidiary	51%	2(87) of the Companies Act, 2013
2	Kingfisher East Bengal Football Team Private Limited Add: "Wallace House", 4, Bankshall Street, 1 st Floor, Kolkata-700 001.	U91990WB1998PTC086852	Associates	49.99%	2(6) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)			No. of Shares held at the end of the year (As on 31.03.2016)			% Change during the year
	Demat	Physical	Total number of Shares	Demat	Physical	Total number of Shares	
A. Promoters							
1. Indian							
(i) Individual/HUF	2,13,53,620	-	2,13,53,620	2,13,53,620	-	2,13,53,620	8.08
(ii) Central Govt.	-	-	-	-	-	-	-
(iii) State Govt.(s)	-	-	-	-	-	-	-
(iv) Bodies Corp.	7,33,33,310	-	7,33,33,310	5,98,35,310	-	5,98,35,310	-5.11
(v) Banks/FIs	-	-	-	-	-	-	-
(vi) Any Other	-	-	-	-	-	-	-
Sub-Total (A)(1)	9,46,86,930	-	9,46,86,930	8,11,88,930	-	8,11,88,930	-5.11
2. Foreign							
(a) NRIs-Individuals	-	-	-	-	-	-	-
(b) Other-Individuals	-	-	-	-	-	-	-
(c) Bodies Corp.	10,31,47,740	-	10,31,47,740	11,41,77,828	-	11,41,77,828	4.17
(d) Banks/FI	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-
Sub-Total (A)(2)	10,31,47,740	-	10,31,47,740	11,41,77,828	-	11,41,77,828	4.17
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	19,78,34,670	-	19,78,34,670	19,53,66,758	-	19,53,66,758	-0.93
B. Public Shareholding							
1. Institutions							
(a) Mutual Funds	42,23,556	6,790	42,30,346	74,57,231	6,790	74,64,021	1.22
(b) Banks/FI	31,189	3,960	35,149	19,92,767	3,960	19,96,727	0.74
(c) Central Govt.	-	660	660	2,39,196	660	2,39,856	0.09
(d) State Govt.(s)	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-
(g) FIs	4,81,43,854	-	4,81,43,854	4,48,88,796	-	4,48,88,796	-1.23
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-
Sub-Total (B)(1)	5,23,98,599	11,410	5,24,10,009	5,45,77,990	11,410	5,45,89,400	0.82

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total number of Shares	% of Total Shares	Demat	Physical	Total number of Shares	% of Total Shares	
2. Non-Institutions									
(a) Bodies Corp.									
i) Indians	36,15,836	21,360	36,37,196	1.38	39,03,409	21,360	39,24,769	1.48	0.11
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 Lakh	58,87,460	25,29,814	84,17,274	3.18	59,16,654	23,97,287	83,13,941	3.14	-0.04
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
iii) Others	-	-	-	-	-	-	-	-	-
Trust	2,55,461	-	2,55,461	0.10	2,55,461	-	2,55,461	0.10	-
NRI	2,86,694	1,90,851	4,77,545	0.18	2,94,387	1,79,285	4,73,672	0.18	-
Clearing Member	27,336	-	27,336	0.01	1,43,478	-	1,43,478	0.05	0.04
Overseas Corporate Bodies	-	1,880	1,880	-	-	1,880	1,880	-	-
Unclaimed Suspense Account	13,43,778	-	13,43,778	0.51	13,35,790	-	13,35,790	0.51	-
Sub-Total (B)(2)	1,14,16,565	27,43,905	1,41,60,470	5.35	1,18,49,179	25,99,812	1,44,47,111	5.46	0.11
Total Public Shareholding (B) = (B)(1)+(B)(2)	6,38,15,164	27,55,315	6,65,70,479	25.18	6,64,27,169	26,11,222	6,90,36,511	26.11	0.93
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Sub Total (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	26,16,49,834	27,55,315	26,44,05,149	100	26,17,93,927	26,11,222	26,44,05,149	100	-

