



UNITED BREWERIES LIMITED

Registered Office: "UB TOWER",
UB CITY, 24, VITTAL MALLYA ROAD, BANGALORE – 560 001.

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS

(Approval of Scheme of Amalgamation)

Between

UB NIZAM BREWERIES PRIVATE LIMITED

And

UNITED BREWERIES LIMITED

Date : 23rd May, 2011

Day : Monday

Time : 11.00 a.m.

**Venue : Good Shepherd Auditorium
Opp. St. Joseph's Pre-university College
Residency Road, Bangalore-560 025.**

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**IN THE HIGH COURT OF KARNATAKA AT BANGALORE
(ORIGINAL JURISDICTION)**

IN THE MATTER OF COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF UNITED BREWERIES LIMITED

AND

IN THE MATTER OF SCHEME OF AMALGAMATION BETWEEN
**UB NIZAM BREWERIES PRIVATE LIMITED AND UNITED BREWERIES LIMITED AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.**

COMPANY APPLICATION NO. 394 OF 2011

UNITED BREWERIES LIMITED

"UB Tower", UB City,

24, Vittal Mallya Road, Bangalore - 560 001.

..... Applicant / Transferee Company

NOTICE CONVENING MEETING OF EQUITY SHAREHOLDERS

To,

The Equity Shareholders of **UNITED BREWERIES LIMITED ("the Applicant Company")**

TAKE NOTICE that by an Order made on 21st April, 2011 in the above Company Application, the Hon'ble High Court of Karnataka at Bangalore has directed that a separate meeting of the Equity Shareholders of **UNITED BREWERIES LIMITED**, the Applicant Company be convened and held at Good Shepherd Auditorium, Opp. St. Joseph's Pre-university College, Residency Road, Bangalore-560 025, on Monday, the 23rd day of May 2011 at 11.00 a.m., for the purpose of considering and if thought fit, approving, with or without modification(s) the Scheme of Amalgamation between UB Nizam Breweries Private Limited and United Breweries Limited.

TAKE FURTHER NOTICE that in pursuance of the said Order, a meeting of the Equity Shareholders of the Applicant Company will be held at Good Shepherd Auditorium, Opp. St. Joseph's Pre-university College, Residency Road, Bangalore-560 025, on Monday, the 23rd day of May 2011 at 11.00 a.m., when you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of the Applicant Company at "UB Tower", UB City, 24, Vittal Mallya Road, Bangalore-560 001 not later than 48 hours before the meeting.

The Hon'ble Court has appointed Dr. Vijay Mallya, Director of the Applicant Company and failing him, Mr. C Y Pal, Director of Applicant Company and failing him Mr. C L Jain, Director of the Applicant Company to be the Chairman of the meeting.

A copy each of the Scheme of Amalgamation, the Statement under Section 393 of the Companies Act, 1956 and Form of Proxy are enclosed.

Dated this the 27th day of April, 2011.

Registered Office:

"UB Tower", UB City,

24, Vittal Mallya Road,

Bangalore-560 001.

Sd/-

VIJAY MALLYA

(Chairman appointed for the meeting)

Note: All alterations made in the Form of Proxy should be initialed.

**IN THE HIGH COURT OF KARNATAKA AT BANGALORE
(ORIGINAL JURISDICTION)**

IN THE MATTER OF COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956

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IN THE MATTER OF UNITED BREWERIES LIMITED

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IN THE MATTER OF SCHEME OF AMALGAMATION BETWEEN
UB NIZAM BREWERIES PRIVATE LIMITED AND
UNITED BREWERIES LIMITED AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS,

COMPANY APPLICATION NO. 394 OF 2011

UNITED BREWERIES LIMITED

"UB Tower", UB City,
24, Vittal Mallya Road,
Bangalore - 560 001

..... Applicant / Transferee Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. This is an explanatory statement accompanying the Notice convening the meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors, as the case may be of **United Breweries Limited**, the Applicant Company, which have been convened pursuant to the directions of the Hon'ble High Court of Karnataka at Bangalore for the purposes of considering and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation ("Scheme" or "Scheme of Amalgamation") between UB Nizam Breweries Private Limited ("UB NIZAM or the Transferor Company") and United Breweries Limited ("UBL" or "the Applicant Company" or "the Transferee Company") and their respective shareholders and creditors.
2. The Applicant Company was incorporated on 13th day of May 1999 under the provisions of the Companies Act, 1956 under the name and style of UB Infrastructure Projects Limited. The name of the company was changed to UB Beer Limited with effect from 31st day of July 2001. The name of the company was further changed to United Breweries Limited with effect from 7th day of August 2002.
3. The Registered office of the Applicant Company is situated at "UB Tower", UB City, 24, Vittal Mallya Road, Bangalore-560 001.

4. The details of the share capital of the Applicant Company as on 31st March, 2010 is as follows:

Authorised Capital	Amount (Rs.)
300,000,000 Equity Shares of Re.1 each	300,000,000
25,000,000 Preference Shares of Rs.100 each	2,500,000,000
Total	2,800,000,000
Issued, Subscribed and Paid-up Capital	
240,048,255 Equity Shares of Re. 1 each fully paid-up	240,048,255
17,283,000 3% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up – Series A	1,728,300,000
7,407,000 3% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up – Series B	740,700,000
Total	2,709,048,255

Subsequent to March 31, 2010, upon sanction of the Scheme of Amalgamation between Associated Breweries and Distilleries Limited, Millennium Alcobev Private Limited, Empee Breweries Limited and United Breweries Limited and their respective shareholders and creditors by the Hon'ble High Courts of Karnataka and Madras respectively, the authorized, issued, subscribed and paid-up share capital of UBL has been changed as under:

Particulars	Amount (Rs.)
Authorized Capital	
2,420,000,000 Equity Shares of Re.1 each	2,420,000,000
27,540,000 Preference Shares of Rs.100 each	2,754,000,000
Total	5,174,000,000
Issued, Subscribed and Paid-up Capital	
254,544,938 Equity Shares of Re.1 each fully paid-up	254,544,938
17,283,000 3% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up – Series A	1,728,300,000
7,407,000 3% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up – Series B	740,700,000
Total	2,723,544,938

5. The Applicant Company is engaged in the business of manufacturing and sale of beer.
6. The main objects for which UBL has been established have been set out in its Memorandum of Association.
7. Summary of the audited financial statements of the Applicant Company for 3 years ended March 31, 2010, March 31, 2009 and March 31, 2008 is enclosed as Annexure 1. Further, the unaudited financial results published by the Applicant Company for three months ended December 31, 2010 is enclosed as Annexure 2.

