Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN of the Fourteenth Annual General Meeting of the Members of **UNITED BREWERIES LIMITED** to be held at GOOD SHEPHERD AUDITORIUM, OPP. ST. JOSEPH'S PRE-UNIVERSITY COLLEGE, RESIDENCY ROAD, BANGALORE - 560 025, on Thursday, September 12, 2013 at 11.30 a.m. for the following purposes:

1. To receive and consider the Accounts for the year ended March 31, 2013, and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Mr. Chhaganlal Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Duco Reinout Hooft Graafland, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. Stephan Gerlich, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification, the following Resolution as an **ORDINARY RESOLUTION:**

   RESOLVED that Mr. Henricus Petrus van Zon, who in terms of Section 260 of the Companies Act, 1956 holds office till the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member under Section 257 of the said Act, be and is hereby appointed as a Director of the Company.

8. To consider and if thought fit, to pass with or without modification, the following Resolution as an **ORDINARY RESOLUTION:**

   RESOLVED that pursuant to Sections 198, 269, 309 and the provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification or re-enactment thereof, Mr. Henricus Petrus van Zon's appointment as Director & Chief Financial Officer of the Company (in Executive capacity), effective from January 01, 2013, for a period of Three Years up to December 31, 2015, be hereby approved by the members on the following terms and conditions:

1.	Salary	Rs. 1,515,000/- per month with such increases as may be determined by the Board of Directors of the Company from time to time.
2.	Special Allowance	Rs. 757,000/- per month with such increases as may be determined by the Board of Directors of the Company from time to time.
3.	Personal Allowance	Rs. 588,000/- per month with such increases as may be determined by the Board of Directors of the Company from time to time.
4.	Annual Allowance	Rs. 1,980,000/- per annum with such increases as may be determined by the Board of Directors of the Company from time to time.
5.	Housing	Residential accommodation leased by the Company. Lease rental of Rs. 215,000/- per month with such increases from time to time. Expenses on maintenance and utilities like water, electricity charges etc. shall be borne by the Company at actuals.
6.	Leave Travel	For Mr. van Zon family each year.
7.	School Fees	For Mr. van Zon's child at actuals.
8.	Provident Fund	As per the Rules of the Company.
9.	Provision of Car and telephone at the residence of Mr. van Zon	As per the Rules of the Company.
10.	Such other allowances, perquisites, amenities, facilities and benefits as per the Rules of the Company as applicable to senior executives and as may be permitted and approved by the Board of Directors to be paid to the expatriate Director & Chief Financial Officer. All allowances, perquisites etc. shall be valued as per Income Tax Rules, 1962 as amended from time to time.	

Further **RESOLVED** that the remuneration payable to Mr. van Zon (salary, allowances, perquisites, amenities, facilities and benefits) shall be subject to the provisions laid down in Sections 198 and 309 and Schedule XIII of the Companies Act, 1956 or any other Statutory provision, modification or re-enactment thereof and shall be subject to the approval of the Central Government and /or such other Statutory /Regulatory bodies as may be required in terms of the relevant Regulations.

Further **RESOLVED** that in the event of absence or inadequacy of Profits in any financial year, the remuneration by way of salary, allowances, perquisites, amenities, facilities and benefits payable to Mr. van Zon shall be subject to the provisions prescribed under the Companies Act, 1956 and the Rules made thereunder or any Statutory modification or re-enactment thereof.

During his tenure as Chief Financial Officer, Mr. van Zon shall not be liable to retire by rotation.

Registered Office:
"UB TOWER", UB CITY,
24, Vittal Mallya Road,
Bangalore-560 001.
Mumbai, May 30, 2013

By Order of the Board
Govind Iyengar
Senior Vice President – Legal &
Company Secretary

NOTES:

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company. The proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 forms part of this Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed on **Wednesday, September 11, 2013 and Thursday, September 12, 2013.**
4. Members are requested to intimate to the Company's Registrars and Share Transfer Agents viz., **INTEGRATED ENTERPRISES (INDIA) LIMITED** (Formerly known as Alpha Systems Pvt. Ltd.), 30, RAMANA RESIDENCY, 4TH CROSS, SAMPIGE ROAD, MALLESWARAM, BANGALORE - 560 003;
   a. any change in their addresses;
   b. details about their email address, if any, so that all notices and other statutory documents which are required to be sent to the Members, as per the provisions of the Companies Act, 1956, can be sent to their email addresses, as a measure of "Green Initiative" proposed by the Ministry of Corporate Affairs;
   c. details about their bank account number, name of bank, branch code and address for payment of dividend electronically, and
   d. the Nomination facility to be availed by them.
5. a. The unclaimed/unpaid Final Dividend for the financial year ended March 31, 2006, and Interim Dividend for the financial year ended March 31, 2007 will be due for transfer to the Investor Education and Protection Fund (IEPF) on October 05, 2013 and February 16, 2014 respectively in terms of Section 205A and 205C of the Companies Act, 1956. Members who have not encashed the Dividend Warrants for the aforesaid Dividends are requested to approach the Registrars and Share Transfer Agents of the Company as no claim shall lie against IEPF or the Company after such transfer of unclaimed Dividend to IEPF.
   b. Dividend on Equity Shares for the financial year ended March 31, 2013 post its declaration at this Annual General Meeting will be paid to the Members whose names appear:
      i. as Beneficial Owners as at the close of business hours on Tuesday, September 10, 2013 as per the list to be furnished by the Depositories in respect of the Shares held in electronic form, and
      ii. as Members in the Register of Members of the Company as on Thursday, September 12, 2013 after giving effect to all valid Share transfers in physical form which are lodged with the Company on or before Tuesday, September 10, 2013.
6. Members holding Shares in the same name or in the same order of names under different Ledger Folio Numbers are requested to apply for consolidation of such Folios to the Company's Registrars and Share Transfer Agents, Integrated Enterprises (India) Limited.

Notice (contd.)

7. Members are requested to:
   - bring their copy of **Annual Report** to the Meeting,
   - bring the **Attendance Slip sent herewith, duly filled in,**
   - bring their **Folio Number / DP and Client ID**, and
   - **avoid being accompanied by non-Members and children.**
8. Members are requested to quote the Folio Number / Client ID / DP ID in all correspondence.
9. Profile of Directors retiring by rotation and new Director forms part of Corporate Governance Report. Their details are also attached to this Notice, as required, for perusal of the Members.
10. **MEMBERS PLEASE NOTE THAT NO GIFTS SHALL BE DISTRIBUTED AT THE MEETING.**

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 7

Mr. Henricus Petrus van Zon was appointed an Additional Director of the Company on December 07, 2012, as an addition to the Board pursuant to the provisions of Article 115 of the Articles of Association of the Company. In terms of the said Article and Section 260 of the Companies Act, 1956, he will hold office only up to the date of this Annual General Meeting. A Notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received by the Company from a Member signifying his intention to propose the appointment of Mr. Henricus Petrus van Zon as a Director of the Company.

None of the Directors, other than Mr. Henricus Petrus van Zon, is concerned or interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

Item No. 8

Pursuant to the understanding with Heineken N.V., Mr. Henricus Petrus van Zon was appointed as a Director w.e.f. December 07, 2012 and also appointed as Chief Financial Officer (CFO) with effect from January 01, 2013, for period of Three Years up to December 31, 2015. Heineken N.V. has seconded the appointment of Mr. van Zon to hold the position of Director & CFO (in Executive capacity) in the Company and the salary, allowances, perquisites, amenities, facilities and benefits mentioned in the Resolution shall be paid by the Company.

Mr. van Zon, is an MSC in Business Economics and Post Graduate in Accountancy from Erasmus University, Rotterdam, Netherlands. He has also completed various Executive Development Programs from IMD-Lausanne, Switzerland and INSEAD-Fontainebleau, France. In 2007 he joined Brau Holding International Gmbh and Co KgaA, a Joint Venture between Schorghuber UG and Heineken N.V. as Executive Director and CFO. During his tenure he has also been operationally responsible as the Chairman of the Management Board and CFO of Kulmbacher Brauerei AG.

Prior to this Mr. van Zon held several important portfolios in organisations like Grupa Zywiec, Heineken Espana, Heineken N.V., Vietnam Brewery Ltd., Commonwealth Brewery Ltd. and Heineken Netherlands BV. Mr. van Zon brings with him over 3 decades experience of a professional in finance and general management, possessing broad business skills and an understanding of diverse emerging markets.

Your Directors are of the view that there will be considerable synergies in his joining the Board and holding the position of Director & CFO of your Company and shall be an effective contribution to further the growth of the Company in all its spheres. Mr. van Zon is a Dutch National and a Non-Resident.

Approval of the Central Government and/or such other Statutory/Regulatory bodies as may be required is being sought in terms of applicable provisions. The above Resolution may be treated as an abstract of the terms required to be circulated under Section 302 of the Companies Act, 1956.

None of the Directors except Mr. van Zon, is concerned or interested in the above Resolution. Mr. van Zon's interest is to the extent of remuneration to be received by him from the Company.

Your Directors recommend the above Resolution for your approval.

Registered Office:
"UB TOWER", UB CITY,
24, Vittal Mallya Road,
Bangalore-560 001.
Mumbai, May 30, 2013

By Order of the Board
Govind Iyengar
Senior Vice President – Legal &
Company Secretary

DETAILS OF NEW DIRECTOR

PARTICULARS	MR. HENRICUS PETRUS VAN ZON
Qualifications	MSC in Business Economics and Post Graduate in Accountancy from Erasmus University, Rotterdam, Netherlands.
Expertise in specific functional area	Finance, Accounting and General Management.
Date of Appointment	07.12.2012
Date of Birth	01.03.1956
Directorships held in other companies in India	Nil
Membership in Committees	Nil

Brief Profile of the above Director also forms part of Corporate Governance Report. The above Director does not hold any equity shares in the Company. He is not related to any of the Directors of the Company.

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

PARTICULARS	MR. CHHAGANLAL JAIN	MR. DUCO REINOUT HOOFT GRAAFLAND	MR. STEPHAN GERLICH
Qualifications	Chartered Accountant and Company Secretary	Business Administration & Chartered Accountant	Wirtschaftassistent (Germany)
Expertise in specific functional area	Finance and Corporate Strategy	Long standing knowledge & experience in the beer business as well on areas of General Management, Marketing & Finance	Overall business Management & Operations in Healthcare, CropScience & MaterialScience
Date of Appointment	27.01.2003	07.12.2009	02.07.2010
Date of Birth	15.11.1933	24.09.1955	11.09.1958
Directorship held in other Companies in India	i. Asit C. Mehta Investment Intermediates Limited ii. SW Finance Co. Limited iii. RPG Life Sciences Limited iv. Practical Financial Services Private Limited v. NOCIL Limited vi. Pioneer Distilleries Limited	Nil	i. Bayer CropScience Limited ii. Bayer MaterialScience Private Limited iii. Bayer Zydus Pharma Private Limited iv. Magma HDI General Insurance Company Limited
Membership in Committees	**Audit Committee** i. NOCIL Limited (Chairman) ii. RPG Life Sciences Limited (Chairman)	Nil	**Investors' Grievance Committee** Bayer CropScience Limited

The above details do not include Committee Memberships not prescribed for the purpose of reckoning of limits in terms of Clause 49 of the Listing Agreement. Brief profile of the above Directors also forms part of Corporate Governance Report.

IMPORTANT

MEMBERS ARE ADVISED THAT NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

UNITED BREWERIES LIMITED

Regd. Office : 'UB TOWER", UB CITY, 24, Vittal Mallya Road, BANGALORE - 560 001.

Attendance Slip

I hereby record my presence at the FOURTEENTH ANNUAL GENERAL MEETING of the Company being held on Thursday, September 12, 2013 at 11.30 a.m. at Good Shephered Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.

SIGNATURE OF THE ATTENDING MEMBER / PROXY

1. The Company will accept only the Attendance Slip of a person personally attending the Meeting as a Member or a valid Proxy duly registered in time with the Company. The Company will not accept Attendance Slip from any other person even if signed by a Member. Members are requested not to accompany non-Members or children.
2. Shareholder/Proxyholder attending the Meeting should bring his copy of the **Annual Report** for reference at the Meeting.
3. To facilitate Members, registration of attendance will commence at **10.30 a.m. on September 12, 2013.**

UNITED BREWERIES LIMITED

Regd. Office : 'UB TOWER", UB CITY, 24, Vittal Mallya Road, BANGALORE - 560 001.

Proxy

I/We ____

of ______________________ in the district of ______________________ being

a Member / Members of the Company, hereby appoint ______________________

of ______________ in the district of ______________________ or failing him/her

______________________ of ______________________ in the district of

______________________ as my/our Proxy to attend and vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company, **to be held on Thursday, September 12, 2013 at 11.30 a.m. at Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025** and at any adjournment thereof.

Signed this ______________ day of ______________ 2013

Folio No. : ______________

D.P. & Client ID No. : ______________

No of Shares : ______________

Proxy No. : ______________

Signature

Affix Re. 1.00 Revenue Stamp

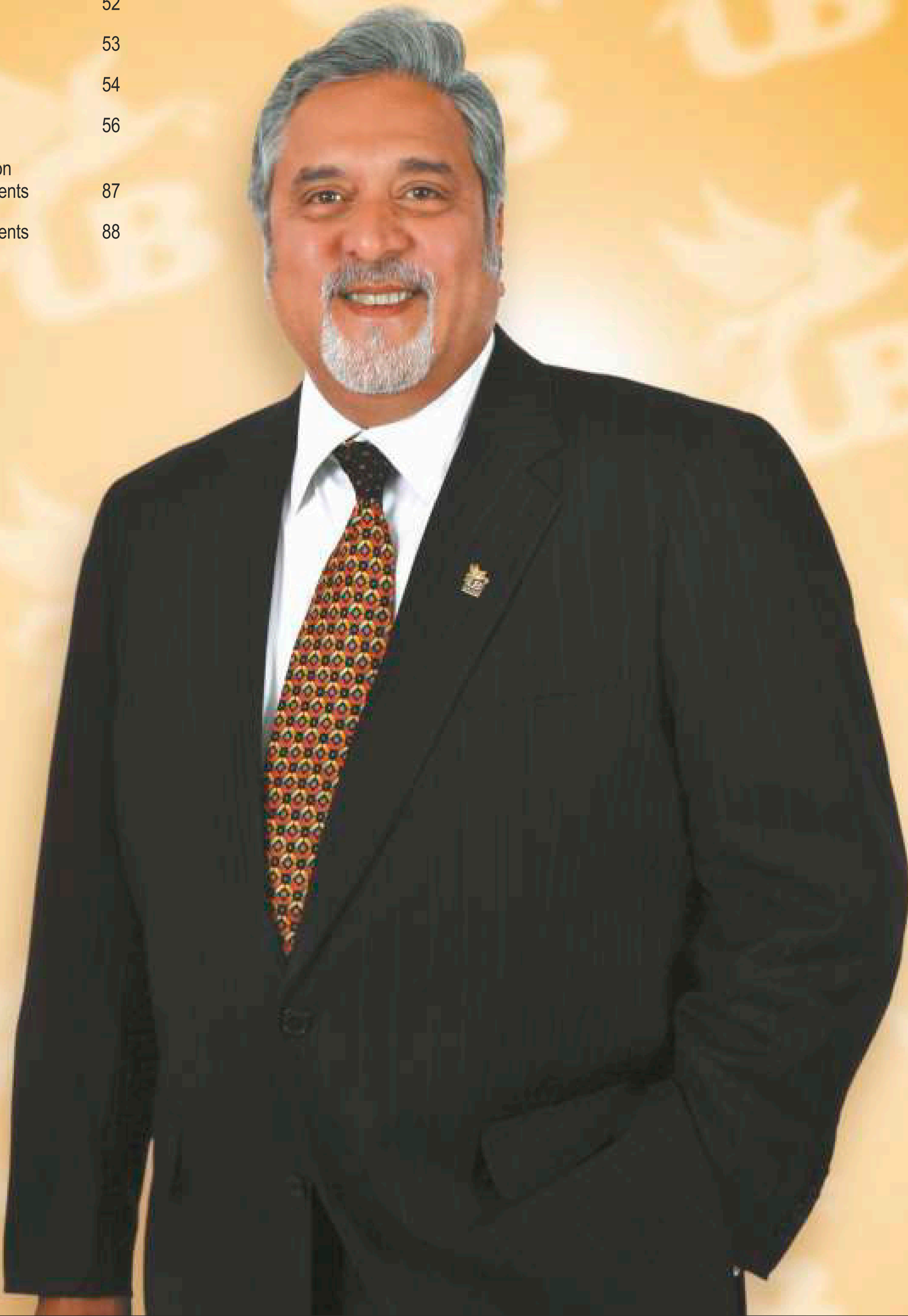
The Proxy Form duly completed must be deposited at the Registered Office of the Company at "UB TOWER", UB City, No. 24, Vittal Mallya Road, Bangalore - 560 001, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

Annual Report 2012 - 2013

UNITED BREWERIES LIMITED

UNDISPUTED LEADERSHIP

CONTENTS



Dr. Vijay Mallya
Chairman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Chairman's Statement

Dear Fellow Shareholders,

I am pleased to share with you that our Company's sales touched about 139 million cases during FY 2013. Importantly both Kingfisher Red and Kingfisher Blue have now become 'Millionaire' brands. Kingfisher Strong's sales of 80 million cases have helped to propel our portfolio of Strong Beer brands to over 100 million cases.

Our Company has grown strongly in large and profitable markets such as Maharashtra, Andhra Pradesh, Karnataka and Rajasthan. However, capricious changes to the ordering pattern in the State of Tamil Nadu, on an unprecedented scale, distorted market shares in this large State and pulled down our overall growth in the year to 4.5%.

The change in the mix of product offerings and increased focus on profitable markets has helped our Company to increase its EBITDA by 18% compared to the previous year on a volume increase of under 5%. The PBT at Rs.2,655 million reflects an increase of 20% over the previous year.

This has been possible despite the general environment of cost push. High barley costs, restrictions on use of recycled bottles in certain markets, unplanned power breakdown in key States, requiring the use of more expensive self-generated power, have all contributed to a high cost regime for the industry. Our Company has been able to contain the impact on such adverse factors and report improved profitability through improved efficiencies, economies of scale and the strategic decision to shift to patented bottles. I am proud to say that our overall cost of production per unit has increased by less than ½ the rate of inflation. It is United Breweries' constant endeavour to reduce overall costs of production while continuing to offer the consumers the highest quality products.

The year has witnessed an increased penetration of the Heineken brand which now occupies 7% market share in the Super Premium Category. Heineken was launched in Haryana, Chandigarh, Pondicherry and Rajasthan during the period and further rollouts are planned in the coming financial year.

Branding, Innovation and Marketing are deeply ingrained in our Company's DNA. Consistent and successful brand building efforts have built Kingfisher to its current level of recognition and helped to grow market share year on year. The bulk of our Company's activities are centered around well-defined verticals such as Sports, Fashion, Music and Food.

- *United Breweries' "Good Times Partnership" with seven of the IPL's teams has had a larger than life impact.*
- *Sponsorship of the Sahara Force India Formula 1 team reinforces Kingfisher's reputation as a world class brand with global visibility.*
- *Football receives its share of attention through United East Bengal Football Club in Kolkata as well as the global sponsorship of UEFA Cup by Heineken.*
- *Kingfisher continues its association as Water sponsor in various marathons in India, such as the Mumbai Marathon, the Delhi Half Marathon and the Bangalore 10 km.*
- *The annual Kingfisher Calendar is much awaited and sought after property leveraging the brand association with fashion.*
- *Fashion perceives a further fillip through the association of Kingfisher Ultra with flagship events such as the Wills India Fashion Week, Lakme Fashion Week, Delhi Couture Week and Men's Fashion Week, etc.*

- *The Great Indian October Fest presented by Kingfisher and held in Bangalore annually draws enthusiastic visitors to offerings such as international music performances, Rock Bands, Bollywood artists and others.*
- *Beer is globally associated with food and Kingfisher has invested in this natural association with the concept that "Good food tastes better with Kingfisher".*

The industry continues to be constrained by volatility in the taxation and regulatory regimes. Another important factor that we have constantly been drawing the attention of the Government is the low level of retail penetration in the country. Including shops, bars and restaurants, beer is available today in approximately 65,000 outlets in the country, roughly translating to 1 outlet for 18,000 – 20,000 residents. The global average is 1 outlet for every 250 – 300 residents.

The historic clubbing of beers, wines and spirits as one regulatory category is the prime cause for the low level of penetration of beer in India. The per capita consumption in India is less than 2 liters per annum and this reflects both the high cost of beer, due to heavy incidence of taxation, as well as lack of convenient availability. Recent steps to delink hard alcohol and free up licensing for lower alcohol beverages, such as beers and wines, would have positive impact going forward.

Water is a key challenge globally and even more so in India where the underground aquifers have been steadily depleted over the years. I am proud to share with you that United Breweries is in the forefront of global brewers in addressing this problem by dramatically reducing water usage per liter for beer produced as well as in ensuring that the discharge water from production facilities meet the highest standards. It will be our continued endeavour to invest in technologies for bringing down water usage and to improve water quality.

Our Company has been always cognizant of the need to engage proactively with the communities in which we operate. To further this objective United Breweries has invested in Primary Education, Basic Health Care and Drinking Water in all the communities that we operate in. We continue to extend our commitment in this regard as the core of our CSR initiative.

The association with Heineken continues to add value to United Breweries and access to Heineken's global best practices will help to keep our Company consistently in the forefront of Indian Corporates. The merger of Heineken's subsidiary (Scottish & Newcastle India Pvt Ltd) with United Breweries with effect from the appointed date of April 1, 2012, without any change in the issued subscribed capital of the Company completes the list of the corporate activities that we had initiated some years ago. United Breweries Ltd now owns and controls all the brands, manufacturing facilities and distribution rights in the beer business with the two promoters namely Heineken and myself (together with UB Holdings) each owning 37.41% in our Company.

I look forward to the future with optimism. I thank each one who has contributed to the growth of our Company both internal and external and look forward to continued support in the future.

VIJAY MALLYA
CHAIRMAN

Report of the Directors

Your Directors have pleasure in presenting this Annual Report and the audited accounts of United Breweries Limited ('UBL' or 'your Company') for the year ended March 31, 2013 ('the year under review', 'the year' or 'FY13').

FINANCIAL RESULTS – AN OVERVIEW

(Amounts in Rupees million)

	Year ended March 31	
	2013	2012*
Net Turnover	**39,424**	36,348
EBITDA	**5,155**	4,846
Depreciation and amortization	**1,702**	1,487
EBIT	**3,453**	3,359
Interest	**799**	987
Provision for Dimunition in investment in Subsidiary	**—**	196
Profit before Taxation	**2,654**	2,176
Provision for Taxation	**(932)**	(912)
Profit after Tax available for appropriation	**1,722**	1,264
Appropriations:		
Proposed dividend on Equity Shares (including taxes thereon)	**217**	215
Dividend on Preference Shares paid (including taxes thereon)	**26**	28
Transfer to the General Reserve	**172**	150
Balance your Directors propose to carry to the Balance Sheet	**1,307**	871
Total appropriations	**1,722**	1,264

*Regrouped/rearranged.

DIVIDEND

Your Board of Directors take pleasure in declaring a dividend of Re.0.70 per Equity Share, including on 8,489,270 Equity Shares of Re.1/- each fully paid up allotted upon amalgamation of Scottish and Newcastle India Private Limited. Your Company paid a dividend on Cumulative Redeemable Preference Shares ('CRPS') at the rate of 3% under the terms of the issue of 7.4 million CRPS held by Scottish and Newcastle India Limited, amounting to Rs. 26 million.

The total dividend (including dividend tax) is Rs. 242.53 million, which amounts to about 12.57% of the Profit after Tax.

AMALGAMATION

Your Directors are pleased to inform that Scottish and Newcastle India Private Limited (SNIPL) an Indian subsidiary of Heineken UK Limited (Heineken Group), has been amalgamated into your Company by the Order of the Hon'ble High Courts of Karnataka and Bombay with the appointed date of April 01, 2012. The restructuring of various brewing entities of the group including subsidiary and investment holding companies by way of amalgamation into UBL has culminated in optimal administrative, management and synergy benefits and resulted in cost savings, pooling of managerial skills and utilization of valuable resources. It was found strategically necessary and expedient to amalgamate SNIPL also into UBL for enhancing technical synergies in manufacture, marketing and distribution of beer through Heineken and also furthering management expertise.

CAPITAL

The Authorized Share Capital of your Company stands at Rs.9,990 million, comprising of Equity Share Capital of Rs.4,130 million and Preference Share Capital of Rs.5,860 million. The Issued, Subscribed and Paid-up Share Capital remains unchanged at Rs.1,005.1 million, comprising of Equity Share Capital of Re.1 each aggregating to Rs.264.4 million and Cumulative Redeemable Preference Shares of Rs.100 each aggregating to Rs.740.7 million.

Consequent upon amalgamation of SNIPL into your Company the Authorized Share Capital of your Company stands increased to Rs.9,990 million comprising of 4,130 million Equity Shares of Re.1 each and 58.6 million Preference Shares of Rs.100 each. Further, in terms of the Scheme of Amalgamation, 8.49 million Equity Shares have been allotted to Heineken UK Limited simultaneously upon cancellation of equivalent number of Equity Shares held by SNIPL. Therefore, the Issued, Subscribed and Paid up share capital of your Company remains unchanged post amalgamation.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Beer is the world's oldest beverage, possibly dating back to the 6th millennium BC. The world's beer industry recorded almost 3% expansion in 2012 to reach nearly $650 billion. Globally, the market growth is expected to jump by 6% by 2015. Standard lager represents the leading market segment, accounting for more than 55% of the overall market. Brazil, Russia, India and China are recording the highest rate of market growth within the global beer industry.

The Indian beer industry has been witnessing steady growth over the last ten years, with volumes crossing 263 million cases during 2013 against a mere 73 million cases in 2002. The Indian beer market is lately dominated by strong beer, which accounts for about 84% of the total beer industry. The premium beer market is a mere 5% of the total but this segment is rapidly expanding, with a growth rate of about 35% per annum in its segment. Beer consumption has been growing rapidly at a CAGR (Compound Annual Growth Rate) of 11 per cent over the last 5 years. Despite a high population and strong economic growth, Indian Brewers still face an uphill task in the world's second-most-populous country. An average Indian drinker consumes 1.7 liters of beer a year, compared with more than 37 liters in China and 74 in the United States.

The Indian market infrastructure is a barrier to higher growth. In India, alcohol is available in around 65,000 outlets including shops, bars and restaurants which translates to roughly one outlet for every 18,000–20,000 residents, whereas the global average for the same is one outlet per 250 residents and the corresponding figure for China is one outlet for every 300 residents. For instance, in urban conglomeration like Greater Mumbai, there are around 2,500 outlets while in Shanghai, which has similar population base, the number of outlets selling alcohol is 18,000. An encouraging development is that in some cities like Mumbai, the Government has started issuing licenses for outlets to sell beer and wine only, delinking it from the sale of spirits. This development should facilitate future growth.

Beer remains a versatile product, with the launch of a wide range of new brands boosting the drink's popularity. Consumption is also being fuelled by a trend toward drinking beer with meals. Widespread health concerns among consumers against spirits is also encouraging a trend towards beer, which usually has lesser alcohol content, rather than other higher alcohol content beverages.

In India the reason for significantly lower consumption of beer compared to other emerging/developed markets is the high taxation structure. Regulation and taxation of alcoholic beverages is a State subject and regulatory policies have so far been unfriendly on pricing and availability front. On the one hand, the States tend to impost a plethora of duties but don't allow companies to have free price increases to offset incurred costs.

In 2013, strong beer category grew over 16% and continues to dominate the beer market, accounting for around 84% of the beer category, up from 80% in the preceding year.

With growing income and rising aspiration levels, consumers in India are becoming increasingly experimental with beer. This has led to an increase in the number of pub breweries in urban cities such as Gurgaon, Bangalore and Pune. In addition, with the increase in taxes on imported beers, entrepreneurs are now starting these pub breweries where beers can be brewed fresh using a variety of ingredients to create a diverse selection of beers. Howzatt, Biere Club and Doolally are a few of the pub breweries started in India.

Your Company is the largest beer selling company in India and also available in several countries abroad and has also forayed into wine business as Kingfisher Bohemia bringing the finest quality fruity, delectable wine from South Africa. Your Company controls about 52% of India's beer market and it has enhanced its market share of key brands such as Kingfisher Ultra and Kingfisher Blue, Kingfisher Strong and Kingfisher Premium Lager are amongst the largest beer brands in the country.

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

Over the last 7 years, a plethora of foreign brands have entered the country with 100% Foreign Direct Investment being permitted thereby increasing the choice of brands and competition. All major global brewers are now present in India. Despite this, your Company has been able to extend its market leadership position.

OPERATIONS

SALES

Your Company had an excellent year in which its Strong Beer portfolio crossed 100 million cases in FY 2012-2013 thereby setting a new benchmark. Kingfisher Strong, India's largest selling beer has crossed 80 million cases, while Kingfisher Red and Kingfisher Blue crossed the 1 million case mark each. The combined forces of Kingfisher Strong, Kingfisher Red, UB Export Strong, London Pilsner Premium Strong, Cannon 10000, Bullet, Kalyani Black Label Strong and Zingaro have yet again proved to be the chosen brands in the market. Your Company continues to lead the Indian beer market with 52% market share. During the year under review, your Company has increased its market share in the States of Karnataka, Maharashtra, Goa, Rajasthan, Bihar and Jharkhand.

The net sales for the year 2012-2013 stood at Rs.39,031 million as against net sales of Rs. 35,618 million in the previous year, registering a growth of 10%. Our volume is over twice than that of the nearest competitor.

Your Company over the past few years has launched variants such as Kingfisher Ultra, a mild beer, and Kingfisher Red as part of its 'premiumization' strategy. Kingfisher Ultra is priced at a significant premium to the core Kingfisher brand. Your Company's increased spend on marketing and distributing these brand variants has led to strong sales growth and it plans to accelerate its push towards these brands.

Kingfisher Blue is available practically across the country, while Kingfisher Ultra is reaching out to new States every month, and will soon have a pan India presence. Kingfisher Red is available in the North and East. Over the past year, Kingfisher Ultra volumes increased by 86% and Kingfisher Blue depletions grew by 14% to one million cases. Kingfisher Red also sold one million cases, up 53%.

Your Company brews Heineken in India which is the fastest-growing brand in the premium segment. Heineken, which is currently sold in 10 States, almost doubled its volumes during the year. Heineken will be launched in Kerala and Rajasthan shortly and the brand's penetration in its existing markets has increased by 50%.

MANUFACTURING

Manufacturing expenses for the financial year 2012-2013 amounted to Rs.16,581 million, constituting 42.48% of net sales, as against Rs.16,278 million in the previous financial year, which constituted 45.70% of net sales.

During the year under review, your Company has continued infusion of its own design registered bottles in order to ensure sufficient availability of recycled bottles and to contain cost of such bottles. The initiative has proven to be successful and has been the key driver behind the reduction in manufacturing variable cost, notwithstanding significant increases in the prices of new bottles.

Higher barley cost was the key reason behind increase in cost of raw materials, although this was partly offset by better efficiencies. In order to secure further growth, your Company has agreements in place for the supply of malt, barley and bottles.

The unit cost of power and fuel increased significantly during the year under review, the impact of which was mitigated by improved consumption efficiencies. In several States, the power situation was unfriendly which resulted in planned and unplanned stoppage of power to these breweries. States affected by this were Tamil Nadu, Andhra Pradesh and Karnataka, in particular. This resulted in those breweries generating their own power at much higher unit cost and this increased variable cost. In order to further reduce power consumption, your Company is exploring conversion of organic waste into energy to obtain savings in electricity cost in an environmentally sustainable manner.

Your Company continues to achieve efficiency improvements through enhanced operating procedures as well as through economies of scale thereby restricting increase in cost of goods sold.