IV. SHARE HOLDING PATTERN

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2015)			Shareholding at the end of the year (As on 31.03.2016)			% of Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. Vijay Mallya	1,49,333	0.06	—	1,49,333	0.06	—	—
2	Dr. Vijay Mallya & Sidhartha V Mallya	1,04,64,288	3.96	100.00	1,04,64,288	3.96	100.00	—
3	Dr. Vijay Mallya & Ritu Mallya	2,53,333	0.10	—	2,53,333	0.10	—	—
4	Dr. Vijay Mallya	1,04,86,666	3.97	100.00	1,04,86,666	3.97	100.00	—
5	Kamsco Industries Private Limited	62,28,636	2.36	47.91	55,23,636	2.09	41.26	-0.27
6	The Gem Investment & Trading Company Private Limited	43,15,132	1.63	—	43,15,132	1.63	—	—
7	Mallya Private Limited	97,86,666	3.70	—	97,86,666	3.70	—	—
8	McDowell Holdings Ltd.	1,04,57,344	3.96	84.02	81,22,344	3.07	79.42	-0.88
9	United Breweries (Holdings) Limited	3,02,95,911	11.46	29.03	2,83,37,911	10.72	31.03	-0.74
10	Pharma Trading Company Private Limited	15,14,366	0.57	0.04	15,14,366	0.57	0.04	—
11	Vittal Investments Limited	3,75,955	0.14	—	3,75,955	0.14	—	—
12	Devi Investments Private Limited	18,59,300	0.70	—	18,59,300	0.70	—	—
13	United Spirits Limited	85,00,000	3.21	100.00	—	—	—	-3.21
14	Scottish & Newcastle India Limited	8,99,94,960	34.04	—	8,99,94,960	34.04	—	—
15	Heineken UK Limited	84,89,270	3.21	—	84,89,270	3.21	—	—
16	Heineken International B.V.	42,35,770	1.60	—	1,52,65,858	5.77	—	4.17
17	UB Overseas Limited	4,27,740	0.16	—	4,27,740	0.16	—	—
	Total	19,78,34,670	74.82	25.28	19,53,66,758	73.89	19.69	-0.93

IV. SHARE HOLDING PATTERN

(iii) Change in Promoters' Shareholding

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	United Breweries (Holdings) Limited	3,02,95,911	11.46	08.01.2016	-19,58,000	Invocation of Pledge	2,83,37,911	10.72
2	McDowell Holdings Limited	1,04,57,344	3.96	28.08.2015	-50,000	Invocation of Pledge	1,04,07,344	3.94
				04.09.2015	-3,40,000	Invocation of Pledge	1,00,67,344	3.81
				27.11.2015	-4,15,000	Invocation of Pledge	96,52,344	3.65
				18.03.2016	-9,30,000	Invocation of Pledge	87,22,344	3.30
				25.03.2016	-6,00,000	Invocation of Pledge	81,22,344	3.07
3	Kamsco Industries Private Limited	62,28,636	2.36	18.03.2016	-7,05,000	Invocation of Pledge	55,23,636	2.09
4	United Spirits Limited	85,00,000	3.21	03.07.2015	-85,00,000	Sold	—	—
5	Heineken International B.V.	42,35,770	1.60	10.07.2015	85,00,000	Market Purchase	1,27,35,770	4.82
				04.12.2015	4,15,000	Market Purchase	1,31,50,770	4.97
				31.03.2016	21,15,088	Market Purchase	1,52,65,858	5.77
	Total	5,97,17,661					57,2,49,749	

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	ARISAIG PARTNERS (ASIA) PTE LTD. A/C ARISAIG INDIA FUND LTD	87,71,011	3.32	01.04.2015				
				29.01.2016	-1,05,419	Transfer	86,65,592	3.28
				05.02.2016	-8,98,335	Transfer	77,67,257	2.94
				12.02.2016	-3,85,860	Transfer	73,81,397	2.79
				19.02.2016	-1,88,536	Transfer	71,92,861	2.72
				26.02.2016	-2,68,098	Transfer	69,24,763	2.62
				04.03.2016	-1,15,223	Transfer	68,09,540	2.58
				11.03.2016	-2,15,605	Transfer	65,93,935	2.49
				18.03.2016	-85,407	Transfer	65,08,528	2.46
				25.03.2016	-4,31,626	Transfer	60,76,902	2.30
				31.03.2016			60,76,902	2.30
2	DERVIE TRADING P. LTD.	31,83,177	1.20	01.04.2015				
				30.06.2015	69,201	Transfer	32,52,378	1.23
				30.07.2015	-69,201	Transfer	31,83,177	1.20
				31.03.2016			31,83,177	1.20