8. UB NIZAM was incorporated on 14.09.2005 under the provisions of the Companies Act, 1956 as Pearl Breweries Private Limited. The name of the said Company was subsequently changed to Asia Pacific Breweries – Pearl Private Limited effective 29.09.2006 and thereafter to the current name UB Nizam Breweries Private Limited effective 21.05.2010.
9. The Registered Office of UB NIZAM is situated at "UB Tower, UB City, 24 Vital Mallya Road, Bangalore-560 001.
10. As on 31st March 2010 the authorised, issued, subscribed and paid-up share capital of UB NIZAM was as under:

Particulars	Amount (Rs.)
Authorized Capital	
64,000,000 Equity Shares of Rs.10 each	640,000,000
26,000,000 Preference Shares of Rs.10 each	260,000,000
Issued, Subscribed and Paid-up Capital	
48,010,000 Equity Shares of Rs.10 each fully paid-up	480,100,000
18,230,000 8% Fully Convertible Cumulative Preference Shares of Rs.10 each fully paid-up	182,300,000
Total	662,400,000

Subsequent to March 31, 2010, there has been no change in the share capital of UB NIZAM.

11. UB NIZAM is engaged in the business of manufacture and sale of beer.
12. The main objects for which UB NIZAM has been established have been set out in its Memorandum of Association.
13. Summary of the audited financial statements of UB NIZAM for 3 years ended March 31, 2010, March 31, 2009 and March 31, 2008 is enclosed as Annexure 3.
14. The Scheme envisages amalgamation of UB NIZAM with UBL.
15. Rationale for the Scheme of Amalgamation

UB NIZAM is engaged in manufacture and sale of beer. There is a need to consolidate the operations/ activities of UB NIZAM, the transferor company, to be carried out by a single entity so as to derive optimal administrative, management and synergy benefits and consequently achieve cost savings, pooling of managerial skills and utilization of valuable resources by carrying out operations in a single entity.

The main benefits inter alia, arising out of the Scheme are as under:

- The Scheme will enable creation of a larger entity and derive optimal management and synergy benefits. The proposed Scheme is expected to result in business synergies besides economies in cost by combining all the functions, related activities and operations resulting in higher profitability and benefits in the form of financial resources, managerial and technical expertise.

• The Scheme will enable cost saving, pooling of managerial skills and optimum utilization of valuable resources which will enhance the management focus thereby leading to higher profitability and enhancing shareholders' value.

• The Scheme will enable the brewing business to be carried out more conveniently and advantageously in manner that will enhance the Shareholder value.

• The Scheme will enable UBL to employ its resources optimally and derive higher economic benefits in its business.

• The Scheme will enable consolidation of assets and revenues in the combined entity and also achieve significant administrative efficiency.

16. Accordingly, the Board of Directors of the Applicant Company and UB NIZAM, in their respective board Meetings held on 10th February 2011, approved the Scheme of Amalgamation.

17. For determining the fair exchange ratios for the purpose of the Scheme of Amalgamation, the Board of Directors of the respective companies had appointed M/s. Grant Thornton India and M/s. SSPA & Co., as independent valuers. Based on their recommendations, the share exchange / swap ratio is decided as under:

"1 (One) fully paid-up equity share of UBL of Re.1 (Rupee One) each for every 454 (Four Hundred and Fifty Four) fully paid-up equity shares of UB NIZAM of Rs.10 (Rupees Ten) each."

"1 (One) fully paid-up equity share of UBL of Re.1 (Rupee One) each for every 454 (Four Hundred and Fifty Four) fully paid-up preference shares of UB NIZAM of Rs.10 (Rupees Ten) each."

18. Ambit Corporate Finance Pvt. Ltd., in their capacity of a Category-I Merchant Banker, has provided its fairness opinion on the share exchange / swap ratio recommended by the independent valuers. The fairness opinion inter alia states as under:

QUOTE

"5.1 We have reviewed the methodology along with the underlining assumptions, as stated above, to arrive at the fair values of the equity shares of UB Nizam and UBL for the purposes of recommending the share swap ratio.

5.2 We are of the opinion that the proposed share swap ratio for the proposed Merger of UB Nizam into UBL is fair & reasonable, as recommended by M/s. SSPA & Co. (Chartered Accountants) and M/s Grant Thornton, which is as under:

1 (One) equity share of UBL Re.1 each fully paid-up for every 454 (Four Fifty Four) equity shares of UB Nizam of Rs.10 each fully paid-up.

1 (One) equity share of UBL Re.1 each fully paid-up for every 454 (Four Fifty Four) preference shares of UB Nizam of Rs.10 each fully paid-up."

UNQUOTE

The above fairness opinion is available for inspection.

19. The pre and post amalgamation Shareholding pattern of the Applicant Company shall be as under:

	CATEGORY	PRE AMALGAMATION (AS ON 10.02.2011)		POST AMALGAMATION*	
		No. of shares held	% of holding	No. of shares held	% of holding
(A)	Shareholding of Promoters and Promoter Group				
	(1) Indian Promoters				
	(a) Individuals	21353620	8.39	21353620	8.38
	(b) Bodies Corporate	77130610	30.30	77276512	30.34
	Sub-Total (A)(1)	98484230	38.69	98630132	38.73
	(2) Foreign Promoters				
	(a) Bodies Corporate	89994960	35.36	89994960	35.33
	Sub-Total (A)(2)	89994960	35.36	89994960	35.33
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	188479190	74.05	188625092	74.06
(B)	Public Shareholding				
	(1) Institutions				
	(a) Mutual Funds/UTI	1822185	0.72	1822185	0.72
	(b) Financial Institutions/Banks	28380	0.01	28380	0.01
	(c) Central Government/State Government(s)	660	0.00	660	0.00
	(d) Insurance Companies	1702757	0.67	1702757	0.67
	(e) Foreign Institutional Investors	35812004	14.07	35812004	14.06
	Sub-Total (B)(1)	39365986	15.47	39365986	15.46
	(2) Non-Institutions				
	(a) Bodies Corporate	6094824	2.39	6094824	2.39
	(b) Individuals				
	i. Individual Shareholders holding nominal share capital up to Rs.1 lakh	12602618	4.95	12602618	4.95
	ii. Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	1035703	0.41	1035703	0.41
	(c) Any other				
	i. Trusts	6256174	2.46	6256174	2.46
	ii. NRI	648631	0.25	648631	0.25
	iii. Clearing Member	61812	0.02	61812	0.02
	Sub-Total (B)(2)	26699762	10.49	26699762	10.48
	Total Public Shareholding (B)=(B)(1)+(B)(2)	66065748	25.95	66065748	25.94
(C)	Shares held by Custodians and against which Depository Receipts have been issued.				
1	Promoter and Promoter Group	0	0.00	0	0.00
2	Public Shareholding	0	0.00	0	0.00
	Grand Total (A)+(B)+(C)	254544938	100.00	254690840	100.00

(*) The post Amalgamation shareholding is provisional and the exact number of shares to be issued shall depend on fractional entitlements and rounding off.

There will be no change in the shareholding of Cumulative Redeemable Preference Shares Post Amalgamation.