Your Company has expanded capacities at its breweries in West Bengal, Andhra Pradesh and Maharashtra. Our Greenfield brewery at Nanjangud, Karnataka was commissioned in September last year, but had to delay production due to statutory approvals and finally began production in December. In view of the rapid growth, your Company has proposed to set up Greenfield brewery in the State of Bihar which is slightly behind schedule because of land acquisition issues.

EMPLOYEE BENEFIT EXPENSES

Expenses on account of Employee benefits stood at Rs. 2,410 million as compared to Rs.1,855 million in the previous year. This constituted 6.2% of net sales as against 5.2% of the net sales in the previous year. These expenses were higher on account of salary increments, expansion in capacities and long term settlements.

SELLING AND BRAND PROMOTION EXPENSES

During the period under review, your Company has spent 27.35% of net sales on selling and brand promotions as compared to 26.23% of net sales spent in the previous year. The selling and promotion expenses stood at Rs.10,677 million.

Rooted in the core of your Company's DNA are brands and innovation. Your Company's consistent brand building skills have largely contributed to its successful performance and Kingfisher is perhaps one of the country's most well recognized consumer brands.

Your Company allocates its brand spends largely across four verticals i.e. Sports, Fashion, Music and Food. Its aim is to enhance the brand equity by associating with the most aspirational properties while delivering strong returns on our marketing investment.

In sports, your Company's prime focus is towards the highly popular Indian Premier League in cricket. Its association as 'Good Times Partner' with seven of the leading teams in the IPL has been very effective in leveraging the flagship brand 'Kingfisher'. Sponsorship of Sahara Force India has provided your Company with global visibility for the brand. Kingfisher also continued its association as Water Partner with large city-based sporting events such as the Mumbai Marathon, Delhi Half Marathon and Bangalore World 10K. Your Company has renewed its relation with United East Bengal Football Club as the official sponsor of the Kingfisher East Bengal Football Club Team.

Fashion as a vertical has been aligned with Kingfisher Ultra, the super-premium brand in the portfolio, Kingfisher Ultra associated with premier national fashion events like Wills India Fashion Week, Lakme Fashion Week, Delhi & India Couture Week, Men's Fashion Week and also extended its association with the various emerging city based fashion weeks in Bangalore, Hyderabad, Kochi, Jaipur and Punjab. Kingfisher Premium continued with the high profile Kingfisher Calendar now in its eleventh year. The launch of the Kingfisher Calendar was preceded by The Hunt for the Kingfisher Calendar Girl 2013 on television.

In Music, the main activity was The Great Indian Octoberfest, which was held in Bangalore and continued to draw huge response from the visitors with a combination of international rock bands, famed DJs, Bollywood artists, flea markets, and contests. The Great Indian Octoberfest has now become a much anticipated fixture in the Country's social and cultural calendar.

With Food, your Company has continued its association with the Kingfisher Explocity Food Guides across seven cities and remain the brand that has invested over the years in the concept of 'Good Food Tastes Better with Kingfisher'. Your Company also celebrated the silver jubilee (25 years) of its association with the Kingfisher Derby in Bangalore, one of the most glamorous and high profile events on the city's social calendar.

The Kingfisher brand is very active in new media, as evidenced by its Facebook fan page that now has a fan base of over 5.5 million. This has catapulted the brand into being one of the top five Facebook fan pages from India, and its following is the third largest across the globe for any beer brand fan page. We are also now among the top 5 alcohol brands on Twitter worldwide.

Launch of Heineken has greatly bolstered your Company's already robust portfolio. Great care is taken in the production and distribution of Heineken to ensure that the high standards of quality are maintained, and the consumer gets the value he is paying for. The initial focus for the brand has been to install it well in its launch markets and create awareness through premium visibility and cold stock management. In the current year, the Company has activated the brand by leveraging global Heineken properties such as the association with James Bond and UEFA Champions League football, apart from music programmes. Heineken has been the Company's fastest growing brand, having doubled volumes over the past one year.

Kingfisher – the King of Good Times has always been an innovator when it comes to packaging or new product innovations. The "King Pitcher" is the latest in a long line of such product innovations. The King Pitcher is a perfect way to enjoy the freshest Kingfisher draught by a group of friends. King Pitcher is a well-designed, distinctively tall 3 liter avatar that comes with a convenient tap for getting that perfect pour of your favorite brew, right at your table.

EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)

EBITDA for the year under review stood at Rs.5,155 million as compared to Rs.4,846 million in the previous year, reflecting an increase of 6.4%. This is a fine accomplishment in light of a volume growth of only 4.5%. Increase in EBITDA is to a large extent a result of using our own design registered bottles and lower infusion of new bottles.

INTEREST AND DEPRECIATION

Interest paid during the year amounted to Rs.799 million as against Rs.987 million in the previous year. Depreciation for the year was Rs.1,702 million as compared to Rs.1,487 million in the previous year.

PROFIT BEFORE AND AFTER TAXATION

The Profit before Taxation for the year stood at Rs.2,654 million as compared to Rs. 2,176 million in the previous year, reflecting an increase of 21.96%. The Profit after Taxation stood at Rs.1,722 million as against Rs.1,264 million in the previous year.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

The Indian beer market has been growing rapidly during the last 10 years, due to higher disposable income, positive impact of demographic and gradual liberalization of the Industry. India is home to nearly one-sixth of the global population and is one of the most attractive consumer markets in the world today. Various research studies have shown that increase in disposable income levels has a direct bearing on beer consumption. The National Council for Applied Economic Research (NCAER) has projected India's 'very rich', 'consuming' and 'climbers' classes to grow at a CAGR of 15 per cent, 10 per cent and 2 per cent respectively. With this growth rate, beer consumption in India is expected to increase and grow at least at the same rate like the last decade.

As a consequence of the high birth rate a large proportion of the Indian population is in the age group of 18-35 years. This age group is the most appropriate target for beer marketers. Younger population trend will give further boost for enhanced consumption. Youth constitute about 28% of Indian population who live in urban areas and which is close to the population of United States. Urbanization is happening at a very fast pace and about 40% of the total population is expected to live in urban areas by 2020. Also people in India are relatively younger when compared with global average which is an opportunity to be tapped.

Though a deep-seated traditional social aversion to alcohol consumption has been a feature, as urban consumers become more exposed to western lifestyles, their attitude towards alcohol has relaxed and social habits are undergoing a transformation and beer is becoming a more popular alternate beverage. The greatest evidence of this trend is increase in beer consumption amongst women. More and more women are consuming beer – the penetration in metropolitan areas is almost twice as high as the penetration in other large cities – implying that greater tolerance towards alcohol consumption in metropolitan areas facilitates consumption of beer. With increasing urbanization, this acceptance is only going to rise.

An average Indian drinker consumes about 1.7 liters of beer per year, which is just 5 percent of the consumption of China and lesser than 2.5 percent of what is consumed in the United States giving room for a large untapped market. Top international brewers who have entered India are introducing new products to woo consumers which poses a challenge as well as a threat. However, your Company, with an established brand equity has been able to remain a leader. Your Company has now started brewing 'Heineken' which is one of the best beer brands across the world so that it has more options against international competitors.

In India, advertisements featuring alcoholic beverages are banned and this makes it really tough for companies to market their brands. Most of the State governments control distribution and sale of alcohol. Price restrictions in many large markets remain a biggest challenge for the industry. The Government decides the End Consumer Price (ECP), leaving manufactures with no say in determining the price of beer. In a free market economy this has no rationale. There are restrictions in movement of Beer from one State to another and an export/import license is required. Export fee is imposed in the State where beer is manufactured and import fees in the State where it is sold. In some States only beer manufactured in that State can be sold.

Beer which is a softer form of alcohol consumption is taxed higher by most States compared to Spirits on absolute alcohol basis. This is primarily because taxes on beer in India tend to be relatively higher than spirits whereas in most parts of the world, in fact, the reverse is true. Globally, on a per alcohol basis beer is taxed at 50% of hard liquor whereas in India, beer is actually taxed 60% more than hard liquor.

The market infrastructure for beer in India is also inadequate. For every 18,000–20,000 persons, there is only one outlet thereby hampering availability of beer. The highly regulated market hampers beer sales, unlike most developed countries where beer and wine are not regulated in grocery/ retail stores.

Despite increased international focus, India is still a relatively small player as compared to other markets in the world. In fact, static demand in most developed countries has motivated major brewers to grow their businesses through mergers and acquisitions rather than to rely on organic sales growth. As a result, these global producers now benefit from economies of scale.

Rising energy costs also threaten to offset productivity gains in this industry. It is not unusual for a brewery to use five liters of water to produce a liter of beer. Some of this water usage is a result of the washing of returnable bottles. Reducing water usage is not only an important environmental initiative but provides opportunities for further cost savings.

Water availability is going to be a critical issue, over a period of time. Your Company's first response has been to adopt a strict in-house water efficiency programme. Through increased water recycling and tighter water management, it aims to cut water use by about 15% in the next few years. Installing of water reclaim system require some up-front investment. Your Company had to invest considerable funds for water-related causes which do not have a return of Investment (ROI) but that is the lighter thing to do to keep our business going.

Although the prospects of your Company are bright, there are significant risks and concerns that the industry and your Company face. These are mainly evolving around the significant government intervention in the industry, high taxation, restricted communication and inflation in the cost of raw materials. The largest challenge to the beer industry is the pervasive nature of government controls. The Indian beer industry is suffering from a myriad of taxes and levies that vary from State to State. No two States or Union Territories have the same policy, and policies are generally short term in their outlook and impacted by State budget deficits, with limited consideration to long-term interests of all stakeholders, including the general public. Changes in taxation and regulation are particular high risks to this industry and might significantly impact profitability from time to time.

Some States have taken positive steps to differentiate between spirits and lower alcohol alternatives such as beer. There have been multiple instances where State governments have increased excise duty for spirits while maintaining the excise duty for beer or opting for a smaller increase in duty than that of spirits. Although this is far away from an alcohol content based excise policy that is prevalent in most countries, even a small differentiation between beer and spirits taxation is a good step towards delinking the two. The State of Maharashtra has started to issue beer shop licenses, which allow the sale of only beer and wine and not spirits. This has been a significant driver for growth in the Maharashtra beer industry and in excise revenue.

A harmonized Goods and Services Tax ('GST') regime has been under consideration by the Central and State Governments for the past years.There are views that the alcoholic beverages industry should be excluded from GST altogether. Exclusion of an industry is against the foundation of GST and would not achieve the stated objective of creating a uniform market with uniform taxes and could potentially increase taxation of the industry.

Shortage of input materials is a potential risk factor in any emerging market. Your Company uses, amongst others, barley, hop, water, glass and aluminium for producing and packaging its products. Your Company has explored a number of avenues to address increases in cost of input materials and is taking measures to ensure a sustainable supply of quality barley. Your Company is recognized by the United Nations for its efforts in responsible water consumption. Your Company has also entered into a long term contract with a glass manufacturer to derive cost and supply advantages in packaging and thereby containing risk. Regulation over retail pricing in many States may create an environment where your Company is unable to pass on the real escalation in cost of raw materials, which could impact profitability from time to time.

RISK MANAGEMENT

Your Company has evolved a framework for management of business risks. Towards this end, your Company performs a risk assessment in which strategic risks, operative risks, information technology risks and financial risks are considered and mitigating actions are identified. This is reviewed regularly by the internal audit team and the Audit Committee of the Board. In the perception of the management of your Company, the principal risk factors affecting the Company are the cyclical nature of the Beer Industry and the volatility in earnings that can arise therefrom. Imposition of further taxes and levies that vary from one State to another State, is also a major risk.

Continuity and sustainability of the business is as important to stakeholders as growing and operating the business. Managing risks and protecting the business from the effects of material adverse events are focal points on the Management's agenda.

PROSPECTS

Indian growth rates compare favourably to the global beer industry average of about 3% p.a. Apart from a sound positive growth rate for beer, the climatic conditions and younger population make the scenario more promising for the beer industry in India. With growth in GDP, higher disposable income, change in consumer behavior and liberalization in retail/distribution, the beer market is expected to grow at a brisk pace. Your Company's established brand equity provides a significant competitive advantage over other domestic and international brands. Your Company has the benefit of a strong distribution network across the length and breadth of the country and rapid growth can be expected year on year. As is usual, augmenting capacities in critical markets continued to be a priority investment in the current financial year too. Increased demand for beer in the State of Karnataka inspired setting up a new Greenfield Brewery at Nanjungud which has gone on stream during the year under report and increased demand in the State of Bihar has provided an impetus for setting up a new Greenfield Brewery near Patna which is expected to commence its operations next year. The competitive environment is expected to remain intense and your Company shall continue to focus on robust innovations to remain a market leader. Though high inflation will have an impact on costs, your Company shall continually strive to achieve high operational efficiencies to offset the increase in costs. Through these actions, your Directors are hopeful that your Company would continue its leadership position, grow ahead of the market and realize a structural improvement in profitability in the years to come.

ENVIRONMENT, SOCIAL INITIATIVE AND SUSTAINABILITY

The Corporate Philosophy of your Company inter alia includes its commitment towards society which it considers being an integral part of its growth. Some of the major areas that your Company has focussed, to begin with are the Primary Health and Welfare, Education, Water Management and Contract Farming. In order to reduce energy consumption, biomass /agri-waste boilers have been installed for generating steam, as part of if its campaign to progress renewable energy thereby reducing energy consumption by 5 to 10% through improved efficiency. Likewise water consumption at the Company's breweries are being brought down to a world class level of 3.5kl/kl and waste water treatment systems have been installed thereby using more recycled water. In addition, your Company has been certified by 2 Agricultural Universities for diversion of its waste water into agricultural fields enabling higher productivity of crops as well as promoting organic farming. Building and maintaining water tanks to provide clean drinking water to schools and water storage facility serving several households and providing potable water to local community and water purifiers at the orphanages are some of the water management exercise undertaken by your Company. Expansion of contract farming activities has helped farmers increase the productivity with assured returns for their produce. This can be seen in the States of Punjab, Haryana, Uttar Pradesh and Andhra Pradesh where high quality and high yielding barley are cultivated with the assistance and provision of certified barley seeds to farmers. As the saying goes, the future generation are the assets/leaders in Nation building, your Company's units at West Bengal, Rajasthan, Maharashtra, Tamil Nadu, Orissa, Goa, Andhra Pradesh etc. have been doing yeoman service in the field of primary education for all including the visually challenged children, providing vocational training, promoting female literacy, providing basic infrastructure, midday meals, uniforms, stationeries, computers etc. to name a few. The Company's brewery at Rajasthan has received an award from the Rajasthan Health Minister in recognition of its CSR activities.

All the above can be ensured when the health of its society is at its best. This has been facilitated by your Company by providing mobile medical service at villages and providing primary health care that is affordable and accessible. Some of the units conduct weekly health camps, provide free consultation, disbursing free medicines, organizing medical camps for the needy students.

These are a few social responsibility measures and a detailed Report on various activities undertaken during the year by your Company to promote welfare of the society at large, can be referred to the Business Responsibility Report featured in this Annual Report.

OTHER INFORMATION

INTERNAL CONTROL SYSTEM

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

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

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

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

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

HUMAN RESOURCE

Employees' Well-being

Employees are your Company's most valuable asset. Therefore lot of initiatives are undertaken to promote wellbeing of the employees. 77% of employees surveyed through a global third-party, refer to UBL as a great workplace. UBL is higher in its employees' perception map vis-à-vis employees in India's top 50 organizations, on Responsibility, Empowerment and Management Competency that its employees feel it has as an organizational practice and inherent capability. In a complex industrial relations environment, your Company's Long Term Settlement processes have specific focus on alignment and engagement with its associates and have been exemplary on the industrial harmony aspects, with zero incidents.

Talent Acquisition

Recruitment practices are controlled and monitored in your Company from 3 aspects –

1. A rigorous methodology of acquiring talent against mandatory Job descriptions and approved indents, multilevel interviews with zero conflict of interest, through an automated cloud based recruitment application, with internal business partnered Service Level Agreements related to cost of hire, time to fill and quality of hire.
2. A multi pronged approach to organic and inorganic capability building by bringing in a select mix of external subject matter experts and fresher's in order to infuse continuous best practices, out of box thinking and application.
3. Professional equation with our suppliers and vendors on the talent space.

Talent Induction and Development

Your Company has 19 owned units across the country, a diversity and dispersion of population and employee demographics that reflects the microcosm of the Indian Talent Pool at its best. It has therefore been very important for your Company to be able to maintain standardization and formalization to be able to bring in unity amongst diversity and have the one UBL picture. Your Company remains an equal opportunities employer and multiple of our units have differently-abled people and other diversity populations well incorporated and assimilated. Your Company does not engage child labour, forced labour or any form of involuntary labour, paid or unpaid.

Your Company has been a learning organization in an entrepreneurial environment that aims at developing personal mastery, holistic thinking and team learning on a sustainable basis. To ensure every employee learns out of structured and unstructured environment it operates in, your Company has institutionalized the UBL University – a platform for learning and development. From a sustainability perspective, the rewards and recognition practices at UBL, the learning and growth platform at UBL, the performance management system, compensation system and talent acquisition process is tightly integrated into a seamless employee experience and capability model. The input into a specific employee lifecycle process is extracted out of the output of another process to ensure sustainable employee practices, managerial excellence, and leadership development.

As on March 31, 2013, United Breweries Limited had 2550 employees. Your Company has not offered any stock options to the employees during the year under review.

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

SUBSIDIARY COMPANIES

Maltex Malsters Limited is the only subsidiary in which your Company holds 51% of equity capital. A copy of its Accounts will be provided on request to any member, on receipt of such request by the Company Secretary at the Registered Office of the Company.

The statement pursuant to Section 212 (1) (e) also forms part of this Annual Report.

Summarised financials of subsidiary Company as required in terms of general exemption granted under Section 212(8) of the Companies Act, 1956, by the Goverment of India, Ministry of Corporate Affairs, vide General Circular No. 2/2011, dated February 8, 2011 are attached and form part of this Report.

CONSOLIDATION

As per the Listing Agreement, the Consolidated Accounts conforming to the applicable Accounting Standards are attached to this Annual Report.

CASH FLOW STATEMENT

A Cash Flow Statement for the year ended March 31, 2013 is appended.

LISTING REQUIREMENTS

Your Company's Equity Shares are listed on the BSE Limited, National Stock Exchange of India Limited and the Bangalore Stock Exchange Limited. The listing fees have been paid to all the Stock Exchanges for the year 2013–2014.

DEPOSITORY SYSTEM

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

FIXED DEPOSITS

Your Company has not invited any Fixed Deposits during the year.

ADDITIONAL STATUTORY INFORMATION

The statement containing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 forms a part of this Directors' Report and is annexed. Particulars required under Section 217(1)(e) are also annexed.

CAUTIONARY STATEMENT

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

DIRECTORS

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

Mr. Chhaganlal Jain, Mr. Duco Reinout Hooft Graafland and Mr. Stephan Gerlich retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

In terms of the provisions contained in the Shareholders' Agreement dated December 07, 2009 with the Heineken Group Mr. Henricus Petrus van Zon was appointed by Heineken to replace Mr. Guido de Boer as Director with effect from December 07, 2012 and CFO with effect from January 01, 2013.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Board of Directors reports that:

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

CORPORATE GOVERNANCE

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

AUDITORS AND AUDITORS' REPORT

Messrs S.R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of your Company hold office until the conclusion of the ensuring Annual General Meeting and are eligible for re-appointment.

There are no qualifications or adverse remarks in the Auditors' Report.

With respect to the Auditors' observation in para (ix) (a) of the Annexure of the Report, your Directors are aware that few delays in payments of certain statutory dues were unintentional and not serious in nature. All undisputed dues have been regularized as on close of the Financial year.

COST AUDITORS

In compliance of Circular No. 52/26/CAB-2010 dated November 06, 2012, issued by the Ministry of Corporate Affairs, Government of India, your Company has appointed Messrs K.S. Kamalakara & Co., as Cost Auditors to audit cost accounting records of your Company for the financial year 2013-2014.

ACKNOWLEDGEMENT

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

By Authority of the Board,

May 30, 2013	**Kalyan Ganguly**	**Henricus Petrus van Zon**
Mumbai	Managing Director	Director, CFO

Annexure to Directors' Report

STATEMENT UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

A. Conservation of Energy

Energy conservation measures taken by the Company:

Electrical Energy:

- Automation in refrigeration plants to increase efficiency of compressors.
- Automation on all alternate fuel boilers installed to reduce electricity consumption.
- Lighting energy savers installed at Taloja, Nelamangala and Mangalore units.
- Foc us on optimal work-in-process during the off-season has reduced refrigeration load and consequently reduced energy consumption.

Fuel Consumption:

- Wort Heat recovery systems installed at Aurangabad, Chopanki and Kalyani units.
- Solid fuel boilers installed at Cherthala, Aurangabad, Aranvoyal and Kothlapur units.

Water Conservation:

- Recycling of effluent treated water with programmable logic control operated reverse osmosis plant installed at Dharuhera, Chopanki, Aranvoyal, Palakkad and Kalyani units to ensure water conservation.
- Rainwater harvesting initiative is being undertaken at Khurda, Mysore, Nelamangala and Aurangabad units in a phased manner to save water and enhance the ground water table.

Environment:

Zero Liquid Discharge systems, wherein all waste water is treated and evaporated, have been installed at Dharuhera and Aranvoyal units.

B. Technology Absorption

- Mash filter and high speed 36000 BPH bottling line commissioned at Mysore and Aurangabad units.
- Two stage wort cooling and refrigeration for fermentation installed at Mysore unit.
- All surface empty bottle inspectors installed in Mysore, Mallepally and Aurangabad units. Filled bottle inspector also installed in Mysore and Aurangabad units.

C. Research and Development

The Company has continued its Research & Development (R&D) program in the area of development of two row malting variety of Barley.

D. Foreign Exchange Inflow and Outflow

		(Rupees in million)
Foreign Exchange earned	:	Rs. 20.00
Foreign Exchange used	:	Rs. 1,157.00

STATEMENT UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 (EMPLOYED FOR FULL YEAR)

Sl. No	Name	Age	Date of Joining	Total Remuneration	Designation	Educational Qualifications	Experience in Years	Previous Employment
1.	Kalyan Ganguly	62	1-Feb-79	4,93,11,579	Managing Director	B.A (Hons), PGDBM (XLRI)	40	EVP - Marketing & Sales McDowell & Co. Ltd.
2.	Shekhar Ramamurthy	52	15-May-89	3,03,70,083	Joint President	B.Tech (Civil)-IIT, Delhi, PGDBM-IIM - Kolkata	26	General Manager - Marketing Herbertsons Ltd.
3.	Cedric Vaz	55	15-May-06	1,35,55,874	EVP - Manufacturing	B.Tech (Chem. Eng.) IIT - Kanpur	31	Head Operations - Cadbury India Ltd.
4.	Joseph Noronha	58	15-Jul-91	1,22,93,195	EVP - HR	B.Com (Hons.) PGDPM-IR (XLRI)	33	Personnel Manager - The Oberoi Bogmalo Beach, Goa
5.	Kiran Kumar	45	28-Apr-97	1,15,66,893	SVP - Sales	B.Com., PGDBM, IIM - Ahmedabad	22	Marketing Manager - Herbertsons Ltd.
6.	Perry Goes	48	14-Jun-04	1,06,13,770	SVP - Strategic Planning & Business Analysis	B.E. (Meh.), PGDBM (Mktg-Fin & HR) – Goa Inst. of Mgmt.	26	Group Leader for Business Analytics - Honeywell Technologies Solutions Labs
7.	Henk Breederveld	62	11-Oct-10	1,56,51,191	Technological Advisor	Chemical Engineer (M.Sc., Biochemistry) Delft University of Technology – The Netherlands	35	Heineken International B.V.
8.	Samar Singh Sheikhawat	47	9-Nov-09	1,10,45,604	SVP - Marketing	B.A, MBA (Marketing) Symbiosis Inst. of Mgmt., Pune	23	Vice President - Marketing Spencers Retail Ltd.
9.	Govind Iyengar	46	5-Feb-01	78,30,081	SVP - Legal & Secretarial	B.Com, L.L.B, A.C.S	23	Company Secretary - Citurgia Biochemicals Ltd.
10.	Govind Tiwari	61	12-Feb-75	71,52,317	DVP - UBL Goa	B.Sc, PGD IFAT, DBA, PGDM & IR	43	Assistant Brewer - Indo Lowenbrau Breweries Ltd., Faridabad
11.	R K Jindal	52	19-Mar-85	75,38,894	SVP - Operations & Malting	B.Com, F.C.A	28	First Employment
12.	R Santosh Kumar	47	1-Jul-98	75,28,022	SVP - Procurement & Logistics	B.E (Industrial & Production), PGDCA	25	Manufacturing Manager - Pepsi Co India Holdings
13.	P A Poonacha	42	1-Jul-96	63,77,470	DVP - Finance	B.Com, A.C.A, A.I.C.W.A.	18	Accounts Executive - BPL Sanyo Technologies Ltd.

Annexure to Directors' Report (contd.)

Employed for part of year and receipt of remuneration in aggregate of not less than Rs.60,00,000/- per annum

Sl. No	Name	Age	Date of Joining	Total Remuneration	Designation	Educational Qualifications	Experience in Years	Previous Employment
1.	Guido de Boer*	41	1-Oct-09	2,04,58,934	Director & CFO	M.Sc., Economics & Business	16	Heineken International B.V.
2.	Henricus Petrus van Zon**	57	1-Jan-13	1,26,26,817	Director & CFO	M.Sc., Economics & Business and Post-Graduate in Accountancy (CPA) from Erasmus University, Rotterdam, Netherlands	31	Brau Holding International Gmbh & Co KgaA

All the employees mentioned above are in full time employment with the Company.

CFO - Chief Financial Officer, EVP - Executive Vice President, SVP - Senior Vice President, DVP - Divisional Vice President.

* Mr. Guido de Boer has resigned from the Board with effect from December 07, 2012.

** Mr. Henricus Petrus van Zon was appointed as Director with effect from December 07, 2012 and CFO with effect from January 01, 2013.

NOTES: Remuneration shown above includes salary, allowances, medical, leave travel expenses and monetary value of perquisites as per Income Tax Rules. None of the employees mentioned above is a relative of any Director of the Company. None of the above mentioned employees holds more than 2% of the paid-up equity capital in the Company.

By Authority of the Board,

May 30, 2013
Mumbai

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

A. MANDATORY REQUIREMENTS

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

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

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

In addition to securing Board approvals for various matters prescribed under the Companies Act, 1956, matter such as annual budget, operating plans, material show cause notices and demands if any, minutes of Committee meetings, control self-assessment, risk management and updates thereof are regularly placed before the Board.

During the financial year ended on March 31, 2013, 5 Board Meetings were held on April 10, 2012, June 08, 2012, August 10, 2012, November 08, 2012 and February 06, 2013.

ATTENDANCE AT BOARD MEETINGS AND ANNUAL GENERAL MEETING (AGM)

Names of the Directors	Category	Number of Board Meetings held	Number of Board Meetings attended	Attendance at the last AGM held on 26.09.2012
Dr. Vijay Mallya	Chairman (NE)	5	3	YES
Mr. Kalyan Ganguly	Managing Director	5	5	YES
Mr. A K Ravi Nedungadi	Director (NE)	5	5	YES
Mr. Duco Reinout Hooft Graafland	Director (NE)	5	3	—
Mr. Theodorus Antonius Fredericus de Rond	Director (NE)	5	3	—
Mr. Guido de Boer*	—	5	3	YES
Mr. Henricus Petrus van Zon**	Director (CFO)	5	1	—
Mr. Chugh Yoginder Pal	Director (NE, IND)	5	3	YES
Mr. Sunil Alagh	Director (NE, IND)	5	4	YES
Mr. Chhaganlal Jain	Director (NE, IND)	5	4	—
Ms. Kiran Mazumdar Shaw	Director (NE, IND)	5	1	—
Mr. Madhav Bhatkuly	Director (NE, IND)	5	4	YES
Mr. Stephan Gerlich	Director (NE, IND)	5	1	—

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

* Mr. Guido de Boer opted out of the Board with effect from December 07, 2012.

** Mr. Henricus Petrus van Zon was appointed as Director with effect from December 07, 2012 and CFO with effect from January 01, 2013.

MEMBERSHIP IN BOARDS AND BOARD COMMITTEES - OTHER THAN UNITED BREWERIES LIMITED (UBL)

Names of the Directors	Membership in Boards other than UBL	Membership in Board Committees other than UBL	
		Prescribed for reckoning the limits under Clause 49 of the Listing Agreement **	Other Committees not so prescribed ***
Dr. Vijay Mallya	17	NIL	NIL
Mr. Kalyan Ganguly	3	NIL	NIL
Mr. A K Ravi Nedungadi	5	6 (Chairman of 1 Committee)	1
Mr. Duco Reinout Hooft Graafland	NIL	NIL	NIL
Mr. Theodorus Antonius Fredericus de Rond	NIL	NIL	NIL
Mr. Henricus Petrus van Zon	NIL	NIL	NIL
Mr. Chugh Yoginder Pal	7	4 (Chairman of 3 Committees)	3
Mr. Sunil Alagh	4	1 (Chairman of 1 Committee)	2
Mr. Chhaganlal Jain	6	2 (Chairman of 2 Committee)	2
Ms. Kiran Mazumdar Shaw	9	1	NIL
Mr. Madhav Bhatkuly	2	NIL	NIL
Mr. Stephan Gerlich	5	1	3 (Chairman of 3 Committees)

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

** Audit & Investors' Grievance Committees *** Remuneration, Share Transfer & Other Committees

NOTES:

a) Out of 17 other Companies in India in which Dr. Vijay Mallya is a Director, 7 are Private Limited Companies and 2 are Section 25 Companies. Dr. Vijay Mallya is also on the Board of 35 Overseas Companies.

b) Out of 3 other Companies in which Mr. Kalyan Ganguly is a Director, 1 is a Private Limited Company. Mr. Kalyan Ganguly is also on the Board of 1 Overseas Company.

c) Out of 5 other Companies in which Mr. A K Ravi Nedungadi is a Director, 1 is a Private Limited Company and 1 is a Section 25 Company, Mr. A K Ravi Nedungadi is also on the Board of 9 Overseas Companies.

d) Mr. Duco Reinout Hooft Graafland is on Board of 2 Overseas Companies.

e) Mr. Theodorus Antonius Fredericus de Rond is on Board of 20 Overseas Companies.

f) Mr. Henricus Petrus van Zon is not a Director in any other Company.

g) Out of 7 other Companies in which Mr. Chugh Yoginder Pal is a Director, 1 is a Private Limited Company.

h) Out of 4 other Companies in which Mr. Sunil Alagh is a Director, 1 is a Private Limited Company.

i) Out of 6 other Companies in which Mr. Chhaganlal Jain is a Director, 1 is a Private Limited Company.

j) Out of 9 other Companies in which Ms. Kiran Mazumdar Shaw is a Director, 3 are Private Limited Companies and 1 is a Section 25 Company. Ms. Mazumdar is also on Board of 3 Overseas Companies.

k) Mr. Madhav Bhatkuly is a Director in 2 Private Limited Companies. Mr. Bhatkuly is also on Board of 2 Overseas Companies.

l) Out of 5 other Companies in which Mr. Stephan Gerlich is a Director, 2 are Private Limited Companies and 1 is a Section 25 Company.

