

UNITED BREWERIES (HOLDINGS) LIMITED
 Reg. Office: Level 12, UB Tower, UB CITY, No. 24, Vittal Mallya Road, Bangalore. 560 001
 Email: ubhlinvestor@ubmail.com. Website: www.theubgroup.com
 Tel no. +91 80 2227 2808, 2227 5809, 3985 6000 Fax : +91 80 227 4890 CIN: L85110KA1915PLC000740

PART I: Statement of Audited Financial Results for the Year ended March 31, 2014

Rs. in Lakhs

Particulars	Standalone					Consolidated	
	Quarter ended March 31, 2014	Quarter ended December 31, 2013	Quarter ended March 31, 2013	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
1. Income from operations							
(a) Net sales/income from operations	11,881	12,223	7,616	42,370	37,588	67,514	59,778
(b) Property development	1,370	1,279	1,200	5,117	5,023	4,435	5,396
(c) Other operating income	390	587	324	1,689	2,103	1,689	2,104
(d) Profit on sale of investments (net)	-	-	-	-	13	-	13
Total income from operations	13,641	14,089	9,140	49,176	44,727	73,638	67,292
2. Expenses							
(a) Purchases of stock-in-trade	9,819	6,086	6,155	23,380	22,001	20,247	19,780
b) Cost of materials consumed	453	718	534	2,263	2,148	19,287	18,157
c) Change in inventories	(2,915)	(227)	(1,490)	(923)	142	(962)	434
d) Employee benefit expenses	589	982	459	2,945	2,013	5,027	3,362
e) Depreciation	208	206	228	816	921	1,505	1,578
f) Other expenses (include provisions and write off)	375,328	4,135	1,660	383,663	8,128	392,925	14,491
Total expenditure	383,481	11,900	7,546	412,144	35,353	438,027	57,803
3. Profit/(loss) from operations before other income and finance costs	(369,840)	2,189	1,594	(362,968)	9,374	(364,389)	9,489
4. Other income	2,542	10	571	2,872	353	2,414	448
5. Profit/(loss) before finance costs	(367,298)	2,199	2,165	(360,096)	9,727	(361,975)	9,938
6. Finance costs (net of receipts)	8,179	7,821	23,836	41,023	35,054	43,352	45,512
7. Profit/(loss) before exceptional items and tax	(375,477)	(5,622)	(21,671)	(401,119)	(25,327)	(405,328)	(35,575)
8. Exceptional items	6,043	7,560	2,617	198,789	8,631	267,485	8,631
9. Profit/(loss) before tax	(369,433)	1,938	(19,054)	(202,330)	(16,696)	(137,843)	(26,944)
10. Tax expense	(34,882)	2,293	(50)	-	-	1,680	46
11. Net Profit/(loss) after tax	(334,551)	(355)	(19,004)	(202,330)	(16,696)	(139,522)	(26,991)
12. Share of profit/(loss) of associates	-	-	-	-	-	-	(2,169)
13. Minority interest in profit/(loss)	-	-	-	-	-	157	(74)
14. Net profit/(loss) for the year	(334,551)	(355)	(19,004)	(202,330)	(16,696)	(139,365)	(29,234)
15. Paid-up equity share capital (face value of Rs.10 each, fully paid up)	6,682	6,682	6,682	6,682	6,682	6,682	6,682
16. Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year					124,482		193,110
17. Earnings per share (of face value Rs.10/- each):							
Basic and diluted (after exceptional item)	(500.68)	(0.53)	(28.44)	(302.80)	(24.99)	(208.57)	(43.75)
Basic and diluted (before exceptional item)	(561.92)	(8.41)	(32.43)	(600.30)	(37.90)	(606.60)	(53.24)

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Segment - wise business performance for the year ended March 31, 2014