20. Post amalgamation (expected) capital structure of the Applicant Company will be as under:

Authorised Capital	Amount (Rs.)
3,060,000,000 Equity Shares of Re.1 each	3,060,000,000
30,140,000 Preference Shares of Rs.100 each	3,014,000,000
Total	6,074,000,000
Issued, Subscribed and Paid-up	
254,690,840 Equity Shares of Re.1 each fully paid-up	254,690,840
17,283,000 3% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up – Series A	1,728,300,000
7,407,000 3% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up – Series B	740,700,000
Total	2,723,690,840

21. The salient features of the Scheme are as follows:

- a) The Scheme shall come into effect from the Appointed Date mentioned herein but shall be operative from the Effective Date.
- b) "Appointed Date" means the 1st day of April 2010 or such other date as may be approved by the High Court of Karnataka.
- c) "Effective Date" means the last of the dates on which the certified copies of the order of the High Court of Karnataka sanctioning the Scheme is filed with the Registrar of Companies of Karnataka at Bangalore.
- d) Upon coming into effect of the Scheme and with effect from the Appointed Date and subject to the provisions of the Scheme, the entire business and whole of the undertaking of UB NIZAM as a going concern including all the debts, liabilities, duties and obligations shall under the provisions of Sections 391 to 394 of the Act and pursuant to the order of the High Court of Karnataka sanctioning this Scheme and without further act, instrument or deed be transferred and/or deemed to be transferred to and vested in UBL so as to become the properties and assets of UBL absolutely.
- e) Consideration
 - i. Upon coming into effect of the Scheme, and in consideration for the transfer of and vesting of the entire business and whole of the undertaking of UB NIZAM in UBL, UBL shall, without any application or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the shareholders of UB NIZAM holding fully paid-up shares in UB NIZAM and whose names appear in the register of members of UB NIZAM, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of UBL in the following proportion viz.:

"1 (One) fully paid equity share of UBL of Re. 1 (Rupee One) each for every 454 (Four Hundred and Fifty Four) fully paid equity shares of UB NIZAM of Rs.10 (Rupees Ten) each."

"1 (One) fully paid equity share of UBL of Re.1 (Rupee One) each for every 454 (Four Hundred and Fifty Four) fully paid preference shares of UB NIZAM of Rs.10 (Rupees Ten) each."
 - ii. The New Equity Shares to be issued to the shareholders of UB NIZAM (as per sub-clause 5.1 of the Scheme) shall be subject to the Memorandum and Articles of Association of UBL and shall rank pari passu with the existing equity shares of UBL in all respects including dividends.

- iii. The New Equity Shares of UBL to be issued to the shareholders of UB NIZAM (as per sub-clause 5.1 of the Scheme) shall be listed on all the stock exchanges on which the shares of UBL are listed as on the Effective Date.
- iv. In the event that UBL restructures its equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of any such corporate actions.

Other provisions of the Scheme

- f) On the Scheme becoming effective, UB NIZAM, the Transferor Company shall stand dissolved without any further act or deed or without being wound-up.
- g) Upon this Scheme becoming effective, the authorized share capital of UBL shall automatically stand increased without any further act, instrument or deed on the part of UBL including payment of stamp duty and fees payable to Registrar of Companies, by the authorized share capital of UB NIZAM, the Transferor Company aggregating to Rs.900,000,000 (Rupees nine hundred million) and the Memorandum of Association and Articles of Association of UBL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of UBL to the Scheme, shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Sections 16, 31, 94 and 394 and other applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duties and fees paid on the authorized share capital of UB NIZAM, the Transferor Company shall be utilized and applied to the increased authorized share capital of UBL and there would be no requirement for any further payment of stamp duty and/or fee by UBL for increase in the authorized share capital to that extent.
- h) During the pendency of the Scheme and up to the Effective Date, in case the authorised share capital of UBL has been increased, then, above provisions discussed in para 'g)' above (Clause 15.1 of the Scheme) shall be applied to the authorized share capital so increased, and the quantum of shares and share capital (stated in Clause 15.2 of the Scheme) shall stand modified accordingly.
- i) This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under the tax laws, including section 2(1B) and other relevant sections of the Income tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the Transferor Company and / or the Transferee Company, as the case may be, which power shall be exercised reasonably in the best interests of the companies concerned.
- j) Notwithstanding anything to the contrary contained in this Scheme, if any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the respective Transferor Company and UBL, affect the validity or implementation of the other parts and/or provisions of this Scheme.

Members and creditors are requested to read the entire text of the Scheme, annexed to this notice, to have a better understanding of the provisions thereof. As stated above, the aforesaid are only salient features of the Scheme.

22. The Scheme is subject to the sanction of the High Court of Karnataka, approval of shareholders, creditors of UB NIZAM and UBL and approval of other regulatory authorities such as, the Regional Director(s), Ministry / Department of Company Affairs and Official Liquidator(s).
23. The Applicant Company has received no objection to the Scheme of Amalgamation from Bombay Stock Exchange Limited, National Stock Exchange of India Limited and the Bangalore Stock Exchange Limited where the Equity Shares of the Applicant Company are listed.
24. The Scheme would be implemented upon pronouncement of the Orders of the High Court of Karnataka under provisions of Sections 391-394 of the Companies Act, 1956.
25. No investigation proceedings have been instituted or are pending under Section 235 to 250A of the Companies Act, 1956 in respect of the Applicant Company.
26. The rights and interests of the secured and unsecured creditors of the Applicant Company and UB NIZAM will not be prejudicially affected by the Scheme. The assets of UBL, post restructuring will exceed the liabilities and the consolidated / restructured UBL will continue to have a positive net worth. The rights and interests of the members and creditors of UB NIZAM and the Applicant Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is at all called from them nor are their rights sought to be modified in any manner.
27. In case the Scheme is not sanctioned by the High Court of Karnataka or in the event any of the consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme are not being obtained and / or the Scheme not being sanctioned by the High Court or such other competent authority and / or the order or orders not being passed as aforesaid, or for any other reason, the Scheme cannot be implemented, the Scheme shall become null and void, and the Applicant Company shall bear the entire cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.
28. The Directors of UB NIZAM and UBL may be deemed to be concerned and/or interested in the proposed Scheme to the extent of their shareholding in any of the above Companies or to the extent the said Directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the above Companies.
29. The extent of shareholding of the Directors of the Applicant Company in UB NIZAM and UBL either singly or jointly are as follows:

Sl. No.	Name of the Director	UB NIZAM	UBL
1.	Dr. Vijay Mallya	NIL	21353620
2.	Mr. Kalyan Ganguly	NIL	14690
3.	Mr. A K Ravi Nedungadi	NIL	NIL
4.	Mr. Guido de Boer	NIL	NIL
5.	Mr. Duco Reneiout Hooft Graafland	NIL	NIL
6.	Mr. Sijbe Hiemstra	NIL	NIL
7.	Mr. C Y Pal	NIL	1000
8.	Mr. Sunil K Alagh	NIL	NIL
9.	Mr. C L Jain	NIL	NIL
10.	Ms. Kiran Mazumdar Shaw	NIL	NIL
11.	Mr. Madhav Bhatkuly	NIL	NIL
12.	Mr. Stephan Gerlich	NIL	NIL

30. The extent of shareholding of the Directors of UB NIZAM in UB NIZAM and UBL either singly or jointly are as follows:

Sl. No.	Name of the Director	UB NIZAM	UBL
1.	Mr. Ernst Willem Arnold van de Weert	NIL	NIL
2.	Mr. Kenneth Choo Tay Sian	NIL	NIL
3.	Mr. Anand K Chaurasia	NIL	NIL

31. Inspection of the following documents may be had at the Registered Office of the Applicant Company on any working day (except Saturday) till 22nd May, 2011, between 9.30 a.m. to 5.30 p.m.
- Order dated 21st day of April, 2011 of the Hon'ble High Court of Karnataka at Bangalore, directing the convening of the meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Applicant Company.
 - Scheme of Amalgamation.
 - Memorandum and Articles of Association of UB NIZAM and UBL.
 - The Audited Accounts of UB NIZAM and UBL for three previous financial years ended March 31, 2010, March 31, 2009 and March 31, 2008.
 - Valuation Report of M/s. Grant Thornton, India and M/s. SSPA & Co., independent valuers on the share exchange ratio.
 - Fairness Opinion issued by Ambit Corporate Finance Pvt. Ltd. on the reports of the independent valuation experts.
 - The letters of No Objection received from Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Bangalore Stock Exchange Limited.