PARTICULARS OF NEW DIRECTOR AND DIRECTORS RETIRING BY ROTATION AND BEING RE-APPOINTED

PROFILE OF NEW DIRECTOR

Brief resume	Other Directorships & Committee Memberships in India
Mr. Henricus Petrus van Zon Mr. Henricus Petrus van Zon, is an MSC in Business Economics and Post Graduate in Accountancy from Erasmus University, Rotterdam, Netherlands. He has also completed various Executive Development Programs from IMD-Lausanne, Switzerland and INSEAD-Fontainebleau, France. In 2007 he joined Brau Holding International Gmbh and Co KgaA, a Joint Venture between Schorghuber UG and Heineken NV as Executive Director and CFO. During his tenure he has also been operationally responsible as the Chairman of the Management Board and CFO of Kulmbacher Brauerei AG. Prior to this Mr. van Zon held several important portfolios in organisations like Grupa Zywiec, Heineken Espana, Heineken NV, Vietnam Brewery Ltd., Commonwealth Brewery Ltd., Heineken Netherlands BV. Mr. van Zon brings with him over 3 decades experience of a professional in finance and general management, possessing broad business skills, and an understanding of diverse emerging markets.	NIL

Mr. Chhaganlal Jain, Mr. Duco Reinout Hooft Graafland and Mr. Stephan Gerlich retire at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Their brief particulars are mentioned below:

PROFILE OF DIRECTORS RETIRING BY ROTATION

Brief resume	Other Directorships & Committee Memberships
Mr. Chhaganlal Jain Mr. Chhaganlal Jain is a Chartered Accountant and a Company Secretary by profession, having more than 45 years of Corporate experience in various organizations including ICI and Hindustan Lever Ltd. He was Finance Director of Hoechst India Ltd. He was also External Faculty Member at Bajaj Institute of Management for 17 years. Apart from Directorship he holds in esteemed public companies, he is also a trustee of Nayana Parekh Charitable Trust and Sangeeta Jain Charitable Trust. Mr. Jain is on the Board of UBL since January 27, 2003.	**Other Boards** - Asit C. Mehta Investment Intermediates Limited - SW Finance Co. Limited - RPG Life Sciences Limited - Practical Financial Services Private Limited - NOCIL Limited - Pioneer Distilleries Limited **Audit Committees** - NOCIL Limited (Chairman) - RPG Life Sciences Limited (Chairman)
Mr. Duco Reinout Hooft Graafland Mr. Duco Reinout Hooft Graafland studied Business Administration at the Erasmus University in Rotterdam and finished the Post-Graduate study for Chartered Accountant. He started his career as a Management Trainee with Heineken Nederland in 1981, became Brand Manager for Vrumona, Heineken's soft drink company and continued as Area Export Manager for Central and West Africa. The experience with the African market prompted his move to Kinshasha, where he worked as Financial Director for Heineken's operations for three years from 1987-1989. Then he returned to the Netherlands as Marketing Director for Heineken Nederland. In 1993 he went to Indonesia as President Director of Multi Bintang. As of 1997 he continues his career at Heineken's Corporate Office as Director Corporate Marketing to become Director of Heineken Export Group in 2001. In 2002 he was appointed Member of the Executive Board and CFO Heineken N.V. Mr. Hooft Graafland is on the Board of UBL since December 07, 2009.	NIL

Mr. Stephan Gerlich	Other Boards
Mr. Stephan Gerlich is the Country Group Speaker for the Bayer Group in India. He is the Vice Chairman & Managing Director of Bayer CropScience Limited and Chairman & Managing Director of Bayer MaterialScience Private Limited. Mr. Gerlich started his career with Bayer AG in Germany in 1978 and shortly later moved to a subsidiary in France. After 3 years in France, he joined the Bayer operations in Mexico. In 1991, he returned to the Bayer Headquarters in Leverkusen, Germany as the Regional Marketing Manager for Engineering Plastics Division and later designated as Global Marketing Manager in 1992. In 1994, he took over as Director Sales & Marketing and Key Account Manager in Bayer France. In 1995, he became President/CEO of the Bayer/Hoechst Joint Venture, Dystar, in Mexico. In 2000, he became Vice President in charge of Sales in US & Canada for Dystar, based in North Carolina. Since 2003, he has been responsible for the Bayer Group business activities in India. Mr. Gerlich is on the Board of UBL since July 02, 2010.	- Bayer CropScience Limited - Bayer MaterialScience Private Limited - Bayer Zydus Pharma Private Limited - Magma HDI General Insurance Company Limited **Investors' Grievance Committee** - Bayer CropScience Limited

NOTE: Committee Memberships of Directors mentioned above includes only those Committees prescribed for reckoning of limits under Clause 49 of the Listing Agreement. None of the Directors are related inter-se.

COMMITTEES OF DIRECTORS

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

AUDIT COMMITTEE

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

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

i) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of Audit fee;

iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv) Reviewing, with the Management, the Annual Financial Statements before submission to the Board for approval, with particular reference to;

- Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause 2AA of Section 217 of the Companies Act, 1956;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgement by the Management;
- Significant adjustments made in the financial statements arising out of Audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Qualifications in the draft audit report;

v) Reviewing with the Management the quarterly financial statements before submission to the Board for approval;

vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document /prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

vii) Reviewing with the Management, performance of Statutory and Internal Auditors, adequacy of Internal Control Systems;

viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

ix) Discussing with Internal Auditors any significant findings and follow up there on;

x) Reviewing the findings of any internal investigations by the Internal Auditors in to matters where there is suspected fraud or irregularity or failure of Internal Control Systems of a material nature and reporting the matter to the Board;

xi) Discussing with Statutory Auditors before the audit commences, about the nature and scope of Audit as well as post-audit discussion to ascertain any area of concern;

xii) To look into the reasons for substantial defaults in the payment to Depositors, Shareholders (in case of non-payment of declared Dividends), Debenture-holders and Creditors;

xiii) To review the function of the Whistle Blower mechanism, in case the same is existing;

xiv) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate, and

xv) Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee from time to time.

The Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial conditions and results of operations;
2. Statement of significant related party transactions submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

During the Year ended March 31, 2013, 4 Audit Committee Meetings were held on June 08, 2012 (adjourned meeting of May 30, 2012), August 10, 2012, November 06, 2012 and February 06, 2013.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Names of the Directors	Category	Number of Audit Committee Meetings held	Number of Audit Committee Meetings attended
Mr. Chugh Yoginder Pal	CHAIRMAN	4	4
Mr. Sunil Alagh	MEMBER	4	3
Mr. Chhaganlal Jain	MEMBER	4	4

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

SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprises of Mr. A K Ravi Nedungadi and Mr. Kalyan Ganguly as Members. Mr. A K Ravi Nedungadi, a non-executive Director is the Chairman of the Committee.

The Terms of reference are as under:

- To monitor Transfer, Transmission and Transposition of the Shares of the Company;
- Issue of Duplicate Share Certificates, in lieu of Certificates lost or misplaced;
- Issue of New Share Certificates in lieu of Certificates torn, mutilated, cages for transfer filled up etcetera;
- Consolidation and sub-division of Share Certificates;
- To oversee compliance of the norms laid down under the Depositories Act, 1996;
- To appoint/remove Registrar and Transfer Agent;
- To oversee compliance of the norms laid down under the Tripartite Agreement with National Securities Depository Limited / Central Depository Services (India) Limited, and

- Perform all such acts and deeds, matters and things as it may in its absolute discretion deem necessary, expedient, desirable, usual or proper and to settle any question, dispute, difficulty or doubt that may arise in regard to the matters arising out of the aforesaid acts.

In order to facilitate prompt and efficient service to the Shareholders all the transactions in connection with Transfer, Transmission, issue of Duplicate Certificates, etc., have been entrusted to Integrated Enterprises (India) Limited (Formerly known as Alpha Systems Private Limited), Registrar and Share Transfer Agent and the same are being processed and approved on fortnightly basis.

During the year ended March 31, 2013 the Committee met 6 times on June 08, 2012, August 10, 2012, November 06, 2012, November 21, 2012, December 31, 2012 and February 06, 2013 for approving the transactions falling within the Terms of reference mentioned above.

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

INVESTORS' GRIEVANCE COMMITTEE

The Investors'/Shareholders' Grievance Committee comprises of Mr. Chugh Yoginder Pal, Mr. Sunil Alagh and Mr. Chhaganlal Jain as members. Mr. Chugh Yoginder Pal is the Chairman of the Committee.

The Terms of Reference for the Committee include inter alia specifically to look into the redressing of Shareholders' and Investors' complaints like non-receipt of Balance Sheet, non-receipt of declared Dividends, non-receipt of Share certificates, Demat Credit, etcetera, and operate in terms of the provisions of the Listing Agreement and/or the provisions as may be prescribed under the Companies Act, 1956 and other related Regulations from time to time.

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

Number of Shareholders' complaints received from 01-04-2012 to 31-03-2013 (These complaints pertained mainly to non-receipt of Share Certificates upon transfer, non-receipt of Annual Report, non-receipt of Dividend, etc.)	36
Number of complaints not solved to the satisfaction of the Shareholders	NIL
Number of pending Share transfers	NIL

During the year ended March 31, 2013, two Meetings of Investors' Grievance Committee was held on June 08, 2012 and February 06, 2013 which was attended by all the members.

REMUNERATION / COMPENSATION COMMITTEE (A NON MANDATORY REQUIREMENT)

The Remuneration Committee comprises of Mr. Chugh Yoginder Pal, Mr. Sunil Alagh and Mr. Chhaganlal Jain as Members. Mr. Sunil Alagh is the Chairman of the Committee.

The Committee is authorized inter alia:

- to deal with matters related to compensation by way of salary, perquisites, benefits, etc., to the Managing Director / Executive / Whole time Directors of the Company and set guidelines for the salary, performance, pay and perquisites to other Senior Employees, and
- to formulate and implement Employee Stock Option Scheme to employees / Directors in terms of prescribed Guidelines.

During the year ended March 31, 2013, 3 Meetings of Remuneration Committee were held on June 08, 2012, August 10, 2012 and February 06, 2013 which were attended by all the Members.

REMUNERATION POLICY

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

For the financial year ended March 31, 2013, Mr. Kalyan Ganguly, Managing Director, Mr. Guido de Boer, Ex-CFO and Mr. Henricus Petrus van Zon, CFO were paid remuneration as under:

(Rupees)

Name	Salary & Allowance	Perquisites	Retiral Benefits
Mr. Kalyan Ganguly	4,01,87,676	10,76,578	80,47,325
Mr. Guido de Boer	1,84,54,264	1,48,403	18,56,267
Mr. Henricus Petrus van Zon	1,14,57,017	58,747	11,11,053

Mr. Kalyan Ganguly was re-appointed as Managing Director for a further period of five years effective August 09, 2012 till August 08, 2017. Guido de Boer resigned from the Board with effect from December 07, 2012 and as CFO with effect from January 01, 2013. Mr. Henricus Petrus van Zon was appointed as Director of the Company with effect from December 07, 2012 and also CFO with effect from January 01, 2013 for a period of three years. The remuneration details of Mr. Guido de Boer and Mr. Henricus Petrus van Zon reflect remuneration paid for part of the year only.

SITTING FEES PAID TO DIRECTORS DURING 2012-2013

Sl. No.	Name of the Director	Sitting Fees paid (Rupees)
1.	Dr. Vijay Mallya	60,000/-
2.	Mr. A K Ravi Nedungadi	230,000/-
3.	Mr. Chugh Yoginder Pal	210,000/-
4.	Mr. Chhaganlal Jain	270,000/-
5.	Mr. Sunil Alagh	220,000/-
6.	Mr. Duco Reinout Hooft Graafland	60,000/-
7.	Ms. Kiran Mazumdar Shaw	30,000/-
8.	Mr. Madhav Bhatkuly	80,000/-
9.	Mr. Stephan Gerlich	20,000/-
10.	Mr. Theodorus Antonius Fredericus de Rond	60,000/-
TOTAL		**1,240,000/-**

Sitting fees are being paid @ Rs. 20,000/- for attending Board and Audit Committee Meetings and Rs.10,000/- for attending other Committee Meetings. No stock options are granted to any of the Directors so far.

COMMISSION PAID TO DIRECTORS DURING 2012-2013

Sl. No.	Name of the Director	Commission (Rupees)
1.	Dr. Vijay Mallya	17,118,947/-
2.	Mr. Chugh Yoginder Pal	1,902,105/-
3.	Mr. Chhaganlal Jain	1,902,105/-
4.	Mr. Sunil Alagh	1,902,105/-
5.	Ms. Kiran Mazumdar Shaw	1,902,105/-
6.	Mr. Madhav Bhatkuly	1,902,105/-
7.	Mr. Stephan Gerlich	1,902,105/-

OTHER COMMITTEE MEETINGS

BORROWING COMMITTEE

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

Following resignation of Mr. Guido de Boer, the Borrowing Committee was reconstituted on February 06, 2013, comprising of Mr. Henricus Petrus van Zon, Mr. A K Ravi Nedungadi, Mr. Chhaganlal Jain and Ms. Kiran Mazumdar Shaw as Members. Mr. A K Ravi Nedungadi is the Chairman of the Committee. During the year ended March 31, 2013, five (5) meetings of Borrowing Committee were held on April 10, 2012, June 08, 2012, August 10, 2012, October 18, 2012 and February 06, 2013.

Report on Corporate Governance (contd.)

AMALGAMATION COMMITTEE

In order to take timely and effective decisions and for administrative convenience to deal with matters arising out of amalgamation / restructuring of various brewing entities of the Group, an Amalgamation Committee of Directors is constituted to look into and approve various aspects of amalgamations and matters incidental thereto as may be necessitated during the process of Amalgamation.

Following resignation of Mr. Guido de Boer, the Amalgamation Committee was reconstituted on February 06, 2013, comprising of Mr. Chhaganlal Jain, Mr. Henricus Petrus van Zon, Mr. A K Ravi Nedungadi, Mr. Sunil Alagh and Ms. Kiran Mazumdar Shaw. During the year one (1) meeting of Amalgamation Committee was held on August 22, 2012.

SPECIAL COMMITTEE

A Special Committee (Selection Committee) is constituted comprising of Mr. Sunil Alagh, Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal and Mr. Sheshagiri Hedge (Consultant & Expert) to consider appointment and fixation of remuneration of relative of Directors holding office or place of profit. During the Financial Year 2012 - 2013 one (1) meeting of the Selection Committee was held on August 10, 2012 which was attended by all the members.

GENERAL BODY MEETINGS

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

Date	Time	Venue	Special Resolutions Passed
September 26, 2012	11.30 a.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025	Two
December 21, 2011	03.00 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025	Nil
August 20, 2010	12.15 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025	One

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

During the year under review, pursuant to Order dated August 17, 2012 of the Hon'ble High Court of Karnataka, a Court Convened Meeting of Equity Shareholders was held on September 24, 2012 at 11.00 a.m. for the purpose of considering and approving the Scheme of Amalgamation of Scottish and Newcastle India Private Limited into your Company. The Scheme was approved with requisite majority at the Meeting.

POSTAL BALLOT

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

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

DISCLOSURES

During the financial year ended March 31, 2013, there were no materially significant related party transactions with the Company's Directors or their relatives. Details of related party transaction form part of Notes on Accounts. In preparation of financial statements for the year under review, treatment as prescribed in Accounting Standards has been followed.

The Company has complied with all the statutory requirements comprised in the Listing Agreements/Regulations/Guidelines/Rules of the Stock Exchanges/SEBI/other Statutory Authorities.

The Company did not suffer from any levies and there were no strictures on any Capital market related matters since incorporation. The Company has complied with the mandatory requirements of Clause 49.

The Company has also constituted a Remuneration Committee which is a non-mandatory requirement.

DIVIDEND

Dividend on Equity Shares for the financial year ended March 31, 2013 post its declaration at this Annual General Meeting will be paid to the Members whose names appear:

i. as Beneficial Owners as at the close of the business hours on Tuesday, September 10, 2013 as per the list to be furnished by the Depositories in respect of the Shares held in electronic form, and

ii. as Members in the Register of Members of the Company as on Thursday, September 12, 2013 after giving effect to all valid Share transfers in physical form which are lodged with the Company on or before Tuesday, September 10, 2013.

UNCLAIMED DIVIDEND

The unclaimed / unpaid Final Dividend for the financial year ended March 31, 2006, and Interim Dividends for the financial year ended March 31, 2007 will be due for transfer to the Investor Education and Protection Fund (IEPF) on October 05, 2013 and February 16, 2014 respectively in terms of Section 205A and 205C of the Companies Act, 1956. Members who have not encashed the Dividend Warrants for the aforesaid Dividends are requested to approach the Registrars and Share Transfer Agents of the Company as no claim shall lie against IEPF or the Company after such transfer of unclaimed Dividend to IEPF.

UNCLAIMED SHARES

After due compliance of the procedure prescribed in Clause 5A.II of the Listing Agreement relating to unclaimed shares, your Company has transferred all unclaimed equity shares in one folio and has dematerialized these equity shares in a demat account with National Securities Depository Limited.

Details relating to unclaimed equity shares as on March 31, 2013 as required under the Listing Agreement is given hereunder:

No. of Shareholders holding unclaimed shares as on 01.04.2012	No. of unclaimed Shares as on 01.04.2012	No. of Shareholders claimed shares during the year	No. of unclaimed shares transferred during the year*	No. of Shareholders holding unclaimed shares as on 31.03.2013	Balance Unclaimed Shares as on 31.03.2013	Voting Rights Frozen (%)
8072	1389359	79	3153	7993	1382891	0.52

* During the year 3315 unclaimed Equity Shares were released to the shareholders in physical form, prior to transfer of unclaimed shares into separate demat account.

MEANS OF COMMUNICATION

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

In line with the requirement of Clause 47(f) of the Listing Agreement, the Company has designated an exclusive email ID viz, ublinvestor@ubmail.com for the purpose of registering complaints by the investors. The investors can post their grievances by sending a mail to the said email ID.

Management Discussion and Analysis form part of the Directors' Report.

GENERAL SHAREHOLDER INFORMATION

The Company's financial year begins on April 1 and ends on March 31 of immediately subsequent year.

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

* In terms of the listing agreement, the Company is required to publish Audited Results for the last quarter within 60 days of the end of the financial year.

ANNUAL GENERAL MEETING INFORMATION

Board Meeting for Consideration of Accounts	May 30, 2013
Posting of Annual Report	August 16, 2013
Book Closure dates	September 11, 2013 and September 12, 2013
Last date for receiving proxy	September 10, 2013
Date of Annual General Meeting	September 12, 2013
Time	11.30 A.M.
Venue	Good Shepherd Auditorium, Opp St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025.

In compliance with Circular dated 21.04.2011 issued by the Ministry of Corporate Affairs, as a Green Initiative, the Company effects service of its Annual Report, Notice and other requisite correspondence by electronic mode to its shareholders at their respective email IDs registered and available in Company's records.

LISTING WITH STOCK EXCHANGES

The Equity Shares of your Company are listed with National Stock Exchange of India Limited, BSE Limited and Bangalore Stock Exchange Limited. Your Company has paid the Annual Listing Fee to all these Stock Exchanges for the year 2013-2014. The Scrip Code of your Company's Equity Shares on these Stock Exchanges is as under:

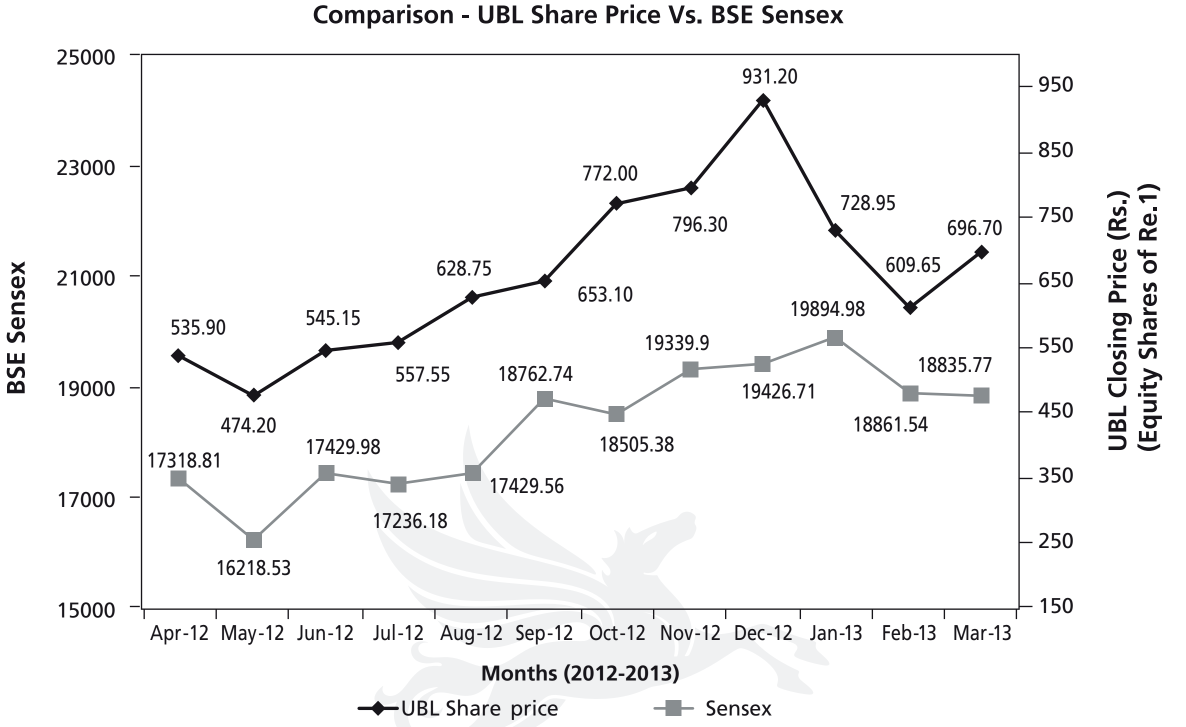
STOCK EXCHANGE	SCRIP CODE
BANGALORE STOCK EXCHANGE LIMITED	UNITEDBRED
BSE LIMITED	532478
NATIONAL STOCK EXCHANGE OF INDIA LIMITED	UBL

Market price data of the Company's Equity Shares traded on the BSE Limited, during the period April 2012 to March 2013

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Sensex – Close
	BSE	BSE	BSE	BSE
April, 2012	565.00	481.00	535.90	17,318.81
May, 2012	584.60	458.00	474.20	16,218.53
June, 2012	555.50	466.05	545.15	17,429.98
July, 2012	588.00	473.00	557.55	17,236.18
August, 2012	659.35	507.00	628.75	17,429.56
September, 2012	734.20	537.00	653.10	18,762.74
October, 2012	795.55	626.95	772.00	18,505.38
November, 2012	896.80	723.95	796.30	19,339.90
December, 2012	1,023.30	735.80	931.20	19,426.71
January, 2013	955.95	669.00	728.95	19,894.98
February, 2013	795.00	580.65	609.65	18,861.54
March, 2013	732.90	598.70	696.70	18,835.77

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

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



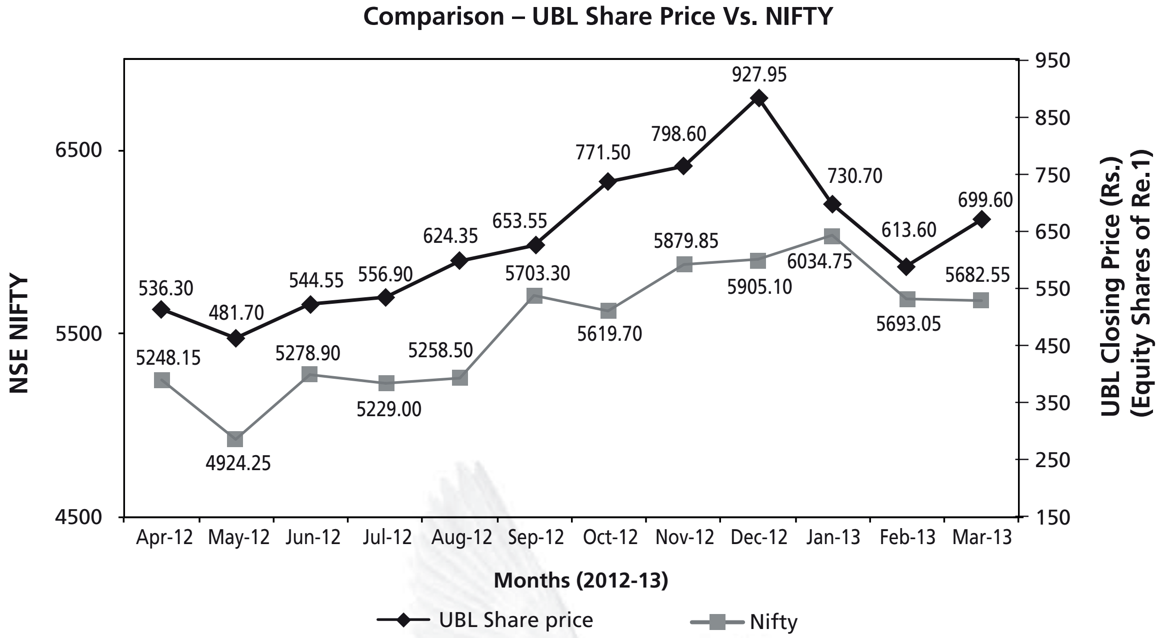
Market price data of the Company's Equity Shares traded on the National Stock Exchange of India Limited, (NSE) during the period April 2012 to March 2013

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Nifty – Close
	NSE	NSE	NSE	NSE
April, 2012	563.70	482.00	536.30	5248.15
May, 2012	584.85	441.35	481.70	4924.25
June, 2012	553.90	466.65	544.55	5278.90
July, 2012	649.00	470.10	556.90	5229.00
August, 2012	659.00	514.60	624.35	5258.50
September, 2012	733.80	545.55	653.55	5703.30
October, 2012	881.80	641.20	771.50	5619.70
November, 2012	898.50	729.15	798.60	5879.85
December, 2012	1024.40	802.55	927.95	5905.10
January, 2013	955.65	666.60	730.70	6034.75
February, 2013	795.00	580.40	613.60	5693.05
March, 2013	734.00	561.25	699.60	5682.55

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

Report on Corporate Governance (contd.)

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



SHARE TRANSFER SYSTEM

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

The Company was offering the facility of transfer-cum-demat as per SEBI Guidelines. However, SEBI has vide its Circular No. SEBI/MRD/Cir-10/2004 dated February 10, 2004, withdrawn transfer-cum-demat scheme. In line with the above, on receipt of transfer requests the Company has discontinued issuing of option letters to the shareholders.

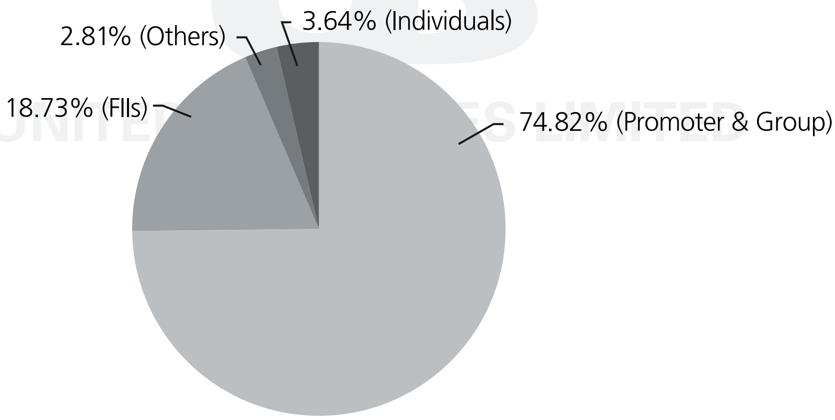
The distribution of shareholding as on March 31, 2013 is furnished below:

Category (Rs.)	No. of Shareholders	% (Percentage)	No. of Shares held	% (Percentage)
Up to 5000	37,830	99.06	8,348,624	3.16
5001 – 10000	129	0.34	936,887	0.35
10001 – 20000	64	0.17	905,938	0.34
20001 – 30000	37	0.10	927,338	0.35
30001 – 40000	16	0.04	562,731	0.21
40001 – 50000	8	0.02	353,749	0.13
50001 - 100000	16	0.04	1,163,057	0.45
100001 and Above	89	0.23	251,206,825	95.01
TOTAL	**38,189**	**100.00**	**264,405,149**	**100.00**

Shareholding Pattern as on March 31, 2013

Category	No. of Shares held	Percentage of Shareholding
Promoters		
Indian	106,984,230	40.46
Foreign	90,850,440	34.36
Sub-Total	**197,834,670**	**74.82**
Foreign Institutional Investors (FIIs)	**49,525,306**	**18.73**
Individuals	**9,629,983**	**3.64**
Others		
Mutual Funds	96,282	0.04
Banks / Financial Institution	31,939	0.01
Central / State Governments	660	0.00
Insurance Companies	Nil	Nil
Bodies Corporate	6,422,874	2.43
Trust	252,761	0.10
NRI	517,888	0.20
Clearing Members	90,906	0.03
Overseas Corporate Bodies	1,880	0.00
Sub-Total	**74,15,190**	**2.81**
Total	**264,405,149**	**100.00**

Pie-chart of Shareholding Pattern



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

Sl. No.	Name	Number of Equity Shares held	
		As on March 31, 2013	As on March 31, 2012
1.	Dr. Vijay Mallya	21,353,620	21,353,620
2.	Mr. Kalyan Ganguly	14,690	14,690
3.	Mr. Sunil Alagh	3,000	—

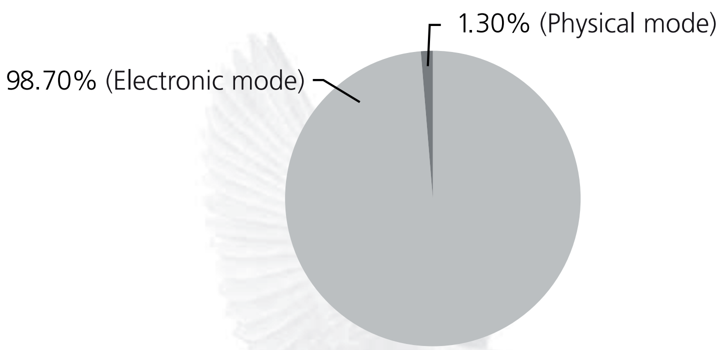
Report on Corporate Governance (contd.)

DEMATERIALIZATION OF SHARES

The Company has set up requisite facilities for dematerialization of its Equity Shares in accordance with the provisions of the Depositories Act, 1996 with National Securities Depository Limited and Central Depository Services (India) Limited. The Company has entered into agreements with both the Depositories for the benefit of Shareholders. The status of Dematerialization of the Company's Shares as on March 31, 2013 is as under:

Mode	No. of Shares	% age	No. of Shareholders
Physical mode	3,429,850	1.30	12,249
Electronic mode	260,975,299	98.70	25,940
TOTAL	**264,405,149**	**100.00**	**38,189**

Shares held in physical and demat form as on March 31, 2013



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

INTEGRATED ENTERPRISES (INDIA) LIMITED
(FORMERLY KNOWN AS ALPHA SYSTEMS PRIVATE LIMITED)
30, RAMANA RESIDENCY, 4TH CROSS, SAMPIGE ROAD, MALLESWARAM,
BANGALORE – 560 003.
Tel.No.: (080) 2346 0815 to 2346 0818 Fax No.: (080) 2346 0819
email: alfint@vsnl.com

Contact Persons: MR. VIJAYAGOPAL or MR. RAJARAMAN

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

OWN MANUFACTURING NETWORK

ANDHRA PRADESH – MALLEPALLY, KOTHLAPUR & SRIKAKULAM	TAMIL NADU – KUTHAMBAKKAM & ARANVOYAL
GOA – PONDA	PUNJAB – LUDHIANA
KERALA – CHERTHALA & PALAKKAD	WEST BENGAL – KALYANI
KARNATAKA – MANGALORE, NELMANGALA & MYSORE	RAJASTHAN – CHOPANKI
ODISHA – KHURDA	MAHARASHTRA – TALOJA & AURANGABAD (2) Units
HARYANA – DHARUHERA	

CONTRACT MANUFACTURING NETWORK

In addition, the Company also has Manufacturing facilities through Contract Breweries at Aligarh, Alwar, Daman, Gauhati, Ghaziabad, Indore, Lucknow, Rangpo and Samba.