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
3	ACACIA PARTNERS, LP	28,40,000	1.07	01.04.2015				
				10.04.2015	-1,20,000	Transfer	27,20,000	1.03
				31.03.2016			27,20,000	1.03
4	TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD	27,65,000	1.05	01.04.2015				
				15.01.2016	-2,00,000	Transfer	25,65,000	0.97
				31.03.2016			25,65,000	0.97
5	NEW WORLD FUND INC	26,41,459	1.00	01.04.2015				
				08.01.2016	-56,787	Transfer	25,84,672	0.98
				15.01.2016	-54,137	Transfer	25,30,535	0.96
				25.03.2016	-12,498	Transfer	25,18,037	0.95
				31.03.2016	-4,90,916	Transfer	20,27,121	0.77
				31.03.2016			20,27,121	0.77
6	MERRILL LYNCH CAPITAL MARKETS ESPANA S.A.S.V	22,21,883	0.84	01.04.2015				
				10.04.2015	1,902	Transfer	22,23,785	0.84
				17.04.2015	2,387	Transfer	22,26,172	0.84
				24.04.2015	1,820	Transfer	22,27,992	0.84
				08.05.2015	-311	Transfer	22,27,681	0.84
				15.05.2015	-382	Transfer	22,27,299	0.84
				22.05.2015	-35,585	Transfer	21,91,714	0.83
				29.05.2016	-2,750	Transfer	21,88,964	0.83
				05.06.2015	-210	Transfer	21,88,754	0.83
				12.06.2015	1,688	Transfer	21,90,442	0.83
				10.07.2015	-865	Transfer	21,89,577	0.83
				17.07.2015	1,000	Transfer	21,90,577	0.83
				31.07.2015	-1,339	Transfer	21,89,238	0.83
				07.08.2015	2,804	Transfer	21,92,042	0.83
				21.08.2015	411	Transfer	21,92,453	0.83
				28.08.2015	-4,500	Transfer	21,87,953	0.83
				04.09.2015	-5,673	Transfer	21,82,280	0.83
				30.09.2015	-1,756	Transfer	21,80,524	0.82
				09.10.2015	-3,261	Transfer	21,77,263	0.82
				16.10.2015	12,043	Transfer	21,89,306	0.83
				23.10.2015	8,237	Transfer	21,97,543	0.83
				30.10.2015	-32,000	Transfer	21,65,543	0.82
				06.11.2015	-10,958	Transfer	21,54,585	0.81

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
	MERRILL LYNCH CAPITAL MARKETS ESPANA S.A.S.V			04.12.2015	21,111	Transfer	21,75,696	0.82
				11.11.2015	32,000	Transfer	22,07,696	0.83
				18.12.2015	-2,297	Transfer	22,05,399	0.83
				25.12.2015	19,987	Transfer	22,25,386	0.84
				08.01.2016	66,999	Transfer	22,92,385	0.87
				29.01.2016	-4,987	Transfer	22,87,398	0.87
				05.02.2016	8,076	Transfer	22,95,474	0.87
				12.02.2016	-571	Transfer	22,94,903	0.87
				19.02.2016	2,321	Transfer	22,97,224	0.87
				26.02.2016	2,459	Transfer	22,99,683	0.87
				04.03.2016	-370	Transfer	22,99,313	0.87
				11.03.2016	743	Transfer	23,00,056	0.87
				18.03.2016	3,400	Transfer	23,03,456	0.87
				25.03.2016	10,997	Transfer	23,14,453	0.88
				31.03.2016	633	Transfer	23,15,086	0.88
				31.03.2016			23,15,086	0.88
7	ACACIA INSTITUTIONAL PARTNERS LP	21,98,500	0.83	01.04.2015	—	No movement during the year	—	—
8	COLUMBIA ACORN INTERNATIONAL	18,50,000	0.70	31.03.2016			21,98,500	0.83
				01.04.2015				
				11.03.2016	-31,366	Transfer	18,18,634	0.69
				18.03.2016	-1,21,366	Transfer	16,97,268	0.64
				31.03.2016	-2,12,291	Transfer	14,84,977	0.56
				31.03.2016			14,84,977	0.56
9	ABHU DHABI INVESTMENT AUTHORITY-PEACOCK	17,99,681	0.68	01.04.2015				
				24.04.2015	-55,188	Transfer	17,44,493	0.66
				22.05.2015	-10,500	Transfer	17,33,993	0.66
				29.05.2015	-1,15,540	Transfer	16,18,453	0.61
				05.06.2015	-38,285	Transfer	15,80,168	0.60
				12.06.2015	-382	Transfer	15,79,786	0.60
				24.07.2015	12,274	Transfer	15,92,060	0.60
				14.08.2015	3,667	Transfer	15,95,727	0.60
				04.09.2015	-8,320	Transfer	15,87,407	0.60
				25.09.2015	-23,369	Transfer	15,64,038	0.59
				23.10.2015	21,000	Transfer	15,85,038	0.60
				30.10.2015	83,137	Transfer	16,68,175	0.63