Primary Segment Information

Particulars	Standalone					Consolidated	
	Quarter ended	Quarter ended	Quarter ended	For the year ended		For the year ended	
	March 31, 2014	December 31, 2013	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
a) Alcoholic Beverages	5,132	7,091	4,692	22,004	24,746	42,606	44,716
b) Leather Products	895	1,468	631	4,154	2,776	4,187	2,853
c) Readymade Garments	3,784	1,851	2,045	8,495	6,043	8,495	6,043
d) Investments	-	5	-	685	1,163	868	1,582
e) Logo fee	1,638	1,763	283	5,525	1,620	5,668	1,752
f) Property development	1,371	48	1,200	5,117	5,023	6,392	5,018
g) Corporate guarantee services	47	1,279	(223)	188	737	-	-
h) Maintenance	-	-	-	-	-	3,160	2,655
i) Training	-	-	-	-	-	-	234
j) Others	774	584	512	3,008	2,619	2,262	2,439
	13,641	14,089	9,140	49,176	44,727	73,638	67,292
2) Segment Results							
a) Alcoholic Beverages	830	1,305	1,069	3,925	4,554	3,692	4,880
b) Leather Products	101	373	24	737	167	(2,436)	34
c) Readymade Garments	70	468	80	669	152	669	152
d) Investments	(362)	(603)	(176)	(917)	265	(1,828)	93
e) Logo fees	1,275	1,155	107	3,923	722	3,923	722
f) Property development	804	(560)	1,036	3,105	3,918	3,542	3,690
g) Corporate guarantee services	(315)	672	(399)	(1,414)	(161)	-	-
h) Maintenance	-	-	-	-	-	1,141	170
i) Training	-	-	-	-	-	-	(108)
j) Others	(12)	(621)	(147)	(766)	(243)	73	(144)
	2,391	2,189	1,594	9,262	9,374	8,776	9,489
Less:							
Other Income	2,542	10	571	2,872	353	2,414	448
Provision for doubtful advances	(127,171)	-	-	(127,171)	-	(127,516)	-
Bad debts written off	(245,059)	-	-	(245,059)	-	(245,649)	-
Finance cost (net)	(8,179)	(7,821)	(23,836)	(41,023)	(35,054)	(43,352)	(45,512)
Exceptional Item	6,043	7,560	2,617	198,789	8,631	267,485	8,631
Net profit / (loss) before tax	(369,433)	1,938	(19,054)	(202,330)	(16,696)	(137,843)	(26,944)
Capital Employed							
a) Alcoholic Beverages	(972)	(735)	(3,573)	(972)	(3,573)	20	3,005
b) Leather Products	2,988	3,263	1,791	2,988	1,791	5,935	1,778
c) Readymade garments	12,260	10,275	9,238	12,260	9,238	12,260	9,238
d) Investments	(101,801)	278,454	114,912	(101,801)	114,912	(102,518)	180,277
e) Property development	4,194	4,244	4,390	4,194	4,390	4,194	4,390
f) Maintenance	-	-	-	-	-	754	472
g) Training	-	-	-	-	-	-	7,123
h) Others	1,296	41,898	1,164	1,296	1,164	69	4,396
	(82,035)	337,399	127,922	(82,035)	127,922	(79,315)	210,679
Secondary Segments, Based on Geographical locations							
1 Segment Revenue							
Within India	3,774	10,013	2,183	14,803	18,005	20,220	14,513
Outside India	9,867	4,076	6,957	34,373	26,722	53,418	52,779
	13,641	14,089	9,140	49,176	44,727	73,638	67,292
2 Segment Assets							
Within India	(111,170)	306,928	101,200	(111,170)	101,200	(79,063)	233,514
Outside India	29,135	30,471	26,722	29,135	26,722	(251)	(22,835)
	(82,035)	337,399	127,922	(82,035)	127,922	(79,315)	210,679