REGISTERED OFFICE:
"UB TOWER", UB CITY, 24, VITTAL MALLYA ROAD,
BANGALORE – 560 001.
Phone: (91-80) 39855000, 22272806 & 22272807
Fax No. (91-80) 22211964, 22229488
Cable: UBEEGEE

B. NON MANDATORY REQUIREMENTS

a) Chairman of the Board:

The Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and allowed reimbursement of expenses incurred in performance of his duties.

b) Remuneration Committee:

The Company has set up a remuneration Committee.

c) Shareholder Rights:

The Company's half yearly results are published in English and Kannada Newspapers having wide circulation and are also displayed on the Company's website. Press releases are also issued which are carried by a few newspapers and also displayed on the Company's website. Hence, same are not sent to the shareholders.

d) Green initiative:

The Green initiative is paperless compliances by Companies i.e. servicing documents through electronic mode. The Company has adopted green initiative and therefore started communicating through email to shareholders having registered their email ids.

e) Audit Qualifications:

There are no qualifications or adverse remarks in Auditor's Report which require any clarification or explanation.

f) Training of Board Members:

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

g) Mechanism for evaluating Non-Executive Directors:

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

h) Whistle Blower Policy:

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

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Clause 49 sub-clause (I) (D) (ii) of the Listing Agreement, it is hereby confirmed that during the year 2012-2013, all the members of the Board of Directors and Senior Managerial personnel have affirmed their Compliance with the Company's Code of Business Conduct and Ethics.

Place: Mumbai
Date: May 30, 2013

Kalyan Ganguly
Managing Director

COMPLIANCE CERTIFICATE

To the Members of
UNITED BREWERIES LIMITED

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

We have examined the compliance of conditions of Corporate Governance by United Breweries Limited for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.

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

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

We state that in respect of investor grievance received during the year ended on March 31, 2013, no grievances are pending against the company as per records maintained by the company and presented to the Shareholders'/Investors' Grievance Committee.

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

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

Bangalore, May 30, 2013

Introduction

The Securities and Exchange Board of India, vide Circular No. CIR/CFD/DIL/8/2012 dated August 13, 2012 has mandated inclusion of Business Responsibility Report by certain listed entities as a part of their Annual Report requiring certain specified disclosures demonstrating the steps taken by them along the lines of key principles enunciated in the "National Voluntary Guidelines on Social Environmental and Economic Responsibilities of Business" (the Guidelines) framed by the Ministry of Corporate Affairs (MCA). This is intended to be adopted by Companies in India to report their Corporate Social Responsibility (CSR) activities and initiatives.

This report covers the philosophy of United Breweries Limited (UBL/the Company) on its CSR for the year 2012-2013 and all aspects of its sustainable activities pertaining to social contract, resource intensity and green innovation, core elements and reporting framework as suggested in the Guidelines. Sustainable development is fundamental to UBL's success which brings benefits to both business and communities in which it operates. This report is focussed on core elements of the principles enumerated in the guidelines of MCA and inter alia covers the Company's contribution in the areas of CSR, environment protection, social environment, economic responsibilities, employees' well-being, and inclusive growth.

Ethics, Transparency and Accountability

UBL's commitment to responsible business is built into the core values and ethics of the Company. To conduct every aspect of business responsibly and sustainably, UBL relies on:

1. Strong leadership.
2. Practice of its core values.
3. A well-articulated Enterprise Risk management framework and Code of Business Conduct.
4. Practices that seek to sustain and enhance long-term competitive advantage of the Company.
5. Commitment towards achieving its social, environmental and economic goals.

The Operations of the Company are managed under the Chairmanship of Dr. Vijay Mallya through a professional Board of Directors.The driving force of UBL comprises of highly qualified professionals having vast experience in their respective fields.

The Company strictly adheres to ethical and legal standards while pursuing its objectives. The company has a separate policy on Code of Business Conduct which lays down guidelines for ethical and lawful business conduct critical to the Company's success.

In performing their respective functions, the Directors and employees:

- Act with integrity, probity, honesty, transparency and with utmost good faith.
- Actively assist in implementing the Company's Objectives and creating an organization that is responsive, positive and driven by business and social needs.

The Code inter alia covers the following aspects and lays guidelines in relation thereto:

- Compliance with Laws, Rules and Regulations;
- Conflicts of interest;
- Insider trading;
- Competition and fair dealing;
- Discrimination and harassment;
- Health and safety;
- Confidentiality;
- Protection and proper use of Company assets and proprietary information, and
- Reporting any Illegal or unethical behaviour.

Business Responsibility Report (contd.)

Governance & Commitment

In pursuit of corporate goals, UBL accords high importance to transparency, accountability and integrity in its business dealings. UBL's philosophy on Corporate Governance is driven towards welfare of all the stakeholders and the Board of Directors and the Management remain committed towards this end.

The Management of UBL is committed and focusses on all its aspects in order to:

- Grow its core brands across categories, reaching out to new geographies, within and outside India and improve operational efficiencies.
- Provide its consumers with quality brands.
- Build a platform to become a global leader.
- Be a professionally managed employer of choice, attracting, developing and retaining human assets.
- Be a responsible Corporate citizen with commitment to environment protection.
- Provide superior returns to its shareholders.
- Promote inclusive growth.

Mission

The Mission statement of UBL embodies the following objectives:

- To be a recognized leader in target markets.
- To be the preferred employer wherever we operate.
- To recognize the value of its human assets.
- To be a partner of choice for customers, suppliers and creators of innovative concepts.

Brand & Sustainability

UBL has set up state of art breweries across the country and the brands are manufactured in most hygienic conditions so as to ensure international quality of beer. The same applies to acquired breweries too, in order to ensure that all breweries are on the same platform with respect to consistency, compliance and sustainability. The brands are properly labelled and all requisite statutory information is displayed on the labels.

While not compromising with the quality of its brands, UBL ensures that packaging does not have adverse impact on environment and best efforts are made to use recycled glass bottles, wherever possible. The Company complies with all applicable laws in manufacturing and packaging so as to deliver quality brand to its consumers. The marketing team of the Company organizes awareness events for its brands amongst consumers.

The Intellectual Property relating to its brands is solely owned by UBL and it takes sufficient precautions to safeguard its Intellectual Property Rights and check infringements, if any. UBL does not infringe into Intellectual Property Rights of third parties.

Sustainability is a business imperative for the Company and therefore, not optional. The Company applies Principles of Sustainability to its Manufacturing Operations, Employee Life Cycle practices and in its dealings with stakeholders in the community in which it operates.

For example, UBL had anticipated years ago that barley cultivation in India may not meet the demand for malting, looking at the way the beer industry was growing. The international price of barley was much higher than Indian barley and imports to fill the supply gap would have adversely impacted the company & escalated the price of its product substantially.

Therefore, UBL decided to embark on backward integration with cultivation of Barley. UBL in 1991 started research on Barley not only to enhance cultivation of Barley to improve the quality of barley available for malting but also to arrest the decline in barley growing areas by developing high yielding varieties and make barley a profit yielding competitive crop.

UBL has also collaborated with various agricultural research institutes and developed high yielding varieties of Barley suitable for Indian conditions after years of extensive research. To evaluate the present production technology and

to transfer advanced technology to farmers, UBL has tied up with ITC's Agricultural Division and has conducted about 600 demonstrations in this regard, in order to provide higher yields of improved variety of Barley in the States of Punjab, Haryana, Rajasthan and Uttar Pradesh. This initiative has resulted in harvesting of 25,000 MT of 2-row barley yield which UBL intends to expand up to 50,000 MT in next three years.

Key Responsibility Areas of its key managers are geared towards improving sustainable initiatives like carbon footprint, waste management, reduction in water consumption, etc. UBL demonstrates year on year improvement on how the Company uses its resources, by lower consumption, increased efficiency etc. and also compare the same to industry benchmarks.

The Company has also invested in specialist resources and subject matter experts (e.g. Sustainability, Health, Safety and Environment Managers) at its central and regional setups – new roles identified specifically for envisioning, directing, documenting and mobilizing the Company's resources to develop, support, engage, manage and achieve the goals of the Company's sustainability strategy. Therefore, Sustainable Development is fundamental to UBL's success which brings benefits to both business and communities in which it operates.

Sustainable Human Capital Practices

Employees' Well-being

UBL realizes that the employees are its most valuable asset. Therefore lot of initiatives are undertaken to promote the well being of its employees. About 77% of its employees surveyed through a global third-party have voted UBL as a great workplace. UBL is higher in its employees' perception map vis-à-vis India's top 50 organizations, on Responsibility, Empowerment and Management Competency that its employees feel institutionalized as an organizational practice and inherent capability. In a complex industrial relations environment, the Company's Long Term Settlement process have specific focus on alignment and engagement with its Associates and have been exemplary on the Industrial Harmony aspects, with zero incidents.

Talent Acquisition

Recruitment practices are controlled and monitored at UBL from three different angles –

1. A rigorous methodology of acquiring talent against mandatory Job descriptions and approved indents, multi-level interviews with zero conflict of interest, through an automated cloud based recruitment application, with internal business partnered Service Level Agreements (SLAs) related to cost of hire, time to fill and quality of hire.
2. A multi pronged approach to organic and inorganic capability building by bringing in a select mix of external subject matter experts and freshers in order to infuse continuous best practices, out of box thinking and application.
3. Professional equation with its suppliers and vendors on the talent space.

Talent Induction and Development

UBL has 19 owned breweries across the Country, covering a diverse population of employees and their demographics that reflects the microcosm of the Indian talent pool at its best. It has therefore been very important for UBL to maintain standardization and formalization to bring in unity amongst diversity and have "one UBL picture". Therefore, all new employees are taken through a Standard Induction Program. This is measured through established metrics, re-evaluated and corrected as and when required. UBL remains to be an equal opportunities employer and multiple breweries have differently abled employees and other population well incorporated and assimilated. The Company does not engage child labour, forced labour or any form of involuntary labour, paid or unpaid.

UBL has been a learning organization in an entrepreneurial environment that aims at developing personal mastery, holistic thinking and team learning on a sustainable basis. To ensure every employee learns out of structured and unstructured environments it operates, the Company has institutionalized the UBL University, a platform for learning and development.

Under UBL University, the Company aims at:

1. standardization of existing training programs (technical, functional and soft-skills) and multi skill based and skill based matrix where applicable.
2. an advanced distributed learning system based on an e-Learning on SCORM compliance, for cost-effective, multi-domain and self-paced learning.
3. Academia linkages on case studies and executive development programs. This is 3-Dimensional learning and growth platform considering functions that the employee belongs to, the level of the employee and the type of training.

From a sustainability perspective, the rewards and recognition practices, learning and growth platform, performance management system, compensation system and talent acquisition process at UBL are tightly integrated into a seamless employee experience and capability model. The input into a specific employee life-cycle process is extracted out of the output of another process to ensure sustainable employee practices, managerial excellence, and leadership development.

Organizational practices

In a quest to set up world class manufacturing facility, the Company has initiated Project "Kavach" ("Armour" in English) and Project "Chamak" ("Shine" in English) to standardize Safety and Hygiene measures in all its breweries across different locations.

The entire organization is geared up to revamp, re-invent, research and implement fundamentals in safety & hygiene processes and bring in new ideas and collaborate as part of next generation Health, Safety and Environment platforms through regular audits, risk assessments, formulating and standardising policies, creating awareness through training and workshops etc. UBL has a well-established medical and insurance policy for employees, at specific grades, and considered as "best-in-class" in the industry.

Goal-setting on a balanced scorecard platform, budget process, internal audit, control self assessment and other practices are in place to bring accountability, service delivery and excellence in execution thereby achieving results keeping stakeholders in mind.

Apart from product innovation, UBL has been focussing on continuous innovation through an Idea Generation platform called "Drishti" where ideas are encouraged, evaluated and rewarded across levels in the organization.

Employee connection is maintained through multiple forums to ensure multi-way feedback. This includes usage of the employee intranet portal that serves as an internal collaboration tool as well as a knowledge management tool. The CEO meets employees across grades once a quarter through an established channel, discussing business results, contributions and other relevant topics.

Stakeholders' Engagement

UBL focuses on guiding principles of Corporate Social Responsibility (CSR) in a way the Company does its business which inter alia includes giving back to the nature, environment and communities, treating all its stakeholders and public at large with respect and dignity.

UBL has implemented its CSR initiatives voluntarily much ahead of the Guidelines and has been reporting the CSR activities so undertaken in its Annual Reports and in its internal periodicals.

At UBL, as part of a larger sustainable effort in terms of building the culture of Corporate Social Responsibility in the long run, the organizational processes have been aligned towards CSR. These start right from the human resource practices in the organization, viz:

1. Conducting interviews focusing on CSR perspectives, for senior business positions in the organization.
2. Implement continuous learning and growth objectives in 2 different ways:
   a. Encourage and track Subject Matter Experts and content being delivered by them related to CSR.
   b. Build CSR as part of Key Responsibility Areas (KRAs) of all business leads through a balanced scorecard approach.
3. Work in progress:
   a. Recognition of special initiatives on CSR that is within the defined boundaries and yet unique (Innovation on CSR).
   b. Having fresh perspectives on CSR through academia-interaction (trainees being taken from top schools in the country for short term projects on CSR).

UBL focuses its CSR efforts primarily in four major areas viz., Primary Health and Welfare, Primary Education, Water Management and Contract Farming. The Company has a CSR policy, clearly documented laying down guidelines for undertaking comprehensive Social Development Programs under the four categories in the identified areas.

UBL cares strongly about investing in the future and hence its attachment with the education sector has been strong. Not only basic education, but also producing educational aids and the daily catering needs of children are covered under its ambit, thereby contributing towards the development of underprivileged children in its own humble, yet effective way.

UBL Rajasthan's work on improving female literacy has been featured on the website for Project EKTA, an initiative by the Government of Rajasthan to improve the condition of primary education for women in Rajasthan. UBL Rajasthan also received an award from the Rajasthan Health Minister in recognition of its CSR activities especially for adoption of multiple primary schools in the Alwar District under the Public Private Partnership model. UBL Kalyani has been working progressively with the visually challenged kids of "Anne Sullivan Institution for the Sightless", imparting vocational training and conducting motivational programs.

Apart from these, UBL has been actively involved with primary level schools from distributing uniforms and organizing midday meals to providing vocational training to students with special needs. UBL also supports needy students, provide them with nutritional supplements, in addition to supporting mid-day meal schemes. Modernization of education through teaching aids and academic tools are of key priority. Efforts are also being made towards enrolling and retaining maximum number of girl students. Financial support to needy students of Palakkad, maintenance of school premises at Ludhiana, mid-day meal schemes in Cherthala, providing teaching aids to schools in Goa, Dharuhera, Srikakulam, and gender based literacy initiatives at Goa, Dharuhera, and Srikakulam are some of its endeavor in this area.

The Objective of its Primary Health initiatives under CSR is to foster good health and to make primary health care more accessible and affordable. For instance, the mobile medical service in Srikakulam in identified villages treats hundreds of villagers on a weekly basis. In Nelamangala, more than 900 families today benefit from the health centre set up for them. UBL Mumbai has held several medical camps at Palekhurd and Dongerpada villages. UBL Aurangabad has been involved in disbursing free medicines from its health check-up centres. The other activities include free check-up camps for the visually challenged in Kalyani, free consultation and medication in Goa, healthcare centres at Aurangabad, Rajasthan, Mumbai and Mangalore, free medical check-up for students of Gurukul school by UBL Aurangabad.

UBL's effort also includes building and maintaining water storage tanks for providing clean drinking water in schools. UBL has constructed underground pipelines and water storage facility at Srikakulam which serves almost 250 households,

and also a 10,000 liters overhead tank and distribution network at Nelamangala that caters to almost 600 families. The Company also provides clean drinking water to the community of around 350 people adjacent to its Mangalore Brewery and portable drinking water in the villages of Jogeshwari and Lavaki at Aurangabad. Breweries at Ludhiana, Chopanki and Ponda (Goa) also provide clean drinking water to nearby schools. UBL Palakkad continued its project on rainwater harvesting serving 75 households at Ganeshpuram village.

Human Rights

Human rights are basic standards aimed at securing dignity and equality for all. They are universal standards that express the "recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family, the foundation of freedom, justice and peace in the world."

In recent years, many have stressed that companies are important organs of society, and have sought to clarify the role of business in relation to these human rights.

The Company's management takes care to ensure leadership, good governance and processes, and the practice of human values in every interaction. UBL complies and adheres to all the Human Rights Laws and guidelines of the Constitution of India, national laws and policies.

UBL treats all stakeholders alike with respect and dignity. UBL has an established framework and policy on Prevention of sexual harassment. The Company appreciates that such harassment constitutes infringement of fundamental rights to work in a safe and healthy environment and with this end in view, the company has framed a policy to prevent sexual harassment at work. The policy inter alia lays down;

- the need to prevent such harassment.
- formal & informal mechanism to address any grievance related such harassment.

The Company has not received any complaints of human rights violations during the reporting period.

Environment

UBL utilises both natural and manmade resources in an optimal and responsible manner. The company is committed not just towards profitable growth, but also towards leaving a deeper impact on the society as a whole. UBL has been continuously redefining, reinventing and recharging itself for global best practices implementation. UBL has been recognized and rewarded for such initiatives related to its focus on People and the Planet, in national and international forums – the most recent one being **Frost & Sullivan's confirming the *Green Manufacturing Industry excellence Award 2013* awarded to UBL Mallepally under Aspirants category.**

Water

Water has been an area of focus for the management as around 95% of its product is nothing but water. Therefore various projects to improve water quality and its availability in the vicinity of its breweries have been implemented and accomplished. All the water usage areas are monitored, measured & mapped against the world class breweries. UBL follows a 4 R approach in this regard as mentioned below:

1. **R**eduction of consumption - Introduction of sophisticated equipments, modification of processes and strict supervision has led to a drastic reduction in water consumption.
2. **R**ecycle and Reuse - Reduction of key pollutants like yeast, trub TDS etc. reduces the load on the ETP and Waste Water is made usable for agriculture purposes. UBL has also collaborated with Agricultural Universities for cultivation of identified crops with waste water from the brewery and irrigation of select soil. Many of the UBL breweries have been using ETP treated water to grow crops like banana, sugar cane, coconut, brinjal etc. inside its brewery premises. The Company also organizes programs from time to time to create awareness amongst farmers.
3. **R**echarge & **R**edistribute excess water – Rainwater harvesting has become an important tool in water conservation. UBL has actively participated in and encouraged rainwater harvesting in most of its breweries. The rainwater collected is redistributed amongst the community adjacent to the brewery to cater to their water requirement, thereby improving their quality of life.

Emissions, Waste & Effluents

As a part of its initiative towards carbon footprint reduction, UBL has been focussing continuously on alternate methods for reducing energy consumption thereby saving energy across its breweries. All the major effluents, waste and emissions are regularly monitored and are well within the permissible limit. Waste is disposed off and recycled through authorized agencies. There is a robust system defined for stagewise monitoring of bottle breakages and efforts are aligned to reduce its generation by modifications/control in equipment.

In this direction, UBL has undertaken the following initiatives:

- UBL has commissioned green power project at its brewery located at Nelamangala, Bangalore, for generation of electricity through spent grain. This is under Clean Development Mechanism (CDM) and the Company is looking forward to environmental benefits in the form of carbon credits through the implementation of this green power project.
- UBL has introduced renewable energy technology by replacing oil fired boilers with biomass/agri waste boilers. The Company is in the process of CDM declaration for carbon credits.
- Installation of solar energy street lighting and lower carbon generating LED lights.
- Heat recovery mechanism.

UBL has set itself aggressive targets on reducing specific energy consumption (as well as controlling energy cost) across its breweries. The manufacturing team continues to reduce energy by 5–10%, through efficiency improvements and technology. UBL is proud to mention that all but one of its breweries use biomass / agri-waste boilers for generating steam, as part of if its campaign to progress renewable energy. Several breweries have now begun recovering heat from wort boiling. A major innovation is the ground breaking project on generating electricity from spent grain through a methane generating project developed by an Indian Professor which is currently under plant trials.

Occupational Health & Safety

Emergency equipment (first aid box, safety showers, fire extinguishers, etc.) have been installed across factories and well maintained. Employee awareness about emergency situation is created, and they are frequently trained through drills and workshops. Emergency evacuation plan has been deployed. Safe assembly points are identified in every brewery and visitors are given a safety briefing and basic PPEs (personal protective equipment) before entering brewery.

UBL has set its sight on certifying all its operational locations with the Integrated Management system for overall occupational Health, Safety and Environment. Several units of UBL have been accredited by TUV NORD for such initiatives. This standard is the foundation of the overall health, safety and environment framework of UBL.

The new breweries commissioned shortly have been designed using eco-friendly construction materials and principles of design and technology selection have been made to reduce energy consumption by adopting green manufacturing principles. Many of its breweries have developed a green belt around them by planting trees.

As a testimony to all its Green Initiatives, the Company has received awards and accolades from various forums.

The achievements of UBL have drawn international attention and have received the awards for 'Best Water Conserver in Waste Water Management' at the UNESCO – Water Digest Awards 2009. The selection committee included experts from the field of water use from UNESCO as well as The Energy and Resources Institute (TERI) and government institutions.

UBL Palakkad has received the State First Prize for Pollution control for 4 consecutive years awarded by the State Pollution Control Board. The brewery has made substantial efforts in the areas of pollution control, water purification, recycling and conservation, conversion of by product into nutritive cattle and poultry feeds and green belt development.

Policy Advocacy

Being a market leader in Beer Industry, UBL is a member of All India Brewers' Association (AIBA) which voices concerns of the beer industry to the Government, media and other sectors of the society.

AIBA plays an important role in representing the beer industry for various policy advocacy in consultation with the trade and industry chambers and other Government departments while framing guidelines, rules etc.

Inclusive Growth

UBL supports inclusive growth and equitable development. UBL engages with the community in which it operates to promote their overall wellbeing and help them in their livelihood.

For instance UBL has entered into a contract with the farmers growing UBL's in house developed barley with an assured price irrespective of the market price. The farmers therefore have a prior knowledge about the return before sowing the crops irrespective of the market fluctuations. Barley being a hard crop requires 40% less water than wheat which also suit farmers with low irrigation facilities. This has also helped farmers bring more area under cultivation which otherwise used to be left uncultivated due to water shortage.

Barley is a saline tolerant crop. Salinity is a major problem in some belts where soil becomes saline due to use of excessive chemical fertilizers and water use. Presently UBL's - VJM 315, is a preferred variety in the saline belt. Barley requires lower fertilizers than wheat which saves the cultivation cost of farmer. Thus UBL with its contract farming program has not only encouraged barley cultivation with good returns but also transferred the technical knowhow free of cost to the farmers of districts in North India.

Customer Value

UBL has superior understanding of consumer needs and develops its brands to fulfil their needs and serve them better. UBL is committed to the achievement of business success with integrity. The Company is honest with consumers, business partners and with each other. UBL works on the principles of mutual trust & transparency in a boundaryless organisation. The Company is intellectually honest in advocating proposals, including recognizing risks.

Beer brands manufactured and marketed by UBL have always been recognized for their international quality and have been bestowed with various awards for their quality year on year.

Our products pass through stringent quality test conducted by the Quality Assurance Team before dispatch to consumers. Our products do not just follow the law of the land when it comes to labelling, but go further and provide additional information about the product on the labels. UBL has an effective grievance redressal mechanism in place. Contact details of Consumer Services Cell are also provided on the labels so that consumers can contact the Company for any clarifications, queries or complaints.

Business Responsibility Report as per format specified in Clause 55 of the Listing Agreement is annexed.

(As required under Clause 55 of the Listing Agreement)

Section A: General Information about the Company

1.	**Corporate Identity Number (CIN)**	:	L36999KA1999PLC025195
2.	**Name of the Company**	:	United Breweries Limited
3.	**Registered Address**	:	"UB Tower", UB City, 24, Vittal Mallya Road, Bangalore – 560 001.
4.	**Website**	:	www.unitedbreweries.com
5.	**Email id**	:	ublinvestor@ubmail.com
6.	**Financial Year reported**	:	April 1, 2012 – March 31, 2013

7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

United Breweries Limited (UBL/the Company) is engaged in manufacture and supply of beer governed by State Excise laws of respective State Governments which regulates manufacturing, bottling and supply of beer.

- National Industrial Classification : Class - 1103
- Indian Trade Classification : Code - 22030000

8. **List three key products / services that the Company manufactures / provides (as in balance sheet):**

UBL is engaged in manufacture and sale of beer including licensing of brands which constitutes a single business segment.

9. **Total number of locations where business activity is undertaken by the Company:**

i. **Number of International Locations** : The Company has licensed its Brands for manufacture and supply of beer at 3 International locations.

ii. **Number of National Locations** : The Company operates through 19 owned breweries and 9 contract breweries. The business activities are also carried out from Registered and Corporate Office at Bangalore and from Regional Sales Offices located at various places in India.

10. **Markets served by the Company - Local / State / National / International:**

UBL brands are available across India and also in about 52 countries worldwide.

Section B: Financial Details of the Company

1. **Paid up Capital (INR)** : 1,005 million
2. **Total Turnover (INR)** : 39,424 million
3. **Total profit after taxes (INR)** : 1,722 million
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**
   The Company's total spending on CSR activities during 2012-13 is approximately 1% of profit after tax.
5. **List of activities in which expenditure in 4 above has been incurred:**
   The major area in which the above expenditure has been incurred includes Primary Health and Welfare, Primary Education, Water Management and Contract Farming.

Section C: Other Details

1. **Does the Company have any Subsidiary Company / Companies?**
   Yes. UBL has one subsidiary Company, viz. Maltex Malsters Limited.

2. **Do the Subsidiary Company / Companies participate in the Business Responsibility Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).**
   Yes. Maltex Malsters Limited, the only subsidiary actively participates in contract farming initiative of UBL.

3. **Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the Business Responsibility initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]**
   The suppliers, distributors or any other entity/entities do not participate in the Business Responsibility initiatives of the Company.

Section D: Business Responsibility Information

1. **Details of Director/Directors responsible for Business Responsibility:**

   a) **Details of the Director/Directors responsible for implementation of the Business Responsibility policy/ policies:**

   - DIN Number : 00103034
   - Name : Kalyan Ganguly
   - Designation : Managing Director

   b) **Details of the Business Responsibility head:**

Sr.No	Particulars	Details
1.	DIN Number (if applicable)	00103034
2.	Name	Kalyan Ganguly
3.	Designation	Managing Director
4.	Telephone Number	080-39855000
5.	E mail Id	kganguly@ubmail.com

2. **Principle-wise (as per NVGs) Business Responsibility Policy/policies (Reply in Y/N):**
   The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs are as under:

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Business should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

UBL's Principle-wise response is as under:

Sl. No.	Questions	Business Ethics P1	Product Sustainability P2	Employees' Wellbeing P3	Stakeholders' Interest P4	Human Rights P5	Environment Protection P6	Policy Advocacy P7	Inclusive Growth – CSR P8	Customer Relations P9
1	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has framed certain policies which inter alia cover all the aspects of NVGs in one section or another.								
2	Has the policy been formulated in consultation with the relevant Stakeholders?	The Policies have been formulated keeping in view the interest of all stakeholders though stakeholders have not been directly consulted.								
3	Does the policy conform to any national/ international standards? If yes, specify?	The Policies conform to the spirit of national and international standards, where applicable. Certain Units of the Company are in conformance of international standards and have been accredited with various certifications like ISO 9001:2008 (Quality Management System); ISO 14001:2004 (Environmental Management System); ISO 22000:2005 (Food Safety Management System); OHSAS 18001:2007 (Occupational Health Safety Assessment System). The brands of the Company have been bestowed with various quality awards.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the Implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Presently certain Executives are entrusted to look after the respective responsibility areas. The the Board may consider formation of a Committee shortly.								
6	Indicate the link for the policy to be viewed online?	Policies covering certain stakeholders can be viewed on www.unitedbreweries.com. Other policies are restricted to be viewed by employees only on Company's intranet portal.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Policies have been communicated to key internal stakeholders of the Company. It is an on-going process whereby the stakeholders are informed about the Company's policies.								
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the Policy / policies?	Yes. The concerned Functional Heads review and redress the grievances.								
10	Has the Company carried out Independent audit/evaluation of the working of this policy by an internal or external agency?	The policies are reviewed internally from time to time. Having regard to the effectiveness of the policies, the Company does not feel the requirement of audit/evaluation of the policies by any external agency for the time being.								

2a. If answer to Sl No 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	Not Applicable.								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next six months									
5	It is planned to be done within next one year									
6	Any other reason (please specify)									

3. Governance related to Business Responsibility:

– **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the Business Responsibility performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The Business Responsibility performance of the Company is periodically assessed internally by the Managing Director, Joint President and Executive Vice President – Human Resources. The Committee of the Board on Corporate Social Responsibility (CSR), when formed, will review the Business Responsibility performance at periodic intervals.

– **Does the Company publish a Business Responsibility or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company publishes its Business Responsibility/CSR activities/ performance in its quarterly in-house magazine/ periodicals 'Beer Update' and also publishes its brief activities on CSR as a part of Report of the Directors in its Annual Report. A separate report is attached from the current year onwards. An electronic version of this Report is uploaded in the official website of the Company i.e., 'www.unitedbreweries.com'. Internal periodicals are available on the Intranet portal.

Section E: Principle-wise Performance

Principle 1:

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes. The Company has a policy on the Code of Business Conduct and Ethics approved by the Board of Directors. The policy is applicable to all Board Members and covered employees of the Company and affirmation to the compliance of the Code/Policy is taken from them. The Code is available on the Company's website at viz., www.unitedbreweries.com. The policy does not extend to other Stakeholders. However, our engagement checkpoints with our supplier consider adherance to ethical practices.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Except for grievances from investors and consumers, no complaints have been received from any other stakeholders. 36 investors' complaints and 1226 consumer complaints were received during the period under report. All the investors complaints have been resolved satisfactorily. Details of consumer complaints are given in reply to Principle 9 of this report.

Business Responsibility Report (contd.)

Principle 2:

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**
   Not Applicable.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**
   i. **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain**
   Not Applicable

   ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**
   Not Applicable

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**
   Yes. The Company has appropriate procedures for long term sourcing of raw materials, packaging materials and transportation. The Company has procedures and policy in place for selecting vendors who supply in a sustainable manner. All inputs are sourced sustainably.

4. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**
   Towards its endeavour of inclusive growth, the Company procures goods and services like transportation, packaging materials, housekeeping, contract labours and the like from communities located in the vicinity of the breweries of the Company. Various steps have been taken for creating awareness and to ensure timely and regular supply of quality materials and services.

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**
   Yes, the Company has a mechanism in place to recycle products and waste. The Company reuses glass bottles for bottling Beer. Also the spent grain generated out of process is used as cattle feed. Over 80% of the bottles are reused thereby protecting environment. Most of the Units of the Company operate on 'Zero Discharge' mechanism. The manufacturing Units of the Company comply with environment norms. "Spent Yeast" is dried and sold as poultry feed.

Principle 3:

1. **Please indicate the total number of employees:**
   The total number of permanent employees as on March 31, 2013 (excluding temporary / contractual / casual basis) is 2550.

2. **Please indicate the total number of employees hired on temporary/contractual/casual basis:**
   The total number of employees hired on temporary / contractual / casual basis as on March 31, 2013 is 4383.

3. **Please indicate the number of permanent women employees:**
   As on March 31, 2013, there were 68 permanent women employees.

4. **Please indicate the number of permanent employees with disabilities:**
   There are no employees with permanent disabilities as on March 31, 2013.

5. **Do you have an employee association that is recognized by Management?**
   There are various workers' unions/association in the manufacturing units of the Company affiliated with various Trade Unions. The relations between the Management and workers' union/association are harmonious.

6. **What percentage of your permanent employees is members of this recognised employee association?**
   Approximately 42.5% (total unionised permanent workmen/total permanent employees including workmen) of permanent employees are members of recognised employees' unions / associations.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

Sl. No.	Category	No. of Complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

UBL does not hire child labour, forced labour or involuntary labour. UBL does not discriminate in the recruitment process.