There are no other material developments that would affect the financial statements of the Applicant Company after the balance sheet date.

This statement may be treated as an Explanatory Statement under Section 393 and such other applicable provisions, if any, of the Companies Act. A copy of the Scheme and Explanatory Statement may be obtained from the Registered Office of the Applicant Company.

Sd/-

VIJAY MALLYA

(Chairman appointed for the meeting)

Dated this 27th day of April, 2011.

Annexure 1

**SUMMARY OF AUDITED FINANCIAL STATEMENTS OF UNITED BREWERIES LIMITED FOR
THE 3 YEARS ENDED MARCH 31, 2010.**

Balance Sheet

(Rs. in Thousands)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sources of Funds			
Shareholder's funds			
Equity share capital	240,048	240,048	216,043
Preference share capital	2,469,000	2,469,000	2,469,000
Reserves and surplus	8,888,712	8,106,431	3,427,554
Loan funds			
Secured	4,960,341	4,410,559	4,538,387
Unsecured	1,753,006	1,753,006	809,985
Deferred Credit	—	—	—
Deferred Tax Liabilities	216,306	173,122	90,302
Total	18,527,413	17,152,166	11,551,271
Application of Funds			
Fixed Assets	8,383,207	7,842,938	7,177,980
Investments	1,530,699	1,940,957	1,040,709
Deferred Tax Assets	—	—	—
Net Current Assets	8,613,507	7,368,271	3,332,582
Miscellaneous Expenditure	—	—	—
Profit and Loss Account	—	—	—
Total	18,527,413	17,152,166	11,551,271

Profit & Loss Account

(Rs. in Thousands)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
INCOME			
Sales & Services	19,974,494	16,982,709	13,690,611
Other Income	776,834	492,991	257,948
Total	20,751,328	17,475,700	13,948,559
EXPENDITURE			
Cost of Sales	12,171,636	10,472,894	8,611,492
Other Expenses	5,630,706	4,327,570	3,364,369
Interest	555,006	896,377	428,282
Deferred Revenue Expenses	—	—	—
Depreciation	882,692	762,150	612,276
Total	19,240,040	16,458,991	13,016,419
Net profit / (loss) before non recurring items and Taxation	1,511,288	1,016,709	932,140
Non recurring Item	—	—	—
Profit / Loss for the year after non recurring item and Before Taxation	1,511,288	1,016,709	932,140
Provision for taxation – Current	(498,395)	(294,549)	(264,889)
Fringe Benefit Tax	—	(14,400)	(12,000)
Deferred tax liability	(43,184)	(82,820)	(30,526)
Profit / Loss for the year after Taxation	969,709	624,940	624,725
Dividend on Preference Shares @ 3%	(74,070)	(74,070)	(74,070)
Tax on distributed profits	(12,588)	(12,588)	(12,588)
Transfer to General Reserve	100,000	65,000	—
Loss brought forward from previous year	—	—	—
Balance carried to Balance Sheet	682,281	389,028	538,067

Annexure 2

**UNAUDITED FINANCIAL RESULTS OF UNITED BREWERIES LIMITED
FOR THREE MONTHS ENDED DECEMBER 31, 2010**

(Rs. in Thousands)

Particulars	Three months ended December 31, 2010
INCOME	
Net Sales	19,391,880
Other Income	522,111
EXPENDITURE	
Cost of Sales	11,476,755
Other expenses	5,379,582
Interest	401,509
Deferred Revenue Expenses	—
Depreciation	717,810
Profit for the quarter before non recurring Items and Taxation	1,938,335
Non recurring Item	—
Profit / Loss for the quarter after non recurring Item and Before Taxation	1,938,335
Provision for taxation (including deferred taxation)	(659,328)
Profit for the quarter after taxation	1,279,007

Annexure 3

**SUMMARY OF AUDITED FINANCIAL STATEMENTS OF
UB NIZAM BREWERIES PRIVATE LIMITED FOR THE 3 YEARS ENDED MARCH 31, 2010**

Balance Sheet

(Rs. in Thousands)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sources of Funds			
Shareholder's funds			
Equity share capital	480100	205000	155000
Preference share capital	182300	257400	257400
Share application money	—	107100	—
Reserves and surplus	—	—	—
Loan funds			
Secured	—	463592	360000
Unsecured	813587	181640	130215
Deferred Credit	—	—	—
Deferred Tax Liabilities	—	—	—
Total	1475987	1214732	902615
Application of Funds			
Fixed Assets	788380	822210	840979
Investments	—	—	—
Deferred Tax Assets	—	—	—
Net Current Assets	74175	12705	(19637)
Miscellaneous Expenditure	—	—	—
Profit and Loss Account	613432	379817	81273
Total	1475987	1214732	902615

Profit & Loss Account

(Rs. in Thousands)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
INCOME			
Sales	198275	138842	22678
Other Income	11651	3226	941
Total	209926	142068	23619
EXPENDITURE			
Cost of Sales	334815	326167	71001
Other Expenses			
Interest	70890	71329	8291
Deferred Revenue Expenses	—	—	—
Depreciation	37835	41635	8396
Total	443540	439131	87688
Net profit / (loss) before non recurring items and Taxation	(233614)	(297063)	(64069)
Non recurring Item	—	—	—
Profit / Loss for the year after non recurring item and Before Taxation	(233614)	(297063)	(64069)
Provision for taxation – Current	—	(1482)	(938)
Deferred tax credit	—	—	—
Profit / Loss for the year after Taxation	(233614)	(298545)	(65007)
Loss brought forward from previous year	(379817)	(81273)	(16266)
Balance carried to Balance Sheet	(613432)	(379817)	(81273)

SCHEME OF AMALGAMATION
BETWEEN
UB NIZAM BREWERIES PRIVATE LIMITED
AND
UNITED BREWERIES LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
UNDER SECTIONS 391 TO 394 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 1956

This Scheme of Amalgamation ("the Scheme") is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 for amalgamation of UB Nizam Breweries Private Limited with United Breweries Limited.

Introduction

Transferor Company

UB Nizam Breweries Private Limited or "UBNB" is a company incorporated under the Companies Act, 1956 and having its Registered Office at 'UB Tower', UB City, 24, Vittal Mallya Road, Bangalore, Karnataka - 560 001. UBNB is engaged in the business of manufacture and sale of beer.