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
	ABHU DHABI INVESTMENT AUTHORITY-PEACOCK			06.11.2015	56,177	Transfer	17,24,352	0.65
				13.11.2015	7,319	Transfer	17,31,671	0.65
				20.11.2015	7,812	Transfer	17,39,483	0.66
				27.11.2015	-33,733	Transfer	17,05,750	0.65
				04.12.2015	-45,331	Transfer	16,60,419	0.63
				05.02.2016	70,000	Transfer	17,30,419	0.65
				18.03.2016	-11,363	Transfer	17,19,056	0.65
				31.03.2016			17,19,056	0.65
10	ACACIA CONSERVATION FUND LP	16,00,000	0.61	01.04.2015	—	No movement during the year	—	—
				31.03.2016			16,00,000	0.61

(v) Shareholding Pattern of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Dr. Vijay Mallya, Non-Executive Chairman	2,13,53,620	8.08	—	—	—	2,13,53,620	8.08
2	Mr. Kalyan Ganguly, Managing Director*	14,690	0.01	—	—	—	14,690	0.01
3	Mr. Shekhar Ramamurthy, Managing Director*	1,150	—	—	—	—	1,150	—
4	Mr. Henricus Petrus Van Zon, Director & Chief Financial Officer	—	—	—	—	—	—	—
5	Mr. Govind Iyengar, Senior Vice President & Company Secretary	—	—	—	—	—	—	—
	* Mr. Shekhar Ramamurthy replaced Mr. Kalyan Ganguly as Managing Director w.e.f. August 01, 2015.							

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs. In Lakhs

	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2015)				
i) Principal Amount	64,472	19,160	–	83,632
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued due but not due	826	–	–	826
Total (i+ii+iii)	65,298	19,160	–	84,458
Change in Indebtedness during the financial year				
Addition	–	–	–	–
Reduction	-5,022	-10,162	–	-15,184
Exchange Difference	–	–	–	–
Net Change	-5,022	-10,162	–	-15,184
Indebtedness at the end of the financial year (31.03.2016)				
i) Principal Amount	59,620	8,998	–	68,618
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued due but not paid	656	–	–	656
Total (i+ii+iii)	60,276	8,998	–	69,274

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Rs. In Lakhs

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Shekhar Ramamurthy* Managing Director (August 2015 to March 2016)	Kalyan Ganguly* Managing Director (April 2015 to July 2015)	Henricus Petrus van Zon Director & Chief Financial Officer		
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	335.88	387.92		587.47	1,311.27
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	92.48	30.73		75.64	198.85
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	63.99	250.25		49.47	363.71
2	Stock Option	N.A.	N.A.		N.A.	N.A.
3	Sweat Equity	N.A.	N.A.		N.A.	N.A.
4	Commission					
	- as % of profit	N.A.	N.A.		N.A.	N.A.
	- Others	-	-		-	-
5	Others	-	-		-	-
6	Total (A)	492.35	668.90		712.58	1,873.83
	Ceiling as per the Act	Rs.4,767 Lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				

* Mr. Shekhar Ramamurthy replaced Mr. Kalyan Ganguly as Managing Director w.e.f. August 01, 2015.