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PART II

Select Information for the Year Ended 31st March 2014

	Particulars	Year ended	
		31-Mar-14	31-Mar-13
A	PARTICULARS OF SHAREHOLDING		
	1. Public shareholding		
	- Number of shares	31,845,241	33,228,551
	- Percentage of shareholding	47.66	49.73
	2. Promoters and Promoter Group Shareholding		
	a) Pledged / Encumbered		
	- Number of shares	3,586,190	5,186,190
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	10.25	15.44
	- Percentage of shares (as a % of the total share capital of the company)	5.37	16.29
	b) Non - encumbered		
	- Number of shares	31,387,090	28,403,780
	- Percentage of shares (as a % of the total shareholding of the Promoter and promoter group)	89.75	84.56
	- Percentage of shares (as a % of the total share capital of the company)	46.97	42.51

Particulars		3 months ended 31st March 2014
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	3
	Disposed of during the quarter	3
	Remaining unresolved at the end of the quarter	Nil

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STATEMENT OF ASSETS AND LIABILITIES

Particulars	Standalone		Consolidated	
	As on		As on	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
A EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	6,682	6,682	6,682	6,682
Reserves and Surplus	6,183	134,903	8,073	203,531
Minority Interest			965	21,062
Non-current Liabilities				
Long term borrowings	192,819	158,719	193,414	190,254
Deferred Tax Liability			36	29
Other Long-term liabilities	60,350	39,259	60,350	39,227
Long term provisions	726	690	961	761
Current Liabilities				
Short-term borrowings	39,896	131,584	71,717	164,938
Trade Payables	8,011	4,665	12,262	9,445
Other Current Liabilities	71,076	150,281	79,844	188,951
Short-term provisions	10,064	10,064	11,766	10,836
	<u>395.806</u>	<u>636.847</u>	<u>446.070</u>	<u>835.715</u>
B ASSETS				
Non-current assets				
Fixed Assets				
Tangible Assets	93,833	19,454	99,547	25,671
Intangible Assets				
Capital Work in Progress	12,484	11,403	12,484	11,403
Goodwill on consolidation			4,345	4,345
Non Current Investments	130,913	161,863	180,172	386,052
Long term Loans and Advances	40,266	402,140	10,972	351,740
Other Non Current Assets	686	645	1,014	1,004
Current Assets				
Current Investments	271	265	339	265
Inventories	3,458	2,615	5,379	4,218
Trade Receivables	3,191	2,411	6,895	5,798
Cash and Cash Equivalents	13,759	12,758	22,712	14,341
Short term Loans and Advances	31,787	22,045	37,055	29,629
Other Current Assets	65,158	1,249	65,157	1,249
	<u>395.806</u>	<u>636.847</u>	<u>446.070</u>	<u>835.715</u>

UNITED BREWERIES HOLDINGS LIMITED

NOTES :

1. The Audited financial results have been reviewed by the Audit Committee and approved by the Board of Directors.
2. Financial statements have been prepared on basis similar to last year in view of the clarifications issued by Ministry of Corporate Affairs, Govt. of India, vide its Circular no. 1/19/2013-CL-V dated 4.4.2014.
3. The Company has revalued its Land & Buildings in Bangalore, as on March 31, 2014 at their Fair Market Value based on Valuation Report of an independent approved Valuer, and the carrying values of the respective assets have been adjusted accordingly. The incremental appreciation in the value of the aforesaid assets amounting to Rs. 750.85Cr., has been credited to the Fixed Assets revaluation reserve.
4. A claim has been made for Rs. 146.29 Crs by a Bank towards share recompense amount. In terms of a Legal opinion obtained by the Company, the amount is presently shown as "claims against the Company not acknowledged as debt."
5. Term Deposit of Rs. 60.96 Crs kept by the Company with a banker, pursuant to Court order, has been unilaterally pre-closed by exercising its general lien to adjust a claim arising out of a Corporate Guarantee issued by the Company, in favour of a Group company. The Company has initiated legal action for restitution.
6. The gross sale proceeds from the sale of securities by the lenders of KFA, have been adjusted by the said lenders against their dues from KFA. The management has obtained legal advice that the company has a potential claim against lenders for recovery of the above sale proceeds. Without prejudice to the rights and contentions of the company in the pending legal proceedings, the sale proceeds appropriated by the lenders against KFA's dues is included under Loans and Advances recoverable from KFA.