Transferee Company

United Breweries Limited or "UBL" is a company incorporated under the Companies Act, 1956 and having its Registered Office at 'UB Tower', UB City, 24, Vittal Mallya Road, Bangalore, Karnataka - 560 001. UBL is engaged in the business of manufacture and sale of beer.

Rationale for the Scheme

The circumstances that have necessitated the Scheme are as under:

UBNB is engaged in manufacture and sale of beer. There is a need to consolidate the operations / activities of this company to be carried out by a single entity so as to derive optimal administrative, management and synergy benefits and consequently achieve cost savings, pooling of managerial skills and utilization of valuable resources by carrying out operations in a single entity.

Objectives of the Scheme

The main benefits inter alia, arising out of the Scheme are as under:

- The Scheme will enable creation of a larger entity and derive optimal management and synergy benefits. The proposed Scheme is expected to result in business synergies besides economies in cost by combining all the functions, related activities and operations resulting in higher profitability and benefits in the form of financial resources, managerial and technical expertise.
- The Scheme will enable cost saving, pooling of managerial skills and optimum utilization of valuable resources which will enhance the management focus thereby leading to higher profitability and enhancing shareholders' value.

- The Scheme will enable the brewing business to be carried out more conveniently and advantageously in a manner that will enhance the Shareholder value.
- The Scheme will enable UBL to employ its resources optimally and derive higher economic benefits in its business.
- Scheme will enable consolidation of assets and revenues in the combined entity and also achieve significant administrative efficiency.

1. Definitions

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 **"Act" or "the Act"** means the Companies Act, 1956 or any statutory modifications, amendments or re-enactment thereof for the time being in force.
- 1.2 **"Appointed Date"** means the 1st day of April 2010 or such other date as may be approved by the High Court.
- 1.3 **"Effective Date"** means date on which the certified copies of the order of the High Court sanctioning the Scheme is filed with the Registrar of Companies at Bangalore.
Any references in this Scheme to "upon this Scheme becoming effective" or "upon coming into effect of this Scheme" or "upon the Scheme coming into effect" shall mean the Effective Date.
- 1.4 **"High Court(s)" or "the High Court(s)"** means the Karnataka High Court or the National Company Law Tribunal, as applicable.
- 1.5 **"Record Date"** means the date to be fixed by the Board of Directors of UBL for the purposes of issue and allotment of equity shares of UBL to the shareholders of UBNB, under the Scheme upon amalgamation of UBNB into UBL.
- 1.6 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Amalgamation in its present form or with any modification(s) made under Clause 19 of this Scheme as approved or directed by the Karnataka High Court or any other appropriate authority.
- 1.7 **"Share Exchange Ratio"** means the ratio in which equity shares of the Transferee Company are to be issued and allotted to the shareholders of UBNB under Clause 5;
- 1.8 **"UBL" or "the Transferee Company"** means United Breweries Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 'UB Tower', UB City, 24, Vittal Mallya Road, Bangalore-560 001, Karnataka.
- 1.9 **"UBNB" or "the Transferor Company"** means UB Nizam Breweries Private Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 'UB Tower', UB City, 24, Vittal Mallya Road, Bangalore-560 001, Karnataka.

The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act and / or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time. In particular, wherever reference is

made to the High Court in this Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal or such other forum or authority, as may be vested with any of the powers of a High Court under the Act.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme shall be effective from the Appointed Date mentioned herein but shall be operative from the Effective Date.

3. SHARE CAPITAL

3.1 The share capital of UBNB as at March 31, 2010 is as under:

Particulars	Amount (Rs.)
Authorised Capital	
64,000,000 Equity Shares of Rs.10 each	640,000,000
26,000,000 Preference Shares of Rs.10 each	260,000,000
Issued, Subscribed and Paid-up Capital	
48,010,000 Equity Shares of Rs.10 each fully paid-up	480,100,000
18,230,000 8% Fully Convertible Cumulative Preference Shares of Rs.10 each fully paid-up	182,300,000
Total	662,400,000

Subsequent to March 31, 2010, and up to the date of approval of this Scheme by the Board of UBNB, there has been no change in the share capital of UBNB.

3.2 The share capital of UBL as at March 31, 2010 is as under:

Particulars	Amount (Rs.)
Authorized Capital	
300,000,000 Equity Shares of Re.1 each	300,000,000
25,000,000 Preference Shares of Rs.100 each	2,500,000,000
Total	2,800,000,000
Issued, Subscribed and Paid-up Capital	
240,048,255 Equity Shares of Re.1 each fully paid- up	240,048,255
17,283,000 3% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up – Series A	1,728,300,000
7,407,000 3% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up – Series B	740,700,000
Total	2,709,048,255

Subsequent to March 31, 2010, upon sanction of the Scheme of Amalgamation between Associated Breweries and Distilleries Limited, Millennium Alcobev Private Limited, Empee Breweries Limited and United Breweries Limited and their respective shareholders and creditors, the authorized, issued, subscribed and paid-up share capital of UBL has been changed as under:

Particulars	Amount (Rs.)
Authorised Capital	
2,420,000,000 Equity Shares of Re.1 each	2,420,000,000
27,540,000 Preference Shares of Rs.100 each	2,754,000,000
Total	5,174,000,000
Issued, Subscribed and Paid-up Capital	
254,544,938 Equity Shares of Re.1 each fully paid-up	254,544,938
17,283,000 3% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up – Series A	1,728,300,000
7,407,000 3% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up – Series B	740,700,000
Total	2,723,544,938

4. TRANSFER AND VESTING OF UBNB

- 4.1 Upon coming into effect of the Scheme and with effect from the Appointed Date the entire business and whole of the undertaking of UBNB (including but not limited to breweries owned by UBNB described in Schedule 1 hereto) as a going concern including all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets (whether movable or immovable, tangible or intangible, corporeal or incorporeal of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and / or in the control of or vested in or granted in favour of or enjoyed by UBNB) including industrial and other licences (including those issued by any state government), permits, quotas, approvals, import entitlements, excise licences (including state excise licences) and registrations, lease, tenancy rights in relation to office and residential properties, permissions, investments, buildings, plant and machinery, office equipments, vehicles, incentives if any, and all other rights, title, interests, labels and brand registrations, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, contracts, agreements, consent, approvals or powers of every kind nature and description whatsoever and all deposits and or moneys paid or received by UBNB in connection with or relating to the undertaking and all necessary records, files, papers, engineering and process information, computer programs, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records in connection with or relating to the undertaking shall under the provisions of Sections 391 to 394 of the Act and pursuant to the orders of the High Court sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in UBL so as to become the properties and assets of UBL absolutely.
- 4.2 All the moveable assets including cash in hand of UBNB capable of being passed by manual delivery or by endorsement shall be physically handed over by manual delivery or endorsement and delivery, to the end and intent that the ownership and property therein passes to UBL on such handing over in pursuance of the provisions of Section 394 of the Act.