B. Remuneration to other directors:

Rs. In Lakhs

Sl. No.	Particulars of Remuneration	Name of the Directors											Total Amount	
		Dr. Vijay Mallya	A K Ravi Nedungadi	Ernst Willem Arnold Van De Weert	Sijbe Hiemstra	Roland Pirmez	Frans Erik Eusman	Chugh Yoginder Pal	Sunil Kumar Alagh	Chhaganlal Jain	Kiran Mazumdar Shaw	Madhav Bhatkuly		Stephan Gerlich
1	Independent Directors													
	Fee for attending board/committee meetings	–	–	–	–	–	–	9.90	8.90	10.15	2.55	1.45	2.40	35.35
	Commission	–	–	–	–	–	–	31.47	31.47	31.47	31.47	31.47	31.47	188.82
	Others	–	–	–	–	–	–	–	–	–	–	–	–	0.00
	Total (1)	–	–	–	–	–	–	41.37	40.37	41.62	34.02	32.92	33.87	224.17
2	Other Non-Executive Directors													
	Fee for attending board/committee meetings	2.90	5.15	0.60	1.20	0.60	1.95	–	–	–	–	–	–	12.40
	Commission	283.19	–	–	–	–	–	–	–	–	–	–	–	283.19
	Others	–	–	–	–	–	–	–	–	–	–	–	–	–
	Total (2)	286.09	5.15	0.60	1.20	0.60	1.95	–	–	–	–	–	–	295.59
	Total (B)=(1+2)	286.09	5.15	0.60	1.20	0.60	1.95	41.37	40.37	41.62	34.02	32.92	33.87	519.76
	Total Managerial Remuneration *													2393.59
	Overall Ceiling as per the Act	Rs.472 Lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)												

* Total remuneration to Managing Director, Whole-time Directors and other Directors (being the total of A and B)

C. Remuneration to Key Managerial Personnel Other than MD/MANAGER/WTD:

Rs. In Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Govind Iyengar Senior Vice President – Legal & Company Secretary		
1	<u>Gross salary</u>			
	(a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	105.25		105.25
	(b) Value of perquisites u/s 17(2) of the Income–tax Act, 1961	11.83		11.83
	(c) Profits in lieu of salary u/s 17(3) of the Income–tax Act, 1961	13.73		13.73
2	Stock Option	N.A.		N.A.
3	Sweat Equity	N.A.		N.A.
4	<u>Commission</u>			
	– as % of profit	N.A.		N.A.
	– Others	—		—
5	Others, please specify	—		—
6	Total (A)	130.81		130.81

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT COURT)	Appeal made, if any (give details)
A. Company					
Penalty	–	Refer Note 1 below	Refer Note 2 below	–	–
Punishment	–			–	
Compounding	80(1)d)			RD	
B. Directors					
Penalty	–	Refer Note 1 below	Refer Note 2 below	–	–
Punishment	–			–	
Compounding	80(1)d)			RD	
C. Other Officers in Default					
Penalty	–	Refer Note 1 below	Refer Note 2 below	–	–
Punishment	–			–	
Compounding	80(1)d)			RD	

Notes:

- The Company had redeemed 1,72,83,000 Cumulative Redeemable Preference Shares (CRPS) on 14/4/2011 out of the profit in the Financial Year 2011-12, but Capital Redemption Reserve (CRR) was not created u/s. 80(1)(d) of the Companies Act, 1956. The Company subsequently created the CRR and voluntarily approached the Regional Director (RD) for compounding u/s. 621 of the Companies Act, 1956.
- The RD vide order dated 11/12/2015, allowed compounding application of the Company and levied compounding fees of Rs. 10,000/- on the Company and Rs.5,000/- each on Managing Director, Director and CFO and the Company Secretary.

By Authority of the Board

May 13, 2016
Bengaluru

Shekhar Ramamurthy
Managing Director
DIN:00504801

Henricus Petrus van Zon
Director & CFO
DIN:06485007

ANNEXURE - F: FORM NO. MR-3**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members, United Breweries Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by UNITED BREWERIES LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by United Breweries Limited ("the Company") for the financial year ended on March 31, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (No instances for compliance requirements during the year);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (No instances for compliance requirements during the year);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (No instances for compliance requirements during the year);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, (No instances for compliance requirements during the year);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, (No instances for compliance requirements during the year); and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vi. Various State Excise Laws relating to the brewing industry;
- vii. Legal Metrology Act, 2009 & Legal Metrology (Packaged Commodities) Rules, 2011;

- viii. Prevention of Food Adulteration Act, 1954;
- ix. The Environment (Protection) Act, 1986 and Rules thereunder;
- x. The Water (Prevention & Control of Pollution) Act, 1974;
- xi. The Air (Prevention & Control of Pollution) Act, 1981;
- xii. All other Labour, Employee and Industrial Laws to the extent applicable to the Company;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above wherever applicable.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed note on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions carried through are recorded in the minutes. I did not find any dissenting views recorded in the minutes. It was informed to me that, in absence of any such dissenting views it was not required to record any such views in the minutes.