8. **What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

Sl. No.	Category	Safety	Skill Up gradation
1.	Permanent Employees	100%	30%
2.	Permanent Women Employees	100%	30%
3.	Casual / Temporary / Contractual Employees	100%	3%
4.	Employees with Disabilities	Not applicable	Not applicable

Principle 4:

1. **Has the Company mapped its internal and external stakeholders? Yes / No**

Yes. UBL has mapped its stakeholders as a part of its stakeholder engagement process. UBL engages identified stakeholders through a constructive consultation and structured selection process.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Yes. UBL has identified the disadvantaged, vulnerable and marginalized stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

The Company's initiatives for differently-abled people in local communities at its various Unit locations, include CSR activities such as Primary Health and Welfare, Primary Education, Water management and Contract Farming. UBL conducts free health camps, blood donation camps, mobile dispensary etc. for benefit of the local communities.

Principle 5:

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

It covers only the Company. UBL upholds human values in every interaction and complies with applicable laws in this regard. UBL treats all its stakeholders alike with respect and dignity. The Company has not received any complaints of human rights violations during the reporting period.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?**

Other than those mentioned in reply to Principle 1 and Principle 9 of this Report, there were no complaints during the Financial Year 2012-13.

Principle 6:

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Environment policy of the Company is focussed on nurturing and safeguarding the environment for sustainable business. Employees and other stakeholder groups such as contractors, suppliers and customers are engaged for their shared responsibilities towards environment protection. The Company gives high importance to compliance of environment laws of the country.

2. **Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   As a part of its initiative towards carbon footprint reduction, UBL has been focussing continuously on alternate methods for reducing energy consumption and protecting environment. The Company has not taken any other initiative towards global warming etc. The Company uses recycled bottles for bottling of beer thereby protecting environment.

3. **Does the Company identify and assess potential environmental risks? Y / N**

   Yes, the company has a mechanism to identify and assess potential environmental risks.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   The Company has commissioned a Green Power Project at its Brewery located at Nelamangala, Bangalore for generation of electricity through spent grain. This is under Clean Development Mechanism (CDM) and the Company is looking forward to environmental benefits in the form of carbon credits through the implementation of this Green Power Project.

   The Company has also Introduced renewable energy technology of biomass boilers and has replaced oil fired boilers with briquette fired boilers. The Company is in the process of CDM declaration for carbon credit.

   Under the Clean Development Management initiative, the Company has initiated project in collaboration with Thermax Ltd. for use of Bio-Mass Boilers in its four units. The Company has sought approval of the Ministry of Environment and Forests in this regard and has already received Ministry's approval in respect of two units.

5. **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy etc? Y/N. If yes, please give hyperlink to web page etc.**

   The Company has undertaken several initiatives on energy efficiency, renewable energy under the 'Project Chamak'. All breweries use agri-waste as fuel in boilers which is a renewable energy source.

6. **Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes, the emissions/waste generated at the manufacturing units of UBL are within the permissible limits prescribed by CPCB/SPCB.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.**

   As on the end of the Financial Year 2012-13, there are no pending or unresolved show cause/ legal notices received from CPCB/ SPCB.

Principle 7:

1. **Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.**

   Yes. UBL is a member of All India Brewers' Association (AIBA) which voices concerns of the beer industry with the Government, media and other sectors of society.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Polices, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

   The Company has so far not taken any effective steps in this regard. However, The All India Brewers' Association (AIBA) plays an important role in representing the beer industry for various policy advocacy in consultation with the trade and industry chambers and other Government departments while framing guidelines, rules etc.

Principle 8:

1. **Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.**
The CSR policy of UBL reflects its objectives of economic and social development. Detailed information on the specific programmes and initiatives are provided in the main section of this Business Responsibility Report.

2. **Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**
UBL implements CSR activities through its in-house team. Various manufacturing units of UBL roll out various CSR activities for welfare of the communities located in the vicinity of place of the brewery.

3. **Have you done any impact assessment of your initiative?**
Regular feedback are received various stakeholders. The Company has also received awards and accolades from various national and international forums e.g. UNESCO-Water Digest Awards 2009, "Bhama Shah" Award by the Government of Rajasthan 2013. Our unit at Palakkad has received the State First Prize for Pollution Control for 4 consecutive years awarded by the State Pollution Control Board.

4. **What is the Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**
The Company's contribution towards community development projects i.e., Primary Health, Primary Education and Water Management during Financial Year 2012-13 was about Rs.9 million. This does not include amount spent on Contract Farming.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. Yes.**
Yes. The Company follows participatory approach in its initiatives. The Company conducts base line studies and need based assessment surveys before initiating any development interventions. UBL's intent is to utilise human resources responsibly and engage with its stakeholders to understand their need and fulfil them to the extent possible.

Principle 9:

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year?**
During the financial year 2012-13, 1,226 consumer complaints (including 1,185 grievances received by Consumer Services Cell) were received, out of which 1,216 (99%) complaints were resolved and 10 (1%) complaints are pending.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)**
Yes, UBL follows all the statutory requirements for product labelling. Additional information about the product is displayed on the labels, over and above what is mandated as per laws.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as of end of financial year? If so, provide details thereof, in about 50 words or so.**
No.

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**
Yes, the marketing team of the Company organizes awareness events periodically to redress grievances and to assess consumer trend, choice and consumer satisfaction survey.

Independent Auditor's Report on the Standalone Financial Statements

To the Members of United Breweries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of United Breweries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 37(b) to the financial statements relating to the merger of Scottish and Newcastle India Private Limited ('SNIPL') into the Company, effective April 1, 2012. Pursuant to the merger scheme duly approved by the Honorable High Court of Karnataka and the Honorable High Court of Maharashtra, the difference on cancellation of investments held by SNIPL in equity shares of the Company and the difference between the amount of shares issued by the Company and the amount of share capital of SNIPL has been adjusted to capital reserve and securities premium account of the Company and dividend income recognized by SNIPL and expenses incurred in connection with the merger have been adjusted to securities premium account. Also, no specific accounting treatment in this regard has been prescribed in the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

2. As required by section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Mumbai
Date: May 30, 2013

Annexure to Auditor's Report

Annexure referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date
Re: United Breweries Limited ('the Company')

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The inventory (excluding inventories with third parties) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.

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

(c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us and having regard to the unique and specialized nature of the items involved, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been serious delays in a few cases in deposit of provident fund, employees' state insurance, income tax, sales-tax, service tax and customs duty dues.*

(b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they become payable, *except as follows:*

Annexure to Auditor's Report (contd.)

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Due date	Date of payment
Sales Tax (various statutes)	Sales tax/value added tax	18	2007-08 to 2009-10	Various dates	Not paid
		3	2003-04	September 2010	Not paid
The Customs Act, 1962	Customs duty	167	1991-92 and 1998-99	Various dates	Not paid

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

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)	Payment under protest	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowance of expenses	8,801	—	FY 2004-05 to 2009-10	Commissioner of Income Tax (Appeals)
		1,634	—	FY 2002-03 and 2007-08	Income Tax Appellate Tribunal
		19	—	FY 2003-04	High Court of Karnataka
		20	—	FY 2001-02	High Court of Madras
The Finance Act, 1994	Service tax	2,192	96	2009-10 to 2011-12	Commissioner of Customs and Central Excise, Aurangabad
		2,272	—	2008-09 to 2010-11	Commissioner of Service Tax, Bangalore
		7,220	—	2004-05 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Disallowance of cenvat credit	2	1	2007-08	Commissioner (Appeals) Central Excise, Chandigarh
		8	8	2005-06 to 2007-08	Customs, Excise and Service Tax Appellate Tribunal
State Excise (various statutes)	Storage and privilege fees, excise duty, etc.	43	13	1988-89	High Court of Calcutta
		218	150	1999-00 to 2005-06	High Court of Karnataka
		3	—	2000-01 to 2003-04	Excise Commissioner, Karnataka
Sales Tax (various statutes)	Sales tax/value added tax	84	—	2007-08 to 2008-09	High Court of Karnataka
		2	—	2008-09	Joint Commissioner of Commercial Taxes (Appeal), Patna
		63	—	2002-03	Jt. Excise and Taxation Commissioner (Appeals), Faridabad
		142	60	2003-04 to 2010-11	Sales Tax Appellate Tribunal, Karnataka
		10	4	2005-06 to 2007-08	Sales Tax Appellate Tribunal, Andhra Pradesh
		3	—	2008-09	The Commercial Taxes Tribunal, Bihar
		28	3	2003-04	Maharashtra Sales Tax Tribunal

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding dues in respect of debenture holders during the year.

Annexure to Auditor's Report (contd.)

(xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied, on an overall basis, for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand. The maximum amount of idle/surplus funds invested during the year was Rs.19,306 Lakhs, of which Rs.19,306 Lakhs was outstanding at the end of the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.

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

(xx) The Company has not raised any money through public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Mumbai
Date: May 30, 2013

Balance Sheet as at March 31, 2013

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

	Notes	As at March 31, 2013	*As at March 31, 2012*
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,051	*10,051*
Reserves and surplus	4	1,41,018	*1,26,463*
		1,51,069	*1,36,514*
Non-current liabilities			
Long-term borrowings	5	74,320	*40,280*
Deferred tax liabilities (net)	6	7,455	*5,140*
Long-term provisions	7	338	*381*
		82,113	*45,801*
Current liabilities			
Short-term borrowings	8	55,693	*55,020*
Trade payables	9	24,960	*38,356*
Other current liabilities	10	52,175	*48,271*
Short-term provisions	7	7,856	*4,690*
		1,40,684	*1,46,337*
TOTAL		**3,73,866**	*3,28,652*
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,57,376	*1,19,837*
Intangible assets	11	2,023	*2,032*
Capital work-in-progress		11,398	*20,735*
Non-current investments	12	2,547	*2,547*
Long-term loans and advances	13	13,867	*17,108*
Other non-current assets	14	630	*491*
		1,87,841	*1,62,750*
Current assets			
Inventories	15	51,263	*39,988*
Trade receivables	16	81,330	*69,945*
Cash and bank balances	17	23,277	*17,258*
Short-term loans and advances	13	29,570	*32,269*
Other current assets	14	585	*6,442*
		1,86,025	*1,65,902*
TOTAL		**3,73,866**	*3,28,652*
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Mumbai, May 30, 2013

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

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

Govind Iyengar
Company Secretary

Mumbai, May 30, 2013

Statement of Profit and Loss for the year ended March 31, 2013

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

	Notes	Year ended March 31, 2013	Year ended March 31, 2012
INCOME			
Revenue from operations (gross)	21	6,53,023	*5,79,907*
Less: Excise duty		2,62,709	*2,23,725*
Revenue from operations (net)		3,90,314	*3,56,182*
Other income	22	3,922	*7,298*
Total		**3,94,236**	*3,63,480*
EXPENSES			
Cost of materials consumed	23	1,64,353	*1,60,376*
Purchases of traded goods	24	3,504	*4,230*
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	25	(2,052)	*(1,825)*
Employee benefits expense	26	24,100	*18,550*
Depreciation and amortisation expense	11	17,024	*14,866*
Finance costs	27	7,989	*9,872*
Other expenses	28	1,52,773	*1,33,686*
Total		**3,67,691**	*3,39,755*
Profit before exceptional item		**26,545**	*23,725*
Exceptional item: Provision for diminution in value of investments	12	—	*1,959*
Profit before tax		**26,545**	*21,766*
Tax expenses (refer note 38)			
Current tax		7,009	*6,062*
Deferred tax charge		2,315	*3,060*
Total tax expenses		**9,324**	*9,122*
Profit for the year		**17,221**	*12,644*
Earnings per equity share in Rs.[nominal value per share Re.1 (Previous year: Re.1)]	34		
Basic		6.41	*4.68*
Diluted		6.41	*4.68*
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Mumbai, May 30, 2013

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

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

Govind Iyengar
Company Secretary

Mumbai, May 30, 2013

Cash Flow Statement for the year ended March 31, 2013

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

		Notes	Year ended March 31, 2013		Year ended March 31, 2012	
A	**Cash flow from operating activities**					
	Profit before tax			26,545		*21,766*
	Adjustments for:					
	Depreciation and amortisation expense		17,024		*14,866*	
	Provision for diminution in value of investments		—		*1,959*	
	Bad debts/advances written off		535		*1,935*	
	Provision for doubtful debts		977		*49*	
	Provision for doubtful advances		597		*64*	
	Net (gain)/loss on sale of fixed assets		74		*(1)*	
	Liabilities no longer required written back		(1,557)		*(585)*	
	Provision for doubtful debts, no longer required written back		(496)		*(1,290)*	
	Provision for doubtful advances, no longer required written back		—		*(998)*	
	Merger expenses [refer note 37(b)]		(687)		—	
	Interest expenses		7,725		*9,392*	
	Interest income		(1,197)		*(3,300)*	
	Dividend income		(9)	22,986	*(19)*	*22,072*
	Operating profits before working capital changes			**49,531**		*43,838*
	Movement in working capital:					
	Increase/(decrease) in trade payables		(11,889)		*851*	
	Increase/(decrease) in other current liabilities and provisions		9,012		*11,450*	
	(Increase)/decrease in inventories		(11,275)		*(10,663)*	
	(Increase)/decrease in trade receivables		(12,224)		*(17,135)*	
	(Increase)/decrease in loans and advances		(368)		*(6,146)*	
	(Increase)/decrease in other assets		(164)	(26,908)	*3,252*	*(18,391)*
	Cash generated from operations			**22,623**		*25,447*
	Direct taxes paid			(7,403)		*(6,588)*
	Net cash flow from operating activities (A)			**15,220**		*18,859*
B	**Cash flow from investing activities**					
	Purchase of fixed assets including capital work-in-progress and capital advances			(38,008)		*(38,141)*
	Proceeds from sale of fixed assets			188		*79*
	Purchase of investments			—		*(3)*
	Investments in bank deposits (having original maturity of more than three months)			(12,122)		—
	Redemption/maturity of bank deposits (having original maturity of more than three months)			—		*1,075*
	Interest received			6,767		*3,534*
	Dividend received [includes Rs.5 Lakhs (Previous year: Rs.2 Lakhs) received from subsidiary company]			9		*19*
	Net cash used in investing activities (B)			**(43,166)**		*(33,437)*

Cash Flow Statement for the year ended March 31, 2013 (contd.)

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

		Notes	Year ended March 31, 2013	Year ended *March 31, 2012*
C	**Cash flow from financing activities**			
	Redemption of preference share capital		—	*(17,283)*
	Proceeds from long term borrowings		34,124	*35,810*
	Repayment of long term borrowings		(3,858)	*(35,461)*
	Proceeds from/(repayment of) short term borrowings (net)		673	*21,004*
	Proceeds from UBL Benefit Trust		—	*28,343*
	Interest paid		(7,391)	*(9,256)*
	Dividend paid (including dividend distribution tax)		(2,437)	*(2,678)*
	Net cash flow from financing activities (C)		**21,111**	*20,479*
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(6,835)**	*5,901*
	Cash and cash equivalents at the beginning of the year		17,065	*11,147*
	Cash and cash equivalents of transferor company at the beginning of the year (refer note 37)		414	*17*
	Cash and cash equivalents at the end of the year		**10,644**	*17,065*
	Components of cash and cash equivalents			
	Cash on hand		27	*34*
	Cheques/drafts on hand		2	*1*
	Bank balances on current accounts*		3,809	*2,030*
	Bank balances on deposit accounts		6,806	*15,000*
	Total cash and cash equivalents		**10,644**	*17,065*
	Summary of significant accounting policies	2.1		

*Includes Rs.40 Lakhs (Previous Year: Rs.39 Lakhs) towards unpaid dividend accounts which can be utilised only towards settlement of unpaid dividends.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Mumbai, May 30, 2013

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

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

Govind Iyengar
Company Secretary

Mumbai, May 30, 2013

Notes to Financial Statements for the year ended March 31, 2013

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

1. Corporate information

United Breweries Limited ('UBL' or 'the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange (BSE), Bangalore Stock Exchange (BgSE) and National Stock Exchange (NSE). The Company is engaged primarily in the manufacture and sale of beer. The Company has manufacturing facilities in India.

2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain assets acquired on amalgamation which are carried at revalued amounts and derivative financial instruments on which mark to market loss, if any is recognized.

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

2.1 Summary of significant accounting policies

(a) Use of estimates

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

(b) Tangible fixed assets

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

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

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

In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

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

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line method ("SLM") basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets:

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

	Rates (SLM)
Factory buildings	3.34-4.35%
Other buildings	1.63%
Plant and machinery	*10.34%
Office equipments	4.75-15%
Computers	16.21%
Furniture and fixtures	6.33-33.33%
Laboratory equipments	10.34%
Vehicles	9.50%

*Assets acquired on amalgamation (where original dates of acquisition are not readily available), are depreciated over the remaining useful life of the assets, as certified by an expert.

Leasehold land is amortized on a straight line basis over the period of lease. Leasehold improvements are amortized over the lower of useful life of the asset and the remaining period of the lease.

(d) Intangible assets

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

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

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

	Rates (SLM)
Goodwill	20%
Licenses and rights	10%
Brands	10%

(e) Leases

Where the Company is lessee

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

(f) Borrowing costs

Borrowing cost includes interest, exchange differences arising from short-term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset or group of assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Government grant and subsidies

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

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

(i) Investments

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

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

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

(j) Inventories

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

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

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

Cost is determined on a First-in-First-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Revenue recognition

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

Sale of goods

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

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

Income from services

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

Income from contract manufacturing units

Income from contract manufacturing units is recognized, as per terms of the agreement, when the right to receive the payment is established, usually on sale of goods by the contract manufacturing units to their customers.

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

Interest

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

Dividends

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

(l) Foreign currency transactions

Foreign currency transactions and balances

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

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

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

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

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

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

(m) Retirement and other employee benefits

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

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

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

(ii) Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has established a Superannuation Fund Trust to which contributions are made each month. Such contributions are charged to the statement of profit and loss on an accrual basis. The Company has no other obligations beyond its monthly contributions.

(iii) The Company operates defined benefit plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method.

(iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

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

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

(n) Income taxes

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

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the *Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961*, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(o) Earnings per share

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

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

(p) Provisions

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

(q) Contingent liabilities

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

(r) Cash and cash equivalents

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

(s) Derivative instruments

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

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

	As at March 31, 2013	*As at March 31, 2012*
3. SHARE CAPITAL		
Authorised shares		
4,12,98,00,000 (Previous year: 3,67,40,00,000) equity shares of Re. 1 each	41,298	*36,740*
5,86,00,000 (Previous year: 5,86,00,000) preference shares of Rs.100 each	58,600	*58,600*
	99,898	*95,340*
Issued, subscribed and fully paid-up shares		
26,44,05,149 (Previous year: 26,44,05,149) equity shares of Re. 1 each	2,644	*2,644*
74,07,000 (Previous year: 74,07,000) 3% cumulative redeemable preference shares of Rs.100 each - Series B	7,407	*7,407*
	10,051	*10,051*

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

	As at March 31, 2013		*As at March 31, 2012*	
	Nos.	Rs. in Lakhs	*Nos.*	*Rs. in Lakhs*
Equity shares				
At the beginning of the year	26,44,05,149	2,644	*25,45,44,938*	*2,545*
Cancelled during the year on amalgamation*	(84,89,270)	(85)	—	—
Issued during the year on amalgamations				
Heineken UK Limited in lieu of equity shares of Scottish and Newcastle India Private Limited*	84,89,270	85	—	—
Heineken International B.V in the ratio of 135:1 in lieu equity shares of UB Ajanta Breweries Private Limited [refer note 37(a)]	—	—	*3,54,789*	*4*
UB Overseas Limited in the ratio of 135:1 in lieu equity shares of UB Ajanta Breweries Private Limited [refer note 37(a)]	—	—	*3,54,789*	*4*
Heineken International B.V in the ratio of 454:1 in lieu equity shares of UB Nizam Breweries Private Limited**	—	—	*72,951*	*1*
UB Overseas Limited in the ratio of 454:1 in lieu equity shares of UB Nizam Breweries Private Limited**	—	—	*72,951*	*1*
United Spirits Limited in the ratio of 30:17 in lieu equity shares of Chennai Breweries Private Limited**	—	—	*85,00,000*	*85*
Public shareholders of erstwhile Millennium Beer Industries Limited in the ratio of 12:1**	—	—	*5,04,731*	*5*
Outstanding at the end of the year	**26,44,05,149**	**2,644**	*26,44,05,149*	*2,644*

*Cancelled/issued subsequently on April 18, 2013 [refer note 37(b)].

**Issued against shares pending allotment as on March 31, 2011.

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

	As at March 31, 2013		*As at March 31, 2012*	
	Nos.	Rs. in Lakhs	*Nos.*	*Rs. in Lakhs*
Preference shares - Series A				
At the beginning of the year	—	—	*1,72,83,000*	*17,283*
Issued during the year	—	—	*—*	*—*
Redeemed during the year	—	—	*1,72,83,000*	*17,283*
Outstanding at the end of the year	—	—	*—*	*—*
Preference shares - Series B				
At the beginning of the year	74,07,000	7,407	*74,07,000*	*7,407*
Issued during the year	—	—	*—*	*—*
Redeemed during the year	—	—	*—*	*—*
Outstanding at the end of the year	**74,07,000**	**7,407**	***74,07,000***	***7,407***

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity share is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2013, the amount of dividend recognised as distributions to equity shareholders is Rs.1,851 Lakhs (Previous year: Rs.1,851 Lakhs).

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

c) Terms of redemption of preference shares

1,72,83,000, 3% cumulative redeemable preference shares-Series A of Rs.100 each were issued in April 2005 to Scottish & Newcastle India Limited. These preference shares carried dividend @3% per annum. Each holder of preference share was entitled to one vote per share only on resolutions placed before the Company which directly affected the rights attached to these shares. These shares have been redeemed on April 14, 2011.

74,07,000, 3% cumulative redeemable preference shares-Series B of Rs.100 each were issued in April 2005 to Scottish & Newcastle India Limited. The preference shares carry dividend @3% per annum. Each holder of preference share is entitled to one vote per share only on resolutions placed before the Company which directly affects the rights attached to these shares. These shares are redeemable at par on March 31, 2015.

In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

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

Name of the shareholder	As at March 31, 2013		*As at March 31, 2012*	
	Nos.	% holding in the class	*Nos.*	*% holding in the class*
Equity shares of Re.1 each fully paid				
Scottish & Newcastle India Limited	8,99,94,960	34.04%	*8,99,94,960*	*34.04%*
United Breweries Holdings Limited	3,02,95,911	11.46%	*3,02,95,911*	*11.46%*
Dr. Vijay Mallya (including joint holdings)	2,13,53,620	8.09%	*2,13,53,620*	*8.09%*
Preference shares of Rs.100 each fully paid – Series B				
Scottish & Newcastle India Limited	74,07,000	100.00%	*74,07,000*	*100.00%*

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

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

2012-13: 84,89,270 equity shares issued on amalgamation of Scottish and Newcastle India Private Limited.

2011-12: 98,60,211 equity shares issued on amalgamation of Chennai Breweries Private Limited, UB Nizam Breweries Private Limited, Millennium Beer Industries Limited and UB Ajanta Breweries Private Limited.

2010-11: 1,44,96,683 equity shares issued on amalgamation of Millennium Alcobev Private Limited and Empee Breweries Limited.

	As at March 31, 2013	*As at March 31, 2012*
4. RESERVES AND SURPLUS		
Capital reserve		
Balance as per last financial statements	1,286	*1,258*
Add: Additions on amalgamations [refer note 37(a)]	—	*28*
Less: Deductions on amalgamations [refer note 37(b)]	(1,286)	—
Closing balance	—	*1,286*
Capital redemption reserve		
Balance as per last financial statements	—	—
Add: Additions on redemption of preference shares		
- Transfer from general reserve	4,200	—
- Transfer from surplus in statement of profit and loss	13,083	—
Closing balance	**17,283**	—
Capital redemption reserve has been created in respect of 3% cumulative redeemable preference shares-Series A, redeemed during the previous year [refer Note 3(c)].		
Securities premium account		
Balance as per last financial statements	65,218	*65,218*
Add: Additions on amalgamations [refer Note 37(b)]	16,523	—
Less: Deductions on amalgamations [refer Note 37(b)]	(18,803)	—
Closing balance	**62,938**	*65,218*
General reserve		
Balance as per last financial statements	19,749	*4,200*
Add: Transfer from statement of profit and loss	1,722	*1,500*
Add: Gain on sale of interest in the UBL Benefit Trust*	—	*14,049*
Less: Transfer to Capital redemption reserve	(4,200)	—
Closing balance	**17,271**	*19,749*

*Arising out of amalgamation of Empee Breweries Limited into the Company, UBL Benefit Trust ('the Trust') held 60,07,413 equity shares in the Company constituting 2.36% of its paid-up equity share capital. During the year ended March 31, 2012, the Trust sold its entire shareholding and remitted entire proceeds aggregating to Rs. 28,343 Lakhs to the Company, which was used in reducing the debt of the Company. In the absence of any specific accounting treatment prescribed in the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended), the gain of Rs. 14,049 Lakhs on sale of these shares held by the Trust (of which the Company was the sole beneficiary) was credited to the General Reserve.

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

	As at March 31, 2013	*As at March 31, 2012*
Surplus in the statement of profit and loss		
Balance as per last financial statements	40,210	*31,498*
Add: Additions on amalgamation [refer note 37(b)]	3,326	—
Add: Profit for the year	17,221	*12,644*
Less: Appropriations		
Proposed final equity dividend [amount per share Re. 0.70 (Previous year: Re. 0.70)]	(1,851)	*(1,851)*
Tax on proposed equity dividend	(315)	*(300)*
Dividend on preference shares [amount per share Rs.3 (Previous Year: Rs.3)]	(222)	*(242)*
Tax on preference dividend	(38)	*(39)*
Transfer to general reserve	(1,722)	*(1,500)*
Transfer to capital redemption reserve	(13,083)	—
Closing balance	**43,526**	*40,210*
Total reserves and surplus	**1,41,018**	*1,26,463*

5. LONG-TERM BORROWINGS

	Non-current portion		Current portion	
	As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
Secured borrowings				
Foreign currency term loans				
External commercial borrowing from banks	59,134	*35,810*	—	—
Term loan from bank	10,800	—	—	*625*
Indian currency term loan from bank	—	—	—	*1,700*
	69,934	*35,810*	**—**	*2,325*
Unsecured borrowings				
Indian currency term loan from bank	—	—	—	*1,533*
Deferred payment liabilities	4,386	*4,470*	84	—
	4,386	*4,470*	**84**	*1,533*
Amount disclosed under the head "Other current liabilities" (refer note 10)	—	—	(84)	*(3,858)*
Total	**74,320**	*40,280*	**—**	—

Secured borrowings

Nature of security	Repayment and other terms
<u>Foreign currency term loans</u>	
DBS Bank Ltd: Rs.24,643 Lakhs (Previous year: Rs.25,578 Lakhs) secured by pari-passu charge on all present and future assets of the Company, other than assets of Taloja and Aranvoyal units and current assets of the Company.	Repayable in 9 equal quarterly installments starting from February 27, 2016. The loan carries interest of 9.58% per annum.
Rabobank International: Rs.10,540 Lakhs (Previous year: Rs.10,232 Lakhs) secured by pari-passu charge on all present and future assets of the Company other than assets of Taloja and Aranvoyal units and current assets of the Company.	Repayable after 3 years from the date of loan i.e., on January 10, 2015. The loan carries interest of 7.15% per annum payable on quarterly basis.

Nature of security	Repayment and other terms
Rabobank International: Rs.13,306 Lakhs (Previous year: Rs.Nil) secured by pari-passu charge on all movable and immovable assets of the Company located at Goa, Rajasthan, Ludhiana, Dharuhera, Nelamangala, Mangalore, Mysore, Kerala, Andhra Pradesh and Tamilanadu.	Repayable in 3 equal annual installments commencing on February 8, 2017 till February 8, 2019. The loan carries interest of 9.78% per annum payable on quarterly basis.
Rabobank International: Rs.10,645 Lakhs (Previous year: Rs.Nil) secured by pari-passu charge on all movable and immovable assets of the Company located at Goa, Rajasthan, Ludhiana, Dharuhera, Nelamangala, Mangalore, Mysore, Kerala, Andhra Pradesh and Tamilanadu.	Repayable after 3 years on February 6, 2016. The loan carries interest of 8.75% per annum payable on quarterly basis.
Citibank: Rs.10,800 Lakhs (Previous year: Rs.Nil) secured by pari-passu charge on all movable and immovable fixed assets of the Company other than assets of Taloja unit.	Repayable after 24 months from the date of drawal i.e., on February 25, 2015. The loan carries interest of 9.5% per annum payable on monthly basis.
HDFC Bank Ltd: Rs.Nil (Previous year: Rs.625 Lakhs) secured by first pari-passu charge on all moveable and immoveable assets of the Company other than assets of Taloja unit.	Repayable in 16 quarterly installments from the date of loan i.e., June 2008. The loan carried interest of 9.45% per annum.
Indian currency term loans	
Standard Chartered Bank: Rs.Nil (Previous year: Rs.1,700 Lakhs) secured by first mortgage and charge on all movable and immoveable assets (excluding current assets) of Chennai Brewery.	Repayable in 56 monthly installments from the date of loan i.e., February 2008. The loan carried interest of 12% per annum.

Unsecured borrowings

a) Citibank: Rs.Nil (Previous year: Rs.1,533 Lakhs) pertains to loan availed in February 2010 which was repayable in 3 annual equal installments starting from February 2011. This loan carried interest of 12% per annum. This loan has been fully repaid during the year.

b) Deferred payment liability of Rs.4,470 Lakhs (Previous year: Rs.4,470 Lakhs) pertains to sales tax payable to the Government of Maharashtra by virtue of being eligible for deferred payment after having established a manufacturing unit in a notified backward area. This amount is repayable in five equal annual installments on completion of 10 years from the end of respective year to which sales tax liability relates.

	As at March 31, 2013	*As at March 31, 2012*
6. DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	9,088	*6,755*
Gross deferred tax liability	**9,088**	*6,755*
Deferred tax asset		
Carry forward losses of amalgamated company	—	*809*
Provision for doubtful debts and advances	648	*252*
Provision for gratuity and compensated absences	548	*506*
Other provisions	437	*48*
Gross deferred tax asset	**1,633**	*1,615*
Net deferred tax liability	**7,455**	*5,140*

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

	Long-term		Short-term	
	As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
7. PROVISIONS				
Provision for employee benefits				
Gratuity	338	*381*	178	*182*
Compensated absences	—	—	1,095	*997*
	338	*381*	**1,273**	*1,179*
Other provisions				
Provision for proposed dividend and tax thereon	—	—	2,425	*2,432*
Provision for local area development tax	—	—	476	*406*
Provision for customs duty	—	—	167	*167*
Provision for litigations	—	—	808	*506*
Provision for claims	—	—	2,707	—
	—	—	6,583	*3,511*
Total	**338**	*381*	**7,856**	*4,690*

	At the beginning of the year	Additions during the year	Utilised during the year	Unused amounts reversed	At the end of the year
Provision for local area development tax	406	70	–	–	476
	(284)	(122)	(–)	(–)	(406)
Provision for customs duty	167	–	–	–	167
	(167)	(–)	(–)	(–)	(167)
Provision for litigations	506	302	–	–	808
	(384)	(122)	(–)	(–)	(506)
Provision for claims	–	2,707	–	–	2,707
	(–)	(–)	(–)	(–)	(–)

Figures in brackets are of previous year.

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

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

Notes to Financial Statements (contd.)