Profit of Rs. 213.63 crs (net) on sale of aforesaid shares has been included in the exceptional items.
7. The company has made a critical appraisal of the amount recoverable from certain subsidiaries taking into consideration the net worth of those companies and accordingly a sum of Rs.2450.59 crs due from those subsidiaries have been written off, as in the opinion of the Board, such amounts are not recoverable.

The Board of Directors also reviewed the significant amounts due from KFA, in the light of its liquidity constraints & as a matter of prudence, has made a provision for the amounts due of Rs. 1271.71Cr.



8. Investments in other subsidiaries and associates are presently considered as long term and strategic in nature and accordingly, no provision has been considered for diminution in the value.

Litigation Cases

9. (a) The lenders of Kingfisher Airlines Limited (KFA) have, pursuant to certain Corporate Guarantees given by the Company (the validity of which is disputed as set out hereinafter), demanded from the Company, their dues from KFA amounting to Rs. 6,203.35 crores with further interest and other dues from 01/06/2013 and have moved the Debt Recovery Tribunal ("DRT") for recovery of these dues by way of Original Application (OA). The Interim Application filed by the Company before the DRT seeking to reject the said OA on the ground of jurisdiction has been dismissed by the Tribunal vide its order dated 12th November, 2013. Further, the Writ Petition against the DRT dismissal order, preferred by the Company, has also been disposed of by the Hon'ble High Court of Karnataka on 4th February, 2014, with liberty to move the Debts Recovery Appellate Tribunal for suitable reliefs by way of appeal. The Company has already preferred an Appeal before the Hon'ble DRAT challenging the DRT dismissal Order and the same is pending adjudication.
- (b) Further, 3 lenders who have extended pre delivery payment (PDP) loans to KFA and who claim to be beneficiaries of Corporate Guarantees of the Company; for purchase of aircrafts from M/s. Airbus S.A.S., have filed proceedings before the DRT for recovery of total dues amounting to Rs. 192.51 crores. By an ex-parte order dated February 4, 2014, in I.A. No. 543/2014, the Hon. Tribunal has passed an ad-interim order attaching pre-delivery payments made by KFA to M/s. Airbus S.A.S. up to Rs. 192.51 crores. This ad-interim order is continuing.
- (c) In a suit filed by United Spirits Limited, the Goa Senior Division Court has granted an ad-interim injunction against any coercive action by lenders of KFA in respect of the Company's property in Goa, tenanted to United Spirits Limited. Subsequently, KFA lenders have sent a notice purportedly under the SARFAESI Act in respect of the said property. The Company has responded to the notice issued to it purportedly under the SARFAESI Act challenging the same.
- Pending adjudication of the suit, the Goa property continues to remain as an asset of the company.
10. The Consortium of KFA Bankers, have also sold certain investments belonging to the Company pursuant to the purported pledge. The Company and others have filed a suit in the Hon'ble Bombay High Court, being Suit No. 311 of 2013 (Bombay Suit) against the consortium of bankers, who have advanced loans to Kingfisher Airlines Limited ("KFA"), inter alia, seeking the following reliefs:-
- (a) For a declaration that the Corporate Guarantee dated 21st December, 2010 given by the Company and the Pledge Agreement dated 21st December, 2010, are void ab-initio and non-est;
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- (b) For a permanent order and injunction restraining the consortium of bankers, their servants, agents or assigns, or any other person claiming by, through or under them or any of them, from acting upon, in furtherance or in any manner giving effect to the impugned Notice dated 16th March, 2013, or from taking any other or further steps to act upon or in furtherance of the Pledge Agreement dated 21st December, 2010, save and except in accordance with the procedure set out in clause 8.1 of the MDRA, including issuing a notice there under.
- (c) For a permanent order and injunction restraining the consortium of bankers, their servants, agents or assigns, or any other person claiming by, through or under them or any of them, from acting upon or in furtherance of the Corporate Guarantee dated 21st December, 2010 given by the Company and the Pledge Agreement dated 21st December, 2010;
- (d) That an order and decree of damages of the sum of Rs. 3,199.68 Crores as set out in the Particulars of Claim be awarded to the Plaintiffs."