4.3 In respect of any assets, other than those referred to in sub-clause 4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, the following *modus operandi* for intimating to third parties shall, to the extent possible, be followed:

- a) UBL shall give notice in such form as it may deem fit and proper to each party, debtor or depositor of UBNB as the case may be, that pursuant to the Scheme coming into effect, the said debt, loan, advances, etc. be paid or made good or held on account of UBL as the person entitled thereto, to the end and intent that the right of UBNB to recover or realise the same shall vest in UBL.
- b) UBNB may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the Scheme coming into effect, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to the account of UBL and that the right of UBL to recover or realise the same is in substitution of the right of UBNB.

4.4 Upon coming into effect of this Scheme, and with effect from the Appointed Date all debts, liabilities, duties and obligations of any kind, nature or description (including contingent liabilities) of UBNB shall, without any further act or deed be and stand transferred to UBL to the extent that they are outstanding and on the same terms and conditions as applicable to UBNB, and shall become the debts, liabilities, loans, duties and obligations of UBL which shall meet, discharge and satisfy the same and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of any of the liabilities which have arisen in order to give effect to the provisions of this clause.

Provided that notwithstanding anything contained in any document, papers or writings executed by UBNB, this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to UBNB which shall vest in UBL by virtue of the Scheme and UBL shall not be obliged to create any further, or additional security therefore as a condition for approval of the Scheme, after the Scheme has become effective or otherwise.

4.5 All statutory licences (including any licences issued by any state governments under any law), permissions, approvals or consents to carry on the operations of UBNB shall stand vested in or transferred to UBL without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favour of UBL upon the vesting and transfer of the undertaking of UBNB pursuant to this Scheme. The benefit of all statutory and regulatory permissions, including factory licences, environmental approvals and consents, sales tax registrations or other licences and consents shall vest in and become available to UBL pursuant to this Scheme. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by UBNB as the case may be, are concerned, the same shall vest with and be available to UBL on the same terms and conditions.

4.6 Without prejudice to the above provisions, with effect from the Appointed Date, all inter-party transactions between UBNB and UBL shall be considered as intra-party transactions for all purposes from the Appointed Date.

4.7 Business of UBNB shall be carried on by UBL post amalgamation.

5. CONSIDERATION

5.1 Upon coming into effect of the Scheme, and in consideration for the transfer of and vesting of the entire business and whole of the undertaking of UBNB in UBL, UBL shall, without any application or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the shareholders of UBNB holding fully paid-up shares in UBNB and whose names appear in the register of members of UBNB, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of UBL in the following proportion viz.:

“1 (One) fully paid equity share of UBL of Re. 1 (Rupee One) each for every 454 (Four Hundred and Fifty Four) fully paid equity shares of UBNB of Rs.10 (Rupees Ten) each.”

“1 (One) fully paid equity share of UBL of Re.1 (Rupee One) each for every 454 (Four Hundred and Fifty Four) fully paid preference shares of UBNB of Rs.10 (Rupees Ten) each.”

5.2 Upon Equity Shares being issued and allotted by UBL to the shareholders of UBNB in accordance with sub-clause 5.1 (hereinafter referred to as “New Equity Shares”), the share certificates in relation to the shares held by the said shareholders in UBNB shall be deemed to have been cancelled and extinguished without any further act or deed on behalf of the shareholders and be of no effect on and from such issue and allotment.

5.3 In case of any shareholder of UBNB being entitled to fractional shares as per the Share Exchange Ratio, the same shall be rounded off to the nearest whole number.

5.4 The New Equity Shares to be issued to the shareholders of UBNB as per sub-clause 5.1 shall be subject to the Memorandum and Articles of Association of UBL and shall rank pari passu with the existing equity shares of UBL in all respects including dividends.

5.5 In so far as the issue of equity shares by UBL pursuant to this Scheme, each of the shareholders of the UBNB holding shares in physical form shall have the option, exercisable by notice in writing by them to UBL on or before the Record Date, to receive, the equity shares of UBL either in certificate form or in dematerialised form, in lieu of their shares in UBNB in accordance with the terms hereof. In the event that such notice has not been received by UBL in respect of any of the members of UBNB, the shares of UBL shall be issued to such members in physical form. Those of the members of UBNB who exercise the option to receive the shares in dematerialized form shall be required to have an account with a depository participant and shall provide full details thereof and such other confirmations as may be required in the notice provided by such shareholder to UBL. It is only thereupon that UBL shall issue and directly credit the demat/dematerialised securities account of such member with the equity shares of UBL. The physical share certificates representing the equity shares of UBL shall stand automatically and irrevocably cancelled on the issue of equity shares by UBL in terms of this Scheme.

5.6 The New Equity Shares of UBL to be issued to the shareholders of UBNB as per sub-clause 5.1 shall be listed on all the stock exchanges on which the shares of UBL are listed as on the Effective Date.

5.7 UBL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of Equity Shares to the shareholders of UBNB under the Scheme.

- 5.8 The Issue and allotment of New Equity Shares to the shareholders of UBNB as per sub-clause 5.1, shall be deemed to be made in compliance with the procedure laid down under Section 81 (1A) and any other provisions of the Act.
- 5.9 Where equity shares of UBL are to be allotted to heirs, executors or administrators or, as the case may be, to successors of deceased shareholders of UBNB, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of UBL.
- 5.10 In the event that UBL restructures its equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of any such corporate actions.

6. ACCOUNTING TREATMENT IN THE BOOKS OF UBL

On Scheme becoming effective, UBL shall account for amalgamation of UBNB with UBL in its books of account with effect from the Appointed Date as under:

- 6.1 Amalgamation of UBNB with UBL shall be accounted for in the books of account of UBL in accordance with 'Pooling of Interests Method' of accounting as per Accounting Standard 14 one of the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956.
- 6.2 UBL shall credit the aggregate face value of the Equity Shares of UBL issued by it to the shareholders of UBNB pursuant to sub-clause 5.1 of the Scheme to Share Capital Account.
- 6.3 The inter-corporate investments, inter-corporate deposits / loans and advances outstanding between UBL and UBNB will stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 6.4 It is intended to ensure that the financial statements of UBL reflect the financial position on the basis of consistent accounting policy. In case of any differences in accounting policy between UBL and UBNB, the accounting policies followed by UBL will prevail and the difference as on the Appointed Date will be quantified and such difference shall be adjusted to the Profit and Loss Account of UBL.
- 6.5 Any difference arising after recording the assets and liabilities of UBNB as per sub-clause 6.1 above and after giving effect to sub-clauses 6.2, and 6.3 above together with any / all costs and expenses incurred as per Clause 21 in connection with the Scheme and to put it into operation, including expenses in connection with excise and label re-registrations, all advisory fees, stamp duty charges, meeting expenses, professional fees, consultant fees and expenses and any other expenses or charges attributable to the implementation of the Scheme shall be adjusted to Capital Reserve Account in the books of UBL.

7. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

- 7.1 With effect from the Appointed Date and upto the Effective Date,
- i) The Transferor Company shall carry on and be deemed to have carried on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of its entire business and undertaking for and on behalf of and in trust for UBL;

- ii) All the profits or income accruing or arising to the Transferor Company or expenditure or losses incurred by the Transferor Company shall for all purposes be treated and deemed to be the profits or Income or expenditure or losses (as the case may be) of UBL;
- iii) It is clarified that any advance tax paid / TDS credits / TDS certificates received by the Transferor Company shall be deemed to be the advance tax paid by / TDS credit / TDS certificate of the Transferee Company;
- iv) The Transferor Company shall carry on its business and activities with reasonable diligence and business prudence and shall not venture into / expand any new businesses, invest in shares, etc, alienate, charge, mortgage/ encumber or otherwise deal with the significant assets or any part thereof except in the ordinary course of business without the prior written consent of UBL;
- v) The Transferor Company shall not utilize the profits or income, if any, for the purpose of declaring or paying any dividend or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of UBL;
- vi) The Transferor Company shall not without the prior written consent of UBL, except as contemplated under the Scheme, issue or allot any further securities, either by way of rights or bonus or otherwise;
- vii) For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Transferor Company to issue new equity shares during the pendency of the Scheme until the Effective Date provided that the issue of new equity shares do not result in alteration of the aggregate number of New Equity Shares to be issued by UBL under this Scheme;
- viii) UBL may issue or allot any further securities during the pendency of the Scheme until the Effective Date provided that such issue of new securities does not result in alteration of the Share Exchange Ratio;
- ix) UBL shall be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, Union Territories and all other concerned agencies, departments and authorities (statutory or otherwise) under any law for such consents, approvals and sanctions, which UBL may require to carry on the business of the Transferor Company.

8. STAFF, WORKMEN & EMPLOYEES

- 8.1 On the Scheme becoming operative, all staff, workmen and employees of the Transferor Company shall stand transferred to and become the employees of UBL, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with UBL shall not be less favourable than those applicable to them with reference to the Transferor Company immediately preceding the transfer.
- 8.2 As far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other special fund created or existing for the benefit of such permanent employees of the Transferor Company are concerned, on and from the Effective Date, UBL shall stand substituted for the Transferor Company for all the purposes whatsoever related to administration or operation of such Funds in accordance with

provisions of such Funds according to the terms provided in the respective trust deeds or other documents. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such Funds shall become those of UBL. It is clarified that the services of such permanent employees of the Transferor Company will be treated as having been continuous and not interrupted for the purposes of such Funds.

9. LEGAL PROCEEDINGS

If any suit, appeal, legal or other proceeding of whatever nature by or against the Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal, legal or other proceedings may be continued, prosecuted and enforced by or against UBL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made. On and from Effective Date, UBL shall and may, if required, initiate any legal proceeding in relation to the Transferor Company in the same manner and to same extent as would or might have been initiated by the Transferor Company.

10. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements for tenancies, arrangements and other instruments of whatsoever nature to which the Transferor Company is party, or the benefit to which the Transferor Company is / may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favour of UBL and may be enforced as fully and effectively as if instead of the Transferor Company, UBL had been a party or beneficiary thereto from inception. UBL shall enter into and/or issue and/or execute deeds, writings or confirmation or enter into any tripartite agreement, confirmations or novations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. Further, UBL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

11. SAVING OF CONCLUDED TRANSACTIONS

The transfer of undertaking of the Transferor Company pursuant to this Scheme, and the continuance of proceedings by or against the Transferor Company under Clause 9 above shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date till the Effective Date, to the end and intent that UBL accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of UBL.

12. DISSOLUTION OF THE TRANSFEROR COMPANY

On the Scheme becoming effective, the Transferor Company shall stand dissolved without any further act or deed or without being wound-up.

13. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of the Scheme, the resolutions of the Transferor Company as are considered necessary by the Board of Directors of UBL which are validly subsisting be considered as resolutions of UBL. If any such resolutions have any monetary limits approved under the provisions of the Act or of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of Directors of UBL, shall be added to the limits, if any, under the like resolutions passed by UBL.

14. DIVIDEND

For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent UBL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the respective record date for the purpose of dividend.

In the event that UBL declares any dividend between the date of filing of the Scheme and the Record Date, then in such event, the shareholders of the Transferor Company who are entitled to receive shares of the Transferee Company pursuant to Clause 5 (the shareholders of Transferor Company) shall, on the Record Date, also be eligible to receive an amount representing such dividend proportionate to the shares they are entitled to receive. For this purpose, the Transferee Company shall, at the time of declaration of dividend to its shareholders as aforesaid, reserve the amount required for payment of dividend to the Transferor Company shareholders. The Board of Directors of the Transferee Company will declare the aforesaid reserved amount as dividend to the Transferor Company Shareholders after the Record Date and the amount set apart will be appropriated towards such declaration. For the avoidance of doubt it is clarified that no interest shall be payable by the Transferee Company to the Transferor Company Shareholders in relation to such amount to be applied towards payment of such dividend.

The Transferor Company shall not make any declaration of dividend between the date of filing of this Scheme and the Effective Date. Until the coming into effect of this Scheme, the holders of equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing respective rights under their respective Articles of Association.

It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

15. COMBINATION OF AUTHORISED CAPITAL

- 15.1 Upon this Scheme becoming effective, the authorized share capital of UBL shall automatically stand increased without any further act, instrument or deed on the part of UBL including payment of stamp duty and fees payable to Registrar of Companies, by the authorized share capital of the Transferor Company amounting to 900,000,000 and the Memorandum of Association and Articles of Association of UBL (relating to the authorized share capital) shall, without any further act, instrument or deed,

stand altered; modified and amended, and the consent of the shareholders of UBL to the same, shall be deemed to be sufficient for the purposes of effecting this amendment, and no resolution(s) under Sections 16, 31, 94 and 394 and other applicable provisions of the Act shall be required to be separately passed, as the case may be and for this purpose the stamp duties and fees paid on the authorized share capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of UBL and there would be no requirement for any further payment of stamp duty and/or fee by UBL for increase in the authorized share capital to that extent.

Pursuant to the Scheme becoming effective and consequent amalgamation of the Transferor Company into UBL, the authorized share capital of UBL will be as under (based on the authorized share capital of UBL upon sanction of the Scheme of Amalgamation between Associated Breweries and Distilleries Limited, Millennium Alcobev Private Limited, Empee Breweries Limited and United Breweries Limited):

Particulars	Amount (Rs)
Authorized share capital	
3,060,000,000 Equity shares of Re.1/- each	3,060,000,000
30,140,000 Preference Shares of Rs.100/- each	3,014,000,000
TOTAL	6,074,000,000

It is clarified that the approval of the members of UBL to the Scheme shall be deemed to be their consent / approval also to the amendment of the Memorandum of Association of UBL as may be required under the Act, and Clause V of the Memorandum of Association and Article 3 of the Articles of Association of UBL shall stand substituted by virtue of the Scheme to read as follows:

Clause V of the Memorandum of Association of UBL –

The Authorised Share Capital of the Company is Rs.6,074,000,000 (Rupees six thousand seventy four million) divided into 3,060,000,000 (three thousand sixty million) Equity Shares of Re.1/- each and 30,140,000 (thirty million one hundred and forty thousand) Preference Shares of Rs.100/- each.

Article 3 of the Articles of Association of UBL–

The Authorised Share Capital of the Company is Rs. 6,074,000,000 (Rupees six thousand seventy four million) divided into 3,060,000,000 (three thousand sixty million) Equity Shares of Re 1/- each and 30,140,000 (thirty million one hundred and forty thousand) Preference Shares of Rs.100/- each.