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

	As at March 31, 2013	As at March 31, 2012
8. SHORT-TERM BORROWINGS		
Secured borrowings		
Indian currency cash credit from banks	13,802	*20,520*
Indian currency working capital demand loans from banks	23,500	*18,000*
	37,302	*38,520*
Unsecured borrowings		
Indian currency short-term loans from banks	12,500	*16,500*
Indian currency bank overdraft	1,967	—
Foreign currency buyer's credit from bank	3,924	—
	18,391	*16,500*
Total	**55,693**	*55,020*

Secured borrowings

a) Cash credit facilities/working capital demand loans from banks are secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts both present and future. These are repayable on demand and carries interest in the range of 9.50% to 13.00% p.a.

Unsecured borrowings

a) Short-term loans from banks are repayable after 30-90 days from the date of respective loan and carry interest in the range of 9.50% to 11.00% p.a.

b) Bank overdraft is repayable on demand and carry interest in the range of 9.92% to 10.05% p.a.

c) Buyer's credit from bank are repayable within 12 months from the date of respective loan and carry interest in the range of 8.63% to 8.95% p.a.

	As at March 31, 2013	As at March 31, 2012
9. TRADE PAYABLES		
Acceptances	2,478	*11,372*
Trade payables (refer note 20)	22,482	*26,984*
Total	**24,960**	*38,356*
10. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (refer note 5)	84	*3,858*
Liability for capital goods	4,102	*2,583*
Interest accrued but not due on borrowings	960	*626*
Security deposits	2,052	*1,798*
Unpaid dividends*	40	*44*
Statutory dues payable	11,815	*11,173*
Advances from customers	737	*861*
Advances from commission agents	2,718	*4,857*
Overtime and bonus payable	1,159	*341*
Other liabilities	28,508	*22,130*
Total	**52,175**	*48,271*

*There are no amounts due for payment to the Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at the year end.

11. FIXED ASSETS

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

	Gross Block					Depreciation / Amortisation					Net Block	
	As at April 1, 2012	Addition on Amalgamation	Additions	Deletions / adjustments	As at March 31, 2013	*As at April 1, 2012**	Addition on Amalgamation	On Deletions	For the year	**As at March 31, 2013**	**As at March 31, 2013**	*As at March 31, 2012**
Tangible assets												
Freehold land (refer note a, b and c)	*15,921*	—	4,142	—	20,063	—	—	—	—	—	20,063	*15,921*
Leasehold land	*3,793*	—	2	—	3,795	*412*	—	—	42	454	3,341	*3,381*
Buildings (refer note d)	*33,796*	—	10,225	9	44,012	*6,354*	—	4	1,256	7,606	36,406	*27,442*
Leasehold improvements	*64*	—	—	—	64	*64*	—	—	—	64	—	—
Plant and machinery (refer note d)	*1,29,171*	—	37,982	800	1,66,353	*59,811*	—	564	14,043	73,290	93,063	*69,360*
Office equipments	*903*	—	132	12	1,023	*414*	—	11	100	503	520	*489*
Computers	*767*	—	134	72	829	*620*	—	70	51	601	228	*147*
Furniture and fixtures	*5,512*	—	1,111	55	6,568	*4,022*	—	42	785	4,765	1,803	*1,490*
Laboratory equipments	*1,704*	—	545	14	2,235	*570*	—	13	196	753	1,482	*1,134*
Vehicles	*834*	—	74	14	894	*361*	—	10	73	424	470	*473*
Total	***1,92,465***	**—**	**54,347**	**976**	**2,45,836**	***72,628***	**—**	**714**	**16,546**	**88,460**	**1,57,376**	***1,19,837***
Previous year	*1,62,400*	*5,172*	*25,243*	*350*	*1,92,465*	*56,191*	*2,543*	*272*	*14,166*	*72,628*	*1,19,837*	
Intangible assets												
Goodwill	*6,543*	—	—	—	6,543	*6,543*	—	—	—	6,543	—	—
Licenses and rights	*6,376*	—	469	—	6,845	*4,360*	—	—	463	4,823	2,022	*2,016*
Brands	*631*	—	—	—	631	*615*	—	—	15	630	1	*16*
Total	**13,550**	**—**	**469**	**—**	**14,019**	**11,518**	**—**	**—**	**478**	**11,996**	**2,023**	**2,032**
Previous year	*13,550*	—	—	—	13,550	*10,818*	—	—	700	11,518	2,032	—
Grand Total	***2,06,015***	**—**	**54,816**	**976**	**2,59,855**	***84,146***	**—**	**714**	**17,024**	**1,00,456**	**1,59,399**	***1,21,869***
Previous year	*1,75,950*	*5,172*	*25,243*	*350*	*2,06,015*	*67,009*	*2,543*	*272*	*14,866*	*84,146*	*1,21,869*	

*Opening accumulated depreciation balances as at April 1, 2012 have been regrouped to confirm to this year's classification.

Notes:

a) The Company has obtained a stay against resumption proceedings initiated by Maharashtra Industrial Development Corporation ('MIDC') over the land aggregating to 6 acres valued at Rs.329 Lakhs (Previous year: Rs.329 Lakhs) allotted by MIDC to Millennium Beer Industries Limited ('MBIL') (amalgamated with the Company). The matter is yet to be finally heard.

b) In respect of land at Palakkad, the Company had filed a writ petition in the High Court of Kerala at Cochin seeking fixation of rate for issue of final patta with respect to land measuring 8.0937 hectares valued at Rs.1 Lakh. During the year, the rate has been fixed at Rs.1,403 Lakhs, which has been paid by the Company and subsequently on April 23, 2013, the final patta has been issued to the Company.

c) Land measuring 9.04 acres with cost of Rs.72 Lakhs (Previous year: Rs.72 Lakhs) is pending registration in the name of the Company.

d) Buildings and Plant and machinery additions during the year includes Rs.211 Lakhs (Previous year: Rs.Nil) and Rs.409 Lakhs (Previous year: Rs.Nil), respectively towards borrowing costs capitalised during this year.

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

	As at March 31, 2013		As at March 31, 2012	
12. NON-CURRENT INVESTMENTS (unquoted, valued at cost unless otherwise stated)				
Trade investments				
Equity instruments				
Investments in subsidiary company				
Maltex Malsters Limited ('MML') [22,950 (Previous year: 22,950) equity shares of Rs.100 each]	4,500		*4,500*	
Less: Provision for diminution in value of investments*	(1,959)	2,541	*(1,959)*	*2,541*
Investment in associate				
United East Bengal Football Team Private Limited		1		*1*
[4,999 (Previous year: 4,999) equity shares of Rs.10 each]				
Non-trade investments				
Equity instruments				
The Zorastrian Co-operative Bank Limited [2,000 (Previous year: 2,000) equity shares of Rs.25 each]		1		*1*
Skol Breweries Limited [300 (Previous year: 300) equity shares of Rs.10 each]**		0		*0*
Jupiter Breweries Limited [50 (Previous year: 50) equity shares of Rs.10 each]**		0		*0*
Mohan Meakins Limited [100 (Previous year: 100) equity shares of Rs.5 each]**		0		*0*
Blossom Breweries Limited [100 (Previous year: 100) equity shares of Rs.3 each]**		0		*0*
The Cosmos Co-operative Bank Limited [1,000 (Previous year: 1,000) equity shares of Rs.100 each]		1		*1*
In government securities				
National savings certificate	18		*18*	
Less: Provision for diminution in value of investments	(15)	3	*(15)*	*3*
Total		**2,547**		*2,547*

* The diminution in value of investment in MML is due to continued delay in obtaining necessary approvals to expand malting facility at MML, leading to losses due to high overhead costs incurred on operating at its current level of capacity.

** Rounded off.

	As at March 31, 2013	As at March 31, 2012
Aggregate amount of unquoted investments (net)	2,547	*2,547*
Aggregate provision for diminution in value of investments	1,974	*1,974*

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

	Long-term		Short-term	
	As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
13. LOANS AND ADVANCES				
Secured, considered good				
Advance to Star Investments Private Limited*	—	—	—	*15,500*
	—	—	—	*15,500*
Unsecured, considered good				
Capital advances	2,672	*8,264*	—	—
Security deposits	3,922	*4,108*	761	*927*
Advance to suppliers	2,431	—	3,380	*2,928*
Advance to related parties	—	—	67	*40*
Prepaid expenses	182	*123*	2,945	*2,848*
Balance with statutory/government authorities	228	*1,140*	18,999	*5,423*
Other loans and advances				
Advance income tax (net of provision)	4,178	*3,056*	—	—
MAT credit entitlement (refer note 39)	—	—	2,896	*3,624*
Other advances recoverable in cash or kind	254	*57*	522	*979*
	13,867	*17,108*	**29,570**	*16,769*
Unsecured, considered doubtful				
Capital advances	51	*51*	—	—
Security deposits	6	*6*	—	—
Advance to suppliers	—	—	41	*41*
Advance to Star Investments Private Limited*	—	—	597	—
Provision for doubtful advances	(57)	*(57)*	(638)	*(41)*
	—	—	—	—
Total	**13,867**	*17,108*	**29,570**	*32,269*

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

	Non-current		Current	
	As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
14. OTHER ASSETS				
Unsecured, considered good				
Bank deposits with original maturity of more than 12 months	9	*26*	—	—
Margin money deposits towards bank guarantees	164	*465*	—	—
Interest accrued on fixed deposits, loans and advances	—	—	291	*5,861*
Government grant receivable	457	—	294	*581*
Total	**630**	*491*	**585**	*6,442*

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

	As at March 31, 2013	*As at March 31, 2012*
15. INVENTORIES (valued at lower of cost and net realisable value)		
Raw materials [Includes in transit: Rs.1,194 Lakhs (Previous year: Rs.1,191 Lakhs)]	17,176	*11,070*
Packing materials and bottles [Includes in transit: Rs.236 Lakhs (Previous year: Rs.60 Lakhs)]	6,421	*6,551*
Work-in-progress	16,265	*12,732*
Finished goods [Includes in transit: Rs.316 Lakhs (Previous year: Rs.689 Lakhs)]*	6,833	*5,331*
Traded goods	—	*1*
Stores and spares [Includes in transit: Rs.22 Lakhs (Previous year: Rs.12 Lakhs)]	4,568	*4,303*
Total	**51,263**	*39,988*

*Net of provision for obsolete stock Rs.55 Lakhs (Previous year: Rs.22 Lakhs).

	As at March 31, 2013	*As at March 31, 2012*
16. TRADE RECEIVABLES		
Secured, considered good		
– Outstanding for a period exceeding six months from the date they are due for payment	683	*2,987*
– Others	173	*127*
	856	*3,114*
Unsecured, considered good		
– Outstanding for a period exceeding six months from the date they are due for payment	—	—
– Others	80,474	*66,831*
	80,474	*66,831*
Unsecured, considered doubtful		
– Outstanding for a period exceeding six months from the date they are due for payment	1,021	*720*
– Others	192	*12*
	1,213	*732*
Less: Provision for doubtful receivables	(1,213)	*(732)*
Total	**81,330**	*69,945*

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

	As at March 31, 2013	*As at March 31, 2012*
17. CASH AND BANK BALANCES		
Cash and cash equivalents		
Bank balances on current accounts [refer note (a) below]	3,809	*2,030*
Bank deposits with original maturity of 3 months or less	6,806	*15,000*
Cheques / drafts on hand	2	*1*
Cash on hand	27	*34*
	10,644	*17,065*
Other bank balances [refer note (b) below]		
Bank deposits with original maturity of:		
Less than 12 months but more than 3 months	12,542	*105*
Greater than 12 months	91	*88*
	12,633	*193*
Total	**23,277**	*17,258*

Notes:

a) Includes balance in unpaid dividend account Rs.40 Lakhs (Previous year: Rs.39 Lakhs).

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

18. CAPITAL AND OTHER COMMITMENTS		
Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	13,845	*15,792*
Other contractual commitments	257	*—*
	14,102	*15,792*

For commitments relating to lease arrangements, refer note 35.

19. CONTINGENT LIABILITIES		
Bank guarantees	2,797	*690*
Letter of credit	1,529	*3,240*
Demands under appeal for following matters*		
- Income tax	12,441	*10,238*
- Service tax	13,800	*7,513*
- Water charges	3,086	*2,694*
- Sales tax	307	*1,349*
- Excise duty/customs duty	66	*392*
- Employee state insurance/provident fund	16	*19*
Claims against the company not acknowledged as debts*	1,397	*1,002*
Total	**35,439**	*27,137*

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

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

	As at March 31, 2013	As at March 31, 2012
20. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	288	272
- Interest due on above	—	2
Total	**288**	274
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year	11	14
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	55	44

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

21. REVENUE FROM OPERATIONS		
Sale of products*	6,20,683	5,61,770
Sale of services**	378	357
Other operating revenue	31,962	17,780
Revenue from operations (gross)	**6,53,023**	5,79,907
Less: Excise duty	2,62,709	2,23,725
Revenue from operations (net)	**3,90,314**	3,56,182

*Includes sale of beer Rs.6,17,522 Lakhs (Previous year: Rs.5,58,628 Lakhs) and sale of malt Rs.3,161 Lakhs (Previous year: Rs.3,142 Lakhs).
**Royalty income

22. OTHER INCOME		
Interest income	1,197	3,300
Dividend income [Includes dividend from subsidiary company of Rs.5 Lakhs (Previous year: Rs.2 Lakhs)]	9	19
Net gain on sale of fixed assets	—	1
Government grant	167	216
Liabilities no longer required written back	1,557	585
Provision for doubtful debts, no longer required written back	496	1,290
Provision for doubtful advances, no longer required written back	—	998
Other non-operating income	496	889
Total	**3,922**	7,298

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

	As at March 31, 2013	*As at March 31, 2012*
23. COST OF MATERIALS CONSUMED		
Raw materials		
Inventories at the beginning of the year	11,070	*8,603*
Add: Inventories received from amalgamated company	—	*105*
Add: Purchases	67,639	*57,146*
Less: Inventories at the end of the year	(17,176)	*(11,070)*
Consumption	**61,533**	*54,784*
Packing materials and bottles		
Inventories at the beginning of the year	6,551	*4,659*
Add: Inventories received from amalgamated company	—	*1,694*
Add: Purchases	1,02,690	*1,05,790*
Less: Inventories at the end of the year	(6,421)	*(6,551)*
Consumption	**1,02,820**	*1,05,592*
Total	**1,64,353**	*1,60,376*
24. PURCHASES OF TRADED GOODS		
Finished goods (Beer)	**3,504**	*4,230*
25. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Inventories at the beginning of the year		
Finished goods	5,353	*2,954*
Traded goods	1	*46*
Work-in-progress	12,732	*8,416*
Inventories of amalgamated companies - Finished goods	—	*42*
Inventories of amalgamated companies - Work-in-progress	—	*409*
	18,086	*11,867*
Less: Inventories at the end of the year		
Finished goods	6,888	*5,353*
Traded goods	—	*1*
Work-in-progress	16,265	*12,732*
	23,153	*18,086*
(Increase)/decrease in inventories	**(5,067)**	*(6,219)*
Increase/(decrease) in excise duty on inventories	**3,015**	*4,394*
Total	**(2,052)**	*(1,825)*
26. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	20,923	*16,235*
Gratuity expense [refer note (i) below]	658	*343*
Contribution to provident and other funds [refer note (ii) below]	1,044	*919*
Staff welfare expenses	1,475	*1,053*
Total	**24,100**	*18,550*

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

Notes to Financial Statements (contd.)

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

	Gratuity		Provident fund	
	March 31, 2013	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	2,219	*1,878*	4,222	*3,434*
Additions on amalgamations	—	*37*	—	—
Current service cost	604	*326*	936	*680*
Interest cost	175	*156*	326	*284*
Benefits paid	(196)	*(158)*	(531)	*(172)*
Actuarial (gain)/loss	67	*(20)*	(2)	*(4)*
Obligations at end of the year	**2,869**	*2,219*	**4,951**	*4,222*
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	1,656	*1,639*	4,303	*3,459*
Additions on amalgamations	—	*37*	—	—
Expected return on plan assets	153	*128*	372	*308*
Contributions by employer	705	*20*	936	*658*
Benefits paid	(196)	*(158)*	(531)	*(172)*
Actuarial gain/(loss)	35	*(10)*	223	*50*
Plan assets at end of the year	**2,353**	*1,656*	**5,303**	*4,303*
Actual return on plan assets	188	*118*	594	*358*
c) Benefit asset/(liability)				
Fair value of plan assets	2,353	*1,656*	5,303	*4,303*
Present value of the defined benefit obligations	2,869	*2,219*	4,951	*4,222*
Benefit asset/(liability)	**(516)**	*(563)*	**352**	*81*
d) Net employee benefit expense recognised in the employee cost				
Current service cost	604	*326*	936	*680*
Interest cost	175	*156*	326	*284*
Expected return on plan assets	(153)	*(128)*	(372)	*(308)*
Actuarial (gain)/loss	32	*(11)*	(225)	*(54)*
Net employee benefit expense*	**658**	*343*	**665**	*602*

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

e) Major category of plan assets as a percentage of fair value of total plan assets				
Government securities	—	—	44%	*41%*
Corporate bonds	—	—	56%	*59%*
Fund balance with insurance companies	100%	*100%*	—	—
Total	**100%**	*100%*	**100%**	*100%*

Notes to Financial Statements (contd.)

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

	Gratuity		Provident fund	
	March 31, 2013	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*
f) The principal assumptions used in determining gratuity and provident fund obligations for the Company plans are as shown below:				
Discount rate	8.25%	*8.50%*	8.25%	*8.50%*
Estimated rate of return on plan assets	8.00%	*8.00%*	8.25%	*8.25%*
Salary increase rate	5.00%	*5.00%*	5.00%	*5.00%*
Employee turnover	5.00%	*1.00%*	5.00%	*1.00%*

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company expects to contribute Rs.178 Lakhs (Previous year: Rs.182 Lakhs) and Rs.1,000 Lakhs (Previous year: Rs.875 Lakhs) to gratuity and provident fund respectively in the next year.

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

	March 31, 2013	*March 31, 2012*	*March 31, 2011*	*March 31, 2010*	*March 31, 2009*
<u>Gratuity</u>					
Defined benefit obligation	2,869	*2,219*	1,878	*1,614*	*1,539*
Plan assets	2,353	*1,656*	1,639	*1,542*	*1,331*
Surplus/(deficit)	(516)	*(563)*	(239)	*(72)*	*(208)*
Experience adjustment on plan liabilities	67	*(20)*	49	*(3)*	*(4)*
Experience adjustment on plan assets	35	*(10)*	(13)	*(17)*	*(76)*
<u>Provident fund**</u>					
Defined benefit obligation	4,951	*4,222*			
Plan assets	5,303	*4,303*			
Surplus/(deficit)	352	*81*			
Experience adjustment on plan liabilities	(2)	*(4)*			
Experience adjustment on plan assets	223	*50*			

**Previous year ended March 31, 2012 being the first year of presentation of provident fund details by the Company on issuance of final guidance for measurement of provident fund liabilities by the Actuarial Society of India, the comparative information has not been furnished.

	March 31, 2013	*March 31, 2012*
(ii) Contribution to provident and other funds includes the following defined contributions:		
Provident fund	649	*600*
Superannuation fund and national pension scheme	304	*229*
Employees state insurance fund	91	*90*
Total	**1,044**	*919*

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

	March 31, 2013		March 31, 2012	
27. FINANCE COSTS				
Interest expense		7,725		*9,392*
Other borrowing costs		264		*480*
Total		**7,989**		*9,872*
28. OTHER EXPENSES				
Consumption of stores and spares		3,228		*3,488*
Power and fuel		15,460		*14,151*
Rent		2,014		*1,410*
Repairs and maintenance				
Plant & Machinary		6,021		*4,006*
Building		592		*386*
Others		384		*319*
Insurance		512		*353*
Rates and taxes		4,674		*3,637*
Auditor remuneration*				
Statutory Audit Fees	78		*78*	
Limited Review Fees	20		*15*	
Tax Audit Fees	26		*13*	
Others	41	165	*14*	*120*
Sales promotion expenses		61,494		*53,910*
Outward freight, halting and breakage expenses		22,423		*19,488*
Selling and distribution expenses		22,850		*20,046*
Bad debts/advances written off		535		*1,935*
Provision for doubtful debts		977		*49*
Provision for doubtful advances		597		*64*
Net loss on sale of fixed assets		74		—
Miscellaneous expenses		10,773		*10,324*
Total		**1,52,773**		*1,33,686*

*Includes amount paid to previous auditors.

	March 31, 2013	March 31, 2012
29. CIF VALUE OF IMPORTS		
Raw materials and packing materials	3,984	*3,879*
Stores and spares	240	*127*
Capital goods	1,385	*4,593*
Total	**5,609**	*8,599*
30. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)		
Royalty	36	*13*
Technical service fees	600	*600*
Sales promotion expenses	2,030	*1,897*
Professional expenses	65	*54*
Interest expense	1,709	*701*
Others	497	*176*
Total	**4,937**	*3,441*

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

	March 31, 2013	March 31, 2012
31. DETAILS OF CONSUMPTION		
a) Details of materials consumed		
Malt	35,014	*31,130*
Brewing materials	19,249	*16,468*
Bottles	67,097	*71,700*
Packing materials	35,723	*33,543*
Others	7,270	*7,535*
Total	**1,64,353**	*1,60,376*

b) Imported and indigenous materials consumed

	March 31, 2013		March 31, 2012	
	%	Rs. in Lakhs	%	Rs. in Lakhs
Raw materials				
Imported	5%	3,270	*5%*	*2,663*
Indigenous	95%	58,263	*95%*	*52,121*
Total	**100%**	**61,533**	*100%*	*54,784*
Packing materials				
Imported	2%	2,206	*1%*	*1,223*
Indigenous	98%	1,00,614	*99%*	*1,04,369*
Total	**100%**	**1,02,820**	*100%*	*1,05,592*
Stores and spares				
Imported	5%	160	*4%*	*127*
Indigenous	95%	3,068	*96%*	*3,361*
Total	**100%**	**3,228**	*100%*	*3,488*

	March 31, 2013	March 31, 2012
32. NET DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Period to which it relates to	2011-12	*2010-11*
Number of non-resident shareholders	5	*5*
Number of equity shares held on which dividend was due	11,18,01,394	*11,18,01,394*
Number of preference shares held on which dividend was due	2,46,90,000	*2,46,90,000*
Amount remitted (in equivalent Indian Rupees in Lakhs)	1,025	*667*
33. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)		
Sale of services	**200**	*149*
34. EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computation:		
Profit after tax	17,221	*12,644*
Less: Dividend on preferential shares (including dividend distribution tax thereon)	(260)	*(281)*
Net profit attributable to equity shareholders	**16,961**	*12,363*
Weighted average number of equity shares considered for calculating basic/diluted EPS	26,44,05,149	*26,44,05,149*
Earnings per share (Basic/Diluted)	**6.41**	*4.68*

35. OPERATING LEASE

The Company has entered into operating lease arrangements for vehicles, computers, equipments, office premises and employee residential premises. These leases are for a period of 11 to 60 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 12 to 60 months. There are certain sub-lease restrictions placed upon the Company by entering into these leases. The total lease rentals expense for the year is Rs.2,014 Lakhs (Previous year: Rs.1,410 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2013	*March 31, 2012*
Within one year	663	*586*
After one year but not more than five years	1,826	*2,121*
More than five years	—	—
Total	**2,489**	*2,707*

36. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Derivatives outstanding as at the reporting date

Particulars	Purpose	Currency	March 31, 2013		*March 31, 2012*	
			Foreign currency (in millions)	Rs. in Lakhs	*Foreign currency (in millions)*	*Rs. in Lakhs*
Forward contract to buy USD and sell INR	Hedge of foreign currency payables	USD	6.66	3,924	—	—
Cross currency swaps for INR against USD*	Hedge of foreign currency loans- Principal and interest	USD	135.00	69,934	*71.38*	*35,810*
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	USD	135.00	69,934	*71.38*	*35,810*

*Amount disclosed represents the underlying principal amount of loan.

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

	March 31, 2013	*March 31, 2012*
Trade payables	1,514	*858*
Liability for capital goods	392	*590*
Advances to suppliers	145	*98*
Capital advances	520	*277*

37. AMALGAMATION ACCOUNTING

a) The scheme of amalgamation ('the scheme') under sections 391 to 394 of the Companies Act, 1956 between UB Ajanta Breweries Private Limited ('UBA') and the Company with appointed date as April 1, 2011 was approved by the Honorable BIFR Court, Delhi vide its order dated February 13, 2012. UBA was engaged in the brewing business. Upon necessary filing with the Registrar of Companies on February 21, 2012, the scheme had become effective and the effect thereof was given during the previous year ended March 31, 2012. In respect of the merger of UBA with the Company:

(i) The entire business and the whole of the undertaking of UBA, as a going concern was transferred to and vested in the Company with effect from April 1, 2011.

(ii) In consideration of the amalgamation of UBA with the Company, the Company issued 709,578 equity shares of Re. 1 each aggregating to Rs. 7 Lakhs in the ratio of 135:1.

(iii) The authorized share capital of the Company was increased by Rs. 540 Lakhs in respect of equity shares of Re. 1 each and by Rs.9,460 Lakhs in respect of preference shares of Rs. 100 each.

(iv) The amalgamation was accounted for on the basis of the pooling of interest method as per Accounting Standard (AS) 14 on Accounting for Amalgamations notified by the Companies (Accounting Standard) Rules 2006 (as amended) ('AS-14') and in terms of the scheme, as below:

- All asset and liabilities of UBA were accounted at their respective book values under the respective heads of the Company.
- The difference amounting to Rs.28 Lakhs between the values of net assets of the UBA transferred to the Company and the carrying value of the Company's investment was adjusted to Capital Reserve.
- The intercompany balances and the transactions were cancelled.

b) The Board of Directors in its meeting held on February 7, 2012 had approved the scheme of amalgamation ('the scheme') under section 391 to 394 of the Companies Act 1956, in respect of merger of Scottish and Newcastle India Private Limited ('SNIPL') into the Company with effect from April 1, 2012. SNIPL was incorporated to provide technical consultancy for the manufacture, marketing and distribution of beer and allied products in India and to form strategic partnership with the Company. The Honorable High Court of Karnataka and the Honorable High Court of Maharashtra have passed orders approving the scheme on January 17, 2013 and November 2, 2012 respectively. Upon filing of the orders of the Honorable High Court of Karnataka and the Honorable High Court of Maharashtra with the Registrar of Companies on April 18, 2013 and November 30, 2012 respectively, the scheme has become effective and accordingly, the Company has given effect to the merger in these financial statements with effect from April 1, 2012.

In terms of the scheme, the amalgamation has been accounted for under the pooling of interest method as per AS-14. Accordingly, all the assets, liabilities and reserves recorded in the books of SNIPL as at March 31, 2012 have been recorded by the Company at their respective book values as follows:

Particulars	Amount (Rs. in Lakhs)
Long-term loans and advances	24
Cash and bank balances	414
Other current assets	6
Trade payables	(50)
Other current liabilities	(6)
Securities premium	(16,523)
Surplus in the statement of profit and loss	(3,326)

Further, in terms of the approved scheme:

(i) The authorized share capital of the Company has been increased by Rs.4,558 Lakhs in respect of equity shares of Re. 1 each.

(ii) The investments held by SNIPL in 84,89,270 equity shares of Re. 1 each of the Company with carrying value of Rs.22,683 Lakhs have been cancelled and the corresponding issued, subscribed and paid up equity share capital of the Company has been reduced by Rs.85 Lakhs representing 8,489,270 equity shares of Re. 1 each. Also, other inter-company balances and transactions have been cancelled.

(iii) 84,89,270 fully paid up equity share of Re. 1 each of the Company have been issued and allotted to the shareholders of SNIPL against 3,22,23,912 equity shares of Rs.10 each held by them in SNIPL.

(iv) The difference of Rs.22,598 Lakhs on cancellation of investments held by SNIPL in equity shares of the Company, as discussed in (ii) above and the difference of Rs.3,137 Lakhs between the amount of shares issued by the Company and the amount of share capital of SNIPL as discussed in (iii) above have been adjusted from capital reserve and securities premium account of the Company by Rs.1,286 Lakhs and Rs.18,175 Lakhs respectively.

(v) Dividend income of Rs.59 Lakhs recognized by SNIPL during the year and expenses incurred in connection with the scheme amounting to Rs.687 Lakhs, have been adjusted against securities premium account.

No specific accounting treatment has been prescribed under AS-14 in respect of adjustment, to capital reserve and securities premium account, arising on account of the difference on cancellation of investments held by SNIPL in equity shares of the Company and the difference between the amount of shares issued by the Company and the amount of share capital of SNIPL and adjustment of dividend income and expenses incurred in connection with the merger. Hence, the Company has followed aforesaid treatment as stated in (iv) and (v) above, which is as per the approved scheme.

c) Pursuant to mergers of Empee Breweries Limited (EBL) and Chennai Breweries Private Limited (CBPL), with the Company during the year ended March 31, 2011, the Company is in the process of getting the name of these merged entities changed in the records of state excise and other regulatory authorities. Pending completion of these formalities, the names of these merged entities are continued to be used in various documents and records of the Company.

38. Tax expense for the year ended March 31, 2013 is net of reversal of Rs.1,733 Lakhs (Previous year: Nil) and Rs.809 Lakhs (Previous year: Nil) relating to current tax (MAT) and deferred tax asset, respectively, for earlier years.

39. CAPITALIZATION OF EXPENDITURE

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

	March 31, 2013	*March 31, 2012*
Salaries, wages and bonus	128	—
Power and fuel	35	*34*
Interest expenses (net)	554	*94*
Other expenses	102	*144*
Total	**819**	*272*

40. RELATED PARTY DISCLOSURES

A. Name of related parties and related party relationships

Related party where control exists:

Subsidiary:	Maltex Malsters Limited ('MML')

Related parties with whom transactions have taken place during the year:

Associate:	United East Bengal Football Team Private Limited ('UEBFTPL')
Enterprises having significant influence:	Scottish & Newcastle India Limited, UK ('SNIL') United Breweries (Holdings) Limited ('UBHL')
Key management personnel (KMP):	Mr. Kalyan Ganguly, Managing Director Mr. Henricus Petrus van Zon, Director, CFO (effective from January 1, 2013)* Mr. Guido de Boer, Director, CFO (till December 31, 2012)
Relative of KMP:	Mrs. Suparna Bakshi Ganguly (Wife of Mr. Kalyan Ganguly)
Enterprises over which investing parties or KMP have significant influence:	Scottish and Newcastle India Private Limited ('SNIPL'), subsidiary of HUL (merged with the Company effective April 1, 2012) Heineken UK Limited ('HUL'), holding company of SNIL Heineken International B.V. ('HIBV') Heineken Brouwerijen B.V. ('HBBV') Heineken Supply Chain B.V. ('HSCBV') Heineken N.V. ('HNV') Force India F1 Team Limited, UK ('Force India')

*As required by schedule XIII of the Companies Act 1956, the Company has applied for approval of the central government for appointment of Mr. Henricus Petrus van Zon, non-resident whole-time director, which is pending for approval. Further the terms of his appointment are subject to approval of shareholders of the Company in the Annual General Meeting.