The Company has also filed a Notice of Motion in the said Suit, being Notice of Motion 306 of 2014 inter alia, for a decree on admission that the extent of the liability under the Corporate Guarantee is restricted to Rs. 1601.43 crores based on admissions by the consortium of bankers. The said Suit and Notice of Motion are pending adjudication in the Hon'ble Bombay High Court.

- 11. The Division Bench of the Hon'ble High Court of Karnataka vide its order dated 20th December 2013 has set aside the permission granted by the Hon'ble Company Judge under Section 536(2) of the Companies Act 1956 to dispose of the shares of USL in favour of Diageo Plc / Relay BV. The Company and Diageo Plc have approached the Hon'ble Supreme Court by way of SLPs challenging the order of the Division Bench. Pending, disposal of the Company's SLP's, the Hon'ble Supreme Court has directed that status quo be maintained in respect of the transaction of sale of shares to Diageo. The Hon'ble Supreme Court also stated that the proceedings for winding up of the Company may continue before the learned Company Judge.
- 12.(a) The Company is contesting nine winding up petitions filed by certain creditors of KFA under Section 433/434 of the Companies Act, 1956 before the Hon'ble High Court of Karnataka.
- (b) Certain alleged Corporate Guarantees on behalf of KFA have been invoked and certain purported benefactors of Corporate Guarantees issued on behalf of KFA including the Consortium of Banks have filed petitions against the Company under Sections 433/434 of the Companies Act 1956. On 19th November, 2013, the Hon'ble Karnataka High Court admitted Company Petition No. 248 of 2013 filed by BNP Paribas, one of the purported beneficiaries under the purported Corporate Guarantee. The Company filed Original Side Appeal No. 52 of 2013 before the Division Bench of the Karnataka High Court challenging the judgment and order dated 19th November, 2013 which appeal was dismissed by a judgment and order dated 16th December, 2013. The Company has now filed a Special Leave Petition in the Hon'ble Supreme Court of India, being Special Leave

Petition No. 1163 of 2014 challenging the order of the Karnataka High Court dated 16th December, 2013. The said Special Leave Petition is pending.

On 13th December, 2013, the Hon'ble Karnataka High Court also admitted Company Petition No. 185 of 2012 filed by Avions De Transport Regionale, one of the other purported benefactors of a purported Corporate Guarantee. Your Company has filed Original Side Appeal No. 18 of 2014 before the Division Bench of the Karnataka High Court challenging the judgment and order dated 13th December, 2013. The said appeal is still pending.

Pending disposal of the SLP, no provision has been considered necessary in the accounts.

- (c) The Company has filed a suit for damages claiming an amount of Rs. 1,319.30 crores against some of the above Petitioners in the City Civil Court, Bangalore and the same is pending adjudication.
13. The Company and Kingfisher Finvest India Limited (KFIL) have filed a suit, inter alia, against IDBI Trusteeship Services Limited (IDBI Trusteeship), Indian Global Competitive Fund (IDCF) and SREI Venture Capital Limited (SREI), in the City Civil Court at Calcutta, being T.S. No. 966 of 2013, inter alia, for the Security Trustee Agreement dated 30th June, 2008 and the Consolidated Deed of Pledge dated 21st December, 2010 (in respect of shares of United Spirits Limited and KFA held by the Company and KFIL) are void, unenforceable and of no effect. The said suit is pending.