During the pendency of the Scheme and up to the Effective Date, in case the authorised share capital of UBL has been enhanced, then, provisions of sub-clause 15.1 above shall be applied to the authorized share capital so enhanced, and the quantum of shares and share capital stated in sub-clause 15.2 above shall stand modified accordingly.

APPLICATION TO HIGH COURT OR SUCH OTHER COMPETENT AUTHORITY

The Transferor Company and UBL shall make applications / petitions under Sections 391 to 394 and other applicable provisions of the Act to the High Court or such other appropriate authority for sanction of this Scheme and for dissolution of the Transferor Company without winding-up under the provisions of law.

17. CONSEQUENTIAL MATTERS RELATING TO TAX AND COMPLIANCE WITH LAW

- 17.1** Upon the Scheme coming into effect, all taxes / cess / duties payable by or on behalf of the Transferor Company upto the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with the revenue authorities and including the right of carry forward of accumulated losses, if any, shall, for all purposes, be treated as the tax / cess / duty, liabilities or refunds, claims and accumulated losses of the Transferee Company.
- 17.2** Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its income-tax returns, sales tax returns, excise & CENVAT returns, state excise returns, service tax returns, other tax returns, and to restore as input credit of service tax adjusted earlier or claim refunds / credits.
- 17.3** The Transferee Company is also expressly permitted to claim refunds, credits, including restoration of input CENVAT credit (including state excise credit), tax deduction in respect of nullifying of any transaction between or amongst the Transferor Company and Transferee Company.
- 17.4** In accordance with the Cenvat Credit Rules framed under Central Excise Act, 1944, and credit if any under the relevant state excise laws, as are prevalent on the Effective Date, the unutilised credits relating to excise duties (including state excise) paid on inputs / capital goods / input services lying in the accounts of the undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilised credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilised credits against the excise duty / service tax payable by it.
- 17.5** This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under the tax laws, including section 2(1B) and other relevant sections of the Income tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the Transferor Company and / or the Transferee Company, as the case may be, which power shall be exercised reasonably in the best interests of the companies concerned.
- 17.6** Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its financial statements to give effect to the amalgamation of the Transferor Company pursuant to the provisions of the Scheme.

18. SCHEME CONDITIONAL ON APPROVAL / SANCTIONS

The Scheme is conditional upon and subject to the following:

- i) The Scheme being approved by the respective requisite majorities of the members and creditors of UBL and Transferor Company as may be directed by the High Court and/or any other competent authority and it being sanctioned by such High Court and/or any other competent authorities, as may be applicable under Section 391 to 394 of the Act.

- ii) All sanctions and approvals as may be required by law in respect of this Scheme being obtained.
- iii) Certified or authenticated copies of the Order of the High Court or such other competent authority, as may be applicable, sanctioning the Scheme being filed with the relevant Registrar of Companies.

19. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 19.1 On behalf of the Transferor Company and UBL, the Board of Directors of respective companies, may consent, on behalf of all persons concerned, to any modifications or amendments of the Scheme and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the High Court(s) or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.
- 19.2 For the purpose of giving effect to this Scheme or to any modification thereof the Board of Directors of UBL may give and are authorised to give such directions including directions for settling any question of doubt or difficulty that may arise.

20. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding Clause 18 not being obtained and / or the Scheme not being sanctioned by the any of the High Court or such other competent authority and / or the order or orders not being passed as aforesaid, or for any other reason, the Scheme cannot be implemented, the Scheme shall become null and void, and each company herein shall bear its respective cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.

Notwithstanding anything to the contrary contained in this Scheme, if any provision(s) of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of UBNB and UBL, affect the validity or implementation of the other provisions of this Scheme.

21. COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and UBL arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto, shall be borne by UBL.

SCHEDULE 1 Breweries owned by UBNB

Sl. No.	Name and Address of the Brewery
1	UB Nizam Breweries Private Limited Survey No. 294/1, 294/2, APJIC Park, Kothlapur Village, Sangareddy Mandal, Medak District, Andhra Pradesh - 502 295.

**IN THE HIGH COURT OF KARNATAKA AT BANGALORE
(ORIGINAL JURISDICTION)**

IN THE MATTER OF COMPANIES ACT, 1956
AND

IN THE MATTER OF SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956
AND

IN THE MATTER OF UNITED BREWERIES LIMITED
AND

IN THE MATTER OF SCHEME OF AMALGAMATION BETWEEN
UB NIZAM BREWERIES PRIVATE LIMITED AND UNITED BREWERIES LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

COMPANY APPLICATION NO. 394 OF 2011

UNITED BREWERIES LIMITED

"UB Tower", UB City,
24, Vittal Mallya Road, Bangalore – 560 001.

..... Applicant / Transferee Company

FORM OF PROXY

I (We), the undersigned Equity Shareholder(s) of the above Company, hereby appoint _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the Equity Shareholders of the Applicant Company to be held at **Good Shepherd Auditorium, Opp. St. Joseph's Pre-university College, Residency Road, Bangalore-560 025, on Monday, the 23rd day of May 2011 at 11.00 a.m.**, for the purpose of considering and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation between UB Nizam Breweries Private Limited and United Breweries Limited and their respective shareholders and creditors at such meeting and any adjournment thereof, to vote for me/us and in my/our name _____ (here, if for, insert "**for**", and if against, insert "**against**" and in the latter case, strike out the words below after 'Scheme of Amalgamation') the said Scheme of Amalgamation either with or without modification(s) as my/our proxy may approve.

* Strike out what is not necessary.

Dated this _____ day of _____, 2011.

Signature : _____

Name : _____

Address : _____

Affix Re.1/-
Revenue
Stamp

Signature across the stamp

Folio / DP & Client ID No. : _____

No. of Shares : _____

Notes:

1. The Proxy must be deposited at the Registered Office of the Applicant Company at "UB Tower", UB City, 24, Vittal Mallya Road, Bangalore-560 001 at least 48 hours before the time for holding the meeting. The proxy need not be a member of the Applicant Company.
2. All alterations made in the form of Proxy should be initialed.

Intentionally Kept Blank



UNITED BREWERIES LIMITED

Registered Office: "UB TOWER",
UB CITY, 24, VITTAL MALLYA ROAD, BANGALORE - 560 001.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I hereby record my presence at the Meeting of the Equity Shareholders of the Company, convened pursuant to the Order dated 21st April, 2011 of the High Court of Karnataka at Good Shepherd Auditorium, Opp. St. Joseph's Pre-university College, Residency Road, Bangalore-560 025, on Monday, the 23rd day of May 2011 at 11.00 a.m.

Name and Address of Equity Shareholder (IN BLOCK LETTERS):

Signature : _____

Folio /D.P. & Client ID : _____

No. of Shares : _____

Name of the Proxy (IN BLOCK LETTERS): _____

Signature : _____

NOTE:

Shareholders attending the Meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.



UNITED BREWERIES LIMITED
"UB TOWER", UB CITY, 24, VITTAL MALLYA ROAD, BANGALORE - 560 001.