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

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

	Subsidiary		Associate		Enterprises having significant influence		KMP & Relative of KMP		Enterprises over which investing parties or KMP have significant influence	
	March 31, 2013	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*
a) Transactions during the year										
Sale of products										
UBHL	—	—	—	—	902	1,187	—	—	—	—
Purchase of raw materials										
HUL	—	—	—	—	—	—	—	—	4	2
HSCBV	—	—	—	—	—	—	—	—	4	8
Processing charges paid	1,385	1,156	—	—	—	—	—	—	—	—
Sales promotion expenses										
UEBFTPL	—	—	1,051	911	—	—	—	—	—	—
Force India	—	—	—	—	—	—	—	—	1,899	1,376
Others	—	—	—	—	6	15	—	—	11	2
Rent expense										
UBHL	—	—	—	—	72	61	—	—	—	—
Mrs. Suparna Ganguly	—	—	—	—	—	—	33	30	—	—
Technical service fees										
HIBV	—	—	—	—	—	—	—	—	600	600
Royalty paid										
UBHL	—	—	—	—	607	662	—	—	—	—
HBBV	—	—	—	—	—	—	—	—	36	13
Consultancy fees										
HSCBV	—	—	—	—	—	—	—	—	65	54
Reimbursements paid										
MML	36	29	—	—	—	—	—	—	—	—
HIBV	—	—	—	—	—	—	—	—	217	68
Others	—	—	—	—	10	—	—	—	18	—
Interest paid	26	23	—	—	—	—	—	—	—	—
Remuneration paid										
Mr. Kalyan Ganguly	—	—	—	—	—	—	493	670	—	—
Mr. Henricus Petrus van Zon	—	—	—	—	—	—	126	—	—	—
Mr. Guido de Boer	—	—	—	—	—	—	205	224	—	—

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

	Subsidiary		Associate		Enterprises having significant influence		KMP & Relative of KMP		Enterprises over which investing parties or KMP have significant influence	
	March 31, 2013	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*
Redemption of preference share capital										
SNIL	—	—	—	—	—	*17,283*	—	—	—	—
Issue of equity shares [refer note 37(b)]										
HUL	—	—	—	—	—	—	—	—	**85**	—
Dividend paid on preference shares										
SNIL	—	—	—	—	**222**	*242*	—	—	—	—
Proposed dividend on equity shares										
SNIL	—	—	—	—	**630**	*630*	—	—	—	—
Dividend received	**5**	*2*	—	—	—	—	—	—	—	—
b) Balances outstanding as at year end										
Preference share capital										
SNIL	—	—	—	—	**7,407**	*7,407*	—	—	—	—
Security deposits (liability)										
MML	**(178)**	*(159)*	—	—	—	—	—	—	—	—
Trade payables										
UBHL	—	—	—	—	**(162)**	*(158)*	—	—	—	—
HIBV	—	—	—	—	—	—	—	—	**(666)**	*(600)*
Others	—	—	**(33)**	—	—	—	—	—	**(32)**	*(15)*
Investment in equity shares	**4,500**	*4,500*	**1**	*1*	—	—	—	—	—	—
Provision for diminution in value of investments	**(1,959)**	*(1,959)*	—	—	—	—	—	—	—	—
Trade receivables										
UBHL	—	—	—	—	**187**	*262*	—	—	—	—
Security deposits										
UBHL	—	—	—	—	**2,009**	*2,591*	—	—	—	—
Advances										
MML	**67**	*39*	—	—	—	—	—	—	—	—
HUL	—	—	—	—	—	—	—	—	—	*1*

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

41. SEGMENT REPORTING

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

42. PREVIOUS YEAR FIGURES

The figures of previous year were audited by a firm of chartered accountants other than S.R. Batliboi & Associates LLP. The previous year's figures have been regrouped where necessary to conform to this year's classification. Further in view of the amalgamations described in note 37 above, the figures for the current year are not strictly comparable with those of previous year.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Mumbai, May 30, 2013

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

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

Govind Iyengar
Company Secretary

Mumbai, May 30, 2013

STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956 AS AT MARCH 31, 2013

Rupees in Lakhs

		a) No. of Equity Shares at the end of the financial year of the Subsidiary		b) Extent of Holdings		Net aggregate Profit / (Loss) of the subsidiary so far as it concerns the Members of the Company			
						Not dealt with in the Accounts of the Company		Dealt with in the Accounts of the Company	
						(i)	(ii)	(i)	(ii)
Sl. No.	Name of the Subsidiary	United Breweries Limited	Other Subsidiary Companies	United Breweries Limited	Other Subsidiary Companies	For Subsidiary's Financial Year ended 31.03.2013	For previous Financial Years of Subsidiary since it became a Subsidiary	For Subsidiary's Financial Year ended 31.03.2013	For previous Financial Years of Subsidiary since it became a Subsidiary
1.	Maltex Malsters Limited	22,950	—	51%	—	47	32	—	—

DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT

Rupees in Lakhs

Name of the Company	Amount outstanding as at March 31, 2013	Value of investments as at March 31, 2013	Terms
Subsidiaries: Maltex Malsters Limited	(178)	2,541	—
Associates: United East Bengal Football Team Private Limited	(33)	1	—

Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors of United Breweries Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of United Breweries Limited ("the Company"), its subsidiary and associate, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 32(b) to the consolidated financial statements relating to the merger of Scottish and Newcastle India Private Limited ('SNIPL') into the Company, effective April 1, 2012. Pursuant to the merger scheme duly approved by the Honorable High Court of Karnataka and the Honorable High Court of Maharashtra, the difference on cancellation of investments held by SNIPL in equity shares of the Company and the difference between the amount of shares issued by the Company and the amount of share capital of SNIPL has been adjusted to capital reserve and securities premium account of the Company and dividend income recognized by SNIPL and expenses incurred in connection with the merger have been adjusted to securities premium account. Also, no specific accounting treatment in this regard has been prescribed in the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956. Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit total assets of Rs.331 Lakhs as at March 31, 2013, total revenues of Rs.115 Lakhs and net cash inflows amounting to Rs.14 Lakhs for the year then ended, included in the accompanying consolidated financial statements in respect of subsidiary, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiary is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Mumbai
Date: May 30, 2013

Consolidated Balance Sheet as at March 31, 2013

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

	Notes	As at March 31, 2013	*As at March 31, 2012*
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,051	*10,051*
Reserves and surplus	4	1,41,064	*1,26,524*
		1,51,115	*1,36,575*
Minority interest		**164**	*115*
Non-current liabilities			
Long-term borrowings	5	74,320	*40,280*
Deferred tax liabilities (net)	6	7,451	*5,136*
Long-term provisions	7	338	*381*
		82,109	*45,797*
Current liabilities			
Short-term borrowings	8	55,693	*55,025*
Trade payables	9	25,003	*38,326*
Other current liabilities	10	52,065	*48,274*
Short-term provisions	7	7,861	*4,696*
		1,40,622	*1,46,321*
Total		**3,74,010**	*3,28,808*
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,57,475	*1,19,950*
Intangible assets	11	2,023	*2,032*
Capital work-in-progress		11,398	*20,736*
Goodwill on consolidation	36	2,421	*2,421*
Non-current investments	12	6	*6*
Long-term loans and advances	13	13,919	*17,144*
Other non-current assets	14	630	*491*
		1,87,872	*1,62,780*
Current assets			
Inventories	15	51,358	*40,067*
Trade receivables	16	81,342	*69,945*
Cash and bank balances	17	23,308	*17,275*
Short-term loans and advances	13	29,545	*32,299*
Other current assets	14	585	*6,442*
		1,86,138	*1,66,028*
Total		**3,74,010**	*3,28,808*
Summary of significant accounting policies	2.1		

The accompaning notes are an integral part of the consolidated financial statements.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Mumbai, May 30, 2013

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

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

Govind Iyengar
Company Secretary

Mumbai, May 30, 2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

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

	Notes	Year ended March 31, 2013	Year ended March 31, 2012
INCOME			
Revenue from operations (gross)	21	6,53,138	*5,79,985*
Less: Excise duty		2,63,264	*2,24,057*
Revenue from operations (net)		3,89,874	*3,55,928*
Other income	22	3,918	*7,303*
Total		**3,93,792**	*3,63,231*
EXPENSES			
Cost of materials consumed	23	1,62,968	*1,59,220*
Purchases of traded goods	24	3,504	*4,230*
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	25	(2,059)	*(1,825)*
Employee benefits expense	26	24,418	*18,855*
Depreciation and amortisation expense	11	17,041	*14,889*
Finance costs	27	7,964	*9,850*
Other expenses	28	1,53,353	*1,34,238*
Total		**3,67,189**	*3,39,457*
Profit before exceptional item		**26,603**	*23,774*
Exceptional item: Provision for impairment of goodwill	36	—	*1,959*
Profit before tax		**26,603**	*21,815*
Tax expenses (refer note 33)			
Current tax		7,029	*6,079*
Deferred tax charge		2,314	*3,059*
Total tax expenses		**9,343**	*9,138*
Profit after tax but before minority interest		**17,260**	*12,677*
Minority interest [includes Rs.26 Lakhs (Previous year: Nil) for earlier years]		49	*—*
Profit for the year		**17,211**	*12,677*
Earnings per equity share in Rs. [nominal value per share Re.1 (Previous year: Re.1)]	29		
Basic		6.41	*4.69*
Diluted		6.41	*4.69*
Summary of significant accounting policies	2.1		

The accompaning notes are an integral part of the consolidated financial statements.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Mumbai, May 30, 2013

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

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

Govind Iyengar
Company Secretary

Mumbai, May 30, 2013

Consolidated Cash Flow Statement

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

	Notes	Year ended			
		March 31, 2013		*March 31, 2012*	
A Cash flow from operating activities					
Profit before tax			26,603		*21,815*
Adjustments for:					
Depreciation and amortisation expense		17,041		*14,889*	
Provision for impairment of goodwill		—		*1,959*	
Bad debts/advances written off		535		*1,935*	
Provision for doubtful debts		977		*49*	
Provision for doubtful advances		597		*64*	
Net (gain)/loss on sale of fixed assets		68		*(1)*	
Liabilities no longer required written back		(1,557)		*(585)*	
Provision for doubtful debts, no longer required written back		(496)		*(1,290)*	
Provision for doubtful advances, no longer required written back		—		*(998)*	
Merger expenses [refer note 32(b)]		(687)		—	
Interest expenses		7,699		*9,370*	
Interest income		(1,197)		*(3,304)*	
Dividend income		(4)	22,976	*(19)*	*22,069*
Operating profits before working capital changes			**49,579**		*43,884*
Movement in working capital:					
Increase/(decrease) in trade payables		(11,815)		*885*	
Increase/(decrease) in other current liabilities and provisions		8,898		*11,445*	
(Increase)/decrease in inventories		(11,291)		*(10,741)*	
(Increase)/decrease in trade receivables		(12,236)		*(17,119)*	
(Increase)/decrease in loans and advances		(313)		*(6,170)*	
(Increase)/decrease in other assets		(164)	(26,921)	*3,252*	*(18,448)*
Cash generated from operations			**22,658**		*25,436*
Direct taxes paid			(7,439)		*(6,588)*
Net cash flow from operating activities (A)			**15,219**		*18,848*
B Cash flow from investing activities					
Purchase of fixed assets including capital work-in-progress and capital advances			(38,013)		*(38,141)*
Proceeds from sale of fixed assets			197		*79*
Purchase of investments			—		*(3)*
Investments in bank deposits (having original maturity of more than three months)			(12,122)		—
Redemption/maturity of bank deposits (having original maturity of more than three months)			—		*1,074*
Interest received			6,767		*3,538*
Dividend received			4		*19*
Net cash used in investing activities (B)			**(43,167)**		*(33,434)*

Consolidated Cash Flow Statement (contd.)

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

	Notes	Year ended March 31, 2013	Year ended *March 31, 2012*
C Cash flow from financing activities			
Redemption of preference share capital		—	*(17,283)*
Proceeds from long term borrowings		34,124	*35,810*
Repayment of long term borrowings		(3,858)	*(35,461)*
Proceeds from/(repayment of) short term borrowings (net)		668	*21,009*
Proceeds from UBL Benefit Trust		—	*28,343*
Interest paid		(7,365)	*(9,234)*
Dividend paid (including dividend distribution tax)		(2,442)	*(2,682)*
Net cash flow from financing activities (C)		**21,127**	*20,502*
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(6,821)**	*5,916*
Cash and cash equivalents at the beginning of the year		17,082	*11,149*
Cash and cash equivalents of transferor company at the beginning of the year (refer note 32)		414	*17*
Cash and cash equivalents at the end of the year		**10,675**	*17,082*
Components of cash and cash equivalents			
Cash on hand		28	*34*
Cheques/drafts on hand		2	*1*
Bank balances on current accounts*		3,839	*2,047*
Bank balances on deposit accounts		6,806	*15,000*
Total cash and cash equivalents		**10,675**	*17,082*
Summary of significant accounting policies	2.1		

*Includes Rs.41 Lakhs (Previous Year: Rs.39 Lakhs) towards unpaid dividend accounts which can be utilised only towards settlement of unpaid dividends.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Mumbai, May 30, 2013

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

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

Govind Iyengar
Company Secretary

Mumbai, May 30, 2013

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

1. Corporate information

United Breweries Limited ('UBL' or 'the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange (BSE), Bangalore Stock Exchange (BgSE) and National Stock Exchange (NSE). The Company is engaged primarily in the manufacture and sale of beer. The Company has manufacturing facilities in India.

2. Basis of preparation of consolidated financial statements

The consolidated financial statements of the Company, its subsidiary and associate ('the Group') have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The Company has prepared these consolidated financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain assets acquired on amalgamation which are carried at revalued amounts and derivative financial instruments on which mark to market loss, if any is recognized.

In the preparation of the consolidated financial statements, subsidiary have been consolidated in accordance with the Accounting Standard 21, 'Consolidated Financial Statements', ('AS 21'), as notified by Companies (Accounting Standards) Rules, 2006 (as amended). The consolidated financial statements have been prepared on the following basis:

(i) Subsidiary company is consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship comes into existence. A subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains controls and continue to consolidate until the date that such control ceases.

(ii) The difference between the cost to the Group of investment in subsidiary and the proportionate share in the equity of the investee company at the date of investment is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment at the balance sheet date.

(iii) Minorities' interest in net profits of consolidated subsidiary for the period is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the parent company.

(iv) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances are presented, to the extent possible, in the same manner as the Company's unconsolidated financial statements.

(v) The financial statements of the subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e. year ended March 31, 2013.

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

Name of the company	Relationship	Country of incorporation	% of Ownership Interest as at March 31, 2013	*% of Ownership Interest as at March 31, 2012*
Maltex Malsters Limited ('MML')	Subsidiary	India	51%	*51%*
United East Bengal Football Team Private Limited ('UEBFTPL')*	Associate	India	49.99%	*49.99%*

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

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

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

2.1 Summary of significant accounting policies

(a) Use of estimates

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

(b) Tangible fixed assets

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

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

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

In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

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

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line method ("SLM") basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Group has used the following rates to provide depreciation on its fixed assets:

	Rates (SLM)
Factory buildings	3.34-4.35%
Other buildings	1.63%
Plant and machinery	*10.34%
Office equipments	4.75-15%
Computers	16.21%
Furniture and fixtures	6.33-33.33%
Laboratory equipments	10.34%
Vehicles	9.50%

*Assets acquired on amalgamation (where original dates of acquisition are not readily available), are depreciated over the remaining useful life of the assets, as certified by an expert.

Leasehold land is amortized on a straight line basis over the period of lease. Leasehold improvements are amortized over the lower of useful life of the asset and the remaining period of the lease.

(d) Intangible assets

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

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

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

	Rates (SLM)
Goodwill	20%
Licenses and rights	10%
Brands	10%

(e) Leases

Where the Company is lessee

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

(f) Borrowing costs

Borrowing cost includes interest, exchange differences arising from short-term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset or group of assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Government grant and subsidies

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

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

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

(i) Investments

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

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

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

(j) Inventories

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

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

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

Cost is determined on a First-in-First-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Revenue recognition

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

Sale of goods

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

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

Income from services

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

Income from contract manufacturing units

Income from contract manufacturing units is recognized, as per terms of the agreement, when the right to receive the payment is established, usually on sale of goods by the contract manufacturing units to their customers.

Interest

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

Dividends

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

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

(l) Foreign currency transactions

Foreign currency transactions and balances

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

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

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

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

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

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

(m) Retirement and other employee benefits

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

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

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

(ii) Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has established a Superannuation Fund Trust to which contributions are made each month. Such contributions are charged to the statement of profit and loss on an accrual basis. The Company has no other obligations beyond its monthly contributions.

(iii) The Company operates defined benefit plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method.

(iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

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

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

(n) Income taxes

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

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the

Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the *Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961*, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit entitlement". The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(o) Earnings per share

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

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

(p) Provisions

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

(q) Contingent liabilities

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

(r) Cash and cash equivalents

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

(s) Derivative instruments

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

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

	As at March 31, 2013	As at March 31, 2012
3. SHARE CAPITAL		
Authorised shares		
4,12,98,00,000 (Previous year: 3,67,40,00,000) equity shares of Re. 1 each	41,298	*36,740*
5,86,00,000 (Previous year: 5,86,00,000) preference shares of Rs.100 each	58,600	*58,600*
	99,898	*95,340*
Issued, subscribed and fully paid-up shares		
26,44,05,149 (Previous year: 26,44,05,149) equity shares of Re. 1 each	2,644	*2,644*
74,07,000 (Previous year: 74,07,000) 3% cumulative redeemable preference shares of Rs.100 each – Series B	7,407	*7,407*
	10,051	*10,051*

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

	As at March 31, 2013		As at March 31, 2012	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Equity shares				
At the beginning of the year	26,44,05,149	2,644	*25,45,44,938*	*2,545*
Cancelled during the year on amalgamation*	(84,89,270)	(85)	—	—
Issued during the year on amalgamations				
Heineken UK Limited in lieu of equity shares of Scottish and Newcastle India Private Limited*	84,89,270	85	—	—
Heineken International B.V in the ratio of 135:1 in lieu equity shares of UB Ajanta Breweries Private Limited [refer note 32(a)]	—	—	*3,54,789*	*4*
UB Overseas Limited in the ratio of 135:1 in lieu equity shares of UB Ajanta Breweries Private Limited [refer note 32(a)]	—	—	*3,54,789*	*4*
Heineken International B.V in the ratio of 454:1 in lieu equity shares of UB Nizam Breweries Private Limited**	—	—	*72,951*	*1*
UB Overseas Limited in the ratio of 454:1 in lieu equity shares of UB Nizam Breweries Private Limited**	—	—	*72,951*	*1*
United Spirits Limited in the ratio of 30:17 in lieu equity shares of Chennai Breweries Private Limited**	—	—	*85,00,000*	*85*
Public shareholders of erstwhile Millennium Beer Industries Limited in the ratio of 12:1**	—	—	*5,04,731*	*5*
Outstanding at the end of the year	**26,44,05,149**	**2,644**	*26,44,05,149*	*2,644*

*Cancelled/issued subsequently on April 18, 2013 [refer note 32(b)].

**Issued against shares pending allotment as on March 31, 2011.

Notes to the Consolidated Financial Statements (contd.)

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

	As at March 31, 2013		*As at March 31, 2012*	
	Nos.	Rs. in Lakhs	*Nos.*	*Rs. in Lakhs*
Preference shares - Series A				
At the beginning of the year	—	—	*1,72,83,000*	*17,283*
Issued during the year	—	—	—	—
Redeemed during the year	—	—	*1,72,83,000*	*17,283*
Outstanding at the end of the year	—	—	—	—
Preference shares - Series B				
At the beginning of the year	74,07,000	7,407	*74,07,000*	*7,407*
Issued during the year	—	—	—	—
Redeemed during the year	—	—	—	—
Outstanding at the end of the year	**74,07,000**	**7,407**	*74,07,000*	*7,407*

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity share is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2013, the amount of dividend recognised as distributions to equity shareholders is Rs.1,856 Lakhs (Previous year: Rs.1,855 Lakhs).

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

c) Terms of redemption of preference shares

1,72,83,000, 3% cumulative redeemable preference shares – Series A of Rs.100 each were issued in April 2005 to Scottish & Newcastle India Limited. These preference shares carried dividend @3% per annum. Each holder of preference share was entitled to one vote per share only on resolutions placed before the Company which directly affected the rights attached to these shares. These shares have been redeemed on April 14, 2011.

74,07,000, 3% cumulative redeemable preference shares – Series B of Rs.100 each were issued in April 2005 to Scottish & Newcastle India Limited. The preference shares carry dividend @3% per annum. Each holder of preference share is entitled to one vote per share only on resolutions placed before the Company which directly affects the rights attached to these shares. These shares are redeemable at par on March 31, 2015.

In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

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

Name of the shareholder	As at March 31, 2013		*As at March 31, 2012*	
	Nos.	% holding in the class	*Nos.*	*% holding in the class*
Equity shares of Re.1 each fully paid				
Scottish & Newcastle India Limited	8,99,94,960	34.04%	*8,99,94,960*	*34.04%*
United Breweries Holdings Limited	3,02,95,911	11.46%	*3,02,95,911*	*11.46%*
Dr. Vijay Mallya (including joint holdings)	2,13,53,620	8.09%	*2,13,53,620*	*8.09%*
Preference shares of Rs.100 each fully paid – Series B				
Scottish & Newcastle India Limited	74,07,000	100.00%	*74,07,000*	*100.00%*

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

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

2012-13: 84,89,270 equity shares issued on amalgamation of Scottish and Newcastle India Private Limited.

2011-12: 98,60,211 equity shares issued on amalgamation of Chennai Breweries Private Limited, UB Nizam Breweries Private Limited, Millennium Beer Industries Limited and UB Ajanta Breweries Private Limited.

2010-11: 1,44,96,683 equity shares issued on amalgamation of Millennium Alcobev Private Limited and Empee Breweries Limited.

	As at March 31, 2013	*As at March 31, 2012*
4. RESERVES AND SURPLUS		
Capital reserve		
Balance as per last financial statements	1,286	*1,258*
Add: Additions on amalgamations [refer note 32(a)]	—	*28*
Less: Deductions on amalgamations [refer note 32(b)]	(1,286)	—
Closing balance	—	*1,286*
Capital redemption reserve		
Balance as per last financial statements	—	—
Add: Additions on redemption of preference shares		
- Transfer from general reserve	4,200	—
- Transfer from surplus in statement of profit and loss	13,083	—
Closing balance	**17,283**	—
Capital redemption reserve has been created in respect of 3% cumulative redeemable preference shares-Series A, redeemed during the previous year [refer note 3(c)].		
Securities premium account		
Balance as per last financial statements	65,218	*65,218*
Add: Additions on amalgamations [refer note 32(b)]	16,523	—
Less: Deductions on amalgamations [refer note 32(b)]	(18,803)	—
Closing balance	**62,938**	*65,218*
General reserve		
Balance as per last financial statements	19,762	*4,204*
Add: Transfer from statement of profit and loss	1,731	*1,509*
Add: Gain on sale of interest in the UBL Benefit Trust*	—	*14,049*
Less: Transfer to Capital redemption reserve	(4,200)	—
Closing balance	**17,293**	*19,762*

*Arising out of amalgamation of Empee Breweries Limited into the Company, UBL Benefit Trust ('the Trust') held 60,07,413 equity shares in the Company constituting 2.36% of its paid-up equity share capital. During the year ended March 31, 2012, the Trust sold its entire shareholding and remitted entire proceeds aggregating to Rs. 28,343 Lakhs to the Company, which was used in reducing the debt of the Company. In the absence of any specific accounting treatment prescribed in the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended), the gain of Rs.14,049 Lakhs on sale of these shares held by the Trust (of which the Company was the sole beneficiary) was credited to the General Reserve.

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

	As at March 31, 2013	*As at March 31, 2012*
Surplus in the statement of profit and loss		
Balance as per last financial statements	40,258	*31,529*
Add: Additions on amalgamation [refer note 32(b)]	3,326	—
Add: Profit for the year	17,211	*12,677*
Less: Appropriations		
Proposed final equity dividend [amount per share Re. 0.70 (Previous year: Re. 0.70)]	(1,855)	*(1,856)*
Tax on proposed equity dividend	(316)	*(302)*
Dividend on preference shares [amount per share Rs.3 (Previous Year: Rs.3)]	(222)	*(242)*
Tax on preference dividend	(38)	*(39)*
Transfer to general reserve	(1,731)	*(1,509)*
Transfer to capital redemption reserve	(13,083)	—
Closing balance	**43,550**	*40,258*
Total reserves and surplus	**1,41,064**	*1,26,524*

5. LONG-TERM BORROWINGS

	Non-current portion		Current portion	
	As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
Secured borrowings				
Foreign currency term loans				
External commercial borrowing from banks	59,134	*35,810*	—	—
Term loan from bank	10,800	—	—	*625*
Indian currency term loan from bank	—	—	—	*1,700*
	69,934	*35,810*	—	*2,325*
Unsecured borrowings				
Indian currency term loan from bank	—	—	—	*1,533*
Deferred payment liabilities	4,386	*4,470*	84	—
	4,386	*4,470*	**84**	*1,533*
Amount disclosed under the head " Other current liabilities" (refer note 10)	—	—	(84)	*(3,858)*
Total	**74,320**	*40,280*	—	—

Secured borrowings

Nature of security	Repayment and other terms
Foreign currency term loans	
DBS Bank Ltd: Rs. 24,643 Lakhs (Previous year: Rs. 25,578 Lakhs) secured by pari-passu charge on all present and future assets of the Company, other than assets of Taloja and Aranvoyal units and current assets of the Company.	Repayable in 9 equal quarterly installments starting from February 27, 2016. The loan carries interest of 9.58% per annum.
Rabobank International: Rs. 10,540 Lakhs (Previous year: Rs. 10,232 Lakhs) secured by pari-passu charge on all present and future assets of the Company other than assets of Taloja and Aranvoyal units and current assets of the Company.	Repayable after 3 years from the date of loan i.e., on January 10, 2015. The loan carries interest of 7.15% per annum payable on quarterly basis.
Rabobank International: Rs. 13,306 Lakhs (Previous year: Rs. Nil) secured by pari-passu charge on all movable and immovable assets of the Company located at Goa, Rajasthan, Ludhiana, Dharuhera, Nelamangala, Mangalore, Mysore, Kerala, Andhra Pradesh and Tamilanadu.	Repayable in 3 equal annual installments commencing on February 8, 2017 till February 8, 2019. The loan carries interest of 9.78% per annum payable on quarterly basis.
Rabobank International: Rs. 10,645 Lakhs (Previous year: Rs. Nil) secured by pari-passu charge on all movable and immovable assets of the Company located at Goa, Rajasthan, Ludhiana, Dharuhera, Nelamangala, Mangalore, Mysore, Kerala, Andhra Pradesh and Tamilanadu.	Repayable after 3 years on February 6, 2016. The loan carries interest of 8.75% per annum payable on quarterly basis.
Citibank: Rs. 10,800 Lakhs (Previous year: Rs. Nil) secured by pari-passu charge on all movable and immovable fixed assets of the Company other than assets of Taloja unit.	Repayable after 24 months from the date of drawal i.e., on February 25, 2015. The loan carries interest of 9.5% per annum payable on monthly basis.
HDFC Bank Ltd: Rs. Nil (Previous year: Rs. 625 Lakhs) secured by first pari-passu charge on all moveable and immoveable assets of the Company other than assets of Taloja unit.	Repayable in 16 quarterly installments from the date of loan i.e., June 2008. The loan carried interest of 9.45% per annum.
Indian currency term loans	
Standard Chartered Bank: Rs. Nil (Previous year: Rs. 1,700 Lakhs) secured by first mortgage and charge on all movable and immoveable assets (excluding current assets) of Chennai Brewery.	Repayable in 56 monthly installments from the date of loan i.e., February 2008. The loan carried interest of 12% per annum.

Unsecured borrowings

a) Citibank: Rs.Nil (Previous year: Rs.1,533 Lakhs) pertains to loan availed in February 2010 which was repayable in 3 annual equal installments starting from February 2011. This loan carried interest of 12% per annum. This loan has been fully repaid during the year.

b) Deferred payment liability of Rs.4,470 Lakhs (Previous year: Rs.4,470 Lakhs) pertains to sales tax payable to the Government of Maharashtra by virtue of being eligible for deferred payment after having established a manufacturing unit in a notified backward area. This amount is repayable in five equal annual installments on completion of 10 years from the end of respective year to which sales tax liability relates.

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

	As at March 31, 2013	*As at March 31, 2012*
6. DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	9,084	*6,751*
Gross deferred tax liability	**9,084**	*6,751*
Deferred tax asset		
Carry forward losses of amalgamated company	—	*809*
Provision for doubtful debts and advances	648	*252*
Provision for gratuity and compensated absences	548	*506*
Other provisions	437	*48*
Gross deferred tax asset	**1,633**	*1,615*
Net deferred tax liability	**7,451**	*5,136*

7. PROVISIONS

	Long-term		Short-term	
	As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
Provision for employee benefits				
Gratuity	338	*381*	178	*182*
Compensated absences	—	—	1,095	*997*
	338	*381*	**1,273**	*1,179*
Other provisions				
Provision for proposed dividend and tax thereon	—	—	2,430	*2,438*
Provision for local area development tax	—	—	476	*406*
Provision for customs duty	—	—	167	*167*
Provision for litigations	—	—	808	*506*
Provision for claims	—	—	2,707	—
	—	—	**6,588**	*3,517*
Total	**338**	*381*	**7,861**	*4,696*

	At the beginning of the year	Additions during the year	Utilised during the year	Unused amounts reversed	At the end of the year
Provision for local area development tax	406	70	–	–	476
	(284)	(122)	(–)	(–)	(406)
Provision for customs duty	167	–	–	–	167
	(167)	(–)	(–)	(–)	(167)
Provision for litigations	506	302	–	–	808
	(384)	(122)	(–)	(–)	(506)
Provision for claims	–	2,707	–	–	2,707
	(–)	(–)	(–)	(–)	(–)

Figures in brackets are of previous year.

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

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

Notes to the Consolidated Financial Statements (contd.)

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

	As at March 31, 2013	*As at March 31, 2012*
8. SHORT-TERM BORROWINGS		
Secured borrowings		
Indian currency cash credit from banks	13,802	*20,520*
Indian currency working capital demand loans from banks	23,500	*18,000*
	37,302	*38,520*
Unsecured borrowings		
Indian currency short-term loans from banks	12,500	*16,500*
Indian currency bank overdraft	1,967	—
Foreign currency buyer's credit from bank	3,924	—
Others	—	*5*
	18,391	*16,505*
Total	**55,693**	*55,025*

Secured borrowings

a) Cash credit facilities/working capital demand loans from banks are secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts both present and future. These are repayable on demand and carries interest in the range of 9.50% to 13.00% p.a.

Unsecured borrowings

a) Short-term loans from banks are repayable after 30-90 days from the date of respective loan and carry interest in the range of 9.50% to 11.00% p.a.

b) Bank overdraft is repayable on demand and carry interest in the range of 9.92% to 10.05% p.a.

c) Buyer's credit from bank are repayable within 12 months from the date of respective loan and carry interest in the range of 8.63% to 8.95% p.a.

	As at March 31, 2013	*As at March 31, 2012*
9. TRADE PAYABLES		
Acceptances	2,478	*11,372*
Trade payables (refer note 20)	22,525	*26,954*
Total	**25,003**	*38,326*
10. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (refer note 5)	84	*3,858*
Liability for capital goods	4,102	*2,583*
Interest accrued but not due on borrowings	960	*626*
Security deposits	1,880	*1,798*
Unpaid dividends*	41	*44*
Statutory dues payable	11,819	*11,174*
Advances from customers	737	*861*
Advances from commission agents	2,718	*4,857*
Overtime and bonus payable	1,159	*341*
Other liabilities	28,565	*22,132*
Total	**52,065**	*48,274*

*There are no amounts due for payment to the Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at the year end.