SBICAP Trustee and the Consortium of Banks, which have advanced loans to KFA have filed a suit, inter alia, against IDBI Trusteeship Services Limited, SREI Venture Capital Limited, UBHL and KFIL in the Court of City Civil Judge in Bangalore, being O.S. No. 25877 of 2013 to enforce their alleged rights under the Release of Residual Interest Agreement dated 21st December, 2010 in respect of the aforesaid USL and KFA shares. The Consortium of Banks also filed Writ Petition No. 28577 of 2014 in the Hon'ble Karnataka High Court in respect of the pledged shares. On 10th June 2014, IDBI Trusteeship Services Limited transferred the pledged shares to IGCF who in turn sold 4,937,395 shares of and in United Spirits Limited held by UBHL and KFIL. By an order dated 20th June, 2014 in Writ Petition No. 28577 of 2014, India Global Competitive Fund has been ordered to deposit the surplus/balance sales proceeds from the aforesaid sale of shares in USL. The Company is defending the aforesaid Writ Petition No. 28577 of 2014, O.S. No. 25877 of 2013 and the ex-parte ad-interim orders passed therein.

The Statutory Auditors have drawn attention to the above matters in their Report.

14. The Company is defending recovery proceedings by the consortium of banks of KFA based on corporate guarantees, the validity of which is being contested. The company has filed in Bombay High Court, a suit seeking to declare the corporate guarantee null, void ab initio and non-est. The suit is still pending adjudication.

The company has filed a suit for damages against the aircraft engine manufacturers for supply of inherently defective engines, both in design and manufacture, to KFA. The suit is pending. However, the company is pursuing without prejudice, negotiations to try and

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settle the dispute amicably. Similarly, the company is pursuing without prejudice, negotiations with two of the creditors who have filed winding up petitions against the Company, to try and settle the disputes amicably. Two members of the Consortium of Bankers of KFA have assigned their debt to a Asset Reconstruction Company (ARC). The ARC is in discussion with the company for settlement of these loans.

Under direction of Court pending resolution of various disputes, amounts totalling Rs 794.38 crs are held as cash deposits.

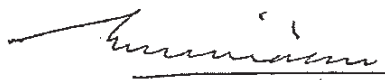
Due to embargo by the High Court of Karnataka, rentable commercial office space of 30,606 sq feet could not be leased out resulting in a potential loss of revenue. Also, high value residential units in Kingfisher Towers, could not be sold which has impacted the cash flow.

Further, the company has substantial assets to monetize in case of necessity.

Having regard to all the above facts, the financial statements for the year ended 31, March 2014 have been presented on principles applicable to Going Concern.

15. The Company along with other constituents of the UB Group has on 12th May, 2014, is a party to an agreement entered into between the UB Group and Adventz Group in respect of their respective shareholding in Mangalore Chemicals and Fertilizers Limited. Further, the company has also joined Zuari Fertilisers and Chemicals Limited in making a competing offer under Regulation 20 of SEBI (SAST) Regulations, 2011, as amended, for acquisition of up to 3,08,13,939 equity shares of Rs. 10 each from the public shareholders of Mangalore Chemicals and Fertilizers Limited by Zuari Fertilisers and Chemicals Limited (Acquirer) at a price of Rs. 68.55 per equity share. In terms of the agreement, Zuari Group has agreed to subscribe to all the shares that will be tendered in the competing offer and all financial obligations, costs, charges and expenses including payment of considerations to public shareholders in terms of the Takeover Regulations will be borne by the Zuari Group alone. Management control, however, will continue to be with UB Group. SEBI has issued its no objection for the Open Offer subject to receipt of approval from Competition Commission of India (CCI).
16. The Company has received tax opinion that amounts due from subsidiaries which have been written off, are tax admissible.
17. Previous year / period's figures have been re-grouped wherever necessary.

London
13th August, 2014


Chairman of the Board