I further report that there are adequate systems and processes in the company commensurate with size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

SUDHIR VISHNUPANT HULYALKAR

Company Secretary in Practice

FCS No. 6040

C P No. 6137

Place: Bengaluru

Dated: May 9, 2016

ANNEXURE - G: ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE REPORT

Own Manufacturing Network

ANDHRA PRADESH – SRIKAKULAM	TAMIL NADU – KUTHAMBAKKAM & ARANVOYAL
TELANGANA – MALLEPALLY & KOTHLAPUR	PUNJAB – LUDHIANA
GOA – PONDA	WEST BENGAL – KALYANI
KERALA - CHERTHALA & PALAKKAD	RAJASTHAN – CHOPANKI & SHAHJAHANPUR
KARNATAKA - MANGALORE, NELMANGALA & MYSORE	MAHARASHTRA - TALOJA & AURANGABAD (2) UNITS
ODISHA – KHURDA	BIHAR - NAUBATPUR
HARYANA – DHARUHERA	

Contract Manufacturing Network

UTTAR PRADESH – ALIGARH	RAJASTHAN – ALWAR
DAMAN AND DIU – DAMAN	ASSAM – GAUHATI
MADHYA PRADESH – INDORE	SIKKIM – RANGPO
JAMMU AND KASHMIR – SAMBA	MEGHALAYA – SHILLONG

REGISTERED OFFICE:

“UB TOWER”, UB CITY, #24, VITTAL MALLYA ROAD, BENGALURU-560 001.

Phone: (91-80) 39855000, 22272806 & 22272807

Fax No. (91-80) 22211964, 22229488

Email: ublinvestor@ubmail.com, Website: www.unitedbreweries.com

CIN: L36999KA1999PLC025195, Cable: UBEEGEE

Non Mandatory Requirements

a) Chairman of the Board:

The Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and allowed reimbursement of expenses incurred in performance of his duties.

b) Shareholder Rights:

The Company's half yearly results are published in English and Kannada Newspapers having wide circulation and are also displayed on the Company's website. Press releases are also issued which are carried by a few newspapers and also displayed on the Company's website. Hence, same are not sent to the shareholders.

c) Modified opinion in audit report:

There is no modified opinion in the auditor's report.

d) Separate posts of Chairman and CEO:

The position of Chairman and Managing Director are held by separate persons.

e) Reporting of Internal Auditor:

The Internal Auditor makes presentation of Internal Audit Report before the Audit Committee on a quarterly basis.

Compliance with Code of Business Conduct and Ethics

In accordance with Regulation 17(5)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, it is hereby confirmed that during the year 2015-2016, all the members of the Board of Directors and Senior Managerial personnel have affirmed their Compliance with the Company's Code of Business Conduct and Ethics.

Place: Bangalore
Date: May 13, 2016

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Compliance Certificate

To the Members of
UNITED BREWERIES LIMITED

Certificate of Compliance with the conditions of Corporate Governance

I have examined the compliance of conditions of Corporate Governance by United Breweries Limited for the year ended on March 31, 2016, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges for the period from April 01, 2015 to November 30, 2015 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period December 01, 2015 to March 31, 2016. I have obtained all the information and explanations which to the best of my knowledge and belief as necessary for the purposes of certification.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Bengaluru, May 13, 2016

Mangala Rohith
Company Secretary (In practice)
ACS 20315 CP 7438

Notes



UNITED BREWERIES LIMITED



UNITED BREWERIES LIMITED

Registered Office: UB Tower, UB City, 24 Vittal Mallya Road, Bengaluru-560 001, India.

Phone: 080-39855000, 22272806/07, Fax: 080-22211964, 22229488

CIN: L36999KA1999PLC025195, E-mail: ublinvestor@ubmail.com

Website: www.unitedbreweries.com

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