11. FIXED ASSETS

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

	Gross Block					Depreciation / Amortisation					Net Block	
	As at April 1, 2012	Addition on Amalgamation	Additions	Deletions / adjustments	As at March 31, 2013	*As at April 1, 2012**	Addition on Amalgamation	On Deletions	For the year	**As at March 31, 2013**	**As at March 31, 2013**	*As at March 31, 2012**
Tangible assets												
Freehold land (refer note a, b and c)	*15,922*	—	4,142	—	20,064	—	—	—	—	—	20,064	*15,922*
Leasehold land	*3,793*	—	2	—	3,795	*412*	—	—	42	454	3,341	*3,381*
Buildings (refer note d)	*33,935*	—	10,225	9	44,151	*6,449*	—	4	1,260	7,705	36,446	*27,486*
Leasehold improvements	*64*	—	—	—	64	*64*	—	—	—	64	—	—
Plant and machinery (refer note d)	*1,29,822*	—	37,982	863	1,66,941	*60,395*	—	624	14,055	73,826	93,115	*69,427*
Office equipments	*904*	—	132	12	1,024	*415*	—	11	100	504	520	*489*
Computers	*767*	—	134	72	829	*620*	—	70	51	601	228	*147*
Furniture and fixtures	*5,516*	—	1,111	55	6,572	*4,026*	—	42	785	4,769	1,803	*1,490*
Laboratory equipments	*1,704*	—	545	14	2,235	*570*	—	13	196	753	1,482	*1,134*
Vehicles	*857*	—	80	14	923	*383*	—	10	74	447	476	*474*
Total	**1,93,284**	**—**	**54,353**	**1,039**	**2,46,598**	**73,334**	**—**	**774**	**16,563**	**89,123**	**1,57,475**	**1,19,950**
Previous year	*1,63,219*	*5,172*	*25,243*	*350*	*1,93,284*	*56,874*	*2,543*	*272*	*14,189*	*73,334*	*1,19,950*	
Intangible assets												
Goodwill	*6,543*	—	—	—	6,543	*6,543*	—	—	—	6,543	—	—
Licenses and rights	*6,376*	—	469	—	6,845	*4,360*	—	—	463	4,823	2,022	*2,016*
Brands	*631*	—	—	—	631	*615*	—	—	15	630	1	*16*
Total	**13,550**	**—**	**469**	**—**	**14,019**	**11,518**	**—**	**—**	**478**	**11,996**	**2,023**	**2,032**
Previous year	*13,550*	—	—	—	13,550	*10,818*	—	—	700	11,518	2,032	
Grand Total	**2,06,834**	**—**	**54,822**	**1,039**	**2,60,617**	**84,852**	**—**	**774**	**17,041**	**1,01,119**	**1,59,498**	**1,21,982**
Previous year	*1,76,769*	*5,172*	*25,243*	*350*	*2,06,834*	*67,692*	*2,543*	*272*	*14,889*	*84,852*	*1,21,982*	

*Opening accumulated depreciation balances as at April 1, 2012 have been regrouped to confirm to this year's classification.

Notes:

a) The Company has obtained a stay against resumption proceedings initiated by Maharashtra Industrial Development Corporation ('MIDC') over the land aggregating to 6 acres valued at Rs.329 Lakhs (Previous year: Rs.329 Lakhs) allotted by MIDC to Millennium Beer Industries Limited ('MBIL') (amalgamated with the Company). The matter is yet to be finally heard.

b) In respect of land at Palakkad, the Company had filed a writ petition in the High Court of Kerala at Cochin seeking fixation of rate for issue of final patta with respect to land measuring 8.0937 hectares valued at Rs.1 Lakh. During the year, the rate has been fixed at Rs.1,403 Lakhs, which has been paid by the Company and subsequently on April 23, 2013, the final patta has been issued to the Company.

c) Land measuring 9.04 acres with cost of Rs.72 Lakhs (Previous year: Rs.72 Lakhs) is pending registration in the name of the Company.

d) Buildings and Plant and machinery additions during the year includes Rs.211 Lakhs (Previous year: Rs.Nil) and Rs.409 Lakhs (Previous year: Rs.Nil), respectively towards borrowing costs capitalised during this year.

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

		As at March 31, 2013		As at March 31, 2012
12. NON-CURRENT INVESTMENTS (unquoted, valued at cost unless otherwise stated)				
Trade investments				
Equity instruments				
Investment in associate				
United East Bengal Football Team Private Limited [4,999 (Previous year: 4,999) equity shares of Rs.10 each]		1		*1*
Non-trade investments				
Equity instruments				
The Zorastrian Co-operative Bank Limited [2,000 (Previous year: 2,000) equity shares of Rs.25 each]		1		*1*
Skol Breweries Limited [300 (Previous year: 300) equity shares of Rs.10 each]*		0		*0*
Jupiter Breweries Limited [50 (Previous year: 50) equity shares of Rs.10 each]*		0		*0*
Mohan Meakins Limited [100 (Previous year: 100) equity shares of Rs.5 each]*		0		*0*
Blossom Breweries Limited [100 (Previous year: 100) equity shares of Rs.3 each]*		0		*0*
The Cosmos Co-operative Bank Limited [1,000 (Previous year: 1,000) equity shares of Rs.100 each]		1		*1*
In Government securities				
National savings certificate	18		*18*	
Less: Provision for diminution in value of investments	(15)	3	*(15)*	*3*
Total		**6**		*6*
*Rounded off.				
Aggregate amount of unquoted investments (net)		6		*6*
Aggregate provision for diminution in value of investments		15		*15*

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

	Long-term		Short-term	
	As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
13. LOANS AND ADVANCES				
Secured, considered good				
Advance to Star Investments Private Limited*	—	—	—	*15,500*
	—	—	—	*15,500*
Unsecured, considered good				
Capital advances	2,672	*8,624*	—	—
Security deposits	3,938	*4,124*	761	*927*
Advance to suppliers	2,431	—	3,380	*2,968*
Prepaid expenses	182	*123*	2,957	*2,858*
Balance with statutory/government authorities	228	*1,140*	18,999	*5,423*
Other loans and advances				
Advance income tax (net of provision)	4,214	*3,076*	—	—
MAT credit entitlement (refer note 39)	—	—	2,896	*3,624*
Other advances recoverable in cash or kind	254	*57*	552	*999*
	13,919	*17,144*	**29,545**	*16,799*
Unsecured, considered doubtful				
Capital advances	51	*51*	—	—
Security deposits	6	*6*	—	—
Advance to suppliers	—	—	41	*41*
Advance to Star Investments Private Limited*	—	—	597	—
Provision for doubtful advances	(57)	*(57)*	(638)	*(41)*
	—	—	—	—
Total	**13,919**	*17,144*	**29,545**	*32,299*

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

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

	Non-current		Current	
	As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
14. OTHER ASSETS				
Unsecured, considered good				
Bank deposits with original maturity of more than 12 months	9	*26*	—	—
Margin money deposits towards bank guarantees	164	*465*	—	—
Interest accrued on fixed deposits, loans and advances	—	—	291	*5,861*
Government grant receivable	457	—	294	*581*
Total	**630**	*491*	**585**	*6,442*

	As at March 31, 2013	*As at March 31, 2012*
15. INVENTORIES (valued at lower of cost and net realisable value)		
Raw materials [Includes in transit: Rs.1,194 Lakhs (Previous year: Rs.1,191 Lakhs)]	17,176	*11,070*
Packing materials and bottles [Includes in transit: Rs.236 Lakhs (Previous year: Rs.60 Lakhs)]	6,421	*6,551*
Work-in-progress	16,272	*12,732*
Finished goods [Includes in transit: Rs.316 Lakhs (Previous year: Rs.689 Lakhs)]*	6,833	*5,331*
Traded goods	—	*1*
Stores and spares [Includes in transit: Rs.22 Lakhs (Previous year: Rs.12 Lakhs)]	4,656	*4,382*
Total	**51,358**	*40,067*

*Net of provision for obsolete stock Rs.55 Lakhs (Previous year: Rs.22 Lakhs)

16. TRADE RECEIVABLES		
Secured, considered good		
- Outstanding for a period exceeding six months from the date they are due for payment	683	*2,987*
- Others	173	*127*
	856	*3,114*
Unsecured, considered good		
- Outstanding for a period exceeding six months from the date they are due for payment	12	—
- Others	80,474	*66,831*
	80,486	*66,831*
Unsecured, considered doubtful		
- Outstanding for a period exceeding six months from the date they are due for payment	1,021	*720*
- Others	192	*12*
	1,213	*732*
Less: Provision for doubtful receivables	(1,213)	*(732)*
Total	**81,342**	*69,945*

Notes to the Consolidated Financial Statements (contd.)

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

	As at March 31, 2013	*As at March 31, 2012*
17. CASH AND BANK BALANCES		
Cash and cash equivalents		
Bank balances on current accounts [refer note (a) below]	3,839	*2,047*
Bank deposits with original maturity of 3 months or less	6,806	*15,000*
Cheques/drafts on hand	2	*1*
Cash on hand	28	*34*
	10,675	*17,082*
Other bank balances [refer note (b) below]		
Bank deposits with original maturity of:		
Less than 12 months but more than 3 months	12,542	*105*
Greater than 12 months	91	*88*
	12,633	*193*
Total	**23,308**	*17,275*

Notes:

a) Includes balance in unpaid dividend account Rs.41 Lakhs (Previous year: Rs.39 Lakhs).

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

	As at March 31, 2013	*As at March 31, 2012*
18. CAPITAL AND OTHER COMMITMENTS		
Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	13,845	*15,792*
Other contractual commitments	257	—
	14,102	*15,792*

For commitments relating to lease arrangements, refer note 30.

	As at March 31, 2013	*As at March 31, 2012*
19. CONTINGENT LIABILITIES		
Bank guarantees	2,797	*690*
Letter of credit	1,529	*3,240*
Demands under appeal for following matters*		
- Income tax	12,542	*10,345*
- Service tax	13,817	*7,513*
- Water charges	3,086	*2,694*
- Sales tax	307	*1,349*
- Excise duty/customs duty	147	*392*
- Employee state insurance/provident fund	16	*19*
Claims against the company not acknowledged as debts*	1,397	*1,002*
Total	**35,638**	*27,244*

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

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

	As at March 31, 2013	As at March 31, 2012
20. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	288	272
- Interest due on above	—	2
Total	**288**	274
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	—	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year	11	14
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	55	44

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

21. REVENUE FROM OPERATIONS

Sale of products*	6,20,785	5,61,771
Sale of services**	378	357
Other operating revenue	31,975	17,857
Revenue from operations (gross)	**6,53,138**	5,79,985
Less: Excise duty	2,63,264	2,24,057
Revenue from operations (net)	**3,89,874**	3,55,928

*Includes sale of beer Rs.6,17,522 Lakhs (Previous year: Rs.5,58,628 Lakhs) and sale of malt,etc Rs.3,263 Lakhs (Previous year: Rs.3,143 Lakhs).

**Royalty income

22. OTHER INCOME

Interest income	1,197	3,304
Dividend income	4	19
Net gain on sale of fixed assets	—	1
Government grant	167	216
Liabilities no longer required written back	1,557	585
Provision for doubtful debts, no longer required written back	496	1,290
Provision for doubtful advances, no longer required written back	—	998
Other non-operating income	497	890
Total	**3,918**	7,303

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

	As at March 31, 2013	As at March 31, 2012
23. COST OF MATERIALS CONSUMED		
Raw materials		
Inventories at the beginning of the year	11,070	8,603
Add: Inventories received from amalgamated company	—	105
Add: Purchases	66,254	55,990
Less: Inventories at the end of the year	(17,176)	(11,070)
Consumption	**60,148**	53,628
Packing materials and bottles		
Inventories at the beginning of the year	6,551	4,659
Add: Inventories received from amalgamated company	—	1,694
Add: Purchases	1,02,690	1,05,790
Less: Inventories at the end of the year	(6,421)	(6,551)
Consumption	**1,02,820**	1,05,592
Total	**1,62,968**	1,59,220
24. PURCHASES OF TRADED GOODS		
Finished goods (Beer)	**3,504**	4,230
25. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Inventories at the beginning of the year		
Finished goods	5,353	2,954
Traded goods	1	46
Work-in-progress	12,732	8,416
Inventories of amalgamated companies - Finished goods	—	42
Inventories of amalgamated companies - Work-in-progress	—	409
	18,086	11,867
Less: Inventories at the end of the year		
Finished goods	6,888	5,353
Traded goods	—	1
Work-in-progress	16,272	12,732
	23,160	18,086
(Increase)/decrease in inventories	**(5,074)**	(6,219)
Increase/(decrease) in excise duty on inventories	**3,015**	4,394
Total	**(2,059)**	(1,825)
26. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	21,218	16,517
Gratuity expense [refer note (i) below]	658	343
Contribution to provident and other funds [refer note (ii) below]	1,062	936
Staff welfare expenses	1,480	1,059
Total	**24,418**	18,855

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

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

	Gratuity		Provident fund	
	March 31, 2013	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	2,219	*1,878*	4,222	*3,434*
Additions on amalgamations	—	*37*	—	—
Current service cost	604	*326*	936	*680*
Interest cost	175	*156*	326	*284*
Benefits paid	(196)	*(158)*	(531)	*(172)*
Actuarial (gain)/loss	67	*(20)*	(2)	*(4)*
Obligations at end of the year	**2,869**	*2,219*	**4,951**	*4,222*
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	1,656	*1,639*	4,303	*3,459*
Additions on amalgamations	—	*37*	—	—
Expected return on plan assets	153	*128*	372	*308*
Contributions by employer	705	*20*	936	*658*
Benefits paid	(196)	*(158)*	(531)	*(172)*
Actuarial gain/(loss)	35	*(10)*	223	*50*
Plan assets at end of the year	**2,353**	*1,656*	**5,303**	*4,303*
Actual return on plan assets	188	*118*	594	*358*
c) Benefit asset/(liability)				
Fair value of plan assets	2,353	*1,656*	5,303	*4,303*
Present value of the defined benefit obligations	2,869	*2,219*	4,951	*4,222*
Benefit asset/(liability)	**(516)**	*(563)*	**352**	*81*
d) Net employee benefit expense recognised in the employee cost				
Current service cost	604	*326*	936	*680*
Interest cost	175	*156*	326	*284*
Expected return on plan assets	(153)	*(128)*	(372)	*(308)*
Actuarial (gain)/loss	32	*(11)*	(225)	*(54)*
Net employee benefit expense*	**658**	*343*	**665**	*602*

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

	Gratuity		Provident fund	
	March 31, 2013	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*
e) Major category of plan assets as a percentage of fair value of total plan assets				
Government securities	—	—	44%	*41%*
Corporate bonds	—	—	56%	*59%*
Fund balance with insurance companies	100%	*100%*	—	—
Total	**100%**	*100%*	**100%**	*100%*

Notes to the Consolidated Financial Statements (contd.)

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

	Gratuity		Provident fund	
	March 31, 2013	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*
f) The principal assumptions used in determining gratuity and provident fund obligations for the Company plans are as shown below:				
Discount rate	8.25%	*8.50%*	8.25%	*8.50%*
Estimated rate of return on plan assets	8.00%	*8.00%*	8.25%	*8.25%*
Salary increase rate	5.00%	*5.00%*	5.00%	*5.00%*
Employee turnover	5.00%	*1.00%*	5.00%	*1.00%*

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company expects to contribute Rs.178 Lakhs (Previous year: Rs.182 Lakhs) and Rs.1,000 Lakhs (Previous year: Rs.875 Lakhs) to gratuity and provident fund respectively in the next year.

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

	March 31, 2013	*March 31, 2012*	*March 31, 2011*	*March 31, 2010*	*March 31, 2009*
Gratuity					
Defined benefit obligation	2,869	*2,219*	*1,878*	*1,614*	*1,539*
Plan assets	2,353	*1,656*	*1,639*	*1,542*	*1,331*
Surplus/(deficit)	(516)	*(563)*	*(239)*	*(72)*	*(208)*
Experience adjustment on plan liabilities	67	*(20)*	*49*	*(3)*	*(4)*
Experience adjustment on plan assets	35	*(10)*	*(13)*	*(17)*	*(76)*
Provident fund**					
Defined benefit obligation	4,951	*4,222*			
Plan assets	5,303	*4,303*			
Surplus/(deficit)	352	*81*			
Experience adjustment on plan liabilities	(2)	*(4)*			
Experience adjustment on plan assets	223	*50*			

**Previous year ended March 31, 2012 being the first year of presentation of provident fund details by the Company on issuance of final guidance for measurement of provident fund liabilities by the Actuarial Society of India, the comparative information has not been furnished.

	March 31, 2013	*March 31, 2012*
ii) Contribution to provident and other funds includes the following defined contributions:		
Provident fund	667	*600*
Superannuation fund and national pension scheme	304	*229*
Employees state insurance fund	91	*90*
Total	**1062**	*919*

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

		March 31, 2013		March 31, 2012
27. FINANCE COSTS				
Interest expense		7,699		9,370
Other borrowing costs		265		480
Total		**7,964**		9,850
28. OTHER EXPENSES				
Consumption of stores and spares		3,228		3,488
Power and fuel		15,973		14,606
Rent		2,015		1,410
Repairs and maintenance				
Plant and machinery		6,075		4,073
Building		592		386
Others		384		319
Insurance		512		354
Rates and taxes		4,676		3,638
Auditor remuneration*				
Statutory audit fee	80		79	
Limited review fee	20		15	
Tax audit fee	26		13	
Others	41	167	15	122
Sales promotion expenses		61,495		53,911
Outward freight, halting and breakage expenses		22,423		19,488
Selling and distribution expenses		22,850		20,046
Bad debts/advances written off		535		1,935
Provision for doubtful debts		977		49
Provision for doubtful advances		597		64
Net loss on sale of fixed assets		68		—
Miscellaneous expenses		10,786		10,349
Total		**1,53,353**		1,34,238

*Includes amount paid to previous auditors.

	March 31, 2013	March 31, 2012
29. EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computation:		
Profit after tax	17,211	12,677
Less: Dividend on preferential shares (including dividend distribution tax thereon)	(260)	(281)
Net profit attributable to equity shareholders	**16,951**	12,396
Weighted average number of equity shares considered for calculating basic/diluted EPS	26,44,05,149	26,44,05,149
Earnings per share (Basic/Diluted)	**6.41**	4.69

30. OPERATING LEASE

The Group has entered into operating lease arrangements for vehicles, computers, equipments, office premises and employee residential premises. These leases are for a period of 11 to 60 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 12 to 60 months. There are certain sub-lease restrictions placed upon the Group by entering into these leases. The total lease rentals expense for the year is Rs.2,015 Lakhs (Previous year: Rs.1,410 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2013	*March 31, 2012*
Within one year	663	*586*
After one year but not more than five years	1,826	*2,121*
More than five years	—	—
Total	**2,489**	*2,707*

31. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Derivatives outstanding as at the reporting date

Particulars	Purpose	Currency	**March 31, 2013** Foreign currency (in millions)	**March 31, 2013** Rs. in Lakhs	*March 31, 2012* *Foreign currency (in millions)*	*March 31, 2012* *Rs. in Lakhs*
Forward contract to buy USD and sell INR	Hedge of foreign currency payables	USD	6.66	3,924	—	—
Cross currency swaps for INR against USD*	Hedge of foreign currency loans- Principal and interest	USD	135.00	69,934	*71.38*	*35,810*
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	USD	135.00	69,934	*71.38*	*35,810*

*Amount disclosed represents the underlying principal amount of loan.

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

	March 31, 2013	*March 31, 2012*
Trade payables	1,514	*858*
Liability for capital goods	392	*590*
Advances to suppliers	145	*98*
Capital advances	520	*277*

32. AMALGAMATION ACCOUNTING

a) The scheme of amalgamation ('the scheme') under sections 391 to 394 of the Companies Act, 1956 between UB Ajanta Breweries Private Limited ('UBA') and the Company with appointed date as April 1, 2011 was approved by the Honorable BIFR Court, Delhi vide its order dated February 13, 2012. UBA was engaged in the brewing business. Upon necessary filing with the Registrar of Companies on February 21, 2012, the scheme had become effective and the effect thereof was given during the previous year ended March 31, 2012. In respect of the merger of UBA with the Company:

(i) The entire business and the whole of the undertaking of UBA, as a going concern was transferred to and vested in the Company with effect from April 1, 2011.

(ii) In consideration of the amalgamation of UBA with the Company, the Company issued 709,578 equity shares of Re. 1 each aggregating to Rs.7 Lakhs in the ratio of 135:1.

(iii) The authorized share capital of the Company was increased by Rs.540 Lakhs in respect of equity shares of Re. 1 each and by Rs.9,460 Lakhs in respect of preference shares of Rs.100 each.

(iv) The amalgamation was accounted for on the basis of the pooling of interest method as per Accounting Standard (AS) 14 on Accounting for Amalgamations notified by the Companies (Accounting Standard) Rules 2006 (as amended) ('AS-14') and in terms of the scheme, as below:

- All asset and liabilities of UBA were accounted at their respective book values under the respective heads of the Company.
- The difference amounting to Rs.28 Lakhs between the values of net assets of the UBA transferred to the Company and the carrying value of the Company's investment was adjusted to Capital Reserve.
- The intercompany balances and the transactions were cancelled.

b) The Board of Directors in its meeting held on February 7, 2012 had approved the scheme of amalgamation ('the scheme') under section 391 to 394 of the Companies Act 1956, in respect of merger of Scottish and Newcastle India Private Limited ('SNIPL') into the Company with effect from April 1, 2012. SNIPL was incorporated to provide technical consultancy for the manufacture, marketing and distribution of beer and allied products in India and to form strategic partnership with the Company. The Honorable High Court of Karnataka and the Honorable High Court of Maharashtra have passed orders approving the scheme on January 17, 2013 and November 2, 2012 respectively. Upon filing of the orders of the Honorable High Court of Karnataka and the Honorable High Court of Maharashtra with the Registrar of Companies on April 18, 2013 and November 30, 2012 respectively, the scheme has become effective and accordingly, the Company has given effect to the merger in these financial statements with effect from April 1, 2012.

In terms of the scheme, the amalgamation has been accounted for under the pooling of interest method as per AS-14. Accordingly, all the assets, liabilities and reserves recorded in the books of SNIPL as at March 31, 2012 have been recorded by the Company at their respective book values as follows:

Particulars	Amount
Long-term loans and advances	24
Cash and bank balances	414
Other current assets	6
Trade payables	(50)
Other current liabilities	(6)
Securities premium	(16,523)
Surplus in the statement of profit and loss	(3,326)

Further, in terms of the approved scheme:

(i) The authorized share capital of the Company has been increased by Rs.4,558 Lakhs in respect of equity shares of Re. 1 each.

(ii) The investments held by SNIPL in 84,89,270 equity shares of Re. 1 each of the Company with carrying value of Rs.22,683 Lakhs have been cancelled and the corresponding issued, subscribed and paid up equity share capital of the Company has been reduced by Rs.85 Lakhs representing 8,489,270 equity shares of Re. 1 each. Also, other inter-company balances and transactions have been cancelled.

(iii) 84,89,270 fully paid up equity share of Re. 1 each of the Company have been issued and allotted to the shareholders of SNIPL against 3,22,23,912 equity shares of Rs.10 each held by them in SNIPL.

(iv) The difference of Rs.22,598 Lakhs on cancellation of investments held by SNIPL in equity shares of the Company, as discussed in (ii) above and the difference of Rs.3,137 Lakhs between the amount of shares issued by the Company and the amount of share capital of SNIPL as discussed in (iii) above have been adjusted from capital reserve and securities premium account of the Company by Rs.1,286 Lakhs and Rs.18,175 Lakhs respectively.

(v) Dividend income of Rs.59 Lakhs recognized by SNIPL during the year and expenses incurred in connection with the scheme amounting to Rs.687 Lakhs, have been adjusted against securities premium account.

No specific accounting treatment has been prescribed under AS-14 in respect of adjustment, to capital reserve and securities premium account, arising on account of the difference on cancellation of investments held by SNIPL in equity shares of the Company and the difference between the amount of shares issued by the Company and the amount of share capital of SNIPL and adjustment of dividend income and expenses incurred in connection with the merger. Hence, the Company has followed aforesaid treatment as stated in (iv) and (v) above, which is as per the approved scheme.

c) Pursuant to mergers of Empee Breweries Limited (EBL) and Chennai Breweries Private Limited (CBPL), with the Company during the year ended March 31, 2011, the Company is in the process of getting the name of these merged entities changed in the records of state excise and other regulatory authorities. Pending completion of these formalities, the names of these merged entities are continued to be used in various documents and records of the Company.

33. Tax expense for the year ended March 31, 2013 is net of reversal of Rs.1,733 Lakhs (Previous year: Nil) and Rs.809 Lakhs (Previous year: Nil) relating to current tax (MAT) and deferred tax asset, respectively, for earlier years.

34. CAPITALIZATION OF EXPENDITURE

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

	March 31, 2013	*March 31,2012*
Salaries, wages and bonus	128	—
Power and fuel	35	*34*
Interest expenses (net)	554	*94*
Other expenses	102	*144*
Total	**819**	*272*

35. RELATED PARTY DISCLOSURES

A. Name of related parties and related party relationships

Related parties with whom transactions have taken place during the year:

Associate:	United East Bengal Football Team Private Limited ('UEBFTPL')
Enterprises having significant influence:	Scottish & Newcastle India Limited, UK ('SNIL') United Breweries (Holdings) Limited ('UBHL')
Key management personnel (KMP):	Mr. Kalyan Ganguly, Managing Director Mr. Henricus Petrus van Zon, Director, CFO (effective from January 1, 2013)* Mr. Guido de Boer, Director, CFO (till December 31, 2012)
Relative of KMP:	Mrs. Suparna Bakshi Ganguly (Wife of Mr. Kalyan Ganguly)
Enterprises over which investing parties or KMP have significant influence:	Scottish and Newcastle India Private Limited ('SNIPL'), subsidiary of HUL (merged with the Company effective April 1, 2012) Heineken UK Limited ('HUL'), holding company of SNIL Heineken International B.V. ('HIBV') Heineken Brouwerijen B.V. ('HBBV') Heineken Supply Chain B.V. ('HSCBV') Heineken N.V. ('HNV') Force India F1 Team Limited, UK ('Force India')

*As required by schedule XIII of the Companies Act 1956, the Company has applied for approval of the central government for appointment of Mr. Henricus Petrus van Zon, non-resident whole-time director, which is pending for approval. Further the terms of his appointment are subject to approval of shareholders of the Company in the Annual General Meeting.

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

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

	Associate		Enterprises having significant influence		KMP & Relative of KMP		Enterprises over which investing parties or KMP have significant influence	
	March 31, 2013	March 31, 2012	**March 31, 2013**	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*
a) Transactions during the year								
Sale of products								
UBHL	—	—	902	*1,187*	—	—	—	—
Purchase of raw materials								
HUL	—	—	—	—	—	—	4	*2*
HSCBV	—	—	—	—	—	—	4	*8*
Sales promotion expenses								
UEBFTPL	1,051	*911*	—	—	—	—	—	—
Force India	—	—	—	—	—	—	1,899	*1,376*
Others	—	—	6	*15*	—	—	11	*2*
Rent expense								
UBHL	—	—	72	*61*	—	—	—	—
Mrs. Suparna Ganguly	—	—	—	—	33	*30*	—	—
Technical service fees								
HIBV	—	—	—	—	—	—	600	*600*
Royalty paid								
UBHL	—	—	607	*662*	—	—	—	—
HBBV	—	—	—	—	—	—	36	*13*
Consultancy fees								
HSCBV	—	—	—	—	—	—	65	*54*
Reimbursements paid								
HIBV	—	—	—	—	—	—	217	*68*
Others	—	—	10	—	—	—	18	—
Remuneration paid								
Mr. Kalyan Ganguly	—	—	—	—	493	*670*	—	—
Mr. Henricus Petrus van Zon	—	—	—	—	126	—	—	—
Mr. Guido de Boer	—	—	—	—	205	*224*	—	—
Redemption of preference share capital								
SNIL	—	—	—	*17,283*	—	—	—	—
Issue of equity shares [refer note 32(b)]								
HUL	—	—	—	—	—	—	85	—
Dividend paid on preference shares								
SNIL	—	—	222	*242*	—	—	—	—
Proposed dividend on equity shares								
SNIL	—	—	630	*630*	—	—	—	—

Notes to the Consolidated Financial Statements (contd.)

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

	Associate		Enterprises having significant influence		KMP & Relative of KMP		Enterprises over which investing parties or KMP have significant influence	
	March 31, 2013	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*	**March 31, 2013**	*March 31, 2012*
b) Balances outstanding as at year end								
Preference share capital								
SNIL	—	—	7,407	*7,407*	—	—	—	—
Trade payables								
UBHL	—	—	(162)	*(158)*	—	—	—	—
HIBV	—	—	—	—	—	—	(666)	*(600)*
Others	(33)	—	—	—	—	—	(32)	*(15)*
Investment in equity shares	1	*1*	—	—	—	—	—	—
Trade receivables								
UBHL	—	—	187	*262*	—	—	—	—
Security deposits								
UBHL	—	—	2,009	*2,591*	—	—	—	—
Advances								
HUL	—	—	—	—	—	—	—	*1*

36. GOODWILL ON CONSOLIDATION

The goodwill on consolidation relates to goodwill arisen on consolidation of MML and the same is net of impairment loss of Rs. 1,959 Lakhs (Previous year: Rs. 1,959 Lakhs). The impairment loss has arisen due to continued delay in obtaining necessary approvals to expand malting facility at MML, leading to losses due to high overhead costs incurred on operating at its current level of capacity.

37. SEGMENT REPORTING

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

38. PREVIOUS YEAR FIGURES

The figures of previous year were audited by a firm of chartered accountants other than S.R. Batliboi & Associates LLP. The previous year's figures have been regrouped where necessary to conform to this year's classification. Further in view of the amalgamations described in note 32 above, the figures for the current year are not strictly comparable with those of previous year.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Mumbai, May 30, 2013

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

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

Govind Iyengar
Company Secretary

Mumbai, May 30, 2013

SUMMARISED FINANCIALS OF SUBSIDIARY COMPANY AS REQUIRED IN TERMS OF GENERAL EXEMPTION GRANTED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956, BY THE GOVERNMENT OF INDIA, MINISTRY OF CORPORATE AFFAIRS, VIDE GENERAL CIRCULAR NO. 2/2011, DATED 8TH FEBRUARY 2011.

Rupees in Lakhs

Sl. No	Name of the Subsidiary	Issued & Subscribed Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Profit & Loss Account Debit Balance	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
	Maltex Malsters Limited	45	280	509	509	—	—	945	66	19	47	10

Note:

The Annual Report along with related information of the subsidiary company shall be made available for investors of the Company and its subsidiary seeking the Report / information at any point of time. The Annual Report is also available for inspection of investors at the Registered Office of the Company.

Notes:

Board of Directors

5 9 8 1 7 11 6 12

10 4 3 2

1. **Dr. Vijay Mallya**, Chairman
2. **Kalyan Ganguly**, Managing Director
3. **A K Ravi Nedungadi,** Director
4. **Henricus Petrus van Zon,** Director & CFO
5. **Rene Hooft Graafland**, Director
6. **Theo de Rond,** Director
7. **Chugh Yoginder Pal**, Director
8. **Chhaganlal Jain**, Director
9. **Sunil Kumar Alagh**, Director
10. **Kiran Mazumdar Shaw**, Director
11. **Madhav Bhatkuly,** Director
12. **Stephan Gerlich**, Director

The Management Team

10 6 4 7 1 2 5 3 9 8 11

1. **Kalyan Ganguly**
   Managing Director
2. **Shekhar Ramamurthy**
   Joint President
3. **Henricus Petrus van Zon**
   Director & CFO
4. **Cedric Vaz**
   Executive Vice President - Manufacturing
5. **Manmohan S Kalsy**
   Executive Vice President - HR
6. **Kiran Kumar**
   Senior Vice President - Sales
7. **Samar Singh Sheikhawat**
   Senior Vice President - Marketing
8. **Perry Goes**
   Senior Vice President - Strategic Planning & Business Analysis
9. **Govind Iyengar**
   Senior Vice President - Legal & Company Secretary
10. **Rohtash Kumar Jindal**
    Senior Vice President - Operations & Malting
11. **Radhakrishnan Santosh Kumar**
    Senior Vice President - Procurement & Logistics

UNITED BREWERIES LIMITED
UB Tower, UB City, 24 Vittal Mallya Road, Bangalore – 560 001, India.
www.unitedbreweries.com

<u>**FORM A**</u>

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	United Breweries Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Matter of Emphasis
4.	Frequency of observation	First time
5.	To be signed by- CEO/Managing Director CFO Auditor of the Company Audit Committee Chairman	